August 13, 2025

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Extracted from Japanese version)

[Japanese GAAP]

Company name: Kidswell Bio Corporation
Listing: Tokyo Stock Exchange
Stock code: 4584
URL: https://www.kidswellbio.com/en/
Representative: Shinya Kurebayashi, President & CEO
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Preparation of supplementary materials for financial results: Yes
Holding of financial result meeting: No

(All amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Results of operations (Cumulative) (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	1,720	256.3	184	-	175	-	157	-
June 30, 2024	482	-	(158)	-	(176)	-	(176)	-

(Note) Comprehensive income
For the three months ended June 30, 2025: 196 million yen (-%), For the three months ended June 30, 2024: (176) million yen (-%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	3.31	3.28
June 30, 2024	(4.49)	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	6,579	2,047	30.1
March 31, 2025	7,008	1,410	19.1

(Reference) Shareholders' equity As of June 30, 2025 : 1,979 million yen, As of March 31, 2025 : 1,338 million yen

2. Cash Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced : None

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2026	5,000 ～5,500	(1.6) ～(8.2)	(1,000) ～-(1,700)	-	-	-	-	-

(Note) For the fiscal year ending March 31, 2026, the Company will disclose its consolidated earnings forecast only for net sales and operating profit in the form of a range. For details, please refer to the attached document, page 5. "Future Outlook."

*** Notes**

(1) Significant changes in the scope of consolidation during the period：None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements：None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations ：None

b. Changes in accounting policies due to other reasons ：None

c. Changes in accounting estimates ：None

d. Restatement ：None

(4) Number of issued shares (common shares)

a. Number of issued and outstanding shares at the period end (including treasury stock)
As of June 30, 2025: 47,644,382 shares
As of March 31, 2025: 43,881,013 shares

b. Number of treasury shares at the end of period
As of June 30, 2025: 94 shares
As of March 31, 2025: 94 shares

c. Average number of shares outstanding during the period
Three months ended June 30, 2025: 47,452,944 shares
Three months ended June 30, 2024: 39,316,605 shares

*This summary report on Kidswell Bio's financial statements is not subject to audit procedures.

*Cautionary statement with respect to forward-looking statements, and other special items

(Notes to information regarding future)

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and the information available to the Company at the time these materials were made. These materials on future performances are not promises by the Company. Actual performance may differ significantly from these forecasts for several reasons. Please refer to "III. Future Outlook" on page 5 for the details.

(How to obtain supplemental financial information)

Materials for the supplemental financial information are available on the Company's website (https://www.kidswellbio.com/en/).

○Table of Contents of the Attachment

I. Financial results and business updates for the current fiscal quarter in FY 2025

Kidswell Bio Corporation Group (the "Group") is engaged in two businesses: the Biosimilar Business, which involves the development and the supply of biosimilar active pharmaceutical ingredients etc., ("biosimilars"), and the Cell Therapy Business (Regenerative Medicine), in which our wholly owned subsidiary, S-Quatre Corporation ("S-Quatre"), aims to commercialize regenerative medicine products utilizing SQ-SHED, proprietarily developed by S-Quatre.

Note: SHED stands for Stem cells from Human Exfoliated Deciduous teeth.

During the cumulative first quarter of the fiscal year, the Group steadily executed planned deliveries of biosimilars to meet continued solid demand. As a result, net sales significantly exceeded the prior-year level, amounting to 1,720,632 thousand yen (up 256.3% year-on-year, compared with 482,957 thousand yen in the same period of the previous year). This substantial increase in sales led to an operating profit of 184,652 thousand yen (compared with an operating loss of 158,943 thousand yen in the previous year), an ordinary profit of 175,617 thousand yen (compared with an ordinary loss of 176,289 thousand yen in the previous year), and profit attributable to owners of parent of 157,126 thousand yen (compared with a loss attributable to owners of parent of 176,694 thousand yen in the previous year).

As for the full-year consolidated earnings forecast for the current fiscal year, there is no change at this time from the range forecast announced on May 13, 2025—net sales of 5,000,000 to 5,500,000 thousand yen and operating loss of 1,000,000 to 1,700,000 thousand yen—as stated in II-2 Outlook for Future Performance below.

The progress of each business segment during the cumulative first quarter is as follows.

1. Biosimilar Business

In the Biosimilar Business, the Group is working to strengthen and maintain a stable supply system for biosimilars as well as to reduce manufacturing costs. Among these initiatives, technology transfer and manufacturing process development for certain biosimilars to a new contract development and manufacturing organization (CDMO) were completed, and in May 2025, the Pharmaceuticals and Medical Devices Agency (PMDA) approved the addition of this CDMO. From FY2026, following finished formulation, quality control testing, and other necessary procedures, a full-scale transition to lower cost biosimilars manufactured by this CDMO is planned, which is expected to significantly improve profit margins and enable the achievement of full-year consolidated operating profitability in that fiscal year.

To further grow the business, in May 2025, a Master Service Agreement was entered into with Mycenax Biotech Inc. ("MBI"), a Taiwan-based biopharmaceutical CDMO with extensive experience in the development and manufacturing of biopharmaceuticals including biosimilars, together with Chiome Bioscience Inc. ("Chiome"), a business partner of the Company. Cell line development has commenced for several new biosimilars that have been under consideration. Regarding the selection of partner pharmaceutical companies for the development and commercialization of these biosimilars, discussions are underway with multiple domestic and overseas pharmaceutical companies, with the aim of concluding joint development and commercialization agreements by the end of September 2025.

Furthermore, to establish a stable domestic supply system for biosimilars in Japan, an application was jointly submitted with Alfresa Holdings Corporation ("Alfresa Holdings") and Chiome to the Ministry of Health, Labour and Welfare (MHLW) for the "Subsidy Program for the Development of Domestic Manufacturing Facilities for Biosimilars". The application was approved in May 2025. Going forward, the four companies, including MBI, will work together to steadily develop manufacturing facilities for both APIs and drug products of biosimilars at a domestic candidate site.

2. Cell Therapy Business

In the Cell Therapy Business, based on the characteristics of SQ-SHED independently developed by S-Quatre, diseases for which therapeutic effects are anticipated—such as cerebral palsy and bone diseases—have been selected for research and development. For cerebral palsy, in the clinical research using autologous (patient-derived) SQ-SHED led by Nagoya University since June 2023 based on the results of joint research, administration of SHED to the third and final pediatric patient was completed in June 2025. Observation in the first patient has been completed, and observation for the second and third patients is ongoing.

With respect to allogeneic SQ-SHED for the same indication in Japan (development code: GCT-103), preparations for initiating a company-sponsored clinical trial are underway in collaboration with Mochida Pharmaceutical Co., Ltd. ("Mochida Pharmaceutical"), based on the joint business development agreement concluded in March 2025. Under this arrangement, Mochida Pharmaceutical is primarily responsible for conducting clinical trials, while S-Quatre is primarily responsible for the manufacturing of SQ-SHED.

Regarding the clinical development in overseas markets, in a feasibility assessment conducted in 2024 by a major global CRO on S-Quatre's existing non-clinical study data, the manufacturing process under development, and planned studies, it was confirmed

that the necessary data acquisition and process development were progressing smoothly. Based on these results, preparations for a pre-Investigational New Drug (pre-IND) meeting with the U.S. Food and Drug Administration (FDA) have been initiated in collaboration with the same CRO, and these preparations are proceeding smoothly.

In terms of manufacturing development, a large-scales manufacturing method, proprietary optimized for SQ-SHED, was successfully developed in cooperation with Corning Incorporated ("Corning"), a leading global manufacturer of cell culture equipment. This technology was jointly presented with Corning at the International Society for Cell & Gene Therapy (ISCT) Annual Meeting held in the United States in May 2025. Furthermore, to advance manufacturing process development for late-stage clinical trials and commercial production, initiatives are progressing under a joint development agreement with Nipro Corporation, a company engaged in CDMO business. Technology transfer from S-Quatre has been completed, and development of the manufacturing process is now underway.

As for other research progress, regarding congenital isolated hypoganglionosis, a joint application with Kyushu University to the Japan Agency for Medical Research and Development (AMED) was approved in April 2025. In addition, research and development of next-generation SQ-SHED with enhanced functionality through genetic modification and improved culture methods is underway, aiming to achieve higher therapeutic efficacy and expand into new disease areas. In June 2025, as a result of joint research with the Department of Neurosurgery at Nagoya University Graduate School of Medicine, it was confirmed that next-generation SHED incorporating the NEUROD4 gene (ND4-SHED) demonstrated superior motor function recovery compared with conventional SHED in a spinal cord injury model. These research results were presented at the 40th Annual Meeting of the Neurospinal Society of Japan. Furthermore, in July 2025, as a result of joint research with Hamamatsu University School of Medicine, it was confirmed that SHED loaded with an oncolytic virus exhibited a higher tumoricidal effect in a brain tumor model compared with administration of the virus alone. These results were presented at the 31st Annual Meeting of Japan Society of Gene and Cell Therapy (JSGCT2025).

II. Future Outlook

1. Management Policy

The Group operates under the corporate philosophy of "Biotech Engineering Company, Striving for Value Creation – For Comprehensive Healthcare System for Children as well as Families and Society –," and upholds the management vision of "Empowering children and enabling children to empower others." Leveraging expertise and know-how in biopharmaceutical research and development accumulated through past business activities, the Group promotes research and development in two business areas. In the Biosimilar Business, the objective is to create an environment in which more patients can receive safe and continuous treatment. In the Cell Therapy Business (Regenerative Medicine), the focus is on developing innovative therapies that support patients, particularly those suffering from pediatric or rare diseases, their families, and the healthcare professionals involved in their care. Under this management policy, the Group aims to achieve a balance between stability and growth by reinvesting and applying the sustainable earnings generated from the Biosimilar Business and the biopharmaceutical R&D know-how accumulated over many years into the research and development of the high-growth Cell Therapy Business, thereby maximizing synergies between the two businesses.

In the Biosimilar Business, four products have already been launched. Net sales are generated from the supply of biosimilars to partner pharmaceutical companies and from royalty income based on the sales performance of these partners. To achieve the "balance between stability and growth" mentioned above, further growth and stable earnings in this business are essential. This requires additional development investment to strengthen the stable supply system and improve profitability for launched biosimilars, as well as continuous investment in the development of new biosimilars. For this reason, in the Biosimilar Business, the management indicator is defined as the continuous achievement of operating profit on a standalone basis, with the aim of executing efficient development investments and maintaining a balance between revenue and development expenditure. In the Cell Therapy Business, which is currently at a stage where R&D investment precedes commercialization, development expenses and medium- to long-term development plans are established for each pipeline, and progress toward and achievement of these plans are used as management indicators. For the Group as a whole, including both the Biosimilar Business and the Cell Therapy Business, the objective is to ensure steady business advancement and achieve stable consolidated operating profitability. Efforts are being made to strengthen collaboration between the businesses, improve operational efficiency, and optimize human resources through structural reforms and other initiatives.

2. Outlook for Future Performance

In the Biosimilar Business, the switching rate from reference biologics to biosimilars covering GBS-001, GBS-011, and competing products in the same category has exceeded 80%, while the market share of the Group's partner pharmaceutical companies has remained stable. For GBS-007, launched in December 2021, there is still no competing product on the market, and the partner pharmaceutical company's market share continues to show steady growth. Similarly, for GBS-010, which obtained manufacturing and marketing approval in September 2023, no competitor entry has been confirmed at present, and steady

expansion in market demand is expected to continue. In addition to these favorable market conditions, the strengthening of biosimilar promotion measures by the Ministry of Health, Labour and Welfare (MHLW) is expected to further support growth. Based on these factors, medium-term sales revenue in this business is forecast to continue expanding steadily. To address this outlook, the Group, in collaboration with partner pharmaceutical companies and CDMOs, is working to adjust manufacturing and delivery plans for biosimilars, and to maintain and enhance a stable supply system to meet medium-term demand growth. Furthermore, to improve profitability, negotiations will continue—following FY2024—to reflect in supply prices the increased manufacturing costs of biosimilars arising from changes in the external environment, including overseas price inflation and the depreciation of the yen. From a medium- to long-term perspective, starting in 2025, the Group plans to expand its business foundation through the development, introduction, and launch of new biosimilars, and to establish a stable domestic supply system. As part of this initiative, the development of domestic manufacturing facilities for both APIs and finished formulations of biosimilars—leveraging the "Subsidy Program for the Development of Domestic Manufacturing Facilities for Biosimilars" mentioned above—will be positioned as a key project in the Biosimilar Business and advanced in earnest.

In the Cell Therapy Business (Regenerative Medicine), clinical development targeting cerebral palsy is progressing in Japan, while preparations for clinical development in overseas markets are advancing in collaboration with external organizations. As noted above, research progress has also been confirmed for next-generation SHED, indicating significant overall advancement in R&D activities. Based on this situation, while taking into account the potential for a temporary increase in R&D expenses in line with the steady advancement of clinical development and the acceleration of research activities, the Group will continue to execute efficient R&D investments.

Based on the progress in these businesses, changes in market demand, and external environmental factors, the Group has conducted periodic reviews of the medium-term management plan announced in 2022, with the objective of maximizing corporate value over the medium to long term. Reflecting these reviews, the Group discloses the following performance forecasts for FY2025 and FY2026 in a range format:

FY2025: Net sales of ¥5,000 million to ¥5,500 million; Operating loss of ¥1,000 million to ¥1,700 million
FY2026: Net sales of ¥5,500 million to ¥6,000 million; Operating profit of ¥100 million to ¥1,000 million

Based on these forecasts, achieving consolidated operating profitability in FY2026 is positioned as a key short-term management objective.

For FY2025, major R&D expenditures are expected to include: in the Biosimilar Business, investments to maintain a stable supply of GBS-007 and GBS-010—products for which market demand is expected to significantly exceed initial assumptions—and to continue measures aimed at strengthening manufacturing systems and reducing costs in response to overseas price inflation and yen depreciation, as well as investments in the development of new biosimilars to further strengthen the revenue base. In the Cell Therapy Business, in addition to the ongoing clinical research on cerebral palsy conducted by Nagoya University, planned investments include those for company-sponsored clinical trials of SQ-SHED aimed at early initiation of clinical trials for GCT-103 in Japan and overseas; additional investments in the development of large-scale manufacturing methods to support late-stage clinical trials and ensure stable supply post-launch; and investments to advance to the development stage, including process development, for indications such as ischemic bone disease and next-generation SHED. Discussions with partner companies and other stakeholders are ongoing with respect to investments in the development of new biosimilars and in company-sponsored clinical trials of SQ-SHED in Japan and overseas.

Regarding adjustments to manufacturing and delivery plans for biosimilars and R&D investments, once discussions and coordination with relevant parties progress and the factors underlying the performance forecasts become sufficiently clear to provide a reasonable outlook, the Group intends to promptly disclose performance forecasts including ordinary profit and profit attributable to owners of parent.

As the Group outsources all manufacturing of biosimilars to overseas CDMOs and conducts part of its R&D activities in both the Biosimilar Business and the Cell Therapy Business in collaboration with overseas companies, fluctuations in prices in overseas markets or in foreign exchange rates may result in increases or decreases in cost of sales and R&D expenses, thereby potentially affecting business performance. Should such circumstances arise, the Group will promptly make disclosures after due examination.

3. Capital Resources and Liquidity

The Group maintains a financial structure in which operating expenses, excluding R&D investments, can be stably covered by sales revenue from the Biosimilar Business. However, in prior fiscal years, demand for GBS-007 and GBS-010 expanded at a pace significantly exceeding initial projections, resulting in a substantial increase in manufacturing working capital requirements. In addition, there was a need to address higher manufacturing costs arising from overseas price inflation and depreciation of the

yen.

To optimize manufacturing working capital, the Group engaged in discussions and adjustments with partner pharmaceutical companies regarding revisions to payment terms, achieving a reduction of more than ¥1.9 billion in manufacturing working capital as of the end of March 2025 compared with the end of March 2023. Reflecting the reduced funding needs resulting from this reduction, on December 26, 2024, the 15th and 18th series of stock acquisition rights—which had seen prolonged execution due to a gap between the exercise price and market price—were repurchased and canceled. In their place, the 23rd and 24th series of stock acquisition rights, with exercise prices aligned to prevailing market prices, were issued as part of a refinancing initiative. This measure aimed to secure the growth of the Biosimilar Business through the early completion of equity financing and to improve the supply-demand balance of the Company's shares by mitigating overhang concerns, thereby creating an environment in which business results are appropriately reflected in the share price. As a result of these initiatives, all of the 24th series stock acquisition rights have been exercised, and partial conversion of the existing 4th series unsecured convertible bonds with stock acquisition rights has also progressed, steadily advancing both financing activities and the reduction of overhang concerns.

While securing liquidity, the Group recognizes the need to continue making R&D investments necessary for the growth of both the Biosimilar and Cell Therapy businesses. To secure the required funds, measures include capital and business alliances with development partners, utilization of various subsidies, and, where necessary, borrowings through indirect financing. These initiatives will continue in FY2025 with a focus on diversifying and optimizing financing methods. In both businesses, priority settings will be reviewed dynamically based on R&D progress and commercial potential, and role-sharing and cost allocation will be adjusted through early partnering, enabling focused R&D investment and risk reduction. The objective is to establish a balanced financial base that supports both stability and growth without impairing future growth potential.

4. Initiatives to Enhance Corporate Value

Under the new management structure introduced in FY2023, the Group continues to pursue the maximization of corporate value and the early realization of share price recovery and growth, through efficient utilization of management resources, optimization of diversification of financing instruments, and increasing visibility of business value.

With respect to the efficient utilization of management resources, efforts are being made to strengthen collaboration between businesses through structural reforms, while enhancing and streamlining R&D activities in each business by combining the know-how, experience, and expertise accumulated within each. For multiple R&D pipelines, priorities are being reviewed from the perspectives of progress and commercial potential, with the aim of achieving continuous growth and optimizing R&D investment.

In terms of increasing visibility of business value, initiatives include continuous improvement in the timeliness and quality of disclosures to the capital markets, strengthening dialogue with domestic and overseas institutional investors, expanding information dissemination through reports and articles produced via communication with analysts and the media, and enhancing IR/PR activities through measures such as holding briefing sessions for individual investors.

III. Financial statements and notes to financial statements

(A) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	2,995,435	2,840,073
Accounts receivable - trade	1,267,189	818,028
Work in process	1,475,092	985,312
Advance payments to suppliers	819,857	1,386,088
Other	142,995	189,456
Total current assets	6,700,570	6,218,959
Non-current assets		
Property, plant and equipment	1,187	1,153
Intangible assets	763	734
Investments and other assets	305,974	358,288
Total non-current assets	307,925	360,177
Total assets	7,008,496	6,579,136
Liabilities		
Current liabilities		
Accounts payable - trade	226,977	176,438
Current portion of long-term borrowings	657,040	657,040
Accounts payable - other	295,332	202,852
Income taxes payable	144,245	20,452
Contract liabilities	2,970,000	2,442,231
Other	25,267	21,665
Total current liabilities	4,318,862	3,520,680
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	500,000	375,000
Long-term borrowings	680,920	516,660
Retirement benefit liability	41,373	44,868
Deferred tax liabilities	56,362	73,929
Total non-current liabilities	1,278,655	1,010,457
Total liabilities	5,597,518	4,531,137
Net assets		
Shareholders' equity		
Share capital	2,317,578	2,539,517
Capital surplus	11,623,179	11,845,117
Retained earnings	(12,730,223)	(12,573,096)
Treasury shares	(73)	(73)
Total shareholders' equity	1,210,460	1,811,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	127,829	167,670
Total accumulated other comprehensive income	127,829	167,670
Share acquisition rights	72,687	68,864
Total net assets	1,410,977	2,047,998
Total liabilities and net assets	7,008,496	6,579,136

(B) Consolidated statement of income and comprehensive income

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	482,957	1,720,632
Cost of sales	259,332	1,123,406
Gross profit	223,625	597,226
Selling, general and administrative expenses		
Research and development expenses	176,648	212,084
Other	205,919	200,489
Total selling, general and administrative expenses	382,568	412,573
Operating profit (loss)	(158,943)	184,652
Non-operating income		
Gain on sales of materials	630	300
Foreign exchange gains	-	403
Miscellaneous income	38	119
Total non-operating income	668	823
Non-operating expenses		
Interest expenses	10,487	8,936
Interest expenses on bonds	779	616
Foreign exchange losses	6,642	-
Miscellaneous losses	104	306
Total non-operating expenses	18,014	9,859
Ordinary profit (loss)	(176,289)	175,617
Profit (loss) before income taxes	(176,289)	175,617
Income taxes - current	405	18,490
Total income taxes	405	18,490
Profit (loss)	(176,694)	157,126
Profit attributable to		
Profit (loss) attributable to owners of parent	(176,694)	157,126
Other comprehensive income		
Valuation difference on available-for-sale securities	-	39,841
Total other comprehensive income	-	39,841
Comprehensive income	(176,694)	196,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(176,694)	196,968