

July 18, 2025  
ACSL Ltd.

## **Notification Regarding Receipt of Investigation Report from the Special Investigation Committee**

As disclosed in our announcement dated July 1, 2025, titled " Notice Regarding Establishment of a Special Investigation Committee," ACSL Ltd. ("ACSL" or the "Company") had established a Special Investigation Committee (the "Committee") to conduct an objective and independent investigation into the misconduct by our former Representative Director, Mr. Satoshi Washiya (the "Former Representative Director"). The misconduct involved abusing his position for personal gain by engaging in fictitious and inappropriate transactions with certain business partners (the "Incident").

We hereby announce that we have received the final investigation report from the Committee as summarized below.

We deeply apologize for the significant concern and inconvenience this matter has caused to our shareholders, investors, business partners, employees, and other stakeholders. ACSL takes the findings of the Committee with the utmost seriousness and is committed, company-wide, to restoring trust and preventing recurrence.

### **1. Investigation Findings by the Special Investigation Committee**

For the details of the investigation findings, please refer to the attached "Investigation Report Official Version" (the "Report"). Please note that certain information has been redacted to protect personal and confidential information.

### **2. Impact on Financial Results**

According to the Report, the Incident had no impact on past financial results. Therefore, there is no need to revise previously disclosed annual securities reports, quarterly reports, or the earnings release for the first quarter of the fiscal year ending December 31, 2025.

The Committee also investigated whether similar incidents had occurred, and confirmed that no such cases were identified.

The financial impact of the Incident on the Company is estimated to be JPY 151.8 million, as stated on page 38 of the Report. Regarding the accounting treatment of the Incident, we are working with our auditing firm to conduct the necessary verification and will appropriately reflect the outcome in the financial statements from the second quarter onward of the fiscal year ending December 31, 2025.

Preparation for the earnings release and semi-annual report for the second quarter of the fiscal year ending December 31, 2025, is progressing as scheduled, with planned disclosure on August 14, 2025.

We are currently assessing the potential impact of the Incident on our business. If any revisions to the full-year earnings forecast become necessary, we will promptly disclose the information.

### 3. Response and Remediation Plan

#### (1) Formulation of Recurrence Prevention Measures

The Committee's report included recommendations regarding the need to (i) ensure proper evaluation and appointment processes for Representative Director, (ii) improve transparency in executive decision-making, and (iii) strengthen internal governance over contract execution and payment approval.

We take these findings seriously and will promptly implement concrete and effective measures to strengthen our internal controls. Once recurrence prevention measures are finalized, we will make timely an appropriate disclosure.

#### (2) Actions Against the Former Representative Director

According to the Committee's findings, the Former Representative Director created and executed numerous fictitious contracts to misappropriate Company funds for personal debt repayment, while providing false explanations to internal stakeholders.

The Company recognizes that these acts, driven by the Former Representative Director's personal motives and discretion, constitute a grave breach of trust, causing significant damage to the confidence of shareholders, investors, business partners, employees, and other stakeholders.

Accordingly, we are preparing to take strict legal action against the Former Representative Director, including filing a criminal complaint.

#### *Attention*

*This document is an unofficial translation of the timely disclosure on July 14, 2025 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.*

To: ACSL Ltd.

# **Investigation Report Official Version**

July 14, 2025

ACSL Ltd.  
Special Investigation Committee

## Contents

<b>Chapter 1 Summary of this Investigation .....</b>	<b>1</b>
<b>Part 1 Background of Establishment of the Committee.....</b>	<b>1</b>
<b>Part 2 Composition of the Committee .....</b>	<b>2</b>
1 Composition of the Committee .....	2
2 Appointment of Investigation Assistants.....	2
<b>Part 3 Objectives and Scope of Investigation.....</b>	<b>2</b>
<b>Part 4 Period Covered by this Investigation.....</b>	<b>2</b>
<b>Part 5 Period of this Investigation.....</b>	<b>3</b>
<b>Part 6 Method of Investigation.....</b>	<b>3</b>
1 Scrutiny of Relevant Materials .....	3
2 Hearings.....	3
3 Confirmation with External Vendors .....	3
4 Digital Forensics Survey .....	3
<b>Part 7 Points to Note Regarding this Investigation.....</b>	<b>4</b>
1 Limitations of Voluntary Investigation .....	4
2 Limitations Due to Time Constraints and Loss of Evidence .....	4
3 Scope of the Subject and Purpose of Investigation .....	4
<b>Chapter 2 Factual Premises .....</b>	<b>6</b>
<b>Part 1 Corporate Profile of ACSL.....</b>	<b>6</b>
<b>Part 2 History of ACSL.....</b>	<b>6</b>
<b>Part 3 Details of Business of ACSL .....</b>	<b>7</b>
<b>Part 4 Organization of ACSL .....</b>	<b>7</b>
<b>Part 5 Overview of Corporate Governance in ACSL .....</b>	<b>8</b>
1 Composition and Role of Each Organization Regarding Corporate Governance .....	8
2 Overview of Whistleblowing System .....	11
<b>Part 6 ACSL Operational Processes at the Time Related to this Case.....</b>	<b>12</b>
1 Contract Execution and Amendment Process .....	12
2 Payment (Remittance) Procedures .....	13
<b>Chapter 3 Findings.....</b>	<b>14</b>
<b>Part 1 Background .....</b>	<b>14</b>
<b>Part 2 Outline of the Series of Misconducts Committed by Mr. Washiya .....</b>	<b>15</b>
<b>Part 3 Details of Each Fraudulent Transaction Conducted Using ACSL's name .....</b>	<b>15</b>
1 Company B (Type 1).....	15
2 Company C (Type 1).....	20
3 Company D (Type 1).....	25
4 Company E (Type 2).....	28
5 Company R (Type 2).....	30
6 Company O and LLP P (Type 2).....	32
7 Company F and Company H .....	33
<b>Chapter 4 Financial Impact of Misconduct .....</b>	<b>38</b>
<b>Chapter 5 Analysis of Cause .....</b>	<b>39</b>
<b>Part 1 Lack of Compliance Awareness and Qualifications Required of Representative Director.....</b>	<b>39</b>
<b>Part 2 Lack of Transparency in Representative Director's Execution of Business Operations and Hollowing out of Internal Control Functions.....</b>	<b>40</b>
<b>Part 3 Weakness of the Governance System in Contract Execution and Disbursement Processes .....</b>	<b>41</b>

<b>Chapter 6</b>	<b>Proposal of Measures to Prevent Recurrence .....</b>	<b>44</b>
<b>Part 1</b>	<b>Qualification Evaluation of Representative Directors and Ensuring Fairness in Appointment Process</b>	<b>44</b>
<b>Part 2</b>	<b>Ensuring Transparency of Business Execution by Representative Directors .....</b>	<b>44</b>
<b>Part 3</b>	<b>Strengthening Governance System in Contract Execution and Disbursement Process .....</b>	<b>45</b>

## Chapter 1      Summary of this Investigation

### Part 1 Background of Establishment of the Committee

From February to March 2025, **Mr./Ms. x**, who was at the time the director and CFO of ACSL, received information from internal and external sources that Mr. Satoshi Washiya (hereinafter referred to as “**Mr. Washiya**”), who was the representative director and CEO at the time, had been asking various parties concerned and ACSL’s executives and employees for loans. Although **Mr./Ms. x** had previously been consulted by Mr. Washiya about his debt, since **Mr./Ms. x** had heard that it had already been settled, **Mr./Ms. x** became suspicious of Mr. Washiya’s action, and therefore, on April 3 of the same year, **Mr./Ms. x** consulted with Kroll International, Inc. Japan Branch (hereinafter referred to as “**Kroll**”) about conducting an investigation in order to confirm the fact. On the 4th of the same month, **Mr./Ms. x** heard from Mr. Washiya that a negative article about Mr. Washiya would be published in a weekly magazine or web media within the next one or two weeks, so **Mr./Ms. x** consulted with attorneys regarding how to deal with the matter and officially requested Kroll to investigate the facts, including whether the information was true (hereinafter referred to as the “**Preliminary Investigation**”).

In the course of the Preliminary Investigation, Mr. Washiya resigned as the representative director of ACSL on the 30th of the same month for personal reasons. Thereafter, through an interim report from Kroll, ACSL learned of the suspicion that Mr. Washiya had used transactions in the name of ACSL as a condition or consideration for his personal borrowing, causing the outflow of ACSL’s funds (hereinafter referred to as “**this Case**”). In response, on May 14 of the same year, ACSL started an internal investigation into this Case (hereinafter referred to as the “**Internal Investigation**”) in order to examine the facts, including whether this Case existed, its details, number and amount.

Then, while the Internal Investigation was progressing further and the overview of this Case was gradually being clarified, Mr. Washiya repeatedly offered to compensate ACSL for the damages. However, as the payment was not made within the set payment deadline, it was no longer possible to obtain prompt compensation from Mr. Washiya, and it became apparent that ACSL would inevitably incur a loss due to this Case.

In light of these circumstances, it was determined that it was necessary to conduct an investigation into this Case and cases similar to this Case (hereinafter referred to as “**Similar Case(s)**”) from an objective and impartial standpoint. Accordingly, by a resolution of the Board of Directors held on July 1, 2025, the Committee was established as a special investigation committee composed of an attorney-at-law with no interest in ACSL and Audit & Supervisory Committee members of ACSL.

## **Part 2 Composition of the Committee**

### **1 Composition of the Committee**

In order to ensure the expertise and objectivity of the investigation conducted by the Committee (hereinafter referred to as “**this Investigation**”), the Committee was chaired by an external attorney who had never previously been engaged by ACSL, and its members were three outside directors of ACSL (Audit & Supervisory Committee members), as shown in the table below.

<b>Chairperson</b>	Atsushi Nishitani	Anderson Mori & Tomotsune Foreign Law Joint Enterprise Attorney-at-Law
<b>Committee member</b>	Kentaro Shizuka	Outside director of ACSL (independent director), Audit & Supervisory Committee member, Certified Public Accountant
<b>Committee member</b>	Yuka Katsuki	Outside director of ACSL (independent director), Audit & Supervisory Committee member, Attorney-at-Law
<b>Committee member</b>	Tadaharu Shimazu	Outside director of ACSL (independent director), Audit & Supervisory Committee member

### **2 Appointment of Investigation Assistants**

The Committee appointed the following external experts, who have no interest in ACSL, to act as investigation assistants:

Anderson Mori & Tomotsune Foreign Law Joint Enterprise

Attorney-at-Law: Takamasa Nakahara, Masahiro Takada, Aika Shimizu

Attorney-at-Law: Masaki Takahashi, Yoshinao Nakagawa, Masato Ishikawa

Attorney-at-Law: Hiroki Kitada, Kento Nakano, Naho Ishii

## **Part 3 Objectives and Scope of Investigation**

The Committee has agreed with ACSL that the following shall be the objectives and scope of this Investigation.

- ① Clarification of the facts concerning this Case
- ② Clarification of the facts concerning Similar Cases
- ③ Analysis of the causes, etc. of this Case and Similar Cases found in ① and ② above, and proposal of measures to prevent recurrence.

## **Part 4 Period Covered by this Investigation**

The period covered by this Investigation is from January 1, 2023 to April 30, 2025.

## **Part 5 Period of this Investigation**

The period of this Investigation is from July 1, 2025 to July 14, 2025.

## **Part 6 Method of Investigation**

### **1 Scrutiny of Relevant Materials**

The Committee obtained, through ACSL, various regulations, contract documents, data on operations, minutes of important meetings, materials regarding whistleblowing system, reporting records and internal audit of ACSL, which was subject to this Investigation, and carefully examined them.

In addition, the Committee carefully examined the materials, contract documents, details of receipts and disbursements, and copies of emails, etc. related to this Case, directly obtained from Mr. Washiya.

### **2 Hearings**

After taking over the results of the hearings in the Internal Investigation, the Committee held hearings with Mr. Washiya and four officers and employees of ACSL. The hearings were conducted face-to-face in a conference room or via web conference. In addition, the Committee obtained the minutes of the hearings conducted in the Internal Investigation, carefully examined the contents, and utilized them in this Investigation as necessary.

### **3 Confirmation with External Vendors**

The Committee sent confirmation letters to 24 of ACSL's business partners, selected in consideration of various factors such as the details and amounts of transactions with ACSL, inquiring as to whether there had been any illegal transactions, etc. with ACSL, and received responses from all companies.

In addition, among the above 24 companies, the Committee held hearings with certain business partners that were suspected of having engaged in suspicious transactions with ACSL during the Preliminary Investigation and Internal Investigation. Specifically, interviews were conducted in person with **Company D**, via web-conference with **Company F**, and by telephone interviews with **Company B**, during which the representatives of each company provided direct explanations.

### **4 Digital Forensics Survey**

As part of the Preliminary Investigation, Kroll preserved the Outlook emails, Microsoft documents and Teams chat history data associated with the ACSL account that



Mr. Washiya had used and conducted keyword searches and analyzed identified files using a document review platform. The Committee examined the procedures and results of the digital forensic investigation and decided to utilize the materials obtained thereby in this Investigation. In addition, the Committee set its own search keywords, requested Kroll to conduct a document review of the preserved data, and analyzed the results provided by Kroll.

## **Part 7 Points to Note Regarding this Investigation**

### **1 Limitations of Voluntary Investigation**

The Committee's investigation was conducted based on the voluntary cooperation of Mr. Washiya, ACSL's officers and employees and business partners and not pursuant to any compulsory legal authority. If the relevant authorities were to conduct an investigation based on their statutory authority, facts different from those confirmed in this Investigation may be revealed.

### **2 Limitations Due to Time Constraints and Loss of Evidence**

In light of the above objectives of the investigation, the Committee agreed with ACSL on the investigation period and conducted its investigation under time constraints. Therefore, the scrutiny of the relevant materials provided by ACSL has qualitative and quantitative limitations in that, in principle, they must be relied upon on the assumption that the name of the person who prepared the relevant materials is authentic, and that some old materials and data have been lost, destroyed or deleted. If the relevant materials other than those collected by the Committee exist, or if it is discovered, through the relevant parties to whom the Committee was unable to conduct hearings, that the statements obtained in previous hearings differ from the facts, the findings of the Committee's investigation may be revised.

### **3 Scope of the Subject and Purpose of Investigation**

The Committee has limited the scope of its investigation to illegal transactions conducted under the name of ACSL in order to clarify the impact on ACSL's business and does not aim to reveal the full extent of Mr. Washiya's personal loans. The Committee does not investigate whether ACSL's officers and employees bear legal liability arising from violations of laws or contracts. Even if this report finds that ACSL's officers and employees should (or should not) have engaged in certain acts, such findings are made on the basis of a code of conduct or expectations based on social conventions, and the engagement in (or the failure of) such acts does not immediately constitute a

violation of laws or contracts by ACSL's officers and employees.

## Chapter 2 Factual Premises

### Part 1 Corporate Profile of ACSL

The corporate profile of ACSL is as follows.

<b>Corporate name</b>	ACSL Ltd.
<b>Amount of capital</b>	JPY 218,425,000 (as of March 31, 2025)
<b>Location of head office</b>	3-6-4 Rinkai-cho, Edogawa-ku, Tokyo
<b>Incorporation</b>	November 1, 2013
<b>Number of employees</b>	52 (as of December 31, 2024)
<b>Details of business</b>	Manufacture and sale of industrial drones and provision of solution services related to automation and IoT using autonomous control technology
<b>Annual accounting period</b>	January 1 to December 31 each year

### Part 2 History of ACSL

ACSL was established in November 2013 in Chiba City, Chiba Prefecture, as the “Autonomous Control Systems Laboratory.” The company succeeded in remote control of drones using high-speed communication line LTE network for the first time in history in Japan, and commercialized “cerebral” autonomous control for flight using image recognition (Visual-SLAM). In February 2018, it consolidated its development and manufacturing sites and moved to Koto-ku, Tokyo. In November 2018, following the revision of the Civil Aeronautics Act, it conducted Japan’s first “Level 3” flight.

As a result of further reinforcement of technological development and its business foundation, the company was listed on the Tokyo Stock Exchange Mothers Market (currently the Growth Market) and acquired ISO 9001 certification in December 2018.

In January 2019, the company became the first to obtain type approval for the small rotary-wing unmanned aerial vehicle under the safety standard certification established by the JAPAN UAV ASSOCIATION (JUAV), and in April 2020, it was adopted for NEDO’s “Development of Safe and Secure Drone Basic Technology” to develop drones for government procurement.

In June 2020, the company moved its development and manufacturing sites to Edogawa-ku, Tokyo, and in December of the same year, it established ACSL Limited Liability Partnership 1 as a corporate venture capital that invests in domestic and overseas companies with potential for technological synergies.

In May 2021, it established FINDi Co., Ltd. jointly with NJS Co., Ltd. in anticipation

of mass production of closed environment inspection drones. In June of the same year, the company changed its corporate name to the current “ACSL Ltd.” in order to gain recognition at the Japanese and global levels and concluded capital and business alliance agreements with Japan Post Co., Ltd. and Japan Post Capital Co., Ltd. for the development of Level 4-compliant drones and practical application of drone delivery.

To advance its global business operations, ACSL India Private Limited was established as a joint venture with Aeroarc in India in September 2021, and in December 2022, ACSL, Inc. was established as a subsidiary in California, US.

In March 2023, ACSL acquired Japan’s first Level 4 Class 1 UAS Type Certificate from the Ministry of Land, Infrastructure, Transport and Tourism, and in November of the same year, it acquired approval to export the small aerial photography drone “SOTEN” to the US.

### **Part 3 Details of Business of ACSL**

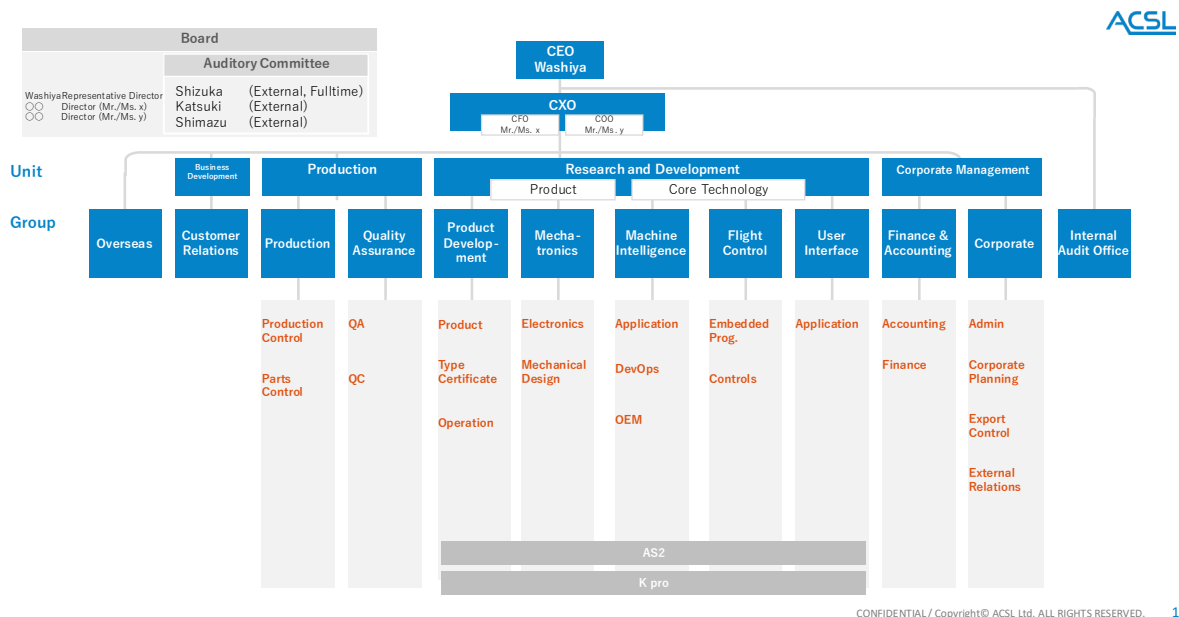
ACSL provides control packages and high-performance airframe platforms that integrate communications and software, with state-of-the-art autonomous control technology at its core. ACSL also develops custom-built airframes and custom-built systems for industrial use, customized according to application and customer requirements, and develops systems integrated into customer systems. ACSL is advancing the independent development of flight controllers (equivalent to the cerebellum of a drone) and functions related to seeing and thinking (equivalent to the cerebral part of a drone), and by integrating both, ACSL has achieved full autonomous flight in a non-GPS environment, which was difficult with conventional technology. In addition, by conducting research and development on autonomous control technology in Japan from the ground up, it is possible to conduct secure airframe development suitable for economic security.

The main products include postal and logistics drones, infrastructure inspection drones, disaster prevention and disaster response drones, and emerging use cases drones. ACSL provides solutions to customers in connection with these products.

ACSL is also involved in various projects, including national projects through collaboration with industry, academia and government and is engaged in the development of cutting-edge technologies.

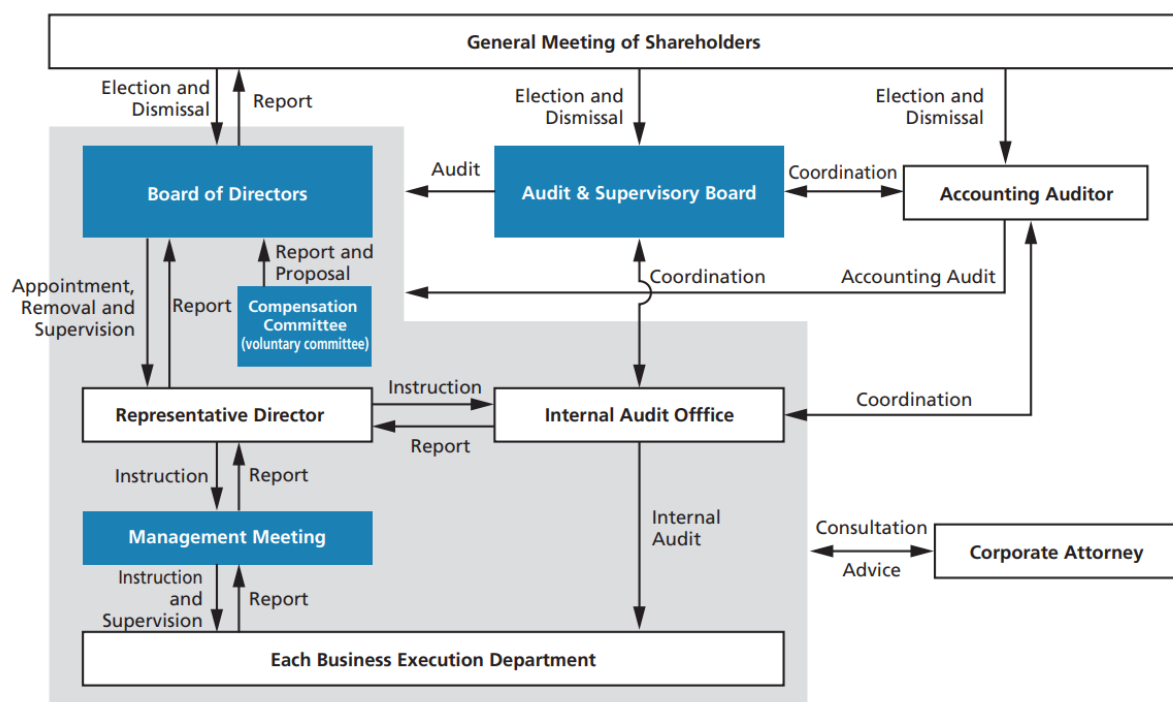
### **Part 4 Organization of ACSL**

The organization chart of ACSL (as of April 1, 2025) is as follows.



## Part 5 Overview of Corporate Governance in ACSL

ACSL is a stock company with a Board of Directors and Audit & Supervisory Committee, and the corporate governance structure is outlined below.



### 1 Composition and Role of Each Organization Regarding Corporate Governance

#### (1) Board of Directors

As of April 1, 2025, the Board of Directors consists of six directors, three of whom are outside directors and also serve as members of the Audit & Supervisory Committee.

Regular meetings of the Board of Directors are held once a month in principle, and extraordinary meetings of the Board of Directors are also held as necessary. Meetings are generally conducted by web conference, but once every three months, they are held in-person at the head office. In addition to the matters stipulated in laws and regulations and the Articles of Incorporation, the Board of Directors makes decisions on important management matters and supervises the execution of duties by each director.

## **(2) Audit & Supervisory Committee**

The Audit & Supervisory Committee is composed of three outside directors, one of whom serves on a full-time basis. Audits are conducted through attendance at meetings of the Board of Directors and other important meetings, exchanging opinions with the management, and inspecting important documents, mainly by the full-time Audit & Supervisory Committee member. The Committee holds regular meetings once a month in principle, and extraordinary meetings as necessary. At these meetings, information is shared among Audit & Supervisory Committee members, including discussions on the formulation of audit plans, the status of audit implementation, and the review of audit results. The meetings are generally conducted by web conference, but once every three months, they are held in-person at the head office.

The Audit & Supervisory Committee holds meetings with the Internal Audit Office and the Accounting Auditor as needed to investigate the status of ACSL's operations and assets and to perform other audit duties, thereby facilitating the mutual sharing of information. In addition to holding regular meetings with the Accounting Auditor, the Audit & Supervisory Committee accompanies the Accounting Auditor during on-site audits and requests reports on the progress of audits as appropriate.

According to the ACSL's Audit & Supervisory Committee Regulations and Audit & Supervisory Committee Standards, the scope of audits by Audit & Supervisory Committee members includes the status of execution of duties by directors and executive directors, the status of reporting and decision-making processes at the Board of Directors and other bodies, the status of decision making, the status of establishment and operation of internal control systems, and the prepared contents of business reports, etc. In addition, audits of financial statements and the preparation of audit opinions, monitoring and verification of the status of audits conducted by Accounting Auditors, and confirmation of the appropriateness of accounting policies are included within the scope of accounting audits. Furthermore, the implementation standards for audits by the Audit & Supervisory Committee concerning the internal control system specify the

risk of violating laws and regulations and improper financial reporting led by or with the involvement of representative directors as one of the audit viewpoints.

**(3) Management Meeting**

The Management Meeting consists of internal directors, other executive officers and participants designated by the internal directors. In principle, a regular meeting is held once a week, and extraordinary meetings are also held as necessary. The Management Meeting deliberates on basic management policies determined by the Board of Directors and matters related to the execution of management operations and functions as a supervisory body for the business execution departments. Outside Directors may also attend the Management Meeting and express their opinions as necessary.

**(4) Internal Audit Office**

The Internal Audit Office conducts internal audits of all divisions and sets audit themes based on instructions from the Representative Director and CFO.

Audits include regular audits based on an annual audit plan approved by the Representative Director, temporary audits conducted after approval by the Representative Director or CFO, and special audits conducted under instructions from the Representative Director.

Audit results are reported to the Representative Director, and the departments audited are instructed to make improvements as necessary, and the results are reported to maintain and improve internal control.

**(5) Compensation Committee**

The Compensation Committee, which is a voluntary committee, consists of one internal director and two outside directors. The committee is chaired by an outside director. The Compensation Committee deliberates on policies concerning the determination of the amount of compensation, etc. for directors and the calculation method thereof, as well as on individual compensation, etc., and reports or makes recommendations on the results to the Board of Directors.

**(6) Accounting Auditor**

ACSL entered into an audit agreement with Deloitte Touche Tohmatsu LLC, which conducted audits in accordance with the Companies Act and the Financial Instruments and Exchange Act from the fifth term of ACSL (from April 1, 2016 to March 31, 2017). However, as of March 27, 2025, Deloitte Touche Tohmatsu LLC retired from its

position as accounting auditor, and Avantia became the accounting auditor as of the same date.

## **2 Overview of Whistleblowing System**

### **(1) Structure of the System**

ACSL has established a whistleblowing system, and the accounting and finance team leader of the Corporate Management Unit is designated as the internal contact point for whistleblowing. In addition, for the external contact point for whistleblowing, among the outside directors who are Audit & Supervisory Committee members, the full-time Audit & Supervisory Committee member is designated as the appropriate person in light of his knowledge and experience.

If a report is made, the person in charge of the contact point shall investigate the facts and, if necessary, may establish an investigation team consisting of members from necessary departments with the approval of the directors (directors not subject to the investigation if a director is subject to investigation). If, as a result of the investigation, a fact corresponding to the reportable act is confirmed, the person in charge of contact point shall immediately report it to the Board of Directors, and the Board of Directors shall convene a meeting of the Crisis Management Committee. The Crisis Management Committee must consider countermeasures including corrective measures and report the result and progress of the countermeasures to the Board of Directors.

### **(2) Status of Dissemination of the System**

For officers and employees, cards with the contact information and method for contacting the reporting point are distributed to inform them of the reporting system. In addition, information is disseminated to external parties such as business partners, as appropriate.

### **(3) Reporting Records**

There was only one whistleblowing in December 2021 and one in September 2024, and no other whistleblowing incidents have been confirmed. The two whistleblowing is not related to the illegalities in this Case, and no whistleblowing was made regarding the illegalities in this Case.



## **Part 6 ACSL Operational Processes at the Time Related to this Case**

### **1 Contract Execution and Amendment Process**

In ACSL, when a contract is executed or amended, the person in charge of each unit head or other junior personnel usually requests the legal personnel of the General Affairs Group of the Corporate Management Unit to review the contents of the contract through the contract management system. After this review, a proposal for conclusion or amendment of the contract is submitted using a separate approval system. The proposal is first discussed by the COO, and after deliberation, the final approval is given by the CFO (however, a confidentiality agreement does not require deliberation by the COO).

Furthermore, when executing or amending a contract that falls under the following categories, the person in charge of each unit head or other junior personnel draft the proposal, which is then reviewed and approved by the CFO. The final decision is made by the Representative Director, who subsequently reports the matter to the Board of Directors.

- contracts valued at 10 million yen or more (including single-year contracts or multi-year contracts where early termination is difficult and the total contract value for full contract term exceeds 10 million yen);
- contracts containing exclusivity clause; or
- contracts containing non-competition rules

In addition, if executing or amending a contract that falls under the following categories, the COO or CFO shall draft such contract, which shall be deliberated by the Representative Director and finally approved by a resolution of the Board of Directors:

- Contract with related parties;
- Contract with potential conflicts of interest;
- Long-term contract that is difficult for ACSL to early terminate; or
- Contract that imposes material obligations or risks on ACSL or “other agreement deemed important by the Board of Directors (e.g., contracts exceeding 100 million yen in a single year, or multi-year contracts with annual expenditures exceeding 10 million yen each year).” [sic]

For contracts that have received the final approval, ACSL shall request the person in charge of general affairs in the General Affairs Group of the Corporate Management Unit to affix his/her seal thereto through the approval system for approval of final approval, and affix the Representative Director’s registered seal through the approval system retained by the person in charge of general affairs. When using electronic signatures,

ACSL shall request the person in charge of legal affairs in the General Affairs Group of the Corporate Management Unit to affix his/her seal thereto through the approval system, and shall affix his/her electronic signature thereto through the electronic signature system.

The representative director's registered seal is kept in the safe managed by the General Affairs Group, and access to the safe is limited to **Mr./Ms. x** and four other persons in charge of general affairs. Therefore, the representative director cannot independently affix the seal of approval. **Mr./Ms. x** is responsible for affixing the electronic signature and has authorized one legal person to act on his behalf and two persons in charge of general affairs have been granted system execution rights for the electronic signature system.

## **2 Payment (Remittance) Procedures**

Payments to vendors are managed by the Accounting and Finance Group of the ACSL Corporate Management Unit and can only be made or transferred from ACSL upon approval of purchase applications through the settlement approval system.

There are no internal rules that clearly specify the payment procedures for advance payments; however, it is necessary to obtain approval for purchase applications through the settlement approval system in the same way as for deferred payments. Within the approval system, users can select "advance payment" or "deferred payment" as payment conditions. When "advance payment" is selected and the remittance amount is JPY 100,000 or more, the system automatically requires the CFO's approval. In practice, there were cases in which a large amount of advance payment was incurred due to the advance payment of parts procurement cost by the outsourcing contractor or due to the credit of ACSL.

## Chapter 3 Findings

### Part 1 Background

As a background to this matter, the fact of a sudden and continuous personal financial demand by Mr. Washiya cannot be overlooked. From around 2023, it seems that Mr. Washiya had been working to secure funds to underwrite warrants issued by another company, to pay the construction cost of his residence, and to divorce his wife at the time, and by around January 2024, he was facing a substantial financial burden as divorce negotiations with his wife at the time began in earnest due to reasons attributable to himself. The divorce was finalized in June 2024, and he became obligated to pay well over 100 million yen in total for property division, compensation for emotional distress, and child support. Mr. Washiya himself admitted that these expenditures significantly depleted his personal cash reserves and had a serious impact on his subsequent financial position.

To address this financial demand, Mr. Washiya initially intended to secure funds by selling his ACSL shares and using them as collateral for securities-backed loans. It is said that he received substantial loans from **Company A** on two occasions, once in early 2024 and again in the summer of the same year, with shares pledged as collateral. However, immediately after each loan, ACSL stock price dropped, leading to a decrease in collateral valuation. This, in turn, resulted in the occurrence of margin call and actual risk of compulsory sale.

Under these circumstances, Mr. Washiya had no choice but to rely on new borrowings, and especially after around August 2024, he started to take on high-interest, short-term loans from multiple parties, including both individuals and corporations. Around the same time, he had more opportunities to engage in investment projects that required raising funds. According to Mr. Washiya, in the fall of 2024, he was approached by a broker to participate in a specific fund, which required him to raise a large amount of funds for his contribution.

Previously, Mr. Washiya had been able to repay such borrowings using his personal funds; however, over time, it became increasingly difficult for him to secure funding. By the latter half of 2024, there were some cases in which Mr. Washiya was required to execute a contract in the name of ACSL as a condition for such borrowing. By early 2025, it seems that his personal resources for repaying existing borrowings had been nearly depleted, and eventually, Mr. Washiya implemented what may be referred to as a “barter scheme”, under which he caused ACSL to enter into fictitious or insubstantial contracts and remitted payments to the counterparties, effectively using company funds to repay his personal borrowings.

## **Part 2 Outline of the Series of Misconducts Committed by Mr. Washiya**

The misconducts committed by Mr. Washiya, as revealed through this Investigation, share a common characteristic: an attempt to use ACSL funds for the repayment of his personal debts. These actions can be broadly categorized into two types.

First, Mr. Washiya entered into a sham consulting contract with **Company B**, **Company C**, and **Company D** for the purpose of having ACSL to repay his borrowings, and caused a large outflow of funds from ACSL under the pretext of advance payments. In particular, in the transactions with **Company B** and **Company C**, factoring contracts with **Company R** were used in the course of financing (borrowing), resulting in a complex scheme involving multiple entities. Furthermore, when obtaining internal approval for these contracts, he provided false explanations regarding the background of the contracts and the necessity of advance payment, thereby deceiving the internal approval process.

Second, in relation to **Company E**, **Company R**, **Company F**, and **Company O**, Mr. Washiya, as a bartering against his personal debt obligations, entered into various contracts purporting to be in the name of ACSL without going through the internal approval procedures of ACSL, using a falsified digital seal that he had personally prepared. However, the actual outflow of funds from ACSL has not been confirmed in connection with these contracts, as Mr. Washiya used borrowings from others to repay these projects.

## **Part 3 Details of Each Fraudulent Transaction Conducted Using ACSL's name**

Each misconduct by Mr. Washiya will be described in detail for each business partner below. First, we will describe **Company B**, **Company C**, and **Company D** for which the payments were confirmed from ACSL in connection with the misconducts, and then describe the business partners for which no payments from ACSL have been confirmed.

### **1 Company B (Type 1)**

#### **(1) Execution of a Factoring Contract Based on Fictitious Claim**

According to Mr. Washiya, as of January 2025, he was indebted to multiple lenders and was actively exploring means to secure funds for repayment. During this time, he was introduced by **Mr./Ms. a**, the CEO of **Company K**, to **Mr./Ms. f**, the spouse of the CEO of **Company C**. Subsequently, **Mr./Ms. f** introduced him to **Mr./Ms. e**, the CEO of **Company B**.

**Company B** is a registered moneylender and engages in business activities such as

management consulting, money lending and brokerage, and factoring services.

According to Mr. Washiya, between January 7 and 8, 2025, he requested funding from **Mr./Ms. e**, and they discussed possible schemes for financing. At first, they considered entering into an advisory service agreement under which ACSL would engage **Company B** to provide advisory services for 50 million yen (excluding consumption tax), and a share transfer agreement under which Mr. Washiya would personally transfer 62,000 shares of ACSL for 50.22 million yen. There is also evidence suggesting that these draft agreements were prepared personally by Mr. Washiya. In the end, however, they decided to proceed with the execution of a factoring agreement based on a scheme whereby **Company R**, established by Mr. Washiya (described in 5 below), would fabricate a fictitious receivable against ACSL, which would then be purchased by **Company B**. **Company R** is a corporation established by Mr. Washiya for the purpose of procuring funds for his personal use, and further details are described in Chapter 3, Part 3-5.

In response, Mr. Washiya personally drafted an Advisory Service Agreement on December 1, 2024 (hereinafter referred to as the “**Advisory Service Agreement dated December 1, 2024**”), purporting to show that ACSL had entrusted **Company R** with advisory and information provision services concerning capital policy, fund procurement, and financial advisory for 55 million yen (including consumption tax) without going through formal approval procedures of ACSL. Based on the Advisory Service Agreement dated December 1, 2024, he created a fictitious receivable totaling 55 million yen from **Company R** to ACSL and issued two invoices for ACSL for the fictitious receivable in the name of **Company R**, one for 5.5 million yen and other for 49.5 million yen. According to Mr. Washiya, due to **Mr./Ms. e**’s instruction, he did not affix his seal to the Advisory Service Agreement dated December 1, 2024. While the agreement itself remained unsigned, only the invoices based on such agreement were delivered to **Company B**.

On or about January 9, 2025, Mr. Washiya, acting as the representative director of **Company R**, entered into a factoring agreement (hereinafter referred to as “**Factoring Agreement 1**”) with **Company B** in respect of fictitious receivable totaling 55 million yen based on the fabricated Advisory Service Agreement dated December 1, 2024<sup>1</sup>.

---

<sup>1</sup> Mr. Washiya stated that the details of the documents related to the transaction with **Company B** were unknown as he had already destroyed them after affixing his seal on them without fully confirming their contents. On the other hand, Mr. Washiya further stated that he prepared the documents similar to those used in the transactions with **Company C** as described in Chapter 3, Part 3-2 (1). Given the contents of the notarial deed of agreement on sale and purchase of receivables concerning Factoring Agreement 1 are generally consistent with each of the documents concerning the

**Company B** assessed the receivable's value at 38.5 million yen in total, deducted a substantial profit margin, and purchased the receivable from **Company R** for 31.5 million yen, and prepared a notarized deed related to the agreement.

Mr. Washiya received 31.5 million yen as the trading price under the Factoring Agreement 1 by remittance from **Company B** to the bank account in the name of Mr. Washiya on January 9, 2025, and used it to repay his borrowings.

## **(2) Settlement of Factoring Obligations under Loan Agreement and Consulting Agreement**

Under the Factoring Agreement 1, the repayment obligation was set at a total of 38.5 million yen, consisting of a purchase price of 31.5 million yen for the fictitious receivable and **Company B**'s profit margin (i.e., appraisal value of the fictitious receivable under the agreement) with 3.5 million yen due by January 31, 2025 and 35 million yen due by February 28, 2025. However, it is considered that these payments were, in fact, intended to settle Mr. Washiya's personal borrowings from **Company B**. It is also considered that, pursuant to Article 4, Paragraph 1 of the notarial deed of agreement on sale and purchase of receivables, **Company B** engaged **Company R** with the collection of the subject receivables.

On January 31, 2025, 3.5 million yen was remitted from the bank account under the name of **Company R** to the bank account under the name of **Company B**. According to Mr. Washiya, this was a repayment of 3.5 million yen represented the portion of the appraisal value of the receivable under the Factoring Agreement 1 that was due on the same day, and he made the repayment using his own personal funds.

According to Mr. Washiya, he was unable to make the repayment of the remaining 35 million yen, which was due on February 28, 2025.

Therefore, Mr. Washiya was requested by **Mr./Ms. e** to provide a formal justification for ACSL's expenditure on the debts that Mr. Washiya had effectively incurred on a personal basis under the Factoring Agreement 1. In response, Mr. Washiya, acting as the representative director of ACSL, drafted a fabricated advisory service agreement on March 1, 2025 under which ACSL would engage **Company B** to provide advice on capital policy, fund raising, and financial advisory services, and pay a consideration of 36 million yen. According to Mr. Washiya, however, the agreement was never

---

factoring agreement with **Company C**, it is inferred that the actual name of Factoring Agreement 1 was a "Quotation and Letter of Consent". It is also highly likely that a master agreement for sale and purchase of receivables and an agreement on comprehensive assignment of receivables for security were also executed simultaneously with Factoring Agreement 1.

executed, as **Mr./Ms. e** changed his mind and refused to affix his seal on the agreement after all.

Afterwards, Mr. Washiya discussed with **Mr./Ms. e** and **Mr./Ms. f** of **Company C**. Based on the fact that **Company B** is registered as a moneylender, they decided to cancel the Factoring Agreement 1 and instead agreed on the following matters (the case of **Company C** will be discussed in Chapter 3, Part 3-2):

- To treat the remaining debt of 35 million yen under the Factoring Agreement 1 as a loan from **Company B** to ACSL; and
- To execute the consulting agreement (hereinafter referred to as the “**Consulting Agreement 1**”) under which ACSL is the client and **Company B** is the contractor, in order to make the expenditure related to the repayment of the loan through the formal approval procedures within ACSL.

Accordingly, Mr. Washiya entered into a loan agreement (hereinafter referred to as the “**Loan Agreement**”) as of March 14, 2025, with **Company B** as the lender, ACSL as the borrower, and Mr. Washiya personally as the joint and several obligor, without going through the formal approval procedures within ACSL. The agreement specified a repayment amount of 35,288,219 yen, consisting of 35 million yen in principal and interest at an annual rate of 14%, with a lump-sum payment due by March 31, 2025. Furthermore, a specified notarized deed was also prepared specifying that ACSL would become immediately subject to compulsory execution in the event of default.

Furthermore, on March 24, 2025, Washiya sent an email to **Mr./Ms. x**, who was then serving ACSL’s CFO, conveying false information regarding Consulting Agreement 1, stating that **Company B** was closely affiliated with a local government, and that it is a local government project to be ordered from ACSL using subsidies from the national government to the local government. In response, **Mr./Ms. x**, recognizing that the agreement was related to a municipal business project led by Mr. Washiya in his capacity as the representative director, approved its execution and instructed the relevant personnel at ACSL to proceed with the internal approval process for the agreement. The Consulting Agreement 1 prescribes that ACSL would engage **Company B** with consulting services for collaboration with the local government and the development of business projects concerning drone-related business operated by ACSL during the period from April 1, 2025 to December 31, 2025, and to pay a total consideration of 36 million yen. As for the Consulting Agreement 1, ACSL’s internal approval procedures were completed by April 1, 2025, and the electronic seal using DocuSign was affixed as of the same date; however, the digital seal affixed by

**Company B** has not been confirmed as of the present date.

### **(3) Payment in the Form of Consulting Agreement**

In the email sent to **Mr./Ms. x** on March 24, 2025, as described in (2) above, Mr. Washiya also falsely stated that an advance payment may be required for the consulting fee under the Consulting Agreement 1 with **Company B**.

Furthermore, Mr. Washiya, through face-to-face meetings or chat communications, falsely informed to **Mr./Ms. x** and **Mr./Ms. y**, who was then director and COO of ACSL, that the transactions with **Company B**, **Company C**, and **Company D** were part of local government projects, and that advance payment of the fees was necessary due to the operational constraints of municipal budget execution. In addition, Mr. Washiya handed **Mr./Ms. x** an invoice dated March 28, 2025, issued in the name of **Company B** for the advance payment amount of 39.6 million yen (including tax) under Consulting Agreement 1.

In response, internal approval was granted within ACSL for the advance payment of consulting fee, and **Mr./Ms. x** approved the advance payment of the fee and instructed ACSL employees to remit 39.6 million yen (including consumption tax) from ACSL's bank account to **Company B's** bank account on March 31, 2025. According to Mr. Washiya, the repayment obligation under the Loan Agreement with **Company B** needed to be completed by the same date, and ACSL was caused to make payment under the pretext of an advance payment of the fees under the Consulting Agreement 1. On March 31, 2025, Mr. Washiya received 4,371,781 yen, which was the difference between the remittance amount of 39.6 million yen and the repayment amount of 35,288,219 yen, transferred from **Company B** to a bank account held by Mr. Washiya.

### **(4) Summary**

With the objective of procuring funds to repay his personal borrowings, Mr. Washiya fabricated a fictitious receivable (55 million yen) with ACSL as the debtor by preparing a fictitious advisory service agreement between ACSL and **Company R** dated December 1, 2024, based on non-existent services, and issuing an invoice from **Company R** to ACSL. Subsequently, using the fictitious receivable, he entered into the Factoring Agreement 1 with **Company B**, and received the purchase price of 31.5 million yen from **Company B** through a bank account in the name of **Company R**, which he applied toward the repayment of his personal borrowings.

Furthermore, in order to obtain funds to repay the outstanding debt under the



Factoring Agreement 1, Mr. Washiya obtained internal approval for the Consulting Agreement 1 based on a false explanation, caused ACSL to remit 39.6 million yen to **Company B** as an advance payment pursuant to the agreement, and received 4,371,781 yen, which was the difference between the repayment amount and the remitted amount.

Considering the above circumstances comprehensively, Mr. Washiya caused ACSL to bear fictitious debts in order to repay his own debts, misappropriated corporate fund, and caused a portion of those funds to be returned to himself. This series of acts constitute misconduct and a breach of his fiduciary duties as the representative director of ACSL.

In addition, although the Loan Agreement was formally finalized, it was prepared and executed without going through internal approval procedures of ACSL, and therefore constitutes misconduct in breach of internal regulations.

As part of this Investigation, the Committee sent a questionnaire to **Company B** regarding the existence of the agreements mentioned in 1(1) through (3) above, and also conducted a telephone interview with **Mr./Ms. e**. As a result, while **Company B** acknowledged the existence of the Loan Agreement, it denied any connection between Loan Agreement and Factoring Agreement 1. **Company B** further stated that Consulting Agreement 1 had not been executed, that it had not received any advance payment of service fee, and that the refund of 4,371,781 yen made to Mr. Washiya on March 31, 2025 was a reimbursement of overpayment under the Loan Agreement. These receivables present a factual account inconsistent with the Committee's findings. However, in this Case, multiple pieces of objective evidence have been identified, including the notarized deed related to Factoring Agreement 1, which **Company B** has denied or refused to comment, as well as other agreements (including draft versions). In particular, the existence of an invoice issued in the name of **Company B** for the service fee under Consulting Agreement 1 substantiates that **Company B** was aware that the remittance of 39.6 million yen from ACSL was made as an advance payment under such agreement. While Mr. Washiya's statements are specific and consistent with the objective evidence, **Company B's** responses are inconsistent with such evidence and offer no reasonable explanation for the discrepancies. Accordingly, the Committee did not find **Company B's** response credible and has made the above findings concerning Mr. Washiya's conduct.

## 2 Company C (Type 1)

### (1) Conclusion of Factoring Agreement Based on Fictitious Receivables

As described in 1 (1) above, Mr. Washiya became acquainted with **Mr./Ms. f** of **Company C** through the introduction of **Mr./Ms. a**, the Representative Director of **Company K**.

**Company C**'s business purposes include general advertising agency, management consulting, and factoring.

According to Mr. Washiya, between January 7 and 8, 2025, Mr. Washiya agreed to conclude a factoring agreement with **Mr./Ms. f** under which **Company R** would create a fictitious receivable against ACSL, and **Company C** would purchase the receivables, in accordance with the scheme outlined in the Factoring Agreement described in 1 (1) above, which had been decided based on discussions with **Mr./Ms. e**.

Accordingly, Mr. Washiya reused the Advisory Service Agreement dated December 1, 2024, which he had prepared for the execution of the Factoring Agreement 1 with **Company B**, in his dealings with **Company C**. He established fictitious receivables of 55 million yen in total from **Company R** to ACSL and had two invoices issued to ACSL, one for 5.5 million yen and another for 49.5 million yen. Subsequently, acting as the Representative Director of **Company R**, Mr. Washiya executed the following three agreements with **Company C**, all dated January 9, 2025.

- i. Master Agreement on Sale and Purchase of Receivables: an agreement providing basic matters relating to the transaction (factoring transaction) under which **Company C** purchases the current or future business receivables of **Company R** at a discount from the receivables amount prior to the payment due date (hereinafter referred to as the “**Master Agreement on Sale and Purchase of Receivables**”).
- ii. Quotation and Acceptance Form (Individual Agreement): Pursuant to the master agreement described in (i) above, this agreement sets forth that **Company C** shall value the aforementioned fictitious compensation receivable of 55 million yen at a total of 38.5 million yen and purchase it from **Company R** for 31.5 million yen. It also stipulates that **Company C** shall entrust **Company R** with the collection of the 38.5 million yen, and Mr. Washiya shall provide a joint and several guarantee for the obligation to deliver such collected amount (hereinafter referred to as “**Factoring Agreement 2**”).
- iii. Agreement on Assignment of Collective Receivables as Collateral: Agreement providing for a comprehensive pledge of the existing receivables held by **Company R** against ACSL and the accounts receivable arising in the next two years in order to secure **Company R**'s obligations to **Company C** (such as non-payment of collected amounts) (hereinafter referred to as the “**Security Transfer**”).

## **Agreement for Collective Receivables”.)**

Mr. Washiya stated that he prepared a notarial deed regarding the Factoring Agreement 2.

Mr. Washiya received JPY 31.5 million as the sale price under the Factoring Agreement 2 by way of transfer from the bank account in the name of **Company C** to the bank account in the name of Mr. Washiya on January 9, 2025 and used it to repay his loan.

### **(2) Settlement of Factoring Debts by Consulting Agreement and New Factoring Agreement**

Under the Factoring Agreement 2, the scheduled collection date for the total amount of JPY 38.5 million was set as January 31, 2025 for JPY 3.5 million and February 28 for JPY 35 million.

On January 31, 2025, JPY 3.5 million was transferred from the bank account under the name of **Company R** to the bank account under the name of **Company C**. On the outside, this transfer seems to be partial performance of the obligation to collect money under the Factoring Agreement 2, but according to Mr. Washiya, there was no fact that **Company R** collected the money from ACSL, and the money was transferred using his personal funds. In fact, there is no evidence that ACSL made such a transfer.

On the other hand, according to Mr. Washiya, he could not repay the 35 million yen on or before February 28, 2025, which was the scheduled collection date therefor because it was difficult to procure funds. Mr. Washiya discussed with **Mr./Ms. e** of **Company B**, informed **Mr./Ms. f** of the content thereof, and decided to make a fictitious advisory service contract between ACSL and **Company C** in accordance with the deal with **Company B**. Based on this, Mr. Washiya, as the representative director of ACSL, drafted a fictitious advisory service contract on March 1, 2025 in which ACSL entrusts **Company C** with advice on capital policy, fund raising, and financial advisory, and pays 42 million yen as consideration. However, as **Mr./Ms. e** refused to affix his seal to the contract in the end, and the contract could not be concluded.

After that, according to Mr. Washiya, as a result of the discussion with **Mr./Ms. f** and **Mr./Ms. e** mentioned in 1 (2) above, and taking into account that **Company C** does not have a moneylending business registration, the following contents were decided in order to ensure the payment of the collection amount delivery obligation of 35 million yen under the Factoring Agreement 2 and the profit for March 2025 that **Company B** and **Company C** were to receive under the Factoring Agreements 1 and

2.

- First, the portion of the Factoring Agreement 2 related to the collection amount delivery obligation of 35 million yen which remains unpaid (The purchase price for such portion is 28.5 million yen.) shall be canceled.
- In its place, a new factoring agreement (hereinafter referred to as “**Factoring Agreement 3**”) shall be entered into, under which **Company R** shall establish a fictitious receivable to which ACSL is a party, and **Company C** shall purchase it for 31.5 million yen. The valuation of such fictitious receivable shall include the original 35 million yen, plus an additional 3.5 million yen, which is the amount equivalent to the profits that **Company B** and **Company C** were supposed to receive for the month of March.
- ACSL and **Company C** shall enter into a consulting agreement (hereinafter referred to as “**Consulting Agreement 2**”), in which **Company C** shall be entrusted with advisory services and ACSL shall pay compensation in consideration of **Company C**’ s undertaking of such advisory services, in order to process the repayment expenditure within ACSL in accordance with the appropriate procedures.

According to Mr. Washiya, based on this reconfiguration scheme, on or around March 14, 2025, the written work requests and other documents relating to the Factoring Agreement 3 were prepared and an agreement therefor was also concluded.

On March 24, 2025, in the email mentioned in 1(2) above, Mr. Washiya falsely explained to **Mr./Ms. x** that the Consulting Agreement 2 also concerned a local government project in which **Company C**, a company affiliated with a local government, would place an order with ACSL using subsidies provided by the national government to it. Based on this explanation, **Mr./Ms. x**, as in the case of **Company B**, mistakenly believed that the transaction was a local government project led by Mr. Washiya, and gave his/her approval. As a result, around late March 2025, procedures toward concluding the contract were initiated within ACSL.

The contract for the Consulting Agreement 2 stated that ACSL would commission **Company C** to provide advisory, guidance, and other support services related to the use of ACSL’s drones by local governments and the development of ACSL’s business within such local governments, for the period from April 1, 2025, to October 31, 2025, in connection with ACSL’s drone-related business, and that ACSL would pay a total of 42 million yen as compensation. As in the case of **Company B**, the approval

procedures for the Consulting Agreement 2 were completed within ACSL by March 28, 2025, and digital signatures were affixed using DocuSign on March 31 of the same year. However, **Company C**'s signature has not been confirmed as of the present time.

### (3) Payment under the Name of Consulting Contract

As in 1(3) above, Mr. Washiya explained to **Mr./Ms. x** by email that an advance payment of a commission fee was required for the Consulting Agreement 2. In addition, either in person or via chat, Mr. Washiya falsely explained to both **Mr./Ms. x** and **Mr./Ms. y** that the advance payment of the commission fee was necessary due to budget execution procedures of the local government. Furthermore, Mr. Washiya handed **Mr./Ms. x** an invoice for advance payment under the Consulting Agreement 2 dated March 28, 2025, issued under the name of **Company C** (billing amount: 46.2 million yen (including consumption tax)).

Following this, the advance payment of the commission fee was approved within ACSL, and on March 31, 2025, a transfer of 46.2 million yen (including consumption tax) was made from a bank account held in the name of ACSL to a bank account held in the name of **Company C**.

Subsequently, in connection with **Company C** as well, after deducting the liabilities and other amounts under the Factoring Agreement 3 from the commission fee prepaid by ACSL, the balance of 4.2 million yen was transferred back to a bank account held in the personal name of Mr. Washiya.

### (4) Summary

Mr. Washiya created a fictitious loan (55 million yen) with ACSL as the debtor by preparing a fictitious advisory service agreement dated December 1, 2024 between **Company R** and ACSL on the premise of non-existent services and issuing an invoice to ACSL under such agreement in order to finance the repayment of his own loans. Subsequently, he entered into the Factoring Agreement 2 with **Company C** regarding the aforementioned fictitious receivable, received 31.5 million yen as the purchase price from **Company C** through a bank account in **Company R**'s name, and used the funds to repay his own loans.

Furthermore, in order to obtain funds for repayment of the remaining debt regarding the Factoring Agreement 2, Mr. Washiya newly executed the Factoring Agreement 3 with **Company C**, and induced ACSL and **Company C** to execute the Consulting Agreement 2 by making a false explanation while keeping the existence of the Factoring Agreement 3 secret, and had ACSL remit 46.2 million yen to **Company C**

under the prepayment name. Subsequently, Mr. Washiya received the difference between the repayment amount and **Company C**.

Considering the above circumstances comprehensively, Mr. Washiya caused ACSL to bear a non-existent contractual debt in order to repay his debts, and then improperly caused the company funds to be expended, causing part of the funds to flow back to him. This series of acts are in violation of his duties as the representative director of ACSL.

Additionally, the Committee sent a questionnaire to **Company C** regarding the existence of the contracts listed in 2(1) to (3) above as part of this Investigation. In response, **Company C** stated on July 4, 2025, that the 46.2 million yen transferred by ACSL to **Company C** on March 31, 2025 was the transfer of the money collected by ACSL from debtors pursuant to an accounts receivable purchase agreement (factoring agreement) entered into between ACSL and **Company C** on March 7, 2023, under which **Company C** purchased the accounts receivable of 42 million yen held by ACSL. **Company C** denied the existence or conclusion of other contracts or did not give response on them. Additionally, regarding the 4.2 million yen refunded to Mr. Washiya on April 3, 2025, **Company C** asserted that this was a refund of overpaid money collected by ACSL, which is a fact different from the findings of the Committee. However, in this Case, the existence of objective evidence, such as the notarized document pertaining to the Factoring Agreement 2, which serves as the basis for the Factoring Agreement 3, the invoice for the commission fees based on the Consulting Agreement 3, whose existence is denied by **Company C**, and other contracts (including drafts), is acknowledged. While Mr. Washiya's statements are also concrete based on these objective evidence, **Company C**'s response is inconsistent with these objective evidence and does not provide a reasonable explanation for such inconsistencies. Therefore, the Committee did not find **Company C**'s response credible and has made the above determination regarding the actions taken by Mr. Washiya.

### 3 **Company D (Type 1)**

#### (1) **Borrowing from Company D by Mr. Washiya**

According to Mr. Washiya, on October 1, 2024, when Mr. Washiya requested financial assistance from **Mr./Ms. b**, a Financial Services broker affiliated with **Company G**, **Mr./Ms. b** introduced **Mr./Ms. c**, the representative director of **Company D**. Mr. Washiya borrowed 50 million yen from **Company D** on October 1, 2024 and 10 million yen on October 2, 2024, with the repayment dates as mid-February

2025. According to Mr. Washiya, the latter loan of 10 million yen was based on a loan request from **Mr./Ms. b**, and Mr. Washiya used the proceeds of this loan to lend 10 million yen to **Mr./Ms. b**.

**(2) Conclusion of Contract with Company D and payment from ACSL**

According to Mr. Washiya, because there was no prospect of repaying the above-mentioned loan even as its repayment deadline approached, he consulted with **Mr./Ms. c** and proceeded to arrange the execution of an advisory service agreement, under which ACSL is the consignor and **Company D** is the consignee, with a total advisory fee of 33 million yen (including consumption tax). According to Mr. Washiya, although such advisory service agreement was formally structured to provide that **Company D** would offer advice and other support to ACSL in connection with its drone-related business, in reality, no such services were intended to be performed. The agreement was an insubstantial contract and created essentially as a contract for a barter transaction with the purpose of transferring funds from ACSL to **Company D**.

According to Mr. Washiya, he initially asked ACSL's Corporate Management Unit to draw up the contract, but he later assumed that the department would take some time to do so, and therefore drafted the advisory service agreement himself.

Subsequently, according to Mr. Washiya, following discussions with **Mr./Ms. c**, the commission fee was revised to 66 million yen (including consumption tax), equivalent to the full loan amount. Following this, Mr. Washiya told **Mr./Ms. x**, who was then serving as CFO, that the originally stated amount of 33 million yen was incorrect and that the correct amount should be 66 million yen. By making this false statement, Mr. Washiya misled **Mr./Ms. x** and obtained his approval for the change in contract amount. Thereafter, he proceeded to conclude the contract on March 28, 2025 using a consulting agreement newly prepared from ACSL's Corporate Management Unit (the commission fee was 66 million yen, including consumption tax). Needless to say, Mr. Washiya did not explain to anyone within ACSL that the payment under such consulting contract would actually be used to repay his personal loan.

The above consulting contract stipulated that the commission fee should be paid in advance. Mr. Washiya falsely explained to **Mr./Ms. x** that the reason for the advance payment was that the transaction with **Company D** was a local government project, and that such prepayment was required due to the local government's budget execution procedures. Following approval by **Mr./Ms. x** and other authorized personnel, ACSL paid **Company D** 66 million yen (including tax) on March 28, 2025, under such agreement. In addition, both ACSL and **Company D** digitally signed such consulting

agreement using DocuSign later that same day. However, the payment mentioned above had already been made before such digital execution was completed by the parties.

On the same day, Mr. Washiya carried out the internal contract approval procedure at ACSL under the president's approval. Later, at the ACSL board of directors meeting held on April 11, 2025, a report regarding such consulting agreement was submitted. However, the contract amount reported at such board meeting was 33 million yen (including tax), the amount before the revision.

### **(3) Transfer of Contractual Relationship to Company G**

According to Mr. Washiya, after the execution of the said consulting agreement, **Mr./Ms. c** requested to terminate such agreement. Upon discussions, it was decided to transfer the contractual relationship from **Company D** to **Company G**. Based on this agreement, on April 2, 2025, Mr. Washiya executed a mutual termination agreement between ACSL and **Company D** regarding the said fictitious consulting agreement. This termination agreement explicitly stated that **Company D** would transfer its contractual status with ACSL to **Company G**, and that **Company G** would thereafter perform the relevant consulting services for ACSL.

However, this termination agreement was executed without going through any internal approval procedures within ACSL. In addition, Mr. Washiya did not provide any explanation to ACSL regarding the termination of the agreement and the transfer of the contractual relationship. Furthermore, no services under such consulting agreement were performed by either **Company D** or **Company G**.

### **(4) Conclusion of Other Agreements**

On October 31, 2024, Mr. Washiya executed, in ACSL's name, a memorandum of understanding with **Company D** regarding a joint drone project. When creating the agreement, Mr. Washiya signed using an unauthorized digital seal he personally created in the name of ACSL, and no approval process required for contract approval within ACSL was conducted. The agreement stated that ACSL and **Company D** would consider establishing a national maintenance network to promote the use of drones, with activity costs to be determined through mutual discussion. However, no specific provisions regarding payment obligations were included. No payments from ACSL to **Company D** under this memorandum have been confirmed.

### **(5) Summary**



In this Case, Mr. Washiya, with the underlying purpose of repaying his own debts through a so-called barter transaction, sought approval within ACSL to enter into a consulting contract with **Company D**. Mr. Washiya actually caused a fictitious consulting contract with no prospect of actual services being provided. He then caused ACSL to transfer 66 million yen to **Company D**. Such conduct constitutes an act of misconduct in violation of his duties as the representative director.

In addition, Mr. Washiya concluded a termination agreement to terminate the consulting agreement with **Company D** and transfer **Company D**'s contractual status to **Company G** without obtaining approval from ACSL. This constitutes an act of misconduct that violates ACSL's internal rules.

Furthermore, Mr. Washiya executed a memorandum of understanding regarding a joint drone project with **Company D** in the name of ACSL without obtaining any internal approvals. This too constitutes an act of misconduct that violates ACSL's internal rules.

As part of this Investigation, the Committee sent a written inquiry to **Company D** regarding the existence of the said consulting agreement and also conducted an interview with **Mr./Ms. c**. As a result, **Company D** asserted that although it did not ultimately provide any services under such consulting agreement, it had originally intended to do so at the time of execution of such agreement. **Company D** also explained that the agreement included tasks that **Company D** could not accept and would have required subcontracting to a third party, which is why they ultimately requested termination of such agreement. This explanation differs from the Committee's findings. However, the commission fee under the consulting agreement matched the amount of Mr. Washiya's debt obligation to **Company D**, and this is consistent with Mr. Washiya's statement that the agreement was intended to cover Mr. Washiya's debt obligation. Moreover, the consulting agreement was terminated upon agreement just five days after execution and the contractual position was transferred to **Company G**, yet no services were provided to ACSL by either **Company D** or **Company G**. In light of these facts, there are no circumstances that would overturn the Committee's factual finding that any service provision was not intended in the first place at the time of execution of the consulting agreement. The Committee therefore made the aforementioned determination regarding Mr. Washiya's conduct.

#### **4 Company E (Type 2)**

##### **(1) Conclusion of a Service Agreement with Company E**

**Company E** is a consultancy business for companies and local governments.

According to Mr. Washiya, ACSL became involved with **Company E** around January 2025 in the course of its drone business for a local government.

According to Mr. Washiya, he had been personally exchanging opinions with **Mr./Ms. i** of **Company E** regarding the drone business since around 2022. Subsequently, there was a need for funding for Mr. Washiya personally, and after consulting with **Mr./Ms. i**, it was decided to borrow funds from **Company N**, of which **Mr./Ms. j**, an employee of **Company E**, is the representative director. Mr. Washiya received loans totaling 140 million yen from **Company N**; 60 million yen on June 18, 2024, and 80 million yen on July 5 of the same year.

According to Mr. Washiya, around the same time as these loans, upon request from **Mr./Ms. i**, two service agreements were prepared, with **Company E** as the contractor and ACSL as the client. These agreements did not go through internal processes of ACSL and were not reported to the Board of Directors.

According to Mr. Washiya, these service agreements were not intended to perform the services from the beginning but were concluded as a formal scheme for ACSL to pay the portion of the loan from **Company N** in excess of the statutory interest (so-called non-statutory interest). Meanwhile, according to **Company E**, after the conclusion of each of the above service agreements, several local governments were actually introduced by **Company E** to ACSL as the provision of services under the agreements. However, according to Mr. Washiya, the introduction of these local governments by **Company E** was unrelated to each of the above service agreements. According to Mr. Washiya, the service fee for each agreement is approximately 11 million yen and 22 million yen (both include consumption tax), respectively. The service fees have been determined through discussion with **Mr./Ms. i** and others taking into consideration the interest and other matters on each loan mentioned above.

## **(2) Requesting Service Fees and Payment by Mr. Washiya himself**

After that, on August 22, 2024, **Mr./Ms. j** sent Mr. Washiya an invoice regarding the service agreement by e-mail, and around September 3 of the same year, **Mr./Ms. i** called ACSL's main phone number to demand payment of 10 million yen under the service agreement. On September 19, 2024, Mr. Washiya received an e-mail demanding payment of 22 million yen under the service agreement.

However, according to Mr. Washiya, the service fee for each service agreement has been paid in full using funds obtained through separate personal loans, with 11 million yen deposited into **Company E** on September 4, 2024, and 22 million yen deposited into **Company E** on October 1 of the same year. No payment from ACSL to **Company**

E has been confirmed.

### (3) Summary

In this Case, Mr. Washiya entered into service agreements with **Company E** without obtaining internal approval of ACSL. Such conduct constitutes misconduct in violation of ACSL's internal regulations. However, according to Mr. Washiya, the service fees for the service agreements were paid by Mr. Washiya, and no payment from ACSL to **Company E** has been confirmed.

## 5 Company R (Type 2)

### (1) Company Profile of Company R

**Company R** is a corporation established by Mr. Washiya, of which Mr. Washiya has served as the representative director since its establishment, and there are no officers other than Mr. Washiya. It was not until a series of investigations into this Case that it became clear that he had founded **Company R**. Although ACSL's Board of Directors regulations stipulate that "appointment of full-time directors to positions at other companies" is a matter to be resolved by the Board of Directors, Mr. Washiya has not submitted the establishment of **Company R** and his appointment to **Company R** representative director to the Board of Directors for discussion. The business purposes of **Company R** include development, manufacturing and sales products utilizing AI and AI-related technologies, and management consulting business. According to Mr. Washiya, **Company R** only functions as a **Company To** raise funds to pay off personal debts, and no actual business has been conducted yet.

### (2) Factoring Agreement and Related Advisory Service Agreement

Mr. Washiya has, as described in Part 3-1 and 3-2 above, in order to execute the Factoring Agreement 1 and the Factoring Agreement 2, prepared the fictitious Advisory Service Agreement dated December 1, 2024, wherein ACSL is the client and **Company R** is the contractor without going through the formal approval process of ACSL (to which, however, **Company B** and **Company C** have not affixed a seal).

In addition, Mr. Washiya has issued two invoices for the fictitious advisory service fees in the name of **Company R** and addressed to ACSL for use in the Factoring Agreements. [\*]<sup>2</sup>

---

<sup>2</sup> This is not related to the Advisory Service Agreement dated December 1, 2024 (Sealed Version) described below.

### (3) Other Advisory Service Agreements

Mr. Washiya also executed the fictitious Advisory Service Agreement dated December 1, 2024, wherein ACSL is the client and **Company R** is the contractor (which is a document separate from the Advisory Service Agreement dated December 1, 2024, described above in Part 3-1 and 3-2, and shall hereinafter be referred to as the “**Advisory Service Agreement dated December 1, 2024 (Sealed Version)**”) and affixed the representative seals of ACSL and **Company R**, respectively. The agreement was prepared and executed without going through the appropriate internal flow of ACSL, and therefore, ACSL did not recognize the existence of the agreement itself. According to Mr. Washiya, the representative seal of ACSL affixed to the agreement was an unauthorized digital seal that he privately created.

The agreement stipulates that ACSL should pay **Company R** 72 million yen as compensation. According to Mr. Washiya, the agreement was a fictitious contract that was formally made in order to transfer from ACSL to **Company R** the funds for repayment of money that Mr. Washiya intended to raise by borrowing under the name of **Company R**. It is also supposed that the remuneration of 72 million yen was set to cover the amount of funds Mr. Washiya needed. Furthermore, according to Mr. Washiya, **Company R** is a corporation that does not conduct any substantial business activities, and there is no performance or deliverable of the business under this agreement. According to Mr. Washiya, however, since **Company R** did not borrow money, the transfer of funds from ACSL to **Company R** was no longer necessary, and as a result, no payment was made under the agreement.

### (4) Other Contracts Using Company R

In addition, Mr. Washiya seems to have been considering several contract schemes involving ACSL to raise funds from **Company R** to pay off his debt. However, none of these schemes resulted in the conclusion of a contract, and as a result, no funds were transferred from ACSL to **Company R**. Furthermore, according to Mr. Washiya, there is no possibility that **Company R** will demand any payment from ACSL in the future.

### (5) Summary

As described in Part 3-1 and 3-2, Mr. Washiya’s series of acts that caused the outflow of money from ACSL under the fictitious Advisory Service Agreement dated December 1, 2024, and the fictitious invoices issued thereunder, the Factoring Agreements 1 and 2, and the Consulting Agreements 1 and 2 constitute misconduct in

violation of the duties of the representative director.

In addition, Mr. Washiya established **Company R** without deliberation by the board of directors and assumed the position of the company's representative director. However, such conduct constitutes misconduct in violation of ACSL's internal regulations. Furthermore, Mr. Washiya entered into the Advisory Service Agreement dated December 1, 2024 (Sealed Version) with **Company R** using an unauthorized digital seal that he privately created under the name of ACSL without obtaining internal approval of ACSL, which also constitutes misconduct in violation of ACSL's internal regulations.

## **6 Company O and LLP P (Type 2)**

### **(1) LLP P**

**LLP P** is a partnership jointly established by ACSL and another company (or other companies), with the objective of investing in start-up companies or others that are highly compatible with ACSL's business strategy. ACSL holds 99% of the voting rights of **LLP P** and regards **LLP P** as a consolidated subsidiary of ACSL. Investment or other decisions in **LLP P** are made, in principle, by agreement of two representatives appointed by the two members (**Mr./Ms. x** from ACSL).

### **(2) Borrowing by Mr. Washiya and Details of Contacts with Related Parties**

According to Mr. Washiya, he came to have contact with **Mr./Ms. l** around April 2024, and was asked by **Mr./Ms. l** to support a start-up **Company In** which **Mr./Ms. l** invested and which was in financial difficulties. In response, Mr. Washiya borrowed money from **Company A** by providing his own ACSL shares as collateral, but the stock price plummeted around August of the same year (so-called 'Black Monday'), resulting in an additional deposit.

Under these circumstances, Mr. Washiya contacted **Mr./Ms. m** on the introduction of **Mr./Ms. l**, borrowed some money from **Mr./Ms. m**, and used it to make the repayment to **Company A**. In the borrowing from **Mr./Ms. m**, Mr. Washiya says that he was asked to invest in the storage battery business in which **Mr./Ms. m** was involved and to sell Mr. Washiya's house, which was actually sold to **Mr./Ms. m**'s family in February 2025. According to Mr. Washiya, the borrowing from **Mr./Ms. m** was repaid in full by around December, 2024 by means of a separate loan, and the proceeds from the sale of his house were used, among others, to divide his property to his ex-wife.

### **(3) Background of the Contract with Company O and Issuance of Invoice**

According to Mr. Washiya, **Company O** is a corporation established by **Mr./Ms. m**. Mr. Washiya came to know **Mr./Ms. n**, **Company O**'s president, on the introduction of **Mr./Ms. m**, and was asked by **Mr./Ms. m** to invest in **Company O**.

Under these circumstances, Mr. Washiya says that around February 2025, **LLP P** and **Company O** concluded a joint project agreement without taking any procedures within ACSL or **LLP P**. Mr. Washiya explains that he caused the agreement to be concluded by **LLP P**, not by ACSL, because the agreement provided for, among others, an investment. There is evidence showing that on February 14, an invoice of 99 million yen was issued from **Company O** to **LLP P** as a capital contribution under the agreement, but it has been confirmed that Mr. Washiya sent an email to **Mr./Ms. h**, ACSL staff, on the same day, saying that Mr. Washiya himself would take care of the matter and so no action would be needed; and therefore, no payment has been made by ACSL and **LLP P** based on the invoice.

According to Mr. Washiya, he explained to **Mr./Ms. m** about the failure to take ACSL's and **LLP P**'s internal procedures necessary for concluding the agreement, to which **Mr./Ms. m** agreed; and Mr. Washiya views that **Company O** is unlikely to seek payment from **LLP P** in the future.

### **(4) Summary**

The ACSL's internal rules require that investment contracts or capital contribution of up to 100 million yen in **LLP P** be resolved by the management committee of **LLP P** and reported to the board of directors of ACSL. Nevertheless, Mr. Washiya did not have the conclusion of the joint project agreement with **Company O** resolved by the management committee of **LLP P** and reported to the board of directors of ACSL.

Therefore, the conclusion of the agreement violates the ACSL's internal rules and constitutes misconduct.

## **7 Company F and Company H**

### **(1) Background and Circumstances of Contract Execution**

Since around September 2024, Mr. Washiya had been in a difficult financial situation, having been unable to repay loans from **Company A**, and concluded loan agreements with **Mr./Ms. d**, then the President and CEO of **Company F**, and repeatedly borrowed and repaid loans. A list of loan agreements concluded between Mr. Washiya and **Mr./Ms. d** (all with a monthly interest rate of 5%, and collectively referred to as the "**Loan Agreements with Mr./Ms. d**") is as follows:

September 20, 2024	10 million yen
September 30, 2024	20 million yen
November 29, 2024	70 million yen
December 2, 2024	5 million yen
January 6, 2025	9 million yen
January 31, 2025	7 million yen
March 4, 2025	600 thousand yen
Total	121.6 million yen

According to Mr. Washiya, **Mr./Ms. d** planned to procure the funds for the loans made on September 20, 2024 and November 29, 2024, 80 million yen in total, by borrowing from a third party, and asked Mr. Washiya to conclude development service agreements between ACSL and **Company F** and between ACSL and **Company H** in order to arrange the appearance of the use of funds necessary for the borrowing. This Investigation could not reveal why **Mr./Ms. d** asked Mr. Washiya to prepare development service agreements not only with **Company F** but also with **Company H**.

**Company F** was established in 2022 with the objective of engaging primarily in research and development of advanced technologies, production and sales of related products, and business related to the fields of renewable energy, where **Mr./Ms. d** served as representative director at that time. On the other hand, **Company H** is a company with its business purposes including design and production of buildings using renewable energy facilities, and business related to power generation, where **Mr./Ms. o** serves as representative director.

The relationship of the three, Mr. Washiya, **Mr./Ms. d**, and **Mr./Ms. o** since the meeting in September 2024 was that they had exchanged information on batteries, and **Mr./Ms. d** assisted the business of **Company T**, a separate **Company** Represented by **Mr./Ms. o** as representative director.

## (2) Preparation of Development Service Agreement and Status of Internal Procedures

According to Mr. Washiya, upon the aforementioned request of **Mr./Ms. d**, Mr. Washiya respectively executed a development service agreement dated November 21, 2024, with ACSL as the client and **Company F** as the contractor (hereinafter referred to as the “**Development Service Agreement 1**”<sup>[\*]</sup><sup>2</sup>) and a development service

---

<sup>2</sup> According to Mr. Washiya, the Development Service Agreement to which **Company F** is a party was originally executed on November 21, 2024, but was subsequently executed again on December 7 of the same year.

agreement dated November 21, 2024, with **Company H** as the contractor (hereinafter referred to as the “**Development Service Agreement 2**”). These agreements stipulate that ACSL will assign development of drone batteries for 100 million yen (30 million yen as prototype development expenses and 70 million yen as evaluation expenses) and that treatment of deliverables will be separately agreed upon in writing between the parties. According to Mr. Washiya, both of these agreements were unsubstantial agreements prepared by using the provisions of other existing contracts, and **Mr./Ms. d** also understood that way; which is exactly why the agreements failed to provide any specific terms on deliverables. In addition, regarding the amount of development expenses, both Mr. Washiya and **Mr./Ms. d** admitted that no detailed statement or estimate was prepared for prototype development expenses and evaluation expenses, and therefore, **Mr./Ms. d** could not reasonably explain that consideration should be payable for deliverables.

Further, according to Mr. Washiya, with regard to the Development Service Agreement 2 with **Company H**, Mr. Washiya prepared the agreement in accordance with **Mr./Ms. d**’s request without discussing it with **Company H**’s representatives.

Furthermore, for the conclusion of the aforementioned agreements, Mr. Washiya failed to take any of the procedures required by the internal regulations of ACSL.

### **(3) Payment under Loan Agreement and Development Service Agreements 1 and 2 with Mr./Ms. d**

Mr. Washiya repaid 80 million yen under the loan agreement with **Mr./Ms. d** and paid the service fees under the Development Service Agreements 1 and 2 on such dates and in such manner as set out in A to C below. According to Mr. Washiya, since the Development Service Agreements 1 and 2 were unsubstantial contracts, the structure of these repayments and payments was essentially a double payment for the same debts, but Mr. Washiya could not resist the strong demand by **Mr./Ms. d**, so he had no choice but to make both repayments and payments. However, unlike the consulting agreements with **Company D**, **Company B**, and **Company C**, there was no outflow of funds from ACSL because Mr. Washiya himself paid the above development service fees. In this respect, Mr. Washiya stated that unlike the consulting agreements, it was considered difficult to have ACSL pay the service fees because, although the Development Service Agreements 1 and 2 were based on the delivery of deliverables, there was no actual performance of the services under the agreements.

#### **A. Repayment of 121.6 million yen under Loan Agreements with Mr./Ms. d**



Using funds borrowed from a third party, Mr. Washiya transferred the principal amount of 121.6 million yen plus interest from his own account to **Mr./Ms. d**'s account multiple times, as shown in the table below, and repaid the full amount.

November 14, 2024	20 million yen
December 4, 2024	3 million yen
December 15, 2024	2 million yen
January 9, 2025	28 million yen
February 14, 2025	7.28 million yen
March 4, 2025	10 million yen
March 17, 2025	600 thousand yen
March 19, 2025	300 thousand yen
March 21, 2025	500 thousand yen
April 8, 2025	22 million yen
April 8, 2025 (2nd time)	8 million yen
May 16, 2025	38.06 million yen

#### B. Payment of service fee under Development Service Agreement 1

Mr. Washiya was requested by **Mr./Ms. d** to pay 27.5 million yen to **Company F** under the name of an advance payment under the Development Service Agreement 1, but he was in a situation unable to make the payment. Accordingly, on February 10, 2025, he contacted **Mr./Ms. g**, the representative director of **Company I**, which had a business relationship with ACSL, including the outsourcing of certain services, and requested **Company I** to make a payment on his behalf. **Mr./Ms. g** accepted Mr. Washiya's request and made a bank transfer to **Company F** representing **Company I** under the name of "ACSL." According to Mr. Washiya, this was done with the intention of creating the appearance that the payment was made by ACSL. Note that while the amount that Mr. Washiya requested **Mr./Ms. g** to pay was 27.5 million yen, the actual payment was only 22 million yen because **Company I** was unable to make the full payment.

#### C. Payment of service fee under Development Service Agreement 2

Mr. Washiya was demanded by **Mr./Ms. d** to pay 27.5 million yen to **Company H** under the name of an advance payment under the fictitious Development Service Agreement 2, and on December 13, 2024, he paid **Company H** 27.5 million yen by transferring the amount from his account.

### (4) Status of Performance of Development Service Agreements 1 and 2

As stated above, according to Mr. Washiya, deliverables of respective Development

Service Agreements had not been clearly agreed upon between the parties. Regarding the Development Service Agreement 1, in early April, 2025, **Mr./Ms. d** delivered to Mr. Washiya, then the representative director of ACSL, a three-page Word file titled “Report on Lithium Iron Phosphate Battery Prototype,” as performance of the obligations under this agreement, and also attempted to provide prototype batteries as deliverables, and asked Mr. Washiya to make an interim payment of 33 million yen as consideration for the prototype batteries. However, Mr. Washiya actually received the Word file only. According to Mr. Washiya, he did not receive such prototype batteries because he did not draw up a budget for Development Service Agreements 1 and 2 by taking the formal internal procedures and was unable to pay 33 million yen in the name of ACSL. The Development Service Agreement 1 stipulates that the due date for the delivery of “deliverables” (prototype batteries and data) described in such report was June 30, 2025, but they have not been submitted to ACSL as of the date of this report. Further, regarding the Development Service Agreement 2, **Company H** was obliged to submit deliverables no later than March 31, 2025, but no deliverables have been submitted to ACSL as of the date of this report.

## **(5) Summary**

Mr. Washiya entered into Development Service Agreements 1 and 2 without following any of the internal procedures of ACSL for the purpose of facilitating his borrowing, which clearly violates the internal rules of ACSL and constitutes misconduct. These agreements are unnatural in many respects in terms of the contract terms, the process to the execution, and the status of performance after the execution, and both Mr. Washiya and **Mr./Ms. d** admit that no detailed statement or estimate was prepared for the development expenses of as great as 100 million yen, and **Mr./Ms. d** could not reasonably explain that consideration should be payable for deliverables; from which it is likely that the agreements are unsubstantial.

Making **Company I** pay part of the payment for **Company F** by concealing that the Development Service Agreement 1 had not been approved by ACSL also constitutes misconduct by Mr. Washiya.

## **Chapter 4      Financial Impact of Misconduct**

The financial impact suffered by ACSL directly from the misconduct (Type 1) identified in this Investigation amounts to 151.8 million yen (the amounts outflowed to **Company B**, **Company C**, and **Company D** are 39.6 million yen, 46.2 million yen, and 66 million yen, respectively).

It should be noted that it is ACSL that is to determine whether or not to revise the above amount of the impact, or to consider how such revision, if it is made, may affect consolidated or individual financial statements in terms of tax calculations, impairment, tax effect accounting, or other factors; and the Committee is not in a position to make such determination or consideration.

## **Chapter 5            Analysis of Cause**

### **Part 1 Lack of Compliance Awareness and Qualifications Required of Representative Director**

Mr. Washiya was facing a sudden and continuous need for money because he needed to divide a large amount of his property due to divorce and also had an additional security deposit arising due to a collateral value falling below the loan value. With these personal situations as a background, he prepared and executed a number of unsubstantiated contracts to use corporate funds for the repayment of his debts, and regarding some of such contracts, gave false explanations to persons concerned within the company, pretended as if they were real transactions, and caused outflows of funds from the **Company A** series of such acts, where he treats the company as if it were his own property, are completely unacceptable as acts of a listed company's executive and also constitute conduct that seriously lacks the awareness of the legal responsibilities and roles of representative directors.

In addition, Mr. Washiya, who was the representative director at that time, selected by himself the parties to be involved in the various contracts that were found to be illegal. By preparing such contracts by himself or using an unauthorized digital seal of ACSL created by himself, he caused many of these contracts to be concluded without obtaining internal approval, and their terms and conditions were also fictitious or nominal. In addition, even in some contracts that were concluded after obtaining internal approval as a matter of form, Mr. Washiya provided false explanations and thereby misled persons concerned within the company by emphasizing that the counterparty was a local government or the convenience for budget execution, and as a consequence, prevented substantial examination or check by the relevant departments and caused such contracts to be performed with the terms remaining unclear. A series of these acts clearly mean that the Representative Director himself intentionally invalidated the internal control system; which shows that if such an unqualified person is assigned a central position of management, it becomes extremely difficult to systematically prevent wrongdoing by that person.

One of the reasons why such a person lacking qualifications for corporate governance was appointed and reappointed as director was that the framework for assessing the qualifications for corporate governance was insufficient in the appointment process. The process previously established for appointing directors in ACSL was that the Board of Directors proposes a candidate and obtains consent from the auditor or other committees. Although certain deliberations took place in that process, no framework had been established to systematically evaluate candidates with focus on their qualifications for

corporate governance (such as sensitivity to corporate ethics, awareness of compliance, financial soundness, and organizational management ability).

## **Part 2 Lack of Transparency in Representative Director's Execution of Business Operations and Hollowing out of Internal Control Functions**

Due to the practice within ACSL where Mr. Washiya led projects related to local governments, there was no system within the company to objectively verify the existence and progress of projects and to check them. At a growing company with a limited number of staff, like ACSL, the decision-making authority tends to be concentrated in representative directors, which has made it easier to accept Mr. Washiya's decisions. In fact, at the time when the misconduct was committed, the decision-making authority over projects related to local governments was held only by Mr. Washiya who was the only representative director at that time.

In fact, all of the transactions in which ACSL's funds outflowed were those with **Company B**, **Company C** and **Company D** led and concluded by Mr. Washiya alone, wherein Mr. Washiya himself selected the parties to be involved and gave plausible explanations to the company as if the counterparty were a company affiliated with the head of the local government, such as "a company retained by the head of the local government," "a company retained by the local government," and "the chairperson (of **Company D**) seems to be acquainted with the head of the local government," in order to justify executing contracts and making substantial advance payments.

However, at the time when the respective projects were approved internally, no document proving the attributes of the parties involved had been submitted. Further, even though Mr. Washiya explained "the central government will grant subsidies to the local government, which then uses the subsidies to place an order with ACSL," there is no corresponding contract or purchase order supporting that an order was actually placed (i.e., documents relating to orders from local governments to ACSL), and the decision to grant subsidies and the progress of the procedures for the grant were not checked based on objective documents. As a result, the contract terms and the actual state of the business execution were not substantially reviewed internally throughout the processes until the execution of contracts and making payments, and the relevant departments including the CFO at that time, which had received plausible explanations from Mr. Washiya about the urgency of local government projects and constraints on budget execution, also had no other choice but to accept the decisions made by Mr. Washiya due to the lack of means and time for sufficiently considering the above factors.

All of the several business partners involved in this Case (such as **Company C**,

**Company B, Company D, and Company E**) are companies managed by a person from whom Mr. Washiya personally borrowed money, or by others related to such a borrower, and the fact is that private transactions were repeated based on his collusive relationships with business partners. In fact, in the misconduct related to the service agreement with **Company E**, even though an invoice was issued and there was a phone call to the main telephone number demanding the payment of the service fee, the contract terms and the actual state of the business execution were not considered sufficiently to discover the misconduct because the process of business execution by Mr. Washiya were already invisible.

As such, the process of selecting business partners and negotiating contracts was left to the discretion of Mr. Washiya, and transactions proceeded based on his collusive relationships with business partners and with no involvement by other officers and employees; which indicates that the process of business execution by Mr. Washiya was seriously invisible.

In such transactions, a step of verifying the appropriateness of the contract terms was not incorporated into the internal approval process, and multiple estimates were not obtained. Given such practice, it is now clear that the company failed to sufficiently establish the internal check function, both systematically and operationally, based on the basic procedures for controlling procurements.

### **Part 3 Weakness of the Governance System in Contract Execution and Disbursement Processes**

In this Case, a large amount of money was disbursed externally from ACSL based on unclear contracts proceeded by Mr. Washiya alone, then representative director, even though they did not involve any substantial business performance. As a matter of form, these disbursements went through the internal approval and contract procedures, and were executed with internal approval. This indicates that the ACSL's internal approval system was structured in a manner that it is incapable of systematically preventing illegal capital outflows by its representative directors.

Behind this is the structural problem that there was no system in place to effectively review and check the terms and risks of highly novel and exceptional transactions, i.e., contracts in which the representative director itself selects and negotiates with new clients, or contracts where a large amount of money is paid in advance. For example, the execution of the contracts with **Company B, Company C, and Company D** were all warranted based only on the explanations provided by the representative director, and the relevant departments did not substantially examine the basic matters to be considered,

such as the appropriateness of the contract terms, feasibility, and the credit evaluation of the clients.

Further, the internal workflow system was structured in a manner that it allows the choice between “advance payment” and “deferred payment,” and when the advance payment is chosen, the approval of the CFO is required for transactions equivalent to or over a certain amount. However, in the case of the advance payments to **Company B**, **Company C** and **Company D**, no additional examination was conducted from the viewpoint of the necessity and reasonableness of the advance payments and default risks, and such advance payments were approved based only on the false explanations by Mr. Washiya. As a result, when Mr. Washiya gave ambiguous explanations such as “need to pay by the end of March to implement the local government budget” which should have been verified, no internal verification or objection was made or raised, which allowed the unclear contracts to be accepted.

In addition, it cannot be overlooked that the standards for referring to the board of directors at that time were excessive from the viewpoint of the scale of business and sales of ACSL and the prevention of misconduct. Specifically, the system was designed in a manner that a contract whose value is less than 100 million yen can be decided exclusively by the representative director(s), which made it possible to disburse tens of millions of yen without examination and check by the board of directors. The establishment of such standards for reference systematically led to the lack of opportunities for the management to identify and control risks, and offered a ground for executing unclear transactions, like the ones in this Case, without the involvement of the board of directors.

Further, regarding the contracts with **Company B**, **Company C**, and **Company D**, it has been confirmed that the payment was made even though the procedures for contract execution had not been completed. These examples are cases in which the purchase application, approval, and payment processes proceeded before the contract became effective, and show the lack of sufficient operational check in the business operation process even though a contract becoming effective should be a condition precedent.

Furthermore, the credit investigation of new business partners was limited to the screening of relationships with anti-social forces, and there was no sharing of specific information such as other attributes of new business partners (such as company size and organization, management history and reputation, financial soundness, market and industry position, and ability to execute business), relationships with introducers and projects, the history of contract negotiations, or other information on the counterparties to or the terms of the transactions. Left unaddressed as a result was the environment in

which business partners backed by Mr. Washiya's personal connections and borrowing relationships could be selected as counterparties to contracts.

The applicants for workflow relating to **Company B**, **Company C**, and **Company D** stated that they felt uncomfortable about the limited information on such business partners and Mr. Washiya's unclear explanation. However, it has been confirmed that they did not take any specific action because they understood, in light of the internal approval process, that they had no authority to raise objections, because they had difficulties mentally in whistleblowing or consulting, and also because they misunderstood that the whistleblowing system was mainly aimed at dealing with harassment. This indicates that the system for identifying risks that may be recognized at an early stage on site had not been established and was not working well.



## **Chapter 6          Proposal of Measures to Prevent Recurrence**

### **Part 1 Qualification Evaluation of Representative Directors and Ensuring Fairness in Appointment Process**

In this Case, the Representative Director, who was in need of funds for his own use, proceeded with baseless transactions, had them formally approved internally, and thereby caused a large amount of funds to flow out of the company. This was caused not only by the defective system operations but also by the lack of qualifications for corporate governance and awareness of compliance in the top management, and it is considered that the internal control system was intentionally invalidated.

To prevent the recurrence of such a situation, it is essential to review the appointment and evaluation process of the management including representative directors, and to develop a system allowing their qualifications to be examined both objectively and substantially. Specifically, the first step should be to establish a Nomination and Remuneration Committee so that the appointment and remuneration of representative directors and candidates for directors are examined objectively also from the viewpoint of external directors. For examining the qualifications of candidates, the next step should be to stipulate the criteria for comprehensive judgment from the perspective of personality and insight, and qualifications for corporate governance (such as sensitivity to corporate ethics, awareness of compliance, financial soundness, independence from interests, and organizational management ability) and apply such criteria both objectively and systematically so as to exclude the arbitrariness in the appointment.

### **Part 2 Ensuring Transparency of Business Execution by Representative Directors**

In this Case, a representative director led new business projects alone and proceeded with the processes from selection of business partners up to the negotiation and execution of contracts at his own discretion, which caused the business execution process to be invisible within the company and resulted in the repeated outflows of funds based on baseless transactions. In order to prevent such invisible business execution process, it is necessary to more strictly supervise the business execution by a representative director and systematically ensure the transparency of business operations.

The specific steps should be to maintain a system where the company has two or more representative directors so that they can check with each other, and require that important business executions, such as contract execution and payment instructions, be confirmed by the relevant department and then be approved by a panel of representative directors. For exceptional transactions, such as new business partners and advance payment contracts, the mechanism of sharing information and multifaceted verification in the

business execution process should be strengthened in the internal approval process by, among others, requiring prior consultation with the relevant department and explanation of substantive terms of the business. In addition, the actions to be taken to prevent collusion with business partners can be to screen new business partners more strictly, audit business partners after appointment, and make it an obligation to obtain multiple estimates at the time of transactions.

### **Part 3 Strengthening Governance System in Contract Execution and Disbursement Process**

In this Case, transactions amounting to some tens of millions of yen led by the representative director were conducted only after they formally passed through the processes for internal approval and contract execution, without any substantive verification or check. To prevent such hollowing-out of corporate governance, it is necessary to review the scope of involvement by the board of directors and systematically strengthen the function to check the decision-making process.

Specifically, the minimum amount for referring to the board of directors, which was previously 100 million yen, should be lowered to an appropriate level in light of the business scale and the nature of transactions, and the criteria should be amended to require the board of directors' deliberation even for any contract amounting to some tens of millions of yen. In addition, contracts involving advance payments in an amount equivalent to or over a certain amount, contracts that are very novel or exceptional, and contracts with parties with which a representative director has a personal relationship should be regarded as high-risk contracts and in principle need to be approved by the board of directors in advance.

Further, regarding the contracts with **Company B**, **Company C** and **Company D**, it has been confirmed that the payment was made even though the procedures for contract execution had not been completed. These examples are cases in which each of the purchase application, approval, and payment processes proceeded while the execution of the contract, which should have been confirmed, was not checked sufficiently, which shows that the check system was not properly functioning in business operations. Therefore, the steps to be taken in the future will be to establish a system where the fact that a contract is executed effectively (including the counterparty's signature) be confirmed clearly also at the time of disbursement, and to ensure that the departments concerned implement the system in practice.

It is also essential to establish a system to substantively screen the appropriateness of contract terms and risks. In contrast to the previous practice of client screening where

the relationship with anti-social forces is checked, it is now also necessary to establish a system to cross-sectionally recognize the contract negotiation process, relationship between a client and a person who introduced the client, clients' ability to carry out business, appropriateness of compensation, or other specific information on counterparties or terms of transactions so that the eligibility of clients as business partners can be assessed substantively.

Further, the Investigation identified some cases where the applicants for workflow relating to business partners stated that they felt uncomfortable about the limited information on business partners and Mr. Washiya's unclear explanation, but could not take any action because they wrongly understood that they had no authority to raise objections or because they had a misunderstanding as to the use of the whistleblowing system. To ensure that such risks recognized at an early stage are identified within the organization, it is necessary to have all fully aware that the whistle-blowing system can be used also for dealing with fraudulent transactions, and further to establish a system to provide opportunities for dialogue with personnel on site so as to create an environment where discomfort can be shared easily.

End