

Semiannual Securities Report

(The 26th Fiscal Period)

Metaplanet Inc.

S e m i a n n u a l Securities Report

1. This document is a printed copy of the Semiannual Securities Report submitted using the electronic data processing system for disclosure (EDINET) prescribed in Article 27-30-2 of the Financial Instruments and Exchange Act, with a table of contents and pages attached.
2. The Interim Review Report attached to the Semiannual Securities Report submitted by the aforementioned method and the Confirmation Letter submitted at the same time as the aforementioned Semiannual Securities Report are included at the end of this document.

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Document title	Semiannual securities report
Clause of stipulation	Item 1 in the table of Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	August 14, 2024
Quarterly accounting period	During the 26th fiscal period (from January 1, 2024 to June 30, 2024)
Company name	Metaplanet Inc.
Company name in English	Metaplanet Inc.
Title and name of representative	Representative Director Simon Gerovich
Address of registered head office	3-1-6 Motoazabu, Minato-ku, Tokyo
Telephone number	03-6690-5801 (Main)
Name of contact person	IR Director Miki Nakagawa
Place of contact	3-1-6 Motoazabu, Minato-ku, Tokyo
Telephone number	03-6690-5801 (Main)
Name of contact person	IR Director Miki Nakagawa
Place for public inspection	Tokyo Stock Exchange (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I 【Corporate Information】

Part 1 【Overview of the Company】

1 【Changes in Key Management Indicators】

Fiscal year		Six months of the 25th fiscal year	Six months of the 26th fiscal year	25th fiscal year
Period		From January 01, 2023 to June 30, 2023	From January 01, 2024 to June 30, 2024	From January 01, 2023 to December 31, 2023
Net sales	(Thousand yen)	120,021	168,494	261,633
Ordinary profit (loss)	(Thousand yen)	(140,052)	(176,500)	(414,710)
Profit (loss) attributable to owners of parent	(Thousand yen)	80,973	(176,975)	(683,923)
Comprehensive income	(Thousand yen)	59,058	(176,975)	(632,639)
Net assets	(Thousand yen)	1,845,607	2,316,194	1,152,087
Total assets	(Thousand yen)	4,300,734	3,876,447	1,666,137
Basic earnings (loss) per share	(Yen)	7.89	(12.75)	(62.93)
Diluted earnings per share	(Yen)	7.30	—	—
Equity-to-asset ratio	(%)	42.4	59.6	67.8
Net cash provided by (used in) operating activities	(Thousand yen)	(295,455)	(54,739)	(571,525)
Net cash provided by (used in) investing activities	(Thousand yen)	1,500,614	(1,830,737)	2,333,129
Net cash provided by (used in) financing activities	(Thousand yen)	(1,200,882)	2,341,082	(1,415,689)
Cash and cash equivalents	(Thousand yen)	212,177	1,008,780	553,175

(Note) 1. Because the Company prepares interim consolidated financial statements, changes in major management indicators of the submitting company are not stated.

2. Diluted net income per share for the 25th fiscal year and the 26th fiscal year is not stated because net loss per share was recorded despite the existence of dilutive shares.

3. As of August 1, 2024, the Company consolidated its common stock at a ratio of one common stock for every ten common stocks. Net loss per share is calculated based on the assumption that the reverse stock split was implemented at the beginning of the 25th fiscal year.

2 【Details of Business】

There have been no significant changes in the details of the businesses operated by the Group (the Company and its affiliates) during the current interim consolidated accounting period.

Part 2 【Business Status】

1 【Business Risks】

During this interim consolidated accounting period, there have been no new business or other risks, nor any significant changes to the business or other risks described in the securities report for the previous fiscal year.

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, the Group has recorded operating losses, ordinary losses and negative operating cash flows for consecutive fiscal years, and has recognized the existence of uncertainty or circumstances surrounding its going concern status.

In this interim consolidated accounting period, we have recorded an operating loss, ordinary loss, and negative operating cash flow, and there are concerns or circumstances surrounding the going concern assumption. In order to resolve this situation, we have described in "4. Accounting Status 1. Notes to Interim Consolidated Financial Statements (Matters Regarding the Going Concern Assumption)".

2 【Management's analysis of financial position, operating results and cash flow status】

Forward-looking statements in the text are based on judgments made as of the end of the current interim consolidated accounting period.

(1) Explanation of Business Performance

During the current interim consolidated accounting period, the economy showed a moderate recovery trend due to improvements in the employment and income environment and an increase in foreign tourists resulting from the depreciation of the yen. However, the outlook remained uncertain due to rising prices and unstable international conditions.

In our hotel business, we have advanced room renovations and implemented new customer acquisition strategies, resulting in increased occupancy rates, which have already contributed to our group's revenue and profit generation.

In other business areas, we decided to purchase Bitcoin from the current interim consolidated accounting period and hold it as part of our financial management strategy in Bitcoin currency. However, we have not launched new business ventures that could become significant sources of revenue and profit. In this context, although our group achieved a 40.4% increase in net sales compared to the same period of the previous year, we recorded operating expenses that exceeded net sales, resulting in an operating loss.

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

As a result, the group's performance during the current interim consolidated accounting period was as follows: net sales of 168 million yen (a 40.4% increase compared to the same period of the previous year), an operating loss of 115 million yen (compared to an operating loss of 264 million yen in the same period of the previous year), an ordinary loss of 176 million yen (compared to an ordinary loss of 140 million yen in the same period of the previous year), and a net loss attributable to owners of the parent company of 176 million yen (compared to a net profit of 80 million yen in the same period of the previous year).

(2) Explanation of Financial Position

At the end of the current interim consolidated accounting period, total assets amounted to 3,876 million yen, an increase of 2,210 million yen compared to the end of the previous consolidated fiscal year.

Current assets were 1,178 million yen, an increase of 579 million yen from the previous consolidated fiscal year. This was mainly due to increases in cash and deposits by 455 million yen and other assets by 129 million yen.

Fixed assets amounted to 2,698 million yen, an increase of 1,631 million yen compared to the previous consolidated fiscal year. This was primarily due to increases in tangible fixed assets by 60 million yen and Bitcoin by 1,567 million yen.

We believe that our company is unique in the Bitcoin sector within Japan's capital market and will present the account titles in our consolidated financial statements as "Bitcoin" rather than as "cryptocurrency."

Total liabilities were 1,560 million yen, an increase of 1,046 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to increases in current liabilities by 1,041 million yen and fixed liabilities by 4 million yen.

Total net assets amounted to 2,316 million yen, an increase of 1,164 million yen compared to the end of the previous consolidated fiscal year. This was primarily due to the recording of a net loss attributable to owners of the parent company of 176 million yen, while capital stock and capital surplus increased by 677 million yen each, due to the exercise of the 9th series of stock acquisition rights during the current interim consolidated accounting period.

(3) Explanation of Cash Flows

During the current interim consolidated accounting period, cash and cash equivalents (hereinafter referred to as "funds") increased by 455 million yen from 553 million yen at the end of the previous consolidated fiscal year, resulting in a total of 1,008 million yen.

The status and factors of each cash flow during the current interim consolidated accounting period are as follows:

(Cash Flow from Operating Activities)

The funds spent from operating activities were 54 million yen (compared to 295 million yen spent in the same period of the previous year). The main factors were a pre-tax net loss of 176 million yen, depreciation expenses of 8 million yen, a Bitcoin impairment loss of 59 million yen, and a foreign exchange loss of 3 million yen.

(Cash Flow from Investing Activities)

The funds spent from investing activities were 1,830 million yen (compared to 1,500 million yen gained in the same period of the previous year). The main factors were expenditures of 5 million yen for the acquisition of investment securities, income of 6 million yen from the sale of investment securities, expenditures of 68 million yen for the acquisition of tangible fixed assets, expenditures of 1,642 million yen for the acquisition of Bitcoin, and expenditures of 6 million yen for the payment of deposits and guarantee money.

(Cash Flow from Financing Activities)

The funds obtained from financing activities were 2,341 million yen (compared to 1,200 million yen spent in the same period of the previous year). The main factors were income of 1,000 million yen from the issuance of corporate bonds and income of 1,340 million yen from the issuance of shares.

(4) Business and financial issues to be addressed

There have been no significant changes in the issues to be addressed by the Group during the current interim consolidated accounting period.

(5) Research and development activities

Not applicable.

(6) Main Facilities

Not applicable.

3 【Important management contracts, etc.】

There were no decisions or conclusion of important management contracts, etc. during the current interim consolidated accounting period.

Part3 【Status of the Submitting Company】

1 【Status of Shares】

(1) 【Total number of shares】

① 【Total number of shares】

Type	Total number of shares authorized to be issued
Common stock	228,237,948
Total	228,237,948

(Note) 1. As provided for in Article 6 of the Company's Articles of Incorporation, the total number of authorized shares of common stock of the Company is 228,237,948 shares.

2. At the extraordinary general meeting of shareholders held on June 28, 2024, it was resolved that the total number of shares authorized to be issued would be changed to 65,000,000 shares on August 1, 2024.

② 【Outstanding stocks】

Type	Number of shares issued as of the end of the interim accounting period (June 30, 2024)	Number of issues as of the date of submission Co., Ltd. (August 14, 2024)	Name of Listed Financial Instruments Exchange or Registered Authorized Financial Instruments Firms Association	Content
Common stock	181,692,187	18,169,218	Tokyo Stock Exchange Standard market	The number of shares per share unit is 100.
Total	181,692,187	18,169,218	-	-

(Note) 1. The number of shares issued as of the submission date does not include the number of shares issued through the exercise of subscription rights to shares from August 1, 2024 to the submission date of this semiannual securities report.

2. At the extraordinary general meeting of shareholders held on June 28, 2024, the proposal regarding the consolidation of shares was approved and passed. As of the effective date of the consolidation of shares (August 1, 2024), ten shares were consolidated into one share. As a result, the total number of shares issued decreased by 163,522,969.

(2) Status of Stock Acquisition Rights

① 【Details of the stock option plan】

Not applicable.

② 【Other Subscription Rights to Shares】

Not applicable.

(3) Status of Exercise of Corporate Bonds with Share Options Subject to Exercise Value Change

Not applicable.

(4) 【Total number of shares issued, capital stock】

Date	Increase or decrease in the total number of issued shares Co., Ltd.	Total number of shares outstanding	Increase (decrease) in capital stock (Thousand yen)	Capital stock (Thousand yen)	Increase in additional paid-in capital (thousand yen)	Capital reserve balance (thousand yen)
January 12, 2024 (Note) 1	–	114,692,187	(575,000)	0	–	1,909,745
From April 1, 2024 June 30, 2024 (Notes) 2, 3, 4	67,000,000	181,692,187	677,705	677,705	677,705	2,587,450

(Note) 1. In accordance with the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the capital was reduced by 575,000 thousand yen by resolution of the general shareholders' meeting to compensate for the deficit.

2. As of April 8, 2024, the total number of issued shares increased by 46,750,000 shares, and capital and capital reserves increased by 472,876 thousand yen, respectively, due to the exercise of stock acquisition rights.
3. As of April 22, 2024, the total number of issued shares increased by 8,571,300 shares, and capital and capital reserves increased by 86,698 thousand yen, respectively, due to the exercise of stock acquisition rights.
4. As of June 10, 2024, the total number of issued shares increased by 11,678,700 shares, and capital and capital reserves increased by 118,130 thousand yen, respectively, due to the exercise of stock acquisition rights.
5. At the extraordinary general meeting of shareholders held on June 28, 2024, a proposal for a share consolidation was approved, and 10 shares will be consolidated into 1 share as of the effective date of the share consolidation (August 1, 2024).
As a result, the total number of issued shares has decreased by 163,522,969 shares.
6. The following changes have been made to "Part 1 Securities Information, Section 1 Offering Terms, 5. Use of Proceeds from New Issuance, (2) Use of Proceeds" in the securities registration statement submitted on December 28, 2022 and the amended securities registration statement submitted on January 12, 2023.

(1) Reason for the change

At the time when the Board of Directors approved the issuance of the 9th Share Acquisition Rights on December 28, 2022, the Company was planning to discontinue the WEB3 and Metaverse related businesses due to the lack of prospects for monetization, and decided to newly purchase and hold Bitcoins as part of the Company's financial strategy.

(2) Changes

Details of the change in the use of funds are as follows. (Changes are underlined.)

(Before change)

Specific use	Amount (million yen)			Estimated time of expenditure
① Working capital	New Shares	Share Acquisition Rights	Total	From February 2023 December 2024
	200	400	600	
② Development, operation, and advertising expenses in core businesses	New Shares	Share Acquisition Rights	Total	From February 2023 December 2024
	40	290	<u>330</u>	
③ Personnel costs for the consulting business	New Shares	Share Acquisition Rights	Total	From February 2023 Twenty twenty-five December
	40	<u>150</u>	<u>190</u>	
④ Investment resources for the investment business	New Shares	Share Acquisition Rights	Total	From February 2023 Twenty twenty-five December
	296	<u>474</u>	<u>770</u>	
⑤ Repayment of borrowings	New Shares	Share Acquisition Rights	Total	From February 2023 March 2023
	530	41	571	
Total	New Shares	Share Acquisition Rights	Total	
	1,106	1,355	2,461	

(After change)

Specific use	Amount (million yen)			Estimated time of expenditure
① Working capital	New Shares	From February 2023 December 2024	Total	From February 2023 December 2024
	200	400	600	
② Development, operation, and advertising expenses in core businesses	New Shares	From February 2023 December 2024	Total	From February 2023 December 2024
	40	<u>206</u>	<u>246</u>	
③ Personnel costs for the consulting business	New Shares	From February 2023 Twenty twenty-five December	Total	From February 2023 Twenty twenty-five December
	40	—	<u>40</u>	
④ Investment resources for the investment business	New Shares	From February 2023 Twenty twenty-five December	Total	From February 2023 Twenty twenty-five December
	296	<u>708</u>	<u>1,004</u>	
⑤ Repayment of borrowings	New Shares	From February 2023 March 2023	Total	From February 2023 March 2023
	530	41	571	
Total	New Shares	Share Acquisition Rights	Total	
	1,106	1,355	2,461	

(5) 【Status of Major Shareholders】

As of June 30, 2024

Name	Address	Number of shares held	Shareholding ratio (excluding treasury shares)
INTERACTIVE BROKERS LLC (standing proxy: Interactive Brokers Japan Co., Ltd.)	ONE PICKWICK PLAZAGREENWICH, CONNECTICUT 06830 USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo)	26,616,860	14.65
MMXX VENTURES LIMITED (Standing proxy: EVOLUTION JAPAN SECURITIES CO., LTD.) (Note 3)	CRAIGMUIR CHAMBERS, PO BOX 71, ROAD TOWN, TORTOLA VG1110, BRITISH VIRGIN ISLANDS (4-1 Kioi-cho, Chiyoda-ku, Tokyo)	23,665,100	13.03
SPENCER DAVID JONATHAN (Standing proxy: EVOLUTION JAPAN SECURITIES CO., LTD.)	VADHANA, BANGKOK (4-1 Kioi-cho, Chiyoda-ku, Tokyo)	15,000,000	8.26
Eto Batala	Fuchu City, Tokyo	7,500,000	4.13
GEROVICH SIMON	Minato-ku, Tokyo	5,000,000	2.75
Japan Securities Finance Co., Ltd.	1-2-10 Nihonbashikayabacho, Chuo-ku, Tokyo	3,600,100	1.98
Koichi Imamura	Takayama City, Gifu Prefecture	3,573,700	1.97
SBI SECURITIES Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	2,879,500	1.59
EVO FUND (Standing proxy: EVOLUTION JAPAN SECURITIES CO., LTD.)	190 ELGIN AVE., GEORGE TOWN, GRAND CAYMAN, KY1-9005, CAYMAN ISLANDS (4-1 Kioi-cho, Chiyoda-ku, Tokyo)	2,500,083	1.38
au Kabcom Securities Co., Ltd.	3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo	1,375,200	0.76
Total	—	91,710,543	50.48

(Note) 1. Shareholding ratio is calculated by deducting treasury stock (22,885 shares).

2. On August 1, 2024, we conducted a share consolidation at a ratio of 10 common shares to 1 share. The number of shares held above is the number of shares held before the share consolidation.

3. Although the Large-Scale Holdings Report dated July 30, 2024 and available for public inspection indicates that MMXX Ventures Limited holds the following shares as of July 23, 2024, we are unable to confirm the actual number of shares held as of the end of this interim accounting period, and therefore have not included them in the status of major shareholders above.

The contents of the Large-Scale Holdings Report are as follows

Large holder : MMXX Ventures Limited

Address : Craigmuir Chambers, Road Town, Tortola, VG1110, British Islands

Number of shares held : Common stock 10,000,000 shares

Percentage of shares held : 4.95%

(6) 【Status of Voting Rights】

① 【Issued Shares】

As of June 30, 2024

Division	Number of shares	Number of Voting Rights	Content
Non-voting stock	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Common stock) 22,800	—	—
Shares with full voting rights (other)	(Common stock) 181,507,300	1,815,073	—
Fractional share	(Common stock) 162,087	—	—
Total number of shares issued	181,692,187	—	—
Voting rights of all shareholders	—	1,815,073	—

(Note) At the Extraordinary General Meeting of Shareholders held on June 28, 2024, the proposal for the consolidation of shares was approved. As a result, the Company consolidated its shares at a ratio of 10 shares to 1 share on the effective date of the consolidation of shares (August 1, 2024).

As a result, the total number of shares issued decreased by 163,522,969

② 【自己株式等】

As of June 30, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio
(Treasury stock) Metaplanet Inc.	3-1-6 Motoazabu, Minato-ku, Tokyo	22,800	—	22,800	0.01
計	—	22,800	—	22,800	0.01

(Note) At the Extraordinary General Meeting of Shareholders held on June 28, 2024, the proposal for the consolidation of shares was approved. As a result, the Company consolidated its shares at a ratio of 10 shares to 1 share on the effective date of the consolidation of shares (August 1, 2024). After the share consolidation, the number of treasury shares was 2,280.

2 【Directors and Officers】

Changes in directors and corporate auditors during the current interim accounting period after the submission date of the Annual Securities Report for the previous fiscal year are as follows.

• Newly Appointed Director (External)

Position	Name	Birth Date	Summary of career, position, responsibilities, and significant concurrent positions		Term of office	Number of shares of the company's stock owned
Director	Mark Yusko	9 May 1963	May 1985	Graduated University of Notre Dame with Bachelor of Science - BD, Biology/Chemistry	(Note)3	Ordinary Shares 7,500,000
			May 1987	Graduated The University of Chicago Booth School of Business with Master of Business Administration - MBA, Finance/Accounting		
			July 2004	CEO & Chief Investment Officer at Morgan Creek Capital Management, LLC (Current)		
			July 2018	Managing Partner at Morgan Creek Digital in Chapel Hill, North Carolina, United States (Current)		
Director	Jason Fang	3 February 1993	Mar 2016	Investment Associate at Fenbushi Capital	(Note)3	-
			Jan 2018	Founder & Managing Partner at Sora Ventures in Taipei City, Taiwan (Current)		
Director	Tyler Evans	30 January 1992	May 2014	Graduated The University of Alabama for Chemical and Biological Engineering, Chemical Engineering	(Note)3	-
			Aug 2014	Co-Founder at BTC Inc. (Current)		
			Sep 2019	Co-Founder and Managing Partner at UTXO Management (Current)		
			Sep 2023	General Partner at Unbroken Chain (Current)		
Director	Benjamin Tsai	19 January 1973	Jun 1995	Graduated University of California, Berkeley with BS, Material Science & Engineering	(Note)3	
			Jun 2001	Graduated UCLA Anderson School of Management with MBA		
			Aug 2001	Associate to Managing Director, Structured Products Group at Merrill Lynch Japan Securities (Bank of America)		
			May 2011	Chief Executive Officer, Head of Commodities Desk at Merrill Lynch Singapore Commodities (Bank of America)		
			Oct 2013	Senior Vice President, Head of Alternative Investments Asia at AllianceBernstein		

			Jan 2017	Co-Founder & Chief Financial Officer at LA Blockchain Lab		
			Jan 2018	Founder at Cardinal Mark Investments (Current)		
			Aug 2018	Co-Founder & President at Wave Digital Assets (Current)		
			Mar 2021	Member of the Board for Ziliqa Capital (Current)		
			Sep 2021	Lecturer for Crypto Finance at UCLA Anderson School of Management (Current)		
Director	Eto Batara	27 December 1979	May 2004	Graduated Takushoku University with Computer Science	(Note)3	Ordinary Shares 7,500,000
			Apr 2001	Co-Founder and Chief Technology Officer at Mixi, Inc		
			Nov 2009	Co-Founder and Managing Partner at East Ventures (Current)		

(Note) 1. Each candidate, except for Mr. Benjamin Tsai, directly or indirectly holds shares of our company's stock.

Mark Yusko is included in INTERACTIVE BROKERS LLC, which is the largest shareholder listed in "Section 3. Status of Company 1. Status of Shares (5) Status of Major Shareholders There are no special transactional relationships between each candidate and our company.

2. On August 1, 2024, the Company consolidated its common shares at a ratio of one share for every ten shares. The above number of shares held indicates the number of shares held before the consolidation.
3. The term of office will be from the conclusion of the extraordinary general meeting of shareholders held on June 28, 2024 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2024.
4. Number of Directors and Audit & Supervisory Board Members by Gender and Ratio of Female Directors after Change
11 men and 2 women (15.4% of directors are women)

Part 4 【Status of accounting】

1. Preparation of Interim Consolidated Financial Statements

The interim consolidated financial statements of the Company have been prepared in accordance with the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976). Hereinafter referred to as the "Regulation on Consolidated Financial Statements" (Notes)

The Company has also prepared Type 1 interim consolidated financial statements in accordance with Part 3 of the Ordinance on Consolidated Financial Statements.

2. About Audit Certification

Pursuant to the provisions of Article 193, Paragraph 2, Item 1 of the Financial Instruments and Exchange Act, the Company's interim consolidated financial statements for the interim consolidated accounting period (from January 1, 2024 to June 30, 2024) are subject to an interim review by Yamabuki Audit Corporation.

1 【Interim Consolidated Financial Statements and Primary Notes】

(1) 【Interim Consolidated Balance Sheets】

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	553,175	1,008,780
Accounts receivable - trade	23,306	17,531
Other	28,998	158,184
Allowance for doubtful accounts	(6,067)	(6,067)
Total current assets	599,412	1,178,428
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,168	125,896
Land	866,619	866,619
Other, net	13,200	42,485
Total property, plant and equipment	974,988	1,035,001
Investments and other assets		
Bitcoin assets	—	※ 1,567,275
Other	531,809	535,815
Allowance for doubtful accounts	(440,073)	(440,073)
Total investments and other assets	91,736	1,663,017
Total non-current assets	1,066,724	2,698,019
Total assets	1,666,137	3,876,447

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Current portion of bonds payable	—	1,000,000
Income taxes payable	19,558	18,943
Other	358,566	400,751
Total current liabilities	378,125	1,419,695
Non-current liabilities		
Long-term borrowings	130,501	133,075
Retirement benefit liability	5,423	7,482
Total non-current liabilities	135,924	140,558
Total liabilities	514,049	1,560,253
Net assets		
Shareholders' equity		
Share capital	575,000	677,705
Capital surplus	(2,512,667)	(1,711,389)
Retained earnings	3,207,328	3,481,779
Treasury shares	(139,463)	(139,533)
Total shareholders' equity	1,130,197	2,308,562
Share acquisition rights	21,890	7,632
Total net assets	1,152,087	2,316,194
Total liabilities and net assets	1,666,137	3,876,447

(2) 【Interim Consolidated Statements of Income and Comprehensive Income Interim Consolidated
Statements of Income】
【Interim Consolidated Statements of Income】
【Interim Consolidated Accounting Period】

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	120,021	168,494
Cost of sales	22,141	34,552
Gross profit	97,879	133,941
Selling, general and administrative expenses	※ 362,769	※ 249,909
Operating loss	(264,889)	(115,967)
Non-operating income		
Interest income	4	2
Foreign exchange gains	134,285	—
Gain on sale of investment securities	—	854
Other	9,089	1,072
Total non-operating income	143,379	1,929
Non-operating expenses		
Interest expenses	18,540	41
Loss on valuation of Bitcoin assets	—	59,369
Other	1	3,052
Total non-operating expenses	18,542	62,463
Ordinary loss	(140,052)	(176,500)
Extraordinary income		
Gain on sale of non-current assets	254,754	—
Gain on reversal of share acquisition rights	4,632	—
Total extraordinary income	259,387	—
Extraordinary losses		
Loss on retirement of non-current assets	180	—
Loss on sale of non-current assets	37,571	—
Total extraordinary losses	37,751	—
Profit (loss) before income taxes	81,582	(176,500)
Income taxes	609	475
Profit (loss)	80,973	(176,975)
Profit (loss) attributable to owners of parent	80,973	(176,975)

【Interim Consolidated Statements of Comprehensive Income】

【Interim Consolidated Accounting Period】

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit (loss)	80,973	(176,975)
Other comprehensive income		
Foreign currency translation adjustment	(21,914)	—
Total other comprehensive income	(21,914)	—
Comprehensive income	59,058	(176,975)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	59,058	(176,975)

(3) 【Interim Consolidated Cash Flow Statement】

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	81,582	(176,500)
Depreciation	27,009	8,262
Amortization of long-term prepaid expenses	8,252	—
Loss (gain) on sale of investment securities	—	(854)
Loss (gain) on valuation of Bitcoin assets	—	59,369
Interest and dividend income	(4)	(102)
Foreign exchange losses (gains)	(134,285)	3,052
Gain on reversal of share acquisition rights	(4,632)	—
Loss (gain) on sale of non-current assets	(217,183)	—
Interest expenses	18,540	41
Decrease (increase) in trade receivables	5,861	5,774
Decrease (increase) in inventories	973	163
Increase (decrease) in retirement benefit liability	(828)	2,059
Other, net	(47,735)	44,981
Subtotal	(262,448)	(53,752)
Interest and dividends received	4	102
Interest paid	(32,975)	—
Income taxes paid	(35)	(1,090)
Net cash provided by (used in) operating activities	(295,455)	(54,739)
Cash flows from investing activities		
Purchase of investment securities	(198,420)	(5,503)
Proceeds from sale of investment securities	—	6,357
Purchase of property, plant and equipment	(77,099)	(68,276)
Purchase of Bitcoin assets	—	(1,642,612)
Proceeds from sale of property, plant and equipment	1,799,364	—
Purchase of intangible assets	(21,430)	—
Short-term loan advances	(1,800)	—
Payments of leasehold and guarantee deposits	—	(6,455)
Other, net	—	(114,247)
Net cash provided by (used in) investing activities	1,500,614	(1,830,737)
Cash flows from financing activities		
Repayments of short-term borrowings	(501,887)	—
Repayments of long-term borrowings	(2,072,658)	—
Proceeds from issuance of bonds	200,000	1,000,000
Proceeds from issuance of shares	1,150,000	1,340,000
Proceeds from issuance of share acquisition rights	23,690	—
Purchase of treasury shares	(27)	(69)
Other, net	—	1,152
Net cash provided by (used in) financing activities	(1,200,882)	2,341,082
Effect of exchange rate change on cash and cash equivalents	639	—
Net increase (decrease) in cash and cash equivalents	4,916	455,605
Cash and cash equivalents at beginning of period	207,260	553,175
Cash and cash equivalents at end of period	※ 212,177	※ 1,008,780

【Notes to Interim 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 losses, ordinary losses, and negative operating cash flow 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 plan to increase our Bitcoin holdings and use a portion of them for yield-generating activities. Additionally, we aim to drive income and profit by advancing our previously announced initiatives, such as Bitcoin Magazine and Bitcoin for Corporations.

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.

Although our financial foundation remains stable, we will continue to strengthen it by securing business funds. We are also considering new fundraising methods, including additional capital increases and loans, and have resolved to conduct a free allocation of the 11th series of unlisted stock acquisition rights on August 6, 2024. For details, please refer to (Significant Subsequent Events) III. Issuance of the 11th Series of Stock Acquisition Rights.

The interim consolidated 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.

(Change in accounting policy)

No items to report

(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 Income)

※ The major items and amounts of selling, general and administrative expenses are as follows.

	Previous Interim Consolidated Accounting Period (From: January 1, 2023 To: June 30, 2023)	Current Interim Consolidated Accounting Period (From: January 1, 2024 To: June 30, 2024)
salary supplement	57,084 thousand yen	36,202 thousand yen
Depreciation and amortization	27,009 thousand yen	8,262 thousand yen
expenses for rent of space, land, etc.	55,580 thousand yen	19,017 thousand yen

(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.

	Previous Interim Consolidated Accounting Period (From: January 1, 2023 To: June 30, 2023)	Current Interim Consolidated Accounting Period (From: January 1, 2024 To: June 30, 2024)
Cash and bank deposits	212,177 thousand yen	1,008,780 thousand yen
Time deposits with maturities longer than three months	-	-
Cash and cash equivalents	212,177 thousand yen	1,008,780 thousand yen

(Notes on Any Significant Change in the Value of Shareholders' Equity)

2Q FY2023 (From January 1, 2023 to June 30, 2023)

1. Dividend payment

No items to report

2. Dividends with record dates falling within the current interim consolidated accounting period, with the effective date being after the last day of the current interim consolidated accounting period.

No items to report

3. Significant changes in the amount of shareholders' equity

On February 8, 2023, the Company received payments for a third-party allotment of new shares from MMXX Ventures Limited, David Spencer, Schmonk Limited, Simon Gerovich, Mark Reinecke, Macias de Tezanos, Panefri Industries Co., Ltd., Gerrit van Wingerden, Piyajit Rukariyapong, Yoshihisa Ikurumi, Nina Gerovich, Lynn Kok, Harris Nordin, Yoshimi Abe and Soichi Yamaguchi.

As a result, capital and capital surplus increased by 575,000 thousand yen each during the current interim consolidated fiscal period.

2Q FY2024 (From January 1, 2024 to June 30, 2024)

1. Dividend payment

No items to report

2. Dividends with record dates falling within the current interim consolidated accounting period, with the effective date being after the last day of the current interim consolidated accounting period.

No items to report

3. Significant changes in the amount of shareholders' equity

• Reduction of Capital Stock and Appropriation of Surplus

At the Board of Directors meeting held on September 26, 2023, the Company resolved to submit a proposal for "Reduction of Capital Stock and Appropriation of Surplus" to the Extraordinary General Meeting of Shareholders to be held on December 1, 2023, which was approved and passed at the said Extraordinary General Meeting of Shareholders.

The reduction in the amount of capital became effective on January 12, 2024, when the creditor protection procedures were completed.

(1) Purpose of reduction of capital stock and appropriation of surplus

The Company's goal is to improve the financial soundness of the Company by making up the deficit, and to achieve a flexible and agile capital policy.

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

① Amount of capital to be reduced

Of the 575,000 thousand yen in capital stock, 575,000 thousand yen was reduced and the amount of capital stock was reduced to 0 thousand yen.

② Method of capital reduction

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

③ Effective date of capital reduction

January 12, 2024 (in the registration)

④ Amount of other capital surplus to be generated by the reduction in the amount of capital

575,000 thousand yen

⑤ Amount to be transferred to retained earnings to compensate for the deficit

Other capital surplus of 451,427 thousand yen was transferred to retained earnings brought forward to compensate for the deficit as of the effective date.

• Exercise of the 9th Series 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 concerned acquired the Stock 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 the Stock Acquisition Rights (116,787 units) held by the Company.

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

As a result, capital stock and capital surplus increased by 102,705 thousand yen and 801,277 thousand yen, respectively, during the current interim consolidated accounting period.

(Segment information)

【Segment information】

I Interim period ended June 30, 2023 (January 1, 2023 through June 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	120,021	120,021	–	120,021	–	120,021
Sales to external customers	120,021	120,021	–	120,021	–	120,021
Intersegment sales and transfers	–	–	–	–	–	–
Total	120,021	120,021	–	120,021	–	120,021
Segment loss (–)	(195,825)	(195,825)	(12,685)	(208,510)	(56,379)	(264,889)

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

3. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment
Not applicable .

II Current interim consolidated accounting period (January 1, 2024 to June 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	168,494	168,494	-	168,494	-	168,494
Sales to external customers	168,494	168,494	-	168,494	-	168,494
Intersegment sales and transfers	-	-	-	-	-	-
Total	168,494	168,494	-	168,494	-	168,494
Segment loss (-)	(38,126)	(38,126)	(1,805)	(39,932)	(76,034)	(115,967)

(Notes) 1. "Other" is a business segment not included in the reportable segments and includes Bitcoin business, 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 included the "hotel business" and Web3 and Metaverse-related businesses, etc., in "Others," but effective from the interim period under review, the bitcoin business is included in the "Others" reportable segment.

3. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment.
Not applicable .

(Revenue Recognition)

I 2Q FY2023 (From January 1, 2023 to June 30, 2023)

The Group's breakdown of revenue arising from contracts with customers is as set forth in (Segment information, etc.).

II 2Q FY2024 (From January 1, 2024 to June 30, 2024)

The Group's breakdown of revenue arising from contracts with customers is as set forth in (Segment information, etc.).

(Per share information)

Interim earnings per share and basis for calculation, and interim net income per share and basis for calculation of diluted net income per share are as follows.

Data	Six months ended June 30, 2023	Six months ended June 30, 2024
(1) Basic earnings (loss) per share	7.89yen	(12.75)yen
(Calculation Basis)		
Profit (loss) attributable to owners of parent (Thousands of yen)	80,973	(176,975)
Amount not attributable to common shareholders (Thousands of yen)	—	—
Net loss attributable to owners of the parent attributable to common stock (Thousands of yen)	80,973	(176,975)
Average number of shares of common stock during the period (Shares)	10,259,982	13,879,392
(2) Diluted net income per share	7 yen30sen	—
(Calculation Basis)		
Profit (loss) attributable to owners of parent (Thousands of yen)	—	—
Increase in common stock (Shares)	826,359	—
Outline of residual securities that were not included in the calculation of diluted net income per share because they have no dilutive effect and that have significantly changed since the end of the previous fiscal year.	<p>The 9th Series of Stock Acquisition Rights</p> <p>Resolution by the Board of Directors on December 28, 2022</p> <p>Approved by the Extraordinary General Meeting of Shareholders on February 7, 2023</p> <p>Number of common shares 6,700,000</p> <p>Number of stock acquisition rights 670,000</p> <p>Tenth series of stock acquisition rights 権</p> <p>Resolution by the Board of Directors on December 28, 2022</p> <p>Approved by the Extraordinary General Meeting of Shareholders on February 7, 2023</p> <p>Number of common shares 4,600,000 shares</p> <p>Number of stock acquisition rights 460,000</p>	—

(Note) 1. Diluted net income per share for the current interim consolidated accounting period is not stated because net loss per share was recorded, although there are residual shares.

2. The Company conducted a reverse stock split on August 1, 2024, at a ratio of 1 share of common stock for every 10 shares of common stock. Interim net loss per share is calculated on the assumption that the reverse stock split was conducted at the beginning of the previous interim consolidated accounting period.

(Significant subsequent events)

I. Purchase of Bitcoin

1. Overview of Bitcoin Purchase

Based on a resolution passed at the Board of Directors meeting held on June 24, 2024, the Company has purchased a total of 1 billion yen in Bitcoin by July 22, 2024, using the proceeds from the issuance of corporate bonds.

In addition, at the Board of Directors meeting held on August 8, 2024, it was resolved to borrow a total of 1 billion yen and allocate the entire amount to the purchase of Bitcoin, and plans to proceed with additional purchases.

II. Consolidation of shares and partial amendment to the Articles of Incorporation (increase in the number of authorized shares)

The following resolution was passed and approved at our Extraordinary General Meeting of Shareholders held on June 28, 2024.

1. Consolidation of shares

• Company will implement a consolidation of its common stock as follows

① Merger ratio

The Company will consolidate its common stock at a ratio of 10 shares to 1 share .

② The date on which the share consolidation takes effect (effective date)

August 1, 2024

③ Total number of shares that can be issued on the effective date

65,000,000株に変更 (2024年8月1日に、発行済株式総数を163,522,969株減少しております。)

2. Partial amendments to the Articles of Incorporation (changes related to share consolidation)

• Subject to the condition that the "consolidation of shares" is approved, the total number of shares authorized to be issued by the Company will be changed to 65,000,000 shares.

III. 11th Stock Acquisition Rights Issue

At the Board of Directors meeting held on August 6, 2024, the Company resolved to issue the 11th series of stock acquisition rights (unlisted) free of charge.

1. Purpose and reasons for offering stock acquisition rights

In order to protect the interests of existing shareholders, we have considered various methods of fund raising, such as a third-party allotment. As the method of fund raising this time, we have decided to select a method of issuing stock acquisition rights free of charge (unlisted type) through a shareholder allotment, which will provide existing shareholders who have supported us with an equal investment opportunity for the future growth of our group, at an exercise price of 555 yen, 17% lower than the market price. We will issue stock acquisition rights free of charge.

2. Type and number of shares to be issued under the stock acquisition rights

Common stock: 18,166,930 units (1 share per stock acquisition right)

3. Issue price of stock acquisition rights

The issue price per Stock Acquisition Right will be 0 yen (free of charge).

4. Total number of stock acquisition rights

The number of stock acquisition rights to be issued (total number of stock acquisition rights) shall be the total number of issued common shares of the Company on the shareholder determination date minus the number of common shares of the Company held by the Company on the same date. The above number of stock acquisition rights to be issued is an expected number calculated based on the total number of issued shares of the Company as of August 1, 2024 (excluding the number of common shares of the Company held by the Company), and includes the number of stock acquisition rights to be issued to shareholders resident overseas.

5. Persons and number of persons to whom stock acquisition rights will be allocated

Each shareholder, with the shareholder determination date set as September 5, 2024, will be allotted one Stock Acquisition Right for each common share of the Company held by that shareholder.

6. Period during which stock acquisition rights can be exercised

From September 6, 2024 (inclusive) to November 5, 2024 (inclusive).

7. Amount to be paid upon exercise of stock acquisition rights: 555 yen per share

8. Allocation date of stock acquisition rights: September 6, 2024

9. Conditions for exercising stock acquisition rights

It is not possible to exercise only part of one Stock Acquisition Right.

10. Matters concerning increased capital and capital reserves (increased capital and capital reserves when shares are issued through the exercise of stock acquisition rights)

The amount of increase in capital when common stock of the Company is issued as a result of the exercise of these stock acquisition rights shall be half of the maximum amount of increase in capital, etc. calculated in accordance with the provisions of Article 17, Paragraph 1 of the Corporate Accounting Regulations (if a fraction less than one yen results from the calculation, that fraction shall be rounded up to the nearest yen), and the amount of increase in capital reserve shall be the amount obtained by subtracting the amount of increase in capital, etc. from the maximum amount of increase in capital, etc.

IV. Large amounts of debt

At the Board of Directors meeting held on August 8, 2024, the Company resolved to borrow a total of 1 billion yen and to allocate the entire amount to the purchase of Bitcoin, as detailed below.

1. Reasons for borrowing funds

To buy Bitcoin.

2. Overview of the loan

• Lender

① Name: MMXX Ventures Limited

② Address: Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands

③ Representative's title and name: Director Mark Reinecke

④ Business content: Investment business

⑤ Total investment amount: 1 million US dollars

⑥ Date of establishment: February 10, 2022

⑦ Relationship with the Company: The Company holds shares in the Company.

These are companies etc. in which the majority of the voting rights are held by directors and their close relatives, and our representative director, Simon Gerovich, indirectly holds the majority of the voting rights.

In addition, as this Loan is a related party transaction, and as a measure to avoid conflicts of interest, Simon Gerovich, Representative Director of our company, who is a related party, did not participate in any deliberations or resolutions regarding the proposal for this Loan at the Board of Directors meeting.

• Loan amount : 1 billion yen

• Loan interest rate : 0.1% per year

• Borrowing date : August 8, 2024

• Loan period : 6 months from the date of loan execution

• Repayment method : Lump sum repayment

• Collateral: None

• Other conditions: If we obtain financing, the lenders may demand early repayment.

• Background to the selection of the lender: We selected this lender because they have supported us as a shareholder of our company, which enabled us to provide financing quickly.

2 【Other】

No items to report

PART II 【Information on Guarantee Companies, etc. of Submitting Company】

No items to report

Independent auditor's interim review report on interim
consolidated financial statements

August 14, 202

Metaplanet Inc.

To the Board of Directors

Yamabuki Audit Corporation

Tokyo Office

Designated employee Managing Partner	Certified Public Accountant	Tomoaki Nishioka
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Designated employee Managing Partner	Certified Public Accountant	Shintaro Utsumi
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Auditor's Conclusion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have conducted an interim review of the interim consolidated financial statements of Metaplanet Inc. for the interim consolidated accounting period (January 1, 2024 to June 30, 2024) of the consolidated fiscal year from January 1, 2024 to December 31, 2024, which are listed in the "Accounting Status" section, namely, the interim consolidated balance sheet, interim consolidated profit and loss statement, interim consolidated statement of comprehensive income, interim consolidated cash flow statement, and notes.

In the interim review conducted by our audit firm, we found no matter that would lead us to believe that the above interim consolidated financial statements do not fairly present, in all material respects, the financial position of Metaplanet Co., Ltd. and its consolidated subsidiaries as of June 30, 2024, and the operating results and cash flow status for the interim consolidated accounting period ending on that date, in accordance with generally accepted accounting standards in Japan .

Basis for the Auditor's Conclusion

We conducted our interim review in accordance with the standards for interim reviews generally accepted in Japan. Our responsibilities under the standards for interim reviews are described in "Auditor's Responsibilities for Interim Review of Interim Consolidated Financial Statements." In accordance with the provisions of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries, and have fulfilled our other ethical responsibilities as an auditor. We believe that we have obtained evidence on which to express our conclusion.

uncertainties regarding going concern

As described in the notes on the going concern assumption, the company has been recording operating losses, ordinary losses and negative operating cash flows since the previous fiscal year, and also recorded negative operating losses, ordinary losses and negative operating cash flows in the current interim consolidated accounting period. This means that there are circumstances that give rise to significant doubts about the going concern assumption, and significant uncertainty regarding the going concern assumption is recognized at this time. The measures to address this situation and the reasons why significant uncertainty is recognized are described in the notes. The interim consolidated financial statements have been prepared on the going concern assumption, and the impact of such significant uncertainty is not reflected in the interim consolidated financial statements.

These matters do not affect our conclusions .

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Interim Consolidated Financial Statements

The management's responsibility is to prepare and fairly present interim consolidated financial statements in accordance with generally accepted accounting standards in Japan, including the establishment and operation of internal control that management deems necessary to prepare and fairly present interim consolidated financial statements that are free from material misstatements due to fraud or error.

In preparing interim consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare such interim consolidated financial statements based on the going concern

assumption, and for disclosing matters relating to a going concern if it is necessary to do so in accordance with corporate accounting standards generally accepted in Japan.

The responsibility of the Audit & Supervisory Board members and the Audit & Supervisory Board is to oversee the performance of the Directors' duties in the development and operation of the financial reporting process.

The auditor's responsibility is to express an independent conclusion on the interim consolidated financial statements in the interim review report based on the interim review conducted by the auditor.

Auditors shall, in accordance with interim review standards generally accepted in Japan, exercise their professional judgement and maintain professional skepticism throughout the interim review process and shall.

- Conducting interim review procedures, including inquiries of management and persons responsible for financial and accounting matters, analytical procedures, etc. Interim review procedures are more limited than those for an audit of the annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
 - If the auditor determines that there is significant uncertainty regarding events or circumstances that may raise significant doubts about the going concern assumption, he/she shall conclude, based on the evidence obtained, whether there are any matters that lead him/her to believe that the interim consolidated financial statements are not presented fairly in accordance with the generally accepted accounting standards in Japan. In addition, if there is significant uncertainty regarding the going concern assumption, the auditor is required to draw attention to the notes to the interim consolidated financial statements in the interim review report, or to express a qualified or adverse conclusion on the interim consolidated financial statements if the notes to the interim consolidated financial statements regarding significant uncertainties are not appropriate. The auditor's conclusion is based on evidence obtained up to the date of the interim review report, but future events or circumstances may cause the company to be unable to continue as a going concern.
 - Evaluate whether there are any matters that lead us to believe that the presentation and notes of the interim consolidated financial statements do not conform to accounting standards generally accepted in Japan, and whether there are any matters that lead us to believe that the presentation, structure and content of the interim consolidated financial statements, including the related notes, and that the interim consolidated financial statements do not fairly present the underlying transactions and accounting events .
 - Obtain evidence regarding the financial information of the company and its consolidated subsidiaries that forms the basis for expressing a conclusion on the interim consolidated financial statements. The auditor is responsible for directing, supervising and inspecting the interim review of the interim consolidated financial statements. The auditor is solely responsible for the auditor's conclusion .
- The auditor will report to the auditors and the Board of Auditors on the planned scope of the interim review, its timing, and any significant findings from the interim review.

The auditor shall report to the auditors and the board of auditors on their compliance with Japan's professional ethics regulations regarding independence, as well as on any matters that may reasonably be considered to affect the auditor's independence, and on any measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level.

Conflict of interest

There are no conflicts of interest between the Company and its consolidated subsidiaries and our audit firm or its executive officers pursuant to the Certified Public Accountants Act .

The End

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- (Notes) 1. The originals of the above interim review reports are kept separately by the Company (the company that submits the semi-annual report).
2. XBRL data is not included in the interim review.