



October 10, 2018

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Notice Regarding Transfer of Business to Equity Method Affiliate

Fisco Cryptocurrency Exchange (FCCE), an equity method affiliate of FISCO, Co. Ltd., passed a resolution at a Board of Directors' meeting on October 10, 2018 to conclude a business transfer agreement with Tech Bureau, Corp. regarding the transfer of business for Tech Bureau's cryptocurrency exchange "Zaif" to FCCE.

1. Reason for Business Transfer

FCCE reviewed the system for its cryptocurrency exchange on September 12, 2018, separating and becoming independent from a white label OEM system from the Zaif cryptocurrency exchange operated by Tech Bureau. FCCE then commenced operations with a cryptocurrency exchange system (henceforth "the new system") provided by CCCT, Inc., a wholly owned subsidiary of CAICA, Inc.

Around this time, Tech Bureau, Inc. sustained damages from hacking due to unauthorized access from the outside to a portion of Zaif's hot wallets used to deposit and withdraw currency; Tech Bureau confirms a portion was an illegal outflow from the cryptocurrency exchange it managed. Given the circumstances, FISCO Digital Asset Group (hereafter "FDAG"), the wholly owning parent company of FCCE and FISCO's equity method affiliate, concluded a basic agreement with Tech Bureau that stipulated ¥5.0 billion in financial support, eventual attainment of a majority of Tech Bureau's shares, and dispatch of more than half of its Directors and one Auditor to Tech Bureau. While the details of specific measures addressing damages to Zaif users are under consideration, a formal business transfer agreement for the Zaif business to FCCE was concluded to rapidly make customer protection an utmost priority and curtail stagnation of the entire cryptocurrency business industry due to damage from this hacking incident, as well as reduction of the market. It has been decided that all of Zaif's services will be passed to FCCE including handled cryptocurrency, exchanges, vendors, credit transactions and Bitcoin AirFX. FCCE will also carry out the return of cryptocurrency that Zaif users lost in the outflow during the hacking incident, etc. (including debt for payment in kind for reasonable amounts of money).

2. Details Regarding Transfer of Business

- (1) Business to be transferred:
"Zaif" cryptocurrency exchange business

(2) Transfer value and payment method

Transfer value	An amount excluding expenses in response to the hacking incident within the ¥5,500 million in financial assistance provided to Tech Bureau.
Payment method	Cash

3. **Fund Procurement Method for Transfer of Business**

“First Series of Unsecured Convertible Bonds with Stock Acquisition Rights” will be issued at FDAG to procure ¥4,200 million. The remaining ¥1,300 million will be paid by the Group with cash and / or cryptocurrency.

4. **Transfer Schedule**

(1) Board of Directors voting date	October 10, 2018
(2) Transfer agreement conclusion date	October 10, 2018
(3) Tech Bureau Shareholders' Meeting voting date	November 19, 2018
(4) Business transfer date of effect	November 22, 2018 (tentative)*

*Conditional upon approval at Tech Bureau Shareholders' Meeting