



Supplementary Explanatory Materials on Finance

ACSL Ltd. (TYO: 6232)
August 18, 2025

機密・専有情報

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Securing growth capital to accelerate business expansion and overseas development amid rising global economic security concerns and Market Growth

Background

- As the importance of economic security rapidly increases worldwide, the U.S. is advancing national-level regulations on Chinese-made drones. In Japan, interest and initiatives regarding economic security in drone utilization are also growing.
- In response to the rapidly changing business environment, ACSL announced a business restructuring plan in February 2024, aiming to achieve profitability within the next three years.
- The Company is making proactive business investments to transition from developing application-specific drone to mass production, and to expand its overseas business, particularly in the U.S. market.
- Considering business expansion and its financial position, ACSL determined that securing growth capital was necessary and, after examining multiple financing options, decided to implement this transaction.

Overview of the Transaction

- A third-party allotment of new shares to Athos and Cantor Fitzgerald Europe.
- In addition to raising up to 1.5 bn JPY through a capital increase via the issuance of common shares, ACSL will raise additional funds through a potential capital increase from the issuance of stock acquisition rights.
- By issuing the program in three tranches, ACSL will avoid excessive dilution and concerns about supply-demand deterioration in the market.
- By setting the exercise prices of the stock acquisition rights at 90% and 110% of the previous day's closing price, ACSL ensures the feasibility of fundraising while enjoying upside potential in the event of future share price appreciation based on future growth.
- There are no lock-up provisions or involvement in management, securing flexibility for future capital policies.

Financing Overview



Plans to raise up to 1.5 billion JPY through three rounds of common shares and expects further capital increase by issuing stock acquisition rights.

Allotment Resolution Dates:	Base Financing		Upside Financing			
	Series	Paid-in Amount ¹	Series	Amount raised ²	Exercise Price ³	Number of Stock Acquisition Rights ⁴
Aug.18, 2025	#1	499.90 mn JPY (428,600 shares)	#1	~300 mn JPY	90% (vs. previous day's closing price)	60% (vs. number of new shares issued)
			#2	~2.44 mn JPY	110%	40%
Sep. 5, 2025	#2	Up to 500 mn JPY (~600,700 shares)	#3	~300 mn JPY	90%	60%
			#4	~244 mn JPY	110%	40%
Sep. 26, 2025	#3	Up to 500 mn JPY (~600,700 shares)	#5	~300 mn JPY	90%	60%
			#6	~244 mn JPY	110%	40%

1 :

For the second and subsequent tranches, the number of shares will be calculated as ¥500 million ÷ issue price (rounded down to the nearest whole number under 100). The maximum per tranche is 600,700 shares. The issue price will be set at 90% of the closing price on the trading day immediately before the resolution date (rounded up to the nearest 0.1 yen).

2 :

Based on the closing price of ¥1,178 on trading day immediately before allotment resolution date. Actual paid-in amounts will vary depending on the exercise price and number of stock acquisition rights.

3 :

The amounts corresponding to 90% and 110% of the closing price on the previous trading day (rounded up to the nearest 0.1 yen).

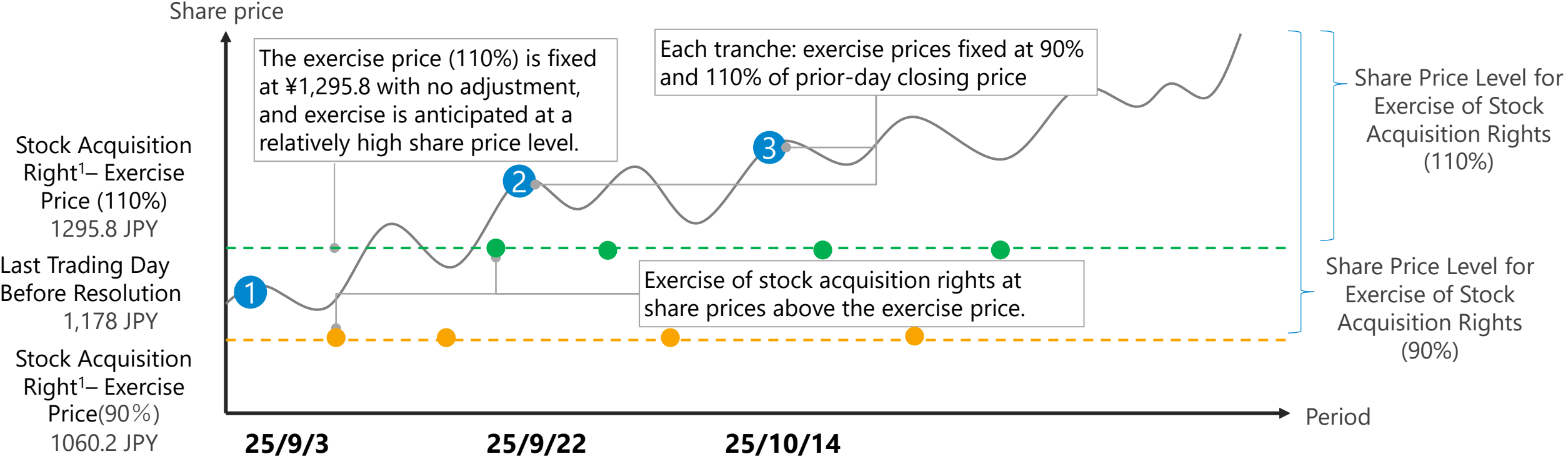
4 :

For the 90% exercise price portion, the number of stock acquisition rights will be calculated as the allocated number of shares multiplied by 0.6, divided by 100. For the 110% exercise price portion, 0.4 will be used instead of 0.6. (rounded down to less than 1)

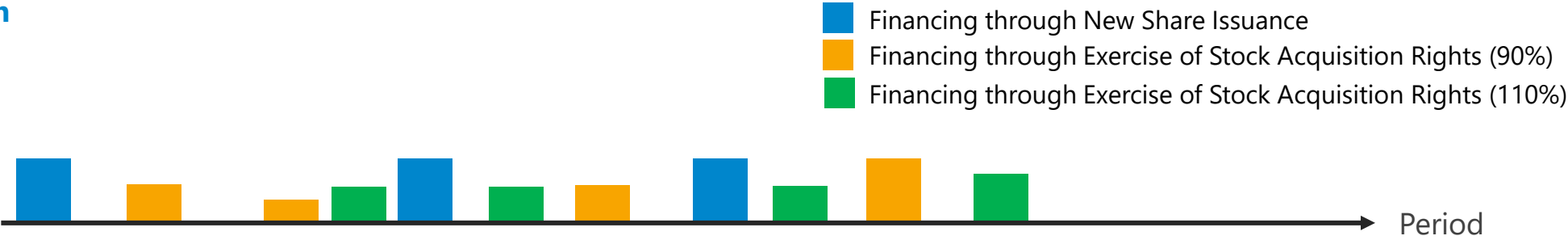
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2

Share price trends vs. financing (conceptual image)





Financing Illustration



1 : This is an illustrative assumption that the closing price on the trading day immediately prior to each issuance resolution was the same across all allotments. In practice, up to six different exercise prices are expected to be set.

Issuance Overview

	Common Stock			Stock Acquisition Rights (SAR)		
Allottee	 ATHOS CAPITAL Athos Asia Event Driven Master Fund			 Cantor Fitzgerald Europe		
Tranche	1 st to 3 rd			1 st to 3 rd (6 times as stock acquisition rights)		
Expected Amount of Funds Raised	Approx. 1.5bn JPY(500 mn JPY for each tranche) ¹			Approx. 1.62 bn JPY ² Raise through SAR ~5.44 mn JPY for each tranche SAR (90%) : ~300mn JPY, SAR (110%) : ~244mn JPY		
(Potential) Number of Shares³	Common share 1,414,800 shares (Up to1,673,000 shares) 471,600 shares for each tranche、 500mn JPY ÷ Issue price (round down ~100) Up to 600,700 shares for each tranche			Common shares 1,414,500 shares (Up to1,672,700 shares) Each tranche: No. of stock acquisition rights = new shares × 0.6 (90%) + new shares × 0.4 (110%)		
% of Outstanding Shares³	Total 9.02% (Up to 10.67%) 3.01% (Up to 3.83%) for each tranche			Total 9.02% (Up to 10.66%) 3.01%(Up to 3.83%) for each tranche		
Price	1 st Issue price 1060.2 JPY	2 nd TBD	3 rd TBD	1 st Exercise price 1,060.2 JPY(90%) 1,295.8 JPY(110%)	2 nd Exercise price TBD(90%) TBD(110%)	3 rd Exercise price TBD(90%) TBD(110%)
	(Each tranche: 90% of closing price on day before resolution)			Each tranche: 90% and 110% of the prior-day closing price; exercise prices not subject to adjustment		
Period	—			3 years		
Resolution	2025/8/18	2025/9/5	2025/9/26	2025/8/18	2025/9/5	2025/9/26
Allotment Date	2025/9/3	2025/9/22	2025/10/14	2025/9/3	2025/9/22	2025/10/14
Other	Athos's effective voting rights shall be capped so as not to exceed 9.9% of the Company's total voting rights.			Allottee to sell shares acquired through exercise off-market to overseas institutional investors reasonably recognized (including itself or affiliates).		

1: If prior-day closing price is below ¥925, amount = issue price × 600,700 shares. 2: Payment amount varies with exercise price and number of rights.

3: Based on ¥1,178 (closing price of prior trading day); actual amount will vary with closing price before each issuance resolution.

Reasons for Selecting This Financing Method

1

Secure Fundraising

- Secure up to 1.5 billion yen within two months through issuance under the new share program
- Opportunity for upside fundraising through stock acquisition rights
- For 60% of the issued stock acquisition rights, the exercise price is set at 90% of the market price, ensuring exercisability

2

Limiting Market Impact

- Avoid excessive dilution and concerns of supply-demand deterioration in the market
- For 40% of the issued stock acquisition rights, the exercise price is set at 110% of the market price
- Cap set on the number of shares issued and potential shares under the program

3

Flexibility in Capital Policy

- Designed not to constrain future capital policies
- No lock-up provisions for either new shares or stock acquisition rights
- Allottees are pure investors with no involvement in management

Overview of Common Stock Allottee

Investor name

- Athos Capital Limited
- Will subscribe to common stock through its managed fund, *Athos Asia Event Driven Master Fund*

Establishment

- October 2011

Location

- Hong Kong

License

- Type 9 License from Hong Kong SFC (asset management business)

Capital

- Main funding sources include U.S., Canadian, and European pension funds and university endowments, U.S. pension and university fund-of-funds, and Japanese financial institutions

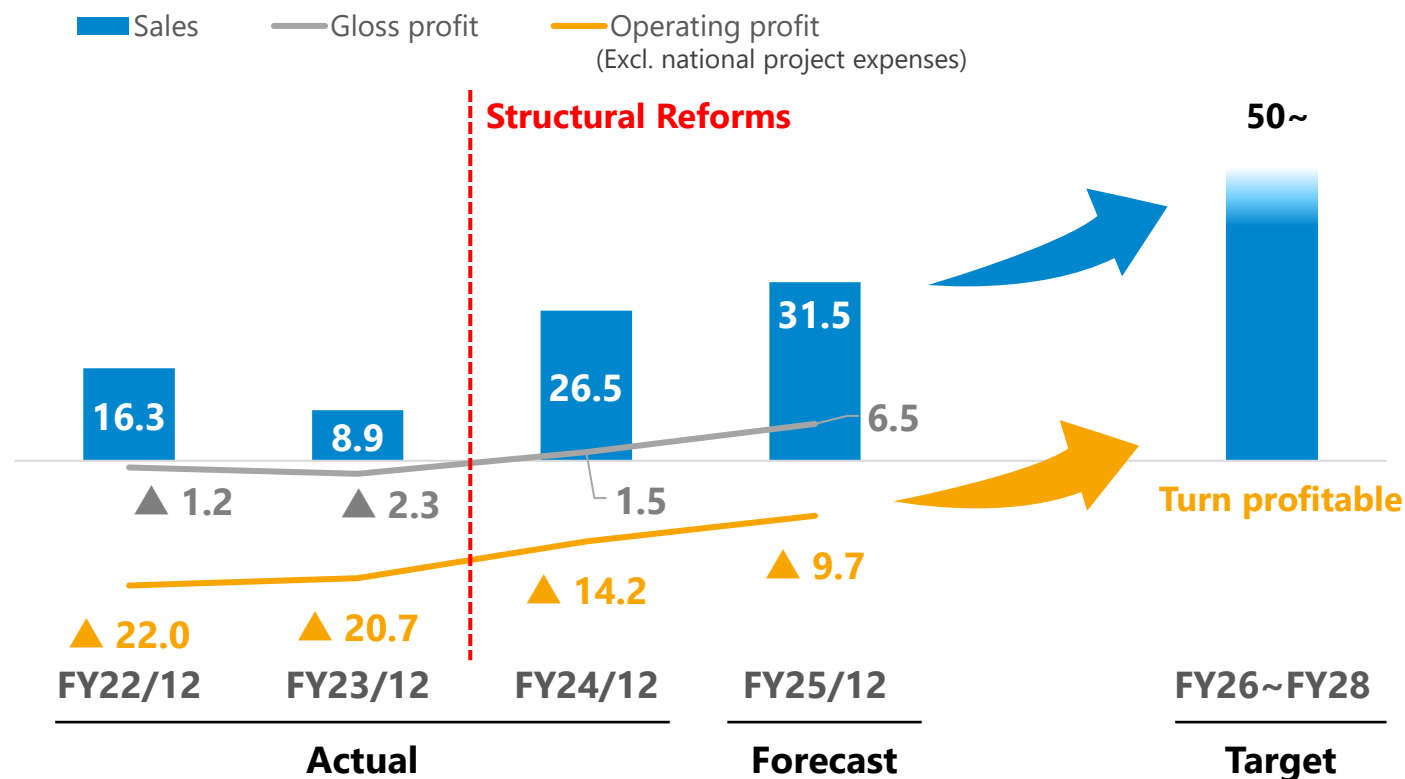
Investment Activities

- Invests in major markets in Asia including Japan, as well as in the U.S. and Europe
- Track record of diverse investments in major markets worldwide, based on both fundamental and market analysis, with high risk tolerance
- Extensive investment experience in growth companies

With sales growth, improve profit margins and aim to achieve profitability within the next 3 years

Sales and profit trends¹

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 China-made drones increases

Profit

- Aim for 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
- Growth targets for FY26-28 will be examined in detail and announced at a later date

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

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