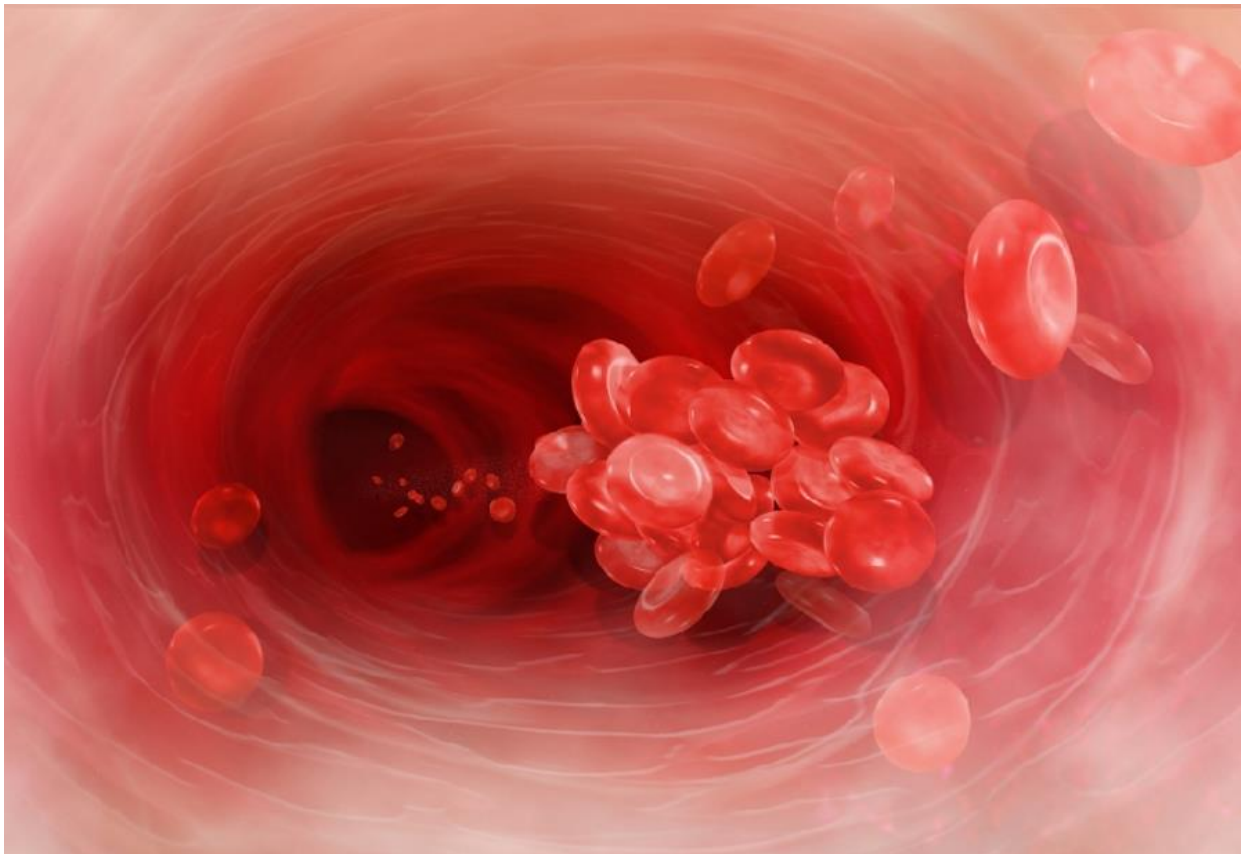


Year-end report

2018-01-01 – 2018-12-31



The Board and Chief Executive Officer of Cereno Scientific AB herewith present the Year-End report for 2018.

Summary of the Year-End report

Twelve months (2018-01-01 – 2018-12-31)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -11 838 887 SEK (-4 600 804 SEK).
- Loss per share was -0,81 SEK (-0,42 SEK) before dilution and -0,54 SEK* (-0,41 SEK) after dilution.
- Equity ratio was 63,5 % (91,3 %).

Fourth quarter (2018-10-01 – 2018-12-31)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -4 061 587 SEK (-1 559 870 SEK).
- Loss per share was -0,28 SEK (-0,14 SEK) before dilution and -0,18 SEK (-0,14 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 14,647,970 shares as of 2018-12-31.

**Earnings per share after dilution: Profit/loss for the period divided by outstanding shares and warrants as of 2018-12-31 and the number of new shares regarding conversion of convertible bonds at an estimated conversion price of 2,0 SEK.*

The "Company" or "Cereno Scientific" refers to Cereno Scientific AB, corporate identity number 556890-4071.

Important events during the fourth quarter 2018

- On 5 October 2018, Cereno Scientific announces the proposal of Anders Svensson as a new Board member. Behind the proposal are shareholders representing a majority of the shares and votes in the company. In addition, the Board announces that Board member Gunnar Olsson has resigned his seat on the Board of Directors, but will continue his involvement in the company as a Senior Adviser.
- On 23 October 2018, an Extraordinary General Meeting of Cereno Scientific was held. The meeting resolved to elect Anders Svensson as new member of the Board of Directors. The meeting also resolved to issue warrants for Anders Svensson and to issue warrants and/or employee warrants to key persons and key players, disapplying shareholders' preferential rights.
- On 31 October 2018, Cereno Scientific announces that the US Patent Office has granted the company's patent application titled "Valproic acid for the treatment or prevention of pathological conditions associated with excess fibrin deposition and/or thrombus formation".

Financing

- On 23 October 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 384 614 class B shares in Cereno, corresponding to SEK 1 000 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.
- On 31 October 2018, Cereno Scientific requested the sixth tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 31 October 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 269 230 class B shares in Cereno, corresponding to SEK 700 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.

- On 5 November 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 307 962 class B shares in Cereno, corresponding to SEK 800 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.
- On 23 November 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 333 333 class B shares in Cereno, corresponding to SEK 800 000 of the convertible loan. The conversion price per share amounted to SEK 2,4.
- On 10 December 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 285 714 class B shares in Cereno, corresponding to SEK 600 000 of the convertible loan. The conversion price per share amounted to SEK 2,1.

Important events after the period

Financing

- On 4 January 2019, Cereno Scientific requested the seventh tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 9 January 2019, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 533 333 class B shares in Cereno, corresponding to SEK 800 000 of the convertible loan. The conversion price per share amounted to SEK 1,5.
- On 17 January 2019, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 666 666 class B shares in Cereno, corresponding to SEK 800 000 of the convertible loan. The conversion price per share amounted to SEK 1,2.
- On 18 January 2019, the Board of Directors of Cereno Scientific decided to recall the latest tranche that the company issued on 4 January 2019, and to pause until further notice the call-down of new convertible bonds in the funding solution the company entered into with the European High Growth Opportunities Securitization Fund.
- On 22 January 2019, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 3 333 333 class B shares in Cereno, corresponding to SEK 4 000 000 of the convertible loan. The conversion price per share amounted to SEK 1,2. EHGOSE still has the right, according to the agreement, to convert the outstanding convertible loan into shares. After the conversion, SEK 5,200,000 remains of the convertible loan.

CEO Sten R. Sørensen comments

The time has come for me to sum up and comment on the fourth quarter and full year 2018 — a year that has really been an intensive one, with many positive milestones reached.

The financing agreement we entered into with the European High Growth Opportunities Securitization Fund (EHGOSF) has led to secured financing. Opportunities have been created for us, to focus flexibly on our core operations — something that has yielded really positive results as regards the company's development. These include positive results from our first clinical study with CS1, recruiting strategically important people, signing agreements with CRO OCT Group on jointly conducting a Phase II study, and obtaining important patents in the world's largest drug market, the US.



At the same time, the financing solution over the year — based on issuing convertible instruments that can be converted to shares at a discounted price — exerted severe sell pressure on the Cereno Scientific share. This is unfortunate, and I wish to emphasize that it was neither our intention nor our belief that it would have such a large effect on the share price.

Strengthened by the positive milestones reached during the year, we made a decision in January 2019 to recall the latest tranche and pause the call-down of new convertibles until further notice.

We are working actively to identify and evaluate various alternatives to finance continued operations and the planned Phase II study with CS1, while we still have the opportunity to make use of the existing financing solution in the event we consider it necessary.

Impending Phase II study — preparations are proceeding according to plan

In the fourth quarter, we focused on the preparations for the Phase II study. The scale-up of the production of CS1, in partnership with Galenica AB, is going according to plan; we are in the final stage of the work. Data from production must subsequently be included in the application to regulatory agencies in order to obtain the approval to conduct the study. We plan to submit the application before the summer.

The Phase II study will be the most significant event in the company's history. It will be a multi-centre Phase II study and it will be conducted at approximately 20 clinics in Russia and Bulgaria. The study will be conducted on patients undergoing orthopaedic surgery. The risk of blood clots increases in conjunction with the operation, and the goal of the study is to demonstrate the effect of drug candidate CS1 as a preventative against thrombosis formation.

During full-year 2018 we also worked a great deal to gain a better overview of the potential in our technology platform and the value in the market we are primarily concentrating on. The purpose of the work is mainly to create the documentation necessary for discussions with potential partners; this will intensify in 2019.

I am convinced that 2019 will be a very eventful year for Cereno Scientific. We have a drug candidate that has the potential to redefine the field of thrombosis prevention treatment by strengthening the body's own clot-dissolving mechanism instead of inhibiting the blood's ability to coagulate. Through strategic partnerships since our listing, we have succeeded in keeping to our schedule, delivering a series of uninterrupted positive results along the way, which is a rare occurrence for a biotech company of our size. I would like to thank our current shareholders for their continued confidence, and I look forward to the coming year with excitement!

Gothenburg, 22 February 2019
Sten R. Sørensen, 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 vivo

studies in animals. Indication of clinical preventive effect against heart attacks has been shown in two large epidemiological studies. The first clinical study with CS1 showed positive results regarding safety, pharmacokinetic properties and effect on a 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**

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. In conjunction with the Phase II program, contacts with potential partners are expected to increase.

- **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. The Company has an approved patent in US for use of CS1. The approved patent provides Cereno Scientific with a platform for a significant market potential in the US, the world's largest drug market — a market that, for drug-related treatment of thrombosis alone, has estimated sales of approximately USD 10 billion annually and continues to grow.

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 31 December 2018, the share capital was divided into 14,647,970 shares, but as reported above under significant events after the end of the period, the share capital is now divided into 19,181,302 shares. 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 company repurchased 65,058 of the warrants during the third quarter in 2017 for the same price they were issued at. The repurchased warrants have been canceled and total outstanding warrants now amounts to 260,231. 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 31st of December 2018 amounted to 1,142,306.

Warrants of series OP 2018/2022

The Extraordinary General Meeting on October 23, 2018 decided to issue 647,256 warrants and/or employee warrants (series OP 2018/2022) entitled to subscription of 647,256 shares of series B. 323,628 of the warrants and/or employee warrants have an exercise price of SEK 15.00 per option and 323,628 of the warrants and/or employee warrants have an exercise price of SEK 30.00 per option.

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 11,2 MSEK and an equity ratio of 63,5%.

Proposal for the disposal of Cereno Scientifics results

The Board of Directors and the President propose that no dividend be paid for the financial year 2018.

Audit

The Company's auditor has not audited the Year-end 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, Q1 23 May 2019

Cereno Scientific's annual report for the financial year 2018 is scheduled to be published on the company's website, www.cerenoscientific.se, May 9 2019.

AGM

The Annual General Meeting is scheduled for 11 June, 2019 in Gothenburg. The venue for the Annual General Meeting and the date for publication of the annual report will be presented no later than in connection with the notice of the Annual General Meeting.

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

Gothenburg, 22 February 2019.

Board of Directors and Chief Executive Officer for Cereno Scientific AB

Income statement summary

(SEK)	2018-10-01	2017-10-01	2018-01-01	2017-01-01
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
	3 months	3 months	12 months	12 months
Net sales	-	-	-	-
Capitalised work for own account	2 420 362	1 790 817	6 785 733	9 206 267
Other operating income	8 610	188 884	145 889	195 766
	2 428 972	1 979 701	6 931 622	9 402 033
Operating expenses				
Other operating expenses	-5 413 179	-3 163 981	-15 763 255	-13 484 893
Personnel costs	-197 852	-372 540	-855 165	-505 359
Operating profit/loss	-3 182 059	-1 556 820	-9 686 798	-4 588 219
Result from financial items				
Interest income	-	-	-	4
Interest expenses and similar expenses	-879 528	-3 050	-2 152 089	-12 589
Profit/Loss after financial items	-4 061 587	-1 559 870	-11 838 887	-4 600 804
Profit/Loss before tax	-4 061 587	-1 559 870	-11 838 887	-4 600 804
Net profit/loss for the period	-4 061 587	-1 559 870	-11 838 887	-4 600 804

Balance sheet summary

(SEK)	2018-12-31	2017-12-31
ASSETS		
Fixed assets		
<i>Intangible assets</i>		
Capitalised expenditures for development activities	20 569 104	14 199 969
Patents, trademarks, licenses and similar rights	3 886 587	2 512 277
	24 455 691	16 712 246
Total fixed assets	24 455 691	16 712 246
Current assets		
<i>Current receivables</i>		
Other receivables	1 015 973	344 101
Prepaid expenses and accrued income	127 960	64 274
	1 143 933	408 375
Cash and bank balance	11 237 141	8 638 858
Total current assets	12 381 074	9 047 233
TOTAL ASSETS	36 836 765	25 759 479

Balance sheet summary continued

(SEK)	2018-12-31	2017-12-31
EQUITY AND LIABILITIES		
<i>Equity</i>		
<i>Restricted equity</i>		
Share capital	1 464 797	1 099 050
Fund for development expenses	20 228 580	13 859 446
	21 693 377	14 958 496
<i>Non-restricted equity</i>		
Share premium reserve	44 595 203	33 260 950
Retained earnings	-31 057 696	-20 087 758
Profit/Loss for the period	-11 838 887	-4 600 804
	1 698 620	8 572 388
Total equity	23 391 997	23 530 884
<i>Long-term liabilities</i>		
Liabilities to credit institutions	400 000	400 000
	400 000	400 000
<i>Current liabilities</i>		
Accounts payable	1 521 672	456 341
Convertible loan	9 550 404	-
Other liabilities	0	60 585
Accrued expenses and deferred income	1 972 692	1 311 669
	13 044 768	1 828 595
TOTAL EQUITY AND LIABILITIES	36 836 765	25 759 479

Summary of change in equity

2018-01-01 - 2018-12-31	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
Share issue through conversion of loan	365 747		11 334 253		
Redistribution, previous year's result				-4 600 804	4 600 804
Redistribution in equity		6 369 134		-6 369 134	
The period's result					-11 838 887
At the end of the period	1 464 797	20 228 580	44 595 203	-31 057 696	-11 838 887

Cash flow summary

(SEK)	2018-10-01	2017-10-01	2018-01-01	2017-01-01
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
	3 months	3 months	12 months	12 months
OPERATING ACTIVITIES				
Profit/Loss after financial items	-4 061 587	-1 559 870	-11 838 887	-4 600 804
<i>Adjustments for items not included in the cash flow</i>				
Accrued expenses for borrowings	875 876	-	2 145 404	-
	-3 185 711	-1 559 870	-9 693 483	-4 600 804
Cash flow from operating activities before changes in working capital	-3 185 711	-1 559 870	-9 693 483	-4 600 804
<i>Cash flow from changes in working capital</i>				
Increase (-)/Decrease (+) in operating receivables	-476 407	537 343	-735 558	249 373
Increase (-)/Decrease (+) in operating liabilities	377 604	-534 457	1 665 768	-74 267
Cash flow from operating activities	-3 284 514	-1 556 984	-8 763 273	-4 425 698
Investment				
Acquisition of intangible assets	-2 207 224	-1 967 067	-7 743 444	-10 841 793
Cash flow from investing activities	-2 207 224	-1 967 067	-7 743 444	-10 841 793
Financing activities				
Issue / Warrants	-	-	-	-40 336
Borrowings	7 000 000	-	22 500 000	-
Cost associated with borrowings	-210 000	-	-3 395 000	-
Cash flow from financing activities	6 790 000	0	19 105 000	-40 336
Cash flow	1 298 262	-3 524 051	2 598 283	-15 307 827
Cash and cash equivalents at beginning of period	9 938 879	12 162 909	8 638 858	23 946 685
Cash and cash equivalents at end of period	11 237 141	8 638 858	11 237 141	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 an innovative 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.

Cereno Scientific AB

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