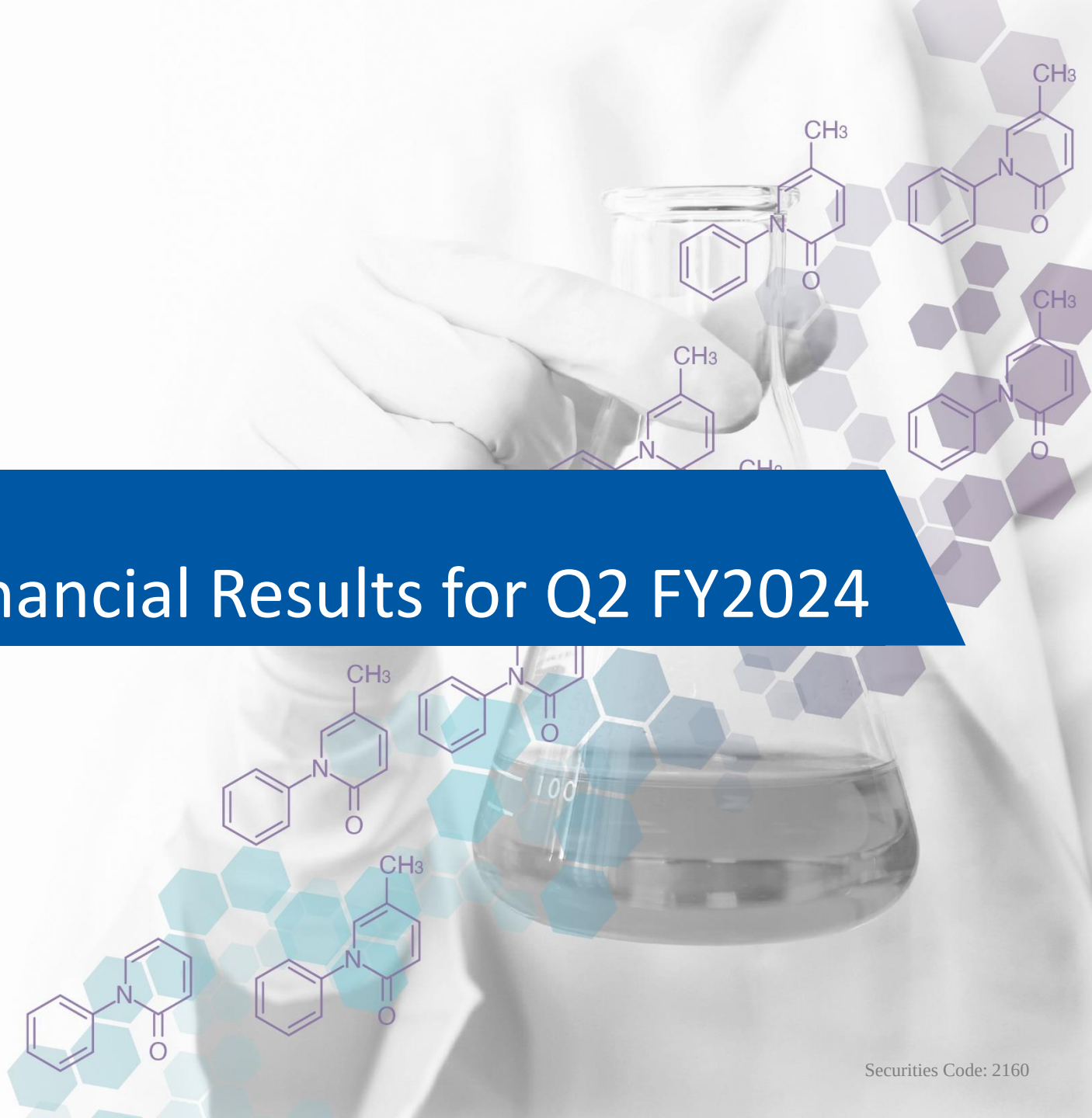
GNI Group Ltd.
Financial Results for Q2 FY2024



Securities Code: 2160

We Bring New
Hope to Life.

Reference Translation

Agenda

1. Company Overview
2. Financial Highlights
3. Q2 FY2024 Topics
4. Financial Forecats for FY2024
5. Second Half of FY2024 Topics
6. GNI Group’s Hidden Value
7. Supplementary Materials

1. Company Overview

Company Overview

Head Office
3rd Floor, Nihonbashi Honcho YS Building,
2-2-2, Nihonbashi-Honcho
Chuo-ku, Tokyo 103-0023

Incorporation
November 2001

Paid Capital
13,218 million yen (as of Jun 30, 2024)

Listing
TSE Growth Market
Listed in August 2007
Securities code: 2160

Main Business
Global pharmaceutical R&D,
manufacturing and distribution,
and biomaterials business

Director, Representative Executive Officer, President, and CEO
Ying Luo Ph.D.

Number of Employees (group-wide)
960 (as of Jun 30, 2024)

Operating Countries
Japan, USA, the People's Republic of China, and Australia

Director, Representative Executive Officer, President, and CEO

Ying Luo Ph.D.

- As a Chinese-American, he pioneered the new profitable business model that leverages the unique strengths of the pharmaceutical industry in the PRC, the U.S., and Japan in developing new therapeutic products for unmet medical needs.

- He obtained a Ph.D. in Molecular Biology/Biomedical Sciences from the University of Connecticut Health Center in 1991. He has co-authored over 35 research studies and publications and is an inventor on over 16 patents during his 30+ years of biotech career.

Business model	Pharmatech	Biotech	Medtech (Biomaterials)
Name	**Gyre Therapeutics,Inc.** **Gyre Pharmaceuticals**	**Cullgen Inc.**	**Berkeley Advanced Biomedicals LLC (BAB)** **Berkeley Biologics LLC (BB)**
Topics	• Listed on NASDAQ • Development of anti-fibrotic and anti-inflammation drugs • Manufacturing and commercialization (ETUARY® and others)	• Drug discovery platform (TPD) in cancers and others • Research Collaboration (Astellas Pharma) • Received investment from AstraZeneca	• M&A executed last year
FY2023 Revenue/ Operating profit	BC: 15.7 billion yen 3.99 billion yen	5.8 billion yen 2.69 billion yen	2.74 billion yen 1.33 billion yen
Q2 FY2024 Revenue	7.38 billion yen (Q2 FY2023) ↓ 7.84 billion yen	0 yen*(Q2 FY2023) ↓ *Received 4.72 billion yen as an upfront payment from Astellas Pharma 750 million yen *Next milestone (additional)	1.23 billion yen (Q2 FY2023) ↓ 2.53 billion yen
FY2024 Forecasts	• F351 clinical trial results • Commercialization of other orphan drugs acquired in 2024	• NASDAQ listing • Approx. 2 million yen in profit in 2023 • Aiming for the next milestone • Prepare for listing in 2024	• New CEO from J&J joined • Expecting to nearly double sales this fiscal year • Prepare for future listing

Major Pharmaceutical & Drug Discovery

＜Pharmaceutical＞

ETUARY®（Generic name：Pirfenidone）

- Chinese：艾思瑞、English：ETUARY®
- Treatment for idiopathic pulmonary fibrosis (IPF) and **market leader** in PRC
- Clinical developments are underway for expansion of indications（Three Phase 3 trials）
- Donating to NPO for patients in the PRC every year

＜Drug Discovery＞

F351（Generic name：Hydronidone）

- Lead product candidate targeting liver fibrosis, a disease that cannot be cured by existing therapeutic agents **（Phase 3 clinical trial enrollment completed）**
- Potential blockbuster drug
- Recognized as a **'Breakthrough Therapy'** by the China National Medical Products Administration in 2021
- Indicated for Hepatitis B and NASH* in the PRC and NASH* in the U.S.

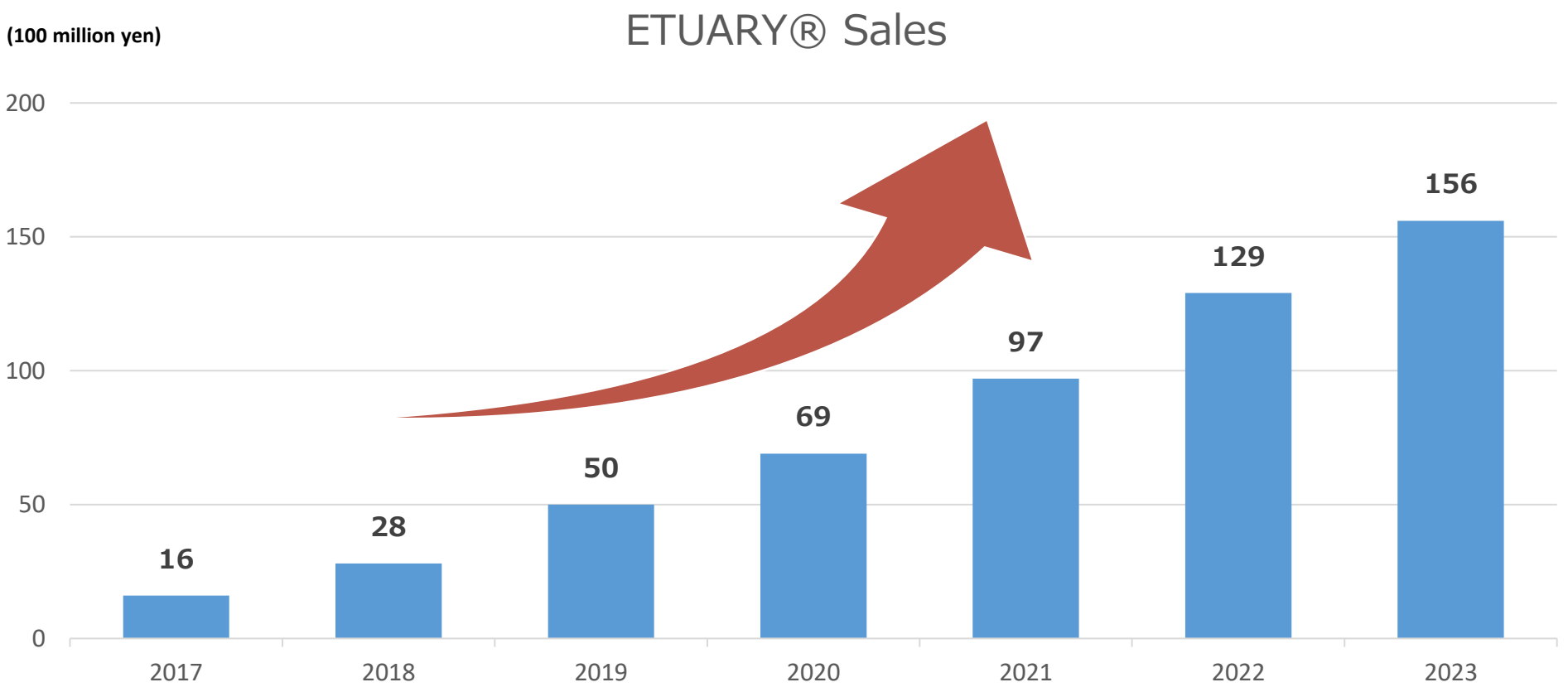
Targeted Protein Degrader

- Utilizing its proprietary uSMITE™, technology platform for targeted protein degradation
- Aiming to develop novel drugs targeting cancer, pain, and autoimmune diseases
- Received investment and appointed a director and a scientific advisor from AstraZeneca
- Signed a large-scale contract with Astellas Pharma

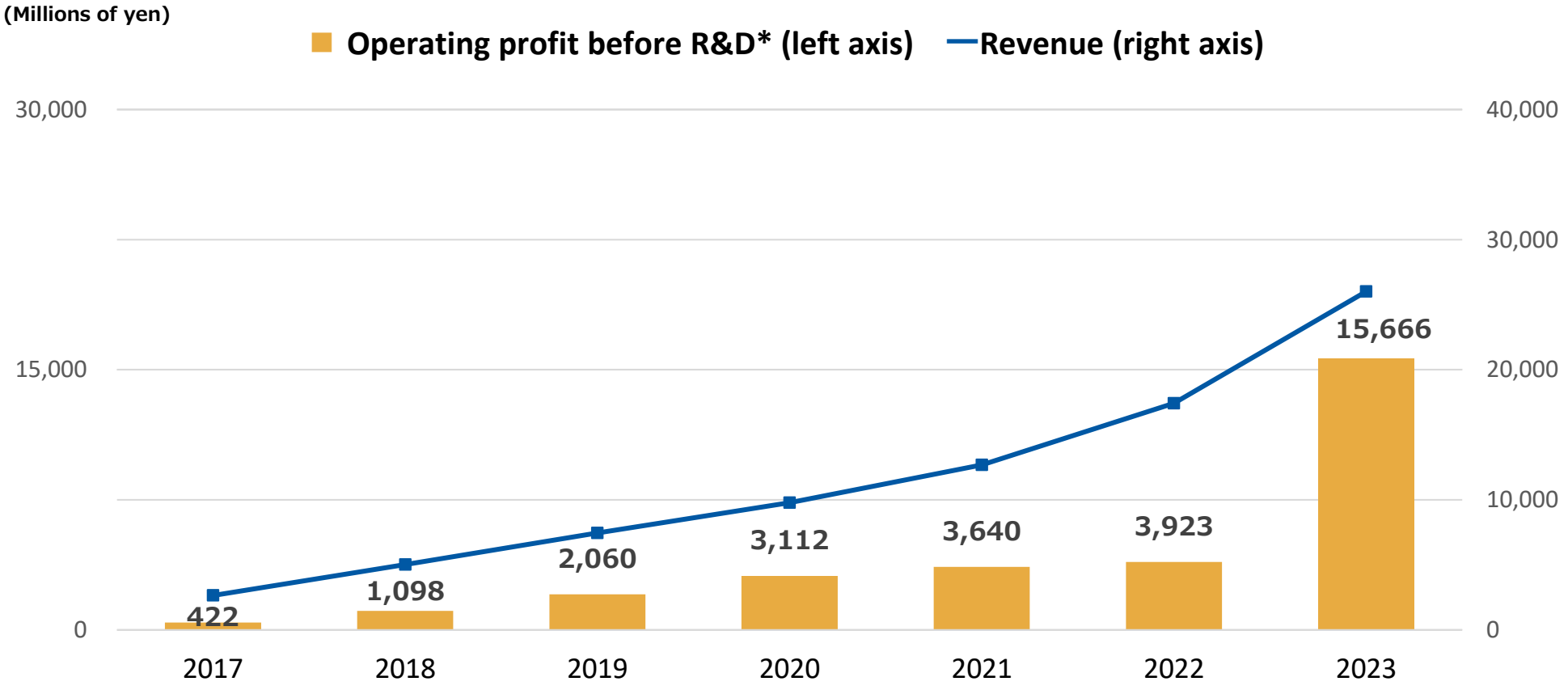
1 IND filed and 1 phase 1 ongoing

*Non-Alcoholic Steatohepatitis

From Drug Discovery Success to Pharmaceuticals



A Rare Drug Development Company With Commercialization Capability and Operating Profit



* Operating profit before R&D = Operating profit + R&D expenses

Who we are (3)

Globally recognized for high development capabilities

Successful development of ETUARY®

Near completion of Phase 3 trial for F351*

Ongoing large-scale joint research with Astellas Pharma

Investment let by AstraZeneca into Cullgen with one board seat

*Phase 2 clinical trial results are detailed in the supplementary materials.

Listed Subsidiaries is GNI's Strategy for Value Realization and Global Expansion

1. GYRE's successful listing on NASDAQ enables Japanese shareholders to see the value of our strong presence in China
2. Cullgen will be our second in pipeline to give GNI's expansion on global stage
3. Medtech Group will come up in the future listing
4. Listing of subsidiaries make values of each subsidiary visible to GNI shareholders
5. Listing of subsidiaries will provide support and reduce stock price volatility of GNI

GNI Group is a group company that

- **Operates globally in the U.S. and China as well as Japan.**
- **Demonstrates world-class development capabilities while succeeding in drug discovery and making profits as a pharmaceutical manufacturer.**
- **Accelerates further new drug development and realizes huge growth potential under the vision of "We Bring New Hope to Life".**

In other words,

As a Growth stock, we will continue our strong curve of growth in the coming years, especially after F351 commercialization.

As a Value stock, we will deliver values to our shareholders through individual listing of our strong subsidiaries.

2. Financial Highlights

Income statement summary

Although the core business is doing well, a temporary loss has occurred on the accounting base.

Millions of yen	Q2 FY2023 Cumulative total	Vs. revenue	Q2 FY2024 Cumulative total	Vs. revenue	Inc. / (Dec.)	(Ref.) Gyre* Q2 FY2024 total
Revenue	**14,096**	**100.0%**	**11,733**	**100.0%**	**(16.8)%**	**7,982**
Gross profit	**12,755**	**90.4%**	**9,568**	**81.5%**	**(25.0)%**	-
Selling, general and administrative expenses	6,179	43.8%	7,117	60.6%	15.2%	-
R&D	1,253	8.8%	1,419	12.0%	13.3%	-
Operating profit	**5,476**	**38.8%**	**1,762**	**15.0%**	**(67.8)%**	**2,821**
Finance cost	**539**	**3.8%**	**1,343**	**11.4%**	**149.1%**	-
Income before income taxes	5,117	36.3%	831	7.0%	(83.8)%	-
Net income	**4,014**	**28.4%**	**(73)**	**(0.6)%**	**(101.8)%**	2,205
Profit attributable to owners of parent	**1,658**	**11.7%**	**330**	**2.8%**	**(80.1)%**	-

*Source: Gyre Therapeutics' financial disclosure

Details of temporary losses (accounting based, non-cash)

Breakdown	Countermeasure
① **Other expences** Stock valuation loss related to stock forward contract with Macquarie **:1,044 million yen**	**Expected to be resolved by increasing corporate value through events in the second half of 2024** (refer to p.30)
② **Finance costs** Exchange loss relating to the Gyre reverse merger transaction **:1,093 million yen** (exchange rate as of Jun 30: 161.07 yen)	**Resolution to be announced in Q3 FY2024**

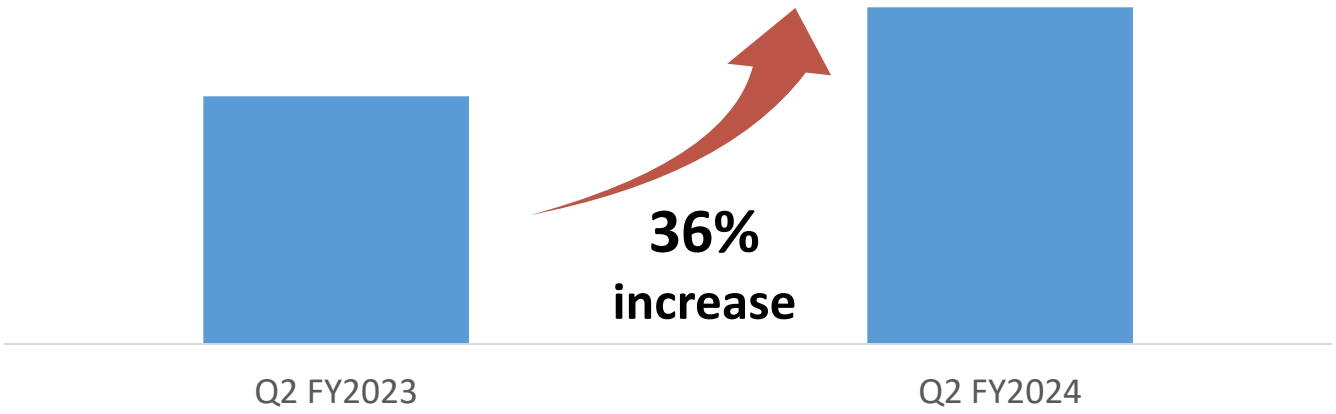
Total temporary losses (accounting based)
:2,137 million yen

Balance sheet summary

Millions of yen	FY2021 End Actual	FY2022 End Actual	FY2023 End Actual	Q2 FY2024 Cumulative total	Inc. / (Dec.)
Total non-current assets	12,109	16,759	31,487	38,145	21.1%
Total current assets	**18,187**	**17,147**	**30,907**	**30,847**	**(0.2)%**
Total assets	**30,296**	**33,906**	**62,394**	**68,993**	**10.6%**
Total non-current liabilities	8,487	10,592	18,147	18,512	2.0%
Total current liabilities	2,543	3,503	8,193	10,916	33.2%
Total liabilities	**11,030**	**14,096**	**26,341**	**29,429**	**11.7%**
Capital and other	17,108	17,125	20,434	19,684	(3.7)%
Retained earnings	**307**	**696**	**8,790**	**9,120**	**3.8%**
Other components of equity	1,444	3,147	4,569	8,029	75.7%
Equity attributable to parent	**18,860**	**20,969**	**33,794**	**36,834**	**9.0%**
Non-controlling interests	405	(1,158)	2,258	2,729	20.8%
Total shareholders' equity	19,266	19,810	36,052	39,564	9.7%

Sufficient cash

16.9 billion yen **23 billion yen**



Current Assets		
Cash and cash equivalents	**14.0 billion yen**	**16.3 billion yen**
Time Deposits	**190 million yen**	**2.19 billion yen**
Non-Current Assets		
Long-term Deposits	**2.66 billion yen**	**4.52 billion yen**

R&D expenses

Making steady progress

(Millions of yen)

	FY2021 Actual	FY2022 Actual	FY2023 Actual	Q2 FY2024 Cumulative total
Consolidated R&D expenses	2,015	2,545	2,557	1,419
Capitalized development costs	336	606	940	568
Total	2,351	3,151	3,497	1,987*

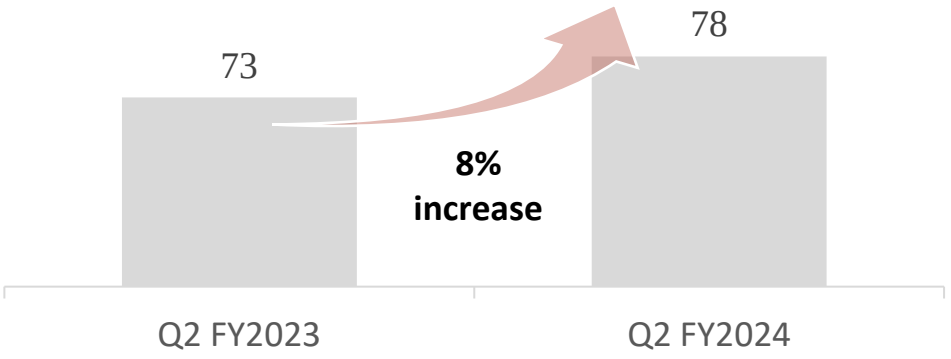
*13% YoY increase

3. Q2 FY2024 Topics

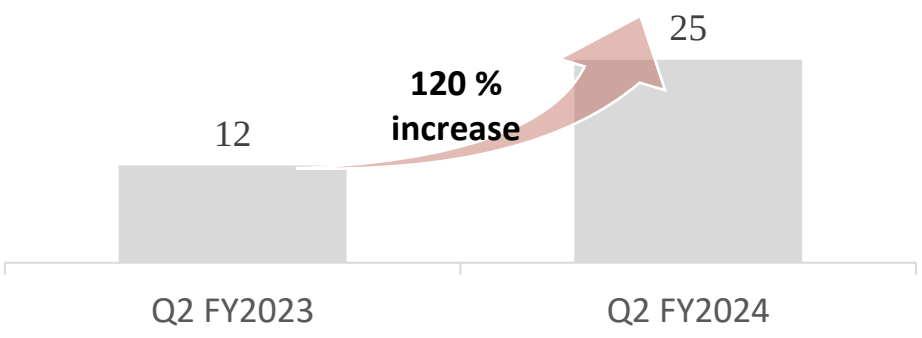
Solid progress in the Segments

(100 million yen)

ETUARY® Sales



MedTech Group Sales



For the further expansion

New products expected to commercialize in 2024

1. Nintedanib

- **Production and sales rights acquired (May 2024)**
- Indications: IPF, systemic sclerosis-associated interstitial lung disease (SSc-ILD) and progressive fibrotic interstitial lung disease (PF-ILD)
- There are only two drugs in the world for pulmonary fibrosis: pirfenidone (ETUARY®) and Nintedanib. GYRE has both to provide one-stop solution

2. Avatrombopag Maleate

- **Sales approval acquired (Jun 2024)**
- Indications: Thrombocytopenia due to chronic liver disease
- Orphan drugs

Ongoing research and development

IND (Investigative Drug Application) approved (May 2024)

F230

- **Indication: Pulmonary arterial hypertension(PAH)**
- **Licensed from Eisai Co., Ltd.**

IND application submitted (July 2024)

CG009301 (GSPT1 protein-targeting decomposition drug)

- **Indication: Malignant blood tumors (leukemia)**
- **Third IND application following TRK**

Expanding the business to Australia

4th operating countries
after Japan, the U.S., and China

Aiming to prompt start clinical trials

Partnership with the Governance Partners

1. A partnership enable GNI to invest into cutting edge technologies in Japan
2. Attract global investors including US, Europe and China
3. Forge strategic relationship in the fast-growing Asia Pacific economy

Further developments in Japan

Partnership with Governance Partners
Consolidation of Governance Partners ASIA Fund as a Subsidiary

Holding 18.5% in Japan Asia Investment Co., Ltd. shares through ASIA Fund*

*Out of the 18.5%, the portion held according to the ASIA Fund's contribution is 17.95%.
Additionally, our direct holding is 0.5% (as of June 28).

4. Financial Forecasts for FY2024

Financial forecasts for FY2024

Subject to progress of some key events in the 2nd half of 2024

(Millions of yen)	FY2023 Actual	FY2024 Forecast	Inc. / (Dec.)
Revenue	26,010	39,556	52.1%
Gross profit	22,431	34,624	54.4%
Operating profit	13,108	16,286	24.2%
Income before income taxes	12,612	15,552	23.3%
Net income	9,504	12,287	29.3%
Profit attributable to owners of parent	8,094	7,058	(12.8)%

5. Second Half of FY2024 Topics

Notable events in the 2nd half of 2024

1. Receive results of Phase 3 clinical trial of F351
2. Cullgen's listing as a public company
3. Progress of R&D and clinical trials
4. M&A
5. Progress in preparation for transition to Prime

Path to the future

1. **Officially announced the preparation to move to the Prime Market**

2. **Aiming to be selected in JPX indices**

Goal of FY2024: JPX-Nikkei Mid and Small Cap Index → **Achieved in Q2 FY2024 (effective from August 30)**

Goal after FY2025: JPX-Nikkei Index 400 Index

6. GNI Group’s Hidden Value

Point: Book value versus market value

	Book value	Current Value
Gyre Therapeutics* (incl. Gyre Pharmaceuticals)	**13.0 billion yen**	**115.5 billion yen (GNI owned portion)**
* Listed on NASDAQ		
Madrigal Pharmaceuticals Inc. (a competitor) market cap: 776.1 billion yen ※Based on August 12, 2024 close		
Cullgen	**7.3 billion yen**	**??? billion yen**
Arvinas, Inc. (a competitor) market cap: 248.9 billion yen ※Based on August 12, 2024 close		
MedTech Group (BAB + BB)	**8.5 billion yen**	**??? billion yen**
Q2 FY2024	Revenue 2.5 billion yen	Op. Profit 660 million yen
FY2023	Revenue 2.7 billion yen	Op. Profit 1.33 billion yen

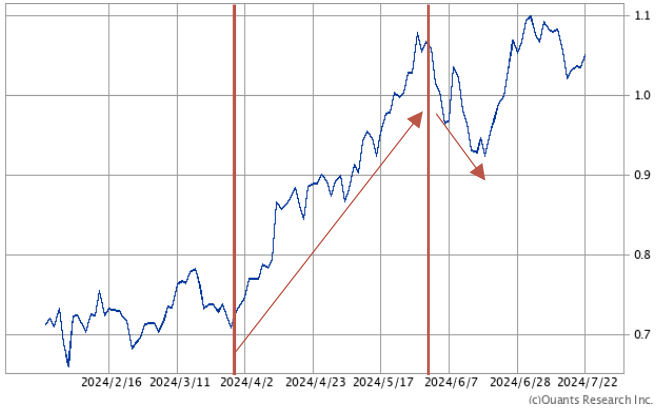
Macro Economy Discussion

Macro factors: interest rate trends

- As interest rates began to rise in April, growth stocks were sold in inverse proportion to the market.
- Among these, our company's stock, which has a large liquid market capitalization, was sold.
  → Japan Securities Dealers Associations' outstanding loan balance increased by approximately 96% between the end of March and the end of July.

GNI Group

10-Year Treasury Yield



Expected Sell Balance

Publication	Loan balance (As of March 29)	Loan balance (As of July 29)	Inc. / (dec.)
JSDA	3,855,141	7,553,965	**+95.9%**

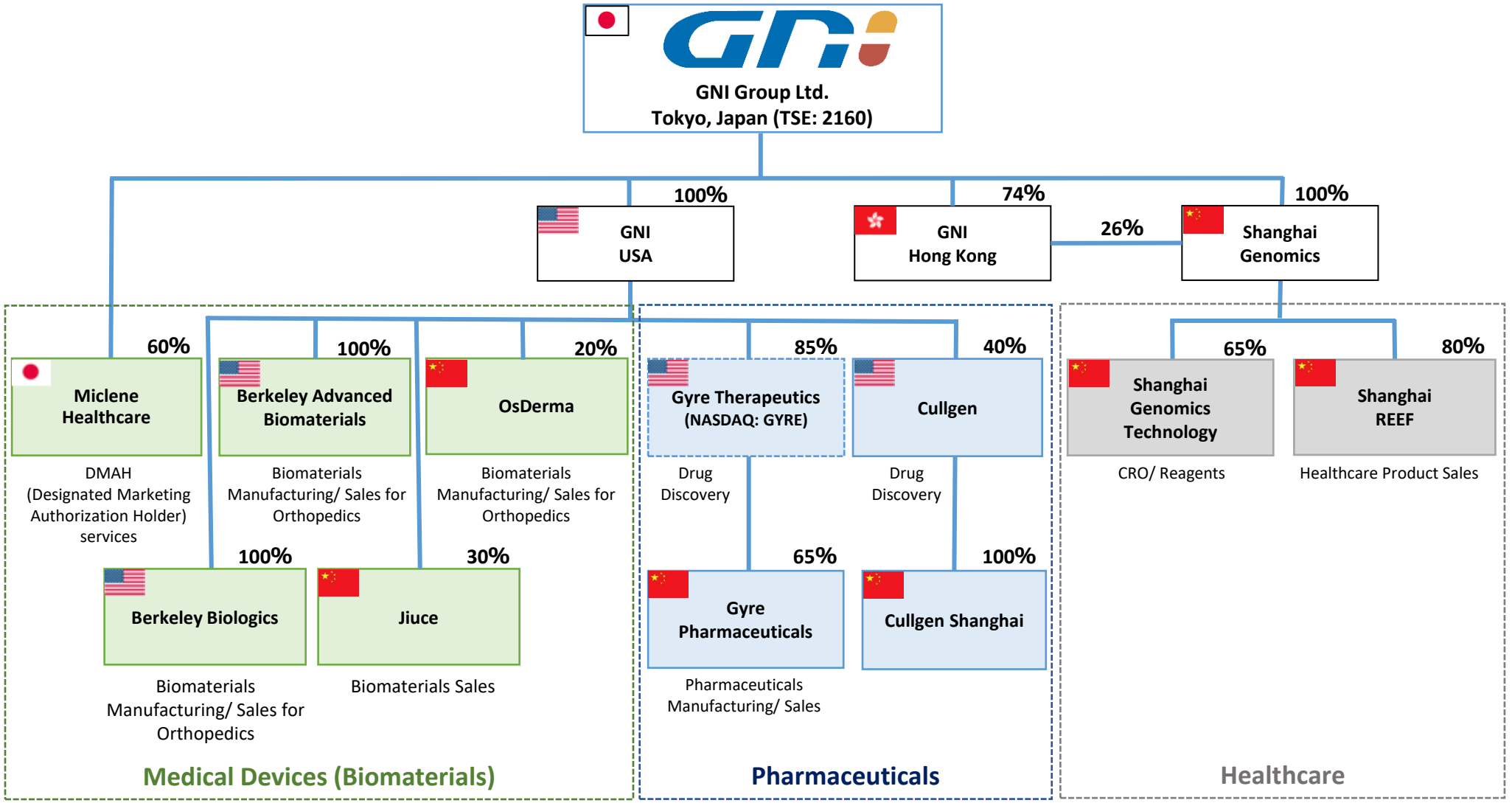
Buy Balance

Publication	Buy balance (As of March 29)	Buy balance (As of July 29)	Inc. / (dec.)
TSE	5,131,500	5,732,700	**+11.7%**

Company	FFW (Free Float Weight)	FF market cap (end of March)	FF market cap (end of July)
GNI Group	**81%**	**126.1 billion yen**	**93 billion yen**
Competitor company A（Prime）	18.2%	33.6 billion yen	65.6 billion yen
Competitor company B（Prime）	10.1%	15 billion yen	15.2 billion yen
Company C (Growth/ Same range of market cap)	18.2%	26.6 billion yen	22.1 billion yen

7. Supplementary Materials

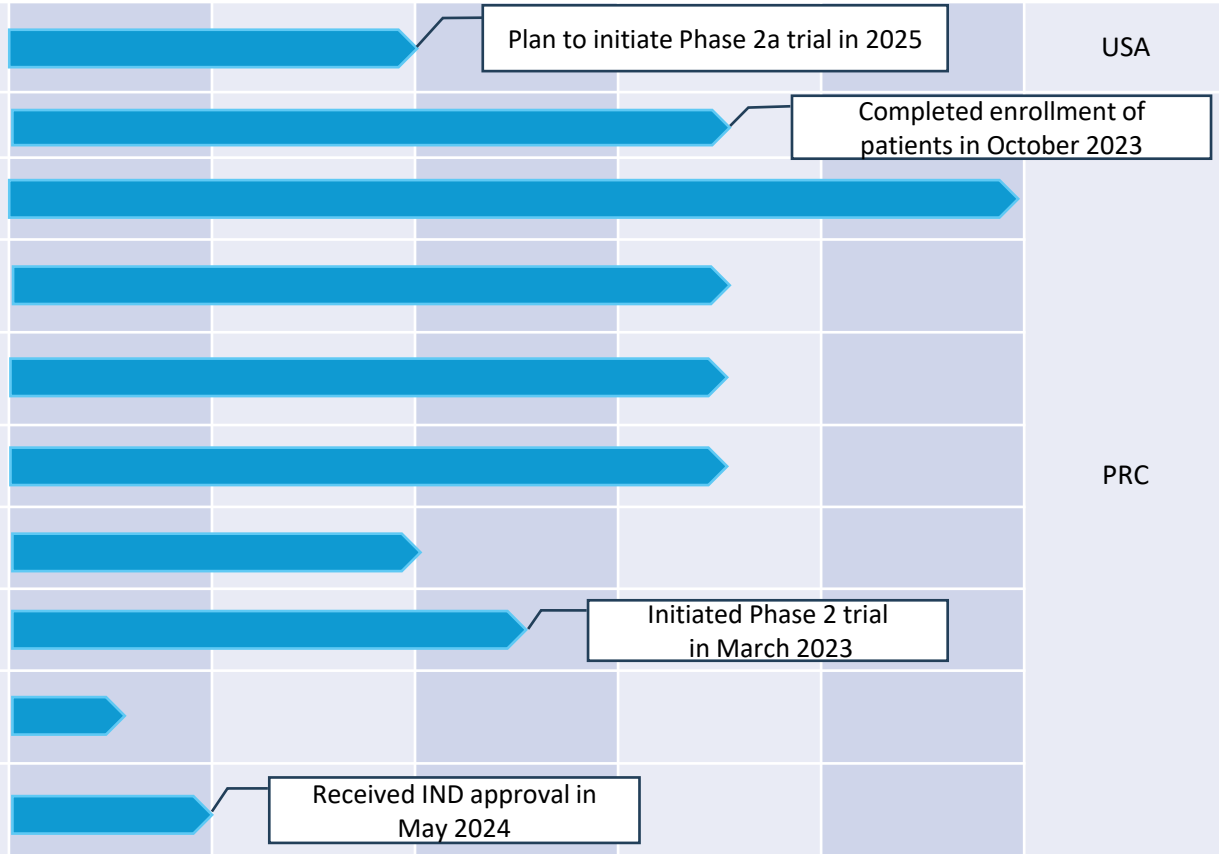
Group structure



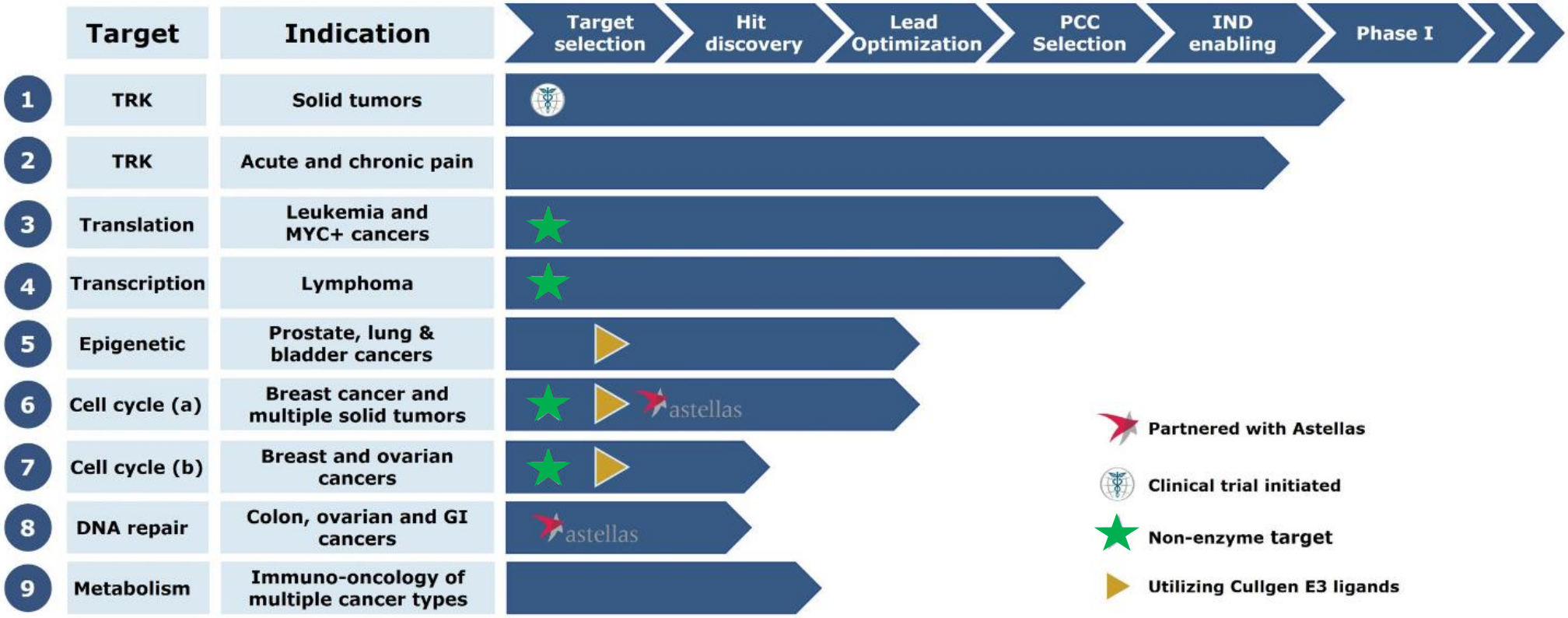
Reference Translation

Development Pipeline of Gyre Therapeutics & Gyre Pharmaceuticals

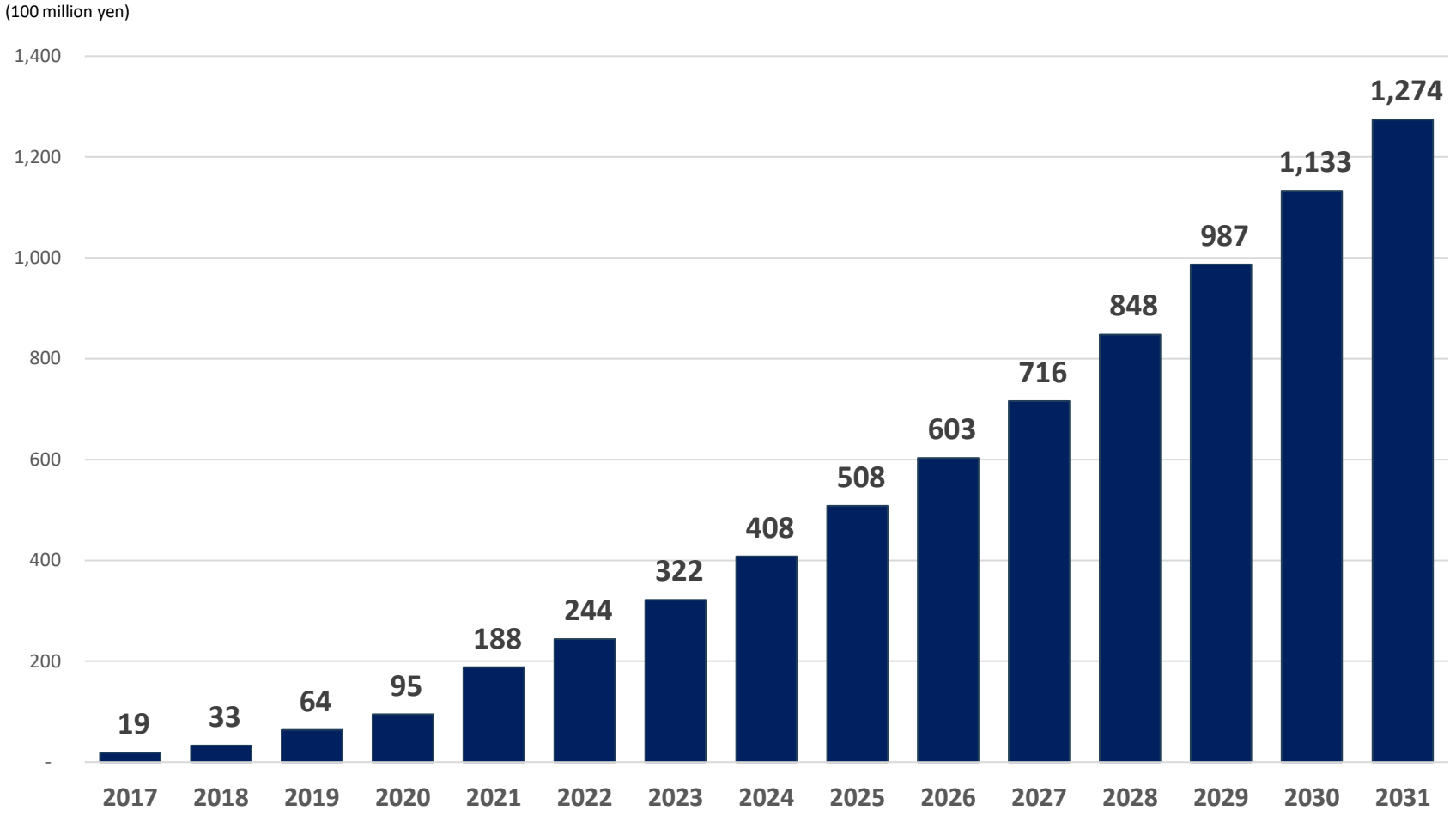
Candidate	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Marketed	Location
F351 (Hydronidone)	NASH-Associated Liver Fibrosis						USA
	CHB-Associated Liver Fibrosis						
ETUARY® (Pirfenidone)	Idiopathic Pulmonary Fibrosis (IPF)						PRC
	Dermatomyositis Interstitial Lung Disease (DM-ILD)						
	Systemic Sclerosis-associated Interstitial Lung Disease (SSc-ILD)						
	Pneumoconiosis						
	Diabetic Kidney Disease (DKD)						
F573	ALF/ACLF						
F528	Chronic Obstructive Pulmonary Disease (COPD)						
F230	Pulmonary Arterial Hypertension (PAH)						



Development pipeline of Cullgen



Market size of ETUARY®: Idiomatic Pulmonary Fibrosis (IPF) drug market in China



Source: Frost & Sullivan (converted to JPY by GNI)

Reference Translation

F351 Phase 2 trial top-line data overview (1/3)

Efficacy Results

Efficacy Analyses	Placebo	F351: 60mg/dose 3 doses/day	F351: 90mg/dose 3 doses/day	F351: 120mg/dose 3 doses/day
Ishak score down by 1+ As of 52nd week (FAS)	11 (11/43, 25.58%)	17 (17/42,40.48%)	23 (23/41,56.10%)	18 (18/41,43.90%)
Ishak score down by 1+ As of 52nd week (PPS)	11 (11/42,26.19%)	17 (17/36,47.22%)	23 (23/35,65.71%)	18 (18/34,52.94%)
p value	FAS: 0.0245, PPS: 0.0058			
Ratio Difference (Placebo - F351)% & 95% CI		FAS: -14.89 (-33.32,4.99) PPS: -21.03 (-40.20,0.26)	FAS: -30.52 (-48.12,-9.50) PPS: -39.52 (-56.83,-17.26)	FAS: -18.32 (-36.76,1.96) PPS: -26.75 (-45.78,-4.75)

Source: GNI Group disclosure dated on October 23, 2020

F351 Phase 2 trial top-line data overview (2/3)

Efficacy results: additional analyses for patients with Ishak score = 6 (cirrhosis stage)

Efficacy analyses	Placebo	F351 (all groups)
Ishak score decreased by ≥ 1 point after 52 weeks treatment (FAS)	1 (1/4, 25%)	12 (12/15,80%)
Ishak score decreased by ≥ 1 point after 52 weeks treatment (PPS)	1 (1/4, 25%)	12 (12/14,85.71%)
p value	FAS: 0.0407, PPS: 0.0201	
Ratio Difference (Placebo - F351)% & 95% CI		FAS:
		-55.00 (-79.20,-3.49)
		PPS:
		-60.71 (-83.59,-8.97)

Source: GNI Group disclosure dated on October 23, 2020

F351 Phase 2 trial top-line data overview (3/3)

Safety and tolerability results

- ✓ **Adverse Events severity: mild to moderate**
- ✓ **Serious Adverse Events incident rate: same among the groups**
  - ➢ **Placebo: 4.65%**
  - ➢ **F351: 60mg/dose, 3 doses/day group: 2.38%**
  - ➢ **F351: 90mg/dose, 3 doses/day group: 2.38%**
  - ➢ **F351: 120mg /dose, 3 doses/day group: 7.32%**
- ✓ **No fatalities in the trial**

Source: GNI Group disclosure dated on October 23, 2020

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Securities Code: 2160