

The following information was originally prepared and published by GNI Group Ltd. in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is for reference purposes only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version. The following information was prepared in accordance with International Financial Reporting Standards (“IFRS”).



**Consolidated Financial Results for Q2 FY2024 YTD (IFRS)**

August 14, 2024

Company Name: GNI Group Ltd. Tokyo Stock Exchange  
 Stock Code: 2160 URL <https://www.gnipharma.com>  
 Representative: Ying Luo, Director, Representative Executive Officer, President, and CEO  
 Inquiries: Toshiya Kitagawa, Director, Executive Officer, and CFO TEL: +81-3-6214-3600  
 Scheduled date of semi-annual report filing: August 14, 2024  
 Scheduled dividend payment commencement date: —  
 Supplementary materials prepared for financial results: Yes  
 Holding of a financial result briefing meeting: Yes (For institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

**1. Consolidated Financial Results for Q2 FY2024 YTD (January to June)**

(1) Q2 FY2024 YTD Consolidated Operating Results

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Pre-tax profit		Profit		Profit attributable to owners of the parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY2024 YTD	11,733	(16.8)	1,762	(67.8)	831	(83.8)	(73)	-	330	(80.1)	3,278	(33.3)
Q2 FY2023 YTD	14,096	72.9	5,476	445.1	5,117	547.5	4,014	-	1,658	145.2	4,916	110.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2024 YTD	6.61	6.37
Q2 FY2023 YTD	34.93	34.81

(2) Consolidated financial position

	Total assets	Total capital	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent	Total equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
Q2 FY2024	68,993	39,564	36,834	53.4	735.86
FY2023	62,394	36,052	33,794	54.2	678.01

**2. Dividends**

	Dividends per share				
	Q1	Q2	Q3	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	—	—	0.00	0.00
FY2024	—	—	—	—	—
FY2024 (Forecast)	—	—	—	0.00	0.00

Note: Amendment from the forecast most recently published on dividends payment: No

### 3. Consolidated Earnings Forecasts for FY2024 (January to December)

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Pre-tax profit		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024	39,566	52.1	16,286	24.2	15,552	23.3	12,287	29.3	7,058	(12.8)	141.60

Note: Amendment from the forecast most recently published: No

Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: Governance Partners Asia Limited Partnership

Excluded: —

(2) Changes in Accounting Policies and Changes in Accounting Estimates

① Changes in accounting policies that are required under IFRS: No

② Changes in accounting policies other than ①: No

③ Changes in accounting estimates: No

(3) Number of Shares Issued (Ordinary Shares)

① Number of shares issued as of the end of the period (including treasury shares)

Q2 FY2024	50,070,243 shares	FY2023	49,857,243 shares
Q2 FY2024	13,526 shares	FY2023	13,526 shares
Q2 FY2024	49,924,587 shares	Q2 FY2023	47,486,448 shares

② Number of treasury shares as of the end of the period

③ Average number of shares for the period

\* This Semi-annual financial results report is exempt from review conducted by certified public accountants or an audit corporation.

\* Explanation Concerning the Proper Use of Financial Results Forecasts and Other Relevant Specific Items

Forward-looking statements including earnings forecasts contained in this report are based on currently available information and management's assumptions and beliefs regarding uncertainties that may impact future earnings forecasts. The Company cautions readers that actual results may differ materially from forecasts due to a variety of factors. For the assumptions that underpin financial results forecasts as well as other related items, please refer to "1. (4) Outlook for the fiscal year ending December 31, 2024."

The Group is planning to conduct a corporate presentation meeting for institutional investors and analysts on August 22, 2024.

Briefing materials used at that session will be posted on the Group's website as soon as practicable after the meeting.

## Contents

1. Analysis of Operating Results and Financial Position .....	2
(1) Analysis of operating results .....	2
(2) Analysis of financial position .....	3
(3) Research and development activities .....	4
(4) Outlook for the fiscal year ending December 31, 2024.....	5
2. Summary of Semi-Annual Consolidated Financial Statements and Major Notes .....	6
(1) Summary of semi-annual consolidated statements of financial position .....	6
(2) Summary of semi-annual consolidated statements of income and summary of semi-annual consolidated statements of comprehensive income.....	8
Summary of semi-annual consolidated statements of income .....	8
Summary of semi-annual consolidated statements of comprehensive income .....	9
(3) Summary of semi-annual consolidated statements of changes in equity .....	10
(4) Summary of semi-annual consolidated statements of cash flows .....	12
(5) Notes to the summary of semi-annual consolidated financial statements .....	13
(Notes related to going concern assumptions) .....	13
(Basis of preparation) .....	13
(Segment information) .....	13
(Important subsequent events) .....	14

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of operating results

During the first half of the fiscal year, the global economy remained uncertain against a backdrop of prolonged geopolitical risks in Ukraine and the Middle East and rising prices worldwide. In Japan, the economy has shown signs of a gradual recovery, due in part to an increase in foreign tourists as a result of the weak yen. However, the rise in the prices of imported goods has also had an impact on the private sector, causing prices of lifelines and daily necessities to rise, leading to difficulties in the lives of the private sector and raising concerns about the future.

In the biotechnology sector, of which we belong, some investment funds have returned, including through the repurchase of short sales, as the rise in U.S. interest rates has subsided. However, interest rates in Japan continue to rise, and the situation remains uncertain.

Despite these challenges, GNI Group Ltd. ("the Company" or "we") and its affiliated companies (collectively, "the Group") achieved record-high revenue, excluding the contract upfront payments acquired in the previous period, during the first half of the fiscal year.

In the Pharmaceutical and Drug Discovery Segment, sales of ETUARY® by Beijing Continent Pharmaceutical Co., Ltd. (doing business as Gyre Pharmaceuticals Co., Ltd., "Gyre Pharmaceuticals"), a major subsidiary of our Group, continued to perform steadily, contributing to revenue and profit. The Company is currently conducting Phase 3 clinical trial in the PRC for F351, a promising candidate targeting liver fibrosis caused by hepatitis B, and is working diligently to disclose top-line data by the end of 2024. Looking ahead to 2025, Phase 3 clinical trial for liver fibrosis caused by Nonalcoholic steatohepatitis ("NASH") will begin in the PRC. Our subsidiary Gyre Therapeutics, Inc. ("Gyre Therapeutics"), listed on the U.S. Nasdaq market, also plans to initiate Phase 2a clinical trial in the U.S.

Additionally, to enhance their strong position in the field of pulmonary fibrosis, Gyre Pharmaceuticals has acquired the rights for the production and sale of Nintedanib, a competitor to ETUARY®, which is indicated for pulmonary fibrosis other than IPF.

Furthermore, the generic drug for rare diseases, avatrombopag maleate tablets, which were being developed in the PRC for the treatment of thrombocytopenia due to chronic liver disease, has received marketing approval, and an increase in sales revenue is expected in the future. Gyre Pharmaceuticals will continue to strive to expand our sales lineup, focusing on orphan drugs (medicines for rare diseases).

Cullgen Inc. ("Cullgen"), a U.S. subsidiary conducting research and development of innovative new drugs primarily in the U.S and the PRC, continues to make progress in drug discovery using its proprietary targeted protein degradation technology platform uSMITE™ (ubiquitin-mediated, small molecule induced target elimination).

Cullgen entered into a collaborative research and option agreement with Astellas Pharma Inc. ("Astellas Pharma") for the innovative development of protein degraders. The joint research being conducted with Astellas Pharma under the agreement is making steady progress. In addition, Cullgen is advancing human clinical trials of its first TRK-degrading anticancer drug candidate in the PRC, and Cullgen initiated Phase 1/2 clinical trials as its first clinical trials in humans. At the same time, as disclosed on July 18, 2024, IND (Investigational New Drug) applications have submitted for CG009301, a treatment for malignant hematological tumors (leukemia) being developed in the PRC and the U.S. . Several other programs are also in development, with plans to initiate clinical trials in the near future. Moreover, as disclosed on July 22, 2024, Cullgen has established a subsidiary in Australia and is preparing to start clinical trials for a TRK degrader targeting acute pain.

The Medical Device Segment, involving Berkeley Advanced Biomaterials LLC ("BAB") and Berkeley Biologics LLC in the Medtech (biomaterials) business in the U.S., has also demonstrated strong performance in revenue and profit.

### ① Operating results by segment

#### **Pharmaceutical Segment**

The revenue of the main product of Gyre Pharmaceuticals, ETUARY® remained strong in the Chinese market. Cullgen recorded revenue of ¥754 million from the joint development of targeted protein degraders with Astellas Pharma, and the Pharmaceutical Segment as a whole achieved steady revenue growth. As a result, the Segment during the current semi-annual consolidated fiscal period posted ¥9,145 million in revenue, down 28.4% YoY and ¥1,086 million in segment profit, down 78.1% YoY respectively. However, in the previous semi-annual consolidated fiscal period, there was sales revenue of ¥4,725 million from the upfront payment due to a strategic alliance with Astellas Pharma. Excluding this upfront payment, the Segment posted up 13.7% in revenue and up 353.7% in segment profit YoY.

#### **Medical Device Segment**

In the Medical Device Segment, the revenue of bone grafting related products, which are BAB's main products continued to rise, resulting in ¥2,588 million in revenue, up 94.9% YoY and ¥675 million in segment profit, up 32.0% YoY respectively.

**② Selling, General and Administrative Expenses; Research and Development Expenses**

Thousand yen

	Q2 FY2023 YTD	Q2 FY2024 YTD	Difference
Selling, general and administrative expenses	(6,179,184)	(7,117,436)	(938,251)
Personnel expenses	(1,964,780)	(2,717,379)	(752,598)
Research and development expenses	(1,253,059)	(1,419,327)	(166,268)

Selling, general and administrative (SG&A) expenses for the current semi-annual consolidated fiscal period were ¥7,117 million, up 15.2% YoY. This increase in SG&A expenses was mainly due to the inclusion of the newly established subsidiary in the consolidation last year.

Research and development (R&D) expenses for the current semi-annual consolidated fiscal period were ¥1,419 million, up 13.3% YoY. The increase in R&D expenses was mainly due to the progress of preclinical and clinical trials at Cullgen.

**③ Finance Income and Finance Costs**

Thousand yen

	Q2 FY2023 YTD	Q2 FY2024 YTD	Difference
Finance income	306,524	371,879	65,355
Finance costs	(539,038)	(1,343,366)	(804,328)

Finance income

Finance income for the current semi-annual consolidated fiscal period was ¥371 million, up 21.3% YoY. This increase was mainly due to increased interest income on the time deposits of Gyre Pharmaceuticals and the increase in Cullgen's interest income on ordinary deposits, etc.

Finance costs

Finance costs for the current semi-annual consolidated fiscal period was ¥1,343 million, up 149.2% YoY. This increase was mainly due to increased foreign exchange losses and non-cash interest expense related to Cullgen financing.

**(2) Analysis of financial position**

**Summary of Consolidated Financial Position**

Thousand yen

	As of December 31, 2023	As of June 30, 2024	Difference
Total assets	62,394,370	68,993,563	6,599,193
Total liabilities	26,341,592	29,429,265	3,087,673
Total equity	36,052,778	39,564,297	3,511,519

Total assets

As of June 30, 2024, the total assets stood at ¥68,993 million, up 10.6% compared to the previous fiscal year end. This increase in total assets was mainly due to ¥3,362 million increase in other current financial assets and ¥2,477 million increase in foreign currency denominated goodwill valuation owing to weak yen.

Total liabilities

As of June 30, 2024, the total liabilities stood at ¥29,429 million, up 11.7% compared to the previous fiscal year end. This increase in liabilities was mainly due to ¥2,368 million increase in short-term borrowings.

Total equity

As of June 30, 2024, the total equity stood at ¥39,564 million, up 9.7% compared to the previous fiscal year end. This increase was mainly due to increased other components of equity.

### Summary of Consolidated Cash Flows

Thousand yen

	Q2 FY2023 YTD	Q2 FY2024 YTD	Difference
Cash flows from operating activities	872,378	(1,467,673)	(2,340,052)
Cash flows from investing activities	(2,585,288)	(5,522,132)	(2,936,843)
Cash flows from financing activities	3,942,881	(185,598)	(4,128,479)

#### Cash flows from operating activities

The cash flow from operating activities was ¥1,467 million (cash outflow) in the current semi-annual consolidated fiscal period (it was ¥872 million cash inflow in the previous semi-annual consolidated fiscal period), mainly due to ¥1,655 million of income taxes paid.

#### Cash flows from investing activities

The cash flow from investing activities was ¥5,522 million (cash outflow) in the current semi-annual consolidated fiscal period of (it was ¥2,585 million cash outflow in the previous semi-annual consolidated fiscal period). This was mainly due to an increase in leasehold and guarantee deposits of ¥2,714 million and the purchase of investment securities of ¥1,025 million.

#### Cash flows from financing activities

The cash flow from financing activities was ¥185 million (cash outflow) in the current semi-annual consolidated fiscal period (it was ¥3,942 million cash inflow in the previous semi-annual consolidated fiscal period). This was mainly due to ¥2,368 million increase in short-term borrowings, ¥628 million inflow from capital contribution from non-controlling interests, and ¥ 3,269 million outflow from payments for acquisition of interests in subsidiaries from non-controlling interests.

### **(3) Research and development activities**

#### **[Research Activities]**

The Group's drug discovery research, mainly at Cullgen aims to develop innovative new development candidate compounds ("NCE"). Cullgen is pursuing R&D to expand its drug discovery pipeline of targeted protein degraders, which includes small molecule compounds that target several classes of disease-causing proteins including enzyme and non-enzymes for the treatment of oncology, pain and autoimmune diseases.

In June 2023, Cullgen entered into a joint research and option agreement with Astellas Pharma to create innovative protein degraders. In this strategic alliance, the two companies will combine Cullgen's proprietary targeted protein degrader technology platform, known as uSMITE™ featuring novel E3 ligands with the drug discovery and commercialization capabilities of Astellas Pharma, with the aim of creating several targeted protein degraders. Cullgen and Astellas Pharma will jointly conduct research to identify compounds for clinical development, and Astellas Pharma will be responsible for the development and commercialization of the identified degraders. The collaborative research, which includes the development of degrader candidate compounds targeting cell cycle proteins identified by Astellas Pharma in their lead program for breast cancer and other solid tumors, is progressing smoothly.

#### **[Development Activities]**

##### ■ ETUARY® [Chinese: 艾思瑞®, (Generic name: Pirfenidone)] by Gyre Pharmaceuticals

Gyre Pharmaceuticals is conducting clinical trials to expand the indications of ETUARY® to the following diseases while prioritizing the clinical trial for F351:

- Diabetic Kidney Disease ("DKD"): Phase 1 clinical trial completed, discussing further steps with Chinese authorities.
- Connective Tissue Diseases Associated Interstitial Lung Disease ("CTD-ILD: SSc-ILD" and "DM-ILD"): Phase 3 clinical trial ongoing.
- Pneumoconiosis ("PD"): Phase 3 clinical trial ongoing.

##### ■ Nintedanib – by Gyre Pharmaceuticals

Nintedanib is a treatment drug for IPF, systemic sclerosis-associated interstitial lung disease (SSc-ILD), and progressive fibrosing interstitial lung disease (PF-ILD). In May 2024, Gyre Pharmaceuticals acquired the rights for manufacturing and sales.

##### ■ F351 (Generic Name: Hydronidone) by Gyre Pharmaceuticals and Gyre Therapeutics

F351 is a crucial drug candidate for the treatment of liver fibrosis in our pharmaceutical portfolio, playing a significant role in our strategy to expand clinical development activities into major global pharmaceutical markets. F351, a derivative of ETUARY®, is evaluated as a potential blockbuster drug.

Phase 3 trial evaluating F351 for the treatment of CHB-associated liver fibrosis remains on track. In October 2023, Gyre Pharmaceuticals completed enrollment of its Phase 3 trial in patients with CHB-associated liver fibrosis in the PRC, and is diligently working to publish top-line data by the end of 2024. Gyre Therapeutics plans to initiate Phase 2a clinical trial in NASH-associated liver fibrosis in 2025.

##### ■ F573 [for Acute Liver Failure ("ALF") and Acute on Chronic Liver Failure ("ACLF")] by Gyre Pharmaceuticals

Gyre Pharmaceuticals is conducting Phase 2 clinical trial in the PRC to assess the safety and efficacy of F573, a caspase inhibitor for the treatment of acute/acute on-chronic liver failure (“ALF/ACLF”).

■F230 [for Pulmonary Arterial Hypertension (“PAH”)] by Gyre Pharmaceuticals

F230 is a treatment for pulmonary arterial hypertension, and Gyre Pharmaceuticals received IND approval in the PRC on May 28, 2024. Preparation is underway for the early start of the Phase 1 clinical trial.

■F528 [for Chronic Obstructive Pulmonary Disease (“COPD”)] by Gyre Pharmaceuticals

Gyre Pharmaceuticals is promoting research and development of F528, a novel anti-inflammation agent that targets the inhibition of multiple inflammatory cytokines and has the potential to modify the progression of COPD.

■CG001419 (TRK degrader) by Cullgen

CG001419 is an oral agent utilizing the industry’s first selective and potent targeted protein degrader. In July 2023, Cullgen initiated its first clinical trial (Phase 1/2) for the TRK degrader in the PRC.

■Other Generic Orphan Drugs by Gyre Pharmaceuticals

Gyre Pharmaceuticals obtained sales approval in June 2024 for avatrombopag maleate tablets, a treatment for thrombocytopenia due to chronic liver disease, to expand their orphan drug pipeline.

The company also aims to acquire the marketing rights for fingolimod hydrochloride tablets, a treatment for multiple sclerosis.

**(4) Outlook for the fiscal year ending December 31, 2024**

Outlook for the full year has not been revised since the release of the “Consolidated Financial Results for FY2023 (IFRS)” on February 14, 2024.

2. Summary of Semi-Annual Consolidated Financial Statements and Major Notes

(1) Summary of semi-annual consolidated statements of financial position

	FY2023 (As of Dec 31, 2023)	Q2 FY2024 (As of Jun 30, 2024)
Thousand yen		
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	5,238,673	5,852,597
Right-of-use assets	814,513	1,039,450
Goodwill	17,261,275	19,738,788
Intangible assets	3,690,331	4,832,568
Investments accounted for using the equity method	360,821	433,608
Deferred income tax assets	304,436	238,751
Other financial assets	3,793,224	5,990,704
Other non-current assets	23,811	19,223
<b>Total non-current assets</b>	<b>31,487,087</b>	<b>38,145,692</b>
Current assets		
Inventories	2,330,622	2,976,150
Trade and other receivables	3,973,476	5,177,582
Other financial assets	1,577,274	4,939,911
Other current assets	1,392,881	1,448,017
Cash and cash equivalents	21,633,028	16,306,208
<b>Total current assets</b>	<b>30,907,282</b>	<b>30,847,870</b>
<b>Total assets</b>	<b>62,394,370</b>	<b>68,993,563</b>
<b>Liabilities and equity</b>		
Non-current liabilities		
Borrowings	1,600,000	1,400,000
Lease liabilities	150,276	257,350
Deferred income tax liabilities	1,173,159	1,422,003
Other financial liabilities	15,139,232	15,353,137
Other non-current liabilities	85,146	79,952
<b>Total non-current liabilities</b>	<b>18,147,815</b>	<b>18,512,444</b>
Current liabilities		
Trade and other payables	2,064,776	2,203,039
Borrowings	1,300,000	3,668,000
Current portion of long-term borrowings	400,000	400,000
Lease liabilities	249,158	294,648
Current tax payable	2,187,700	1,218,991
Other financial liabilities	49,010	1,099,386
Other current liabilities	1,943,131	2,032,755
<b>Total current liabilities</b>	<b>8,193,776</b>	<b>10,916,821</b>
<b>Total liabilities</b>	<b>26,341,592</b>	<b>29,429,265</b>



	FY2023 (As of Dec 31, 2023)	Q2 FY2024 (As of Jun 30, 2024)
<b>Equity</b>		
Share capital	13,052,056	13,218,954
Capital surplus	7,397,974	6,480,860
Treasury shares	(15,302)	(15,302)
Retained earnings	8,790,563	9,120,690
Other components of equity	4,569,122	8,029,714
<b>Total equity attributable to owners of the parent</b>	<b>33,794,414</b>	<b>36,834,916</b>
Non-controlling interests	2,258,363	2,729,380
<b>Total equity</b>	<b>36,052,778</b>	<b>39,564,297</b>
<b>Total equity and liabilities</b>	<b>62,394,370</b>	<b>68,993,563</b>

(2) Summary of semi-annual consolidated statements of income and summary of semi-annual consolidated statements of comprehensive income

**Summary of semi-annual consolidated statements of income**

	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)	Q2 FY2024 YTD (Jan 1, 2024 to Jun 30, 2024)
		Thousand yen
Revenue	14,096,545	11,733,821
Cost of sales	(1,341,214)	(2,165,775)
Gross profit	12,755,330	9,568,045
Selling, general and administrative expenses	(6,179,184)	(7,117,436)
Research and development expenses	(1,253,059)	(1,419,327)
Other income	286,180	1,909,702
Other expenses	(132,791)	(1,178,841)
Operating profit	5,476,475	1,762,142
Finance income	306,524	371,879
Finance costs	(539,038)	(1,343,366)
Share of profit (loss) of invested accounted for using equity method	(126,000)	40,735
Profit before tax	5,117,961	831,391
Income tax expense	(1,103,886)	(905,241)
Profit (loss)	4,014,074	(73,850)
Profit (loss) attributable to:		
Owners of parent	1,658,805	330,126
Non-controlling interests	2,355,269	(403,976)
Earnings per share		
Basic earnings per share (Yen)	34.93	6.61
Diluted earnings per share (Yen)	34.81	6.37

**Summary of semi-annual consolidated statements of comprehensive income**

	Thousand yen	
	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)	Q2 FY2024 YTD (Jan 1, 2024 to Jun 30, 2024)
Profit (loss)	4,014,074	(73,850)
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	897,349	3,312,725
Share of other comprehensive income of entities accounted for using equity method	4,925	39,829
<b>Total other comprehensive income</b>	<b>902,274</b>	<b>3,352,555</b>
Comprehensive income	4,916,349	3,278,705
<b>Comprehensive income attributable to:</b>		
Owners of parent	2,759,653	3,887,790
Non-controlling interests	2,156,696	(609,085)

(3) Summary of semi-annual consolidated statements of changes in equity

Previous semi-annual: Q2 FY2023 (Jan 1, 2023 to Jun 30, 2023)

Thousand yen

	Attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		Total
					Subscription rights to shares	Exch. diff on translation of foreign operations	
Balance as of Jan 1, 2023	10,893,070	6,233,386	(756)	696,360	824,192	2,323,439	3,147,631
Profit	-	-	-	1,658,805	-	-	-
Other comprehensive income	-	-	-	-	-	1,100,848	1,100,848
Total comprehensive income	-	-	-	1,658,805	-	1,100,848	1,100,848
Changes in ownership interest in subsidiaries	-	(791,179)	-	-	-	(32,836)	(32,836)
Issuance of new shares	3,696	3,696	-	-	-	-	-
Share-based payment transactions	-	-	-	-	85,388	-	85,388
Forfeiture of share acquisition rights	-	-	-	-	(21,725)	-	(21,725)
Purchase of treasury shares	-	-	(38)	-	-	-	-
Total amount of transactions with owners	3,696	(787,483)	(38)	-	63,663	(32,836)	30,826
Balance as of Jun 30, 2023	10,896,766	5,445,903	(794)	2,355,166	887,855	3,391,450	4,279,306

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2023	20,969,692	(1,158,724)	19,810,968
Profit	1,658,805	2,355,269	4,014,074
Other comprehensive income	1,100,848	(198,573)	902,274
Total comprehensive income	2,759,653	2,156,696	4,916,349
Changes in ownership interest in subsidiaries	(824,015)	824,015	-
Issuance of new shares	7,392	-	7,392
Share-based payment transactions	85,388	-	85,388
Forfeiture of share acquisition rights	(21,725)	-	(21,725)
Purchase of treasury shares	(38)	-	(38)
Total amount of transactions with owners	(752,998)	824,015	71,017
Balance as of Jun 30, 2023	22,976,347	1,821,987	24,798,335

Current semi-annual: Q2 FY2024 (Jan 1, 2024 to Jun 30, 2024)

Thousand yen

	Attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		
					Subscription rights to shares	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2024	13,052,056	7,397,974	(15,302)	8,790,563	1,503,717	3,065,405	4,569,122
Profit (loss)	-	-	-	330,126	-	-	-
Other comprehensive income	-	-	-	-	-	3,557,663	3,557,663
Total comprehensive income	-	-	-	330,126	-	3,557,663	3,557,663
Change in scope of consolidation	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(1,084,011)	-	-	-	(55,221)	(55,221)
Issuance of new shares	166,898	166,898	-	-	-	-	-
Share-based payment transactions	-	-	-	-	36,203	-	36,203
Issuance of share acquisition rights	-	-	-	-	326	-	326
Exercise of share acquisition rights	-	-	-	-	(74,382)	-	(74,382)
Issuance cost of share acquisition rights	-	-	-	-	(3,998)	-	(3,998)
Total amount of transactions with owners	166,898	(917,113)	-	-	(41,850)	(55,221)	(97,071)
Balance as of Jun 30, 2024	13,218,954	6,480,860	(15,302)	9,120,690	1,461,866	6,567,848	8,029,714

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2024	33,794,414	2,258,363	36,052,778
Profit (loss)	330,126	(403,976)	(73,850)
Other comprehensive income	3,557,663	(205,108)	3,352,555
Total comprehensive income	3,887,790	(609,085)	3,278,705
Change in scope of consolidation	-	91,244	91,244
Changes in ownership interest in subsidiaries	(1,139,232)	988,857	(150,375)
Issuance of new shares	333,796	-	333,796
Share-based payment transactions	36,203	-	36,203
Issuance of share acquisition rights	326	-	326
Exercise of share acquisition rights	(74,382)	-	(74,382)
Issuance cost of share acquisition rights	(3,998)	-	(3,998)
Total amount of transactions with owners	(847,287)	1,080,102	232,814
Balance as of Jun 30, 2024	36,834,916	2,729,380	39,564,297

(4) Summary of semi-annual consolidated statements of cash flows

	Thousand yen	
	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)	Q2 FY2024 YTD (Jan 1, 2024 to Jun 30, 2024)
<b>Cash flows from operating activities</b>		
Profit before tax	5,117,961	831,391
Depreciation	274,252	419,755
Decrease (increase) in trade and other receivables	(4,060,271)	(657,775)
Increase (decrease) in trade and other payables	(332,147)	(97,070)
Decrease (increase) in inventories	109,315	(337,943)
Bonus allowance	(26,766)	(50,713)
Finance income and finance costs	435,807	330,181
Others	228,858	(412,469)
Subtotal	1,747,009	25,356
Interest received	52,577	201,543
Interest paid	(10,965)	(39,488)
Income taxes paid	(916,242)	(1,655,085)
Net cash provided by (used in) operating activities	872,378	(1,467,673)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(1,556,800)	(1,253,523)
Purchase of property, plant and equipment	(601,480)	(304,800)
Purchase of intangible assets	(425,754)	(414,750)
Purchase of investment securities	-	(1,025,672)
Proceeds from sale of investment securities	-	191,560
Increase of leasehold and guarantee deposits	(3,625)	(2,714,945)
Collection of loans receivable	2,371	-
Net cash provided by (used in) investing activities	(2,585,288)	(5,522,132)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	800,000	2,368,000
Repayments of long-term borrowings	-	(200,000)
Proceeds from issuance of share acquisition rights	-	326
Capital contribution from non-controlling interests	3,239,999	628,389
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(3,269,100)
Proceeds from exercise of share acquisition rights	-	474,660
Repayments of lease liabilities	(97,079)	(187,874)
Purchase of treasury shares	(38)	-
Net cash provided by (used in) financing activities	3,942,881	(185,598)
Effect of exchange rate changes on cash and cash equivalents	797,472	1,848,584
Net increase (decrease) in cash and cash equivalents	3,027,443	(5,326,819)
Cash and cash equivalents at beginning of period	11,049,310	21,633,028
Cash and cash equivalents at end of period	14,076,753	16,306,208

(5) Notes to the summary of semi-annual consolidated financial statements

(Notes related to going concern assumptions)

Not applicable.

(Basis of preparation)

(1) Matters relating to IFRS

The Group's semi-annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards No.34 "Interim Financial Reporting".

The Group meets the requirements of "Designated International Accounting Standards Specified Company" listed in Article 1-2 of "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (1976 Ministry of Finance Order No. 28). Therefore, the provisions of Article 312 of the same are applied.

The Group's semi-annual consolidated financial statements do not include all the information required by the annual consolidated financial statements and should be used in conjunction with the Group's consolidated financial statements for the fiscal year ended December 31, 2023.

(2) Functional currency and presentation currency

The Group's semi-annual consolidated financial statements are presented in Japanese yen, its functional currency. Figures of less than one thousand yen are rounded down.

(Segment information)

(1) Reportable segments

Of its business structure, the Group's reportable segments, from which separate financial data can be obtained, are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of resources and assessing performance.

The Group has two business segments: the Pharmaceutical Segment consisting of drug development, manufacturing, and sales activities as well as contracted research operations; and the Medical Device Segment consisting of development, manufacturing and sales activities of medical devices, including biomaterials.

The major products in each reportable segment are as follows.

Reportable segment	Company name	Main product
Pharmaceuticals	GNI Group Ltd.; Gyre Pharmaceuticals Co., Ltd.; Shanghai Genomics, Inc.; Shanghai Genomics Technology, Ltd.; GNI Hong Kong Limited; GNI USA, Inc.; Cullgen Inc.; Cullgen (Shanghai), Inc.; SHANGHAI RUI FU INTERNATIONAL TRADE CO., LTD.; Gyre Therapeutics, Inc.	ETUARY®, drug discovery and development, reagents, etc.
Medical Device	Berkeley Advanced Biomaterials LLC; Micren Healthcare Co., Ltd.; Berkeley Biologics LLC	Biomaterials, Designated Marketing Authorization Holder (DMAH) and in-country caretaker (ICC) service

(2) Revenue and profit by reportable segments

Information about the Group's reportable segments is as follows.

Previous semi-annual: Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)

Thousand yen

	Reportable segments			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	12,768,126	1,328,418	14,096,545	-	14,096,545
(2) Intra-segment revenue and transfers	-	23,197	23,197	(23,197)	-
Total	12,768,126	1,351,615	14,119,742	(23,197)	14,096,545
Segment profit	4,964,402	512,073	5,476,475	-	5,476,475
				Finance income	306,524
				Finance costs	(539,038)
				Share of loss of entities accounted for using equity method	(126,000)
				Profit before tax	5,117,961

Notes: 1. The adjustment of revenue reflects intra-segment revenue.

2. The segment profit reflects the operating profit in the summary of the consolidated statements of income.

Current semi-annual: Q2 FY2024 YTD (Jan 1, 2024 to Jun 30, 2024)

Thousand yen

	Reportable segments			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	9,145,014	2,588,807	11,733,821	-	11,733,821
(2) Intra-segment revenue and transfers	-	-	-	-	-
Total	9,145,014	2,588,807	11,733,821	-	11,733,821
Segment profit	1,086,200	675,942	1,762,142	-	1,762,142
				Finance income	371,879
				Finance costs	(1,343,366)
				Share of profit of entities accounted for using equity method	40,735
				Profit before tax	831,391

Notes: 1. Intra-segment revenue and transfers are based on arm's-length prices.

2. The adjustment of revenue reflects intra-segment revenue.

3. The segment profit reflects the operating profit in the summary of the consolidated statements of income.

(Important subsequent events)

Not applicable.