

Notice of Differences between Financial Results and Forecasts for the fiscal year ended Dec 2021 and Record Extraordinary Loss

ACSL Ltd. (ACSL or the Company" hereby announces that there is a difference between the earnings forecast for the fiscal year ending December 31, 2021 (April 1, 2021 to December 31, 2021) announced on November 11, 2021 and the actual results announced today. In addition, the Company has decided to post an extraordinary loss (impairment loss).

1. Difference between financial forecasts and actual results

Differences between full-year consolidated earnings forecasts for the fiscal year ending December 31, 2021 and actual results (April 1, 2021 to December 31, 2021)

	Sales	Operating Income	Ordinary Income	Profit Attribute to Owners of Parent	Profit per Share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previously announced forecast (A)	480	△980	△1,020	△1,020	△86.49
Actual results (B)	501	△1,188	△1,213	△1,225	△103.94
Difference (B-A)	21	△208	△193	△205	—
Difference (%)	4.4	—	—	—	—
(Reference) Previous year results (fiscal year ended March 2021)	620	△1,139	△1,081	△1,511	△139.54
Consolidated results for the third quarter of previous fiscal year (consolidated results for the third quarter of fiscal year ended March 2021)	125	△745	△688	△812	△75.12

(Note) The fiscal year ending December 31, 2021, which is the transitional period for the change in the Company's fiscal year-end, will be a nine-month period from April 1, 2021 to December 31, 2021.

2. Reason for the differences

Sales exceeded the previous forecast due to strong sales of demonstration tests and platform aircrafts since the time of the previous forecast announcement, reflecting the growing demand for secure domestically produced drones, mainly from the government and major companies, and the full-scale movement toward social implementation. In addition, the order backlog as of the end of December 2022 stood at 1,077 million yen, mainly due to the impact of the commencement of orders for the domestically produced small aerial photography drone SOTEN from December 2021. On the profit side, the impact of an increase in expenses due to a more surge in the price of components caused by the global shortage of semiconductors than expected, and the impact of upfront R&D expenses as a result of the establishment of a mass production system for small aerial photography drones and the promotion of R&D for delivery drones, etc., for which Level 4 regulations are expected to be established in FY2022. As a result, R&D expenses were higher than the previous forecast, and the impact of the impairment of fixed assets as described below resulted in a decrease of profit.

As the fiscal year ending December 31, 2021 is a transitional period due to a change in the fiscal year end, it is a nine-month period from April 1, 2021 to December 31, 2021. The sales results for the nine months from April to December and the order backlog as of the end of December are both at record highs.

3. Record Extraordinary Loss (Impairment Loss)

As a result of examining the recoverability of fixed assets held by the Company in accordance with accounting standards, an impairment loss of 8 million yen was recorded as an extraordinary loss.

Attention

This document is an unofficial translation of the timely disclosure on February 14, 2022 by ACSL and this is for reference purpose only. In case of a discrepancy between the English and Japanese versions, the Japanese original shall prevail.