

Mar 03, 2026

Healthcare

**GYRE**

NCM

Rating

**Outperform**

Unchanged

Current Price

**\$8.76**

Target Price

**\$20.00**

Market Capitalization

**843.88m**

Shares Outstanding

**96.33m**

Float

**71.19m**

Institutional Holdings

**3.68%**

12-Month Low/High

**\$6.11/\$13.75**

Average 90-Day Volume

**83010**

Fiscal Year End

**2026-12-31**

## Gyre Therapeutics, Inc

### **Cullgen Acquisition Adds New Platform To Build Long-Term Pipeline**

**Gyre To Acquire Cullgen.** Gyre Therapeutics announced the acquisition of Cullgen, a privately-held company developing targeted protein degrader (TPD) and degrader antibody conjugate (DAC) therapies. The all-stock transaction valued Cullgen at approximately \$300 million. We believe this acquisition adds a novel technology platform to the mid-term to long-term product pipeline.

**The Cullgen Acquisition Transforms Gyre.** Cullgen was private company founded in 2018. It has been developing its proprietary technology platform, uSMITE (ubiquitin-mediated small molecule-induced target elimination), to create targeted protein degrading drugs and antibody conjugates. These drugs are in development to treat pain, cancer, inflammation, autoimmune diseases, and neurodegenerative diseases.

**Management Changes.** Cullgen will operate as a wholly-owned subsidiary of Gyre Therapeutics. Dr. Ying Luo, the CEO of Cullgen is expected to become President, CEO and Board member of Gyre. The Interim CEO and Executive Chairman, Ping Zhang, will remain as Executive Chairman. Headquarters and Clinical Development will be based in San Diego, while drug discovery and research operations be in Shanghai, China.

**The Combination Adds New Pipeline Products To Drive The Stock.** After reporting strong results for the Phase 3 Hydronidone trial, an application for approval in China is planned for 1H26. Cullgen's CG001419 is a tyrosine kinase inhibitor that blocks pathways in acute pain (at a low dose) and cancer proliferation (at a higher dose). The start of a Phase 2 trial is planned for 2Q26.

**Conclusion.** We had valued Gyre on its current product sales, introduction of Hydronidone, and China-based manufacturing. The Cullgen acquisition adds the Degradation and DAC technologies with novel products to sustain the mid-term and long-term pipeline. We are reiterating our Outperform rating and \$20 price target.

### **Equity Research**

Robert LeBoyer, Senior Vice President, Equity Research Analyst, Biotechnology  
(212) 896-4625, rleboyer@noblecapitalmarkets.com,  Connect on LinkedIn

### **Noble Capital Markets, Inc.**

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#### **Revenues (\$ MIL)**

Period	2024A	2025A	2026E
Q1	27.2	22.1A	44.5E
Q2	25.2	26.8A	47.1E
Q3	25.5	30.6A	50.5E
Q4	27.9	37.2E	56.0E
	105.8	116.6E	198.0E

#### **EPS (\$)**

Period	2024A	2025A	2026E
Q1	0.03	0.03A	0.09E
Q2	0.01	0.00A	0.10E
Q3	0.01	0.04A	0.11E
Q4	0.00	0.06E	0.12E
	(0.15)	0.22E	0.43E

**Summary.** Gyre Therapeutics announced the acquisition of Cullgen, Inc., a privately-held company developing therapeutics based on its targeted protein degrader (TPD) and degrader antibody conjugate (DAC) technologies. The all-stock transaction valued Cullgen at approximately \$300 million. We believe this acquisition adds a novel technology platform to the mid-term to long-term product pipeline.

**Management Changes.** Cullgen will operate as a wholly-owned subsidiary of Gyre Therapeutics. Dr. Ying Luo, the CEO of Cullgen is expected to become President, CEO, and Board member of Gyre. The Interim CEO and Executive Chairman, Ping Zhang, will remain as Executive Chairman. Headquarters and Clinical Development will be run from San Diego, while drug discovery and research operations be in Shanghai, China.

**The Cullgen Acquisition Transforms Gyre.** Cullgen was private company founded in 2018. It has been developing its proprietary technology platform, uSMITE (ubiquitin-mediated small molecule-induced target elimination), to create targeted protein degrader (known as TPD) drugs and degrader antibody conjugates (known as DACs). These drugs are in development to treat pain, cancer, inflammation, autoimmune diseases, and neurodegenerative diseases.

**Exhibit 1. Pipeline Chart.** The acquisition adds the Degradation and DAC technologies, with three clinical trial-stage indications, two IND-enabling studies, and discovery programs. The combined company will have 10 therapeutic programs.

### Robust Portfolio: Addressing Inflammatory Diseases, Pain and Cancer

Discovery / Lead Optimization	IND Enabling	Phase 1a	Phase 1b/2	Pre-NDA	Marketed
<b>DAC</b> Blood Cancers	<b>CG923308</b> Solid Cancers	<b>CG009301</b> Leukemia and MYC+ cancers	<b>CG001419</b> Acute and Chronic Pain (IND filed)	<b>Hydronidone (F351)</b> CHB-associated Liver Fibrosis	<b>ETUARY® (Pirfenidone)</b> Idiopathic Pulmonary Fibrosis (IPF)
<b>DAC</b> Solid Cancers	<b>CG620953</b> Inflammatory Diseases	<b>CG001419</b> Solid Tumors	<b>F573</b> Acute Liver Failure (ALF)		
<b>Protein Degradation</b> Fibrotic diseases	<b>F528</b> Chronic Obstructive Pulmonary Disease (COPD)	<b>F230</b> Pulmonary Arterial Hypertension (PAH)			

**Key:**

Inflammation / Fibrosis / Pain

Cancer

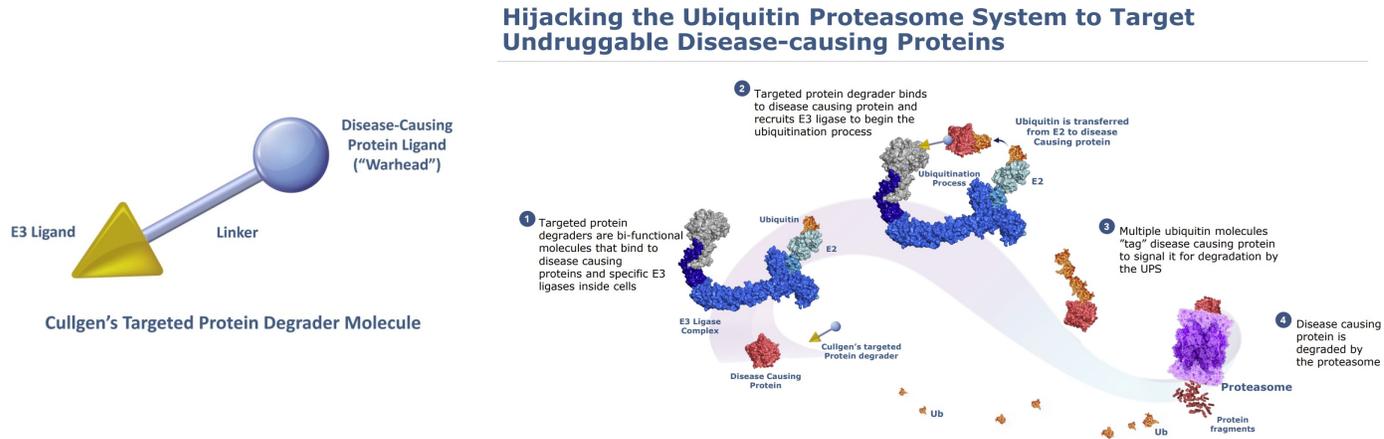
Degradation    DAC

Table above does not include line extensions for ETUARY and F351

Source: Gyre Therapeutics/Cullgen Inc.

**Targeted Protein Degraders (TPDs)** have two functional ends connected by a linker. One end binds to a target protein while the other end binds to an E3 ligase complex. This E3 ligase utilizes the ubiquitin-proteasome system (UPS) to start the process of poly-ubiquitination that marks the protein for degradation.

**Exhibit 2. Cullgen Uses The Ubiquitin System To Target Difficult Proteins.** The TPD links a ligand that will bind to a disease-causing protein to an E3 ligand. Once the ligand binds to the target protein, it recruits E3 ligase to begin the ubiquitination process. Multiple ubiquitin molecules will attach to the complex, marking the disease-causing protein for degradation.

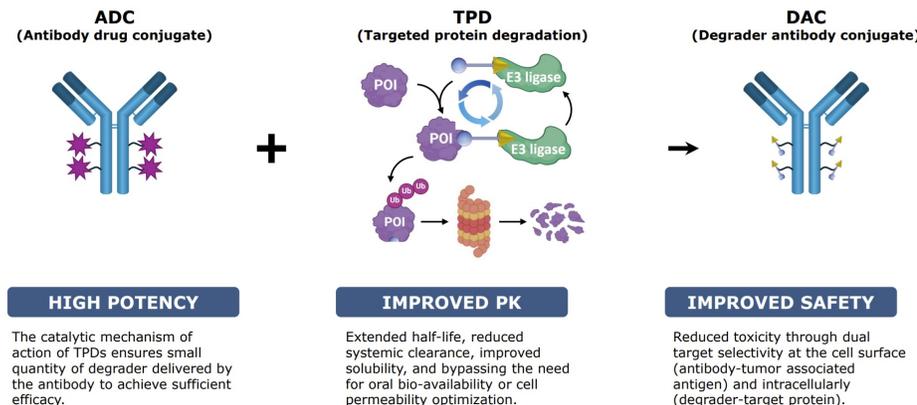


Source: Gyre Therapeutics/Cullgen Inc.

**Degrader Antibody Conjugates.** These molecules link an antibody to a targeted protein degrader to combine the selective targeting of the antibody with the action of a degrader. The antibody binds to surface of the target antigen and is internalized. Once inside the cell, the degrader is released and binds to its target. This marks the disease-causing proteins for destruction, allowing a therapeutic effect without systemic toxicities.

**Exhibit 3. The DAC Technology Combines Features OF ADCs and TPDs.** Most human proteins lack an active or ligand binding site, rendering a significant portion of them "undruggable" by current small molecule pharmacology. Cullgen's targeted protein degraders and degrader-antibody conjugates (DACs) allow access to potentially all disease-causing proteins.

### Degrader-Antibody Conjugates (DACs) Combine the Advantages of ADCs and TPD and Represent the Next-Generation of ADCs

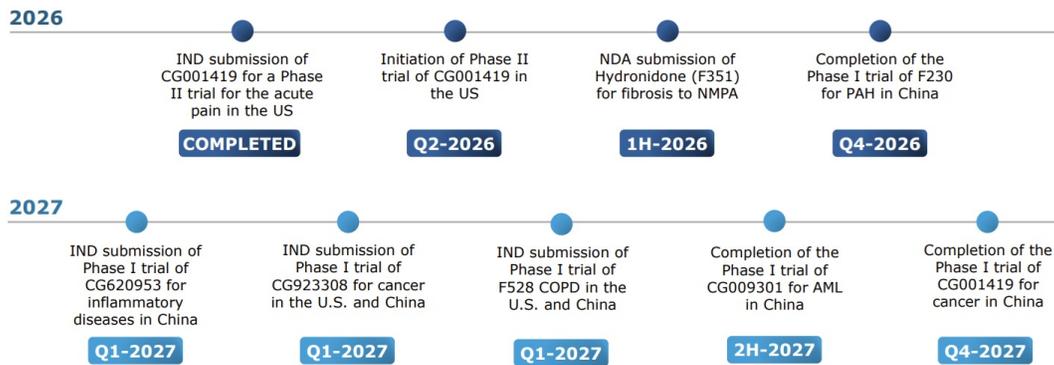


Source: Gyre Therapeutics/Cullgen Inc.

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**Exhibit 4. The Acquisition Brings Additional Milestones.** There are development milestones ahead in several areas. Potential data presentations at medical meetings are not shown.

### Anticipated Upcoming Catalysts



**Conclusion.** We had valued Gyre on its current product sales, introduction of Hydronidone, and China-based manufacturing. The Cullgen acquisition adds the Degradier and DAC technologies with novel products to sustain mid-term and long-term pipeline. We are reiterating our Outperform rating and \$20 price target.

## Company Profile

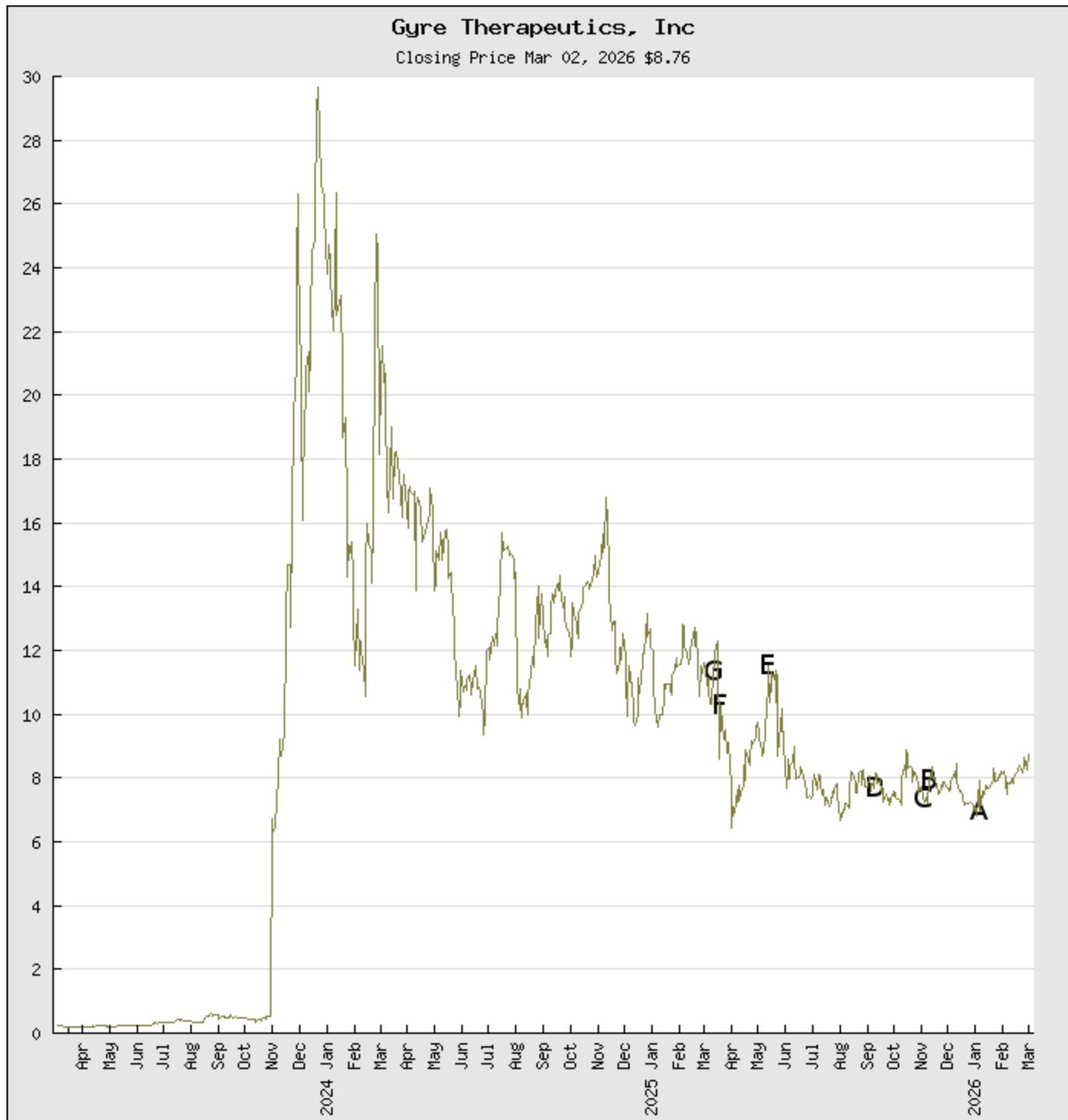
Gyre is a pharmaceutical company that develops and commercializes small-molecule drugs for inflammatory and fibrotic conditions. Its currently markets, Etuary (pirfenidone), a product for idiopathic pulmonary fibrosis, in China. The lead product in the development pipeline is Hydronidone, a structural analogue derived from pirfenidone, for treatment of fibrosis of the liver after hepatitis B (HBV) infections. One of the unique features of Gyre Therapeutics is that it owns 69.7% of China-based Gyre Pharmaceuticals, and the GNI Group, a Japanese investment company, owns 85% of the GYRE shares.

## Fundamental Analysis - 4.0/5.0 Checks

In our assessment, we give Gyre Therapeutics 4.0 checks out of 5.0, which falls within our “Above Average” range. The company uses cash flow from Gyre Pharmaceuticals, Ltd, its subsidiary in China, to fund product development keeping the need for new capital low. We expect Hydronidone to be approved in late 2026, leading to new markets in 2027 and beyond.

## Valuation Summary

Our valuation is based on positive results of the Hydronidone Phase 3 in China and filing for approval in 1H2026. We allow for regulatory review and approvals in 2026 with product launch in mid-2027. We base our price target on FY2028, the first full year of sales, and project total revenues of \$596.3 million in China, driving earnings of \$2.89 in FY2028. We discount our estimated EPS at 35% per year to account for clinical and regulatory risk. We then apply a multiple of 15X times for a price target of \$20 per share.



A - 01/06/2026 Outperform Target \$20.00 Current \$6.97  
 C - 11/03/2025 Outperform Target \$20.00 Current \$7.36  
 E - 05/13/2025 Outperform Target \$20.00 Current \$11.50  
 G - 03/11/2025 Outperform Target \$20.00 Current \$11.35

B - 11/10/2025 Outperform Target \$20.00 Current \$7.92  
 D - 09/09/2025 Outperform Target \$20.00 Current \$7.67  
 F - 03/19/2025 Outperform Target \$20.00 Current \$10.28

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Noble is not a market maker in the Company.

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

### Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

### The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

### Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

### Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

### Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Senior Equity Research Analyst focusing on the Biotechnology and Specialty Pharmaceuticals industry. 16 years of industry experience. BA in Economics from Tulane University and an MBA from Columbia Business School. FINRA licenses 7, 24, 63, 86, 87

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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	86%	15%
Market Perform: potential return is -15% to 15% of the current price	14%	4%
Underperform: potential return is >15% below the current price	0%	0%

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Additional information is available upon request. The recipient of this report who wishes further information regarding the subject company or the disclosure information mentioned herein, should contact by mail or phone.

Noble Capital Markets, Inc.  
 150 E Palmetto Park Rd, Suite 110  
 Boca Raton, FL 33432  
 561-994-1191

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