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Company Name: GNI Group Ltd.
Representative: Director, Representative Executive Officer, President and CEO
Ying Luo, PhD
(Security Code: 2160, TSE Growth)
Contact Person: Director, Executive Officer, Vice President COO and CFO
Ryosuke Matsui
(TEL. 03-6214-3600)

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**

Q1: When do you plan to acquire the shares of Gyre Pharmaceuticals?

A1: Under the plan established at the time of the public offering, we aim to complete the acquisition by the end of December 2026. However, this timeline was an assumption based on the financing period and may fluctuate depending on the status of negotiations with the counterparty. Nevertheless, as our top priority is the maximization of shareholder value, we maintain a flexible policy, which may include prioritizing other projects if they demonstrate higher growth potential. We may also revise the priority of capital allocation after comprehensively considering the scale and status of other projects disclosed as "use of proceeds." In any event, we will provide timely disclosure to investors as soon as the probability of a specific outcome increases.

- **Revision of Full-Year Earnings Forecast in January 2026**

Q2: Why was the revision of the full-year earnings forecast not disclosed sooner?

A2: The disclosure was made at this time because it was necessary to take time to assess changes in the external environment that occurred at the end of the year, and to accurately reflect these changes in the year-end accounting valuation procedures conducted annually. Since the performance of Cullgen significantly impacts our results FY2025, we prioritized disclosing Cullgen's impact and other confirmed revisions first. Specifically, we had prepared a revision in mid-December. However, a timely disclosure from our partner,

Pulmatrix on December 19 changed the situation, making it impossible to finalize our financial landing point until the fiscal year-end on December 31.

Furthermore, as we hold goodwill and intangible assets, we conduct asset valuation (impairment testing) in January as part of our closing procedures, in collaboration with external appraisal firms and audit firms. We have proceeded with caution to ensure the aforementioned changes were reflected in this standard valuation process. We remain committed to disclosing transparent financial statements.

- **Regarding F351**

Q3: GYRE's disclosure on January 5, 2026, mentioned the inclusion of early compensated liver cirrhosis (F4). Why was this omitted from your company's disclosure?

A3: There was no other intent behind the decision not to include the reference to "early compensated cirrhosis (F4)" in our disclosure dated January 6, 2026, as you suggested.

As timely disclosures are, by nature, intended to report newly arising material facts, we (GNI) determined it appropriate to avoid duplicating previously disclosed information and instead focus on newly occurring matters. The reason for its omission was that this information had already been disclosed in our timely disclosure dated May 23, 2025, titled "Regarding the Results of the Phase 3 Clinical Trial of Liver Fibrosis Treatment Drug F351 in China" This disclosure was intended primarily to promptly and concisely communicate to investors the "new progress regarding priority review" following GYRE's announcement.

Q4: What are the "ongoing regulatory interactions," "outstanding requirements," and "CHB-associated liver fibrosis" mentioned in GYRE's Form 8-K and press releases?

A4: With respect to specific review status and detailed communications with regulatory authorities contained in materials disclosed by GYRE, GNI is unable to disclose information that GYRE, as a U.S.-listed company, has not made public. In the pharmaceutical industry, communications with regulatory authorities constitute highly confidential information, and disclosure could risk undermining competitive advantage. Accordingly, such information is customarily not disclosed in line with industry practice.

However, GNI's views on commonly accepted general definitions to assist investor understanding are as follows:

1. **Disease Area: CHB-associated liver fibrosis:** CHB-associated liver fibrosis refers to liver tissue stiffening caused by chronic hepatitis B (CHB). This is the core disease area targeted by F351, and suppressing or improving disease progression is the primary objective of its development. Depending on context, it may also be referred to as CHB liver fibrosis, but the substantive meaning is the same and does not indicate any change in the target indication.
2. **Process Status: Ongoing Regulatory Interactions:** "Ongoing Regulatory Interactions" is a neutral technical term referring to all communications between a company and regulatory authorities such as the FDA or CDE. The term "ongoing" indicates that, in the course of the drug review process, there are continuing two-way exchanges, including questions and answers and data verification.
3. **Action Items: Outstanding Requirements:** "Outstanding Requirements" refers to outstanding confirmations or procedural steps requested by regulatory authorities that remain to be addressed before a final decision is reached. These are standard steps in the approval process, and resolving them sequentially represents steady progress toward approval.

The sentence in which the above technical terms were used is as follows (Extracted from GYRE disclosures):
"The Company remains on track to advance regulatory filing activities and intends to proceed with the NDA submission for Hydronidone in China upon completion of ongoing regulatory interactions and resolution of any outstanding requirements."

Through timely disclosures by GYRE (January 5, 2026 PST) and by GNI (January 6, JST), it was announced that an agreement had been reached with the China Center for Drug Evaluation (CDE).

(Extracted from GYRE disclosures)
"During the meeting, Gyre Pharmaceuticals and the CDE reached consensus that existing Phase 3 clinical data for Hydronidone, based on histologic improvement in liver fibrosis as measured by the Ishak fibrosis score, are generally supportive of submission of a conditional approval NDA for the treatment of chronic hepatitis B (CHB)-associated liver fibrosis, including early (compensated) cirrhosis. The CDE further indicated that Hydronidone meets the criteria for inclusion in China's Priority Review and Approval Program for Innovative Drugs, subject to formal filing, acceptance and regulatory review."

GNI's independent view:
This disease area targeted by F351 represents a globally significant unmet medical need for which no effective therapies currently exist. GYRE's close engagement with regulatory authorities and steady progress through each process represent meaningful advancement toward delivering new hope to patients, and GNI is monitoring these developments with optimism.

Q5: <u>Will Phase 3c clinical trial affect the NDA submission schedule? If it does not affect the schedule, please disclose information about it.</u>

A5: Specific details regarding the clinical trial design and communications with regulatory authorities have not been disclosed in this release. With respect to additional requests for information, GNI is unable to disclose matters that have not been made public by GYRE, a company listed in the U.S. market, including specific review status or detailed communications with regulatory authorities contained in GYRE's disclosures. In the pharmaceutical industry, communications with regulatory authorities constitute highly confidential information, and disclosure could risk undermining competitive advantage. Accordingly, such information is not disclosed in line with industry practice.
For reference, based on timely disclosures by GYRE (January 5, 2026 PST) and the GNI (January 6, JST), we have extracted and paraphrased relevant portions that, in GNI's view, may address the inquiry:

"As part of the agreed regulatory pathway, the Company plans to conduct an additional confirmatory clinical trial (referred to as a Phase 3c trial in China) designed to evaluate liver-related clinical outcomes to support potential conversion from conditional approval to regular approval."

"The Company currently expects to submit an NDA for conditional approval of Hydronidone in the first half of 2026, subject to final data readiness and applicable regulatory procedures."

GYRE's CEO, Ping Zhang, commented:

"We are encouraged by the positive and constructive Pre-NDA dialogue with the CDE and the alignment achieved on a clear regulatory pathway. This milestone reflects the strength of our Phase 3 clinical data and supports our plans to advance Hydronidone toward conditional approval in China."

GNI's independent view:

As this additional study is part of the regulatory pathway agreed upon with the CDE, it is intended to support the transition from conditional approval to regular approval. It is not an obstacle that would delay the NDA submission; rather, it represents a constructive step toward delivering new hope to patients as promptly as possible.

While specific details regarding trial design and regulatory communications are not disclosed in this release, the above schedule and positioning of the study are based on publicly available information disclosed by GYRE. GNI will continue to monitor the progress accordingly and will provide timely updates once any material developments requiring disclosure, such as completion of the NDA submission, are confirmed.

- **Regarding Cullgen (Drug Discovery Business)**

Q6: Is the joint development with Astellas Pharma proceeding smoothly? When will the next milestone occur?

A6: regarding the joint research and development with Astellas Pharma, we refrain from disclosing specific progress or the timing of milestones due to a confidentiality agreement concluded with them. We appreciate your understanding that this is a standard industry response.

Q7: What is the acquisition amount for Pulmatrix? What are the positive elements of removing the solicitation clause?

A7: Under the previously disclosed transaction structure, Pulmatrix shares are not being acquired for cash, and therefore no cash outflow is incurred in connection with the acquisition. At the closing of the transaction, Cullgen shareholders will subscribe for Pulmatrix shares under this structure.

Next, with respect to the impact of the waiver of the non-solicitation provision, both parties mutually waived this provision in December 2025, which allows each company to continue with the original merger framework while simultaneously exploring other strategic alternatives. In GNI's view, this provides flexibility to respond to changing circumstances and helps secure options to maximize shareholder value.

- **Withdrawal from the China business**

Q8: An explanation regarding tariffs was provided in April 2025, but the current Japan-China and US-China situations seem to have a greater impact. Is there no explanation regarding measures such as sale of the China business explanation to shareholders?

A8: We understand your anxiety regarding the current situation where "other companies are withdrawing."

However, looking back at the early 2000s, many manufacturing industries argued "China Risk" due to the SARS epidemic, anti-Japanese sentiment, and opaque legal systems, leading them to withdraw from China or freeze investments.

However, as history has proven, companies that withdrew in fear of risks at that juncture lost the explosive

growth opportunities in the Chinese market that followed.

The current pharmaceutical industry is exactly in this historical cycle. The movements of major pharmaceutical companies downscaling their bases in 2024 and 2025 overlap with the withdrawal drama of the manufacturing industry in the past. However, China now holds 40% of the global new drug license share, accounts for approximately 70% of next-generation anti-cancer drugs (ADCs) under development globally, and accounts for 68% of global patent applications in AI drug discovery pipelines. The China of today, leading the world, is no longer the manufacturing base of 20 years ago, but a source of innovation.

For a company like ours, which possesses a "local production for local consumption" model completed within China and has built a drug discovery ecosystem, to dare to withdraw and leave this arena now would be nothing less than voluntarily abandoning the business cycle demonstrated by past success stories. We firmly believe that making decisions based on tangible benefits from a medium- to long-term perspective is the path to maximizing shareholder value.