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### Revision of Results Forecast for the Fiscal Year Ending December 31, 2016

Carna Biosciences has revised its consolidated results forecast for the fiscal year ending December 31, 2016 (January 1, 2016 to December 31, 2016) announced on February 12, 2016.

#### 1. Revised consolidated results forecast

The consolidated results forecast for the fiscal year ending December 31, 2016 (January 1, 2016 to December 31, 2016) has been revised as below.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net profit per share
Previous Forecast (A)	—	—	—	—	— yen
<b>Revised Forecast (B)</b>	<b>804</b>	<b>(432)</b>	<b>(449)</b>	<b>(299)</b>	<b>(32.68 yen)</b>
Change from Previous Forecast (B-A)	—	—	—	—	
Change from Previous Forecast (%)	—	—	—	—	
(Ref.) December 31, 2015 Actual Results (Previous Year)	1,569	472	492	456	52.61 yen

Note: In the previous results forecast, the forecast was announced only for the Drug Discovery Support business since disclosure of the forecast for the Drug Discovery and Development business may inhibit out-licensing activities, preventing maximization of value. Accordingly, the consolidated results forecast and changes from the previous forecast are not presented in the above table.

#### (Reference) Revised parent company forecast

(Millions of yen)

	Net sales	Ordinary income	Net profit	Net profit per share
Previous Forecast (A)	—	—	—	— yen
<b>Revised Forecast (B)</b>	<b>720</b>	<b>(424)</b>	<b>(273)</b>	<b>(29.82) yen</b>
Change from Previous Forecast (B-A)	—	—	—	
Change from Previous Forecast (%)	—	—	—	
(Ref.) December 31, 2015 Actual Results (Previous Year)	1,469	476	440	50.81 yen

(Note) Same as the note to the consolidated forecast.

## 2. Reason of the revision

In the previous forecast, the sales forecast was announced only for the Drug Discovery Support business and that of the Drug Discovery and Development business was not announced because disclosure of such forecast may inhibit out-licensing activities, preventing maximization of value. Today, the Company has revised its sales forecast for the Drug Discovery Support business to 705 million yen from 858 million yen (down 17.9% compared to the previous forecast), and has announced the sales forecast for the Drug Discovery and Development business of 98 million yen and consolidated sales forecast of 804 million yen.

The background of the current segment sales forecast is as follows. In the Drug Discovery and Development business, as disclosed in the announcement on May 27, 2016 titled “ProNAi Licenses Cancer Drug Candidate Targeting CDC7 from Carina Biosciences,” the Company entered into the agreement with ProNAi Therapeutics, Inc. (“ProNAi”), headquartered in Canada, to license cancer drug candidate compounds targeting CDC7 that were developed by the Company. The current sales forecast includes an initial upfront payment of the agreement which was recorded in the second quarter of the fiscal year ending December 31, 2016, and is based on the examination of the revenue at the Drug Discovery and Development business. In the Drug Discovery Support business, in order to achieve the initial sales forecast of 858 million yen, sales activity has been focused on the sales expansion of existing proprietary products and services and on winning large-scale contracts related to new products. However, in Japan, a part of the planned large-scale contract service to Ono Pharmaceutical is expected to be held until the next fiscal year because the details and schedule of the contract service have been modified due to a review of the Ono Pharmaceutical’s research plan following the completion of its new research building. In North America, while sales of our proprietary protein products have been weak, our effort has been focused on DGKs (diacylglycerol kinases), lipid kinases successfully developed by the Company and launched globally in July, to sell DGK proteins and to receive DGK-related large-scale contract testing services. Although sales of DGK proteins have been recorded, backed by the strong interests from pharmaceutical companies, winning large-scale contract testing services is expected to be held until the next fiscal year. As a result, at the Drug Discovery Support business, sales in Japan are expected to be 414 million yen, 13.4% lower than the previous forecast, sales in North America are expected to be 199 million yen, 27.9% lower than the previous forecast, sales in Europe are expected to be 71 million yen, 17.2% lower than the previous forecast, and sales in other region are expected to be 20 million yen, 13.3% higher than the previous forecast.

Consolidated operating loss is expected to be 432 million yen for the fiscal year ending December 31, 2016. In the previous forecast, the Company announced the consolidated operating income forecast for the Drug Discovery Support business of 320 million yen and did not disclose the forecast for the Drug Discovery and Development business due to the reason explained in the note to 1 above. By segment, operating income for the Drug Discovery Support business is expected to be 184 million yen, 136 million yen or 42.5% lower than the previous forecast, mainly due to a decrease in gross profit as a result of lower than expected sales. In the Drug Discovery and Development business, the upfront payment related to the out-licensing agreement with ProNAi as explained above is expected to contribute positively to operating income. In addition, R&D expenses are expected to be lower than initially planned because ProNAi incurred the pre-clinical trial costs of the CDC7 inhibitor after the agreement, which is expected to impact positively to operating income. However, due to aggressive R&D investment on drug discovery, operating loss is expected to be 616 million yen.

After considering the impact of non-operating income and expenses, consolidated ordinary loss is expected to be 449 million yen. Net loss attributable to owners of parent is expected to be 299 million yen due in part to extraordinary income related to the sale of cross-held share of Crystal Genomics in Korea. The Company plans to strengthen the business further, continuing aggressive investment on research and development while thoroughly reducing the unnecessary expenses.

\* The forward-looking statements in this document have been prepared based on information available at the time of the issuance of this release as well as on the certain assumptions considered by the management to be reasonable. Actual results may differ from this forecast due to variety of factors.