



March 11, 2025

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Notice Concerning Absorption-Type Company Split of a Subsidiary

CellSource Co., Ltd. (the “Company”) hereby announces that its Board of Directors resolved at a meeting held today to conduct an absorption-type company split (the “Absorption-Type Split”) with its subsidiary, Medibase Co., Ltd. (“Medibase”) as the splitting company and GMO Beauty Co., Ltd. (“GMO Beauty”) as the succeeding company. The Company has entered into an absorption-type split agreement as detailed below.

The execution of the Absorption-Type Split is subject to approval at the extraordinary general meeting of shareholders of Medibase and the annual general meeting of shareholders of GMO Beauty, both scheduled to be held on March 21, 2025.

1. The Absorption-Type Split

(1) Reason for the Absorption-Type Split

In December 2024, the Company announced its “CellSource Vision,” outlining its medium to long-term business direction with the theme of “Eliminating knee pain.” As part of this vision, the Company has positioned the expansion of services for affiliated medical institutions and the creation of patient-oriented services in the orthopedic field as important areas. The acquisition of Medibase was aimed at incorporating its excellent technology and know-how into the Company’s group to promote business development in line with these directions.

To more effectively utilize the technological assets cultivated by Medibase, the Company has decided to transfer the MEDIBASE business operated by Medibase through an absorption-type split. This split will allow the Company to retain the human resources related to this business within the Group, ensuring the necessary expertise for future business development.

Through these measures, the Company will accelerate its efforts towards realizing the “CellSource Vision” and continue its management efforts for medium to long-term growth.

(2) Overview of the Absorption-Type Split

i. Schedule of the Absorption-Type Split

Board of Directors resolution date: March 11, 2025

Absorption-type split agreement signing date: March 11, 2025

Shareholders' meeting resolution date: March 21, 2025 (planned)

Effective date of the absorption-type split: May 1, 2025 (planned)

ii. Method of the Absorption-Type Split

This is an absorption-type split with Medibase as the splitting company and GMO Beauty as the succeeding company.

iii. Details of Allotment Related to the Absorption-Type Split

As consideration for this company split, GMO Beauty plans to pay 300 million yen to Medibase.

iv. Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

Not applicable.

v. Increase or Decrease in Capital Stock Due to the Absorption-Type Split

There will be no increase or decrease in the capital stock of the Company or Medibase due to this absorption-type split.

vi. Rights and Obligations to be Succeeded by the Succeeding Company

GMO Beauty will take over the rights, obligations, and contractual positions related to Medibase that are specified in the absorption-type split agreement, as held by Medibase immediately prior to the effective time of the absorption-type split. Assets and liabilities related to Medibase are also to be taken over.

vii. Prospects for Fulfillment of Obligations

The Company has determined that there are no issues concerning GMO Beauty's ability to fulfill its obligations in this absorption-type split.

(3) Basis of Calculation of the Allotment Related to the Absorption-Type Split

The calculation of the monetary amount to be paid by GMO Beauty in this absorption-type split was based on business forecasts modified by GMO Beauty, taking into account past business performance and business plans presented by Medibase, as well as the impact of implementing this absorption-type split. A third-party organization used the discounted cash flow method for the calculation, and the amount of consideration for this absorption-type split was determined based on discussions with Medibase using the calculated figures.

The business forecasts used as the basis for the calculation do not anticipate significant increases or decreases in profits.

(4) Overview of the Companies Involved in the Absorption-Type Split

	Splitting Company	Succeeding Company
1 Name	Medibase Co., Ltd.	GMO Beauty Co., Ltd.
2 Location	19th Floor, Hilton Plaza West Office Tower, 2-2-2 Umeda, Kita-ku, Osaka, Japan	Cerulean Tower, 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
3 Representative	Noriya Yamaji, Representative Director	Teruyuki Mori, President and Representative Director
4 Business	Development, operation, and maintenance	Internet-related business

	Description	of medical business systems					
5	Capital	4 million yen			9.99 million yen		
6	Date of Establishment	January 28, 2016			May 16, 2007		
7	Number of Issued Shares	400 shares			27,998 shares		
8	Fiscal Year End:	December 31			December 31		
9	Number of Employees	4 (as of December 31, 2024)			67 (as of December 31, 2024)		
10	Major Customers	Beauty clinics			General users		
11	Main Banks	Japan Finance Corporation Amagasaki Shinkin Bank Senshu Ikeda Bank			GMO Aozora Net Bank MUFG Bank Sumitomo Mitsui Banking Corporation		
12	Major Shareholder and Shareholding Ratio	CellSource Co., Ltd.: 100%			GMO Media Co., Ltd.: 50.1% GMO Internet Group, Inc.: 49.9%		
13	Relationships between the Parties						
	Capital Relationship	Not applicable					
	Personnel Relationship	Not applicable					
	Business Relationship	Not applicable					
	Status as Related Party	Not applicable					
14	Financial Results and Financial Position for the Last Three Years (Unit: Thousand yen)						
		Medibase Co., Ltd.			GMO Beauty Co., Ltd.		
	Fiscal Year	FY12/2022	FY12/2023	FY12/2024	FY12/2022	FY12/2023	FY12/2024
	Net Assets	-8,972	610	21,542	-420,473	-424,777	-306,907
	Total Assets	52,424	54,764	102,114	524,877	607,554	738,224
	Net Assets per Share (yen)	-	1,527	53,857	-	-	-
	Sales	102,771	158,686	179,138	814,769	870,136	1,052,098
	Operating Profit	-25,844	10,400	23,495	21,156	6,711	95,331
	Ordinary Profit	-24,034	9,653	22,573	13,122	-4,103	87,753
	Net Profit	-24,069	9,583	19,022	12,922	-4,303	117,869
	Net Profit per Share (yen)	-	23,958	47,555	46,155	-	420,993
	Dividend per Share (yen)	0	0	0	0	0	0

(5) Overview of the Business to be Succeeded

i. Content of the Business to be Succeeded

The electronic management tool business for beauty and elective medical treatments operated by Medibase under the name “MEDIBASE”

ii. Operating Results of the Business to be Succeeded (Fiscal Year Ended December 2024)

Sales	179
Operating Profit	23 million yen

iii. Items and Book Value of Assets and Liabilities to be Taken over*

Assets		Liabilities	
Item	Book Value (Million yen)	Item	Book Value (Million yen)
Current Assets	49	Current Liabilities	15
Fixed Assets	52	Fixed Liabilities	65
Total	102	Total	80

*The actual amounts of assets and liabilities to be split will be determined by taking into account any increases or decreases up to the effective date.

(6) Post-Absorption Split Situation

Following the absorption-type split, there will be no changes to GMO Beauty’s company name, location, representative’s title and name, business description, capital, or fiscal year-end. If any matters requiring disclosure arise in the future, they will be promptly announced.

(7) Future Outlook

The impact on the Company’s consolidated performance is not yet determined. If any matters requiring disclosure arise in the future, they will be promptly announced.

(Reference)

Consolidated Financial Forecasts for the Current Fiscal Year* (Announced on December 12, 2024)

	Sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Parent Company Shareholders
Financial Forecasts (FY10/2025)	Million yen 4,501	Million yen 370	Million yen 372	Million yen 255

*The results for the fiscal year ended October 2024 are omitted as they represent non-consolidated results

Note: This translation 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.