

Financial Results

FY2018 Q1

(January to March 2018)

Carna Biosciences, Inc.



Stock Code : 4572

- A patent for CDC7 inhibitor was registered in Japan (January)
 - Received bank loans (January)
 - The board resolved to introduce a restricted stock compensation plan for directors and employees (February)
 - A patent for BTK inhibitor was registered in Canada (March)
 - European Patent Office granted a patent for CDC7 inhibitor (March)
 - **Sumitomo Dainippon Pharma and Carna signed an agreement on joint research, development, and commercialization (March)**
-
- April ~
- United States Patent and Trademark Office granted a patent for CDC7 inhibitor (April)
 - The board resolved to absorb ProbeX, a consolidated subsidiary (April)
 - **National Cancer Center and Carna entered into a new research collaboration agreement for novel drug discovery targets (May)**
 - Intellectual Property Office of Singapore granted a patent for BTK inhibitor (May)
 - Evotec AG and Carna announced to collaborate on Evotec's INDiGo platform (May)

FY2018 Q1 Consolidated Financial Results



(JPY mn)	FY2017 Q1 Actual	FY2018 Q1 Actual	YoY Change	FY2018 plan	
Sales	196	211	+15 +7.7%	1,190	Sales of kinase proteins were robust.
Operating Loss	(113)	(188)	-75	(679)	Investment in R&D.
Ordinary Loss	(113)	(191)	-77	(694)	
Net Loss	(118)	(194)	-75	(758)	
R&D Cost	130	208	+78 +59.7%		Investment in preclinical study of pipeline.

Note 1: Rounded down to the nearest million yen.

Note 2: YoY change % for Operating Loss, Ordinary Loss, and Net Loss are not presented since losses were recorded.

Note 3: FY2018 plan was disclosed on February 9, 2018.

FY2018 Q1 Results by Business Segment



(JPY mn)	FY2017 Q1 Actual	FY2018 Q1 Actual	YoY Change	FY2018 Plan	Vs. Revised Plan	
Total Sales	196	211	+15 +7.7%	1,190	17.7%	
Drug Discovery Support	196	211	+15 +7.7%	750	28.1%	Sales of kinase proteins were robust in the U.S., EU, and other region, especially in China.
Drug Discovery & Development	—	—	—	440	—	
Total Operating Loss	(113)	(188)	-75	(679)	—	
Drug Discovery Support	63	64	+1 +1.7%	150	43.0%	Sales mix was improved thanks to robust kinase proteins sales.
Drug Discovery & Development	(177)	(253)	-76	(829)	—	Investment in preclinical study expenses/

Note 1: Rounded down to the nearest million yen.

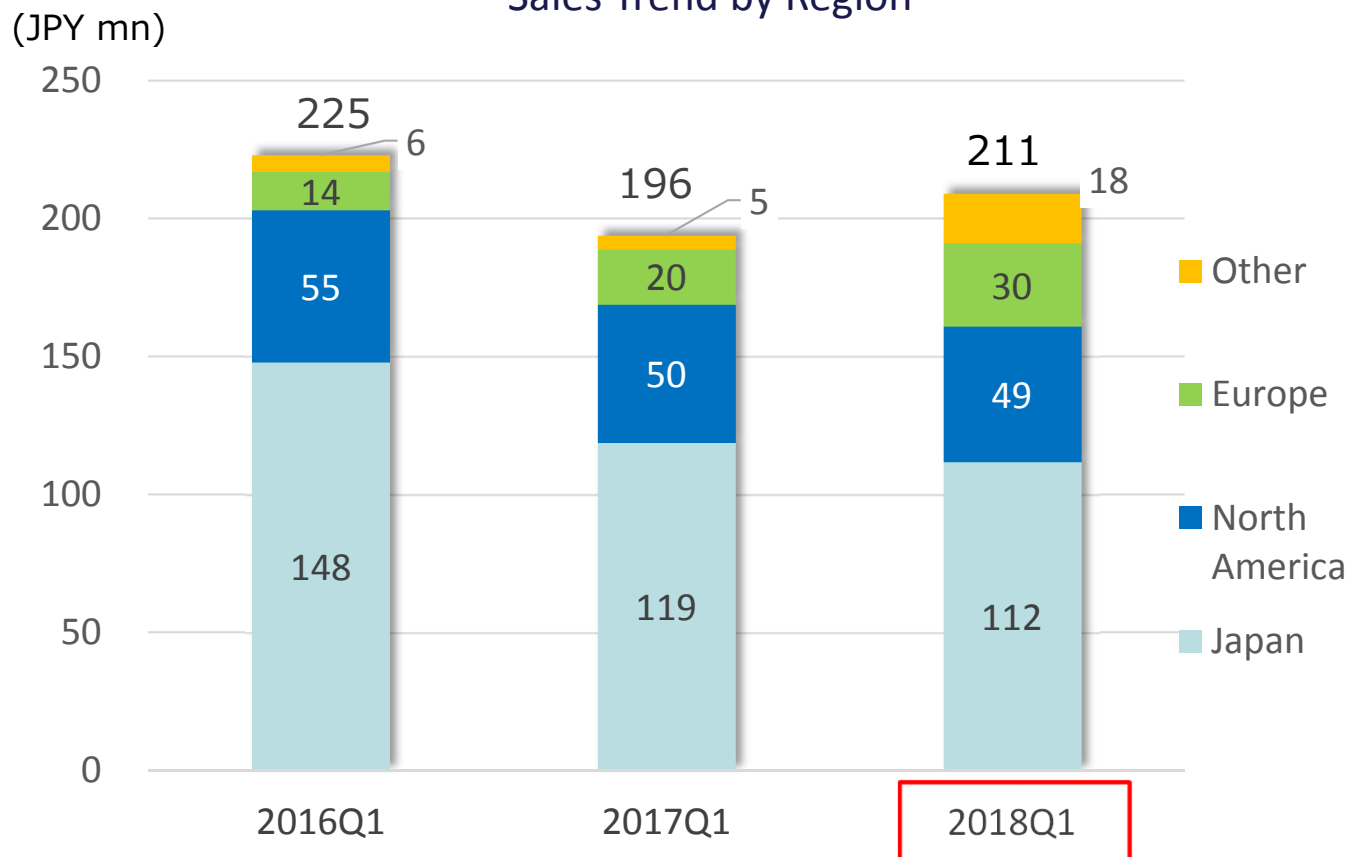
Note 2: YoY change % and comparison to FY2018 plan for Operating Loss are not presented since losses were recorded.

Note 3: FY2018 plan was disclosed on February 9, 2018.

FY2018 Q1 Sales Trend by Region Drug Discovery Support Business



Drug Discovery Support Business
Sales Trend by Region



- Japan: Decreased 5.8% YoY
On track to the plan. Sales to other companies were firm while sales to Ono Pharmaceutical were weak.
- North America: Decreased 1.0% YoY
Cell-based assay services were robust while kinase proteins were weak.
- Europe: Increased 50.0% YoY
Sales of kinase proteins were robust.
- Other: Increased 208.6% YoY
Sales of kinase proteins increased significantly in China.

(Note) Sales to Ono Pharmaceuticals
FY2017Q1 ... 61 mn yen
FY2018Q1 ... 38 mn yen

Consolidated Balance Sheet



(JPY mn)

	As of Dec. 31, 2017	As of Mar. 31, 2018	Change	Reason for changes
Current assets	2,134	2,173	+39	
Cash and deposits	1,856	1,848	-7	
Non-current Assets	56	53	-3	
Total assets	2,190	2,226	+36	
Current liabilities	341	407	+65	Current portion of long-term loans payable +108, Account payable-other -32
Non-current liabilities	470	639	+169	Long term loans payable +183, Bonds payable -14
Total liabilities	812	1,046	+234	
Total net assets	1,377	1,179	-198	Retained earnings -194
Total liabilities and net assets	2,190	2,226	+36	

Shareholders' equity ratio	62.2%	52.3%
BPS	142.68 yen	121.95 yen
PBR	7.91 x	15.03 x
Share price of Carna Biosciences	1,128 yen	1,833 yen

Note: Share price of Carna Biosciences is based on the closing price of JASDAQ growth

- **SRA141 (out-licensed to Sierra Oncology): CDC7 inhibitor for Cancer**

Sierra is advancing the research to initiate clinical study, anticipating to submit an IND in H2 2018. Carna will receive milestone payment upon initiation of Phase I study.

Recent studies demonstrated that SRA141 significantly inhibits tumor growth in AML MV4-11 rat xenograft model and colorectal COLO-205 rat xenograft model. In AML model, some rats were cured completely and in colorectal model, complete tumor regressions were observed for over half of rats. Phase 1/2 clinical program to be focused on colorectal cancer.

- **AS-871: BTK inhibitor for Autoimmune diseases**

A contract manufacturing organization (CMO) is manufacturing non-GMP bulk for GLP studies. We plan to start preclinical safety studies under GLP conditions in 2018.

- **CB-1763: BTK inhibitor for Blood cancer**

We signed a service agreement with Evotec AG to accelerate the preclinical development of CB-1763 by leveraging Evotec's INDiGO platform.

Prioritizing and allocating resources to our two potential blockbuster BTK programs, AS-871 and CB-1763 to achieve successful IND submissions in H1 2019.



Combining accumulated Carna's know-how on kinase inhibitor discovery with Sumitomo Dainippon Pharma's know-how on drug discovery research in the area of neuroscience to discover novel kinase inhibitors

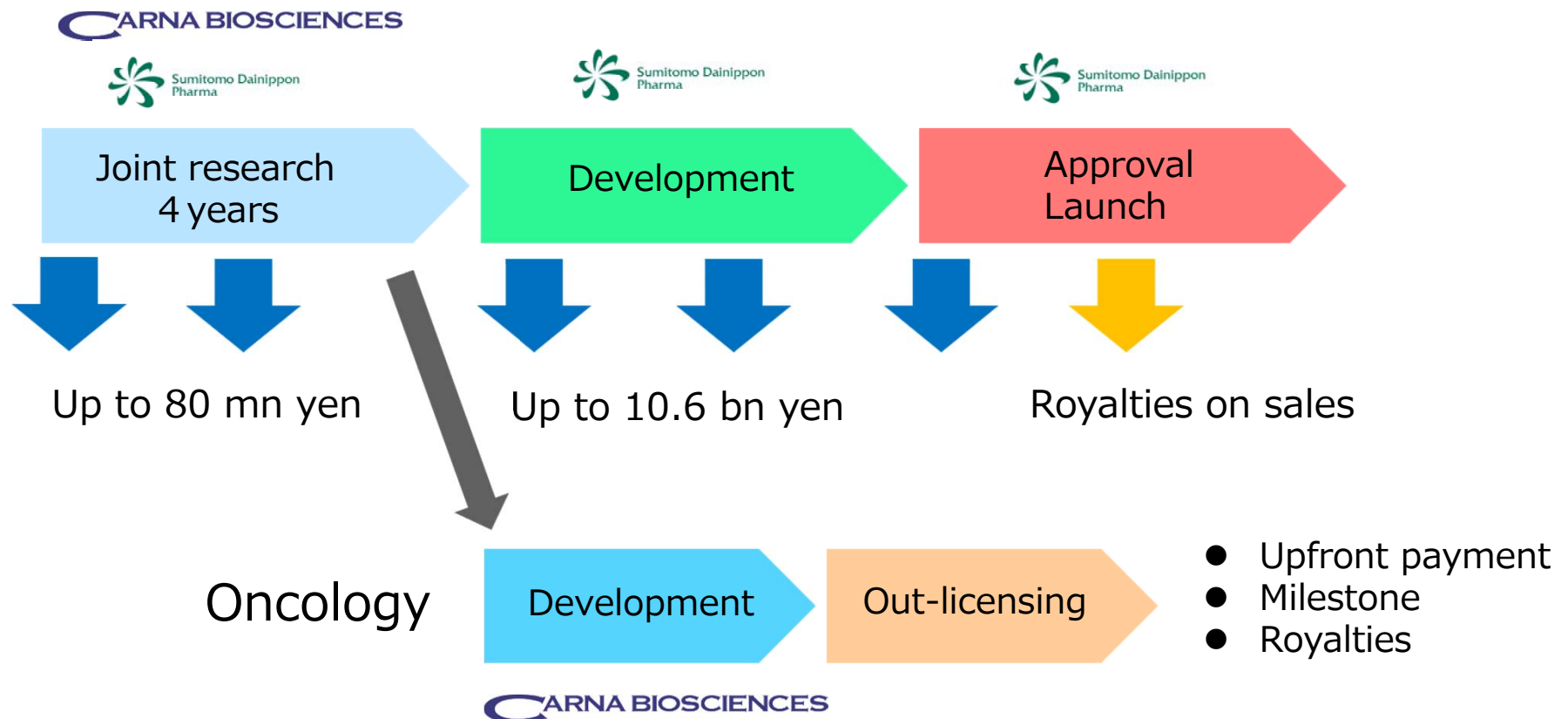
- Agreement
 - Joint research to discover novel kinase inhibitors
 - Clinical development and commercialization by Sumitomo Dainippon Pharm

- Indication
 - Therapeutic areas with high unmet medical needs focusing on psychiatric and neurological disorders
(Carna retains rights to oncology)

Outline of Joint Research Agreement



- Date of agreement March 27, 2018
- Term 4 years from the date of the contract
- Upfront and milestone payment Carna will receive up to approximately 10.6 billion yen in total as an upfront payment and milestone payments on development and sales
- Royalties Specified amount of royalties in accordance with the sales amount



- ✓ A new research collaboration with National Cancer Center to discover novel therapeutic interventions in cancers

National Cancer Center and Carna Biosciences will collaborate on drug discovery research to develop a novel anticancer drug with new mechanisms of action that have been discovered by Dr. Kenkichi Masutomi, Chief, Division of Cancer Stem Cell at National Cancer Center Research Institute.



National Cancer Center Japan



National Cancer Center and Carna Biosciences have been working together successfully under a research collaboration since 2008 to research and develop new drugs targeting WNT signal. This new collaboration agreement will further strengthen the relationship between both parties, which enables to accelerate the development of novel anti-cancer drugs to bring innovative treatment to cancer patients.

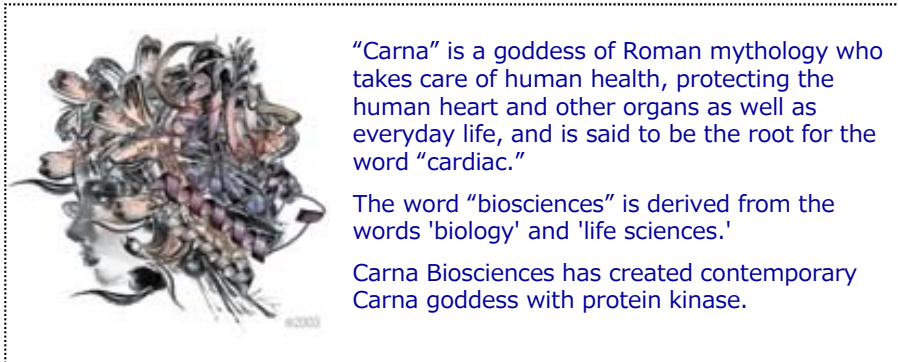


Pipeline Status



Compound	Target	Indication	Development Phase					Partner/ Collaboration partner
			Discovery	Preclinical	PhI	PhII	PhIII	
SRA141 (AS-141)	CDC7/ASK	Cancer						SIERRA ONCOLOGY
AS-871	BTK	Autoimmune Diseases						
CB-1763	BTK	Blood Cancer Immuno-Oncology						
Small Molecule	Wnt-signal	Cancer Immuno-Oncology						National Cancer Center Japan
Small Molecule	Kinase	Psychiatry & neurology						Sumitomo Dainippon Pharma
Small Molecule	TGFβ signaling	Blood Cancer Immuno-Oncology						HIROSHIMA UNIVERSITY
Small Molecule	Kinase	Autoimmune Diseases						
Small Molecule	N/A	Malaria						KITASATO UNIVERSITY
Small Molecule	DGK	Immuno-Oncology						
Small Molecule	Undisclosed	Cancer						National Cancer Center Japan

- ✓ In Japan, sales to major customers were steady except Ono Pharmaceutical.
- ✓ In North America, cell-based assay services remained robust while kinase proteins were weak.
- ✓ Sales of kinase proteins increased significantly in China, followed by Korea. Aim to expand sales in China further by strengthening relationship with our distributor.
- ✓ Sales of kinase proteins were robust in Europe
- ✓ We continued to focus our marketing efforts on expanding sales of DGK assay kits.
- ✓ Preparing to launch a new cell-based assay service and to restart RPPA service.



“Carna” is a goddess of Roman mythology who takes care of human health, protecting the human heart and other organs as well as everyday life, and is said to be the root for the word “cardiac.”

The word “biosciences” is derived from the words 'biology' and 'life sciences.'

Carna Biosciences has created contemporary Carna goddess with protein kinase.

Carna Biosciences, Inc.

Corporate Planning Division

BMA3F 1-5-5 Minatojia-Minaimachi,

Chuo-ku, Kobe 650-0047

Tel 81 78 302 7075 Fax 81 78 302 6665

<http://www.carnabio.com/>

ir-team@carnabio.com

This document was prepared for the sole purpose of providing information to investors and is not intended as a solicitation for investment.

The forward-looking statements contained in this document are based on our plans and estimation and do not imply a commitment or guarantee of actual outcomes.

Investors should aware that the actual performance of the company could be materially different from our current forecasts.

The statements on the industry and other information were prepared based on the data assumed to be reliable. However, no guarantee is given regarding the accuracy or completeness of the information.

This document is presented on the assumption that all investors will make use of this document on their own judgment and responsibilities regardless of their purposes. Therefore, we do not assume no responsibility for any consequence caused by using this document.