

Consolidated Financial Results for the Second Quarter of the Year Ending December 31, 2024

[Japanese GAAP]

August 7, 2024

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: August 8, 2024
 Scheduled date of dividend payment: —
 Supplementary materials for financial results: Yes
 Financial results briefing: Yes

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024

(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	%
Six months ended June 30, 2024	315	(36.9)	(1,095)	—	(1,087)	—	(1,094)	—
Six months ended June 30, 2023	500	(40.4)	(863)	—	(868)	—	(885)	—

Note: Comprehensive income Six months ended June 30, 2024: (1,026) million yen (—%)

Six months ended June 30, 2023: (861) million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	(63.25)	—
Six months ended June 30, 2023	(53.81)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	3,685	3,215	87.2
As of December 31, 2023	4,349	3,877	89.1

Reference: Shareholders' equity As of June 30, 2024: 3,215 million yen As of Dec. 31, 2023: 3,877 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
FY2023	—	0.00	—	0.00	0.00
FY2024	—	0.00	—	—	—
FY2024 (Forecast)	—	—	—	0.00	0.00

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

3. Consolidated Financial Forecast for FY2024 (January 1, 2024 to December 31, 2024)

(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
FY2024	925	(43.0)	(2,201)	—	(2,208)	—	(2,225)	—	(129.81)

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 June 30, 2024: 18,056,900 shares As of Dec. 31, 2023: 17,151,900 shares

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

As of June 30, 2024: 9,124 shares As of Dec. 31, 2023: 7,124 shares

3) Average number of shares outstanding during the period

Second quarter of FY2024: 17,298,529 shares Second quarter of FY2023: 16,458,242 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)	
	FY2023	FY2024
	(As of Dec. 31, 2023)	(As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	2,889,101	3,026,030
Accounts receivable–trade	788,195	98,994
Merchandise and finished goods	94,383	101,778
Work in process	12,390	8,711
Raw materials and supplies	33,367	36,987
Other	374,044	272,016
Total current assets	4,191,484	3,544,519
Non-current assets		
Property, plant and equipment	105,498	99,070
Intangible assets	1,091	679
Investments and other assets	51,817	41,380
Total non-current assets	158,407	141,130
Total assets	4,349,891	3,685,650

	(Thousands of yen)	
	FY2023	FY2024
	(As of Dec. 31, 2023)	(As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable–trade	1,200	—
Current portion of long-term borrowings	120,000	70,002
Accounts payable-other	190,098	257,663
Income taxes payable	28,273	23,644
Other	36,349	19,334
Total current liabilities	375,921	370,644
Non-current liabilities		
Long-term borrowings	28,402	18,406
Asset retirement obligations	38,657	38,972
Other	29,375	42,310
Total non-current liabilities	96,435	99,689
Total liabilities	472,356	470,333
Net assets		
Shareholders' equity		
Capital stock	2,076,474	2,258,599
Capital surplus	5,827,683	6,009,808
Retained earnings	(4,075,386)	(5,169,504)
Treasury shares	(222)	(222)
Total shareholders' equity	3,828,549	3,098,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,722)	(3,148)
Deferred gains or losses on hedges	—	27,374
Foreign currency translation adjustment	51,709	92,408
Total accumulated other comprehensive income	48,986	116,635
Total net assets	3,877,535	3,215,316
Total liabilities and net assets	4,349,891	3,685,650

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

	(Thousands of yen)	
	First six months of FY2023 (Jan. 1 – Jun. 30, 2023)	First six months of FY2024 (Jan. 1 – Jun. 30, 2024)
Net sales	500,570	315,642
Cost of sales	82,684	82,630
Gross profit	417,886	233,012
Selling, general and administrative expenses	1,281,582	1,328,013
Operating loss	(863,696)	(1,095,000)
Non-operating income		
Interest income	84	2,543
Dividend income	211	219
Foreign exchange gains	2,029	27,718
Other	104	2,395
Total non-operating income	2,430	32,877
Non-operating expenses		
Interest expenses	1,695	1,726
Guarantee commission	477	198
Share issuance costs	4,966	23,109
Total non-operating expenses	7,139	25,033
Ordinary loss	(868,405)	(1,087,156)
Extraordinary losses		
Impairment losses	984	4,228
Total extraordinary losses	984	4,228
Loss before income taxes	(869,389)	(1,091,384)
Income taxes-current	16,275	2,785
Income taxes-deferred	(56)	(52)
Total income taxes	16,218	2,733
Loss	(885,608)	(1,094,118)
Loss attributable to owners of parent	(885,608)	(1,094,118)

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	First six months of FY2023 (Jan. 1 – Jun. 30, 2023)	First six months of FY2024 (Jan. 1 – Jun. 30, 2024)
Loss	(885,608)	(1,094,118)
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	(425)
Deferred gains or losses on hedges	(615)	27,374
Foreign currency translation adjustment	25,174	40,699
Total other comprehensive income	24,217	67,649
Comprehensive income	(861,390)	(1,026,469)
Comprehensive income attributable to owners of parent	(861,390)	(1,026,469)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2023 (Jan. 1 – Jun. 30, 2023)	FY2024 (Jan. 1 – Jun. 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(869,389)	(1,091,384)
Depreciation	16,602	15,477
Impairment loss	984	4,228
Interest income	(84)	(2,543)
Dividend income	(211)	(219)
Interest expenses	1,695	1,726
Share-based payment expenses	22,045	16,908
Share issuance costs	4,966	23,109
Foreign exchange losses (gains)	(12,264)	(11,257)
Decrease (increase) in trade receivables	(4,462)	692,991
Decrease (increase) in inventories	(21,386)	(7,335)
Increase (decrease) in trade payables	(1,962)	(1,200)
Increase (decrease) in accounts payable–other	(97,373)	63,192
Decrease (increase) in advance payments to suppliers	1,964	70,312
Other, net	39,957	11,369
Subtotal	(918,919)	(214,624)
Interest received	84	2,543
Interest paid	(1,650)	(1,665)
Income taxes refund (paid)	(18,058)	(8,311)
Net cash provided by (used in) operating activities	(938,544)	(222,059)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,854)	(7,108)
Net cash provided by (used in) investing activities	(6,854)	(7,108)
Cash flows from financing activities		
Repayments of long-term borrowings	(59,994)	(59,994)
Redemption of bonds	(14,014)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,296,166	—
Proceeds from stock issuance to a third party	—	342,699
Other, net	—	(3,636)
Net cash provided by (used in) financing activities	1,222,158	279,068
Effect of exchange rate change on cash and cash equivalents	28,818	87,029
Net increase (decrease) in cash and cash equivalents	305,577	136,929
Cash and cash equivalents at beginning of period	3,379,048	2,889,101
Cash and cash equivalents at end of period	3,684,625	3,026,030

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.