Cereno Scientific

Epigenetic Modulation for Cardiovascular Disease

Interim report Q3

January - September 2020

Corp. Reg. No. 556890–4071 | www.cerenoscientific.com | BioVentureHub Pepparedsleden 1, SE-431 83 Mölndal, Sweden

Contents

Financial calendar

25 Feb 2021 | Year-end report, January-December 2020

5 May 2021 | Annual report

19 May 2021 | Interim report, January-March 2021

9 Jun 2021 | Annual general meeting

At a glance

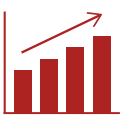
Cereno Scientific strives to unlock the potential of epigenetic modulation for treating rare and common cardiovascular diseases in areas of great unmet need.

Cardiovascular disease is the number 1 cause of death globally, killing nearly twice as many people as cancer.

Cereno is the first to commercially apply epigenetic modulation without altering genetic material within cardiovascular diseases.

Our pipeline of epigenetic modulators:

- Drug candidate CS1, Phase II study is being planned for the treatment of rare disease pulmonary arterial hypertension (PAH) and selected thrombotic indications.
- Preclinical NCE program, are evaluated for the treatment of cardiovascular indications.



Listed on Spotlight Stock Market since June 2016 (CRNO B).

Summary

Cereno Scientific Group

Year to date (1 January – 30 September 2020)

- Net Sales were 0 SEK
- Loss after financial items was SEK 10 907 101
- Loss per share was SEK 0.27 before dilution and SEK 0.25 after dilution*
- The equity/assets ratio was 86.3 %

Third quarter (1 July 2020 – 30 September 2020)

- Net Sales were 0 SEK
- Loss after financial items was SEK 3 132 513
- Loss per share was SEK 0.08 before dilution and SEK 0.07 after dilution*

Parent company

Year to date (1 January – 30 September 2020)

- Net sales were SEK 0 (0)
- Loss after financial items was SEK 10 912 494 (11 576 217)
- Loss per share was SEK 0.27 (0.29) before dilution and SEK 0.25 (0.27) after dilution*
- The equity/assets ratio was 86.3 % (96.0 %)

Third quarter (1 July 2020 – 30 September 2020)

- Net sales were SEK 0 (0)
- Loss after financial items was SEK 3 139 695 (2 990 667)
- Loss per share was SEK 0.08 (0.07) before dilution and SEK 0.07 (0.07) after dilution*

Significant events during Q3

- In September, Cereno announced that the company will enter the rare disease space with lead drug candidate CS1 as an epigenetic modulator with orphan drug potential. The initial focus will be on pulmonary arterial hypertension (PAH), a form of high blood pressure in the lungs.
- Cereno held a extraordinary general meeting which, in accordance with the proposal from the Board of Directors, resolved to adopt new Articles of Association with amended limits for share capital and the number of shares.
- Cereno completed a directed share issue of units of approximately SEK 60 million, entered into a loan agreement and issued warrants to current shareholders.

Significant events after the end of the period

- In October, Cereno confirmed that the record date for distribution of warrants of series TO1 and TO2 to current shareholders is on the 9 October 2020 and first day of trading in the warrants is on the 14 October 2020.

- Amounts in parentheses: Prior year comparative period.
- Equity/assets ratio: Shareholders' equity divided by total assets.
- Earnings per share: Profit/loss for the period divided by 40 219 321 shares as of 30 September 2020 and 40 219 321 shares as of 30 Sep 2019.
- *Diluted earnings per share: Profit/loss for the period divided by shares outstanding and warrants as of the balance sheet date, 30 September 2020 and 30 September 2019, respectively.

Letter from the CEO

The third quarter of 2020 marked a shift for Cereno. We announced a revised strategy of focusing on rare diseases with orphan drug potential with our lead drug candidate CS1 and successfully concluded a financing round that secures the start ofa Phase IIa study and operations. Starting immediately, we are rapidly taking steps to establish the company into the rare disease space with our drug candidate CS1 and continuing to build on our expertise in the cardiovascular treatment space.

Focus on rare diseases

Behind the shift in focus to rare diseases with orphan drug potential lies a comprehensive assessment around the clinical development possibilities for CS1 led by top commercial, scientific and regulatory advisors in Europe and the US. What was initiated as an exploratory discussion with our scientific advisors resulted in an orphan drug designation (ODD) for CS1 granted by the American regulatory agency US FDA in March 2020. Thus, anchoring our initial focus on the debilitating rare disease pulmonary arterial hypertension (PAH), a form of high blood pressure in the lungs. The ODD status is a validation of the major unmet clinical needs within the treatment of PAH and that CS1 has fulfilled the criteria of showing a potential to provide significant benefit to these patients. In addition,an ODD status brings several incentives to facilitate the drug development. It is an important milestone to achieve within rare diseases development and is a well-regarded quality stamp from one of the key leading regulatory agencies worldwide.

Phase IIa study with CS1 in PAH

Next in the clinical development program for our drug candidate CS1 in rare disease PAH is a Phase IIa study, where we will evaluate the effect in patients. Preparatory work is currently underway in close collaboration with Dr. Raymond L. Benza, a top global thought leader in PAH who sees a great potential for CS1. Initiation of the application process for regulatory permission to start the Phase IIa study is planned towards the end of this year. We are keeping a high pace forward and are looking forward to being able to share more about the study program as it progresses.

Priorities ahead

In parallel with the work streams for the clinical development for CS1, we are continuously working on securing appropriate IPR protection for our pipeline – CS1 and our preclinical NCE program. It is a significant part of building a strong business case within the biotech industry, and we hope to have more news to share here over the coming months.

Sten R. Sörensen, CEO Cereno Scientific AB

“The rare disease space opens up for several new promising possibilities for us.”

With a revised focus and new clinical development strategy, we also hold a key priority to get our company and our intensified ambitions known among new as well as existing stakeholders.

Cereno is advancing on an exciting path and we are looking forward to ultimately be able to bring a new disease-modifying treatment option to patients with common and rare cardiovascular diseases.

Gothenburg, November 2020

Sten R. Sörensen
CEO, Cereno Scientific

Cardiovascular diseases

Cardiovascular diseases (CVDs) are the most common cause of death in the world, killing nearly twice as many people as cancer. It is a group of disorders of the heart and blood vessels. An estimated 17.8 million people died from cardiovascular diseases in 2017, a figure estimated to increase to 22.2 million people annually by 2022. Of these deaths, approximately 85% are due to heart attacks and thrombotic stroke. There are both common and rare diseases among cardiovascular diseases.

With an increasing number of people suffering from severe conditions resulting from CVDs in combination with insufficient treatments, the medical need to improve the situation for these patients is growing.

Cereno Scientific combines an extensive experience in cardiovascular diseases with epigenetic modulation in a novel approach to develop new treatments for patients in need. The aim is to use epigenetic modulating drugs to improve the health of cardiovascular patients, both in common and rare diseases. Cereno's focus is to develop novel treatments in cardiovascular diseases that offer better efficacy and fewer side effects compared to today's available drugs.

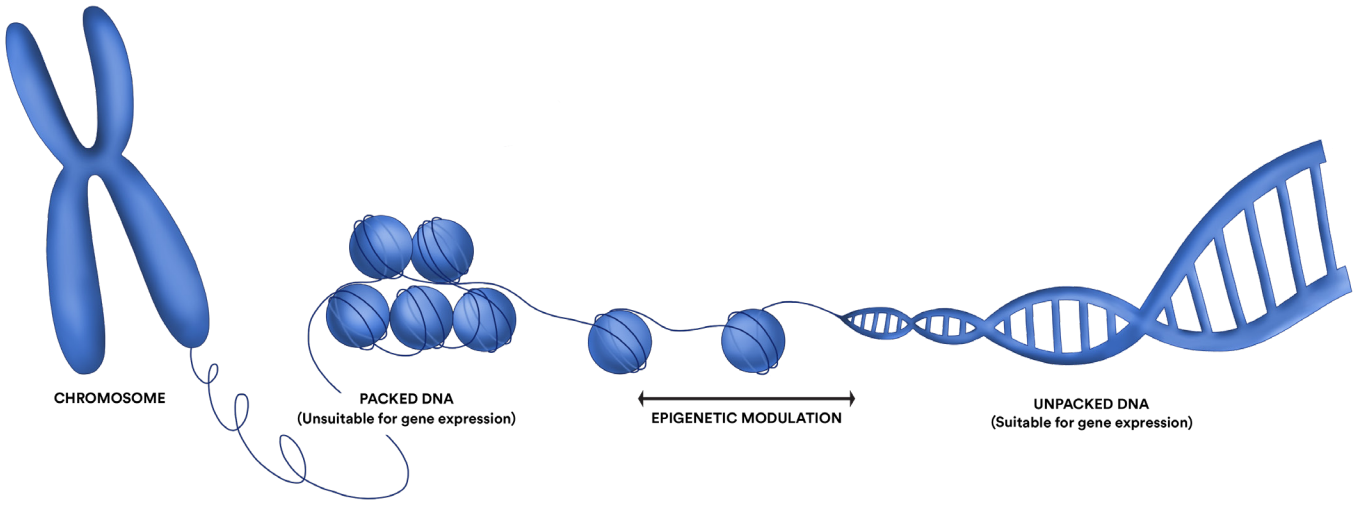
Epigenetic modulation

Epigenetic modulation is the alteration of gene expression without altering genetic material. In recent years, epigenetic modulation has played a critical rolein new therapies within oncology, but the use of epigenetic modulation in cardiovascular diseases is just beginning. To carry out gene expression, cells must control the coiling and uncoiling of DNA around the terminal tails of core histones. This is where the importance of the histone deacetylases (HDACs) come into play.

One of the most common epigenetic modulators is a class of enzymes called HDACs. HDACs are found throughout the body in most cells, and, when stimulated, they can lead to changes in how an individual's DNA is read within the cells, which can affect key cellular mechanisms, thus increasing the risk of disease. Scientists have found ways of regulating some disease-causing epigenetic changes as a form of therapy, using inhibitors. The compounds HDAC inhibitors are epigenetic modulators with a whole spectrum of potential disease-modifying effects, thus attracting attention from many pharmaceutical and biotech companies in different disease areas. Cereno Scientific is the first to explore the commercial possibilities of epigenetic modulation in CVD.

Cereno's pipeline uses an epigenetic modulation platform based on histone deacetylase inhibitors (HDACi). The pipeline of HDAC inhibitors holds the potential to disrupt the existing CVD treatments with safer and more efficacious therapies.

Simplified illustration of epigenetic modulation



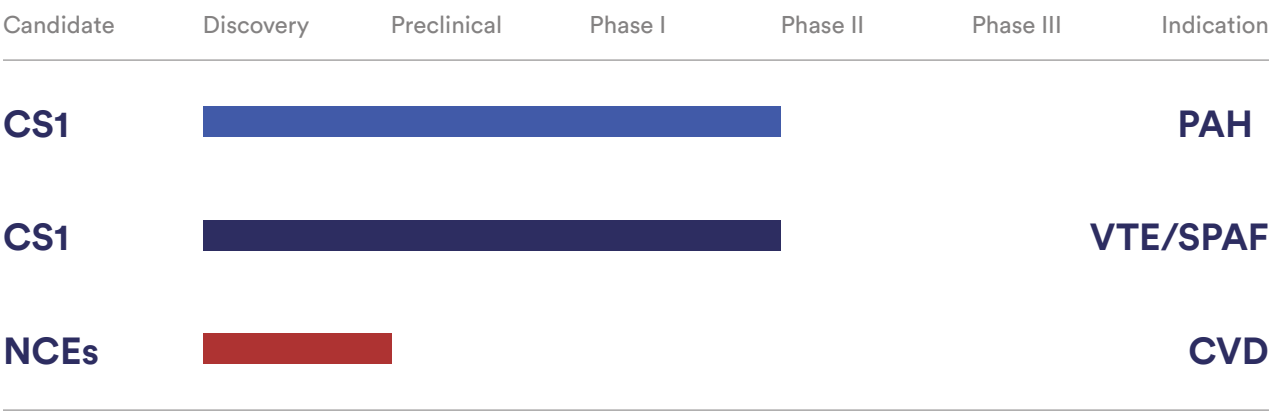
Pipeline

Cereno Scientific has been a pipeline of epigenetic modulators targeting common and rare cardiovascular diseases (CVDs). The pipeline comprises of a Phase II candidate, CS1, as well as several preclinical candidates.

Clinical phase II
The lead candidate, CS1, is a new formulation of valproic acid, with a mechanism of action proven in preclinical studies to have the ability to balance the level of t-PA and PAI-1. The candidate acts as an epigenetic modulator with anti-fibrotic, anti-thrombotic, anti-inflammatory, and pressure reducing properties. A clinical Phase II study is being planned for the treatment of the rare disease pulmonary arterial hypertension (PAH). It has also shown promising data within selected thrombotic indications.

Preclinical phase
The new chemical entities (NCEs) is a collective name for Cereno's drug candidates currently being evaluated in the preclinical stage. The program comprises epigenetic modulating drugs primarily targeted to treat CVDs. Several new compounds have been discovered and are being evaluated for a number of CVDs.

Asset development stage



Clinical drug candidate CS1

The lead drug candidate, CS1, is a key reformulation of valproic acid (VPA) and acts as an epigenetic modulator with anti-thrombotic, anti-inflammatory, anti-fibrotic, and pressure reducing properties. CS1's epigenetic mechanism is expressed through histone deacetylase (HDAC) inhibition and brings a novel treatment approach to cardiovascular diseases. The current body of evidence supporting CS1's properties has been provided through a successful Phase I study, but also through in vitro studies, animal models, human physiological data, and independent epidemiology studies. In preclinical studies, CS1 showed an improvement in the endogenous fibrinolytic system by supporting thrombolysis only at the site of the injury with few side effects. With the clinical phase I study, CS1 demonstrated good safety and tolerability, robust reduction of PAI-1 and no problems with bleeding.

Combined, CS1 shows strong promise for a four-fold efficacy:

- Anti-thrombotic
- Anti-inflammatory
- Anti-fibrotic
- Pulmonary pressure reduction

Phase IIa study in PAH

A clinical phase IIa study with CS1 in rare disease pulmonary arterial hypertension (PAH) is planned to start in the first half of 2021. CS1's unique effect profile forms a good match with PAH's pathogenetic mechanisms and could address the unmet clinical needs within the treatment of the rare disease.

The clinical development program for CS1 in PAH is anchored in the Orphan DrugDesignation (ODD) that was granted by the US Food and Drug Administration (FDA) in March 2020. The US FDA grants orphan drug designations to entice the development of products that are intended for the treatment of rare diseases that affect fewer than 200,000 people in the US. Several incentives are associated with ODDs to facilitate the drug development for rare diseases, such as seven years of market exclusivity in the US if the drug is approved, FDA assistance in clinical trial design, and tax credits for qualified clinical trial costs. With the granted ODD request, CS1 has fulfilled the criteria of showing a potential to provide significant benefit to patients suffering from PAH. The disease presents patients with serious unmet needs, being progressive with unsatisfying treatment options. Patients with PAH have a poor prognosis with a 5-year mortality rate of around 30%, and the disease substantially decreases the quality of life of patients. PAH is one of five different types of pulmonary hypertension affecting around 5-15 out of 100,000 people globally.

Cereno's development program for CS1 in thrombotic indication VTE/SPAF is deferred to follow after the Phase II study program in PAH.

"CS1 has to definitely be tested in PAH, it could be game-changing for patients."

- Dr. Raymond L. Benza, global thought leader in PAH treatment and a scientific advisor to Cereno.

Cereno Scientific Group, January – September 2020

Company structure and shareholding

Cereno Scientific Group comprises parent company Cereno Scientific AB and its US subsidiary Cereno Scientific Inc. The US subsidiary was formed on December 20, 2019, and is wholly owned by Cereno Scientific AB.

Company share

Cereno Scientific's B shares were listed on Spotlight Stock Market on 22 June 2016. Spotlight Stock Market is an affiliate of ATS Finance AB, which is a securities company under the supervision of Finansinspektionen, the Swedish financial supervisory authority. Spotlight Stock Market operates a multilateral trading facility (MTF), which is not a regulated market.

Financial performance
During the third quarter, the company mainly invested in the development and production of clinical supplies. On 30 September 2020, the Board of Directors resolved on a directed issue through which the company will receive approximately SEK 60 million before deduction of transaction costs. The Board of Directors also resolved to enter into a loan financing agreement of SEK 10 million. At the end of the second quarter, the group had a cash balance of approximately SEK 16,9 million and an equity/assets ratio of 86,3 %.

Risk factors
A number of risk factors can have a negative impact on Cereno Scientific's operations. It is therefore of great importance to take into account relevant risks in addition to the company's growth opportunities. These risks are described without mutual arrangement and without claims to be comprehensive in the company's prospectus issued in connection with the rights issue in May 2019 and which can be read on the Company's website.

Share capital
On 30 September 2020, share capital was divided across 40,219,312 shares. Registration with the Swedish Companies Registration Office of the directed issue was completed in October, after which the share capital is divided over 71,819,312 shares. The company has two classes of shares (of which 722,248 Class A shares). The Class A share carries the right to ten (10) votes per share. Each Class B share carries the right to one (1) vote per share. Each share gives equal rights to the company's assets and earnings. The quote value (share capital divided by number of shares) amounts to SEK 0.10.

Warrants of series 2016/2019
At the Annual General Meeting on 29 January 2016, it was resolved to issue 325,289 warrants (series 2016/2019) through a private placement, thus entitling to a subscription of 325,289 Class B shares. During the third quarter of 2017, the company repurchased 65,058 warrants at the issue price. The repurchased warrants have been cancelled; of the original 325,289 warrants, 260,231 now remain. After the completed preferential issue in June 2019, the restated number of shares that the options give entitlement to is 275,736 and the restated subscription price is SEK 5.66. The warrants can be used for subscribing Class B shares during the period 1 March 2019 – 1 December 2020. For information regarding holders of warrants, refer to the Listing Memorandum.

Warrants of convertible loans
The financing agreement concluded with the European High Growth Opportunities Securitization Fund on 1 March 2019 and consisted of convertible loans and associated warrants. The company no longer has any outstanding convertible loans. The number of warrants outstanding at the balance sheet date, 30 September 2020, was 2,247,569. After the completed preferential issue in June 2019, the restated number of shares that the options give entitlement to is 2,270,044. Of the warrants, 1,142,306 have a maturity of five years from the respective registration dates and the 1,105,263 warrants issued on 1 March 2019 have a maturity of six years from the registration date. The subscription price for the warrants have been recalculated after the directed issue in September 2020 and is now SEK 1.90.

Warrants of series OP 2018/2022
The Extraordinary General Meeting on 23 October 2018 resolved to issue warrants and/or employee warrants (series OP 2018/2022) entitled to subscription of Class B shares. The series has 30,000 warrants outstanding. After the completed preferential issue in June 2019, the restated number of shares that the options give entitlement to is 31,787. Of the 30,000 warrants outstanding, 15,000 now have a restated subscription price of SEK 14.16 and 15,000 have a restated subscription price of SEK 28.31. The warrants can be used for subscribing Class B shares during the period 24 July 2022 – 23 October 2022.

Warrants of series 2019/2023 N01 and series 2019/2023 S01
The Extraordinary General Meeting on 28 August 2019 resolved to issue 650,000 warrants, of which 450,000 relate to key persons (series 2019/2023 N01) and 200,000 relate to operational Board members (series 2019/2023 S01), giving an entitlement to subscribe for a total of 650,000 class B shares. The warrants have a subscription price of SEK 15.26 per warrant, and can be used for subscribing for Class B shares during the period 1 April – 31 October 2023.

Warrants of series 2019/2023 SAB01
On 6 September 2019, the Board of Directors of Cereno Scientific resolved to issue at most 300,000 warrants to members of the company's Scientific Advisory Board (series 2019/2023 SAB01). Each warrant bears the right to a new subscription of 1 Class B share in the company during the period from 1 April 2023 to 31 October 2023. The subscription price is SEK 15.26 per share.

Warrants of series TO1 B and TO2 B
On 30 September 2020, the Board of Directors, based on the authorization granted by the Annual General Meeting on 10 June 2020, resolved on a directed issue of shares and warrants. The Board of Directors also resolved on an issue of warrants to existing shareholders as well as to the lender that was part of the loan financing agreement that the company entered into.

A total of 34,519,303 warrants of series TO1 B have been

issued, where 15,800,000 are allotted to investors in the Directed Issue, 2,631,579 to the Lender and 16,087,724 to current shareholders in the Company. For series TO2 B a total of 34,519,303 warrants of series TO2 B have been issued, where 15,800,000 are allotted to investors in the Directed Issue, 2,631,579 to the Lender and 16,087,724 to current shareholders in the Company.

Warrants of series TO1 B will, upon full exercise, provide the Company an additional maximum of approximately SEK 98.4 million, based on the maximum subscription price. Warrants of series TO2 B will, upon full exercise, provide the Company an additional maximum of approximately SEK 114.8 million, based on the maximum subscription price. The actual issue amount will naturally depend upon the final subscription price.

Warrants of series TO1 B and TO2 B are trading on Spotlight Stock Market under the short names CRNO TO1 B and CRNO TO2 B respectively.

Additional terms for the warrants of series TO1 B and TO2 B as well as further information about the Directed Issue, the loan financing and the allotment of warrants to existing shareholders can be found in the Company's press release as per 30 September 2020.

Audit
The company's auditor has not audited the 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).

The Board of Directors and CEO certify that this Interim Report provides a true and fair view of the parent company and the group's operations.

Gothenburg, 19 November 2020

Consolidated income statement*

(SEK)	01 Jul 2020 30 Sep 2020 *3 months*	01 Jan 2020 30 Sep 2020 *9 months*	20 Dec 2019 31 Dec 2019
Net sales	-	-	-
Capitalized work for own account	1,329,979	6,598,759	187,544
	1,329,979	**6,598,759**	**187,544**
OPERATING EXPENSES			
Other external costs	-4,268,388	-16,592,035	-990,364
Personnel costs	-190,527	-901,471	-238,987
Depreciation of tangible fixed assets	-3,577	-10,731	-
OPERATING LOSS	**-3,132,513**	**-10,905,478**	**-1,041,807**
LOSS FROM FINANCIAL ITEMS			
Interest expense	-	-1,623	-2,021
Loss after financial items	**-3,132,513**	**-10,907,101**	**-1,043,828**
LOSS BEFORE TAX	**-3,132,513**	**-10,907,101**	**-1,043,828**
LOSS FOR THE PERIOD	**-3,132,513**	**-10,907,101**	**-1,043,828**

*The group commenced on 20 December, 2019

Consolidated balance sheet*

(SEK)	30 Sep 2020	31 Dec 2019
ASSETS		
Subscribed unpaid capital	60,040,000	-
FIXED ASSETS		
Intangible assets		
Capitalized expenditures for development activities	36,596,944	31,438,808
Patents, trademarks, licenses and similar rights	6,421,901	4,981,277
	43,018,845	**36,420,085**
TANGIBLE ASSETS		
Fixtures, tools and installations	60,816	65,390
	60,816	**65,390**
FINANCIAL ASSETS		
Other long-term receivables	8,234	-
	8,234	**0**
TOTAL FIXED ASSETS	**43,087,895**	**36,485,475**
CURRENT ASSETS		
Current receivables		
Other receivables	572,989	1,008,819
Prepaid expenses and accrued income	994,018	465,339
	1,567,007	**1,474,158**
CASH AND BANK BALANCE	**16,880,705**	**26,099,549**
TOTAL CURRENT ASSETS	**18,447,712**	**27,573,707**
TOTAL ASSETS	**121,575,607**	**64,059,182**

Consolidated balance sheet* (continued)

(SEK)	30 Sep 2020	31 Dec 2019
EQUITY AND LIABILITIES		
Equity		
Share capital	4,021,931	4,021,931
Ongoing share issue	3,160,000	-
Other contributed capital	106,272,327	52,725,374
Other capital including loss for the year	-8,540,192	2,902,257
Equity attributed to the Parent Company's shareholders	**104,914,066**	**59,649,562**
Holdings without controlling influence	-	-
TOTAL EQUITY	**104,914,066**	**59,649,562**
LONG-TERM LIABILITIES		
Other liabilities to credit institutions	400,000	400,000
	400,000	**400,000**
CURRENT LIABILITIES		
Accounts payable	5,984,947	2,489,039
Bridge loan	9,000,000	-
Other liabilities	31,940	93,141
Accrued expenses and deferred income	1,244,654	1,427,440
	16,261,541	**4,009,620**
TOTAL EQUITY AND LIABILITIES	**121,575,607**	**64,059,182**

*The group commenced on 20 December, 2019

Condensed change in equity

01 Jan 2020 - 30 Sep 2020	Share capital	Ongoing share issue	Other contributed capital	Other capital including profit/ loss for the year
At start of the period	4,021,931	0	52,725,374	2,902,257
Exchange rate differences when translating foreign subsidiaries	-	-	-	1,505
Reclassification of warrants issued	-	-	536,853	-536,853
New share issue	-	3,160,000	56,880,000	-
Issue expenses	-	-	-3,869,900	-
Loss for the period	-	-	-	-10,907,101
At the end of the period	**4,021,931**	**3,160,000**	**106,272,327**	**-8,540,192**

Consolidated cash flow statement*

(SEK)	01 Jul 2020 30 Sep 2020 *3 months*	01 Jan 2019 30 Sep 2019 *9 months*	20 Dec 2019 31 Dec 2019 *12 months*
OPERATING ACTIVITIES			
Loss after financial items	-3,132,513	-10,907,101	-1,043,828
Adjustments for items that are not included in the cash flow			
Depreciations	3,577	10,731	-
Translation differences	-944	1,505	-
	-3,129,880	**-10,894,865**	**-1,043,828**
Cash flow from operating activities before changes in working capital	**-3,129,880**	**-10,894,865**	**-1,043,828**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in operating receivables	-403,482	-92,849	-661,012
Increase (+)/Decrease (-) in operating liabilities	1,007,067	-617,979	926,457
Cash flow from operating activities	**-2,526,295**	**-11,605,693**	**-778,383**
INVESTMENTS			
Acquisition of intangible assets	-1,329,979	-6,598,760	-349,993
Acquisition of fixed assets	-	-6,157	-
Acquisition of financial assets	-	-8,234	-
Cash flow from investing activities	**-1,329,979**	**-6,613,151**	**-349,993**
FINANCING			
Borrowings	10,000,000	10,000,000	-
Costs associated with borrowings	-1,000,000	-1,000,000	-
Cash flow from financing activities	**9,000,000**	**9,000,000**	**0**
Cash flow for the period	**5,143,726**	**-9,218,844**	**-1,128,376**
Cash flow equivalents at start of period	**11,736,979**	**26,099,549**	**27,227,925**
Cash and cash equivalents at the end of period	**16,880,705**	**16,880,705**	**26,099,549**

*The group commenced on 20 December, 2019

Parent company's condensed income statement

(SEK)	01 Jul 2020 30 Sep 2020 *3 months*	01 Jul 2019 30 Sep 2019 *3 months*	01 Jan 2020 30 Sep 2020 *9 months*	01 Jan 2019 30 Sep 2019 *9 months*	01 Jan 2019 31 Dec 2019 *12 months*
Net sales	-	-	-	-	-
Capitalized work for own account	1,329,979	1,013,711	6,598,759	7,246,514	10,869,705
Other operating income	-	-	-	125,862	125,862
	1,329,979	**1,013,711**	**6,598,759**	**7,372,376**	**10,995,567**
OPERATING EXPENSES					
Other external costs	-4,275,840	-3,725,090	-16,597,428	-16,257,397	-23,161,120
Personnel costs	-190,527	-278,239	-901,471	-524,973	-942,954
Depreciation of tangible fixed assets	-3,577	-	-10,731	-	-
OPERATING LOSS	**-3,139,965**	**-2,989,618**	**-10,910,871**	**-9,409,994**	**-13,108,507**
LOSS FROM FINANCIAL ITEMS					
Interest expenses and similar expenses	-	-1,049	-1,623	-2,166,223	-2,171,294
Loss after financial items	**-3,139,965**	**-2,990,667**	**-10,912,494**	**-11,576,217**	**-15,279,801**
LOSS BEFORE TAX	**-3,139,965**	**-2,990,667**	**-10,912,494**	**-11,576,217**	**-15,279,801**
LOSS FOR THE PERIOD	**-3,139,965**	**-2,990,667**	**-10,912,494**	**-11,576,217**	**-15,279,801**

Parent company's condensed balance sheet

(SEK)	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Subscribed unpaid capital	60,040,000	-	-
FIXED ASSETS			
Intangible assets			
Capitalized expenditures for development activities	35,596,944	27,815,618	31,438,808
Patents, trademarks, licenses and similar rights	6,421,901	4,627,587	4,981,277
	43,018,845	**32,443,205**	**36,420,085**
TANGIBLE ASSETS			
Fixtures, tools and installations	60,816	-	65,390
	60,816	**0**	**65,390**
FINANCIAL ASSETS			
Shares in group company	941	-	941
	941	**0**	**941**
TOTAL FIXED ASSETS	**43,080,602**	**32,443,205**	**36,486,416**
CURRENT ASSETS			
Current receivables			
Receivables from group companies	53,432	-	-
Other receivables	572,989	576,250	1,008,819
Prepaid expenses and accrued income	994,018	236,889	465,339
	1,620,439	**813,139**	**1,474,158**
CASH AND BANK BALANCE	**16,827,667**	**32,405,609**	**26,099,549**
TOTAL CURRENT ASSETS	**18,448,106**	**33,218,748**	**27,573,707**
TOTAL ASSETS	**121,568,708**	**65,661,953**	**64,060,123**

Parent company's condensed balance sheet (continued)

(SEK)	30 Sep 2020	30 Sep 2019	31 Dec 2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4,021,931	4,021,931	4,021,931
Ongoing share issue	3,160,000	-	-
Fund for development expenses	37,697,044	27,475,095	31,098,285
	44,878,975	**31,497,026**	**35,120,216**
UNRESTRICTED EQUITY			
Share premium reserve	53,010,100	64,059,627	52,725,374
Retained earnings	17,930,588	-20,961,940	-12,916,227
Profit/loss for the period	-10,912,494	-11,576,217	-15,279,801
	60,028,194	**31,521,470**	**24,529,346**
TOTAL EQUITY	**104,907,169**	**63,018,496**	**59,649,562**
LONG-TERM LIABILITIES			
Other liabilities to credit institutions	400,000	400,000	400,000
	400,000	**400,000**	**400,000**
CURRENT LIABILITIES			
Accounts payable	5,984,947	1,066,568	2,489,039
Bridge loan	9,000,000	-	-
Other liabilities	31,940	16,276	94,082
Accrued expenses and deferred income	1,244,652	1,160,613	1,427,440
	16,261,539	**2,243,457**	**4,010,561**
TOTAL EQUITY AND LIABILITIES	**121,568,708**	**65,661,953**	**64,060,123**

Parent company's condensed change in equity

01 Jan 2020 - 30 Sep 2020	Share capital	Ongoing share issue	Fund for development expenses	Share premium reserve	Retained earnings	Net loss for the period
At start of period	4,021,931	0	31,098,285	52,725,374	-12,916,227	-15,279,801
Disposal according to AGM resolution	-	-	-	-52,725,374	37,445,573	15,279,801
New share issue	-	3,160,000	-	56,880,000	-	-
Issue expenses	-	-	-	-3,869,900	-	-
Redistribution in equity	-	-	6,598,759	-	-6,598,759	-
Loss for the period	-	-	-	-	-	-10,912,494
At the end of the period	**4,021,931**	**3,160,000**	**37,697,044**	**53,010,100**	**17,930,587**	**-10,912,494**

Parent company's condensed cash flow statement

(SEK)	01 Jul 2020 30 Sep 2020 *3 months*	01 Jul 2019 30 Sep 2019 *3 months*	01 Jan 2020 30 Sep 2020 *9 months*	01 Jan 2019 30 Sep 2019 *9 months*	01 Jan 2019 31 Dec 2019 *12 months*
OPERATING ACTIVITIES					
Loss after financial items	-3,139,965	-2,990,667	-10,912,494	-11,576,217	-15,279,801
Adjustments for items not included in the cash flow					
Depreciations	3,577	-	10,731	-	-
Accrued expenses for borrowings	-	-	-	1,249,596	1,249,596
Share issue through conversions of loans	-	-	-	5,600,000	5,600,000
Deficit in resolve of conversion rights	-	-	-	-4,120,651	-4,120,651
New share issue through offset of liability	-	417,600	-	491,399	491,399
	-3,136,338	**-2,573,067**	**-10,901,763**	**-8,355,873**	**-12,059,457**
Cash flow from operating activities before changes in working capital	**-3,136,338**	**-2,573,067**	**-10,901,763**	**-8,355,873**	**-12,059,457**
Cahs flow from changes in working capital					
Increase (-)/Decrease (+) in operating receivables	-394,610	425,563	-146,281	330,794	-330,225
Increase (+)/Decrease (-) in operating liabilities	1,007,067	-1,043,077	-618,921	-10,801,311	-9,034,207
Cash flow from operating activities	**-2,523,931**	**-3,190,581**	**-11,666,965**	**-18,826,390**	**-21,423,889**
INVESTING ACTIVITIES					
Acquisition of intangible assets	-1,329,979	-1,175,324	-6,598,760	-7,987,515	-11,964,395
Acquisition of tangible assets	-	-	-6,157	-	-65,390
Acquisition of financial assets	-	-	-	-	-941
Cash flow from investing activities	**-1,329,979**	**-1,175,324**	**-6,604,917**	**-7,987,515**	**-12,030,726**
FINANCING ACTIVITIES					
New share issue	-	-	-	60,551,974	60,551,974
Issue expenses	-	-	-	-11,360,865	-11,360,865
Warrants issued	-	39,600	-	40,860	375,510
Borrowings	10,000,000	-	10,000,000	12,000,000	12,000,000
Costs associated with borrowings	-1,000,000	-	-1,000,000	-	-
Amortisation of loans	-	-	-	-12,000,000	-12,000,000
Convertible loans	-	-	-	-	-
Costs associated with convertible loans	-	-	-	-1,249,596	-1,249,596
Cash flow from financing activities	**9,000,000**	**39,600**	**9,000,000**	**47,982,373**	**48,317,023**
Cash flow for the period	**5,146,090**	**-4,326,305**	**-9,271,882**	**21,168,468**	**14,862,408**
Cash flow equivalents at start of period	**11,681,577**	**36,731,914**	**26,099,549**	**11,237,141**	**11,237,141**
Cash and cash equivalents at end of period	**16,827,667**	**32,405,609**	**16,827,667**	**32,405,609**	**26,099,549**

Cereno Scientific
Epigenetic Modulation for Cardiovascular Disease

About Cereno Scientific AB

Cereno Scientific is a leading clinical stage biotech company within cardiovascular epigenetic modulation. The lead drug candidate, CS1, is a Phase II candidate in development for the treatment of the rare disease pulmonary arterial hypertension (PAH) and thrombotic indications. CS1 is an HDAC (Histone DeACetylase) inhibitor that acts as an epigenetic modulator with anti-thrombotic, anti-inflammatory, anti-fibrotic and pressure-relieving properties. A clinical phase II study program for CS1 in PAH is planned to start during spring 2021 under its US FDA granted orphan drug designation (ODD) status. In addition, Cereno has a preclinical HDAC inhibitor development program targeted at treating cardiovascular diseases. The company is headquartered in AstraZeneca's BioVenture Hub, Sweden, and has an office in Kendall Square in Boston, Massachusetts, US. Cereno is listed on the Swedish stock market Spotlight, ticker: CRNO B, ISIN SE0008241558.

Cereno Scientific AB
Address: c/o AstraZeneca BioVentureHub, Pepparedsleden 1, SE-431 50 Mölndal, Sweden
Tel: +46 768 66 77 87 | www.cerenoscientific.com