Non-Consolidated Financial Results (Japanese GAAP)
for the Three Months Ended March 31, 2023

May 11, 2023

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
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Scheduled filing date of quarterly financial results: May11, 2023
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, 2023 (January 1, 2023 to March 31, 2023)

(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, 2023	169	31.8	(225)	—	(227)	—	(227)	—
Three months ended Mar. 31, 2022	128	(47.8)	(486)	—	(491)	—	(492)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended Mar. 31, 2023	(4.70)	—
Three months ended Mar. 31, 2022	(11.66)	—

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, 2023	2,085	1,562	74.3
As of Dec. 31, 2022	2,215	1,790	80.2

(Reference) Equity As of Mar. 31, 2023: 1,549 million yen As of Dec. 31, 2022: 1,777 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, 2022	—	0.00	—	0.00	0.00
Fiscal Year Ending Dec. 31, 2023	—				
Fiscal Year Ending Dec. 31, 2023 (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, 2023 (January 1, 2023 to December 31, 2023)

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 ¥640 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: 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 Mar. 31, 2023	48,423,500 shares	As of Dec. 31, 2022	48,423,500 shares
2) Number of treasury stock as of the end of the period	As of Mar. 31, 2023	6,148 shares	As of Dec. 31, 2022	147 shares
3) Average number of shares for the period (cumulative total for the period)	Three months ended Mar. 31, 2023	48,423,286 shares	Three months ended Mar. 31, 2022	42,226,599 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.

Contents

1. Qualitative Information Regarding Quarterly Financial Results

(1) Operating Results

During the first quarter under review, the global and domestic economic environment remained uncertain for various reasons, such as a prolonged conflict in Ukraine, continued yen depreciation, and soaring prices of resources and raw materials. Under the external environment, the Company's performance for the first quarter under review was as follows. Net sales of ¥169,404 thousand (an increase of ¥40,833 thousand year-on-year), R&D expenses amounted to ¥193,637 thousand (a decrease of ¥252,367 thousand year-on-year), operating loss of ¥225,994 thousand (operating loss of the same quarter last year was ¥486,520 thousand), ordinary loss of ¥227,433 thousand (ordinary loss of the same quarter last year was ¥491,189 thousand), and a quarterly net loss of ¥227,683 thousand (quarterly net loss of the same quarter last year was ¥492,441).

Net sales increased in the current period compared to the same quarter last year. This was mainly because the drug discovery support business remained strong, including a conclusion of a new master services agreement with a domestic pharmaceutical company. In terms of Profit and Loss, the operating loss, ordinary loss and net loss decreased compared to the same quarter last year. This was mainly because the recorded amount of CMC-related cost, mainly for CBA-1535, in R&D expenses has decreased compared to the same quarter last year.

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

In the drug discovery business, the Phase I studies of CBA-1205 and CBA-1535 are proceeding. For CBA-1205, 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. Furthermore, we are actively promoting collaborative research with overseas research institutions to develop indications other than hepatocellular carcinoma and exploring further drug discovery targeting DLK-1 to increase the value of CBA-1205 for out-licensing. The second clinical development product, CBA-1535, is a multi-specific antibody for cancer treatment. The first part of the study is ongoing, where we continue the dose escalation part to assess the safety in patients with solid tumors. For PCDC, a drug discovery pipeline, we have been communicating with potential pharma partners in order to execute out-licensing agreements.

We will also provide information on the progress of clinical development of CBA-1205 and CBA-1535 along with out-licensing activities of PCDC whilst steadily capturing interest in, and needs for, these pipelines and not missing the licensing opportunities. We will continue the R&D work on the generation of lead antibodies against novel targets in order 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, preparations are currently underway for clinical study at the National Cancer Institute (NCI) in the USA for neuroendocrine cancer. The Phase I clinical study is expected in 2023 that will be led by NCI.

- 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 evaluate 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, the SD (stable disease) assessment by RECIST v1.1 in a patient with Malignant Melanoma (a type of high-risk skin cancer) has exceeded more than one and a half years with tumor shrinkage.

Dosing is still ongoing. In general, patients with solid tumors participating in Phase I study are those who had already received several standard treatments but are non-responsive or intolerant to those treatments, or patients with unresectable advanced or recurrent solid tumors. The patients who participated in the first part had already received several standard treatments, therefore, we consider the continued SD evaluation with tumor shrinkage to be meaningful. The continued dosing period has exceeded what we originally expected in the above case, but we have started manufacturing additional study drugs, and we will establish a system in place to accomplish the Phase I study, including the supply of the study drugs. Currently, the second part of the Phase I study is conducted exclusively in patients with hepatocellular carcinoma. In the second part of the study, where the enrollment of patients with hepatocellular carcinoma is ongoing, we confirmed 1 PR (partial response: tumor shrinkage of 30% or more). We will analyze the scientific relationship between PR cases and the dosing of the study drug in order to verify its therapeutic potential, therefore, we have decided to modify the selection criteria for patients enrollment and also to extend the study period. There will be no change in the out-licensing schedule to date. We will proceed with our out-licensing negotiations while providing information on the progress of the study to potential pharma partners as appropriate.

For CBA-1535, we started dosing to the first patient at the end of June 2022 in Japan. To date, the clinical study in Japan is progressing as planned. This is the first-in-human study to validate the mechanism of action of Tribody™ as a T cell engager, which binds to both cancer cells and immune cells (T cells), hence 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.

PCDC, as an antibody-drug conjugate of humanized anti-CDCP1 antibody, we are working on out-licensing activities in parallel with R&D to strengthen our out-licensing package.

PTRY is a Tribody™ antibody and is expected to add immune checkpoint inhibitory function on the T cell engager function of CBA-1535. Its initial evaluations using animal models have shown strong anti-tumor effects. Currently, we are focusing on R&D as one of our drug discovery pipelines.

For the humanized anti-Semaphorin 3A antibody, BMAA, we are promoting joint research with Academia or other organizations based on the data which we have obtained to date.

For LIV2008/2008b, we will promote licensing activities in conjunction with other drug discovery pipelines.

For other drug discovery projects in the exploratory phase, we continue research activities that will contribute to their commercialization in the future, while considering out-licensing and development plans. The company will expand its new pipeline and seek 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, R&D expenses for the first quarter under review amounted to ¥193,637 thousand due to progress in clinical development (a decrease of ¥252,367 thousand year-on-year), segment loss was ¥193,637 thousand (segment loss of the same period last year was ¥446,004 thousand).

Drug discovery support business contributes to the Company's stable earnings. We offer contract services such as antibody discovery and affinity maturation using the ADLib® system, our proprietary antibody generation expertise, protein preparation, expression, and purification to accelerate biopharmaceutical research and development at

pharmaceutical companies and research institutions. The number of transactions and projects is steadily increasing, as our technical service capabilities are highly recognized by mainly domestic pharmaceutical companies. We have concluded a master services agreement with one of the major pharmaceutical companies in Japan in the first quarter under review. We are developing new customers to strengthen the earning base and will continue to focus on and promote the growth of this business.

In the drug discovery support business, net sales for the first quarter under review amounted to ¥169,404 thousand (an increase of ¥40,833 thousand year-on-year), segment profit was ¥95,940 thousand (an increase of ¥25,099 thousand year-on-year) and segment profit margin of 56.6% (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 ¥2,085,676 thousand, a decrease of ¥129,793 thousand.

(Liabilities)

The balance of liabilities at the end of the first quarter of the current fiscal year amounted to ¥523,544 thousand, an increase of ¥98,819 thousand compared to the end of the previous fiscal year. This was mainly due to the increase of the short-term debt by ¥117,000 thousand.

(Net assets)

The balance of net assets at the end of the first quarter of the current fiscal year amounted to ¥1,562,132 thousand, a decrease of ¥228,613 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.

(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, 2023 announced on February 14, 2023.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheets

Thousand yen

	As of Dec. 31, 2022	As of Mar. 31, 2023
Assets		
Current assets		
Cash on hand and in banks	1,727,270	1,566,411
Accounts receivable	115,218	93,715
Inventories	71,478	73,623
Advance payment-trade	91,477	136,367
Consumption taxes receivable	29,567	34,447
Other current assets	57,154	60,210
Total current assets	2,092,166	1,964,775
Non-current assets		
Property and equipment		
Machinery	254,610	250,373
Accumulated depreciation	(252,173)	(248,242)
Machinery, net	2,437	2,131
Tools and equipment	97,024	90,671
Accumulated depreciation	(97,024)	(90,671)
Tools and equipment, net	0	0
Total property and equipment	2,437	2,131
Investments and other assets		
Long-term prepaid expenses	8,055	5,958
Lease deposits and others	112,811	112,811
Others	0	0
Total investments and other assets	120,866	118,769
Total non-current assets	123,303	120,901
Total assets	2,215,470	2,085,676

Thousand yen

	As of Dec. 31, 2022	As of Mar. 31, 2023
Liabilities		
Current liabilities		
Accounts payable, trade	31,866	49,143
Short-term borrowings	184,000	301,000
Accounts payable, other	70,800	56,191
Accrued expenses	26,558	21,379
Income taxes payable	23,943	9,193
Advances received	22,100	22,100
Deposits received	4,835	6,746
Provision for bonuses	6,351	3,413
Total Current liabilities	370,455	469,169
Non-current liabilities		
Asset retirement obligations	54,268	54,374
Total non-current liabilities	54,268	54,374
Total liabilities	424,724	523,544
Net assets		
Shareholders' equity		
Capital stock	2,097,017	2,097,017
Capital reserve	3,696,798	3,696,798
Retained earnings	(4,016,331)	(4,244,014)
Treasury stock	(292)	(292)
Total shareholders' equity	1,777,192	1,549,508
Subscription rights to shares	13,554	12,624
Total net assets	1,790,746	1,562,132
Total liabilities and net assets	2,215,470	2,085,676

(2) Quarterly Statement of Income

(First Quarter Cumulative)

Thousand yen

	Three Months Ended Mar. 31, 2022 (Jan. 1, 2022 to Mar. 31, 2022)	Three Months Ended Mar. 31, 2023 (Jan. 1, 2023 to Mar. 31, 2023)
Net sales	128,571	169,404
Cost of sales	57,730	73,464
Gross profit	70,840	95,940
Selling, general and administrative expenses		
Research and development expenses	446,004	193,637
Other, net	111,357	128,297
Total selling, general and administrative expenses	557,361	321,934
Operating loss	(486,520)	(225,994)
Non-operating income		
Interest income	10	8
Foreign exchange gains	－	55
Other, net	5	364
Total non-operating income	15	428
Non-operating expenses		
Interest expenses	321	337
Share issuance cost	1,185	875
Foreign exchange losses	3,176	－
Share-based payment expenses	－	654
Other, net	－	0
Total non-operating expenses	4,683	1,867
Ordinary loss	(491,189)	(227,433)
Extraordinary income		
Gain on sale of non-current assets	－	73
Gain on reversal of share acquisition rights	－	930
Total extraordinary income	－	1,003
Loss before income taxes	(491,189)	(226,430)
Income taxes-current	1,252	1,252
Total income taxes	1,252	1,252
Net loss	(492,441)	(227,683)

(3) Notes Concerning Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Important subsequent events)

Not applicable.