

Kidswell.Bio

Biotech Striving for Value Creation

- For a Comprehensive Healthcare System for Children, Families, and Society -



Security Code:
4584

Financial Results

for the First Quarter of Fiscal Year Ending March 31, 2025

August 14, 2024

Kidswell Bio Corporation



Agenda

- ◆ **Financial Highlights**
- ◆ **Initiatives in Maximizing Corporate Value**

Financial Highlights

Income Statement

(Unit: thousand yen)

Subject	FY2023	FY2024		1Q Results KWB Non-consolidated (non-consolidated)
	1Q Results (non-consolidated)	1Q Results (consolidated)	Year-on- year ratio	
Gross sales	45,979	482,957	--	482,066
Cost of goods sold	853	259,332	--	259,332
Gross profit	45,126	223,625	--	222,734
Selling, general and administrative expenses	500,175	382,568	76%	192,518
R&D expenses	312,535	176,648	57%	54,584
Other SG&A expenses	187,640	205,919	110%	137,934
Operating income ("-" means operating loss)	-455,049	-158,943	--	30,215
Ordinary income ("-" means ordinary loss)	-470,326	-176,289	--	12,389
Net income ("-" means net loss of the quarter)	-470,629	-176,694	--	11,984

<Gross sales/gross profit>

- Biosimilars, including GBS-007 and GBS-010, for which demand is very strong, are progressing smoothly as planned.
- A one-time change in payment terms for some biosimilars from the previous year (direct payment of manufacturing costs from a partner pharmaceutical company to a CDMO) has slightly reduced sales and cost of sales, but has no impact on gross profit or below.

<R&D & other SG&A expenses>

- R&D and other SG&A expenses were in line with the plan at the beginning of the fiscal year.

<Net income>

- Despite the impact of rising manufacturing costs and yen depreciation, Kidswell Bio (non-consolidated, biosimilar business alone) maintained profitability.

Balance Sheet

(Unit: thousand yen)

Subject	4Q FY2024 (non-consolidated)	1Q FY2025 (consolidated)
Current assets	4,924,221	4,448,427
(Cash and cash equivalents)	2,231,411	1,166,900
(Accounts receivable)	881,407	598,493
(Products)	--	--
(In-process inventory)	875,654	1,280,344
(Advance payments)	739,567	1,261,577
(Other current assets)	196,181	141,111
Non-current assets	161,329	161,010
Total assets	5,085,550	4,609,438
current liabilities	2,375,227	2,180,420
Non-current liabilities	1,878,850	1,714,968
Total liabilities	4,254,077	3,895,388
Total shareholder's equity	831,473	714,049
Total liabilities and shareholder's equity	5,085,550	4,609,438

<Cash and cash equivalents>

- Cash and cash equivalents decreased due to the payment of manufacturing costs for biosimilar API and formulation.

<Manufacturing working capital>

- Maintain high level for stable supply of biosimilars.

Outlook for the current fiscal year (ending March 31, 2025) **Kidswell.Bio**

- Due to the difficulty in generating reliable earnings forecast figures for the current fiscal year (ending March 31, 2025) at this time, only sales forecast is provided as a range.
- The forecast of operating income, ordinary income and net income will be provided as soon as the discussions and coordination with partner pharmaceutical companies and CDMO's are completed.

(Unit: thousand yen)

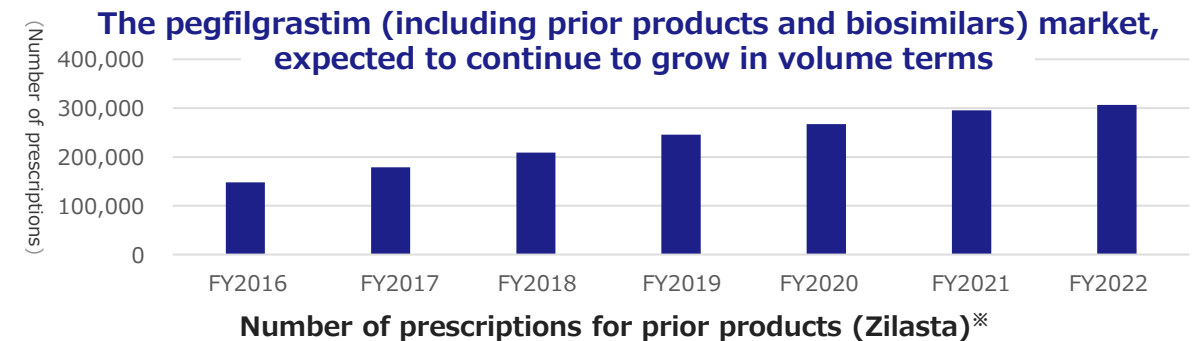
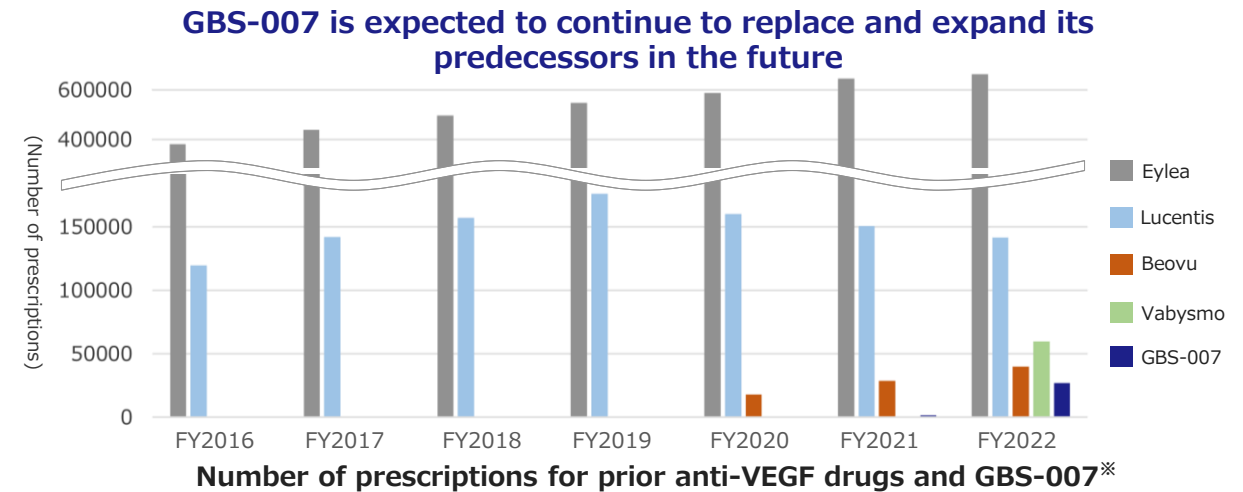
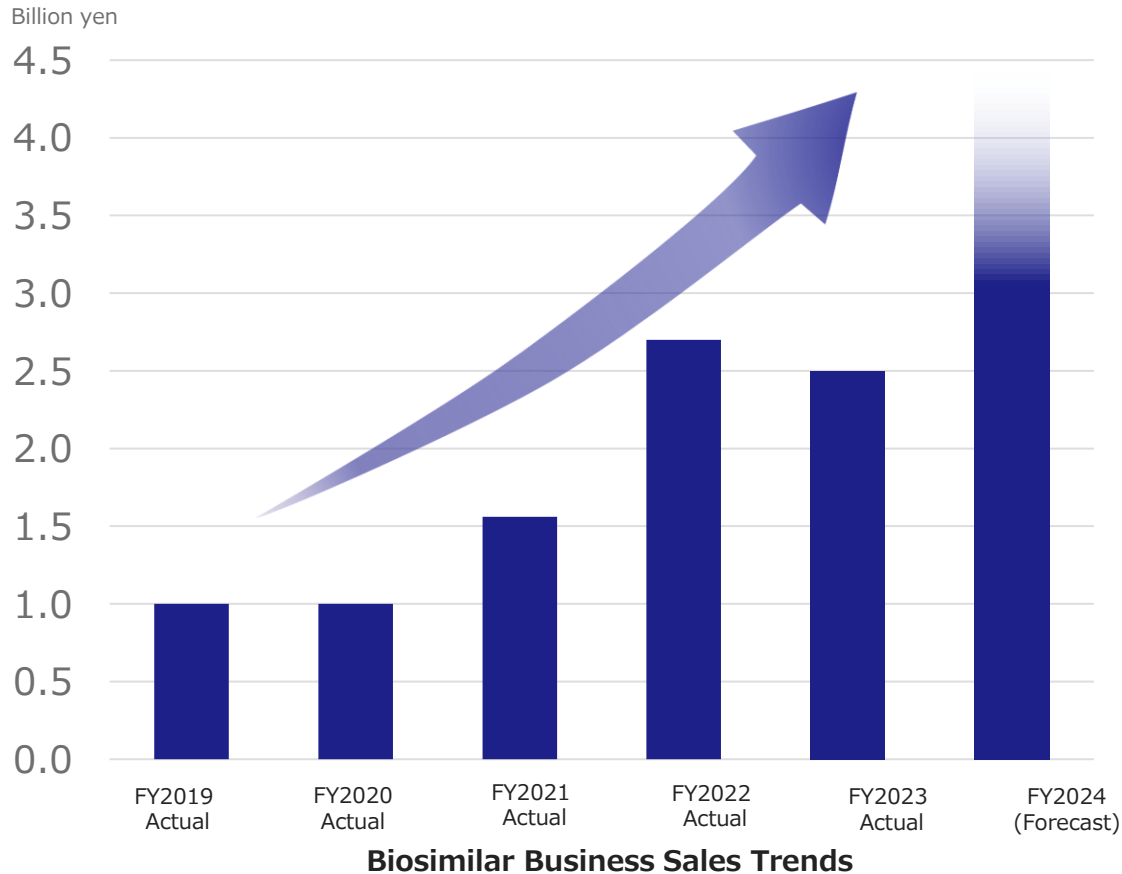
Subject	FY2023	FY2024	
	4Q Result (Non-consolidated)	Full-year Forecast (consolidated)	Progress rate
Net sales	2,431,236	3,500,000 - 4,500,000	+43.9% - +85.0
R&D expenses	1,453,349	1,350,000	--
Operating income ("-" means operating loss)	-1,335,597	--	--
Ordinary income ("-" means ordinary loss)	-1,389,601	--	--
Net income ("-" means net loss)	-1,422,078	--	--

Factors related to the calculation and disclosure of forecast figures for the current fiscal year (ending March 31, 2025)

State of progress

Biosimilar Business (Consultation and coordination with partner pharmaceutical companies and contract manufacturing companies, etc.)	Negotiation of supply prices for biosimilar products to partner pharmaceutical companies in accordance with NHI price revisions, etc.	Partially supported
	Response to the rising production price of bulk biosimilars (e.g., impact of yen depreciation, labor and material price hikes, and how to respond to such price hikes)	Currently supporting
	Coordination of manufacturing and delivery schedules and supply of biosimilar APIs and formulations	Partially supported
	Discussions regarding co-development agreements for new biosimilars	Currently supporting
Cell Therapy Business	Discussions with potential development partners, etc.	Currently supporting

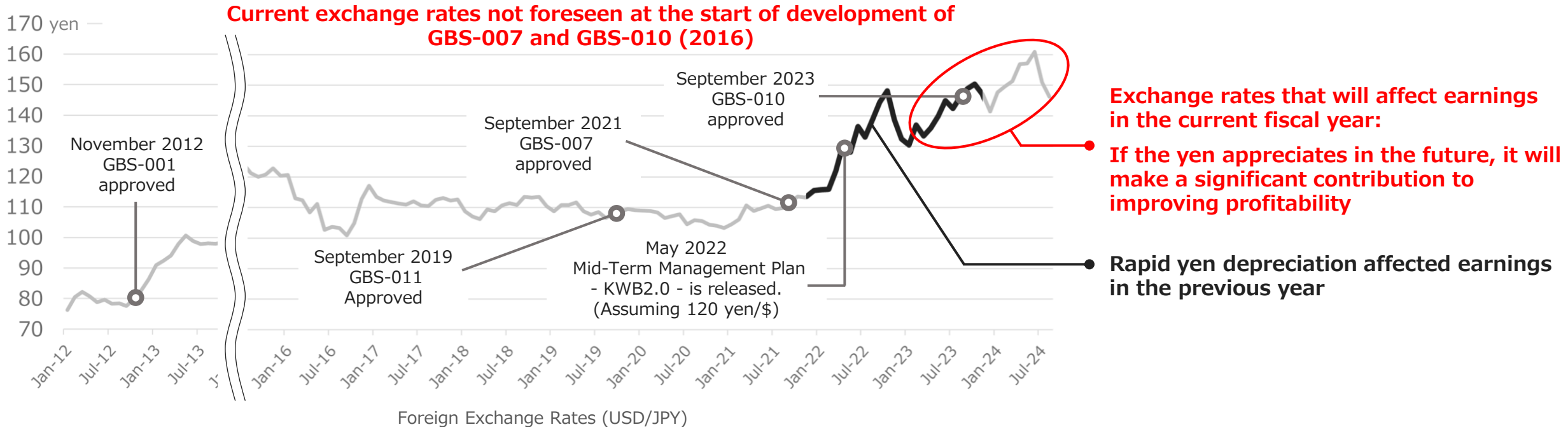
- With the approval of GBS-010 and the additional indications of GBS-007 indications in the last fiscal year, further earnings growth is expected in this fiscal year and beyond.
- While there are concerns about the impact of the recent sharp appreciation of the yen on corporate earnings and the economy, past market trends indicate that demand for pharmaceuticals, including biosimilars, is less susceptible to economic trends and will not lead to a slowdown in earnings growth.



*Source: Compiled by MHI based on the Ministry of Health, Labour and Welfare's NDB open data analysis website.

Impact of Foreign Exchange Fluctuations on Business Performance (Profit) **Kidswell.Bio**

- Gross profit margin: All biosimilar APIs are manufactured overseas, so exchange rate fluctuations have a direct impact.**
 - The sharp depreciation of the yen since 2022 has led to an increase in yen-denominated cost of sales and a significant decline in gross profit margin. However, if the current strong yen trend continues, yen-denominated cost of sales will decrease from the third quarter of this fiscal year and gross profit margin will improve.
 - In a product mix that includes the newly launched GBS-010, a 10 yen change in the exchange rate would result in an annual increase or decrease of approximately 500 million yen in gross profit per 1 billion yen in annual sales.
- R&D expenses: Both biosimilars and cell therapy business are somewhat affected by exchange rate fluctuations as a part of R&D activities are outsourced to overseas companies.**



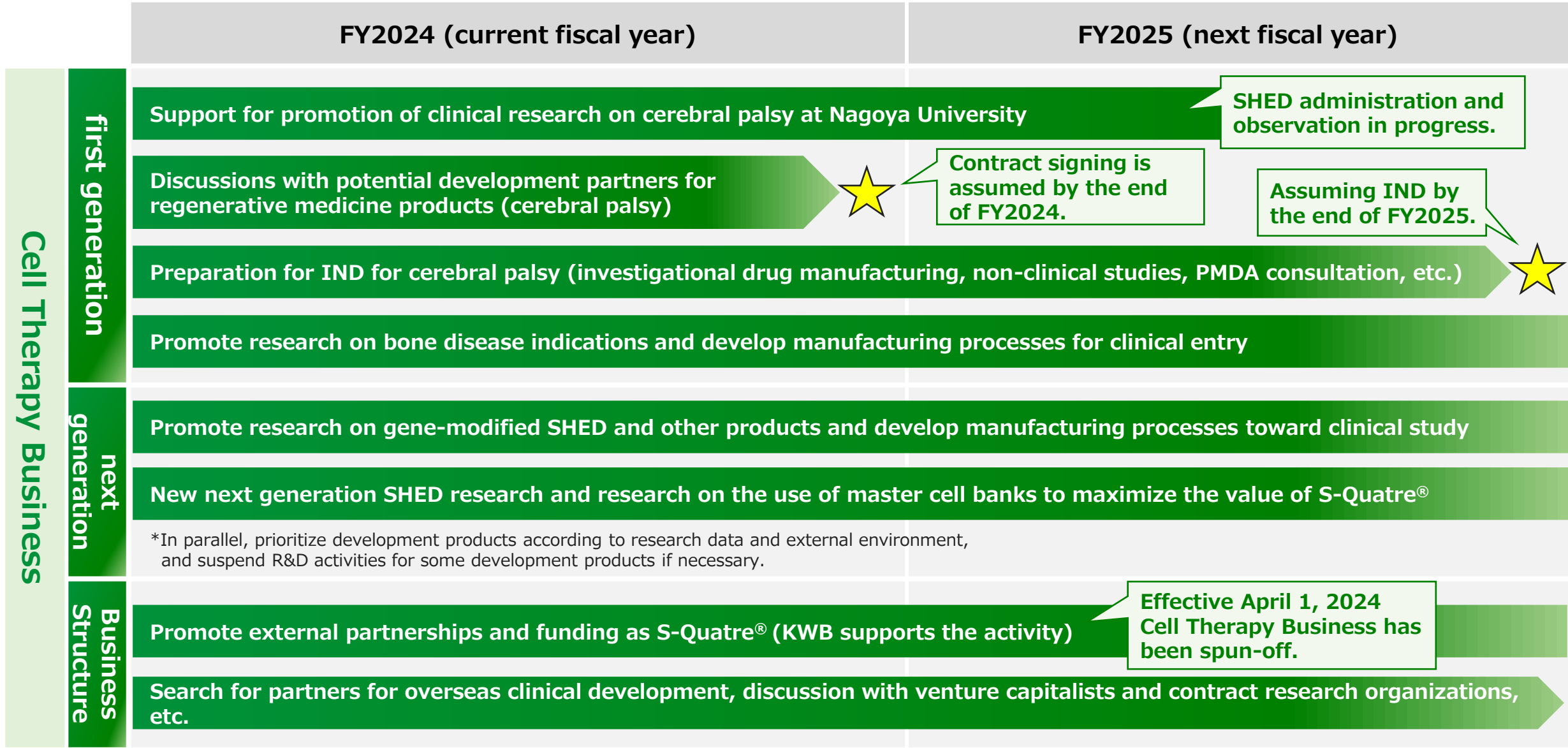
Initiatives in Maximizing Corporate Value

Plans for Major Initiatives

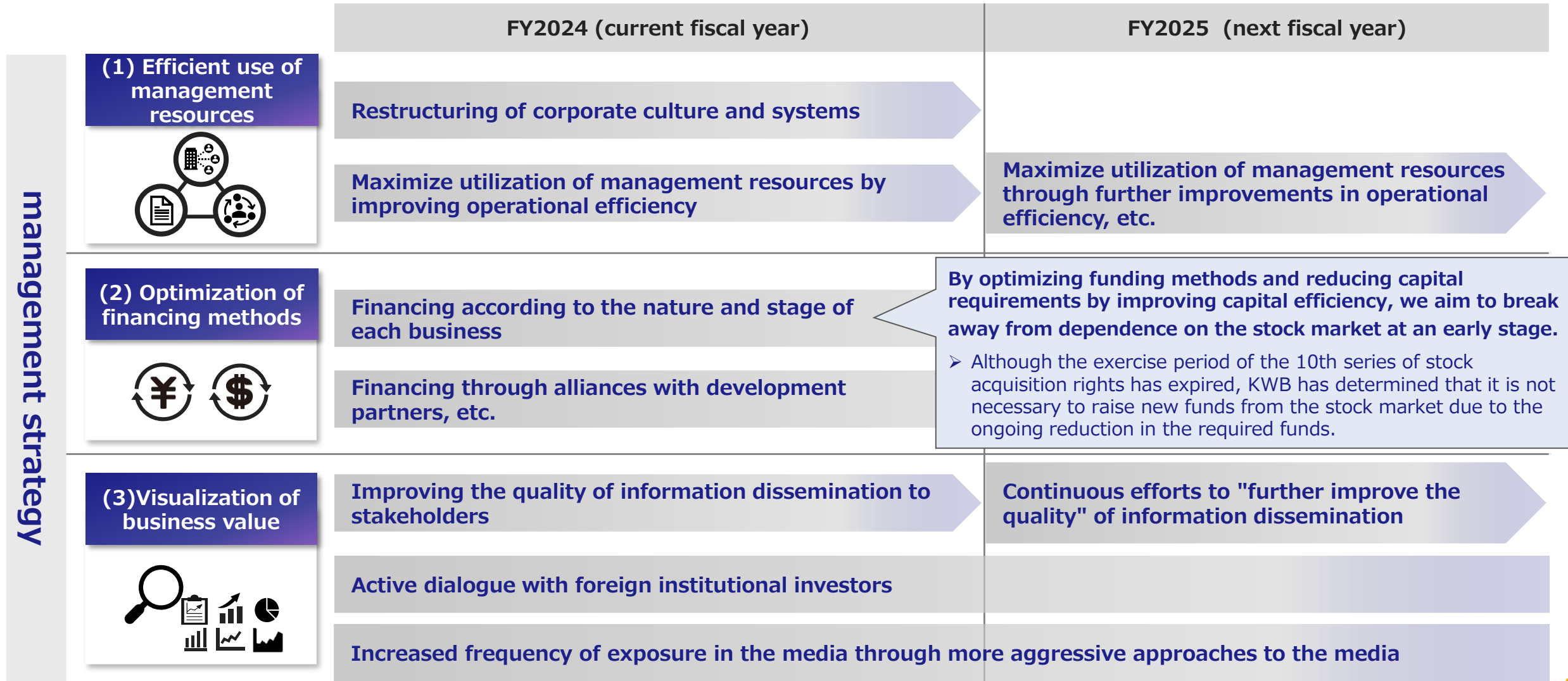
-Biosimilar Business (Kidswell Bio)-

		FY2024 (current fiscal year)	FY2025 (next fiscal year)
Biosimilar Business	launched	Maintenance of stable supply by adjusting manufacturing schedules and responding to deviations	
		Promote measures to reduce manufacturing costs, etc. to improve profitability	
		Improve cash conversion cycles and facilitate discussions with partner pharmaceutical companies regarding changes in payment terms, including reflecting increased manufacturing costs in supply prices	Discussions with partner pharmaceutical companies have been completed for some products.
	new	Promote discussions with potential partner pharmaceutical companies, etc.	Discussions are ongoing with several pharmaceutical companies under confidentiality agreements.
	Collaboration with Chione, Inc.	New biosimilar candidates have been narrowed down, and started discussions to construct cell lines.	
	Transformation into a business model capable of sustainable growth through more efficient use of capital and human resources		

Plans for Major Initiatives -Cell Therapy Business (S-Quatre)-



Maximize corporate value, drive stock price recovery and business growth

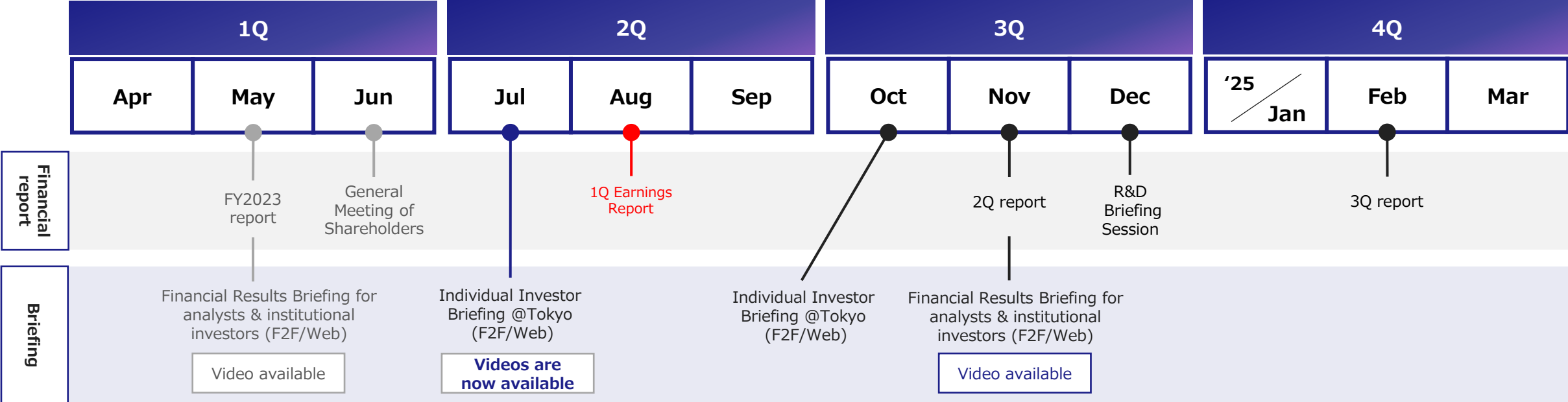


IR Schedule for FY2024 (tentative)

IR Basic Policy

- Improve communication with shareholders and investors to enhance their understanding of KWB and enable them to evaluate KWB appropriately
- Improve the quality of the information provided instead of simply providing frequent briefings

<Annual IR Schedule (tentative)>



KWB will continue to distribute supplemental explanatory videos on news releases and business activities as needed, and actively participate in IR and other events to provide information.

*The above schedule is the current schedule and is subject to change based on research and development progress, etc.

As a biosimilar development partner backed by an overwhelming track record, and as a global top runner in SHED drug discovery, work together with partner companies to improve corporate value.

Kidswell.Bio

Biosimilar Business

- Maximize revenues from the launched four products
- Actively develop the next products
- Transform the business model to maximize our strengths and achieve continuous growth

S-Quatre

Cell Therapy Business

- Out-license SHED to partners
- Promote R&D of genetically engineered SHED
- Maximize the value of S-Quatre[®], a stable supply platform for cellular raw materials (apply to new modalities)

A close-up photograph of two hands, one larger and one smaller, holding each other. The background is a soft-focus green field. A semi-transparent hexagonal molecular structure overlay is visible in the lower-left and lower-right corners.

KIDS WELL, ALL WELL

All for Kids, Kids for All

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.

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