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 FY2026 YTD (IFRS)

August 14, 2026

Company Name:	GNI Group Ltd.	Tokyo Stock Exchange	
Stock Code:	2160	URL https://www.gnipharma.com	
Representative:	Ying Luo, Director, Representative Executive Officer, President, and CEO		
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Scheduled date of semi-annual report filing:	August 14, 2026
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 FY2026 YTD (January to June)

(1) Q2 FY2026 YTD Consolidated Operating Results

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

	Revenue		Operating income		Pre-tax profit		Profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY2026 YTD	11,937	(2.6)	534	-	(87)	-	(588)	-	(1,988)	-	2,032	-
Q2 FY2025 YTD	12,252	4.4	(1,179)	-	(1,433)	-	(2,342)	-	(915)	-	(5,596)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2026 YTD	(35.66)	(35.66)
Q2 FY2025 YTD	(18.19)	(18.19)

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent	Total equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
Q2 FY2026	81,760	66,497	40,441	49.5	724.38
FY2025	83,791	51,842	50,320	60.1	903.93

2. Dividends

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

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

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

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

	Revenue		Operating profit		Pre-tax profit		Profit for the year		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2026	47,327	76.3	–	–	–	–	–	–	–	–	–

Note: Amendment from the forecast most recently published: Yes

With respect to the consolidated earnings forecast for the fiscal year ending December 31, 2026, in light of uncertainties surrounding upfront investments for new drug approvals and development, among other factors, the Company is disclosing only its forecast for "Revenue." For details, please refer to the attached material, "1. Analysis of Operating Results and Financial Position (5) Outlook for the Fiscal Year Ending December 31, 2026" in the attached materials.

Notes:

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

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

(3) Number of Shares Issued (Ordinary Shares)

① Number of shares issued as of the end of the period (including treasury shares)	Q2 FY2026	55,843,127 shares	FY2025	55,682,069 shares
② Number of treasury shares as of the end of the period	Q2 FY2026	13,643 shares	FY2025	13,643 shares
③ Average number of shares for the period	Q2 FY2026	55,751,150 shares	Q2 FY2025	50,322,976 shares

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

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

Forward-looking statements including earnings forecasts contained in this report are based on currently available information and management's assumptions and beliefs regarding uncertainties that may impact future earnings forecasts.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

During the six months ended June 30, 2026, GNI Group Ltd. (the "Company") and its subsidiaries and affiliates (collectively, the "Group") positioned the fiscal year ending December 31, 2026 as a "second founding phase" aimed at transforming the Group into a global biopharma company. The Group is currently undergoing a significant transition associated with the execution of M&A transactions and corporate reorganizations, resulting in a business environment in which temporary costs are being incurred. Against this backdrop, consolidated revenue amounted to JPY 11,937 million, remaining at a level comparable to the same period of the previous year.

In the Pharmaceutical Business, sales of Etuary™, the mainstay product of Gyre Pharmaceuticals Co., Ltd. (Beijing Continent) ("Gyre Pharmaceuticals"), a key subsidiary of the Group, continued to perform steadily. As the benefits of the enhanced sales and marketing activities implemented since the first quarter became evident during the second quarter, revenue for the second quarter increased year on year.

Gyre Pharmaceuticals submitted a New Drug Application ("NDA") in March 2026 to the Center for Drug Evaluation ("CDE") under China's National Medical Products Administration ("NMPA") for F351, its next potential core product indicated for liver fibrosis associated with chronic hepatitis B, and received formal notification of acceptance in May 2026. The application is currently under priority review, and as of the date of this disclosure, the NDA review is progressing smoothly.

F351 was designated as a Breakthrough Therapy in 2021, and positive results from its Phase 3 clinical trial were announced in May 2025. Following pre-NDA consultations with the CDE, F351 was designated for priority review in March 2026, and is expected to address significant unmet medical needs. In addition to its development in China, F351 is also expected to have global potential. Gyre Therapeutics, Inc. ("Gyre"; Nasdaq: GYRE), a subsidiary of the Company listed on the Nasdaq Stock Market in the United States, is preparing to initiate a Phase 2 clinical trial in the United States for F351 in patients with liver fibrosis associated with metabolic dysfunction-associated steatohepatitis ("MASH").

The Company also completed the acquisition of all shares of AYUMI Pharmaceutical Holdings Co. ("AYUMI Pharmaceutical Holdings") on July 1, 2026, making it a wholly owned subsidiary. AYUMI Pharmaceutical Holdings manufactures and markets pharmaceutical products primarily in the fields of rheumatology and orthopedics. It has a broad product portfolio covering rheumatoid arthritis, pain, osteoporosis, osteoarthritis of the knee and other conditions, including the antipyretic analgesic CALONAL®, as well as a nationwide sales and distribution platform in Japan.

Through this acquisition, the Group has established a pharmaceutical business platform in Japan and strengthened its global operating structure centered on Japan, the United States and China. Going forward, in addition to pursuing further growth of AYUMI Pharmaceutical Holdings' existing products and expanding its product portfolio, the Group will explore opportunities to introduce the Group's development candidates and overseas products into the Japanese market by leveraging AYUMI Pharmaceutical Holdings' sales and distribution platform.

(Reference) Financial Position and Operating Results of AYUMI Pharmaceutical Holdings for the Past Three Fiscal Years (IFRS)

Million yen

Fiscal year ended	March 31, 2024	March 31, 2025	March 31, 2026
Revenue	31,066	34,792	38,543
Operating profit	404	5,452	6,206
Total assets	116,798	115,014	109,031
Total liabilities	90,450	86,066	76,861
Total equity	26,347	28,947	32,170

In the Drug Discovery Business (Pharmaceutical Business), Gyre completed the acquisition of Cullgen Inc. ("Cullgen") as a wholly owned subsidiary during the six months ended June 30, 2026. Gyre is advancing the development of next-generation therapeutics, including targeted protein degraders ("TPDs") and degrader-antibody conjugates ("DACs"), utilizing its proprietary uSMITE™ (ubiquitin-mediated, small molecule induced target elimination) platform.

During the six months ended June 30, 2026, collaborative development revenue decreased following the termination of the research collaboration, option and license agreement between Cullgen and Astellas Pharma Inc. Meanwhile, Cullgen's internally driven development programs continued to make steady progress.

Following Gyre's acquisition of Cullgen as a wholly owned subsidiary, the Group has been optimizing research and development resources and reviewing the prioritization and development schedules of its development programs. While these reviews are underway, the Group continues to advance its development programs with the aim of providing new treatment options to address unmet medical needs, including CG001419, a TRK-targeting candidate for the treatment of cancer and pain; CG009301, a candidate for the treatment of hematologic malignancies; and CG923308, a candidate for the treatment of solid tumors.

In the Medtech Business (Medical Device Business), the consolidation of ZOO LABO Inc. ("ZOO LABO"), which became a consolidated subsidiary in December 2025, contributed to an increase in revenue. However, this contribution was insufficient to offset the decline in revenue in the biomaterials business resulting from changes to the U.S. Medicare system. As a result, revenue in the Medtech Business decreased compared with the same period of the previous year.

While the Group as a whole advances the optimization of management resources during this "second founding phase," the Medtech Business is undertaking a fundamental review of its operations to address its relatively low margins and transform itself into a more profitable business.

Specifically, taking the acquisition of AYUMI Pharmaceutical Holdings as an opportunity, the Group intends to shift the core focus of the Medtech Business from its conventional stable-growth model centered on contract manufacturing toward a "global niche" strategy focused primarily on the manufacture and sale of private-brand products and materials for aesthetic surgery, and is considering a business reorganization in line with this shift.

① Operating results by segment

Pharmaceutical Segment

During the current semi-annual consolidated accounting period, segment revenue and segment profit for the Pharmaceutical Segment were ¥8,919 million (up 8.8% YoY) and ¥2,734 million (compared to the segment loss of ¥1,682 million in the previous semi-annual consolidated accounting period), respectively. Revenue in the pharmaceutical business segment increased by 8.8% year-on-year, supported by strong sales of ETUARY, a key product of Gyre Pharmaceuticals, in the China market. Segment profit increased significantly, mainly reflecting the following factors.

Major factors contributing to the increase in segment profit:

Recognition of a gain of ¥6,596 million from the reversal of accrued interest following the extinguishment of the obligation to pay accrued interest on Cullgen's redeemable preferred shares.

Major factors contributing to the decrease in segment profit:

(a) the incurrence of one-off advisory and other related expenses associated with the acquisition of AYUMI Pharmaceutical.

(b) the incurrence of one-off integration-related expenses associated with Gyre's acquisition of all remaining shares of Cullgen.

(c) higher initial preparation costs, including promotional expenses, for the commercialization of F351.

(d) higher research and development expenses associated with the U.S. IND application for F351.

(e) higher share-based compensation expenses associated with the passage of the service period for stock options granted in previous fiscal years.

(f) the incurrence of one-off expenses for optimizing the organizational structure associated with the implementation of business restructuring and management infrastructure strengthening initiatives at Gyre.

Medical Device Segment

During the current semi-annual consolidated accounting period, segment revenue and segment loss for the Medical Device segment were ¥3,017 million (down 25.6% YoY) and ¥2,200 million (segment profit of ¥502 million in the previous semi-annual consolidated accounting period), respectively. The decreases in segment revenue and segment profit in the medical device business segment were mainly attributable to lower revenue in the biomaterials business resulting from revisions to the U.S. Medicare system, despite the positive contribution of ZOO LABO to revenue and profit

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

Million yen

	Q2 FY2025 YTD	Q2 FY2026 YTD	Difference
Selling, general and administrative expenses	(7,995)	(11,420)	(3,425)
Personnel expenses	(2,862)	(4,268)	(1,406)
Research and development expenses	(1,596)	(2,124)	(527)

Selling, general and administrative (SG&A) expenses for the current semi-annual consolidated accounting period were ¥11,420 million (up 42.8% YoY). The increase in selling, general and administrative expenses was mainly attributable to higher initial preparation costs, including promotional expenses for the commercialization of F351 at Gyre Pharmaceuticals, as well as the incurrence of one-off advisory and other related expenses associated with the acquisitions of AYUMI Pharmaceutical and Cullgen.
Personnel expenses for the current semi-annual consolidated accounting period amounted to ¥4,268 million (up 49.1% YoY). The increase in personnel expenses was mainly attributable to higher share-based compensation expenses associated with the passage of the service period for stock options granted in previous fiscal years.
Research and development (R&D) expenses for the current semi-annual consolidated accounting period were ¥2,124 million (up 33.1% YoY). The increase in research and development expenses was mainly attributable to increased non-clinical activity costs associated with the U.S. IND application for F351.

③ Finance Income and Finance Costs

Million yen

	Q2 FY2025 YTD	Q2 FY2026 YTD	Difference
Finance income	539	252	(286)
Finance costs	(794)	(864)	(69)

Finance income

Finance income for the current semi-annual consolidated accounting period was ¥252 million (down 53.1% YoY). This decrease was mainly attributable to decreased foreign exchange gains.

Finance costs

Finance costs for the current semi-annual consolidated accounting period were ¥864 million (up 8.8% YoY). The increase in finance costs was mainly attributable to increased foreign exchange losses resulting from yen depreciation.

(2) Analysis of Financial Position

Summary of Consolidated Financial Position

Million yen

	As of December 31, 2025	As of June 30, 2026	Difference
Total assets	83,791	81,760	(2,030)
Total liabilities	31,948	15,263	(16,685)
Total equity	51,842	66,497	14,654

Total assets

As of June 30, 2026, the total assets stood at ¥81,760 million, down 2.4% compared to the previous fiscal year end.The decrease in assets was mainly attributable to a decrease in cash and cash equivalents.

Total liabilities

As of June 30, 2026, the total liabilities stood at ¥15,263 million, down 52.2% compared to the previous fiscal year end. The decrease in liabilities was mainly attributable to a decrease in non-current other financial liabilities.

Total equity

As of June 30, 2026, the total equity stood at ¥66,497 million, up 28.3% compared to the previous fiscal year end. The increase in equity was mainly attributable to an increase in non-controlling interests.

(3) Analysis of Cash Flows

Summary of Consolidated Cash Flows

Million yen

	Q2 FY2025 YTD	Q2 FY2026 YTD	Difference
Cash flows from operating activities	(931)	(1,606)	(675)
Cash flows from investing activities	632	(2,505)	(3,137)
Cash flows from financing activities	1,409	(191)	(1,601)

Cash flows from operating activities

The cash flow from operating activities was ¥1,606 million (cash outflow) in the current semi-annual consolidated accounting period (¥931 million cash outflow in the previous semi-annual consolidated accounting period), mainly attributable to income tax payments.

Cash flows from investing activities

The cash flow from investing activities was ¥2,505 million (cash outflow) in the current semi-annual consolidated accounting period (¥632 million cash inflow in the previous semi-annual consolidated accounting period), mainly attributable to development-related expenditures associated with the Phase IIIc clinical trial for F351.

Cash flows from financing activities

The cash flow from financing activities was ¥191 million (cash outflow) in the current semi-annual consolidated accounting period (¥1,409 million cash inflow in the previous semi-annual consolidated accounting period), mainly attributable to repayments of long-term borrowings.

(4) Research and Development Activities

[Drug Discovery Research Activities]
The Group's drug discovery research aims to develop innovative new candidate compounds (NCEs) centered around Cullgen. Cullgen is conducting research and development to expand its drug discovery pipeline, which includes multiple novel compounds targeting enzyme and non-enzyme proteins for cancer, pain, and autoimmune diseases.

[Development Activities]
■ ETUARY™ [Chinese: 艾思瑞® , (Generic name: Pirfenidone)] by Gyre Pharmaceuticals
Gyre Pharmaceuticals is conducting clinical trials to expand the indications of ETUARY™ to the following diseases:

・Diabetic Kidney Disease (DKD): Phase 1 clinical trial completed, discussing further steps with Chinese authorities
・Connective Tissue Diseases Associated Interstitial Lung Disease (CTD-LID) (systemic sclerosis (SSc-ILD) and dermatomyositis (DM-ILD): Phase 3 clinical trials ongoing
・Pneumoconiosis treatment drug (Pneumoconiosis, PD): Phase 3 clinical trial ongoing, expected to be completed in the fourth quarter of 2026.
・Radiation-induced lung injury (RILI), with or without checkpoint inhibitor pneumonitis (CIP): Adaptive-design Phase 2/3 trial initiated in April 2026, with the first patient enrolled.

■ F351 (Generic name: Hydronidone) - Gyre Pharmaceuticals and Gyre
F351 is a potential treatment for liver fibrosis and an important new drug candidate in our pharmaceutical portfolio, which will be a key part of our strategy to enter major pharmaceutical markets around the world. F351 is a promising drug candidate expected to become a blockbuster, which generally refers to a pharmaceutical product with annual sales exceeding $ 1 billion.
Gyre Pharmaceuticals announced positive results in May 2025 from its Phase 3 clinical trial in patients with liver fibrosis assosiated with chronic hepatitis B in the PRC. The New Drug Application (NDA) submitted to the Center for Drug Evaluation (CDE) was accepted for review in May 2026, and the review is progressing under the priority review pathway.
In addition, Gyre is in discussions with the U.S. Food and Drug Administration (FDA) regarding the requirements for an Investigational New Drug (IND) application to initiate a Phase 2 clinical trial of F351 in the United States for MASH (metabolic dysfunction-associated steatohepatitis)-associated liver fibrosis.

■ CG001419 (TRK degrader for pain and solid tumors) - Cullgen
CG001419 is being developed as a first-in-class oral drug candidate utilizing a selective and potent targeted protein degrader. The Phase 1 clinical trial in acute and chronic pain was completed in Australia in December 2025.
CG001419 was well tolerated at all dose levels, with no drug-related serious adverse events reported. Cullgen is currently planning a Phase 2 clinical trial in patients with cancer-induced bone pain (CIBP) or other pain syndromes associated with metastatic cancer.
A Phase 1 clinical trial in patients with solid tumors is also underway in the PRC.

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

■ CG923308 (CDK2-Cyclin E Targeted Protein Degrader for Solid Tumors) - Cullgen
CG923308 is a dual degrader that selectively and potently degrades both CDK2 and Cyclin E. Preclinical development is underway for HR-positive/HER2-negative advanced breast cancer resistant to existing therapies and solid tumors with CCNE1 amplification.
Preclinical studies demonstrated degradation of the target proteins, inhibition of cancer cell proliferation, and sustained tumor growth inhibition, as well as a favorable pharmacokinetic and safety profile.
Cullgen plans to submit an IND application in the United States and/or the PRC in the first quarter of 2027.

■ CG620953 (TYK2-JAK1 Targeted Protein Degrader for Autoimmune Diseases) - Cullgen
CG620953 is a dual degrader that selectively and potently degrades both TYK2 and JAK1 while minimizing its effect on JAK2. Preclinical development is underway for autoimmune diseases, including systemic lupus erythematosus (SLE), rheumatoid arthritis (RA), and inflammatory bowel disease (IBD). Preclinical studies demonstrated selective degradation of the target proteins and suppression of disease activity, with efficacy exceeding that of existing selective TYK2 inhibitors, as well as a favorable pharmacokinetic and safety profile.
Cullgen plans to submit an IND application in the United States and/or the PRC in the first quarter of 2027.

■ F230 [for Pulmonary Arterial Hypertension (PAH)] - Gyre Pharmaceuticals
F230 is a drug candidate for the treatment of PAH. Gyre Pharmaceuticals received IND (Investigational New Drug) approval in the PRC in May 2024, and the Phase 1 clinical trial was initiated in June 2025.

■F528 [for Chronic Obstructive Pulmonary Disease (COPD)] - Gyre Pharmaceuticals
F528 is a novel anti-inflammatory agent that suppresses multiple inflammatory cytokines and is being developed as a drug candidate with the potential to reduce the progression of chronic obstructive pulmonary disease (COPD). Gyre Pharmaceuticals plans to submit an IND application to the NMPA in 2026.

(5) Outlook for the Fiscal Year Ending December 31, 2026
Following the acquisition of all shares of AYUMI Pharmaceutical Holdings on July 1, 2026, the financial results of AYUMI Pharmaceutical Holdings and its subsidiaries are expected to be included in the Group's consolidated financial results from the second half of the current fiscal year. With respect to revenue, the Company has reflected the expected financial performance of the AYUMI Pharmaceutical Holdings group for the second half of the fiscal year in its full-year earnings forecast.

Meanwhile, following Gyre's acquisition of Cullgen as a wholly owned subsidiary, the Group is optimizing its post-integration research and development policies, development schedules, development priorities and resource allocation. In addition, following the acceptance in May 2026 by the Center for Drug Evaluation (CDE) of China's National Medical Products Administration of the New Drug Application (NDA) for F351, the Group is proceeding with preparations for its potential approval and commercialization. Research and development expenditures and upfront investments to address these growth opportunities will be determined flexibly based on the progress of development and regulatory review, as well as market conditions. Accordingly, the timing and scale of such investments remain subject to uncertainty at this time.

For these reasons, while the Company has disclosed a full-year revenue forecast reflecting the impact of the consolidation of AYUMI Pharmaceutical Holdings for the second half of the fiscal year, the Company has determined that it is difficult at this time to reasonably estimate financial results other than revenue and has therefore refrained from disclosing forecasts for those items. The Company will promptly disclose such forecasts once reasonable estimates become possible.

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

(1) Summary of Semi-Annual Consolidated Statements of Financial Position

Million yen

	FY2025 (As of Dec 31, 2025)	Q2 FY2026 (As of Jun 30, 2026)
Assets		
Non-current assets		
Property, plant and equipment	5,717	5,855
Right-of-use assets	1,784	1,719
Goodwill	16,648	16,564
Intangible assets	12,347	14,736
Investments accounted for using the equity method	391	423
Deferred tax assets	348	305
Other financial assets	5,738	6,434
Other non-current assets	81	85
Total non-current assets	43,057	46,125
Current assets		
Inventories	3,752	4,129
Trade and other receivables	8,056	6,347
Other financial assets	6,898	6,531
Other current assets	924	1,462
Cash and cash equivalents	21,101	17,164
Total current assets	40,734	35,635
Total assets	83,791	81,760
Liabilities and equity		
Non-current liabilities		
Borrowings	2,020	1,663
Lease liabilities	992	919
Deferred tax liabilities	2,033	2,208
Other financial liabilities	16,825	-
Other non-current liabilities	481	272
Total non-current liabilities	22,354	5,063
Current liabilities		
Trade and other payables	1,600	1,322
Borrowings	1,325	1,375
Current portion of long-term borrowings	686	686
Lease liabilities	342	429
Current tax payable	2,947	2,534
Other financial liabilities	4	1
Other current liabilities	2,688	3,850
Total current liabilities	9,594	10,200
Total liabilities	31,948	15,263

	FY2025 (As of Dec 31, 2025)	Q2 FY2026 (As of Jun 30, 2026)
Equity		
Share capital	19,676	19,786
Capital surplus	15,773	4,270
Treasury shares	(15)	(15)
Retained earnings	5,644	3,656
Other components of equity	9,240	12,744
Total equity attributable to owners of parent	50,320	40,441
Non-controlling interests	1,522	26,055
Total equity	51,842	66,497
Total equity and liabilities	83,791	81,760

(2) Summary of Semi-Annual Consolidated Statements of Income and Summary of Semi-Annual Consolidated Statements of Comprehensive Income

Summary of Semi-Annual Consolidated Statements of Income

Million yen

	Q2 FY2025 YTD (Jan 1, 2025 to Jun 30, 2025)	Q2 FY2026 YTD (Jan 1, 2026 to Jun 30, 2026)
Revenue	12,252	11,937
Cost of sales	(3,418)	(3,307)
Gross profit	8,833	8,630
Selling, general and administrative expenses	(7,995)	(11,420)
Research and development expenses	(1,596)	(2,124)
Other income	322	6,724
Other expenses	(743)	(1,275)
Operating profit (loss)	(1,179)	534
Finance income	539	252
Finance costs	(794)	(864)
Share of profit (loss) of investments accounted for using equity method	1	(10)
Profit (loss) before tax	(1,433)	(87)
Income tax expense	(908)	(500)
Profit (loss)	(2,342)	(588)
Profit (loss) attributable to:		
Owners of parent	(915)	(1,988)
Non-controlling interests	(1,427)	1,400
Earnings per share		
Basic earnings per share (loss) (Yen)	(18.19)	(35.66)
Diluted earnings per share (loss) (Yen)	(18.19)	(35.66)

Summary of Semi-Annual Consolidated Statements of Comprehensive Income

Million yen

	Q2 FY2025 YTD (Jan 1, 2025 to Jun 30, 2025)	Q2 FY2026 YTD (Jan 1, 2026 to Jun 30, 2026)
Profit (loss)	(2,342)	(588)
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax		
Exchange differences on translation of foreign operations	(3,226)	2,592
Share of other comprehensive income of investments accounted for using equity method	(27)	28
Total other comprehensive income	(3,253)	2,620
Comprehensive income	(5,596)	2,032
Comprehensive income attributable to:		
Owners of parent	(3,924)	24
Non-controlling interests	(1,672)	2,007

(3) Summary of Semi-Annual Consolidated Statements of Changes in Equity

Previous semi-annual: Q2 FY2025 (Jan 1, 2025 to Jun 30, 2025)

Million yen

	Attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2025	13,276	6,626	(15)	9,888	1,616	5,052	6,669
Profit (loss)	-	-	-	(915)	-	-	-
Other comprehensive income	-	-	-	-	-	(3,008)	(3,008)
Total comprehensive income	-	-	-	(915)	-	(3,008)	(3,008)
Changes in ownership interest in subsidiaries	-	2,061	-	-	-	-	-
Issuance of new shares	188	188	-	-	-	-	-
Issuance cost of shares	(1)	(1)	-	-	2	-	2
Share-based payment transactions	-	-	-	-	370	-	370
Issuance of share acquisition rights	-	-	-	-	10	-	10
Exercise of share acquisition rights	-	-	-	-	(66)	-	(66)
Issuance cost of share acquisition rights	-	-	-	-	(3)	-	(3)
Forfeiture of share acquisition rights	-	0	-	-	(0)	-	(0)
Purchase of treasury shares	-	-	(0)	-	-	-	-
Total amount of transactions with owners	186	2,248	(0)	-	312	-	312
Balance as of Jun 30, 2025	13,463	8,874	(15)	8,973	1,929	2,044	3,973

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2025	36,446	3,267	39,713
Profit (loss)	(915)	(1,427)	(2,342)
Other comprehensive income	(3,008)	(244)	(3,253)
Total comprehensive income	(3,924)	(1,672)	(5,596)
Changes in ownership interest in subsidiaries	2,061	1,448	3,510
Issuance of new shares	376	-	376
Issuance cost of shares	-	-	-
Share-based payment transactions	370	-	370
Issuance of share acquisition rights	10	-	10
Exercise of share acquisition rights	(66)	-	(66)
Issuance cost of share acquisition rights	(3)	-	(3)
Forfeiture of share acquisition rights	-	-	-
Purchase of treasury shares	(0)	-	(0)
Total amount of transactions with owners	2,747	1,448	4,196
Balance as of Jun 30, 2025	35,269	3,044	38,313

Current semi-annual: Q2 FY2026 (Jan 1, 2026 to Jun 30, 2026)

Million yen

	Attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exch. diff on translation of foreign operations	Total
Balance as of Jan 1, 2025	19,676	15,773	(15)	5,644	3,735	5,505	9,240
Profit (loss)	-	-	-	(1,988)	-	-	-
Other comprehensive income	-	-	-	-	-	2,013	2,013
Total comprehensive income	-	-	-	(1,988)	-	2,013	2,013
Changes in ownership interest in subsidiaries	-	(11,625)	-	-	-	-	-
Issuance of new shares	110	110	-	-	-	-	-
Issuance cost of shares	(0)	(0)	-	-	1	-	1
Share-based payment transactions	-	-	-	-	1,501	-	1,501
Exercise of share acquisition rights	-	-	-	-	(0)	-	(0)
Issuance cost of share acquisition rights	-	-	-	-	(0)	-	(0)
Forfeiture of share acquisition rights	-	12	-	-	(12)	-	(12)
Total amount of transactions with owners	109	(11,503)	-	-	1,490	-	1,490
Balance as of Jun 30, 2025	19,786	4,270	(15)	3,656	5,225	7,518	12,744

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of Jan 1, 2025	50,320	1,522	51,842
Profit (loss)	(1,988)	1,400	(588)
Other comprehensive income	2,013	607	2,620
Total comprehensive income	24	2,007	2,032
Changes in ownership interest in subsidiaries	(11,625)	22,525	10,900
Issuance of new shares	220	-	220
Issuance cost of shares	-	-	-
Share-based payment transactions	1,501	-	1,501
Exercise of share acquisition rights	(0)	-	(0)
Issuance cost of share acquisition rights	(0)	-	(0)
Forfeiture of share acquisition rights	-	-	-
Total amount of transactions with owners	(9,903)	22,525	12,622
Balance as of Jun 30, 2025	40,441	26,055	66,497

(4) Summary of Semi-Annual Consolidated Statements of Cash Flows

Million yen

	Q2 FY2025 YTD (Jan 1, 2025 to Jun 30, 2025)	Q2 FY2026 YTD (Jan 1, 2026 to Jun 30, 2026)
Cash flows from operating activities		
Profit (loss) before tax	(1,433)	(87)
Depreciation and amortization	541	630
Decrease (increase) in trade and other receivables	135	1,928
Increase (decrease) in trade and other payables	(282)	(362)
Decrease (increase) in inventories	(1,063)	(179)
Increase (decrease) bonus allowance	(61)	(18)
Finance income and finance costs	605	383
Loss (gain) on Valuation in securities	453	335
Gain on reversal of accrued interest on redeemable preferred shares	-	(6,596)
Share-based compensation expenses	369	1,110
Other	174	1,882
Subtotal	(560)	(973)
Interest received	207	255
Interest paid	(90)	(79)
Income taxes paid	(487)	(808)
Net cash provided by (used in) operating activities	(931)	(1,606)
Cash flows from investing activities		
Net decrease (increase) in time deposits	31	(461)
Proceeds from the sale and redemption of securities	-	474
Purchase of property, plant and equipment	(180)	(156)
Proceeds from sale of property, plant and equipment	0	-
Purchase of intangible assets	(741)	(2,358)
Purchase of investment securities	(13)	-
Increase of leasehold and guarantee deposits	(4)	(3)
Decrease of leasehold and guarantee deposits	1,540	0
Net cash provided by (used in) investing activities	632	(2,505)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,175)	50
Repayments of long-term borrowings	(200)	(357)
Proceeds from issuance of share acquisition rights	10	-
Capital contribution from non-controlling interests	3,288	3
Proceeds from exercise of share acquisition rights	652	269
Repayments of lease liabilities	(167)	(157)
Purchase of treasury shares	(0)	-
Net cash provided by (used in) financing activities	1,409	(191)
Effect of exchange rate changes on cash and cash equivalents	(700)	366
Net increase (decrease) in cash and cash equivalents	409	(3,937)
Cash and cash equivalents at beginning of period	10,115	21,101
Cash and cash equivalents at end of period	10,524	17,164

(5) Notes to the Summary of Semi-Annual Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Basis of Preparation)

(1) Matters relating to IFRS

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

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

The Group's semi-annual consolidated financial statements do not include all the information required by the annual consolidated financial statements and should be used in conjunction with the Group's consolidated financial statements for the fiscal year ended December 31, 2025.

(2) Functional currency and presentation currency

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

(Changes in Accounting Policies)

The Group has adopted the following standard from the current semi-annual consolidated accounting period. Except for this standard, the accounting policies applied are consistent with those applied in the consolidated financial statements for the previous fiscal year. The adoption of this standard has no material impact on the Group's condensed semi-annual consolidated financial statements.

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

(Segment Information)

(1) Reportable segments

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

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

The major products and services in each reportable segment are as follows.

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

(2) Revenue and profit by reportable segments

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

Previous semi-annual: Q2 FY2025 YTD (Jan 1, 2025 to Jun 30, 2025)

Million yen

	Reportable segments			Consolidated
	Pharmaceutical	Medical Device	Total	
Revenue				
Revenue to outside customers	8,194	4,057	12,252	12,252
Total	8,194	4,057	12,252	12,252
Segment profit (loss)	(1,682)	502	(1,179)	(1,179)
			Finance income	539
			Finance costs	(794)
			Share of profit (loss) of investments accounted for using equity method	1
			Profit before tax (loss)	(1,433)

Notes: The segment profit (loss) reflects the operating profit (loss) in the summary of semi-annual consolidated statements of income.

Current semi-annual: Q2 FY2026 YTD (Jan 1, 2026 to Jun 30, 2026)

Million yen

	Reportable segments			Consolidated
	Pharmaceutical	Medical Device	Total	
Revenue				
Revenue to outside customers	8,919	3,017	11,937	11,937
Total	8,919	3,017	11,937	11,937
Segment profit (loss)	2,734	(2,200)	534	534
			Finance income	252
			Finance costs	(864)
			Share of profit (loss) of investments accounted for using equity method	(10)
			Profit before tax (loss)	(87)

Notes: The segment profit (loss) reflects the operating profit (loss) in the summary of semi-annual consolidated statements of income.

(Significant Subsequent Events)

(Business Combination through Acquisition)

Based on a resolution of the Board of Directors dated June 5, 2026, the Company acquired all shares of AYUMI Pharmaceutical Holdings and made it a wholly owned subsidiary effective July 1, 2026.

(1) Overview of the Business Combination

① Name of the Acquired Company and Description of Its Business

Name of the acquired company: AYUMI Pharmaceutical Holdings Corporation

Description of business: Control and management of the business activities of its subsidiary, which is engaged in the manufacture and sale of pharmaceuticals, mainly anti-rheumatic drugs and antipyretic analgesics.

② Principal Reasons for the Business Combination

The business combination was conducted to acquire AYUMI Pharmaceutical Holdings' strong sales network and commercial platform in the Japanese market, thereby establishing a solid revenue base in Japan and contributing to the diversification and stabilization of the Company's sources of revenue. In addition, the Company aims to create synergies and achieve medium- to long-term growth and strengthen its business portfolio by introducing into the Japanese market the Company's proprietary pipelines being developed in the United States and China, as well as biosimilars originating overseas.

③ Date of the Business Combination

July 1, 2026

④ Legal Form of the Business Combination

Acquisition of shares in consideration for cash and the issuance of new shares through a third-party allotment.

⑤ Name of the Entity after the Business Combination

There has been no change in the name.

⑥ Percentage of Voting Rights Acquired

100%

⑦ Principal Basis for Determining the Acquirer

The Company acquired shares in consideration for cash and the Company's new shares.

(2) Consideration Transferred for the Acquisition and Its Breakdown by Type

Cash	¥18,004 million
Common shares of the Company issued and delivered on the date of the business combination (Note)	¥26,770 million
Total	¥44,775 million

(Note) For details, please refer to "Issuance of New Shares through Third-Party Allotment" below.

(3) Nature and Amount of Major Acquisition-related Costs

The amount had not been finalized as of the date of approval of the condensed semi-annual consolidated financial statements and therefore has not been disclosed.

(4) Amount of Goodwill Recognized and Factors Contributing to Its Recognition, and Fair Values of Assets Acquired and Liabilities Assumed as of the Acquisition Date

The initial accounting for the business combination was not completed as of the date of approval of the condensed semi-annual consolidated financial statements and therefore has not been disclosed.

(Issuance of New Shares through Third-Party Allotment)
Based on a resolution of the Board of Directors dated June 5, 2026, the Company issued new shares through a third-party allotment as follows as part of the consideration for the acquisition of shares in connection with the acquisition of all shares of AYUMI Pharmaceutical Holdings The payment procedures were completed on July 1, 2026.
Payment date (issue date): July 1, 2026
Number of new shares issued: 9,974,291 common shares
Issue price: ¥2,684 per share
Amount of proceeds: ¥26,770 million
Increase in capital: ¥13,385 million
Increase in capital surplus: ¥13,385 million
Method of offering or allotment: The new shares were allotted through a third-party allotment to the following allottees, with a portion of their claims for payment of the transfer consideration for the shares of AYUMI Pharmaceutical Holdings contributed to kind as property contributed to exchange for the new shares.
BCP Asia AYM Holding (Cayman) L.P.: 6,982,004 shares
Toho Holdings Co., Ltd.: 1,994,858 shares
Hisamitsu Pharmaceutical Co., Inc.: 997,429 shares

(Borrowing a Significant Amount of Funds)
In order to finance the acquisition of shares of AYUMI Pharmaceutical Holdings described above and related expenses, the Company entered into loan agreements based on a resolution of the Board of Directors dated June 26, 2026, and drew down the following funds on July 1, 2026.

Lenders: Mizuho Bank Ltd.
SBI Shinsei Bank, Limited
Borrowing amount: ¥20,000 million
Interest rate: Short-term prime lending rate
Drawdown date: July 1, 2026
Maturity date: July 1, 2027
Repayment method: Lump-sum repayment at maturity
Collateral: Common shares of Gyre Therapeutics, Inc. held by the Company and its subsidiaries

Financial covenants:
The total amount of equity presented in the consolidated balance sheet as of each fiscal year-end from the fiscal year ending December 31, 2026 (inclusive) onward must be maintained at 75% or more of the total amount of equity presented in the consolidated balance sheet as of the immediately preceding fiscal year-end. For the first test, the total amount of equity as of each fiscal year-end of the fiscal year ending December 31, 2025 shall be increased by the amount of the third-party allotment to BCP Asia AYM Holding (Cayman) L.P., Toho Holdings Co., Ltd. and Hisamitsu Pharmaceutical Co., Inc. pursuant to the resolution of the Board of Directors dated June 5, 2026.
The Company must not have a consolidated operating loss or net loss for the fiscal year presented in the consolidated statement of income as of any fiscal year-end from the fiscal year ending December 31, 2026 (inclusive) onward. For purposes of this covenant, acquisition-related expenses for AYUMI Pharmaceutical Holdings incurred by the Company or its consolidated subsidiaries shall be added back.