REFINITIV

DELTA REPORT

10-Q

GYRE - CATALYST BIOSCIENCES, INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2772
CHANGES	90
DELETIONS	1586
ADDITIONS	1096

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, March 31, 2023 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 000-51173

Catalyst Biosciences, Gyre Therapeutics, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**56-2020050**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
12770 High Bluff Drive, Suite 150 San Diego, California	**92130**
(Address of Principal Executive Offices)	**(Zip Code)**

(650 858) 266-8674 567-7770

(Registrant's Telephone Number, Including Area Code)

611 Gateway Blvd., Suite 120

South San Francisco, California94080

(Former name, former address and former fiscal year, if changed since last report)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**

Common Stock, par value $0.001 per share	CBIO GYRE	The NASDAQNasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 20, 2023 May 6, 2024, the number of outstanding shares of the registrant’s common stock, par value $0.001 per share, was 37,978,142 85,510,116.

CATALYST BIOSCIENCES,

GYRE THERAPEUTICS, INC.

TABLE OF CONTENTS

Page No.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Catalyst Biosciences, Gyre Therapeutics, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	Septembe r 30, 2023 (Unaudite d)	Decembe r 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 2,228	$ 21,66 6	$ 29,785	$ 33,509
Accounts and other receivables	—	5,000		
Short-term bank deposits			7,567	—
Accounts and note receivables, net			15,458	15,552
Other receivables from GNI	1,200	—	1,287	1,287
Prepaid insurance	1,169	1,136		

Prepaid and other current assets	535	404		
Inventories, net			4,939	4,281
Prepaid assets			1,790	1,547
Other current assets			1,897	1,045
Total current assets	5,132	28,206	62,723	57,221
Property and equipment, net			23,564	23,288
Long-term receivable from GCBP	4,664	—	4,780	4,722
Intangible assets, net			196	205
Right-of-use assets			359	489
Land use rights, net			1,480	1,493
Deferred tax assets			5,000	4,695
Long-term certificates of deposit			23,106	23,431
Other assets, noncurrent	168	168	802	995
Right-of-use assets	—	66		
Property and equipment, net	—	4		
Total assets	$ 9,964	$ 28,444	$ 122,010	$ 116,539
Liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)				
Liabilities, convertible preferred stock, and equity				
Current liabilities:				
Accounts payable	$ 158	$ 194	$ 330	$ 355
Accrued compensation	708	2,582		
Other accrued liabilities	917	1,452		
Dividends payable	—	7,558		
CVR derivative liability	—	5,000		
Operating lease liability	—	38		
Deferred revenue			35	39
Due to related parties			1,362	1,369
CVR excess closing cash payable			422	1,085
Accrued expenses and other current liabilities			10,767	11,935
Income tax payable			6,470	5,054
Operating lease liabilities, current			100	210

Total current liabilities	1,783	16,824	19,486	20,047
Operating lease liabilities, noncurrent			175	199
Deferred government grants			203	213
CVR derivative liability, noncurrent	4,664	—	4,780	4,722
Warrant liability, noncurrent			8,547	12,835
Other noncurrent liabilities			48	49
Total liabilities	6,447	16,824	33,239	38,065
Commitments and Contingencies (Note 8)				
Redeemable convertible preferred stock, $0.001 par value, 123,418 shares authorized; 0 and 12,340 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	33,309		
Stockholders' equity (deficit):				
Convertible preferred stock, $0.001 par value, 123,418 shares authorized; 12,340 and 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	33,309	—		
Common stock, $0.001 par value, 100,000,000 shares authorized, 37,978,142 and 37,756,574 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	37	37		
Commitments and Contingencies (Note 12)				
Convertible Preferred Stock, $0.001 par value, 5,000,000 shares authorized; nil shares and 13,151 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			—	64,525
Stockholders' equity:				
Common stock, $0.001 par value, 400,000,000 shares authorized; 85,423,246 shares and 76,595,616 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			85	77

Additional paid-in capital	384,895	389,210	133,199	68,179
Statutory reserve			3,098	3,098
Accumulated deficit	(414,724)	(410,936)	(78,006)	(85,538)
Total stockholders' equity (deficit)	3,517	(21,689)		
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	$ 9,964	$ 28,444		
Accumulated other comprehensive loss			(1,736)	(1,644)
Total Gyre stockholders' equity (deficit)			56,640	(15,828)
Noncontrolling interest			32,131	29,777
Total equity			88,771	13,949
Total liabilities, convertible preferred stock, and equity			$ 122,010	$ 116,539

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Catalyst Biosciences, Gyre Therapeutics, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Collaboration	$ —	$ —	$ —	$ 794

Operating expenses (income):				
Cost of collaboration	—	—	—	798
Research and development	415	803	1,321	12,377
General and administrative	2,408	4,363	8,603	13,201
GNI cost-sharing reimbursement	(1,200)	—	(1,200)	—
Gain on disposal of assets, net	—	—	(4,736)	(57,245)
Total operating expenses (income)	1,623	5,166	3,988	(30,869)
Income (loss) from operations	(1,623)	(5,166)	(3,988)	31,663
Interest and other income, net	47	282	216	549
Income (loss) before income taxes	(1,576)	(4,884)	(3,772)	32,212
Income tax expenses	—	—	16	—
Net income (loss) and comprehensive income (loss)	$ (1,576)	$ (4,884)	$ (3,788)	$ 32,212
Net income (loss) per share attributable to common stockholders, basic	$ (0.04)	$ (0.16)	$ (0.10)	$ 1.02
Net income (loss) per share attributable to common stockholders, diluted	$ (0.04)	$ (0.16)	$ (0.10)	$ 1.02
Shares used to compute net income (loss) per share attributable to common stockholders, basic	37,976,764	31,484,542	37,845,900	31,472,666
Shares used to compute net income (loss) per share attributable to common stockholders, diluted	37,976,764	31,484,542	37,845,900	31,605,834
Cash dividends paid per common share	$ —	$ 1.43	$ 0.24	$ 1.43
CVR cash dividends paid per common share	$ 0.05	$ —	$ 0.17	$ —

	Three Months Ended March 31,	
	2024	2023
Revenues	$ 27,172	$ 24,931
Operating expenses:		
Cost of revenues	979	1,125
Selling and marketing	12,542	12,768
Research and development	2,182	2,635

General and administrative	3,398	1,739
Total operating expenses	19,101	18,267
Income from operations	8,071	6,664
Other income (expense), net:		
Interest income, net	328	184
Other income	109	66
Change in fair value of warrant liability	4,288	—
Other expenses	(315)	(643)
Income before income taxes	12,481	6,271
Provision for income taxes	(2,546)	(2,054)
Net income	9,935	4,217
Net income attributable to noncontrolling interest	2,403	1,973
Net income attributable to common stockholders	$ 7,532	$ 2,244
Net income per share attributable to common stockholders:		
Basic	$ 0.09	$ 0.04
Diluted	$ 0.03	$ 0.03
Weighted average shares used in calculating net income per share attributable to common stockholders:		
Basic	83,265,879	63,588,119
Diluted	102,594,197	78,921,366
Other comprehensive income:		
Net income	$ 9,935	$ 4,217
Foreign currency translation adjustments	(141)	898
Comprehensive income	9,794	5,115
Net income attributable to noncontrolling interest	2,403	1,973
Foreign currency translation adjustments attributable to noncontrolling interest	(49)	395
Comprehensive income attributable to noncontrolling interest	2,354	2,368
Comprehensive income attributable to common stockholders	$ 7,440	$ 2,747

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Catalyst Biosciences, Gyre Therapeutics, Inc.

Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

(In thousands, except share amounts)

(Unaudited)

	Redeemable Convertible Preferred Stock		Redeemable Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	12,340	$ 33,309	—	$ —	—	$ —	37,756,574	$ 37	$ 210	$ (410,936)	$ (21,689)
Stock-based compensation expense	—	—	—	—	—	—	—	—	210	—	210
Issuance of common stock from stock grants	—	—	—	—	—	—	3,251	—	2	—	2
CVR cash dividends paid related to GCBP Agreement ($0.01 per share)	—	—	—	—	—	—	—	—	(206)	—	(206)
CVR derivative liability	—	—	—	—	—	—	—	—	(4,530)	—	(4,530)
Net income	—	—	—	—	—	—	—	—	—	260	260
Balance at March 31, 2023	12,340	33,309	—	—	—	—	37,759,825	37	384,686	(410,676)	(25,953)
Stock-based compensation expense	—	—	—	—	—	—	—	—	89	—	89
Issuance of common stock from option exercises	—	—	—	—	—	—	215,067	—	22	—	22
Issuance of preferred stock for stock dividends	—	—	37,975	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	(2,472)	(2,472)

Balance at June 30, 2023	12,340	33,309	37,975	—	—	—	37,975,892	37	384,797	(413,148)	(28,314)
Stock-based compensation expense	—	—	—	—	—	—	—	—	98	—	98
Issuance of common stock from stock grants	—	—	—	—	—	—	3,250	—	—	—	—
Elimination and redemption of preferred stock	—	—	(37,975)	—	—	—	—	—	—	—	—
Reclassification of preferred stock to permanent equity	(12,340)	(33,309)	—	—	12,340	33,309	—	—	—	—	33,309
Net loss	—	—	—	—	—	—	—	—	—	(1,576)	(1,576)
Balance at September 30, 2023	—	$ —	—	$ —	12,340	$ 33,309	37,978,142	$ 37	$ 384,895	$ (414,724)	$ 3,517

	Redeemable Convertible Preferred Stock		Redeemable Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	—	$ —	—	$ —	—	$ —	31,409,707	$ 31	$ 752	$ (402,694)	$ 41,089
Stock-based compensation expense	—	—	—	—	—	—	32,684	—	515	—	515
Issuance of common stock from stock grants and option exercises	—	—	—	—	—	—	34,662	—	16	—	16
Net loss	—	—	—	—	—	—	—	—	—	(14,536)	(14,536)
Balance at March 31, 2022	—	—	—	—	—	—	31,477,053	31	444,283	(417,230)	27,084
Stock-based compensation expense	—	—	—	—	—	—	—	—	346	—	346
Net income	—	—	—	—	—	—	—	—	—	51,632	51,632
Balance at June 30, 2022	—	—	—	—	—	—	31,477,053	31	444,629	(365,598)	79,062

Stock-based compensation expense	—	—	—	—	—	—	—	—	224	—	224
Issuance of common stock from stock grants and option exercises	—	—	—	—	—	—	13,000	—	4	—	4
Cash dividends paid ($1.43 per share)	—	—	—	—	—	—	—	—	(45,031)	—	(45,031)
Net loss	—	—	—	—	—	—	—	—	—	(4,884)	(4,884)
Balance at September 30, 2022	—	$ —	—	$ —	—	$ —	31,490,053	$ 31	$ 399,826	$ (370,482)	$ 29,375

	Convertible Preferred Stock		Common Stock		Additional Paid-In	Statutory		Accumulated Other Comprehensive	Total Gyre Stockholders'	Non-controlling	Total
	Shares	Amount	Shares	Amount	Capital	Reserve	Accumulated Deficit	Loss	(Deficit) Equity	Interest	Equity
Balance at December 31, 2023	13,151	64,525	76,595,616		68,177,098		(85,538)		(15,828)	29,777	13,949
		$ 25		$ 77	$ 9	$ 3,098	$ (8)	$ (1,644)	$ 8)	$ 7	$ 9
Stock-based compensation expense	—	—	—	—	11	—	—	—	11	—	11
Stock options exercised	—	—	60,297	—	492	—	—	—	492	—	492
Convertible preferred stock conversion	(13,151)	(64,525)	8,767,333	8	64,517	—	—	—	64,525	—	64,525
Foreign currency translation adjustments	—	—	—	—	—	—	—	(92)	(92)	(49)	(141)
Net income	—	—	—	—	—	—	7,532	—	7,532	2,403	9,935
Balance at March 31, 2024	—	$ —	85,423,246	$ 85	133,199,099	$ 3,098	(78,006)	$ (1,736)	56,640	32,131	88,771
					$ 99		$ 6)		$ 0	$ 1	$ 1

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Gyre Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2022			63,58		32,79				42,52	29,69	72,21
	—	$ —	8,119	$ 64	$ 5	$ 2,660	$ 7,395	$ (392)	$ 2	$ 5	$ 7
Foreign currency translation adjustments	—	—	—	—	—	—	—	503	503	395	898
Net income	—	—	—	—	—	—	2,244	—	2,244	1,973	4,217
Balance at March 31, 2023			63,58		32,79				45,26	32,06	77,33
	—	$ —	8,119	$ 64	$ 5	$ 2,660	$ 9,639	$ 111	$ 9	$ 3	$ 2

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Catalyst Biosciences, Gyre Therapeutics, Inc.

Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Operating Activities		
Net income (loss)	$ (3,788)	$ 32,212
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation expense	397	1,085
Depreciation and amortization	4	220
Change in fair value of long-term receivables	(134)	—
Change in fair value of derivative liabilities	134	—

Bad debt expense	—	200
Loss on lease termination	—	110
Net gain on disposal of assets	(4,736)	(57,245)
Changes in operating assets and liabilities:		
Accounts and other receivables	—	1,618
Other receivables from GNI	(1,200)	—
Prepaid insurance	(33)	—
Prepaid and other current assets	(131)	993
Accounts payable	(36)	(6,378)
Accrued compensation and other accrued liabilities	(2,409)	(4,317)
Operating lease liability and right-of-use asset	28	111
Deferred revenue	—	(230)
Net cash used in operating activities	(11,904)	(31,621)
Investing Activities		
Proceeds from maturities of short-term investments	—	2,504
Proceeds from the sale of property and equipment	—	447
Proceeds from the sale of complement portfolio to Vertex	5,000	55,000
Payment of transaction costs in connection with the sale of complement portfolio to Vertex	—	(2,576)
Proceeds from the sale of legacy rare bleeding disorder program to GCBP	1,000	—
Payment of transaction costs in connection with the sale of legacy rare bleeding disorder program to GCBP	(794)	—
Net cash provided by investing activities	5,206	55,375
Financing Activities		
Payment of dividends	(12,764)	(45,031)
Issuance of common stock from stock grants and option exercises	24	20
Net cash used in financing activities	(12,740)	(45,011)
Net decrease in cash and cash equivalents	(19,438)	(21,257)
Cash and cash equivalents at beginning of the period	21,666	44,347
Cash and cash equivalents at end of the period	$ 2,228	$ 23,090
Supplemental Disclosure on Non-Cash Investing and Financing Activities:		

CVR derivative liability	$ 4,530	$ —

	Three Months Ended March 31,	
	2024	2023
Operating Activities		
Net income	$ 9,935	$ 4,217
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	11	—
Equity in loss of unconsolidated affiliate	—	343
Depreciation and amortization	415	276
Noncash lease expense	109	82
Amortization of land use rights	10	10
Deferred income taxes, net	(313)	(328)
Bad debt expense and other non-cash items	(7)	(63)
Accrued interest on certificates of deposit	(234)	(74)
Change in fair value of long-term receivable	(58)	—
Change in fair value of derivative liabilities	58	—
Change in fair value of warrant liability	(4,288)	—
Loss on disposal of property and equipment	3	—
Changes in operating assets and liabilities:		
Accounts and note receivables	1	3,915
Inventories	(666)	525
Prepaid and other assets	(1,524)	(678)
Income tax payable	1,423	1,919
Accounts payable	(23)	156
Other noncurrent liabilities	(4)	(808)
Due to related parties	(6)	(1)
Accrued expenses and other liabilities	(1,839)	1,028
Operating lease liabilities	(119)	(102)
Net cash provided by operating activities	2,884	10,417
Investing Activities		
Acquisition of intangible assets	—	(65)
Purchase of certificates of deposit	(7,039)	(5,841)
Purchase of property and equipment	(231)	(1,742)
Proceeds from sale of equipment	50	—

Net cash used in investing activities	(7,220)	(7,648)
Financing Activities		
Proceeds from the exercise of stock options	658	—
Net cash provided by financing activities	658	—
Effect of exchange rate changes on cash and cash equivalents	(46)	200
Net (decrease) increase in cash and cash equivalents	(3,724)	2,969
Cash and cash equivalents at beginning of the period	33,509	25,175
Cash and cash equivalents at end of the period	$ 29,785	$ 28,144
Supplemental Disclosure of Non-Cash Financing and Investing Activities:		
Convertible preferred stock conversion	$ 64,525	$ —
Non-cash acquisition of property and equipment through prepaid conversion	$ 453	$ 252
Supplemental Disclosure of Cash Flow Information:		
Cash paid for income taxes	$ 1,436	$ 463

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Catalyst Biosciences, Gyre Therapeutics, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

***1.*Nature Description of Operations and Liquidity**

1. Nature of Operations and Liquidity

Business

Gyre Therapeutics, Inc. (the “Company,” “Gyre,” or the “combined company”), formerly known as Catalyst Biosciences, Inc. and its subsidiary (the “Company” or “Catalyst” (“Catalyst”), is a biopharmaceutical company originally incorporated in Delaware on March 7, 1997 under the name Targacept, Inc. Catalyst was a biopharmaceutical company with expertise in protease engineering. Prior to ceasing research and development activities in March 2022, the Company Catalyst had several protease assets that were designed to address unmet medical needs in disorders of the complement or coagulation

systems. The Company was located in South San Francisco, California during the quarter ended September 30, 2023 and operates in one segment.

As discussed below, the Company recently completed a purchase agreement to acquire a clinical-stage drug candidate for the treatment of NASH (nonalcoholic steatohepatitis, a severe form of nonalcoholic fatty liver disease). Concurrent with this purchase agreement, the Company entered into a separate business combination agreement to acquire an indirect controlling interest in a China-based pharmaceutical company.

On May 19, 2022 October 30, 2023, Catalyst entered into the Company consummated the transactions (the "Contributions") contemplated by the Business Combination Agreement as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), which were accounted for as a reverse asset acquisition and closed on an asset a purchase agreement of noncontrolling interest in accordance with Vertex United States ("U.S.") generally accepted accounting principles ("GAAP"). Continent Pharmaceuticals Inc. ("Vertex" CPI"), pursuant to which Vertex acquired Catalyst's complement portfolio, including CB 2782-PEG and CB 4332, was treated as well as its complement-related intellectual property including the ProTUNE™ and ImmunoTUNE™ platforms. See Note 11, *Restructuring.*

On February 27, 2023, Catalyst entered into and closed on an asset purchase agreement with GC Biopharma Corp. ("GCBP"), pursuant to which GCBP acquired Catalyst's legacy rare bleeding disorder program, including the coagulation related assets marzeptacog alfa (activated) ("MarzAA"), dalcinonacog alfa ("DalcA"), and CB-2679d-GT. See Note 11, *Restructuring.*

Reclassifications

Prepaid insurance has been reclassified out of prepaid and other current assets to conform to the current period presentation in the accompanying notes.

F351 Asset Acquisition and Series X Redeemable Convertible Preferred Stock

On December 26, 2022, the Company executed and closed an Asset Purchase Agreement, which was amended on March 29, 2023 (the "F351 Agreement"), with GNI Group Ltd. ("GNI Japan") and GNI Hong Kong Limited ("GNI Hong Kong") to purchase all accounting acquirer of the assets reverse asset acquisition and intellectual property rights primarily related to is presented as the proprietary Hydronidone compound (collectively, the "F351 Assets"), other than such assets and intellectual property rights located in the People's Republic of China ("PRC"). At the closing of the agreement on December 26, 2022, the Company paid $35.0 million in the form of 6,266,521 shares of Catalyst common stock and 12,340 shares of newly designated Series X redeemable convertible preferred stock ("Catalyst Convertible Preferred Stock"). Each share of Catalyst Convertible Preferred Stock is convertible into 10,000 shares of common stock, subject to stockholder approval under Nasdaq rules and subject to a beneficial ownership conversion blocker. For additional information, see Note 3, *F351 Asset Acquisition*.

At its 2023 Annual Meeting of Stockholders on August 29, 2023, the Company's stockholders approved the conversion of the Catalyst Convertible Preferred Stock into shares of the Company's common stock in accordance

with Nasdaq Listing Rule 5635(a) (the "Conversion Proposal"), and approved an amendment to the Company's certificate of incorporation to authorize sufficient shares of common stock predecessor for the conversion of the Catalyst Convertible Preferred Stock issued pursuant to the F351 Agreement. Following stockholder approval of the Conversion Proposal, each share of Catalyst Convertible Preferred Stock is convertible at the option of the holder into 10,000 shares of the Company's common stock, subject to a beneficial ownership conversion blocker.

Prior to stockholder approval of the Conversion Proposal, the terms of the Catalyst Convertible Preferred Stock included a cash redemption feature. Upon stockholder approval of the Conversion Proposal, the cash redemption feature was eliminated and the Catalyst Convertible Preferred Stock was reclassified to stockholders' equity.

Business Combination Agreement

Concurrent with the F351 Asset acquisition, the Company signed a definitive agreement, dated as of December 26, 2022, and as amended on March 29, 2023 and August 30, 2023, with GNI Japan, GNI Hong Kong, GNI USA, Inc. ("GNI USA"), Continent Pharmaceuticals Inc. and Shanghai Genomics, Inc. (collectively, “GNI”) and other minority stockholders to acquire post-acquisition financial reporting purposes. CPI holds an indirect controlling interest in Beijing Continent Pharmaceutical Pharmaceuticals Co., Ltd. (“BC” (d/b/a Gyre Pharmaceuticals Co., Ltd., “Gyre Pharmaceuticals”), a commercial-stage biopharmaceutical company registered and established in the People’s Republic of China (“PRC”) in 2002.

After consummation of the Contributions, the immediate holding company of CPI became Gyre. The Company holds in aggregate a 65.2% indirect interest in Gyre Pharmaceuticals. The majority shareholder of Gyre is GNI USA, Inc. (“GNI USA”), which is indirectly wholly owned by GNI Group Ltd. (“GNI Japan”). Gyre is a financially-sustainable pharmaceutical company based in China with a record of financial success that develops and commercializes small-molecule anti-inflammatory and anti-fibrotic drugs targeting organ diseases, focusing specifically on organ fibrosis. Fibrotic diseases represent a majority-owned subsidiary of GNI, in exchange for newly issued shares of common stock (the “Business Combination Agreement”). The closing of the transactions under the Business Combination Agreement are subject to stockholder approval and certain customary closing conditions. Catalyst stockholders approved the transactions under the Business Combination Agreement

---

at the 2023 Annual Meeting of Stockholders on August 29, 2023, however, as of September 30, 2023 the transactions had not closed. On October 20, 2023, BC received approval from the China Securities Regulatory Commission ("CSRC") large patient population with respect to the business combination pursuant to the Business Combination Agreement. Catalyst and GNI anticipate the business combination will be completed by the Outside Date (as defined in the Business Combination Agreement). For additional information, see Note 8, *Commitments and Contingencies*.

Contingent Value Rights Agreement

Pursuant to the Business Combination Agreement, on December 26, 2022, Catalyst and the Rights Agent (as defined therein) executed a contingent value rights agreement, as amended on March 29, 2023 (the “CVR Agreement”), pursuant to which each holder of Catalyst common stock as of January 5, 2023, excluding GNI (the “CVR Holders”), received one contractual contingent value right (a “CVR”) issued by the Company for each share of Catalyst common stock held by such holder. Each CVR entitles the holder thereof to receive certain cash payments in the future. For additional information, see Note 8, *Commitments and Contingencies*. significant unmet medical needs.

Liquidity

On January 12, 2023For the three months ended March 31, 2024, the Company paid a one-time cash dividend had net income of $0.24 per share to the CVR Holders. The aggregate amount of the special dividend payment was approximately $7.6 million.

On March 8, 2023, the Company distributed the net cash proceeds received from the GCBP asset sale of $0.2 9.9 million, or while net cash provided by operating activities was $0.01 2.9 per share, to the CVR Holders. See Note 11, *Restructuring*, for additional information regarding this distribution.

On June 5, 2023, the Company distributed the net cash proceeds received from the Vertex hold-back amount of $3.5 million, or $0.11 per share, to the CVR Holders. See Note 11, *Restructuring*, for additional information regarding this distribution.

On August 21, 2023, the Company distributed the remaining net cash proceeds received from the Vertex hold-back amount of $1.5 million, or $0.05 per share, to the CVR Holders. See Note 11, *Restructuring*, for additional information regarding this distribution.

The Company had a net loss of $3.8 million for the nine months ended September 30, 2023. million. As of September 30, 2023 March 31, 2024, the Company had an accumulated deficit of $414.7 78.0 million and cash and cash equivalents of $2.2 29.8 million. Its primary uses of Based on the Company’s current operating plan, management believes that existing cash are and cash equivalents, cash flows from operations, and access to capital markets will be sufficient to fund the Company’s operating expenses activities and general and administrative expenditures. As part of the Business Combination Agreement, GNI agreed to share certain ongoing operating expenses incurred by the Company until the Business Combination Agreement closes. See Note 12, *Related Parties*, for additional information regarding this arrangement. The actual amount and timing of the cost sharing payments from GNI is outside of the control of the Company. Given the uncertainties related to the pending Business Combination Agreement, there is substantial doubt about the Company's ability to continue as a going concern obligations for at least 12 months following the issuance of these condensed consolidated financial statements. The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's accompanying condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All intercompany accounts and transactions among consolidated entities were eliminated upon consolidation. The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") GAAP and following the requirements of the Securities and Exchange Commission (the "SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. These condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the Company's condensed consolidated financial information. These condensed consolidated results of operations and cash flows for any interim period are not necessarily indicative of the results to be expected for the year ending December 31, 2023 December 31, 2024, or for any other future annual or interim period.

The accompanying condensed consolidated financial statements and related financial information should be read in conjunction with the consolidated financial statements filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report"). Report.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, allowance for of doubtful accounts, long-term receivable, CVR contingent value right ("CVR") derivative liabilities, liability, warrant liability, allowance for credit losses, reserves for excess or obsolete inventory, operating lease right-of-use assets and liabilities, accrued recognition of research and development expenses to the appropriate financial reporting period based on the progress of the research and development projects, income taxes, stock-based compensation and stock-based compensation. useful lives of property and equipment and intangibles with definite lives.

The Company bases its estimates on various assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Risks and Uncertainties

The Company is subject to a number of risks associated with companies at a similar stage, including dependence on key individuals, competition from larger and established companies, uncertainty of clinical results, ability to obtain adequate financing to support growth, the ability to attract and retain additional qualified personnel to manage the anticipated growth of the Company, and general economic conditions.

Concentration of Credit Risk

In May 2015, a new Deposit Insurance System ("DIS") managed by the People's Bank of China was implemented by the Chinese government. Deposits in the licensed banks in mainland China are protected by DIS, up to a limit of Chinese Renminbi ("RMB") 500,000. The Company maintains cash and deposits at commercial banks in excess of the amount protected by DIS and the Federal Deposit Insurance Corporation and in the event of bankruptcy of one of these financial institutions, the Company may be unable to claim its deposits back in full. Management believes that these financial institutions are of high credit quality and continually monitors the creditworthiness of these financial institutions. As of March 31, 2024 and December 31, 2023, the Company had cash and cash equivalents of $29.8 million and $33.5 million, and long-term certificates of deposit of $23.1 million and $23.4 million, respectively. In addition, the Company had short-term bank deposits of $7.6 million as of March 31, 2024.

Accounts receivable are typically unsecured and are derived from product sales. The Company manages credit risk related to the accounts receivable through ongoing monitoring of outstanding balances and limiting the amount of credit extended based upon payment history and creditworthiness. Historically, the Company has collected receivables from customers within the credit terms with no significant credit losses incurred.

Concentration of Customer Risk

For the three months ended March 31, 2024 and 2023, the Company had one customer, Sinopharm Group Co., Ltd. ("Sinopharm"), who accounted for approximately 45.4% and 48.7% of accounts receivable, respectively. For the three months ended March 31, 2024, there were three customers, Sinopharm, China Resources Pharmaceutical Group Ltd. ("Resources Pharmaceutical"), and Shanghai Pharmaceuticals Holding Co., Ltd. ("Shanghai Pharmaceuticals"), who accounted for approximately 47.3%, 17.2% and 11.1% of total revenue, respectively. For the three months ended March 31, 2023, there were three customers, Sinopharm, Shanghai Pharmaceuticals, and Resources Pharmaceutical who accounted for approximately 49.4%, 13.5% and 10.4% of total revenue, respectively. All customers are located in mainland China.

Foreign Currency Risk

The RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. 83.0% of the Company's cash and cash equivalents, and 100% of the Company's short-term bank deposits and long-term certificates of deposit as of

March 31, 2024, in the amount of $24.7 million, $7.6 million and $23.1 million, respectively, were denominated in RMB.

Accounting Pronouncements Recently Adopted

In June 2016, November 2023, the FASB Financial Accounting Standards Board ("FASB") issued ASU 2016-13, Accounting Standards Update ("ASU") 2023-07, *Measurement of Credit Losses on Financial Instruments* *Improvements to Reportable Segment Disclosures (Topic 280)*. The main objective This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU 2016-13 is also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to provide financial statement users with more decision-useful information about an entity's expected credit losses on financial instruments and other commitments to extend credit at each reporting date. To achieve this objective, the allocate resources. The amendments in this update replace the incurred loss impairment methodology currently used today with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to develop credit loss estimates. ASU 2016-13 is are effective for the Company for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, using a modified retrospective approach. December 15, 2024. The Company adopted ASU 2016-13 and related updates this standard as of January 1, 2023 2024 and the . The adoption of this ASU did not have a any material impact impact on its the Company's interim condensed consolidated financial statements.

Long-Term Receivable New Accounting Pronouncements – Issued But Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional

information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. This ASU will result in the required additional disclosures being included in the Company's consolidated financial statements, once adopted. The Company determined that the hold-back from the GCBP asset sale in February 2023 qualified plans to adopt ASU 2023-09 and related updates as a long-term receivable. The receivable is considered a loan held for investment since the Company has the intent and ability to hold to maturity. Catalyst has elected to account for the receivable under the fair value option method of accounting and any changes in fair value are recorded in interest and other income, net on the condensed consolidated statement of operations and comprehensive income (loss) January 1, 2025. Refer to Note 4, *Fair Value Measurements* and Note 11, *Restructuring*, for additional information regarding the long-term receivable and GCBP asset sale.

Net Income (Loss) per Share Attributable to Common Stockholders

The Company calculates basic and diluted net income (loss) per share attributable to common stockholders in conformity with will assess the two-class method required for participating securities. The Catalyst Convertible Preferred Stock contractually entitles the holders impact of such shares to participate in dividends, but such participation is contingent upon the completion of the transactions under the Business Combination Agreement with GNI. As a result, the Catalyst Convertible Preferred Stock is excluded from the basic EPS calculation, as these shares are not participating securities until the Business Combination Agreement with GNI closes. During periods of loss, the Company allocates no loss to participating securities because they have no contractual obligation to share in the losses of the Company.

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period, without consideration for potentially dilutive securities. Participating securities are excluded from the basic weighted average common shares outstanding.

Diluted net income (loss) per share attributable to common stockholders is based on the weighted average number of common shares outstanding during the period, including potential dilutive common shares. For purposes adoption of this calculation, outstanding stock options and warrants are considered potential dilutive common shares. The calculation of diluted EPS also considers the effect of the Catalyst Convertible Preferred Stock since conversion is no longer contingent after the stockholders approved the Conversion Proposal standard on August 29, 2023. its consolidated financial statements.

3. F351 Asset Acquisition

On December 26, 2022, the Company acquired the F351 Assets from GNI in accordance with the terms of the F351 Agreement as discussed in Note 1, *Nature of Operations and Liquidity*. Under the terms of the F351 Agreement, the Company issued 6,266,521 shares of common stock and 12,340 shares of Catalyst Convertible Preferred Stock.

The Company concluded that the F351 acquisition was not the acquisition of a business, as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, the intellectual property rights

(outside of the PRC) to a clinical stage drug candidate for the treatment of liver fibrosis, or the F351 Assets. The acquisition cost of $35.4 million attributable to the acquired in-process research and development ("IPR&D") was expensed in the Company's consolidated statements of operations for the year ended December 31, 2022 since the acquired IPR&D had no alternative future use, as determined by the Company in accordance with GAAP.

4. Fair Value Measurements

3. Fair Value Measurements and Financial Instruments

For a description of the fair value hierarchy and the Company's fair value methodology, see "*Part II - Item 8 - Financial Statements and Supplementary Data - Note 3*2 – *Summary of Significant Accounting Policies*" in the Company's Annual Report. There were no significant changes in these methodologies during the nine three months ended September 30, 2023 March 31, 2024. As of March 31, 2024, the Company's highly liquid money market funds are included within cash equivalents.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022 (*in thousands*) December 31, 2023 (in thousands):

	September 30, 2023				March 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Money market funds(1)	2,22			2,22				
	$ 8	$ —	$ —	$ 8	$ 3,904	$ —	$ —	$ 3,904
Long-term receivable from GCBP	—	—	4,66 4	4,66 4	—	—	4,780	4,780
Total financial assets	2,22		4,66	6,89				
	$ 8	$ —	$ 4	$ 2	$ 3,904	$ —	$ 4,780	$ 8,684
Financial liabilities:								
CVR derivative liability, noncurrent	$ —	$ —	4,66 $ 4	4,66 $ 4	$ —	$ —	$ 4,780	$ 4,780
Warrant liability, noncurrent					—	—	8,547	8,547
Total financial liabilities	$ —	$ —	4,66 $ 4	4,66 $ 4	$ —	$ —	$ 13,327	$ 13,327

December 31, 2022

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds(1)	$ 21,666	$ —	$ —	$ 21,666
Total financial assets	$ 21,666	$ —	$ —	$ 21,666
Financial liabilities:				
CVR derivative liability	$ —	$ —	$ 5,000	$ 5,000
Total financial liabilities	$ —	$ —	$ 5,000	$ 5,000

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds(1)	$ 5,860	$ —	$ —	$ 5,860
Long-term receivable from GCBP	—	—	4,722	4,722
Total financial assets	$ 5,860	$ —	$ 4,722	$ 10,582
Financial liabilities:				
CVR derivative liability	$ —	$ —	$ 4,722	$ 4,722
Warrant liability, noncurrent	—	—	12,835	12,835
Total financial liabilities	$ —	$ —	$ 17,557	$ 17,557

(1) Included in cash and cash equivalents on the accompanying condensed consolidated balance sheets.

The carrying amounts of cash, accounts and note receivables, net, other receivables, other receivables from GNI, accounts payable, due to related parties, CVR excess closing cash payable, and accrued liabilities approximate their fair values due to the short-term maturity of these instruments.

Derivative Liabilities During the three months of March 31, 2024 and Long-term Receivables the year ended December 31, 2023, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

The CVR derivative liability relates to Long-term Receivables and Derivative Liabilities

Concurrent with the CVR Agreement executed in connection with signing of the Business Combination Agreement. The fair value of this derivative liability is based Agreement on significant unobservable inputs, which represent Level 3 measurements within December 26, 2022, Catalyst and the fair value hierarchy. The estimated fair value of Rights Agent (as defined in the CVR liability was determined based Agreement) executed a contingent value rights agreement (the "CVR Agreement"), as amended on the anticipated amount and timing of projected cash flows to be received from VertexMarch 29, 2023, pursuant to which each holder of Catalyst common stock as of January 5, 2023 (each, a "CVR Holder"), excluding GNI Japan and GNI Hong Kong Limited ("GNI HK"), received one contractual CVR for each share of Catalyst common stock held by such holder. Each CVR entitles the Vertex asset purchase agreement. The CVR liability was initially recorded at $5.0 million at issuance on December 26, 2022 and in May 2023, the Company received a $5.0 million hold-back payment from Vertex, which was distributed, net of expenses and a reserve for potential tax liabilities, holder thereof to the CVR Holders. There was no change receive certain cash payments in the estimated fair value of the CVR liability prior to the distribution. future.

The long-term receivable and the corresponding CVR derivative liability, noncurrent relate to the asset purchase agreement with GCBP. GC Biopharma Corp. ("GCBP"). The fair value of this long-term receivable and derivative liability is based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. The estimated fair value of the long-term receivable and CVR derivative liability, noncurrent was determined based on the anticipated amount and timing of projected cash flows to be received from GCBP pursuant to the GCBP asset purchase agreement discounted to their present values using an estimated discount rate of 5.05%. As of September 30, 2023 March 31, 2024, the Company expects to receive a $5.0 million hold-back payment from GCBP in the first quarter of 2025, which will be distributed, net of expenses, to the CVR Holders. The change in fair value of the long-term receivable from GCBP and the corresponding CVR derivative liability, noncurrent was recorded in interest and other income, net on the condensed consolidated statement of operations and comprehensive income (loss). income.

Warrant Liability

In October 2023, Catalyst entered into a Securities Purchase Agreement for a private placement with GNI USA (the "Private Placement"). The Private Placement closed immediately following the Contributions, on October 30, 2023. Upon closing of the Private Placement, the Company issued 811 shares of Series X Convertible Preferred Stock, par value $0.001 per share (the "Convertible Preferred Stock") and warrants to purchase up to 811 shares of Convertible Preferred Stock (the "Preferred Stock Warrants") to GNI USA for an aggregate purchase price of approximately $5.0 million. The Preferred Stock Warrants are immediately exercisable at an exercise price of $4,915.00 per share of Convertible Preferred Stock and expire on October 30, 2033. The number of shares of common stock issuable upon exercise and conversion of the Preferred Stock Warrants is 540,666. The Company accounted for the Private Placement as a non-arm's length

transaction. The Preferred Stock Warrants were initially recognized at fair value upon issuance and the remaining proceeds from the Private Placement were allocated to the Convertible Preferred Stock.

The Preferred Stock Warrants are freestanding financial instruments classified as a warrant liability on the Company's condensed consolidated balance sheet. The Preferred Stock Warrants are revalued in each reporting period with the change in fair value recorded as change in fair value of warrant liability in other income (expense), net on the condensed consolidated statement of operations and comprehensive income.

The fair value of the warrant liability is estimated based on the Black-Scholes option pricing model using the following weighted-average assumptions:

	March 31, 2024	December 31, 2023
Share price	$ 17.48	$ 25.70
Exercise price	$ 4,915.00	$ 4,915.00
Dividend yield	—%	—%
Risk-free interest	4.20%	3.88%
Term (years)	9.58	9.83
Expected volatility	84.00%	84.00%

The following table sets forth the changes in the estimated fair value of the Company's Level 3 financial assets and liabilities (*in thousands*) (in thousands):

	Long-term receivable from GCBP	CVR derivative liability, noncurrent
Balance at December 31, 2022	$ —	$ —
Additions in the period	4,530	4,530
Changes in fair value	134	134
Balance at September 30, 2023	$ 4,664	$ 4,664

	Long-term receivable	CVR derivative	Warrant

	from GCBP	liability, noncurrent	liability
Balance at December 31, 2023	$ 4,722	$ 4,722	$ 12,835
Changes in fair value	58	58	(4,288)
Balance at March 31, 2024	$ 4,780	$ 4,780	$ 8,547

Financial Instruments

5. Cash equivalents consisted of the following (in thousands):

March 31, 2024	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Money market funds (cash equivalents)	$ 3,904	$ —	$ —	$ 3,904
Total financial assets	$ 3,904	$ —	$ —	$ 3,904
Classified as:				
Cash and cash equivalents				$ 3,904
Total financial assets				$ 3,904

December 31, 2023	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Money market funds (cash equivalents)	$ 5,860	$ —	$ —	$ 5,860
Total financial assets	$ 5,860	$ —	$ —	$ 5,860
Classified as:				
Cash and cash equivalents				$ 5,860
Total financial assets				$ 5,860

Lease

4. Balance Sheet Components

Inventories, net

Inventories, net of reserves of $3,000 and $46,000 as of March 31, 2024 and December 31, 2023, respectively, consisted of the following components (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	$ 724	$ 919
Work in progress	2,532	1,997
Finished goods	1,683	1,365
Inventories, net	$ 4,939	$ 4,281

The Company leased office space provision for its prior corporate headquarters located in South San Francisco, CA. The lease term expired on April 30, 2023, inventory and since then write-downs for the Company had a month-to-month lease for its prior corporate headquarters. The month-to-month lease periods ended on September 30, 2023. March 31, 2024 and December 31, 2023 were immaterial.

In March 2022, the Company entered into a sublease agreement for its leased facility that commenced in Accrued Expenses and Other Current Liabilities

April 2022. Under the terms Accrued expenses and other current liabilities consisted of the sublease agreement, the Company received $ following (in thousands):0.2

	March 31, 2024	December 31, 2023
Accrued payroll and welfare	$ 5,930	$ 5,790
Accrued expenses - selling expenses	1,734	44
Supplier reimbursement	997	2,247
Accrued sales discount	912	903
Accrued expenses - general and administrative	601	1,190
Accrued professional services	251	837
Accrued expenses - research and development	236	161
Deferred government grants	40	40
Employee reimbursement	27	648
Other accrued liabilities	39	75
Accrued expenses and other current liabilities	$ 10,767	$ 11,935

million in base lease payments over the term

Accounts and Note Receivables, Net

Accounts and note receivables, net consisted of the sublease, which ended following (in thousands):

	March 31, 2024	December 31, 2023
Accounts receivable	$ 15,209	$ 15,204

Note receivable	356	389
Allowance for credit losses	(107)	(41)
Allowance and note receivables, net	$ 15,458	$ 15,552

Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Buildings	$ 12,294	$ 12,289
Construction in progress	8,420	7,875
Machinery and electronic devices	6,732	6,598
Furniture and fixtures	605	606
Motor vehicles	185	185
Property and equipment, gross	28,236	27,553
Less: Accumulated depreciation	(4,672)	(4,265)
Property and equipment, net	$ 23,564	$ 23,288

5. Intangible Assets

The gross carrying amounts and accumulated amortization of the Company's intangible assets with determinable lives as of March 31, 2024 and December 31, 2023 were as follows (in thousands):

	March 31, 2024		
	Gross carrying amount	Accumulated amortization	Intangible assets, net
Intangible assets with finite lives:			
Technological know-how	$ 430	$ (295)	$ 135
Computer software	171	(110)	61
Total intangible assets	$ 601	$ (405)	$ 196

December 31, 2023

	Gross carrying amount	Accumulated amortization	Intangible assets, net
Intangible assets with finite lives:			
Technological know-how	$ 430	$ (290)	$ 140
Computer software	171	(106)	65
Total intangible assets	$ 601	$ (396)	$ 205

Intangible assets are carried at cost less accumulated amortization and impairment, if applicable, and the amortization expense is recorded in operating expenses. The weighted average amortization period for the intangible assets as of March 31, 2024 is April 2023 4.9. years.

Amortization expense was $No 100,000 sublease income was recognized and $45,000 for the three months ended September 30, 2023. For the nine months ended September 30, 2023 March 31, 2024 and 2023, respectively. Based on finite-lived intangible assets recorded as of March 31, 2024, the Company recognized sublease income of $ estimated future amortization expense is as follows (in thousands):0.1

million. For the three and nine months ended September 30, 2022, the Company recognized sublease income of $38,000

	Estimated amortization expense
2024	$ 26
2025	34
2026	34
2027	33
2028	18
Thereafter	51
Total	$ 196

and $0.1

6. Revenue

million, respectively.

No The Company's product revenues were mainly generated from the sale of ETUARY. Sales of ETUARY accounted for significant operating lease expense was recorded 99.2% and 98.7% of total revenue for the three months ended September 30, 2023 March 31, 2024 and 2023, respectively.

Sales of Pharmaceutical Products

The Company generates revenue mostly through sales of ETUARY and certain generic drugs. The distributors were the Company's direct customers, and sales to distributors accounted for 100.0% of revenue from ETUARY. The distributors sell ETUARY to outlets, including hospitals and other medical institutions, as well as pharmacies.

Product returns to date have not been significant and the Company has not considered it necessary to record a reserve for product returns. The Company's product revenues were recognized at a point in time when the underlying product was delivered to the customer, which was when the customer obtained control of the product. Revenue from sales of

pharmaceutical products was $27.2 million and $24.9 million for the three months ended March 31, 2024 and 2023, respectively. All sales are generated in the PRC. Deferred revenue recognized during the quarter ended March 31, 2024 was immaterial.

The Company's sales by product categories for the three months ended March 31, 2024 and 2023 are as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Sales of Pharmaceutical Products	$ 27,172	$ 24,931
Total	$ 27,172	$ 24,931

7. Leases

Operating Leases

Gyre Pharmaceuticals' corporate headquarters, a 968 square meter office space, is situated in Beijing, PRC, with the lease expiring in June 2024. Additionally, a laboratory center spanning approximately 640 square meters was leased in Shanghai, PRC, which expired in November 2023. In 2022, the Company secured a new lease for an office space of approximately 180 square meters in Zhengzhou, PRC, with the lease set to expire in August 2024. In November 2023, the Company also secured a new lease for its U.S. headquarters in San Diego, California, with the lease set to expire in the first quarter of 2027.

The Company also has multiple short-term leased properties used as offices and employee dormitories. The Company recorded a total of $18,000 and $25,000 short-term rent expenses during the three months ended March 31, 2024 and 2023, respectively. The short-term rent expense amounts are recorded in operating expenses in the accompanying condensed consolidated statements of operations and comprehensive income.

As of March 31, 2024, the Company recorded an aggregate right-of-use asset of $0.4 million and an aggregate lease liability of $0.3 million in the accompanying condensed consolidated balance sheets.

For the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company's operating lease expense was $0.1 million. For the three and nine months ended September 30, 2022, the Company's operating lease expense was $0.4million and $1.5 0.1 million, respectively. Variable lease payments for the three months ended March 31, 2024 and 2023 were immaterial.

Since the

Supplemental cash flow information related to operating lease expired on April 30, 2023, the present value assumptions for the current period were not applicable. leases was as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities	$ 139	$ 127

The present value assumptions used in calculating the present value of the lease payments were as follows:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term	n/a	0.3 years
Weighted-average discount rate	n/a	4.3%

Supplemental cash flow information related to operating leases was as follows *(in thousands)*:

	Nine Months Ended September 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities	$ 39	$ 1,422

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term	2.7 years	2.2 years
Weighted-average discount rate	4.80%	4.78%

6. As of March 31, 2024, undiscounted future minimum payments under the Company's operating leases were as follows (in thousands):

Stock Based Compensation

	Amount
Remaining in 2024	$ 85
2025	103
2026	106
Total undiscounted lease payments	294
Less: imputed interest	(19)

Total lease liabilities	27 5
Less: current portion of lease liabilities	(1 00)
Lease liabilities, net of current portion	17 $ 5

2018

The Company is required to maintain security deposits of $0.4 million in connection with various leases, which amounts are included in other assets, noncurrent on the Company's condensed consolidated balance sheets.

Land Use Rights

As of March 31, 2024, the Company held land use rights for two land parcels in Beijing's Shunyi District, expiring in 2053, and in Cangzhou, Hebei Province, expiring from 2067 to 2071. These parcels, with a combined area of approximately 66,559 square meters, are utilized as manufacturing facilities. As of March 31, 2024, the aggregate recorded land use rights, net assets for these parcels was $1.5 million.

8. Stockholders' Equity

Common Stock

Common stock reserved for future issuance is as follows:

	March 31, 2024	December 31, 2023
Options issued and outstanding	18,218,495	18,280,548
Preferred Stock Warrants issued and outstanding	540,666	540,666
Convertible Preferred Stock issued and outstanding	—	8,767,332
Total common stock reserved	18,759,161	27,588,546

2021 ATM Program

On October 15, 2021, Catalyst entered into an Equity Distribution Agreement (the "ATM Agreement") with Piper Sandler & Co. ("Piper Sandler") as sales agent, pursuant to which the Company may offer and sell, from time to time, through Piper Sandler, shares of the Company's common stock, par value of $0.001 per share, with aggregate gross sales proceeds of up to $50.0 million through an at-the-market offering program (the "ATM Program"). The Company will pay Piper Sandler a commission of 3% of the gross proceeds of any shares sold. The Company also agreed to reimburse Piper Sandler for certain expenses incurred in connection with its services under the ATM Agreement, including up to $50,000 for legal expenses in connection with the establishment of the ATM Program. The Company did not utilize this or any other ATM Program during the quarter ended March 31, 2024.

Sales of shares of common stock under the ATM Program may be made pursuant to the registration statement on Form S-3 (File No. 333-253874), which was declared effective by the SEC on May 3, 2021, and a related prospectus supplement filed with the SEC on October 15, 2021. For the three months ended March 31, 2024 and 2023, no shares of common stock were sold under the ATM Program.

Restricted Net Assets

Under PRC laws and regulations, Gyre Pharmaceuticals is subject to restrictions on foreign exchange and cross-border cash transfers, including to parent companies and U.S. stockholders. The ability to distribute earnings to the parent companies and U.S. stockholders is also limited. Current PRC regulations permit Gyre Pharmaceuticals to pay dividends to BJContinent Pharmaceuticals Limited ("BJC") only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. Amounts restricted include paid-in capital and the statutory reserves of Gyre Pharmaceuticals. The aggregate amounts of restricted capital and statutory reserves of the relevant subsidiaries not available for distribution were $64.3 million as of March 31, 2024 and December 31, 2023.

Statutory Reserve

Gyre Pharmaceuticals is required to set aside at least 10% of its after-tax profits as the statutory reserve fund until the cumulative amount of the statutory reserve fund reaches 50% or more of its registered capital, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. At the Company's discretion, the

Company may allocate a portion of after-tax profits based on PRC accounting standards to a discretionary reserve fund. There were no appropriations to these reserves during the three months ended March 31, 2024 or during the year ended December 31, 2023.

9. Convertible Preferred Stock

In December 2022, Catalyst issued an aggregate of 12,340 shares of Convertible Preferred Stock to GNI Japan and GNI HK in connection with the F351 Asset Acquisition (see Note 1 — *Organization and Nature of Operations* of the Annual Report), which were subsequently transferred to GNI USA in October 2023.

In October 2023, immediately following the closing of the Contributions, the Company issued 811 shares of Convertible Preferred Stock and 811 Preferred Stock Warrants to GNI USA under the Private Placement. For additional information, see Note 3 — *Fair Value Measurements and Financial Instruments*.

In November 2023, GNI USA provided notice to the Company to convert its 13,151 shares of Convertible Preferred Stock. Each share of Convertible Preferred Stock was convertible into approximately 666.67 shares of common stock. On January 22, 2024, subject to the terms and conditions of the Convertible Preferred Stock Certificate of Designation, 8,767,333 shares of common stock were issued to GNI USA upon such conversion.

10. Stock Based Compensation

2023 Omnibus Incentive Plan

In June 2018, stockholders of the Company approved the Company's 2018

The 2023 Omnibus Incentive Plan (the "2018 Plan"). The 2018 Plan had previously been was approved by the Company's Board Catalyst's stockholders in August 2023 and ratified by Gyre's board of Directors directors (the "Board") and the Compensation Committee (the "Committee") of the Board, subject to stockholder approval. in October 2023. The 2018 2023 Omnibus Incentive Plan became effective on June 13, 2018 October 30, 2023. On June 9, 2021, The 2023 Omnibus Incentive Plan permits the stockholders Company to issue up to 17,845,496 shares of common stock and will automatically increase by the lesser of (i) 5% of the Company approved an amendment previously approved by total number of outstanding shares of common stock on December 31st of the Board to increase the preceding calendar year and (ii) such smaller number of shares of common stock reserved for issuance under as determined by the 2018 Plan by 2,500,000Board on the first day of each fiscal year beginning on January 1, 2024. On January 1, 2024, pursuant to a total of 5,300,000 shares. The amendment became effective immediately upon stockholder approval. After the option modification (as discussed below), automatic increase in the number of shares of common stock reserved, for issuance under the 2018 Plan increased to a total of an additional 31,456,403. As of September 30, 2023, there were 25,521,867 3,829,780 shares of common stock were reserved and made available for future grant. issuance under the 2023 Omnibus Incentive Plan.

Performance-Based Stock Option Grants

In June 2022, the Committee approved the issuance of an option grant to purchase 400,000 shares (2,457,917 shares after the option modification discussed below) of common stock to the Chief Executive Officer pursuant to the 2018 Plan, which will vest upon (a) the achievement of a specified performance goal and (b) the grantee's continued employment during the service period. During the three months ended March 31, 2023, this award was cancelled. Prior to cancellation, no expense has been recognized related to this award and no options have vested.

Special Cash Dividend

On January 12, 2023, the Company paid a special, one-time cash dividend of $7.6 million (or $0.24 per share) to the CVR Holders. The Company determined, in accordance with the adjustment provision of the 2018 Plan, that the special cash dividend was unusual and non-recurring and that appropriate adjustment to the stock options to purchase shares of the Company's common stock outstanding under the 2018 Plan was required. The Company treated this adjustment as a modification to the original stock option grants because the terms of the agreements were modified in order to preserve the value of the option awards after a large non-recurring cash dividend. These options were amended to decrease the exercise price and increase the number of shares subject to the stock option on a proportionate basis. No incremental value was provided to the option holders as a result of the modification and no additional compensation cost was recorded by the Company.

The following table summarizes stock option activity under considering the Company's 2018 Plan and related information: conversion of Gyre Pharmaceuticals options to Gyre options to purchase shares of Gyre common stock upon completion of the Contributions:

	Number of Shares Underlying Outstanding Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding — December 31, 2022	8,678,767	$	1.42	7.47
Options granted (1)	14,008,093	$	0.86	
Options exercised	(215,067)	$	0.10	
Options forfeited and cancelled (1)	(14,210,119)	$	0.91	
Options expired	(14,729)	$	34.33	
Outstanding — September 30, 2023	8,246,945	$	1.32	5.43
Exercisable — September 30, 2023	7,609,393	$	1.37	

	Number of Shares Underlying Outstanding Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding — December 31, 2023	18,280,548	$	1.49	6.9
Options granted	1,866	$	17.86	
Options exercised	(60,297)	$	8.15	
Options forfeited and cancelled	(3,622)	$	22.85	
Outstanding — March 31, 2024	18,218,495	$	1.46	6.7

Exercisable — March 31, 2024	18,205,433	$ 1.46	6.7

Includes options that were cancelled and re-granted as part of the option modification from the special cash dividend, as further discussed above.

Valuation Assumptions

The Company estimated the fair value of stock options granted using the Black-Scholes option-pricing formula and a single option award approach. Due to its limited relevant historical data, the Company estimated its volatility considering a number of factors, including the use of the volatility of comparable public companies. The expected term of options granted under the 2023 Omnibus Incentive Plan, all of which qualify as “plain vanilla” per SEC Staff Accounting Bulletin 107, is determined based on the simplified method due to the Company’s limited relevant history. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option. This fair value is being amortized ratably over the requisite service periods of the awards, which is generally the vesting period.

The only options granted during the nine months ended September 30, 2023 were as a result of the option modification. Since no new stock options were granted during the three and nine months ended September 30, 2023 March 31, 2023, all weighted-average assumptions for the that period were not applicable.

The fair value of employee stock options granted during the three months ended March 31, 2024 was estimated using the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Employee Stock Options:				
Risk-free interest rate	n/a	3.02%	n/a	2.25%
Expected term (in years)	n/a	6.1	n/a	6.0
Dividend yield	n/a	—	n/a	—
Volatility	n/a	91.61%	n/a	91.63%
Weighted-average fair value of stock options granted	n/a	$ 1.34	n/a	$ 0.58

	Three Months Ended March 31,	
	2024	2023

Risk-free interest rate (%)	4.2%	n/a
Expected option life (in years)	6.0	n/a
Expected dividend yield (%)	—%	n/a
Volatility (%)	84.3%	n/a
Weighted average share price of the Company (USD per share)	$ 17.86	n/a

Total stock-based compensation expense recognized was as follows (*in thousands*) (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Research and development	$ —	$ 78	$ 67	$ 289
General and administrative(1)	98	146	330	796
Total stock-based compensation expense	$ 98	$ 224	$ 397	$ 1,085

	Three Months Ended March 31,	
	2024	2023
General and administrative	$ 11	$ —
Total stock-based compensation expense	$ 11	$ —

12 As of March 31, 2024, the Company had an unrecognized stock-based compensation expense of $0.1 million, related to unvested stock option awards, which is expected to be recognized over an estimated weighted-average period of 2.7 years.

11. Net Income per Share (“EPS”) Attributable to Common Stockholders

(1) No shares The dilutive effect of common outstanding stock were issued to Board members for options and warrants is calculated using the three treasury stock method. Stock options and nine months ended September 30, 2023.

7. Net Income (Loss) per Share Attributable to Common Stockholders

Potentially dilutive securities warrants are anti-dilutive and excluded from the diluted EPS attributable to common stock calculation if the exercise price exceeds the average market price of diluted net income (loss) per share the common shares.

The following table sets forth the computation of EPS attributable to common stockholders, if their inclusion is anti-dilutive. basic and diluted (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net income	$ 9,935	$ 4,217
Less: Allocation of undistributed earnings to noncontrolling interest	2,403	1,973
Net income attributable to common stockholders - basic	$ 7,532	$ 2,244
Less: Change in fair value of warrant liability	4,288	—
Net income attributable to common stockholders - diluted	$ 3,244	$ 2,244
Denominator:		
Basic common shares outstanding:		
Weighted average common shares outstanding	83,265,879	63,588,119
Weighted average shares used in calculating net income per share attributable to common stockholders, basic	83,265,879	63,588,119
Dilutive potential common shares:		
Weighted average of common stock options	16,889,266	15,333,247
Weighted average of Convertible Preferred Stock (as converted)	2,119,575	—
Weighted average of Preferred Stock Warrants (as converted)	319,477	—
Weighted average shares used in calculating net income per share attributable to common stockholders, diluted	102,594,197	78,921,366
Net income per share attributable to common stockholders:		
Basic	$ 0.09	$ 0.04
Diluted	$ 0.03	$ 0.03

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	Nine Months Ended September 30,	
	2023	2022
Catalyst Convertible Preferred Stock (1)	123,400,000	—
Options to purchase common stock	8,246,945	7,034,805
Total	131,646,945	7,034,805

(1) Shown as common stock equivalents

The following is a reconciliation of the numerator (net income or loss) and denominator (number of shares) used in the calculation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator				
Net income (loss)	$ (1,576)	$ (4,884)	$ (3,788)	$ 32,212
Denominator				
Weighted-average number of shares used in computing net income (loss) per share available to common stockholders, basic	37,976,764	31,484,542	37,845,900	31,472,666
Effect of dilutive stock options	—	—	—	133,168
Weighted-average number of shares used in computing net income (loss) per share available to common stockholders, diluted	37,976,764	31,484,542	37,845,900	31,605,834
Net income (loss) per share available for common stockholders, basic	$ (0.04)	$ (0.16)	$ (0.10)	$ 1.02
Net income (loss) per share available for common stockholders, dilutive	$ (0.04)	$ (0.16)	$ (0.10)	$ 1.02

	As of March 31,	
	2024	2023
Options to purchase common stock	128,027	—
Total	128,027	—

8. Commitments and Contingencies

As of September 30, 2023 and December 31, 2022, the Company had cash deposited in certain financial institutions in excess of federally insured levels. The Company regularly monitors the financial stability of these financial institutions and believes that it is not exposed to any significant credit risk in cash and cash equivalents. However, in March and April 2023, certain U.S. government banking regulators took steps to intervene in the operations of certain

financial institutions due to liquidity concerns, which caused general heightened uncertainties in financial markets. While these events have not had a material direct impact on the Company's operations, if further liquidity and financial stability concerns arise with respect to banks and financial institutions, either nationally or in specific regions, the Company's ability to access cash or enter into new financing arrangements may be threatened, which could have a material adverse effect on its business, financial condition and results of operations.

Business Combination Agreement

Concurrent with the F351 Asset acquisition, the Company entered into the Business Combination Agreement with GNI and other minority stockholders ("Sellers" and each a "Seller") to acquire an indirect controlling interest in BC, a commercial-stage pharmaceutical company based in China and majority-owned subsidiary of GNI, in exchange for newly issued shares of Catalyst common stock. The closing of the transactions under the Business Combination Agreement are subject to stockholder approval and certain customary closing conditions. Catalyst stockholders approved the transactions under the Business Combination Agreement at the 2023 Annual Meeting of Stockholders on August 29, 2023, however, as of September 30, 2023 the transactions had not closed. On October 20, 2023, BC received approval from the CSRC with respect to the business combination pursuant to

12. Commitments and Contingencies

the Business Combination Agreement. Catalyst and GNI anticipate the business combination will be completed by the Outside Date (as defined in the Business Combination Agreement). Once the transaction closes, the Company will issue at closing a total of up to 1,110,776,224 shares of Catalyst common stock for an indirect controlling interest in BC. Each Seller may elect to be issued Catalyst Convertible Preferred Stock in lieu of the Company's common stock.

The Business Combination Agreement contains certain termination rights, including the right for Catalyst to terminate the Business Combination Agreement to enter into a definitive agreement for a superior proposal. Upon termination of the Business Combination Agreement under specified circumstances, the Company may be required to pay a termination fee of $2.0 million and either party, as the case may be, may be required to reimburse the other party for reasonable out-of-pocket fees and expenses incurred by such party in connection with the Business Combination Agreement, up to a maximum amount of $2.0 million.

Contingent Value Rights Agreement

Pursuant to the Business Combination Agreement, on December 26, 2022, Catalyst and the Rights Agent (as defined therein) executed

Each CVR under the CVR Agreement as amended on March 29, 2023, pursuant to which the CVR Holders received one contractual CVR issued by the Company, subject to and in accordance with the terms and conditions of the CVR Agreement, for each share of Catalyst common stock held by such holder. Each CVR entitles the holder thereof to receive (i) certain cash payments from the net proceeds related to the disposition of the Company's Catalyst's legacy assets, (MarzAA, DalcA, and CB 2679d-GT), (ii) 100% of the excess cash (net of all current or contingent liabilities, including

transaction-related expenses) retained by the Company in excess of $1.0 million as of the closing date of the transactions under the Business Combination Agreement, Contributions and (iii) 100% of the excess amount, actually received by the Company, net of expenses, pursuant to the Vertex asset purchase agreement and (iv) 100% of the excess, by which the preapproved costs to manage, negotiate, settle and finalize certain third party claims exceed the costs actually incurred with respect to such claims. The CVRs are not transferable, except in certain limited circumstances as provided for in the CVR Agreement, will not be certificated or evidenced by any instrument, and will not be registered with the SEC or listed for trading on any exchange.

In December 2022, the Company recorded a $5.0 million short-term CVR derivative liability related to the Vertex asset purchase agreement. On June 5, 2023, the Company distributed the net cash proceeds received from Vertex of $3.5 million, which reflected the amount received from Vertex less expenses and a reserve for potential tax liabilities, to the CVR Holders. On August 21, 2023, the Company distributed the remaining net cash proceeds received from Vertex of $1.5 million to the CVR Holders. Refer to Note 4, *Fair Value Measurements* and Note 11, *Restructuring*, for additional information regarding the CVR derivative liability and Vertex hold-back payment.

In February 2023, the Company Catalyst sold its legacy rare bleeding disorder program to GCBP. As a result, the Company distributed the net cash proceeds received from the GCBP asset sale of $0.2 million to the CVR Holders as well as recorded a $4.5 million long-term CVR derivative liability for the future distribution of the hold-back amount to be received in May 2025. As of December 31, 2023, the carrying value of the CVR derivative liability was $4.7 million

---

on the condensed consolidated balance sheet. Refer to Note 4, 3 — *Fair Value Measurements and Financial Instruments* and Note 11, *Restructuring,* for additional information regarding the CVR derivative liability and GCBP asset sale.

As

On October 30, 2023, pursuant to the CVR Agreement, the Company recorded a $1.1 million CVR excess closing cash payable upon closing of September 30, 2023 the Contributions. The CVR excess closing cash payable is anticipated to be distributed among the CVR Holders. The balance of $0.4 million remained outstanding as of March 31, 2024.

Litigation and Legal Matters

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's condensed consolidated financial statements.

In April 2023, separate stockholders of Catalyst filed lawsuits in the Delaware Chancery Court, captioned *Bushansky v. Catalyst Biosciences, Inc., et al* and *Scott v. Catalyst Biosciences, Inc., et al.,* no liability was recorded alleging Catalyst violated its fiduciary duties under Delaware Law by failing to disclose purportedly material information regarding the proposed Business Combination Agreement. In February 2024, both lawsuits were dismissed with prejudice and the Company reimbursed the stockholders for the CVR payment their legal and other expenses related to the distribution of litigation in the excess cash retained by the Company in excess aggregate amount of $1.0 0.4 million.

Purchasing Commitments

Property and Equipment

The Company's commitments related to purchase of property and equipment contracted but not yet reflected in the condensed consolidated financial statements were $2.0 million as of March 31, 2024 and were expected to be incurred within one year.

F351

In September 2020, Gyre Pharmaceuticals entered into an intellectual property ("IP") transfer agreement (the "F351 Transfer Agreement") with GNI Japan and certain of its wholly owned subsidiaries (the "GNI Group" or "GNI"). According to the closing date F351 Transfer Agreement, Gyre Pharmaceuticals acquired the exclusive right to use Hydronidone IP rights in mainland China and the right of first offer for the global IP rights (the "F351 IP Rights").

Under the F351 Transfer Agreement, in exchange for the F351 IP Rights, Gyre Pharmaceuticals is obligated to pay GNI Group $4.6 million upon submission of the Business Combination Agreement. F351 New Drug Application (the "NDA") to Center for Drug Evaluation of the National Medical Products Administration (the "NMPA") of the PRC, $1.2 million after the NDA passes the NMPA's Center for Food and Drug Review and Inspection's on-site registration inspection for the F351 product, and $7.0 million upon NMPA's approval of the NDA.

Cost Sharing and Agency Agreement with GNI

On April 13, 2023 Research and Development Programs

In addition to the F351 program, as of March 31, 2024, the Company entered into a Cost Sharing and Agency Agreement with GNI, whereas GNI will pay for certain costs related has committed to the development of the F351 Assets in the U.S. and the Company will make certain repayments under different circumstances. As of September 30, 2023, GNI had paid allocate $0.3 13.0 million of the reimbursable toward future research and development costs related to the F351 Assets, and the Company had a future repayment obligation of up to $0.3 million, which was included in other accrued liabilities on the balance sheet. Refer to Note 12, *Related Parties* activities for additional information regarding the Cost Sharing and Agency Agreement with GNI. various programs.

Manufacturing Agreements

On April 18, 2023, the Company entered into two separate agreements to support the F351 Assets acquired from GNI. One agreement will cover analytical method process familiarization and validation to support good manufacturing practices ("GMP") manufacturing, and the other agreement will cover non-GMP manufacturing services and clinical supply batch GMP manufacturing of the F351 Assets, with total payments of up to $0.3 million and $0.2 million, respectively. The Company can terminate these agreements at any time upon 90 days written notice. Upon

termination, the Company will be responsible to pay for services incurred prior to termination and any non-cancellable obligations in connection with such services.

---

13. Income Taxes

9. Income Taxes

During the three months ended September 30, 2023, no income tax expense was recorded. During the nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded an the following income tax expense provision (in thousands) and effective tax rate:

	Three Months Ended March 31,	
	2024	2023
Income tax provision	$ 2,546	$ 2,054
Effective tax rate	20.40%	32.75%

The change of $16,000. No income effective tax expense was recognized during rate for the three and nine months ended September 30, 2022. The Company recorded no income tax benefits for March 31, 2024 and 2023 was primarily due the net operating losses incurred or for the research and development tax credits generated in each period due to its uncertainty of realizing a benefit from those items. All consummation of the Company's operating losses since inception have been generated Contributions in the United States. October 2023.

As of September 30, 2023 March 31, 2024, after consideration of certain limitations (see below), the Company had approximately $193.7 193.5 million federal and $3.7 10.5 million state net operating loss carryforwards ("NOL") carryforwards for U.S. tax purposes available to reduce future taxable income which, if unused, the majority will carry forward indefinitely for federal and will begin to expire in2037 for federal and 2034 for state tax purposes. The federal NOL carryforward includes $191.9 million that have an indefinite life.

If the Company experiences a greater than 50 percent 50% aggregate change in ownership over a three-year period (a Section 382 ownership change), utilization of its pre-change NOL carryforwards are subject to annual limitation under Section 382 of the Internal Revenue Code (California has similar provisions). The annual limitation is determined by multiplying the value of the Company's Company's stock at the time of such ownership change by the applicable long-term

tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. The Company determined that ownership changes under Section 382 occurred on December 31, 2007, August 20, 2015, April 13, 2017, February 15, 2018, February 18, 2020, and December 26, 2022. Approximately $156.5 million and $75.2 million of the NOL carryforwards will expire unutilized for federal and California state income tax purposes, respectively. The ability of the Company to use its remaining NOL and tax credit carry forwards carryforwards may be further limited if the Company experiences a Section 382 ownership change as a result of future changes in its stock ownership.

10. Stockholders' Equity (Deficit)

The Company is authorized to issue 5,000,000

14. Related Party Transactions

shares of preferred stock with a par value of $0.001 per share under its restated certificate of incorporation. The Company has designated 123,418 shares to be Catalyst Convertible Preferred Stock and in June 2023, designated 161,160 shares as Series Y redeemable preferred stock ("Series Y Preferred Stock").

On August 29, 2023, the Company's stockholders approved the adoption of an amendment to Catalyst's restated certificate of incorporation to increase the number of authorized shares of common stock from 100,000,000 shares to 400,000,000 shares. Research and Development with GNI

Redeemable Preferred Stock

On June 20, 2023, No research and development fees were paid to GNI during the Board declared a dividend three months ended March 31, 2024 and 2023. As of one one-thousandth of a share of Series Y Preferred Stock, par value $0.001 per share, for each outstanding share of common stock to stockholders of record as of June 30, 2023. This Series Y Preferred Stock entitled its holder to 250,000 votes per share exclusively on the vote for the proposal to approve the reverse stock split (as defined in the Series Y Preferred Stock Certificate of Designation). The Company held its 2023 Annual Meeting of Stockholders on August 29, 2023, which included the reverse stock split as a proposal to be voted on at the meeting. All shares of Series Y Preferred Stock that were not present to vote on the reverse stock split were redeemed by the Company (the "Initial Redemption"). Any outstanding shares of Series Y Preferred Stock that were not redeemed pursuant to an Initial Redemption would be redeemed in whole, but not in part, (i) if such redemption is ordered by the Board in its sole discretion, automatically March 31, 2024 and effective on such time and date specified by the Board in its sole discretion or (ii) automatically upon the effectiveness of the amendment to the certificate of incorporation implementing the reverse stock split. At the August 29, 2023 meeting of the Company's stockholders, the holders of 25,256 shares of Series Y Preferred Stock were represented in person or by proxy and their shares were redeemed thereafter. Immediately prior to the meeting, all 135,904 shares of Series Y Preferred Stock that were not represented were redeemed.

On August 31, 2023 December 31, 2023, the Company filed had a Certificate of Elimination of Series Y Preferred Stock with the Secretary of State of the State of Delaware, which, effective immediately upon filing, eliminated all matters set forth in the Certificate of Designation of Series Y Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2023. $

11. 1.4**Restructuring**

In November 2021, the Board approved a restructuring of its business based on its decision million related parties payable due to stop the clinical development of MarzAA and focus solely on its complement programs and protease medicines platform. The restructuring included a reduction-in-force whereby approximately 35% of employees were terminated. GNI.

In March 2022, the Board approved a further reduction

Other Receivables from GNI

As of its workforce as part of its restructuring plan whereby 22 full-time employees were terminated. Following this reduction, March 31, 2024 and December 31, 2023, the Company had recorded $five 1.3 full-time employees remaining. During million in other receivables from GNI, of which $0.8 million was from CPI's restructuring transaction (see Note 8 – *Restructuring* in the quarter ended March 31, 2022, Annual Report) and $0.5 million was from Gyre's cost sharing with GNI.

15. Employee Benefit Plans

Mainland China Contribution Plan

Pursuant to relevant PRC regulations, the Company recorded additional charges is required to make contributions to various defined contribution plans organized by municipal and provincial PRC governments. The contribution for each employee is based on a percentage of the employee's current compensation as required by the local government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The total contributions for such employee benefits were $1.2 million and $1.0 million for severance the three months ended March 31, 2024 and other costs related to the 2023, respectively.

reduction-in-force, recognized as an operating expense within the condensed consolidated statements of operations and comprehensive income (loss), which the Company paid during the second quarter of 2022. Defined-Contribution Savings Plan

Sale of Assets

During In the quarter ended June 30, 2022 U.S., the Company entered into sales agreements with Dren Bio, Inc. and Copia Scientific, LLC, maintains a defined-contribution savings plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. The plan is available to employees who meet the minimum age and length of service requirements. The contributions made during the three months ended March 31, 2024 were immaterial.

16. Segment Information

The Company is a consolidated entity comprised of two distinct operating segments: Gyre Pharmaceuticals and Gyre after the Contributions. The Company's reportable segments are based upon internal organizational structure, the manner in which operations are managed, the criteria used by CODM to evaluate segment performance, the

availability of separate financial information, and overall materiality considerations. All Gyre's operations are within the U.S., while all of Gyre Pharmaceuticals' operations are in mainland China.

Gyre Pharmaceuticals

Gyre Pharmaceuticals has one major commercial drug product, ETUARY, and several product candidates in pre-clinical and clinical development. Gyre Pharmaceuticals' product revenues are mainly generated from the sale of ETUARY and certain generic drugs. Gyre Pharmaceuticals primarily sells its pharmaceutical products to distributors in the PRC, who ultimately sell the products to hospitals, other medical institutions and pharmacies. Gyre Pharmaceuticals also generates revenue from license agreements. However, the license agreements did not generate any revenue for the three months ended March 31, 2024 or 2023.

Gyre

Gyre is a biopharmaceutical company focused on the development and commercialization of F351 for the treatment of non-alcoholic steatohepatitis-associated liver fibrosis in the United States. Other than the IP associated with F351 in the U.S., Gyre has no other product candidates since the Company sold various lab equipment, consumables, and furniture and fixtures for a total consideration all of $0.4 million. The Company recorded a loss on disposal of $0.2 million during the nine months ended September 30, 2022, which is included in gain on disposal of its legacy IP assets net in the condensed consolidated statements of operations and comprehensive income (loss).

In May 2022, the Company entered into an asset purchase agreement with Vertex, pursuant prior to which Vertex purchased the Company's complement portfolio, including CB 2782-PEG and CB 4332, as well as its complement-related intellectual property including the ProTUNE™ and ImmunoTUNE™ platforms for $60.0 million in cash consideration. Cash of $55.0 million was received upfront in May 2022 and the remaining $5.0 million was received in May 2023 upon satisfaction of certain post-closing indemnification obligations. The hold-back amount was initially recorded within accounts and other receivables on the condensed consolidated balance sheet. In June 2023, the Company distributed $3.5 million, which reflected the hold-back amount received from Vertex less expenses and a reserve for potential tax liabilities, to the CVR Holders pursuant to the CVR Agreement. In August 2023, the Company distributed the remaining $1.5 million initially withheld as a reserve for potential tax liabilities to the CVR Holders pursuant to the CVR Agreement, see Note 8, *Commitments and Contingencies*. There were no carrying amounts associated with the intellectual property sold to Vertex, and, therefore, the Company recorded a gain of $57.4 million related to the disposal, net of $2.6 million of transaction costs during the second quarter of 2022.

In February 2023, Catalyst entered into an asset purchase agreement with GCBP, pursuant to which GCBP acquired the Company's legacy rare bleeding disorders programs, including MarzAA, DalcA and CB-2679d-GT, for $6.0 million in cash consideration. Cash of $1.0 million was received upfront in February 2023 and the remaining $5.0 million will be paid two years after the closing upon satisfaction of certain post-closing indemnification obligations. The hold-back amount is recorded as a long-term receivable on the condensed consolidated balance sheet. In March 2023, the

Company distributed the net cash proceeds received upfront of $0.2 million to the CVR Holders. Once received, the remaining net proceeds, net of expenses, from the hold-back amount will be distributed to the CVR Holders pursuant to the CVR Agreement, see Note 8, *Commitments and Contingencies*. There were no carrying amounts associated with the intellectual property sold to GCBP, and, therefore, Catalyst recorded a gain of $4.7 million related to the disposal, net of $0.8 million of transaction costs, which is included in gain on disposal of assets, net in the condensed consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2023.

12. Related Parties

Following the closing of the F351 Agreement on December 26, 2022 Contributions. Subsequent to the closing of the Contributions, Gyre has not generated any revenue.

Other

Other represents the financial information from other subsidiaries, consisting of mainly CPI, GNI HK, and Continent Pharmaceuticals U.S., GNI owned Inc. During the year ended December 31, 2023, prior to the Contributions, CPI divested almost all of its assets other than its 100 56.0% of indirect ownership interest in Gyre Pharmaceuticals (see Note 8 – *Restructuring* in the Catalyst Convertible Preferred Stock as well as 16.6% and 16.5% of Catalyst common stock outstanding as of December 31, 2022 and September 30, 2023, respectively. Overall, GNI owned 80.5% and 80.3% of the outstanding shares of capital stock of the Company, on an as converted basis, as of December 31, 2022 and September 30, 2023, respectively. In addition, Ying Luo and Thomas Eastling became directors of the Company. They serve as a director, representative executive officer, President and Chief Executive Officer, and an outside member, respectively, of GNI Japan, a greater than 5% stockholder of the Company. Dr. Luo also serves as a director of the board and President of GNI USA. GNI is considered a related party of the Company. Annual Report).

On April 13, 2023,

Segment information for the three months ended March 31, 2024 and 2023 is as follows (in thousands):

	Three Months Ended March 31, 2024			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Revenues	$ 27,172	$ —	$ —	$ 27,172
Cost of revenues	979	—	—	979
Gross profit	26,193	—	—	26,193
Operating expenses excluding cost of revenues:				
Selling and marketing	12,542	—	—	12,542
Research and development	2,009	173	—	2,182
General and administrative	2,257	1,141	—	3,398
Total operating expenses excluding cost of revenues	16,808	1,314	—	18,122

Income (loss) from operations	$ 9,385	$ (1,314)	$ —	$ 8,071
Supplemental disclosure of stock-based compensation expense:				
General and administrative	$ —	$ 11	$ —	$ 11
Stock-based compensation total	$ —	$ 11	$ —	$ 11

	March 31, 2024			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Total assets	$ 109,347	$ 11,750	$ 913	$ 122,010

The table below only includes cash outflows for the purchase of property and equipment and excludes non-cash activities.

	Three Months Ended March 31, 2024			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Purchase of property and equipment	$ 217	$ 14	$ —	$ 231

	Three Months Ended March 31, 2023			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Revenues	$ 24,931	$ —	$ —	$ 24,931
Cost of revenues	1,125	—	—	1,125
Gross profit	23,806	—	—	23,806
Operating expenses excluding cost of revenues:				
Selling and marketing	12,768	—	—	12,768
Research and development	2,635	—	—	2,635

General and administrative	1,722	—	17	1,739
Total operating expenses excluding cost of revenues	17,125	—	17	17,142
Income (loss) from operations	$ 6,681	$ —	$ (17)	$ 6,664
Supplemental disclosure of stock-based compensation expense:				
Stock-based compensation total	$ —	$ —	$ —	$ —

	December 31, 2023			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Total assets	$ 101,761	$ 13,865	$ 913	$ 116,539

The table below only includes cash outflows for the purchase of property and equipment and excludes non-cash activities.

	Three Months Ended March 31, 2023			
	Gyre Pharmaceuticals	Gyre	Other	Consolidated
Purchase of property and equipment	$ 1,742	$ —	$ —	$ 1,742

17. Subsequent Events

Lease Agreement

In April 2024, the Company entered into a Cost Sharing and Agency Agreement with GNI. Under the Cost Sharing and Agency Agreement, GNI will pay for certain costs related lease arrangement to the development lease 2,129.1 square meters of the F351 Assets office space located in the U.S. incurred from December 26, 2022 until the Business Combination Agreement closes. Following the closing of the Business Combination Agreement, the 6F, Building 1, Zone 4, Wangjing Xiyuan, Chaoyang District, Beijing. The Company will be required to reimburse GNI for such costs. If the Business Combination Agreement is terminated, the Company's repayment obligation varies depending on the clinical development of the F351 Assets. During the three and nine months ended September 30, 2023, the costs incurred for the development of the F351 Assets under the Cost Sharing and Agency Agreement were paid approximately $0.4 million and $0.7 million, respectively. As of September 30, 2023, GNI paid $0.3 million upon execution of the reimbursable development lease, which will be included in total lease costs. The monthly lease payment is approximately $0.1 million. The initial lease term is three years, which will commence on June 2, 2024, and expire on June 1, 2027. The lease arrangement provides two options to extend for an additional three years beyond the initial lease term.

Jiangsu Wangao Agreement

In May 2024, Gyre Pharmaceuticals entered into an agreement with Jiangsu Wangao Pharmaceuticals Co., Ltd. (the "Jiangsu Wangao Agreement"), effective from May 7, 2024 to May 6, 2035. Pursuant to the Jiangsu Wangao Agreement, Gyre Pharmaceuticals obtained the drug registration certificate for and became the marketing authorization holder of nintedanib, a kinase inhibitor for the treatment of idiopathic pulmonary fibrosis, within the PRC. The total minimum payments under the Jiangsu Wangao Agreement are RMB 35.0 million, or approximately $4.8 million, based on the May 7, 2024 spot exchange rate. This includes an upfront transfer fee of RMB 15.0 million, or approximately $2.1 million, payable in three installments, and subsequent low- to mid-single-digit royalty payments over eight years following the commencement of sales. Additionally, Gyre Pharmaceuticals will bear the costs associated with relocating the production site to a designated location and will cover all expenses related to the F351 Assets, and the Company had a future repayment obligation of up to $0.3 million to this related party which was included in other accrued liabilities on the balance sheet. manufacturing process.

As part of the Business Combination Agreement, GNI agreed to share certain ongoing operating expenses of the Company that are incurred from December 26, 2022 until the Business Combination Agreement closes. All expenses required to be reimbursed as part of this agreement will be paid by GNI no later than three business days prior to the close of the Business Combination Agreement. All costs subject to reimbursement under the Business Combination Agreement must be approved by GNI. As of 23

16

September 30, 2023, GNI had approved reimbursable operating costs incurred by Catalyst through June 30, 2023 in the amount of $1.2 million which the Company recognized as GNI cost-sharing reimbursement in the condensed consolidated statements of operations and comprehensive income (loss). As of September 30, 2023, the Company had amounts receivable from this related party of $1.2 million, which was included in other receivables from GNI on the condensed consolidated balance sheet. The Company has not recognized a receivable for operating costs incurred during the quarter ended September 30, 2023, since such reimbursement of costs remain subject to approval

by GNI. Once GNI approves these costs, the Company will record the reimbursement in its condensed consolidated financial statements.

13. Subsequent Events

On October 20, 2023, BC received approval from the CSRC with respect to the business combination pursuant to the Business Combination Agreement. Catalyst and GNI anticipate the business combination will be completed by the Outside Date (as defined in the Business Combination Agreement).

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated, in

In this Quarterly Report on Form 10-Q (this "Quarterly Report"), unless otherwise specified, references to "Catalyst," "we," "us," "our," "our" or the "Company" mean Catalyst Biosciences, "us" and "our company" refer to Gyre Therapeutics, Inc. and our subsidiary. majority indirectly owned subsidiary, Beijing Continent Pharmaceuticals Co., Ltd. (d/b/a Gyre Pharmaceuticals Co., Ltd.) ("Gyre Pharmaceuticals"). The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes that appear in this Quarterly Report on Form 10-Q (this "Report") and with the audited consolidated financial statements and related notes that are included as part of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Annual Report").

In addition to historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"). Forward-looking statements are identified by words such as "anticipate," "believe," "will, "continue," "could," "estimate," "expect," "intend," "may," "estimate, "plan," "continue," "anticipate," "intend, "potentially" "predict," "should," "plan, "will," "expect," "predict," "could," "potentially" or the negative of these terms or similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. For example, forward-looking statements include any statements regarding regarding: the strategies, prospects, plans, expectations or objectives of management for future operations or the distribution of cash to Company stockholders, the benefits that may be derived from product candidates or the commercial or market opportunity in any target indication, our ability to protect intellectual property rights, our anticipated operations, financial position, revenues, costs or expenses, statements regarding future economic conditions or performance, and statements of belief and any statement of assumptions underlying any of the foregoing. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report in Part II, Item 1A — "Risk Factors," elsewhere in this Report and in Part I - Item 1A – "Risk Factors" in the Annual Report. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These statements, like all statements in this Report, speak only as of their date, and Catalyst undertakes we undertake no

obligation to update or revise these statements in light of future developments. Catalyst cautions We caution investors that its our business and financial performance are subject to substantial risks and uncertainties.

Overview

F351 Asset Acquisition We are a financially-sustainable pharmaceutical company with a record of financial success that develops and commercializes small-molecule anti-inflammatory and anti-fibrotic drugs targeting organ diseases, focusing specifically on organ fibrosis. Fibrotic diseases represent a large patient population with significant unmet medical needs. Fibrosis involves a complex, multi-stage process with multiple pathways. While there are numerous potential targets for anti-fibrotic therapy, both established and emerging, addressing a single molecular pathway may not be sufficient to prevent, halt, or reverse fibrosis.

On December 26, 2022, Catalyst acquired Our strategy is to use our experience in the F351 Assets from GNI Group Ltd. ("GNI Japan" successful development and commercialization of ETUARY® (Pirfenidone) to expand into new indications and develop similar drug candidates. Pirfenidone, the first anti-fibrotic drug approved for idiopathic pulmonary fibrosis (“IPF”) and GNI Hong Kong Limited ("GNI Hong Kong") (collectively, in Japan, the “Sellers”) pursuant to that certain F351 Agreement, by European Union, the United States, and among Catalyst and the Sellers. The F351 Assets include 15 issued or pending patents and patent applications outside of the People’s Republic of China (“PRC”), is a small molecule drug that inhibits the synthesis of Transforming Growth Factor (“TGF”)-ß1, Tumor Necrosis Factor (“TNF”)-α, and other fibrosis and inflammation modulators. We have obtained approval for ETUARY (pirfenidone) in the PRC for IPF.

Gyre Pharmaceuticals successfully advanced Pirfenidone from research and development (“R&D”) to commercialization in the PRC for the treatment of IPF. ETUARY’s annual sales have consistently grown each year, reaching $112.1 million in 2023. In addition to IPF, Pirfenidone is undergoing three additional Phase 3 clinical trials for Connective Tissue Disease-associated Interstitial Lung Disease to broaden its indications and market: sclerosis-related interstitial lung disease, dermatomyositis-related interstitial lung disease and pneumoconiosis.

F351, our lead development candidate in both the United States and the PRC, is a structural derivative of ETUARY (Pirfenidone). It is a new oral chemical entity with an anti-fibrotic, TGF-ß1-targeting mechanism of action, for which we hold patents in major markets. Studies suggest that F351 and its major metabolites have minimal drug-drug interaction risks. Despite potential efficacy in IPF, we are prioritizing F351 for the treatment of liver fibrosis due to the large potential addressable market and significant unmet need.

Gyre Pharmaceuticals has completed a Phase 2 trial of F351 in the PRC for Chronic Hepatitis B ("CHB")-associated liver fibrosis. The Phase 2 trial showed that F351 was well-tolerated without notable toxicity and patients treated showed statistically-significant improvement of liver fibrosis, with the last acquired issued patent expected to expire best efficacy results achieved at 270 mg/day dosing. Based on these results, a confirmatory Phase 3 trial is ongoing in August 2037. Under the terms PRC with a primary endpoint of the F351 Agreement and upon the effective time reduction of the transactions contemplated liver fibrosis score (Ishak Scoring System) by at least one grade after taking F351 in combination with Entecavir. The enrollment of 248 patients for the confirmatory Phase 3 trial has been completed, with last patient out expected in 2024 and clinical results expected by early 2025.

In the United States, we have completed a Phase 1 clinical trial of F351 Agreement, Catalyst issued in healthy volunteers. We are preparing an investigational new drug (an "IND") application and expect to submit it in late 2024. Following results from the Sellers equity interests with an aggregate value PRC Phase 3 trial in CHB-associated liver fibrosis and pending approval of $35.0 million our IND, we expect to initiate a Phase 2a trial to evaluate F351 for the treatment of non-alcoholic steatohepatitis-associated liver fibrosis in 2025.

In parallel, we are also conducting a randomized, double-blind, placebo-controlled Phase 2 clinical trial in the form of: 6,266,521 shares PRC to assess the safety and efficacy of the Company's common stock and 12,340 shares of newly designated Series X convertible preferred stock ("Catalyst Convertible Preferred Stock"), which Catalyst Convertible Preferred Stock is convertible, upon the approval of the stockholders of Catalyst (as further described herein) into shares of common stock at F573, a ratio of one (1) share of Catalyst Convertible Preferred Stock to 10,000 shares of common stock.

Subject to stockholder approval, each share of Catalyst Convertible Preferred Stock issued under the F351 Agreement is convertible into 10,000 shares of common stock. At its 2023 Annual Meeting of Stockholders on August 29, 2023, the Company's stockholders approved the conversion of the Catalyst Convertible Preferred Stock into shares of common stock in accordance with Nasdaq rules, or the Conversion Proposal, and approved an amendment to Catalyst's certificate of incorporation to authorize sufficient shares of common stock caspase inhibitor for the conversion treatment of the Catalyst Convertible Preferred Stock issued pursuant to the F351 Agreement. Following stockholder approval of the Conversion Proposal, each share of Catalyst Convertible Preferred Stock is convertible into shares of the Company's common stock at any time at the option of the holder thereof, into 10,000 shares of its common stock, subject to certain limitations, including that a holder of Catalyst Convertible Preferred Stock is prohibited from converting shares of Catalyst Convertible Preferred Stock into shares of its common stock if, as a result of such conversion, such holder, together with its affiliates, would beneficially own more than a specified percentage (to be initially set at 9.99% and thereafter adjustable by the holder to a number between 4.99% and 19.99%) of the total number of shares of Catalyst's common stock issued and outstanding immediately after giving effect to such conversion. acute/acute on-chronic liver failure.

Business Combination Agreement

On December 26, 2022, Catalyst Biosciences, Inc., a Delaware corporation ("Catalyst") entered into a Business Combination Agreement, as amended on March 29, 2023 and August 30, 2023 (the "Business Combination Agreement")

with GNI USA, Inc., a Delaware corporation (“GNI USA”), GNI Japan, GNI Hong Kong Limited (“GNI HK”), Shanghai Genomics, Inc., a company organized under the individuals laws of the PRC (collectively with GNI USA, GNI Japan and GNI HK, the “Minority Holders” “Contributors,” and each a “Contributor”) listed on an annex to that, certain Business Combination Agreement, as amended (the “Business Combination Agreement”) individuals and Continent Pharmaceuticals Inc., a Cayman Islands company limited by shares (“CPI”) entered into. On October 30, 2023 (the “Effective Time”), the Business Combination Agreement. The Business Combination Agreement contains the terms Contributions (as defined below) became effective and conditions of the proposed business combination pursuant to which Catalyst will acquire acquired an indirect controlling interest in BC. The closing of the transactions under the Business Combination Agreement are subject Gyre Pharmaceuticals.

Pursuant to stockholder approval and certain customary closing conditions. Catalyst stockholders approved the transactions under the Business Combination Agreement, at the stockholder meeting Effective Time of the Contributions:

a) GNI USA contributed all of its ordinary shares in the capital of CPI to Catalyst in exchange for 45,923,340 share Common Stock (the “CPI Contribution”),

b) GNI USA contributed its interest in Further Challenger International Limited (“Further Challenger”) for 17,664 shares of Common Stock (the “FC Contribution” and together with the CPI Contribution, the “GNI U Contributions”), and

c) each Minority Holder contributed 100% of the interest he or she held on August 29, 2023, however, as in his or respective entity in exchange for an aggregate of September 30, 2023, 10,463,627 shares of Common Stock “Minority Holder Contributions” and together with the transactions had not closed. On October 20, 2023, BC rece approval from GNI USA Contributions, the China Securities Regulatory Commission("CSRC" “Contributions”) respect.

As a result of the GNI USA Contributions, Gyre directly and indirectly holds 100% of CPI’s shares. Through Gyre’s ownership of CPI, prior to the business combination pursuant Minority Holder Contributions, Gyre held a 56.0% indirect interest in Gyre Pharmaceuticals. Upon completion of the Minority Holder Contributions, Gyre obtained additional indirect interests in Gyre Pharmaceuticals and holds, in aggregate, a 65.2% indirect interest in Gyre Pharmaceuticals. Each share of Common Stock and option to purchase Common Stock that was issued and outstanding at the Effective Time remained issued and outstanding, and such shares and options were unaffected by the Contributions.

At the Effective Time, Gyre Pharmaceuticals terminated its 2021 Stock Incentive Plan (the “2021 Plan”) and the options (the “Gyre Pharmaceuticals Options”) outstanding under the 2021 Plan were terminated and replaced with options granted under a subplan for Chinese participants under the Gyre 2023 Omnibus Incentive Plan (the “2023 Omnibus Incentive Plan”) that are substantially similar in all material respects to the Business Combination Agreement. Catalyst and GNI anticipate Gyre Pharmaceuticals Options previously outstanding under the business combination will be completed

by the Outside Date (as defined in the Business Combination Agreement). Once the transaction closes, Catalyst will issue at closing a total of up to 1,110,776,224 shares of its common stock for an indirect controlling interest in BC. 2021 Plan.

The Business Combination Agreement contains certain termination rights, including majority shareholder of Gyre Pharmaceuticals is BJContinent Pharmaceuticals Limited (“BJC”). The immediate holding company of BJC is CPI. Immediately following the right GNI USA Contributions, the immediate holding company of CPI is Gyre. The majority stockholder of Gyre is GNI USA, which is indirectly wholly owned by GNI Japan.

The GNI USA Contributions were treated as an asset acquisition under U.S. generally accepted accounting principles, with CPI treated as the accounting acquirer and presented as the predecessor for it to terminate post-acquisition reporting purposes. Since Catalyst is the Business Combination Agreement to enter into legal acquirer, the GNI USA Contributions were accounted for as a definitive agreement for a superior proposal. Upon termination reverse asset acquisition. This determination was based upon the terms of the Business Combination Agreement under specified circumstances, and other factors including that, immediately following the GNI USA Contributions: (i) GNI USA (as the parent company of CPI immediately prior to the GNI USA Contributions) owns a substantial majority of the voting power of the combined company; (ii) GNI USA has the ability to control the board of directors of the combined company; and (iii) senior management of Gyre Pharmaceuticals and GNI USA hold a majority of the key positions in senior management of the combined company. Immediately prior to the closing of the GNI USA Contributions, Catalyst may be required did not meet the definition of a business because Catalyst did not have an organized workforce that significantly contributed to pay a termination fee its ability to create output, and substantially all of $2.0 million its fair value was concentrated in in-process research and either party, development (“IPR&D”).

As of the closing date of the GNI USA Contributions, the net assets of Catalyst were recorded at their acquisition-date relative fair values in the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report and the reported operating results prior to the GNI USA Contributions are those of CPI.

The Minority Holder Contributions were treated as the case may be, may be required to reimburse the other party for reasonable out-of-pocket fees an equity transaction, where we obtained additional indirect interests in and expenses incurred by such party in connection with the Business Combination Agreement, up to a maximum amount of $2.0 million. maintained our control over Gyre Pharmaceuticals.

Contingent Value Rights Agreement

Concurrent with the signing of the Business Combination Agreement Catalyst entered into the CVR Agreement, pursuant to which each common stockholder, excluding GNI, received one CVR issued by the Company, subject to and in accordance with the terms and conditions of the CVR Agreement, for each share of common stock held by such holder at the CVR Record Date (the "CVR Holders"). Each CVR entitles the holder thereof to receive (i) certain cash payments from the net proceeds, if any, related to (a) the disposition of its legacy assets within 90 calendar days after the remainder of the Holdback Amount (as defined in the CVR Agreement) is finally determined and received by Catalyst or (b) the resolution of certain legal claims; provided, however, such period will be automatically extended for any Claim (as defined in the CVR Agreement) for an additional one-year period to the extent any Claim is appealed during the initial term, (ii) 100% of the excess cash (net of all current or contingent liabilities, including transaction-related expenses) retained by the Company in excess of $1.0 million as of the closing date of the transactions under the Business Combination Agreement, and (iii) 100% of the amount actually received (net of indemnity claims, if any) by Catalyst pursuant to the asset purchase agreement dated as of May 19, 2022 on December 26, 2022, by and between Catalyst and Vertex. The contingent payments under the CVR Agreement, if they become payable, will become payable to the Rights Agent (as defined in the CVR Agreement) executed a contingent value rights agreement (the "CVR Agreement"), as amended on March 29, 2023, pursuant to which each CVR Holder, excluding GNI Japan and GNI HK, received one contractual contingent value right (a "CVR") issued by the Company for subsequent distribution each share of Catalyst common stock held by such holders. Each CVR entitles the CVR Holder thereof to receive certain cash payments in the future. For additional information, see Note 12 — *Commitments and Contingencies* to the CVR Holders. In unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Private Placement and Securities Purchase Agreement

On October 27, 2023, we entered into the event that no such proceeds are received, or the permitted deductions under the CVR Securities Purchase Agreement are greater than any such proceeds, CVR Holders will not receive any payment pursuant for a private placement with GNI USA (the "Private Placement"). Pursuant to the CVR Agreement. There can be no assurance that CVR Holders will receive any amounts. Securities Purchase Agreement, GNI USA agreed to purchase (i) 811 shares of Convertible Preferred Stock and (ii) warrants to purchase up to 811 shares of Convertible Preferred Stock (the "Preferred Stock Warrants") for an aggregate purchase price of $5.0 million. The CVRs are not transferable, except in certain limited circumstances as provided for in Private Placement closed immediately after the CVR Agreement, will not be certificated or evidenced by any instrument, and will not be registered with closing of the SEC or listed for trading on any exchange. Contributions.

Prior to the F351 acquisition, Catalyst was engaged in the research The Preferred Stock Warrants are exercisable at an exercise price of $4,915.00 per share of Convertible Preferred Stock and development expire on October 30, 2033. In January 2024, all shares of product candidates from Catalyst's protein engineering platform. In February 2022, Catalyst announced that it engaged Perella Weinberg Partners Convertible Preferred Stock were converted into Gyre common stock. The Preferred Stock Warrants issued are considered freestanding financial instruments and classified as a financial advisor to assist Catalyst in exploring strategic alternatives to monetize its assets. liability.

Jiangsu Wangao Agreement

In March 2022, Catalyst ceased research and development activities and in May 2022, Catalyst 2024, Gyre Pharmaceuticals entered into an asset purchase agreement with Vertex, pursuant Jiangsu Wangao Pharmaceuticals Co., Ltd. (the "Jiangsu Wangao Agreement"), effective from May 7, 2024 to which Vertex purchased Catalyst's complement portfolio, including CB 2782-PEG and CB 4332, as well as its complement-related intellectual property, including the ProTUNE™ and ImmunoTUNE™ platforms, for $60.0 million in cash consideration. $55.0 million was received upfront and the remaining $5.0 million was retained by Vertex as a hold-back until one year after the closing date to satisfy certain post-closing indemnification obligations. The $5.0 million hold-back amount received from Vertex in May 2023, net of $1.5 million in expenses and a reserve for potential tax liabilities, was distributed May 6, 2035. Pursuant to the CVR Holders Jiangsu Wangao Agreement, Gyre Pharmaceuticals obtained the drug registration certificate for and became the marketing authorization holder of nintedanib, a kinase inhibitor for the treatment of idiopathic pulmonary fibrosis, within the PRC. The total minimum payments under the Jiangsu Wangao Agreement are RMB 35.0 million, or approximately $4.8 million, based on the May 7, 2024 spot exchange rate. This includes an upfront transfer fee of RMB 15.0 million, or approximately $2.1 million, payable in June 2023. In August 2023, three installments, and subsequent low- to mid-single-digit royalty payments over eight years following the Company distributed commencement of sales. Additionally, Gyre Pharmaceuticals will bear the remaining $1.5 million costs associated with relocating the production site to a designated location and will cover all expenses related to the CVR Holders. On February 27, 2023, Catalyst signed an asset purchase agreement with GC Biopharma Corp. ("GCBP") pursuant to which GCBP acquired Catalyst's legacy rare bleeding disorders programs including marzeptacog alpha activated ("MarzAA"), dalcinonacog alpha ("DalcA") and CB-2679d-GT for a total of $6.0 million in cash consideration, $1.0 million payable on signing and $5.0 million payable on February 28, 2025, subject to satisfaction of post-closing indemnification obligations. In March 2023, Catalyst distributed net proceeds of approximately $0.2 million to the CVR Holders. Once received, any additional net proceeds from the transaction will be distributed to the CVR Holders. Catalyst is also pursuing certain legal claims against a third party related to payments under a 2016 asset purchase agreement, and any net recoveries related to these claims will be distributed to the CVR Holders. manufacturing process.

Financial Operations Overview

Catalyst has no drug products approved for commercial sale and has not generated any revenue from drug product sales.

With the exception of During the three months ended March 31, 2023 and the nine months ended September 30, 2022 March 31, 2024, Catalyst has never been profitable and has incurred significant operating losses in each year since inception. Catalyst we had net losses income of $1.6 million $9.9 million and $4.9 million for net income attributable to

common stockholders of $7.5 million. For the three months ended September 30, 2023 and 2022, respectively, March 31, 2023, we had net income of $4.2 million and a net loss income attributable to common stockholders of $3.8 million and net income of $32.2 million for the nine months ended September 30, 2023 and 2022, respectively. $2.2 million. As of September 30, 2023 March 31, 2024, Catalyst we had an accumulated deficit of $414.7 million $78.0 million and cash and cash equivalents of $2.2 million $29.8 million. Substantially all its operating losses were incurred in its research As of December 31, 2023, we had an accumulated deficit of $85.5 million and development programs cash and in its general and administrative operations.

Collaboration Revenue

Collaboration revenue consists cash equivalents of revenue earned for performance obligations satisfied pursuant to the License and Collaboration Agreement with Biogen which was entered into in December 2019 and terminated in May 2022 (the "Biogen Agreement"). Catalyst recognized collaboration revenue for reimbursable third-party vendor, out-of-pocket and personnel costs pertaining to the Biogen Agreement of $0.8 million for the nine months ended September 30, 2022. No collaboration revenue was recognized for the nine months ended September 30, 2023 $33.5 million.

Catalyst has not generated any Components of Results of Operations

Revenues

Sales of Pharmaceutical Products

We generate revenue primarily through sales of ETUARY and certain generic drugs in the PRC. Distributors are our direct customers, and sales to distributors accounted for 100.0% of the revenue from the sale of any drug products ETUARY. Such distributors sell ETUARY to certain outlets, including hospitals and Catalyst does not expect to generate any revenue from the sale of drug products until Catalyst obtains regulatory approval of and commercializes its product candidates. other medical institutions, as well as pharmacies.

Operating Expenses

Cost of Collaboration Revenue

Cost of collaboration revenue mainly consists of fees for research cost of sales representing direct and development services payable indirect costs incurred to third-party vendors and personnel costs, corresponding bring the product to the recognition of collaboration revenue from Biogen. saleable condition. Cost of collaboration revenue does not include any allocated overhead sales primarily consists of (i) raw material costs; (ii) staff costs for production employees; (iii) depreciation and amortization related to property and equipment and intangible assets used in production; (iv) taxes and surcharges; (v) transportation costs; and (vi) miscellaneous other costs. Catalyst recognized third-party vendor, out-of-pocket

Selling and personnel Marketing Expenses

Selling and marketing expenses primarily relate to selling and marketing our product ETUARY in the PRC and consist of expenses incurred from hosting academic conferences, seminars and symposia; promotional expenses associated with market education on ETUARY for its use in hospitals; and staff costs most primarily consisting of which were reimbursable, pertaining to the Biogen Agreement of $0.8 million salaries and benefits for the nine months ended September 30, 2022, in-house marketing and recorded such costs as cost of collaboration revenue. No cost of collaboration revenue was recognized for the nine months ended September 30, 2023. promotion staff.

Research and Development Expenses

As of March 2022, Catalyst ceased the development of certain programs and during the quarter ended June 30, 2022, Catalyst ceased all previous research and development activities. In April 2023, Catalyst started to support the development of the F351 Assets acquired. Research and development expenses represent costs incurred to conduct research, such are expensed as the discovery and development of its product candidates. Catalyst recognizes all research and development costs as they are incurred. Nonrefundable advance payments for goods or services used in research and development are initially deferred and capitalized. capitalized in prepaid and other current assets. The capitalized amounts are then expensed as the related goods are delivered or services are performed, or until it is no longer expected that the goods or services will be delivered.

Research and development expenses have traditionally consisted costs consist primarily of the following:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- laboratory and vendor expenses, including payments to consultants and third parties, costs related to the execution preclinical, non-clinical pre-clinical and clinical studies;
- the cost development of acquiring our product candidates, which include payroll and manufacturing preclinical oth personnel-related expenses, laboratory supplies and reagents, contract research and development services for p clinical research and clinical trials, materials, and developing manufacturing processes;
- clinical trial expenses, including consulting costs, of third-party clinical research organizations;
- performing toxicity and other preclinical studies; and
- facilities and other allocated expenses, which include direct and allocated expenses for rent and maintenance as w as allocations of facilities, depreciation and amortization expense and other supplies.

overhead costs.

The table below details the Company's internal and external costs for research and development for the period presented (*in thousands*). 27

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Personnel and other	$ 415	$ 505	$ 1,254	$ 5,648
Stock-based compensation	—	78	67	289
Complement	—	—	—	4,139
Hemophilia	—	220	—	2,301

Total research and development expenses	$ 415	$ 803	$ 1,321	$ 12,377

The largest component of total operating expenses had historically been Catalyst's investment in research and development activities, including the clinical and manufacturing development of its product candidates. Costs listed for its hemophilia and complement programs above consist of clinical trial, manufacturing and research costs. Its internal resources, employees and infrastructure, identified above as personnel and other, are generally not directly tied to individual product candidates or development programs. As such, Catalyst does not maintain information regarding these costs incurred for these research and development programs on a project-specific basis.

Catalyst has entered into a Cost Sharing and Agency Agreement with GNI USA, Inc. pursuant to which GNI USA, Inc. will be responsible for development expenses related to the F351 Assets until the closing of the transactions under the Business Combination Agreement. Following the closing of the Business Combination Agreement, the Company will be required to reimburse GNI for such costs. If the Business Combination Agreement is terminated, the Company's repayment obligation varies depending on the clinical development of the F351 Assets. Accordingly, since Catalyst has ceased its other research and development activities, it does not expect to incur material research and development expenses until the closing of the transactions under the Business Combination Agreement.

General and Administrative Expenses

General and administrative expenses consist of personnel costs, allocated expenses, expenses (i) accounting, IT, legal, administrative, and other internal service staff costs; (ii) stock-based compensation representing share options granted to our functional employees; (iii) professional service fees, primarily for outside professional services, including legal human resources, audit and accounting services, services; and (iv) other general miscellaneous expenses. Personnel costs consist

Other Income (Expense), Net

Interest Income, Net

Interest income consists primarily of salaries, bonuses, benefits and stock-based compensation. Catalyst incurs expenses associated with operating as a public company, including expenses related to compliance with interest earned on our certificates of deposit. Interest income is recognized on an accrual basis using the rules and regulations effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the Securities and Exchange Commission ("SEC") and Nasdaq Stock Market LLC ("Nasdaq"), insurance expenses, audit expenses, investor relations activities, Sarbanes-Oxley compliance expenses and other administrative expenses and

professional services. financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

GNI Cost-Sharing Reimbursement Other Income

As part Other income consists mostly of government grants. Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the Business Combination Agreement, relevant asset by equal annual installments or deducted from the Company agreed to share certain ongoing operating expenses with GNI that are incurred from December 26, 2022 until the Business Combination Agreement closes. All expenses required to be reimbursed as part of this agreement will be paid by GNI within three days prior to the close carrying amount of the Business Combination Agreement. The GNI cost-sharing reimbursement represents the amount asset and released to be received from GNI under this cost share arrangement that is no longer subject to uncertainty and realizable at period end. profit or loss by way of a reduced depreciation charge.

Gain on Disposal Change in Fair Value of Assets Warrant Liability

Gain on disposal of assets resulted from the sale of Catalyst's legacy rare bleeding disorder program, including MarzAA, DalcA and CB-2679d-GT to GCBP in February 2023 and the sale of Catalyst's complement portfolio and related intellectual property to Vertex in May 2022. The gain is presented net of the direct costs incurred in In connection with the transaction Private Placement, we issued the Preferred Stock Warrants, which are freestanding financial instruments classified as warrant liability since the underlying securities are contingently redeemable upon the occurrence of events which are outside of our control. The Preferred Stock Warrants are recorded at fair value upon issuance and losses incurred are subject to remeasurement at the end of each reporting period, with any change in connection with fair value recognized in our statements of operations as other (income) expense.

Other Expenses

Other expenses consists of any non-operating costs, such as loss from equity method investments.

Provision for Income Taxes

Provision for income taxes are comprised primarily of current income tax provision, mainly attributable to the sale profitable Gyre Pharmaceuticals operations in the PRC, and deferred income tax provision, mainly including deferred tax recognized for temporary differences in relation to research and development tax credit and net operating loss carryforwards for U.S. tax purposes, deemed income inclusions from controlled foreign corporations for U.S. tax purposes, and fixed and intangible assets, net of Catalyst's property and equipment. valuation allowances.

Results of Operations

The following table set forth the Company's summarizes our results of operations data for the periods presented (*in (in thousands,*) except percentage change):

	Three Months Ended September 30,			
	2023	2022	Change ($)	Change (%)
Operating expenses:				
Research and development	$ 415	$ 803	$ (388)	(48)%
General and administrative	2,408	4,363	(1,955)	(45)%
GNI cost-sharing reimbursement	(1,200)	—	(1,200)	100 %
Total operating expenses	1,623	5,166	(3,543)	(69)%
Loss from operations	(1,623)	(5,166)	3,543	(69)%
Interest and other income, net	47	282	(235)	(83)%
Net loss and comprehensive loss	$ (1,576)	$ (4,884)	$ 3,308	(68)%

	Nine Months Ended September 30,			
	2023	2022	Change ($)	Change (%)
Revenue:				
Collaboration	$ —	$ 794	$ (794)	(100)%
Operating expenses (income):				
Cost of collaboration	—	798	(798)	(100)%
Research and development	1,321	12,377	(11,056)	(89)%
General and administrative	8,603	13,201	(4,598)	(35)%
GNI cost-sharing reimbursement	(1,200)	—	(1,200)	100 %
Gain on disposal of assets, net	(4,736)	(57,245)	52,509	(92)%
Total operating expenses (income)	3,988	(30,869)	34,857	*
Income (loss) from operations	(3,988)	31,663	(35,651)	*

Interest and other income, net	216	549	(333)	(61)%
Income (loss) before income taxes	(3,772)	32,212	(35,984)	*
Income tax expenses	16	—	16	100%
Net income (loss) and comprehensive income (loss)	$ (3,788)	$ 32,212	$ (36,000)	*

	Three Months Ended March 31,			
	2024	2023	Change ($)	Change (%)
Revenues	$ 27,172	$ 24,931	$ 2,241	9%
Cost of revenues	979	1,125	(146)	(13)%
Gross profit	26,193	23,806	2,387	10%
Operating expenses excluding cost of revenues:				
Selling and marketing	12,542	12,768	(226)	(2)%
Research and development	2,182	2,635	(453)	(17)%
General and administrative	3,398	1,739	1,659	95%
Total operating expenses excluding cost of revenues	18,122	17,142	980	6%
Income from operations	8,071	6,664	1,407	21%
Other income (expense), net:				
Interest income, net	328	184	144	78%
Other income	109	66	43	65%
Change in fair value of warrant liability	4,288	—	4,288	*
Other expenses	(315)	(643)	328	(51)%
Income before income taxes	12,481	6,271	6,210	99%
Provision for income taxes	(2,546)	(2,054)	(492)	24%
Net income	9,935	4,217	5,718	136%
Net income attributable to noncontrolling interest	2,403	1,973	430	22%
Net income attributable to common stockholders	$ 7,532	$ 2,244	$ 5,288	236%

*Not meaningful

Collaboration Revenue Comparison of the Three Months Ended March 31, 2024 and 2023

Collaboration revenue for the nine months ended September 30, 2022 consisted of reimbursable collaboration expenses from the Biogen Agreement. No collaboration revenue was recognized Revenues

Revenues for the three months ended September 30, 2023 March 31, 2024 and 2022 or 2023 were $27.2 million and $24.9 million, respectively. The increasewas primarily due to a $2.2 million increase in pharmaceutical product sales, driven by enhanced marketing and sales initiatives in regions of the nine months ended September 30, 2023. PRC where sales were previously lower in the first quarter of 2023.

Cost of Collaboration Revenues

Cost of collaboration revenue for the nine months ended September 30, 2022 primarily related to reimbursable third-party vendor and personnel costs incurred pertaining to the Biogen Agreement. No cost of collaboration revenue was recognized revenues for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $1.0 million and $1.1 million, respectively. The decrease was primarily driven by a decrease in raw material costs mainly due to the stoppage loss that occurred at the Cangzhou factory in 2023.

Selling and Marketing Expenses

Selling and marketing expenses decreased by $0.2 million, or 2%, for the nine three months ended September 30, 2023 March 31, 2024 compared to the three months ended March 31, 2023. The decrease was primarily driven by a $1.8 million decrease in conference costs due to a decrease in conference activity, offset by a $1.5 million increase in staff costs due to an increase in staff headcount.

Research and Development Expenses

Research The table below details our costs for research and development expenses were $0.4 million and $0.8 million during for the three months ended September 30, 2023 and 2022, respectively, a decrease of $0.4 million, or 48%. The decrease was due primarily to a decrease of $0.2 million in hemophilia-related costs, a decrease of $0.1 million in personnel-related costs, and a decrease of $0.1 million in stock-based compensation costs. periods presented (in thousands, except percentage change):

	Three Months Ended March 31,			
	2024	2023	Change ($)	Change (%)
Direct program expenses:				
Clinical trials	$ 353	$ 832	$ (479)	(58)%

Materials and utilities	502	538	(36)	(7)%
Pre-clinical research	149	255	(106)	(42)%
Indirect expenses:				
Personnel-related costs	976	791	185	23%
Facilities, depreciation and other	202	219	(17)	(8)%
Total research and development expenses	$ 2,182	$ 2,635	$ (453)	(17)%

Research and development expenses were $1.3 million and $12.4 million during decreased by $0.5 million, or 17%, for the nine three months ended September 30, 2023 and 2022, respectively, a decrease of $11.1 million, or 89% Month 31, 2024 compared to the three months ended March 31, 2023. The decrease was due primarily to driven by a $0.5 million decrease in clinical trials expenses, as well as by a $0.1 million decrease in pre-clinical research expenses. The latter is a result of $4.4 million in personnel-related costs, a decrease of $4.2 million in complement-related costs, a decrease of $2.3 million in hemophilia-related costs, and a decrease of $0.2 million in stock-based compensation costs. Research several research and development expenses for projects advancing to the nine months ended September 30, 2022 include approximately $0.6 million of severance clinical trials stage or reaching the application phase in 2023. This overall decrease was partially offset by a $0.2 million increase in research and other development payroll costs related due to its reduction-in-force. increased headcount.

General and Administrative Expenses

General and administrative expenses were $2.4 million and $4.4 million during the three months ended September 30, 2023 and 2022, respectively, a decrease of $2.0 million increased by $1.7 million, or 45%. The decrease was due primarily to a decrease of $1.6 million in professional services and a $0.4 million decrease in personnel-related costs.

General and administrative expenses were $8.6 million and $13.2 million during the nine months ended September 30, 2023 and 2022, respectively, a decrease of $4.6 million 95%, or 35%. The decrease was due primarily to a decrease of $3.3 million in professional services and a $1.3 million decrease in personnel-related costs. General and administrative expensesfor the nine months ended September 30, 2022 include approximately $0.4 million of severance and other costs related to its reduction-in-force.

GNI Cost-Sharing Reimbursement

The GNI cost-sharing reimbursement was $1.2 million for the three and nine months ended September 30, 2023, which consisted of operating costs to be reimbursed by GNI pursuant to the Business Combination Agreement.

Gain on Disposal of Assets, Net

Gain on disposal of assets, net was $4.7 million for the nine months ended September 30, 2023, which related to the sale of Catalyst's legacy rare bleeding disorder program to GCBP in February 2023.

Gain on disposal of assets, net was $57.2 million for the nine months ended September 30, 2022, which primarily consisted of a $57.4 million gain related to the sale of Catalyst's complement portfolio to Vertex in May 2022.

Interest and Other Income, Net

The decrease in interest and other income, net for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily driven by a $1.2 million increase in payroll expenses, with $1.0 million attributable to Gyre Pharmaceuticals and $0.2 million attributable to Gyre, due to an increase in staff. Additionally, there was a $0.6 million increase in miscellaneous expenses, including $0.2 million attributable to Gyre Pharmaceuticals and $0.3 million attributable to Gyre, primarily related to general office expenses.

Other Income (Expense), Net

Interest income increased by $0.1 million, or 78%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to additional investments in certificates of deposit.

Change in fair value of warrant liability was $4.3 million for the three months ended March 31, 2024, and was related to the remeasurement of the Preferred Stock Warrants liability.

Other expenses decreased by $0.3 million, or 51%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The decrease was primarily due to a decrease $0.3 million loss from equity method investments, recorded during the three months ended March 31, 2023, but not during the three months ended March 31, 2024, because CPI had divested nearly all of its assets except for its indirect ownership interest in interest income. Gyre Pharmaceuticals in October 2023.

The $0.3 million decrease in interest Provision for Income Taxes

Provision for income taxes was $2.5 million and other income, net $2.1 million for the nine three months ended September 30, 2023 compared to the nine months ended September 30, 2022 March 31, 2024 and 2023, respectively. The increase was primarily due attributable to a gain on extinguishment of $0.2 million recognized in the nine months ended September 30, 2022 where there was no comparable activity in 2023 and a decrease in interest income of $0.1 million. higher profit from Gyre Pharmaceuticals' operations.

Recent Accounting Pronouncements

Refer to "Accounting Pronouncements Recently Adopted" included in Note 2 – *Summary of Significant Accounting Policies*, in to the "Notes to Condensed Consolidated Financial Statements" unaudited condensed consolidated financial statements included elsewhere in this Report. Quarterly Report for more information about recent accounting pronouncements.

Liquidity and Capital Resources

On January 12, 2023, Catalyst paid a one-time cash dividend Sources of $0.24 per share, or approximately $7.6 million, to the CVR Holders.

On March 8, 2023, the Company distributed the net cash proceeds received from the GCBP asset sale of $0.2 million, or $0.01 per share, to the CVR Holders.

On June 5, 2023, the Company distributed the net cash received from the Vertex hold-back amount of $3.5 million, or $0.11 per share, to the CVR Holders.

On August 21, 2023, the Company distributed the remaining net cash received from the Vertex hold-back amount of $1.5 million, or $0.05 per share, to the CVR Holders. Liquidity

As of September 30, 2023 March 31, 2024, Catalyst we had $2.2 million of cash and cash equivalents. For the nine months ended September 30, 2023 equivalents of $29.8 million, Catalyst had a net loss short-term bank deposits of $3.8 million $7.6 million and $11.9 million cash used in operating activities. Catalyst had long-term certificates of deposit of $23.1 million, which are available to fund operations, and an accumulated deficit of $414.7 million as of September 30, 2023 $78.0 million. Its primary uses of Our net income during the three months ended March 31, 2024 was $9.9 million, while cash are provided by operating activities was $2.9 million. We believe that our existing cash and cash equivalents, cash flows from operations, and access to capital markets will be sufficient to fund our operating expenses activities and general and administrative expenditures.

As part of the Business Combination Agreement, GNI agreed to share certain ongoing operating expenses incurred by the Company until the Business Combination Agreement closes. See Note 12, *Related Parties*, for additional information regarding this arrangement. The actual amount and timing of the cost sharing payments from GNI is outside of the control of the Company. Given the uncertainties related to the pending Business Combination Agreement, there is substantial doubt about the Company's ability to continue as a going concern obligations for at least 12 months following the issuance filing date of these condensed consolidated financial statements. this Quarterly Report.

Catalyst expects Future Funding Requirements

We expect to finance any use cash flows from operations to meet our current and future cash needs through a combination financial obligations, including funding our operations, and capital expenditures. Our ability to make these payments depends on our future performance, which will be affected by financial, business, economic, regulatory, and other factors, many of divestitures which we cannot control. Factors that may affect financing requirements include, but are not limited to:

- the timing, progress, cost and results of its our clinical trials, preclinical studies and other discovery and research development activities;
- the timing and outcome of, and costs involved in, seeking and obtaining marketing approvals for our products, an maintaining quality systems standards for our products;
- the timing of, and costs involved in, commercial activities, including product marketing, sales and distribution;
- our ability to successfully commercialize and to obtain regulatory approval for, and successfully commercialize other or future product candidates;
- increases or decreases in revenue from our marketed products, including decreases in revenue resulting from ger entrants or health epidemics or pandemics;
- the number and development requirements of other product candidates that we pursue;
- our ability to manufacture sufficient quantities of our products to meet expected demand;
- the costs of preparing, filing, prosecuting, maintaining and enforcing any patent claims and other intellectual prop rights, litigation costs and the results of litigation;
- our ability to enter into collaboration, licensing or other assets, equity offerings, debt financings, collaborati strategic alliances and licensing arrangements. There can be no assurance as to the timing, terms or consumma of any divestiture or financing, distribution arrangements and the terms and timing of any such financing adversely affect these arrangements;
- the Company's stockholders' rights. If Catalyst raises funds through collaborations, strategic alliances potential r to expand our business, resulting in additional payroll and other overhead expenses;
- the potential in-licensing of other products or licensing arrangements with third parties, it may have technologies;
- the emergence of competing technologies or other adverse market or technological developments; and
- the impacts of inflation and resulting cost increases.

Future capital requirements will also depend on the extent to relinquish valuable rights to its technologies, product candidates which we acquire or to grant licenses on terms that may not be favorable to the Company. invest in additional complementary businesses, products and technologies.

The following table summarizes the Company's our cash flows for the periods presented (*in thousands*) (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Cash used in operating activities	$ (11,904)	$ (31,621)
Cash provided by investing activities	5,206	55,375
Cash used in financing activities	(12,740)	(45,011)
Net decrease in cash and cash equivalents	$ (19,438)	$ (21,257)

	Three Months Ended March 31,	
	2024	2023
Cash Flow Data:		
Net cash provided by operating activities	$ 2,884	$ 10,417
Net cash used in investing activities	(7,220)	(7,648)
Net cash provided by financing activities	658	—

Effect of exchange rate changes on cash and cash equivalents	(46)	200
Net change in cash and cash equivalents	$ (3,724)	$ 2,969

Cash Flows from Operating Activities

Cash used in provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 was $11.9 million. The most significant component $2.9 million, reflecting our net income of the Company's cash used was a net loss $9.9 million, offset by non-cash items of $8.5 million, excluding the net gain of $4.7 million from the sale of Catalyst's legacy rare bleeding disorder program. The net loss included non-cash expense $4.3 million primarily related to stock-based compensation of $0.4 million. In addition, net cash outflow of $3.8 million was attributable to the change in the Company's fair value of warrant liability of $4.3 million. Additionally, cash provided by operating activities reflected changes in net operating assets and liabilities primarily as a result of a $2.4 million decrease in accrued compensation and other accrued liabilities, a $1.2 million increase in other receivables from GNI and a $0.1 million increase in prepaid and other current assets. $2.8 million.

Cash used in provided by operating activities for the nine three months ended September 30, 2022 March 31, 2023 was $31.6 million. The most significant component $10.4 million, reflecting our net income of the Company's cash used was a net loss of $25.0 million, excluding the net gain of $57.2 million from the sale of Catalyst's complement portfolio $4.2 million and other assets. The net loss included additional positive non-cash expense related to stock-based compensation of $1.1 million, bad debt expense items impact of $0.2 million, depreciation and amortization of $0.2 million, and a $0.1 million loss related to the termination of one of the Company's. Additionally, cash provided by operating leases. In addition, net cash outflow of $8.2 million was attributable to the change activities reflected changes in the Company's net operating assets and liabilities primarily as a result of a $6.4 million decrease in accounts payable, a $4.3 million decrease in accrued compensation and other accrued liabilities, and a $0.2 million decrease in deferred revenue related to the Biogen Agreement, partially offset by a $1.6 million decrease in accounts and other receivables and a $1.0 million decrease in prepaid and other current assets. $6.0 million.

Cash Flows from Investing Activities

Cash provided by used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 was $5.2 million $7.2 million, due to $5.0 million which consisted of $7.0 million in cash proceeds from receipt purchases of the hold-back amount related to the Vertex asset sale certificates of deposit and $1.0 million $0.2 million in cash proceeds from the sale of the Company's legacy rare bleeding disorder program to GCBP, offset by $0.8 million in transaction costs related to the sale of its legacy rare bleeding disorder program to GCBP.

Cash provided by investing activities for the nine months ended September 30, 2022 was $55.4 million, due primarily to $55.0 million in cash proceeds from the sale of the Company's complement portfolio to Vertex, $2.5 million due to proceeds from maturities of investments, and $0.4 million in proceeds from the sale purchases of property and equipment, partially offset by $2.6 million in transaction costs related to the $0.1 million proceeds from sale of its complement portfolio to Vertex. equipment.

Cash used in investing activities for the three months ended March 31, 2023 was $7.6 million, which consisted of $5.8 million in purchases of certificates of deposit and $1.7 million in purchases of property and equipment.

Cash Flows from Financing Activities

Cash used in provided by financing activities for the nine three months ended September 30, 2023 March 31, 2024 was $12.7 million, $0.7 million due primarily to proceeds from the exercise of stock options.

Restricted Net Assets

Under PRC laws and regulations, Gyre Pharmaceuticals is subject to restrictions on foreign exchange and cross-border cash transfers, including to parent companies and U.S. stockholders. The ability to distribute earnings to the special dividend paid parent companies and U.S. stockholders is also limited. Current PRC regulations permit Gyre Pharmaceuticals to pay dividends to BJC only out of its accumulated profits as determined in January 2023 accordance with PRC accounting standards and regulations. Amounts restricted include paid-in capital and the statutory reserves of Gyre Pharmaceuticals. The aggregate amounts of restricted capital and statutory reserves of the relevant subsidiaries not available for distribution were $64.3 million as of net proceeds March 31, 2024 and December 31, 2023. We do not expect the restrictions described above to have a material impact on our ability to meet our cash obligations.

Contractual Obligations and Other Commitments

Leases

We have entered into lease arrangements in (1) San Diego, California for our headquarters, which expires on the last day of the 38th full calendar month beginning on or after November 11, 2023, and (2) the PRC, for office and laboratory spaces through August 2024. As of March 31, 2024, our fixed lease payment obligations were $0.3 million, with $0.1 million payable within 12 months.

Other Contractual Obligations and Commitments

In June 2021, we entered into a transfer agreement with Nanjing Healthnice Pharmaceutical Technology Co., Ltd. ("Nanjing Healthnice"), an independent third party, pursuant to which Nanjing Healthnice agreed to transfer to us the avatrombopag

maleate tablets for the treatment of CLD-associated thrombocytopenia and all relevant technologies, complete any research or trials and transfer to us all materials necessary for the application of marketing approval by CDE. Upon the completion of the transfer, we expect that we will be approved by NMPA as the marketing authorization holder of the avatrombopag maleate tablets. In exchange, we will pay a total of approximately $2.3 million upon certain milestones (e.g., the completion of bioequivalence study, or the registration application to CDE) being met. We have completed the bioequivalence study and received CDE acceptance on August 1, 2022, and as of March 31, 2024, we have made total payments of approximately $1.8 million.

In September 2022, we entered into a transfer agreement with New Jiyuan (Beijing) Pharmaceutical Technology Co., Ltd. ("New Jiyuan"), an independent third party, pursuant to which New Jiyuan agreed to transfer to us the

---

minocycline hydrochloride foam for the treatment of moderate to severe acne and all relevant technologies, complete product development and transfer to us all materials necessary for the application of marketing approval of CDE. Upon the completion of the transfer, we expect that we will be approved by NMPA as the marketing authorization holder of the minocycline hydrochloride foam. In exchange, we will pay a total amount of $1.0 million and the payments will be made by installments conditioned upon certain milestones (*e.g.*, the completion of bioequivalence study, or the registration application to CDE) being met. Process verification has been completed. As of March 31, 2024, we have made total payments of approximately $0.7 million.

In December 2022, we entered into a transfer agreement with Hangzhou Baicheng Pharmaceutical Technology Co., Ltd. and Zhejiang CDMO Pharmaceutical Co., Ltd., an independent third party, pursuant to which Baicheng agreed to transfer to us the acetylcysteine injection for the treatment of respiratory diseases with excessive thick mucus discharge and all relevant technologies, assist us in completing any research, trial and other required procedures and transfer to us all materials necessary for the application of marketing approval of CDE. Upon the completion of this transfer agreement, we expect that we will be approved by NMPA as the marketing authorization holder of the acetylcysteine injection. We have received CDE acceptance on January 8, 2024. As of March 31, 2024, we have made payments totaling approximately $0.5 million under this agreement. Upon receiving the CDE's final approval, we will make an additional $40,000 in payments.

Research and Development Programs

As of March 31, 2024, we have committed to allocate $25.8 million toward future research and development activities for various programs.

Property and Equipment

Our commitments related to the GCBP Agreement purchase of property and Vertex Agreement equipment contracted but not yet reflected in the unaudited consolidated condensed financial statements were $2.0 million as of March 31, 2024 and are expected to the CVR Holders.

Cash used in financing activities for the nine months ended September 30, 2022 was due to the special dividend issued and paid, offset by the issuance of stock grants and option exercises. be incurred within one year.

Critical Accounting Polices Policies and Estimates

There have been no significant changes to Catalyst's our critical accounting policies since December 31, 2022. For a description of and estimates as compared to the critical accounting policies that affect its significant judgments and estimates used disclosed in the preparation of its unaudited condensed consolidated financial statements, refer to Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" contained in the our Annual Report.

24 Smaller Reporting Company Status

We are a "smaller reporting company" as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and our common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable. We are a smaller reporting company, as defined by Rule 12b-2 under the Securities and Exchange Act of 1934 and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, As of March 31, 2024, our management, with the participation and supervision of our Chief Executive Officer principal executive officer and our Interim Chief Financial Officer, principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2023 (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's our management, including its our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit cost benefit relationship of possible controls and procedures. Based on their this evaluation, of our disclosure controls principal executive officer and procedures as of September 30, 2023, our Chief Executive Officer and Interim Chief Financial Officer have principal financial officer concluded that as of such date, our disclosure controls and procedures were effective at the as of March 31, 2024 to provide reasonable assurance level. that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over over Financial Reporting

There has been were no change changes in our internal control over financial reporting (as defined in Rule Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified during the quarter ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Catalyst is We are currently not a party to any material legal proceedings. From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors, and there can be no assurances that favorable outcomes will be obtained.

ITEM 1A. RISK FACTORS

You should carefully consider the factors discussed in Part I, Item 1A., 1A, "Risk Factors" in our Annual Report, for the fiscal year ended December 31, 2022, which could materially affect our business, financial position, or future results of operations. The risks described in our Annual Report for the fiscal year ended December 31, 2022, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial position, or future results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC. The risk factor set forth below supplements and updates There have been no material changes from the risk factors previously disclosed and should be read together with the risk factors described in Part I, Item 1A, "Risk Factors" in our Annual Report for the fiscal year ended December 31, 2022 and with any risk factors we may include in subsequent periodic filings with the SEC.

Our common stock may be delisted from Nasdaq.

As previously reported, on November 2, 2022, Catalyst Biosciences, Inc., a Delaware corporation (the "Company" or "Catalyst"), received a letter from the Listing Qualifications Department of The Nasdaq Stock Market, LLC ("Nasdaq") informing the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below $1.00 for 30 consecutive trading days, the Company was not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Marketplace Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Company was granted 180 calendar days, or until May 1, 2023, to regain compliance with the Minimum Bid Price Requirement.

On May 2, 2023, the Company was notified by the Listing Qualifications Staff (the "Staff") of Nasdaq that the Company did not meet the Minimum Bid Price Requirement and was not eligible for a second 180-day period. As previously reported, on April 4, 2023, the Staff notified the Company that it failed to comply with Nasdaq's $2,500,000 minimum stockholders' equity requirement for continued listing as set forth in Listing Rule 5550(b)(1) (the "Equity Requirement"). The deficiency with regards to the Equity Requirement serves as an additional and separate basis for delisting. The Company timely submitted a hearing request to Nasdaq's Hearings Department, which stayed the suspension of the Company's common stock pending the panel's conclusion of the hearing process. Following the hearing, the Company was granted until October 30, 2023 to regain compliance with the initial listing requirements of the Nasdaq Capital Market. The Company believes that completion of the pending transactions under the Business Combination Agreement and reverse stock split as described in the definitive proxy statement filed with the U.S. Securities and Exchange Commission on July 20, 2023 will enable the combined company following the transactions under the Business Combination Agreement to meet the

applicable Nasdaq initial listing requirements, providing a basis for suspension of delisting. There can be no assurance that the combined company will meet Nasdaq's initial listing requirements.

Delisting of our common stock from The Nasdaq Capital Market could materially adversely impact the liquidity and value of our common stock and could prevent the closing of the transactions contemplated by the Business Combination Agreement. Catalyst's ability to publicly or privately sell equity securities and the liquidity of its common stock could be adversely affected if it is delisted from The Nasdaq Capital Market or if it is unable to transfer its listing to another stock market. If Catalyst's common stock is delisted by Nasdaq, it could lead to a number of negative implications, including an adverse effect on the price of its common stock, increased volatility in its common stock, limited availability of market quotations for its common stock, reduced liquidity in its common stock, the loss of federal preemption of state securities laws and greater difficulty in issuing additional securities and obtaining financing. In addition, delisting of Catalyst's common stock could deter broker-dealers from making a market in or otherwise seeking or generating interest in its common stock, could result in a loss of current or future coverage by certain sell-side analysts and might deter certain institutions and persons from investing in its securities at all. Delisting could also cause a loss of confidence of Catalyst's customers, collaborators, vendors, suppliers and employees, which could harm its business and future prospects. Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable. None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended September 30, 2023, none Trading Arrangements

None of our directors or executive officers (as defined in adopted or terminated a Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" arrangement or "non-Rule a non-Rule 10b5-1 trading arrangement" during the three months ended December 31, 2023, as those such terms are defined in under Item 408(a) of Regulation S-K, Item 408. S-K.

ITEM 6. EXHIBITS EXHIBITS

See Index to Exhibits at the end of this Report, which is incorporated by reference here. The Exhibits listed in the accompanying Index to Exhibits are exhibits filed or furnished as part of this Report.

EXHIBIT INDEX Quarterly Report are set forth below.

Exhibit Number	Exhibit Title	Incorporated by reference Form	File No.	Exhibit No.	Filing Date
2.1(a)†#	Asset Purchase Agreement, dated as of December 26, 2022, by and among Catalyst Biosciences, Inc., GNI Group Ltd., and GNI Hong Kong Limited.	8-K	000-51173	2.1	Dec. 27, 2022
2.1(b)	Agreement and Amendment to Asset Purchase Agreement, dated as of March 29, 2023, by and among Catalyst Biosciences, Inc., GNI Group Ltd., and GNI Hong Kong Limited.	8-K	000-51173	2.2	Mar. 30, 2023
2.2(a)#	Business Combination Agreement, dated as of December 26, 2022, by and among Catalyst Biosciences, Inc., GNI USA, Inc., GNI Group Ltd., GNI Hong Kong Limited, Shanghai Genomics, Inc., the individuals listed on Annex A thereto and Continent Pharmaceuticals Inc.	8-K	000-51173	2.2	Dec. 27, 2022

2.2(b)	Amendment to Business Combination Agreement, dated as of March 29, 2023, by and among Catalyst Biosciences, Inc., GNI USA, Inc., GNI Group Ltd., GNI Hong Kong Limited, Shanghai Genomics, Inc., the Minority Holders and Continent Pharmaceuticals Inc.	8-K	000-51173	2.1	Mar. 30, 2023
2.2(c)	Second Amendment to Business Combination Agreement, dated as of August 30, 2023, by and among Catalyst Biosciences, Inc., GNI USA, Inc., GNI Group Ltd., GNI Hong Kong Limited, Shanghai Genomics, Inc. and Continent Pharmaceuticals Inc.	8-K	000-51173	2.1	Aug. 31, 2023
3.1	Fourth Amended and Restated Certificate of Incorporation of the Company.	S-8	333-133881	4.1	May 8, 2006
3.2	Certificate of Amendment to Fourth the Amended and Restated Certificate of Incorporation of the Company.	8-K	000-51173	3.1	Aug. 20, 2015
3.3	Second Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of the Company.	8-K	000-51173	3.1	Feb. 10, 2017

3.4	Third Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of the Company.	8-K	000-51173	3.1	Oct. 30, 2023
3.5	Amended and Restated Bylaws of the Company.	8-K	000-51173	3.3	Oct. 30, 2023
3.6(a)	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock, filed with the Delaware Secretary of State on April 10, 2017.	10-Q	000-51173	3.1	Aug. 3, 2017
3.6(b)	Certificate of Elimination of Series A Preferred Stock, filed with the Delaware Secretary of State on March 25, 2024.	10-K	000-51173	3.6(b)	Mar. 27, 2024
3.7(a)	Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock, filed with the Delaware Secretary of State on December 27, 2022.	8-K	000-51173	3.1	Dec. 27, 2022
3.7(b)	Amendment to Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock, filed with the Delaware Secretary of State on October 30, 2023.	8-K	000-51173	3.2	Oct. 30, 2023
3.8(a)	Certificate of Designation of Preferences, Rights and Limitations of Series Y Preferred Stock, filed with the Delaware Secretary of State on June 20, 2023, with respect to the Series Y Preferred Stock.	8-K	000-51173	3.1	June 20, 2023

3.8(b)	Certificate of Elimination of Series Y Preferred Stock, filed with the Delaware Secretary of State on August 31, 2023.	8-K	000-51173	3.1	Aug. 31, 2023
4.1	Warrant to Purchase Stock of Catalyst Biosciences, Inc., issued to Silicon Valley Bank on March 3, 2005.	10-K	000-51173	4.4	Mar. 9, 2016
4.2	Form of Warrant to Purchase Stock of Catalyst Biosciences, Inc., issued to purchasers of convertible promissory notes.	10-K	000-51173	4.6	Mar. 9, 2016
4.3	Form of Warrant to Purchase Series X Convertible Preferred Stock.	8-K	000-51173	4.1	Oct. 30, 2023
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted				

Exhibit Number	Exhibit Titlepursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Form	File No.	Filing Date	Filed or Furnished herewith

2.1	Amendment to Business Combination Agreement, dated as of March 29, 2023, by and among Catalyst, GNI USA, GNI Group, GNI HK, Shanghai Genomics, the Minority Holders and CPI.	8-K	000-51173	March 30, 2023
2.2	Second Amendment to Business Combination Agreement, dated as of August 30, 2023, by and among Catalyst, GNI USA, GNI Group, GNI HK, Shanghai Genomics and CPI.	8-K	000-51173	August 31, 2023
2.3	Agreement and Amendment to Asset Purchase Agreement, dated as of March 29, 2023, by and among Catalyst, GNI Group and GNI HK.	8-K	000-51173	March 30, 2023
2.4	Contingent Value Rights Agreement, dated as of December 26, 2022, between Catalyst and American Stock Transfer & Trust Company, LLC	10-Q	000-51173	August 14, 2023
2.5	Amendment to Contingent Value Rights Agreement, dated as of March 29, 2023, executed by Catalyst (incorporated by reference to Exhibit 2.3 to the Company's Quarterly Report on Form 10-Q dated March 31, 2023, filed on May 15, 2023).	8-K	000-51173	March 30, 2023
3.1	Certificate of Elimination for Catalyst's Series Y Preferred Stock.	8-K	000-51173	August 31, 2023
10.1§	Asset Purchase Agreement dated as of February 27, 2023 by and between Catalyst Biosciences, Inc. and GC Biopharma Corp.	8-K	000-51173	March 2, 2023
10.2**	Waiver Agreement between Catalyst Biosciences, Inc. and Dr. Nassim Usman, dated January 17, 2023.	10-Q	000-51173	August 14, 2023

10.3**	Waiver Agreement between Catalyst Biosciences, Inc. and Dr. Grant Blouse, dated January 14, 2023.	10-Q	000-51173	August 14, 2023		
10.4**	Waiver Agreement between Catalyst Biosciences, Inc. and Ms. Seline Miller, dated January 17, 2023.	10-Q	000-51173	August 14, 2023		
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2 31.2*	Certification of the Interim Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X

32.1 32.1**	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2 32.2**	Certification of the Interim Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

101	101.INS*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL (eXtensible (extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of September 30, 2023 (unaudited) and December 31, 2022; (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2023 and 2022 (unaudited); (iii) the Condensed Consolidated Statement of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) as of September 30, 2023 and September 30, 2022 (unaudited); (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022 (unaudited); and (v) the Notes to Unaudited Condensed Consolidated Financial Statements. Instance Document	X
	101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document	
	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

§ Portions

* Filed herewith.

** Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

† The annexes, schedules, and certain exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5).

Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit (indicated were omitted by "[***]") have been redacted in accordance means of marking such portions with Regulation S-K Item 601(b)(10)(iv). an asterisk because the identified confidential portions (i) the Company customarily and actually treats that information as private or confidential and (ii) the information was not material.

** Denotes management contract, compensatory plan or arrangement. 38

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CATALYST BIOSCIENCES, GYRE THERAPEUTICS, INC.

Date: October 26, 2023 May 13, 2024

/s/ Nassim Usman, Han Ying, Ph.D.

Nassim Usman, Han Ying, Ph.D.

President and Chief Executive Officer

(*Principal Executive Officer*)

Date: October 26, 2023 May 13, 2024

/s/ Seline Miller Ruoyu Chen

Seline Miller Ruoyu Chen

Interim Chief Financial Officer

(*Interim Principal Financial and Principal Accounting Officer*)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nassim Usman, Han Ying, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Catalyst Biosciences, Gyre Therapeutics, Inc. for the period ended September 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 May 13, 2024

/s/ Nassim Usman, Han Ying, Ph.D.

Nassim Usman, Han Ying, Ph.D.
President and Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Seline Miller, Ruoyu Chen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Catalyst Biosciences, Gyre Therapeutics, Inc. for the period ended September 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 May 13, 2024

/s/ Seline Miller Ruoyu Chen

Seline Miller**Ruoyu Chen**

Interim Chief Financial Officer

(Interim Principal Financial and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Gyre Therapeutics, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nassim Usman, Han Ying, hereby certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2023 May 13, 2024

/s/ Nassim Usman, Han Ying, Ph.D.

Nassim Usman, Han Ying, Ph.D.

President and Chief Executive Officer and Director

(*Principal Executive Officer*)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, and is not to be incorporated by

reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Note: A signed original of this written statement required by § 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Gyre Therapeutics, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Seline Miller, Ruoyu Chen, hereby certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2023 May 13, 2024

/s/ Seline Miller Ruoyu Chen

Seline Miller Ruoyu Chen

Interim Chief Financial Officer

(*Interim Principal Financial and Principal Accounting Officer*)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Note: A signed original of this written statement required by § 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV