

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 FY2022 (IFRS)

August 15, 2022

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 Scheduled financial results disclosure date: August 15, 2022
 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 FY2022 YTD (January to June)

(1) Q2 FY2022 YTD 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	%
Q2 FY2022 YTD	8,154	26.1	1,004	(31.0)	790	(34.0)	197	(73.4)	676	(28.1)	2,334	41.7
Q2 FY2021 YTD	6,465	47.6	1,455	68.9	1,197	46.4	744	41.4	941	285.0	1,647	520.2

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Q2 FY2022 YTD	14.25		14.18	
Q2 FY2021 YTD	20.30		19.73	

(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 FY2022 end	35,266	21,762	22,040	62.5	464.39
FY2021 end	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

Please refer to "(4) Outlook for the fiscal year ending December 31, 2022" for more detailed discussions.

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)	Q2 FY2022	47,462,943 shares	FY2021	47,462,943 shares
② Number of treasury stock as of the end of the period	Q2 FY2022	1,313 shares	FY2021	1,313 shares
③ Average number of shares for the period	Q2 FY2022	47,461,630 shares	Q2 FY2021	46,377,475 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 August 17, 2022. Briefing materials used at that session will be posted on the Group's website.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

COVID-19 pandemic, supply chain disruptions, rising inflation rates, and volatile capital markets all combined to make Q2 2022 very challenging to global pharmaceutical industry. Although the lockdown in Shanghai was eased, COVID-19 continues to pose many constraints on various business activities in China. The United States has steadily returned to normal, but rapidly rising inflation has made it difficult for businesses to plan ahead. These macroeconomic factors had mixed influences on GNI Group's (the Group below) financial results in the first half of 2022.

Notwithstanding such a challenging environment, the Group posted cumulative revenue of ¥8.1 billion thus far in the first half of 2022, a 26.1% increase compared to the same period last year. Although depreciation of Japanese yen is a factor, the Group's key subsidiaries had a solid performance despite the macro-level challenges. The Group's operating profit for the first half was ¥1.0 billion, a decrease of 31.0% YoY. This decline comes from an increase in SG&A expenses in our core subsidiaries whose functional currencies are primarily RMB. At their functional currencies level, SG&A increased by 13.5% for the first half of 2022 YoY. On average much greater in size than combined R&D spending in RMB terms, that increase in SG&A overshadowed a decline in combined R&D costs of 15.1%. Likewise, in our core pharmaceutical subsidiary in the US whose functional currency is USD, SG&A expenses increased by 82.6% while its R&D costs was roughly flat for the first half of 2022 YoY. As reported in our Q1 results, our total SG&A results continue to be impacted by significant one-time IPO-related expenses in China, in JPY terms approximately ¥111 million. As a result, the Group's consolidated half-year profit before tax was ¥790 million, a 34.0% decrease YoY. The decline was mainly due to non-cash accrual of interest expenses (around ¥390 million so far this year) associated with Cullgen's financing in 2020. Our consolidated half-year profit was JPY 197million, a decrease of 73.4% YoY, but the profit attributable to parent company was less impacted.

BC achieved comparable results in YoY under difficult COVID-19 conditions. In addition to the manufacturing and sales of ETUARY®, BC made steady progress in R&D such as ETUARY® indication expansions, as stated in the disclosure, "First Subject Enrolled for Phase III Clinical Trial of Pirfenidone Capsules (F647) for Treatment of Pneumoconiosis" on June 13th, 2022. BC received the listing approval by Chinese Securities Regulatory Commission on July 11th, 2022 and continues to make efforts towards the IPO in HKEX; however, BC's IPO is still subject to the approval of HKEX as well as prevailing market conditions and other factors considered. The Group will provide further update in due course.

Berkeley Advanced Biomaterials LLC (BAB below) in the US also continued steady recovery from the pandemic in the first half of the year. BAB's gross profit was down slightly, but operating profit was slightly up in the local currency base YoY. BAB has begun work with counterparties in China to expand its sales into East Asia and is exploring possibilities for Japan.

Cullgen continues to focus on progressing and expanding new drug pipeline that utilizes targeted protein degradation technology with 8 different drug discovery programs in progress. Cullgen filed an Investigational New Drug (IND below) for its first cancer drug with China's National Medical Products Administration (NMPA below) at the end of April 2022 and was approved in early August 2022.

① Operating results by segment

Pharmaceutical Segment

Despite all the difficulties in the market, the revenue from the Group's main subsidiary BC achieved strong performance from its flagship drug product ETUARY® in China on a local currency basis. In yen terms, the Pharmaceutical Segment as a whole had ¥6.9 billion in revenue, an increase of 28.0% for the first half of 2022, roughly at par YoY. The Segment's operating profit was ¥479 million, a decrease of 55.0% YoY. The decrease was mainly due to the strengthening of sales and marketing functions in China and the expansion of R&D functions both in the U.S. and China.

Medical Device Segment

Our Medical Device Segment in the US performed roughly at par with the same period last year in the local currency terms both at revenue and profit levels. In yen terms, net sales for the period totaled 1.1 billion, up 15.5% from the same period previous year, partly due to foreign exchange effects. Segment income was 525 million, up 34.7% YoY.

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

	Q2 FY2021 YTD	Q2 FY2022 YTD	Difference
Selling, general and administrative expenses	(3,677,925)	(4,765,750)	(1,087,824)
Personnel expenses	(1,420,567)	(1,892,666)	(472,098)
Research and development expenses	(864,935)	(1,089,540)	(224,604)

Thousand yen

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

Selling, general and administrative (SG&A) expenses in JPY terms for the first half-year period FY2022 were ¥4.7 billion, a 29.5% increase YoY. The increase in SG&A expenses comes mainly from the increase in manpower costs both in the US and China as well as the increase in sales and marketing and IPO preparation expenses in China.

Research and Development expenses in JPY terms for the first half-year period of FY2022 were ¥1.0 billion, a 25.9% increase YoY. However, as described above, this increase is due to depreciation of JPY. In local currency terms, the R&D expenses declined YoY. The decline mainly comes from slowdown in business activities due to COVID-19 pandemic.

③ Finance Income and Finance Costs

	Thousand yen		
	Q2 FY2021 YTD	Q2 FY2022 YTD	Difference
Finance income	32,809	175,775	142,965
Finance costs	(290,762)	(390,055)	(99,292)

Finance income

In the first half-year period of FY2022, the Group recorded finance income of ¥175 million, a 435.7% increase YoY caused mainly by currency translation from depreciating Japanese yen.

Finance costs

In the first half-year period of FY2022, the Group recorded finance costs of ¥390 million, a 34.1% increase YoY. These finance costs come from non-cash accrual of interest expenses related to financing activities at Cullgen.

(2) Analysis of financial position

Summary of Consolidated Financial Position

	Thousand yen		
	As of December 31, 2021	As of June 30, 2022	Difference
Total assets	30,296,980	35,266,795	4,969,815
Total liabilities	11,030,734	13,504,294	2,473,560
Total equity	19,266,246	21,762,501	2,496,255

Total assets

As of June 30, 2022, the total assets stood at ¥35.2 billion, a 16.4% increase compared to the previous fiscal year end. This increase mainly comes from acquisition of property, plant, and equipment; increase in R&D expense capitalization; increase in goodwill due to weaker JPY; and increase in working capital due to increasing business activities. In addition, long-term bank deposits purchased in China are included in these figures.

Total liabilities

As of June 30, 2022, the total liabilities stood at ¥13.5 billion, a 22.4% increase compared to the previous fiscal year end. This increase was primarily due to additional non-cash accrual of interest expenses related to Cullgen's funding.

Total equity

As of June 30, 2022, the total equity stood at ¥21.7 billion, a 12.9% increase compared to the previous fiscal year end. The increase was mainly due to the increase in retained earnings and exchange differences on translation of foreign operations.

Summary of Consolidated Cash Flows

	Thousand yen		
	Q2 FY2021 YTD	Q2 FY2022 YTD	Difference
Cash flows from operating activities	1,100,855	389,264	(711,591)
Cash flows from investing activities	(1,006,877)	(1,496,808)	(489,931)
Cash flows from financing activities	2,906,178	(267,292)	(3,173,471)

Cash flows from operating activities

The cash flow from operating activities came to ¥389 million in Q2 FY2022 YTD, a 64.6% decrease YoY. The main drivers are increase in marketing and R&D expenses as well as corporate tax payments.

Cash flows from investing activities

The cash flow from investing activities came to negative ¥1.4 billion in Q2 FY2022 YTD, a 48.6% YoY increase. The major sources of the increase are the acquisition of fixed and non-tangible assets and the purchase of long-term deposits in BC.

Cash flows from financing activities

The cash flow from financing activities declined to ¥267 million outflows in Q2 FY2022 YTD vs the first half of 2021 inflow of JPY 2.9 billion. The Group engaged in multiple fund-raising events in the first half of 2021, while there has been no financing activity year to date in 2022.

(3) Research and development activities**[Discovery activities]**

The Group's drug discovery activities are led by 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 an IND (Investigational New Drug) for its first cancer drug with Chinese regulatory authorities at the end of April 2022, which was approved in early August 2022. As with FDA (Food and Drug Administration) discussions in the US, active discussions continue.

[Development activities]■ **ETUARY®** (Generic Name: Pirfenidone)Diabetic Kidney Disease (DKD)

The third ETUARY® indication is for DKD, a chronic kidney disease caused by either type I or type II diabetes. In China, reportedly 92.4 million people suffer from diabetes, 20 - 30% of which suffer from Type I or Type II diabetes that can lead to renal dysfunction. 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 (SSc-ILD and DM-ILD)

In September 2016, GNI Group received NMPA approval for the fourth ETUARY® indication for the treatment of SSc-ILD and DM-ILD. This IND approval authorized GNI Group to proceed directly into Phase III clinical trial for two 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 enrolling the first patient within 2022.

■ **F351 (for Liver Fibrosis)** (Generic Name: Hydronidone)

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 Acute Liver Failure (ALF) and Acute-on-Chronic Liver Failure (ACLF). 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

As described at the beginning of this report, the macroeconomic environment remains volatile and unpredictable. The Group's functional and reporting currency, Japanese Yen, has rapidly depreciated against US dollars and Chinese Yuan, and we expect the high-level of volatility to continue. Nevertheless, the Group's key subsidiaries have so far achieved comparable or better performances vs prior periods and have maintained their initial forecast. Accordingly, the Group's financial forecast for the fiscal year ending December 31, 2022, remains unchanged.

3. Consolidated Financial Statements and Notes

(1) Summary of quarterly consolidated statements of financial position

	Thousand yen	
	FY2021 (As of Dec31, 2021)	Q2 FY2022 (As of Jun 30, 2022)
Assets		
Non-current assets		
Property, plant and equipment	2,943,602	3,369,604
Right-of-use assets	865,959	876,790
Goodwill	5,020,290	5,956,287
Other intangible assets	2,147,671	2,851,663
Deferred income tax assets	180,940	236,002
Other financial assets	951,513	2,000,062
Total non-current assets	12,109,978	15,290,411
Current assets		
Inventories	1,382,702	1,744,816
Trade and other receivables	1,885,101	2,649,758
Other financial assets	4,743	4,743
Other current assets	562,320	1,110,237
Cash and cash equivalents	14,352,133	14,466,828
Total current assets	18,187,002	19,976,384
Total assets	30,296,980	35,266,795
Liabilities and equity		
Non-current liabilities		
Lease liabilities	280,724	251,348
Deferred income tax liabilities	501,194	662,190
Other financial liabilities	7,539,814	9,458,826
Other non-current liabilities	165,840	182,136
Total non-current liabilities	8,487,574	10,554,501
Current liabilities		
Trade and other payables	371,138	596,481
Borrowings	700,000	500,000
Lease liabilities	145,662	173,338
Current tax payable	542,019	282,803
Other financial liabilities	6,918	7,746
Other current liabilities	777,420	1,389,422
Total current liabilities	2,543,159	2,949,792
Total liabilities	11,030,734	13,504,294
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	983,981
Other components of equity	1,444,437	3,948,241
Total equity attributable to owners of the parent	18,860,309	22,040,559
Not-controlling interests	405,936	(278,058)
Total equity	19,266,246	21,762,501
Total equity and liabilities	30,296,980	35,266,795

- (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	
	Q2 FY2021 YTD (Jan 1, 2021 to Jun 30, 2021)	Q2 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)
Revenue	6,465,175	8,154,817
Cost of sales	(785,692)	(1,134,655)
Gross profit	5,679,483	7,020,162
Selling, general and administrative expenses	(3,677,925)	(4,765,750)
Research and development expenses	(864,935)	(1,089,540)
Other income	419,896	54,380
Other expenses	(100,889)	(214,584)
Operating profit	1,455,628	1,004,668
Finance income	32,809	175,775
Finance costs	(290,762)	(390,055)
Quarterly profit before tax	1,197,676	790,388
Income tax expense	(452,898)	(592,469)
Quarterly profit	744,778	197,918
Quarterly profit attributable to:		
Owners of the parent	941,326	676,446
Non-controlling interests	(196,548)	(478,528)
Quarterly earnings per share		
Basic quarterly earnings per share (Yen)	20.30	14.25
Diluted quarterly earnings per share (Yen)	19.73	14.18

Summary of quarterly consolidated statements of comprehensive income

Q2 FY2022 YTD (January 1, 2022 to June 30, 2022)

Thousand yen

	Q2 FY2021 YTD (Jan 1, 2021 to Jun, 2021)	Q2 FY2022 YTD (Jan 1, 2022 to Jun30, 2022)
Quarterly profit	744,778	197,918
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	902,465	2,136,618
Total other comprehensive income (loss)	902,465	2,136,618
Total comprehensive income for the quarter	1,647,243	2,334,536
Total comprehensive income for the quarter attributable to:		
Owners of the parent	1,713,735	3,018,532
Non-controlling interests	(66,491)	(683,995)

(3) Summary Quarterly Consolidated Statement of Changes in Equity

Previous 2nd quarter consolidated cumulative period (from Jan 1, 2021 to Jun 30, 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	-	-	-	941,326	-	-	-
Other comprehensive income	-	-	-	-	-	772,409	772,409
Total quarterly comprehensive income	-	-	-	941,326	-	772,409	772,409
Changes in interests in controlled subsidiaries	-	(3,045,795)	-	-	-	(57,116)	(57,116)
Changes in scope of consolidation	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	(150,838)	-	-	-
Issuance of new shares	2,615,859	2,615,859	-	-	(12,930)	-	(12,930)
Issuance of stock acquisition rights	-	-	-	-	58,659	-	58,659
Stock compensation transactions	-	-	-	-	82,469	-	82,469
Stock issuance costs	-	(18,772)	-	-	-	-	-
Stock option issuance costs	-	-	-	-	(3,719)	-	(3,719)
Acquisition of treasury stock	-	-	(95)	-	-	-	-
Change in put option liability sold to noncontrolling interest	-	3,085,598	-	-	-	57,116	57,116
Other	-	-	-	207	-	-	-
Total amount of transactions with owners	2,615,859	2,636,889	(95)	(150,631)	124,478	-	124,478
Balance as of Jun 30 2021	10,884,332	6,227,991	(567)	182,675	287,832	358,004	645,837

	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	941,326	(196,548)	744,778
Other comprehensive income (loss)	772,409	130,056	902,465
Total comprehensive income (loss) for the quarter	1,713,735	(66,491)	1,647,243
Changes in interests in controlled subsidiaries	(3,102,911)	(794,760)	(3,897,672)
Changes in scope of consolidation	-	(523,254)	(523,254)
Dividends from surplus	(150,838)	-	(150,838)
Issuance of new shares	5,218,789	-	5,218,789
Issuance of stock acquisition rights	58,659	-	58,659
Stock compensation transactions	82,469	-	82,469
Stock issuance costs	(18,772)	-	(18,772)
Stock option issuance costs	(3,719)	-	(3,719)
Acquisition of treasury stock	(95)	-	(95)
Change in put option liability sold to noncontrolling interest	3,142,714	755,624	3,898,338
Other	207	-	207
Total amount of transactions with owners	5,226,501	(562,390)	4,664,110
Balance as of Jun 30 2021	17,940,269	1,140,189	19,080,459

Current quarter: Q2 FY2022 YTD (January 1, 2022 to June 30, 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	-	-	-	676,446	-	-	-
Other comprehensive income	-	-	-	-	-	2,342,085	2,342,085
Total comprehensive income	-	-	-	676,446	-	2,342,085	2,342,085
Stock-based compensation transactions	-	-	-	-	161,718	-	161,718
Total amount of transactions with owners	-	-	-	-	161,718	-	161,718
Balance at Jun 30, 2022	10,884,332	6,224,649	(645)	983,981	705,163	3,243,077	3,948,241

	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	676,446	(478,528)	197,918
Other comprehensive income (loss)	2,342,085	(205,467)	2,136,618
Total comprehensive income (loss) for the quarter	3,018,532	(683,995)	2,334,536
Stock compensation transactions	161,718	-	161,718
Total amount of transactions with owners	161,718	-	161,718
Balance as of Jun 30 2022	22,040,559	(278,058)	21,762,501

(4) Summary of quarterly consolidated statements of cash flows

	Thousand yen	
	Q2 FY2021 YTD (Jan 1, 2021 to Jun 30, 2021)	Q2 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)
Cash flows from operating activities		
Profit before tax	1,197,676	790,388
Depreciation and amortization	181,290	239,814
Decrease (increase) in accounts receivables	212,197	(472,879)
Increase (decrease) in accounts payables	(141,721)	161,555
Decrease (increase) in inventories	(156,306)	(150,680)
Increase (decrease) in bonus allowance	(1,682)	(21,543)
Finance income and finance costs	260,267	358,503
Other, net	(3,077)	335,458
Subtotal	1,548,644	1,240,618
Interest received	30,378	26,272
Interest paid	(17,687)	(6,492)
Income tax paid	(460,479)	(871,133)
Net cash provided by (used in) operating activities	1,100,855	389,264
Cash flows from investing activities		
Increase (decrease) in time deposit	(831,500)	(948,500)
Purchases of property, plant and equipment	(140,763)	(202,521)
Proceeds from sales of property, plant and equipment	332	-
Purchases of other intangible assets	(42,920)	(348,338)
Increase in lease and guarantee deposits	(550)	(261)
Proceeds from loans receivable	-	441
Proceeds from decrease in lease and guarantee deposits	6,786	2,371
Others	1,739	-
Net cash provided by (used in) investing activities	(1,006,877)	(1,496,808)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(663,537)	(200,000)
Repayment of long-term debt	(50,000)	-
Proceeds from issuance of stock due to exercise of subscription rights to shares	1,319,377	-
Proceeds from issuance of stock acquisition rights	86,425	-
Proceeds from payments from noncontrolling interests	2,962,850	-
Repayments of lease liabilities	(47,944)	(56,269)
Payments for acquisition of treasury stock	(95)	-
Payments for repayment to noncontrolling interests	(524,447)	-
Cash dividends paid	(150,838)	-
Net cash provided by (used in) financing activities	(25,611)	(11,022)
Net cash provided by financing activities	2,906,178	(267,292)
Effect of exchange rate changes on cash and cash equivalents	498,300	1,489,531
Net increase (decrease) in cash and cash equivalents	3,498,457	114,694
Cash and cash equivalents at beginning of period	10,322,664	14,352,133
Cash and cash equivalents at end of period	13,821,122	14,466,828

(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

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: 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.; GNI Hong Kong Limited; GNI Tianjin Limited; Shanghai Genomics Technology, Ltd.; Cullgen (Shanghai), Inc.; GNI USA, Inc.; Cullgen Inc.; SHANGHAI RUI FU INTERNATIONAL TRADE CO., LTD.	ETUARY®, drug discovery and development, reagents etc.
Medical Device	Berkeley Advanced Biomaterials LLC	Orthobiologics material

(2) Reportable segment revenue and profit

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

Previous 1st quarter: Q2 FY2021 YTD (Jan 1, 2021 to Jun 30, 2021)

Thousand yen					
	Reportable segment			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	5,457,052	1,008,123	6,465,175	-	6,465,175
(2) Intra-segment revenue and transfers	-	-	-	-	-
Total	5,457,052	1,008,123	6,465,175	-	6,465,175
Segment profit	1,065,659	389,969	1,455,628	-	1,455,628
				Finance income	32,809
				Finance costs	(290,762)
				Profit before tax	1,197,676

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

Current quarter: Q2 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)

Thousand yen					
	Reportable segment			Adjustments	Consolidated
	Pharmaceutical	Medical Device	Total		
Revenue					
(1) Revenue to outside customers	6,989,504	1,165,313	8,154,817	-	8,154,817
(2) Intra-segment revenue and transfers	-	-	-	-	-
Total	6,989,504	1,165,313	8,154,817	-	8,154,817
Segment profit	479,123	525,544	1,004,668	-	1,004,668
				Finance income	175,775
				Finance costs	(390,055)
				Profit before tax	790,388

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

(Important subsequent events)

Not applicable.