



**Non-Consolidated Financial Results (Japanese GAAP)
for the Fiscal Year Ended December 31, 2019**

February 14, 2020

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 Scheduled date of the Annual General Meeting of Shareholders : March 27, 2020
 Scheduled dividend payment commencement date: -
 Scheduled filing date of the Securities Report : March 27, 2020
 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, 2019 (January 1, 2019 to December 31, 2019)

(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, 2019	447	110.3	(1,401)	-	(1,410)	-	(1,403)	-
Fiscal year ended Dec. 31, 2018	212	(18.1)	(1,539)	-	(1,533)	-	(1,533)	-

	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, 2019	(44.61)	-	(53.5)	(50.0)	(313.2)
Fiscal year ended Dec. 31, 2018	(57.26)	-	(42.7)	(42.3)	(723.1)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Dec. 31, 2019 - million yen
 Fiscal year ended Dec. 31, 2018 - 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, 2019	2,808	2,621	92.6	78.10
As of Dec. 31, 2018	2,831	2,676	93.5	98.89

(Reference) Equity As of Dec. 31, 2019: 2,599 million yen As of Dec. 31, 2018: 2,648 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, 2019	(1,537)	(26)	1,341	2,105
Fiscal year ended Dec. 31, 2018	(1,688)	-	(10)	2,328

2. Dividends

	Annual Dividend					Total Dividend (Annual) Million yen	Dividend Payout Ratio %	Dividends to Net Assets %
	1Q-End Yen	2Q-End Yen	3Q-End Yen	FY-End Yen	Total Yen			
Fiscal period ended Dec. 31, 2018	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended Dec. 31, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending Dec. 31, 2020 (forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)

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 ¥480 million). For details, please refer to “1. Overview of Operating Results (4) Outlook for the Fiscal Year Ending December 31, 2020” on page 4 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, 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 Dec. 31, 2019	146 shares	As of Dec. 31, 2018	146 shares
3) Average number of shares for the period (cumulative total for the period)	Fiscal year ended Dec. 31, 2019	31,470,012 shares	Fiscal year ended Dec. 31, 2018	26,781,354 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, 2020” on page 4 of the attached materials.
2. Chiome plans to hold a financial results explanatory meeting for institutional investors and securities analysts on February 17, 2020. 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

In 2019 FDA has approved 7 new therapeutic antibodies in which 3 were for oncology and 4 were for non-oncology diseases. As such, 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. With the launch of immune checkpoint inhibitors exemplified by drugs such as Opdivo (generic name: nivolumab), indication has been expanded and their presence is increasing. In addition, much development efforts focusing on improving efficacy has been made through the combined use of immune checkpoint inhibitors with other antibody drugs. Regarding next generation antibodies, as represented by antibody-drug conjugates (ADCs) and bispecific monoclonal antibodies, many clinical trials are currently ongoing. The market for antibody drugs is expected to continue to expand going forward.

Under the current business environment, sales in the drug discovery support business expanded significantly. Net sales was ¥447,576 thousand during the fiscal year ended December 31, 2019 (hereinafter, “the period under review”), increased by ¥234,725 thousand to the same period of the previous year. Operating loss was ¥1,401,939 thousand (an operating loss of ¥1,539,121 thousand previously) mainly due to increase of development cost in CBA-1205 program towards initiation of clinical study. Ordinary loss was ¥1,410,314 thousand (an ordinary loss of ¥1,533,952 thousand previously), and net loss was ¥1,403,821 thousand (compared to a net loss of ¥1,533,502 thousand previously). Chiome’s business activities during this period are as followings.

Our main focuses are:

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

In the Drug Discovery and Development, CBA-1205 project was on track and made steady progress in CMC development and GLP toxicology study towards Investigational New Drug application (IND) submission. CBA-1535, a multispecific antibody project launched CMC development as planned. For projects under discovery stage, one project in the oncology field has filed a new patent application. Chiome continues research activities to obtain lead antibodies and to build a portfolio of intellectual property assets. Chiome has made efforts to expand product pipelines in terms of quality and quantity, and in R&D, collaboration with bio-ventures and academia aiming to start projects for novel drug discovery has also continued.

□Development pipeline

With regard to ADCT-701, an ADC format of LIV-1205 that was licensed out to Switzerland-based ADC Therapeutics SA in September 2017, its development has achieved performance milestone of completion of toxicity studies which support IND submission.

In relation to the development of CBA-1205, manufacture of the drug substance and drug product for clinical study is progressing as planned. In parallel, the GLP toxicology study is about completion towards submission of the IND in Japan in the first half of 2020.

In relation to the development of CBA-1535, works on CMC development are progressing as well. Submission of Clinical Trial Application (CTA) in the UK is aimed for the second half of 2021.

With regard to LIV-2008, several foreign pharmaceutical companies are evaluating and testing the antibody.

For the humanized anti-Semaphorin3A antibody, Chiome and SemaThera Inc. (“ST”), a Canadian biotech company, have concluded a 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.

□Discovery projects

In addition to the abovementioned programs, several drug discovery projects are being progressed. We are actively pursuing R&D for pipeline expansion. Furthermore, Chiome has filed a patent application on one of the projects in the oncology area. We are currently evaluating the lead antibody as ADC and we will seek collaboration opportunities with pharmaceutical companies toward development and commercialization of the antibody.

As a result, net sales of the Drug Discovery and Development were ¥29,913 thousand, an increase of ¥27,633 thousand year on year; research and development expenses of ¥1,299,069 thousand (an increase of ¥68,732 thousand year on year), and a segment loss of ¥1,270,358 thousand (a segment loss of ¥1,234,364 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 production and multiple antibody generation technologies including the ADLib® system, our proprietary antibody generation platform, and B cell cloning methods, etc. We continue to strive for acquiring new accounts by offering high quality service and by optimizing our technologies.

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

Furthermore, Chiome has concluded a Master Service Agreement with Kyowa Kirin Co.,Ltd. in July 2019 as a result of receiving highly positive evaluation on our services and technologies. This agreement enables us to provide our services more efficiently and to strengthen mutual business relationship.

The sales from the Drug Discovery Support Business in the period under review increased significantly due to the expansion in transactions with Chugai Pharmaceutical Co.,Ltd and Chugai Pharmabody Research Pte. Ltd. ("Chugai Pharmaceutical Group"), and Ono Pharmaceutical Co.,Ltd. As a result, net sales of ¥417,663 thousand, an increase of ¥207,092 thousand year on year corresponding to a segment profit of ¥255,936 thousand (up ¥140,632 thousand year on year) were recorded.

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

(Assets)

As of December 31, 2019, current assets stood at ¥2,561,028 thousand, down ¥48,924 thousand compared to the balance as of December 31, 2018. This was mainly due to declines of ¥222,537 thousand in cash on hand and in banks, an increase of ¥52,831 thousand in accounts receivable, and an increase of ¥90,957 thousand in advance payments. Non-current assets stood at ¥247,062 thousand, up ¥25,820 thousand compared to the balance as of December 31, 2018. This was due to increase in lease deposits.

(Liabilities)

As of December 31, 2019, current liabilities stood at ¥145,133 thousand, up ¥31,688 thousand compared to the balance as of December 31, 2018. This was mainly due to increase of ¥14,478 thousand in accounts payable -other, and an increase of ¥14,127 thousand in advance received. Non-current liabilities stood at ¥41,447 thousand, up ¥419 thousand compared to the balance as of December 31, 2018. This was due to increase of ¥419 thousand in asset retirement obligations.

(Net assets)

As of December 31, 2019, net assets stood at ¥2,621,508 thousand, down ¥55,210 thousand compared to the balance of December 31, 2018. This was mainly due to decrease of ¥1,403,821 thousand in retained earnings resulted from net losses, an increase of ¥677,441 thousand in capital stock, and an increase of ¥677,441 thousand in capital surplus due to the exercise of subscription rights to shares.

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

The balance of cash and cash equivalents (hereinafter, “funds”) as of December 31, 2019 stood at ¥2,105,976 thousand, down ¥222,537 thousand compared to the balance as of December 31, 2018. 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, 2019, net funds used in operating activities were ¥1,537,360 thousand. The major movements was loss before income taxes.

(Cash flows from investing activities)

For the fiscal year ending December 31, 2019, net funds used in investing activities were ¥26,423 thousand. The major movements was payments for leasehold and guarantee deposits.

(Cash flows from financing activities)

For the fiscal year ending December 31, 2019, net funds obtained in financing activities amounted to ¥1,341,245 thousand. The movements were proceeds from issuance of common shares.

(4) Outlook for the Fiscal Year Ending December 31, 2020

In the Drug Discovery and Development Business, strong 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.

Chiome will pursue a new profit line by licensing-out of LIV-2008 and BMAA, and to foster new collaborations related in discovery projects.

Also, IND application submission of CBA-1205 for the initiation of Phase 1 clinical trial in Japan is expected in 2020. Regarding CBA-1535, the CTA submission is aimed in the second half of 2021. The associated contracting expenses for its manufacturing and testings are expected to incur in 2020. Consequently, R&D expenses surpassing those recorded in the same period of previous year is anticipated.

In the Drug Discovery Support Business, we will make strong efforts to provide the best service to our customers as well as making new investment in equipment and facilities to strengthen our capabilities. Thus, Chiome will expand its business in providing new antibody generation and protein production services with pharmaceutical companies.

In the fiscal year ending December 31, 2020, our goal is to further grow the ongoing business with major customers such as the Chugai Group, Ono Pharmaceutical and Kyowa Kirin. By establishing business with existing clients and also by obtaining new accounts we will strengthen our business infrastructure that ensures stable revenue in this business segment.

As a consequence, Drug Discovery Support Business is forecasted to produce net sales of ¥480 million for the fiscal year ending December 31, 2020.

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, 2018	As of Dec. 31, 2019
Assets		
Current assets		
Cash on hand and in banks	2,328,513	2,105,976
Accounts receivable	42,307	95,138
Inventories	45,413	66,626
Advance payments - trade	126,700	217,658
Prepaid expenses	31,598	39,584
Consumption taxes receivable	35,126	35,693
Other current assets	291	349
Total current assets	2,609,952	2,561,028
Non-current assets		
Property and equipment		
Machinery	344,675	316,629
Accumulated depreciation	(333,430)	(308,343)
Machinery, net	11,244	8,285
Tools and equipment	104,448	103,416
Accumulated depreciation	(99,743)	(100,595)
Tools and equipment, net	4,705	2,820
Total property and equipment	15,949	11,106
Investments and other assets		
Investment Securities	150,000	150,000
Long-term prepaid expenses	7,807	12,048
Lease deposits and others	47,485	73,908
Total investments and other assets	205,292	235,956
Total non-current assets	221,241	247,062
Total assets	2,831,193	2,808,090

Thousand yen

	As of Dec. 31, 2018	As of Dec. 31, 2019
Liabilities		
Current liabilities		
Accounts payable, trade	31,888	29,936
Accounts payable, other	18,960	33,438
Accrued expenses	20,846	17,663
Income taxes payable	28,776	38,106
Advances received	1,829	15,956
Deposits received	4,428	5,239
Unearned revenue	176	554
Provision for bonuses	6,538	4,237
Total liabilities	113,445	145,133
Non-current liabilities		
Asset retirement obligations	41,028	41,447
Total non-current liabilities	41,028	41,447
Total liabilities	154,474	186,581
Net assets		
Shareholders' equity		
Capital stock	5,454,775	6,132,216
Capital reserve		
Legal Capital reserve	5,444,775	6,122,216
Total capital reserve	5,444,775	6,122,216
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(8,250,831)	(9,654,653)
Total retained earnings	(8,250,831)	(9,654,653)
Treasury stock	(292)	(292)
Total shareholders' equity	2,648,426	2,599,488
Subscription rights to shares	28,292	22,020
Total net assets	2,676,719	2,621,508
Total liabilities and net assets	2,831,193	2,808,090

(2) Statements of Income

Thousand yen

	Fiscal Year Ended Dec. 31, 2018 (Jan. 1, 2018 to Dec. 31, 2018)	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)
Net sales	212,851	447,576
Cost of sales	101,574	162,929
Gross profit	111,276	284,647
Selling, general and administrative expenses		
Research and development expenses	1,230,337	1,299,069
Other, net	420,060	387,517
Total selling, general and administrative expenses	1,650,398	1,686,586
Operating loss	(1,539,121)	(1,401,939)
Non-operating income		
Interest income	42	27
Foreign exchange gains	3,348	5,158
Subsidy income	1,516	—
Other, net	261	217
Total non-operating income	5,169	5,402
Non-operating expenses		
Share issuance cost	—	4,860
Subscription rights issuance cost	—	8,916
Total non-operating expenses	—	13,777
Ordinary loss	(1,533,952)	(1,410,314)
Extraordinary income		
Gain on reversal of subscription rights to shares	2,869	8,912
Total extraordinary income	2,869	8,912
Loss before income taxes	(1,531,082)	(1,401,401)
Income taxes-current	2,420	2,420
Total income taxes	2,420	2,420
Net loss	(1,533,502)	(1,403,821)

【Details of Cost of Sales】

Category	note	Fiscal Year Ended Dec. 31, 2018 (Jan. 1, 2018 to Dec. 31, 2018)		Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)	
		Amount (Thousand yen)	Proportion of cost of sales (%)	Amount (Thousand yen)	Proportion of cost of sales (%)
I Cost of materials		39,468	38.4	83,258	46.6
II Labor costs		27,760	27.0	55,883	31.3
III Expenses	* 1	35,530	34.6	39,601	22.1
Total manufacturing costs		102,759	100.0	178,743	100.0
Opening balance of work- in-progress under inventories		1,741		2,926	
Total		104,501		181,669	
Closing balance of work- in-progress under inventories		2,926		18,740	
Cost of sales		101,574		162,929	

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, 2018 (Jan. 1, 2018 to Dec. 31, 2018)	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)
Royalties paid	2,501	1,700
Outsourcing expenses	2,401	2,041
Other expenses	30,627	35,860

(3) Statements of Changes in Net Assets

The Fiscal Year Ended December 31, 2018 (January 1, 2018 to December 31, 2018)

Thousand yen

	Shareholders' Equity				
	Capital Stock	Capital Reserve		Retained Earnings	
		Legal Capital reserve	Total capital reserve	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of the beginning of the period	5,454,775	5,444,775	5,444,775	(6,717,328)	(6,717,328)
Changes during the period					
Net loss				(1,533,502)	(1,533,502)
Net changes of items other than shareholders' equity					
Total changes during the period	—	—	—	(1,533,502)	(1,533,502)
Balance as of the end of the period	5,454,775	5,444,775	5,444,775	(8,250,831)	(8,250,831)

	Shareholders' Equity		Subscription rights to shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity		
Balance as of the beginning of the period	(292)	4,181,929	35,645	4,217,574
Changes during the period				
Net loss		(1,533,502)		(1,533,502)
Net changes of items other than shareholders' equity			(7,352)	(7,352)
Total changes during the period	—	(1,533,502)	(7,352)	(1,540,855)
Balance as of the end of the period	(292)	2,648,426	28,292	2,676,719

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

Thousand yen

	Shareholders' Equity				
	Capital Stock	Capital Reserve		Retained Earnings	
		Legal Capital reserve	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		
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
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

(4) Statements of Cash Flows

Thousand yen

	Fiscal Year Ended Dec. 31, 2018 (Jan. 1, 2018 to Dec. 31, 2018)	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)
Cash flows from operating activities		
Loss before income taxes	(1,531,082)	(1,401,401)
Depreciation and amortization	7,016	4,843
Decrease (increase) in notes and accounts receivable-trade	1,414	(52,831)
Decrease (increase) in inventories	(10,434)	(21,212)
Decrease (increase) in advance payments	(114,385)	(90,957)
Increase (decrease) in notes and accounts payable-trade	4,250	(1,952)
Increase (decrease) in accounts payable-other	(45,898)	14,478
Increase (decrease) in accrued expenses	97	(3,182)
Increase (decrease) in advance received	1,829	14,127
Other, net	(660)	3,119
Subtotal	(1,687,852)	(1,534,970)
Interest income received	36	23
Proceeds from subsidy income	1,516	—
Income taxes paid	(2,420)	(2,420)
Income taxes refund	6	6
Net cash used in operating activities	(1,688,713)	(1,537,360)
Cash flows from investing activities		
Payments for leasehold and guarantee deposits	—	(26,423)
Net cash used in investing activities	—	(26,423)
Cash flows from financing activities		
Repayments of long-term loans payable	(4,159)	—
Proceeds from issuance of common shares	—	1,345,605
Purchase of treasury subscription rights to shares	(6,080)	—
Payments for issuance of subscription rights to shares	—	(4,359)
Net cash provided by (used in) financing activities	(10,239)	1,341,245
Net decrease in cash and cash equivalents	(1,698,953)	(222,537)
Cash and cash equivalents as of the beginning of the year	4,027,466	2,328,513
Cash and cash equivalents as of the end of the year	2,328,513	2,105,976

(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, 2018 (January 1, 2018 to December 31, 2018)

(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	2,280	210,571	212,851	—	212,851
Intersegment operating revenue and transfers	—	—	—	—	—
Total	2,280	210,571	212,851	—	212,851
Segment income (loss)	(1,234,364)	115,304	(1,119,060)	(420,060)	(1,539,121)
Segment assets	—	—	—	2,831,193	2,831,193

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, 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:

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, 2018 (Jan. 1, 2018 to Dec. 31, 2018)	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)
Net assets per share	98.89	78.10
Net loss per share	(57.26)	(44.61)

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, 2018	As of Dec. 31, 2019
Total net assets	2,676,719	2,621,508
Amount deducted from total net assets	28,292	22,020
(New subscription rights to shares)	(28,292)	(22,020)
Net assets allocated to capital stock	2,648,426	2,599,488
Number of shares of capital stock used to calculate net assets per share (shares)	26,781,354	33,283,354

(2) Net loss per share

(Thousand yen unless otherwise stated)

	Fiscal Year Ended Dec. 31, 2018 (Jan. 1, 2018 to Dec. 31, 2018)	Fiscal Year Ended Dec. 31, 2019 (Jan. 1, 2019 to Dec. 31, 2019)
Net loss	(1,533,502)	(1,403,821)
Amount not attributable to shareholders of capital stock	—	—
Net loss allocated to capital stock	(1,533,502)	(1,403,821)
Average number of shares for the period (shares)	26,781,354	31,470,012
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: 595	New subscription rights to shares: 4 types Number of subscription rights to shares: 1,804

(Important subsequent events)

Not applicable.