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June 14, 2023

Non-consolidated Financial Results for the Six Months Ended April 30, 2023 (Under Japanese GAAP)



Company name: CellSource Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4880
 URL: <https://www.cellsource.co.jp/>
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 Scheduled date to file quarterly securities report: June 14, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 Six Months Ended April 30, 2023 (from November 1, 2022 to April 30, 2023)

(1) Operating results (cumulative)

(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	%
Six months ended April 30, 2023	2,170	27.9	659	34.4	650	31.1	410	33.0
April 30, 2022	1,697	26.3	490	16.2	495	13.9	308	14.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended April 30, 2023	21.94	21.34
April 30, 2022	16.54	16.05

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of April 30, 2023	4,812	4,201	86.4
October 31, 2022	4,599	3,785	81.4

Reference: Equity
 As of April 30, 2023: 4,156 million yen
 As of October 31, 2022: 3,743 million yen

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2022	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2023	—	0.00			
Fiscal year ending October 31, 2023 (Forecast)			—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) 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

(3) Number of issued shares (common shares)

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

As of April 30, 2023	18,695,700 shares
As of October 31, 2022	18,685,800 shares

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

As of April 30, 2023	575 shares
As of October 31, 2022	575 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2023	18,690,719 shares
Six months ended April 30, 2022	18,644,192 shares

* Quarterly financial results reports are exempt from quarterly review 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, June 14, 2023.

2. Quarterly Non-consolidated Financial Statements and Principal Notes

(1) Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of October 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	3,123,580	3,361,176
Accounts receivable - trade	657,331	417,126
Merchandise and finished goods	121,352	123,116
Work in process	23,188	35,948
Raw materials and supplies	82,482	75,443
Other	76,986	125,219
Allowance for doubtful accounts	(7,528)	(4,786)
Total current assets	4,077,393	4,133,244
Non-current assets		
Property, plant and equipment	166,262	164,672
Intangible assets	10,480	8,749
Investments and other assets		
Other	345,544	505,873
Allowance for doubtful accounts	(0)	(165)
Total investments and other assets	345,544	505,708
Total non-current assets	522,287	679,129
Total assets	4,599,680	4,812,374
Liabilities		
Current liabilities		
Accounts payable - trade	109,692	71,016
Income taxes payable	420,726	258,169
Provision for bonuses	24,591	38,953
Provision for bonuses for directors (and other officers)	–	1,500
Provision for loss on orders received	9	239
Other	259,129	240,858
Total current liabilities	814,149	610,737
Total liabilities	814,149	610,737
Net assets		
Shareholders' equity		
Share capital	689,226	690,876
Capital surplus	599,226	600,876
Retained earnings	2,454,176	2,864,238
Treasury shares	(1,696)	(1,696)
Total shareholders' equity	3,740,933	4,154,294
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,045	2,213
Total valuation and translation adjustments	3,045	2,213
Share acquisition rights	41,552	45,128
Total net assets	3,785,531	4,201,636
Total liabilities and net assets	4,599,680	4,812,374

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

Quarterly Non-consolidated Statements of Income

Six Months Ended April 30

(Thousands of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Net sales	1,697,020	2,170,612
Cost of sales	500,711	627,981
Gross profit	1,196,308	1,542,630
Selling, general and administrative expenses	705,557	883,292
Operating profit	490,751	659,338
Non-operating income		
Interest income	1	7
Foreign exchange gains	4,304	–
Subsidy income	1,775	–
Miscellaneous income	663	9,135
Total non-operating income	6,745	9,143
Non-operating expenses		
Interest expenses	11	–
Foreign exchange losses	–	13,441
Loss on investments in investment partnerships	1,507	2,017
Other	18	2,709
Total non-operating expenses	1,537	18,168
Ordinary profit	495,959	650,312
Extraordinary income		
Gain on reversal of share acquisition rights	–	8,495
Total extraordinary income	–	8,495
Profit before income taxes	495,959	658,808
Income taxes - current	182,288	240,676
Income taxes - deferred	5,280	8,070
Total income taxes	187,569	248,746
Profit	308,390	410,061

(3) Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended April 30, 2022	For the six months ended April 30, 2023
Cash flows from operating activities		
Profit before income taxes	495,959	658,808
Depreciation	19,649	23,471
Amortization of long-term prepaid expenses	7,511	7,125
Amortization of lease deposits	659	659
Increase (decrease) in allowance for doubtful accounts	942	(2,576)
Increase (decrease) in provision for bonuses	24,932	14,361
Increase (decrease) in provision for bonuses for directors (and other officers)	1,000	1,500
Interest income	(1)	(7)
Interest expenses	11	–
Foreign exchange losses (gains)	(5,413)	16,524
Subsidy income	(1,775)	–
Loss (gain) on investments in investment partnerships	1,507	2,017
Share issuance costs	18	6
Share-based payment expenses	16,414	12,457
Gain on reversal of share acquisition rights	–	(8,495)
Decrease (increase) in trade receivables	(80,213)	240,204
Decrease (increase) in inventories	(29,308)	(7,485)
Decrease (increase) in advance payments to suppliers	(21,129)	(15,567)
Increase (decrease) in trade payables	40,576	(38,676)
Increase (decrease) in advances received	12,808	(2,624)
Other, net	(139,494)	(45,018)
Subtotal	344,655	856,685
Interest received	1	7
Interest paid	(11)	–
Subsidies received	13,973	–
Income taxes paid	(300,644)	(398,519)
Net cash provided by (used in) operating activities	57,975	458,174
Cash flows from investing activities		
Purchase of property, plant and equipment	(70,580)	(25,884)
Purchase of intangible assets	(3,850)	–
Purchase of long-term prepaid expenses	(56)	(9,983)
Payments of leasehold and guarantee deposits	–	(171,094)
Purchase of investment securities	(11,364)	–
Net cash provided by (used in) investing activities	(85,851)	(206,961)
Cash flows from financing activities		
Proceeds from issuance of shares	2,091	2,907
Repayments of lease liabilities	(1,097)	–
Other, net	–	(0)
Net cash provided by (used in) financing activities	994	2,907
Effect of exchange rate change on cash and cash equivalents	5,413	(16,524)
Net increase (decrease) in cash and cash equivalents	(21,468)	237,595
Cash and cash equivalents at beginning of period	2,409,322	3,123,580
Cash and cash equivalents at end of period	2,387,854	3,361,176