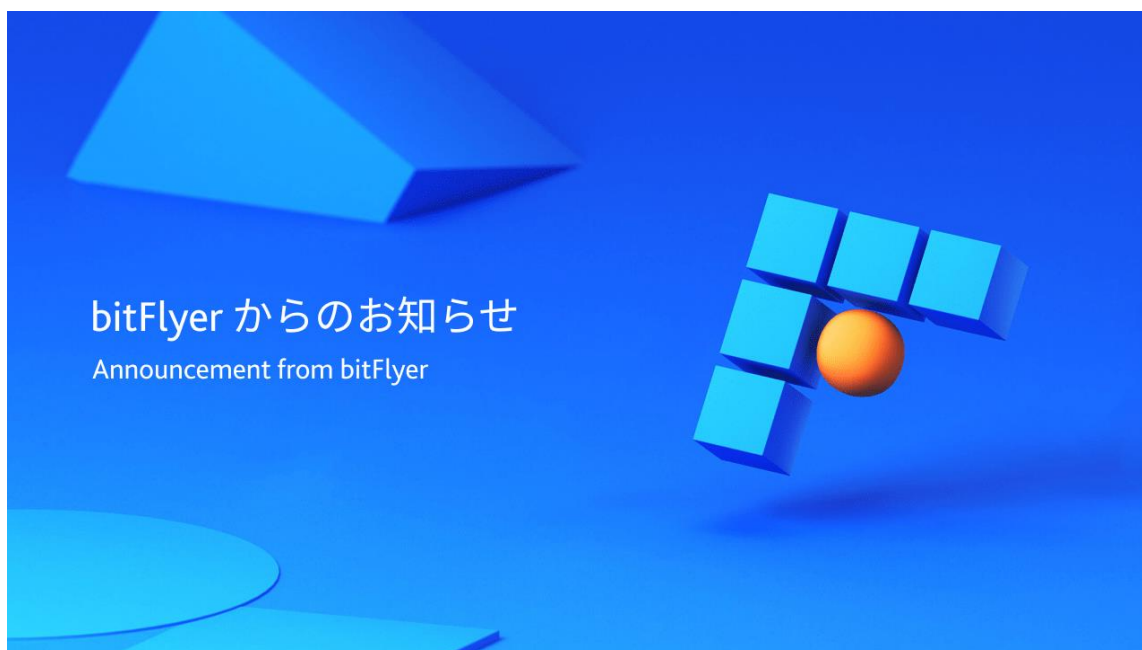


bitFlyer's Response to the Hacking Incident Reported at the Foreign Crypto Asset Exchange Bybit

Following reports that a hacking incident at the foreign crypto asset exchange Bybit resulted in the siphoning off of approximately JPY 210 billion worth of Ethereum (ETH) and other crypto assets, BitFlyer Inc. (Headquarters: Minato-ku, Tokyo; CEO: Yuzo Kano; hereinafter “bitFlyer”) has thoroughly reconfirmed the security of its customer assets and systems. It was verified that no irregularities have occurred and that the assets of all bitFlyer customers are managed safely as usual.

bitFlyer will continue to prioritize security measures and the protection of customer assets to provide a safe and secure trading environment.



Safety Confirmation after the Report

After the incident came to light, bitFlyer carefully re-examined the status of customer assets in custody, analyzed relevant blockchain data, and reviewed the safety and operational status of all systems. It was verified that no irregularities have occurred and that the assets of all bitFlyer customers are managed safely as usual.

bitFlyer Security and Asset Protection Measures

bitFlyer considers security measures and the protection of customer assets as its top management priority. Since its founding, bitFlyer has consistently provided crypto asset trading services without any hacking incident. All crypto assets entrusted to bitFlyer are stored in cold wallets that are completely isolated from the network. In addition, bitFlyer does not use any wallets developed by external vendors. Strong security is

guaranteed through in-house developed wallets, whose architecture is verifiable*1. Furthermore, physical access to the cold wallets is strictly controlled, and multiple physical and technical security measures are in place when transferring crypto assets from the cold wallets. With such a comprehensive system in place, the assets of bitFlyer's customers are always strictly protected.

Caution Regarding Sending Assets to Bybit

In November 2024, the Financial Services Agency issued a warning to Bybit Fintech Limited, the operator of Bybit, for conducting crypto asset exchange business without registration*2. Since unregistered operators have not implemented legally mandated customer asset protection measures, there is a risk that users' assets may not be protected. bitFlyer assumes no responsibility for crypto assets that are transferred from bitFlyer to Bybit.

*1 However, for the three ZPG tokens issued on the private blockchain "Miyabi" developed by our affiliate company, bitFlyer Blockchain Inc., wallets developed by ANDGO Inc. are used.

*2 Source: "Regarding Entities Conducting Crypto Asset Exchange Business Without Registration (Bybit Fintech Limited)" published by the Financial Services Agency:

https://www.fsa.go.jp/policy/virtual_currency02/bybit_fintech_limited_keikokushiryo.pdf

About the bitFlyer Group

Founded in 2014 with the mission to "Simplify the World with Blockchain", bitFlyer has achieved the No. 1* in Bitcoin trading volume in Japan for nine consecutive years thanks to the patronage of its customers. The company has developed its crypto asset trading business globally with its group companies bitFlyer USA, Inc. and bitFlyer EUROPE S.A. bitFlyer Blockchain, Inc. has developed and is offering its proprietary blockchain platform, Miyabi, which is being utilized as the underlying infrastructure for tokens listed on crypto asset exchanges. Additionally, Custodiem, Inc. is preparing to launch a new crypto custody business, anticipating the increasing demand from institutional investors entering the crypto asset market. By harnessing synergies across the group to expand globally within the web3 ecosystem, the Group is striving to become Asia's leading web3 company.

Official website: <https://bitflyer.com>

*Annual trading volume, including contract for difference trading and futures trading, among domestic crypto asset exchange operators from 2016 to 2024.

(This data was aggregated by bitFlyer based on statistical information published by the Japan Virtual and Crypto assets Exchange Association and trading data disclosed by domestic crypto asset exchange operators. For the statistical information from the Japan Virtual and Crypto assets Exchange Association, data from 2018 onwards was referenced.)

Disclaimer (Please read carefully):

- Crypto assets are not a legal tender.
- Crypto assets may be used to settle a payment only in the event that the person receiving the payment agrees.
- Buying/selling crypto assets or exchanging them for other crypto assets are transactions which may result in losses incurred from price fluctuations of crypto assets. It is possible that the price of crypto assets declines due to influences from changes in balance of supply and demand, trends on prices of goods, currencies and other markets, as well as changes in situation related to crypto assets.
- Trading with over-the-counter crypto asset derivatives may cause losses, because their trading price may fluctuate in either way due to influence from changes in balance of supply and demand of over-the-counter crypto asset derivatives on our platform as well as indirect influence from price changes of the crypto assets referred by those over-the-counter crypto asset derivatives.
- Over-the-counter crypto asset derivative trades are trades in which the notional amount, which is the product of the trading price and the open interest volume, can be larger than the amount of the margin deposit. Therefore, the amount of loss incurred may be larger than the amount of margin deposit if the notional amount fluctuates to a greater extent than the amount of margin deposit to your disadvantage due to changes in balance of supply and demand of over-the-counter crypto asset derivatives or price fluctuations of the crypto assets referred by the derivatives.
- The margin deposit size for over-the-counter crypto assets derivatives must be no less than 50% of the notional amount, while the notional amount must be no more than 2 times the margin deposit. (Both for individual customers.) More information can be found on our "[What is bitFlyer Crypto CFD?](#)" page.
- When making purchases or sales of crypto assets on Buy/Sell, or exchanging them for other crypto assets, customers bear the spread. The spread is the difference between the purchase and selling prices. The fees incurred when buying or selling crypto assets, exchanging them for other crypto assets or over-the-counter crypto asset derivatives as well as the calculation methods for the corresponding fees can be found on our "[Fees and Taxes](#)" page.
- Over-the-counter crypto asset derivatives are negotiated transactions between you and bitFlyer, Inc. which is the counterparty for you on those derivatives.
- You should thoroughly read and understand all of our documents that require user agreement. Trade at your own risk and judgment.

bitFlyer, Inc.

Director-General of the Kanto Finance Bureau No. 00003

Financial Instruments Business Kanto Local Finance Bureau (FIBO) No. 3294

Member of Japan Virtual and Crypto asset Exchange Association, which is Certified Association for Payment Service Providers as well as Financial Instruments Firms Association

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