

January 9, 2018

SPARX Group Co., Ltd.

Autonomous Control Systems Laboratory Ltd.

Leading Japanese industrial drone startup, Autonomous Control Systems Laboratory (ACSL) raises 2.1 billion Japanese Yen financing from Mirai Creation Fund, iGlobe Partners, Mizuho Capital, Drone Fund and UTEC.

"Mirai Creation Investment Limited Partnership"(hereafter referred to as "Mirai Creation") operated by SPARX Group Co., Ltd. (Headquarters: Minato-ku, Tokyo, President CEO: Shuhei Abe hereafter referred to as "SPARX"), "iGlobe Platinum Fund II", managed by iGlobe Partners, "Mizuho Growth Fund No.2 Limited Partnership" managed by Mizuho Capital Co., Ltd. (hereafter referred to as "Mizuho Capital"), "Chiba Drone Investment Limited Partnership"(hereafter referred to as "Drone fund"), managed by known investor Kotaro Chiba and The University of Tokyo Edge Capital (hereafter referred to as "UTEC") announced today to invest into Autonomous Control Systems Laboratory Ltd. (Headquarters: Chiba-shi, Chiba, President CEO: Kenzo Nonami, hereafter referred to as "ACSL") through a third-party allotment of shares.

Mirai Creation is the lead investor in this 2.1 billion Japanese Yen fundraising round with investment participations from iGlobe Partners, Mizuho Capital, Drone Fund, and UTEC.

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About ACSL

ACSL was established in 2013 by Kenzo Nonami, former professor at Chiba University. It has grown to be a leading technology and manufacturing company of Unmanned Aerial Vehicles (or "drones") for use in industrial and commercial sectors. ACSL's drones are targeted at enterprises and government partners. Such products and service offering clearly differentiates ACSL from the highly competitive and saturated consumer drone industry.

As a Chiba University based startup, ACSL owns core technology assets in flight control, mechanical development and manufacturing. Building upon this core technology, ACSL in late 2016 released product lineup of 4 models on its latest platform, “PF1”, with a renewed flight control software and hardware. In the beginning of 2017, ACSL added “PF1-Vision” to the lineup, which enables autonomous control even in GPS-denied environment by introducing latest edge computing machine vision, SLAM technology.

ACSL also initiated a business model to provide a one-stop Proof-of-Concept (“PoC”) solution¹ to companies who have concepts to deploy drones in their work environment to revolutionize their workflow through increased automation, enhanced monitoring and surveillance. This business model has allowed ACSL to gain a large customer base, mainly in major players across various industries. Corporate governance and risk management system have also been established to ensure supply of safe, high quality aircrafts through an effective and efficient supply chain, managed in a lean operation.

With its advanced technology, strong governance and the 720 million Japanese Yen Series A fundraising in 2016 led by Rakuten and UTEC, ACSL has strengthened its business and revenue stream at a great pace. During this fiscal year, ACSL will see growth in its revenue with increased utilization of its drones in the industrial inspections and logistics sectors.

To drive this sustained fast-paced growth, ACSL has strengthened its management team by inviting a Representative Director (COO), and 3 other executive officers for CxO roles. In April 2017, former Boeing engineer and PhD/assistant professor at Tokyo University joined as the CTO directing technology development.

Today, ACSL has over 40 customers in Japan, many of which are currently in the PoC phase. Moving forward, ACSL will work with each of these customers to realize the benefits of drone deployment through pilot operations, leading towards full live implementation, and an increase of sell-through of ACSL’s drones. iGlobe Partners will support ACSL’s expansion into Southeast Asia.

ACSL will continue to develop new solutions of drones equipped with GPS-denied autonomous flight capability for use indoors, underneath or near tall structures, and hard-to-access environments. Opportunities abound especially in domestic infrastructure inspection sectors where work automation is an accelerating trend and where the inspection areas may be highly risky to access.

The current round of fundraising is targeted to strengthen ACSL’s business platform mid-term. This will enable ACSL to grow and compete globally as well as to accelerate its technology advancement. Key areas of technology advancement are expected in area of edge computing,

machine vision, AI, and autonomous control algorithms. The leading drivers for such advancements are increased requirements in safety and reliability, and integration of new IoT technologies. Both are becoming more crucial in deploying flights beyond-visual-line-of-sight, and over third-party properties.

ACSL is confident it will realize strong mid-term growth with today's fundraising.

1: New service to verify drone usage effectiveness for enterprises which have concepts to deploy drones in their work environment, through providing the latest vehicle and the superior flyer by ACSL without the burden for enterprises of purchasing drone and flyer training. Through verification, to evaluate drone usage effectiveness and to crystalize its business model ACSL conducts simple development. With PoC approach, customer can identify issues in deploying drones and evaluate its effectiveness before full installation.

About Mirai Creation Fund

The Fund targets investment in enterprises and projects that possess innovative technologies in the core fields of AI, robotics, technologies to enable a hydrogen-based society, as well as other related projects. The Fund began its operations in November 2015 with SPARX Group as an operator, with investment of 13.5 billion Yen by Toyota Motor Corporation, Sumitomo Mitsui Banking Corporation and SPARX Group. At the end of September 2017, 20 companies have invested in the Fund and AUM reached 36.7 billion Yen. The fund has been investing in about 30 companies in US, UK, Israel and Japan.

URL: <https://mirai.sparx.co.jp/en/>



SPARX Group Co., Ltd.

About iGlobe Partners

iGlobe Partners, founded in late 1999 and headquartered in Singapore, is chaired by Mr. Philip Yeo. iGlobe seeks to partner with exceptional entrepreneurs, who are change-makers in their journey to become global market leaders. iGlobe creates superior global market value for Entrepreneurs and Investors. The startups that are backed by iGlobe hope to pursue breakthroughs, technological disruptions and fresh perspectives that can potentially advance the future. iGlobe invests in transformative industry in the core areas of Internet of Things, Internet/Mobility applications and Health Tech / Synthetic Biology

URL: <http://www.iglobepartners.com/>

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About Mizuho Growth Fund No.2 Limited Partnership

The fund has raised 10 billion Yen from Mizuho Capital, Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities. Mizuho Capital has managed the fund as a General Partner. In January 2013, Mizuho Capital and Mizuho Bank established "Mizuho Growth Fund No. 1 Limited Partnership" by 10 billion Yen, which has supported startups with core competence in their space through not only investment but also providing various solutions for them. "Mizuho Growth Fund No.2 Limited Partnership" has been supporting them much stronger by inviting Mizuho Trust & Banking and Mizuho Securities as new Limited Partners (the "One Mizuho Strategy").

URL: http://www.mizuho-vc.co.jp/english_info/

MIZUHO

Mizuho Capital

About Drone fund

Drone Fund targets investment in drone startups to develop global company from Japan in the fast-growing drone market, known as “Industrial Revolutions of the Sky”. The fund invests drone startup with Japanese technologies and unique business ideas and help growing with expert group led by Kotaro Chiba familiar with drone and management. As a “Team Japan Drone” to develop global company from japan through not only collaboration among portfolio companies from both sides of hardware and software, but also acceleration in open innovation with large enterprises.

URL: <http://dronefund.vc/>



About UTEC

The University of Tokyo Edge Capital (UTEC) is a seed/early stage venture capital firm associated with The University of Tokyo in Japan. UTEC’s mission is to pioneer frontiers to solve global issues of humankind, by bringing capital, talent and knowledge, around science and technology. Since its establishment in 2004, UTEC has raised and is managing three venture capital funds totaling 30 billion Yen, investing in over 80 deep tech companies globally.

URL: <https://www.ut-ec.co.jp/english/>

