Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 13, 2024

Company name: ACSL Ltd.
Listing: Tokyo
Securities code: 6232
URL: https://www.acsl.co.jp/
Representative: Satoshi Washiya Representative Director and CEO
Inquiries: Kensuke Hayakawa Board Director and CFO
Telephone: +81-3(6456)0931

Scheduled date to file semi-annual securities report: August 13, 2024
Scheduled date to commence dividend payments: -
Availability of supplementary briefing material on financial results: Yes
Holding of financial results briefing: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	2,050	290.6	(1,026)	-	(963)	-	(1,010)	-
June 30, 2023	524	(49.1)	(880)	-	(923)	-	(935)	-

(Note) Comprehensive income: Six months ended June 30, 2024: ¥ (1,000) million [-%]
Six months ended June 30, 2023: ¥ (897) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	(68.62)	-
June 30, 2023	(73.67)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	6,180	1,539	23.3
December 31, 2023	5,094	2,264	42.2

(Reference) Equity: As of June 30, 2024: ¥ 1,440 million
As of December 31, 2023: ¥ 2,147 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2024	-	0.00			
Fiscal year ending December 31, 2024 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024(January 1, 2024 to December 31, 2024)

(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
Full year	3,340	272.6	(3,060)	-	(1,860)	-	(1,935)	-	(130.53)

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 14,921,675 shares

December 31, 2023: 14,514,261 shares

2) Number of treasury shares at the end of the period:

June 30, 2024: 130 shares

December 31, 2023: 130 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2024: 14,724,992 shares

Six months ended June 30, 2023: 12,701,282 shares

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,499,555	1,770,363
Accounts receivable - trade	139,282	1,326,904
Merchandise and finished goods	491,762	9,787
Work in process	572,699	535,586
Raw materials	1,175,419	1,097,230
Other	324,582	443,631
Total current assets	4,203,302	5,183,504
Non-current assets		
Property, plant and equipment	68,181	63,441
Intangible assets	208,989	173,235
Investments and other assets		
Investment securities	241,987	307,783
Other	372,391	452,852
Total investments and other assets	614,379	760,635
Total non-current assets	891,549	997,313
Total assets	5,094,851	6,180,817
Liabilities		
Current liabilities		
Accounts payable - trade	317,574	960,846
Short-term borrowings	895,000	1,005,047
Other	390,647	262,768
Total current liabilities	1,603,222	2,228,661
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	1,215,812	972,650
Long-term borrowings	-	1,440,000
Deferred tax liabilities	11,302	-
Total non-current liabilities	1,227,114	2,412,650
Total liabilities	2,830,337	4,641,311
Net assets		
Shareholders' equity		
Share capital	971,479	141,422
Capital surplus	6,304,928	2,383,219
Retained earnings	(5,137,336)	(1,103,198)
Treasury shares	(382)	(382)
Total shareholders' equity	2,138,689	1,421,060
Accumulated other comprehensive income		
Foreign currency translation adjustment	9,210	19,154
Total accumulated other comprehensive income	9,210	19,154
Share acquisition rights	115,585	98,157
Non-controlling interests	1,028	1,134
Total net assets	2,264,514	1,539,505
Total liabilities and net assets	5,094,851	6,180,817

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	524,831	2,050,144
Cost of sales	534,282	1,949,642
Gross profit (loss)	(9,450)	100,502
Selling, general and administrative expenses	871,253	1,126,823
Operating loss	(880,704)	(1,026,321)
Non-operating income		
Interest income	170	134
Share of profit of entities accounted for using equity method	592	54,501
Foreign exchange gains	33,418	-
Subsidy income	76,702	24,793
Other	2,234	2,713
Total non-operating income	113,118	82,142
Non-operating expenses		
Interest expenses	4,527	10,174
Bond issuance costs	119,087	-
Foreign exchange losses	-	7,230
Other	32,372	1,696
Total non-operating expenses	155,987	19,101
Ordinary loss	(923,572)	(963,279)
Extraordinary income		
Gain on reversal of share acquisition rights	-	5,194
Total extraordinary income	-	5,194
Extraordinary losses		
Expenses related to voluntary retirement	-	62,573
Total extraordinary losses	-	62,573
Loss before income taxes	(923,572)	(1,020,658)
Income taxes - current	2,545	1,145
Income taxes - deferred	9,734	(11,302)
Total income taxes	12,279	(10,157)
Loss	(935,852)	(1,010,501)
Loss attributable to non-controlling interests	(138)	(142)
Loss attributable to owners of parent	(935,714)	(1,010,358)

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Loss	(935,852)	(1,010,501)
Other comprehensive income		
Valuation difference on available-for-sale securities	32,555	-
Foreign currency translation adjustment	(396)	139
Share of other comprehensive income of entities accounted for using equity method	6,008	9,804
Total other comprehensive income	38,167	9,943
Comprehensive income	(897,685)	(1,000,557)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(897,615)	(1,000,415)
Comprehensive income attributable to non-controlling interests	(69)	(142)

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Cash flows from operating activities		
Loss before income taxes	(923,572)	(1,020,658)
Depreciation	56,127	69,137
Bond issuance costs	119,087	-
Loss on valuation of inventories	17,594	58,689
Interest income	(170)	(134)
Interest expenses	4,527	10,174
Decrease (increase) in trade receivables	345,527	(1,187,621)
Decrease (increase) in inventories	(668,998)	538,587
Decrease (increase) in advance payments to suppliers	237,504	(71,247)
Increase (decrease) in trade payables	(491,069)	643,271
Increase (decrease) in accounts payable - other	(227,455)	57,759
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	66,122	(42,881)
Other, net	48,713	(269,707)
Subtotal	(1,416,062)	(1,214,631)
Interest and dividends received	314	14
Interest paid	(3,346)	(12,249)
Income taxes paid	(5,024)	(5,184)
Net cash provided by (used in) operating activities	(1,424,118)	(1,232,051)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,130)	(18,025)
Purchase of intangible assets	(33,546)	(52,250)
Purchase of investment securities	-	(1,489)
Other, net	60	-
Net cash provided by (used in) investing activities	(52,616)	(71,765)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(290,000)	110,047
Proceeds from long-term borrowings	-	1,440,000
Proceeds from issuance of shares	309,325	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	41,373	19,627
Proceeds from issuance of convertible bonds	1,270,412	-
Proceeds from issuance of share acquisition rights	8,045	-
Proceeds from share issuance to non-controlling shareholders	-	247
Other, net	-	(121)
Net cash provided by (used in) financing activities	1,339,157	1,569,799
Effect of exchange rate change on cash and cash equivalents	318	4,824
Net increase (decrease) in cash and cash equivalents	(137,260)	270,808
Cash and cash equivalents at beginning of period	1,356,252	1,499,555
Cash and cash equivalents at end of period	1,218,992	1,770,363