



March 31, 2025

Kidswell Bio Corporation

Code: 4584 (Growth Market, TSE)

Shinya Kurebayashi, President & CEO

Notice regarding one-time gains and expenses, and revision of consolidated financial forecast

Kidswell Bio Corporation (KWB) announces that it will record one-time gains and expenses in the fourth quarter of the fiscal year ending March 2025. In light of recent business performance trends, including the upfront payment disclosed in the same day announcement titled “S-Quatre and Mochida Sign Agreement to jointly develop Stem cells from human exfoliated deciduous teeth (SHED) based treatment for Pediatric Cerebral Palsy and Traumatic Brain Injury”, KWB has also revised its full-year consolidated financing forecast for the fiscal year ending March 2025 (April 1, 2024 to March 31, 2025) which was originally announced on November 12, 2024.

I. About one-time gains and expenses

1. Recognition of one-time gains

a. Sale of investment securities

In order to strengthen our financial position and improve asset efficiency, we have decided to sell a portion of our investment securities. A gain on this sales is expected to be recorded as an extraordinary gain in the current fiscal period.

b. Details of sales of investment securities

- Shares sold: One listed equity security held by KWB
- Sales Period: January 27, 2025, through March 28, 2025
- Gain on sales of investment securities: 66,719 thousand yen

2. Recognition of one-time expenses

a. Head office relocation expenses

As announced in the “Notice Regarding Relocation of Head Office” dated January 16, 2025, we plan to relocate its head office on April 1, 2025. In connection with relocation, a one-time expense of approximately 12,000 thousand yen is expected to be recorded to cover estimated expenses associated with vacating the current premises, preparing the new office, and moving operations.

II. Revision of Consolidated Earnings Forecast

1. Revised consolidated financing forecast for the fiscal year ending March 2025

	Net Sales (Mil. Yen)	Operating Income (Mil. Yen)	Ordinary income (Mil. Yen)	Net profit belonging to the shareholders of the Parent Company for the period (Mil. Yen)	Net Income Per Share (Yen)
Previous forecast (A)	4,000	-1,000	-1,000	-950	-23.71
The latest forecast (B)	4,900	-150	-200	-200	-4.93
Difference (B-A)	900	850	800	750	
Percent change (%)	22.5	—	—	—	
(Reference) Actual of fiscal year ending March 2024*	2,431	-1,335	-1,389	-1,422	-40.23

* The results for the fiscal year ending March 2024 are non-consolidated basis.

2. Business update and earnings outlook for the Biosimilar and Cell Therapy Segments

In the biosimilar business, in order to ensure a stable supply of biosimilar products, we manage and coordinate manufacturing plans and delivery schedule at contract manufacturing organizations (CMOs) based on demand forecasts provided by our partner pharmaceutical companies. As a result of the successful execution of these plans as scheduled, combined with progress in supply price adjustments with partner pharmaceutical companies, sales are now expected to exceed the previous forecast.

Furthermore, we expects to record an upfront payment as a result of the signing of an agreement between S-Quatre, a wholly-owned subsidiary of KWB, and Mochida Pharmaceutical Co., Ltd. for the joint business development and commercialization of the stem cells from human exfoliated deciduous teeth (SHED) for the treatment of cerebral palsy and traumatic brain injury. This additional income is also expected to contribute to the net revenues for the current period exceeding the previous report.

In addition, the operating income is also expected to exceed the previous forecast. This is primarily due to improved gross profit margins resulting in the above-mentioned supply price adjustments for biosimilar products, etc., the aforementioned upfront payments, recognitions of one-time gain and expenses, and a reduction in research and development expenses.

Regarding R&D expenses, we expect a total of 800 million yen for the current fiscal year, compared to the previous forecast of 1,000 million yen. This decrease reflects cost

optimization and the deferral of part of originally planned R&D investment to following fiscal year.

Looking ahead, demand for each biosimilar product remains strong, and based on demand forecasts from partner pharmaceutical companies, sales are expected to continue growing in the next fiscal year. We will continue to work with partner pharmaceutical companies on negotiations regarding supply prices, etc., to further improve the profitability of biosimilar products in the future.

Note:

The forward-looking statements contained in this document, including financial forecasts, are based on information currently available to the company and certain assumptions that are deemed reasonable. Actual results may differ materially from those expressed or implied due to various risks and uncertainties.