**Non-Consolidated Financial Results (Japanese GAAP)**
**for the Fiscal Year Ended December 31, 2021**

February 14, 2022

Company Name: Chiome Bioscience Inc. Tokyo Stock Exchange
Stock Code: 4583 URL https://www.chiome.co.jp
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Scheduled date of the Annual General Meeting of Shareholders : March 25, 2022
Scheduled dividend payment commencement date: —
Scheduled filing date of the Securities Report : March 25, 2022
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, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021 | 712 | 48.3 | (1,334) | — | (1,329) | — | (1,479) | — |
| Fiscal year ended Dec. 31, 2020 | 480 | 7.4 | (1,283) | — | (1,291) | — | (1,293) | — |

| | 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, 2021 | (36.74) | — | (59.9) | (45.6) | (187.2) |
| Fiscal year ended Dec. 31, 2020 | (36.06) | — | (45.6) | (41.0) | (266.9) |

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Dec. 31, 2021 — million yen
Fiscal year ended Dec. 31, 2020 — million yen

Notes:
1. 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, 2021 | 2,339 | 1,893 | 79.4 | 45.55 |
| As of Dec. 31, 2020 | 3,494 | 3,109 | 88.2 | 77.99 |

(Reference) Equity As of Dec. 31, 2021: 1,857 million yen As of Dec. 31, 2020: 3,081 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, 2021 | (1,131) | (35) | 271 | 1,790 |
| Fiscal year ended Dec. 31, 2020 | (1,360) | (3) | 1,944 | 2,686 |

## 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, 2020 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Fiscal year ended Dec. 31, 2021 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Fiscal year ending Dec. 31, 2022 (forecast) | — | 0.00 | — | 0.00 | 0.00 | | — | |

## 3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

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 ¥620 million). For details, please refer to "1. Overview of Operating Results (4) Outlook for the Fiscal Year Ending December 31, 2022" 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, 2021 | 40,781,500 Shares | As of Dec. 31, 2020 | 39,505,200 Shares |
| 2) Number of treasury stock as of the end of the period | As of Dec. 31, 2021 | 146 Shares | As of Dec. 31, 2020 | 146 Shares |
| 3) Average number of shares for the period (cumulative total for the period) | Fiscal year ended Dec. 31, 2021 | 40,277,819 shares | Fiscal year ended Dec. 31, 2020 | 35,879,467 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, 2022" 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 17, 2022. 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 company is involved in the research and development (R&D) and research support for antibody drugs. Antibody drugs are prescribed in medical practice, mainly for cancer and autoimmune diseases, and in 2020 the share of biopharmaceuticals, mainly antibody drugs, in the global ethical pharmaceutical market have reached 30%, accounting for more than half of the Top 100 in sales. As there are number of clinical studies underway, the market for antibody drugs is expected to grow further. On the other hand, the economic environment in Japan and abroad during the period under review remain uncertain due to the spread and contraction of new coronavirus (COVID-19) infection repeatedly observed.

Under this external environment, the Company's net sales for the period under review amounted to ¥712,932 thousand (an increase of ¥232,078 thousand year-on-year) due to the receipt of upfront payments from licensing of LIV-2008 and LIV-2008b in the drug discovery business and the expansion of contract research transactions in the drug discovery support business. R&D expenses amounted to ¥1,312,188 thousand (an increase of ¥155,605 thousand year-on-year) due to the CMC development costs, mainly for manufacturing the study drug for CBA-1535. Operating loss amounted to ¥1,334,319 thousand (operating loss of ¥1,283,622 in the previous fiscal year), ordinary loss was ¥1,329,312 thousand (ordinary loss of 1,291,606 thousand in the previous fiscal year), and net loss was ¥1,479,895 thousand (net loss of ¥1,293,798 in the previous fiscal year). An overview of the Company's business activities during the year under review is as follows.

In the drug discovery business, the enrollment of patients in the first part of the Phase I study of CBA-1205, a first-in-class antibody being developed in-house, has been completed in patients with solid tumors, in which the safety of the drug is being assessed by gradually increasing the dose. There have been no serious adverse reactions reported to date, and as a result of the safety assessment in this part of the study, the decision has been made to move to the second part of the Phase I study to assess safety and initial efficacy in patients with hepatocellular carcinoma. The second clinical development product, CBA-1535, a multi-specific antibody, is being prepared for the start of clinical study in Japan in 2022. In drug discovery projects which are in discovery stage, we continue to work on the creation of lead antibodies and on R&D for intellectual properties. We will strive to expand the number and quality of our development pipelines by collaborating with drug discovery companies and academia to launch new drug discovery projects, as well as promoting new themes using our Tribody technology.

- Drug Discovery Pipeline (out-licensed products)

Regarding ADCT-701, an ADC format of LIV-1205 that was licensed out to Switzerland-based ADC Therapeutics SA, they are currently preparing for an IND application and clinical study in the US for 2022. The collaborative development with the National Cancer Institute (NCI) in the USA for the drug for neuroendocrine cancer has been announced.

For LIV-2008/2008b, we signed a license agreement with Shanghai Henlius Biotech, Inc. of China (hereinafter "Henlius") for development and commercialization of the anti-TROP-2 antibodies, LIV-2008/2008b, developed by Chiome. Under the agreement, we granted an exclusive license with sublicensing right to Henlius for development, manufacturing, and marketing of LIV-2008/LIV-2008b in the region of China, Hong Kong, Macau and Taiwan. In addition, we granted an option right in the rest of the world other than the abovementioned territories. The upfront payment of US$1 million received on signing of the agreement was recorded as sales for the fiscal year under review. In addition, there are pharmaceutical companies who continue to conduct in-licensing evaluations. We will primarily focus on alliance management under the agreement with Henlius so that they will exercise the option right, and in parallel, continue to pursue the out-licensing opportunity to a third party in maximizing the business value of this pipeline.

➢ Drug Discovery Pipeline (In-house programs, out-licensing candidates)

For CBA-1205, we have been conducting Phase I clinical study in Japan. In the first part of the study, we have been increasing the dose of the investigational drug to be administered to patients in increments, starting with small doses, to confirm the maximum dose that can be safely administered without causing unacceptable side effects. As the safety of the antibody has been shown to be high during the study, we have also changed our initial plan to obtain safety data at higher doses. During the fiscal year under review, the recording of all patients' results in the first part of the study has been completed and there were no serious adverse reactions. As a result, it was determined that the antibody was safe and well tolerated, and the second part of Phase I could be conducted at a higher dose than originally planned, therefore, the decision was made to move to the second part in December 2021.

For CBA-1535, CMC development is underway by a CMO to whom we outsourced the manufacturing of the study drugs, and the manufacture of drug substance and study drug has been completed. As the new coronavirus infection is unlikely to be brought under control, we have considered submitting an application for clinical study in Japan, rather than in the UK, which was originally planned, as this would have a relatively low impact on development.
After consultation with PMDA, regulatory authority in Japan, we have concluded that the data we have already obtained would allow us to apply for clinical study in Japan. We are currently preparing to submit an application for the clinical study in the first half of 2022. This would be first clinical study in the world to validate the mechanism of action of Tribody, which binds to both cancer cells and immune cells (T cells), and activates T cells to beat cancer. If this concept is proved in CBA-1535, this will open up the possibility of applying Tribody to many other cancer antigens.

For the humanized anti-Semaphorin 3A antibody, BMAA, the Collaborative Development License and Exclusive Option Agreement with SemaThera Inc. have been terminated as announced in May 2021. We have started new R&D, and business activities targeting diseases in which Semaphorin 3A is involved.

PCDC is a first-in-class cancer therapeutic antibody that targets CDCP1 involved in the growth and metastasis of cancer cells. We are currently conducting additional animal studies and other activities that are important to the progress of our R&D activities for PCDC program, while seeking opportunities for out-licensing or collaboration with external companies, mainly in the field of ADC. On July 1, 2021, the World Intellectual Property Organization (WIPO) published patent information on the application (WO/2021/132427).

In addition, we had five other drug discovery projects in the exploratory stage, and they were reviewed, prioritized, and replaced with a new project during the year under review after carefully examining the progress of research and data. For two of our drug discovery projects we have been focusing on, we will continue to promote research activities that will contribute to their commercialization in the future, while considering out-licensing and development plans. We are also in the process of selecting projects for which we conduct research activities in-house up to the filing of patent applications, then shift to licensing activities. In addition to the five drug discovery projects being announced so far, we are conducting drug discovery research through joint research, and we have launched new drug discovery projects on promising themes.

As described above, we will continue to select priority projects, change or cancel plans and launch new themes according to the progress of each project, and also continue our efforts to create a new drug discovery pipeline by constantly conducting drug discovery research on around 10 themes that include drug discovery projects. We are participating in a research program in the field of infectious diseases and technology development led by an academia in Japan, which is backed by a grant from the Japan Agency for Medical Research and Development (AMED).

As a result of above, the results for the current fiscal year in the drug discovery business are as follows: net sales of ¥103,013 thousand (an increase of ¥99,805 thousand year-on-year), R&D expenses amounted to ¥1,312,188 thousand (an increase of ¥155,605 thousand year-on-year), and segment loss of ¥1,209,270 thousand (segment loss of ¥1,154,004 thousand in the previous fiscal year).

Drug discovery support business contributes to the company's stable earnings. We offer research support to pharmaceutical companies and research institutions by undertaking antibody production work using our antibody technology ADLib system, our proprietary antibody production methods, as well as protein preparation work and

antibody affinity enhancement work using ADLib system. We are working to stabilize the business base by entering into a Master Agreement, while promoting the development of new clients to strengthen our earnings base.

In May 2021, Chiome and Mologic Ltd. in the UK (hereinafter "Mologic") have entered into a Collaborative Research Agreement for antibody discovery and development using ADLib system for diagnostic use. Under the agreement which lasts for up to 1 year, Chiome will produce antibodies against several targets utilizing ADLib® system which is Chiome's proprietary platform technology. Mologic will evaluate the antibodies by its technology and know-how for diagnostic drug application. The corresponding consideration for the current fiscal year has been recorded as net sales. In addition, articles on the human ADLib system and advertisements of articles in a journal associated with Nature (journal) have led to individual antibody production contracts from pharmaceutical companies and other parties, and we will work to expand these transactions in the future.

The results for the current fiscal year in the drug discovery support business are as follows: net sales of ¥609,919 thousand (an increase of ¥132,273 thousand year-on-year), segment profit of ¥319,540 thousand (an increase of ¥76,847 thousand year-on-year), segment profit margin of 52.4% (target 50%) due to the stable transactions with existing clients, mainly domestic pharmaceutical companies.

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

(Assets)

Current assets for the current fiscal year amounted to ¥2,216,883 thousand, a decrease of ¥1,031,634 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥895,330 thousand in cash and deposits. Fixed assets amounted to ¥122,555 thousand, a decrease of ¥123,480 thousand from the end of the previous fiscal year. This is due to a decrease of ¥149,999 thousand in investment securities and an increase of lease and guarantee deposits. As a result, total assets are ¥2,339,439 thousand, a decrease of ¥1,155,114 thousand from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the current fiscal year amounted to ¥392,540 thousand, an increase of ¥49,826 thousand from the end of the previous fiscal year. This is mainly due to the increase of ¥31,466 thousand in accounts payable related to clinical development. As a result, total liabilities amounted to ¥446,390 thousand, an increase of ¥61,804 thousand from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the current fiscal year amounted to ¥1,893,049 thousand, a decrease of ¥1,216,918 from the end of the previous fiscal year. This was mainly due to an increase in capital stock and capital reserves as a result of the exercise of stock acquisition right, despite a decrease in retained earnings as a result of the net loss for the year.

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

The balance of cash and cash equivalents (hereinafter "funds") at the end of the current fiscal year was ¥1,790,988 thousand, a decrease of ¥895,330 thousand from 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 ¥1,131,291 thousand. The main reason for this was recording of a loss before tax.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥35,384 thousand. This was mainly due to an increase in deposits and guarantees.

(Cash flows from financing activities)

Funds acquired in financing activities amounted to ¥271,345 thousand. This was mainly due to the issue of shares as a result of the exercise of stock acquisition right.

(4) Outlook for the Fiscal Year Ending December 31, 2022

In the drug discovery business, firstly, we will make steady progress in the clinical study of CBA-1205 and CBA-1535. We have completed the first half of the Phase I study of CBA-1205 and have moved on to the second part, where we will evaluate the safety and initial efficacy in patients with hepatocellular carcinoma, which will be important for out-licensing activities. In addition, we will continue to confirm drug efficacy data in animal models with a view to expanding the range of indications and promote basic research in order to enhance the value of the product, including biomarker discovery. We have completed the manufacture of investigational drugs for CBA-1535, for which we aim to submit the clinical study application in the first half of 2022. Secondly, we will work on the out-licensing of our pre-clinical stage candidate pipeline and to advance our exploratory drug discovery projects with the aim of creating a third clinical development product.

For LIV-2008, which was out-licensed in January 2021, we will continue to seek to generate new revenues from activities aimed at securing new out-licensing agreements and from collaboration through other drug discovery projects.

In the drug discovery support business, we will continue to respond carefully to the needs of existing clients and expand our contracted services for the production of new antibodies and the preparation of proteins for pharmaceutical companies and other parties. In the year ending December 31, 2022, we will continue to solidify our ongoing business with existing major clients such as Chugai Pharmaceutical Co., Ltd., Chugai Pharmabody Research Pte. Ltd., Ono Pharmaceutical Co., Ltd. and Kyowa Kirin Co., Ltd., and aim to achieve stable earnings in this business. In light of these circumstances, we forecast net sales of ¥620 million in the drug discovery support business for the next fiscal year.

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, 2020 | As of Dec. 31, 2021 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash on hand and in banks | 2,686,318 | 1,790,988 |
| Accounts receivable | 56,778 | 25,456 |
| Inventories | 89,261 | 59,049 |
| Advance payments - trade | 302,611 | 270,440 |
| Prepaid expenses | 34,993 | 34,474 |
| Consumption taxes receivable | 57,573 | 36,050 |
| Other current assets | 20,981 | 424 |
| Total current assets | 3,248,518 | 2,216,883 |
| Non-current assets | | |
| Property and equipment | | |
| Machinery | 293,124 | 291,571 |
| Accumulated depreciation | (287,372) | (287,372) |
| Machinery, net | 5,751 | 4,199 |
| Tools and equipment | 98,139 | 95,820 |
| Accumulated depreciation | (96,735) | (95,820) |
| Tools and equipment, net | 1,404 | 0 |
| Total property and equipment | 7,156 | 4,199 |
| Investments and other assets | | |
| Lease deposits and others | 77,427 | 112,811 |
| Long-term prepaid expenses | 11,452 | 5,544 |
| Other, net | 150,000 | 0 |
| Total investments and other assets | 238,879 | 118,355 |
| Total non-current assets | 246,035 | 122,555 |
| Total assets | 3,494,554 | 2,339,439 |

Thousand yen

| | As of Dec. 31, 2020 | As of Dec. 31, 2021 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable, trade | 40,106 | 29,809 |
| Short-term borrowings | 180,000 | 183,000 |
| Accounts payable, other | 50,082 | 81,549 |
| Accrued expenses | 31,593 | 39,636 |
| Income taxes payable | 3,240 | 16,745 |
| Advances received | 27,953 | 30,523 |
| Deposits received | 4,642 | 6,453 |
| Provision for bonuses | 5,096 | 4,821 |
| Total liabilities | 342,714 | 392,540 |
| Non-current liabilities | | |
| Asset retirement obligations | 41,871 | 53,849 |
| Total non-current liabilities | 41,871 | 53,849 |
| Total liabilities | 384,585 | 446,390 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,387,677 | 1,515,929 |
| Capital reserve | | |
| Legal Capital reserve | 2,987,458 | 3,115,710 |
| Total capital reserve | 2,987,458 | 3,115,710 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | (1,293,798) | (2,773,693) |
| Total retained earnings | (1,293,798) | (2,773,693) |
| Treasury stock | (292) | (292) |
| Total shareholders' equity | 3,081,046 | 1,857,654 |
| Subscription rights to shares | 28,922 | 35,394 |
| Total net assets | 3,109,968 | 1,893,049 |
| Total liabilities and net assets | 3,494,554 | 2,339,439 |

(2) Statements of Income

Thousand yen

| | Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) |
|---|---|---|
| Net sales | 480,853 | 712,932 |
| Cost of sales | 235,582 | 290,474 |
| Gross profit | 245,270 | 422,458 |
| Selling, general and administrative expenses | | |
| Research and development expenses | 1,156,582 | 1,312,188 |
| Other, net | 372,309 | 444,589 |
| Total selling, general and administrative expenses | 1,528,892 | 1,756,778 |
| Operating loss | (1,283,622) | (1,334,319) |
| Non-operating income | | |
| Interest income | 34 | 29 |
| Foreign exchange gains | 850 | 6,627 |
| Subsidy income | 4,275 | 5,379 |
| Other, net | 214 | 1,240 |
| Total non-operating income | 5,374 | 13,276 |
| Non-operating expenses | | |
| Interest expenses | 967 | 1,316 |
| Share issuance cost | 6,208 | 706 |
| Subscription rights issuance cost | 5,936 | 6,246 |
| Other, net | 245 | 0 |
| Total non-operating expenses | 13,358 | 8,269 |
| Ordinary loss | (1,291,606) | (1,329,312) |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 1,048 | 12,911 |
| Total extraordinary income | 1,048 | 12,911 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | — | 149,999 |
| Total extraordinary loss | — | 149,999 |
| Loss before income taxes | (1,290,558) | (1,466,400) |
| Income taxes-current | 3,240 | 13,494 |
| Total income taxes | 3,240 | 13,494 |
| Net loss | (1,293,798) | (1,479,895) |

【Details of Cost of Sales】

| Category | note | Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020) Amount (Thousand yen) | Proportion of cost of sales (%) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) Amount (Thousand yen) | Proportion of cost of sales (%) |
|---|---|---|---|---|---|
| I Cost of materials | | 86,768 | 35.4 | 95,549 | 36.1 |
| II Labor costs | | 73,769 | 30.1 | 83,839 | 31.7 |
| III Expenses | * 1 | 84,787 | 34.5 | 85,204 | 32.2 |
| Total manufacturing costs | | 245,325 | 100.0 | 264,594 | 100.0 |
| Opening balance of work-in-progress under inventories | | 18,740 | | 28,482 | |
| Total | | 264,065 | | 293,076 | |
| Closing balance of work-in-progress under inventories | | 28,482 | | 2,602 | |
| Cost of sales | | 235,582 | | 290,474 | |

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, 2020 (Jan. 1, 2020 to Dec. 31, 2020) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) |
|---|---|---|
| Royalties paid | 13,295 | 16,792 |
| Outsourcing expenses | 1,842 | 2,916 |
| Other expenses | 69,649 | 65,495 |

(3) Statements of Changes in Net Assets

The Fiscal Year 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<br>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 |

The Fiscal Period Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

Thousand yen

| | Shareholders' Equity | | | | | |
|---|---|---|---|---|---|---|
| | Capital Stock | Capital Reserve | | | Retained Earnings | |
| | | Legal Capital reserve | Other capital surplus | Total capital reserve | Other retained earnings<br>Retained earnings brought forward | Total retained earnings |
| Balance as of the beginning of the period | 1,387,677 | 2,987,458 | — | 2,987,458 | (1,293,798) | (1,293,798) |
| Changes during the period | | | | | | |
| Issuance of new stock | 128,251 | 128,251 | | 128,251 | | |
| Capital reduction | | | | | | |
| Deficit disposition | | | | | | |
| Net loss | | | | | (1,479,895) | (1,479,895) |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes during the period | 128,251 | 128,251 | — | 128,251 | (1,479,895) | (1,479,895) |
| Balance as of the end of the period | 1,515,929 | 3,115,710 | — | 3,115,710 | (2,773,693) | (2,773,693) |

| | Shareholders' Equity | | Subscription rights to shares | Total Net Assets |
|---|---|---|---|---|
| | Treasury Stock | Total Shareholders' Equity | | |
| Balance as of the beginning of the period | (292) | 3,081,046 | 28,922 | 3,109,968 |
| Changes during the period | | | | |
| Issuance of new stock | | 256,503 | | 256,503 |
| Capital reduction | | | | |
| Deficit disposition | | | | |
| Net loss | | (1,479,895) | | (1,479,895) |
| Net changes of items other than shareholders' equity | | | 6,472 | 6,472 |
| Total changes during the period | — | (1,223,391) | 6,472 | (1,216,918) |
| Balance as of the end of the period | (292) | 1,857,654 | 35,394 | 1,893,049 |

(4) Statements of Cash Flows

Thousand yen

| | Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) |
|---|---|---|
| Cash flows from operating activities | | |
| Loss before income taxes | (1,290,558) | (1,466,400) |
| Depreciation and amortization | 3,704 | 2,956 |
| Loss on valuation of investment securities | — | 149,999 |
| Decrease (increase) in notes and accounts receivable-trade | 38,360 | 31,321 |
| Decrease (increase) in inventories | (22,635) | 30,212 |
| Decrease (increase) in advance payments | (84,953) | 32,170 |
| Decrease (increase) in consumption taxes refund receivable | (21,879) | 21,924 |
| Increase (decrease) in notes and accounts payable-trade | 10,170 | (10,296) |
| Increase (decrease) in accounts payable-other | 16,643 | 27,769 |
| Increase (decrease) in accrued expenses | 13,929 | 8,043 |
| Increase (decrease) in advance received | 11,997 | 2,570 |
| Other, net | (35,843) | 29,789 |
| Subtotal | (1,361,064) | (1,139,938) |
| Interest income received | 29 | 24 |
| Interest paid | (967) | (1,316) |
| Proceeds from subsidy income | 4,275 | 5,379 |
| Income taxes paid | (2,420) | (13,494) |
| Income taxes refund | 4 | 18,053 |
| Net cash used in operating activities | (1,360,143) | (1,131,291) |
| Cash flows from investing activities | | |
| Payments for leasehold and guarantee deposits | (3,519) | (35,384) |
| Net cash used in investing activities | (3,519) | (35,384) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 180,000 | 3,000 |
| Proceeds from issuance of common shares | 1,769,941 | 253,778 |
| Proceeds from issuance of subscription rights to shares | — | 14,566 |
| Payments for issuance of subscription rights to shares | (5,936) | — |
| Net cash provided by (used in) financing activities | 1,944,005 | 271,345 |
| Net decrease in cash and cash equivalents | (580,342) | (895,330) |
| Cash and cash equivalents as of the beginning of the year | 2,105,976 | 2,686,318 |
| Cash and cash equivalents as of the end of the year | 2,686,318 | 1,790,988 |

(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, 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:

1. Details regarding adjustments are presented as follows:
   (1) Adjustments to segment income (loss) are selling, general and administrative expenses that relate to areas other than research and development.
   (2) 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.
2. The total amount of segment income (loss) is reconciled with operating loss recorded in the statement of income.

The Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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 | 103,013 | 609,919 | 712,932 | — | 712,932 |
| Intersegment operating revenue and transfers | — | — | — | — | — |
| Total | 103,013 | 609,919 | 712,932 | — | 712,932 |
| Segment income (loss) | (1,209,270) | 319,540 | (889,730) | (444,589) | (1,334,319) |
| Segment assets | — | — | — | 2,339,439 | 2,339,439 |

Notes:

1. Details regarding adjustments are presented as follows:
   (1) Adjustments to segment income (loss) are selling, general and administrative expenses that relate to areas other than research and development.
   (2) 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.
2. 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, 2020 (Jan. 1, 2020 to Dec. 31, 2020) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) |
|---|---|---|
| Net assets per share | 77.99 | 45.55 |
| Net loss per share | (36.06) | (36.74) |

Notes:

1. 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.
2. The basis for calculations are presented as follows:
   (1) Net assets per share

(Thousand yen unless otherwise stated)

| | As of Dec. 31, 2020 | As of Dec. 31, 2021 |
|---|---|---|
| Total net assets | 3,109,968 | 1,893,049 |
| Amount deducted from total net assets | 28,922 | 35,394 |
| (New subscription rights to shares) | (28,922) | (35,394) |
| Net assets allocated to capital stock | 3,081,046 | 1,857,654 |
| Number of shares of capital stock used to calculate net assets per share (shares) | 39,505,054 | 40,781,354 |

   (2) Net loss per share

(Thousand yen unless otherwise stated)

| | Fiscal Year Ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020) | Fiscal Year Ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021) |
|---|---|---|
| Net loss | (1,293,798) | (1,479,895) |
| Amount not attributable to shareholders of capital stock | — | — |
| Net loss allocated to capital stock | (1,293,798) | (1,479,895) |
| Average number of shares for the period (shares) | 35,879,467 | 40,277,819 |
| 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<br>Number of subscription rights to shares: 9,624 | New subscription rights to shares:4 types<br>Number of subscription rights to shares: 78,900 |

(Important subsequent events)

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

In the FY2022, some of the 18th 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, 1,628,400 shares

(2) Increased capital stock: ¥126,453 thousand

(3) Increased legal capital reserve: ¥126,453 thousand

As a result, as of January 31, 2022, the total number of the common stock issued is 42,409,900 shares. Capital stock and capital reserve are ¥1,642,383 thousand and ¥3,242,163 thousand respectively.