



Financial Results Material for 2021/12 First Quarter

ACSL Ltd
Aug 12th, 2021

CONFIDENTIAL
This materials should not be used without prior consent from ACSL Ltd.

- **ACSL Accelerate**, announced in August 2020, aims for **sales of 100 billion yen in 10 years and sales of over 5 billion yen in the fiscal year ending March 2023**.
- The industrial drone market is expanding and the market is changing toward social implementation, and in addition to the current markets of Level 1 and 2, the **environment and our efforts are steadily progressing for Level 3 and Level 4**, a market with great potential in the near future.
- In addition to the four measures set forth in the mid-term management policy "ACSL Accelerate," the company is promoting a variety of initiatives, including collaborations with other companies, in order to meet the requirements for **market and customer expansion**.
 - In June 2021, a **proposal to amend the Civil Aeronautics Law to allow Level 4** flights over manned areas (including cities) **was approved**.
 - The Japanese government **announced its policy for procuring security-capable drones in September 2020**, and ACSL announced in April 2021 that it will **launch a small aerial photography drone** for government procurement in **October 2021 or later**.
 - In June 2021, ACSL entered into a **capital and business partnership with Japan Post and Japan Post Capital** for the practical application of drone deliverC. With the realization of "Level 4" approaching and increasing awareness of security and safety, the two companies will **promote the social implementation of drones as a new means of logistics and delivery**.
 - **The enclosed environment drone "Fi4", co-developed with NJS, is now launched. ACSL is promoting four measures (development of application-specific drone, subscription services, overseas expansion mainly in Asia, and technological collaboration through CVC)** listed in the business strategy of the mid-term management direction for social implementation of drones, aiming to expand the market and acquire customers.
- **Changed the company name (Autonomous Control Systems Laboratories to ACSL)** to improve global recognition, and **changed the fiscal year (from the end of March to the end of December)** to improve transparency of business performance.
- **FY21/12 1Q sales was 267 Mn JPY; order backlog** as of the end of June was **127 Mn JPY. Operating loss of 308 Mn JPY**.
- FY21/12 (9 months), we expect sales of 350 Mn JPY and an operating loss of 1.0 billion yen; in April 2011 – March 2022, we expect sales of more than 2.5 billion yen due to an increase in sales of small aerial photography drone.

1 "ACSL Accelerate" and Business Highlights

2 FY21/12 1Q (Apr.-Dec. 2021) Results

3 FY21/12 Plan

4 Appendix

MISSION

Liberate Humanity Through Technology

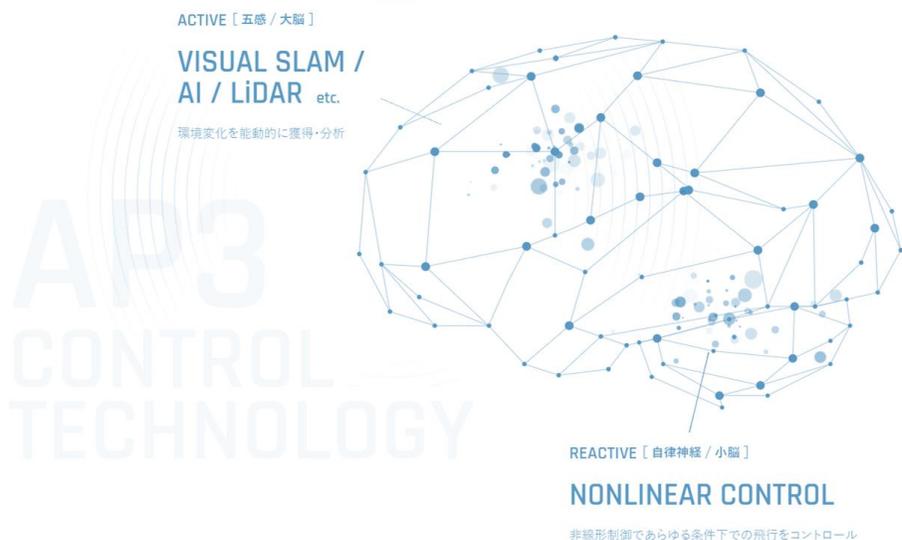
VISION

**Revolutionizing social infrastructure
by pursuing cutting-edge robotics
technology**

ACSL is an industrial drone manufacturer developing application-specific drones through site visits, discussions, and demonstrations with customers to replace and improve operations, using proprietary autonomous control as its core technology.

ACSL core technology

The proprietary control technology consists of the “cerebrum”, which actively grasps the surrounding environment, and the “cerebellum”, which controls flight in any environment



Knowledge through customer projects

Develop specific drones through verification of technical and economic requirement for each applications through discussions with customers and demonstrations in actual environments



Nihon Unisys, Ltd.



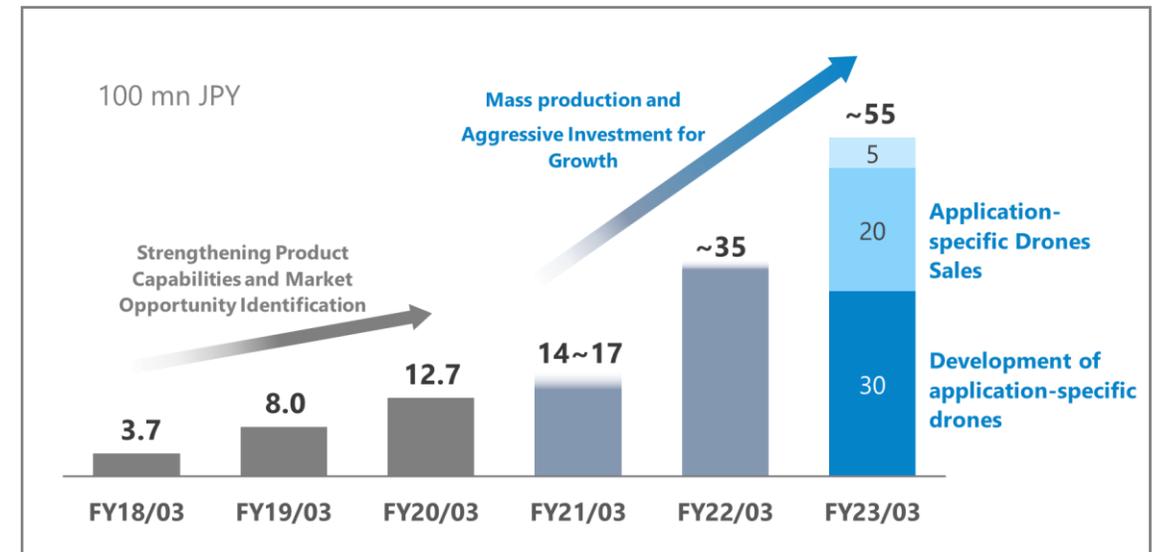
Announced "ACSL Accelerate" in August 2020 to achieve market dev

In August 2020, ACSL announced "ACSL Accelerate", a plan consisting of a masterplan that defines what ACSL aims to be in 10 years, and a Mid-Term Management Direction (FY21/03-FY23/03) to realize the master plan.

A masterplan defining what ACSL aim for after 10 years

- 1 Global pioneer in solving social infrastructure issues
- 2 More than 100 bn JPY sales, 10 bn JPY sales profit
- 3 Mass production manufacturer that produces 30,000 units/year
- 4 Supporting the country with de facto standards
- 5 Developing cutting-edge technologies for autonomous control (cerebellar and cerebral)
- 6 Nurturing the industry's most advanced and talented human resources
- 7 Constantly working to improve its corporate value and financial KPIs

Sales in mid-term management direction (FY21/03-FY23/03)



* FY21/03-FY23/03 sales are based on the mid-term management direction disclosed in August 2020.

Four pillars of business strategy set in the Mid-Term Management Direction to transition from a “Prototype Factory” to a mass production manufacturer.

Development of application-specific drones

Commercialization of small aerial drones (for government procurement and the private sector), medium delivery drones (Level 4 compliant), smokestack inspection drones, and enclosed environment inspection drones

Introduction of subscription model

Subscription-based fixed income/recurring sales model to be introduced to meet various customer needs, in addition to one-off drone sales

Full scale entry into ASEAN region

Establish an office in Singapore, the core city in the ASEAN region, and India and hire local talents to conduct development and sales activities, and begin full-scale overseas expansion

Technology procurement through CVC

Establish CVC and actively procure technologies with potential for technology synergies, such as AI, blockchain, security, image processing and sensors

Steady progress in implementation of drones in Level 1 and Level 2 market. Level 3 and Level 4 are accelerating with regulations and market environment being built. ACSL addressing each market with a set of initiatives defined in the mid-term management direction.

- Development of application-specific drone
- Implementing Subscriptions
- Full-scale expansion into ASEAN and other Asian countries
- Technology procurement through CVC

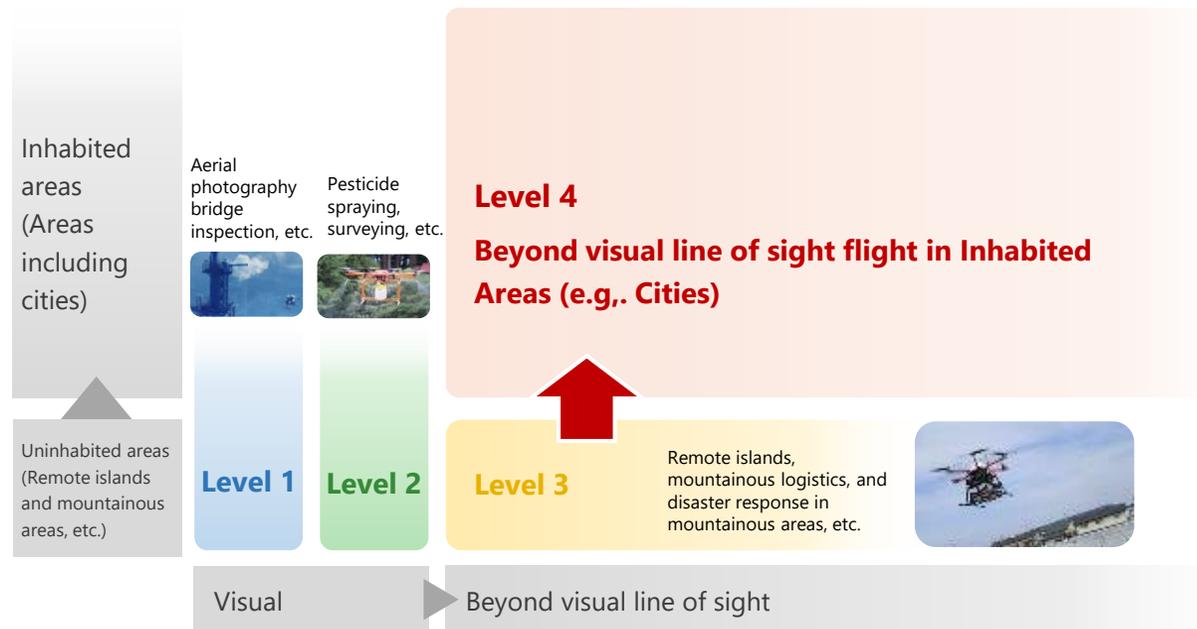
	Market and Regulation	Technology and Products	Operation and Implementation
Level 1 and 2 Visual Flight Majority of the current market	Relevant regulations are in place. Application-specific guidelines will be developed in the future. 5 Adopted as a Japan-India Economic and Industrial Cooperation Project	Mostly foreign-made general-purpose GPS-type machines. Application-specific / non-GPS / secure drone required. 2 Small aerial photography drone for government procurement 3 Closed environment inspection Fi4	Prepared for general-purpose drones. Specialized operations and solutions are important. 7 Disaster relief in Atami based on the disaster prevention agreement with the Self-Defense Forces
Level 3 Beyond visual line of sight / Uninhabited areas Current market is limited	Related regulations are expected to continue to be revised.	Mostly application-specific drone. Need to improve foundation performance and safety.	Mainly individual efforts of individual companies. Systematized operations, training, etc. are required. 6 Capital and Business Partnership with AeroNext and Seino
Level 4 Beyond visual line of sight / Inhabited areas A huge market to be created in the future	Regulations expected to be in place by FY2022 1	Development and commercialization of technologies in line with regulations is essential. 4 Business and Capital Alliance with Japan Post and Japan Post Capital for Advanced Delivery	Need companies that can respond to regulations and build operations.

Amendment to the Civil Aeronautics Law passed by the House of Representatives

1. Legislation on track for Level 4 deregulation by 2022

The Japanese government released its first "Roadmap for the Industrial Revolution in the Sky" in May 2017, and in June 2021, a proposal to amend the Civil Aeronautics Law for BVLOS in Inhabited areas (Level 4) was passed.

Industrial Drones Market Classification



Government trend toward revision of Civil Aeronautics Law

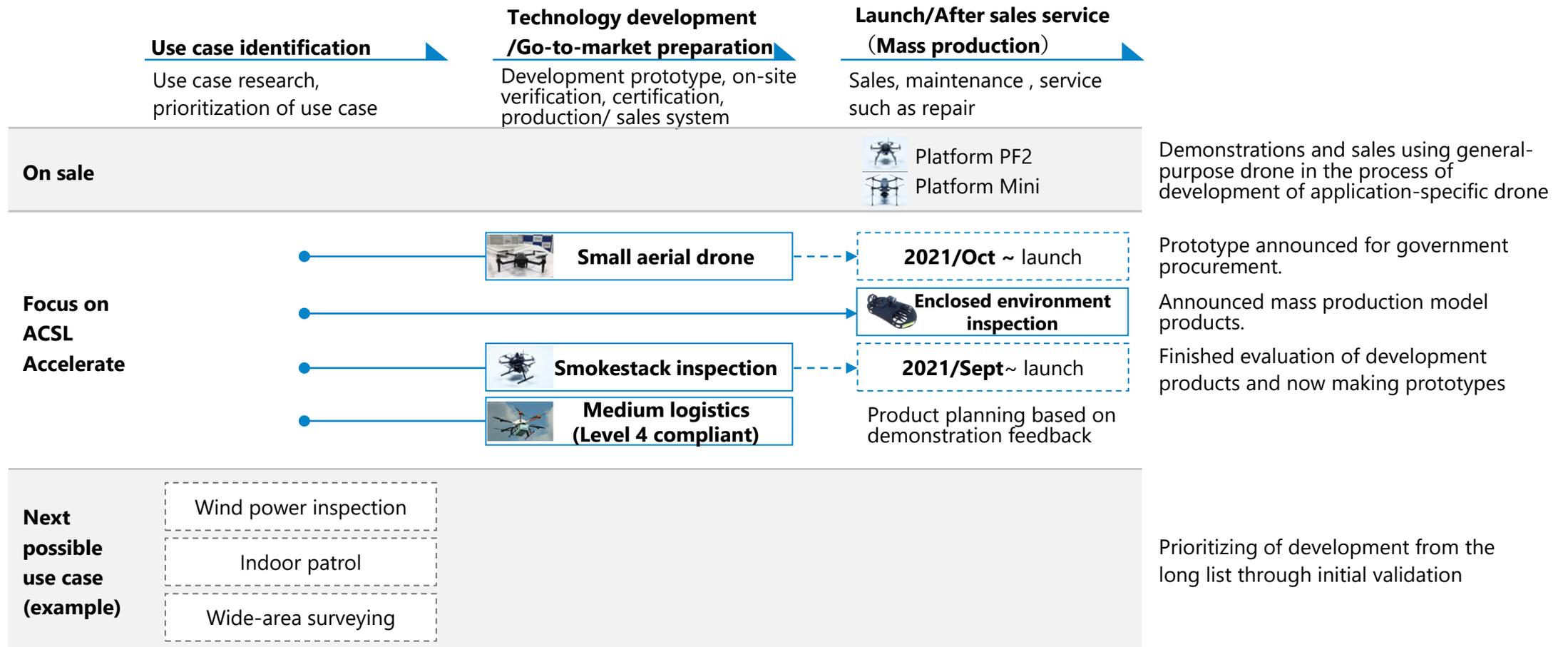
December 2020	<p>Announced the direction of a new system to achieve Level 4</p> <p>In order to ensure the safety of unmanned aircraft flights more strictly, the government has established a system for certifying the safety of aircraft (aircraft certification), etc., with the aim of achieving Level 4.¹</p>
March 2021	<p>Cabinet approves revision of Civil Aeronautics Law to realize Level 4.</p> <p>Cabinet approved a certification system for aircraft safety (airframe certification), a certification system for pilot skills (pilot license), and mandatory reporting of accidents, etc.²</p>
June 2021	<p>Proposal to amend the Civil Aeronautics Law passed.</p> <p>The House of Representatives and the House of Councillors passed a bill to amend the Civil Aeronautics Law to improve the system for Level 4.</p>

1: "A New System for Ensuring the Safety of Drone Flights," December 10, 2020, Civil Aviation Bureau, Ministry of Land, Infrastructure, Transport and Tourism

2: "Cabinet Decision on a Bill to Amend the Civil Aeronautics Act, etc." March 9, 2021, Ministry of Land, Infrastructure, Transport and Tourism
 Source: Roadmap for the Utilization of Small Unmanned Aircraft and Technological Development (April 28, 2016, Public-Private Council for the Improvement of the Environment Related to Small Unmanned Aircraft)

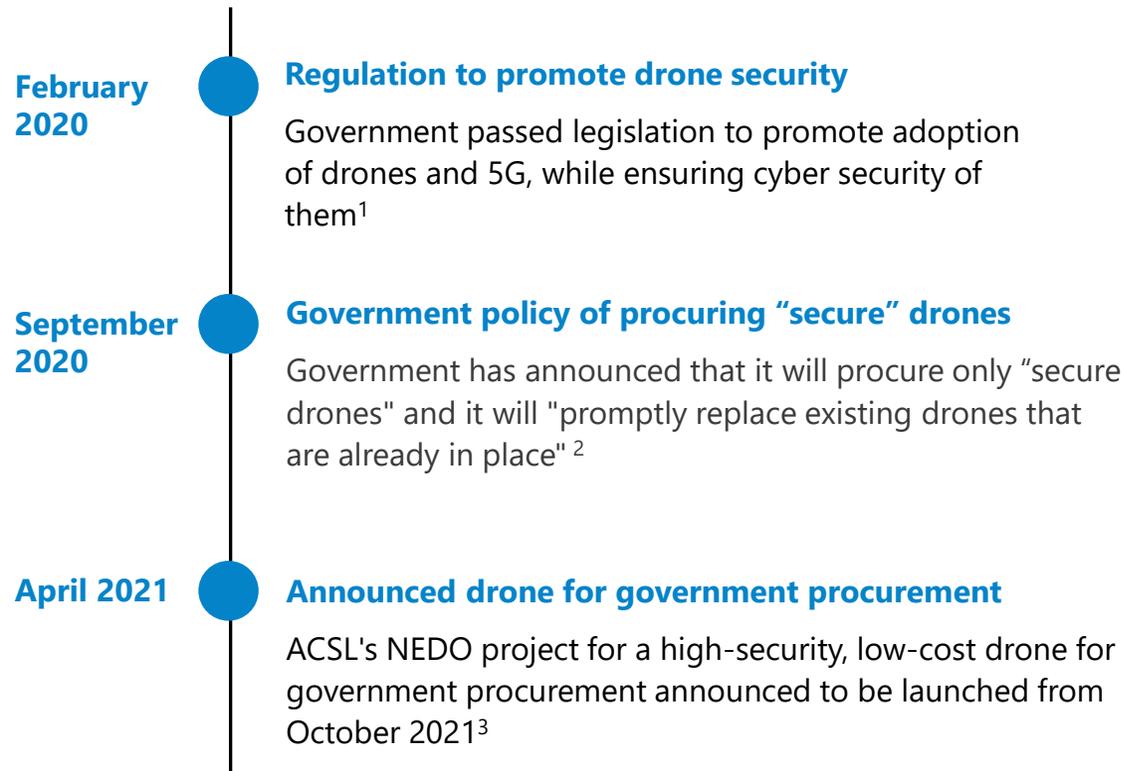
2. Application-specific drones : Steps toward the launch and current progress

ACSL is working with major customers to develop application-specific drones, and developing production, sales, and operation system for launch. Enclosed environment inspection drone successfully launched.



2. Announced to market small aerial photography drone after October 2021

The NEDO project, in which ACSL acts as a consortium leader, has developed a small aerial drone with “Safe and Reliable” guaranteed. Prototype unveiled in April 2021, and ACSL announced that it will market the drone once the NEDO project is completed.



Overall view of the prototype drone

- 1.7kg / about 65cm wide / IP43 (dustproof and waterproof)
- Wide scalability, including **one-touch camera switching** and standard communication protocols
- **Security measures** for flight data, photographic data, communications, etc.



1:“Outline of the Draft Law Concerning the Promotion of the Development, Supply and Introduction of Specified Advanced Information and Communications Technology Application Systems,” February 19, 2020, Ministry of Economy, Trade and Industry.

2:“Policy on the Procurement of Unmanned Aerial Vehicles by Government Agencies, etc.,” September 14, 2020, Liaison Conference of Relevant Ministries and Agencies on Small Unmanned Aerial Vehicles

3:“ACSL to unveil security drone for sale in October,” April 14, 2021, Nihon Keizai Shimbun

3. Launch of the closed environment inspection drone “Fi4”

Announced a new model of the closed environment inspection drone that has been jointly developed with NJS and started service in a JV established with NJS. The JV will continue to expand lineup of drone as an infrastructure inspection and survey service.

History and Background

- **The total length of sewerage systems** in Japan is **approximately 480,000 km¹**, and the burden of inspection work due to aging is a serious issue.
- **Jointly developed a closed environment inspection drone with NJS since 2015**, and improved its durability, maintainability, and usability for actual field use through demonstration tests
- **Establishment of a JV in May 2021** to provide services, including support



Joint investment



FINDi

Provision of inspection and other services using closed environment inspection drones

Launch of Fi4 closed environment inspection drone

- **Launch of the new Fi4**, a package that includes an airframe designed for harsh research environments and a dedicated operating application with improved usability.
- Based on the images taken by the drone, **data analysis and functional diagnosis services to determine abnormalities such as deterioration status** are also provided at the same time.
- In the future, the JV will **expand lineup of drone** to include pipeline facilities with flowing water, external inspections of facilities, and other application scenarios.



Air Slider **Fi4**



4. Capital and business Partnership with Japan Post Co. and Japan Post Capital Co.

In June 2021, ACSL entered into a capital and business partnership with Japan Post Co. and Japan Post Capital Co. for the practical application of drone delivery, and “continuously promote the upgrading of delivery networks through advanced technologies”.

Outline of the Capital and Business Partnership



Scene of the press conference

Mr. Kinugawa, Representative Director, President and Chief Operating Officer of Japan Post Co. (right) and Washiya, Representative Director, President and COO of ACSL (left)

4. Outline of the capital and business partnership

Japan Post and ACSL have been taking on the challenge of logistics innovation in Japan since 2017. Through the capital and business partnership, the two companies will promote social implementation of drones as a new means of logistics and delivery.

Initiatives with Japan Post to date



2017: Drone port demonstration



2018: Inter-post office delivery



2019: Delivering packages to individual homes



2020: Delivering mail to individual homes

Outline of the Capital and Business Alliance

 Promotion of practical application

Formation of a department specializing in postage and logistics, and further promotion of the practical application of drone delivery by this department and Japan Post

 Technology Development

Development of drone, operating environments and systems that enable efficient postal and logistics operations, and supply of these to Japan Post

 Certification

Building a cooperative system for acquiring various drone certifications

5. Adopted as a Japan-India Economic and Industrial Cooperation Project

ACSL established a local JV in India to capture the huge market potential in India where domestication of drone technology is taking place. ACSL was adopted as Japan-India Economic and Industrial Cooperation Project to demonstrate Japanese drone technology and know-how in India.

Background and Objectives

- **Cyber Security Risks in Drones** Pointed Out in India.
- The Indian government has **overhauled its policy on the introduction and use of drones**, and is moving to replace the Chinese-made drones that hold a large share of the general-purpose drone market.¹
- **Established ACSL India, an Indian JV with Aeroarc**, a local company, to capture the huge Indian market.



Demonstration Project in India

- **Selected by Japan External Trade Organization (JETRO)** for "Subsidy for Project to Support Promotion of New Business Creation in Asia DX (**Japan-India Economic and Industrial Cooperation Project**)".
- In this project, drone technology and know-how will be transferred to Aerodyne India, and **business development utilizing the Indian government's digital platform will be verified**.
- Aerodyne India is the Indian subsidiary of the Aerodyne Group, Asia's No. 1 drone service company², and is deeply aligned with JV partner Aeroarc.



ACSL-based technology



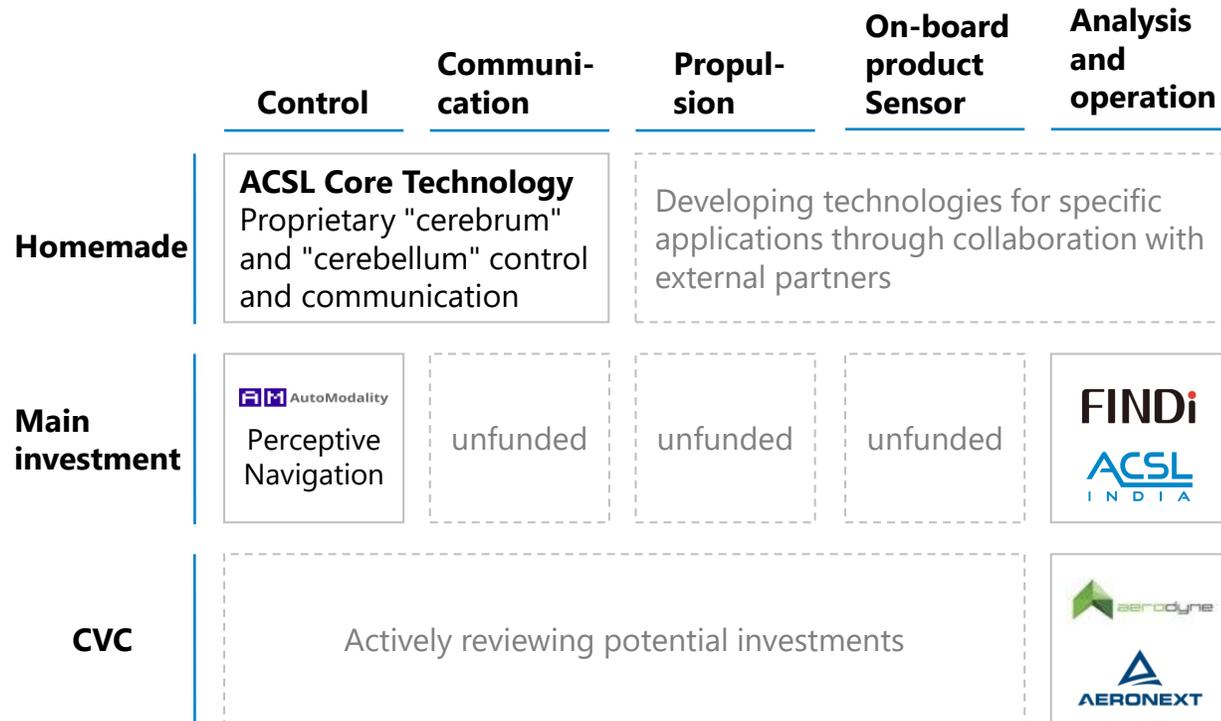
Connect to the government's digital platform (Digital Sky)

1: Nikkan Kogyo Shimibun
2: Frost & Sullivan

6. Capital and business partnership with AeroNext, Seino Holdings and ACSL

AeroNext, Seino HD, and ACSL begin collaboration on the creation of a drone delivery market through a capital and business partnership. ACSL invests into AeroNext through its CVC.

Business collaboration and CVC investment related to drone and peripheral technologies



Background and Objectives of the Investment in AeroNext, Inc.

- **AeroNext, Seino HD, and ACSL** aim to verify the economic rationality required to launch a drone delivery market, establish a stable supply system for drone, and create a drone delivery market through these efforts.
- Aeronext brings comprehensive development capabilities for drone delivery services, Seino HD brings **a proven track record and network in trunk line and last mile logistics**, and ACSL brings Level 3 experience and a track record of secure and safe drone implementation in society.



7. Response to the mudslide disaster at Izusan, Atami City

After the mudslide disaster that occurred in Atami City's Izuyama in July 2021, ACSL provided immediate support to assess the disaster situation, in line with the disaster prevention agreement with the Self-Defense Force.

ACSL's support system for the affected areas

- In recent years, **drones have begun to be used in disasters, but** there have been issues such as the inability to use drones immediately and the abandonment of purchasing drones due to the **burden of maintenance costs**.
- Signed an **agreement with the Ground Self-Defense Force's Eastern Area Command** in 2019 regarding support using drones in the event of a large-scale disaster.
- In 2020, ACSL will begin to support disaster **prevention and disaster-specification drones (ACSL-PF2) by providing them free of charge to disaster-stricken areas** in the event of an earthquake, typhoon, or other disaster.

Mudslide Disaster in Mt. Izu and the Use of Drones

- In July 2021, a mudslide occurred in Izuyama, Atami City, Shizuoka Prefecture, causing extensive damage downstream.
- **Based on an agreement with the Ground Self-Defense Force Eastern Army**, the ACSL flew drones to **assess damage after a disaster occurred**.



Preparing for flight at the site

Major Business Highlights for FY21/09 1Q (Apr.-Jun. 2021)

In addition to the development of application-specific drone, strengthen demonstration tests and collaboration with existing and new customers for the development of new applications, and promote the business strategy in the mid-term plan.

April	Small-scale Aerial photography	“Introduction of the drone prototype developed in the “Development of Safe and Secure Drone Basic Technology” ”	
May	Closed environment	Established FINDi as a JV with NJS for the full-scale deployment of closed environment inspection drones	
		CVC invested in Aerodyne to accelerate overseas expansion , especially in Asia	
		Launched a subscription service for inspection drone that lowers the initial hurdle for customers to install the service	
		Resolved to establish a local JV to capture the Indian market	
June		Aeronect formed capital and business partnership with Seino Holdings	
		Mitsui O.S.K. Lines successfully conducted Autonomous Flight Inspection with Japanese Drones in a Ship’s Hold with no radio coverage in dark areas	
	Closed environment	Launched the new AirSlider® Fi4 , a drone for closed environment survey and inspection, in collaboration with NJS	
		Adopted ACSL drone for the bridge inspection method established by NTT DOCOMO and Shutoko Engineering	
		"Bill to Amend the Civil Aeronautics Act and Other Related Law" passed at the plenary session of the House of Representatives	
Medium Logistics	Toward social implementation of drone delivery at Level 4 , formed a capital and business alliance with Japan Post and Japan Post Capital Co		

1 "ACSL Accelerate" and Business Highlights

2 FY21/12 1Q (Apr.-Dec. 2021) Results

3 FY21/12 Plan

4 Appendix

A resolution was passed at the general shareholders' meeting held in June 2021 to change the company name to improve recognition on a global level and to change the fiscal year end to improve transparency of business performance.

Change of company name

Background of the change

- In the past, acronym "ACSL" was used, an acronym that stands for "**Autonomous Control Systems Laboratory**" as the name of our drones and our logo, and developed our business using the name "ACSL".
- As the company accelerates its global expansion, the company will unify its brand to "ACSL" to **improve its recognition in Japan and globally**.

Before change

Autonomous Control Systems Laboratory



After change

A C S L

Change in fiscal year end

- Sales are recognized on an acceptance basis (at the end of the project) for all projects, hence the **acceptance of large projects** for companies and government agencies tends to be **heavily skewed toward the fourth quarter of the fiscal year (January 1 to March 31)**.
- Quarterly business results may not provide sufficient information for the analysis of ACSL's full-year business forecasts. In order to **improve the transparency of our business forecasts, fiscal year end is changed**.
- FY21/12 will be **9-month irregular accounting period from April 1 to December 31**

April 1 to March 31 of the following year

January 1 to December 31

FY21/12 Q1(21/04-21/06) Results

Sales totaled 267 Mn JPY, mainly from projects implemented in the previous fiscal year such as national projects. Operating loss of 308 Mn JPY¹ was posted due to aggressive upfront investment in R&D expenses.

Mn JPY	Fiscal Year Ending 21/12 Q1 (21/04-06)		Previous fiscal year Q1 (20/04-06)	Previous fiscal year Annual (20/04-21/03)
	Actual	YoY	Actual	Actual
Sales	267	639%	36	620
Gross profit	17	-	▲6	68
Gross profit margin	7%	+28 pt	▲19%	11%
R&D expenditure	153	154%	60	583
Operating income	▲308	-	▲237	▲1,139
Net income	▲296	-	▲180	▲1,081

1: Figures for the third quarter of the fiscal year ending March 31, 2021 and thereafter are based on consolidated financial statements and figures for earlier quarters are based on non-consolidated financial statements

Sales and operating income by quarter

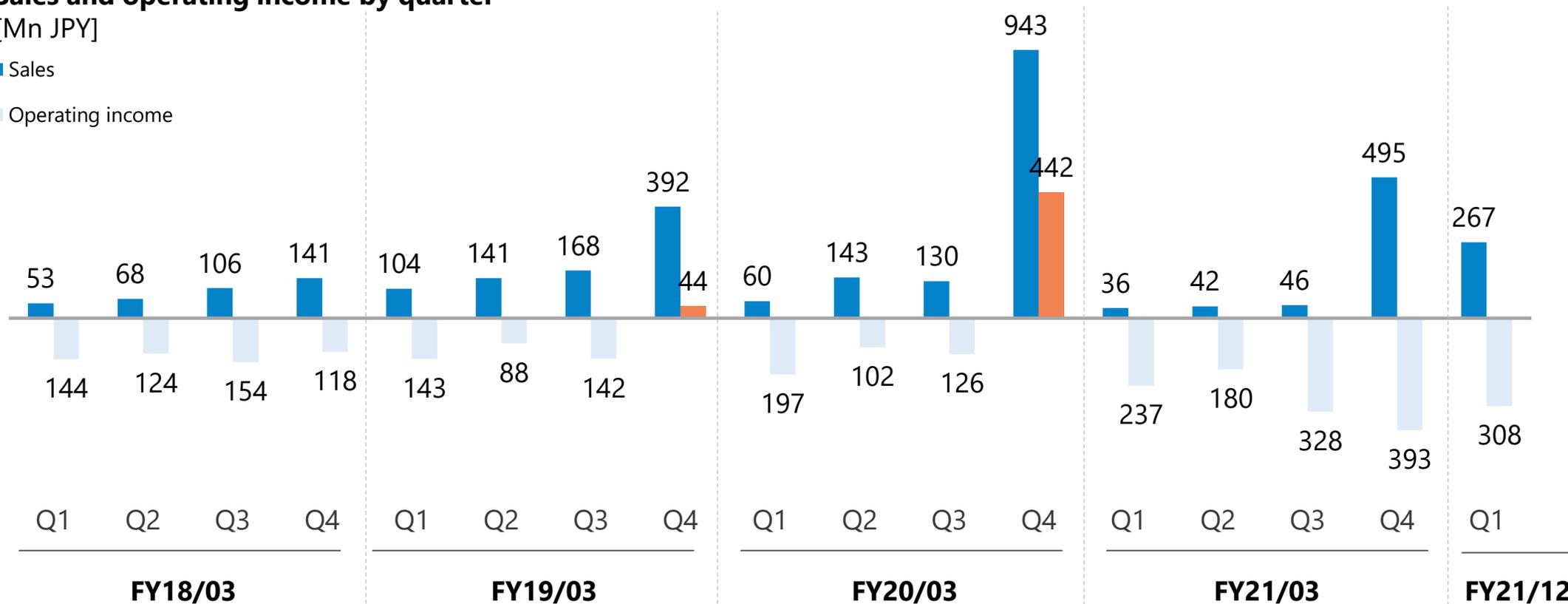
As is typical year, sales in Q1-Q3 (April-December) are small, and the trend is expected to continue in the current fiscal year. FY21/12 Q1(21/04-06) sales were larger than previous years due to the booking some projects conducted in the previous fiscal year.

Sales and operating income by quarter¹

[Mn JPY]

■ Sales

■ Operating income



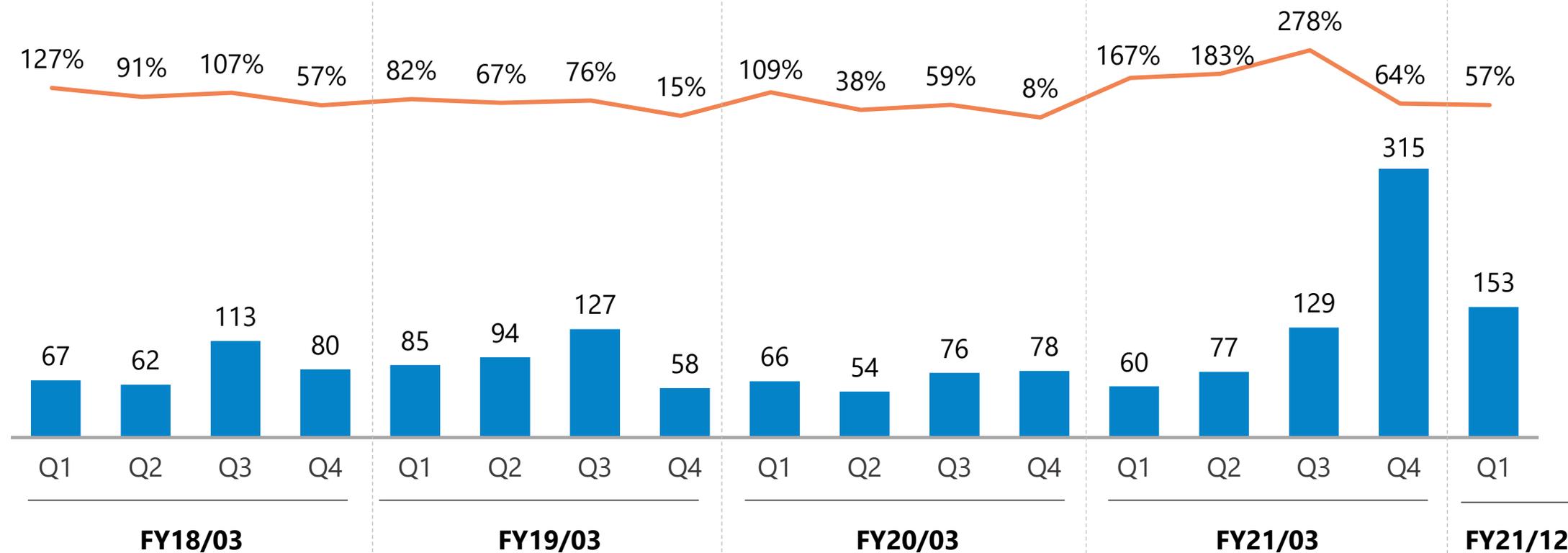
1: Figures for the third quarter of the fiscal year ending March 31, 2021 and thereafter are based on consolidated financial statements and figures for earlier quarters are based on non-consolidated financial statements

Changes in R&D Expenses

Regardless of the sales situation, ACSL continued core R&D activities and aggressively conducted R&D as an upfront investment for market expansion.

R&D expenses by quarter and Sales ratio

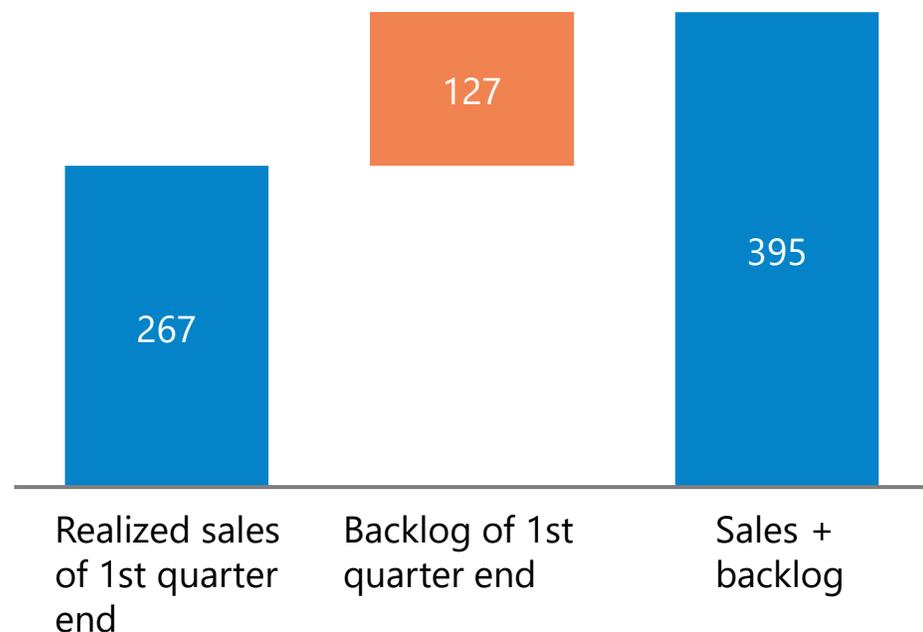
[Mn JPY]



Orders received as of the end of June

As of the end of June, backlog¹ was approximately 130 Mn JPY. Combined with the realized sales for the 1st quarter end it is approximately 400 Mn JPY.

Sales and backlog as of end of June
[Mn JPY]



- As of the end of the first quarter, approximately 260 Mn JPY was posted as projects for the current fiscal year. Some of the projects were conducted in the previous fiscal year and were booked in this 1Q.
- As of the end of 1Q, about 130 Mn JPY was in backorder, including projects to be completed after the end of the current fiscal year (December 31, 2021).
- As large projects are implemented by the end of the client's budget year (January to March), large sales is expected to be recorded in January to March.

1: Backlog is the total amount of orders received as of June 30, 2021.

1 "ACSL Accelerate" and Business Highlights

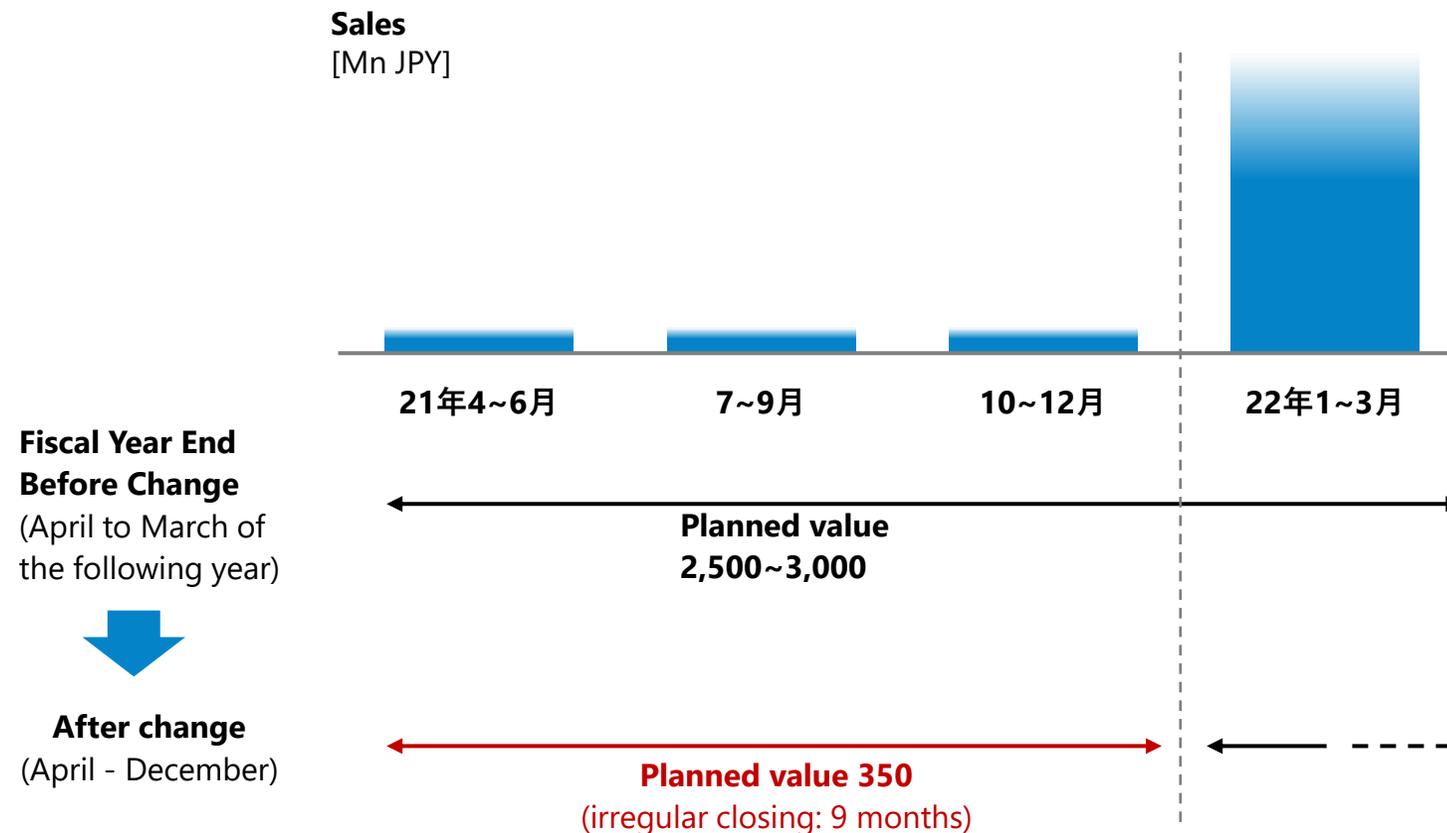
2 FY21/12 1Q (Apr.-Dec. 2021) Results

3 FY21/12 Plan

4 Appendix

Split the current fiscal year's plan due to the change in fiscal year end

In order to address the transparency of full-year outlook from the previous fiscal year (April to March of the following year), as sales were mainly realized in Q4, the fiscal year has been changed to January to December. In line with this change, the plan for the current fiscal year was also split.



- ACSL records sales on an acceptance basis. Since most of the large projects are closed in March, sales are skewed to January and March.
- Due to the change in fiscal year end, to a fiscal year ending on December 31, FY21/12 will be an irregular fiscal year with a nine-month period from April to December 2021.
- In line with the change in the fiscal year end, current fiscal year plan has been split into 9 months instead of 12 months as before.

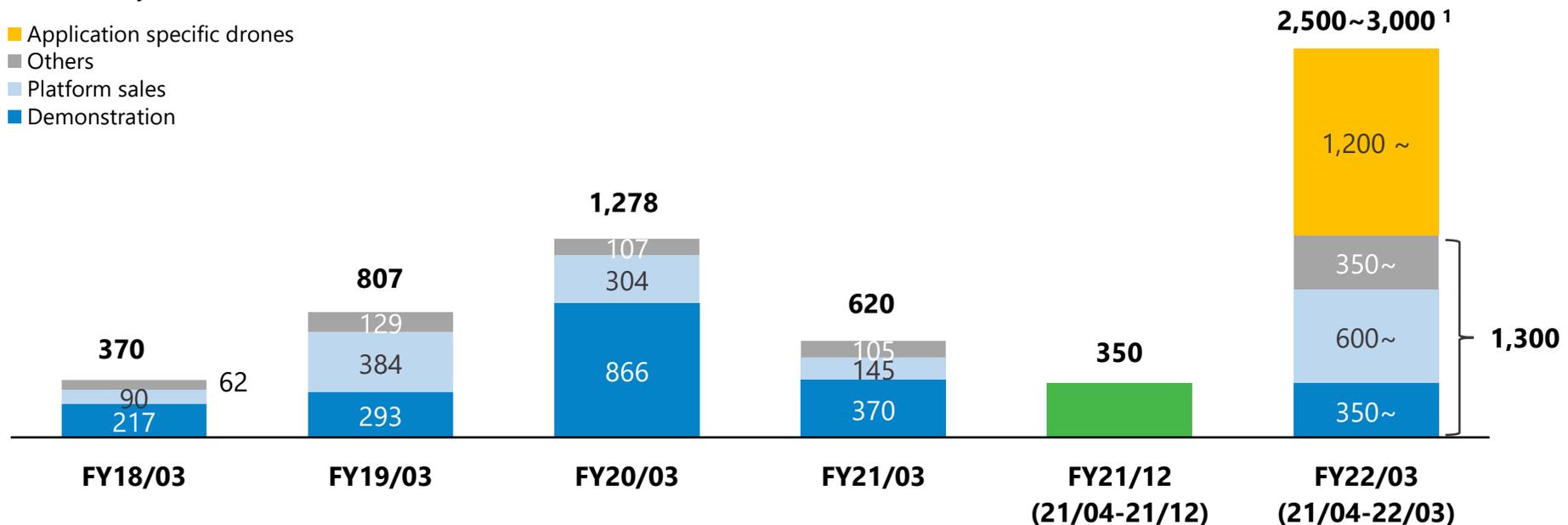
Sales are expected to be 2.5~3.0 billion in April 2021~March 2010

FY22/03 (Apr. 2021-Mar. 2010) sales forecast remains at 2.5~3.0 Bn JPY due to the same level of sales as FY20/03 and increased sales from sales of small aerial photography drone. We expect sales of 350 Mn JPY for FY21/12 (9 months), which is an irregular accounting period due to the change in fiscal year-end.

Sales

Millions of yen

- Application specific drones
- Others
- Platform sales
- Demonstration



¹: Lower limit is based on the assumption that the impact of the new coronavirus will be the same level of activity as in FY21/03, and that normal activity will be possible from January to March.

The upper limit of the forecast is based on the assumption that the company will be able to receive orders and conduct demonstration tests in 2021.

From Q1 FY03/21, solution building (STEP1, 2) will be renamed demonstration testing and drone sales (STEP3, 4) will be renamed platform drone sales.

FY21/12 is an irregular accounting period from April to December due to a change in the fiscal year end. Sales are expected to be 350 Mn JPY in 9 months and Operating loss is expected to be 1.0 billion yen as ACSL will continue aggressive R&D activities.

(Mn JPY) ¹	FY21/12 (21/04~21/12)	FY21/12 Q1 (21/04~06)	FY21/03 (20/04~21/03)	FY20/03 (19/04~20/03)	(Reference) 22/01~22/03	(Previous forecast ²) 21/04~22/03
	9 months Forecast	3 months Actual	12 months Actual	12 months Actual	3 months Forecast	12 months Forecast
Sales	350	267	620	1,278	2,150~2,650	2,500~3,000
Gross profit margin	-	7%	11%	63%	-	~40%
Operating income	▲1,000	▲308	▲1,139	15	300~700	▲700~300
Ordinary income	▲1,000	▲294	▲1,081	231	320~720	▲680~▲280
Net income	▲1,000	▲296	▲1,511	239	315~715	▲685~▲285

1: Figures for the third quarter of the fiscal year ending March 31, 2021 and thereafter are based on consolidated financial statements and figures for earlier quarters are based on non-consolidated financial statements

2: Lower limit is based on the assumption that the impact of the new coronavirus will be the same level of activity as in FY21/03, and that normal activity will be possible from January to March.

The upper limit of the forecast is based on the assumption that the company will be able to receive orders and conduct demonstration tests from the end of 2021.

Index		FY18/03	FY19/03	FY20/03	FY21/03	FY22/03 (21/04~22/03)	FY23/03 (22/04~23/03)
		Actual	Actual	Actual	Actual	Forecast	Medium-Term Management Direction
Sales of application-specific drones							
Small aerial photo (low ASP)	Unit	-	-	-	-	1,000	1,000~
	Value (100 Mn JPY)					10	10
Other application-specific drones (high ASP)	Unit					80	300~
	Value (100 Mn JPY)					2	10
Development of application-specific drones¹							
PoC and Development	Unit	60	81	112	82	50	-
	Value (100 Mn JPY)	2.1	2.9	8.6	3.7	3.5	20
Sales of Platform/ Evaluation drones	Unit	40	106	101	46	-	-
	Value (100 Mn JPY)	0.9	3.8	3.0	1.4	6	10
Number of shipments		-Mr.	136	128	71	100	~300

1: The number of Sales of Platform/Evaluation drones represents drone sold in the platform sales (former STEP 3 and 4), and the number of shipments represents the total number of drones shipped including the demonstration experiments (former STEP 1 and 2).

1 "ACSL Accelerate" and Business Highlights

2 FY21/12 1Q (Apr.-Dec. 2021) Results

3 FY21/12 Plan

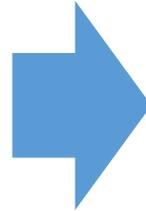
4 Appendix

"While the trends in the drone industry and our strategy have not changed since we created the ACSL Accelerate, the impact of the new coronavirus has been more prolonged than originally anticipated, limiting our activities.

The impact of the new coronavirus has been more prolonged than initially anticipated, and activity is still limited.

Assumptions when creating ACSL Accelerate

- The infection is expected to be contained by December 2020, and a certain level of business activity will be possible from January to March 2021.
- After April 2021, the same corporate activities as before will be possible.



Current Status and Future Outlook

- A state of emergency will be declared **between January and March 2021** due to the spread of the infection, and **business activities will be severely restricted.**
- Even after April 2021, there will be **certain restrictions on business activities for the remainder of this fiscal year**, including the issuance of priority measures to prevent the spread of the disease and the declaration of a state of emergency.
- **FY22/03 forecast assumes April-December will be active as in FY21/03, and January-March 2022 will be active without emergency declaration, etc.**

Implications of the medium-term management plan for sales targets

Anticipate that sales of small aerial photo may increase more than initially expected, and other application-specific drones and platform drones will be as expected. The demonstration was more difficult than initially expected due to COVID-19.

Sales breakdown		Sales (Mn JPY)			Impact of changes in assumptions on the Mid-term Management Direction
		FY20/03 Actual	FY21/03 Actual	FY23/03 (Mid-term Management Direction)	
Sales of application-specific drones					
Small aerial photo (low ASP)	small aerial photo to the government			10	Increasing demand for security not only from governments but also from the private sector
Other application-specific drones (high ASP)	Delivery (Level 4) Smokestack inspection Enclosed environment inspection	-	-	10	Development of application specific drone is on track.
Development of application-specific drones					
PoC and Development	PoC and development of drone and systems at customer sites	8.6	3.7	20	Demonstration delayed due to COVID-19
Sales of Platform/Evaluation drones	Sales of platform drone (PF2, etc.)	3.0	1.4	10	Continue to utilize platform drone
Other	Maintenance National projects	1.0	1.0	5	No impact on maintenance, national projects



Establishment

November 2013

of employees¹

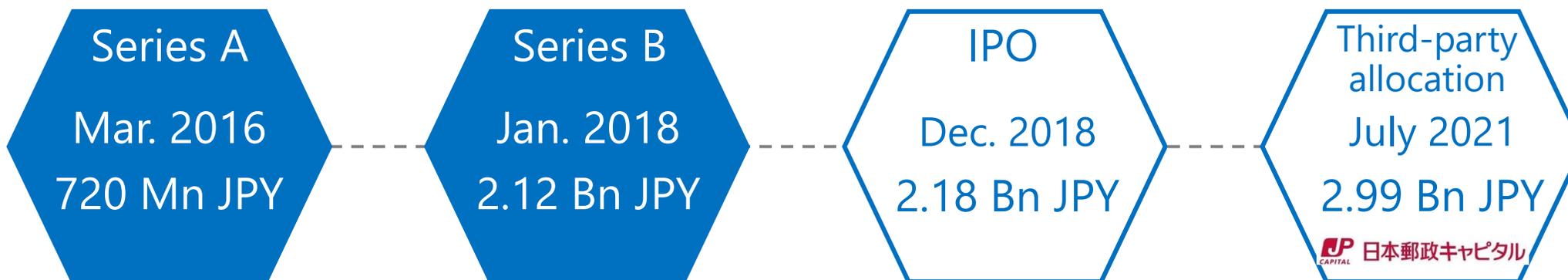
70 ppl

Capital ²

3 Bn JPY

National projects³

5 projects



1: As of June 30, 2021

2: Including capital reserve (as of March 31, 2021) before allotment to Japan Post Capital

3: Only major national projects of 10 million yen or more were counted.

Management Team (as of June 30, 2021)



President and COO **Satoshi Washiya**

M.S. of Architecture from Waseda University. Served both domestic and multinational companies in corporate wide transformation projects at Tokyo and Stockholm office of McKinsey & Company. Joined ACSL in July 2016.



Chairman **Dr. Hiroaki Ohta**

Ph.D. from Kyoto University. Assistant professor at Department of Aeronautics and Astronautics, Kyoto University, followed by research scientists at University of California, Santa Barbara. Also served as Technical Advisor for a start-up in Silicon Valley. McKinsey & Company from 2010. Joined ACSL as in July 2016.



CFO **Kensuke Hayakawa**

M.S. of Management of Technology from Tokyo institute of technology. Implemented operational improvement/transformation of Portfolio companies at KKR Capstone. Joined ACSL as CFO in March 2017.



CTO **Dr. Chris Raabe**

Ph.D. from University of Tokyo. Embedded software engineer at Boeing from 2006. Assistant professor at Department of Aeronautics and Astronautics, University of Tokyo from 2014. Joined ACSL as CTO in April 2017.

External Director **Masanori Sugiyama**

Audit & Supervisory member **Akira Ninomiya**

Audit & Supervisory member **Hideki Shimada**

Audit & Supervisory member **Takeshi Ohnogi**

We will actively promote SDGs by providing drone solutions in delivery and disaster prevention fields, where we are focusing our efforts to.

	Issues to be resolved	Our Approach	Specific examples	Corresponding SDG targets
Delivery	<ul style="list-style-type: none"> Increase in logistics volume due to expansion of EC 	 Development of delivery drone	 Conducted a demonstration on delivery between remote islands in Goto City, Nagasaki with ANA Holdings	  
	<ul style="list-style-type: none"> Difficulty in maintaining existing logistics due to declining labor force 	 Demonstration for drone logistics	 Conducted a demonstration of drone delivery in the Nishi-Okutama, Tokyo, with Japan Post	
			 Development of delivery drone with VFR	
Disaster	<ul style="list-style-type: none"> Need for rapid disaster response in the event of natural disasters 	 Development of drones for support disaster areas	 Conducted a survey as initial action using a drone during a rain disaster in Nagano	  
	<ul style="list-style-type: none"> Local governments are burdened with disaster response cost 	 Free offer of ACSL's drones to disaster areas	 Conducted a survey to check the situation using a drone during a rain disaster in Kyusyu	
			 Transported emergency supplies in Nishitama-gun, Tokyo, with ANAHD and NTT DOCOMO	

Mn JPY ¹	FY21/12 1Q (21/06)		FY21/03 1Q(20/06)	FY21/03
	Actual	YoY Increase/Decrease	Actual	Actual
Current assets	2,428	▲37%	3,872	3,257
Cash	1,320	▲62%	3,482	1,891
Fixed assets	958	▲32%	1,072	751
Current liabilities	100	▲19%	124	432
Fixed liabilities	3	+137%	1	3
Total liabilities	104	▲17%	126	436
Net assets	3,282	▲32%	4,818	3,572
Total assets	3,386	▲32%	4,944	4,008

1: Figures for the third quarter of the fiscal year ending March 31, 2021 and thereafter are based on consolidated financial statements and figures for earlier quarters are based on non-consolidated financial statements

Sales by quarter

Fiscal Year		FY18/03				FY19/03				FY20/03				FY21/03				FY21/12
Quarterly Results		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Demonstration Experiment ¹ • Proof of Concept • Custom Development	Sales Mn JPY	6	37	57	116	25	59	75	133	27	65	102	671	1	22	22	323	14
	Number of projects	8	6	27	19	6	16	22	37	14	22	21	55	2	11	15	54	6
Platform Selling the ^{drone2} • Sales of standard and general-purpose drone • drone modified for customers based on the standard drone	Sales Mn JPY	16	25	32	16	10	67	80	225	24	48	19	212	4	10	13	116	15
	Number of units	7	10	18	5	8	20	31	47	6	12	9	74	1	3	5	37	6
Other ³ • Sales of parts • Fuselage repair service • Some national projects	Sales (of which, national pro) Mn JPY	30 (27)	6	16	9	68 (65)	14	12	33	9	29 (18)	9	59	30 (21)	8	10	55	237 (219)

1: Solution development (STEP1, 2) was renamed to "Demonstration experiment" from FY21/03 Q1

2: Mass production (STEP3, 4) was renamed to platform drone sales from FY21/03 Q1

3: For national projects, subsidies received are generally posted as non-operating income. On the other hand, some projects whose main purpose is to conduct commissioned experiments are recorded as sales

Major financial items by quarter

Fiscal year ¹	FY18/03				FY19/03				FY20/03				FY21/03				FY21/12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Quarterly Results	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Gross profit Mn JPY	4	40	63	68	13	83	101	204	8	69	75	655	▲6	▲6	▲13	94	17
Gross profit margin	9%	60%	60%	48%	13%	59%	60%	52%	14%	48%	58%	70%	▲19%	▲16%	▲28%	19%	7%
SG&A Mn JPY	149	165	218	186	157	172	244	159	205	171	201	213	230	173	314	488	325
of which R&D expenses Mn JPY	67	62	113	80	85	94	127	58	66	54	76	78	60	77	129	315	153
R&D expense ratio to Sales	127%	91%	107%	57%	82%	67%	76%	15%	109%	38%	59%	8%	167%	183%	278%	64%	57%

1: Figures for the third quarter of the fiscal year ending March 31, 2021 and thereafter are based on consolidated financial statements and figures for earlier quarters are based on non-consolidated financial statements

These materials have been prepared by ACSL Ltd. (the "**Company**"). These materials are for the exclusive use of the persons attending an oral briefing to which these materials relate given by one or more authorised representatives of the Company and/or persons to whom these materials have been provided directly by an authorised representative of the Company (together, the "**Recipients**"). Without prejudice to the generality of the foregoing, these materials are directed only at persons who are believed to be investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) and who have professional experience in matters relating to investments, and any investment or investment activity to which these materials relate is available only to such persons or will be engaged in only with such persons. Persons who do not have professional experience in matters relating to investments should not rely on these materials.

These materials are being provided to the Recipients for information purposes only. These materials speak only as of their date, and the views expressed are subject to change based upon a number of factors, including, without limitation, macroeconomic and equity market conditions, investor attitude and demand, the business prospects of the Company and other specific issues. These materials and the conclusions contained herein are necessarily based on economic, market and other conditions, as in effect on, and the information available to the Company as of, their date. These materials do not purport to contain a complete description of the Company or the market(s) in which the Company operates, nor do they provide an audited valuation of the Company. The analyses contained in these materials are not, and do not purport to be, appraisals of the assets, stock or business of the Company or any other person. Moreover, these materials are incomplete without reference to, and should be viewed and considered solely in conjunction with, the oral briefing provided by an authorised representative of the Company in relation to these materials.

The Company strongly suggests that each Recipient seeks its own independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Nothing herein should be construed as financial, legal, tax, accounting, actuarial or other specialist advice. In particular, nothing herein shall be taken as constituting the giving of investment advice and these materials are not intended to provide, and must not be taken as, the exclusive basis of any investment decision or other valuation and should not be considered as a recommendation by the Company (or any of its affiliates) that any Recipient enters into any transaction. Each Recipient must make its own independent assessment and such investigation as such Recipient deems necessary to determine its interest in participating in any transaction. No reliance should be placed upon these materials in connection with any actual mandate or transaction.

These materials comprise a general summary of certain matters in connection with the Company. These materials do not purport to contain all of the information that any Recipient may require to make a decision with regards to any transaction. Any decision as to whether or not to enter into any transaction should be taken solely by the relevant Recipient. Before entering into such transaction, each Recipient should take steps to ensure that it fully understands such transaction and has made an independent assessment of the appropriateness of such transaction in the light of its own objectives and circumstances, including the possible risks and benefits of entering into such transaction.

These materials have been provided to the Recipients on the basis that each Recipient and such Recipient's representatives, directors, officers, employees and professional advisers keep these materials (and any other information that may be provided to such Recipient) confidential. These materials (and any other information which may be provided to any Recipient) may not be disclosed, in whole or in part, or summarized or otherwise reproduced, distributed or referred to, in whole or in part, without the prior written consent of the Company. Neither the Company nor any of its affiliates (nor any of its or their respective directors, officers, employees, professional advisers or representatives) makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of these materials, any of their contents or any of the results that can be derived from these materials.

Without limiting a person's liability for fraud, no responsibility or liability (whether in contract, tort or otherwise) is or will be accepted by the Company or any of its affiliates or any of its or their respective directors, officers, representatives, employees, advisers or agents as to, or in relation to, these materials, their contents, the accuracy, reliability, adequacy or completeness of the information used in preparing these materials, any of the results that can be derived from these materials or any written or oral information provided in connection therewith (including, without limitation, any responsibility or liability (i) in relation to the distribution of possession of these materials in any jurisdiction or (ii) for any loss or damage of any kind whatsoever arising as a result of the use or misuse of these materials) and any such responsibility, liability or obligation is expressly disclaimed, except to the extent that such responsibility, liability or obligation cannot be excluded by law. Analyses and opinions contained herein may be based on assumptions that, if altered, can change the analyses or opinions expressed. No audit of these materials has been undertaken by an independent third party.

Any statement, estimate or projection included in these materials (or upon which any of the conclusions contained herein are based) with respect to anticipated future performance (including, without limitation, any statement, estimate or projection with respect to the condition (financial or otherwise), prospects, business strategy, plans or objectives of the Company and/or any of its affiliates) may prove not to be correct. No representation or warranty is given as to the completeness or accuracy of any forward-looking statement contained in these materials or the accuracy of any of the underlying assumptions. Nothing contained herein shall constitute any representation or warranty as to the future performance of the Company, any financial instrument, credit, currency rate or other market or economic measure. Information about past performance given in these materials is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance. Neither the Company nor any of its affiliates has verified the achievability of any estimate or forecast of future financial performance contained herein (including, without limitation, any estimate of potential cost savings and synergies), nor of any of the methods underlying the preparation of any such estimate or forecast.

Neither the Company nor any of its affiliates accepts or will accept any responsibility, duty of care, liability or obligation for providing any Recipient with access to additional information, for updating, modifying or otherwise revising these materials or any of their contents (including, without limitation, any estimate or forecast of future financial performance), for correcting any inaccuracy in these materials or their contents (or any other written information or oral information provided in connection therewith) which may become apparent, or for notifying any Recipient or any other person of any such inaccuracy.

These materials shall not be construed as a prospectus or an offer to sell, or a solicitation of an offer to buy, any security or any business or assets, nor to enter into any agreement or contract with any Recipient, the Company (or any of their respective affiliates) or any other person. Any potential transaction that may be related to the subject matter of these materials will be made pursuant to separate and distinct documentation and in such case the information contained herein will be superseded in its entirety by such documentation in final form. By accepting these materials, each Recipient represents and warrants that it is able to receive them without contravention of any unfulfilled registration requirements or other legal or regulatory restrictions in the jurisdiction in which such Recipient resides or conducts business.



ACSL

Autonomous Control Systems Laboratory Ltd.