This is a summary translation of the original Japanese Announcement.

November 22nd, 2022
Company Name: Carna Bioscience, Inc.
Stock Code: 4572, TSE Growth
Representative: Kohichiro Yoshino, President & CEO

Notice of Issuance of 20th Series of Stock Acquisition Rights (Third Party Allotment of Floating Strike Warrants)

Carna Biosciences, Inc., a clinical-stage biopharmaceutical company focusing on the discovery and development of innovative therapies to treat serious unmet medical needs, announces the pricing of its floating strike warrants, which are expected to raise JPY2.79 bn via Overseas Institutional Investors, helping to secure its position as a future, global leader in small molecule based research.

The Board of Directors of Carna Biosciences, Inc. (hereinafter referred to as the "Company", "Carna, or "we"), approved a resolution on November 22nd, 2022 to issue the 20th series of stock acquisition rights (Floating Strike) through third-party allotment. We believe this transaction provides us with an efficient and flexible source of capital as we continue our efforts to become a global leader in small molecule based research.

Outline of Offering

(1) Issue/Allotment date	December 8th, 2022
(2) Number of warrants to be issued	33,865 units
(3) Issue price	JPY331 per unit (Total: JPY11,209,315)
(4) Number of dilutive shares after the issuance of warrants	3,386,500 shares (100 shares per unit)
(5) Dilution rate	24.80%
(6) Exercise price and price revision mechanism	Initial exercise price: JPY822 (90% of the closing price of November 21st, 2022) Maximum exercise price: None Minimum (floor) exercise price: JPY457 (50% of the closing price on November 21st, 2022)
(7) Estimated Proceeds (excluding Issuance Fees)	JPY 2,779million
(8) Method of Offering/Allotment	Third-party allotment
(9) Allottee	Cantor Fitzgerald & Co.
(10) Others	Exercise Period: December 9th, 2022 to December 9th, 2024

The Stock Acquisition Rights to be issued will have the following features:

Overseas Institutional Investors: Cantor Fitzgerald (hereinafter referred to as "Cantor"), after converting Stock Acquisition Rights to Shares, intends to sell the Shares to Overseas Institutional Investors who intend to maintain their holdings for the long-term. As a result of expanding our network of institutional investors via the investment in the company by Overseas Institutional investors, we believe that we will be able to grow our presence in the global market.

Minimize Market Impact: Cantor is, in principle, not allowed to sell Shares in the market, and intends to sell the Shares acquired through the exercise of the Stock Acquisition Rights through OTC transaction to Overseas Institutional Investors who intend to hold the shares for the long-term. We believe that, through this feature, the impact on the stock prices will be minimal and gradual, and stock price volatility can be controlled.

Usage of Funds

The funds procured from these transactions are intended to be used for the following:

(1) Accelerate on-going clinical trials for our drug candidates;
(2) Continued R&D to fuel our pipeline of innovative therapies to treat serious unmet medical needs.

I. Accelerate on-going clinical trials for our drug candidates

The funds will be used to advance the Phase 1 clinical trials of our BTK inhibitors (AS-0871 and AS-1763) and CDC7 inhibitor (AS-0141) to evaluate their safety and pharmacokinetics. We plan to out-license or find a co-development partner for AS-0871 after completing Phase 1 clinical trial. For AS-1763 and AS-0141 targeting cancer, we plan to out-license them after demonstrating the anti-tumor effects in patients .

Specifically, the funds will be invested in the following:

(1) AS-0871: Costs of conducting the Phase 1 multiple ascending dose study in healthy volunteers in the Netherlands;
(2) AS-1763: Costs of conducting the Phase 1b study in patients with B-cell malignancies in the United States, including the dose escalation part expected to be conducted in 2023 and the dose expansion part expected to be initiated in 2024;
(3) AS-0141: Costs of conducting the Phase 1 study in patients with solid tumors in Japan including the ongoing dose escalation part and the expansion part expected to be initiated in 2023.

II. Continued R&D to fuel our pipeline of innovative therapies to treat serious unmet medical needs

A portion of the funds from this financing will be used to bring at least one program in the discovery stage to the preclinical stage each year so that we can create next wave of pipeline. Such R&D expenses will include costs of purchasing compound libraries or reagents and consumables, outsourcing costs such as contracting with the chemistry outsourcing partner or ADME/DMPK screening services and pharmacology studies, personnel costs, and costs of conducting preclinical study.

In addition, a portion of the funds from this financing are expected to be used to cover expenses related to joint research with academia or biotechnology companies to create drug candidates targeting novel therapeutic targets, as well as to in-license drug candidates when necessarily.

About Carna Biosciences

Carna Biosciences is a clinical-stage biopharmaceutical company founded in April 2003 in Kobe, Japan to discover and develop innovative therapies to treat serious unmet medical needs, focusing on small molecule drugs, mainly targeting kinases. In June 2019, Carna entered into a licensing agreement with Gilead Sciences, through which Carna received an upfront payment of $20mm, and in December 2021, received its first milestone payment of $10mm. In addition to Gilead, it has licensing agreements and partnerships with Sumitomo Pharma, BioNova Pharmaceuticals, and Fresh Tracks Therapeutics (formerly Brickell Biotech). The Company has received approvals around the world to conduct clinical trials, including (1) FDA approval to initiate a Phase 1b study for its BTK inhibitor AS-1763 (USA, May 2022) and (2) through its regional partner BioNova Pharmaceuticals, received NMPA (China's FDA equivalent) approval of an IND application for AS-1763 (China, March 2022). Carna is now focusing on advancing the clinical trials of its three drug candidates, its BTK inhibitors AS-0871 and AS-1763, and its CDC7 inhibitor AS-0141.

About Cantor

Cantor Fitzgerald, L.P., a parent company of the allottee, Cantor Fitzgerald & Co. (hereinafter "CF&Co.") is a leading, global financial services company at the forefront of financial and technological innovation with significant capital markets, investment banking, research, and real estate expertise that has been cultivated through the nearly 80 years of operations since its establishment in 1945. The firm has coverage of more than 7,000 institutional capital markets clients around the world, providing global access to investors. Furthermore, Cantor Fitzgerald is a premier Life Sciences focused bank and has executed over 213 equity transactions for biopharma companies since 2017, and is a trusted advisor to healthcare clients across key verticals. CF&Co. is one of the largest financial institutions in the U.S., and is headquartered in New York. The firm is one of only 24 primary dealers of United States government securities and has high presence across financial markets. Cantor Fitzgerald Securities Japan, the Japan office of the Cantor Fitzgerald Group, has a strong capital markets presence in both private and public markets, and has executed 20+ financing transactions since 2018, acting as a bridge between Japanese corporates and global investors.