

**Notice of Adoption as an Indirect Subsidized Business Operator
for the Subsidy for Overseas Market Research Project
(Project for Strengthening the Supply Chain in the Indo-Pacific Region)**

ACSL Ltd. (ACSL) hereby announces that ACSL has been selected by the Japan Machinery Federation (JMF) as an indirect business operator for the "Subsidy for Overseas Market Research Project (Project for Strengthening the Supply Chain in the Indo-Pacific Region or SCIP project)" under the FY 2022 supplementary budget of the Ministry of Economy, Trade, and Industry, and will promote the "Digitalization of Drone Manufacturing Process in India and Japan" project (This Project) as follows.

1. Overview of SCIP project

SCIP project is designed to promote efforts by private companies to strengthen supply chains in the Indo-Pacific region by providing partial subsidies for the implementation of demonstrations, feasibility studies, and human resource development for the visualization of supply chains, advancement of logistics, facilitation of trade procedures, and diversification of production bases to realize supply chain resilience in the region.

The project is scheduled from April 2022 to February 2023, and the subsidy is scheduled to be received in the fiscal year ending December 2023. The maximum subsidy amount to be received is expected to be 76,302 thousand yen. The final subsidy amount and timing will be determined by a final notification from the Japan Machinery Federation.

2. Background and Objectives of this Project

On January 28, 2022, ACSL announced medium-term plan, "ACSL Accelerate 2022," and has been promoting its business with the aim of becoming a "sustainable global manufacturer" in the midst of strengthening economic security, relaxing the restrictions on Level 4 flight (beyond visual line of sight flights over manned zones) in accordance with the revised Civil Aeronautics Law, and improving the licensing system.

One of the business strategies in medium-term plan is the full-scale launch to the Indian market, and ACSL established a joint venture company, ACSL India, in September 2021.

Currently, ACSL has established a drone manufacturing plant in Coimbatore, Tamil Nadu, in southern India, and is building a local manufacturing, sales, and maintenance system.

The adoption of this project aims to create a master database of drone components to "visualize" the entire manufacturing process in Japan and India and to build a more resilient



and robust supply chain

3. Outlook

The impact on the full-year results for the fiscal year ending December 31, 2022, has already been incorporated in the full-year forecast for the fiscal year ending December 31, 2022, which was announced on February 14, 2022. The impact on the full-year earnings for the fiscal year ending December 31, 2023 is currently being carefully examined and will be incorporated into the full-year earnings forecast for the fiscal year ending December 31, 2023 in the Summary of Financial Results for the Fiscal Year Ended December 31, 2022 to be announced in February 2023.

Attention

This document is an unofficial translation of the timely disclosure on April 26, 2022 by ACSL and this is for reference purpose only. In case of a discrepancy between the English and Japanese versions, the Japanese original shall prevail.