



Forecast of Financial Results for FY25/12 (Supplementary material)

**ACSL Ltd (TYO: 6232)
March 19, 2025**

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FY25 Financial plan (Consolidated)

With a significant increase in sales, expect to return to profitability in terms of operating profit(excluding gov. project) and net profit

[mn JPY]	FY25/12 Full Year forecast	FY24/12 actual results	YoY Comparison	Summary
Net sales	5,110	2,655	+2,454	<ul style="list-style-type: none"> Aim for sales of 1.8 bn JPY in Japan, mainly to the Ministry of Defense and other major customers, and sales of 1.3 bn JPY in the U.S., with more than 1,000 SOTEN units Aim for sales of 2 bn JPY through multiple projects for local governments
Gross profit	1,630	150	+1,479	<ul style="list-style-type: none"> Aim to improve gross profit from 6% in FY24 to 32% in FY25 Marginal profit ratio is expected to improve, and fixed cost ratio is expected to shrink in line with sales expansion
Gross profit ratio	32%	6%	+26pt	
SG&A (excl. gov. project) ¹	1,620	1,576	+43	<ul style="list-style-type: none"> In Japan, maintain cost structure reduced in line with structural reforms Expansion of U.S. sales structure and development for U.S. customers for U.S. business expansion
Operating profit (excl. gov. project)	10	▲1,425	+1,435	<ul style="list-style-type: none"> Aim to return to profitability in operating profit excluding government project expenses by increasing sales and marginal profit and improving cost structure
Gov. project	1,400	867	+532	<ul style="list-style-type: none"> 1.4 bn JPY to be expensed in 2025 as government project costs
Operating profit	▲1,390	▲2,293	+903	<ul style="list-style-type: none"> Grant income from the implementation of gov. projects 1.7 bn JPY to be recognized as non-operating income¹ Aim to return to profitability in ordinary income and net income
Ordinary profit	180	▲2,188	+2,368	
Net Profit	30	▲2,371	+2,401	

1: Government projects (SBIR) are in principle subsidized in an amount corresponding to the costs incurred. Such costs are recorded as SG&A expenses. In FY25/12, 1.4 bn JPY will be booked as expenses. The subsidy is recognized as non-operating income when the amount of the subsidy is determined after the audit, so there is a gap between the timing of expense recognition and income recognition. In FY12/2024, expenses for 1Q FY12/2024 have already been booked. Expenditures for the 2Q of FY12/2024 and thereafter will be recognized in 2025 and thereafter.

FY25/12 Forecast and YoY Summary (Consolidated)



Expect to increase sales in existing businesses while maintaining cost structure

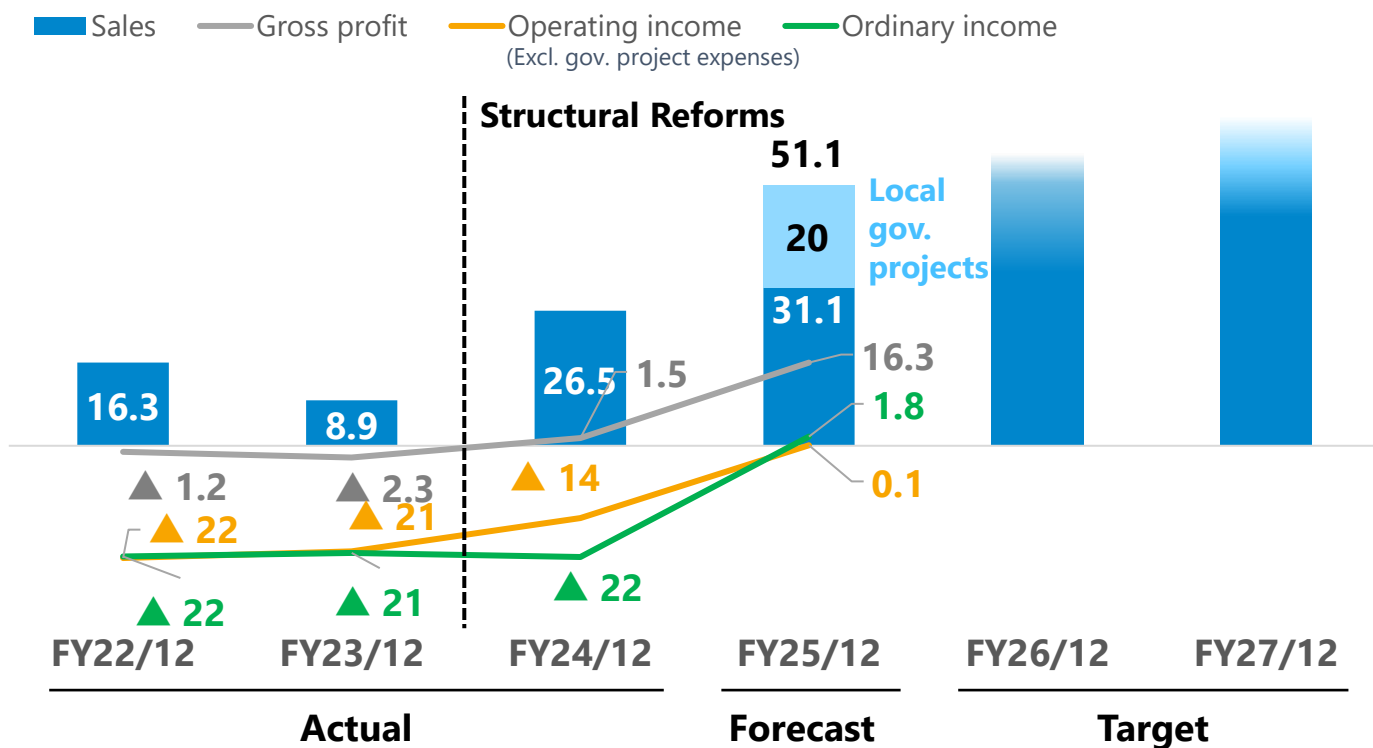
[mn JPY]	FY25/12 Forecast					FY24/12 Actual results			
	Existing business	Local gov. project	Gov. Project (SBIR) ¹	Total	YoY	Existing business	India Large projects	Gov. Project (SBIR)	Total
Net sales	3,110	+2,000	-	5,110	+2,454	955	+1,700	-	2,655
Gross profit	630	+1,000	-	1,630	+1,479	31	+119	-	150
Gross profit ratio	21%	-	-	32%	+26%	3%	-	-	6%
SG&A (inc. R&D, US subsidiary)	1,620	-	+1,400	3,020	+576	1,576	-	+867	2,444
Operating profit	▲990	+1,000	▲1,400	▲1,390	+903	▲1,545	+119	▲867	▲2,293
Ordinary profit	▲1,120	+1,000	+300	180	+2,368	▲1,599	+119	▲708	▲2,188
			(Non-operating income +1,700)					(Non-operating income +158)	
Net profit	▲1,270	+1,000	+300	30	+2,401	▲1,782	+119	▲708	▲2,371

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Expect to return to profitability in FY25 due to sales increase in local government projects in addition to expansion of existing businesses

Sales and profit trends¹

100 mn JPY



Mid-long-term growth targets

Sales

- Expect existing businesses to grow at a CAGR of more than 20%, mainly due to sales expansion in the U.S. market
- Expect sales of 2 bn JPY in FY25 as local government projects

Gross profit

- Target 32% in FY25 and over 40% in FY27
- In addition to improvement in marginal profit ratio, fixed cost reduction due to sales expansion is expected

Profit

- Operating profit (excluding gov. projects) and ordinary profit are expected to return to profitability in FY25
- Cost structure will be maintained after structural reforms. Emphasis on high-growth U.S. market as an area for investment.

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 1.39 bn JPY loss, respectively.



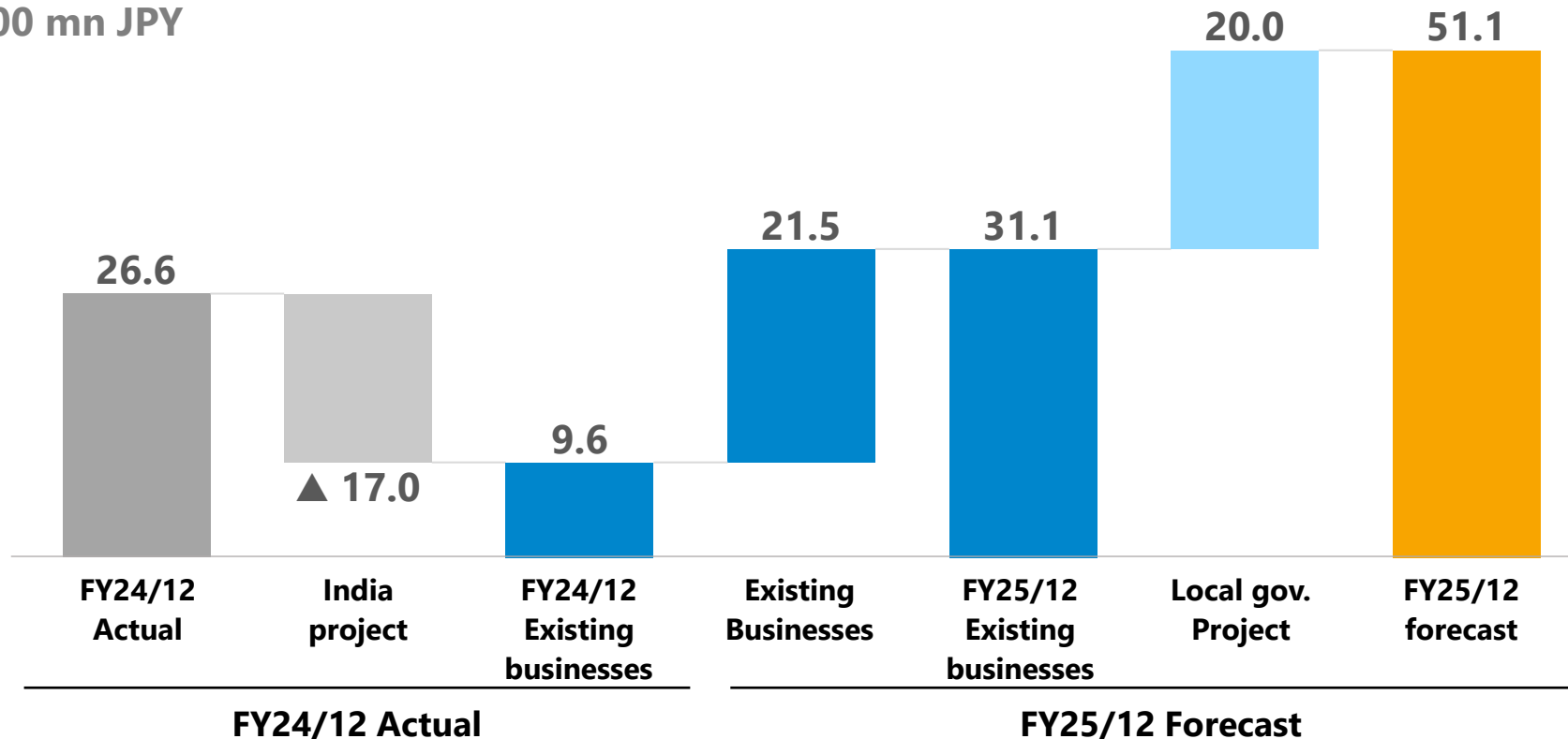
Appendix

YoY change in net sales

Expect growth in existing business, excluding India projects, as well as growth in local government projects

YoY change in net sales

100 mn JPY

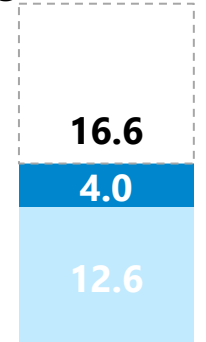


FY25 Existing business backlog¹

100 mn JPY

1.66 bn JPY in orders received as of today

31.1
(Existing Business Forecast)

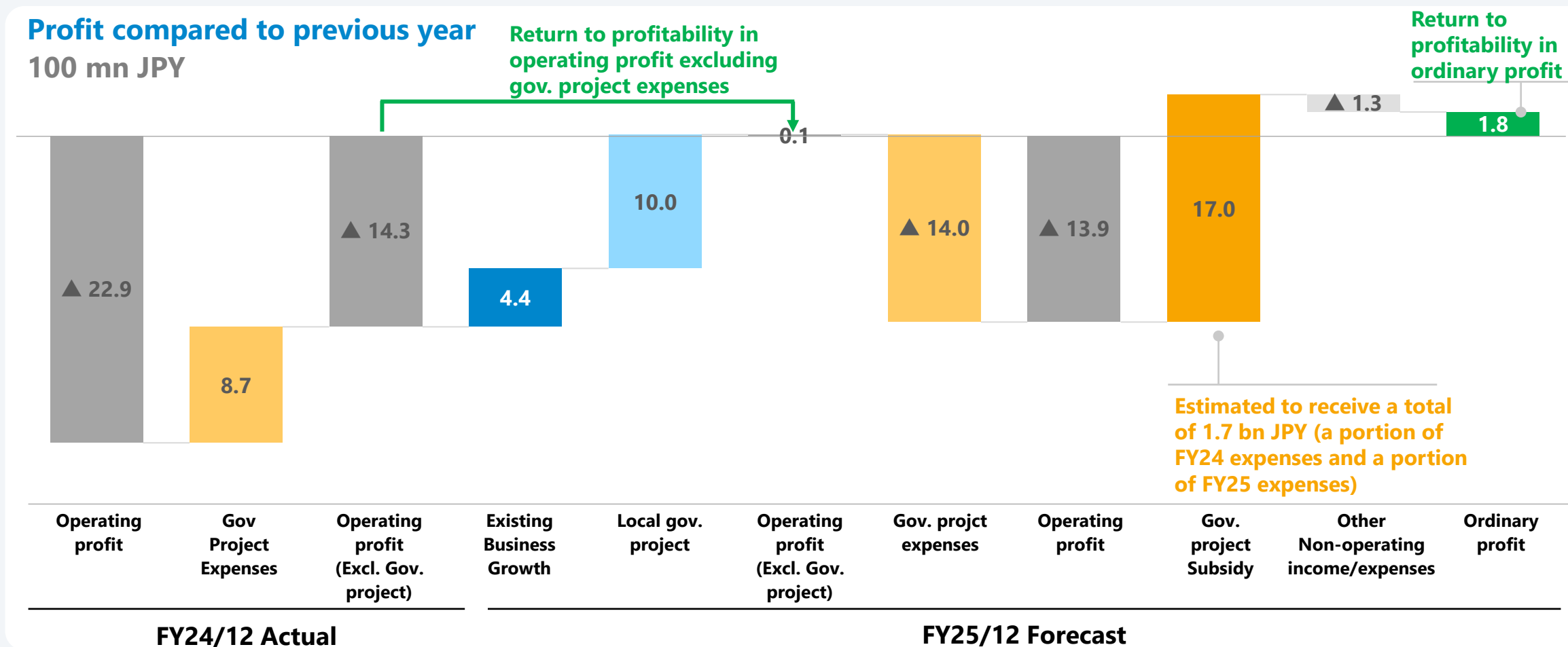


Existing business backlog
(As of March 19, 2025)

1: Backlog is the total value of projects for which purchase orders have been received as of today(March 19). Some of the orders have already been booked in FY25. The rest will be booked in FY25 1 USD = 150 JPY

YoY change in profit

Expect to return to profitability in operating income and ordinary income, excluding government projects



Item	Question	Answer
Domestic Existing Businesses	Forecast of specific domestic orders for existing businesses	Expect sales of SOTEN to the Ministry of Defense, a major customer, and to domestic operating companies. SOTEN received an order for approx. 350 mn JPY this fiscal year (see “Notice Concerning Large-Scale Orders” released on 3/17). In addition, 370 mn JPY order received in FY24 for delivery to the Defense Acquisition Agency is expected to be booked in FY25.
Overseas	Progress in the U.S. and specific timing of sales and future prospects	In October 2024, we signed a distributorship agreement with Exertis Almo and received an order for 500 units, of which 100 units were delivered in FY24. The remaining 400 units are expected to be delivered in the first half of FY25, and in 2025, in addition to the 500 units for which orders have been received, we expect to continue to receive orders of the same scale, with deliveries expected in the second half of the year. Aiming for total sales of more than 1,000 units and 1.3 bn JPY
Local government project	Specific details of local government projects	Promote the use of drones in cooperation with local governments, including cooperation with Sakai city (see “A C S L、茨城県境町と包括連携協定を締結” (Japanese only) announced on 3/14). Specifically, we will promote drone logistics, sewer inspections, disaster response and disaster-prevention, and crime-prevention measures in cooperation with local governments, including those outside Sakai city, and related businesses, including the sale of drones as well as the provision of services.
Performance	Domestic, international, and local government sales ratio	Expect 3.11 bn JPY in existing business in Japan and overseas, and 2 bn JPY in local government projects. As for existing business, FY24/12 sales are mostly domestic, excluding large projects in India, but from FY25 onward, we expect to increase the share of sales to the U.S. to about 30~40% of total sales
Performance	Factors of Gross Profit Increase	To further improve the marginal profit ratio, we will promote unit price optimization and cost reduction efforts, including options for SOTEN products sold. Fixed cost ratio is expected to shrink in line with sales expansion.
Performance	Seasonality of sales and expense accounting	It is expected that orders received last year will be booked in the first half of the year. On the other hand, new orders received this fiscal year are expected to be booked in the second half of the year, especially toward the end of the fiscal year. Expenses are expected to fluctuate depending on the timing of cost recognition for large projects
Performance	Performance risk factors	Risk that sales will not be recorded in FY25/12 if there are delays in orders, production, deliveries, etc., or if there are delays in the timing with respect to securing budgets at customers and local governments from expectations with respect to planned sales
Government project	State project (SBIR) expensing and revenue	Expenses for national projects (SBIR) are recorded as SG&A expenses. Subsidies for expenses are recognized as non-operating income when the amount of expenditure is finalized after the inspection. In FY24, 867 mn JPY was expensed as expenses for the full year, and the expenses corresponds to 1Q FY24 were already recognized as non-operating income. 1.7 bn JPY will be expensed for the full year in FY25. Non-operating income of 1.7 bn JPY is expected to be recognized as non-operating income for expenditures from 2Q FY24 onward and a portion of implementation in the FY25.

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