Financial Results Material for FY26/12 Q1

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

Executive Summary

"▲" = minus (negative)

FY26/12 Q1 Consolidated Results

- Revenue: **JPY 0.61 bn (YoY ▲12%, ▲JPY 0.08 bn)**; Order Backlog (Japan + US): JPY 1.47 bn (Last year：JPY 1.32bn); **Revenue + Backlog: JPY 2.09 bn.** Although year-on-year growth was planned, results were below plan due to delays in shipments to the U.S.
- Gross Profit Margin: **41% (YoY +30pt)**; Contribution Margin: **51% (YoY +28pt)**
- SG&A (excl. national projects): JPY 0.32 bn; **Operating Loss (excl. SBIR): ▲JPY 0.07 bn (YoY +JPY 0.13 bn improvement)**
- Ordinary Loss: ▲JPY 0.07 bn (YoY ▲JPY 0.05 bn; Worsened YoY due to the absence of grant income in 1Q)
- **Forecast** 2Q and full-year forecasts remain unchanged, with continued initiatives toward achieving the plan

Mid-Term Plan Progress and Business Highlights

- **Product Development**: **Partnership with Preferred Networks** to develop **AI-based autonomous/distributed control software under K Program**. **Regular SOTEN update** released (improved flight stability in high-magnetic-field environments, etc.). **Niklas Bergström appointed Executive Officer for Advanced Technology**
- **Defense**: **Received approx. JPY 1 bn large order from Ministry of Defense** (third consecutive year following 2024 and 2025; small aerial-imaging aircraft; delivery December 2026). In addition, received an order of approximately approx. JPY 0.3 bn in April.
- **North America**: Revenue: **JPY 0.17 bn (YoY +JPY 0.14 bn)**. Order backlog JPY 0.45 bn (400 units booked; 600 units including Q1 deliveries). Partnered with Draganfly to launch SOTEN sales in Canada from June 2026
- **Infrastructure**: PF2 CAT3 type certificate renewed (March 2026)
- **Finance**: **Cash: approx. JPY 2.3 bn** at Q1 end. **approx. JPY 1.6 bn stock warrants issued in 2025 fully exercised and received by April 2026**. **JPY 1 bn commitment line agreement** concluded with Shizuoka Bank

ACSL — A Global Drone Manufacturer Originating in Japan

Company Overview

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

Workforce (Consolidated,)

62 employees as of March 2026

Engineer Ratio
Approx. 60%

Foreign Employees
Approx. 27%

Management Team

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

Group Companies

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

ACSL's Competitive Advantages

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

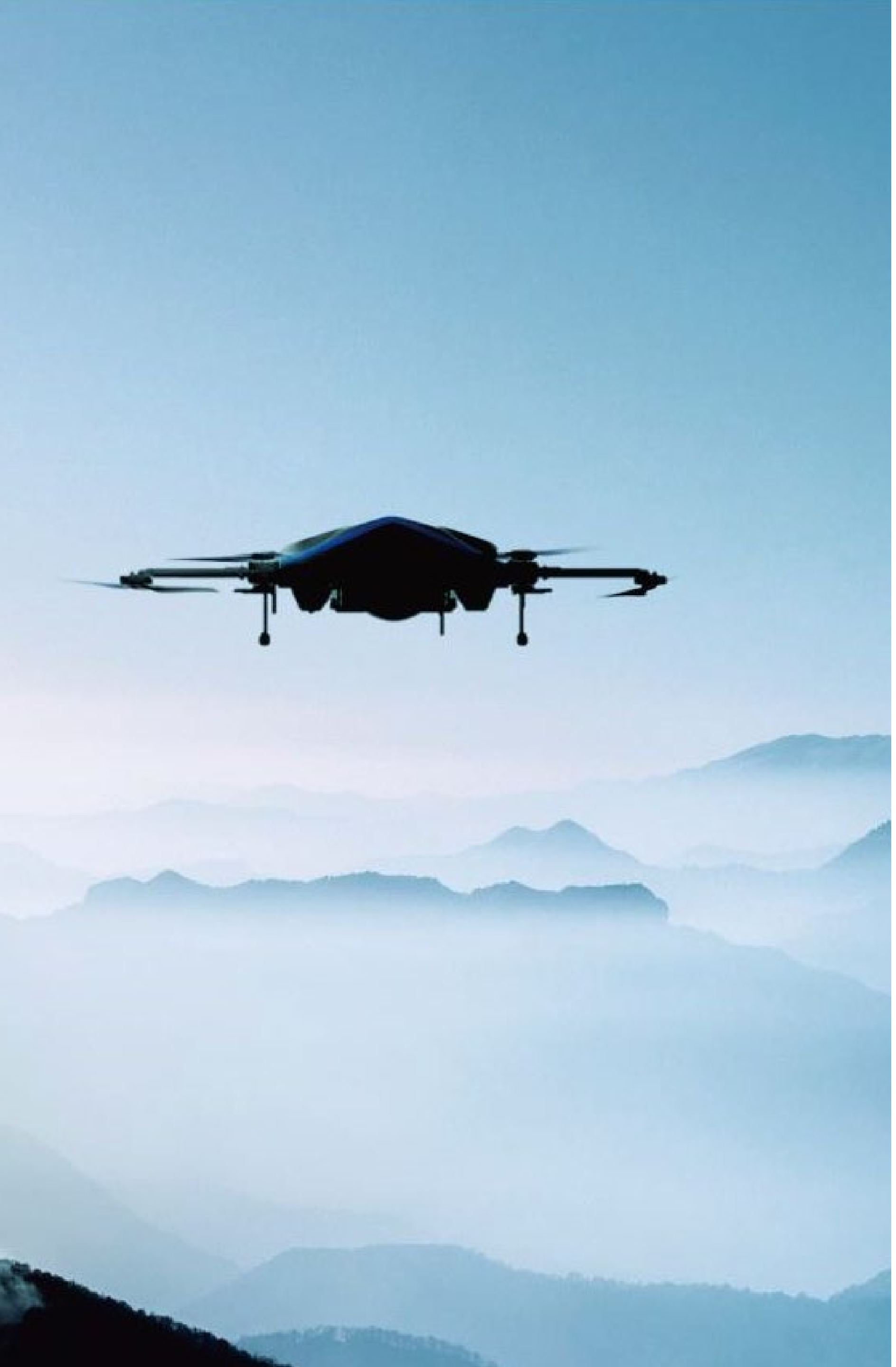
Operation

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



FY26/12 Q1 Financial Highlights

"▲" = minus (negative)

Summary

Revenue was 0.61 bn, slightly behind plan due to delays in shipments to the U.S., despite our initial plan for YoY growth.

Gross profit and gross margin both expanded significantly YoY, narrowing the operating loss. Ordinary loss widened due to grant income recorded in prior-year Q1.

Top-line Metrics

Revenue

0.61 bn

YoY ▲12%

Order Backlog (Q1 End)

1.47 bn

YoY +11%

Revenue declined YoY due to delays in shipments to the U.S., despite planned growth.

Profitability Margins

Gross Profit Margin

41%

YoY +30pt

Contribution Margin

51%

YoY +28pt

Contribution margin and Gross profit margin improved significantly YoY due to an improved product mix.

Operating Profit (excl. SBIR[1] costs)

▲0.07 bn

YoY +0.13 bn

Ordinary Profit

▲0.07 bn

YoY ▲0.05 bn

Operating loss excluding SBIR narrowed YoY. Ordinary loss widened due to the absence of grant income in 1Q.

1: SBIR (national project) costs are recognized in SG&A as incurred, while corresponding grant income is recognized in non-operating income.

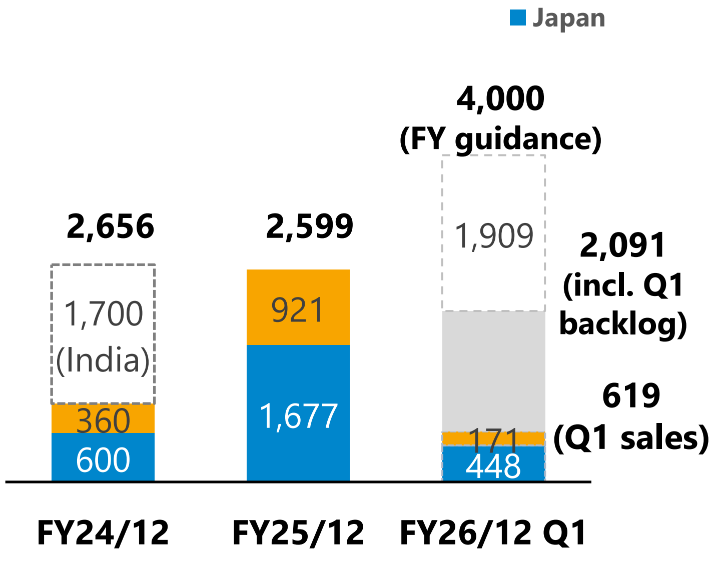
Key Financial Metrics Trend

FY26/12 Q1: Gross profit margin improved significantly, narrowing the operating loss YoY

"▲" = minus (negative)

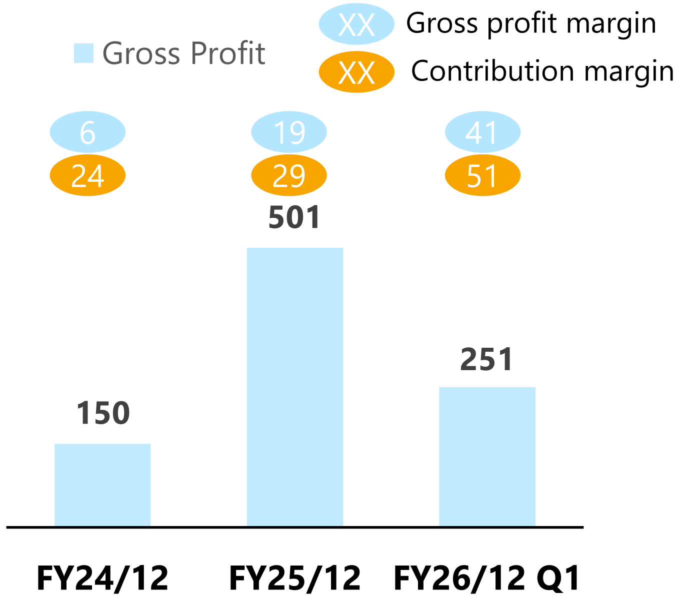
Revenue (JPY mn)

FY26/12 Q1: JPY 0.61 bn (YoY ▲12%, ▲0.08 bn); including backlog, JPY 2.09 bn



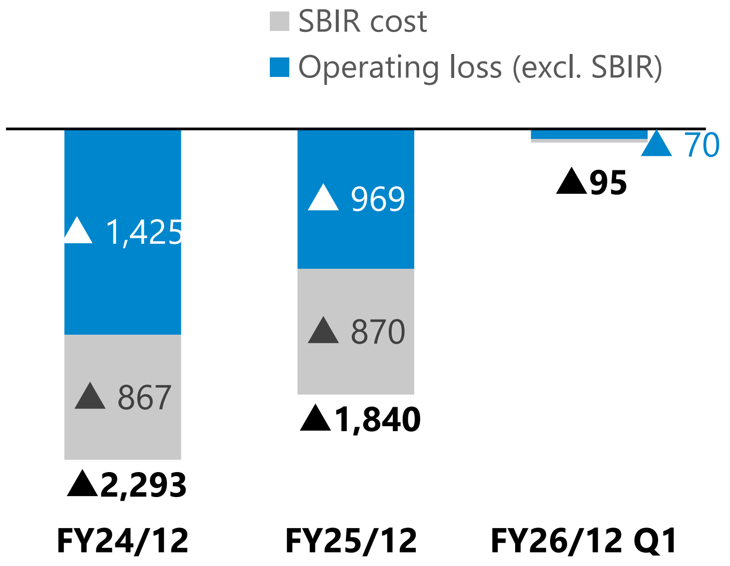
Gross Profit (JPY mn)

FY26/12 Q1: JPY 0.25 bn (GP margin 41%, +30pt); YoY improvement of +0.17 bn



Operating Profit (JPY mn)

FY26/12 Q1: ▲JPY 0.07 bn (excl. national projects, YoY improvement of +0.13 bn)



FY26/12 Q1 Consolidated Results vs. Prior-Year Q1

ACSL

Gross profit expanded sharply on improved profitability; operating loss narrowed YoY

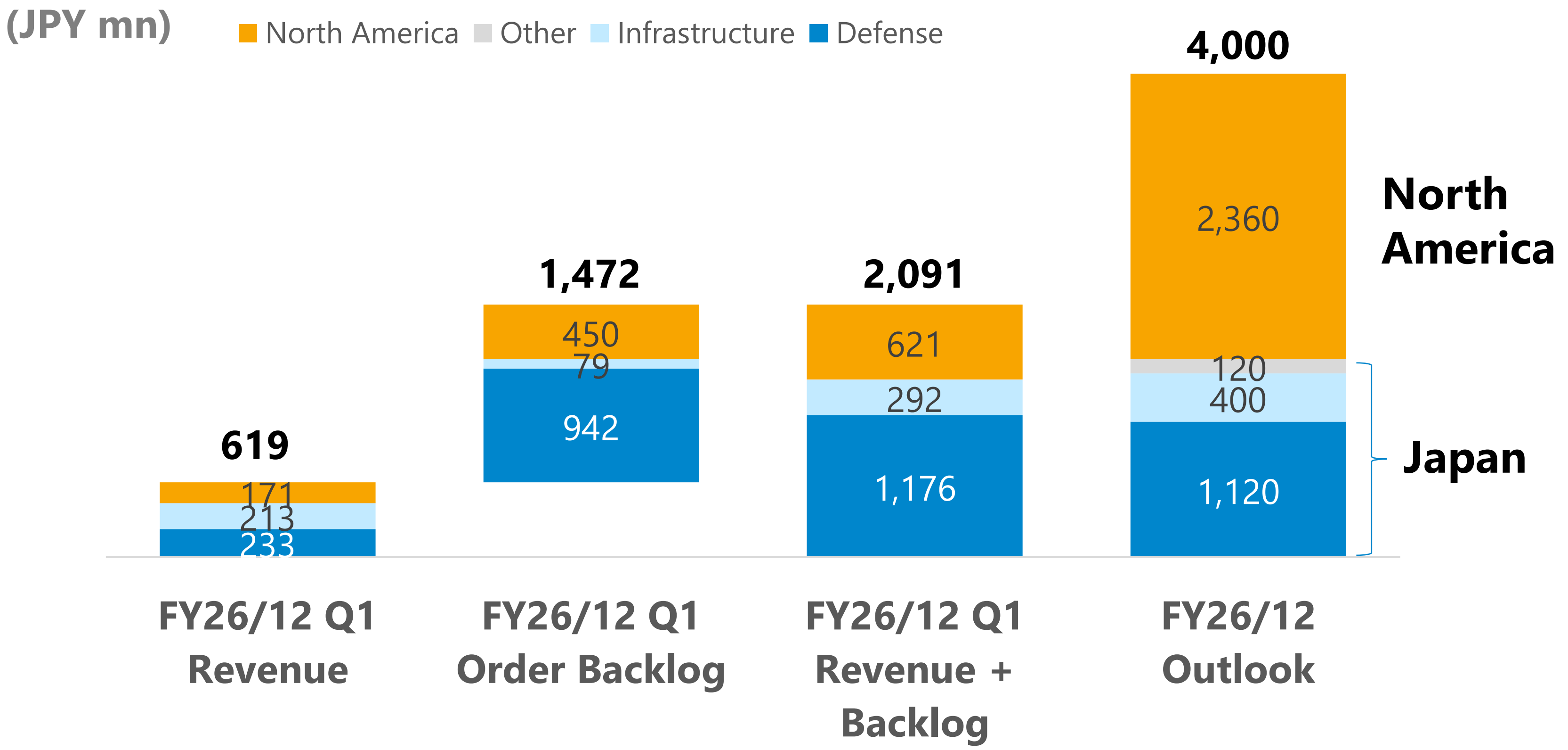
"▲" = minus (negative)

[JPY mn]	FY26/12 Q1 Actual	FY25/12 Q1 Actual	YoY	FY26/12 FY Guidance	(Ref.) FY26/12 Q2 Forecast	(Ref.) FY25/12 FY Actual	Summary
Revenue	619	700	▲80	4,000	1,600	2,598	Revenue declined YoY due to delays in shipments to the U.S., despite planned growth.
Gross Profit	251	75	+175	850	420	501	Significant improvement from higher-margin mix and cost reductions
Gross Profit Margin	41%	11%	+30pt	21%	26%	19%	
SG&A (excl. national projects)	321	279	+42	1,610	820	1,470	Increased YoY, mainly due to outsourcing expenses for certain projects and higher share registry expenses with an increase in the number of shareholders.
Operating Profit (excl. national projects)	▲70	▲203	+132	▲760	▲400	▲969	Operating loss narrowed thanks to gross-profit improvement
National Project Costs[1]	24	36	▲11	600	600	870	National R&D (SBIR) costs of JPY 0.02 bn recorded
Operating Profit	▲95	▲239	+144	▲1,360	▲1,000	▲1,840	Operating loss improved YoY
Ordinary Profit	▲72	▲16	▲55	▲650	-	▲1,075	Worsened YoY as no grant income was recorded this period
Net Profit	▲73	▲16	▲56	▲700	-	▲1,363	Net loss of JPY 0.07 bn

1: SBIR (national project) costs are recognized in SG&A as incurred, while corresponding grant income is recognized in non-operating income.

Revenue Trend and Gap vs. Outlook

Of the JPY 4.0 bn FY revenue outlook, JPY 2.09 bn is already booked as revenue or backlog



Japan

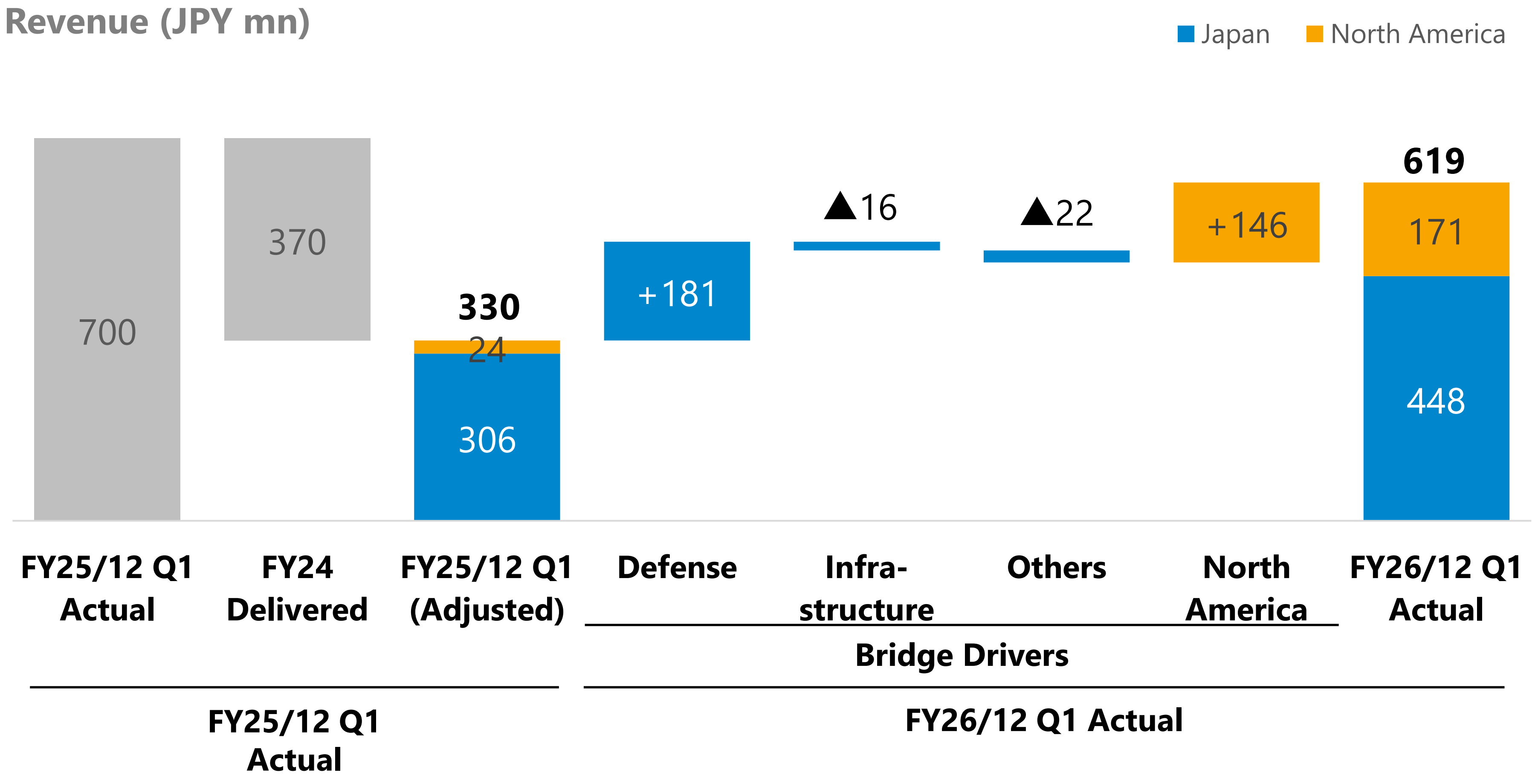
- Q1 contribution of JPY 0.44 bn from defense and infrastructure
- Won an approx. JPY 1.0 bn order from the MoD this quarter; the majority of the FY revenue outlook is already on order
- Won approx. JPY 0.3 bn order in April

North America

- Delivered 200 units to Canada in Q1
- Against the FY SOTEN outlook of 1,000+ units, 600 already sold or on order
- As of Q1, expansion of non-aircraft items (smart controllers, cameras) was partly delayed — catching up toward the Q2 outlook

Revenue Bridge YoY

FY26/12 Q1 revenue declined JPY 0.08 bn YoY. Revenue increased by JPY 0.28 bn excluding FY24 deliveries in FY25 1Q, driven by strong growth in Defense and North America.



Defense

- Excluding FY24-delivered units, +JPY 0.18 bn growth. Continued deliveries of small aerial-imaging UAVs are expected.

Infrastructure / Other

- Roughly flat YoY

North America

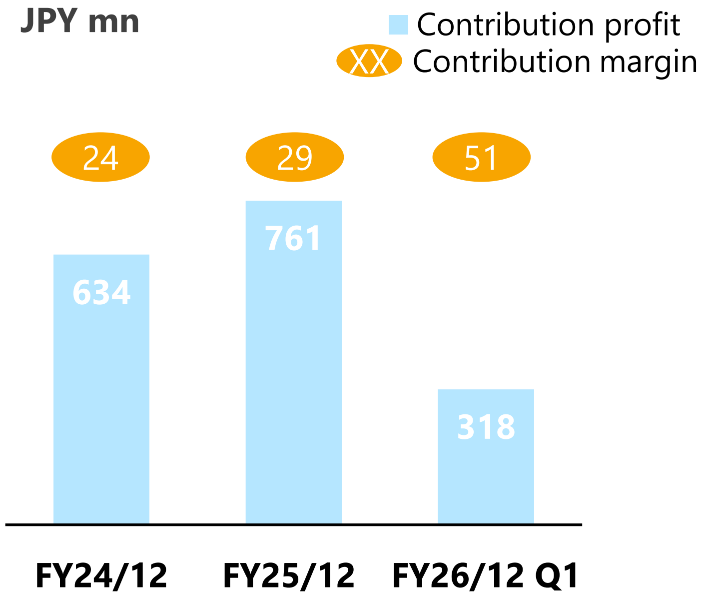
- Delivered 200 units to Canada (+JPY 0.14 bn). Continued SOTEN and related-product deliveries expected.

Gross Profit Trend

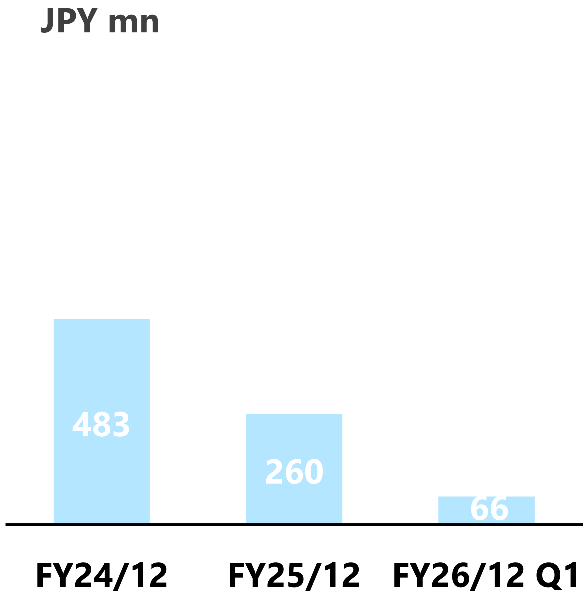
Gross profit improved on contribution-profit expansion, a higher contribution margin, and a reduction in indirect costs

Contribution profit (Revenue less direct costs) - **Indirect costs** = **Gross profit**

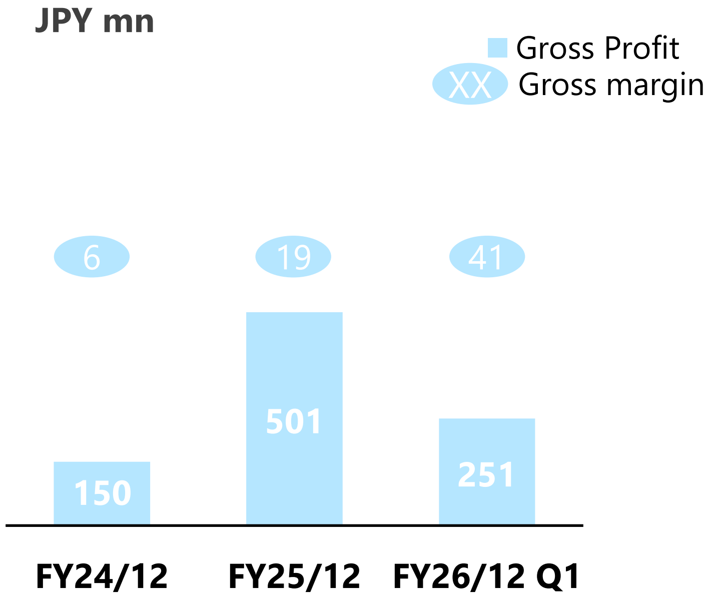
Contribution profit grew significantly. Contribution margin rose to 51% due to product mix.



Indirect costs declined sharply alongside structural reforms, even as business expanded.

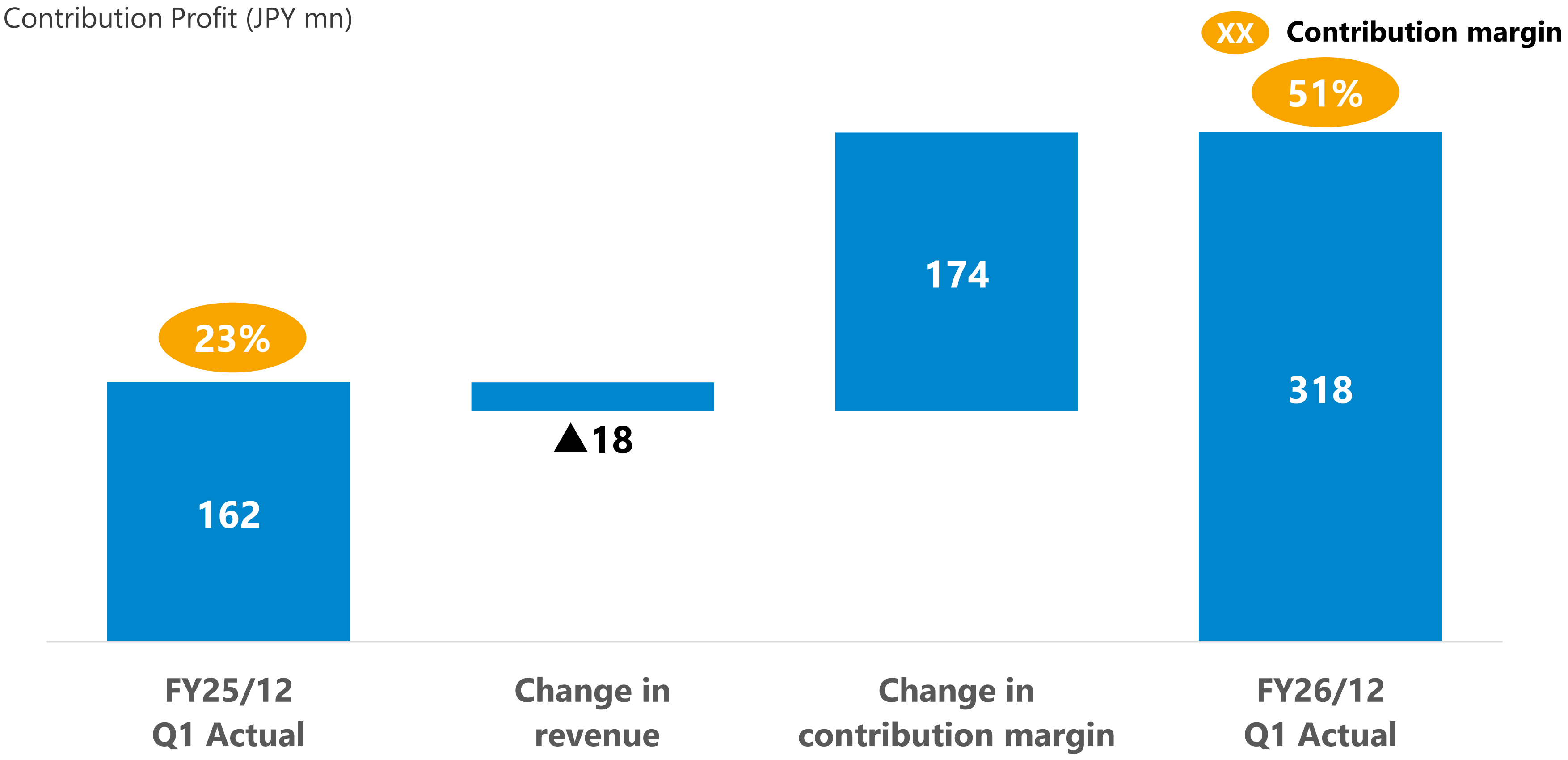


Gross profit expanded meaningfully. Gross profit margin rose to 41%.



Contribution Profit Trend

FY26/12 Q1 contribution profit was JPY 0.31 bn. Lower revenue caused a ▲JPY 0.01 bn decline, but margin improvement drove +JPY 0.15 bn YoY.

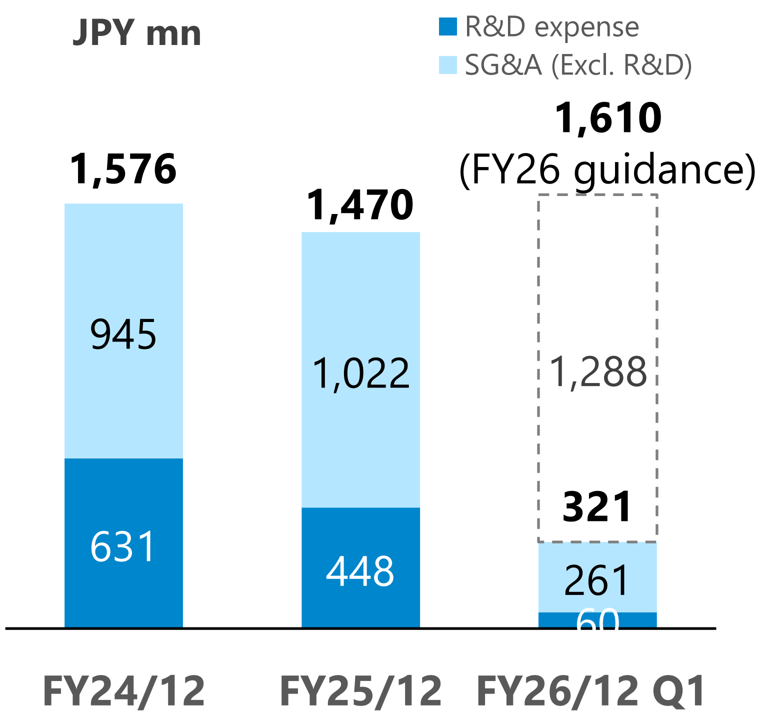


- Contribution profit grew +JPY 0.15 bn YoY
- Although lower revenue slightly reduced contribution profit, gross profit expanded sharply thanks to a higher contribution margin
- Cntribution profit margin improved YoY, as low margin large project deliveries in 1Q of the previous fiscal year were not repeated.

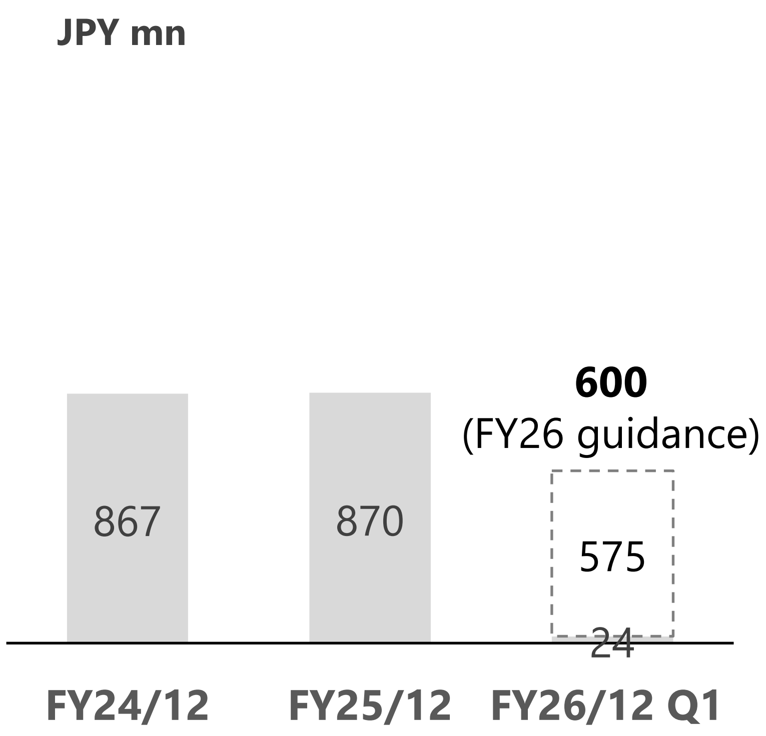
SG&A Trend

SG&A (ex. SBIR) to be maintained at the FY25 level while investing for future growth. SBIR costs of JPY 0.6 bn planned for FY26.

SG&A(Excl. SBIR)



National project(SBIR) cost



R&D Expenses (excl. SBIR)

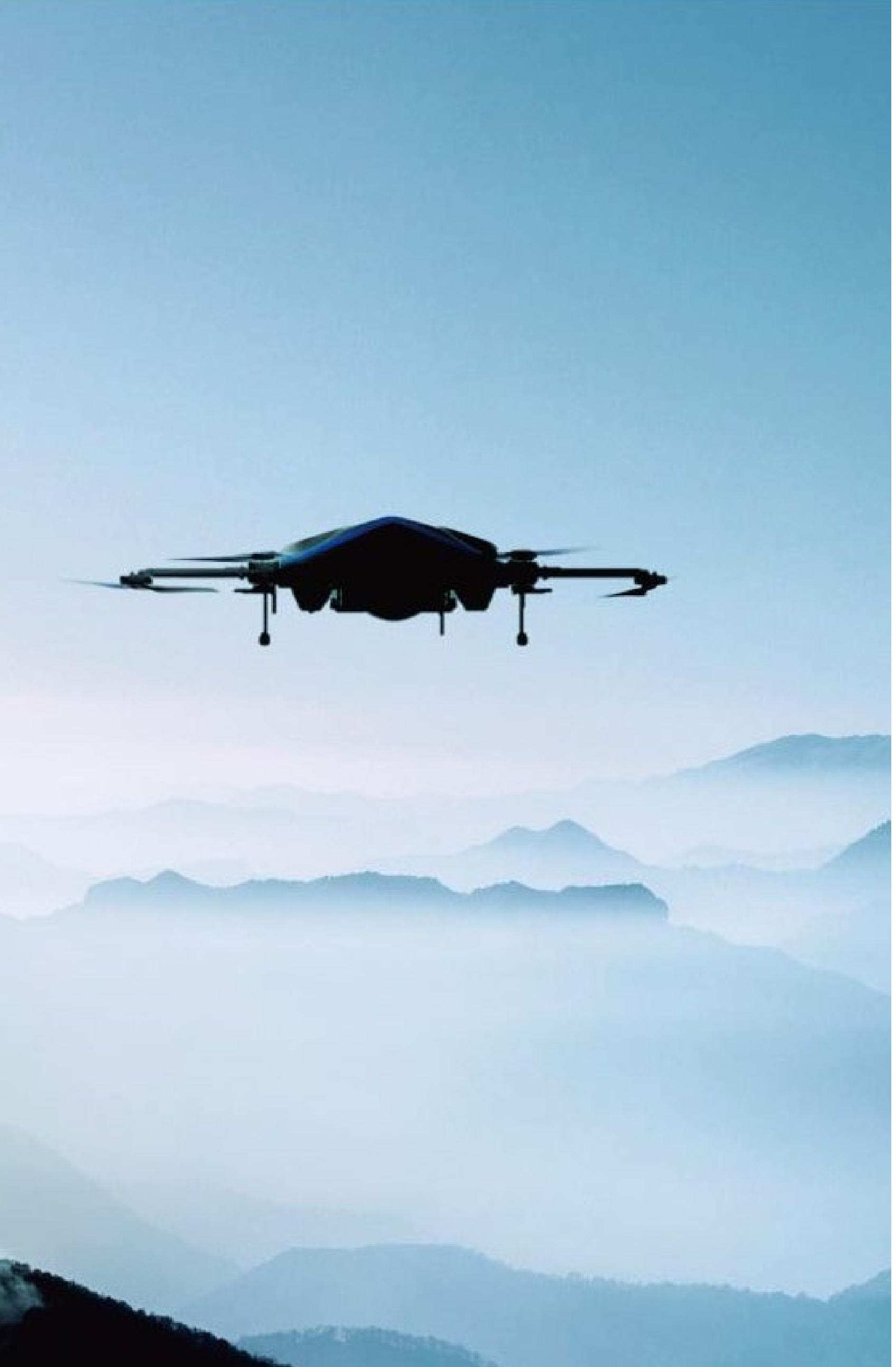
- Keep R&D investment at the FY25 level to support future growth. Implemented as planned in Q1

SG&A excl. R&D

- Maintain at the FY25 operating level while investing for future growth. Implemented as planned in Q1

National Project (SBIR) Costs

- FY26 outlook of JPY 0.6 bn



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

Progress on Key Strategies in the Mid-Term Plan

ACSL

Key Strategies

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 North America 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

Progress and Highlights

- Partnered with Preferred Networks; launched development of AI-based autonomous and distributed-control software under the K program
- Released regular SOTEN updates
- Appointed Niklas Bergström as Executive Officer for Advanced Technology

- Q1 revenue JPY 0.17 bn (YoY +0.14 bn), reflecting the 200-unit Canada delivery; Q1-end backlog JPY 0.45 bn (400 units)
- Signed a partnership with Draganfly; SOTEN sales in Canada begin June 2026, with customer expansion through Draganfly's sales and service network

- Won an approximately JPY 1.0 bn large MoD tender (third consecutive year of awards after FY24: JPY 0.37 bn and FY25: JPY 0.52 bn)
- Aircraft sales to JGSDF and JASDF already in place; expanding to maintenance, software integration, and JMSDF / ATLA

- Completed renewal of PF2 CAT3 type certification on March 9, 2026; secured operational continuity and expanding adoption and use cases

- Approximately JPY 2.3 bn in cash and deposits secured; the approximately JPY 1.6 bn stock-acquisition rights resolved in FY25 were fully exercised and paid in by April '26
- Signed a JPY 1.0 bn committed credit line with Shizuoka Bank

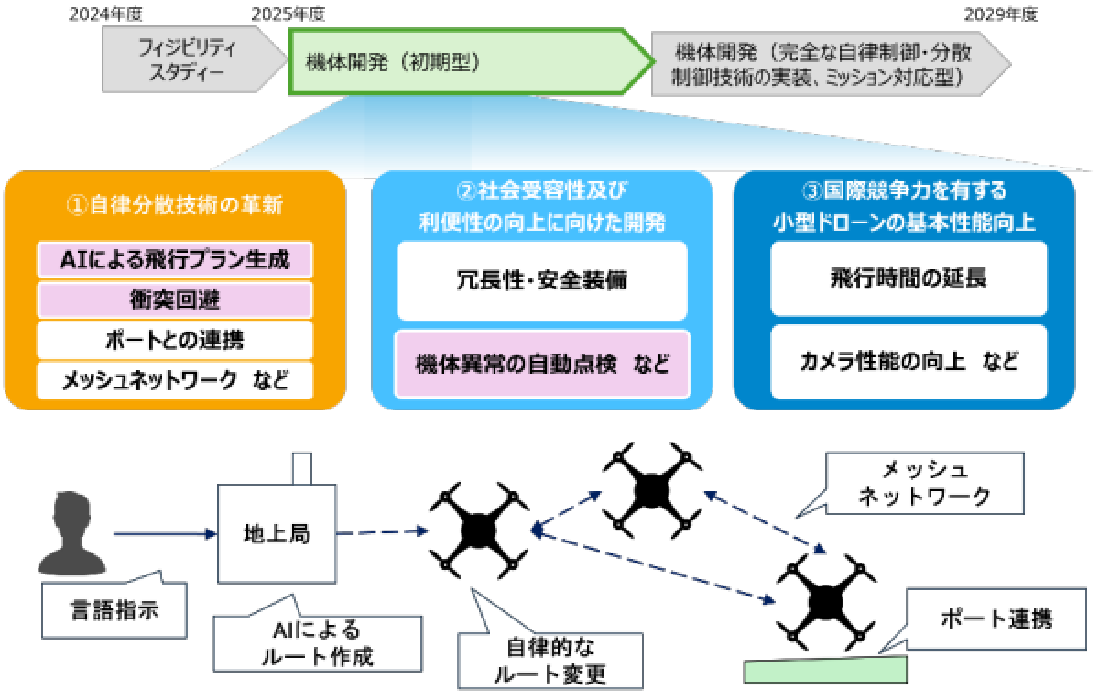
Launch of AI Technology Development for Autonomous Control Drones

Partnering with Preferred Networks to advance autonomous and distributed-control software

Overview

- Under the K-Program initiative "R&D of autonomous/distributed-control technology for small UAVs," ACSL is conducting **AI-driven R&D for small drones**.
- ACSL has commissioned **Preferred Networks** — a leader in AI solutions and product development — to develop **software supporting advanced AI-based autonomous and distributed control**.
- **Priority Development Themes**
  - Generative-AI flight planning
  - Advanced obstacle avoidance
  - Detection of early-warning anomaly signals
- Establishing advanced autonomous-control technology to **enhance flight safety and reliability**.

K-Program Business Concept



Improved On-Site Operability via Regular Updates to SOTEN

ACSL

Continually improving flight safety and operational usability under high-magnetic-field environments

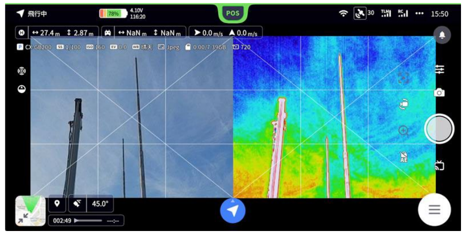
SOTEN Update

- On April 10, 2026, we deployed a regular update to **domestically-produced small aerial-imaging drone "SOTEN"**
- **Continually improving on-site operability** by incorporating customer feedback
- Since order intake began, we have rolled out **multiple firmware updates**
- Going forward, we will continue to **strengthen reliability and on-site adaptability through product evolution**, responding to customer needs across government procurement, defense, infrastructure inspection, and other domains

Update Overview

- **Evolution 1: Improved flight stability in high-magnetic-field environments** — supports safe flight near power lines and transmission towers
- **Evolution 2: Added auto-return function avoiding no-fly zones** — supports safe, reliable return in emergencies
- **Evolution 3: Improved UI to enhance on-site work efficiency** — improves operability in inspection and defense applications

Auto route-generation avoiding no-fly zones


Grid-line display

Appointment of an Executive Officer

Niklas Bergström appointed Executive Officer in charge of Advanced Technology

Appointment Background

- Determined that a dedicated leader of advanced-technology research from a global perspective is needed
- Niklas will lead advanced-technology research and drive R&D toward establishing next-generation autonomous-control technology and related fields

Background

- Joined ACSL in April 2017
- Previously Project Assistant Professor and Research Fellow, Department of Creative Informatics, Graduate School of Information Science and Technology, the University of Tokyo
- PhD, KTH Royal Institute of Technology (Sweden)

North America Business: FY26 Q1 Progress and Levers for Expansion

Toward our FY28 revenue target of JPY 2.5 bn, we are creating opportunities in priority sectors and strengthening our Canada sales structure

Targets and Current State

Target (FY28): JPY 2.5 bn

Current State

- De-China regulation and few compliant manufacturers
- SOTEN has been selling since 2023 with a growing sales network

Strategy

- Focus on Infrastructure and Public Safety
- Strengthen local partnerships and collaboration
- Develop local-market features and products

Business Progress and KPIs

Q1 Revenue

JPY **0.17** bn

YoY +JPY 0.14 bn (+493%)

200 units sold to Canada

Q1-End Backlog

JPY **0.45** bn

YoY +13%

400 units on order

(FY revenue target: 1,000 units)

Dealer Shipments[1]

7x YoY

Shipments from ACSL's distributor. Canada expansion launched in 2026.

Marketing

3 Webinars

1 Case Study, 1 Podcast

LinkedIn Followers +18%

Next Steps

Improve execution certainty

- Expand accessory sales
- Develop US-specific features and streamline order acceptance

Opportunity creation

- Build pipeline through exposure in priority sectors

Strengthen promotion

- Systematize dealer promotion and expand in Canada

1: Shipments from ACSL's master distributor to dealers. ACSL recognizes revenue upon shipment to the master distributor.

ACSL Inc.: Full-Scale Launch in the Canadian Market

Partnering with Draganfly to start SOTEN sales and drive technical integration

Overview

- **Economic-security tailwinds**: North American market shifting away from Chinese suppliers
- U.S. NDAA-compliant products required
- **Canada expected to adopt similar regulations**, with Public Safety Canada in focus
- Expanding sales in the public-safety segment
- Dec 2025: Signed agreement with Jam; **received order for 200 SOTEN units**[1]

Background

- Partnered with Draganfly to **start SOTEN sales in Canada from June 2026**
- Leveraging Draganfly's sales and service network
- **Driving technical integration**, including a smart-controller solution

draganFLY

- A Canada-based listed company that develops and sells drones and software
- Track record of developing and selling proprietary products, including medium- and large-sized drones

1: Dec 2025 Jam agreement, 200 SOTEN units ordered. Channel flow: Jam → Draganfly → Canadian sales customers

Our Activities in the Defense Sector

ACSL

Expanding our defense offerings beyond aircraft deployment to include operations support, maintenance, and software integration

Targets and Current State

Target (FY28): JPY 1.5 bn

Current Environment

- Defense-budget expansion creates increased business opportunity
- Adoption of small aerial-imaging drones is accelerating, led by SOTEN deliveries

Strategy

- Expand from mass-production aircraft to broader value-added offerings

Strategy Based on Targets and Current Status

	Aircraft Sales (SOTEN)	Aircraft Sales (Other UAVs)	Support & Maintenance	System Integration (Incl. SW)
JGSDF (Ground)	✓ **(Done)** **FY26 Q1: JPY 1.0 bn order won April: 0.3 bn order won**	✓ **(Done)**	✓ **(Done)**	✓ **(Done)**
JASDF (Air)	✓ **(Done)**	✓ **(Done)**	In progress	In progress
JMSDF (Maritime)	In progress	In progress	In progress	In progress
ATLA	-	-	-	In progress

"✓ (Done)" = delivered or won; "In progress" = under discussion; "–" = not yet under consideration

ATLA: Acquisition, Technology & Logistics Agency

Future Initiatives

Drone sales:

- Expand adoption by priority organizations

Support and maintenance:

- Standardize deployment support and maintenance

System integration:

- Define integration requirements and expand implementation

Large Defense Order Win

Following FY24 and FY25, ACSL won another approx. JPY 1.0 bn order in an MoD tender in FY26[1]

2026年3月23日

各　位

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代表者名　代表取締役Ｃｏ－ＣＥＯ　早川 研介
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（TEL．03-6456-0931）

大型案件の受注に関するお知らせ

当社は、防衛省が実施した入札において、当社の小型空撮機体に関する大型案件を受注いたしましたので、お知らせいたします。なお、当社は防衛省向け案件において継続的な受注実績を有しており、本件は当該分野における当社製品の信頼性およびこれまでの実績が評価された結果であると認識しております。

近年、ドローン市場は防衛・安全保障及び経済安全保障を中心とした社会環境の変化を背景に、その位置付けが大きく変化しています。地政学的リスクの高まりを受け、日本及び海外諸国においてドローンは国家の安全保障や重要インフラを支える重要技術として位置付けられ、調達や運用において規制と活用が同時に進んでいます。こうした動きに加え、労働人口の減少による無人化ニーズの拡大や、災害調査・物資輸送・インフラ点検といった分野での実装が進む中、ドローン市場は単なる効率化の手段にとどまらず、防衛・安全保障や経済安全保障の観点からも活用が広がる転換期を迎えています。

当社は、中期経営方針「ACSL Accelerate FY26」にて防衛・安全保障分野への貢献を重点戦略として掲げ、当社の小型空撮機体の強みを活かせる、防衛省を含めた日本の政府調達に注力する取り組みを進めております。

記

1．受注の概要

当社は、国内における以下の大型案件を受注しております。

受注内容	小型空撮機体
受注金額	約10億円
納期	2026年12月（予定）

Order Content	**Small Aerial-Imaging UAV**
Order Value	**Approx. JPY 1.0 bn** (FY24: JPY 0.37 bn, FY25: JPY 0.52 bn)
Delivery	**December 2026 (planned)**

1: The impact of this order on results is already incorporated in the FY26/12 full-year guidance announced on February 14, 2026.

PF2 CAT3 Type Certification Renewal

Securing operational continuity through renewal of PF2 CAT3 type certification, driving adoption and broader use cases

Renewal and Significance of PF2 CAT3

- **PF2-CAT3** obtained Japan's first First-Class Type Certification in March 2023.
- **Type-certification renewal completed on March 9, 2026.**

About the type-certification regime

- Inspects whether design and manufacturing processes meet safety and uniformity standards, ensuring both (started Dec 2022).
- For First-Class certified aircraft, a portion of the First-Class aircraft-certification inspection required for Level 4 flight is waived.

Implication of renewal

- **Renewal confirmed our management framework** meets the requirements to maintain and renew type certification.
- Supports our key strategy of "domestic production for social infrastructure maintenance & management" and accelerates real-world deployment of drone delivery and similar use cases

PF2-CAT3

- The only drone in Japan to obtain Type Certification (Class I)
- Proven track record across multiple Level 4 demonstrations

Funding and Financial Position

Maintaining growth investment while securing liquidity and strengthening financial discipline to improve execution certainty.

Securing Growth Capital

Multiple financing instruments deployed by use of funds

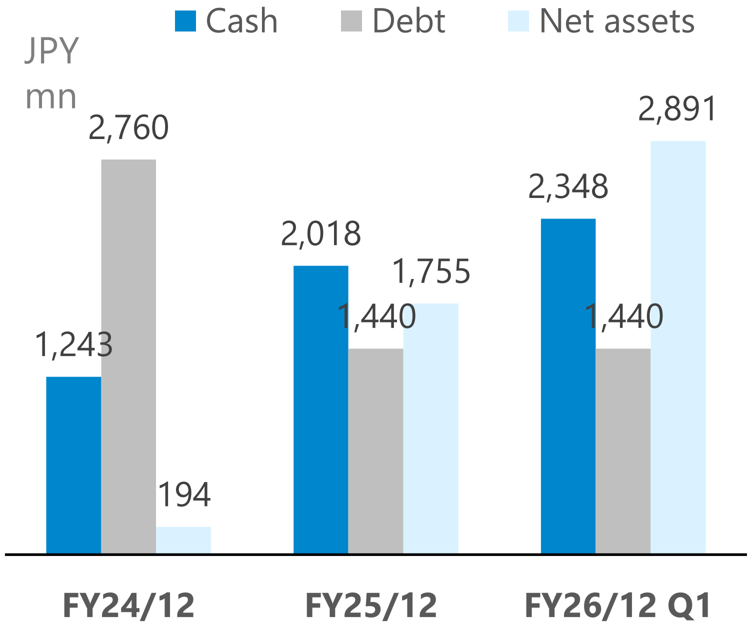
Equity (Stock Acquisition Rights)
Approx. JPY 1.6 bn by April 2026
Aircraft development, working capital for overseas expansion

Borrowings
Secured a JPY 1.0 bn commitment
K Program[1] : self-funded business expenses during program execution

Grants
Up to JPY 2.9 bn as grants[2]
Aircraft development conducted under K Program from 2025-2027

Financial Position[3]

Cash & deposits of approx. JPY 2.3 bn secured to maintain stable working capital; net assets continue to recover.



Growth Investment Strategy

Continuing growth investment based on capital-allocation policy

Next Generation Aircraft Development(FY26: JPY 2.7 bn)
Investment in new aircraft, customer needs, and advanced technologies

Overseas Expansion(FY26 : JPY 0.3 bn)
Local feature development and regulatory compliance

M&A and Alliances(Case by case, including financing)
Expand customer value through partnerships and third party integration

Strengthening Internal Foundations(FY26 : JPY 0.2 bn)
Talent acquisition and development to support growth investments

1: K Program (Economic Security Key Technology Development Program) 2: Accounting treatment of K Program grants is subject to consultation with auditors. 3: Debt= short-term borrowings + long-term borrowings 4: FY26 amount of development costs under SBIR and NEDO K Program

Conclusion of Commitment Line Agreement

ACSL

In March 2026, concluded a JPY 1.0 bn commitment line agreement with Shizuoka Bank

Borrowing Limit

JPY 1.0 bn

Lender	Shizuoka Bank
Contract Type	Commitment Line Agreement (Unsecured, No Guarantee)
Contract Period	12 months (expires March 30, 2027)
Purpose	■ Flexibly and stably finance the operating expenses of the K Program implementation period using self-funded capital ■ Secure business funds and the working capital required as the business grows

Advancing human capital, society, and governance

ACSL

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 can thrive
- Flexible work styles to attract talent and support long-term growth

Decided 10% total wage increase over the next three years

Society

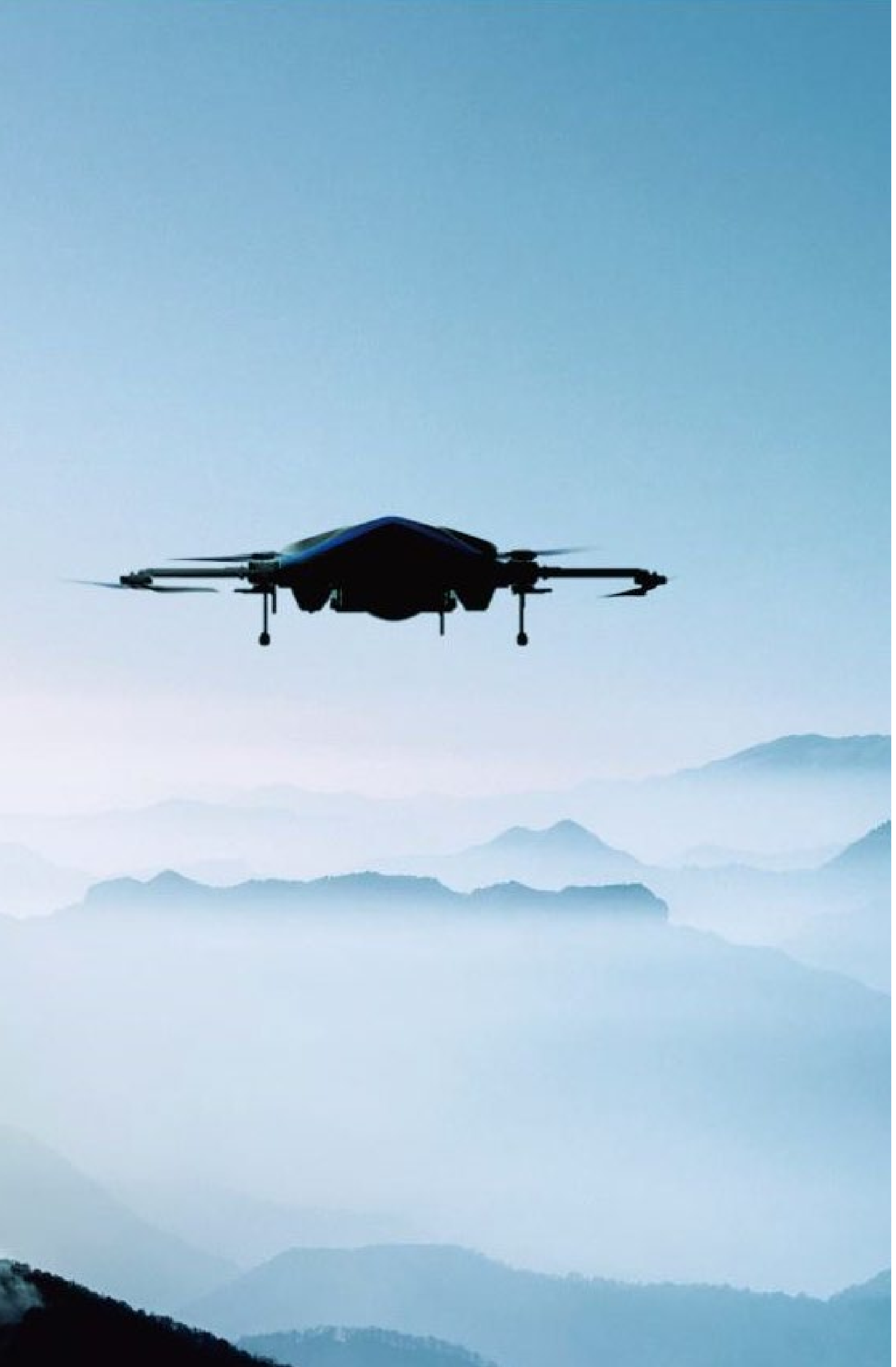
Supporting safety and security through technology

- 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



1. FY26/12 Q1 Results

2. FY26/12 Q1 Business Highlights

3. Appendix

Q&A: Business Performance (1/3)

Category	Question	Answer
Macro	Is there an impact from global military / defense expansion?	Amid heightened economic-security awareness, government-affiliated agencies in many countries are accelerating their move away from Chinese-made drones. Demand for domestically produced or allied-nation drones is strengthening. In the US, regulations targeting Chinese-made drones are taking concrete form.
Macro	What is the impact of inflation and FX?	Inflation is pushing up the cost of procured components. We are responding via design changes, cost reductions, and selective price adjustments. A weaker yen is generally positive for sales, and overall FX volatility is not expected to materially affect the business.
Macro	What is the regulatory and tariff situation in the US?	Regulations are moving toward concrete de-China measures, which we view as an opportunity. Restrictions on Chinese-made drones became more concrete in 2025. While certain foreign drones were also restricted, SOTEN — already authorized — can continue to be sold without material impact. Tariffs can be a cost-increase factor, but we aim to absorb them through pricing adjustments while maintaining competitiveness.
Business Outlook	Why are the Q2 and full-year forecasts maintained despite Q1 revenue being behind plan?	FY26/12 Q1 was behind plan due to shipment delays to the U.S. However, revenue plus order backlog totaled JPY 2.09 bn at the end of Q1, with orders progressing in Japan and North America. Accordingly, the Q2 cumulative and full-year forecasts remain unchanged at this time.
Business Outlook	What is the certainty of order backlog and revenue?	As of end-Q1 (March 31, 2026), JPY 1.47 bn secured in orders (Japan + US combined). Domestically, the majority of the FY guidance is already booked. North America: 600 units combined (revenue + backlog); will continue order-taking activities from Q2 onward toward the FY target of 1,000 units. We also aim to expand sales of non-aircraft items such as smart controllers and cameras.
Business Outlook	When is operating profit expected to turn positive?	We expect operating profit to turn positive on revenue of JPY 5.0 bn or more by FY28. In addition to revenue expansion, gross-margin improvement and maintaining an appropriate cost structure are critical.
Profitability	What are the drivers of change in gross profit?	We are advancing initiatives to improve contribution margin via unit-price optimization (including SOTEN options) and cost reduction. As revenue expands, the fixed-cost ratio is expected to decline. Contribution profit margin increased in FY26/12 Q1, as the impact of low margin projects delivered in FY25/12 Q1 was not repeated.
Profitability	Is SG&A reduction sustainable? What is the impact of R&D cuts on competitiveness?	Continued structural reform and cost optimization are compressing fixed costs. These are not one-off measures but ongoing initiatives including rigorous P&L management. R&D efficiency is being driven by selection and concentration of development themes, with resources allocated to priority areas. Leveraging grants supports maintaining a competitive R&D structure.

Q&A: Business Performance (2/3)

Topic	Question	Response
Domestic Business	What is the concrete outlook for domestic orders?	We expect to sell SOTEN to key customers including MoD-related entities and domestic infrastructure operators. In FY26/12 Q1 we won an approx. JPY 1.0 bn order through an MoD tender. The majority of the JPY 1.64 bn for Japanese market full-year revenue guidance has already been booked as orders at the start of the year.
Domestic Business	What is the outlook on MoD initiatives and the profitability vs. other businesses?	An order for SOTEN deliveries to ATLA has already been won and delivery is progressing reliably. In parallel, proposals and discussions continue for opportunities across JGSDF, JASDF, JMSDF, and ATLA. On profitability, while FY24 deliveries carried strategically lower margins as an initial program, FY25 onward maintains profitability in line with our other businesses. FY26/12 Q1 also saw an approx. JPY 1.0 bn order from an MoD tender (third consecutive annual large order following FY24: JPY 0.37 bn and FY25: JPY 0.52 bn).
Domestic Business	Delivery certainty of the JPY 1.0 bn MoD order and outlook for future large deals?	Won in FY26/12 Q1 with planned delivery in December 2026. Following FY24 (JPY 0.37 bn) and FY25 (JPY 0.52 bn), we have secured a large order every year and continue to expect recurring MoD contracts. Beyond JGSDF, we are also exploring expansion into JASDF, JMSDF, and ATLA.
Overseas	US progress and forward outlook?	FY26/12 Q1 delivered 200 units to Canada, recording JPY 0.17 bn in revenue. In addition, 400 units of orders are already booked as of Q1-end (against a North America total target of 1,000 units). From Q2 onwards we will continue order-taking toward full-year sales. As of Q1, aircraft sales are progressing, but expansion of non-aircraft items (smart controllers, cameras, etc.) is somewhat behind. We plan to catch up against the Q2 outlook.
Overseas	Concrete plans for the Draganfly partnership and expected revenue scale?	Draganfly is a Canada-based listed drone company. From June 2026, we plan to start SOTEN sales in Canada through Draganfly's sales and service network, capturing Public Safety and similar demand in Canada. This fiscal year's North America revenue outlook is JPY 2.36 bn (aircraft + accessories).
Overseas	Shipment timing to the U.S. has shifted in prior periods. How is ACSL addressing this?	Shipment timing to the U.S. has shifted in prior periods. In North America, revenue recognition timing can vary due to customer purchasing cycles, export and import procedures, and delivery coordination including accessories. ACSL recognizes room to improve internal schedule management and is strengthening management of orders, inventory, production, shipment, and local sales activities in FY26.
Overseas	Outlook for other overseas markets, and the background to India's extraordinary loss?	North America is our focus market; other overseas sales are not currently incorporated in the plan. India had been positioned as a focus market, but execution of the prior business plan has become difficult due to local regulatory changes, etc., and we therefore recorded an equity-method investment loss in FY25/12.

Q&A: Business Performance (3/3)

ACSL

Category	Question	Answer
National Project	How are national-project (SBIR) costs and revenues accounted for?	SBIR-related costs are recorded as SG&A; subsidies are recognized as non-operating income when inspection is completed and receipt is confirmed. Cost recording and revenue recognition do not align in timing. In FY25, JPY 0.87 bn was recorded as cost and JPY 1.20 bn was recognized as revenue. In FY26, JPY 0.60 bn of cost and JPY 0.90 bn of revenue are planned. Accounting for the newly adopted K Program will be discussed with our auditors.
Product Development	What is the significance of the partnership with Preferred Networks and the expected outcomes?	Partnership pursued as part of the K Program (national project) to advance autonomous/distributed-control software. Driving development of AI-based flight-plan generation, obstacle avoidance, and automated inspection. By FY29, aim to achieve fully autonomous control and distributed-control technologies. Development costs are eligible for Kprogram support.
Finance	What is the financial strategy?	Completed the approx. JPY 4.6 bn financing resolved in FY25 (approx. JPY 1.6 bn stock acquisition rights fully exercised by April 2026). In addition, concluded a JPY 1.0 bn commitment line with Shizuoka Bank in March 2026, establishing a flexible funding base. Cash on hand at end-Q1 was approx. JPY 2.3 bn, a sufficient level for operations. Going forward, will evaluate a range of funding methods (equity, debt, grants) depending on use of funds (working capital, growth investment).
Finance	What is the specific intended use of the commitment line?	To flexibly fund operating expenses during the K Program implementation period. Borrowing limit JPY 1.0 bn, unsecured / no guarantee, expires March 30, 2027. Provides flexible response to working-capital needs arising from growth investments.
Misconduct Matter	What is the impact of the recent misconduct by the former representative director?	There is no direct impact on the business; projects with existing customers (government agencies, domestic clients, US customers) continue without disruption. National projects underway will continue, and grant receipts are expected as planned. Approx. JPY 0.25 bn of misconduct-related expenses was recorded as extraordinary loss in FY25/12. Management is now led by Co-CEOs Hayakawa and Terayama following the resignation of the former CEO, with no impact on operations. We are proceeding with the criminal complaint process against the former representative director and are cooperating with the police investigation.

FAQs (Our Business)

Category	Question	Answer
Competitive Environment	Chinese drone makers hold high market share — how do you compete?	While Chinese manufacturers dominate consumer drones, the industrial drone market is increasingly shifting away from Chinese products. ACSL's advantages are its industrial drone technologies, including autonomous control, use case specific aircraft, and aircraft certification, its understanding of local operations and support capabilities, and secure, trusted aircraft that address national security concerns. With some countries restricting or banning Chinese drones, ACSL views the market environment as favorable.
Competitive Environment	Could new entrants or competitors emerge as drone manufacturers?	Companies that possess autonomous-control system technology at the source-code level are rare even globally. Combined with security-compliance requirements, we believe we face few direct competitors at present, including from overseas. Development of autonomous-control systems for drones depends most critically on field validation, and ACSL leverages its strong customer base, dialogue with customers, and real-environment proofs of concept to drive development matched to actual demand by use case, strengthening our competitive position.
Sales Structure	What is envisioned sales structure in North America?	In North America, we have established a sales-focused US subsidiary as our local presence. We plan to expand sales by leveraging the dealer and distributor networks of partners with a proven track record of selling drones locally.
Manufacturing	Is there a risk of insufficient manufacturing capacity?	ACSL operates as a fabless manufacturer, outsourcing production to external partners in Japan. We can therefore scale manufacturing capacity as needed.
Defense / Ethics Policy	What is your position as a company handling dual-use technology in defense?	As a manufacturer handling dual-use technology, ACSL provides non-lethal use cases such as reconnaissance, information gathering, and transport; we do not currently develop or sell attack drones. Going forward, we will not undertake development that could be diverted to weapons banned under international agreements, such as weapons of mass destruction (nuclear, biological, chemical), anti-personnel mines, or cluster munitions. Overseas, we do not currently operate in defense applications and will continue our business in compliance with Japan's Three Principles on Transfer of Defense Equipment and Technology and with international law.
Defense / Product Boundary	Could ACSL expand into offensive applications in the future?	The aircraft we deliver in the defense sector are small aerial-imaging UAVs specialized for reconnaissance and information gathering. Given the nature of dual-use technology, drone applications in contingencies cannot be fully constrained; however, ACSL's offering is limited to the aircraft and software, and decisions on operational use rest with the customer.
Defense / Export Controls	How is ACSL handling export controls and security trade management?	Some ACSL products may be subject to security trade management under Japan's Foreign Exchange and Foreign Trade Act (FEFTA). Exports are conducted in accordance with the required procedures, and there have been no compliance violations to date. Our US subsidiary (ACSL Inc.) also conducts business in accordance with US export-control laws, including the Export Administration Regulations (EAR).

FY2026 Full Year Consolidated Forecast and YoY Comparison

ACSL

Expand mainly in defense and North America; revenue expected to increase and profit expected to improve

"▲" = minus (negative)

[mn JPY]	FY26/12 Forecast	FY25/12 Actual	YoY Cahnge	(Reference) FY26/12 1H Forecast[1]	Summary
Revenue	4,000	2,598	+1,401	1,600	Expand mainly in defense and North America; revenue expected to increase materially from JPY 2.59 bn to JPY 4.0 bn
Gross Profit	850	501	+348	420	In addition to revenue growth, contribution margin improvement is expected to drive approx. JPY 0.35 bn increase in gross profit. Gross margin expected to improve from 19% to 21%
Gross Profit Ratio	21%	19%	+2%	25%	
SG&A (excl. national projects)	1,610	1,470	+139	800	Maintain operations at a level broadly in line with FY2025 while incorporating investments for future growth
Operating Profit (excl. national projects)	▲760	▲969	+209	▲400	Loss expected to narrow from JPY ▲0.97 bn to JPY ▲0.76 bn, mainly driven by higher gross profit
National project costs	600	870	▲270	600	Execute in line with the development plan; expected to decrease from JPY 0.87 bn
Operating Profit	▲1,360	▲1,840	+480	▲1,000	Improvement expected from FY2025 level of JPY ▲1.84 bn
Ordinary Profit	▲650	▲1,075	+425	-	Improvement expected from FY2025 level of JPY ▲1.07 bn due to narrower operating loss and expected subsidy income
Net Profit	▲700	▲1,363	+663	-	Net loss expected to improve by JPY 0.66 bn from the prior year

1: As the timing of subsidy income to be recorded as non operating income is uncertain, ordinary income and below are not disclosed for the first half forecast

Revenue Categories

Going forward, we will disclose revenue by categories that better track progress on key strategies under the Mid Term Plan

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

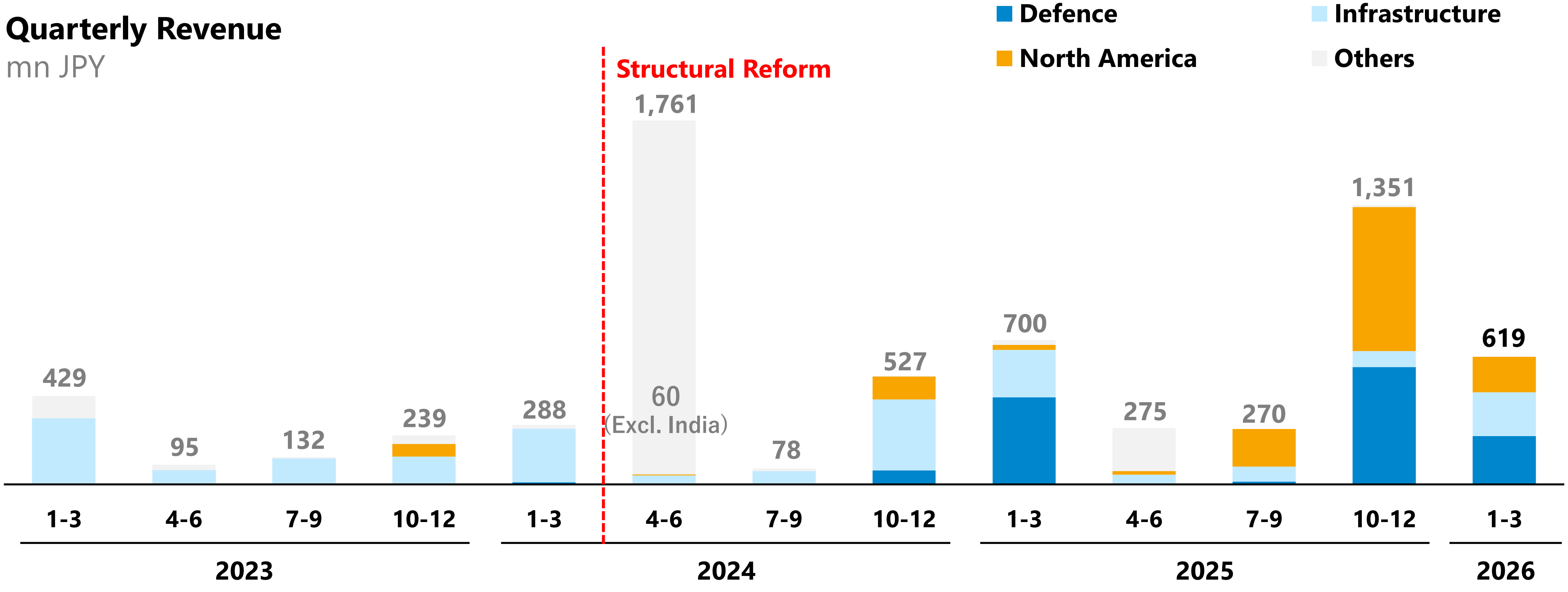
Mid term Plan Categories	Summary
North America	U.S. sales of SOTEN airframes and SOTEN related parts and accessories (serving segments such as infrastructure and public safety)
Defense	Revenue from defense related customers (airframes, accessories and parts; customization; and services such as demonstrations)
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
(Airframe Sales)	As airframe volumes and revenue span the above categories, we will disclose them separately (units and revenue)

Income Statement Overview

Item		Explanation
Revenue	①	**Revenue from sales of airframes, services, and equipment rental. Some national projects are recorded as revenue.**
Direct costs	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 and admin expenses	⑦	Personnel costs for sales and administrative functions and company wide costs.
R&D expenses	⑧	R&D costs, including materials and outsourced processing.
National project costs	⑨	Costs for national projects (SBIR, etc.). Recorded as SG&A. Related subsidies, when received, are recorded as non operating income(⑫).
Operating profit (excl. National project)	**⑩ (⑤-⑦-⑧)**	**Operating income excluding national project costs. A key KPI to track underlying profitability of the business.**
Operating Profit	⑪ (⑩-⑨)	Operating income including national project costs.
Non Operating income	⑫	Subsidy income from national projects. Subsidies are recognized when receipt becomes certain; timing may lag expense recognition.
Non Operating expenses	⑬	Financing related expenses, interest expense, and other financial costs.
Ordinary income	⑭ (⑪＋⑫-⑬)	
Net income	⑮	

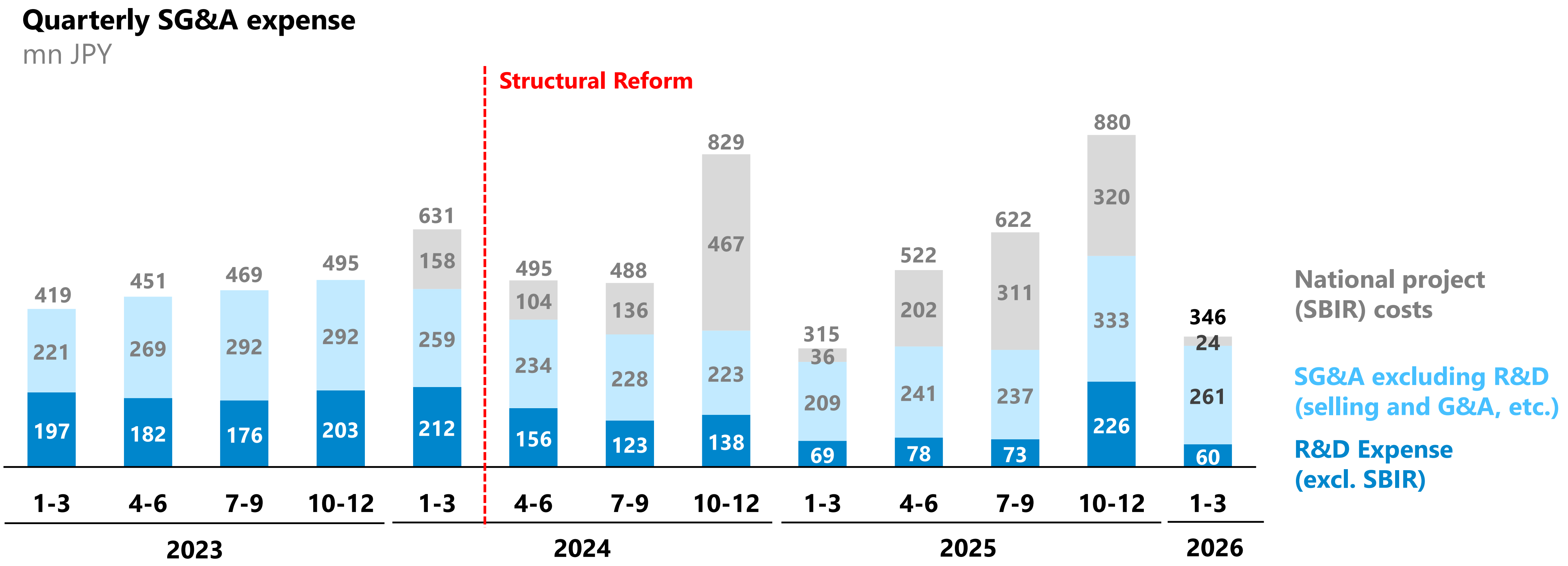
Quarterly Revenue Trend and Backlog

Revenue decreased by JPY 0.08 bn YoY overall. Excluding FY24 delivered units recognized in FY25 Q1, revenue increased by JPY 0.28 bn YoY, driven by Defense and North America



SG&A Expenses

R&D for the core business excluding national projects (SBIR[1]) decreased YoY. SBIR costs totaled JPY 0.02 bn for this quarter.



1: SBIR: a national innovation program. For development of a new high performance compact aerial imaging drone with economic security and security considerations, with up to JPY 2.6 bn of subsidies expected during Dec 2023 to Dec 2025.

Balance Sheet

mn JPY	FY26/12 Q1		FY25/12 Q1	FY25/12
	Actual	YoY Change	Actual	Actual
Current assets	5,890	＋23%	4,785	5,346
Cash	2,348	＋16%	2,024	2,018
Fixed assets	313	▲51%	635	318
Current liabilities	574	▲62%	1,496	1,045
Fixed liabilities	2,738	▲18%	3,322	2,863
Total liabilities	3,312	▲31%	4,818	3,909
Net assets	2,891	＋380%	602	1,755
Total assets	6,203	＋14%	5,421	5,665

KPI and key financial items by fiscal year

JPY mn	Fiscal Year[1]		FY19/03	FY20/03	FY21/03	FY21/12	FY22/12	FY23/12	FY24/12	FY25/12	FY26/12 Q1
Revenue			807	1,278	620	501	1,635	896	2,655	2,598	619
	Small aerial photography drone (SOTEN)	**mn JPY**	-	-	-	-	939	206	402	2,007	253
		Unit					645	101	240	1,276	234
	Japan	**mn JPY**					939	144	276	1,086	82
		Unit					645	51	128	776	34
	Overseas	**mn JPY**					-	61	125	921	171
		Unit						50	112	500	200
	Other airframes	**mn JPY**	384	304	145	67	177	199	229	113	190
		Unit	106	101	46	18	45	41	49	21	31
	Others	**Mn JPY**	423	973	475	433	518	489	2,024 (India 1,700)	477	175
Gross Profit			403	808	68	0	▲124	▲235	150	501	251
Gross Margin			50%	63%	11%	0%	▲8%	▲26%	6%	19%	41%
SG&A (excl. SBIR)			733	792	1,207	1,189	2,079	1,836	1,576	1,470	321
R&D expense			366	275	583	604	1,168	759	631	448	60
Operating Profit(excl. SBIR)			▲330	15	▲1,139	▲1,188	▲2,203	▲2,071	▲1,425	▲969	▲70
SBIR costs			-	-	-	-	-	-	867	870	24
Operating Profit			▲330	15	▲1,139	▲1,188	▲2,203	▲2,071	▲2,293	▲1,840	▲95

1: Figures are based on consolidated financial statements for the third quarter of FY2021 and thereafter, for earlier quarters figures in the non-consolidated financial statements FY21/03 through April to March of the following year. FY21/12 is an irregular accounting period from April to December; FY22/12 and beyond are from January to December

Quarterly KPI and key financial items

JPY mn	Fiscal Year[1]	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
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
Small aerial photography drone (SOTEN)	**mn JPY**	-				-			590	21	25	301	33	49	37	86	46	19	30	304	504	28	200	1,274	253
	Unit								475	6	7	157	13	17	12	59	31	15	12	182	416	-	101	759	234
Japan	**mn JPY**								590	21	25	301	33	49	37	24	46	14	20	194	479	10	17	578	82
	Unit								475	6	7	157	13	17	12	9	31	8	7	82	416	-	1	359	34
Overseas	**mn JPY**								-				-			61	-	5	9	110	24	17	182	696	171
	Unit															50	-	7	5	100	-	-	100	400	200
Other airframes	**mn JPY**	4	10	13	116	15	34	17	45	19	67	44	74	9	49	66	35	0	36	156	36	28	44	5	190
	Unit	1	3	5	37	6	6	6	9	6	17	13	13	3	11	14	5	-	11	33	4	2	12	3	31
Others	**Mn JPY**	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
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
Gross 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%
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
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
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
SBIR costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	104	136	467	36	202	311	320	24
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

1: Figures are based on consolidated financial statements for the third quarter of FY2021 and thereafter, for earlier quarters figures in the non-consolidated financial statements FY21/03 through April to March of the following year. FY21/12 is an irregular accounting period from April to December; FY22/12 and beyond are from January to December

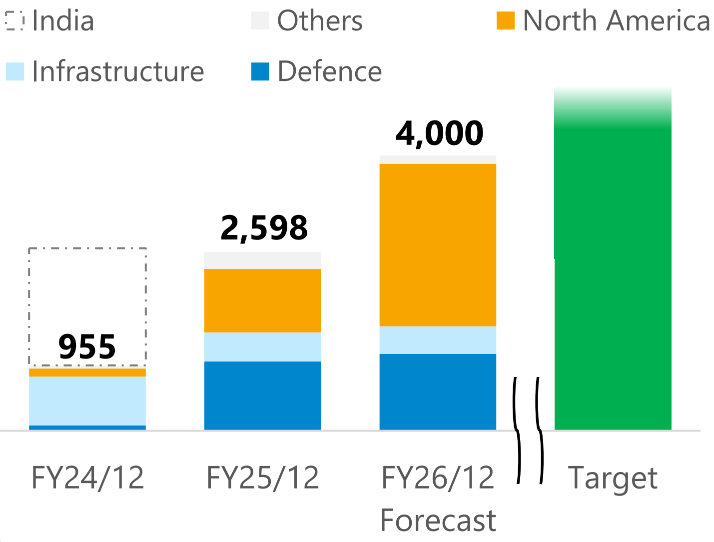
Key Metrics Toward Profitability

Aim to achieve operating profitability by growing revenue, improving gross profit, and maintaining a disciplined cost structure

Reven ue

mn JPY

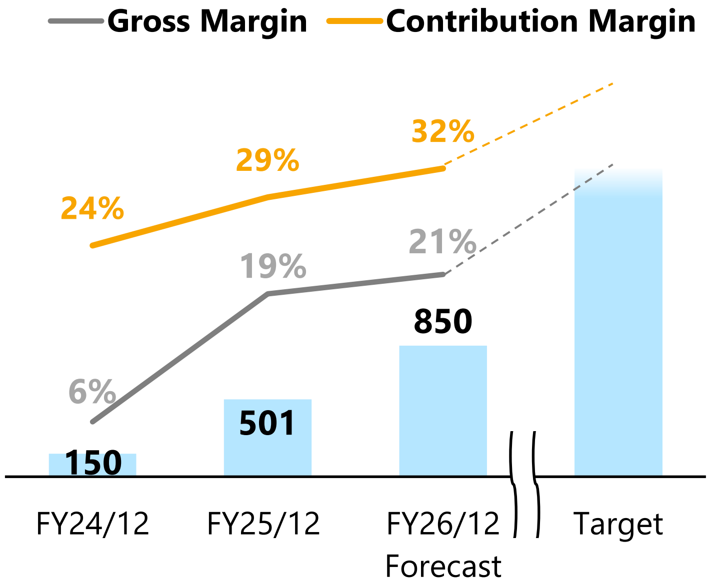
% CAGR on a company wide basis. Japan to grow steadily mainly in defense; North America assumed to grow at a higher rate



Gross Profit

mn JPY

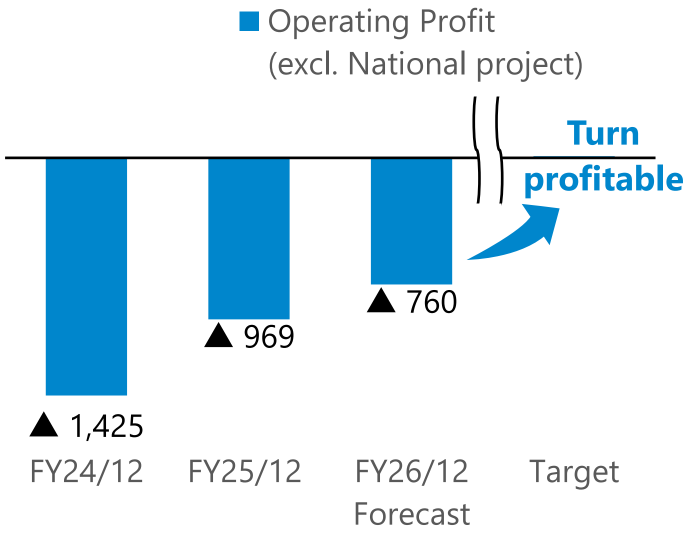
Target gross margin of 40%+ in the mid to long term through contribution margin improvement



Operating Profit

mn JPY

Grow operating income excluding national projects; expect operating profitability at revenue of JPY 5.0 bn+



Selected for a large-scale national project related to technology development

Selected for K-Program (Phase 2). In addition to up to 2.6 bn JPY from SBIR, expected to receive 2.9 bn JPY in subsidies under K-Program

Selected in FY25

	Overview of ACSL Practices	Implementation Period and Amount
NEDO **K Program** (Economic security important technology development program)	■ Study for **hardware development of small drones with autonomous and decentralized control functions** ■ Surveys of advanced technologies in Japan and abroad; determine the **direction of competitive drone development**	**Phase 1** ■ May 2024 - Mar. 2025 ■ Project scale: **Within 100 mn JPY**
	■ **Development of an initial drone model designed for missions during normal times and emergencies (such as large-scale disasters)** ■ The results are not limited to public use but also **extend to civilian applications**	**Phase 2** ■ FY2025 – FY2027 ■ Project scale: **Up to 2.9 bn JPY**
経済産業省 Ministry of Economy, Trade and Industry **SBIR** (Small Business Innovation Research program)	■ **Development of a new high-performance compact aerial photography drone** that takes economic security and security into consideration ■ Respond to the demand for small aerial photography drones **in Japan and overseas**	■ Dec. 2023 - Dec. 2025 (planned) ■ Project scale: **Up to 2.6 bn JPY**
JST 国立研究開発法人 科学技術振興機構 **K Program** (Economic security important technology development program)	■ Research and development of control technology and system construction that can **realize autonomous group flight[1] in harsh environments** ■ Development of technology for **multiple drones to estimate and understand their own spatial position and share**	■ Apr. 2024 – Mar. 2028 ■ Project scale: **Up to 1 bn JPY in 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

ACSL

Mid Term Plan
“ACSL Accelerate FY26”

2025/12/23

ACSL has expanded its customers and markets

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

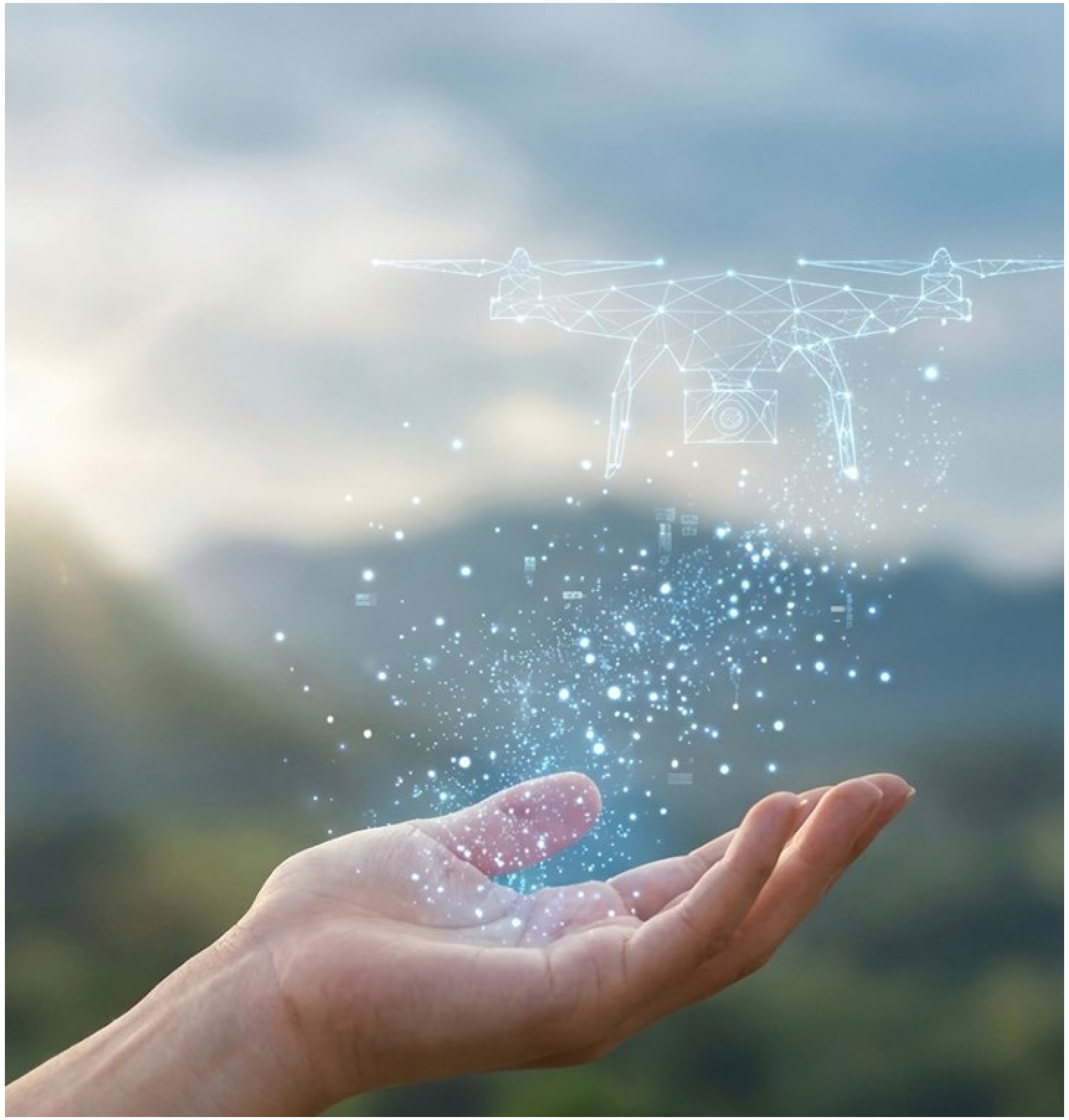
2022
Launched mass production and sales of the secure small aerial drone "SOTEN"

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

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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

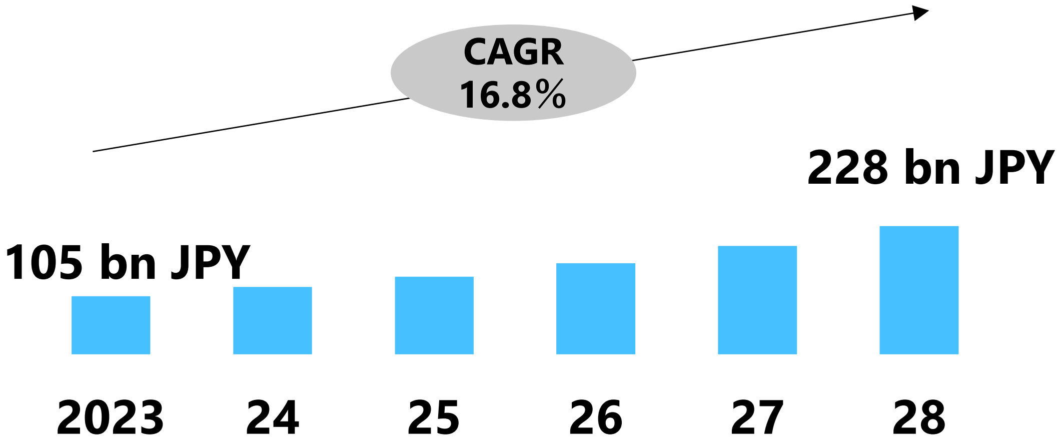
Agriculture

Hardware + Software

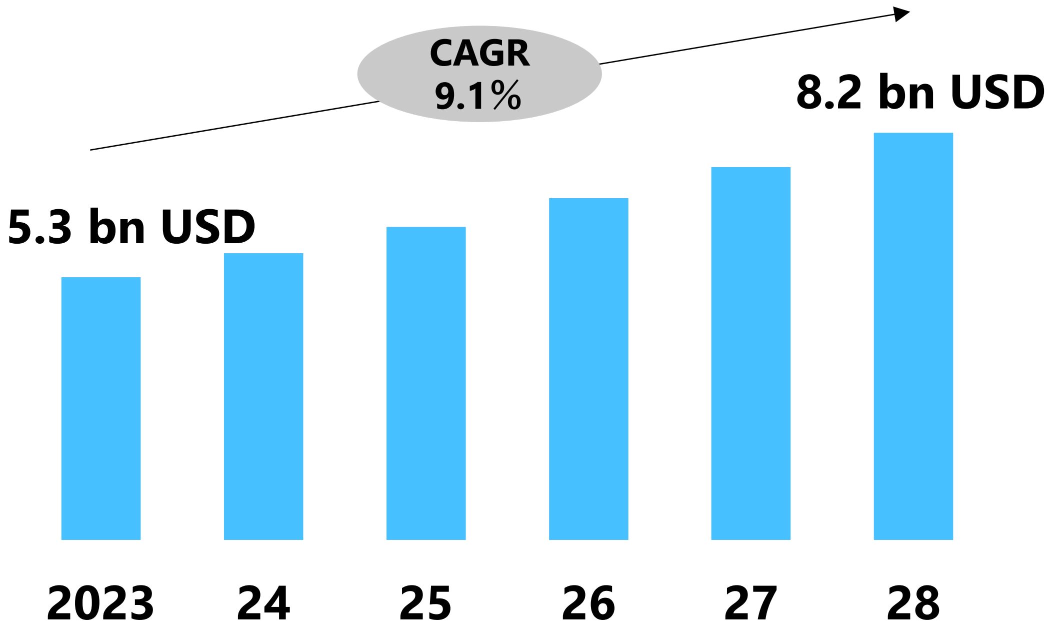
Drone hardware market size

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

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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

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

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)

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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

Smart

Advanced technology for enhanced mission execution

“Liberate Humanity though Technology“

Simple

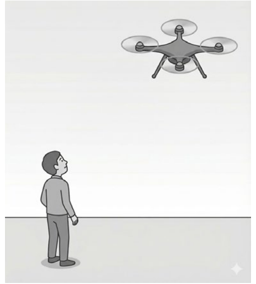
Technical user support

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)

⑥ 【Secure/Safety】
Third-party overflight



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

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

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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 → **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

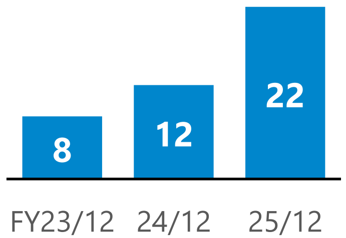
- Few compliant models available
- Adoption of U.S. and European products remains limited

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 [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

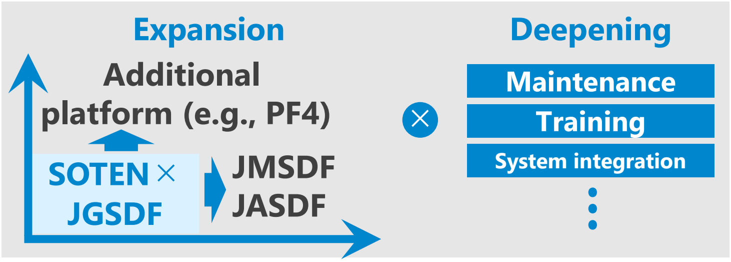
- **Expanded government support for domestic UAV production (U.S., Korea, Taiwan, India, etc.)**

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 Defense Industry Association**
- **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 → **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

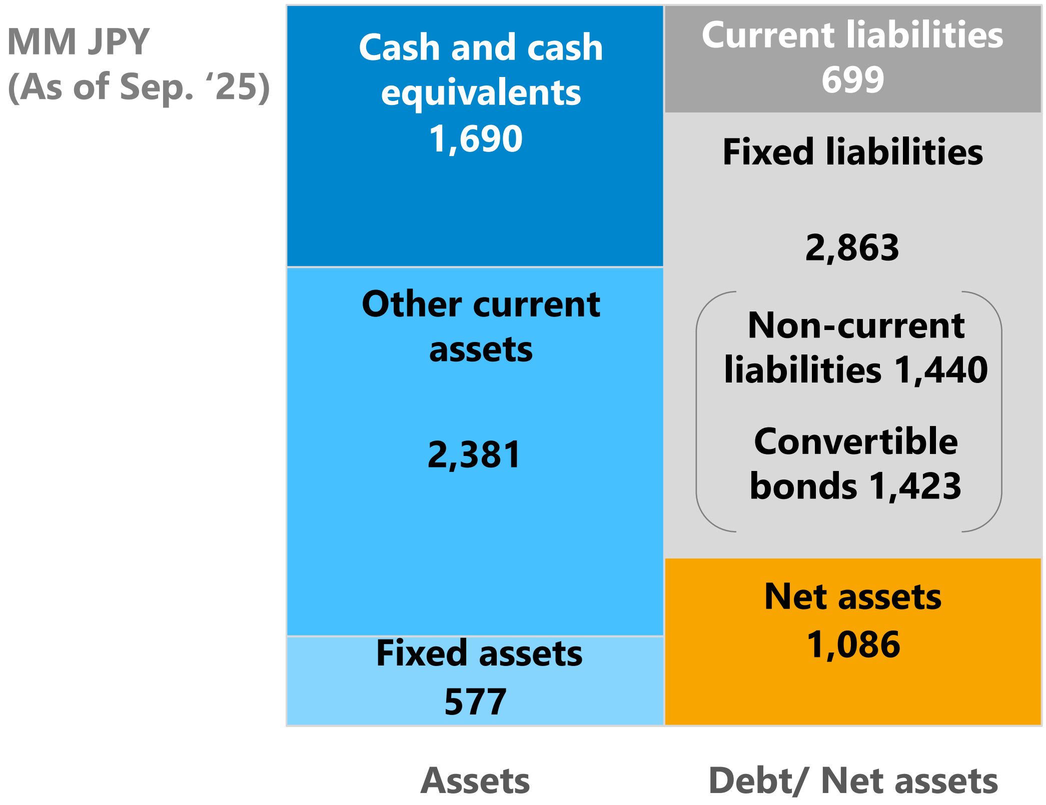
6. Strengthening a financial base

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



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 security through technology

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

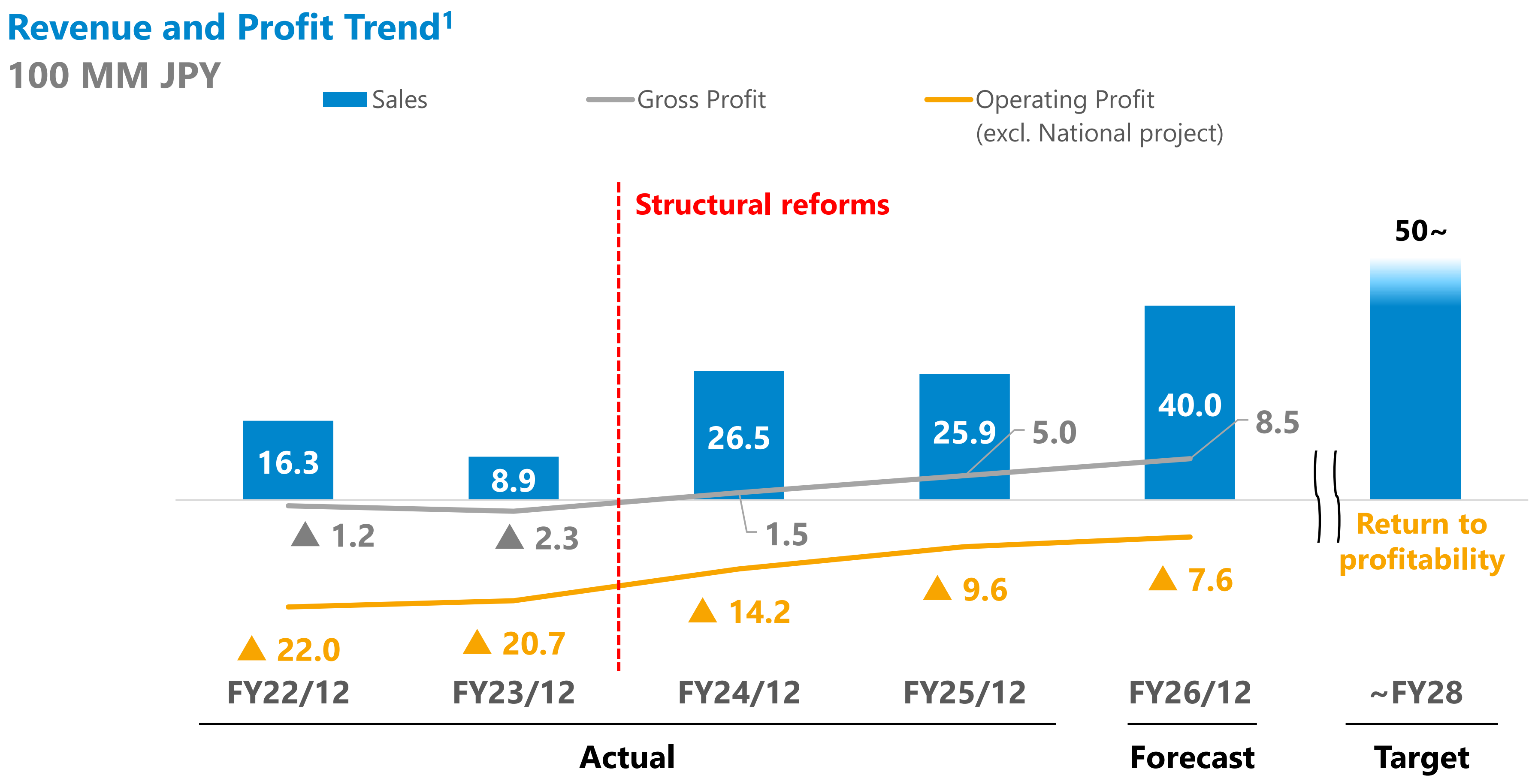
Governance

Enhancing transparency and independence

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

Mid to long term growth outlook

Achieve profitability within the next three years through both revenue growth and margin improvement



1: Operating profit for FY24/12 and FY25/12 exclude national project expenses of 860 mn JPY and 1.4 bn JPY, respectively. Including national project expenses, FY24/12 and FY25/12 are 2.29 bn JPY loss and 2.37 bn JPY loss, respectively

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