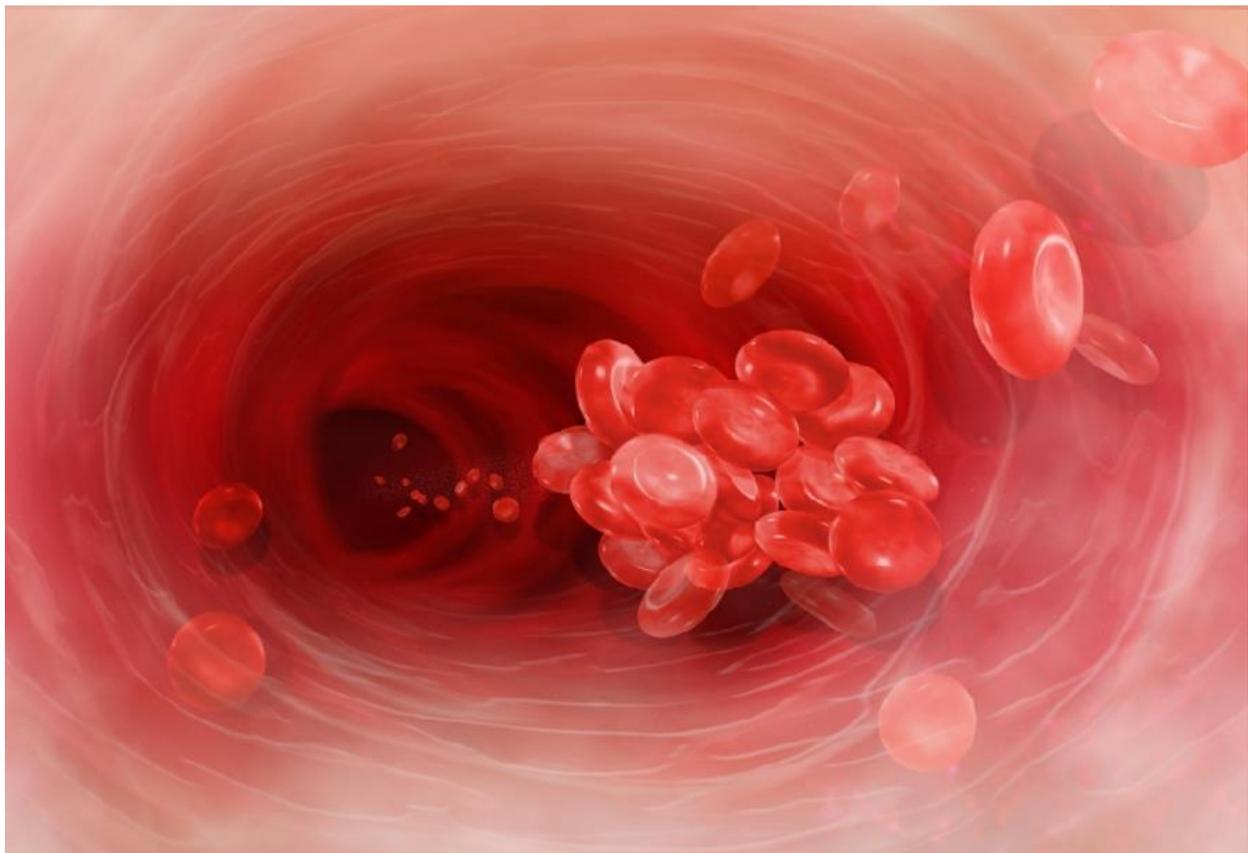


Cereno Scientific

Intelligent Thrombosis Prevention

Interim report

2018-01-01 – 2018-09-30



The Board and Chief Executive Officer of Cereno Scientific AB herewith present the interim report for the third quarter 2018.

Summary of the interim report

Nine months (2018-01-01 – 2018-09-30)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -7 777 300 SEK (-3 040 934).
- Loss per share was -0,60 SEK (-0,28 SEK) before dilution and -0,47 SEK* (-0,28 SEK) after dilution.
- Equity ratio was 71,7 % (90,1 %).

Three months (2018-07-01 – 2018-09-30)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -2 868 304 SEK (-1 182 976 SEK).
- Loss per share was -0,22 SEK (-0,11 SEK) before dilution and -0,17 SEK (-0,11 SEK) after dilution.

Amounts in parentheses: Prior year comparative period

Equity ratio: Shareholders' equity divided by total capital

Earnings per share: Profit/loss for the period divided by 13,067,387 shares as of 2018-09-30.

**Earnings per share after dilution: Profit/loss for the period divided by outstanding shares and warrants as of 2018-09-30 and the number of new shares regarding conversion of convertible bonds at an estimated conversion price of 3,0 SEK.*

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

Important events during the third quarter 2018

- On 12 September 2018, Cereno Scientific and OCT Group LCC ("OCT") reached a definitive agreement and set out the framework for the planned phase II study to investigate the antithrombotic effects of Cereno's candidate drug CS1.
- On 13 September 2018, Cereno Scientific announces that the company engages Björn Dahlöf as Chief Medical Officer (CMO). Dahlöf, who is a Board member and principal owner, has extensive experience in cardiovascular research, pharmacology, drug development and clinical testing in all phases, and has lectured internationally in these fields.
- On 13 September 2018, Cereno Scientific announces a Notice of Allowance for the company's patent application titled "Valproic acid for the treatment or prevention of pathological conditions associated with excess fibrin deposition and/or thrombus formation" from the US Patent Office, which means that the Patent Office intends to grant the company's patent application. The pending patent approval provides Cereno Scientific with intellectual property rights for the company's treatment concept and use of its drug candidate, CS1, in the US.

Financing

- On 5 July 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 188 679 class B shares in Cereno, corresponding to SEK 1 000 000 of the convertible loan. The conversion price per share amounted to SEK 5,3.
- On 18 July 2018, Cereno Scientific requested the fourth tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.

- On 18 July 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 444 444 class B shares in Cereno, corresponding to SEK 2 000 000 of the convertible loan. The conversion price per share amounted to SEK 4,5.
- On 10 August 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 540 540 class B shares in Cereno, corresponding to SEK 2 000 000 of the convertible loan. The conversion price per share amounted to SEK 3,7.
- On 11 September 2018, Cereno Scientific requested the fifth tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 13 September 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 483 870 class B shares in Cereno, corresponding to SEK 1 500 000 of the convertible loan. The conversion price per share amounted to SEK 3,1.
- On 18 September 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 419 354 class B shares in Cereno, corresponding to SEK 1 300 000 of the convertible loan. The conversion price per share amounted to SEK 3,1.

Important events after the period

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

Financing

- On 23 October 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 384 614 class B shares in Cereno, corresponding to SEK 1 000 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.
- On 31 October 2018, Cereno Scientific requested the sixth tranche of convertible bonds with warrants attached to European High Growth Opportunities Securitization Fund which amounted to SEK 3,500,000.
- On 31 October 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 269 230 class B shares in Cereno, corresponding to SEK 700 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.
- On 5 November 2018, Cereno Scientific received notification from European High Growth Opportunities Securitization Fund regarding conversion of convertible bonds into 307 962 class B shares in Cereno, corresponding to SEK 800 000 of the convertible loan. The conversion price per share amounted to SEK 2,6.

CEO Sten R. Sørensen comments

Another quarter is behind us and we have made positive progress for Cereno Scientific and for our CS1 drug candidate.

Our major focus during the quarter has been on finalising negotiations with the contract research organisation OCT for joint implementation of a Phase II study of CS1 and preparing the company for the start of the study. In September, we announced that we have reached a final agreement. The study will be conducted on patients undergoing orthopaedic surgery, for whom there is a heightened risk of blood clots in conjunction with the operation. The aim of the study is to demonstrate CS1's preventive effect on blood clots.



Cereno Scientific always endeavours to conduct thorough studies, with well-analysed data, which generates confidence and reliability in our work going forward. The planned phase II study is a relatively large study that will be conducted at about 20 clinics in Eastern Europe. The implementation of a study of such scope increases the study's validity and entails that we can continue the development of CS1 with greater reliability.

The work to scale-up the production of CS1 to the Phase II study is fully under way. We are partnering with Galenica in this, which we have done since 2016. We are also working to compile an application to the regulatory authorities to commence the study and intend to submit this at the end of the year.

During the quarter, we expanded the competence and capacity in our operational work. As an example of this, we have hired Björn Dahlöf as Chief Medical Officer (CMO) for the company. Björn Dahlöf's experience of clinical work, research and clinical trials to prevent thrombotic complications provides us with excellent support in our continued development.

We continue to prepare the company ahead of commercialisation and have been active in presenting Cereno Scientific and CS1 in Sweden and globally, and participated in several international partnering conferences during the period. It is important and exciting to convey the message that CS1 is a unique drug candidate with the potential to make a major difference for many patients. The positive trend enables us to step up a gear and initiate discussions with licencing and collaboration partners.

Another very important event was that we received patent approval in the US. This will give us intellectual property rights for our treatment concept and the use of CS1 in the world's largest pharmaceuticals market. It is a market that for the pharmaceutical treatment of blood clots (thrombosis) alone is estimated to have sales of about SEK 10 billion annually and is continuing to grow, making this a key milestone for us.

It is fully evident that there is a need for better anti-thrombosis drugs that have a better balance between efficacy and bleeding. Cereno Scientific has clear results that demonstrate that CS1 has the potential to be this drug. With positive results under our belt, an imminent Phase II study and increased focus on commercialisation, the future is looking undeniably exciting and bright.

Gothenburg, 15 November 2018

Sten R. Sørensen, CEO Cereno Scientific AB

About Cereno Scientific

- **Thrombosis – causes the most deaths globally**

Thrombosis-related disease (blocking blood clots) is the leading cause of illness and death worldwide. Myocardial infarction and stroke, which in most cases are caused by thrombosis, cause great suffering for the individual and high costs for society.

- **Current treatments are inadequate – high risk of bleeding and suboptimal preventive effect**

Blood-thinning medications are widely used today to prevent blood clots. They act by inhibiting coagulation or blood platelets. This treatment is associated with a relatively high risk for serious bleeding complications, resulting in insufficient prevention effect with current drugs, since the most effective doses can't be used. This entails a high risk of new blood clots.

- **Cereno Scientific works with the body's own intelligent blood clot-busting system to improve the preventive treatment of blood clots with reduced risk of bleeding side effects**

Cereno Scientific's unique concept is to develop a drug (CS1) based on the body's own intelligent defence systems against blood clots. Cereno Scientific considers that the company's concept is unique because there are currently no clinical therapies that optimize the body's clot dissolving system (the fibrinolytic system) that is triggered when blood clotting (coagulation) and wound healing are started after a vascular injury has occurred.

CS1 is expected to provide an opportunity for effective preventive treatment of blood clots and a lower risk of serious side effects than is the case with today's treatments blood-thinning drugs.

- **Documented effect on risk factors for blood clots and proven preventive effect**

Documentation of the effect on risk factors can be found in experimental studies, early human studies and clinical studies. Preventive effect against thrombosis has also been demonstrated in vivo

studies in animals. Indication of clinical preventive effect against heart attacks has been shown in two large epidemiological studies. The first clinical study with CS1 showed positive results regarding safety, pharmacokinetic properties and effect on a biomarker for the risk of thrombosis. Data shows that treatment with CS1 significantly lowers PAI-1 levels. PAI-1 is the factor that inhibits t-PA, which is the substance the body itself uses to dissolve blood clots.

- **Known substance that has been used for over 40 years in large patient populations indicates low development risk**

CS1 is a new innovative formulation of a known substance, which minimises the risk for unwanted side effects and indicates a relatively low development risk.

- **Relatively short time to market and possible collaboration agreement with major pharmaceutical company**

The Company intends to seek collaboration agreements with major pharmaceutical companies for further development towards larger thrombosis prevention indications such as heart attack and stroke. In conjunction with the Phase II program, contacts with potential partners are expected to increase.

- **Large market potential**

CS1 has an intelligent mechanism with a possible broad indication window towards large blood clot-related diseases, with long treatment times (preventive treatment) and therefore a large value and market potential. The Company has an approved patent in US for use of CS1. The approved patent provides Cereno Scientific with a platform for a significant market potential in the US, the world's largest drug market — a market that, for drug-related treatment of thrombosis alone, has estimated sales of approximately USD 10 billion annually and continues to grow.

About Cereno Scientific

Cereno Scientific is developing a new preventive medicine to treat thrombosis-related disease. The novel therapeutic stimulates the body's own intelligent clot-busting system, and is being developed to treat thrombosis-related cardiovascular diseases on the global market. Current therapies are connected to an increased risk of major bleeding complications and, as a result, low effectiveness due to lower dosing levels - leading to a high risk of new blood clots.

CS1 is expected to provide an opportunity for more effective preventive thrombosis treatment and a lower risk of serious bleeding complications associated with current treatment with blood-thinning drugs. CS1 is an innovative controlled release formulation of a known compound and, as such, is expected to have a relatively short development time. It is based on many years of research and its effectiveness is documented in experimental animal studies, early clinical studies and in epidemiological studies. CS1 has a unique mechanism of action, a potentially wide range of indication opportunities connected to major thrombosis-related diseases and, consequently, a large market potential. The Gothenburg-based company is located in AstraZeneca's BioVentureHub and is supported by GU Ventures. For more information, see www.cerenoscientific.se.

Company structure and shareholding

Cereno Scientific does not have any subsidiaries and is not included in any group. The Company does not have any shareholding.

Company share

Cereno Scientific's shares were listed on Spotlight Stock Market on 22 June 2016. Spotlight Stock Market is an affiliate of the ATS Finans AB, which is a securities company under the supervision of Sweden's financial supervisory authority (Finansinspektionen). Spotlight Stock Market operates a multilateral trading facility (MTF), which is not a regulated market. As per 30 September 2018, the share capital was divided into 13,067,387 shares, but as reported above under significant events after the end of the period, the share capital is now divided into 14,028,923 shares. The Company has two classes of shares (of which 722,248 A shares). The A share entitles to ten (10) votes per share. Each B share entitles to one (1) vote per share. Each share gives equal rights to the company's assets and earnings. The quota value (equity divided by number of shares) amounts to 0.10 SEK.

Warrants of series 2016/2019

The Annual General Meeting on January 29, 2016 decided to issue 325,289 warrants (series 2016/2019) through a private placement, thus entitling to a subscription of 325,289 shares of series B. The warrants have an exercise price of SEK 6.00 per option and can be used to subscribe for series B shares during the period from 1 March 2019 to 1 December 2020. For information regarding holders of warrants refer to the Listing Memorandum.

Warrants of convertible loans

In connection with the issuance of a new tranche, warrants are issued giving the investor right to subscribe for shares of series B. The subscription price for each tranche of warrants is defined as 120% of VWAP during the pricing period of 15 trading days preceding the trading day when the company requests that the investor subscribe for new convertible bonds with warrants attached, i.e. when the company calls for a Tranche. The warrants must be exercised within 5 years from the date of issue. The number of outstanding warrants as per 30th of September 2018 amounted to 612 004, but after the issuance of the tranches after the end of the period the number of outstanding warrants amounted to 1 142 306.

Warrants of series OP 2018/2022

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

Income statement summary

(SEK)	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
	3 months	3 months	9 months	9 months	12 months
Net sales	-	-	-	-	-
Capitalised work for own account	1 206 299	3 753 410	4 365 370	7 415 449	9 206 267
Other operating income	31 688	7 840	137 287	7 840	195 766
	1 237 987	3 761 250	4 502 657	7 423 289	9 402 033
Operating expenses					
Other operating expenses	-3 160 283	-4 864 396	-10 350 082	-10 321 869	-13 484 893
Personnel costs	-156 174	-79 830	-657 314	-132 819	-505 359
Operating profit/loss	-2 078 470	-1 182 976	-6 504 739	-3 031 399	-4 588 219
Result from financial items					
Interest income	-	-	-	4	4
Interest expenses and similar expenses	-789 834	-	-1 272 561	-9 539	-12 589
Profit/Loss after financial items	-2 868 304	-1 182 976	-7 777 300	-3 040 934	-4 600 804
Profit/Loss before tax	-2 868 304	-1 182 976	-7 777 300	-3 040 934	-4 600 804
Net profit/loss for the period	-2 868 304	-1 182 976	-7 777 300	-3 040 934	-4 600 804

Balance sheet summary

(SEK)	2018-09-30	2017-09-30	2017-12-31
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalised expenditures for development activities	19 237 340	12 422 500	14 199 969
Patents, trademarks, licenses and similar rights	3 011 127	2 322 679	2 512 277
	22 248 467	14 745 179	16 712 246
Total fixed assets	22 248 467	14 745 179	16 712 246
Current assets			
<i>Current receivables</i>			
Other receivables	553 197	875 718	344 101
Prepaid expenses and accrued income	114 329	70 000	64 274
	667 526	945 718	408 375
Cash and bank balance	9 938 879	12 162 909	8 638 858
Total current assets	10 606 405	13 108 627	9 047 233
TOTAL ASSETS	32 854 872	27 853 806	25 759 479

Balance sheet summary continued

(SEK)	2018-09-30	2017-09-30	2017-12-31
EGET EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	1 306 739	1 099 050	1 099 050
Fund for development expenses	18 896 816	12 081 976	13 859 446
	20 203 555	13 181 026	14 958 496
<i>Non-restricted equity</i>			
Share premium reserve	40 853 261	33 260 950	33 260 950
Retained earnings	-29 725 932	-18 310 288	-20 087 758
Profit/Loss for the period	-7 777 300	-3 040 934	-4 600 804
	3 350 029	11 909 728	8 572 388
Total equity	23 553 584	25 090 754	23 530 884
<i>Long-term liabilities</i>			
Liabilities to credit institutions	400 000	400 000	400 000
	400 000	400 000	400 000
<i>Current liabilities</i>			
Accounts payable	736 869	664 346	456 341
Convertible loan	5 784 528	-	-
Other liabilities	49 280	5 974	60 585
Accrued expenses and deferred income	2 330 611	1 692 732	1 311 669
	8 901 288	2 363 052	1 828 595
TOTAL EQUITY AND LIABILITIES	32 854 872	27 853 806	25 759 479

Summary of change in equity

2018-01-01 - 2018-09-30	Share capital	Fund for dev. expenses	Share premium reserve	Retained earnings	Net profit/loss
At the start of the period	1 099 050	13 859 446	33 260 950	-20 087 758	-4 600 804
Share issue through conversion of loan	207 689		7 592 311		
Redistribution, previous year's result				-4 600 804	4 600 804
Redistribution in equity		5 037 370		-5 037 370	
The period's result					-7 777 300
At the end of the period	1 306 739	18 896 816	40 853 261	-29 725 932	-7 777 300

Cash flow summary

(SEK)	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
	3 months	3 months	9 months	9 months	12 months
OPERATING ACTIVITIES					
Resultat efter finansiella poster	-2 868 304	-1 182 976	-7 777 300	-3 040 934	-4 600 804
Profit/Loss after financial items					
Accrued expenses for borrowings	789 834	-	1 269 528	-	-
	-2 078 470	-1 182 976	-6 507 772	-3 040 934	-4 600 804
Cash flow from operating activities before changes in working capital	-2 078 470	-1 182 976	-6 507 772	-3 040 934	-4 600 804
<i>Cash flow from changes in working capital</i>					
Increase (-)/Decrease (+) in operating receivables	208 305	-163 606	-259 151	-287 970	249 373
Increase (-)/Decrease (+) in operating liabilities	58 331	437 430	1 288 165	460 190	-74 267
Cash flow from operating activities	-1 811 834	-909 152	-5 478 758	-2 868 714	-4 425 698
Investment					
Acquisition of intangible assets	-2 231 507	-4 306 739	-5 536 221	-8 874 726	-10 841 793
Cash flow from investing activities	-2 231 507	-4 306 739	-5 536 221	-8 874 726	-10 841 793
Financing activities					
Issue / Warrants	-	-40 336	-	-40 336	-40 336
Borrowings	3 500 000	-	15 500 000	-	-
Cost associated with borrowings	-105 000	-	-3 185 000	-	-
Cash flow from financing activities	3 395 000	-40 336	12 315 000	-40 336	-40 336
Cash flow	-648 341	-5 256 227	1 300 021	-11 783 776	-15 307 827
Cash and cash equivalents at beginning of period	10 587 220	17 419 136	8 638 858	23 946 685	23 946 685
Cash and cash equivalents at end of period	9 938 879	12 162 909	9 938 879	12 162 909	8 638 858

Cereno Scientific

Intelligent Thrombosis Prevention



About Cereno Scientific AB

Cereno Scientific is developing a novel preventive medicine to treat thrombosis-related disease, based on the body's own intelligent clot-busting system. Cardiovascular disease is currently the leading cause of death worldwide. Current therapies are connected to an increased risk of bleeding and, as a result, low effectiveness due to lower dosing levels. In turn, this leads to a high risk of new blood clots. Cereno Scientific's drug candidate, CS1, is expected to provide a possibility for an effective prevention of thrombosis and a lower risk for serious bleeding complications than with current blood thinning therapies. CS1 is an innovative controlled release formulation of a known compound and, as such, is expected to have a relatively short development time. The Gothenburg-based company is located in AstraZeneca's BioVentureHub and is supported by GU Ventures. Cereno Scientific's B share has been listed on Spotlight Stock Market since June 2016 with the ticker CRNO B, ISIN SE0008241558.

Cereno Scientific AB

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