

April 8, 2024

To whom it may concern

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Notice Regarding the Purchase of Bitcoin

Metaplanet Inc. (3350:JP) hereby announces that its Board of Directors, at a meeting held today, passed a resolution to purchase Bitcoin with the funds raised in the "Notice of Approval of Transfer of the 9th Series of Stock Acquisition Rights" separately disclosed today, as part of a groundbreaking strategy to adopt Bitcoin as the primary component of its treasury assets. Furthermore, the Board resolved to purchase up to JPY 1 billion in Bitcoin. This business shift, supported by new investment from strategic partners, signifies bold financial innovation and creates a unique platform in the Japanese capital markets.

1. Background of Bitcoin Purchase

The depreciation of the Japanese yen over the past several years and Japan's generation-long perpetual low interest rate environment has damaged the Japanese yen's position as a key global currency. On the other hand, contrary to the skepticism that initially prevailed, Bitcoin and other "virtual currency" crypto assets have cemented their presence in, and have clearly become a permanent fixture of, the global financial system. Some countries have now adopted Bitcoin as part of their official currency regime. There is little doubt that Bitcoin now plays a role in the international investment and finance industry.

Despite cycles, the value of Bitcoin has risen steadily over the past 10 years and is widely expected to maintain its value when converted to Japanese yen as a highly liquid, long-term mainstay currency. Bitcoin is the most liquid and widely traded of the digital currencies, acknowledged for its blockchain technology and decentralized transaction system robustness.

As separately disclosed today, the Company will be raising JPY 935 million through the exercise of Stock Acquisition Rights and, in emulating an emerging trend amongst some listed companies, particularly in the United States, the Company intends to now deploy the newly raised capital into Bitcoin as part of its cash management strategy, and thereby result in a treasury position which minimizes Japanese yen exposure. Although Bitcoin is known for its volatility, it has shown to appreciate over the long term, making it suitable as a long-term holding.

A Strategic Embrace of Bitcoin's Potential

The Company's decision to incorporate Bitcoin into its treasury assets is driven by a multifaceted understanding of its potential as a hedge against inflation, a tool for macroeconomic resilience, and a basis for long-term capital appreciation. The rationale behind this move includes:

- Inflation and Currency Hedge: In an era of unprecedented monetary expansion and, in Japan's case, seemingly-permanent near-nil interest rates, Bitcoin's fixed supply

contrasts sharply with the potential devaluation of fiat currencies, offering a safeguard against the erosion of purchasing power.

- Macroeconomic Instability: Amidst global economic uncertainty, Bitcoin stands out as an asset not tied to any single country's economic policies or performance, providing a measure of stability. Moreover, in politically fraught times Bitcoin serves as the ultimate safe harbor as a currency not shaped by political intent or geographic unrest.
- Mainstream Acceptance and Growth Potential: The recent approvals of Bitcoin ETFs in the United States and increasing adoption (and accumulation) by institutional investors underscore Bitcoin's established legitimacy and potential for significant long-term growth.
- Fixed Supply and Digital Scarcity: Bitcoin's capped supply of 21 million coins introduces a unique asset class that may appreciate based on the principles of supply and demand, unlike traditional fiat currencies that can be issued without limit.
- Leveraging Technological Innovation: As the Company aligns with the cutting edge of financial technology, embracing Bitcoin signifies a commitment to leveraging digital innovation for treasury management.

Encouraged and Supported by Strategic Partnerships

The Company's shift towards Bitcoin exposure is encouraged and reinforced by the introduction of new strategic investors in the Company. A distinguished group of crypto currency experts are bringing their experience in the realms of digital assets, blockchain technology, and innovative financial strategies to the Company. Their collective expertise in navigating the complexities of the cryptocurrency markets, along with their extensive networks, will be instrumental in guiding the Company's Bitcoin strategy to success.

2. Bitcoin Purchase and Risk Management Policy

The Company has established and will operate a Bitcoin purchase and risk management policy. The key areas that the Policy covers are as follows

- A) Appointment of investment officer and administrative officer, and their roles and responsibilities
- B) Market pricing and valuation methodology for the preparation of financial statements
- C) Custody and security related matters
- D) Investment and management policy

3. Future Outlook

The balance of Bitcoin holdings will be marked to market on a quarterly basis, and the valuation gains and losses will be recorded as an extraordinary item on the income statement. In the event of any significant impact on quarterly results, we will promptly disclose such information.

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