March 19, 2025
ACSL Ltd.

# Notice of Consolidated Earnings Forecast of Financial Results for Fiscal Year Ending December 31, 2025

ACSL Ltd. (ACSL) hereby announces consolidated earnings forecast of financial results for the fiscal year ending December 31, 2025, which was undecided in consolidated financial results for the year ended December 31, 2024 [Japanese GAAP] announced on February13, as follows.

1. Consolidated Earnings Forecast of Financial Results for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

| | Sales | Operating Profit | Ordinary Profit | 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) | — | — | — | — | — |
| Amended Forecast (B) | 5,110 | △1,390 | 180 | 30 | 2.01 |
| Amount of Change (B - A) | — | — | — | — | — |
| Rate of Change (%) | — | — | — | — | — |
| (Reference) Results for Year Ending December 31, 2024 | 2,655 | △2,293 | △2,188 | △2,371 | △159.94 |

2. Reasons for Announcement of Consolidated Earnings Forecast

In the drone market, trends in economic security are creating new market opportunities in Japan and overseas. In the U.S. in particular, sales are expected to expand in response to the trend toward Non-Chinese products. In Japan, in addition to major customers such as government agencies, significant demand is expected due to promotion of drone utilization by local governments. Consolidated earnings forecast was undecided in consolidated financial results for the year ended December 31, 2024 [Japanese GAAP] announced on February13 because the business scale of drone utilization for local governments is large, and it is difficult

to calculate appropriate and reasonable figures for the forecast at that time.

Since the scale of business for local government projects have recently begun to be seen a certain degree of visibility as the drone utilization plan for local governments has taken shape, we are announcing the consolidated earnings forecast based on current macroeconomic conditions and available customer trends.

In terms of sales, sales in the domestic market have been favorable, including an order from the Defense Equipment Agency (“Notice Concerning Large Project Orders” announced on March 17, 2025). And sales in the U.S. market have also been favorable, including an order from Almo Corporation (“Notice Concerning Distribution Agreement with Almo Corporation in the U.S. market and Large Project Orders” announced on October 30, 2024). We have delivered a portion of the order from Almo Corporation in the fiscal year ending December 31, 2024, and plan to deliver the remaining portion of the order in the fiscal year ending December 31, 2025. Currently, we are working to further expand orders in the U.S. market and expect to increase sales. In addition, we are considering drone utilization by local governments in various fields such as delivery, sewer pipe inspection, and disaster response, including the comprehensive partnership agreement with Sakai-machi city (“ACSL、茨城県境町と包括連携協定を締結” (Japanese only) announced on March 14, 2025), and sales of 2,000 million yen are expected to be recorded as a result of projects in several municipalities.

As for operating profit, gross profit is expected to increase in line with the increase in net sales. In SG&A expenses, 1,400 million yen of R&D expenses will be recorded for the "Performance Improvement and Social Implementation of Small Aerial Photography Drones to Meet Government Needs" project (SBIR project) related to "Small Business Innovation Research program" under the second supplementary budget of the Ministry of Economy, Trade and Industry (METI) for fiscal year 2022. With the announcement of the business transformation to improve operating income on February 2024, we have been promoting “select and focus” and “optimize resource”, and SG&A expenses, excluding SBIR project, are expected to remain generally flat compared to the fiscal year ending December 31, 2024. As a result, the operating loss is expected to be 1,390 million yen. As a figure after deducting expenses related to the above SBIR project from the operating loss, operating income excluding national projects is expected to be 10 million yen.

As for ordinary profit, 1,700 million yen will be recorded as grant income, mainly related to SBIR project. As a result, ordinary profit is expected to be 180 million yen.

Profit attributable to owners of parent is expected to be 30 million yen, mainly due to the recording of income taxes.

(Attention) The consolidated earnings forecast is based on information available as of the date of publication of this document and is 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 March 19, 2025 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.*