Non-Consolidated Financial Results (Japanese GAAP)
for the Three Months Ended March 31, 2022

May 13, 2022

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
Stock Code: 4583 URL https://www.chiome.co.jp
Representative: Shigeru Kobayashi, President & CEO
Inquiries: Arihiko Bijohira, Executive Director & CFO TEL: +81-3-6383-3746
Scheduled filing date of quarterly financial results: May13, 2022
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 Three Months Ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(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	%
Three months ended Mar. 31, 2022	128	(47.8)	(486)	—	(491)	—	(492)	—
Three months ended Mar. 31, 2021	246	171.1	(155)	—	(149)	—	(160)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended Mar. 31, 2022	(11.66)	—
Three months ended Mar. 31, 2021	(4.00)	—

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 Mar. 31, 2022	2,126	1,653	76.3
As of Dec. 31, 2021	2,339	1,893	79.4

(Reference) Equity As of Mar. 31, 2022: 1,621 million yen As of Dec. 31, 2021: 1,857 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, 2021	—	0.00	—	0.00	0.00
Fiscal Year Ending Dec. 31, 2022	—				
Fiscal Year Ending Dec. 31, 2022 (Forecast)		0.00	—	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, 2022 (January 1, 2022 to December 31, 2022)

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 of ¥620 million). There is no revision to the most recently announced forecasts of financial results.

[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: Yes
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 Mar. 31, 2022	42,409,900 shares	As of Dec. 31, 2021	40,781,500 shares
2) Number of treasury stock as of the end of the period	As of Mar. 31, 2022	146 shares	As of Dec. 31, 2021	146 shares
3) Average number of shares for the period (cumulative total for the period)	Three months ended Mar. 31, 2022	42,226,599 shares	Three months ended Mar. 31, 2021	40,155,278 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

The economic environment in Japan and overseas in the first quarter of the year under review remains uncertain because of the concerns about the impact on the global economy due to the worsening situation in the conflict in Ukraine as well as the reemergence of COVID-19 infections.

In this external environment, the Company's performance in the first quarter under review was as follows: net sales of ¥128,571 thousand (a decrease of ¥117,509 thousand compared to the same quarter last year, "year-on-year"), research and development costs of ¥446,004 thousand (an increase of ¥229,677 thousand year-on-year), operating loss of ¥486,520 thousand (operating loss in the same quarter last year was ¥155,257 thousand), ordinary loss of ¥491,189 thousand (ordinary loss of the same quarter last year was ¥149,640), and quarterly net loss of ¥492,441 thousand (quarterly loss in the same quarter last year was ¥160,704 thousand).

Net sales decreased in the current period compared to the same quarter last year. even with the limited impact experienced from COVID-19 infections and the worsening situation of the conflict in Ukraine on the Company's results, partially because there was an upfront license payment in the drug discovery business which was recorded in the same period last year. As a result, the net sales in the first quarter of the current fiscal year decreased by 47.8% compared to the same quarter last year. In terms of profit and loss, the operating loss, ordinary loss and net loss had all increased compared to the same quarter last year. This is mainly due to the recording of expenses in research and development costs associated with the completion of the manufacturing of the study drug for CBA-1535.

An overview of the Company's business activities in the first quarter of the year under review is as follows.

In the drug discovery business, the in-house development of first-in-class antibody CBA-1205 has moved to the second part of Phase I clinical study, the clinical operation is being coordinated including the addition of clinical study sites, as well as the promotion of joint research for the development of new indications other than hepatocellular carcinoma and the development of the new drug targeting DLK-1. We are promoting activities to increase the value of this asset towards out-licensing. The second clinical pipeline, CBA-1535, a multi-specific antibody, has completed the submission of its clinical study plan to the Pharmaceuticals and Medical Devices Agency (PMDA) as of February 16, 2022. Currently, all administrative works are in progress at the clinical sites towards the first dosing to the subject, including the importation of the study drug which was manufactured by CMO.

In drug discovery projects which are in the exploratory stage, we continue the R&D work on the generation of lead antibodies and on filing new intellectual properties. We will strive to expand the number and quality of our development pipelines by collaborating with drug discovery companies and academia to launch new projects, as well as promoting new themes using our 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, IND preparation work is in progress. It's been announced that the National Cancer Institute (NCI) in the US will be a sponsor of Phase 1 in collaboration with ADC Therapeutics for neuroendocrine cancer.

For LIV-2008/2008b, we signed a license agreement with Shanghai Henlius Biotech, Inc. of China (hereinafter "Henlius") and the development plans are under development. In addition, there are pharmaceutical companies that continue to conduct in-licensing evaluations. We will primarily focus on alliance management under the

agreement with Henlius so that they will exercise the option right, and in parallel, continue to pursue the out-licensing opportunity in maximizing the business values of this pipeline.

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

For CBA-1205, we have been conducting a Phase I clinical study in Japan. As the first part of the study showed high safety and tolerability, the decision was made to move to the second part in December 2021. During the year under review, we will promote the enrollment of patients with hepatocellular carcinoma in the second part by adding clinical study sites.

For CBA-1535, under the circumstances where new coronavirus is unlikely to be brought under control, we have considered submitting an application for clinical study in Japan, rather than in the UK which was originally planned, as this would have a relatively low impact on development. The application for a Phase I study to the Pharmaceuticals and Medical Devices Agency (PMDA) was submitted on February 16, 2022. This would be the first clinical study in the world to validate the mechanism of action of Tribody, which binds to both cancer cells and immune cells (T cells) and activate T cells to kill cancer cells. If this concept is proved in CBA-1535, this will open up the possibility of applying Tribody format to many other tumor antigens.

For the humanized anti-Semaphorin 3A antibody, BMAA, we carry out BD activities using the data of BMAA evaluation and exploratory study on the Semaphorin family molecules, which we have obtained to date.

For PCDC, we are currently conducting additional animal studies and other activities that are important to the progress of our R&D activities, while seeking the opportunities for out-licensing or collaboration with external companies, mainly in the field of ADC application.

For two of our drug discovery projects in the exploratory stage we have been focusing on, we will continue to promote research activities that will contribute to out-licensing and development plans. Among these, a new patent application has been completed for an oncology project. Research on new drug discovery projects related to Tribody is also progressing and we are going to file patent applications. The Company will expand its new pipeline and search for out-licensing opportunities by continuously creating new drug seeds and making them into intellectual property. We are also participating in a research program in the field of infectious diseases and technology development in collaboration with academia in Japan, which is supported by a grant from the Japan Agency for Medical Research and Development (AMED).

As a result of the above, the results for the first quarter of the year under review in the drug discovery business were as follows: net sales was decreased by ¥103,013 thousand year-on-year, due to the upfront payment recorded in the same period last year from the conclusion of the LIV-2008 and LIV-2008b license agreement. Research and development costs amounted ¥446,004 thousand (an increase of ¥229,677 thousand year-on-year), segment loss was ¥446,004 thousand (segment loss was ¥113,415 thousand in the same period last year).

Drug discovery support business contributes to the Company's stable earnings. We offer technical support to pharmaceutical companies and research institutions by undertaking antibody production work using ADLib system, our proprietary antibody production expertise, as well as protein preparation work and antibody affinity maturation work based on the ADLib system. We are also promoting the development of new clients to strengthen our earnings base.

As a result of the above, in the drug discovery support business, net sales for the first quarter under review

amounted to ¥128,571 thousand (a decrease of ¥14,496 thousand year-on-year), segment profit was ¥70,840 thousand (a decrease of ¥8,448 thousand year-on-year) and segment profit margin of 55.1% (target 50%) due to continued stable transactions with existing clients, mainly domestic pharmaceutical companies.

(2) Financial Position

(Assets)

Total assets at the end of the first quarter of the current fiscal year amounted to ¥2,126,576 thousand, a decrease of ¥212,863 thousand compared to the end of the previous fiscal year, mainly due to a decrease in advance payments.

(Liabilities)

The balance of liabilities at the end of the first quarter of the current fiscal year amounted to ¥473,032 thousand, an increase of ¥26,642 thousand compared to the end of the previous fiscal year. This was mainly due to an increase of ¥36,730 thousand accounts payable related to clinical development.

(Net assets)

The balance of net assets at the end of the first quarter of the current fiscal year amounted to ¥1,653,544 thousand, a decrease of ¥239,505 thousand compared to the end of the previous fiscal year. This was mainly because of a decrease in retained earnings after recording the net loss in the period under review, even though capital stock and capital reserves were increased as a result of the exercise of subscription rights.

(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, 2022 announced on February 14, 2022.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheets

Thousand yen

	As of Dec. 31, 2021	As of Mar. 31, 2022
Assets		
Current assets		
Cash on hand and in banks	1,790,988	1,744,576
Accounts receivable	25,456	47,867
Inventories	59,049	68,972
Advance payment-trade	270,440	65,641
Consumption taxes receivable	36,050	46,446
Other current assets	34,898	31,835
Total current assets	2,216,883	2,005,340
Non-current assets		
Property and equipment		
Machinery	291,571	291,571
Accumulated depreciation	(287,372)	(287,757)
Machinery, net	4,199	3,814
Tools and equipment	95,820	95,820
Accumulated depreciation	(95,820)	(95,820)
Tools and equipment, net	0	0
Total property and equipment	4,199	3,814
Investments and other assets		
Long-term prepaid expenses	5,544	4,610
Lease deposits and others	112,811	112,811
Others	0	0
Total investments and other assets	118,355	117,421
Total non-current assets	122,555	121,236
Total assets	2,339,439	2,126,576

Thousand yen

	As of Dec. 31, 2021	As of Mar. 31, 2022
Liabilities		
Current liabilities		
Accounts payable, trade	29,809	41,369
Short-term borrowings	183,000	183,000
Accounts payable, other	81,549	118,280
Accrued expenses	39,636	29,062
Income taxes payable	16,745	8,000
Advances received	30,523	25,600
Contract liabilities	—	4,603
Deposits received	6,453	5,625
Provision for bonuses	4,821	2,780
Others	—	756
Total Current liabilities	392,540	419,077
Non-current liabilities		
Asset retirement obligations	53,849	53,954
Total non-current liabilities	53,849	53,954
Total liabilities	446,390	473,032
Net assets		
Shareholders' equity		
Capital stock	1,515,929	1,642,383
Capital reserve	3,115,710	3,242,163
Retained earnings	(2,773,693)	(3,262,686)
Treasury stock	(292)	(292)
Total shareholders' equity	1,857,654	1,621,568
Subscription rights to shares	35,394	31,975
Total net assets	1,893,049	1,653,544
Total liabilities and net assets	2,339,439	2,126,576

(2) Quarterly Statement of Income

(First Quarter Cumulative)

Thousand yen

	Three Months Ended Mar. 31, 2021 (Jan. 1, 2021 to Mar. 31, 2021)	Three Months Ended Mar. 31, 2022 (Jan. 1, 2022 to Mar. 31, 2022)
Net sales	246,081	128,571
Cost of sales	63,879	57,730
Gross profit	182,201	70,840
Selling, general and administrative expenses		
Research and development expenses	216,327	446,004
Other, net	121,131	111,357
Total selling, general and administrative expenses	337,458	557,361
Operating loss	(155,257)	(486,520)
Non-operating income		
Interest income	14	10
Foreign exchange gains	6,408	―
Other, net	93	5
Total non-operating income	6,517	15
Non-operating expenses		
Interest expenses	313	321
Subscription rights issuance cost	586	1,185
Foreign exchange losses	―	3,176
Total non-operating expenses	900	4,683
Ordinary loss	(149,640)	(491,189)
Loss before income taxes	(149,640)	(491,189)
Income taxes-current	11,064	1,252
Total income taxes	11,064	1,252
Net loss	(160,704)	(492,441)

(3) Notes Concerning Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards") from the beginning of the first quarter of the current fiscal year and recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

The application of the Revenue Recognition Accounting Standards etc., is in accordance with the transitional treatment based on the proviso to paragraph 84 of the Revenue Recognition Accounting Standards, and the cumulative effect of retroactive application of new accounting policies prior to the beginning of the first quarter of the current fiscal year is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policies are applied from the opening balance of this period.

However, the Company has applied the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standards and has accordingly not retroactively applied the new accounting policy to contracts for which almost the entire amount of revenue had been recognized prior to the beginning of the first quarter of this fiscal year.

In addition, the Company has applied the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Accounting Standards, wherein accounting procedures are conducted based on contract conditions after reflecting any changes in contracts made prior to the beginning of the first quarter of this fiscal year and then the cumulative effect is added to or subtracted from retained earnings at the beginning of the first quarter of this fiscal year.

As a result, net sales for the first quarter of this fiscal year increased by ¥38,151 thousand, cost of sales increased by ¥16,015 thousand, operating income, ordinary income and quarterly net profit before taxes increased by ¥22,136 thousand, respectively. The opening balance of retained earnings at the beginning of the period increased by ¥232 thousand.

Because Revenue Recognition Accounting Standards were applied, some liabilities for "Advances received" presented in "Current liabilities" in the balance sheet for the previous fiscal year, are now included in "Contract liabilities" from the first quarter of this fiscal year.

In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standards, figures for the previous fiscal year have not been rearranged using the new presentation method.

(Notes Regarding Substantial Changes in Shareholders' Equity)

During the first three months, the balance of capital stock and capital reserve increased separately by ¥126,453 thousand due to exercise of the Subscription Rights to Shares. As a result, as of March 31, 2022, the balance of capital stock and capital reserve came to ¥1,642,383 thousand and ¥3,242,163 thousand, respectively.

(Important subsequent events)

Not applicable.