

June 10, 2022
ACSL Ltd.

Notice of Adoption as a Business Restructuring Promotion Program (Business Restructuring Subsidy) for Small and Medium Enterprises

ACSL Ltd. (ACSL) hereby announces that ACSL has been selected as a business operator for the "Business Restructuring Promotion Program for Small and Medium Enterprises (Business Restructuring Subsidy)," a FY2020 supplementary budget of the Small and Medium Enterprise Agency, and will proceed with the "Development and Sales of Level 4 Compatible Drones for New Fields" project (This Project) as follows.

1. Overview of project

The purpose of the Business Restructuring Promotion Program for Small and Medium Enterprises (Business Restructuring Subsidy) is to support the challenge of small and medium-sized enterprises that are willing to take on the challenge of restructuring their businesses in order to respond to economic and social changes in the with-corona, post-corona era, such as development in new business fields, change in business type, business and industry, business restructuring, or expansion of scale through these efforts. The purpose of this program is to promote structural transformation of the Japanese economy by supporting small and medium-sized enterprises that are willing to take on the challenge of drastic business restructuring, such as expansion into new fields, change of business category, change of business or industry, business reorganization, or expansion of scale through these efforts. In this project, ACSL will develop a drone that is compliant with Level 4 (unsighted flight over manned areas), for which the government is working to establish laws and regulations by FY2022, conduct demonstration flight tests with the developed drone, and obtain Level 4 certification, with the aim of mass-producing and selling the drone in the future.

This project is scheduled from June 2022 to March 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 80,000 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

ACSL announced our medium-term management policy, "ACSL Accelerate 2022," on January 28, 2022, and have been promoting our business with the aim of evolving into a "sustainable global manufacturer" amid the relaxation of Level 4 flights (unsighted flights over manned areas) and the development of a drone license system in accordance with the

revised Civil Aeronautics Law.

With the development of "Level 4" laws and regulations, including a certification system for drone safety and drone operator licenses, a huge space where drones can be used is expected to emerge, creating and expanding new markets such as drone logistics, which is mentioned in the Digital Garden City concept. As a drone hardware manufacturer, we will continue to develop drone that comply with the "Level 4" laws and regulations that the government is developing, and provide domestically produced, secure industrial drones to promote the social implementation of drones as the de facto standard technology.

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 June 10, 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.