Cereno Scientific

Our vision is to develop innovative treatments to prolong life and improve quality of life for people with common and rare cardiovascular disease.

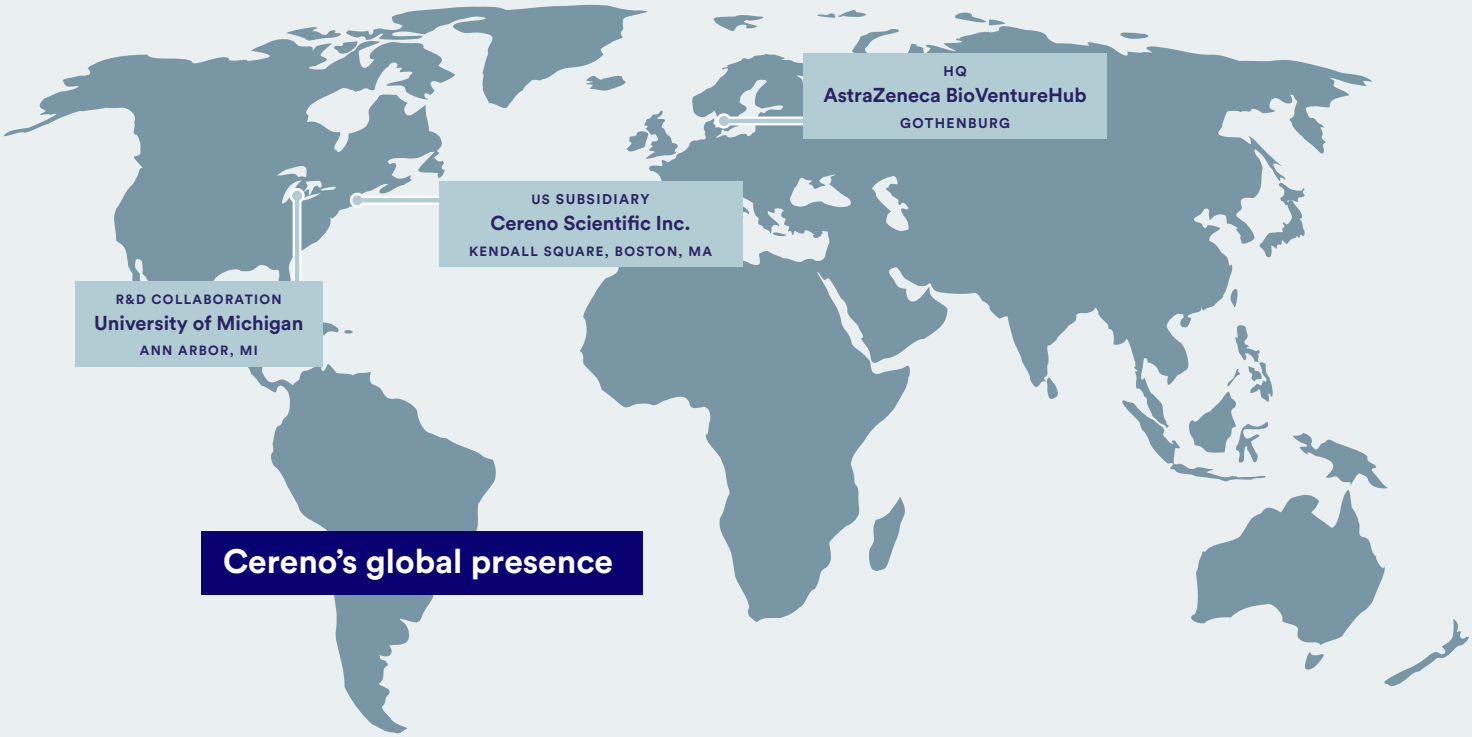
April – June

Interim report Q2 2023

Contents

Financial calendar

Interim report for Q3 2023 ..... 17 November 2023
Year-end Report (Q4 2023)..... 22 February 2024



Cereno Scientific in brief

June 2023

Listed on Nasdaq First North Growth Market

(CRNO B)

Cereno Scientific is a clinical-stage biotech company focusing on developing innovative, effective, and safe treatments for patients affected by common and rare cardiovascular disease where great unmet medical needs persist.

Cardiovascular disease is the number one cause of death globally, killing nearly twice as many people as cancer. The term cardiovascular disease includes all diseases which involve the heart and/or the blood vessels. A majority of the complications associated with cardiovascular disease are caused by a blocking blood clot in a vein or artery in the body. Many people affected by a blood clot have as a consequence, for example, a heart attack, secondary heart failure, cardiac arrhythmias, stroke or other direct manifestations of blood clots in lungs or peripheral vessels.

Cereno's pipeline comprises:

- **Drug candidate CS1 in Phase II** is being developed as a treatment of the rare disease pulmonary arterial hypertension (PAH).
- **Drug candidate CS014 in late preclinical phase** is being developed as a treatment for thrombosis prevention.
- **Drug candidate CS585 in preclinical phase** is being evaluated as a treatment for cardiovascular disease.

Second quarter summary

Financial overview

	The group		Parent company	
(SEK)	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022
Result after financial items	-10 686 053	-6 518 033	-10 697 871	-6 747 978
Earnings per share before dilution	-0.05	-0.06	-0.05	-0.06
Earnings per share after dilution*	-0.04	-0.04	-0.04	-0.04
Equity/assets ratio	95.4 %	93.2 %	95.4 %	93.2 %
Cash and bank balances	85 291 722	63 257 948	85 219 725	63 214 536

	The group		Parent company	
(SEK)	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
Result after financial items	-15 095 641	-11 765 002	-15 167 838	-11 995 479
Earnings per share before dilution	-0.06	-0.11	-0.06	-0.11
Earnings per share after dilution*	-0.06	-0.08	-0.06	-0.08
Equity/assets ratio	95.4 %	93.2 %	95.4 %	93.2 %
Cash and bank balances	85 291 722	63 257 948	85 219 725	63 214 536

Earnings per share: Profit/loss for the period divided by 233 775 234 shares as of 30 June, 2023 and 105 261 782 shares as of 30 June, 2022.
*Diluted earnings per share: Profit/loss for the period divided by shares outstanding and warrants as of the balance sheet date, 30 June 2023 and 30 June 2022, respectively.

Significant events during the second quarter

- In early April, it was announced that Cereno had signed a license agreement for the drug candidate CS585 with the University of Michigan. The signed agreement provided Cereno the exclusive rights to CS585 for further development and commercialization. Cereno also extended the preclinical collaboration agreements it has with UoM for the two programs CS585 and CS014.

- In early April, Cereno announced progress in the recruitment of patients into the study in the rare disease PAH with its lead candidate drug CS1. A total of 10 patients had been enrolled in the study which plans to study 30 patients.

- At the end of April, Cereno's Board of Directors decided to carry out a rights issue of units of approximately SEK 110 million to enable the continued development of the company's three drug candidates to the next value-increasing milestones. The subscription period takes place during May 8 – 24. In conjunction with this, Cereno also announced the intention to change marketplace to Nasdaq First North Growth Market.

- An abstract on the preclinical drug candidate CS585 was accepted as an oral presentation at the scientific confer-ence Vascular Discovery 2023: From Genes to Medicine hosted by the American Heart Association, in Boston, Massachusetts, US, May 10-13, 2023. The abstract titled "The eicosanoid analogue CS585 represents a first-in-class in prevention of platelet activation and thrombosis through direct activation of the prostacyclin receptor" was presented by Adriana Yamaguchi, Postdoctoral Research Fellow at the University of Michigan.

- In early May, Cereno reported that two patients successfully completed the treatment period with drug candidate CS1 in the ongoing Phase II study in the rare disease PAH.

- In May, the nomination committee's proposed resolutions for the 2023 annual general meeting were published and included the new election of Joakim Söderström as chairman of the board. The nomination committee also proposed that the board be consolidated to include five members and no deputies. More information can be found on the company's website in the Corporate governance-section.

- In May, the company shared an updated progress report of the Phase II study in pulmonary arterial hypertension (PAH) with drug candidate CS1. The study proceeded well with 16 patients enrolled in the study, 9 patients having received CardioMEMS HF System implantation, 5 patients randomized and in active treatment, and 2 patients having completed the study.

- In May, it was announced that an abstract on preclinical drug candidate CS585 was accepted as an oral presentation by the Scientific Program Committee at the European Hematology Association (EHA) 2023 Hybrid Congress in Frankfurt, Germany, on June 8-11. The abstract "Sustained inhibition of platelet activity and throm-bosis via IV and oral administration of CS585" was presented by Dr. Michael Holinstat, lead of Cereno's preclinical development programs at University of Michigan and Director of Translational Research at Cereno.

Significant events after the period

- On June 14, Cereno Scientific's shares of Series B commenced trading on Nasdaq First North Growth Market.

- An oral presentation on drug candidate CS585 was held at the 31st Congress of the International Society on Thrombosis and Haemostasis (ISTH 2023 Congress), in Montreal, Canada on June 24-28, 2023. The abstract titled "CS585 is a novel and highly selective IP receptor agonist for prevention of thrombosis" was presented by Dr. Michael Holinstat, lead of Cereno's development programs at University of Michigan and Director of Translational Research at Cereno.

- In June, the company shared data received from a patient case study initiated by an investigator on the first patient that completed the Phase II study of CS1 in the rare disease pulmonary arterial hypertension (PAH) at the site. The case study was based on one patient and was performed to control the utility of CardioMEMS™ HF System (Abbott, Inc.), an innovative technology used to daily monitor pulmonary pressure and other cardiopulmonary function in patients in the study. Data indicated that drug candidate CS1 had a positive effect on pulmonary arterial pressure and cardiac function. It further indicated the utility of CardioMEMS in evaluating drug medication effectiveness in PAH.

- In July, Cereno participated in the 8th Annual Drug Discovery & Development Symposium arranged by the Pulmonary Vascular Research Institute (PVRI) on July 10-11, 2023. Raymond Benza, PI of the Phase II study of CS1 and member of Cereno's scientific advisory board, co-chairs the event while Björn Dahlöf, Cereno's Chief Medical Officer (CMO), presented the company and its HDAC-focused portfolio.

- Two abstracts on the preclinical drug candidates CS014 and CS585, respectively, were accepted as moderated ePoster presentations at the ESC Congress 2023 hosted by the European Society of Cardiology, in Amsterdam, Netherlands, on August 25-28, 2023.

- Eva Jagenheim has been appointed Chief Financial Officer (CFO). Jagenheim has broad experience in finance and the Swedish biotech sector. She will join the company on August 28, 2023.

- In August, Cereno shared that further mitigation strategies have been activated for the Phase II study of CS1 in pulmonary arterial hypertension (PAH) due to slower patient recruitment than anticipated. Two new specialist clinics with large capacities are in the start-up phase to open to complete the recruitment of patients fulfilling the study criteria. Consequently, the timeline of the study estimates top-line results to be reported in Q1 2024.

- In August, Cereno shared the launch of an initiative for data quality control of CardioMEMS HF System providing an opportunity to report early efficacy data from the Phase II study of CS1, already in Q4 2023. The data quality control will support conclusive study result from this new CardioMEMS HF System technology in a new disease indication. This enables Cereno to communicate efficacy data on more than half of the study population receiving CS1 in Q4 2023.

- Cereno will hold a Capital Markets Day on August 30, 2023, more information on the company website.

Letter from the CEO

This is the first quarterly report we share as a Nasdaq First North company – an important milestone in the history of Cereno. Overall, the second quarter of 2023 can be summarized as an important period for the company's growth and long-term strategy. In addition to the business activities, the development of our whole portfolio has purposely proceeded forward. We have also reported significant news for our CS1 candidate that has indicated a remarkable potential for effect in patients with PAH. The three innovative drug candidates in our portfolio are all taking important steps toward the ultimate goal of improving the quality of life as well as prolonging life for people with common and rare cardiovascular disease.

We are very excited about the progress of our portfolio over the last period and especially the encouraging efficacy findings on CS1 from our patient case in our lead program in PAH. We are now set to drive our ambitions forward with the aim to offer innovative treatments that could potentially significantly improve the quality of life and life expectancy for patients with common and rare cardiovascular disease.

- Sten R. Sörensen, CEO

CS1 shows remarkable pulmonary pressure reduction in a PAH patient

We shared the remarkable outcome of a patient case study earlier this summer from the ongoing study. The investigator who initiated the case study was intrigued by the effect of CS1 and how convenient the daily remote monitoring using CardioMEMS HF System was. In only 12 weeks of treatment with CS1, the patient's PAH disease improved noticeably. We noted that CS1 showed a 30% reduction in PAH and a 20% increase in cardiac output. The patient's overall functional status was changed from NYHA/WHO functional class II to I at the end of the treatment period, meaning that she had next to normal functional physical capacity. This patient had been on a stable standard of care treatment for PAH for the last three years without achieving the same results, which strongly speaks for CS1's effect on PAH. With these positive initial findings, we are optimistic about the Phase II study outcome and CS1's potential.

Two new clinics open to complete patient recruitment in the CS1 study

During the second quarter, we have seen further significant progress in our patient recruitment with 25 patients enrolled and 16 patients in active treatment to date. Although this is highly positive, it is still lower than the patient recruitment pace anticipated. We have, therefore, now initiated the activation of two new specialist clinics with large capacities. We are highly optimistic about an increased recruitment pace as the new clinics have already identified suitable patients before activation, and more patients are also lined up for screening in September and October at existing clinics. We believe that opening the two new clinics with known large capacities will further support patient recruitment to complete the study and mitigate any further changes to the study timelines. The study's top-line results are now estimated to be reported during Q1 2024.

Data quality control of CardioMEMS initiated to obtain CS1 efficacy data in Q4 2023

We are excited to be able to share that we have launched an initiative for data quality control of CardioMEMS HF System. Our discussions for this initiative were triggered by remarkable positive findings on CS1 efficacy on PAH as was observed in the patient case study reported in June. With this quality control, we aim to provide an opportunity to optimize patients' study protocol adherence and data transfer quality of CardioMEMS, which in turn will support a higher level of standardization of study data. The intention is to create an optimal, conclusive data set for when the top-line results are analyzed with a strong, clear indication of the effect of CS1 as measured by the CardioMEMS HF System. Our aim is to provide a report from the data quality control during Q4 2023, which will then also include efficacy data on more than half of the study population receiving CS1. We are eager to see the results as CS1 has thus far indicated to be an efficacious treatment alternative in PAH.

Preclinical candidates continue to progress

The extended preclinical development programs of CS014 and CS585 have continued to progress during the quarter in collaboration with the University of Michigan. In April, we signed an agreement with the University of Michigan to obtain exclusive rights for further development and commercialization of CS585. The drug candidates show promising data as we continue development toward Phase I studies.

We are especially looking forward to advancing our drug candidate CS014, in development for the prevention of thrombosis, arterial and venous, over the upcoming months. The next major milestone for the program is to obtain a permit from the Swedish Medical Products Agency (Läkemedelsverket) and the Ethical Review Authority (Etikprövningsmyndigheten) to allow us to start a Phase I study in H1 2024.

The development program of CS585 is progressing with the aim of working toward completing the preclinical program in 2024.

Leveraging our exposure to potential industrial partners

We are continuing to actively participate in scientific congresses and medical meetings to increase the reach of our innovative drug candidates to the scientific community and industrial potential development partners to leverage Cereno's business development objectives for our programs. During the last few months, we presented preclinical data at the scientific conference Vascular Discovery 2023: From Genes to Medicine hosted by the American Heart Association, in Boston, Massachusetts, US, May 10-13, 2023, the European Hematology Association (EHA) 2023 Hybrid Congress in Frankfurt, Germany, on June 8-11, 31st Congress of the International Society on Thrombosis and Haemostasis (ISTH 2023 Congress), in Montreal, Canada on June 24-28, 2023; as well as the upcoming ESC Congress 2023 hosted by the European Society of Cardiology, in Amsterdam, Netherlands, on August 25-28, 2023. Our CMO Björn Dahlöf was also invited to speak at the invitation-only event 8th Annual Drug Discovery & Development Symposium arranged by the Pulmonary Vascular Research Institute (PVRI) on July 10-11, 2023, to talk about HDAC inhibition in PAH in general, and CS1 in PAH, in particular, as well as the ongoing study. In addition, we have several new abstracts and publications on preclinical data in preparation over the coming months.

Initiating the next growth period for the company

On June 14, 2023, we rang the Nasdaq bell marking the start of the trading of the Cereno share on the marketplace Nasdaq First North Growth Market. As we approach several key milestones for our portfolio and expect high interest from the national and international investor community, the uplisting from Spotlight Stock Market to Nasdaq First North Growth Market is a natural next step in Cereno's growth journey. In connection with the move to a new marketplace, we carried out a rights issue enabling us to proceed with further development of our promising drug candidates.

We are evolving our team to support the new requirements that come with a Nasdaq listing. A new CFO, Eva Jagenheim, joins us on August 28, bringing a wealth of experience and valuable financial expertise from previous roles in public biotech companies.

We are very excited about the progress of our portfolio over the last period and especially the encouraging efficacy findings on CS1 from our patient case in our lead program in PAH. We are now set to drive our ambitions forward with the aim to offer innovative treatments that could potentially significantly improve the quality of life and life expectancy for patients with common and rare cardiovascular disease.

Thank you for your continued support of our exciting journey.

Sten R. Sörensen, CEO Cereno Scientific

Project portfolio

Cereno has a promising project portfolio of innovative drug candidates focused on developing effective and safe treatments for rare and common cardiovascular disease with major unmet medical needs. The company's portfolio includes a Phase II program and two preclinical programs.

Clinical phase
Tolerability, safety and efficacy studies

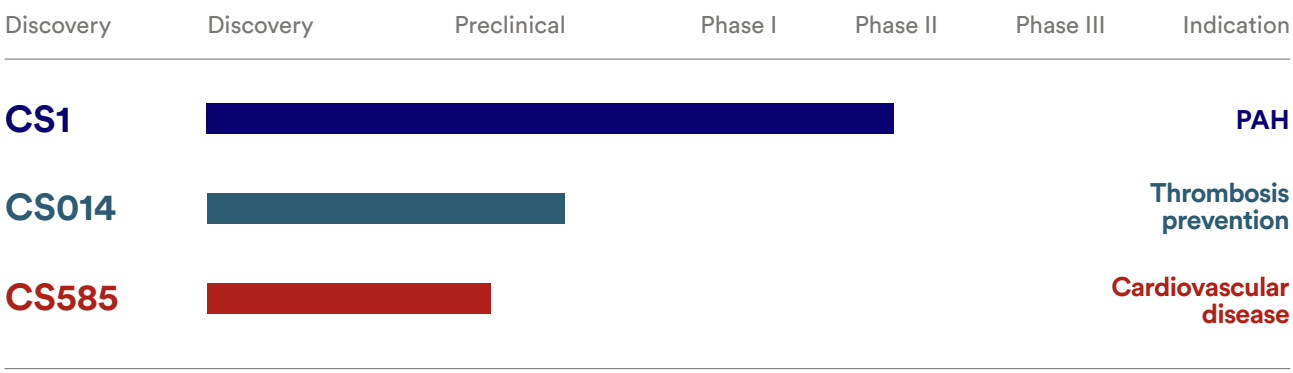
CS1
The drug candidate CS1 is an HDAC (histone deacetylase) inhibitor that acts as an epigenetic modulator through pressure-reducing, "reverse-remodeling", anti-fibrotic, anti-inflammatory and anti-thrombotic properties. CS1 is undergoing a Phase II clinical trial for the treatment of the rare disease PAH.

Preclinical phase
Studies in the laboratory to fulfill requirements to start clinical studies

CS014
Drug candidate CS014 is an HDAC inhibitor with epigenetic effects that is being developed as a treatment to effectively prevent thrombosis without increased risk of bleeding.

CS585
The drug candidate CS585 is being evaluated as a treatment for cardiovascular disease and further studies are ongoing to confirm an indication for clinical studies in cardiovascular disease.

Drug candidates in the portfolio



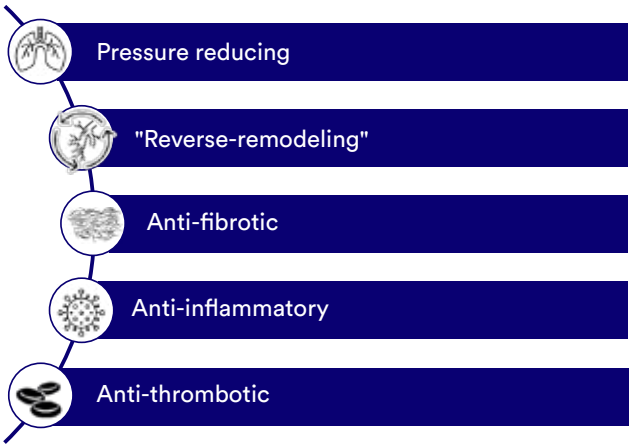
Clinical drug candidate CS1

The drug candidate CS1 is being developed as a treatment for the rare disease pulmonary arterial hypertension (PAH). The aim of CS1's development is to offer a disease-modifying drug that potentially can slow down, or reverse, the course of disease and thus improve the patient's quality of life and prolong the patients' life. A Phase II study with nine clinics, and two additional clincis to be opened, in the US is ongoing in collaboration with the global healthcare company Abbott.

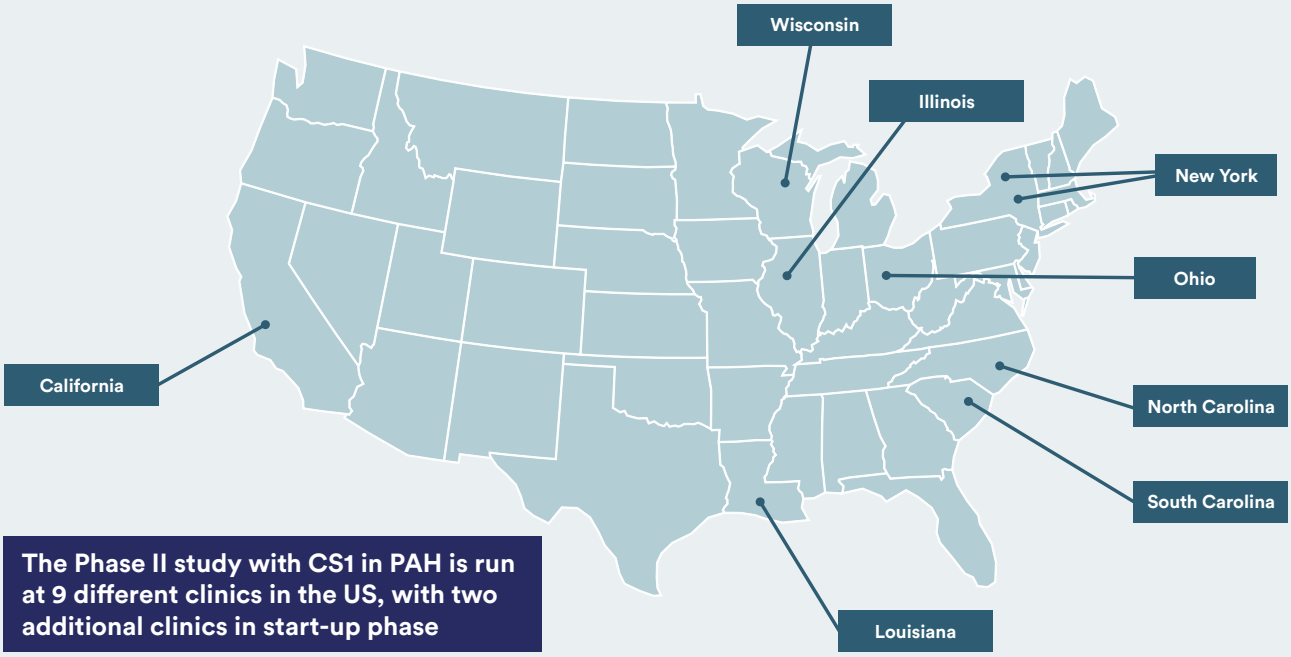
CS1 is an innovative formulation of valproic acid (VPA) and is an HDAC inhibitor that has received orphan drug designation for the treatment of PAH. CS1's active substance VPA works through epigenetic modulation with a multifold efficacy profile that is pressure-reducing, "reverse-remodeling" and has anti-fibrotic, anti-inflammatory, and anti-thrombotic properties. CS1 has the potential to offer an effective, safe and disease-modifying PAH treatment through epigenetic modulation and thus be able to offer improved quality of life and increased survival. CS1, therefore, has the potential to completely change the treatment landscape for PAH patients.

The documentation of CS1's properties has been demonstrated through in vitro models, animal models, human physiological data, independent epidemiological studies and a successfully completed Phase I study. In preclinical studies and clinical studies of the anti-thrombotic effect, CS1 showed an improvement of the endogenous fibrinolytic system by supporting thrombolysis through the effect on local release of t-PA and reduction of the blood levels of PAI-1. With the Phase I clinical trial, CS1 demonstrated good safety and tolerability, robust reduction of PA-1 and no problems with bleeding.

Overall, CS1 shows promising potential with a multifold efficacy profile with properties such as:



CS1 is being developed as a treatment for the rare disease PAH with the aim of offering patients a better and safer disease-modifying drug. CS1's unique efficacy profile fits well with the pathogenetic mechanisms of rare disease PAH and is believed to be able to address today's major unmet need for better treatment alternatives.



The Phase II study with CS1 in PAH is run at 9 different clinics in the US, with two additional clinics in start-up phase

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 have potential as a disease-modifying treatment in the future.

The development program for CS1 in PAH is anchored in the orphan drug designation (ODD) granted by the US FDA in March 2020. The FDA grants national orphan drug designation to encourage the development of drugs intended for the treatment of rare diseases in the US. Several incentives are associated with orphan drug status to facilitate drug development and they include, among other things, seven years of market exclusivity in the US from approval, assistance from the FDA in the design of clinical studies, and tax credits for qualified study costs. Through the granted orphan drug status, the FDA has also indicated that they believe that CS1 has the potential to offer patients with PAH a significantly improved treatment.

A Phase II clinical trial is ongoing to confirm CS1's safety, tolerability and efficacy in patients with PAH. A collaboration agreement with the global healthcare company Abbott is the basis for Cereno to be able to use Abbott's pioneering technology, the CardioMEMS HF System, in the study. The technology will be used to daily monitor pulmonary pressure and other cardiopulmonary function in patients in the Phase II study. The primary objective of the study is to evaluate the safety and tolerability of the drug candidate CS1. All relevant standard endpoints used in previous PAH studies for this patient group will also be evaluated and a validated estimate of risk is calculated and various biomarkers, quality of life and various aspects of cardiac function

> **CS1 definitely needs to be tested in PAH, it could be game-changing for patients.**
>
> **- Dr. Raymond Benza,** principal investigator for the Phase II study with CS1 and Chair of its clinical steering committee; scientific advisor to Cereno; Professor and Director of Division of Cardiovascular Disease at Ohio State University Wexner Medical Center.

are evaluated. Cereno expects that the optimal dose for later clinical trials will be able to be determined from the study. The study is being conducted at nine different specialist clinics in the USA and includes 30 patients.

Remarkable patient case study data

Data from a patient case study reviewed during the ongoing study was reported in June 2023. The data is based on one patient, the first patient that completed the study at the site where the investigator who initiated the case study was based. The main aim of the case study was to control the utility of CardioMEMS HF System. In summary, data indicated that CS1 has a positive effect on pulmonary arterial pressure and cardiac function. It further indicated the utility of CardioMEMS in evaluating drug medication effectiveness in PAH.

Findings of the case study, carried out during a 12-week treatment period with CS1, further show that the patient's mean pulmonary arterial (PA) pressure was reduced from 33 mmHg at baseline to 23 mmHg at the end of the period. Cardiac output was increased from 4.7 L/min at baseline to 5.6 L/min. Right ventricular (RV) stroke volume (SV) also increased when treated with CS1 over time, together with SV index and RV efficiency. These changes were accompanied by reductions in RV stroke work and total pulmonary resistance (TPR). The patient required no changes to her PAH medication during the study, and her status was improved from NYHA/WHO functional class II to functional class I at the end of the treatment period. There were no adverse events related to the CardioMEMS sensor implantation or the device itself and there were no serious adverse events reported on CS1.

In addition to the data related to the effects of CS1 in the PAH patient, the case study indicates that using the CardioMEMS permits safe daily remote monitoring of pulmonary arterial (PA) pressure over time in patients with PAH, permitting assessment of medication effectiveness on an individual patient level.

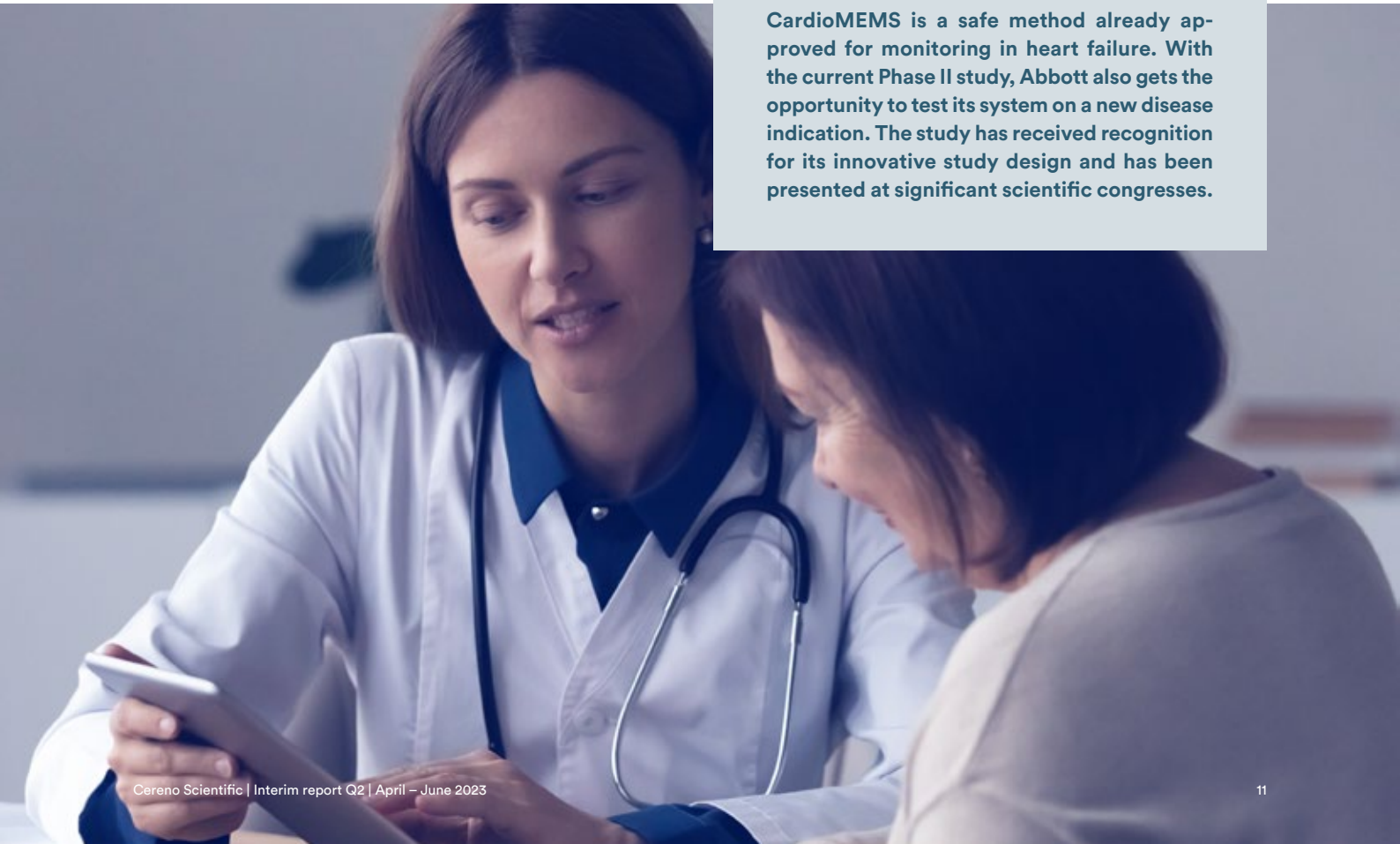
Patent overview

Cereno has three patent families in relation to the drug candidate CS1. In these three patent families, there are granted patents in the most important global markets, including Australia, Europe, Israel, Japan, Canada, Malaysia, Mexico, the USA, Russia and South Korea. Additional patent applications are undergoing national registration processes in other strategically selected markets, which, if approved, could provide additional market exclusivity.

The collaboration with the global healthcare company Abbott allows Cereno to use Abbotts pioneering implantable technology CardioMEMS HF System in the ongoing Phase II-study with CS1 in PAH.

The technology is used to be able to monitor the lung pressure of patients in the study on a daily basis. Through the continuous monitoring, a smaller patient population than would otherwise be necessary can be used, which means that the study can be conducted more resource-efficiently. In addition, the function of the heart can be measured to see an effect of the medication with CS1.

CardioMEMS is a safe method already approved for monitoring in heart failure. With the current Phase II study, Abbott also gets the opportunity to test its system on a new disease indication. The study has received recognition for its innovative study design and has been presented at significant scientific congresses.



Preclinical programs

Cereno has two preclinical development programs with novel drug candidates for the treatment of cardiovascular disease. The aim is for these to meet all the requirements to be allowed to start clinical studies.

CS014

The drug candidate CS014 belongs to the preclinical HDAC inhibitor program consisting of HDAC inhibitors that act through epigenetic modulation. In March 2019, CS014 was acquired from Emeriti Bio and has since been developed in a collaboration between Cereno and Emeriti Bio. The drug candidate CS014 is being developed as a future treatment to effectively prevent thrombosis without increasing the risk of bleeding.

CS014 as an HDAC inhibitor with epigenetic effects is a completely new approach to thrombosis prevention with the potential to effectively reduce the risk of developing thrombosis without increased bleeding risk. Given the potential for the additional disease-modifying properties seen with HDAC inhibition (see details under CS1), additional benefit may be expected from treatment with CS014 in thrombosis prevention in cardiovascular disease as inflammation, fibrosis, vascular changes and elevated blood pressure are common in these conditions. HDAC inhibition as thrombosis prevention has the opportunity to fundamentally change the treatment landscape and meet a major unmet medical need.

In preclinical studies, CS014 has, in both venous and arterial thrombosis, shown to reduce the formation of thrombosis by inhibiting platelet activity and increase the fibrinolytic capacity.

Preclinical data were presented at the scientific congress ESC in August 2022 where these anti-thrombotic effects on both the venous and arterial side without increased bleeding risk were well received by the scientific community. This shows that CS014 has the potential to become a treatment option in both forms of thrombosis: venous thrombosis and arterial thrombosis. With the help of HDAC inhibitor CS014 and epigenetic modulation, it would be possible in the clinic to prevent thrombosis without an increased

Research collaboration with the University of Michigan

The University of Michigan is a top-ranked public research university in Ann Arbor, Michigan, USA with an extensive track record of successful collaborations with the pharmaceutical industry. The university has one of the largest annual academic research budgets of any university in the United States. Over US$1.6 billion is spent each year on research and development across the 2.8 million square meter laboratory area. The university has 6,200 faculty members and approximately 38,000 employees. Dr. Michael Holinstat leads work on Cereno's two preclinical programs at the University. Dr. Michael Holinstat received his PhD in pharmacology from the University of Illinois at Chicago and completed postdoctoral training at Vanderbilt University in Nashville. His research areas have included thrombosis, pharmacology and hematology. Dr. Holinstat is an associate professor of pharmacology and leads the translational programs in drug development in hemostasis and thrombosis at the Department of Pharmacology at the University of Michigan. Dr. Holinstat has built a "state of the art" laboratory to investigate the effects of various pharmacological principles on platelets and coagulation both in vitro and in vivo.

risk of bleeding. Additional preclinical and clinical studies will be conducted to determine the first indication where CS014 has the greatest potential as a treatment to prevent thrombosis.

The preclinical development program with CS014 is ongoing in collaboration with the University of Michigan. This program is now in its final phase with mandatory safety studies, including toxicity studies, while preparations to start clinical studies are ongoing. In April 2023, the preclinical collaboration agreement with the University of Michigan was extended for both CS014 and CS585. Cereno aims to be able to start a Phase I study with CS014 in the first half of 2024 in the indication thrombosis prevention.

CS585

The drug candidate CS585 belongs to the preclinical prostacyclin receptor agonist (PRA) program. CS585 has, in initial in vivo animal models, demonstrated the potential to significantly improve disease mechanisms relevant to selected cardiovascular diseases. The drug candidate CS585 has not yet been assigned a specific indication for clinical development as evaluation in the preclinical program is still ongoing.

In preclinical studies, CS585 has shown efficacy by stimulation of the prostacyclin (IP) receptor and thus prevents thrombosis without increased risk of bleeding. Preclinical data were presented at the scientific congress EHA 2022 and the US-based scientific congress ACC.23/WCC in March 2023. These preclinical data demonstrate that CS585 may have the potential to become one of the most effective PRA treatment for the indications PAH and thrombosis prevention.

In early April 2023, Cereno signed a license agreement for drug candidate CS585 with the University of Michigan. The agreement provides Cereno exclusive rights to further development and commercialization of CS585. In April 2023, the preclinical collaboration agreement with the University of Michigan was also extended for both CS014 and CS585.

Financial overview

Financial performance
During the first half of the year, the company has mainly invested in the implementation of the Phase II clinical study with CS1 in PAH, in the development of the patent portfolio, and in preclinical studies with CS585 and CS014. At the end of the half-year, the group had a cash balance of SEK 85 million and an equity ratio of 95%.

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 2023 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 but since 14 June 2023 the shares are trading on Nasdaq First North Growth Market with the short name "CRNO B" and ISIN code SE0008241558. Mangold Fondkommission is Cereno Scientific's Certified Advisor and helps the company comply with Nasdaq First North Growth Market rules and regulations.

Share capital
Cereno Scientific's share capital was, as of the balance sheet date 30 June 2023, divided into 233 775 234 shares. The company has two classes of shares, of which 722,248 are A shares. The A share gives ten (10) votes per share. Each B share gives one (1) vote per share. Each share carries an equal right to a share in the company's assets and results. The share's quota value (share capital divided by the 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 May 2023, the restated number of Class B shares that the warrants give entitlement to is 1 625 502. 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 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 May 2023, 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 May 2023, 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.

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 for 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. A total of 2 444 442 stock options was allocated to employees before 31 December 2022. With employees who have left their employment with the company taken into account, the number of allocated stock options that remains amounts to 1 666 665. After the completed share issue in May 2023, the restated number of Class B shares that the stock options give entitlement to is 1 754 719.

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 for 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. A total of 1 111 110 stock options was allocated to board members before 31 December 2022. With board members who have left their engagement with the company taken to into account, the number of allocated stock options that remains amounts to 444 444. After the completed share issue in May 2023, the restated number of Class B shares that the stock options give entitlement to is 467 925.

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 May 2023, the restated number of Class B shares that the warrants give entitlement to is 3 509 440 Of these, 807 171 had been allocated as of 30 June 2023. 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, Q3 2023.....17 November 2023
Year-end Report, Q4 2023.....22 February 2024

Share capital development

Year	Event	Ratio value (SEK)	Difference shares	Change (SEK)	Total number shares	Total share capital (SEK)
2012	Rights issue	1	50 000	50 000	50 000	50 000
2012	Directed issue	1	10 605	10 605	60 605	60 605
2016	Stock dividend issue	1	1 200	1 200	61 805	61 805
2016	Share split 100:1	10		556 245	61 805	618 050
2016	Subdivision A-/B- shares	0.10	6 118 695		6 180 500	618 050
2016	Directed issue	0.10			6 180 500	
2016	Directed issue	0.10	1 420 000	1 420 000	7 600 500	760 050
2016	IPO	0.10	450 000	45 000	8 050 500	805 050
2016	Conversion	0.10	2 940 000	294 000	10 990 500	1 099 050
2018	Conversion	0.10	188 679	18 868	11 179 179	1 117 918
2018	Conversion	0.10	444 444	44 444	11 623 623	1 162 362
2018	Conversion	0.10	540 540	54 054	12 164 163	1 216 416
2018	Conversion	0.10	483 870	4 838 700	12 648 033	1 264 803
2018	Conversion	0.10	419 354	41 935	13 067 387	1 306 739
2018	Conversion	0.10	384 614	38 461	13 452 001	1 345 200
2018	Conversion	0.10	269 230	26 923	13 721 231	1 372 123
2018	Conversion	0.10	307 692	30 769	14 028 923	1 402 892
2018	Conversion	0.10	333 333	33 333	14 362 256	1 436 226
2018	Conversion	0.10	285 714	28 571	14 647 970	1 464 797
2019	Conversion	0.10	533 333	53 333	15 181 303	1 518 130
2019	Conversion	0.10	666 666	66 667	15 847 969	1 584 797
2019	Conversion	0.10	3 333 333	333 333	19 181 302	1 918 130
2019	Rights issue	0.10	19 181 302	1 918 130	38 362 604	3 836 260
2019	Overallotment issue	0.10	1 724 137	172 414	40 086 741	4 008 674
2019	Remuneration issue	0.10	132 571	13 257	40 219 312	4 021 931
2020	Directed issue	0.10	31 600 000	3 160 000	71 819 312	7 181 931
2021	Share issue TO1	0.10	33 442 470	3 344 247	105 261 782	10 526 178
2022	Share issue TO2	0.10	32 253 062	3 225 306	137 514 844	13 751 484
2023	Rights issue	0.10	96 260 390	9 626 039	233 775 234	23 377 523
At end of period		**0.10**	**96 260 390**		**233 775 234**	

Number of average shares

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
Before diluted	185 645 039	105 261 782	185 645 039	105 261 782
After diluted	195 496 122	146 255 418	195 496 122	146 255 418

Share and owners

The largest shareholders by 30 June 2023.

Owners	Capital	Votes
Avanza Pension	12.3 %	11.9 %
Mangold Fondkommission AB	10.8 %	10.5 %
Formue Nord Markedsneutral A/S	8.9 %	8.6 %
Tellus Fonder AB	2.6 %	2.6 %
Pareto Securities AS	1.9 %	1.8 %
Total five largest owners	**36.5 %**	**35.4 %**
Other shareholders	63.5 %	64.6 %
Total (4 747 shareholders)	**100 %**	**100 %**

Group – Income statement

(SEK)	1 April 2023 30 June 2023 3 months	1 April 2022 30 June 2022 3 months	1 Jan 2023 30 June 2023 6 months	1 Jan 2022 30 June 2022 6 months
Capitalised work for own account	10 630 187	17 463 513	26 056 801	25 616 782
	10 630 187	**17 463 513**	**26 056 801**	**25 616 782**
Operating expenses				
Other external costs	-17 243 032	-21 899 278	-33 834 470	-33 838 743
Personnel costs	-3 889 641	-1 770 416	-6 981 922	-2 851 748
Depreciation of tangible fixed assets	-3 577	-3 577	-7 154	-7 154
Other operating costs	-170 896	-169 119	-320 532	-409 983
Operating loss	**-10 676 959**	**-6 378 877**	**-15 087 277**	**-11 490 846**
Loss from financial items				
Interest income and similar income	115	-	850	-
Interest expenses and similar expenses	-9 209	-139 156	-9 214	-274 156
Loss after financial items	**-10 686 053**	**-6 518 033**	**-15 095 641**	**-11 765 002**
Loss before tax	**-10 686 053**	**-6 518 033**	**-15 095 641**	**-11 765 002**
Loss for the period	**-10 686 053**	**-6 518 033**	**-15 095 641**	**-11 765 002**

Group – Balance sheet

(SEK)	30 June 2023	31 Dec 2022
ASSETS		
Fixed assets		
Intangible assets		
Capitalised expenditures for development activities	159 946 952	135 709 679
Patents, trademarks, licenses and similar rights	13 096 752	11 277 224
	173 043 704	**146 986 903**
Tangible assets		
Fixtures, tools and installations	21 469	28 623
	21 469	**28 623**
Financial assets		
Other long-term receivables	9 983	9 602
	9 983	**9 602**
Total fixed assets	**173 075 156**	**147 025 128**
Current assets		
Current receivables		
Other receivables	1 002 291	1 248 316
Prepaid expenses and accrued income	338 031	334 524
	1 340 322	**1 582 840**
Cash and bank balance	**85 291 722**	**67 045 679**
Total current assets	**86 632 044**	**68 628 519**
TOTAL ASSETS	**259 707 200**	**215 653 647**

Group – Balance sheet cont.

(SEK)	30 June 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	23 377 523	13 751 484
Other contributed capital	297 413 530	245 725 032
Other capital including loss for the year	-73 151 659	-57 965 096
Equity attributed to the Parent Company's shareholders	**247 639 394**	**201 511 420**
Total equity	**247 639 394**	**201 511 420**
Long-term liabilities		
Other liabilities to credit institutions	400 000	400 000
	400 000	**400 000**
Current liabilities		
Accounts payable	6 999 683	9 410 863
Tax liabilities	344 150	212 761
Other liabilities	643 849	406 636
Accrued expenses and deferred income	3 680 124	3 711 967
	11 667 806	**13 742 227**
TOTAL EQUITY AND LIABILITIES	**259 707 200**	**215 653 647**

Group – Change in equity

01 January – 30 June 2023	Share capital	Other contributed capital	Other capital including profit/ loss for the year
At start of period	13 751 484	245 725 032	-57 965 096
Exchange rate differences when translating foreign subsidiaries	-	-	-90 922
New share issue	9 626 039	67 382 273	-
Issue expenses	-	-15 693 775	-
Loss for the period	-	-	-15 095 641
At the end of the period	**23 377 523**	**297 413 530**	**-73 151 659**

01 January – 30 June 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
Exchange rate differences when translating foreign subsidiaries	-	-	-223 275
Loss for the period	-	-	-11 765 002
At the end of the period	**10 526 178**	**189 760 849**	**-42 210 380**

Group – Cash flow statement

(SEK)	1 April 2023 30 June 2023 3 months	1 April 2022 30 June 2022 3 months	1 Jan 2023 30 Jun 2023 12 months	1 Jan 2022 30 Jun 2022 12 months
OPERATING ACTIVITIES				
Loss after financial items	-10 686 053	-6 518 033	-15 095 641	-11 765 002
Adjustments for items not included in the cash flow				
Depreciations	3 577	3 577	7 154	7 154
Translation differences	-34 534	-224 413	-91 002	-224 357
Accrued expenses for borrowings	-	60 000	-	120 000
Accrued interest cost	-	75 000	-	150 000
	-10 717 010	**-6 603 869**	**-15 179 489**	**-11 712 205**
Cash flow from operating activities before changes in working capital	**-10 717 010**	**-6 603 869**	**-15 179 489**	**-11 712 205**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables	484 200	-52 272	242 218	58 061
Increase (+)/Decrease (-) in operating liabilities	218 036	10 108 935	-2 074 422	10 894 118
Cash flow from operating activities	**-10 014 774**	**3 452 794**	**-17 011 693**	**-760 026**
Investing activities				
Acquisition of intangible assets	-10 630 186	-17 463 514	-26 056 801	-25 616 783
Cash flow from investing activities	**-10 630 186**	**-17 463 514**	**-26 056 801**	**-25 616 783**
Financing activities				
New share issue	77 008 312	-	77 008 312	-
Issue expenses	-15 693 775	-	-15 693 775	-
Cash flow from financing activities	**61 314 537**	**0**	**61 314 537**	**0**
Cash flow for the period	**40 669 577**	**-14 010 720**	**18 246 043**	**-26 376 809**
Cash and cash equivalents at start of period	**44 622 145**	**77 268 668**	**67 045 679**	**89 634 757**
Cash and cash equivalents at end of period	**85 291 722**	**63 257 948**	**85 291 722**	**63 257 948**

Parent company – Income statement

(SEK)	1 April 2023 30 June 2023 3 months	1 April 2022 30 June 2022 3 months	1 Jan 2023 30 June 2023 6 months	1 Jan 2022 30 June 2022 6 months
Capitalised work for own account	10 630 187	17 463 513	26 056 801	25 616 782
	10 630 187	**17 463 513**	**26 056 801**	**25 616 782**
Operating expenses				
Other external costs	-17 254 850	-22 129 223	-33 906 670	-34 069 221
Personnel costs	-3 889 641	-1 770 416	-6 981 922	-2 851 748
Depreciation of tangible fixed assets	-3 577	-3 577	-7 154	-7 154
Other operating cost	-170 896	-169 119	-320 529	-409 982
Operating loss	**-10 688 777**	**-6 608 822**	**-15 159 474**	**-11 721 323**
Loss from financial items				
Interest income and similar income	115	-	850	-
Interest expenses and similar expenses	-9 209	-139 156	-9 214	-274 156
Loss after financial items	**-10 697 871**	**-6 747 978**	**-15 167 838**	**-11 995 479**
Loss before tax	**-10 697 871**	**-6 747 978**	**-15 167 838**	**-11 995 479**
Loss for the period	**-10 697 871**	**-6 747 978**	**-15 167 838**	**-11 995 479**

Parent company – Balance sheet

(SEK)	30 June 2023	31 Dec 2022
ASSETS		
Fixed assets		
Intangible assets		
Capitalised expenditures for development activities	159 946 952	135 709 679
Patents, trademarks, licenses and similar rights	13 096 752	11 277 224
	173 043 704	**146 986 903**
Tangible assets		
Fixtures, tools and installations	21 469	28 623
	21 469	**28 623**
Financial assets		
Shares in group company	941	941
	941	**941**
Total fixed assets	**173 066 114**	**147 016 467**
Current assets		
Current receivables		
Receivables from group companies	68 403	-
Other receivables	1 002 291	1 243 411
Prepaid expenses and accrued income	338 031	334 524
	1 408 725	**1 577 936**
Cash and bank balance	**85 219 725**	**67 012 503**
Total current assets	**86 628 450**	**68 590 439**
TOTAL ASSETS	**259 694 564**	**215 606 906**

Parent company – Balance sheet cont.

(SEK)	30 June 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	23 377 523	13 751 484
Fund for development expenses	167 721 904	141 665 103
	191 099 427	**155 416 587**
Unrestricted equity		
Share premium reserve	51 688 498	55 565 517
Retained earnings	20 029 567	18 268 153
Loss for the period	-15 167 838	-27 747 301
	56 550 227	**46 086 369**
Total equity	**247 649 654**	**201 502 956**
Long-term liabilities		
Other liabilities to credit institutions	400 000	400 000
	400 000	**400 000**
Current liabilities		
Accounts payable	6 976 787	6 112 278
Liabilities to group companies	-	3 265 996
Tax liabilities	344 150	207 073
Other liabilities	643 849	406 636
Accrued expenses and deferred income	3 680 124	3 711 967
	11 644 910	**13 703 950**
TOTAL EQUITY AND LIABILITIES	**259 694 564**	**215 606 906**

Parent company – Change in equity

01 January – 30 June 2023	Share capital	Fund for development expenses	Share premium reserve	Retained earnings	Net loss for the period
At start of period	13 751 484	141 665 103	55 565 518	18 268 153	-27 747 301
Disposal according to AGM resolution	-	-	-55 565 518	27 818 216	27 747 301
New share issue	9 626 039	-	67 382 273	-	-
Issue expenses	-	-	-15 693 775	-	-
Redistribution in equity	-	26 056 802	-	-26 056 802	-
Loss for the period	-	-	-	-	-15 167 838
At the end of the period	**23 377 523**	**167 721 904**	**51 688 498**	**20 029 567**	**-15 167 838**

01 January – 30 June 2022	Share capital	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	3 930 596	-16 576 604
Disposal according to AGM resolution	-	-	-88 053 563	71 476 959	16 576 604
Redistribution in equity	-	25 616 782	-	-25 616 782	-
Loss for the period	-	-	-	-	-11 995 479
At the end of the period	**10 526 178**	**109 743 816**	**0**	**49 790 773**	**-11 995 479**

Parent company – Cash flow statement

(SEK)	1 April 2023 30 June 2023 3 months	1 April 2022 30 June 2022 3 months	1 Jan 2023 30 June 2023 6 months	1 Jan 2022 30 June 2022 6 months
OPERATING ACTIVITIES				
Loss after financial items	-10 697 871	-6 747 978	-15 167 838	-11 995 479
Adjustments for items not included in the cash flow	-			
Depreciations	3 577	3 577	7 154	7 154
Accrued expenses for borrowings	-	60 000	-	120 000
Accrued interest cost	-	75 000	-	150 000
	-10 694 294	**-6 609 401**	**-15 160 684**	**-11 718 325**
Cash flow from operating activities before changes in working capital	**-10 694 294**	**-6 609 401**	**-15 160 684**	**-11 718 325**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables	475 527	-11 274	169 210	97 219
Increase (+)/Decrease (-) in operating liabilities	3 473 118	10 077 088	-2 059 040	10 857 906
Cash flow from operating activities	**-6 745 649**	**3 456 413**	**-17 050 514**	**-763 200**
Investing activities				
Acquisition of intangible assets	-10 630 187	-17 463 513	-26 056 801	-25 616 783
Cash flow from investing activities	**-10 630 187**	**-17 463 513**	**-26 056 801**	**-25 616 783**
Financing activities				
New share issue	77 008 312	-	77 008 312	-
Issue expenses	-15 693 775	-	-15 693 775	-
Cash flow from financing activities	**61 314 537**	**-**	**61 314 537**	**-**
Cash flow for the period	**43 938 701**	**-14 007 100**	**18 207 222**	**-26 379 983**
Cash and cash equivalents at start of period	**41 281 024**	**77 221 636**	**67 012 503**	**89 594 519**
Cash and cash equivalents at end of period	**85 219 725**	**63 214 536**	**85 219 725**	**63 214 536**

The board and the managing director hereby certify that the interim report provides a fair overview of the parent company and the group's operations.

Gothenburg on 25 August 2023,

Joakim Söderström
Chair of the Board

Jonas Faijerson Säljö
Board member

Sverker Jern
Board member

Lena Mårtensson Wernrud
Board member

Anders Svensson
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 CS014 is a novel HDAC inhibitor with epigenetic effects, selected for prevention of thrombosis as target indication. In preclinical studies it has been documented to regulate platelet activity, fibrinolysis and clot stability for prevention of thrombosis without increased risk of bleeding. Drug candidate CS585 is a prostacyclin receptor agonist that has documented, in preclinical studies, to target the IP receptor 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 Nasdaq First North Growth Market (CRNO B). More information on www.cerenoscientific.com.

Cereno Scientific AB
Org.nr. 556890–4071
Visiting and Postal address: BioVentureHub
Pepparedsleden 1, 431 83 Mölndal, Sweden
Tel: +46 768 66 77 87
www.cerenoscientific.com