

May 12, 2020

Autonomous Control Systems Laboratory Ltd.

**Notice Concerning Differences between
Financial Results and Forecasts for the fiscal year ended March 2020
(April 1st, 2019 to March 31st, 2020) and Record Deferred Tax Assets**

Autonomous Control Systems Laboratory Ltd. (ACSL) hereby announces that differences between earning forecast for the fiscal year ended March 2020 (April 1st, 2019 to March 31st, 2020), announced on May 9th, 2019, and actual financial results announced today. In addition, ACSL has decided to record deferred tax assets.

1. Difference between Earnings Forecasts and Actual Results in Fiscal year ended March 2020 (April 1st, 2019 to March 31st, 2020)

	Sales	Operating profit	Ordinal profit	Net profit	Net profit per share
Previous forecast (A)	Millions of Yen 1,418	Millions of Yen 9	Millions of Yen 187	Millions of Yen 119	Yen 11.67
Actual results (B)	1,278	15	231	239	23.00
Difference (B - A)	▲139	6	43	122	11.33
Difference (%)	▲9.8	75.8	23.2	101.9	97.1
(Reference) Previous year results (fiscal year ended March 2019)	807	▲330	▲176	▲183	▲19.42

2. Reason for the differences

(Sales and Operating Income)

In terms of sales, in addition to current customers, ACSL further cultivated new customers, and "Provide Solutions" sales grew more than expected. Existing customers had additional and continued demand for "Provide Solutions", such as demand for customized development for deployment in actual field and Proof of Concept (PoC) for different applications. ACSL expanded its business, primarily in "Provide Solutions" sales which will be able to embed customer systems, understand customers' needs, and lead to Mass Production sales in the future. Therefore, "Mass Production" Sales from existing customers did not grow as expected and, as a result, whole sales did not reach the previous forecast.

While sales were lower than the previous forecast, operating income increased from the previous forecast due to an improvement in the gross profit margin from orders for large-scale solution development projects and a reduction in SG&A expenses.

(Ordinary income)

In addition to the increase in operating income aforementioned, non-operating expenses related to the relocation of business sites did not cost as expected. As a result, ordinary income exceeded our previously announced forecast.

(Net income)

In addition to the increase in ordinary income aforementioned, ACSL recorded deferred tax assets in the fiscal year ended March 2020. As a result, net income surpassed the previous forecast.

3. Recognition of deferred tax assets

As a result of conservative review of the recoverability of deferred tax assets in light of the fiscal year ending March 2020 and future performance trends, ACSL decided to record deferred tax assets. ACSL recorded 36,921 thousand JPY as the amount of income taxes-deferred (gain) for the fiscal year ending March 31st, 2020.

Attention

This document is an unofficial translation of the timely disclosure on May 12, 2020 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