

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

[Japanese GAAP]

November 7, 2023

Company name: Carna Biosciences, Inc. Stock Exchange listing: Tokyo Stock Exchange (Growth)
 Stock code: 4572 URL: <https://www.carnabio.com/english/>
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 Scheduled submission of quarterly report: November 8, 2023
 Scheduled date of dividend payment: —
 Supplementary materials for financial results: Yes
 Financial results briefing: —

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 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	%
Nine months ended September 30, 2023	711	(35.1)	(1,201)	—	(1,203)	—	(1,230)	—
Nine months ended September 30, 2022	1,095	72.1	(753)	—	(735)	—	(795)	—

Note: Comprehensive income Nine months ended September 30, 2023: (1,196) million yen (—%)

Nine months ended September 30, 2022: (718) million yen (—%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	(73.74)		—	
Nine months ended September 30, 2022	(58.56)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	4,192	3,816	91.0
As of December 31, 2022	4,266	3,641	85.0

Reference: Shareholders' equity As of September 30, 2023: 3,816 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	—	0.00	—		
FY2023 (Forecast)				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 September 30, 2023: 17,151,900 shares As of Dec. 31, 2022: 14,218,300 shares

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

As of September 30, 2023: 7,124 shares As of Dec. 31, 2022: 7,124 shares

3) Average number of shares outstanding during the period

Third quarter of FY2023: 16,683,924 shares Third quarter of FY2022: 13,579,491 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 Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	3,379,048	3,390,745
Accounts receivable–trade	182,426	129,906
Merchandise and finished goods	84,450	89,788
Work in process	5,918	10,664
Raw materials and supplies	28,163	39,090
Other	424,308	390,786
Total current assets	4,104,316	4,050,982
Non-current assets		
Property, plant and equipment	100,231	82,379
Intangible assets	1,915	1,297
Investments and other assets	59,990	57,577
Total non-current assets	162,137	141,254
Total assets	4,266,453	4,192,236

	(Thousands of yen)	
	FY2022 (As of Dec. 31, 2022)	FY2023 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable–trade	1,962	—
Current portion of bonds	32,000	—
Current portion of long-term borrowings	119,988	119,988
Accounts payable-other	235,136	107,398
Income taxes payable	30,664	28,604
Other	16,654	21,309
Total current liabilities	436,407	277,299
Non-current liabilities		
Long-term borrowings	148,402	58,411
Asset retirement obligations	38,040	38,503
Other	1,759	1,403
Total non-current liabilities	188,201	98,317
Total liabilities	624,609	375,617
Net assets		
Shareholders' equity		
Capital stock	1,382,246	2,076,474
Capital surplus	5,133,456	5,827,683
Retained earnings	(2,922,490)	(4,152,835)
Treasury shares	(222)	(222)
Total shareholders' equity	3,592,988	3,751,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,373)	(3,024)
Deferred gains or losses on hedges	615	—
Foreign currency translation adjustment	33,225	68,543
Total accumulated other comprehensive income	31,467	65,518
Share acquisition rights	17,388	—
Total net assets	3,641,844	3,816,618
Total liabilities and net assets	4,266,453	4,192,236

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

	(Thousands of yen)	
	First nine months of FY2022 (Jan. 1 - Sep. 30, 2022)	First nine months of FY2023 (Jan. 1 - Sep. 30, 2023)
Net sales	1,095,607	711,294
Cost of sales	123,674	123,644
Gross profit	971,932	587,650
Selling, general and administrative expenses	1,725,638	1,789,406
Operating loss	(753,705)	(1,201,755)
Non-operating income		
Interest income	127	145
Dividend income	307	318
Subsidy income	1,000	—
Foreign exchange gains	20,047	6,013
Other	3,178	127
Total non-operating income	24,660	6,605
Non-operating expenses		
Interest expenses	4,278	2,387
Guarantee commission	735	577
Share issuance costs	1,434	5,219
Other	49	0
Total non-operating expenses	6,498	8,185
Ordinary loss	(735,543)	(1,203,335)
Extraordinary losses		
Impairment loss	43,062	4,562
Total extraordinary losses	43,062	4,562
Loss before income taxes	(778,606)	(1,207,898)
Income taxes-current	16,703	22,530
Income taxes-deferred	(91)	(84)
Total income taxes	16,612	22,445
Loss	(795,218)	(1,230,344)
Loss attributable to owners of parent	(795,218)	(1,230,344)

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	First nine months of FY2022 (Jan. 1 – Sep. 30, 2022)	First nine months of FY2023 (Jan. 1 – Sep. 30, 2023)
Loss	(795,218)	(1,230,344)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,716)	(651)
Deferred gains or losses on hedges	30,787	(615)
Foreign currency translation adjustment	47,369	35,318
Other comprehensive income	76,440	34,051
Comprehensive income	(718,777)	(1,196,293)
Comprehensive income attributable to owners of parent	(718,777)	(1,196,293)
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.