Cereno Scientific

Intelligent Thrombosis Prevention

Interim report

2018-01-01 – 2018-06-30

Org.nr. 556890–4071 | www.cerenoscientific.se | Erik Dahlbergsgatan 11 A, 411 26 Gothenburg

The Board and Chief Executive Officer of Cereno Scientific AB herewith present the interim report for the second quarter 2018.

Summary of the interim report

Six months (2018-01-01 – 2018-06-30)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -4 908 504 SEK (- 1 857 958).
- Loss per share was -0,45 SEK (-0,17 SEK) before dilution and -0,42 SEK (-0,16 SEK) after dilution.
- Equity ratio was 59,2 % (91,9 %).

Three months (2018-04-01 – 2018-06-30)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -3 103 061 SEK (-1 118 555 SEK).
- Loss per share was -0,28 SEK (-0,10 SEK) before dilution and -0,26 SEK (-0,10 SEK) after dilution.

Amounts in parentheses: Prior year comparative period
Equity ratio: Shareholders' equity divided by total capital
Earnings per share: Profit/loss for the period divided by 10,990,500 shares as of 2018-06-30.
The "Company" or "Cereno Scientific" refers to Cereno Scientific AB, corporate identity number 556890-4071.

Important events during the second quarter 2018

- On 18 April 2018, Cereno Scientific announced the completion of its clinical study with drug candidate CS1. Preliminary analysis of the study data showed that CS1 was safe and well tolerated.
- On 26 April 2018, Cereno Scientific requested the first convertible loan from European High Growth Opportunities Securitization Fund. The first tranche of convertible bonds with warrants attached amounts to SEK 5,000,000.
- On 18 May 2018, Cereno Scientific requested the second tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 13 June 2018, Cereno Scientific requested the third tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 26 June 2018, Cereno Scientific announced a signed a letter of intent with OCT Group LLC (''OCT'') about a collaboration to conduct a phase II study to investigate the antithrombotic effects of Cerenos candidate drug CS1
- On 28 June Cereno Scientific presented that the analysis of their first clinical study with CS1 has been concluded, with positive results regarding safety, pharmacokinetic properties and effect on biomarker for the risk of thrombosis. Data shows that treatment with CS1 significantly lowers PAI-1 levels. PAI-1 is the factor that inhibits t-PA, which is the substance the body itself uses to dissolve blood clots.

Important events after the period

- On 5 July Cereno received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 188 679 class B shares in Cereno, corresponding to SEK 1 000 000 of the convertible loan. The conversion price per share amounted to SEK 5,3.

- On 18 July 2018, Cereno Scientific requested the fourth tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 18 July Cereno has received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 444 444 class B shares in Cereno, corresponding to SEK 2 000 000 of the convertible loan. The conversion price per share amounted to SEK 4,5.
- On 10 August Cereno has received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 540 540 class B shares in Cereno, corresponding to SEK 2 000 000 of the convertible loan. The conversion price per share amounted to SEK 3,7.

CEO Sten R. Sörensen comments

Cereno's research and development continues with the aim of improving current treatment regimens for blood clots, which are the dominant global cause of death. Our CS1 drug is being developed to provide effective and preventive treatment of thrombosis-related illnesses and a lower risk of bleeding side effects than current treatments with blood thinners.

We are pleased to sum up an eventful second quarter in which several key milestones were reached for our CS1 drug candidate. At the end of June, we announced our first clinical study, which was conducted in collaboration with the research partner CTC in Uppsala, and which posted positive results. Naturally, the convincing positive results for CS1 that confirm our own previous preclinical studies were reassuring.

The results were positive in terms of safety, pharmacokinetic properties and effects on biomarkers for the risk of thrombosis. Data obtained from the study, which encompassed 30 subjects, shows that treatment with CS1 significantly lowers PAI-1 levels. PAI-1 is the factor that inhibits t-PA, which is the substance the body itself uses to dissolve blood clots. The concentration of PAI-1 varies over a 24-hour period, and when PAI-1 levels in the blood are highest, the risk of suffering a heart attack and/or stroke is greatest. It is well known that elevated levels of PAI-1 in the blood represent an important and significant risk factor for cardiovascular disease.

In the second quarter, work continued with defining the continued clinical programme and the diligent search for a research partner that meets our stringent experience and skills requirements. On 26 June, we announced the signing of a letter of intent with the Russian firm OCT. The research partner OCT is a full-service contract research organisation (CRO) operational in Central and Eastern Europe and the US with a focus on clinical implementations. Our initiation of a collaboration with a global research partner with considerable resources allows us to accelerate the pace in and by means of the phase II study, which aims to investigate the antithrombotic effects of CS1.

The financing solution with the European High Growth Opportunities Securitization Fund continues to provide Cereno with financial stability ahead of the pending phase II study. To date, we have utilised four tranches that have raised funds of SEK 15.5 million since April 2018 when the agreement was signed.

The convincing data from our first completed clinical study, a contract with the CRO OCT and secured financing means we are confident of driving forward the development of CS1 by means of the phase II study.

Gothenburg, 30 August 2018
Sten R. Sörensen, CEO Cereno Scientific AB

About Cereno Scientific

• Thrombosis – causes the most deaths globally

Thrombosis-related disease (blocking blood clots) is the leading cause of illness and death worldwide. Myocardial infarction and stroke, which in most cases are caused by thrombosis, cause great suffering for the individual and high costs for society.

• Current treatments are inadequate – high risk of bleeding and suboptimal preventive effect

Blood-thinning medications are widely used today to prevent blood clots. They act by inhibiting coagulation or blood platelets. This treatment is associated with a relatively high risk for serious bleeding complications, resulting in insufficient prevention effect with current drugs, since the most effective doses can't be used. This entails a high risk of new blood clots.

• Cereno Scientific works with the body's own intelligent blood clot-busting system to improve the preventive treatment of blood clots with reduced risk of bleeding side effects

Cereno Scientific's unique concept is to develop a drug (CS1) based on the body's own intelligent defence systems against blood clots. Cereno Scientific considers that the company's concept is unique because there are currently no clinical therapies that optimize the body's clot dissolving system (the fibrinolytic system) that is triggered when blood clotting (coagulation) and wound healing are started after a vascular injury has occurred.

CS1 is expected to provide an opportunity for effective preventive treatment of blood clots and a lower risk of serious side effects than is the case with today's treatments blood-thinning drugs.

• Documented effect on risk factors for blood clots and proven preventive effect

Documentation of the effect on risk factors can be found in experimental studies, early human studies and clinical studies. Preventive effect against thrombosis has also been demonstrated in in vivo studies in animals. Indication of clinical preventive effect against heart attacks has been shown in two large epidemicological studies. The first clinical study with CS1 showed positive results regarding safety, pharmacokinetic properties and effect on biomarker for the risk of thrombosis. Data shows that treatment with CS1 significantly lowers PAI-1 levels. PAI-1 is the factor that inhibits t-PA, which is the substance the body itself uses to dissolve blood clots.

• Known substance that has been used for over 40 years in large patient populations indicates low development risk

CS1 is a new innovative formulation of a known substance, which minimises the risk for unwanted side effects and indicates a relatively low development risk.

• Relatively short time to market and possible collaboration agreement with major pharmaceutical company

At the latest after completing the Phase II study, the Company intends to seek collaboration agreements with major pharmaceutical companies for further development towards larger thrombosis prevention indications such as heart attack and stroke

• Large market potential

CS1 has an intelligent mechanism with a possible broad indication window towards large blood clot-related diseases, with long treatment times (preventive treatment) and therefore a large value and market potential.

About Cereno Scientific

Cereno Scientific is developing a new preventive medicine to treat thrombosis-related disease. The novel therapeutic stimulates the body's own intelligent clot-busting system, and is being developed to treat thrombosis-related cardiovascular diseases on the global market. Current therapies are connected to an increased risk of major bleeding complications and, as a result, low effectiveness due to lower dosing levels - leading to a high risk of new blood clots.

CS1 is expected to provide an opportunity for more effective preventive thrombosis treatment and a lower risk of serious bleeding complications associated with current treatment with blood-thinning drugs. CS1 is an innovative controlled release formulation of a known compound and, as such, is expected to have a relatively short development time. It is based on many years of research and its effectiveness is documented in experimental animal studies, early clinical studies and in epidemiological studies. CS1 has a unique mechanism of action, a potentially wide range of indication opportunities connected to major thrombosis-related diseases and, consequently, a large market potential. The Gothenburg-based company is located in AstraZeneca's BioVentureHub and is supported by GU Ventures. For more information, see www.cerenoscientific.se.

Company structure and shareholding

Cereno Scientific does not have any subsidiaries and is not included in any group. The Company does not have any shareholding.

Company share

Cereno Scientific's shares were listed on Spotlight Stock Market on 22 June 2016. Spotlight Stock Market is an affiliate of the ATS Finans AB, which is a securities company under the supervision of Sweden's financial supervisory authority (Finansinspektionen). Spotlight Stock Market operates a multilateral trading facility (MTF), which is not a regulated market. As per 30 June 2018, the share capital was divided into 10,990,500 shares, but as reported above under significant events after the end of the period, the share capital is now divided into 12,164,163 shares. In the previous press releases released regarding the conversion of convertible loans in July and August, it was informed a new total number of shares series B after each conversion. However, the number indicated was the total number of A and B shares, and thus not only those in Series B. The Company has two classes of shares (of which 722,248 A shares). The A share entitles to ten (10) votes per share. Each B share entitles to one (1) vote per share. Each share gives equal rights to the company's assets and earnings. The quota value (equity divided by number of shares) amounts to 0.10 SEK.

Warrants of series 2016/2019

The Annual General Meeting on January 29, 2016 decided to issue 325,289 warrants (series 2016/2019) through a private placement, thus entitling to a subscription of 325,289 shares of series B. The warrants have an exercise price of SEK 6.00 per option and can be used to subscribe for series B shares during the period from 1 March 2019 to 1 December 2020. For information regarding holders of warrants refer to the Listing Memorandum.

Warrants of convertible loans

In connection with the issuance of a new tranche, warrants are issued giving the investor right to subscribe for shares of series B. The subscription price for each tranche of warrants is defined as 120% of VWAP during the pricing period of 15 trading days preceding the trading day when the company requests that the investor subscribe for new convertible bonds with warrants attached, i.e. when the company calls for a Tranche. The warrants must be exercised within 5 years from the date of issue. The number of outstanding warrants as per 30th of June 2018 amounted to 460 824 and after the issuance of the tranche in July the number of outstanding warrants amounted to 619 915.

Financial development

During the year, the Company has mainly invested in the development and implementation of the first clinical study with CS1. At the end of the period, the Company had a cash balance of approximately 10,6 MSEK and an equity ratio of 59.2%.

Audit

The Company's auditor has not audited the Q2 interim report.

Principles of preparation for the interim report

The accounts in this interim report have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 annual report and consolidated accounts (K3).

Upcoming financial reports

Interim report, Q3, 2018	15 November 2018
Year-end report 2018	22 February 2019

The Board of Directors and the CEO certify that the interim report gives a true and fair view of the Company's operations

Gothenburg, 30 August 2018.
Board of Directors and Chief Executive Officer for Cereno Scientific AB

Income statement summary

(SEK)	2018-04-01 2018-06-30 *3 months*	2017-04-01 2017-06-30 *3 months*	2018-01-01 2018-06-30 *6 months*	2017-01-01 2017-06-31 *6 months*	2017-01-01 2017-12-31 *12 months*
Net sales	-	-	-	-	-
Capitalised work for own account	1 923 144	2 176 306	3 159 072	3 662 039	9 206 267
Other operating income	34 018	-	105 636	-	195 766
	1 957 162	**2 176 306**	**3 264 708**	**3 662 039**	**9 402 033**
Operating expenses					
Other operating expenses	-4 379 141	-3 232 333	-7 189 345	-5 457 473	-13 484 893
Personnel costs	-198 355	-52 989	-501 140	-52 989	-505 359
Operating profit/loss	**-2 620 334**	**-1 109 016**	**-4 425 777**	**-1 848 423**	**-4 588 219**
Result from financial items					
Interest income	-	-	-	4	4
Interest expenses and similar expenses	-482 727	-9 539	-482 727	-9 539	-12 589
Profit/Loss after financial items	**-3 103 061**	**-1 118 555**	**-4 908 504**	**-1 857 958**	**-4 600 804**
Profit/Loss before tax	**-3 103 061**	**-1 118 555**	**-4 908 504**	**-1 857 958**	**-4 600 804**
Net profit/loss for the period	**-3 103 061**	**-1 118 555**	**-4 908 504**	**-1 857 958**	**-4 600 804**

Balance sheet summary

(SEK)	2018-06-30	2017-06-30	2017-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditures for development activities	17 359 041	8 669 089	14 199 969
Patents, trademarks, licenses and similar rights	2 657 919	1 769 351	2 512 277
	20 016 960	**10 438 440**	**16 712 246**
Total fixed assets	**20 016 960**	**10 438 440**	**16 712 246**
Current assets			
Current receivables			
Other receivables	668 097	587 127	344 101
Prepaid expenses and accrued income	207 734	194 985	64 274
	875 831	**782 112**	**408 375**
Cash and bank balance	***10 587 220***	***17 419 136***	***8 638 858***
Total current assets	**11 463 051**	**18 201 248**	**9 047 233**
TOTAL ASSETS	**31 480 011**	**28 639 688**	**25 759 479**

Balance sheet summary continued

(SEK)	2018-06-30	2017-06-30	2017-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 099 050	1 099 050	1 099 050
Fund for development expenses	17 018 518	8 328 566	13 859 446
	18 117 568	**9 427 616**	**14 958 496**
Non-restricted equity			
Share premium reserve	33 260 950	33 260 950	33 260 950
Retained earnings	-27 847 634	-14 516 542	-20 087 758
Profit/Loss for the period	-4 908 504	-1 857 958	-4 600 804
	504 812	**16 886 450**	**8 572 388**
Total equity	**18 622 380**	**26 314 066**	**23 530 884**
Long-term liabilities			
Liabilities to credit institutions	400 000	400 000	400 000
	400 000	**400 000**	**400 000**
Current liabilities			
Accounts payable	1 134 571	1 242 909	456 341
Convertible loan	9 399 694	-	-
Other liabilities	-	11 305	60 585
Accrued expenses and deferred income	1 923 366	671 408	1 311 669
	12 457 631	**1 925 622**	**1 828 595**
TOTAL EQUITY AND LIABILITIES	**31 480 011**	**28 639 688**	**25 759 479**

Summary of change in equity

2018-01-01 - 2018-06-30	Share capital	Fund for dev. expenses	Share premium reserve	Retained earnings	Net profit/loss
At the start of the period	1 099 050	13 859 446	33 260 950	-20 087 758	-4 600 804
Redistribution, previous year's result				-4 600 804	4 600 804
Redistribution in equity		3 159 072		-3 159 072	
The period's result					-4 908 504
At the end of the period	**1 099 050**	**17 018 518**	**33 260 950**	**-27 847 634**	**-4 908 504**

Cash flow summary

(SEK)	2018-04-01 2018-06-30 3 mån.	2017-04-01 2017-06-30 3 mån.	2018-01-01 2018-06-30 6 mån.	2017-01-01 2017-06-30 6 mån.	2016-01-01 2017-12-31 12 mån.
OPERATING ACTIVITIES					
Profit/Loss after financial items	-3 103 061	-1 118 555	-4 908 504	-1 857 958	-4 600 804
Adjustments for items not included in cash flow	-	-	-	-	-
Cash flow from operating activities before changes in working capital	**-3 103 061**	**-1 118 555**	**-4 908 504**	**-1 857 958**	**-4 600 804**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in operating receivables	-357 819	-235 441	-467 456	-124 364	249 373
Increase (-)/Decrease (+) in operating liabilities	739 471	138 883	1 229 342	22 760	-74 267
Cash flow from operating activities	**-2 721 409**	**-1 215 113**	**-4 146 618**	**-1 959 562**	**-4 425 698**
Investment					
Acquisition of intangible assets	-1 976 594	-2 794 214	-3 304 714	-4 567 987	-10 841 793
Cash flow from investing activities	**-1 976 594**	**-2 794 214**	**-3 304 714**	**-4 567 987**	**-10 841 793**
Financing activities					
Issue / Warrants	-	-	-	-	-40 336
Borrowings	9 399 694	-	9 399 694	-	-
Cash flow from financing activities	**9 399 694**	**-**	**9 399 694**	**-**	**-40 336**
Cash flow	**4 701 692**	**-4 009 327**	**1 948 362**	**-6 527 549**	**-15 307 827**
Cash and cash equivalents at beginning of period	**5 885 529**	**21 428 463**	**8 638 858**	**23 946 685**	**23 946 685**
Cash and cash equivalents at end of period	**10 587 220**	**17 419 136**	**10 587 220**	**17 419 136**	**8 638 858**

Cereno Scientific

Intelligent Thrombosis Prevention

About Cereno Scientific AB

Cereno Scientific is developing a novel preventive medicine to treat thrombosis-related disease, based on the body's own intelligent clot-busting system. Cardiovascular disease is currently the leading cause of death worldwide. Current therapies are connected to an increased risk of bleeding and, as a result, low effectiveness due to lower dosing levels. In turn, this leads to a high risk of new blood clots. Cereno Scientific's drug candidate, CS1, is expected to provide a possibility for an effective prevention of thrombosis and a lower risk for serious bleeding complications than with current blood thinning therapies. CS1 is a controlled release formulation of a known compound and, as such, is expected to have a relatively short development time. The Gothenburg-based company is located in AstraZeneca's BioVentureHub and is supported by GU Ventures. Cereno Scientific's B share has been listed on Spotlight Stock Market since June 2016 with the ticker CRNO B, ISIN SE0008241558.

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