



# Financial Results Material for FY25/12 Q3

**ACSL Ltd (TYO: 6232)**  
**Nov. 14, 2025**

CONFIDENTIAL

This material must not be used without prior consent from ACSL Ltd.

## ■ Revision of Full-Year Earnings Forecast (FY2025/12 Full Year – Consolidated)

- **Sales: 2.7 bn JPY, Gross Profit Margin: 19%, Operating Loss: 970 mn JPY (excl. SBIR expenses), Ordinary Loss: 1.4 bn JPY**

- Sales revised downward from 3.15 bn JPY to 2.7 bn JPY. While domestic sales at 1.85 bn JPY remain as planned, U.S. sales forecast revised downward from 1.3 bn JPY to 850 mn JPY due to delivery delays despite securing orders
- Gross profit is expected to decrease; however, operating profit and other profits are projected to remain in line with previous forecasts due to cost optimization measures, including SG&A expenses

## ■ FY2025/12 Cumulative Q3 Results<sup>1</sup>

- **Sales: 1.24 bn JPY (up 810 mn JPY YoY), Backlog: 1.26 bn JPY (up 620 mn JPY), Sales + Backlog: 2.51 bn JPY (up 1.44 bn JPY)**
- **Gross Profit Margin: 9% (up 5 pt YoY), Marginal Profit Margin: 26% (up 9 pt)**
- **SG&A : 910 mn JPY (down 300 mn JPY YoY), Operating Loss : 800 mn JPY (320 mn JPY improvement)** (Both figures excl. 550 mn JPY in SBIR expenses)
- Ordinary loss: 730 mn JPY (improved by 850 mn JPY YoY, incl. 550 mn JPY in SBIR expense and 810 mn JPY in SBIR grant income)

## ■ Technology Development & Business Expansion Highlights

- Defense: Further strengthened cooperation with the Self-Defense Forces. **Conducted training for Fuji School**
- US: **Regulations on Chinese-made drones are tightening further.** Announcement of collaboration with American Tower, a major local telecommunications tower company, and FLIR, the world's leading infrared imaging company.
- Product Dev.: **Selected for the K-Program (Economic Security Program).** Expected to receive a 2.9 bn JPY subsidy for aircraft development

1: Sales exclude the India project (1.7 bn JPY) from last year. Backlog is as of the date of this document's release. In SBIR (National Project) the amount corresponding to incurred expenses is subsidized, and the expenses are recorded as SG&A. The subsidy is recognized as non-operating income after inspection. CONFIDENTIAL / Copyright© ACSL Ltd. ALL RIGHTS RESERVED.



**1. Market / Mission / Growth strategy**

**2. Revision of earnings forecasts**

**3. FY25/12 Q3 results and highlights**

**4. Appendix**

# Company outline



|                                       |  |                                  |
|---------------------------------------|--|----------------------------------|
| <b>Corporate Name</b>                 | ACSL Ltd.  |                                  |
| <b>Established</b>                    | November 2013  |                                  |
| <b>Location</b>                       | 3-6-4 Rinkai-cho, Edogawa-ku, Tokyo<br>Hulic Kasai Rinkai Bldg. 2F   |                                  |
| <b>Description of Business</b>        | Manufacture and sale of commercial drones and provision of solution services for unmanned and IoT applications using autonomous control technology |                                  |
| <b>Management Team</b>                | Representative Director,<br>Co-CEO   | Kensuke Hayakawa                 |
|                                       | Representative Director,<br>Co-CEO   | Shoji Terayama                   |
|                                       | ACSL, Inc. (US subsidiary)<br>Board Director, CEO  | Cynthia Huang                    |
|                                       | ACSL, Inc.<br>Board Director, Global CTO   | Chris Raabe                      |
|                                       |  | Kentaro Shizuka                  |
|                                       | Director (External),<br>Audit and Supervisory<br>Committee Member  | Yuka Katsuki<br>Tadaharu Shimazu |
| <b>No. of Employee (consolidated)</b> | 52 (as of Sep. 2025)   |                                  |
|                                       | Ratio of engineers   | Ratio of Non-Japanese            |
|                                       | Approx. <b>62%</b>   | Approx. <b>23%</b>               |

## Company History

- 2013** ● Emeritus Prof. Kenzo Nonami of Chiba Univ. founded Autonomous Control Systems Laboratory Co., Ltd. (now ACSL Ltd.)
- 2018** ● Listed on the Tokyo Stock Exchange Mothers Market (the world's first listing of a drone manufacturer)
- 2021** ● Entered into a capital and business alliance with Japan Post and Japan Post Capital
- 2022** ● Mass production and sales of the secure small aerial photography drone "SOTEN"
- 2023** ● Established U.S. subsidiary ACSL, Inc. and launched full-scale expansion into the U.S. market
- 2024** ● Capital and Business Alliance with Murata Manufacturing Co., Ltd.
- Large-scale delivery of "SOTEN" to the Ministry of Defense

## 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**

**Challenge**

**Continue to change without fear of failure to create unforeseen value**

**Collaborate**

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

**Complete**

**Get matters done as your own, with quality and speed**

**Growing use of drones in disaster prevention and response, as well as in economic security and supply chain risks triggered by geopolitical risks**

**01**

## **Economic Security Data sensitivity**

**As economic security gains global importance, the U.S. is advancing national-level regulations on Chinese-made drones, while Japan is steadily advancing related initiatives**

**02**

## **Unmanned Optimization, DX**

**Robotics, including drones, are increasingly implemented globally for more efficient and unmanned operations. Particularly in the logistics field, a combination of trucks and drones is considered**

**03**

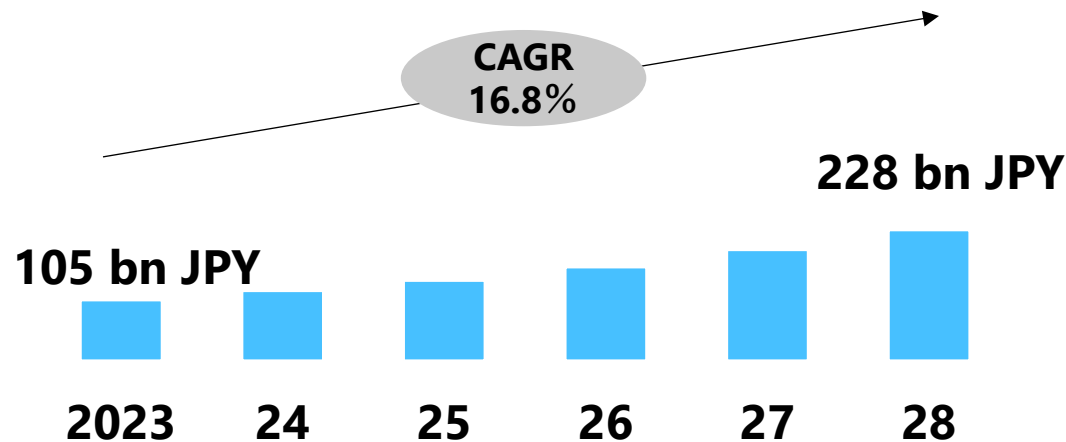
## **National Land Stabilization Disaster Prevention**

**Active use of drones in disaster prevention and disaster management in the field of the Noto earthquake and torrential rain disasters. Increased awareness of the usability of disaster investigation and drone delivery**

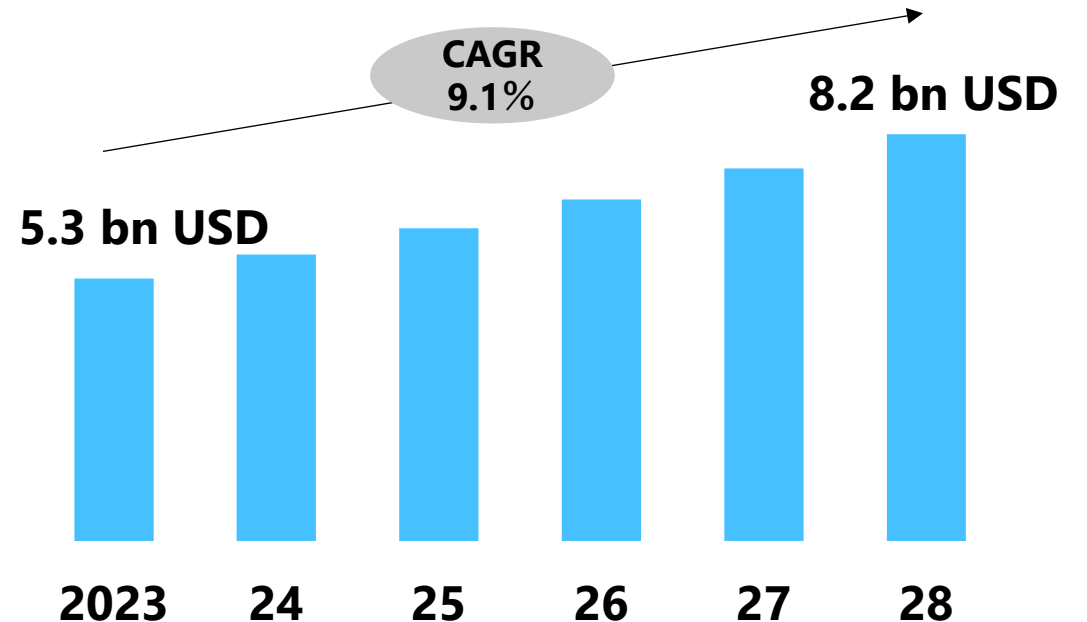
# Drone hardware market size

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<sup>1</sup>



## US drone hardware market<sup>2</sup>



1: Impress Research Institute "Drone Business Report 2024"

2: Grand View Research 「U.S. Commercial Drone Market Size & Share Report, 2030」

# ACSL's Competitive Advantage: positioning in the small UAV<sup>1</sup> market



## Using advanced autonomous control and mass production, ACSL leads Japan's small UAV market, supporting economic security


### Industry-leading technical expertise

- High performance achieved through **advanced proprietary control technologies** (autonomous control technology, vision technology)
- **Establishing a mass production system** for small aerial photography drones
- High technical standards backed by **Level 4 type certification**
- **Hardware and software customization and development of new features** based on diverse use cases

### Strong customer base and sales network

- **Broad customer base** spanning defense, public, and private sectors, **with extensive proven track record and implementation experience**
- High reliability through **development and supply of drones compliant with economic security requirements**
- **Continuous delivery of drone to the Ministry of Defense**
- Establishing a U.S. expansion foundation through a **network of over 20 sales agents in the US**

### Positioning in the small UAV market

|                            | Made in Japan   | Overseas-made            |
|----------------------------|---|--------------------------|
| Outdoor/Compact            | <br>蒼天/SOTEN | Company A<br>B<br>C<br>⋮ |
| Outdoor/Mid-size or larger | Company D<br>⋮  | Company E<br>⋮           |

1: Unmanned Aerial Vehicle: Total aircraft weight under 4 kg





**1. Market / Mission / Growth strategy**

**2. Revision of earnings forecasts**

**3. FY25/12 Q3 results and highlights**

**4. Appendix**

# FY25 Revised financial forecast (Consolidated)

## Sales figures revised due to delayed U.S. revenue recognition; profit remains unchanged

| [mn JPY]<br>"▲" = minus (negative)           | Revised<br>FY25/12<br>Full Year<br>forecast | Pre-revision<br>FY25/12<br>Full Year<br>forecast | Pre- and<br>Post-<br>Revision<br>Comparison | (Reference)<br>FY24/12<br>Full-Year<br>Results | Summary of Revisions  |
|--|---|--|---|--|---|
| <b>Net sales</b>                             | 2,700                                       | 3,150  | ▲450  | 2,655  | <ul style="list-style-type: none"> <li>Domestic sales are expected to remain unchanged from the previous forecast of 1.85 bn JPY</li> <li>The U.S. business secured orders, but revised its sales forecast from 1.3 bn JPY to 850 mn JPY due to the impact of delivery delays</li> <li>Gross profit is expected to decrease by approx. 150 mn JPY, and the gross profit margin is also projected to decline due to reduced sales in the U.S. business</li> <li>While maintaining the cost structure established after the business restructuring, SG&amp;A expenses were reduced through strict profitability control and close examination of cost efficiency.</li> <li>Sales are expected to decline, but profits are projected to remain at the previously forecasted level</li> </ul> |
| <b>Gross profit</b>                          | 500   | 650  | ▲150  | 150  |   |
| <b>Gross profit ratio</b>                    | 19%   | 21%  | ▲2pt  | 6%   |   |
| <b>SG&amp;A<br/>(excl. SBIR)<sup>1</sup></b> | 1,470                                       | 1,620  | ▲150  | 1,576  |   |
| <b>Operating profit<br/>(excl. SBIR)</b>     | ▲970  | ▲970   | ±0  | ▲1,425   |   |
| <b>SBIR (national project)</b>               | 1,400                                       | 1,400  | ±0  | 867  |   |
| <b>Operating profit</b>                      | ▲2,370                                      | ▲2,370   | ±0  | ▲2,293   |   |
| <b>Ordinary profit</b>                       | ▲1,400                                      | ▲1,400   | ±0  | ▲2,188   |   |
| <b>Net Profit</b>                            | ▲1,800                                      | ▲1,800   | ±0  | ▲2,371   |   |

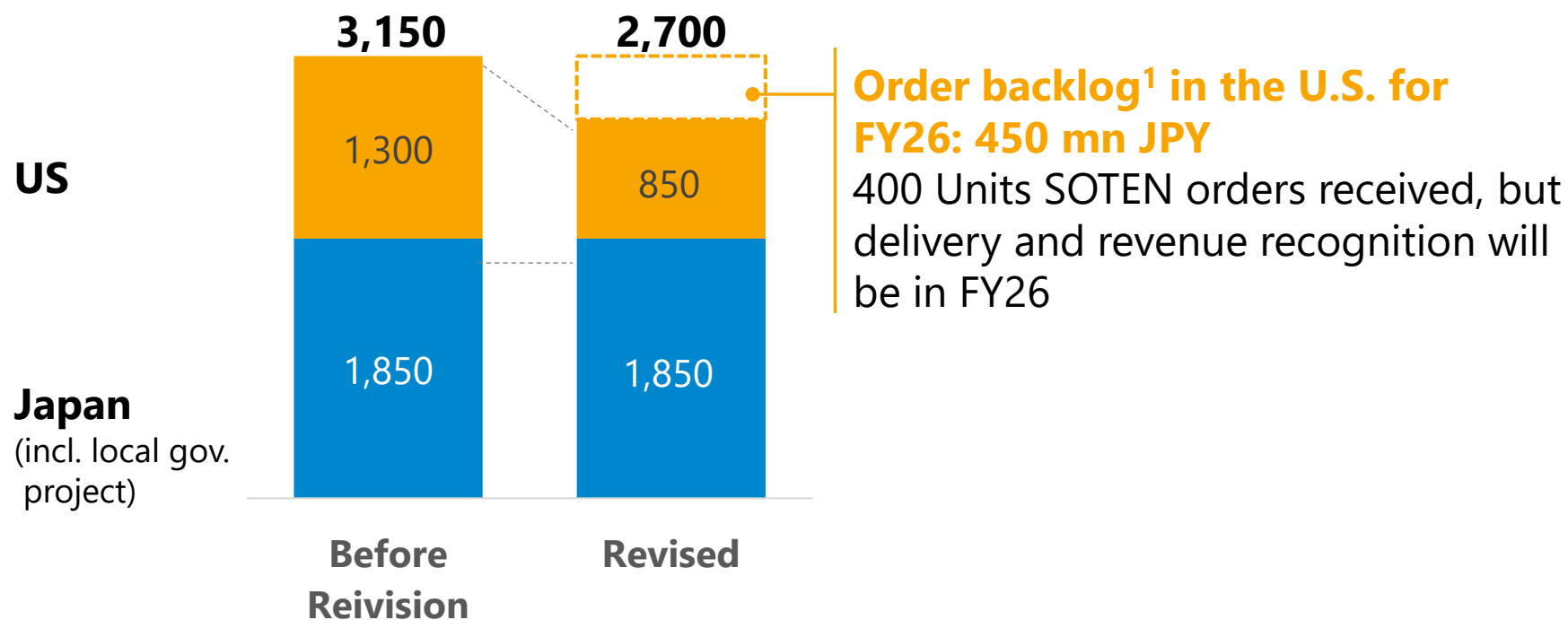
1: National project (SBIR): Subsidies are granted to cover actual expenses, which are recorded as SG&A (¥1.4B planned for FY12/25). Subsidy income is recognized as non-operating income upon inspection, creating a timing gap. For FY12/25, subsidies for 2H expenses will be recorded, while those for 3H expenses will be recognized in FY26 and beyond.

# Revision to the Sales Forecast

Orders have been received in the U.S., but , deliveries are expected to be deferred to next year. Revenue forecast revised from 3.15 bn JPY to 2.7 bn JPY.

## Sales forecast

mn JPY



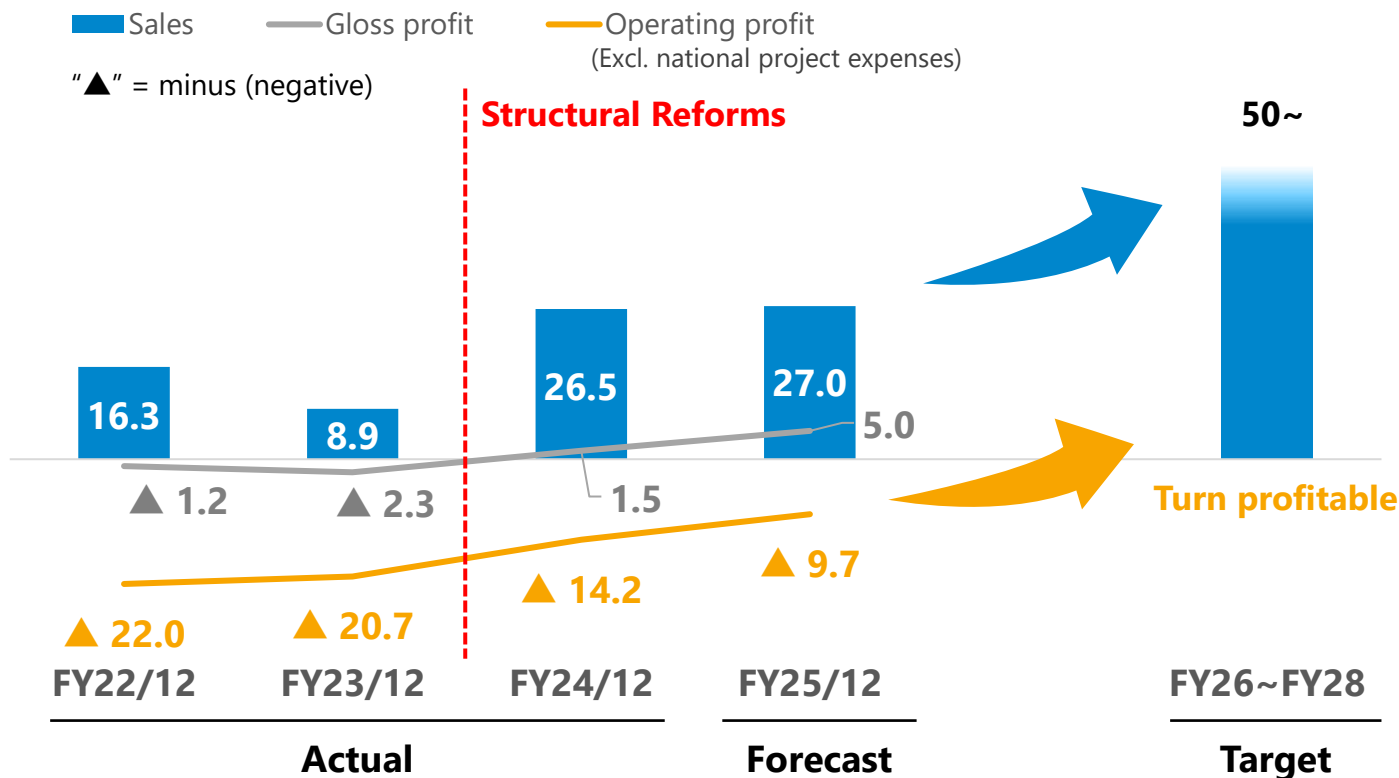
1: The backlog represents the total value of orders received and will be recorded sales in FY 26 as of November 14, the date of this document's release.  
1 USD = 150 JPY

# Mid-to-long-term growth outlook

## With sales growth, improve profit margins and target profitability within the next three years

### Sales and profit trends<sup>1</sup>

100 mn JPY



### Mid-long-term growth targets

#### Sales

- Expect CAGR growth of 20% or more across the entire company
- Expect stable growth in domestic business, mainly from existing customers such as the Ministry of Defense
- High growth expected in the US market as demand for replacement of existing Chinese-made drones increases

#### Profit

- Target gross profit of 40% or more over the medium to long term through increased sales and gross profit margin
- Expecting operating profits to turn positive with sales of over 5 bn JPY

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



1. Market / Mission / Growth strategy
2. Revision of earnings forecasts
- 3. FY25/12 Q3 results and highlights**
4. Appendix

# FY25/12 Q3 results and highlights

## Summary

Sales are progressing as planned, totaling 1.24 bn JPY for Q3. Combined with the order backlog of 1.26 bn JPY, the total stands at 2.51 bn JPY

Despite lower sales, gross profit margin remained at the same level YoY. SG&A expenses were reduced, narrowing the operating loss. Ordinary loss improved significantly due to subsidy income

## Sales

Sales

**1.24** bn JPY

Backlog as of today

**1.26** bn JPY

YoY +191% (Excl. India project)

Sales for the cumulative Q3 period showed significant growth compared to the previous year's sales of 420 mn JPY (excl. India project). The order backlog at the end of the Q3 period is progressing steadily toward the annual forecast

## Gross profit ratio<sup>1</sup>

Gross profit ratio

**9%**

YoY +5 pt

Marginal profit ratio

**26%**

YoY +9 pt

Both the profit margin and gross profit margin increased YoY

Operating income  
(excl. SBIR<sup>2</sup> costs)

**-800** mn JPY

YoY +320 mn JPY

Ordinary profit

**-730** mn JPY

YoY +850 mn JPY

Operating losses (excluding SBIR) decreased YoY due to business restructuring. Ordinary losses decreased significantly due to SBIR grant income

1: Including India project

2: For national projects (SBIR), costs are recorded in advance as SG&A expenses, and the corresponding grants are recorded as non-operating income

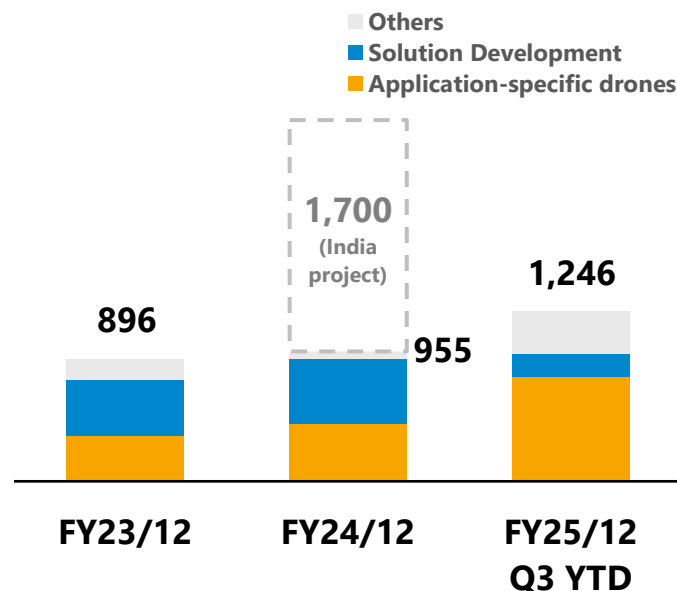
# Key Financial Figures

**Sales increased significantly. In terms of profits, the cost structure improved as a result of structural reforms**

## Sales

mn JPY

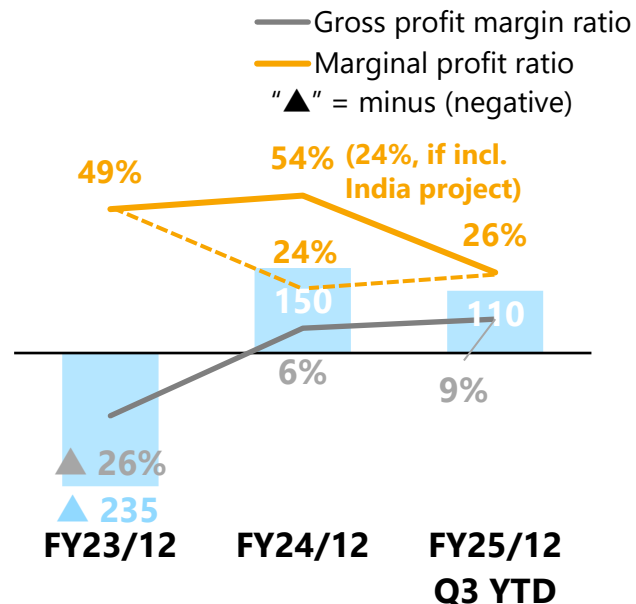
Sales of specialized drones grew significantly. Sales exceeded the previous year's annual sales of 955 mn JPY (excl. a large project in India worth 1.7 bin JPY)



## Gross profit

mn JPY

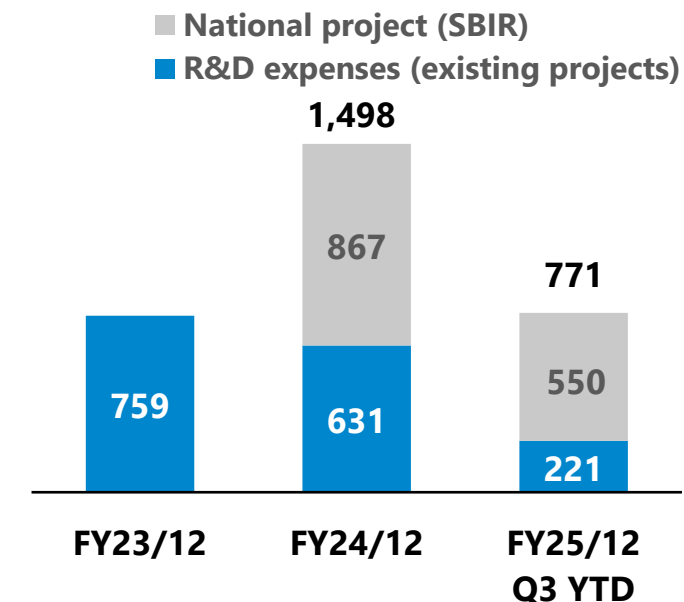
Gross profit and gross profit margin remained steady. Marginal profit ratio declined due to changes in product mix



## R&D Expenses

mn JPY

R&D expenses related to existing businesses, excluding national project, significantly reduced due to structural reforms



# FY25/12 Q3 results and YoY comparison

## Sales exceeded YoY levels (excluding India), and losses narrowed due to cost structure improvements

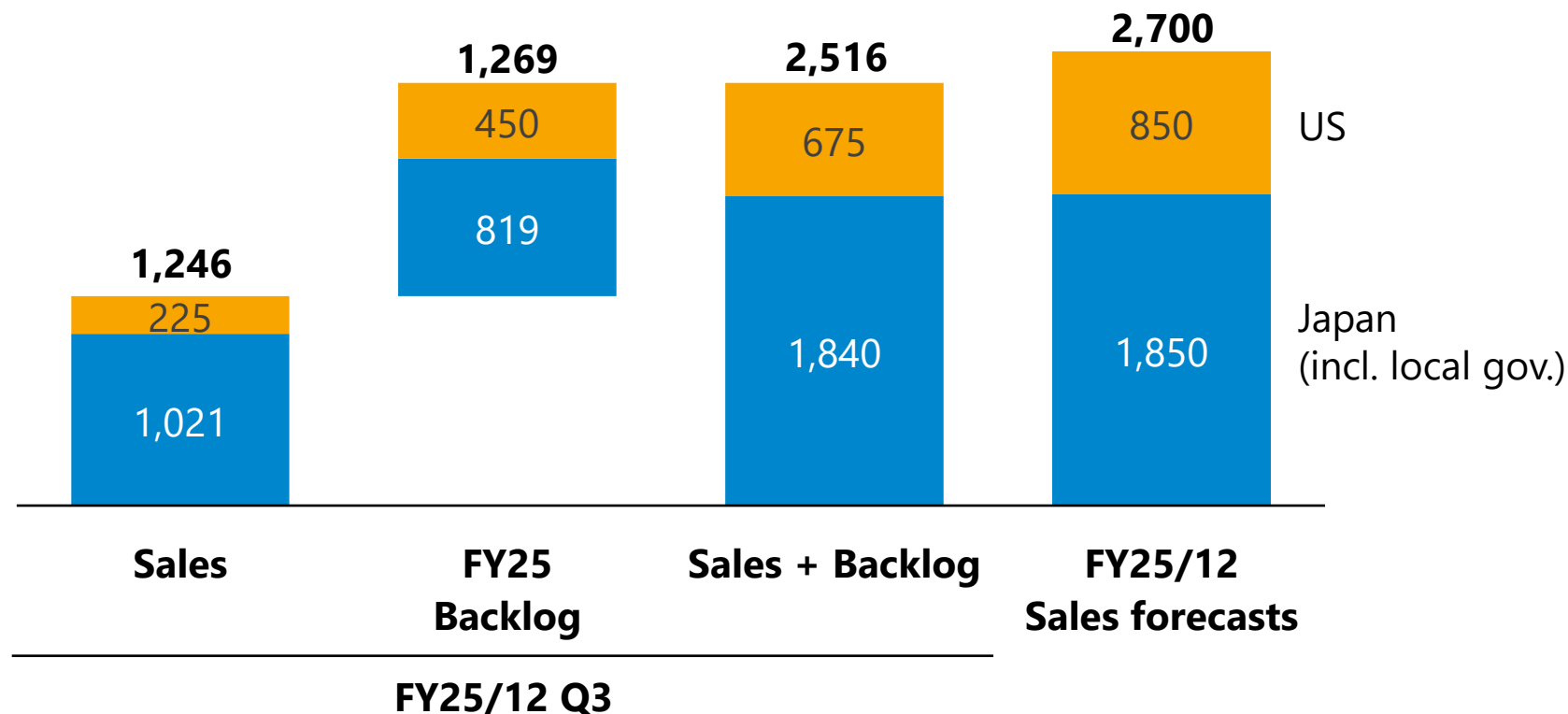
| [mn JPY]<br>"▲" = minus (negative)           | FY25/12 Q3<br>YTD actual | FY24/12 Q3<br>YTD actual | YoY<br>comparison | FY25/12<br>Full-Year<br>Forecast<br>(Ref. value) | Summary  |
|--|--------------------------|--------------------------|-------------------|--|--|
| Net sales                                    | 1,246                    | 2,128                    | ▲881              | 2,700  | <ul style="list-style-type: none"> <li>■ Sales reached 1.24 bn JPY as of Q3, a significant increase of 818 mn JPY compared to YoY (excl. India project of 1.7 bn JPY)</li> <li>■ Backlog orders totaled 1.26 bn JPY, an increase of 624 mn JPY YoY</li> </ul>                            |
| Excl. India project                          | 1,246                    | 427                      | +818              | 2,700  |  |
| Gross profit                                 | 110                      | 92                       | + 18              | 500  | <ul style="list-style-type: none"> <li>■ Both gross profit and gross profit margin increased compared YoY</li> </ul>   |
| Gross profit ratio                           | 9%                       | 4%                       | +5pt              | 19%  |  |
| SG&A<br>(excl. national project)             | 910                      | 1,214                    | ▲304              | 1,470  | <ul style="list-style-type: none"> <li>■ SG&amp;A expenses (excl. national projects) were reduced by 304 mn JPY YoY due to structural reforms</li> <li>■ Operating loss excl. national projects decreased by 322 mn JPY YoY, primarily due to reductions in SG&amp;A expenses</li> </ul> |
| Operating profit<br>(excl. national project) | ▲800                     | ▲1,122                   | + 322             | ▲970   |  |
| National project                             | 550                      | 400                      | + 149             | 1,400  | <ul style="list-style-type: none"> <li>■ National project R&amp;D expenses (SBIR) totaled 550 mn JPY through Q3. The overall project is progressing smoothly</li> </ul>  |
| Operating profit                             | ▲1,350                   | ▲1,523                   | +172              | ▲2,370   | <ul style="list-style-type: none"> <li>■ Ordinary profit improved significantly to a loss of 738 mn JPY, driven by reduced operating losses and recognition of 815 mn JPY in subsidy income from the National Project (SBIR) (partially from last year's implementation)</li> </ul>      |
| Ordinary profit                              | ▲738                     | ▲1,589                   | +851              | ▲1,400   |  |
| Net Profit                                   | ▲991                     | ▲1,656                   | +664              | ▲1,800   |  |



## 2.51 bn JPY secured, including sales and backlog through Q3, against the projected 2.7 bn JPY in sales for the current fiscal year

Sales and backlog<sup>1</sup> (as of today)

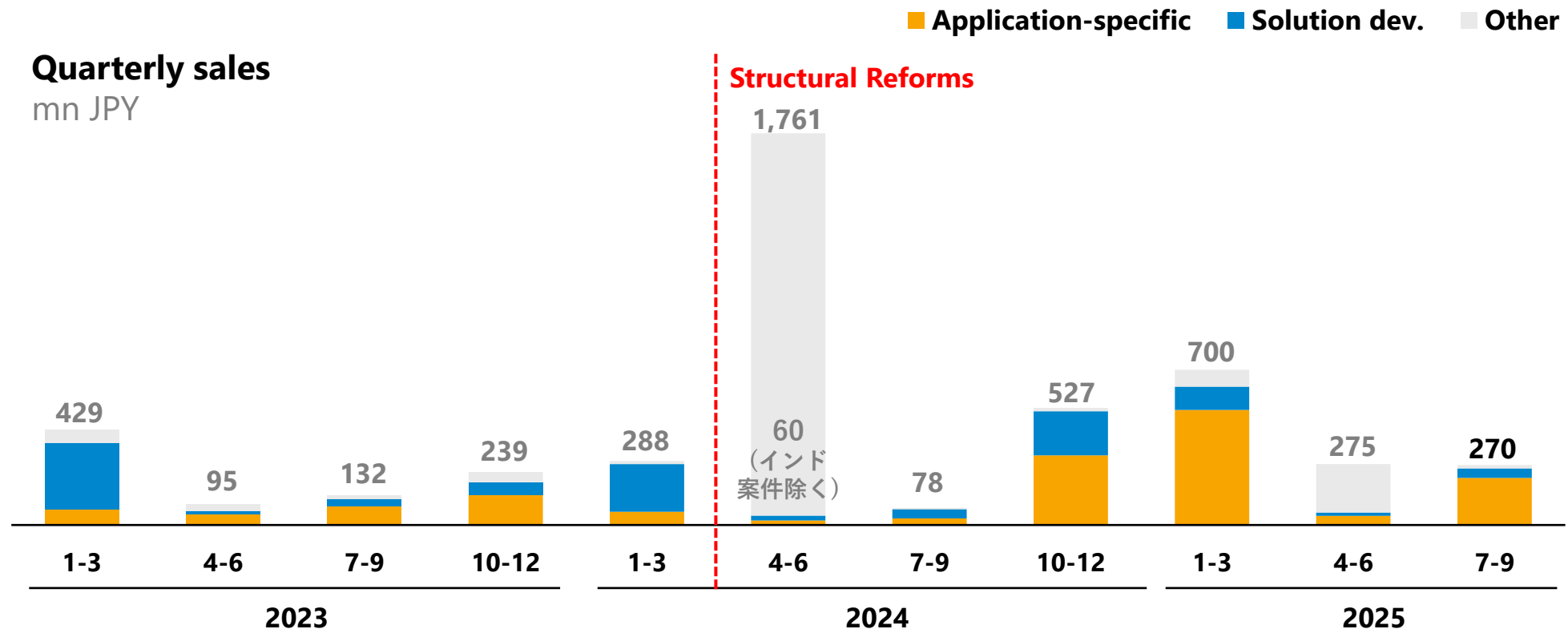
mn JPY



1: The backlog includes orders received as of the end of Q3 plus those received as of the date of this document's release (11/14), representing the total value of projects expected to generate revenue in FY25. 1USD = 150 JPY

# Quarterly sales and backlog

**While no significant sales are expected in Q3, an increase of approx. 200 mn JPY compared to YoY (excluding India)**

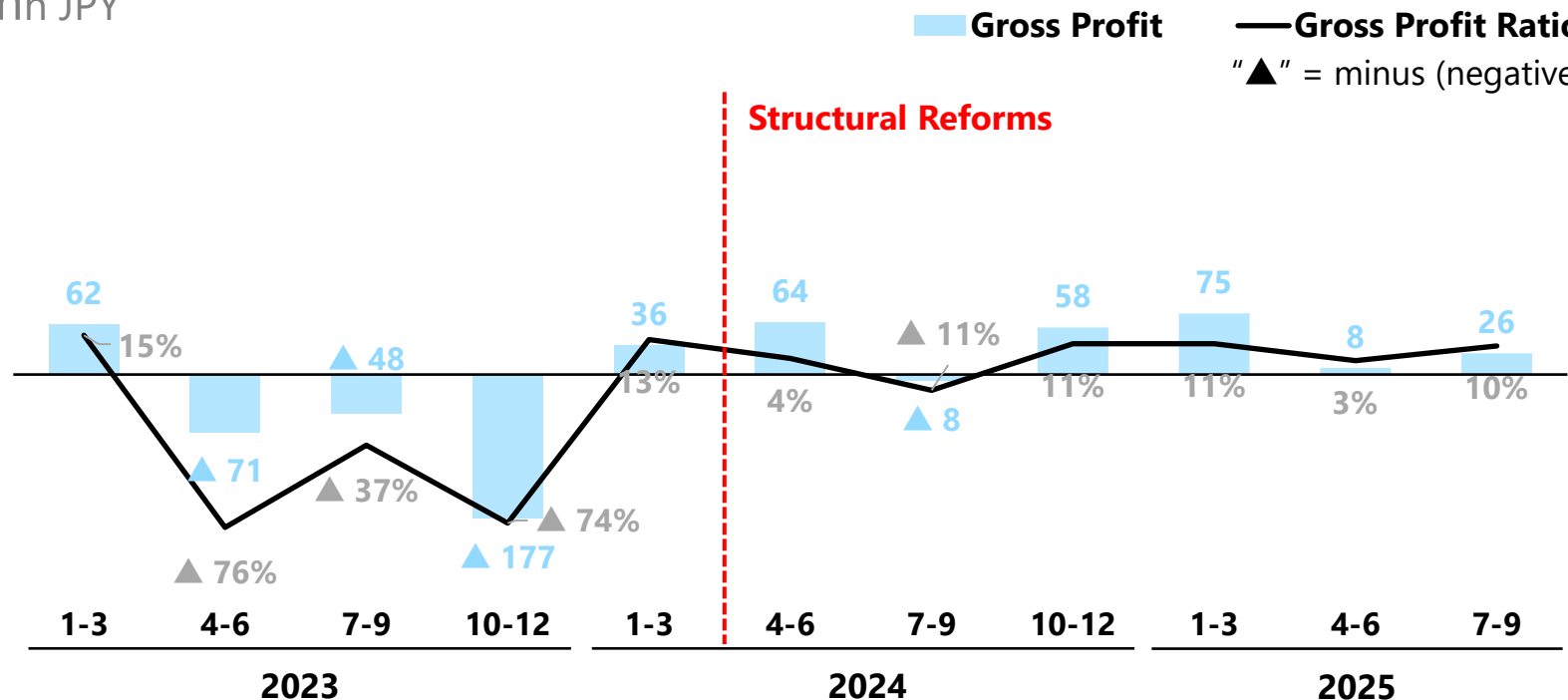


# Gross Profit and Gross Profit Ratio

**Gross profit decreased YoY. Gross profit margin remained at the same level as the previous quarter**

## Gross profit and gross profit ratio

mn JPY

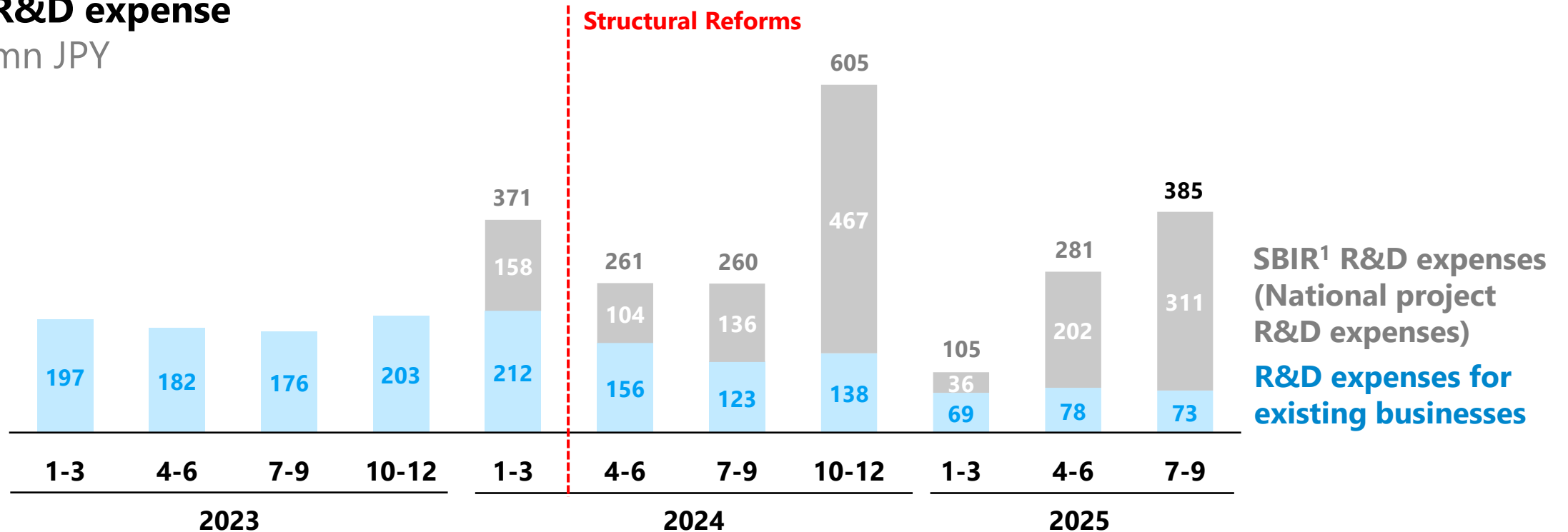


- Gross profit increased by 18 mn JPY YoY for the cumulative Q3 period
- Gross profit margin for Q3 cumulative was 9% (+5% YoY)
- Through cost structure reforms, gross profit remains positive even with low sales volume and a high proportion of fixed costs

# R&D expense

**R&D expenses for existing businesses, excl. national project (SBIR<sup>1</sup>), were significantly reduced compared YoY. SBIR expenses amounted to 311 mn JPY in Q3. Expenses are expected to total 1.4 bn JPY for the full year**

**R&D expense**  
mn JPY



1: Small and Medium Enterprise Innovation Creation Promotion Project. Expects to receive up to 2.6 bn JPY in subsidies for the period from Dec. 2023 to Dec. 2025 for the development of new high-performance small aerial photography drones that take into account economic security and safety

## Long-standing partnership with the Self-Defense Forces, with recent delivery to the Defense Equipment Agency

**2019**  
**Agreement with Japan Ground Self-Defense Force** Eastern Army on drone support for **large-scale disasters**

**2021**  
Responding to the debris flow disaster in Izuyama, Atami City



**2023**  
Japan Ground Self-Defense Force Education and Training Research Headquarters conducts training for domestic drones

**2024**  
**Adopted by the Ministry of Defense Air Self-Defense Force** as an aerial photography drone

**2025**  
**Participated in** the Japan Ground Self-Defense Force Central Region **Disaster Response Training Exercise "Nankai Rescue"**

**Participation in practical training** conducted by the Japan Ground Self-Defense Force Eastern Army in cooperation with local governments

**2020**  
Drones exhibited at the Fuji Research Study Group held at the Japan Ground Self-Defense Force Fuji Garrison

**2022**  
**Launch of sales of** domestically produced small aerial photography drone **SOTEN**



**2024**  
**Received an order** from the Defense Equipment Agency to deliver the small aerial photography drone **SOTEN of 370 mn JPY**

**2024**  
First drone manufacturer to be approved as a regular member of the Japan Defense Equipment Industry Association

**2025**  
Presented products to the NATO Secretary General and others as a dual-use startup.

**Received an order** from the Defense Equipment Agency to deliver the small aerial photography drone **SOTEN of 520 mn JPY**

## Promoted understanding of domestic drones and facilitated future utilization and information sharing at the request of the Japan Ground Self-Defense Force School

### Overview

- **Training** held on November 4, 2025, for **JGSDF Fuji School Infantry Branch Officer Special Training Course trainees** (approx. 30 participants)
- Introducing "SOTEN" and "PF4" (long-range flight multi-use drone)
- **Update on development status of the next-generation small aerial photography drone**, and disaster surveys case studies
- Active Q&A sessions provided **valuable insights for future product development**



Training session



SOTEN



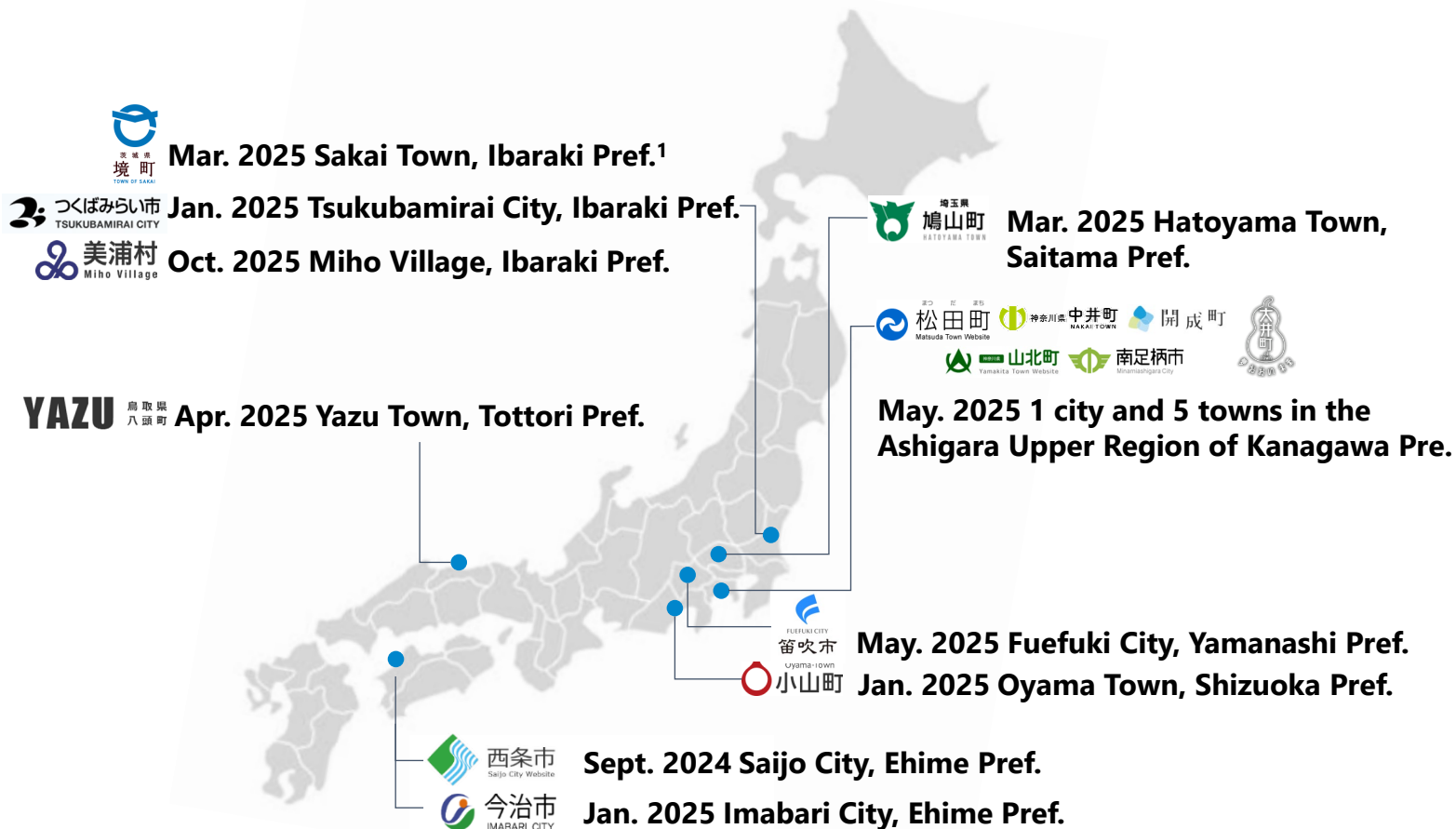
PF4



Next-generation small aerial photography drone

# Disaster Relief Agreements signed with 15 municipalities

## Provide information, support for logistics and supply transport during disasters, utilizing ACSL's experience of disaster site



### Agreements on Disaster Relief Activities

- Utilizing drones for disaster response and strengthening disaster prevention capabilities:
  - Assess disaster sites and conduct search operations
  - Transport supplies
- Promote disaster prevention awareness during normal times
- Develop drone talent
- Enable rapid information gathering and emergency response in diverse regions, including mountainous areas and islands

1: Signed a comprehensive partnership agreement with Sakai Town. Exploring specific initiatives utilizing drones, including drone logistics, sewer inspections, and disaster response



# Regular drone patrol flights launched first in Japan in Sakai Town, Ibaraki Pref.

## Infrared cameras detect human movement, enabling full-scale introduction of drone-based security and monitoring systems

### Overview

- Signing a comprehensive partnership agreement with Sakai Town in March 2025; ACSL has a R&D facility in Sakai Town
- Starting Oct. 31, 2025, regular drone surveillance flights operate every Fri. from 6PM until late at night (2 hrs)
- Demonstration conducted toward full-scale introduction of drones for countermeasures against robbery and theft crimes
- Flight areas: Nagata District (flight length approx. 4.2 km), Sarushima District (flight length approx. 4.0 km)



Sakai Town & ACSL drone demonstration area



PF2-AE



SOTEN



## Growing restrictions on Chinese Drones in the U.S. Increasing demand for NDAA<sup>1</sup>-compliant drones. Regulations expected to be finalized by Dec 2025.

### Regulatory Trends in the U.S. Drone Market

- By December 23, 2025, **Chinese-made drones may be banned from sale** unless they are assessed and proven safe for national security or no government agent assesses them
- **U.S. Customs has begun rejecting most DJI imports since early 2025**, citing ongoing security concerns.
- In addition to sales restrictions, discussions are underway to **revoke existing authorizations for Chinese drones** already in operation<sup>2</sup>

### Customer Trends in the U.S.

- **U.S. power companies are investing in operational processes** that utilize drones for inspecting transmission lines, monitoring substations, and assessing critical infrastructure
- As regulations tighten, many users are **phasing out Chinese-made drones and transitioning to NDAA-compliant models**
- In response to recent regulatory developments, many critical infrastructure organizations are moving toward **mandatory transition away from Chinese-made drones and establishing policies to that effect**

1: The NDAA (National Defense Authorization Act) is a law that governs U.S. national defense policy and establishes rules that prevent companies from being employed in the U.S. that could be quickly converted to the military or arms industry of a particular country.

2: Oct 21, 2025 "Sen. Rick Scott Urges FCC to Crack Down on Communist Chinese Drone Companies Evading U.S. Scrutiny"

## Expand business by enhancing NDAA-compliant SOTEN offerings and sales infrastructure

### Product Development and customization for the U.S. Market

- SOTEN is **NDAA<sup>1</sup>-compliant, offering price competitiveness** compared with leading U.S. and European manufacturers
- Through close collaboration with the Japan-based R&D team to **respond quickly to US customer feedback**
- **U.S. specific camera and feature development**

Function and product development based on U.S. customer needs



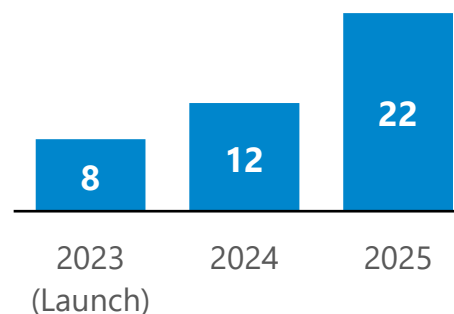
Business alliances and MOUs with major companies



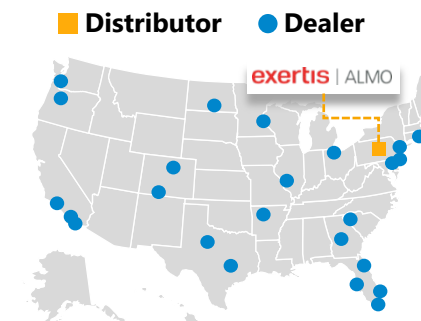
### Partnerships with major companies and sales network expansion

- Signed **MOUs with proactive drone users, including Fortune 500** companies across various sectors
- Earned **strong evaluations in inspection and public safety sectors** for reliability and performance
- **Established a nationwide sales network** with one of the largest distributors in the U.S. and over 20 local dealers

Number of U.S. sales locations expanding rapidly since 2023



Nationwide sales network covering all regions



1: The NDAA (National Defense Authorization Act) is a law that governs U.S. national defense policy and establishes rules that prevent companies from being employed in the U.S. that could be quickly converted to the military or arms industry of a particular country.

# Signed MOU for Strategic Partnership with American Tower Corp.



## Aiming to further expand drone utilization in critical infrastructure sectors

### Overview of MOU

- In October 2025, American Tower Corporation (ATC) and ACSL signed an **MOU for a strategic partnership to promote the introduction and utilization of drone technology**
- ACSL will **supply drones and related information for telecom facility inspections and share insights for future development**
- Through joint testing, ATC will **provide field feedback to ACSL** to support continuous product improvement
- Both companies will also collaborate in product promotion and marketing to **accelerate drone adoption in the U.S. market**
- Leveraging their combined strengths and expertise, the two companies aim to **expand drone use in key U.S. infrastructure sectors**



**AMERICAN TOWER®**

- **One of the largest telecom infrastructure companies in the U.S**
- Owns **over 42,000 sites** in the U.S. and around **150,000 facilities in 22 countries worldwide**
- **Uses drones for telecom tower inspections**
- Business: Development, ownership, and operation of wireless infrastructure
- Founded in 1995, headquartered in Boston

## Launch of U.S. controller “TAITEN” and upgrade of high-resolution thermal camera “SAMO”; Participation in “Thermal by FLIR®” program

### Launch of U.S. Controller “TAITEN”

- New smart controller designed for **field operations in inspections and public safety applications**
- Offers **excellent visibility, durability, and operability**, meeting the needs of on-site operators



TAITEN controller for U.S. market

### Participation in “Thermal by FLIR®” Program

- Upgraded the **high-resolution thermal camera “SAMO”** for the U.S. market
- Joined the Thermal by FLIR® program to **integrate FLIR technologies into ACSL drones and co-develop next-generation solutions**



SOTEN equipped with U.S. thermal camera “SAMO”



- **Global leader in thermal imaging and sensing technologies**
- **Provides cameras and sensors for defense, public safety, and industrial applications in over 100 countries**
- **Business: Thermal imaging, multispectral, and sensing solutions for development, manufacturing, and sales**
- **Founded 1978, headquartered in Oregon**

# 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

Newly selected



### K Program

(Economic security important technology development program)

#### Overview of ACSL Practices

- 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**
- **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**

#### Implementation Period and Amount

##### Phase 1

- May 2024 - Mar. 2025
- Project scale: **Within 100 mn JPY**

##### Phase 2

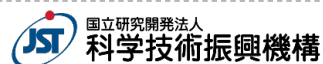
- FY2025 – FY2027
- Project scale: **2.9 bn JPY**



(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**



### K Program

(Economic security important technology development program)

- Research and development of control technology and system construction that can **realize autonomous group flight<sup>1</sup> 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<sup>2</sup>**

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



**Public offering :**



New Energy and Industrial Technology Development Organization (NEDO)

**Project Details:**

- A national program to **promote the research, development, and demonstration of cutting-edge critical technologies** that underpin Japan's international standing
- Prioritizing the utilization of outcomes that **contribute not only to civilian applications but also to public use**
- Implement measures to prevent technology leakage while **considering economic security risks**, and carry out activities from research to demonstration

**Scale and duration<sup>1</sup> :**

**2.9** bn JPY  
( FY2025 – FY2027 )

1: The impact of participating in this project on performance for the fiscal year ending December 2025 is judged to be minimal. The impact on performance for the fiscal year ending December 2026 and beyond is currently under detailed review and will be incorporated into future earnings forecasts to be announced



# Progress review session for next-generation small aerial photography drone (SBIR) with Government Agencies

## Promoting drone social implementation through government procurement focused on economic security and information security in Japan

### Progress review session overview

- On August 29, 2025, a **progress review session for government agencies was held regarding the next-generation small aerial photography drone** currently under development through the SBIR program
- **Over 50 participants and feedback** from government ministries and agencies
- Aim to **enhance the flight performance** of small aerial photography drones to market-leading levels while **developing drone platforms and related systems that ensure safety and security**, including economic and information security
- **Pursuing usability** to be implemented in actual infrastructure inspection and disaster countermeasure operations



Next-generation small aerial photography drone (Development prototype)



Briefing session



Pilot experience session

# Financing Overview Released in Aug. 2025



**Secured approx. 1.5 bn JPY through common stock; additionally anticipates upside capital increase through issuance of stock acquisition rights**

## Base Financing approx. 1.5 bn JPY raised

## Upside Financing Projected to raise up to approx. 1.63 bn JPY

| Allotment Resolution Dates: | Common share issuance |                            | Additional funding through potential capital increases through stock options |               |                        |                         |
|-----------------------------|-----------------------|----------------------------|--|---------------|------------------------|-------------------------|
|                             | Series                | Paid-in Amount (Shares)    | Series   | Amount raised | Exercise Price (Fixed) | Number of stock options |
| Aug. 18, 2025               | #1                    | 499.99 mn JPY<br>(471,600) | #1   | ~300 mn JPY   | 1,060.2 JPY            | 2,829                   |
|                             |                       |                            | #2   | ~240 mn JPY   | 1,295.8 JPY            | 1,886                   |
| Sep. 5, 2025                | #2                    | 499.98 mn JPY<br>(523,600) | #3   | ~300 mn JPY   | 954.9 JPY              | 3,141                   |
|                             |                       |                            | #4   | ~ 240 mn JPY  | 1,167.1 JPY            | 2,094                   |
| Sep. 26, 2025               | #3                    | 499.99 mn JPY<br>(542,000) | #5   | ~300 mn JPY   | 922.5 JPY              | 3,252                   |
|                             |                       |                            | #6   | ~ 240 mn JPY  | 1,127.5 JPY            | 2,168                   |





- 1. Market / Mission / Growth strategy**
- 2. Revision of performance forecasts**
- 3. FY25/12 Q3 results and highlights**
- 4. Appendix**

# FAQs (Performance 1/3)



| Item                         | Question   | Answer   |
|------------------------------|--|--|
| Macro                        | Impact on the company from expected global expansion of military and defense | Amid heightened economic security awareness, government agencies are accelerating the replacement of Chinese-made drones in their operations, with a growing trend toward domestic production or procurement from allied nations.  |
| Macro                        | Impact of inflation and exchange rates                                       | Inflation is causing procurement material prices to trend upward. We are proceeding with countermeasures, including design changes, cost reduction efforts, and considering passing on increases to sales prices. Meanwhile, a weaker yen is expected to positively impact sales. A rate of 140-150 yen per dollar is projected to have no significant impact on our plans.  |
| Macro                        | Regulations, tariffs, and other conditions in the US                         | In the U.S., drone-related regulations are taking concrete shape as part of the shift away from China, which is positive for our company. Tariffs are currently expected to impact all drone companies. While cost increases are anticipated, sales prices are being adjusted to address this. Competitive pricing is expected to be maintained even after these adjustments. Regulations concerning Chinese-made drones are scheduled to take concrete form on December 23, 2025. Customers are accelerating their search for alternative drones ahead of December. |
| Domestic existing businesses | Order forecast for existing domestic businesses                              | SOTEN sales are projected to target key customers including defense-related entities and domestic business companies. For the current fiscal year, a defense-related project worth approximately 520 mn JPY has been secured. Additionally, an approximately 370 mn JPY delivery project for the Defense Equipment Agency, secured in FY24, will be recorded in FY25 due to a timing shift from FY24. Full-year sales are projected to exceed 1.8 bn JPY.  |
| Domestic existing businesses | Future prospects for initiatives with the Ministry of Defense                | The Defense Equipment Agency awarded us a major contract for SOTEN deliveries in FY24 and FY25. Additional projects are under consideration or have been awarded beyond the deliveries for the year following this project. The Ministry of Defense views this as a key focus area where our company's strengths can be leveraged.   |

# FAQs (Performance 2/3)



| Item  | Question   | Answer   |
|---|--|--|
| Overseas                                    | Progress in the U.S. and the specific sales timing, the factors behind this revision, and the future outlook | Secured a large order in FY24 and delivered 100 units each in FY24 and FY25Q3. An additional 400 units are scheduled for delivery by December, with FY25 deliveries expected to total around 500 units. In November 2025, we secured an order for 400 units scheduled for delivery in FY26. Under the previous plan, these 400 units (scheduled for FY26 delivery) were also planned for delivery within FY25. However, since revenue recognition will shift to the next fiscal year, this year's projected sales have been revised from 1.3 bn JPY to 850 mn JPY. Anticipating regulatory changes in December 2025, demand is expected to remain strong going forward into the next fiscal year and beyond. |
| Overseas                                    | Other overseas outlooks  | US is the primary focus market, and sales in other overseas markets are not currently factored in.   |
| Local gov. projects                         | Specific actions taken by local governments projects   | We will promote the use of drones in collaboration with local governments, including cooperation with Sakai Town. Specifically, we will advance initiatives such as drone logistics, sewer inspections, disaster response and prevention, and crime prevention measures.   |
| Performance Outlook                         | Factors affecting changes in gross profit  | To further improve the marginal profit margin, we will advance initiatives to optimize unit prices, including options such as SOTEN, and reduce costs. As sales expand, the fixed cost ratio is expected to decrease. For FY25, the marginal profit margin is projected to decline due to the product mix, with a higher proportion of aircraft units and other items.   |
| Outlook for the next fiscal year and beyond | Prospects for future profitability   | We anticipate achieving operating profit at a scale exceeding 50 bn JPY in sales. Specific growth targets for FY26-28 will be detailed in our forthcoming mid-term management plan.  |
| National project                            | Cost Accounting and Revenue Recognition for National Projects (SBIR)   | SBIR expenses are recorded as SG&A expenses. Subsidies for these expenses are recognized as non-operating income when the expenditure amount is finalized following inspection. A time lag occurs between the expense being incurred and the subsidy being recognized as income. For FY25, we plan to record 1.4 bn JPY in expenses over the full year. As non-operating income, we expect to record a total of 1.2 bn JPY, comprising a portion of the FY24 implementation and a portion of the FY25 implementation.  |

# FAQs (Performance 2/3)



| Item       | Question  | Answer  |
|------------|---|---|
| Finance    | Financial strategy  | Cash equivalents at the end of FY25 Q3 were approximately 1.7 bn JPY, with cash on hand maintained at a stable level. Net assets improved from the end of FY24. Financing disclosed in August 2025 secured up to approx. 3.1 bn JPY in funds.   |
| Misconduct | Impact of recent misconduct by former representative director | There is no direct impact on business operations, and projects with existing clients such as government agencies, domestic customers, and U.S. customers will continue without disruption. Ongoing national projects will continue, and subsidies are expected to be received. Local government projects represent an area where concrete initiatives began this fiscal year, and each municipality is exercising careful judgment. An extraordinary loss of approximately 250 mn JPY related to the misconduct has been recorded. Management structure remains unaffected, with both Representative Directors and Co-CEOs Hayakawa and Terayama advancing initiatives following the former Representative Director and CEO's resignation. Preparations are underway for strict legal measures, including criminal charges, against the former Representative Director. |

# FAQs (Business)



| Item                    | Question   | Answer  |
|-------------------------|--|---|
| Competitive environment | Chinese manufacturers have a high market share in the drone industry. How can other manufacturers compete with them?   | Chinese manufacturers have a high market share in the consumer market, but in the industrial drone market, the trend away from Chinese drones is accelerating. Our competitive advantages are threefold: (1) technical standards for industrial drones (autonomous control technology, specialized aircraft tailored to specific use cases, and aircraft certification), (2) understanding of customer operations and establishment of support systems to meet the needs of local customers, and (3) provision of secure and reliable aircraft to address security concerns. Recently, due to the growing concerns over security, some overseas markets have explicitly banned the import or use of Chinese-made drones, which we recognize as a favorable situation for our company.   |
| Competitive environment | As a drone manufacturer, the emergence of competing companies and the possibility of new companies entering the market | Companies that possess drone autonomous control system technology at the source code level, especially those that have commercialized the advanced model-based control technology that we use, are rare even on a global scale. Furthermore, considering security measures, we recognize that there are currently few competitors, including overseas companies. In addition, while there are a certain number of companies developing military drones, industrial drone development is rare. The development of autonomous control systems for industrial drones requires verification in actual field conditions, and our company has a strong customer base. Through dialogue with customers and verification in actual fields, we can promote development in line with the actual needs of each application, thereby enhancing our competitiveness. |
| Sales structure         | Overseas sales structure   | Depending on the situation in each country, in the US, we plan to set up a subsidiary with sales functions and expand sales by utilizing the agency network of distributors and dealers who already have a track record of selling drones locally. In India, we will establish a joint venture with a partner company. We believe that local sales and support systems are important in both regions, and we will continue to deepen our partnerships with local companies.   |
| Production system       | Any possibility of insufficient manufacturing capacity   | As a fables manufacturer, we outsource production to external partners in Japan, and we are able to increase manufacturing capacity as needed.  |

# Balance Sheet



| mn JPY              | FY25/12 Q3 |       | FY24/12 Q3 | FY24/12 |
|---------------------|------------|-------|------------|---------|
|                     | Actual     | YoY   | Actual     | Actual  |
| Current assets      | 4,072      | + 1%  | 4,030      | 3,877   |
| Cash                | 1,690      | + 46% | 1,161      | 1,243   |
| Fixed assets        | 577        | ▲36%  | 901        | 685     |
| Current liabilities | 699        | ▲61%  | 1,800      | 2,129   |
| Fixed liabilities   | 2,863      | + 28% | 2,238      | 2,238   |
| Total liabilities   | 3,563      | ▲12%  | 4,039      | 4,368   |
| Net assets          | 1,086      | + 22% | 892        | 194     |
| Total assets        | 4,649      | ▲6%   | 4,931      | 4,563   |

“▲” = minus (negative)

# KPI and key financial items by fiscal year



"▲" = minus (negative)

| mn JPY                                   |               | Fiscal Year <sup>1</sup> | FY19/03 | FY20/03 | FY21/03 | FY21/12 | FY22/12 | FY23/12 | FY24/12                     | FY25/12 Q3 |
|--|---------------|--------------------------|---------|---------|---------|---------|---------|---------|-----------------------------|------------|
| <b>Net sales</b>                         |               |                          | 807     | 1,278   | 620     | 501     | 1,635   | 896     | 2,655                       | 1,246      |
| <b>Small aerial photography drone</b>    | <b>mn JPY</b> |                          |         |         |         |         | 939     | 206     | 402                         | 733        |
|  | <b>Units</b>  |                          |         |         |         |         | 645     | 101     | 240                         | 517        |
| <b>- Japan</b>                           | <b>mn JPY</b> |                          | -       | -       | -       | -       | 939     | 144     | 276                         | 507        |
|  | <b>Units</b>  |                          |         |         |         |         | 645     | 50      | 128                         | 417        |
| <b>- Overseas</b>                        | <b>mn JPY</b> |                          |         |         |         |         |         | 61      | 125                         | 225        |
|  | <b>Units</b>  |                          |         |         |         |         | -       | 50      | 112                         | 100        |
| <b>Other application-specific drones</b> | <b>mn JPY</b> |                          | -       | -       | -       | -       | 73      | 132     | 21                          | 38         |
|  | <b>Units</b>  |                          |         |         |         |         | 18      | 26      | 2                           | 5          |
| <b>Solutions</b>                         | <b>mn JPY</b> |                          | 678     | 1,171   | 515     | 192     | 501     | 405     | 478                         | 163        |
| <b>Others</b>                            | <b>mn JPY</b> |                          | 129     | 107     | 105     | 308     | 120     | 152     | 1,752<br>(うちインド案件<br>1,700) | 312        |
| <b>Gross profit</b>                      |               |                          | 403     | 808     | 68      | 0       | ▲124    | ▲235    | 150                         | 110        |
| <b>Gross profit ratio</b>                |               |                          | 50%     | 63%     | 11%     | 0%      | ▲8%     | ▲26%    | 6%                          | 9%         |
| <b>SG&amp;A (excl. SBIR)</b>             |               |                          | 733     | 792     | 1,207   | 1,189   | 2,079   | 1,836   | 1,576                       | 910        |
| <b>- R&amp;D expenses</b>                |               |                          | 366     | 275     | 583     | 604     | 1,168   | 759     | 631                         | 221        |
| <b>Operating profit (excl. SBIR)</b>     |               |                          | ▲330    | 15      | ▲1,139  | ▲1,188  | ▲2,203  | ▲2,071  | ▲1,425                      | ▲800       |
| <b>SBIR</b>                              |               |                          | -       | -       | -       | -       | -       | -       | 867                         | 550        |
| <b>Operating profit</b>                  |               |                          | ▲330    | 15      | ▲1,139  | ▲1,188  | ▲2,203  | ▲2,071  | ▲2,293                      | ▲1,350     |

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



"▲" = minus (negative)

| mn JPY                                   |        | Fiscal Year <sup>1</sup> |  | FY21/03 |      |      |      | FY21/12 |      |      | FY22/12 |      |      |      | FY23/12 |      |      |      | FY24/12 |       |      |      | FY25/12 |      |      |
|--|--------|--------------------------|--|---------|------|------|------|---------|------|------|---------|------|------|------|---------|------|------|------|---------|-------|------|------|---------|------|------|
| Quarterly Results                        |        |                          |  | Q1      | Q2   | Q3   | Q4   | Q1      | Q2   | Q3   | Q1      | Q2   | Q3   | Q4   | Q1      | Q2   | Q3   | Q4   | Q1      | Q2    | Q3   | Q4   | Q1      | Q2   | Q3   |
| <b>Net sales</b>                         |        |                          |  | 36      | 42   | 46   | 495  | 267     | 133  | 100  | 952     | 78   | 130  | 473  | 429     | 94   | 132  | 239  | 288     | 1,761 | 78   | 527  | 700     | 275  | 270  |
| <b>Small aerial photography drone</b>    | mn JPY |                          |  |         |      |      |      |         |      |      | 590     | 21   | 25   | 301  | 33      | 49   | 37   | 86   | 46      | 19    | 30   | 304  | 504     | 28   | 200  |
|  | Units  |                          |  |         |      |      |      |         |      |      | 475     | 6    | 7    | 157  | 13      | 16   | 13   | 59   | 31      | 15    | 12   | 182  | 416     | -    | 101  |
| <b>- Japan</b>                           | mn JPY |                          |  |         |      |      |      |         |      |      | 590     | 21   | 25   | 301  | 33      | 49   | 37   | 24   | 46      | 14    | 20   | 194  | 479     | 10   | 17   |
|  | Units  |                          |  |         |      |      |      |         |      |      | 475     | 6    | 7    | 157  | 13      | 16   | 13   | 9    | 31      | 8     | 7    | 82   | 416     | -    | 1    |
| <b>- Overseas</b>                        | mn JPY |                          |  |         |      |      |      |         |      |      |         |      |      |      | 61      | -    | 5    | 9    | 110     | 24    | 17   | 182  |         |      |      |
|  | Units  |                          |  |         |      |      |      |         |      |      |         |      |      |      | -       | -    | 7    | 5    | 100     | -     | -    | 100  | -       | -    |      |
| <b>Other application-specific drones</b> | mn JPY |                          |  |         |      |      |      |         |      |      | 3       | 2    | 60   | 7    | 34      | 0    | 46   | 50   | 12      | 0     | -    | 8    | 13      | 13   | 11   |
|  | Units  |                          |  |         |      |      |      |         |      |      | 1       | 2    | 15   | -    | 6       | -    | 10   | 10   | 1       | -     | -    | 1    | 1       | 2    | 2    |
| <b>Solutions</b>                         | mn JPY |                          |  | 5       | 33   | 35   | 440  | 30      | 77   | 85   | 294     | 33   | 33   | 140  | 305     | 15   | 32   | 53   | 215     | 22    | 41   | 198  | 104     | 15   | 43   |
| <b>Others</b>                            | mn JPY |                          |  | 30      | 8    | 10   | 55   | 237     | 55   | 15   | 64      | 20   | 11   | 24   | 56      | 30   | 16   | 49   | 13      | 1,717 | 6    | 15   | 77      | 218  | 15   |
| <b>Gross profit</b>                      |        |                          |  | ▲6      | ▲6   | ▲13  | 94   | 17      | 5    | ▲22  | 133     | ▲30  | ▲23  | ▲204 | 62      | ▲71  | ▲48  | ▲177 | 36      | 64    | ▲8   | 58   | 75      | 8    | 26   |
| <b>Gross profit ratio</b>                |        |                          |  | ▲19%    | ▲16% | ▲28% | 19%  | 7%      | 4%   | ▲23% | 14%     | ▲39% | ▲18% | ▲43% | 15%     | ▲76% | ▲37% | ▲74% | 13%     | 4%    | ▲11% | 11%  | 11%     | 3%   | 10%  |
| <b>SG&amp;A (excl. SBIR)</b>             |        |                          |  | 230     | 173  | 314  | 488  | 325     | 348  | 515  | 535     | 442  | 431  | 670  | 419     | 451  | 469  | 495  | 472     | 390   | 351  | 361  | 279     | 320  | 311  |
| <b>- R&amp;D expenses</b>                |        |                          |  | 60      | 77   | 129  | 315  | 153     | 165  | 285  | 292     | 228  | 224  | 424  | 197     | 182  | 176  | 203  | 212     | 156   | 123  | 138  | 69      | 78   | 73   |
| <b>Operating profit (excl. SBIR)</b>     |        |                          |  | ▲237    | ▲180 | ▲328 | ▲393 | ▲308    | ▲342 | ▲538 | ▲401    | ▲473 | ▲454 | ▲874 | ▲356    | ▲523 | ▲517 | ▲672 | ▲435    | ▲326  | ▲360 | ▲302 | ▲203    | ▲312 | ▲284 |
| <b>SBIR</b>                              |        |                          |  | -       | -    | -    | -    | -       | -    | -    | -       | -    | -    | -    | -       | -    | -    | -    | 158     | 104   | 136  | 467  | 36      | 202  | 311  |
| <b>Operating profit</b>                  |        |                          |  | ▲237    | ▲180 | ▲328 | ▲393 | ▲308    | ▲342 | ▲538 | ▲401    | ▲473 | ▲454 | ▲874 | ▲356    | ▲523 | ▲517 | ▲672 | ▲594    | ▲431  | ▲496 | ▲770 | ▲239    | ▲514 | ▲596 |

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.



Copyright © 2025 ACSL Ltd.

All rights reserved. No portion of this material may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.

Information in this material is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning ACSL Ltd. (the "Company"). The Company makes no representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-looking statements that may reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

ACSL