Earnings Presentation
Q1 FY10/2025

CellSource Co., Ltd (TSE Prime: 4880)

March 11, 2025

CellSource

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New Management Structure

CellSource

Masayuki Yamakawa assumed the position of chairman of the board of directors Reinforced the management structure to accelerate the realization of CellSource Vision

- Leveraging his expertise as a physician, Representative Chairman of the Board Yamakawa will participate in formulating growth strategies for CellSource
- Guided by the CellSource Vision, management will promote businesses that pursue both the development of patient-centric medical services and R&D of cutting-edge medical technologies
- The management team will work as one to maximize corporate value through agile decision-making and flexible responses to market changes

Financial Results and Progress in Q1 FY10/2025

Performance Highlights for Q1 FY10/2025

CellSource

Net Sales
JPY 849 million
(-27.6% YoY)

Operating Profit
JPY -62 million
(- YoY)

Profit
JPY -45 million
(- YoY)

Operating Profit Margin
-7.3%
(-24.8pp YoY)

Blood-derived product contract processing orders
4,636
(-12.8% YoY)

ASC contract processing orders
345
(-7.0% YoY)

Financial results are presented on a consolidated basis from FY10/2025. The previous year's results used in YoY comparisons are on a parent-only basis.

CellSource

Steadily working on "Year 0" commitments outlined in the CellSource Vision released at the previous quarterly earnings announcement
Aim to release a medium-term management plan by the fiscal year-end

	Commitments	Progress
1 Optimize management resource allocation	• Concentrate management resources in focus areas • Thoroughly review costs in other areas, including back-office departments	• For focus businesses, strengthened workforce by transferring personnel and expanded SG&A spending • Reviewed SG&A expenses for back-office departments, and implemented cost-cutting measures across the Group (p.19)
2 Expand existing businesses targeting orthopedic clinics (measures targeting medical institutions)	• Conduct sales activities targeting key hybrid orthopedic clinics • Begin offering management support for hybrid orthopedic clinics • Begin offering management support for orthopedic clinics specializing in self-funded treatment	• Steadily implementing sales strategies targeting hybrid orthopedic clinics (p.14) • Began providing management support for hybrid orthopedic clinics (Q2) • Identified issues facing medical institutions specializing in self-funded treatment and established a support structure (p.13)
3 Invest to realize CellSource Vision (measures targeting partner companies)	• Conduct PoC evaluations and pilot tests with partner companies to expand the business scope in the orthopedic field	• Held the first online seminar with NTT Docomo. Conducted a trial in designing an online-to-offline pathway (p.24-26) • Opened a PoC facility for the medical fitness business (Q2) (p.24,27)

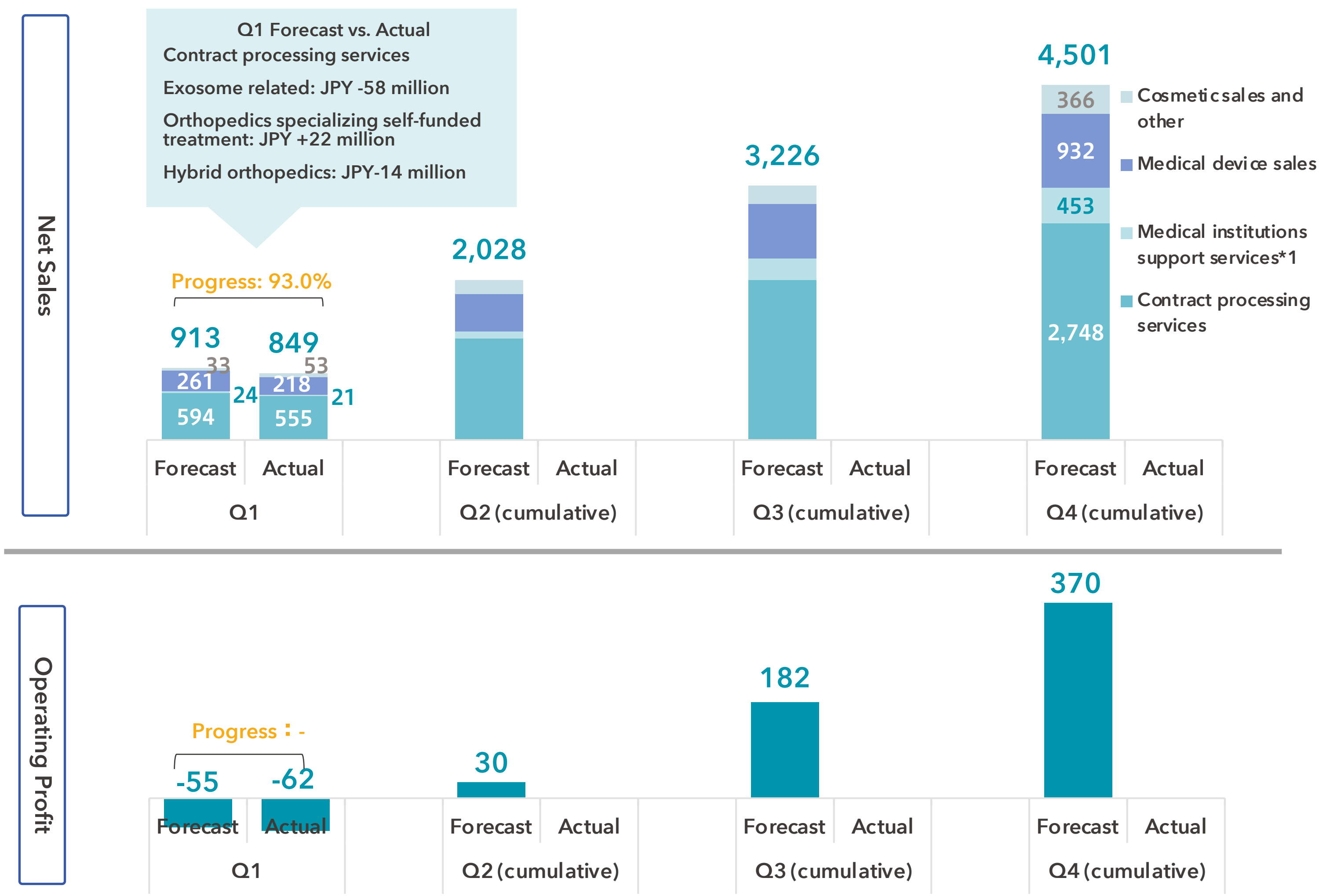
CellSource

Q1 net sales reached 93% of our forecast. By controlling SG&A expenses, we succeeded in achieving approaximately the expected level of operating profit

Full-Year Forecast Assumptions:

- ✓ The effects of hands-on support for clinics specializing self-funded treatments are expected to materialize in the next fiscal year, so processing orders will remain flat this fiscal year.
- ✓ For hybrid-type processing orders, sales initiatives will focus on about 50 target medical institutions, and we aim for 1,000 orders per month by the end of Q4.
- ✓ Medical device sales and cosmetics will contribute steadily to revenue.
- ✓ Fees from medical institutions support will start generating revenue from Q2.
- ✓ We do not expect upfront investments to contribute to sales in the current fiscal year. These investments (PoC evaluations with partner companies) are aimed at realizing the CellSource vision.

*1: Formerly consulting services



CellSource

Sales declined, primarily for contract processing services, leading to lower sales and profit QoQ

[Millions of yen]	FY10/2024 Q4	FY10/2025 Q1	QoQ	FY10/2024 Q1	FY10/2025 Q1	YoY	Forecast	Achievement rate
Net sales	1,013	849	-16.2%	1,173	849	-27.6%	4,501	18.9%
Gross profit	297	465	+56.6%	763	465	-39.0%	-	-
Gross profit margin	29.4%	54.9%	+25.5pt	65.1%	54.9%	-10.2pt	-	-
Operating profit	-258	-62	-	205	-62	-	370	-
Operating profit margin	-25.5%	-7.3%	+18.2pt	17.5%	-7.3%	-24.8pt	-	-
Ordinary profit	-259	-60	-	208	-60	-	372	-
Profit	-136	-45	-	143	-45	-	255	-

[Millions of yen]	FY10/2024 Q4	FY10/2025 Q1	QoQ	FY10/2024 Q1	FY10/2025 Q1	YoY
Blood-derived product contract processing orders	4,997	4,636	-7.2%	5,314	4,636	-12.8%
ASC contract processing orders	421	345	-18.1%	371	345	-7.0%

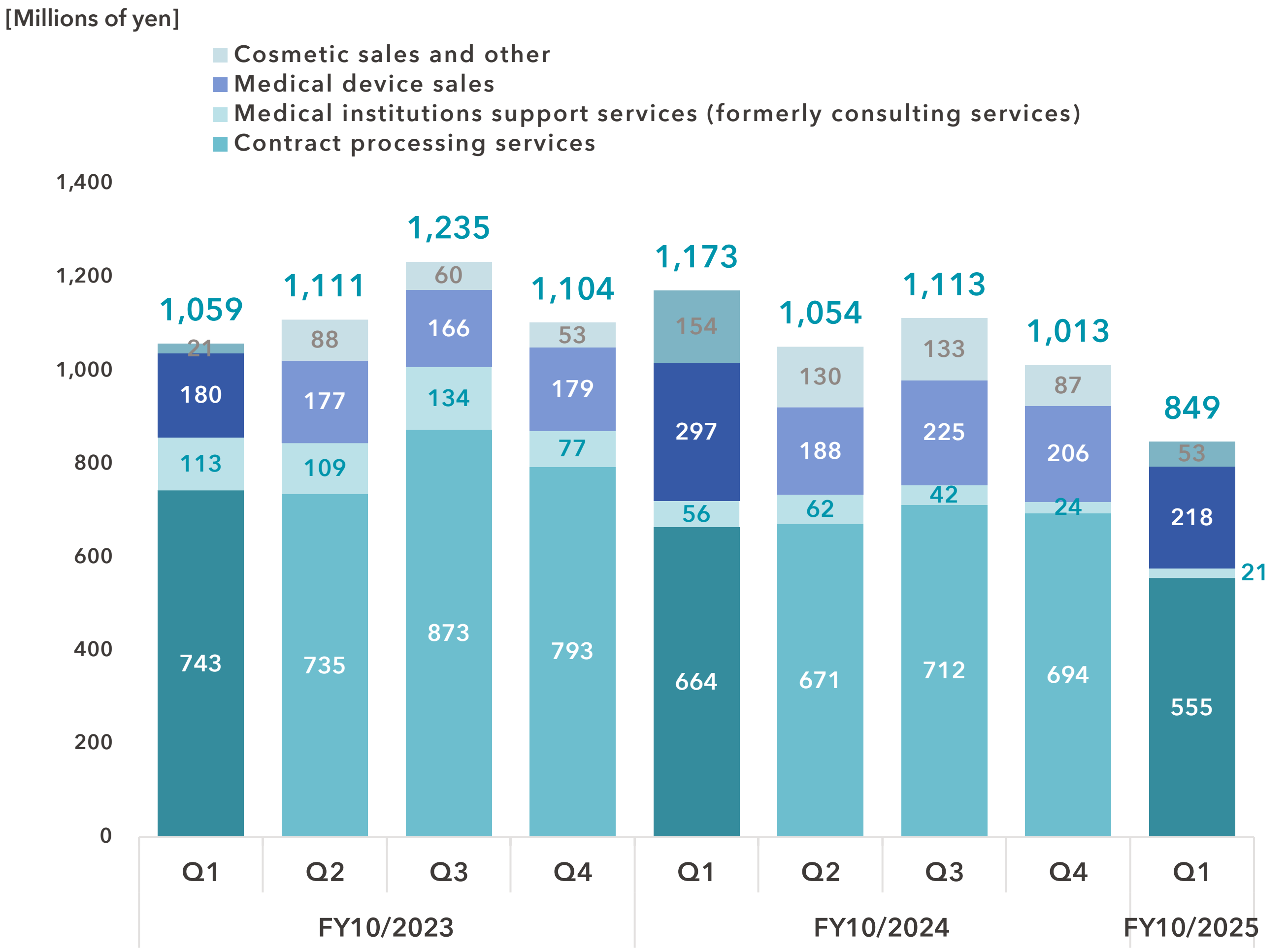
- **Sales:** Excluding medical device sales, sales across all services declined. Overall, sales fell 16.2% YoY.
- **GPM:** GPM increased due to the reversal of loss provisions for synovial stem cell processing services. Excluding the impact of loss provisions, GPM was largely flat QoQ.
- **OPM:** SG&A expenses declined QoQ, owing to cost-reduction measures. OPM, excluding the impact of loss provisions, decreased QoQ due to lower sales.
- **Profit:** No significant QoQ change in non-operating income/expenses
- **Contract processing orders:** Down QoQ, due to decreased orders from medical institutions specializing in self-funded treatment

Financial results are presented on a consolidated basis from FY10/2025. The previous year's results used in YoY comparisons are on a parent-only basis.

Net Sales

CellSource

Sales for contract processing services for orthopedic clinics specializing in self-funded treatment declined sharply. Despite higher medical device sales QoQ, overall sales declined



Q1 FY10/2024	Q1 FY10/2025	YoY
Total		Millions of yen
1,173	849	-27.6%
Contract processing services		
664	555	-16.4%
Medical institutions support services (formerly consulting services)		
56	21	-62.0%
Medical device sales		
297	218	-26.7%
Cosmetic sales and other		
154	53	-65.2%

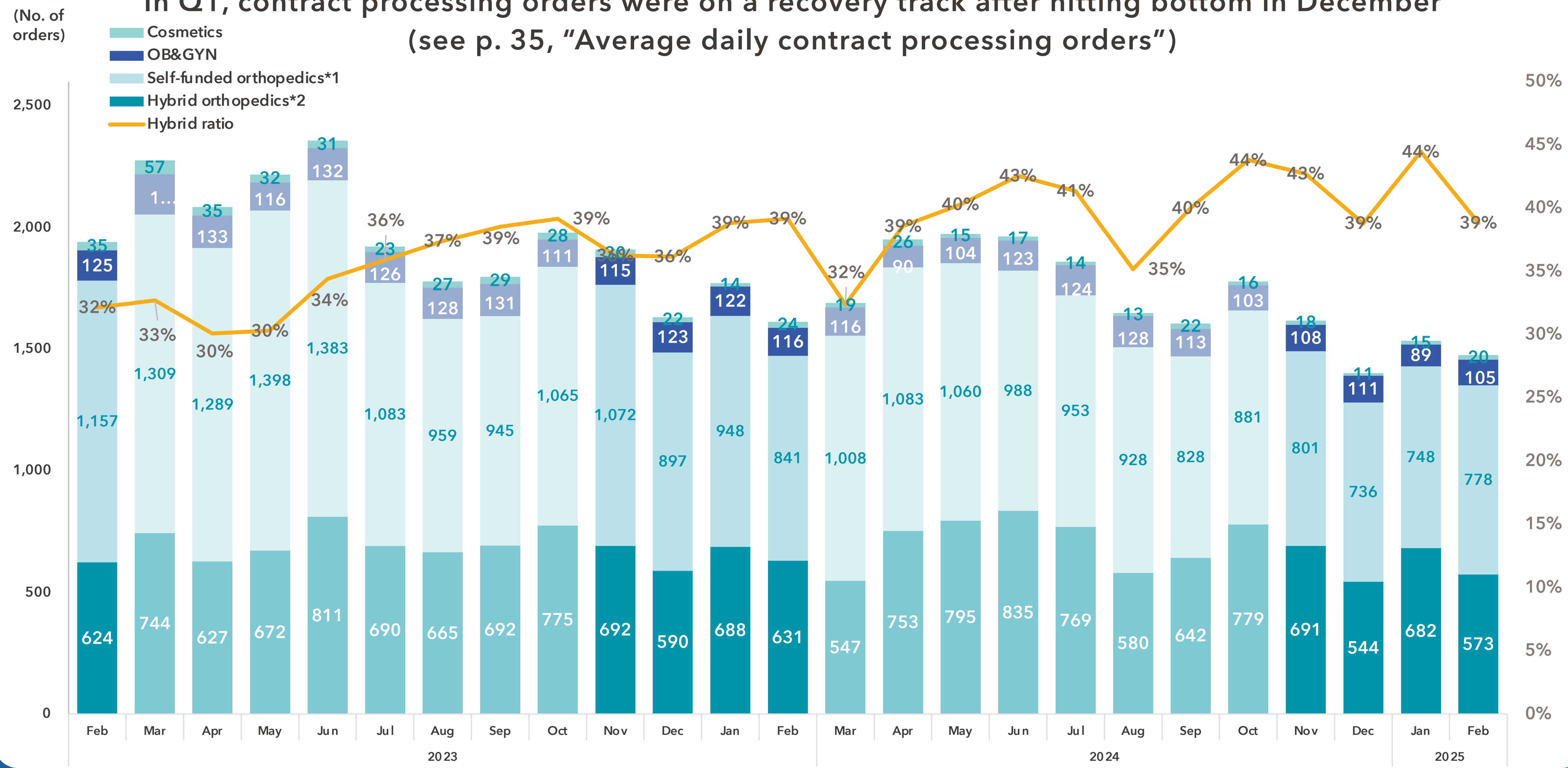
Financial results are presented on a consolidated basis from FY10/2025. The previous year's results used in YoY comparisons are on a parent-only basis.

Monthly Contract Processing Orders for Blood-derived Products by Department

CellSource

In Q1, contract processing orders were on a recovery track after hitting bottom in December

(see p. 35, "Average daily contract processing orders")



*1: Of orthopedic clinics specializing in self-funded treatment, refer to the mainstay medical corporation groups
*2: Of orthopedic clinics, those excluding *1 (medical corporation groups specializing in self-funded treatment)

CellSource

Orders from medical institutions specializing in self-funded treatment continued to decline. For hybrid clinics, despite efforts to focus sales activities on key clinics, the number of active clinics remained at around 500. Orders per active hybrid clinic remained largely flat YoY

	Specializing in self-funded treatment*1		Hybrid*2		Overall	
	FY10/2024 Q1	FY10/2025 Q1	FY10/2024 Q1	FY10/2025 Q1	FY10/2024 Q1	FY10/2025 Q1
Number of partner medical institutions	16	15	1,259	1,393	1,275	1,408
× Active ratio*3	100.0%	100.0%	38.4%	34.8%	39.1%	35.5%
× No. of orders per active medical institution	182.3	152.1	4.1	3.9	9.8	8.4
= No. of orders	2,917	2,282	1,970	1,912	4,887	4,194

1 Orders per medical institution declined sharply

2 The number of active medical institutions remained just under 500, despite the concentration of sales resources on key institutions

3 Remained largely flat YoY

*1: Of the orthopedic clinics specializing in self-funded treatment, refer to those belonging to the key clinic groups. Excludes closed medical institutions specializing in self-funded treatment.
*2: Refer to orthopedic clinics excluding those specified in *1 above (those belonging to clinic groups specializing in self-funded treatment)
*3: The ratio of medical institutions from which we have received at least one order in the specified quarter

CellSource

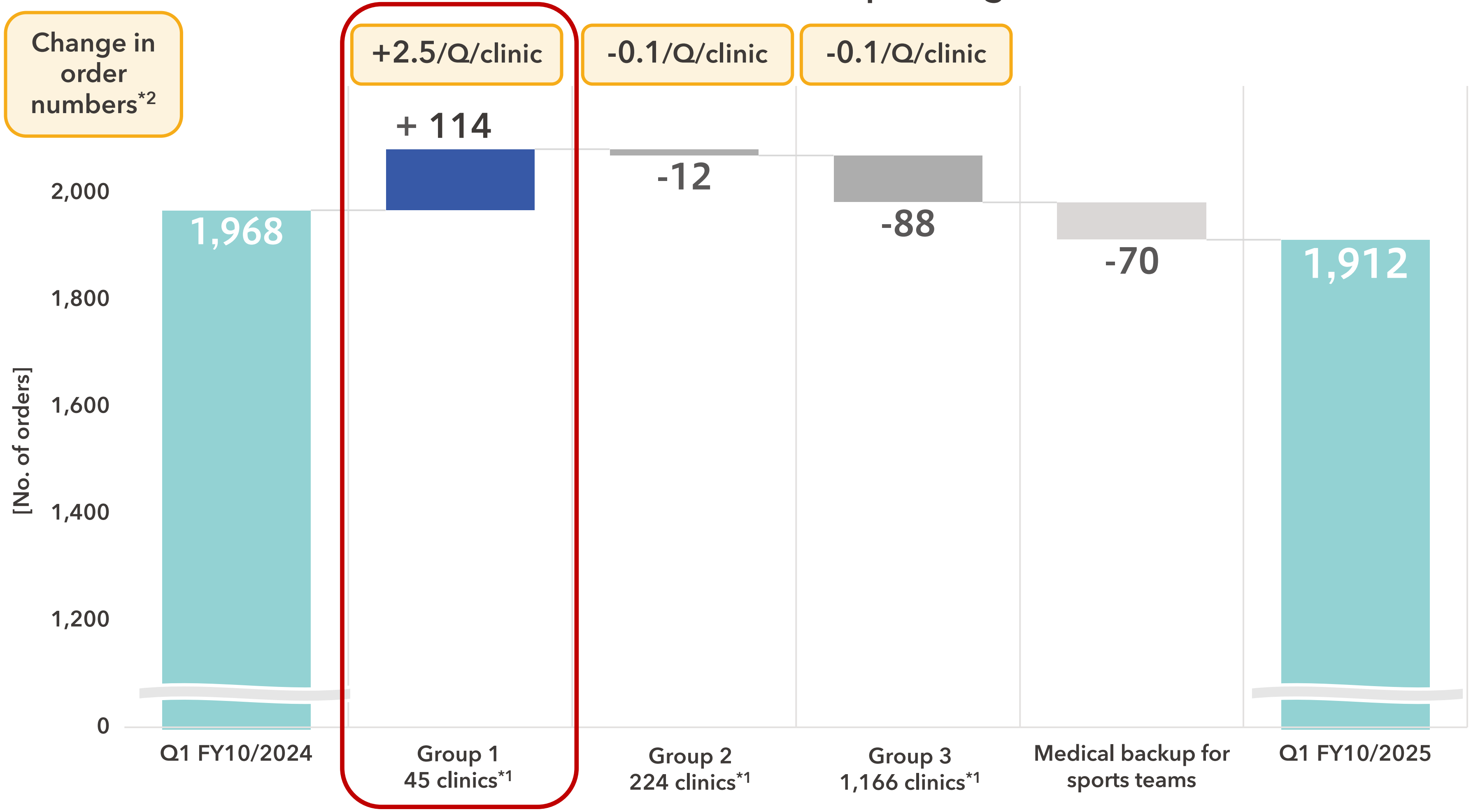
Identified management issues and established a support structure

Highly volatile patient acquisition framework	• Fluctuations in advertising effects have direct impact on earnings • High advertising expenses are putting pressure on management
Earnings structure dependent on physicians	• Technical capabilities and experience of physicians with specialized knowledge significantly influence earnings • Monthly operating days are insufficient due to challenges in hiring and retaining physicians
Inefficiency in organizational management	• Rapid organizational expansion has strained the operational structure, resulting in inadequate management • Communication between corporate headquarters and medical sites remain insufficient

In addition to establishing support teams within CellSource, we dispatched administrative directors to medical institutions.
We will begin providing management support to resolve the identified issues from Q2.

YoY Change in Blood-Derived Product Processing Orders from Hybrid Clinics

We have enhanced sales strategies and concentrated resource allocation have successfully increased orders from target medical institutions. We aim to further increase in the number of orders per target institution



Group1: Target medical institutions
Clinics that increase orders exponentially through concentrated allocation of sales resources

Group2:
Clinics that maintain current order levels by allocating a certain amount of sales resources

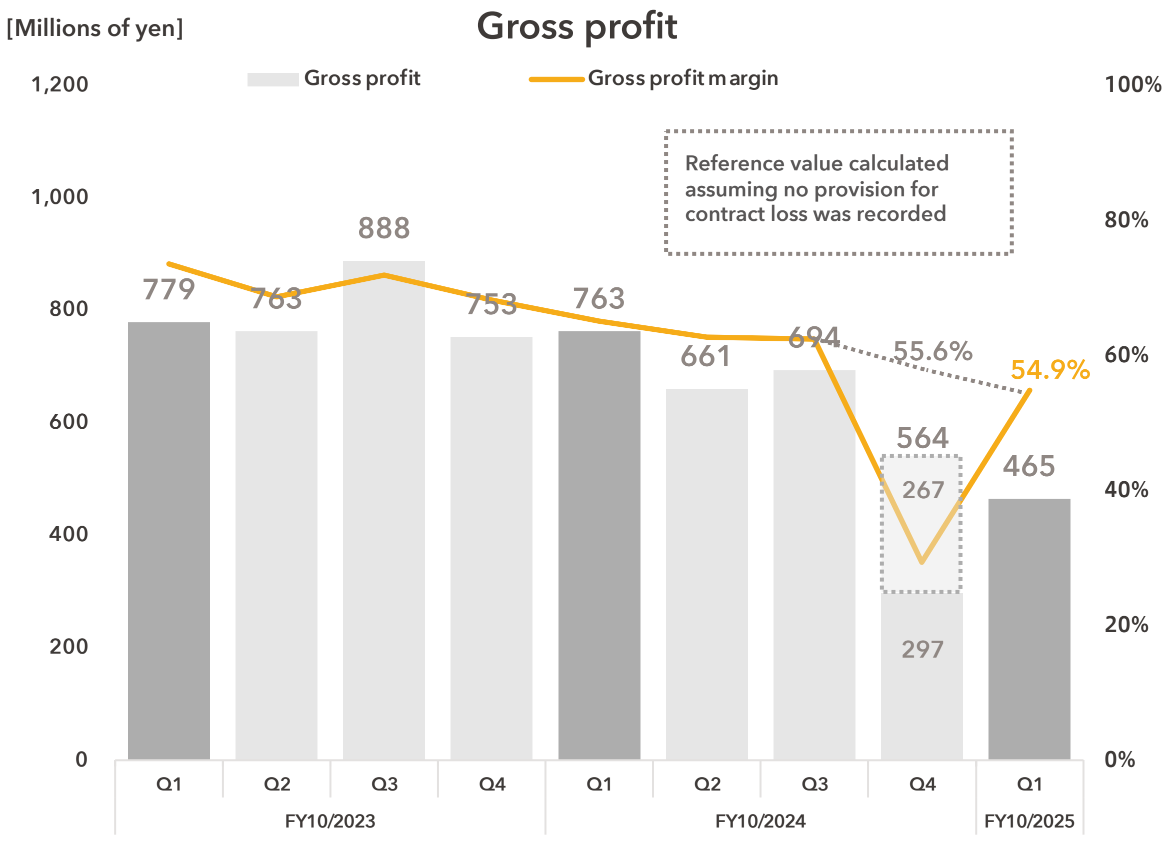
Group3:
Clinics where sales resources are generally not allocated

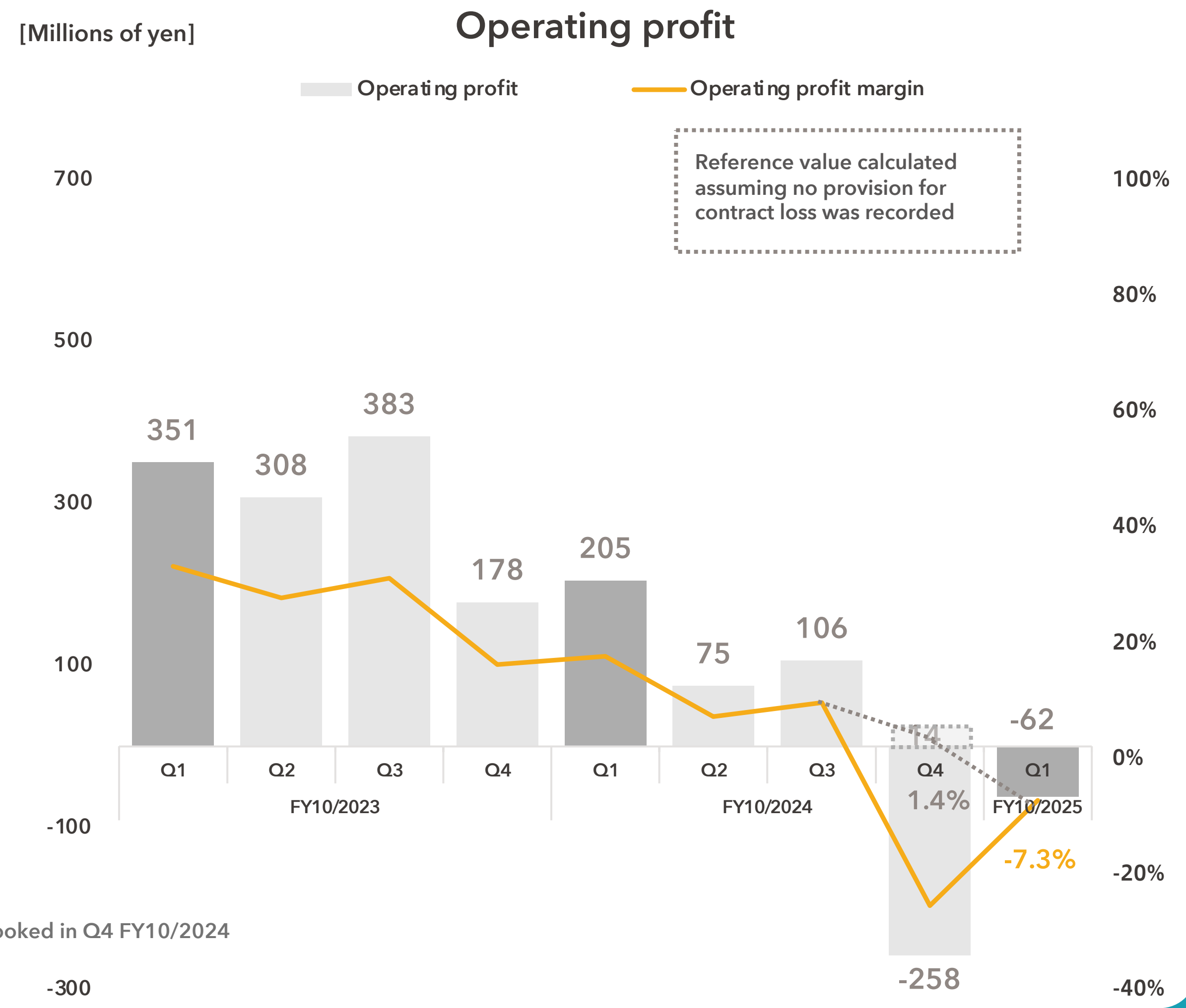
Sports Team:
Medical backup contracts for sports teams will be terminated by the end of March, resulting in a decrease in related orders.

*1: As of Q1 end
*2: Calculated by dividing the total orders for the three-month period by the number of facilities (*1)

CellSource

Gross profit declined due to lower sales, excluding the one-off impact of loss provisions booked in the previous quarter*1. While SG&A expenses decreased owing to cost-reduction measures, operating profit fell QoQ, excluding the one-off impact*1



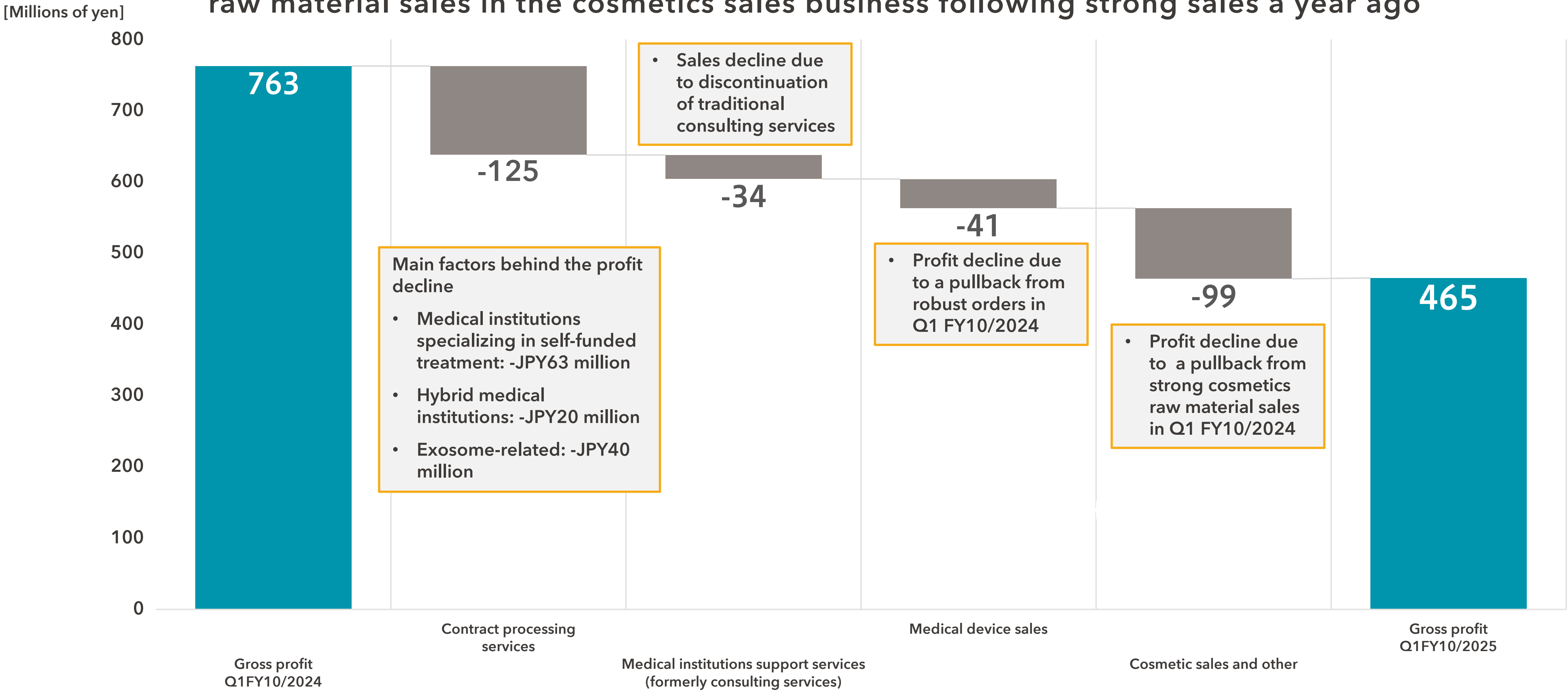


*1: Reference value calculated assuming that no contract loss provisions for synovial stem cell processing services were booked in Q4 FY10/2024

Financial results are presented on a consolidated basis from FY10/2025. The previous year's results used in YoY comparisons are on a parent-only basis.

CellSource

Gross profit declined YoY in Q1, due to lower sales to medical institutions specializing in self-funded treatment and decreased exosome-related sales in contract processing services, as well as a decline in raw material sales in the cosmetics sales business following strong sales a year ago



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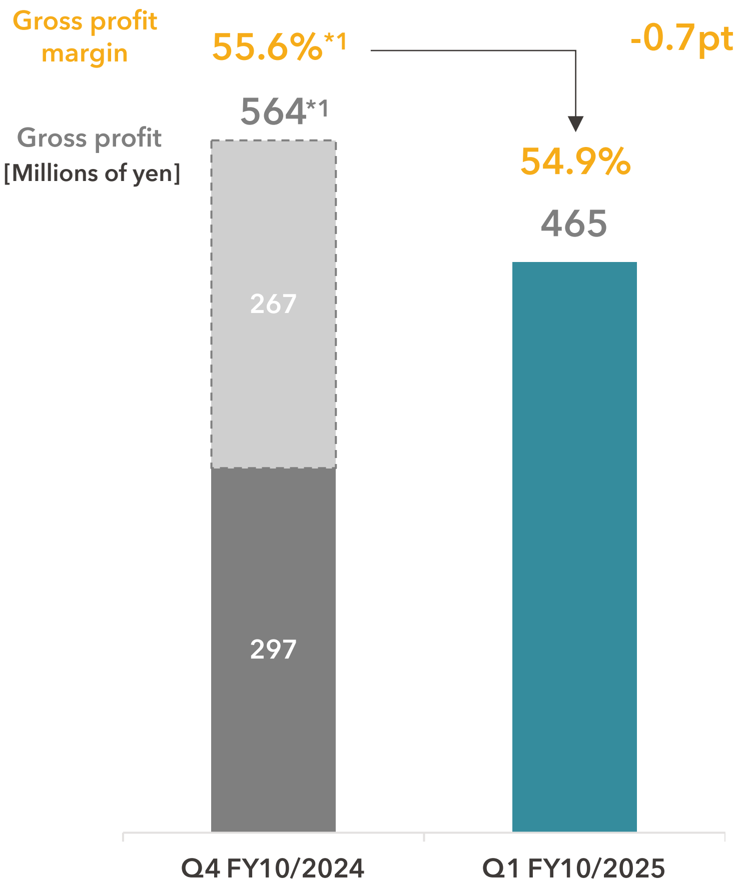
CellSource

GPM[*1] declined slightly, primarily due to lower sales from contract processing services

Gross profit[*1]



Change in sales mix	+0.4pt
Change in gross profit margin per business unit	-1.1pt
Contract processing services	-3.4pt
Medical institutions support services (formerly consulting services)	-0.1pt
Medical device sales	+0.9pt
Cosmetic sales, etc.	+1.5pt

Overview

- Change in sales mix: Sales weighting of medical devices, which carry relatively high GPM, increased
- Contract processing services:
  - Fixed cost ratio increased due to lower sales
  - Sales weighting of exosome-related services, which have relatively high GPM, declined
- Medical institutions support services: Largely unchanged from the previous quarter
- Medical device sales: Profit margin increased due to changes in the shipment mix
- Cosmetic sales, etc.: Profit margin increased due to a rise in the proportion of in-house manufactured cosmetics sales

*1: Reference figure calculated assuming that no contract loss provisions for synovial stem cell processing services were booked in Q4 FY10/2024.

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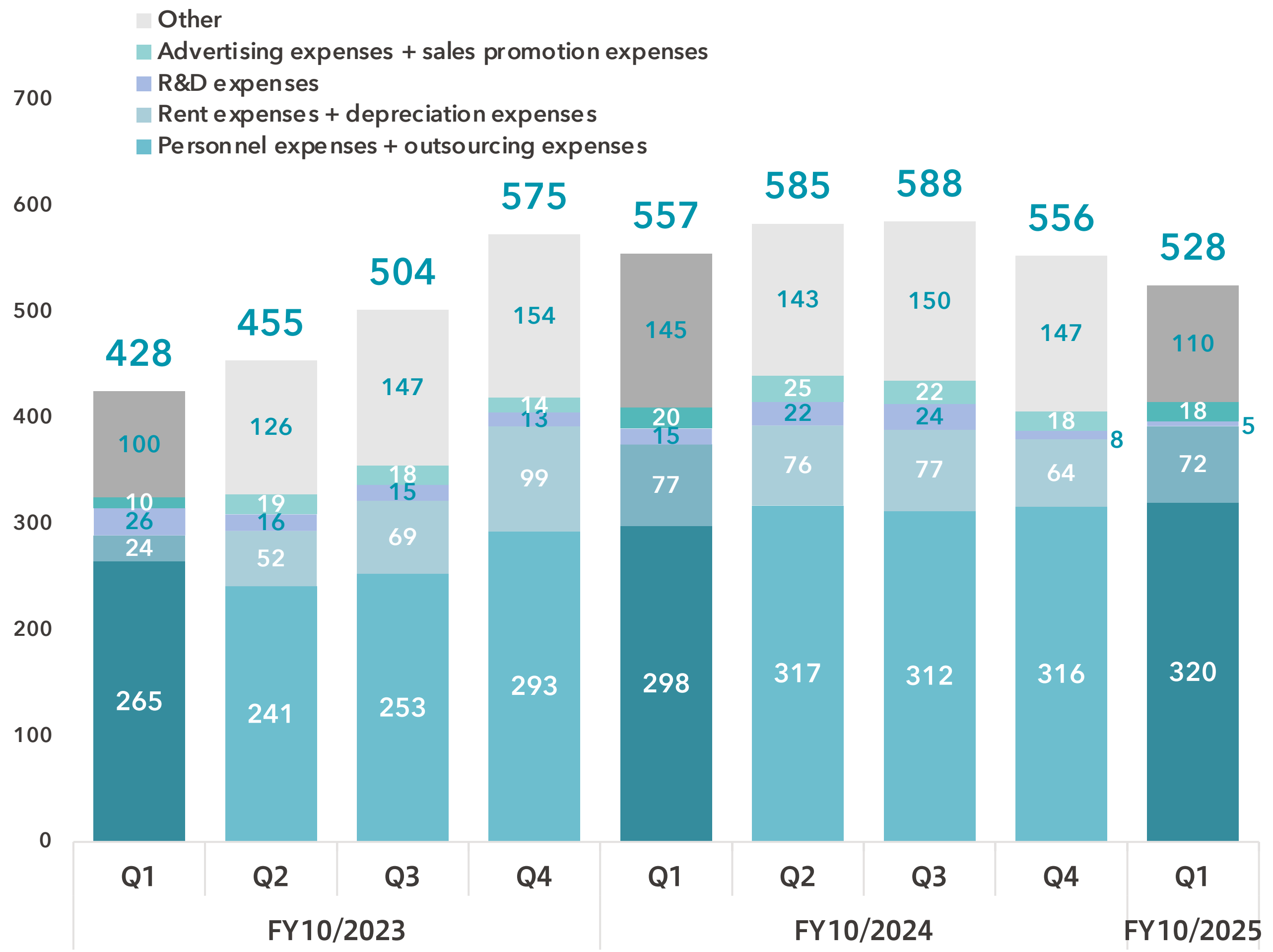
CellSource

SG&A expenses declined QoQ, owing to the review of selling and other expense items. Continued investing in human capital to drive future growth



	Q1 FY10/2024	Q1 FY10/2025	YoY
Total			Millions of yen
	557	528	-5.4%
Personnel expenses + outsourcing expenses			
	298	320	+7.2%
Rent expenses + depreciation expenses			
	77	72	-5.9%
R&D expenses			
	15	5	-62.6%
Advertising expenses + sales promotion expenses			
	20	18	-10.5%
Other			
	145	110	-24.0%

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Progress of the SG&A Expense Review

CellSource

Reallocation of SG&A expenses underway in line with the initial plan

Business			FY10/2025 SG&A plan	Difference between FY10/2024 results and FY10/2025 budget	Difference between FY10/2024 results and FY10/2025 budget: Q1	Progress
Existing business areas	Contract processing business	Orthopedic	Concentrate management resources here, as business at core of CellSource Vision	112	+16	15%
		OB&GYN	Continue to focus as a priority business	-19	-8	41%
		Beauty, animals, other	Limit allocated resources and prioritize revenue generation for business continuity	-46	-16	36%
		Egg freezing and storage	Transition from launch phase to stable operations phase	-89	-19	22%
	Consumer business		Search for new ways of doing business	37	+15	40%
	Medical device business		Operate as stable business	-10	-3	31%
	Medical institutions support business*1	Management support	Establish a new template for business tailored to orthopedic clinics	228	+27	12%
		Legal consulting	Strengthen links to contract processing business	-4	0	0%
Strategic investment areas		Exosome drug discovery	Pivot from drug discovery to self-funded medical treatment	-108	-20	18%
		Overseas	Revise business priority	-37	-11	30%
Back-office areas			Consolidation of multiple locations, cost reduction, and personnel transfers to business divisions	-236	-45	19%
				Total: -JPY170 million	Total: -JPY65 million/ 38%	
Investments to realize the CellSource Vision			Launch of new businesses for expansion in the orthopedics field	193	+35	18%
				Total: +JPY193 million	Total: +JPY35 million/ 18%	

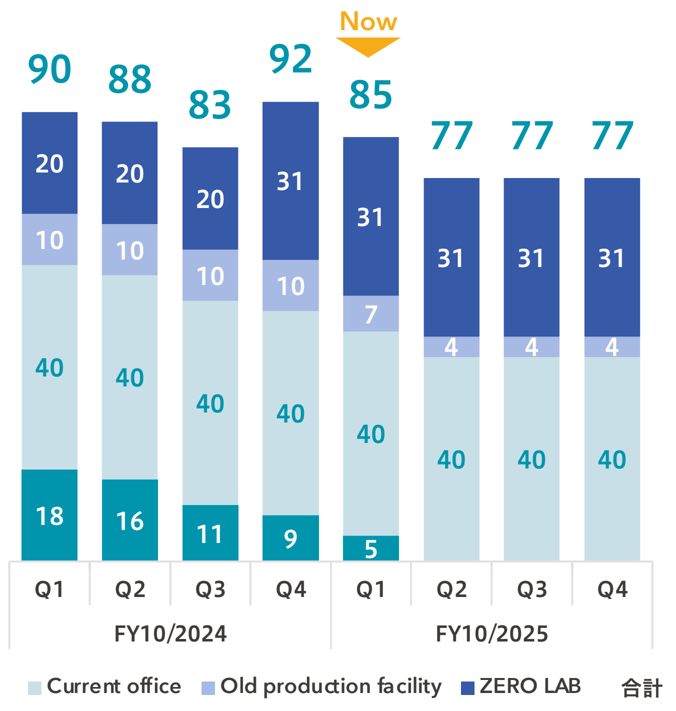
*1: formerly consulting services

CellSource

Exit from former office and manufacturing facility completed, resulting in decrease from Q2 in inefficiencies associated with doubling up of facilities

Cost of sales + SG&A expenses

[Millions of yen]



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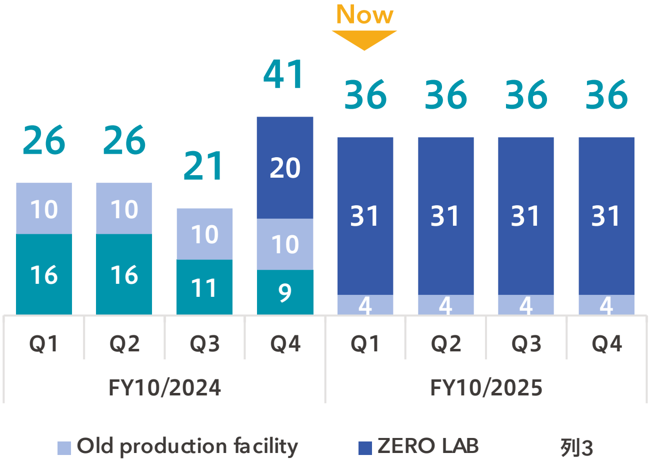
Cost of sales

[Millions of yen]

- Began booking rent for ZERO LAB as cost of sales from Q4 FY10/2024, with the facility's start of operations in September
- Cost of sales will decrease sharply in Q1 FY10/2025 due to exit from former office and production facility



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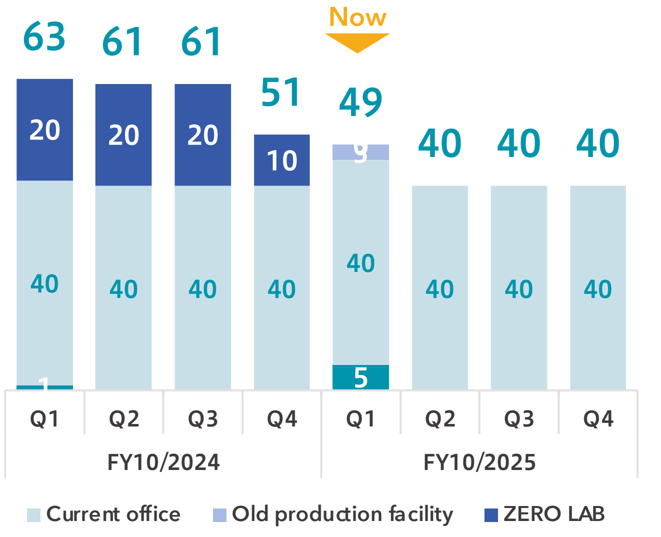
SG&A expenses

[Millions of yen]

- From Q2 FY10/2025 onward, rents under SG&A expenses include office rent only, after we fully vacated from the former office



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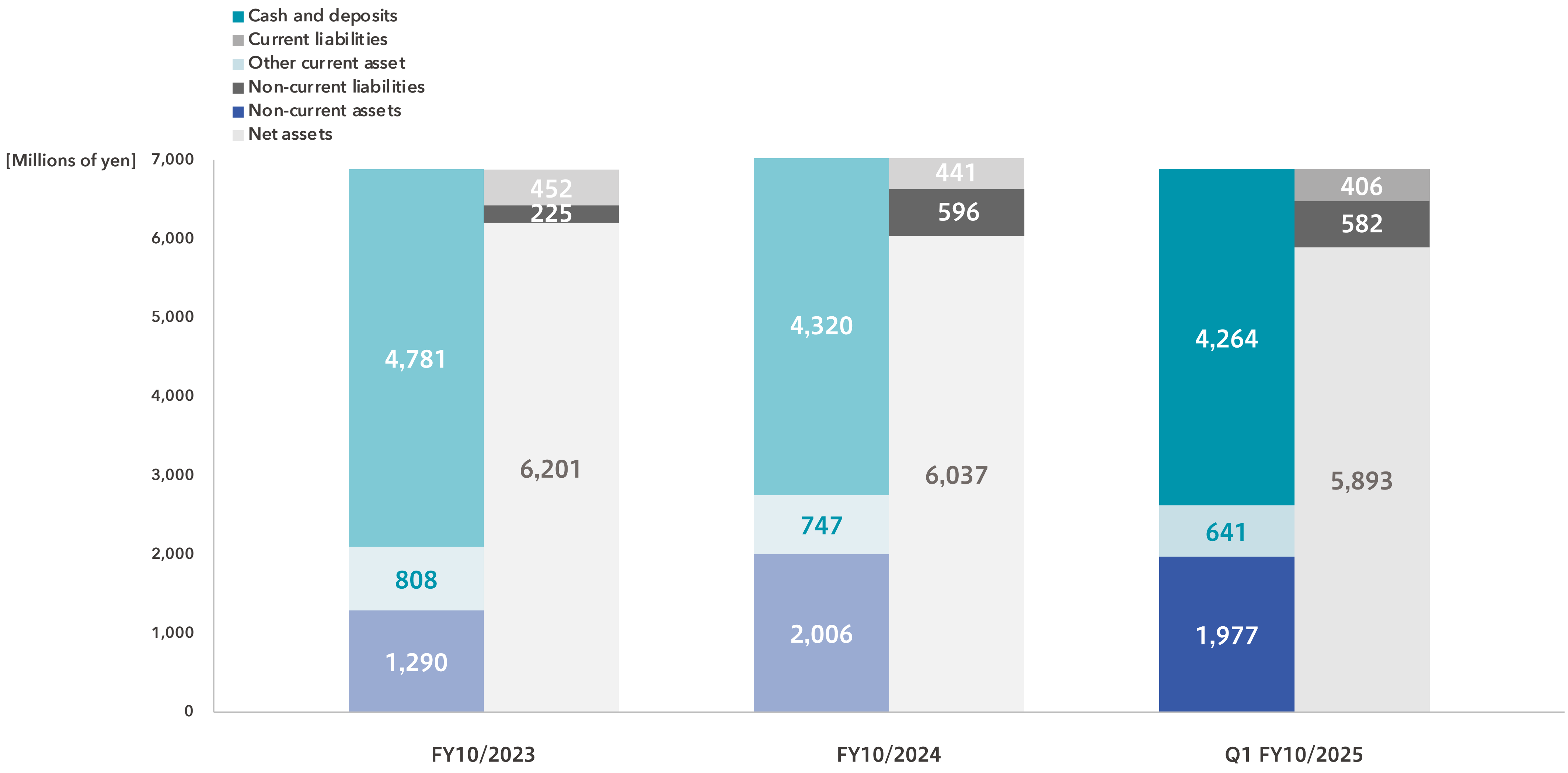
CellSource

With no significant change in the balance sheet in Q1, we maintained a sound financial position



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Upfront Investment Progress for Realizing CellSource Vision

CellSource

Steadily working on "Year 0" commitments outlined in the CellSource Vision released at the previous quarterly earnings announcement
Aim to release a medium-term management plan by the fiscal year-end

	Commitments	Progress
1 Optimize management resource allocation	• Concentrate management resources in focus areas • Thoroughly review costs in other areas, including back-office departments	• For focus businesses, strengthened workforce by transferring personnel and expanded SG&A spending • Reviewed SG&A expenses for back-office departments, and implemented cost-cutting measures across the Group (p.19)
2 Expand existing businesses targeting orthopedic clinics (measures targeting medical institutions)	• Conduct sales activities targeting key hybrid orthopedic clinics • Begin offering management support for hybrid orthopedic clinics • Begin offering management support for orthopedic clinics specializing in self-funded treatment	• Steadily implementing sales strategies targeting hybrid orthopedic clinics (p.14) • Began providing management support for hybrid orthopedic clinics (Q2) • Identified issues facing medical institutions specializing in self-funded treatment and established a support structure (p.13)
3 Invest to realize CellSource Vision (measures targeting partner companies)	• **Conduct PoC evaluations and pilot tests with partner companies to expand the business scope in the orthopedic field**	• **Held the first online seminar with NTT Docomo. Conducted a trial in designing an online-to-offline pathway (p.24-26)** • **Opened a PoC facility for the medical fitness business (Q2) (p.24,27)**

CellSource

In the current fiscal year, positioned as "Year 0," we are working to develop a standardized, reproducible business model "template", and will announce a scale-out scenario as part of the medium-term management plan

		FY10/2025 Q1	Q2	Q3	Q4		Positioning of FY10/2025
3 Invest to realize CellSource Vision (measures targeting partner companies)	Online touch-points	● Hold online seminars ● Guide online-acquired potential customers to offline seminars Proof of Concept (PoC) evaluation period			Create a scale-out scenario	Release medium-term management plan	• Complete PoC evaluations by Q3, and create a scale-out scenario • No contribution to sales expected in FY10/2025
	Fitness	● Open a PoC facility PoC evaluation period			Create a scale-out scenario		

CellSource

Targeting approx. 1.27 million d Healthcare app users, conducted a survey on knee concerns
About 30% of respondents reported experiencing knee-related symptoms
Delivered targeted content to users with knee concerns

Approach d Healthcare app users

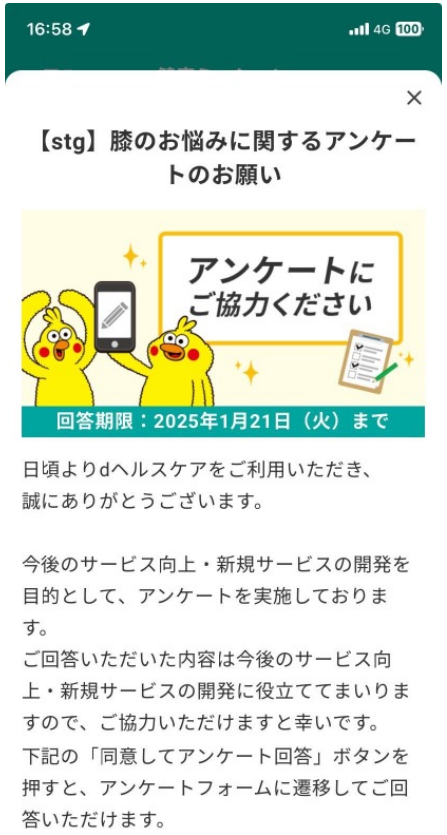
↓

Design an online pathway

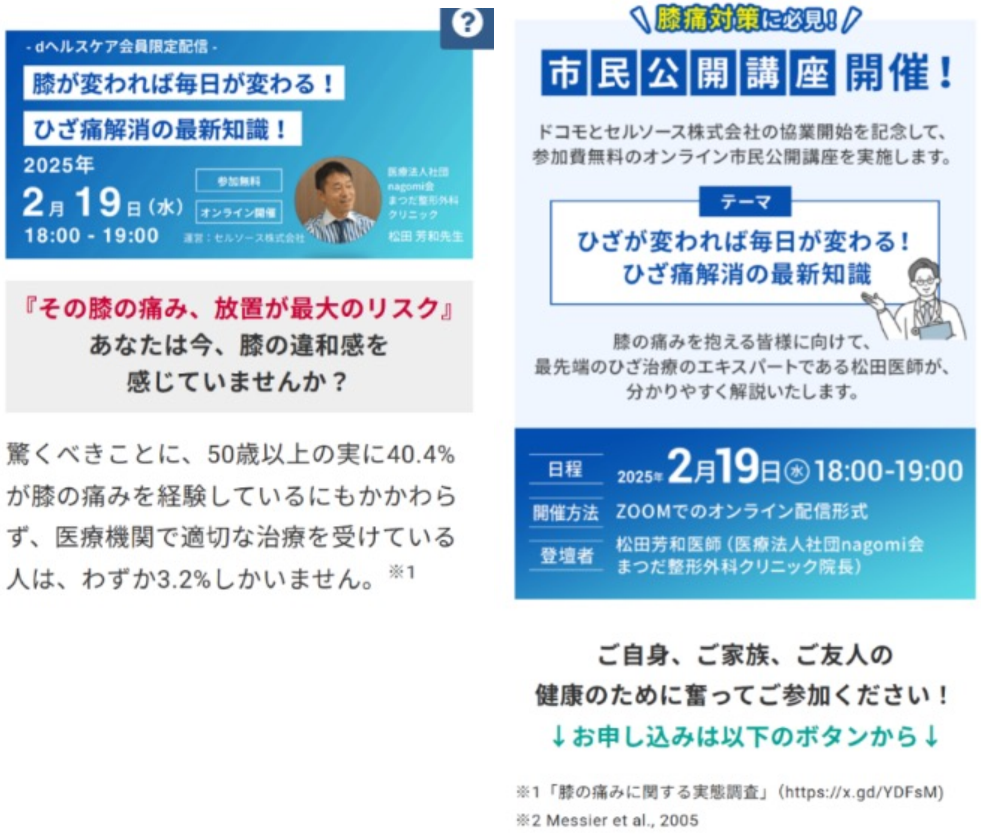
↓

Design an offline pathway

Conducted a survey targeting d Healthcare app users



Delivered targeted content, including articles and seminar information on knee pain



CellSource

Designed an online-to-offline pathway for interested users
Co-hosted a public seminar on knee disorders in collaboration with local clinics, featuring specialist physicians

Approach d Healthcare app users

Design an online pathway

Design an offline pathway

Hosted an offline public seminar

Offline seminar

Progress in "Year 0": Launched Pilot Tests for the Medical Fitness Business

At the pilot facility, planned and upgraded exercise programs and began PoC evaluations
Working on developing a standardized template for nationwide expansion

Develop exercise programs

↓

Conduct PoC evaluations at partner facilities

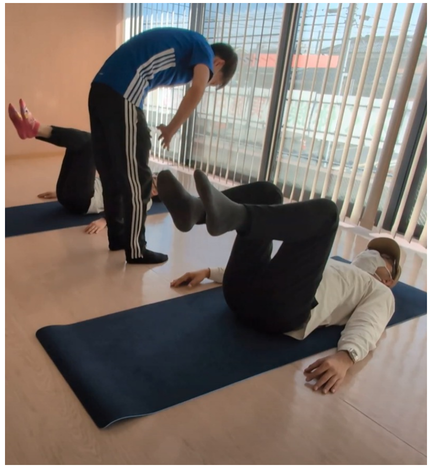
↓

Conduct PoC evaluations at directly operated facilities

Secured pilot test sites for PoC evaluations

Developed medical fitness programs and conducted pilot tests regarding customer acquisitions at fitness centers operated by medical institutions that share the CellSource Vision

Conducted PoC evaluations at partner fitness centers



To build a foundation for developing a standardized business template for nationwide expansion, co-developed exercise programs, planed/upgraded exercise plans, menus, and services for members, and conducted PoC evaluations

Other Updates

Transfer of Subsidiary Medibase's Business

Transferred the businesses of Medibase Co., Ltd, acquired in September 2024. The personnel will remain within CellSourcre, utilizing technology and know-how to realize the "CellSource Vision"

Overview of The Deal

Succeeding Company	GMO Beauty Co., Ltd.
Transfer Method	Absorption-Type Company Split
Signing of the Agreement	March 11, 2025

Transaction Overview

- Transferring the Medibase business to the succeeding company through an absorption-type split
- The absorption-type split will take effect in May 2025. A restructuring plan involving Medibase is expected to be formulated by the end of the current fiscal year

Deal Highlights

- Retained personnel and acquired technology and know-how to expand services for affiliated medical institutions and create services in the orthopedic area
- Accelerates efforts towards realizing the "CellSource Vision"

MEDiBASE

KPIs
Appendix

Business KPI Highlights for Q1 FY10/2025

CellSource

Number of partner medical institutions

1,982

(+180 YoY)

Blood-derived product contract processing orders (Q1)

4,636

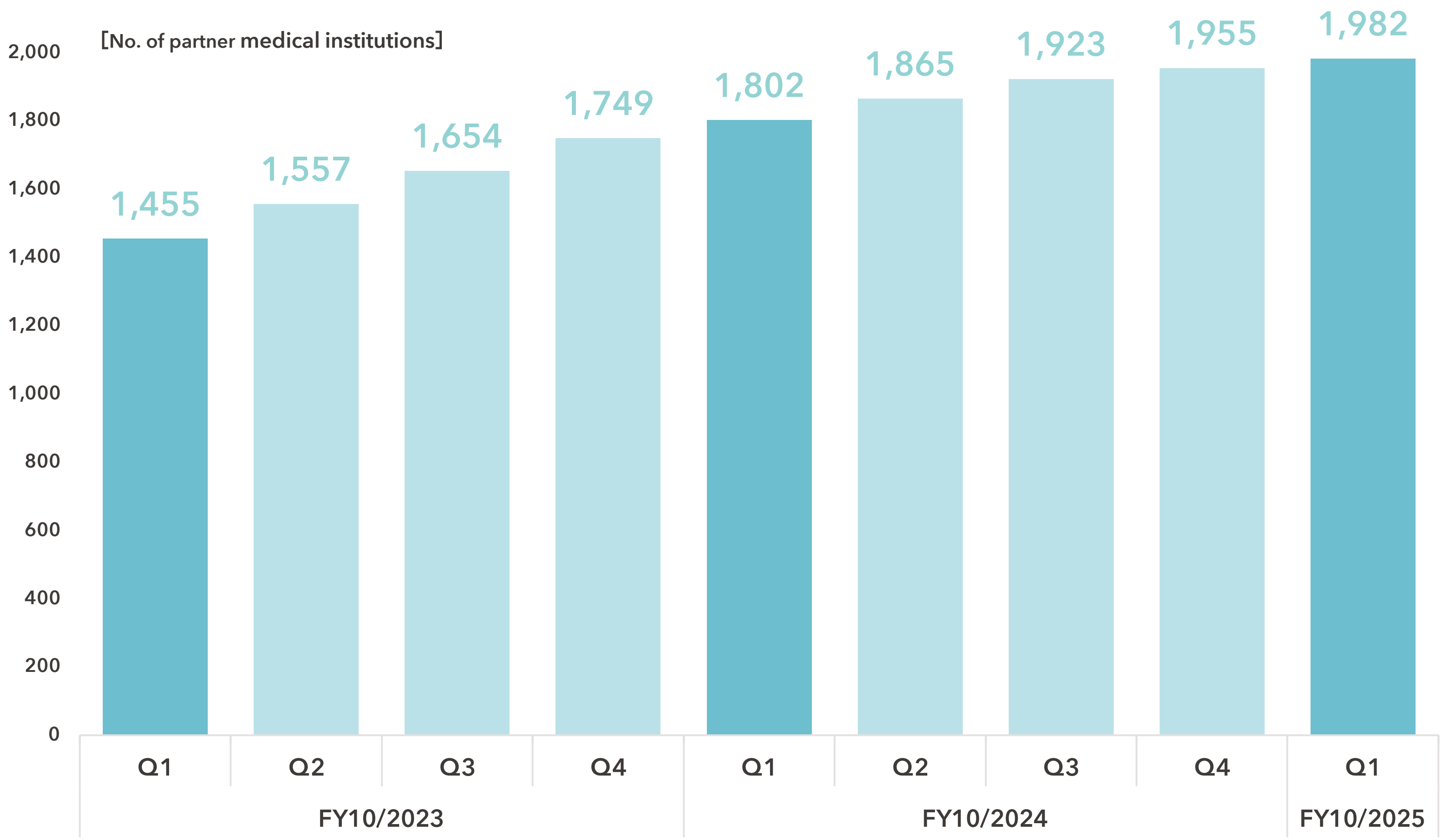
(-12.8% YoY)

Adipose-derived stem cell contract processing orders (Q1)

345

(-7.0% YoY)

CellSource

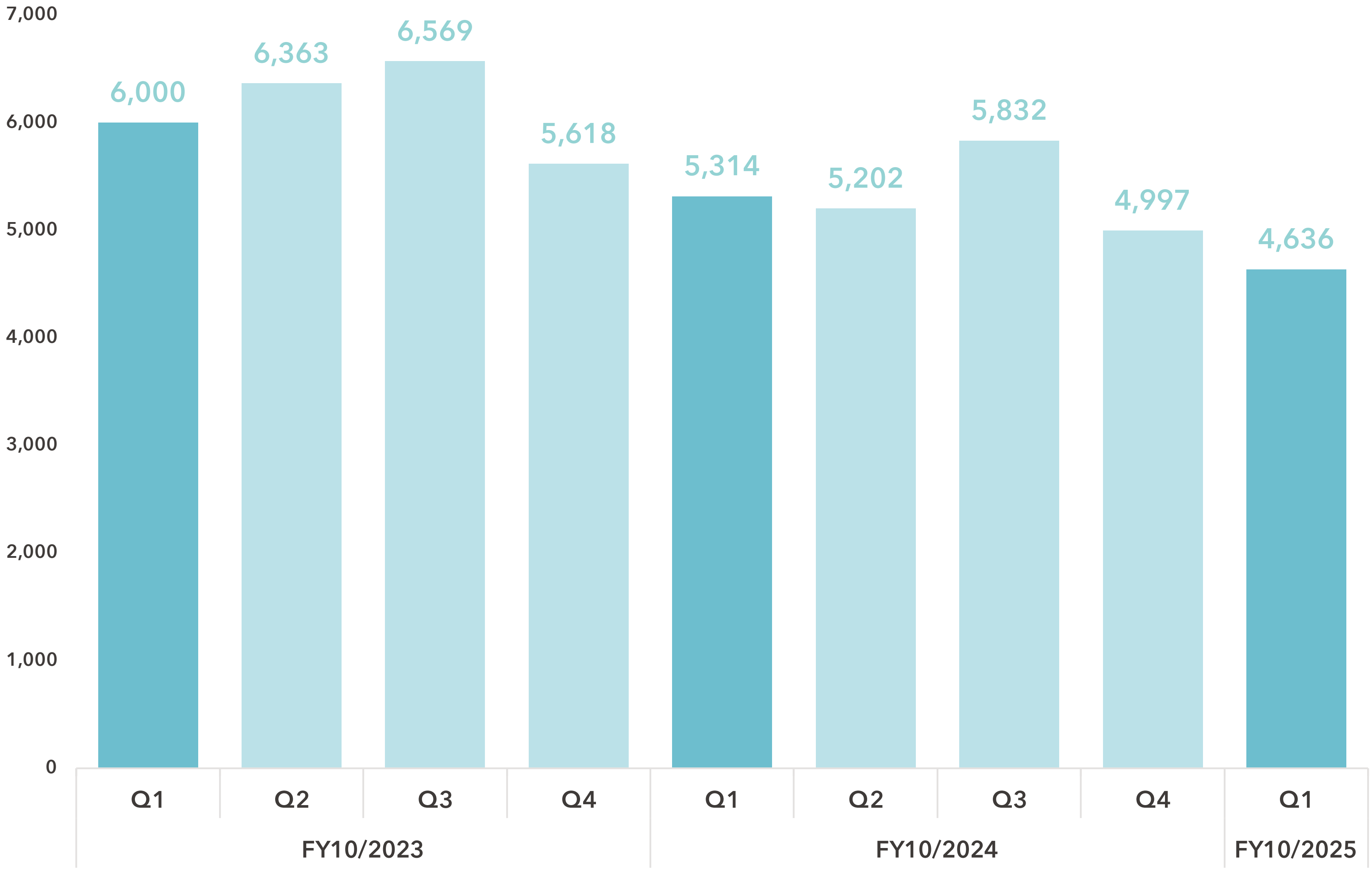


End Q1 FY10/2025
1,982
(+180 YoY)

*1: Excludes the number of closed medical institutions specializing in self-funded treatment

Number of Contract Processing Orders for Blood-derived Products

CellSource



Q1 FY10/2025

4,636 orders

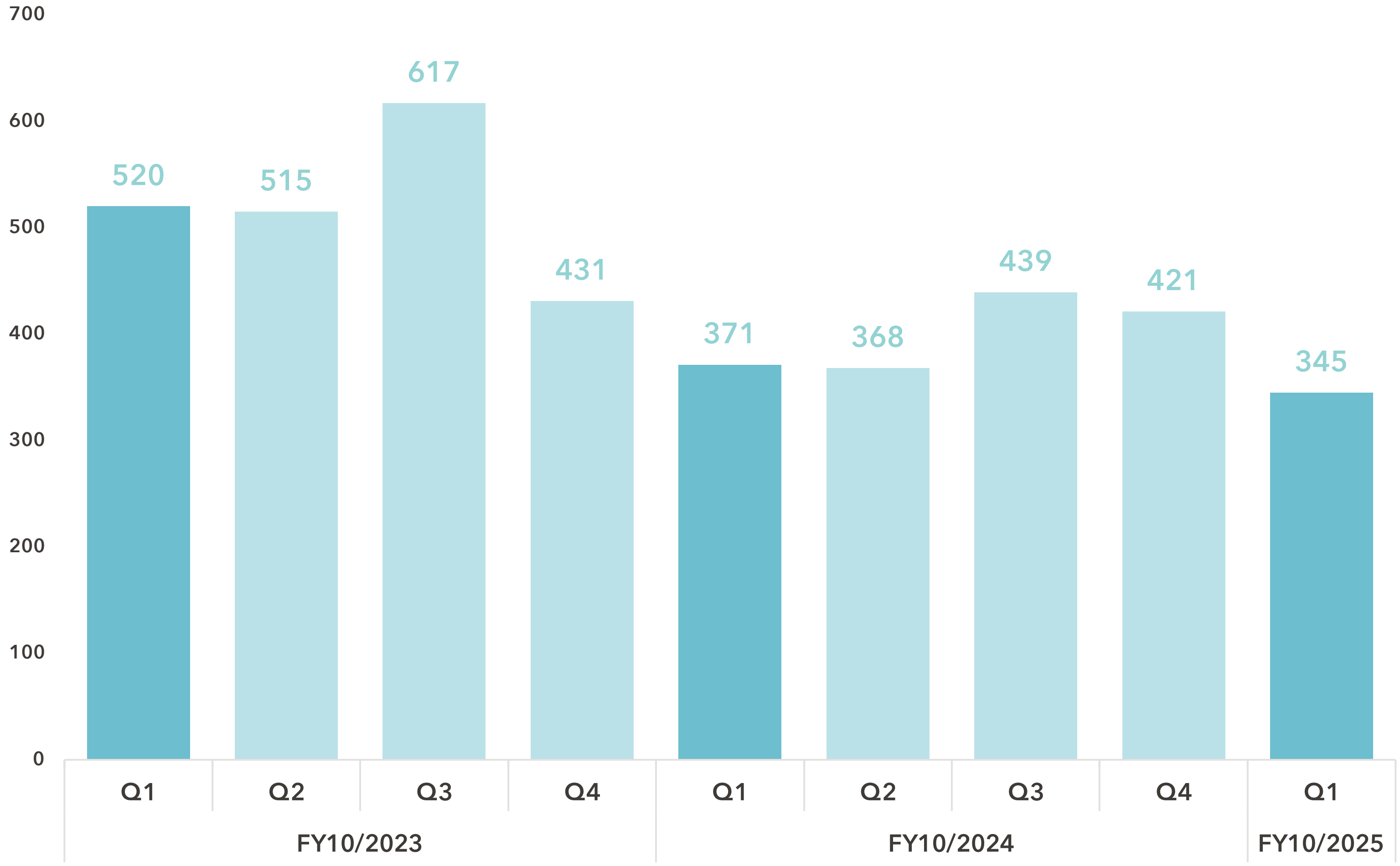
(-12.8% YoY)

Cumulative: **99,651** orders

As of FY10/2024, the number of contract processing orders is calculated as of when the order is fulfilled (previously as of when the order is received).
As the impact of this change is minimal, figures for FY10/2023 and earlier have not been retroactively revised.

Number of Contract Processing Orders for Adipose-derived Stem Cells (ASC)

CellSource



Q1 FY10/2025

345 orders

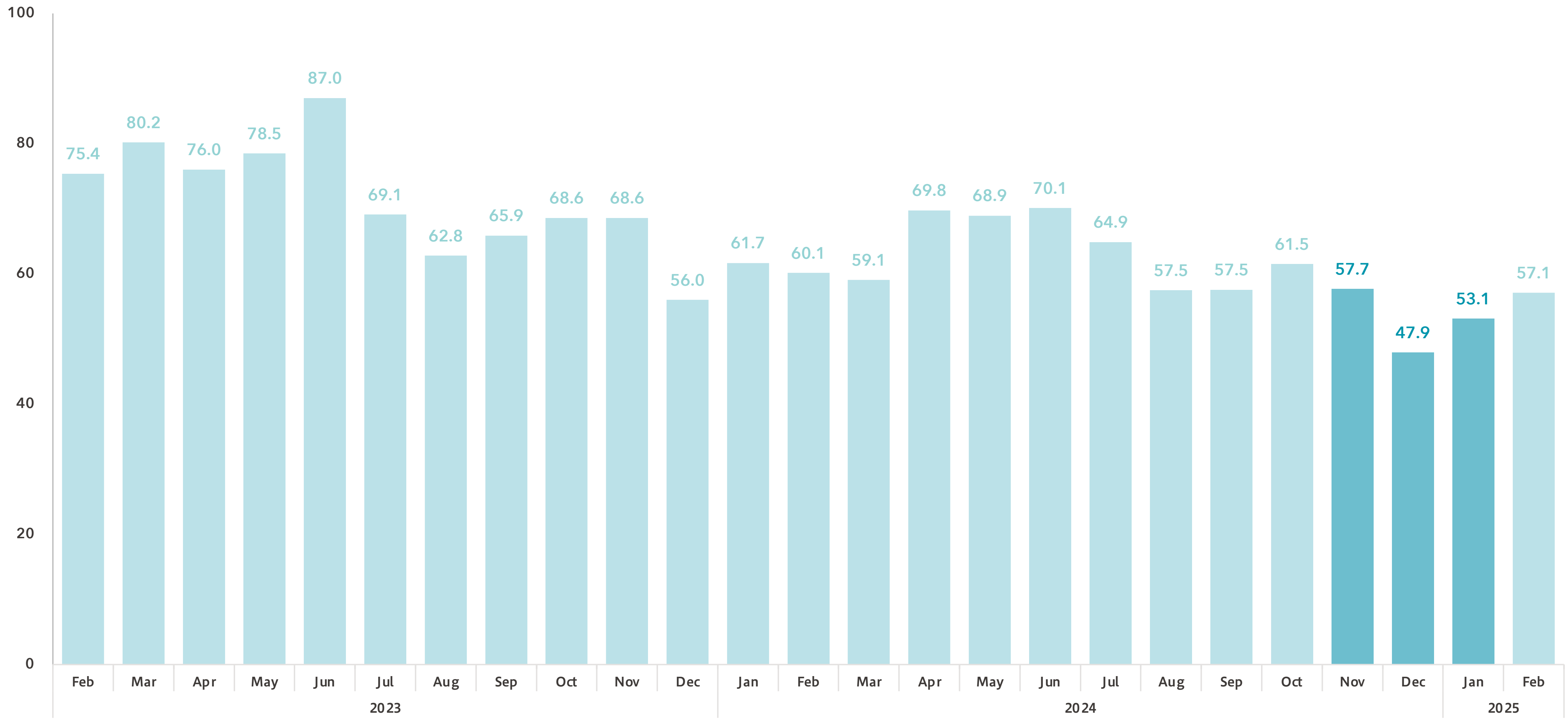
(-7.0% YoY)

Cumulative: 9,564 orders

As of FY10/2024, the number of contract processing orders is calculated as of when the order is fulfilled (previously as of when the order is received).
As the impact of this change is minimal, figures for FY10/2023 and earlier have not been retroactively revised.

Daily Average Number of Contract Processing Orders

CellSource



Daily average number of contract processing orders is calculated based on preliminary number of processing orders.

KPIs Comprising the No. of Blood-derived Product Processing Orders

CellSource

		FY10/2024				FY10/2025	Q2/FY2023～Q1/FY2024	Q2/FY2024～Q1/FY2025
		Q1	Q2	Q3	Q4	Q1	Latest twelve months (LTM)	Latest twelve months (LTM)
Specializing in self-funded treatment*1	Number of partner medical institutions (quarter-end)	16	16	14	15	15	16	15
	Active ratio*3	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	No. of orders per active medical institution	182.3	183.3	214.4	175.8	152.1	844.1	723.5
	No. of orders	2,917	2,932	3,001	2,637	2,282	13,505	10,852
Hybrid*2	Number of partner medical institutions (quarter-end)	1,259	1,304	1,352	1,378	1,393	1,259	1,393
	Active ratio*3	38.4%	37.5%	39.4%	36.6%	34.8%	59.5%	54.8%
	No. of orders per active medical institution	4.1	3.9	4.5	4.0	3.9	11.0	10.8
	No. of orders	1,970	1,931	2,392	2,003	1,912	8,270	8,237
Total	Number of partner medical institutions (quarter-end)	1,275	1,320	1,366	1,393	1,408	1,275	1,408
	Active ratio*3	39.1%	38.3%	40.0%	37.3%	35.5%	60.0%	55.3%
	No. of orders per active medical institution	9.8	9.6	9.9	8.9	8.4	28.5	24.5
	No. of orders	4,887	4,863	5,393	4,640	4,194	21,775	19,089

*1: Of the orthopedic clinics specializing in self-funded treatment, refers to those belonging to key clinic groups
*2: Of orthopedic clinics, refers to medical institutions excluding those belonging to clinic groups specializing in self-funded treatment in *1 above
*3: The ratio of medical institutions from which we have received at least one order as of the end of the specified quarter

Quarterly Results

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[Millions of yen]		FY10/2023				FY10/2024				FY10/2025
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net Sales		1,059	1,111	1,235	1,104	1,173	1,054	1,113	1,013	849
	Contract processing services	743	735	873	793	664	671	712	694	555
	Medical institutions support services (formerly consulting services)	113	109	134	77	56	62	42	24	21
	Medical device sales	180	177	166	179	297	188	225	206	218
	Cosmetic sales and other	21	88	60	53	154	130	133	87	53
SG&A expenses		428	455	504	575	557	585	588	556	528
Operating profit		351	308	383	178	205	75	106	-258	-62
Profit for the quarter		216	194	265	248	143	156	74	-136	-45
Total assets		4,416	4,812	5,017	6,879	6,807	6,876	6,864	7,074	6,882
Net assets		4,005	4,201	4,487	6,201	5,960	6,096	6,170	6,037	5,893
EBITDA		366	323	403	208	234	110	145	-206	-5
FTE*1		160	176	191	198	208	211	207	204	195
EBITDA per employee (unit:1,000yen)*2		2,297	1,836	2,112	1,050	1,129	522	702	-1,012	-26
Number of Contract Processing Orders*3		6,520	6,878	7,186	6,049	5,685	5,570	6,271	5,418	4,981
	ASC contract processing orders	520	515	617	431	371	368	439	421	345
	Blood-derived product contract processing orders	6,000	6,363	6,569	5,618	5,314	5,202	5,832	4,997	4,636
Number of partner medical institutions (quarter-end)		1,455	1,557	1,654	1,749	1,802	1,865	1,923	1,955	1,982

*1: FTE (full-time equivalent) = Total working hours of employees / (Number of working days x 8 hours)
*2: FTE used for number of personnel in denominator
*3: Does not include contract processing orders for synovial stem cells

As of FY10/2024, the number of contract processing orders is calculated as of when the order is fulfilled (previously as of when the order is received). As the impact of this change is minimal, figures for FY10/2023 and earlier have not been retroactively revised.
Financial results are presented on a consolidated basis from FY10/2025. The previous year's results used in YoY comparisons are on a parent-only basis.

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The materials and information provided in this presentation contain so-called "forward-looking statements."

These statements are based on current expectations, forecasts, and assumptions accompanying risks, and they may involve uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements.

Such risks and uncertainties include, but are not limited to, market conditions, legal regulations, quality and safety assurance and production systems, specific business partners, reputational risk, research and development, advertising strategies, and system failures.

Note: This translated material is for reference purposes only and is not guaranteed to be accurate or complete. In the event of any translation error or misunderstanding, the original Japanese version shall prevail.

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