

Metaplanet Inc. (3350.T)

Answers to Frequently Asked Questions Arising from Our Initiation of Coverage: Key Points of Difference Between Metaplanet's Strategy and Those of Bitcoin Treasury Company Peers in Focus

► During the week and a half since we initiated coverage of Metaplanet (3350.T) with a Buy rating and a price target of J¥2,400, we have received a variety of questions from investors about the Japan-based company's business model, growth strategy, and competitive positioning among bitcoin treasury companies. In this report we will share our responses to some of the most frequently asked questions (FAQs) we have fielded.

► Following the playbook of Strategy (MSTR; Buy, \$650 PT) and its executive chairman, Michael Saylor, Tokyo-listed Metaplanet has been focused on its bitcoin-buying efforts with the aim of hyper-accumulation. The company, which as of July 7 had accumulated 15,555 bitcoins in about 15 months, has set ambitious goals: to accumulate 100,000 bitcoins by year-end 2026 and 210,000 bitcoins by year-end 2027, with the latter figure representing an amount equal to 1% of all the bitcoins that will ever be created. The impact of Metaplanet's strategy on its equity has been emphatic: it has had the best performing stock in Japan by 10x since it launched its bitcoin acquisition strategy in April 2024, with a total return of ~7,900%.

► **We are reiterating our Buy rating on Metaplanet and our price target of J¥2,400 based on a sum-of-the-parts analysis that includes (1) the estimated market value of the company's bitcoin holdings as of year-end 2026, and (2) the value of its hotel business and its bitcoin income generation business.** We believe Metaplanet's share price is poised to continue its upward climb as it executes its financing strategy and adds to its bitcoin holdings.

Among the questions we received regarding our Metaplanet initiation report were the following:

What role does Metaplanet's tax domicile in Japan play in shaping its bitcoin acquisition strategy, and how material is the tax arbitrage benefit to long-term shareholder value?

► One of the strategic advantages that Metaplanet has in Japan is the more favorable tax treatment of shareholders who seek exposure to bitcoin through its stock versus the punitive tax treatment of those who own bitcoin directly. Bitcoin is treated as "miscellaneous income" when it is sold or exchanged for yen or goods by individual Japanese taxpayers such that it can be taxed at marginal income tax rates as high as 55%. In contrast, those with indirect exposure to bitcoin through Metaplanet stock have their gains taxed under Japan's capital gains tax regime at a rate of 20.315%.

How else does Metaplanet take advantage of its status as a Japan-based firm?

► Metaplanet benefits from its own version of the Japanese yen carry trade – the strategy in which investors borrow money in yen in Japan, which has extremely low interest rates, converts it into a currency with higher interest rates to invest in higher-yielding assets, and then profits from the difference in interest rates between the two currencies. The company borrows in yen at ultra-low interest rates (~0.5%) that are the result of the efforts of Japan's central bank to keep rates low to combat long-standing economic stagnation and deflationary pressures.

Company Update

Rating: Buy

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Price Chart



Current Price	J¥1520.00
Price Target	J¥2400.00
52-Week Range	J¥59.60 - J¥1930.00
Market Cap (B)	J¥914
Shares Outstanding (mm)	663
Sector Weight	Overweight

	Year to 31 Dec	2024A	1Q25A	2Q25E	3Q25E	4Q25E	2025E	2026E
EPS		326.60	(12.35)	0.91	0.58	0.56	(10.30)	1.72
Consensus EPS		326.60	(12.35)	0.91	0.58	0.56	(10.30)	1.72
Delta % (+/-) v. Cons.		0.00%	-0.00%	0.00%	0.00%	0.00%	-0.00%	0.00%
Revenue (m)		J¥1,062,283	J¥877,237	J¥877,376	J¥878,004	J¥878,254	J¥3,510,871	J¥3,557,147

- ▶ Metaplanet then uses the proceeds of its borrowing to purchase bitcoins, creating a carry trade: it holds a volatile, appreciating asset (bitcoin) funded by stable, low-cost yen liabilities. If the yen weakens further, then the value of the bitcoins that the company purchased rises in yen terms, thereby amplifying its accounting gains.

How does Metaplanet determine the optimal timing and sizing of its bitcoin purchases, and how does that strategy evolve with changes in market volatility or macroeconomic conditions?

- ▶ Metaplanet's strategy is opportunistic and conviction-driven, guided by the belief that bitcoin is superior long-term money. The company tends to buy during dips or consolidation periods to average into a long-term position, and it uses a phased approach to accumulation as part of its bitcoin accumulation program.
- ▶ Management does not attempt to time tops or bottoms, but instead they remain consistent in their sensitivity to macro tailwinds such as yen weakness, global inflation trends, and institutional adoption of bitcoin. They have indicated that they expect Metaplanet to maintain its bitcoin holdings through full market cycles. The upshot is that they are unconcerned with short-term volatility, and much more focused on becoming the permanent #2 bitcoin holder behind MSTR. (Metaplanet currently ranks #5 among the top public bitcoin treasury companies according to [bitcointreasuries.net.](https://www.bitcointreasuries.net/))

How does Metaplanet evaluate the tradeoff between issuing equity versus debt when funding new bitcoin purchases, and what limits does management place on dilution or leverage?

- ▶ Metaplanet has primarily used equity issuance and warrant structures rather than traditional debt to raise the proceeds for bitcoin purchases. Management's approach reflects a desire to bootstrap bitcoin accumulation without putting the core business at financial risk. The company has been deliberate in limiting share dilution through staged issuance.
- ▶ Showcasing Metaplanet's robust financial position is its BTC Rating – a measure of how many times its bitcoin holdings can cover its enterprise value – of 11.01x. This metric relates the company's bitcoin NAV to its overall enterprise value, and it underlines the fact that its bitcoin holdings heavily underpin its valuation.
- ▶ Management on June 6 unveiled Metaplanet's "555 Million Plan," a long-term strategy for financing its bitcoin purchases in which it intends to issue 555m shares of its stock through moving strike warrants – a capital-efficient approach that enables it to raise equity capital only when its share price is strong – to generate ~¥770bn over six to 10 months.
- ▶ Metaplanet's warrants feature a moving strike, tied to 100% of the previous day's closing stock price. This means that investors exercise them only if the stock has appreciated, ensuring that dilution occurs only at higher market values. This mechanism effectively mimics an "at-the-market" issuance in Japan, where ATM facilities are not permitted by regulators, navigating around the country's regulatory constraints through the issuance of warrants rather than equity.

How did Metaplanet generate the "bitcoin income" that represented ~88% of its revenues in 1Q25?

- ▶ Metaplanet's bitcoin income generation strategy is focused on selling cash-secured put options on bitcoin that give the buyer the right (but not the obligation) to sell bitcoin to the company at a set price before expiration. These puts are cash-secured, meaning Metaplanet holds the necessary collateral to buy bitcoin if they are exercised.
- ▶ When selling puts, Metaplanet generates income by collecting option premiums upfront. If the option expires worthless (i.e., bitcoin's price stays above the strike price), then the company keeps



the full premium. If the price of bitcoin dips and the puts are exercised, then Metaplanet buys bitcoin at the strike price, which it was comfortable doing anyway as part of its broader accumulation strategy, but it effectively gets paid to wait.

- ▶ As such, the sale of cash-secured bitcoin puts allows Metaplanet to accumulate bitcoin at favorable prices, enables it to earn consistent yield (denominated in fiat or bitcoin) from options premiums, and it provides a means through which it can monetize volatility. Moreover, this strategy is non-dilutive to equity holders and complements the company's capital efficiency model.

What KPIs does Metaplanet use internally to measure the effectiveness of its bitcoin acquisition strategy, and how are those metrics reported to investors?

- ▶ Metaplanet uses a few key performance indicators (KPIs) to assess the performance of its bitcoin acquisition strategy and the extent to which it is accretive to shareholders.
- ▶ BTC Yield is a KPI that reflects the percentage change in the ratio of Total Bitcoin Holdings to Fully Diluted Shares Outstanding over a given period. This ties Metaplanet's bitcoin accumulation momentum directly to shareholder dilution, positioning it as a transparent performance. Metaplanet posted a BTC Yield of 309.8% in 4Q24, and it has recorded a BTC Yield of 416.6% YTD.
- ▶ BTC Gain is a KPI that represents Metaplanet's Total Bitcoin Holdings at the beginning of a period multiplied by the achieved BTC Yield for that period. This metric quantifies the hypothetical increase in Total Bitcoin Holdings, assuming no new shares were issued. By isolating the impact of dilution, BTC Gain highlights the net bitcoin accretion driven purely by the company's bitcoin treasury operations. Metaplanet on July 7 reported a BTC Gain of 7,430 bitcoins YTD.
- ▶ BTC ¥ Gain expresses BTC Gain in yen terms by multiplying BTC Gain by the market price of bitcoin at the end of a given period. This provides shareholders with a clearer view of the financial impact of Metaplanet's bitcoin treasury operations in local currency. We note that BTC ¥ Gain does not represent a fair value gain or loss on the company's bitcoin holdings, and it may be positive even when the company incurs fair value losses on its bitcoin holdings. Metaplanet on July 7 reported a BTC ¥ Gain of J¥124.64bn YTD.
- ▶ Metaplanet discloses most of these metrics in a dashboard format found within the "Analytics" section of its corporate website including total BTC held, cost basis, and BTC acquisition targets, along with capital raise impacts on per-share exposure. Management commentary on social media and shareholder presentations also highlight these metrics.

What Does the "Months to Cover" metric represent, and why are some Metaplanet investors focused on it?

- ▶ Months to Cover is a relatively new metric used to evaluate bitcoin treasury companies. Adam Back, the renowned cryptographer and CEO of Blockstream (Private), has refined what's now commonly called the "Months to mNAV Cover" (MmC) metric for evaluating bitcoin treasury companies.
- ▶ On May 10, 2025, Mr. Back publicly shared the metric in an X thread, applying it to Metaplanet and highlighting how a firm with a 3.3 mNAV that has doubled its BTC Yield over a three-month period implies an MmC of ~5 months. He defined MmC as the time required for a company's bitcoin accumulation (yield) to "cover" its mNAV multiple, i.e., how soon the growth of its bitcoin holdings alone justifies its valuation premium. His analysis suggested this metric, which some have described as a "payback clock," gives investors insight into whether a company's bitcoin stacking pace supports its stock's premium valuation.
- ▶ Metaplanet's MmC is ~5 at this point, while MSTR's is ~26.



What is Proof of Reserves, and what role does it play in Metaplanet's investor communications effort?

- ▶ Metaplanet's Proof of Reserves (PoR) practice stands out as notably more transparent and verifiable than most other corporate holders of bitcoins.
- ▶ Metaplanet discloses its bitcoin wallet addresses and transaction history, allowing anyone to independently verify its holdings on-chain. This "trust minimized" approach aligns with the foundational design of bitcoin, and it enables the public to confirm the company's exact bitcoin balance without having to rely on custodial statements.
- ▶ Rather than annual or footnote disclosures, Metaplanet offers a live PoR dashboard showing current balances, bitcoin per share metrics, and yield. This real-time data ensures continuous transparency rather than periodic snapshots.
- ▶ Although Metaplanet does not self-host wallet addresses, it engages independent verifier through partnerships with custodians and firms like bitcoin infrastructure firm Hoseki (Private) for bitcoin authentication, enhancing credibility without compromising security.

What is Metaplanet's long-term vision for the company beyond bitcoin accumulation?

- ▶ Metaplanet CEO Simon Gerovich during an interview with the Financial Times earlier this week shed light on how he is thinking about how the company would position itself in the long-term. He said Metaplanet was currently in its first phase in which it is focused on aggressive accumulation of bitcoins while aiming for "escape velocity" by amassing enough bitcoins to differentiate itself from competitors.
- ▶ Mr. Gerovich added that he expected Metaplanet's initial phase to last four to six years, at which point he expected that it would become increasingly difficult to acquire bitcoins given their relative scarcity. He explained that Metaplanet's second phase would occur when the company's accumulation of bitcoins had reached a critical mass, at which point he expected banks to provide attractive financing while using its bitcoin holdings as collateral.
- ▶ Metaplanet would then use the proceeds from that financing to buy profitable, cash-flowing businesses, including ones aligned with the company's mission, such as a digital bank in Japan, Mr. Gerovich said. He emphasized the company would not sell any bitcoin as part of this initiative.
- ▶ Lest any investors or other observers interpret Mr. Gerovich's comments during the interview as indicating that Metaplanet was diverging from its core mission. "Metaplanet is Bitcoin first, Bitcoin only," he wrote. "Our singular focus right now is to accumulate as much Bitcoin as possible."

Metaplanet: Bitcoin Holdings Model

	3Q24	4Q24	1Q25	2Q25E	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Bitcoins purchased during quarter, net	258	1,363	2,683	8,299	9,222	9,830	12,493	15,460	20,460	37,351
Average purchase price during quarter (yen per BTC)	8,914,729	12,560,632	11,739,098	14,859,140	18,176,348	22,867,003	25,468,110	27,643,012	28,955,601	31,003,667
Bitcoin purchases during quarter in billions of yen	2.30	17.12	31.50	123.32	167.62	224.78	318.17	427.36	592.43	1,158.02
Aggregate purchase price in billions of yen	3.75	20.87	52.37	156.41	324.03	548.82	866.99	1,294.35	1,886.78	3,044.80
Total bitcoins held	399	1,762	4,046	12,345	21,567	31,397	43,890	57,032	75,492	112,843
Average price per bitcoin acquired in yen	9,402,455	11,845,764	12,943,154	14,077,243	15,024,541	17,479,916	19,753,703	22,695,171	24,993,146	26,982,627
Market value of total bitcoins held in billions of yen	0.368	2.395	4.854	17.260	37.299	66.979	104.266	129.435	188.678	304.480
Value of 1 bitcoin in yen at quarter end	9,235,643	13,590,860	11,998,056	15,597,400	17,294,429	21,333,025	23,756,182	26,653,333	29,136,957	32,608,696
Value of 1 bitcoin in USD at quarter end	\$63,463	\$93,390	\$82,445	\$107,178	\$119,332	\$147,198	\$163,918	\$183,908	\$201,045	\$225,000
Assumed fully diluted shares outstanding	454,201,850	489,604,170	574,779,175	826,567,925	1,182,999,888	1,223,093,443	1,320,740,918	1,546,125,374	1,620,062,269	1,788,615,694
BTC per 1,000 fully diluted shares outstanding	0.00088	0.00360	0.00704	0.01494	0.01823	0.02567	0.03323	0.03689	0.04660	0.06309
BTC Yield (quarter-to-date)	41.7%	309.8%	95.6%	112.2%	122.1%	140.8%	77.2%	111.0%	126.3%	135.4%
BTC Gain (quarter-to-date)	59	1,236	1,684	4,538	15,069	30,368	24,253	48,718	72,047	102,209
BTC ¥ Gain (quarter-to-date; yen in millions)	892	18,726	21,066	71,205	173,383	349,411	279,057	560,551	828,968	1,176,016
BTC/Yen Reference Price	15,155,220	15,155,220	12,505,985	15,690.833	11,505,985	11,505,985	11,505,985	11,505,985	11,505,985	11,505,985

Metaplanet Model

Ticker: 3350.T

Income Statement (Yen in Thousands)	2024	1Q25	2Q25E	3Q25E	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E
Net Sales	1,062,283	877,237	877,376	878,004	878,254	3,510,871	882,645	887,058	891,493	895,951	3,557,147
Cost of Sales	66,094	25,051	20,064	19,003	18,089	82,206	19,010	19,029	19,048	19,067	76,156
Gross Profit	996,188	852,186	857,312	859,001	860,165	3,428,664	863,634	868,029	872,445	876,883	3,480,991
Selling, General and Administrative Expense	645,784	259,410	226,540	223,669	217,799	927,418	217,821	218,039	218,257	218,475	872,592
Operating Income (Loss)	350,403	592,776	630,772	635,332	642,366	2,501,246	645,813	649,990	654,188	658,408	2,608,399
<i>Non-Operating Income</i>											
Bitcoin Unrealized Gain	5,457,619	-	-	-	-	-	-	-	-	-	-
Other NOI	193,202	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Income	5,650,821	155	-	-	-	-	-	-	-	-	-
<i>Non-Operating Expenses</i>											
Bitcoin Valuation Loss	124,402	7,413,376	-	-	-	-	-	-	-	-	-
Other NOE		32,402	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	8,032	7,445,778	-	-	-	-	-	-	-	-	-
Ordinary Income	5,993,193	(6,852,846)	630,772	635,332	642,366	(4,944,376)	645,813	649,990	654,188	658,408	2,608,399
Pretax Net Income or Pretax Net Loss	6,393,785	(6,852,846)	630,772	635,332	642,366	(4,944,376)	645,813	649,990	654,188	658,408	2,608,399
Income Taxes	(4,148)	(1,805,961)	82,000	82,593	83,508	(1,557,860)	83,956	84,499	85,044	85,593	339,092
Net Income (Loss)	4,439,843	(5,046,885)	548,772	552,739	558,858	(3,386,516)	561,858	565,491	569,144	572,815	2,269,307
Net Income (Loss) Attributable to Owners of the Parent Company	4,439,843	(5,046,885)	548,772	552,739	558,858	(3,386,516)	561,858	565,491	569,144	572,815	2,269,307
Shares Outstanding	362,683,400	459,823,340	600,714,340	957,146,303	997,239,858	997,239,858	1,094,887,333	1,320,271,789	1,394,208,684	1,562,762,109	1,562,762,109
Diluted Shares Outstanding	489,604,170	574,779,175	826,567,925	1,182,999,888	1,223,093,443	1,223,093,443	1,320,740,918	1,546,125,374	1,620,062,269	1,788,615,694	1,788,615,694
Earnings Per Share (Yen)	326.60	(12.35)	0.91	0.58	0.56	(10.30)	0.51	0.43	0.41	0.37	1.72
Diluted Earnings Per Share (Yen)	270.31	(8.78)	0.66	0.47	0.46	(7.19)	0.43	0.37	0.35	0.32	1.46

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As of June 30, 2025

	All Covered Companies		Investment Banking Clients	
Buy	272	74.5%	62	17.0%
Hold	70	19.2%	5	1.4%
Speculative Buy	21	5.8%	12	3.3%
Sell	2	0.6%	0	0.0%

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Buy: Stock is expected to outperform the analyst's defined Sector/Industry Index* over the following 6 to 12 months.

Speculative Buy: The stock has a market value below \$100M and/or a higher financial risk profile. It is expected to outperform the analyst's defined sector/industry index over the following 6 to 12 months.

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Company	Disclosure
Metaplanet Inc.	3

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Investment Risk

Risks to our thesis include dependency on bitcoin's price, shareholder dilution from financing activity, NAV compression risk, execution risk on U.S. expansion plans, and risks associated with Japan's crypto regulatory environment.

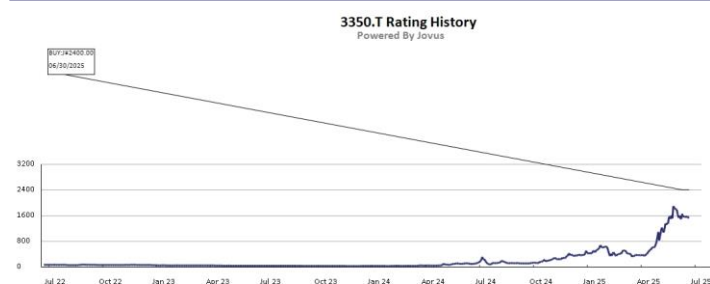
Valuation Methodology

Our price target of J 2,400 for Metaplanet is based on a sum-of-the-parts analysis that includes (1) the estimated market value of the company's bitcoin holdings as of year-end 2026, (2) a 15x multiple of its FY26E BTC Gain, and (3) the value of its hotel and bitcoin income generation businesses. We note that our valuation assumes that bitcoin's price will appreciate to J 32,608,696 -- a level that translates to \$225,000 -- by YE26.

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