

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

November 13, 2024

Company name: Metaplanet Inc. Listing: Tokyo Stock Exchange
 Securities code: 3350 URL <http://metaplanet.jp/>
 Representative: Representative Director Simon Gerovich
 Inquiries: IR Director Miki Nakagawa Telephone: +81-03- 6772-3696
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: : None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|--------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended | | | | | | | | |
| September 30, 2024 | 250 | 46.3 | (183) | — | (311) | — | (321) | — |
| September 30, 2023 | 171 | (44.4) | (409) | — | (270) | — | (415) | — |

Note: Comprehensive income For the nine months ended September 30, 2024: (321) million [—%]
 For the nine months ended September 30, 2023: (448) million [—%]

| | Earnings per share | | Diluted earnings per share | |
|--------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended | | | | |
| September 30, 2024 | (21.00) | | — | |
| September 30, 2023 | (38.91) | | — | |

- (Notes) 1. The amount of quarterly net income per share after adjusting for potential shares is not stated because, although potential shares exist, a quarterly net loss per share was recorded.
 2. The Company conducted a reverse stock split at a ratio of 1 common share for every 10 common shares on August 1, 2024. Quarterly net loss per share is calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

| As of | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| September 30, 2024 | 7,819 | 5,262 | 67.2 |
| December 31, 2023 | 1,666 | 1,152 | 67.8 |

Reference: Equity As of June 30, 2024: 5,254 million
 As of December 31, 2023: 1,634 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended | | | | | |
| December 31, 2023 | — | 0.00 | — | 0.00 | 0.00 |
| Fiscal year ending | | | | | |
| December 31, 2024 | — | 0.00 | — | | |
| Fiscal year ending | | | | | |
| December 31, 2024 (Forecast) | | | | 0.00 | 0.00 |

Note: Revisions to the forecast of cash dividends most recently announced: Yes/None

3. Consolidated earnings forecast for the fiscal year ending December 2024 (January 1, 2024 to December 31, 2024)

The consolidated earnings forecast for the fiscal year ending December 2024 is currently under review. The consolidated earnings forecast will be disclosed as soon as it is finalized.

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|--------------------------|-------------------|
| As of September 30, 2024 | 19,392,923 shares |
| As of December 31, 2023 | 10,868,489 shares |

(ii) Number of treasury shares at the end of the period

| | |
|--------------------------|--------------|
| As of September 30, 2024 | 7,398 shares |
| As of December 31, 2023 | 2,180 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|--------------------------------------|-------------------|
| nine months ended September 30, 2024 | 15,322,276 shares |
| nine months ended September 30, 2023 | 10,666,774 shares |

(Note) 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.

* Quarterly financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements contained in this document are based on information currently available to the company and certain assumptions that the company considers reasonable, and actual performance may differ significantly due to various factors.

TABLE OF CONTENTS

| | |
|--|----|
| 1. Qualitative information regarding the current quarterly financial results | 4 |
| (1) Explanation of Business Performance..... | 4 |
| (2) Explanation of Financial Position..... | 6 |
| (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information | 6 |
| 2. Quarterly Consolidated Financial Statements and Notes | 7 |
| (1) Quarterly Consolidated Balance Sheet | 7 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 9 |
| Quarterly Consolidated Statement of Income | 9 |
| For the Nine-month Period | 9 |
| Quarterly Consolidated Statement of Comprehensive Income | 10 |
| For the Nine-month Period | 10 |
| (3) Notes to Quarterly Consolidated Financial Statements | 11 |
| (Notes on the Going Concern Assumption) | 11 |
| (Change in Accounting Policies) | 12 |
| (Notes on Significant Changes in Shareholders' Equity) | 12 |
| (Notes to Interim Consolidated Balance Sheet) | 13 |
| (Notes to Interim Consolidated Statements of Cash Flows) | 13 |
| (Segment Information) | 14 |

1. Qualitative information regarding the current quarterly financial results

(1) Explanation of Business Performance

During the cumulative period of the third quarter, Japan's economic conditions showed moderate recovery, with improvements in employment and income levels, alongside a rise in foreign tourists due to the weaker yen. However, ongoing inflation and an unstable international environment continued to create uncertainty for the economic outlook.

In the hotel business, we have implemented room renovations and new customer acquisition initiatives, which have successfully increased occupancy rates, already contributing to the revenue and profitability of our group.

In other business areas, beginning in the interim consolidated period, we made the decision to purchase Bitcoin as part of our financial management strategy and hold it as a reserve asset in Bitcoin.

Under these circumstances, while our group's revenue increased by 46.3% compared to the same period last year, the recognition of operating expenses exceeding revenue resulted in an operating loss.

Additionally, we recorded gains on the sale of investment securities as non-operating income and recognized Bitcoin valuation losses as non-operating expenses.

As a result, during the cumulative period of the third quarter, our group posted revenue of 250 million yen (a 46.3% increase from the same period last year), an operating loss of 183 million yen (compared to an operating loss of 409 million yen in the previous period), an ordinary loss of 310 million yen (compared to an ordinary loss of 270 million yen in the previous period), and a net loss attributable to the parent company's shareholders of 320 million yen (compared to a net loss of 415 million yen in the previous period).

Notably, we have adopted "BTC Yield" as an official Key Performance Indicator (KPI). BTC Yield represents the rate of change in the ratio between our total Bitcoin holdings and fully diluted shares outstanding over a given period. This metric was first introduced by MicroStrategy Incorporated, a NASDAQ-listed U.S. company that follows a Bitcoin corporate standard. The fully diluted shares outstanding includes all potential shares, such as stock options, stock acquisition rights, and convertible securities, that could be issued in the future as of each evaluation date.

We use BTC Yield as a KPI to measure the execution of our strategy to acquire Bitcoin in ways beneficial to shareholders. This KPI is also intended to aid investors in understanding our approach to funding Bitcoin acquisitions by issuing additional common stock or securities convertible to common stock, should such a decision be made.

From July 1, 2024 to September 30, 2024, the Company's BTC Yield was 41.7%. From October 1, 2024 to October 28, 2024, the Company's BTC Yield was 155.8%. Going forward, the Company will report BTC Yield in our disclosures related to Bitcoin purchases, providing updates on a quarter-to-date and year-to-date basis. This will include:

- Total Bitcoin Holdings
- Issued Common Shares
- Fully Diluted Shares Outstanding
- Bitcoin per Fully Diluted Shares Outstanding
- BTC Yield for Relevant Periods

These metrics will accompany each announcement of Bitcoin purchases to keep our shareholders informed about the progress and impact of our Bitcoin acquisition strategy.

The following table provides a summary of the key metrics listed above:

| | 6/30/2024 | 9/30/2024 | 10/28/24 |
|--|------------|------------|------------|
| Total Bitcoin Holdings | 141.073 | 398.832 | 1,018.170 |
| Issued Common Shares | 18,169,218 | 18,169,218 | 36,268,334 |
| Options Outstanding (1) | 4,600,000 | 27,250,967 | 9,067,084 |
| Fully Diluted Shares Outstanding (2) | 22,769,218 | 45,420,185 | 45,335,418 |
| Bitcoin per Fully Diluted Shares Outstanding (3) | 0.006196 | 0.008781 | 0.022459 |
| BTC Yield % (Quarter to Date) | - | 41.7% | 155.8% |

Notes:

1. Options Outstanding includes all outstanding stock options and stock acquisition rights as of the dates presented.

2. Fully Diluted Shares Outstanding refers to the aggregate of the Company's Issued Common Shares outstanding at the end of each period plus all additional shares that would result from the assumed exercise of all outstanding stock options and stock acquisition rights. Fully Diluted Shares Outstanding does not consider any vesting conditions or the exercise prices of any stock options.

3. Bitcoin per Fully Diluted Shares Outstanding is calculated by dividing Total Bitcoin Holdings by the Fully Diluted Shares Outstanding at the end of each period. The result is then multiplied by 1,000 to express the number of Bitcoin per 1,000 Fully Diluted Shares Outstanding.

BTC Yield is a key performance indicator that reflects the period-over-period percentage change in the ratio between our Total Bitcoin Holdings and Fully Diluted Shares Outstanding.

For this metric, Fully Diluted Shares Outstanding includes the total number of actual outstanding common shares at the end of each period, plus any additional shares that could result from the exercise of stock options, stock acquisition rights, or the conversion of any convertible instruments, such as convertible notes, if issued by the Company in the future.

This comprehensive approach to calculating Fully Diluted Shares Outstanding allows for a holistic view of the Company's potential share dilution, accounting for both current equity-based instruments and prospective convertible securities that may form part of our capital structure in due course. BTC Yield does not take into consideration any vesting conditions or exercise prices of stock options.

The Company uses BTC Yield as a KPI to help assess the performance of its strategy of acquiring Bitcoin in a manner the Company believes is accretive to shareholders. The Company believes this KPI can be used to supplement an investor's understanding of the Company's decision to fund the purchase of Bitcoin by issuing additional shares of its common shares or instruments convertible to common shares.

In employing this KPI, management acknowledges its limitations, such as not accounting for debt and other liabilities that have priority over Issued Common Shares, and assuming that all indebtedness will be refinanced or, in the case of any potential future convertible debt instruments, converted into common shares according to their terms.

Furthermore, this KPI is not intended to be, and should not be interpreted as, a measure of operating performance, financial performance, or liquidity. Specifically, BTC Yield does not correspond to "yield" in the traditional financial sense. It does not represent the return on investment that shareholders have realized historically or may realize in the future by owning the Company's shares, nor does it reflect income generated by our operations or our Bitcoin holdings, returns on our Bitcoin investments, or any other similar financial performance metrics.

The market price of our common shares is influenced by many factors beyond the number of Bitcoin we hold and the number of actual or potential shares outstanding. Consequently, our shares may trade at a discount or premium compared to the market value of our Bitcoin holdings, and BTC Yield does not indicate or predict the trading price of our common shares.

As previously mentioned, this KPI serves a specific purpose and is utilized by management to evaluate whether our use of equity capital to acquire Bitcoin is beneficial to shareholders solely concerning our Bitcoin holdings. In calculating BTC Yield, we do not consider the source of funds used for purchasing Bitcoin.

We specifically note that we have acquired Bitcoin using proceeds from various financing activities, including the recent rights issue announced in our disclosure dated August 6, 2024.

This metric may overstate or understate how accretive our use of equity capital is in purchasing Bitcoin, since not all Bitcoin acquisitions are funded through equity offerings, and not all equity issuances result in Bitcoin acquisitions.

The potential future issuance of convertible notes or other debt instruments could affect the BTC Yield without factoring in the associated debt.

We have not historically paid dividends on our common shares, and by presenting this KPI, we are not indicating any intention to do so in the future. Owning our common shares does not equate to owning any interest in the Bitcoin we hold.

Investors should base their decisions on the financial statements and other disclosures in our filings with the Tokyo Stock Exchange. This KPI is intended as a supplementary tool, not a replacement, and should be used by investors who comprehend its specific purpose and various limitations.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of this consolidated fiscal year were 7,819 million yen, an increase of 6,153 million yen from the end of the previous consolidated fiscal year.

Current assets were 2,146 million yen, an increase of 1,547 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase of 1,413 million yen in cash and deposits.

Fixed assets were 5,629 million yen, an increase of 4,563 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase of 51 million yen in tangible fixed assets and 4,511 million yen in investments and other assets.

Current liabilities were 2,413 million yen, an increase of 2,035 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase of 1,000 million yen in short-term borrowings and 1,000 million yen in bonds due to be redeemed within one year.

Fixed liabilities were 143 million yen, an increase of 7 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase of 5 million yen in long-term borrowings.

Total net assets were 5,262 million yen, up 4,110 million yen from the end of the previous consolidated fiscal year. This was mainly due to the fact that, while a quarterly net loss attributable to owners of the parent of 321 million yen was recorded, the exercise of the 9th stock acquisition rights caused capital and capital reserves to increase by 677 million yen each, and the partial exercise of the 11th stock acquisition rights caused capital and capital reserves to increase by 339 million yen each and stock application evidence to increase by 2,481 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

As for the consolidated business forecast for the fiscal year ending December 2024, it is currently under review and not provided here. We plan to disclose the forecast promptly once it has been calculated.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

| | As of December 31, 2023 | As of September 30, 2024 |
|--|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 553,175 | 1,966,394 |
| Accounts receivable-trade | 23,306 | 24,393 |
| Other-CA | 28,998 | 162,266 |
| Allowance for doubtful accounts-CA-by group | △6,067 | △6,067 |
| Current assets | 599,412 | 2,146,987 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 95,168 | 148,611 |
| Land | 866,619 | 866,619 |
| Other, net-PPE | 13,200 | 10,952 |
| Property, plant and equipment | 974,988 | 1,026,183 |
| Investments and other assets | | |
| Bitcoin assets-IOA | — | 4,507,081 |
| Allowance for doubtful accounts-IOA-by group | △440,073 | △440,073 |
| Other-IOA | 531,809 | 536,681 |
| Investments and other assets | 91,736 | 4,603,689 |
| Non-current assets | 1,066,724 | 5,629,873 |
| Deferred assets | | |
| Share issuance costs - DA | — | 42,389 |
| Deferred assets | — | 42,389 |
| Assets | 1,666,137 | 7,819,250 |

(Thousands of yen)

| | As of December 31, 2023 | As of September 30, 2024 |
|--------------------------------------|-------------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | — | 1,000,000 |
| Current portion of bonds payable | — | 1,000,000 |
| Income taxes payable | 19,558 | 28,396 |
| Other-CL | 358,566 | 385,105 |
| Current liabilities | 378,125 | 2,413,501 |
| Non-current liabilities | | |
| Long-term borrowings | 130,501 | 135,515 |
| Retirement benefit liability | 5,423 | 7,936 |
| Non-current liabilities | 135,924 | 143,451 |
| Liabilities | 514,049 | 2,556,953 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 575,000 | 1,017,283 |
| Deposits for subscriptions of shares | — | 2,481,385 |
| Capital surplus | △2,512,667 | △1,371,811 |
| Retained earnings | 3,207,328 | 3,337,021 |
| Treasury shares | △139,463 | △209,860 |
| Shareholders' equity | 1,130,197 | 5,254,017 |
| Share acquisition rights | 21,890 | 8,280 |
| Net assets | 1,152,087 | 5,262,297 |
| Liabilities and net assets | 1,666,137 | 7,819,250 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the Nine-month Period)

(Thousands of yen)

| | Nine months ended September 30, 2023 | Nine months ended September 30, 2024 |
|---|---|---|
| Net sales | 171,328 | 250,692 |
| Cost of sales | 33,245 | 48,918 |
| Gross profit (loss) | 138,082 | 201,774 |
| Selling, general and administrative expenses | 547,284 | 385,577 |
| Operating profit (loss) | △409,201 | △183,802 |
| Non-operating income | | |
| Interest income-NOI | 6 | 37 |
| Foreign exchange gains-NOI | 149,643 | — |
| Gain on sale of investment securities - NOI | — | 854 |
| Other-NOI | 10,505 | 1,044 |
| Non-operating income | 160,156 | 1,936 |
| Non-operating expenses | | |
| Interest expenses-NOE | 19,044 | 41 |
| Loss on valuation of Bitcoin assets-NOE | — | 124,402 |
| Other-NOE | 2,853 | 5,492 |
| Non-operating expenses | 21,897 | 129,936 |
| Ordinary profit (loss) | △270,942 | △311,802 |
| Extraordinary income | | |
| Gain on sale of non-current assets - EI | 254,754 | — |
| Gain on reversal of share acquisition rights - EI | 4,632 | — |
| Extraordinary income | 259,387 | — |
| Extraordinary losses | | |
| Loss on retirement of non-current assets-EL | 180 | — |
| Loss on sale of non-current assets - EL | 37,571 | — |
| Impairment losses - EL | 61,812 | — |
| Loss on liquidation of subsidiaries and associates-general-EL | 303,092 | — |
| Extraordinary losses | 402,656 | — |
| Profit (loss) before income taxes | △414,212 | △311,802 |
| Income taxes | 847 | 9,932 |
| Profit (loss) | △415,059 | △321,734 |
| Profit (loss) attributable to owners of parent | △415,059 | △321,734 |

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Nine-month Period)

(Thousands of yen)

| | Nine months ended September 30, 2023 | Nine months ended September 30, 2024 |
|--|---|---|
| Profit (loss) | △415,059 | △321,734 |
| Other comprehensive income | | |
| Foreign currency translation adjustment, net of tax-OCI | △33,684 | — |
| Other comprehensive income | △33,684 | — |
| Comprehensive income | △448,744 | △321,734 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | △448,744 | △321,734 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Our group has been working to improve our financial position by restructuring unprofitable hotels and affiliates that have been a burden on management. Additionally, by securing funds during the current consolidated accounting period, we have maintained sufficient financial liquidity to support the going concern assumption. However, we have consistently recorded operating and ordinary losses in past fiscal years, and have also recorded operating and ordinary losses during the current interim consolidated accounting period. As a result of this situation, and under the accounting rule, the Company expresses the existence of some uncertainties regarding the premise of a going concern. To address these issues, our group is implementing the following measures to resolve or improve the situation.

① Development of New Businesses in the Bitcoin-Related Field

We intend to continue increasing our Bitcoin holdings through capital market activities and operational income as deemed appropriate. Furthermore, as previously disclosed, we may evaluate income-generating strategies in the Bitcoin options market to generate premium income using cash or Bitcoin as collateral, subject to prevailing market conditions and management's discretion, with the objective of enhancing operational income and increasing our aggregate Bitcoin holdings. Additionally, we aim to drive future income and profit by advancing our previously announced initiatives, such as Bitcoin Magazine Japan.

② Stabilization of Performance and Finances through the Hotel Business and Exploration of New Ventures

Regarding our hotel business, we are continuing operations only at the Gotanda property. For the Gotanda property, we have been renovating rooms and implementing new customer acquisition strategies, which have led to increased occupancy rates and contributed to our group's revenue and profit generation. We are working to enhance the added value of the hotel business through capital investments related to Bitcoin, ensuring it remains a core business capable of consistently generating stable revenue and profit. Additionally, we continue to explore new business opportunities that can secure profits, striving to achieve operational profitability. In light of the above situation, we plan to stabilize our financial base by securing operating profit through hotel business operations while exploring new business ventures that can become significant sources of revenue and profit.

③ Cost Reduction

Our group continuously reviews selling, general, and administrative expenses and implements thorough cost reduction measures. We also enforce rigorous cost management to prevent unnecessary expenses from increasing due to new business ventures. We closely monitor company conditions, such as sales and costs, and implement necessary measures promptly.

④ Implementation of Capital Strategies

While exploring the development of new businesses that can become pillars of revenue and profit, we aim to improve our financial foundation by stabilizing the hotel business and considering new fundraising methods, including capital increases and loans. During the current interim consolidated accounting period, we secured 1,340 million yen in cash and deposits through the exercise of stock acquisition rights (9th series) issued on December 28, 2022, and 1,000 million yen through the issuance of the 2nd series of unsecured corporate bonds (with a guarantee) on June 28, 2024.

We previously reported that we had obtained 1,000 million yen in cash and deposits through the issuance of the second series of guaranteed straight bonds on June 28, 2024. However, we have already redeemed this 1,000 million yen in full on October 23, 2024.

Although our financial foundation remains stable, we will continue to strengthen it by securing business funds.

Third quarter Consolidated Financial Statements financial statements have been prepared on the assumption of a going concern and do not reflect the effects of uncertainty related to the going concern assumption.

(Changes in Accounting Policies)

There are no applicable items.

(Notes on Significant Changes in Shareholders' Equity)

• Reduction of Capital Stock and Disposal of Surplus

At the Board of Directors meeting held on September 26, 2023, our company resolved to propose "Reduction of Capital Stock and Disposal of Surplus" at the Extraordinary General Meeting of Shareholders scheduled for December 1, 2023. This proposal was approved at the said Extraordinary General Meeting. The reduction of capital stock became effective on January 12, 2024, upon the completion of creditor protection procedures.

(1) Purpose of Reduction of Capital Stock and Disposal of Surplus

The purpose is to cover deficits and improve financial soundness, as well as to achieve agile and flexible capital policies.

(2) Details of Reduction of Capital Stock and Disposal of Surplus

① Amount of Capital Stock to be Reduced

The purpose is to cover deficits and improve financial soundness, as well as to achieve agile and flexible capital policies

② Method of Reduction of Capital Stock

The amount of capital stock reduced by 575,000 thousand yen was transferred to other capital surplus

③ Effective Date of Reduction of Capital Stock

January 12, 2024 (as per registration)

④ Amount of Other Capital Surplus Generated by Reduction of Capital Stock

575,000千円

⑤ Amount Transferred to Retained Earnings to Cover Deficits

On the effective date, 451,427 thousand yen of other capital surplus was transferred to retained earnings brought forward for the purpose of covering deficits

• Exercise of the 9th Series of Stock Acquisition Rights

(1) On April 8, 2024, the Company transferred all of the Stock Acquisition Rights (335,000 units) held by EVO FUND and a portion of the Stock Acquisition Rights (132,500 units) held by MMXX Ventures Limited to 9 persons (2 corporations and 7 individuals), and all 9 persons acquired the All of these 9 persons received payment for the acquired SARs on the same day by exercising their SARs.

As a result, common stock and capital surplus increased by 472,876 thousand yen each.

(2) On April 22, 2024, the Company received payment from MMXX Ventures Limited upon exercise of 85,713 SARs held by the Company.

As a result, common stock and capital surplus increased by 86,698 thousand yen each.

(3) On June 10, 2024, the Company received payment from MMXX Ventures Limited upon exercise of 116,787 SARs held by the Company.

As a result, capital stock and capital surplus increased by 118,130 thousand yen each

• Regarding the exercise of the 11th stock acquisition rights

• At the Board of Directors meeting held on August 6, 2024, the Company resolved to issue a free allotment of the 11th stock acquisition rights (unlisted), with the exercise period set to be from September 6, 2024 (including the same day) to November 5, 2024 (including the same day).

However, the Company received partial payments for the exercise of these stock acquisition rights by the end of September 2024.

As a result, capital stock increased by 442,283 thousand yen and Deposits for subscriptions of shares increased by 2,481,385 thousand yen and capital surplus increased by 2,481,385 thousand yen, respectively, during the current third quarter consolidated cumulative period

(Notes to Interim Consolidated Balance Sheet)

※ Bitcoin is the only crypto asset held by the Company, and is therefore presented under this account name.

(Notes to Interim Consolidated Statements of Cash Flows)

Reconciliation of cash and cash equivalents at the end of the interim period to the accounts reported in the interim consolidated balance sheets is made as follows: * Cash and cash equivalents at the end of the interim period.

| | First nine months of 2023 (From: January 1, 2023 To: September 30, 2023) | First nine months of 2024 (From: January 1, 2024 To: September 30, 2024) |
|-------------------------------|--|--|
| Depreciation and amortization | 42,891 thousand yen | 15,347 thousand yen |

(Segment information)

【Segment information】

I First nine months of 2023 (January 1, 2023 through September 30, 2023)

1. Information on sales and profit or loss by reportable segment and decomposition of earnings

| (Unit: thousand yen) | | | | | | |
|--|--------------------|-----------|-------------------|--------------|------------------------|---|
| | Reportable Segment | | Other (Note ①) | total amount | Adjustment (Note ②) | Amount recorded in interim consolidated statements of income (Note ③) |
| | Hotel Business | Total | | | | |
| Net sales | | | | | | |
| Revenue from contracts with customers | 171,328 | 171,328 | — | 171,328 | — | 171,328 |
| Sales to external customers | 171,328 | 171,328 | — | 171,328 | — | 171,328 |
| Intersegment sales and transfers | — | — | — | — | — | — |
| Total | 171,328 | 171,328 | — | 171,328 | — | 171,328 |
| Segment loss (-) | (315,008) | (315,008) | (13,071) | (328,079) | (81,121) | (409,201) |

(Notes) ①. "Other" is a business segment not included in the reportable segments and includes Web3-related business, etc.

②. Adjustment of segment loss refers to corporate expenses that are not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

③. Segment loss is adjusted with operating loss in the interim consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

The Group previously had a single segment of "Hotel Business," but with the launch of the new Web3 and Metaverse-related businesses, and in light of the growing importance of these areas in the future, effective from the first quarter of the current fiscal year, the reporting segment has been changed to "Hotel Business" and Web3-related businesses, etc. have been changed to "Other" In light of the growing importance of this area, the Company has changed its reportable segment to "Hotel Business" and Web3-related business, etc. to "Other"

3. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment.

(Significant impairment loss on fixed assets)

Impairment loss of fixed assets of 61,812 thousand yen was recorded for Web3 - related business, etc. in the "Others" segment.

(Segment information)

【Segment information】

II First nine months of 2024 (January 1, 2024 to September 30, 2024)

1. Information on sales and profit or loss by reportable segment and decomposition of earnings

| (Unit: thousand yen) | | | | | | |
|--|--------------------|----------|-------------------|--------------|------------------------|---|
| | Reportable Segment | | Other (Note ①) | total amount | Adjustment (Note ②) | Amount recorded in interim consolidated statements of income (Note ③) |
| | Hotel Business | Total | | | | |
| Net sales | | | | | | |
| Revenue from contracts with customers | 250,692 | 250,692 | — | 250,692 | — | 250,692 |
| Sales to external customers | 250,692 | 250,692 | — | 250,692 | — | 250,692 |
| Intersegment sales and transfers | — | — | — | — | — | — |
| Total | 250,692 | 250,692 | — | 250,692 | — | 250,692 |
| Segment loss (-) | (64,158) | (64,158) | (2,231) | (66,390) | (117,412) | (183,802) |

(Notes) ①. "Other" is a business segment not included in the reportable segments and includes Bitcoin-related business, Web3-related business (up to Q2), etc.

②. Adjustment of segment loss refers to corporate expenses that are not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

③. Segment loss is adjusted with operating loss in the interim consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

The Group previously included the "hotel business" and Web3-related businesses, etc., in "Others" until the interim period under review. Starting this quarter, the Bitcoin related business is the only business in the "Others" reportable segment.

3. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment.

Not applicable.