Financial Results Material for FY26/12 Q2

ACSL Ltd. (Securities Code: 6232)
August 14, 2026

Revenue up 69% YoY; profitability improved significantly

Executive Summary — FY26/12 Q2 Cumulative

"▲" = minus (negative)

① Q2 Cumulative Results

Revenue

1.64 JPY bn YoY **+68.9%**

Gross Profit Margin

33.2% Prior year 8.6% **(+24.6pt)**

Operating Loss (excl. SBIR)

▲0.15 JPY bn **+JPY 0.35** bn YoY

Key Points

- Growth in North America revenue drove overall revenue growth
- Gross Profit Margin improved from 8.6% to 33.2%
- Operating loss (excl. SBIR) narrowed by JPY 0.35 bn

② Progress vs. Full-Year Plan

Full-Year Revenue Forecast

4.0 JPY bn (Q2 progress **41.2%)**

Order Backlog (Q2 End)

1.31 JPY bn YoY approx. **+18%**

Q2 Cumulative + Backlog

2.96 JPY bn **74%** of FY26 forecast

Full-Year Forecast

- Order backlog remains above the prior-year level
- H2: expanding North America sales; delivering awarded defense orders
- Revenue/Operating Profit (excl. SBIR) unchanged; Net Profit revised upward

③ Growth Drivers

North America

1.01 JPY bn Approx. **24x** YoY

Q2 standalone expanded to JPY 0.84 bn

Defense

0.23 JPY bn Won an approx. JPY 1.0 bn large order in Q1

3rd consecutive year of a large MoD order

Financial Position

2.88 JPY bn Cash and Deposits

Secured a JPY 1.0 bn commitment line

Product Development

Partnering with Preferred Networks to advance AI-based autonomous/distributed-control technology

All key metrics improved YoY

Financial KPI Highlights — FY26/12 Q2 Cumulative

"▲" = minus (negative)

Revenue

1.64 JPY bn

Prior year JPY 0.98 bn **(+68.9%)**

Full-year forecast JPY 4.0 bn (Progress rate 41.2%)

Gross Profit Margin

33.2%

Prior year 8.6% **(+24.6pt)**

Above Q2 guidance of 26.0%

Contribution Margin

45.5%

Prior year 21.6% **(+23.9pt)**

Contribution Profit increased to JPY 0.74 bn (prior year JPY 0.21 bn)

Operating Loss (excl. SBIR)[1]

▲0.15 JPY bn

Improved by JPY 0.35 bn from ▲JPY 0.51 bn in the prior year

Incl. SBIR: ▲JPY 0.37 bn

Order Backlog (Q2 End)

1.31 JPY bn

Prior year JPY 1.11 bn **(+approx. 18%)**

Q1 end JPY 1.47 bn

Cash and Deposits

2.88 JPY bn

vs. Q1 end **+JPY 0.53 bn**

Secured a JPY 1.0 bn commitment line

1: Operating Profit/Loss (excl. SBIR) = Operating Profit/Loss (accounting basis) + SBIR costs. SBIR costs relate to national project expenses.

Revenue +69%, Gross Profit Margin improved to 33%

Consolidated Results — FY26/12 Q2 Cumulative [JPY mn]

"▲" = minus (negative)

Item	FY25 Q2 Cumulative	FY26 Q2 Guidance	FY26 Q2 Actual	vs. Guidance2	YoY	FY26 FY Forecast3
Revenue	975	1,600	**1,648**	＋48	+68.9%	4,000
Gross Profit	84	420	**547**	＋127	+552.1%	1,100
Gross Profit Margin	8.6%	26%	**33.2%**	＋7.2pt	+24.6pt	27.5%
SG&A (excl. SBIR)	599	820	**703**	▲117	+17.4%	1,860
Op. P/L (excl. SBIR)	**▲515**	**▲400**	**▲156**	**＋244**	**+359**	**▲760**
National Project (SBIR) Costs1	238	600	219	▲381	▲19	600
Op. P/L (accounting basis)	▲754	▲1,000	**▲375**	＋625	+378	▲1,360
Ordinary Profit/Loss	▲45	-	**▲361**	-	▲316	▲950
Net Profit/Loss (Parent)	▲271	-	**▲358**	-	▲87	▲600

Contribution Profit

Contribution Profit / Contribution Margin: JPY 0.74 bn / 45.5% (prior year JPY 0.21 bn / 21.6%)

Key Points

- Revenue +68.9% on North America growth; margins improved significantly
- Operating loss (excl. SBIR) narrowed by JPY 0.35 bn YoY

1: SBIR (national project) costs are recognized in SG&A as incurred, while corresponding grant income is recognized in non-operating income.
2: vs. Guidance shows the absolute difference for amount items and the pt difference for margins. YoY shows % change for Revenue, Gross Profit, and SG&A; absolute difference for profit/loss I tems; and pt difference for margins.
3: Revised full-year forecast (see next page for details)

FY26/12 Full-Year Forecast Revision

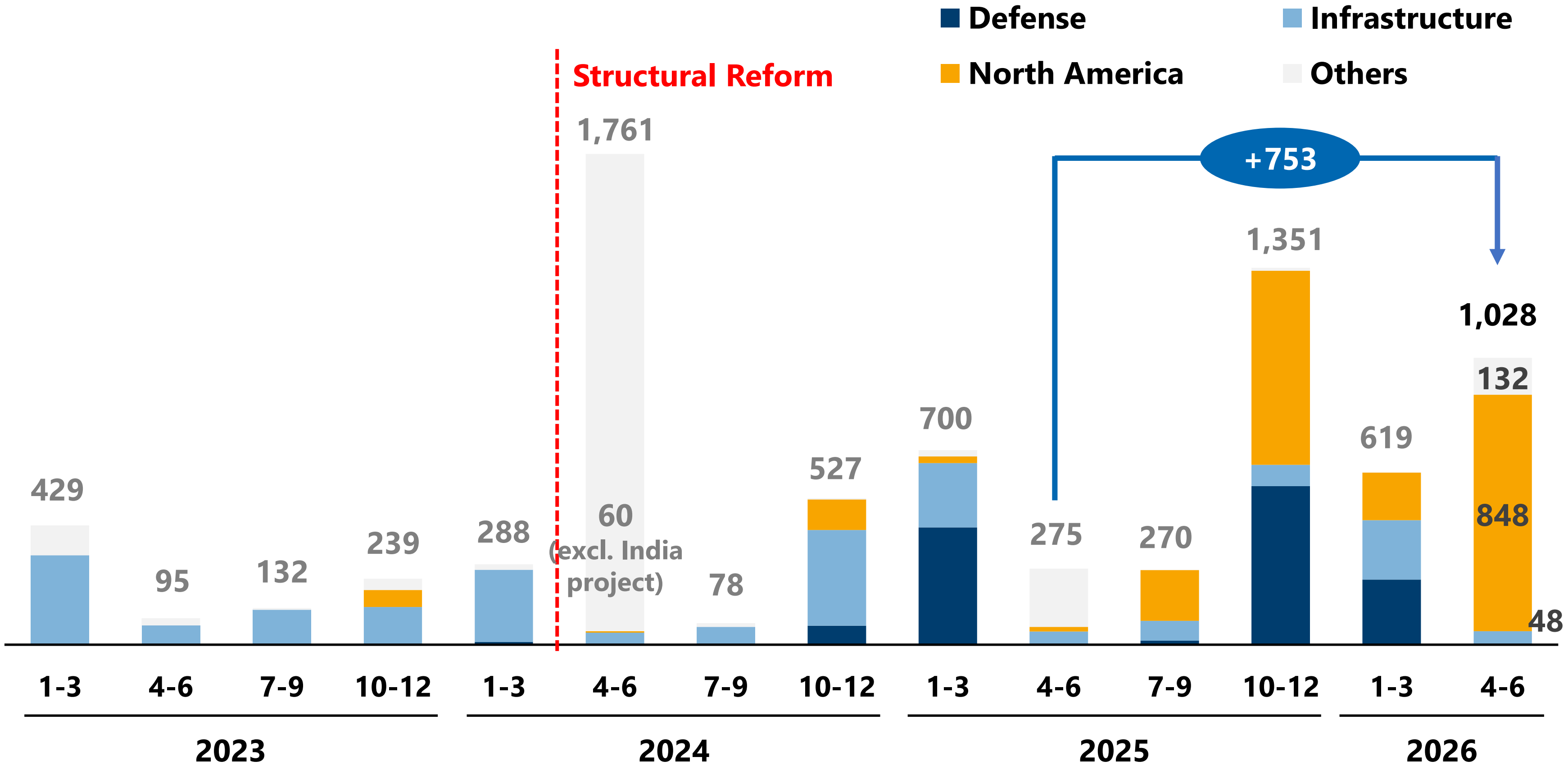
Full-Year Forecast — Before and After Revision

"▲" = minus (negative)

Item	FY26 Full-Year Forecast (Revised)	FY26 Full-Year Forecast (Previous)	Change	Summary
Revenue	4,000	4,000	±**0**	Full-year revenue forecast of JPY 4.0 bn unchanged
Gross Profit	1,100	850	**+250**	Revised upward reflecting improved Q2 cumulative profitability
Gross Profit Margin	27.5%	21.0%	**+6.5pt**	
SG&A (excl. SBIR)	1,860	1,610	**+250**	Reflects growth investment and supply-chain strengthening (incl. China watch list response); revised upward
Op. P/L (excl. SBIR)	**▲760**	**▲760**	±**0**	**Full-year forecast unchanged at ▲JPY 0.76 bn**
SBIR (National Project) Costs	600	600	±**0**	
Op. P/L (accounting basis)	▲1,360	▲1,360	±**0**	
Ordinary Profit/Loss	▲950	▲650	**▲300**	Revised downward on a change in national-project grant income timing
Net Profit/Loss (Parent)	▲600	▲700	**+100**	Reflects a JPY 396 mn gain on sale of investment securities; revised upward

North America drove Q2 standalone revenue to JPY 1.02 bn

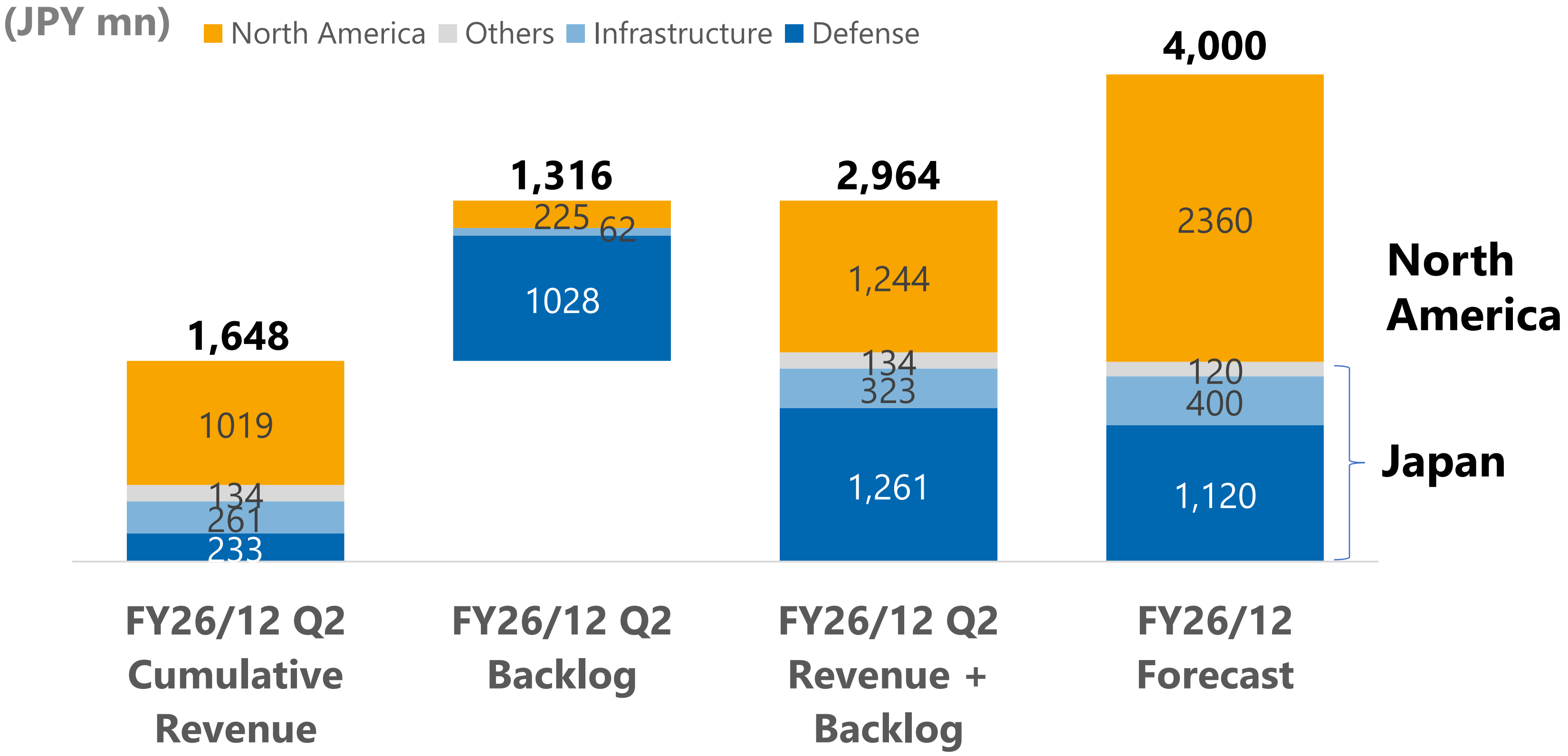
Quarterly Revenue
JPY mn



- Q2 standalone revenue rose sharply YoY to JPY 1.02 bn
- North America revenue of JPY 0.84 bn drove the Q2 increase
- Quarterly revenue fluctuates significantly due to acceptance timing on large projects; revenue has historically concentrated in Q4

Revenue + backlog: JPY 2.96 bn, ~74% of full-year forecast

Progress Toward JPY 4.0 bn Full-Year Revenue — As of Q2 End



Japan

- Orders progressed, driven mainly by large MoD orders. Driving 2H delivery and revenue recognition of awarded orders

North America

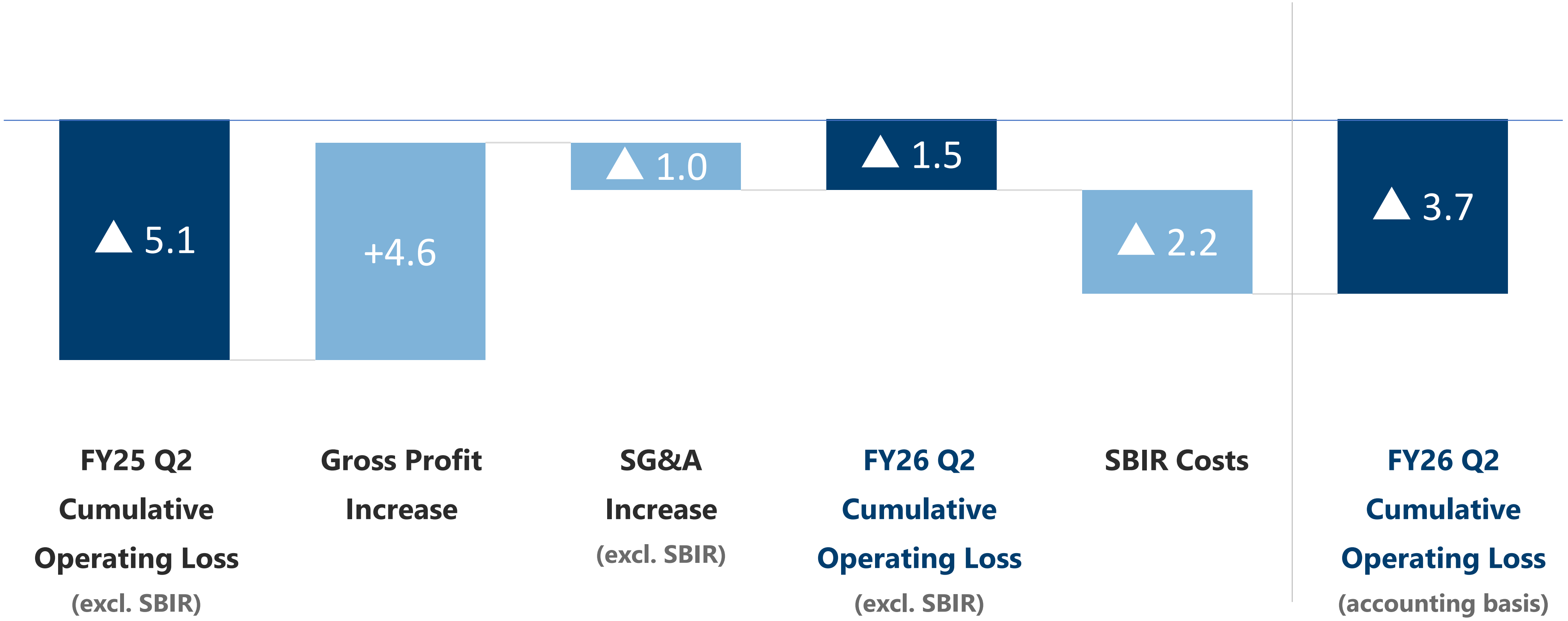
- Q2 cumulative revenue of JPY 1.01 bn, Q2-end backlog of JPY 0.22 bn. Driving sales expansion toward the full-year revenue outlook of JPY 2.36 bn

1: Order backlog is the total value of orders for which purchase orders, etc. had been received as of Q2 end. Converted at JPY 150/USD.

Gross Profit growth narrowed the operating loss (excl. SBIR)

Operating Profit/Loss Bridge — FY25 Q2 Cumulative → FY26 Q2 Cumulative (JPY 100mn)

"▲" = minus (negative)



Drivers of Profit Improvement

- Revenue growth drove Gross Profit +JPY 0.46 bn; Gross Profit Margin improved from 8.6% to 33.2%
- Contribution Profit rose from JPY 0.21 bn (21.6% margin) to JPY 0.74 bn (45.5%)
- North America aircraft sales growth drove revenue and, via product mix, margin improvement
- SG&A rose JPY 0.1 bn YoY, more than offset by Gross Profit growth, narrowing the operating loss (excl. SBIR) by JPY 0.35 bn

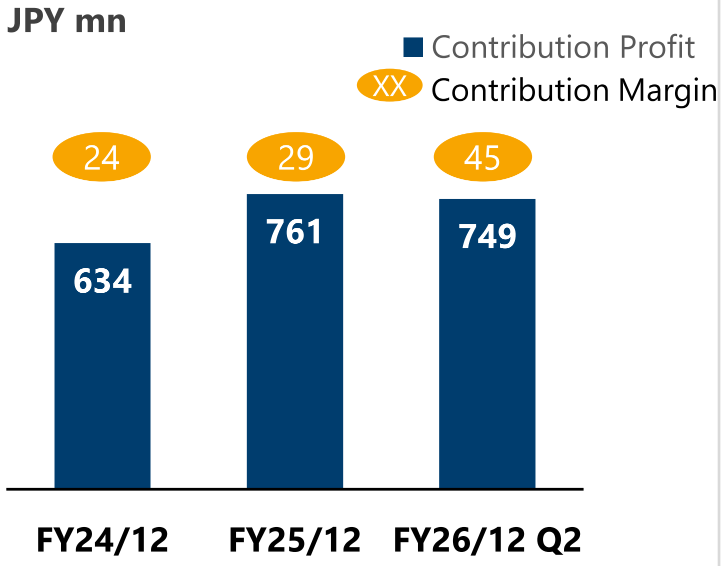
Q2 Contribution Margin was 45.5%; Gross Profit Margin was 33.2%

Profitability KPIs — FY26/12 Q2 Cumulative

"▲" = minus (negative)

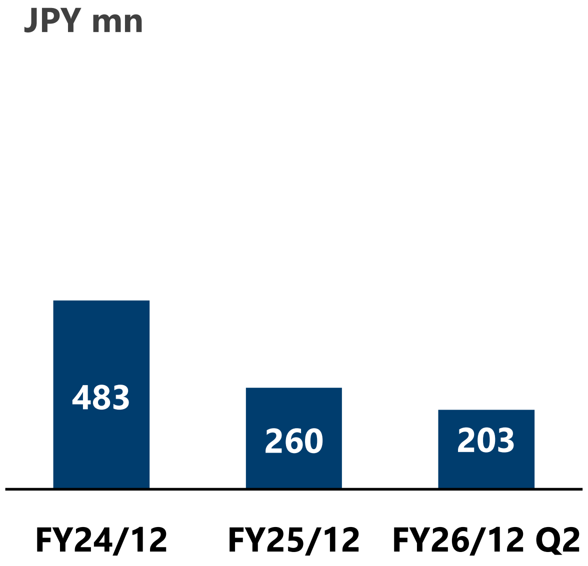
Contribution Profit (Revenue less Direct Costs)

749 JPY mn **(45.5%)**



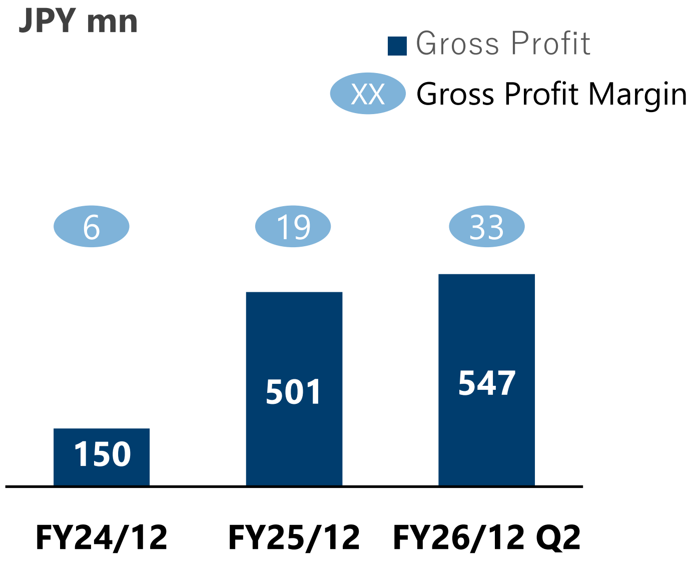
Indirect Costs

203 JPY mn



Gross Profit

547 JPY mn **(33.2%)**



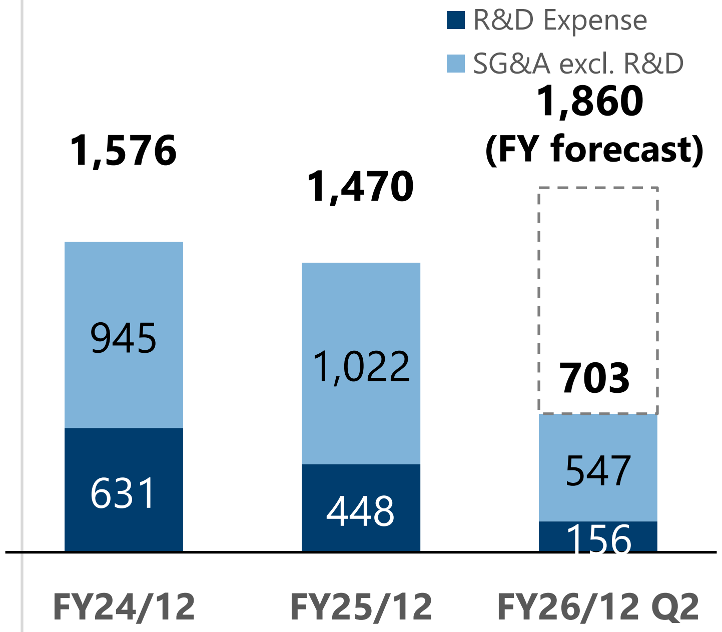
FY24/12 and FY25/12 are full-year actuals; FY26/12 is Q2 cumulative actual.

Continuing growth investment while managing SG&A

SG&A Trend — FY26/12 Q2 Cumulative

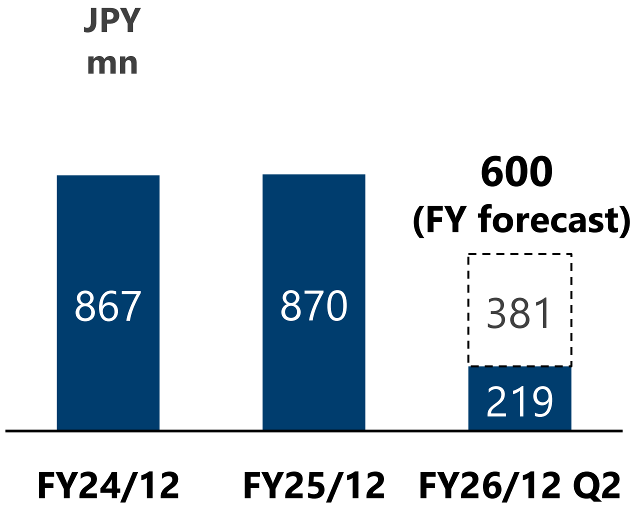
SG&A (excl. SBIR)

703 JPY mn



National Project (SBIR) Costs

219 JPY mn



- R&D Expense (excl. SBIR):
  Continuing investment in priority themes such as next-generation aircraft and feature development
- SG&A excl. R&D:
  Investing as needed to support growth, including North America business expansion
- National Project (SBIR) Costs:
  Continuing R&D in line with the development plan

FY24/12 and FY25/12 are full-year actuals; FY26/12 is Q2 cumulative actual.

Defense: Q2 revenue JPY 0.23 bn, driving 2H order delivery

Defense Business — Q2 Cumulative Results, Key Orders, and Expansion Strategy

① Q2 Cumulative Results

Revenue

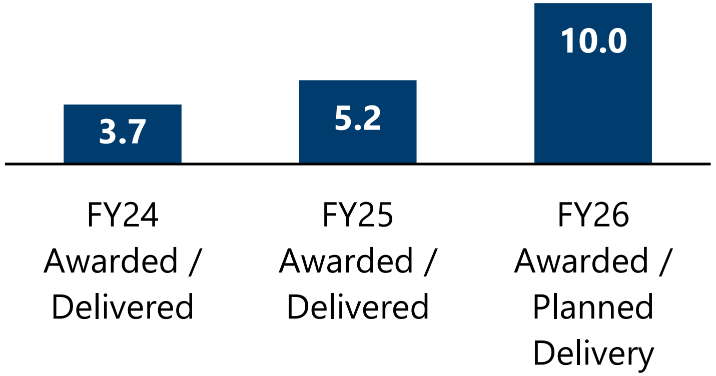
0.23 JPY bn

Prior year JPY 0.42 bn

Q1: JPY 0.23 bn / Q2: JPY 0.0 bn
(FY28 revenue target: JPY 1.5 bn)

② Large MoD Orders (Past 3 Years)

3rd year of a large MoD order



③ Progress in the Defense Sector

	Aircraft Sales (Small Aerial-Imaging)	Aircraft Sales (Other UAVs)	Support & Maintenance	System Integration / SW Integration
JGSDF	**✓ (Done)**	**✓ (Done)**	**✓ (Done)**	**✓ (Done)**
JASDF	**✓ (Done)**	**✓ (Done)**	In progress (Under discussion)	In progress (Under discussion)
JMSDF	In progress (Under discussion)	In progress (Under discussion)	In progress (Under discussion)	In progress (Under discussion)
ATLA	-	**In progress (via partner)**	-	In progress (Under discussion)

Direction |
Expanding from aircraft sales into support, maintenance, and system integration

North America revenue expanded to JPY 1.01 bn

North America Business — Q2 Cumulative Results and Key Topics

① Q2 Cumulative Results

North America Revenue

1.01 JPY bn

Prior year JPY 0.04 bn → approx. **24x**
(FY28 revenue target: JPY 2.5 bn)

Order Backlog

0.22 JPY bn

Sell-through[1](distributor to dealers)

Q2 Standalone YoY

11.6x

1H YoY

7.7x

② Key Topics

Business Environment and Progress

Regulatory Environment

US NDAA restricts government procurement of Chinese-made drones; SOTEN is authorized and remains sellable

Sales Channel

Expanding into utility and public-safety segments via master distributors and dealers

Sales Expansion Initiatives

Selling related products (cameras, controllers) alongside the aircraft; pursuing large deals and expanding the Canadian dealer network via Draganfly

1: Sell-through is the sales volume from ACSL's master distributor to dealers, etc. ACSL recognizes revenue upon shipment to the master distributor.

Expanding adoption of domestic drones in social infrastructure

Infrastructure Business — Q2 Topics

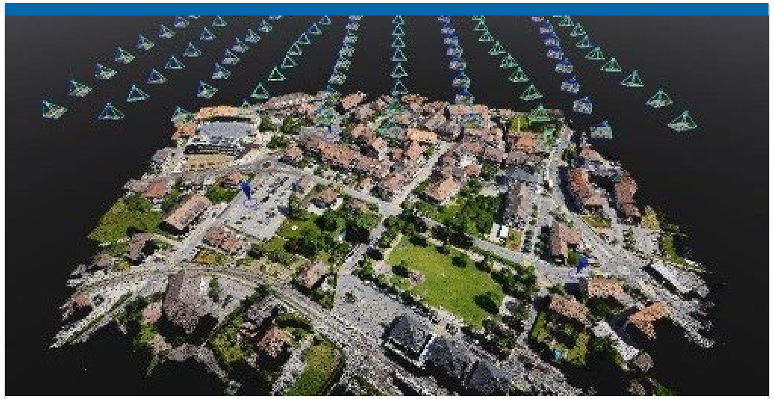
Recent Progress: new aircraft unveiled, infrastructure use cases expanding

Exhibited at International Drone Expo

Next-Gen Aircraft & Use Cases

Next-gen aircraft under SBIR;
PF4 expands use cases

Developing a next-gen small aerial-imaging aircraft for infrastructure under SBIR; expanding into wide-area imaging and surveying via PF4



Exhibited at Japan Drone

Surveying & Disaster Response

SOTEN × 3D mapping
streamlines surveying operations

Combining SOTEN with 2D/3D mapping software to streamline surveying and support situational awareness during disasters

Exhibited at Japan Drone

Inspection & Imaging DX

Camera × payload integration
expands inspection use cases

Combining application-specific cameras and payloads with domestically produced drones to develop solutions for real-world use in inspection and disaster response

Financial Position & Growth Investment — As of Q2 End

Financial Capacity and Capital Allocation

Cash and Deposits (Q2 End)

2.88 JPY bn

vs. Q1 end +JPY 0.53 bn; JPY 1.6 bn Stock Acquisition Rights received

Funding Facility Supporting Financial Flexibility

Shizuoka Bank Commitment Line

Contract Amount

1.0 JPY bn

Unsecured, No Guarantee / Expires March 2027

Growth Investment: Capital Allocation Policy

1. Next-Gen Aircraft Development

2.7 JPY bn

Investing in development and mass production of next-generation aircraft

2. Overseas Expansion

0.3 JPY bn

Strengthening sales and business operations in overseas markets, mainly North America

3. Strengthening Internal Foundations

0.2 JPY bn

Strengthening talent acquisition/development and internal systems

4. M&A and Alliances

Case by case

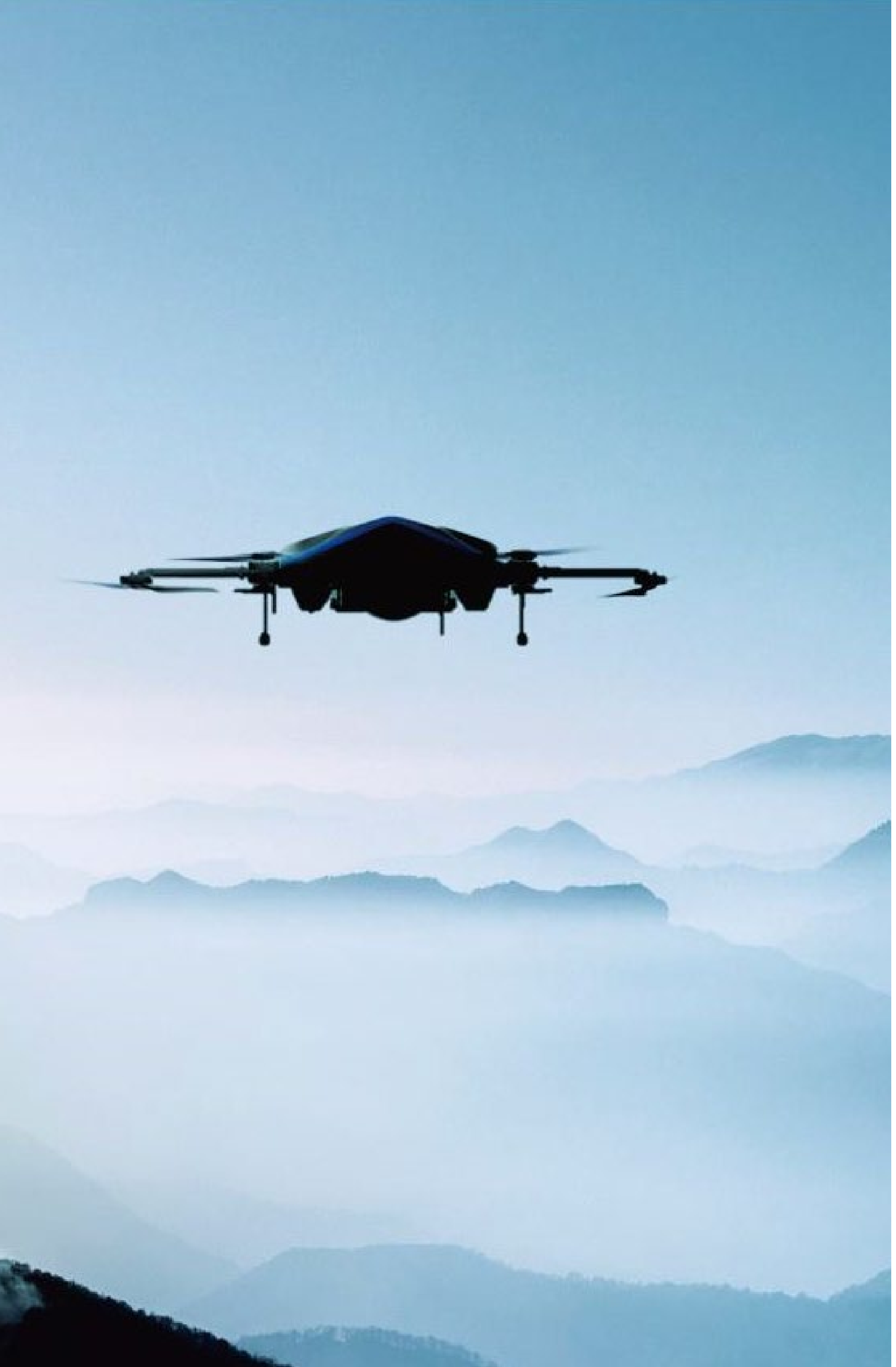
Evaluating opportunities that support business expansion on a flexible basis

Equity: Approx. JPY 1.6 bn received from Stock Acquisition Rights

Debt: JPY 1.0 bn commitment line concluded

Grants: K Program and SBIR in progress

1: The commitment line contract amount is not included in Cash and Deposits.



Appendix

ACSL — A Global Drone Manufacturer Originating in Japan

Overview

Company Name: ACSL Ltd.
Established: November 2013
Location: Edogawa-ku, Tokyo
Business:
Industrial drone manufacturing and sales

Workforce (Consolidated)

64 employees as of June 2026

Engineer Ratio
Approx.
61%

Foreign Staff Ratio
Approx.
30%

Management

Co-CEO: Kensuke Hayakawa
Co-CEO: Shoji Terayama
ACSL, Inc. CEO: Cynthia Huang
Global CTO: Chris Raabe

Companies

ACSL, Inc. (U.S. subsidiary)
ACSL India Private Ltd. (India JV)
ACSL No.1 Limited Liability Partnership (CVC)

Revenue Categories

Disclosing revenue under new categories on Mid-Term Plan key strategies

<table>
<tr><th colspan="4">Current Categories</th><th>Mid-Term Plan Categories</th></tr>
<tr><td rowspan="3">Application Specific Drone Sales</td><td rowspan="2">SOTEN</td><td>US</td><td>Sales of SOTEN aircraft and SOTEN-related parts/accessories in the US</td><td>North America (No Change)</td></tr>
<tr><td>Japan</td><td>Domestic sales related to SOTEN (across all segments including defense and infra. ; same below)</td><td rowspan="4">Defense
Infrastructure
Others</td></tr>
<tr><td colspan="2">Non-SOTEN</td><td>Sales of mass-production aircraft such as Air Truck and PF4</td></tr>
<tr><td colspan="3">Solution Development</td><td>PoCs, custom development, and sales of platform aircraft (PF2)</td></tr>
<tr><td colspan="3">Others</td><td>Parts/accessory sales, maintenance, and revenue from certain national projects</td></tr>
</table>

Mid-Term Plan Categories	Summary
North America	Sales of SOTEN aircraft and SOTEN-related parts/accessories in North America (covering all segments such as infrastructure and public safety)
Defense	Revenue from defense-related customers (aircraft/accessory/parts sales, customization, demonstrations, and other services)
Infrastructure	Revenue from logistics and inspection customers (same as above)
Others	Revenue from customers other than defense and infrastructure (same as above), including revenue from certain national projects
(Aircraft Sales)	As aircraft sales span the above categories, we separately disclose the related amount and unit volume

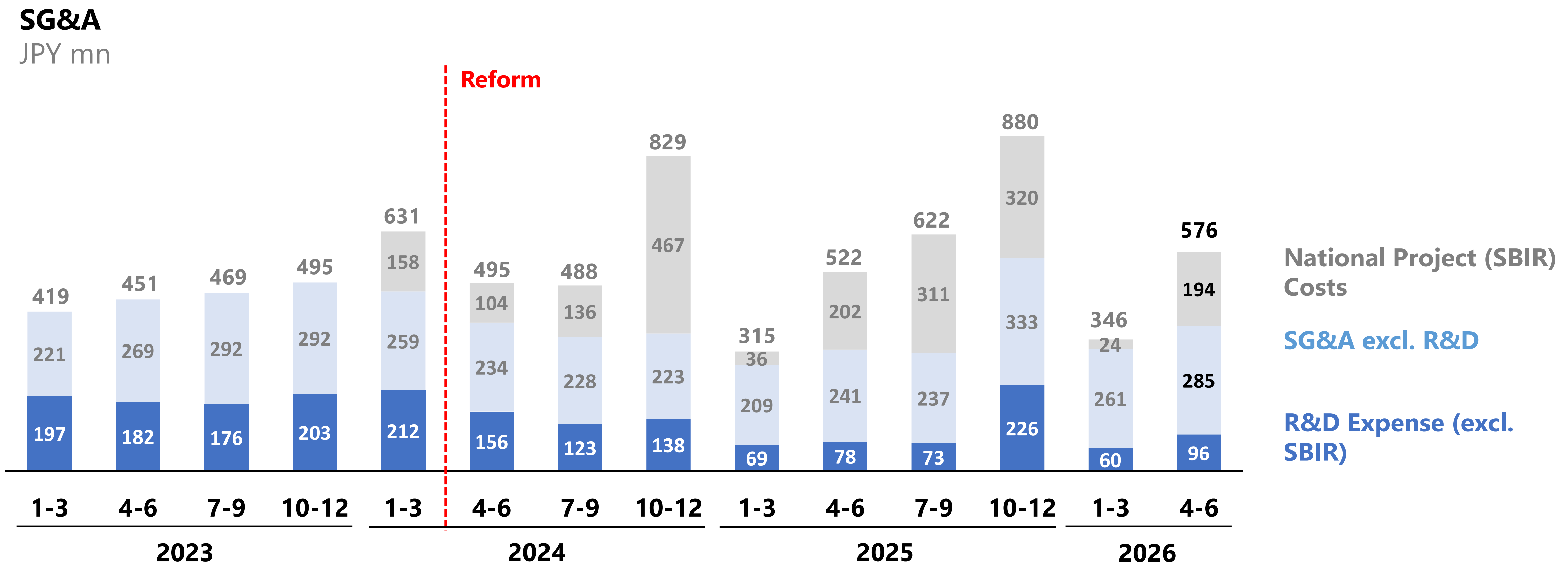
Income Statement Overview

Item		Explanation
Revenue	**①**	**Revenue from sales of airframes, services, and equipment rental. Some national projects are recorded as revenue.**
Direct Materials & Expenses	②	Costs directly tied to revenue, such as materials and outsourced processing.
Contribution Profit	**③ (①－②)**	
Indirect Costs	④	Production related costs not directly attributable to revenue.
Gross Profit	**⑤ (③ -④)**	
SG&A	⑥ (⑦+⑧+⑨)	
Selling & admin expenses	⑦	Personnel costs for sales and administrative functions and company wide costs.
R&D expenses	⑧	R&D department personnel costs, outsourced processing, and other R&D-related expenses.
National project costs	⑨	Costs related to national projects (SBIR). Recognized as SG&A; corresponding grant income is recognized as non-operating income (⑫).
Operating Profit (excl. National Project)	**⑩ (⑤-⑦-⑧)**	**Operating profit excluding national project costs. A key KPI used to track underlying profitability of the business.**
Operating Profit	**⑪ (⑩-⑨)**	**Operating profit including national project costs (accounting basis).**
Non-Operating Income	⑫	Grant income from national projects, etc. Recognized as non-operating income once receipt is confirmed following required inspections, which may create a timing lag between cost recognition and revenue recognition.
Non-Operating Expenses	⑬	Financing costs, interest expense, and other financial costs.
Ordinary Profit	**⑭ (⑪＋⑫-⑬)**	
Net Profit	**⑮**	

SG&A (Selling, General and Administrative Expenses)

ACSL

SG&A excl. R&D rose on US expansion; R&D expense (excl. SBIR1) was flat YoY; SBIR costs of JPY 0.21 bn recorded



1: Small Business Innovation Research program. Development of a new high-performance small aerial-imaging drone with economic security and security considerations.

KPI and Key Financial Items by Fiscal Year

"▲" = minus (negative)

JPY mn	Fiscal Year1	FY19/03	FY20/03	FY21/03	FY21/12	FY22/12	FY23/12	FY24/12	FY25/12	FY26/12 Q2
Revenue		**807**	**1,278**	**620**	**501**	**1,635**	**896**	**2,655**	**2,598**	**1,648**
Small Aerial-Imaging Drone	Amt.	-	-	-	-	939	206	402	2,007	1,112
	Units					645	101	240	1,276	634
Japan	Amt.					939	144	276	1,086	93
	Units					645	51	128	776	34
Overseas	Amt.					-	61	125	921	1,018
	Units						50	112	500	600
Other Aircraft Sales	Amt.	384	304	145	67	177	199	229	113	215
	Units	106	101	46	18	45	41	49	21	33
Others	Amt.	423	973	475	433	518	489	2,024 (incl. India project 1,700)	477	320
Gross Profit		**403**	**808**	**68**	**0**	**▲124**	**▲235**	**150**	**501**	**547**
Gross Profit Margin		50%	63%	11%	0%	▲8%	▲26%	6%	19%	33%
SG&A (excl. SBIR)		733	792	1,207	1,189	2,079	1,836	1,576	1,470	703
of which R&D expense		366	275	583	604	1,168	759	631	448	156
Operating Profit (excl. SBIR)		**▲330**	**15**	**▲1,139**	**▲1,188**	**▲2,203**	**▲2,071**	**▲1,425**	**▲969**	**▲156**
SBIR costs		-	-	-	-	-	-	867	870	219
Operating Profit		**▲330**	**15**	**▲1,139**	**▲1,188**	**▲2,203**	**▲2,071**	**▲2,293**	**▲1,840**	**▲375**

1: Figures are based on consolidated financial statements from Q3 of FY21/03 onward; earlier quarters are based on non-consolidated financial statements.
Fiscal years through FY21/03 ran from April to March of the following year. FY21/12 was a transitional 9-month period from April to December. FY22/12 onward runs from January to December.

Quarterly KPI and Key Financial Items

"▲" = minus (negative)

JPY mn	Fiscal Year1	FY21/03				FY21/12			FY22/12				FY23/12				FY24/12				FY25/12				FY26/12	
Quarterly Actual		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue		**36**	**42**	**46**	**495**	**267**	**133**	**100**	**952**	**78**	**130**	**473**	**429**	**95**	**132**	**239**	**288**	**1,761**	**78**	**527**	**700**	**275**	**270**	**1,351**	**619**	**1,028**
Small Aerial-Imaging Drone	Amt.	-				-			590	21	25	301	33	49	37	86	46	19	30	304	504	28	200	1,274	253	858
	Units								475	6	7	157	13	17	12	59	31	15	12	182	416	-	101	759	234	400
Japan	Amt.								590	21	25	301	33	49	37	24	46	14	20	194	479	10	17	578	82	11
	Units								475	6	7	157	13	17	12	9	31	8	7	82	416	-	1	359	34	0
Overseas	Amt.								-				-			61	-	5	9	110	24	17	182	696	171	847
	Units															50	-	7	5	100	-	-	100	400	200	400
Other Aircraft Sales	Amt.	4	10	13	116	15	34	17	45	19	67	44	74	9	49	66	35	0	36	156	36	28	44	5	190	25
	Units	1	3	5	37	6	6	6	9	6	17	13	13	3	11	14	5	-	11	33	4	2	12	3	31	2
Others	Amt.	32	31	33	378	251	98	82	316	37	37	127	322	35	45	86	206	1,740	11	65	158	219	26	72	175	145
Gross Profit		**▲6**	**▲6**	**▲13**	**94**	**17**	**5**	**▲22**	**133**	**▲30**	**▲23**	**▲204**	**62**	**▲71**	**▲48**	**▲177**	**36**	**64**	**▲8**	**58**	**75**	**8**	**26**	**390**	**251**	**296**
Gross Profit Margin		▲19%	▲16%	▲28%	19%	7%	4%	▲23%	14%	▲39%	▲18%	▲43%	15%	▲76%	▲37%	▲74%	13%	4%	▲11%	11%	11%	3%	10%	29%	41%	29%
SG&A (excl. SBIR)		230	173	314	488	325	348	515	535	442	431	670	419	451	469	495	472	390	351	361	279	320	311	560	321	382
of which R&D expense		60	77	129	315	153	165	285	292	228	224	424	197	182	176	203	212	156	123	138	69	78	73	226	60	96
Operating Profit (excl. SBIR)		**▲237**	**▲180**	**▲328**	**▲393**	**▲308**	**▲342**	**▲538**	**▲401**	**▲473**	**▲454**	**▲874**	**▲356**	**▲523**	**▲517**	**▲672**	**▲435**	**▲326**	**▲360**	**▲302**	**▲203**	**▲312**	**▲284**	**▲169**	**▲70**	**▲85**
SBIR costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	104	136	467	36	202	311	320	24	194
Operating Profit		**▲237**	**▲180**	**▲328**	**▲393**	**▲308**	**▲342**	**▲538**	**▲401**	**▲473**	**▲454**	**▲874**	**▲356**	**▲523**	**▲517**	**▲672**	**▲594**	**▲431**	**▲496**	**▲770**	**▲239**	**▲514**	**▲596**	**▲490**	**▲95**	**▲280**

1: Figures are based on consolidated financial statements from Q3 of FY21/03 onward; earlier quarters are based on non-consolidated financial statements.
Fiscal years through FY21/03 ran from April to March of the following year. FY21/12 was a transitional 9-month period from April to December. FY22/12 onward runs from January to December.

Status of National Project Selections for Technology Development

Selected for K Program (NEDO Phase 2): up to JPY 2.9 bn in R&D funding. SBIR: up to JPY 2.6 bn

	ACSL Activities	Period & Amount
NEDO **K Program** **(Economic Security Key Technology Development Program)**	■ **Study for hardware development of autonomous/distributed-control small drones** ■ Survey advanced tech in Japan and abroad to guide competitive drone development ■ **Initial aircraft model for missions in normal times and emergencies (e.g. major disasters)** ■ Results extend beyond public use to civilian applications	**Phase 1** ■ May 2024 – March 2025 ■ Scale: within JPY 100 mn **Phase 2** ■ FY2025 – FY2027 ■ Scale: up to JPY 2.9 bn
経済産業省 Ministry of Economy, Trade and Industry **SBIR** **(Small Business Innovation Research program)**	■ Development of a high-performance small aerial-imaging drone, factoring in economic security ■ **Addressing demand for small aerial-imaging drones in Japan and overseas**	■ December 2023 – December 2026 ■ Subsidy: up to JPY 2.6 bn
JST 国立研究開発法人 科学技術振興機構 **K Program** **(Economic Security Key Technology Development Program)**	■ R&D of control tech and systems for autonomous group flight[1] in harsh environments ■ Tech for multiple drones to estimate and share their own position	■ April 2024 – March 2028 ■ R&D costs: up to JPY 1.0 bn total[2]

1: Multiple drones flying simultaneously and in collaboration
2: The actual amount will be determined following discussions with the Japan Science and Technology Agency (JST) and program officers scheduled for the future

Balance Sheet

"▲" = minus (negative)

JPY mn	FY26/12 Q2		FY25/12 Q2	FY25/12
	Actual	YoY Change	Actual	Actual
Current Assets	5,798	＋50%	3,868	5,346
Cash and Deposits	2,885	＋59%	1,816	2,018
Fixed Assets	297	▲51%	602	318
Current Liabilities	519	▲36%	811	1,045
Fixed Liabilities	2,613	▲16%	3,113	2,863
Total Liabilities	3,132	▲20%	3,924	3,909
Net Assets	2,962	＋443%	546	1,755
Total Assets	**6,095**	**＋36%**	**4,470**	**5,665**

Key Metrics Toward Profitability

"▲" = minus (negative)

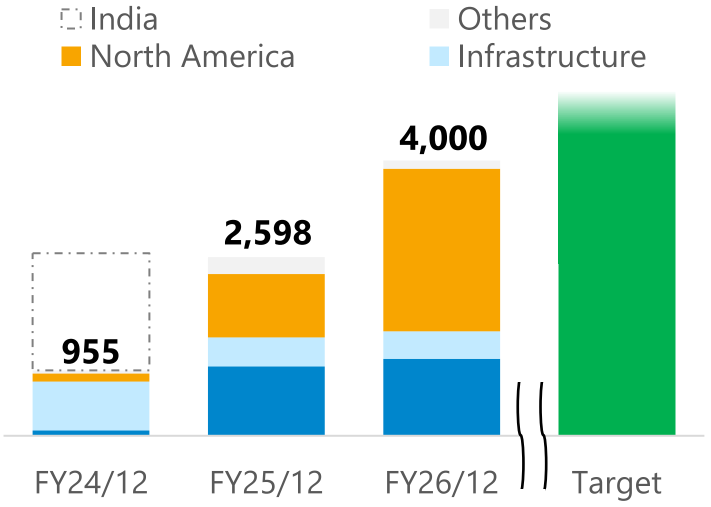
Aim to achieve operating profitability through revenue growth, improved profitability, and disciplined cost management

Revenue

JPY mn

CAGR of 20%+ expected company-wide

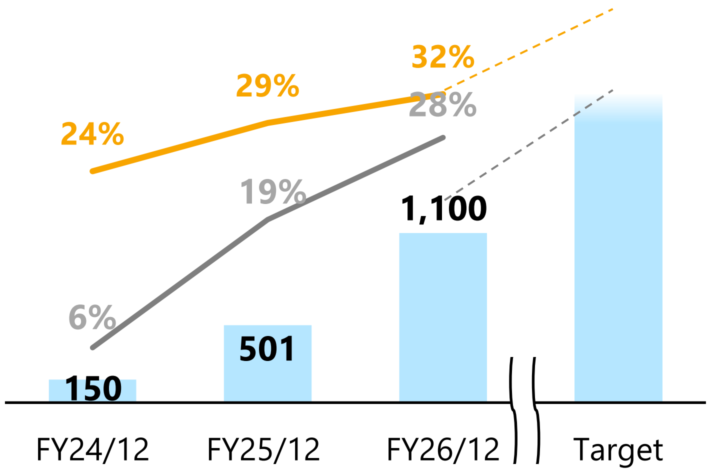
Japan: steady growth via MoD; NA: higher growth



Gross Profit

JPY mn

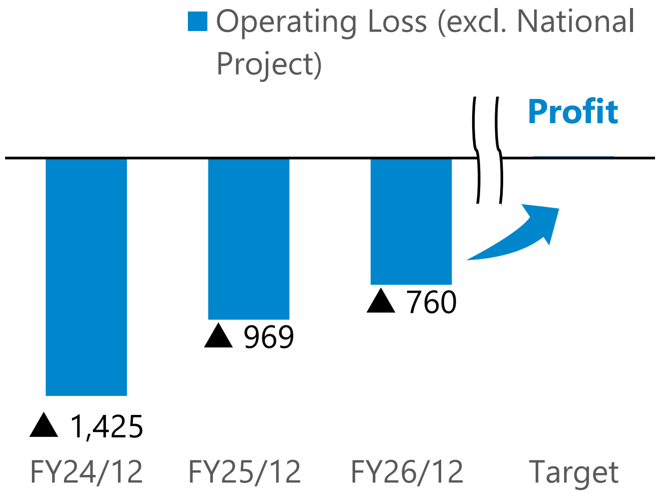
40%+ Gross Profit Margin long-term via Contribution Margin gains



Operating Profit

JPY mn

Improving operating profit (excl. national projects); profitable at JPY 5.0bn+ revenue



FAQs (Business Performance & Profitability 1/4)

"▲" = minus (negative)

Category	Question	Answer
Business Outlook	**Why is the full-year revenue forecast of JPY 4.0 bn maintained when Q2 cumulative revenue progress is only 41.2%?**	Q2 cumulative revenue was JPY 1.64 bn and the Q2-end order backlog was JPY 1.31 bn, for a combined total of JPY 2.96 bn. In Japan, orders progressed, driven by large MoD orders, and North America sales are also expanding. Given that revenue on large projects tends to concentrate in 2H due to acceptance timing, we are maintaining the full-year revenue forecast of JPY 4.0 bn at this time.
Order Backlog	**How much confidence is there in converting the JPY 1.31 bn order backlog to revenue?**	Order backlog represents the value of orders for which purchase orders, etc. had been received as of Q2 end. Awarded orders are shipped and accepted in line with delivery schedules agreed with customers. In North America, the business is driven mainly by additional orders from dealers based on their inventory levels, and lead times from order to delivery are shorter than for the large projects that are more common in Japan, so orders placed from Q3 onward can still be recognized as Q4 revenue.
Margins	**Can the Q2 cumulative Gross Profit Margin of 33.2% be sustained going forward?**	Q2 cumulative Gross Profit Margin improved to 33.2%, driven by North America sales growth, product mix, and cost reductions. We expect some variability from project mix in 2H, and our full-year Gross Profit Margin forecast is 27.5%. Over the mid-to-long term, we aim to further improve profitability through unit-price optimization, cost reductions, and scale effects.
Business Outlook	**Why was the Gross Profit forecast revised upward while Operating Profit/Loss (excl. SBIR) was left unchanged?**	Reflecting improved Q2 cumulative profitability, we revised the full-year Gross Profit forecast upward from JPY 0.85 bn to JPY 1.10 bn. At the same time, we maintained the Operating Profit/Loss (excl. SBIR) forecast at ▲JPY 0.76 bn, reflecting growth investments including North America business expansion and next-generation aircraft/feature development. In addition, we revised the Net Profit/Loss Attributable to Owners of Parent forecast upward from ▲JPY 0.70 bn to ▲JPY 0.60 bn to reflect an expected JPY 396 mn extraordinary gain on the sale of investment securities.
Turn	**Profitability is improving but losses continue. What is your approach to achieving profitability?**	We are pursuing revenue growth and Contribution Margin improvement while appropriately managing costs excluding national projects. Under our Mid-Term Plan, we are targeting Operating Profit (excl. national projects) profitability at revenue of JPY 5.0 bn or more.
National Project	**How do SBIR costs and grant income affect results, and why was the Ordinary Profit/Loss forecast revised this time?**	SBIR costs are recognized as SG&A, while the corresponding grant income is recognized as non-operating income once required inspections are completed, which can create timing differences between cost and revenue recognition. This time, we revised the Ordinary Profit/Loss forecast mainly due to a change in the expected timing of grant income recognition.

FAQs (North America & External Environment 2/4)

Category	Question	Answer
North America	**North America revenue is growing rapidly — is this sustainable or a one-off?**	Q2 cumulative North America revenue was JPY 1.01 bn, up substantially YoY. Against a backdrop of demand shifting away from Chinese-made drones, we are expanding sales in priority segments such as utilities and public safety, while also strengthening our related-product lineup and sales base, including in Canada.
North America	**Could the increase in North America revenue reflect channel stuffing to the master distributor rather than real demand? How do you verify end-demand?**	ACSL recognizes revenue upon shipment to the master distributor. We separately monitor sales volume from the master distributor to dealers, etc. as Sell-through, which was up 11.6x YoY in Q2 standalone and 7.7x for 1H cumulative. We continue to track sales to dealers as a KPI.
North America	**How is the Canada expansion and the Draganfly partnership progressing?**	We began SOTEN sales in Canada in June 2026. We are expanding customer acquisition, centered on public safety, by leveraging Draganfly's sales and service network, while also advancing product and technical collaboration.
Regulation & Tariffs	**What is the impact of US drone regulation and tariffs on the business?**	In the US, regulatory restrictions on Chinese-made drones are tightening amid heightened economic-security awareness, which we view as expanding our market opportunity. Tariffs are a potential cost-increase factor, and we aim to maintain competitiveness through pricing adjustments and other measures.
Supply Chain	**What is the impact of being added to China's export control list?**	ACSL was added to Watch List announced by China's Ministry of Commerce effective June 29, 2026. While procurement of certain materials requires attention, we do not currently expect a material impact on our business or results. We are strengthening supply-chain resilience through alternative sourcing, alternative materials, and design changes as needed.
Macro	**What is the impact of inflation and FX volatility?**	On rising material costs, we are responding through design changes, use of alternative parts, and cost reduction. On FX, we continuously monitor the impact on both procurement and sales.

FAQs (Business & Competitiveness 3/4)

Category	Question	Answer
Defense	**Will large MoD orders continue going forward, and what is the profitability of the defense business?**	We have won a large order for three consecutive years: JPY 0.37 bn in FY24, JPY 0.52 bn in FY25, and approx. JPY 1.0 bn in FY26. While the scale and timing of procurement vary by year, we aim for mid-to-long-term growth by expanding from aircraft sales into support & maintenance and system/software integration.
Production	**If North America and defense revenue expand, is manufacturing capacity sufficient?**	Mass production of small aircraft is outsourced to external production partners, and we have secured production capacity to support the FY26 business plan. We plan to flexibly scale capacity together with our production partners as demand grows.
Competitive Position	**What is ACSL's competitive advantage against Chinese manufacturers and new entrants?**	We view our competitive advantages as: (1) compliance with economic-security and security requirements, (2) development and customization capability built on our proprietary control technology, (3) product commercialization capability including mass production and certification, and (4) our customer base in defense/government and our North America sales network.
Defense / Ethics	**As the defense business expands, could ACSL move into attack drones?**	The aircraft we currently provide in the defense sector are intended mainly for reconnaissance and information-gathering purposes. While we continue to expand our contribution within the defense field, we do not currently sell attack drones. As a company handling dual-use technology, we conduct our business in compliance with applicable laws and international rules.
Export Controls	**How does ACSL manage export controls related to defense technology and overseas sales?**	Some ACSL products and technologies may be subject to security trade management under Japan's Foreign Exchange and Foreign Trade Act, among other regulations. We confirm counterparties and end-use in accordance with internal policies and obtain the necessary permits and approvals as required.
Product Dev	**How does the Preferred Networks partnership contribute to growth?**	As part of the K Program, we are advancing AI-based autonomous and distributed-control software. Through implementation in next-generation aircraft, we aim to improve flight safety and reliability and enhance the value we deliver to customers.

FAQs (Finance & Governance 4/4)

Category	Question	Answer
Finance	**With losses continuing, is the financial position sufficient?**	Cash and Deposits stood at JPY 2.88 bn as of Q2 end. We have also secured a JPY 1.0 bn commitment line to supplement financial flexibility. We will maintain the liquidity needed for operations while continuing growth investment.
Capital Allocation	**Why continue growth investment despite losses, and where is capital being prioritized?**	We view North America, defense, and next-generation aircraft as priority areas for mid-to-long-term growth. We are prioritizing capital toward areas that support future revenue and profit growth, while balancing this against near-term profitability improvement.
Financial Strategy	**What is the approach to future fundraising?**	We plan to use multiple funding sources depending on the intended use. Depending on the purpose — growth investment, working capital, aircraft/technology development, etc. — we will draw on equity, debt, and national projects to balance our financial position with growth investment.
Finance	**How will the JPY 1.0 bn commitment line be used?**	We expect to use it mainly as bridge financing until national-project grants are received, addressing the timing lag between R&D spending and grant receipt, and to flexibly and stably secure the working capital needed.
R&D	**How is discipline maintained in R&D investment?**	We select and prioritize R&D themes based on business potential and customer needs. Development projects are reviewed at each phase for progress and business potential, with continuation/reassessment decisions ensuring investment discipline.
Gov.	**Following the misconduct by the former representative director, what is the impact on the business and the status of preventive measures?**	We do not believe this matter has directly caused the termination of any material customer contracts or business suspension. We have transitioned to a Co-CEO structure and are strengthening our compliance framework, including business processes for contracting, procurement, and payments, as well as our internal whistleblowing system. We submitted a criminal complaint against the former representative director and are cooperating with the police investigation.

Medium term Management Plan “ACSL Accelerate FY26”

ACSL Ltd.（TYO：6232）
2025 December 23rd

ACSL has expanded its customers and markets

ACSL

2013 — ACSL founded by Kenzo Nonami, Professor Emeritus of Chiba University

2018 — Listed on the Tokyo Stock Exchange
World's first listed drone-only manufacturer

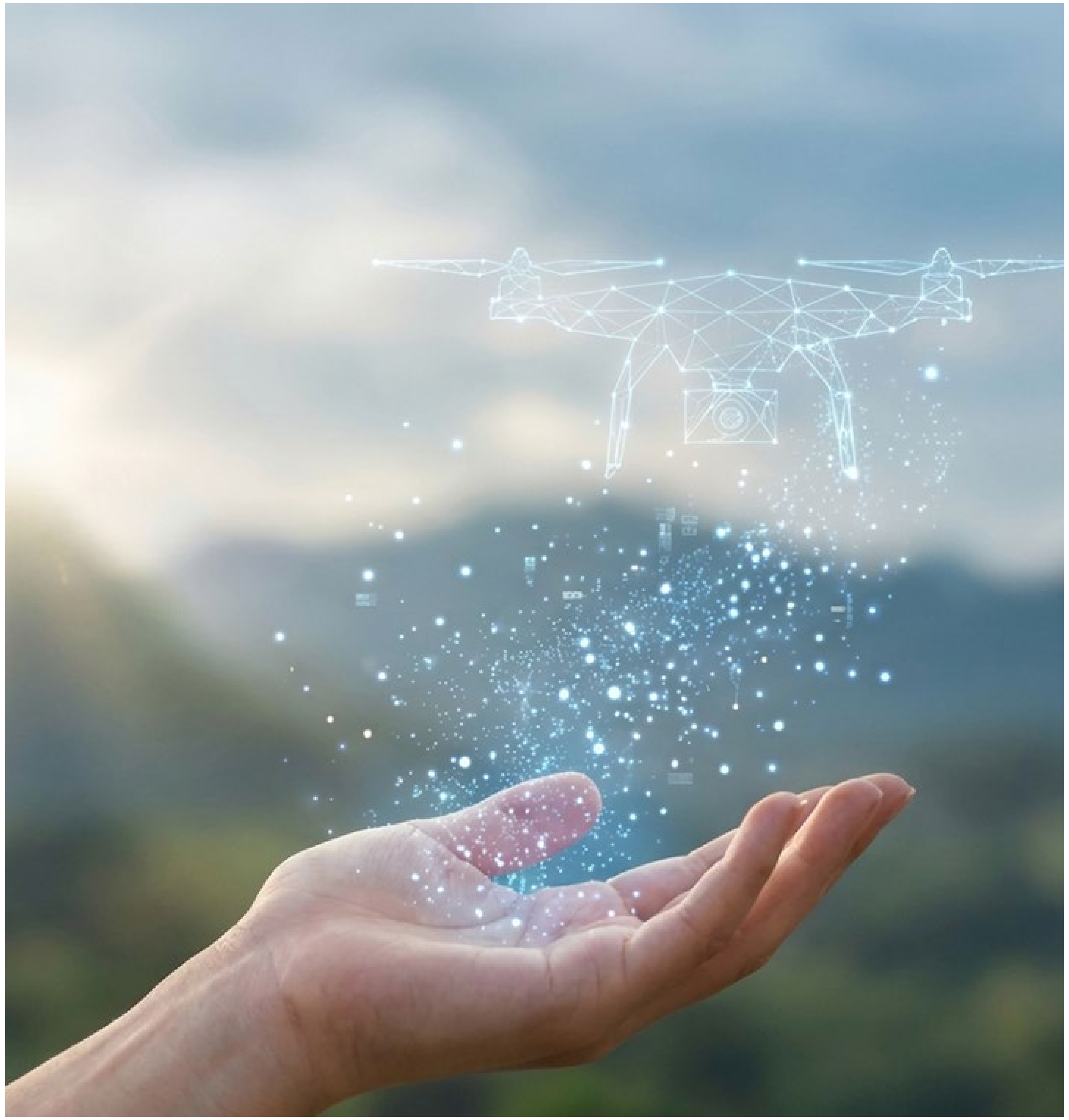
2022 — Launched mass production and sales of the secure small aerial drone "SOTEN"

2023 — Japan's first Level 4 compliant UAV Obtained Type Certification from MLIT

2023 — Established U.S. subsidiary.
Began full-scale expansion into the U.S. market

2024 — First delivery of "SOTEN" to Japan's Ministry of Defense

Fundamental Principles Highlighted by ACSL



Mission

Liberate Humanity Through Technology

Vision

Become a partner for those that build safety and security around the world

Value

Customer centric

Putting customer needs first, pursuing customer value, and continue to improve customer satisfaction

Collaborate

Proactively co-create with internal and external partners to deliver the best solutions to our customers

Challenge

Continue to change without fear of failure to create unforeseen value

Complete

Get matters done as your own, with quality and speed

Three social issues ACSL aims to address

①Declining workforce

- Fewer workers willing to perform tough, dirty, and dangerous tasks
- Robotics, including drones, are being adopted to improve efficiency and enable unmanned operations

②Defense and Security

- As economic security gains importance, the U.S. is advancing national-level regulations on China drones
- In Japan, awareness related to economic security in drone are steadily progressing

③Natural disasters

- Climate change is increasing the frequency and severity of earthquakes etc.
- In disasters such as the Noto earthquake and regional heavy rains, drones proved effective in damage assessment and logistics

ACSL's Business Domains

Demonstration/ Customization → Mass Production / Deployment → Service Provision

Business Regions

Primarily operating in
Japan and North America

Business Focus

Industrial drones for
aerial imaging, inspection, and delivery

Aerial photo/ Inspection

Delivery

Agriculture

Hardware + Software

ACSL's Competitive Advantages

ACSL

A leading Japanese manufacturer of small unmanned aircraft addressing economic security needs

Positioning in the Small[1] UAV Market

	Made in Japan	Overseas-made
Outdoor /Small		Company A Company B Company C ⋮
Outdoor /Medium & Larger	Company D ⋮	Company E ⋮

1: Less than 4kg as weight

Industry-Leading Technical Capabilities

R&D

① Proprietary control technologies (FC and Vision)

② Reliable aircraft compliant with economic security requirements

Manufacturing

① Mass-production capability for small drones

Operation

① The only company to obtain a Type Certification (Level 4)

A Strong Customer Base and Sales Network

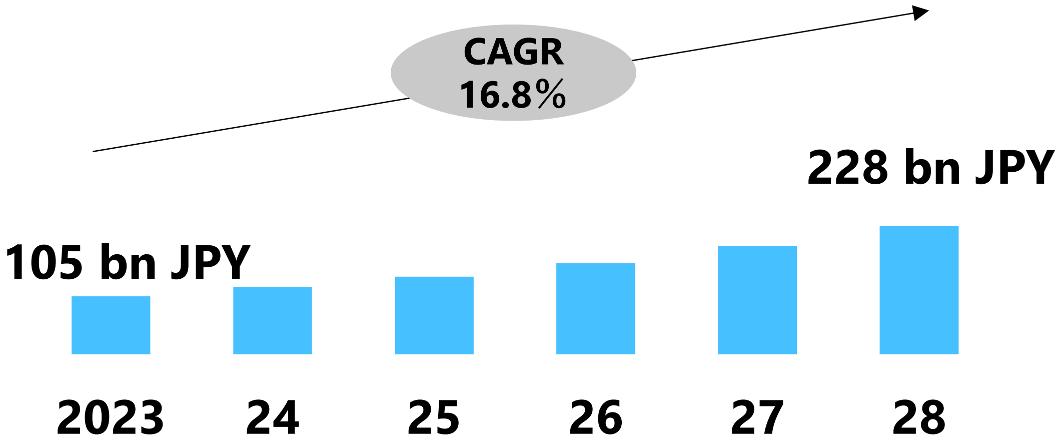
① A broad customer base and deployment track record across defense, public, and private sectors

② A distributor network of over 15 partners in Japan and over 20 in the US

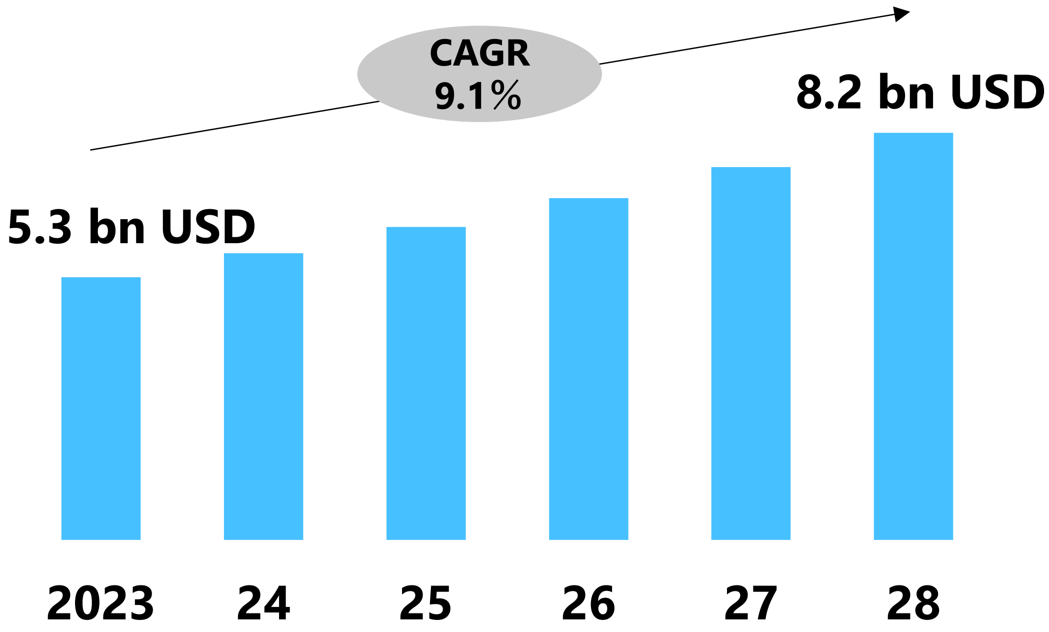
Drone hardware market size

The drone hardware industry is growing swiftly and is projected to surpass 1 trillion JPY by 2028, encompassing both Japan and the U.S.

Japan drone hardware market[1]



US drone hardware market[2]



1: Impress Research Institute "Drone Business Report 2024"
2: Grand View Research 「U.S. Commercial Drone Market Size & Share Report, 2030」

External Changes Surrounding the Drone Industry

Trends cited in the previous medium-term plan, including decarbonization and clean energy, digital rural cities and smart cities, and aviation law revisions such as Level 4 regulations, continue

Advancement of Economic Security

Geopolitical risks are driving demand for domestically produced and highly reliable drones, particularly in defense applications

Opportunity: New and expanding markets for domestically produced, highly reliable drones, mainly in defense

Risk： Increased uncertainty in component procurement due to supply chain disruption and instability

Rapid Advancement of Drone Technologies

- AI Autonomy and Distributed Drone Control
- 5G/6G, Satellite Connectivity, Next-Gen Power
- Counter-Drone Capabilities

Opportunity: Enhanced Customer Value and Expansion into New Use Cases

Risk： Rising Development Complexity and Limits of In-House Development

Core Policy and Six Strategic Initiatives

ACSL

As a trusted global manufacturer supporting safety and security, we unite internal and external strengths to develop, scale, and deliver technologies that exceed customer expectations and create value for all stakeholders.

1

Drone evolution with advanced technologies

Next-generation AI-based autonomous control

2

Building a resilient supply chain

Procurement network with multiple sites and economic security

3

Full-scale expansion of U.S. business

Stronger sales network and business base in the U.S.

4

Contribution to defense and security

Establish a trusted position in defense sectors in Japan and overseas

5

Domestic Infrastructure Maintenance

Replacement with Domestic Drones in Infrastructure Maintenance

6

Strengthening a financial base

Financial structure for growth and sustainability

1. Drone evolution with advanced technologies

ACSL

The evolution of drone through cutting-edge technology is the key to contributing to society and driving growth. For small aerial photography drone, we plan to develop and mass-produce two new models. For logistics drone, we aim to enhance the functionality and reduce the cost of the PF4

ACSL Accelerate FY22 | **ACSL Accelerate FY26**

Small aerial photo

SOTEN (2022)

- Domestically developed small aerial photography drone
- Flight in non-GPS environments
- Security measures

Next-generation small drone (Mid-to-late 2026)

- Compact and lightweight aerial photography drone[*1]
- Extended Flight Time
- High environmental resistance

Next-next-generation small drone (early 2028)

- AI-powered autonomous control
- Mesh network compatible
- Third-party aerial flight

Delivery

PF4(2025)

- Superior aerodynamic performance and extended flight duration
- Environmental resistance (wind resistance and rainproofing)
- High-precision positioning via CLAS[*2]

Based on market conditions and customer needs, functional enhancements, cost reductions, and new aircraft development will be considered

＊1： Compared to SOTEN
＊2： Centimeter-level positioning augmentation service provided by Michibiki (Quasi-Zenith Satellite System)

ACSL's Technologies and Applications (to FY30)

ACSL

① 【Smart】
Autonomous Flight Plan Re-routing

② 【Smart】
Robust Indoor Flight Integrating Visual Odometry/SLAM/GPS/IMU

③ 【Smart】
Super-large fleet operation (over 100 aircraft)

Implementing Safety and Security

Secure/Safety

"Liberate Humanity through Technology"

Smart

Advanced technology for enhanced mission execution

Simple

Technical user support

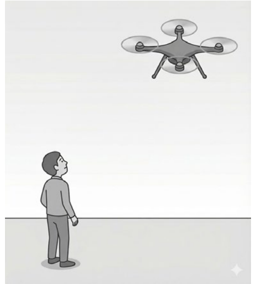
Basic Performance Improvements

- Sensor Performance (Camera)
- Transmission distance (Communication device)
- Flight time (Battery)
- Extensibility (SDK/API)

④ 【Secure/Safety】
Anti-Drone Measures (Enhanced Information Security)

⑤ 【Secure/Safety】
Manned aircraft, unmanned aircraft, autonomous obstacle avoidance

⑥ 【Secure/Safety】
Third-party overflight



⑧ 【Simple】
Flight plan formulation using natural language

⑦ 【Simple】
Fully automatic charging and aircraft inspection

⑨ 【Simple】
Unifying Usability Through Third-Party Deployment of ACSL FC/GCS

FC Technology	Vision Technology	+	AI

2. Building a resilient supply chain

Establish systems to ensure both production flexibility and procurement reliability in environments with heightened supply chain risks

Macro environment and risks

Geopolitical tensions

- Tightened export/import controls
- Changes in tariff policies

Supply chain depending on specific countries

Disruption in parts supply

Extended lead times and increased costs

Security concerns

Future Direction

① Cooperation/Competition with Other Manufacturers

- Cooperation = Standardization and Commonization of Parts
- Competition = Differentiation in Parts

② Strengthening Relationships with Parts Manufacturers

- Reducing reliance on specific countries for certain parts
- Promoting domestic production

③ Establishment of a parallel production system

- Production System Capable of Addressing Diverse Customer Needs

3. Full-scale expansion of U.S. business

Establish a foundation for the next growth driver in the expanding U.S. market driven by economic security

FY25 Sales：Approx. 0.9 bn JPY (Forecast) → **FY28 Sales target：2.5 bn JPY (+1.6 bn JPY)**

U.S. market environment

Market size

- **A large and growing market with advancing drone adoption**

Structural changes

- **Regulations on Chinese-made drones from December 2025**
- **Users urgently seeking alternatives to Chinese drones**

Competitive landscape

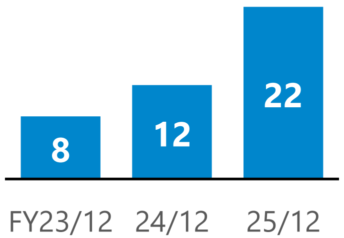
- **Few compliant models available**
- **Adoption of U.S. and European products remains limited**

ACSL in the U.S.

- **Launched "SOTEN", developing features and cameras tailored to the U.S. market**
- **Strength in NDAA compliance and competitive pricing**
- **MOUs with key players, a nationwide dealer network, strong industry relationships**

MOU signing

# of dealers



Future Direction

① **Focus on priority segments**
- Power infrastructure inspection
- Public safety

② **Strengthen local partnership**
- Collaboration with drone service providers and manufacturers
- Deeper engagement with industry associations

③ **Development for U.S. market**
- FY25: IR camera
- Next: port integration

4. Contribution to defense and security

Leveraging strengths as a Japan-origin drone manufacturer and proven track record in defense to drive growth

FY25 Sales：Approx. 0.9 bn JPY (Forecast) [1] → **FY28 Sales target： 1.5 bn JPY (+0.6 bn JPY)**

Market opportunity

Increase in defense budgets

- **Defense-related budget growth: JPY 4.7 tn (2014) to JPY 8.7 tn (2025)**
- **Acceleration of the 2% of GDP defense spending target (from FY2027 to FY2025)**

Acceleration of dual-use adoption

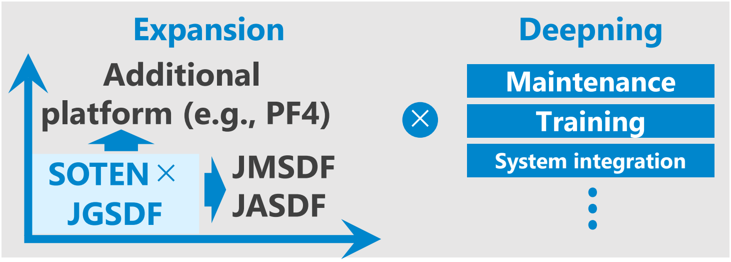
- **Expanded government support for domestic UAV production (U.S., Korea, Taiwan, India, etc.)**

ACSL at Defense sector

- **Orders received for SOTEN : JPY 0.37 bn delivered in 2024, JPY 0.52 bn scheduled for 2025**
- **First drone manufacturer to join the Japan Association of Defense Industry (JADI)**
- **Selected by the Japan Air Self-Defense Force as an aerial photography drone**
- **Disaster Response Cooperation Agreement with the Japan Ground Self-Defense Force Eastern Army**

Future Direction

① Expanded Use Cases Driven by Mass-Produced Platforms



Leverage model

② Partner-Led Solution Development and Deployment

- **Land, Sea, and Air Hardware Integration**
- **Application Software Integration**

1: Excluding 0.37 bn JPY (already delivered in 2024)

5. Expansion of Social Infrastructure Maintenance and Management

Establish a position as a domestic drone manufacturer in the field of social infrastructure maintenance and management

FY25 Sales ： approx. 0.4 bn JPY (Forecast)

FY28 Sales target ：1 bn JPY (+approx. 0.6 bn JPY)

Market Opportunity

Logistics and Inspection Common

- Accelerated Use of Drones in Disaster Situations following the Noto Peninsula Earthquake
  (Supply transport, aerial photography)

Inspection

- Expanding the Use of Drones in infrastructure management
  - MLIT Water Management and Land Conservation Review Committee, etc.
  - Increased demand for inspections following the opening of drone flight paths over power transmission lines
    FY2024: 150 km
    FY2027: approx. 10,000 km
    FY2028: approx. 30,000 km

ACSL in infrastructure maintenance and management

Logistics

- Operational Performance in the Field during the Noto Peninsula Earthquake (medicine delivery to evacuation centers, damage assessment)
- Mass production of the PF4 multi-purpose aircraft, primarily for logistics, has commenced

Inspection

- Commencement of SOTEN use for Drone Flight Routes Over Power Lines
- Started PF4 Validation for Erosion Control and River Infrastructure Inspection

Future Direction

Logistics

① Strong Partnerships with Drone Operators

② Multi-Use Demand Creation and Validation for Emergency and Peacetime Use

Inspection

① Strengthening collaboration with related businesses, including organic system integration

- ① Facility Owner/Operator
- ② Facility inspection service providers (including infrastructure inspection service providers using drones)
- ③ Facility Inspection App Provider

6. Strengthening a financial base

Secure sufficient cash to cover cash outflows until profitability

Generate cash inflows from operations and achieve sustainable growth investment

Balance Sheet

Cash position sufficient to cover cash outflows until profitability

MM JPY
(As of Sep. '25)

Assets
- Cash and cash equivalents 1,690
- Other current assets 2,381
- Fixed assets 577

Debt/ Net assets
- Current liabilities 699
- Fixed liabilities 2,863
  - Non-current liabilities 1,440
  - Convertible bonds 1,423
- Net assets 1,086

Financial Policy

Generate operating cash inflows and drive growth through ongoing investment

Capital Allocation Policy

- Maintain a certain level of capital investment for growth
  ① Next-generation drone development
  ② Expansion of overseas business
  ③ M&A and strategic alliances
- Efficient working capital management aligned with operations

Financing policy

- Accelerate growth investment using grants and subsidies
- Use multiple financing options depending on funding needs

Advancing human capital, society, and governance

We aim to maximize human capital, contribute to society, and strengthen governance to achieve sustainable growth

Human Capital

A growth organization powered by diversity

- An environment where diverse talent, including 25% non-Japanese staff, can thrive
- Flexible work styles to attract talent and support long-term growth

Society

Supporting safety and securit through technology

- Supporting public safety through disaster response experience
- Promoting drones for infrastructure, logistics, and disaster response

Governance

Enhancing transparency and independence

- Oversight by two internal and three independent directors (Audit and supervisory committee)
- Compensation and nomination committees ensure independence

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