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Questions from Investors and Answers

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

We sincerely appreciate your continued support for our business. Below we disclose questions we have received from investors and our corresponding answers. This disclosure is made in the interest of enhancing transparency and fair disclosure.

- **Overseas Offering Conducted in July 2025 ([Reference: Disclosure on July 23, 2025](#))**

Q1: Why did the Company choose to raise funds through a dilutive equity offering? What was the purpose?

A1: Taking into account the balance between debt and equity in our fundraising strategy, we have chosen this capital increase as a means of raising growth capital. While we also utilize borrowings from financial institutions, given the limited options for further financing, we determined that a capital increase was necessary to seize growth opportunities. We consider this fundraising to be an important step in advancing our company toward becoming a global pharmaceutical and healthcare enterprise.

Moreover, by opting for an overseas offering, we were able to attract participation from international institutional investors—many of whom are learning about our company for the first time—far exceeding our prior expectations. We believe this has contributed to raising our company's profile in the global market.

Q2: The Company had previously stated it would not raise equity capital. Why did the Company decide to proceed with the equity offering at this time?

A2: In the past, given the then-prevailing business environment and capital policy, the company considered the necessity for equity financing to be low. However, The Company has now entered a stage where business investments are required for the next phase of growth, and the current market environment presents a favorable opportunity. With external financing options still limited, the Company determined that executing its

capital strategy flexibly would enhance long-term shareholder value and therefore decided to proceed with this overseas public offering.

Q3: What impact will this equity financing have, and what is the Company's policy regarding future financing?

A3: As a result of this capital increase, the number of shares has increased; however, we will utilize the funds raised as a foundation for growth, further accelerating our growth strategy in a way that contributes to enhancing the interests of our existing shareholders.

Going forward, in line with our responsibilities as a publicly listed company, we will maintain a range of financing options—including both indirect financing (borrowings from financial institutions) and direct financing (fundraising through equity or bonds)—and flexibly select the most appropriate method based on market conditions and the stage of our company's growth.

Q4: Is there urgency regarding M&A transactions, which were cited as one of the uses of proceeds?

A4: In aiming for sustainable global growth, we view expanding our business portfolio through M&A as an effective option. However, we are not rushing to complete M&A deals; our focus is on agreeing on the most suitable opportunities under optimal conditions.

By specifying M&A as a use of funds in the public offering, the number of proposed deals has increased significantly compared with last year. Since the beginning of this year, we have been carefully selecting projects through our Investment Committee, focusing not merely on acquiring Japanese companies, but prioritizing projects that contribute to the profitability of our Japanese operations or that are expected to generate global synergies with our medical device business in Japan.

Q5: Was the acquisition of Gyre Pharmaceuticals shares strategically planned?

A5: The corporate value of our unlisted consolidated subsidiary, Gyre Pharmaceuticals, is being strategically monitored, as it is linked to the stock price of its listed parent company, Gyre Therapeutics. We believe that the direct acquisition and holding of Gyre Pharmaceuticals shares by our company will be beneficial to our shareholders over the medium to long term.

- **Regarding F351**

Q6: What impact does the recent FDA approval of a GLP-1 product for liver fibrosis have on F351?

A6: As there is inherent uncertainty in new drug development, we cannot make definitive statements. However, the Phase 3 clinical trial of F351, which reported favorable results in May 2025, targeted “chronic hepatitis B-associated liver fibrosis” in PRC, and thus addresses a different market from other companies' products targeting MASH in the U. S..

Regarding the development of F351 for liver fibrosis due to MASH in the U.S., our subsidiary is proceeding with considerations, including consultations with U.S. regulatory authorities. F351 has a mechanism of action different from other metabolic drugs and could potentially be used in combination with them. Therefore, we believe that the approval of other companies' MASH treatments does not necessarily have only a negative impact.

Q7: What specific promotional activities are being undertaken for F351?

A7: To ensure smooth market penetration following the launch of F351, the Group launched Contiva, a liver disease treatment expected to generate synergies with F351, in March 2025. Through Contiva's commercialization, the Group is expanding awareness of F351 among physicians and patients and establishing distribution channels.

- **Regarding Market Listing**

Q8: What is the progress of the Company's application to move to the TSE Prime Market?

A8: In 2022, following a market reorganization, our company transitioned from the TSE Mothers to the TSE Growth Market. Since then, aiming to further enhance corporate value, we have recognized a transition to the TSE Prime Market as one of our key management priorities and have been considering this possibility.

During the application and review process for a market segment change to the Prime Market, the continuity of our business and governance structure are strictly evaluated. Therefore, carrying out M&A or subsidiary restructuring during the review period could potentially affect the review process.

At this time, we have determined that immediately initiating the market segment change could temporarily constrain options for implementing our growth strategies. Our company is currently in a growth phase where business expansion is our top priority, and M&A is positioned as an important part of our growth strategy.

Accordingly, we will prioritize the steady execution of our ongoing growth strategies, while continuing preparations for the transition to the Prime Market and carefully considering the optimal timing. We kindly ask our shareholders and investors for their understanding in this matter.

Q9: What is the status of Cullgen's NASDAQ listing?

A9: As noted in our Q2 2025 earnings presentation ([August 29, 2025, page 19](#)), the Group is awaiting review results from the China Securities Regulatory Commission (CSRC). Upon receiving approval from CSRC, the Group will move to the next stage. Preparations with NASDAQ (submission of documents, Q&A, etc.) are underway, and the Group plans to promptly proceed with completing the transaction and listing once CSRC approval is obtained.

- **Regarding the Company's Stock**

Q10: How does the Company view short positions taken by certain investment institutions?

A10: GNI Group's shares are highly liquid and are included in factor indices based on stock price characteristics and performance, which are constructed by each securities firm, as well as in customized portfolios, known as custom baskets, tailored for individual clients.

While short positions in our shares may arise, these do not reflect negative views on our company specifically. Rather, they are included as part of factor baskets that short certain factors—such as high volatility, strong momentum, or high growth—to reduce specific risk exposures in investment portfolios or due to the rise of macro investing. In other words, they result purely from factor-based investment strategies.

There may be a misunderstanding that "securities firms are short-selling our stock," but this is only a matter of name registration. Just as your brokerage account is listed as the transaction party when you conduct margin trading, the name on short positions reflects the securities firm as the registered party. Therefore, in most cases, the securities firm and the investors actually executing the short sale are unrelated. The securities firm merely provides the platform, executing and managing the trades.

- **Regarding Business Partners**

Q11: Does the bankruptcy of alt Inc. affect the Company?

A11: In April 2024, we entered into a business alliance with alt Inc., and in May, we reached an agreement to establish a joint venture. However, the joint venture was not established, and the business alliance has not resulted in any concrete business progress. Therefore, there is no impact on our financial performance or results.