

Cereno Scientific

Intelligent Thrombosis Prevention

Year-end report

1 January 2017 – 31 December 2017

Cereno Scientific AB | 556890-4071



The Board and Chief Executive Officer of Cereno Scientific AB herewith present the year-end report for the financial year 2017.

Summary of the year-end report

Twelve months (1 January 2017- – 31 December 2017)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -4,600,804 SEK (-6,051,347 SEK).
- Loss per share was -0.42 SEK (-0.55 SEK) before dilution and -0.41 SEK (-0.54 SEK) after dilution.
- Equity ratio was 91.3 % (92.4 %).

Fourth quarter (1 October – 31 December 2017)

- Net sales were 0 SEK (0 SEK).
- Loss after financial items was -1,559,870 SEK (-1,003,598 SEK).
- Loss per share was -0.14 SEK (-0.09 SEK) before dilution and -0.14 SEK (-0.09 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 10,990,500 shares as of December 31, 2017

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

This information is such that Cereno Scientific AB is required to make public in accordance with the EU's market abuse regulation (MAR) and the Swedish Securities Market Act.. The information was made available publically by the Company's contact person on 22 February 2018.

Important events in 2017

In April, Cereno Scientific announced positive progress for formulation work with the company's drug candidate CS1 in collaboration with Galenica. Cereno Scientific decided to expand its collaboration with Galenica with the aim of delivering the specific CS1 formulation to clinical evaluation starting in 2017.

In April, Cereno Scientific announced the appointment of Professor Michael Woltz - a recognized expert in the field of thrombosis - as Senior Advisor R & D.

In April, Cereno Scientific and CTC Clinical Trial Consultants AB announced that they had signed a co-operation agreement for the implementation of a clinical study with Cereno Scientific's drug candidate CS1.

In June, Cereno Scientific announced a grant of SEK 700,000 of VINNOVA, Sweden's Innovation Authority, in the announcement "Swelife and MedTech4Health - Project for Better Health."

In June, Cereno Scientific held an Annual General Meeting. The meeting resolved, among other things, to authorize the Board to decide on the implementation of a rights issue.

In June, Cereno Scientific announced a further grant of SEK 700,000 - this time given by Region Västra Götaland (VGR).

In October, Cereno Scientific announced that the company had received approval from the Swedish Medicines Agency and the Ethics Examination Board in Uppsala to start a clinical study with the drug candidate CS1.

In October, Cereno Scientific announced that the first participants had been given the first dose in the company's clinical study with the drug candidate CS1.

In November, Cereno Scientific announced that the company had engaged Professor Gregory Y. H. Lip as Senior Clinical Advisor and Jan-Peter Idström as Senior Director Development.

CEO Sten R. Sörensen comments

Thrombosis-related diseases are the primary cause of death globally, and the problem is growing. Cereno's research and development is focused on addressing this problem in a completely new way.

There are currently no drugs that can stimulate the body's own defense mechanism against thrombosis. Such a drug would be a new alternative to preventive treatment against thrombosis without the risks for serious bleeding complications that exist today.

It is very exciting and motivating to be engaged in the development of a new drug that could have a global impact as a preventive thrombosis treatment, with positive effects on health and the economy.



The highlight for us in 2017 was the progression of our drug candidate CS1 into clinical studies.

In early July, we submitted the application papers to conduct a clinical study with CS1. We were very pleased to report, at the beginning of October, that we had received approval from the Medical Products Agency and the Ethics Testing Board in Uppsala to start our planned clinical study with CS1.

The first individuals in the study were dosed at the end of October. The study, which is being conducted in collaboration with Cereno Scientific's clinical research partner, CTC in Uppsala, is investigating safety and tolerability as well as the pharmacokinetic properties of CS1. Furthermore, the effect of CS1 on biomarkers for the risk of thrombosis-related complications is also being studied.

Building our team and visibility

In line with CS1's progress into the clinic, we ramped up the clinical expertise on our team through three expert recruitments: Professor Michael Woltz as Senior Advisor R & D, Professor Gregory Y. H. Lip as Senior Clinical Advisor and Jan-Peter Idström as Senior Director Development.

Additionally, we continued to develop our external network and establish connections with potential partners who can help us to effectively progress the further development of CS1. Examples of conferences where we actively participated include the Nordic-American Life Science Conference in New York, BIO-Europe in Berlin and Nordic Life Science Days in Malmö.

From a financial perspective

After two private placements and our public share issue in 2016, interest in Cereno Scientific and our activities has remained high during 2017. This is reflected in the positive development of our share price, which increased 21.3% during the year, from 6.1 to 7.4 SEK per share (Jan 2 to Dec 29).

We were also very pleased to receive funding grants totaling 1.4 MSEK in 2017 from the Swedish Innovation Agency (VINNOVA) and Region Västra Götaland.

Moving into 2018

The year 2018 will be another exciting and significant year in which we will continue to build value in our business, trust with our stakeholders and more scientific evidence for our CS1 program. With the solid foundation we have built, it is very inspiring to continue to develop Cereno Scientific and our business together with dedicated colleagues, partners and board members.

Thank you!

I would like to take this opportunity to sincerely thank my colleagues and our collaboration partners for your commitment and efforts during 2017, as well as express my gratitude to all shareholders for your support and interest in our company throughout the year. Together, we have worked to ensure that 2017 was a really successful year for Cereno Scientific.

Göteborg, 22 February 2018
Sten R. Sörensen
CEO, Cereno Scientific AB

About Cereno Scientific

Cereno Scientific is developing a new preventive medicine to treat thrombosis-related disease, such as myocardial infarction and stroke.

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.

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 - leading to a high risk of new blood clots.

The benefit with Cereno Scientific's drug candidate, CS1, is an improved balance between preventing blood clots and lowering the risk of serious bleeding complications associated with current treatment with blood-thinning drugs - leading to more effective treatment.

CS1 is a re-formulation of a known compound and, as such, is expected to have a relatively short development time.

The company's development program is based on many years of research and its effectiveness on risk factors is documented in experimental studies and early clinical studies.

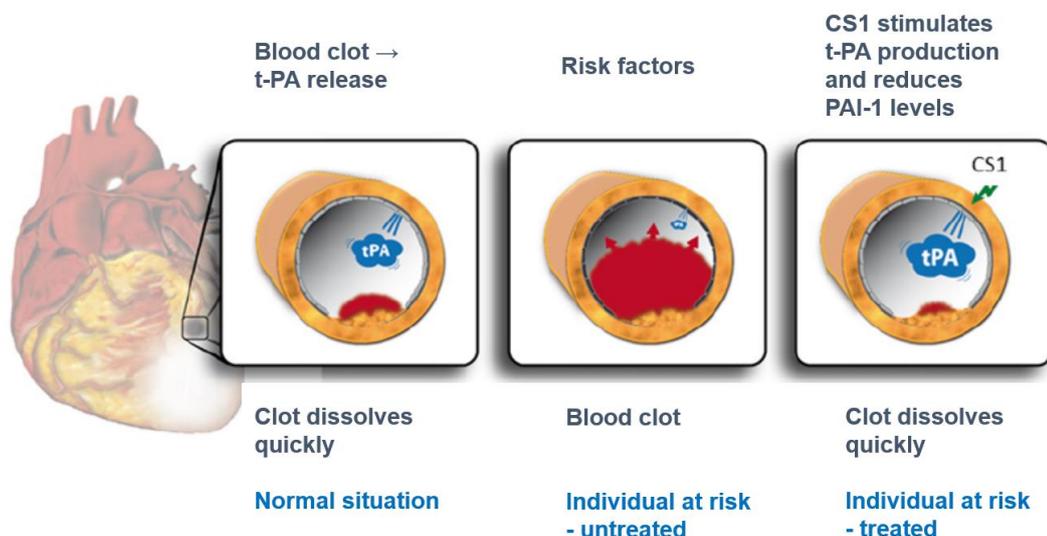
Preventive effectiveness against blood clots has been demonstrated in animal in vivo studies.

Indication of clinical preventive effectiveness against heart attacks has been demonstrated in two large epidemiological studies.

CS1 has a unique mechanism of action, a potentially wide range of indication opportunities connected to large blood clot-related diseases and, consequently, a large market potential.

The Göteborg-based company is listed on the AktieTorget stock market, conducts lab and research activities at AstraZeneca's BioVentureHub in Göteborg 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 AktieTorget on 22 June 2016. AktieTorget is an affiliate of the ATS Finans AB, which is a securities company under the supervision of Sweden's financial supervisory authority (Finansinspektionen). AktieTorget operates a multilateral trading facility (MTF), which is not a regulated market. The share capital is divided into 10,990,500 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.

Financial development

During the year, the Company has mainly invested in the start of the implementation of the clinical documentation program for CS1. At the end of 2017, the Company had a cash balance of approximately SEK 8.6 million and an equity ratio of 91.3 %.

Dividend proposal

The Board and CEO propose that no dividend be paid for the financial year 1 January 2017 - 31 December 2017.

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. During the third quarter 2017, the Company repurchased 65 058 warrants at the same price as they were issued. The repurchased warrants have been cancelled. There now remain 260 231 of the original 325 289 warrants. 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.

Audit

The Company's auditor has not audited the year-end report.

Principles of preparation for the year-end report

The accounts in this year-end report have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 annual report and consolidated (K3)

Annual General Meeting and Annual Report

Cereno Scientific's Annual Report for the financial year 2017 is scheduled to be published on the Company's (www.cerenoscientific.se) and on AktieTorget's (www.aktietorget.se) websites on 9 May 2018. The Company's Annual General Meeting is scheduled to be held on 13 June 2018 in Gothenburg. The location of the Annual General Meeting and publication of the full annual report will be presented in conjunction with the invitation to the AGM at the latest.

Upcoming financial reports

Interim report Q1, 2018	24 May 2018
Interim report Q2, 2018	30 August 2018
Interim report Q3, 2018	15 November 2018
Year-end report 2018	22 February 2019

The Board of Directors and the CEO certify that the interim report gives a true and fair view of the Company's operations.

Göteborg, 22 February 2018

Cereno Scientific AB

Board of Directors and Chief Executive Officer

Summary income statement

(SEK)	01-10-2017	01-10-2016	01-01-2017	01-01-2016
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
	3 months	3 months	12 months	12 months
Net sales	-	-	-	-
Capitalized work for own account	1 790 817	1 669 670	9 206 267	4 666 527
Other operating income	188 884	-	195 766	1 285
	1 979 701	1 669 670	9 402 033	4 667 812
Operating expenses				
Other external expenses	-3 163 981	-2 673 262	-13 484 893	-10 658 811
Personnel costs	-372 540	-	-505 359	-60 219
Operating profit/loss	-1 556 820	-1 003 592	-4 588 219	-6 051 218
Result from financial items				
Interest income	-	36	4	96
Interest expenses	-3 050	-42	-12 589	-225
Profit/Loss after financial items	-1 559 870	-1 003 598	-4 600 804	-6 051 347
Profit/Loss before tax	-1 559 870	-1 003 598	-4 600 804	-6 051 347
Net profit/loss for the period	-1 559 870	-1 003 598	-4 600 804	-6 051 347

Summary balance sheet

(SEK)	31-12-2017	31-12-2016
ASSETS		
Fixed assets		
<i>Intangible assets</i>		
Capitalized expenditures for development activities	14 199 969	5 007 050
Patents, trademarks, licenses and similar rights	2 512 277	863 403
	16 712 246	5 870 453
Total fixed assets	16 712 246	5 870 453
Current assets		
<i>Current receivables</i>		
Other receivables	344 101	500 748
Prepaid expenses and accrued income	64 274	157 000
	408 375	657 748
Cash and bank balance	8 638 858	23 946 685
Total current assets	9 047 233	24 604 433
TOTAL ASSETS	25 759 479	30 474 886

Summary balance sheet, continued

(SEK)	31-12-2017	31-12-2016
EQUITY AND LIABILITIES		
<i>Equity</i>		
<i>Restricted equity</i>		
Share capital	1 099 050	1 099 050
Fund for development expenses	13 859 446	4 666 577
	14 958 496	5 765 577
<i>Non-restricted equity</i>		
Share premium reserve	33 260 950	33 260 950
Retained earnings	-20 087 758	-4 803 156
Profit/Loss for the period	-4 600 804	-6 051 347
	8 572 388	22 406 447
Total equity	23 530 884	28 172 024
<i>Long-term liabilities</i>		
Liabilities to credit institutions	400 000	400 000
	400 000	400 000
<i>Current liabilities</i>		
Accounts payable	456 341	1 154 840
Other liabilities	60 585	-
Accrued expenses and deferred income	1 311 669	748 022
	1 828 595	1 902 862
TOTAL EQUITY AND LIABILITIES	25 759 479	30 474 886

Summary, change in equity

01-01-2017 - 31-12-2017	Share capital	Fund for dev. costs	Share premium reserve	Retained earnings	Net profit/loss
At the start of the year	1 099 050	4 666 527	33 260 950	-4 803 156	-6 051 347
Redistribution previous period's result				-6 051 347	6 051 347
Warrant repurchase				-40 336	
Redistribution in equity		9 192 919		-9 192 919	
The year's result					-4 600 804
At the end of the period	1 099 050	13 859 446	33 260 950	-20 087 758	-4 600 804

Cash flow summary

(SEK)	01-10-2017	01-10-2016	01-01-2017	01-01-2016
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
	3 months	3 months	12 months	12 months
OPERATING ACTIVITIES				
Profit/Loss after financial items	-1 559 870	-1 003 598	-4 600 804	-6 051 347
<i>Adjustments for items not included in cash flow</i>	-	-	-	-
Cash flow from operating activities before changes in working capital	-1 559 870	-1 003 598	-4 600 804	-6 051 347
<i>Cash flow from changes in working capital</i>				
Increase (-)/Decrease (+) in operating receivables	537 343	487 445	249 373	-621 180
Increase (-)/Decrease (+) in operating liabilities	-534 457	472 678	-74 267	1 304 340
Cash flow from operating activities	-1 556 984	-43 475	-4 425 698	-5 368 187
Investment				
Acquisition of intangible assets	-1 967 067	-1 744 243	-10 841 793	-5 087 643
Cash flow from investing activities	-1 967 067	-1 744 243	-10 841 793	-5 087 643
Financing activities				
Issue / Warrants	-	-	-40 336	33 471 679
Borrowings	-	-	-	46 445
Cash flow from financing activities	-	-	-40 336	33 518 124
Cash flow	-3 524 051	-1 787 718	-15 307 827	23 062 294
Cash and cash equivalents at beginning of period	12 162 909	25 734 403	23 946 685	884 391
Cash and cash equivalents at end of period	8 638 858	23 946 685	8 638 858	23 946 685

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