

Notice Regarding Conclusion of the Business Alliance Agreement with Japan Post Co., Ltd. and Japan Post Capital Co., Ltd. and the Share Subscription Agreement with Japan Post Capital Co., Ltd., Issuance of New Shares through the Third-Party Allotment and Changes in the Largest Shareholder and Major Shareholder

Autonomous Control Systems Laboratory Ltd. (hereafter “ACSL”) hereby announces that its Board of Directors, at a meeting held on June 15, 2021, has resolved to conclude a business alliance agreement (hereafter the “Business Alliance Agreement” and the business alliance under such agreement shall hereafter be referred to as the “Business Alliance”) with Japan Post Co., Ltd. (hereafter “Japan Post”) and Japan Post Capital Co., Ltd. (hereafter “Japan Post Capital” or the “Scheduled Subscriber”), and a share subscription agreement (hereafter the “Capital Alliance Agreement” and collectively with the Business Alliance Agreement “Capital and Business Alliance Agreements”, and the capital and business alliances under the Capital and Business Alliance Agreements shall hereafter be referred to as the “Capital and Business Alliances”) with Japan Post Capital and to issue new shares by way of a third-party allotment to Japan Post Capital (hereafter the “Third-Party Allotment”).

Furthermore, ACSL is expecting changes to the largest shareholder and the major shareholder as a result of the Third-Party Allotment and hence also announce such changes in “III. Changes in the largest shareholder as a major shareholder”, below.

I. Overview of the Capital and Business Alliance Agreements

1. Purpose and reason of the Capital and Business Alliance Agreements

Based on its corporate mission, “Liberate Humanity through Technology”, ACSL established its vision “Revolutionizing social infrastructure by pursuing cutting-edge robotics technology”. ACSL is a technology company that develops application-specific drones for a variety of tasks, using proprietary autonomous control technology as its core technology which mainly covers image processing. Through the pursuit of cutting-edge robotics technologies and social implementation of the technologies, ACSL is working to eliminate pain points in social infrastructure operations, thereby increasing the productivity of human economic activities and promoting the evolution of society for the next generation.

Today in Japan, the market demand for unmanned and efficient operations continues to be strong and customers are also continuing to consider the use of drones due to the worsening labor shortage caused by a declining workforce, the aging of infrastructure, and the recent spread of the COVID-19. At present, the government is steadily working toward achieving the “Level 4 (Note 1)” by 2022, including the approval of the certification system for drone safety or revise of the Civil Aeronautics Law by the House of Representatives and the House of Councilors committees, as scheduled. In addition to the “Levels 1, 2, and 3 (Note 2)” which have already been legislated, if the “Level 4” is in place, drone logistics are expected to be unlocked by 2022 and to create huge space and market for industrial drone usage in Japan. In addition, as a response to emerging requirement for cybersecurity risks of drones, the government has

announced on September 14, 2020, that it will procure only secure drones and it will promptly replace existing drones that are already in place.

Demands for more secure drones from private sectors are also increasing as well as the government policy.

- (Note)
- 1 The “Level 4” refers to a flight status with sufficient performance to fly beyond visual line of sight in a populated area (including cities), among the drone flight levels organized by the “The Public-Private Sector Conference on Improving the Environment for UAVs” dated April 28, 2016.
 - 2 The “Levels 1, 2, and 3” refers to the drone flight levels organized by the “The Public-Private Sector Conference on Improving the Environment for UAVs” dated April 28, 2016. The “Level 1” refers to visual flight with manual control, the “Level 2” refers to visual flight, and the “Level 3” refers to beyond-visual-line-of-sight flight in unpopulated areas.

Under these circumstances, ACSL has been developing medium-sized delivery drones as one of the application-specific drones in accordance with its Medium-Term Management Direction “ACSL Accelerate. At present, in order to commercialize medium logistics drones compatible with the “Level 4”, ACSL is conducting demonstration tests at the “Level 3” and promoting product planning for a new drone based on feedback from such demonstration tests.

In addition, Japan Post, a group company of the Scheduled Subscriber, takes a crucial role in people’s life as a social infrastructure provider, with its nationwide network of post offices and logistics.

In the “JP Vision 2025”, formulated by the Japan Post Group on May 14, 2021, Japan Post Group aims to promote investment in the Group’s DX (Digital Transformation) and operational reforms (IT, facilities and equipment). To that end, Japan Post Group is setting goals such as (i) provision of delivery services that can survive the highly competitive package delivery market by taking advantage of the difference in speed between data and goods caused by full digitalization and leveraging data Japan Post Group has (including receiver data), and (ii) establishment of a system that makes it easier for customers to send and receive packages by boosting operational efficiency based on digitalized data.

In this context, in order to improve the ease of receiving packages by customers, Japan Post Group will continue to incorporate automated delivery using autonomous vehicles, delivery robots, and drones from fiscal year 2021 onward as part of the utilization of the latest technologies to create a more sophisticated transport and delivery network as a measure for new growth.

ACSL and Japan Post have successfully conducted a transport demonstration between post offices at the “Level 3” in November 2018 by mutually utilizing ACSL’s proprietary autonomous control technology and know-how related to customizing drones to operate in real environments, and Japan Post’s know-how related to postal and logistics networks. In addition, in March 2020, ACSL has successfully conducted a demonstration experiment of using drones to deliver mail to private homes.

Japan Post has been actively involved in drone activities for logistics and delivery with the aim of improving transport efficiency and curbing labor costs in mountainous and depopulated areas where population decline is accelerating. ACSL and Japan Post have mutually collaborated as pioneers in the pursuit of cutting-edge robotics technology and in the reform of social infrastructures, such as the drone market.

With the realization of the “Level 4” impending, ACSL has come to a conclusion that in order to respond to creation and expansion of new markets, it is important to further

accelerate the development of medium-sized delivery drones and establishment of production, sales and operation system for mass production based on the “Level 4” technology. ACSL has been actively considering the utilization of drones as a new means of logistics and delivery, and with the aim of promoting the social implementation of drone logistics and expanding the drone market by further strengthening cooperation with the Japan Post Group, which ACSL has collaborated and conducted demonstration experiments. With the view to enter into a business alliance agreement with the Japan Post Group, ACSL approached Japan Post Capital regarding the Third-Party Allotment in April 2021, and started discussions and negotiations in the same month. Following repeated discussions between ACSL and Japan Post Capital, ACSL and Japan Post Capital concluded that, enhancing of cooperation between ACSL and the Japan Post Group further would lead to the early realization of the development and production of drones compatible with the “Level 4” and associated systems for ACSL, and would enable to improve the efficiency and diversification of its postal and logistics functions for Japan Post Group. Accordingly, ACSL, Japan Post and Japan Post Group concluded Capital and Business Alliance Agreements with the view to enhance the corporate value of both company groups through the practical use of drone delivery, maximizing synergy effects by leveraging management resources and strengths, and driving innovation in the logistics business in Japan. Furthermore, ACSL selected Japan Post Capital as the Scheduled Subscriber of the Third-Party Allotment.

The outline of this Business Alliance agreement is as follows.

- (a) (i) Alliance for the development and production of drones and associated systems that are capable of handling all of Japan Post’s logistics operations and have safety features that do not depend on the piloting proficiency of post office employees.
(ii) Establishment of logistics systems and operational procedure which use drones and associated systems, and alliances for the practical implementation of such logistics.
- (b) Development and provision of a drone system that enable efficient postal and logistics operations to Japan Post.
- (c) Formation of team to perform all transportation services for Japan Post and further promotion of the practical application of drone delivery with Japan Post and that team.
- (d) Establishment of a cooperative framework for acquiring various certifications related to drones.
- (e) Prompt establishment of the Alliance Consultative Committee after the execution of the Business Alliance Agreement to hold discussions in good faith on specific initiatives of the Business Alliance and other matters agreed upon by all parties, and to confirm and verify the status of the Business Alliance.
- (f) Other operations which to be determined separately through consultation between ACSL and Japan Post.

In addition, in the Capital Alliance Agreement, ACSL and the Scheduled Subscriber have agreed that (1) ACSL will use the proceeds paid by the Scheduled Subscriber under the Capital Alliance Agreement only for the purpose of executing the Capital and Business Alliances, (2) the Scheduled Subscriber will not acquire additional shares in ACSL after the date of payment without the prior written consent of ACSL, and (3) a third party designated by ACSL will be granted a right of first refusal if the Scheduled Subscriber intends to transfer ACSL’s shares.

2. Overview of the counterparties to the Capital and Business Alliance Agreements

(1) Counterparties to the Capital and Business Alliance Agreements

(Japan Post Capital)

(1)	Name	Japan Post Capital Co., Ltd.		
(2)	Address	2-3-1 Otemachi, Chiyoda-ku, Tokyo		
(3)	Title/Name of Representative	President Taneki Ono		
(4)	Description of Businesses	1.Investment business 2.Consulting of management and finance 3.All business supplemental or related to each of the above items		
(5)	Capital stock	1,500 million yen		
(6)	Date of Incorporation	November 1, 2017		
(7)	Fiscal year end	March 31		
(8)	Major shareholders and percentage of equity ownership	Japan Post Holdings Co., Ltd. 100%		
(9)	Relationship with the Company			
	Capital relationship	Not applicable		
	Personnel Relationship	Not applicable		
	Business relationship	ACSL and Japan Post which is a group company of the Scheduled Subscriber have conducted transport demonstrations of logistics drones.		
	Whether such person falls within a related party of the Company	Not applicable		
(10)	Consolidated Operating Results and Financial Position for the Last 3 Years (Unit: million yen)			
Fiscal year		Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
Net assets		3,989	5,300	4,290
Total assets		7,030	15,492	22,050
Revenues		0	6	2,098
Operating income		(101)	(486)	113
Ordinary income		(101)	(495)	100

(Note) 1 As of March 31, 2021

2 Parts of the overview (the number of issued shares and the number of employees) and parts of Operating Results and Financial Position (net income, net assets per share, net income per share, and dividends per share) shall remain undisclosed according to the intention of the Scheduled Subscriber.

3 The stocks of Japan Post Holdings Co., Ltd, which is the parent company of Japan Post Capital, the Scheduled Subscriber, is listed on the First Section of the Tokyo Stock Exchange, Inc (hereafter the “Tokyo Stock Exchange”), and also expressed “Basic Concept for Eliminating Anti-Social Forces and Status of Development” in the “Report on Corporate Governance” submitted by Japan Post Holdings Co. to the Tokyo Stock

Exchange. Japan Post Holdings Co., also established basic policy of eliminating Anti-Social Forces in the “Japan Post Group Charter of Corporate Conduct” which sets forth the basic code of conduct for each company in the Japan Post Group and each individual working therein and ACSL has confirmed that the Scheduled Subscriber ban relations with anti-social forces resolutely. Based on the above, ACSL has determined that the Scheduled Subscriber, its officers and major shareholders have nothing to do with antisocial forces, and has submitted a confirmation letter to the Tokyo Stock Exchange to that effect.

(2) Counterparty to the Business Alliance Agreement
(Japan Post)

(1)	Name	Japan Post Co., Ltd.		
(2)	Address	2-3-1 Otemachi, Chiyoda-ku, Tokyo		
(3)	Title/Name of Representative	President and CEO Kazuhide Kinugawa		
(4)	Description of Businesses	Postal business, bank counter business, insurance counter business, stamp sales, contract business from local public organizations, bank business other than the above, life insurance and non-life insurance agency services, domestic / international logistics business, logistics business, real estate business, product sales, etc.		
(5)	Capital stock	400 billion yen		
(6)	Date of Incorporation	October 1, 2007		
(7)	Number of issued shares	10,000,000		
(8)	Fiscal year end	March 31		
(9)	Number of employees	193,257		
(10)	Major shareholders and shareholding ratios	Japan Post Holdings Co., Ltd. 100%		
(11)	Relationships between parties			
	Capital relationship	Not applicable		
	Personnel	Not applicable		
	Business relationship	ACSL and Japan Post have conducted transport demonstrations of logistics drones.		
	Applicability to related parties	Not applicable		
(12)	Business and financial performances for the most recent three years (Unit: million JPY, unless otherwise noted)			
Fiscal year		Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
Consolidated net assets		831,253	915,130	855,378
Consolidated total assets		5,098,926	5,182,809	5,179,414
Consolidated net assets per share (yen)		82,784.72	90,204.47	84,554.72
Consolidated revenues		3,881,943	3,960,669	3,839,318
Consolidated operating income		86,564	182,021	179,034
Consolidated ordinary		85,459	179,865	168,111

income			
Net income attributable to owners of parent	58,476	126,614	87,155
Consolidated net income per share (yen)	5,847.69	12,661.43	8,715.53
Dividends per share (yen)	2,923.85	10,129.15	4,357.77

(Note) 1 As of March 31, 2020, unless otherwise noted.

2 The number of employees excludes employees assigned to other companies by Japan Post but includes employees assigned to Japan Post by other companies. The figures do not include part-time employees.

3. Schedule of the Capital and Business Alliances

(1) Date of resolution of the Board of Directors	June 15, 2021
(2) Execution date of the Business Alliance Agreement	June 15, 2021
(3) Execution date of the Capital Alliance Agreement	June 15, 2021
(4) Date of payment for the Issuance of New Shares	July 5, 2021

(Note) The timing of establishment of the Alliance Consultative Committee has not determined. ACSL, Japan Post and Japan Post Capital will consider the details of committee members and operations of the Alliance Consultative Committee with the aim of establishing such committee as soon as possible after the execution of the Business Alliance Agreement.

4. Future outlook

ACSL believes that the Capital and Business Alliances and the Third-Party Allotment will contribute to the business development and the improvement of corporate value in the medium to long-term. However, the impact of the Capital and Business Alliances and the Third-Party Allotment on ACSL's consolidated results for the year ending in December 2021 is uncertain. ACSL will promptly announce if any items that need to be disclosed should arise.

II. Issuance of new shares by way of a third-party allotment

1. Summary of the offering

(1) Date of payment	July 5, 2021
(2) Number of New Shares	1,259,400 shares of common stock
(3) Issue price	2,382 yen per share
(4) Amount of financing	JPY 2,999,890,800
(5) Method of offering or allocation (Name of the Scheduled Subscriber)	ACSL will allot all shares to Japan Post Capital by way of third-party allotment.
(6) Other	Each of the above items is conditioned to filing of a Securities Registration Statement under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reason of the offering

Please refer to "I. Overview of the Capital and Business Alliance Agreements", "1. Purpose and reason of the Capital and Business Alliance Agreements" above.

3. Amount of proceeds to be procured, the purpose of use, and the scheduled timing of expenditure

(1) Amount of proceeds to be raised

(a) Total amount to be paid in	JPY 2,999,890,800
(b) Estimated amount of the issue expenses	JPY 59,000,000
(c) Estimated net proceeds	JPY 2,940,890,800

- (Note) 1 Estimated amount of the issue expenses do not include consumption taxes.
 2 The estimated amount of the issue expenses include financial advisory expenses, attorneys' fees, registration-related expenses and other costs.

(2) Specific use of proceeds to be raised

As the industrial drone market shifts from the “trial” phase to the “social implementation” phase, demands for more secure drones from private sectors are increasing which is also in line with the government policy.

In this environment, ACSL has been developing medium logistics drones as one of the application-specific drones in accordance with its Medium-Term Management Direction “ACSL Accelerate”. At present, in order to commercialize a medium logistics drone which compatible with the “Level 4”, ACSL is conducting demonstration tests at the “Level 3” and promoting product planning for a new drone based on feedback from such demonstration tests.

The estimated net proceeds of JPY 2,940,890,800 will be used for the development of medium logistics drones compliant with the “Level 4” technology (development of prototypes, evaluation tests of the developed drone, and costs for audits to obtain certification, etc.), and the development of systems to meet the “Level 4” requirements such as equipment and circuit design in accordance with the type approval, research and development expenses for continuous improvement of the aircraft, equipment and systems after the start of mass production, and business investment for mass production after 2023 (establishment of mass production system such as securing human resources, procurement of parts and materials, etc.). The details are as follows.

The use of proceeds stated below have been agreed between ACSL and the Scheduled Subscriber. In the event of any change in the purpose, amount, and timing of disbursement, ACSL will disclose such changes in a timely manner.

Specific use	Amount (JPY million)	Scheduled time period for spending
(a) Research and Development	2,000	July 2021 - July 2028
(b) Business Investment for Mass Production	940	July 2021 - July 2028

- (Note) 1 ACSL plans to ensure stable fund management with bank deposits until appropriation of proceeds.
 2 The priorities for using proceeds are not set at this point in time, and will be appropriated one by one from the earliest.

4. Consideration of rationality and use of proceeds

Regarding the use of proceeds to be raised through the Third-Party Allotment, as described in “3. Amount of proceeds to be procured, the purpose of use, and the scheduled timing of expenditure”, “(2) Specific use of proceeds to be raised”, allocating them to the development and production costs for drones compatible with the “Level 4” and associated systems will contribute to ACSL’s future growth, increase ACSL’s corporate value in the medium-and long-term, and ultimately benefit ACSL’s existing shareholders. ACSL has determined that the use of such proceeds is reasonable.

5. Rationality of offering conditions

(1) Basis for calculation of amount to be paid in and consideration of its rationality

As a result of repeated discussions and negotiations with the Scheduled Subscriber and based on the judgment that the amount to be paid in in this Third-Party Allotment must take into account the leveled value of the average stock price over a certain recent period instead of referencing a specific point in time, the amount to be paid in was decided to be 2,382 yen per share. This amount to be paid in represents a 2.82% (rounded to the third decimal place, the same applies hereafter to the calculation of discounts) discount on 2,451 yen, the closing price on the business day immediately preceding the date of the resolution by the Board of Directors for the Third-Party Allotment (hereafter “Board of Directors Resolution”).

The above amount to be paid in represents a 3.17% discount on 2,460 yen (rounded to the nearest yen, the same applies hereafter to the calculation of average closing prices), the simple average of the closing prices over the one-month period (May 17, 2021 to June 14, 2021) to the business day immediately preceding the Board of Directors Resolution, a 8.60% discount on 2,606 yen, the simple average of the closing prices over the three-month period (March 15, 2021 to June 14, 2021) to the said day, and a 14.41% discount on 2,783 yen, the simple average of the closing prices over the six-month period (December 15, 2020 to June 14, 2021) to the said day. This amount to be paid in represents a 2.82% discount from the business day immediately preceding the Board of Directors Resolution. It was determined through discussions with the Scheduled Subscriber by taking comprehensively into account ACSL’s business environments, business performance trends, and stock price trends, etc., and is also in compliance with the “Handling of Third-Party Allotment Capital Increase” (dated April 1, 2010) of the Japan Securities Dealers Association. Therefore, ACSL has determined that it was not particularly advantageous for the Scheduled Subscriber.

In addition, at the time of the Board of Directors Resolution for the Third-Party Allotment Capital on June 15, 2021, all audit and supervisory board members of ACSL stated that the amount to be paid in complied with the “Handling of Third-Party Allotment Capital Increase” of the Japan Securities Dealers Association and does not correspond to an amount that is particularly advantageous for the Scheduled Subscriber and was lawful.

(2) Grounds for determining that the issuance quantity, and dilutive scale of shares are reasonable

The number of shares to be disposed of in the Third-Party Allotment is 1,259,400 shares (number of voting rights 12,594 units). This represents 11.55% of the total number of the total number of issued shares of ACSL, of 10,899,675 shares as of March 31, 2021 (11.56% of the total number of voting rights of 108,910 units as of March 31, 2021), and the Third-Party Allotment will have a certain dilutive effect for existing shareholders. However, ACSL believes that appropriation of the proceeds for the uses stated in “3. Amount of proceeds to be procured, the purpose of use, and the scheduled timing of expenditure”, “(2) Specific use of proceeds to be raised” will help enhance ACSL’s corporate value and ultimately increase returns to existing shareholders of ACSL. ACSL therefore has determined that that the issuance quantity, and dilutive scale of shares are reasonable.

In addition, ACSL believes the impact for secondary market is minimal because, ACSL understands from the discussions between Japan Post Capital, the Scheduled

Subscriber, the Japan Post Capital's purpose of holding shares in ACSL is business investment and will be held continuously.

6. Reasons for selecting the Scheduled Subscriber, etc.

(1) Overview of the Scheduled Subscriber

Please refer to "I. Overview of the Capital and Business Alliance Agreements", "2. Overview of the counterparties to the Capital and Business Alliance Agreements" above.

(2) Reasons for selecting the Scheduled Subscriber

Please refer to "I. Overview of the Capital and Business Alliance Agreements", "1. Purpose and reason of the Capital and Business Alliance Agreements" above.

(3) Policy of holding shares of the Scheduled Subscriber

Japan Post Capital's investment into ACSL's shares through the Third-Party Allotment is based on the Capital and Business Alliance Agreements. ACSL has confirmed from the discussions between Japan Post Capital, the Scheduled Subscriber, the Japan Post Capital's purpose of holding shares in ACSL is business investment and will be held continuously.

In addition, ACSL plans to obtain a letter of commitment from the Scheduled Subscriber stating that, in the event that the Scheduled Subscriber transfers all or a portion of the common shares issued through the Third-Party Allotment within two years from the date of payment, the Scheduled Subscriber agrees that (i) it will immediately report the details of such transfer to ACSL in writing, (ii) ACSL will then report the contents of such report from the Scheduled Subscriber to the Tokyo Stock Exchange in writing and (iii) the contents of the report from ACSL will be made available to the public inspection.

(4) Contents of confirmation with respect to the existence of the asset required for the date of payment by the Scheduled Subscriber

ACSL confirmed that Japan Post Capital, the Scheduled Subscriber, is able to raise proceeds for the payment under the Third-Party Allotment through the overdraft agreement between Japan Post Capital and Japan Post Holdings. ACSL believes that there are no problems Japan Post Capital's performance of payment under the Third-Party Allotment.

7. Major shareholders and shareholding ratio after the third-party allotment

Before the third-party allotment (As of March 31, 2021)		After the third-party allotment	
Kenzo Nonami	11.01%	Japan Post Capital Co., Ltd.	10.36%
IGLOBE PLATINUM FUND II PTE. LTD. (Standing Proxy: Mizuho Securities Co., Ltd.)	7.99%	Kenzo Nonami	9.87%
Kikuchi Seisakusho Co., Ltd.	6.42%	IGLOBE PLATINUM FUND II PTE. LTD (Standing Proxy: Mizuho Securities Co., Ltd.)	7.17%
Japan Trustee Services Bank, Ltd. (Trust Account)	4.89%	Kikuchi Seisakusho Co., Ltd.	5.76%

A Designated Nonmonetary Trustee SMBC Trust Bank Ltd.	3.98%	Japan Trustee Services Bank, Ltd. (Trust Account))	4.39%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2.35%	A Designated Nonmonetary Trustee SMBC Trust Bank Ltd.	3.56%
Hiroaki Ohta	2.15%	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.11%
The Master Trust Bank of Japan, Ltd. (Securities Investment Trust Account)	2.00%	Hiroaki Ohta	1.93%
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF (Standing Proxy: MUFG Bank, Ltd.)	1.59%	The Master Trust Bank of Japan, Ltd. (Securities Investment Trust Account)	1.80%
Kensuke Hayakawa	1.46%	BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF (Standing Proxy: MUFG Bank, Ltd.)	1.43%

- (Note)
- 1 The composition of major shareholders prior to the Third-Party Allotment is based on the list of shareholders as of March 31, 2021.
 - 2 The ratio after the third-party allotment are calculated based on the total number of shares issued (excluding treasury shares) .
 - 3 The ratio after the third-party allotment are rounded off to the third decimal place.
 - 4 Although Rheos Capital Works, Inc. has reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of December 19, 2019, that they own the following numbers of shares as of December 13, 2019, ACSL has not included them in the list of ACSL's major shareholders above since ACSL was unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of March 31, 2021.

The information described their Substantial Shareholding Report is as shown below:

Name	Rheos Capital Works, Inc.
Address	1-1-1 Marunouchi , Chiyoda-Ku ,Tokyo
Number of shares owned	368,000
Ratio to total number of shares issued	3.48%

- 5 Although SPARX Asset Management Co., Ltd. has reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of June 2, 2020, that they own the following numbers of shares as of May 29, 2020, ACSL has not included them in the list of ACSL's major shareholders above since ACSL was unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of March 31, 2021.

The information described their Substantial Shareholding Report is as shown below:

Name	SPARX Asset Management Co., Ltd.
Address	Shinagawa Season Terrace 6th floor 1-2-70 Konan ,Minato-ku,Tokyo
Number of shares owned	433,340

Ratio to total number of shares issued 4.03%

- 6 Although The University of Tokyo Edge Capital Co., Ltd. has reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of December 16, 2020, that they own the following numbers of shares as of December 9, 2020, ACSL has not included them in the list of ACSL's major shareholders above since ACSL was unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of March 31, 2021.

The information described their Substantial Shareholding Report is as shown below:

Name	The University of Tokyo Edge Capital Co., Ltd.
Address	7-3-1 Hongo, Bunkyo-ku, Tokyo
Number of shares owned	512,100
Ratio to total number of shares issued	4.70%

- 7 Although Mizuho Securities Co., Ltd. and its two joint shareholders have reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of June 7, 2021, that they own the following numbers of shares as of May 31, 2021, ACSL has not included them in the list of ACSL's major shareholders above since ACSL was unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of March 31, 2021.

The information described their Substantial Shareholding Report is as shown below:

Name	Mizuho Securities Co., Ltd. and its two joint shareholders
Address	1-5-1 Marunouchi, Chiyoda-Ku, Tokyo etc
Number of shares owned	438,300
Ratio to total number of shares issued	4.02%

8. Future outlook

Please refer to "I. Overview of the Capital and Business Alliance Agreements", "4. Future outlook" above.

9. Disclosure regarding procedures under Code of Corporate Conduct

Requirements under Article 432 of the Securities Listing Regulations promulgated by the Tokyo Stock Exchange to obtain an opinion from independent third party and the performance of procedures for shareholder approval will not apply to the Third-Party Allotment because the Third-Party Allotment (i) will result in dilution of less than 25% and (ii) will not result in a change of a controlling shareholder.

10. Operating results and equity finance for most recent three year

(1) Operating results for most recent three years

(Unit: thousand JPY, unless otherwise noted)	Year ended March 31, 2019 (Non-Consolidated)	Year ended March 31, 2020 (Non-Consolidated)	Year ended March 31, 2021 (Consolidated)
Revenues	807,348	1,278,723	620,705
Operating income (loss)	(330,396)	15,945	(1,139,272)
Ordinary income (loss)	(176,977)	231,427	(1,081,647)
Net income attributable to owners of parent (loss)	(183,335)	239,801	(1,511,710)
Net income per share (loss)	(19.42 yen)	23.00 yen	(139.54 yen)

Dividend per share	—	—	—
Net assets per share	457.93 yen	468.56 yen	325.92 yen

(Note) ACSL began preparing consolidated financial statements in the third quarter ended December 31, 2020.

(2) Current number of outstanding shares and dilutive shares (as of March 31, 2021)

	Number of shares	Ratio to number of outstanding shares
Number of issued shares	10,899,675 shares	100.0%
Number of dilutive shares at current conversion price (exercise price)	559,980 shares	5.1%
Number of dilutive shares at lowest conversion price (exercise price)	—	—
Number of dilutive shares at highest conversion price (exercise price)	—	—

(3) Recent stock prices

(i) Stock prices for last three years

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Opening	JPY 2,830	JPY 3,830	JPY 1,930
High	JPY 4,180	JPY 5,430	JPY 3,485
Low	JPY 2,133	JPY 1,612	JPY 1,765
Closing	JPY 3,830	JPY 1,959	JPY 2,636

(ii) Stock prices for most recent six months

	January, 2021	February	March	April	May	June (note)
Opening	JPY 3,330	JPY 2,855	JPY 2,700	JPY 2,650	JPY 2,798	JPY 2,427
High	JPY 3,440	JPY 3,045	JPY 2,982	JPY 2,787	JPY 2,847	JPY 2,488
Low	JPY 2,850	JPY 2,632	JPY 2,462	JPY 2,579	JPY 2,401	JPY 2,284
Closing	JPY 2,865	JPY 2,684	JPY 2,636	JPY 2,634	JPY 2,440	JPY 2,451

(Note) Stock prices of June 2021 refer to June 1 to 14, 2021.

(iii) Share price on the business day immediately preceding the resolution date of issuance

	June 14, 2021
Opening	JPY 2,420
High	JPY 2,462
Low	JPY 2,396
Closing	JPY 2,451

(4) Equity financing in the last three years

Public offering

Date of payment	December 20, 2018
Amount of financing	JPY 2,789,200,000 (approximate net proceeds)
Issuance price	JPY 3,128
Number of shares outstanding at the time of offering	9,252,105 shares

The number of shares issued through offering	900,000 shares
Number of shares outstanding after offering	10,152,105 shares
Initial use of proceeds at the time of issuance	<p>(a) Expenses related to production (labor costs, manufacturing expenses, and material costs) : JPY 730,925 thousand</p> <p>(b) Personnel expenses and hiring expenses: JPY 499,595 thousand</p> <p>(c) Sales promotion expenses : JPY 220,000 thousand</p> <p>(d) R&D expenses : JPY 900,463 thousand</p> <p>The remaining JPY 438,217 thousand will be used as working capital in the future.</p>
Scheduled timing of expenditures at the time of issuance	<p>(a) Appropriated JPY 42,785 thousand for fiscal year ended March 2019, JPY 258,560 thousand for fiscal year ended March 2020, and JPY 429,580 thousand for fiscal year ended March 2021</p> <p>(b) Appropriated JPY 41,047 thousand for fiscal year ended March 2019, JPY 199,274 thousand for fiscal year ended March 2020, and JPY 259,274 thousand for fiscal year ended March 2021</p> <p>(c) Appropriated JPY 10,000 thousand for fiscal year ended March 2019, JPY 90,000 thousand for fiscal year ended March 2020, and JPY 120,000 thousand for fiscal year ended March 2021</p> <p>(d) Appropriated JPY 81,125 thousand for fiscal year ended March 2019, JPY 333,525 thousand for fiscal year ended March 2020, and JPY 485,813 thousand for fiscal year ended March 2021</p>
Current appropriation status	Appropriated all as Scheduled

11. Summary of issuance

(1) Number/type of shares issued	1,259,400 common shares
(2) Issuance price	JPY 2,382 per share
(3) Total proceeds	JPY 2,999,890,800
(4) price of capital increase	JPY 1,191 per share
(5) Amount of capital increase	JPY 1,499,945,400
(6) Type of offering	Third-party allotment
(7) Proposed allottee	Japan Post Capital
(8) Application date	July 5, 2021
(9) Subscription period	July 5, 2021
(10) Other	Each of the above items is conditioned to filing of a Securities Registration Statement under the Financial Instruments and Exchange Act taking effect.

III. Changes in the largest shareholder as a major shareholder

1. Background of the changes

The largest shareholder and major shareholder of ACSL is expected to be changed as below due to the Third-Party Allotment.

2. Overview of changing shareholders

(1) Overview of the shareholder becoming the new largest and major shareholder

For an overview of Japan Post Capital, which is expected to become the new largest shareholder in ACSL, please refer to “I. Overview of the Capital and Business Alliance Agreements”, “2. Overview of the counterparties to the Capital and Business Alliance Agreements” above for overview of the shareholder becoming the new largest shareholder as a major shareholder.

(2) Overview of the Shareholders who will cease to be the largest shareholders

(1)	Name	Kenzo Nonami
(2)	Address	Machida-shi, Tokyo

3. The number of voting rights (the number of shares held) held by the shareholders before and after the change and the ratio of the number of voting rights among all shareholders

(1) Japan Post Capital

	Number of votes (Number of shares held)	The proportion of vote rights	Major shareholders rank
Before change (as of March 31, 2021)	- (- shares)	-	-
After change	12,594 (1,259,400 shares)	10.37%	1st

(2) Kenzo Nonami

	Number of votes (Number of shares held)	The proportion of vote rights	Major shareholders rank
Before change (as of March 31, 2021)	12,000 (1,200,000 shares)	11.01%	1st
After change	12,000 (1,200,000 shares)	9.88%	2nd

(Note) 1 “The proportion of vote rights” before and after the change is calculated by rounding off to two decimal places to the nearest hundredth of a percent.

2 “The proportion of vote rights” after the change is calculated by dividing “Number of votes” after change by the number (12,594) obtained by adding the increased number of voting rights pertaining to the shares subject through Third-party Allotment (121,504) to the total number of voting rights (108,910) used to calculate the “Ratio to the number of voting rights of all shareholders” before the change.

4. Scheduled date of change

July 5, 2021

5. Future outlook

Please refer to “I. Overview of the Capital and Business Alliance Agreements”, “4. Future outlook” above.

Attention

This document is an unofficial translation of the timely disclosure on June 15, 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.