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Announcement Regarding Revision of Full-Year Earnings Forecast and Expected Recognition of Losses

(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.

GNI Group Ltd. ("the Company") announces that it has decided to revise its consolidated financial forecast for the fiscal year ending December 31, 2025 (January 1, 2025 – December 31, 2025), which was previously disclosed on February 14, 2025, and that losses are expected to be recorded due to the recognition of an impairment loss, as set forth below.

1. Revision of Consolidated Financial Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 – December 31, 2025)

(Unit: JPY million)

	Revenue	Operating Profit	Profit Before Income Taxes	Profit for the Period	Profit Attributable to Owners of the Parent	Basic Earnings Per Share
Previous Forecast (A)	28,733	23,217	22,541	15,868	12,058	JPY 240.42
Revised Forecast (B)	26,841	(2,725)	(3,795)	(5,937)	(3,420)	JPY (65.18)
Change (B-A)	(1,892)	(25,942)	(26,336)	(21,805)	(15,478)	JPY (305.60)
Percentage Change (%)	(6.6)	–	–	–	–	–
(Reference)Previous Year Results (FY 2024)	23,611	1,402	238	(9)	1,098	JPY 21.96

2. Reasons for Revision

i. Revenue

Revenue has been revised primarily due to the pharmaceutical business, as Etoel® (nintedanib), which was launched in 2025, is now expected to fall below the initial budget.

Meanwhile, in the pharmaceutical business as a whole, sales of the Company's core product, ETUARY®, continue to perform steadily, and revenue is expected to reach a record high for the 12th consecutive fiscal year since its launch in 2014. In addition, in the Medtech business, following the acquisition of Berkeley Advanced Biomaterials (BAB) in 2017, revenue is expected to reach record highs for the 9th consecutive fiscal year.

As a result, consolidated revenue is expected to increase by JPY 3,230 million compared to the previous fiscal year, to JPY 26,841 million.

ii. Profit

(1) Deferral of the listing of consolidated subsidiary Cullgen

In the Group's pharmaceutical (Biotech) business, Cullgen Inc. ("Cullgen"), a core subsidiary, has been pursuing a listing on the NASDAQ market in the United States, subject to approval of a reverse merger transaction by the China Securities Regulatory Commission ("CSRC"). The Group had expected the review to be completed and the listing to be achieved within the fiscal year ending December 2025. However, as the approval remains pending at this time, the listing gain of JPY 22,854 million that had been included in the profit forecast for the fiscal year ending December 2025 has been excluded. Furthermore, while the initial forecast assumed Cullgen would transition to an equity-method affiliate following its listing, a change in the timing of the listing has resulted in Cullgen remaining a consolidated subsidiary for the second half of the fiscal year. Accordingly, its full-year estimated operating loss of JPY 3,996 million is now reflected in this revised forecast.

(2) Impairment Losses

As a result of impairment tests conducted by an independent third-party firm, the recoverable amounts of goodwill related to MICREN Healthcare Co., Ltd., intangible assets related to Shanghai Genomics Technology, Ltd., and fixed assets related to Shanghai Rui Fu International Trade Co., Ltd. were determined to be below their carrying amounts, and an impairment loss totaling JPY 468 million is expected to be recognized.

Furthermore, with respect to the transaction review related to Cullgen's listing, the approval process remains ongoing. As disclosed on December 19, 2025, the Group is continuing its efforts toward the early realization of the listing while considering alternative options.

If the listing is realized in the future, any listing gain will be recognized in the financial results for the accounting period in which the listing occurs; however, the actual amount of such gain will vary depending on the initial public offering price on the listing date as well as foreign exchange movements.

*This forecast is based on information available as of the date of this disclosure, and actual results may differ from the projections.