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August 15, 2022

Consolidated Financial Results for the Six Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: ACSL Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6232
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 Scheduled date to file quarterly securities report: August 15, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2022	1,031	–	(874)	–	(812)	–	(829)	–
September 30, 2021	400	–	(650)	–	(691)	–	(693)	–

Note: Comprehensive income For the six months ended June 30, 2022: ¥(769) million [–%]
 For the six months ended September 30, 2021: ¥(689) million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2022	(67.25)	–
September 30, 2021	(60.15)	–

Notes: 1. Year-on-year changes are not presented for the six months ended September 30, 2021 as the Company began preparing consolidated financial statements in the third quarter ended December 31, 2020. Furthermore, year-on-year changes are not presented as the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022) differs from the period corresponding to the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021), which is subject to comparison, as a result of the fiscal year closing date being changed from March 31 to December 31 in the fiscal year ended December 31, 2021.

2. 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
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	5,022	4,688	91.9
December 31, 2021	5,715	5,419	94.0

Reference: Equity
 As of June 30, 2022: ¥4,614 million
 As of December 31, 2021: ¥5,371 million

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 December 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2022	–	0.00			
Fiscal year ending December 31, 2022 (Forecast)			–	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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 December 31, 2022	2,500	–	(650) to (350)	–	(650) to (350)	–	(650) to (350)	–	(52.61) to (28.33)

Notes: 1. Revisions to the earnings forecasts most recently announced: None

2. As the Company changed its fiscal year closing date from March 31 to December 31 from the fiscal year ended December 31, 2021, the fiscal year ended December 31, 2021 was a nine-month period. Accordingly, year-on-year changes are not presented.

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) 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 other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	12,379,935 shares
As of December 31, 2021	12,318,600 shares

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

As of June 30, 2022	95 shares
As of December 31, 2021	95 shares

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

Six months ended June 30, 2022	12,330,316 shares
Six months ended September 30, 2021	11,529,601 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 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.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	2,759,957	1,823,853
Accounts receivable - trade	69,146	19,780
Work in process	128,852	46,073
Raw materials	618,722	937,241
Other	600,679	375,690
Total current assets	4,177,359	3,202,640
Non-current assets		
Property, plant and equipment	–	56,009
Intangible assets	132,016	215,018
Investments and other assets		
Investment securities	1,061,374	1,169,487
Other	344,435	379,058
Total investments and other assets	1,405,809	1,548,546
Total non-current assets	1,537,826	1,819,574
Total assets	5,715,185	5,022,214
Liabilities		
Current liabilities		
Accounts payable - trade	37,737	96,684
Other	249,320	184,853
Total current liabilities	287,058	281,537
Non-current liabilities		
Deferred tax liabilities	8,708	52,559
Total non-current liabilities	8,708	52,559
Total liabilities	295,766	334,097
Net assets		
Shareholders' equity		
Share capital	4,537,758	16,532
Capital surplus	4,515,758	5,349,982
Retained earnings	(3,702,378)	(831,564)
Treasury shares	(311)	(311)
Total shareholders' equity	5,350,826	4,534,638
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,701	72,659
Foreign currency translation adjustment	680	7,515
Total accumulated other comprehensive income	20,382	80,175
Share acquisition rights	44,443	68,569
Non-controlling interests	3,767	4,734
Total net assets	5,419,419	4,688,116
Total liabilities and net assets	5,715,185	5,022,214

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

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended June 30, 2022
Net sales	400,673	1,031,105
Cost of sales	377,568	927,881
Gross profit	23,105	103,224
Selling, general and administrative expenses	674,005	977,500
Operating loss	(650,900)	(874,276)
Non-operating income		
Interest income	74	497
Foreign exchange gains	228	37,064
Subsidy income	26,717	22,968
Other	1,162	2,844
Total non-operating income	28,182	63,373
Non-operating expenses		
Interest expenses	–	348
Share of loss of entities accounted for using equity method	–	1,473
Other	68,378	66
Total non-operating expenses	68,378	1,888
Ordinary loss	(691,096)	(812,791)
Loss before income taxes	(691,096)	(812,791)
Income taxes - current	2,545	2,545
Income taxes - deferred	–	14,061
Total income taxes	2,545	16,606
Loss	(693,641)	(829,397)
Loss attributable to non-controlling interests	(136)	(144)
Loss attributable to owners of parent	(693,504)	(829,252)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended June 30, 2022
Loss	(693,641)	(829,397)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,864	53,069
Share of other comprehensive income of entities accounted for using equity method	–	6,834
Total other comprehensive income	3,864	59,904
Comprehensive income	(689,777)	(769,492)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(689,653)	(769,459)
Comprehensive income attributable to non-controlling interests	(123)	(33)

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Loss before income taxes	(691,096)	(812,791)
Depreciation	35	23,286
Interest income	(74)	(497)
Interest expenses	–	348
Decrease (increase) in trade receivables	299,082	49,366
Decrease (increase) in inventories	102,605	(235,740)
Decrease (increase) in advance payments to suppliers	(101,480)	304,363
Increase (decrease) in trade payables	(136,978)	58,946
Increase (decrease) in accounts payable - other	(187,751)	(97,733)
Decrease/increase in consumption taxes receivable/payable	131,539	(3,631)
Increase (decrease) in contract liabilities	(10,230)	–
Other, net	81,359	(55,840)
Subtotal	(512,990)	(769,922)
Interest and dividends received	16	328
Interest paid	–	(348)
Income taxes refund	11,371	–
Income taxes paid	–	(3,777)
Net cash provided by (used in) operating activities	(501,602)	(773,719)
Cash flows from investing activities		
Purchase of property, plant and equipment	–	(58,746)
Purchase of intangible assets	–	(98,530)
Purchase of investment securities	(314,319)	(19,891)
Payments of leasehold and guarantee deposits	(26,430)	–
Net cash provided by (used in) investing activities	(340,749)	(177,167)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	200,000
Repayments of short-term borrowings	–	(200,000)
Proceeds from issuance of shares	2,932,873	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	31,821	13,036
Proceeds from share issuance to non-controlling shareholders	1,000	1,000
Net cash provided by (used in) financing activities	2,965,695	14,036
Effect of exchange rate change on cash and cash equivalents	123	747
Net increase (decrease) in cash and cash equivalents	2,123,466	(936,103)
Cash and cash equivalents at beginning of period	1,891,731	2,759,957
Cash and cash equivalents at end of period	4,015,198	1,823,853