

Financial Results for 3Q/FY2021

(Fiscal Year Ending March 31, 2022)

February 4, 2022

Kidswell Bio Corporation

This information material is provided for understanding Kidswell Bio Corporation (“KWB”), not for soliciting investment in KWB shares.

Information provided in this material may contain so-called “forward-looking statements.” These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements. Risks and uncertainties include success rate of R&D projects, new regulations and rules, relations with partners in the future, etc.

This material includes information on pharmaceutical products and regenerative medicine (or related products), etc., which is being developed or launched. However, this is not intended to promote our products or provide medical advices.

Business and Financial Highlights in 3Q/FY2021

Financial Highlights

◆ Financial Highlights in 3Q/FY2021

- ✓ Sales results were in line with the forecast. (started launching Ranibizumab biosimilar)
- ✓ R&D is steadily proceeding by realized business alliances
- ✓ Strengthened financial stability by the proceeds from investment securities sales.
- ✓ No impact on business performance due to the COVID-19 pandemic.

Business Highlights

Biosimilar

- GBS-007: Received Approval Manufacturing and Sales in Japan and launched in Dec. 2021.

New Biotech (Regenerative medicine/ Cell Therapy)

- Executed a business alliance agreement with Metcela Inc.in the regenerative medicine field
- Executed a development agreement on “designer cell”, the 2nd generation cell therapy, with BioMimetics Sympathies Inc.(BMS)
- Executed a collaborative research agreement with NanoCarrier Co., Ltd.
- Started manufacturing master cell bank (MCB) in compliance with GMP

Others

- Recorded extraordinary income (sales profit of investment securities) in accordance with about 500 million yen cash proceed.

Consolidated Financial Results in 3Q/FY2021

Consolidated income statement

Unit : thousands yen

Subject	Results for 3Q/FY2020	Forecasts for FY2021		Highlights
		Results for 3Q/FY2021	Forecasts	
Gross sales	720,859	1,383,239	1,900,000	<ul style="list-style-type: none"> ✓ Profits from GBS-001 and GBS-011 ✓ Recorded drug substance sales related to the manufacturing process for the 4th biosimilar product ✓ Included sales of GBS-007
Cost of goods sold	86,186	458,501	1,020,000	<ul style="list-style-type: none"> ✓ Included 96 million yen for MCB completion in cost of sales as budgeted (It is a reserve for loss on orders according to the accounting method.) ✓ Full-year forecasts include the temporary cost of approximately 650 million yen of the cost of the manufacturing process establishment for the 4th biosimilar product and related to the completion of the MCB.
Gross profit	634,673	924,737	880,000	
Selling, general and administrative expenses	1,282,078	1,357,696	2,600,000	
R&D expense	600,660	770,421	1,800,000	<ul style="list-style-type: none"> ✓ Most of R&D expense is allocated to 4Q. ✓ A part of R&D expense up to the 3Q will be shifted to the 4Q. ✓ Reduced development costs through continuous and review of development plans. ✓ Full-year results are expected to be lower than expected due to the above.
Other expenses	681,417	587,275	800,000	<ul style="list-style-type: none"> ✓ Continuously streamlining selling, general and administrative expenses
Operating profit	-647,405	-432,958	-1,720,000	

Note: Net loss attributable to owners of parent was -94,000 yen (full-year forecast : 1,323 thousand yen) due to extraordinary income (gain on sale of investment securities)

Consolidated Financial Results for 3Q/FY2021

Consolidated balance sheet

Recorded cash proceeds of 500 million yen from investment securities sales

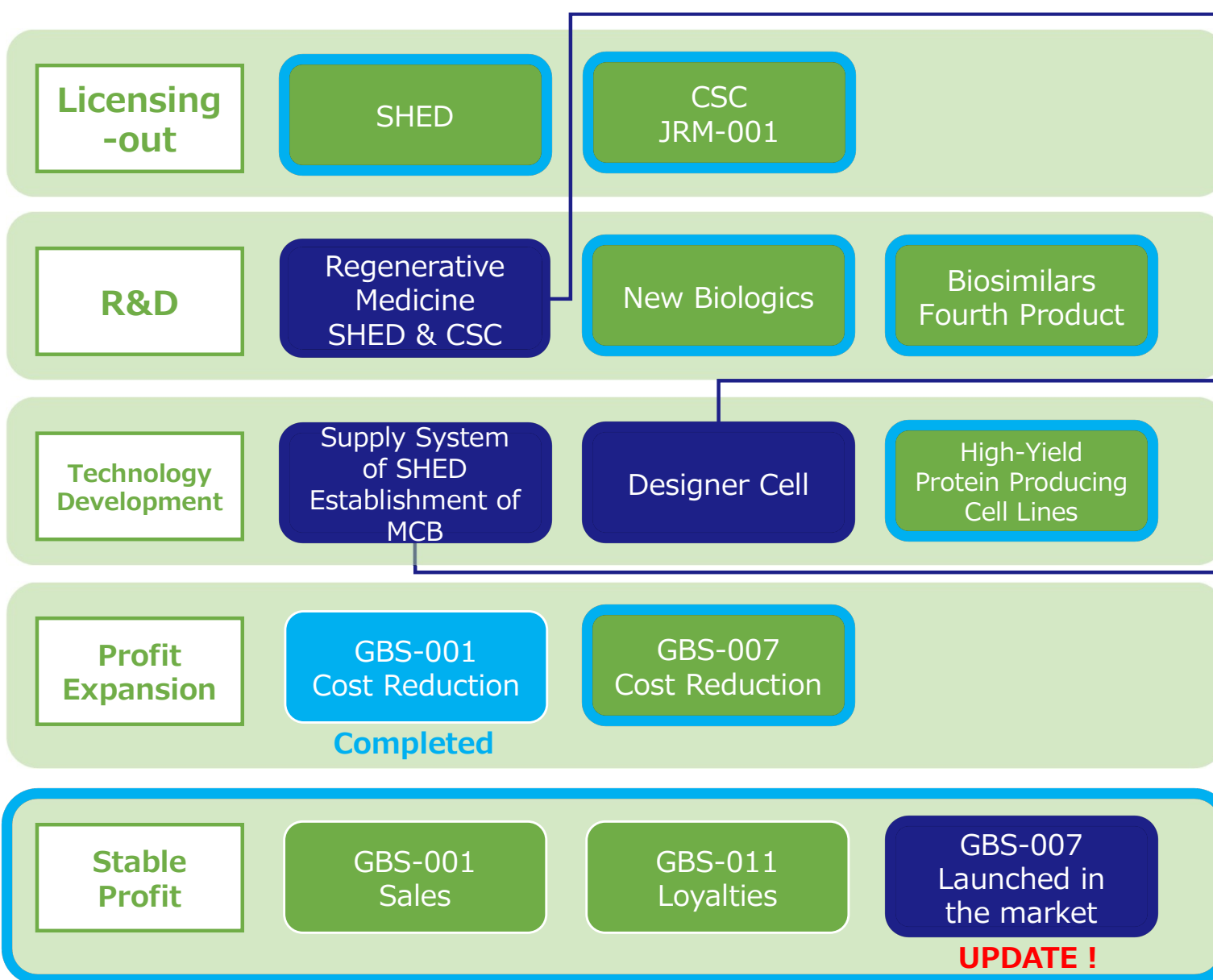
Driving KWB's mid-term business strategy with increasing sales revenue of GBS-007 and execution of outstanding warrants

Assets		(in thousand yen)	Liabilities		(in thousand yen)
Current assets	Cash and cash equivalents	1,253,307	Current liabilities	Trade payables	32,008
	Trade receivables	909,765		Income taxes payable	78,034
	Products	119,056		Reserve for loss on orders	475,243
	In-process inventory	693,857	Non-current liabilities	Other current liabilities	459,292
	Advance payments	545,749		Convertible bonds	100,000
	Other current assets	200,743		Long-term debts	600,000
Non-current assets	Tangible fixed assets	2,025		Allowance for retirement benefits	18,105
	Intangible fixed assets	3,255	Other non-current liabilities	–	
	Investments and other assets	172,795	Total liabilities		1,762,684
			Shareholders' equity		
			Shareholders' capital	Common stock	1,420,030
				Capital surplus	10,725,630
				Retained earnings	△10,173,107
				Treasury stock	△73
			Accumulated other comprehensive income		–
			Equity warrants		165,393
Total assets		3,900,557	Total shareholders' equity		2,137,872
Grand Total		3,900,557	Grand total		3,900,557



Updates of Mid-Term Strategic Plan From FY2021 to FY2025

Key updates in 3Q/FY2021



UPDATE !

Business Alliance Agreement with Metcela

Expansion and further development in regenerative medicine field of KWB and Metcela

UPDATE !

Development Agreement with BioMimetics Sympathies Inc.

Development technology of culture medium ×SHED in addition to NanoCarrier's micellar nanoparticle technology×SHED

UPDATE !

Manufacturing MCB in compliance with GMP

Steady progress for the completion of the MCB in compliance with GMP

High expectation in the first BS in ophthalmology field

Contributing to the stable business foundation as a revenue source

Progressing as scheduled

GBS-007: Launched new BS as the first BS in the ophthalmology field

Highlights

- ✓ **GBS-007 launched by Senju Pharmaceutical Co., Ltd. from Dec. 9, 2021. Included the sales in the 3Q**
- ✓ **Expecting acquiring market share in existing products market as the first BS in the ophthalmology field.**
- ✓ **Adding indications and further expansion**

■ Outline

Biosimilar of Anti-VEGF antibody drug Ranibizumab as a medicine for age-related macular degeneration

■ Target disease Age-related macular degeneration

A disease in which waste products accumulate in the macula, which controls eyesight in the eyeball, or new blood vessels form in the macula with aging, making it difficult to see

■ Development Partner Senju Pharmaceutical Co., Ltd.

One of the leading domestic companies in the field of ophthalmology, which handles a wide range of medical drugs for ophthalmology and otolaryngology.

■ Market of Anti-VEGF antibody drug

Targeting the domestic market for existing treatments for age-related macular degeneration

Lucentis About 27 billion yen (Domestic, FY2020)

Eylea About 65 billion yen (Domestic, FY2020)

■ Outlook

Sales will start from this fiscal year with approval.

The indications for this drug are only a part of the preceding products.

Additional indications will be added accordingly.

Actively promoting not only domestic but also overseas expansion, which has a larger market.

SHED: Research & Development

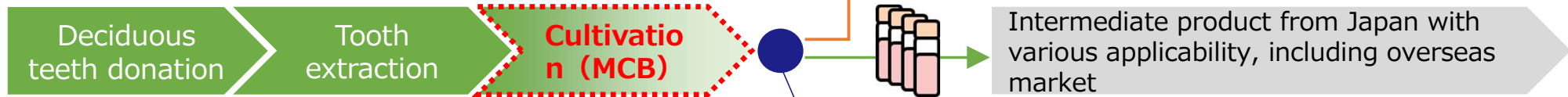


Major target diseases
Spinal cord injury
Cerebral palsy
Non-Union Fractures

Effectiveness in multiple pipelines

Establishment of manufacturing process of **SHED MCB as raw materials** for final product manufacturing
↓
Alliances and licensing-out with pharmaceutical companies

Production (Manufacturing system based on law)



ChiVo Net
University of Tokyo Hospital, Showa University Dental Hospital
Under development
Nikon CeLL innovation

※ Providing not only as a cell medicine but also as a raw material for manufacturing clinical exosomes

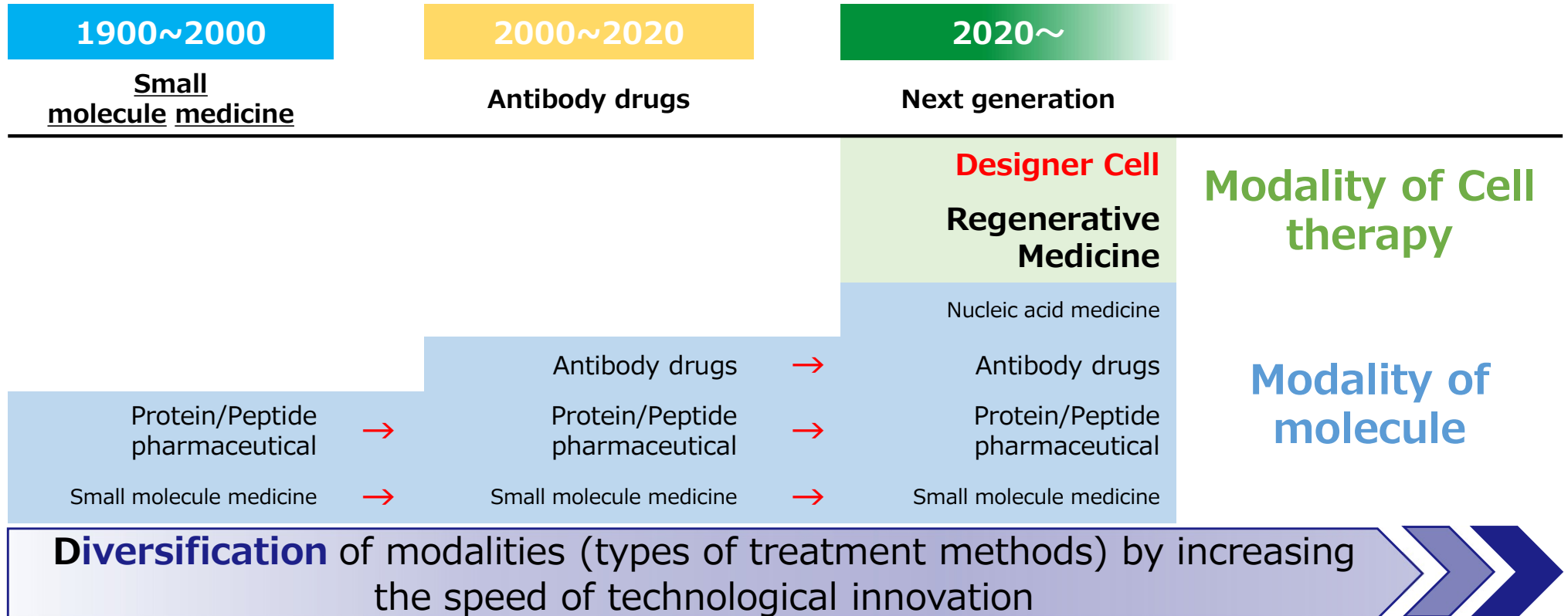
Establishment of MCB under is essential for future development

S-QuatreSM

(SHED Source Supply Service)
Providing supply service of SHED intermediate product

UPDATE!
Started manufacturing MCB in compliance with GMP in Oct. 2021
Steady progress for the completion of MCB

Shifting development trends in domestic & overseas : designer cell for radical treatment



Source: KWB from strategic proposal "Designer Cell" by Japan Science and Technology Agency

Collaborative development wit NanoCarrier and BMS

Sept. 2021
NanoCarrier
Collaborative Research Agreement

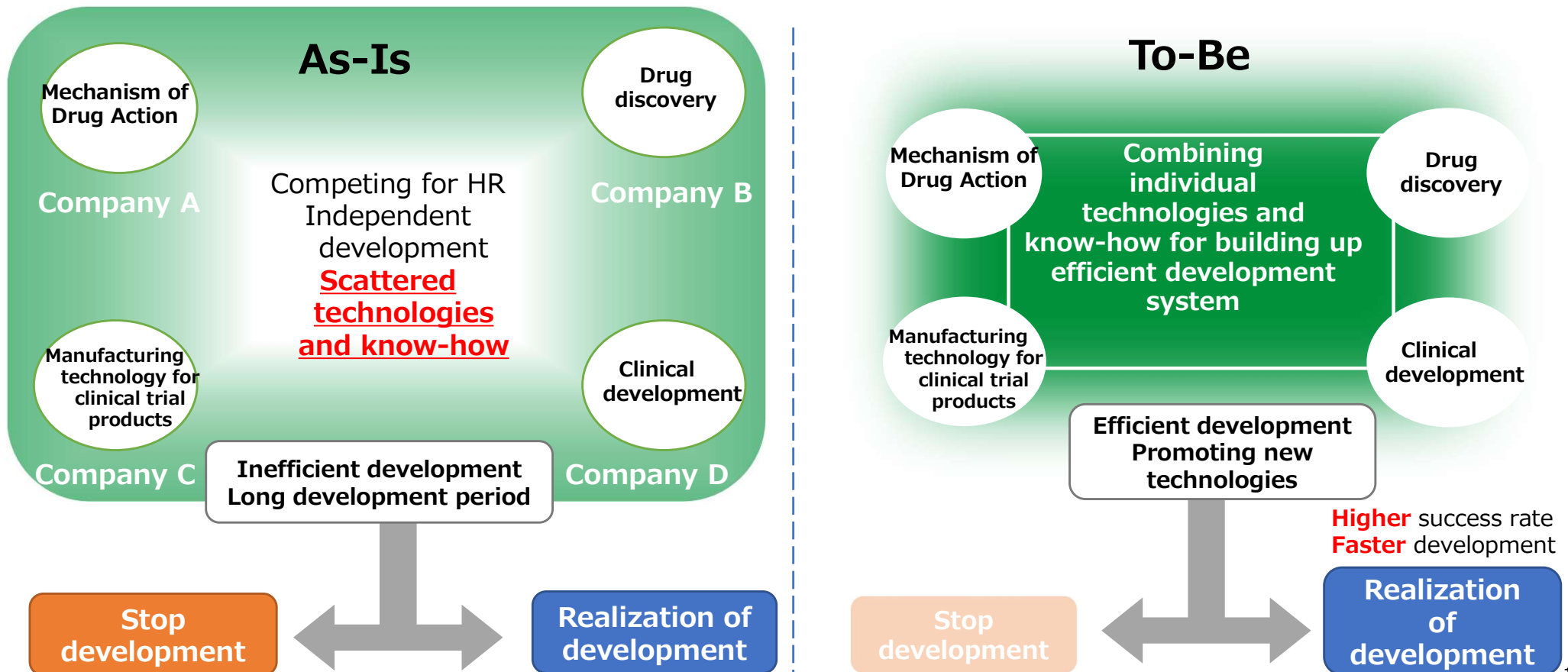
Dec. 2021
BioMimetics Sympathies Inc.
Development Agreement

Aiming for global expansion through development in line with global trends

Highlight

- ✓ Metcela has been developing regenerative medicine for chronic heart failure.
- ✓ Combining management resources, knowledge and technologies and accelerating development in the regenerative medicine field of KWB and Metcela
- ✓ Expecting new pipelines in regenerative medicine field

Integrating scattered technologies and know-how in Japanese business development field and building up efficient R&D system



KIDS WELL, ALL WELL

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