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 FY2023 (IFRS)

August 14, 2023

Company Name:	GNI Group Ltd.	Tokyo Stock Exchange
Stock Code:	2160	URL https://www.gnipharma.com
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Scheduled date of quarterly report filing: August 14, 2023
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 FY2023 YTD (January to June)

(1) Q2 FY2023 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 FY2023 YTD	14,096	72.9	5,476	445.1	5,117	547.5	4,014	-	1,658	145.2	4,916	110.6
Q2 FY2022 YTD	8,154	26.1	1,004	(31.0)	790	(34.0)	197	(73.4)	676	(28.1)	2,334	41.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2023 YTD	34.93	34.81
Q2 FY2022 YTD	14.25	14.18

(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 FY2023	45,050	24,798	22,976	51.0	483.85
FY2022	33,906	19,810	20,969	61.8	441.59

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	–	–	–	0.00	0.00
FY2023	–	–			
FY2023 (Forecast)			–	0.00	0.00

Note: Amendment from the forecast most recently published: No

3. Consolidated Earnings Forecasts for FY2023 (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
FY2023	25,273	45.1	5,991	334.8	4,143	439.5	2,174	-	1,703	338.0	35.86

Note: Amendment from the forecast most recently published: No

Notes:

(1) Changes in Significant Subsidiaries during the Period under Review
(Changes in specified subsidiaries resulting in a change in the scope of consolidation): No
New: － Excluded: －

(2) Changes in Accounting Policies and Changes in Accounting Estimates
① Changes in accounting policies that are required under IFRS: No
② Changes in accounting policies other than ①: No
③ Changes in accounting estimates: No

(3) Number of Shares Issued (Common Stock)

① Number of shares issued as of the end of the period (including treasury stock)	Q2 FY2023	47,487,843 shares	FY2022	47,487,843 shares
② Number of treasury stock as of the end of the period	Q2 FY2023	1,426 shares	FY2022	1,391 shares
③ Average number of shares for the period	Q2 FY2023	47,486,448 shares	Q2 FY2022	47,461,630 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, 2023."
The Group is planning to conduct a corporate presentation meeting for institutional investors and analysts on August 17, 2023. Briefing materials used at that session will be posted on the Group's website as soon as practicable after the meeting.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

In the first half of the year, inflation continued to rise around the world, and uncertainties smoldering in the form of geopolitical instability and capital market turbulence on top of interest rates. The biotech sector, likewise, has yet to fully overcome the global uncertainties. Despite this environment, GNI Group Ltd. (the “Company”) and its affiliated companies (collectively, the "Group") achieved year-on-year revenue growth in its existing core businesses. As disclosed in June 2023, our US subsidiary Cullgen Inc. (“Cullgen”) has entered into a strategic alliance with Astellas Pharma Inc. (“Astellas”) and has achieved profitability. As a result, all three major subsidiaries of our group will achieve profitability for the first time in the current consolidated fiscal year.

In particular, revenue of ETUARY®, the flagship drug of Beijing Continent Pharmaceuticals Co., Ltd. (“BC”), a major subsidiary of the Group, continued to be strong. In addition, as we disclosed in May 2023, BC is conducting clinical trials in China for F351, a leading candidate for our next product. BC is making steady progress toward achieving the planned enrollment within this year.

We are also diligently advancing the transaction with Catalyst Biosciences, Inc. (“CBIO”) listed on Nasdaq in the US, although it is taking a little longer than expected.

The medical device business, led by Berkeley Advanced Biomaterials LLC ("BAB"), which is engaged in the biomaterials business in the US, also performed decently.

Cullgen, a subsidiary focused on research and development primarily in the US and China, continues to make progress in drug discovery using its proprietary targeted protein degradation technology platform uSMITE™ (ubiquitin-mediated, small molecule induced target elimination) and has achieved significant milestones in finance and R&D. As disclosed in May 2023, Cullgen raised US $40 million in new financing with the AstraZeneca-CICC Fund as the lead investor. In addition, as mentioned above, in June 2023, Cullgen entered into a collaboration and exclusive option agreement with Astellas for the creation of innovative protein degraders and is pursuing a strategic alliance with them. The upfront payment, which was disclosed in the June 2023 disclosure, will be recorded as a one-time charge to revenue in the second quarter of the current fiscal year in the Group's consolidated financial statements. Moreover, Cullgen is advancing the clinical trial in China for its first TRK degrader-based anticancer drug candidate. At the same time, several other programs are being developed for submission to clinical trials.

① Operating results by segment

Pharmaceutical Segment

The revenue from BC’s primary product, ETUARY®, in China continued to be robust. Also, Cullgen recognized the upfront payment ¥4,725 million of Cullgen's strategic alliance with Astellas as one-time charge to revenue.
As a result, the Pharmaceutical Segment had ¥12,768 million in revenue, up 82.7% YoY. The segment profit was ¥4,964 million, up 936.1% YoY.

Medical Device Segment

The Medical Device Segment had ¥1,328 million in revenue, up 14.0% YoY. The segment profit was ¥512 million, down 2.6% YoY.

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

Thousand yen

	Q2 FY2022 YTD	Q2 FY2023 YTD	Difference
Selling, general and administrative expenses	(4,765,750)	(6,179,184)	(1,413,434)
Personnel expenses	(1,892,666)	(1,964,780)	(72,114)
Research and development expenses	(1,089,540)	(1,253,059)	(163,519)

Selling, general and administrative (SG&A) expenses for the first half-year period FY2023 were ¥6,179 million, up 29.7% YoY. The increase in SG&A expenses reflects the increase in human resources and marketing expenses in the Pharmaceutical Segment.

Research and Development expenses for the first half-year period of FY2023 were ¥1,253 million, up 15.0% YoY. The increase in R&D expenses reflects our commitment to investments in strengthening R&D activities in the Pharmaceutical Segment.

③ Finance Income and Finance Costs

Thousand yen

	Q2 FY2022 YTD	Q2 FY2023 YTD	Difference
Finance income	175,775	306,524	130,749
Finance costs	(390,055)	(539,038)	(148,982)

Finance income

In the first half-year period of FY2023, the Group recorded finance income of ¥306 million, up 74.4% YoY, mainly due to increase in interest income and foreign exchange gains.

Finance costs

In the first half-year period of FY2023, the Group recorded finance costs of ¥539 million, up 38.2% YoY, mainly due to non-cash accrual of interest expenses related to Cullgen's funding.

(2) Analysis of financial position

Summary of Consolidated Financial Position

Thousand yen

	As of December 31, 2022	As of June 30, 2023	Difference
Total assets	33,906,981	45,050,897	11,143,915
Total liabilities	14,096,013	20,252,562	6,156,548
Total equity	19,810,968	24,798,335	4,987,366

Total assets

As of June 30, 2023, the total assets stood at ¥45,050 million, up 32.9% compared to the previous fiscal year end, mainly due to increases in trade receivables and cash and cash equivalents related to Cullgen's funding.

Total liabilities

As of June 30, 2023, the total liabilities stood at ¥20,252 million, up 43.7% compared to the previous fiscal year end, mainly due to Cullgen’s funding and additional non-cash accrual of interest expenses related to it.

Total equity

As of June 30, 2023, the total equity stood at ¥24,798 million, up 25.2% compared to the previous fiscal year end, mainly due to increase in retained earnings.

Summary of Consolidated Cash Flows

Thousand yen

	Q2 FY2022 YTD	Q2 FY2023 YTD	Difference
Cash flows from operating activities	389,264	872,378	483,113
Cash flows from investing activities	(1,496,808)	(2,585,288)	(1,088,479)
Cash flows from financing activities	(267,292)	3,942,881	4,210,173

Cash flows from operating activities

The cash flow from operating activities was ¥872 million (cash inflow) in Q2 FY2023 YTD (it was ¥389 million cash inflow in Q2 FY2022 YTD), mainly due to increases in both profit before tax and accounts receivables.

Cash flows from investing activities

The cash flow from investing activities was ¥2,585 million (cash outflow) in Q2 FY2023 YTD (it was ¥1,496 million cash outflow in Q2 FY2022 YTD), mainly due to purchase of long-term deposits and acquisition of fixed assets in China.

Cash flows from financing activities

The cash flow from financing activities was ¥3,942 million (cash inflow) in Q2 FY2023 YTD (it was ¥267 million cash outflow in Q2 FY2022 YTD), mainly due to Cullgen's funding.

(3) Research and development activities

[Research 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. 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.

As disclosed on June 15, 2023, Cullgen has entered into a collaboration and exclusive option agreement with Astellas to create innovative protein degraders. Under the terms of the agreement, the two companies will combine Cullgen's proprietary uSMITE™ technology platform, which utilizes novel E3 ligands, with Astellas' drug discovery capabilities to create multiple protein degraders. Cullgen and Astellas will conduct joint research, and Astellas will be responsible for development and commercialization. Cullgen possesses the right to share the costs and benefits associated with the development in the US of Astellas' lead program, a cell cycle protein degrader candidate for breast cancer and other solid tumors, as well as the right to co-promote the product once it is commercialized.

[Development activities]

■ ETUARY® **[Chinese: 艾思瑞® , (Generic name: Pirfenidone)] by BC**

Diabetic Kidney Disease (DKD)

The Phase I clinical trial to expand the indication of ETUARY® to DKD has been completed, and an application for a Class 2 meeting (a technical meeting on clinical trials) has been submitted to the Center for Drug Evaluation (CDE) in China to determine the regulatory direction for the next phase of the clinical trial, and to discuss how to proceed.

Connective Tissue Diseases Associated Interstitial Lung Disease (SSc-ILD and DM-ILD)

Clinical trials for Phase III are ongoing to expand the indications of ETUARY® to two connective tissue disorders, systemic sclerosis (SSc-ILD) and dermatomyositis (DM-ILD). However, at present, priority is given to the clinical trials of pneumoconiosis, F351 and F573.

Pneumoconiosis (PD)

Clinical trials are underway to expand the indications of ETUARY® in PD which entered Phase III in June 2022. Although the spread of COVID-19 in China at the end of 2022 to early 2023 had some impact, subject enrollment has resumed.

■ F351 (for liver fibrosis) (Generic Name: Hydronidone) by BC

F351 (Generic name: Hydronidone), a therapeutic drug for the treatment of liver fibrosis, is a key candidate in BC’s drug portfolio and a significant part of its strategy to expand its clinical development activities into other major global pharmaceutical markets. F351 is an

NCE derivative 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.

Following discussions with the CDE in China, F351 was designated by the NMPA in March 2021 as a breakthrough therapeutic drug for liver fibrosis. This has given us priority in our discussions with the CDE regarding F351 and has allowed us to proceed with clinical trials based on the results of those discussions. Subsequently, on July 29, 2021, an application for a Phase III clinical trial was approved in China, and a Phase III clinical trial was initiated in January 2022. As disclosed on May 9, 2023, the number of subjects enrolled in the F351 Phase III clinical trial has exceeded half of the planned number. In June 2023, in consultation with the CDE in China, BC initiated an expanded Phase IIIb clinical trial of F351 to investigate the long-term efficacy and safety of F351 as a treatment for liver fibrosis caused by chronic hepatitis B. This Phase IIIb clinical trial will have no direct impact on the commercialization schedule of F351.

While BC retains the rights to F351 in China, the ex-China rights to F351 including Japan, Australia, Canada, the US and European countries have been transferred to CBIO (for details of this transaction, please refer to the timely disclosure of December 27, 2022, and the Q&A disclosed on December 30, 2022, and January 18, 2023).

CBIO anticipates filing an investigational new drug (“IND”) application for the treatment of nonalcoholic steatohepatitis (“NASH”) in the US in late 2023. NASH is a severe form of nonalcoholic fatty liver disease (“NAFLD”), characterized by inflammation and fibrosis in the liver that can progress to cirrhosis, liver failure, hepatocellular carcinoma (“HCC”) and death. There are currently no approved products for the treatment of NASH in the US, Europe, or Japan. CBIO plans to initiate the clinical development of Hydronidone in NASH fibrosis in a randomized, double-blind, placebo-controlled, parallel group, Phase IIa, Proof-of-Concept (“PoC”) clinical study evaluating the safety, tolerability, population pharmacokinetics (“PK”), and Pharmacodynamics (“PD”) of Hydronidone capsules administered daily at an oral dose of 360 mg (given as 120 mg thrice daily (“TID”)) for 24 weeks to adult subjects with advanced liver fibrosis associated with noncirrhotic NASH. The main goal of the proposed Phase IIa study is to obtain early PoC for Hydronidone in subjects with NASH fibrosis as a basis of expansion into a more comprehensive Phase II/III clinical program, provided that the drug is successful. The study will include a small sample size (total of 60 evaluable subjects) who will receive in a 2:1 ratio Hydronidone or Placebo. The study will evaluate changes from baseline in a set of noninvasive biochemical and imaging biomarkers relevant to assessment of NASH fibrosis in the context of drug exposure, as well as the mechanism of anti-fibrotic action of Hydronidone. The study will employ PK blood sampling and assessment of the initial PK and PK/PD relationship to inform Hydronidone treatment in future clinical studies in NASH fibrosis. In addition, this trial will include a disease-specific patient-reported outcomes (“PROs”), a validated composite Chronic Liver Disease Questionnaire (“CLDQ”) – NASH, to collect patient-reported data about the impact of Hydronidone treatment on quality of life of subjects with advanced NASH fibrosis.

■ F573 (for Acute liver failure [ALF] and Acute on chronic liver failure [ACLF]) by BC

BC’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).

As we disclosed on March 28, 2023, BC initiated a Phase II clinical trial for F573.

■CG001419 (TRK degrader) by Cullgen

The Group disclosed on August 9, 2022, that “China NMPA has approved GNI Group's Subsidiary Cullgen's IND for TRK Degrader Clinical Trial”. Cullgen received an IND approval from China’s NMPA (National Medical Products Administration) for CG001419, a tropomyosin receptor kinase (TRK) degrader for the treatment of solid tumors. CG001419 is a first-in-class, selective, potent oral targeted protein degrader for the treatment of advanced cancers with neurotrophic tyrosine receptor kinase (NTRK) gene / TRK protein aberrations, which have been identified in numerous solid tumors including non-small cell lung, breast, and pancreatic cancers.

Although the start of the clinical trial was delayed later than expected due to the outbreak of the COVID-19 in China in late 2022 and early 2023, Cullgen has started the Phase I clinical trial for the TRK degrader in China. In addition, pre-clinical discussions with the US Food and Drug Administration (FDA) are ongoing prior to a clinical trial in the US.

(4) Outlook for the fiscal year ending December 31, 2023

Outlook for the full year has not been revised since the release of the “GNI Group Updates Full Year 2023 Consolidated Earnings Forecast” on August 3, 2023.

2. Summary of Quarterly Consolidated Financial Statements and Main Notes

(1) Summary of quarterly consolidated statements of financial position

Thousand yen

	FY2022 (As of Dec 31, 2022)	Q2 FY2023 (As of Jun 30, 2023)
Assets		
Non-current assets		
Property, plant and equipment	3,951,217	4,651,582
Right-of-use assets	755,167	739,412
Goodwill	6,047,721	6,575,451
Intangible assets	2,928,800	3,560,129
Investments accounted for using the equity method	622,476	501,401
Deferred income tax assets	184,171	194,990
Other financial assets	2,270,162	4,009,177
Total non-current assets	16,759,717	20,232,144
Current assets		
Inventories	1,693,412	1,683,571
Trade and other receivables	3,122,463	7,535,023
Other financial assets	196,543	202,909
Other current assets	1,085,535	1,320,493
Cash and cash equivalents	11,049,310	14,076,753
Total current assets	17,147,264	24,818,752
Total assets	33,906,981	45,050,897
Liabilities and equity		
Non-current liabilities		
Lease liabilities	157,744	107,473
Deferred income tax liabilities	546,790	667,383
Other financial liabilities	9,706,958	14,743,935
Other non-current liabilities	181,027	175,850
Total non-current liabilities	10,592,520	15,694,643
Current liabilities		
Trade and other payables	949,612	727,665
Borrowings	200,000	1,000,000
Lease liabilities	179,611	198,777
Current tax payable	1,179,254	1,340,287
Other financial liabilities	7,225	6,890
Other current liabilities	987,788	1,284,298
Total current liabilities	3,503,492	4,557,918
Total liabilities	14,096,013	20,252,562
Equity		
Capital stock	10,893,070	10,896,766
Capital surplus	6,233,386	5,445,903
Treasury stock	(756)	(794)
Retained earnings	696,360	2,355,166
Other components of equity	3,147,631	4,279,306
Total equity attributable to owners of the parent	20,969,692	22,976,347
Non-controlling interests	(1,158,724)	1,821,987
Total equity	19,810,968	24,798,335
Total equity and liabilities	33,906,981	45,050,897

(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 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)
Revenue	8,154,817	14,096,545
Cost of sales	(1,134,655)	(1,341,214)
Gross profit	7,020,162	12,755,330
Selling, general and administrative expenses	(4,765,750)	(6,179,184)
Research and development expenses	(1,089,540)	(1,253,059)
Other income	54,380	286,180
Other expenses	(214,584)	(132,791)
Operating profit	1,004,668	5,476,475
Finance income	175,775	306,524
Finance costs	(390,055)	(539,038)
Share of loss of entities accounted for using equity method	-	(126,000)
Quarterly profit before tax	790,388	5,117,961
Income tax expense	(592,469)	(1,103,886)
Quarterly profit	197,918	4,014,074
Quarterly profit attributable to:		
Owners of the parent	676,446	1,658,805
Non-controlling interests	(478,528)	2,355,269
Quarterly earnings per share		
Basic quarterly earnings per share (Yen)	14.25	34.93
Diluted quarterly earnings per share (Yen)	14.18	34.81

Summary of quarterly consolidated statements of comprehensive income

Thousand yen

	Q2 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)
Quarterly profit	197,918	4,014,074
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	2,136,618	897,349
Share of other comprehensive income of entities accounted for using equity method	-	4,925
Total other comprehensive income	2,136,618	902,274
Total comprehensive income for the quarter	2,334,536	4,916,349
Total comprehensive income for the quarter attributable to:		
Owners of the parent	3,018,532	2,759,653
Non-controlling interests	(683,995)	2,156,696

(3) Summary of quarterly consolidated statement of changes in equity

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

Thousand yen

	Attributable to owners of the parent						
					Other components of equity		
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Subscription rights to shares	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2022	10,884,332	6,224,649	(645)	307,535	543,445	900,992	1,444,437
Quarterly profit	-	-	-	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 as of 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	Non-controlling interests	Total equity
	Total		
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	2,342,085	(205,467)	2,136,618
Total comprehensive income	3,018,532	(683,995)	2,334,536
Stock-based 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

Current quarter: Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)

Thousand yen

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

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

(4) Summary of quarterly consolidated statements of cash flows

Thousand yen

	Q2 FY2022 YTD (Jan 1, 2022 to Jun 30, 2022)	Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)
Cash flows from operating activities		
Profit before tax	790,388	5,117,961
Depreciation and amortization	239,814	274,252
Decrease (increase) in accounts receivables	(472,879)	(4,060,271)
Increase (decrease) in accounts payables	161,555	(332,147)
Decrease (increase) in inventories	(150,680)	109,315
Increase (decrease) in bonus allowance	(21,543)	(26,766)
Finance income and finance costs	358,503	435,807
Others	335,458	228,858
Subtotal	1,240,618	1,747,009
Interest received	26,272	52,577
Interest paid	(6,492)	(10,965)
Income tax paid	(871,133)	(916,242)
Net cash provided by (used in) operating activities	389,264	872,378
Cash flows from investing activities		
Increase (decrease) in time deposits	(948,500)	(1,556,800)
Purchases of property, plant and equipment	(202,521)	(601,480)
Purchases of intangible assets	(348,338)	(425,754)
Increase in lease and guarantee deposits	(261)	(3,625)
Decrease in lease and guarantee deposits	441	-
Proceeds from loans receivable	2,371	2,371
Net cash provided by (used in) investing activities	(1,496,808)	(2,585,288)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(200,000)	800,000
Capital contribution from non-controlling interests	-	3,239,999
Repayments of lease liabilities	(56,269)	(97,079)
Purchase of treasury shares	-	(38)
Others	(11,022)	-
Net cash provided by (used in) financing activities	(267,292)	3,942,881
Impact of exchange rate fluctuations	1,489,531	797,472
Increase (decrease) in cash and cash equivalents	114,694	3,027,443
Cash and cash equivalents as of the beginning of the period	14,352,133	11,049,310
Cash and cash equivalents as of the end of the period	14,466,828	14,076,753

(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, 2022.

(2) 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 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, Micren Healthcare Co., Ltd.	Orthobiologics material, Designated Marketing Authorization Holder (DMAH) and in-country caretaker (ICC) service

(2) Reportable segment revenue and profit

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

Previous 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.

Current quarter: Q2 FY2023 YTD (Jan 1, 2023 to Jun 30, 2023)

Thousand yen

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

Notes: 1. adjustments of revenue are in intra-segment revenue and transfers.

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

(Important subsequent events)

Not applicable.