

## Consolidated Financial Results for the First Quarter of the Year Ending December 31, 2020

[Japanese GAAP]

May 12, 2020

Company name: Carna Biosciences, Inc. Stock Exchange listing: Tokyo Stock Exchange(JASDAQ Growth)  
 Stock code: 4572 URL: <https://www.carnabio.com/english/>  
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 Scheduled submission of quarterly report: May 13, 2020  
 Scheduled date of dividend payment: —  
 Supplementary materials for financial results: Yes  
 Financial results briefing: None

(Rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Three Months Ended March 31, 2020

(1) Consolidated operating results (Percentages show changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2020	335	97.1	(165)	—	(168)	—	(184)	—
Three months ended March 31, 2019	169	(19.5)	(233)	—	(235)	—	(236)	—

Note: Comprehensive income Three months ended March 31, 2020: (185) million yen (—%)

Three months ended March 31, 2019: (236) million yen (—%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2020	(15.25)		—	
Three months ended March 31, 2019	(23.16)		—	

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	5,644	4,570	80.9
As of December 31, 2019	5,376	3,853	71.5

Reference: Shareholders' equity As of March 31, 2020: 4,564 million yen As of Dec. 31, 2019: 3,842 million yen

### 2. Dividends

	Dividend per share				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	Year-end	Total
	Yen				
FY2019	—	0.00	—	0.00	0.00
FY2020	—	—	—	—	—
FY2020 (Forecast)	—	0.00	—	0.00	0.00

Note: Revision to the most recently announced dividend forecast: None

### 3. Consolidated Financial Forecast for FY2020 (January 1, 2020 to December 31, 2020)

(Percentages show changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2020	1,036	(67.7)	(1,779)	—	(1,794)	—	(1,822)	—	(156.45)

Note: Revision to the most recently announced financial forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury stock)

As of March 31, 2020: 12,202,600 shares    As of Dec. 31, 2019: 11,654,500 shares

2) Number of treasury stock at the end of the period

As of March 31, 2020: 5,124 shares                      As of Dec. 31, 2019: 5,124 shares

3) Average number of shares outstanding during the period

First quarter of FY2020: 12,088,078 shares    First quarter of FY2019: 10,224,652 shares

\* This financial report is exempt from quarterly review procedures by auditors.

\* Note to ensure appropriate use of forecasts and other remarks

The forecasts and other forward-looking statements included in this document are based on the information currently available to the management and certain assumptions considered by the management to be reasonable. Actual operating results may differ materially from these statements for various factors.

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**Consolidated Financial Statements****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2019 (As of Dec. 31, 2019)	First quarter of FY2020 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	4,915,056	5,229,044
Accounts receivable–trade	117,499	108,179
Merchandise and finished goods	62,864	66,275
Work in process	10,266	7,665
Raw materials and supplies	26,284	15,217
Other	142,921	122,189
Total current assets	5,274,893	5,548,572
Non-current assets		
Property, plant and equipment	29,799	31,324
Intangible assets	234	4,270
Investments and other assets	71,683	60,353
Total non-current assets	101,717	95,947
Total assets	5,376,610	5,644,519

	(Thousands of yen)	
	FY2019 (As of Dec. 31, 2019)	First quarter of FY2020 (As of Mar. 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,173	3,559
Current portion of bonds	28,000	28,000
Current portion of long-term loans payable	270,972	252,925
Accounts payable–other	276,120	179,306
Income taxes payable	120,822	6,814
Other	356,073	198,915
Total current liabilities	1,055,162	669,520
Non-current liabilities		
Bonds payable	88,000	74,000
Long-term loans payable	341,784	292,088
Asset retirement obligations	36,255	36,401
Other	1,886	1,850
Total non-current liabilities	467,926	404,340
Total liabilities	1,523,088	1,073,860
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,657,466	5,111,327
Capital surplus	3,475,491	3,929,352
Retained earnings	(4,289,192)	(4,473,591)
Treasury shares	(222)	(222)
Total shareholders' equity	3,843,543	4,566,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(354)	(551)
Foreign currency translation adjustment	(496)	(1,787)
Total accumulated other comprehensive income	(851)	(2,338)
Subscription rights to shares	10,830	6,131
Total net assets	3,853,522	4,570,659
Total liabilities and net assets	5,376,610	5,644,519

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	(Thousands of yen)	
	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)	First three months of FY2020 (Jan. 1 – Mar. 31, 2020)
Net sales	169,964	335,043
Cost of sales	43,917	38,451
Gross profit	126,046	296,591
Selling, general and administrative expenses	359,166	461,667
Operating loss	(233,119)	(165,076)
Non-operating income		
Interest income	5	58
Dividend income	93	96
Subsidy income	—	785
Foreign exchange gains	530	1,430
Other	22	22
Total non-operating income	652	2,393
Non-operating expenses		
Interest expenses	2,074	2,234
Guarantee commission	455	371
Share issuance cost	858	3,318
Other	27	12
Total non-operating expenses	3,415	5,936
Ordinary loss	(235,883)	(168,619)
Extraordinary losses		
Impairment loss	—	15,107
Total extraordinary losses	—	15,107
Loss before income taxes	(235,883)	(183,727)
Income taxes-current	970	707
Income taxes-deferred	(38)	(35)
Total income taxes	931	671
Loss	(236,814)	(184,399)
Loss attributable to owners of parent	(236,814)	(184,399)

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)	First three months of FY2020 (Jan. 1 – Mar. 31, 2020)
Loss	(236,814)	(184,399)
Other comprehensive income		
Valuation difference on available-for-sale securities	248	(196)
Foreign currency translation adjustment	313	(1,290)
Total other comprehensive income	561	(1,486)
Comprehensive income	(236,252)	(185,886)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(236,252)	(185,886)

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*