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December 14, 2022

## Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (Under Japanese GAAP)



Company name: CellSource Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4880  
 URL: <https://www.cellsource.co.jp/>  
 Representative: Masato Tsumamoto, Chief Executive Officer (CEO) & Representative Director  
 Inquiries: Yujiro Sugi, Executive Officer and Vice President of Corporate Unit  
 Telephone: +81-3-6455-5308  
 Scheduled date of annual general meeting of shareholders: January 27, 2023  
 Scheduled date to commence dividend payments: —  
 Scheduled date to file annual securities report: January 27, 2023  
 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, 2022 (from November 1, 2021 to October 31, 2022)

#### (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, 2022	4,273	46.3	1,571	58.3	1,583	57.4	1,017	56.3
October 31, 2021	2,922	57.5	992	138.8	1,006	143.8	651	137.7

	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, 2022	54.54	52.98	31.6	39.8	36.8
October 31, 2021	35.17	33.91	27.5	35.2	34.0

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

For the fiscal year ended October 31, 2022: ¥— million

For the fiscal year ended October 31, 2021: ¥— million

Note: The Company conducted a 3-for-1 stock split of common shares as of November 1, 2021. The basic earnings per share and the diluted earnings per share are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

#### (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, 2022	4,599	3,785	81.4	200.37
October 31, 2021	3,365	2,720	80.3	145.14

Reference: Equity

As of October 31, 2022: ¥3,743 million

As of October 31, 2021: ¥2,703 million

Note: The Company conducted a 3-for-1 stock split of common shares as of November 1, 2021. The net assets per share are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

**(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, 2022	847	(169)	14	3,123
October 31, 2021	898	(256)	9	2,409

**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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended October 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending October 31, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

**3. Non-consolidated Financial Result Forecasts for the Fiscal Year Ending October 31, 2023 (from November 1, 2022 to October 31, 2023)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,192	21.5	1,625	3.5	1,625	2.6	1,024	0.6	54.81

**\* 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: Yes
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates: None
- (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, 2022	18,685,800 shares
As of October 31, 2021	18,626,400 shares

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

As of October 31, 2022	575 shares
As of October 31, 2021	516 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended October 31, 2022	18,662,319 shares
Fiscal year ended October 31, 2021	18,521,085 shares

Note: The Company conducted a 3-for-1 stock split of common shares as of November 1, 2021. The total number of issued shares at the end of the period and the average number of shares outstanding during the period are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

\* 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 statement with respect to forward-looking statements)

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 Wednesday, December 14, 2022.

## Non-consolidated Financial Statements and Principal Notes

### (1) Non-consolidated Balance Sheets

(Thousands of yen)

	As of October 31, 2021	As of October 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,409,322	3,123,580
Accounts receivable - trade	310,993	657,331
Merchandise and finished goods	91,560	121,352
Work in process	23,747	23,188
Raw materials and supplies	50,239	82,482
Advance payments to suppliers	27,827	27,356
Prepaid expenses	25,644	47,506
Other	10,054	2,122
Allowance for doubtful accounts	(3,559)	(7,528)
Total current assets	2,945,830	4,077,393
Non-current assets		
Property, plant and equipment		
Buildings, net	34,754	41,340
Tools, furniture and fixtures, net	74,406	124,922
Leased assets, net	957	—
Other, net	0	0
Total property, plant and equipment	110,118	166,262
Intangible assets		
Software	9,478	10,480
Software in progress	1,650	—
Total intangible assets	11,128	10,480
Investments and other assets		
Investment securities	143,927	171,429
Long-term prepaid expenses	35,374	22,850
Deferred tax assets	42,614	57,000
Leasehold and guarantee deposits	76,359	94,264
Distressed receivables	0	0
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	298,275	345,544
Total non-current assets	419,522	522,287
<b>Total assets</b>	<b>3,365,353</b>	<b>4,599,680</b>

(Thousands of yen)

	As of October 31, 2021	As of October 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	41,029	109,692
Lease liabilities	1,097	—
Accounts payable - other	96,419	93,974
Accrued expenses	35,343	23,568
Income taxes payable	318,545	420,726
Accrued consumption taxes	87,912	101,350
Advances received	28,280	31,651
Deposits received	24,783	8,369
Provision for bonuses	—	24,591
Provision for loss on orders received	587	9
Other	—	215
Total current liabilities	633,999	814,149
Non-current liabilities		
Long-term accounts payable - other	11,000	—
Total non-current liabilities	11,000	—
Total liabilities	644,999	814,149
<b>Net assets</b>		
Shareholders' equity		
Share capital	679,122	689,226
Capital surplus		
Legal capital surplus	589,122	599,226
Total capital surplus	589,122	599,226
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,436,334	2,454,176
Total retained earnings	1,436,334	2,454,176
Treasury shares	(1,444)	(1,696)
Total shareholders' equity	2,703,134	3,740,933
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	149	3,045
Total valuation and translation adjustments	149	3,045
Share acquisition rights	17,069	41,552
Total net assets	2,720,353	3,785,531
Total liabilities and net assets	3,365,353	4,599,680

## (2) Non-consolidated Statements of Income and Comprehensive Income

## Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Net sales	2,922,232	4,273,829
Cost of sales	848,207	1,209,528
Gross profit	2,074,025	3,064,300
Selling, general and administrative expenses		
Packing and freightage expenses	50,193	61,998
Advertising expenses	43,685	39,436
Provision of allowance for doubtful accounts	956	3,969
Remuneration for directors (and other officers)	65,250	82,200
Payrolls and allowances	302,153	409,512
Outsourcing expenses	110,783	166,541
Rent expenses on land and buildings	50,490	53,167
Commission expenses	94,067	157,506
Depreciation	12,203	13,129
Research and development expenses	71,161	87,562
Provision for bonuses	—	33,372
Other	280,638	384,851
Total selling, general and administrative expenses	1,081,584	1,493,247
Operating profit	992,441	1,571,052
Non-operating income		
Interest income	2	7
Foreign exchange gains	—	20,631
Subsidy income	3,177	—
Subsidy income	17,388	1,775
Compensation income	—	1,259
Other	177	1,691
Total non-operating income	20,744	25,366
Non-operating expenses		
Interest expenses	136	11
Share issuance costs	84	54
Foreign exchange losses	655	—
Loss on valuation of securities	—	9,549
Loss on investments in investment partnerships	5,717	3,163
Other	224	1
Total non-operating expenses	6,818	12,780
Ordinary profit	1,006,367	1,583,639
Profit before income taxes	1,006,367	1,583,639
Income taxes - current	370,830	581,460
Income taxes - deferred	(15,858)	(15,663)
Total income taxes	354,971	565,796
Profit	651,396	1,017,842

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

Fiscal year ended October 31, 2021 (from November 1, 2020 to October 31, 2021)

(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	672,818	582,818	582,818	784,938	784,938	(642)	2,039,932
Changes during period							
Issuance of new shares	6,303	6,303	6,303				12,607
Profit				651,396	651,396		651,396
Purchase of treasury shares						(801)	(801)
Net changes in items other than shareholders' equity							
Total changes during period	6,303	6,303	6,303	651,396	651,396	(801)	663,202
Balance at end of period	679,122	589,122	589,122	1,436,334	1,436,334	(1,444)	2,703,134

	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	—	—	2,574	2,042,507
Changes during period				
Issuance of new shares				12,607
Profit				651,396
Purchase of treasury shares				(801)
Net changes in items other than shareholders' equity	149	149	14,494	14,643
Total changes during period	149	149	14,494	677,846
Balance at end of period	149	149	17,069	2,720,353

Fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(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	679,122	589,122	589,122	1,436,334	1,436,334	(1,444)	2,703,134
Changes during period							
Issuance of new shares	10,104	10,104	10,104				20,208
Profit				1,017,842	1,017,842		1,017,842
Purchase of treasury shares						(251)	(251)
Net changes in items other than shareholders' equity							
Total changes during period	10,104	10,104	10,104	1,017,842	1,017,842	(251)	1,037,798
Balance at end of period	689,226	599,226	599,226	2,454,176	2,454,176	(1,696)	3,740,933

	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	149	149	17,069	2,720,353
Changes during period				
Issuance of new shares				20,208
Profit				1,017,842
Purchase of treasury shares				(251)
Net changes in items other than shareholders' equity	2,896	2,896	24,482	27,378
Total changes during period	2,896	2,896	24,482	1,065,177
Balance at end of period	3,045	3,045	41,552	3,785,531



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

(Thousands of yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,006,367	1,583,639
Depreciation	30,534	45,422
Amortization of long-term prepaid expenses	22,293	14,940
Amortization of lease deposits	1,785	1,318
Increase (decrease) in allowance for doubtful accounts	(3,743)	3,969
Increase (decrease) in provision for bonuses	—	24,591
Interest income	(2)	(7)
Interest expenses	136	11
Foreign exchange losses (gains)	(882)	(21,621)
Subsidy income	(3,177)	—
Subsidy income	(17,388)	(1,775)
Compensation income	—	(1,259)
Loss (gain) on valuation of securities	—	9,549
Loss (gain) on investments in investment partnerships	5,717	3,163
Share issuance costs	84	54
Share-based payment expenses	14,494	29,117
Decrease (increase) in trade receivables	(83,476)	(346,338)
Decrease (increase) in inventories	(33,217)	(61,475)
Decrease (increase) in advance payments to suppliers	(3,432)	471
Increase (decrease) in trade payables	11,151	68,662
Increase (decrease) in advances received	(10,810)	3,370
Other, net	86,641	(37,343)
Subtotal	1,023,075	1,318,460
Interest received	2	7
Interest paid	(136)	(11)
Subsidies received	3,177	—
Subsidies received	40,066	13,973
Proceeds from compensation	—	1,259
Income taxes paid	(167,990)	(486,086)
Net cash provided by (used in) operating activities	898,194	847,603
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(54,838)	(94,717)
Purchase of intangible assets	(6,620)	(4,450)
Purchase of investment securities	(150,000)	(36,364)
Purchase of long-term prepaid expenses	(25,524)	(14,632)
Payments of leasehold and guarantee deposits	(19,134)	(19,223)
Net cash provided by (used in) investing activities	(256,117)	(169,388)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	12,535	15,519
Purchase of treasury shares	(802)	(253)
Repayments of lease liabilities	(3,188)	(1,097)
Other, net	802	253
Net cash provided by (used in) financing activities	9,347	14,421
Effect of exchange rate change on cash and cash equivalents	882	21,621
Net increase (decrease) in cash and cash equivalents	652,307	714,258
Cash and cash equivalents at beginning of period	1,757,015	2,409,322
Cash and cash equivalents at end of period	2,409,322	3,123,580