

Cereno Scientific

Phase II calling for CS014 after Phase I success

Cereno Scientific **reported** positive Phase I readouts for CS014, its novel HDAC inhibitor, paving the way for Phase II studies in idiopathic pulmonary fibrosis (IPF). The candidate demonstrated favourable safety and tolerability in healthy volunteers and no serious treatment-related adverse events (all were mild and transient). Notably, CS014 achieved plasma levels exceeding the projected threshold required for reverse remodelling of pulmonary vascular and fibrosis, supporting its disease-modifying potential. Given the top-line readouts, we expect the Phase II initiation plans to stay on track for H126, with potential partnering discussions in the interim. We raise our probability of success (PoS) for CS014 to 20% (10% previously), resulting in our valuation upgrading to SEK5.0bn or SEK17.7 per share (from SEK4.5bn or SEK16.0 per share previously).

Year end	Revenue (SEKm)	PBT (SEKm)	EPS (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/23	0.0	(46.4)	(0.20)	0.00	N/A	N/A
12/24	0.0	(98.1)	(0.35)	0.00	N/A	N/A
12/25e	0.0	(94.8)	(0.34)	0.00	N/A	N/A
12/26e	0.0	(83.4)	(0.30)	0.00	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

CS014 deemed safe; path clears for Phase II

The CS014 Phase I trial, conducted in two parts (single and multiple ascending oral doses) evaluated safety, tolerability, pharmacokinetics and pharmacodynamics of CS014 in 48 healthy volunteers. The single ascending dose (n=30) part of the study was completed in February 2025, while the multiple ascending dose portion (n=18) concluded in April. **Top-line results** from the trial demonstrated favourable safety and tolerability (no volunteers withdrew from the study and side effects were mild with no serious adverse events), which is a key consideration for patients with IPF. The readouts also indicated that CS014's blood plasma levels exceeded the projected range required to affect disease modification. This is a key takeaway, in our view, as it validates CS014's positioning as it approaches Phase II in IPF patients.

IPF, a progressive condition with unmet need

IPF is a serious chronic lung disease, characterised by the progressive thickening of lung tissue, eventually leading to fibrosis and scarring. Around 30–50k new cases are diagnosed in the US each year, with life expectancy limited to three to five years (five-year survival rate of c 45%). While two drugs are currently approved for IPF, Esbriet (pirfenidone) and Ofev (nintedanib), they are associated with severe side effects and tolerability issues, and neither is considered disease-modifying (halting or reversing symptoms). This offers a potentially sizeable opportunity for Cereno, should CS014 continue to demonstrate disease-modifying signals in upcoming clinical studies.

Valuation: SEK5.0bn or SEK17.7 per share

Following the positive Phase I results, we raise our PoS for CS014 to 20% (from 10% previously). Our valuation increases to SEK5.0bn or SEK17.7 per share (from SEK4.5bn or SEK16.0 per share previously).

Clinical trial update

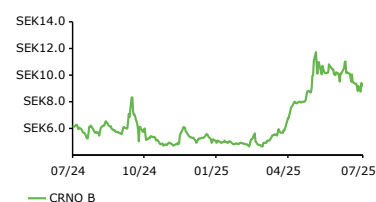
Healthcare

17 July 2025

Price **SEK9.25**
Market cap **SEK2,682m**

Net cash/(debt) at 31 March 2025 SEK(103.4)m
 Shares in issue 282.3m
 Free float 93.0%
 Code CRNO B
 Primary exchange NGM
 Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(6.7)	32.7	50.8
52-week high/low	SEK11.9	SEK4.7	

Business description

Cereno Scientific is a clinical-stage biotech based in Sweden, focused on the development of innovative, effective and safe treatments for indications with high unmet needs. Lead asset CS1 is an HDAC inhibitor that acts as an epigenetic modulator. Cereno reported positive top-line results from the Phase IIa study in pulmonary arterial hypertension in September 2024. Second asset CS014, a proprietary NCE and HDACi, is being developed for idiopathic pulmonary fibrosis, and preclinical asset CS585 is likely to target rare thrombosis-related indications.

Next events

Q225 interim report	August 2025
CS1 Phase IIb trial launch	H126
CS014 Phase II trial launch	H126

Analysts

Jyoti Prakash, CFA	+44 (0)20 3077 5700
Arron Aatkar, PhD	+44 (0)20 3077 5700

healthcare@edisongroup.com
[Edison profile page](#)

Cereno Scientific is a research client of Edison Investment Research Limited

Valuation

Exhibit 1: Cereno's rNPV valuation

Asset	Indication	Development phase	Launch	Peak sales (\$m)	Peak sales year	NPV (SEKm)	Probability	rNPV (SEKm)	rNPV/share (SEK)
CS1	PAH	Phase IIb-ready	2031	2,043	2038	9,077.7	45%	4,085.0	14.5
CS014	IPF	Phase I	2032	2,123	2042	5,107.3	20%	1,021.5	3.6
Total						14,185.0		5,106.4	18.1
Net debt at 31 March 2025								(103.4)	(0.4)
Valuation								5,003.0	17.7

Source: Edison Investment Research. Note: The per share valuation is calculated on shares outstanding of 282m.

Exhibit 2: Financial summary

Accounts: K3, Yr end: December 31, SEK:000s	2022	2023	2024	2025e	2026e
PROFIT & LOSS					
Net sales	0	0	0	0	0
Capitalised work for own account	57,538	49,277	80,903	55,000	170,000
Total revenues	57,538	49,277	80,903	55,000	170,000
Total operating expenses	(85,037)	(93,927)	(156,739)	(126,041)	(243,003)
R&D and other expenses	(76,620)	(71,152)	(128,675)	(93,405)	(208,789)
Of which - R&D expenses	(57,538)	(49,277)	(80,903)	(55,000)	(170,000)
Of which - other expenses	(18,899)	(21,658)	(46,880)	(37,504)	(37,879)
Personnel costs	(7,514)	(18,763)	(26,108)	(32,636)	(34,213)
Other operating items	(903)	(4,012)	(1,956)	0	0
Operating income (reported)	(27,499)	(44,650)	(75,836)	(71,041)	(73,003)
EBITDA (normalized)	(27,485)	(44,636)	(75,549)	(70,681)	(72,679)
Finance income/(expense)	(149)	(3,456)	(23,690)	(23,752)	(10,374)
Profit before tax (reported)	(27,649)	(48,106)	(99,526)	(94,792)	(83,377)
Profit before tax (normalised)	(27,649)	(46,436)	(98,106)	(94,792)	(83,377)
Income tax expense (includes exceptionals)	(6)	0	0	0	0
Net income (reported)	(27,654)	(48,106)	(99,526)	(94,792)	(83,377)
Net income (normalised)	(27,654)	(46,436)	(98,106)	(94,792)	(83,377)
End of period number of shares, '000	137,515	233,775	281,702	281,702	281,702
Basic EPS (SEK)	(0.20)	(0.21)	(0.35)	(0.34)	(0.30)
Adjusted EPS (SEK)	(0.20)	(0.20)	(0.35)	(0.34)	(0.30)
BALANCE SHEET					
Intangible Assets	146,987	196,264	277,167	332,167	502,167
Fixtures, tools and installation	29	14	3,599	3,239	2,915
Other long-term receivables	10	9	10	10	10
Total non-current assets	147,025	196,287	280,775	335,415	505,092
Other receivables	1,248	1,124	2,880	2,202	2,795
Prepaid expenses and accrued income	335	407	2,540	2,540	2,540
Cash and bank balance	67,046	87,169	127,578	16,091	32,855
Total current assets	68,629	88,699	132,997	20,832	38,189
Accounts Payable	9,411	6,930	13,951	11,218	21,628
Other Current Liabilities	4,331	16,231	17,495	17,495	17,495
Short-term Debt	0	0	0	0	0
Total current liabilities	13,742	23,162	31,446	28,713	39,124
Long-term Debt	0	45,000	190,000	230,000	490,000
Other debt	400	400	400	400	400
Total non-current liabilities	400	45,400	190,400	230,400	490,400
Equity attributable to company	201,511	216,424	191,926	97,134	13,757
CASH FLOW STATEMENT					
Net profit	(27,654)	(48,106)	(99,526)	(94,792)	(83,377)
Depreciation	14	14	287	360	324
Translation difference	(90)	34	0	0	0
Accrued costs	450	777	6	0	0
Share based payments	0	1,671	1,420	0	0
Taxes paid	(4)	0	0	0	0
Movements in working capital	8,669	8,695	(5,609)	(2,055)	9,817
Cash from operations (CFO)	(18,615)	(36,915)	(103,422)	(96,487)	(73,236)
Purchase of intangible assets	(57,538)	(49,277)	(80,903)	(55,000)	(170,000)
Purchase of PPE	0	0	(3,871)	0	0
Cash used in investing activities (CFIA)	(57,538)	(49,277)	(84,774)	(55,000)	(170,000)
Loans received	0	45,000	245,000	50,000	500,000
Loan repayments	(5,000)	0	(90,000)	(10,000)	(240,000)
Equity issued	58,791	61,315	73,605	0	0
Other Financing Cash Flows	(226)	0	0	0	0
Cash from financing activities (CFF)	53,564	106,315	228,605	40,000	260,000
Cash and equivalents at beginning of period	89,635	67,046	87,169	127,578	16,091
Increase/(decrease) in cash and equivalents	(22,589)	20,123	40,409	(111,487)	16,764
Cash and equivalents at end of period	67,046	87,169	127,578	16,091	32,855
Net (debt)/cash	66,646	41,769	(62,822)	(214,309)	(457,545)

Source: Company documents, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Cereno Scientific and prepared and issued by Edison, in consideration of a fee payable by Cereno Scientific. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.