

May 12, 2021

Autonomous Control Systems Laboratory Ltd.

Notice Regarding Establishment of Joint Venture for Full Scale Entry into India

Autonomous Control Systems Laboratory Ltd. (ACSL) hereby announces that at the meeting of Board of Directors held on May 12, 2021, ACSL decided to establish ACSL India Private Limited (JV), joint venture with Aeroarc Private Limited (Aeroarc) in India in accordance with the medium-term management direction "ACSL Accelerate 2020" disclosed on August 14, 2020.

1. Background and purpose of the establishment

ACSL has been developing “Made-in-Japan” industrial drones, which have been adopted in various fields such as delivery, infrastructure inspection, and disasters. ACSL has developed its proprietary flight controller which enable autonomous control of drones, and has been promoting the social implementation of secure and safety drones.

In its mid-term management direction, "ACSL Accelerate 2020," ACSL has announced its expansion into the Asian markets such as ASEAN, and is actively promoting overseas expansion.

In India, as in Japan, the cyber security risks associated with drones have been major concern in using drones, and the policy of using drones was revised to the condition that Indian capital must have majority of the companies providing drone businesses in India.

In response to this emerging need, ACSL has decided to establish a joint venture with Aeroarc in India to fully expand ACSL’s secure drone in the Indian market.

Aeroarc is a joint venture between Arc Ventures and Aerodyne Group, established in June 2019, to provide industrial drone service in India.

Aerodyne Group is a drone service provider voted the No. 1 UAV service company in Asia*1, with services in 35 countries around the world, and ACSL started collaboration with Aerodyne Group in November 2020.

ACSL will manufacture industrial drones in India under the JV, Aeroarc will sell ACSL's drone by leveraging strong customer base in India, and Aerodyne Group will provide drone services.

*1: Frost & Sullivan “Asia-Pacific Best Practices Awards 2019” Asia-Pacific Unmanned Aerial Vehicle (UAV) Services Company of the Year

2. Overview of the JV

(1) Name	ACSL India Private Limited	
(2) Headquarter	Plot No.5, LGF, LSC- C&7, Vasant Kunj, New Delhi - 110070	
(3) Position and name of representative	Invited from Aeroarc	
(4) Business	Manufacture and sale of ACSL's drone in India	
(5) Share capital	1 million USD	
(6) Established Date	Scheduled in 2021 second quarter	
(7) Financial period	March	
(8) Net assets	1 million USD	
(9) Total assets	1 million USD	
(10) Shareholder	Aeroarc Private Limited	51.0%
	ACSL	49.0%

3. Overview of the Aeroarc Private Limited

(1) Name	Aeroarc Private Limited	
(2) Headquarter	Plot No.5, LGF, LSC- C&7, Vasant Kunj, New Delhi - 110070	
(3) Position and name of representative	Managing Director Mukesh Gupta	
(4) Business	Providing industrial drone services in India.	
(5) Share capital	900,000 USD	
(6) Established Date	June 25, 2019	
(7) Shareholder	Arc Ventures	51.0%
	Aerodyne Group	49.0%
(8) Relationship between the listed company and the said company	Capital ties	None
	Personnel relations	None
	Business relations	None

*: Since Aeroarc has only been established for a short period, the business results and financial results of Aeroarc have not been disclosed.

4. Outlook

The influence of the establishment of the JV to the business performance is limited at this stage, however, ACSL believes that it will contribute to improving ACSL's performance and corporate value in the medium term. Further disclosure will continue if such need arrives.

Attention

This document is an unofficial translation of the timely disclosure on May 12, 2021 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.