Cereno Scientific

Annual report 2020

Org.nr. 556890–4071 | www.cerenoscientific.se | BioVentureHub Pepparedsleden 1, SE-431 83 Mölndal

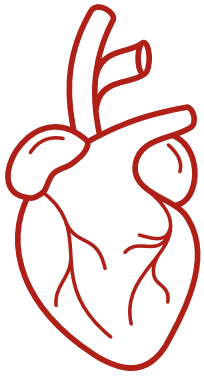
Contents

Annual General Meeting
Cereno Scientifics Annual General Meeting will be held on June 9, 2021. Due to the pandemic, the meeting will be completely digital, conducted with only advance voting. All documents relating to the meeting, including the annual report, will be available on the company's website no later than two weeks before the meeting.

Financial information
Shareholders who have their shares registered through the bank's notary department or other nominee must, in order to be entitled to attend the meeting, temporarily register the shares in their own name. Such registration must be completed by June 1, which means that shareholders must notify the trustee well in advance of this date.

Financial calendar
Annual general meeting .....June 9, 2021
Interim report for Q1..... May 19, 2021
Interim report for Q2.....August, 2021
Interim report for Q1.....November, 2021

Cereno Scientific in brief



Cereno Scientific is a biotech company focusing on developing innovative treatments for patients affected by common and rare cardiovascular diseases.

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

Our pipeline of comprises:

- **Drug candidate CS1 in Phase II** study being developed for the treatment of rare disease pulmonary arterial hypertension (PAH).
- **Two preclinical programs, CS585 and CS014,** evaluated for the treatment of cardiovascular diseases.

Listed on Spotlight Stock Market

June 2016

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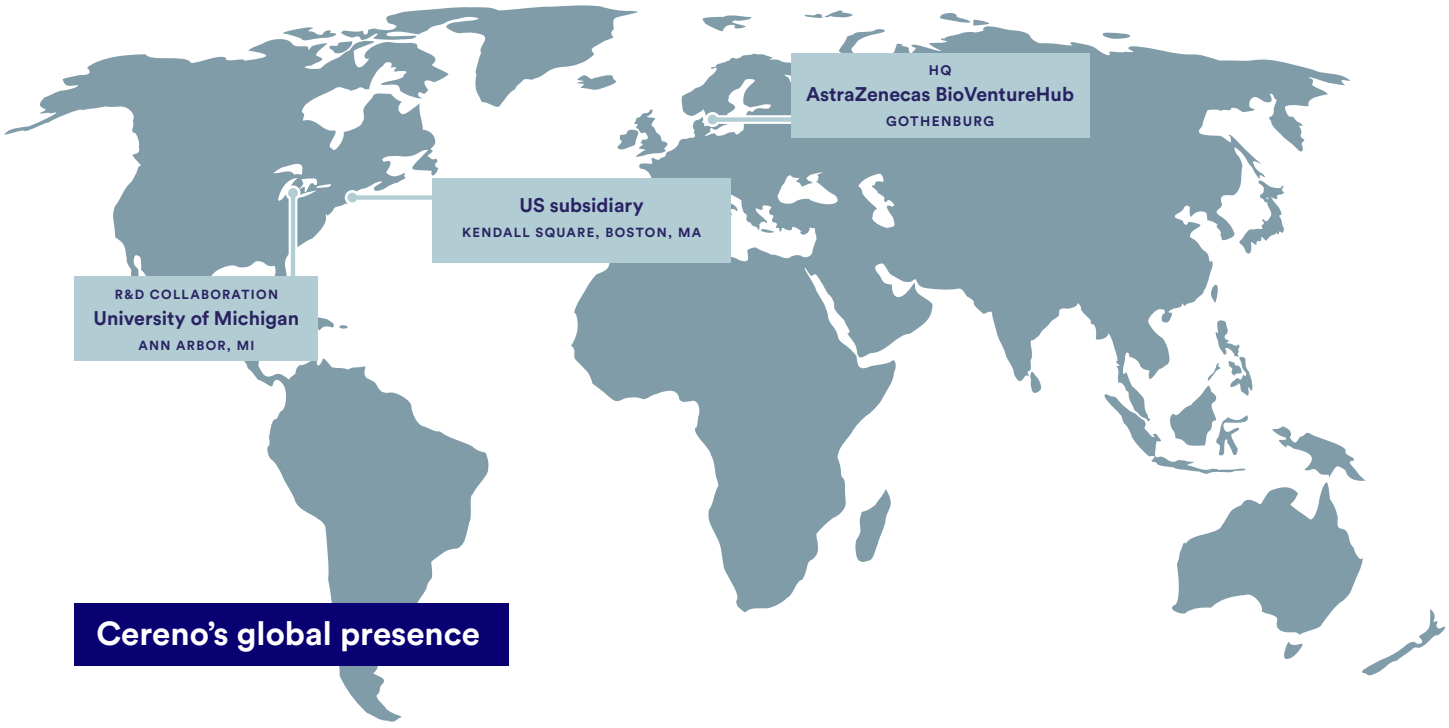

Cereno's global presence

Year of 2020

First quarter

In March, Cereno announced that the US Food and Drug Administration (FDA) has granted Orphan Drug Designation to the company's lead compound CS1, for the treatment of pulmonary arterial hypertension (PAH).

Due to the global spread of the Sars-cov-2 virus, Cereno announced in March that the company will postpone the planned Phase II clinical trial with the company's lead compound CS1. The start of the study was previously planned for mid-year 2020. Cereno Scientific is adjusting planned activities to start by the end of the year, but is prepared for further adjustments if needed, due to the uncertainty of the further development of the pandemic.

Second quarter

In April, Cereno announced that the company is strengthening its clinical expertise by recruiting Dr. Raymond L. Benza, Professor of Medicine and Director, Division of Cardiovascular Medicine, at the Ohio State University Wexner Medical Center in Columbus, USA, as Scientific Advisor to the company.

In May, Cereno expanded its global footprint by establishing a subsidiary with new office space located in Kendall Square at the Cambridge Innovation Center (CIC), Cambridge, Boston, Massachusetts.

In June, the company entered a collaboration agreement with the University of Michigan in Ann Arbor, USA. On behalf of Cereno Scientific, Dr. Michael Holinstat, who is active at the University, is to initiate preclinical studies with compounds from Cereno's HDACi development program.

Third quarter

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 designation. 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 in September 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 in September a directed share issue of units of approximately SEK 60 million, entered into a loan agreement and issued warrants to current shareholders.

Fourth quarter

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 of the warrants is on the 14 October 2020.

In December, the agreement with Mangold Fondkommission to act as liquidity provider for the company's share was terminated. The share has a good spread, and a liquidity provider is therefore no longer needed.

After end of year

Early January 2021, a letter of intent with the global contract research organization (CRO) Worldwide Clinical Trials was signed. Worldwide will provide support and guidance in the final preparatory steps as well as conduct the clinical Phase II study with drug candidate CS1 in rare disease pulmonary arterial hypertension (PAH).

In conjunction with a Scientific Advisory Board meeting in January, Dr. Raymond L. Benza M.D., FACC, FAHA, FACP, US, was appointed to the Cereno Scientific Advisory Board. Benza is a global thought leader in pulmonary arterial hypertension (PAH) and has been working as an advisor to the company's Phase II program with drug candidate CS1 in PAH.

At the end of January, an expansion of the intellectual property rights (IPR) for drug candidate CS1 across two different patent families was announced. The patent granted in Canada belongs to the company's first patent family, and the patent granted in Russia belongs to the company's second patent family. This is a result of Cereno's continuous work in securing IPR for its assets to strengthen the commercial positioning.

In March, the rights to in-license a preclinical program from the University of Michigan, US, were obtained through an option agreement. The agreement grants Cereno the exclusive rights to evaluate the project in a preclinical development program during a time period of up to 27 months. If the evaluation is successful, Cereno can exclusively in-license the project for further clinical development and commercialization. This marks an expansion of Cereno's project portfolio with a promising preclinical program in cardiovascular diseases.

In April, the timeline was set for the upcoming clinical phase II with drug candidate CS1 following the signing of the final agreements with clinical research organization Worldwide Clinical Trials. If the study timeline is followed according to plan, the first patient will start in September 2021 with study results expected in H2 2022.

At the end of April, a collaboration agreement for the full preclinical development program of CS585 was signed with the University of Michigan. The development agreement includes the successful transition of CS585 to a clinical Phase I program. The IND-enabling work will in most part be conducted at the University of Michigan, a top-ranked public research university in the US with an extensive track record of successful collaborations with industry. CS585 is in development within cardiovascular diseases.

At the beginning of May, it was announced that the collaboration agreement for CS014 with the University of Michigan will be extended to include a full preclinical development program. The objective of the signed development agreement is to successfully bring CS014 into a clinical Phase I program. The IND-enabling work will in most part be conducted at the University of Michigan, a top-ranked public research university in the US with an extensive track record of successful collaborations with industry. CS014 is in development within cardiovascular diseases.

Letter from the CEO

CEO Sten R. Sörensen comments the past year about Cereno's business, achievements and future. The company has gone through a significant change during 2020 and shifted focus from solely thrombotic indications to bring drug candidate CS1 into Phase II within the rare disease PAH.

> **I would say that Cereno as an organization is stronger than ever, which is a huge advantage ahead of the significant year that 2021 will be for Cereno.**
>
> **- Sten R. Sörensen, CEO**

What has been the most important event during 2020?

– Cereno has under the past year made a significant shift. It was, primarily, the revised strategy with drug candidate CS1 that brought us into a new area with new opportunities in rare diseases and shifted our development focus. This, at the same time, strengthened CS1's commercial potential and the decision shaped a well-defined business case for potential investors and partners, which we have seen partly through the successful financing that were done during the fall and through increased interest from around the world.

The establishment of our US subsidiary, Cereno Scientific Inc., would also count as a key event. This enabled us to strengthen our global presence. Strategically, this was an important milestone in the company's development that lays the foundation for upcoming preclinical and clinical development in the US and can facilitate potential future US financing.

– In addition to the preparations for the clinical phase II study with CS1 in the rare disease PAH, we were also able to make headway in our preclinical program CS014. The collaboration together with University of Michigan and Dr. Michael Holinstat was expanded during 2021 with the aim of conducting studies to meet the requirements to start clinical studies. In the long-term, it is our ambition to in this way strengthen our project portfolio with additional clinical drug candidate with potential of improving treatment of cardiovascular diseases.

– I would argue that these milestones would not have been possible for Cereno without the support we have received from our scientific advisors, which is why I would count all the meetings and discussions we have had as one of the most important events during 2020 for Cereno. After all, it is their insights that contributed to the strong position we find ourselves in today.

How would you describe the key activities during 2021?

– The main milestone during the year will be the start of the Phase II study with CS1 in PAH. The plan is for the first patient to be treated in September. The study will, in addition to safety and tolerability, also evaluate efficacy targets and the dose level selection, which can then be used as a basis for further pivotal Phase III studies.

The initiation of the two preclinical development programs, CS585 and CS014, also weighs heavily and is done through the research collaboration with the University of Michigan.

– There will also be work done regarding the patent protection related to our projects, whereby we have already been able to announce some news about CS1's protection earlier this year. This is an important priority since it contributes to advantageously positioning Cereno for commercial success by ensuring robust patent protection.

– We also have ongoing activities targeted to potential partners and investors as well as our shareholders with the purpose of building relationships and ensure that the parties can follow the company and our projects over time.

– Above all, I hope that some of these activities will return to physical meetings when possible because it is often in the spontaneous meetings in corridors at events that the most interesting conversations can take place. Until then though, we are happy to proceed with digital meetings and remote work that too works well.

What are the biggest challenges and key resources needed to achieve the 2021 milestones?
– We are well equipped for the year's planned activities. Much has fallen into place during the beginning of 2021 in both our clinical and our preclinical projects.

The start of the clinical phase II study in September is also very well timed. We feel assured that all adults in the US have been offered the Covid-19 vaccine at that time and therefore does not currently see that the pandemic would pose a significant challenge regarding patient recruitment once the study is underway. In this aspect, it benefits us that the US has been so prominent in their national inoculation.

– Furthermore, the key competence in the team is secured with the support of scientific and regulatory advisors and the collaboration with the University of Michigan for drug development as well as experts in strategy and business development that contribute to a long-term vision of the company's development. I would say that Cereno as an organization is its strongest ever, which is a huge advantage ahead of the significant year that 2021 will be for Cereno.

> **”**
> **We now have an exciting project portfolio of clinical and preclinical drug candidates that I believe will gradually attract increased interest as we take important steps in our development.**

Where do you see the Cereno in three years' time?
– We now have an exciting project portfolio of clinical and preclinical drug candidates that I believe will gradually attract increased interest as we take important steps in our development. With results from the clinical phase II study and the two preclinical programs, we will demonstrate the power of our project portfolio and its potential, which will give rise to new opportunities and paths for the company.

– Cereno has already created a unique position to, in the future, be able to meet the great medical needs of novel treatment options for patients with common and rare cardiovascular diseases. ■

Goals and strategy

Cereno's overarching goal is to develop new and better treatments within common and rare cardiovascular diseases. Cereno's strategy, business model and organization reflect this. The company is made up of employees that combines decades of experiences within areas critical for drug development such as commercialization, medical, development processes and intellectual property rights (IPR). The company's strategy aims to utilize the project portfolio's full potential on profitable markets within cardiovascular diseases and aims to provide value to both patients and shareholders.

The company focuses on discovery and development of drug candidates for cardiovascular diseases with great unmet medical needs where existing treatments are insufficient. This means a focus on global markets where there are opportunities to create value for patients as well as shareholders. The project portfolio has a broad therapeutic potential with an aim to first establishing drug candidates in rare diseases that include, among other things, smaller studies, and certain monetary reliefs. An alternative path to development within larger cardiovascular diseases are provided through partnerships with major pharmaceutical companies.

In a future out-licensing or deal with a major pharmaceutical company, the key aspects forming the basis of a deal will be the clinical data, the patent portfolio and potential regulatory market exclusivity. This is the reason why the opportunities to increase the commercial value of the company and the drug candidates are continuously evaluated through further secured market exclusivity with expanded patent protection and other regulatory pathways such as orphan drug designation.

Cereno is a research and development company with no current income. The company is financed mainly via the capital market or through future out-licensing or sale of projects. Activities to achieve financing via the capital market are ongoing in parallel and in interaction with processes to be able to enter into agreements on out-licensing or sales.

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Financing is constantly relevant, and we run various tracks to ensure that the business can be driven forward in an efficient manner. We are continuously evaluating different financing options and our development plan so that the capital we have available is allocated in an optimal way where the portfolio is strengthened, and value is created for the shareholders.

- Daniel Brodén, Chief Financial Officer (CFO)

Cereno's key objectives

2020-2021

Clinical phase
- Start Phase II study with CS1 in PAH

Preclinical phase
- Start development program for C585 and CS014

Business development

2022-2023

Clinical phase
- Successfully completed Phase II study with CS1 in PAH
- Initiated Phase IIb/III study with CS1

Preclinical phase
- CS585 and CS014 is ready to start clinical studies

Business development

Cardiovascular diseases

Cardiovascular disease is the most common cause of death in the world, killing nearly twice as many people as cancer every year. Cereno develops novel treatments in cardiovascular diseases that can offer better efficacy and fewer side effects compared with today's available drugs.

The area of cardiovascular diseases includes all conditions that affect the heart or blood vessels and include both common and rare diseases. Many of these affect older people and have a great negative impact on their quality of life. These diseases often, directly or indirectly, lead to an early death. Every year, nearly 18 million people die from a cardiovascular disease – a number only expected to grow. Heart attack and stroke are two of the most common cardiovascular diseases and account for 85 percent of these deaths.

The treatment options offered to patients today are insufficient. The associated economic societal burden for cardiovascular diseases is high and estimated to an annual cost of EUR 210 billion in Europe and USD 555 billion in the US.

Associated economic societal burden for cardiovascular diseases

Pulmonary arterial hypertension (PAH)

The rare disease pulmonary arterial hypertension (PAH) is a specific form of pulmonary hypertension. The disease causes the blood pressure in the lungs to become abnormally high and it affects around 5-15 per 100,000 people globally. PAH is a progressive disease with various etiologies that eventually leads to heart failure and poor lung function. Patients diagnosed with PAH have a serious prognosis where about 30 percent of patients die within 5 years, however, their quality of life deteriorates substantially long before that.

In most cases, there is no known cause to why PAH occur. The disease is characterized by an increase in the pulmonary pressure secondary to a thickening of the walls of the pulmonary arteries, ie the blood vessels that lead from the right side of the heart to the lungs. This impedes blood flow and causes high blood pressure in the lungs, at later stages local blood clots (so-called thromboses) are also formed.

PAH has a major impact on individuals' level of function and causes shortness of breath, fatigue, chest pain, reduced ability to work, unnatural swelling, fainting and heart palpitations. This is also of significant importance for their physical, mental and social well-being.

There is currently no cure apart from lung transplantation, which patients are often too seriously ill to undergo when it is time. The treatments offered today are only focused on improving the patient's level of function and involve, at best, a moderate slowdown in the development of the disease. Cereno therefore sees that there is a great need for new disease-modifying treatments that can give patients an opportunity for an improved and longer life.

The need for new, better treatments for patients suffering from cardiovascular diseases is great and growing. There is a gap today that innovation can fill and provide patients the opportunity for a better daily life.

- Björn Dahlöf, Chief Medical Officer (CMO)

Thrombotic indications

A dangerous thrombosis occurs when a blood clot clogs inside a blood vessel and it can occur in many different places in the body. There are two different forms of thrombosis, venous thrombosis is when the blood clot blocks a vein that carries blood from the body to the heart and arterial thrombosis is when the blood clot blocks an artery that carries oxygen-rich blood from the heart to the body. Thrombosis is a serious complication that contributes to about 85 percent of all deaths in cardiovascular diseases with heart attack and stroke as two of the more common conditions.

Deep vein thrombosis (DVT) is a condition in which blood clots form in the deep veins, usually in a leg. A serious complication is that the blood clot can loosen and travel with the blood flow to end up and block the blood flow in the lungs (emboli), which leads to a lack of oxygen in the body's tissues. DVT and pulmonary embolism are common but often escape diagnosis and only found at autopsy. Therefore, it is a large number of unreported cases, but it is estimated that DVT affects about 80 cases per 100,000 people each year.

A stroke is caused by a blood clot that forms locally in the brain or has travelled from the heart to the brain.

Stroke prevention in patients with atrial fibrillation (SPAF) is to prevent the arrhythmia to cause a stroke or other cardiovascular complications. Atrial fibrillation is the most common type of arrhythmia and affects approximately 38 million people globally.

Anticoagulants, also called blood-thinning drugs, are drugs commonly used in the treatment of DVT and SPAF. However, these involve a serious risk of bleeding and there is a great need for new preventive treatment strategies.

Rare diseases

There are approximately 6,000–8,000 rare diseases, affecting more than 300 million people worldwide. Despite this, about 95 percent of these diseases have no approved treatment. There is not even a common global definition of what a rare disease is, but different regions have created their own. In the US, it counts as a rare disease if it affects fewer than 200,000 people while in Europe, the definition states that it should be fewer than 1 in 2,000 people affected.

About 95 % of all rare diseases have no approved treatment.

Rare diseases came to be called 'orphan diseases', ie abandoned diseases, because pharmaceutical companies were not interested in developing treatments for a smaller market. In the US, therefore, the 'Orphan Drug Act' was launched to create financial incentives to encourage companies to develop novel treatments for rare diseases.

Project portfolio

Cereno has a project portfolio targeting common and rare cardiovascular diseases. The aim is to develop treatments that can improve the life for affected patients. The portfolio comprises a Phase II program and two preclinical programs.

Clinical phase
Tolerability, safety and efficacy studies

CS1
The furthest developed drug candidate CS1 acts as an epigenetic modulator with anti-thrombotic, anti-inflammatory, anti-fibrotic and pressure-relieving properties. A clinical phase II study is planned for the treatment of the rare disease pulmonary arterial hypertension (PAH).

Preclinical phase
Laboratory studies to achieve requirements for clinical phase

CS585
The program has demonstrated potential to significantly advance treatments within selected cardiovascular diseases in initial studies.

CS014
The program comprises epigenetic modulating drug candidates that are being evaluated to treat cardiovascular diseases.

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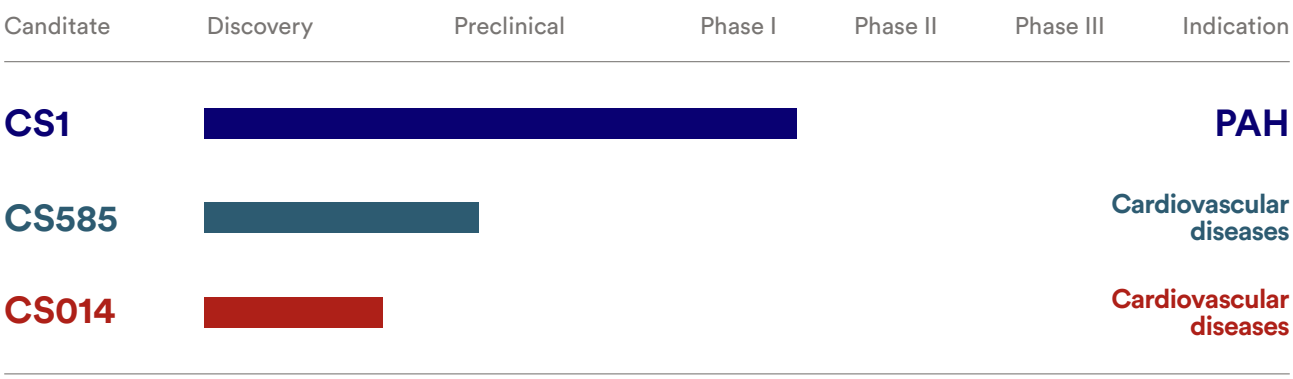
It is gratifying to now be able to initiate two full preclinical development programs after that they have shown potential to significantly improve treatments for cardiovascular disease in animal studies. A good complement to our clinical portfolio.

- Niklas Bergh, Chief Scientific Officer (CSO)

Drug candidates in the portfolio



Epigenetic modulation

Cereno has two projects that use an epigenetic modulation platform based on HDAC inhibitors – the clinical drug candidate CS1 and the preclinical program CS014. The company is one of the first to develop treatments for cardiovascular disease by applying epigenetic modulation. This provides an opportunity to develop safer and better treatments for cardiovascular diseases in a completely new way.

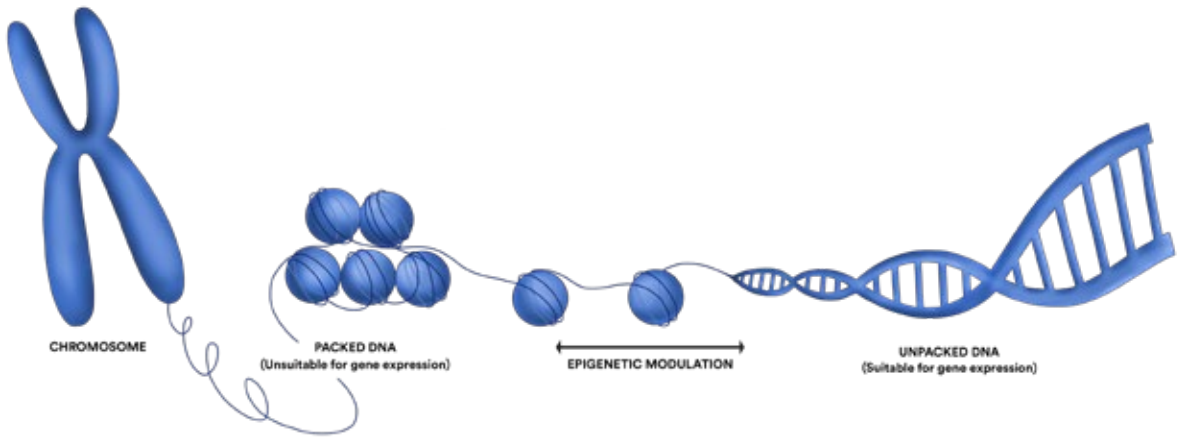
Epigenetic modulation can be described as a change in gene expression without an actual alteration of genetic material. In recent years, epigenetic modulation has played an important role in new treatments for cancer, but the use of epigenetic modulation in cardiovascular diseases has just begun. Gene expression can occur when the cells control the coiling and uncoiling of the DNA strand around the terminal tails of the core histones. This is where the importance of histone deacetylase (HDAC) come into play.

One of the most common epigenetic modulators is a class of enzymes called HDACs. HDACs are found in most cells throughout the body, and stimulation of these can lead to changes in how an individual's DNA is interpreted within the cells. This can affect key cellular mechanisms and thus increase the risk of disease.

Researchers have discovered ways to regulate certain disease-causing epigenetic changes as a form of treatment using inhibitors. HDAC inhibitors are epigenetic modulators with a full range of disease-modifying effects, which has caught the interest of many pharmaceutical and biotech companies in various disease areas.

> **Cereno is one of the first to develop treatments for cardiovascular disease by applying epigenetic modulation. This provides an opportunity to develop safer and better treatments for cardiovascular diseases in a completely new way.**

Simplified illustration of epigenetic modulation



Clinical drug candidate CS1

The drug candidate CS1 is a new advanced reformulation of valproic acid (VPA) and acts as an epigenetic modulator with anti-thrombotic, anti-inflammatory, anti-fibrotic, and pressure-relieving properties. CS1 is being developed as a treatment for the rare disease pulmonary arterial hypertension (PAH) with the aim to offer patients a better, disease-modifying drug. A Phase II study is planned to start in September 2021.

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, especially no bleedings. 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:

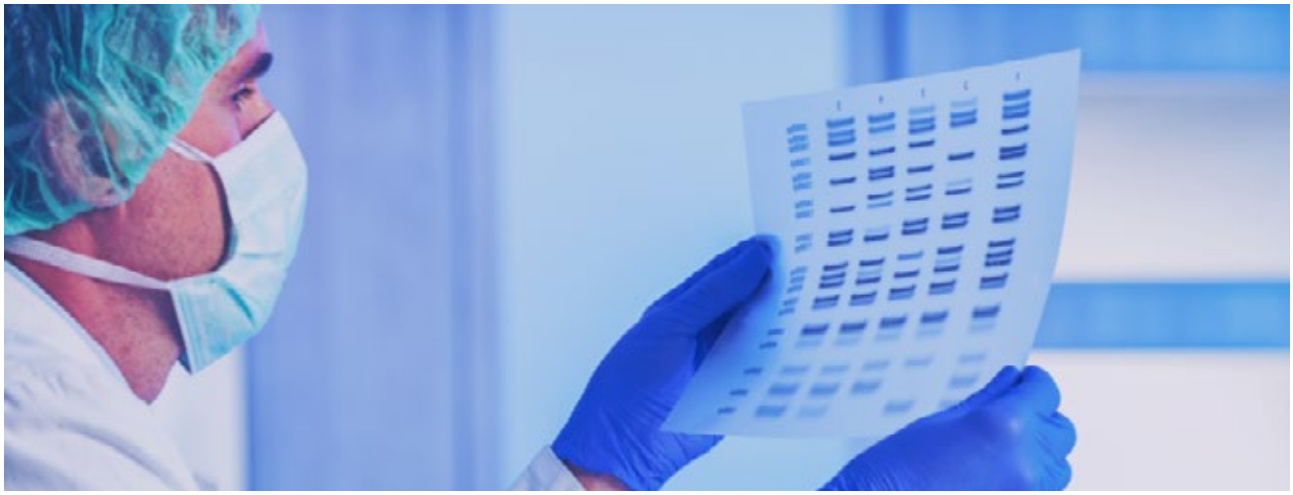
- Anti-thrombotic
- Anti-inflammatory
- Anti-fibrotic
- Pulmonary pressure-relieving properties

Phase IIa study in PAH

CS1's unique efficacy profile has been shown to be a good match with the pathogenetic mechanisms of the rare disease PAH and is believed to be able to meet remaining unmet clinical needs.

The clinical development program for CS1 in PAH is anchored in the Orphan Drug Designation (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. Through the granted ODD request, the FDA has indicated that they believe that CS1 has the potential to provide significant benefit to patients suffering from PAH.

CS1 is being developed as a treatment for the rare disease pulmonary arterial hypertension (PAH) with the aim to offer patients a better, disease-modifying drug. CS1's unique efficacy profile has been shown to be a good match with the pathogenetic mechanisms of the rare disease PAH and is believed to be able to meet the remaining unmet clinical needs.



A clinical phase II study is now being prepared to confirm CS1's safety, tolerability and efficacy in patients with PAH. The study will be conducted at approximately six different clinical centers in USA with 30 participating patients. The plan is to start the study in September 2021.

Cereno's objective is to use epigenetically modulating drugs to improve the health of patients with common and rare cardiovascular diseases.

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

Patent overview

Cereno has three patent families in relation to the drug candidate CS1. In two of these patent families, combined, patents have been granted in the major global markets, including the US, Japan and Canada. Additional patent applications currently undergo national registration processes at other strategically selected markets, which, if approved, could provide additional market exclusivity.

Preparations for the start of the Phase II study with CS1 are beginning to fall into place. I have worked with our partners regarding, among other things, substance manufacturing to ensure that the right certifications and regulatory requirements are achieved and to ensure that distribution of the drug to study centers is secured.

- Jan-Peter Idström, Senior Director Development

Preclinical program

Cereno has two preclinical programs that are being evaluated for the treatment of cardiovascular diseases. The purpose is to conduct full preclinical development programs to meet the requirements to start clinical studies.

CS585

Preclinical program CS585 can be described as small molecules, analogs to the endogenous metabolite 12-HETrE. It is a stable, selective, and potent IP (prostacyclin) receptor agonist that has demonstrated potential to significantly improve on mechanism relevant to selected cardiovascular diseases through initial in vivo animal models.

Cereno signed an option agreement with the University of Michigan in March 2020 that gave exclusive rights to evaluate the market potential of CS585 and the possibility of in-licensing the candidate.

CS585 is now undergoing a preclinical development program through a research collaboration with the University of Michigan.

CS014

The preclinical program CS014 is being developed for the treatment of cardiovascular diseases. A preclinical development program is now being conducted with CS014 in collaboration with the University of Michigan.

CS014 was acquired from Emeriti Bio in March 2019 and has since been developed in a collaboration between Cereno and Emeriti Bio.

Research collaboration with University of Michigan

The University of Michigan is a top-ranked public research university in Ann Arbor, Michigan, US, with an extensive track record of successful collaborations with the pharmaceutical industry. The university has one of the largest annual collegiate research budgets of any university in the US. Over USD 1.6 billion is spent on research and development annually across its 2.8 million square feet of laboratory space. The university has 6,200 faculty members and roughly 38,000 employees.

Dr. Michael Holinstat leads the work on Cereno's two preclinical programs. Dr. Michael Holinstat received his Ph.D. in pharmacology from the University of Illinois, Chicago, and completed postdoctoral training at Vanderbilt University in Nashville. His research interests include areas such as thrombosis, pharmacology and hematology. Dr. Holinstat is an Associate Professor in Pharmacology and lead the translational programs in drug development in Hemostasis and Thrombosis in the Department of Pharmacology at the University of Michigan. Dr. Holinstat has built a "state of the art" laboratory to investigate the effects of different pharmacological principles on platelets and coagulation both in vitro and in vivo.

Market

About 30 percent of all deaths worldwide can be attributed to a cardiovascular disease. The World Health Organization already considers this is a global epidemic with the expectation of increased numbers of affected people over time. This means that there is a significant market mainly due to the high death rates and the negative impact on patients' quality of life that common and rare cardiovascular diseases cause.

Most complications from cardiovascular diseases occur because blood clots form in the body's cardiovascular system and impede blood flow. Heart attack and stroke are the two most common conditions caused by a blood clot forming and blocking a blood vessel. About 85 percent of all deaths from cardiovascular diseases are due to heart attack or stroke.

Antithrombotic drugs, also called blood thinners, which today are used to reduce the formation of blood clots constitute only a small part of the total market for cardiovascular diseases; nevertheless, this market is expected to grow by approximately 7.5 percent per year. By 2025, this global market has grown to approximately USD 43 billion. This is even though today's antithrombotic drugs cause a serious and unwanted side effect with an increased risk of bleeding from all organs that can cause hospital stays and death. The need for new treatments with less risk of bleeding is therefore great and a priority in the area.

Patents are key in drug development because they provide an important opportunity to offer market exclusivity for a drug. This protects the significant investments required to develop and launch a drug. Our patent strategy allows us to both strengthen Cereno's commercial position in future partnering discussions while considering the long-term perspective in relation to potential commercial competitors.

- Jonas Faijerson Säljö, Chief Intellectual Property Officer (CIPO)

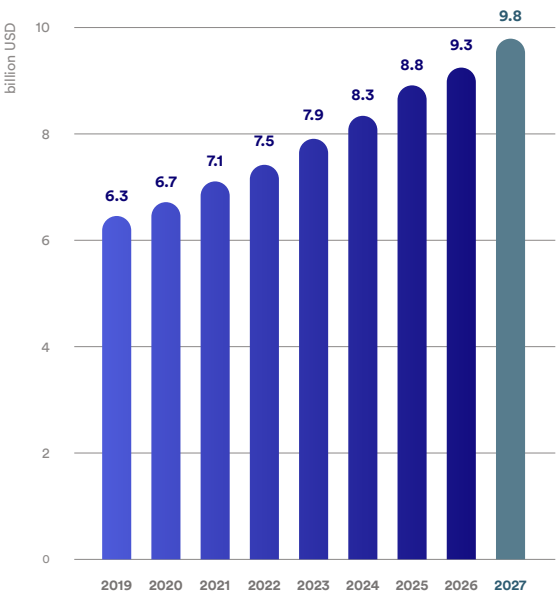
The market for Cereno's clinical drug candidate CS1

CS1 is being developed to treat patients with the rare disease PAH. Today, there is no cure for this disease other than lung transplantation, which in most cases these patients are not eligible for. Some progress has been made in PAH treatments, but these existing treatments only improve the patient's functional level and involve a moderate slowdown in the disease development. There is no other known development project or established drug for PAH that has the same unique efficacy profile as CS1.

The market for PAH is estimated at close to USD 7 billion with an expected annual increase even though it is a disease with a smaller patient population.

Two of the three patent families for CS1 have, combined, granted patents in the most important global markets, e.g. in the US, Japan and Canada. Additional patent applications currently undergo national registrations in other strategically selected markets, which, if approved, could provide additional market exclusivity. The company's IP assets are continuously evaluated based on new discoveries from preclinical and clinical studies that may constitute an opportunity for further expanded patent protection.

Market size for PAH



Organization

Cereno has built up a strong team of employees, long-term consultants and advisors working towards a common goal of improving treatments for patients with cardiovascular diseases. Key competencies in the areas of commercial, medical, drug development and intellectual property rights (IP) are secured in the company.

The company has an international presence with locations in both Sweden and the US. The headquarter is located at AstraZeneca's BioVentureHub in Gothenburg. A US subsidiary, Cereno Scientific Inc., is based at the biotech center in Kendall Square, Boston, Massachusetts.

Cereno has created an extensive network of high-profile experts in the field of cardiovascular diseases who contribute to a high level of experience and are involved in both clinical strategy and drug development in the company. These collaborations with advisors enable close contact with the clinical reality, ongoing research and open doors to a large network of researchers and opinion leaders that is valuable for the company's development.

Cereno's scientific advisors

- **Dr. Bertram Pitt,** Professor emeritus in Medicine, University of Michigan School of Medicine
- **Dr. Gunnar Olsson,** MD & Ph.D. in Medical Sciences, Karolinska Institute
- **Dr. Faiez Zannad,** Professor emeritus of therapeutics and cardiology, Université de Lorraine
- **Dr. Deepak Bhatt,** Professor in Medicine, Harvard Medical School
- **Dr. Gordon Williams,** Professor in Medicine, Harvard Medical School
- **Dr. Raymond Benza,** Professor & Director of Cardiovascular Diseases, Ohio State University Wexner Medical Center
- **Dr. Michael Holinstat,** Associate professor in Internal Medicine, Division of Cardiovascular Medicine University of Michigan

Partners for drug development

Cereno works with a number of carefully selected partners to be able to carry out research and development and operationally drive the company forward.

Preclinical development	Cyprotex
	Emeriti Bio
	Inorbit Therapeutics
	University of Michigan
Formulation development	Galenica
Pharmaceutical synthesis	GVK
	Red Glead Discovery
Clinical studies, CRO	Worldwide Clinical Trials
IPR strategy	Mintz
	Synergon
Regulatory strategy	NDA Regulatory Service
Regulatory ODD strategy	RareMoon
Business development and strategy	Cello Health BioConsulting
	Orchid BioVentures
	Hibiscus BioVentures
	MS&C Nordics
Business administration	Business Sweden
	Frejs Revisorer
	MAQS Advokatbyrå
	Nestil
	RSM
	Söderberg & Partner

Board of Directors and Management

Board of Directors

Catharina Bäärnhielm
Chair of Board
Chair in Cereno Scientific AB since November 2015.

Björn Dahlöf
Board member
Board member in Cereno Scientific AB since company foundation in April 2012.

Jonas Faijerson Säljö
Board member
Board member in Cereno Scientific AB since company foundation in April 2012.

Sverker Jern
Board member
Board member in Cereno Scientific AB since April 2012.

Anders Svensson
Board member
Board member in Cereno Scientific AB since October 2018.

Klementina Österberg
Board member
Board member in Cereno Scientific AB since August 2014 and CEO of GU Ventures.

Deputy board members

Niklas Bergh
Deputy board member
Deputy board member in Cereno Scientific AB since November 2015.

Jan Pilebjer
Deputy board member
Deputy board member in Cereno Scientific AB since June 2018.

Management

Sten R. Sörensen
Chief Executive Officer

Björn Dahlöf
Chief Medical Officer

Niklas Bergh
Chief Scientific Officer

Jonas Faijerson Säljö
Chief Intellectual Property Officer

Daniel Brodén
Chief Financial Officer

Jan-Peter Idström
Senior Director Development

Tiina Seppä
Director of Clinical Research and Regulatory Affairs

Tove Bergenholt
Director of Communications and IR

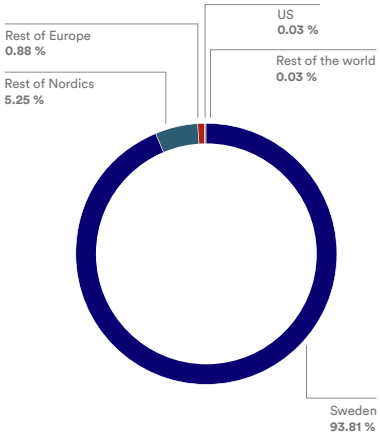
Stine Birk Hansen
Project Director

The share

Cereno's share has been listed on the Spotlight Stock Market since June 22, 2016. At the turn of the year, the share capital in Cereno amounted to SEK 7,181,931 divided into 71,819,312 shares, of which 722,248 Class A shares. The shares have a ratio value of SEK 0.10. All shares carry one vote where the Class A share gives ten (10) votes per share and one (1) vote per Class B share. The number of shareholders on December 31, 2020 was approximately 2,955. The five largest owners held approximately 25 percent of the share capital.

Share development

Shares per regions on December 31, 2020



Source: Euroclear Sweden AB

Size per class on December 31, 2020

Holding	Number of shareholders	Quantity A shares	Quantity B shares	Shares in total	Holding (%)	Votes (%)
1 - 500	563	0	117 308	117 308	0.16 %	0.16 %
501 - 1 000	380	0	313 663	313 663	0.44 %	0.40 %
1 001 - 2 000	419	0	675 942	675 942	0.94 %	0.86 %
2 001 - 5 000	577	0	2 050 902	2 050 902	2.86 %	2.62 %
5 001 - 10 000	374	0	2 917 370	2 917 370	4.06 %	3.72 %
10 001-20 000	248	0	3 666 434	3 666 434	5.11 %	4.68 %
20 001 - 50 000	194	0	6 336 541	6 336 541	8.82 %	8.09 %
50 001 - 100 000	102	0	7 636 596	7 636 596	10.63 %	9.75 %
100 001 - 500 000	81	0	17 894 224	17 894 224	24.92 %	22.85 %
500 001 - 1 000 000	7	259 360	4 694 481	4 953 841	6.90 %	9.31 %
1 000 001 - 5 000 000	9	462 888	16 976 476	17 439 364	24.28 %	27.59 %
5 000 001 - 10 000 000	1*	0	7 817 145	7 817 145	10.88 %	9.98 %
10 000 001 -	0	0	0	0	0.00 %	0.00 %
Total	**2 955**	**722 248**	**71 097 064**	**71 819 312**	**100.00 %**	**100.00 %**

* Owner is Avanza Pension.

Source: Euroclear Sweden AB

Administration Report

The Board of Directors and the CEO of Cereno Scientific AB (556890-4071) hereby submit the Annual Report for the fiscal year 2020-01-01 - 2020-12-31. The Annual Report is prepared in Swedish kronor, SEK.

Operations

Cereno Scientific is a clinical stage biotech company within cardiovascular diseases. 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, all relevant for PAH. A clinical phase II study for CS1 in PAH is expected to be initiated in September 2021 under its US FDA granted orphan drug designation (ODD) status. In addition, Cereno has two promising preclinical development programs targeted at treating cardiovascular diseases. The company is headquartered in AstraZeneca's BioVenture Hub, Sweden, and has a US subsidiary Cereno Scientific Inc. based in Kendall Square in Boston, Massachusetts, US. Cereno is listed on the Swedish Spotlight Stock Market (CRNO B). More information on www.cerenoscientific.com.

Financial performance

During the 2020, the company mainly invested in the development of the production process of clinical supplies, in the development of its patent portfolio, and in preclinical studies within its NCE program. The directed issue that the Board of Directors resolved upon on 30 September got registered at the Swedish Companies Registration Office in October and provided the company with approximately SEK 60 million before deduction of transaction costs. At the end of the fourth quarter, the group had a cash balance of approximately SEK 66,0 million and an equity/assets ratio of 88,9 %.

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.

Company structure and shareholding

On 20 December 2019, a US subsidiary, Cereno Scientific Inc. was formed. The company is a wholly owned subsidiary of 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.

Share capital

On 31 December 2020, the share capital was divided across 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 convertible loans

The financing agreement concluded with the European High Growth Opportunities Securitization Fund on 1 March 2019 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, 31 December 2020, was 2,247,569. After the completed preferential issue in June 2019, the restated number of Class B 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 new shares that the warrants can be used to subscribe to 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 share 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 TO 1 B and TO 2 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 TO 1 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 TO 1 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.

The five largest shareholders per 31 Dec 2020

Name	Capital	Votes
Avanza Pension	10.88 %	9.98 %
Milad Pournouri	4.41 %	4.05 %
Formue Nord Fokus AS	4.07 %	3.73 %
Ivar Nordqvist	2.94 %	2.70 %
Peyman Pournouri	2.84 %	2.61 %

Development of the group's operations, profit/loss and position*

(SEK)	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Net sales	-	-	-	-	-
Loss after financial items	-16 017 060	-1 043 828	-	-	-
Total assets	112 231 644	64 059 182	-	-	-
Equity/assets ratio %	88.9	93.1	-	-	-

*The group commenced on 20 December 2019.

Development of the parent company's operations, profit/loss and position

(SEK)	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Net sales	-	-	-	-	-
Loss after financial items	-16 015 061	-15 279 801	-11 838 887	-4 600 804	-6 051 347
Total assets	112 159 718	64 060 123	36 836 765	25 759 479	30 474 886
Equity/assets ratio %	88.9	93.1	63.5	91.3	92.4

Group – Condensed change in equity

2020-01-01 - 2020-12-31	Share capital	Other contributed capital	Other capital including profit/loss for the year
At the start of the period	4 021 931	52 725 374	2 902 257
Exchange rate differences when translating foreign subsidiaries			5 965
Reclassification of warrants issued		536 853	-536 853
New share issue	3 160 000	56 880 000	
Issue expenses		-3 934 941	
Loss for the period			-16 017 958
At the end of the period	**7 181 931**	**106 207 286**	**-13 646 589**

Parent company – Condensed change in equity

2020-01-01 - 2020-12-31	Share capital	Fund for development expenses	Share premium reserve	Retained earnings	Net loss for the period
At the start of the period	4 021 931	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			-3 934 941		
Redistribution in equity		8 223 388		-8 223 388	
Loss for the period					-16 015 061
At the end of the period	**7 181 931**	**39 321 673**	**52 945 059**	**16 305 958**	**-16 015 061**

Proposed disposition of the company's profit or loss

The Board of Directors and the CEO propose that available profits, SEK 53,235,957, be disposed of as follows:

Share premium reserve 52,945,059
Retained earnings..... 16,305,959
Profit/loss for the year ..... -16,015,061
Amount..... 53,235,957

Retained in new account..... 53,235,957
Amount..... 53,235,957

Regarding the company's profit/loss and position in general, reference is made to subsequent income statements and balance sheets with accompanying notes.

Group - Condensed income statement

(SEK)	Note	1 Jan 2020 31 Dec 2020 12 months	20 Dec 2019 31 Dec 2019
Net sales		-	-
Capitalised work for own account		8 223 388	187 544
		8 223 388	**187 544**
Operating expenses			
Other external costs	3	-22 509 095	-990 364
Personnel costs	4	-1 445 422	-238 987
Depreciation of tangible fixed assets		-14 308	-
Operating loss		**-15 745 437**	**-1 041 807**
Loss from financial items			
Interest expenses and similar expenses		-271 623	-2 021
Loss after financial items		**-16 017 060**	**-1 043 828**
Loss before tax		**-16 017 060**	**-1 043 828**
Income taxes	5	-898	-
Loss for the period		**-16 017 958**	**-1 043 828**

Group - Condensed balance sheet

(SEK)	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditures for development activities	8	37 451 534	31 438 808
Patents, trademarks, licenses and similar rights	9	7 191 939	4 981 277
		44 643 473	**36 420 085**
Tangible assets			
Fixtures, tools and installations	10	57 239	65 390
		57 239	**65 390**
Financial assets			
Other long-term receivables	12	7 534	-
		7 534	**0**
Total fixed assets		**44 708 246**	**36 485 475**
Current assets			
Current receivables			
Other receivables		840 446	1 008 819
Prepaid expenses and accrued income		678 600	465 339
		1 519 046	**1 474 158**
Cash and bank balance		**66 004 352**	**26 099 549**
Total current assets		**67 523 398**	**27 573 707**
TOTAL ASSETS		**112 231 644**	**64 059 182**

Group - Condensed balance sheet cont.

(SEK)	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Share capital		7 181 931	4 021 931
Other contributed capital		106 207 286	52 725 374
Other capital including loss for the year		-13 646 588	2 902 257
Equity attributed to the Parent Company's shareholders		**99 742 629**	**59 649 562**
Holdings without controlling influence		-	-
Total equity		**99 742 629**	**59 649 562**
Long-term liabilities			
Other liabilities to credit institutions	13	400 000	400 000
		400 000	**400 000**
Current liabilities			
Accounts payable		1 073 968	2 489 039
Tax liabilities		25 697	-
Bridge loan		9 120 000	-
Other liabilities		123 878	93 141
Accrued expenses and deferred income		1 745 472	1 427 440
		12 089 015	**4 009 620**
TOTAL EQUITY AND LIABILITIES		**112 231 644**	**64 059 182**

Group - Condensed cash flow statement

(SEK)	Note	1 Jan 2020 31 Dec 2020 12 months	20 Dec 2019 31 Dec 2019
OPERATING ACTIVITIES			
Loss after financial items		-16 017 060	-1 043 828
Adjustments for items not included in the cash flow			
Depreciations		14 308	-
Translation differences		5 917	-
Accrued expenses for borrowings		120 000	-
Accrued interest cost		150 000	-
New share issue through offset of liability		818 288	-
Taxes paid		0	-
Cash flow from operating activities before changes in working capital		**-14 908 547**	**-1 043 828**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-194 888	-661 012
Increase (+)/Decrease (-) in operating liabilities		-1 041 454	926 457
Cash flow from operating activities		**-16 144 889**	**-778 383**
Investing activities			
Acquisition of intangible assets		-8 223 388	-349 993
Acquisition of tangible assets		-6 157	-
Acquisition of financial assets		-7 534	-
Cash flow from investing activities		**-8 237 079**	**-349 993**
Financing activities			
New share issue		59 221 712	-
Issue expenses		-3 934 941	-
Borrowings		10 000 000	-
Costs associated with borrowings		-1 000 000	-
Cash flow from financing activities		**64 286 771**	**0**
Cash flow for the period		**39 904 803**	**-1 128 376**
Cash and cash equivalents at start of period		**26 099 549**	**27 227 925**
Cash and cash equivalents at end of period		**66 004 352**	**26 099 549**

Parent company - Condensed income statement

(SEK)	Note	1 Jan 2020 31 Dec 2020 12 months	1 Jan 2019 31 Dec 2019 12 months
Net sales		-	-
Capitalised work for own account		8 223 388	10 869 705
Other operating income	2	-	125 862
		8 223 388	**10 995 567**
Operating expenses			
Other external costs	3	-22 507 095	-23 161 120
Personnel costs	4	-1 445 422	-942 954
Depreciation of tangible fixed assets		-14 308	-
Operating loss		**-15 743 438**	**-13 108 507**
Loss from financial items			
Interest expenses and similar expenses		-271 623	-2 171 294
Loss after financial items		**-16 015 061**	**-15 279 801**
Loss before tax		**-16 015 061**	**-15 279 801**
Income taxes	5	-	-
Loss for the period		**-16 015 061**	**-15 279 801**

Parent company - Condensed balance sheet

(SEK)	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditures for development activities	8	37 451 534	31 438 808
Patents, trademarks, licenses and similar rights	9	7 191 939	4 981 277
		44 643 473	**36 420 085**
Tangible assets			
Fixtures, tools and installations	10	57 239	65 390
		57 239	**65 390**
Financial assets			
Shares in group company	11	941	941
		941	**941**
Total fixed assets		**44 701 653**	**36 486 416**
Current assets			
Current receivables			
Receivables from Group companies		62 592	-
Other receivables		840 446	1 008 819
Prepaid expenses and accrued income		599 200	465 339
		1 502 238	**1 474 158**
Cash and bank balance		**65 955 827**	**26 099 549**
Total current assets		**67 458 065**	**27 573 707**
TOTAL ASSETS		**112 159 718**	**64 060 123**

Parent company - Condensed balance sheet cont.

(SEK)	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		7 181 931	4 021 931
Fund for development expenses		39 321 673	31 098 285
		46 503 604	**35 120 216**
Unrestricted equity			
Share premium reserve		52 945 059	52 725 374
Retained earnings		16 305 959	-12 916 227
Profit/loss for the period		-16 015 061	-15 279 801
		53 235 957	**24 529 346**
Total equity		**99 739 561**	**59 649 562**
Long-term liabilities			
Other liabilities to credit institutions	13	400 000	400 000
		400 000	**400 000**
Current liabilities			
Accounts payable		1 073 968	2 489 039
Tax liabilities		24 847	-
Bridge loan		9 120 000	-
Other liabilities		123 878	94 082
Accrued expenses and deferred income		1 677 464	1 427 440
		12 020 157	**4 010 561**
TOTAL EQUITY AND LIABILITIES		**112 159 718**	**64 060 123**

Parent company - Condensed cash flow statement

(SEK)	Note	1 Jan 2020 31 Dec 2020 12 months	1 Jan 2019 31 Dec 2019 12 months
OPERATING ACTIVITIES			
Loss after financial items		-16 015 061	-15 279 801
Adjustments for items not included in the cash flow			
Depreciations		14 308	-
Accrued expenses for borrowings		120 000	1 249 596
Accrued interest cost		150 000	-
Share issue through conversion of loans		-	5 600 000
Deficit in resolve of conversion rights		-	-4 120 651
New share issue through offset of liability		818 288	491 399
Cash flow from operating activities before changes in working capital		**-14 912 465**	**-12 059 457**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-178 080	-330 225
Increase (+)/Decrease (-) in operating liabilities		-1 110 403	-9 034 207
Cash flow from operating activities		**-16 200 948**	**-21 423 889**
Investing activities			
Acquisition of intangible assets		-8 223 388	-11 964 395
Acquisition of tangible assets		-6 157	-65 390
Acquisition of financial assets		-	-941
Cash flow from investing activities		**-8 229 545**	**-12 030 726**
Financing activities			
New share issue		59 221 712	60 551 974
Issue expenses		-3 934 941	-11 360 865
Warrants issued		-	375 510
Borrowings		10 000 000	12 000 000
Costs associated with borrowings		-1 000 000	-
Amortisation of loans		-	-12 000 000
Convertible loans		-	-
Costs associated with convertible loans		-	-1 249 596
Cash flow from financing activities		**64 286 771**	**48 317 023**
Cash flow for the period		**39 856 278**	**14 862 408**
Cash and cash equivalents at start of period		**26 099 549**	**11 237 141**
Cash and cash equivalents at end of period		**65 955 827**	**26 099 549**

Accounting policies and notes

Note 1. Accounting policies

Amounts in SEK unless otherwise indicated.

This Annual Report has 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 accounting policies are unchanged from the previous year.

Assets, provisions and liabilities have been measured at cost unless otherwise indicated below.

Consolidated financial statement

Subsidiaries

Subsidiaries are companies in which the Parent Company directly or indirectly holds more than 50 per cent of the voting rights or otherwise exercises a controlling interest. A controlling interest entails the right to design a company's financial and operational strategies for the purpose of obtaining financial benefit. The recognition of business acquisitions is based on the economic entity approach, which means that an acquisition analysis is prepared as of the point in time when the acquirer obtains a controlling interest. As of that point in time, the acquirer and the entity acquired are regarded as a single economic entity. Furthermore, the application of the economic entity approach means that all assets (including goodwill) and liabilities, as well as revenue and costs, are taken into account in their entirety, even for partially owned subsidiaries.

The cost of subsidiaries is calculated as the sum of fair value on the acquisition date for assets paid for plus liabilities that have arisen or were taken over, as well as equity instruments issued, expenditures directly attributable to the business acquisition and any purchase considerations. The acquisition analysis establishes the fair value on the acquisition date, with a few exceptions, of identifiable assets acquired and liabilities taken over as well as minority interests. Minority interests are measured at fair value on the acquisition date. As of the acquisition date, the consolidated financial statement includes the company's revenue and costs, identifiable assets and liabilities, and any goodwill or negative goodwill that has arisen.

Elimination of intra-Group transactions

Intra-Group receivables and liabilities, revenue and costs, and unrealised gains or losses that arise in conjunction with intra-Group transactions are eliminated in their entirety. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no indication of a need for impairment.

Intangible fixed assets

Intangible fixed assets are recognised at cost less accumulated amortisations and impairments. In addition to the purchase price, the costs includes expenditures directly attributable to the acquisition.

Research and development expenditures

When recognising expenditures for development, the capitalisation model is applied. This means that expenses that arose during the development phase are recognised as assets when all the conditions below have been met:

- Completion of the intangible fixed asset is possible so that it can be used or sold.
- The intent is to complete the intangible fixed asset, either to use it or to sell it.
- The conditions exists to use or sell the intangible fixed asset.
- It is probably that the intangible fixed asset will generate future financial benefit.
- The necessary technological, financial and other resources are adequate for completing development and for using or selling the intangible fixed asset.
- The expenditures attributable to the intangible fixed asset can reliably be calculated.

Amortisations

The asset is amortised on a straight-line basis over its estimated useful life. The amortisation is recognised as a cost in profit or loss. No intangible assets were amortised during the year. Amortisations will take place when the products are commercialised.

Impairments

At every balance sheet date, the asset is assessed to determine whether there is any indication that its value is less than its carrying amount. If there is such an indication, the recoverable amount of the asset is calculated.

The recoverable amount is the higher of fair value less selling costs and value in use. Calculation of value in use estimates the present value of future cash flows that the asset is expected to give rise to in operating activities, and when it is sold or disposed of. The discount rate used is before tax, and reflects the market assessments of the time value of the money and the risks pertaining to the asset. A prior impairment is cancelled only if the reasons that formed the

basis for calculating the recoverable amount at the most recent impairment have changed.

Tangible fixed assets
Tangible fixed assets are recognised at cost less accumulated depreciation and impairments. In addition to the purchase price, the costs includes expenditures directly attributable to the acquisition.

Depreciation
The asset is depreciated on a straight-line basis over its estimated useful life, since this reflects the expected use of the asset's future financial benefit. The depreciation is recognised as a cost in profit or loss.

The estimated residual value, established at the time of purchase at the price level then prevailing, is taken into account.

Equipment, tools, fixtures and fittings
Useful life.....5 years

Leases (lessees)
All leases have been classified as finance or operating leases. A finance lease is a lease under which the risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operating lease is a lease that is not a finance lease.

Finance leases
Rights and obligations under finance leases are recognised as assets and liabilities in the balance sheet. At initial recognition, the asset and liability are measured at the lesser of the asset's fair value and the present value of the minimum lease payments. Expenditures directly attributable to signing and arranging the lease are added to the amount recognised as an asset.

Operating leases
Lease payments under operating leases, including increased initial rent but excluding expenditures for services such as insurance and maintenance, are recognised as a cost on a straight-line bases over the term of the lease.

Foreign currency
Monetary items in foreign currency are restated at the exchange rate on the balance sheet date. Non-monetary items are not restated, but are recognised at the exchange rate on the date of purchase.

Exchange rate differences arising from the settlement or restatement of monetary items are recognised in profit or loss for the financial year in which they occur.

Financial assets and liabilities
Financial assets and liabilities are recognised in accordance with Chapter 11 (Financial instruments measured on the basis of cost) of BFNAR 2012:1.

On initial recognition, financial assets are measured at cost including any transaction expenditures directly attributable to the acquisition of the asset.

Non-current financial liabilities are recognised at amortised cost. Expenditures directly attributable to raising loans have adjusted the cost of the loan.

Bridge loan
Outstanding bridge lon are recognised at amortised cost. The costs for loans raised are recognised as an adjustment of the cost of the loan and are allocated over the term of the bridge loan.

Government grants
A government grant that is not linked with requirements for future performance is recognised as revenue when the conditions for winning the assignment have been met.

A government grant that is linked with requirements for future performance is recognised as revenue when performance is complete. If the grant has been received before the conditions for reporting it as revenue are met, the grant is recognised as a liability.

A government grant attributable to the acquisition of a fixed asset is recognised as a reduction in the cost of the asset.

Income tax
Total tax consists of current tax and deferred tax. Current tax refers to income tax for the current financial year and the proportion of income tax for previous financial years which is yet to be reported. Deferred tax is income tax which refers to future financial years as a result of previous events.

Note 2. Other operating income

	Group		Parent Company	
	2020	2019	2020	2019
Vinnova grant	-	-	-	125 862
Total	**-**	**-**	**-**	**125 862**

Note 3. Operating leases (lessees)

	Group		Parent Company	
	2020	2019	2020	2019
Rent for premises	168 577	2 825	126 500	95 277
Total	**168 577**	**2 825**	**126 500**	**95 277**

Future rent for premises totals SEK 168,577 per year.

Note 4. Employees

	Group		Parent Company	
	2020	2019	2020	2019
Average no. employees	1	1	1	1
Total	**1**	**1**	**1**	**1**

Note 5. Income tax

	Group		Parent Company	
	2020	2019	2020	2019
Current taxes	-898	-	-	-
Deferred taxes	-	-	-	-
Total	**-898**	**0**	**0**	**0**

Note 6. Reconciliation of effective tax

	Group		Parent Company	
	2020	2019	2020	2019
Result before taxes	-16 017 060	-1 043 828	-16 015 061	-15 279 801
Tax calculated at applicable tax rate for the parent company	3 427 650	223 379	3 427 223	3 269 877
Nondeductible expenses	-6 096	-	-6 096	-11 252
Other adjustments for tax purposes	842 077	-	842 077	2 431 225
Loss carryforward for which no corresponding tax asset was recognized	-4 263 631	-223 379	-4 263 204	-5 689 850
Effect of other tax rates on foreign subsidiaries	-898	-	-	-
Reported effective tax	**-898**	**-**	**-**	**-**

Note 7. Loss carryforward

	Group		Parent Company	
	2020	2019	2020	2019
Total unutilised taxable loss carryforwards	-69 266 020	-49 344 509	-69 266 020	-49 344 509
Total	**-69 266 020**	**-49 344 509**	**-69 266 020**	**-49 344 509**

Deferred tax assets on the taxable loss carryforward are not recognised, based on the precautionary principle.

Note 8. Capitalised expenditures for development activities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	31 438 808	31 251 264	31 438 808	20 569 104
Capitalisation for the year	6 012 726	187 544	6 012 726	10 869 704
Closing carrying amount	**37 451 534**	**31 438 808**	**37 451 534**	**31 438 808**

Note 9. Patents

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	4 981 277	4 818 828	4 981 277	3 886 587
New purchases	2 210 662	162 449	2 210 662	1 094 690
Closing carrying amount	**7 191 939**	**4 981 277**	**7 191 939**	**4 981 277**

Note 10. Equipment, tools and installations

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	65 390	-	65 390	-
New purchases	6 157	65 390	6 157	65 390
Closing accumulated costs	**71 547**	**65 390**	**71 547**	**65 390**
Opening depreciation	-	-	-	-
Depreciation for the year	-14 308	-	-14 308	-
Closing accumulated depreciation	**-14 308**	**0**	**-14 308**	**0**
Closing carrying amount	**57 239**	**65 390**	**57 239**	**65 390**

Note 11. Shares and participations in Group companies

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost			941	-
Purchases			-	941
Closing accumulated costs			**941**	**941**
Closing carrying amount			**941**	**941**

Information on the corporate identity numbers and domiciles of subsidiaries is indicated below.

Company, corp. ID no., domicile	Antal andelar	Andel (%)	Redovisat värde
Cereno Scientific Inc., Cambridge, MA, USA	**100**	**100**	**941**

Pertains to owner share of capital, which also corresponds with the share of votes for the total number of shares.

Note 12. Other long-term receivables

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening value	-	-	-	-
Additional receivables	7 534	-	-	-
Closing carrying amount	**7 534**	**0**	**0**	**0**

Note 13. Non-current liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Swedish Agency for Economic and Regional Growth	400 000	400 000	400 000	400 000
Total	**400 000**	**400 000**	**400 000**	**400 000**

The loan is a conditional loan, and no amortisation plan exists. The obligation to repay the loan arises only in conjunction with the project reaching the commercial phase and generating revenue.

Note 14. Securities pledged and contingent liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Securities pledged	None	None	None	None
Contingent liabilities	None	None	None	None

Note 15. Significant events after the end of the fiscal period

- Early January 2021, a letter of intent with the global contract research organization (CRO) Worldwide Clinical Trials was signed. Worldwide will provide support and guidance in the final preparatory steps as well as conduct the clinical Phase II study with drug candidate CS1 in rare disease pulmonary arterial hypertension (PAH).

- In conjunction with a Scientific Advisory Board meeting in January, Dr. Raymond L. Benza M.D., FACC, FAHA, FACP, US, was appointed to the Cereno Scientific Advisory Board. Benza is a global thought leader in pulmonary arterial hypertension (PAH) and has been working as an advisor to the company's Phase II program with drug candidate CS1 in PAH.

- At the end of January, an expansion of the intellectual property rights (IPR) for drug candidate CS1 across two different patent families was announced. The patent granted in Canada belongs to the company's first patent family, and the patent granted in Russia belongs to the company's second patent family. This is a result of Cereno's continuous work in securing IPR for its assets to strengthen the commercial positioning.

- In March, the rights to in-license a preclinical program from the University of Michigan, US, were obtained through an option agreement. The agreement grants Cereno the exclusive rights to evaluate the project in a preclinical development program during a time period of up to 27 months. If the evaluation is successful, Cereno can exclusively in-license the project for further clinical development and commercialization. This marks an expansion of Cereno's project portfolio with a promising preclinical program in cardiovascular diseases.

- In April, the timeline was set for the upcoming clinical phase II with drug candidate CS1 following the signing of the final agreements with clinical research organization Worldwide Clinical Trials. If the study timeline is followed according to plan, the first patient will start in September 2021 with study results expected in H2 2022.

- At the end of April, a collaboration agreement for the full preclinical development program of CS585 was signed with the University of Michigan. The development agreement includes the successful transition of CS585 to a clinical Phase I program. The IND-enabling work will in most part be conducted at the University of Michigan, a top-ranked public research university in the US with an extensive track record of successful collaborations with industry. CS585 is in development within cardiovascular diseases.

- At the beginning of May, it was announced that the collaboration agreement for CS014 with the University of Michigan will be extended to include a full preclinical development program. The objective of the signed development agreement is to successfully bring CS014 into a clinical Phase I program. The IND-enabling work will in most part be conducted at the University of Michigan, a top-ranked public research university in the US with an extensive track record of successful collaborations with industry. CS014 is in development within cardiovascular diseases.

Signatures

Gothenburg in May 2021

Catharina Bäärnhielm
Chair of the board

Björn Dahlöf
Board member

Anders Svensson
Board member

Jonas Faijerson Säljö
Board member

Klementina Österberg
Board member

Sverker Jern
Board member

Sten R. Sörensen
Chief Executive Officer

Our Audit Report has been submitted in May 2021

Frejs Revisorer AB

Mikael Glimstedt
Chartered Accountant

Cereno Scientific

Cereno Scientific is a clinical stage biotech company within cardiovascular diseases. 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, all relevant for PAH. A clinical phase II study for CS1 in PAH is expected to be initiated in September 2021 under its US FDA granted orphan drug designation (ODD) status. In addition, Cereno has two promising preclinical development programs targeted at treating cardiovascular diseases.

The company is headquartered in AstraZeneca's BioVenture Hub, Sweden, and has a US subsidiary Cereno Scientific Inc. based in Kendall Square in Boston, Massachusetts, US. Cereno is listed on the Swedish Spotlight Stock Market (CRNO B). More information on www.cerenoscientific.com.

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