Cereno Scientific

July - September 2022

Interim report Q3

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

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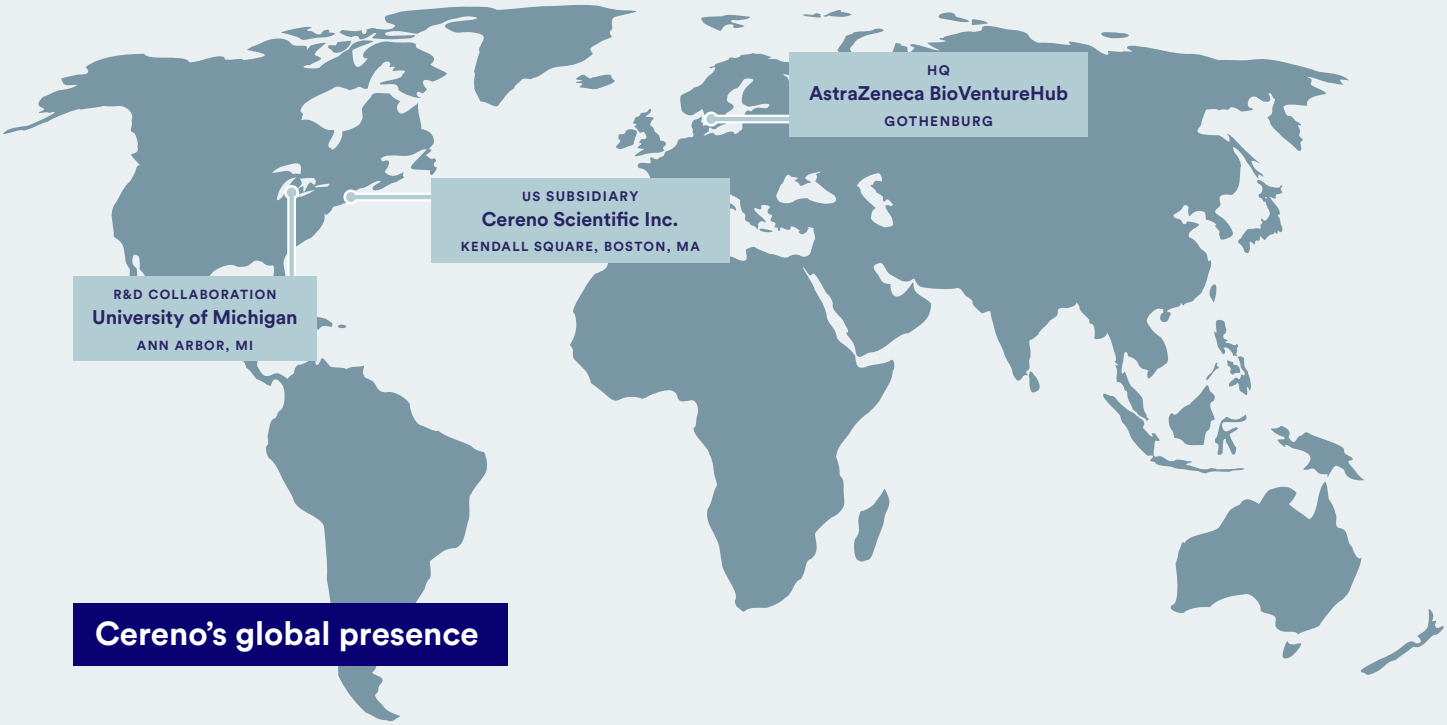


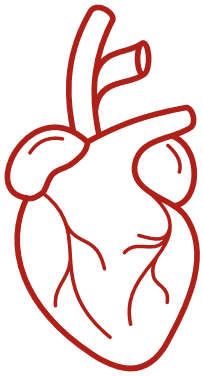
Cereno's global presence

Cereno Scientific in brief

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

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

Common types of cardiovascular disease include heart attack, stroke, heart failure, arrhythmia, and heart valve complications. There are, however, many more conditions since cardiovascular disease refers to all diseases involving the heart or blood vessels.



June 2016

Listed on Spotlight Stock Market

(CRNO B)

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 drug candidates, CS585 and CS014,** evaluated for the treatment of cardiovascular disease.

Third quarter summary

Financial overview

	The group		Parent company	
(SEK)	July–Sept 2022	July–Sept 2021	July–Sept 2022	July–Sept 2021
Net sales	-	-	-	-
Result after financial items	-7 248 364	-3 356 309	-7 215 192	-3 356 528
Earnings per share before dilution	-0.07	-0.05	-0.07	-0.05
Earnings per share after dilution*	-0.05	-0.02	-0.05	-0.02
Equity/assets ratio	93.2 %	89.9 %	93.2 %	89.9 %
Cash and bank balances	36 569 272	28 583 402	36 527 454	28 536 156

	The group		Parent company	
(SEK)	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021
Net sales	-	-	-	-
Result after financial items	-19 013 366	12 017 167	-19 210 671	-12 175 066
Earnings per share before dilution	-0.18	-0.17	-0.18	-0.17
Earnings per share after dilution*	-0.13	-0.08	-0.13	-0.08
Equity/assets ratio	93.2 %	89.9 %	93.2 %	89.9 %
Cash and bank balances	36 569 272	28 583 402	36 527 454	28 536 156

Earnings per share: Profit/loss for the period divided by 105 261 782 shares as of 30 September, 2022 and 71 819 312 shares as of 30 September, 2021.

*Diluted earnings per share: Profit/loss for the period divided by shares outstanding and warrants as of the balance sheet date, 30 September 2022 and 30 September 2021, respectively.

Significant events during the third quarter

- Early July, Cereno shared that the first patient was enrolled in the Phase II study in PAH with drug candidate CS1. Based on the timing of enrollment and several factors mainly related to the activation of clinical sites, the study timeline was adjusted by about a quarter and topline results are thus estimated for Q1 2023. The number of study sites has been increased to include about 10 clinics across the US with potential for further expansion to facilitate meeting the timeline.

- In August, Cereno's innovative Phase II study design in PAH with CS1 was accepted for presentation at the CHEST annual meeting on Oct 16-19 in Nashville, US. The abstract was selected for an oral presentation and is titled "An innovative Phase 2 clinical trial design for the assessment of CS1 – a novel therapy in the treatment of pulmonary arterial hypertension." It was presented by Dr. Raymond Benza, study's Principal Investigator (PI) and Chair of its Clinical Steering Committee and Professor and Director of the Division of Cardiovascular Diseases at the Ohio State University Wexner Medical Center.

- In mid-August, Cereno reported that two new patents were granted in drug candidate CS1's second and third patent families, respectively, in the US.

- On August 26, Cereno reported that the first patient received their first dose of drug candidate CS1 in the Phase II study in pulmonary arterial hypertension (PAH). Prior to the dosing, the patient has undergone a screening process, implantation of the CardioMEMS HF System to monitor lung pressure during the study, and a full baseline evaluation including a 6-minute walk test, echocardiography, and MRI to enable exploration of CS1's efficacy. Each patient undergo a 12-week drug treatment period and a two-week follow-up period.

- At the end of August, Dr. Michael Holinstat, lead of Cereno's preclinical development programs at University of Michigan and Director of Translational Research at Cereno, presented an abstract at the ESC Congress 2022 in Barcelona, Spain. The abstract was selected for an oral moderated poster presentation and is titled "CS014 is a novel HDAC inhibitor regulating platelet activity, fibrinolysis and clot stability for prevention of thrombosis without increased risk of bleeding."

- On August 30, Cereno held its inaugural Capital Markets Day in central Stockholm. The program provided an update on the pipeline, clinical and preclinical development, and growth strategy from both the company as well as external collaborators. A recording of the event is available on the company website, www.cerenoscientific.com, in the Investors-section.

- In early September, Cereno's patent protection for drug candidate CS1 was expanded through its second patent family by a granted patent in Mexico.

- In early September, a patent was granted in the second patent family for the preclinical Prostacyclin Receptor Agonist (PCA) Program, which includes drug candidate CS585. This broadened the patent protection and strengthened CS585's future commercial position in the US.

- In September, Cereno's drug candidate CS1 obtained strengthened patent protection through its third patent family with issued patents in Australia and South Korea.

- In late September, Cereno obtained the first patent in Europe, in the second patent family, for the preclinical Prostacyclin Receptor Agonist Program, which includes drug candidate CS585. The patent expands the intellectual property rights (IPR) for CS585 to Europe, one of the largest markets in cardiovascular disease.

- At the end of September, it was concluded that the warrants of series TO2 were subscribed to approximately 93.4 percent. Cereno received approximately SEK 61.3 million before issue costs during the month of October.

Significant events after end of period

- In October, Cereno expanded patent protection for drug candidate CS1 through its second patent family by obtaining patents in Israel and in Malaysia.

- In October, in connection with Cereno receiving the cash from the warrant of Serie TO2, a loan of SEK 5 million was also amortized according to the terms. This is the second and last installment on the loan which is from 2020.

Letter from the CEO

We are nearing the end of a fruitful and productive year filled with milestones in our clinical and preclinical development as well as in operations. Our organization has continued to mature with the addition of several experienced experts in our executive management team. There is a high operational activity across all parts of Cereno as we continue to deliver on our commitment to developing innovative treatments for common and rare cardiovascular diseases with great unmet needs.

CS1's Phase II study in rare disease PAH entered recruitment-stage

We know from thought leaders and physicians that there is a huge need for better and safer treatments for the severe rare disease PAH. The need is especially high for treatments that not only alleviate the symptoms as today's available treatments but have the potential to stop or delay the disease progression, such as our drug candidate CS1. At present, the global market for PAH is estimated to be nearly USD 6.5 billion with the anticipation of a doubling in the next five years. Thus, the ongoing Phase II study with CS1 in PAH has the potential to make a major difference in the future treatment landscape.

A significant milestone was met when the first patient in the Phase II study was enrolled in July and entered the treatment period at the end of August. This was a highly meaningful step in our progress toward demonstrating that our drug candidate CS1, with its unique efficacy profile, has the potential to offer a safe, efficacious, and disease-modifying treatment option for patients suffering from the severe rare disease PAH. We have, thus far, seen a significant impact on the study's start-up timeline that can be attributed to the lingering covid-19 pandemic in the US. We have experienced more than double as long processing times at regulatory authorities than previously seen. This, in turn, has delayed the necessary documentation needed for each clinical site to be activated and able to open for patient recruitment. The last few months have been filled with intensive activities for our team and the CRO managing the study as we have continuously worked closely with the clinical sites to support activation and, once ready, patient recruitment.

Strengthened patent protection across the portfolio

At Cereno, we are continuously working to strengthen the patent protection for all candidates in our portfolio. It is often a crucial factor in the long-term success of a drug, especially from a commercial perspective. I am pleased that we have secured and further expanded the patent portfolio for our drug candidate CS1 during the period.

At the same time, we have also reached two key patent milestones for our Prostacyclin Receptor Agonist (PCA) Program and drug candidate CS585. First, we obtained the first patent acceptance in Europe, thus expanding the geographical reach of the program's patent protection. Secondly, the patent protection was broadened for the PCA Program and CS585 with the acceptance of a second

The medical need for more effective anti-thrombotics with less bleeding problems in thrombosis prevention is high and this huge growing market is estimated to reach about USD 70 billion by 2030, and signifies a very large business potential for new therapies that can meet this need. The results from our two preclinical programs are thus highly relevant as both candidates, with two different therapeutic modes of action, have documented the ability to prevent thrombosis and show no increased risk of bleeding which was presented at medical congresses this summer and fall.

- Sten R. Sörensen, CEO

patent in the US, which strengthens its future commercial position in this very important market. Activities related to intellectual property rights (IPR) for the CS014 program are also ongoing as is normal procedure at this stage of development.

Cereno Capital Markets Day – A science-heavy agenda

I hope you had the chance to attend or watch the live stream of our Capital Markets Day that we held at the end of August. We much enjoyed going deeper into the science of our R&D programs together with external world-leading thought leaders such as Dr. Benza, Dr. Holinstat and Dr. Adamson. In addition to our clinical Phase II program in PAH, we also presented a closer look at our preclinical drug candidates than we have previously had the opportunity to do. So if you are interested to learn more about Cereno and our assets, I would urge you to watch the recording of the day as it provides a comprehensive view of the company both as seen by the executive management team, executive management of our collaborative partner for the Phase II study, Abbott, as well as by external thought-leaders in the field of PAH and thrombosis. The recording as well as the slides presented of each segment on the agenda can be found on our website, www.cerenoscientific.com, in the Investors-section.

Two promising preclinical programs

Preparations and work to get our two preclinical candidates ready for clinical phase studies are at full pace to meet our aim of achieving clinical-stage readiness within the next year and a half to two years. Our Head of Preclinical Development, Nick Oakes, started at Cereno in August and has been spearheading the ramp-up of these activities. I am very glad to have him on board and look forward to being able to share more about the progress of CS585 and CS014 with you as soon it is possible.

There are major unmet needs in cardiovascular disease, and we believe our preclinical programs can be developed into better and safer treatment alternatives for many patients. The increased risk of bleeding is a major challenge inherent in current therapies for thrombosis prevention. The medical need for better anti-thrombotics, i.e. less bleeding problems, is thus high in this huge growing market estimated to reach about USD 70 billion by 2030, and signifies a very large business potential for new therapies that can meet this need. The results from our two preclinical programs are thus highly relevant as both candidates, with two different therapeutic modes of action, have documented the ability to prevent thrombosis without showing an increased risk of bleeding, presented at medical congresses this summer and fall. These are very promising results and our Director of Translation Research, Michael Holinstat, has recorded presentations explaining the findings in more detail, which are available on our website in the Newsroom-section.

Outlook

I will be presenting at investor events during the coming months to provide business updates both in Stockholm and live-streamed. The team is diligently working according to our vision, strategy and development plan objectives, while keeping appraised of any potential impact of the geopolitical uncertainties that are still very much present in society.

To summarize, several key milestones have been reached already this year and there is a high operational activity at Cereno as we continue to deliver on our commitment to developing innovative treatments for common and rare cardiovascular disease where great unmet medical needs exist. To pursue our ambitions, capital and shareholder interest is a key requirement and to this end, at the end of September, we concluded the warrants of Series TO2 with over 90 % (94.3) percent of the warrants being subscribed. It is a testament to the continuous support from our shareholders and the recognition of our promising drug portfolio. I would like to extend a thank you to everyone supporting us on our exciting journey forward. ■

Sten R. Sörensen, CEO Cereno Scientific

Project portfolio

Cereno has a promising project portfolio with innovative drug candidates targeting common and rare cardiovascular disease. The aim is to develop treatments that can improve the life of 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 is an HDAC (histone deacetylase) inhibitor that acts as an epigenetic modulator with pressure-reducing, reverse-remodeling, anti-fibrotic, anti-inflammatory and anti-thrombotic properties. A clinical phase II study is initiated for the treatment of the rare disease pulmonary arterial hypertension (PAH).

Preclinical phase
Laboratory studies to achieve requirements for clinical phase

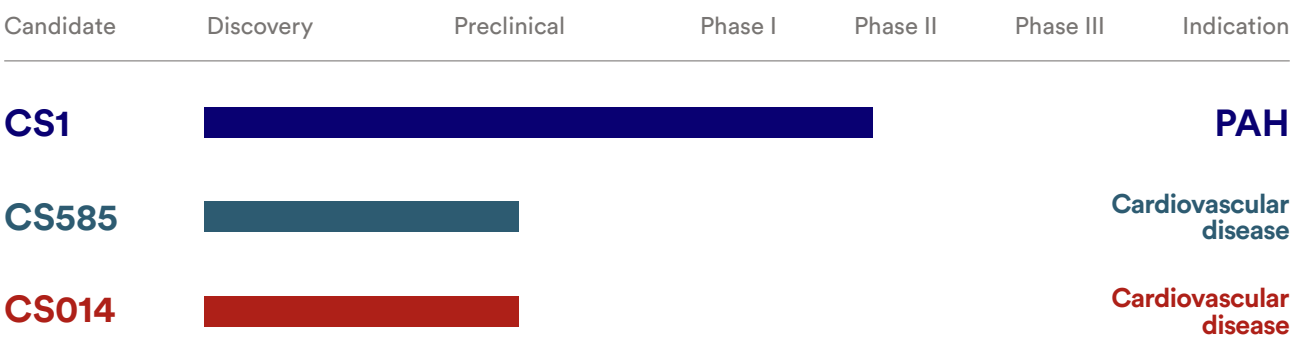
CS585
Drug candidate CS585 is a stable, selective, and potent prostacyclin receptor agonist that is being evaluated to treat cardiovascular disease.

CS014
Drug candidate CS014 is an HDAC inhibitor with epigenetic effects. It is being evaluated as treatment for cardiovascular disease.

It is exciting to see the first patient enter a study, which we did for the Phase II study with CS1 in the rare disease PAH. The study is progressing with several activated sites recruiting patients. The investigators participating in the study are all very supportive and excited about the study protocol, in particular the use of CardioMEMS in the defined PAH patient population. Together with the CRO and our collaborative study partner Abbott, the team is continuously working with the participating sites and investigators to ensure that the study is randomizing patients and moving towards study completion with high quality data.

– Björn Dahlöf, Chief Medical Officer (CMO)

Drug candidates in the portfolio



Clinical drug candidate CS1

The drug candidate CS1 acts as an epigenetic modulator with pressure-reducing, reverse-remodeling, anti-fibrotic, anti-inflammatory and anti-thrombotic properties. CS1 is currently being developed as a treatment for the rare disease pulmonary arterial hypertension (PAH). The aim with CS1 is to offer a disease-modifying drug that potentially can reverse the disease progression, and, hopefully, prolong the patient's life. A Phase II study is currently ongoing in collaboration with global healthcare company Abbott.

CS1's epigenetic mechanism is expressed through histone deacetylase (HDAC) inhibition and brings a novel treatment approach to cardiovascular disease. CS1 is a new advanced reformulation of valproic acid (VPA). 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, an improvement was shown 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 multi-fold efficacy:

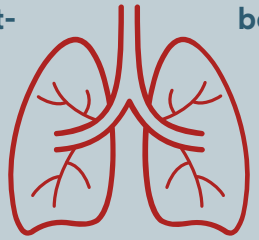
- Pressure-reducing
- Reverse-remodeling
- Anti-fibrotic
- Anti-inflammatory
- Anti-thrombotic

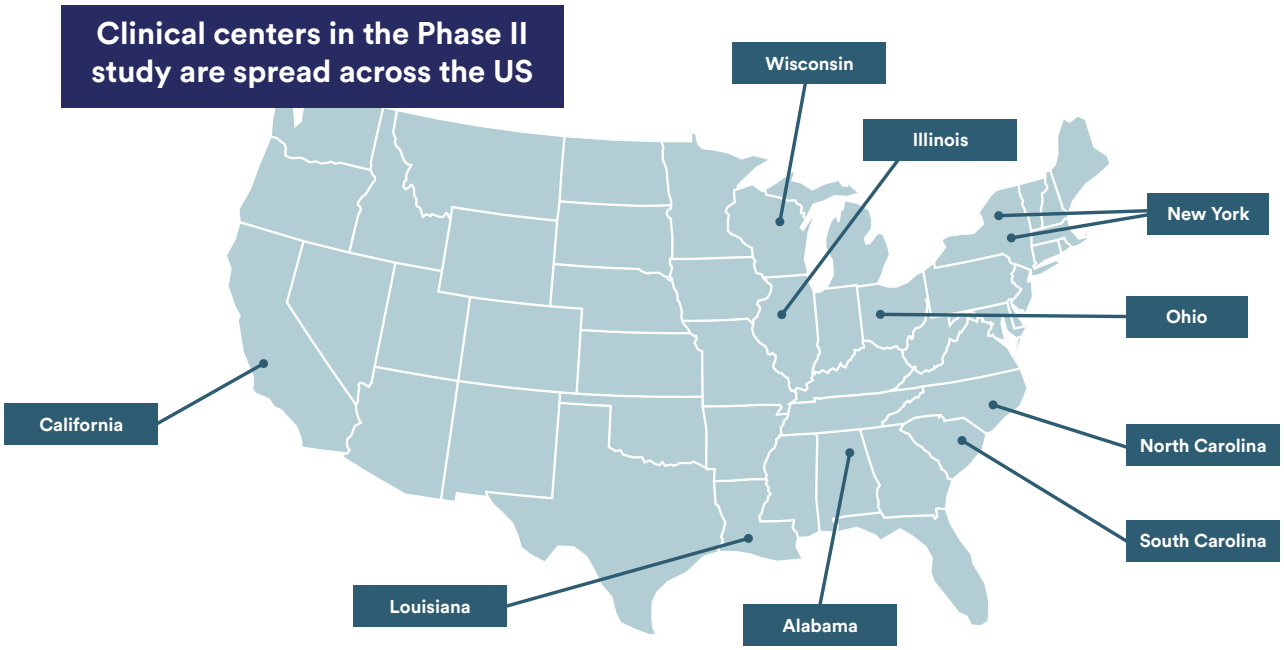
Phase II study in PAH

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 the most pressing 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 PAH with the aim to offer patients a better and safer 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 most pressing unmet clinical needs.





A clinical phase II study is ongoing to confirm CS1's safety, tolerability and efficacy in patients with PAH. A collaboration agreement with global healthcare company Abbott allows Cereno to use their cutting-edge technology CardioMEMS HF System in the study. This implantable device provides a continuous collection of selected data parameters from the study participants. The primary endpoint is safety and tolerability. All standard efficacy endpoints for this patient group will be explored as well as a validated risk score. Cereno anticipates that dosing for later clinical studies will be derived from the study.

The study will be conducted at ten clinical centers in the US with 30 participating patients.

Patent overview

Cereno has three patent families in relation to the drug candidate CS1. Across these three patent families combined, patents have been granted in the major global markets, including Australia, Canada, Europe, Israel, Japan, Malaysia, Mexico, the US, Russia and South Korea. Additional patent applications currently undergo national registration processes at other strategically selected markets, which, if approved, could provide additional market exclusivity.

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

- Dr. Raymond Benza, study PI and Chair of its Clinical Steering Committee; Professor and Director of the Division of Cardiovascular Diseases at the Ohio State University Wexner Medical Center.

Preclinical program

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

CS585

Drug candidate CS585 belongs to the preclinical Prostacyclin Receptor Agonist (PCA) Program which can be described as small molecules, analogs to the endogenous metabolite 12-HETrE. CS585 is a stable, selective, and potent prostacyclin receptor agonist that has demonstrated potential to significantly improve on mechanisms relevant to selected cardiovascular diseases through initial in vivo animal models. In preclinical studies CS585 has been documented to target the IP receptor for prevention of thrombosis without increased risk of bleeding.

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

Drug candidate CS014 is part of the preclinical HDACi Program consisting of HDAC inhibitors with epigenetic effects. CS014 is being developed for the treatment of cardiovascular disease. A preclinical development program is being conducted with CS014 in collaboration with the University of Michigan. In these preclinical studies CS014 has been documented to regulate platelet activity, fibrinolysis and clot stability for prevention of thrombosis without increased risk of bleeding.

CS014 was acquired from Emeriti Bio in March 2019 and has since been developed in 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.

The group's performance, July – September 2022

Financial performance
During the third quarter, the company mainly invested in the conduct of the clinical phase II study with CS1 in PAH, in the production of clinical supplies, in the development of its patent portfolio and made a number of large upfront payments for coming preclinical studies. At the end of the quarter, the group had a cash balance of approximately SEK 36.5 million and an equity/assets ratio of 93.2 %

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
Cereno Scientific Group comprises parent company Cereno Scientific AB and its US subsidiary Cereno Scientific Inc. The US subsidiary was formed on 20 December 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 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 30 September 2022, the share capital was divided across 105,261,782 shares. Registration with the Swedish Companies Registration Office of the share issue with warrants of series TO2 was completed in October, after which the share capital is divided over 137,514,844 shares. The company has two classes of shares of which 722 248 are 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 and consisted of convertible loans and associated warrants. The company no longer has any outstanding convertible loans. During December 2021 Cereno Scientific repurchased 1,105,262 warrants. The number of warrants that remain outstanding after the repurchase amounts to 1,142,307. After the completed share issue in September 2022, the restated number of Class B shares that the options give entitlement to is 1,622,075. 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 SEK 1.90. The warrants have a maturity of five years from their respective registration dates.

Warrants of series OP 2018/2022

The Extraordinary General Meeting on 23 October 2018 resolved to issue 30,000 warrants and/or employee warrants (series OP 2018/2022) entitled to subscription of Class B shares. After the completed share issue in September 2022, the restated number of shares that the warrants give entitlement to is 44,359. Of the warrants outstanding, half of them now have a restated subscription price of SEK 10.15 and the other half have a restated subscription price of SEK 20.29. 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). After the completed share issue in September 2022, the restated number of Class B shares that the warrants give entitlement to is 907 071 with a subscription price of SEK 10.94. The warrants 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 300,000 warrants to members of the company's Scientific Advisory Board (series 2019/2023 SAB01). After the completed share issue in September 2022, the restated number of Class B shares that the warrants give entitlement to is 418 648 with a subscription price of SEK 10.94. The warrant can be used for subscribing for Class B shares during the period from 1 April 2023 to 31 October 2023.

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.

In total, 34,519,281 warrants of series TO1 B and 34,519,281 warrants of series TO2 B were issued.

The warrants of series TO1 B were used for subscription to new shares in September 2021. In total, 33,442,470 warrants were exercised for subscription of 33,442,470 shares of series B, meaning that approximately 96.9 percent of all outstanding warrants of series TO1 were exercised for subscription of shares. No warrants of series TO1 B are now outstanding.

The warrants of series TO2 B were used for subscription to new shares in September 2022. In total, 32,253,062 warrants were exercised for subscription of 32,253,062 shares of series B, meaning that approximately 93.4 percent of all outstanding warrants of series TO2 were exercised for subscription of shares. No warrants of series TO2 B are now outstanding.

Long-term employee stock option program (qualified employee stock options) for employees

The Extraordinary General Meeting on 28 February 2022 resolved to implement a long-term incentive program for employees of the company, through the issue of not more than 3,000,000 qualified employee stock options, which will be granted to the participants without consideration. Each stock options entitles the participant to acquire one new share of series B in the company at an exercise price amounting to SEK 0.10, equivalent of the share's quota value. Allocation of stock options to the participants shall be made no later than 31 December 2022. The allocated stock options vest during 36 months and may only be utilized to acquire new shares if the participant still is an employee of

the company and all other requirements for qualified employee stock options under the Swedish Income Tax Act are fulfilled. The participant may utilize allocated and vested stock options from the end of the vesting period up to and during the entire tenth year calculated from the date of allocation. The Meeting also resolved to issue not more than 3,000,000 warrants to enable delivery of new shares to the participants of the program. After the completed share issue in September 2022, the restated number of Class B shares that the warrants give entitlement to is 3,252,519. Of these, 1,444,478 were allocated as per 30 September 2022.

Long-term employee stock option program (qualified employee stock options) for board members

The Extraordinary General Meeting on 28 February 2022 resolved to implement a long-term incentive program for board members of the company, through the issue of not more than 1,111,111 qualified employee stock options, which will be granted to the participants without consideration. Each stock options entitles the participant to acquire one new share of series B in the company at an exercise price amounting to SEK 0.10, equivalent of the share's quota value. Allocation of stock options to the participants shall be made no later than 31 December 2022. The allocated stock options vest during 36 months and may only be utilized to acquire new shares if the participant still is a board member or otherwise remain engaged in the company and all other requirements for qualified employee stock options under the Swedish Income Tax Act are fulfilled. The participant may utilize allocated and vested stock options from the end of the vesting period up to and during the entire tenth year calculated from the date of allocation. The Meeting also resolved to issue not more than 1,111,111 warrants to enable delivery of new shares to the participants of the program. After the completed share issue in September 2022, the restated number of Class B shares that the warrants give entitlement to is 1,204,637, all of which allocated as per 30 September 2022.

Implementation of a long-term incentive program (warrants)

The Extraordinary General Meeting on 28 February 2022 resolved to implement a long-term incentive program for certain key individuals in the company that cannot be allocated qualified employee stock options, through the issue of not more than 3,333,333 warrants. After the completed share issue in September 2022, the restated number of Class B shares that the warrants give entitlement to is 3,613,910, of which 963,708 were allocated as per 30 September 2022. The warrants shall be issued the company and then be transferred to participants in the program at a price corresponding to the warrants' market price at the time of the transfer, calculated pursuant to the Black & Scholes model. Each warrant entitles to subscription for one new share of series B in the company at a subscription price corresponding to 150 percent of the volume-weighted average share price during the fifteen-day period which immediately precedes allocation. Subscription for new shares by virtue of the warrants shall be made during a one-year period starting three years from allocation. It was further resolved that board members and deputies shall be entitled to participate in the program.

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).

Upcoming financial reports

Interim Report, Q4 2022..... 22 February 2023
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Share capital development

Year	Event	Total share capital (SEK)	Change (SEK)	Total number shares	Difference shares	Ratio value (SEK)
2012	Rights issue	50 000	50 000	50 000	50 000	1
2012	Directed issue	60 605	10 605	60 605	10 605	1
2016	Stock dividend issue	61 805	1 200	61 805	1 200	1
2016	Share split 100:1	618 050	556 245	61 805	-	10
2016	Subdivision A-/B- shares	618 050	–	6 180 500	6 118 695	0.10
2016	Directed issue	–	–	6 180 500	–	0.10
2016	Directed issue	760 050	1 420 000	7 600 500	1 420 000	0.10
2016	IPO	805 050	45 000	8 050 500	450 000	0.10
2016	Conversion	1 099 050	294 000	10 990 500	2 940 000	0.10
2018	Conversion	1 117 917.90	18 867.90	11 179 179	188 679	0.10
2018	Conversion	1 162 362.30	44 444.40	11 623 623	444 444	0.10
2018	Conversion	1 216 416.30	54 054.00	12 164 163	540 540	0.10
2018	Conversion	1 264 803.30	483 8700	12 648 033	483 870	0.10
2018	Conversion	1 306 738.70	41 935.40	13 067 387	419 354	0.10
2018	Conversion	1 345 200.10	38 461.40	13 452 001	384 614	0.10
2018	Conversion	1 372 123.10	26 923	13 721 231	269 230	0.10
2018	Conversion	1 402 892.30	30 769.20	14 028 923	307 692	0.10
2018	Conversion	1 436 225.60	33 333.30	14 362 256	333 333	0.10
2018	Conversion	1 464 797.00	28 571.40	14 647 970	285 714	0.10
2019	Conversion	1 518 130.30	53 333.30	15 181 303	533 333	0.10
2019	Conversion	1 584 796.90	66 666.60	15 847 969	666 666	0.10
2019	Conversion	1 918 130.20	333 333.30	19 181 302	3 333 333	0.10
2019	Rights issue	3 836 260.40	1 918 130.20	38 362 604	19 181 302	0.10
2019	Overallotment issue	4 008 674.10	172 413.70	40 086 741	1 724 137	0.10
2019	Remuneration issue	4 021 931.20	13 257.10	40 219 312	132 571	0.10
2020	Directed issue	7 181 931.20	3 160 000	71 819 312	31 600 000	0.10
2021	Share issue	10 526 178.20	3 344 247.00	105 261 782	33 442 470	0.10
At end of period		**10 526 178.20**		**105 261 782**		**0.10**

Share and owners

The largest shareholders by the 30 September 2022.

Owners	Capital	Votes
Avanza Pension	12.17 %	11.46 %
Cihan Punar	4.60 %	4.33 %
Milad Pournouri	3.11 %	2.93 %
Peyman Pournouri	2.09 %	1.97 %
Dory Gevryie	1.53 %	1.44 %
Total five largest owners	**23.50 %**	**22.13 %**
Other shareholders	76.50 %	77.87 %
Total (4 849 shareholders)	**100 %**	**100 %**

The new shares that were subscribed for in September 2022 through the excersise of TO2 are not included.

Group – Income statement

(SEK)	1 July 2022 30 Sept 2022 3 months	1 July 2021 30 Sept 2021 3 months	1 Jan 2022 30 Sept 2022 9 months	1 Jan 2021 30 Sept 2021 9 months	1 Jan 2021 31 Dec 2021 12 months
Net sales	-	-	-	-	-
Capitalised work for own account	10 945 764	9 279 541	36 562 546	28 997 291	44 805 361
	10 945 764	**9 279 541**	**36 562 546**	**28 997 291**	**44 805 361**
Operating expenses					
Other external costs	-15 982 537	-12 093 455	-49 821 280	-39 124 026	-57 796 949
Personnel costs	-1 724 257	-218 179	-4 576 005	-1 012 847	-1 774 371
Depreciation of tangible fixed assets	-3 577	-3 577	-10 731	-10 731	-14 308
Other operating costs	-372 567	-50 639	-782 550	-46 322	-225 814
Operating loss	**-7 137 174**	**-3 086 309**	**-18 628 020**	**-11 196 635**	**-15 006 081**
Loss from financial items					
Interest income and similar income	-	-	-	1 680	1 680
Interest expenses and similar expenses	-111 190	-270 000	-385 346	-822 212	-1 246 279
Loss after financial items	**-7 248 364**	**-3 356 309**	**-19 013 366**	**-12 017 167**	**-16 250 680**
Loss before tax	**-7 248 364**	**-3 356 309**	**-19 013 366**	**-12 017 167**	**-16 250 680**
Income taxes	-	-	-	-	-4 210
Loss for the period	**-7 248 364**	**-3 356 309**	**-19 013 366**	**-12 017 167**	**-16 254 890**

Group – Balance sheet

(SEK)	30 Sept 2022	30 Sept 2021	31 Dec 2021
ASSETS			
Subscribed unpaid capital	61 280 818	95 311 040	-
Fixed assets			
Intangible assets			
Capitalised expenditures for development activities	115 052 583	65 201 609	80 164 358
Patents, trademarks, licenses and similar rights	10 958 797	8 439 156	9 284 476
	126 011 380	**73 640 765**	**89 448 834**
Tangible assets			
Fixtures, tools and installations	32 200	46 508	42 931
	32 200	**46 508**	**42 931**
Financial assets			
Other long-term receivables	10 233	8 088	8 320
	10 233	**8 088**	**8 320**
Total fixed assets	**126 053 813**	**73 695 361**	**89 500 085**
Current assets			
Current receivables			
Other receivables	1 058 028	1 531 051	1 363 425
Prepaid expenses and accrued income	357 757	110 056	239 919
	1 415 785	**1 641 107**	**1 603 344**
Cash and bank balance	**36 569 272**	**28 583 402**	**89 634 757**
Total current assets	**37 985 057**	**30 224 509**	**91 238 101**
TOTAL ASSETS	**225 319 688**	**199 230 910**	**180 738 186**

Group – Balance sheet cont.

(SEK)	30 Sept 2022	30 Sept 2021	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	13 751 484	7 181 931	10 526 178
Ongoing share issue	0	3 344 247	-
Other contributed capital	245 725 032	194 314 966	189 760 849
Other capital including loss for the year	-49 459 454	-25 824 495	-30 222 102
Equity attributed to the Parent Company's shareholders	**210 017 062**	**179 016 649**	**170 064 925**
Holdings without controlling influence	-	-	-
Total equity	**210 017 062**	**179 016 649**	**170 064 925**
Long-term liabilities			
Other liabilities to credit institutions	400 000	400 000	400 000
	400 000	**400 000**	**400 000**
Current liabilities			
Accounts payable	7 304 584	7 936 713	2 884 374
Tax liabilities	130 852	25 467	32 442
Bridge loan	4 980 000	9 480 000	4 800 000
Other liabilities	186 244	18 871	201 853
Accrued expenses and deferred income	2 300 946	2 353 210	2 354 592
	14 902 626	**19 814 261**	**10 273 261**
TOTAL EQUITY AND LIABILITIES	**225 319 688**	**199 230 910**	**180 738 186**

Group – Change in equity

01 January - 31 December 2021	Share capital	Other contributed capital	Other capital including profit/ loss for the year
At start of period	7 181 931	106 207 286	-13 646 589
Exchange rate differences when translating foreign subsidiaries	-	-	-320 624
Reclassification of warrants issued	-	-4 500 000	-
New share issue	3 344 247	91 966 793	-
Issue expenses	-	-3 913 230	-
Loss for the period	-	-	-16 254 890
At the end of the period	**10 526 178**	**189 760 849**	**-30 222 103**

01 January - 30 September 2022	Share capital	Other contributed capital	Other capital including profit/ loss for the year
At start of period	10 526 178	189 760 849	-30 222 103
Warrant issue			398 666
Exchange rate differences when translating foreign subsidiaries	-	-	-223 984
New share issue	3 225 306	58 055 512	-
Issue expenses	-	-2 489 995	-
Loss for the period	-	-	-19 013 366
At the end of the period	**13 751 484**	**245 326 366**	**-49 060 787**

Group – Cash flow statement

(SEK)	1 July 2022 30 Sept 2022 3 months	1 July 2021 30 Sept 2021 3 months	1 Jan 2022 30 Sept 2022 9 months	1 Jan 2021 30 Sept 2021 9 months	1 Jan 2021 31 Dec 2021 12 months
OPERATING ACTIVITIES					
Loss after financial items	-7 248 364	-3 356 309	-19 013 366	-12 017 167	-16 254 890
Adjustments for items not included in the cash flow					
Depreciations	3 577	3 577	10 731	10 731	14 308
Translation differences	-1 541	-79	-225 898	-161 293	-321 410
Accrued expenses for borrowings	60 000	120 000	180 000	360 000	680 000
Accrued interest cost	75 000	150 000	225 000	450 000	550 000
Income taxes	-	-	-	-	-898
	-7 111 328	**-3 082 811**	**-18 823 533**	**-11 357 729**	**-15 332 890**
Cash flow from operating activities before changes in working capital	**-7 111 328**	**-3 082 811**	**-18 823 533**	**-11 357 729**	**-15 332 890**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in operating receivables	129 498	95 903	187 559	-122 061	-84 298
Increase (+)/Decrease (-) in operating liabilities	-9 159 749	-575 623	1 734 369	3 056 132	2 280 144
Cash flow from operating activities	**-16 141 579**	**-3 562 531**	**-16 901 605**	**-8 423 658**	**-13 137 044**
Investing activities					
Acquisition of intangible assets	-10 945 763	-9 279 541	-36 562 546	-28 997 292	-44 805 361
Acquisition of tangible assets	-	-	-	-	0
Acquisition of financial assets	-	-	-	-	0
Cash flow from investing activities	**-10 945 763**	**-9 279 541**	**-36 562 546**	**-28 997 292**	**-44 805 361**
Financing activities					
New share issue	-	-	-	-	95 311 040
Issue expenses	-	-	-	-	-3 913 230
Warrants issue	398 666	-	398 666	-	-
Borrowings	-	-	-	-	-4 500 000
Costs associated with borrowings	-	-	-	-	-325 000
Repayment of loan	-	-	-	-	-5 000 000
Cash flow from financing activities	**398 666**	**0**	**398 666**	**0**	**81 572 810**
Cash flow for the period	**-26 688 676**	**-12 842 072**	**-53 065 485**	**-37 420 950**	**23 630 405**
Cash and cash equivalents at start of period	**63 257 948**	**41 425 474**	**89 634 757**	**66 004 352**	**66 004 352**
Cash and cash equivalents at end of period	**36 569 272**	**28 583 402**	**36 569 272**	**28 583 402**	**89 634 757**

Parent company – Income statement

(SEK)	1 July 2022 30 Sept 2022 3 months	1 July 2021 30 Sept 2021 3 months	1 Jan 2022 30 Sept 2022 9 months	1 Jan 2021 30 Sept 2021 9 months	1 Jan 2021 31 Dec 2021 12 months
Net sales	-	-	-6	-	-
Capitalised work for own account	10 945 764	9 279 541	36 562 546	28 997 291	44 805 361
Other operating income		-		-	
	10 945 764	**9 279 541**	**36 562 540**	**28 997 291**	**44 805 361**
Operating expenses					
Other external costs	-15 949 364	-12 093 674	-50 018 585	-39 280 246	-58 121 192
Personnel costs	-1 724 257	-218 179	-4 576 005	-1 012 847	-1 774 370
Depreciation of tangible fixed assets	-3 577	-3 577	-10 731	-10 731	-14 308
Other operating cost	-348 757	-50 639	-758 733	-46 321	-225 815
Operating loss	**-7 080 191**	**-3 086 528**	**-18 801 514**	**-11 352 854**	**-15 330 325**
Loss from financial items					
Interest expenses and similar expenses	-135 001	-270 000	-409 157	-822 212	-1 246 279
Loss after financial items	**-7 215 192**	**-3 356 528**	**-19 210 671**	**-12 175 066**	**-16 576 604**
Loss before tax	**-7 215 192**	**-3 356 528**	**-19 210 671**	**-12 175 066**	**-16 576 604**
Loss for the period	**-7 215 192**	**-3 356 528**	**-19 210 671**	**-12 175 066**	**-16 576 604**

Parent company – Balance sheet

(SEK)	30 Sept 2022	30 Sept 2021	31 Dec 2021
ASSETS			
Subscribed unpaid capital	61 280 818	95 311 040	-
Fixed assets			
Intangible assets			
Capitalised expenditures for development activities	115 052 583	65 201 609	80 164 358
Patents, trademarks, licenses and similar rights	10 958 797	8 439 156	9 284 476
	126 011 380	**73 640 765**	**89 448 834**
Tangible assets			
Fixtures, tools and installations	32 200	46 508	42 931
	32 200	**46 508**	**42 931**
Financial assets			
Shares in group company	941	941	941
	941	**941**	**941**
Total fixed assets	**126 044 521**	**73 688 214**	**89 492 706**
Current assets			
Current receivables			
Receivables from group companies	68 515	54 166	39 158
Other receivables	1 058 029	1 531 051	1 363 425
Prepaid expenses and accrued income	357 757	106 012	239 918
	1 484 301	**1 691 229**	**1 642 501**
Cash and bank balance	**36 527 454**	**28 536 156**	**89 594 519**
Total current assets	**38 011 755**	**30 227 385**	**91 237 021**
TOTAL ASSETS	**225 337 094**	**199 226 639**	**180 729 727**

Parent company – Balance sheet cont.

(SEK)	30 Sept 2022	30 Sept 2021	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	10 526 178	7 181 931	10 526 178
Ongoing share issue	3 225 306	3 344 247	-
Fund for development expenses	120 689 580	68 318 964	84 127 034
	134 441 064	**78 845 142**	**94 653 212**
Unrestricted equity			
Share premium reserve	55 565 517	88 107 680	88 053 563
Retained earnings	39 243 676	24 238 667	3 930 597
Profit/loss for the period	-19 210 671	-12 175 066	-16 576 604
	75 598 522	**100 171 281**	**75 407 557**
Total equity	**210 039 586**	**179 016 423**	**170 060 769**
Long-term liabilities			
Other liabilities to credit institutions	400 000	400 000	400 000
	400 000	**400 000**	**400 000**
Current liabilities			
Accounts payable	7 299 468	7 932 669	2 884 374
Tax liabilities	130 852	25 467	28 142
Bridge loan	4 980 000	9 480 000	4 800 000
Other liabilities	186 244	18 871	201 853
Accrued expenses and deferred income	2 300 943	2 353 209	2 354 590
	14 897 508	**19 810 216**	**10 268 959**
TOTAL EQUITY AND LIABILITIES	**225 337 094**	**199 226 639**	**180 729 727**

Parent company – Change in equity

2021-01-01 – 2021-12-31	Share capital	Ongoing share issue	Fund for development expenses	Share premium reserve	Retained earnings	Net loss for the period
At start of period	7 181 931	-	39 321 673	52 945 059	16 305 959	-16 015 061
Disposal according to AGM resolution	-	-	-	-52 945 059	36 929 998	16 015 061
Resolve of warrant subscription right	-	-	-	-	-4 500 000	
New share issue	3 344 247	-	-	91 966 793	-	-
Issue expenses	-	-	-	-3 913 230	-	-
Redistribution in equity	-	-	44 805 361	-	-44 805 361	-
Loss for the period	-	-	-	-	-	-16 576 604
At the end of the period	**10 526 178**	**0**	**84 127 034**	**88 053 563**	**3 930 596**	**-16 576 604**

2022-01-01 – 2022-09-30	Share capital	Ongoing share issue	Fund for development expenses	Share premium reserve	Retained earnings	Net loss for the period
At start of period	10 526 178	-	84 127 034	88 053 563	3 930 597	-16 576 604
Disposal according to AGM resolution	-	-	-	-88 053 563	71 476 959	16 576 604
Warrant issued	-	-	-	-	398 666	-
New share issue	-	3 225 306	-	58 055 512	-	-
Issue expenses	-	-	-	-2 489 995	-	-
Redistribution in equity	-	-	36 562 546	-	-36 562 546	-
Loss for the period	-	-	-	-	-	-19 210 671
At the end of the period	**10 526 178**	**3 225 306**	**120 689 580**	**55 565 518**	**39 243 676**	**-19 210 671**

Parent company – Cash flow statement

(SEK)	1 July 2022 30 Sept 2022 3 months	1 July 2021 30 Sept 2021 3 months	1 Jan 2022 30 Sept 2022 9 months	1 Jan 2021 30 Sept 2021 9 months	1 Jan 2021 31 Dec 2021 12 months
OPERATING ACTIVITIES					
Loss after financial items	-7 215 192	-3 356 528	-19 210 671	-12 175 066	-16 576 604
Adjustments for items not included in the cash flow					
Depreciations	3 577	3 577	10 731	10 731	14 308
Accrued expenses for borrowings	60 000	120 000	180 000	360 000	680 000
Accrued interest cost	75 000	150 000	225 000	450 000	550 000
	-7 076 615	**-3 082 951**	**-18 794 940**	**-11 354 335**	**-15 332 296**
Cash flow from operating activities before changes in working capital	**-7 076 615**	**-3 082 951**	**-18 794 940**	**-11 354 335**	**-15 332 296**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in operating receivables	61 398	45 781	174 765	-188 991	-140 264
Increase (+)/Decrease (-) in operating liabilities	-9 124 768	-173 339	1 716 989	3 120 947	2 343 803
Cash flow from operating activities	**-16 139 985**	**-3 210 509**	**-16 903 186**	**-8 422 379**	**-13 128 757**
Investing activities					
Acquisition of intangible assets	-10 945 764	-9 279 541	-36 562 546	-28 997 292	-44 805 361
Cash flow from investing activities	**-10 945 764**	**-9 279 541**	**-36 562 546**	**-28 997 292**	**-44 805 361**
Financing activities					
New share issue	-	-	-	-	95 311 040
Issue expenses	-	-	-	-	-3 913 230
Warrant issued	398 666	-	398 666	-	-
Resolve of warrant subscription right	-	-	-	-	-4 500 000
Amortisation of loans	-	-	-	-	-5 000 000
Paid intrest costs		-		-	-325 000
Cash flow from financing activities	**398 666**	**0**	**398 666**	**0**	**81 572 810**
Cash flow for the period	**-26 687 082**	**-12 490 050**	**-53 067 065**	**-37 419 671**	**23 638 692**
Cash and cash equivalents at start of period	**63 214 536**	**41 026 206**	**89 594 519**	**65 955 827**	**65 955 827**
Cash and cash equivalents at end of period	**36 527 454**	**28 536 156**	**36 527 454**	**28 536 156**	**89 594 519**

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, 16 November 2022.

Catharina Bäärnhielm
Chair of the Board

Anders Svensson
Board member

Björn Dahlöf
Board member

Klementina Österberg
Board member

Lena Mårtensson
Board member

Rein Piir
Board member

Sverker Jern
Board member

Sten R. Sörensen
Chief Excutive Officer

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). CS1 is an HDAC (Histone DeACetylase) inhibitor that acts as an epigenetic modulator with pressure-reducing, reverse-remodeling, anti-fibrotic, anti-inflammatory and anti-thrombotic properties, all relevant for PAH. A clinical Phase II study is ongoing to evaluate CS1's safety, tolerability and efficacy in patients with PAH. A collaboration agreement with global healthcare company Abbott allows Cereno to use their cutting-edge technology CardioMEMS HF System in the study. Cereno also has two promising preclinical drug candidates in development for cardiovascular disease through research collaborations with the University of Michigan. Drug candidate CS585 is a stable, selective, and potent prostacyclin receptor agonist. It has been documented in preclinical studies to target the IP receptor for prevention of thrombosis without increased risk of bleeding. Drug candidate CS014 is a novel HDAC inhibitor with epigenetic effects.In preclinical studies it has been documented to regulate platelet activity, fibrinolysis and clot stability for prevention of thrombosis without increased risk of bleeding.

The company is headquartered in Gothenburg, 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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