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December 12, 2024

## Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2024 (Under Japanese GAAP)



Company name: CellSource Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4880  
 URL: <https://www.cellsource.co.jp/>  
 Representative: Takashi Sawada, Representative Director and CEO  
 Inquiries: Tomohiro Iga, Executive Officer and General Manager of Corporate Division  
 Telephone: +81-3-6455-5308  
 Scheduled date of annual general meeting of shareholders: January 29, 2025  
 Scheduled date to commence dividend payments: January 14, 2025  
 Scheduled date to file annual securities report: January 29, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2024 (from November 1, 2023 to October 31, 2024)

#### (1) Operating results

(Percentages indicate year-on-year changes.)

|                   | Net sales       |       | Operating profit |        | Ordinary profit |        | Profit          |        |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|-----------------|--------|
|                   | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen | %      |
| Fiscal year ended |                 |       |                  |        |                 |        |                 |        |
| October 31, 2024  | 4,355           | (3.4) | 129              | (89.4) | 236             | (80.2) | 237             | (74.2) |
| October 31, 2023  | 4,510           | 5.5   | 1,221            | (22.2) | 1,194           | (24.6) | 923             | (9.3)  |

|                   | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
|                   | Yen                      | Yen                        | %                | %  | %                                      |
| Fiscal year ended |                          |                            |                  |  |  |
| October 31, 2024  | 12.02                    | 11.96                      | 3.9              | 3.4                                      | 3.0                                    |
| October 31, 2023  | 48.88                    | 47.93                      | 18.7             | 20.8                                     | 27.1                                   |

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended October 31, 2024: ¥— million

For the fiscal year ended October 31, 2023: ¥— million

#### (2) Non-consolidated financial position

|                  | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|------------------|-----------------|-----------------|-----------------------|----------------------|
|                  | Millions of yen | Millions of yen | %                     | Yen                  |
| As of            |                 |                 |                       |                      |
| October 31, 2024 | 7,074           | 6,037           | 84.7                  | 302.52               |
| October 31, 2023 | 6,879           | 6,201           | 89.4                  | 311.25               |

Reference: Equity

As of October 31, 2024: ¥5,991 million

As of October 31, 2023: ¥6,150 million

### (3) Non-consolidated cash flows

|                   | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| October 31, 2024  | 591                                  | (614)                                | (437)                                | 4,320                                      |
| October 31, 2023  | 846                                  | (624)                                | 1,449                                | 4,781                                      |

### 2. Cash Dividends

|                             | Annual dividends per share |                    |                   |                 |       | Total cash dividends (Total) | Payout ratio | Ratio of dividends to net assets |
|-----------------------------|----------------------------|--------------------|-------------------|-----------------|-------|------------------------------|--------------|----------------------------------|
|                             | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |                              |              |                                  |
| Fiscal year ended           | Yen                        | Yen                | Yen               | Yen             | Yen   | Millions of yen              | %            | %                                |
| October 31, 2023            | —                          | 0.00               | —                 | 20.00           | 20.00 | 395                          | 40.9         | 7.8                              |
| October 31, 2024            | —                          | 0.00               | —                 | 5.00            | 5.00  | 99                           | 41.6         | 1.6                              |
| October 31, 2025 (Forecast) | —                          | 0.00               | —                 | 5.00            | 5.00  |                              | —            |                                  |

### 3. Financial Result Forecasts for the Fiscal Year Ending October 31, 2025 (from November 1, 2024 to October 31, 2025)

Due to the commencement of consolidated accounting in the fiscal year ending October 31, 2025, financial result forecasts for the fiscal year ending October 31, 2025 have not been presented. With regard to the consolidated earnings forecasts for the fiscal year ending October 31, 2025, net sales are expected to be 4,501 millions of yen, operating profit to be 370 millions of yen, ordinary profit to be 372 millions of yen and profit attributable to owners of parent to be 255 millions of yen.

For details, please see “Notice Regarding Publication of Consolidated Financial Result Forecasts in Connection with Commencement of Consolidated Accounting” announced today (December 12, 2024).

**\* Notes**

(1) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

(2) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

|                        |                   |
|------------------------|-------------------|
| As of October 31, 2024 | 19,806,100 shares |
| As of October 31, 2023 | 19,761,100 shares |

(ii) Number of treasury shares at the end of the period

|                        |            |
|------------------------|------------|
| As of October 31, 2024 | 580 shares |
| As of October 31, 2023 | 575 shares |

(iii) Average number of shares outstanding during the period

|                                    |                   |
|------------------------------------|-------------------|
| Fiscal year ended October 31, 2024 | 19,802,005 shares |
| Fiscal year ended October 31, 2023 | 18,884,191 shares |

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

(Cautionary note on forward-looking statements, etc.)

The earnings forecasts and forward-looking statements described herein are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to be a promise by the Company to achieve them. As such, actual results may differ significantly from these forecasts due to a wide range of factors.

(Method of obtaining the supplementary material on financial results and details of the financial results briefing)

The Company plans to hold a briefing online for investors and analysts on Thursday, December 12, 2024.

## (1) Non-consolidated Balance Sheets

(Thousands of yen)

|                                       | As of October 31, 2023 | As of October 31, 2024 |
|---------------------------------------|------------------------|------------------------|
| <b>Assets</b>                         |                        |                        |
| Current assets                        |                        |                        |
| Cash and deposits                     | 4,781,022              | 4,320,915              |
| Accounts receivable - trade           | 364,279                | 328,759                |
| Merchandise and finished goods        | 153,453                | 95,558                 |
| Work in process                       | 38,196                 | 48,364                 |
| Raw materials and supplies            | 114,276                | 139,913                |
| Advance payments to suppliers         | 13,241                 | 7,249                  |
| Prepaid expenses                      | 79,463                 | 83,382                 |
| Other                                 | 48,034                 | 49,909                 |
| Allowance for doubtful accounts       | (2,787)                | (5,240)                |
| Total current assets                  | 5,589,181              | 5,068,814              |
| Non-current assets                    |                        |                        |
| Property, plant and equipment         |                        |                        |
| Buildings, net                        | 411,565                | 764,464                |
| Tools, furniture and fixtures, net    | 132,381                | 301,083                |
| Leased assets, net                    | 88,284                 | 69,394                 |
| Construction in progress              | 26,510                 | —                      |
| Other, net                            | 0                      | 0                      |
| Total property, plant and equipment   | 658,740                | 1,134,943              |
| Intangible assets                     |                        |                        |
| Software                              | 19,809                 | 34,123                 |
| Software in progress                  | —                      | 24,310                 |
| Total intangible assets               | 19,809                 | 58,433                 |
| Investments and other assets          |                        |                        |
| Investment securities                 | 152,040                | 176,571                |
| Shares of subsidiaries and associates | —                      | 131,500                |
| Long-term prepaid expenses            | 28,287                 | 18,567                 |
| Deferred tax assets                   | 43,964                 | 147,377                |
| Leasehold and guarantee deposits      | 387,713                | 338,702                |
| Distressed receivables                | 165                    | 165                    |
| Allowance for doubtful accounts       | (165)                  | (165)                  |
| Total investments and other assets    | 612,004                | 812,719                |
| Total non-current assets              | 1,290,555              | 2,006,095              |
| Total assets                          | 6,879,736              | 7,074,909              |

(Thousands of yen)

|   | As of October 31, 2023 | As of October 31, 2024 |
|---|------------------------|------------------------|
| <b>Liabilities</b>                                    |                        |                        |
| Current liabilities                                   |                        |                        |
| Accounts payable - trade                              | 75,463                 | 93,067                 |
| Lease liabilities                                     | 20,251                 | 20,571                 |
| Accounts payable - other                              | 103,261                | 57,658                 |
| Accrued expenses                                      | 73,199                 | 68,808                 |
| Income taxes payable                                  | 42,773                 | 29,834                 |
| Accrued consumption taxes                             | 19,503                 | 16,276                 |
| Dividends payable                                     | —                      | 1,601                  |
| Advances received                                     | 57,569                 | 37,974                 |
| Deposits received                                     | 17,307                 | 15,722                 |
| Provision for loss on contract                        | —                      | 29,916                 |
| Provision for bonuses                                 | 40,012                 | 63,928                 |
| Provision for loss on orders received                 | 2,814                  | 2,490                  |
| Provision for share-based payments                    | —                      | 3,634                  |
| Other   | —                      | 107                    |
| Total current liabilities                             | 452,156                | 441,592                |
| Non-current liabilities                               |                        |                        |
| Lease liabilities                                     | 77,291                 | 56,719                 |
| Asset retirement obligations                          | 148,289                | 294,836                |
| Long-term accounts payable - other                    | —                      | 1,558                  |
| Provision for loss on contract                        | —                      | 243,099                |
| Total non-current liabilities                         | 225,581                | 596,214                |
| Total liabilities                                     | 677,737                | 1,037,807              |
| <b>Net assets</b>                                     |                        |                        |
| Shareholders' equity                                  |                        |                        |
| Share capital   | 1,425,397              | 1,426,474              |
| Capital surplus                                       |                        |                        |
| Legal capital surplus                                 | 1,335,397              | 1,336,474              |
| Total capital surplus                                 | 1,335,397              | 1,336,474              |
| Retained earnings                                     |                        |                        |
| Other retained earnings                               |                        |                        |
| Retained earnings brought forward                     | 3,377,319              | 3,220,049              |
| Total retained earnings                               | 3,377,319              | 3,220,049              |
| Treasury shares                                       | (1,696)                | (1,703)                |
| Total shareholders' equity                            | 6,136,418              | 5,981,294              |
| Valuation and translation adjustments                 |                        |                        |
| Valuation difference on available-for-sale securities | 14,034                 | 10,353                 |
| Total valuation and translation adjustments           | 14,034                 | 10,353                 |
| Share acquisition rights                              | 51,546                 | 45,453                 |
| Total net assets                                      | 6,201,999              | 6,037,101              |
| Total liabilities and net assets                      | 6,879,736              | 7,074,909              |

## (2) Non-consolidated Statements of Income

(Thousands of yen)

|  | For the fiscal year ended<br>October 31, 2023 | For the fiscal year ended<br>October 31, 2024 |
|--|---|---|
| Net sales  | 4,510,544                                     | 4,355,063                                     |
| Cost of sales                                      | 1,325,543                                     | 1,937,651                                     |
| Gross profit                                       | 3,185,000                                     | 2,417,411                                     |
| Selling, general and administrative expenses       |   |   |
| Packing and freightage expenses                    | 71,079  | 65,350  |
| Advertising expenses                               | 32,814  | 39,713  |
| Provision of allowance for doubtful accounts       | (4,576)                                       | 2,452   |
| Remuneration for directors (and other officers)    | 82,800  | 162,900                                       |
| Payrolls and allowances                            | 512,700                                       | 633,110                                       |
| Outsourcing expenses                               | 197,782                                       | 151,242                                       |
| Rent expenses on land and buildings                | 203,804                                       | 241,492                                       |
| Commission expenses                                | 104,648                                       | 139,508                                       |
| Depreciation                                       | 25,480  | 54,981  |
| Research and development expenses                  | 72,453  | 71,009  |
| Provision for bonuses                              | 53,799  | 91,983  |
| Other  | 610,714                                       | 634,509                                       |
| Total selling, general and administrative expenses | 1,963,501                                     | 2,288,253                                     |
| Operating profit                                   | 1,221,499                                     | 129,158                                       |
| Non-operating income                               |   |   |
| Interest income                                    | 13  | 48  |
| Subsidy income                                     | 18,166  | 111,510                                       |
| Gain on sale of non-current assets                 | —   | 5,366   |
| Miscellaneous income                               | 11,488  | 7,868   |
| Total non-operating income                         | 29,668  | 124,794                                       |
| Non-operating expenses                             |   |   |
| Interest expenses                                  | 379   | 1,362   |
| Share issuance costs                               | 15,531  | 20  |
| Listing expenses                                   | 25,000  | —   |
| Foreign exchange losses                            | 8,399   | 2,184   |
| Loss on valuation of securities                    | 1,814   | —   |
| Loss on investments in investment partnerships     | 3,077   | 4,588   |
| Loss on cancellation of rental contracts           | —   | 1,594   |
| Compensation expenses                              | 2,696   | 6,544   |
| Other  | —   | 1,006   |
| Total non-operating expenses                       | 56,899  | 17,301  |
| Ordinary profit                                    | 1,194,268                                     | 236,652                                       |
| Extraordinary income                               |   |   |
| Gain on sale of investment securities              | 34,816  | 46,540  |
| Gain on reversal of share acquisition rights       | 8,667   | 11,749  |
| Other  | 1,931   | —   |
| Total extraordinary income                         | 45,414  | 58,289  |
| Profit before income taxes                         | 1,239,682                                     | 294,941                                       |
| Income taxes - current                             | 308,353                                       | 158,788                                       |
| Income taxes - deferred                            | 8,186   | (101,788)                                     |
| Total income taxes                                 | 316,540                                       | 57,000  |
| Profit   | 923,142                                       | 237,940                                       |

## (3) Non-consolidated Statements of Changes in Equity

Fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

(Thousands of yen)

|  | Shareholders' equity |                       |                       |                                   |                         |                 |                            |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus       |                       | Retained earnings                 |                         | Treasury shares | Total shareholders' equity |
|  |                      | Legal capital surplus | Total capital surplus | Other retained earnings           | Total retained earnings |                 |                            |
|  |                      |                       |                       | Retained earnings brought forward |                         |                 |                            |
| Balance at beginning of period                       | 689,226              | 599,226               | 599,226               | 2,454,176                         | 2,454,176               | (1,696)         | 3,740,933                  |
| Changes during period                                |                      |                       |                       |                                   |                         |                 |                            |
| Issuance of new shares                               | 736,171              | 736,171               | 736,171               |                                   |                         |                 | 1,472,342                  |
| Dividends of surplus                                 |                      |                       |                       |                                   |                         |                 | —                          |
| Profit   |                      |                       |                       | 923,142                           | 923,142                 |                 | 923,142                    |
| Purchase of treasury shares                          |                      |                       |                       |                                   |                         |                 | —                          |
| Net changes in items other than shareholders' equity |                      |                       |                       |                                   |                         |                 |                            |
| Total changes during period                          | 736,171              | 736,171               | 736,171               | 923,142                           | 923,142                 | —               | 2,395,485                  |
| Balance at end of period                             | 1,425,397            | 1,335,397             | 1,335,397             | 3,377,319                         | 3,377,319               | (1,696)         | 6,136,418                  |

|  | Valuation and translation adjustments                 |   | Share acquisition rights | Total net assets |
|--|---|---|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                          |                  |
| Balance at beginning of period                       | 3,045   | 3,045                                       | 41,552                   | 3,785,531        |
| Changes during period                                |   |   |                          |                  |
| Issuance of new shares                               |   |   |                          | 1,472,342        |
| Dividends of surplus                                 |   |   |                          | —                |
| Profit   |   |   |                          | 923,142          |
| Purchase of treasury shares                          |   |   |                          | —                |
| Net changes in items other than shareholders' equity | 10,988  | 10,988                                      | 9,994                    | 20,983           |
| Total changes during period                          | 10,988  | 10,988                                      | 9,994                    | 2,416,468        |
| Balance at end of period                             | 14,034  | 14,034                                      | 51,546                   | 6,201,999        |

Fiscal year ended October 31, 2024 (from November 1, 2023 to October 31, 2024)

(Thousands of yen)

|  | Shareholders' equity |                       |                       |                                   |                         |                 |                            |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus       |                       | Retained earnings                 |                         | Treasury shares | Total shareholders' equity |
|  |                      | Legal capital surplus | Total capital surplus | Other retained earnings           | Total retained earnings |                 |                            |
|  |                      |                       |                       | Retained earnings brought forward |                         |                 |                            |
| Balance at beginning of period                       | 1,425,397            | 1,335,397             | 1,335,397             | 3,377,319                         | 3,377,319               | (1,696)         | 6,136,418                  |
| Changes during period                                |                      |                       |                       |                                   |                         |                 |                            |
| Issuance of new shares                               | 1,076                | 1,076                 | 1,076                 |                                   |                         |                 | 2,152                      |
| Dividends of surplus                                 |                      |                       |                       | (395,210)                         | (395,210)               |                 | (395,210)                  |
| Profit   |                      |                       |                       | 237,940                           | 237,940                 |                 | 237,940                    |
| Purchase of treasury shares                          |                      |                       |                       |                                   |                         | (6)             | (6)                        |
| Net changes in items other than shareholders' equity |                      |                       |                       |                                   |                         |                 |                            |
| Total changes during period                          | 1,076                | 1,076                 | 1,076                 | (157,269)                         | (157,269)               | (6)             | (155,123)                  |
| Balance at end of period                             | 1,426,474            | 1,336,474             | 1,336,474             | 3,220,049                         | 3,220,049               | (1,703)         | 5,981,294                  |

|  | Valuation and translation adjustments                 |   | Share acquisition rights | Total net assets |
|--|---|---|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                          |                  |
| Balance at beginning of period                       | 14,034  | 14,034                                      | 51,546                   | 6,201,999        |
| Changes during period                                |   |   |                          |                  |
| Issuance of new shares                               |   |   |                          | 2,152            |
| Dividends of surplus                                 |   |   |                          | (395,210)        |
| Profit   |   |   |                          | 237,940          |
| Purchase of treasury shares                          |   |   |                          | (6)              |
| Net changes in items other than shareholders' equity | (3,681)   | (3,681)                                     | (6,092)                  | (9,774)          |
| Total changes during period                          | (3,681)   | (3,681)                                     | (6,092)                  | (164,897)        |
| Balance at end of period                             | 10,353  | 10,353                                      | 45,453                   | 6,037,101        |



## (4) Non-consolidated Statements of Cash Flows

(Thousands of yen)

|  | For the fiscal year ended<br>October 31, 2023 | For the fiscal year ended<br>October 31, 2024 |
|--|---|---|
| <b>Cash flows from operating activities</b>              |   |   |
| Profit before income taxes                               | 1,239,682                                     | 294,941                                       |
| Depreciation   | 63,851  | 141,997                                       |
| Amortization of long-term prepaid expenses               | 14,233  | 11,229  |
| Amortization of lease deposits                           | 3,058   | 12,150  |
| Increase (decrease) in allowance for doubtful accounts   | (4,576)                                       | 2,452   |
| Increase (decrease) in provision for bonuses             | 15,420  | 23,915  |
| Increase (decrease) in contract provision for loss       | —   | 273,016                                       |
| Interest income  | (13)  | (48)  |
| Interest expenses  | 379   | 1,362   |
| Loss on retirement of non-current assets                 | —   | 531   |
| Loss (gain) on sale of non-current assets                | —   | (5,366)                                       |
| Foreign exchange losses (gains)                          | 14,291  | (376)   |
| Subsidy income   | (18,166)                                      | (111,510)                                     |
| Loss (gain) on valuation of securities                   | 1,814   | —   |
| Loss (gain) on investments in investment partnerships    | 3,077   | 4,588   |
| Share issuance costs                                     | 15,531  | 20  |
| Share-based payment expenses                             | 21,751  | 5,656   |
| Loss (gain) on sale of investment securities             | (34,816)                                      | (46,540)                                      |
| Gain on reversal of share acquisition rights             | (8,667)                                       | (11,749)                                      |
| Listing expenses   | 25,000  | —   |
| Decrease (increase) in trade receivables                 | 293,051                                       | 35,519  |
| Decrease (increase) in inventories                       | (78,903)                                      | 22,090  |
| Decrease (increase) in advance payments to suppliers     | 14,114  | 5,992   |
| Increase (decrease) in trade payables                    | (34,228)                                      | 17,603  |
| Increase (decrease) in advances received                 | 25,918  | (19,594)                                      |
| Other, net   | (35,577)                                      | (27,492)                                      |
| Subtotal   | 1,536,229                                     | 630,390                                       |
| Interest received  | 13  | 48  |
| Interest paid  | (379)   | (1,362)                                       |
| Subsidies received                                       | —   | 134,529                                       |
| Income taxes paid  | (689,172)                                     | (174,859)                                     |
| Income taxes refund                                      | —   | 2,977   |
| Net cash provided by (used in) operating activities      | 846,691                                       | 591,723                                       |
| <b>Cash flows from investing activities</b>              |   |   |
| Purchase of property, plant and equipment                | (348,072)                                     | (493,256)                                     |
| Proceeds from sale of property, plant and equipment      | —   | 5,517   |
| Purchase of intangible assets                            | (10,930)                                      | (46,431)                                      |
| Purchase of investment securities                        | (49,992)                                      | (54,750)                                      |
| Proceeds from sale of investment securities              | 114,816                                       | 66,540  |
| Purchase of long-term prepaid expenses                   | (33,394)                                      | (3,629)                                       |
| Payments of leasehold and guarantee deposits             | (296,507)                                     | (88)  |
| Proceeds from refund of leasehold and guarantee deposits | —   | 42,637  |
| Purchase of shares of subsidiaries and associates        | —   | (131,500)                                     |
| Net cash provided by (used in) investing activities      | (624,080)                                     | (614,961)                                     |

(Thousands of yen)

|   | For the fiscal year ended<br>October 31, 2023 | For the fiscal year ended<br>October 31, 2024 |
|---|---|---|
| Cash flows from financing activities                        |   |   |
| Payments for issuance of shares                             | —   | (3,885)                                       |
| Proceeds from issuance of shares                            | 1,461,669                                     | —   |
| Purchase of treasury shares                                 | —   | (6)   |
| Payments of listing expenses                                | (6,000)                                       | (19,000)                                      |
| Repayments of lease liabilities                             | (6,546)                                       | (20,251)                                      |
| Dividends paid  | —   | (393,608)                                     |
| Other, net  | (0)   | (493)   |
| Net cash provided by (used in) financing activities         | 1,449,123                                     | (437,244)                                     |
| Effect of exchange rate change on cash and cash equivalents | (14,291)                                      | 376   |
| Net increase (decrease) in cash and cash equivalents        | 1,657,441                                     | (460,106)                                     |
| Cash and cash equivalents at beginning of period            | 3,123,580                                     | 4,781,022                                     |
| Cash and cash equivalents at end of period                  | 4,781,022                                     | 4,320,915                                     |