



**Non-Consolidated Financial Results (Japanese GAAP)
for the Fiscal Year Ended December 31, 2020**

February 9, 2021

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 Scheduled date of the Annual General Meeting of Shareholders : March 26, 2021
 Scheduled dividend payment commencement date: —
 Scheduled filing date of the Securities Report : March 26, 2021
 Supplementary materials prepared for the financial results : Yes
 Holding of a 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 Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(1) Operating Results

(% figures are the increase / (decrease) compared with the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2020	480	7.4	(1,283)	—	(1,291)	—	(1,293)	—
Fiscal year ended Dec. 31, 2019	447	110.3	(1,401)	—	(1,410)	—	(1,403)	—

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Fiscal year ended Dec. 31, 2020	(36.06)	—	(45.6)	(41.0)	(266.9)
Fiscal year ended Dec. 31, 2019	(44.61)	—	(53.5)	(50.0)	(313.2)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Dec. 31, 2020 — million yen
 Fiscal year ended Dec. 31, 2019 — million yen

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	Net Assets per Share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	3,494	3,109	88.2	77.99
As of Dec. 31, 2019	2,808	2,621	92.6	78.10

(Reference) Equity As of Dec. 31, 2020: 3,081 million yen As of Dec. 31, 2019: 2,599 million yen

(3) Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents as of the End of the Period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Dec. 31, 2020	(1,360)	(3)	1,944	2,686
Fiscal year ended Dec. 31, 2019	(1,537)	(26)	1,341	2,105

2. Dividends

	Annual Dividend					Total Dividend (Annual)	Dividend Payout Ratio	Dividends to Net Assets
	1Q-End	2Q-End	3Q-End	FY-End	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal period ended Dec. 31, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended Dec. 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending Dec. 31, 2021 (forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast 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). For details, please refer to “1. Overview of Operating Results (4) Outlook for the Fiscal Year Ending December 31, 2021” on page 5 of the attached materials.

Notes:

(1) 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

(2) Number of Shares Issued (Common Stock)

1) Number of shares issued as of the end of the period (including treasury stock)	As of Dec. 31, 2020	39,505,200 shares	As of Dec. 31, 2019	33,283,500 shares
2) Number of treasury stock as of the end of the period	As of Dec. 31, 2020	146 shares	As of Dec. 31, 2019	146 shares
3) Average number of shares for the period (cumulative total for the period)	Fiscal year ended Dec. 31, 2020	35,879,467 shares	Fiscal year ended Dec. 31, 2019	31,470,012 shares

* This summary report on Chiome’s financial statements is not subject to 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 “1. Overview of Operating Results (4) Outlook for the Fiscal Year Ending December 31, 2021” on page 5 of the attached materials.
2. Chiome plans to hold a financial results explanatory meeting by online for institutional investors and securities analysts on February 15, 2021. Plans are also in place to post a copy of the supplementary materials distributed at the meeting on Chiome’s website in conjunction with disclosure to the Tokyo Stock Exchange today.

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1. Overview of Operating Results

(1) Overview of Operating Results in the Fiscal Year under Review

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

Antibody drugs are being prescribed mainly in the treatment of diseases such as cancer and autoimmune disease and have made up half of the top 10 drugs by sales in the global prescription drug market. It also should be noted that research and development of the next generation antibodies, as represented by antibody-drug conjugates (ADCs) and bispecific antibodies, have been actively promoted aiming for higher treatment effect, and hundreds of clinical trials are currently ongoing. Thus, the market for antibody drugs is expected to continue to expand going forward.

In the FY2020, 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, sales in the drug discovery support business achieved Net sales of ¥480,853 thousand, an increase of ¥33,276 thousand year-on-year. Research and development expenses of ¥1,156,582 thousand (a decrease of ¥142,486 thousand year-on-year) mainly due to a substantial decrease in CMC expenses for CBA-1205. Operating loss was ¥1,283,622 thousand (an operating loss of ¥1,401,939 thousand previously), Ordinary loss was ¥1,291,606 thousand (an ordinary loss of ¥1,410,314 thousand previously), and net loss was ¥1,293,798 thousand (compared to a net loss of ¥1,403,821 thousand previously). Chiome's business activities during the period under review are as followings.

In the Drug Discovery and Development, an IND of CBA-1205, an in-house developed first-in-class antibody, was submitted in March 2020 followed by the first dosing to a patient in July. The Phase 1 study is currently proceeding on track.

CBA-1535, a multi-specific antibody project is making progress in CMC development towards the study drug manufacture as planned. For the projects in discovery stage, Chiome is continuing research activities to obtain lead antibodies and to build a portfolio of intellectual property assets. Chiome continues making efforts to expand pipelines which address the unmet medical needs by collaboration with pharma, biotech company, and academia aiming to start new projects for novel drug discovery.

□Development pipeline

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

In August 2020, Chiome agreed with ADC Therapeutics SA to make an amendment to the License Agreement.

With this amendment, both parties agreed that the rights granted to ADCT in the original License Agreement is narrowed down.. This amendment allows Chiome to develop ADCs of CBA-1205, which gives Chiome and a potential licensee greater flexibility and opportunity in advancing strategic drug development and licensing. We believe this amendment is beneficial to increase the value of CBA-1205, and hence the corporate value.

In CBA-1205 development, GLP toxicology study to support clinical trials has completed and IND was submitted in March 2020. In July, the first patient was dosed CBA-1205. This first-in-human Phase 1 study is conducted at 2 sites of National Cancer Center Hospital (Center and East) under a Phase I Study agreement. In the first part of the study, safety, tolerability, and pharmacokinetics in patients with solid tumor will be evaluated. In the second part, exploratory efficacy in patients with advanced and/or recurrent hepatocellular carcinoma will also be evaluated in addition to safety and tolerability.

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.

With regard to LIV-2008/2008b, there have been companies who are interested in evaluating and testing the antibody. 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 grants an exclusive license, with sublicensing right, to Henlius concerning development, manufacturing and marketing the antibody in China (including Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan region). In addition, Chiome grants to Henlius option rights for development, manufacturing, and marketing of LIV-2008/2008b in the rest of the world other than the abovementioned territory. Under the agreement Chiome will receive an upfront payment of 1 million USD, which shall be booked as sales of Drug Discovery and Development Business for the first quarter of the fiscal year ending December 31, 2021. The impact on the business performance for this fiscal year is currently being considered.

For the humanized anti-Semaphorin3A antibody, SemaThera Inc., a Canadian biotech company entered the 3rd year of evaluation under a Collaborative Development License and Exclusive Option Agreement concluded in March 2018. Chiome has recognized the annual option fee corresponding to the period under review as net sales.

□ Discovery projects

In addition to the abovementioned programs, several drug discovery projects are actively being progressed to fulfill our R&D pipeline. In one of these, a project targeting tumor specific molecule (not disclosed), a new patent application was filed at the end of 2019, PCT applications were completed in 2020. Efforts are going to be made to seek for business opportunities such as licensing or collaboration mainly in ADC field.

As a result, net sales of the Drug Discovery and Development was ¥3,207 thousand, a decrease of ¥26,705 thousand year-on-year; research and development expenses of ¥1,156,582 thousand (a decrease of ¥142,486 thousand year-on-year), and a segment loss of ¥1,154,004 thousand (a segment loss of ¥1,270,358 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 the period under review, although temporal slowdown in business activity at Chiome and clients following the Declaration of Emergency due to pandemic of COVID-19 was experienced, its impact to the results in this period was limited. In addition to the stable business with the existing customers, we recorded net sales by antibody generation using the ADLib® system. Also, Chiome has generated an antibody against COVID-19 in responding to a request from a customer, and we recorded the related sales in this period. Also, the research results of the Human ADLib® System announced in the fiscal year under review, led to an increase in opportunities to introduce our technology to new customers and discussions for future business development.

In this business segment, our service has been assessed favorable and well received, the demand for our service is expected to increase. We expanded working space and increased equipment and instruments to respond to these needs. We will continue to aim to expand the transaction volume.

The sales from the Drug Discovery Support Business have grown due to higher transactions with mainly Pharmaceutical companies. As a result, net sales in the period under review was ¥477,645 thousand, an increase of ¥59,982 thousand year-on-year. Segment profit was ¥242,692 thousand, down by ¥13,244 thousand year-on-year due to advance investment in abovementioned expansion of capacity in expectation of an increase of business. Segment profit margin was 50.8% (Targeting margin is 50% in FY2020).

(2) Overview of Financial Position in the Fiscal Year under Review

(Assets)

As of December 31, 2020, current assets stood at ¥3,248,518 thousand, down ¥687,490 thousand compared to the balance as of December 31, 2019.

This was mainly due to an increase of ¥580,342 thousand in cash on hand and in banks. Non-current assets stood at ¥246,035 thousand, down ¥1,026 thousand compared to the balance as of December 31, 2019. This was mainly due to a decrease of ¥3,950 thousand in Property and equipment. This was due to an increase in lease deposits. As a result, total assets were 3,494,554 thousand yen, an increase of 686,463 thousand yen from the end of the previous fiscal year.

(Liabilities)

As of December 31, 2020, current liabilities stood at ¥342,714 thousand, up ¥197,580 thousand compared to the balance as of December 31, 2019. This was mainly due to an increase of ¥180,000 thousand in short-term borrowings relating to investments in the Drug Discovery Support Business. As a result, total liabilities were 384,585 thousand yen, an increase of 198,004 thousand yen from the end of the previous fiscal year.

(Net assets)

As of December 31, 2020, net assets stood at ¥3,109,968 thousand, up ¥488,459 thousand compared to the balance of December 31, 2019. This was mainly due to an increase in stated capital and additional paid-in capital due to the exercise of stock acquisition rights, despite a decrease in retained earnings due to the recording of a net loss for the period. As a result of Compensation for deficits based on the resolution of the 16th Ordinary General Meeting of Shareholders, common stock decreased by ¥ 5,632,216 thousand, additional paid-in capital decreased by ¥ 4,022,436 thousand, respectively, and retained earnings increased by ¥ 9,654,653 thousand, however, there is no impact on the net assets.

(3) Overview of Cash Flows in the Fiscal Year Under Review

The balance of cash and cash equivalents (hereinafter, “funds”) as of December 31, 2020 stood at ¥2,686,318 thousand, up ¥580,342 thousand compared to the balance as of December 31, 2019. Details of cash flows of each activity and major factors are outlined as follows.

(Cash flows from operating activities)

For the fiscal year ending December 31, 2020, net funds used in operating activities were ¥1,360,143 thousand. The major movements were loss before income taxes and increasing of Advance payments-trade.

(Cash flows from investing activities)

For the fiscal year ending December 31, 2020, net funds used in investing activities were ¥3,519 thousand. The major movements were payments for Lease deposits and others.

(Cash flows from financing activities)

For the fiscal year ending December 31, 2020, net funds obtained in financing activities amounted to ¥1,944,005 thousand. The movements were proceeds from issuance of common shares.

(4) Outlook for the Fiscal Year Ending December 31, 2021

In the Drug Discovery and Development Business, greater efforts will be made to advance the projects in pre-clinical stage up to clinical stage or conclude licensing deals. For the projects in discovery stage, work toward obtaining lead antibodies will be accelerated.

In January 2021, the Company succeeded in licensing out of LIV-2008/2008b. Chiome will pursue a new profit line by licensing-out of BMAA, and to foster new collaborations related in discovery projects.

In addition, although Phase I trials of CBA-1205 are currently progressing at a good pace, we are concurrently conducting basic research and intellectual property activities aimed at increasing product value, such as combination treatment with other drugs in animal models and the search for biomarkers.

Regarding CBA-1535, the regulatory submission for a clinical study is aimed for after the end of 2021. Preparation works for clinical development, including test production, made progresses on track. While, in the fiscal year ending December 2021, we expect to incur expenses related to the manufacture of the study drug, which will exceed those incurred in the fiscal year ending December 2020.

In the Drug Discovery Support Business, we will make every efforts to provide the best service to our customers. Chiome will expand its business in providing new antibody generation and protein production services with pharmaceutical companies.

In the fiscal year ending December 31, 2021, our goal is to further grow the ongoing business with major customers such as the Chugai Group, Ono Pharmaceutical and Kyowa Kirin.

By strengthening the business relationship with existing clients and by obtaining new accounts we will ensure stable revenue stream in this business segment.

Consequently, Drug Discovery Support Business is forecasted to produce net sales of ¥530 million for the fiscal year ending December 31, 2021.

2. Fundamental View on Selection of Accounting Standards

Chiome currently adopts Japanese GAAP as its accounting standards. With regard to adoption of International Financial Reporting Standards (IFRS) in the coming years, Chiome will look at various cases globally and make an appropriate decision.

3. Financial Statements

(1) Balance Sheets

	Thousand yen	
	As of Dec. 31, 2019	As of Dec. 31, 2020
Assets		
Current assets		
Cash on hand and in banks	2,105,976	2,686,318
Accounts receivable	95,138	56,778
Inventories	66,626	89,261
Advance payments - trade	217,658	302,611
Prepaid expenses	39,584	34,993
Consumption taxes receivable	35,693	57,573
Other current assets	349	20,981
Total current assets	2,561,028	3,248,518
Non-current assets		
Property and equipment		
Machinery	316,629	293,124
Accumulated depreciation	(308,343)	(287,372)
Machinery, net	8,285	5,751
Tools and equipment	103,416	98,139
Accumulated depreciation	(100,595)	(96,735)
Tools and equipment, net	2,820	1,404
Total property and equipment	11,106	7,156
Investments and other assets		
Investment Securities	150,000	150,000
Long-term prepaid expenses	12,048	11,452
Lease deposits and others	73,908	77,427
Total investments and other assets	235,956	238,879
Total non-current assets	247,062	246,035
Total assets	2,808,090	3,494,554

Thousand yen

	As of Dec. 31, 2019	As of Dec. 31, 2020
Liabilities		
Current liabilities		
Accounts payable, trade	29,936	40,106
Short-term borrowings	—	180,000
Accounts payable, other	33,438	50,082
Accrued expenses	17,663	31,593
Income taxes payable	38,106	3,240
Advances received	15,956	27,953
Deposits received	5,239	4,642
Unearned revenue	554	—
Provision for bonuses	4,237	5,096
Total liabilities	145,133	342,714
Non-current liabilities		
Asset retirement obligations	41,447	41,871
Total non-current liabilities	41,447	41,871
Total liabilities	186,581	384,585
Net assets		
Shareholders' equity		
Capital stock	6,132,216	1,387,677
Capital reserve		
Legal Capital reserve	6,122,216	2,987,458
Total capital reserve	6,122,216	2,987,458
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(9,654,653)	(1,293,798)
Total retained earnings	(9,654,653)	(1,293,798)
Treasury stock	(292)	(292)
Total shareholders' equity	2,599,488	3,081,046
Subscription rights to shares	22,020	28,922
Total net assets	2,621,508	3,109,968
Total liabilities and net assets	2,808,090	3,494,554

(2) Statements of Income

Thousand yen

	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Net sales	447,576	480,853
Cost of sales	162,929	235,582
Gross profit	284,647	245,270
Selling, general and administrative expenses		
Research and development expenses	1,299,069	1,156,582
Other, net	387,517	372,309
Total selling, general and administrative expenses	1,686,586	1,528,892
Operating loss	(1,401,939)	(1,283,622)
Non-operating income		
Interest income	27	34
Foreign exchange gains	5,158	850
Subsidy income	—	4,275
Other, net	217	214
Total non-operating income	5,402	5,374
Non-operating expenses		
Interest expenses	—	967
Share issuance cost	4,860	6,208
Subscription rights issuance cost	8,916	5,936
Other, net	—	245
Total non-operating expenses	13,777	13,358
Ordinary loss	(1,410,314)	(1,291,606)
Extraordinary income		
Gain on reversal of subscription rights to shares	8,912	1,048
Total extraordinary income	8,912	1,048
Loss before income taxes	(1,401,401)	(1,290,558)
Income taxes-current	2,420	3,240
Total income taxes	2,420	3,240
Net loss	(1,403,821)	(1,293,798)

【Details of Cost of Sales】

		Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)		Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)	
Category	note	Amount (Thousand yen)	Proportion of cost of sales (%)	Amount (Thousand yen)	Proportion of cost of sales (%)
I Cost of materials	* 1	83,258	46.6	86,768	35.4
II Labor costs		55,883	31.3	73,769	30.1
III Expenses		39,601	22.1	84,787	34.5
Total manufacturing costs		178,743	100.0	245,325	100.0
Opening balance of work- in-progress under inventories		2,926		18,740	
Total		181,669		264,065	
Closing balance of work- in-progress under inventories		18,740		28,482	
Cost of sales		162,929		235,582	

Method of calculating cost of sales: Cost of sales is calculated based on the specific identification method by project.

(Note)*1 The following are major items.

Thousand yen

	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Royalties paid	1,700	13,295
Outsourcing expenses	2,041	1,842
Other expenses	35,860	69,649

(3) Statements of Changes in Net Assets

The Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)

Thousand yen

	Shareholders' Equity					
	Capital Stock	Capital Reserve			Retained Earnings	
		Legal Capital reserve	Other capital surplus	Total capital reserve	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance as of the beginning of the period	5,454,775	5,444,775	—	5,444,775	(8,250,831)	(8,250,831)
Changes during the period						
Issuance of new stock	677,441	677,441		677,441		
Capital reduction						
Deficit disposition						
Net loss					(1,403,821)	(1,403,821)
Net changes of items other than shareholders' equity						
Total changes during the period	677,441	677,441	—	677,441	(1,403,821)	(1,403,821)
Balance as of the end of the period	6,132,216	6,122,216	—	6,122,216	(9,654,653)	(9,654,653)

	Shareholders' Equity		Subscription rights to shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance as of the beginning of the period	(292)	2,648,426	28,292	2,676,719
Changes during the period				
Issuance of new stock		1,354,883		1,354,883
Capital reduction				
Deficit disposition				
Net loss		(1,403,821)		(1,403,821)
Net changes of items other than shareholders' equity			(6,272)	(6,272)
Total changes during the period	—	(48,938)	(6,272)	(55,210)
Balance as of the end of the period	(292)	2,599,488	22,020	2,621,508

The Fiscal Period Ended December 31, 2020 (January 1, 2020 to December 31, 2020)

Thousand yen

	Shareholders' Equity					
	Capital Stock	Capital Reserve			Retained Earnings	
		Legal Capital reserve	Other capital surplus	Total capital reserve	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of the beginning of the period	6,132,216	6,122,216	—	6,122,216	(9,654,653)	(9,654,653)
Changes during the period						
Issuance of new stock	887,677	887,677		887,677		
Capital reduction	(5,632,216)	(4,022,436)	9,654,653	5,632,216		
Deficit disposition			(9,654,653)	(9,654,653)	9,654,653	9,654,653
Net loss					(1,293,798)	(1,293,798)
Net changes of items other than shareholders' equity						
Total changes during the period	(4,744,538)	(3,134,758)	—	(3,134,758)	8,360,855	8,360,855
Balance as of the end of the period	1,387,677	2,987,458	—	2,987,458	(1,293,798)	(1,293,798)

	Shareholders' Equity		Subscription rights to shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance as of the beginning of the period	(292)	2,599,488	22,020	2,621,508
Changes during the period				
Issuance of new stock		1,775,355		1,775,355
Capital reduction				
Deficit disposition				
Net loss		(1,293,798)		(1,293,798)
Net changes of items other than shareholders' equity			6,901	6,901
Total changes during the period	—	481,557	6,901	488,459
Balance as of the end of the period	(292)	3,081,046	28,922	3,109,968

(4) Statements of Cash Flows

Thousand yen

	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Cash flows from operating activities		
Loss before income taxes	(1,401,401)	(1,290,558)
Depreciation and amortization	4,843	3,704
Decrease (increase) in notes and accounts receivable-trade	(52,831)	38,360
Decrease (increase) in inventories	(21,212)	(22,635)
Decrease (increase) in advance payments	(90,957)	(84,953)
Decrease (increase) in consumption taxes refund receivable	(567)	(21,879)
Increase (decrease) in notes and accounts payable-trade	(1,952)	10,170
Increase (decrease) in accounts payable-other	14,478	16,643
Increase (decrease) in accrued expenses	(3,182)	13,929
Increase (decrease) in advance received	14,127	11,997
Other, net	3,687	(35,843)
Subtotal	(1,534,970)	(1,361,064)
Interest income received	23	29
Interest paid	—	(967)
Proceeds from subsidy income	—	4,275
Income taxes paid	(2,420)	(2,420)
Income taxes refund	6	4
Net cash used in operating activities	(1,537,360)	(1,360,143)
Cash flows from investing activities		
Payments for leasehold and guarantee deposits	(26,423)	(3,519)
Net cash used in investing activities	(26,423)	(3,519)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	180,000
Proceeds from issuance of common shares	1,345,605	1,769,941
Payments for issuance of subscription rights to shares	(4,359)	(5,936)
Net cash provided by (used in) financing activities	1,341,245	1,944,005
Net decrease in cash and cash equivalents	(222,537)	(580,342)
Cash and cash equivalents as of the beginning of the year	2,328,513	2,105,976
Cash and cash equivalents as of the end of the year	2,105,976	2,686,318

(5) Notes to Financial Statements

(Notes regarding going concern assumptions)

No item to report.

(Equity in earnings or losses)

Not applicable as Chiome does not have non-consolidated subsidiaries and affiliates.

(Segment information)

i. Overview of reportable segments

The business segments for reporting purposes are the business units for which Chiome is able to obtain respective financial information separately in order for its Board of Directors to conduct periodic assessments and reviews to determine the proper allocation of management resources and to evaluate business results.

With the major business territory focused on the antibody research phase, covering investigation research, research for drug discovery, and early clinical development, Chiome puts forward comprehensive global strategies and runs business activities.

Chiome has two reportable segments, Drug Discovery and Development Business and Drug Discovery Support Business. Under Drug Discovery and Development Business, Chiome discover and develop novel antibody drugs in therapeutic areas where high unmet medical needs exist. The drug candidates will be out-licensed to pharmaceutical company under appropriate financial conditions such like upfront, milestone, and royalty payments etc. Under Drug Discovery Support Business, Chiome provides “fee-for-service” to pharmaceutical and diagnostics company, and academia to support their research works. Main line of this business is to generate a monoclonal antibody for their targets by our proprietary platform, and to express, culture, and purify proteins including antigen and antibody.

ii. Method for computing the amounts of operating revenue, income or loss, assets, and liabilities as well as other items for reportable segments:

The accounting method for reportable segments is pursuant to the accounting policies adopted for the preparation of financial statements.

- iii. Information relating to the amounts of operating revenue, income or loss, assets, and liabilities as well as other items for reportable segments:

The Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)

(Thousand yen)

	Reportable Segments		Total	Adjustments (Note 1)	Amount Recorded on the Balance Sheet (Note 2)
	Drug Discovery and Development Business	Drug Discovery Support Business			
Operating revenue					
External customer operating revenue	29,913	417,663	447,576	—	447,576
Intersegment operating revenue and transfers	—	—	—	—	—
Total	29,913	417,663	447,576	—	447,576
Segment income (loss)	(1,270,358)	255,936	(1,014,422)	(387,517)	(1,401,939)
Segment assets	—	—	—	2,808,090	2,808,090

Notes:

- Details regarding adjustments are presented as follows:
 - Adjustments to segment income (loss) are selling, general and administrative expenses that relate to areas other than research and development.
 - Segment assets are not allocated between segments because all assets of the Company are unified in their generation of cash flows and apply to multiple antibody generation technologies. Accordingly, the amount of total assets recorded on the balance sheet is presented as the adjustment balance.
- The total amount of segment income (loss) is reconciled with operating loss recorded in the statement of income.

The Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(Thousand yen)

	Reportable Segments		Total	Adjustments (Note 1)	Amount Recorded on the Balance Sheet (Note 2)
	Drug Discovery and Development Business	Drug Discovery Support Business			
Operating revenue					
External customer operating revenue	3,207	477,645	480,853	—	480,853
Intersegment operating revenue and transfers	—	—	—	—	—
Total	3,207	477,645	480,853	—	480,853
Segment income (loss)	(1,154,004)	242,692	(911,312)	(372,309)	(1,283,622)
Segment assets	—	—	—	3,494,554	3,494,554

Notes:

- Details regarding adjustments are presented as follows:
 - Adjustments to segment income (loss) are selling, general and administrative expenses that relate to areas other than research and development.
 - Segment assets are not allocated between segments because all assets of the Company are unified in their generation of cash flows and apply to multiple antibody generation technologies. Accordingly, the amount of total assets recorded on the balance sheet is presented as the adjustment balance.
- The total amount of segment income (loss) is reconciled with operating loss recorded in the statement of income.

(Per share information)

(Yen)

	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Net assets per share	78.10	77.99
Net loss per share	(44.61)	(36.06)

Notes:

- Details regarding diluted net income per share are not provided despite the existence of shares with the potential to have a dilutive effect. This is because of the net loss for the period.
- The basis for calculations are presented as follows:

(1) Net assets per share

(Thousand yen unless otherwise stated)

	As of Dec. 31, 2019	As of Dec. 31, 2020
Total net assets	2,621,508	3,109,968
Amount deducted from total net assets	22,020	28,922
(New subscription rights to shares)	(22,020)	(28,922)
Net assets allocated to capital stock	2,599,488	3,081,046
Number of shares of capital stock used to calculate net assets per share (shares)	33,283,354	39,505,054

(2) Net loss per share

(Thousand yen unless otherwise stated)

	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Net loss	(1,403,821)	(1,293,798)
Amount not attributable to shareholders of capital stock	—	—
Net loss allocated to capital stock	(1,403,821)	(1,293,798)
Average number of shares for the period (shares)	31,470,012	35,879,467
Details of dilutive shares not included in calculations relating to net income per diluted share because there was no dilutive effect	New subscription rights to shares: 4 types Number of subscription rights to shares: 1,804	New subscription rights to shares: 4 types Number of subscription rights to shares: 9,624

(Important subsequent events)

(Capital increase attributed to the exercise of subscription rights to shares)

In the FY2020, some of the 17th subscription rights to shares with an exercise price amendment clause were exercised. The summary of the exercised subscription rights to shares is as follows.

(1) Type and number of shares issued: Common stock, 786,300 shares

(2) Increased capital stock: ¥83,761 thousand

(3) Increased legal capital reserve: ¥83,761 thousand

As a result, as of January 31, 2021, the total number of the common stock issued is 40,291,500 shares. Capital stock and capital reserve are ¥1,471,439 thousand and ¥3,071,219 thousand respectively.