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February 14, 2022

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP)

Company name: ACSL Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6232
 URL: <https://www.acsl.co.jp/>
 Representative: Satoshi Washiya, Representative Director, President and COO
 Inquiries: Kensuke Hayakawa, Board Director and CFO
 Telephone: +81-3-6456-0931
 Scheduled date of annual general meeting of shareholders: March 25, 2022
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: March 25, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	501	–	(1,188)	–	(1,213)	–	(1,225)	–
March 31, 2021	620	–	(1,139)	–	(1,081)	–	(1,511)	–

Note: Comprehensive income For the fiscal year ended December 31, 2021: ¥(1,213) million [–%]
 For the fiscal year ended March 31, 2021: ¥(1,508) million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2021	(103.94)	–	(27.5)	(25.0)	(237.3)
March 31, 2021	(139.54)	–	(42.6)	(27.0)	(183.5)

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2021: ¥(2) million

For the fiscal year ended March 31, 2021: ¥– million

- Notes: 1. Year-on-year changes are not presented for the fiscal year ended March 31, 2021 as the Company began preparing consolidated financial statements in the fiscal year ended March 31, 2021. Furthermore, return on equity and ordinary profit to total assets for the fiscal year ended March 31, 2021 have been calculated based on equity at the end of the fiscal year and total assets at the end of the fiscal year, respectively.
2. Effective from the fiscal year ended December 31, 2021, the Company has changed its fiscal year closing date from March 31 to December 31. As a result, year-on-year changes are not presented as the fiscal year ended December 31, 2021, which is a transitional fiscal year, was the nine-month period from April 1, 2021 to December 31, 2021.
3. Diluted earnings per share is not presented because, although potential shares exist, basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	5,715	5,419	94.0	436.03
March 31, 2021	4,008	3,572	88.6	325.92

Reference: Equity

As of December 31, 2021: ¥5,371 million

As of March 31, 2021: ¥3,552 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	(1,345)	(751)	2,965	2,759
March 31, 2021	(1,163)	(749)	29	1,891

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended	–	0.00	–	0.00	0.00	–	–	–
December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending	–	0.00	–	0.00	0.00	–	–	–
December 31, 2022 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

Note: The ratio of dividends to net assets (consolidated) as of March 31, 2021 is not presented as the Company began preparing consolidated financial statements in the fiscal year ended March 31, 2021.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending	2,500	–	(650)	–	(650)	–	(650)	–	(52.77)
December 31, 2022			to (350)		to (350)		to (350)		to (28.41)

Notes: 1. As the Company manages its operations on an annual basis, earnings forecasts for the first six months are omitted.

2. Year-on-year changes are not presented as the fiscal year ended December 31, 2021 was a nine-month period due to the change of the fiscal year closing date.

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 other reasons: 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 December 31, 2021	12,318,600 shares
As of March 31, 2021	10,899,675 shares

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

As of December 31, 2021	95 shares
As of March 31, 2021	95 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	11,793,525 shares
Fiscal year ended March 31, 2021	10,833,468 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	501	–	(1,170)	–	(1,211)	–	(1,223)	–
March 31, 2021	620	(51.5)	(1,131)	–	(1,081)	–	(1,511)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	(103.75)	–
March 31, 2021	(139.54)	–

Notes: 1. Effective from the fiscal year ended December 31, 2021, the Company has changed its fiscal year closing date from March 31 to December 31. As a result, year-on-year changes are not presented as the fiscal year ended December 31, 2021, which is a transitional fiscal year, was the nine-month period from April 1, 2021 to December 31, 2021.

2. Diluted earnings per share is not presented because, although potential shares exist, basic loss per share was recorded.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	5,708	5,414	94.1	435.92
March 31, 2021	4,005	3,569	88.7	325.92

Reference: Equity

As of December 31, 2021: ¥5,369 million
As of March 31, 2021: ¥3,552 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. Therefore, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results may differ significantly from the actual operating results due to various factors.

Consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,891,731	2,759,957
Accounts receivable - trade	349,502	69,146
Work in process	196,215	128,852
Raw materials	488,013	618,722
Advance payments to suppliers	153,054	466,620
Other	179,199	134,058
Total current assets	3,257,717	4,177,359
Non-current assets		
Intangible assets		
Software in progress	75,097	131,841
Other	227	175
Total intangible assets	75,325	132,016
Investments and other assets		
Investment securities	646,888	1,061,374
Long-term loans receivable	–	289,869
Other	28,998	54,566
Total investments and other assets	675,887	1,405,809
Total non-current assets	751,212	1,537,826
Total assets	4,008,930	5,715,185
Liabilities		
Current liabilities		
Accounts payable - trade	139,650	37,737
Accounts payable - other	248,204	198,486
Income taxes payable	867	24,514
Contract liabilities	32,210	–
Other	12,008	26,319
Total current liabilities	432,941	287,058
Non-current liabilities		
Deferred tax liabilities	3,346	8,708
Total non-current liabilities	3,346	8,708
Total liabilities	436,287	295,766
Net assets		
Shareholders' equity		
Share capital	3,021,823	4,537,758
Capital surplus	2,999,823	4,515,758
Retained earnings	(2,476,509)	(3,702,378)
Treasury shares	(311)	(311)
Total shareholders' equity	3,544,826	5,350,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,583	19,701
Foreign currency translation adjustment	–	680
Total accumulated other comprehensive income	7,583	20,382
Share acquisition rights	17,289	44,443
Non-controlling interests	2,943	3,767
Total net assets	3,572,642	5,419,419
Total liabilities and net assets	4,008,930	5,715,185

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended December 31, 2021
Net sales	620,705	501,013
Cost of sales	552,325	500,500
Gross profit	68,380	513
Selling, general and administrative expenses	1,207,652	1,189,510
Operating loss	(1,139,272)	(1,188,997)
Non-operating income		
Interest income	66	301
Foreign exchange gains	–	5,598
Subsidy income	63,759	37,999
Other	1,148	2,194
Total non-operating income	64,974	46,093
Non-operating expenses		
Interest expenses	51	–
Office relocation expenses	5,708	–
Share of loss of entities accounted for using equity method	–	2,288
Share issuance costs	–	67,195
Other	1,588	1,359
Total non-operating expenses	7,349	70,844
Ordinary loss	(1,081,647)	(1,213,748)
Extraordinary losses		
Impairment losses	86,559	8,508
Loss on valuation of investment securities	305,176	–
Total extraordinary losses	391,736	8,508
Loss before income taxes	(1,473,383)	(1,222,257)
Income taxes - current	5,291	3,817
Income taxes - refund	(3,798)	–
Income taxes - deferred	36,921	–
Total income taxes	38,414	3,817
Loss	(1,511,798)	(1,226,074)
Loss attributable to non-controlling interests	(87)	(205)
Loss attributable to owners of parent	(1,511,710)	(1,225,869)

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended December 31, 2021
Loss	(1,511,798)	(1,226,074)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,230	12,147
Foreign currency translation adjustment	–	680
Total other comprehensive income	3,230	12,828
Comprehensive income	(1,508,567)	(1,213,246)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,508,480)	(1,213,070)
Comprehensive income attributable to non-controlling interests	(87)	(175)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,008,168	2,986,168	(964,798)	(236)	5,029,301
Changes during period					
Issuance of new shares					
Issuance of new shares - exercise of share acquisition rights	13,655	13,655			27,311
Loss attributable to owners of parent			(1,511,710)		(1,511,710)
Purchase of treasury shares				(74)	(74)
Net changes in items other than shareholders' equity					
Total changes during period	13,655	13,655	(1,511,710)	(74)	(1,484,474)
Balance at end of period	3,021,823	2,999,823	(2,476,509)	(311)	3,544,826

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	4,353	4,353	562	–	5,034,217
Changes during period					
Issuance of new shares					
Issuance of new shares - exercise of share acquisition rights			(406)		26,904
Loss attributable to owners of parent					(1,511,710)
Purchase of treasury shares					(74)
Net changes in items other than shareholders' equity	3,230	3,230	17,133	2,943	23,306
Total changes during period	3,230	3,230	16,726	2,943	(1,461,574)
Balance at end of period	7,583	7,583	17,289	2,943	3,572,642

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,021,823	2,999,823	(2,476,509)	(311)	3,544,826
Changes during period					
Issuance of new shares	1,499,945	1,499,945			2,999,890
Issuance of new shares - exercise of share acquisition rights	15,989	15,989			31,978
Loss attributable to owners of parent			(1,225,869)		(1,225,869)
Net changes in items other than shareholders' equity					
Total changes during period	1,515,934	1,515,934	(1,225,869)	–	1,806,000
Balance at end of period	4,537,758	4,515,758	(3,702,378)	(311)	5,350,826

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	7,583	–	7,583	17,289	2,943	3,572,642
Changes during period						
Issuance of new shares						2,999,890
Issuance of new shares - exercise of share acquisition rights				(156)		31,822
Loss attributable to owners of parent						(1,225,869)
Net changes in items other than shareholders' equity	12,117	680	12,798	27,309	824	40,932
Total changes during period	12,117	680	12,798	27,153	824	1,846,776
Balance at end of period	19,701	680	20,382	44,443	3,767	5,419,419

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Loss before income taxes	(1,473,383)	(1,222,257)
Depreciation	26,126	655
Share issuance costs	452	67,195
Increase (decrease) in provision for bonuses for directors (and other officers)	(21,900)	–
Interest income	(66)	(301)
Interest expenses	51	–
Office relocation expenses	5,708	–
Impairment losses	86,559	8,508
Loss (gain) on valuation of investment securities	305,176	–
Decrease (increase) in trade receivables	465,971	280,356
Decrease (increase) in inventories	(525,076)	(63,346)
Decrease (increase) in advance payments to suppliers	(114,915)	(313,566)
Increase (decrease) in trade payables	114,883	(101,912)
Increase (decrease) in accounts payable - other	181,165	(73,462)
Decrease/increase in consumption taxes receivable/payable	(203,010)	85,459
Increase (decrease) in contract liabilities	23,410	(32,210)
Other, net	12,163	7,178
Subtotal	(1,116,682)	(1,357,701)
Interest and dividends received	67	261
Interest paid	(51)	–
Income taxes refund	3,798	11,587
Income taxes paid	(45,367)	–
Payments for office relocation expenses	(5,708)	–
Net cash provided by (used in) operating activities	(1,163,945)	(1,345,852)
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,647)	(9,111)
Purchase of intangible assets	(105,097)	(33,000)
Purchase of investment securities	(635,958)	(398,584)
Payments of leasehold and guarantee deposits	–	(26,430)
Proceeds from refund of leasehold and guarantee deposits	14,504	–
Long-term loan advances	–	(284,750)
Other, net	(39)	–
Net cash provided by (used in) investing activities	(749,238)	(751,875)
Cash flows from financing activities		
Proceeds from issuance of shares	–	2,932,761
Proceeds from issuance of shares resulting from exercise of share acquisition rights	26,452	31,755
Proceeds from share issuance to non-controlling shareholders	3,030	1,000
Other, net	(74)	–
Net cash provided by (used in) financing activities	29,407	2,965,517
Effect of exchange rate change on cash and cash equivalents	(111)	436
Net increase (decrease) in cash and cash equivalents	(1,883,886)	868,225
Cash and cash equivalents at beginning of period	3,775,617	1,891,731
Cash and cash equivalents at end of period	1,891,731	2,759,957