Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS)
Fiscal 2020 Third Quarter

(January 1, 2020 – September 30, 2020)

This document is an English translation of the Japanese-language original.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
for Nine Months Ended September 30, 2020

October 30, 2020

Company Name: Kyowa Kirin Co., Ltd.
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Stock Code: 4151
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Scheduled date of submission of Quarterly Securities Report: October 30, 2020
Scheduled start date of dividend payment: -
Appendix materials to accompany the quarterly financial report: Yes
Quarterly results presentation meeting: Yes (for institutional investors and securities analysts)

(Millions of yen rounded off)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2020

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	234,004	3.8	50,693	10.8	44,183	32.1	37,489	(33.4)
September 30, 2019	225,457	14.0	45,752	15.8	33,450	(41.2)	56,318	18.8

Total comprehensive income: Nine months ended September 30, 2020: ¥30,429 million; (44.1)%
Nine months ended September 30, 2019: ¥54,461 million; 17.9%

Note: Core operating profit was calculated by deducting “selling, general and administrative expenses” and “research and development expenses” from “gross profit,” and adding “share of profit (loss) of investments accounted for using equity method” to the amount.

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Yen	Yen
September 30, 2020	37,489	(33.4)	69.80	69.75
September 30, 2019	56,318	18.8	104.48	104.39

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2020	781,160	685,171	685,171	87.7
December 31, 2019	784,453	678,250	678,250	86.5

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	–	20.00	–	22.00	42.00
Fiscal year ending December 31, 2020	–	22.00	–		
Fiscal year ending December 31, 2020 (Forecast)				22.00	44.00

Note: Revisions to the dividend forecast most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	313,000	2.3	60,000	1.1	53,000	19.1	44,000	(34.4)	44,000	(34.4)	81.92

Note: Changes to the earnings forecasts most recently announced: None

* Notes

(1) Changes to significant subsidiaries during the period (Changes of specified subsidiaries resulting in changes in the scope of consolidation during the period under review): No

(2) Changes in accounting policies, and accounting estimates:

a. Changes in accounting policies required by IFRS: No

b. Changes in accounting policies other than a. above: No

c. Changes in accounting estimates: No

(3) Number of shares issued (ordinary shares)

a. Number of shares issued (including treasury shares)

As of September 30, 2020	540,000,000 shares
As of December 31, 2019	540,000,000 shares

b. Number of treasury shares

As of September 30, 2020	2,828,366 shares
As of December 31, 2019	3,053,335 shares

c. Average number of shares during the period

Nine months ended September 30, 2020	537,089,478 shares
Nine months ended September 30, 2019	539,020,972 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Notice regarding the appropriate use of the earnings forecasts and other special comments

  The forward-looking statements, including earnings forecasts, contained in these materials are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by management. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections for a wide variety of reasons.

Attachment Index

1. Operating Results and Financial Statements

(1) Summary of Consolidated Business Performance

1) Overview of results

Since applying IFRS, the Group adopts “core operating profit” as a level of profit that shows the recurring profitability from operating activities. Core operating profit is calculated by deducting “selling, general and administrative expenses” and “research and development expenses” from “gross profit,” and adding “share of profit (loss) of investments accounted for using equity method” to the amount.

(Billions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Year-on-year change	Year-on-year (%)
Revenue	234.0	225.5	8.5	3.8%
Core operating profit	50.7	45.8	4.9	10.8%
Profit before tax	44.2	33.5	10.7	32.1%
Profit from continuing operations	37.5	26.9	10.6	39.3%
Profit from discontinued operations	–	29.4	(29.4)	–%
Profit attributable to owners of parent	37.5	56.3	(18.8)	(33.4)%

For the nine months ended September 30, 2020 (January 1, 2020 to September 30, 2020), revenue was ¥234.0 billion (up 3.8% compared to the same period of the previous fiscal year), and core operating profit was ¥50.7 billion (up 10.8%). Profit attributable to owners of parent was ¥37.5 billion (down 33.4%).

- The increase in revenue was the result of steady growth of global strategic products in North America and EMEA and strong sales in Asia, mainly in China, despite the impact of lower revenue in Japan from the reduction in drug price standards and the switching to Darbepoetin Alfa Injection Syringe [KKF], an authorized generic of NESP®, a renal anemia treatment drug, among others. The increase in core operating profit was the result of an increase in gross profit due to an increase in overseas revenue, despite an increase in selling, general and administrative expenses.
- Profit attributable to owners of parent decreased as a result of the absence of the profit from discontinued operations recorded in the same period of the previous fiscal year, despite lower business restructuring expenses and impairment losses in addition to an increase in core operating profit.

2) Revenue by regional control function

(Billions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Year-on-year change
Japan	119.5	132.0	(12.5)
North America	43.7	26.5	17.2
EMEA	36.3	32.1	4.1
Asia/Oceania	19.1	17.3	1.8
Others	15.4	17.5	(2.0)
Total consolidated revenue	234.0	225.5	8.5

Notes: 1. Revenue by regional control function is classified based on consolidated revenue from products of regional control functions in the One Kyowa Kirin structure (a global management structure with axes combining four regions – Japan, North America, EMEA, and Asia/Oceania – and the functions needed by a global specialty pharmaceutical company).
2. EMEA consists of Europe, the Middle East, Africa, etc.
3. Others consists of technology out-licensing and original equipment manufacturing, etc.

- Revenue in Japan decreased year on year because of the significant impact of switching to Darbepoetin Alfa Injection Syringe [KKF], an authorized generic of NESP®, a renal anemia treatment

drug whose patent has expired, in addition to the impact of the reductions in drug price standards implemented in October 2019 and April 2020, despite the growth in sales of new product groups.

- Darbepoetin Alfa Injection Syringe [KKF] achieved rapid progress in switching from NESP®, a renal anemia treatment drug.
- Duvroq, an oral treatment for renal anemia, was launched in August, and it has started penetrating the market favorably.
- Revenue from Patanol®, anti-allergy eye drops, and ALLELOCK®, an anti-allergy agent, decreased as a result of smaller pollen counts and the impact of the suppression of examinations, etc. due to the novel coronavirus disease (COVID-19).
- Revenue from ORKEDIA®, a treatment for secondary hyperparathyroidism, increased. Meanwhile, revenue from REGPARA®, a treatment for secondary hyperparathyroidism, decreased due to factors such as switching to ORKEDIA® and the impact of rival products.
- Revenue from ROMIPLATE®, a treatment for chronic idiopathic thrombocytopenic purpura, increased as a result of receiving approval of its indication for treatment of patients with aplastic anemia who have had an inadequate response to conventional therapy, in June 2019.
- Firm growth in revenue was realized for G-Lasta®, an agent for decreasing the incidence of febrile neutropenia, and Rituximab BS [KHK], an anticancer agent.
- In December 2019, Crysvita®, a treatment for FGF23-related diseases, and HARUROPI®, a Parkinson's disease treatment patch, were launched and they have been penetrating the market favorably.

● Revenue in North America increased year on year due to the steady growth of global strategic products.

- Revenue from Crysvita®, a treatment for X-linked hypophosphatemia, have been growing steadily since its launch in 2018.
- Revenue from POTELIGEO®, an anticancer agent, stayed at the same level as in the same period of the previous fiscal year due to the impact of the COVID-19 pandemic.
- NOURIANZ™ (product name in Japan: NOURIAST®), an antiparkinsonian agent which was launched in October 2019, has been penetrating the market favorably.

● Revenue in EMEA increased year on year due to the steady growth of global strategic products.

- Revenue from Crysvita®, a treatment for X-linked hypophosphatemia, have been growing steadily as the number of countries where it has been released has been increasing since its launch in 2018.
- In Germany, POTELIGEO®, an anticancer agent, was launched in June, and has started penetrating the market favorably.

● Revenue in Asia/Oceania increased year on year, reflecting strong sales particularly in China.

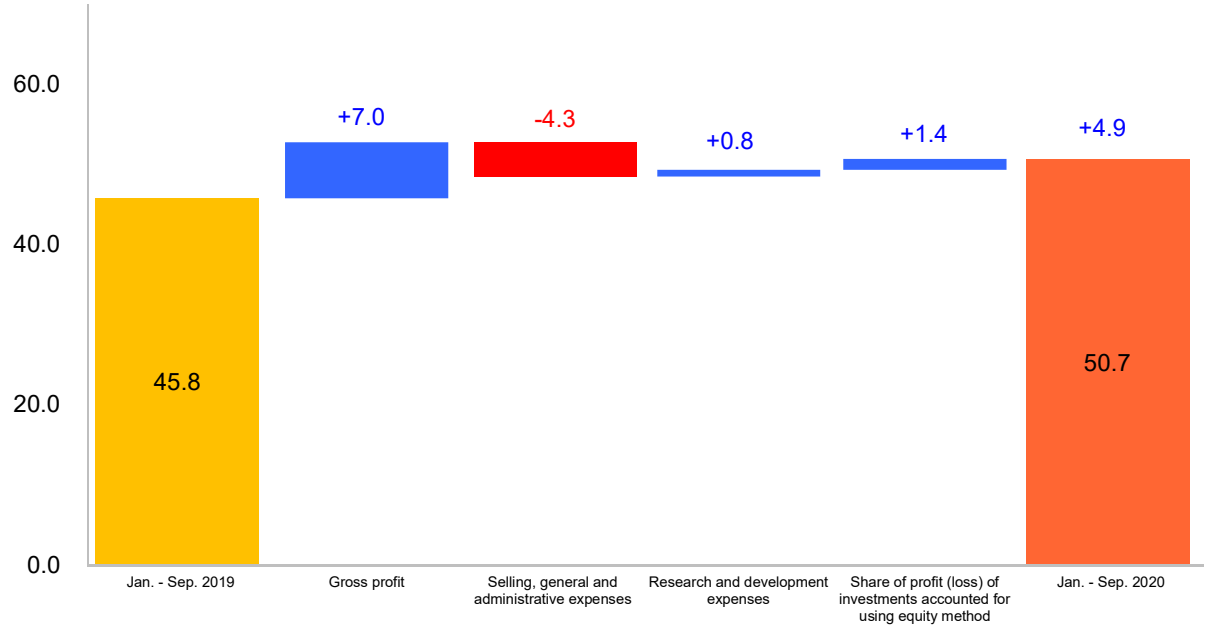
- Revenue from REGPARA®, a treatment for secondary hyperparathyroidism, increased compared to the same period of the previous fiscal year due to market expansion in China.

● Revenue from Others decreased year on year.

- Revenue decreased from the same period of the previous fiscal year due mainly to a decline in milestone revenue despite an increase in royalties revenue from AstraZeneca in relation to benralizumab.

3) Core operating profit

Billions of yen



- Core operating profit increased compared to the same period of the previous fiscal year due to an increase in overseas revenue mainly from global strategic products, despite a decrease in revenue in Japan and an increase in selling, general and administrative expenses associated with sales of global strategic products.

(2) Summary of Consolidated Financial Position

(Billions of yen)

	As of September 30, 2020	As of December 31, 2019	Change
Assets	781.2	784.5	(3.3)
Non-current assets	353.5	335.8	17.7
Current assets	427.7	448.6	(21.0)
Liabilities	96.0	106.2	(10.2)
Equity	685.2	678.2	6.9
Ratio of equity attributable to owners of parent to total assets (%)	87.7%	86.5%	1.3%

- Assets as of September 30, 2020, were ¥781.2 billion, a decrease of ¥3.3 billion compared to the end of the previous fiscal year.
  - Non-current assets increased by ¥17.7 billion to ¥353.5 billion, due mainly to increases in intangible assets associated with in-licensing of development products and deferred tax assets.
  - Current assets decreased by ¥21.0 billion to ¥427.7 billion, due mainly to a decrease in cash reserves (total of cash and cash equivalents and loans receivable from parent) due to the purchase of intangible assets, income taxes and dividends paid, despite large increases in cash and cash equivalents due to the impact of an increase of ¥248.0 billion within loans receivable from parent with loan periods of three months or less included in the scope of cash and cash equivalents.
- Liabilities as of September 30, 2020, were ¥96.0 billion, a decrease of ¥10.2 billion compared to the end of the previous fiscal year, due mainly to decreases in income taxes payable and trade and other payables.

- Equity as of September 30, 2020, was ¥685.2 billion, an increase of ¥6.9 billion compared to the end of the previous fiscal year, due mainly to an increase due to the recording of profit attributable to owners of parent, despite a decrease due to the payment of dividends as well as a decrease in exchange differences on translation of foreign operations resulting from the impact of exchange rates, etc. As a result, the ratio of equity attributable to owners of parent to total assets as of the end of the third quarter was 87.7%, an increase of 1.3 percentage points compared to the end of the previous fiscal year.

(3) Summary of Consolidated Cash Flows

(Billions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Year-on-year change	Year-on-year (%)
Net cash provided by (used in) operating activities	31.9	38.6	(6.7)	(17.5)%
Net cash provided by (used in) investing activities	258.7	4.1	254.5	6,162.4%
Net cash provided by (used in) financing activities	(25.9)	(46.6)	20.7	(44.4)%
Cash and cash equivalents at beginning of period	20.8	15.9	4.9	30.9%
Cash and cash equivalents at end of period	285.0	12.1	272.9	2,264.2%

- Cash and cash equivalents as of September 30, 2020, were ¥285.0 billion, an increase of ¥264.2 billion compared with the balance of ¥20.8 billion as of December 31, 2019, mainly as a result of the impact of an increase of ¥248.0 billion within loans receivable from parent with loan periods of three months or less included in the scope of cash and cash equivalents.
  The main contributing factors affecting cash flow during the nine months ended September 30, 2020 were as follows:
- Net cash provided by operating activities was ¥31.9 billion, a 17.5% decrease compared to the same period of the previous fiscal year. Major inflows included profit before tax of ¥44.2 billion and depreciation and amortization of ¥13.8 billion. Major outflows included income taxes paid of ¥26.6 billion.
- Net cash provided by investing activities was ¥258.7 billion, a 6,162.4% increase compared to the same period of the previous fiscal year. Major inflows included a net decrease of ¥285.7 billion in loans receivable from parent. Major outflows included ¥19.7 billion for purchase of intangible assets, and ¥7.8 billion for purchase of property, plant and equipment.
- Net cash used in financing activities was ¥25.9 billion, a 44.4% decrease compared to the same period of the previous fiscal year. Major outflows included dividends paid of ¥23.6 billion.

(4) Research and Development Activities

Using cutting-edge biotechnology centered on antibody technology, we have made nephrology, oncology, immunology/allergy and central nervous system (CNS) the focus of research and development (R&D), and by investing resources efficiently, we aim to further speed up the creation of new medical value and drug creation.
For the nine months ended September 30, 2020, the Group's research and development expenses totaled ¥37.0 billion, and the progress of our main late-stage development products is as follows. ("◆" indicates the progress made during the third quarter of fiscal 2020.)

Nephrology

KRN321 (product name in Japan: NESP®)

- In June, we obtained approval of its indication for treatment of renal anemia in patients receiving hemodialysis in China.

Oncology

KRN125 (product name in Japan: G-Lasta®)

- In February, we started a phase I clinical study in Japan related to the development of an automated injection device for decreasing the incidence of febrile neutropenia in patients receiving cancer chemotherapy.

ME-401 (generic name: Zandelisib)

- In the U.S., Europe, South Korea, Australia, etc., we are currently conducting a phase II clinical trial for treatment of follicular lymphoma. (In April, we concluded an agreement with MEI Pharma on global license, development, and commercialization.)

KW-0761 (product name in Japan, U.S. and Europe: POTELIGEO®)

◆ In the U.S., Europe, etc., we conducted a phase II clinical trial for treatment of adult T-cell leukemia/lymphoma, but we have discontinued all subsequent development from the perspective of portfolio management.

Immunology and allergy

KHK4827 (product name in Japan: LUMICEF®)

- In June, we obtained approval of its indication for treatment of plaque psoriasis in China.

Central nervous system (CNS)

KW-6002 (product name in Japan: NOURIAST®; product name in U.S.: NOURIANZ™)

- In January, an application for approval of its indication for combination therapy with levodopa-based regimens for adult patients with Parkinson's disease experiencing "off" episodes was accepted in Europe (application filed in November 2019).

Other

KRN23 (product name in Japan, U.S. and Europe: Crysvita®)

- In February in the U.S., we obtained approval for partial changes to our biologics license application for approval of its indication for treatment of tumor induced osteomalacia that cannot be curatively resected or localized, and in June, we obtained approval of its indication for treatment of tumor induced osteomalacia that cannot be curatively resected or localized for adult patients and pediatric patients who are two years of age or older.

◆ In September, we obtained approval of its indication for treatment of X-linked hypophosphatemia in adolescent and adult patients in Europe.

◆ In September, we obtained approval of its indication for treatment of FGF23-related hypophosphatemic rickets and osteomalacia in South Korea.

R&D pipeline

antibody　protein　small molecule　◎ New Molecular Entity　Updated since Dec. 31, 2019　Updated since Jun 30, 2020

Nephrology　As of Sep. 30, 2020

Code Name / Generic Name / Formulation	Mechanism of Action	Indication	Area	Stage: Ph Ⅰ	Ph Ⅱ	Ph Ⅲ	Filed	Approved	[In-House or Licensed] Remarks
KRN321 / Darbepoetin Alfa / Injection	Long-Acting Erythropoiesis Stimulating Agent	Renal Anemia (on Hemodialysis)	CN						[Kirin-Amgen]
KHK7580 / Evocalcet / Oral	Calcimimetic	Secondary Hyperparathyroidism	CN KR TW HK						[Mitsubishi Tanabe Pharma]
◎RTA 402 / Bardoxolone Methyl / Oral	Antioxidant Inflammation Modulator	Diabetic Kidney Disease	JP						[Reata]
KW-3357 / Antithrombin Gamma / Injection	Recombinant Human Antithrombin	Preeclampsia	JP						[In-House]
KHK7791 / Tenapanor / Oral	NHE3 Inhibitor	Hyperphosphatemia Under Maintenance Dialysis	JP						[Ardelyx]

Oncology

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed / Approved	[In-House or Licensed] Remarks
KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Mycosis Fungoides and Sézary Syndrome	CH SA	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed	[In-House] POTELLIGENT®
			AU	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed	
◎KHK2375 Entinostat Oral	HDAC Inhibitor	Breast Cancer	JP	Ph Ⅰ / Ph Ⅱ	[Syndax]
KRN125 Pegfilgrastim Injection	Long-Acting Granulocyte Colony-Stimulating Factor	Mobilization of Hematopoietic stem cell into Peripheral blood	JP	Ph Ⅰ / Ph Ⅱ	[Kirin-Amgen]
		Automated Injection Device for Decreasing the Incidence of Febrile Neutropenia in Patients Receiving Cancer Chemotherapy	JP	Ph Ⅰ	
◎KHK2455 Oral	IDO1 Inhibitor	Solid Tumor	US	Ph Ⅰ	[In-House] Combination with KW-0761
		Urothelial carcinoma	US	Ph Ⅰ	[In-House] Combination with avelumab
◎ME-401 Zandelisib Oral	PI3Kδ Inhibitor	B-cell malignancies	JP	Ph Ⅰ	[MEI Pharma]
			US	Ph Ⅰ	
		Follicular Lymphoma	US EU AU KR others	Ph Ⅰ / Ph Ⅱ	

※ Since the development of KW-0761 for Adult T-cell Leukemia/Lymphoma was discontinued, the relevant information was deleted form this table.

Immunology/Allergy

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed / Approved	[In-House or Licensed] Remarks
KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Psoriasis	MO	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed / Approved	[Kirin-Amgen]
			CN	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed / Approved	
			MY	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed	
		Axial Spondyloarthritis (axSpA)	JP	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed	
		Systemic Sclerosis		Ph Ⅰ / Ph Ⅱ / Ph Ⅲ	
		Palmoplantar Pustulosis		Ph Ⅰ / Ph Ⅱ / Ph Ⅲ	
◎KHK4083 Injection	Anti-OX40 Fully Human Antibody	Atopic Dermatitis	JP US CA EU	Ph Ⅰ / Ph Ⅱ	[In-House] POTELLIGENT® Human Antibody-Producing Technology
◎ASKP1240 Bleselumab Injection	Anti-CD40 Fully Human Antibody	Recurrence of Focal Segmental Glomerulosclerosis (FSGS) in de novo kidney transplant recipients	US	Ph Ⅰ / Ph Ⅱ	[In-House] Human Antibody-Producing Technology Jointly Developed with Astellas

Central Nervous System

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed / Approved	[In-House or Licensed] Remarks
KW-6002 Istradefylline Oral	Adenosine A_{2A} Receptor Antagonist	Parkinson's Disease	EU	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ / Filed	[In-House]
KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	HTLV-1 associated myelopathy (HAM)	JP	Ph Ⅰ / Ph Ⅱ / Ph Ⅲ	[In-House] POTELLIGENT®
◎KW-6356 Oral	Adenosine A_{2A} Receptor Antagonist	Parkinson's Disease	JP	Ph Ⅰ / Ph Ⅱ	[In-House]
◎KHK6640 Injection	Anti–Amyloid Beta Peptide Antibody	Alzheimer's Disease	JP EU	Ph Ⅰ	[Immunas Pharma]

Other

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage Ph Ⅰ	Ph Ⅱ	Ph Ⅲ	Filed	Approved	[In-House or Licensed] Remarks
KRN23 Burosumab Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia (XLH)	TW KW						[In-House] Human Antibody-Producing Technology Jointly Developed with Ultragenyx in US and EU
			QA						
			OM						
			CH HK						
			AU						
			BH						
			CN SA SG						
		Adult X-linked Hypophosphatemia (XLH)	EU						
		FGF23-Related Hypophosphatemic Rickets and Osteomalacia	KR						
		Tumor Induced Osteomalacia (TIO)	US						
AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Aplastic Anemia Who Have Had an Inadequate Response to Conventional Therapy	TW						[Kirin-Amgen]
			KR				Ph Ⅱ / Ph Ⅲ		
		Idiopathic (Immune) Thrombocytopenic Purpura	CN						
		Aplastic Anemia Who Were Previously Untreated with Immunosuppressive Therapy	JP KR TW				Ph Ⅱ / Ph Ⅲ		
KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	EU						[In-House]

(5) Summary of Consolidated Earnings Forecasts and Other Forward-looking Statements

No revisions have been made to the consolidated earnings forecasts announced on July 30, 2020.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of September 30, 2020	As of December 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	75,778	74,216
Goodwill	131,777	133,554
Intangible assets	71,101	60,106
Investments accounted for using equity method	14,423	13,526
Other financial assets	18,463	19,511
Retirement benefit asset	11,876	12,299
Deferred tax assets	29,750	22,110
Other non-current assets	339	520
Total non-current assets	353,507	335,843
Current assets		
Inventories	51,700	47,123
Trade and other receivables	84,021	89,015
Loans receivable from parent	–	285,700
Other financial assets	631	389
Other current assets	6,301	5,621
Cash and cash equivalents	285,000	20,762
Total current assets	427,653	448,610
Total assets	781,160	784,453

(1) Condensed Quarterly Consolidated Statement of Financial Position (continued)

(Millions of yen)

	As of September 30, 2020	As of December 31, 2019
Equity		
Share capital	26,745	26,745
Capital surplus	463,945	463,893
Treasury shares	(3,578)	(3,792)
Retained earnings	215,038	201,253
Other components of equity	(16,980)	(9,849)
Total equity attributable to owners of parent	685,171	678,250
Total equity	685,171	678,250
Liabilities		
Non-current liabilities		
Retirement benefit liability	421	276
Provisions	5,046	1,648
Deferred tax liabilities	93	42
Other financial liabilities	15,624	15,444
Other non-current liabilities	1,185	1,263
Total non-current liabilities	22,369	18,673
Current liabilities		
Trade and other payables	48,462	53,877
Provisions	1,874	2,019
Other financial liabilities	4,049	3,109
Income taxes payable	4,127	15,214
Other current liabilities	15,108	13,312
Total current liabilities	73,620	87,530
Total liabilities	95,989	106,204
Total equity and liabilities	781,160	784,453

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019
Continuing operations		
Revenue	234,004	225,457
Cost of sales	(58,639)	(57,087)
Gross profit	175,365	168,370
Selling, general and administrative expenses	(88,141)	(83,888)
Research and development expenses	(37,025)	(37,862)
Share of profit (loss) of investments accounted for using equity method	494	(868)
Other income	986	315
Other expenses	(8,697)	(12,342)
Finance income	1,405	721
Finance costs	(205)	(996)
Profit before tax	44,183	33,450
Income tax expense	(6,694)	(6,542)
Profit from continuing operations	37,489	26,908
Discontinued operations		
Profit from discontinued operations	–	29,410
Profit	37,489	56,318
Profit attributable to		
Owners of parent	37,489	56,318
Earnings per share		
Basic earnings per share (Yen)	69.80	104.48
Continuing operations	69.80	49.92
Discontinued operations	–	54.56
Diluted earnings per share (Yen)	69.75	104.39
Continuing operations	69.75	49.88
Discontinued operations	–	54.51

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019
Profit	37,489	56,318
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(735)	99
Share of other comprehensive income of investments accounted for using equity method	(73)	(42)
Total of items that will not be reclassified to profit or loss	(808)	57
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(6,165)	(1,859)
Share of other comprehensive income of investments accounted for using equity method	(87)	(56)
Total of items that may be reclassified to profit or loss	(6,251)	(1,915)
Other comprehensive income	(7,059)	(1,857)
Comprehensive income	30,429	54,461
Comprehensive income attributable to		
Owners of parent	30,429	54,461

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

January 1, 2020 to September 30, 2020

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2020	26,745	463,893	(3,792)	201,253	751	(13,647)
Profit	–	–	–	37,489	–	–
Other comprehensive income	–	–	–	–	–	(6,251)
Total comprehensive income	–	–	–	37,489	–	(6,251)
Dividends of surplus	–	–	–	(23,631)	–	–
Purchase of treasury shares	–	–	(9)	–	–	–
Disposal of treasury shares	–	16	163	–	–	–
Share-based remuneration transactions	–	36	60	–	(144)	–
Transfer from other components of equity to retained earnings	–	–	–	(73)	–	–
Total transactions with owners	–	53	215	(23,703)	(144)	–
Balance at September 30, 2020	26,745	463,945	(3,578)	215,038	607	(19,898)

	Equity attributable to owners of parent				Total equity
	Other components of equity			Total	
	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Total		
Balance at January 1, 2020	3,047	–	(9,849)	678,250	678,250
Profit	–	–	–	37,489	37,489
Other comprehensive income	(735)	(73)	(7,059)	(7,059)	(7,059)
Total comprehensive income	(735)	(73)	(7,059)	30,429	30,429
Dividends of surplus	–	–	–	(23,631)	(23,631)
Purchase of treasury shares	–	–	–	(9)	(9)
Disposal of treasury shares	–	–	–	179	179
Share-based remuneration transactions	–	–	(144)	(48)	(48)
Transfer from other components of equity to retained earnings	–	73	73	–	–
Total transactions with owners	–	73	(72)	(23,508)	(23,508)
Balance at September 30, 2020	2,312	–	(16,980)	685,171	685,171

(3) Condensed Quarterly Consolidated Statement of Changes in Equity (continued)

January 1, 2019 to September 30, 2019

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2019	26,745	509,161	(26,705)	151,760	787	(16,402)
Changes in accounting policies	–	–	–	(454)	–	–
Balance after restatement	26,745	509,161	(26,705)	151,306	787	(16,402)
Profit	–	–	–	56,318	–	–
Other comprehensive income	–	–	–	–	–	(1,915)
Total comprehensive income	–	–	–	56,318	–	(1,915)
Dividends of surplus	–	–	–	(21,688)	–	–
Purchase of treasury shares	–	–	(22,597)	–	–	–
Disposal of treasury shares	–	(17)	263	–	–	–
Cancellation of treasury shares	–	(45,251)	45,251	–	–	–
Share-based remuneration transactions	–	–	–	–	(86)	–
Transfer from other components of equity to retained earnings	–	–	–	134	–	–
Total transactions with owners	–	(45,269)	22,917	(21,553)	(86)	–
Balance at September 30, 2019	26,745	463,893	(3,788)	186,070	700	(18,316)

	Equity attributable to owners of parent				Total equity
	Other components of equity			Total	
	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Total		
Balance at January 1, 2019	4,275	–	(11,341)	649,621	649,621
Changes in accounting policies	–	–	–	(454)	(454)
Balance after restatement	4,275	–	(11,341)	649,166	649,166
Profit	–	–	–	56,318	56,318
Other comprehensive income	99	(42)	(1,857)	(1,857)	(1,857)
Total comprehensive income	99	(42)	(1,857)	54,461	54,461
Dividends of surplus	–	–	–	(21,688)	(21,688)
Purchase of treasury shares	–	–	–	(22,597)	(22,597)
Disposal of treasury shares	–	–	–	246	246
Cancellation of treasury shares	–	–	–	–	–
Share-based remuneration transactions	–	–	(86)	(86)	(86)
Transfer from other components of equity to retained earnings	(176)	42	(134)	–	–
Total transactions with owners	(176)	42	(221)	(44,126)	(44,126)
Balance at September 30, 2019	4,198	–	(13,418)	659,501	659,501

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019
Cash flows from operating activities		
Profit before tax from continuing operations	44,183	33,450
Depreciation and amortization	13,768	14,516
Impairment losses	2,679	6,067
Increase (decrease) in provisions	3,283	(26)
Share of loss (profit) of investments accounted for using equity method	(494)	868
Decrease (increase) in inventories	(6,529)	(6,531)
Decrease (increase) in trade receivables	2,882	2,716
Increase (decrease) in trade payables	250	1,604
Income taxes paid	(26,559)	(21,817)
Other	(1,601)	1,453
Net cash provided by (used in) operating activities from discontinued operations	–	6,297
Net cash provided by (used in) operating activities	31,861	38,598
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,827)	(5,869)
Purchase of intangible assets	(19,728)	(13,218)
Purchase of investments accounted for using equity method	(500)	(1,000)
Collection of loans receivable	–	24,288
Net decrease (increase) in loans receivable from parent	285,700	(102,100)
Other	1,030	(1,171)
Net cash provided by (used in) investing activities from discontinued operations	–	103,200
Net cash provided by (used in) investing activities	258,676	4,131
Cash flows from financing activities		
Repayments of lease liabilities	(2,372)	(2,284)
Purchase of treasury shares	(9)	(22,597)
Dividends paid	(23,631)	(21,688)
Other	97	(8)
Net cash provided by (used in) financing activities from discontinued operations	–	(19)
Net cash provided by (used in) financing activities	(25,914)	(46,596)
Effect of exchange rate changes on cash and cash equivalents	(386)	56
Net increase (decrease) in cash and cash equivalents	264,237	(3,812)
Cash and cash equivalents at beginning of period	20,762	15,867
Cash and cash equivalents at end of period	285,000	12,055

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Notes on going concern assumption

No applicable items.

Segment information

As the Bio-Chemicals business was categorized as a discontinued operation effective from the previous fiscal year, the Group omitted information by reportable segment as the Group consists of only the one reportable segment, which is the Pharmaceuticals business.