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February 14, 2023

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (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 and President  
 Inquiries: Kensuke Hayakawa, Board Director and CFO  
 Telephone: +81-3-6456-0931  
 Scheduled date of annual general meeting of shareholders: March 24, 2023  
 Scheduled date to commence dividend payments: –  
 Scheduled date to file annual securities report: March 24, 2023  
 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, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results

(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	%
Fiscal year ended								
December 31, 2022	1,635	–	(2,203)	–	(2,174)	–	(2,591)	–
December 31, 2021	501	–	(1,188)	–	(1,213)	–	(1,225)	–

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥(2,544) million [–%]  
 For the fiscal year ended December 31, 2021: ¥(1,213) million [–%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	(209.77)	–	(63.1)	(40.7)	(134.8)
December 31, 2021	(103.94)	–	(27.5)	(25.0)	(237.3)

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

For the fiscal year ended December 31, 2022: ¥(7) million

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

Notes: 1. The fiscal year ended December 31, 2021 was nine months due to the change of the fiscal year closing date. Accordingly, year-on-year changes are not presented.

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	4,976	2,938	57.1	229.66
December 31, 2021	5,715	5,419	94.0	436.03

Reference: Equity

As of December 31, 2022: ¥2,843 million

As of December 31, 2021: ¥5,371 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, 2022	(2,148)	(271)	1,013	1,356
December 31, 2021	(1,345)	(751)	2,965	2,759

### 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	%	%
December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
December 31, 2023 (Forecast)	–	0.00	–	0.00	0.00		–	

### 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

In the highly novel drone market, the Company has so far been continuously disclosing its full-year earnings forecasts with its medium-term management policy as the target.

In the drone market, as new market opportunities are expected to be created overseas due to trends in economic security, the Company plans to build a sales structure that meets demand and make flexible development investments going forward. Furthermore, the Company expects significant fluctuations in earnings also due to changes in the macro environment, such as semiconductor supply shortages. Although net sales in Japan are expected to be at least at the same level as the previous fiscal year, the Company has determined that it is difficult at this point in time to appropriately and reasonably calculate figures for net sales overseas, and has therefore decided to postpone the disclosure of earnings forecasts for the fiscal year ending December 31, 2023 at this time.

The Company will disclose the earnings forecasts as soon as it becomes possible, based on progress going forward.

\* **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: None
- (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, 2022	12,380,835 shares
As of December 31, 2021	12,318,600 shares

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

As of December 31, 2022	130 shares
As of December 31, 2021	95 shares

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

Fiscal year ended December 31, 2022	12,355,345 shares
Fiscal year ended December 31, 2021	11,793,525 shares

**(Reference) Summary of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)**

**(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, 2022	1,635	–	(2,177)	–	(2,272)	–	(2,584)	–
December 31, 2021	501	–	(1,170)	–	(1,211)	–	(1,223)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	(209.18)	–
December 31, 2021	(103.75)	–

Notes: 1. The fiscal year ended December 31, 2021 was nine months due to the change of the fiscal year closing date. Accordingly, year-on-year changes are not presented.

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, 2022	4,961	2,929	57.2	229.17
December 31, 2021	5,708	5,414	94.1	435.92

Reference: Equity

As of December 31, 2022: ¥2,837 million  
As of December 31, 2021: ¥5,369 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 December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,759,957	1,356,252
Accounts receivable - trade	69,146	390,544
Work in process	128,852	304,436
Raw materials	618,722	894,659
Advance payments to suppliers	466,620	363,793
Other	134,058	263,238
<b>Total current assets</b>	<b>4,177,359</b>	<b>3,572,926</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	–	9,666
Tools, furniture and fixtures, net	–	48,167
<b>Total property, plant and equipment</b>	<b>–</b>	<b>57,834</b>
Intangible assets		
Software	–	207,200
Software in progress	131,841	–
Other	175	8,997
<b>Total intangible assets</b>	<b>132,016</b>	<b>216,198</b>
Investments and other assets		
Investment securities	1,061,374	775,885
Long-term loans receivable	289,869	301,090
Other	54,566	52,741
<b>Total investments and other assets</b>	<b>1,405,809</b>	<b>1,129,716</b>
<b>Total non-current assets</b>	<b>1,537,826</b>	<b>1,403,749</b>
<b>Total assets</b>	<b>5,715,185</b>	<b>4,976,675</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	37,737	591,368
Short-term borrowings	–	1,000,000
Accounts payable - other	198,486	340,661
Income taxes payable	24,514	5,024
Other	26,319	66,479
<b>Total current liabilities</b>	<b>287,058</b>	<b>2,003,534</b>
Non-current liabilities		
Deferred tax liabilities	8,708	34,358
<b>Total non-current liabilities</b>	<b>8,708</b>	<b>34,358</b>
<b>Total liabilities</b>	<b>295,766</b>	<b>2,037,893</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,537,758	17,497
Capital surplus	4,515,758	5,350,947
Retained earnings	(3,702,378)	(2,594,146)
Treasury shares	(311)	(382)
<b>Total shareholders' equity</b>	<b>5,350,826</b>	<b>2,773,917</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,701	66,386
Foreign currency translation adjustment	680	2,990
<b>Total accumulated other comprehensive income</b>	<b>20,382</b>	<b>69,377</b>
Share acquisition rights	44,443	91,977
Non-controlling interests	3,767	3,510
<b>Total net assets</b>	<b>5,419,419</b>	<b>2,938,782</b>
<b>Total liabilities and net assets</b>	<b>5,715,185</b>	<b>4,976,675</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	501,013	1,635,192
Cost of sales	500,500	1,759,404
Gross profit (loss)	513	(124,212)
Selling, general and administrative expenses	1,189,510	2,079,484
Operating loss	(1,188,997)	(2,203,696)
Non-operating income		
Interest income	301	718
Foreign exchange gains	5,598	12,277
Subsidy income	37,999	22,968
Other	2,194	3,236
Total non-operating income	46,093	39,200
Non-operating expenses		
Interest expenses	–	2,254
Share of loss of entities accounted for using equity method	2,288	7,328
Share issuance costs	67,195	–
Other	1,359	151
Total non-operating expenses	70,844	9,734
Ordinary loss	(1,213,748)	(2,174,230)
Extraordinary losses		
Impairment losses	8,508	–
Loss on valuation of investment securities	–	408,865
Total extraordinary losses	8,508	408,865
Loss before income taxes	(1,222,257)	(2,583,096)
Income taxes - current	3,817	5,090
Income taxes - deferred	–	5,003
Total income taxes	3,817	10,093
Loss	(1,226,074)	(2,593,189)
Loss attributable to non-controlling interests	(205)	(1,355)
Loss attributable to owners of parent	(1,225,869)	(2,591,834)

## Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Loss	(1,226,074)	(2,593,189)
Other comprehensive income		
Valuation difference on available-for-sale securities	12,147	46,783
Share of other comprehensive income of entities accounted for using equity method	680	2,309
Total other comprehensive income	12,828	49,093
Comprehensive income	(1,213,246)	(2,544,096)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,213,070)	(2,542,839)
Comprehensive income attributable to non-controlling interests	(175)	(1,256)

**(3) Consolidated statement of changes in equity**

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



Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,537,758	4,515,758	(3,702,378)	(311)	5,350,826
Changes during period					
Issuance of new shares - exercise of share acquisition rights	7,497	7,497			14,995
Capital reduction	(4,527,758)	4,527,758			-
Deficit disposition		(3,700,066)	3,700,066		-
Loss attributable to owners of parent			(2,591,834)		(2,591,834)
Purchase of treasury shares				(70)	(70)
Net changes in items other than shareholders' equity					
Total changes during period	(4,520,260)	835,189	1,108,232	(70)	(2,576,909)
Balance at end of period	17,497	5,350,947	(2,594,146)	(382)	2,773,917

	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	19,701	680	20,382	44,443	3,767	5,419,419
Changes during period						
Issuance of new shares - exercise of share acquisition rights						14,995
Capital reduction						-
Deficit disposition						-
Loss attributable to owners of parent						(2,591,834)
Purchase of treasury shares						(70)
Net changes in items other than shareholders' equity	46,685	2,309	48,995	47,534	(256)	96,272
Total changes during period	46,685	2,309	48,995	47,534	(256)	(2,480,636)
Balance at end of period	66,386	2,990	69,377	91,977	3,510	2,938,782

**(4) Consolidated statement of cash flows**

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Loss before income taxes	(1,222,257)	(2,583,096)
Depreciation	655	73,372
Impairment losses	8,508	–
Loss (gain) on valuation of investment securities	–	408,865
Loss on valuation of inventories	–	280,899
Interest income	(301)	(718)
Interest expenses	–	2,254
Share issuance costs	67,195	–
Decrease (increase) in trade receivables	280,356	(321,397)
Decrease (increase) in inventories	(63,346)	(732,420)
Decrease (increase) in advance payments to suppliers	(313,566)	102,826
Increase (decrease) in trade payables	(101,912)	553,630
Increase (decrease) in accounts payable - other	(73,462)	132,754
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	85,459	(107,562)
Increase (decrease) in contract liabilities	(32,210)	–
Other, net	7,178	47,914
Subtotal	(1,357,701)	(2,142,676)
Interest and dividends received	261	531
Interest paid	–	(2,277)
Income taxes refund	11,587	–
Income taxes paid	–	(3,777)
Net cash provided by (used in) operating activities	(1,345,852)	(2,148,199)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,111)	(83,093)
Purchase of intangible assets	(33,000)	(127,090)
Purchase of investment securities	(398,584)	(110,884)
Proceeds from sale of investment securities	–	49,920
Payments of leasehold and guarantee deposits	(26,430)	–
Long-term loan advances	(284,750)	–
Other, net	–	(60)
Net cash provided by (used in) investing activities	(751,875)	(271,208)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	–	1,000,000
Proceeds from issuance of shares	2,932,761	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	31,755	12,980
Proceeds from share issuance to non-controlling shareholders	1,000	1,000
Other, net	–	(70)
Net cash provided by (used in) financing activities	2,965,517	1,013,910
Effect of exchange rate change on cash and cash equivalents	436	1,792
Net increase (decrease) in cash and cash equivalents	868,225	(1,403,705)
Cash and cash equivalents at beginning of period	1,891,731	2,759,957
Cash and cash equivalents at end of period	2,759,957	1,356,252