



CellSource

# Earnings Presentation

## Q2 FY10/2025

CellSource Co., Ltd (TSE Prime: 4880)

June 12, 2025

- 1 Financial Results and Progress in Q2 FY10/2025**
- 2 Upfront Investment Progress for Realizing CellSource Vision**
- 3 Other Updates**

# Financial Results and Progress in Q2 FY10/2025

Net Sales

JPY **1.82** billion  
(-18.3% YoY)

Operating Profit

JPY **17** million  
(-93.9% YoY)

Profit

JPY **11** million  
(-96.3% YoY)

Operating Profit  
Margin

**0.9%**  
(-11.7pp YoY)

Blood-derived product  
contract processing  
orders

**9,577**  
(-8.9% YoY)

ASC contract  
processing orders

**726**  
(-1.8% YoY)

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

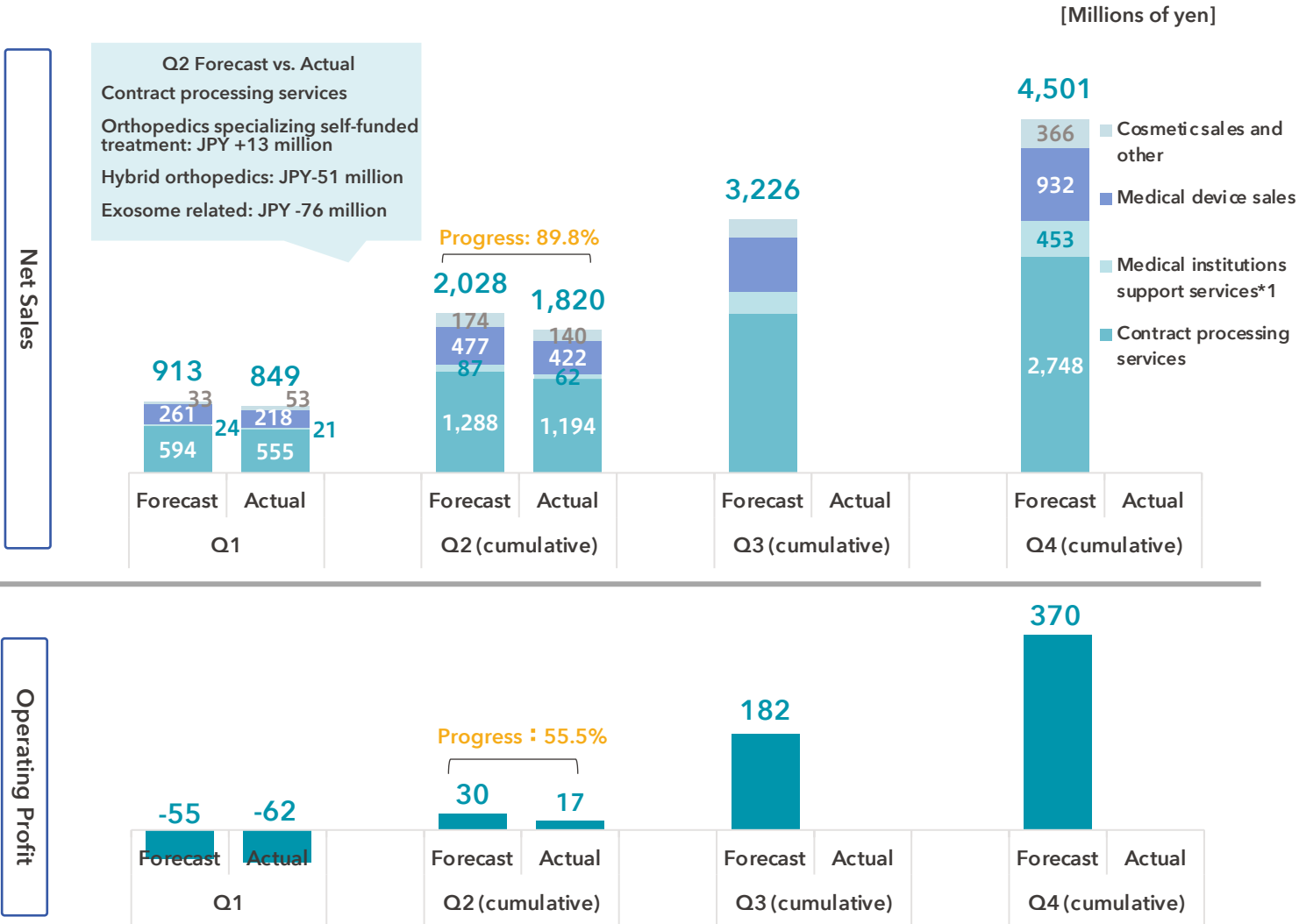


Cumulative sales through Q2 reached roughly 90% of our forecast, but although we reined in SG&A expenses, cumulative operating profit was 56% of the projected level due to the sales shortfall

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 starts 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



## Sales recovered, primarily in contract processing services, leading to QoQ growth in sales and profit

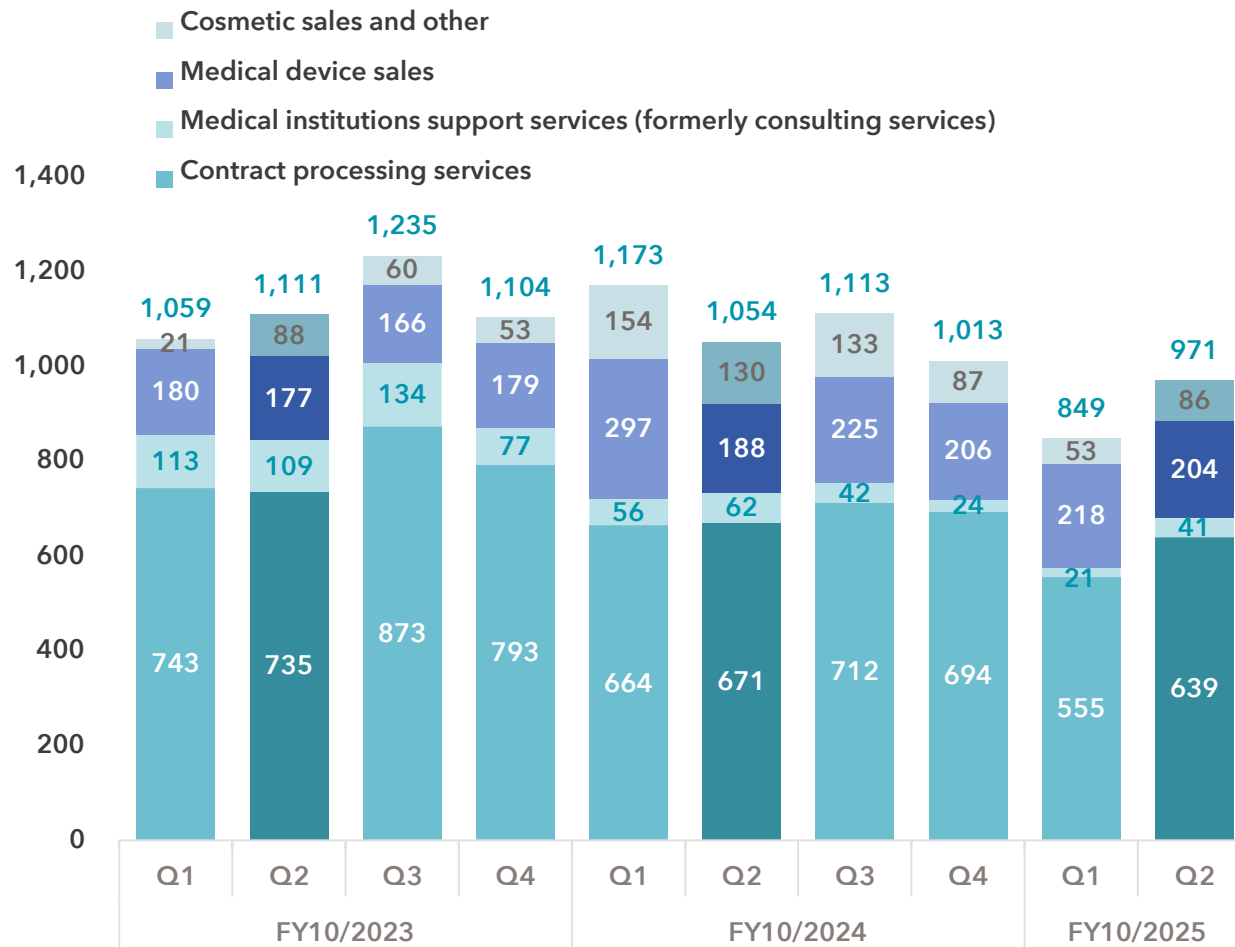
[Millions of yen]	FY10/2025 Q1	FY10/2025 Q2	QoQ	FY10/2024 Cum. Q2	FY10/2025 Cum. Q2	YoY	Forecast	Achievement rate
Net sales	849	971	+14.4%	2,227	1,820	-18.3%	4,501	40.4%
Gross profit	465	555	+19.3%	1,424	1,021	-28.3%	-	-
Gross profit margin	54.9%	57.2%	+2.3pt	64.0%	56.1%	-7.9pt	-	-
Operating profit	-62	79	-	281	17	-93.9%	370	4.6%
Operating profit margin	-7.3%	8.2%	+15.5pt	12.6%	0.9%	-11.7pt	-	-
Ordinary profit	-60	79	-	388	18	-95.1%	372	5.1%
Profit	-45	56	-	299	11	-96.3%	255	4.4%
Blood-derived product contract processing orders	4,636	4,941	+6.6%	10,516	9,577	-8.9%		
ASC contract processing orders	345	381	+10.4%	739	726	-1.8%		

- **Sales:** Excluding medical device sales, sales increased across all services. Overall, sales rose 14.4% QoQ
- **GPM:** GPM improved due to growth in the exosome-related sales weighting, proceeds from selling the license for the animal regenerative medicine business
- **OPM:** OPM improved sharply QoQ, thanks to rebounding sales and SG&A cost-reduction measures
- **Profit:** No significant QoQ change in non-operating income/expenses
- **Contract processing orders:** Up QoQ, amid increased orders from both hybrid clinics and medical institutions specializing in self-funded treatment



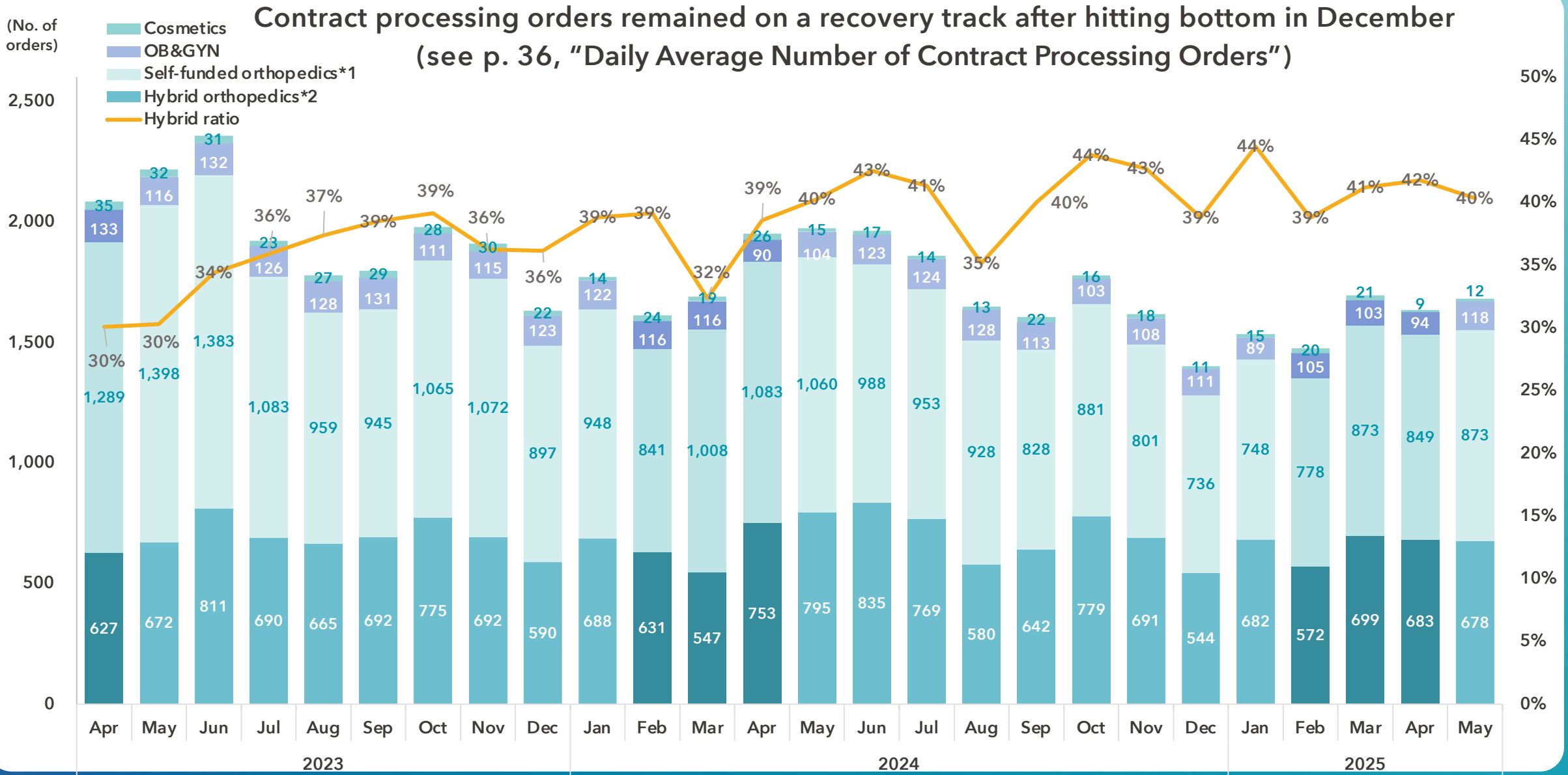
Overall sales increased QoQ on the back of rebounding sales for contract processing services, with sales also rising in medical institution support services and cosmetic sales and other

[Millions of yen]



Cum.Q2 FY10/2024	Cum.Q2 FY10/2025	YoY
Total		
2,227	1,820	-18.3%
Contract processing services		
1,336	1,194	-10.6%
Medical institutions support services (formerly consulting services)		
119	62	-47.5%
Medical device sales		
486	422	-13.0%
Cosmetic sales and other		
285	140	-51.0%





Orders from medical institutions specializing in self-funded treatment were down YoY, but orders from hybrid medical institutions increased due to sales initiatives focused on key clinics

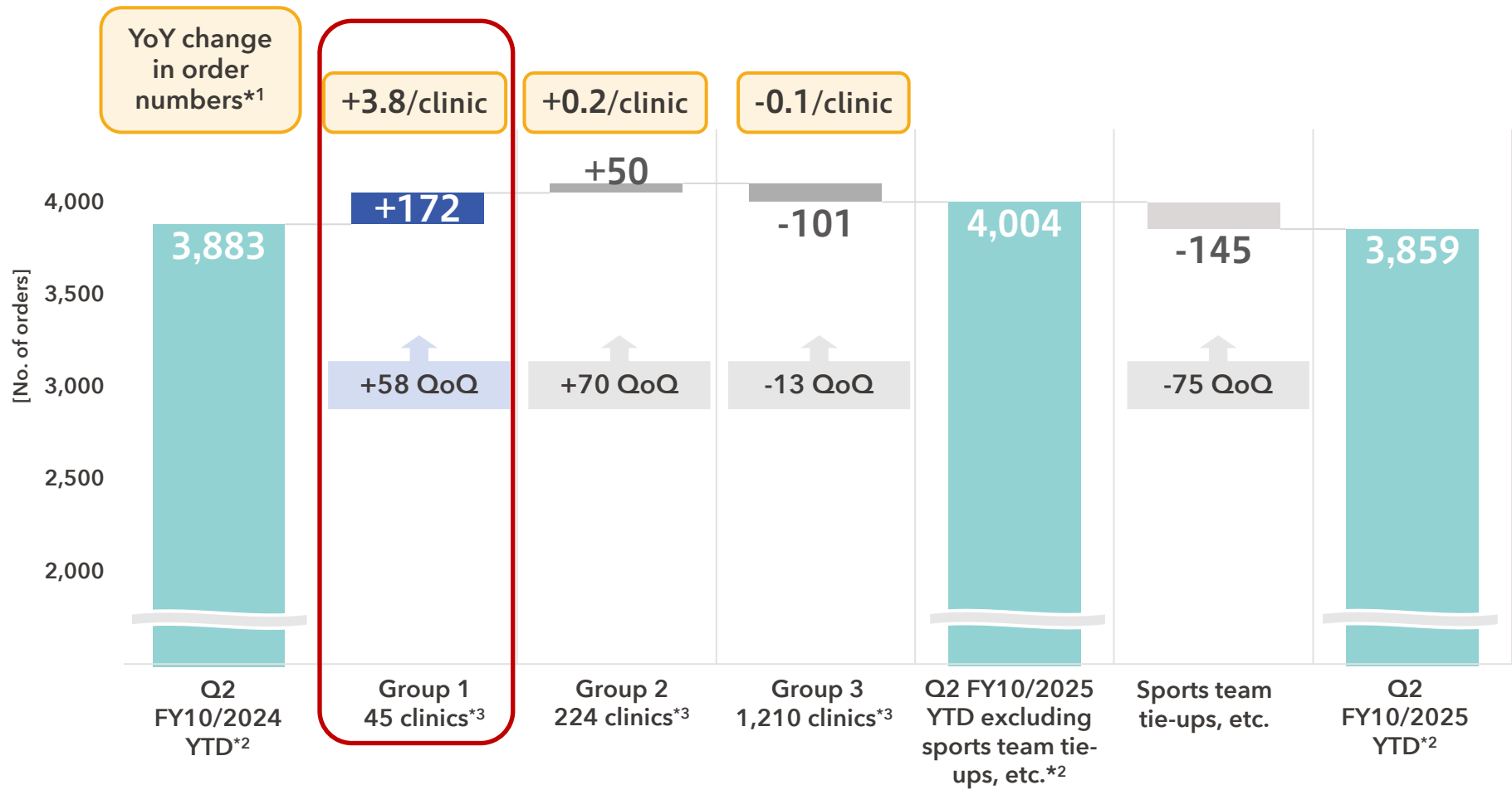
	FY10/2024		FY10/2025								
	Specializing in self-funded treatment*1		Hybrid*2		Overall						
	Q2	Q2	Q2	Q2	Q2	Q2					
Number of partner medical institutions	16	15	1,304	1,421	1,320	1,436					1 Orders from two medical institutions ceased in Q2 as preparations began for their closure through consolidation of medical institutions
×											
Active ratio*3	100.0%	100.0%	37.5%	34.3%	38.3%	35.0%					2 The number of active medical institutions remained just under 500, despite the concentration of sales resources on key institutions
×											
No. of orders per active medical institution	183.3	166.7	3.9	4.0	9.6	8.9					3 Measures to increase orders per clinic bore fruit
No. of orders	2,932	2,500	1,931	1,954	4,865	4,454					

\*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

## Implementing various initiatives addressing management issues that we have identified

	Issues identified	Initiatives
Highly volatile patient acquisition framework	<ul style="list-style-type: none"><li>Fluctuations in advertising effects have direct impact on earnings</li><li>High advertising expenses are putting pressure on management</li></ul>	<ul style="list-style-type: none"><li>Strengthening patient acquisition through offline touchpoints other than TV commercials</li><li>Ramping up call center staff training with a view to improving inquiry-to-booking conversion rate</li></ul>
Earnings structure dependent on physicians	<ul style="list-style-type: none"><li>Technical capabilities and experience of physicians with specialized knowledge significantly influence earnings</li><li>Monthly operating days are insufficient due to challenges in hiring and retaining physicians</li></ul>	<ul style="list-style-type: none"><li>Enhancing support system for physicians by setting clearly defined KPIs to serve as behavioral objectives for medical professionals</li><li>Increasing physician numbers to enable clinics to extend their days of operation</li><li>Enhancing productivity through operational efficiency gains driven by clinic consolidation</li></ul>
Inefficiency in organizational management	<ul style="list-style-type: none"><li>Rapid organizational expansion has strained the operational structure, resulting in inadequate management</li><li>Communication between corporate headquarters and medical sites remain insufficient</li></ul>	<ul style="list-style-type: none"><li>Pursuing radical reorganization to aid in transition to an organizational structure tailored to current circumstances</li><li>Seconding two staff members from CellSource to support both headquarters and clinic operations</li></ul>

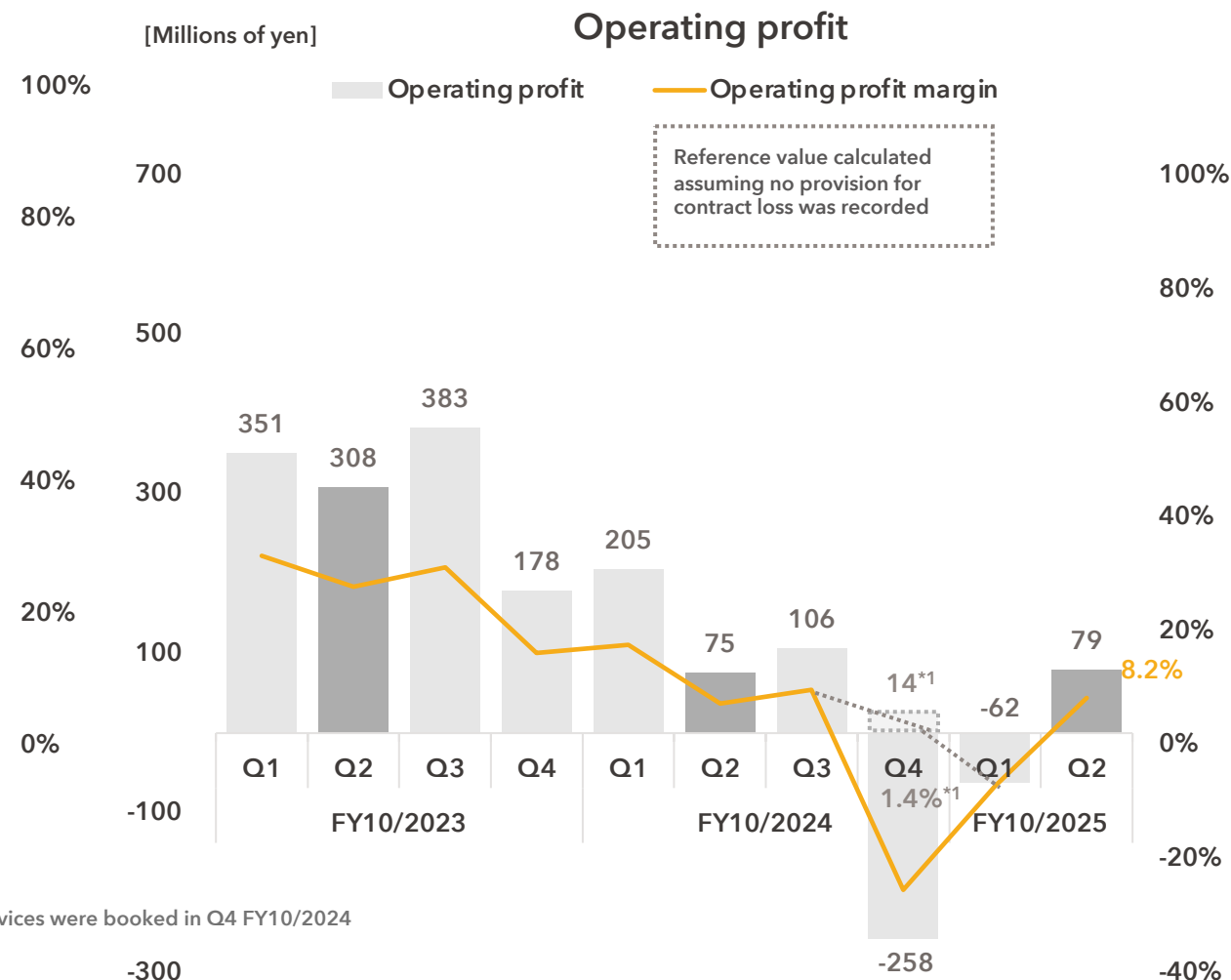
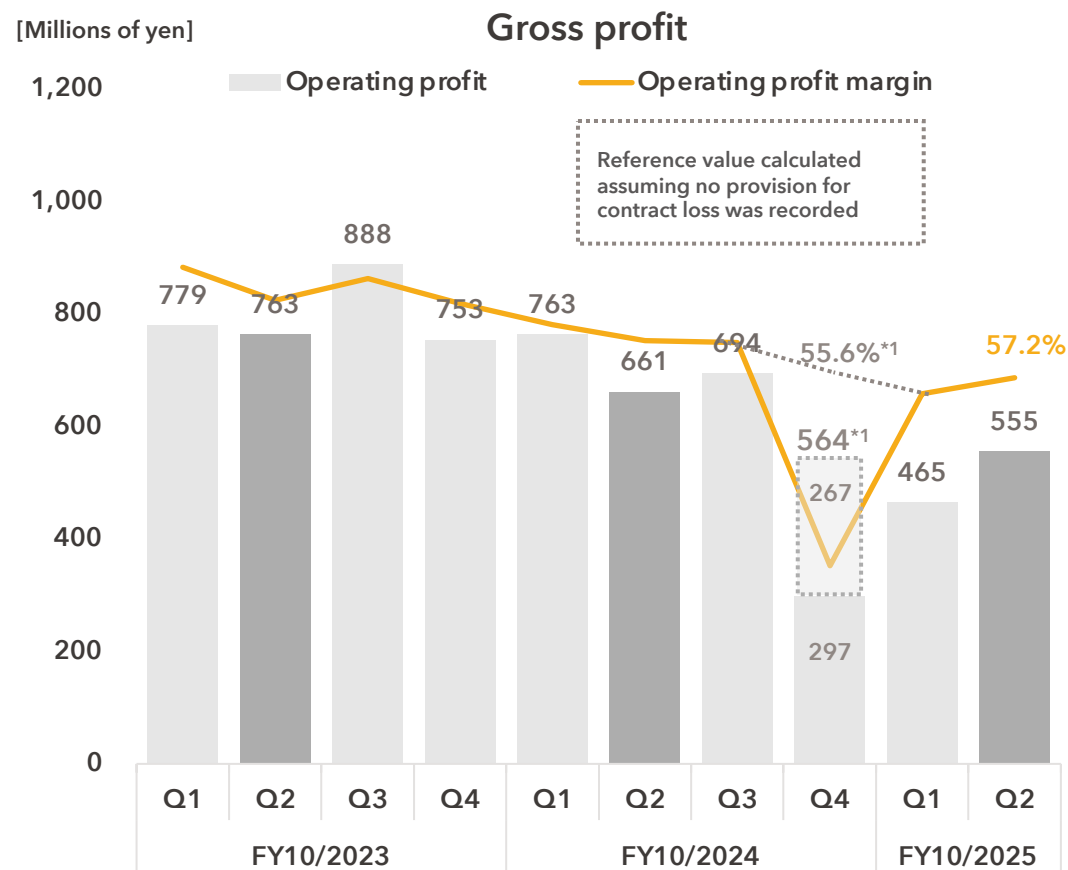
Succeeded in growing orders from target medical institutions, in line with sales strategy



- 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.

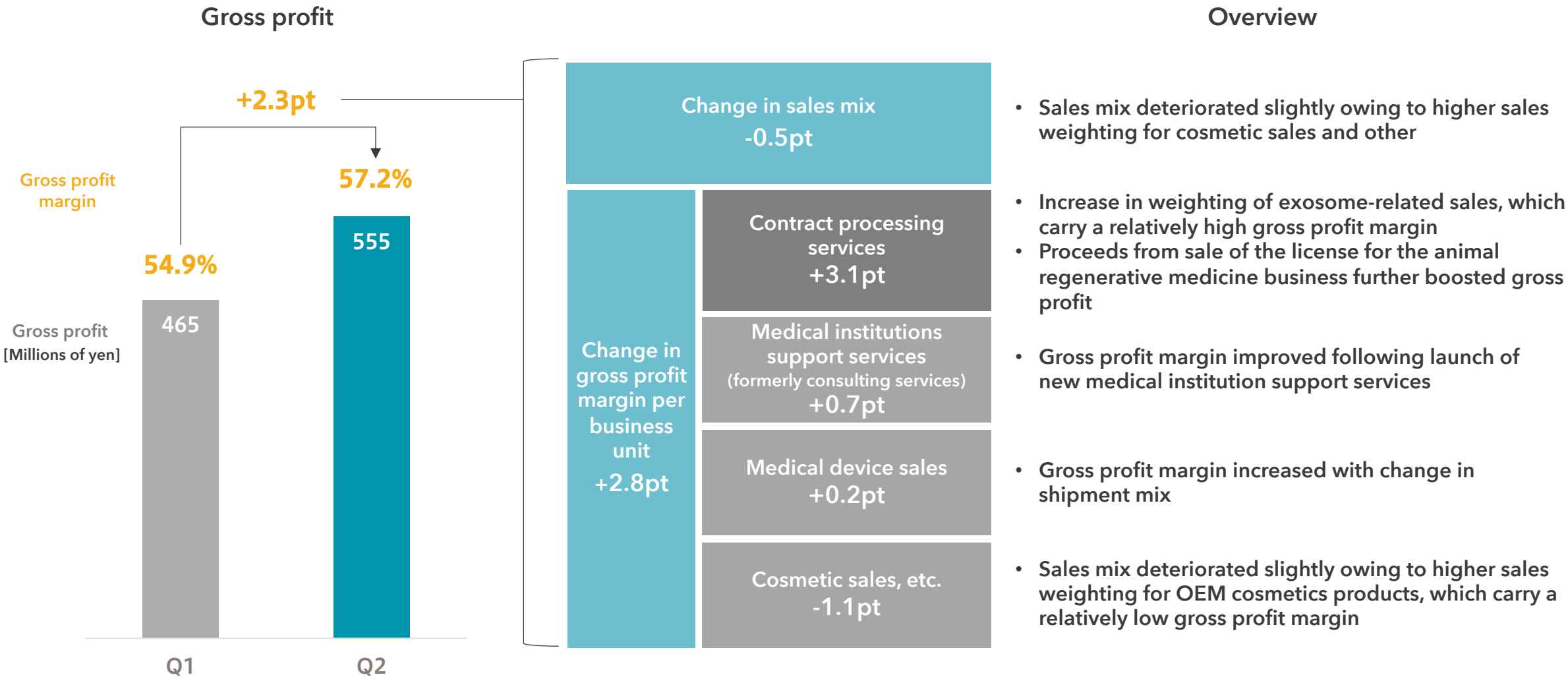
\*1: Calculated by dividing total orders for the YTD period by the number of clinics\*3  
\*2: Q2 FY10/2024 YTD is November 2023 to April 2024, and Q2 FY10/2025 YTD is November 2024 to April 2025  
\*3: Number of clinics is as of end-April 2025

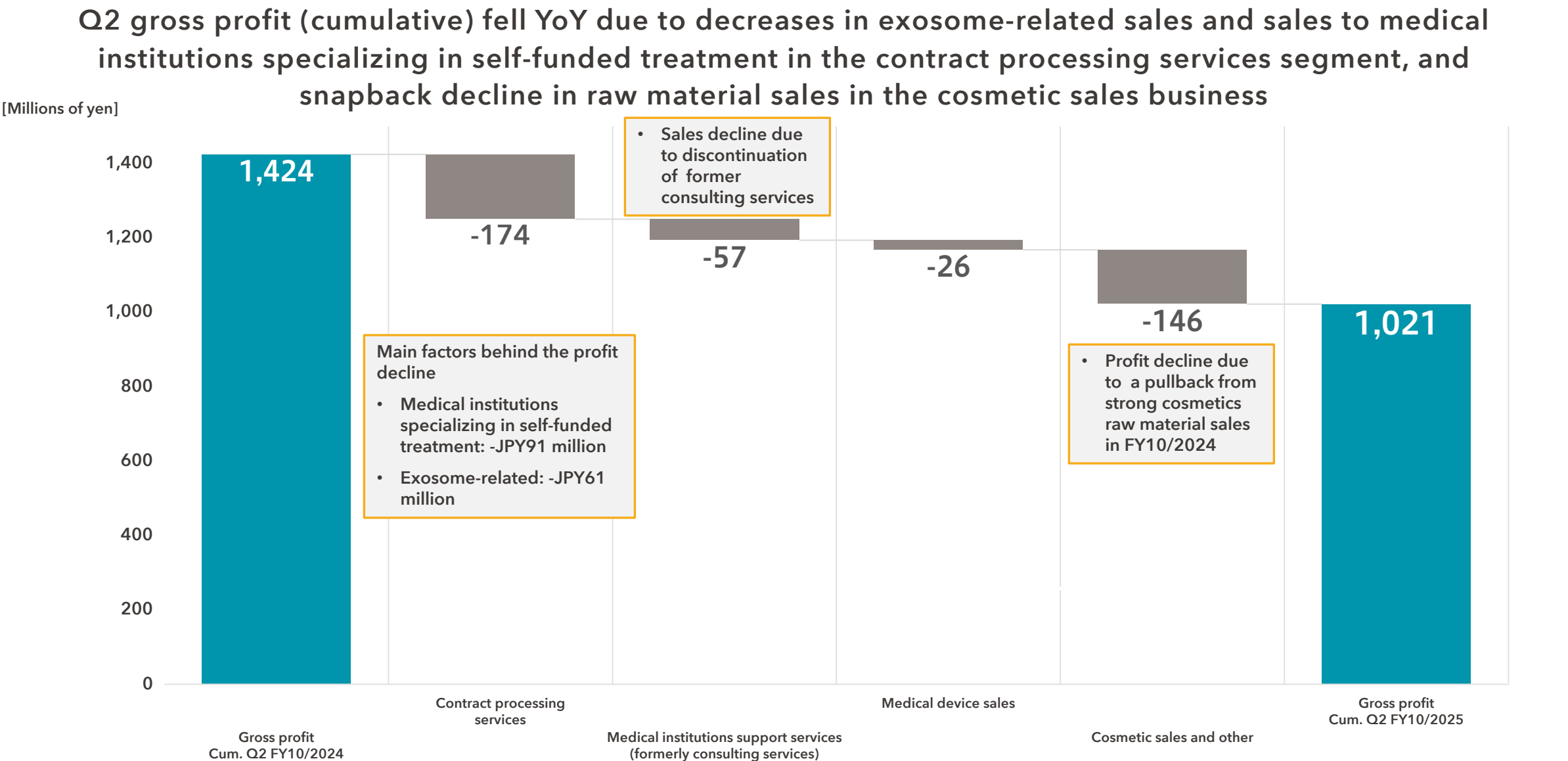
Gross profit and operating profit both increased QoQ thanks to higher sales and a review of SG&A cost management



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

## Gross profit margin improved, largely due to increased sales from contract processing services

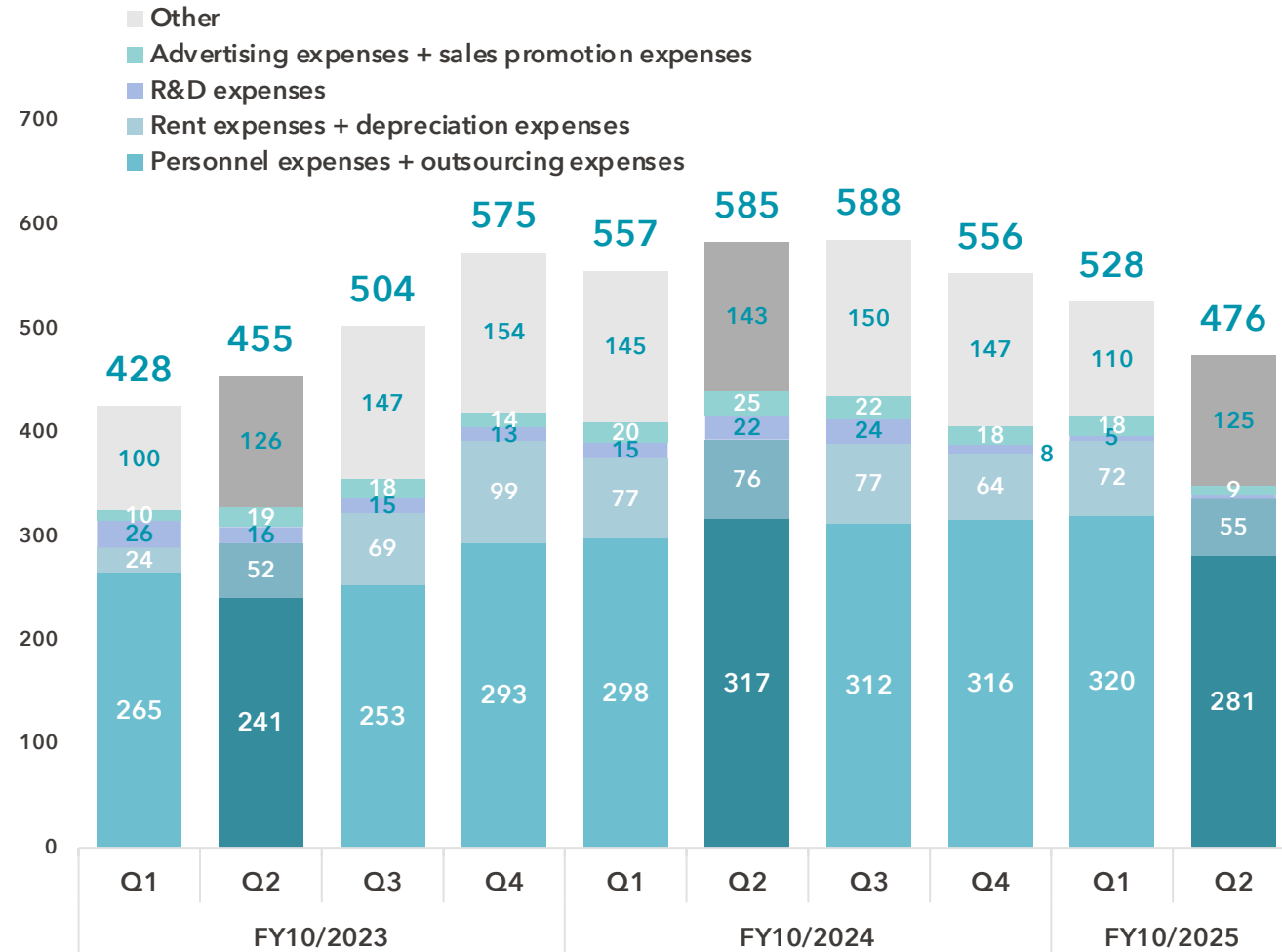






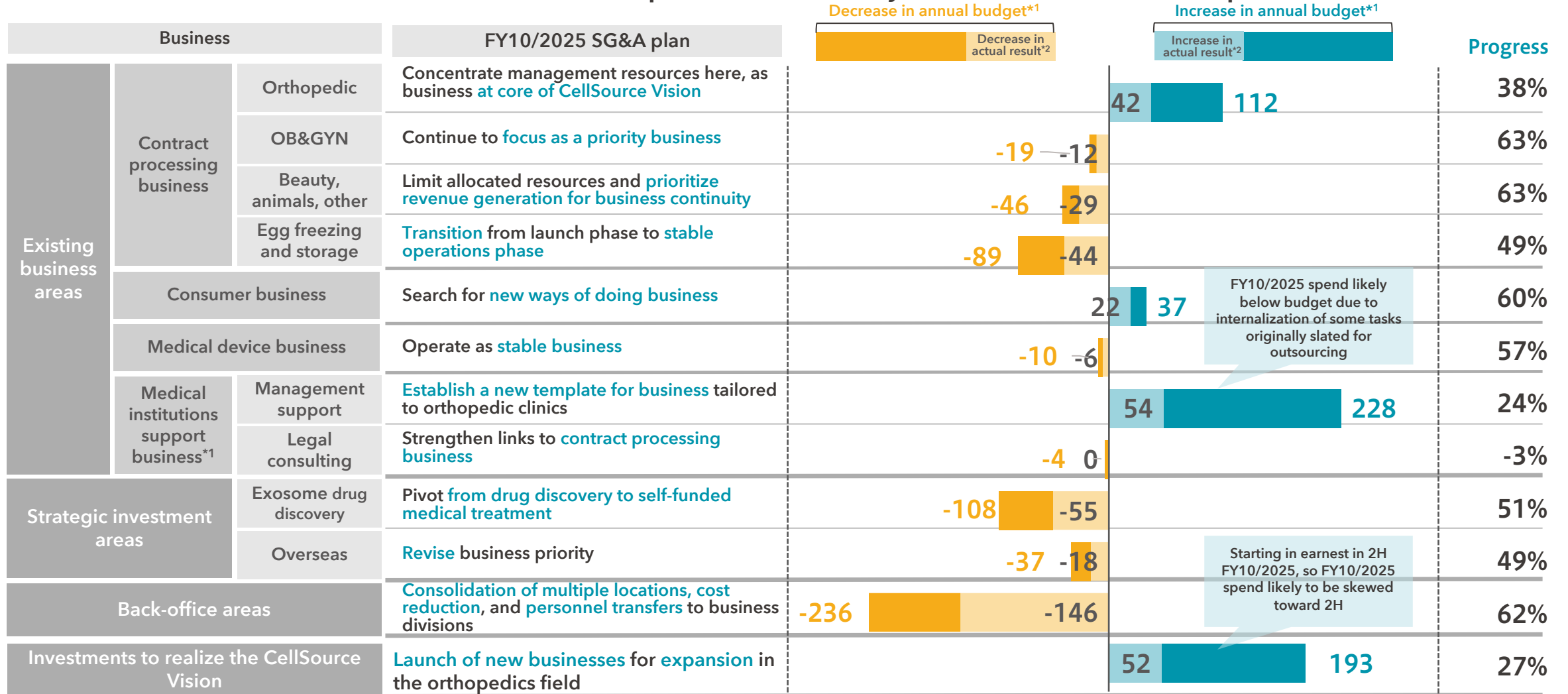
SG&A expenses fell QoQ as cost review continued, reducing management-team stock-based compensation and rent expenses while allocating sufficient funds to operating expenses, etc.

[Millions of yen]



Cum.Q2 FY10/2024	Cum.Q2 FY10/2025	YoY
Total		
1,143	1,004	-12.2%
Personnel expenses + outsourcing expenses		
616	601	-2.4%
Rent expenses + depreciation expenses		
154	128	-16.8%
R&D expenses		
37	10	-72.5%
Advertising expenses + sales promotion expenses		
45	27	-39.9%
Other		
288	236	-18.2%

## Reallocation of SG&A expenses under way, in line with the initial plan



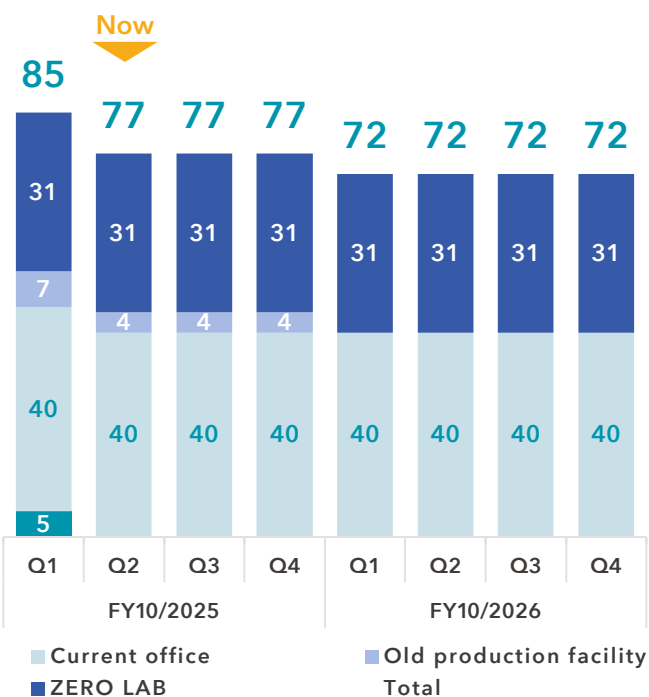
\*1: Difference between FY10/2024 SG&A expense results and FY10/2025 SG&A expense budget

\*2: Difference between FY10/2024 SG&A expense results and FY10/2025 SG&A expense results (YTD)

Decision made to fully vacate an old production facility by end-FY10/2025  
Rents expected to fall further in FY10/2026 as overlapping of facilities will be completely eliminated

## Cost of sales + SG&A expenses

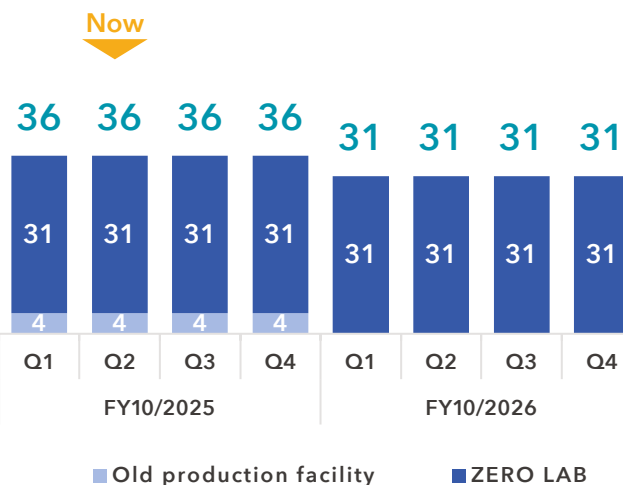
[Millions of yen]



## Cost of sales

[Millions of yen]

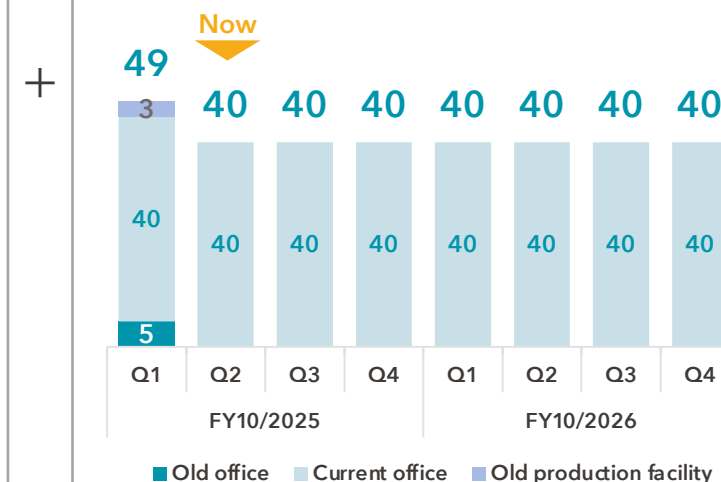
- Vacating a facility will drive up costs temporarily, but rents expected to fall further from FY10/2026



## SG&A expenses

[Millions of yen]

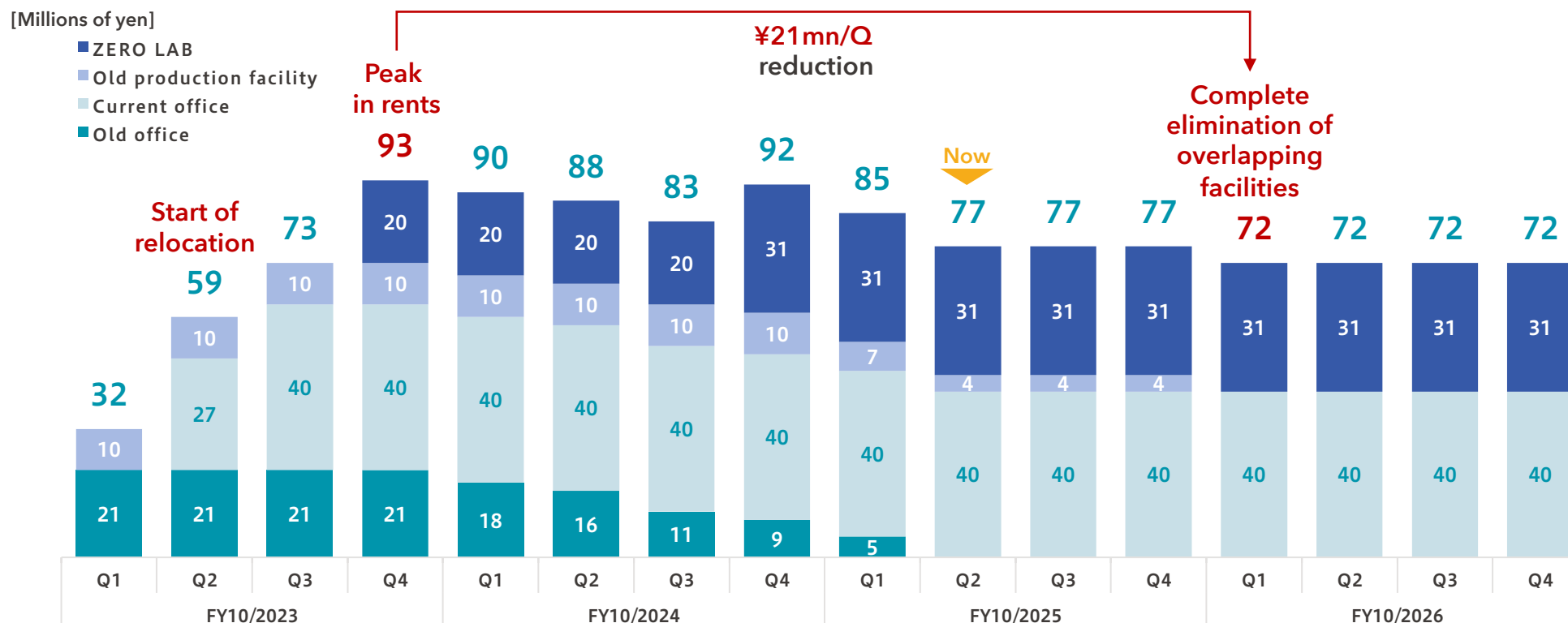
- From Q2 FY10/2025 onward, rents under SG&A expenses include office rent only, after we fully vacated from the former office



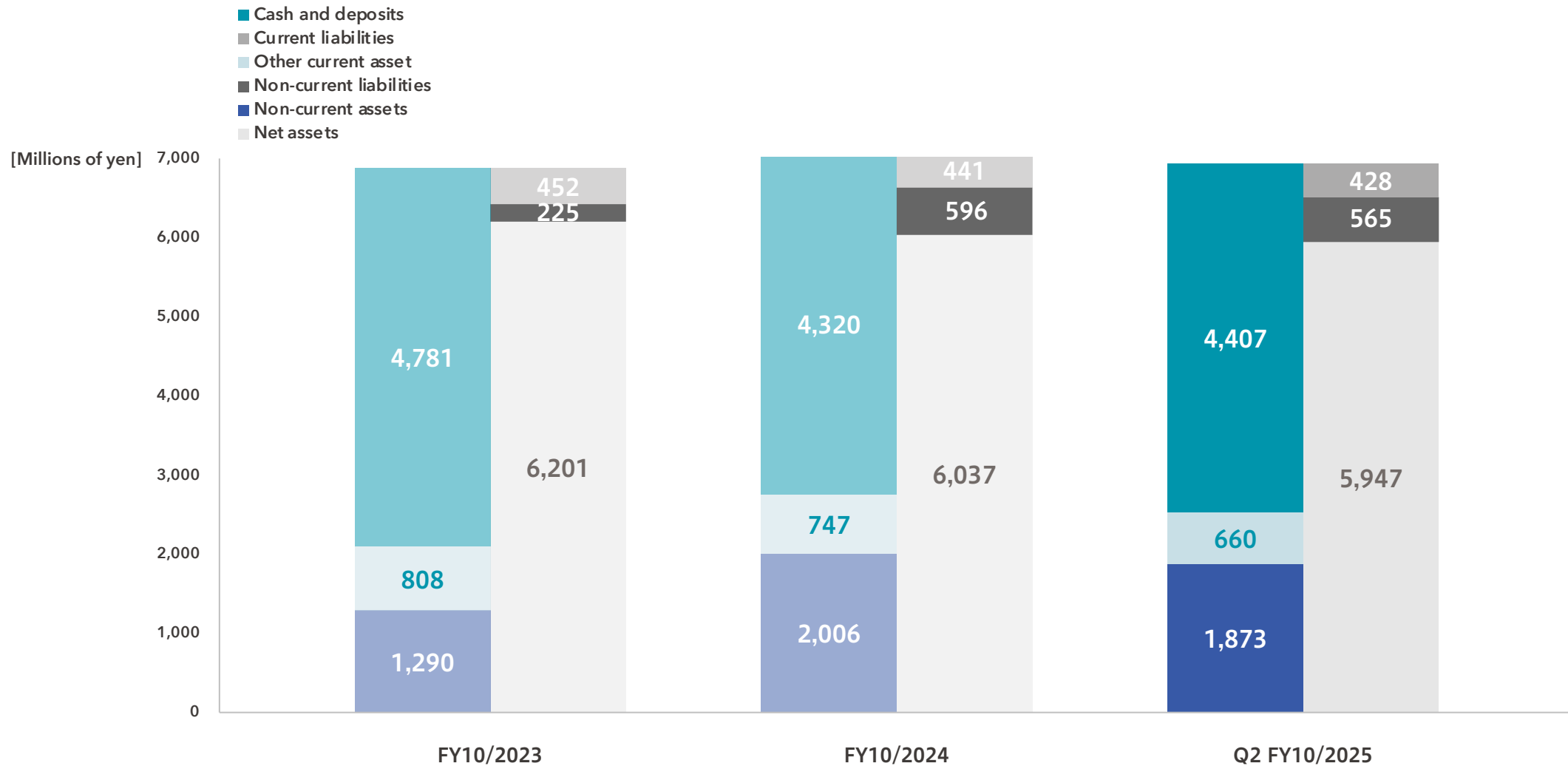
The office and production facility relocation under way since Q2 FY10/2023 should be completed by end-FY10/2025

We expect a ¥21mn/Q reduction in rents versus the peak

## Cost of sales + SG&A expenses



With no significant change in the balance sheet in Q2, we maintained a sound financial position



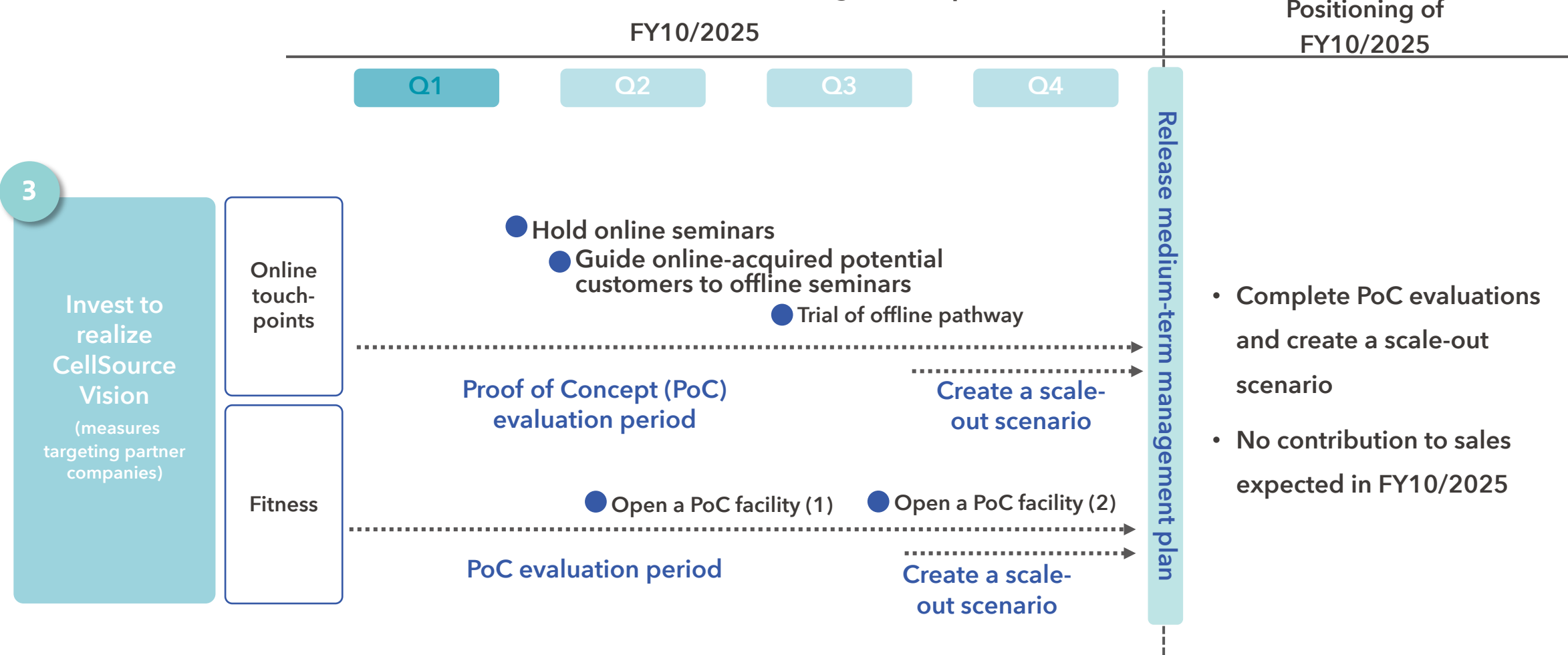
# Upfront Investment Progress for Realizing CellSource Vision

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





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



```
graph TD; A[Approach d Healthcare app users] --> B[Design an online pathway]; B --> C[Design an offline pathway];
```

Approach d Healthcare app users

Design an online pathway

Design an offline pathway

ミッション達成  
で抽選券を獲得！

長時間歩いても疲れな歩き方

1~10P

期限：3月21日

【PR】 ひざの痛み、放置は危険！  
今日から始める対策ガイド

1~10P

期限：3月21日

足のむくみやだるさ、見た目の異常が出たら

1~10P

期限：3月21日

やる気がでない

1週間で30,000歩！

1~10P

期限：3月21日

10,000 / 30,000



**専門医監修**  
**ひざの痛み解消ガイド**


**セルフケア解説動画**


**セルフチェック**


**治療の最新情報**



**情報提供クリニック**  
**医療法人社団活寿会 ひざ関節症クリニック**  
 ひざ関節症クリニックイメージキャラクター  
 小泉 孝太郎

年齢のせい...とあきらめる前に！  
**タオル1枚でのトレーニングから、**  
**痛みタイプ別の筋膜リリース法まで、**

## PoC facilities have started offering exercise programs following the Balance Method™ developed by CellSource

Develop exercise programs



Conduct PoC evaluations at partner facilities



Conduct PoC evaluations at directly operated facilities

### What is the Balance Method™?



- An all-round exercise method balancing strength and endurance training with other elements of exercise necessary for seniors and orthopedic clinic patients
- Developed in partnership with medical institutions, with a view to offering exercise programs that not only address lack of exercise, but also aid in preventing locomotive syndrome, improving posture, and relieving joint and other pain

### PoC evaluation of exercise programs in full swing



- PoC sites started offering Balance Method™ exercise programs in May 2025
- PoC facilities have begun full-fledged monitoring of changes in members' physical condition and the satisfaction they derive from exercising

# Other Updates

Transfer of patent application related to animal regenerative medicine,  
with related gain recorded in Q2

Accelerating the optimization of management resource allocation toward realizing the "CellSource Vision"

Project  
Overview

- Subject of transfer: 99% ownership of the patent application for canine platelet-derived growth factor (cPGF) therapy
- Transferee: Anicom Specialty Medical Institute Inc.

Background of  
the Transaction

- Promoted research on evidence building for regenerative medicine in veterinary care and manufacturing technology through the Animal Regenerative Medicine Technology Research Consortium (PARM)
- Provided cPGF therapy at animal hospitals operated by Anicom Specialty Medical Institute within the Anicom Animal Hospital Group

Project  
Highlights

- In response to increasing demand and expectations for veterinary care, the patent application was transferred to an optimal operator to address high treatment needs
- The transfer was part of efforts to optimize management resource allocation based on the "CellSource Vision." Related gain was recorded in Q2 FY10/2025





## Building a model for raising community awareness through collaboration between industry, government, and the medical sector

### Event overview

- On 14 June, we plan to hold an event to raise awareness of knee health in Niigata Prefecture
- This event is part of the "Niigata Kenju Project," which seeks to extend the healthy life expectancy of prefectural residents
- In cooperation with 10 local medical institutions, we plan to hold joint events to raise awareness of knee health and provide free MRI-based knee check-ups

### Highlights

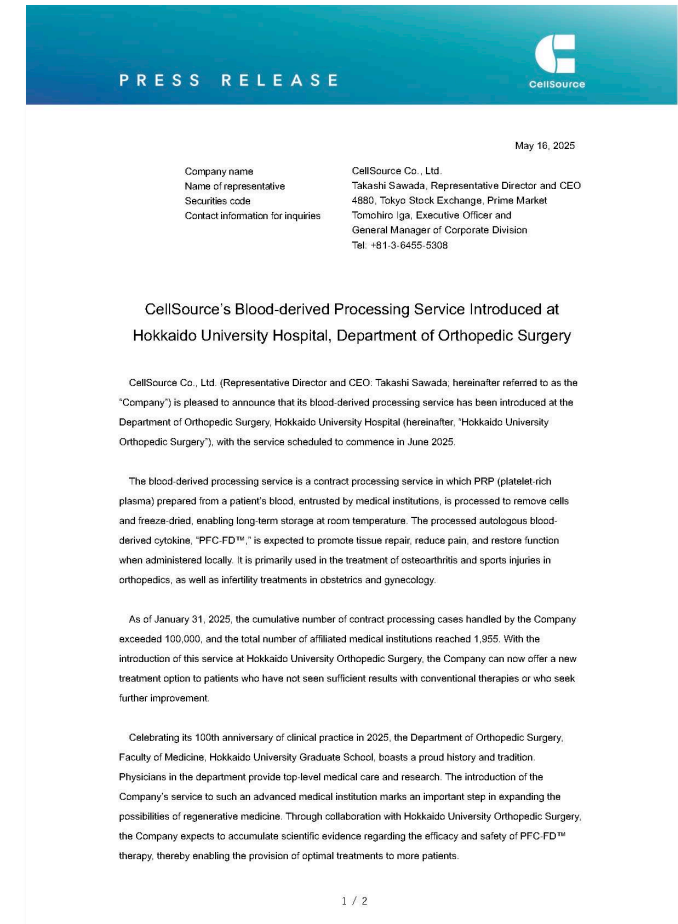
- Holding large-scale health awareness activities involving local media and local governments
- Creating new context for highlighting the relationship between knee health and stem cells
- Providing consumers with motivation to visit a hospital



## PFC-FD™ service introduced at Hokkaido University Hospital's Department of Orthopedic Surgery, commencing in June 2025

### Significance of service introduction

- We expect scientific evidence surrounding PFC-FD™ to accumulate further with this introduction at a medical institution that on the one hand is steeped in history and tradition and on the other hand practices cutting-edge therapies including regenerative medicine
- Collaboration with leading national university medical schools, such as Hokkaido University Hospital's Department of Orthopedic Surgery, could be a springboard for expanding the PFC-FD™ business by establishing access to affiliated and related medical institutions





## New Technology for Achieving Both Storage Stability and Quality of PFC-FD™ (2.0)

### Outline of Patent Application

- Filed an international patent application under the Patent Cooperation Treaty (PCT) for a new technology that enhances both the extraction efficiency of growth factors and the storage stability of PFC-FD™
- Developed a proprietary processing technology that optimizes storage conditions and additives, enabling high content and stable retention of growth factors
- The technology increases the content of growth factors expected to have anti-inflammatory and tissue repair effects, while suppressing the content of inflammatory cytokines

### Significance of the Patent Application

- Provides improved storage stability under both frozen and room temperature conditions enables greater flexibility in storage and handling in clinical settings
- Allows physicians to select the optimal timing and method of administration according to the patient's symptoms and treatment stage, significantly enhancing convenience and clinical utility
- Strengthens CellSource's intellectual property strategy in the global biotherapy market, paving the way for future product development and licensing opportunities utilizing this proprietary technology



# KPIs Appendix

Number of partner  
medical institutions

**2,017**

(+152 YoY)

Blood-derived product  
contract processing orders  
(cumulative)

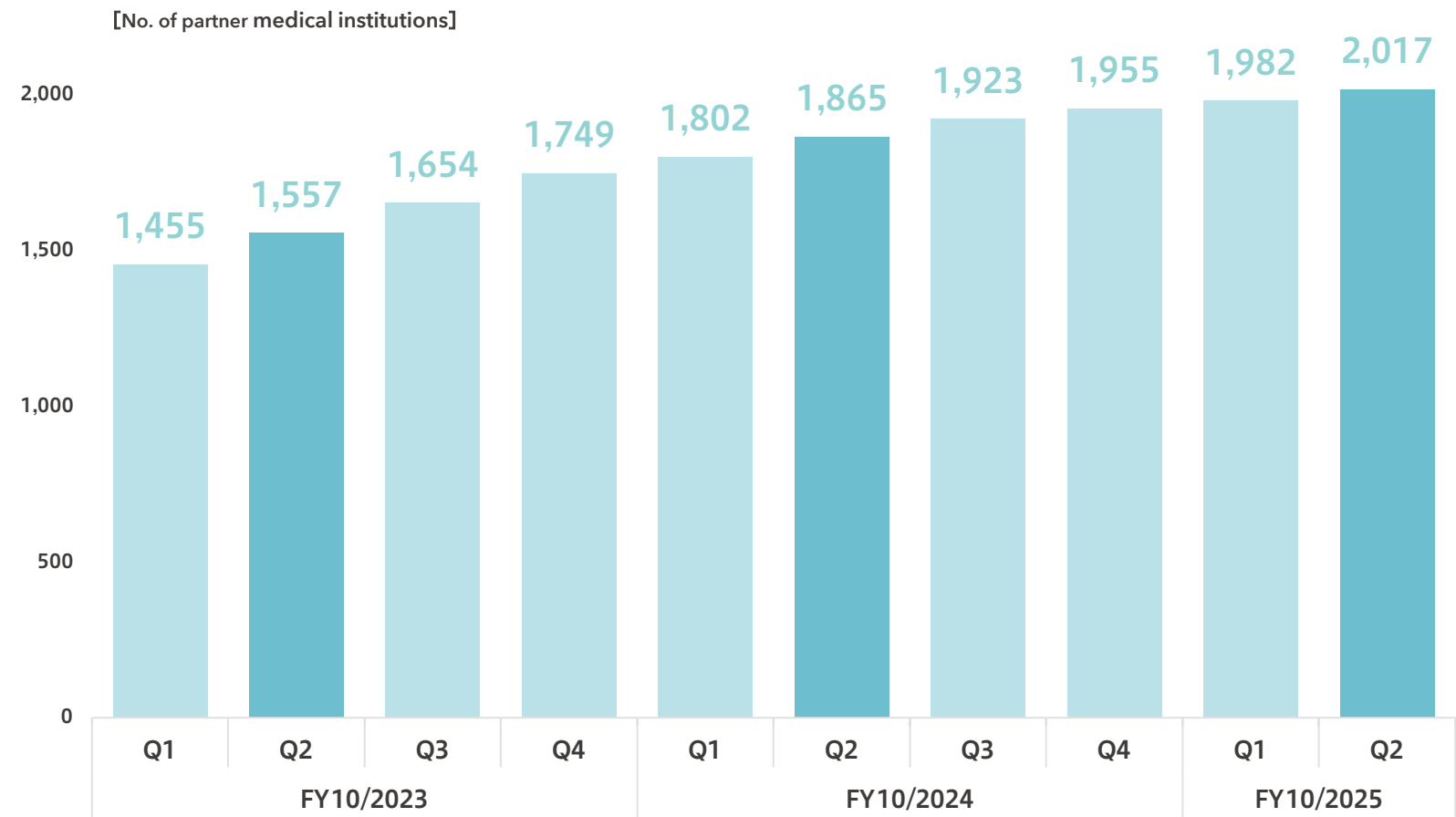
**9,577**

(-8.9% YoY)

Adipose-derived stem cell  
contract processing orders  
(cumulative)

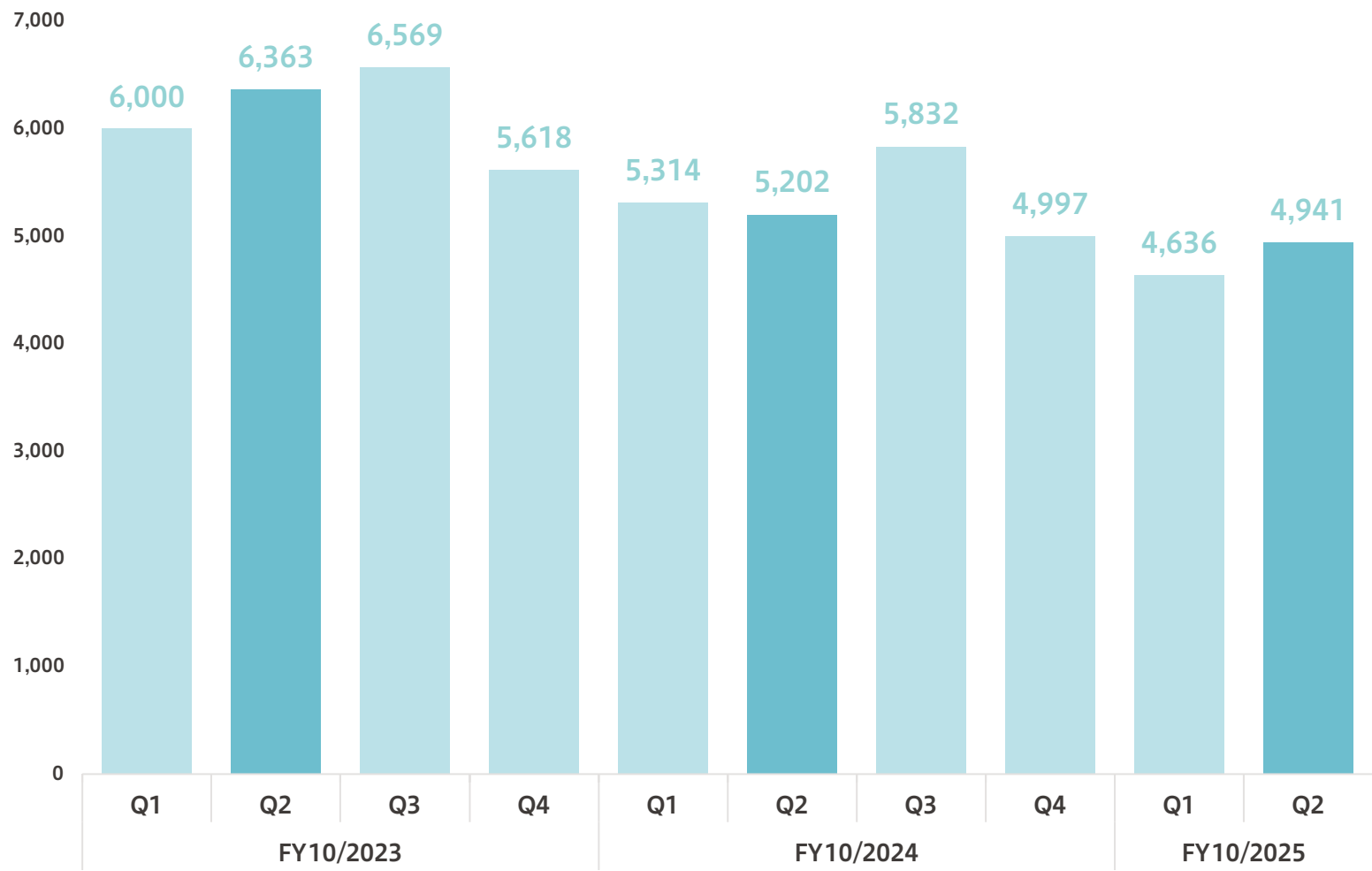
**726**

(-1.8% YoY)



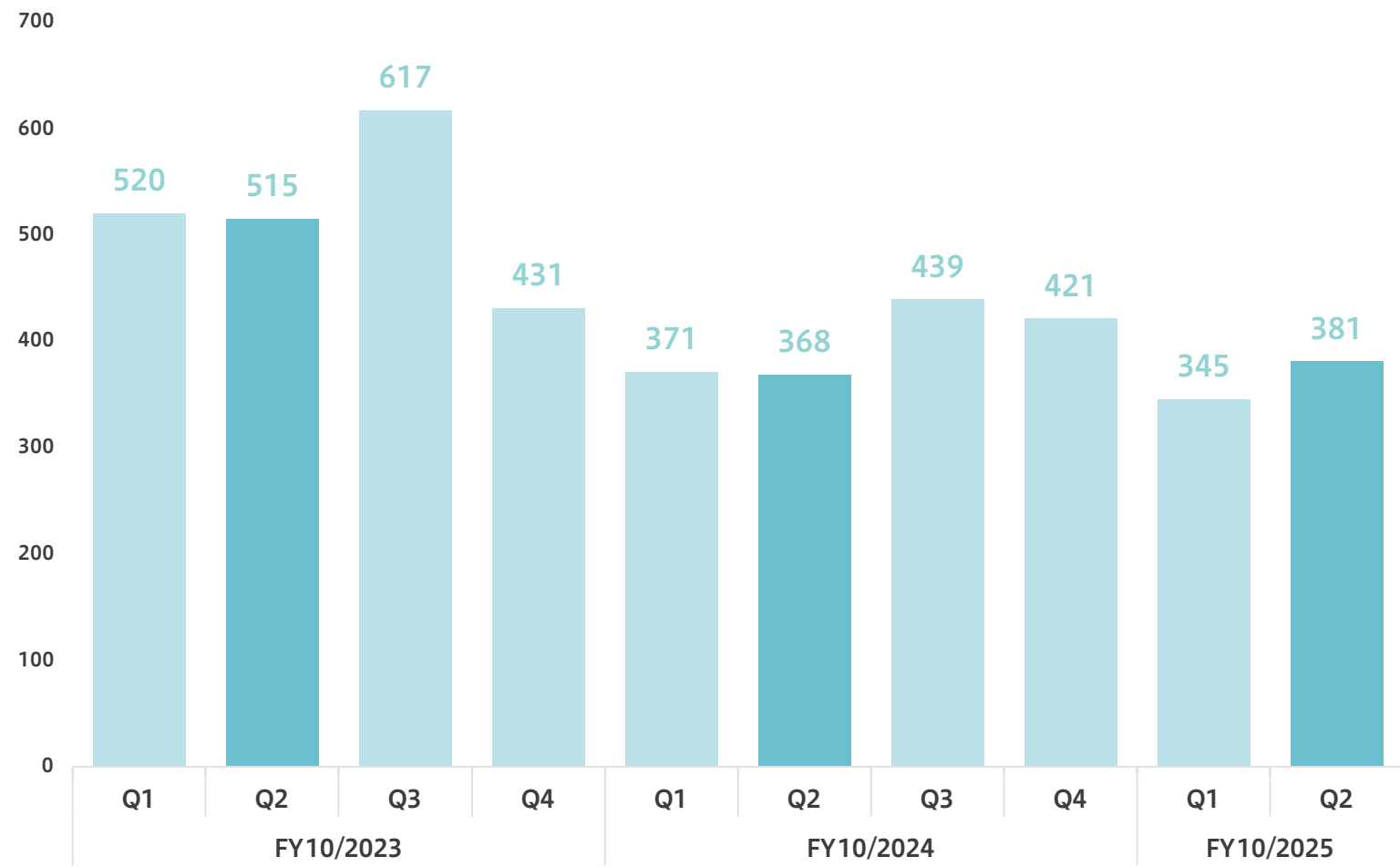
End Q2 FY10/2025  
**2,017**  
(+152 YoY)

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



Q2 FY10/2025  
**4,941** orders  
(-5.0% YoY)  
  
Cumulative: **104,592**  
orders

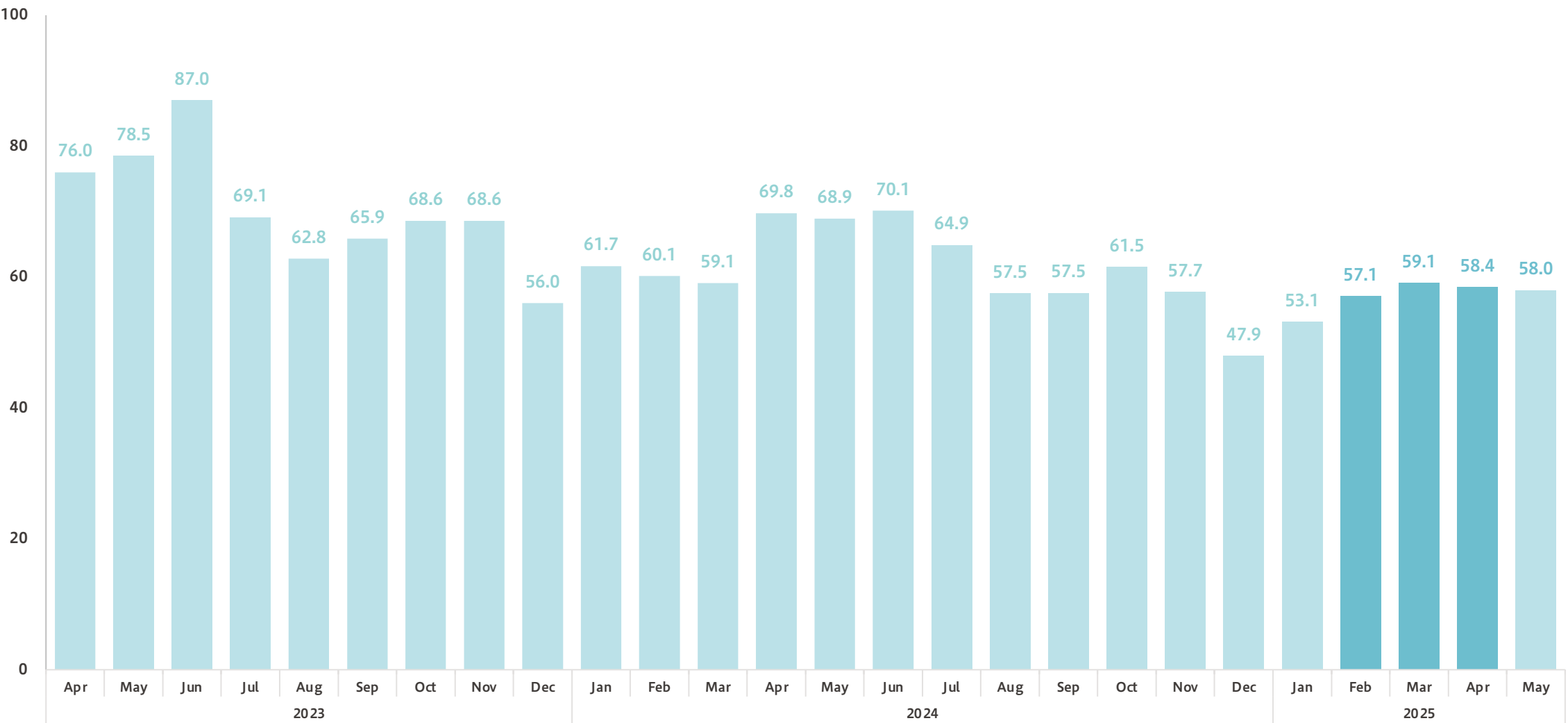
34 As of FY10/2024, the number of contract processing orders is calculated as of when the order is fulfilled (previously as of when the order is received). As the impact of this change is minimal, figures for FY10/2023 and earlier have not been retroactively revised.



Q2 FY10/2025  
**381** orders  
(+3.5% YoY)

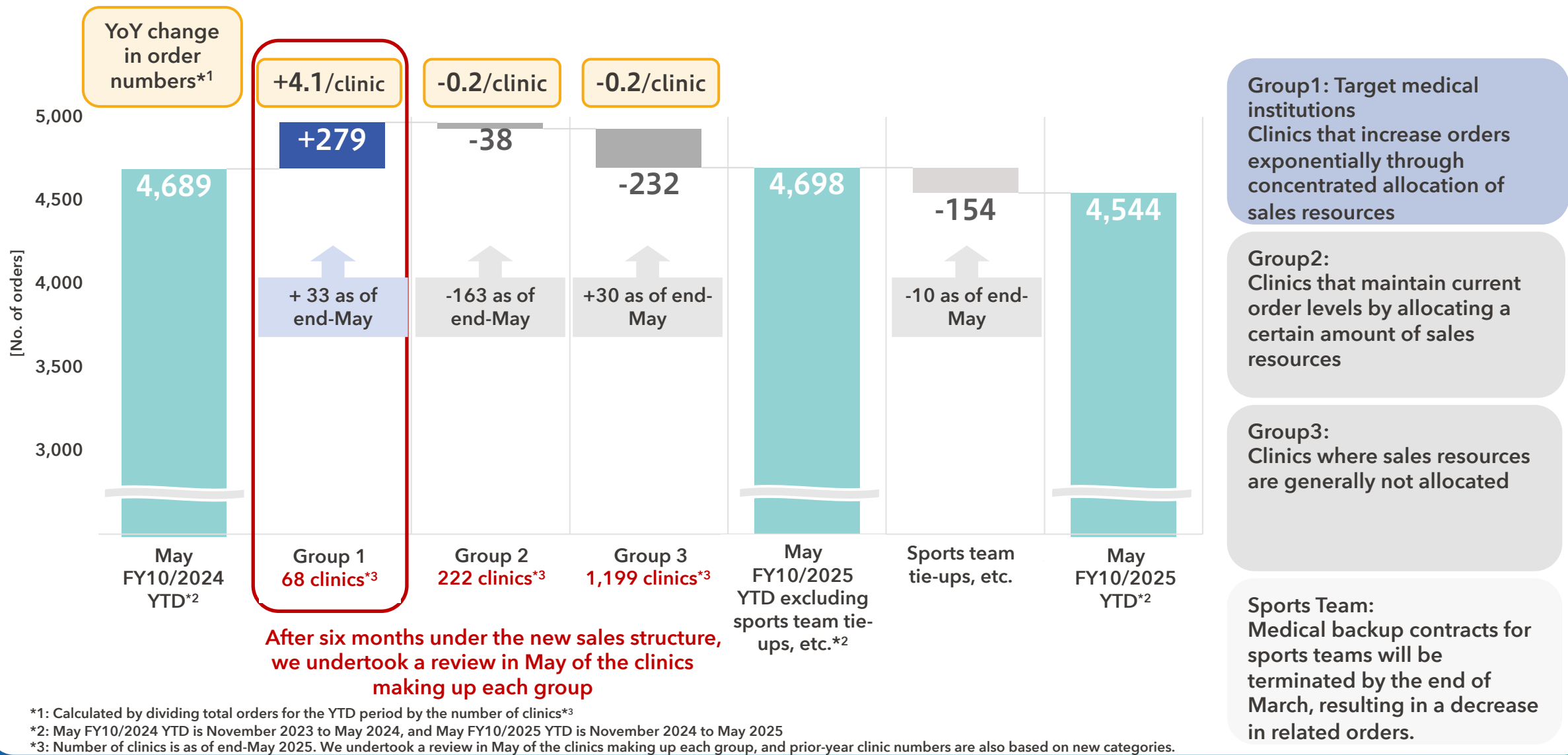
Cumulative: **9,945** orders

**35** 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.





# YoY Change in Blood-Derived Product Processing Orders from Hybrid Clinics: As of end-May 2025



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

		FY10/2024			FY10/2025		Q3/FY2023 ~ Q2/FY2024 Latest twelve months (LTM)	Q3/FY2024 ~ Q2/FY2025 Latest twelve months (LTM)
		Q2	Q3	Q4	Q1	Q2		
Specializing in self-funded treatment <sup>*1</sup>	Number of partner medical institutions (quarter-end)	16	14	15	15	15	16	15
	Active ratio <sup>*3</sup>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	No. of orders per active medical institution	183.3	214.4	175.8	152.1	166.7	792.6	694.7
	No. of orders	2,932	3,001	2,637	2,282	2,500	12,682	10,420
Hybrid <sup>*2</sup>	Number of partner medical institutions (quarter-end)	1,304	1,352	1,378	1,393	1,421	1,304	1,421
	Active ratio <sup>*3</sup>	37.5%	39.4%	36.6%	34.8%	34.3%	58.1%	53.2%
	No. of orders per active medical institution	3.9	4.5	4.0	3.9	4.0	10.8	10.9
	No. of orders	1,931	2,392	2,003	1,912	1,954	8,206	8,260
Total	Number of partner medical institutions (quarter-end)	1,320	1,366	1,393	1,408	1,436	1,320	1,436
	Active ratio <sup>*3</sup>	38.3%	40.0%	37.3%	35.5%	35.0%	58.6%	53.7%
	No. of orders per active medical institution	9.6	9.9	8.9	8.4	8.9	27.0	24.2
	No. of orders	4,863	5,393	4,640	4,194	4,454	20,888	18,680

\*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

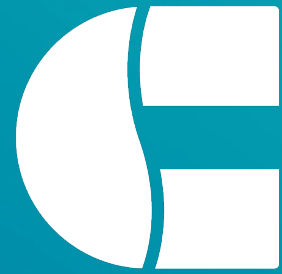
[Millions of yen]		FY10/2023				FY10/2024				FY10/2025	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net Sales		1,059	1,111	1,235	1,104	1,173	1,054	1,113	1,013	849	971
	Contract processing services	743	735	873	793	664	671	712	694	555	639
	Medical institutions support services (formerly consulting services)	113	109	134	77	56	62	42	24	21	41
	Medical device sales	180	177	166	179	297	188	225	206	218	204
	Cosmetic sales and other	21	88	60	53	154	130	133	87	53	86
SG&A expenses		428	455	504	575	557	585	588	556	528	476
Operating profit		351	308	383	178	205	75	106	-258	-62	79
Profit for the quarter		216	194	265	248	143	156	74	-136	-45	56
Total assets		4,416	4,812	5,017	6,879	6,807	6,876	6,864	7,074	6,882	6,941
Net assets		4,005	4,201	4,487	6,201	5,960	6,096	6,170	6,037	5,893	5,947
EBITDA		366	323	403	208	234	110	145	-206	-5	128
FTE <sup>*1</sup>		160	176	191	198	208	211	207	204	195	182
EBITDA per employee (unit:1,000yen) <sup>*2</sup>		2,297	1,836	2,112	1,050	1,129	522	702	-1,012	-26	707
Number of Contract Processing Orders <sup>*3</sup>		6,520	6,878	7,186	6,049	5,685	5,570	6,271	5,418	4,981	5,322
	ASC contract processing orders	520	515	617	431	371	368	439	421	345	381
	Blood-derived product contract processing orders	6,000	6,363	6,569	5,618	5,314	5,202	5,832	4,997	4,636	4,941
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	2,017

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.*



CellSource