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 Q1 FY2026 (IFRS)

May 15, 2026

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		
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Scheduled dividend payment commencement date: -
Supplementary materials prepared for financial results: Yes
Holding of a financial result briefing meeting: No

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

1. Consolidated Financial Results for Q1 FY2026 (January to March)

(1) Q1 FY2026 Consolidated Operating Results

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

	Revenue		Operating profit		Pre-tax profit		Profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 FY2026	5,526	3.9	(2,749)	-	(3,187)	-	(3,376)	-	(2,127)	-	(2,101)	-
Q1 FY2025	5,320	(10.6)	(772)	-	(837)	-	(1,266)	-	(530)	-	(3,524)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2026	(38.20)	(38.20)
Q1 FY2025	(10.57)	(10.57)

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent	Total equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
Q1 FY2026	82,595	50,519	50,030	60.6	897.34
FY2025	83,791	51,842	50,320	60.1	903.93

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2025	-	-	-	0.00	0.00
FY2026	-				
FY2026 (Forecast)		-	-	0.00	0.00

Note: Amendment from the forecast most recently published: No

3. Consolidated Earnings Forecasts for FY2026 (January to December)

(Percentages are shown as year on year changes)

	Revenue		Operating profit		Pre-tax profit		Profit for the year		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2026	27,158	1.2	-	-	-	-	-	-	-	-	-

Note: Amendment from the forecast most recently published: No

Note: For the consolidated earnings forecast for the fiscal year ending December 31, 2026, the Company has disclosed only “revenue,” taking into account uncertain factors such as the impact on financial results associated with the reorganization of subsidiaries and upfront investments toward new drug approval. For details, please refer to “1. Analysis of Operating Results and Financial Position (5) Outlook for the Fiscal Year Ending December 31, 2026” of the attached materials.

Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Changes in Accounting Policies and Changes in Accounting Estimates
- ① Changes in accounting policies that are required under IFRS: Yes
- 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)	Q1 FY2026	55,767,545 shares	FY2025	55,682,069 shares
② Number of treasury shares as of the end of the period	Q1 FY2026	13,643 shares	FY2025	13,643 shares
③ Average number of shares for the period	Q1 FY2026	55,695,780 shares	Q1 FY2025	50,182,842 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* 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.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

For the first quarter of the fiscal year ending December 31, 2026, the consolidated financial results of GNI Group Ltd. (the "Company") and its affiliated companies (collectively, the "Group") reflected the impact of the M&A transaction conducted in the fourth quarter of 2025, with revenue increasing by JPY 206 million year on year to JPY 5,526 million.

In the Pharmaceutical Business, revenue increased year on year, driven by steady sales of the Company's mainstay product, ETUARY™, as well as promotional activities for Etorel™ and Contiva™, both of which were launched in the previous fiscal year.

Gyre Pharmaceuticals Co., Ltd. (Beijing Continent) ("Gyre Pharmaceuticals"), a major subsidiary of the Group, submitted a New Drug Application (NDA) to the National Medical Products Administration (NMPA) in China in March 2026 for F351, the Group's next mainstay product candidate, for the indication of liver fibrosis associated with chronic hepatitis B. The application received formal acceptance notification in May 2026. F351 was designated as a Breakthrough Therapy by the Center for Drug Evaluation (CDE) in China in 2021. Following the announcement of positive Phase 3 clinical trial results in May 2025 and prior consultations with the CDE, F351 was granted priority review designation in March 2026. The priority review system applies to new drugs with extremely high clinical value, and the application is expected to be reviewed on a shortened timeline compared with the standard review period.

In addition, F351 is a new drug candidate expected to be developed not only in China but also globally. Gyre Therapeutics, Inc. (Nasdaq: GYRE) ("Gyre"), the Company's subsidiary listed on the Nasdaq market in the United States, expects to submit an IND (investigational new drug) application by the end of 2026 to initiate a Phase 2 clinical trial in the United States for F351 for the indication of liver fibrosis associated with MASH (metabolic dysfunction-associated steatohepatitis).

Cullgen Inc. ("Cullgen"), the Company's U.S. subsidiary that drives the Group's Drug Discovery Business, is advancing the development of next-generation drug candidates, including targeted protein degraders (TPDs) and degrader-antibody conjugates (DACs), by leveraging its proprietary uSMITE™ (ubiquitin-mediated, small molecule induced target elimination) targeted protein degradation technology platform.

Cullgen is conducting a Phase 1/2 clinical trial in China for CG001419, its first TRK-targeting oncology drug candidate. In addition, Cullgen reported positive results in December 2025 from a Phase 1 clinical trial for acute and chronic pain as an additional indication and plans to initiate a Phase 2 clinical trial in the United States in the first half of 2026 for acute pain following bunionectomy. Furthermore, Cullgen has been conducting a Phase 1 clinical trial since April 2025 for CG009301, a drug candidate for hematologic malignancies (leukemia) that is being developed in China and the United States. Research and development activities are also underway for multiple other programs with the aim of initiating clinical trials.

In May 2026, Gyre made Cullgen its wholly owned subsidiary. Following the completion of the acquisition, Gyre will develop into a fully integrated biopharmaceutical company based in the United States and China, with revenue-generating commercial assets and a pipeline of products and development candidates across multiple therapeutic areas, primarily fibrosis and inflammatory diseases.

As both companies are subsidiaries of the Group, this transaction is expected to further accelerate pipeline development and strengthen the Group's research and development and business operation capabilities, with the aim of enhancing its medium- to long-term corporate value as a global biopharmaceutical company.

In the MedTech Business, in addition to the existing businesses of Berkeley Advanced Biomaterials LLC ("BAB") and Berkeley Biologics LLC ("BB"), which operate biomaterials businesses in the United States, the results of ZOO LABO Inc. ("ZOO LABO"), which became a consolidated subsidiary in December 2025, contributed to performance. As a result, revenue in this business increased year on year and reached a record high for the first quarter.

① Operating Results by Segment

Pharmaceutical Segment

Revenue and segment loss in the Pharmaceutical segment for Q1 FY2026 amounted to ¥3,973 million (up 1.4% YoY) and ¥2,408 million (compared with segment loss of ¥887 million in the same period of the previous year), respectively. Revenue in the Pharmaceutical segment remained at the same level as the previous year, supported by a recovery in sales of ETUARY™, a key

product of Gyre Pharmaceuticals, in the China market. Meanwhile, the decrease in segment profit was due to increased operating expenses. The main factors contributing to the increase in operating expenses were as follows:

i. An increase in initial preparation costs, including promotional expenses, for the commercialization of F351
ii. An increase in research and development expenses associated with the U.S. IND application for F351
iii. The incurrence of one-off advisory and related expenses associated with the acquisition of Cullgen, aimed at improving group management efficiency and strengthening the business foundation
iv. An increase in share-based compensation expenses provided as incentives to secure personnel responsible for the Group's medium- to long-term growth

Medical Device Segment

Revenue and segment loss in the Medical Device segment for Q1 FY2026 amounted to ¥1,553 million (up 10.9% YoY) and ¥341 million (compared with segment profit of ¥115 million in the same period of the previous year), respectively. The increase in revenue in the Medical Device segment was attributable to the contribution of ZOO LABO, which became a consolidated subsidiary in December 2025. The decrease in segment profit was mainly due to increased expenses associated with the launch of two new businesses.

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

Million yen

	Q1 FY2025	Q1 FY2026	Difference
Selling, general and administrative expenses	(3,827)	(5,459)	(1,632)
Personnel expenses	(1,372)	(2,018)	(646)
Research and development expenses	(806)	(1,053)	(246)

Selling, general and administrative (SG&A) expenses for Q1 FY2026 were ¥5,459 million, up 42.7% YoY. The increase in selling, general and administrative expenses was mainly attributable to higher initial preparation costs, including promotional expenses for the commercialization of F351 at Gyre Pharmaceuticals, as well as the incurrence of one-off advisory and related expenses associated with the acquisition of Cullgen.
Personnel expenses for Q1 FY2026 amounted to ¥2,018 million, up 47.1% YoY. The increase in personnel expenses was mainly attributable to higher share-based compensation expenses provided as incentives to secure personnel responsible for the Group's medium - to long-term growth.
Research and development (R&D) expenses for Q1 FY2026 were ¥1,053 million, up 30.6% YoY. The increase in research and development expenses was attributable to increased non-clinical activity costs associated with the U.S. IND application for F351.

③ Finance Income and Finance Costs

Million yen

	Q1 FY2025	Q1 FY2026	Difference
Finance income	375	135	(240)
Finance costs	(428)	(588)	(159)

Finance income

Finance income for Q1 FY2026 was ¥135 million, down 64.0% YoY. This decrease in finance income was mainly due to a reduction in foreign exchange gains resulting from yen depreciation.

Finance costs

Finance costs for Q1 FY2026 were ¥588 million, up 37.2% YoY. The increase in finance costs was mainly attributable to higher non-cash interest expenses at Cullgen, as well as increased foreign exchange losses resulting from yen depreciation.

(2) Analysis of Financial Position

Summary of Consolidated Financial Position

Million yen

	As of December 31, 2025	As of March 31, 2026	Difference
Total assets	83,791	82,595	(1,195)
Total liabilities	31,948	32,076	127
Total equity	51,842	50,519	(1,323)

Total assets

As of March 31, 2026, the total assets stood at ¥82,595 million, down 1.4% compared to the previous fiscal year end. This decrease in assets was mainly due to a reduction in trade and other receivables.

Total liabilities

As of March 31, 2026, the total liabilities stood at ¥32,076 million, up 0.4% compared to the previous fiscal year end. This increase in liabilities was mainly due to an increase in non-current other financial liabilities.

Total equity

As of March 31, 2026, the total equity stood at ¥50,519 million, down 2.6% compared to the previous fiscal year end. This decrease in equity was mainly due to a reduction in retained earnings.

(3) Analysis of Cash Flows

Summary of Consolidated Cash Flows

Million yen

	Q1 FY2025	Q1 FY2026	Difference
Cash flows from operating activities	(287)	(415)	(127)
Cash flows from investing activities	1,151	(916)	(2,067)
Cash flows from financing activities	(619)	(139)	480

Cash flows from operating activities

The cash flow from operating activities was ¥415 million (cash outflow) in Q1 FY2026 (¥287 million cash outflow in Q1 FY2025), mainly due to income tax payments.

Cash flows from investing activities

The cash flow from investing activities was ¥916 million (cash outflow) in Q1 FY2026 (¥1,151 million cash inflow in Q1 FY2025), mainly due to development-related expenditures associated with the Phase 3c clinical trial for F351.

Cash flows from financing activities

The cash flow from financing activities was ¥139 million (cash outflow) in Q1 FY2026 (¥619 million cash outflow in Q1 FY2025), mainly due to repayments of long-term borrowings.

(4) Research and Development Activities

[Research activities]

In the Group’s drug discovery research, the Group aims to develop innovative new chemical entities (NCEs), primarily through Cullgen. Cullgen is advancing research and development to expand its drug discovery pipeline, which includes multiple novel compounds targeting enzymatic and non-enzymatic proteins for cancer, pain, and autoimmune diseases.

[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:

・Diabetic nephropathy (DKD): Phase 1 clinical trials completed, discussing further steps with Chinese authorities

・Connective Tissue Diseases Associated Interstitial Lung Disease (CTD-LID) (systemic sclerosis (SSc-ILD) and dermatomyositis (DM-ILD): Phase 3 clinical trials ongoing
・Pneumoconiosis treatment drug (Pneumoconiosis, PD): Phase 3 clinical trial ongoing, with completion expected in the third quarter of 2026.
・radiation-induced lung injury (RILI), with or without checkpoint inhibitor pneumonitis (CIP): An adaptive Phase 2/3 clinical trial was initiated in April 2026, and the first patient has been enrolled.

■ F351 (Generic name: Hydronidone) - Gyre Pharmaceuticals and Gyre
F351 is a potential treatment for liver fibrosis and an important new drug candidate in our pharmaceutical portfolio, and is highly significant to the Group's strategy for entering major global pharmaceutical markets.
Based on the Company's own view, F351 is expected to become a potential blockbuster drug candidate, generally defined as a pharmaceutical product with annual sales exceeding USD 1 billion.
In May 2025, Gyre Pharmaceuticals announced positive results from a Phase 3 clinical trial in patients with liver fibrosis associated with chronic hepatitis B in China. The New Drug Application (NDA) submitted to the CDE was accepted in May 2026. F351 is expected to undergo review under the priority review system going forward.
Gyre plans to submit an IND application in 2026 to initiate a Phase 2 clinical trial in the United States for F351 for the indication of MASH (metabolic dysfunction-associated steatohepatitis)-associated liver fibrosis.

■ F573 [for Acute Liver Failure (ALF) and Acute on Chronic Liver Failure (ACLF)] - Gyre Pharmaceuticals
Gyre Pharmaceuticals is conducting the Phase 2 clinical trial of F573 as a treatment for ALF/ACLF.

■ F230 [for Pulmonary Arterial Hypertension (PAH)] - Gyre Pharmaceuticals
F230 is a therapeutic candidate for pulmonary arterial hypertension. In May 2024, Gyre Pharmaceuticals received IND clearance in China and initiated a Phase 1 clinical trial in June 2025.

■F528 [for Chronic Obstructive Pulmonary Disease (COPD)] - Gyre Pharmaceuticals and Gyre
F528 is a novel anti-inflammatory agent that suppresses multiple inflammatory cytokines, and Gyre Pharmaceuticals is conducting research and development of it as a new drug candidate that may reduce the progression of COPD. Gyre plans to submit an IND application in the first quarter of 2027.

■ CG001419 (TRK degrader) - Cullgen
CG001419 is an oral drug utilizing the industry's first selective and potent targeted protein degrader. Cullgen is conducting its first Phase 1/2 clinical trial in China for solid tumors. In addition, a Phase 1 clinical trial for acute and chronic pain was completed in Australia in December 2025, and Cullgen plans to initiate a Phase 2 clinical trial in the United States in the first half of 2026 for acute pain following bunionectomy.

■ CG009301 (malignant hematologic tumor (leukemia) treatment) – Cullgen
CG009301 is a novel degrader targeting the GSPT1 protein, and the National Medical Products Administration (NMPA) approved the IND in October 2024, and the first clinical trial was initiated in April 2025.

(5) Outlook for the Fiscal Year Ending December 31, 2026
For the consolidated financial forecast for the fiscal year ending December 31, 2026, the Company discloses only revenue.
The Group is optimizing its post-integration research and development policy, development schedule, priorities, and resource allocation following Gyre's acquisition of Cullgen as a wholly owned subsidiary. In addition, following the acceptance of the NDA for F351 by the CDE in May 2026, the Group will continue preparations toward future approval and commercialization.
The Group intends to make flexible decisions regarding research and development investments and upfront investments to address these growth opportunities, taking into account the progress of development and regulatory review, as well as market conditions. Accordingly, the timing and scale of such investments remain subject to change at this time.
In addition, as the Group is currently reviewing strategic investments in the MedTech business and the one-time accounting impact associated with the Cullgen acquisition, the Company has determined that it is difficult at this time to reasonably estimate the impact on its financial results. Therefore, the Company has decided to refrain from disclosing financial forecasts other than revenue.

2. Summary of Quarterly Consolidated Financial Statements and Major Notes

(1) Summary of Quarterly Consolidated Statements of Financial Position

Million yen

	FY2025 (As of Dec 31, 2025)	Q1 FY2026 (As of Mar 31, 2026)
Assets		
Non-current assets		
Property, plant and equipment	5,717	5,806
Right-of-use assets	1,784	1,778
Goodwill	16,648	16,980
Intangible assets	12,347	13,263
Investments accounted for using the equity method	391	427
Deferred tax assets	348	306
Other financial assets	5,738	6,598
Other non-current assets	81	82
Total non-current assets	43,057	45,245
Current assets		
Inventories	3,752	4,119
Trade and other receivables	8,056	6,219
Other financial assets	6,898	6,104
Other current assets	924	1,037
Cash and cash equivalents	21,101	19,869
Total current assets	40,734	37,350
Total assets	83,791	82,595
Liabilities and equity		
Non-current liabilities		
Borrowings	2,020	1,816
Lease liabilities	992	949
Deferred tax liabilities	2,033	2,068
Other financial liabilities	16,825	17,590
Other non-current liabilities	481	490
Total non-current liabilities	22,354	22,917
Current liabilities		
Trade and other payables	1,600	1,217
Borrowings	1,325	1,300
Current portion of long-term borrowings	686	711
Lease liabilities	342	395
Current tax payable	2,947	2,542
Other financial liabilities	4	2
Other current liabilities	2,688	2,990
Total current liabilities	9,594	9,159
Total liabilities	31,948	32,076
Equity		
Share capital	19,676	19,732
Capital surplus	15,773	15,845
Treasury shares	(15)	(15)
Retained earnings	5,644	3,516
Other components of equity	9,240	10,950
Total equity attributable to owners of parent	50,320	50,030
Non-controlling interests	1,522	489
Total equity	51,842	50,519
Total equity and liabilities	83,791	82,595

(2) Summary of Quarterly Consolidated Statements of Income and Summary of Quarterly Consolidated Statements of Comprehensive Income

Summary of Quarterly Consolidated Statements of Income

Million yen

	Q1 FY2025 (Jan 1, 2025 to Mar 31, 2025)	Q1 FY2026 (Jan 1, 2026 to Mar 31, 2026)
Revenue	5,320	5,526
Cost of sales	(1,203)	(1,500)
Gross profit	4,116	4,025
Selling, general and administrative expenses	(3,827)	(5,459)
Research and development expenses	(806)	(1,053)
Other income	410	97
Other expenses	(665)	(359)
Operating profit (loss)	(772)	(2,749)
Finance income	375	135
Finance costs	(428)	(588)
Share of profit (loss) of investments accounted for using equity method	(12)	15
Profit (loss) before tax	(837)	(3,187)
Income tax expense	(428)	(189)
Profit (loss)	(1,266)	(3,376)
Profit (loss) attributable to:		
Owners of parent	(530)	(2,127)
Non-controlling interests	(735)	(1,248)
Earnings per share		
Basic earnings per share (loss) (Yen)	(10.57)	(38.20)
Diluted earnings per share (loss) (Yen)	(10.57)	(38.20)

Summary of Quarterly Consolidated Statements of Comprehensive Income

Million yen

	Q1 FY2025 (Jan 1, 2025 to Mar 31, 2025)	Q1 FY2026 (Jan 1, 2026 to Mar 31, 2026)
Profit (loss)	(1,266)	(3,376)
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	(2,238)	1,260
Share of other comprehensive income of investments accounted for using equity method	(19)	14
Total other comprehensive income	(2,258)	1,275
Comprehensive income	(3,524)	(2,101)
Comprehensive income attributable to:		
Owners of parent	(2,565)	(1,076)
Non-controlling interests	(958)	(1,024)

(3) Summary of Quarterly Consolidated Statements of Changes in Equity

Previous quarter: Q1 FY2025 (Jan 1, 2025 to Mar 31, 2025)

Million yen

	Attributable to owners of the parent						
					Other components of equity		
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2025	13,276	6,626	(15)	9,888	1,616	5,052	6,669
Profit (loss)	-	-	-	(530)	-	-	-
Other comprehensive income	-	-	-	-	-	(2,035)	(2,035)
Total comprehensive income	-	-	-	(530)	-	(2,035)	(2,035)
Changes in ownership interest in subsidiaries	-	(33)	-	-	-	-	-
Issuance of new shares	45	45	-	-	-	-	-
Issuance cost of shares	(0)	(0)	-	-	1	-	1
Share-based payment transactions	-	-	-	-	159	-	159
Exercise of share acquisition rights	-	-	-	-	(0)	-	(0)
Issuance cost of share acquisition rights	-	-	-	-	(0)	-	(0)
Purchase of treasury shares	-	-	(0)	-	-	-	-
Total amount of transactions with owners	45	11	(0)	-	159	-	159
Balance as of Mar 31, 2025	13,322	6,638	(15)	9,358	1,776	3,017	4,794

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2025	36,446	3,267	39,713
Profit (loss)	(530)	(735)	(1,266)
Other comprehensive income	(2,035)	(222)	(2,258)
Total comprehensive income	(2,565)	(958)	(3,524)
Changes in ownership interest in subsidiaries	(33)	252	219
Issuance of new shares	91	-	91
Issuance cost of shares	-	-	-
Share-based payment transactions	159	-	159
Exercise of share acquisition rights	(0)	-	(0)
Issuance cost of share acquisition rights	(0)	-	(0)
Purchase of treasury shares	(0)	-	(0)
Total amount of transactions with owners	217	252	469
Balance as of Mar 31, 2025	34,097	2,561	36,659

Current quarter: Q1 FY2026 (Jan 1, 2026 to Mar 31, 2026)

Million yen

	Attributable to owners of the parent						
					Other components of equity		
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2026	19,676	15,773	(15)	5,644	3,735	5,505	9,240
Profit (loss)	-	-	-	(2,127)	-	-	-
Other comprehensive income	-	-	-	-	-	1,050	1,050
Total comprehensive income	-	-	-	(2,127)	-	1,050	1,050
Changes in ownership interest in subsidiaries	-	15	-	-	-	-	-
Issuance of new shares	56	56	-	-	-	-	-
Share-based payment transactions	-	-	-	-	663	-	663
Exercise of share acquisition rights	-	-	-	-	(4)	-	(4)
Issuance cost of share acquisition rights	-	-	-	-	(0)	-	(0)
Total amount of transactions with owners	56	71	-	-	658	-	658
Balance as of Mar 31, 2026	19,732	15,845	(15)	3,516	4,393	6,556	10,950

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2026	50,320	1,522	51,842
Profit (loss)	(2,127)	(1,248)	(3,376)
Other comprehensive income	1,050	224	1,275
Total comprehensive income	(1,076)	(1,024)	(2,101)
Changes in ownership interest in subsidiaries	15	(8)	6
Issuance of new shares	112	-	112
Share-based payment transactions	663	-	663
Exercise of share acquisition rights	(4)	-	(4)
Issuance cost of share acquisition rights	(0)	-	(0)
Total amount of transactions with owners	786	(8)	778
Balance as of Mar 31, 2026	50,030	489	50,519

(4) Summary of Quarterly Consolidated Statements of Cash Flows

Million yen

	Q1 FY2025 (Jan 1, 2025 to Mar 31, 2025)	Q1 FY2026 (Jan 1, 2026 to Mar 31, 2026)
Cash flows from operating activities		
Profit (loss) before tax	(837)	(3,187)
Depreciation	280	309
Decrease (increase) in trade and other receivables	517	2,148
Increase (decrease) in trade and other payables	(846)	(365)
Decrease (increase) in inventories	(550)	(262)
Increase (decrease) in provision for bonus	(47)	(7)
Finance income and finance costs	289	306
Loss (gain) on valuation in securities	306	195
Other	692	824
Subtotal	(195)	(38)
Interest received	152	195
Interest paid	(36)	(39)
Income taxes paid	(208)	(532)
Net cash provided by (used in) operating activities	(287)	(415)
Cash flows from investing activities		
Net decrease (increase) in time deposits	-	(453)
Proceeds from sale and redemption of securities	-	470
Purchase of property, plant and equipment	(32)	(91)
Purchase of intangible assets	(339)	(842)
Purchase of investment securities	(13)	-
Increase of leasehold and guarantee deposits	(4)	-
Decrease of leasehold and guarantee deposits	1,540	-
Net cash provided by (used in) investing activities	1,151	(916)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(625)	(25)
Repayments of long-term borrowings	(100)	(179)
Capital contribution from non-controlling interests	77	3
Proceeds from exercise of share acquisition rights	94	136
Repayments of lease liabilities	(66)	(74)
Purchase of treasury shares	(0)	-
Net cash provided by (used in) financing activities	(619)	(139)
Effect of exchange rate changes on cash and cash equivalents	(427)	238
Net increase (decrease) in cash and cash equivalents	(183)	(1,232)
Cash and cash equivalents at beginning of period	10,115	21,101
Cash and cash equivalents at end of period	9,931	19,869

(5) Notes to the Summary of Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Basis of Preparation)

(1) Framework of Financial Report

The Group's summary of quarterly consolidated financial statements are prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements, omitting certain disclosures under Article 5, Paragraph 5 of the Standards for the Preparation of Quarterly Financial Statements.

The Group's summary of quarterly 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, 2025.

(2) Functional Currency and Presentation Currency

The Group's summary of quarterly consolidated financial statements are presented in Japanese yen, its functional currency. Figures of less than one million yen are rounded down.

(Changes in Accounting Policies)

The Group has applied the following standard from the first quarter of the current fiscal year. Except for this standard, the accounting policies applied in these summary of quarterly consolidated financial statements are consistent with those applied in the consolidated financial statements for the previous fiscal year. The application of this standard did not have a material impact on the Group's summary of quarterly consolidated financial statements.

Standard	Title	Mandatory Effective Date (Fiscal Years Beginning on or after)	Fiscal Year of Adoption by the Group	Outline of New or Amended Standards
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	1 January 2026	FY2026	Clarification of the Classification and Measurement of Financial Instruments and Disclosure Requirements for Investments in Equity Instruments

(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 reportable 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 and services in each reportable segment are as follows.

Reportable segment	Main product and services
Pharmaceutical	ETUARY™, Etorel™, Contiva™, drug discovery and development, reagents, etc.
Medical Device	Biomaterials, Designated Marketing Authorization Holder and in-country caretaker service, Manufacture of dental prosthetics, CAD/CAM-based dental laboratory operations, and Dental clinic consulting services

(2) Revenue and profit by reportable segments

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

Previous quarter: Q1 FY2025 (Jan 1, 2025 to Mar 31, 2025)

Million yen

	Reportable segments			Consolidated
	Pharmaceutical	Medical Device	Total	
Revenue				
Revenue to outside customers	3,919	1,400	5,320	5,320
Total	3,919	1,400	5,320	5,320
Segment profit (loss)	(887)	115	(772)	(772)
			Finance income	375
			Finance costs	(428)
			Share of profit (loss) of investments accounted for using equity method	(12)
			Profit (loss) before tax	(837)

Notes: The segment profit (loss) represents operating profit (loss) in the summary of quarterly consolidated statements of income.

Current quarter: Q1 FY2026 (Jan 1, 2026 to Mar 31, 2026)

Million yen

	Reportable segments			Consolidated
	Pharmaceutical	Medical Device	Total	
Revenue				
Revenue to outside customers	3,973	1,553	5,526	5,526
Total	3,973	1,553	5,526	5,526
Segment profit (loss)	(2,408)	(341)	(2,749)	(2,749)
			Finance income	135
			Finance costs	(588)
			Share of profit (loss) of investments accounted for using equity method	15
			Profit (loss) before tax	(3,187)

Notes: The segment profit (loss) represents operating profit (loss) in the summary of quarterly consolidated statements of income.

(Significant Subsequent Events)

(Transactions under Common Control)

Gyre, a consolidated subsidiary of the Company, completed the acquisition of Cullgen, also a consolidated subsidiary of the Company, on May 4, 2026 (U.S. time), pursuant to the acquisition agreement entered into on March 2, 2026 (the "Transaction"), making Cullgen a wholly owned subsidiary of Gyre.

(1) Overview of the Transaction

① Name and business description of the entity involved in the business combination
Name: Cullgen Inc.
Business description: Research and development of biopharmaceutical products

② Date of business combination
May 4, 2026

③ Legal form of the business combination
Acquisition of shares from non-controlling shareholders through a share exchange

④ Name of the entity after the business combination
There will be no change.

⑤ Reason for the business combination
The purpose of the Transaction is to establish a business foundation that will enable the combined Gyre to grow globally as a fully integrated biopharmaceutical company based in the United States and China. Following the completion of the acquisition, Gyre will have revenue-generating commercial assets as well as a robust product and development pipeline covering multiple therapeutic areas, primarily fibrosis and inflammatory diseases. In addition, by leveraging its innovation platform in China, Gyre will be able to advance the discovery and early-stage development of targeted protein degraders (TPDs) and degrader-antibody conjugates (DACs) in a cost-efficient manner. Furthermore, the combination of an enhanced U.S. management team and its business platform in China is expected to establish a structure that supports future global expansion.

(2) Impact on Consolidated Financial Results
The impact of the completion of the Transaction on the consolidated statements of financial position and the consolidated statements of income is currently being calculated.