



GNI Group Ltd.

FY2022 Q3 Year to Date Financial Results
Corporate Presentation

Nov 17th, 2022

We Bring New Hope to Patients.

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Forward-looking Statements

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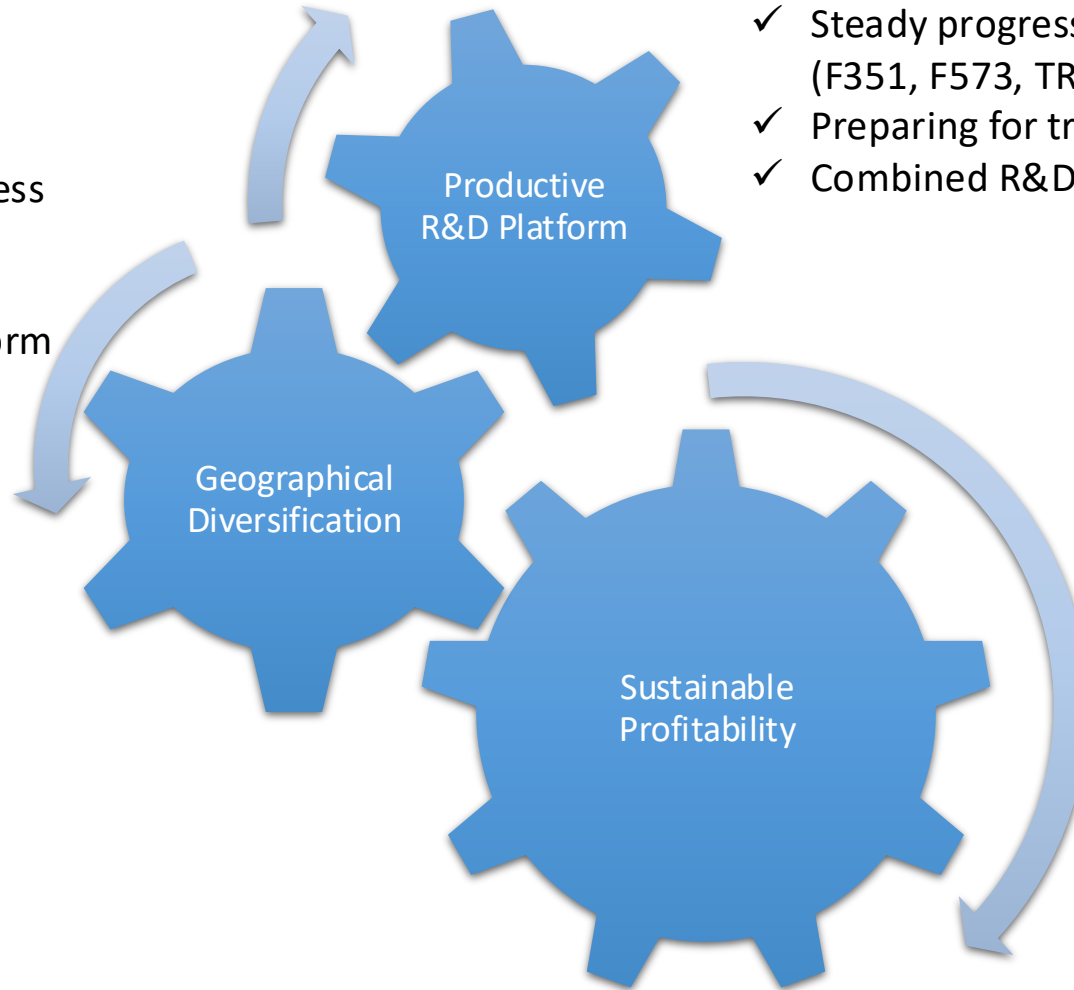
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2023 Strategy

1. Multinational Operating Model

Unique Competitive Edge: GNI Platform

- ✓ Expanding Biomaterial Business in Asia
- ✓ Enhancing Cross-border R&D platform



- ✓ Steady progress in clinical trials in China (F351, F573, TRK Degradar)
- ✓ Preparing for trials in US
- ✓ Combined R&D investments **up 28% YoY**

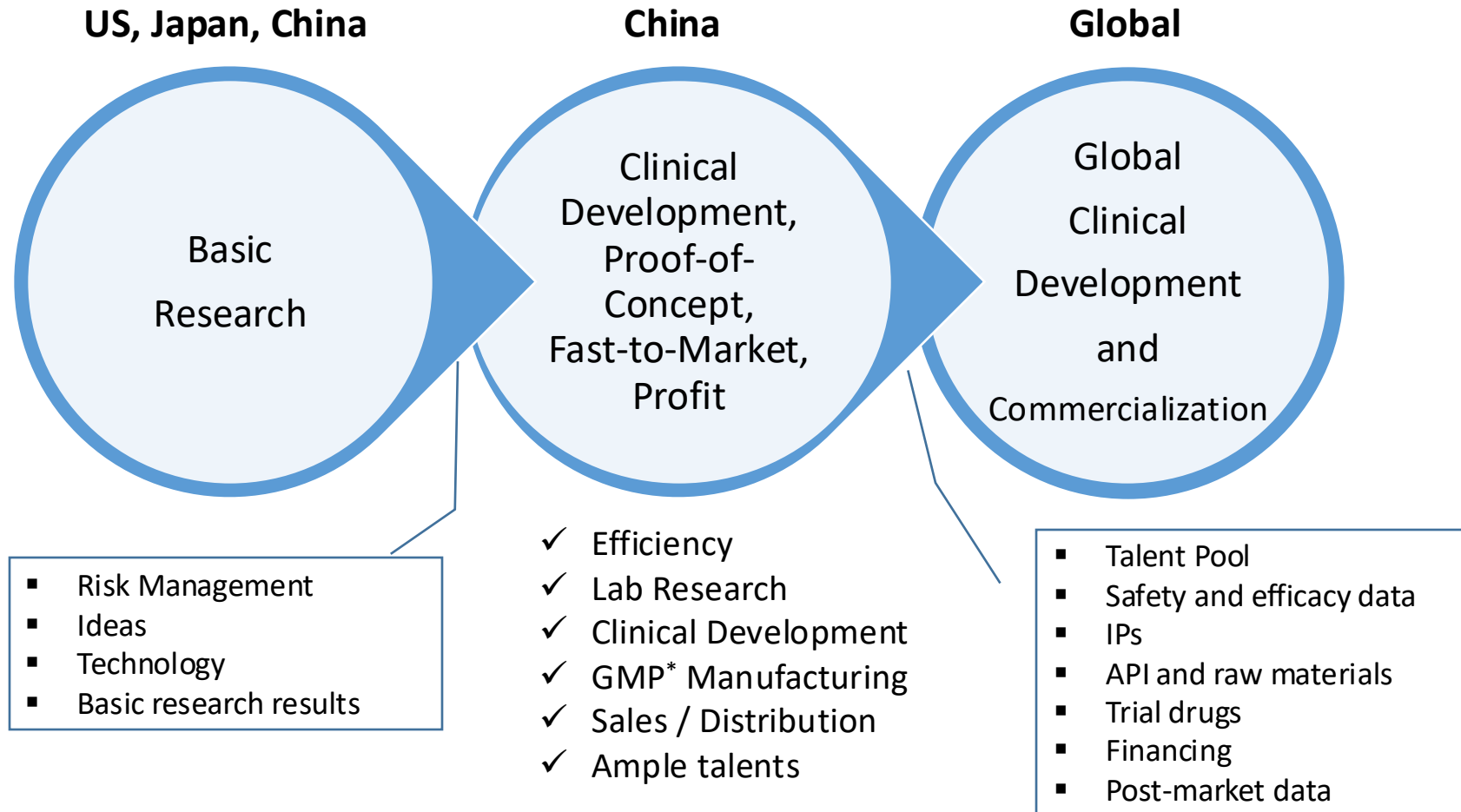
- ✓ Steady income stream from BC and BAB; Revenue **up 34% YoY**
- ✓ Profitable after investments into R&D and marketing

Note: all the numbers are consolidated base in JPY

BC: Beijing Continent
BAB: Berkeley Advanced Biomaterials

1. Multinational Operating Model

Cost-Efficient Platform Leveraging on China Positioning



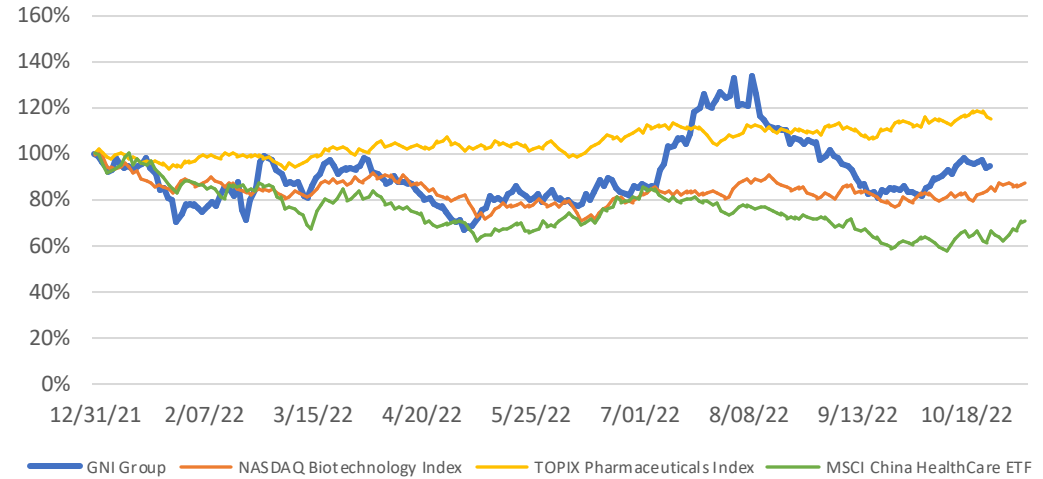
*: Good Manufacturing Practices

2. 2022Q3 Financials

2022Q3YTD: Highly Volatile Macro Environment

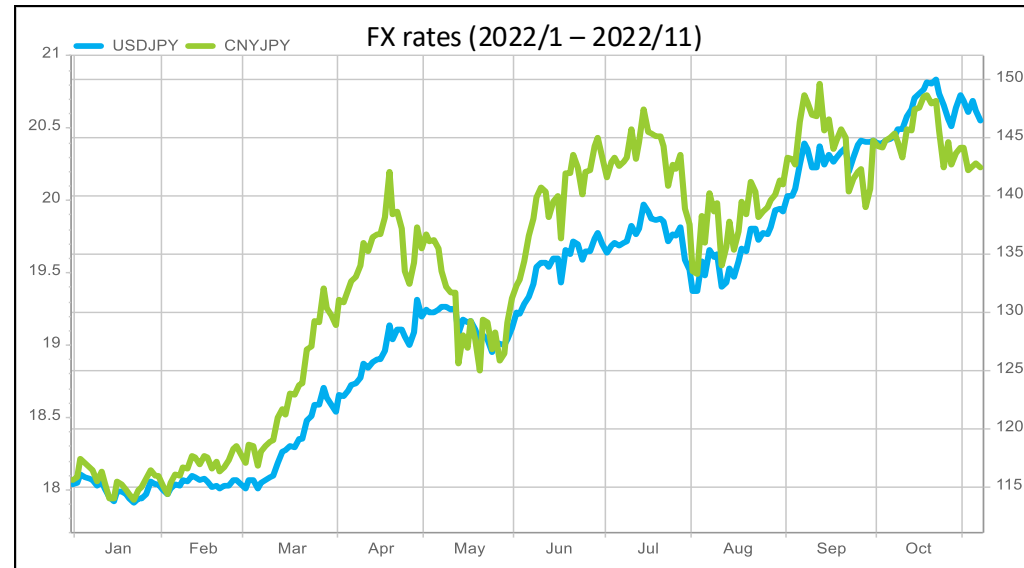
- Continued capital market volatility
- High inflation pressures on economies and dramatic FX impacts
- Supply chain and COVID-19 control pressures on business activities

Stock Price Trend Against Global Indices from 2021/12 – 2022/11



(Source: FactSet)

FX rates (2022/1 – 2022/11)



(Source: FactSet)

Data as of :2022-11-07

2. 2022Q3 Financials

FY2022Q3YTD Consolidated Financial Results

Continue to grow while maintaining profitability and investments

Consolidated P/L	2021Q3YTD	2022Q3YTD	Change
Revenue	9,536	12,761	33.8%
Gross profit	8,327	10,853	30.3%
SG&A	5,503	7,498	36.3%
R&D	1,417	1,819	28.4%
Operating profit	1,960	1,494	-23.8%
Finance income	69	347	402.9%
Finance costs	461	618	34.1%
Profit before tax	1,568	1,223	-22.0%
Income tax expenses	693	898	29.6%
Profit after tax	874	324	-62.9%
Owner's Profit	1,294	1,076	-16.8%
FX rates used for P/L			Change
USD	108.55	128.02	17.9%
RMB	16.76	19.32	15.3%

Revenues: up both reported and underlying

SG&A: Inc. JPY 125 mm one-time IPO expenses for BC

R&D: Underlying R&D up in Cullgen, down in BC

Finance income: Forex gain due to depreciation of JPY

Finance costs: Non-cash accruals for non-cash interest expense at Cullgen

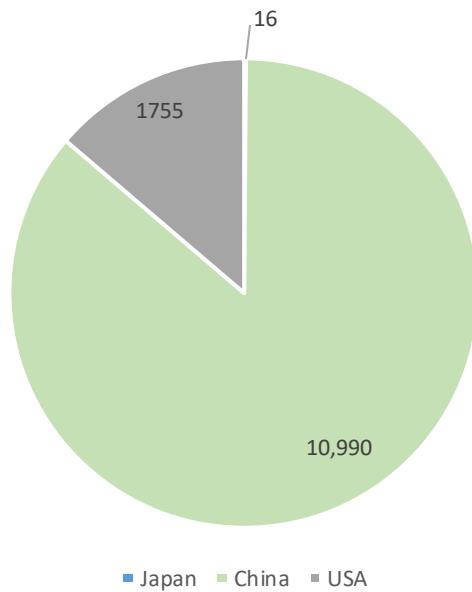
	FY2021Q3	FY2022Q3	Change
Cash and cash equivalents	13,945	12,722	-8.8%
FX rates used for Cash and cash equivalents			Change
USD	111.92	144.81	29.4%
RMB	17.30	20.37	17.7%

Loan reduction, investments (LP, JVs), new hires

2. 2022Q3 Financials

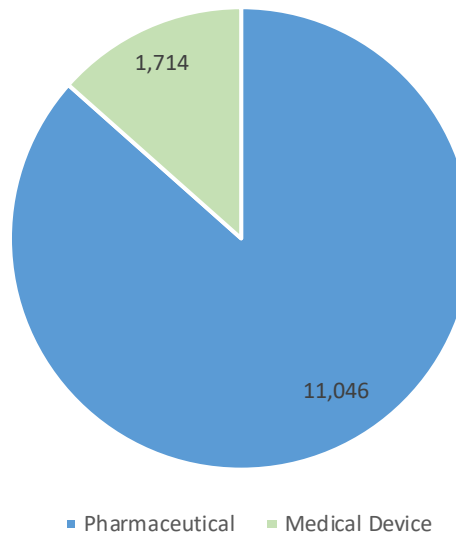
Financial Performance Snapshot

Revenue By Geography



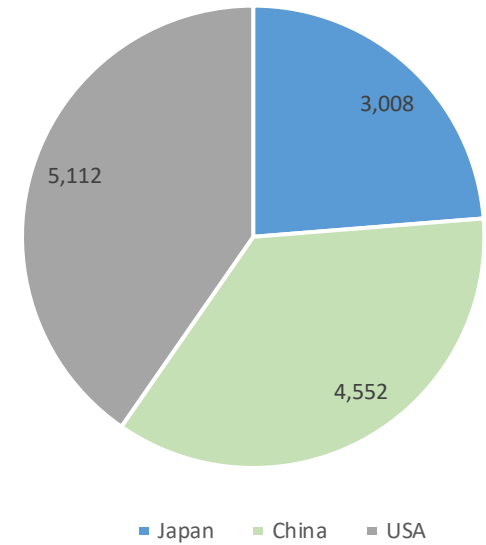
(Million JPY)

Revenue By Segment



(Million JPY)

Cash Position

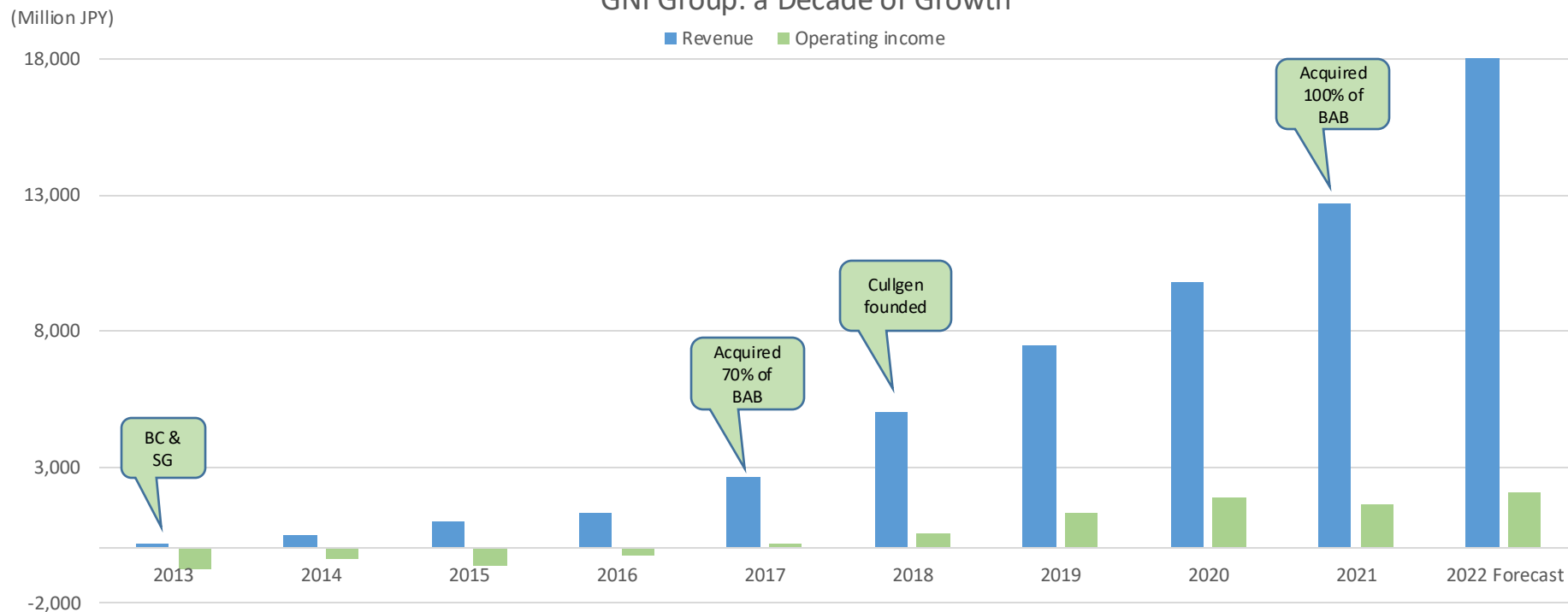


(Million JPY)

2. 2022Q3 Financials

Consolidated Revenue Growth: 58% 10-Year CAGR

GNI Group: a Decade of Growth



Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 Forecast
Revenue	183	475	1,017	1,307	2,648	5,019	7,446	9,774	12,690	18,023
Operating income	-785	-379	-633	-276	154	569	1,302	1,870	1,625	2,050
Operating Margin	-429.0%	-79.8%	-62.2%	-21.1%	5.8%	11.3%	17.5%	19.1%	12.8%	11.4%
FX rate (USD)	87.45	90.71	113.41	115.24	112.39	110.57	109.43	106.67	109.84	131.89
FX rate (RMB)	13.52	14.16	14.90	17.80	16.64	16.69	15.85	15.44	17.02	19.56

(Million JPY)

BC: Beijing Continent BAB: Berkeley Advanced Biomaterials SG: Shanghai Genomics

2. 2022Q3 Financials

GNI Group Updated Forecast for FY2022

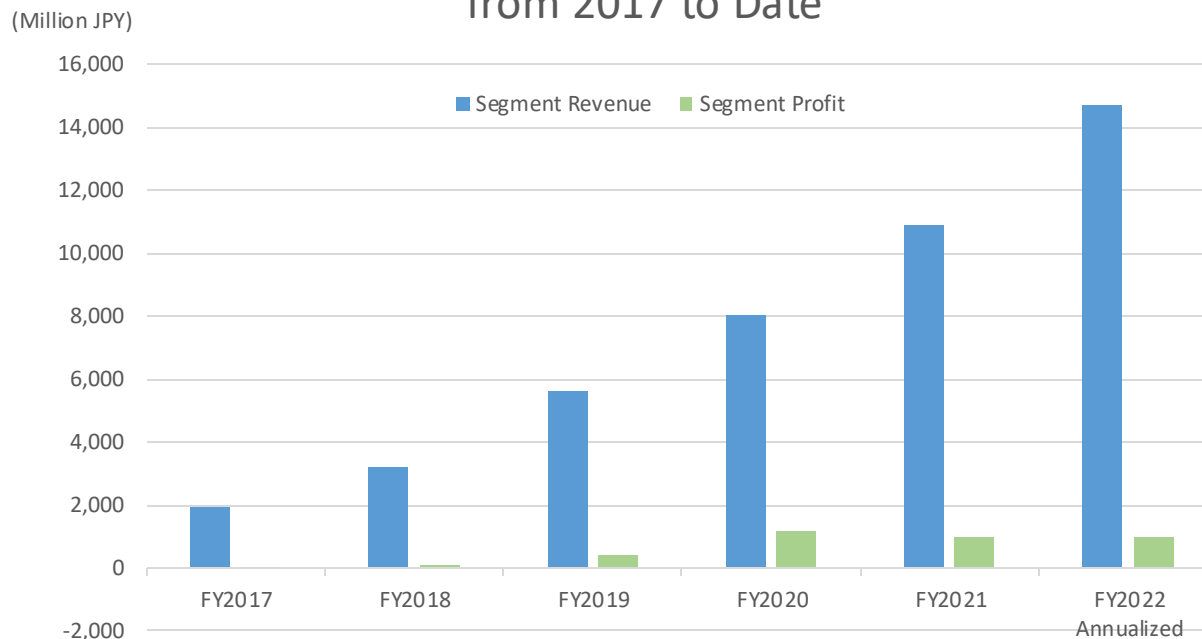
	Revenue	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners	Basic EPS
	(JPY Million)	(JPY Million)	(JPY Million)	(JPY Million)	(JPY Million)	(JPY)
Previous Forecast (A)	16,334	1,815	988	36	961	20.49
Revised Forecast (B)	18,023	2,050	1,214	35	1,217	25.65
Difference (B-A)	1,689	235	226	-1	256	-
Difference(%)	10.3%	12.9%	22.9%	-2.8%	26.6%	-
FY2021 Actual	12,690	1,624	1,107	55	1,066	22.72
%Chg vs Previous Year	42.0%	26.2%	9.7%	-36.4%	14.2%	13%

3. Pharmaceutical Growth Pillar

Resilient Growth amid COVID-19 Headwinds

- ✓ Resilience amid COVID-19 lockdown headwinds
- ✓ Clinical trials progressing in China
- ✓ Transfer of clinical trial experiences to US

Pharmaceutical Segment Growth from 2017 to Date



Year	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Annualized
Segment Revenue	1,905	3,214	5,645	8,046	10,895	14,728
Segment Profit	-19	15	422	1,202	983	1,061
Operating Margin	-1.0%	0.5%	7.5%	14.9%	9.0%	6.9%
FX rate (USD)	112.39	110.57	109.43	106.67	109.84	131.89
FX rate (RMB)	16.64	16.69	15.85	15.44	17.02	19.56

(Million JPY)

Note: Includes Beijing Continent, Cullgen, and Shanghai Genomics, and Reef; excludes inter-company revenue and profits

3. Pharmaceutical Growth Pillar

Beijing Continent's Competitive Edge

Growth engine of pharmaceutical sector

Cost-effective R&D and Manufacturing Platform

- Internal clinical development team
- Faster to market and profitability in China to sustain global product development
- Globally accepted Chinese manufacture base to produce trial drugs and commercial drugs for ROW

Nationwide Sales and Marketing Platform

- Established nationwide sales team in house for future in-licensing potential
- Close relationships with doctors and hospitals around China

Tailwinds in China

- Access to large talent pool from both returnees and local hires
- Local financial incentives improved profitability
- Double-digit growth of Chinese healthcare spending

3. Pharmaceutical Growth Pillar

Cullgen's Competitive Edge

Front runner of targeted protein degradation (TPD) technology

Revolutionary Drug Discovery Platform uSMITE™

- Developed by TPD technology and IP pioneers
- Productive in discovering novel E3 ligands

Strong Team

- Internationally renowned scientific founders and advisors
- Leveraging Shanghai subsidiary to test in a cost-efficient way to fully understand new modalities; mitigates and reduces subsequent drug development investment risks

Renowned Financial Backers

- Financed by global venture capital funds and private equities

3. Pharmaceutical Growth Pillar

R&D: Drug Development Pipeline (2/2)

Multiple different promising new drug candidates in TPD under way



cullgen							
Product/Indication	Origin	Pre-clinical	Phase I	Phase II	Phase III	Latest Status 2022.09	
Cancer	TRK degrader CG001419 (China)	Proprietary					IND# for Phase 1 clinical trial approved by China's NMPA*. Preparing for trial launch.

Active Dialogue with US FDA for bridging study



GNI USA							
Product/Indication	Origin	Phase I	Phase II	Phase III	Latest Status 2022.07		
Liver Fibrosis (NASH)	F351(USA)	Proprietary					Under pre-IND discussions with FDA for NASH+ Phase II clinical trial in the US

*NMPA: National Medical Products Administration

#IND: Investigational New Drug

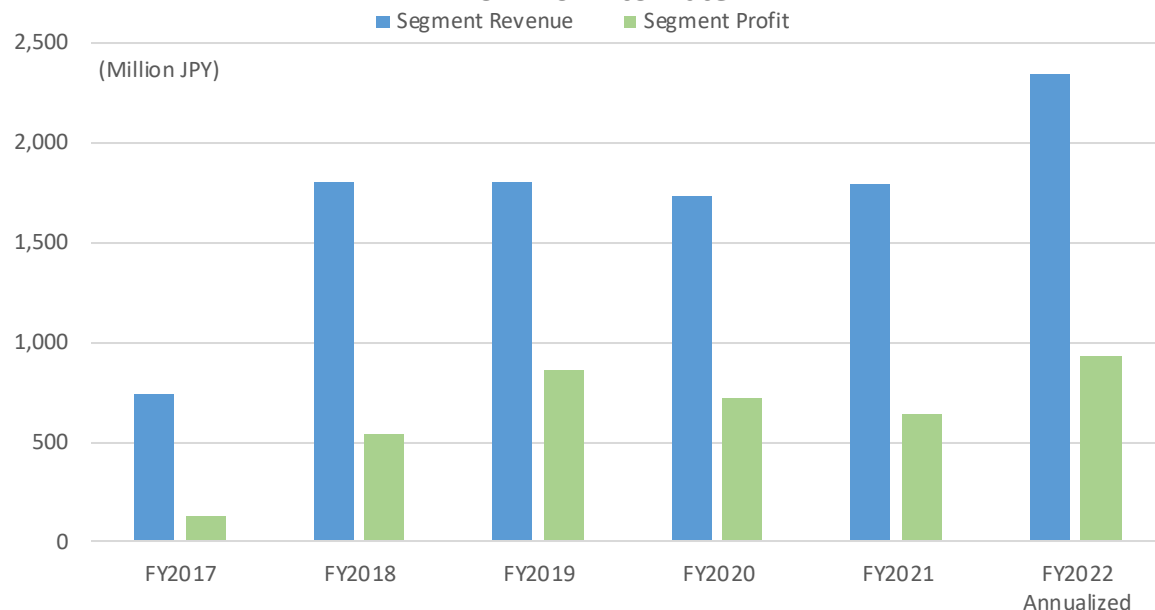
+NASH: Non-Alcoholic SteatoHepatitis

4. Biomaterial/Medical Device Pillar

Medical Device Segment: Stable Cash Generation

- ✓ Steady Econ value add in the US
- ✓ Expansion overseas using proprietary components for aesthetics
- ✓ Entry into DMAH* business in Japan

Medical Device Segment Growth
from 2017 to Date



Year	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Annualized
Segment Revenue	743	1,805	1,802	1,728	1,795	2,337
Segment Profit	125	542	865	717	642	932
Operating Margin	16.9%	30.1%	48.0%	41.5%	35.8%	39.9%
FX rate (USD)	112.39	110.57	109.43	106.67	109.84	131.89
FX rate (RMB)	16.64	16.69	15.85	15.44	17.02	19.56

(Million JPY)

*DMAH: Designated Marketing Authorization Holder

Note: Includes Berkeley Advanced Biomaterials; excludes inter-company revenue and profits

4. Biomaterial/Medical Device Pillar

Berkeley Advance Biomaterials' (BAB) Competitive Edge

Stable performance with new product potential

Stable Industry

- Least volatile product cycle in medical device industry
- Lower regulatory risk hurdles than in drug development

Great Potential

- Expanding to aesthetics market internationally
- Diversifying against unforeseeable geopolitical risks

Excellent Risk-Return Profile

- Good investment return with future pipeline

GNI Group 2023 Strategic Goals



Finish enrollment of patients for F351 liver fibrosis clinical trials

List Beijing Continent in a major stock exchange

Expand biomaterial business into new growth area

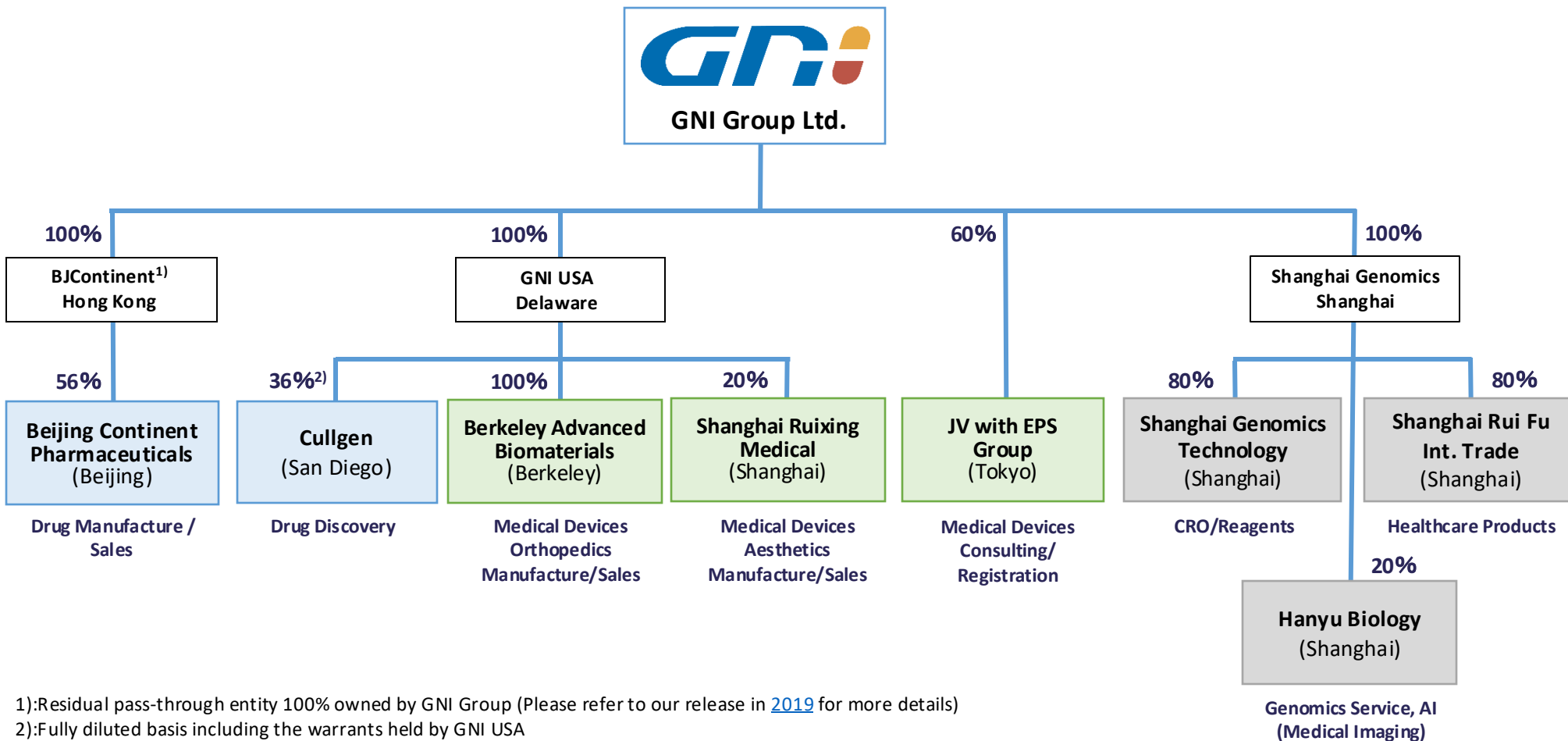
Build up Japan operation step by step

Support Cullgen to lead cancer drug discovery

Increase profitability of GNI Group

5. 2023 Strategy

GNI Group Organization

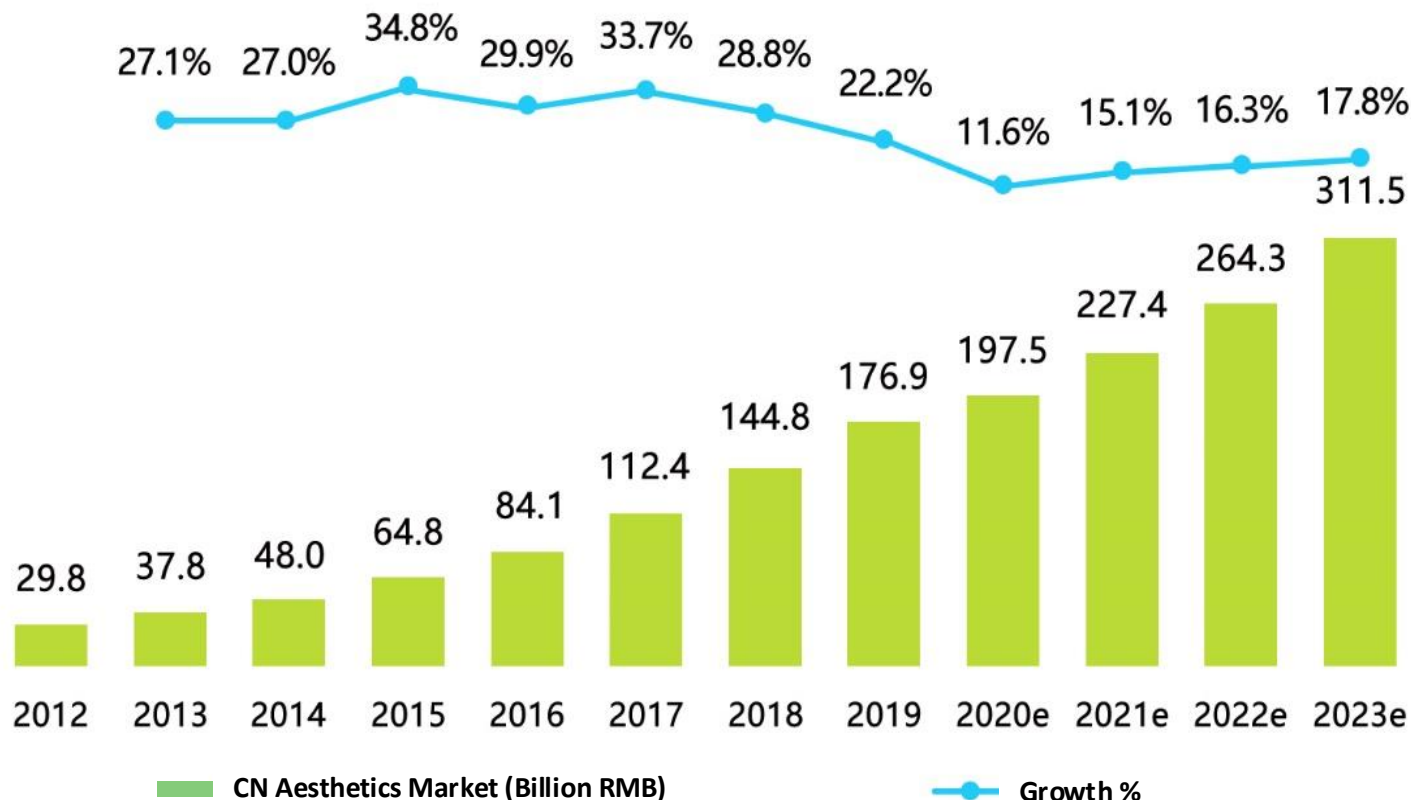


1):Residual pass-through entity 100% owned by GNI Group (Please refer to our release in [2019](#) for more details)

2):Fully diluted basis including the warrants held by GNI USA

5. 2023 Strategy

New Area of Growth of Biomaterial Business: Aesthetics



来源：艾瑞咨询研究院根据公开数据、企业财报、专家访谈、艾瑞独立数据建模核算及绘制。

5. 2023 Strategy

Continuing Efforts in ESG

- BC holds GB/T24001:2016* Certificate
- BC's expenditure on environmental protection to contain toxic emissions and waste disposal **up 50%** from 2019 to 2021

Environment



- BC's donation of ETUARY to NPO in China **up 7.8%** YoY
- BAB holds ISO 13485:2016+ Certificate
- Regular inspections at BC manufacturing facility to ensure safety

Social



- Targeting to further diversify GNI board membership in 2023
- GNI and BC adopt committee systems in the board

Governance



* GB/T24001: Chinese name for ISO 14001 on environmental management system standard

+ ISO 13485:2016: International standard for quality management in medical device industry

Contact Information

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