

## Consolidated Financial Results for the Third Quarter of the Year Ending December 31, 2021

[Japanese GAAP]

November 8, 2021

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: November 9, 2021  
 Scheduled date of dividend payment: —  
 Supplementary materials for financial results: Yes  
 Financial results briefing: No

(Rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Nine Months Ended September 30, 2021

(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	%
Nine months ended September 30, 2021	636	(24.9)	(1,169)	—	(1,171)	—	(1,178)	—
Nine months ended September 30, 2020	847	(70.4)	(615)	—	(625)	—	(649)	—

Note: Comprehensive income Nine months ended September 30, 2021: (1,162) million yen (—%)

Nine months ended September 30, 2020: (654) million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2021	(94.24)	—
Nine months ended September 30, 2020	(52.93)	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	4,211	3,479	82.4
As of December 31, 2020	4,835	3,824	79.0

Reference: Shareholders' equity As of September 30, 2021: 3,468 million yen As of Dec. 31, 2020: 3,820 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	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	0.00	0.00
FY2021	—	0.00	—	—	—
FY2021 (Forecast)	—	—	—	0.00	0.00

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

### 3. Consolidated Financial Forecast for FY2021 (January 1, 2021 to December 31, 2021)

(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
FY2021	923	(18.5)	(1,811)	—	(1,816)	—	(1,825)	—	(147.19)

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 September 30, 2021: 13,123,900 shares      As of Dec. 31, 2020: 12,407,100 shares

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

As of September 30, 2021: 5,124 shares              As of Dec. 31, 2020: 5,124 shares

3) Average number of shares outstanding during the period

Third quarter of FY2021: 12,501,154 shares      Third quarter of FY2020: 12,264,603 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)

	FY2020 (As of Dec. 31, 2020)	FY2021 (As of Sep. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	4,299,142	3,790,605
Accounts receivable–trade	129,175	64,873
Merchandise and finished goods	66,178	70,913
Work in process	14,555	8,114
Raw materials and supplies	23,789	30,797
Other	175,352	118,698
<b>Total current assets</b>	<b>4,708,193</b>	<b>4,084,001</b>
Non-current assets		
Property, plant and equipment	53,330	54,556
Intangible assets	3,613	2,974
Investments and other assets	70,218	69,808
<b>Total non-current assets</b>	<b>127,162</b>	<b>127,339</b>
<b>Total assets</b>	<b>4,835,356</b>	<b>4,211,341</b>

(Thousands of yen)

	FY2020 (As of Dec. 31, 2020)	FY2021 (As of Sep. 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	1,517	—
Current portion of bonds payable	28,000	28,000
Current portion of long-term borrowings	161,897	140,040
Accounts payable-other	343,956	143,388
Income tax payable	103	15,930
Other	191,719	256,955
<b>Total current liabilities</b>	<b>727,194</b>	<b>584,313</b>
Non-current liabilities		
Bonds payable	60,000	32,000
Long-term borrowings	179,887	74,854
Asset retirement obligations	36,839	37,285
Other	7,425	3,162
<b>Total non-current liabilities</b>	<b>284,151</b>	<b>147,302</b>
<b>Total liabilities</b>	<b>1,011,346</b>	<b>731,616</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	558,829	964,115
Capital surplus	4,310,038	4,715,325
Retained earnings	(1,038,476)	(2,216,551)
Treasury shares	(222)	(222)
<b>Total shareholders' equity</b>	<b>3,830,169</b>	<b>3,462,667</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21	(390)
Deferred gains or losses on hedges	(1,176)	3,448
Foreign currency translation adjustment	(8,554)	3,041
<b>Total accumulated other comprehensive income</b>	<b>(9,709)</b>	<b>6,099</b>
Share acquisition rights	3,550	10,958
<b>Total net assets</b>	<b>3,824,010</b>	<b>3,479,725</b>
<b>Total liabilities and net assets</b>	<b>4,835,356</b>	<b>4,211,341</b>

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

	(Thousands of yen)	
	First nine months of FY2020 (Jan. 1 - Sep. 30, 2020)	First nine months of FY2021 (Jan. 1 - Sep. 30, 2021)
Net sales	847,647	636,512
Cost of sales	132,750	95,794
Gross profit	714,897	540,717
Selling, general and administrative expenses	1,330,581	1,709,734
Operating loss	(615,684)	(1,169,016)
Non-operating income		
Interest income	109	90
Dividend income	291	298
Subsidy income	999	1,346
Grant income	—	7,200
Foreign exchange gains	—	597
Other	118	813
Total non-operating income	1,518	10,345
Non-operating expenses		
Interest expenses	5,921	3,081
Guarantee commission	1,109	1,087
Share issuance costs	4,373	2,990
Issuance cost of subscription rights to shares	—	5,952
Foreign exchange losses	18	—
Other	14	30
Total non-operating expenses	11,437	13,143
Ordinary loss	(625,604)	(1,171,814)
Extraordinary income		
Gain on reversal of share acquisition rights	1,000	—
Total extraordinary income	1,000	—
Extraordinary losses		
Impairment loss	22,782	6,108
Total extraordinary losses	22,782	6,108
Loss before income taxes	(647,386)	(1,177,923)
Income taxes-current	1,859	5,924
Income taxes-deferred	(107)	(5,772)
Total income taxes	1,751	151
Loss	(649,138)	(1,178,075)
Loss attributable to owners of parent	(649,138)	(1,178,075)

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	First nine months of FY2020 (Jan. 1 - Sep. 30, 2020)	First nine months of FY2021 (Jan. 1 - Sep. 30, 2021)
Loss	(649,138)	(1,178,075)
Other comprehensive income		
Valuation difference on available-for-sale securities	388	(412)
Deferred gains or losses on hedges	(78)	4,624
Foreign currency translation adjustment	(5,260)	11,596
Total other comprehensive income	(4,950)	15,809
Comprehensive income	(654,089)	(1,162,265)
Comprehensive income attributable to owners of parent	(654,089)	(1,162,265)

*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.*