

January 13, 2023

Kidswell Bio Corporation

Code: 4584 (TSE Mothers)

Masaharu Tani, President & CEO

The Company's opinion on shareholders' proposal (Excerpt from Japanese version)

Tokyo, January 13, 2023 – As announced on Dec. 6, 2022 in the “Announcement of request for convocation of extraordinary meeting of shareholders”, Kidswell Bio Corporation (hereafter the Company) received a request for the convocation of an extraordinary meeting of shareholders on Dec. 5, 2022 and the opposition to the proposal on the election of one director (outside) (hereafter the shareholders' proposal) has been resolved at the Board Meeting. Details of the Company's opinion on the shareholders' proposal are below.

1. Shareholders who made the proposal

Mr. Koichi Otomo, former President & CEO of Advanced Cell Technology and Engineering Ltd. (ACTE), and four other shareholders

2. Proposal by the shareholders

(1) Purpose of the extraordinary meeting of shareholders

Election of One (1) Director (outside)

(2) Reasons for convocation

As a solution for improvement of stock prices, Mr. Otomo, who has a track record of media exposure as former president & CEO of ACTE and is also the largest retail investor of the Company, is expected to be able to build a relationship and a trust with shareholders and improve corporate value.

3. Opinion of the KWB's Board of Directors on shareholders' proposal

The Board of Directors opposes the shareholders' proposal for the following reasons.

【Summary of the opinion of the Company's Board of Directors】

- ① The Board of Directors has considered that the candidate is not suitable as a director of the Company for the following reasons.
 - Through good relationships with various stakeholders (shareholders, patients, doctors, academia, CROs, CDMOs, pharmaceutical companies, etc.), our top priority is to promote research and development for the creation of innovative new biologic drugs, cell therapies, and new biosimilars for patients who are waiting for, and to steadily provide launched biosimilar products. As a result, the Company aims to improve corporate value and stock price, and our directors are required to have the ability to supervise the execution status of these operations from multiple perspectives.
 - The candidate contributed to improve ACTE's stock value as the founder of ACTE. However, as the Company is engaged not only in the cell therapy business but also in the biosimilar and new biologics business, etc., and the skills of the candidates differ from the required skills of directors in these businesses (especially specialized knowledge of drug development and strict compliance knowledge and experience at listed companies), it is difficult to expect timely and appropriate exchange of opinions and decision-making. In addition, although the Company is not considering adding directors to improve the stock price, even if the Company dares to consider new directors for such purpose, the Company's cell therapy business has progressed, e.g., completion of SHED (stem cells from human exfoliated deciduous teeth) Master Cell Bank (MCB), and the current stage of the Company's cell therapy business is significantly different from the time when the Company acquired ACTE. Therefore, the Board of Directors determined that the experience and knowledge of the candidate is not effective in improving the corporate value and stock price of the Company. After considering these factors, the Board of Directors of the Company has resolved that there is no need to add a candidate as a director of the Company.
- ② The advertising activities proposed by the candidate differ from the Company's IR and PR policies.
 - Considering the Company's current stock price trends, for the improvement of the Company's stock price over the medium to long term, it is indispensable to have institutional investors in Japan and overseas correctly understand the growth potential of each pipeline developed and to reach a wide variety of investors who invest in the Company over the medium to long term. We believe that it is important to provide timely information to investors such as analysts with deep knowledge of the pharmaceutical field, showing the progress of our development and published data on efficacy for targeted diseases. Timely disclosure of scientific information both domestically and internationally is important for our current IR and PR activities (information disclosure that encourages appropriate investment decisions), and the Company believes that the proposed advertising activities on TV

programs and newspapers will not lead to investment from institutional investors or a sustainable increase in stock prices.

- The Company fully understands the importance of information disclosure for general and retail investors in an easy-to-understand manner. Under the leadership of the Company's Board of Directors and management team, the Company collaborates with advisors and partner companies that have professional experience in IR and PR activities, e.g., issuing corporate reports, holding briefings in cooperation with securities companies, providing explanation videos on disclosures and approaching to the media. For this reason, the Board of Directors resolved that there are no advantages in adding a candidate to the Board of Directors.

Additional explanation of the Company's opinion

【Aptitude of the candidate as a director of the Company】

Under the mid-term strategic plan KWB 2.0 announced on May 2022, the Company has been striving for creating new medical treatment methods in cell therapy and new biologics business. As to development of reasonable high-quality biosimilars, the Company has been promoting R&D activities to provide better access to medical care while reducing the economic burden on patients, and to improve corporate value through these social contributions.

For realizing better drug discovery with the accumulated development and launch experience of biopharmaceuticals, the Company established a hybrid and virtual management business model to pursue technology alliance with biotech ventures as well as seek and leverage seeds from academia. For developing our business, it is crucial to pursue efficiency of pharmaceutical production by optimizing manufacturing process of the partner companies and to maximize synergistic effects by the combination with drug discovery technologies. It is necessary to integrate technologies and know-how through business alliances through joint research with various bio-ventures, pharmaceutical companies, academia, etc. in Japan and overseas. Required skills of directors of the Company are as follows.

- Technical knowledge and experience in pharmaceutical development field such as cell therapy, biosimilars and antibody drugs
- Working experience in global companies for global business expansion
- Wide range of knowledge and analysis ability in medical industry and pharmaceutical market
- Communication and negotiation skills for partner companies, retail and institutional investors
- Compliance
- ESG activity experience

The Board of Directors of the Company determines that the candidate does not have sufficient knowledge and experience in many of the above skills and experience. Especially, the candidate does not have the necessary R&D knowledge and experience for launching pharmaceutical products. Furthermore, as the candidate does not have strict compliance experience at listed companies, the Board of Directors of the Company is seriously concerned about keeping steady business activities of the Company and promoting stable IR & PR activities based on the sound business management of the Company.

Although the candidate insists that he is the former President & CEO of ACTE as the founder of launching the business related to SHED MCB, the Company made ACTE a wholly owned subsidiary of the Company through a share exchange in 2019, and the Company divested culture supernatant and pulp cell banking (business for individuals and clinics) business. In 2022, the Company completed manufacturing SHED MCB (a clinical SHED banking for pharmaceutical research and development), and the Company has been developing the Company's pipelines while fundamentally sorting out ACTE's business. The Company has been striving for cell therapy business utilizing SHED and accelerating R&D activities of SHED business expansion both domestically and globally.

In this way, since the current state of the SHED business is significantly different from the business situation at the time of the acquisition of ACTE, the experience and knowledge of the candidate who is not involved in SHED development after the acquisition is not necessary for the future business expansion of the Company, and the Board of Directors resolved that the Company should continue to develop the pipelines and expand the business under the current management member.

【Lack of advertising activities】

The candidate insists that the company's weak stock price is mainly due to a lack of advertising activities, and that advertising activities using national newspapers and television can be expected to improve the stock price. However, the Company does not believe that advertising exposure of the Company through advertising activities proposed by the candidate alone leads to an increase in the stock price. The Company believes that the current challenge for stock prices is not to raise the Company's recognition, but to reach more institutional as well as retail investors and carefully disclose information for investment decisions.

Specifically, it is particularly important for a drug discovery bio-venture like the Company to steadily develop the R&D pipelines and disclose science-based data with efficacy for diseases and its impact on future performance, that is, earnings. The culture supernatant and pulp cell banking business that the candidate managed are for individuals and clinics and, comparing to the research and development of cell therapy utilizing SHED, which the Company is currently focusing, advertisement objects and the information to convey are different. Therefore, the Company does not believe that advertisement activities based on

experience of the candidate are effective in improving the stock price of the Company. Since the Company completed manufacturing SHED MCB with the current management member and is now at the stage where the Company begins conducting clinical research and development of SHED based on scientific data of non-clinical research, the Company believes that it is time to increase the number of institutional and retail investors and expand the range of investors by timely and sufficiently disclosing information on investment decisions. The Company will actively promote information disclosure that focuses the diversification of the investors.

Moreover, as the Company has already started new IR & PR activities with IR & PR experienced advisors, there is no doubt from the candidate's background that the candidate does not have sufficient experience or knowledge to promote IR & PR activities for the current state of business activities and the policies of the Company.

From the above reasons, the Board of Directors of the Company resolved that it is not necessary to add the candidate as a director of the Company and opposes the shareholders' proposal.

4. Reference information

- This is the first time that the Company has received a proposal regarding the appointment of Mr. Otomo, a candidate for this shareholders' proposal, to an outside director or similar participation in the management team. There is no fact that it has been submitted as a proposal at the Company's Ordinary General or Extraordinary Meeting of Shareholders in the past.

After the acquisition of ACTE, Mr. Otomo held 1,920,750 shares in the shareholder registry as of September 30, 2019, and then 1,206,150 shares (a decrease of 714,600 shares) as of September 30, 2022.

Note:

This notice of The Company's opinion on the shareholders' proposal is an English translation of the original Japanese notice. This translation is for your convenience only and Kidswell Bio Corporation does not guarantee accuracy of this translation.

【Appendix】

Profile of the candidate

Name of the candidate: Mr. Koichi Otomo

Date of birth: October 18, 1964

Profile:

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| April 1983 | Joined Ishibashi gastroenterological hospital |
| January 1991 | Joined Medical Corporation Foundation Keiwa-kai as a Medical Administration Manager |
| July 2001 | Joined Medical Corporation Ishin-kai as a director and Corporate Strategies Officer |
| May 2003 | Founded O.T. A and appointed as the CEO |
| October 2008 | Founded Advanced Cell Technology and Engineering Ltd. and appointed as the CEO |
| March 2019 | Made Advanced Cell Technology and Engineering Ltd. a wholly owned subsidiary of Kidswell Bio Corporation (formerly known as Gene Techno Science Co., Ltd.) through a share exchange and became one of the shareholders of Kidswell Bio Corporation. |