

Consolidated Financial Results for the First Quarter of the Year Ending December 31, 2023

[Japanese GAAP]

May 10, 2023

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 11, 2023
 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, 2023

(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, 2023	226	(59.1)	(505)	—	(513)	—	(519)	—
Three months ended March 31, 2022	554	139.8	1	—	4	—	(15)	—

Note: Comprehensive income Three months ended March 31, 2023: (518) million yen (—%)

Three months ended March 31, 2022: 31 million yen (—%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	(32.78)		—	
Three months ended March 31, 2022	(1.12)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	4,945	4,397	88.8
As of December 31, 2022	4,266	3,641	85.0

Reference: Shareholders' equity As of March 31, 2023: 4,389 million yen As of Dec. 31, 2022: 3,624 million yen

2. Dividends

	Dividend per share				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	0.00	0.00
FY2023	—	—	—	—	—
FY2023 (Forecast)	—	0.00	—	0.00	0.00

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

3. Consolidated Financial Forecast for FY2023 (January 1, 2023 to December 31, 2023)

(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
FY2023	902	(34.9)	(1,890)	—	(1,911)	—	(1,936)	—	(125.25)

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.: Yes

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, 2023: 16,993,300 shares As of Dec. 31, 2022: 14,218,300 shares

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

As of March 31, 2023: 7,124 shares As of Dec. 31, 2022: 7,124 shares

3) Average number of shares outstanding during the period

First quarter of FY2023: 15,839,509 shares First quarter of FY2022: 13,451,109 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)	
	FY2022 (As of Dec. 31, 2022)	FY2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	3,379,048	4,082,018
Accounts receivable–trade	182,426	165,148
Merchandise and finished goods	84,450	86,881
Work in process	5,918	9,201
Raw materials and supplies	28,163	40,757
Other	424,308	410,353
Total current assets	4,104,316	4,794,361
Non-current assets		
Property, plant and equipment	100,231	96,022
Intangible assets	1,915	1,709
Investments and other assets	59,990	53,168
Total non-current assets	162,137	150,900
Total assets	4,266,453	4,945,261

	(Thousands of yen)	
	FY2022	FY2023
	(As of Dec. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable–trade	1,962	2,030
Current portion of bonds	32,000	18,000
Current portion of long-term borrowings	119,988	119,988
Accounts payable-other	235,136	222,134
Income taxes payable	30,664	15,667
Other	16,654	11,541
Total current liabilities	436,407	389,360
Non-current liabilities		
Long-term borrowings	148,402	118,405
Asset retirement obligations	38,040	38,194
Other	1,759	1,459
Total non-current liabilities	188,201	158,059
Total liabilities	624,609	547,420
Net assets		
Shareholders' equity		
Capital stock	1,382,246	2,023,976
Capital surplus	5,133,456	5,775,186
Retained earnings	(2,922,490)	(3,441,701)
Treasury shares	(222)	(222)
Total shareholders' equity	3,592,988	4,357,238
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,373)	(2,474)
Deferred gains or losses on hedges	615	—
Foreign currency translation adjustment	33,225	34,874
Total accumulated other comprehensive income	31,467	32,400
Share acquisition rights	17,388	8,202
Total net assets	3,641,844	4,397,841
Total liabilities and net assets	4,266,453	4,945,261

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

	(Thousands of yen)	
	First three months of FY2022 (Jan. 1 – Mar. 31, 2022)	First three months of FY2023 (Jan. 1 – Mar. 31, 2023)
Net sales	554,650	226,967
Cost of sales	42,483	48,635
Gross profit	512,167	178,332
Selling, general and administrative expenses	511,032	684,125
Operating profit (loss)	1,135	(505,792)
Non-operating income		
Interest income	44	64
Dividend income	101	105
Insurance claim income	1,906	—
Foreign exchange gains	3,493	—
Other	398	23
Total non-operating income	5,944	193
Non-operating expenses		
Interest expenses	1,634	896
Guarantee commission	246	239
Share issuance costs	622	4,618
Foreign exchange losses	—	2,015
Total non-operating expenses	2,502	7,769
Ordinary profit (loss)	4,576	(513,368)
Extraordinary losses		
Impairment loss	15,386	462
Total extraordinary losses	15,386	462
Profit (loss) before income taxes	(10,809)	(513,831)
Income taxes-current	4,325	5,407
Income taxes-deferred	(30)	(28)
Total income taxes	4,295	5,378
Profit (loss)	(15,104)	(519,210)
Profit (loss) attributable to owners of parent	(15,104)	(519,210)

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	First three months of FY2022 (Jan. 1 – Mar. 31, 2022)	First three months of FY2023 (Jan. 1 – Mar. 31, 2023)
Profit (loss)	(15,104)	(519,210)
Other comprehensive income		
Valuation difference on available-for-sale securities	(701)	(101)
Deferred gains or losses on hedges	34,990	(615)
Foreign currency translation adjustment	12,206	1,648
Total other comprehensive income	46,494	932
Comprehensive income	31,390	(518,278)
Comprehensive income attributable to owners of parent	31,390	(518,278)
Comprehensive income attributable to non-controlling interests	—	—

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.