



May 9, 2023

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GNI's Consolidated Subsidiary Cullgen Raises \$40 Million in New Financing Led by AstraZeneca-CICC Fund

GNI Group Ltd., (TSE Growth listed code: 2160; "the Company" or "we") is pleased to announce that Cullgen Inc. ("Cullgen"), a consolidated subsidiary of the Company, has issued the following press release regarding its new Series C financing.

https://static1.squarespace.com/static/5b3fe5e4e74940738db89019/t/645956585073cd69981f6b47/1683576408807/Cullgen_Series_C_Investment_US_Release_final_5-8-2023_PDF.pdf

Targeted Protein Degradation ("TPD") technology is at the core of the drug discovery activities of the Company and its affiliates ("the Group") and is a key enabling technology for the future development of the Group. We have invested in TPD technology through Cullgen in the past. The Company provided seed round funding for Cullgen when it was established in March 2018, and since then, the Group has been supporting Cullgen not only financially but also in management; since Cullgen's foundation, our President and CEO, Dr. Ying Luo, has also been serving as Cullgen's President, and since 2021, our Director Thomas Eastling has been serving as Cullgen's CFO.

In this financing, GNI USA, one of our subsidiaries in the US, made an additional investment of US\$6 million (¥800 million) and exercised US\$5 million (¥670 million) of Cullgen's stock acquisition rights held by GNI USA. As a result, after the financing, the Group's ownership interest in Cullgen increased to 31.39% from 28.31% before the financing. The impact of this investment on the Group's consolidated financial results for the current fiscal year is expected to be immaterial.

We intend to continue fully supporting Cullgen and take full advantage of its TPD technology for the development of our group's pharmaceutical business through cooperation and alliances both within and outside of our group.

About GNI Group Ltd.:

GNI Group Ltd. is a global healthcare company listed on the Growth Market of the Tokyo Stock Exchange, and is engaged in drug discovery, development of pharmaceuticals and biomaterials, clinical trials, manufacturing, sales, and consulting services to support the introduction of medical devices to Japan across the US, China, and Japan. For more information, please visit our website below:

<https://www.gnipharma.com/>

About Cullgen Inc.:

Cullgen is a privately held clinical-stage biopharmaceutical company dedicated to the development of first-in-class new chemical entities (NCEs) for the treatment of diseases lacking effective therapeutic approaches. The company applies its proprietary uSMITE™ (ubiquitin-mediated, small molecule-induced target elimination) platform to expand the drug design paradigm beyond functional site inhibition, enabling the targeting of historically “undruggable” proteins for selective destruction. Leveraging years of work by its founders on the proteasome system and key discoveries regarding its functionality, Cullgen has successfully generated multiple highly potent, selective, and bioavailable targeted protein degrader compounds that utilize proprietary novel E3 ligands. For more information, please visit Cullgen’s website below:

www.cullgen.com.

This material contains statements concerning the current plans, expectations and strategies of GNI Group Ltd. (“the Company”). Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements may include, but are not limited to, words such as “believe,” “plan,” “strategy,” “expect,” “forecast,” “possibility” and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the Company, based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements.

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