Non-Consolidated Financial Results (Japanese GAAP)
for the Nine Months Ended September 30, 2021

November 12, 2021

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
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Scheduled filing date of quarterly financial results: November 12, 2021
Scheduled dividend payment commencement date: —
Supplementary materials prepared for the quarterly financial results: Yes
Holding of the quarterly financial results explanatory meeting: No

(Amounts of less than one million yen are rounded down)

1. Financial Results for the Nine Months Ended September 30, 2021 (January 1, 2021 to September 30, 2021)

(1) Operating Results (Cumulative)

(% figures are the increase / (decrease) compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Sep. 30, 2021	541	73.5	(850)	—	(843)	—	(842)	—
Nine months ended Sep. 30, 2020	312	10.5	(1,080)	—	(1,087)	—	(1,087)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended Sep. 30, 2021	(20.94)	—
Nine months ended Sep. 30, 2020	(31.33)	—

Notes: Despite the existence of shares with a dilutive effect, "Diluted Net Income per Share" is not stated because Chiome incurred a loss for each respective period.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	2,950	2,428	81.6
As of Dec. 31, 2020	3,494	3,109	88.2

(Reference) Equity As of Sep. 30, 2021: 2,408 million yen As of Dec. 31, 2020: 3,081 million yen

2. Dividends

	Annual Dividends				
	1Q-End	2Q-End	3Q-End	FY-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ending Dec. 31, 2020	—	0.00	—	0.00	0.00
Fiscal Year Ending Dec. 31, 2021	—	0.00	—		
Fiscal Year Ending Dec. 31, 2021 (Forecast)				0.00	0.00

Note: Revision to the most recently announced dividend forecast: No

3. Forecasts of Financial Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 to December 31, 2021)

As it is difficult to provide reasonable estimates for Drug Discovery and Development Business at present, Chiome discloses only business forecasts for Drug Discovery Support Business; net sales ¥530 million.

[Notes]

(1) Application of Special Accounting Practices in the Preparation of Quarterly Financial Statements: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements
- 1) Changes in accounting policies in line with revisions to accounting and other standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatements: No

(3) Number of Shares Issued (Common Stock)

1) Number of shares issued as of the end of the period (including treasury stock)	As of Sep. 30, 2021	40,305,500 Shares	As of Dec. 31, 2020	39,505,200 Shares
2) Number of treasury stock as of the end of the period	As of Sep. 30, 2021	146 Shares	As of Dec. 31, 2020	146 Shares
3) Average number of shares for the period (cumulative total for the period)	Nine months ended Sep. 30, 2021	40,249,394 shares	Nine months ended Sep. 30, 2020	34,724,921 shares

*This summary report on Chiome's quarterly financial statements is not subject to quarterly review procedures.

* Explanation Concerning the Proper Use of Financial Results Forecasts and Other Relevant Specific Items

Forward-looking statements including forecasts of financial results contained in this report are based on management's assumptions and beliefs that are determined to be reasonable in light of currently available information. Chiome cautions readers that due to a variety of factors actual results may differ materially from forecasts. For the assumptions that underpin financial results forecasts as well as other related items, please refer to the "1. Qualitative Information Regarding Quarterly Financial Results (3) Explanation of Forward-Looking Statements including Forecasts of Financial Results" on page 4 of this report.

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1. Qualitative Information Regarding Quarterly Financial Results

(1) Operating Results

During the third quarter ended September 30, 2021 (hereinafter, "the period under review"), the global economic environment has been suffering from the pandemic of the Coronavirus Disease 2019 pandemic (hereinafter, "COVID-19"). It began to show some signs of regional recovery along with the widespread use of vaccination, however, uncertainty remains due to some concerns about a rebound of COVID-19. Under the current business environment, Net sales were ¥541,690 thousand, an increase of ¥229,405 thousand year-on-year, attributable to the upfront income from the out-licensing contract of LIV-2008/2008b in Drug Discovery and Development on top of the steady growth in Drug Discovery Support Business. Research and development expenses amounted to ¥860,295 thousand, a decrease of ¥90,732 thousand year-on-year, mainly due to the recording of CMC development costs such as GMP manufacturing of drug substance and preparation of investigational drugs for CBA-1535 project. Operating loss was ¥850,744 thousand (¥1,080,016 thousand previously), Ordinary loss was ¥843,016 thousand (¥1,087,149 thousand previously), and net loss was ¥842,789 thousand (¥1,087,916 thousand previously). Our business activities during the period under review are as follows.

In Drug Discovery and Development, Phase 1 clinical study of CBA-1205 which is an in-house program of the first in-class antibody, has been making progress, dosing to solid cancer patients since July 2020. Currently evaluating the safety by increasing the dose step-by-step in patients. This is the first of two parts. There have been no serious adverse reactions reported and it is making good progress. For CBA-1535, a multi-specific antibody project, the manufacturing of the investigational drugs has been making a good progress and we are preparing for the submission of IND application aiming for the first half of 2022. In discovery stage projects, we carry on working on lead antibodies and continue to build a portfolio of intellectual property assets. We will strive to expand the number and quality of our development pipelines by collaborating with drug discovery companies and academia to launch new drug discovery projects, as well as promoting new themes using our own Tribody technology.

- Drug Discovery Pipeline (out-licensed products)

Regarding ADCT-701, an ADC format of LIV-1205 that was licensed out to Switzerland-based ADC Therapeutics SA, they are currently preparing for an IND application and clinical trials in the US for 2022.

Regarding LIV-2008/2008b, Chiome and Shanghai Henlius Biotech, Inc (hereinafter, "Henlius") have signed an Exclusive License Agreement in January 2021 for development and commercialization of the anti-TPOR-2 antibodies, LIV-2008/2008b, developed by Chiome. Under the agreement, we granted an exclusive license with sublicensing right to Henlius for development, manufacturing and marketing LIV-2008/2008b in the region of China, Hong Kong, Macau and Taiwan. In addition, we granted an option right for development, manufacturing and marketing of LIV-2008/2008b in the rest of the world other than the abovementioned territories. The upfront payment of US$1 million received on signing of the agreement was recorded as sales of Drug Discovery and Development Business for the period under review.

In addition, there is a pharmaceutical company who remains interested in evaluation of LIV-2008/2008b. We will primarily focus on alliance management under the agreement with Henlius so that they will exercise the option, and in parallel, continue to pursue the out-licensing opportunity to a third party to maximize the business value of this pipeline.

- Drug Discovery Pipeline (In-house programs, out-licensing candidates)

In CBA-1205 development, the phase I study started in July 2020 and has been progressing on track. In the first part of the study, the safety, tolerability, and pharmacokinetics in patients with solid tumor will be evaluated and the maximum tolerated dose is determined. In the second part, the exploratory efficacy will also be evaluated in

patients with advanced and/or recurrent hepatocellular carcinoma. In the first part, since no dose limiting toxicity has been observed within the original plan, additional higher dose cohorts were set aiming to evaluate further safety for higher doses. The second part of the study is expected to start at the end of 2021 or the first half of 2022. There will be no change in the timing of completion of the phase I study from the original plan.

For CBA-1535, CMC development by a CMO whom we outsourced the manufacturing of the investigational drugs to is progressing as planned. Under the current uncertain circumstances of the new Coronavirus outbreak/resolution, we are considering an alternative plan to conduct the Phase I study, development and application of the drug in Japan where the impact of COVID-19 is less than in UK which was originally planned. After consultation with PMDA, regulatory authority in Japan, we are convinced that we can submit an application with the existing data package in the first half of 2022.

For the humanized anti-Semaphorin 3A antibody, the Collaborative Development License and Exclusive Option Agreement with SemaThera Inc. were terminated as announced on May 14, 2021. At present, we have started collaborative research with an overseas research institution targeting diseases associated with Semaphorin 3A, and we will collect the data from this research for the business development activities.

PCDC is a first-in-class cancer therapeutic antibody that targets CDCP1 involved in the growth and metastasis of cancer cells. We are currently conducting additional animal studies and other activities that are important to the progress of our research and development activities, while seeking opportunities for out-licensing or collaboration with external companies, mainly in the field of ADC. On July 1, 2021, the World Intellectual Property Organization (WIPO) published patent information on the application (WO/2021/132427).

In addition, we have five drug discovery projects in the exploratory stage and multiple research themes. In the period under review, we examined the progress of research projects and research data extensively to determine the out-licensing and development plans of our key projects, and also considered the revision and termination of current projects in order to launch new projects which will enhance the pipeline. We are also working to file a patent application for a new drug discovery project.

We are participating in a research program in the field of infectious diseases and technology development led by an academia in Japan, which is backed by a grant from the Japan Agency for Medical Research and Development (AMED). We received research grants from AMED and recorded part of them as non-operating income for the period under review.

As a result, net sales of Drug Discovery and Development were ¥103,013 thousand, an increase of ¥101,583 thousand year-on-year; Research and Development expenses of ¥860,295 thousand a decrease of ¥90,732 thousand year-on-year, and a segment loss of ¥757,382 thousand (¥949,048 thousand previously) were recorded.

Drug Discovery Support Business contributes to the company's stable earnings. We offer technical support services to pharmaceutical companies and research institutions by leveraging knowledge in protein preparation and multiple antibody generation technologies including the ADLib® system, our proprietary platform for antibody generation and affinity maturation. We are working to stabilize the business base by entering into basic transaction contracts, while promoting the development of new customers to strengthen our earnings base.

In addition, as announced on May 14, 2021, Chiome and Mologic Ltd.in the UK (hereinafter "Mologic") have entered into a Collaborative Research Agreement for antibody discovery and development for diagnostic use. Under the agreement which lasts up to 1 year, Chiome will generate antibodies against several targets utilizing ADLib® system which is Chiome's proprietary platform technology. Mologic will evaluate the antibodies by its technology and know-how for diagnostic drug application. Chiome will receive consideration for research activities from Mologic for its research and development activities and if Mologic earns a profit from the diagnostic products consisting of antibodies generated under this agreement, Chiome will receive part of the profit as royalties. Consideration corresponding to the period under review is recorded in net sales.

The sales from the Drug Discovery Support Business have grown due to stable transactions with mainly domestic pharmaceutical companies. As a result, net sales in the period under review were ¥438,676 thousand, an increase of ¥128,821 thousand year-on-year. Segment profit was ¥234,879 thousand, an increase of ¥90,872 thousand year on year. Segment profit margin was 53.5% (Targeting margin is 50% in FY2021).

(2) Financial Position

(Assets)

As of September 30, 2021, assets stood at ¥2,950,471 thousand, down ¥544,083 thousand compared to the balance as of December 31, 2020. This is mainly due to a decrease in cash on hand and in banks, and an increase in advance payments.

(Liabilities)

As of September 30, 2021, liabilities stood at ¥522,028 thousand, up ¥137,442 thousand compared to the balance as of December 31, 2020. This is primarily due to an increase in accounts payable-other and advances received.

(Net assets)

As of September 30, 2021, net assets stood at ¥2,428,442 thousand, down ¥681,525 thousand compared to the balance of December 31, 2020. The decrease was attributed mainly due to a decrease in retained earnings reflecting the net loss for the period.

(3) Explanation of Forward-Looking Statements including Forecasts of Financial Results

There are no changes to the financial results forecasts for the fiscal year ending December 31, 2021, announced on February 9, 2021.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheets

Thousand yen

	As of Dec. 31, 2020	As of Sep 30, 2021
Assets		
Current assets		
Cash on hand and in banks	2,686,318	2,071,327
Accounts receivable	56,778	43,070
Inventories	89,261	92,250
Advance payment-trade	302,611	402,601
Consumption taxes receivable	57,573	25,544
Other current assets	55,974	40,837
Total current assets	3,248,518	2,675,632
Non-current assets		
Property and equipment		
Machinery	293,124	293,124
Accumulated depreciation	(287,372)	(288,537)
Machinery, net	5,751	4,587
Tools and equipment	98,139	96,163
Accumulated depreciation	(96,735)	(95,812)
Tools and equipment, net	1,404	351
Total property and equipment	7,156	4,938
Investments and other assets		
Investment Securities	150,000	150,000
Long-term prepaid expenses	11,452	7,088
Lease deposits and others	77,427	112,811
Total investments and other assets	238,879	269,899
Total non-current assets	246,035	274,838
Total assets	3,494,554	2,950,471

Thousand yen

	As of Dec. 31, 2020	As of Sep. 30, 2021
Liabilities		
Current liabilities		
Accounts payable, trade	40,106	50,639
Short-term borrowings	180,000	199,000
Accounts payable, other	50,082	112,129
Accrued expenses	31,593	23,033
Income taxes payable	3,240	9,172
Advances received	27,953	64,593
Deposits received	4,642	5,512
Unearned revenue	—	1,936
Provision for bonuses	5,096	2,264
Total Current liabilities	342,714	468,283
Non-current liabilities		
Asset retirement obligations	41,871	53,745
Total non-current liabilities	41,871	53,745
Total liabilities	384,585	522,028
Net assets		
Shareholders' equity		
Capital stock	1,387,677	1,472,990
Capital reserve	2,987,458	3,072,770
Retained earnings	(1,293,798)	(2,136,587)
Treasury stock	(292)	(292)
Total shareholders' equity	3,081,046	2,408,881
Subscription rights to shares	28,922	19,561
Total net assets	3,109,968	2,428,442
Total liabilities and net assets	3,494,554	2,950,471

(2) Quarterly Statement of Income

(Third Quarter Cumulative)

Thousand yen

	Nine Months Ended Sep. 30, 2020 (Jan.1, 2020 to Sep. 30, 2020)	Nine Months Ended Sep. 30, 2021 (Jan. 1, 2021 to Sep. 30, 2021)
Net sales	312,284	541,690
Cost of sales	166,299	203,898
Gross profit	145,985	337,792
Selling, general and administrative expenses		
Research and development expenses	951,027	860,295
Other, net	274,974	328,241
Total selling, general and administrative expenses	1,226,002	1,188,536
Operating loss	(1,080,016)	(850,744)
Non-operating income		
Interest income	33	27
Foreign exchange gains	442	6,955
Subsidy income	3,951	1,769
Other, net	198	565
Total non-operating income	4,625	9,318
Non-operating expenses		
Interest expenses	622	973
Share issuance expenses	4,954	616
Subscription rights issuance cost	5,936	—
Other, net	245	0
Total non-operating expenses	11,759	1,589
Ordinary loss	(1,087,149)	(843,016)
Extraordinary income		
Gain on reversal of share acquisition rights	1,048	12,911
Total extraordinary income	1,048	12,911
Loss before income taxes	(1,086,101)	(830,104)
Income taxes-current	1,815	12,684
Total income taxes	1,815	12,684
Net loss	(1,087,916)	(842,789)

(3) Notes Concerning Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

・Exercise of the subscription rights to shares.

The balance of capital stock and capital reserve increased separately by ¥ 85,312 thousand due to exercise of the Subscription Rights to Shares.

As a result, as of September 30, 2021, the balance of capital stock and capital reserve came to ¥ 1,472,990 thousand and ¥ 3,072,770 thousand, respectively.

(Important subsequent events)

Not applicable.