Non-Consolidated Financial Results (Japanese GAAP)
for the Three Months Ended March 31, 2021

May 14, 2021

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Scheduled filing date of quarterly financial results: May14, 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 Three Months Ended March 31, 2021 (January 1, 2021 to March 31, 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	%
Three months ended Mar. 31, 2021	246	171.1	(155)	—	(149)	—	(160)	—
Three months ended Mar. 31, 2020	90	42.3	(426)	—	(424)	—	(425)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended Mar. 31, 2021	(4.00)	—
Three months ended Mar. 31, 2020	(12.78)	—

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, 2021	3,537	3,117	87.3
As of Dec. 31, 2020	3,494	3,109	88.2

(Reference) Equity As of Mar. 31, 2021: 3,087 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	—				
Fiscal Year Ending Dec. 31, 2021 (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, 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 of ¥530 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, 2021	40,291,500 shares	As of Dec. 31, 2020	39,505,200 shares
2) Number of treasury stock as of the end of the period	As of Mar. 31, 2021	146 shares	As of Dec. 31, 2020	146 shares
3) Average number of shares for the period (cumulative total for the period)	Three months ended Mar. 31, 2021	40,155,278 shares	Three months ended Mar. 31, 2020	33,283,530 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) Explanation of Operating Results

During the first quarter ended March 31, 2021 (hereinafter, "the period under review"), the outlook for the global economic environment remains unclear due to the pandemic of the Coronavirus Disease 2019 (hereinafter, "COVID-19"). Under the current business environment, Net sales was ¥246,081 thousand, an increase of ¥155,325 thousand year-on-year, mainly attributable to the Up-front income from the out-licensing contract of LIV-2008/2008b in the Drug Discovery and Development on top of the steady growth in the Drug Discovery Support Business.

Research and development expenses amounted ¥216,327 thousand with a decrease of ¥126,252 thousand year-on-year since much less cost incurred in Preclinical work in CBA-1205.

Operating loss was ¥155,257 thousand (an operating loss of ¥426,377 thousand previously), Ordinary loss was ¥149,640 thousand (an ordinary loss of ¥424,826 thousand previously), and net loss was ¥160,704 thousand (compared to a net loss of ¥425,431 thousand previously). Chiome's business activities during the period under review are as followings.

Our main focuses are:

- Drug Discovery and Development in disease areas where high unmet medical needs exist
- Drug Discovery Support Business to support pharma companies by providing technical services related to antibody drug development

In the Drug Discovery and Development, clinical study of CBA-1205 which is an in-house program of the first in-class antibody, has been making progress. Dosing to cancer patients began in July 2020. The Phase I study consists of 2 parts, put simply, and currently, the study is in the first part to evaluate the safety and determine the maximum tolerated dose by increasing the dose of the antibody step-by-step in patients with solid tumors. So far, no serious adverse events occurred.

CBA-1535, a multi-specific antibody project is making progress in CMC development towards the study drug manufacture. With the spread of COVID-19, supply of research materials seems to be getting tight globally and resources are being allocated preferentially to COVID-19 relating program, that gave some impact on the CMC development schedule for CBA 1535. However, at this point, Chiome has not changed the overall development plan in which the schedule for clinical trial applications is set for beyond the end of 2021.

For the projects in discovery stage, Chiome puts efforts in bringing early discovery projects to lead antibodies, and to build a portfolio of intellectual property assets. We will strive for fulfilling pipelines in terms of number and quality which address the unmet medical needs. This could be initiation of new projects leveraged by Tribody technology in addition to collaborative works with pharma, biotech company, and academia aiming to create new projects for novel drug discovery.

- Drug Discovery Pipeline (out-licensed products)

With regard to ADCT-701, an ADC format of LIV-1205 that was licensed out to Switzerland-based ADC Therapeutics SA in September 2017, the preparation work for the clinical development is moving forward.

With regard to LIV-2008/2008b, as announced on January 14, 2021, Chiome and Shanghai Henlius Biotech, Inc. ("Henlius") have signed an Exclusive License Agreement for development and commercialization of the anti-TPOR-2 antibodies, LIV-2008/2008b, developed by Chiome. Under the agreement, Chiome granted an exclusive license,

with sublicensing right, to Henlius for development, manufacturing and marketing the antibody in the region of China, Hong Kong, Macau, and Taiwan. In addition, Chiome granted to Henlius an option right for development, manufacturing, and marketing of LIV-2008/2008b in the rest of the world other than the abovementioned territory. Under the agreement, Chiome received an upfront payment of US$1 mil that was booked as sales of Drug Discovery and Development Business for the period under review.

In addition, there are some pharmaceutical companies who remain interested in evaluation of LIV-2008/2008b. Chiome will primarily focus on alliance management under the agreement with Henlius so that they will exercise the option, and also in parallel, continue to explore 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 began in July 2020 and has been progressing on track. In the first part of the study, safety, tolerability, and pharmacokinetics in patients with solid tumor will be evaluated and the maximum tolerated dose is determined. In the second part, safety, tolerability, and exploratory efficacy will be evaluated in patients with advanced and/or recurrent hepatocellular carcinoma.

For CBA-1535, works on CMC development are progressing towards the study drug manufacture. Regulatory submission for a Phase 1 study is aimed for after the end of 2021. However, it should be noted that due to COVID-19 spread supply of research materials and resource allotments are getting tighter and taking longer time globally, which caused some delay in the development of the CMC for the CBA-1535. At this point in time, there is no change in the submission schedule for the CBA-1535 clinical trial notification. We will see the situation carefully, and also, will be prepared to switch to a back-up plan if necessary.

For the humanized anti-Semaphorin3A antibody, SemaThera Inc., a Canadian biotech company, has been evaluating it for diabetic macular edema under the Collaborative Development License and Exclusive Option Agreement which was signed on 22 March 2018. As announced on 14th May, both parties agreed to terminate the Agreement after 3 years collaboration. Chiome regains full rights to anti-Semaphorin3A antibody for further development and licensing in all fields.

With regard to PCDC, Chiome conducts additional drug efficacy tests that are important in promoting its out-licensing activities while seeking for opportunities of out-licensing or collaboration, mainly in ADC field.

In addition to the abovementioned programs, several drug discovery projects are actively being progressed to fulfill our R&D pipeline.

As a result, net sales of the Drug Discovery and Development was ¥103,013 thousand, an increase of ¥102,188 thousand year-on-year; research and development expenses of ¥216,327 thousand (a decrease of ¥126,252 thousand year-on-year), and a segment loss of ¥113,415 thousand (a segment loss of ¥341,907 thousand previously) were recorded.

Drug Discovery Support Business contributes to the company's stable earnings. Chiome offers technical support services to pharmaceutical companies and research institutions by leveraging know-hows in protein preparation and multiple antibody generation technologies including the ADLib® system, our proprietary platform for antibody generation and affinity maturation, and B cell cloning methods, etc.

In addition, as announced on May 14, 2021, Chiome and Mologic Ltd. ("Mologic", United Kingdom) have entered into 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 utilising ADLib® system, which is Chiome's proprietary platform technology. Mologic will evaluate the antibodies by its technology and know-how for application of diagnostic test. Chiome will receive research fees from Mologic, and royalties if Mologic earns profit from the diagnostic products consisting of antibodies generated under this agreement.

The sales from the Drug Discovery Support Business has grown due to stable transactions with mainly domestic Pharmaceutical companies. As a result, net sales in the period under review was ¥143,067 thousand, an increase of ¥53,137 thousand year on year. Segment profit was ¥79,289 thousand, increase of ¥50,360 thousand year on year. Segment profit margin was 55.4% (Targeting margin is 50% in FY2021).

(2) Explanation of Financial Position

(Assets)

As of March 31, 2021, assets stood at ¥3,537,405 thousand, up ¥42,851 thousand compared with the balance as of December 31, 2020. The increase was mainly due to increase in Advance payment-trade.

(Liabilities)

As of March 31, 2021, liabilities stood at ¥419,687 thousand, up ¥35,101 thousand compared to the balance as of December 31, 2020. The increase was primarily due to increased Advances received.

(Net assets)

As of March 31, 2021, net assets stood at ¥3,117,717 thousand, up ¥7,749 thousand compared to the balance of December 31, 2020. The increase was attributed mainly to an increase in capital stock and capital reserve resulting from the exercise of subscription rights to shares, and a drop 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 Mar. 31, 2021
Assets		
Current assets		
Cash on hand and in banks	2,686,318	2,580,344
Accounts receivable	56,778	71,068
Inventories	89,261	81,481
Advance payment-trade	302,611	449,381
Consumption taxes receivable	57,573	66,476
Other current assets	55,974	45,098
Total current assets	3,248,518	3,293,850
Non-current assets		
Property and equipment		
Machinery	293,124	293,124
Accumulated depreciation	(287,372)	(287,760)
Machinery, net	5,751	5,363
Tools and equipment	98,139	98,139
Accumulated depreciation	(96,735)	(97,086)
Tools and equipment, net	1,404	1,053
Total property and equipment	7,156	6,417
Investments and other assets		
Investment Securities	150,000	150,000
Long-term prepaid expenses	11,452	9,711
Lease deposits and others	77,427	77,427
Total investments and other assets	238,879	237,138
Total non-current assets	246,035	243,555
Total assets	3,494,554	3,537,405

Thousand yen

	As of Dec. 31, 2020	As of Mar. 31, 2021
Liabilities		
Current liabilities		
Accounts payable, trade	40,106	36,122
Short-term borrowings	180,000	180,000
Accounts payable, other	50,082	74,422
Accrued expenses	31,593	14,579
Income taxes payable	3,240	7,109
Advances received	27,953	57,467
Deposits received	4,642	5,995
Provision for bonuses	5,096	2,013
Total Current liabilities	342,714	377,709
Non-current liabilities		
Asset retirement obligations	41,871	41,978
Total non-current liabilities	41,871	41,978
Total liabilities	384,585	419,687
Net assets		
Shareholders' equity		
Capital stock	1,387,677	1,471,439
Capital reserve	2,987,458	3,071,219
Retained earnings	(1,293,798)	(1,454,502)
Treasury stock	(292)	(292)
Total shareholders' equity	3,081,046	3,087,863
Subscription rights to shares	28,922	29,854
Total net assets	3,109,968	3,117,717
Total liabilities and net assets	3,494,554	3,537,405

(2) Quarterly Statement of Income

(First Quarter Cumulative)

Thousand yen

	Three Months Ended Mar. 31, 2020 (Jan.1, 2020 to Mar. 31, 2020)	Three Months Ended Mar. 31, 2021 (Jan. 1, 2021 to Mar. 31, 2021)
Net sales	90,755	246,081
Cost of sales	61,153	63,879
Gross profit	29,601	182,201
Selling, general and administrative expenses		
Research and development expenses	342,580	216,327
Other, net	113,398	121,131
Total selling, general and administrative expenses	455,978	337,458
Operating loss	(426,377)	(155,257)
Non-operating income		
Interest income	14	14
Foreign exchange gains	—	6,408
Subsidy income	1,570	—
Other, net	5	93
Total non-operating income	1,590	6,517
Non-operating expenses		
Interest expenses	—	313
Subscription rights issuance cost	—	586
Foreign exchange losses	39	—
Total non-operating expenses	39	900
Ordinary loss	(424,826)	(149,640)
Loss before income taxes	(424,826)	(149,640)
Income taxes-current	605	11,064
Total income taxes	605	11,064
Net loss	(425,431)	(160,704)

(3) Notes Concerning Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

During the first three months, the balance of capital stock and capital reserve increased separately by ¥83,761 thousand due to exercise of the Subscription Rights to Shares. As a result, as of March 31, 2021, the balance of capital stock and capital reserve came to ¥1,471,439 thousand and ¥3,071,219 thousand, respectively.

(Important subsequent events)

Not applicable.