Non-Consolidated Financial Results (Japanese GAAP)
for the Six Months Ended June 30, 2024

August 13, 2024

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
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Scheduled filing date of quarterly financial results: August 13, 2024
Scheduled dividend payment commencement date: —
Supplementary materials prepared for the quarterly financial results: Yes
Holding of the quarterly financial results explanatory meeting: Yes (For institutional investors and securities analysts)

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

1. Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(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	%
Six months ended Jun. 30, 2024	263	(26.5)	(581)	—	(563)	—	(563)	—
Six months ended Jun. 30, 2023	358	29.0	(659)	—	(662)	—	(663)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended Jun. 30, 2024	(10.21)	—
Six months ended Jun. 30, 2023	(13.70)	—

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 Jun. 30, 2024	1,557	1,070	68.0
As of Dec. 31, 2023	1,751	1,157	65.1

(Reference) Equity As of Jun. 30, 2024: 1,059 million yen As of Dec. 31, 2023: 1,139 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, 2023	—	0.00	—	0.00	0.00
Fiscal Year Ending Dec. 31, 2024	—	0.00			
Fiscal Year Ending Dec. 31, 2024 (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, 2024 (January 1, 2024 to December 31, 2024)

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 ¥720 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 Jun. 30, 2024	56,387,000 shares	As of Dec. 31, 2023	52,640,200 shares
2) Number of treasury stock as of the end of the period	As of Jun. 30, 2024	6,149 shares	As of Dec. 31, 2023	6,149 shares
3) Average number of shares for the period (cumulative total for the period)	Six months ended Jun. 30, 2024	55,249,986 shares	Six months ended Jun. 30, 2023	48,443,815 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

1. 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 Interim Financial Results (3) Explanation of Forward-Looking Statements including Forecasts of Financial Results" on page 5 of this report.
2. Chiome plans to hold a financial results explanatory meeting by online for institutional investors and securities analysts on August 16, 2024. Supplementary materials will be available on the Chiome's website after the meeting.

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1. Qualitative Information Regarding Interim Financial Results

(1) Overview of Operating Results in the Interim Period under Review

While there was a continued improvement in the employment environment due to increased domestic inbound demand and wage increases, the global and domestic economic environments in the interim accounting period under review remain uncertain. The uncertainty was due to various reasons, such as continued geopolitical risk due to Ukraine and the Middle East, prices of resources and raw materials remaining at high levels, and continued yen depreciation. Under these external environments, the Company's performance in the interim accounting period under review was as follows. Net sales of ¥263,728 thousand (a decrease of ¥95,160 thousand year-on-year), R&D expenses amounted to ¥446,817 thousand (a decrease of ¥155,083 thousand year-on-year), operating loss of ¥581,136 thousand (operating loss of the same period last year was ¥659,249 thousand), ordinary loss of ¥563,345 thousand (ordinary loss of the same period last year was ¥662,139 thousand), and interim net loss of ¥563,958 thousand (interim net loss of the same period last year was ¥663,655).

For net sales, while orders received from new clients made progress in the drug discovery support business, transactions have decreased mainly due to the continued impact of organizational changes within an existing client, resulting in a revenue decrease in the interim accounting period under review. In terms of profit and loss, the deficit of the operating loss, ordinary loss and net loss has reduced, mainly because the recorded amount of study drug manufacturing and other costs has decreased in R&D expenses compared to the same period last year.

An overview of the Company's business activities in the interim accounting period 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, 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. Furthermore, we are exploring further drug discovery targeting DLK-1, such as investigating applicability to melanoma and hepatoblastoma in order to increase the value of CBA-1205 for out-licensing. For CBA-1535, a multi-specific antibody for cancer treatment, we continue the dose escalation phase in the first part of the study to assess the safety in patients with solid tumors in the first part of the study. For other drug discovery pipeline products, introductions and discussions are underway with potential out-licensing candidates in order to obtain new contracts. Currently, due diligence and negotiation on financial terms of deals are ongoing with the candidates. Our company is developing its business to achieve a surplus in a single year through upfront income from future out-licensing agreements on CBA-1205/CBA-1535, PCDC, and young pipeline products, PFKR and PXLR.

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.

In the drug discovery support business, we are promoting activities to expand this business, mainly with our existing major clients, Ono Pharmaceutical Co., Ltd. ("Ono Pharmaceutical") and Chugai Pharmaceutical Co., Ltd. ("Chugai") with transactions on antibody generation/protein preparation. We also entered into an entrustment agreement with Takeda Pharmaceutical Company Limited ("Takeda") in February, 2024.

In addition, to aim for the third source of revenue, following new drug development and research support for pharmaceutical companies, we entered into a business alliance agreement with Kidswell Bio Corporation ("KWB"). The company has a proven record in the development of several biosimilar products. Under the agreement, the two companies will share their experience and know-how in biopharmaceutical development and the costs of CMC

development investments, such as biosimilar cell lines and manufacturing processes, to effectively utilize their resources and control development burdens while promoting new biosimilar drug development. The developed CMC products will then be licensed or transferred to pharmaceutical companies for clinical development or sales. Our company will promote this business by sharing the profit of the acquired revenue with KWB.

- Drug Discovery Pipeline (out-licensed products)

ADCT-701 is the Antibody-Drug Conjugates (ADC) that consists of LIV-1205 which we licensed out to ADC Therapeutics SA. Preparation for its clinical studies at the National Cancer Institute (NCI) in the USA for neuroendocrine tumor was in progress. In June 2024, the enrolment of the first patient was completed and the dosing to the patient started in July 2024. The development lead has transferred to NCI, and Phase I clinical studies are now sponsored by NCI, so our company has terminated the license agreement with ADC Therapeutics SA on LIV-1205. From now on, if the Phase I study by NCI shows positive results and if any pharmaceutical company is interested in developing Phase II clinical studies and beyond, Chiome and the company will enter into a new licensing agreement for LIV-1205.

- 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. A malignant Melanoma (a type of high-risk skin cancer) patient who was reported in the previous statement continues SD (stable disease) assessment for a long time and it has now exceeded more than 36 months with tumor shrinkage by RECIST v1.1. 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. As the continued dosing period is longer than our initial forecasts in the above case, we have established a system in place to accomplish the Phase I study, including manufacturing additional study drugs. At the second part where we evaluate safety and initial efficacy of patients with hepatocellular carcinoma, we confirmed one case of PR (partial response tumor shrinkage of 30% or more). Upon obtaining the PR case, we have tightened the selection criteria for patients' enrollment.

For CBA-1535, we started dosing to the first patient at the end of June 2022 and the dose is raised in stepwise manner to confirm the safety and efficacy signals of the study drug. To date, only minor adverse events have been observed, but there is no data on safety that raise the development concern. The study is making a steady progress. Regarding the starting date for the second part of the study, we have moved it until after confirming the efficacy signals in the first part of the study. This is to rationally control our clinical development investment with the possibility of out-licensing the study drug. This is the first-in-human study to validate the mechanism of action of Tribody™ format 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 Tribody™ format to many other tumor antigens.

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. For the

development of PTRY, we have decided to prioritize out-licensing to other pharmaceutical companies that can enter commercialization and clinical development at an early stage rather than carrying out early clinical development in-house. This is because we can expect out-licensing in pre-clinical stages depending on the development status of CBA-1535. We also aim to stabilize our business management in an uncertain business environment.

PCDC, as an antibody-drug conjugate of humanized anti-CDCP1 antibody, we are working on out-licensing activities, mainly for the use of ADC. With the increasing development of ADC globally, we will continue out-licensing activities with companies already own ADC technologies. Currently discussions are in progress with several pharma companies mainly on the scientific aspects.

PFKR is a therapeutic antibody targeting CX3CR1, a kind of GPCR. Our company and the National Center of Neurology and Psychiatry are progressing joint research program for autoimmune disease in CNS area. We are currently introducing its data to companies interested in this program, aiming to obtain out-licensing contracts in future.

PXLR is a therapeutic cancer antibody targeting CXCL1 which is highly expressed in cancers such as gastric and pancreatic cancer. It is a new candidate for out-licensed products, and a joint research program with Osaka Metropolitan University is in progress.

For other drug discovery projects in the exploratory phase, we will 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 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 conducting basic research on the technology development of ADLib® system in collaboration with Academia in Japan, which is supported by a grant from the Japan Agency for Medical Research and Development (AMED). We are focusing on implementing this technology as a new drug discovery technology for our company in the future.

As a result of the above, in the drug discovery business, R&D expenses for the interim accounting period under review amounted to ¥446,817 thousand due to progress in clinical development (a decrease of ¥155,083 thousand year-on-year), segment loss was ¥446,817 thousand (segment loss of the same period last year was ¥601,900 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 including Ono Pharmaceutical and Chugai. Our technical service capabilities are highly recognized by our client companies, and we have concluded an entrustment agreement with Takeda in the interim accounting period 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.

The results in the drug discovery support business in the interim accounting period under review were net sales of ¥263,728 thousand (a decrease of ¥95,160 thousand year-on-year) due to the decrease in some transactions caused by discrepancies in the timing of acceptance inspection of a new project and impact of organization changes within a client, segment profit of ¥134,758 thousand (a decrease of ¥73,919 thousand year-on-year) mainly due to capital expenditures in anticipation of expanding the contracted business, segment profit margin of 51.1% (target 50%).

(2) Overview of Finance Position in the Interim Period under Review

(i) Assets, Liabilities and Net Assets

(Assets)

Total assets at the end of the interim accounting period amounted to ¥1,557,439 thousand, a decrease of ¥194,015 thousand compared to the end of the previous fiscal year, mainly due to a decrease in cash and deposits.

(Liabilities)

The balance of liabilities at the end of the interim accounting period amounted to ¥486,908 thousand, a decrease of ¥106,823 thousand compared to the end of the previous fiscal year, mainly because of a decrease in accounts payable other, due to payment of additional manufacturing cost of CBA-1205 study drugs.

(Net assets)

The balance of net assets at the end of the interim accounting period amounted to ¥1,070,531 thousand, a decrease of ¥87,192 thousand, mainly because of a decrease in retained earnings as a result of the interim net loss, even though capital stock and capital reserves were increased due to the exercise of subscription rights.

(ii) Cash Flows

The balance of cash and cash equivalents (hereinafter "funds") at the end of the interim accounting period amounted to ¥1,103,656 thousand compared to the end of the previous fiscal year. The status of each cash flow and its main factors are as follows.

(Cash flows from operating activities)

Funds used in operating activities amounted to ¥677,388 thousand in the interim accounting period under review. The main reason for this was recording the interim loss before income tax.

(Cash flows from investing activities)

There was no change in funds from investing activities in the interim accounting period under review.

(Cash flows from financing activities)

Funds acquired in financing activities was ¥455,490 thousand in the interim accounting period under review. This was mainly because of the proceeds from the issue of shares 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, 2024 announced on February 13, 2024.

2. Interim Financial Statements

(1) Interim Balance Sheets

Thousand yen

	As of Dec. 31, 2023	As of Jun 30, 2024
Assets		
Current assets		
Cash on hand and in banks	1,325,554	1,103,656
Accounts receivable	83,193	50,693
Inventories	64,107	52,443
Advance payment-trade	86,797	106,909
Consumption taxes receivable	25,046	15,323
Other current assets	44,695	92,379
Total current assets	1,629,396	1,421,405
Non-current assets		
Property and equipment		
Machinery	233,509	233,509
Accumulated depreciation	(232,343)	(232,930)
Machinery, net	1,166	579
Tools and equipment	85,451	82,364
Accumulated depreciation	(85,451)	(82,364)
Tools and equipment, net	0	0
Total property and equipment	1,166	579
Investments and other assets		
Long-term prepaid expenses	8,081	22,643
Lease deposits and others	112,811	112,811
Others	0	0
Total investments and other assets	120,892	135,454
Total non-current assets	122,058	136,034
Total assets	1,751,454	1,557,439

Thousand yen

	As of Dec. 31, 2023	As of Jun. 30, 2024
Liabilities		
Current liabilities		
Accounts payable, trade	37,735	23,014
Short-term borrowings	291,000	292,100
Accounts payable, other	116,952	63,872
Accrued expenses	25,587	24,369
Income taxes payable	23,952	11,357
Advances received	31,200	9,100
Deposits received	5,880	8,187
Provision for bonuses	6,730	—
Total Current liabilities	539,038	432,001
Non-current liabilities		
Asset retirement obligations	54,692	54,906
Total non-current liabilities	54,692	54,906
Total liabilities	593,731	486,908
Net assets		
Shareholders' equity		
Capital stock	2,388,422	341,497
Capital reserve	3,988,202	1,281,771
Retained earnings	(5,236,350)	(563,958)
Treasury stock	(292)	(292)
Total shareholders' equity	1,139,981	1,059,018
Share acquisition rights	17,741	11,513
Total net assets	1,157,723	1,070,531
Total liabilities and net assets	1,751,454	1,557,439

(2) Interim Statement of Income

Thousand yen

	Six Months Ended Jun. 30, 2023 (Jan. 1, 2023 to Jun. 30, 2023)	Six Months Ended Jun. 30, 2024 (Jan. 1, 2024 to Jun. 30, 2024)
Net sales	358,889	263,728
Cost of sales	150,211	128,970
Gross profit	208,677	134,758
Selling, general and administrative expenses		
Research and development expenses	601,900	446,817
Other, net	266,026	269,077
Total selling, general and administrative expenses	867,926	715,894
Operating loss	(659,249)	(581,136)
Non-operating income		
Interest income	10	20
Foreign exchange gains	—	519
Subsidy income	—	19,738
Other, net	414	798
Total non-operating income	424	21,077
Non-operating expenses		
Interest expenses	910	1,282
Share issuance expenses	940	2,004
Share-based payment expenses	654	—
Foreign exchange losses	808	—
Other, net	0	0
Total non-operating expenses	3,314	3,286
Ordinary loss	(662,139)	(563,345)
Extraordinary income		
Gain on sale of non-current assets	73	—
Gain on reversal of share acquisition rights	930	1,302
Total extraordinary income	1,003	1,302
Extraordinary losses		
Loss on sale of non-current assets	14	—
Total extraordinary losses	14	—
Loss before income taxes	(661,150)	(562,043)
Income taxes-current	2,505	1,915
Total income taxes	2,505	1,915
Net loss	(663,655)	(563,958)

(3) Interim Statements of Cash Flows

Thousand yen

	Six Months Ended Jun. 30, 2023 (Jan. 1, 2023 to Jun. 30, 2023)	Six Months Ended Jun. 30, 2024 (Jan. 1, 2024 to Jun. 30, 2024)
Cash flows from operating activities		
Loss before income taxes	(661,150)	(562,043)
Depreciation and amortization	611	586
Subsidy income	—	(19,738)
Decrease (increase) in notes and accounts receivable-trade	18,308	32,500
Decrease (increase) in inventories	11,739	11,664
Decrease (increase) in prepaid expenses	(658)	(40,692)
Decrease (increase) in advance payments	3,874	(20,111)
Decrease (increase) in consumption taxes refund receivable	23,394	7,749
Increase (decrease) in notes and accounts payable-trade	4,197	(14,720)
Increase (decrease) in accounts payable-other	710	(53,467)
Increase (decrease) in accrued expenses	1,030	(1,218)
Other, net	8,568	(11,621)
Subtotal	(589,373)	(671,113)
Interest income received	8	17
Interest paid	(910)	(1,282)
Income taxes paid	(5,010)	(5,010)
Income taxes refund	3	—
Net cash used in operating activities	(595,281)	(677,388)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	82	—
Net cash provided by investing activities	82	—
Cash flows from financing activities		
Increase in short term loans payable	130,800	22,600
Decrease in short term loans payable	(16,500)	(21,500)
Proceeds from issuance of common shares	—	454,390
Payments for issuance of shares	(940)	—
Other, net	(0)	—
Net cash provided by (used in) financing activities	113,359	455,490
Net increase (decrease) in cash and cash equivalents	(481,839)	(221,898)
Cash and cash equivalents as of the beginning of the year	1,727,270	1,325,554
Cash and cash equivalents as of the end of the period	1,245,431	1,103,656

(4) Notes to Interim Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes on Substantial Changes in Shareholders' Equity)

In accordance with the resolutions at the Ordinary General Meeting of Shareholders held on March 26, 2024, the capital reduction took effect on May 1, 2024, resulting in a decrease of ¥2,288,422 thousand in capital stock and ¥2,947,928 thousand in capital reserves respectively and increase of ¥5,236,350 thousand in retained earnings. In addition, upon exercise of stock acquisition rights, capital stock and capital reserves increased by ¥237,660 thousand each, resulting in capital stock of ¥ 341,497 thousand and capital reserves of ¥1,281,771 thousand at the end of the current interim accounting period.

(Important Subsequent Events)

(Issuance of stock acquisition rights and unsecured bonds)

At the Board of Directors meeting held on July 5, 2024, Chiome resolved to acquire the remaining of the 20th stock acquisition rights as of July 22, 2024 and to cancel all of them immediately after the acquisition as well as to issue the 21st and 22nd stock acquisition rights and the 1st unsecured bonds. On July 22, 2024, Chiome completed the acquisition and cancellation of all remaining 20th stock acquisition rights, as well as the payment of the total issue price of the 21st and 22nd stock acquisition rights and the 1st unsecured bonds. The overview is as follows.

Overview of the acquisition and cancellation of the 20th stock acquisition rights

Series	20
Allottees	Barclays Bank PLC
Number of stock acquisition rights	18,530
Acquisition value	1,408,280 yen [76 yen per stock acquisition right]
Date of acquisition and cancellation	July 22, 2024
Number of stock acquisition rights remaining after cancellation	0

Overview of the 21st and the 22nd stock acquisition rights

Series		21	22
Allottees		Growth Capital	Next Growth
Allotment date		July 22, 2024	
Number of stock acquisition rights		101,700	11,000
Number of dilutive shares [100 shares per stock acquisition right]		10,170,000 shares	1,100,000 shares
Exercise price per share	Initial exercise price	125 yen	134 yen
	Revision of exercise price	The exercise price of the 21st stock acquisition rights will be revised to 93% of the closing price of the shares on the trading day immediately preceding each exercise date.	The exercise price of the 22nd stock acquisition rights will not be revised at the time of exercise as no exercise price amendment clause is attached.
Funds to be raised		1,416,929,200 yen*	
Exercise period		From July 22, 2024 to July 21, 2026	

*Note:

The amount of funds to be raised is the sum of the total amount to be paid in for the stock acquisition rights plus value of assets to be contributed upon exercise of the stock acquisition rights, less the estimated amount of issue costs. In addition, the amount of value of assets to be contributed upon exercise of the stock acquisition rights is based on the assumption that all the stock acquisition rights are exercised at the initial exercise price.

If the initial exercise price is revised or adjusted, the amount of the funds to be raised will be increased or decreased. If the stock acquisition rights are not exercised within the exercise period, or Chiome cancels the acquired stock acquisition rights, the amount of funds to be raised will be reduced.

Overview of the 1st unsecured bonds

Series	1
Allottees	Next Growth
Total face value of bonds	250,000,000 yen
Interest rate	0%
Maturity date	July 21, 2026
Method of repayment	Lump sum repayment or early redemption based on the terms and conditions of issuance thereof.

*Note:

During the period from July 1 to July 31, 2024, based on the terms and conditions of issuance thereof, a portion of the 1st unsecured bonds were redeemed.

(1) Amount of the repayment: ¥25,000 thousand
(2) Balance after the repayment: ¥225,000 thousand
(3) Source of repayment: Proceeds from the exercise of the 21st stock acquisition rights

(Capital increase attributed to the exercise of stock acquisition rights to shares)

During the period from July 1 to July 31, 2024, a portion of the 20th and the 21st stock acquisition rights were exercised. The summary of the exercised stock acquisition rights is as follows.

(1) Type and number of shares issued: Common stock, 662,800 shares
(2) Increased capital stock: ¥38,523 thousand
(3) Increased legal capital reserves: ¥38,523 thousand

Consequently, as of July 31, 2024, the total number of the common stock issued is 57,049,800 shares. Capital stock and capital reserves are ¥380,021 thousand and ¥1,329,295 thousand, respectively.