



**Differences between previous forecast and actual figures  
in FY2021 consolidated financial statements**

**February 15, 2022** – GNI Group Ltd., (TSE Mothers listed code: 2160, hereinafter referred to as GNI Group or the Company) today announced the differences between the forecast figures disclosed previously on August 11, 2021, and the final figures in fiscal year 2021 (January through December 2021) as follows.

**1) The differences between the forecast and the final figures for fiscal year 2021**

	Revenue (¥ Million)	Operating profit (¥ Million)	Profit before tax (¥ Million)	Profit for the year (¥ Million)	Profit attributable to owners of the parent (¥ Million)	Basic earnings per share (¥)
Previous Forecast (A)	12,753	1,828	1,245	410	1,235	26.04
Actual (B)	12,690	1,624	1,107	55	1,066	22.72
Difference (B-A)	(63)	(203)	(138)	(355)	(169)	-
Difference in ratio (%)	(0.5)	(11.1)	(11.1)	(86.5)	(13.7)	-
(Reference) 2020 Actual	9,773	1,869	1,805	1,365	1,258	28.96

**2) The reasons for the differences and the future prospect**

At ¥1.6 Billion, Operating profit decreased 11% from the August 11, 2021 revised forecast. This result was primarily due to increased investments in our core R&D drug development and clinical trial activities in China and the USA; capital expenditures for the expansion of our manufacturing capacity in China to support further future drug sales; higher sales and marketing costs for our pharmaceutical sales in China; and costs associated with Beijing Continent Pharmaceutical Co., Ltd's IPO preparations (approx. ¥163 Million) incurred in Q4.

The Group's Profit after tax was ¥55.2 Million, a decrease of 86% vs. our forecast in August. This result was primarily due to non-cash accruals for interest expense (approx. ¥600 Million) associated with the cumulative Series A and B financings at Cullgen Inc. Note that such non-cash expenses would only be due and payable under the circumstances that Cullgen has not completed an IPO by 2024. (For reference, without the non-cash accrual, profit after tax for FY2021 would have actually totaled ¥666 Million, 62% higher the August revised forecast.)

Additionally, Profit after tax for the year was also impacted by the increased tax expenses of approx. ¥220 Million related to capital gains on the sale of two of the Company's strategic corporate investments during the year, Reveal Bioscience and IriSys LLC. These transactions can be found in the releases on our website of August 11 and August 16, respectively. Due to the nature of the transaction, it was not feasible to accurately forecast the tax consequences of the Irisys exit. At the time of the August revision, we had forecasted only one half of the final tax impact.



**About GNI Group Ltd.**

GNI Group Ltd. is a multinational pharmaceutical company listed on the Tokyo Stock Exchange Mothers Market, Code 2160. The Group is headquartered in Tokyo, with primary business units of pharmaceuticals and medical devices with subsidiaries in Hong Kong, Shanghai, Beijing and the United States. For further information about GNI Group Ltd., please visit [www.gnipharma.com](http://www.gnipharma.com).

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This press release contains "forward-looking" statements, including statements related to the Group's plans to pursue development of product candidates and the timing thereof. Any statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "continue," "expected to," "will" and similar expressions are intended to identify these forward-looking statements. There are a number of important factors that could cause the Group's results to differ materially from those indicated by these forward-looking statements, including risks associated with the timing and success of clinical trials and the commercialization of product candidates. The Group does not undertake any obligation to update forward-looking statements.