

Working Capital Financing for stable supply for GBS-007 (18th series of stock acquisition rights with exercise price adjustment clause)

(Extracted from Japanese version)

Tokyo, July 10, 2023 – Kidswell Bio Corporation (hereafter KWB) announces that KWB has resolved at the Board of the Directors meeting today to issue the 18th series of stock acquisition rights (with exercise price correction clause) and executed a purchase agreement for them subject to effect of the notification under the Financial Instruments and Exchange Act.

CVI Investments, Inc., to which the 18th stock acquisition rights are to be allotted, is managed by Heights Capital Management, Inc. Heights Capital Management, Inc. belongs to the Susquehanna International Group, one of the world's largest financial conglomerates, and has a track record of over 100 biotechnology investments and asset management. CVI Investments, Inc. has abundant global investment experience and is an investor with a policy of nurturing investment destinations while building good relationships with them.

1. Outline

18th series of stock acquisition rights for securing the working capital of biosimilar business

(1) Day of allotment	July 26, 2023
(2) Number of stock acquisition rights	150,000 units
(3) Cost for issued stock acquisition rights	JPY 22,800,000 (JPY 152 per unit of the 18 th series of stock acquisition rights)
(4) Number of common shares to be purchased by warrants exercise	15,000,000 common shares (100 shares per unit of the stock acquisition rights) There is no upper limit of exercise price, and the minimum exercise price is JPY 119.
(5) Amount to be financed	JPY 3,247,800,000*
(6) Exercise price	Initial exercise price: JPY 215. The exercise price of the 18 th stock acquisition rights shall be determined by August 3, 2023 as the first revision date, and every Thursday thereafter (hereinafter referred to as the "18 th stock acquisition rights amendment date"). If the amount rounded up to the nearest 1 yen of an amount equivalent to 90% of the lowest volume weighted average price of ordinary trading of the KWB's

	<p>common stock on the Tokyo Stock Exchange on each of the fifteen consecutive trading days prior to the adjustment day.</p> <p>If the revised exercise price on the date of correction is less than the minimum exercise price (JPY 119), the exercise price shall be the minimum exercise price.</p>
(7) Exercise period	From July 27, 2023 to January 27, 2026
(8) Subscription for shares and issuing method	By the method of third-party allocation
(9) Allottee	CVI Investments, Inc.
(10) Transfer Restrictions and Exercise Quantity Restrictions	<p>Pursuant to Rule 434, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange and Rule 436, Paragraphs 1 through 5 of the Enforcement Rules for the Securities Listing Regulations, except certain special cases, KWB shall not permit the Purchaser to carry out any excess exercise (which is any exercise of the Covered Securities (defined below) which amount, in total, exceeds 10% of the number of listed shares) of the Covered Securities (4th CB, 10th and 18th stock acquisition rights).</p> <p>In the event of transferring the Stock Acquisition Rights, the Allottee shall be required the transferee to agree in advance with the details of the restrictions on exercise in excess of the limit. If the transferee further transfers to a third party, the same promise shall be made.</p>
(11) Others	<p>The following contents will be stipulated in this purchase agreement.</p> <p>(1) The issuance of the convertible bonds with stock acquisition rights, which are scheduled to be allotted to the above-mentioned allottee, is subject to the following conditions.</p> <ul style="list-style-type: none"> i. The Rep and Warranty of KWB in this purchase agreement is accurate in important respects and KWB complies with important pledges. ii. No injunction, etc. has been issued for the issuance of the convertible bonds with stock acquisition rights and the stock acquisition rights. iii. KWB's shares have not been delisted. iv. No significant adverse effects have occurred on KWB. v. KWB has not communicated important undisclosed facts about the Company to the allottee. <p>(2) The transfer of the convertible bonds with stock acquisition rights requires the approval of the Board of Directors of KWB. (However, transfer to Bank of America, J.P. Morgan and Goldman Sachs & Co. and their affiliates are excluded from the viewpoint of reducing management costs of the allottee.) Even if the transfer is made, the rights and obligations of the allottee will be carried over to the transferee.</p>

*Note: The total amount is assumed that all of the stock acquisition rights have been exercised at the initial exercise price. If the exercise price is modified or adjusted, the amount will be reduced. If the stock acquisition rights are not exercised during the exercise period, the amount will decrease.

About Kidswell Bio Corporation (KWB)

Kidswell Bio Corporation will challenge pediatric disease as a new field, in addition to intractable and rare diseases on which KWB has also been focusing for R&D. We would like to contribute to children who have hopes and dreams for their bright future. Furthermore, with our biotech expertise and children's potential vital force such as SHED, we envision creating new pharmaceuticals and therapeutics for all people under "Kids Well, All Well."

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