



**Non-Consolidated Financial Results (Japanese GAAP)
for the Nine Months Ended September 30, 2019**

November 12, 2019

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
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 Scheduled filing date of quarterly financial results: November 12, 2019
 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, 2019 (January 1, 2019 to September 30, 2019)

(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, 2019	282	97.8	(1,169)	—	(1,177)	—	(1,170)	—
Nine months ended Sep. 30, 2018	142	(23.3)	(932)	—	(927)	—	(927)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended Sep. 30, 2019	(37.92)	—
Nine months ended Sep. 30, 2018	(34.63)	—

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, 2019	3,048	2,853	92.9
As of Dec. 31, 2018	2,831	2,676	93.5

(Reference) Equity As of Sep. 30, 2019: 2,833 million yen As of Dec. 31, 2018: 2,648 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, 2018	—	0.00	—	0.00	0.00
Fiscal Year Ending Dec. 31, 2019	—	0.00	—		
Fiscal Year Ending Dec. 31, 2019 (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, 2019
(January 1, 2019 to December 31, 2019)**

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 ¥400 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: 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 Sep. 30, 2019	33,283,500 shares	As of Dec. 31, 2018	26,781,500 shares
2) Number of treasury stock as of the end of the period	As of Sep. 30, 2019	146 shares	As of Dec. 31, 2018	146 shares
3) Average number of shares for the period (cumulative total for the period)	Nine months ended Sep. 30, 2019	30,858,923 shares	Nine months ended Sep. 30, 2018	26,781,354 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 3 of this report.

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1. Qualitative Information Regarding Quarterly Financial Results

(1) Operating Results

During the nine months ended September 30, 2019 (hereinafter, “the period under review”), sales mainly in the drug discovery support business increased significantly. Net sales was ¥282,690 thousand, increased by ¥139,789 thousand to the same period of the previous year. Operating loss was ¥1,169,015 thousand (an operating loss of ¥932,267 thousand previously) mainly due to increase of development cost in CBA-1205 program towards clinical stage. Ordinary loss was ¥1,177,300 thousand (an ordinary loss of ¥927,702 thousand previously), and net loss was ¥1,170,202 thousand (compared to a net loss of ¥927,396 thousand previously). Chiome’s business activities during this period are as followings.

Our main focuses are;

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

In the Drug Discovery and Development, CBA-1205 project has continued to progress CMC development and toxicity studies, both of which are critical for submission of the Investigational New Drug application (IND) to begin clinical studies. CBA-1535 project launched the CMC development as planned. In discovery stage, Chiome has made efforts to expand the product pipelines in terms of quality and quantity by encouraging in-house R&D projects towards preparation of data package for licensing out, and has continued collaborative research with bio-ventures and academia aiming to start new drug discovery projects.

With regard to ADCT-701, an Antibody Drug Conjugate (ADC) form of LIV-1205 that was licensed out to Switzerland-based ADC Therapeutics SA in September 2017, its development is on track where the final stage of pre-clinical study. It is expected to submit an IND after 2020.

In relation to the development of CBA-1205, the manufacture of drug substance under the GMP standards has completed. Manufacture of the clinical study drug is scheduled for 2020. In addition, the GLP study to support regulatory filings is expected to finish around the end of 2019. All necessary works are proceeding to meet the regulatory requirements aiming to start the clinical study after 2020.

With regard to the multispecific antibody CBA-1535, a CMO who is going to manufacture the drug substance has already been appointed. On a separate topic, during the third cumulative period, all of the 14th series shares subscription rights that issued mainly for the purpose of fund raising for CMC development of CBA-1535 were exercised. Submission of IND is aimed for the second half of 2021.

For the humanized anti-Semaphorin3A antibody, Chiome and SemaThera Inc. (“ST”), a Canadian biotech company, have concluded Collaborative Development License and Exclusive Option Agreement in March 2018 under which ST is in the process of evaluating the antibody. Chiome received an option fee corresponding to the period of second year.

In addition to the above mentioned program, several exploratory research projects are being progressed. We are actively working on R&D to stage-up them to clinical and compiling data package for licensing opportunity.

As the results, net sales of the drug discovery and development was ¥2,111 thousand, an increase of ¥96 thousand year on year; research and development expenses of ¥1,043,474 thousand (an increase of ¥357,936 thousand year on year); and a segment loss of ¥1,041,557 thousand (a segment loss of ¥682,823 previously).

Drug Discovery Support Business contributes to the company’s stable earnings. Chiome offers technical support services to pharmaceutical company and research institutions using its technology for protein processing and multiple antibody generation technologies including the ADLib® system which is our proprietary antibody platform,

B cell cloning methods and hybridoma methods. We continue to strive for getting new contracts by offering high quality service and for improving our technologies.

In the period under review, Chiome concluded an agreement with Fuji-Rebio Inc. to allow them to use Chiome's intellectual property rights related to the second diagnostic kit consisting of antibody produced by the ADLib® system. Chiome will receive future royalties on product sales by this agreement.

Also, Chiome has concluded a Master Service Agreement with Kyowa Kirin Co., Ltd. in July 2019 as a result of highly acclaimed evaluation to our technologies. This agreement enables us to provide our services more efficaciously and to strengthen the relationship with them.

The outcome from the above business in the period under review, in the Drug Discovery Support Business, the sales significantly increased due to the growth in transactions with Chugai Pharmaceutical Group and Ono Pharmaceutical. As a result, net sales of ¥280,578 thousand, an increase of ¥139,693 thousand year on year; and a segment profit of ¥169,810 thousand (up ¥99,509 thousand year on year).

(2) Financial Position

(Assets)

As of September 30, 2019, assets stood at ¥3,048,785 thousand, up ¥217,591 thousand compared with the balance as of December 31, 2018. The increase was mainly due to an increase in cash and deposits.

(Liabilities)

As of September 30, 2019, liabilities stood at ¥195,525 thousand, up ¥41,051 thousand compared to the balance as of December 31, 2018. The increase was primarily due to increased accounts payable-other related to research and development expenses.

(Net assets)

As of September 30, 2019, net assets stood at ¥2,853,260 thousand, up ¥176,540 thousand compared to the balance of December 31, 2018. 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

With respect to the Projected Results of Operations for the fiscal year ending December 2019, Chiome has revised the Full-year Sales Forecasts for Drug Discovery Support Business announced on February 14, 2019, based on the Company's recent trend in business performance.

2. Quarterly Financial Statements
(1) Quarterly Balance Sheets

Thousand yen

	As of Dec. 31, 2018	As of Sep 30, 2019
Assets		
Current assets		
Cash on hand and in banks	2,328,513	2,468,798
Accounts receivable	42,307	97,835
Inventories	45,413	63,627
Advance payment-trade	126,700	98,800
Consumption taxes receivable	35,126	27,197
Other current assets	31,890	50,666
Total current assets	2,609,952	2,806,927
Non-current assets		
Property and equipment		
Machinery	344,675	328,489
Accumulated depreciation	(333,430)	(319,463)
Machinery, net	11,244	9,025
Tools and equipment	104,448	104,448
Accumulated depreciation	(99,743)	(101,157)
Tools and equipment, net	4,705	3,291
Total property and equipment	15,949	12,316
Investments and other assets		
Investment Securities	150,000	150,000
Long-term prepaid expenses	7,807	5,633
Lease deposits and others	47,485	73,908
Total investments and other assets	205,292	229,541
Total non-current assets	221,241	241,858
Total assets	2,831,193	3,048,785

Thousand yen

	As of Dec. 31, 2018	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Accounts payable, trade	31,888	41,705
Accounts payable, other	18,960	48,160
Accrued expenses	20,846	14,019
Income taxes payable	28,776	21,816
Advances received	1,829	19,147
Deposits received	4,428	5,772
Unearned revenue	176	1,385
Provision for bonuses	6,538	2,174
Total Current liabilities	113,445	154,182
Non-current liabilities		
Asset retirement obligations	41,028	41,343
Total non-current liabilities	41,028	41,343
Total liabilities	154,474	195,525
Net assets		
Shareholders' equity		
Capital stock	5,454,775	6,132,216
Capital reserve	5,444,775	6,122,216
Retained earnings	(8,250,831)	(9,421,034)
Treasury stock	(292)	(292)
Total shareholders' equity	2,648,426	2,833,107
Subscription rights to shares	28,292	20,152
Total net assets	2,676,719	2,853,260
Total liabilities and net assets	2,831,193	3,048,785

(2) Quarterly Statement of Income
(Third Quarter Cumulative)

Thousand yen

	Nine Months Ended Sep. 30, 2018 (Jan.1, 2018 to Sep. 30, 2018)	Nine Months Ended Sep. 30, 2019 (Jan. 1, 2019 to Sep. 30, 2019)
Net sales	142,900	282,690
Cost of sales	69,885	110,962
Gross profit	73,015	171,727
Selling, general and administrative expenses		
Research and development expenses	685,537	1,043,474
Other, net	319,745	297,269
Total selling, general and administrative expenses	1,005,282	1,340,743
Operating loss	(932,267)	(1,169,015)
Non-operating income		
Interest income	42	27
Foreign exchange gains	2,749	5,205
Subsidy income	1,516	—
Other, net	255	211
Total non-operating income	4,564	5,444
Non-operating expenses		
Share issuance expenses	—	4,812
Subscription rights issuance cost	—	8,916
Total non-operating expenses	—	13,729
Ordinary loss	(927,702)	(1,177,300)
Extraordinary income		
Gain on reversal of share acquisition rights	2,121	8,912
Total extraordinary income	2,121	8,912
Loss before income taxes	(925,581)	(1,168,387)
Income taxes-current	1,815	1,815
Total income taxes	1,815	1,815
Net loss	(927,396)	(1,170,202)

(3) Notes Concerning Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

During the third cumulative period, the balance of capital stock and capital reserve increased separately by ¥677,441 thousand due to exercise of the Subscription Rights to Shares. As a result, as of September 30, 2019, the balance of capital stock and capital reserve came to ¥6,132,216 thousand and ¥6,122,216 thousand, respectively.