Financial Results Material for FY26/12 Q3

ACSL Ltd. (Securities Code: 6232)
November 13, 2026

On track toward full-year forecast; new JPY 0.53 bn defense order

Executive Summary — FY26/12 Q3 Cumulative

① Q3 Cumulative Results

Revenue

2.29 JPY bn YoY **+84.0%**

Gross Profit Margin

33.7% Prior year 8.9% **(+24.8 pt)**

Operating Loss (excl. SBIR)

−0.22 JPY bn

Narrowed by **JPY 0.57 bn** YoY

Drivers of Improvement

- North America revenue growth drove company-wide growth
- Contribution Margin improved from 25.6% to 46.2% YoY

② Progress vs. Full-Year Forecast

Full-Year Revenue Forecast

4.00 JPY bn Q3 progress **57.4%**

Q3-End Backlog

1.15 JPY bn

Orders After Q3 End

0.57 JPY bn

Q3 Cumulative Revenue + Backlog for FY26

4.02 JPY bn **100.6%** of forecast

Q4 Priorities

- Revenue + backlog for FY26: JPY 4.02 bn (100.6% of FY forecast)
- Advancing delivery and acceptance of Q4 backlog
- Large defense orders (backlog JPY 1.23 bn) scheduled for delivery in Q4

③ Business & Financial Highlights

North America

1.53 JPY bn Approx. 6.8x YoY

Q3 standalone JPY 0.51 bn
SOTEN shipments 948 units (Q3 cumulative)

Defense

0.53 JPY bn Small unmanned aircraft

New order (Nov.); delivery in 2027 (planned)

Financial Base

7.65 JPY bn Cash and deposits

Overseas offering of approx. JPY 5.17 bn paid in

Growth Investment

Investing JPY 0.25 bn or more in small unmanned aircraft for defense, with a view to continued orders

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Revenue up JPY 1.04 bn YoY; operating loss (excl. SBIR) narrowed JPY 0.57 bn

Consolidated Results — FY26/12 Q3 Cumulative (JPY mn)

Item	FY26 Q3 Standalone	FY26 Q3 Cumulative	FY26 FY Forecast[2]	Full-Year Progress[3]	FY25 Q3 Cumulative	YoY Change[3]
Revenue	646	**2,294**	4,000	57.4%	1,246	+1,047
Gross Profit	224	**772**	1,100	70.2%	110	+661
Gross Profit Margin	34.8%	**33.7%**	27.5%	-	8.9%	+24.8 pt
SG&A (excl. SBIR)	293	**997**	1,860	53.6%	910	+86
Operating P/L (excl. SBIR)	**−68**	**−224**	**−760**	**-**	−800	+575
National Project (SBIR) Costs[1]	12	231	600	38.6%	550	−318
Operating P/L (reported)	−80	**−456**	−1,360	-	−1,350	+894
Ordinary P/L	−197	**−559**	−950	-	−738	+178
Net P/L (Owners of Parent)	162	**−196**	−600	-	−991	+795

Contribution Profit

Contribution Profit / Margin: JPY 1.05 bn / 46.2% (prior year: JPY 0.31 bn / 25.6%)

Key Points

- Revenue +84.0% on North America growth; Gross Profit Margin 33.7%
- Operating loss (excl. SBIR) narrowed by JPY 0.57 bn YoY (Q3 standalone: −JPY 0.06 bn)

1: National project (SBIR) costs are recorded as SG&A; the corresponding grants are recorded as non-operating income.
2: Full-year forecast announced on August 14, 2026.
3: Progress vs. full-year forecast. YoY: change from prior-year period for P&L amounts; pt change for margins.

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On track for FY forecast; large deliveries and expenses planned for Q4

Full-Year Forecast (announced Aug. 14, 2026) — Q3 Cumulative Progress (JPY mn)

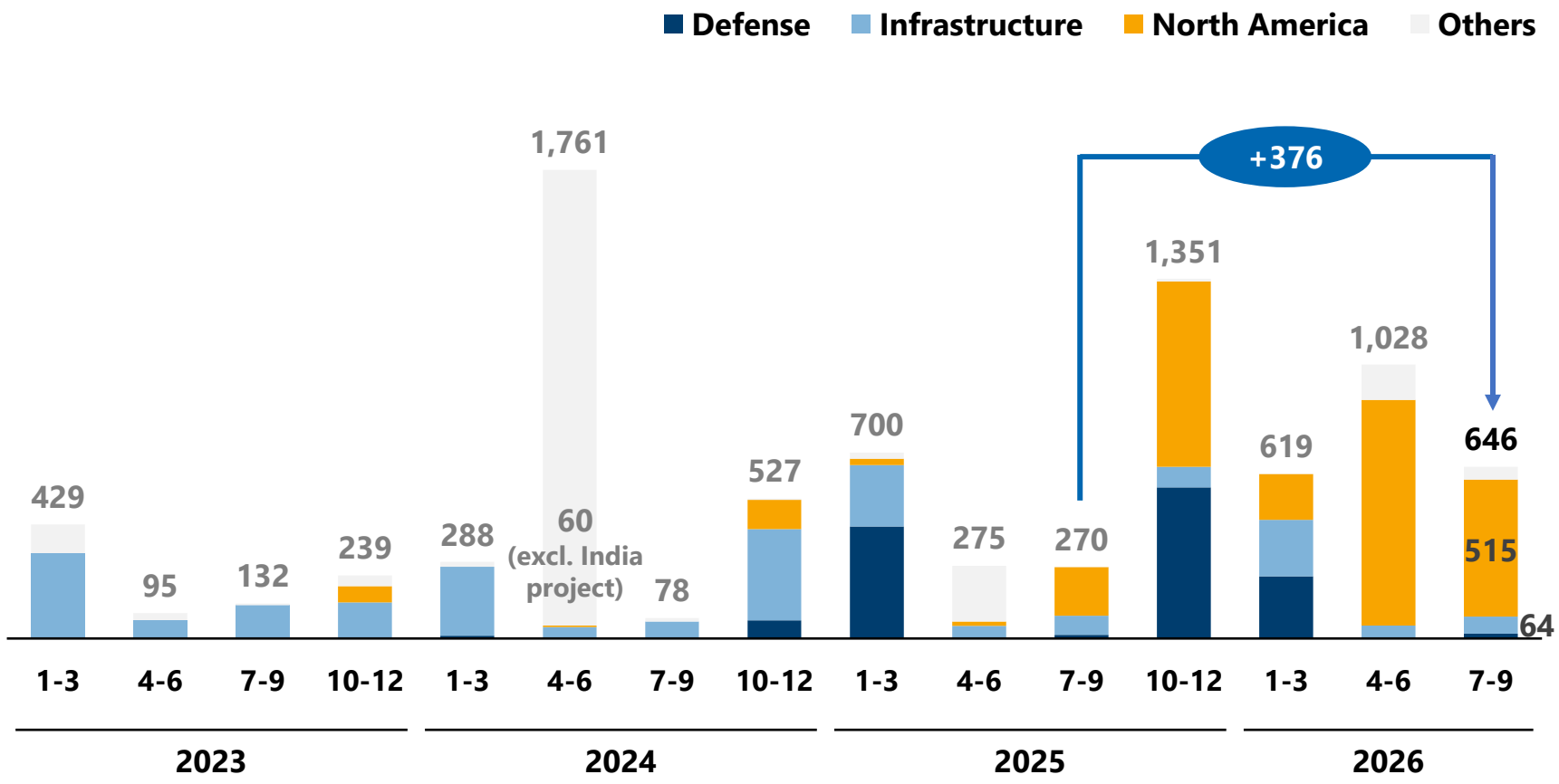
Item	FY26 FY Forecast (Aug. 14)	FY26 Q3 Cumulative Actual	Progress	Comments
Revenue	4,000	2,294	57.4%	Revenue + backlog (incl. orders received on or after Oct. 1): JPY 4,025 mn (100.6% of FY forecast). Delivering awarded orders in Q4
Gross Profit	1,100	772	70.2%	Q3 cumulative Contribution Profit: JPY 1,059 mn (Contribution Margin 46.2%). Gross Profit Margin expected to decline in Q4 standalone due to product mix
Gross Profit Margin	27.5%	33.7%	-	
SG&A (excl. SBIR)	1,860	997	53.6%	R&D expenses expected to concentrate in Q4, as outsourced development work is scheduled for delivery in Q4
Operating P/L (excl. SBIR)	**−760**	**−224**	**-**	**Reflects Q4 SG&A recognition**
National Project (SBIR) Costs	600	231	38.6%	Remaining portion scheduled to be recorded in Q4
Operating P/L (reported)	−1,360	−456	-	
Ordinary P/L	−950	−559	-	Q3 cumulative non-operating income of JPY 5 mn; share issuance costs of JPY 69 mn related to the overseas offering, etc. recorded as non-operating expenses
Net P/L (Owners of Parent)	−600	−196	-	Gain on sale of investment securities of JPY 402 mn recorded as extraordinary income

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Q3 standalone revenue approx. 2.4x YoY; approx. 80% from North America

Quarterly Revenue

JPY mn

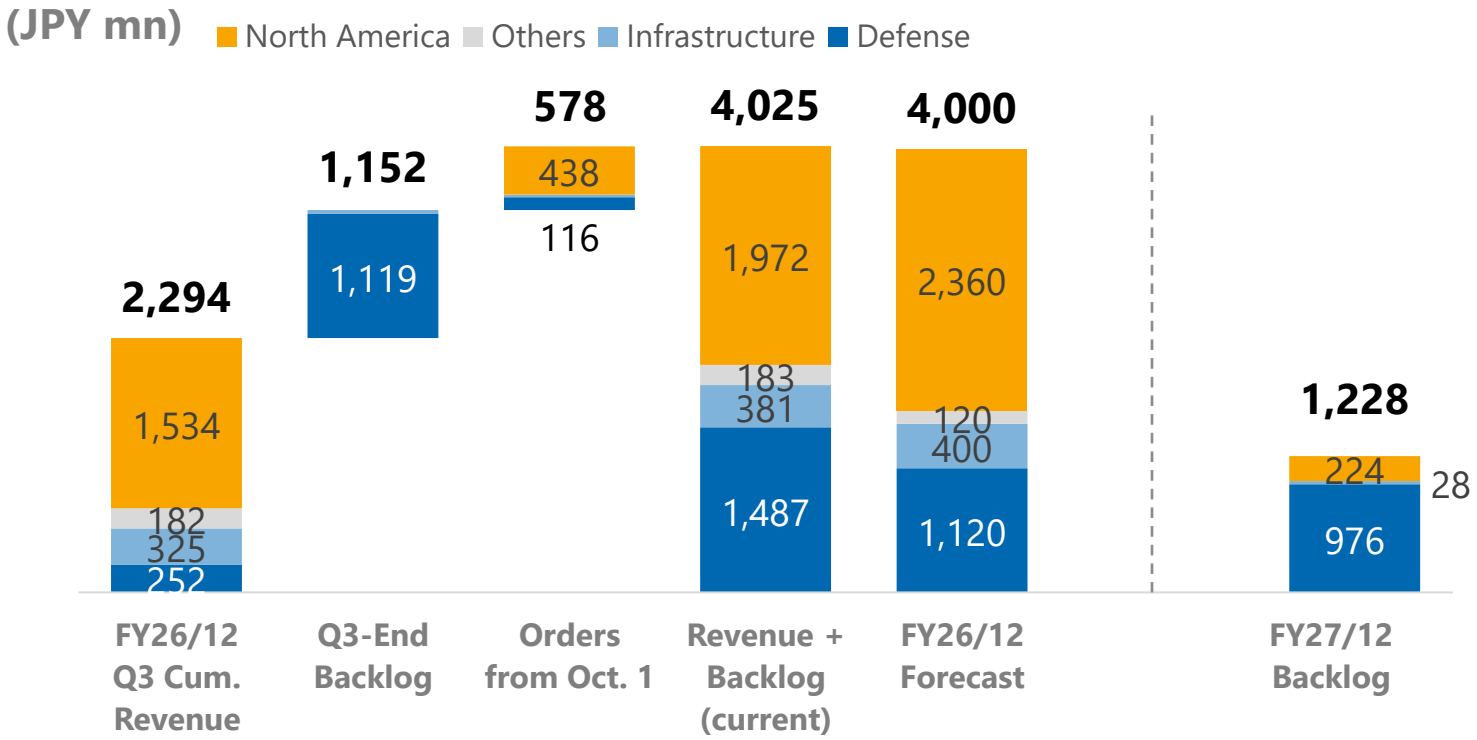


- Q3 standalone revenue approx. 2.4x YoY
- North America approx. 2.8x YoY; approx. 80% of total revenue
- Q4: large defense deliveries (backlog JPY 1.23 bn) and North America deliveries scheduled

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Revenue + backlog of JPY 4.02 bn, 100.6% of full-year forecast

Progress Toward FY Revenue Forecast of JPY 4.0 bn and Backlog for FY27 Delivery — As of Announcement



With defense upside and North America orders, revenue + backlog reached JPY 4.02 bn (100.6% of FY forecast). Delivering awarded orders, we expect to achieve FY revenue of JPY 4.0 bn.

Japan

- Defense: JPY 1.23 bn scheduled for delivery in Q4
- Domestic FY27 backlog: JPY 1.00 bn (new defense order: JPY 0.53 bn)

North America

- Backlog of JPY 0.43 bn (aircraft, controllers, IR cameras) for Q4 delivery

1: Q3-end backlog and orders received on or after Oct. 1 are the portions scheduled for FY26 acceptance. FY27/12 shows backlog scheduled for FY27 delivery (as of announcement).

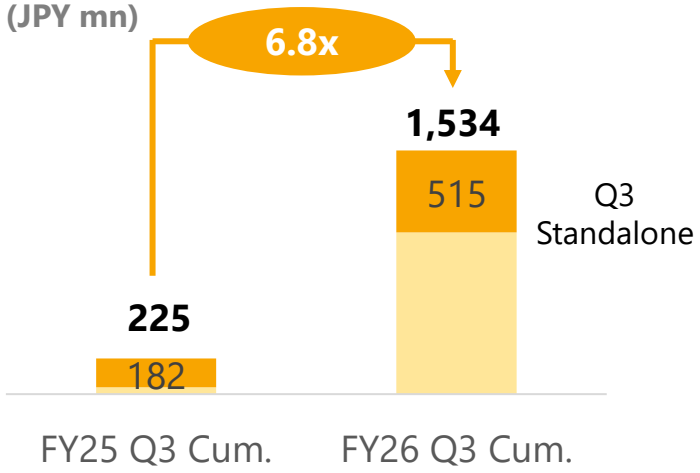
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North America: revenue approx. 6.8x YoY; expanding repair, training, software

North America Business — FY26 Q3 Standalone and Q3 Cumulative (YoY Comparison)

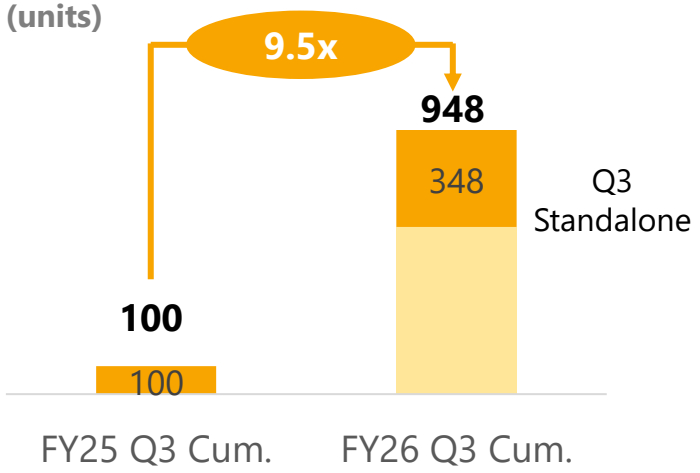
Revenue[1]

(JPY mn)



SOTEN Shipments

(units)



Sell-through[2]

(Master distributor to dealers, etc.; YoY)

Q3 Standalone YoY

3.5x

Q3 Cumulative YoY

8.0x

Building repair, training and software integration capabilities to support sales growth

Repair & Maintenance
Ohio Drone Repair: authorized repair center



ACSL-trained technicians repair and inspect aircraft and payloads; mail-in repairs accepted nationwide

Training & Certification
Partnering with USI on a SOTEN program



Multi-level courses, from flight operation to payloads and related equipment, scheduled to launch late Nov.–early Dec.

Software Integration
Integration with Drone Harmony software



Organizes SOTEN inspection data, from image review through report creation, in one workflow

1: ACSL recognizes revenue upon shipment to the master distributor. SOTEN shipments are units shipped from ACSL to the master distributor, etc.
2: Sell-through is units sold from the master distributor to dealers, etc.

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Defense: JPY 0.53 bn order for small unmanned aircraft

Defense Business — New Large Order and Q3 Cumulative Results

Revenue (Q3 Cumulative)

0.25 JPY bn

Prior year JPY 0.44 bn

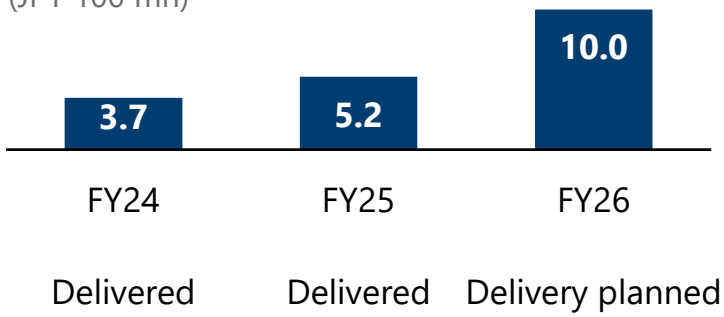
(Mid-Term Plan FY28 revenue target: JPY 1.5 bn)

FY26 Backlog[1] (for Q4 delivery)

1.23 JPY bn

Small aerial-imaging drone orders from the MoD for three consecutive years

(JPY 100 mn)



Order

Small Unmanned Aircraft

Order Amount

0.53 JPY bn

Delivery

During 2027

(planned)

In addition to small aerial-imaging drones, won an order for small unmanned aircraft, expanding our offering

Progress in Defense (Scope of Offering)

	Aircraft Sales (Small Aerial-Imaging)	Aircraft Sales (Other)	Operational Support / Maintenance	System Integration / SW Integration
JGSDF	**Delivered**	**✓ New large order received**	**Delivered**	**Delivered**
JASDF	**Delivered**	**Delivered**	Under consideration	Under consideration
JMSDF	Under consideration	Under consideration	Under consideration	Under consideration
ATLA	-	Under consideration	-	Under consideration

1: Total of the FY26-acceptance portions of Q3-end backlog (JPY 1.11 bn) and orders received on or after Oct. 1 (JPY 0.11 bn)

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Next-gen drone planned for FY27; AI and digital twin verification advancing

Aircraft Evolution Through Advanced Technology — Progress on Key Strategies of the Mid-Term Plan (Dec. 23, 2025)

Small Aerial-Imaging Drones

ACSL Accelerate FY22

SOTEN (2022)



- Developed in Japan
- GPS-denied flight
- Security measures

ACSL Accelerate FY26

Next Generation (Launch planned FY27)



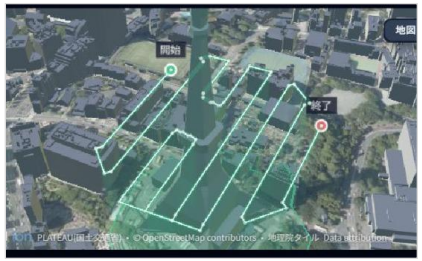
- Smaller, lighter drone[1]
- Extended flight time
- Environmental durability

Generation After Next (1H 2028)



- AI autonomous control
- Mesh network support
- Flight over people

Advancing autonomous flight capabilities with AI and digital twin technologies



Sept. 10, 2026 | Preferred Networks

K Program: AI auto-generation of flight routes ready for demo

AI drafts flight plans based on mission and surroundings



Oct. 20, 2026 | SpaceData

Control and image recognition from a digital twin verified on SOTEN

Confirmed the sequence from auto takeoff to target detection and hovering

1: Smaller and lighter than SOTEN

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Supply: annual production capacity of approx. 30,000 units secured

Building a Resilient Supply Chain — Mid-Term Plan (Dec. 23, 2025) Policy and Progress

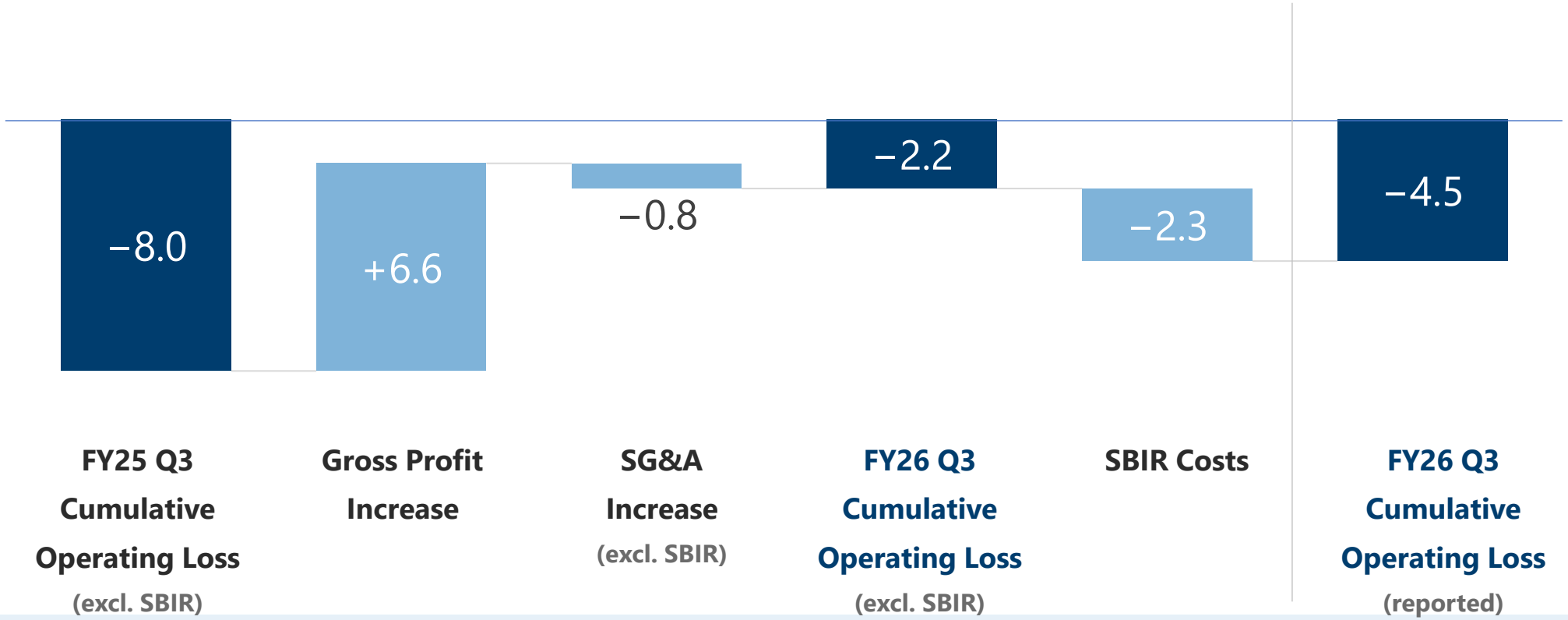
Mid-Term Plan Policy	Progress as of Q3
① **Parts commonality and differentiation** • Cooperation = shared standard parts • Competition = differentiation via parts	**Procurement Network** Adopting alternative sourcing and materials to strengthen supply-chain resilience
② **Japanese/allied procurement base** • Less reliance on specific countries for batteries, etc.; Japanese/allied sourcing	**Critical Components** Japanese and allied parts to reduce reliance on specific countries for critical components
③ **Domestic/overseas parallel production** • Production meeting diverse needs, e.g., price- or security-focused	**Production Capacity** Capacity of approx. **30,000 units/year**

Expanding production capacity while reducing reliance on specific countries for critical components

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Gross Profit up JPY 0.66 bn, offsetting higher SG&A; operating loss narrowed

Operating Profit/Loss Bridge — FY25 Q3 Cumulative to FY26 Q3 Cumulative (JPY 100 mn)



Breakdown of Changes

- Gross Profit +JPY 0.66 bn and SG&A +JPY 0.08 bn; operating loss (excl. SBIR) narrowed by JPY 0.57 bn
- Contribution Profit rose from JPY 0.31 bn (Contribution Margin 25.6%) in the prior-year period to JPY 1.05 bn (46.2%)
- North America revenue growth and a higher Contribution Margin raised Gross Profit Margin from 8.9% to 33.7%

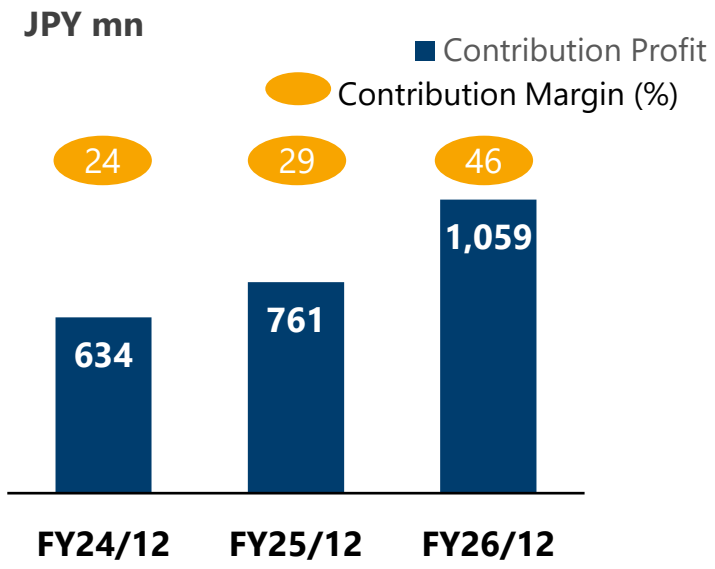
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Contribution Profit of JPY 1.05 bn exceeds FY25 full-year actual

Profitability KPIs — FY26/12 Q3 Cumulative

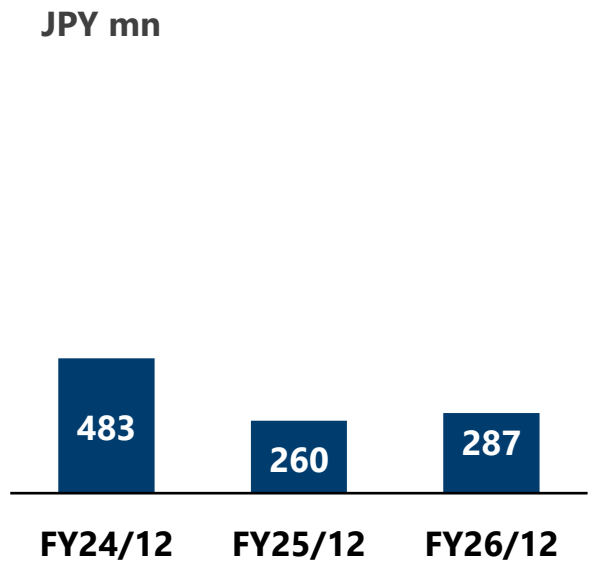
Contribution Profit (Revenue − Direct Costs) (% of Revenue)

1,059 JPY mn **(46.2%)**



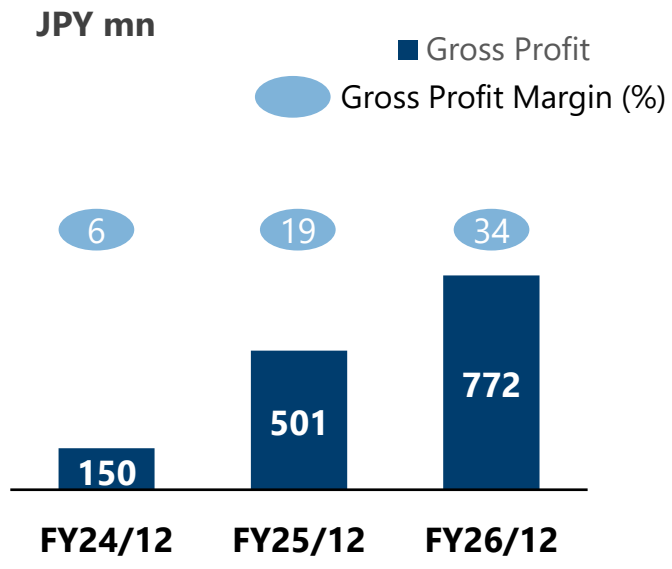
Indirect Costs

287 JPY mn



Gross Profit (% of Revenue)

772 JPY mn **(33.7%)**



FY24/12 and FY25/12 are full-year actuals; FY26/12 is the Q3 cumulative actual.

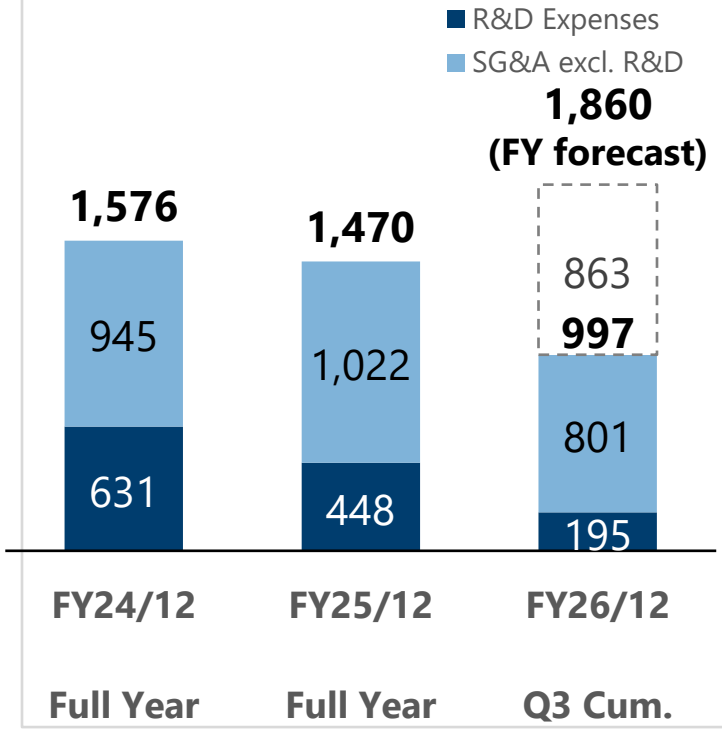
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R&D and other expenses expected in Q4, per full-year forecast

SG&A Trend — FY26/12 Q3 Cumulative

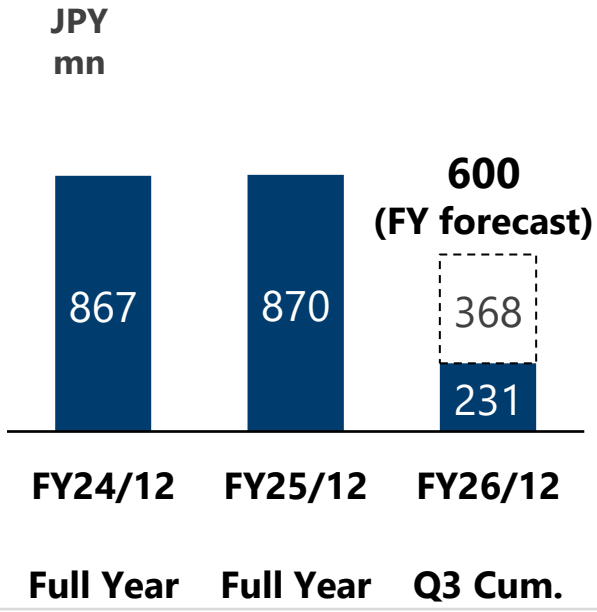
SG&A (excl. SBIR)

997 JPY mn



National Project (SBIR) Costs

231 JPY mn



- Q3 cumulative SG&A (excl. SBIR): JPY 0.99 bn, 53.6% of the full-year forecast
- R&D and outsourcing expenses, etc. expected in Q4; full-year SG&A (excl. SBIR) expected at JPY 1.86 bn
- National project (SBIR) costs: JPY 0.23 bn (Q3 cumulative); full-year forecast JPY 0.60 bn
- R&D expenses expected to concentrate in Q4, when outsourced development work is scheduled for delivery

FY24/12 and FY25/12 are full-year actuals; FY26/12 is the Q3 cumulative actual. FY forecast is the full-year forecast announced on August 14, 2026.

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Offering paid in: cash and deposits JPY 7.65 bn, equity ratio 71.8%

Cash and Deposits, Financing, and Key Balance Sheet Items

Cash and Deposits (Q3 End)

7.65 JPY bn

vs. Q2 end +JPY 4.77 bn / Overseas offering of approx. JPY 5.17 bn paid in (Sept. 2026)

Additional Liquidity via Commitment Line

Commitment Line

Contract Amount

1.00 JPY bn

Unsecured, no guarantee / Expires March 2027

Key Balance Sheet Items (Q3 End)

Total Assets

11.51 JPY bn

Q2 end: JPY 6.09 bn

Net Assets

8.38 JPY bn

Q2 end: JPY 2.96 bn

Interest-Bearing Debt

2.63 JPY bn

Long-term borrowings JPY 1.44 bn, convertible bonds JPY 1.17 bn, etc.

Equity Ratio

71.8%

Net assets less stock acquisition rights and non-controlling interests

Equity: Overseas offering of approx. JPY 5.17 bn paid in

Debt: JPY 1.0 bn commitment line secured

Grants: K Program and SBIR in progress

1: The unused commitment line amount is not included in cash and deposits.

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JPY 5.12 bn for defense and North America; defense UAV development

Use of Proceeds from the September 2026 Overseas Offering and Current Development Theme

Use of Proceeds from the September 2026 Overseas Offering

Use	Amount
Expansion of defense business	JPY 3.12 bn
Overseas expansion, mainly North America	JPY 2.0 bn

Planned spending period: September 2026 – December 2029

Estimated Net Proceeds **5.12** JPY bn

Use of Proceeds Policy

- Overseas offering of common stock (paid in Sept. 2026)
- Net proceeds: JPY 3.12 bn to defense, JPY 2.0 bn to North America

Current Development Theme

Small Unmanned Aircraft for Defense

Current Development Investment

0.25 JPY bn or more

Expanding aircraft platforms beyond the small aerial-imaging drone (SOTEN)

Priority Investment Areas

Defense: Aircraft and solution development, mass production and procurement, and business development and partnerships in Japan and overseas

North America: Product and feature development, regulatory/certification compliance, sales and maintenance, and supply and sales networks

M&A and Alliances: Considering partnerships with other companies and M&A

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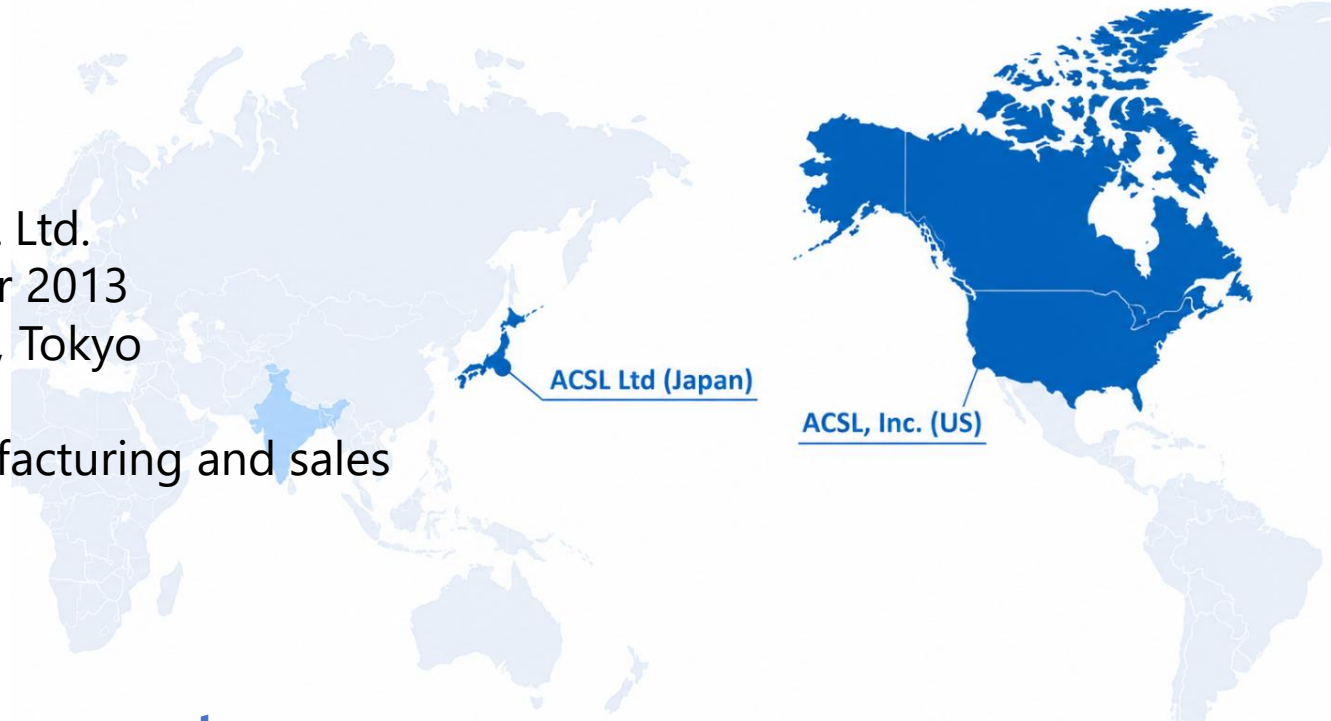
Appendix

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ACSL: A Global Drone Manufacturer from Japan

Company Overview

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



Workforce

Consolidated, Sept. 2026: 62 employees

Engineer Ratio

Approx. **63**%

Foreign Staff Ratio

Approx. **31**%

Management

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)

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Revenue Categories: North America, Defense, Infrastructure, Others

New revenue categories to clarify progress on Mid-Term Plan key strategies

Previous Categories				New Categories (Mid-Term Plan)
Application-Specific Aircraft Sales	SOTEN	US	Sales of SOTEN aircraft and SOTEN-related parts/accessories in the US	North America (No change)
		Japan	Domestic SOTEN-related sales (all segments incl. defense and infrastructure; same below)	Defense Infrastructure Others
	Non-SOTEN		Sales of mass-production aircraft such as Air Truck and PF4	
Solution Development			PoCs, custom development, and sales of platform aircraft (PF2)	
Others			Parts/accessory sales, maintenance, and revenue from certain national projects	

New Category	Description
North America	Sales of SOTEN aircraft and SOTEN-related parts/accessories in North America (all segments, incl. infrastructure and public safety)
Defense	Revenue from defense-related customers (aircraft/accessory/parts sales and services such as customization and demonstrations)
Infrastructure	Revenue from logistics and inspection customers (same as above)
Others	Revenue from customers other than defense and infrastructure (same as above), and revenue from certain national projects
(Aircraft Sales)	Aircraft sales span the above categories, so their amount and units are disclosed separately

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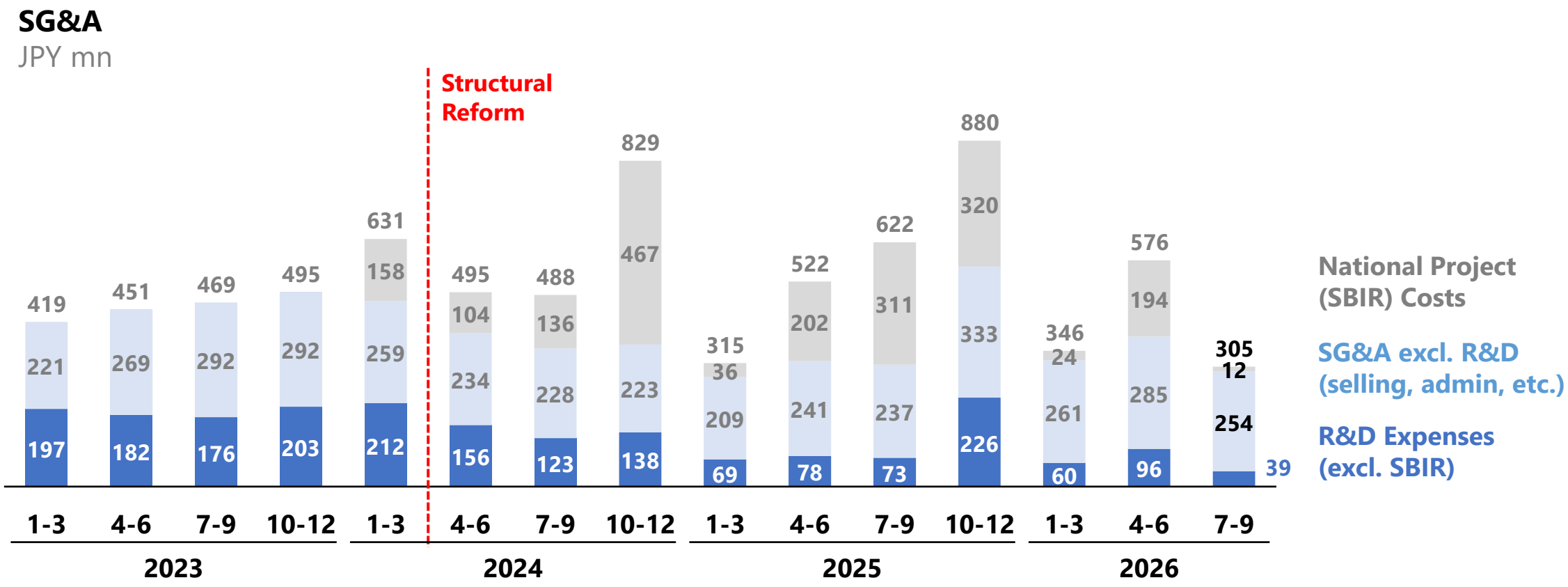
Income Statement Overview

Item		Description
Revenue	①	**Revenue from aircraft sales, services, etc. (some national projects are recorded as revenue)**
Direct Materials & Expenses	②	Materials, outsourcing and other costs directly tied to revenue
Contribution Profit	**③ (①−②)**	
Indirect Costs	④	Production-related costs not directly tied to revenue
Gross Profit	**⑤ (③−④)**	
SG&A	⑥ (⑦+⑧+⑨)	
Selling & administrative expenses	⑦	Personnel costs of sales and administrative functions, and company-wide costs
R&D expenses (excl. national projects)	⑧	Personnel, outsourcing and other costs of the R&D function
National project costs	⑨	Costs related to national projects (SBIR). Recorded as operating expenses (R&D expenses); the corresponding grants are recorded as non-operating income (⑫)
Operating Profit (excl. national projects)	**⑩ (⑤−⑦−⑧)**	**Operating profit excluding national project costs. A key indicator of the underlying profitability of the business**
Operating Profit	**⑪ (⑩−⑨)**	**Operating profit on an accounting basis, including national project costs**
Non-Operating Income	⑫	National project grants, etc. Recognized as non-operating income once receipt is confirmed after required inspections, which may create a timing lag versus cost recognition.
Non-Operating Expenses	⑬	Financial costs such as fundraising expenses and interest expense
Ordinary Profit	**⑭ (⑪+⑫−⑬)**	
Net Profit	**⑮**	

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SG&A (Selling, General and Administrative Expenses)

Q3 cumulative SG&A (excl. SBIR) of JPY 997 mn and national project (SBIR) costs of JPY 231 mn recorded



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

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KPIs 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 Q3
Revenue		**807**	**1,278**	**620**	**501**	**1,635**	**896**	**2,655**	**2,598**	**2,294**
Small Aerial-Imaging Drone	Amt.	-	-	-	-	939	206	402	2,007	1,663
	Units					645	101	240	1,276	999
of which Japan	Amt.					939	144	276	1,086	129
	Units					645	51	128	776	51
of which Overseas	Amt.					-	61	125	921	1,534
	Units						50	112	500	948
Other Aircraft Sales	Amt.	384	304	145	67	177	199	229	113	251
	Units	106	101	46	18	45	41	49	21	38
Others	Amt.	423	973	475	433	518	489	2,024 (incl. India project 1,700)	477	379
Gross Profit		**403**	**808**	**68**	**0**	**−124**	**−235**	**150**	**501**	**772**
Gross Profit Margin		50%	63%	11%	0%	−8%	−26%	6%	19%	34%
SG&A (excl. SBIR)		733	792	1,207	1,189	2,079	1,836	1,576	1,470	997
of which R&D expenses		366	275	583	604	1,168	759	631	448	195
Operating Profit (excl. SBIR)		**−330**	**15**	**−1,139**	**−1,188**	**−2,203**	**−2,071**	**−1,425**	**−969**	**−224**
SBIR costs		-	-	-	-	-	-	867	870	231
Operating Profit		**−330**	**15**	**−1,139**	**−1,188**	**−2,203**	**−2,071**	**−2,293**	**−1,840**	**−456**

1: Figures from FY21/03 Q3 onward are based on consolidated financial statements; earlier periods are based on non-consolidated financial statements. Fiscal years through FY21/03: April–March. FY21/12: transitional nine-month period (April–December). From FY22/12: January–December.

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Quarterly KPIs 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	Q2	Q3
Revenue		**36**	**42**	**46**	**495**	**267**	**133**	**100**	**952**	**78**	**130**	**473**	**429**	**95**	**132**	**239**	**288**	**1,761**	**78**	**527**	**700**	**275**	**270**	**1,351**	**619**	**1,028**	**646**
Small Aerial-Imaging Drone	Amt.								590	21	25	301	33	49	37	86	46	19	30	304	504	28	200	1,274	253	858	551
	Units								475	6	7	157	13	17	12	59	31	15	12	182	416	-	101	759	234	400	365
of which Japan	Amt.								590	21	25	301	33	49	37	24	46	14	20	194	479	10	17	578	82	11	35
	Units								475	6	7	157	13	17	12	9	31	8	7	82	416	-	1	359	34	0	17
of which Overseas	Amt.															61	-	5	9	110	24	17	182	696	171	847	515
	Units															50	-	7	5	100	-	-	100	400	200	400	348
Other Aircraft Sales	Amt.	4	10	13	116	15	34	17	45	19	67	44	74	9	49	66	35	0	36	156	36	28	44	5	190	25	36
	Units	1	3	5	37	6	6	6	9	6	17	13	13	3	11	14	5	-	11	33	4	2	12	3	31	2	5
Others	Amt.	32	31	33	378	251	98	82	316	37	37	127	322	35	45	86	206	1,740	11	65	158	219	26	72	175	145	58
Gross Profit		**−6**	**−6**	**−13**	**94**	**17**	**5**	**−22**	**133**	**−30**	**−23**	**−204**	**62**	**−71**	**−48**	**−177**	**36**	**64**	**−8**	**58**	**75**	**8**	**26**	**390**	**251**	**296**	**224**
Gross Profit Margin		−19%	−16%	−28%	19%	7%	4%	−23%	14%	−39%	−18%	−43%	15%	−76%	−37%	−74%	13%	4%	−11%	11%	11%	3%	10%	29%	41%	29%	35%
SG&A (excl. SBIR)		230	173	314	488	325	348	515	535	442	431	670	419	451	469	495	472	390	351	361	279	320	311	560	321	382	293
of which R&D expenses		60	77	129	315	153	165	285	292	228	224	424	197	182	176	203	212	156	123	138	69	78	73	226	60	96	39
Operating Profit (excl. SBIR)		**−237**	**−180**	**−328**	**−393**	**−308**	**−342**	**−538**	**−401**	**−473**	**−454**	**−874**	**−356**	**−523**	**−517**	**−672**	**−435**	**−326**	**−360**	**−302**	**−203**	**−312**	**−284**	**−169**	**−70**	**−85**	**−68**
SBIR costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	104	136	467	36	202	311	320	24	194	12
Operating Profit		**−237**	**−180**	**−328**	**−393**	**−308**	**−342**	**−538**	**−401**	**−473**	**−454**	**−874**	**−356**	**−523**	**−517**	**−672**	**−594**	**−431**	**−496**	**−770**	**−239**	**−514**	**−596**	**−490**	**−95**	**−280**	**−80**

1: Figures from FY21/03 Q3 onward are based on consolidated financial statements; earlier quarters are based on non-consolidated financial statements. Fiscal years through FY21/03: April–March. FY21/12: transitional nine-month period (April–December). From FY22/12: January–December.

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Status of National Project Awards for Technology Development

K Program (NEDO Phase 2): up to JPY 2.9 bn in R&D funding; SBIR: up to JPY 2.6 bn, both expected to be received

	ACSL Activities	Period & Amount
NEDO **K Program** **(Economic Security Critical Technology Development Program)**	■ **Hardware development of small unmanned aircraft with autonomous and distributed control** (study) ■ Survey of advanced technologies in Japan and overseas to set the **direction of competitive aircraft development** ■ **Development of an initial aircraft model for missions in peacetime and emergencies (e.g., major disasters)** ■ Results applied beyond government use, **incl. civilian uses**	**Phase 1** ■ May 2024 – March 2025 ■ Scale: **up to JPY 0.1 bn** **Phase 2** ■ FY2025 – FY2027 ■ Scale: **up to JPY 2.9 bn**
経済産業省 Ministry of Economy, Trade and Industry **SBIR** **(Small Business Innovation Research Program)**	■ Developing a new high-performance **small aerial-imaging drone** with economic security in mind ■ Addressing **domestic and overseas** demand	■ December 2023 – December 2026 ■ Subsidy: **up to JPY 2.6 bn**
国立研究開発法人 科学技術振興機構 **K Program** **(Economic Security Critical Technology Development Program)**	■ R&D of control technology and systems enabling **autonomous group flight**[1] in harsh environments ■ Multiple drones estimating and sharing their positions	■ April 2024 – March 2028 ■ R&D costs: **Up to JPY 1.0 bn in total**[2]

1: Flight in which multiple drones operate simultaneously in coordination
2: The actual amount will be determined after future discussions with the Japan Science and Technology Agency (JST), program officers, and others

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Balance Sheet

JPY mn	FY26/12 Q3 Actual	FY26/12 Q3 YoY Change	FY25/12 Q3 Actual	FY25/12 Actual
Current Assets	11,238	+176%	4,072	5,346
Cash and Deposits	7,656	+353%	1,690	2,018
Non-Current Assets	272	−53%	577	318
Current Liabilities	514	−26%	699	1,045
Non-Current Liabilities	2,613	−9%	2,863	2,863
Total Liabilities	3,128	−12%	3,563	3,909
Net Assets	8,382	+672%	1,086	1,755
Total Assets	**11,510**	**+148%**	**4,649**	**5,665**

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Key Metrics Toward Profitability

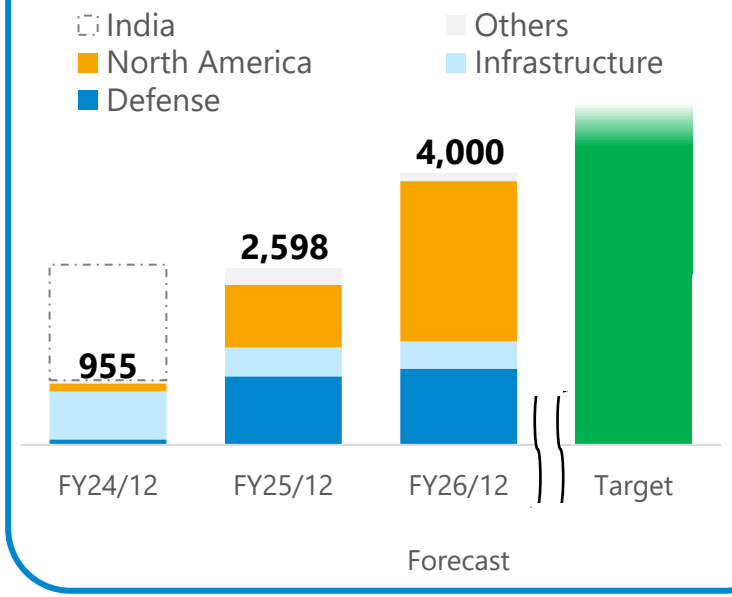
Aiming for operating profitability through revenue growth, improved profitability, and appropriate cost management

Revenue

JPY mn

Company-wide CAGR of 20%+ expected

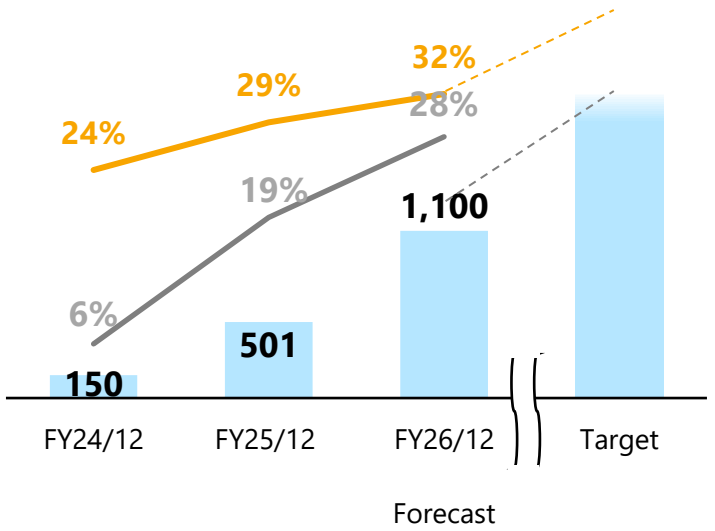
Japan: steady growth centered on the MoD, etc.; US: high growth assumed



Gross Profit

JPY mn

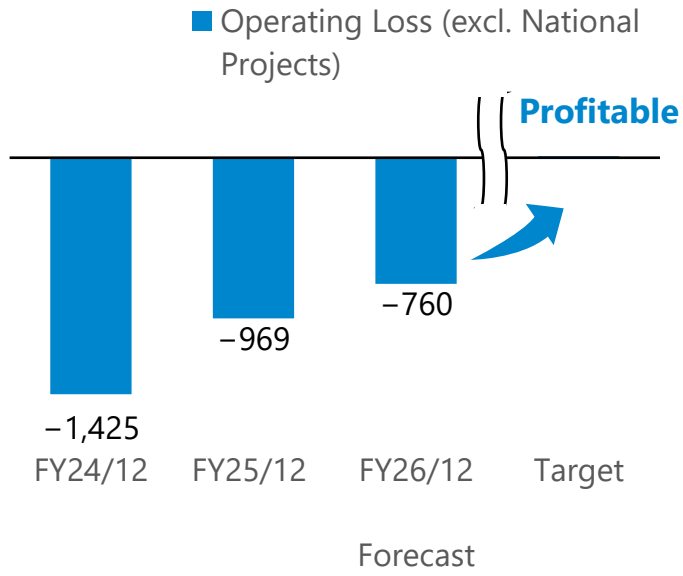
40%+ Gross Profit Margin targeted mid-to-long term via Contribution Margin gains



Operating Profit

JPY mn

Improving operating profit excl. national projects; profitability targeted at JPY 5.0 bn+ revenue



FY26/12 figures are the full-year forecast as announced on August 14, 2026.

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FAQs (Results & Full-Year Outlook 1/6)

Category	Question	Answer
Forecast	**What is the outlook for achieving full-year revenue of JPY 4.0 bn?**	Revenue plus backlog, i.e., Q3 cumulative revenue plus the Q3-end backlog scheduled for FY26 acceptance (JPY 1.15 bn) and orders received on or after October 1 (JPY 0.57 bn), totals JPY 4.02 bn (100.6% of the full-year forecast). We will proceed with delivery and acceptance of awarded orders in Q4. In addition to upside in defense, we have received additional orders for controllers (TAITEN) and infrared cameras (SAMO) in North America, and we currently expect to achieve the full-year forecast of JPY 4.0 bn in company-wide revenue.
Forecast	**How certain is the conversion of backlog into revenue?**	Order backlog is the value of orders for which purchase orders, etc. had been received as of the period end. Awarded orders are shipped and accepted in sequence according to delivery schedules agreed with customers. The North America business consists mainly of additional orders based on the master distributor's inventory levels, and lead times from order to delivery tend to be shorter than in Japan, where large projects are more common. The Q3-end backlog scheduled for FY26 acceptance (JPY 1.15 bn) plus additional orders received on or after October 1 (JPY 0.57 bn; both scheduled for FY26 acceptance) totals JPY 1.73 bn.
Forecast	**Could delivery and acceptance of projects scheduled for Q4 slip into the next fiscal year?**	Awarded orders are being shipped and accepted according to delivery schedules agreed with customers, and the Q3-end backlog (portion scheduled for FY26 acceptance) is scheduled for delivery and acceptance within FY26. In general, the timing of revenue recognition may shift depending on factors such as customers' acceptance schedules and the progress of export procedures. For export procedures, we have built up in-house know-how through past shipments, and our handling has been improving.
Profitability	**Can the Q3 cumulative Gross Profit Margin of 33.7% be sustained?**	Q3 cumulative Gross Profit Margin was 33.7% (prior-year period: 8.9%), and Contribution Margin was 46.2% (prior-year period: 25.6%). Gross Profit Margin is expected to decline in Q4 due to product mix, and we are maintaining the full-year Gross Profit Margin forecast of 27.5%. Over the mid-to-long term, we aim to raise Gross Profit Margin by improving Contribution Margin.
Profitability	**Profitability is improving, but losses continue. What is your approach to achieving profitability?**	We aim to achieve operating profitability (excl. national projects) by FY28/12. Using revenue of JPY 5.0 bn and a Gross Profit Margin of 40% as one benchmark, we will expand revenue and improve Contribution Margin while appropriately managing costs excluding national projects.

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FAQs (Q4 P/L Outlook 2/6)

Category	Question	Answer
Profitability	**Based on the difference between the full-year forecast and Q3 cumulative results, Q4 standalone Gross Profit Margin works out to approx. 19%, down from 33.7% for Q3 cumulative. Why?**	Q4 standalone Gross Profit Margin implied by the full-year forecast is approx. 19%. Gross Profit Margin in Q4 is planned to be lower due to product mix (e.g., a higher share of optional items in North America). This figure is derived from the full-year forecast and does not indicate margins on individual projects. There is currently no change to the full-year forecast.
Expenses	**Why are SG&A and the operating loss expected to concentrate in Q4?**	Q4 standalone SG&A (excl. SBIR) implied by the full-year forecast is approx. JPY 0.86 bn, and the operating loss (excl. SBIR) approx. JPY 0.53 bn. R&D expenses are expected to concentrate in Q4 because outsourced development work is scheduled for delivery in Q4; the full-year forecast, which is unchanged, reflects this. Actual amounts and timing may vary depending on the progress of each project.
National Projects	**How do SBIR costs and grant income affect Q3 cumulative results?**	SBIR costs are recorded as SG&A, while the corresponding grants are recorded as non-operating income after required inspections, etc., so the timing of cost and income recognition may differ. In the Q3 cumulative period, no grant income was recorded (prior-year period: JPY 815 mn), and ordinary profit/loss was −JPY 559 mn (prior-year period: −JPY 738 mn). Grant income is expected to be recorded in Q4.
National Projects	**When will Q4 SBIR costs and the corresponding grant income be recorded?**	Q4 standalone SBIR costs implied by the full-year forecast are approx. JPY 0.36 bn. The corresponding grant income is expected to be recorded in Q4 and is reflected in the full-year forecast. Because grant income is recorded after required inspections, etc., any difference in timing versus the costs may affect ordinary profit/loss.

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FAQs (Defense 3/6)

Category	Question	Answer
Defense	**Will large defense orders continue?**	We have received large MoD small aerial-imaging drone orders for three consecutive years: JPY 0.37 bn in FY24, JPY 0.52 bn in FY25, and approx. JPY 1.0 bn in FY26. In addition, in November 2026 we received a JPY 0.53 bn order for small unmanned aircraft in a new defense tender. While procurement scale and timing vary by year, we aim for mid-to-long-term business growth by expanding our offering beyond aircraft sales into operational support and maintenance, and system and software integration.
Defense	**Is the small unmanned aircraft ordered this time different from SOTEN, and how much future demand do you expect?**	This order involves newly developing and delivering a small unmanned aircraft that is different from our small aerial-imaging drone, SOTEN. It broadens our offering in the defense field beyond SOTEN. While we do not disclose specific demand forecasts, we hope for continued demand and will build a track record through this development and delivery to win further orders.
Defense	**What is the schedule for developing and delivering the new aircraft?**	Development and delivery are scheduled for completion during 2027. Development is proceeding according to the delivery schedule agreed with the customer.
Defense	**As the defense business expands, could ACSL move into attack drones?**	The small aerial-imaging drones we currently provide in the defense field are mainly for reconnaissance and information gathering. In our Mid-Term Plan, we announced that we will develop our business to broaden our areas of contribution in the defense field. As a company handling dual-use technology, we conduct our business in compliance with applicable laws and international rules.

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FAQs (North America & External Environment 4/6)

Category	Question	Answer
North America	**What is driving the rapid growth in North America revenue?**	Q3 cumulative North America revenue was JPY 1.53 bn (prior-year period: JPY 0.22 bn). Amid demand for alternatives to Chinese-made drones, we are expanding sales in priority segments such as utilities and public safety, expanding sales channels including Canada, and building post-sale support (an authorized repair center, a dedicated training and certification program, and inspection software integration).
North America	**Is growth driven by front-loaded shipments to the master distributor? How do you monitor sales?**	ACSL recognizes revenue upon shipment to the master distributor. We track sales from the master distributor to dealers, etc. every month and use this information in decisions on order and shipment planning. Units sold from the master distributor to dealers, etc. are tracked monthly as Sell-through, which was approx. 3.5x YoY for Q3 standalone and approx. 8.0x YoY for Q3 cumulative.
North America	**How will the Canada expansion and the Draganfly partnership proceed?**	We began selling SOTEN in Canada in June 2026. Leveraging Draganfly's sales and service network, we are developing customers mainly in public safety, while also collaborating on products and technology.
North America	**What is the North America sales structure?**	In the US, one master distributor (Almo) and approx. 20 dealers under it cover the entire country. In Canada, Jam Industries Ltd. is the master distributor, and we sell through the sales and service network of Draganfly Inc. Main end-user segments are infrastructure inspection (e.g., power utilities, railways) and public safety (e.g., police, fire departments).
External Environment	**How do US drone regulations and tariffs affect the business?**	In the US, restrictions on Chinese-made drones are tightening amid economic security concerns, which we see as expanding our market opportunity. Tariffs, on the other hand, may increase costs, and we aim to maintain competitiveness through pricing adjustments and other measures.
External Environment	**What is the impact of being placed on China's "Watch List"?**	ACSL was placed on the "Watch List" by China's Ministry of Commerce on June 29, 2026. While procurement of certain materials requires attention, we currently do not expect a material impact on our business or results. We are strengthening supply-chain resilience through alternative sourcing and materials, and design changes as needed.
External Environment	**What is the impact of inflation and exchange-rate fluctuations?**	We address rising raw material prices through design changes, alternative parts, and cost reductions, and continuously monitor the impact of exchange rates on both procurement and sales.

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FAQs (Business & Technology 5/6)

Category	Question	Answer
Business	**If North America and defense revenue grow, is manufacturing capacity sufficient?**	Mass production of small aircraft uses external production partners. We have built a system capable of producing approx. 30,000 units per year and plan to expand capacity flexibly with our production partners as demand grows.
Business	**What are your competitive advantages over Chinese drone manufacturers and new entrants?**	We view our competitive advantages as (1) addressing economic security requirements, (2) development and customization capability based on our proprietary control technology, (3) product commercialization capability, including mass production and certification, and (4) our customer base in defense and government agencies and our North America sales network.
Business	**What are the demand trends and outlook in the infrastructure field?**	Demand is increasing, including inspections with power companies and logistics with Japan Post. However, unlike defense, where large orders can arise at once, this field is moving toward practical operation through repeated demonstrations, so we expect gradual growth.
Business	**How do you manage export controls related to defense technology and overseas sales?**	ACSL's products and technologies may be subject to security export controls under the Foreign Exchange and Foreign Trade Act and other regulations. Under internal rules, we confirm counterparties, end uses, etc., and have a system in place to obtain necessary licenses and complete required procedures.
Technology	**How will the partnership with Preferred Networks lead to growth?**	As part of the K Program, we are enhancing AI-based autonomous and distributed control software. Through implementation in next-generation aircraft, we aim to improve flight safety and reliability and the value we provide to customers.
Technology	**When will the next-generation small aerial-imaging drone be launched, and which markets will it target?**	Launch is planned for FY27. The aircraft offers improved flight time, sensor performance, operability, etc., and will be deployed for defense as well as government agencies such as fire and police, and for infrastructure inspection and public safety in North America.
Technology	**How do you ensure discipline in R&D investment?**	We select and focus R&D themes based on business potential, customer needs, and other factors. Development projects are reviewed at each phase for progress, business potential, etc., and decisions to continue or revise them ensure investment discipline.

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FAQs (Finance & Governance 6/6)

Category	Question	Answer
Finance	**With losses continuing, is the financial base sufficient?**	Cash and deposits were JPY 7.65 bn at the end of Q3. Payment of approx. JPY 5.17 bn from the overseas offering was completed in September 2026. We have also secured a JPY 1.0 bn commitment line to supplement financial flexibility. We will continue growth investment while maintaining the liquidity needed for operations.
Finance	**Why continue growth investment despite losses, and where will funds be prioritized?**	We plan to allocate the estimated net proceeds of JPY 5.12 bn from the September 2026 overseas offering as JPY 3.12 bn to defense business expansion and JPY 2.0 bn to overseas expansion, mainly in North America. The planned spending period is September 2026 to December 2029. As our current development theme, we will invest JPY 0.25 bn or more in developing small unmanned aircraft.
Finance	**Will significant capital expenditure be required going forward?**	Aircraft assembly is outsourced to external production partners, and we do not expect significant capital expenditure. Investment is focused mainly on aircraft and software development.
Finance	**What is your approach to future fundraising?**	We plan to use multiple funding methods depending on the purpose. Depending on uses such as growth investment, working capital, and aircraft and technology development, we will use equity, debt, national projects, etc., to balance a sound financial base with growth investment.
Finance	**How will the JPY 1.0 bn commitment line be used?**	We expect to use it mainly as bridge financing until national project grants are received. The facility is intended to address the timing lag between R&D spending and grant receipt and to secure necessary working capital flexibly and stably.
Governance	**What has been the impact of the former Representative Director's misconduct, and how are you preventing recurrence?**	We are not aware of any termination of significant customer contracts or suspension of business directly attributable to this case. We have transitioned to a Co-CEO structure and are strengthening our compliance framework, including business processes for contracts, purchasing and payments, and the internal whistleblowing system. We have filed a criminal complaint against the former Representative Director and are cooperating with the police investigation.

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