



June 14, 2023
ACSL Ltd.

**Notice of Adoption as an Indirect Subsidized Business Operator
for the Subsidy for Overseas Market Research Project
(Projects to support supply chain participation
in the Indo-Pacific and Latin America regions)**

ACSL Ltd. (ACSL) hereby announces that ACSL has been selected by the Boston Consulting Group (BCG) as an indirect business operator for the "Subsidy for Overseas Market Research Project (Projects to Support Supply Chain Participation in the Indo-Pacific and Latin America regions)" under the FY2023 supplementary of the Ministry of Economy, Trade, and Industry, and will promote the "Utilization and Organization of Supply Chain Database in India" project (This Project) as follows.

1. Overview of Project

Projects to Support Supply Chain Participation in the Indo-Pacific and Latin America regions is designed to promote efforts by private companies to strengthen supply chains in the Indo-Pacific and Latin America 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, diversification of production bases, and establishment of data linkage and sharing infrastructure related to the supply chain.

The project is scheduled from June 2023 to February 2024, and the subsidy is scheduled to be received in the fiscal year ending December 2024. The maximum subsidy amount to be received is expected to be 24,793 thousand yen. The final subsidy amount and timing will be determined by a final notification from the BCG.

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 site 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 optimize the supply chain over the long term, including joint procurement in Japan and India. In addition, by establishing an industry-standard supply chain in drones, the project aims to incorporate a number of stakeholders and realize changes in order placement and the decentralization of order placement when risks in the supply chain become apparent.

3. Outlook

ACSL has decided to postpone the disclosure of earnings forecasts for the fiscal year ending December 31, 2023 although net sales in Japan are expected to be at least at the same level as the previous fiscal year, the company has determined that it is difficult at this point in time to appropriately and reasonably calculate figures for net sales overseas. The impact of adoption this project on earnings is under scrutiny, including other factors, and will promptly disclose the earnings forecast it becomes possible to do.

As mentioned above, receipt of the subsidy for this project is scheduled for the fiscal year ending December 31, 2024, and will be incorporated into the full-year forecast for the fiscal year ending December 31, 2024 in the summary of financial results for the fiscal year ending December 31, 2023, to be announced in February 2024.

Attention

This document is an unofficial translation of the timely disclosure on June 14, 2023 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.