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February 14, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

Company name: ACSL Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6232
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 Representative: Satoshi Washiya, Representative Director and CEO
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 Scheduled date of annual general meeting of shareholders: March 27, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: March 27, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	896	(45.2)	(2,071)	–	(2,102)	–	(2,543)	–
December 31, 2022	1,635	–	(2,203)	–	(2,174)	–	(2,591)	–

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥(2,604) million [–%]
 For the fiscal year ended December 31, 2022: ¥(2,544) 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, 2023	(197.05)	–	(101.9)	(41.8)	(231.1)
December 31, 2022	(209.77)	–	(63.1)	(40.7)	(134.8)

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

For the fiscal year ended December 31, 2023: ¥(10) million

For the fiscal year ended December 31, 2022: ¥(7) 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 for the fiscal year ended December 31, 2022 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, 2023	5,094	2,264	42.2	147.99
December 31, 2022	4,976	2,938	57.1	229.66

Reference: Equity

As of December 31, 2023: ¥2,147 million

As of December 31, 2022: ¥2,843 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, 2023	(2,572)	(94)	2,809	1,499
December 31, 2022	(2,148)	(271)	1,013	1,356

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, 2022	–	–	–	–	–	–	–	–
December 31, 2023	–	–	–	–	–	–	–	–
December 31, 2024 (Forecast)	–	–	–	–	–		–	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2024	3,340	272.6	(3,060)	–	(1,860)	–

- Note:
- As the Company manages its operations on an annual basis, earnings forecasts for the first six months are omitted.
 - The profit attributable to owners of parent and the basic earnings per share are not listed as the impact of the voluntary retirement program announced today is undetermined.
 - The impact of the large-scale project in India announced on August 10, 2023, includes net sales of 1,840 million yen, operating profit of 40 million yen, and ordinary profit of 40 million yen.
 - The impact of the "Performance Improvement and Social Implementation of Small Aerial Photography Drones to Meet Government Needs" under the "Small Business Innovation Research" (SBIR Project) announced on October 20, 2023, includes an operating loss of 1,600 million yen and an ordinary loss of 400 million yen.
 - Excluding the impact of the large-scale project in India and the SBIR project, the consolidated earnings forecast for the fiscal year ending December 31, 2024 is net sales of 1,500 million yen, operating loss of 1,500 million yen, and ordinary loss of 1,500 million yen.

* **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, 2023	14,514,261 shares
As of December 31, 2022	12,380,835 shares

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

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

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

Fiscal year ended December 31, 2023	12,906,348 shares
Fiscal year ended December 31, 2022	12,355,345 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	884	(45.9)	(1,975)	–	(2,116)	–	(2,459)	–
December 31, 2022	1,635	–	(2,177)	–	(2,272)	–	(2,584)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	(190.60)	–
December 31, 2022	(209.18)	–

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 for the fiscal year ended December 31, 2022 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, 2023	5,176	2,347	43.1	153.75
December 31, 2022	4,961	2,929	57.2	229.17

Reference: Equity

As of December 31, 2023:	¥2,231 million
As of December 31, 2022:	¥2,837 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, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	1,356,252	1,499,555
Accounts receivable - trade	390,544	139,282
Merchandise	–	491,762
Work in process	304,436	572,699
Raw materials	894,659	1,175,419
Advance payments to suppliers	363,793	96,904
Other	263,238	227,678
Total current assets	3,572,926	4,203,302
Non-current assets		
Property, plant and equipment		
Buildings, net	9,666	8,926
Tools, furniture and fixtures, net	48,167	59,255
Total property, plant and equipment	57,834	68,181
Intangible assets		
Software	207,200	201,348
Other	8,997	7,640
Total intangible assets	216,198	208,989
Investments and other assets		
Investment securities	775,885	241,987
Long-term loans receivable	301,090	321,661
Other	52,741	50,729
Total investments and other assets	1,129,716	614,379
Total non-current assets	1,403,749	891,549
Total assets	4,976,675	5,094,851
Liabilities		
Current liabilities		
Accounts payable - trade	591,368	317,574
Short-term borrowings	1,000,000	895,000
Accounts payable - other	340,661	161,614
Income taxes payable	5,024	43,087
Contract liabilities	–	100,910
Other	66,479	85,035
Total current liabilities	2,003,534	1,603,222
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	1,215,812
Deferred tax liabilities	34,358	11,302
Total non-current liabilities	34,358	1,227,114
Total liabilities	2,037,893	2,830,337
Net assets		
Shareholders' equity		
Share capital	17,497	971,479
Capital surplus	5,350,947	6,304,929
Retained earnings	(2,594,146)	(5,137,336)
Treasury shares	(382)	(382)
Total shareholders' equity	2,773,917	2,138,689
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,386	–
Foreign currency translation adjustment	2,990	9,210
Total accumulated other comprehensive income	69,377	9,210
Share acquisition rights	91,977	115,585
Non-controlling interests	3,510	1,028
Total net assets	2,938,782	2,264,514
Total liabilities and net assets	4,976,675	5,094,851

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	1,635,192	896,362
Cost of sales	1,759,404	1,131,519
Gross profit (loss)	(124,212)	(235,157)
Selling, general and administrative expenses	2,079,484	1,836,038
Operating loss	(2,203,696)	(2,071,195)
Non-operating income		
Interest income	718	337
Foreign exchange gains	12,277	31,065
Subsidy income	22,968	131,973
Other	3,236	6,320
Total non-operating income	39,200	169,696
Non-operating expenses		
Interest expenses	2,254	9,112
Share of loss of entities accounted for using equity method	7,328	10,249
Share issuance costs	–	60,845
Bond issuance costs	–	119,087
Other	151	2,141
Total non-operating expenses	9,734	201,437
Ordinary loss	(2,174,230)	(2,102,936)
Extraordinary income		
Gain on reversal of share acquisition rights	–	1,855
Total extraordinary income	–	1,855
Extraordinary losses		
Loss on valuation of investment securities	408,865	431,712
Total extraordinary losses	408,865	431,712
Loss before income taxes	(2,583,096)	(2,532,793)
Income taxes - current	5,090	5,351
Income taxes - deferred	5,003	6,298
Total income taxes	10,093	11,650
Loss	(2,593,189)	(2,544,444)
Loss attributable to non-controlling interests	(1,355)	(1,253)
Loss attributable to owners of parent	(2,591,834)	(2,543,190)

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Loss	(2,593,189)	(2,544,444)
Other comprehensive income		
Valuation difference on available-for-sale securities	46,783	(66,514)
Foreign currency translation adjustment	–	2,284
Share of other comprehensive income of entities accounted for using equity method	2,309	3,934
Total other comprehensive income	49,093	(60,294)
Comprehensive income	(2,544,096)	(2,604,739)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,542,839)	(2,603,357)
Comprehensive income attributable to non-controlling interests	(1,256)	(1,381)

(3) Consolidated statement of changes in equity

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

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,497	5,350,947	(2,594,146)	(382)	2,773,917
Changes during period					
Issuance of new shares	915,101	915,101			1,830,202
Issuance of new shares - exercise of share acquisition rights	38,880	38,880			77,760
Loss attributable to owners of parent			(2,543,190)		(2,543,190)
Net changes in items other than shareholders' equity					
Total changes during period	953,981	953,981	(2,543,190)	-	(635,228)
Balance at end of period	971,479	6,304,929	(5,137,336)	(382)	2,138,689

	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	66,386	2,990	69,377	91,977	3,510	2,938,782
Changes during period						
Issuance of new shares						1,830,202
Issuance of new shares - exercise of share acquisition rights						77,760
Loss attributable to owners of parent						(2,543,190)
Net changes in items other than shareholders' equity	(66,386)	6,219	(60,167)	23,608	(2,481)	(39,040)
Total changes during period	(66,386)	6,219	(60,167)	23,608	(2,481)	(674,268)
Balance at end of period	-	9,210	9,210	115,585	1,028	2,264,514

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Loss before income taxes	(2,583,096)	(2,532,793)
Depreciation	73,372	118,433
Bond issuance costs	–	119,087
Loss (gain) on valuation of investment securities	408,865	431,712
Loss on valuation of inventories	280,899	168,792
Interest income	(718)	(337)
Interest expenses	2,254	9,112
Decrease (increase) in trade receivables	(321,397)	251,262
Decrease (increase) in inventories	(732,420)	(1,209,577)
Decrease (increase) in advance payments to suppliers	102,826	266,889
Increase (decrease) in trade payables	553,630	(273,793)
Increase (decrease) in accounts payable - other	132,754	(215,623)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(107,562)	16,704
Other, net	47,914	292,043
Subtotal	(2,142,676)	(2,558,088)
Interest and dividends received	531	321
Interest paid	(2,277)	(9,439)
Income taxes paid	(3,777)	(5,090)
Net cash provided by (used in) operating activities	(2,148,199)	(2,572,295)
Cash flows from investing activities		
Purchase of property, plant and equipment	(83,093)	(40,378)
Purchase of intangible assets	(127,090)	(54,126)
Purchase of investment securities	(110,884)	–
Proceeds from sale of investment securities	49,920	–
Other, net	(60)	60
Net cash provided by (used in) investing activities	(271,208)	(94,444)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000,000	(105,000)
Proceeds from issuance of shares	–	1,595,990
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,980	41,376
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	1,000	–
The amount of payment of the dividend to non-controlling shareholders	–	(1,100)
Other, net	(70)	–
Net cash provided by (used in) financing activities	1,013,910	2,809,724
Effect of exchange rate change on cash and cash equivalents	1,792	318
Net increase (decrease) in cash and cash equivalents	(1,403,705)	143,303
Cash and cash equivalents at beginning of period	2,759,957	1,356,252
Cash and cash equivalents at end of period	1,356,252	1,499,555