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June 13, 2024

Non-consolidated Financial Results for the Six Months Ended April 30, 2024 (Under Japanese GAAP)



Company name: CellSource Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4880
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 Scheduled date to file quarterly securities report: June 13, 2024
 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, 2024 (from November 1, 2023 to April 30, 2024)

(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, 2024	2,227	2.6	281	(57.3)	388	(40.3)	299	(26.8)
April 30, 2023	2,170	27.9	659	34.4	650	31.1	410	33.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
April 30, 2024	15.15	15.07
April 30, 2023	21.94	21.34

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
April 30, 2024	6,876	6,096	87.9
October 31, 2023	6,879	6,201	89.4

Reference: Equity

As of April 30, 2024: 6,047 million of yen
 As of October 31, 2023: 6,150 million of 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, 2023	—	0.00	—	20.00	20.00
Fiscal year ending October 31, 2024	—	0.00			
Fiscal year ending October 31, 2024 (Forecast)			—	5.00	5.00

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, 2024 (from November 1, 2023 to October 31, 2024)

(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	5,368	19.0	1,003	(17.8)	1,037	(13.1)	719	(22.0)	36.43

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: None

(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, 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 April 30, 2024	580 shares
As of October 31, 2023	575 shares

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

Six months ended April 30, 2024	19,798,452 shares
Six months ended April 30, 2023	18,690,719 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

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, June 13, 2024.

2. Quarterly Non-consolidated Financial Statements and Principal Notes

(1) Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of October 31, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	4,781,022	4,598,899
Accounts receivable - trade	364,279	383,892
Merchandise and finished goods	153,453	97,498
Work in process	38,196	41,279
Raw materials and supplies	114,276	93,096
Other	140,739	151,856
Allowance for doubtful accounts	(2,787)	(2,857)
Total current assets	5,589,181	5,363,665
Non-current assets		
Property, plant and equipment	658,740	871,991
Intangible assets	19,809	52,952
Investments and other assets		
Other	612,169	587,787
Allowance for doubtful accounts	(165)	(165)
Total investments and other assets	612,004	587,622
Total non-current assets	1,290,555	1,512,566
Total assets	6,879,736	6,876,231
Liabilities		
Current liabilities		
Accounts payable - trade	75,463	73,997
Income taxes payable	42,773	180,382
Provision for bonuses	40,012	61,020
Provision for bonuses for directors (and other officers)	–	2,000
Provision for loss on orders received	2,814	2,470
Other provisions	–	2,813
Other	291,091	240,276
Total current liabilities	452,156	562,961
Non-current liabilities		
Asset retirement obligations	148,289	148,289
Provision for bonuses	–	1,205
Other	77,291	67,045
Total non-current liabilities	225,581	216,540
Total liabilities	677,737	779,502
Net assets		
Shareholders' equity		
Share capital	1,425,397	1,426,474
Capital surplus	1,335,397	1,336,474
Retained earnings	3,377,319	3,282,085
Treasury shares	(1,696)	(1,703)
Total shareholders' equity	6,136,418	6,043,330
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,034	4,157
Total valuation and translation adjustments	14,034	4,157
Share acquisition rights	51,546	49,240
Total net assets	6,201,999	6,096,729
Total liabilities and net assets	6,879,736	6,876,231

(2) Quarterly Non-consolidated Statements of Income
Six Months Ended April 30

(Thousands of yen)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
Net sales	2,170,612	2,227,673
Cost of sales	627,981	802,782
Gross profit	1,542,630	1,424,890
Selling, general and administrative expenses	883,292	1,143,415
Operating profit	659,338	281,475
Non-operating income		
Interest income	7	2
Subsidy income	–	111,510
Gain on sale of non-current assets	–	4,359
Miscellaneous income	9,135	3,221
Total non-operating income	9,143	119,094
Non-operating expenses		
Interest expenses	–	720
Foreign exchange losses	13,441	798
Loss on investments in investment partnerships	2,017	3,046
Loss on cancellation of rental contracts	–	1,594
Compensation expenses	888	5,884
Other	1,821	295
Total non-operating expenses	18,168	12,338
Ordinary profit	650,312	388,230
Extraordinary income		
Gain on sale of investment securities	–	46,540
Gain on reversal of share acquisition rights	8,495	5,004
Total extraordinary income	8,495	51,544
Profit before income taxes	658,808	439,774
Income taxes - current	240,676	157,763
Income taxes - deferred	8,070	(17,965)
Total income taxes	248,746	139,797
Profit	410,061	299,977

(3) Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
Cash flows from operating activities		
Profit before income taxes	658,808	439,774
Depreciation	23,471	56,040
Amortization of long-term prepaid expenses	7,125	6,540
Amortization of lease deposits	659	7,721
Increase (decrease) in allowance for doubtful accounts	(2,576)	70
Increase (decrease) in provision for bonuses	14,361	22,214
Increase (decrease) in provision for bonuses for directors (and other officers)	1,500	2,000
Share-based payment expenses	12,457	2,698
Interest income	(7)	(2)
Loss (gain) on sale of property, plant and equipment	–	(4,359)
Subsidy income	–	(111,510)
Share issuance costs	6	20
Interest expenses	–	720
Foreign exchange losses (gains)	16,524	(612)
Loss (gain) on investments in investment partnerships	2,017	3,046
Loss (gain) on sale of investment securities	–	(46,540)
Gain on reversal of share acquisition rights	(8,495)	(5,004)
Decrease (increase) in trade receivables	240,204	(19,612)
Decrease (increase) in inventories	(7,485)	74,051
Decrease (increase) in advance payments to suppliers	(15,567)	(13,267)
Increase (decrease) in trade payables	(38,676)	(1,465)
Increase (decrease) in advances received	(2,624)	(23,171)
Other, net	(45,018)	21,220
Subtotal	856,685	410,572
Interest paid	–	(720)
Interest received	7	2
Subsidies received	–	134,529
Income taxes paid	(398,519)	(20,677)
Income taxes refund	–	2,977
Net cash provided by (used in) operating activities	458,174	526,684
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,884)	(277,671)
Proceeds from sale of property, plant and equipment	–	4,200
Purchase of intangible assets	–	(36,543)
Purchase of investment securities	–	(25,000)
Proceeds from sale of investment securities	–	33,210
Purchase of long-term prepaid expenses	(9,983)	(22)
Payments of leasehold and guarantee deposits	(171,094)	(88)
Proceeds from refund of leasehold and guarantee deposits	–	19,173
Net cash provided by (used in) investing activities	(206,961)	(282,741)
Cash flows from financing activities		
Payments for issuance of shares	–	(3,885)
Proceeds from issuance of shares	2,907	–
Purchase of treasury shares	–	(6)
Payments of listing expenses	–	(19,000)
Repayments of lease liabilities	–	(10,083)
Dividends paid	–	(393,210)
Other, net	(0)	(493)
Net cash provided by (used in) financing activities	2,907	(426,678)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
Effect of exchange rate change on cash and cash equivalents	(16,524)	612
Net increase (decrease) in cash and cash equivalents	237,595	(182,122)
Cash and cash equivalents at beginning of period	3,123,580	4,781,022
Cash and cash equivalents at end of period	3,361,176	4,598,899