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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)

Notice Regarding Issuance of Stock Acquisition Rights (Paid-in Stock Options)

(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" including its subsidiaries and affiliates, "the Group") hereby announces that the company, pursuant to the resolution of its Board of Directors meeting held on April 23, 2025, and in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act, has resolved to issue Stock Acquisition Rights to its Directors and Executive Officers as described below. Furthermore, these Stock Acquisition Rights will be issued for consideration at a fair price to the subscribers, and since the terms are not particularly favorable, this issuance will be implemented without requiring approval at a general shareholders' meeting. Additionally, these Stock Acquisition Rights are not granted as remuneration, but rather subscribed for at the discretion of each eligible person based on their individual investment judgment; rather, the subscription will occur based on the individual investment decisions of each subscriber.

I. Purpose and Reasons for the Offering of Stock Acquisition Rights

The Group has set its strategic objective to become a global pharmaceutical company by addressing the needs of patients suffering from diseases for which no effective treatment is currently available, through the research and development of innovative medicines. This vision relies on leveraging the Group's proprietary drug discovery platform to create therapies that address Unmet Medical Needs.

In line with this strategy, the Company's Board of Directors will issue paid stock options to Directors and Executive Officers, with the primary condition for vesting being the approval of the New Drug Application (NDA) in China for F351, which targets liver fibrosis caused by chronic hepatitis B.

The approval of F351 is a transformative event for the company, expected to significantly enhance the corporate and stock value of the company. This initiative demonstrates the Board's strong commitment to focusing

management resources and executive efforts on this singular objective, reinforcing the company's dedication to achieving it. Furthermore, this aligns with the pay-for-performance principle; the stock options will only be exercisable upon reaching a clearly defined corporate goal that directly benefits shareholders.

Gaining new drug approval and successfully guiding F351 toward commercial success will serve as a critical catalyst for the Group's ambition to become a global pharmaceutical company. The company also plans to use the anticipated cash flow from this success to further increase corporate and stock value. This will involve executing necessary measures for global expansion, including talent acquisition and development, drug discovery, research and development, expanding sales networks, investing in factories, and pursuing strategic mergers and acquisitions—all aimed at addressing additional Unmet Medical Needs.

Moreover, if F351, recognized as a potential breakthrough therapy, receives new drug approval, its development track record is expected to enhance the Group's international credibility. The company believes this will significantly facilitate partnerships and licensing negotiations with overseas collaborators. The company will also fully leverage the existing infrastructure, including established research and development bases in the United States and China, for global expansion once the company reach this milestone.

The total number of common shares of the Company that would be issued if all new stock options are exercised represents 1.31% of the total outstanding shares. However, because the issuance of new shares through these stock options depends on achieving the key milestone of new drug approval and coincides with a substantial increase in the Group's corporate and stock value, this mechanism is designed to generate greater corporate and stock value than the potential dilutive effect.

The milestone targeted by these paid stock options is not an end goal; it represents a turning point that signifies the beginning of the Group's transformation into a global pharmaceutical company. The company confident that through this success, the Group will enter a new stage of growth, provide innovative treatments to more patients, and contribute to the long-term interests of all stakeholders, including shareholders.

II. Outline of the Issuance of Stock Acquisition Rights

1. Number of Stock Acquisition Rights 6,550 units Furthermore, the total number of shares that can be delivered upon the exercise of these Stock Acquisition Rights shall be 655,000 shares of the Company's common stock. However, if the number of shares granted per Subscription Right (the "Number of Granted Shares") described in 3. (1) below is adjusted, the total number shall be the adjusted Number of Granted Shares multiplied by the total number of Stock Acquisition Rights.
2. Amount to be Paid in Exchange for Stock Acquisition Rights The issue price per Subscription Right to Shares shall be 1,594 yen. This amount is the value of these Stock Acquisition Rights calculated by Akasaka International Accounting Co., Ltd., a third-party valuation firm, using the Monte Carlo simulation, a standard option pricing model, taking into account the Company's stock price information and other factors.
3. Details of the Stock Acquisition Rights
 - (1) Class and Number of Shares Subject to the Stock Acquisition Rights
The number of shares subject to each Subscription Right to Shares (hereinafter referred to as the

"Number of Granted Shares") shall be 100 shares of the Company's common stock. Furthermore, in the event that the value of the assets to be contributed upon exercise of the Stock Acquisition Rights requires adjustment as provided in (2) below, the number of shares subject to the Stock Acquisition Rights (the Number of Granted Shares) shall be adjusted accordingly.

$$\text{Adjusted Number of Shares} = \frac{\text{Pre-Adjustment Number of Shares} \times \text{Pre-Adjustment Exercise Price}}{\text{Post-Adjustment Exercise Price}}$$

The adjustment of the number of shares subject to the aforementioned stock options shall be made only for the number of shares subject to stock options that have not been issued or exercised at the time any event causing the adjustment occurs. In addition, if a fraction of less than one share results from the calculation, it shall be rounded up.

(2) Value of Assets to be Contributed Upon Exercise of Stock Options or Calculation Method The value of the assets to be contributed upon the exercise of these stock options shall be the amount obtained by multiplying the number of shares granted by the amount to be paid per share (hereinafter referred to as the "Exercise Price"). The Exercise Price shall be 1,800 yen, which is the closing price of the ordinary transaction of The Company's shares on the Tokyo Stock Exchange on 22 April 2025, the trading day immediately preceding the date of the Board of Directors' resolution regarding the issuance of these stock options.

Furthermore, if the Company conducts a stock split or reverse stock split after the allotment date of these stock options, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up.

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{1}{\text{Ratio of Stock Split (or Consolidation)}}$$

Furthermore, if the Company, after the allocation date of these stock options, issues new shares of its common stock or disposes of treasury shares at a price below the market price (excluding cases of issuing new shares or disposing of treasury shares due to the exercise of stock options and the transfer of treasury shares through a share exchange), the exercise price shall be adjusted according to the following formula, with any fractional amount less than one yen resulting from the adjustment being rounded up.

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{\frac{\text{Number of Shares Outstanding} + \frac{\text{Number of Newly Issued Shares} \times \text{Issue Price per Share}}{\text{Market Price per Share Before New Issuance}}}{\text{Number of Shares Outstanding} + \text{Number of Newly Issued Shares}}}$$

Regarding the aforementioned calculation formula, the term "Number of Issued Shares" refers to the total number of issued shares of the Company's common stock, excluding the number of treasury shares of the

Company's common stock. In the event that the Company disposes of its treasury shares of common stock, the term "Number of Newly Issued Shares" shall be replaced with "Number of Treasury Shares to be Disposed of."

In addition to the above, if, after the allocation date of these Stock Acquisition Rights, the Company merges with another company, carries out a company split, or if any other event occurs that reasonably requires an adjustment to the exercise price in a manner similar to the foregoing cases, the Company may make such adjustments to the exercise price as it deems appropriate within a reasonable scope.

(3) Exercise Period of Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall commence upon the Company's confirmation that all of the exercise conditions set forth in (6) (i), (ii), and (iii) below have been satisfied, and shall continue until April 23, 2035.

(4) Matters Concerning the Increase in Capital Stock and Capital Surplus

- ① The amount of increase in capital stock in the event that shares are issued upon the exercise of these Stock Acquisition Rights shall be one-half of the Capital Stock Increase Limit calculated in accordance with Article 17, Paragraph 1 of the Company Calculation Regulations. If a fractional amount of less than one yen results from the calculation, such fraction shall be rounded up.
- ② The amount of increase in capital surplus in the event that shares are issued upon the exercise of these Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increase in capital stock stipulated in ① above from the Capital Stock Increase Limit stipulated in ① above.

(5) Restriction on Acquisition of Stock Acquisition Rights by Transfer

The acquisition of these Stock Acquisition Rights through transfer shall require the approval of a resolution by the Company's Board of Directors.

(6) Conditions for Exercise of Stock Acquisition Rights

- ① Fulfillment of all of the following exercise conditions (i), (ii), and (iii) must be confirmed.
 - (i) F351, targeting liver fibrosis resulting from chronic hepatitis B, must receive new drug approval in China.
 - (ii) The local currency sales revenue of the pharmaceutical business for the fiscal year ending December 2025 must exceed 753.18 million yuan (Reference information: Fiscal year ended December 2024: 753.18 million yuan = 15,847 million yen).
 - (iii) The local currency sales revenue of the medtech business for the fiscal year ending December 2025 must exceed 34.08 million US dollars (Reference information: Fiscal year ended December 2024: 34.08 million US dollars = 5,169 million yen).
- ② The Company may repurchase the Stock Acquisition Rights if the Stock Acquisition Right holder falls under any of the following cases:
 - a) There has been a violation of the work regulations, other internal rules, or laws and regulations.
 - b) In the case where the grantee was a director or executive officer at the time of grant, they must

still hold the position of director or executive officer at the time of exercise; however, this shall not apply if the Company grants approval.

c) Any other act that causes damage to the Company intentionally or through negligence.

③ In the event of the death of the Stock Acquisition Right holder, the heir of the Stock Acquisition Right holder may exercise the rights.

④ Partial exercise of one Stock Acquisition Right is not permitted.

⑤ Prior to the confirmation of the conditions stated in (i), (ii), and (iii) above, in the event that (i) a merger agreement in which the Company is the dissolving company is approved at a shareholders' meeting, or a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary is approved at a shareholders' meeting (provided, however, that this shall not apply in any case where new stock acquisition rights with the same terms and conditions as these Stock Acquisition Rights are newly issued by the surviving company or the Company's wholly-owning parent company), (ii) all or substantially all of the Company's assets are sold, or (iii) a third party acquires shares representing 50% of the voting rights of all shareholders of the Company, the Company shall notify the Stock Acquisition Right holders to that effect, and the Stock Acquisition Right holders may exercise all unexercised Stock Acquisition Rights granted to them within 15 days after receiving such notice, notwithstanding the above conditions.

⑥ Other conditions for the exercise of rights shall be as stipulated in the Stock Acquisition Right Allotment Agreement to be concluded between the Company and the Stock Acquisition Right holder.

4. Stock Option Allocation Date: May 9, 2025

5. Application Deadline: May 7, 2025

6. Date for Payment of Consideration for Stock Options: May 9, 2025

7. Payment Handling Location for Consideration for Stock Options:

The payment handling bank and location for the consideration for the stock options are as follows:

(Handling Bank) Sumitomo Mitsui Banking Corporation, Shibuya Ekimae Branch

(Handling Location) 1-7-4 Dogenzaka, Shibuya-ku, Tokyo

8. Matters Concerning Stock Option Certificates Related to Stock Options:

Stock option certificates will not be issued for these stock options.

9. Recipients of Stock Option Allocation and Number of Options:

Recipient Category	Number of Recipients	Number of Stock Options Allocated
Company Directors	7	6,050
Company Executive Officer	1	500
Total	8	6,550

10. Method of Exercising Stock Options and Place for Exercise Request: To exercise stock options, the grantee shall fill out the Company's prescribed stock option exercise request form with the necessary

information, including the details and number of stock options to be exercised, the exercise date, the number of shares subject to exercise, and their address, affix their name and seal, and submit it to the Company's head office, along with any separately specified documents required for the exercise of stock options and other documents required from time to time under the Financial Instruments and Exchange Act and other relevant laws and regulations (including the rules set by the Japan Securities Dealers Association and Japanese stock exchanges). Simultaneously, the grantee shall pay the full amount of consideration due upon such exercise to the handling bank at the Company's designated payment handling location. The effect of the stock option exercise shall arise when the aforementioned necessary documents reach the Company and the payment is completed.

The initial handling bank and handling location are as follows:

(Handling Bank) Sumitomo Mitsui Banking Corporation, Shibuya Ekimae Branch

(Handling Location) 1-7-4 Dogenzaka, Shibuya-ku, Tokyo