



Revision of Financial Forecast for FY25/12 (Supplementary materials)

ACSL Ltd (TYO: 6232)
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FY25 Revised financial forecast (Consolidated)

Existing business remains on track, but sales and profit have been revised downward due to local government projects review and delay in subsidy receipts

| [mn JPY] | Revised FY25/12 Full Year forecast | Pre-revision FY25/12 Full Year forecast | Comparison | Summary |
|--|---|--|------------|---|
| Net sales | 3,150 | 5,110 | ▲1,960 | <ul style="list-style-type: none"> The forecast for existing businesses in Japan (1.8 bn JPY) and the US (1.3 bn JPY) remains unchanged Local gov. projects include only orders already received; orders not yet received aren't included |
| Gross profit | 650 | 1,630 | ▲980 | <ul style="list-style-type: none"> Expected gross profit for existing businesses to remain unchanged |
| Gross profit ratio | 21% | 32% | ▲11pt | <ul style="list-style-type: none"> Approx. 1 bn JPY decrease in gross profit due to decline in local government projects |
| SG&A (excl. SBIR)¹ | 1,620 | 1,620 | ± 0 | <ul style="list-style-type: none"> Maintain cost structure after business restructuring and keep SG&A expenses in line with plans |
| Operating profit (excl. SBIR) | ▲970 | 10 | ▲980 | <ul style="list-style-type: none"> A decrease of 1 bn JPY due to a decline in sales and marginal profit. Excluding SBIR (national project), expect a deficit of 970 mn JPY |
| SBIR (national project) | 1,400 | 1,400 | ± 0 | <ul style="list-style-type: none"> 1.4 bn JPY is planned to be booked as SBIR(national project) expenses in 2025 |
| Operating profit | ▲2,370 | ▲1,390 | ▲980 | <ul style="list-style-type: none"> Non-operating income decreases due to the postponement of this term's national project subsidy income to the next term (total project income remains unchanged) |
| Ordinary profit | ▲1,400 | 180 | ▲1,580 | <ul style="list-style-type: none"> Recorded 248 mn JPY in losses related to the incident associated with fraud by former representative director |
| Net Profit | ▲1,800 | 30 | ▲1,830 | |

1: National project (SBIR): Subsidies are granted to cover actual expenses, which are recorded as SG&A (¥1.4B planned for FY12/25). Subsidy income is recognized as non-operating income upon inspection, creating a timing gap. For FY12/25, subsidies for 1H expenses will be recorded, while those for 2H expenses will be recognized in FY26 and beyond.

FY25/12 Comparison of revised vs. pre-revision (consolidated)

Existing businesses in Japan and the US and cost improvements are on track, but local government projects review and subsidy payment delays

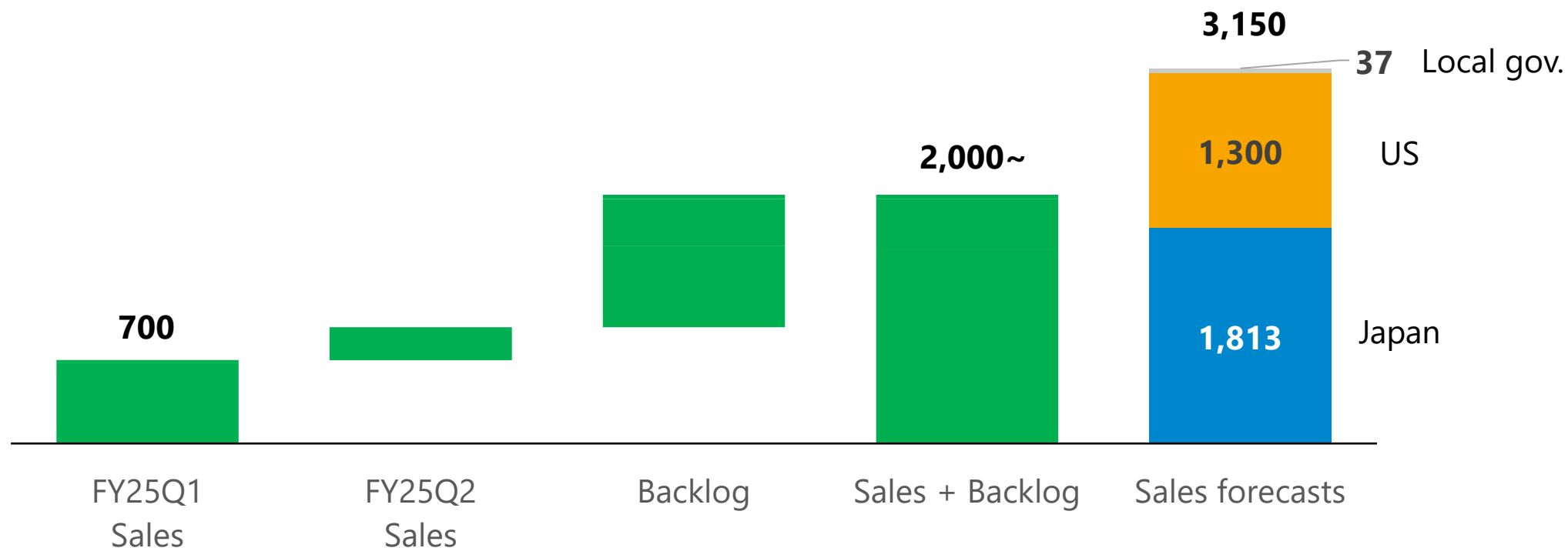
| [mn JPY] | FY25/12 Forecast (revised) | | | | | FY25/12 Forecast (pre-revised) | | | |
|--------------------------------|----------------------------|--------------------------------------|--------------------------------------|--------|------------|--------------------------------|---|--------------------------------------|--------|
| | Existing business | Local gov. project | National Project (SBIR) ¹ | Total | Comparison | Existing business | Local gov. project | National Project (SBIR) ¹ | Total |
| Net sales | 3,113 | +37 | - | 3,150 | ▲1,960 | 3,110 | +2,000 | - | 5,110 |
| Gross profit | 632 | +18 | - | 650 | ▲980 | 630 | +1,000 | - | 1,630 |
| Gross profit ratio | 20% | - | - | 21% | ▲11pt | 20% | - | - | 32% |
| SG&A (inc. R&D, US subsidiary) | 1,620 | - | +1,400 | 3,020 | ±0 | 1,620 | - | +1,400 | 3,020 |
| Operating profit | ▲988 | +18 | ▲1,400 | ▲2,370 | ▲980 | ▲990 | +1,000 | ▲1,400 | ▲1,390 |
| Ordinary profit | ▲1,218 | +18 (Non-operating income +1,200) | ▲200 | ▲1,400 | ▲1,580 | ▲1,120 | +1,000 (Non-operating income +1,700) | +300 | 180 |
| Net profit | ▲1,618 | +18 | ▲200 | ▲1,800 | ▲1,830 | ▲1,270 | +1,000 | +300 | 30 |

1: National project (SBIR): Subsidies are granted to cover actual expenses, which are recorded as SG&A (¥1.4B planned for FY12/25). Subsidy income is recognized as non-operating income upon inspection, creating a timing gap. For FY12/25, subsidies for 1H expenses will be recorded, while those for 2H expenses will be recognized in FY26 and beyond.

With sales of 3.15 bn JPY expected for the current fiscal year, more than 2 bn JPY in sales and backlog orders are already secured through 2Q

Sales and backlog (as of the end of 2Q)

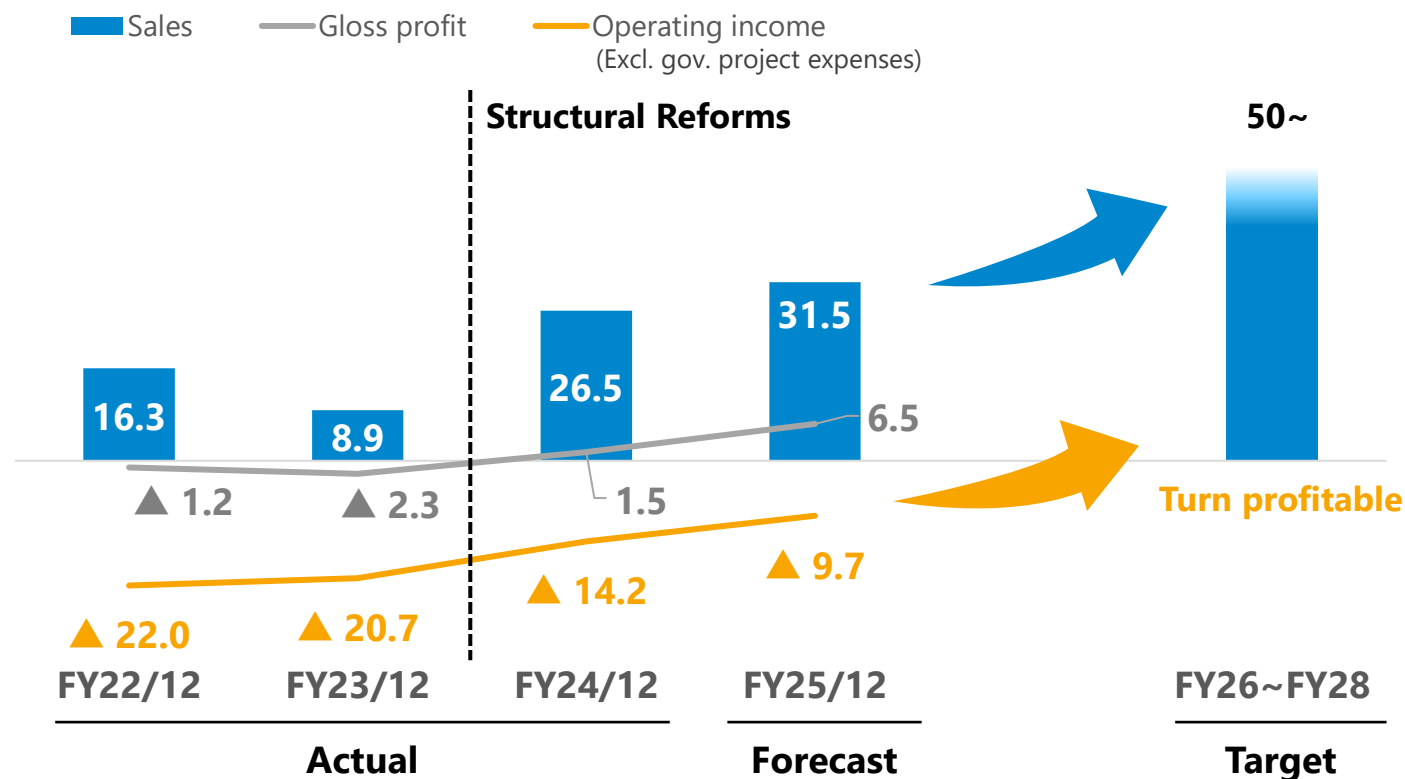
mn JPY



With sales growth, improve profit margins and aim to achieve profitability within the next 3 years

Sales and profit trends¹

100 mn JPY



Mid-long-term growth targets

Sales

- Expect CAGR growth of 20% or more across the entire company
- Expect stable growth in domestic business, mainly from existing customers such as the Ministry of Defense
- High growth expected in the US market as demand for replacement of existing China-made drones increases

Profit

- Aim for gross profit of 40% or more over the medium to long term through increased sales and gross profit margin
- Expecting operating profits to turn positive with sales of over 5 bn JPY
- Growth targets for FY26-28 will be examined in detail and announced at a later date

1: Operating income for FY24/12 and FY25/12 exclude gov. project expenses of 860 mn JPY and 1.4 bn JPY, respectively. Including gov. project expenses, FY24/12 and FY25/12 are 2.29 bn JPY loss and 2.37 bn JPY loss, respectively

| Item | Question | Answer |
|------------------------------|--|---|
| Domestic Existing Businesses | Forecast of specific domestic orders for existing businesses | Expecting sales of SOTEN to major customers such as ministry of defense and domestic companies. Approx. 520 mn JPY worth of ministry of defense projects have been secured for this fiscal year. In addition, deliveries worth 370 mn JPY ordered by the Defense Equipment Agency in FY24 that were delayed from FY24 is booked in FY25. Sales are expected to exceed 1.8 bn JPY per year. |
| Overseas | Progress in the U.S. and specific timing of sales and prospects | Received orders for 500 units in FY24 and delivered 100 units in FY24. Expecting delivery of the remaining 400 units in FY25. Customer demand remains strong, but purchasing activity has been delayed in the first half of FY25 due to uncertainty surrounding regulations and tariffs. In addition to delivering 400 units in FY25, we expect to continue receiving orders on the same scale as last year and to deliver them in the second half of the year. Aiming for sales of over 1.3 bn JPY. |
| Local government projects | The details of the local government projects and the reasons for the revisions | Promoting the use of drones in collaboration with local governments, such as Sakai Town. Specifically, we will promote initiatives such as drone logistics, sewer inspection, disaster response and prevention, and crime prevention measures. In response to recent cases of fraud, local governments are making careful decisions and continuing discussions, but due to the uncertainty of sales forecasts for the current fiscal year, it has been decided to postpone sales recognition for the current fiscal year, except for orders that have already been received. |
| Outlook | Seasonality of sales and expense recognition | Sales are expected to be recorded toward the end of the fiscal year. Expenses are expected to be recorded in the second half of the year due to the timing of large-scale project expense recognition. |
| Outlook | Performance risk factors | Planned sales, especially in the United States, may be booked in the following fiscal year if there are delays in delivery despite orders being received. |
| National project | State project (SBIR) expensing and revenue. Reasons for the revision | SBIR expenses are recorded as SG&A expenses. Subsidies for expenses are recognized as non-operating income when the expenditure amount is determined after inspection. There is a time lag between the occurrence of expenses and the recognition of revenue. For FY25, we plan to record expenses of 1.4 bn JPY for the full year. As non-operating income, we expect to record a total of 1.2 bn JPY, consisting of a portion of the FY24 implementation and a portion of the FY25 implementation. Due to low cost accruals in the first half of FY25, subsidy income scheduled to be received this fiscal year is expected to be carried over to the next fiscal year. Overall subsidy income is expected to be received as planned. |

| Item | Question | Answer |
|---|--|---|
| Incident by former representative director | Impact of misconduct by former representative director | Although approximately 248 mn JPY in fraud-related expenses were recorded as extraordinary losses, there was no direct impact on business operations. Projects with existing clients such as government agencies and US customers will continue without interruption. National projects currently underway will continue, and subsidies are expected to be received. Local government projects are an area in which concrete efforts began this fiscal year, and careful decisions are being made by each local government. The management structure has been led by Co-CEOs Hayakawa and Terayama since the former CEO resigned, and there has been no impact. |
| Outlook for the next fiscal year and beyond | Prospects for future profitability | Expecting operating profits to turn positive with sales exceeding 5 bn JPY. Specific growth targets for FY26-28 will be examined and announced at a later date |

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