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May 12, 2023

Consolidated Financial Results for the Three Months Ended March 31, 2023 (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 CEO
 Inquiries: Kensuke Hayakawa, Board Director and CFO
 Telephone: +81-3-6456-0931
 Scheduled date to file quarterly securities report: May 12, 2023
 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 three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(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	%
Three months ended								
March 31, 2023	429	(54.9)	(356)	–	(422)	–	(425)	–
March 31, 2022	952	–	(401)	–	(362)	–	(370)	–

Note: Comprehensive income For the three months ended March 31, 2023: ¥(422) million [–%]
 For the three months ended March 31, 2022: ¥(350) million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2023	(33.79)	–
March 31, 2022	(30.11)	–

Notes: 1. Year-on-year changes for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022) are not presented as the corresponding period differs from the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021), which is subject to comparison, as the Company changed its fiscal year closing date from March 31 to December 31 effective from 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
As of	Millions of yen	Millions of yen	%
March 31, 2023	5,472	2,918	51.7
December 31, 2022	4,976	2,938	57.1

Reference: Equity
 As of March 31, 2023: ¥2,831 million
 As of December 31, 2022: ¥2,843 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, 2022	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2023	–				
Fiscal year ending December 31, 2023 (Forecast)		0.00	–	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, 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) 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 March 31, 2023	12,813,865 shares
As of December 31, 2022	12,380,835 shares

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

As of March 31, 2023	130 shares
As of December 31, 2022	130 shares

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

Three months ended March 31, 2023	12,587,581 shares
Three months ended March 31, 2022	12,318,505 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,356,252	1,661,547
Accounts receivable - trade	390,544	321,373
Work in process	304,436	360,489
Raw materials	894,659	1,067,564
Other	627,032	646,608
Total current assets	3,572,926	4,057,583
Non-current assets		
Property, plant and equipment	57,834	56,371
Intangible assets	216,198	215,549
Investments and other assets		
Investment securities	775,885	784,255
Other	353,831	358,908
Total investments and other assets	1,129,716	1,143,164
Total non-current assets	1,403,749	1,415,085
Total assets	4,976,675	5,472,668
Liabilities		
Current liabilities		
Accounts payable - trade	591,368	155,960
Short-term borrowings	1,000,000	600,000
Other	412,166	371,695
Total current liabilities	2,003,534	1,127,655
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	1,389,500
Deferred tax liabilities	34,358	37,074
Total non-current liabilities	34,358	1,426,574
Total liabilities	2,037,893	2,554,229
Net assets		
Shareholders' equity		
Share capital	17,497	222,606
Capital surplus	5,350,947	5,556,056
Retained earnings	(2,594,146)	(3,019,507)
Treasury shares	(382)	(382)
Total shareholders' equity	2,773,917	2,758,773
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,386	68,642
Foreign currency translation adjustment	2,990	4,057
Total accumulated other comprehensive income	69,377	72,699
Share acquisition rights	91,977	83,520
Non-controlling interests	3,510	3,446
Total net assets	2,938,782	2,918,438
Total liabilities and net assets	4,976,675	5,472,668

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

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	952,551	429,763
Cost of sales	818,622	367,403
Gross profit	133,929	62,360
Selling, general and administrative expenses	535,001	419,351
Operating loss	(401,072)	(356,991)
Non-operating income		
Interest income	282	86
Share of profit of entities accounted for using equity method	–	4,046
Foreign exchange gains	15,323	5,700
Subsidy income	22,968	76,502
Other	197	1,391
Total non-operating income	38,771	87,726
Non-operating expenses		
Interest expenses	2	2,427
Share of loss of entities accounted for using equity method	424	–
Bond issuance costs	–	119,087
Other	37	31,660
Total non-operating expenses	465	153,174
Ordinary loss	(362,766)	(422,439)
Loss before income taxes	(362,766)	(422,439)
Income taxes - current	1,272	1,272
Income taxes - deferred	6,945	1,717
Total income taxes	8,218	2,990
Loss	(370,984)	(425,430)
Loss attributable to non-controlling interests	(75)	(68)
Loss attributable to owners of parent	(370,909)	(425,361)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Loss	(370,984)	(425,430)
Other comprehensive income		
Valuation difference on available-for-sale securities	17,401	2,260
Share of other comprehensive income of entities accounted for using equity method	2,890	1,066
Total other comprehensive income	20,292	3,326
Comprehensive income	(350,692)	(422,103)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(350,654)	(422,039)
Comprehensive income attributable to non-controlling interests	(38)	(64)