

November 11, 2022
ACSL Ltd.

Notice of Amendment to Consolidated Earnings Forecast of Financial Results for the Fiscal Year Ending December 31, 2022

ACSL Ltd. (ACSL) hereby announces that it has revised consolidated earnings forecast of financial results for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022), which was announced on February 14, 2022, based on recent trends in its business performance, as follows.

1. Amendment to Consolidated Earnings Forecast of Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

	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)	2,500	△650 ～△350	△650 ～△350	△650 ～△350	△52.77 ～△28.41
Amended forecast (B)	1,650	△2,200	△2,150	△2,150	△174.01
Amount of change (B - A)	△850	△1,850 ～△1,550	△1,800 ～△1,500	△1,800 ～△1,500	—
Rate of change (%)	△34.0	—	—	—	—
(Reference) Results for Year ending December 31, 2021	501	△1,188	△1,213	△1,225	△103.94

(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. Reasons for Amendment to Consolidated Earnings Forecast

Sales of 1,161 million Japanese yen for consolidated cumulative period of the third quarter was the record high for the same cumulative period, mainly due to sales of small aerial drones “SOTEN”, which began shipping in March 2022. In addition, as of the end of the third quarter,

ACSL had backlogs of 727 million Japanese yen, and total of sales and order backlog is expected to be a record high for the full year. Also, as one of the business strategies in our med-term plan "ACSL Accelerate FY22" announced on January 28, 2022, "Full-scale launch into the Indian market" is one of the key strategies of ACSL. ACSL is also steadily expanding its overseas business, including an order of 80 million India rupee (approx. 140 million Japanese yen) from Aerodyne India.

On the other hand, due to the global shortage of semiconductors and the recent depreciation of the yen against the U.S. dollar, the prices of electronic parts and other components soared, and the delivery time of parts became longer than expected, causing ACSL to change its product delivery schedule. In terms of profit, in addition to the decrease in net sales, gross profit will deteriorate due to soaring prices of electronic components and other items. In addition, due to higher-than-expected demand in overseas markets, ACSL has decided to make upfront development investments, including product development for overseas markets to accelerate overseas expansion, resulting in projected R&D expenses of more than 1.1 billion Japanese yen. As a result of incorporating these circumstances to the extent possible at this time, the consolidated earnings forecast for the current fiscal year is expected to be lower than the previous forecast in terms of net sales and income.

The business environment surrounding the drone market is changing dramatically, with growing interest in economic security and progress in drone-related regulations, and ACSL expects demand for Japanese made drones, mainly small aerial drone "SOTEN", to remain strong in the future.

Please refer to pages 36-37 and 48 of the "Financial Results Material for FY22/12 Q3" which was released on the same day, for details regarding the earnings forecast.

(Attention) The amendment to consolidated earnings forecasts are based on information available as of the date of publication of this document and are not intended as a promise by ACSL to achieve them. Actual results may differ materially due to a variety of factors in the future.

Attention

This document is an unofficial translation of the timely disclosure on November 11, 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.