



July 13, 2023  
ACSL Ltd.

## **Notice Concerning MOU with General Pacific, Inc. for Strategic Distributor Partnership in the U.S. Market, Additional Investment in US Entity and Changes in Specified Subsidiaries**

ACSL Ltd ("ACSL") hereby announces that on July 12, 2023, ACSL, Inc., our U.S. subsidiary, it entered into a Memorandum of Understanding ("MOU") with General Pacific, Inc. ("GenPac") for a strategic distributorship partnership to provide sales, support, repair and service assistance for ACSL products in the U.S. market.

In addition, at a meeting of the Board of Directors held on July 13, 2023, ACSL resolved to make an additional investment in ACSL, Inc.. As a result, this subsidiary will become a specified subsidiary of ACSL.

### 1. Reason and details of the MOU

Policies related to economic security and environmental considerations are accelerating in the global drone market. In the U.S., the National Defense Authorization Act (NDAA) has been enforced, prohibiting government procurement of Russian and Chinese drones. In addition, DJI, Chinese drone manufacturer, has been designated by the U.S. Department of Defense as a "China Military Enterprise" from October 2022. In this market environment, ACSL believes that it is possible to formulate a positioning based on the keywords "economic security", "enterprise support", and "application-specific".

In its entry into the U.S. market, ACSL small aerial photography drone (SOTEN) was highly evaluated by infrastructure companies at a local exhibition for its use in inspection and surveying, and ACSL have also received positive feedback and confirmed purchase requests at several customer road shows. In January 2023, ACSL established a U.S. subsidiary ACSL Inc. in California, and through close collaboration with these potential U.S. customers, the Company has continued to improve its small aerial photography drones (SOTEN).

GenPac is a leading distributor within the sUAS and robotic industry. it partners with end users to provide the equipment and training for any missions to be implemented successfully. Beyond hardware, GenPac offers a variety of expert level training and software solutions.

In order to expand sales in the U.S. market in the future, ACSL, Inc. aims to sell 50 units in the U.S. market during the current fiscal year by concluding an MOU for a strategic distributor partnership between ACSL, Inc. and GenPac. With the conclusion of this MOU, along with the additional investment in ACSL, Inc.. mentioned below, ACSL will accelerate its efforts in the U.S. market.

2. Overview of GenPac

(1) Name	General Pacific, Inc.	
(2) Headquarter	22414 NE Townsend Way Fairview, Oregon, the U.S.	
(3) Position and Name of Representative	CEO Rick Hall	
(4) Business	Drone sales, support and related solutions	
(5) Established Date	November 5, 1965	
(6) Shareholder	Pioneer Utility Resources etc.	
(7) Relationship Between the Listed Company and the Said Company	Capital ties	None
	Personnel relations	None
	Business relations	None

(Notice) Due to confidentiality obligations under the MOU, “Share Capital” and "Financial Condition and Results of Operations for the Three Most Recent Fiscal Years" will not be disclosed.

3. Reason for change in specified subsidiaries

ACSL decided to additional investment to ACSL, Inc, which develops and sells ACSL industrial drones in the U.S., in order to make a full-scale entry into the U.S. market and to accelerate the growth. As a result, the amount of investment in ACSL, Inc. will be equivalent to more than 10/100 of ACSL capital, and ACSL, Inc. will be classified as a specified subsidiary.

#### 4. Overview of specified subsidiary

(1) Name	ACSL, Inc.	
(2) Headquarter	710 Lakeway Drive, Suite 200, Sunnyvale, CA	
(3) Position and Name of Representative	CEO Cynthia Huang	
(4) Business	Development and sales of industrial drones	
(5) Total amount of investment	(Before change) 100 US dollars (After change) 600,100 US dollars	
(6) Established Date	January 23, 2023	
(7) Shareholder	ACSL Ltd. 100%	
(8) Relationship Between the Listed Company and the Subsidiary Company	Capital relations	ACSL Ltd. owns 100% of ACSL, Inc.
	Personnel relations	A director and an employee of the ACSL Ltd. have been appointed as CFO and CTO of ACSL, Inc.
	Business relations	Not applicable since ACSL, Inc. was established on January 23, 2023.

(Notice) There are no items to be stated in "Financial Condition and Results of Operations for the Past Three Years" as the company was established on January 23, 2023.

#### 5. Situation before and after the additional investment

(1) Amount of investment before the additional investment	100 US dollars (ACSL Ltd. 100%)
(2) Amount of additional investment	600,000 US dollars
(3) Amount of investment after the additional investment	600,100 US dollars (ACSL Ltd. 100%)

#### 6. Schedule of change

(1) Date of resolution by the Board of Directors	July 13, 2023
(2) Date of investment agreement	July 2023 (planned)
(3) Date of additional investment	July 2023 (planned)

#### 7. 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.

As for the impact of the above MOU on ACSL's business performance, we believe that it will contribute to our sales, as we aim to sell more than 50 units in the U.S. market this fiscal year. However, the actual number of drone to be sold has not yet been determined, and the impact on our business performance is undetermined. The additional investment in the U.S. subsidiary ACSL, Inc. will have a negligible impact on ACSL's business performance. ACSL is currently examining other factors and will promptly disclose the earnings forecast it becomes possible to do.

*Attention*

*This document is an unofficial translation of the timely disclosure on July 13, 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.*

July 13, 2023

ACSL Ltd.

## ACSL's U.S. subsidiary signs MOU for strategic distributor partnership with General Pacific, Inc. and begins full-scale product rollout in the U.S. market

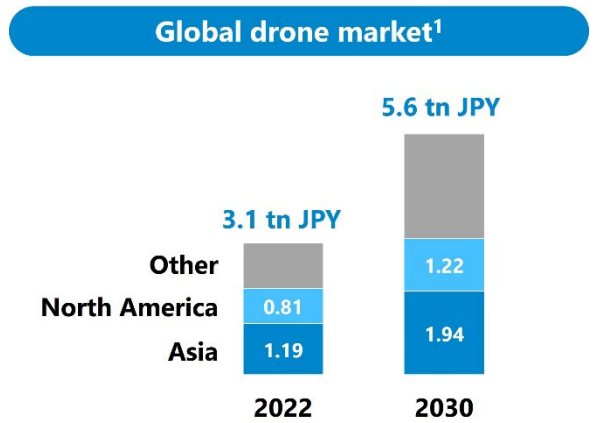
- ACSL, Inc., our U.S. subsidiary, it entered into a Memorandum of Understanding with General Pacific, Inc. for a strategic distributorship partnership to provide sales, support, repair and service assistance for ACSL products in the U.S. market on July 12, 2023.
- ACSL Group and GenPac will aims to sell 50 units in the U.S. market during the current fiscal year.
- ACSL decided to additional investment to ACSL, Inc, in order to make a full-scale entry into the U.S. market and to accelerate the growth.

ACSL Ltd (Edogawa Ward, Tokyo; Satoshi Washiya, CEO, hereafter ACSL) hereby announces that on July 12, 2023, ACSL, Inc., our U.S. subsidiary, it entered into a Memorandum of Understanding ("MOU") with General Pacific, Inc. ("GenPac") for a strategic distributorship partnership to provide sales, support, repair and service assistance for ACSL products in the U.S. market.

With this move, the ACSL Group will begin full-scale sales in the U.S. market, first aiming to expand sales of its SOTEN small aerial photography drone.

### ■Background

The global drone market is growing rapidly and is expected to emerge as a 5 trillion yen market by 2030. Policies related to economic security and environmental considerations are accelerating in the global drone market. In the U.S., the National Defense Authorization Act (NDAA) has been enforced, prohibiting government procurement of Russian and Chinese drones. In addition, DJI, Chinese drone manufacturer, has been designated by the U.S. Department of Defense as a "China Military Enterprise" from October 2022. In this market environment, ACSL believes that it is possible to formulate a positioning based on the keywords "economic security", "enterprise support", and "application-specific".



Global Drone Market Size

Prepared by ACSL based on "Drone Industry Insights"

In its entry into the U.S. market, ACSL small aerial photography drone (SOTEN) was highly evaluated by infrastructure companies at a local exhibition for its use in inspection and surveying, and ACSL have also received positive feedback and confirmed purchase requests at several customer road shows. In January 2023, ACSL established a U.S. subsidiary ACSL Inc. in California, and through close collaboration with these potential U.S. customers, the Company has continued to improve its small aerial photography drones (SOTEN).

■ **MOU with General Pacific, Inc.**

GenPac is a leading distributor within the sUAS and robotic industry. it partners with end users to provide the equipment and training for any missions to be implemented successfully. Beyond hardware, GenPac offers a variety of expert level training and software solutions. GenPac became interested in SOTEN when ACSL exhibited at the COMMERCIAL UAV EXPO held from September 6 to 8, 2022, and has been conducting demonstrations and other activities.

In order to expand sales in the U.S. market in the future, ACSL, Inc. aims to sell 50 units in the U.S. market during the current fiscal year by concluding an MOU for a strategic distributor partnership between ACSL, Inc. and GenPac. With the conclusion of this MOU, along with the additional investment in ACSL, Inc.. mentioned below, ACSL will accelerate its efforts in the U.S. market.



GenPac management and ACSL Group management



SOTEN demonstration at GenPac in 2022

ACSL decided to additional investment of 600,000 US dollars to ACSL, Inc, which develops and sells ACSL industrial drones in the U.S., in order to make a full-scale entry into the U.S. market and to accelerate the growth.

With the conclusion of this MOU and the additional investment, ACSL Group will accelerate our efforts in the U.S. market by fully launching our products in the U.S. market.

## ACSL Ltd.

ACSL develops, manufactures, and commercializes industrial drones in order to realize labor-saving unmanned operations in industrial applications. ACSL's core technology is in its proprietary autonomous control technology and industrial drones equipped with image processing and AI edge computing technology. ACSL drones are already used in a variety of applications such as infrastructure inspection, postal delivery and logistics, and disaster prevention.

For more information visit <https://www.acsl.co.jp/en/>

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