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August 10, 2023

Consolidated Financial Results for the Six Months Ended June 30, 2023 (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 14, 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 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	%
Six months ended								
June 30, 2023	524	(49.1)	(880)	–	(923)	–	(935)	–
June 30, 2022	1,031	–	(874)	–	(812)	–	(829)	–

Note: Comprehensive income For the six months ended June 30, 2023: ¥(897) million [–%]
 For the six months ended June 30, 2022: ¥(769) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	(73.67)	–
June 30, 2022	(67.25)	–

Notes: 1. Year-on-year changes for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022) are not presented as the corresponding period differs from the six months ended September 30, 2021 (from April 1, 2021 to September 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	%
June 30, 2023	4,913	2,452	47.9
December 31, 2022	4,976	2,938	57.1

Reference: Equity

As of June 30, 2023: ¥2,355 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	–	0.00			
Fiscal year ending December 31, 2023 (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, 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 June 30, 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 June 30, 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)

Six months ended June 30, 2023	12,701,282 shares
Six months ended June 30, 2022	12,330,316 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	1,356,252	1,218,992
Accounts receivable - trade	390,544	45,016
Work in process	304,436	510,582
Raw materials	894,659	1,339,918
Other	627,032	315,935
Total current assets	3,572,926	3,430,446
Non-current assets		
Property, plant and equipment	57,834	62,123
Intangible assets	216,198	207,103
Investments and other assets		
Investment securities	775,885	829,408
Other	353,831	384,587
Total investments and other assets	1,129,716	1,213,995
Total non-current assets	1,403,749	1,483,222
Total assets	4,976,675	4,913,668
Liabilities		
Current liabilities		
Accounts payable - trade	591,368	100,298
Short-term borrowings	1,000,000	710,000
Other	412,166	202,978
Total current liabilities	2,003,534	1,013,277
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	—	1,389,500
Deferred tax liabilities	34,358	58,461
Total non-current liabilities	34,358	1,447,961
Total liabilities	2,037,893	2,461,238
Net assets		
Shareholders' equity		
Share capital	17,497	222,606
Capital surplus	5,350,947	5,556,056
Retained earnings	△2,594,146	△3,529,860
Treasury shares	△382	△382
Total shareholders' equity	2,773,917	2,248,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,386	98,873
Foreign currency translation adjustment	2,990	8,602
Total accumulated other comprehensive income	69,377	107,476
Share acquisition rights	91,977	93,094
Non-controlling interests	3,510	3,440
Total net assets	2,938,782	2,452,430
Total liabilities and net assets	4,976,675	4,913,668

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

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended June 30, 2023
Net sales	1,031,105	524,831
Cost of sales	927,881	534,282
Gross profit	103,224	(9,450)
Selling, general and administrative expenses	977,500	871,253
Operating loss	(874,276)	(880,704)
Non-operating income		
Interest income	497	170
Foreign exchange gains	37,064	33,418
Share of profit of entities accounted for using equity method	—	592
Subsidy income	22,968	76,702
Other	2,844	2,234
Total non-operating income	63,373	113,118
Non-operating expenses		
Interest expenses	348	4,527
Share of loss of entities accounted for using equity method	1,473	—
Bond issuance costs	—	119,087
Other	66	32,372
Total non-operating expenses	1,888	155,987
Ordinary loss	(812,791)	(923,572)
Loss before income taxes	(812,791)	(923,572)
Income taxes - current	2,545	2,545
Income taxes - deferred	14,061	9,734
Total income taxes	16,606	12,279
Loss	(829,397)	(935,852)
Loss attributable to non-controlling interests	(144)	(138)
Loss attributable to owners of parent	(829,252)	(935,714)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Loss	(829,397)	(935,852)
Other comprehensive income		
Valuation difference on available-for-sale securities	53,069	32,555
Foreign currency translation adjustment	—	(396)
Share of other comprehensive income of entities accounted for using equity method	6,834	6,008
Total other comprehensive income	59,904	38,167
Comprehensive income	(769,492)	(897,685)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(769,459)	(897,615)
Comprehensive income attributable to non-controlling interests	(33)	(69)

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Loss before income taxes	(812,791)	(923,572)
Depreciation	23,286	56,127
Bond issuance cost	—	119,087
Loss on valuation of inventories	—	17,594
Interest income	(497)	(170)
Interest expenses	348	4,527
Decrease (increase) in trade receivables	49,366	345,527
Decrease (increase) in inventories	(235,740)	(668,998)
Decrease (increase) in advance payments to suppliers	304,363	237,504
Increase (decrease) in trade payables	58,946	(491,069)
Increase (decrease) in accounts payable - other	(97,733)	(227,455)
Increase/decrease in consumption taxes receivable/payable	(3,631)	66,122
Other, net	(55,840)	48,713
Subtotal	(769,922)	(1,416,062)
Interest and dividends received	328	314
Interest paid	(348)	(3,346)
Income taxes paid	(3,777)	(5,024)
Net cash provided by (used in) operating activities	(773,719)	(1,424,118)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,746)	(19,130)
Purchase of intangible assets	(98,530)	(33,546)
Purchase of investment securities	(19,891)	—
Other, net	—	60
Net cash provided by (used in) investing activities	(177,167)	(52,616)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	(290,000)
Proceeds from issuance of shares	—	309,325
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,036	41,373
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	—	1,270,412
Proceeds from issuance of share acquisition rights	—	8,045
Proceeds from share issuance to non-controlling shareholders	1,000	—
Net cash provided by (used in) financing activities	14,036	1,339,157
Effect of exchange rate change on cash and cash equivalents	747	318
Net increase (decrease) in cash and cash equivalents	(936,103)	(137,260)
Cash and cash equivalents at beginning of period	2,759,957	1,356,252
Cash and cash equivalents at end of period	1,823,853	1,218,992