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Nippon Technology Venture Partners  
FISCO Ltd.  
ABBALab inc.  
Tech Bureau, Corp.

# Investment Fund of NTVP, FISCO, and ABBALab Commenced First-Ever Direct Investment in Cryptocurrency and ICO Tokens in Japan

—Fund to Invest Directly in XEM and Other Emerging Cryptocurrencies and the ICO Tokens  
of Tech Bureau—

News Release

Nippon Technology Venture Partners (Head Office: Setagaya-ku, Tokyo, Japan; General Partner: Kazutaka Muraguchi; “NTVP”), FISCO Ltd. (JASDAQ <3807>, Head Office: Minato-ku, Tokyo, Japan; President and CEO: Hitoshi Kano; “FISCO”), and ABBALab inc. (Head Office: Minato-ku, Tokyo, Japan; CEO: Osamu Ogasahara; “ABBALab”) have commenced direct investment in cryptocurrencies and ICO tokens, a first for a Japanese investment fund. The fund will target investment not only in Bitcoin, but also in XEM and other emerging cryptocurrencies showing rapid growth, as well as corporate tokens issued by the COMSA ICO solution provided by Tech Bureau, Corp. (Head Office: Osaka-shi, Osaka, Japan; CEO: Takao Asayama; “Tech Bureau”).

## Background

The market capitalization of cryptocurrencies has reached ¥3 trillion over the 8-year period from 2009, and since April 2017, inflows from statutory currencies have been accelerating. In the ensuing several months, the market capitalization of cryptocurrencies has achieved exponential growth, increasing up to ¥12 trillion. The price of Bitcoin, the most well-known cryptocurrency, has shown an increase of 1,000% over the past two years from about ¥30,000 to ¥300,000. Meanwhile, some emerging cryptocurrencies such as XEM, a cryptocurrency of the NEM project, has recorded growth of 100,000% from about ¥0.2 billion to about ¥200 billion.

Meanwhile, in the global blockchain industry, as of June 2017, the total amount of funds raised by ICOs (Initial Coin Offerings: a method of raising funds through the issuance of cryptocurrencies) had significantly exceeded the amount of funds raised by venture capital firms over the trailing 12 months. In this environment, the blockchain industry has seen the emergence of some venture capital firms, such as U.S.-based Pantera Capital Management LP, which has launched a fund worth \$100 million that specializes in investing in tokens issued by companies through ICOs.

Moreover, in FY2018, inflows of funds from statutory currencies to cryptocurrencies are expected to continue. Although the market capitalization of cryptocurrencies may fluctuate up or down in the short term, a trend of sustained growth in market capitalization is expected over the medium and long terms.

## Direct Investment in Cryptocurrencies

In response to these developments, NTVP, FISCO and ABBALab will start investing directly in cryptocurrencies such as Bitcoin and the emerging currency XEM, as well as in the tokens issued by Tech Bureau and its ICO customers using the COMSA solution.

NTVP is a seed investor of Tech Bureau and has played a pioneering role in Japan as a venture capital investor in startups involved in cryptocurrencies and blockchain technology. Through this initiative, NTVP will expand its investment targets beyond companies to cryptocurrencies and also ICOs through COMSA.

Mr. Kazutaka Muraguchi, General Partner of NTVP, said: “NTVP has supported the development of startups in Japan, such as DeNA Co., Ltd., by successfully investing in their stocks over the long term. To draw an analogy with music, stock investments are like classical music. That is, venture capital investment and IPOs are seen as a classical 20th-century method of increasing capital through stocks. In contrast, ICOs would represent the emergence of rock music. We believe that ICOs are a highly effective, new means of raising funds to develop successful businesses in the 21st century FinTech era. Until now, NTVP has taken the approach of providing effective support to startups by monitoring their governance through stock investments. Going forward, NTVP will also support business development by participating in the corporate development ecosystem in the token market as both a token holder and a venture capital firm. In the process, NTVP’s role as a venture capital firm involved in ICOs will be to help realize the business vision that token-issuing companies seek to achieve through their ICOs. Of course, NTVP will continue to undertake “classical” stock investments targeting startups eyeing conventional IPOs. Not all of its activities will be replaced by ICOs—the equivalent of rock music played on electric guitars. In the 21st century, we believe the day will soon come when the two ecosystems comprising the “classical music” of IPOs and the “rock music” of ICOs will positively interact with one another, serving as dual engines behind the birth of the next “corporate rock stars” in frontier fields of the economy and society. Just as “rock music” was initially seen as the music of teenage delinquents, ICOs may take around 10 years to gain widespread social acceptance. Nonetheless, NTVP believes that the day will soon come when ICOs will produce the next Elvis Presley, Beatles or Michael Jackson.”

Through a Group company, FISCO will form the FISCO Crypto Currency Fund (Provisional), an investment fund specializing in cryptocurrencies, with funding of around ¥1.0 billion. The fund will invest directly in Bitcoin, emerging currencies such as XEM, and ICOs through the COMSA solution.

Hitoshi Kano, President and CEO of FISCO, said, “As a financial information content provider, FISCO has been providing investors with a variety of financial information about stocks, exchange rates, interest rates and so on, while providing optimal investment support services. We are proud of the fact that we have contributed to the formation of rational financial markets through the provision of meaningful information to investors from a fair and impartial perspective. At this time, we have already commenced the distribution of investment information concerning cryptocurrencies. However, in the new cryptocurrency markets, rational markets have not yet taken shape. Through this initiative, FISCO has decided to directly invest in cryptocurrencies through a fund within the

group. Although its positions and roles as an investor are different than those of a financial information content provider, we believe that FISCO is still pursuing the same corporate mission of contributing to the formation of rational markets. We have no hesitation about generating excessive gains compared with other investors as a result of proactively investing in XEM and other cryptocurrencies and ICO tokens, all of which have a promising future. We will become a strong player in the market, deliver superior investment performance and demonstrate that performance to the markets. We believe that doing so is an efficient and effective way of accomplishing our corporate mission. FISCO offers great prospects for delivering a solid investment performance, and we hope you share our excitement for the future.”

ABBALab will expand its investment targets from companies to cryptocurrencies. In addition, ABBALab will also proactively invest in tokens issued by companies through ICOs through the COMSA solution, centered on the IoT field.

Osamu Ogasahara, CEO of ABBALab said, “ABBALab inc. manages a fund that invests in startups engaged in IoT products and services in Japan and the U.S. Major Japanese banks, trading companies, infrastructure businesses, Taiwan-based EMSs, and others have been brought onboard to serve as limited partners in the fund. In the first 18 months since its inception, the fund has produced four companies that have started mass production and sales, and has exited two companies, including a sell-out to a major Japanese social media services provider worth several billions of yen. In order to further increase our investment performance, we will proactively use COMSA to support the ICOs of investees without being restricted by the existing fund-raising and exit strategies of IoT startups. In parallel, we will execute investments in promising cryptocurrencies with an emphasis on XEM, in conjunction with participating in ICO projects.”

In response to these comments by investors, Takao Asayama, CEO of Tech Bureau, said, “As with blockchain technology, it is generally held that ICOs are likely to disrupt existing infrastructure, schemes and market participants, but that is not actually case. We believe that it is the investors and companies that positively embrace ICOs that will disrupt those who choose not to do so. ICOs are likely to expand further as an innovative, robust scheme alongside existing investment schemes. In this climate, I am truly honored that innovative venture capital firms and investment funds have positively recognized Tech Bureau’s COMSA solution and cryptocurrency culture.”

## About ICOs

ICO stands for “Initial Coin Offering” and refers to a method of procuring funds through the issuance and sale of tokens. However, in practice, an ICO does not represent an actual transfer of equity through shares and other such instruments. It merely involves the sale of tokens, much like a purchase-based crowd funding project. Strictly speaking, it is a method of issuing and selling tokens, not a “fundraising” method. The purchasers of an ICO are actually considered to be “Token Purchasers,” not “Investors” who invest in a project.

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- About Nippon Technology Venture Partners (Website: <http://www.ntvp.com/english.html>)

Nippon Technology Venture Partners (NTVP) was founded in 1998 as Japan’s first independent venture capital firm. It has earned a strong reputation as a venture capital firm by supplying seed capital to DeNA Co., Ltd. and Infoteria Corporation during their founding periods. Recently, NTVP has invested in portfolio companies such as Tech Bureau, Corp., which possesses full-scale

blockchain technology and a high-performance cryptocurrency exchange; Life Robotics Inc., which develops collaborative robotics technology; Gruff, Inc. which specializes in big data, and MoDeCH Inc., which is engaged in model based development (MBD). NTVP has announced that it will focus on investing in tokens issued by new startup companies seeking to launch and grow their businesses through ICOs.

■ About FISCO Ltd. (Website: <http://www.fisco.co.jp/en/index.html>)

FISCO is a Japanese financial information vendor that supplies substantial investment information and content to financial market participants through the dedicated terminals of QUICK Corp., Thomson Reuters Corporation, Bloomberg Finance L.P. and others; Internet portal sites such as Yahoo! JAPAN, MSN Japan, and Infoseek Japan; and numerous securities firms. FISCO is a professional group that provides optimal investment support services to investors based on a deep understanding of and insight into investing and the markets. As a COMSA partner, FISCO also plans to distribute ICO-related information to the markets.

■ About ABBALab inc. (Website: <http://abbalab.com/en/index.html>)

ABBALab is an accelerator that invests in and supports the growth of startups seeking to commercialize IoT hardware, along with ancillary services and related technologies, from the prototype phase. ABBALab has invested in startups including GATEBOX Inc.\*, which is developing the world's first virtual home robot that lets users live with the virtual character of their choice, as well as tsumug. inc., the developer of a connected smart lock system designed to streamline real estate rental operations; Enowa Co., Ltd., which is working to develop a smart water gate that will enable the farming of rice with stable quality; and Arblet Inc., which is developing medical solutions to visualize changes in the body caused by personal behavior. ABBALab will support the ICOs of startups involved in the IoT and hardware sectors.

\*Became a consolidated subsidiary of a company listed on the First Section of the Tokyo Stock Exchange as of March 2017.

■ About Tech Bureau, Corp. (Website: <http://techbureau.jp/>)

Tech Bureau, Corp. is a Crypto-Fintech Lab developing software and services related to cryptocurrency and blockchain technologies. Tech Bureau provides the private blockchain product mijin and the cryptocurrency exchange Zaif, in addition to undertaking contract-based development of blockchain technology and supplying the ICO solution COMSA.

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