

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 FY2022 (IFRS)

May 16, 2022

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 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 Q1 FY2022 (January to March)

(1) Q1 FY2022 Consolidated Operating Results

(Percentages are shown as year on year changes)

	Revenue		Operating income		Pre-tax profit		Quarterly profit		Quarterly profit attributable to owners of the parent		Quarterly comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 FY2022	3,933	1.6	478	(38.1)	347	(48.6)	72	(83.4)	351	(18.8)	1,101	(9.2)
Q1 FY2021	3,872	82.2	773	85.7	676	73.0	435	68.7	432	226.8	1,212	978.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2022	7.40	7.36
Q1 FY2021	9.50	9.12

(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
Q1 FY2022	32,590	20,473	20,321	62.4	428.17
FY2021	30,296	19,266	18,860	62.3	397.38

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	–	–	–	0.00	0.00
FY2022	–	–	–	–	–
FY2022 (Forecast)	–	–	–	0.00	0.00

Note: Amendment from the forecast most recently published: No change

3. Consolidated Earnings Forecasts for FY2022 (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
FY2022	16,334	28.7	1,815	11.7	988	(10.7)	36	(33.3)	961	(9.8)	20.49

(Note) Amendment from the forecast most recently published: No

Notes:

- (1) Changes in Significant Subsidiaries during the Period under Review: N.A.
 (Changes in specified subsidiaries resulting in a change in the scope of consolidation)
 New: — Excluded: —

- (2) Changes in Accounting Policies and Changes in Accounting Estimates
 ① Changes in accounting policies that are required under IFRS: N.A.
 ② Changes in accounting policies other than ①: N.A.
 ③ Changes in accounting estimates: N.A.

- (3) Number of Shares Issued (Common Stock)

① Number of shares issued as of the end of the period (including treasury stock)	Q1 FY2022	47,462,943 shares	FY2021	47,462,943 shares
② Number of treasury stock as of the end of the period	Q1 FY2022	1,313 shares	FY2021	1,313 shares
③ Average number of shares for the period	Q1 FY2022	47,461,630 shares	Q1 FY2021	45,543,694 shares

* This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

* 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, 2022."

The Group is planning to conduct a corporate presentation meeting for institutional investors and analysts on May 19, 2022. Briefing materials used at that session will be posted on the Group's website as soon as practicable after the meeting.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

During the first quarter of FY2022, COVID-19 pandemic continues to affect many industry sectors in the world and disrupt global supply chains. Geopolitical tensions and rising inflation rates in major economies have also made the business environment ever more challenging. Although 2021 has been a relatively quiet year in China, we have seen COVID-19 cases sprouting up in many areas of China which resulted in hospital, and sometimes a whole city, lockdown. Also, fast depreciation of Japanese Yen further complicates the predictability of our operation results.

Even in such challenging environment, GNI Group (hereinafter referred to as the Group) posted revenue of ¥3.9 billion, 1.6% above Q1 FY2021. The smaller year-over-year (hereinafter YoY) increase than the recent past was due to the much higher revenue in Q1 FY2021 thanks to a special marketing campaign which Beijing Continent Pharmaceutical Co., Ltd (hereinafter referred to as BC) undertook. Operating profit was ¥478 million for the quarter, a decrease of 38.1% YoY. Decrease in operating profit was mainly due to higher R&D expenses in both BC and Cullgen Inc. (hereinafter referred to as Cullgen) and also higher SG&A expenses related to BC's IPO preparation. The Group's quarterly profit was ¥72 million, a decrease of 83.4% from Q1 FY2021, largely due to non-cash accrual of interest expenses associated with financing of Cullgen in 2020.

BC's performance in this quarter was stable. Although their quarterly revenue declined YoY, operating profit, profit before tax, and profit after tax increased YoY. Due to the IPO preparation in BC, we will not further disclose detailed financial numbers of BC.

Berkeley Advanced Biomaterials LLC (hereinafter referred to as BAB) in the US has been recovering strongly from COVID-19. All items on their income statement, from quarterly revenues to profit, increased YoY.

Cullgen continued to focus on R&D in the US and China and have been making steady progress towards IND (Investigational New Drug) filing of its first cancer drug.

① Operating results by segment

Pharmaceutical Segment

Revenue from the Group's main drug product ETUARY® in the Chinese market continued to be strong. The Pharmaceutical Segment had ¥3.4 billion in revenue, roughly the same YoY. The Pharmaceutical Segment's operating profit was ¥223 million, a decrease of 62.8% YoY. The decrease in the operating profit was due to continuing expansion of sales and marketing force and R&D resources in BC as well as BC's one-time IPO-related expenses.

Medical Device Segment

In the US, Medical Device Segment has recovered strongly to post revenue of ¥531 million, 14.8% increase YoY, and operating profit of ¥255 million, 47.4% increase YoY. These were thanks to the recovery in the number of surgeries and biologics treatments as the US market goes back to normal.

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

	Thousand yen		
	Q1 FY2021	Q1 FY2022	Difference
Selling, general and administrative expenses	(2,194,415)	(2,458,324)	(263,908)
Personnel expenses	(748,160)	(964,787)	(180,627)
Research and development expenses	(403,692)	(468,870)	(65,177)

Note: Personnel expenses exclude Board member emoluments; actual salaries paid only.

Selling, general and administrative (SG&A) expenses for Q1 FY2022 were ¥2.4 billion, 12.0% increase YoY. The increase in SG&A expenses reflects the increase in human resources and marketing expenses in Pharmaceutical Segment.

Research and Development expenses for Q1 FY2022 were ¥468 million, 16.2% increase YoY. The increase in R&D expenses reflects our commitment to investments in strengthening R&D activities at Cullgen as well as BC.

③ Finance Income and Finance Costs

	Thousand yen		
	Q1 FY2021	Q1 FY2022	Difference
Finance income	28,224	54,672	26,447
Finance costs	(125,738)	(186,173)	(60,434)

Finance income

In Q1 FY2022, GNI Group recorded finance income of ¥54 million, 93.7% increase YoY.

Finance costs

In Q1 FY2022, GNI Group recorded finance costs of ¥186 million, 48.1% increase from Q1 FY2021. These finance costs were largely due to the interest expenses related to financing activities at one of our subsidiaries.

(2) Analysis of financial position

Summary of Consolidated Financial Position

Thousand yen

	As of December 31, 2021	As of March 31, 2022	Difference
Total assets	30,296,980	32,590,183	2,293,203
Total liabilities	11,030,734	12,116,799	1,086,065
Total equity	19,266,246	20,473,384	1,207,137

Total assets

As of March 31, 2022, the total assets stood at ¥32.5 billion, 7.6% increase compared to the previous fiscal year end. This increase comes from acquisition of property, plant, and equipment; R&D expense capitalization; gains from the past investments; and increase in working capital owing to increased business activities.

Total liabilities

As of March 31, 2022, the total liabilities stood at ¥12.1 billion, 9.9% increase compared to the previous fiscal year end. The increase mostly comes from increased marketing and R&D expenses.

Total equity

As of March 31, 2022, the total equity stood at ¥20.4 billion, 6.3% increase compared to the previous fiscal year end. The increase was mainly due to the increase in exchange differences on translation of foreign operations and retained earnings.

Summary of Consolidated Cash Flows

Thousand yen

	Q1 FY2021	Q1 FY2022	Difference
Cash flows from operating activities	1,507,840	425,628	(1,082,211)
Cash flows from investing activities	(71,785)	(298,202)	(226,416)
Cash flows from financing activities	1,093,492	(331,129)	(1,424,621)

Cash flows from operating activities

The cash flow from operating activities came to ¥425 million in Q1 FY2022, 71.8% decrease YoY. The main driver was an increase in marketing expenses and accounts receivable as well as a decrease in pre-tax profits.

Cash flows from investing activities

The cash flow from investing activities came to negative ¥298 million (cash outflow) in Q1 FY2022, a 315.4% YoY increase of outflow. The major source of cash outflow was the increase in capitalized R&D expenses.

Cash flows from financing activities

The cash flow from financing activities came to negative ¥331 million (cash outflow) in Q1 FY2022 (it was ¥1.0 billion cash inflow in Q1 FY2021). The largest reason behind this decrease was that in Q1 last year, there was a cash inflow at a subsidiary in the US from its fund raising, but the Group did not engage in such financing activities in Q1 this year.

(3) Research and development activities

[Discovery activities]

GNI Group's drug discovery activities are centered on Cullgen, with the objective of developing innovative new chemical entities (NCEs) for the novel treatment of diseases, utilizing its drug discovery platform uSMITE™ (ubiquitin-mediated, small molecule induced target elimination).

Cullgen continues to make steady progress with its therapeutic protein degrader pipeline, with multiple new degradation agents including enzyme and non-enzyme protein that target cancer, pain, and autoimmune indications.

Cullgen's novel E3 ligand development program is the core technology that is a key to the future of targeted protein degradation and aims to develop NCEs that reduce toxicity; alleviate drug resistance; provide tissue, tumor, and subcellular compartment selectivity; and expand the substrate spectrum.

Cullgen filed the first cancer drug IND to the National Medical Products Administration (NMPA) China at the end of April and is continuing to discuss with NMPA closely.

[Development activities]

■ ETUARY®

Radiation Pneumonitis (RP)

As the second therapy indication for ETUARY®, a Phase III clinical trial pilot study for the treatment of RP is under way. This is a multi-center open study.

Diabetic Kidney Disease (DKD)

The third ETUARY® indication is for DKD, a chronic kidney disease caused by either type I or type II diabetes. The Group completed clinical data collection for the phase I clinical trial and is discussing with NMPA on the next phase of clinical trials.

Connective Tissue Disease Associated Interstitial Lung Disease (CTD-ILD)

In September 2016, GNI Group received NMPA approval for the fourth ETUARY® indication for the treatment of CTD-ILD. This IND approval authorized GNI Group to proceed directly into Phase III clinical trial for two CTD-ILD indications: systemic sclerosis SSc-ILD and dermatomyositis DM-ILD.

In June 2018, the first patient was enrolled for each of the Phase III clinical trials for the treatment of SSc-ILD and DM-ILD, with randomized, double-blind, placebo-controlled, 52 week clinical studies. A total of 144 and 152 subjects are scheduled to be enrolled for SSc-ILD and DM-ILD trials, respectively.

Pneumoconiosis (PD)

In May 2019, the Group received an approval for IND from NMPA on the fifth indication of ETUARY®: pneumoconiosis, a dust-related chronic lung disease that causes inflammation and scarring (fibrosis) to develop in the lungs. The Group received the ethics committee approval on the phase III clinical study of ETUARY® for the treatment of pneumoconiosis in January 2022 and is planning to enroll the first patient later in 2022.

■ F351 (for liver fibrosis)

F351 (chemical name: Hydronidone), a therapeutic drug for the treatment of liver fibrosis, represents a key candidate in the Group's drug portfolio and a significant part of the Group's strategy to expand clinical development activities to other major global pharmaceutical markets.

F351 is an NCE derivation of ETUARY®, which inhibits hepatic stellate cell proliferation and the TGF-β signaling pathway, both of which play major roles in the fibrosis of internal organs. The Group has key global patent rights for F351 in such countries and regions as China, Japan, Australia, Canada, the US, and Europe.

In August 2020, the Group announced positive results from the initial analysis of the China Phase II clinical trial of F351. The trial was a randomized, double-blind, placebo-controlled, multi-center, dose escalation study assessing the safety and efficacy of F351 for Hepatic Fibrosis in Chronic Viral Hepatitis B patients in China. The study met its primary endpoint of a statistically significant improvement in the liver fibrosis score over the 52 week treatment versus the placebo.

After consultation with China's Center for Drug Evaluation (CDE), F351 was designated as a Breakthrough Drug for Liver Fibrosis in March 2021 by NMPA. This key designation enables the Group to consult with the CDE on a preferential basis, which can

prioritize its clinical trials. On July 29, 2021, F351 received Phase III clinical trial approval and on January 17, 2022, the first patient was enrolled in its trial in China, as we disclosed in January 2022.

The Group continues to consult with the regulatory agency in the US regarding F351's Phase II clinical trial in the US for NASH (non-alcoholic steatohepatitis, an advanced form of non-alcoholic fatty liver disease).

■ **F573 (for Acute/Acute-on-chronic Liver Failure)**

The Group's third major new drug candidate following F351 is F573, a di-peptide compound that has the potential to inhibit caspases. It is an important compound that is related to apoptosis and inflammation frequently related to severe hepatitis caused by the Hepatitis B Virus (HBV), Hepatitis C Virus (HCV) or alcoholic cirrhosis. F573 Phase I clinical trial was approved by Union Hospital IEC in September 2020, and GNI Group received an approval for the use of human genetic information by the Human Genetic Resource Administration of China (HGRAC). The first dosing of its Phase I clinical trial was announced on January 20, 2022.

(4) Outlook for the fiscal year ending December 31, 2022

In Q1 this year, the Group has yet to see a material impact on our business activities due to the Shanghai COVID-19 lockdown and conflicts in Eastern Europe. At this moment, we do not see the need to adjust financial forecast of 2022. However, the Group is carefully monitoring and analyzing the economic and operating environment and will disclose an update to our forecast once we become aware of any material quantifiable impacts.

The assumed exchange rates for the consolidated earnings forecast are US\$1 = ¥109.84 and RMB1 = ¥17.02.

3. Consolidated Financial Statements and Notes

(1) Summary of quarterly consolidated statements of financial position

	Thousand yen	
	FY2021 (As of Dec31, 2021)	Q1 FY2022 (As of Mar 31, 2022)
Assets		
Non-current assets		
Property, plant and equipment	2,943,602	3,132,962
Right-of-use assets	865,959	878,413
Goodwill	5,020,290	5,342,341
Other intangible assets	2,147,671	2,489,615
Deferred income tax assets	180,940	190,480
Other financial assets	951,513	1,018,535
Total non-current assets	12,109,978	13,052,349
Current assets		
Inventories	1,382,702	1,523,485
Trade and other receivables	1,885,101	2,417,105
Other financial assets	4,743	4,743
Other current assets	562,320	804,767
Cash and cash equivalents	14,352,133	14,787,730
Total current assets	18,187,002	19,537,833
Total assets	30,296,980	32,590,183
Liabilities and equity		
Non-current liabilities		
Lease liabilities	280,724	263,073
Deferred income tax liabilities	501,194	563,137
Other financial liabilities	7,539,814	8,159,033
Other non-current liabilities	165,840	174,337
Total non-current liabilities	8,487,574	9,159,581
Current liabilities		
Trade and other payables	371,138	388,113
Borrowings	700,000	400,000
Lease liabilities	145,662	162,749
Current tax payable	542,019	716,094
Other financial liabilities	6,918	7,378
Other current liabilities	777,420	1,282,883
Total current liabilities	2,543,159	2,957,217
Total liabilities	11,030,734	12,116,799
Equity		
Capital stock	10,884,332	10,884,332
Capital surplus	6,224,649	6,224,649
Treasury stock	(645)	(645)
Retained loss	307,535	658,549
Other components of equity	1,444,437	2,554,972
Total equity attributable to owners of the parent	18,860,309	20,321,859
Not-controlling interests	405,936	151,524
Total equity	19,266,246	20,473,384
Total equity and liabilities	30,296,980	32,590,183

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

Summary of quarterly consolidated statements of income

	Thousand yen	
	Q1 FY2021 (Jan 1, 2021 to Mar 31, 2021)	Q1 FY2022 (Jan 1, 2022 to Mar 31, 2022)
Revenue	3,872,356	3,933,490
Cost of sales	(455,717)	(549,441)
Gross profit	3,416,638	3,384,048
Selling, general and administrative expenses	(2,194,415)	(2,458,324)
Research and development expenses	(403,692)	(468,870)
Other income	4,385	39,628
Other expenses	(49,338)	(17,555)
Operating profit	773,577	478,926
Finance income	28,224	54,672
Finance costs	(125,738)	(186,173)
Quarterly profit before tax	676,064	347,425
Income tax expense	(240,349)	(275,136)
Quarterly profit	435,715	72,289
Quarterly profit attributable to:		
Owners of the parent	432,545	351,014
Non-controlling interests	3,169	(278,725)
Quarterly earnings per share		
Basic quarterly earnings per share (Yen)	9.50	7.40
Diluted quarterly earnings per share (Yen)	9.12	7.36

Summary of quarterly consolidated statements of comprehensive income

Q1 FY2022 (January 1, 2022 to March 31, 2022)

	Thousand yen	
	Q1 FY2021 (Jan 1, 2021 to Mar 31, 2021)	Q1 FY2022 (Jan 1, 2022 to Mar 31, 2022)
Quarterly profit	435,715	72,289
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	777,130	1,029,148
Total other comprehensive income (loss)	777,130	1,029,148
Total comprehensive income for the quarter	1,212,845	1,101,437
Total comprehensive income for the quarter attributable to:		
Owners of the parent	1,132,981	1,355,849
Non-controlling interests	79,864	(254,412)

3) Summary Quarterly Consolidated Statement of Changes in Equity

Previous 1st quarter: consolidated cumulative period (from Jan 1, 2021 to Mar 31, 2021)

(Thousand yen)

	Attributable to owners of the parent						
	Capital stock	Capital surplus	Treasury stock	Retained loss	Other components of equity		Total
					Subscription rights to shares	Exch. diff on translation of foreign operations	
Balance as of Jan 1 2021	8,268,472	3,591,101	(472)	(608,019)	163,354	(414,404)	(251,049)
Quarterly profit	—	—	—	432,545	—	—	—
Other comprehensive income	—	—	—	—	—	700,436	700,436
Total quarterly comprehensive income	—	—	—	432,545	—	700,436	700,436
Changes in interests in controlled subsidiaries	—	(3,051,531)	—	—	—	(57,116)	(57,116)
Changes in scope of consolidation	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	(150,838)	—	—	—
Issuance of new shares	1,949,705	1,949,705	—	—	—	—	—
Issuance of stock acquisition rights	—	—	—	—	51,537	—	51,537
Stock compensation transactions	—	—	—	—	25,830	—	25,830
Stock issuance costs	—	(13,647)	—	—	—	—	—
Stock option issuance costs	—	—	—	—	(3,046)	—	(3,046)
Change in put option liability sold to noncontrolling interest	—	3,085,598	—	—	—	57,116	57,116
Other	—	—	—	(1,050)	—	—	—
Total amount of transactions with owners	1,949,705	1,970,125	—	(151,888)	74,320	—	74,320
Balance as of Mar 31 2021	10,218,178	5,561,226	(472)	(327,362)	237,675	286,031	523,707

	Attributable to owners of the parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1 2021	11,000,032	1,769,072	12,769,104
Quarterly profit	432,545	3,169	435,715
Other comprehensive income (loss)	700,436	76,694	777,130
Total comprehensive income (loss) for the quarter	1,132,981	79,864	1,212,845
Changes in interests in controlled subsidiaries	(3,108,647)	(789,025)	(3,897,672)
Changes in scope of consolidation	—	(523,254)	(523,254)
Dividends from surplus	(150,838)	—	(150,838)
Issuance of new shares	3,899,411	—	3,899,411
Issuance of stock acquisition rights	51,537	—	51,537
Stock compensation transactions	25,830	—	25,830
Stock issuance costs	(13,647)	—	(13,647)
Stock option issuance costs	(3,046)	—	(3,046)
Change in put option liability sold to noncontrolling interest	3,142,714	755,624	3,898,338
Other	(1,050)	—	(1,050)
Total amount of transactions with owners	3,842,263	(556,655)	3,285,608
Balance as of Mar 31 2021	15,975,277	1,292,281	17,267,558

Current quarter: Q1 FY2022 (January 1, 2022 to March 31, 2022)

Thousand yen

	Portion attributable to owners of the parent company						
	Capital stock	Capital surplus	Treasury stock	Retained loss	Other components of equity		
					Subscription rights to shares	Exch. diff on translation of foreign operations	Total
Balance at Jan 1, 2022	10,884,332	6,224,649	(645)	307,535	543,445	900,992	1,444,437
Net income	—	—	—	351,014	—	—	—
Other comprehensive income	—	—	—	—	—	1,004,835	1,004,835
Total comprehensive income	—	—	—	351,014	—	1,004,835	1,004,835
Stock-based compensation transactions	—	—	—	—	105,700	—	105,700
Total amount of transactions with owners	—	—	—	—	105,700	—	105,700
Balance at Mar 31, 2022	10,884,332	6,224,649	(645)	658,549	649,145	1,905,827	2,554,972

	attributable to owners of the parent Total	Non-controlling interests	Total equity
Balance as of Jan 1 2022	18,860,309	405,936	19,266,246
Quarterly profit	351,014	(278,725)	72,289
Other comprehensive income (loss)	1,004,835	24,313	1,029,148
Total comprehensive income (loss) for the quarter	1,355,849	(254,412)	1,101,437
Stock compensation transactions	105,700	—	105,700
Total amount of transactions with owners	105,700	—	105,700
Balance as of Mar 31 2022	20,321,859	151,524	20,473,384

(4) Summary of quarterly consolidated statements of cash flows

	Thousand yen	
	Q1 FY2021 (Jan 1, 2021 to Mar 31, 2021)	Q1 FY2022 (Jan 1, 2022 to Mar 31, 2022)
Cash flows from operating activities		
Profit before tax	676,064	347,425
Depreciation and amortization	86,535	115,034
Decrease (increase) in accounts receivables	(16,053)	(390,520)
Increase (decrease) in accounts payables	(185,167)	(5,778)
Decrease (increase) in inventories	10,380	(47,536)
Increase (decrease) in bonus allowance	(8,411)	2,127
Finance income and finance costs	10,049	174,349
Other, net	1,127,363	335,441
Subtotal	1,700,758	530,542
Interest received	10,451	12,351
Interest paid	(19,527)	(7,169)
Income tax paid	(183,842)	(110,096)
Net cash provided by (used in) operating activities	1,507,840	425,628
Cash flows from investing activities		
Increase (decrease) in time deposit	(51,712)	(71,314)
Purchases of property, plant and equipment	(22,637)	(228,248)
Purchases of other intangible assets	(898)	(253)
Increase in lease and guarantee deposits	-	428
Proceeds from loans receivable	3,462	1,185
Net cash provided by (used in) investing activities	(71,785)	(298,202)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(453,928)	(300,000)
Repayment of long-term loans payable	(25,000)	-
Proceeds from the issuance of shares attributable to the exercise of subscription rights to shares	86,425	-
Proceeds from the issuance of subscription rights to shares	2,225,431	-
Payment of distribution to non-controlling interests	(22,374)	(25,274)
Proceeds from non-controlling interests	(556,268)	-
Repayment of lease liabilities	(150,838)	-
Payment to non-controlling interests	(9,954)	(5,855)
Payment of distributions	1,093,492	(331,129)
Impact of exchange rate fluctuations	508,735	639,300
Increase (decrease) in cash and cash equivalents	3,038,281	435,597
Cash and cash equivalents as of the beginning of the period	10,322,664	14,352,133
Cash and cash equivalents as of the end of the period	13,360,946	14,787,730

(5) Notes to the summary of quarterly consolidated financial statements

(Notes related to going concern assumptions)

Not applicable.

(Basis of preparation)

(1) Matters relating to IFRS

The Group's quarterly 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 "Rules for Terminology, Format and Preparation Method of Quarterly Consolidated Financial Statements" (2007 Cabinet Office Ordinance No. 64). Therefore, the provisions of Article 93 of the same are applied.

The Group's 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 year ended December 31, 2021.

(2) Basis of measurement

Except for the financial instruments measured at fair value, the Group's quarterly consolidated financial statements are prepared on a cost basis.

(3) Functional currency and presentation currency

The Group's quarterly 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.

The major products in each reportable segment are as follows.

Reportable segment	Company name	Main product
Pharmaceutical	GNI Group Ltd.; Beijing Continent Pharmaceutical Co., Ltd; Shanghai Genomics, Inc.; Shanghai Genomics Technology, Ltd.; GNI Hong Kong Limited; GNI Tianjin Limited; GNI USA, Inc. Cullgen Inc.; Cullgen (Shanghai), Inc.; SHANGHAI RUI FU INTERNATIONAL TRADE CO., LTD.	ETUARY®, drug discovery and development, reagents etc.
Medical Device	Berkeley Advanced Biomaterials LLC	Biomaterial

(2) Reportable segment revenue and profit

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

Previous 1st quarter: Q1 FY2021 (Jan 1, 2021 to Mar 31, 2021)

Thousand yen

	Reportable segment			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	3,409,490	462,865	3,872,356	—	3,872,356
(2) Intra-segment revenue and transfers	—	—	—	—	—
Total	3,409,490	462,865	3,872,356	—	3,872,356
Segment profit	600,324	173,253	773,577	—	773,577
				Finance income	28,224
				Finance costs	(125,738)
				Profit before tax	676,064

Notes: the segment profit reflects the operating profit in the summary of consolidated statements of income.

Current quarter: Q1 FY2022 (Jan 1, 2022 to Mar 31, 2022)

Thousand yen

	Reportable segment			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	3,401,937	531,552	3,933,490	—	3,933,490
(2) Intra-segment revenue and transfers	—	—	—	—	—
Total	3,401,937	531,552	3,933,490	—	3,933,490
Segment profit	223,638	255,288	478,926	—	478,926
				Finance income	54,672
				Finance costs	(186,173)
				Profit before tax	347,425

Note: the segment profit reflects the operating profit in the summary of consolidated statements of income.

(Important subsequent events)

Not applicable.