NUEVOLUTION

INTERIM REPORT JULY- SEPTEMBER 2018

NUEVOLUTION IN BRIEF

Stock

Market: Nasdaq, Stockholm

Ticker: NUE.ST

Number of shares: 49,524,903

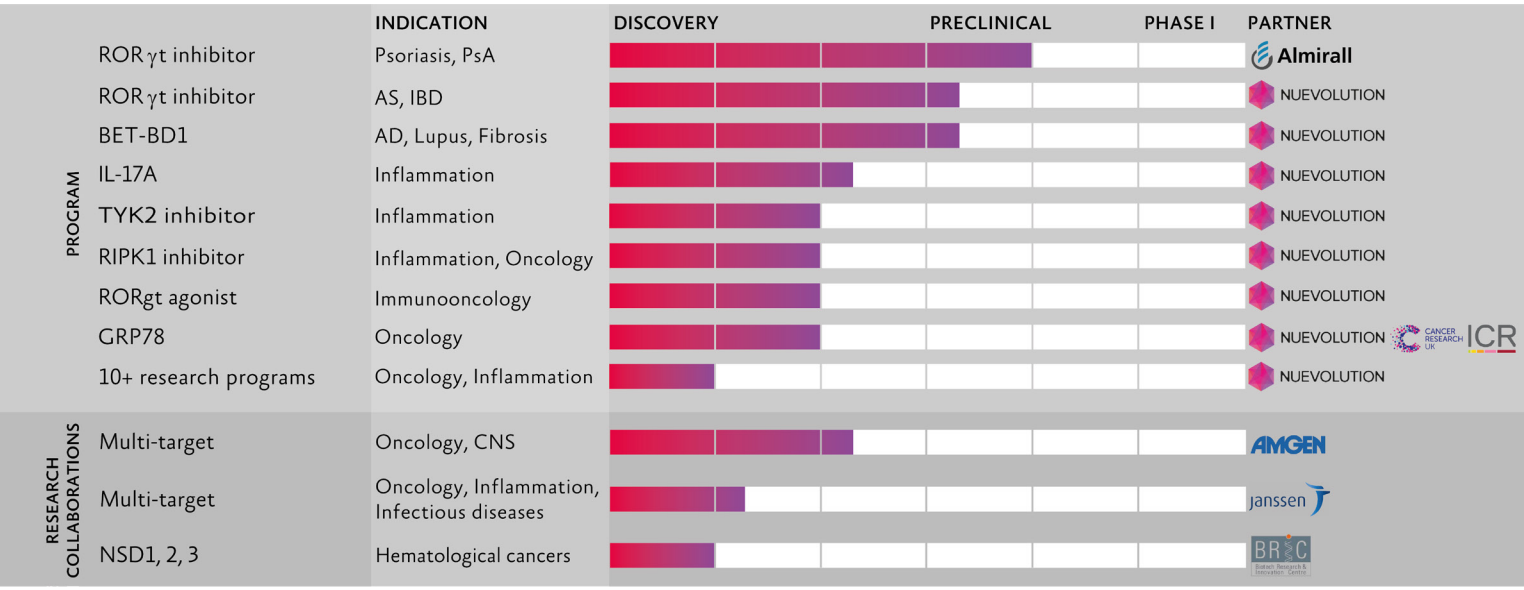
Market value (30.9.2018): SEK 837 million

Share price range (6M): 15.34-20.10 SEK/share

Share price (30.9.2018): 16.90 SEK/share

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

Pipeline



News flow

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

22 August: Nuevolution discloses the identity of its "Cytokine X" program being a lead discovery program targeting inhibition of Interleukin IL-17A using small molecules

31 August: Nuevolution appoints new CFO

28 November: Amgen exercises opt-in right in second program from multiple target research collaboration with Nuevolution

Focus

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

Internal pipeline within:

- Severe inflammatory indications
- Oncology
- Immuno-oncology

Agreements

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

App. SEK 540 million in realized partner income since 2004

Nuevolution

Founded: 2001 in Copenhagen, Denmark

Industry: Healthcare, Biotech

Homepage: www.nuevolution.com

Strong progress in key programs
Successful progress in Amgen partnership

Financial summary	**July - September**		**January - September**	
SEK million	**2018**	**2017**	**2018**	**2017**
Revenue from contracts with customers	1.0	1.6	9.8	9.0
Total operating expenses, net	-25.3	-31.8	-90.8	-97.8
Operating result	-24.3	-30.3	-80.9	-88.9
Net result	**-22.7**	**-28.6**	**-76.1**	**-84.9**
Basic and diluted earnings per share (SEK)	**-0.46**	**-0.67**	**-1.66**	**-1.98**
Cash flow from operating activities	-28.0	-32.8	-87.1	-1.0
Cash and cash equivalents	130.7	146.4	130.7	146.4

Business and R&D summary

- Amgen has exercised its contractual Opt-In right to a second cancer program that is part of the multiple target research collaboration with Nuevolution. Amgen will now be responsible for all further research and development costs. Nuevolution will retain the ownership until potential licensing by Amgen. The parties will now jointly commence the late-stage research phase with the mutual goal of reaching the future nomination of a clinical development candidate.
- Amgen shows very positive progress in first cancer program where they have made their contractual Opt-In in July 2018.
- Additional discussions and negotiations pursuing drug discovery R&D collaborations, platform-based collaborations and program licensing partnerships progress positively.
- Almirall continues good progress with RORγt inhibitor program according to joint plan.
- BET-BD1 inhibitors show potent activity in anti-fibrosis test and potent effect on biomarker in Atopic Dermatitis model.
- Topical dosing of IL-17A blockers show good activity in animal psoriasis model (Imiquimod model).
- The two promising inflammatory programs RIPK1 and TYK2 targets from Early Discovery enters lead optimization.

"During the quarter, we have seen continued progress in our collaboration with Almirall, significant progress in the collaboration with Amgen including scientific progress as well as contractual progress following Amgen's decision to Opt-In to a second program, and additional further partnership discussions are on-going, while our internal pipeline has progressed very positively", said Alex Haahr Gouliaev, CEO

Events occurred between 30 September and 28 November 2018

On 11 October, Nuevolution presented data from its discovery program directed at targeting the key disease inflammatory signaling molecule, Interleukin-17A (IL-17A). Current IL-17A blockade treatment is only offered through use of very expensive injectable antibodies. Our optimization efforts focus on finalizing data for initially a topical use (treatment on the skin) of our IL-17A blockers as well as seeking a potential systemic (tablet-based) formulation with the ambition of achieving a "first-in-class" development program.

On 28 November, Nuevolution announced that Amgen has exercised its Opt-In right in the second cancer program from the Nuevolution collaboration.

Message from the CEO

Dear shareholder, Dear reader,

A key positive event during the third quarter was the announcement of significant progress in our collaboration with Amgen. In July, Amgen used its contractual Opt-In right in the first target program of this joint multi-target collaboration within cancer and neuroscience. Financially, this means that Amgen now cover all further research and development costs in this program as incurred by both parties. Equally, important, it demonstrates that the joint collaboration is progressing very well to the benefit of both parties. Additional programs have been progressing very fast, and has now led to a second Opt-In on 28 November 2018. Nuevolution remains the owner of programs, but Amgen has an option to license on a program-by-program basis. A potential licensing will entail a minimum upfront fee of USD 10 million plus milestones (up to USD 400 million) and royalties.

In Nuevolution's collaboration with Almirall, which is moving towards clinical studies in the field of skin diseases, we are pleased to conclude continued progress, and will provide further details as allowed by the collaboration contract and in compliance with stock exchange rules.

Besides these two partnerships, we also have Janssen progressing a flu program that was licensed to them in January 2018.

Partnering represent a key element in Nuevolution's overall strategy. Through partnering, we seek to maximize value creation from progression of multiple programs in parallel. We are motivated to enter into partnerships that provide:

1. Unique skills and expertise to our programs enabling optimal development;
2. Revenue that may support our ability to expand and progress our other pipeline programs;
3. De-risking and cost-reduction of progressing programs;

In all cases we aim for partnerships where we still maintain an attractive future upside.

As hopefully evident from this, we have executed, and we continue to seek different types of partnerships with an overall aim to realize a broad portfolio of valuable programs, and with an aim to maximize shareholder value through a combination of keeping certain rights, increasing ownership or realization of revenues.

In line with this, we are therefore very pleased to see that the existing partnership structures support our strategy very well by delivering positive scientific progress as well as by realizing important contractual milestones as contemplated when the contracts were signed.

Nuevolution is currently continuing further on-going partnership discussions around potential R&D collaborations, platform-based collaborations and out-licensing of Nuevolution's programs. Importantly, we will only enter specific partnerships when such support and are in line with our overall strategy for value creation.

Following disclosure of the identity of our Cytokine X program being Interleukin 17A (IL-17A) inhibitors (psoriasis, psoriatic arthritis, ankylosing spondylitis and more), we have initiated the promotion of the program and receive significant interest. Also, our bromodomain BET BD1 selective inhibitor program is triggering significant interest. This is due to the fact that we can show unique and important data supporting potential medical use in a multitude of severe human fibrotic diseases as well as in the equally hot area of atopic dermatitis (skin disease).

With its strategy, Nuevolution is gradually maturing and expanding a broad portfolio of valuable programs alone and in partnerships. All of this is and has only been possible with the strong support from our shareholders. The majority of the company's more than 3,300 shareholders have, with significant loyalty and increasing strength, supported the company continuously. We have great respect for the support we obtain, and wish to communicate that the board, management and staff continue to work with maximum effort and focus to remunerate the shareholder trust and confidence we enjoy.

Stockholm, 28 November 2018

Alex Haahr Gouliaev, CEO
Nuevolution AB (publ)

Research and Development

HIGHLIGHTS

- Amgen has exercised its contractual Opt-In right to a second cancer program that is part of the multiple target research collaboration with Nuevolution. The parties will now jointly commence the late-stage research phase with the mutual goal of reaching the future nomination of a clinical development candidate
- Very positive progress in first cancer program where Amgen used its contractual Opt-In right in July 2018
- BET-BD1 inhibitors show potent activity in anti-fibrosis test and potent effect on biomarker in Atopic Dermatitis model
- Topical dosing of IL-17A blockers show good activity in animal psoriasis model (Imiquimod model)
- The two promising inflammatory programs RIPK1 and TYK2 targets from Early Discovery enters lead optimization

For complete pipeline overview, please see page 2. The following provides detail on select programs only. We continue to see good and positive progress in our collaborations with Almirall and Amgen as well as in our three most mature internal programs targeting severe autoimmune diseases.

AMGEN COLLABORATION	
Partner Amgen	Market Cap: USD 123 billion Revenue (2017): USD 22.8 billion Pharma Company: Top7 (US)/Top12 (World) in oncology Headquarter Location: Thousand Oaks (CA), US Number of Employees: 20,800 Presence: >100 countries
Disease area	Cancer and neuroscience
Disease targets	Multiple targets (identity of targets not disclosed)
Collaboration structure	Early discovery stage: Nuevolution covers all cost Proof-of-concept: Amgen confirm activity in animals Contractual Opt-In: Amgen takes over all cost incl. Nuevolution's costs Contractual licensing: Amgen obtains ownership Upon licensing Nuevolution will receive • Upfront: At least USD 10 million • Milestones: Up to USD 400 million (development plus sales milestones) • Royalties on sales: Yes (tiered) Nuevolution owns each program until licensing by Amgen
Collaboration potential	The collaboration aims to realize multiple successful programs that may be developed, where Nuevolution will be financially remunerated on a per program basis
Status (multiple programs)	Early discovery stage: Undisclosed number of programs Contractual Opt-In: Two programs (in optimization towards clinical Candidate)

The multi-target collaboration with Amgen has been very successful since the start in October 2016. Two "fast-tracked" cancer programs, which have been prioritized by Nuevolution, are progressing well and according to the workplans with significant efforts from both the Amgen and Nuevolution teams. In the first program, where Amgen has exercised their Opt-In right, the Amgen and Nuevolution teams are now collaborating to characterize and optimize program compounds. Leading compounds, showing overall good properties, are being evaluated by Amgen for both effect in animal model systems relevant for multiple human cancers and for important preclinical safety parameters. Following Amgen's Opt-In to the second program on 28 November 2018, this program will now progress jointly by the parties similarly to the first program.

A third program is continuing the current optimization stage with the hope of reaching important cellular proof-of-concept by end of 2018.

The next financial goals in the collaboration is to achieve contractual Opt-In by Amgen in additional programs, and to realize potential licensing of program(s) by Amgen going forward. Scientifically it is the goal to realize additional proof-of-concept results in animals, and to progress the more mature programs towards Candidate nomination.

ALMIRALL COLLABORATION

Partner Almirall	Market Cap: EUR 2.7 billion Revenue (2017): EUR 756 million Specialty Dermatology Company: Top3 (EU)/Top6 (US) HQ Location: Barcelona, Spain Number of Employees: 1,832 Presence: >70 countries
Disease area	Inflammatory skin diseases (e.g. psoriasis) and psoriatic arthritis
Disease target	RORγt inhibitors (Retinoic Acid-related Orphan Receptor-gamma t) Inhibitors of RORγt reduces inflammatory response produced by certain immune cells (T-helper 17 cells (TH17)). Inflammatory response by TH17 cells in humans have been associated with autoimmune diseases like psoriasis, psoriatic arthritis and ankylosing spondylitis
Treatment potential	Current treatment for reduction of TH17 autoimmune response is achieved by use of expensive injectable antibodies The program has the potential to deliver convenient, safer and cost reducing tablet-based and cream-based treatments
Market potential	Psoriasis: Presently valued at ca. USD 8.3 billion in the US, Japan, and five major EU markets (7MM). The psoriasis market alone is forecasted to reach USD 10.7 billion in 2020 (Global Data, 2016 - Psoriasis 2014–2024)
Collaboration structure	Financial terms: • Upfront received at licensing to Almirall: EUR 11.2 million • Milestones: Up to EUR 442 million (development plus sales milestones) • Royalties on sales: Yes (tiered)
Status	Pre-clinical phase in preparation for clinical study readiness

Nuevolution is well aware of the fact that limited information has been released from the collaboration. However, we can repeat that Nuevolution's RORγt collaboration with Almirall continue to progress well, in accordance with the mu-

tually agreed work plan and with the expectation of moving forward a truly best-in-class compound for potential human clinical testing in patients with moderate-to-severe psoriasis. For contractual and competitive reasons, Nuevolution cannot disclose further information at this point. Nuevolution will disclose information to the market in compliance with stock exchange rules.

RORγt INHIBITOR PROGRAM (INFLAMMATION)	
Ownership	Nuevolution
Disease area	Ankylosing spondylitis (prioritized) and Inflammatory bowel disease (IBD) Ankylosing spondylitis (AS) 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") IBD is a group of chronic inflammatory conditions impacting the gastrointestinal tract
Disease target	RORγt inhibitors (Retinoic Acid-related Orphan Receptor-gamma t) Inhibitors of RORγt reduces inflammatory response produced by certain immune cells (T-helper 17 cells (TH17). Inflammatory response by TH17 cells in humans have been associated with autoimmune diseases like psoriasis, psoriatic arthritis and ankylosing spondylitis
Treatment potential	Current treatment for reduction of TH17 autoimmune response is achieved by use of expensive injectable antibodies The program has the potential to deliver convenient, safer and cost reducing tablet-based treatments
Market potential	Ankylosing spondylitis: Diagnosed prevalent patients amount to ca. 1,5 million globally. Product sales in the United States, Japan and 5EU expected to grow to ca. USD 2.4 billion in 2024 from presently USD 1.5 billion (Global Data)
Status	Pre-clinical phase in preparation for clinical study readiness

For Nuevolution's internal RORγt program, we are focusing on potential future treatment of patients with ankylosing spondylitis (inflammation to the spine) and inflammatory bowel disease. Several high-quality, and attractive backup compounds have been produced in support of the program. We are presently comparing multiple *in vivo* efficacy and safety parameters for both our current candidate and several backup compounds. Nuevolution coordinates its own development of this program with the activities in Nuevolution's collaboration with Almirall (see above).

BROMODOMAIN BET BD1 SELECTIVE INHIBITOR PROGRAM (INFLAMMATION)	
Ownership	Nuevolution
Disease area	Atopic dermatitis and fibrosis Atopic dermatitis is an unpleasant and very bothersome skin disease. The disease is caused by overstimulation of skin cells by immune system cells TH2 and TH22 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), leading to scratching, redness, scaling, and loss of the skin surface. Atopic Dermatitis is an area that receives significant attention by the pharmaceutical industry Nuevolution has demonstrated that its BET inhibitors can reduce the response from TH2 and TH22 cells Fibrosis is involved in several life-threatening diseases including Idiopathic pulmonary fibrosis (lung fibrosis), scleroderma (range of systemic fibrotic diseases), solid tumors and more. Nuevolution has demonstrated anti-fibrotic effect of selective BET inhibitors
Disease target	Bromodomain BET binding domain 1 selective inhibitors Bromodomain BET proteins regulate multiple genes of key importance in cells driving both inflammatory processes and cancers. Importantly, non-selective inhibitors of BET proteins, in clinical development show significant side-effects Nuevolution's Bromodomain BET BD1 selective inhibitors are selective for the first bromodomain (BD1) of the BET family of proteins In contrast to the non-selective BET inhibitors in the clinic, Nuevolution's Bromodomain BET-BD1 selective inhibitors only regulate a very small and select subset of key inflammatory genes without affecting genes causing toxic and adverse effects
Treatment potential	More than 13 million (diagnosed) patients world-wide suffer from skin disease atopic dermatitis. The severe form of the disease is clearly underserved with current medications, and it is a disease that is receiving significant interest, investment and research efforts within the pharmaceutical industry in parallel with significant focus on psoriasis. Also, the field of fibrotic diseases is significantly underserved today, and anti-fibrotic treatment may aid significantly the treatment of certain cancers. Overall, representing a broad potential for this program
Market potential	Global Data is forecasting significant market growth in atopic dermatitis and a projected value in 2024 to be in the order of USD 7.5 billion (from USD 4.5 billion in 2017)
Status	Candidate nomination (final phase) Next: Regulatory preclinical safety

The BET family of proteins are important for the regulation of multiple genes relevant for cancer and inflammatory disease. Multiple studies *in vitro* (in cells) and *in vivo* (animal) performed by Nuevolution demonstrate an improved safety profile compared to the current non-selective inhibitors in clinical development. In this program, we have nominated

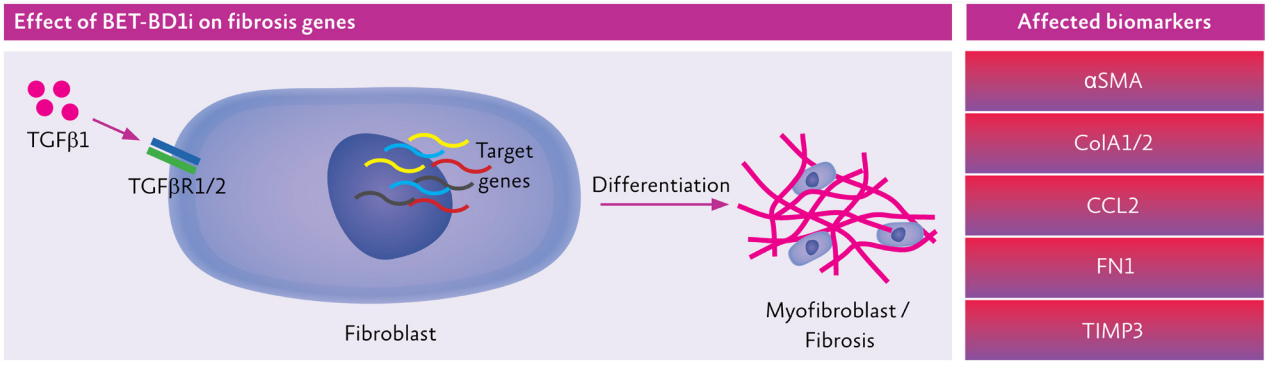


Figure 1. *A key part of many fibrotic diseases involves the excessive stimulation of fibroblast cells to produce undesirable connective tissue in a process called "scarring". In this pro-fibrotic process, an important signaling molecule called TGFβ1 stimulates fibroblasts in tissues to become myofibroblasts and produce a number of key proteins involved in the transformation. These proteins are responsible for the pro-fibrotic and potentially devastating tissue "scarring" include αSMA, ColA1/2, CCL2, FN1 and TIMP3 as depicted above. From in vitro assays using TGFβ1 stimulation of fibroblasts, potent Nuevolution compounds selective for BET-BD1 reduce the production of these key pro-fibrosis proteins, thereby effectively preventing fibroblast transformation into myofibroblasts – a mimic for fibrosis and tissue "scarring".*

two promising precandidates for final testing across multiple efficacy and safety studies needed for election of a program front-runner candidate.

We have previously demonstrated good activity of our BET BD1-selective inhibitor NUE7770 in two mouse models of fibrosis mimicking lung fibrosis (IPF - Idiopathic pulmonary fibrosis) and Scleroderma.

During the third quarter 2018 and continuing into the fourth quarter 2018, we invest in several key experiments needed to select the optimal development candidate, and we have consistently observed positive progress for the program.

We have performed further in-depth investigations around the molecular mechanism behind the anti-fibrotic activity of BET-BD1 inhibitors. Using a well-validated assay for fibrosis involving stimulation of human fibroblasts (connective tissue cells), we were able to show that our BD1-selective inhibitors strongly repress activation as determined by reduction in the biomarker called α-SMA (Fig 1). This important dataset provides a mechanistic explanation for the *in vivo* efficacy shown with NUE7770 in animal fibrosis models and provides a strong rationale for progression of BD1-selective inhibitors in fibrosis diseases.

In the third quarter 2018, Nuevolution conducted the up-scaling of one precandidate compound required to conduct compound formulation testing and enable key animal data on compound activity and safety parameters. These studies are now ongoing in the fourth quarter 2018 and, if positive, should enable final evaluation of precandidates and election of a program candidate compound.

From previously reported studies and our novel data from human fibroblasts, we remain positive that Nuevolution's BET-BD1 selective inhibitors could have important clinical applications for a multitude of severe human fibrotic diseases as well as atopic dermatitis.

IL-17A INHIBITOR PROGRAM (INFLAMMATION)	
Ownership	Nuevolution
Disease area	Inflammatory skin diseases (e.g. psoriasis), psoriatic arthritis, ankylosing spondylitis and possibly other TH17 driven diseases Inflammatory response by TH17 cells in humans have been associated with autoimmune diseases like psoriasis, psoriatic arthritis and ankylosing spondylitis
Disease target	Interleukin IL-17A IL-17A is the key inflammatory signaling molecule (a cytokine) produced from TH17 cells of the immune system. This cytokine is responsible for driving multiple inflammatory diseases The ability to directly inhibit IL-17A with small molecules represent a major achievement, which was until now unsuccessful due to the target representing a very challenging target to address. Nuevolution has identified and optimized such small molecules through application of its Chemetics® technology allowing Nuevolution access to the testing of billions-to-trillions of molecules. Because our molecules are small they offer treatment to be based on tablets and crème, which is not possible with injectable antibodies (large molecules)
Treatment potential	Current treatment for reduction of IL-17A autoimmune response is achieved by use of expensive injectable antibodies The program has the potential to deliver convenient and safer tablet-based and crème/ointment (topical) treatment Antibodies suffer from drawbacks such as i) a very high cost ii) dosing by injection multiple times per month/year iii) potential adverse immune reactions against the antibody and iv) prolonged weakening of patient immune responses that may cause certain infections through long-term elimination of the patients own immune response capacity. Targeting disease cytokines by a small-molecule, may offer both convenient topical and tablet-based solution, which offers cost-efficient alternatives with fewer immune-related risks
Market potential	Psoriasis: Presently valued at ca. USD 8.3 billion in the US, Japan, and five major EU markets. The psoriasis market alone is forecasted to reach USD 10.7 billion in 2020 (Global Data, 2016) Ankylosing spondylitis: Diagnosed prevalent patients amount to ca. 1,5 million globally. Product sales in the United States, Japan and EU5 expected to grow to ca. USD 2.4 billion in 2024 from presently USD 1.5 billion (Global Data, 2016)
Status	Lead Optimization Next: Complete optimization and preparation for selection of development candidate for topical (crème/ointment) use

As reported previously (see second quarter 2018 report), Nuevolution have discovered potent small molecules for IL-17A currently in optimization for a novel topical (crème) and later, oral (tablet) delivery. Our current efforts are focused on the final optimization and formulation(s) of several topical compounds for animal testing. Animal testing of several IL-17A

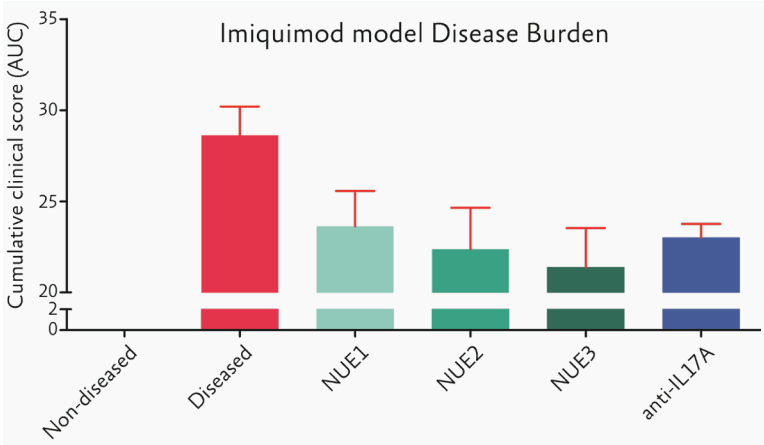


Figure 2. *Efficacy of NUE IL-17A inhibitors in the imiquimod model of psoriasis. Psoriasis-like symptoms were induced on the back skin of mice by topical application of Imiquimod-containing crème. NUE compounds were dosed twice daily by direct application as a 1% solution on the skin. The clinical score (composite score of erythema (skin redness), scaling, and skin thickness) was summarized over the entirety of the study to yield a total disease burden. Inhibition of IL-17A by a neutralizing antibody was shown to partially relieve disease burden and NUE small molecule IL-17A inhibitors (NUE1-3) were shown to inhibit disease burden to the same level as the IL-17A antibody.*

inhibitors dosed by a topical route (on skin) in an imiquimod-induced mouse model mimicking human psoriasis showed efficacy on-par with antibody treatment dosed by injection. From the early data on clinical scoring, the Il-17A compounds show efficacy on par with that of an antibody against IL-17A. Further data on skin biomarkers relevant for human psoriasis is pending in the fourth quarter 2018.

Further testing in human skin samples is being pursued in parallel with compound optimization and formulation studies. Nuevolution expect to provide further guidelines for the potential development routes and their timelines during the first half 2019. The program is of such uniqueness that business development promotion of the program has already been initiated.

EARLY DISCOVERY PROJECTS (Multiple targets and diseases)

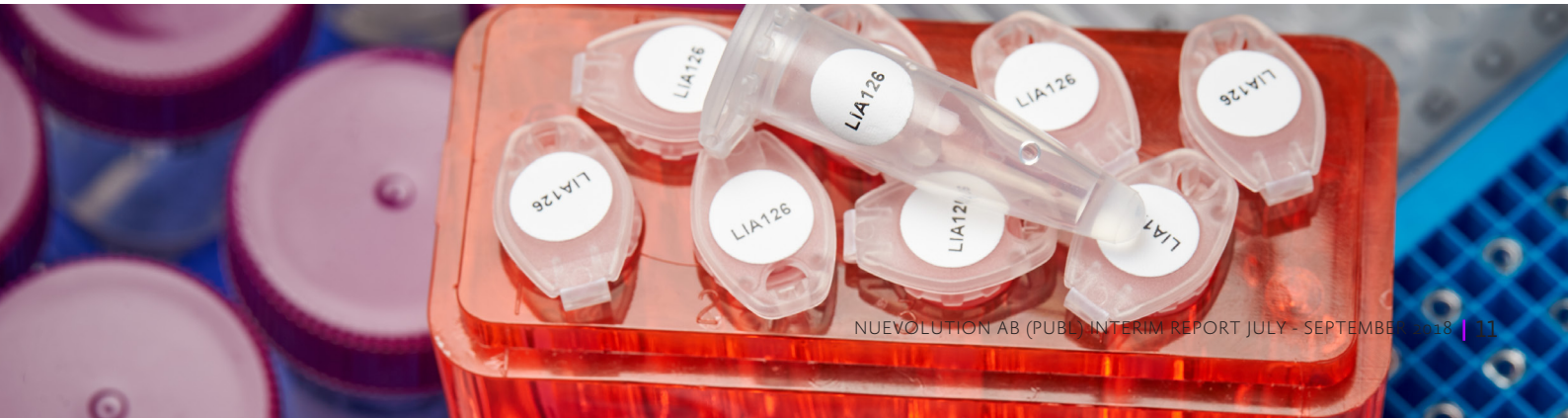
Two early stage programs, the TYK2 pseudo-kinase and RIPK1, important for several inflammatory diseases have been fast-tracked during the third quarter 2018. For both programs, potent and highly selective compounds have provided strong cell-based activity and *in vitro* proof-of-concept. We are currently prioritizing these projects with expectation of *in vivo* PoC studies in early 2019. Additional programs show promising data and we maintain our guidance and expect to have three projects progressed to lead discovery by end of 2018.

NUEVOLUTION SCIENTIFIC PRESENTATIONS SEP-OCT, 2018

- ***"Mapping of Drug-like chemical universe with reduced complexity molecular framework"***, Dr. Aleksejs Kontijevskis, EuroQSAR 2018. 16-20 September 2018, Thessaloniki, Greece
- ***"Direct inhibition of IL-17A with small molecule compounds identified from DEL"***, Dr. Thomas Franch, Oxford Global 5th Drug Discovery USA Congress, 11-12 October, 2018, San Diego, US
- ***"Direct inhibition of IL-17A with small molecule compounds"*** Dr. Søren Jensby Nielsen, Cytokines 2018, 27 Oct – 1 Nov, Boston, US
- ***"Direct inhibition of IL-17A with small molecule compounds identified from DEL"***, Dr. Sanne Glad, 2nd Medicinal Chemistry Summit: Europe, 29-30 October, 2018, London

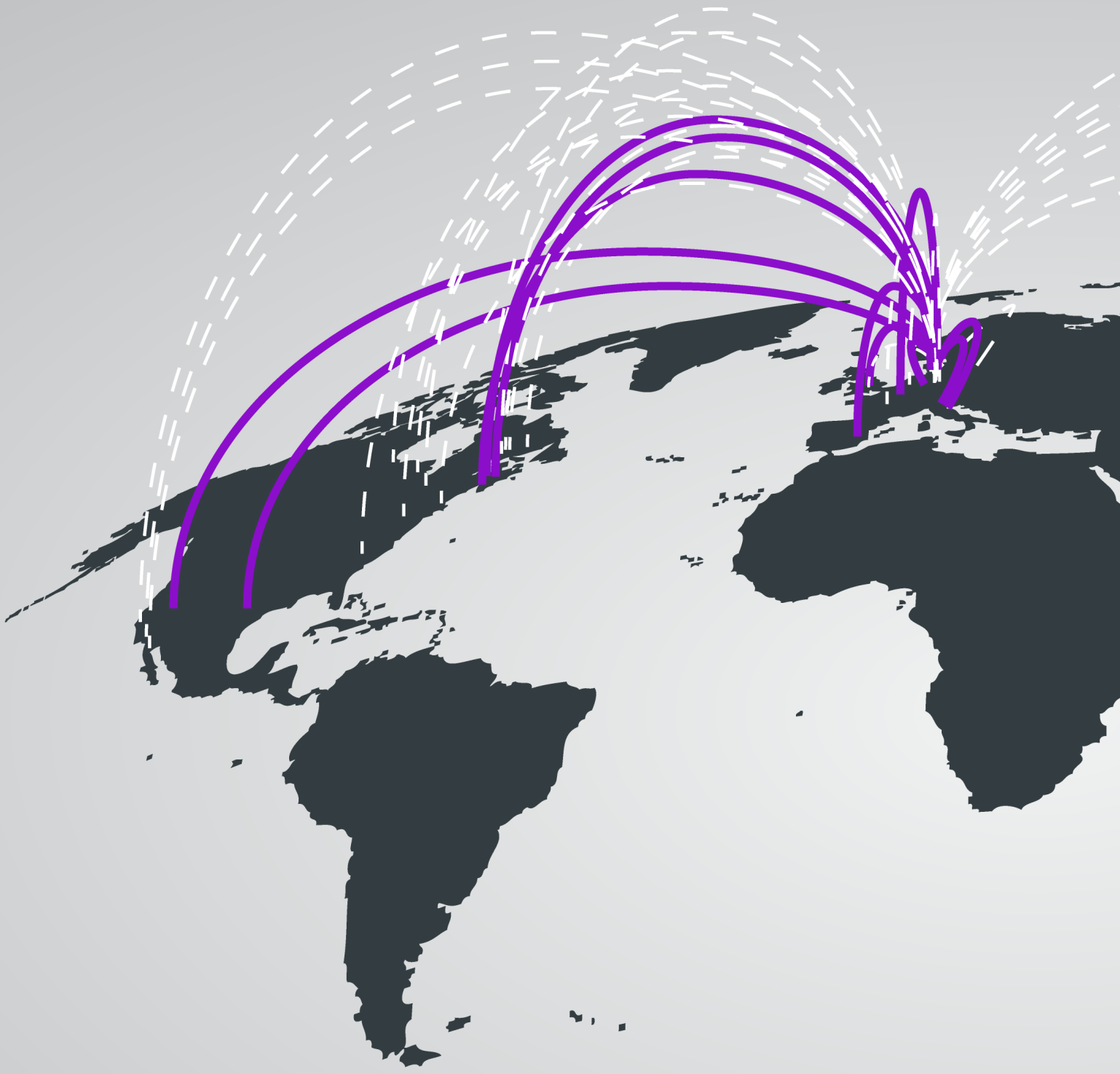
UPCOMING EVENTS WHERE NUEVOLUTION IS INVITED SPEAKER

- Society for Medicines Research, 6 December 2018 in London, UK



Nuevolution partnerships

Partnering opportunities (prospects)



Well connected business development

As a company with a business model that includes a strong partnering focus, Nuevolution has through many partnerships confirmed its objective to deliver value to its shareholders. Focusing on deal making in the therapeutic areas of inflammation and oncology and having a good and active global partnership network, covering approximately 70% of the top-50 global pharmaceutical companies, Nuevolution believes it is well prepared to realize additional and attractive partnerships in the coming years

Business & Partnering

HIGHLIGHTS

- Amgen has exercised its contractual Opt-In right to a second cancer program that is part of the multiple target research collaboration with Nuevolution. Amgen will now be responsible for all further research and development costs. Nuevolution will retain the ownership until potential licensing by Amgen
- Additional efforts remain on-going in the pursuit of further partnerships with the areas of:
  - R&D collaborations
  - Platform-based collaborations
  - Out-licensing of Nuevolution's programs

We are seeing significant partnering interest around our newly disclosed IL-17A inhibitor program, our bromodomain BET BD1 selective inhibitor program, and our early discovery programs which are in areas of significant pharma interest.

Partnering represent a key element in Nuevolution's overall strategy. Through partnering, we maximize our ability to apply our powerful drug discovery platform against as many disease targets and areas as possible thereby maximizing our upside.

We are motivated to enter into partnerships that provides i.) unique skills and expertise to our programs enabling optimal development, ii.) revenue that may support our ability to expand and progress our other pipeline programs, and iii.) de-risking and cost-reduction of progressing programs. In all cases we aim for partnerships where we still maintain an attractive future upside.

We aim to select optimal partners in all cases, and it is in general an extensive and thorough process to secure agreements with attractive ownership, financial remuneration and/or other terms, which benefit the company and its shareholders.

In Almirall, we have one of the world's leading companies in the field of skin diseases, which fits our program perfectly. Given the attributes and potential of the program that has been out-licensed to Almirall, we believe that both parties have entered an attractive agreement. Nuevolution obtained EUR 11.2 million at signing and is eligible to receive up to EUR 442 million in development and sales milestones plus royalties on net sales.

In Amgen, we have one of the global top oncology companies as a partner, who has significant dedication to realize innovative treatment of cancer and has the expertise and manpower to do so. Our collaboration with Amgen is a multi-target collaboration that allows Nuevolution to tap into significant expertise, while having secured the potential licensee for successful programs already at start of the collaboration. Upon licensing, Nuevolution is eligble to receive at least USD 10 million upfront plus up to USD 400 million in development and sales milestones plus royalties.

On 18 July 2018 and now again on 28 November 2018, Nuevolution announced that Amgen had exercised its contractual Opt-In rights to two separate cancer program that is part of the multiple target research collaboration with Nuevolution. As a result of the Opt-In's, Amgen will be responsible for all further research and development costs of the programs as incurred by both parties. Nuevolution will retain the ownership of each program until Amgen may decide at its discretion to exercise an option to license a program. Amgen's decision to Opt-In to these programs follows the demonstration of strong program data supporting a novel mechanism for cancer precision medicine by Nuevolution. The parties are now jointly performing the late-stage research phase with the mutual goal of reaching the future nominating a clinical development candidate.

"I am very pleased with the structure that we have put in place for this collaboration. It has allowed Amgen an effective opportunity to gain access to the application of Nuevolution's powerful drug discovery technology, skills and expertise for solving difficult disease targets, while it for Nuevolution has secured a strong partner from day one. A partner that is now financing all cost in the two first Opt-In programs. A true win-win arrangement for the two companies."

Ton Berkien, Chief Business Officer

During the third quarter 2018, our partnership discussions have been focused around:

- R&D collaborations
- Platform-based collaborations
- Out-licensing of Nuevolution's programs

We continue with focused efforts our other discussions and negotiations pursuing drug discovery R&D collaborations, platform-based collaborations and program licensing partnerships. We note an increased interest for our i.) bromodomain BET BD1 selective inhibitor program, ii.) our internal RORγt inhibitor program, iii.) R&D collaborations and iv.) we have initiated first discussions around our newly disclosed IL-17A inhibitor program. It is our objective to find valuable long-term partnerships.

We are aware that our investors expect us to update our guidance on timing in regards of our deal-making, and further that the company delivers according to these timelines. Deal-making and timing thereof is obviously not orchestrated by one party alone, and deals will be entered when terms are attractive to the company and its shareholders. Furthermore, in order to avoid that our guidance impact on-going negotiations negatively, we will only provide guidance in a more general format going forward.

At the release of this report, we can confirm that on-going discussions have progressed positively during and post the quarter along the strategy out-lined above.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Financial report

Group - Key ratios

TSEK, if not stated otherwise	Jul. - Sep. 2018	Jul. - Sep. 2017	Jan. - Sep. 2018	Jan. - Sep. 2017
INCOME STATEMENT				
Revenue from contracts with customers	987	1,575	9,834	8,970
Research and development expenses	-20,052	-26,049	-69,984	-80,687
Sales, general and administration expenses	-6,116	-5,855	-22,579	-17,365
Total operating expenses	-26,168	-31,904	-92,563	-98,052
Operating result	-24,263	-30,257	-80,948	-88,855
Net financial items	-307	-68	-825	-478
Net result	-22,651	-28,558	-76,106	-84,865
Comprehensive result for the period	-25,475	-28,291	-75,374	-83,691
BALANCE SHEET				
Non-current assets			16,914	13,548
Current assets			139,233	156,450
Total assets			156,147	169,998
Share capital			49,525	42,858
Shareholders' equity			139,876	141,671
Non-current liabilities			2,126	2,672
Current liabilities			14,145	25,655
Investment in intangible and tangible assets			612	2,351
CASH FLOW				
Cash flow from operating activities	-28,022	-32,801	-87,115	-987
Cash flow from investing activities	-93	-244	-466	-317
Cash flow from financing activities	-310	-366	103,257	-1,037
Cash flow for the period	-28,425	-33,411	15,676	-2,341
FINANCIAL RATIOS				
Basic earnings per share (EPS), SEK	-0.46	-0.67	-1.66	-1.98
Diluted earnings per share (EPS-D), SEK [1]	-0.46	-0.67	-1.66	-1.98
Shareholders' equity per share, SEK			2.82	3.31
Period-end share price, SEK			16.90	22.60
Equity ratio (%)			90	83
Number of shares outstanding, average, million shares	49.525	42.858	45.984	42.858
Number of shares outstanding, end-period, million shares	49.525	42.858	49.525	42.858
Diluted number of shares outstanding, average, million shares	50.278	43.586	46.785	43.586
Average number of employees (FTE)			49	47
Number of employees (FTE) at period-end			48	47

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

REVENUE

Revenue for the third quarter of 2018 was SEK 1.0 million (1.6) and relates to revenue from the Janssen collaboration and revenue from the Amgen collaboration. Year to date revenue was SEK 9.8 million (9.0) and stems from a license fee and revenues from the Janssen collaboration along with revenue from the Amgen collaboration. For additional comments on revenue, refer to note 4.

Other operating income of SEK 0.9 million (0.1) in the third quarter and SEK 1.8 million (0.2) year to date includes grants from the agreement with Innovation Fund Denmark.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to SEK 20.1 million (26.0) in the third quarter of 2018 and SEK 70.0 million (80.7) year to date. This mainly reflects expenses related to progression of our internal BET and RORγt inhibitor programs along with progression of our early pipeline. Compared with the previous year the reduced expenses reflect a reduction in expenses for external Contract Research Organizations (CROs) and lower patent expenses.

SALES, GENERAL AND ADMINISTRATION EXPENSES

Sales, general and administration expenses amounted to SEK 6.1 million (5.9) in the third quarter of 2018 and SEK 22.6 million (17.4) year to date. Compared with the previous year the higher expenses are driven by one-time activities in connection with the listing on the Nasdaq main market in June 2018.

FINANCIAL RESULT

Operating result for the third quarter of 2018 amounted to SEK -24.3 million (-30.3) and year to date SEK -80.9 million (-88.9).

Corporate tax income of SEK 1.9 million (1.8) in the third quarter and SEK 5.7 million (4.5) year to date is due to the Danish R&D tax credit program.

Net result for the third quarter of 2018 amounted to SEK -22.7 million (-28.6) and year to date SEK -76.1 million (-84.9).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the third quarter of 2018 amounted to SEK -28.0 million (-32.8) and year to date SEK -87.1 million (-1.0). The year to date decrease reflects a significant payment (net of tax) from Almirall S.A. in 2017.

Investments in the third quarter of 2018 were SEK 0.1 million (0.2) and year to date SEK 0.5 million (0.3).

Cash flow from financing activities in the third quarter of 2018 amounted to SEK -0.3 million (-0.4) and year to date SEK 103.3 million (-1.0). The year to date increase is due to the directed issue of 6,666,667 new shares in May 2018 providing the Company with gross proceeds of SEK 110 million.

EQUITY AND NET CASH

On 30 September 2018 equity amounted to SEK 139.9 million compared with SEK 111.1 million on 31 December 2017.

On 30 September 2018 cash and cash equivalents amounted to SEK 130.7 million compared with SEK 114.8 million on 31 December 2017.

PARENT COMPANY

The parent company had intercompany revenue in the third quarter of 2018 of SEK 0.4 million (0.4) and year to date of SEK 1.3 million (1.0). Net result in the third quarter of 2018 was -101.5 million (-2.1) and year to date SEK -109.6 million (-5.1).

The higher loss in the third quarter of 2018 compared to previous year is due to a SEK 100 million capital contribution made to the fully owned subsidiary Nuevolution A/S during the quarter. All research and development activities are performed in the subsidiary and funded by the parent company. As all research and development programs are in early stages and not eligible for capitalization the funding is likewise expensed in the parent company.

The parent company's cash and cash equivalents amounted to SEK 27.8 million on 30 September 2018 compared with SEK 35.5 million on 31 December 2017. Shareholders' equity was SEK 710.7 million on 30 September 2018 compared with SEK 716.1 million on 31 December 2017.

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

Shareholder information

THE NUEVOLUTION SHARE IN BRIEF (30 SEPTEMBER 2018)

Listing	Nasdaq OMX Stockholm
Number of shares	49,524,903
Market capitalization	SEK 837 million
Ticker	NUE
ISIN	SE0007730650

LARGEST SHAREHOLDERS

Shareholder	Number of shares	Percent of capital
Sunstone LSV Fund I K/S	10,242,701	20.7
SEB Venture Capital	10,084,942	20.4
Stiftelsen Industrifonden	8,997,908	18.2
SEB Utvecklingsstiftelse	3,288,306	6.6
SEB-Stiftelsen	2,458,009	5.0
Avanza Pensionförsäkrings AB	1,444,141	2.9
LMK Stiftelsen	1,134,000	2.3
ABN AMRO GLOBAL CUSTODY SERVICE	661,537	1.3
Nordnet Pensionförsäkrings AB	520,137	1.1
Vätterleden AB	400,000	0.8
Claus Resen Steenstrup and family	386,472	0.8
Granit Småbolag	365,000	0.7
RBC INVESTOR SERVICES BANK S.A	315,220	0.6
Henry Dunkers Förvaltning	283,225	0.6
TIBIA Konsult AB	240,000	0.5
Fynske Bank	223,376	0.5
Stig Løkke Pedersen	212,334	0.4
Hans Engblom and family	202,515	0.4
Elementa	201,745	0.4
Advice Capital	175,000	0.4
Other	7,688,335	15.5
Total no. shares outstanding	**49,524,903**	**100.0**

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

MEET US

Event	Date
Prohearings, Stockholm	30 November
BioStock, Copenhagen	11 December

ANALYST COVERAGE

Nuevolution is covered by analysts from Jarl Securities, Redeye, and Edison:
Edison (Daniel Wilkinson)
Redeye (Mathias Spinnars)
Jarl Securities (Niklas Elmhammer)

Analyst reports can be found here https://nuevolution.com/investors/stock-information/#2.

Further Carnegie have initiated coverage of Nuevolution during the quarter:
Carnegie (Ulrik Trattner)

Other information

FINANCIAL CALENDAR

Event	Date
Year-end report 2018	7 March 2019
Annual report 2018	4 April 2019
Annual General Meeting	22 May 2019
Q1 report 2019	22 May 2019
Q2 report 2019	28 August 2019
Q3 report 2019	27 November 2019

ANNUAL GENERAL MEETING

Nuevolution's Annual General Meeting 2019 will be held on Wednesday 22 May 2019 in Stockholm.

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting in 2018, the Nomination Committee for the Annual General Meeting in 2019 is composed of: Peter Benson (Sunstone), Filip Petersson (SEB Venture Capital), Patrik Sobocki (Industrifonden) and Stig Løkke Pedersen (Chairman of the Board). Peter Benson 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.

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This information is information that Nuevolution AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was sent for publication, through the agency of the contact persons set out above, on 28 November 2018 at 22.15 (CET).

Group - Condensed interim consolidated income statement

TSEK	Note	Jul. - Sep. 2018	Jul. - Sep. 2017	Jan. - Sep. 2018	Jan. - Sep. 2017
Revenue from contracts with customers	4	987	1,575	9,834	8,970
Research and development expenses		-20,052	-26,049	-69,984	-80,687
Sales, general and administration expenses		-6,116	-5,855	-22,579	-17,365
Operating expenses		**-26,168**	**-31,904**	**-92,563**	**-98,052**
Other operating income		918	72	1,781	227
Operating result		**-24,263**	**-30,257**	**-80,948**	**-88,855**
Financial income		7	235	320	794
Financial expenses		-314	-303	-1,145	-1,272
Result before tax		**-24,570**	**-30,325**	**-81,773**	**-89,333**
Corporate tax		1,919	1,767	5,667	4,468
Net result for the period		**-22,651**	**-28,558**	**-76,106**	**-84,865**
Net income attributable to stockholders of the parent company		**-22,651**	**-28,558**	**-76,106**	**-84,865**
Basic earnings per share (EPS), SEK		-0.46	-0.67	-1.66	-1.98
Diluted earnings per share (EPS-D), SEK		-0.46	-0.67	-1.66	-1.98

Group - Condensed consolidated statement of comprehensive income

Net result for the period	**-22,651**	**-28,558**	**-76,106**	**-84,865**
Other comprehensive income:				
Items subsequently reclassified to Profit and Loss:				
Foreign exchange differences	-2,824	267	732	1,174
Total net comprehensive result for the period	**-25,475**	**-28,291**	**-75,374**	**-83,691**

Group - Condensed interim consolidated balance sheet

TSEK	Note	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
ASSETS				
Non-current assets				
Tangible fixed assets		5,605	5,368	6,340
Financial fixed assets		11,309	8,180	5,334
Total non-current assets		**16,914**	**13,548**	**11,674**
Current assets				
Current receivables, non-interest bearing		8,548	10,090	10,326
Cash and cash equivalents		130,685	146,360	114,758
Total current assets		**139,233**	**156,450**	**125,084**
TOTAL ASSETS		**156,147**	**169,998**	**136,758**
EQUITY AND LIABILITIES				
Shareholders' equity		**139,876**	**141,671**	**111,091**
Non-current interest bearing liabilities		**2,126**	**2,672**	**2,810**
Current liabilities				
Current liabilities, interest bearing		1,251	1,381	1,375
Current liabilities, non-interest bearing		12,894	18,096	18,450
Contract liabilities	4	0	6,178	3,032
Total current liabilities		**14,145**	**25,655**	**22,857**
TOTAL EQUITY AND LIABILITIES		**156,147**	**169,998**	**136,758**

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Group - Condensed interim consolidated statement of cash flows

TSEK	Jul. - Sep. 2018	Jul. - Sep. 2017	Jan. - Sep. 2018	Jan. - Sep. 2017
Operating activities				
Result before tax	-24,570	-30,325	-81,773	-89,333
Adjustment for depreciation of plant and equipment	442	414	1,425	1,278
Adjustment for non-cash effect of the share-based payments	-184	0	-133	0
Financial income	-7	-235	-320	-794
Financial expenses	314	303	1,145	1,272
Cash flow before change in working capital	**-24,005**	**-29,843**	**-79,656**	**-87,577**
Change in working capital	-3,724	-2,962	-6,590	107,299
Cash flow from operations	**-27,729**	**-32,805**	**-86,246**	**19,722**
Interest received	3	229	166	504
Interest paid	-296	-225	-1,035	-989
Corporate taxes paid	0	0	0	-20,224
Cash flow from operating activities	**-28,022**	**-32,801**	**-87,115**	**-987**
Investing activities				
Investments in plant, equipment, fittings and tools	-93	-244	-438	-308
Investments in financial assets	0	0	-28	-9
Cash flow from investing activities	**-93**	**-244**	**-466**	**-317**
Financing activities				
New share issue	0	0	110,000	0
Issue expenses	0	0	-5,708	0
Repayments of lease liabilities	-310	-366	-1,035	-1,037
Cash flow from financing activities	**-310**	**-366**	**103,257**	**-1,037**
Cash flow for the period	**-28,425**	**-33,411**	**15,676**	**-2,341**
Currency translation differences	-2,579	176	251	1,019
Cash and cash equivalents, beginning of period	161,689	179,595	114,758	147,682
Cash and cash equivalents, end of period	**130,685**	**146,360**	**130,685**	**146,360**

Group - Condensed interim consolidated statement of changes in equity

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 January 2018	**42,858**	**699,203**	**-631,559**	**589**	**111,091**
Result for the period	-	-	-76,106	-	-76,106
Other comprehensive income	-	-	-	732	732
Total comprehensive income	**-**	**-**	**-76,106**	**732**	**-75,374**
Transactions with owners					
Share based payments	-	-	-133	-	-133
Share issue	6,667	103,333	-	-	110,000
Costs related to the share issue	-	-5,708	-	-	-5,708
Total transaction with owners	**6,667**	**97,625**	**-133**	**-**	**104,159**
Total changes in equity	**6,667**	**97,625**	**-76,239**	**732**	**28,785**
Equity at 30 September 2018	**49,525**	**796,828**	**-707,798**	**1,321**	**139,876**

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 January 2017	**42,858**	**699,203**	**-514,186**	**-2,513**	**225,362**
Result for the period	-	-	-84,865	-	-84,865
Other comprehensive income	-	-	-	1,174	1,174
Total comprehensive income	**-**	**-**	**-84,865**	**1,174**	**-83,691**
Transactions with owners					
Share based payments	-	-	-	-	-
Total transaction with owners	**-**	**-**	**-**	**-**	**-**
Total changes in equity	**-**	**-**	**-84,865**	**1,174**	**-83,691**
Equity at 30 September 2017	**42,858**	**699,203**	**-599,051**	**-1,339**	**141,671**

Parent - Condensed interim income statement

TSEK	Note	Jul. - Sep. 2018	Jul. - Sep. 2017	Jan. - Sep. 2018	Jan. - Sep. 2017
Revenue		440	394	1,293	1,040
Research and development expenses		0	0	0	0
Sales, general and administration expenses		-1,841	-2,460	-10,649	-6,067
Operating expenses		**-1,841**	**-2,460**	**-10,649**	**-6,067**
Operating result		**-1,401**	**-2,066**	**-9,356**	**-5,027**
Financial income		1	5	12	9
Financial expenses		-107	-77	-223	-92
Result from investment in subsidiary	5	-100.000	0	-100.000	0
Result before tax		**-101,507**	**-2,138**	**-109,567**	**-5,110**
Corporate tax		0	0	0	0
Net result for the period		**-101,507**	**-2,138**	**-109,567**	**-5,110**

Parent - Condensed interim balance sheet

TSEK	Note	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
ASSETS				
Non-current assets				
Investments in subsidiaries	5	682,699	682,699	682,699
Total non-current assets		**682,699**	**682,699**	**682,699**
Current assets				
Current receivables, Group Company, interest bearing		400	360	629
Current receivables, non-interest bearing		887	598	1,197
Cash and cash equivalents		27,829	39,949	35,451
Total current assets		**29,116**	**40,907**	**37,277**
TOTAL ASSETS		**711,815**	**723,606**	**719,976**
EQUITY AND LIABILITIES				
Shareholders' equity		**710,653**	**720,936**	**716,061**
Current liabilities				
Current liabilities, non-interest bearing		1,162	2,670	3,915
Total current liabilities		**1,162**	**2,670**	**3,915**
TOTAL EQUITY AND LIABILITIES		**711,815**	**723,606**	**719,976**

Notes to the interim condensed consolidated financial statements

Note 1: Accounting policies

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

ACCOUNTING POLICIES

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

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

At the annual general meeting on 12 October 2017, the shareholders approved new Articles of Association, including the change of fiscal year from 1 July - 30 June to 1 January - 31 December. This means that Nuevolution reported a shorter 2017 fiscal year, which comprises 1 July – 31 December 2017. Therefore, this interim report is the third for the fiscal year 1 January – 31 December 2018. For comparison reasons totals of the first three quarters of 2017 are presented in the income statements of the Group and the Parent company as well as the consolidated statement of cash flows.

Reclassification

Previously reimbursed expenses (1 July – 30 September 2018: TSEK 176, 1 July – 30 September 2017: TSEK 88, 1 January – 30 September 2018: TSEK 345, 1 January – 30 September 2017: TSEK 136) and government grants (1 July – 30 September 2018: TSEK 918, 1 July – 30 September 2017 TSEK 72, 1 January -30 September 2018: TSEK 1,781, 1 January - 30 September 2017 TSEK 227) have been presented as revenue. Since neither reimbursed expenses nor government grants meet the characteristics of revenue, reimbursement of expenses has been reclassified and set-off against related costs and income from government grants has be reclassified to other operating income. The reclassification has no impact on the net result, earnings per share, financial position or cash flow. The comparative figures in the income statement have been restated retrospectively.

NEW STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

The group applied IFRS 15 Revenue from contract with customers using the modified retrospective method which means that the comparative figures not are restated. Implementation of IFRS 15 has not resulted in any difference in income statement, which means that implementation is expected to have limited impact on comparability with comparative periods. For a more detailed description of the implementation of IFRS 15 and the Group's accounting principles in accordance with IFRS 15, see the Group's interim report for the first quarter of 2018.

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

NEW STANDARDS EFFECTIVE FROM 2019
IASB has issued IFRS 16 "Leases", which is effective for accounting periods beginning 1 January 2019. The Group plans to adopt the new standard on the required effective date by using the modified retrospective method, which means that comparative figures for prior periods is not restated. The Group has operational lease agreements for office premises, affected by the implementation of IFRS 16. The implementation of the retrospective model is expected to impact the total assets and liabilities with approx. SEK 20 million on 1 January 2019 but is not expected to have an impact on the opening equity. The implementation is expected to have minor impact on net and operating profit and earnings per share. Cash flow will not be impacted by the adoption of IFRS 16.

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

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

Note 2: Critical accounting estimates and judgements

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

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

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

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

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

Note 3: Risk

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

Note 4: Revenue from contracts with customers and contract liabilities

Group

TSEK	1 July - 30 September 2018	1 July - 30 September 2017 [1]	1 January - 30 September 2018	1 January - 30 September 2017 [1]
Upfront payments from services (transferred over time)	576	1,575	3,113	8,970
Milestone payments (at a point in time)	0	0	6,310	0
Contract work (transferred over time)	411	0	411	0
Total revenue from contracts with customers	**987**	**1,575**	**9,834**	**8,970**
Revenue from contracts with customers split by geographical area:				
Sweden	-	-	-	-
USA	987	1,575	9,834	8,970
Total	**987**	**1,575**	**9,834**	**8,970**

Balance Sheet

Contract liabilities (deferred revenue) from contracts with customers:	30 September 2018	30 September 2017 [1]
Balance at beginning of period	3,032	9,548
Additions	0	5,789
Deductions	-3,113	-8,970
Exchange rate adjustments	81	-189
Balance at end of period	0	6,178
Expected to be recognized in the income statement:		
Current	0	6,178
Non-current	0	0
Total	**0**	**6,178**

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

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

Note 5: Investments in subsidiary

Parent Company

TSEK	1 January - 30 September 2018	1 January - 31 December 2017
Cost as of beginning of period	682,699	632,699
Additions	100,000	50,000
Cost as of end of period	**782,699**	**682,699**
Impairment as of beginning of period	0	0
Impairment for the period	-100,000	0
Impairment as of end of period	**-100,000**	**0**
Carrying amount as of end of period	**682,699**	**682,699**

All research and development activities are performed in the subsidiary and funded by the parent company. As all research and development programs are in early stages and not eligible for capitalization, funding in 2018 is done as a direct contribution and expensed in the parent company.

Note 6: Warrant program

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

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

	Warrant program 2015/21		Warrant program 2016/21	
	1 January – 30 September 2018	1 January – 30 September 2017	1 January – 30 September 2018	1 January – 30 September 2017
Outstanding warrants 1 January	5,061,858	5,070,518	70,000	0
Granted	0	0	0	0
Exercised	0	0	0	0
Expired/lapsed/cancelled	-22,604	0	0	0
Outstanding warrants 30 September	5,039,254	5,070,518	70,000	0

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

Note 7: Related parties

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

TSEK	1 July – 30 September 2018	1 July – 30 September 2017	1 January – 30 September 2018	1 January – 30 September 2017
Consultancy fee to members of Board of Directors:				
Jeanette Wood (consultancy fee)	-	21	37	66
Jutta Heim (consultancy fee)	-	21	37	65
Related parties with significant influence:				
SEB (paid interest and fees)	193	111	344	245
SEB (bank deposit)			123,810	139,880

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

Note 8: 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 position, operating profit or cash flow in addition to the amounts accrued.

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

Note 9: Events occurred between 30 September and 28 November 2018

On 11 October, Nuevolution presented data from its discovery program directed at targeting the key disease inflammatory signaling molecule, Interleukin-17A (IL-17A).

On 28 November, Nuevolution announced that Amgen has exercised its Opt-In right in the second cancer program from the Nuevolution collaboration.

Definition of key performance indicators that are not defined by IFRS

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

Reconciliation tables

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

Shareholders' equity per share

TSEK	30 September 2018	30 September 2017	31 December 2017
Equity	139,876	141,671	111,091
Number of shares, end of reporting period	49,525	42,858	42,858
Shareholders' equity per share	**2.82**	**3.31**	**2.59**

Net cash

TSEK	30 September 2018	30 September 2017	31 December 2017
Cash and cash equivalents	130,685	146,360	114,758
Non-current interest bearing liabilities	-2,126	-2,672	-2,810
Current liabilities, interest bearing	-1,251	-1,381	-1,375
Net cash	**127,308**	**142,307**	**110,573**

Net working capital

TSEK	30 September 2018	30 September 2017	31 December 2017
Trade receivables	553	134	575
Other current receivables	2,949	2,825	4,925
Trade payables	-4,442	-9,422	-9,979
Prepayments from collaboration partners	-1,383	-884	-1,956
Contract liabilities	0	-6,178	-3,032
Other current liabilities	-7,069	-7,790	-6,515
Net working capital	**-9,392**	**-21,315**	**-15,982**

Operating result

TSEK	1 July - 30 September 2018	1 July – 30 September 2017	1 January - 30 September 2018	1 January - 30 September 2017
Revenue from contracts with customers	987	1,575	9,834	8,970
Research and development expenses	-20,052	-26,049	-69,984	-80,687
Sales, general and administration expenses	-6,116	-5,855	-22,579	-17,365
Other operating income	918	72	1,781	227
Operating result	**-24,263**	**-30,257**	**-80,948**	**-88,855**

Equity ratio

TSEK	30 September 2018	30 September 2017	31 December 2017
Equity end of reporting period	139,876	141,671	111,091
Total assets	156,147	169,998	136,758
Equity ratio (%)	**90**	**83**	**81**

Statement of assurance

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

Stockholm, 28 November 2018

Alex Haahr Gouliaev
CEO

Stig Løkke Pedersen
Chairman of the Board

Lars Henriksson
Board member

Søren Lemonius
Board member

Jutta Heim
Board member

Jeanette Wood
Board member

Auditors review report

Nuevolution AB, corporate identity number 559026-4304

INTRODUCTION
We have reviewed the condensed interim report for Nuevolution AB as at 30 September 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, Sweden, 28 November 2018

Ernst & Young AB

Beata Lihammar
Authorized Public Accountant

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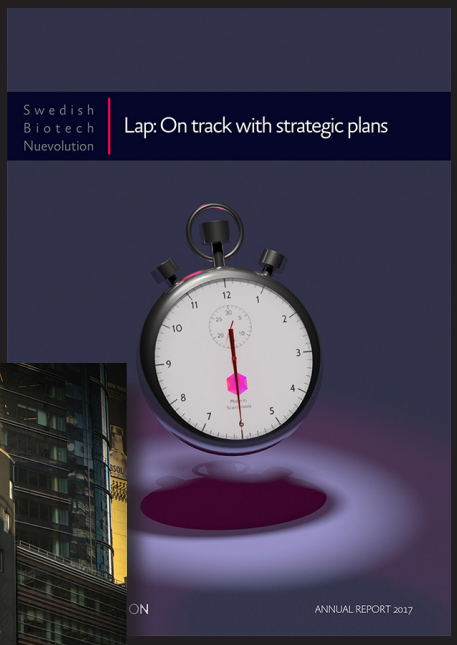

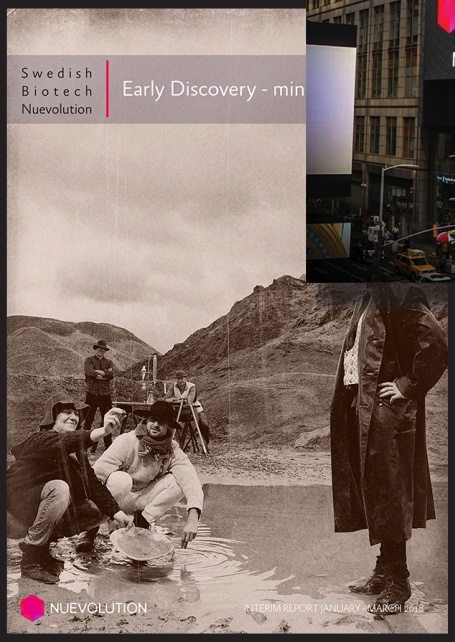

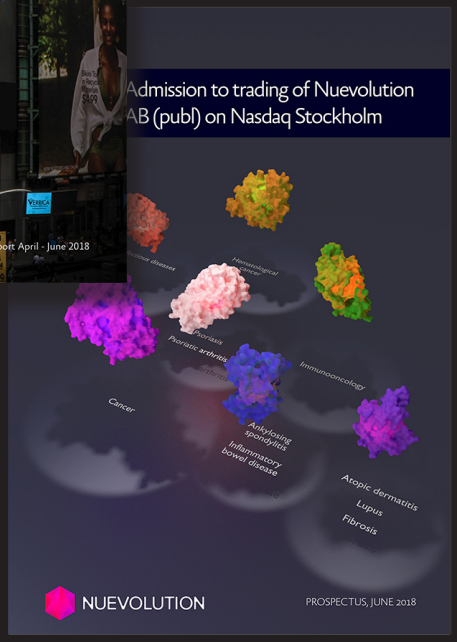

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