

March 27, 2018

Carna Biosciences, Inc.  
Sumitomo Dainippon Pharma Co., Ltd.

**Carna Biosciences and Sumitomo Dainippon Pharma Sign Agreement on Joint Research, Development, and Commercialization of Kinase Inhibitors**

Carna Biosciences, Inc. (Head Office: Kobe, Hyogo; President and CEO: Kohichiro Yoshino) ("Carna Biosciences") and Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Osaka; President and CEO: Masayo Tada) ("Sumitomo Dainippon Pharma") announced today that, on March 27, 2018, the two companies signed an agreement on joint research with the aim of discovering novel kinase inhibitors for psychiatric and neurological disorders, as well as on the subsequent development and commercialization of such therapeutic agent(s) (hereinafter referred to as the "Agreement").

Under the Agreement, the two companies will commence joint research with a view toward discovering novel kinase inhibitors indicated for psychiatric and neurological disorders by combining accumulated Carna Biosciences's know-how on kinase inhibitor discovery with Sumitomo Dainippon Pharma's know-how on drug discovery research in the area of neuroscience. Sumitomo Dainippon Pharma will retain exclusive worldwide rights to the clinical development and marketing of any kinase inhibitors that may be discovered through the joint research and that Sumitomo Dainippon Pharma decides to commercialize (hereinafter referred to as the "Agent(s)") for all therapeutic areas except oncology. The two companies expect that this joint research project will allow them to deliver innovative drugs in the area of psychiatry and neurology, where unmet medical needs are high.

Pursuant to the Agreement, Sumitomo Dainippon Pharma will provide up to ¥80 million to Carna Biosciences with an upfront payment and milestone payments in each research phase.

When Sumitomo Dainippon Pharma decides the transition to clinical development and marketing of the Agent(s), Sumitomo Dainippon Pharma will also provide up to approximately ¥10.6 billion in total to Carna Biosciences with development milestone payments in each development phase and milestone payments on sales that will be calculated on the basis of sales target achievement. In addition, Sumitomo Dainippon Pharma will pay a specified amount of royalties to Carna Biosciences in accordance with the sales amount of the Agent(s) following commercial launch.

The impact of the Agreement on Sumitomo Dainippon Pharma's consolidated financial results for the year ending March 31, 2018 will be minor.

The impact of the Agreement on Carna Biosciences's consolidated financial results for the year ending December 31, 2018 is currently under review. Should it be found to significantly

affect Carna Biosciences's consolidated financial forecasts, such information shall be disclosed immediately.

(Reference information)

[About Carna Biosciences]

Carna Biosciences is a biopharmaceutical company focused on the discovery and development of kinase inhibitor drugs to address serious unmet medical needs in oncology, autoimmune and inflammatory diseases, and neurological diseases by inhibiting kinases that are important drivers for those diseases.

[About Sumitomo Dainippon Pharma]

Sumitomo Dainippon Pharma's goal is to create innovative pharmaceutical products. Psychiatry & Neurology as well as Oncology represent our focus therapeutic areas containing significant unmet medical needs. It is channeling its R&D energies also into regenerative medicine/cell therapy.

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