Non-Consolidated Financial Results (Japanese GAAP)
for the Nine Months Ended September 30, 2022

November 14, 2022

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
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Scheduled filing date of quarterly financial results: November 14, 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 Nine Months Ended September 30, 2022 (January 1, 2022 to September 30, 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	%
Nine months ended Sep. 30, 2022	433	(19.9)	(1,039)	—	(1,029)	—	(1,027)	—
Nine months ended Sep. 30, 2021	541	73.5	(850)	—	(843)	—	(842)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended Sep. 30, 2022	(23.87)	—
Nine months ended Sep. 30, 2021	(20.94)	—

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, 2022	2,081	1,650	78.4
As of Dec. 31, 2021	2,339	1,893	79.4

(Reference) Equity As of Sep. 30, 2022: 1,631 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	—	0.00	—		
Fiscal Year Ending Dec. 31, 2022 (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, 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 ¥620 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: 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 Sep. 30, 2022	45,979,100 Shares	As of Dec. 31, 2021	40,781,500 Shares
2) Number of treasury stock as of the end of the period	As of Sep. 30, 2022	147 Shares	As of Dec. 31, 2021	146 Shares
3) Average number of shares for the period (cumulative total for the period)	Nine months ended Sep. 30, 2022	43,047,660 shares	Nine months ended Sep. 30, 2021	40,249,394 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 global and domestic economic environment during the nine months of the year under review remained uncertain because of various reasons such as the rapid depreciation of the Yen, soring resource prices and the progression of inflation.

Under the external environment, the Company's performance for the nine months under review was as follows. Net sales of ¥433,694 thousand (a decrease of ¥107,995 thousand year-on-year), R&D expenses amounted to ¥916,417 thousand (an increase of ¥56,122 thousand year-on-year), operating loss of ¥1,039,329 thousand (operating loss of the same quarter last year was ¥850,744 thousand), ordinary loss of ¥1,029,779 thousand (ordinary loss of the same quarter last year was ¥843,016 thousand), and a quarterly net loss of ¥1,027,559 thousand (quarterly net loss of the same quarter last year was ¥842,789 thousand).

Net sales decreased in the current period compared to the same quarter last year, even with the impact of the external economic environment being limited. The decrease was mainly because there was an upfront payment in the drug discovery business, which was recorded in the same period last year. In terms of Profit and Loss, operating loss, ordinary loss, and net loss have all increased compared to the same quarter last year. This was mainly due to the recording of expenses in R&D costs associated with the completion of the manufacturing of the study drug for CBA-1535. An overview of the Company's business activities for the nine months under review is as follows.

In the drug discovery business, the Phase I study of CBA-1205, the in-house development of the first-in-class antibody, is proceeding. High safety and tolerability of the antibody were confirmed in the first part of the study, and the dosing has been continued to several patients who stayed on stable conditions. Currently, the second part of the Phase I study is ongoing where the safety and initial efficacy of the study drug is to be assessed in hepatocellular carcinoma patients, with steady enrollment. Furthermore, we are actively promoting collaborative research for identifying new indications other than hepatocellular carcinoma with research institutions abroad, and exploring further drug discovery targeting DLK-1, all of which contribute to increase the value of CBA-1205 for out-licensing. Our second clinical development product, CBA-1535, which is a multi-specific antibody for cancer treatment, we have dosed to the first patient with a solid tumor at the end of June 2022, and the study is on schedule. We will continue the dose escalation part to assess the safety in patients. For PCDC, one of our drug discovery pipelines, the target-specific research and option agreement has been concluded with Heidelberg Pharma in July 2022. This allows us to reinforce the data package further for our out-licensing activities. We will also provide information on the progress of clinical development to potential out-licensing companies along with out-licensing activities of PCDC while steadily capturing interest in, and needs for, these drug discovery pipelines and not missing the opportunity of acquiring out-licensing deals. The preclinical data package was presented at the World ADC San Diego in September 2022, and we are introducing the data to pharmaceutical companies aiming for out-licensing deals. In the drug discovery projects which are in the non-clinical and/or exploratory phase, a new patent application has been filed for PTRY, lead antibodies by Tribody™ that could be the next generation for CBA-1535. A paper on the results of the joint research with CEINGE in Italy was published in September. We will focus on research investment in it as one of our drug discovery projects. We will also continue the R&D work on the generation of lead antibodies against novel targets to expand the number and quality of our development pipelines.

- Drug Discovery Pipeline (out-licensed products)

Regarding ADCT-701 which was licensed out to Switzerland-based ADC Therapeutics SA for the ADC use of LIV-1205, the IND preparation work is in progress. It has been announced that the National Cancer Institute (NCI) in the US will be a sponsor of Phase I 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. 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 opportunities to others in maximizing the business values of this pipeline.

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

For CBA-1205, we have been conducting Phase I clinical study in Japan. The main purpose of the study is to assess the safety and tolerability in patients with solid tumors in the first part, and in patients with hepatocellular carcinoma in the second part of the study. The patient enrollment of the first part has been completed, and the high safety and tolerability of the antibody have been shown. Although we need to wait for the completion of the analysis of all data, during the course of the study, there were several cases where patients stayed on dosing of CBA-1205 for more than 7 months due to SD (stable disease) assessment by RECISST v1.1, the objective tumor evaluation method. In general, patients participating in Phase I studies in solid tumors are those who are refractory or intolerant to standard treatments or advanced/recurrent solid tumors that are unresectable. The patients participated in the first part of the study had already received several standard treatments, therefore, we consider these long SD continuations are meaningful. During the year under review, we will effort in the enrollment of patients with hepatocellular carcinoma by contracting with additional clinical study sites.

For CBA-1535, the application for a Phase I study to the Pharmaceuticals and Medical Devices Agency (PMDA) was submitted on February 16, 2022. We started dosing of CBA-1535 to the first cancer patient at the end of June, and the study has made steady progress. This is 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 activates T cells to kill cancer cells. If this concept is proved in CBA-1535, this will open up the possibility of applying the Tribody™ format to many other tumor antigens.

For the humanized anti-Semaphorin 3A antibody, BMAA, we are collaborating with Academia in joint program or other organizations as well as carrying 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, the target-specific research and option agreement has been concluded with Heidelberg Pharma in Germany. Amanitin is a toxin found in several species of mushrooms. With ATAC® platform, amanitin conjugated antibody will increase the cytotoxic activity when bound to CDCP-1 on cancer cells. We have already accumulated some data by using ADC technologies other than amanitin. Under this agreement, we will further reinforce the data package of PCDC and accelerate our out-licensing activities or collaboration with external companies. We will also carry out R&D activities to strengthen the data package.

For two of our drug discovery projects we have been focusing on, we will continue to promote research activities that will contribute to their commercialization in the future, while considering out-licensing and development plans. Among these, a new patent application has been filed for an oncology project. Research on new drug discovery projects, including Tribody™, which further enhanced the activity of CBA-1535, is also in progress, and we have filed a patent application. One of the Tribody™ antibodies that targets 5T4xCD3xPD-L1, we gave an internal code of PTRY, and we will focus R&D as one of our drug discovery pipelines. The company will expand its new pipeline and seek 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, in the drug discovery business, net sales decreased by ¥103,013 thousand for the nine months under review compared to the same period last year when an upfront payment was recorded due to the

conclusion of a license agreement with Henlius. R&D expenses amounted to ¥916,417 thousand (an increase of ¥56,122 thousand year-on-year) due to progress in clinical development, and segment loss amounted to ¥916,417 thousand (segment loss of ¥757,382 thousand year-on-year).

Drug discovery support business contributes to the Company's stable earnings. We offer technical biopharmaceutical research support to pharmaceutical companies and research institutions by mainly undertaking antibody discovery and affinity maturation using the ADLib® system, our proprietary antibody generation expertise, as well as protein preparation, expression, and purification works under a contract. We are developing new customers to strengthen the earning base, including the entrustment agreement with Rohto Pharmaceutical Co., Ltd., concluded in July 2022, and we will continue to focus on and promote.

As a result of the above, in the drug discovery support business, net sales for the nine months under review amounted to ¥433,694 thousand (a decrease of ¥4,982 thousand year-on-year), segment profit was ¥234,990 thousand (an increase of ¥111 thousand year-on-year) and segment profit margin of 54.2% (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 third quarter of the current fiscal year amounted to ¥2,081,453 thousand, a decrease of ¥257,986 thousand compared to the end of the previous fiscal year, mainly due to a decrease in cash, deposits, and advance payment.

(Liabilities)

The balance of liabilities at the end of the third quarter of the current fiscal year amounted to ¥431,074 thousand, a decrease of ¥15,315 thousand compared to the end of the previous fiscal year. This was mainly due to a decrease in accounts payable other.

(Net assets)

The balance of net assets at the end of the third quarter of the current fiscal year amounted to ¥1,650,378 thousand, a decrease of ¥242,671 thousand. 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 due to 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 Sep 30, 2022
Assets		
Current assets		
Cash on hand and in banks	1,790,988	1,592,118
Accounts receivable	25,456	84,751
Inventories	59,049	78,174
Advance payment-trade	270,440	106,192
Consumption taxes receivable	36,050	29,271
Other current assets	34,898	65,329
Total current assets	2,216,883	1,955,837
Non-current assets		
Property and equipment		
Machinery	291,571	257,893
Accumulated depreciation	(287,372)	(255,099)
Machinery, net	4,199	2,793
Tools and equipment	95,820	97,242
Accumulated depreciation	(95,820)	(97,242)
Tools and equipment, net	0	0
Total property and equipment	4,199	2,793
Investments and other assets		
Long-term prepaid expenses	5,544	10,010
Lease deposits and others	112,811	112,811
Others	0	0
Total investments and other assets	118,355	122,821
Total non-current assets	122,555	125,615
Total assets	2,339,439	2,081,453

Thousand yen

	As of Dec. 31, 2021	As of Sep. 30, 2022
Liabilities		
Current liabilities		
Accounts payable, trade	29,809	42,938
Short-term borrowings	183,000	188,000
Accounts payable, other	81,549	62,887
Accrued expenses	39,636	27,636
Income taxes payable	16,745	12,698
Advances received	30,523	31,700
Contract liabilities	—	1,767
Deposits received	6,453	6,106
Provision for bonuses	4,821	3,175
Total Current liabilities	392,540	376,910
Non-current liabilities		
Asset retirement obligations	53,849	54,164
Total non-current liabilities	53,849	54,164
Total liabilities	446,390	431,074
Net assets		
Shareholders' equity		
Capital stock	1,515,929	1,916,611
Capital reserve	3,115,710	3,516,391
Retained earnings	(2,773,693)	(3,801,019)
Treasury stock	(292)	(292)
Total shareholders' equity	1,857,654	1,631,690
Subscription rights to shares	35,394	18,687
Total net assets	1,893,049	1,650,378
Total liabilities and net assets	2,339,439	2,081,453

(2) Quarterly Statement of Income

(Third Quarter Cumulative)

Thousand yen

	Nine Months Ended Sep. 30, 2021 (Jan.1, 2021 to Sep. 30, 2021)	Nine Months Ended Sep. 30, 2022 (Jan. 1, 2022 to Sep. 30, 2022)
Net sales	541,690	433,694
Cost of sales	203,898	198,703
Gross profit	337,792	234,990
Selling, general and administrative expenses		
Research and development expenses	860,295	916,417
Other, net	328,241	357,902
Total selling, general and administrative expenses	1,188,536	1,274,320
Operating loss	(850,744)	(1,039,329)
Non-operating income		
Interest income	27	19
Foreign exchange gains	6,955	—
Subsidy income	1,769	16,000
Other, net	565	210
Total non-operating income	9,318	16,230
Non-operating expenses		
Interest expenses	973	980
Share issuance expenses	616	2,393
Subscription rights issuance cost	—	3,020
Other, net	0	286
Total non-operating expenses	1,589	6,680
Ordinary loss	(843,016)	(1,029,779)
Extraordinary income		
Gain on reversal of share acquisition rights	12,911	5,977
Total extraordinary income	12,911	5,977
Loss before income taxes	(830,104)	(1,023,801)
Income taxes-current	12,684	3,757
Total income taxes	12,684	3,757
Net loss	(842,789)	(1,027,559)

(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 third quarter of the fiscal year under review increased by ¥87,787 thousand, cost of sales increased by ¥36,669 thousand, operating income, ordinary income and quarterly net profit before taxes increased by ¥51,117 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)

・Exercise of the subscription rights to shares.

The balance of capital stock and capital reserve increased separately by ¥ 400,681 thousand due to exercise of the Subscription Rights to Shares.

As a result, as of September 30, 2022, the balance of capital stock and capital reserve came to ¥ 1,916 ,611 thousand and ¥ 3,516,391 thousand, respectively.

(Important subsequent events)

Not applicable.