

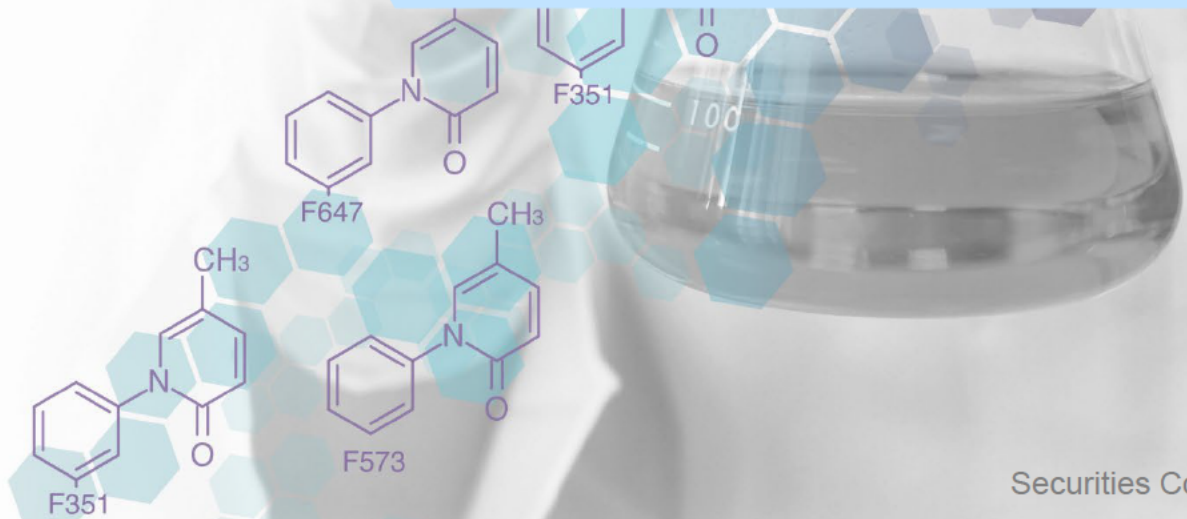


GNI Group Ltd.

# Q1 FY2021 Financial Results Corporate Presentation

May 19, 2021

We Bring New Hope to Patients



## Forward-looking Statements

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## FY2021 – Q1 Highlights

- ✓ **Year on year increase in both Revenue and Quarterly Profit**
  - Strong revenue trend for Etuary®
  - Revenue and profitability recovery of Medical Device Segment
  
- ✓ **Acquired the remaining of shares of Berkeley Advanced Biomaterials LLC(BAB) to make it a wholly owned subsidiary**
  - Further grow and promote synergies across the Group
  
- ✓ **Growth of Cullgen Inc.(Cullgen) through new investment**
  - US\$50 million financing reflected strong confidence by international investors
  - GNI remains the largest shareholder of Cullgen through additional investment and arrangement with other shareholders of Cullgen
  
- ✓ **F351 was designated as a Breakthrough Drug by National Medical Products Administration(NMPA)**
  - The drug candidate will receive full development process advisory from China's Center for Drug Evaluation(CDE) for improvement of efficiency during clinical trials and to prioritize the CDE support
  - Phase III is expected to start soon

# FY2021-Q1 Consolidated Financial Results Comparison (YoY)

Million yen : Amounts of less than one million yen are rounded down

Statements of Income	FY2020 Jan.-Mar.	FY2021 Jan.-Mar.	Change
<b>Revenue</b>	<b>2,125</b>	<b>3,872</b>	82.2%
<b>Gross profit</b>	<b>1,748</b>	<b>3,416</b>	95.4%
Selling, general and administrative expenses	△1,122	△2,194	95.5%
Research and development expenses	△208	△403	93.2%
<b>Operating profit</b>	<b>416</b>	<b>773</b>	85.7%
Finance income	10	28	159.0%
Finance costs	△36	△125	244.3%
<b>Quarterly profit before tax</b>	<b>390</b>	<b>676</b>	73.0%
Income tax expense	△132	△240	81.4%
<b>Quarterly profit</b>	<b>258</b>	<b>435</b>	68.7%
<b>Quarterly profit attributable to owners of the parent</b>	<b>132</b>	<b>432</b>	226.8%
Statements of Financial Position	As of Dec. 31, 2020	As of Mar. 31, 2021	Change
<b>Cash and cash equivalents</b>	<b>10,322</b>	<b>13,360</b>	29.4%

\* Differences due to rounding

## Revenue & Gross Profit

Strong pharmaceutical sales in China due to new Marketing campaign, in combination with good recovery of medical device sales in the U.S.

## SG&A expenses

Increase in costs due to expansion of Cullgen business scale, as well as sales-related costs of Etuary®

## R&D expenses

Significant increase of R&D spending at Cullgen in preparation of IND filings

## Operating profit

Due to continuous expansion of the Pharmaceutical business and improvement of Operating income margin

## Quarterly profit

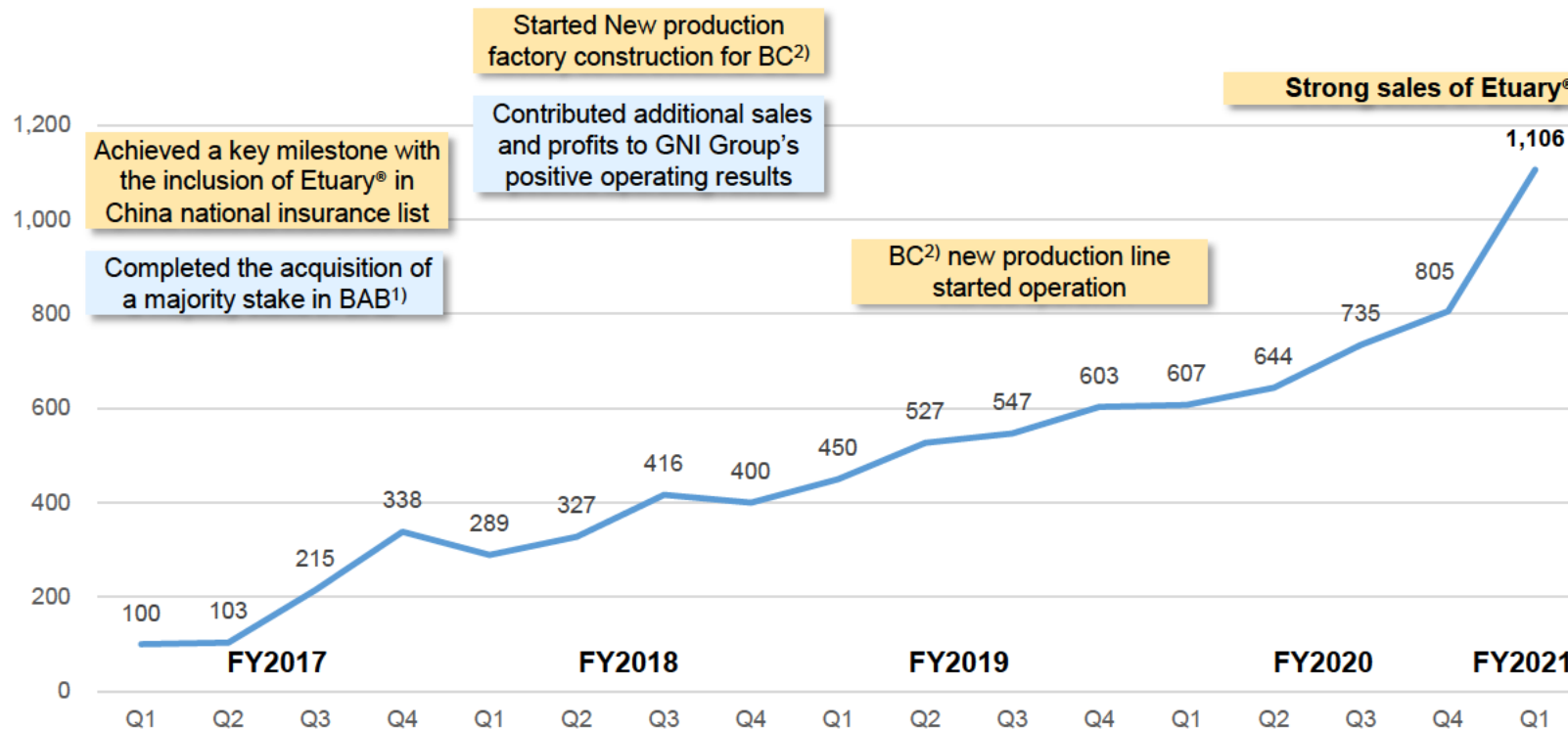
Increase in finance costs related to Cullgen Funding in FY2021-Q1

## Quarterly profit attributable to owners of the parent

Increase in quarterly profit attributable to owners of the parent due to change in GNI group equity structure

# Revenue Growth Trend

Index: 2017 Q1 Revenue = 100



Achieved a key milestone with the inclusion of Etuary® in China national insurance list

Completed the acquisition of a majority stake in BAB<sup>1)</sup>

Started New production factory construction for BC<sup>2)</sup>

Contributed additional sales and profits to GNI Group's positive operating results

BC<sup>2)</sup> new production line started operation








Strong sales of Etuary®

**Pharmaceutical Business: China**

**Medical Equipment Business: U.S.**

- 1) Berkeley Advanced Biomaterials LLC
- 2) Beijing Continent Pharmaceutical Co., Ltd

## Development : Pipeline Update

Product - Indication	Origin	Phase I	Phase II	Phase III	Latest Status
<b>Etuary® (China)</b>					
- <b>Connective Tissue Disease Associated Interstitial Lung Disease (CTD-ILD)</b>	Proprietary				Dual Phase III clinical trials ongoing. Proceeding smoothly
- <b>Radiation Pneumonitis (RP)</b>	Proprietary				Expanded RP clinical trial is ongoing
- <b>Diabetic Nephropathy (DN)</b>	Proprietary				Phase I clinical trial is underway on schedule
- <b>Pneumoconiosis (PD)</b>	Proprietary				Preparations for Phase III are underway
<b>F351 (China, U.S.)</b>					
- <b>Liver Fibrosis (China)</b>	Proprietary				Phase II data disclosed. <b>After 1<sup>st</sup> consultation with CDE<sup>1)</sup>, F351 was designated as a Breakthrough Drug by NMPA<sup>2)</sup></b>
- <b>Liver Fibrosis (U.S.)</b>	Proprietary				Consultations with Key Opinion Leaders(KOLs) and advisors in order to decide the possible indications. <b>Scheduled to file with the FDA<sup>3)</sup> in the latter half of 2021</b>
<b>F573 (China)</b>					
- <b>Acute/Acute-on-chronic Liver Failure</b>	License-in				Phase I clinical Trial protocols were approved by Union Hospital. <b>Received an approval for the usage of the human genetic resource by HGRAC<sup>4)</sup></b>

- 1) CDE : Center for Drug Evaluation
- 2) NMPA : National Medical Products Administration  
(Formerly known as China Food and Drug Administration)
- 3) FDA : Food and Drug Administration
- 4) HGRAC : Human Genetic Resource Administration of China

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