

METAPLANET

Metaplanet Inc.

Offering of 180,000,000 Shares of Common Stock

OFFER PRICE: ¥● PER SHARE

This offering circular relates to an offering of 180,000,000 newly issued shares of common stock of Metaplanet Inc., a joint stock corporation incorporated under the laws of Japan. The number of shares to be sold in the offering may be increased to up to 555,000,000 newly issued shares of our common stock depending on investor demand and market conditions. The number of shares to be sold is expected to be decided on the date of the pricing of the offering. Assuming that the number of shares to be newly issued is increased to 555,000,000, the number of our fully diluted shares of common stock would exceed our currently authorized share capital. Any increase in the number of shares to be newly issued that would exceed our currently authorized share capital is subject to shareholder approval of a proposed increase in our authorized share capital at our extraordinary general meeting of shareholders scheduled for September 1, 2025. The shares are being offered outside Japan by the joint lead managers named in this offering circular.

The shares are being (i) offered by the joint lead managers in offshore transactions outside the United States and Japan in reliance on Regulation S under the U.S. Securities Act of 1933, as amended, or the Securities Act, and (ii) placed inside the United States through U.S. broker-dealer affiliates or U.S. selling agents of the joint lead managers to persons reasonably believed to be “qualified institutional buyers,” as defined in Rule 144A under the Securities Act, in reliance on Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the shares, see “Transfer Restrictions” and “Offering and Sale.”

The shares of our common stock are listed on the Standard Market of the Tokyo Stock Exchange. On August 26, 2025, the closing price of our shares on the Tokyo Stock Exchange was ¥842.

Investing in the shares involves risks. See “Risk Factors” beginning on page 11 of this offering circular.

The shares are offered by the joint lead managers subject to receipt and acceptance of any order by them and subject to their right to reject any such order in whole or in part. It is expected that payment for the newly issued shares to be sold by us will be made in yen for value in Tokyo on or about ●, 2025 (Tokyo time) and that delivery of the shares will be made through the book-entry facilities of Japan Securities Depository Center, Inc., or JASDEC, in Tokyo on or about ●, 2025 (Tokyo time). See “Clearance and Settlement” and “Offering and Sale.”

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND, SUBJECT TO THE EXCEPTIONS REFERRED TO IN THIS OFFERING CIRCULAR, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

Joint Bookrunners and Lead Managers

Morgan Stanley

Cantor

The date of this offering circular is ●, 2025.

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AVAILABLE INFORMATION

We have agreed that, for so long as any of the shares are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, nor exempt from reporting requirements thereunder pursuant to Rule 12g3-2(b) under the Exchange Act, we will provide to each holder of restricted securities and to each prospective purchaser (as designated by the holder) of restricted securities, upon request of the holder or prospective purchaser, the information required to be provided by Rule 144A(d)(4)(i) under the Securities Act. This undertaking is intended to be for the benefit of the holders, and the prospective purchasers designated by the holders, from time to time, of restricted securities.

No person has been authorized in connection with the offering to give any information or to make any representation other than as contained in this offering circular and, if given or made, such information or representation must not be relied upon as having been authorized by us, the joint lead managers or any U.S. selling agent of the joint lead managers. No action has been, or will be, taken to permit a public offering of the shares in any jurisdiction where action would be required for that purpose. Accordingly, the shares offered hereby may not be offered or sold, directly or indirectly, and this offering circular may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither delivery of this offering circular nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SHARES COVERED BY THIS OFFERING CIRCULAR HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS OFFERING CIRCULAR OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE UNDER THE LAWS OF THE UNITED STATES.

This offering circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire shares. Distribution of this offering circular to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of its contents without our prior written consent is prohibited. Each person

receiving this offering circular acknowledges that (i) such person has not relied on the joint lead managers, any U.S. selling agent of the joint lead managers or any person affiliated with the joint lead managers in connection with its investigation of the accuracy of such information or its investment decision and (ii) no person has been authorized to give any information or to make any representation concerning us or the shares offered by this offering circular other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by us the joint lead managers or any U.S. selling agent of the joint lead managers.

The shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA, and may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident in Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any applicable laws, rules, regulations and governmental guidelines of Japan.

The shares have not been and will not be registered under the Securities Act, or with any securities authority of any State of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The shares are being (i) offered by the joint lead managers in offshore transactions outside the United States and Japan in reliance on Regulation S under the Securities Act, and (ii) placed inside the United States through U.S. selling agents of the joint lead managers to persons reasonably believed to be “qualified institutional buyers,” as defined in Rule 144A under the Securities Act, in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the shares may be relying on the exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the shares and the distribution of this offering circular, see “Offering and Sale” and “Transfer Restrictions.”

SHORT SALE RESTRICTIONS

In connection with the offering, we have filed an extraordinary report with the relevant authority in Japan pursuant to the FIEA. We hereby advise you that, under the FIEA and the regulations thereunder, it is unlawful for any investor who has sold short, has asked a broker for a short sale or has asked a broker to intermediate a short sale of, securities of the same class as are included in the offering, within a specified restricted period on any financial instrument exchange (excluding off-auction (*tachiai gai*) trading on a financial instrument exchange market) or any proprietary trading system in Japan, to settle the borrowing of securities with respect to such short sale with securities to be purchased by such investor in the offering. For the purpose of this notice, the “specified restricted period” referred to above shall mean a period commencing on the day immediately after the date on which the above-mentioned extraordinary report has been filed and made publicly available and ending at the time when any amendment thereto regarding the pricing of the offering is filed and made publicly available; and “borrowing” shall include any purchase under any resale agreement or other similar arrangement.

Registered securities brokers in Japan are prohibited from selling securities in the offering to any investor who intends to participate therein in order to settle the borrowing of securities with respect to any restricted short sale, as described in the paragraph above.

Disclosure of Demand and Allocation

Each prospective purchaser who places an order for shares consents to the disclosure by the joint lead managers to us of the prospective purchaser’s identity, the details of such order and the actual amount purchased, if any.

Singapore Securities and Futures Act Product Classification

Section 309B(1) Notification—In connection with Section 309B of the Securities and Futures Act, 2001 of Singapore (the “SFA”), the shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in Monetary Authority of Singapore Notice SFA 04-N12: Notice on the Sale of Investment Products and Monetary Authority of Singapore Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Investors in the European Economic Area

This offering circular is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). This offering circular has been prepared on the basis that any offer of shares in any member state of the European Economic Area (the “EEA”) (each, a “Relevant State”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the shares. Accordingly, any person making or intending to make an offer in that Relevant State of shares which are the subject of the placement contemplated in this offering circular may only do so in circumstances in which no obligation arises for us or the joint lead managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither we nor the manager has authorized nor do we or the joint lead managers authorize the making of any offer of shares in circumstances in which an obligation arises for us or the joint lead managers to publish a prospectus for such offer. Neither we nor the joint lead managers have authorized nor do we or the joint lead managers authorize the making of any offer of shares through any financial intermediary, other than offers made by or on behalf of the joint lead managers which constitute the final placement of shares contemplated in this offering circular.

Notice to Investors in the United Kingdom

This offering circular is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “UK Prospectus Regulation”). This offering circular has been prepared on the basis that any offer of shares in any member state of the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the shares. Accordingly, any person making or intending to make an offer in that Relevant State of shares which are the subject of the placement contemplated in this offering circular may only do so in circumstances in which no obligation arises for us or the joint lead managers to publish a prospectus pursuant to section 85 of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither we nor the joint lead managers has authorized nor do we or the joint lead managers authorize the making of any offer of shares in circumstances in which an obligation arises for us or the joint lead managers to publish a prospectus for such offer. Neither we nor the joint lead managers has authorized nor do we or the joint lead managers authorize the making of any offer of shares through any financial intermediary, other than offers made by the joint lead managers which constitute the final placement of shares contemplated in this offering circular.

There are restrictions on the offer and sale of the shares in the United Kingdom. All applicable provisions of the FSMA with respect to anything done by any person in relation to the shares in, from or otherwise involving, the United Kingdom must be complied with. See “Offering and Sale.” In the United Kingdom, this offering circular is for distribution only to, and is only directed at, qualified investors (as defined in the UK Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “Relevant Persons” for purposes of this Notice to Investors in the United Kingdom). This offering circular is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this offering circular, “we,” “us,” “our,” “our group,” “the company” or “Metaplanet” refer to Metaplanet Inc. and its consolidated subsidiaries or, as the context requires, Metaplanet Inc. on a non-consolidated basis.

In this offering circular, when information has been extracted from our financial statements and is presented in thousands, millions or billions of yen, amounts of less than one thousand, one million or one billion, as the case may be, have been truncated. For other information presented in thousands, millions or billions of yen, amounts of less than one thousand, one million or one billion, as the case may be, have been truncated unless otherwise specified. In this offering circular, where information is presented as percentages, amounts less than one-tenth of one percent or one-hundredth of one percent, as the case may be, have been rounded unless otherwise specified. Accordingly, figures presented in tables in this offering circular may not total due to such truncating and rounding. In this offering circular, references to “yen” or “¥” are to the lawful currency of Japan. References to “U.S. dollar,” “dollars,” “US\$” or “\$” are to the lawful currency of the United States.

References to “bitcoin” or “BTC” are to bitcoin. References to our “bitcoin holdings” are to the bitcoin we hold in offline, or “cold,” storage. References to our “bitcoin NAV” are to the aggregate market value in yen of our bitcoin holdings. Consistent with what we believe is market practice, our bitcoin NAV does not represent a “net” asset value.

Our financial statements are prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP, which differ in certain significant respects from accounting principles generally accepted in other jurisdictions, including the United States, or U.S. GAAP, as well as International Financial Reporting Standards, or IFRS. All quarterly financial data is derived from unaudited quarterly financial statements. Our fiscal year-end is December 31 of each year. In this offering circular, references to a specific year or years are to calendar years unless otherwise noted.

Our audited consolidated financial statements as of and for the fiscal years ended December 31, 2022, 2023 and 2024 and our unaudited quarterly consolidated financial statements as of June 30, 2025 and for the six-month periods ended June 30, 2024 and 2025 are included elsewhere in this offering circular.

THIRD-PARTY INFORMATION

We make statements in this offering circular about our competitive position, and include statistics relating to industry and general economic trends. We have made these statements on the basis of statistics and other information from third-party sources, such as governmental agencies and industry or general publications that we believe are reliable, and estimates derived from such information. Although we have no reason to believe any of this information is inaccurate in any material respect, we have not independently verified and cannot assure the accuracy of the data provided by or derived from third-party sources.

FORWARD-LOOKING STATEMENTS

This offering circular contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements appear in a number of places in this offering circular and include statements regarding the intent, belief or current expectations of our management with respect to our business, results of operations and financial condition. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “probability,” “project,” “risk,” “seek,” “should,” “target,” “will,” “would” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate.

Potential risks and uncertainties we face include, without limitation, those identified and discussed in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this offering circular. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this offering circular. We disclaim any obligation to update, or to announce publicly any revision to, any of the forward-looking statements contained in this offering circular to reflect future actual events or developments.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a Japanese corporation organized under the laws of Japan. A majority of our directors and corporate auditors reside outside the United States, and a substantial portion of our assets and the assets of such persons are located outside of the United States. As a result, it may not be possible for holders or beneficial owners of shares of our common stock to effect service of process within the United States or elsewhere outside Japan upon us or such persons or to enforce against us or such persons judgments obtained in U.S. courts or elsewhere, whether or not predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States or any state thereof. Anderson Mori & Tomotsune, our Japanese counsel, has advised us that in original actions or in actions for enforcement of judgments of U.S. federal or state courts brought before Japanese courts there is, in general, doubt as to the enforceability of liabilities based solely on U.S. federal and state securities laws.

STABILIZATION

In connection with the offering, Morgan Stanley & Co. International plc (the “stabilizing manager”) or any other person acting for the stabilizing manager may over-allot the shares or effect transactions with a view to supporting the market price of the shares at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilizing manager or any other person acting for the stabilizing manager will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the shares is made and, if begun, may cease at any time but must end no later than the earlier of 30 days after the date of the allotment of the shares. Any stabilization action or over-allotment must be conducted by the stabilization manager, or any other person acting for it in accordance with all applicable laws and rules.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the detailed information and our consolidated financial statements and related notes, contained elsewhere in this offering circular. Prospective investors should carefully consider the information set forth under the caption “Risk Factors” and all other information set forth in this offering circular.

Metaplanet Inc.

Overview

We are a fast-growing bitcoin treasury company based in Japan with a strong track record of rapid bitcoin accumulation. As of August 25, 2025, we believe we were also the largest bitcoin holder publicly listed in Asia and the fifth largest publicly listed bitcoin holder globally, according to publicly available information. In April 2024, we executed a strategic transformation of our business by adopting a bitcoin treasury strategy, establishing bitcoin as our core treasury reserve asset. Since adopting a bitcoin treasury strategy, we have rapidly grown our bitcoin reserves from an initial purchase of 97.85 bitcoin in April 2024 to 18,991 bitcoin as of August 25, 2025.

Our Bitcoin Treasury Business segment has been our principal line of business since we executed our strategic transformation in April 2024. In our Bitcoin Treasury Business segment, we strategically accumulate and manage bitcoin in order to create long-term value for our shareholders. In addition, we engage in bitcoin derivatives transactions including the sale of cash-secured bitcoin put options, which we refer to as our bitcoin income generation business, in order to generate income and cash to support our operations. In addition, In our Hotel Business segment, we manage one commercial real estate holding, Hotel Royal Oak Gotanda, as a legacy of our previous focus on hotel operations under our Hotel Business.

We believe that we have significant competitive advantages in expanding our bitcoin holdings due to unique aspects of the regulatory and market environment in Japan, including tax advantages for individuals investing in our shares compared to holding bitcoin directly, eligibility of our shares in tax-advantaged accounts, the non-existence of bitcoin ETPs in Japan and low-yield environment that creates opportunities for us to address investor demand for higher returns. We also believe that our unique bitcoin income generation business leveraging our management’s derivatives expertise differentiate us from other bitcoin-focused companies.

We aim to continue to grow our bitcoin reserves by acquiring bitcoin with funds raised through innovative financing strategies. To the extent that we can continue to finance purchases of bitcoin through common stock issuances that result in accretion to bitcoin per share, we will aim to continue to pursue equity financing. In addition, we are also positioned to employ other financing options, such as preferred stock that we may issue in the future if shareholder approval is obtained, which can provide flexibility at a stage when acquiring bitcoin through common stock issuances becomes less accretive to bitcoin per share.

Our Strengths

Largest Bitcoin Holder Publicly Listed in Asia with Track Record of Rapid Growth

Since adopting our bitcoin treasury strategy in April 2024 with an initial purchase of 97.85 bitcoin, we have achieved a strong track record of rapid growth in our bitcoin holdings, which were 18,991 bitcoin as of August 25, 2025. Between June 30, 2024 and August 25, 2025, we increased our bitcoin per 1,000 fully diluted issued shares (excluding shares issuable under unexercised moving strike warrants) from 0.000619 to 0.0206633, despite primarily funding our bitcoin acquisitions through issuances of common stock. According to publicly available information, we believe that this has made us the largest holder of bitcoin publicly listed in Asia and the fifth largest publicly listed holder of bitcoin globally, each as of August 25, 2025.

We believe that the bitcoin market is currently experiencing a “gold rush” as an increasing number of corporations, including other bitcoin treasury companies, seek to acquire bitcoin. Under these conditions, we believe we have a strong position as one of the first movers globally with a strong track record and established scale, creating the potential for us to continue to scale faster in terms of the absolute size of our bitcoin holdings than newly emerging competitors. Because the total supply of bitcoin is limited, to the extent our competitors and other market participants also seek to buy and hold bitcoin over the long term, we believe our early lead, demonstrated platform of fundraising from the capital markets and commitment to continue to grow our bitcoin holdings create potential for us to remain one of the largest publicly listed holders going forward.

In addition, as we believe we are seen as one of the market leaders among bitcoin treasury companies, we believe we may be unique in Japan in possessing the scale and prominence to raise funds through less traditional financing arrangements that may further drive acquisitions of bitcoin that are accretive to our bitcoin per share, including preferred stock with dividend rights.

As a result, as of June 30, 2025, the number of our registered common stockholders has exceeded 128,000, which has increased by over 11 times since December 31, 2023. This figure likely underestimates the true number of shareholders, as a large percentage of our shares are now held through foreign securities firms like National Financial Services, Charles Schwab and Interactive Brokers, where multiple shareholders are combined under a single name on our shareholder register, demonstrating the strong support we have gained from overseas investors.

Positioned to Capture Investor Demand by Providing Unique Value to Japanese Investors

As the largest bitcoin treasury company in Japan in terms of bitcoin holdings, we are positioned to provide unique value to Japanese investors seeking to gain bitcoin exposure due to a variety of “arbitrage”-like advantages of holding our common stock, rather than spot bitcoin, based on current regulations in Japan. We accordingly believe that our incorporation and stock exchange listing in Japan support the robust investor demand for our common stock, including among overseas investors, and create attractive financing opportunities for us. These key advantages include:

- *Preferential tax regime.* For individuals in Japan, realized gains and losses on spot bitcoin are taxed as “miscellaneous income,” which is aggregated with earned income and taxed at the individual’s marginal rate, which can be potentially over 55%. In addition, gains and losses on spot bitcoin cannot offset capital gains or losses, and losses cannot be carried forward to future tax years. In contrast, capital gains tax on Japanese listed shares is approximately 20.3%, gains and losses can offset those of other capital investments, and losses can be carried forward to future tax years.
- *Eligibility for tax-advantaged accounts.* The Nippon Individual Savings Account (“NISA”) program is a form of tax-advantaged savings available to Japanese individual investors. As of March 31, 2025, there were approximately 26.4 million NISA accounts, and the amount of purchases through NISA accounts was more than ¥17 trillion in 2024, according to the Financial Services Agency of Japan. Japanese individual investors can invest in our common stock through NISA accounts but cannot currently invest in spot bitcoin or spot bitcoin ETPs (as discussed below).
- *No availability of spot bitcoin ETPs.* Because spot bitcoin ETPs are generally available through ordinary brokerage accounts, they can broaden bitcoin exposure to investors who are unable or unwilling to purchase spot bitcoin through digital assets exchanges. However, spot bitcoin ETPs are not currently permitted to be domiciled in Japan, and foreign-domiciled bitcoin ETPs are generally unavailable through brokerage accounts of Japanese individual investors.
- *Low-yield environment.* We believe that the persistent low interest rate environment and limited availability of high-yield investment products in Japan provide opportunities for us to raise funds by accessing demand for fixed-income products with relatively higher yields, such as through potential issuances of preferred stock that is currently subject to shareholder approval. See “—Our Strategies—Employ Leverage for Accretive Bitcoin Acquisitions with Potential to Apply Leverage in the Future.” In addition, we believe we have been able to acquire bitcoin using yen-based debt and other funding at low cost due in part to Japan’s low interest rate environment, and lower interest rates than those generally available to individual investors for spot bitcoin purchases.

For the above reasons, among other generally applicable factors such as our access to best-in-class custody arrangements due to the negotiating strength derived from our large scale, Japanese individual investors seeking exposure to bitcoin may prefer to invest in our common stock instead of spot bitcoin or other methods of gaining bitcoin exposure currently available. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock,” “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin,” and “Risk Factors—Risks Related to Our Common Stock Generally.”

Unique Bitcoin Income Generation Strategy

We require a certain amount of cash flow for our ongoing operations, and as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock,” we have taken steps to enable the issuance of dividend-paying preferred stock in the future to finance future bitcoin acquisitions and optimize our BTC yield. Because we in principle do not intend to sell our bitcoin holdings absent extraordinary circumstances, starting in the fourth quarter of 2024, we have implemented a synergistic method to generate revenue from bitcoin derivatives transactions.

Our bitcoin-based revenue generation strategy principally involves selling cash-secured put options on bitcoin, with strike prices set near prevailing spot prices at the time of the option sale. As we otherwise seek to use all of our available cash for bitcoin purchases, we view these put option sales as a way to generate revenue while positioning ourselves to acquire bitcoin at levels we view as attractive if bitcoin’s market price declines. As we see it, even if bitcoin’s market price decreases and the option is exercised, we were able to purchase bitcoin at the strike price, which we would have otherwise done on the contract date with the cash used to secure the option. Moreover, we receive option premiums whether or not the options are exercised. Based on our management’s expertise with derivatives markets, we believe this is an attractive method to generate revenue and cash that many other bitcoin-related business may find difficult to replicate.

In the six months ended June 30, 2025, we recorded bitcoin treasury business segment profit of ¥1,641 million, substantially all of which was from our bitcoin income generation business, while our selling, general and administrative expenses for such period were only ¥652 million. As we believe we can continue to scale revenue from this business exceeding our currently contemplated operational cash needs, we aim for it to be a key support for our funding strategies going forward, which could include the payment of fixed dividends under preferred stock should we issue any in the future.

Execution by Experienced Management

Our senior management has extensive experience in the financial industry, which we believe has supported our growth to date, including our nascent bitcoin income generation business discussed above, and will continue to distinguish us from many of our competitors. In particular, Simon Gerovich, our Representative Director & President, formulated and led our strategic shift to a bitcoin treasury strategy, and uses his prior experience as an equity derivatives trader at Goldman Sachs to guide the success of our income generation strategies. Dylan LeClair, our Head of Bitcoin Strategy, brings extensive experience as a thought leader in cryptocurrency, and previously played a key role in acquisition strategies at UTXO Management, a bitcoin focused hedge fund. The other members of our management team also bring a diverse range of experience in finance and other industries.

Our Strategies

Continue to Accumulate Bitcoin through Expanded Use of Yen Financing Methods

As discussed in “—Our Strengths—Largest Bitcoin Holder Publicly Listed in Asia with Track Record of Rapid Growth” above, we believe maintaining and enhancing our position as one of the largest public bitcoin treasury companies will continue to drive shareholder value going forward. We intend to capitalize on the strengths discussed above to continue to rapidly acquire bitcoin. Specifically, our current aim is to acquire 210,000 bitcoin by the end of 2027, or 1% of bitcoin’s generation limit, while continuing to increase our bitcoin per share. We view this figure as a minimum we aim to attain by the end of 2027, and to the extent financing is available to us on attractive terms, we will seek to acquire bitcoin to the extent possible even in excess of our goal.

We aim to raise the substantial funds necessary to reach our goal through expanded use of yen-denominated financing methods. We intend to continue to issue common stock, including in connection with moving strike warrants, to tap Japan’s robust equity markets. However, expanding our financing methods used to date, we also aim to make significant use of fixed income markets, potentially through preferred stock. This could allow us to reach other large sources of potential demand for our securities, as Japan’s household financial assets are estimated at approximately ¥2,200 trillion (or roughly \$15 trillion) as of March 31, 2025 according to the BoJ.

Continue to Execute Accretive Common Stock Issuances

Even as bitcoin's market price has risen, we have steadily increased our bitcoin per fully diluted issued share (excluding shares issuable under moving strike warrants), which we have largely accomplished through common stock issuances. We have been able to accomplish this because an issuance of common stock at times when our enterprise value, which we define as the sum of the total market capitalization of our common stock and our outstanding indebtedness, exceeds our bitcoin NAV, or the total market value of our bitcoin reserves, followed by an immediate purchase of bitcoin at market prices has the effect of increasing to our bitcoin per share. We refer to the multiple of our enterprise value divided by our bitcoin NAV as our "market Net Asset Value" or "mNAV" for short. Since the adoption of our bitcoin strategy in April 2024, our mNAV has consistently been above 1x, indicating that our enterprise value exceeded our bitcoin NAV. While our hotel business and other assets could account for certain portion of such premium, we believe a significant portion is driven by investors' expectations regarding our ability to increase our bitcoin per share in the future. Because we primarily increase our bitcoin per share through accretive financings, our mNAV may be indirectly influenced by investor views on future movements in bitcoin's market price, as we may be able to conduct more frequent financings, or financings on more attractive terms, during "bullish" market conditions.

If we are able to increase our bitcoin per share at a pace that satisfies investor expectations, we believe such premium can be justified compared to the purchase of spot bitcoin, even in the absence of any of the tax or other advantages discussed in "—Our Strengths—Positioned to Capture Investor Demand by Providing Unique Value to the Japanese Market." To the extent that our mNAV level supports accretive bitcoin purchases through equity financing, we aim to continue to raise capital through common stock issuances.

Employ Leverage for Accretive Bitcoin Acquisitions with Potential to Apply Leverage in the Future

Going forward, we aim to intelligently employ financial leverage to diversify our funding sources and increase our BTC yield when we have reached a stage where our mNAV has declined and financing bitcoin purchases through common stock issuances has become relatively less accretive in terms of bitcoin per share. Fixed-income instruments could potentially allow us to capture demand from Japanese investors with limited options for generating yield at a lower cost of funding than our overseas competitors. Japan's government bond yields are lower (and generally significantly so) compared to those of major economies such as the United States, Germany and the United Kingdom across the entire yield curve, which also has a strong influence on the interest rates of corporate debt and debt-like financings denominated in yen.

As discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock," we have taken steps to enable the issuance of two classes of dividend-paying preferred stock with relatively debt-like terms, including introducing shareholder proposals to authorize the two classes of preferred stock and the filing of a registration statement in Japan. If approved by our shareholders, and subject to consideration by other parties such as the Tokyo Stock Exchange ("TSE"), we believe the contemplated issuance and listing of these classes of preferred stock could enable us to make substantial additional acquisitions of bitcoin, while having a relatively larger impact on our bitcoin per share compared to common stock issuances. We have proposed limiting the yen-denominated dividends payable on such classes of preferred stock to 6% of the amount paid in, which would be significantly less than the U.S. dollar-denominated dividends payable on the comparable classes of preferred stock of Strategy Inc (formerly MicroStrategy Incorporated). To manage risk, we have proposed limiting the issuance of such preferred stock to no more than 25% of our bitcoin NAV at the time of issuance. As discussed in "—Our Strengths—Unique Bitcoin Income Generation Strategy," we believe our bitcoin income generation business could be capable of generating the requisite cash flow to support such dividends. If approved, we will seek the public listing of such classes of preferred stock.

Given our prominence as the largest bitcoin treasury company in Japan and Asia, we believe we are well-positioned to pioneer these and other expanded methods of financing going forward, with the goal of transforming Japan's fixed income financing market. We will opportunistically consider employing additional classes of preferred stock, which could include floating-rate preferred stock in the future to further diversify our capital structure. In addition, we could consider other forms of debt financing such as convertible bonds depending on our assessment of available financing options and investor demand.

The strategies described above, including our bitcoin acquisition plans, constitute forward-looking statements and are based on various assumptions and beliefs. Many of these assumptions and beliefs relate to matters that are outside of our control, including factors affecting the business and economic environment. These

and other unanticipated events and circumstances could affect our ability to achieve the plans set forth above. As a result, we cannot and do not make any representation or assurance as to the achievability of these plans or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings” and “Forward-Looking Statements.”

Summary Risk Factors

An investment in shares of our common stock involves significant risks, and prospective investors are urged to carefully consider the matters discussed under “Risk Factors” prior to making an investment in our shares. Such risks include, but are not limited to:

- our bitcoin strategy exposes us to various risks, including risks associated with bitcoin generally;
- bitcoin is a highly volatile asset, and fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and our financial results;
- bitcoin is a novel asset, and is subject to significant legal, commercial, regulatory and technical uncertainty;
- our historical financial statements do not reflect the performance of our bitcoin strategy for an entire fiscal year, or the performance of our bitcoin strategy in different market cycles, and we may not be able to manage our continued growth;
- the availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock;
- our generation of revenue through derivatives on bitcoin subjects us to various risks;
- we may not be able to acquire additional bitcoin at the pace required to meet our targeted growth or in the manner we anticipate, particularly if we are unable to obtain substantial financing for such acquisitions on appropriate terms;
- we may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock;
- if we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our bitcoin, or if the private keys associated with our bitcoin are lost or destroyed, or other similar circumstances or events occur, we may lose some or all of our bitcoin and our financial condition and results of operations could be materially adversely affected;
- we face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin;
- our bitcoin strategy subjects us to enhanced regulatory oversight;
- we are actively working to develop and strengthen our governance and compliance framework as necessary to support our bitcoin strategy and related activities, and enhanced regulatory oversight may present challenges;
- the concentration of our bitcoin holdings enhances the risks inherent in our bitcoin strategy;
- the emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business;
- our bitcoin holdings are less liquid than our existing cash and deposits and may not be able to serve as a sufficient source of liquidity for us;

- due to the unregulated nature and lack of transparency surrounding the operations of many bitcoin trading venues, bitcoin trading venues may experience greater fraud, security failures or regulatory or operational problems than trading venues for more established asset classes, which may result in a loss of confidence in bitcoin trading venues and adversely affect the value of our bitcoin;
- U.S. regulatory change reclassifying bitcoin as a security could adversely affect the market price of bitcoin and the market price of our shares and could lead to our classification as an “investment company” under the U.S. Investment Company Act of 1940;
- we are not subject to legal and regulatory obligations that apply to investment vehicles such as mutual funds and exchange-traded funds;
- our bitcoin strategy exposes us to risk of non-performance by counterparties;
- we may face risks to our reputation and false, misleading or unfavorable media coverage;
- our hotel business, consisting of the Hotel Royal Oak Gotanda, is subject to risks generally applicable to the hospitality industry in Tokyo, Japan;
- our quarterly operating results, revenues and expenses may fluctuate significantly, which could have an adverse effect on the market price of our common stock;
- our expansion in the United States exposes us to additional operational and regulatory risks;
- business disruptions, including interruptions, delays, or failures of our systems, or third-party services, as a result of geopolitical tensions, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events, could materially adversely affect our operating results or result in a material weakness in our internal controls that could adversely affect the market price of our stock;
- if we are unable to recruit or retain skilled personnel, or if we lose the services of Simon Gerovich, our business, operating results, and financial condition could be materially adversely affected;
- foreign currency exchange rate fluctuations may adversely affect our business, results of operations and financial condition;
- there can be no assurance that we will not be a passive foreign investment company for U.S. federal income tax purposes, which could result in significant adverse U.S. federal income tax consequences to United States investors;
- we may have exposure to greater than anticipated tax liabilities;
- failure to maintain effective internal controls and corporate governance could result in regulatory scrutiny and have a material adverse effect on our business and stock price;
- we may be unable to protect our intellectual property adequately, and we may be subject to intellectual property claims;
- we may be involved in litigation matters that are expensive and time consuming or lead to unfavorable outcomes;
- the market price of our common stock has been and may continue to be volatile;
- future issuances, or the perception of future issuances, of our common stock, or moving strike warrants, preferred stock or other securities convertible into common stock could depress the price of our common stock;
- future sales of shares by our existing shareholders or the exercise of stock acquisition rights issued to management, employees, strategic advisors and external collaborators could lower the market price of our shares and result in substantial dilution; and
- we do not intend to pay dividends on our common stock for the foreseeable future;

For a discussion of these and other risks you should consider before making an investment in our common stock, see the section entitled “Risk Factors.”

Company Information

Our registered head office is located at Roppongi Hills Mori Tower 16F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6116, Japan. Our corporate internet website is <https://metaplanet.jp/en>. The information contained on our website does not constitute a part of this offering circular.

The Offering

The Offering	<p>The offering consists of 180,000,000 newly issued shares. The number of shares to be sold in the offering may be increased to up to 555,000,000 newly issued shares of our common stock depending on investor demand and market conditions. The number of shares to be sold is expected to be decided on the date of the pricing of the offering. Assuming that the number of shares to be newly issued is increased to 555,000,000, the number of our fully diluted shares of common stock would exceed our currently authorized share capital. Any increase in the number of shares to be newly issued that would exceed our currently authorized share capital is subject to shareholder approval of a proposed increase in our authorized share capital at our extraordinary general meeting of shareholders scheduled for September 1, 2025. The shares are being (i) offered by the joint lead managers in offshore transactions outside the United States and Japan in reliance on Regulation S under the Securities Act and (ii) placed inside the United States through the U.S. selling agents of the joint lead managers to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act, all as described in “Offering and Sale.”</p>
Joint Bookrunners and Lead Managers	Morgan Stanley & Co. International plc and Cantor Fitzgerald & Co.
Co-Managers	● and ●.
Offer Price	¥● per share.
Use of Proceeds	<p>We estimate that the net proceeds we will receive from the sale of the newly issued shares in the offering will be approximately ¥● million after deducting the underwriting discount and offering expenses payable by us.</p> <p>We intend to use 90% to 95% of the net proceeds from the offering for the purchase of additional bitcoin and 5% to 10% of the net proceeds from the offering for our bitcoin income generation business.</p> <p>Bitcoin is a highly volatile asset that has traded below ¥7,730,000 per bitcoin and above ¥17,800,000 per bitcoin on the bitFlyer exchange in the 12 months ended August 25, 2025. Bitcoin does not pay interest or other returns and so our ability to generate cash from our bitcoin holdings depends on sales or the implementation of other strategies to create income streams using our bitcoin holdings. Future fluctuations in bitcoin trading prices may result in our converting bitcoin purchased with the net proceeds from this offering into cash with a value substantially below the net proceeds from this offering, and there can be no assurance as to whether or when we will realize any cash proceeds from our contemplated acquisition of bitcoin.</p> <p>See “Use of Proceeds.”</p>
Policy for Dividends on Common Stock . . .	While we recognize that returning profits to shareholders is one of our key management priorities, we have adopted a

	<p>policy of prioritizing the maximization of corporate value. Accordingly, for the time being, we have chosen not to pay dividends on shares of our common stock (i.e., a non-dividend policy) in order to prioritize the strategic acquisition and long-term holding of bitcoin.</p> <p>This policy is a core element of our “bitcoin treasury strategy,” under which we believe that allocating surplus funds to the accumulation and retention of bitcoin, rather than returning surplus to shareholders, will lead to greater shareholder value over the medium to long term.</p> <p>We intend to maintain this policy for the foreseeable future. Any future decisions regarding dividends on shares of our common stock will be made prudently, taking into consideration the alignment with our bitcoin acquisition strategy and financial position.</p> <p>See “Information Concerning Our Share Capital—Policy for Dividends on Common Stock.”</p>
Voting Rights	Shareholders of our common stock are entitled to one voting right for each unit of shares held by them. Currently, one unit consists of 100 shares. See “Description of Common Stock and Preferred Stock—Voting Rights.”
Withholding Tax	Unless reduced or exempted by an applicable income tax treaty, dividends payable by us to non-residents of Japan or non-Japanese corporations without a permanent establishment in Japan are, generally, subject to Japanese withholding tax at the rate of (i) 15.315% for dividends to be paid on or before December 31, 2037 and (ii) 15% for dividends to be paid thereafter, except for dividends paid to any individual shareholder who holds 3% or more of our total issued shares, for which the applicable rate is 20.42% on or before December 31, 2037 and 20% thereafter. See “Taxation—Japanese Taxation.”
ERISA and Benefit Plan Investors	Shares (including interests in shares) may not be purchased or held using the assets of any plan, account, entity or other arrangement that is subject to Title I of ERISA or Section 4975 of the Code or any Similar Law. See “Benefit Plan Investor Considerations.”
Payment and Settlement	Payment for the newly issued shares to be sold by us in the offering will be made in yen for value on or about ●, 2025 and delivery of the shares to be sold in the offering will be made through the facilities of JASDEC in Tokyo, on or about ●, 2025. See “Offering and Sale.”
Lock-up Agreements	We, Simon Gerovich and MMXX Ventures Limited have agreed with the lead managers to lock-up arrangements, subject to certain customary exceptions, for a period beginning on the date on which the offer price is determined and ending on the date that is 60 calendar days from and including the date of delivery of the shares in the offering. See “Offering and Sale—Lock-up Agreements.”
Suspension of Moving Strike Warrants	On August 27, 2025, we sent a suspension notice to Evolution Japan Securities Co., Ltd., pursuant to which EVO Fund will

be suspended from exercising their moving strike warrants for a period beginning on September 3 until September 30, 2025. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Stock Acquisition Rights with Adjustment and Suspension Clauses (Moving Strike Warrants).”

Listing

The shares of our common stock are listed on the Standard Market of the Tokyo Stock Exchange.

Security Codes

ISIN: JP3481200008
Securities Identification Code: 3350
Common Code: 020403730
SEDOL: B03BJ91JP

RISK FACTORS

Prior to making an investment decision, you should carefully consider the risks described below as well as all the other information in this offering circular, including our consolidated financial statements and related notes and other financial information, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Selected Financial Data and Other Information.” The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that could adversely affect our business, financial condition and results of operations.

Our business, results of operations and financial condition could be materially and adversely affected by the factors discussed below. This offering circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this offering circular. See “Forward-looking Statements.”

Risks Related to Our Bitcoin Strategy and Holdings

Our bitcoin strategy exposes us to various risks, including risks associated with bitcoin generally

Our bitcoin strategy exposes us to various risks, including the following:

Bitcoin is a highly volatile asset. Bitcoin is a highly volatile asset that has traded below ¥7,730,000 per bitcoin and above ¥17,800,000 per bitcoin on the bitFlyer exchange in the 12 months ended August 25, 2025. The trading price of bitcoin significantly decreased during prior periods, and such declines may occur again in the future.

Bitcoin does not pay interest or dividends. Bitcoin does not pay interest or other returns and we can only generate cash from our bitcoin holdings if we sell our bitcoin or implement strategies to create income streams or otherwise generate cash by using our bitcoin holdings, such as through our current strategy of selling cash-secured put options. Even if we pursue any such strategies, we may be unable to create income streams or otherwise generate cash from our bitcoin holdings sufficient to pay our financial obligations, and any such strategies may subject us to additional risks. See “—Our generation of revenue through derivatives on bitcoin subjects us to various risks.”

Our bitcoin holdings significantly impact our financial results and the market price of our common stock. Our bitcoin holdings have significantly affected our financial results due to mark-to-market gains and losses under Japanese GAAP, and if we continue to increase our overall holdings of bitcoin in the future as we intend, they will have an even greater impact on our financial results and the market price of our common stock. See “—Bitcoin is a highly volatile asset, and fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and our financial results.”

Our assets are concentrated in bitcoin. The vast majority of our assets are concentrated in our bitcoin holdings. The concentration of our assets in bitcoin limits our ability to mitigate risk that could otherwise be achieved by holding a more diversified portfolio of treasury and other assets. See “—The concentration of our bitcoin holdings enhances the risks inherent in our bitcoin strategy.”

We purchase bitcoin using primarily proceeds from equity and debt financings. Our ability to achieve the objectives of our bitcoin strategy depends in significant part on our ability to obtain equity and debt financing. If we are unable to obtain equity or debt financing on favorable terms or at all, we may not be able to successfully execute on our bitcoin strategy. For more information regarding risks associated with financing, see “—We may not be able to acquire additional bitcoin at the pace required to meet our targeted growth or in the manner we anticipate, particularly if we are unable to obtain substantial financing for such acquisitions on appropriate terms.”

Our bitcoin strategy has not been tested over an extended period of time or under different market conditions. We are continually examining the risks and rewards of our strategy to acquire and hold bitcoin. This strategy has not been tested over an extended period of time or under different market conditions. For example, although we believe bitcoin, due to its limited supply, has the potential to serve as a hedge against inflation in the long term, the short-term price of bitcoin has in the past declined in periods during which the inflation rate increased. If bitcoin prices were to decrease or our bitcoin strategy otherwise proves unsuccessful, our financial condition, results of operations and the market price of our common stock would be materially adversely

impacted. See “—Our historical financial statements do not reflect the performance of our bitcoin strategy for an entire fiscal year, or the performance of our bitcoin strategy in different market cycles, and we may not be able to manage our continued growth.”

We are subject to counterparty risks, including in particular risks relating to our custodians. Although we have implemented various measures that are designed to mitigate our counterparty risks, including by storing substantially all of the bitcoin we own in custody accounts at Japan- and U.S.-based institutional-grade custodians subject to contractual arrangements intended to establish that our property interest in custodially held bitcoin is not subject to claims of our custodians’ creditors, applicable insolvency law is not fully developed with respect to the holding of digital assets in custodial accounts, and we could be treated as a general unsecured creditor in the event of a custodian’s insolvency. The private keys associated with our custodially held bitcoin could also be lost or stolen. See “—We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin.”

The broader digital assets industry is subject to counterparty risks, which could adversely impact the adoption rate, price, and use of bitcoin. A series of high-profile bankruptcies, closures, liquidations, regulatory enforcement actions and other events relating to companies operating in the digital asset industry have highlighted the counterparty risks applicable to owning and transacting in digital assets. Although these bankruptcies, closures, liquidations and other events have not resulted in any loss or misappropriation of our bitcoin, nor have such events adversely impacted our access to our bitcoin, they have in the past likely negatively impacted the adoption rate and use of bitcoin in the short term. Additional bankruptcies, closures, liquidations, regulatory enforcement actions or other events involving participants in the digital assets industry in the future may further negatively impact the adoption rate, price, and use of bitcoin, limit the availability to us of financing collateralized by bitcoin, or create or expose additional counterparty risks.

The regulatory status of bitcoin in Japan and the United States is subject to uncertainty and is continually evolving. Bitcoin is a novel asset and its regulatory status is subject to uncertainty in both of the jurisdictions where we currently operate and hold bitcoin with custodians, Japan and the United States, and the relevant regulations and their interpretation are continually evolving. We cannot predict how the regulation of bitcoin will evolve going forward, or the impact such regulations may have on bitcoin or us. In Japan, there are discussions about shifting the regulation of crypto-assets, including bitcoin, from the Payment Services Act of Japan (“PSA”) to the FIEA, which is a more comprehensive financial regulatory framework. Additionally, the introduction of a separate taxation system for certain gains from transactions in crypto-assets, which would effectively mean a reduction in tax rates similar to the taxation regime for transactions in equities, is also being considered. Along with these potential regulatory changes, there is a possibility that exchange-traded funds (“ETFs”) for bitcoin may be introduced in Japan in the future in connection with such amendments. We believe such regulatory changes could be beneficial to the market for bitcoin more generally in Japan, and thus potentially beneficial to us. However, we cannot assure you that any such changes would not harm us or the market price of our common stock. Specifically, these regulatory changes could lead Japanese investors to invest directly in bitcoin or spot bitcoin ETFs instead of our common stock, which could negatively impact us and the market price of our common stock. See “—Bitcoin is a novel asset, and is subject to significant legal, commercial, regulatory and technical uncertainty” and “—The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock.” Furthermore, while we believe we currently comply with all regulatory requirements such that our unrealized gains on our bitcoin holdings are not subject to Japanese corporate tax, there can be no assurance we can continue to meet such requirements, including if they are revised in the future. We could also be subject to U.S. corporate tax on unrealized gains on bitcoin held by our U.S. subsidiaries. See “—Risks Related to Our Operations and Business in General—We may have exposure to greater than anticipated tax liabilities.”

Digital assets and their users and counterparties are subject to potential reputational or regulatory risks as a result of use in illicit activities. There has been increasing focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist activities, or circumvent sanctions regimes. Although we have implemented and maintain policies and procedures reasonably designed to promote compliance with applicable anti-money laundering and sanctions laws and regulations, negative publicity or regulatory actions resulting from such activities by any digital assets market participants could harm the adoption rate or market price of bitcoin, or created increased compliance burdens on or harm the reputations of digital assets market participants.

The broader digital assets industry, including the technology associated with digital assets, the rate of adoption and development of, and use cases for, digital assets, market perception of digital assets, and the legal,

regulatory and accounting treatment of digital assets are constantly developing and changing, and there may be additional risks in the future that are not possible to predict.

Bitcoin is a highly volatile asset, and fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and our financial results

Bitcoin is a highly volatile asset and has constituted a large proportion of our assets since we began acquiring it, and substantially all of our assets as of June 30, 2025. Accordingly, fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and may also affect our financing strategy for acquiring additional bitcoin. See “—We may not be able to acquire additional bitcoin at the pace required to meet our targeted growth or in the manner we anticipate, particularly if we are unable to obtain substantial financing for such acquisitions on appropriate terms.” In addition, under Japanese GAAP, we record gains or losses in the market value of our bitcoin holdings as non-operating income or losses at the end of every fiscal quarter, and such mark-to-market gains or losses are likely to continue to be the most significant driver of our financial results.

Accordingly, the market price of our common stock and our financial results would be adversely affected, and our business and financial condition would be negatively impacted, if the price of bitcoin decreased substantially (as it has in the past, including during 2022), including as a result of:

- decreases in the perceived value of, preference for, or confidence in bitcoin or digital assets generally among existing and potential market participants, including due to the various factors described herein;
- adverse changes in the balance of supply and demand in the active market for bitcoin (particularly given that the supply of bitcoin is inherently limited), including if limited liquidity results in increased volatility, potentially exacerbating the effects of other downward pressures on bitcoin’s market price;
- investment and trading activities, such as (i) trading activities of highly active retail and institutional users, speculators, miners and investors; (ii) actual or expected significant dispositions of bitcoin by large holders, including the expected liquidation of digital assets associated with entities that have filed for bankruptcy protection and the transfer and sale of bitcoins associated with significant hacks, seizures or forfeitures, such as the transfers of bitcoin to (a) creditors of the hacked cryptocurrency exchange Mt. Gox which began in July 2024, (b) claimants following proceedings related to a 2016 hack of Bitfinex-which claims are currently being adjudicated, (c) the German government following the seizure of about 50,000 bitcoin in January 2024 from the operator of Movie2k.to, (d) the Northern District Court of California granting the U.S. Department of Justice in January 2025 the right to liquidate 69,370 bitcoin seized from the Silk Road marketplace, or (e) the PRC government pursuant to ongoing seizures of bitcoin in connection with its ban on cryptocurrency mining and transactions; and (iii) actual or perceived manipulation of the spot or derivative markets for bitcoin or spot bitcoin exchange-traded products (“ETPs”);
- negative publicity, media or social media coverage, or sentiment due to events in or relating to, or perception of, bitcoin or the broader digital assets industry, including for example, (i) public perception that bitcoin can be used as a vehicle to circumvent sanctions, including sanctions imposed on Russia or certain regions related to the ongoing conflict between Russia and Ukraine, or to fund criminal or terrorist activities; (ii) expected or pending civil, criminal, regulatory enforcement or other high profile actions against major participants in the bitcoin ecosystem; (iii) additional filings for bankruptcy protection or bankruptcy proceedings of major digital asset industry participants, such as the bankruptcy proceeding of FTX Trading and its affiliates; and (iv) the actual or perceived environmental impact of bitcoin and related activities, including environmental concerns raised by private individuals, governmental and non-governmental organizations, and other actors related to the energy resources consumed and carbon or other byproducts produced due to significant electricity usage in bitcoin mining;
- any shift by market participants from holding bitcoin, or digital assets more generally, towards other assets, including more traditional treasury assets such as gold;
- competition from other digital assets that exhibit better speed, security, scalability, or energy efficiency, that feature other more favored characteristics, that are backed by governments,

including the U.S. government, or reserves of fiat currencies, that represent ownership or security interests in physical assets, or that may otherwise be more appealing regardless of their fundamental characteristics, including due to market-related factors such as perceived short- or long-term appreciation potential, recent price movements and volatility;

- a decrease in the price of other digital assets, including stablecoins, or the crash or unavailability of stablecoins that are used as a medium of exchange for bitcoin purchase and sale transactions, such as the crash of the stablecoin Terra USD in 2022, to the extent the decrease in the price of such other digital assets or the unavailability of such stablecoins may cause a decrease in the price of bitcoin or adversely affect investor confidence in digital assets generally;
- the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed bitcoin, or the transfer of substantial amounts of bitcoin from bitcoin wallets attributed to Mr. Nakamoto, which have been estimated to contain as many as approximately 1.1 million bitcoin in total;
- developments relating to the bitcoin protocol, including (i) changes to the bitcoin protocol that impact its security, speed, scalability, usability or value, such as changes to the cryptographic security protocol underpinning the bitcoin blockchain, changes to the maximum number of bitcoin outstanding or the maximum number that may be generated in the future, changes to the mutability of transactions, changes relating to the size of blockchain blocks and similar changes, (ii) failures to make upgrades to the bitcoin protocol to adapt to security, technological, legal or other challenges, and (iii) changes to the bitcoin protocol that introduce software bugs, security risks or other elements that adversely affect bitcoin;
- disruptions, failures, unavailability, or interruptions in service of trading venues for bitcoin, such as, for example, the announcement by the digital asset exchange FTX Trading that it would freeze withdrawals and transfers from its accounts and subsequent filing for bankruptcy protection and the SEC enforcement action brought against Binance Holdings Ltd., which initially sought to freeze all of its assets during the pendency of the enforcement action and has since resulted in Binance discontinuing all fiat deposits and withdrawals in the U.S.;
- the filing for bankruptcy protection by, liquidation of, or market concerns about the financial viability of digital asset custodians, trading venues, lending platforms, investment funds, or other digital asset industry participants, such as the filing for bankruptcy protection by digital asset trading venues FTX Trading and BlockFi and digital asset lending platforms Celsius Network and Voyager Digital Holdings in 2022, the ordered liquidation of the digital asset investment fund Three Arrows Capital in 2022, the announced liquidation of Silvergate Bank in 2023, the government-mandated closure and sale of Signature Bank in 2023, the placement of Prime Trust, LLC into receivership in 2023, and the exit of Binance from the U.S. market as part of its settlement with the Department of Justice and other federal regulatory agencies;
- particularly in the United States or other major digital asset markets such as Japan, regulatory, legislative, enforcement and judicial actions that adversely affect the price, ownership, transferability, trading volumes, legality or public perception of bitcoin, or that adversely affect the operations of or otherwise prevent digital asset custodians, trading venues, lending platforms or other digital assets industry participants from operating in a manner that allows them to continue to deliver services to the digital assets industry;
- adverse changes in the taxation of bitcoin transactions or holdings in the United States or other major digital asset markets, including Japan, such as the imposition of higher tax rates, asset-based taxes or new or an increased scope of individual or corporate income taxes based on end-of-period valuations;
- further reductions in mining rewards of bitcoin, including due to block reward halving events, which are events that occur after a specific period of time (the most recent of which occurred in April 2024) that reduce the block reward earned by “miners” who validate bitcoin transactions, or increases in the costs associated with bitcoin mining, including increases in electricity costs and hardware and software used in mining, or new or enhanced regulation or taxation of bitcoin mining, which could further increase the costs associated with bitcoin mining, any of which may cause a decline in support for the bitcoin network;

- transaction congestion and fees associated with processing transactions on the bitcoin network;
- macroeconomic changes, such as changes in the level of interest rates and inflation, fiscal and monetary policies of governments, trade restrictions and fiat currency devaluations;
- developments in mathematics or technology, including in digital computing, algebraic geometry and quantum computing, that could result in the cryptography used by the bitcoin blockchain becoming insecure or ineffective; and
- changes in national and international economic and political conditions, including, without limitation, Japan or U.S. government policies, trade tariffs and trade disputes, the adverse impacts attributable to the current conflict between Russia and Ukraine and the economic sanctions adopted in response to the conflict, and the broadening of the Israel-Hamas conflict to other countries in the Middle East.

Bitcoin is a novel asset, and is subject to significant legal, commercial, regulatory and technical uncertainty

Bitcoin is relatively novel and subject to significant uncertainty, which could adversely impact its market price and the market price of our common stock. The application of securities and other laws and regulations to digital assets is unclear in certain respects, and it is possible that regulators in Japan, the United States or other countries may interpret or apply existing laws and regulations in a manner that adversely affects the price of bitcoin or the ability of individuals or institutions such as us to own or transfer bitcoin.

Governmental bodies or regulatory agencies may also enact new laws and regulations, or pursue regulatory, legislative, enforcement or judicial actions, that could materially impact the price of bitcoin or the ability or financial viability of individuals or institutions such as us to own or transfer bitcoin. For example, within the past several years:

- in July 2025, Japan’s Financial Services Agency (“FSA”) established a working group of the Financial System Council to examine an appropriate regulatory framework for Crypto Assets, with the aim of both protecting users and fostering innovation;
- in July 2025, pursuant to a U.S. presidential executive order, a working group comprised of representatives from key federal agencies submitted a report with regulatory and legislative proposals to provide regulatory clarity and certainty built on technology-neutral regulations for individuals and firms involved in digital assets;
- in January 2025, the SEC announced the formation of a “Crypto Task Force,” which was created to provide clarity on the application of the federal securities laws to the crypto asset market and to recommend policy measures with respect to digital asset security status, registration and listing of digital asset-based investment vehicles, and digital asset custody, lending and staking;
- the European Union adopted Markets in Crypto Assets Regulation (“MiCA”), a comprehensive digital asset regulatory framework for the issuance and use of digital assets, like bitcoin;
- in June 2023, the United Kingdom adopted and implemented the Financial Services and Markets Act 2023 (“FSMA 2023”), which regulates market activities in “cryptoassets”;
- in November 2023, Binance Holdings Ltd. and its then chief executive officer reached a settlement with the U.S. Department of Justice, CFTC, the U.S. Department of Treasury’s Office of Foreign Asset Control and the Financial Crimes Enforcement Network to resolve a multi-year investigation by the agencies and a civil suit brought by the CFTC, pursuant to which Binance Holdings Ltd. agreed to, among other things, pay US\$4.3 billion in penalties across the four agencies and to discontinue its operations in the United States; and
- the People’s Bank of China and the National Development and Reform Commission have outlawed cryptocurrency mining and declared all cryptocurrency transactions illegal within mainland China.

The regulatory status of bitcoin has been subject to considerable change in recent years in Japan, and such regulations and their interpretation may continue to evolve. See “—Risks Related to Our Operations and Business in General—We may have exposure to greater than anticipated tax liabilities” and “Business—Regulations—Regulation of Bitcoin in Japan.”

In particular, there is a risk of changes in the current regulation of bitcoin holdings at the individual level in Japan that could reduce the attractiveness of our common stock among Japanese individual investors. For example, gains or losses from dispositions of bitcoin are currently classified on Japanese individual tax returns as “miscellaneous income,” which is subject to taxation at the top combined marginal tax rate of 55.945%, cannot offset income, gains or losses aside from other “miscellaneous income,” and cannot be carried forward to offset gains or losses in future periods. In contrast, gains or losses on transactions in our common stock may qualify for taxation as capital gains and losses, with gains taxed at 20.315% for tax residents of Japan and for non-tax residents of Japan having a permanent establishment in Japan, offset other capital gains or losses, and can be carried forward. Our common stock may also be held in tax-advantaged Japanese accounts that are subject to additional tax preferences. To the extent that Japanese individual investors are unable or unwilling to purchase spot bitcoin due to its tax status, they may view our common stock as a more attractive method to gain exposure to bitcoin. The 2025 tax reform outline published by the ruling Liberal Democratic Party and the Komeito stated that a review of the taxation of crypto-asset transactions will be considered, based on the premise that regulatory frameworks under applicable laws and reporting obligations to tax authorities will be developed. If bitcoin transactions by individuals were to become taxed more favorably in Japan, potentially at the same rates as listed equities, the attractiveness of our common stock among Japanese individual investors may decrease. In addition, we may face risks related to any future approval of spot ETPs (including ETFs) in Japan. See “—The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock.” We believe any increased regulatory acceptance of bitcoin in Japan would likely be positive for bitcoin itself, and thus beneficial for us as a holder of bitcoin. However, there can be no assurance that such developments would not have an overall adverse effect on our business and the market price of our common stock, including if they cause Japanese investors to invest directly in bitcoin or spot bitcoin ETPs instead of our common stock.

More generally, it is not possible to predict whether, or when, new laws will be enacted that change the legal framework governing digital assets or provide additional authority to the FSA, the SEC or other regulators, or whether, or when, any legislative bodies will take any similar actions. It is also not possible to predict the nature of any such additional laws or authorities, how additional legislation or regulatory oversight might impact the ability of digital asset markets to function, the willingness of financial and other institutions to continue to provide services to the digital assets industry, or how any new laws or regulations, or changes to existing laws or regulations, might impact the value of digital assets generally and bitcoin specifically. The consequences of any new law or regulation relating to digital assets and digital asset activities could adversely affect the market price of bitcoin, as well as our ability to hold or transact in bitcoin, and in turn adversely affect the market price of our common stock.

Moreover, the risks of engaging in a bitcoin strategy are relatively novel and have created, and could continue to create, complications due to the lack of experience that third parties have with companies engaging in such a strategy, such as increased costs of director and officer liability insurance or the potential inability to obtain such coverage on acceptable terms in the future.

The growth of the digital assets industry in general, and the use and acceptance of bitcoin in particular, may also impact the price of bitcoin and is subject to a high degree of uncertainty. The pace of worldwide growth in the adoption and use of bitcoin may depend, for instance, on public familiarity with digital assets, ease of buying, accessing or gaining exposure to bitcoin, institutional demand for bitcoin as an investment asset, the participation of traditional financial institutions in the digital assets industry, user demand for bitcoin as a store of value or means of payment, and the availability and popularity of alternatives to bitcoin. Even if growth in bitcoin adoption occurs in the near or medium term, there is no assurance that bitcoin usage will continue to grow over the long term.

Because bitcoin has no physical existence beyond the record of transactions on the bitcoin blockchain, a variety of technical factors related to the bitcoin blockchain could also impact the price of bitcoin. For example, malicious attacks by miners, inadequate mining fees to incentivize validating of bitcoin transactions, hard “forks” of the bitcoin blockchain into multiple blockchains, and advances in digital computing, algebraic geometry and quantum computing could undercut the integrity of the bitcoin blockchain and negatively affect the price of bitcoin. The liquidity and price of bitcoin may also be reduced and damage to the public perception of bitcoin may occur if financial institutions were to deny or limit banking services to businesses that hold bitcoin, provide bitcoin-related services or accept bitcoin as payment. Actions by banking regulators, such as the issuance in February 2023 by U.S. federal banking agencies of the “Interagency Liquidity Risk Statement,” which cautioned banks on contagion risks posed by providing services to digital assets customers, and similar actions, have in the past resulted in or contributed to reductions in access to banking services for bitcoin-related customers and service providers, or the willingness of traditional financial institution to participate in markets for digital assets.

The liquidity of bitcoin may also be impacted to the extent that changes in applicable laws and regulatory requirements negatively impact the ability of exchanges and trading venues to provide services for bitcoin.

Our historical financial statements do not reflect the performance of our bitcoin strategy for an entire fiscal year, or the performance of our bitcoin strategy in different market cycles, and we may not be able to manage our continued growth

Because we adopted our bitcoin strategy in April 2024, our financial statements for the fiscal year ended December 31, 2024 do not reflect the performance of our bitcoin strategy for an entire fiscal year, and none of our prior historical financial statements reflect the performance of our bitcoin strategy at all. In addition, our historical financial statements do not fully reflect the potential variability in earnings that we may experience in the future from holding bitcoin and selling cash-secured put options on bitcoin in different market cycles.

This limited track record since the adoption of our bitcoin strategy makes it difficult to evaluate our future prospects and the risks and challenges we may encounter. If we fail to address the risks and difficulties that we face, including those described elsewhere in this “Risk Factors” section, our business, financial condition and results of operations could be adversely affected. Further, because we operate in a rapidly evolving market, the historical financial information appearing in this offering circular is of limited use in assessing our future financial results and growth prospects, and our performance since the adoption of our bitcoin strategy may not be indicative of our future performance.

In addition, as we continue to scale our operations, including through purchasing additional bitcoin, growing our income generation business and expanding our operations and assets in the United States, we may not be able to effectively manage our growth. For example, we may not be able to hire and retain a sufficient number of skilled personnel to keep pace with our planned growth, including expanded operations in the United States and the targeted increase in scale of our bitcoin income generation business, as well as general corporate functions. In addition, if our independent auditor experiences capacity constraints in providing audit services as our business increases in scale, we may need to negotiate with our independent auditor to increase its personnel or consider retaining another audit firm. See “—Risks Related to Our Operations and Business in General—Our expansion in the United States exposes us to additional operational and regulatory risks” and “—Risks Related to Our Operations and Business in General—Failure to maintain effective internal controls and corporate governance could result in regulatory scrutiny and have a material adverse effect on our business and stock price.”

We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock

Investors in Japan currently have limited means to gain direct exposure to bitcoin through traditional investment channels, and instead generally are only able to hold bitcoin through “hosted” wallets provided by digital asset service providers or through “unhosted” wallets that expose the investor to risks associated with loss or hacking of the private keys associated with their bitcoin.

In the United States and certain other jurisdictions, given the relative novelty of digital assets, general lack of familiarity with the processes needed to hold bitcoin directly, as well as the potential reluctance of financial planners and advisers to recommend direct bitcoin holdings to their retail customers because of the manner in which such holdings are custodied, some investors have sought exposure to bitcoin through investment vehicles that hold bitcoin and issue shares representing fractional undivided interests in their underlying bitcoin holdings. These vehicles have in the past traded at substantial premiums to net asset value, possibly due to the relative scarcity of traditional investment vehicles providing investment exposure to bitcoin. On January 10, 2024, the SEC approved the listing and trading in the United States of spot bitcoin ETPs, the shares of which can be sold in public offerings and are traded on U.S. national securities exchanges. The approved ETPs commenced trading directly to the public on January 11, 2024, with a trading volume of US\$4.6 billion on the first trading day. On January 11, 2024, and in the subsequent days following the SEC’s approval of the listing and trading of spot bitcoin ETPs, the trading price of the shares of class A common stock of Strategy Inc. (then known as MicroStrategy Incorporated), a leading bitcoin treasury company in the U.S., declined significantly relative to the value of its bitcoin.

Japan-domiciled spot bitcoin ETPs are not currently available. To the extent Japanese investors view our common stock as providing exposure to bitcoin, it is possible that the value of our common stock includes a premium over the value of our bitcoin due in part to the scarcity of traditional investment vehicles providing investment exposure to bitcoin. Accordingly, if investors in Japan become able to invest in domestic spot bitcoin ETPs (including ETFs) in the future, the value of our common stock may decline due to investors choosing to gain bitcoin exposure through such ETPs instead. Similarly, increased availability or awareness of spot bitcoin ETPs in other markets may reduce the attractiveness of our common stock to investors outside Japan, including if such ETPs outperform our common stock over a period of time.

Although we are an operating company, and we believe we offer a different value proposition than a bitcoin investment vehicle such as a spot bitcoin ETP, investors may nevertheless view our common stock as an alternative to an investment in an ETP, and choose to purchase shares of a spot bitcoin ETP instead of our common stock. They may do so for a variety of reasons, including if they believe that ETPs offer a “pure play” exposure to bitcoin that is generally not subject to corporate tax at the entity level as we are, or the other risk factors applicable to an operating business, such as ours. Additionally, unlike spot bitcoin ETPs, we (i) do not seek for our shares of common stock to track the value of the underlying bitcoin we hold before payment of expenses and liabilities, (ii) do not benefit from various exemptions and relief under applicable securities laws that enable ETPs to continuously align the value of their shares to the price of the underlying assets they hold through share creation and redemption, (iii) are a Japanese joint stock corporation rather than a statutory trust, and do not operate pursuant to a trust agreement that would require us to pursue one or more stated investment objectives, and (iv) are not required to provide daily transparency as to our bitcoin holdings or our daily net asset value. Furthermore, recommendations by broker-dealers to buy, hold or sell complex products and non-traditional ETPs, or an investment strategy involving such products, may be subject to additional or heightened scrutiny that would not be applicable to broker-dealers making recommendations with respect to our common stock. Based on how we are viewed in the market relative to ETPs, and other vehicles which offer economic exposure to bitcoin, such as bitcoin futures ETFs, leveraged bitcoin futures ETFs and similar vehicles offered on international exchanges, any premium or discount in our common stock relative to the value of our bitcoin holdings may increase or decrease in different market conditions.

As a result of the foregoing factors, availability of spot ETPs for bitcoin and other digital assets could have a material adverse effect on the market price of our shares.

Our generation of revenue through derivatives on bitcoin subjects us to various risks

Our bitcoin income generation operations currently focus on selling cash-secured put options on bitcoin, and when we deem it appropriate, selling call options on the bitcoin we acquire through such put options. This strategy exposes us, and any other derivative-based strategies in the future could expose us, to various risks that could materially and adversely affect our business, financial condition and results of operations.

In connection with our bitcoin income generation business, we allocate a portion of funds that would otherwise be available to buy bitcoin as cash security for put option sales. When we sell put options, we assume the obligation to purchase bitcoin at a predetermined strike price (generally set near the current market price of bitcoin at the time of such sale) if the option is exercised by the counterparty prior to or at expiration. If the market price of bitcoin falls below the strike price of the put options we have sold, we may be required to purchase bitcoin at prices above prevailing market rates. In addition, because the put options we have sold to date have been secured by cash, when we sell a put option, we forgo the opportunity to immediately purchase bitcoin using such cash. If the market price of bitcoin rises, the premium we receive from a put option sale may be less than the gain we would have had over such period had we instead purchased bitcoin outright using the cash security amount. Moreover, while we aim to eliminate or minimize tax on the appreciation of our bitcoin until disposition, our income from option premiums is subject to current taxation.

When we deem it appropriate, we have also sold call options on the bitcoin we acquire through such put options. These transactions obligate us to sell bitcoin at a predetermined strike price if the option is exercised by the counterparty prior to or at expiration. This could cause us to sell the relevant bitcoin at prices below prevailing market rates.

The premiums from the options we sell, and the likelihood that they will be exercised, are subject to a number of factors, including the volatility of bitcoin prices, market interest rates and the remaining time to expiration. These factors are largely outside of our control and may change rapidly and unpredictably, or in other ways adverse to our income generation strategies. Recently, we believe implied volatility for bitcoin options contracts has declined, and further declines could depress option premiums. The daily volume in bitcoin futures

contract markets also appears to be relatively low as compared to futures contract markets in more traditional financial assets, in each case as compared to the market capitalization of the underlying assets. If volume in bitcoin futures markets does not expand as we expect, or declines, we may be unable to scale our income generation strategies as we expect or at all.

Our use of bitcoin derivative strategies may also expose us to additional risks, including but not limited to the following:

- *Liquidity risk.* In the event of significant market movements, we may be unable to close out our positions on favorable terms, or at all, which could exacerbate potential losses.
- *Counterparty risk.* Our ability to realize the benefits of our derivatives strategies depends on the financial condition and performance of the counterparties to the relevant contracts. If a counterparty fails to perform its obligations (for example, delivery of bitcoin to us upon the exercise of a put option by such counterparty), we may incur losses or be unable to realize anticipated gains.
- *Regulatory risk.* The regulatory environment for bitcoin and related derivatives is evolving and uncertain. Changes in laws, regulations, or interpretations thereof could adversely affect our ability to engage in derivative strategies or the profitability of such strategies.
- *Operational and valuation risk.* The complexity of derivatives trading may increase the risk of operational errors, mispricing or inadequate risk management, which could result in financial losses.

In addition, we intend to continue to evaluate opportunities for income generation based on bitcoin, including through further use of derivatives strategies in the future. For example, instead of using cash generated from operating activities or equity financings as security for put options, we could consider using a small portion of our bitcoin holdings as security for debt financing. Any such strategies could expose us to different and potentially enhanced risks.

There can be no assurance that our use of derivative strategies will be successful or that we will not incur significant losses as a result of these activities. Such strategies may increase the volatility of our financial results and expose us to risks that may not be present in companies that do not engage in similar activities. In particular, as we seek to grow our bitcoin income generation business in part to support the potential payment of cash dividends on preferred stock that we may issue in the future, any failure to grow this business as we intend could affect our ability to engage in such financings and, in turn, our ability to continue to purchase bitcoin.

We may not be able to acquire additional bitcoin at the pace required to meet our targeted growth or in the manner we anticipate, particularly if we are unable to obtain substantial financing for such acquisitions on appropriate terms

Our goal is to hold 210,000 bitcoin by the end of 2027 and to continue acquiring bitcoin thereafter. While we have generated positive cash flow from operating activities in recent periods primarily from our sale of options on bitcoin and our operation of a hotel, we primarily fund bitcoin purchases using equity and debt financings, and we will require substantial additional financing to continue to acquire bitcoin as we intend. For example, based on the recent market price of bitcoin, the hypothetical aggregate acquisition price of the number of bitcoin required for us to meet our goal of holding 210,000 bitcoin as of the end of 2027 would require us to raise significant additional funds. However, as the price of bitcoin is likely to continue to be subject to significant volatility, if bitcoin's market price increases substantially, we could require a substantially greater amount of capital to meet our goal. Conversely, a substantial decline in the market price of bitcoin could also make it more difficult for us to raise capital for additional purchases, including if we cannot issue common stock or other equity securities in a manner we deem to be accretive to our investors due to poor conditions in financial markets generally, diminished market views of our or bitcoin's future prospects, or otherwise, as described below.

Risks Related to Availability of Financing to Increase Bitcoin per Share

Our bitcoin acquisition strategy is dependent in large part to our ability to engage in financings and related bitcoin purchases that increase our bitcoin per share over the long term, as described below. Additional financing may take the form of raising capital through issuances of equity, equity-linked securities or debt securities. As part of our long-term strategy, in particular we may issue dividend-paying preferred stock, which we may use as additional sources of funding for bitcoin purchases and other goals under our bitcoin strategy. We also expect to continue to issue stock acquisition rights (with adjustment and suspension clauses), also referred to

as “moving strike warrants,” exercisable for a substantial number of shares of our common stock. See “—We may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock” and “—Risks Related to Our Common Stock Generally—Future issuances, or the perception of future issuances, of our common stock, or moving strike warrants, preferred stock or other securities convertible into common stock could depress the price of our common stock.”

Our ability to obtain additional financing, if and when required, will depend on our operating performance, investor and lender demand, the condition of the capital markets, and other factors, and we cannot assure you that additional financing will be available to us on reasonable terms, or at all. In particular, the availability of financing for bitcoin treasury companies such as us has tended to be related to market sentiment for bitcoin and the market’s evaluation of such companies’ ability to engage in financing that is accretive on a bitcoin per share basis, which is reflected partly in the premium of such companies’ share prices when compared to the aggregate market value of their reported bitcoin holdings. While public bitcoin treasury companies have a limited history of approximately five years, and our history of operating as a bitcoin treasury company is only roughly 16 months, such companies have sometimes appeared to trade at a substantial premium to the aggregate market value of their reported bitcoin holdings during or after periods of rising bitcoin prices, and sometimes appeared to trade at a substantial discount to such market value during or after periods of falling bitcoin prices. In addition, one series of stock acquisition rights issued to certain directors and employees contains “anti-dilution” provisions that effectively adjust the shares that would be issuable under such stock acquisition rights to equal 25% of the total issued shares of our common stock. Accordingly, each issuance of common stock that we use to finance additional bitcoin purchases (including the offering described herein) has an additional dilutive effect on our bitcoin per share due to such increase in shares issuable under such stock acquisition rights, increasing the dilutive effect of the common stock-related financing itself. See “Management—Stock Acquisition Rights.”

The rapid growth and increasing adoption of bitcoin and other digital assets have attracted larger institutional investors and corporate treasury programs, some of which may hold significantly greater amounts of digital assets than us, or have access to or implement superior capital raising or revenue generation methods and strategies.

While we have the largest reported bitcoin holdings among publicly traded companies in Japan as of the date hereof and have established a leadership position as a bitcoin treasury company, there are in principle few significant barriers to entry for potential competitors other than a local stock exchange listing and obtaining capital to acquire bitcoin. Accordingly, existing or new competitors could obtain (or hold at formation) sufficient capital to surpass our bitcoin holdings, and could temporarily or over the long term achieve greater prominence among investors, including due to other factors such as reputation and branding. We have recently started to see a number of companies emerge pursuing a bitcoin treasury or bitcoin-related strategy. The further emergence and growth of such participants could lead to heightened competition in our own equity and debt fundraising efforts, such that we are unable to accumulate bitcoin at our desired rates or on favorable financing terms, if at all. Furthermore, if other digital asset treasury companies or institutional investors are able to accumulate bitcoin at a faster rate or develop more attractive capital or investment structures, they may become more appealing to investors seeking exposure to bitcoin or other digital assets.

Risks Related to Existing Financings

EVO FUND, Inc. (“EVO Fund”) has historically been a significant participant in our debt and equity financings, primarily through its purchase from us of moving strike warrants exercisable for shares of our common stock based on recent market prices of our common stock, in some cases with a small premium. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Stock Acquisition Rights with Adjustment and Suspension Clauses (Moving Strike Warrants).” As of August 25, 2025, there were outstanding but unexercised moving strike warrants exercisable for 427,000,000 shares of our common stock, but there can be no assurance that such warrants will be exercised, including at any time our common stock trades below the minimum warrant exercise price of ¥777 per share. In addition, as described above, any issuance of common stock pursuant to the moving strike warrants would result in additional dilution in terms of bitcoin per share due to the anti-dilution provisions under one series of our stock acquisition rights.

As a result of insufficient proceeds from such exercises, our acquisition of additional bitcoin could be delayed, and we may also require an alternative method to repay our outstanding bonds issued to EVO Fund (¥9,000 million as of August 26, 2025). EVO Fund has the right to request an early redemption with five days’

notice, and we would be required to secure sufficient funds to make such early redemption if Evo Fund exercises such right. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Bonds.” Any such early redemption or repayment at maturity could require us to use a portion of the proceeds from the offering or other financings for such purpose instead of bitcoin purchases or funding for our income generation business.

In addition, although we intend to continue to issue moving strike warrants as a significant source of funding going forward, no party is under any obligation to purchase new series of such warrants, the number of potential counterparties for such private investments in public companies is relatively limited compared to certain other markets such as the United States, identifying and contracting with new counterparties could delay our intended financings, and the terms of such financings could be less favorable than those we have executed in the past. Moreover, we set the minimum exercise price for moving strike warrants at a level we believe would constitute a sufficient premium to our bitcoin NAV, with the intention that the cash proceeds could be used to make bitcoin purchases and conduct other operations that would be accretive to our bitcoin per share. However, a substantial increase in our bitcoin NAV and/or bitcoin per share while such warrants remain outstanding could result in the minimum exercise price constituting a low premium or a discount to our bitcoin NAV, which could result in exercise at times when we would prefer not to issue additional common stock. In such event, we may determine to repurchase the outstanding warrants to the extent permitted under their terms, causing us to incur potentially significant costs, or if we lack sufficient cash resources and alternative financing is not available to us, we may be unable to repurchase the warrants.

Risks Related to the Interest Rate Environment and Dividend or Interest Payment Obligations

While we have relatively limited indebtedness and do not generally intend to engage in significant debt financings in the future, our financing costs in the future will be impacted by interest rate fluctuations to the extent we decide to issue dividend-paying preferred stock, as we have proposed, or incur additional indebtedness in the future. We believe the dividends payable on our contemplated preferred stock will be influenced by the interest rate environment in Japan. The current inflationary environment has resulted in rising central bank and market interest rates, and any increase in interest rates in the future may increase our financing costs. Interest rates in Japan have increased to a certain extent in recent years, including in connection with the Bank of Japan scaling back and then, in March 2024, eliminating most of its measures to control long-term government bond yields and raising its overnight interest rate to a range of zero to 0.1%, from minus 0.1% previously. Subsequently, the Bank of Japan raised its overnight interest rate in July 2024 and again in January 2025 to the current rate of 0.5%. Interest rates in Japan could further increase in the future due to changes in the interest rate policy pursued by the Bank of Japan or otherwise.

Moreover, if our income generation operations do not generate cash flow in future periods sufficient to satisfy our financial obligations, including our preferred stock dividends and any debt payment obligations, we intend to fund our obligations using cash flow generated by equity or other debt financings. Our ability to obtain equity or debt financing may in turn depend on, among other factors, the value of our bitcoin holdings, investor sentiment and the general public perception of bitcoin, our strategy and our value proposition. Accordingly, a significant decline in the market value of our bitcoin holdings or a negative shift in these other factors may create liquidity and credit risks, as such a decline or such shifts may adversely impact our ability to secure sufficient equity or debt financing to satisfy our financial obligations, including our cash dividend or debt payment obligations. These risks could materialize at times when bitcoin is trading below its carrying value on our most recent balance sheet or our cost basis. As bitcoin constitutes the vast bulk of assets on our balance sheet, if we are unable to secure equity or debt financing in a timely manner, on favorable terms, or at all, we may be required to sell bitcoin to satisfy these obligations. Any such sale of bitcoin may have a material adverse effect on our operating results and financial condition, and could impair our ability to secure additional equity or debt financing in the future. Our inability to secure additional equity or debt financing in a timely manner, on favorable terms or at all, or to sell our bitcoin in amounts and at prices sufficient to satisfy our financial obligations could cause us to default under such obligations. Any such default may have a material adverse effect on our business and financial condition.

We may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock

As described above, to further diversify our sources of financing and support our acquisition of bitcoin going forward, we have proposed amendments to our articles of incorporation to authorize 277,500,000 shares of Class A preferred stock and 277,500,000 shares of Class B preferred stock. These amendments are subject to

approval at the extraordinary general meeting of shareholders scheduled for September 1, 2025. On August 1, 2025, we also filed a shelf registration statement for the issuance of Class A and Class B preferred stock, subject to the approval of the relevant amendments to our articles of incorporation.

As currently contemplated, and as is typical of preferred stock, such classes would rank senior to our common stock with respect to the payment of dividends or the distribution of assets upon our liquidation, dissolution or winding up, which may affect the rights of holders of our common stock.

The contemplated Class A preferred stock would rank senior to the contemplated Class B preferred stock and senior to our common stock, and would not be convertible into our common stock. The contemplated Class B preferred stock would be junior to Class A, but senior to our common stock, and would be convertible into our common stock at a ratio to be determined, but expected to be financially viable only upon substantial appreciation of the market price of our common stock compared to recent market prices. While we have no current intention to pay dividends on our common stock, both classes of preferred stock are proposed to pay dividends, limited to no more than an annual 6% dividend on the amount paid in, and such dividend payment obligations could cause significant strain on our cash and other financial resources. However, rising interest rates in Japan and investor perception of us our prospects could necessitate our revising this limit upward before any issuance. Dividend payments could thus create a substantial ongoing financial burden on us, including because the dividend rate we anticipate is likely to be materially higher than the interest rate on debt financings we have employed to date. Although we intend to limit the amount paid in for any issuance of preferred stock to 25% of our bitcoin NAV at the time of issuance, there can be no assurance that we will be able to generate income or other cash flows necessary to service the dividend payment obligations on such preferred stock. Because such dividend payment obligations would be cumulative and senior to the rights of our common stockholders, they could substantially and adversely affect the value of our common stock.

As a result of future discussions with investors, the TSE, financial regulators, and intermediaries we may employ to market such securities to investors, we may seek to revise the terms of such classes preferred stock, potentially requiring further amendments to our articles of incorporation. In addition, while we may seek to list such preferred stock on the TSE, any such listing may not be approved. In addition, we believe the market for such alternative financial instruments in Japan is not as developed as it is in the United States, and may not develop as we expect or at all. If we are unable to list our preferred stock on the TSE, or demand among Japanese investors and other market participants is less than we expect, our ability to use such preferred stock as a substantial source of funding could be impaired. For these and other reasons, including any change in bitcoin or capital markets conditions generally, even if we receive the requisite shareholder and regulatory approvals, we may determine not to issue such classes of preferred stock on the terms we currently contemplate, in substantial amounts, or at all, which could adversely affect our ability to continue to purchase bitcoin as we intend.

If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our bitcoin, or if the private keys associated with our bitcoin are lost or destroyed, or other similar circumstances or events occur, we may lose some or all of our bitcoin and our financial condition and results of operations could be materially adversely affected

Substantially all of the bitcoin we own is held in custody accounts at institutional-grade digital asset custodians. Security breaches and cyberattacks are of particular concern with respect to our bitcoin. Bitcoin and other blockchain-based cryptocurrencies and the entities that provide services to participants in the bitcoin ecosystem have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities. For example, in October 2021 it was reported that hackers exploited a flaw in the account recovery process and stole from the accounts of at least 6,000 customers of the Coinbase exchange, although the flaw was subsequently fixed and Coinbase reimbursed affected customers. Similarly, in November 2022, hackers exploited weaknesses in the security architecture of the FTX Trading digital asset exchange and reportedly stole over \$400 million in digital assets from customers. A successful security breach or cyberattack could result in:

- a partial or total loss of our bitcoin in a manner that may not be covered by insurance or the liability provisions of the custody agreements with the custodians who hold our bitcoin;
- harm to our reputation and brand;
- improper disclosure of data and violations of applicable data privacy and other laws; or
- significant regulatory scrutiny, investigations, fines, penalties, and other legal, regulatory, contractual and financial exposure.

Further, any actual or perceived data security breach or cybersecurity attack directed at other companies with digital assets or companies that operate digital asset networks, regardless of whether we are directly impacted, could lead to a general loss of confidence in the broader bitcoin blockchain ecosystem or in the use of the bitcoin network to conduct financial transactions, which could negatively impact us.

Attacks upon systems across a variety of industries, including industries related to bitcoin, are increasing in frequency, persistence, and sophistication, and, in many cases, are being conducted by sophisticated, well-funded and organized groups and individuals, including state actors. The techniques used to obtain unauthorized, improper or illegal access to systems and information (including personal data and digital assets), disable or degrade services, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized or detected until after they have been launched against a target. These attacks may occur on our systems or those of our third-party service providers or partners. We may experience breaches of our security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities or other irregularities. In particular, unauthorized parties have attempted, and we expect that they will continue to attempt, to gain access to our systems and facilities, as well as those of our partners and third-party service providers, through various means, such as hacking, social engineering, phishing and fraud. Threats can come from a variety of sources, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage and insiders. For example, there are reports that North Korea has accumulated a large number of bitcoins, including through cyberattacks on digital asset exchanges. In addition, certain types of attacks could harm us even if our systems are left undisturbed. For example, certain threats are designed to remain dormant or undetectable, sometimes for extended periods of time, or until launched against a target and we may not be able to implement adequate preventative measures. Further, there has been an increase in such activities due to the increase in work-from-home arrangements since the onset of the COVID-19 pandemic. The risk of cyberattacks could also be increased by cyberwarfare in connection with the ongoing Russia-Ukraine and Israel-Hamas conflicts, or other future conflicts, including potential proliferation of malware into systems unrelated to such conflicts. Any future breach of our operations or those of others in the bitcoin industry, including third-party services on which we rely, could materially and adversely affect our business.

We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin

We hold our bitcoin with regulated custodians that have duties to safeguard the private keys associated with our bitcoin. Our custodial services contracts do not restrict our ability to reallocate our bitcoin among custodians and in light of the significant amount of bitcoin we hold, we seek to engage additional custodians to achieve a greater degree of diversification in the custody of our bitcoin as the extent of potential risk of loss is dependent, in part, on the degree of diversification. If there is a decrease in the availability of digital asset custodians that we believe can safely custody our bitcoin, for example, due to regulatory developments or enforcement actions that cause custodians to discontinue or limit their services in Japan or, for our U.S. subsidiary, the United States, we may need to enter into agreements that are less favorable than our current agreements or take other measures to custody our bitcoin, and our ability to seek a greater degree of diversification in the use of custodial services would be materially adversely affected.

As of June 30, 2025, the insurance that covers losses of our bitcoin holdings covers only a small fraction of the value of the entirety of our bitcoin holdings, and there can be no guarantee that such insurance will be maintained as part of the custodial services we have or that such coverage will cover losses with respect to our bitcoin. If such insurance is unavailable or inadequate to cover our losses, the custodian may lack sufficient financial or other assets necessary to reimburse us, even if the custodian is contractually obligated to do so. In addition, depending on the terms of our agreements with custodians, there is no assurance that any contractual liability provisions under such agreements will be sufficient to compensate us for any losses with respect to our bitcoin. Moreover, our use of custodians exposes us to the risk that the bitcoin our custodians hold on our behalf could be subject to insolvency proceedings and we could be treated as a general unsecured creditor of the custodian, inhibiting our ability to exercise ownership rights with respect to such bitcoin. For example, under Japan's PSA, a person with claims for losses on crypto-assets entrusted to the management of a crypto-asset exchange service provider registered with the FSA ("CAESP"), including our current Japanese custodians, has the right to receive payment prior to other general creditors out of the crypto-assets that are separately managed by the CAESP. However, certain matters necessary for the exercise of such rights have yet to be specified by government ordinance, and there are no precedents of the exercise of such rights. Any loss associated with such insolvency proceedings is unlikely to be covered by any insurance coverage we maintain related to our bitcoin. In addition, we have made no provision on our balance sheet related to potential losses associated with unauthorized outflows.

Bitcoin is controllable only by the possessor of both the unique public key and private key(s) relating to the local or online digital wallet in which the bitcoin is held. While the bitcoin blockchain ledger requires a public key relating to a digital wallet to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the bitcoin held in such wallet. The private keys for our bitcoin holdings are secured in “cold” or offline wallets managed by our custodians. When bitcoin is held by a custodian, such custodian is responsible for safeguarding the private key. To the extent the private key(s) for a digital wallet are lost, destroyed or otherwise compromised and no backup of the private key(s) is accessible, neither we nor our custodians will be able to access the bitcoin held in the related digital wallet. Furthermore, we cannot provide assurance that our digital wallets, nor the digital wallets of our custodians held on our behalf, will not be compromised as a result of a cyberattack. The bitcoin and blockchain ledger, as well as other digital assets and blockchain technologies, have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities. The occurrence of such incidents could also cause an adverse impact on market price and adoption of bitcoin and other digital assets.

Our bitcoin strategy subjects us to enhanced regulatory oversight

As noted above, due to regulatory restrictions there are currently no Japan-domiciled spot bitcoin ETPs. Even though we are not, and do not function in the manner of, a spot bitcoin ETP, it is possible that we nevertheless could face regulatory scrutiny from the FSA or other regulators due to our bitcoin holdings.

In addition, there has been increasing focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist activities, or circumvent sanctions regimes, including those sanctions imposed in response to the ongoing conflict between Russia and Ukraine. While we have implemented and maintain policies and procedures reasonably designed to promote compliance with applicable anti-money laundering and sanctions laws and regulations and take care to only acquire our bitcoin through entities subject to anti-money laundering regulation and related compliance rules in Japan and the United States, if we are found to have purchased any of our bitcoin from bad actors that have used bitcoin to launder money or persons subject to sanctions, we may be subject to regulatory proceedings and any further transactions or dealings in bitcoin by us may be restricted or prohibited.

Although our bitcoin holdings do not currently serve as collateral securing any of our outstanding indebtedness as of June 30, 2025, we may incur indebtedness or enter into other financial arrangements in the future that may be collateralized by our bitcoin holdings. We also sell options on bitcoin, and may consider pursuing additional strategies to create income streams or otherwise generate funds using our bitcoin holdings. These types of bitcoin-related transactions are the subject of enhanced regulatory oversight. These and any other bitcoin-related transactions we may enter into, beyond simply acquiring and holding bitcoin, may subject us to additional regulatory compliance requirements and scrutiny, including under money services regulations, money transmitter licensing requirements and various commodity and securities laws and regulations.

Additional laws, guidance and policies may be issued by domestic and foreign regulators as a result of increased regulatory focus on the digital assets industry, which has in the past occurred and may again occur in connection with a large-scale failure of one or more digital assets companies. Increased enforcement activity and changes in the regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government or any new legislation affecting bitcoin, as well as enforcement actions involving or impacting our trading venues, counterparties and custodians, may impose significant costs or significantly limit our ability to hold and transact in bitcoin.

We are actively working to develop and strengthen our governance and compliance framework as necessary to support our bitcoin strategy and related activities, and enhanced regulatory oversight may present challenges

Adopted in April 2024, our bitcoin treasury strategy represents a significant change from our previous business strategy and introduces new operational, compliance, and regulatory considerations. Our prior operations and management systems were not initially designed to support continuous acquisition, custody, risk management, monetization or other transactions involving bitcoin or our bitcoin income generation operations, or the frequent fundraising activities that support our bitcoin acquisition and other operations.

We may not be able to design, build, implement or maintain the governance, compliance, risk management and internal control infrastructure necessary to perform such new business strategies in a manner consistent with the expectations of investors, our auditors, or regulators. If we fail to establish and operate effective governance, controls and monitoring for our bitcoin treasury operations, we could experience operational losses, fraud, accounting errors, failures to file required reports on a timely basis or violations of

applicable laws and regulations in an environment of enhanced regulatory oversight, any of which could subject us to regulatory scrutiny, enforcement actions, fines, civil litigation, sanctions or reputational harm in the jurisdictions in which we operate, which could adversely impact our business and financial condition.

The concentration of our bitcoin holdings enhances the risks inherent in our bitcoin strategy

As of August 25, 2025, we held 18,991 bitcoin, which were acquired at an aggregate purchase price of ¥285.83 billion. We intend to continue to purchase additional bitcoin and, accordingly, increase our overall holdings of bitcoin in the future. The concentration of our bitcoin holdings limits the risk mitigation that we could achieve if we were to purchase a more diversified portfolio of treasury or other assets, and the absence of diversification enhances the risks inherent in our bitcoin strategy. The price of bitcoin experienced a significant decline in 2022, and has also experienced a number of other significant declines in prior years. Although such 2022 decline was prior to our first acquisition of bitcoin, any future significant declines in the price of bitcoin would have a more pronounced impact on our financial condition than if we used our cash to purchase a more diverse portfolio of assets. Because we have not held bitcoin during a significant decline in its market price, it may be more difficult for investors to assess the impact that any future decline would have on us. See “—Our historical financial statements do not reflect the performance of our bitcoin strategy for an entire fiscal year, or the performance of our bitcoin strategy in different market cycles, and we may not be able to manage our continued growth.”

The emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business

As a result of our bitcoin strategy, our assets are concentrated in our bitcoin holdings. Accordingly, the emergence or growth of digital assets other than bitcoin may have a material adverse effect on our financial condition. As of June 30, 2025, bitcoin was the largest digital asset by market capitalization. However, there are numerous alternative digital assets and many entities, including consortiums and financial institutions, are researching and investing resources into private or permissioned blockchain platforms or digital assets that do not use proof-of-work mining like the bitcoin network. For example, in late 2022, the Ethereum network transitioned to a “proof-of-stake” mechanism for validating transactions that requires significantly less computing power than proof-of-work mining. The Ethereum network has completed another major upgrade since then and may undertake additional upgrades in the future. If the mechanisms for validating transactions in Ethereum and other alternative digital assets are perceived as superior to proof-of-work mining, those digital assets could gain market share relative to bitcoin.

Other alternative digital assets that compete with bitcoin in certain ways include “stablecoins,” which are designed to maintain a constant price because of, for instance, their issuers’ promise to hold high-quality liquid assets (such as U.S. dollar deposits and short-term U.S. treasury securities) equal to the total value of stablecoins in circulation. Stablecoins have grown rapidly as an alternative to bitcoin and other digital assets as a medium of exchange and store of value, particularly on digital asset trading platforms. As of June 30, 2025, two of the eight largest digital assets by market capitalization were U.S. dollar-pegged stablecoins.

Additionally, central banks in some countries have started to introduce digital forms of legal tender. For example, the PRC’s CBDC project was made available to consumers in January 2022, and governments including Japan, the United States, the United Kingdom, the European Union and Israel have been discussing or studying the potential creation of new CBDCs. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could also compete with or replace bitcoin and other digital assets as a medium of exchange or store of value. As a result, the emergence or growth of these or other digital assets could cause the market price of bitcoin to decrease, which could have a material adverse effect on our business, prospects, financial condition and operating results.

Our bitcoin holdings are less liquid than our existing cash and deposits and may not be able to serve as a sufficient source of liquidity for us

Historically, the bitcoin market has been characterized by significant volatility in price, limited liquidity and trading volumes compared to sovereign currencies markets, relative anonymity, a developing regulatory landscape, potential susceptibility to market abuse and manipulation, compliance and internal control failures at exchanges, and various other risks inherent in its entirely electronic, virtual form and decentralized network. We do not intend to sell our bitcoin, but to the extent we may deem it necessary or appropriate in the future, during times of market instability, we may not be able to sell our bitcoin at favorable prices or at all. For example, a number of bitcoin trading venues temporarily halted deposits and withdrawals in 2022. As a result, our bitcoin

holdings may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents. Further, bitcoin we hold with our custodians and transact with our trade execution partners does not enjoy the same protections as are available to cash or securities deposited with or transacted by institutions subject to regulation by the Deposit Insurance Corporation of Japan or the Japan Investor Protection Fund, or the equivalent entities in the United States. Additionally, we may be unable to enter into term loans or other capital raising transactions collateralized by our unencumbered bitcoin or otherwise generate funds using our bitcoin holdings, including in particular during times of market instability or when the price of bitcoin has declined significantly. If we are unable to sell our bitcoin, enter into additional capital raising transactions, including capital raising transactions using bitcoin as collateral, or otherwise generate funds using our bitcoin holdings, or if we are forced to sell our bitcoin at a significant loss, in order to meet our working capital requirements, our business and financial condition could be negatively impacted.

Due to the unregulated nature and lack of transparency surrounding the operations of many bitcoin trading venues, bitcoin trading venues may experience greater fraud, security failures or regulatory or operational problems than trading venues for more established asset classes, which may result in a loss of confidence in bitcoin trading venues and adversely affect the value of our bitcoin

Bitcoin trading venues are relatively new and, with certain exceptions such as registered CAESPs in Japan, are in many cases unregulated. Furthermore, there are many bitcoin trading venues which do not provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance. As a result, the marketplace may lose confidence in bitcoin trading venues, including prominent exchanges that handle a significant volume of bitcoin trading and/or are subject to regulatory oversight, in the event one or more bitcoin trading venues cease or pause for a prolonged period the trading of bitcoin or other digital assets, or experience fraud, significant volumes of withdrawal, security failures or operational problems.

In 2019 there were reports claiming that 80-95% of bitcoin trading volume on trading venues was false or non-economic in nature, with specific focus on unregulated exchanges located outside of Japan and the United States. The SEC also alleged as part of its June 5, 2023 complaint against Binance Holdings Ltd. that Binance committed strategic and targeted “wash trading” through its affiliates to artificially inflate the volume of certain digital assets traded on its exchange. The SEC has also brought recent actions against individuals and digital asset market participants alleging that such persons artificially increased trading volumes in certain digital assets through wash trades, or repeated buying and selling of the same assets in fictitious transactions to manipulate their underlying trading price. Such reports and allegations may indicate that the bitcoin market is significantly smaller than expected. Any actual or perceived wash trading in the bitcoin market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of our bitcoin. Negative perception, a lack of stability in the broader bitcoin markets and the closure, temporary shutdown or operational disruption of bitcoin trading venues, lending institutions, institutional investors, institutional miners, custodians or other major participants in the bitcoin ecosystem, due to fraud, business failure, cybersecurity events, government regulation, bankruptcy or any other reason may result in a decline in confidence in bitcoin and the broader bitcoin ecosystem and greater volatility in the price of bitcoin. For example, in February 2014, Japan’s Mt. Gox, then the largest crypto asset platform worldwide, filed for bankruptcy protection after an estimated 850,000 bitcoin were discovered to have been stolen from its wallets, following which the market price of bitcoin significantly declined. More recently, in 2022, each of Celsius Network, Voyager Digital, Three Arrows Capital, FTX and BlockFi filed for bankruptcy, following which the market prices of bitcoin and other digital assets significantly declined. In addition, in June 2023, the SEC announced enforcement actions against Coinbase, Inc. and Binance Holdings Ltd., two providers of large trading venues for digital assets, which similarly was followed by a decrease in the market price of bitcoin and other digital assets. As the price of our shares is affected by the value of our bitcoin holdings, the failure of a major participant in the bitcoin ecosystem could have a material adverse effect on the market price of our shares.

U.S. regulatory change reclassifying bitcoin as a security could adversely affect the market price of bitcoin and the market price of our shares and could lead to our classification as an “investment company” under the U.S. Investment Company Act of 1940

Our assets are concentrated in our bitcoin holdings. While senior SEC officials have stated their view that bitcoin is not a “security” for purposes of the U.S. federal securities laws, a contrary determination by the SEC would create additional regulatory restrictions on many digital assets-related companies doing business in the United States, which could adversely affect the market price of bitcoin and in turn adversely affect the market price of our shares.

In addition, such determination could lead to our classification as an “investment company” under the U.S. Investment Company Act of 1940, which could impose limitations on our ability to raise funds from U.S. investors and other restrictions on our business and operations, and may require us to substantially change the manner in which we conduct our business.

We are not subject to legal and regulatory obligations that apply to investment vehicles such as mutual funds and exchange-traded funds

Mutual funds, ETFs and their directors and management are subject to extensive regulation intended for the benefit and protection of investors. We are not subject to, and do not otherwise voluntarily comply with, the laws and regulations applicable to such entities. This means, among other things, that the execution of or changes to our bitcoin strategy, our use of leverage, the manner in which our bitcoin is custodied, our ability to engage in transactions with affiliated parties and our operating and investment activities generally are not subject to the extensive legal and regulatory requirements and prohibitions that apply to such entities. Consequently, our board of directors has broad discretion over the investment, leverage and cash management policies it authorizes, whether in respect of our bitcoin holdings or other activities we may pursue, and has the power to change our current policies, including our strategy of acquiring and holding bitcoin.

Our bitcoin strategy exposes us to risk of non-performance by counterparties

Our bitcoin strategy exposes us to the risk of non-performance by counterparties, whether contractual or otherwise. Risk of non-performance includes inability or refusal of a counterparty to perform because of a deterioration in the counterparty’s financial condition and liquidity or for any other reason. For example, our execution partners, custodians, or other counterparties might fail to perform in accordance with the terms of our agreements with them, which could result in a loss of bitcoin, a loss of the opportunity to generate funds, or other losses.

Our primary counterparty risk with respect to our bitcoin is custodian performance obligations under the various custody arrangements we have entered into. A series of recent high-profile bankruptcies, closures, liquidations, regulatory enforcement actions and other events relating to companies operating in the digital asset industry have highlighted the perceived and actual counterparty risk applicable to digital asset ownership and trading. These events include the following:

- the cessation of business of Japanese CAESP DMM Bitcoin following its May 2024 announcement that it had lost 4,502.9 bitcoin of customer assets as a result of a hacking incident;
- the filings for bankruptcy protection by Three Arrows Capital, Celsius Network, Voyager Digital, FTX Trading and Genesis Global Capital;
- the closure or liquidation of certain financial institutions that provided lending and other services to the digital assets industry, including Signature Bank and Silvergate Bank;
- the placement of Prime Trust, LLC into receivership following a cease-and-desist order issued by Nevada’s Department of Business and Industry; and
- the filing and subsequent settlement of a civil fraud lawsuit by the New York Attorney General against Genesis Global Capital, its parent company Digital Currency Group, Inc., and former partner Gemini Trust Company.

Although these bankruptcies, closures and liquidations have not resulted in any loss or misappropriation of our bitcoin, nor have such events adversely impacted our access to our bitcoin, legal precedent created in these bankruptcy and other proceedings may increase the risk of future rulings adverse to our interests in the event one or more of our custodians becomes a debtor in a bankruptcy case or is the subject of other liquidation, insolvency or similar proceedings.

While all of our custodians are subject to regulatory regimes intended to protect customers in the event of a custodial bankruptcy, receivership or similar insolvency proceeding, no assurance can be provided that our custodially held bitcoin will not become part of the custodian’s insolvency estate if one or more of our custodians enters bankruptcy, receivership or similar insolvency proceedings. In addition, a limited portion of our bitcoin is temporarily held at digital asset exchanges in connection with the settlement of transactions made through such exchanges. While we only transact through licensed exchanges that we believe are highly reputable, we are exposed to counterparty risks relating to such exchanges. Furthermore, as we sell options on bitcoin, we are

subject to counterparty risk in connection with the performance of such contracts, and if we pursue any other strategies to create income streams or otherwise generate funds using our bitcoin holdings, we would become subject to additional counterparty risks. Any significant non-performance by counterparties, including in particular the custodians with which we custody substantially all of our bitcoin, could have a material adverse effect on our business, prospects, financial condition, and operating results.

We may face risks to our reputation and false, misleading or unfavorable media coverage

We believe that maintaining and enhancing our reputation is critical to our relationships with our existing investors and to our ability to attract new investors as well as contribute to our efforts to recruit and retain talented employees. However, our corporate reputation is potentially susceptible to material damage by events such as disputes with investors or third-party partners, information technology security breaches or service outages, or decreases in the value or acceptance of bitcoin. Similarly, our reputation could be damaged by actions or statements of current or former consumers, employees, competitors, as well as third-party partners and the media. Damage to our reputation could be difficult and time-consuming to repair or cause existing partners to terminate our relationship, resulting in a loss of business, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce investors' willingness to purchase our fixed income and equity assets, which may adversely affect our business, financial condition and results of operations.

We may be subject to a high degree of media coverage around the world, including with respect to our selection of certain members of our strategic board of advisors. In particular, two members of our strategic board of advisors, Eric Trump and David Bailey, have close associations with the current Presidential administration in the U.S., and media outlets may publish unfavorable or misleading information about such members or our operations. Any factual information we include in our disclosures and other public statements may be distorted by media outlets when conveyed to the public and the market. In addition, while we have chosen the members of our board of strategic advisors because of their experience and extensive involvement in the digital assets industry, such roles could create actual or perceived conflicts of interest despite our internal policies, and such members could make public statements about the digital assets industry or other matters that are inconsistent with the views of our board of directors and management. Any of the foregoing could harm our business, reputation, stock price, and/or ability to transact with third-party service providers in the U.S. or elsewhere.

Our brand and reputation may also be negatively impacted by actual or alleged illegal or unethical activity or conduct, as well as misconduct or inappropriate behavior or activities, by our employees or management. In addition, the proliferation of social media increases the risk of rumors and negative perceptions concerning us or our businesses to be widely and swiftly disseminated through various methods such as media reports or comments on online platforms, which may damage our reputation and impact our ability to recruit and retain highly talented employees.

The maintenance and enhancement of our reputation may require us to make substantial additional expenditures, and we anticipate that these expenditures will increase as the areas in which we operate becomes more competitive and as we expand into new markets. To the extent that these activities yield increased net sales, these net sales may not always offset the increased expenses we incur. If we do not successfully maintain and enhance our reputation, our business may not grow, and we may have reduced pricing power relative to competitors and could lose investors and third-party partners or fail to attract new investors or partners, all of which would adversely affect our business, results of operations and financial condition.

Risk Related to Our Hotel Business

Our hotel business, consisting of the Hotel Royal Oak Gotanda, is subject to risks generally applicable to the hospitality industry in Tokyo, Japan

As of the date hereof, we own and manage one hotel, the Hotel Royal Oak Gotanda, which is located in central Tokyo, Japan, and which forms our hotel business segment. While our bitcoin-related operations have become substantially more significant to our financial performance than our hotel business, our hotel business exposes us to various risks affecting hotels. Such risks include adverse trends in domestic and inbound travel demand as well as general economic conditions in Japan and Tokyo, competition from other hotels and hotel alternatives, our ability to effectively manage our hotel's operations, maintenance and any capital improvements; increases in operating costs such as labor and energy costs, the occurrence of any natural or man-made disasters, infectious diseases, or acts of violence or war, and compliance with laws and regulations, including customer data privacy regulations and liabilities with respect to any breach thereof.

Risks Related to Our Operations and Business in General

Our quarterly operating results, revenues and expenses may fluctuate significantly, which could have an adverse effect on the market price of our common stock

For many reasons, including those described below, our operating results, revenues and expenses have varied in the past and may vary significantly in the future from quarter to quarter. These fluctuations could have an adverse effect on the market price of our common stock.

Fluctuations in Quarterly Operating Results. Our quarterly operating results may fluctuate, in part, as a result of:

- fluctuations in the price of bitcoin, of which we have significant holdings and with respect to which we expect to continue to make significant future purchases, and our recording of non-operating gains and losses based on the market value of our bitcoin holdings as of the last day of the relevant fiscal quarter under Japanese GAAP;
- the performance of our strategies to generate income through derivatives on bitcoin (see “—Risks Related to Our Bitcoin Strategy and Holdings—Our generation of revenue through derivatives on bitcoin subjects us to various risks”);
- regulatory, commercial and technical developments related to bitcoin or the bitcoin blockchain, or digital assets more generally;
- the incurrence of additional fixed interest charges or dividend obligations, including if borrowing costs continue to increase in Japan, or if we issue convertible debt or preferred stock in the future; and
- the impact of war, terrorism, infectious diseases (such as COVID-19), natural disasters and other global events, and government responses to such events, on the global economy and the market for and price of bitcoin.

Limited Ability to Adjust Expenses. We base our operating expense budgets on expected revenue trends and strategic objectives. Many of our expenses, such as certain tax liabilities, office leases, certain costs associated with our hotel business, audit expenses, expenses related to compliance with requirements applicable to public companies and certain personnel costs, are relatively fixed. We may be unable to adjust spending quickly enough to offset any unexpected shortfall in our cash flow. Accordingly, we may be required to take actions to pay expenses, such as selling bitcoin or using proceeds from equity or debt financings, some of which could cause significant variation in operating results in any quarter.

Based on the above factors, we believe quarter-to-quarter comparisons of our operating results are not a good indication of our future performance. It is possible that in one or more future quarters, our operating results may be below the expectations of public market analysts and investors. In that event, the market price of our common stock may fall.

Our expansion in the United States exposes us to additional operational and regulatory risks

While our bitcoin-related business was initially based solely in Japan, we have recently begun expanding its footprint to the United States. Specifically, in May 2025, we established Metaplanet Treasury Corp. as a wholly owned subsidiary in the U.S., which has begun engaging in bitcoin accumulation and related treasury operations to diversify our bitcoin market and custodial access. Then, in July 2025, we established Metaplanet Inc. as another wholly owned subsidiary in the U.S., to which we contributed the shares of Metaplanet Treasury Corp., with the aim of organizing our existing and contemplated future U.S.-based operations under Metaplanet Inc. as a holding company. Our board of directors has approved potential capital contributions of up to US\$5 billion to develop these U.S.-based operations.

Our expansion in the United States exposes us to additional operational and regulatory risks, including the following:

- challenges inherent to efficiently recruiting and retaining talented and capable employees in the United States and maintaining our company culture and employee programs across our offices;
- cost of compliance with, and potential liability under, U.S. laws and regulations, including those related to the digital assets industry and employment and labor practices;

- adverse consequences and compliance burdens from the application of U.S. tax and accounting rules, regulations and principles;
- the potential need to replace our independent auditor with an audit firm with U.S. audit capabilities as we expand the proportion of our bitcoin holdings in the United States;
- greater risk of unexpected changes in laws and regulations;
- fluctuations in exchange rates between the Japanese yen and the U.S. dollar;
- management communication and integration problems resulting from geographic dispersion;
- adverse tax consequences arising from operating internationally;
- impacts of moving a greater proportion of our bitcoin holdings to our U.S. subsidiaries and acquiring additional bitcoin and potentially conducting other operations through them, including with respect to tax and accounting implications and our relationships with U.S.-based custodial service providers;
- exposure to regional or global public health issues and to travel restrictions and other measures undertaken by governments in response to such issues; and
- general economic, social and political conditions in the United States.

Any one or more of these or other factors could result in material adverse effects on our business, financial condition and results of operations. In addition, our exposure to the risks discussed above will increase as our global operations continue to expand.

Business disruptions, including interruptions, delays, or failures of our systems, or third-party services, as a result of geopolitical tensions, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events, could materially adversely affect our operating results or result in a material weakness in our internal controls that could adversely affect the market price of our stock

Our critical business operations are concentrated in facilities in Tokyo, Japan and Miami, Florida, in the United States. In addition, we manage certain critical internal processes using third-party services, including Google and other cloud services, and retain custodians in the Japan and the United states to hold our bitcoin reserves. Any disruptions or failures of our systems or the third-party services that we use, including as a result of a natural disaster, fire, cyberattack (including the potential increase in risk for such attacks due to cyberwarfare in connection with the ongoing Russia-Ukraine and Israel-Hamas conflicts), act of terrorism, geopolitical conflict (including due to the ongoing Russia-Ukraine and Israel-Hamas conflicts and any potential conflict involving China and Taiwan), pandemic, the effects of climate change, or other catastrophic event, as well as power outages, telecommunications infrastructure outages, a decision by one of our third-party service providers to close facilities that we use without adequate notice or to materially change the pricing or terms of their services, host country restrictions on the conduct of our business operations, or other unanticipated problems with our systems or the third-party services that we use, such as a failure to meet service standards, could severely impact our ability to conduct our business operations, or result in a material weakness in our internal control over financial reporting, any of which could materially adversely affect our future operating results.

If we are unable to recruit or retain skilled personnel, or if we lose the services of Simon Gerovich, our business, operating results, and financial condition could be materially adversely affected

Our future success depends on our continuing ability to attract, train, assimilate and retain highly skilled personnel. There has historically been significant competition for qualified employees in the digital asset industry, and such competition may be further amplified by rising digital asset prices and related establishment and growth of digital asset businesses. We may not be able to retain our current key employees or attract, train, assimilate and retain other highly skilled personnel in the future. Our future success also depends in large part on the continued service of Simon Gerovich, our Representative Director & President. If we were unable to attract, train, assimilate and retain the highly skilled personnel we need, or we were to lose the services of Mr. Gerovich, our business, operating results and financial condition could be materially adversely affected.

Foreign currency exchange rate fluctuations may adversely affect our business, results of operations and financial condition

We face both transaction and translation risks related to the fluctuation of foreign currency exchange rates. We report our financial results in Japanese yen, while the financial results of our foreign subsidiaries are reported in U.S. dollars and translated into Japanese yen using exchange rates in effect at each balance sheet date for assets and liabilities and average exchange rates for each fiscal year for revenues and expenses. In addition, we have historically financed a significant portion of our group's capital needs in Japanese yen through the issuance of stock acquisition rights and senior corporate bonds and may continue to raise capital in Japanese yen in the future. As a result, the weakening of the yen against the U.S. dollar, which is the functional currency of bitcoin, particularly at the time of each of our bitcoin purchases, could reduce the amount of capital resources available for the acquisition of bitcoin. The strengthening of the Japanese yen against the U.S. dollar can also have a negative impact on bitcoin valuation gains and losses, which are based on the market price of bitcoin in Japanese yen terms as of the end of each reporting period. Due to the above factors, movements in foreign exchange rates may adversely affect our financial results and the market price of our common stock.

There can be no assurance that we will not be a passive foreign investment company for U.S. federal income tax purposes, which could result in significant adverse U.S. federal income tax consequences to United States investors

Based on the past and projected nature and composition of our income and assets, and the valuation of our assets, including goodwill, we do not expect to be or become a passive foreign investment company (a "PFIC") in the current taxable year or the foreseeable future, although there can be no assurance in this regard. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the nature and composition of our income and assets from time to time. Specifically, for any taxable year, we will be classified as a PFIC for U.S. federal income tax purposes if either (i) at least 75% of our gross income for such year consists of certain types of "passive income" or (ii) at least 50% of the value of our assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. The calculation of the value of our assets will be based, in part, on the quarterly market value of our common shares, which is subject to change. See "Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

While we do not expect to be a PFIC for the current taxable year or the foreseeable future, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is an annual inquiry that depends upon the composition of our income and assets for such taxable year. The respective values of our assets may depend in part upon the value of our goodwill and other unbooked intangibles (which may depend upon the market value of our shares from time-to-time, which could be volatile). In addition, while we expect that our income generated from selling cash-secured put options (which is, and is expected to continue to be, a substantial majority of our income for purposes of the passive income test described above) should not be characterized as "passive income," there can be no assurance that the Internal Revenue Service (the "IRS") will not assert, or that a court would not sustain, a contrary characterization.

If we are a PFIC for any taxable year during which you hold our common shares, our PFIC status could result in adverse U.S. federal income tax consequences to you if you are a U.S. taxpayer. For example, if we are or become a PFIC, you may become subject to increased tax liabilities under U.S. federal income tax laws and regulations, and to burdensome reporting requirements. See "Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules." Because PFIC status is a factual annual determination that can be made only after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current or any future taxable year.

We may have exposure to greater than anticipated tax liabilities

We are subject to income taxes and non-income taxes in a variety of domestic and foreign jurisdictions. Our future income tax liability could be materially adversely affected by earnings that are lower than anticipated in jurisdictions where we have lower statutory rates, earnings that are higher than anticipated in jurisdictions where we have higher statutory rates, changes in the valuation of our deferred tax assets and liabilities, changes in the amount of our unrecognized tax benefits, or changes in tax laws, regulations, accounting principles, or interpretations thereof. In addition, if we sold any of our bitcoin at prices greater than the cost basis of the bitcoin sold, we would incur a tax liability with respect to any gain recognized, and such tax liability could be material.

Changes in the tax laws could arise, including as a result of the project undertaken by the Organization for Economic Co-operation and Development ("OECD") to combat base erosion and profit shifting ("BEPS"). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases,

make substantial changes to numerous long-standing tax positions and principles. These changes, many of which have been adopted or are under active consideration by OECD members and/or other countries, could increase tax uncertainty and may adversely affect our provision for income taxes.

Corporate holdings of bitcoin were previously uniformly subject to Japanese corporate tax on a mark-to-market basis at the end of each fiscal year. However, for fiscal years ending on or after April 1, 2024, Crypto Assets can be excluded from mark-to-market taxation if the relevant assets meet the all following requirements:

- the assets are subject to statutory transfer restrictions specified under Japanese tax law, such as technical specifications that prevent their transfer to others for approximately no less than one year; and
- the holders of the assets must notify or inform a CAESP that the aforementioned transfer restrictions are in place to enable information on such transfer restrictions to be published by the Japan Virtual and Crypto Assets Exchange Association.

We believe we comply with all requirements necessary to ensure that our bitcoin holdings in Japan and the United States are subject to Japanese corporate tax only upon disposition. However, the relevant regulations may change to our detriment in the future, and tax authorities could disagree with the positions we have taken. We may be subject to particular focus from Japan's tax authorities, as we believe we are the most prominent digital assets treasury company in Japan. If the relevant regulations change, or authorities disagree with positions we have taken, we may need to restructure our bitcoin holdings or operations, and we may be subject to back taxation with respect to prior periods and any applicable interest or penalties.

With respect to U.S. corporate tax, on September 12, 2024, the U.S. Department of Treasury and the U.S. Internal Revenue Service issued proposed regulations with respect to the application of the Corporate Alternative Minimum Tax ("CAMT") under the U.S. Inflation Reduction Act of 2022 ("IRA"). Unless an exemption applies, in the context of a foreign-parented multinational group, the IRA imposes a 15% corporate alternative minimum tax on a U.S. corporation with respect to an initial tax year and subsequent tax years, if the average annual adjusted financial statement income for any consecutive three-tax-year period preceding the initial tax year exceeds US\$1 billion for the group, of which average financial statement income on the same basis for a group's U.S. subsidiary (together with certain affiliates) exceeds US\$100 million. Because unrealized fair value gains on our bitcoin holdings are marked to market under Japanese GAAP and, at the U.S. subsidiary level, U.S. GAAP, such gains could cause us our U.S. subsidiaries to become subject to the CAMT. Unless the IRA is amended or the proposed regulations with respect to CAMT are, when finalized, revised to provide relief (or other interim relief is granted), we could become subject to the CAMT in future tax years. If we become subject to these new taxes under the IRA for these or any other reasons, it could result in a material tax obligation that we would need to satisfy in cash, which could materially affect our financial results, including our earnings and cash flow, and our financial condition. Further, other existing U.S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied in a manner that negatively impacts us.

In addition, our continuing operation of our hotel business permits us to use substantial tax-loss carryforwards (due to prior losses in such business) to offset our income, including income from our bitcoin income generation business. If we cease operating our hotel business, or otherwise are unable to make use of such tax-loss carryforwards as we have to date, our tax liability could increase.

Our determination of our tax liability is subject to review by applicable domestic and foreign tax authorities. Any adverse outcome of such reviews could have an adverse effect on our operating results and financial condition. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment and there are many transactions and calculations, including in respect of transactions involving bitcoin, where the ultimate tax determination is uncertain.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may materially affect our financial results in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

Failure to maintain effective internal controls and corporate governance could result in regulatory scrutiny and have a material adverse effect on our business and stock price

In accordance with the FIEA, we are required to evaluate the effectiveness of our internal controls over financial reporting as of the end of our fiscal year. If our internal controls over financial reporting are found to

have material weaknesses or significant deficiencies in the future, our ability to produce reliable financial reports on a timely basis could be adversely affected, resulting in a loss of confidence in our financial reporting by investors, which could materially and adversely affect the price of our shares.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and are subject to inherent limitations. We cannot be certain that our internal controls over financial reporting will have the effect of mitigating the risk of material misstatement which will lead to material weaknesses or significant deficiencies in our internal controls would further heighten such risk.

While it is our policy and practice to comply with all laws and regulations applicable to our business, and we remain committed to strengthening and maintaining our internal policies and governance framework, there can be no assurance that such policies and procedures will function in all cases to prevent misstatements or omissions in our disclosures due to error, fraud or other reasons, which could result in, among other things, failures to make required filings in a timely manner or filings containing incorrect or misleading information. Moreover, there is no guarantee that our internal control policies and procedures will protect us in all cases from actions taken by our officers, directors or employees or third parties with which we do business that are alleged or found to be in violation of applicable laws or regulations or otherwise constitute misconduct or inappropriate behavior. Any of these factors could result in regulatory scrutiny, regulatory enforcement actions, monetary fines or other penalties, litigation, or damage to our reputation, business, financial condition, operating results and stock price.

In particular, the financial scale of our business has expanded rapidly since April 2024, and we seek to continue our growth, including through our newly formed U.S. subsidiaries. Our continued growth across multiple jurisdictions could pose a challenge to our internal controls and governance. In addition, the bitcoin-related industry is rapidly evolving, and the accounting and other standards and criteria for evaluating and auditing internal controls and our corporate governance framework may not be as established as in other sectors with a longer history. We may also need to enhance corporate governance to accommodate the increased scale of our business and financial operations as we continue to expand. As a result, there may be challenges to assess and establish effective internal controls and corporate governance.

We may be unable to protect our intellectual property adequately, and we may be subject to intellectual property claims

We regard the protection of our proprietary data, software, domain names, trademarks, trade names, copyrights, trade secrets and similar intellectual property as critical to our success, including for aspects of our bitcoin strategy and in relation to the promotion and enhancement of our brand and reputation. However, policing the unauthorized use of our intellectual property is difficult and expensive. Although we have taken steps to prevent the misappropriation of our intellectual property, including by entering into employment agreements with express confidentiality protections, such protective measures may not be adequate to prevent their unauthorized use.

Any misappropriation of intellectual property that is used in our business, whether licensed to us, such as our license to publish Bitcoin Magazine in Japan, or owned by us, could have a material adverse effect on our business, financial condition and results of operations. In the future, we may need to resort to court proceedings to enforce our intellectual property rights, which might result in substantial costs and diversion of management attention and resources away from the operation and growth of our business. There can be no assurance that our means of protecting our intellectual property will be adequate or that our competitors will not independently develop similar technology. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking their validity and enforceability. These steps may be inadequate to protect our intellectual property. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect or defend against unauthorized use.

In addition, our success depends in part on our ability to conduct our business without infringing the intellectual property rights of third parties. However, there is a possibility that we may be subject to litigation involving claims of violations of intellectual property rights of third parties. Existing or future claims against us, whether valid or not, may be time consuming, distracting to management and expensive to defend. Intellectual property litigation or claims could force us to obtain a license from the holder of the infringed intellectual property, which may not be available on commercially favorable terms or at all, which could result in substantial additional costs. Additionally, in the event that there is a determination that we have infringed the proprietary rights of any third party, we could incur substantial liabilities. Any of the above may have a material adverse effect on our business, financial condition and results of operations.

We may be involved in litigation matters that are expensive and time consuming or lead to unfavorable outcomes

We may become involved in litigation matters in the ordinary course of our business. Any lawsuit or administrative action to which we are a party, with or without merit, may result in an unfavorable judgment. We may also decide to settle lawsuits on unfavorable terms, or have such terms imposed on us in connection with administrative actions. Any such negative outcome could result in payments of substantial damages or fines, damage to our reputation or lead to unfavorable changes to our offerings or business practices. Any of these results could adversely affect our business. In addition, defending claims is costly and can impose a significant burden on our management.

Risks Related to Our Common Stock Generally

The market price of our common stock has been and may continue to be volatile

The market price of our common stock has been especially volatile since our announcement of our initial purchase of bitcoin in April 2024, including in recent periods. The closing price per share of our common stock has increased from ¥34 (as adjusted for subsequent stock splits) as of April 23, 2024, the trading day before our announcement of our initial purchase of bitcoin, to ¥904 as of August 25, 2025. The market price of our common stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include, but are not limited to:

- fluctuations in the price of bitcoin, of which we have significant holdings, and in which we expect we will continue to make significant purchases and announcements about our transactions in bitcoin;
- changes to our bitcoin strategy;
- announcement of additional capital raising transactions;
- regulatory, commercial and technical developments related to bitcoin or the bitcoin blockchain;
- quarterly variations in our results of operations or those of our competitors;
- announcements about our earnings that are not in line with our announced forecasts;
- announcements by us or our competitors of acquisitions, dispositions, new offerings, significant contracts, strategic or other relationships, or capital commitments;
- commencement of, or our involvement in, litigation;
- recommendations by securities analysts or changes in earnings estimates and our ability to meet those estimates;
- investor perception of us, including as compared to investment vehicles that are designed to track the price of bitcoin, such as any spot bitcoin ETPs approved in Japan in the future;
- announcements by our competitors of their earnings that are not in line with analyst expectations;
- the volume of shares of our common stock and other securities available for public sale;
- sales or purchases of stock by us or by our stockholders and issuances of awards under our equity incentive plan; and
- general economic conditions and slow or negative growth of related markets, including as a result of war, terrorism, infectious diseases (such as COVID-19), natural disasters and other global events, and government responses to such events.

In addition, the stock market and the markets for bitcoin-influenced have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies in those markets. In particular, recent trading prices of our common stock may reflect market dynamics that are not connected to valuation methods commonly associated with companies engaged predominantly in passive investments in bitcoin or other commodities, such as exchange-traded funds. Our equity market capitalization as of June 30, 2025 is well in excess of our total net assets calculated in accordance with

Japanese GAAP, and in excess of the market value of our bitcoin holdings and other valuations that might traditionally be expected based on our operating performance, cash flows and net assets. Investors may therefore be unable to assess the value our common stock or evaluate the risks of an investment in us using traditional or commonly used enterprise valuation methods. We cannot predict how these dynamics may evolve over time, or whether or how long they may last. These market and industry factors may significantly harm the market price of our common stock, regardless of our actual operating performance.

Future issuances, or the perception of future issuances, of our common stock, or moving strike warrants, preferred stock or other securities convertible into common stock could depress the price of our common stock

We may issue additional shares of common stock, or moving strike warrants, preferred stock or other securities convertible into common stock in subsequent offerings to raise capital, including in connection with the acquisition of additional bitcoin. For example, between April 1, 2024 and the date hereof, we issued and sold a substantial majority of all the shares of our common stock currently outstanding. See “Information Concerning Our Share Capital.”

In order to execute our bitcoin strategy, we recently increased our number of authorized shares to 1,610,000,000, of which 728,714,340 were issued as of August 25, 2025, and we intend to continue to issue a significant number of shares of common stock, including pursuant to moving strike warrants exercisable for shares of our common stock. There were a total of 427,000,000 shares issuable upon the exercise of outstanding moving strike warrants as of August 25, 2025. For a description of risks related to our moving strike warrants, see “—Risks Related to Our Bitcoin Strategy and Holdings—We may not be able to acquire additional bitcoin at the pace required to meet our targeted growth or in the manner we anticipate, particularly if we are unable to obtain substantial financing for such acquisitions on appropriate terms.”

In order to enable continued issuances of our common stock and potentially securities convertible into common stock, we are seeking shareholder approval of a further increase in our number of authorized shares to 2,730,000,000. In addition, as described in “—Risks Related to Our Bitcoin Strategy and Holdings—We may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock” we have filed a shelf registration statement with respect to two classes of preferred stock, and are seeking shareholder approval of amendments to our articles of incorporation defining the general terms of such two classes. These matters are expected to be determined at an extraordinary general meeting of shareholders to be held on September 1, 2025. While such preferred stock might not be issued under the currently contemplated terms or at all, we currently contemplate that one class of the preferred stock may be convertible into shares of common stock, and any such conversion could further dilute our common stock. In addition, such preferred stock would rank senior to our common stock with respect to the payment of dividends or the distribution of assets upon our liquidation, dissolution or winding up, which could adversely affect the rights of holders of our common stock.

Other than as described in general terms herein, in principle, we cannot predict, the size and terms of future issuances of common stock and convertible securities, the effect, if any, that future issuances and sales of our securities will have on the market price of our common stock. Transactions involving newly issued common stock, or moving strike warrants, preferred stock or other securities convertible into common stock could result in possibly substantial dilution to holders of our common stock.

Future sales of shares by our existing shareholders or the exercise of stock acquisition rights issued to management, employees, strategic advisors and external collaborators could lower the market price of our shares and result in substantial dilution

Sales of a substantial number of shares of our common stock following the offering or the perception that such sales may occur could adversely affect the market price of our common stock or affect public perception of our business prospects. As described in this offering circular under “Offering and Sale,” we, Simon Gerovich and MMXX Ventures Limited have agreed to restrictions on sales and other dispositions of our shares for the period beginning on the date the offer price is determined and ending on the date that is 60 calendar days from and including the date of delivery of the shares in the offering. After the expiration of such restrictions, such persons that are subject to the restrictions may choose to sell their remaining shares or shares to be issued or delivered by exercising remaining stock acquisition rights of our common stock on the Tokyo Stock Exchange or otherwise in Japan or abroad. In addition, our board of directors will be able to grant stock acquisition rights to management and employees, generally without any shareholder vote unless the offer price is particularly favorable to subscribers. We may issue management and employee stock acquisition rights in the future at prices

below the offer price of our shares in the offering and below prevailing market prices, and holders of shares of our common stock, including purchasers of our shares in the offering, may experience dilution.

In order to secure attractive personnel and incentivize our personnel as we expand our business, we aim to provide appropriate management and employee incentives such as stock acquisition rights. As of August 25, 2025, there were a total of 249,808,392 shares issuable upon the exercise of outstanding stock acquisition rights issued to management, employees, strategic advisors and external collaborators, which represented 17.8% of the fully diluted issued shares of our common stock (assuming the full exercise of unexercised moving strike warrants and the stock acquisition rights described above) as of such date. In addition, our 10th Series Stock Acquisition Rights, which were approved by our board of directors in December 2022 and approved by our shareholders in February 2023 and are currently held by certain of our directors and employees, contain “anti-dilution” provisions that effectively increase the number of shares that would be issuable under such stock acquisition rights to equal 25% of the total issued shares of our common stock. See “Management—Stock Acquisition Rights” for a more detailed description of these and other provisions. Accordingly, although we plan to continue to issue shares of our common stock and potentially other securities convertible into common stock to finance our bitcoin strategy, any common stock issuances (including in this offering) would also increase the number of shares issuable upon exercise of our 10th Series Stock Acquisition Rights, resulting in additional potential dilution when such stock acquisition rights become exercisable. See “Management—Stock Acquisition Rights.” There were also a total of 427,000,000 shares, representing 30.4% of our issued shares of common stock on a fully diluted basis (assuming the full exercise of unexercised moving strike warrants and the stock acquisition rights described above) as of August 25, 2025. We may also decide to issue additional stock acquisition rights or other forms of equity compensation in the future, which may result in dilution of our current shareholders or negatively affect the market price of our common stock.

We do not intend to pay dividends on our common stock for the foreseeable future

While we recognize that returning profits to shareholders is one of our key management priorities, we have adopted a policy of prioritizing the maximization of corporate value. Accordingly, for the foreseeable future, we do not intend to pay dividends on shares of our common stock in order to prioritize the strategic acquisition and long-term holding of bitcoin. See “Information Concerning Our Share Capital—Policy for Dividends on Common Stock.” As a result, you may not receive any return on your investment unless you sell our common stock for a price greater than that which you paid for it. See “—Risks Related to Our Bitcoin Strategy and Holdings—We may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock” regarding our potential issuance of dividend-paying preferred stock, and the risks related thereto.

Investors holding less than one “unit” of shares of our common stock will have limited rights as shareholders

Our articles of incorporation provide that 100 shares of common stock constitute one “unit.” The Companies Act of Japan (Act No. 86 of 2005, as amended) (the “Companies Act”) and our articles of incorporation impose significant restrictions and limitations on holders of shares that do not constitute a whole unit. In general, holders of shares constituting less than one unit do not have the right to vote with respect to those shares. In addition, shares constituting less than a full unit are not tradable on the Japanese stock exchange on which they are listed. For a more complete description of the unit share system and its effect on the rights of our shareholders, see “Description of Common Stock and Preferred Stock—Unit Share System.”

Rights of shareholders under Japanese law may be different from rights of shareholders in other jurisdictions

Our articles of incorporation and the Companies Act govern our corporate affairs. Legal principles relating to matters such as the validity of corporate procedures, directors’ and executive officers’ fiduciary duties and liabilities and shareholders’ rights under Japanese law may be different from, or less clearly defined than, those that would apply to a company incorporated in any other jurisdiction. Shareholders’ rights under Japanese law may not be as extensive as shareholders’ rights under the laws of other jurisdictions. For example, under the Companies Act, only holders of 3% or more of our total voting rights or our issued and outstanding shares are entitled to examine our accounting books and records. Furthermore, there is a degree of uncertainty as to what duties the directors of a Japanese joint stock corporation may have in response to an unsolicited takeover bid, and such uncertainty may be more pronounced than that in other jurisdictions. In addition, Japanese courts may not be willing to enforce, in original actions or in actions seeking enforcement of judgments of the courts of other jurisdictions, liabilities against us in actions brought in Japan, including those based on the securities laws of the United States or any state thereof.

Daily price range limitations imposed by the Tokyo Stock Exchange or system outages due to malfunctions or other reasons may prevent you from selling our shares at a particular price on a particular trading day, or at all

Share prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange is an order-driven market without specialists or market makers to guide price formation. To prevent excessive volatility, the exchange sets daily upward and downward price range limitations for each listed stock, based on the previous day's closing price or special quote. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to effect a sale at such price on a particular trading day, or at all. Furthermore, the Tokyo Stock Exchange has in the past experienced temporary systems outages due to program or hardware malfunctions. For example, on October 1, 2020, a system malfunction caused a full day shutdown of the Tokyo Stock Exchange's trading system. There can be no assurance that the Tokyo Stock Exchange will not experience a systems outage in the future due to systems malfunctions or other reasons, as a result of which an investor may be unable to trade our shares at the time or price desired, or at all.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately ¥● million from the sale of the newly issued shares in the offering after deducting the estimated underwriting discount and estimated offering expenses payable by us.

We intend to use 90% to 95% of the net proceeds from the offering for the purchase of additional bitcoin and 5% to 10% of the net proceeds from the offering for our bitcoin income generation business.

Bitcoin is a highly volatile asset that has traded below ¥7,730,000 per bitcoin and above ¥17,800,000 per bitcoin on the bitFlyer exchange in the 12 months ended August 25, 2025. Bitcoin does not pay interest or other returns and so our ability to generate cash from our bitcoin holdings depends on sales or the implementation of other strategies to create income streams using our bitcoin holdings. Future fluctuations in bitcoin trading prices may result in our converting bitcoin purchased with the net proceeds from this offering into cash with a value substantially below the net proceeds from this offering, and there can be no assurance as to whether or when we will realize any cash proceeds from our contemplated acquisition of bitcoin.

INFORMATION CONCERNING OUR SHARE CAPITAL

Authorized and Issued Share Capital

As of August 25, 2025, we had an authorized share capital of 1,610,000,000 shares of common stock, of which 728,714,340 shares were issued. We held 25,867 shares as treasury stock as of July 31, 2025.

The following table shows the changes in our issued shares of common stock since April 1, 2020:

Date(s)	Increase (decrease) in total number of issued shares of common stock	Total number of issued shares of common stock after transaction
April 1, 2020 ⁽¹⁾	132,700	57,192,187
February 8, 2023 ⁽²⁾	57,500,000	114,692,187
April 1, 2024 to June 30, 2024 ⁽¹⁾	67,000,000	181,692,187
August 1, 2024 ⁽³⁾	(163,522,969)	18,169,218
July 1, 2024 to November 28, 2024 ⁽¹⁾	18,099,116	36,268,334
January 6, 2025 ⁽¹⁾	2,900,000	39,168,334
February 18, 2025 to March 31, 2025 ⁽¹⁾	6,822,300	45,990,634
April 1, 2025 ⁽⁴⁾	413,915,706	459,906,340
April 1, 2025 to May 19, 2025 ⁽¹⁾	140,808,000	600,714,340
June 24, 2025 ⁽¹⁾	54,000,000	654,714,340
July 2, 2025 to August 25, 2025 ⁽¹⁾	74,000,000	728,714,340

Notes:

- (1) Exercise of stock acquisition rights.
- (2) Third-party allotment of common stock.
- (3) Reverse stock split on a 10-for-1 basis as of August 1, 2024.
- (4) Stock split on a 10-for-1 basis as of April 1, 2025.

On August 27, 2025, we sent a suspension notice to Evolution Japan Securities Co., Ltd., pursuant to which EVO Fund will be suspended from exercising their moving strike warrants for a period beginning on September 3 until September 30, 2025. If EVO Fund continues to exercise their moving strike warrants until September 2, 2025, the total number of issued shares of our common stock may continue to increase until such time.

Proposed Amendments to Our Articles of Incorporation

We have proposed amendments to our articles of incorporation to increase our authorized share capital to 2,723,000,000 shares of common stock, 277,500,000 shares of class A preferred stock and 277,500,000 of class B preferred stock and permit the issuance of preferred stock. These amendments are subject to approval at the extraordinary general meeting of shareholders scheduled for September 1, 2025. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock.”

Policy for Dividends on Common Stock

While we recognize that returning profits to shareholders is one of our key management priorities, we have adopted a policy of prioritizing the maximization of corporate value. Accordingly, for the time being, we have chosen not to pay dividends on shares of our common stock (i.e., a non-dividend policy) in order to prioritize the strategic acquisition and long-term holding of bitcoin.

This policy is a core element of our “bitcoin treasury strategy,” under which we believe that allocating surplus funds to the accumulation and retention of bitcoin, rather than returning surplus to shareholders, will lead to greater shareholder value over the medium to long term.

We intend to maintain this policy for the foreseeable future. Any future decisions regarding dividends on shares of our common stock will be made prudently, taking into consideration the alignment with our bitcoin acquisition strategy and financial position.

Dividends paid to individuals who are non-residents of Japan or non-Japanese corporations will generally be subject to Japanese withholding taxes. See “Taxation—Japanese Taxation.”

Other Shareholder Benefits

As part of our shareholder benefit program, we have previously offered discounts to our registered shareholders for purchases made through our online store “PlanetGear,” the Bitcoin Magazine store, tickets for the Bitcoin Conference and stays at the Hotel Royal Oak Gotanda, subject to certain conditions.

Due to the nature of the benefits involved, many of which are targeted towards individual investors, and some of which may only be redeemed within Japan, this program may be of limited benefit to investors that are not individuals or those residing outside of Japan. Our shareholder benefit program and all specific benefits thereunder are subject to change or discontinuation in the future.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth (i) our consolidated capitalization and indebtedness as of June 30, 2025 and (ii) our consolidated capitalization and indebtedness as adjusted to give effect to:

- the issuance of 180,000,000 shares in this offering;
- the issuance of shares pursuant to the exercise of stock acquisition rights from July 1, 2025 through August 25, 2025; and
- the early repayment of ¥21,000 million of senior bonds between July 1, 2025 and August 26, 2025.

The information in the table below should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included elsewhere in this offering circular.

	As of June 30, 2025	
	Actual	As adjusted ⁽¹⁾
	(in millions of yen)	
Current portion of bonds payable	¥ 30,000	¥ 9,000
Net assets:		
Share capital	¥ 88,721	¥ ●
Authorized—1,610,000,000 shares ⁽²⁾		
Issued—654,714,340 shares (908,714,340 shares as adjusted) ⁽³⁾		
Capital surplus	97,136	●
Retained earnings (Accumulated deficit)	14,919	14,919
Treasury shares	(7)	(7)
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	(290)	(290)
Stock acquisition rights	521	●
Total net assets	201,001	●
Total capitalization ⁽⁴⁾	¥ 201,001	¥ ●

Notes:

- (1) We intend to account for 50% of the increase in equity in connection with the issuance of new shares in the offering as common stock and the remaining 50% as capital surplus.
- (2) We have proposed amendments to our articles of incorporation to permit the issuance of preferred stock and increase our authorized share capital to 2,723,000,000 shares of common stock, 277,500,000 shares of class A preferred stock and 277,500,000 of class B preferred stock. These amendments are subject to approval at the extraordinary general meeting of shareholders scheduled for September 1, 2025. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock.”
- (3) The number of shares to be sold in the offering may be increased to up to 555,000,000 newly issued shares of our common stock depending on investor demand, market conditions, and shareholder approval of an increase in our authorized share capital at an extraordinary general meeting of shareholders scheduled for September 1, 2025. Such potential increase is not included as an adjustment. The number of shares to be sold is expected to be decided on the date of the pricing of the offering.
- (4) Calculated as the sum of long-term borrowings and total net assets.

Other than as described above and changes due to the exercise of stock acquisition rights, there has been no material change in our consolidated capitalization and indebtedness since June 30, 2025.

SELECTED FINANCIAL DATA AND OTHER INFORMATION

Selected Financial Data

Financial information as of and for the fiscal years ended December 31, 2022, 2023 and 2024 is derived from and should be read together with our audited consolidated financial statements as of and for the fiscal years ended December 31, 2022, 2023 and 2024, which are included elsewhere in this offering circular. Financial information as of and for the fiscal years ended December 31, 2020 and 2021 is derived from our unaudited consolidated financial statements that are not included in this offering circular. Financial information as of June 30, 2025 and for the six-month periods ended June 30, 2024 and 2025 is derived from and should be read together with our unaudited quarterly consolidated financial statements as of June 30, 2025 and for the six-month periods ended June 30, 2024 and 2025, including the notes thereto, included elsewhere in this offering circular.

The historical results presented below are not necessarily indicative of results that you can expect for any future period and operating results for quarterly periods are not indicative of the results that may be expected for the full year.

	As of and for the fiscal year ended December 31,					As of and for the six-month period ended June 30,	
	2020	2021	2022	2023	2024	2024	2025
	(in millions of yen)						
Selected statement of income data:							
Net sales	¥ 784	¥ 518	¥ 366	¥ 261	¥ 1,062	¥ 168	¥ 2,116
Cost of sales	185	177	181	49	66	34	53
Gross profit	599	341	184	211	996	133	2,062
Selling, general and administrative expenses	1,995	1,766	1,043	679	645	249	652
Operating profit (loss)	(1,396)	(1,425)	(858)	(468)	350	(115)	1,409
Non-operating income	98	409	98	75	5,650	1	10,037
Bitcoin valuation gain	—	—	—	—	5,457	—	10,035
Non-operating expenses	889	214	76	21	8	62	881
Bitcoin valuation loss	—	—	—	—	—	(59)	—
Ordinary profit (loss)	(2,187)	(1,230)	(836)	(414)	5,993	(176)	10,565
Extraordinary income	86	1,228	2,906	259	400	—	—
Extraordinary losses	872	732	1,090	527	—	—	—
Profit (loss) before income taxes	(2,973)	(735)	979	(682)	6,393	(176)	10,565
Total income taxes	(6)	2	1	1	1,953	0	4,506
Profit (loss)	¥ (2,967)	¥ (737)	¥ 977	¥ (683)	¥ 4,439	¥ (176)	¥ 6,059
Selected balance sheet data:							
Cash and deposits	¥ 216	¥ 414	¥ 207	¥ 553	¥ 294	¥ 1,008	¥ 1,717
Total current assets	848	845	510	599	2,685	1,178	28,507
Property, plant and equipment	11,948	11,275	4,479	974	975	1,035	968
Investments and other assets	1,742	968	366	91	26,473	1,663	208,114
Total assets	14,541	13,091	5,357	1,666	30,325	3,876	238,214
Short-term borrowings	—	—	501	—	—	—	—
Current portion of long-term borrowings	117	2,160	2,096	—	—	—	—
Current portion of bonds payable	—	—	—	—	11,250	1,000	30,000
Long-term borrowings	3,269	1,542	1,068	130	—	133	—
Total liabilities	14,137	13,464	4,739	514	13,359	1,560	37,213
Total net assets	404	(373)	617	1,152	16,965	2,316	201,001
Cash flow data:							
Net cash provided by (used in) operating activities	¥ (565)	¥ (529)	¥ (296)	¥ (571)	¥ 623	¥ (54)	¥ 1,411
Net cash provided by (used in) investing activities	(151)	534	(285)	2,333	(23,452)	(1,830)	(196,112)
Net cash provided by (used in) financing activities	(139)	199	397	(1,415)	22,570	2,341	196,125
Cash and cash equivalents at end of period	216	414	207	553	294	1,008	1,717

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this offering circular. Our financial statements are prepared in conformity with Japanese GAAP, which differ in certain significant respects from accounting principles generally accepted in other jurisdictions, including U.S. GAAP and IFRS. The presentation in this section contains forward-looking statements that involve risks, uncertainties and assumptions, and are subject to the qualifications set forth under "Forward-Looking Statements." Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including but not limited to those set forth under "Risk Factors" and elsewhere in this offering circular.

Overview

We are a fast-growing bitcoin treasury company based in Japan with a strong track record of rapid bitcoin accumulation. As of August 25, 2025, we believe we were also the largest bitcoin holder publicly listed in Asia and the fifth largest publicly listed bitcoin holder globally, according to publicly available information. In April 2024, we executed a strategic transformation of our business by adopting a bitcoin treasury strategy, establishing bitcoin as our core treasury reserve asset. Since adopting a bitcoin treasury strategy, we have rapidly grown our bitcoin reserves from an initial purchase of 97.85 bitcoin in April 2024 to 18,991 bitcoin as of August 25, 2025.

Starting in the fiscal year ended December 31, 2024, our business was organized into the following reporting segments:

- **Bitcoin Treasury Business.** In our Bitcoin Treasury Business, which we commenced in April 2024, we focus on the accumulation and management of bitcoin. In this segment, our primary source of revenue and operating profit is our bitcoin income generation business that we launched in the fourth quarter of 2024. In this business, we engage in bitcoin derivatives transactions focusing on the sale of cash-secured put options on bitcoins. In the fiscal year ended December 31, 2024, although not reflective of the performance of our bitcoin strategy for an entire fiscal year, our Bitcoin Treasury Business segment generated net sales of ¥691 million, or 65.1% of our total net sales, and segment income of ¥622 million, which more than offset the segment loss in our Hotel Business. For the six months ended June 30, 2025, our Bitcoin Treasury Business segment generated net sales of ¥1,904 million, or 90.0% of our total net sales and segment profit of ¥1,641 million, or 95.2% of our total operating profit.
- **Hotel Business.** We operate one hotel in Gotanda, Tokyo as our only remaining hotel from our previous hotel operations. In the fiscal year ended December 31, 2024, our Hotel Business segment generated net sales of ¥370 million, or 34.9% of our total net sales and segment loss of ¥91 million. For the six months ended June 30, 2025, our Hotel Business segment generated net sales of ¥212 million, or 10.0% of our total net sales and segment profit of ¥82 million, or 4.8% of our total operating profit.

Prior to our shift to a bitcoin treasury strategy, we primarily engaged in a hotel-related business and were previously organized as a single Hotel Business segment in the fiscal years ended December 31, 2022 and 2023.

Factors Affecting Results of Operations

We believe that our performance and future success depends on a number of factors that present significant opportunities but also pose risks and challenges, including those discussed below and under "Risk Factors."

Price of Bitcoin

Because we recognize bitcoin valuation gains and losses as non-operating income or losses, our profit is significantly impacted by the price of bitcoin. We recognize gains and losses based on the last spot price of bitcoin available on the last day of each reporting period based on information from the bitFlyer exchange. Bitcoin is a highly volatile asset that has traded below ¥7,730,000 per bitcoin and above ¥17,800,000 per bitcoin on the bitFlyer exchange in the 12 months ended August 25, 2025. Some factors that influence the prices of bitcoin include the supply and demand for bitcoin and its related securities, competition from other cryptocurrencies and regulatory changes affecting bitcoin.

Acquisition of Additional Bitcoin

We have historically used various types of equity to finance the acquisition of additional bitcoin (or to repay debt used to finance the acquisition of additional bitcoin). We raised ¥11.5 billion in the fiscal year ended December 31, 2024 and ¥267.4 billion in fiscal year ending December 31, 2025 (through August 25, 2025), through equity issuances to purchase bitcoin (or to repay debt used to finance the acquisition of additional bitcoin).

The key performance indicator through which we assess the performance of our bitcoin acquisition strategy is BTC Yield – the percentage change period-to-period of the ratio between our bitcoin holdings and fully diluted issued shares (excluding shares issuable under unexercised moving strike warrants). Apart from this metric, we also measure our performance via both BTC gain, our bitcoin holdings at the beginning of a period multiplied by the BTC yield over the same period, and BTC yen gain, the yen value of BTC gain calculated based on the market price of bitcoin as of the end of the measured period. For more information on BTC yield, BTC gain and BTC yen gain, see “Business—Our Bitcoin Treasury Business—BTC Yield and BTC Gain.”

Bitcoin Income Generation Business

Through our bitcoin income generation business, we generate revenue by engaging in bitcoin derivatives transactions focusing on selling cash-secured put options on bitcoin. When we sell put options, we assume the obligation to purchase bitcoin at a predetermined strike price if the option is exercised by the counterparty prior to or at expiration. If the market price of bitcoin falls below the strike price of the put options we have sold, we may be required to purchase bitcoin at prices above prevailing market rates, and would recognize the valuation difference between the market price as of the last day of every reporting period and book price as bitcoin valuation gain or loss.

Foreign Currency Exchange Rates

We report our financial results in Japanese yen, while the financial results of our foreign subsidiaries are reported in U.S. dollars and translated into Japanese yen using exchange rates in effect at each balance sheet date for assets and liabilities and average exchange rates during the period for revenues and expenses provided exchange rates do not fluctuate significantly. We also record foreign exchange gains and losses in connection with the revaluation of foreign currency denominated bonds and foreign currency denominated cash held by our subsidiaries based on the change in foreign exchange rates. In addition, we have historically financed a nearly all of our capital needs in Japanese yen through the issuance of stock acquisition rights and senior corporate bonds, and expect to continue to raise capital in Japanese yen in the future. As a result, the weakening of the yen against the U.S. dollar, which is the functional currency of bitcoin, particularly at the time of each of our bitcoin purchases, could reduce the amount of capital resources available for the acquisition of bitcoin. The strengthening of the Japanese yen against the U.S. dollar can also have a negative impact on bitcoin valuation gains and losses, which are based on the market price of bitcoin in Japanese yen terms as of the end of each reporting period.

Hotel Operating Profit

Operating profit for the Hotel Business depends on net sales and operating expenses of our remaining hotel property. As we have expanded our Bitcoin Treasury Business and shifted away from our Hotel Business, our Hotel Business has contributed an increasing smaller portion of our net sales and operating profit. Our Hotel Business generated 10.0% of our total net sales and 5.8% of our operating profit for the six months ended June 30, 2025. The sales in our Hotel Business can be affected by various factors, such as general economic conditions, competitiveness compared to other hotels and the condition of the Japanese tourism market, including the level of foreign visitors to Japan, which can be affected by various factors such as natural disasters, epidemics, political disputes and other political issues, weather conditions, the strength of the Japanese yen and the success of Japanese government initiatives to promote tourism. As a large portion of the operating expenses relating to our Hotel Business are fixed in nature, operating profit for this business tends to increase when occupancy is high and decrease when occupancy is low.

Tax Loss Carryforwards

We have a significant amount of tax loss carryforwards in relation to tax losses incurred in relation to our hotel business in prior periods. We have gross deferred tax assets in relation to such tax loss carryforwards but have recorded a valuation allowance offsetting a portion of such gross deferred tax assets as of December 31, 2024. See “—Critical Accounting Policies—Deferred Tax Assets and Liabilities.” As long as such tax loss

carryforwards are available, we are able to utilize such tax loss carryforwards to offset our income taxes relating to taxable income generated in future periods, including income generated by our bitcoin derivatives transactions. However, because such tax loss carryforwards relate to our hotel business, we may lose the ability to use such tax loss carryforwards if we suspend the operation of our hotel business.

Components of Results of Operations

Net Sales

Net sales from the Bitcoin Treasury Business is net sales recognized from premiums generated from the sale of cash-secured put options on bitcoin and net sales generated from Bitcoin Magazine. Premiums generated from the put options are generally received in U.S. dollars. As we currently engage in cash-secured options transactions, we do not incur any borrowing costs in relation to these transactions.

Net sales from the Hotel Business is recognized from the net sales from our one commercial real estate holding, Hotel Royal Oak Gotanda.

Cost of Sales

Our cost of sales consist of direct expenses incurred to generate net sales in our Hotel Business and expenses relating to the publication of Bitcoin Magazine.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

Personnel-related expenses

Salary supplement expenses consist primarily of salaries and allowances, bonuses, incentives and retirement benefit expenses of our directors, officers and employees.

Depreciation

Depreciation includes expenses related to the depreciation of property, plant and equipment used primarily for our Hotel Business.

Advertising expenses

Advertising expenses include expenses related to promotion of our company and brand through sponsorship of bitcoin conferences.

Other expenses

Other expenses included within selling, general and administrative expenses include rent paid for our offices and buildings and fees paid to third parties such as our independent auditors, legal advisors and other service providers.

Non-operating Income and Non-operating Expenses

Since our shift to a bitcoin treasury strategy, we record gains or losses in bitcoin within non-operating income or non-operating expenses. Such gains or losses are recorded in the amount that the market value of our bitcoin as of the last spot price of bitcoin available on the last day of each reporting period based on information from the bitFlyer exchange.

Critical Accounting Policies

We prepare our financial statements in accordance with Japanese GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of net sales and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher

degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on our management's judgment.

Impairment of Fixed Assets

Certain long-lived assets, including property and equipment, are stated at cost less depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. We will recognize an impairment loss if certain indicators of asset impairment exist and the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. The estimation of future cash flows is inherently uncertain and relies on assumptions regarding current and future market conditions.

In our Hotel Business, we identify an indication of impairment when there is an operating loss of the Hotel Business after allocation of head office expenses for two consecutive years. In the case that the Hotel Business shows signs of impairment, if the total undiscounted future cash flows expected to be generated from the Hotel Business are less than the book value of the related fixed assets, we recognize impairment losses as the amount by which the recoverable amount (the higher of net selling price or value in use) falls below the book value of the fixed assets. Of this recoverable amount, the value in use is based on estimates of undiscounted future cash flows for the Hotel Business and multiple assumptions used in such estimates, while the net realizable value is calculated based on the value of real estate appraised by external experts.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to tax loss carryforwards and for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period in which the tax rate was enacted. In each reporting period, we assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent we believe that recovery is uncertain, we establish a valuation allowance to offset deferred tax assets, and do not recognize these deferred tax assets on our consolidated balance sheets. Significant management judgment is required in measuring deferred tax assets and deferred tax liabilities and any valuation allowance recorded against our deferred tax assets. Our management considers a number of factors in making such assessments, including historical operating results, future earnings potential and other factors.

As of December 31, 2024, we had ¥4,569 million of deferred tax assets on a gross basis. Based on our estimate of future taxable income against which we could apply our tax loss carryforwards and deferred tax assets relating to temporary differences, we have recorded a valuation allowance of ¥4,563 million and thus had ¥5 million of deferred tax assets on a net basis as of December 31, 2024. As of December 31, 2024, we had ¥1,958 million of deferred tax liabilities relating to bitcoin valuation gains. See the Note "Tax effect accounting" to our consolidated financial statements for the fiscal years ended December 31, 2023 and 2024.

Results of Operations

The following table shows our consolidated financial data for the fiscal years ended December 31, 2022, 2023 and 2024, and for the six-month periods ended June 30, 2024 and 2025:

	For the fiscal year ended December 31,			For the six-month period ended June 30,	
	2022	2023	2024	2024	2025
	(in millions of yen)				
Net sales	¥ 366	¥ 261	¥ 1,062	¥ 168	¥ 2,116
Cost of sales	181	49	66	34	53
Gross profit	184	211	996	133	2,062
Selling, general and administrative expenses	1,043	679	645	249	652
Operating profit (loss)	(858)	(468)	350	(115)	1,409
Non-operating income	98	75	5,650	1	10,037
Bitcoin valuation gain	—	—	5,457	—	10,035
Non-operating expenses	76	21	8	62	881
Bitcoin valuation loss	—	—	—	(59)	—
Ordinary profit (loss)	(836)	(414)	5,993	(176)	10,565
Extraordinary income	2,906	259	400	—	—
Extraordinary losses	1,090	527	—	—	—
Profit (loss) before income taxes	979	(682)	6,393	(176)	10,565
Total income taxes	1	1	1,953	0	4,506
Profit (loss)	¥ 977	¥ (683)	¥ 4,439	¥ (176)	¥ 6,059

Six-Month Period Ended June 30, 2025 Compared to the Six-Month Period Ended June 30, 2024

Net Sales

Our net sales for the six-month period ended June 30, 2025 was ¥2,116 million, an increase of ¥1,948 million, or 1,156.0%, compared to the six-month period ended June 30, 2024. This increase in net sales was due mainly to an increase in option premiums deriving from larger derivative contracts received in our income generation business.

The following table shows net sales by operating segment for the six-month periods ended June 30, 2024 and 2025:

	For the six-month period ended June 30,	
	2024	2025
	(in millions of yen)	
Net sales:		
Bitcoin Treasury Business	—	¥ 1,904
Hotel Business	¥ 168	212
Total	¥ 168	¥ 2,116

Change in net sales by operating segment was as follows:

- *Bitcoin Treasury Business.* Net sales from Bitcoin Treasury Business for the six-month period ended June 30, 2025 was ¥1,904 million. We had no net sales from Bitcoin Treasury Business for the six-month period ended June 30, 2024. This difference in net sales was due mainly to the option premiums received from our put options.
- *Hotel Business.* Net sales from Hotel Business for the six-month period ended June 30, 2025 was ¥212 million, an increase of ¥44 million, or 26.2%, compared to the six-month period ended June 30, 2024. This increase in net sales was due mainly to an increase in the average room rate amid stable operations.

Cost of Sales

Our cost of sales for the six-month period ended June 30, 2025 increased by ¥18 million, or 54.8%, to ¥53 million compared to the six-month period ended June 30, 2024. This increase in cost of sales was due mainly to the cost relating to our Bitcoin Magazine Japan operations.

Gross Profit

Our gross profit for the six-month period ended June 30, 2025 was ¥2,062 million, an increase of ¥1,928 million, or 1,440.0%, compared to the six-month period ended June 30, 2024. This increase in gross profit was due mainly to the increase in net sales described above.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the six-month period ended June 30, 2025 were ¥652 million, an increase of ¥402 million, or 161.2%, compared to the six-month period ended June 30, 2024. This increase in selling, general and administrative expenses was due mainly to the increase in advertisement expenses, salaries and rent expenses on land and buildings.

Operating Profit (Loss)

As a result of the foregoing, our operating profit for the six-month period ended June 30, 2025 was ¥1,409 million, compared to operating loss of ¥115 million for the six-month period ended June 30, 2024.

The following table shows segment profit (loss) (before eliminations) from each segment and other operations that are not included in any reporting segment for the six-month periods ended June 30, 2024 and 2025:

	For the six-month period ended June 30,	
	2024	2025
	(in millions of yen)	
Operating Profit (Loss):		
Bitcoin Treasury Business	—	¥ 1,641
Hotel Business	¥ (38)	82
Other ⁽¹⁾	(1)	—
Adjustment	(76)	(314)
Total	<u>¥ (115)</u>	<u>¥ 1,409</u>

Note:

(1) Includes operations that are not included in any reporting segment, such as the Web3 related business.

Change in segment profit (loss) (before adjustments) for each operating segment was as follows:

- *Bitcoin Treasury Business.* Segment profit from Bitcoin Treasury Business for the six-month period ended June 30, 2025 was ¥1,641 million. We had no segment profit (loss) from Bitcoin Treasury Business for the six-month period ended June 30, 2024. This difference in segment profit (loss) was due mainly to the option premiums received from the sale of put options.
- *Hotel Business.* Segment profit from Hotel Business for the six-month period ended June 30, 2025 was ¥82 million, compared to segment loss of ¥38 million for the six-month period ended June 30, 2024. This difference in segment profit (loss) was due mainly to an increase in the average room rate amid stable operations.

Non-operating Income

Our non-operating income for the six-month period ended June 30, 2025 was ¥10,037 million, an increase of ¥10,035 million compared to the six-month period ended June 30, 2024. This increase in non-operating income was due mainly to unrealized bitcoin valuation gains as a result of a recovery in bitcoin prices.

Non-operating Expenses

Our non-operating expenses for the six-month period ended June 30, 2025 was ¥881 million, an increase of ¥819 million compared to the six-month period ended June 30, 2024. This increase in non-operating expenses was due mainly to foreign exchange losses from redemption of corporate bonds and valuation of foreign currency deposits.

Ordinary Profit (Loss)

Our ordinary profit for the six-month period ended June 30, 2025 was ¥10,565 million, compared to ordinary loss of ¥176 million for the six-month period ended June 30, 2024. This difference in operating profit (loss) was attributable mainly to the strong performance of our Bitcoin Treasury Business, along with unrealized bitcoin valuation gains as a result of a recovery in bitcoin prices.

Extraordinary Income

We had no extraordinary income for the six-month period ended June 30, 2025 and the six-month period ended June 30, 2024.

Extraordinary Losses

We had no extraordinary losses for the six-month period ended June 30, 2025 and the six-month period ended June 30, 2024.

Profit (Loss) Before Income Taxes

Profit before income taxes for the six-month period ended June 30, 2025 were ¥10,565 million, compared to loss before income taxes of ¥176 million for the six-month period ended June 30, 2024. This difference in profit (loss) before income taxes was due mainly to the strong performance of our Bitcoin Treasury Business, along with unrealized bitcoin valuation gains as a result of a recovery in bitcoin prices.

Total Income Taxes

Our total income taxes for the six-month period ended June 30, 2025 were ¥4,506 million, compared to less than ¥1 million for the six-month period ended June 30, 2024.

Profit (Loss)

As a result of the foregoing, we had a profit of ¥6,059 million for the six-month period ended June 30, 2025, compared to a loss of ¥176 million for the six-month period ended June 30, 2024.

Fiscal Year Ended December 31, 2024 Compared to the Fiscal Year Ended December 31, 2023

For the fiscal year ended December 31, 2023, our hotel business was reported under the Hotel Business segment and our Web3 and Metaverse related business, which we announced the commencement of on December 29, 2022, was reported under the Other segment. For the fiscal year ended December 31, 2024, we reorganized our segments to be reported under the current Bitcoin Treasury Business and Hotel Business segments.

Net Sales

Our net sales for the fiscal year ended December 31, 2024 was ¥1,062 million, an increase of ¥800 million, or 306.0%, compared to the fiscal year ended December 31, 2023. This increase in net sales was due mainly to net sales from our Bitcoin Treasury Business.

The following table shows net sales by operating segment for the fiscal year ended December 31, 2023 and 2024:

	For the fiscal year ended December 31,	
	2023	2024
	(in millions of yen)	
Net Sales:		
Bitcoin Treasury Business	—	¥ 691
Hotel Business	¥ 261	370
Total	¥ 261	¥ 1,062

Change in net sales by operating segment was as follows:

- *Bitcoin Treasury Business.* Net sales from Bitcoin Treasury Business for the fiscal year ended December 31, 2024 was ¥691 million, which was derived primarily from sales of put options on bitcoin. We had no net sales from Bitcoin Treasury Business for the fiscal year ended December 31, 2023.
- *Hotel Business.* Net sales from Hotel Business for the fiscal year ended December 31, 2024 was ¥370 million, an increase of ¥109 million, or 41.7%, compared to the fiscal year ended December 31, 2023. This increase in net sales was due mainly to an increase in the number of guests.

Cost of Sales

Our cost of sales for the fiscal year ended December 31, 2024 was ¥66 million, an increase of ¥16 million, or 32.3%, compared to the fiscal year ended December 31, 2023. This increase in cost of sales was due mainly to the higher occupancy rate of hotel rooms.

Gross Profit

Our gross profit for the fiscal year ended December 31, 2024 was ¥996 million, an increase of ¥784 million, or 370.6%, compared to the fiscal year ended December 31, 2023. This increase was primarily due to the increase in net sales described above.

Selling, General and Administrative Expenses

The following table sets forth major components of our selling, general and administrative expenses for the fiscal years ended December 31, 2023 and 2024:

	For the fiscal year ended December 31,	
	2023	2024
	(in millions of yen)	
Selling, general and administrative expenses:		
Payroll and allowances	¥ 97	¥ 84
Depreciation	41	16
Remuneration for directors (and other offices)	88	71
Fee expenses	62	73
Other expenses	389	400
Total	¥ 679	¥ 645

Our selling, general and administrative expenses for the fiscal year ended December 31, 2024 were ¥645 million, a decrease of ¥33 million, or 5.0%, compared to the fiscal year ended December 31, 2023. This decrease in selling, general and administrative expenses was due mainly to a reduction in depreciation expenses.

Operating Profit (Loss)

As a result of the foregoing, our operating profit for the fiscal year ended December 31, 2024 was ¥350 million, compared to our operating loss of ¥468 million for the fiscal year ended December 31, 2023.

The following table shows segment profit (loss) (before adjustments) by operating segment for the fiscal year ended December 31, 2023 and 2024:

	For the fiscal year ended December 31,	
	2023	2024
	(in millions of yen)	
Operating Profit (Loss):		
Bitcoin Treasury Business	—	¥ 622
Hotel Business	¥ (348)	(91)
Other ⁽¹⁾	(11)	(1)
Adjustment	(107)	(179)
Total	¥ (468)	¥ 350

Note:

(1) Includes operations that are not included in any reporting segment, such as our Web3 related business.

Change in segment profit (before adjustments) for each operating segment was as follows:

- *Bitcoin Treasury Business.* Segment profit from Bitcoin Treasury Business for the fiscal year ended December 31, 2024 was ¥622 million. We had no segment profit from Bitcoin Treasury Business for the fiscal year ended December 31, 2023.
- *Hotel Business.* Segment loss from Hotel Business for the fiscal year ended December 31, 2024 was ¥91 million, a decrease of ¥257 million, or 73.8%, compared to the fiscal year ended December 31, 2023. This decrease in segment loss was due mainly to a portion of the expenses associated with the liquidation of a subsidiary being recorded as operating expenses.

Non-operating Income

Our non-operating income for the fiscal year ended December 31, 2024 was ¥5,650 million, an increase of ¥5,575 million, or 7,405.9%, compared to the fiscal year ended December 31, 2023. This increase in non-operating income was due mainly to recognizing a bitcoin valuation gain of ¥5,457 million due to our strategic shift towards our bitcoin treasury business and the increase in the value of bitcoin we acquired as of the end of the fiscal year.

Non-operating Expenses

Our non-operating expenses for the fiscal year ended December 31, 2024 was ¥8 million, a decrease of ¥13 million, or 63.4%, compared to the fiscal year ended December 31, 2023. This decrease in non-operating expenses was due mainly to the decrease in interest expense due to the repayments of our long-term borrowings.

Ordinary Profit (Loss)

Our ordinary profit was ¥5,993 million for the fiscal year ended December 31, 2024, compared to our ordinary loss of ¥414 million for the fiscal year ended December 31, 2023.

Extraordinary Income

Our extraordinary income for the fiscal year ended December 31, 2024 was ¥400 million, an increase of ¥141 million, or 54.4%, compared to the fiscal year ended December 31, 2023. This increase in extraordinary income was due mainly to gains on forgiveness of debts recognized in the fiscal year ended December 31, 2024.

Extraordinary Losses

We had no extraordinary losses for the fiscal year ended December 31, 2024. Our extraordinary losses for the fiscal year ended December 31, 2023 was ¥527 million. This extraordinary losses was due primarily to loss on liquidation of subsidiaries and associates in relation to the divestiture of Red Planet Hotel Manila Corporation, which was previously our subsidiary, and loss on valuation of investment securities. We also recognized impairment losses in connection with our Web3 and Metaverse related businesses.

Profit (Loss) Before Income Taxes

Profit before income taxes for the fiscal year ended December 31, 2024 were ¥6,393 million, compared to loss before income taxes of ¥682 million for the fiscal year ended December 31, 2023.

Total Income Taxes

Our total income taxes for the fiscal year ended December 31, 2024 were ¥1,953 million as compared to total income taxes of ¥1 million for the fiscal year ended December 31, 2023. This increase was primarily attributable to deferred taxes liabilities recorded in connection with the significant unrealized gain relating to our bitcoin holdings.

Profit (Loss)

As a result of the foregoing, we had a profit of ¥4,439 million for the fiscal year ended December 31, 2024, compared to a loss of ¥683 million for the fiscal year ended December 31, 2023.

Fiscal Year Ended December 31, 2023 Compared to the Fiscal Year Ended December 31, 2022

Prior to commencing our Bitcoin Treasury Business, we reported our results as a single segment comprising our hotel operations through the fiscal year ended December 31, 2022. We began shifting away from the hotel business in 2022 and on December 29, 2022, announced that we would commence a new business relating to Web3 and Metaverse. For the fiscal year ended December 31, 2023, our hotel business was reported under the Hotel Business segment and our Web 3 and Metaverse related business was reported under the Other segment.

Net Sales

Our net sales for the fiscal year ended December 31, 2023 was ¥261 million, a decrease of ¥104 million, or 28.5%, compared to the fiscal year ended December 31, 2022. This decrease in net sales was a decrease in net sales from our Hotel Business resulting from the divestiture of a substantial portion of our hotel operations during the fiscal years ended December 31, 2022 and 2023. We did not generate any revenue from Other businesses not included in our Hotel Business segment during these fiscal years.

Cost of Sales

Our cost of sales for the fiscal year ended December 31, 2023 was ¥49 million, a decrease of ¥131 million, or 72.5%, compared to the fiscal year ended December 31, 2022. This decrease in cost of sales was due mainly to the divestiture of a large portion of our hotel operations described above.

Gross Profit

Our gross profit for the fiscal year ended December 31, 2023 was ¥211 million, an increase of ¥27 million, or 14.7%, compared to the fiscal year ended December 31, 2022. This increase was primarily due to the divestiture of a large portion of our hotel operations described above.

Selling, General and Administrative Expenses

The following table sets forth major components of our selling, general and administrative expenses for the fiscal years ended December 31, 2022 and 2023:

	For the fiscal year ended December 31,	
	2022	2023
	(in millions of yen)	
Selling, general and administrative expenses:		
Salaries	¥ 167	¥ 97
Depreciation	160	41
Rent expenses on land and buildings	189	92
Commission expenses	183	9
Other expenses	342	438
Total	¥ 1,043	¥ 679

Our selling, general and administrative expenses for the fiscal year ended December 31, 2023 were ¥679 million, a decrease of ¥363 million, or 34.8%, compared to the fiscal year ended December 31, 2022. This decrease in selling, general and administrative expenses was due mainly to divestiture of a large portion of our hotel operations as described above as well as cost-cutting measures.

Operating Loss

As a result of the foregoing, our operating loss for the fiscal year ended December 31, 2023 was ¥468 million, a decrease of ¥390 million, or 45.5%, compared to the fiscal year ended December 31, 2022.

The following table shows segment income (loss) (before adjustments) by operating segment for the fiscal year ended December 31, 2022 and 2023:

	For the fiscal year ended December 31,	
	2022	2023
	(in millions of yen)	
Operating Loss:		
Hotel Business	¥ (858)	¥ (348)
Other ⁽¹⁾	—	(11)
Adjustment ⁽²⁾	—	(107)
Total	<u>¥ (858)</u>	<u>¥ (468)</u>

Notes:

- (1) Includes operations that are not included in any reporting segment, such as the Web3 related business.
- (2) Adjustments to segment loss are corporate expenses not allocated to our reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.

Segment loss from our Hotel Business for the fiscal year ended December 31, 2023 was ¥348 million, a decrease of ¥509 million, or 59.4%, compared to the fiscal year ended December 31, 2022. This decrease in segment loss was due mainly to the divestiture of a large portion of our hotel operations as described above.

Non-operating Income

Our non-operating income for the fiscal year ended December 31, 2023 was ¥75, million, a decrease of ¥22 million, or 23.3%, compared to the fiscal year ended December 31, 2022. This decrease in non-operating income was due mainly to a decrease in foreign exchange gains.

Non-operating Expenses

Our non-operating expenses for the fiscal year ended December 31, 2023 was ¥21 million, a decrease of ¥54 million, or 71.2%, compared to the fiscal year ended December 31, 2022. This decrease in non-operating expenses was due mainly to the decrease in interest expense due to the repayment of our long-term debt.

Ordinary Loss

Our ordinary loss for the fiscal year ended December 31, 2023 was ¥414 million, a decrease of ¥421 million, or 50.4%, compared to the fiscal year ended December 31, 2022.

Extraordinary Income

Our extraordinary income for the fiscal year ended December 31, 2023 were ¥259 million, a decrease of ¥2,646 million, or 91.1%, compared to the fiscal year ended December 31, 2022. This decrease in extraordinary income was due mainly to the gain on cancellation of leases we recognized in the fiscal year ended December 31, 2022 relating to our hotels in Japan while we recognized no such gain in the fiscal year ended December 31, 2023.

Extraordinary Losses

Our extraordinary losses for the fiscal year ended December 31, 2023 were ¥527 million, a decrease of ¥562 million, or 51.6%, compared to the fiscal year ended December 31, 2022. In the fiscal year ended December 31, 2023, our extraordinary losses was primarily attributable to loss on liquidation of subsidiaries and associates relating to the sale of Red Planet Hotels Manila Corporation, which was previously our subsidiary, and loss on valuation of investment securities. We also recorded impairment losses in connection with our Web3 and Metaverse related businesses. In the fiscal year ended December 31, 2022, our extraordinary loss was primarily attributable to a provision for loss on guarantees in connection with the determination to use the shares of six of our subsidiaries in Thailand to repay principal and interest under our borrowings. We also recognized impairment losses relating a hotel under construction in the Philippines during this fiscal year.

Profit (Loss) Before Income Taxes

Loss before income taxes for the fiscal year ended December 31, 2023 were ¥682 million, compared to profit before income taxes of ¥979 million for the fiscal year ended December 31, 2022. This difference was due mainly to a decrease in extraordinary income described above.

Total Income Taxes

Our total income taxes for the fiscal year ended December 31, 2023 were ¥1 million as compared to total income taxes of ¥1 million for the fiscal year ended December 31, 2022.

Profit (Loss)

As a result of the foregoing, we had a loss of ¥683 million for the fiscal year ended December 31, 2023, compared to a profit of ¥977 million for the fiscal year ended December 31, 2022.

Liquidity and Capital Resources

Capital Requirements

Since adopting our bitcoin treasury strategy in April 2024, and establishing bitcoin as our core treasury reserve asset, our principal capital and liquidity needs have been to acquire bitcoin. We have rapidly grown our bitcoin reserves to 18,991 bitcoin as of August 25, 2025 and pursuant to our “2025-2027 Bitcoin Plan” we aim to acquire a total of 210,000 bitcoin by the end of 2027. For more information regarding our “2025-2027 Bitcoin Plan,” see “Business—Our Bitcoin Treasury Business—Bitcoin Reserve Assets.” To reach this goal and continue future acquisitions of bitcoin, we expect that we will require additional capital, which we expect to finance through a combination of the anticipated proceeds from this offering and other financing options including the issuances of common stock under existing and potential future moving strike warrants, and debt and debt-like instruments including potential issuances of preferred stock (subject to approval of the necessary amendments to our articles of incorporation).

In the fiscal year ended December 31, 2023 as well as certain prior fiscal years, we determined that there was substantial uncertainty as to our ability to operate as a going concern due to losses and negative operating cash flows from our hotel business. In the fiscal year ended December 31, 2024, as a result of our transition to a bitcoin treasury strategy, we determined that there was no longer substantial uncertainty as to our ability to operate as a going concern due to our recording positive ordinary profit and positive operating cash flows. For more information, please refer to our audited consolidated financial statements included herein.

Capital Resources

We have primarily raised capital by issuing moving strike warrants to EVO Fund, combined with the issuances of senior ordinary bonds to EVO Fund. Since the adoption of our bitcoin strategy in April 2024, we have raised ¥11.5 billion in the year ended December 31, 2024 and ¥267.4 billion in the fiscal year ended December 31, 2025 (through August 25, 2025), to purchase bitcoin. This structure provides flexibility to raise capital in both strong equity market conditions and during periods where equity issuance would be less favorable. With a view to continuously raise capital to accumulate our bitcoin holdings, we also aim to raise capital using preferred shares, which are subject to approval at an Extraordinary General Meeting of Shareholders currently scheduled on September 1, 2025.

Bonds

We have issued senior ordinary bonds, from time to time, to EVO Fund to finance our bitcoin acquisition. Through our arrangement with EVO Fund, our bonds are issued on a zero coupon basis with a redemption date that is usually up to six months from the date of issuance. Both we and EVO Fund have the right to request early redemption of any such bonds by written notice provided no later than five business days prior to the desired early redemption date.

The following table lists the outstanding bond series, issue amount, interest rate, redemption date as of June 30, 2025.

Series and resolution date	Issue amount (yen/dollars in millions)	Interest rate (%)	Redemption date
19 th Series of Ordinary Bonds (June 30, 2025) ⁽¹⁾	¥30,000 ⁽²⁾	0.00%	December 29, 2025

Note:

- (1) Issued to buy back and cancel our 3rd Series of Ordinary Bonds issued on November 18, 2024, with a guarantee by our Representative Director & President, Simon Gerovich, and a first priority mortgage on the Hotel Royal Oak Gotanda as collateral. The 3rd Series of Ordinary Bonds were issued in the amount of ¥1,750 million to EVO Fund with a 0.36% interest rate and a redemption date of November 17, 2025.
- (2) As a result of early repayments after June 30, 2025, ¥9,000 million remains outstanding as of August 26, 2025.

Other senior ordinary bonds issued listed below have been fully repaid through early redemption using the proceeds of the moving strike warrants issued to and exercised by the EVO Fund.

Series and resolution date	Issue amount (yen/U.S. dollars in millions)	Interest rate (%)	Redemption date	Early redemption date
4 th Series of Ordinary Bonds (December 17, 2024)	¥4,500	0.00%	June 16, 2025	January 6, 2025
5 th Series of Ordinary Bonds (December 20, 2024)	¥5,000	0.00%	June 16, 2025	January 6, 2025
6 th Series of Ordinary Bonds (February 10, 2025)	¥4,000	0.00%	August 12, 2025	February 20, 2025
7 th Series of Ordinary Bonds (February 27, 2025)	¥2,000	0.00%	August 26, 2025	March 3, 2025
8 th Series of Ordinary Bonds (March 12, 2025)	¥2,000	0.00%	September 11, 2025	March 25, 2025
9 th Series of Ordinary Bonds (March 18, 2025)	¥2,000	0.00%	September 17, 2025	April 4, 2025
10 th Series of Ordinary Bonds (March 31, 2025)	¥2,000	0.00%	September 30, 2025	May 2, 2025
11 th Series of Ordinary Bonds (April 15, 2025)	\$ 10	0.00%	October 14, 2025	May 1, 2025
12 th Series of Ordinary Bonds (May 2, 2025)	¥3,600	0.00%	October 31, 2025	May 8, 2025
13 th Series of Ordinary Bonds (May 7, 2025)	\$ 25	0.00%	November 6, 2025	May 12, 2025
14 th Series of Ordinary Bonds (May 8, 2025)	\$21.25	0.00%	November 7, 2025	May 14, 2025
15 th Series of Ordinary Bonds (May 13, 2025)	\$ 15	0.00%	November 12, 2025	May 19, 2025
16 th Series of Ordinary Bonds (May 28, 2025)	\$ 50	0.00%	November 27, 2025	June 24, 2025
17 th Series of Ordinary Bonds (May 29, 2025)	\$ 21	0.00%	November 28, 2025	June 24, 2025
18 th Series of Ordinary Bonds (June 16, 2025)	\$ 210	0.00%	December 15, 2025	June 24, 2025

Stock Acquisition Rights with Adjustment and Suspension Clauses (Moving Strike Warrants)

The following table sets forth the moving strike warrants outstanding as of August 25, 2025 and issued to the EVO Fund on June 6, 2025. The total number of shares of common stock to be issued as a result of these moving strike warrants is 555,000,000 shares.

Series and resolution date	Number of shares of common stock issuable upon exercise	Issue price per unit	Exercise period
20 th Series Stock Acquisition Rights ⁽¹⁾ (June 6, 2025)	185,000,000	¥114	June 24, 2025 to June 23, 2027
21 st Series Stock Acquisition Rights ⁽¹⁾ (June 6, 2025)	185,000,000	¥99	June 24, 2025 to June 23, 2027
22 nd Series Stock Acquisition Rights ⁽¹⁾ (June 6, 2025)	185,000,000	¥89	June 24, 2025 to June 23, 2027

Note:

(1) With adjustment and suspension clauses.

The terms of these moving strike warrants, including use of proceeds, are summarized below.

- *20th Series Stock Acquisition Rights.* Up to 1,850,000 units, or up to 185,000,000 shares (100 shares per unit), may be issued, with an issue price of ¥114 per unit. The initial exercise price was ¥1,388,

subject to an exercise price adjustment every three trading days set at 100% of the average closing price of our stock over the prior three trading days. There is no upper limit on the exercise price, although the exercise price may not be below ¥777. Proceeds from the issuance and exercise of these moving strike warrants are intended to be used for the redemption of bonds, the purchase of bitcoin, in our bitcoin income generation business, and as working capital.

- *21st Series Stock Acquisition Rights.* Up to 1,850,000 units, or up to 185,000,000 shares (100 shares per unit), may be issued, with an issue price of ¥99 per unit. The initial exercise price was ¥1,388, subject to an exercise price adjustment every three trading days set at 101% of the average closing price of our stock over the prior three trading days. There is no upper limit on the exercise price, although the exercise price may not be below ¥777. Proceeds from the issuance and exercise of these moving strike warrants are intended to be used for the redemption of bonds, the purchase of bitcoin, in our bitcoin income generation business, and as working capital.
- *22nd Series Stock Acquisition Rights.* Up to 1,850,000 units, or up to 185,000,000 shares (100 shares per unit), may be issued, with an issue price of ¥89 per unit. The initial exercise price was ¥1,388, subject to an exercise price adjustment every three trading days set at 102% of the average closing price of our stock over the prior three trading days. There is no upper limit on the exercise price, although the exercise price may not be below ¥777. Proceeds from the issuance and exercise of these moving strike warrants are intended to be used for the redemption of bonds, the purchase of bitcoin, in our bitcoin income generation business, and as working capital.

In addition, we and EVO Fund have entered into a purchase agreement for these moving strike warrants, under which we reserve the right to temporarily suspend the exercise of each series or all of the 20th, 21st and 22nd Stock Acquisition Rights by EVO Fund at any given time by issuing a suspension notice. During the period specified in such suspension notice, EVO Fund cannot exercise any or all of its rights. Any suspension period shall begin on the fifth trading day (inclusive) following the date on which we issue a suspension notice to Evolution Japan Securities Co., Ltd., and shall continue until a date we specify. Issuance or cancellation of any suspension notice by us will be made public by means of a press release at the time it is issued.

We and EVO Fund previously entered into a similar purchase agreement for our 13th to 17th series of moving strike warrants, under which we reserved the right to temporarily suspend the exercise of each series or all of these moving strike warrants by EVO Fund at any given time by issuing a suspension notice. However, the beginning of the suspension period within that purchase agreement was the second trading day (inclusive) following the date on which we issued a suspension notice to Evolution Japan Securities Co., Ltd.

In connection with this offering, on August 27, 2025, we issued a suspension notice to Evolution Japan Securities Co., Ltd., pursuant to which EVO Fund will be suspended from exercising their 20th, 21st and 22nd Stock Acquisition Rights for a period beginning on September 3 until September 30, 2025.

The purchase agreement we entered into with EVO Fund regarding the moving strike warrants also includes a restriction that prevents EVO Fund from exercising Stock Acquisition Rights if the resulting shares in any calendar month would exceed 10% of the total listed shares as of the payment date, unless specific exemptions apply and are confirmed by us.

As of August 25, 2025, 69.19% of the 20th Series Stock Acquisition Rights have been exercised, 0.00% of the 21st Series Stock Acquisition Rights have been exercised and 0.00% of the 22nd Series Stock Acquisition Rights have been exercised, resulting in the total number of our issued shares of common stock to be 728,714,340. We have raised ¥164.5 billion, as of August 25, 2025, from the offering and execution of the 20th Series Stock Acquisition Rights to the 22nd Series Stock Acquisition Rights.

In addition, the following table shows moving strike warrants that we have issued to EVO Fund in the past, all of which have been fully exercised as of the date of this offering circular. The total proceeds raised from the offering and execution of these moving strike warrants were ¥9,553 million for the 12th Series Stock Acquisition Rights and ¥93,375 million in total for the 13th Series Stock Acquisition Rights to the 17th Series Stock Acquisition Rights.

Series and resolution date	Number of shares of common stock issuable upon exercise ¹	Issue price per unit	Exercise period
12 th Series Stock Acquisition Rights ⁽¹⁾ (November 28, 2024) ⁽²⁾	2,900,000	¥614	December 17, 2024 to June 16, 2025
13 th Series Stock Acquisition Rights ⁽¹⁾ (January 28, 2025) ⁽³⁾	4,200,000	¥363	February 18, 2025 to February 17, 2027
14 th Series Stock Acquisition Rights ⁽¹⁾ (January 28, 2025) ⁽³⁾	4,200,000	¥363	February 18, 2025 to February 17, 2027
15 th Series Stock Acquisition Rights ⁽¹⁾ (January 28, 2025) ⁽³⁾	4,200,000	¥363	February 18, 2025 to February 17, 2027
16 th Series Stock Acquisition Rights ⁽¹⁾ (January 28, 2025) ⁽³⁾	4,200,000	¥363	February 18, 2025 to February 17, 2027
17 th Series Stock Acquisition Rights ⁽¹⁾ (January 28, 2025) ⁽³⁾	4,200,000	¥363	February 18, 2025 to February 17, 2027

Notes:

- (1) With adjustment and suspension clauses.
- (2) Up to 29,000 units, or up to 2,900,000 shares (100 shares per unit), to be issued, with an issue price of ¥614 per unit. The initial exercise price was ¥3,288, subject to an exercise price adjustment every trading day to an amount equal to 97% of the simple average of the volume weighted average price of our stock over the preceding 11 consecutive trading days. There was no upper limit on the exercise price, although the lower limit was ¥1,500.
- (3) Up to 42,000 units, or up to 4,200,000 shares (100 shares per unit), to be issued, with an issue price of ¥363 per unit. The initial exercise price was ¥5,555, subject to an exercise price adjustment every trading day set at 100% of the closing price of our stock on the prior trading day. There was no upper limit on the exercise price, although the lower limit was ¥2,555.

We also have issued stock acquisition rights to members of our strategic board of advisors, our management and employees. For a description of stock acquisition rights to granted to members of our strategic board of advisors, our management and employees, see “Management—Stock Acquisition Rights.”

As of August 25, 2025, there were a total of 676,808,392 shares issuable upon exercise of outstanding stock acquisition rights (including moving strike warrants), which represented 48.2% of our issued shares of common stock on a fully diluted basis.

Preferred Stock

To further diversify our sources of funding to accumulate our bitcoin holdings, we have proposed amendments to our articles of incorporation to authorize 277,500,000 shares of class A preferred stock and 277,500,000 shares of class B preferred stock. These amendments are subject to approval at the extraordinary general meeting of shareholders scheduled for September 1, 2025. On August 1, 2025, we also filed a shelf registration statement for the issuance of class A and class B preferred stock, subject to the approval of the relevant amendments to our articles of incorporation. The maximum offering amount is ¥555 billion (¥277.5 billion for each series), with an issuance registration period of two years. A summary of the potential terms of class A and class B preferred stock is as follows:

- *Class A Preferred Stock.* This preferred stock would provide a fixed dividend with no right to convert into common stock. The fixed dividend will be determined at the time of issuance but cannot exceed an annual rate of 6% of the paid-in amount. The class A preferred stock would rank above the Class B preferred stock and our common stock in terms of the priority of receiving dividends and liquidation preference.
- *Class B Preferred Stock.* This preferred stock would provide a fixed dividend with a right to convert into common stock under certain conditions, allowing investors to benefit from increases in the price of our common stock. We would expect to set the conversion price at higher than the market price of

our common stock at the time of the issuance of the preferred stock. The fixed dividend will be determined at the time of issuance but cannot exceed an annual rate of 6% of the paid-in amount. The class B preferred stock would rank above our common stock but below the class A preferred stock in terms of the priority of receiving dividends and liquidation preference.

Both series of preferred stock would have no voting rights at our general meetings of shareholders. The specific terms of any preferred stock we issue would be determined at the time of issuance, and there is no guarantee that the preferred shares will be approved for listing.

Off-balance Sheet Arrangements

As of June 30, 2025, we had no material off-balance sheet arrangements.

Cash Flows

The following table sets forth our consolidated cash flow data for the fiscal years ended December 31, 2022, 2023 and 2024 and for the six-month period ended June 30, 2024 and 2025.

	For the fiscal year ended December 31,			For the six-month period ended June 30,	
	2022	2023	2024	2024	2025
	(in millions of yen)				
Net cash provided by (used in) operating activities	¥ (296)	¥ (571)	¥ 623	¥ (54)	¥ 1,411
Net cash provided by (used in) investing activities	(285)	2,333	(23,452)	(1,830)	(196,112)
Net cash provided by (used in) financing activities	397	(1,415)	22,570	2,341	196,125
Net increase (decrease) in cash and cash equivalents	(194)	345	(258)	455	1,423
Cash and cash equivalents at beginning of period	414	207	553	553	294
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(12)	—	—	—	—
Cash and cash equivalents at end of period	¥ 207	¥ 553	¥ 294	¥ 1,008	¥ 1,717

Cash Flows for the Six-Month Period Ended June 30, 2025 Compared to the Six-Month Period Ended June 30, 2024

Our net cash provided by operating activities during the six-month period ended June 30, 2025 was ¥1,411 million, compared to our net cash used in operating activities of ¥54 million in the prior six-month period. This difference was primarily due to a combination of profit before income taxes, depreciation, bitcoin valuation loss (gain) and foreign exchange losses.

Our net cash used in investing activities during the six-month period ended June 30, 2025 was ¥196,112 million, an increase of ¥194,282 million, compared to ¥1,830 million in the prior six-month period. This increase was primarily due to payment for acquisition of bitcoin and an increase in deposit paid.

Our net cash provided by financing activities during the six-month period ended June 30, 2025 was ¥196,125 million, an increase of ¥193,784 million, compared to ¥2,341 million in the prior six-month period. This increase was primarily due to proceeds from issuance of bonds, proceeds from issuance of shares and proceeds from issuance of share acquisition rights.

Cash Flows for the Fiscal Year Ended December 31, 2024 Compared to the Fiscal Year Ended December 31, 2023

Our net cash provided by operating activities during the fiscal year ended December 31, 2024 was ¥623 million, compared to our net cash used in operating activities of ¥571 million in the prior fiscal year. This difference was primarily due to our recording positive profit before income taxes in the fiscal year ended December 31, 2024 while we recorded a loss before income taxes in the prior fiscal year.

Our net cash used in investing activities during the fiscal year ended December 31, 2024 was ¥23,452 million, compared to our net cash provided by investing activities of ¥2,333 million in the prior fiscal year. This difference was primarily due to payments for the acquisition of bitcoin in the fiscal year ended December 31, 2024 following our strategic shift to a bitcoin treasury strategy while we had no such payments in the prior fiscal year and had positive cash inflow from proceeds from sale of property, plant and equipment in relation to divestitures of our hotel-related assets.

Our net cash provided by financing activities during the fiscal year ended December 31, 2024 was ¥22,570 million, compared to our net cash used in financing activities of ¥1,415 million in the prior fiscal year. This difference was primarily due to proceeds from the issuance of bonds and shares in connection with the exercise of moving strike warrants during the fiscal year ended December 31, 2024 while we had significant cash outflow from repayments of long-term borrowings in the prior fiscal year.

Cash Flows for the Fiscal Year Ended December 31, 2023 Compared to the Fiscal Year Ended December 31, 2022

Our net cash used in operating activities during the fiscal year ended December 31, 2023 was ¥571 million, an increase of ¥275 million, compared to ¥296 million in the prior fiscal year. In the fiscal year ended December 31, 2023, we recorded a loss before income taxes, which was the primary cause of our recording negative cash flows used in operating activities. In the fiscal year ended December 31, 2022, although we recorded profit before income taxes, this profit was more than offset by non-cash items including a gain on cancellation of leases in connection with divestitures of our hotel-related assets.

Our net cash provided by investing activities during the fiscal year ended December 31, 2023 was ¥2,333 million, compared to our net cash used in investing activities of ¥285 million in the prior fiscal year. This difference was primarily due to proceeds from the sale of property, plant and equipment in the fiscal year ended December 31, 2023 relating to divestitures of hotel-related assets while we had cash outflows in the prior fiscal year for purchases of property, plant and equipment relating to our hotel business.

Our net cash used in financing activities during the fiscal year ended December 31, 2023 was ¥1,415 million, compared to our net cash provided by financing activities of ¥397 million in the prior fiscal year. This difference was primarily due to repayments of long-term borrowings during the fiscal year ended December 31, 2023 while we had net proceeds from short-term borrowings in the prior fiscal year.

Quantitative and Qualitative Disclosure About Market Risk

Bitcoin Price Risk

The financial performance of our Bitcoin Treasury Business is significantly affected by the market prices of bitcoin. In particular, the market price of bitcoin directly impacts the price at which we buy bitcoin and the price at which we sell our put options. When we sell put options, we assume the obligation to purchase bitcoin at a predetermined strike price if the option is exercised by the counterparty prior to or at expiration. If the market price of bitcoin falls below the strike price of the put options we have sold, we may be required to purchase bitcoin at prices above prevailing market rates, resulting in potentially substantial losses. The magnitude of such losses could be significant, particularly in the event of a sharp or sustained decline in the price of bitcoin. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Bitcoin is a highly volatile asset, and fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and our financial results.”

Foreign Currency Risk

We report our financial results in Japanese yen, while the financial results of our foreign subsidiaries are reported in U.S. dollars and translated into Japanese yen using exchange rates in effect at each balance sheet date for assets and liabilities and average exchange rates for each fiscal year for revenues and expenses. In addition, we have historically financed a significant portion of our group’s capital needs in Japanese yen through the issuance of stock acquisition rights and senior corporate bonds and may continue to raise capital in Japanese yen in the future. As a result, the weakening of the yen against the U.S. dollar, which is the functional currency of bitcoin, particularly at the time of each of our bitcoin purchases, could reduce the amount of capital resources available for the acquisition of bitcoin. The strengthening of the Japanese yen against the U.S. dollar can also have a negative impact on bitcoin valuation gains and losses, which are based on the market price of bitcoin in Japanese yen terms as of the end of each reporting period. See “Risk Factors—Risks Related to Our Operations and Business in General—Foreign currency exchange rate fluctuations may adversely affect our business, results of operations and financial condition.”

BUSINESS

Overview

We are a fast-growing bitcoin treasury company based in Japan with a strong track record of rapid bitcoin accumulation. As of August 25, 2025, we believe we were also the largest bitcoin holder publicly listed in Asia and the fifth largest publicly listed bitcoin holder globally, according to publicly available information. In April 2024, we executed a strategic transformation of our business by adopting a bitcoin treasury strategy, establishing bitcoin as our core treasury reserve asset. Since adopting a bitcoin treasury strategy, we have rapidly grown our bitcoin reserves from an initial purchase of 97.85 bitcoin in April 2024 to 18,991 bitcoin as of August 25, 2025.

Our Bitcoin Treasury Business segment has been our principal line of business since we executed our strategic transformation in April 2024. In our Bitcoin Treasury Business segment, we strategically accumulate and manage bitcoin in order to create long-term value for our shareholders. In addition, we engage in bitcoin derivatives transactions including the sale of cash-secured bitcoin put options, which we refer to as our bitcoin income generation business, in order to generate income and cash to support our operations. In addition, In our Hotel Business segment, we manage one commercial real estate holding, Hotel Royal Oak Gotanda, as a legacy of our previous focus on hotel operations under our Hotel Business.

We believe that we have significant competitive advantages in expanding our bitcoin holdings due to unique aspects of the regulatory and market environment in Japan, including tax advantages for individuals investing in our shares compared to holding bitcoin directly, eligibility of our shares in tax-advantaged accounts, the non-existence of bitcoin ETPs in Japan and low-yield environment that creates opportunities for us to address investor demand for higher returns. We also believe that our unique bitcoin income generation business leveraging our management's derivatives expertise differentiate us from other bitcoin-focused companies.

We aim to continue to grow our bitcoin reserves by acquiring bitcoin with funds raised through innovative financing strategies. To the extent that we can continue to finance purchases of bitcoin through common stock issuances that result in accretion to bitcoin per share, we will aim to continue to pursue equity financing. In addition, we are also positioned to employ other financing options, such as preferred stock that we may issue in the future if shareholder approval is obtained, which can provide flexibility at a stage when acquiring bitcoin through common stock issuances becomes less accretive to bitcoin per share.

Our Mission

Our mission is to pursue the following six core initiatives:

1. to acquire and hold bitcoin securely as a long-term reserve asset, driving lasting value for our shareholders;
2. to continue to increase our bitcoin per share at a rapid pace, with such pace measured as BTC yield (see “—Our Bitcoin Treasury Business—BTC Yield and BTC Gain”) as a key performance indicator, aiming to provide accretive value for shareholders even as we expand our issued shares;
3. to treat all investors with transparency, fairness and respect, ensuring trust and alignment in everything we do;
4. to structure our company to deliver returns that outperform bitcoin over the long term, through disciplined management and intelligent leverage;
5. to grow bitcoin holdings continually and strategically, adapting to market dynamics and seizing opportunities as they arise; and
6. to educate and advocate for bitcoin adoption in Japan, fostering greater awareness and engagement across individuals and businesses.

In our pursuit of these initiatives, we draw upon decades of expertise, with roots deeply embedded in Japan and a team of seasoned professionals with extensive experience in finance, trading and real estate.

Strategic Rationale for Adoption of Bitcoin Treasury Business

Global fiat currencies face structural challenges stemming from unprecedented monetary expansion, rising government debt burdens, and persistent inflationary pressures. Against this backdrop, Japan represents an especially acute case: the country has consistently had among the highest gross government debt-to-GDP ratio in the developed world. Furthermore, the Bank of Japan (“BoJ”) began implementing a negative interest rate policy in 2016 and, despite a series of hikes in 2024 and 2025, has only raised its policy rate from -0.1% to the current 0.5%. In part as a result of these policies, the Japanese yen has weakened significantly, depreciating by over 40% against the U.S. dollar between 2014 and 2024, based on the average annual exchange rate published by the BoJ.

In response to both the global weaknesses of fiat currencies and Japan’s specific macroeconomic challenges, in April 2024 we made a strategic decision to pivot our treasury strategy to bitcoin. We focused on a number of complementary strategies designed to be accretive on a per-share basis in bitcoin terms. This decision was driven both by the need to mitigate yen currency risks associated with Japan’s fiscal policies and by the opportunity to capitalize on the broader monetization process of bitcoin, which we see as becoming steadily entrenched across corporate and sovereign balance sheets worldwide.

As we believe the yen and other fiat currencies may continue to weaken, bitcoin offers a non-sovereign store of value that has, and may continue, to appreciate against traditional currencies. While various forms of bitcoin exposure exist globally, including direct spot exposure and ETFs/ETPs available in some markets, we have implemented a bitcoin reserve strategy as a public operating company. This gives us optionality unavailable to many global investors, including the potential for accretive financing in the capital markets to acquire additional bitcoin exposure should the opportunity arise in public capital markets using debt, equity, or other instruments. Leveraging what we view as an attractive opportunity in the Japanese capital markets, we intend to acquire bitcoin primarily through the issuance of equity in Japanese yen when the opportunity arises, and we seek to expand our capital raising activities going forward to include preferred stock paying dividends in Japanese yen.

We view bitcoin as fundamentally distinct from all forms of political currency, traditional stores of value, and other crypto-assets. Bitcoin is an absolutely scarce digital synthetic monetary commodity, with no central issuer. The bitcoin protocol limits the total number of bitcoins that can ever be generated to 21 million. We believe that bitcoin’s monetary policy is effectively set in stone through roughly 2140 (when the last bitcoin is expected to be mined), setting it apart from both monetary metals and competing crypto projects operated at the discretion of centralized developer teams.

Our Strengths

Largest Bitcoin Holder Publicly Listed in Asia with Track Record of Rapid Growth

Since adopting our bitcoin treasury strategy in April 2024 with an initial purchase of 97.85 bitcoin, we have achieved a strong track record of rapid growth in our bitcoin holdings, which were 18,991 bitcoin as of August 25, 2025. Between June 30, 2024 and August 25, 2025, we increased our bitcoin per 1,000 fully diluted issued shares (excluding shares issuable under unexercised moving strike warrants) from 0.000619 to 0.0206633, despite primarily funding our bitcoin acquisitions through issuances of common stock. See “—Our Bitcoin Treasury Business—BTC Yield and BTC Gain” for more information. According to publicly available information, we believe that this has made us the largest holder of bitcoin publicly listed in Asia and the fifth largest publicly listed holder of bitcoin globally, each as of August 25, 2025.

We believe that the bitcoin market is currently experiencing a “gold rush” as an increasing number of corporations, including other bitcoin treasury companies, seek to acquire bitcoin. Under these conditions, we believe we have a strong position as one of the first movers globally with a strong track record and established scale, creating the potential for us to continue to scale faster in terms of the absolute size of our bitcoin holdings than newly emerging competitors. Because the total supply of bitcoin is limited, to the extent our competitors and other market participants also seek to buy and hold bitcoin over the long term, we believe our early lead, demonstrated platform of fundraising from the capital markets and commitment to continue to grow our bitcoin holdings create potential for us to remain one of the largest publicly listed holders going forward.

In addition, as we believe we are seen as one of the market leaders among bitcoin treasury companies, we believe we may be unique in Japan in possessing the scale and prominence to raise funds through less traditional financing arrangements that may further drive acquisitions of bitcoin that are accretive to our bitcoin per share, including preferred stock with dividend rights.

As a result, as of June 30, 2025, the number of our registered shareholders of our common stock has exceeded 128,000, which has increased by over 11 times since December 31, 2023. This figure likely underestimates the true number of shareholders, as a large percentage of our shares are now held through foreign securities firms like National Financial Services, Charles Schwab and Interactive Brokers, where multiple shareholders are combined under a single name on our shareholder register, demonstrating the strong support we have gained from overseas investors.

Positioned to Capture Investor Demand by Providing Unique Value to Japanese Investors

As the largest bitcoin treasury company in Japan in terms of bitcoin holdings, we are positioned to provide unique value to Japanese investors seeking to gain bitcoin exposure due to a variety of “arbitrage”-like advantages of holding our common stock, rather than spot bitcoin, based on current regulations in Japan. We accordingly believe that our incorporation and stock exchange listing in Japan support robust investor demand for our common stock, including among overseas investors, and create attractive financing opportunities for us. These key advantages include:

- *Preferential tax regime.* For individuals in Japan, realized gains and losses on spot bitcoin are taxed as “miscellaneous income,” which is aggregated with earned income and taxed at the individual’s marginal rate, which can be potentially over 55%. In addition, gains and losses on spot bitcoin cannot offset capital gains or losses, and losses cannot be carried forward to future tax years. In contrast, capital gains tax on Japanese listed shares is approximately 20.3%, gains and losses can offset those of other capital investments, and losses can be carried forward to future tax years.
- *Eligibility for tax-advantaged accounts.* The Nippon Individual Savings Account (“NISA”) program is a form of tax-advantaged savings available to Japanese individual investors. As of March 31, 2025, there were approximately 26.4 million NISA accounts, and the amount of purchases through NISA accounts was more than ¥17 trillion in 2024, according to the Financial Services Agency of Japan. Japanese individual investors can invest in our common stock through NISA accounts but cannot currently invest in spot bitcoin or spot bitcoin ETPs (as discussed below).
- *No availability of spot bitcoin ETPs.* Because spot bitcoin ETPs are generally available through ordinary brokerage accounts, they can broaden bitcoin exposure to investors who are unable or unwilling to purchase spot bitcoin through digital assets exchanges. However, spot bitcoin ETPs are not currently permitted to be domiciled in Japan, and foreign-domiciled bitcoin ETPs are generally unavailable through brokerage accounts of Japanese individual investors.
- *Low-yield environment.* We believe that the persistent low interest rate environment and limited availability of high-yield investment products in Japan provide opportunities for us to raise funds by accessing demand for fixed-income products with relatively higher yields, such as through potential issuances of preferred stock that is currently subject to shareholder approval. See “—Our Strategies—Employ Leverage for Accretive Bitcoin Acquisitions with Potential to Apply Leverage in the Future.” In addition, we believe we have been able to acquire bitcoin using yen-based debt and other funding at low cost due in part to Japan’s low interest rate environment, and lower interest rates than those generally available to individual investors for spot bitcoin purchases.

For the above reasons, among other generally applicable factors such as our access to best-in-class custody arrangements due to the negotiating strength derived from our large scale, Japanese individual investors seeking exposure to bitcoin may prefer to invest in our common stock instead of spot bitcoin or other methods of gaining bitcoin exposure currently available. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock,” “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin,” and “Risk Factors—Risks Related to Our Common Stock Generally.”

Unique Bitcoin Income Generation Strategy

We require a certain amount of cash flow for our ongoing operations, and as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock,” we have taken steps to enable the issuance of

dividend-paying preferred stock in the future to finance future bitcoin acquisitions and optimize our BTC yield. Because we in principle do not intend to sell our bitcoin holdings absent extraordinary circumstances, starting in the fourth quarter of 2024, we have implemented a synergistic method to generate revenue from bitcoin derivatives transactions.

Our bitcoin-based revenue generation strategy principally involves selling cash-secured put options on bitcoin, with strike prices set near prevailing spot prices at the time of the option sale. As we otherwise seek to use all of our available cash for bitcoin purchases, we view these put option sales as a way to generate revenue while positioning ourselves to acquire bitcoin at levels we view as attractive if bitcoin's market price declines. As we see it, even if bitcoin's market price decreases and the option is exercised, we were able to purchase bitcoin at the strike price, which we would have otherwise done on the contract date with the cash used to secure the option. Moreover, we receive option premiums whether or not the options are exercised. Based on our management's expertise with derivatives markets, we believe this is an attractive method to generate revenue and cash that many other bitcoin-related business may find difficult to replicate.

In the six months ended June 30, 2025, we recorded bitcoin treasury business segment profit of ¥1,641 million, substantially all of which was from our bitcoin income generation business, while our selling, general and administrative expenses for such period were only ¥652 million. As we believe we can continue to scale revenue from this business exceeding our currently contemplated operational cash needs, we aim for it to be a key support for our funding strategies going forward, which could include the payment of fixed dividends under preferred stock should we issue any in the future.

Execution by Experienced Management

Our senior management has extensive experience in the financial industry, which we believe has supported our growth to date, including our nascent bitcoin income generation business discussed above, and will continue to distinguish us from many of our competitors. In particular, Simon Gerovich, our Representative Director & President, formulated and led our strategic shift to a bitcoin treasury strategy, and uses his prior experience as an equity derivatives trader at Goldman Sachs to guide the success of our income generation strategies. Dylan LeClair, our Head of Bitcoin Strategy, brings extensive experience as a thought leader in cryptocurrency, and previously played a key role in acquisition strategies at UTXO Management, a bitcoin focused hedge fund. The other members of our management team also bring a diverse range of experience in finance and other industries.

Our Strategies

Continue to Accumulate Bitcoin through Expanded Use of Yen Financing Methods

As discussed in “—Our Strengths—Largest Bitcoin Holder Publicly Listed in Asia with Track Record of Rapid Growth” above, we believe maintaining and enhancing our position as one of the largest public bitcoin treasury companies will continue to drive shareholder value going forward. We intend to capitalize on the strengths discussed above to continue to rapidly acquire bitcoin. Specifically, our current aim is to acquire 210,000 bitcoin by the end of 2027, or 1% of bitcoin's generation limit, while continuing to increase our bitcoin per share. We view this figure as a minimum we aim to attain by the end of 2027, and to the extent financing is available to us on attractive terms, we will seek to acquire bitcoin to the extent possible even in excess of our goal.

We aim to raise the substantial funds necessary to reach our goal through expanded use of yen-denominated financing methods. We intend to continue to issue common stock, including in connection with moving strike warrants, to tap Japan's robust equity markets. However, expanding our financing methods used to date, we also aim to make significant use of fixed income markets, potentially through preferred stock. This could allow us to reach other large sources of potential demand for our securities, as Japan's household financial assets are estimated at approximately ¥2,200 trillion (or roughly \$15 trillion) as of March 31, 2025 according to the BoJ.

Continue to Execute Accretive Common Stock Issuances

Even as bitcoin's market price has risen, we have steadily increased our bitcoin per fully diluted issued share (excluding shares issuable under moving strike warrants), which we have largely accomplished through common stock issuances. We have been able to accomplish this because an issuance of common stock at times when our enterprise value, which we define as the sum of the total market capitalization of our common stock and our outstanding indebtedness, exceeds our bitcoin NAV, or the total market value of our bitcoin reserves,

followed by an immediate purchase of bitcoin at market prices has the effect of increasing to our bitcoin per share. We refer to the multiple of our enterprise value divided by our bitcoin NAV as our “market Net Asset Value” or “mNAV” for short. Since the adoption of our bitcoin strategy in April 2024, our mNAV has consistently been above 1x, indicating that our enterprise value exceeded our bitcoin NAV. While our hotel business and other assets could account for certain portion of such premium, we believe a significant portion is driven by investors’ expectations regarding our ability to increase our bitcoin per share in the future. Because we primarily increase our bitcoin per share through accretive financings, our mNAV may be indirectly influenced by investor views on future movements in bitcoin’s market price, as we may be able to conduct more frequent financings, or financings on more attractive terms, during “bullish” market conditions.

If we are able to increase our bitcoin per share at a pace that satisfies investor expectations, we believe such premium can be justified compared to the purchase of spot bitcoin, even in the absence of any of the tax or other advantages discussed in “—Our Strengths—Positioned to Capture Investor Demand by Providing Unique Value to the Japanese Market.” To the extent that our mNAV level supports accretive bitcoin purchases through equity financing, we aim to continue to raise capital through common stock issuances.

Employ Leverage for Accretive Bitcoin Acquisitions with Potential to Apply Leverage in the Future

Going forward, we aim to intelligently employ financial leverage to diversify our funding sources and increase our BTC yield when we have reached a stage where our mNAV has declined and financing bitcoin purchases through common stock issuances has become relatively less accretive in terms of bitcoin per share. Fixed-income instruments could potentially allow us to capture demand from Japanese investors with limited options for generating yield at a lower cost of funding than our overseas competitors. Japan’s government bond yields are lower (and generally significantly so) compared to those of major economies such as the United States, Germany and the United Kingdom across the entire yield curve, which also has a strong influence on the interest rates of corporate debt and debt-like financings denominated in yen.

As discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources—Preferred Stock,” we have taken steps to enable the issuance of two classes of dividend-paying preferred stock with relatively debt-like terms, including introducing shareholder proposals to authorize the two classes of preferred stock and the filing of a registration statement in Japan. If approved by our shareholders, and subject to consideration by other parties such as the TSE, we believe the contemplated issuance and listing of these classes of preferred stock could enable us to make substantial additional acquisitions of bitcoin, while having a relatively larger impact on our bitcoin per share compared to common stock issuances. We have proposed limiting the yen-denominated dividends payable on such classes of preferred stock to 6% of the amount paid in, which would be significantly less than the U.S. dollar-denominated dividends payable on the comparable classes of preferred stock of Strategy Inc (formerly MicroStrategy Incorporated). To manage risk, we have proposed limiting the issuance of such preferred stock to no more than 25% of our bitcoin NAV at the time of issuance. As discussed in “—Our Strengths—Unique Bitcoin Income Generation Strategy,” we believe our bitcoin income generation business could be capable of generating the requisite cash flow to support such dividends. If approved, we will seek the public listing of such classes of preferred stock.

Given our prominence as the largest bitcoin treasury company in Japan and Asia, we believe we are well-positioned to pioneer these and other expanded methods of financing going forward, with the goal of transforming Japan’s fixed income financing market. We will opportunistically consider employing additional classes of preferred stock, which could include floating-rate preferred stock in the future to further diversify our capital structure. In addition, we could consider other forms of debt financing such as convertible bonds depending on our assessment of available financing options and investor demand.

The strategies described above, including our bitcoin acquisition plans, constitute forward-looking statements and are based on various assumptions and beliefs. Many of these assumptions and beliefs relate to matters that are outside of our control, including factors affecting the business and economic environment. These and other unanticipated events and circumstances could affect our ability to achieve the plans set forth above. As a result, we cannot and do not make any representation or assurance as to the achievability of these plans or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings” and “Forward-Looking Statements.”

Overview of the Bitcoin Industry and Market

Bitcoin is a digital asset that is issued by and transmitted through an open-source protocol, known as the bitcoin protocol, collectively maintained by a peer-to-peer network of decentralized user nodes. This network

hosts a public transaction ledger, known as the bitcoin blockchain, on which bitcoin holdings and all validated transactions that have ever taken place on the bitcoin network are recorded. Balances of bitcoin are stored in individual “wallet” functions, which associate network public addresses with one or more “private keys” that control the transfer of bitcoin. The bitcoin blockchain can be updated without any single entity owning or operating the network.

Creation of New Bitcoin and Limits on Supply

The bitcoin protocol limits the total number of bitcoins that can be generated over time to 21 million. As of August 25, 2025, approximately 19.9 million bitcoins have been generated. New bitcoins are created and allocated by the bitcoin protocol through a “mining” process that rewards users that validate transactions in the bitcoin blockchain. Validated transactions are added in “blocks” approximately every 10 minutes. The mining process serves to validate transactions and secure the bitcoin network. Mining is a competitive and costly operation that requires a large amount of computational power to solve complex mathematical algorithms. This expenditure of computing power is known as “proof of work.”

To incentivize miners to incur the costs of mining bitcoin, the bitcoin protocol rewards miners that successfully validate a block of transactions with newly generated bitcoin. The current reward for miners that successfully validate a block of transactions is 3.125 bitcoin per mined block. The mining reward is reduced by half, which is referred to as a bitcoin halving, after every 210,000 blocks are mined. This has historically occurred approximately every four years. The most recent bitcoin halving occurred in April 2024, and the next bitcoin halving is expected to occur sometime in 2028.

Modifications to the Bitcoin Protocol

Bitcoin is an open-source network that has no central authority, so no one person can unilaterally make changes to the software that runs the network. However, there is a core group of developers that maintains the code for the bitcoin protocol, and they can propose changes to the source code and release periodic updates and other changes. Unlike most software that has a central entity that can push updates to users, bitcoin is a peer-to-peer network in which individual network participants, called nodes, decide whether to upgrade the software and accept the new changes. As a practical matter, a modification becomes part of the bitcoin protocol only if the proposed changes are accepted by participants collectively having more than 50% of the processing power, known as hash rate, on the network. If a certain percentage of the nodes reject the changes, then a “fork” takes place, and participants can choose the version of the software they want to run.

Forms of Attack Against the Bitcoin Network and Wallets

Blockchain technology has many built-in security features that make it difficult for hackers and other malicious actors to corrupt the protocol or blockchain. However, as with any computer network, the bitcoin network may be subject to certain attacks. Some forms of attack include unauthorized access to wallets that hold bitcoin and direct attacks, like “51% attacks” or “denial-of-service attacks” on the bitcoin network.

Bitcoin is controllable only by the possessor of both the unique public key and private key(s) relating to the local or online digital wallet in which the bitcoin is held. Private keys used to access bitcoin balances are not widely distributed and are typically held on hardware (which can be physically controlled by the holder or by a third party such as a custodian) or via software programs on third-party servers. One form of obtaining unauthorized access to a wallet occurs following a phishing attack where the attacker deceives the victim and manipulates them into sharing their private keys for their digital wallet or other sensitive information. Other similar attacks may also result in the loss of private keys and the inability to access, and effective loss of, the corresponding bitcoin.

A “51% attack” may occur when a group of miners attain more than 50% of the bitcoin network’s mining power, thereby enabling them to control the bitcoin network and protocol and manipulate the blockchain. A “denial-of-service attack” occurs when legitimate users are unable to access information systems, devices, or other network resources due to the actions of a malicious actor flooding the network with traffic until the network is unable to respond or crashes. The bitcoin network has been, and can be in the future, subject to denial-of-service attacks, which can result in temporary delays in block creation and in the transfer of bitcoin.

For further discussion, see “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our bitcoin, or if the private keys associated with our bitcoin are lost or destroyed, or other similar circumstances or events occur, we may lose some or all of our bitcoin and our financial condition and results of

operations could be materially adversely affected” and “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin.”

Bitcoin Industry Participants

The primary bitcoin industry participants are miners, investors and traders, digital asset exchanges and service providers, including custodians, brokers, payment processors, wallet providers and financial institutions.

Miners. Miners range from bitcoin enthusiasts to professional mining operations that design and build dedicated mining machines and data centers, including mining pools, which are groups of miners that act cohesively and combine their processing power to mine bitcoin blocks. See “—Creation of New Bitcoin and Limits on Supply” above.

Investors and Traders. Bitcoin investors and traders include individuals and institutional investors who, directly or indirectly, purchase, hold, and sell bitcoin or bitcoin-based derivatives. On January 10, 2024, the Securities and Exchange Commission (“SEC”) issued an order approving several applications for the listing and trading of shares of spot bitcoin exchange-traded products (“ETPs”) on U.S. national securities exchanges. While the SEC had previously approved exchange-traded funds where the underlying assets were bitcoin futures contracts, this order represented the first time the SEC approved the listing and trading of ETPs that acquire, hold and sell bitcoin directly. ETPs can be bought and sold on a stock exchange like traditional stocks, and provide investors with another means of gaining economic exposure to bitcoin through traditional brokerage accounts.

Digital Asset Exchanges. Digital asset exchanges provide trading venues for purchases and sales of bitcoin in exchange for fiat or other digital assets. Bitcoin can be exchanged for fiat currencies, such as the U.S. dollar, at rates of exchange determined by market forces on bitcoin trading platforms, which are not regulated in the same manner as traditional securities exchanges. We utilize different digital asset exchanges depending on the type and location of the transaction we are carrying out. However, we are not materially dependent on any single trading platform and are actively diversifying across jurisdictions and service providers to mitigate operational risk. In addition to these platforms, over-the-counter markets and derivatives markets for bitcoin also exist. The value of bitcoin within the market is determined, in part, by the supply of and demand for bitcoin in the global bitcoin market, market expectations for the adoption of bitcoin as a store of value, the number of merchants that accept bitcoin as a form of payment, and the volume of peer-to-peer transactions, among other factors. For a discussion of risks associated with digital asset exchanges, see “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Due to the unregulated nature and lack of transparency surrounding the operations of many bitcoin trading venues, bitcoin trading venues may experience greater fraud, security failures or regulatory or operational problems than trading venues for more established asset classes, which may result in a loss of confidence in bitcoin trading venues and adversely affect the value of our bitcoin.”

Service providers. Service providers offer a multitude of services to other participants in the bitcoin industry, including custodial and trade execution services, commercial and retail payment processing, loans secured by bitcoin collateral, and financial advisory services. If adoption of the bitcoin network continues to materially increase, we anticipate that service providers may expand the currently available range of services and that additional parties will enter the service sector for the bitcoin network.

Other Digital Assets

As of the date of this offering circular, bitcoin was the largest digital asset by market capitalization. However, numerous alternative digital assets exist, and many entities, including consortia and financial institutions, are actively researching and investing resources in blockchain platforms and digital assets that utilize consensus mechanisms other than proof-of-work mining, which is employed by the bitcoin network. For example, in late 2022, the Ethereum network transitioned to a “proof-of-stake” mechanism for validating transactions that requires significantly less computing power than proof-of-work mining. Other alternative digital assets that compete with bitcoin in certain ways include “stablecoins,” which are designed to maintain a constant price because of their issuers’ promise to hold high-quality liquid assets (such as U.S. dollar deposits and short-term U.S. treasury securities) equal to the total value of stablecoins in circulation. Stablecoins have grown rapidly as an alternative to bitcoin and other digital assets as a medium of exchange and store of value, particularly on digital asset trading platforms. As of the date of this offering circular, two of the eight largest digital assets by market capitalization were U.S. dollar-backed stablecoins.

Additionally, central banks in some countries have started to introduce digital forms of legal tender. For example, China’s central bank digital currency (“CBDC”) project was made available to consumers in January

2022, and governments including the United States and the European Union have discussed the potential creation of new CBDCs. For a discussion of risks relating to the emergence of other digital assets, see “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Bitcoin is a highly volatile asset, and fluctuations in the price of bitcoin have in the past influenced and are likely to continue to influence the market price of our common stock and our financial results,” “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—The availability of spot ETPs for bitcoin and other digital assets may adversely affect the market price of our common stock” and “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—The emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business.”

Potential Advantages and Disadvantages of Holding Bitcoin

We believe that bitcoin is an attractive asset because it can serve as a store of value, supported by a robust and public open-source architecture, that is untethered to sovereign monetary policy. We also believe that, due to its limited supply, bitcoin offers the potential to serve as a hedge against inflation in the long-term and, if its adoption increases, the opportunity for appreciation in value.

Bitcoin exists entirely in electronic form, as virtually irreversible public transaction ledger entries on the blockchain, and transactions in bitcoin are recorded and authenticated not by a central repository, but by a decentralized peer-to-peer network. This decentralization mitigates the risks of certain threats common to centralized computer networks, such as denial-of-service attacks, and reduces the dependency of the bitcoin network on any single system. The decentralization of user nodes and miners also mitigates the risk of a 51% attack, which would be very costly and difficult to execute with respect to bitcoin because the bitcoin network is open source and widely distributed, and transactions on the blockchain require significant computing power to be validated. However, while the bitcoin network as a whole is decentralized, the private keys used to access bitcoin balances are not widely distributed and are susceptible to phishing and other attacks designed to obtain sensitive information or gain access to password-protected systems. Loss of such private keys can result in an inability to access, and effective loss of, the corresponding bitcoin. Consequently, bitcoin holdings are susceptible to all of the risks inherent in holding any electronic data, such as power failure, data corruption, security breach, communication failure and user error, among others. These risks, in turn, make bitcoin substantially more susceptible to theft, destruction, or loss of value from hackers, corruption, viruses and other technology-specific factors as compared to conventional fiat currency or other conventional financial assets. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our bitcoin, or if the private keys associated with our bitcoin are lost or destroyed, or other similar circumstances or events occur, we may lose some or all of our bitcoin and our financial condition and results of operations could be materially adversely affected” and “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—We face risks relating to the custody of our bitcoin, including the loss or destruction of the private keys associated with our bitcoin and cyberattacks or other data loss relating to our bitcoin.”

In addition, the bitcoin network relies on open-source developers to maintain and improve the bitcoin protocol. Accordingly, bitcoin may be subject to protocol design changes, governance disputes such as “forked” protocols, competing protocols, and other open source-specific risks that do not affect conventional proprietary software.

Our Bitcoin Treasury Business

Bitcoin Reserve Assets

Our bitcoin treasury business is centered around the accumulation and management of bitcoin. Our strategy in this regard is based on our belief in bitcoin’s fundamental value as a long-term asset. We do not have a target price for our purchases, and plan to maintain and grow our stock of bitcoin over an indefinite time horizon. We do, however, set periodic total bitcoin holdings targets. Under our 2025-2026 Bitcoin Plan, released in January 2025, we originally aimed to hold 10,000 bitcoin by the end of 2025 and 21,000 bitcoin by the end of 2026. However, given our success in raising funds to help achieve these benchmarks, we announced an updated 2025-2027 Bitcoin Plan in June 2025, under which we now plan to accumulate 210,000 bitcoin – or 1% of the bitcoin that can be generated – by the end of 2027. As of August 25, 2025, we held 18,991 bitcoin with a total bitcoin NAV of ¥314.6 billion based on the “closing price” quoted by the bitFlyer exchange for such date.

Our bitcoin acquisition plans described above constitute forward-looking statements and are based on various assumptions and beliefs. Many of these assumptions and beliefs relate to matters that are outside of our

control, including factors affecting the business and economic environment. These and other unanticipated events and circumstances could affect our ability to achieve the plans set forth above. As a result, we cannot and do not make any representation or assurance as to the achievability of these plans or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements. See “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings” and “Forward-Looking Statements.”

We maintain our bitcoin reserves in offline or “cold” storage with institutional-grade custodians. To date, our bitcoin reserves have remained segregated, uncollateralized and unencumbered, and are subject to our transparent proof-of-reserves reporting. We do not include bitcoin held over the short term in connection with our bitcoin income generation business as part of our bitcoin reserves. See “—Bitcoin Income Generation.”

Financing Operations

In order to finance our bitcoin purchases, we have primarily leveraged the capital markets in Japan. We seek to utilize innovative financial strategies that combine various types of debt and equity issuances. We have primarily raised capital through issuance of moving strike warrants and corporate bonds. Going forward, we plan to explore other financing options, such as the issuance of preferred stock. We have currently proposed amendments to our articles of incorporation to permit the issuance of preferred stock, which is subject to approval at the extraordinary general meeting of shareholders to be held on September 1, 2025.

For more information regarding our financing activities and strategy, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources” and “—Our Strategies.”

Bitcoin Income Generation

In our bitcoin income generation business, we enter into bitcoin derivatives transactions with the aim of generating revenue and cash to support our business operations, structured around our role as a natural, continuous buyer of bitcoin. We commenced this business in the fourth quarter of 2024 and have primarily focused on selling cash-secured bitcoin put options. These transactions allow us to generate revenue and cash from option premiums when we sell the options. Under these options, we commit to buy bitcoin at predetermined strike prices that are generally set near the current market price of bitcoin at the time we sell the option, while positioning ourselves to acquire bitcoin at attractive levels when the market price of bitcoin declines.

Any bitcoin formally disclosed as purchased by us, including through such assigned put options, is transferred to offline or “cold” storage, which to date has remained segregated, uncollateralized and unencumbered—never pledged against calls or other obligations—and is subject to transparent proof-of-reserves reporting. On a much less frequent basis, and only when market conditions are favorable, we may utilize bitcoin acquired through our bitcoin income generation business to sell covered calls. Under such call options, we commit to sell bitcoin at predetermined strike prices that are generally set near the current market price at the time we sell the option. Such transactions are opportunistic, not structural: they provide incremental premium income and, if exercised, deliver cash proceeds that may be redeployed into new put option sales or direct spot purchases. Importantly, bitcoin subject to such covered call positions is not included in the holdings we disclose based on our proof of reserve.

We engage in these derivatives transactions for the purposes of generating revenue and not for hedging purposes, and remains structurally aligned with our core objective: expanding long-term, unencumbered bitcoin reserves. In the future, we may explore other types of bitcoin derivatives transactions, including bitcoin put options that are secured through debt financing rather than cash on hand.

BTC Yield and BTC Gain

The key performance indicators through which we assess the performance of our bitcoin treasury strategy are BTC yield and BTC gain, which are calculated as follows:

BTC yield

BTC yield is the percentage change during a particular period of our bitcoin per fully diluted issued share. This is calculated as bitcoin holdings divided by the number of fully diluted shares issued. For this purpose, “fully diluted issued shares” includes:

- total shares of common stock issued;

- shares of common stock issuable under outstanding 10th Series Stock Acquisition Rights (which are held by certain directors and employees), including shares issuable under the “anti-dilution” provisions described below; and
- shares issuable under our 18th Series Stock Acquisition Rights (which are held by certain directors, corporate auditors and employees) and our 19th Series Stock Acquisition Rights (which are held by members of our board of strategic advisors).

Our 10th Series Stock Acquisition Rights contain “anti-dilution” provisions that effectively increase the number of shares that would be issuable under such series to equal 25% of our total issued shares of common stock. See “Management—Stock Acquisition Rights.”

For the purposes of calculating “fully diluted issued shares,” we exclude shares issuable under unexercised moving strike warrants because, while they are primarily intended to support accretive bitcoin acquisitions and thus increase our BTC yield, the number of such warrants that will ultimately be exercised and their potential impact on bitcoin per share are uncertain. In addition, we view our moving strike warrants as analogous to at-the-market (“ATM”) equity facilities available to U.S. publicly listed companies. As we understand that shares potentially issuable under ATM equity facilities are generally not reported as diluted shares outstanding by U.S. publicly listed companies, we believe that our approach aligns with U.S. market practice for the treatment of such facilities and provides an appropriate measurement of dilution. Accordingly, shares issuable under moving strike warrants are included in fully diluted issued shares only after the warrants are exercised.

We use this metric to assess our strategy of acquiring bitcoin in a manner we believe to be accretive to shareholders. We believe this metric is useful for investors to evaluate the impact of issuing additional shares to fund bitcoin acquisitions.

BTC gain

BTC gain is the number of bitcoin we held at the beginning of a period multiplied by the BTC yield over the same period. This metric quantifies the hypothetical increase in total bitcoin holdings, assuming no new shares were issued.

BTC yen gain

BTC yen gain is the yen value of the BTC gain calculated based on the market price of bitcoin as of any given date. This metric indicates the yen impact of such period’s BTC gain based on the bitcoin market price as of a given date. In the table below, we use a recent market price, which we believe better shows the impact of such period’s BTC yield on our bitcoin NAV as of such market price date. BTC yen gain does not represent valuation gains or losses on our bitcoin holdings and, so long as our BTC yield for a period is positive, BTC yen gain would be positive even for periods in which we incurred valuation losses on our bitcoin holdings.

The following table shows BTC yield, BTC gain and BTC yen gain for each of the periods shown below.

	As of or for the three months ended				
	June 30,	September 30,	December 31,	March 31,	June 30.
		2024		2025	
Total bitcoin holdings	141.07	398.83	1,761.98	4,046.00	13,350.00
Issued common stock ⁽¹⁾	181,692,180	181,692,180	362,683,400	459,823,340	654,714,340
Fully diluted issued shares (excluding shares under unexercised moving strike warrants) ⁽¹⁾	227,692,180	454,201,850	489,604,170	574,779,175	826,567,925
Bitcoin per 1,000 fully diluted issued shares (excluding shares under unexercised moving strike warrants) ⁽¹⁾	0.0006196	0.0008781	0.0035987	0.0070392	0.0161511
BTC yield %	— ⁽⁴⁾	41.7%	309.8%	95.6%	129.4%
BTC gain ⁽²⁾	— ⁽⁴⁾	59	1,236	1,684	5,237
BTC yen gain (millions)	— ⁽⁴⁾ ¥	977 ¥	20,476 ¥	27,898 ¥	86,758
BTC/JPY used in BTC yen gain ⁽³⁾ . .	— ⁽⁴⁾ ¥	16,566,306 ¥	16,566,306 ¥	16,566,306 ¥	16,566,306
Net assets (millions) ¥	2,316 ¥	5,262 ¥	16,965 ¥	50,436 ¥	201,001

Notes:

- (1) As adjusted for a reverse stock split on a 10-for-1 basis as of August 1, 2024 and a stock split on a 10-for-1 basis as of April 1, 2025.
- (2) Rounded to the nearest whole bitcoin.
- (3) Daily “closing price” as of August 25, 2025 as reported by the bitFlyer exchange.
- (4) Figures are undefined or inapplicable, as we held no bitcoin at the end of the prior period.

The following table shows BTC yield for the period from June 30, 2024 to August 25, 2025, and year to date from December 31, 2024 to August 25, 2025.

	As of or for the period from June 30, 2024 to August 25, 2025	As of or for the period from December 31, 2024 to August 25, 2025
Total bitcoin holdings	18,991	18,991
Issued common stock ⁽¹⁾	728,714,340	728,714,340
Fully diluted issued shares (excluding shares under unexercised moving strike warrants) ⁽¹⁾	919,067,925	919,067,925
Bitcoin per 1,000 fully diluted issued shares (excluding shares under unexercised moving strike warrants) ⁽¹⁾	0.0206633	0.0206633
BTC yield %	3,235.1%	474.2%

Note:

- (1) As adjusted for a reverse stock split on a 10-for-1 basis as of August 1, 2024 and a stock split on a 10-for-1 basis as of April 1, 2025.

BTC yield, BTC gain, and BTC yen gain are subject to a number of limitations, including their exclusion of debt and other liabilities that take priority over common shares. These metrics also assume that all debt will be refinanced or, in the case of any future convertible debt, converted into common shares under its terms. BTC gain and BTC yen gain do not take into account debt obligations, preferred stock or other senior claims on company assets, which may influence the actual accretive impact of capital allocation decisions.

In addition, none of these metrics are measures of operational performance, financial performance or liquidity, and should not be interpreted as traditional financial metrics such as return on investment, cash flow or profit. These metrics are specifically designed to evaluate whether the use of equity capital to acquire bitcoin benefits common shareholders in terms of bitcoin accumulation. These metrics do not consider the source of funds used for bitcoin purchases. As a result, BTC yield, BTC gain, and BTC yen gain may overstate or understate the impact of equity capital on bitcoin acquisitions, since not all bitcoin purchases are funded through equity issuances, and not all equity issuances result in bitcoin acquisitions. Additionally, the issuance, conversion or redemption of any convertible securities may impact these metrics in ways not captured by their calculations.

As a result of the foregoing limitations, investors should not place undue reliance on these measures. These metrics are intended solely as supplemental metrics for those who understand their purpose and limitations, not as replacements for our financial statements or other traditional financial metrics.

Custody of Our Bitcoin

We hold our bitcoin reserves in custody accounts at Japan- and U.S.-based, institutional-grade custodians that have demonstrated records of regulatory compliance and information security. We enter into U.S.-based custodian arrangements through our U.S. subsidiary. As a result, the primary counterparty risk we are exposed to with respect to our bitcoin is performance obligations under the various custody arrangements into which we have entered. We custody our bitcoin across multiple custodians to diversify our potential risk exposure to any one custodian. Our custodial services contracts do not restrict our ability to reallocate our bitcoin among our custodians. In light of the significant amount of bitcoin we hold, we continually seek to engage additional digital asset custodians to further diversify the custody of our bitcoin.

We carefully select the custodians that custody our bitcoin after undertaking a due diligence process. As part of our custodian selection process, we evaluate and select custodians that can demonstrate that they operate with strict security protocols, including multifactor authentication procedures designed to safekeep our bitcoin. In addition, our custodial services agreements generally specify that the private keys that control our bitcoin will be held in offline or “cold” storage, which is designed to mitigate risks that a system may be susceptible to when connected to the internet, including the risks associated with unauthorized network access and cyberattacks. We also negotiate liability provisions in our custodial contracts, pursuant to which our custodians are held liable for

their failure to safekeep our bitcoin. In addition to our custodial arrangements, we also utilize affiliates of our bitcoin custodians to execute bitcoin acquisition and disposition transactions on our behalf. We leverage the due diligence we conduct in connection with our custodial arrangements when conducting due diligence of these trade execution service providers.

We also conduct due diligence reviews during the custodial relationship to monitor the safekeeping of our bitcoin. As part of our process, we obtain and review our custodians' Services Organization Controls reports. We are also contractually entitled to review our custodians' relevant internal controls through a variety of methods. We have in the past conducted supplemental due diligence when we believe it is warranted by market circumstances or otherwise, and going forward intend to conduct such due diligence in principle on a quarterly basis.

We negotiate specific contractual terms and conditions with our custodians that we believe will help establish, under existing law, that our property interest in the bitcoin held by our custodians is not subject to the claims of the custodian's creditors in the event the custodian enters bankruptcy, receivership or similar insolvency proceedings. All of our custodians are subject to regulatory regimes intended to protect customers in the event that a custodian enters bankruptcy, receivership or similar insolvency proceedings. Based on existing law and the terms and conditions of our contractual arrangements with our custodians, we believe that the bitcoin held on our behalf by our custodians would not be considered part of a custodian's bankruptcy estate were one or more of our custodians to enter bankruptcy, receivership or similar insolvency proceedings. For a discussion of risks relating to the custody of our bitcoin, see "Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Our bitcoin strategy exposes us to various risks, including risks associated with bitcoin generally" and "Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Our bitcoin strategy exposes us to risk of non-performance by counterparties."

Our Hotel Business

We operate one hotel property, Hotel Royal Oak Gotanda, which is the only property we retained after our strategic shift to a bitcoin treasury business model. Located near central Tokyo, this hotel is favorably located with direct access to Ebisu, Shibuya, Harajuku and Shinjuku via Gotanda Station on the JR Yamanote Line.

Other Businesses

Among other businesses, we publish Bitcoin Magazine Japan, for which we currently maintain an exclusive license. Through this publication, which brings one of the world's leading and oldest bitcoin media brands to Japan, we seek to spread knowledge and tools for understanding and adopting bitcoin and thus further contribute to the development of the domestic bitcoin ecosystem.

In August 2025, we have also launched our official online merchandise store, "PlanetGear." The store features a curated lineup of apparel, accessories and limited-edition items that reflect the worldview of Metaplanet and Bitcoin Magazine Japan.

Our History

We were originally established in 1999 and engaged in music-related business. In 2004, our shares were listed on JASDAQ (which subsequently transitioned into a listing on the Tokyo Stock Exchange). We entered into the hotel and real estate business in 2013 and subsequently changed our name to Red Planet Japan, Inc. We expanded our hotel business to include hotels located in various markets in Asia, including Japan and Southeast Asia. During the COVID-19 pandemic, our hotel business experienced financial difficulties due to the rapid decline in tourism that severely affected the hospitality industry globally. As a result of the difficult business environment, we divested a large portion of our hotel-related assets starting in 2022, retaining only one hotel property located in Gotanda, Tokyo. As we transitioned away from our hotel business, we engaged in certain Web3 and Metaverse related businesses that have since been suspended.

In 2023, we changed our name to Metaplanet Inc., and in April 2024 we implemented a strategic shift to a bitcoin treasury strategy, establishing bitcoin as our core reserve asset. We began accumulating our bitcoin reserves since this strategic shift. We filed for bankruptcy of Red Planet Hotels Japan, Inc., a hotel operating subsidiary in Japan, in 2024. In 2025, we established two wholly owned subsidiaries in the U.S. to organize and engage in bitcoin accumulation and related treasury operations, for which our board of directors approved potential capital contributions of up to US\$5 billion.

Competition

As of August 25, 2025, we believe we were the largest publicly listed bitcoin treasury company in Japan in terms of bitcoin holdings and one of the largest publicly listed holders of bitcoin globally, according to publicly available information. Although there are a number of emerging companies in Japan pursuing, or that have announced an intention to pursue, bitcoin treasury or bitcoin-related businesses, we believe that our scale and recognition as a global leader as a bitcoin treasury company differentiates us from these emerging companies. We accordingly believe that we primarily compete with other leading global bitcoin treasury companies such as Strategy Inc.

Our bitcoin strategy generally involves from time to time, subject to market conditions, (i) issuing debt or equity securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase bitcoin and (ii) acquiring bitcoin with our liquid assets that exceed working capital requirements. As a result, when we engage in such capital raising transactions, we compete for capital with, among others, ETPs, bitcoin miners, digital assets exchanges, other digital assets service providers, other companies that hold bitcoin or other digital assets as treasury reserve assets, such as Strategy Inc, private funds that invest in bitcoin and other digital assets, and similar vehicles based around the world. An increase in the competition for sources of capital could adversely affect the availability and cost of financing for our bitcoin purchases, and thereby could adversely affect the market price of our common stock.

In our hotel business, we currently compete with other business hotel operators within the Gotanda area and across Tokyo.

Regulations

The laws and regulations applicable to bitcoin and digital assets are evolving and subject to interpretation and change.

Governments around the world have reacted differently to digital assets; certain governments have deemed them illegal, and others have allowed their use and trade without restriction, while in some jurisdictions, such as the U.S., digital assets are subject to overlapping, uncertain and evolving regulatory requirements.

Regulation of Bitcoin in Japan

In Japan, regulations for CAESPs were introduced with the revised PSA, which came into effect in 2017. The regulatory framework for CAESPs primarily focuses on user protection, anti-money laundering and counter-terrorist financing (“AML/CFT”). Subsequently, due to incidents involving the leakage of crypto-assets in Japan caused by hacks targeting CAESPs, as well as revisions to the Financial Action Task Force (“FATF”) standards in respect of crypto-assets, the FSA has been taking steps to strengthen the regulatory framework surrounding CAESPs. On the other hand, there are ongoing discussions about shifting the regulation of crypto-assets from the PSA to the FIEA, which, as noted in “Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—Our bitcoin strategy exposes us to various risks, including risks associated with bitcoin generally,” provides a more comprehensive financial regulatory framework. The following section provides an overview of the current regulations concerning crypto-assets.

Under the PSA, a “crypto-asset” is defined as:

- (i) proprietary value that may be used to pay an unspecified person the price of any goods, etc. purchased or borrowed or any services provided and that may be sold to or purchased from an unspecified person (limited to that recorded on electronic devices or other objects by electronic means and excluding Japanese and other foreign currencies, currency denominated assets (For example, prepaid electronic money cards denominated in Japanese yen or foreign currencies.), and electronic payment instruments (as called stable coin); the same applies in the following item) and that is transferrable through an electronic data processing system; or
- (ii) proprietary value that may be exchanged reciprocally for proprietary value specified in the preceding item with an unspecified person and that is transferrable through an electronic data processing system.

In simple terms, a “crypto-asset” is a digital asset, not denominated in any fiat currency, that is usable as a means of payment to an unspecified person. In light of this definition, bitcoin is classified as the crypto-asset under the PSA.

Under the PSA, “Crypto Asset Exchange Services” (or CAES) refers to any of the following acts carried out as a business:

- (i) sale or purchase of crypto-assets, or the exchange of a crypto-asset for another crypto-asset;
- (ii) intermediating, brokering or acting as an agent in respect of the activities listed in item (i);
- (iii) management of customers’ money in connection with the activities listed in items (i) and (ii);
or
- (iv) management of customers’ crypto-assets for the benefit of another person.

Entities engaging in CAES must register as a CAESP under the PSA. Anyone who carries out CAES without registration will be subject to penalties. In addition, under the PSA, the CAESP must comply with various regulations. Among these regulations, a primary example is the requirement for segregation and entrustment of users’ assets. CAESPs that manage users’ fiat currency and crypto-assets must segregate such property from its own property. For purposes of fiat currency management, such currency must be held in trust with a trust bank or trust company for protection against the CAESP’s bankruptcy. In the area of Crypto Asset management, stringent rules, as set forth below, have been put in place to protect customers from leakages of crypto-assets and from the bankruptcy of a CAESP:

- (a) A CAESP must manage users’ crypto-assets and its own crypto-assets in separate wallets.
- (b) A CAESP must manage at least 95% of users’ crypto-assets in wallets that are not connected to the internet (so-called “cold wallets”).
- (c) A CAESP that manages less than 5% of its users’ crypto-assets in a wallet other than a cold wallet (so-called “hot wallets”) must manage the same type and amount of its own crypto-assets (“Redemption Guarantee Crypto Assets”) in its cold wallets.
- (d) Users are entitled to statutory preference rights to repayment over the segregated crypto-assets and Redemption Guarantee Crypto Assets as stipulated in the PSA.

In addition to the above, CAESPs are required to have their segregation of fiat currency and crypto-assets audited annually by a certified public accountant or auditing firm.

Separate from the regulations applicable to CAES, conducting over-the-counter derivative transactions related to crypto-assets or acting as an intermediary, broker, or agent for such transactions as a business, is regulated as a Type I Financial Instruments Business (the “Type I FIB”) under the FIEA.

Entities engaging in the Type I FIB must register as a Type I Financial Instruments Business Operator (the “Type I FIBO”) under the FIEA. Anyone who carries out Type I FIB without registration will be subject to penalties. The FIEA imposes on the Type I FIBOs various regulations for the purpose of customer protection and prevention of unfair trading, etc. For example, a Type I FIBO can only offer OTC derivative transactions involving crypto-assets with leverage of up to 2x to customers.

Regulations concerning AML/CTF in Japan are primarily found in the Act on Prevention of Transfer of Criminal Proceeds (the “APTCP”) and the FSA’s AML/CTF Guidelines (the “AML/CTF Guidelines”). The APTCP imposes certain obligations on specified business operators, including CAESPs and Type I FIBOs. These obligations include: (i) the duty to perform KYC procedures; (ii) the obligation to report suspicious transactions; and (iii) the obligation to create and maintain transaction records. Furthermore, revisions to the APTCP, implemented in 2023, introduced the Travel Rule for transfers involving crypto-assets, based on FATF standards.

The AML/CTF Guidelines apply to FSA-regulated entities, including CAESPs and Type I FIBOs, require compliance with AML/CTF measures. These guidelines effectively add further obligations on FSA-regulated entities in addition to the statutory obligations imposed by the APTCP. The AML/CTF Guidelines adopt a risk-based approach which requires each regulated entity to identify and assess its own risks related to AML/CTF, and to implement appropriate measures tailored to effectively mitigate these risks.

Regulation of Bitcoin in the United States

As digital assets have grown in both popularity and market size, the U.S. Executive Branch, Congress and a number of U.S. federal and state agencies, including the Financial Crimes Enforcement Network, the Commodity Futures Trading Commission (“CFTC”), the SEC, the Financial Industry Regulatory Authority, the Consumer Financial Protection Bureau, the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS and state financial regulators, have been examining the operations of digital asset networks, digital asset users and digital asset exchanges, with particular focus on the extent to which digital assets can be used to violate state or federal laws, including to facilitate the laundering of proceeds of illegal activities or the funding of criminal or terrorist enterprises, and the safety and soundness and consumer-protective safeguards of exchanges or other service-providers that hold, transfer, trade or exchange digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. In addition, federal and state agencies, and other countries have issued rules or guidance regarding the treatment of digital asset transactions and requirements for businesses engaged in activities related to digital assets.

Depending on the regulatory characterization of bitcoin, the markets for bitcoin in general, and our activities in particular, our business and our bitcoin strategy may be subject to regulation by one or more regulators in the United States and globally. Ongoing and future regulatory actions may alter, to a materially adverse extent, the nature of digital assets markets, the participation of industry participants, including service providers and financial institutions in these markets, and our ability to pursue our bitcoin strategy. Additionally, U.S. state and federal and foreign regulators and legislatures have taken action against industry participants, including digital assets businesses, and enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from digital assets activity. U.S. federal and state energy regulatory authorities are also monitoring the total electricity consumption of cryptocurrency mining, and the potential impacts of cryptocurrency mining to the supply and dispatch functionality of the wholesale grid and retail distribution systems. Many state legislative bodies have passed, or are actively considering, legislation to address the impact of cryptocurrency mining in their respective states.

The CFTC takes the position that some digital assets, including bitcoin, fall within the definition of a “commodity” under the Commodities Exchange Act of 1936, as amended (the “CEA”). Under the CEA, the CFTC has broad enforcement authority to police market manipulation and fraud in spot digital assets markets in which we may transact. Beyond instances of fraud or manipulation, the CFTC generally does not oversee cash or spot market exchanges or transactions involving digital asset commodities that do not utilize margin, leverage, or financing. In addition, CFTC regulations and CFTC oversight and enforcement authority apply with respect to futures, swaps, other derivative products and certain retail leveraged commodity transactions involving digital asset commodities, including the markets on which these products trade.

The SEC and its staff have taken the position that certain other digital assets fall within the definition of a “security” under the U.S. federal securities laws. Public statements made by senior officials and senior members of the staff at the SEC indicate that the SEC does not consider bitcoin to be a security under the federal securities laws. However, such statements are not official policy statements by the SEC and reflect only the speakers’ views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital assets.

In addition, since transactions in bitcoin provide a degree of anonymity, they are susceptible to misuse for criminal activities, such as money laundering. This misuse, or the perception of such misuse, could lead to greater regulatory oversight of bitcoin and bitcoin platforms, and there is the possibility that law enforcement agencies could close or blacklist bitcoin platforms or other bitcoin-related infrastructure with little or no notice and prevent users from accessing or retrieving bitcoin held via such platforms or infrastructure. For example, the U.S. Treasury Department’s Office of Foreign Assets Control has issued updated advisories regarding the use of virtual currencies, added a number of digital asset exchanges and service providers to the Specially Designated Nationals and Blocked Persons list and engaged in several enforcement actions, including a series of enforcement actions that have either shut down or significantly curtailed the operations of several smaller digital asset exchanges associated with Russian and/or North Korean nationals. Additionally, in January 2025, the Consumer Financial Protection Bureau announced that it is seeking public input on privacy protections and surveillance in digital payments, particularly those offered through large technology platforms

As noted above, activities involving bitcoin and other digital assets may fall within the jurisdiction of more than one financial regulator and various courts and such laws and regulations are rapidly evolving and increasing in scope. On January 23, 2025, President Trump issued an executive order titled, Strengthening

American Leadership in Digital Financial Technology. While the executive order did not mandate the adoption of any specific regulations, the executive order identifies certain key objectives to guide agencies involved in crypto regulation, including (i) protecting the sovereignty of the United States dollar by promoting the development of United States dollar-backed stablecoins, (ii) providing regulatory clarity and certainty built on technology-neutral regulations for individuals and firms involved in digital assets, including through well-defined jurisdictional regulatory boundaries, and (iii) taking measures to protect Americans from the risks of Central Bank Digital Currencies. To achieve these objectives, the executive order established a working group on digital asset markets within the National Economic Council, comprised of representatives from key federal agencies, with a tight timeline for examining existing regulations and proposing a new regulatory framework. There have also been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets.

Other Regulations in Japan

Hotel Business Act

Our Hotel Business is subject to the Hotel Business Act of Japan (Act No. 138 of 1948, as amended), or the Hotel Business Act, which generally requires any person who intends to operate a hotel and inn business to obtain permission from the competent governor for each hotel and inn they intend to operate. WEN Tokyo Inc., one of our consolidated subsidiaries, currently has such permission for the Hotel Royal Oak Gotanda. The Hotel Business Act requires hotel and inn facilities to comply with the prescribed sanitary standards and requirements. The competent governor may issue an order to the operator to improve the hotel and inn facilities if the operator fails to comply with such standards or other requirements. The Hotel Business Act does not allow hotel and inn operators to refuse the accommodation of guests, except for certain prescribed cases, and the Hotel Business Act requires hotel and inn operators to maintain hotel and inn registers and, if requested, to submit them to the competent governor. The competent governor may revoke the permission of or suspend the hotel and inn business for a certain period if the hotel and inn operator violates the provisions of the Hotel Business Act or any orders issued thereunder.

Act on the Protection of Personal Information

We hold personal information of our customers in the course of our business and are subject to the Act on the Protection of Personal Information of Japan (Act No. 57 of 2003, as amended) and related guidelines, which cover all business operators utilizing or maintaining databases containing personal information. Pursuant to this act, any such business operator is required to (i) specify the purpose of the use of the personal information prior to handling such information, (ii) except as expressly permitted under this act, refrain from using such personal information beyond the purpose specified without obtaining the prior consent of the person to whom such information relates, (iii) except as expressly permitted under this act, refrain from disclosing such personal information to a third-party without obtaining the prior consent of the person to whom such information relates, (iv) take necessary and appropriate measures to securely manage and prevent leakage, damage and loss of such personal information, and (v) process the personal information in accordance with certain standards when producing anonymously processed information (*tokumei kako joho*) and pseudonymized information (*kamei kako joho*), and take measures to securely manage information deleted in the process and the processing method.

Facilities

Our headquarters is located in Minato-ku, Tokyo. We also have one commercial real estate holding, Hotel Royal Oak Gotanda, located in Shinagawa-ku, Tokyo.

The following table shows our major facilities and their book values (in millions) and areas as of December 31, 2024.

Facility Name	Location	Segment	Type of Facility	Buildings and Structures	Land	Other	Total
Metaplanet Inc.							
Headquarters	Minato-ku, Tokyo, Japan	Whole company	Office facility	—	—	¥0.342	¥ 0.342
WEN Tokyo, Inc.							
Hotel Royal Oak Gotanda	Shinagawa-ku, Tokyo, Japan	Hotel business	Hotel facility	¥106.281	¥866.619	2.168	975.068

Intellectual Property

We own or license intellectual property rights connected to the goods sold in our PlanetGear online merchandise store. Such rights include those to logos, trademarks and other designs and products associated with Metaplanet and Bitcoin Magazine Japan. To protect these intellectual property rights, we rely on a combination of applicable trademark, copyright and other intellectual property laws. We consider the protection of our intellectual property key to our brand integrity and marketing strategy within the bitcoin and digital assets space.

Employees

As of December 31, 2024, we had 17 full-time employees on a consolidated basis. The following table shows a breakdown of our employees in each business segment as of December 31, 2024.

<u>Business Segment</u>	<u>Number of full-time employees</u>
Hotel Business	12
Group-wide	<u>5</u>
Total	<u>17</u>

Legal Proceedings

We may from time to time be involved in legal proceedings, claims or investigations in the ordinary course of our business. Although the results of these proceedings, claims and investigations cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition or results of operations. Regardless of final outcomes, however, any such proceedings, claim and investigations may nonetheless impose a significant burden on our management and employees, and may come with costly defense fees or unfavorable preliminary or interim rulings against us.

MANAGEMENT

Directors and Corporate Auditors

Our articles of incorporation provide for a board of directors consisting of no more than ten members and provide for a board of corporate auditors consisting of three or more corporate auditors. All directors and corporate auditors are elected by our shareholders at a general meeting of shareholders. The term of office for directors expires at the close of the ordinary general meeting of shareholders held relating to the last fiscal period to end within one year after such director's election, and the term of office for corporate auditors expires at the close of the ordinary general meeting of shareholders held relating to the last fiscal period to end within four years after such corporate auditor's election, but directors and corporate auditors may serve any number of consecutive terms.

By its resolution, our board of directors shall elect a representative director from among its members, and may elect one director-chairman (*torishimariyaku kaicho*) and/or one director-president (*torishimariyaku shacho*), along with one or more director-vice presidents (*torishimariyaku fukushacho*), senior managing directors (*senmu torishimariyaku*) and/or managing directors (*joumu torishimariyaku*). The representative director has the authority to represent us in conducting our affairs.

Under the Companies Act and our articles of incorporation, we may exempt, by resolution of the board of directors, our directors (including former directors) and corporate auditors (including former corporate auditors) from liabilities to the company arising in connection with their failure to execute their duties in good faith and without gross negligence, within the limits stipulated by applicable laws and regulations. In addition, we have entered into liability limitation agreements with each of our seven outside directors and our three outside corporate auditors, which limit the maximum amount of their liability to the company arising in connection with a failure to execute their duties in good faith and without gross negligence to the minimum amount stipulated by applicable laws and regulations.

Our corporate auditors are not required to be certified public accountants. Our corporate auditors may not at the same time be directors, managers or any other type of employees of us or any of our subsidiaries or accounting advisors or corporate executive officers of any of our subsidiaries, and at least one-half of them must be outside corporate auditors under the Companies Act who are not a spouse or relative within the second degree of kinship of a director, manager or important employee of us and have never been a director, accounting advisor, corporate executive officer, manager or any other type of employee of us or any of our subsidiaries for the last ten years prior to their election as a corporate auditor, and fulfill certain other requirements specified in the Companies Act, and at least one of the corporate auditors must be full-time. Each corporate auditor has a statutory duty to supervise the administration by the directors of our affairs, to examine the financial statements and business reports to be submitted to the shareholders by a representative director and to prepare an audit report. They are obligated to participate in meetings of the board of directors and, if necessary, to express their opinion at such meetings, but are not entitled to vote.

The corporate auditors form the board of corporate auditors. The board of corporate auditors has a statutory duty to prepare an audit report based on the audit reports issued by the individual corporate auditors each fiscal year.

A corporate auditor may note his/her opinion in the audit report if the opinion expressed in his/her audit report is different from the opinion expressed in the audit report issued by our board of corporate auditors. The board of corporate auditors must establish the audit principles, the method of examination by the corporate auditors of our affairs and financial position and any other matters relating to the performance of the corporate auditors' duties.

We are required to appoint and have appointed an independent auditor, who has the statutory duties of examining the financial statements to be submitted to the shareholders by a representative director and preparing its audit report thereon. Yamabuki Audit Corporation currently acts as our independent auditor.

Directors and Members of Our Board of Corporate Auditors

The names and titles of our directors and members of our board of corporate auditors as of the date of this offering circular are as follows:

Name	Title	Director since
Simon Gerovich ⁽¹⁾	Representative Director & President	April 2013
Yoshimi Abe ⁽²⁾	Director & COO	January 2023
Drew Edwards ⁽³⁾	Outside Director	February 2023
Hiroaki Kuwajima ⁽³⁾⁽⁴⁾	Outside Director	March 2024
Mark Yusko ⁽³⁾⁽⁵⁾	Outside Director	June 2024
Tyler Evans ⁽³⁾⁽⁶⁾	Outside Director	June 2024
Benjamin Tsai ⁽³⁾⁽⁷⁾	Outside Director	June 2024
Batara Eto ⁽³⁾⁽⁸⁾	Outside Director	June 2024
Richard Kincaid ⁽³⁾⁽⁹⁾	Outside Director	March 2025
Masaya Takakuwa ⁽¹⁰⁾	Outside Corporate Auditor	December 2014
Toshiaki Ohashi ⁽¹⁰⁾	Outside Corporate Auditor	March 2016
Shiho Boda ⁽¹⁰⁾	Outside Corporate Auditor	February 2023

Notes:

- (1) 14,116,400 shares of our common stock held as of December 31, 2024 and 15,555,500 shares held as of August 26, 2025.
- (2) 500,000 shares of our common stock held as of December 31, 2024 and August 26, 2025.
- (3) Drew Edwards, Hiroaki Kuwajima, Mark Yusko, Tyler Evans, Benjamin Tsai, Batara Eto and Richard Kincaid satisfy the requirements for external director under the Companies Act.
- (4) No shares of our common stock held as of December 31, 2024 and 70,000 shares of our common stock held as of August 26, 2025.
- (5) 7,500,000 shares of our common stock held as of December 31, 2024 and 9,050,000 shares held as of August 26, 2025.
- (6) No shares of our common stock held as of December 31, 2024 and 236,040 shares of our common stock held as of August 26, 2025.
- (7) No shares of our common stock held as of December 31, 2024 and 4,000 shares of our common stock held as of August 26, 2025.
- (8) 9,448,200 shares of our common stock held as of December 31, 2024 and 9,455,200 shares held as of August 26, 2025.
- (9) 6,000 shares of our common stock held as of as of December 31, 2024 and 10,000 shares held as of August 26, 2025.
- (10) Masaya Takakuwa, Toshiaki Ohashi and Shiho Boda satisfy the requirement for outside corporate auditor under the Companies Act.

Simon Gerovich has served as Representative Director & President of Metaplanet Inc. since March 2022. Mr. Gerovich started his career at Goldman Sachs in Tokyo, and previously held a number of important positions such as CEO of Evolution Capital Public Company Limited, Director of Red Planet Hotels Limited, Director of PT Red Planet Indonesia Tbk., Director and Director & Chairman of Metaplanet Inc. Mr. Gerovich currently also serves as Director of each of Metaplanet Holdings Inc., Metaplanet Treasury Corp. and Representative Director of WEN Tokyo Inc.

Yoshimi Abe has served as Director & COO of Metaplanet Inc. since February 2023. Ms. Abe started her career at BBDO Asatsu America, and has experience working at the Derivative Department of Salomon Brothers Asia Ltd. and Japan Stock Department of Goldman Sachs Japan Co., Ltd. She co-founded a staffing agency and founded WealthConnect (Japan) Co. Ltd., where she served as COO.

Drew Edwards has served as Outside Director of Metaplanet Inc. since February 2023. Mr. Edwards started his career at Pfizer Pharmaceuticals Inc. and thereafter obtained an MBA and JD from Northwestern University. He has experience working for the Investment Banking Department of Lehman Brothers, Management and Planning Department of McKesson Specialty Pharmaceuticals, Japan Small to Mid-Cap Equity Department of Taiyo Pacific Partners, and also worked as Portfolio Manager of Advisory Research, Inc. and founder and CEO of Usonian Investments LLC. Mr. Edwards currently also serves as the Head of Japanese Equities of Grantham Mayo Van Otterloo.

Hiroaki Kuwajima has served as Outside Director of Metaplanet Inc. since March 2024. Mr. Kuwajima started his career at Mitsubishi Corporation and thereafter obtained an MBA from Harvard Business School and MPA from Harvard Kennedy School. He has experience working at Dream Incubator Inc. and served as Co-Representative and CFO of Aoyama Shachu Corporation, Representative Director, President and CEO of Linkers International Corporation, Visiting Research Fellow at UC Berkeley. Mr. Kuwajima is a Haas Executive Fellow at the Haas School of Business, UC Berkeley and currently also serves as Managing Director of K&Associates and Principal Research of The Tokyo Foundation for Policy Research.

Mark Yusko has served as Outside Director of Metaplanet Inc. since June 2024. Mr. Yusko graduated from the Department of Biological Sciences and Chemistry, College of Science, University of Notre Dame, and obtained an MBA from University of Chicago Booth School of Business in finance and accounting. Mr. Yusko is the CEO and CIO of Morgan Creek Capital Management LLC and currently also serves as Managing Partner of Morgan Creek Digital in Chapel Hill, North Carolina.

Tyler Evans has served as Outside Director of Metaplanet Inc. since June 2024. Having graduated from the Department of Chemical and Biological Engineering at the University of Alabama (specialized in Chemical Engineering) in May 2014, Mr. Evans has held a number of key positions such as a Co-Founder of BTC Inc., Co-Founder and Managing Partner at UTXO Management, and General Partner of Unbroken Chain, all of which positions he still concurrently holds.

Benjamin Tsai has served as Outside Director of Metaplanet Inc. since June 2024. Having obtained a Bachelor of Science in Materials Science and Engineering from University of California, Berkeley in June 1995 and an MBA from UCLA Anderson School of Management in June 2001, Mr. Tsai started his career as Associate Director and then Managing Director at the Structured Instruments Group of Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.), and held a number of key positions such as CEO and Director of Commodity Desk at Merrill Lynch Singapore Securities (currently BofA Securities (Singapore)), Senior Vice President and Director of Alternative Investments in Asia at AllianceBernstein, and Co-Founder and CFO of LA Blockchain Lab. Mr. Tsai currently also serves as Co-Founder of Cardinal Mark Investments, Co-Founder and President of Wave Digital Assets, Director of Ziliqa Capital, and a lecturer in cryptocurrency finances at UCLA Anderson School of Management.

Batara Eto has served as Outside Director of Metaplanet Inc. since June 2024. Having graduated from Department of Computer Science at Takushoku University, Mr. Eto co-founded and served as the CTO of Mixi. Mr. Eto currently also serves as a Co-Founder and Managing Partner of East Ventures.

Richard Kincaid has served as Outside Director of Metaplanet Inc. since March 2025. Mr. Kincaid started his career at Goldman Sachs, and held a number of key positions such as CFO of Speedwell Advisors, Ltd., President & COO at Nezu Asia Capital Management Limited, CEO & COO of Nezu Asia Capital Management (Singapore) Pte., Ltd., President & COO of Nezu Asia Capital Limited, Independent Director of HEALIOS K.K. and Director of Healios NA. Mr. Kincaid currently also serves as CFO and Board Member of HEALIOS K.K., President of Healios NA and a Member of Board of Managers of Saisei Ventures LLC.

Masaya Takakuwa has served as Outside Corporate Auditor of Metaplanet Inc. since December 2014. Having registered as a trainee accountant in October 2000, Mr. Takakuwa started his career at Chuo Aoyama Audit Corporation, and served as an officer at the Special Investigation Department of the Securities and Exchange Surveillance Commission at the Financial Services Agency. Mr. Takakuwa was since registered as a certified public accountant, a tax accountant and a qualified institutional investor.

Toshiaki Ohashi has served as Outside Corporate Auditor of Metaplanet Inc. since March 2016. Having been admitted to the Daini Tokyo Bar Association, Mr. Ohashi worked as an associate at Taiyo Law Office (currently Paul Hastings LLP) and Ito & Mitomi (currently Morrison & Foerster LLP), obtained an LL.M. from University of Southern California Gould School of Law, worked at Los Angeles Office of Morrison & Foerster LLP and was admitted to the State Bar of California. Mr. Ohashi then changed his registration to Daiichi Tokyo Bar Association and joined Ozaki Law Office and then Ohashi Law Office (currently Wheeler Foreign Law Firm). Mr. Ohashi currently also serves as a Partner at Teramoto Law and Accounting Office and an Independent Director of Nexus Bank Co., Ltd.

Shiho Boda has served as Outside Corporate Auditor of Metaplanet Inc. since February 2023. Ms. Boda started her career at Yamaichi Securities and worked in the Equity Derivatives Institutional Sales Department of Solomon Brothers Asia Securities (currently Citigroup Global Markets Japan Inc.). Ms. Boda was admitted to the Tokyo Bar Association and joined Ando Toshio Law Office, and then Jeff Leong, Ppon & Wong in Malaysia and Kasame & Associates in Thailand. Ms. Boda currently also serves as a Partner at SAKURADA DORI PARTNERS and an Outside Auditor at Toyo Construction Co. Ltd. and DAIZ Inc.

The names and titles of certain of our senior employees, who are not directors, as of the date of this offering circular are as follows:

Name	Title
Yoshihisa Ikurumi	Chief Financial Officer
Dylan LeClair	Head of Bitcoin Strategy

Agreements with Our Directors

Our articles of incorporation provide that we may enter into agreements with our directors (excluding outside directors (as defined under the Companies Act)) to limit their respective liabilities to us arising from their failure to execute their duties in good faith and without gross negligence, subject to applicable laws and regulations. We have entered into such agreements with our directors, which limit the maximum amount of their respective liabilities to us to the minimum amount stipulated by applicable laws and regulations, so long as those directors act in good faith and without gross negligence in performing their duties.

Executive Compensation

The aggregate compensation we paid to our directors (excluding outside directors) and outside directors during the fiscal year ended December 31, 2024 was ¥60,903 thousand and ¥10,800 thousand, respectively.

Based on our articles of incorporation and our resolutions of the general meetings of shareholders, the maximum compensation payable to our directors and corporate auditors has been set at ¥200,000 thousand per year and ¥50,000 thousand per year, respectively.

Related Party Transactions

Except for the transactions described in the notes to our consolidated financial statements contained elsewhere in this offering circular, there have been no material transactions between us and any of our directors or any companies over which any of them have any significant influence.

Strategic Board of Advisors

We have formed a strategic board of advisors, currently comprising Eric F. Trump and David Bailey, to further enhance our efforts to drive bitcoin adoption and strengthen our position as a global leader in the bitcoin economy.

Stock Acquisition Rights

In order to secure attractive personnel and incentivize our personnel as we expand our business, we aim to provide appropriate management and employee incentives such as stock acquisition rights. We have granted stock acquisition rights to purchase shares of our common stock to certain of our directors, corporate auditors and employees and members of our strategic board of advisors. We currently have the following series of stock acquisition rights outstanding: our 10th Series Stock Acquisition Rights, which are held by certain directors and employees; our 18th Series Stock Acquisition Rights, which are held by certain directors, corporate auditors and employees; and our 18th Series Stock Acquisition Rights, which are held by members of our strategic board.

Our 10th Series Stock Acquisition Rights represent a substantial portion of the total shares issuable under these outstanding stock acquisition rights. As of August 25, 2025, there were 182,178,585 shares issuable under such series, representing 25.0% of our total issued shares as of such date. As described in more detail in the table below, this series of stock acquisition rights contains “anti-dilution” provisions that (as separately agreed with each holder) effectively increase the number of shares that would be issuable under such acquisition rights to equal 25% of total issued shares of common stock at the time of such adjustment (subject to certain adjustments for fractional shares). Accordingly, the number of shares issuable under this series of stock acquisition rights has increased substantially in connection with our prior common stock issuances, and will increase in the future to the extent we issue common stock, including in connection with the offering. These stock acquisition rights are exercisable in phases as follows: one third of this series is exercisable beginning February 8, 2026; an additional one third beginning February 8, 2027; and the remainder beginning February 8, 2028, in each case until February 7, 2033.

The following table summarizes our outstanding stock acquisition rights as of August 25, 2025:

Series and resolution date	Number of shares of common stock issuable upon exercise	Exercise price per share	Exercise period
10 th Series Stock Acquisition Rights (December 28, 2022)	182,178,585 ⁽¹⁾	¥10	February 8, 2026 to February 7, 2033
18 th Series Stock Acquisition Rights (April 11, 2025)	3,600,000	¥105	April 1, 2026 to March 31, 2036
19 th Series Stock Acquisition Rights (May 9, 2025)(2)	4,575,000 ⁽²⁾	¥105	April 1, 2026 to March 31, 2036

Notes:

- (1) Under our 10th Series Stock Acquisition Rights, 460,000 stock acquisition rights (which could each be potentially exercised for 100 shares) were issued to the holders of such series. Under the original terms of such stock acquisition rights, if the number of issued shares on a fully diluted basis fluctuates, the total number of shares issuable under such stock acquisition rights would be adjusted in accordance with the following formula:

$$\text{Post-adjustment Total Number of 10th Series Shares} = \text{Post-adjustment Fully Diluted Issued Shares} \times 0.2$$

The term “Fully Diluted Issued Shares” means the total number of our issued shares, plus the number of shares of common stock deliverable upon the acquisition of any shares with acquisition rights, shares with acquisition clauses or stock acquisition rights with acquisition clauses (including those attached to bonds with stock acquisition rights) issued and outstanding, as well as the number of shares of common stock deliverable upon the exercise of any bonds with stock acquisition rights or other securities or rights exercisable or exchangeable for shares of common stock of the Company (excluding the 10th Series Stock Acquisition Rights).

However, on August 26, 2025, each holder of 10th Series Stock Acquisition Rights agreed in writing not to exercise any rights in a manner that would result in the holder receiving a cumulative number of shares of common stock exceeding the amount calculated as follows:

$$(\text{The holder's number of rights held as of August 26, 2025} / 460,000) \times 0.25 \times \text{the total issued shares of our common stock}$$

Accordingly, as the total number of issued shares will increase as a result of the issuance of new shares in this offering, the number of potential shares related to the unexercised 10th Series Stock Acquisition Rights will be adjusted accordingly.

- (2) 33,000 units (or 33,000,000 shares) were granted to Eric F. Trump and 3,000 units (or 3,000,000 shares) were granted to David Bailey. The issue price was ¥255 per stock acquisition right. The exercise price is ¥105 per share. Partial exercise of a single stock acquisition right is not permitted. The holders of these stock acquisition rights may exercise up to one-third of their total number of rights from April 1, 2026 to March 31, 2027; up to two-thirds of their total number of rights from April 1, 2027 to March 31, 2028; and all of their rights from April 1, 2028 until the end of the exercise period. However, the board of directors may waive these restrictions by resolution. Approval by our board is also necessary for the transfer of these stock acquisition rights.

The number of shares of common stock issuable upon exercise and exercise price per share for these rights are subject to further adjustment based on stock splits or certain other events. Also, the holders of the above stock acquisition rights must continue to be in the position of strategic board of advisors, director, corporate auditor or employee, as the case may be, in order to exercise their stock acquisition rights. The stock acquisition rights are not inheritable and any security rights may not be imposed on the stock acquisition rights.

SUBSIDIARIES AND AFFILIATES

As of the date of this offering circular, we had three consolidated subsidiaries. The following table presents information on our consolidated subsidiaries as of the date of this offering circular:

<u>Name</u>	<u>Location</u>	<u>Main business</u>	<u>Percentage of voting rights directly or indirectly held by us</u>
Subsidiaries			
Metaplanet Treasury Corp.	Miami, Florida, U.S.A.	Bitcoin accumulation and related treasury operations	100%
Metaplanet Holdings Inc.	Miami, Florida, U.S.A.	Holding company and strategic oversight functions	100%
WEN Tokyo Inc.	Tokyo, Japan	Hotel operation business	100%

PRINCIPAL SHAREHOLDERS

The table below shows information about the ownership of our shares of common stock as of June 30, 2025 by our principal shareholders, as appearing on our register of shareholders and on an adjusted basis to reflect subsequent increases in our outstanding shares of common stock through August 25, 2025 and from the offering, assuming the number of newly issued shares to be sold in the offering is 180,000,000. The number of shares to be sold in the offering may be increased to up to 555,000,000 newly issued shares of our common stock depending on investor demand, market conditions and shareholder approval of an increase in our authorized share capital at an extraordinary general meeting of shareholders scheduled for September 1, 2025. The number of shares to be sold is expected to be decided on the date of the pricing of the offering. The “number of shares held of record” as adjusted reflects such shareholders’ holdings as of June 30, 2025, and that no such shareholder is expected to be a designated purchaser in the offering. See the footnotes to the table with respect to reports of large shareholders subsequent to June 30, 2025.

The table does not reflect any shares of common stock issuable upon the exercise of stock acquisition rights, including those held by EVO Fund (see Note 2 to the table), or by our directors, corporate auditors, employees and members of our strategic board of advisors. With respect to the latter, see “Management—Stock Acquisition Rights” and “Risk Factors—Risks Related to Our Common Stock Generally—Future sales of shares by our existing shareholders or the exercise of stock acquisition rights issued to management, employees, strategic advisors and external collaborators could lower the market price of our shares and result in substantial dilution.”

Shareholder ⁽¹⁾⁽²⁾	Number of shares held of record	Percentage of outstanding shares ⁽³⁾⁽⁴⁾	As adjusted	
			Number of shares held of record	Percentage of outstanding shares
National Financial Services LLC (Standing Proxy: (Citibank, N.A.)	84,405,418	12.89%	84,405,418	9.29%
Charles Schwab FBO Customer (Standing Proxy: (Citibank, N.A.)	61,196,660	9.35%	61,196,660	6.73%
MMXX Ventures Limited (Standing Proxy: EVOLUTION JAPAN SECURITIES Co., Ltd.) ⁽⁵⁾	40,015,400	6.11%	40,015,400	4.40%
BNP PARIBAS London Branch for Prime Brokerage Clearance ACC for Third Party (Standing Proxy: HSBC Tokyo Branch)	30,000,050	4.58%	30,000,050	3.30%
Clearstream Banking S.A. (Standing Proxy: HSBC Tokyo Branch)	28,638,843	4.37%	28,638,843	3.15%
Interactive Brokers LLC (Standing Proxy: Interactive Brokers Securities Japan Inc.)	26,443,202	4.03%	26,443,202	2.91%
Morgan Stanley Smith Barney LLC Clients Fully Paid SEG Account (Standing Proxy: (Citibank, N.A.)	17,322,846	2.65%	17,322,846	1.91%
Gerovich Simon	15,555,500	2.38%	15,555,500	1.71%
Spencer David Jonathan (Standing Proxy: EVOLUTION JAPAN SECURITIES Co., Ltd.)	15,000,000	2.29%	15,000,000	1.65%
Triumph King Worldwide Corp (Standing Proxy: (Citibank, N.A.)	9,581,600	1.46%	9,581,600	1.05%
Total	328,159,519	50.11%	328,159,519	36.11%

Notes:

- (1) According to an amended report of large shareholders made publicly available on July 23, 2025, Capital Research and Management Company and Capital International, Inc. held 44,025,100 shares, or 6.72% of then outstanding shares, and 748,551 shares, or 0.11% of then outstanding shares, respectively, as of June 30, 2025. However, because we could not verify the actual amounts of shares held by these companies as of June 30, 2025, they have been excluded from the table above. According to an amended report of large shareholders made publicly available on August 22, 2025, Capital Research and Management Company and Capital International, Inc. held 54,361,000 shares, or 7.86% of then outstanding shares, and 743,551 shares, or 0.11% of then outstanding shares, respectively, as of August 15, 2025.
- (2) According to an amended report of large shareholders made publicly available on August 18, 2025, EVO Fund held 479,338,150 shares, or 41.48% of then outstanding shares (assuming the exercise of all stock acquisition rights held by EVO Fund), as of August 8, 2025, consisting of 25,838,150 shares of common stock and 453,500,000 shares of common stock issuable upon exercise of stock acquisition rights. However, because we could not verify the actual amounts of shares held by EVO Fund as of June 30, 2025, it has been excluded from the table above.
- (3) Shareholding ratios are calculated after deducting treasury stock (25,712 shares).

- (4) At a meeting of our board of directors held on February 18, 2025, a proposal for a stock split was approved, and we subsequently conducted a 10-for-1 stock split with an effective date of April 1, 2025.
- (5) According to an amended report of large shareholders made publicly available on June 24, 2025, MMXX Ventures Limited held 40,015,400 shares, or 6.66% of then outstanding shares, as of June 16, 2025. However, we have only verified the amount of shares and percentage of outstanding shares held by MMXX Ventures Limited as of June 30, 2025, which have been reported in the table above. Simon Gerovich, our Representative Director & President, owns a majority of the voting rights of MMXX Ventures Limited.

As of August 25, 2025, our current directors as a group directly owned an aggregate of 207,778,368 shares of our common stock (including shares issuable upon the exercise of stock acquisition rights), which would constitute 14.8% of our total shares issued on a fully diluted basis. This does not including any shares held or deemed to be held by MMXX Ventures Limited, an entity in which the majority of the voting rights are held by Simon Gerovich, our Representative Director & President.

JAPANESE FOREIGN EXCHANGE REGULATIONS

General

The Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended) and its related cabinet orders and ministerial ordinances, or the Foreign Exchange Regulations, govern certain aspects, in particular, relating to the acquisition and holding of shares of our common stock by “exchange non-residents” and by “foreign investors” (as these terms are defined below). However, in general, the Foreign Exchange Regulations currently in effect do not affect transactions between exchange non-residents for the purchase or sale of shares outside Japan using currencies other than Japanese yen.

“Exchange residents” are defined in the Foreign Exchange Regulations as:

- (i) individuals who reside within Japan; or
- (ii) corporations whose principal offices are located within Japan.

“Exchange non-residents” are defined in the Foreign Exchange Regulations as:

- (i) individuals who do not reside in Japan; or
- (ii) corporations whose principal offices are located outside Japan.

Generally, branches and other offices of non-resident corporations that are located within Japan are regarded as exchange residents. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

“Foreign investors” are defined in the Foreign Exchange Regulations as:

- (i) individuals who are exchange non-residents;
- (ii) corporations or other entities that are organized under the laws of foreign countries or whose principal offices are located outside Japan (for this purpose, branches of such corporations or other entities located within Japan are included in this (ii)) (excluding partnerships falling within (iv));
- (iii) corporations of which 50% or more of the total voting rights are held, directly or indirectly, by individuals and/or entities falling within (i) and/or (ii) above;
- (iv) partnerships engaging in investment activities formed under the Civil Code of Japan (Act No. 89 of 1896, as amended), investment limited partnerships formed under the Limited Partnership Act for Investment of Japan (Act No. 90 of 1998, as amended), or any similar partnerships under the laws of foreign countries, where either (a) 50% or more of the total contributions to such entities are made by exchange non-residents or certain other foreign investors prescribed under the Foreign Exchange Regulations or (b) a majority of the managing partners or general partners of such partnerships are exchange non-residents or certain other foreign investors prescribed under the Foreign Exchange Regulations; or
- (v) corporations or other entities of which a majority of either (i) directors or other officers (including those who have the same degree or more control over such corporations or such other entities as directors or other officers) or (ii) directors or other officers (including those who have the same degree or more control over such corporations or such other entities as directors or other officers) having the power of representation are individuals who are exchange non-residents.

Acquisition of Shares

In general, the acquisition by an exchange non-resident of shares of a Japanese corporation from an exchange resident requires post facto reporting by the exchange resident to the Minister of Finance through the Bank of Japan. No such reporting requirement is imposed, however, if:

- (i) the aggregate purchase price of the relevant shares is ¥100 million or less;

- (ii) the acquisition is effected through any bank, financial instruments business operator or other entity prescribed by the Foreign Exchange Regulations acting as an agent or intermediary; or
- (iii) the acquisition constitutes an Inward Direct Investment described below.

Inward Direct Investment in Shares of Listed Corporations

If a foreign investor acquires shares or voting rights of a Japanese corporation that is listed on a Japanese stock exchange, such as shares of our common stock, or that is traded on an over-the-counter market in Japan and, as a result of the acquisition, the foreign investor, in combination with any of its existing holdings of the shares or voting rights, and any shares or voting rights managed by such foreign investor under discretionary investment management agreements (including those held or managed by certain related entities of such foreign investor), directly or indirectly holds 1% or more of (i) the total issued shares or (ii) the total voting rights of the relevant corporation, then such acquisition constitutes an “inward direct investment,” or the Inward Direct Investment.

Prior Notification

In general, any foreign investor intending to make an Inward Direct Investment by acquisition of shares or voting rights of a corporation is not subject to the prior notification requirement, unless any of businesses in which such corporation engages falls within any of the business sectors designated by the Foreign Exchange Regulations (Shitei-Gyoshu), or the Designated Business Sectors. Our businesses currently do not fall within any of the Designated Business Sectors. Even if such corporation is not engaging in any of the Designated Business Sectors, however, the foreign investor must file a prior notification of the acquisition with the Minister of Finance and any other competent Ministers, or the Ministers, in limited circumstances, such as where the foreign investor is in a country that is not listed on the exemption schedule under the Foreign Exchange Regulations. If such prior notification is filed, the proposed acquisition may not be consummated until 30 days have passed from the date of filing, although this period will be shortened unless such Ministers deem it necessary to review the proposed acquisition, if the proposed acquisition is determined not to raise concerns from a national security or certain other factors’ perspective. On the other hand, if the Ministers deem it necessary to continue to review the proposed acquisition, they may extend such period up to five months. The Ministers may also recommend any modification or abandonment of the proposed acquisition and, if such recommendation is not accepted, they may order the modification or abandonment of such acquisition.

Acquisitions of shares by foreign investors by way of stock split are not subject to the prior notification requirements.

Post Investment Reports

Under the Foreign Exchange Regulations, foreign investors conducting Inward Direct Investments may be required to submit post investment reports to the Ministers within 45 days from the transaction settlement date, even if such Inward Direct Investments are not subject to the prior notification requirements. For instance, with respect to the acquisition of shares or voting rights of corporations that are not engaging in Designated Business Sectors, a post investment report will generally be required when the ratio of the total number of shares or voting rights held directly or indirectly by foreign investors in combination with any of its existing holdings of the shares or voting rights and shares or voting rights managed by such foreign investor under discretionary investment management agreements (including those held or managed by certain related entities of such foreign investor) after the acquisition to the number of (i) the total issued shares or (ii) the total voting rights of the relevant corporation reaches 10% or more.

Acquisitions of shares by foreign investors by way of stock split are not subject to the post investment report requirements.

Dividends and Proceeds from Sales of Shares

Under the Foreign Exchange Regulations, dividends paid on and the proceeds from sales in Japan of shares of our common stock held by exchange non-residents may generally be converted into any foreign currency and repatriated abroad. However, under the Foreign Exchange Regulations, certain procedures may be required for the transfer of funds out of Japan or such transfer of funds may be prohibited, depending on the location of the recipient, the purpose of such fund transfer and other factors.

DESCRIPTION OF COMMON STOCK AND PREFERRED STOCK

Set out below is certain information concerning shares of our common stock, including brief summaries of certain provisions of our articles of incorporation and share handling regulations and of the Companies Act relating to joint stock corporations (*kabushiki kaisha*), and certain related legislation, all as currently in effect. This section also sets out a summary of our Class A preferred stock and Class B preferred stock, the provisions of which are included in the amendment to our articles of incorporation proposed to our extraordinary general meeting of shareholders to be held on September 1, 2025.

Common Stock

General

All issued shares of our common stock are fully paid and non-assessable, and are in registered form.

The shares of our common stock are subject to the Japanese book-entry transfer system for listed shares of Japanese companies under the Act Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. of Japan (Act No. 75 of 2001, as amended), including regulations promulgated thereunder, or the Book-Entry Act. Under this system, shares of all Japanese companies listed on any Japanese stock exchange are dematerialized, and shareholders of listed shares must have accounts at account management institutions to hold their shares unless such shareholders have an account at JASDEC, the only institution that is designated by the relevant authorities as a clearing house which is permitted to engage in the clearing operations of shares of Japanese listed companies under the Book-Entry Act. “Account management institutions” are financial instruments business operators (i.e., securities firms), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Book-Entry Act, and only those financial institutions that meet further stringent requirements under the rules of JASDEC, or the JASDEC rules, can open accounts directly at JASDEC. For the purpose of the description under “—Common Stock,” we assume that the relevant person has no account at JASDEC.

Under the Book-Entry Act, any transfer of shares is effected through book entry, and the title to the shares passes to the transferee at the time when the transferred number of the shares is recorded in the transferee’s account at an account management institution. The holder of an account at an account management institution is presumed to be the legal owner of the shares held in such account.

Under the Companies Act and the Book-Entry Act, in order to assert against us shareholders’ rights to which shareholders as of a given record date are entitled (such as the rights to vote at a general meeting of shareholders or receive dividends), a shareholder must have its name and address registered in our register of shareholders, except in limited circumstances. Under the Japanese book-entry transfer system, such registration is generally made upon our receipt of necessary information from JASDEC through an “all shareholders notice” (*sou-kabunushi tsuchi*). Shareholders are required to file their names and addresses with us, generally through the account management institution and JASDEC. On the other hand, in order to assert shareholders’ rights to which shareholders are entitled regardless of record dates, such as minority shareholders’ rights, including the right to propose a matter to be considered at a general meeting of shareholders but excluding shareholders’ rights to request us to purchase or sell shares of our common stock constituting less than one unit upon a shareholder’s request, JASDEC shall issue to us a notice of certain information (*kobetsukabunushi tsuchi*), which information includes the name and address of such shareholder. Under the Book-Entry Act, a shareholder must exercise its shareholder’s right within four weeks after issue of the notice above.

Non-resident shareholders are also required to appoint a standing proxy in Japan or provide a mailing address in Japan and to file their standing proxy or a mailing address with us, generally through the account management institution and JASDEC. Japanese securities firms and commercial banks customarily act as standing proxies and provide related services for standard fees. Notices from us to non-resident shareholders are delivered to such standing proxies or mailing addresses.

Our transfer agent is Sumitomo Mitsui Trust Bank, Limited, located at 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan.

Distribution of Surplus

General

Under the Companies Act, distribution of cash or other assets by a joint stock corporation to its shareholders, including dividends, takes the form of distribution of Surplus (as defined in “—Restriction on

Distribution of Surplus”). We may make distributions of Surplus to our shareholders any number of times per fiscal year, subject to certain limitations described in “—Restriction on Distribution of Surplus.”

Distributions of Surplus are required in principle to be authorized by a resolution of a general meeting of shareholders, but may also be made pursuant to a resolution of the board of directors but only if all the requirements described in (a) through (d) below are met:

- (a) our articles of incorporation provide that the board of directors has the authority to decide to make distributions of Surplus;
- (b) we appoint an independent auditor and form a board of corporate auditors under the Companies Act;
- (c) the normal term of office of each of our directors terminates on or prior to the date of conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within the period of one year from the election of such director; and
- (d) our non-consolidated annual financial statements and certain documents for the latest fiscal year present fairly our assets and profit or loss, as required by ordinances of the Ministry of Justice.

At present, the requirement described in (a) above is not met. The Companies Act enables a company to make distributions of Surplus in cash as an interim dividend by a resolution of its board of directors if its articles of incorporation so provide. Our current articles of incorporation have a provision to that effect with a record date of June 30 of each year.

Under our articles of incorporation, a year-end dividend may be distributed to shareholders of record as of December 31 of each year pursuant to a resolution of a general meeting of shareholders. We are not obliged to pay any dividends unclaimed for a period of three years after the date on which they first became payable.

Distributions of Surplus may be made in cash or (except for interim dividends) in kind in proportion to the number of shares of our common stock held by each shareholder. A resolution of a general meeting of shareholders or the board of directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders, grant a right to our shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders. See “—Voting Rights” with respect to a “special resolution.”

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividends to be paid. The price of shares of our common stock generally goes ex-dividend on the business day immediately prior to the record date.

Restriction on Distribution of Surplus

In addition to the restrictions described below, as long as any series of our preferred stock is in issue, payments of dividends on shares of our common stock are subject to the prior payment of dividends on our Class A preferred stock and Class B preferred stock. See “—Preferred Stock—Preferred Dividends.”

When we make a distribution of Surplus, we must, until the sum of our additional paid-in capital and legal reserve reaches one-quarter of our stated capital, set aside in our additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed in accordance with an ordinance of the Ministry of Justice.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

In the above formula:

“A” = the total amount of other capital surplus and other retained earnings, as each such amount appears on our non-consolidated balance sheet as of the end of the last fiscal year,

- “B” = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof,
- “C” = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any),
- “D” = (if we have reduced our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any),
- “E” = (if we have canceled our treasury stock after the end of the last fiscal year) the book value of such treasury stock,
- “F” = (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the total book value of the Surplus so distributed, and
- “G” = certain other amounts set forth in ordinances of the Ministry of Justice, including (if we have reduced Surplus and increased our stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction and (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the amount set aside in our additional paid-in capital or legal reserve (if any) as required by ordinances of the Ministry of Justice.

The aggregate book value of Surplus distributed by us may not exceed a prescribed distributable amount, or the Distributable Amount, as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be equal to the amount of Surplus less the aggregate of the followings:

- (a) the book value of our treasury stock;
- (b) the amount of consideration for our treasury stock disposed of by us after the end of the last fiscal year; and
- (c) certain other amounts set forth in ordinances of the Ministry of Justice, including (if the sum of one half of goodwill and the deferred assets exceeds the total of stated capital, additional paid-in capital and legal reserve, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with ordinances of the Ministry of Justice.

If we have become at our option a company with respect to which consolidated balance sheets should also be taken into consideration in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), we will be required to further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of shareholders' equity appearing on our non-consolidated balance sheet as of the end of the last fiscal year and certain other amounts set forth by an ordinance of the Ministry of Justice over (y) the total amount of shareholders' equity and certain other amounts set forth by an ordinance of the Ministry of Justice appearing on our consolidated balance sheet as of the end of the last fiscal year.

If we have prepared interim financial statements as described below, and if such interim financial statements have been approved by the board of directors or (if so required by the Companies Act) by a general meeting of shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. We may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements prepared by us must be audited by the corporate auditors and the independent auditor, as required by the Companies Act and ordinances of the Ministry of Justice.

Capital and Reserves

When we issue new shares of our common stock, the entire amount of money or other assets paid or contributed by subscribers for such shares of our common stock is required to be accounted for as stated capital, although we may account for an amount not exceeding one-half of the amount of such subscription money or other assets as additional paid-in capital by resolution of the board of directors.

We may reduce our additional paid-in capital or legal reserve generally by resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, we may reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital. In addition, we may reduce our Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case, by resolution of a general meeting of shareholders.

Stock Splits

We may at any time split the issued shares of our common stock into a greater number of shares of our common stock by resolution of the board of directors. When a stock split is to be made, so long as the only class of our outstanding stock is our common stock, we may increase the number of authorized shares to the extent that the ratio of such increase in authorized shares does not exceed the ratio of such stock split by amending our articles of incorporation, which amendment may be made without approval by shareholders.

Before a stock split, we must give public notice of the stock split, specifying the record date therefor, not less than two weeks prior to such record date.

Under the JASDEC rules relating to the Japanese book-entry transfer system, we must also inform JASDEC of certain matters regarding a stock split promptly after a resolution of the board of directors determining such stock split. On the effective date of the stock split, the numbers of shares of our common stock recorded in all accounts held by holders of shares of our common stock at account management institutions or JASDEC will be increased in accordance with the applicable ratio.

Consolidation of Shares

We may at any time consolidate shares of our common stock into a smaller number of shares of our common stock by a special resolution of the general meeting of shareholders. When a consolidation is to be made, we must give public notice at least two weeks (or, in certain circumstances where any fractions of shares are left as a result of consolidation, 20 days) prior to the effective date of the consolidation. We must disclose the reason for the consolidation at the general meeting of shareholders.

Under the Japanese book-entry transfer system, on the effective date of the consolidation, the numbers of shares of our common stock recorded in all accounts held by holders of shares of our common stock at account management institutions or JASDEC will be decreased in accordance with the applicable ratio.

Unit Share System

Our articles of incorporation provide that 100 shares of our common stock constitute one “unit.”

Under the unit share system, a shareholder has one vote for each unit of shares of our common stock held by it, except as stated in “—Voting Rights.” Shares of our common stock constituting less than one unit will carry no voting rights and be excluded for the purposes of calculating the quorum for voting purposes. Moreover, holders of shares of our common stock constituting less than one unit will have no other shareholder rights except for certain rights specified in the Companies Act, an ordinance of the Ministry of Justice or our articles of incorporation, including the right to receive distribution of Surplus.

Under the Japanese book-entry transfer system, shares of our common stock constituting less than one unit are transferable. Under the rules of the Japanese stock exchanges, however, shares of our common stock constituting less than one unit do not comprise a trading unit and, accordingly, may not be sold on the Japanese stock exchanges, unless a different trading unit is designated by the relevant Japanese stock exchange.

Holders of shares of our common stock constituting less than one unit may at any time request us to purchase shares of our common stock held by them. Pursuant to our articles of incorporation and share handling regulations, any such holders may also request us to sell to such holder shares of our common stock constituting less than one unit which, when added to shares of our common stock held by such holder, shall constitute a full one unit. Under the Japanese book-entry transfer system, such requests must be made to us through the relevant account management institutions and JASDEC. Such purchase or sale of shares of our common stock will be effected at the last trading price of shares of our common stock on the relevant stock exchange on the day such request is made (or, if there is no trading in shares of our common stock on the stock exchange or if the stock exchange is not open on such day, the price at which shares of our common stock are first traded on such stock exchange thereafter). The request of such purchase or sale may not be withdrawn without our consent.

General Meetings of Shareholders

The ordinary general meeting of shareholders is held in March each year pursuant to our articles of incorporation. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. The time, purpose and certain other matters relating to the general meeting of shareholders, including the information contained in the reference materials, must be uploaded onto a website at least three weeks prior to the date set for the meeting, and notice of the URL of the website to be used and certain other matters relating to such meeting must be given to each shareholder having voting rights (or, in the case of a non-resident shareholder, to its standing proxy or mailing address in Japan) at least two weeks prior to the date set for such meeting. Such notice may be given to shareholders by electronic means, subject to the consent of the relevant shareholders. The record date for an ordinary general meeting of shareholders is December 31 of each year.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a request to a representative director at least eight weeks prior to the date of such meeting (provided that, we are able to limit the number of proposals with respect to the matters proposed by each shareholder to 10). If our articles of incorporation so provide, any of the minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened. Our articles of incorporation currently do not include any such provisions.

Voting Rights

A holder of shares of our common stock constituting one or more units is, in principle, entitled to one voting right for each unit of shares of our common stock. However, in general, neither we nor any corporate or certain other entity, one-quarter or more of the total voting rights of which are directly or indirectly held by us, has voting rights in respect of shares of our common stock held by us or such entity.

Except as otherwise provided by law or in our articles of incorporation, a resolution can be adopted at a general meeting of shareholders by the holder of a majority of the total number of voting rights represented at the meeting. Our articles of incorporation provide that the quorum for election of its directors and corporate auditors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election of directors. The shareholders may exercise their voting rights in writing or through proxies, provided that the proxies are, in principle, also shareholders who have voting rights.

The Companies Act provides that certain important matters shall be approved by a “special resolution” of a general meeting of shareholders. Under our articles of incorporation, the quorum for a special resolution is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required for adopting a special resolution. Such important matters include:

- (i) repurchase of shares of our common stock by us from a specific shareholder other than any of our subsidiaries;
- (ii) consolidation of shares of our common stock;
- (iii) issuance or transfer of new shares of our common stock or existing shares of our common stock held by us as treasury stock to persons other than the shareholders at a “specially favorable” price;
- (iv) issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders under “specially favorable” conditions;
- (v) removal of any of our corporate auditors;
- (vi) exemption from a portion of liability of our directors, corporate auditors or independent auditors;
- (vii) distribution of Surplus in kind with respect to which shareholders are not granted the right to require us to make distribution in cash instead of in kind;
- (viii) reduction of stated capital;

- (ix) any amendment to our articles of incorporation (except for such amendments that may be made without the approval of shareholders under the Companies Act, such as (i) an increase of the number of authorized shares by the same ratio as that of a stock split, (ii) a reduction of the number of shares per unit of shares and (iii) termination of the unit share system);
- (x) transfer of the whole or a substantial part of our business;
- (xi) transfer of the whole or a part of our equity interests in any of our subsidiaries which meets certain requirements;
- (xii) taking over of the whole of the business of another company;
- (xiii) dissolution or merger or consolidation;
- (xiv) corporate split;
- (xv) establishment of a parent and wholly owned subsidiary relationship by way of a share transfer (*kabushiki-iten*) or a share exchange (*kabushiki-kokan*); and
- (xvi) a partial share exchange (*kabushiki-kofu*) for the purpose of making another corporation a subsidiary.

However, under the Companies Act, no shareholder approval, whether by an ordinary resolution or a special resolution at a general meeting of shareholders, is required for any matter described in (viii) through (xvi) above, and such matter may be decided by the board of directors, if it satisfies certain criteria prescribed by the Companies Act as are necessary to determine that its impact is immaterial.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among holders of shares of our common stock in proportion to the respective numbers of shares of our common stock held by them. However, in the event of our voluntary or involuntary liquidation, registered holders of our Class A preferred stock and Class B preferred stock will be entitled, in preference over holders of shares of our common stock, to receive a distribution out of our residual assets upon our liquidation.

Issue of Additional Shares and Pre-emptive Rights

Holders of shares of our common stock have no pre-emptive rights. Authorized but unissued shares of our common stock may be issued, or existing shares of our common stock held by us as treasury stock may be sold, at such times and upon such terms as the board of directors determines, subject to the limitations as to the issuance of new shares or sale of existing shares held by us as treasury stock at a “specially favorable” price mentioned in “—Voting Rights.” The board of directors may, however, determine that shareholders be given subscription rights regarding a particular issuance of new shares or sale of existing shares held by us as treasury stock, in which case such rights must be given on uniform terms to all holders of shares of our common stock as of a record date of which not less than two weeks’ prior public notice must be given. Each of the shareholders to whom such rights are given must also be given at least two weeks’ prior notice of the date on which such rights expire.

In the case of an issuance of shares of our common stock or a sale of existing shares of our common stock held by us as treasury stock or an issuance of stock acquisition rights (*shinkabu yoyakuken*) whereby any subscriber (including its subsidiaries and other companies set forth in ordinances of the Ministry of Justice) will hold more than 50% of the voting rights of all shareholders, and if shareholders who hold one-tenth or more of the voting rights of all shareholders object to such issuance or sale, an approval by a resolution of a general meeting of shareholders is generally required before the payment date pursuant to the Companies Act. In addition, in the case of an issuance of shares or a sale of existing shares held by us as treasury stock or an issuance of stock acquisition rights by us by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or cause change of the controlling shareholder, in addition to resolution of the board of directors, an approval by a resolution of a general meeting of shareholders or otherwise, or an affirmative opinion by a person independent of our management is generally required pursuant to the rules of the relevant Japanese stock exchange.

Stock Acquisition Rights

We have issued stock acquisition rights, and may issue additional stock acquisition rights in the future. Holders of stock acquisition rights are entitled to acquire shares of our common stock from us, upon payment of the applicable exercise price, and subject to other terms and conditions thereof. We may also issue bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). The issuance of stock acquisition rights and bonds with stock acquisition rights may be authorized by the board of directors unless it is made under “specially favorable” conditions, as described in “—Voting Rights” or, in certain circumstances, may be required to obtain an approval of the shareholders or an affirmative opinion by an independent person as described above.

Record Date

As mentioned above, December 31 is the record date for the payment of year-end dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. June 30 is the record date for the payment of interim dividends.

In addition, by a resolution of the board of directors and after giving at least two weeks’ prior public notice, we may at any time set a record date in order to determine the shareholders who are entitled to certain rights pertaining to shares of our common stock.

Under the JASDEC rules relating to the Japanese book-entry transfer system, we are required to give notice of each record date to JASDEC promptly after the resolution of the board of directors determining such record date. JASDEC is required to promptly give us notice of the names and addresses of holders of shares of our common stock, the numbers of shares of our common stock held by them and other relevant information as of such record date.

Acquisition by Us of Shares

We may acquire shares of our common stock (i) from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders), (ii) from any of our subsidiaries (pursuant to a resolution of the board of directors), or (iii) by way of purchase on any Japanese stock exchange on which shares of our common stock are listed or by way of tender offer (in either case pursuant to an ordinary resolution of a general meeting of shareholders or a resolution of the board of directors).

In the case of (i) above, any other shareholder may make a request to us that such other shareholder be included as a seller in the proposed purchase, provided that no such right will be available if the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the higher of (x) the last trading price of shares of our common stock on the relevant stock exchange on the day immediately preceding the date on which the resolution mentioned in (i) above was adopted (or, if there is no trading in shares of our common stock on the stock exchange or if the stock exchange is not open on such day, the price at which shares of our common stock are first traded on such stock exchange thereafter) and (y) if shares of our common stock are subject to a tender offer on the day immediately preceding the date on which the resolution mentioned in (i) above was adopted, the price of shares of our common stock under the agreement with respect to such tender offer on such day.

The total amount of the purchase price of shares of our common stock may not exceed the Distributable Amount, as described in “—Distribution of Surplus—Restriction on Distribution of Surplus.”

We may hold shares of our common stock acquired in compliance with the provisions of the Companies Act, and may generally dispose of or cancel such shares of our common stock by resolution of the board of directors.

Request by Controlling Shareholder to Sell All Shares

A shareholder holding, directly or indirectly, 90% (or such other percentage above 90% as may be provided in our articles of incorporation) or more of our voting rights has the right to request, subject to approval by the board of directors, that the other shareholders and (if the controlling shareholder so determines) all holders of stock acquisition rights (in each case, other than us and, if the controlling shareholder so determines, the controlling shareholder’s wholly owned subsidiaries) sell to the controlling shareholder all shares of our common stock and all stock acquisition rights, as the case may be, held by them (*kabushiki tou uriwatashi seikyu*). If the approval is granted by resolution of the board of directors, we will be required to give public notice thereof to all holders and registered pledgees of shares of our common stock (and stock acquisition rights, as the case may be) not later than 20 days prior to the effective date of such sales, as proposed by the controlling shareholder.

Disposal of Shares by Us

We are not required to send notices to a shareholder if delivery of notices to such shareholder fails to arrive for five consecutive years or more at its address registered in our register of shareholders or otherwise notified to us.

In the above case, if the relevant shareholder to whom delivery of notices has failed also fails to receive distributions of Surplus on shares of our common stock continuously for five years or more at its address registered in our register of shareholders or otherwise notified to us, then we may in general dispose of such shares of our common stock at their then market price and hold or deposit the proceeds of such disposition on behalf of the relevant shareholder.

Reporting of Substantial Shareholdings

The FIEA and its related regulations require any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company that is listed on any Japanese stock exchange to file a report with the Director-General of the competent Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding or of any change in material matters set forth in any previously filed reports. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of warrants or stock acquisition rights (including those incorporated in bonds with stock acquisition rights) are taken into account in determining both the number of shares held by the holder and such company's total issued shares of capital stock. Any report so filed will be made available for public inspection. Reports are required to be filed through the EDINET system, which is an electronic disclosure system operated by the Financial Services Agency.

Preferred Stock

General

On August 1, 2025, we announced that our board of directors passed a resolution to submit a proposal to our extraordinary general meeting of shareholders to be held on September 1, 2025 for a partial amendment to our articles of incorporation, to add provisions for the issuance of our Class A preferred stock and Class B preferred stock.

Under the Companies Act, a company may issue multiple classes of shares with different terms and conditions in respect of, among others, preference in dividend distribution and/or distribution of residual assets, voting rights, a call option of the company, or a put option of the shareholders of such class of shares, if so provided for by such company's articles of incorporation. If our extraordinary general meeting of shareholders passes a resolution to add the provisions for each series of our preferred stock to our articles of incorporation, we may issue such preferred stock pursuant to such rule under the Companies Act. However, as described in "Risk Factors—Risks Related to Our Bitcoin Strategy and Holdings—We may issue dividend-paying preferred stock in the future that ranks senior to our common stock with respect to dividends and liquidation rights, and preferred stock could adversely affect the value of our common stock," we may determine not to issue such preferred stock.

Some of the notable features of each series of our preferred stock, the provisions of which are included in the proposed amendment to our articles of incorporation, are described below and compared to shares of our common stock.

Preferred Dividends

Holders of each series of our preferred stock are entitled to receive preferred dividends, meaning that they are entitled to receive cash dividends in preference to holders of shares of our common stock; however, our Class A preferred stock ranks above our Class B preferred stock in terms of the priority of receiving dividends. Accordingly, if we declare dividends, we must distribute such dividends to holders of our Class A preferred stock first, to holders of our Class B preferred stock second, and finally to holders of shares of our common stock.

We may distribute dividends to holders of each series of our preferred stock of record as of December 31 of each year, or the Year-end Preferred Dividends, as well as dividends to those holders of record as of June 30 or any date other than December 31 of each year, or the Interim Preferred Dividends. The amount of the Year-end Preferred Dividends for each series of our preferred stock will be calculated by multiplying the

equivalent of the paid-in amount (as described below) of such preferred stock by the divided rate to be determined by a resolution of the board of directors before the issuance of such preferred stock (not exceeding 6%); provided, however, that if the Interim Preferred Dividends for such preferred stock have been paid during the fiscal year in which the record date for the Year-end Preferred Dividends for such preferred stock falls, the amount of such Interim Preferred Dividends will be deducted from the amount of such Year-end Preferred Dividends. The paid-in amount of each series of our preferred stock refers to the amount per share to be paid to us in connection with the first offering of such preferred stock, as determined prior to the issuance of such preferred stock. On the other hand, the amount of the Interim Preferred Dividends for each series of our preferred stock will be determined by the calculation method to be determined by a resolution of the board of directors before the issuance of such preferred stock; provided, however, that the total amount of the Interim Preferred Dividends for such preferred stock for which the record date falls in a given fiscal year does not exceed the amount of the Year-end Preferred Dividends for such preferred stock for which the record date falls in the same fiscal year.

The Year-end Preferred Dividends for each series of our preferred stock are cumulative, meaning that any preferred dividend unpaid in a particular fiscal year will accrue in subsequent fiscal years with interest. If any accumulated dividends exist with respect to each series of our preferred stock when we declare dividends, we must pay such accumulated dividends to holders of such preferred stock first, and then pay preferred dividends of the respective fiscal year, before we pay dividends to holders of shares of our common stock.

In terms of the dividends payable to holders of each series of our preferred stock, such holders are not entitled to participation rights, meaning that holders of each series of our preferred stock are not entitled to a larger amount of dividends than previously determined in the terms and conditions of such preferred stock at the time of issuance.

Distribution of Residual Assets

Each series of our preferred stock is senior to shares of our common stock in the distribution of residual assets; however, our Class A preferred stock ranks above our Class B preferred stock in terms of the priority of receiving residual assets. Accordingly, if we are liquidated, we must distribute residual assets to holders of our Class A preferred stock first, to holders of our Class B preferred stock second, and finally to holders of shares of our common stock.

The amount of the distribution of the residual assets to holders of each series of our preferred stock will be determined by the calculation method to be determined by a resolution of the board of directors before the issuance of such preferred stock, based on the fair value per share of such preferred stock.

In terms of the distribution of the residual assets to holders of each series of our preferred stock, such holders are not entitled to participation rights, meaning that holders of each series of our preferred stock are not entitled to a larger amount of residual assets than previously determined in the terms and conditions of such preferred stock at the time of issuance.

Absence of Voting Rights

Holders of each series of our preferred stock are not entitled to voting rights in any matter that is resolved in general meetings of shareholders.

Meeting of Class Shareholders

Under the Companies Act and the proposed amendment to our articles of incorporation, the following matters that will or are likely to cause detriment to holders of our relevant preferred stock require a separate resolution to approve such matter at a meeting of holders of our Class A preferred stock or Class B preferred stock, whichever is affected:

- (i) the creation of a new class of shares;
- (ii) a change in the terms of the shares; or
- (iii) an increase in the number of authorized shares or the number of shares of a class authorized to be issued.

Our Call Option

If an event to be provided for by a resolution of the board of directors before the issuance of each series of our preferred stock arises with respect to such preferred stock, we may acquire all or part of such preferred stock in exchange for cash, upon the arrival of a date to be separately determined by a resolution of the board of directors. The amount of cash to be paid in exchange for each series of our preferred stock acquired pursuant to such call option will be calculated by the calculation method to be determined by a resolution of the board of directors before the issuance of such preferred stock based on the fair value per share of such preferred stock.

Put Option of Holders of Our Class B Preferred Stock

Holders of our Class B preferred stock may request that we acquire our Class B preferred stock held by them in exchange for shares of our common stock during the put option period to be determined by a resolution of the board of directors before the issuance of such Class B preferred stock. Holders of our Class A preferred stock have no such put option. The number of shares of our common stock to be delivered in exchange for our Class B preferred stock acquired pursuant to such put option will be calculated by the calculation method to be determined by a resolution of the board of directors before the issuance of such Class B preferred stock.

TAXATION

The following summaries are not intended to be a complete analysis of the tax consequences under Japanese or United States law as a result of the acquisition, ownership and sale of shares by investors. Potential investors should consult their own tax advisors on the tax consequences of acquisition, ownership, sale, and other relevant circumstances concerning the shares, including specifically the applicable tax consequences under Japanese or United States law, the law of the jurisdiction of their country of residence (if different) and any tax treaty between Japan and their country of residence.

Japanese Taxation

The following is a summary of the principal Japanese tax consequences to owners of our shares who are non-resident individuals or non-Japanese corporations without a permanent establishment in Japan. The statements regarding Japanese tax laws below are subject to changes in the applicable Japanese laws or tax treaties, conventions or agreements, or in their interpretation, occurring after the date of this offering circular.

This summary does not exhaust all possible tax considerations that may apply to a particular investor or shareholder. Potential investors or shareholders should satisfy themselves by consulting their own tax advisors, as to:

- the overall tax consequences of the acquisition, ownership and disposition of our shares, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and
- any tax treaty, convention or agreement between Japan and their country of residence.

Generally, a non-resident shareholder is subject to Japanese withholding tax on dividends paid on our shares. Stock splits are not subject to Japanese income tax or corporation tax.

If we purchase our shares, excluding purchasing in a stock exchange, the selling shareholders (both individuals and corporations) are in general deemed to have received a dividend in an amount equal to the selling price less the aggregate of the stated capital, certain capital surplus and other amounts attributable to the shares on a non-consolidated basis. In addition, the distribution by us of cash or other assets to our shareholders due to merger, corporate split or dissolution will in certain cases be deemed and treated as a dividend payment to shareholders for Japanese tax purposes and be subject to Japanese income tax or corporation tax if the amount of cash and the value of other assets so distributed to a shareholder exceeds the amount of the aggregate of the stated capital, certain capital surplus and other amounts attributable to the shares on a non-consolidated basis.

In general, the rate of Japanese withholding tax applicable to dividends on shares paid by Japanese corporations to non-resident shareholders is 20.42% on or before December 31, 2037 and 20% thereafter. With respect to dividends paid on listed shares issued by Japanese corporations (such as our shares) to non-resident shareholders, except for any individual shareholder who holds 3% or more of the total issued shares of the relevant Japanese corporation, the aforementioned 20.42% or 20% withholding tax rate is reduced to (i) 15.315% for dividends to be paid on or before December 31, 2037 and (ii) 15% for dividends to be paid thereafter. Japan has income tax treaties, conventions or agreements which generally provide that the withholding tax rate may not exceed 15%, 10% or 5% for portfolio investors (15% is applied under the income tax treaties with, among others, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway and Singapore, 10% is applied under the income tax treaties with, among others, Australia, Belgium, France, Hong Kong, the Netherlands, Portugal, Sweden, Switzerland, the United Kingdom and the U.S., and 5% is applied under the income tax treaties with, among others, Spain). In addition, under the Japan-U.S. tax treaty, dividends are exempt from Japanese taxation by way of withholding or otherwise when paid to pension funds which are qualified U.S. residents eligible to enjoy treaty benefits, unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds. Similar treatment is applicable to dividends under the tax treaties between Japan and Belgium, Denmark, the Netherlands, Spain, Switzerland and the United Kingdom. Under Japanese tax law, the rate applicable under the tax treaties, conventions or agreements shall be applicable except when such rate is more than the Japanese statutory rate.

Non-resident shareholders who are entitled to a reduced treaty rate of, or an exemption from, Japanese withholding tax on the payment of dividends by us under an applicable tax treaty are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends (together with any other required forms and documents) in advance

through the withholding agent to the relevant tax authority before the payment of dividends. A standing proxy for non-resident shareholders may provide such application service. In this regard, a certain simplified special filing procedure is available for non-resident shareholders to claim treaty benefits of exemption from or reduction of Japanese withholding tax by submitting a Special Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks (together with any other required forms and documents). Non-resident shareholders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident shareholders are entitled to a reduced treaty rate under the applicable tax treaty) or the full amount of tax withheld (if such non-resident shareholders are entitled to an exemption under the applicable tax treaty), as the case may be, by complying with a certain subsequent filing procedure. We do not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for non-resident shareholders who would be so eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale of our shares outside Japan by a non-resident shareholder who is a portfolio investor are generally not subject to Japanese income or corporation taxes.

Japanese inheritance and gift taxes may be assessed against an individual who has acquired from another individual our shares as a legatee, heir or donee, even if the individual or the deceased or the donor is not a Japanese resident.

Potential investors should consult with their own tax advisors regarding the Japanese tax consequences of the ownership and disposition of shares of common stock in light of their particular situations.

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership, sale or other disposition of our shares by a U.S. holder (as defined below) who acquires such shares in the offering. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to particular investors in light of their individual circumstances, such as investors subject to special tax rules (for example, banks and other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, pension plans, cooperatives, broker-dealers, traders in securities that have elected the mark-to-market method of accounting for their securities, partnerships and their partners, certain former citizens and former long-term residents of the United States, and tax-exempt organizations (including private foundations)), investors who are not U.S. holders, investors who own (directly, indirectly, or constructively) 10% or more of our stock (by vote or value), investors that will hold their shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes, persons who acquired our shares pursuant to the exercise of an employee option or otherwise as compensation or investors whose functional currency is not the U.S. dollar, all of whom may be subject to tax rules that differ materially from those summarized below. In addition, this summary does not discuss the Medicare tax on net investment income or any minimum tax, non-income tax (such as the U.S. federal gift and estate tax) or foreign, state or local tax considerations. This summary is only for investors that will hold our shares acquired in the offering as “capital assets” under the Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment).

This summary is based upon the provisions of the Code, the Treasury regulations promulgated thereunder, judicial opinions, rulings and pronouncements of the IRS, the income tax treaty between the United States and Japan (the “Treaty”) and other applicable authorities, all as in effect or in existence on the date hereof. These authorities may change or be subject to differing interpretations, possibly with retroactive effects, which could result in U.S. federal income tax consequences different from those summarized below. Each prospective investor of our shares should consult its tax advisor about the U.S. federal, state, local and non-U.S. tax consequences of the ownership and disposition of our shares in light of its particular circumstances.

General

For purposes of this discussion, a “U.S. holder” is a beneficial owner of our shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in or organized under the

laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has validly elected to be treated as a U.S. person under applicable U.S. Treasury regulations.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our shares and partners in such partnerships are urged to consult their tax advisors as to the particular U.S. federal income tax consequences of an investment in our shares.

Dividends

Subject to the discussion below entitled “—Passive Foreign Investment Company Rules,” the entire amount of any cash distribution paid with respect to our shares (including any amount withheld in respect of Japanese taxes) will generally constitute dividends to the extent such distributions are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, and will generally be taxed as ordinary income (subject to the discussion below regarding qualified dividend income) at the time of the actual or constructive receipt of such amounts by the U.S. holder.

To the extent amounts paid as distributions on our shares exceed our current and accumulated earnings and profits, such distributions will instead be treated first as a tax-free return of capital to the extent of the U.S. holder’s adjusted tax basis in the shares with respect to which the distribution is made, and thereafter as capital gain. However, we do not intend to compute our earnings and profits under U.S. federal income tax principles. Accordingly, a U.S. holder should expect to treat the full amount of any distribution as a “dividend” for U.S. federal income tax purposes. Dividends will generally be treated as foreign-source income for U.S. foreign tax credit purposes and will not be eligible for the dividends-received-deduction generally available to U.S. corporations. So long as we are eligible for the benefits of the Treaty (which we believe to be the case, and expect to continue to be the case), dividends on our shares may generally be treated as qualified dividend income. Non-corporate U.S. holders may be taxed on dividends that constitute qualified dividend income at the lower rates applicable to long-term capital gains, provided that certain holding period and other requirements are satisfied, including that we are not a PFIC, as discussed below, or treated as a PFIC with respect to a particular U.S. holder, for the taxable year in which the dividend is paid and for the preceding taxable year.

As discussed above, dividends will generally be treated as income from foreign sources and will generally constitute passive category income for U.S. foreign tax credit purposes. A U.S. holder may be eligible, subject to complex limitations, to claim a foreign tax credit with respect to any Japanese withholding taxes imposed on dividends received on our shares (at a rate not exceeding the applicable Treaty rate, in the case of a U.S. holder eligible for the benefits of the Treaty). The rules governing the foreign tax credit are complex. A prospective investor should consult its tax advisor regarding the availability of a foreign tax credit in its particular circumstances.

Dividends paid in non-U.S. currency will be included in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to a spot market exchange rate in effect on the date that the dividends are received by the U.S. holder, regardless of whether such foreign currency is in fact converted into U.S. dollars on such date. If such dividends are converted into U.S. dollars on the date of receipt, a U.S. holder generally should not be required to recognize foreign currency gain or loss in respect thereof. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, such U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will generally be treated as ordinary income or loss to such U.S. holder and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. U.S. holders should consult their own advisors regarding the treatment of foreign currency gain or loss, if any, on any foreign currency received by a U.S. holder that is converted into U.S. dollars on a date subsequent to receipt.

Sale or Other Disposition

Subject to the discussion below entitled “—Passive Foreign Investment Company Rules,” U.S. holders will generally recognize capital gain or loss for U.S. federal income tax purposes as a consequence of a sale, exchange or other taxable disposition of our shares. The amount of gain or loss will be equal to the difference between the U.S. holder’s adjusted tax basis in the shares and the amount realized on their disposition, each determined in U.S. dollars. Non-corporate U.S. holders are generally eligible for reduced capital gains rates if the

shares have been held for more than one year. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, realized by a U.S. holder on the sale, exchange or other taxable disposition of our shares will generally be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the value of its gross assets (generally determined on the basis of a quarterly average during such year) is attributable to assets that produce or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents (other than certain royalties and rents derived in an active business) and gains from the disposition of passive assets. In making this determination, the non-U.S. corporation generally would be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which it owns, directly or indirectly, at least 25% (by value) of the stock.

Based upon our current and expected income and assets, we do not expect to be or become a PFIC for the current taxable year or the foreseeable future. While we do not expect to be a PFIC for the current taxable year or the foreseeable future, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is an annual inquiry that depends upon the composition of our income and assets for such taxable year. The respective values of our assets may depend in part upon the value of our goodwill and other unbooked intangibles (which may depend upon the market value of our shares from time-to-time, which could be volatile). In addition, while we expect that our income generated from selling cash-secured put options (which is, and is expected to continue to be, a substantial majority of our income for purposes of the passive income test described above) should not be characterized as “passive income,” there can be no assurance that the IRS will not assert, or that a court would not sustain, a contrary characterization.

If we are a PFIC for any taxable year during which a U.S. holder holds our shares, and unless the U.S. holder makes a mark-to-market election (as described below), such U.S. holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, for subsequent taxable years, on (i) any excess distribution that we make to the U.S. holder (which generally means any distributions paid during a taxable year to a U.S. holder that are greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. holder’s holding period for the shares), and (ii) any gain realized on the sale or other disposition of the shares. Under the PFIC rules:

- such excess distribution and/or gain will be allocated ratably over the U.S. holder’s holding period for the shares;
- such amount allocated to the current taxable year and any taxable years in the U.S. holder’s holding period prior to the first taxable year in which we are a PFIC, or pre-PFIC years, will be taxable as ordinary income;
- such amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for that year for corporations or individuals, as applicable; and
- an interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

As an alternative to the foregoing rules, a U.S. holder may make a mark-to-market election with respect to our shares; provided that the shares are regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. The shares are listed on the Standard Market of the Tokyo Stock Exchange, which should constitute a qualified exchange, but there can be no assurance that the shares will be considered regularly traded.

If a U.S. holder is eligible to and does make a valid mark-to-market election with respect to our shares, the U.S. holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of shares held at the end of the taxable year over the adjusted tax basis of such shares and (ii) deduct as an ordinary loss in each such year the excess, if any, of the adjusted tax basis of the shares over the fair market value of such shares held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. holder’s adjusted tax basis in the shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. Further, in each year that we are a PFIC any gain recognized upon the sale or other disposition of the shares will

be treated as ordinary income and loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election, with any excess loss treated as a capital loss. If a U.S. holder makes a valid mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the shares are no longer regularly traded on a qualified exchange or other market or the IRS consents to the revocation of the election.

We do not intend to provide information necessary for U.S. holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. holder owns our shares during any taxable year that we are a PFIC, such holder would generally be required to file an annual IRS Form 8621. Each U.S. holder is advised to consult its tax advisors regarding the potential tax consequences to such holder if we are or become a PFIC, including the possibility of making a mark-to-market election.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (“Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such employee benefit plan, plan, account or arrangement (each, a “Plan”) should not purchase or hold shares.

By acceptance of any shares (including any interests in shares), each purchaser hereunder and subsequent transferee will be deemed to have represented and warranted that no portion of the assets used by such purchaser or subsequent transferee to acquire or hold the shares (or any interest therein) constitutes assets of any Plan.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any reoffering, resale, pledge or transfer of the shares.

The shares offered hereby are being offered in accordance with Rule 144A and Regulation S under the Securities Act. The shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the shares may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from the registration requirements of the Securities Act.

Terms used in this section that are defined in Rule 144A or Regulation S under the Securities Act are used as defined therein.

Shares Offered in Reliance on Rule 144A

Each U.S. purchaser of shares will be deemed to have represented and agreed as follows:

- the purchaser:
 - is a qualified institutional buyer;
 - is aware that the sale of the shares to it is being made in reliance on Rule 144A; and
 - is acquiring the shares for its own account or for the account of a qualified institutional buyer, as the case may be;
- the purchaser understands that the shares have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred, except:
 - to a person who the purchaser and any person acting on its behalf reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;
 - in an offshore transaction complying with Regulation S; or
 - pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available) under the Securities Act;
- in each case, in accordance with all applicable securities laws of the States of the United States;
- the purchaser will not deposit or cause to be deposited shares into any unrestricted depositary receipt facility relating to the shares established or maintained by a depositary bank, unless or until the shares are no longer deemed restricted securities within the meaning of Rule 144(a)(3) under the Securities Act; and
- the purchase is not, and is not acting on behalf of or with assets of, a Plan.

No representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the shares offered hereby.

Shares Offered in Reliance on Regulation S

Each purchaser of shares offered in reliance on Regulation S will be deemed to have represented and agreed as follows:

- the purchaser is acquiring the shares in an offshore transaction in accordance with Regulation S;
- the purchaser understands that the shares have not been and will not be registered under the Securities Act; and
- the purchase is not, and is not acting on behalf of or with assets of, a Plan.

CLEARANCE AND SETTLEMENT

JASDEC

The central book-entry transfer system of shares of Japanese listed companies under the Book-Entry Act applies to shares of our common stock. Under this system, any transfer of shares is effected through entry in the records maintained by JASDEC and the account management institutions. See “Description of Common Stock and Preferred Stock—Common Stock—General.”

Euroclear and Clearstream

Book-entry interests in shares may be held through Euroclear Bank SA/NV, or Euroclear, or Clearstream Banking, S.A., or Clearstream, and, if so, the relevant purchasers must deliver their shares to the nominee in Japan for the relevant clearing system which will hold the shares in JASDEC. Settlement for the purchasers of the shares will be made only through accounts of participating institutions having a clearing account with JASDEC.

The aggregate holdings of book-entry interests in the shares in Euroclear and Clearstream will be reflected in the book-entry accounts for each institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interest in the shares, will be responsible for establishing and maintaining accounts for their respective participants and clients having interests in the book-entry interests in the shares.

Fees

We will not impose any fees in respect of the shares, except in certain extraordinary cases. However, holders of book-entry interest in our shares through Euroclear and Clearstream may incur fees normally payable for the maintenance and operation of accounts in Euroclear or Clearstream. In addition, a Japanese securities firm or commercial bank acting as standing proxy will charge certain standard fees. See “Description of Common Stock and Preferred Stock—Common Stock—General.”

Settlement Procedures—Secondary Market Trading

Secondary market sales of book-entry interests in our shares held through Euroclear or Clearstream to purchasers of book-entry interests in the shares through Euroclear and Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream. Any transfer of interests in our shares out of Euroclear and Clearstream will be effected in accordance with the rules of Euroclear or Clearstream, as applicable, and the Book-Entry Act, the rules of JASDEC and our share handling regulations. Secondary market sales and transfers of shares held outside of Euroclear and Clearstream will also be conducted in accordance with our share handling regulations, the Book-Entry Act, any applicable rules of JASDEC and the rules of the Tokyo Stock Exchange applicable to listed securities.

Settlement of transactions concerning shares listed on any stock exchanges in Japan will normally be effected on the third dealing day from and including the transaction date. Settlement in Japan is made through JASDEC as described above.

Daily Price Fluctuation Limits under the Rules of the Tokyo Stock Exchange

Share prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day’s closing price or special quote. Although transactions may continue at the upward and downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

OFFERING AND SALE

Under the terms and subject to the conditions set forth in the purchase agreement, dated the date of this offering circular, between us and the managers named below, for whom Morgan Stanley & Co. International plc and Cantor Fitzgerald & Co. are acting together as the representatives, the managers have severally, and not jointly, agreed to purchase, and we have agreed to sell to the several managers, the respective numbers of shares set forth opposite the names of such managers below:

<u>Name</u>	<u>Number of shares to be purchased</u>
Morgan Stanley & Co. International plc	●
Cantor Fitzgerald & Co.	●
Total	●

Subject to certain conditions, the managers will purchase the shares from us at the purchase price of ¥● per share, and initially offer the shares at the offer price per share set forth on the cover page of this offering circular. After the initial offering of the shares, the offer price and other selling terms may from time to time be varied by the representatives.

The aggregate difference between the offer price and the purchase price set forth above will be distributed among the managers in the manner agreed to by them. No other selling concession, management commission or underwriting commission will be payable by us with respect to the offering.

The managers are entitled to be released and discharged from their obligations under, and to terminate, the purchase agreement in certain circumstances. If a manager defaults, depending on the circumstances, the purchase agreement provides that the purchase commitments of the non-defaulting managers may be increased or the purchase agreement may be terminated. The managers are offering the shares subject to their receipt and acceptance of the shares from us and subject to prior sale. The purchase agreement provides that the obligations of the several managers to pay for, and accept delivery of, the shares are subject to confirmation of certain legal matters by the counsels to the managers and to certain other conditions. The managers reserve the right to withdraw, cancel or modify offers, and to reject orders in whole or in part.

The purchase agreement provides that we will indemnify the managers and their respective affiliates, selling agents and controlling persons against certain liabilities in connection with the offer and sale of the shares, and will contribute to payments the managers and their respective affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

The shares are being: (i) offered by the managers in offshore transactions outside the United States and Japan in reliance on Regulation S under the Securities Act; and (ii) placed inside the United States through U.S. broker-dealer affiliates or selling agents of the managers to institutions or persons reasonably believed to be “qualified institutional buyers,” as defined in Rule 144A under the Securities Act, in reliance on Rule 144A.

Settlement

It is expected that payment for the shares will be made in Japanese yen for value on or about September ●, 2025 (Tokyo time) and that delivery of the shares will be made through the book-entry facilities of JASDEC in Tokyo, on or about September ●, 2025 (Tokyo time).

Suspension of Moving Strike Warrants

On August 27, 2025, we sent a suspension notice to Evolution Japan Securities Co., Ltd., pursuant to which EVO Fund will be suspended from exercising their moving strike warrants for a period beginning on September 3 until September 30, 2025.

Lock-up Agreements

With respect to us:

In connection with the offering, we have agreed with the managers in the purchase agreement that, during the period beginning on the date of this offering circular and ending on the date that is 60 calendar days

from and including the date of delivery of the shares in the offering (i.e., ●, 2025), we will not, without the prior written consent of the representatives:

- (a) issue, offer, allot, transfer, pledge, lend, sell, or enter into any contract relating thereto, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise dispose of shares of our common stock or any other class of our capital stock or any securities convertible into, or exchangeable for, or that represent the right to acquire or receive shares of our common stock or any other class of our capital stock, including our stock acquisition rights (in each case regardless of whether any such transaction is to be effected by actual disposition, cash settlement or other settlement for economic value); (the “lock-up securities”);
- (b) enter into any derivative transaction or any other transaction that transfers, in whole or in part, directly or indirectly, ownership (or any economic consequences thereof) of the lock-up securities;
- (c) permit any entities or persons acting at our direction to engage in any of the prohibited actions described in (a) or (b) above;
- (d) announce or publicize the intention to enter into, or consent to, any of the prohibited actions described in (a) through (c) above; or
- (e) approve of or request for, or take any internal corporate action in order to approve of any secondary offering of shares of our common stock or any other class of our capital stock.

The restrictions above prohibit transactions undertaken with the intent to lead to or bring about, or transactions that could reasonably be expected to result in, sales or disposals of the lock-up securities, such as hedging or other transactions, including disposals of the lock-up securities undertaken by third parties. Prohibited hedging and other transactions include, but are not limited to, short sales and any purchase, sale or grant of rights (including, but not limited to, put options and call options) relating to the lock-up securities or securities relating to or that derive their primary value from the lock-up securities.

The restrictions described above will not apply to:

- (a) the approval of, and the taking of any internal corporate action in order to approve of, the offering;
- (b) a stock split undertaken in accordance with Article 183 of the Companies Act or an allotment of shares without contribution undertaken in accordance with Article 185 of the Companies Act; or
- (c) the issuance or delivery of shares of our common stock upon the exercise of our stock acquisition rights that are outstanding on the date of this offering circular and disclosed in this offering circular except for the issuance or delivery of shares of our common stock upon the exercise of stock acquisition rights by EVO Fund during the period starting September 3, 2025 to and including September 30, 2025, i.e., the exercise suspension period set forth in the suspension notice sent by us to Evolution Japan Securities Co., Ltd. on August 27, 2025.

With respect to the shareholders:

Furthermore, Simon Gerovich and MMXX Ventures Limited have agreed with the managers that during the period beginning on the date on which the offer price is determined and ending on the date that is 60 calendar days from and including the date of delivery of the shares in the offering, the respective shareholder will not, without the prior written consent of the representatives:

- (a) issue, offer, allot, transfer, pledge, lend, sell, or enter into any contract relating thereto, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise dispose of (regardless of whether the disposition is of physical goods or of economic value through cash settlement or other methods), our common stock or any other class of our capital stock (including stock acquisition rights, collectively, “company shares”) or any securities convertible into, or exchangeable for, or that represent the right to acquire or receive, company shares (together with company shares, the “shareholder lock-up securities”);

- (b) enter into any derivative transaction or any other transaction that transfers, in whole or in part, directly or indirectly, ownership (or any economic consequences thereof) of the shareholder lock-up securities;
- (c) permit any entities or persons acting at the shareholder's direction to engage in any of the prohibited actions described in (a) or (b) above; or
- (d) announce or publicize an intention to enter into, or consent to, any of the prohibited actions described in (a) through (c) above.

The above prohibit transactions undertaken with the intent to lead to or bring about, or transactions that could reasonably be expected to result in, sales or disposals of the shareholder lock-up securities, such as hedging or other transactions, including disposals of the shareholder lock-up securities undertaken by third parties. Prohibited hedging and other transactions include, but are not limited to, short sales and any purchase, sale or grant of rights (including but not limited to put options and call options) relating to the shareholder lock-up securities or securities relating to or that derive their primary value from the shareholder lock-up securities.

In the case of Simon Gerovich, the restrictions described above will not apply to:

- (i) the sale or transfer of shares of our common stock constituting less than a full unit of shares upon request of any holder of such shares in accordance with Article 192, paragraph 1 of the Companies Act of Japan;
- (ii) the sale or transfer of shares of our common stock in response to any share repurchase we may conduct in accordance with Article 156, 160 or 165 of the Companies Act of Japan or any corporate reorganization;
- (iii) the lending of shares of our common stock to Japan Securities Finance Co., Ltd., when shares of our common stock are selected as loan margin trading issues by the Tokyo Stock Exchange and Japan Securities Finance Co., Ltd.; and
- (iv) the exercise of the stock acquisition rights outstanding as of today and the issuance of shares of our common stock or disposition of our treasury stock by us upon the exercise of such stock acquisition rights by the shareholder.

In the case of MMXX Ventures Limited, the restrictions described above will not apply to:

- (i) the lending of the Common Stock to EVO Fund on or after October 1, 2025 pursuant to the share lending agreement entered into between MMXX Ventures Limited and EVO Fund in connection with the issuance of the 20th to 22nd Series of Stock Acquisition Rights to EVO Fund through a third-party allotment;
- (ii) the sale or transfer of shares of our common stock constituting less than a full unit of shares upon request of any holder of such shares in accordance with Article 192, paragraph 1 of the Companies Act of Japan;
- (iii) the sale or transfer of shares of our common stock in response to any share repurchase we may conduct in accordance with Article 156, 160 or 165 of the Companies Act of Japan or any corporate reorganization;
- (iv) the lending of shares of our common stock to Japan Securities Finance Co., Ltd., when shares of our common stock are selected as loan margin trading issues by the Tokyo Stock Exchange and Japan Securities Finance Co., Ltd.; and
- (v) the exercise of the stock acquisition rights outstanding as of today and the issuance of shares of our common stock or disposition of our treasury stock by us upon the exercise of such stock acquisition rights by the shareholder.

Selling Restrictions

General

The shares may not be offered or sold, directly or indirectly, and this offering circular may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

United States

The shares offered by this offering circular have not been and will not be registered under the Securities Act or any applicable state securities laws and may not be offered or sold within the United States (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. The managers or U.S. affiliates of the managers may arrange for the sale of a portion of the shares in the United States exclusively to persons reasonably believed by them to be qualified institutional buyers (as defined in Rule 144A) in reliance on the exemption from registration provided by Rule 144A. Each United States purchaser of shares is hereby notified that the offer and sale of shares to it is being made in reliance upon such exemption. The offering of the shares outside the United States will be made in accordance with Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

Japan

The shares have not been and will not be registered under the FIEA. The shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident in Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws, rules, regulations and governmental guidelines of Japan.

United Kingdom

No shares have been offered or will be offered to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares that has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA

provided that no such offer of the shares shall result in a requirement for us or any manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with us and the managers that it is a qualified investor within the meaning of Article 2 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares.

In addition, this offering circular may only be communicated or caused to be communicated to persons in the United Kingdom in circumstances where section 21(1) of the FSMA does not apply. In the United Kingdom, this offering circular is for distribution only to and is directed only at “qualified investors” (as defined in Article 2 of the UK Prospectus Regulation) who are: (i) investment professionals falling within Article 19(5) of the Financial Promotion Order; (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order; or (iii) other persons to whom it may be lawfully communicated (all such persons together being referred to as “Relevant Persons”).

In the United Kingdom, this offering circular and any of its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this offering circular relates (including any invitation, offer or agreement to subscribe, purchase or otherwise acquire the shares) is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Hong Kong

The contents of this offering circular have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer and this offering circular. If you are in any doubt about any of the contents of this offering circular, you should obtain independent professional advice. The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any documents, other than (a) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) and any rules made under that the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “C(WUMP)O”) or which do not result in the document offering any shares or debentures to the public for subscription or purchase for cash or other consideration or calculated to invite offers by the public to subscribe for or purchase for cash or other consideration any shares or debentures or otherwise constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the shares has been, will be or may be issued or has been, will be or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

Singapore

This offering circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA; or
- (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Investors should note that the offering of the shares is not subject to the regulatory regime applicable to collective investment schemes under Division 2 of Part 13 of the SFA.

The shares described in the offering circular are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

European Economic Area

In relation to each Member State of the European Economic Area (each a “Relevant State”), no shares have been offered or will be offered to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all

in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with us and the managers that it is a qualified investor within the meaning of Article 2 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of the shares to the public” in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares.

Australia

This offering circular is issued by us. We are not registered as a foreign company in Australia. The provision of this offering circular to any person in Australia does not constitute an offer of shares to that person or an invitation to that person to apply for shares. Any such offer or invitation will only be extended to a person in Australia if:

- the offer or invitation falls within the exemption for offers to sophisticated investors or professional investors as set out in section 708(8) or 708(11) of the Corporations Act 2001 of Australia (the “Corporations Act”) or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7.9 of the Corporations Act, in each case such persons are a “wholesale investor”;
- such action does not require any document to be lodged with the Australian Securities Exchange or the Australian Securities and Investments Commission (“ASIC”); and
- it is not made to a person who is a “retail client” as defined for the purposes of section 761G of the Corporations Act,

and the offer or invitation and all conduct in connection with it complies with all applicable laws and directives.

This offering circular is intended to be provided only to wholesale investors. By retaining this offering circular, the recipient represents that the recipient is a wholesale investor. This offering circular is not intended to be distributed or passed on, directly or indirectly, to any class of persons in Australia other than those wholesale investors noted above.

This offering circular is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act. This offering circular has not been prepared specifically for Australian investors and is not required to, and does not purport to, include all of the information which would be required in a product disclosure statement, prospectus or other disclosure document under the Corporations Act. It:

- has not been lodged with the Australian Securities Exchange or ASIC;
- may contain references to dollar amounts which are not Australian dollars;
- may contain financial information which is not prepared in accordance with Australian law, practices or accounting standards;

- may not address risks associated with investment in foreign currency denominated investments; and
- does not address Australian tax issues.

Any person to whom shares are issued or sold must not, within 12 months from their issue, offer, transfer or assign the shares to investors in Australia unless:

- (a) that sale is to a wholesale investor (as described above);
- (b) the sale offer is received outside Australia; or
- (c) otherwise in circumstances where disclosure to investors is not required under the Corporations Act.

Each investor acknowledges and agrees to the above and, by applying for shares, gives an undertaking not to sell those shares in any circumstances other than those described in paragraphs (a), (b) and (c) above for 12 months after the date of issue.

No persons referred to in this offering circular hold an Australian financial services license. In particular, we are not licensed in Australia to provide financial product advice in relation to the shares or any other financial products. The information in this offering circular is not personal advice and has been prepared without taking into account any investor's investment objectives, financial situation or particular needs. If any financial product advice is, in fact, held to have been given by us in relation to any shares issued in connection with this offering circular, it is general advice only. Before acting on the information the investor should consider its appropriateness having regard to their investment objectives, financial situation and needs and consider obtaining their own financial product advice from an independent person who is licensed by the ASIC to give such advice. Any decision to acquire shares should only be made having regard to the investor's personal circumstances and any such independent advice received. An investor in the shares will not have cooling off rights.

Canada

The shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Dubai International Financial Centre (not applicable for the United Arab Emirates and Abu Dhabi Global Market)

This offering circular relates to shares which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA").

This offering circular is intended for distribution only to Professional Clients (as defined by the DFSA) who are not natural persons. It must not be delivered to, or relied on by, any other person.

The DFSA has no responsibility for reviewing or verifying the offering circular or any other documents in connection with this offering. Accordingly, the DFSA has not approved this offering circular or any other associated documents nor taken any steps to verify the information set out in this offering circular, and has no responsibility for it.

The shares and interests therein to which this offering circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares and interests therein should conduct their own due diligence on the shares.

If you do not understand the contents of this offering circular you should consult an authorized financial adviser.

In relation to its use in the Dubai International Financial Centre, this offering circular is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the shares may not be offered or sold directly or indirectly to the public in the Dubai International Financial Centre.

Korea

The shares may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or re-sale, directly or indirectly, in Korea or to any resident of Korea, except pursuant to the applicable laws and regulations of Korea, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The shares have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the shares may not be re-sold to Korean residents unless the purchaser of the shares complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with their purchase.

People's Republic of China (excluding Hong Kong, Macau and Taiwan)

This offering circular has not been and will not be circulated or distributed in the People's Republic of China (the "PRC"), and the shares are not being offered or sold and may not be offered or sold, directly or indirectly, to any resident of the PRC, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC, except pursuant to applicable laws, rules and regulations of the PRC.

Switzerland

This offering circular is not intended to constitute, and does not constitute, an offer to the public or solicitation to purchase or invest in the shares. The shares have not been and will not be publicly offered, sold or marketed, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") except under the following exemptions under the FinSA:

- (i) to any investor that qualifies as a professional client within the meaning of the FinSA;
- (ii) in any other circumstances falling within article 36 of the FinSA;

provided, in each case, that no such offer of shares referred to in (i) and (ii) above shall require the publication of a prospectus for offers of shares pursuant to the FinSA.

The shares have not been and will not be listed or admitted to trading on any trading venue in Switzerland.

Neither this offering circular nor any other offering or marketing material relating to the offering, the issuer or the shares constitutes a prospectus within the meaning of the FinSA. This offering circular has not been and will not be filed with, reviewed by or approved by any Swiss review authority, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of the FinSA. Neither this offering circular nor any other offering or marketing material relating to the shares or the offering of the shares may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to the FinSA.

United Arab Emirates (not applicable for the Dubai International Financial Centre and Abu Dhabi Global Market)

The offering of the shares has not been approved or licensed by the UAE Securities and Commodities Authority ("SCA") or any other relevant licensing authorities in the United Arab Emirates ("UAE") and accordingly does not constitute a public offer of securities in the UAE in accordance with Federal Law No. 32 of 2021 Concerning Commercial Companies (as amended), SCA Board of Directors Resolution No. 13 B.C of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms (the "SCA Rulebook") or otherwise. Accordingly, the shares may not be offered to the public in the UAE.

This offering circular is strictly private and confidential and is being issued to a limited number of investors:

- (a) who fall within with the exemptions set out in the SCA Rulebook (i.e., Professional Investors or federal government, the local governments, the federal and local governmental corporations or authorities, or the companies that are wholly owned by any of them) and have confirmed the same;
- (b) upon their request and confirmation that they understand that the shares and the interests have not been approved or licensed by or registered with the SCA or any other relevant licensing authorities or governmental agencies in the UAE; and
- (c) must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

Taiwan

The shares have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan (the “FSC”) or other applicable competent authorities pursuant to Securities and Exchange Act of Taiwan and relevant regulations (collectively, the “SEA”) and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute a public offering within the meaning defined under the SEA that requires a registration, filing or approval of the FSC or other competent authorities. No person or entity in Taiwan has been authorized by us to offer, sell, solicit to sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan through a public offering.

State of Qatar (including the Qatar Financial Centre)

This offering circular is being provided by us on an exclusive basis to the specifically intended recipient in the State of Qatar, including the Qatar Financial Centre (“QFC”), upon that person’s request and initiative, and for the recipient’s personal use only, and shall not be distributed or provided to third parties in the State of Qatar (including the QFC) other than in compliance with any laws applicable to the State of Qatar (including the QFC) governing the offering and sale of securities.

This offering circular is not intended to, and will not, constitute an offer, sale or delivery of shares or other securities under the laws of the State of Qatar including the rules and regulations of Qatar Financial Centre Authority (“QFCA”) or the Qatar Financial Centre Regulatory Authority (“QFCRA”). The shares have not been and will not be listed on the Qatar Stock Exchange and are not subject to the rules and regulations applying to the Qatar Stock Exchange, the Qatar Financial Markets Authority (“QFMA”), the Qatar Central Bank (“QCB”), the QFCA or the QFCRA, or any laws of the State of Qatar.

This offering circular has not been and will not be:

- (i) lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the QFMA; or
- (ii) authorized or licensed for distribution in the State of Qatar (including the QFC), and the information contained in this offering circular does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares or other securities in the State of Qatar (including the QFC).

The offer of the shares and interests therein do not constitute a public offer of securities in the State of Qatar under the Commercial Companies Law No. 11 of 2015 (as amended or replaced), the Offering & Listing of Securities on the Financial Markets Rulebook issued by the QFMA (as amended or replaced) or otherwise under any laws of the State of Qatar, including the rules and regulations of the QFCA or QFCRA. The shares are only being offered to a limited number of qualified investors (as intended to be described as such by the QFCRA or the QFMA) who are willing and able to conduct an independent investigation of the risks involved in an investment in such shares and who have specifically requested the relevant information. No transaction will be concluded in the jurisdiction of the State of Qatar (including the jurisdiction of the Qatar Financial Centre). We are not regulated by the QCB, QFMA, QFCA, QFCRA or any other government authority in State of Qatar. The company does not, by virtue of this offering circular or otherwise, conduct any business in the State of Qatar. We are an entity regulated under laws outside the State of Qatar.

The information contained in this offering circular is confidential and must not be reproduced in whole or in part (whether in electronic or hard copy form). Any distribution of this offering circular by the recipient to third parties in the State of Qatar (including the QFC) beyond the terms set out above is not authorized and shall be at the liability of such recipient.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the shares. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires any shares pursuant to an offering should note that the offer of shares is a private placement under article 8 (a) (1), Part 3 of the “Rules on the Offers of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 09/04/1439H (corresponding to December 27, 2017), as amended by Resolution of the Board of Capital Market Authority number 3-114-2024 dated 4/4/1446H (corresponding to 7 October 2024) (the “KSA Regulations”), made through a capital market institution authorized by the Capital Market Authority of the Kingdom of Saudi Arabia (“CMA”) to carry on the securities activity of arranging and following a notification to the CMA as required under the KSA Regulations.

The shares may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to Institutional Clients or Qualified Clients (each as defined under the Glossary of Defined Terms Used in the Regulations and Rules issued by the Capital Market Authority) under Article 8 of the KSA Regulations as permitted under and in accordance with the private placement requirements of the KSA Regulations. Each manager has represented and agreed, and each further Dealer appointed will be required to represent and agree, that, and a Saudi Investor who acquires any securities pursuant to an offering should note that (i) no action has been or will be taken by such Dealer in the Kingdom that would permit a public offering of the shares; (ii) the shares will not be offered or sold by such Dealer to a Saudi Investor other than as to Institutional Clients or Qualified Clients (each as defined under the Glossary of Defined Terms Used in the Regulations and Rules issued by the Capital Market Authority) under the KSA Regulations; and (iii) that any offer of shares to a Saudi Investor will be made in compliance with the KSA Regulations. Each offer of shares shall not therefore constitute a “public offer,” an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Part 3 of the KSA Regulations. Any Saudi Investor who has acquired shares pursuant to a private placement under the KSA Regulations may not offer or sell those shares to any person unless the offer or sale is made through a capital market institution appropriately licensed by the CMA and in accordance with the secondary market requirements under article 14, Part 3 of the KSA Regulations.

Abu Dhabi Global Market

This offering circular relates to an Exempt Offer as that term is defined in Rule 4.3.1 of the Markets Rulebook of the Financial Services Regulatory Authority (“FSRA”). This offering circular is intended for distribution only to persons of a type specified in 4.3.1 of the FSRA Markets Rulebook. It must not be delivered to, or relied on by, any other person. The FSRA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The FSRA has not approved this offering circular nor taken steps to verify the information set forth herein and has no responsibility for this offering circular. The shares to which this offering circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this offering circular, you should consult an authorized financial advisor.

Stamp Taxes and Other Charges

Purchasers of shares sold by the managers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offer price.

Other Relationships

Certain of the managers or their respective affiliates have provided, and may in the future provide, various financial advisory and investment and commercial banking and other services for us and our affiliates, in the ordinary course of their business, for which they have received or may receive, as the case may be, customary compensation. Interests may evolve out of these transactions that could potentially conflict with the interests of a purchaser of the shares.

In addition, in the ordinary course of their business activities, the managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related

derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Interests may evolve out of these transactions that could potentially conflict with your interests.

For further information including such shareholders' ownership before and after the offering, see "Principal Shareholders."

LEGAL MATTERS

Certain legal matters with respect to the offering will be passed upon for us by Anderson Mori & Tomotsune and for the managers by Mori Hamada & Matsumoto, in each case in respect of Japanese law. Certain legal matters with respect to the offering will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP and for the managers by Davis Polk & Wardwell LLP, in each case in respect of New York state and U.S. federal securities law.

INDEPENDENT AUDITOR

The consolidated financial statements of Metaplanet Inc. and its subsidiaries as of December 31, 2024, 2023 and 2022, and for the years then ended included in this offering circular, have been audited by Yamabuki Audit Corporation, independent auditor, as stated in their reports appearing herein, which include emphasis of matter paragraphs that describe issuance of new shares, borrowing funds and issuance of preferred stock as subsequent events.

With respect to our unaudited quarterly consolidated financial statements as of June 30, 2025 and for the six-month periods ended June 30, 2024 and 2025, included in this offering circular, Yamabuki Audit Corporation reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report appearing herein, which includes emphasis of matter paragraph that describes borrowing funds as a subsequent event, states that they did not audit and they do not express an opinion on that unaudited quarterly financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

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Independent Auditor's Report

March 24, 2025

The Board of Directors of Metaplanet Inc.

Yamabuki Audit Corporation
Tokyo Office

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 西岡 朋晃
Tomoaki Nishioka

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 内海 慎太郎
Shintaro Utsumi

Audit of Consolidated Financial Statements

Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Metaplanet Inc. ("the Company") for the fiscal year from January 1, 2024 to December 31, 2024 and comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, significant matters that serve as the basis for preparation of the consolidated financial statements, other notes, and consolidated supplementary financial schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company. and its consolidated subsidiaries as of December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our auditing of financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

As stated in the notes to the consolidated financial statements "Significant subsequent events (Issuance of the 13th to 17th series of share acquisition rights with adjustable exercise prices and suspension provisions through third-party allotment, and the conclusion of a share acquisition rights purchase agreement)", the Company resolved to issue the 13th to 17th series of share acquisition rights through a third-party allotment to EVO FUND ("the scheduled subscriber"). The Company also resolved to enter into a share acquisition right purchase agreement with the EVO FUND, subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

This matter does not affect the opinion of our audit firm.

Key Audit Considerations

Key audit considerations are those matters the auditor, as a professional expert, considers to be particularly important in auditing the consolidated financial statements for the fiscal year under review. These key audit considerations are matters addressed during the course of the audit of the consolidated financial statements as a whole and in forming our audit opinion, and it is not our intention to express individual opinions on these matters.

Existence of Bitcoin Account and Occurrence of Related Transactions	
Key audit consideration and reasons for decision	Audit response
<p>The company commenced its Bitcoin Treasury Business in the current consolidated fiscal year, as stated in the Notes to the consolidated financial statements “Segment Information, etc.”.</p> <p>We have concluded that the “existence of the Bitcoin account (hereinafter referred to as the ‘BTC’) and occurrence of related transactions” constitutes a key audit consideration for the current fiscal year, due to the following reasons:</p> <ul style="list-style-type: none"> • The financing transactions conducted to raise funds for the acquisition of BTC included multiple related party transactions. • BTC on the consolidated balance sheet is 26,348,999 thousand yen, which constitutes 86.9% of consolidated total assets. • Derivative transactions (put option transactions) utilizing acquired BTC constitute the majority of sales in the Bitcoin Treasury Business, which is a reportable segment. • The difference between the acquisition cost and the market value of BTC at the end of the period constitutes the Company’s profit and loss for the period, and the amount is substantial. • If the data to be applied to the necessary calculation elements is mistaken, the impact of the error on the Company’s proper period profit and loss calculation and consolidated total assets will be significant. 	<p>In considering the existence of BTC and the occurrence of related transactions, we mainly performed the following audit procedures.</p> <p>(1) Evaluation of Internal Controls</p> <p>We evaluated the design and operational effectiveness of internal control over the process of Bitcoin Treasury Business.</p> <p>(2) Verification of Fundraising Transactions</p> <p>We verified the business rationale of the fundraising transactions, including related party transactions, conducted to raise funds for the acquisition of BTC, and confirmed the fact that the transactions occurred by inspecting the minutes of the board of directors’ meetings and transaction vouchers.</p> <p>(3) Verification of Transactions Related to the Acquisition of BTC</p> <ul style="list-style-type: none"> • The number of BTC acquired and the acquisition rate were verified against external evidence of the transactions. • Regarding derivative transactions (put option transactions) utilizing acquired BTC, we conducted transaction verification with securities companies and confirmed consistency with accounting records. <p>(4) Verification of Transactions Related to the Valuation of BTC at the end of the period</p> <ul style="list-style-type: none"> • The number of BTC held at the end of the period was verified against the number stated in the securities company’s balance confirmation letter. • The valuation rate of BTC at the end of the period was verified against the published rate by an external institution on the balance sheet date. • Re-calculations were performed to verify that the unrealized gain/loss on BTC was calculated based on the difference between the market value of BTC at the end of the period and the acquisition cost of BTC.

Other Information

The other information consists of the information other than the consolidated financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors’ execution of duties relating to the design and operations of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of this other information based on the work we have performed, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan and for designing and implementing such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to its status as a going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with Japan's relevant ethical requirements regarding independence, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, as well as, where applicable, on any measures taken to remove impediments to such independence and on safeguards applied to reduce those impediments to an acceptable level.

Of the matters discussed with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we identify key considerations in auditing the consolidated financial statements for the fiscal year under review, and include them in the report. However, if the publication of such matters is prohibited by law, or if we determine that such matters should not be reported because the disadvantages, however limited they may be, of reporting them in the audit report could reasonably be expected to outweigh the public benefit, we do not include such matters in the report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

1 Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

① Consolidated Balance Sheet

(In thousands of yen)		
	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	553,175	294,222
Accounts receivable – trade	23,306	32,140
Raw materials and supplies	375	479
Deposits paid	1,234	2,322,129
Other	27,389	42,590
Allowance for doubtful accounts	(6,067)	(6,067)
Total current assets	599,412	2,685,494
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,168	※2 106,281
Land	866,619	※2 866,619
Other, net	13,200	2,510
Total property, plant and equipment	※1 974,988	※1 975,411
Intangible assets		
Other	-	76,730
Total intangible assets	-	76,730
Investments and other assets		
Bitcoin assets	-	26,348,999
Deferred tax assets	-	5,678
Other	531,809	478,443
Allowance for doubtful accounts	(440,073)	(359,762)
Total investments and other assets	91,736	26,473,358
Total non-current assets	1,066,724	27,525,500
Deferred assets		
Share issuance costs	-	114,817
Total deferred assets	-	114,817
Total assets	1,666,137	30,325,812

	(In thousands of yen)	
	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Current portion of bonds payable	-	※2 11,250,000
Income taxes payable	19,558	19,338
Other	358,566	124,605
Total current liabilities	378,125	11,393,943
Non-current liabilities		
Long-term borrowings	130,501	-
Retirement benefit liability	5,423	7,936
Deferred tax liabilities	-	1,958,090
Total non-current liabilities	135,924	1,966,026
Total liabilities	514,049	13,359,970
Net assets		
Shareholders' equity		
Share capital	575,000	0
Capital surplus	(2,512,667)	8,175,931
Retained earnings	3,207,328	9,012,687
Treasury shares	(139,463)	(248,862)
Total shareholders' equity	1,130,197	16,939,756
Share acquisition rights	21,890	26,086
Total net assets	1,152,087	16,965,842
Total liabilities and net assets	1,666,137	30,325,812

② Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

	(In thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	261,633	1,062,283
Cost of sales	49,943	66,094
Gross profit	211,690	996,188
Selling, general and administrative expenses	※ ¹ 679,760	※ ¹ 645,784
Operating profit (loss)	(468,070)	350,403
Non-operating income		
Bitcoin valuation gain	-	5,457,619
Other	75,285	193,202
Total non-operating income	75,285	5,650,822
Non-operating expenses		
Interest expenses	19,072	1,602
Amortization of share issuance costs	-	6,429
Other	2,853	-
Total non-operating expenses	21,925	8,032
Ordinary profit (loss)	(414,710)	5,993,193
Extraordinary income		
Gain on sale of non-current assets	※ ² 254,754	-
Gain on reversal of share acquisition rights	4,632	-
Gains on forgiveness of debts	-	※ ³ 400,591
Total extraordinary income	259,387	400,591
Extraordinary losses		
Loss on retirement of non-current assets	180	-
Loss on sale of non-current assets	※ ⁴ 37,571	-
Impairment losses	※ ⁵ 61,812	-
Loss on valuation of investment securities	124,765	-
Loss on liquidation of subsidiaries and associates	※ ⁶ 303,092	-
Total extraordinary losses	527,421	-
Profit (loss) before income taxes	(682,745)	6,393,785
Income taxes - current	1,178	1,530
Income taxes - deferred	-	1,952,411
Total income taxes	1,178	1,953,941
Profit (loss)	(683,923)	4,439,843
Profit (loss) attributable to owners of parent	(683,923)	4,439,843

Consolidated Statement of Comprehensive Income

	(In thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit (loss)	(683,923)	4,439,843
Other comprehensive income		
Foreign currency translation adjustment	51,284	-
Total other comprehensive income	51,284	-
Comprehensive income	※ (632,639)	※ 4,439,843
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(632,639)	4,439,843

① Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2023

	(In thousands of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	0	(3,087,667)	3,891,251	(139,414)	664,170
Changes during period					
Issuance of new shares	575,000	575,000			1,150,000
Loss attributable to owners of parent			(683,923)		(683,923)
Purchase of treasury shares				(48)	(48)
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	575,000	575,000	(683,923)	(48)	466,027
Balance at end of period	575,000	(2,512,667)	3,207,328	(139,463)	1,130,197

	Accumulated other comprehensive income			
	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at beginning of period	(51,284)	(51,284)	4,632	617,518
Changes during period				
Issuance of new shares				1,150,000
Loss attributable to owners of parent				(683,923)
Purchase of treasury shares				(48)
Change in scope of consolidation				
Net changes in items other than shareholders' equity	51,284	51,284	17,257	68,541
Total changes during period	51,284	51,284	17,257	534,569
Balance at end of period	-	-	21,890	1,152,087

For the fiscal year ended December 31, 2024

	(In thousands of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	575,000	(2,512,667)	3,207,328	(139,463)	1,130,197
Changes during period					
Capital reduction	(6,329,525)	6,329,525			-
Deficit disposition		(1,395,452)	1,395,452		-
Issuance of new shares	5,754,525	5,754,525			11,509,051
Profit attributable to owners of parent			4,439,843		4,439,843
Purchase of treasury shares				(109,399)	(109,399)
Change in scope of consolidation			(29,936)		(29,936)
Net changes of items other than shareholders' equity					
Total changes during period	(575,000)	10,688,598	5,805,359	(109,399)	15,809,558
Balance at end of period	0	8,175,931	9,012,687	(248,862)	16,939,756

	Accumulated other comprehensive income			
	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at beginning of period	-	-	21,890	1,152,087
Changes during period				
Capital reduction				-
Deficit disposition				-
Issuance of new shares				11,509,051
Profit attributable to owners of parent				4,439,843
Purchase of treasury shares				(109,399)
Change in scope of consolidation				(29,936)
Net changes of items other than shareholders' equity			4,196	4,196
Total changes during period	-	-	4,196	15,813,754
Balance at end of period	-	-	26,086	16,965,842

① Consolidated Statement of Cash Flows

	(In thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(682,745)	6,393,785
Depreciation	41,601	16,384
Impairment losses	61,812	-
Loss on valuation of investment securities	124,765	-
Bitcoin valuation loss (gain)	-	(5,457,619)
Loss on liquidation of subsidiaries and associates	303,092	-
Loss (gain) on sale of non-current assets	(217,183)	-
Amortization of long-term prepaid expenses	8,663	-
Increase (decrease) in retirement benefit liability	(339)	2,512
Interest and dividend income	(7)	(159)
Interest expenses	19,072	1,602
Gains on forgiveness of debts	-	(400,591)
Gain on reversal of share subscription rights	(4,632)	-
Decrease (increase) in trade receivables	(6,080)	(8,834)
Decrease (increase) in inventories	761	(104)
Other, net	(184,032)	79,147
Subtotal	(535,253)	626,122
Interest and dividends received	7	159
Interest paid	(33,940)	(1,602)
Income taxes refund (paid)	(2,338)	(1,090)
Net cash provided by (used in) operating activities	(571,525)	623,589
Cash flows from investing activities		
Payments for acquisition of bitcoin	-	(20,907,417)
Purchase of property, plant and equipment	(137,818)	(16,163)
Proceeds from sale of property, plant and equipment	1,799,364	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	※2 892,940	-
Purchase of intangible assets	(21,430)	(76,730)
Short-term loan advances	(1,800)	-
Decrease (increase) in deposits paid	(1,234)	(2,322,129)
Other, net	(196,891)	(130,547)
Net cash provided by (used in) investing activities	2,333,129	(23,452,988)
Cash flows from financing activities		
Repayments of short-term borrowings	(501,887)	-
Repayments of long-term borrowings	(2,085,643)	(53,465)
Proceeds from issuance of bonds	200,000	12,250,000
Redemption of bonds	(200,000)	(1,000,000)
Proceeds from issuance of shares	1,150,000	11,509,051
Proceeds from issuance of share acquisition rights	23,690	-
Purchase of treasury shares	-	(109,399)
Other, net	(1,848)	(25,740)
Net cash provided by (used in) financing activities	(1,415,689)	22,570,445
Net increase (decrease) in cash and cash equivalents	345,914	(258,953)
Cash and cash equivalents at beginning of period	207,260	553,175
Cash and cash equivalents at end of period	※1 553,175	※1 294,222

Notes

(Going concern assumption)

Not applicable.

(Significant matters that serve as the basis of presenting consolidated financial statements)

1. Matters regarding the scope of Consolidation

Number of consolidated subsidiaries: 3

Tune Naha Anonymous Partnership

Metamarket Inc.

Wen Tokyo Co., Ltd.

The company was a consolidated subsidiary in the previous consolidated fiscal year,

Red Planet Hotels Japan Co.

The above one company was excluded from the scope of consolidation at the end of the current fiscal year due to the decision to commence bankruptcy proceedings as of June 5, 2024.

2. Matters regarding the fiscal year of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries coincides with the consolidated fiscal year end.

3. Matters regarding accounting policies

(1) Valuation standards and methods for significant assets

① Securities

Other securities

Shares without market prices: Valued using the cost method based on the moving average method.

② Valuation standards and methods for inventories

Using the cost method (lower of cost or market based on decreased profitability).

Raw materials and supplies: Mainly total average method

③ Crypto assets

Those for which an active market exists

Market value method based on market prices, etc. as of the end of the fiscal year (unrealized gains and losses are treated as income or loss for the period, and the cost of sales is determined by the moving-average method).

(2) Depreciation methods for significant depreciable assets

① Property, Plant and Equipment

Mainly using the declining balance method (the straight-line method is used for buildings acquired after April 1, 1998, excluding building fixtures, and for building fixtures and structures acquired after April 1, 2016)

Main useful lives are as follows:

Buildings and structures	3-39 years
Other	2-18 years

② Intangible assets

Using the straight-line method.

(3) Accounting standards for significant provisions

Allowance for Doubtful Accounts: To cover potential losses from bad debts, an allowance for general receivables is provided based on the historical bad debt ratio, and for specific doubtful receivables, the amount expected to be uncollectible is calculated individually based on collectability.

(4) Accounting treatment for retirement benefits

To cover employee retirement benefits, the estimated amount of retirement benefits expected to be incurred at the end of the consolidated fiscal year is recorded.

(5) Standards for recording significant revenues and expenses

The Company's accounting standards for revenues and expenses are appropriately determined based on the characteristics of each business segment.

① Bitcoin treasury business

In this business, the Company earns revenue through put option transactions. Revenue is recognized upon receipt of the option premium or at the appropriate point in time based on the terms of the contract. On the other hand, expenses related to such transactions are recognized as expenses when incurred.

② Hotel business

The Group mainly provides lodging and related hotel services to domestic and foreign customers, and these performance obligations are satisfied when the services are provided to customers and when the goods are delivered, and revenue is recognized at those points in time.

(6) Standard for translation of significant foreign currency-denominated assets and liabilities to Japanese yen

Foreign currency-denominated monetary claims and liabilities are converted to yen at the spot exchange rate on the consolidated fiscal year-end date, and the exchange differences are recorded as profit or loss.

(7) Scope of funds in the consolidated statements of cash flows

Comprises cash on hand, demand deposits, and highly liquid short-term investments with maturities of three months or less from the acquisition date that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(8) Other significant matters for the preparation of consolidated financial statements

Treatment of deferred assets

Share issuance costs

Share issuance costs: straight-line method (3 years)

(additional information)

Previously, the cost of share issuance was fully expensed at the time of expenditure because the capital increase was for the purpose of temporarily strengthening the company's financial base and securing working capital, but from the current consolidated fiscal year, the cost is amortized using the straight-line method (3 years). This is due to the fact that the purpose of the capital increase in the current fiscal year's share issuance was to strengthen the long-term financial base and to actually hold Bitcoin for the long term.

(Significant accounting estimates)

(Accounting estimates for the valuation of non-current assets)

1. Amount recorded in the consolidated financial statements for the current fiscal year

	(In thousands of yen)	
	As of December 31, 2023	As of December 31, 2024
Property, plant and equipment	974,988	975,411

2. Information on significant accounting estimates related to identified items

① Calculation method for amounts recorded in the consolidated financial statements for the current fiscal year

The Company Group identifies signs of impairment when hotel operations, considered the smallest unit generating independent cash flows, record operating losses for two consecutive periods after allocating head office costs. For hotels identified with signs of impairment, an impairment loss is recorded if the undiscounted future cash flows from the hotel are less than the book value of the non-current assets of the hotel. The recoverable amount (the higher of net selling price or value in use) is used to determine the impairment loss. The value in use is based on the estimated undiscounted

future cash flows from each hotel and multiple assumptions used in the estimates. The net selling price is calculated based on the real estate appraisal value by external experts. In the current fiscal year, the net selling price exceeded the book value of the non-current assets despite the value in use being less than the book value, so no impairment loss was recorded.

- ② Key assumptions used in calculating amounts recorded in the consolidated financial statements for the current fiscal year

Key assumptions in calculating the net selling price include discount rates, room rates, occupancy rates, rent, and real estate market trends.

- ③ Impact on the consolidated financial statements for the next fiscal year

These estimates are based on information available at the end of the current fiscal year. If there are changes in the conditions or assumptions underlying the estimates, there could be significant impacts on the valuation of non-current assets in the consolidated financial statements for the next fiscal year.

(Change in accounting policies)

Not applicable.

(Change in presentation methods)

(Consolidated Balance Sheet)

“Deposits paid” which was included in “Other” under “Current assets” in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, 28,623 thousand yen presented as “Other” under “Current assets” in the consolidated balance sheets for the previous fiscal year has been reclassified as “Deposits paid” of 1,234 thousand yen and “Other” of 27,389 thousand yen.

“Construction in progress” under “Property, plant and equipment,” which was independently presented in the previous consolidated fiscal year, is included in “Other, net” in the current consolidated fiscal year due to its low materiality. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Construction in progress” of 12,408 thousand yen and “Other, net” of 792 thousand yen, which were presented in “Property, plant and equipment” in the consolidated balance sheet for the previous fiscal year, are reclassified as “Other, net” of 13,200 thousand yen.

“Investment securities,” “Long-term loans receivable” and “Long-term accounts receivable - other” under “Investments and other assets” which were independently presented in the previous consolidated fiscal year, are included in “Other” from the current consolidated fiscal year because they are not material. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Investment securities” of 73,654 thousand yen, “Long-term loans receivable” of 80,310 thousand yen, “Long-term accounts receivable - other” of 359,762 thousand yen, and “Other” of 18,081 thousand yen, which were presented in “Investments and other assets” in the consolidated balance sheet for the previous fiscal year, are reclassified as “Other” of 531,809 thousand yen.

“Accounts payable - other” under “Current liabilities”, which was separately presented in the previous consolidated fiscal year, is included in “Other” in the current consolidated fiscal year due to its low materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Accounts payable - other” of 298,787 thousand yen and “Other” of 59,779 thousand yen, which were presented in “Current liabilities” in the consolidated balance sheet for the previous fiscal year, are reclassified as “Other” of 358,566 thousand yen.

(Consolidated Statement of Income)

“Interest income” and “Foreign exchange gains” under “Non-operating income,” which were separately presented in the previous consolidated fiscal year, are included in “Other” in the current consolidated fiscal year because they are not significant. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Interest income” of 7 thousand yen, “Foreign exchange gains” of 65,520 thousand yen and “Other” of 9,757 thousand yen, which were presented in “Non-operating income” in the consolidated statement of income for the previous fiscal year, were reclassified as “Other” of 75,285 thousand yen.

(Consolidated Statement of Cash Flows)

“Foreign exchange losses (gain)” under “Cash flows from operating activities” which was separately presented in the previous consolidated fiscal year, is included in “Other, net” in this consolidated fiscal year due to its immateriality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Foreign exchange losses (gain)” of (66,377) thousand yen and “Other, net” of (184,240) thousand yen presented as “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year have been restated as “Other, net” of (184,032) thousand yen.

“Purchase of investment securities” and “Payments of leasehold and guarantee deposits” in “Cash flows from investing activities,” which were independently presented in the previous fiscal year, are included in “Other, net” in the current fiscal year because they are not material.

“Decrease (increase) in deposits paid” which was included in “Other, net” under “Cash flows from investing activities” in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Purchase of investment securities” of (198,420) thousand yen, “Payments of leasehold and guarantee deposits” of (2,000) thousand yen, and “Other, net” of 2,294 thousand yen, which were included in “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year, were reclassified as “Decrease (increase) in deposits paid” of (1,234) thousand yen and “Other, net” of (196,891) thousand yen.

(Additional information)

(Application of the current treatment regarding accounting treatment of virtual currencies under the Payment Services Act)

The Company accounts for cryptographic assets in accordance with the “Practical Solution on Unification of Accounting Policies for Cryptographic Assets under the Funds Settlement Act” (PITF No. 38, March 14, 2018). The notes regarding cryptographic assets are as follows

(1) Carrying amount of cryptographic assets on consolidated balance sheets

	As of December 31, 2023	As of December 31, 2024
Crypto Assets	- thousand yen	26,348,999 thousand yen
Total	- thousand yen	26,348,999 thousand yen

(2) Quantity of cryptographic assets held by type and consolidated balance sheet amount

① Crypto assets for which there is an active market

	As of December 31, 2023			As of December 31, 2024	
Bitcoin	- BTC	- thousand yen	1,761.987298 BTC	26,348,999 thousand yen	
Total	- BTC	- thousand yen	1,761.987298 BTC	26,348,999 thousand yen	

① Crypto assets for which there is no active market

Not applicable.

(Consolidated Balance Sheet)

※1. Accumulated depreciation of property, plant and equipment is as follows:

	As of December 31, 2023	As of December 31, 2024
Accumulated depreciation of property, plant and equipment	262,893 thousand yen	277,437 thousand yen

※2. Secured Assets and Secured Liabilities

As of December 31, 2023

Not applicable.

As of December 31, 2024

(1) Secured Assets

Buildings and structures, net	106,281 thousand yen
Land	866,619 thousand yen
Total	972,900 thousand yen

(2) Secured Liabilities

Current portion of bonds payable	1,750,000 thousand yen
Total	1,750,000 thousand yen

3. Guaranteed obligations are as follows:

As of December 31, 2023

Not applicable.

As of December 31, 2024

3rd Series of Ordinary Bonds (guaranteed) issued to EVO FUND and guaranteed by Simon Gerovich, President and Representative Director of the Company.

A first priority mortgage has been created on the land and building of Hotel Royal Oak Gotanda owned by Wen Tokyo Corporation, a wholly owned subsidiary of the Company, to secure any and all monetary claims of the Bondholders against the Guarantor arising now or in the future under this Guarantee Agreement.

(Consolidated Statement of Income)

※1. Major expenses and amounts of selling, general and administrative expenses are as follows

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Payroll and allowances	97,756 thousand yen	84,103 thousand yen
Depreciation	41,601 thousand yen	16,384 thousand yen
Remuneration for directors (and other offices)	88,096 thousand yen	71,703 thousand yen
Fee expenses	62,799 thousand yen	73,581 thousand yen

※2. Details of gain on sale of non-current assets are as follows.

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Buildings and structures in trust	246,055 thousand yen	- thousand yen
Land in trust	8,699 thousand yen	- thousand yen
Total	254,754 thousand yen	- thousand yen

※3. Details of gain on forgiveness of debts are as follows.

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

This is due to the liquidation of our consolidated subsidiary, Red Planet Hotels Japan Co.

※4. Details of loss on sale of non-current assets are as follows.

For the fiscal year ended December 31, 2023

This is the portion of property, plant and equipment (other) of “Red Planet Sapporo Susukino Minami” which was operated by our consolidated subsidiary, Red Planet Hotels Japan Co.

For the fiscal year ended December 31, 2024

Not applicable.

※5. Details of Impairment losses are as follows:

For the fiscal year ended December 31, 2023

The Group recorded an impairment loss (61,812 thousand yen) as extraordinary loss for the following asset group.

(Summary of asset groups for which impairment losses were recognized and the amount of impairment losses)

Location	Main applications	Type	Impairment losses (Thousand yen)
Japan (Wen Tokyo Co., Ltd.)	Web3 and Metaverse related business, etc.	Construction in progress	32,939
Japan (Metamarket Inc.)	Web3 and Metaverse related business, etc.	Software in progress	28,872

(Grouping Method)

The Group groups assets by business or hotel, which is the smallest unit generating independent cash flows.

(Rationale)

Due to delays in system development and uncertainty in future revenue and profit acquisition, impairment processing was performed for non-current assets related to Web3 and Metaverse-related businesses of Metamarket Inc. and Wen Tokyo Co., Ltd., and extraordinary losses were recorded.

(Calculation method of recoverable amount)

The recoverable amount used to measure the impairment loss was based on value in use but was evaluated as zero due to the lack of expected future cash flows.

For the fiscal year ended December 31, 2024

Not applicable.

※6. Details of loss on liquidation of subsidiaries and associates are as follows.

For the fiscal year ended December 31, 2023

The loss related to the sale transaction of the shares of Red Planet Hotels Manila Corporation, a consolidated subsidiary.

For the fiscal year ended December 31, 2024

Not applicable.

(Consolidated Statement of Comprehensive Income)

※ Amounts reclassified and tax effects related to other comprehensive income

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Foreign currency translation adjustment		
Amount accrued during period	51,284 thousand yen	- thousand yen
Total other comprehensive income	51,284 thousand yen	- thousand yen

(Consolidated Statement of Changes in Equity)

For the fiscal year ended December 31, 2023

1. Matters related to types and total number of issued shares and treasury shares.

Type of shares	Number of Shares at Beginning of Period (Shares)	Increase in Number of Shares (Shares)	Decrease in Number of Shares (Shares)	Number of Shares at End of Period (Shares)
Outstanding shares				
Common shares (Note 1)	57,192,187	57,500,000	-	114,692,187
Total	57,192,187	57,500,000	-	114,692,187
Treasury shares				
Common shares (Note 2)	20,095	1,630	-	21,725
Total	20,095	1,630	-	21,725

(Note) 1. The total number of outstanding shares increased by 57,500,000 shares as a result of the capital increase through the issuance of new shares by public offering with a payment date of February 8, 2023.

2. The increase in treasury shares is due to the purchase of shares less than one unit.

2. Matters concerning share acquisition rights, etc.

Company Name	Breakdown	Type of shares subject to rights	Number of shares subject to rights (Shares)			Balance at end of the current consolidated fiscal year (Thousand yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease	
Filing company	Warrants issued by third-party allotment in 2015 (Issued March 12, 2015) (Note 2)	Common Shares	545,000	-	545,000	-
Filing company	The 9th series of share acquisition rights (Issued on February 8, 2023) (Note 3)	Common Shares	-	67,000,000	-	67,000,000
Filing company	The 10th series of share acquisition rights (Issued on February 8, 2023) (Note 3)	Common Shares	-	46,000,000	-	46,000,000
Total			545,000	113,000,000	545,000	113,000,000
						21,890

(Note) 1. The number of shares as the subject is the number of shares assuming that the share acquisition rights were exercised.

2. The decrease in share acquisition rights issued on March 12, 2015 was due to the expiration of shares.

3. The increase in share acquisition rights issued on February 8, 2023 is due to the issuance of share acquisition rights through third-party allotment.

3. Matters related to dividends

(1) Dividends paid

Not applicable.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Not applicable.

For the fiscal year ended December 31, 2024

1. Matters related to types and total number of issued shares and treasury shares.

Type of shares	Number of Shares at Beginning of Period (Shares)	Increase in Number of Shares (Shares)	Decrease in Number of Shares (Shares)	Number of Shares at End of Period (Shares)
Outstanding Shares				
Common Shares (Notes 1, 2, 3)	114,692,187	85,099,116	163,522,969	36,268,334
Total	114,692,187	85,099,116	163,522,969	36,268,334
Treasury Shares				
Common Shares (Note 4)	21,725	95,013	20,940	95,798
Total	21,725	95,013	20,940	95,798

(Note) 1. At the extraordinary shareholders' meeting held on June 28, 2024, a proposal for a reverse stock split was approved, and as of the effective date of the reverse stock split (August 1, 2024), 10 shares were consolidated into 1 share. As a result, the total number of outstanding shares decreased by 163,522,969 shares.

2. At the Board of Directors meeting held on December 28, 2022, the Company resolved to issue the 9th series of share acquisition rights, and 67,000,000 shares were exercised during the current fiscal year. As a result, the total number of outstanding shares increased by 67,000,000 shares.

3. At the Board of Directors meeting held on August 6, 2024, a resolution was passed to issue the 11th series of share acquisition rights, and 18,099,116 shares were exercised during the current fiscal year. As a result, the total number of outstanding shares increased by 18,099,116 shares.

4. The increase in treasury shares is due to the purchase of shares less than one unit.

2. Matters related to Share acquisition right.

Company Name	Breakdown	Objective Type of shares	Number of shares to be issued (Shares)				Balance at the end of the current consolidated fiscal year (Thousand yen)
			Beginning of current consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year	
Filing company	The 9th series of share acquisition rights (Issued on February 8, 2023) (Note 3)	Common shares	6,700,000	-	6,700,000	-	-
Filing company	The 10th series of share acquisition rights (Issued on February 8, 2023)	Common shares	4,600,000	-	-	4,600,000	8,280
Filing company	The 11th series of share acquisition rights (Issued on August 6, 2024) (Note 4)	Common shares	-	18,099,116	18,099,116	-	-
Filing company	The 12th series of share acquisition rights (Issued on November 28, 2024) (Note 5)	Common shares	-	2,900,000	-	2,900,000	17,806
Total			11,300,000	20,999,116	24,799,116	7,500,000	26,086

(Note) 1. The number of shares as the subject is the number of shares assuming that the share acquisition rights were exercised.

2. Effective August 1, 2024, the Company conducted a reverse stock split of 10 shares into 1 share, and the amounts shown are after the reverse stock split.

3. The decrease in share acquisition rights issued on February 8, 2023 was due to the exercise of share acquisition rights.
4. The increase in share acquisition rights issued on August 6, 2024 is due to the issuance and exercise of share acquisition rights by third-party allotment.
5. The increase in share acquisition rights issued on November 28, 2024 is due to the issuance of share acquisition rights through third-party allotment.

3. Matters related to dividends

(1) Dividends paid

Not applicable.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Not applicable.

(Consolidated Statement of Cash Flows)

- ※1. Relationship between the ending balance of cash and cash equivalents and the amounts listed in the consolidated balance sheet is made as follows.

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash and deposits	553,175 thousand yen	294,222 thousand yen
Term deposits with deposit periods exceeding three months	- thousand yen	- thousand yen
Cash and cash equivalents	553,175 thousand yen	294,222 thousand yen

- ※2. Details of assets and liabilities of companies that ceased to be consolidated subsidiaries due to stock transfer

For the fiscal year ended December 31, 2023

Due to the stock transfer, Red Planet Hotels Manila Corporation ceased to be a consolidated subsidiary and was excluded from the scope of consolidation. The amounts of assets and liabilities reduced, as well as the sale price of shares and receivables, and income from the sale are as follows.

Current assets	292,992 Thousand yen
Non-current assets	2,598,446
Total assets	2,891,439
Current liabilities	709,774
Non-current liabilities	3,082,806
Total liabilities	3,792,580
Transferred receivables	2,112,114
Loss on liquidation of subsidiaries and associates	(303,092)
Sales of shares and receivables	907,879
Cash and cash equivalents	(14,939)
Difference: Proceeds from sale	892,940

For the fiscal year ended December 31, 2024

Not applicable.

(Financial instruments)

1. Information on Financial Instruments

(1) Policy for handling financial instruments

The Group raises necessary funds (mainly through the issuance of bonds and share acquisition rights) mainly for the acquisition of bitcoin and the execution of its business plan, including capital expenditures. It is the Company's policy not to engage in speculative transactions in derivatives other than for the purpose of avoiding risks associated with Bitcoin Treasury Business, and fluctuations in borrowing interest rates and exchange rates.

(2) Contents and risks of financial instruments

Accounts receivable—trade, and long-term receivables - other from business operations are exposed to the credit risk of customers and trading partners. To manage this risk, the Company has a system in place to properly manage receivables in accordance with the Group's credit management regulations.

Operating accounts payable have payment due dates within one year. The Company manages liquidity risk associated with fund procurement (risk of being unable to make payments on due dates) by preparing and updating cash management plans and maintaining liquidity on hand.

(3) Risk management system for financial instruments

① Credit risk management (risk of default by counterparties)

The company monitors the status of major customers regularly according to the Credit Management Rules, manages due dates and balances for each counterparty through the sales management department of each business unit, and takes measures to identify and mitigate potential collection issues early due to financial deterioration. Subsidiaries also follow similar management practices based on the company's Credit Management Rules.

As of the consolidated fiscal year-end, the maximum credit risk exposure is represented by the balance sheet value of financial assets exposed to credit risk.

② Market risk management (risk of exchange rate fluctuations)

The company continuously monitors market fluctuations related to exchange rates and other variables .

③ Liquidity Risk Management (Risk of being unable to execute payments by due dates)

The management department monitors payment-related information based on reports from various departments and manages liquidity risk by considering on-hand cash and deposits, reporting monthly to the responsible officers.

(4) Supplementary explanation on matters related to the fair value of financial instruments

When calculating the fair value of financial instruments, various factors are considered. The value may fluctuate if different assumptions are used.

2. Fair value of financial instruments

The amounts recorded on the consolidated balance sheet, their fair values, and the differences are as follows:

As of December 31, 2023

	Amount on Consolidated Balance Sheet (Thousand Yen)	Fair Value (Thousand Yen)	Difference (Thousand Yen)
(1) Long-term loans receivable	80,310		
Allowance for doubtful accounts (Note 2)	(80,310)		
	-	-	-
(2) Long-term accounts receivable - other	359,762		
Allowance for doubtful accounts (Note 2)	(359,762)		
	-	-	-
Total assets	-	-	-
(1) Long-term borrowings	130,501	130,501	-
Total liabilities	130,501	130,501	-

(Note 1) Items such as “Cash and deposits”, “Accounts receivable - trade”, and “Accounts payable—other” are not included because their fair values are close to their book values due to their liquidity.

(Note 2) Long-term loans and long-term receivables are presented net of individual allowances for doubtful accounts.

(Note 3) Non-marketable securities are not included. The amount recorded on the consolidated balance sheet for such financial instruments is 73,654 thousand yen. Additionally, an impairment loss of 124,765 thousand yen was recorded for unlisted shares during the current fiscal year.

As of December 31, 2024

	Amount on Consolidated Balance Sheet (Thousand Yen)	Fair Value (Thousand Yen)	Difference (Thousand Yen)
(1) Other (long-term accounts receivable - other)	359,762		
Allowance for doubtful accounts (Note 2)	(359,762)		
	-	-	-
Total assets	-	-	-

(Note 1) Items such as “Cash and deposits”, “Accounts receivable - trade”, “Current portion of bonds payable”, and “Accounts payable—other” are not included because their fair values are close to their book values due to their liquidity.

(Note 2) “Long-term accounts receivable—other” included in “Other” under “Investments and other assets” in the consolidated balance sheets is presented net of individual allowances for doubtful accounts.

(Note 3) Non-marketable securities are not included. The amount recorded on the consolidated balance sheet for such financial instruments is 73,654 thousand yen.

(Note 4) Scheduled redemption amounts of monetary claims and securities with maturity dates

As of December 31, 2023

	(In thousands of yen)			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and deposits	553,175	-	-	-
Accounts receivable - trade	23,306	-	-	-
Total	576,481	-	-	-

As of December 31, 2024

	(In thousands of yen)			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and deposits	294,222	-	-	-
Accounts receivable - trade	32,140	-	-	-
Total	326,363	-	-	-

(Note 5) Scheduled repayment amounts of bonds payable, long-term borrowings, lease liabilities, and other interest-bearing liabilities

As of December 31, 2023

	Within 1 year (Thousand yen)	Over 1 year Within 2 years (Thousand yen)	Over 2 years Within 3 years (Thousand yen)	Over 3 years Within 4 years (Thousand yen)	Over 4 years Within 5 years (Thousand yen)	Over 5 years (Thousand yen)
Long-term borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-

(Note) Long-term borrowings of 130,501 thousand yen, the repayment of which cannot be reasonably expected, are not included in the above table.

As of December 31, 2024

	Within 1 year (Thousand yen)	Over 1 year Within 2 years (Thousand yen)	Over 2 years Within 3 years (Thousand yen)	Over 3 years Within 4 years (Thousand yen)	Over 4 years Within 5 years (Thousand yen)	Over 5 years (Thousand yen)
Current portion of bonds payable	11,250,000	-	-	-	-	-
Total	11,250,000	-	-	-	-	-

3. Matters concerning the breakdown of the fair value of financial instruments by level

Fair values of financial instruments are classified into the following three levels based on the observability and significance of inputs used in the valuation:

Level 1 Fair Value: Fair values calculated using quoted prices in active markets for identical assets or liabilities.

Level 2 Fair Value: Fair values calculated using observable inputs other than those included in Level 1.

Level 3 Fair Value: Fair values calculated using unobservable inputs.

If multiple inputs significantly affecting the fair value calculation are used, the fair value is classified according to the input with the lowest priority.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

Not applicable.

(2) Financial instruments not recorded at fair value on the consolidated balance sheet

As of December 31, 2023

Category	Fair Value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Other (long-term accounts receivable - other)	-	-	-	-
Long-term borrowings	-	130,501	-	130,501

As of December 31, 2024

Category	Fair Value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Other (long-term accounts receivable - other)	-	-	-	-

(Note) Explanation of valuation techniques and inputs used in the calculation of fair value

Other (long-term accounts receivable—other)

Fair values are approximately equal to the amounts recorded on the consolidated balance sheet after deducting the current estimated amounts for allowance for doubtful accounts. Classified as Level 2 fair values.

Long-term borrowings

Fair values of long-term borrowings (including those repayable within one year) are calculated by discounting the total principal and interest amounts using the interest rates assumed for similar new borrowings. Classified as Level 2 fair value.

(Retirement benefits)

For the fiscal year ended December 31, 2023

The information is omitted due to lack of materiality.

For the fiscal year ended December 31, 2024

The information is omitted due to lack of materiality.

(Stock options, etc.)

1. Amount Recognized as Profit Due to Expiration Without Exercise

	(In thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Gain on reversal of share acquisition rights	4,632	-

2. Details, size and changes in stock options

(1) Details of stock options

	The 10th series of share acquisition rights December 28, 2022 Board Resolution Approved by Extraordinary General Meeting of Shareholders on February 7, 2023
Classification and number of grantees (Note 2)	Directors of the Company 2 Employees of the Company 5
Number of stock options by type of share (Notes 1 and 3)	Common share 4,600,000 shares
Date of grant	February 8, 2023
Vesting conditions	(2) Status of New Share Subscription Rights, etc. 1) Details of Stock Option Scheme (Note 4 and 5)
Exercise period	February 8, 2026 (inclusive) to February 7, 2033 (inclusive)

(Note) 1 The number is described in terms of the number of shares.

2 The categories and numbers of grantees are as of the time of grant.

3 As of August 1, 2024, 10 shares were consolidated into 1 share, and the figures are after the said reverse stock split.

4 Other Conditions for the Exercise of the Share acquisition rights

(1) Partial exercise of a single Share acquisition Right is not permitted.

(2) Holders of these Share acquisition rights (hereinafter referred to as “Warrantholders”) may exercise their rights only up to the following limits per period, inclusive of previously exercised rights. However, this restriction shall not apply if approved by a resolution of the Board of Directors. If the number of exercisable Share acquisition rights calculated under the below percentages includes a fraction of less than one unit, such fraction shall be rounded down.

① February 8, 2026 - February 7, 2027:

Up to one-third of the total number of Share acquisition rights allotted to the Warrantholder

② February 8, 2027 - February 7, 2028:

Up to two-thirds of the total number of Share acquisition rights allotted to the Warrantholder

③ From February 8, 2028 to the end of the exercise period:

All Share acquisition rights held by the Warrantholder may be exercised

5 Grounds for Acquisition of Share acquisition rights by the Company

If any of the following events occur in relation to a warrant holder, the Company may acquire all Share acquisition rights held by such holder, either (i) without compensation if the number of Share acquisition rights subject to such acquisition (“Number of Share acquisition rights Subject to Acquisition”) is equal to or less than the number of Share acquisition rights held by such Holder that have not yet become exercisable (“Number of Unexercisable Share acquisition rights”), or (ii) for 12.6 yen per unit (any fraction less than 1 yen resulting from multiplying by the number of the subject Share acquisition rights shall be rounded up or down) if the Number of Share acquisition rights Subject to Acquisition exceeds the Number of Unexercisable Share acquisition rights.

(1) The warrant holder ceases to be a director, auditor, or employee of the Company or its subsidiaries (collectively referred to as the “Issuer Group”), except in cases where the resignation is due to expiration of term, retirement at the statutory age, or other reasons deemed legitimate by the Company’s Board of Directors.

(2) If any of the following circumstances apply to the warrant holder in relation to the Share acquisition rights:

① Serious violation of laws or internal rules of the Issuer Group

② Conviction resulting in a sentence of imprisonment or greater

③ Appointment to or acceptance of a position as an officer or employee of a competing company without prior approval from the Company

(2) Scale and changes in stock options

Stock options existing in the current consolidated fiscal year (2023) are described in terms of the number of shares.

① Number of stock options

	The 10th series of share acquisition rights December 28, 2022 Board Resolution Approved by Extraordinary General Meeting of Shareholders on February 7, 2023
Pre-vesting (shares)	
As of previous consolidated fiscal year	4,600,000
Granted	-
Expired	-
Vested	-
Unsettled balance	4,600,000
After vesting (shares)	
As of current consolidated fiscal year	-
Vested	-
Exercised	-
Expired	-
Unexercised balance	-

(Note) Effective August 1, 2024, the Company executed a reverse stock split of 10 shares into 1 share, and the above figures are after such reverse stock split.

② Pricing information

	The 10th series of share acquisition rights December 28, 2022 Board Resolution Approved by Extraordinary General Meeting of Shareholders on February 7, 2023
Exercise price (yen)	100
Average share price at exercise (yen)	-
Fair value at grant date (yen)	180

(Note) Effective August 1, 2024, the Company executed a reverse stock split of 10 shares into 1 share, and the above figures are after such reverse stock split.

3. Method of estimating the number of vested stock options

Basically, since it is difficult to reasonably estimate the number of future expirations, the method of reflecting only the actual number of expirations has been adopted.

(Tax effect accounting)

1 Significant components of deferred tax assets and liabilities

	As of December 31, 2023	As of December 31, 2024
(Deferred tax assets)		
Allowance for doubtful accounts	136,629 thousand yen	126,538 thousand yen
Loss on valuation of securities	48,590 thousand yen	54,880 thousand yen
Carried-forward tax losses (Note 2)	4,116,768 thousand yen	4,329,245 thousand yen
Other	54,309 thousand yen	58,858 thousand yen
Subtotal of deferred tax assets	4,356,298 thousand yen	4,569,523 thousand yen
Valuation allowance for carried-forward tax losses (Note 2)	(4,116,768) thousand yen	(4,324,130) thousand yen
Valuation allowance for total future deductible temporary differences, etc.	(239,530) thousand yen	(239,713) thousand yen
Subtotal of valuation allowance (Note 1)	(4,356,298) thousand yen	(4,563,844) thousand yen
Total deferred tax assets	- thousand yen	5,678 thousand yen
(Deferred tax liabilities)		
Bitcoin valuation gain	- thousand yen	1,958,090 thousand yen
Total deferred tax liabilities	- thousand yen	1,958,090 thousand yen
Net deferred tax assets (liabilities)	- thousand yen	(1,952,411) thousand yen

(Note 1) The main reason for the change in the valuation allowance is the increase in the tax loss carried forward.

(Note 2) Amounts of tax loss carried forward and their deferred tax assets by expiration period:

As of December 31, 2023

	Within 1 year (Thousand yen)	Over 1 year Within 2 years (Thousand yen)	Over 2 years Within 3 years (Thousand yen)	Over 3 years Within 4 years (Thousands of yen)	Over 4 years Within 5 years (Thousand yen)	Over 5 years (Thousand yen)	Total (Thousand yen)
Carried-forward tax losses (Note)	-	33,567	287,183	83,145	26,316	3,686,555	4,116,768
Valuation allowance	-	(33,567)	(287,183)	(83,145)	(26,316)	(3,686,555)	(4,116,768)
Deferred tax assets	-	-	-	-	-	-	-

(Note) Tax loss carried forward is multiplied by the statutory effective tax rate.

As of December 31, 2024

	Within 1 year (Thousand yen)	Over 1 year Within 2 years (Thousand yen)	Over 2 years Within 3 years (Thousand yen)	Over 3 years Within 4 years (Thousands of yen)	Over 4 years Within 5 years (Thousand yen)	Over 5 years (Thousand yen)	Total (Thousand yen)
Carried-forward tax losses (Note)	22,747	290,608	71,200	-	90,078	3,854,610	4,329,245
Valuation allowance	(22,747)	(290,608)	(71,200)	-	(90,078)	(3,849,495)	(4,324,130)
Deferred tax assets	-	-	-	-	-	5,115	5,115

(Note) Tax loss carried forward is multiplied by the statutory effective tax rate.

2 Significant differences between statutory effective tax rate and corporate tax burden rate after applying tax effect accounting

	As of December 31, 2023	As of December 31, 2024
Statutory effective tax rate		34.6 (%)
(Adjustment)		
Per capita inhabitant tax, etc.		0.0
Impact of valuation allowance	Loss before income taxes recorded,	3.5
Difference due to change in tax rate	description omitted.	(6.8)
Other		(0.8)
Corporate tax burden rate after applying tax effect accounting		30.6

3 Include impact of tax rate changes

The effective statutory tax rate applied for tax effect accounting has changed due to the capital reduction carried out during the current fiscal year, as the Company is no longer subject to the pro forma standard taxation. The effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will be 34.6% for temporary differences expected to be eliminated in the consolidated fiscal years beginning on or after January 1, 2025, compared to 30.6% used in the calculation for the previous fiscal year. This change increased the valuation allowance by 224,671 thousand yen.

(Business Combinations, etc.)
Not applicable.

(Asset retirement obligations)
Not applicable.

(Leased and Other Real Estate)
Not applicable.

(Revenue Recognition)

The basic information for understanding revenue arising from contracts with customers is described in “(Significant matters that serve as the basis of presenting consolidated financial statements) 3. Matters regarding accounting policies (5) Standards for recording significant revenues and expenses”.

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

Our reporting segments are based on units for which separate financial information is available and which are regularly reviewed by the Board of Directors to decide on the allocation of resources and evaluate performance.

Until the previous consolidated fiscal year, the Group’s reportable segment was “hotel business,” but as of the current consolidated fiscal year, the Group has newly started bitcoin-related business and changed its reportable segments to “bitcoin treasury business” and “hotel business.”

2. Method of calculating sales, profit or loss, assets, and other items for each reporting segment

The accounting methods applied to the reported business segments are the same as those used in the preparation of the consolidated financial statements.

The profit or loss for each reporting segment is based on operating profit or loss.

3. Information on sales, profit or loss, assets, liabilities, and other amounts by reporting segment and breakdown of revenue

For the fiscal year ended December 31, 2023

	(In thousands of yen)					
	Reportable Segments		Other (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Financial Statement Amount (Note 4)
	Hotel Business	Subtotal				
Net sales						
External sales	261,633	261,633	-	261,633	-	261,633
Internal sales or transfers	-	-	-	-	-	-
Total	261,633	261,633	-	261,633	-	261,633
Segment loss	(348,995)	(348,995)	(11,116)	(360,112)	(107,957)	(468,070)
Segment assets	1,054,504	1,054,504	75,124	1,129,629	536,508	1,666,137
Other items						
Depreciation	41,601	41,601	-	41,601	-	41,601
Impairment losses	-	-	61,812	61,812	-	61,812
Increase in property, plant and equipment and intangible assets	108,618	108,618	50,630	159,249	-	159,249

(Note) 1. “Others” includes business segments not included in the reporting segments, including Web3 and Metaverse-related businesses.

2. Adjustments to segment loss are corporate expenses not allocated to each reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.
3. Adjustments to segment assets are corporate assets amounting to 536,508 thousand yen.
4. Segment loss is adjusted to reconcile with the operating loss in the consolidated statements of income.

For the fiscal year ended December 31, 2024

	(In thousands of yen)						
	Reportable Segments			Other (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Financial Statement Amount (Note 4)
	Bitcoin Treasury Business	Hotel Business	Subtotal				
Net sales							
External sales	691,577	370,705	1,062,283	-	1,062,283	-	1,062,283
Internal sales or transfers	-	-	-	-	-	-	-
Total	691,577	370,705	1,062,283	-	1,062,283	-	1,062,283
Segment profit (loss)	622,085	(91,349)	530,736	(1,200)	529,536	(179,132)	350,403
Segment assets	28,858,669	1,080,369	29,939,038	73,654	30,012,693	313,119	30,325,812
Other items							
Depreciation	644	15,290	15,934	-	15,934	449	16,384
Impairment losses	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	76,730	16,163	92,893	-	92,893	-	92,893

(Note) 1. "Other" is a business segment not included in the reportable segments.

- Adjustments of segment profit are corporate expenses not allocated to each reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.
- Adjustments to segment assets are corporate assets amounting to 313,119 thousand yen.
- Segment profit (losses) is adjusted with operating income in the consolidated statements of income. With regard to the hotel business, although the core business was strong, an operating loss was incurred due to a portion of expenses associated with the liquidation of a subsidiary, which were included in operating expenses.

[Related information]

For the fiscal year ended December 31, 2023

1. Information by product and service

Since similar information is disclosed in segment information, this information is omitted.

2. Information by geographic area

(1) Net sales

(In thousands of yen)		
Japan	Thailand	Total
261,633	-	261,633

(Note) Net sales are classified by country or region based on the location of the services provided.

(2) Property, plant and equipment

(In thousands of yen)		
Japan	Philippines	Total
974,988	-	974,988

3. Information by major customer

There are no customers accounting for more than 10% of the net sales on the consolidated statement of income, hence this information is omitted.

For the fiscal year ended December 31, 2024

1. Information by product and service

Since similar information is disclosed in segment information, this information is omitted.

2. information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment located in Japan exceed 90% of property, plant and equipment on consolidated balance sheet.

3. Information by major customer

There are no customers accounting for more than 10% of the net sales on the consolidated statement of income, hence this information is omitted.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended December 31, 2023

	(In thousands of yen)			
	Reportable Segment		Other (Note)	Total
	Hotel Business	Total		
Impairment losses	-	-	61,812	61,812

(Note) "Others" includes business segments not included in the reporting segments, including Web3 and Metaverse-related businesses.

For the fiscal year ended December 31, 2024

Not applicable.

[Information on amortization and unamortized balance of goodwill by reporting segment]

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

[Information on gains from negative goodwill by reportable segment]

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

[Related Party Information]

1 Transactions with related parties

(1) Transactions between the company filing the consolidated financial statements and related parties

(i) Parent company and major shareholders (limited to companies, etc.)

For the fiscal year ended December 31, 2023

Type	Company Name or individual name	Location	Capital or investment	Business content or occupation	Ownership (Owned) percentage (%)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Other affiliated company	EVO FUND	Cayman Islands	83,925 (Thousand USD)	Investment business	(Owned) Direct (22.8)	-	Repayment of funds (Note 1)	340,188	-	-
							Issuance of bonds (Note 1 and 2)	200,000	-	-
							Redemption of bonds (Note 1)	200,000		

(Note) 1 Due to a third-party allocation of shares conducted on February 8, 2023, the voting rights ratio of common shares held by EVO FUND decreased from 69.98% to 34.90%, changing its status from a parent company to an other affiliated company.

2. Borrowing of funds and issuance of bonds consider market interest rates, and reasonable rates are determined.

For the fiscal year ended December 31, 2024

Type	Company Name or individual name	Location	Capital or investment	Business content or occupation	Ownership (Owned) percentage (%)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Main shareholder (Note 2)	EVO FUND	Cayman Islands	111.6 (Million USD)	Investment business	(Owned) Direct (-) (Note 2)	-	Issuance of bonds	12,250,000	Current portion of bonds payable	11,250,000
							Redemption of bonds	1,000,000		
							Interest paid (Note 1)	1,602	-	-
							Exercise of share acquisition rights (Notes 3 and 4)	2,865,573	-	-

(Note) 1. The interest rate has been set upon consultation between the two parties, taking market interest rates into consideration.

2. The Company was an other related party as of April 22, 2024 and a major shareholder as of October 22, 2024, but as of the end of the period, all shares were sold and the percentage of voting rights held was 0.0%. However, in light of the grant and exercise of share acquisition rights, the company is listed in this related party category.
3. The exercise of share acquisition rights is based on the 9th series of share acquisition rights issued by the Company at an exercise price of 20 yen per share and the 11th series of share acquisition rights at an exercise price of 555 yen per share, both of which were determined reasonably through discussions based on the price calculated by an independent third-party institution. The exercise price was determined reasonably through discussions based on the price calculated by an independent third-party institution.
4. 4,915,487 shares of the 11th warrant were transferred to the Company on October 21, 2024 after the Company took over the 11th warrant on October 16, 2024.

- (ii) Companies, etc. that have the same parent company as the company filing consolidated financial statements and subsidiaries, etc. of other related companies of the company filing consolidated financial statements

For the fiscal year ended December 31, 2023

Type	Company Name or individual name	Location	Capital or investment	Business content or occupation	Ownership (Owned) percentage (%)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Subsidiary of other affiliated company	EVOLUTION JAPAN Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	-	Investment business	-	-	Repayment of funds (Note)	162,500	-	-

(Note) Due to a third-party allocation of shares conducted on February 8, 2023, the voting rights ratio of common shares held by EVO FUND decreased from 69.98% to 34.90%, changing its status from a parent company to a subsidiary of other affiliated companies.

For the fiscal year ended December 31, 2024

Not applicable.

- (iii) Non-consolidated subsidiaries and related companies of the company submitting the consolidated financial statements

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

(2) Transactions between consolidated subsidiaries and related parties

- (i) Parent company and major shareholders, etc., of the company submitting consolidated financial statements

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

- (ii) Companies, etc. that have the same parent company as the company submitting consolidated financial statements and subsidiaries, etc., of other related companies of the company submitting consolidated financial statements

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

2 Officers and Major Individual Shareholders, etc .

For the fiscal year ended December 31, 2023

Type	Company name or individual name	Ownership (Owned) percentage (%)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Officers and their relatives	Simon Gerovich	(Owned) Direct (2.2) Indirect (23.8)	Representative director of the company	Subscription to Third-Party allotment (Note 1)	60,000	-	-
Officers and their relatives	David Spencer	(Owned) Direct (13.1)	Director of the Company	Subscription to Third-Party allotment (Note 1)	300,000	-	-
Officers and their relatives	Mark Reineck	(Owned) Direct (2.2)	Director of the Company	Subscription to Third-Party allotment (Notes 1, 2)	50,000	-	-
Companies majority-owned by officers and their relatives	MMXX Ventures Limited	(Owned) Direct (23.3)	Other related company	Subscription to Third-Party allotment (Notes 1, 3)	534,500	-	-

(Note) 1 The third-party allotment was conducted on February 8, 2023, at 20 yen per share, and the price was reasonably determined through discussions based on the value calculated by an independent third-party organization.

2. Mark Reinecke resigned as Director at the end of the Annual General Meeting held on March 24, 2023, upon the expiration of his term. The transactions listed were conducted during his term as a related party.
3. MMXX Ventures Limited is indirectly majority-owned by Simon Gerovich, the Representative Director of the Company.

For the fiscal year ended December 31, 2024

Type	Company name or individual name	Ownership (Owned) percentage (%)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Officers and their relatives	Simon Gerovich	(Owned) Direct (3.9) Indirection (2.7)	Representative director of the company	Exercise of share acquisition rights (Note 1)	50,000	-	-
				Exercise of share acquisition rights (Note 2)	396,924	-	-
				Loan guarantee (Note 3)	1,750,000	-	-
Officers and their relatives	Yoshimi Abe	(Owned) Direct (0.1)	Director of the Company	Exercise of share acquisition rights (Note 2)	13,875	-	-
Companies majority-owned by officers and their relatives	MMXX Ventures Limited	(Owned) Direct (4.0)	Other related company	Exercise of share acquisition rights (Note 1)	405,000	-	-
				Exercise of share acquisition rights (Note 2)	1,468,224	-	-
				Borrowing of funds (Note 5)	1,000,000	-	-
				Repayment of funds (Note 5)	1,000,000	-	-

(Note) 1. The exercise of share acquisition rights is based on the 9th series of share acquisition rights issued by the Company at an exercise price of 20 yen per share, which was reasonably determined through discussions based on the price calculated by an independent third-party institution.

2. The exercise of share acquisition rights is based on the 11th series of share acquisition rights issued by the Company at an exercise price of 555 yen per share, which was reasonably determined through discussions based on the price calculated by an independent third-party institution.

3. Personal Guarantee for the bond issued to EVO FUND in the amount of 1,750,000,000 yen.

The Bonds are guaranteed by the President for the payment of principal, interest, late charges and all other obligations relating to the Bonds. A first priority mortgage has been created on the land and buildings of Hotel Royal Oak Gotanda owned by Wen Tokyo Corporation, a wholly owned subsidiary of the Company, to secure any and all monetary claims of the Bondholders against the Guarantor arising now or in the future under this Guarantee Agreement.

4. MMXX Ventures Limited was a major shareholder of the Company holding 13.026% of the voting rights of the Company from the beginning of the current fiscal year to June 30, 2024. Although not a major shareholder as of the end of the fiscal year due to the sale of a portion of the Company's shares by the end of the fiscal year, as a company in which majority of the voting rights are held indirectly by Mr. Simon Gerovich Simon, a representative director of the Company, and majority of the voting rights are held by officers and other close relatives, the Company is a related party.

5. The amount is determined by mutual consultation between the two parties, taking market interest rates into consideration.

3 Notes to Parent Company and Significant Related Companies

(1) Parent Company Information

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

(2) Summary Financial Information of Significant Related Companies

For the fiscal year ended December 31, 2023

Not applicable.

For the fiscal year ended December 31, 2024

Not applicable.

(Per share information)

Item	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net assets per share	98.56 yen	468.30 yen
Net income (loss) per share	(62.93) yen	226.65 yen
Diluted net income per share	-	187.58 yen

(Note) 1. Diluted net income per share for the previous consolidated fiscal year is not shown in the above table, because net loss per share was recorded although there are residual shares.

2. Basis for calculation of net income per share and diluted net income per share is as follows

3. At the extraordinary general meeting of shareholders held on June 28, 2024, a proposal for a reverse stock split was approved, and as of the effective date of the reverse stock split (August 1, 2024), 10 shares were consolidated into 1 share. As a result, the total number of outstanding shares decreased by 163,522,969 shares. Net assets per share, diluted net income per share, and net income (loss) per share are calculated on the assumption that the reverse stock split was conducted at the beginning of the previous fiscal year.

Item	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
(1) Net Income (loss) per share	(62.93)	226.65
(Basis for calculation)		
Net income (loss) attributable to owners of the parent (Thousand yen)	(683,923)	4,439,843
Amount not attributable to common shareholders (Thousand yen)	-	-
Net income (loss) attributable to owners of the parent for common shares (Thousand yen)	(683,923)	4,439,843
Average number of shares of common shares during the period (Shares)	10,868,494	19,589,297
(2) Diluted net income per share	-	187.58
(Basis for calculation)		
Adjustment of net income attributable to owners of the parent (Thousand yen)	-	4,439,843
Increase in common shares (Shares)	-	4,079,975

(Significant subsequent events)

(Exercise of the 12th series of share acquisition rights)

The 12th series of share acquisition rights issued by the Company on December 16, 2024 to EVO FUND, Inc. The Company exercised a large number of the share acquisition rights on January 6, 2025. The details are as follows.

1. Name of Rights	Metaplanet, Inc. The 12th series of share acquisition rights
2. Number of Shares Delivered Since January 6, 2025	2,900,000 shares
3. Number of Share acquisition rights Exercised since January 6, 2025 and Exercise Ratio	Exercised Rights: 29,000 units Exercise ratio: 100.0% (of 29,000 issued units)
4. Unexercised Rights as of January 6, 2025	29,000 units (2,900,000 shares)
5. Unexercised Rights as of current date	0 units (0 shares)

* The percentage to the total number of shares issued is rounded off to two decimal places.

(Early redemption of bonds)

The Company had allocated the entirety of 9,500,000,000 yen in ordinary bonds (4,500,000,000 yen under the 4th Series of Ordinary Bonds and 5,000,000,000 yen under the 5th Series of Ordinary Bonds) to EVO FUND, due for redemption on June 16, 2025. The Company has decided to redeem the total amount of the bonds on January 6, 2025 in accordance with the redemption provisions of the bonds.

1. Metaplanet Inc. 4th Series of Ordinary Bonds

- | | |
|--|--|
| (1) Name of bonds: | Metaplanet Inc. 4 th Series Ordinary Bonds |
| (2) Early redemption date: | January 6, 2025 |
| (3) Early redemption amount: | 4,500,000,000 yen |
| (4) Early redemption amount: | 100 yen per 100 yen of each bond amount |
| (5) Reason for early redemption: | Funds raised through the exercise of the 12th series of share acquisition rights |
| (6) Redemption funds: | Redemption will be made from cash on hand. |
| (7) Annual decrease in interest expense due to early redemption: | 0 yen (non-interest bearing) (Reference information) |
| Conventional redemption date: | June 16, 2025 |

2. Metaplanet Inc. 5th series of Ordinary Bonds

- | | |
|--|--|
| (1) Name of Bonds: | Metaplanet Inc. 5 th Series Ordinary Bonds |
| (2) Early redemption date: | January 6, 2025 |
| (3) Early redemption amount: | 5,000,000,000 yen |
| (4) Early redemption amount: | 100 yen per 100 yen of each bond amount |
| (5) Reason for early redemption: | Funds raised through the exercise of the 12th series of share acquisition rights |
| (6) Redemption funds: | Redemption will be made from cash on hand. |
| (7) Annual decrease in interest expense due to early redemption: | 0 yen (non-interest bearing) (Reference information) |
| Conventional redemption date: | June 16, 2025 |

(Issuance of the 13th to 17th series of share acquisition rights with adjustable exercise prices and suspension provisions through third-party allotment, and the conclusion of a share acquisition rights purchase agreement)

In a resolution passed at the Board of Directors meeting held on January 28, 2025, the Company resolved to issue to EVO FUND (Cayman Islands, Representative: Michael Lurch, Richard Chisolm)

(hereinafter referred to as the “Scheduled Subscriber” or “EVO FUND”) The 13th through 17th series of share acquisition rights (hereinafter collectively referred to as the “Share acquisition rights”) through a third-party allotment to the Scheduled Subscriber (hereinafter referred to as the “Scheduled Subscriber”) and the issuance of the Share acquisition rights under the Financial Instruments and Exchange Law. The Company also resolved to enter into a share acquisition right purchase agreement (the “Purchase Agreement”) with the Scheduled Subscriber, subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act, as follows.

The Company received payment for the 13th through 17th series of share acquisition rights on February 17, 2025.

1. Purpose and Reason for the Offering

The majority of the funds raised will be strategically allocated to the purchase of bitcoin. As disclosed in the Company’s April 8, 2024 “Notice Regarding the Purchase of Bitcoin”, the Company has decided to hold Bitcoin as part of the Company’s treasury management strategy. In addition, as disclosed in the “ Strategic Treasury Transformation and Bitcoin Adoption by Metaplanet “ dated May 13, 2024 and in the “Addition of Bitcoin Treasury Operations as a New Business Line “ dated December 18, 2024, the Company has decided to adopt a bitcoin-first, bitcoin-only approach to Clearly prioritizing and utilizing long-term debt and periodic equity issuances as strategic financial options, the Company has made it clear that it will position and execute its core business to continuously increase bitcoin instead of holding the weakening yen.

As a bitcoin treasury company, we are aware of our position as a pioneer in the bitcoin space in Japan, and will continue to accumulate bitcoin holdings, taking on the role of preserving asset value by raising Japanese yen whenever possible and replacing the funds with bitcoin. The value of bitcoin is only going to increase, with the price reaching an all-time high in January 2025. On the other hand, the Japanese yen, our currency, continues to lose value, and with the exchange rate against the US dollar on the foreign exchange market close to falling toward 160 yen again at the time of the resolution, the future outlook remains uncertain. Under these circumstances, the importance of increasing our bitcoin holdings is growing, and we have decided to raise funds to purchase Bitcoin as soon as possible.

2. Overview of the offering

(1)	Allocation Date	February 17, 2025
(2)	Number of Share Acquisition Rights Issued	210,000 units (100 common shares per units) 13th series of Share Acquisition Rights: 42,000 units 14th series of Share Acquisition Rights: 42,000 units 15th series of Share Acquisition Rights: 42,000 units 16th series of Share Acquisition Rights: 42,000 units 17th series of Share Acquisition Rights: 42,000 units
(3)	Issuance Price	Total 76,230,000 yen 13th Series Share acquisition rights: 363 yen per right 14th Series Share acquisition rights: 363 yen per right 15th Series Share acquisition rights: 363 yen per right 16th Series Share acquisition rights: 363 yen per right 17th Series Share acquisition rights: 363 yen per right
(4)	Number of Potential Shares from this Issuance	21,000,000 common shares (100 shares per unit) There is no upper limit on exercise price. The lower limit of exercise price is 2,555 yen Even at the lower limit, the minimum potential number of shares remains 21,000,000.
(5)	Amount of Funds to be Raised	116,313,730,000 yen (Note)

(6)	Exercise Price and Exercise Price Adjustments Terms	<p>The initial exercise price will be set at 5,555 yen.</p> <p>The exercise price of the Share acquisition rights will first be adjusted on or after February 17, 2025 (inclusive). Subsequent adjustments will occur at the end of each trading day (a trading day is defined as any day when trading is conducted on the Tokyo Stock Exchange, hereinafter the “Exchange”). These adjustment days are hereinafter referred to individually or collectively as the “Adjustment Dates.”</p> <p>On each Adjustment Date, the exercise price will be adjusted to an amount equivalent to 100% of the closing price of the Company’s common shares on the trading day immediately preceding the Adjustment Date (the “Pricing Date”), rounded down to the nearest yen. However, if this adjusted price falls below the aforementioned lower limit, the lower limit shall apply.</p> <p>If no closing price is available on the Pricing Date, the exercise price will not be adjusted. Additionally, if events triggering adjustments under Clause 11 of the Share acquisition rights issuance terms occur on the Pricing Date, the closing price on the Pricing Date will be reasonably adjusted to account for such events.</p>
(7)	Method of Offering or Allotment (Scheduled Allottee)	All Share Acquisition Rights will be allocated to EVO FUND through third-party allotment.
(8)	Exercise period	The exercise period for the 13th to the 17th Series Share acquisition rights will commence on February 18, 2025 (inclusive) and include on February 17, 2027.
(9)	Other	<p>After the securities registration statement under the Financial Instruments and Exchange Act becomes effective, the Company plans to enter into a Share acquisition rights Purchase Agreement with the Scheduled Allottee, which will stipulate terms such as suspension provisions, restrictions requiring Board approval for transfers of the Share acquisition rights by the Scheduled Allottee, lock-up provisions, and preemptive rights.</p> <p>Lock-Up Provisions:</p> <p>The Company shall not, without prior written consent from the Scheduled Allottee or EVOLUTION JAPAN Securities Co., Ltd. (4-1 Kioicho, Chiyoda-ku, Tokyo; Representative Director: Sean Lawson; hereinafter referred to as “EJS”), directly or indirectly engage in the solicitation, pledge, issuance, sale, sale contract, granting of purchase options, granting of subscription rights, granting of underwriting rights, lending, transfer, or disposal of the Company’s common shares or securities convertible to or exchangeable for common shares during the period from the execution date of the Purchase Agreement until the Share acquisition rights remain outstanding. Furthermore, the Company shall not enter into swaps or any other arrangements that transfer, in whole or in part, the economic consequences of owning the Company’s common shares to a third party. The Company shall also ensure that no party acting under its instructions engages in such activities.</p> <p>However, the above restrictions shall not apply in the following cases:</p> <p>1) Issuance or delivery of common shares by the Company in connection with a stock split.</p>

		<p>2) Gratis allotment of common shares by the Company.</p> <p>3) Sale of treasury shares pursuant to Article 194, Paragraph 3 of the Companies Act.</p> <p>4) Issuance or delivery of share acquisition rights or common shares under the Company's stock option program.</p> <p>5) Issuance or delivery of common shares resulting from the exercise of the Share acquisition rights.</p> <p>6) Cases where issuance or delivery is required under applicable laws and regulations.</p> <p>Preemptive Rights:</p> <p>During the term of the Share acquisition rights, if the Company intends to issue or deliver additional shares, share acquisition rights, bonds with share acquisition rights, or other securities convertible to or exchangeable for the Company's common shares or class shares (hereinafter referred to as "Additional New Shares, etc.") to any third party other than the Scheduled Allottee (hereinafter referred to as "Additional New Share Issuances, etc."), it must notify EJS in writing (hereinafter referred to as the "Notice") at least three weeks prior to the Board of Directors' resolution approving such issuance.</p> <p>The Notice must specify the principal terms and details of the Additional New Share Issuances, etc., including the type, price, quantity, payment date, conditions of the underwriting agreement, and the name and address of the intended allottee.</p> <p>The Scheduled Allottee shall, within one week from the receipt of the Notice (excluding the receipt date), notify the Company in writing whether it intends to subscribe to the Additional New Shares, etc., on the terms and conditions specified in the Notice. If the Scheduled Allottee notifies the Company of its intention to subscribe under the same terms and conditions (hereinafter referred to as the "Acceptance Notice"), the Company shall issue or deliver the Additional New Shares, etc., to the Scheduled Allottee and shall not issue or deliver them to the third party.</p> <p>The Company may only resolve the Additional New Share Issuances, etc., on the terms and conditions specified in the Notice if it has not received an Acceptance Notice from the Scheduled Allottee.</p> <p>The above provisions do not apply in the following cases:</p> <ol style="list-style-type: none"> 1. Issuance of stock options or common shares to the Company's officers, employees, consultants, or advisors, excluding cases related to the exercise of stock options granted for stock option purposes, provided that such issuances comply with the Company's Board-approved capital policy and account for less than 5% of the total issued shares at the time of the Purchase Agreement. 2. Execution of the conversion or exercise of already-issued securities, such as shares, share acquisition rights, or bonds with share acquisition rights, as disclosed in the documentation in accordance with applicable laws at the time of the Purchase Agreement, provided that such conversion or exercise adheres to the original conditions without any modifications. 3. Any other cases where the Company and EJS mutually agree in writing to exclude such issuance from the preemptive rights provisions.
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(Note) The amount of funds to be raised is calculated by adding the total amount of payment for the Share acquisition rights to the value of the assets contributed upon the exercise of the Share acquisition rights, and then deducting the estimated issuance expenses. The value of the assets contributed upon the exercise of the Share acquisition rights assumes that all Share acquisition rights are exercised at the initial exercise price. If the exercise price is modified or adjusted, or if the Company cancels any Share acquisition rights it has acquired, the amount of funds raised may increase or decrease. In addition, if no exercise occurs during the exercise period of the Share acquisition rights, the amount of funds raised will fluctuate.

(Issuance and early redemption of the 6th series of Ordinary Bonds)

6th Series of Ordinary Bonds (the “Bonds”) to EVO FUND (the “Bondholder”). The Bonds were paid on February 13, 2025.

The Bonds were fully repaid by early redemption of 2,000,000,000 yen on February 18, 2025 and 2,000,000,000 yen on February 20, 2025.

1. Details of the Bond

(1)	Name of the Bond	Metaplanet Inc. 6 th Series Ordinary Bonds
(2)	Total Amount of the Bond	4,000,000,000 yen
(3)	Face value per Bond	250,000,000 yen
(4)	Interest Rate	The Bonds will bear no interest.
(5)	Redemption Amount	100 yen for every 100 yen of the Bonds’ face value
(6)	Payment Date	February 13, 2025
(7)	Redemption Date	August 12, 2025
(8)	Redemption Method	<p>The Bonds will be redeemed in full at their face value, as stated in Item 5, on the Redemption Date specified in Item 7. However, the Bondholder may request early redemption of all or part of the outstanding Bonds at 100 yen per 100 yen of face value by providing written notice to the Company at least one business day prior to the desired early redemption date (the “Early Redemption Date”).</p> <p>Additionally, if all or part of the Metaplanet Inc. 13th to 17th Series of Share acquisition rights are exercised, and the cumulative funds received by the Company from such exercises after the Bond issuance date, minus the total face value of any Bonds previously redeemed under this Item 8, reach a multiple of 250,000,000 yen (the face value of each Bond), the Company may redeem a corresponding portion of the Bonds. The Early Redemption Date will be either the next trading day (inclusive) following the date the cumulative funds reach such a multiple, or another date as mutually agreed upon by the Company and the Bondholder.</p> <p>The redemption will be conducted at 100 yen per 100 yen of face value for all or part of the outstanding Bonds at that time.</p>
(9)	Guarantee	None applicable.
(10)	Collateral	None applicable.
(11)	Method of Subscription	The entire issuance will be allocated to EVO FUND.
(12)	Bond Administrator	As the Bonds meet the requirements set forth under Article 702 of the Companies Act and Article 169 of the Ordinance for Enforcement of the Companies Act, and no bond administrator will be appointed.
(13)	Payment Handling Office (Principal and Interest Payment Location)	Metaplanet, Inc. 6-10-1 Roppongi, Minato-ku, Tokyo
(14)	Book-Entry Transfer Institution	None applicable.

(Issuance and early redemption of the 7th Series of Ordinary Bonds)

7th Series of Ordinary Bonds (the “Bonds”) to EVO FUND (the “Bondholder”). The Bonds were paid on February 27, 2025.

The Bonds were fully repaid by early redemption of 2,000,000,000 yen on March 3, 2025.

1. Details of the Bond

(1)	Name of Bond	Metaplanet Inc. 7 th Series Ordinary Bonds
(2)	Total amount of the Bond	2,000,000,000 yen
(3)	Face Value per Bond	50,000,000 yen
(4)	Interest Rate	The Bonds will bear no interest.
(5)	Redemption Amount	100 yen for every per 100 yen of the Bonds’ face value.
(6)	Payment Date	February 27, 2025
(7)	Redemption Date	August 26, 2025
(8)	Redemption Method	<p>The Bonds will be redeemed in full at their face value, as stated in Item 5, on the Redemption Date specified in Item 7. However, the Bondholder may request early redemption of all or part of the outstanding Bonds at 100 yen per 100 yen of face value by providing written notice to the Company at least one business day prior to the desired early redemption date (the “Early Redemption Date”).</p> <p>Additionally, if all or part of the Metaplanet Inc. 13th to 17th Series of Share acquisition rights are exercised, and the cumulative funds received by the Company from such exercises after the Bond issuance date, minus the total face value of any Bonds previously redeemed under this Item 8, reach a multiple of 50,000,000 yen (the face value of each Bond), the Company may redeem a corresponding portion of the Bonds. The Early Redemption Date will be either the next trading day (inclusive) following the date the cumulative funds reach such a multiple, or another date as mutually agreed upon by the Company and the Bondholder.</p> <p>The redemption will be conducted at 100 yen per 100 yen of face value for all or part of the outstanding Bonds at that time.</p>
(9)	Guarantee	None applicable.
(10)	Collateral	None applicable.
(11)	Method of Subscription	The entire issuance will be allocated to EVO FUND.
(12)	Bond Administrator	As the Bonds meet the requirements set forth under Article 702 of the Companies Act and Article 169 of the Ordinance for Enforcement of the Companies Act, no bond administrator will be appointed.
(13)	Payment Handling Office (Principal and Interest Payment Location)	Metaplanet, Inc. 6-10-1 Roppongi, Minato-ku, Tokyo
(14)	Book-entry transfer institution	None applicable.

(Issuance and early redemption of the 8th Series of Ordinary Bonds)

8th Series of Ordinary Bonds (the “Bonds”) to EVO FUND (the “Bondholder”). The Bonds were paid on March 12, 2025.

The Bonds were repaid by early redemption of 1,900,000,000 yen on March 24, 2025

1. Details of the Bond

(1)	Name of Bond	Metaplanet Inc. 8th Series of Ordinary Bonds
(2)	Total Amount of the Bond	2,000,000,000 yen
(3)	Face Value per Bond	50,000,000 yen
(4)	Interest rate	The Bonds will bear no interest.
(5)	Redemption Amount	100 yen for every 100 yen of the Bonds’ face value.
(6)	Payment Date	March 12, 2025
(7)	Redemption Date	September 11, 2025
(8)	Redemption Method	<p>The Bonds will be redeemed in full at their face value, as stated in Item 5, on the Redemption Date specified in Item 7.</p> <p>However, the Bondholder may request early redemption of all or part of the outstanding Bonds at 100 yen per 100 yen of face value by providing written notice to the Company at least one business day prior to the desired early redemption date (the “Early Redemption Date”).</p> <p>Additionally, if all or part of the Metaplanet Inc. 14th to 17th Series of Share acquisition rights are exercised, and the cumulative funds received by the Company from such exercises after the Bond issuance date, minus the total face value of any Bonds previously redeemed under this Item 8, reach a multiple of 50,000,000 yen (the face value of each Bond), the Company may redeem a corresponding portion of the Bonds. The Early Redemption Date will be either the next trading day (inclusive) following the date the cumulative funds reach such a multiple, or another date as mutually agreed upon by the Company and the Bondholder.</p> <p>The redemption will be conducted at 100 yen per 100 yen of face value for all or part of the outstanding Bonds at that time.</p>
(9)	Guarantee	None applicable.
(10)	Collateral	None applicable.
(11)	Method of Subscription	The entire issuance will be allocated to EVO FUND.
(12)	Bond Administrator	As the Bonds meet the requirements set forth under Article 702 of the Companies Act and Article 169 of the Ordinance for Enforcement of the Companies Act, no bond administrator will be appointed.
(13)	Payment handling office (Principal and Interest Payment Location)	Metaplanet, Inc. 6-10-1 Roppongi, Minato-ku, Tokyo
(14)	Book-Entry Transfer Institution	None applicable.

(Issuance of the 9th Series of Ordinary Bonds)

9th Series of Ordinary Bonds (the “Bonds”) to EVO FUND (the “Bondholder”). The Bonds were paid on March 18, 2025.

1. Details of the Bond

(1)	Name of Bond	Metaplanet Inc. 9th Series Ordinary Bonds
(2)	Total Amount of Bond	2,000,000,000 yen
(3)	Face Value per Bond	50,000,000 yen
(4)	Interest Rate	The Bonds will bear no interest.
(5)	Redemption Amount	100 yen per 100 yen of each bond amount
(6)	Payment Date	March 18, 2025
(7)	Redemption Date	September 17, 2025
(8)	Redemption Method	<p>The Bonds will be redeemed in full at their face value, as stated in Item 5, on the Redemption Date specified in Item 7. However, the Bondholder may request early redemption of all or part of the outstanding Bonds at 100 yen per 100 yen of face value by providing written notice to the Company at least one business day prior to the desired early redemption date (the “Early Redemption Date”).</p> <p>Additionally, if all or part of the Metaplanet Inc. 14th to 17th Series of Share acquisition rights are exercised, and the cumulative funds received by the Company from such exercises after the Bond issuance date, minus the total face value of any Bonds previously redeemed under this Item 8, reach a multiple of 50,000,000 yen (the face value of each Bond), the Company may redeem a corresponding portion of the Bonds. The Early Redemption Date will be either the next trading day (inclusive) following the date the cumulative funds reach such a multiple, or another date as mutually agreed upon by the Company and the Bondholder.</p> <p>The redemption will be conducted at 100 yen per 100 yen of face value for all or part of the outstanding Bonds at that time.</p>
(9)	Guarantee	None applicable.
(10)	Collateral	None applicable.
(11)	Method of Subscription	The entire issuance will be allocated to EVO FUND.
(12)	Bond Administrator	As the Bonds meet the requirements set forth under Article 702 of the Companies Act and Article 169 of the Ordinance for Enforcement of the Companies Act, no bond administrator will be appointed.
(13)	Payment Handling Office (Principal and Interest Payment Location)	Metaplanet, Inc. 6-10-1 Roppongi, Minato-ku, Tokyo
(14)	Book-Entry Transfer Institution	None applicable.

(Acquisition of bitcoin)

Overview of Bitcoin Purchases

Based on the resolution of the Board of Directors meeting held on February 10, 2025, the Company purchased a total of 4 billion yen in Bitcoin on February 17, 2025 with the funds raised through the bond issue.

In addition, in accordance with the resolution of the Board of Directors meeting held on January 28, 2025, the Company will use the funds raised through the exercise of the 13th series of share acquisition rights.

The Company purchased bitcoin: 990 million yen in bitcoin on February 20, 2025, 1.939 billion yen in bitcoin on February 25, 2025, 2.021 billion yen in bitcoin on March 3, 2025, 6.616 billion yen in bitcoin on March 5, 2025, 2.008 billion yen in bitcoin on March 12, 2025, 1.879 billion yen in bitcoin on March 18, 2025, and 1.886 billion yen in bitcoin on March 24, 2025.

(Stock split)

The Company's Board of Directors resolved at a meeting held on February 18, 2025 to effect a stock split.

1. Purpose of the stock split

The Company implemented a one-for-ten reverse stock split with an effective date of August 1, 2024. Since then, the Company's stock price has risen significantly, and the minimum amount required to purchase shares in the market is now over 500,000 yen at the time of the resolution, which is a significant financial burden for investors. The minimum amount required to purchase the Company's shares in the market is now more than 500,000 yen at the time of the resolution.

Therefore, by reducing the amount per investment unit through a stock split, we aim to further increase the liquidity of our stock and expand our investor base, thereby connecting with our shareholders more widely.

2. Outline of Stock Split

(1) Method of division

The Company will carry out a 10-for-1 stock split of shares of common shares held by shareholders whose names appear or are recorded in the final shareholders' register as of March 31, 2025 (Monday) as the record date.

(2) Number of shares to be increased by the split

Total number of shares outstanding before stock split	39,168,334 shares
Number of shares to be increased by this stock split	352,515,006 shares
Total number of shares issued and outstanding after stock split	391,683,340 shares
Total number of authorized shares after stock split	1,450,000,000 shares

(Note): There is a possibility that the total number of outstanding shares will increase due to the exercise of share acquisition rights between the date of this Board of Directors' resolution and the record date for the stock split.

(3) Schedule for division

Record Date of Public Notice	Monday, March 3, 2025
Reference Date	Monday, March 31, 2025
effective date	Tuesday, April 1, 2025

(Exercise of the 13th series of share acquisition rights)

The 13th series of share acquisition rights issued by the Company on February 17, 2025 (the Share acquisition rights) to EVO FUND, Inc. The Company has been exercised a large number of the share acquisition rights during the period from February 18, 2025 to March 24, 2025. The details are as follows.

1.	Company	Metaplanet, Inc. The 13th series of share acquisition rights
2.	Number of shares delivered from February 18, 2025	4,200,000 shares
3.	Number of share acquisition rights exercised since February 18, 2025 and exercise ratio to total number of warrants issued	42,000 rights units (Percentage to the total number of units issued (42,000): 100.0%)
4.	Number of unexercised share acquisition rights as of February 17, 2025	42,000 (4,200,000 shares)
5.	Number of unexercised share acquisition rights at present	0 (0 shares)

* The percentage to the total number of shares issued is rounded off to two decimal places.

6. status of exercise since February 18, 2025

Exercise Date	Number of shares issued		Exercise price (Yen)	Exercised share acquisition rights Quantity (Units)
	New shares (Shares)	Transferor shares (Shares)		
Tuesday, February 18, 2025	345,000	-	6,040	3,450
Wednesday, February 19, 2025	155,000	-	6,030	1,550
Thursday, February 20, 2025	360,000	-	6,120	3,600
Friday, February 21, 2025	304,000	-	6,290	3,040
Tuesday, February 25, 2025	-	27,000	6,210	270
Monday, March 3, 2025	3,009,000	-	3,310	30,090

(Exercise of the 14th series of share acquisition rights)

The 14th series of share acquisition rights issued by the Company on February 17, 2025 (the “ Share acquisition rights ”) to EVO FUND, Inc. The Company has been exercised a large number of the Share acquisition rights during the period from February 18, 2025 to March 24, 2025. The details are as follows.

1.	Company	Metaplanet, Inc. The 14th series of share acquisition rights
2.	Number of shares delivered from February 18, 2025	2,119,000 shares
3.	Number of share acquisition rights exercised since February 18, 2025 and exercise ratio to total number of warrants issued	21,190 rights units (Percentage to the total number of units issued (42,000): 50.5%)
4.	Number of unexercised share acquisition rights as of February 17, 2025	42,000 (4,200,000 shares)
5.	Number of unexercised share acquisition rights at present	20,810 (2,081,000 shares)

* The percentage to the total number of shares issued is rounded off to two decimal places.

6. Status of exercise since February 18, 2025

Exercise date	Number of shares issued		Exercise price (Yen)	Exercised share acquisition rights Quantity (Units)
	New shares (Shares)	Transferor shares (Shares)		
Monday, March 3, 2025	907,000	-	3,310	9,070
Monday, March 24, 2025	1,212,000	-	4,730	12,120

(Exercise of the 17th series of share acquisition rights)

The 17th series of share acquisition rights issued by the Company on February 17, 2025 (the “ Share acquisition rights “) to EVO FUND, Inc. The Company has been exercised a large number of the Share acquisition rights during the period from February 18, 2025 to March 24, 2025. The details are as follows.

1.	Company	Metaplanet Inc. The 17th series of share acquisition rights
2.	Number of shares delivered from February 18, 2025	269,900 shares
3.	Number of share acquisition rights exercised since February 18, 2025 and exercise ratio to total number of warrants issued	2,699 rights units (Percentage to the total number of units issued (42,000): 6.4%
4.	Number of unexercised share acquisition rights as of February 17, 2025	42,000 (4,200,000 shares)
5.	Number of unexercised share acquisition rights at present	39,301 (3,930,100 shares)

* The percentage to the total number of shares issued is rounded off to two decimal places.

6. Status of exercise since February 18, 2025

Exercise date	Number of shares issued		Exercise price (Yen)	Exercised share acquisition rights Quantity (Units)
	New shares (Shares)	Transferor shares (Shares)		
Monday, March 24 , 2025	200,000	69,900	4,730	2,699

① [Consolidated supplementary financial schedules]

[Schedule of Bonds]

Company Name	Issue Name	Date of Issue	Balance at beginning of period (Thousand yen)	Balance at end of period (Thousand yen)	Interest rate (%)	Collateral	Redemption date
Filing company	3 rd Series of Ordinary Bonds (Guaranteed) (Notes 1 and 2)	November 18, 2024	-	1,750,000 (1,750,000)	0.36% per annum	General collateral	November 17, 2025
	4 th Series of Ordinary Bonds (Note 1)	December 17, 2024	-	4,500,000 (4,500,000)	No interest	Unsecured	June 16, 2025
	5 th Series of Ordinary Bonds (Note 1)	December 20, 2024	-	5,000,000 (5,000,000)	No interest	Unsecured	June 16, 2025
Total	-	-	-	11,250,000 (11,250,000)	-	-	-

(Notes) 1. Figures in parentheses represent the redemption schedule within one year.

- 2 Scheduled redemption amounts per year within 5 years after the consolidated balance sheet date are as follows:

Within 1 year (Thousand yen)	Over 1 year Within 2 years (Thousand yen)	Over 2 years Within 3 years (Thousand yen)	Over 3 years Within 4 years (Thousand yen)	Over 4 years Within 5 years (Thousand yen)
11,250,000	-	-	-	-

As of the date of submission of this securities report, the 4th and 5th Series of Ordinary Bonds have been fully repaid.

[Schedule of Borrowings, etc.]

Category	Balance at beginning of period (Thousand yen)	Balance at end of period (Thousand yen)	Average interest rate (%)	Repayment term
Long-term borrowings	130,501	-	-	-
Total	130,501	-	-	-

[Schedule of Asset Retirement Obligations]

Not applicable.

(2) [Others]

Interim information for the current consolidated fiscal year, etc.

(Cumulative period)		For the six months ended June 30, 2024	For the fiscal year ended December 31, 2024
Net sales	(Thousand yen)	168,494	1,062,283
Profit (loss) before income taxes	(Thousand yen)	(176,500)	6,393,785
Profit (loss) attributable to owners of parent	(Thousand yen)	(176,975)	4,439,843
Net income (loss) per share	(Yen)	(12.75)	226.65
Net income per share (diluted)	(Yen)	-	187.58

- (Note) 1. The Company conducted a reverse stock split on August 1, 2024, at a ratio of 1 share of common shares for every 10 shares of common shares. Net income per share is calculated on the assumption that the reverse stock split was conducted at the beginning of the current fiscal year.
2. Diluted net income per share for the interim consolidated accounting period is not stated because net loss per share was recorded, although there are residual shares.

Independent Auditor's Report

March 27, 2024

The Board of Directors of Metaplanet Inc.

Yamabuki Audit Corporation
Tokyo Office

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 西岡 朋晃
Tomoaki Nishioka

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 内海 慎太郎
Shintaro Utsumi

Audit of Consolidated Financial Statements

Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Metaplanet Inc. ("the Company") for the fiscal year from January 1, 2023 to December 31, 2023 and comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, significant matters that serve as the basis for preparation of the consolidated financial statements, other notes, and consolidated supplementary financial schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of December 31, 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our auditing of financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty regarding the Going Concern Assumption

As described in the notes regarding the going concern assumption, the Company has consistently recorded operating losses, ordinary losses, and negative operating cash flows since previous fiscal years. Furthermore, for the current fiscal year, the Company also recorded operating losses, ordinary losses, and negative operating cash flows. This raises material doubt about the going concern assumption, and the relevant material uncertainty regarding the going concern assumption is currently recognized. The Company's response measures for eliminating or improving the relevant events or circumstances and the reasons for the relevant material uncertainty are described in the notes. The consolidated financial statements have been prepared based on the going concern assumption, and the impact of the relevant material uncertainty is not reflected in the consolidated financial statements.

This matter does not affect the opinion of our audit firm.

Key Audit Considerations

Key audit considerations are those matters the auditor, as a professional expert, considers to be particularly important in auditing the consolidated financial statements for the fiscal year under review. These key audit

considerations are matters addressed during the course of the audit of the consolidated financial statements as a whole and in forming our audit opinion, and it is not our intention to express individual opinions on these matters.

We have judged that there is no key audit consideration to report in our audit report, other than those noted in the “Material Uncertainty regarding the Going Concern Assumption” section of our report.

Other Information

The other information consists of the information other than the consolidated financial statements and our auditor’s reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors’ execution of duties relating to the design and operations of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of this other information based on the work we have performed, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan and for designing and implementing such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to its status as a going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors’ execution of duties relating to the design and operating effectiveness of the controls over the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected

depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with Japan's relevant ethical requirements regarding independence, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, as well as, where applicable, on any measures taken to remove impediments to such independence and on safeguards applied to reduce those impediments to an acceptable level.

Of the matters discussed with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we identify key considerations in auditing the consolidated financial statements for the fiscal year under review, and include them in the report. However, if the publication of such matters is prohibited by law, or if we determine that such matters should not be reported because the disadvantages, however limited they may be, of reporting them in the audit report could reasonably be expected to outweigh the public benefit, we do not include such matters in the report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

① Consolidated Balance Sheet

	(In thousands of yen)	
	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	※2,※4 207,260	553,175
Accounts receivable – trade	17,225	23,306
Merchandise and finished goods	623	-
Raw materials and supplies	820	375
Other	290,827	28,623
Allowance for doubtful accounts	(6,067)	(6,067)
Total current assets	510,690	599,412
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,446	95,168
Buildings and structures in trust, net	※2,※4 1,328,383	-
Land in trust	※2,※4 1,198,686	-
Land	-	866,619
Construction in progress	※2 1,910,956	12,408
Other, net	31,310	792
Total property, plant and equipment	※1 4,479,782	※1 974,988
Intangible assets		
Other	309	-
Total intangible assets	309	-
Investments and other assets		
Investment securities	-	73,654
Long-term loans receivable	328,978	80,310
Long-term accounts receivable – other	359,762	359,762
Other	117,846	18,081
Allowance for doubtful accounts	(440,073)	(440,073)
Total investments and other assets	366,514	91,736
Total non-current assets	4,846,606	1,066,724
Total assets	5,357,296	1,666,137

(In thousands of yen)		
	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Short-term borrowings	501,887	-
Current portion of long-term borrowings	※2,※4 2,096,132	-
Accounts payable – other	470,776	298,787
Income taxes payable	60,729	19,558
Other	534,940	59,779
Total current liabilities	3,664,466	378,125
Non-current liabilities		
Long-term borrowings	※2 1,068,499	130,501
Retirement benefit liability	5,762	5,423
Other	1,050	-
Total non-current liabilities	1,075,311	135,924
Total liabilities	4,739,778	514,049
Net assets		
Shareholders' equity		
Share capital	0	575,000
Capital surplus	(3,087,667)	(2,512,667)
Retained earnings	3,891,251	3,207,328
Treasury shares	(139,414)	(139,463)
Total shareholders' equity	664,170	1,130,197
Accumulated other comprehensive income		
Foreign currency translation adjustment	(51,284)	-
Total accumulated other comprehensive income	(51,284)	-
Share acquisition rights	4,632	21,890
Total net assets	617,518	1,152,087
Total liabilities and net assets	5,357,296	1,666,137

② Consolidated Income Statement and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

	(In thousands of yen)	
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	366,121	261,633
Cost of sales	181,616	49,943
Gross profit	184,504	211,690
Selling, general and administrative expenses	※ ¹ 1,043,334	※ ¹ 679,760
Operating loss	(858,829)	(468,070)
Non-operating income		
Interest income	803	7
Foreign exchange gains	88,880	65,520
Subsidy income	6,747	-
Other	1,784	9,757
Total non-operating income	98,215	75,285
Non-operating expenses		
Interest expenses	76,044	19,072
Other	-	2,853
Total non-operating expenses	76,044	21,925
Ordinary loss	(836,658)	(414,710)
Extraordinary income		
Gain on sale of non-current assets	※ ² 94	※ ² 254,754
Gain on reversal of share acquisition rights	2,820	4,632
Gain on cancellation of leases	※ ³ 2,867,218	-
Gain on forgiveness of debts	※ ⁴ 26,711	-
Other	9,249	-
Total extraordinary income	2,906,094	259,387
Extraordinary losses		
Loss on retirement of non-current assets	-	180
Loss on sale of non-current assets	-	※ ⁵ 37,571
Impairment losses	※ ⁶ 284,125	※ ⁶ 61,812
Loss on valuation of investment securities	-	124,765
Loss on liquidation of subsidiaries and associates	-	※ ⁷ 303,092
Provision for loss on guarantees	※ ⁸ 804,961	-
Settlement payments	1,000	-
Total extraordinary losses	1,090,087	527,421
Profit (loss) before income taxes	979,348	(682,745)
Income taxes – current	1,502	1,178
Total income taxes	1,502	1,178
Profit (loss)	977,845	(683,923)
Profit (loss) attributable to owners of parent	977,845	(683,923)

Consolidated Statement of Comprehensive Income

	(In thousands of yen)	
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit (loss)	977,845	(683,923)
Other comprehensive income		
Foreign currency translation adjustment	16,140	51,284
Total other comprehensive income	※ 16,140	※ 51,284
Comprehensive income	993,985	(632,639)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	993,985	(632,639)
Comprehensive income attributable to non-controlling interests	-	-

③ Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2022

	(In thousands of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	0	(3,087,667)	2,913,406	(139,181)	(313,442)
Changes during period					
Issuance of new shares					
Profit attributable to owners of parent			977,845		977,845
Purchase of treasury shares				(232)	(232)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	977,845	(232)	977,612
Balance at end of period	0	(3,087,667)	3,891,251	(139,414)	664,170

	Accumulated other comprehensive income			
	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at beginning of period	(67,424)	(67,424)	7,452	(373,414)
Changes during period				
Issuance of new shares				
Profit attributable to owners of parent				977,845
Purchase of treasury shares				(232)
Net changes in items other than shareholders' equity	16,140	16,140	(2,820)	13,320
Total changes during period	16,140	16,140	(2,820)	990,932
Balance at end of period	(51,284)	(51,284)	4,632	617,518

For the fiscal year ended December 31, 2023

	(In thousands of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	0	(3,087,667)	3,891,251	(139,414)	664,170
Changes during period					
Issuance of new shares	575,000	575,000			1,150,000
Loss attributable to owners of parent			(683,923)		(683,923)
Purchase of treasury shares				(48)	(48)
Net changes in items other than shareholders' equity					
Total changes during period	575,000	575,000	(683,923)	(48)	466,027
Balance at end of period	575,000	(2,512,667)	3,207,328	(139,463)	1,130,197

	Accumulated other comprehensive income			
	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at beginning of period	(51,284)	(51,284)	4,632	617,518
Changes during period				
Issuance of new shares				1,150,000
Loss attributable to owners of parent				(683,923)
Purchase of treasury shares				(48)
Net changes in items other than shareholders' equity	51,284	51,284	17,257	68,541
Total changes during period	51,284	51,284	17,257	534,569
Balance at end of period	-	-	21,890	1,152,087

④ Consolidated Statement of Cash Flows

	(In thousands of yen)	
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	979,348	(682,745)
Depreciation	160,641	41,601
Impairment losses	284,125	61,812
Loss on valuation of investment securities	-	124,765
Loss on liquidation of subsidiaries and associates	-	303,092
Loss (gain) on sale of non-current assets	(94)	(217,183)
Provision for loss on guarantees	804,961	-
Gain on cancellation of leases	(2,867,218)	-
Amortization of long-term prepaid expenses	17,446	8,663
Increase (decrease) in retirement benefit liability	(3,227)	(339)
Foreign exchange losses (gains)	(87,076)	(66,377)
Interest and dividend income	(803)	(7)
Interest expenses	76,044	19,072
Gain on forgiveness of debts	(26,711)	-
Gain on reversal of share acquisition rights	(2,820)	(4,632)
Decrease (increase) in trade receivables	22,192	(6,080)
Decrease (increase) in inventories	1,228	761
Increase (decrease) in accounts payable – other	81,218	66,585
Other, net	331,580	(184,240)
Subtotal	(229,165)	(535,253)
Interest and dividends received	27	7
Interest paid	(65,136)	(33,940)
Income taxes refund (paid)	(2,031)	(2,338)
Net cash provided by (used in) operating activities	(296,305)	(571,525)
Cash flows from investing activities		
Purchase of investment securities	-	(198,420)
Proceeds from withdrawal of investments in silent partnerships	132,215	-
Purchase of property, plant and equipment	(317,498)	(137,818)
Proceeds from sale of property, plant and equipment	98	1,799,364
Purchase of intangible assets	-	(21,430)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	※3 892,940
Short-term loan advances	-	(1,800)
Long-term loan advances	(96,369)	-
Payments of leasehold and guarantee deposits	(3,484)	(2,000)
Other, net	-	2,294
Net cash provided by (used in) investing activities	(285,037)	2,333,129

	(In thousands of yen)	
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	501,887	-
Repayments of short-term borrowings	-	(501,887)
Repayments of long-term borrowings	(86,339)	(2,085,643)
Proceeds from long-term borrowings	42,546	-
Proceeds from issuance of bonds	-	200,000
Redemption of bonds	-	(200,000)
Repayments of lease liabilities	(60,094)	-
Proceeds from issuance of shares	-	1,150,000
Proceeds from issuance of share acquisition rights	-	23,690
Other, net	(232)	(1,848)
Net cash provided by (used in) financing activities	397,766	(1,415,689)
Effect of exchange rate change on cash and cash equivalents	(10,717)	-
Net increase (decrease) in cash and cash equivalents	(194,293)	345,914
Cash and cash equivalents at beginning of period	414,354	207,260
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	※ ₂ (12,800)	-
Cash and cash equivalents at end of period	※ ₁ 207,260	※ ₁ 553,175

(Going Concern Assumption)

The Company Group had continuously recorded operating losses, ordinary losses, and negative operating cash flows since previous fiscal years. In the current consolidated fiscal year, the Company Group have also recorded operating losses, ordinary losses, and negative operating cash flows. These circumstances raise material doubt about the going concern assumption, and the relevant material uncertainty regarding the going concern assumption is currently recognized. In order to resolve or improve this situation, the Company Group is implementing the following measures.

① **Review of New Businesses and Stabilization of Performance and Finances through the Hotel Business**

The Company Group has been engaging in Web3 and Metaverse-related businesses, believing that incorporating rapidly evolving technologies to digitize our assets and business models, as well as exploring new business opportunities, is necessary for the continued and progressive creation of shareholder value. However, system development has taken longer than expected, making future revenue and profit generation uncertain. Consequently, in the current consolidated fiscal year, we have recognized impairment losses on non-current assets related to Web3 and Metaverse-related businesses. Under these circumstances, it is crucial to cautiously and swiftly explore new businesses that will serve as pillars of revenue and profit. On the other hand, regarding the hotel business, we have already closed all hotels operated under lease contracts and those owned in Sapporo, sold the hotel in the Philippines, and are only continuing operations with the Gotanda property. For the Gotanda property, we are utilizing previously unused rooms and attracting new customers, resulting in an increase in occupancy rates, which we believe will contribute to future revenue and profit generation for the Company Group. Considering the above, we plan to stabilize our financial base by securing operating profit through the hotel business operations and explore new businesses that will serve as new pillars of revenue and profit.

② **Promotion of Capital Policies**

While exploring new businesses that will serve as pillars of revenue and profit, we will seek new funding methods, including capital increases and loans, while stabilizing the financial base through the hotel business. On February 7, 2023, we held an extraordinary general meeting of shareholders and raised 1,173,690 thousand yen through a third-party allotment of shares and the issuance of share acquisition rights. Additionally, on October 2, 2023, the sale of shares of Red Planet Hotels Manila Corporation, a former consolidated subsidiary, was completed, resulting in the acquisition of 907,879 thousand yen in cash and deposits.

③ **Cost Reduction**

The Company Group has ceased operations of all unprofitable hotels except for the Gotanda property due to the review of the hotel business, and will continue to implement thorough cost reductions. Furthermore, we will enforce strict cost management to prevent unnecessary expenses from increasing due to new businesses.

By steadily implementing the above measures, we aim to strengthen the Company Group's management foundation. However, these measures are still in progress, and there is currently significant uncertainty regarding the going concern assumption. The consolidated financial statements have been prepared based on the going concern assumption.

(Significant Matters that serve as the basis of Presenting Consolidated Financial Statements)

1. **Matters Regarding the Scope of Consolidation**

- Number of consolidated subsidiaries: 4
- Tune Naha Anonymous Partnership
MetaMarket Inc.
Wen Tokyo Co., Ltd.
Red Planet Hotels Japan Co.
- Note: Red Planet Hotels Manila Corporation, which was a consolidated subsidiary in the previous consolidated fiscal year, has been excluded from the scope of consolidation as all shares were transferred on October 2, 2023.

2. Matters Regarding the Fiscal Year of Consolidated Subsidiaries

- The fiscal year end of consolidated subsidiaries coincides with the consolidated fiscal year end.

3. Matters Regarding Accounting Policies

(1) Valuation Standards and Methods for Significant Assets

① Securities

- Other securities:
 - Stocks without market prices: Valued using the cost method based on the moving average method.

② Valuation Standards and Methods for Inventories

- Valued using the cost method (lower of cost or market based on decreased profitability).
- Merchandise and products: Mainly moving average method.
- Raw materials and supplies: Mainly total average method.

(2) Depreciation Methods for Significant Depreciable Assets

① Property, plant and equipment

- Mainly using the declining balance method (the straight-line method is used for buildings acquired after April 1, 1998, excluding building fixtures, and for building fixtures and structures acquired after April 1, 2016).
- Main useful lives are as follows:
 - Buildings and structures: 3 to 29 years.
 - Others: 2 to 18 years.

② Intangible Assets

- Using the straight-line method.
- Software for internal use: Straight-line method based on a useful life of five years.

(3) Accounting Standards for Significant Provisions

Allowance for Doubtful Accounts: To cover potential losses from bad debts, an allowance for general receivables is provided based on the historical bad debt ratio, and for specific doubtful receivables, the amount expected to be uncollectible is calculated individually based on collectability.

(4) Accounting Treatment for Retirement Benefits

To cover employee retirement benefits, the estimated amount of retirement benefits expected to be incurred at the end of the consolidated fiscal year is recorded.

(5) Standards for Recording Significant Revenues and Expenses

The Company Group mainly provides accommodation and related hotel services to domestic and international customers. Revenue is recognized when the service is provided to the customer or when the product is delivered, as these performance obligations are satisfied at that point.

(6) Standard for Translation of Significant Foreign Currency-denominated Assets and Liabilities to Japanese Yen

Foreign currency-denominated monetary claims and liabilities are converted to yen at the spot exchange rate on the consolidated fiscal year-end date, and the exchange differences are recorded as profit or loss. Assets and liabilities of overseas subsidiaries are converted to yen at the spot exchange rate on the consolidated fiscal year-end date, and revenues and expenses are converted to yen at the average exchange rate during the period. The exchange differences are included in the foreign currency translation adjustment account in net assets.

(7) Scope of Funds in the Consolidated Statement of Cash Flows

Comprises cash on hand, demand deposits, and highly liquid short-term investments with maturities of three months or less from the acquisition date that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(8) Other Significant Matters for the Preparation of Consolidated Financial Statements

Treatment of Deferred Assets

- Share issuance costs: Expensed in full when incurred.

(Significant Accounting Estimates)

(Accounting Estimates for the Valuation of Non-current Assets)

1. Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year

	(In thousands of yen)	
	As of December 31, 2022	As of December 31, 2023
Property, plant and equipment	4,479,782	974,988
Impairment Losses	284,125	-

2. Information on Significant Accounting Estimates Related to Identified Items

① Calculation Method for Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year

- The Company Group identifies signs of impairment when hotel operations, considered the smallest unit generating independent cash flows, record operating losses for two consecutive periods after allocating head office costs. For hotels identified with signs of impairment, an impairment loss is recorded if the undiscounted future cash flows from the hotel are less than the book value of the non-current assets of the hotel. The recoverable amount (the higher of net selling price or value in use) is used to determine the impairment loss. The value in use is based on the estimated undiscounted future cash flows from each hotel and multiple assumptions used in the estimates. The net selling price is calculated based on the real estate appraisal value by external experts. In the current fiscal year, the net selling price exceeded the book value of the non-current assets despite the value in use being less than the book value, so no impairment loss was recorded.

② Key Assumptions Used in Calculating Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year

- Key assumptions in calculating the net selling price include discount rates, room rates, occupancy rates, rent, and real estate market trends.

③ Impact on the Consolidated Financial Statements for the Next Fiscal Year

- These estimates are based on information available at the end of the current fiscal year. If there are changes in the conditions or assumptions underlying the estimates, there could be significant impacts on the valuation of non-current assets in the consolidated financial statements for the next fiscal year.

(Changes in Accounting Policies)

(Application of Guidelines for the Calculation of Fair Value)

- The “Guidelines for the Calculation of Fair Value” (Accounting Standards Application Guidelines No. 31, June 17, 2021) have been applied from the beginning of the current fiscal year. Following the transitional treatment specified in paragraph 27-2 of the Guidelines, the new accounting policies prescribed by the Guidelines have been applied prospectively. There is no impact on the consolidated financial statements due to this change.

(Changes in Presentation Methods)

(Consolidated Balance Sheet)

- In the previous fiscal year, “Accrued Expenses” and “Deposits Paid,” which were independently listed under “Current Liabilities,” have been included in “Other” from the current fiscal year due to their immateriality. To reflect this change, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, “Accrued Expenses” of 223,093 thousand yen, “Deposits Paid” of 296,485 thousand yen, and “Other” of 15,362 thousand yen previously listed under “Current Liabilities” have been reclassified as “Other” totalling 534,940 thousand yen in the consolidated balance sheet for the previous fiscal year.

(Consolidated Balance Sheet)

※1 Accumulated Depreciation of Property, Plant and Equipment is as follows:

	As of December 31, 2022	As of December 31, 2023
Accumulated Depreciation of property, plant and equipment	473,128 thousand yen	262,893 thousand yen

※2 Secured Assets and Secured Liabilities are as follows:

(1) Secured Liabilities

	As of December 31, 2022	As of December 31, 2023
Current portion of log-term borrowings	2,096,132 thousand yen	- thousand yen
Long-term Borrowings	749,468 thousand yen	- thousand yen
Total	2,845,600 thousand yen	- thousand yen

(2) Secured Assets

	As of December 31, 2022	As of December 31, 2023
Cash and Deposits	101,810 thousand yen	- thousand yen
Buildings and structures in trust, net	1,328,383 thousand yen	- thousand yen
Land in trust	1,198,686 thousand yen	- thousand yen
Construction in Progress	1,899,774 thousand yen	- thousand yen
Total	4,528,654 thousand yen	- thousand yen

※3 Guarantee Obligation are as follows:

- We guarantee the borrowings from financial institutions of the following company as follows:

	As of December 31, 2022	As of December 31, 2023
Red Planet Hotels Philippines Corporation	1,576,568 thousand yen	- thousand yen

- Of this amount, the following company has provided re-guarantees:

	As of December 31, 2022	As of December 31, 2023
Red Planet Hotels Limited	1,576,568 thousand yen	- thousand yen

※4 Non-Recourse Debt is as follows:

(1) Non-Recourse Debt

	As of December 31, 2022	As of December 31, 2023
Current portion of log-term borrowings	2,055,400 thousand yen	- thousand yen
Total	2,055,400 thousand yen	- thousand yen

(2) Assets Corresponding to Non-Recourse Debt

	As of December 31, 2022	As of December 31, 2023
Cash and Deposits	101,810 thousand yen	- thousand yen
Buildings and structures in trust, net	1,328,383 thousand yen	- thousand yen
Land in trust	1,198,686 thousand yen	- thousand yen
Total	2,628,880 thousand yen	- thousand yen

(Consolidated Statement of Income)

※1 Major Expenses and Amounts of Selling, General, and Administrative Expenses are as follows.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Salaries	167,071 thousand yen	97,756 thousand yen
Depreciation	160,641 thousand yen	41,601 thousand yen
Rent expenses on land and buildings	189,380 thousand yen	92,742 thousand yen
Commission expenses	183,760 thousand yen	9,207 thousand yen

※2 Details of Gain on Sale of Non-current Assets are as follows.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Buildings and structures in trust, net	- thousand yen	246,055 thousand yen
Land in trust	- thousand yen	8,699 thousand yen
Other	94 thousand yen	- thousand yen
Total	94 thousand yen	254,754 thousand yen

※3 Details of Gain on cancellation of leases are as follows:

- For the fiscal year ended December 31, 2022

Due to the termination of lease contracts related to Red Planet Nagoya Nishiki, Red Planet Sapporo Susukino Chuo, Red Planet Hiroshima, and Red Planet Tokyo Asakusa.

- For the fiscal year ended December 31, 2023

Not applicable.

※4 Details of Gain on forgiveness of debts are as follows:

- For the fiscal year ended December 31, 2022

Due to debt forgiveness of management advisory fees.

- For the fiscal year ended December 31, 2023

Not applicable.

※5 Details of Loss on sale of non-current assets are as follows:

- For the fiscal year ended December 31, 2022

Not applicable.

- For the fiscal year ended December 31, 2023

Due to the sale of property, plant and equipment of Red Planet Sapporo Susukino South, which was operated by our consolidated subsidiary Red Planet Hotels Japan Co., Ltd.

※6 Details of Impairment Losses are as follows:

- For the fiscal year ended December 31, 2022

The Group recorded an impairment loss (284,125 thousand yen) as extraordinary loss for the following asset group.

Location	Main Use	Type	Impairment Loss (Thousand yen)
Philippines	Hotel	Construction in Progress	284,125

- **Grouping Method:** The Group groups assets by hotel, which is the smallest unit generating independent cash flows.

- **Rationale:** The hotel was written down to its recoverable amount due to the decline in profitability, and the difference was recorded as an impairment loss.
- **Calculation Method for Recoverable Amount:** The recoverable amount used to measure the impairment loss was the net selling price.
- For the fiscal year ended December 31, 2023

The Group recorded an impairment loss (61,812 thousand yen) as extraordinary loss for the following asset group.

Location	Main Use	Type	Impairment Losses (Thousand yen)
Japan (Wen Tokyo Co., Ltd.)	Web3 and Metaverse-related business, etc.	Construction in Progress	32,939
Japan (Metamarket Inc.)	Web3 and Metaverse-related business, etc.	Software in Progress	28,872

- **Grouping Method:** The Group groups assets by business or hotel, which is the smallest unit generating independent cash flows.
- **Rationale:** Due to delays in system development and uncertainty in future revenue and profit acquisition, impairment processing was performed for non-current assets related to Web3 and Metaverse-related businesses of Metamarket Inc. and Wen Tokyo Co., Ltd., and extraordinary losses were recorded.
- **Calculation Method for Recoverable Amount:** The recoverable amount used to measure the impairment loss was based on value in use but was evaluated as zero due to the lack of expected future cash flows.

※7 Details of Loss on liquidation of subsidiaries and associates are as follows:

For the fiscal year ended December 31, 2022

Not applicable.

For the fiscal year ended December 31, 2023

The loss related to the sale transaction of the shares of Red Planet Hotels Manila Corporation, a consolidated subsidiary.

※8 Provision for Loss on Guarantees

- For the fiscal year ended December 31, 2022

Due to the inability of the borrower to repay the principal and interest at the due date due to lack of funds and the inability of the company to fulfill the debt guarantee in cash due to the same reason, the shares and receivables of six subsidiaries in Thailand (referred to as the pledged assets) were used to cover the repayment of the loan. As a result, these six companies were excluded from the consolidation scope, and the net impact of this exclusion was recorded as a provision at the time it was determined that the pledged assets would be used for repayment.

- For the fiscal year ended December 31, 2023

Not applicable.

(Consolidated Statement of Comprehensive Income)

Amounts Reclassified and Tax Effects Related to Other Comprehensive Income

Item	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Foreign Currency Translation Adjustment		
Amount Accrued During Period	16,140 thousand yen	51,284 thousand yen
Total Other Comprehensive Income	16,140 thousand yen	51,284 thousand yen

(Consolidated Statement of Changes in Equity)
o For the fiscal year ended December 31, 2022

1. Matters related to types and Total Number of Issued Shares and Treasury Shares

Type of Shares	Number of Shares at Beginning of Period (Shares)	Increase in Number of Shares (Shares)	Decrease in Number of Shares (Shares)	Number of Shares at End of Period (Shares)
Outstanding Shares				
Common Shares	57,192,187	-	-	57,192,187
Total	57,192,187	-	-	57,192,187
Treasury Shares				
Common Shares	16,955	3,140	-	20,095
Total	16,955	3,140	-	20,095

(Note) The increase in treasury shares is due to the purchase of shares less than one unit.

2. Details on Share acquisition rights

Company name	Breakdown	Type of shares subject to rights	Number of shares subject to rights (Shares)			End of the current consolidated fiscal year	Balance at end of the current consolidated fiscal year (Thousand yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease		
Filing company	2014 Third-Party Allotment Share acquisition rights (Issued on February 21, 2014)	Common Shares	470,000	-	470,000	-	-
Filing company	2015 Third-Party Allotment Share acquisition rights (Issued on March 12, 2015)	Common Shares	545,000	-	-	545,000	4,632
Total			1,015,000	-	470,000	545,000	4,632

(Note) The number of shares as the subject is the number of shares assuming that the share acquisition rights were exercised.

3. Matters related to Dividends

(1) Dividends paid

Not applicable.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Not applicable.

For the fiscal year ended December 31, 2023

1. Details on Types and Total Number of Issued Shares and Treasury Shares

Type of Shares	Number of Shares at Beginning of Period (Shares)	Increase in Number of Shares (Shares)	Decrease in Number of Shares (Shares)	Number of Shares at End of Period (Shares)
Outstanding Shares				
Common Shares (Note 1)	57,192,187	57,500,000	-	114,692,187
Total	57,192,187	57,500,000	-	114,692,187
Treasury Shares				
Common Shares (Note 2)	20,095	1,630	-	21,725
Total	20,095	1,630	-	21,725

(Note 1) The number of issued shares increased by 57,500,000 shares due to a public offering with a payment date of February 8, 2023.

(Note 2) The increase in treasury shares is due to the purchase of shares less than one unit.

2. Details on Share acquisition rights, etc.

Company Name	Breakdown	Type of shares subject to rights	Number of shares to be issued (Shares)			End of the current consolidated fiscal year	Balance at end of the current consolidated fiscal year (Thousand yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease		
Filing company	2015 Third-Party Allotment Share acquisition rights (Issued on March 12, 2015) (Note 2)	Common Shares	545,000	-	545,000	-	-
	9th Share acquisition rights (Issued on February 8, 2023) (Note 3)	Common Shares	-	67,000,000	-	67,000,000	15,410
	10th Share acquisition rights (Issued on February 8, 2023) (Note 3)	Common Shares	-	46,000,000	-	46,000,000	6,480
	Total		545,000	113,000,000	545,000	113,000,000	21,890

(Note) 1 The number of shares as the subject is the number of shares assuming that the share acquisition rights were exercised.

2 The decrease in the share acquisition rights issued on March 12, 2015, is due to the expiration of the shares.

3 The increase in the share acquisition rights issued on February 8, 2023, is due to the issuance of share acquisition rights through a third-party allotment.

3. Matters related to dividends

(1) Dividends paid

Not applicable.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Not applicable.

(Consolidated Statement of Cash Flows)

※1 Relationship between the Ending Balance of Cash and Cash Equivalents and the Amounts Listed in the Consolidated Balance Sheet is made as follows.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash and Deposits Account	207,260 thousand yen	553,175 thousand yen
Term Deposits with Deposit Periods Exceeding Three Months	- thousand yen	- thousand yen
Cash and Cash Equivalents	207,260 thousand yen	553,175 thousand yen

※2 Details of Assets and Liabilities of Companies that Ceased to be Consolidated Subsidiaries due to Stock Transfer

For the fiscal year ended December 31, 2022

Due to the stock transfer, six subsidiaries in Thailand ceased to be consolidated subsidiaries and were excluded from the scope of consolidation. The amounts of assets and liabilities reduced due to this exclusion are as follows:

Current Assets	107,259 thousand yen
Non-current Assets	1,578,624 thousand yen
Total Assets	1,685,883 thousand yen
Current Liabilities	169,944 thousand yen
Non-current Liabilities	710,978 thousand yen
Total Liabilities	880,922 thousand yen

The amount of cash and cash equivalents reduced due to this exclusion is included in “Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation”.

For the fiscal year ended December 31, 2023

Not applicable.

※3 For the fiscal year ended December 31, 2023

Due to the stock transfer, Red Planet Hotels Manila Corporation ceased to be a consolidated subsidiary and was excluded from the scope of consolidation. The amounts of assets and liabilities reduced, as well as the sale price of shares and receivables, and income from the sale are as follows:

Current Assets	292,992 thousand yen
Non-current assets	2,598,446 thousand yen
Total Assets	2,891,439 thousand yen
Current Liabilities	709,774 thousand yen
Non-current Liabilities	3,082,806 thousand yen
Total Liabilities	3,792,580 thousand yen
Transferred Receivables	2,112,114 thousand yen
Loss on liquidation of subsidiaries and associates	(303,092) thousand yen
Sale of Shares and Receivables	907,879 thousand yen
Cash and Cash Equivalents	(14,939) thousand yen
Difference: Proceeds from sales	892,940 thousand yen

(Lease Transactions)

For the fiscal year ended December 31, 2022

(Lessee Side)

1. Finance Lease Transactions

- Finance Lease Transactions without Transfer of Ownership

① Contents of Leased Assets

- Property, plant and equipment
 - These are primarily leased assets related to sale-and-leaseback transactions of hotel facilities.

② Depreciation Method of Leased Assets

- As described in the Significant matters that serve as the basis of presenting Consolidated Financial Statements under “3. Matters Regarding Accounting Policies (2) Depreciation Methods for Significant Depreciable Assets”.

2. Operating Lease Transactions

- Unearned Lease Fees for Non-cancellable Operating Lease Transactions
 - Omitted due to lack of material significance.

For the fiscal year ended December 31, 2023

(Lessee Side)

- Not applicable.

(Financial Instruments)

1. Information on Financial Instruments

(1) Policy for handling financial instruments

The Group mainly procures necessary funds (mainly through bank borrowings or new stock issuances) for carrying out business plans, including capital investments. Regarding derivatives, the policy is not to engage in speculative transactions but to use them only for hedging against interest rate and exchange rate fluctuations.

(2) Contents and Risks of Financial Instruments

- Accounts receivable – trade, operating loans, and Long-term accounts receivables – other from business operations are exposed to the credit risk of customers and trading partners.
- Operating accounts payable have payment due dates within one year. Short-term borrowings are primarily for funding business transactions, while long-term borrowings are mainly for capital investments. Some of these borrowings are denominated in foreign currencies, exposing the company to exchange rate fluctuation risks.

(3) Risk Management System for Financial Instruments

① Credit Risk Management (Risk of default by counterparties)

- The company monitors the status of major customers regularly according to the Credit Management Rules, manages due dates and balances for each counterparty through the sales management department of each business unit, and takes measures to identify and mitigate potential collection issues early due to financial deterioration. Subsidiaries also follow similar management practices based on the company's Credit Management Rules.
- As of the consolidated fiscal year-end, the maximum credit risk exposure is represented by the balance sheet value of financial assets exposed to credit risk.

② Market Risk Management (Risk of exchange rate fluctuations)

- The company continuously monitors market fluctuations related to exchange rates and other variables.

③ Liquidity Risk Management (Risk of being unable to execute payments by due dates)

- The management department monitors payment-related information based on reports from various departments and manages liquidity risk by considering on-hand cash and deposits, reporting monthly to the responsible officers.

(4) Supplementary Explanation on Matters Related to the Fair Value of Financial Instruments

- When calculating the fair value of financial instruments, various factors are considered. The value may fluctuate if different assumptions are used.

2. Fair Value of Financial Instruments

The amounts recorded on the consolidated balance sheet, their fair values, and the differences are as follows:

As of December 31, 2022

	Amount on Consolidated Balance Sheet (Thousand yen)	Fair Value (Thousand yen)	Difference (Thousand yen)
(1) Long-term loans receivable	328,978		
Allowance for doubtful accounts (Note 2)	(80,310)		
	248,667	248,667	-
(2) Long-term accounts receivables – other	359,762		
Allowance for doubtful accounts (Note 2)	(359,762)		
	-	-	-
Total assets	248,667	248,667	-
(1) Long-term borrowings (Note 3)	3,164,631	3,164,631	-
Total liabilities	3,164,631	3,164,631	-

Note 1 Items such as “Cash and deposits,” “Accounts receivable – trade,” “Short-term borrowings,” “Accounts payable – other,” and “Deposits paid” are not included because their fair values are close to their book values due to their liquidity.

2 Long-term loans receivable and Long-term accounts receivables – other are presented net of individual allowances for doubtful accounts.

3 Long-term borrowings include current portion of long-term borrowings.

As of December 31, 2023

	Amount on Consolidated Balance Sheet (Thousand yen)	Fair Value (Thousand yen)	Difference (Thousand yen)
(1) Long-term loans receivable	80,310		
Allowance for doubtful accounts (Note 2)	(80,310)		
	-	-	-
(2) Long-term accounts receivables – other	359,762		
Allowance for doubtful accounts (Note 2)	(359,762)		
	-	-	-
Total assets	-	-	-
(1) Long-term borrowings	130,501	130,501	-
Total liabilities	130,501	130,501	-

Note 1 Items such as “Cash and deposits,” “Accounts receivable – trade,” and “Accounts payable – other” are not included because their fair values are close to their book values due to their liquidity.

2 Long-term loans receivable and Long-term accounts receivables – other are presented net of individual allowances for doubtful accounts.

3 Non-marketable securities are not included. The amount recorded on the consolidated balance sheet for such financial instruments is 73,654 thousand yen. Additionally, an impairment loss of 124,765 thousand yen was recorded for unlisted shares during the current fiscal year.

4 Scheduled Redemption Amounts of Monetary Claims and Securities with Maturity Dates

As of December 31, 2022

	(In thousands of yen)			
	Within 1 Year	Over 1 Year Within 5 Years	Over 5 Years Within 10 Years	Over 10 Years
Cash and deposits	207,260	-	-	-
Accounts receivable – trade	17,225	-	-	-
Long-term borrowings	-	248,667	-	-
Total	224,486	248,667	-	-

As of December 31, 2023

	(In thousands of yen)			
	Within 1 Year	Over 1 Year Within 5 Years	Over 5 Years Within 10 Years	Over 10 Years
Cash and deposits	553,175	-	-	-
Accounts receivable – trade	23,306	-	-	-
Total	576,481	-	-	-

(Note) Long-term loans receivable of 80,310 thousand yen for which the collection period cannot be reasonably estimated are not included in the above table.

Note 5 Scheduled Repayment Amounts of Bonds, Long-term Borrowings, Lease Liabilities, and Other Interest-bearing Liabilities

As of December 31, 2022

	(In thousands of yen)					
	Within 1 Year	Over 1 Year Within 2 Years	Over 2 Years Within 3 Years	Over 3 Years Within 4 Years	Over 4 Years Within 5 Years	Over 5 Years
Long-term borrowings	2,096,132	57,024	73,317	93,683	118,122	407,320
Total	2,096,132	57,024	73,317	93,683	118,122	407,320

(Note) Long-term borrowings of 319,030 thousand yen for which the repayment period cannot be reasonably estimated are not included in the above table.

As of December 31, 2023

(Thousand Yen)	(In thousands of yen)					
	Within 1 Year	Over 1 Year Within 2 Years	Over 2 Years Within 3 Years	Over 3 Years Within 4 Years	Over 4 Years Within 5 Years	Over 5 Years
Long-term borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-

(Note) Long-term borrowings of 130,501 thousand yen for which the repayment period cannot be reasonably estimated are not included in the above table.

3. Matters Concerning the Breakdown of the Fair Value of Financial Instruments by Level

Fair values of financial instruments are classified into the following three levels based on the observability and significance of inputs used in the valuation:

Level 1 Fair Value: Fair values calculated using quoted prices in active markets for identical assets or liabilities.

Level 2 Fair Value: Fair values calculated using observable inputs other than those included in Level 1.

Level 3 Fair Value: Fair values calculated using unobservable inputs.

If multiple inputs significantly affecting the fair value calculation are used, the fair value is classified according to the input with the lowest priority.

(1) Financial Instruments Recorded at Fair Value on the Consolidated Balance Sheet

Not applicable.

(2) Financial Instruments Not Recorded at Fair Value on the Consolidated Balance Sheet

As of December 31, 2022

Category	Fair Value (Thousand Yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	-	248,667	-	248,667
Long-term accounts receivables – other	-	-	-	-
Long-term borrowings	-	3,164,631	-	3,164,631

As of December 31, 2023

Category	Fair Value (Thousand Yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	-	-	-	-
Long-term accounts receivables – other	-	-	-	-
Long-term borrowings	-	130,501	-	130,501

Note: **Long-term Loans Receivable:** Fair values are approximately equal to the amounts recorded on the consolidated balance sheet after deducting the current estimated amounts for allowance for doubtful accounts. Classified as Level 2 fair values.

Long-term accounts receivables – other: Fair values are approximately equal to the amounts recorded on the consolidated balance sheet after deducting the current estimated amounts for allowance for doubtful accounts. Classified as Level 2 fair values.

Long-term Borrowings: Fair values of long-term borrowings (including current portion of long-term borrowings) are calculated by discounting the total principal and interest amounts using the interest rates assumed for similar new borrowings. Classified as Level 2 fair values.

(Retirement Benefits)

For the fiscal year ended December 31, 2022

Omitted due to insignificance.

For the fiscal year ended December 31, 2023

Omitted due to insignificance.

(Stock Options, etc.)

1. Amount Recognized as Profit Due to Expiration Without Exercise

	(In thousands of yen)	
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Gain on reversal of share acquisition rights	2,820	4,632

2. Details, Scale, and Changes of Stock Options

(1) Details of Stock Options

- 10th Series Share acquisition rights
 - Board of Directors Resolution: December 28, 2022
 - Extraordinary General Meeting of Shareholders Approval: February 7, 2023
 - Categories and Numbers of Grantees (Note 2)
 - Directors: 2 persons
 - Employees: 5 persons
 - Number of Stock Options by Type of Shares (Note 1)
 - Common Shares: 46,000,000 shares
 - Grant Date: February 8, 2023
 - Vesting Conditions:

Other Conditions for the Exercise of the Share acquisition rights

(1) Partial exercise of a single Share Acquisition Right is not permitted.

(2) Holders of these Share acquisition rights (hereinafter referred to as “Warrantholders”) may exercise their rights only up to the following limits per period, inclusive of previously exercised rights. However, this restriction shall not apply if approved by a resolution of the Board of Directors. If the number of exercisable Share acquisition rights calculated under the below percentages includes a fraction of less than one unit, such fraction shall be rounded down.

① February 8, 2026 – February 7, 2027:

Up to one-third of the total number of Share acquisition rights allotted to the Warrantholder

② February 8, 2027 – February 7, 2028:

Up to two-thirds of the total number of Share acquisition rights allotted to the Warrantholder

③ From February 8, 2028 to the end of the exercise period:

All Share acquisition rights held by the Warrantholder may be exercised

Grounds for Acquisition of Share acquisition rights by the Company

If any of the following events occur in relation to a warrant holder, the Company may acquire all Share acquisition rights held by such holder, either (i) without compensation if the number of Share acquisition rights subject to such acquisition (“Number of Share acquisition rights Subject to Acquisition”) is equal to or less than the number of Share acquisition rights held by such Holder that have not yet become exercisable (“Number of Unexercisable Share acquisition rights”), or (ii) for 12.6 yen per unit (any fraction less than 1 yen resulting from multiplying by the number of the subject Share acquisition rights shall be rounded up or down) if the Number of Share acquisition rights Subject to Acquisition exceeds the Number of Unexercisable Share acquisition rights.

(1) The warrant holder ceases to be a director, auditor, or employee of the Company or its subsidiaries (collectively referred to as the “Issuer Group”), except in cases where the resignation is due to expiration of term, retirement at the statutory age, or other reasons deemed legitimate by the Company’s Board of Directors.

(2) If any of the following circumstances apply to the warrant holder in relation to the Share acquisition rights:

① Serious violation of laws or internal rules of the Issuer Group

② Conviction resulting in a sentence of imprisonment or greater

③ Appointment to or acceptance of a position as an officer or employee of a competing company without prior approval from the Company

- Exercise Period: From February 8, 2026 (inclusive) to February 7, 2033 (inclusive)

Note 1 The number is described in terms of the number of shares.

2 The categories and numbers of grantees are as of the time of grant.

(2) Scale and Changes in Stock Options

Stock options existing in the current consolidated fiscal year (2023) are described in terms of the number of shares.

① Number of Stock Options

- 10th Series Share acquisition rights
 - Board of Directors Resolution: December 28, 2022
 - Extraordinary General Meeting of Shareholders Approval: February 7, 2023

	Number of Shares
Before Vesting	
At End of Previous Consolidated Fiscal Year	-
Granted	46,000,000
Expired	-
Vested	-
Unvested Balance	46,000,000
After Vesting	
At End of Previous Consolidated Fiscal Year	-
Vested	-
Exercised	-
Expired	-
Unexercised Balance	-

② Pricing Information

- 10th Series Share acquisition rights
 - Board of Directors Resolution: December 28, 2022
 - Extraordinary General Meeting of Shareholders Approval: February 7, 2023

	Amount (Yen)
Exercise Price	10
Average Stock Price at Exercise	-
Fair Value at Grant Date	18

3. Method of Estimating the Number of Vested Stock Options

Basically, since it is difficult to reasonably estimate the number of future expirations, the method of reflecting only the actual number of expirations has been adopted.

(Tax Effect Accounting)

1. Breakdown of Major Causes of Deferred Tax Assets and Deferred Tax Liabilities

	(In thousands of yen)	
	As of December 31, 2022	As of December 31, 2023
(Deferred Tax Assets)		
Allowance for Doubtful Accounts	154,316	136,629
Valuation Loss on Inventories	2,454	-
Impairment Losses	141,417	-
Valuation Loss on Investment Securities	11,725	48,590
Carried-forward Tax losses (Note 2)	3,863,708	4,116,768
Other	20,660	54,309
Subtotal of Deferred Tax Assets	4,194,283	4,356,298
Valuation Allowance for Carried-forward Tax losses (Note 2)	(3,863,708)	(4,116,768)
Valuation Allowance for Total of Future Deductible Temporary Differences, etc.	(330,574)	(239,530)
Subtotal of Valuation Allowance (Note 1)	(4,194,283)	(4,356,298)
Total Deferred Tax Assets	-	-
(Deferred Tax Liabilities)		
Total Deferred Tax Liabilities	-	-
Net Deferred Tax Assets (Liabilities)	-	-

Note 1 The main reason for the change in the valuation allowance is the increase in the tax Carried-forward Tax losses.

2 Amounts of tax Carried-forward Tax losses and their deferred tax assets by expiration period:

As of December 31, 2022

	(In thousands of yen)						
	Within 1 Year	Over 1 Year Within 2 Years	Over 2 Years Within 3 Years	Over 3 Years Within 4 Years	Over 4 Years Within 5 Years	Over 5 Years	Total
Tax Carried-forward Tax losses (Note)	20,936	-	33,852	316,139	114,427	3,378,353	3,863,708
Valuation Allowance	(20,936)	-	(33,852)	(316,139)	(114,427)	(3,378,353)	(3,863,708)
Deferred Tax Assets	-	-	-	-	-	-	-

Note: Tax Carried-forward Tax losses is multiplied by the statutory effective tax rate.

As of December 31, 2023

	(In thousands of yen)						
	Within 1 Year	Over 1 Year Within 2 Years	Over 2 Years Within 3 Years	Over 3 Years Within 4 Years	Over 4 Years Within 5 Years	Over 5 Years	Total
Tax Carried-forward Tax losses (Note)	-	33,567	287,183	83,145	26,316	3,686,555	4,116,768
Valuation Allowance	-	(33,567)	(287,183)	(83,145)	(26,316)	(3,686,555)	(4,116,768)
Deferred Tax Assets	-	-	-	-	-	-	-

Note: Tax Carried-forward Tax losses is multiplied by the statutory effective tax rate.

2. Significant Differences Between Statutory Effective Tax Rate and Corporate Tax Burden Rate After Applying Tax Effect Accounting

	As of December 31, 2022	As of December 31, 2023
Statutory Effective Tax Rate	34.6%	
(Adjustments)		
Donations to Foreign Related Parties	17.9	
Reversal of Foreign Currency Translation Adjustment Account	9.7	Loss before income taxes recorded, description omitted.
Impact of Valuation Allowance	(60.3)	
Other	(1.8)	
Corporate Tax Burden Rate After Applying Tax Effect Accounting	0.2	

(Business Combinations, etc.)

I. Sale of Subsidiary Shares

(1) Overview of Business Separation

① **Name of the Separated Company:**

Polaris Asia Co., Ltd.

② **Description of the Separated Business and Name of the Separated Subsidiary:**

Hotel business conducted by the following subsidiary:

Red Planet Hotels Manila Corporation

③ **Main Reason for Business Separation:**

We have been advancing the construction of two new hotels in Metro Manila, Philippines. However, considering the review of our global strategy and the need to secure future operating funds, we decided to sell the shares.

④ **Date of Business Separation:**

October 2, 2023

⑤ **Other Details of the Transaction, Including Legal Form:**

The stock transfer was conducted as a sale of shares in exchange for cash only.

(2) Overview of Accounting Treatment

① **Amount of Gain or Loss on Transfer:**

Loss on liquidation of subsidiaries and associates: 303,092 thousand yen

② **Fair Book Value of Assets and Liabilities of the Transferred Business and Their Main Components:**

	Amount (Thousand yen)
Current Assets	292,992
Non-current Assets	2,598,446
Total Assets	2,891,439
Current Liabilities	709,774
Non-current Liabilities	3,082,806
Total Liabilities	3,792,580

③ Accounting Treatment:

The difference between the consolidated book value of the transferred shares and the sale price is recorded as “Loss on liquidation of subsidiaries and associates” under extraordinary losses.

(3) Reporting Segment that Included the Separated Business:

Hotel business

(4) Approximate Amount of Profit or Loss Related to the Separated Business Included in the Consolidated Income Statement for the Current Fiscal Year:

	Amount (Thousand yen)
Sales	-
Operating Loss	(60,866)

(Asset Retirement Obligations)

Not applicable.

(Leased and Other Real Estate)

Not applicable.

(Revenue Recognition)

The basic information for understanding revenue arising from contracts with customers is described in “(Significant Matters that serve as the basis of Presenting Consolidated Financial Statements) 3. Matters Regarding Accounting Policies (5) Standards for Recording Significant Revenues and Expenses.”

(Segment Information, etc.)

[Segment Information]

1. Overview of Reporting Segments

Our reporting segments are based on units for which separate financial information is available and which are regularly reviewed by the Board of Directors to decide on the allocation of resources and evaluate performance. Until the previous consolidated fiscal year, our group operated under a single segment, the “Hotel Business.” However, with the commencement of new Web3 and Metaverse-related businesses, starting from the current consolidated fiscal year, our reporting segments have been changed to “Hotel Business” and “Others,” which includes Web3 and Metaverse-related businesses.

2. Method of Calculating Sales, Profit or Loss, Assets, and Other Items for Each Reporting Segment

The accounting methods applied to the reported business segments are the same as those used in the preparation of the consolidated financial statements. The profit or loss for each reporting segment is based on operating profit or loss.

3. Information on Sales, Profit or Loss, Assets, Liabilities, and Other Amounts by Reporting Segment and Breakdown of Revenue

For the fiscal year ended December 31, 2022:

Our group operated under a single segment, the “Hotel Business,” hence segment information is omitted.

For the fiscal year ended December 31, 2023:

						(In thousands of yen)
	Reporting Segments		Other (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Financial Statement Amount (Note 4)
	Hotel Business	Total				
Net Sales						
External Sales	261,633	261,633	-	261,633	-	261,633
Internal Sales or Transfers	-	-	-	-	-	-
Total	261,633	261,633	-	261,633	-	261,633
Segment Loss	(348,995)	(348,995)	(11,116)	(360,112)	(107,957)	(468,070)
Segment Assets	1,054,504	1,054,504	75,124	1,129,629	536,508	1,666,137
Other Items						
Depreciation Expense	41,601	41,601	-	41,601	-	41,601
Impairment Losses	-	-	61,812	61,812	-	61,812
Increase in Property, Plant and Equipment and Intangible Assets	108,618	108,618	50,630	159,249	-	159,249

Note

1. "Other" includes business segments not included in the reporting segments, including Web3 and Metaverse-related businesses.
2. Adjustments to segment loss are corporate expenses not allocated to each reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.
3. Adjustments to segment assets are corporate assets amounting to 536,508 thousand yen.
4. Segment loss is adjusted to reconcile with the operating loss in the consolidated income statement.

[Related Information]

For the fiscal year ended December 31, 2022

1. Information by Product and Service

Since sales to external customers for a single service category account for more than 90% of net sales on the consolidated statement of income, this information is omitted.

2. Information by Geographic Area

(1) Net Sales

				(In thousands of yen)
Japan	Philippines	Thailand	Total	
305,065	-	61,056	366,121	

(Note) Net sales are classified by country or region based on the location of the services provided.

(2) Property, plant and equipment

				(In thousands of yen)
Japan	Philippines	Thailand	Total	
2,580,008	1,899,774	-	4,479,782	

3. Information by Major Customer

There are no customers accounting for more than 10% of the net sales on the consolidated statement of income, hence this information is omitted.

For the fiscal year ended December 31, 2023

1. Information by Product and Service

Since similar information is disclosed in segment information, this information is omitted.

2. Information by Geographic Area

(1) Net Sales

(In thousands of yen)		
Japan	Thailand	Total
261,633	-	261,633

(Note) Net sales are classified by country or region based on the location of the services provided.

(2) Property, plant and equipment

(In thousands of yen)		
Japan	Philippines	Total
974,988	-	974,988

3. Information by Major Customer

There are no customers accounting for more than 10% of the net sales on the consolidated statement of income, hence this information is omitted.

[Information on Impairment Losses on Non-current assets by Reporting Segment]

For the fiscal year ended December 31, 2022

Since our group operated under a single segment, the “Hotel Business,” this information is omitted.

For the fiscal year ended December 31, 2023

	(In thousands of yen)		
	Reporting Segment		Other (Note)
	Hotel Business	Total	
Impairment Losses	-	-	61,812

(Note) “Other” includes business segments not included in the reporting segments, including Web3 and Metaverse-related businesses.

[Information on Amortization and Unamortized Balance of Goodwill by Reporting Segment]

For the fiscal year ended December 31, 2022

Since our group operated under a single segment, the “Hotel Business,” this information is omitted.

For the fiscal year ended December 31, 2023

Not applicable.

[Information on Gains from Negative Goodwill by Reporting Segment]

For the fiscal year ended December 31, 2022

Since our group operated under a single segment, the “Hotel Business,” this information is omitted.

For the fiscal year ended December 31, 2023

Not applicable.

[Related Party Information]

1. Transactions with Related Parties

(1) Transactions between the Company Filing Consolidated Financial Statements and Related Parties

(i) Parent Company and Major Shareholders (Limited to Companies, etc.)

For the fiscal year ended December 31, 2022

Type	Company Name or Individual Name	Location	Capital or Investment	Business Content or Occupation	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen) (Note 1)	Account	Year-End Balance (Thousand yen)
Parent Company	Red Planet Hotels Limited	Cayman Islands	195,208 (Thousand USD)	Hotel Business	(Owned) Indirect (70.50)	Joint Officers	Borrowing of Funds (Note 1, 2)	16,170	—	—
							Guarantee of Debt (Note 4)	1,576,568	—	—
Parent Company	EVO FUND	Cayman Islands	83,925 (Thousand USD)	Investment Business	(Owned) Direct (52.62)	—	Borrowing of Funds (Note 1, 3)	200,000	Short-term Borrowings	339,387

(Note 1) EVO FUND LLC and EVO FUND acquired all shares of our company owned by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited (40,692,453 shares, 70.50% voting rights) through a public tender offer on September 27, 2022, and became our new parent company. The transaction amount is aggregated for the period when it was a related party. Additionally, a large shareholding report (change report) was submitted by EVO FUND LLC on October 4, 2022, indicating that EVO FUND LLC was no longer a parent company as of September 27, 2022, after being excluded as a joint holder.

(Note 2) The borrowing of funds is intended for lending purposes for hotel construction funds at our subsidiary, Red Planet Hotels Manila Corporation, and is exempt from interest.

(Note 3) The borrowing of funds considers market interest rates, and a reasonable rate is determined.

(Note 4) Red Planet Hotels Limited re-guarantees external borrowings made by Red Planet Hotels Philippines Corporation, for which our company guarantees the debt.

For the fiscal year ended December 31, 2023

Type	Company Name or Individual Name	Location	Capital or Investment	Business Content or Occupation	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen)	Account	Year-End Balance (Thousand yen)
Other Affiliated Company	EVO FUND	Cayman Islands	83,925 (Thousand USD)	Investment Business	(Owned) Direct (22.8)	—	Repayment of Funds (Note 1)	340,188	—	—
							Issuance of Bonds (Note 1, 2)	200,000	—	—
							Redemption of Bonds (Note 1)	200,000		

(Note 1) Due to a third-party allocation of shares conducted on February 8, 2023, the voting rights ratio of common shares held by EVO FUND decreased from 69.98% to 34.90%, changing its status from a parent company to an other affiliated company.

(Note 2) Borrowing of funds and issuance of bonds consider market interest rates, and reasonable rates are determined.

(ii) Companies, etc., that have the same parent company as the company filing consolidated financial statements and subsidiaries, etc., of other related companies of the company filing consolidated financial statements

For the fiscal year ended December 31, 2022

Type	Company Name or Individual Name	Location	Capital or Investment	Business Content or Occupation	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen) (Note 1)	Account	Year-End Balance (Thousand yen)
Subsidiary of Parent Company	Red Planet Hotels Philippines Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	—	Joint Officers	Debt Guarantee (Note 3)	1,576,568	—	—
Subsidiary of Parent Company	EVOLUTION JAPAN Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	315,000	Investment Business	—	—	Borrowing of Funds (Note 1, 2)	—	Short-term Borrowings	162,500

(Note 1) EVO FUND LLC and EVO FUND acquired all shares of our company owned by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited (40,692,453 shares, 70.50% voting rights) through a public tender offer on September 27, 2022, and became our new parent company. The transaction amount is aggregated for the period when it was a related party. Additionally, a large shareholding report (change report) was submitted by EVO FUND LLC on October 4, 2022, indicating that EVO FUND LLC was no longer a parent company as of September 27, 2022, after being excluded as a joint holder.

(Note 2) The borrowing of funds considers market interest rates, and a reasonable rate is determined.

(Note 3) Red Planet Hotels Limited re-guarantees external borrowings made by Red Planet Hotels Philippines Corporation, for which our company guarantees the debt.

For the fiscal year ended December 31, 2023

Type	Company Name or Individual Name	Location	Capital or Investment	Business Content or Occupation	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen)	Account	Year-End Balance (Thousand yen)
Subsidiary of Other Affiliated Company	EVOLUTION JAPAN Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	—	Investment Business	—	—	Repayment of Funds (Note)	162,500	—	—

(Note) Due to a third-party allocation of shares conducted on February 8, 2023, the voting rights ratio of common shares held by EVO FUND decreased from 69.98% to 34.90%, changing its status from a parent company to a subsidiary of other affiliated companies.

(iii) Non-Consolidated Subsidiaries and Related Companies of the Company Submitting the Consolidated Financial Statements

For the fiscal year ended December 31, 2022

Not applicable.

For the fiscal year ended December 31, 2023

Not applicable.

(2) Transactions between Consolidated Subsidiaries and Related Parties

(i) Parent Company and Major Shareholders, etc., of the Company Submitting Consolidated Financial Statements

For the fiscal year ended December 31, 2022

Not applicable.

For the fiscal year ended December 31, 2023

Not applicable.

(ii) Companies, etc., that have the same parent company as the company submitting consolidated financial statements and subsidiaries, etc., of other related companies of the company submitting consolidated financial statements

For the fiscal year ended December 31, 2022

Type	Company Name or Individual Name	Location	Capital or Investment	Business Content or Occupation	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen)	Account	Year-End Balance (Thousand yen)
Subsidiary of Parent Company	Red Planet Hotels Paranaque Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	—	Joint Officers	Lending of Funds (Note 1, 2)	96,369	Long-term Loans Receivable (Note 1, 2)	—

(Note 1) EVO FUND LLC and EVO FUND acquired all shares of our company owned by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited (40,692,453 shares, 70.50% voting rights) through a public tender offer on September 27, 2022, and became our new parent company. The transaction amount is aggregated for the period when it was a related party.

(Note 2) The consolidated subsidiary located in the Philippines provided loans. Due to concerns about financial deterioration, the interest was waived.

For the fiscal year ended December 31, 2023

Not applicable.

2. Officers and Major Individual Shareholders, etc.

For the fiscal year ended December 31, 2022

Not applicable.

For the fiscal year ended December 31, 2023

Type	Company Name or Individual Name	Ownership (Owned) Percentage (%)	Relationship with Related Parties	Transaction Content	Transaction Amount (Thousand yen)	Account	Balance at end of period (Thousand yen)
Officers and Their Relatives	Simon Gerovich	Direct (2.2) Indirect (23.8)	Representative Director of the Company	Subscription to Third-Party Allotment (Note 1)	60,000	—	—
Officers and Their Relatives	David Jonathan Spencer	Direct (13.1)	Director of the Company	Subscription to Third-Party Allotment (Note 1)	300,000	—	—
Officers and Their Relatives	Mark Reinecke	Direct (2.2)	Director of the Company	Subscription to Third-Party Allotment (Note 1, 2)	50,000	—	—
Companies Majority-Owned by Officers and Their Relatives	MMXX Ventures Limited	Direct (23.3)	Other Related Companies	Subscription to Third-Party Allotment (Note 1, 3)	534,500	—	—

(Note 1) The third-party allotment was conducted on February 8, 2023, at 20 yen per share, and the price was reasonably determined through discussions based on the value calculated by an independent third-party organization.

(Note 2) Mark Reinecke resigned as Director at the end of the Annual General Meeting held on March 24, 2023, upon the expiration of his term. The transactions listed were conducted during his term as a related party.

(Note 3) MMXX Ventures Limited is indirectly majority-owned by Simon Gerovich, the Representative Director of the Company.

3. Notes on Parent Company and Significant Related Companies

(1) Parent Company Information

For the fiscal year ended December 31, 2022
EVO FUND (Unlisted)

For the fiscal year ended December 31, 2023
Not applicable.

(2) Summary Financial Information of Significant Related Companies

For the fiscal year ended December 31, 2022
Not applicable.

For the fiscal year ended December 31, 2023
Not applicable.

(Per Share Information)

Item	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net Assets per Share	10.72 yen	9.86 yen
Net Income (Loss) per Share	17.10 yen	(6.29 yen)
Diluted Net Income per Share	—	—

(Note) 1 For the previous consolidated fiscal year, diluted net income per share is not stated because there were no dilutive potential shares. Similarly, for the current consolidated fiscal year, although there are dilutive potential shares, diluted net income per share is not stated because a net loss per share is recorded.

2 The basis for calculating net income or net loss per share is as follows:

Item	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net income (loss) per Share		
Net income (loss) attributable to owners of the parent (Thousand yen)	977,845	(683,923)
Amount not attributable to common shareholders (Thousand yen)	—	—
Net income (loss) attributable to owners of the parent for common shares (Thousand yen)	977,845	(683,923)
Average number of shares during the period (Shares)	57,173,494	108,684,941

(Significant Subsequent Events)

Reduction of Share Capital and Disposal of Surplus

At the Board of Directors meeting held on September 26, 2023, the company resolved to submit a proposal for “Reduction of Share Capital and Disposal of Surplus” at the extraordinary general meeting of shareholders scheduled for December 1, 2023. This proposal was approved and passed at the said extraordinary general meeting. The reduction of capital took effect on January 12, 2024, upon completion of creditor protection procedures.

(1) Purpose of the Reduction of Share Capital and Disposal of Surplus

- To cover deficits and strengthen the financial structure.
- To enable prompt and flexible capital policies.

(2) Details of the Reduction of Share Capital and Disposal of Surplus

① Amount of Capital Reduction

- Out of the share capital amounting to 575,000,001 yen, 575,000,000 yen will be reduced, resulting in a capital amount of 1 yen.

② **Method of Capital Reduction**

- The reduced share capital amount of 575,000,000 yen will be transferred to other capital surplus.

③ **Effective Date of Capital Reduction**

- January 12, 2024 (as per registration)

④ **Amount Transferred to Other Capital Surplus from the Capital Reduction**

- 575,000,000 yen

⑤ **Amount Transferred to Retained Earnings Brought Forward**

- On the effective date, 451,427,267 yen from other capital surplus will be transferred to retained earnings brought forward.

(Consolidated Supplementary Financial Schedules)

(Bond Detailed Statement)

Not applicable

(Borrowings Detailed Statement)

Category	Balance at the Beginning of the Period (Thousand yen)	Balance at the End of the Period (Thousand yen)	Average Interest Rate (%)	Repayment Term
Short-term borrowings	501,887	—	—	—
Current portion of non-recourse long-term borrowings	2,055,400	—	—	—
Current portion of long-term borrowings (excluding the above current portion of non-recourse long-term borrowings)	40,732	—	—	—
Current portion of lease liabilities	—	—	—	—
Long-term borrowings	1,068,499	130,501	0.00	—
Lease liabilities	—	—	—	—
Total	3,666,518	130,501	—	—

Note

1. The “Average Interest Rate” is the weighted average rate based on the balance of borrowings at the end of the period.
2. The repayment schedule for long-term borrowings (excluding those due within one year) within five years after the consolidated closing date is as follows:

Category	Over 1 year within 2 years (thousand yen)	Over 2 years within 3 years (thousand yen)	Over 3 years within 4 years (thousand yen)	Over 4 years within 5 years (thousand yen)
Long-term borrowings	—	—	—	—
Total	—	—	—	—

Note: Long-term borrowings of 130,501 thousand yen, for which the repayment period cannot be reasonably estimated, are not included in the above table.

(Asset Retirement Obligations Detailed Statement)

Not applicable.

(2) Others

Quarterly Information for the Current Consolidated Fiscal Year

(Cumulative Period)	Q1	Q2	Q3	Full Year
Net Sales (Thousand yen)	51,877	120,021	171,328	261,633
Profit (Loss) Before Income Taxes (Thousand yen)	(143,032)	81,582	(414,212)	(682,745)
Profit (Loss) Attributable to Owners of Parent (Thousand yen)	(143,359)	80,973	(415,059)	(683,923)
Net Income (Loss) per Share (Yen)	(1.59)	0.79	(3.89)	(6.29)

(Accounting Period)	Q1	Q2	Q3	Q4
Net Income (Loss) per Share (Yen)	(1.59)	1.96	(4.33)	(2.34)

Independent Auditor's Interim Review Report

August 13, 2025

The Board of Directors of Metaplanet Inc.

Yamabuki Audit Corporation
Tokyo Office

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 西岡 朋晃
Tomoaki Nishioka

Designated Partner and Engagement
Partner Certified Public Accountant

/s/ 内海 慎太郎
Shintaro Utsumi

Review of Interim Consolidated Financial Statements

Conclusion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have reviewed the interim consolidated financial statements of Metaplanet Inc. ("the Company") for the first six-month period (from January 1, 2025 to June 30, 2025) of the fiscal year from January 1, 2025 to December 31, 2025 and comprise the interim consolidated balance sheet, the interim consolidated statement of income, the interim consolidated statement of comprehensive income, the interim consolidated statement of cash flows, and the notes thereto.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of June 30, 2025, and its consolidated financial performance and consolidated cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Review of the Interim Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the interim consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with accounting principles generally accepted in Japan and for designing and implementing such internal controls as management determines is necessary to enable the preparation and fair presentation of interim consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the interim consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to its status as a going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Interim Consolidated Financial Statements

Our responsibility is to express a conclusion from an independent perspective on these condensed interim consolidated financial statements based on our review as independent auditor.

As part of a review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical procedures and other review procedures. Such a review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.
- If material uncertainties related to events or conditions that may cast significant doubt upon going concern assumption are recognized, conclude whether nothing comes to attention that causes us to believe that the documents are not fairly presented based on the evidence obtained in the condensed interim consolidated financial statements in accordance with accounting principles generally accepted in Japan. In addition, if material uncertainties regarding going concern assumption are recognized, the interim review report shall refer to the notes to the condensed interim consolidated financial statements, or, if material uncertainties stated in the notes to the condensed interim consolidated financial statements are inadequate, we are required to express qualified or adverse conclusions on the condensed interim consolidated financial statements. The auditor's conclusions are based on evidence obtained by the interim review reporting date, but future events and circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether nothing comes to attention that causes us to believe that the presentation and notes to the condensed interim consolidated financial statements do not comply with accounting principles generally accepted in Japan, or that the presentation, composition and contents of the condensed interim consolidated financial statements including related notes as well as the transactions and accounting events underlying the condensed interim consolidated financial statements are not fairly presented.
- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries to express a conclusion on the condensed interim consolidated financial statements. The auditor is responsible for directing, supervising, and conducting the review of the condensed interim consolidated financial statements, and is solely responsible for its conclusion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant review findings.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the interim consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

1 [Interim Consolidated Financial Statements]
(1) [Interim Consolidated Balance Sheet]

	(In millions of yen)	
	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	294	1,717
Accounts receivable - trade	32	24
Deposits paid	2,322	26,280
Other	43	484
Allowance for doubtful accounts	(6)	-
Total current assets	2,685	28,507
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106	98
Land	866	866
Other, net	2	2
Total property, plant and equipment	975	968
Intangible assets		
Other	76	73
Total intangible assets	76	73
Investments and other assets		
Bitcoin assets	26,348	207,985
Deferred tax assets	5	3
Other	478	125
Allowance for doubtful accounts	(359)	-
Total investments and other assets	26,473	208,114
Total non-current assets	27,525	209,155
Deferred assets		
Share issuance costs	114	552
Total deferred assets	114	552
Total assets	30,325	238,214

	(In millions of yen)	
	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Current portion of bonds payable	11,250	30,000
Income taxes payable	19	17
Other	124	741
Total current liabilities	11,393	30,758
Non-current liabilities		
Retirement benefit liability	7	9
Deferred tax liabilities	1,958	6,444
Total non-current liabilities	1,966	6,454
Total liabilities	13,359	37,213
Net assets		
Shareholders' equity		
Share capital	0	88,721
Capital surplus	8,175	97,136
Retained earnings	9,012	14,919
Treasury shares	(248)	(7)
Total shareholders' equity	16,939	200,769
Accumulated other comprehensive income		
Foreign currency translation adjustment	-	(290)
Total accumulated other comprehensive income	-	(290)
Share acquisition rights	26	521
Total net assets	16,965	201,001
Total liabilities and net assets	30,325	238,214

(2) [Interim Consolidated Statement of Income]

	(In millions of yen)	
	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
Net sales	168	2,116
Cost of sales	34	53
Gross profit	133	2,062
Selling, general and administrative expenses	※ 249	※ 652
Operating profit (loss)	(115)	1,409
Non-operating income		
Bitcoin valuation gain	-	10,035
Gain on sale of investment securities	0	-
Other	1	2
Total non-operating income	1	10,037
Non-operating expenses		
Bitcoin valuation loss	59	-
Foreign exchange losses	3	786
Other	0	95
Total non-operating expenses	62	881
Ordinary profit (loss)	(176)	10,565
Profit (loss) before income taxes	(176)	10,565
Income taxes - current	0	17
Income taxes - deferred	-	4,489
Total income taxes	0	4,506
Profit (loss)	(176)	6,059
Profit (loss) attributable to owners of parent	(176)	6,059

[Interim Consolidated Statement of Comprehensive Income]

	(In millions of yen)	
	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
Profit (loss)	(176)	6,059
Other comprehensive income		
Foreign currency translation adjustment	-	(290)
Total other comprehensive income	-	(290)
Comprehensive income	(176)	5,769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(176)	5,769

(3) [Interim Consolidated Statement of Cash Flows]

	(In millions of yen)	
	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(176)	10,565
Depreciation	8	12
Loss (gain) on sale of investment securities	(0)	-
Bitcoin valuation loss (gain)	59	(10,035)
Foreign exchange losses (gains)	3	786
Decrease (increase) in trade receivables	5	7
Increase (decrease) in retirement benefit liability	2	2
Other, net	45	76
Subtotal	(53)	1,415
Income taxes paid	(1)	(1)
Other, net	0	(3)
Net cash provided by (used in) operating activities	(54)	1,411
Cash flows from investing activities		
Purchase of investment securities	(5)	-
Proceeds from sale of investment securities	6	-
Payments for acquisition of Bitcoin	(1,642)	(171,863)
Purchase of property, plant and equipment	(68)	(1)
Decrease (increase) in deposit paid	(132)	(24,239)
Other, net	11	(7)
Net cash provided by (used in) investing activities	(1,830)	(196,112)
Cash flows from financing activities		
Proceeds from issuance of bonds	1,000	96,379
Redemption of bonds	-	(78,161)
Proceeds from issuance of shares	1,340	176,799
Proceeds from issuance of share acquisition rights	-	651
Proceeds from disposal of treasury shares	-	498
Purchase of treasury shares	(0)	(17)
Other, net	1	(23)
Net cash provided by (used in) financing activities	2,341	196,125
Effect of exchange rate change on cash and cash equivalents	-	(0)
Net increase (decrease) in cash and cash equivalents	455	1,423
Cash and cash equivalents at beginning of period	553	294
Cash and cash equivalents at end of period	※ 1,008	※ 1,717

[Notes]

(Going Concern Assumption)

Not applicable.

(Matters Regarding the Scope of Consolidation)

(Changes in Scope of Consolidation)

In the current interim consolidated fiscal period, the Company established Metaplanet Treasury Corporation, which has been included in the scope of consolidation.

(Matters Regarding Accounting Policies)

Not applicable.

(Interim Consolidated Balance Sheet)

Not applicable.

(Interim Consolidated Statement of Income)

※ Major Expenses and Amounts of Selling, General, and Administrative Expenses are as follows

	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
Salaries	36 million yen	86 million yen
Depreciation	8 million yen	12 million yen
Advertising Expenses	0 million yen	144 million yen
Rent expenses on land and buildings	19 million yen	55 million yen

(Interim Consolidated Statements of Cash Flows)

※ Relationship between the Ending Balance of Cash and Cash Equivalents and the Amounts Listed in the Consolidated Balance Sheet is made as follows.

	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
Cash and Deposits	1,008 million yen	1,717 million yen
Term Deposits with Deposit Periods Exceeding Three Months	- million yen	- million yen
Cash and Cash Equivalents	1,008 million yen	1,717 million yen

(Shareholders' Equity and Related Information)

For the six-month period ended June 30, 2024

1. Dividends paid

Not applicable.

2. Dividends with a record date in the Interim Consolidated fiscal year but an effective date after period-end

Not applicable.

3. Significant Changes in Shareholders' Equity

- Reduction of Share Capital and Disposal of Surplus

At the Board of Directors meeting held on September 26, 2023, the company resolved to submit a proposal for "Reduction of Share Capital and Disposal of Surplus" at the extraordinary general meeting of shareholders scheduled for December 1, 2023. This proposal was approved and passed at the said extraordinary general meeting.

The reduction of share capital took effect on January 12, 2024, upon completion of creditor protection procedures

(1) Purpose of the Reduction of Share Capital and Disposal of Surplus

To cover deficits and strengthen the financial structure.

To enable prompt and flexible capital policies.

(2) Details of the Reduction of Share Capital and Disposal of Surplus

① Amount of Capital Reduction

Out of the share capital amounting to 575 million yen, 575 million yen will be reduced, resulting in a share capital amount of 0 million yen.

② Method of Capital Reduction

The reduced share capital amount of 575,000,000 yen will be transferred to other capital surplus.

③ Effective Date of Capital Reduction

January 12, 2024 (as per registration)

④ Amount Transferred to Other Capital Surplus from the Capital Reduction

575 million yen

⑤ Amount Transferred to Retained Earnings Brought Forward

On the effective date, 451,427,267 yen from other capital surplus will be transferred to retained earnings brought forward.

• Exercise of the 9th series of share acquisition rights

- (1) On April 8, 2024, all 335,000 share acquisition rights held by EVO FUND and a portion (132,500 rights) of the share acquisition rights held by MMXX Ventures Limited were transferred to a total of nine transferees (two corporations and seven individuals). On the same date, the Company received payments in full upon exercise of all such share acquisition rights by the transferees.

As a result of these exercises, share capital and capital surplus each increased by 472 million yen.

- (2) On April 22, 2024, the Company received payment in full upon the exercise of 85,713 share acquisition rights held by MMXX Ventures Limited.

As a result of these exercises, share capital and capital surplus each increased by 86 million yen.

- (3) On June 10, 2024, the Company received payment in full upon the exercise of 116,787 share acquisition rights held by MMXX Ventures Limited.

As a result of these exercises, share capital and capital surplus each increased by 118 million yen.

As a result, during the interim consolidated fiscal period, share capital increased by 102 million yen and capital surplus increased by 801 million yen.

For the six-month period ended June 30, 2025

1. Dividends paid

Not applicable.

2. Dividends with a record date in the Interim Consolidated fiscal year but an effective date after period-end

Not applicable.

3. Significant Changes in Shareholders' Equity

• Exercise of the 12th series of share acquisition rights

On December 16, 2024, the Company issued the 12th series of share acquisition rights, allotting them to EVO FUND. On January 6, 2025, the Company received full payment of 9,535 million yen upon the exercise of 29,000 share acquisition rights held by EVO FUND.

As a result of the exercise, both share capital and capital surplus increased by 4,776 million yen, respectively.

- Exercise of the 13th series of share acquisition rights

On January 28, 2025, the Company issued the 13th through 17th series of share acquisition rights, allotting them to EVO FUND. From February 18, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 17,261 million yen upon the exercise of all 42,000 share acquisition rights of the 13th series held by EVO FUND.

As a result of the exercise, share capital increased by 8,554 million yen and capital surplus increased by 8,650 million yen.

- Exercise of the 14th series of share acquisition rights

On January 28, 2025, the Company issued the 13th through 17th series of share acquisition rights, allotting them to EVO FUND. From February 18, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 15,650 million yen upon the exercise of all 42,000 share acquisition rights of the 14th series held by EVO FUND.

As a result of the exercise, both share capital and capital surplus increased by 7,832 million yen, respectively.

- Exercise of the 15th series of share acquisition rights

On January 28, 2025, the Company issued the 13th through 17th series of share acquisition rights, allotting them to EVO FUND. From February 18, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 20,767 million yen upon the exercise of all 42,000 share acquisition rights of the 15th series held by EVO FUND.

As a result of the exercise, both share capital and capital surplus increased by 10,391 million yen, respectively.

- Exercise of the 16th series of share acquisition rights

On January 28, 2025, the Company issued the 13th through 17th series of share acquisition rights, allotting them to EVO FUND. From February 18, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 22,868 million yen upon the exercise of all 42,000 share acquisition rights of the 16th series held by EVO FUND.

As a result of the exercise, both share capital and capital surplus increased by 11,441 million yen, respectively.

- Exercise of the 17th series of share acquisition rights

On January 28, 2025, the Company issued the 13th through 17th series of share acquisition rights, allotting them to EVO FUND. From February 18, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 16,751 million yen upon the exercise of all 42,000 share acquisition rights of the 17th series held by EVO FUND.

As a result of the exercise, share capital increased by 8,217 million yen and capital surplus increased by 8,361 million yen.

- Exercise of the 20th series of share acquisition rights

On June 6, 2025, the Company issued the 20th through 22nd series of share acquisition rights, allotting them to EVO FUND. From June 24, 2025, through the end of the interim consolidated fiscal period, the Company received full payment of 74,952 million yen upon the exercise of 540,000 share acquisition rights of the 20th series held by EVO FUND, out of a total of 1,850,000 rights issued in the 20th series.

As a result of the exercise, both share capital and capital surplus increased by 37,506 million yen, respectively.

As a result, during the interim consolidated fiscal period, share capital increased by 88,721 million yen and capital surplus increased by 88,960 million yen.

(Segment Information, etc.)

[Segment Information]

I For the six-month period ended June 30, 2024

1. Information on sales, profit or loss, assets, liabilities, and other amounts by reporting segment and breakdown of revenue

	(In millions of yen)					Interim consolidated financial statement amount
	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2, 3)	
	Hotel Business	Subtotal				
Net sales						
Revenue from contracts with customers	168	168	-	168	-	168
External sales	168	168	-	168	-	168
Internal sales or transfers	-	-	-	-	-	-
Total	168	168	-	168	-	168
Segment profit (loss)	(38)	(38)	(1)	(39)	(76)	(115)

(Note) 1. “Other” refers to business segments not included in the reporting segments, and includes Web3-related businesses, etc.

2. Adjustments to segment loss are corporate expenses not allocated to each reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.

3. Segment loss is adjusted to reconcile with the operating loss in the interim consolidated statements of income.

2. Matters Related to Changes in Reporting Segments

The Group had previously classified its hotel business and Web3-related businesses, etc., under “Other”. However, from the current interim consolidated fiscal period, the Bitcoin business has also been included in “Other” within the reporting segments.

3. Information on Impairment Losses on Property, Plant and Equipment and Goodwill by Reporting Segment

Not applicable.

II For the six-month period ended June 30, 2025

1. Information on sales, profit or loss, assets, liabilities, and other amounts by reporting segment and breakdown of revenue

	(In millions of yen)					Interim consolidated financial statement amount
	Reportable segments			Total	Adjustment (Note 1, 2)	
	Bitcoin Treasury Business	Hotel Business	Subtotal			
Net sales						
Revenue from contracts with customers	1,904	212	2,116	2,116	-	2,116
External sales	1,904	212	2,116	2,116	-	2,116
Internal sales or transfers	-	-	-	-	-	-
Total	1,904	212	2,116	2,116	-	2,116
Segment profit (loss)	1,641	82	1,724	1,724	(314)	1,409

(Note) 1. Adjustments to segment profit are corporate expenses not allocated to each reporting segment. Corporate expenses primarily consist of general administrative expenses not attributable to any reporting segment.

2. Segment profit is adjusted to reconcile with operating profit in the interim consolidated statements of income.

2. Matters Related to Changes in Reporting Segments

During the interim consolidated fiscal period, the Group withdrew from the Web3-related business, which had previously been included in 'Others.' As a result, the 'Others' category has been eliminated from the current interim consolidated fiscal period.

3. Information on Impairment Losses on Property, Plant and Equipment and Goodwill by Reporting Segment

Not applicable.

(Revenue Recognition)

I For the six-month period ended June 30, 2024

For the Group, information on the disaggregation of revenue arising from contracts with customers is presented in "Segment Information, etc."

II For the six-month period ended June 30, 2025

For the Group, information on the disaggregation of revenue arising from contracts with customers is presented in "Segment Information, etc."

(Per share information)

Income (Loss) per Share for the Interim Period and Basis for Calculation, and Diluted Earnings per Share for the Interim Period and Basis for Calculation, are as follows

Item	For the six-month period ended June 30, 2024	For the six-month period ended June 30, 2025
(1) Net income (loss) per share (Yen)	(1.28)	12.54
(Basis for calculation)		
Interim net income (loss) attributable to owners of the parent (Million yen)	(176)	6,059
Amount not attributable to common shareholders (Million yen)	-	-
Interim net income (loss) attributable to owners of the parent for common shares (Million yen)	(176)	6,059
Average number of shares of common shares during the period (Shares)	138,793,927	483,152,329
(2) Diluted net income per share for the interim period (Yen)	-	9.51
(Basis for calculation)		
Adjustment of interim net income attributable to owners of the parent (Million yen)	-	-
Increase in common shares (Shares)	-	154,284,491
Summary of non-dilutive potential shares with significant changes since the end of the previous fiscal year	-	-

(Note) 1. Diluted net income per share for the previous interim consolidated fiscal period is not presented, as there were potential shares outstanding but a net loss per share for the interim period was recorded

2. On April 1, 2025, the Company conducted a ten-for-one stock split of its common shares. Earnings (loss) per share for the interim period and diluted net income per share for the interim period have been calculated on the assumption that the stock split had been conducted at the beginning of the previous consolidated fiscal year.

(Significant subsequent events)

(Early redemption of 19th series of ordinary bonds)

The Company had allocated the entirety of 30,000,000,000 yen in ordinary bonds under the 19th Series of Ordinary Bonds to EVO FUND, due for redemption on December 29, 2025. The Company has partially redeemed the bonds in accordance with the redemption provisions of the bonds, redeeming 6,000,000,000 yen on July 7, 2025 and 6,750,000,000 yen on July 15, 2025.

(Acquisition of bitcoin)

Overview of Bitcoin Purchases

Based on the resolution of the Board of Directors meeting held on June 30, 2025, the Company purchased a total of 34,487 million yen in Bitcoin on July 7, 2025, using funds raised through the issuance of the 19th series of ordinary bonds on June 30, 2025, and funds raised through the exercise of the 20th series of share acquisition rights issued via third-party allotment as resolved at the Board of Directors meeting held on June 6, 2025.

In addition, using funds raised through the exercise of the 20th series of share acquisition rights issued via third-party allotment, the Company purchased a total of 13.798 billion yen in Bitcoin on July 14, 2025, 13.666 billion yen on July 28, 2025, 7.995 billion yen on August 4, 2025, and 9.086 billion yen on August 12, 2025.

(Exercise of the 20th series of share acquisition rights)

Between July 1 and August 13, 2025, the Company has been executed a significant number of exercises of the 20th Series of Share Acquisition Rights (the “Share Acquisition Rights”) issued on June 23, 2025, through a third-party allotment to EVO FUND. The details are as follows.

1.	Company	Metaplanet, Inc. The 20th series of share acquisition rights
2.	Number of shares delivered from July 1, 2025	57,500,000 shares
3.	Number of share acquisition rights exercised from July 1, 2025, and exercise ratio to total number of warrants issued	575,000 rights units (Percentage to the total number of units issued (1,850,000): 31.08%)
4.	Number of unexercised share acquisition rights as of July 1, 2025	1,310,000 (131,000,000 shares)
5.	Number of unexercised share acquisition rights as of August 13, 2025	735,000 (73,500,000 shares)

※ The percentage to the total number of shares issued is rounded off to two decimal places.

6. Status of exercise since July 1, 2025

Exercise date	Number of shares issued		Exercise price (Yen)	Exercised share acquisition rights Quantity (Units)
	New shares (Shares)	Transferor shares (Shares)		
Tuesday, July 1, 2025	-	-	1,649	-
Wednesday, July 2, 2025	5,000,000	-	1,572	50,000
Thursday, July 3, 2025	-	-	1,572	-
Friday, July 4, 2025	3,100,000	-	1,572	31,000
Monday, July 7, 2025	-	-	1,557	-
Tuesday, July 8, 2025	-	-	1,557	-
Wednesday, July 9, 2025	-	-	1,557	-
Thursday, July 10, 2025	9,000,000	-	1,551	90,000
Friday, July 11, 2025	-	-	1,551	-
Monday, July 14, 2025	9,000,000	-	1,551	90,000
Tuesday, July 15, 2025	-	-	1,547	-
Wednesday, July 16, 2025	-	-	1,547	-
Thursday, July 17, 2025	-	-	1,547	-
Friday, July 18, 2025	-	-	1,376	-
Tuesday, July 22, 2025	-	-	1,376	-
Wednesday, July 23, 2025	-	-	1,376	-
Thursday, July 24, 2025	5,400,000	-	1,238	54,000
Friday, July 25, 2025	-	-	1,238	-
Monday, July 28, 2025	2,000,000	-	1,238	20,000
Tuesday, July 29, 2025	-	-	1,215	-
Wednesday, July 30, 2025	-	-	1,215	-
Thursday, July 31, 2025	3,000,000	-	1,215	30,000
Friday, August 1, 2025	1,700,000	-	1,180	17,000
Monday, August 4, 2025	-	-	1,180	-
Tuesday, August 5, 2025	-	-	1,180	-
Wednesday, August 6, 2025	-	-	992	-
Thursday, August 7, 2025	1,300,000	-	992	13,000
Friday, August 8, 2025	8,000,000	-	992	80,000
Tuesday, August 12, 2025	7,000,000	-	966	70,000
Wednesday, August 13, 2025	3,000,000	-	966	30,000

(Additional Capital Contribution to U.S. Subsidiary)

Based on a resolution of the Board of Directors meeting held on May 1, 2025, the Company resolved to establish a wholly-owned subsidiary in the State of Florida, U.S.A., as part of its global expansion strategy and Bitcoin treasury operations. Subsequently, at the Board of Directors meeting held on June 24, 2025, the Company resolved to make an additional capital contribution of up to 5 billion US dollar.

(Establishment of U.S. Subsidiary)

At the Board of Directors meeting held on July 25, 2025, the Company resolved to establish a new wholly-owned holding company in the State of Florida, U.S.A., and to transfer all shares of Metaplanet Treasury Corporation held by the Company to said holding company by means of a contribution in kind.

1. Background and Purpose of Establishing the Subsidiary

As disclosed in the “Notice Regarding Establishment of U.S. Subsidiary” dated May 1, 2025, the Company established Metaplanet Treasury Corporation in the State of Florida to expand and accelerate its Bitcoin treasury operations in the United States. As part of this strategy, the Company has now established Metaplanet Holdings Inc., a U.S. holding company headquartered in the same state, which will function as the parent company of Metaplanet Treasury Corporation.

Through this new group structure, the Company aims to further strengthen the management framework of its U.S. operations and build a solid foundation to support its global expansion as a Bitcoin treasury company. In particular, by introducing a holding company structure, the Company expects to achieve both a diversification of risks across its business entities and greater strategic flexibility.

Under the new holding company, the Company also plans to establish a second subsidiary specializing in derivative-related businesses. This will enable clearer risk segregation from the Bitcoin income business and enhance the sophistication of the Company’s risk management.

2. Details of the Subsidiary to Be Established

(1) Name	Metaplanet Holdings Inc.
(2) Location	Miami, Florida, U.S.A.
(3) Title and Name of Representative	Director Simon Gerovich Director Dylan LeClair
(4) Business Description	Holding company and strategic oversight functions
(5) Capital	Up to USD 5,000,000,000
(6) Date of Establishment	July 28, 2025
(7) Major Shareholder and Shareholding Ratio	Metaplanet Inc.100.00%

2 [Others]

Not applicable.

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METAPLANET