



Pioneering the World of Digital Finance

CAICA DIGITAL REPORT 2023

[November 1, 2022 to October 31, 2023]

CAICA DIGITAL Philosophy

CAICA DIGITAL Inc. will provide services that earn high customer satisfaction by respecting the individuality of every employee and bringing together all forms of wisdom, including technologies and experience, thereby helping to enrich people's daily lives.

CAICA DIGITAL Activity Guidelines

1. We will tackle the challenge of creating new value and achieving innovation.—— Value Creation, Innovation and Challenge
2. We, as professionals, will strive to deliver services that truly satisfy our customers.—— Professionalism, Customer Focus
3. We will value teamwork and work together as one.—— Teamwork, Collaboration
4. We aim to achieve personal fulfillment through our work.—— Personal Fulfillment
5. We will create this company by ourselves.—— Independence

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CAICA Group Organization

Building a more robust organization through fundamental business structure revisions

Exiting a part of our financial services business, we will create a framework centered around the IT services business, which generates stable cash flows.

- ◆ Following the sale of all shares held in CAICA Exchange Holdings Inc., CAICA Exchange Inc., and CAICA Capital Inc. were excluded from the scope of consolidation
- ◆ CAICA Securities Inc. (currently EWJ Inc.) abolished Type I Financial Instruments Business and Investment Management Business in accordance with the Financial Instruments and Exchange Act

New structure from November 1, 2023



As of October 31, 2023



History

As of December 31, 2023

For details, please see
P1 Group Organization
P4 CEO Message
P13 Special Feature

Evolution of Group Reorganization

2023	December	Changed the company name of subsidiary CAICA Securities Inc. to EWJ Inc.	
		Eliminated deficit to build a robust organization	<ul style="list-style-type: none"> • November Abolished Type I Financial Instruments Business and Investment Management Business of subsidiary CAICA Securities Inc. • October Following the transfer of all shares held in subsidiary CAICA Exchange Holdings Inc. (current company name: ZED Holdings Inc.), CAICA Exchange Holdings Inc., CAICA Exchange Inc. (current company name: Zaif Inc.), and CAICA Capital Inc. (current company name: Web3 Capital Inc.) were deconsolidated
	February	Completed liquidation of EWM (HONG KONG) LIMITED	
2022		Entered the Web3 business	<ul style="list-style-type: none"> • November CAICA Financial Holdings Inc. started providing NFT launchpad (primary sales) for Zaif INO • October Announced the Company's entry into the Web3 business
	July	Dissolved EWC Anonymous Association and EWA Anonymous Association	
2021	December	Acquired all shares of FISCO Capital Ltd. through subsidiary CAICA Financial Holdings Inc., made FISCO Capital Ltd. a consolidated subsidiary and changed its company name to CAICA Finance Inc.	
		CAICA DIGITAL Inc.	Changed the company name from CAICA Inc. on November 1, 2021
		CAICA Financial Holdings Inc.	Established an intermediate holding company to control the financial services business through a company split in November 2021
		Unified under the CAICA brand	<ul style="list-style-type: none"> • November Changed the company name of subsidiary ewarrant Japan Securities K.K. to CAICA Securities Inc. • November Changed the company name of subsidiary Zaif Holdings Inc. to CAICA Exchange Holdings Inc. • November Changed the company name of subsidiary Zaif Inc. to CAICA Exchange Inc. • November Changed the company name of subsidiary Zaif Capital Inc. to CAICA Capital Inc.
		Zaif Holdings Inc.	Acquired additional shares in Zaif Holdings through stock issuance in August 2021 with an aim of obtaining ownership of 51% or greater
		Zaif Holdings Inc.	Made a consolidated subsidiary of Zaif Holdings in March 2021, holding 40.7% of its shares, based on the effective control standard. In conjunction, Zaif Holdings' subsidiaries, Zaif Inc. and Zaif Capital Inc., also became consolidated subsidiaries
	March	Transferred all shares of equity-method affiliate NCXX Inc.	
	February	Strengthened capital and business alliance with FISCO Ltd.	
	February	Established CK Strategic Investment Limited Partnership for investment in shares (listed/unlisted), corporate bonds (listed/unlisted), etc.	
2020	December	The Company and its subsidiary, eWarrant Japan Securities K.K., invested in the Crypto Asset Fund operated by the EWC Anonymous Association, which invests in crypto assets and crypto asset derivatives, and in the Art Fund operated by the EWA Anonymous Association, which invests in modern art, and made both of the associations subsidiaries.	
	November	Established CAICA Digital Partners Inc. to be responsible for corporate support platform operating business, etc.	
		Further evolved into an IT finance company	CAICA Inc. March 1, 2020 Transitioned to holding company system and changed company name to CAICA Inc. March 1, 2020 CAICA Inc. transferred its information systems business to CAICA Technologies Inc. through a company split (absorption-type split)
2019		Transformed into an IT finance company	
2018		Participated in financial business	<ul style="list-style-type: none"> • eWarrant Japan Securities K.K. • EWARRANT INTERNATIONAL LTD. • EWARRANT FUND LTD. eWarrant Group made into subsidiaries FISCO Digital Asset Group (now Zaif Holdings) made into an equity-method affiliate
2017		CAICA Inc.	
	February 1, 2017	Company name changed from SJI Inc. to CAICA Inc.	
2016		Declared a fintech strategy and focused on blockchains and crypto assets	
2009		SJI Inc.	
		Integrated all domestic companies and changed company name to SJI Inc.	
2006		SJ Holdings Inc.	
2005		Sun Japan Corporation	Newly established SJ Alpine Co., Ltd. to continue all sales of TCC Co., Ltd. and IBeT Co., Ltd.
		Newly established company to continue operations from SJ Holdings	
2004			Merger and integration with Sun Japan Corporation
2003	March 4, 2003	Shares registered as over-the-counter shares with the Japan Securities Dealers Association	
2002			IBeT Co., Ltd.
1989		Sun Japan Corporation	
		Established in Bunkyo-ku, Tokyo	
1977			Japan Systems Creation Inc.
			Established in Shinjuku-ku, Tokyo
1969		TCC Co., Ltd.	
		Established in Yokohama, Kanagawa Prefecture	
		Software Management K.K.	
		Established in Shinjuku-ku, Tokyo	

Management Policy and Focus Areas

Management Policy

The CAICA DIGITAL Group aims to create innovative businesses, keeping abreast of the times. We provide customers with services utilizing new knowledge as a digital finance company obtained from merging financial business know-how with expertise cultivated through building many financial systems and cutting-edge technologies. We will also create innovative services as a corporate group that matches the paradigm shifts as finance and society undergo dramatic transformations amid the digitalization of society.

Understanding of the Management Environment

We believe that the CAICA DIGITAL Group's systems development business (systems integrator business), in which we have been involved since establishment, is facing significant changes to its business structure due to the progress of digital transformation (DX), and in the near future we envisage a scenario of accelerating industry restructure and pressure for dramatic transformation. Taking these matters into account, the CAICA DIGITAL Group has focused on the blockchain field under a FinTech strategy since 2016, based on over 50 years of knowledge of systems development for financial institutions, and it entered the Web3 business in 2022.

Policy for Fiscal Year Ending October 31, 2024

IT services business

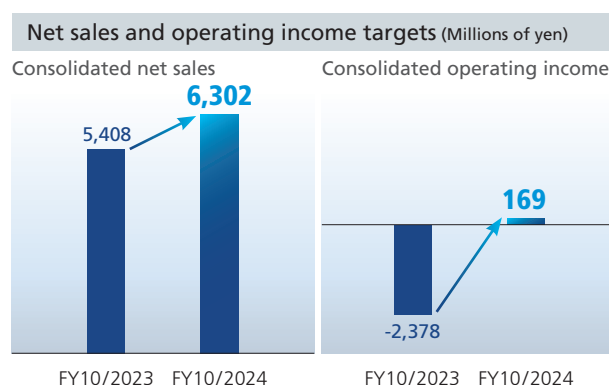
- Expand orders received from existing customers such as major systems integrators and others
- Improve primary contractor ratio

Financial services business

- Advance Web3 business

Consolidated Results Forecast for FY10/2024 (November 1, 2023 to October 31, 2024)

	FY10/2023 results	FY10/2024 forecast
Net sales	¥5,408 million	▶ ¥ 6,302 million
Operating income	¥(2,378) million	▶ ¥ 169 million
Ordinary income	¥(2,560) million	▶ ¥ 162 million
Profit attributable to owners of parent	¥(3,889) million	▶ ¥ 137 million



Focusing on the IT services business, we will take on the challenge of a new phase in the Web3 business.

Shin Suzuki

CEO, President and
Representative
Director



Looking back at the fiscal year ended October 31, 2023

In the fiscal year ended October 31, 2023, the CAICA DIGITAL Group strived to expand orders from existing customers such as major systems integrators in the IT services business, in addition to raising the primary contractor ratio. The IT market continued to perform well and the growing trend of IT utilization and the DX movement gained momentum during the COVID-19 pandemic. The business environment also remained favorable and we were able to secure solid profit despite the IT

engineer shortage that has become evident in the domestic market. However, due to continued deficits in the financial services business, we were forced to undertake fundamental business structure revisions. As a result, consolidated net sales were ¥5,408 million (down 16.0% YoY), and we posted operating loss of ¥2,378 million, ordinary loss of ¥2,560 million, and loss attributable to owners of parent of ¥3,889 million, for disappointing results.

For the restructuring of the financial services business, we entered into a capital and business alliance with Kushim, which operates a blockchain technology-based business, and transferred shares in CAICA Exchange Holdings, which holds subsidiaries engaged in crypto asset-related business, thereby excluding CAICA Exchange Holdings, CAICA Exchange, and CAICA Capital from the scope of consolidation of the Company. CAICA Securities (currently EWJ) also abolished its Type I Financial Instruments Business and Investment Management Business. Although the CAICA DIGITAL Group has positioned the crypto asset exchange Zaif as its focus business, the crypto asset market itself has undergone significant transformation and the high

maintenance costs for meeting regulations has made it difficult to forecast a recovery in business performance. Furthermore, Zaif has a centralized business structure. Given that we have positioned our new decentralized business through Web3 as our future expansion strategy, we have come to the decision to transfer Zaif. However, we believe that we can make good use of the know-how cultivated through our crypto asset business, such as advanced security system construction. Therefore, despite the deficits suffered in the financial services business for the fiscal year ended October 31, 2023, we have finished laying the groundwork for 2024 and beyond and will steadily work to regain profitability by advancing our medium-term management plan.

Moving to a new growth stage by advancing the medium-term management plan

Our future business strategy is to improve profitability by focusing on our profitable IT services business and expanding our Web3 business. We plan to secure our place in the market by concentrating on systems development, which generates stable cash flow.

In addition, systems development for financial institutions, which is our strength, is known for having long-term contracts, and we are already working towards securing large-scale projects for the future.

In order to boost profitability with IT services as the core business, we will focus on the following three points in particular. First, in order to grow the systems integrator business through DX consulting, we will establish new systems along with existing systems, aiming to fundamentally reform the profit structure by acquiring projects in upstream processes.

Specifically, we have organized a new scrum framework in our agile development team to win upstream projects. Putting this high value-added team into action, we will collaborate with overseas solutions and consulting firms to engage in the sale of large-scale global solutions. This initiative will be centered on groupware within the enterprise, particularly accounting and HR software, but can also be applied to other areas such as AI-based HR evaluation. These new solutions aim to scale up businesses and improve profitability by supporting large-scale IT infrastructure.

Next, we will fully develop the Web3 business. The market itself is in its early stages, but we will be the leader. We also plan to work together with Kushim and its subsidiary, Turingum Inc., to expand our Web3 business that uses blockchain technology.

Third, we aim to increase the value of our assets by developing business using CAICA Coin. We are already selling Non-Fungible Tokens (NFTs) on Zaif INO, a vetted NFT launchpad, and have also established CAICA Coin settlement. In addition, by implementing the utility of CAICA Coin as a game coin, we will promote the coin's value and contribute to the development of Web3 by supporting the provision of services in the GameFi field. We are also working to increase the number of CAICA Coin listings, as well as listing it on the crypto asset exchange FinexBox overseas, to capture needs and expand investment from overseas. Furthermore, we plan to promote NFT sales to overseas game companies through GameFi and Zaif INO. In September 2023, we released a lite paper announcing our intention to expand use of CAICA Coin and stated our direction for value enhancement and goal of making it a game coin in the blockchain.

Currently, we are making steady progress on the measures outlined in the paper.

We also intend to actively promote business expansion through M&A targeting blockchain-related companies, companies that are highly compatible with Web3, and systems development companies. We anticipate that 2024 will see an expansion of the GameFi world with major game companies entering the market, and after 2025, it will spread to other industries and business categories.

In this way, by concentrating on the IT services business and expanding the Web3 business, the plan aims for top-line growth in a strong market and improvement of profit margins. We are aiming for an average annual increase of 13% in consolidated net sales and an operating margin of 6% by the fiscal year ending October 31, 2026 by acquiring high unit-price SI projects upstream in CAICA Web3 for Biz, the Web3 consulting business.



The Definition of CAICA Coin and its Future Outlook

What's CAICA Coin?

CAICA Coin is an altcoin (crypto asset other than Bitcoin) issued by CAICA DIGITAL Inc. (the Company).

It is the Company's responsibility to strive to further increase the value of CAICA Coin by expanding the scope of its usage, such as in the gaming industry.

The features of CAICA Coin are as follows.

Proven track record!

Issued by the publicly listed company CAICA DIGITAL and operated for seven years

Easy to obtain

Listed on the domestic crypto asset exchange Zaif

Available to foreign investors

Listed on the international exchange FinexBox

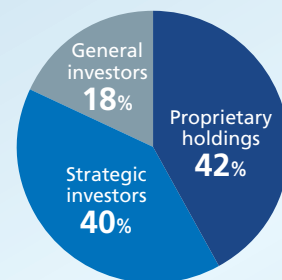
Flexible!

Compliant with the ERC20 standard to operate on the major blockchain technology Ethereum network

Even more flexible!

Now compatible with Ethereum Layer-2 Polygon, it has evolved into a highly compatible multi-chain coin

Issuance of CAICA Coin



Number available for issue **300 million CICC**

Listed trading markets **Zaif** (Japan)
FinexBox (overseas)

Dedicated website

<https://www.caica.jp/cicc/en/>

White paper

https://www.caica.jp/wp-content/uploads/2022/07/20220715_1_oshirase.pdf

Lite paper

<https://www.caica.jp/cicc/litepaper/en/>

Three key points on the outlook for CAICA Coin

Based on the following three points, we believe that CAICA Coin has a bright and promising future ahead.

1

Favorable environment shift

The market environment is becoming more favorable for CAICA Coin as Bitcoin prices are rising and interest rates have peaked.

2

Results and reliability

One of the many existing altcoins, CAICA Coin has been operated by CAICA DIGITAL, a publicly listed company, for about seven years.

3

Heightened demand due to expansion of uses

We aim to make CAICA Coin a game coin utilized in GameFi and expect its price to go up as it becomes more convenient as a game coin and demand increases.

This is not a solicitation to invest, open an account, or take any other actions.

Accelerating the Web3 business into a big business opportunity

The Web3 business provides services through a decentralized business model instead of the traditional centralized one. In other words, services and products are not sold exclusively by one company, but rather various business entities work together or collaborate with users to create a market. This requires effective utilization of blockchain technology. We will lead the market in the field of GameFi ahead of others, using Zaif INO, an NFT launchpad, as our point of entry. While the gaming industry has traditionally been made up of gaming

companies engaged in investing, development, and sales, GameFi will allow for the creation of mechanisms to raise funds and the selling items that can be used in games as NFTs to acquire funds. In the future, when government decentralized services emerge, GameFi will become widespread as a social infrastructure. We firmly believe that this is a huge business opportunity for us as it is an area in which we can utilize our knowledge and expertise in financial systems development cultivated thus far.

To our stakeholders

From crypto assets to digital finance and now Web3, we are leveraging our accumulated experience in systems development to enter a new phase. We are determined to achieve this growth strategy in the medium-term management plan. Some investors have questioned whether the transfer of Zaif has been a deviation from this strategy. We started out with a fintech strategy based on blockchain and crypto assets, then operated a centralized crypto asset exchange, and have now leveraged our experience and knowledge to enter the decentralized Web3 business that relies on blockchain and crypto assets as essential technologies. We are stepping forward into a new growth stage by taking on this challenge of the Web3 business. We would

like to ask our stakeholders for their continued understanding and support.



CAICA Technologies Inc.

Corporate Data

<https://www.caica-technologies.co.jp/> (in Japanese)

Name of corporation	CAICA Technologies Inc.	
Representative	Shin Suzuki, President and Representative Director Ishin Suzuki, Vice President and Representative Director	
Foundation	October 7, 2019 (Company name changed on March 1, 2020)	
Head office	3F Lexington Aoyama, 5-11-9 Minamiaoyama, Minato-ku, Tokyo	
Capital	301 million yen (as of October 31, 2023)	
Business activities	Information services business (systems development, consulting, etc., crypto assets, blockchain-related systems research, development, sales and consulting, etc.)	
Major shareholder	CAICA DIGITAL Inc. 100%	
Membership	Japan Information Technology Services Industry Association	
Certifications	<p>ISO 9001</p> <p>Certification body : Japan Quality Assurance Organization (JQA)</p> <p>Certification number : JQA-QM5414</p> <p>Conformity standard : ISO 9001:2015 (JIS Q 9001:2015)</p> <p>Scope of registration : Digital Innovation Business Dept., Professional Service Business Dept., FinTech Strategy Office</p> <p>Certified : October 20, 2000</p> <p>Expiration : October 7, 2025</p> <p>Privacy mark</p> <p>Examining authority : Japan Information Technology Service Industry Association (JISA)</p> <p>Registration number : 11820509(09)</p> <p>Expiration : October 15, 2024</p>	
Worker dispatching business	License number: Group 13-314626	

Main business customers

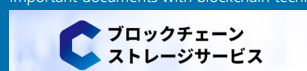
E.design Insurance Co., Ltd.	NTT DATA FRONTIER CORPORATION	Tokio Marine & Nichido Systems Co., Ltd.
VMware, Inc.	NTT TechnoCross Corporation	Tokio Marine dR Co., Ltd.
EXA CORPORATION	NTT DOCOMO, INC.	TOHO SYSTEM SCIENCE CO., LTD.
EXEO Group, Inc.	NTT LOGISCO Inc.	Nisshin Fire & Marine Insurance Co., Ltd.
SMBC Consumer Finance Co., Ltd.	OGIS-RI Co., Ltd.	IBM Japan, Ltd.
NTT Communications Corporation	OKI Software Co., Ltd.	NEC Corporation
NTT COMWARE CORPORATION	KOBELCO SYSTEMS CORPORATION	Hitachi, Ltd.
NTT DATA Corporation	Zaif Inc.	Hitachi Solutions, Ltd.
NTT DATA SYSTEM TECHNOLOGIES INC.	JBCC Corporation	FUJITSU LIMITED
NTT DATA SOFIA CORPORATION	Sompo Systems Inc.	Fujitsu Japan Limited
NTT DATA TOHOKU CORPORATION	Regional Banks and Information Technology Solution Co., Ltd.	Mitsubishi Research Institute DCS Co., Ltd.
NTT DATA FINANCIAL CORE CORPORATION	DTS CORPORATION	Rakuten Group, Inc.
NTT DATA FORCE CORPORATION	Information Services International-Dentsu, Ltd.	Rakuten Payment, Inc.
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	(Listed in Japanese alphabetical order)

IT Services Business

CAICA Technologies sells IT services developed in-house that utilize cutting-edge technologies such as blockchain and its extensive track record in development. It achieves the digital transformation (DX) of companies.

Blockchain Storage Service

Web3 data storage service that stores and signs important documents with blockchain technology



SECURITY TRAINING

Raises employee awareness regarding security by simulating targeted e-mail attacks



SECURITY CONSULTING

Conducts security assessments of customer environments and systems and proposes vulnerability countermeasures



Blockchain

Can be used in new businesses, proof of concept (PoC) implementation, and systems development



Security Assessment Service

Provides optimal security solutions based on track record in sophisticated security requirements



NFT Platform

Enables the issuance and circulation of NFTs



Gu-Gu

Corporate value enhancement solution that tokenizes feelings such as "Thanks" and "Like"

Telework Quick Start

Provides a safe and reliable telework environment in as little as three days after conducting a simple interview

Establishment of a Crypto Asset Exchange System

Has established a crypto asset exchange system that meets sophisticated security requirements

【Example 1】

Development of the art platform "regist ART"

This platform enables the registration and transfer of ownership of art such as paintings, photographs, sculptures, and videos via the blockchain.

<https://www.reg-art.com/>

【Example 2】

Token Economy Project with Geofarm Hachimantai

This project supports sustainable circular agriculture and retired racehorses using proprietary tokens ("Umushcoin"). Through circular agriculture and traditional mushroom cultivation, it creates a place where racehorses and riding horses can play an active role after retirement.

https://www.food-action-for-horses.jp/#about_blockchain
(in Japanese)

【Example 3】

Crypto asset exchange Ziaif

System Integration Business

CAICA Technologies has cultivated business know-how in a variety of industry domains, including finance, points and settlements, public and government, and e-commerce and direct sales. Based on this, we can provide comprehensive system lifecycle support, from the system planning and review phase, to the design and construction phase, and to the operation and maintenance phase. We provide optimal systems ranging from front-office and back-office systems to mission-critical systems.

Finance

In the financial industry, we have an extensive track record in a wide range of areas such as banking, life insurance, P&C insurance, and securities. Our consultants and SEs offer proposals not only from a systems perspective as a matter of course, but also from the customer's perspective, and strive to optimize operations based on design thinking.

Banking

- Bank of Japan settlement system (RTGS)
- City bank core banking systems in general
- Common infrastructure for city bank information systems
- City bank internet banking
- Regional bank joint packages

Insurance

- Life insurance customer information management systems
- Life insurance premium collection and insurance payment systems

Securities

- Maintenance of core accounting operations for securities firms
- Securities back-office systems

Points and Settlements

In the points and settlements sector, we will stand on the frontlines of FinTech and support the digital marketing and cashless strategies of our customers.

Points

- Customer and member management systems
- Point issuance management systems (issuance/balance inquiry/transfer)

Credit cards

- Credit card member store core systems
- Credit card credit screening systems

Cashless settlement

- E-money settlement service systems
- Debit card settlement systems

Public and Government

In the public and government sector, we have an extensive track record in electric power and gas-related systems and operations management systems related to government, as well as various application filing systems. Based on this track record, we provide high-quality systems development in response to customer needs.

Electric and gas

- Power distribution automation systems
- Smart meter head-end systems (HES)
- Electricity wheeling business systems

Government office

- Business efficiency support systems

E-Commerce and Direct Sales

In the e-commerce and direct sales industry, we have an abundant track record of systems development centered on order receipt and placement, inventory management, product data registration and management, sales, delivery and accounting management systems. Moreover, our track record encompasses initiatives such as Online-to-Offline (O2O), Business Intelligence (BI) and Data Warehousing (DWH) marketing, and settlement systems and app development, along with the development of various peripheral systems. We support user-friendly direct sales operations through user pathway design reflecting users' points of view.

E-commerce sites

- Bitcoin settlement systems

Delivery

- Home delivery systems for retail businesses

Offshore

We supply advanced technological capabilities and high-quality services while ensuring competitiveness in terms of total costs through an optimal system for dividing up work in each development process between sites in Japan and China, leveraging the strengths of each site.

CAICA Financial Holdings Inc.

<https://www.caica.jp/cfhd/> (in Japanese)

Corporate Data

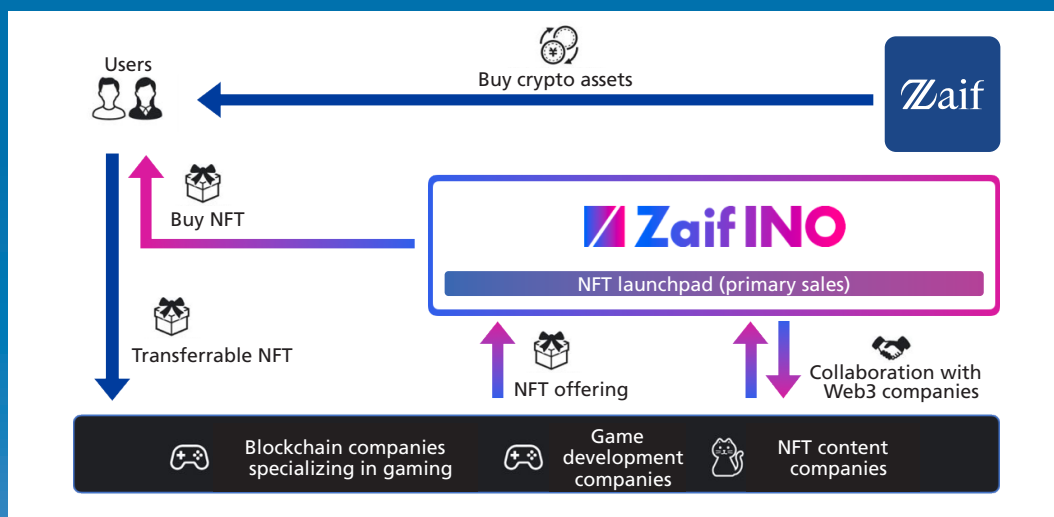
Name of corporation	CAICA Financial Holdings Inc.
Representative	Shin Suzuki, CEO, President and Representative Director
Foundation	November 2021
Head office	3F Lexington Aoyama, 5-11-9 Minamiaoyama, Minato-ku, Tokyo
Capital	50 million yen
Business activities	Intermediate holding company to manage financial services business
Major shareholder	CAICA DIGITAL Inc.

November 2022

Entry into the Web3 business

Overview of Zaif INO

The Zaif INO launchpad (primary sales) plans for collaborations with a variety of Web3 companies. We will focus on partners such as game development companies offering NFT and aim to expand transactions in the gaming industry.



Service page: <https://zaif-ino.com/>
Sales page: <https://lp.zaif-ino.com/>
Inquiries about sales: support@zaif-ino.com
Zaif INO official X account: https://twitter.com/zaif_ino

We are always looking for projects or companies seeking to sell NFT. If you have an interest, please contact listing@zaif-ino.com

Zaif INO

Although many NFT marketplaces allow anyone to list their work freely, Zaif INO is a vetted NFT marketplace. Zaif INO screens NFTs so that you can purchase high-quality NFTs with confidence. Credit card payment is supported, so even those without crypto assets can easily purchase NFTs.

Personality-filled NFTs from each title can be purchased through a fun “gacha machine” (capsule toy machine) method!



Token
Standard
ERC-721

**Zaif INO supports the following
6 chains for your convenience!**



Future prospects for businesses wishing to sell NFTs

NFTs are becoming increasingly popular in areas such as online gaming, art, music, and sports, and they also play an important role in the new field of GameFi. Creators and businesses wishing to generate and sell NFTs can use Zaif INO to deepen their connection with fans worldwide. Zaif INO’s dedicated staff support sellers with care and connect them to buyers in an exciting marketplace.

Great for sellers and buyers!
Five attractive features of selling and
buying NFTs on Zaif INO

- 1. Rare**
Opportunities to obtain rare and in-demand NFTs
- 2. Vetted**
Our vetting system ensures NFT quality
- 3. Pre-sale**
Early access before general sale by acquiring pre-sale rights
- 4. Gacha machine function**
Random selection of NFT at the time of purchase through a gacha machine function
- 5. Multi-chain**
Compatible with six major multi-chains

Customer Development Business

This customer business is capable of serving diverse industries, including crypto assets and the financial industry. We provide an excellent customer support team tailored to the business needs that are discussed and help companies build friendly relationships with their customers.

Special
Feature

Medium-Term Management Plan

and the Road to Web3 Business Expansion

To further flesh out the corporate mission of “pioneering the world of digital finance,” the CIACA DIGITAL Group has formulated a medium-term management plan. Along with growing the IT services business, we will expand the Web3 business.

Background of Formulating the Medium-Term Management Plan

FY10/2018 – FY10/2023

Despite acquiring several financial subsidiaries through M&A under the slogan of “pioneering the future of digital finance,” initial profit projections were unmet due to various factors including stagnation in the crypto asset market and strengthening of related regulations

FY10/2023

The unprofitable Zaif business was transferred and the securities business was discontinued to concentrate management capital on the stable profit-generating **IT services business**

FY10/2023 – FY10/2026

Efforts to grow the IT services business and expand the Web3 business through alliances with Kushim and Turingum and by leveraging know-how from the Zaif business
Achieve operating profitability from the first year of the plan by implementing the medium-term management plan

Numerical Targets to Achieve by the End of October 2026

Consolidated net sales **¥7,813** million
CAGR **13%** Up **44.4%** compared to FY10/2023

IT services business **725** employees*¹
Sales per person **+8.5%** **+8.5%** compared to FY10/2023

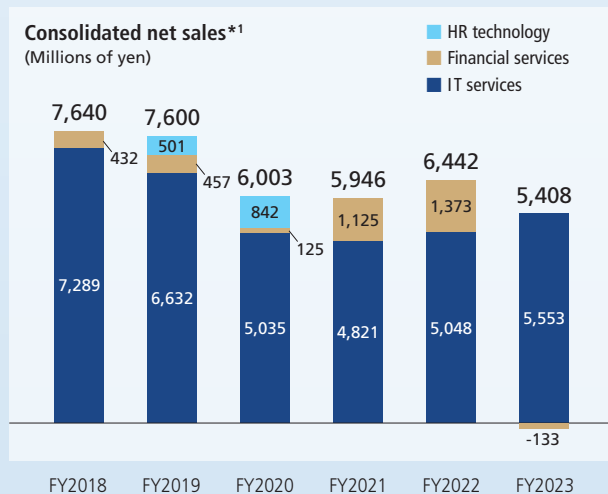
Consolidated operating income **¥467** million
Operating margin **6.0%**

SG&A expenses decreased approx.
¥2,200 million*²

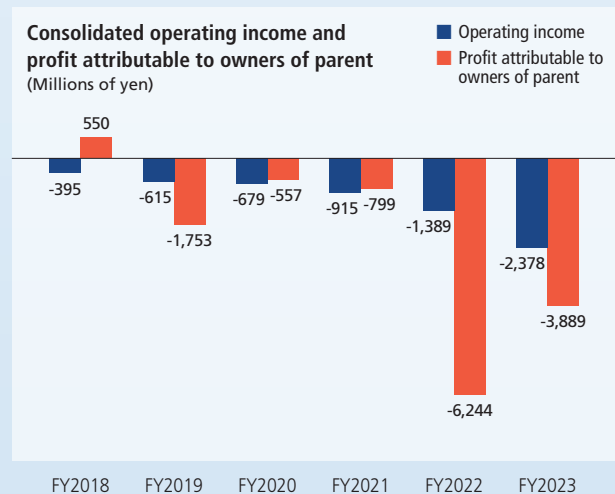
*1 Including the number of partner employees.

*2 Calculated as of October 16, 2023, at the time of the formulation of the medium-term management plan.

Past Operating Results and Selection of Focus Areas



*1 Figures include FY2018 cryptocurrency-related of ¥(82) million, FY2019 cryptocurrency-related of ¥8 million, and FY2022 other of ¥20 million.



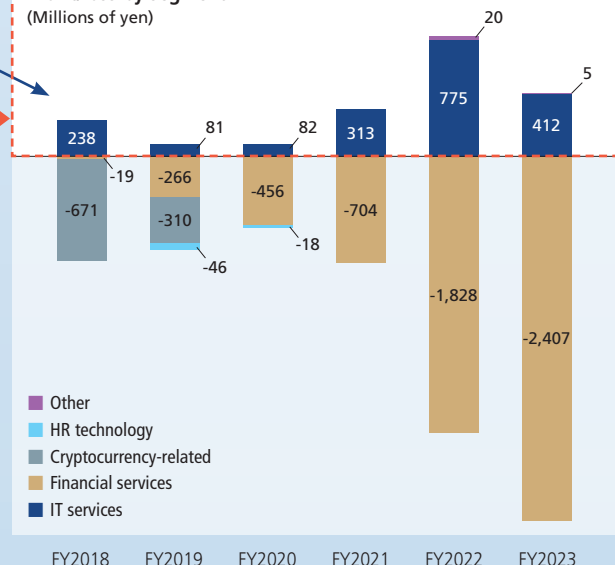
IT services business steadily contributes to profits

Eliminate deficit and concentrate capital in profitable businesses

Specifically, management capital will be reallocated to:

- ◆ Expand the Web3 business through new services and M&A
- ◆ Focus on CAICA Technologies
- ◆ Sell all shares of CAICA Exchange Holdings and CAICA Capital
- ◆ Discontinue the securities business

Profit/loss by segment (Millions of yen)



~~CAICA Exchange~~
~~CAICA Capital~~
~~CAICA Securities~~

Reallocation
of management
capital

Profitable
areas

CAICA Technologies Inc.

IT services

Systems development business and crypto asset-related systems research, development, sales, and consulting business

Growth
areas

CAICA Financial Holdings Inc.

Financial
services

Announced entry into Web3 business on October 11, 2022

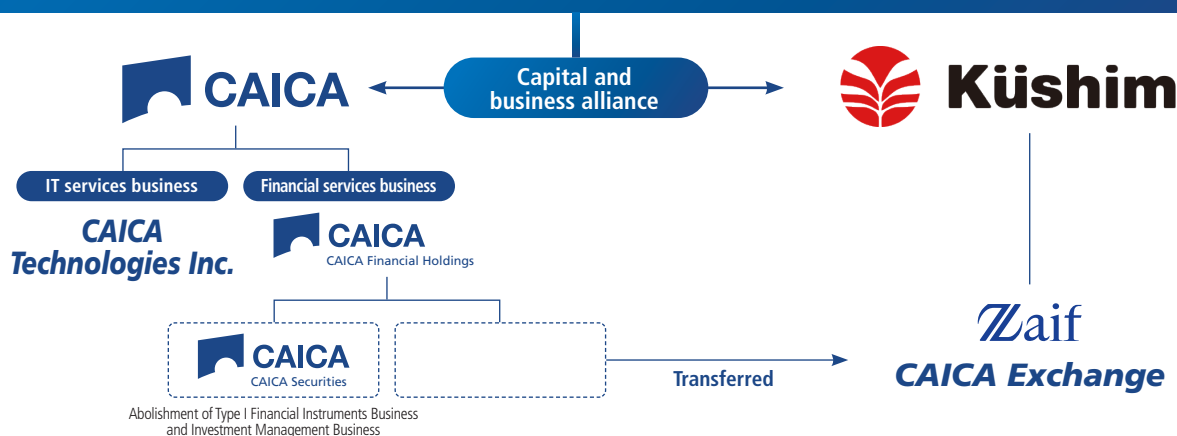
Reorganization of Financial Subsidiaries and Entry into a New Capital and Business Alliance

- ◆ As the main cause of loss in the financial services business was crypto asset exchange Zaif, CAICA Exchange*¹, which operates Zaif, was transferred to Kushim Inc. on October 31, 2023
- ◆ CAICA Securities (currently EWJ)*² abolished its Type I Financial Instruments Business and Investment Management Business
- ◆ The Company received an investment from Kushim Inc. and formed a capital and business alliance

*1 Including CAICA Exchange Holdings and CAICA Capital.

*2 Including the downsizing of Group companies EWARRANT INTERNATIONAL LTD. and EWARRANT FUND LTD.

1. Building a co-creative relationship to expand the Web3 business using blockchain technology
2. Building a co-creative relationship to expand businesses utilizing CAICA Coin
3. Provision of operational know-how and other support from the Company to continue proper operation of Zaif
4. Collaboration in systems engineering services



Business Structure under the New Organization

Our mission is to “pioneer the future of digital finance” and we will continue to develop our financial services business with a focus on the Web3 domain. Through our capital and business alliance with Kushim Inc., we will continue to build a close collaborative framework with the crypto asset exchange Zaif.



Profit Structure Revisions

Since transferring **Zaif** and abolishing the Type I Financial Instruments Business and Investment Management Business of **CAICA Securities** (currently EWJ), the following improvements in profit can be expected.*1

Net sales	Expected to increase*2
SG&A expenses	Reduction of approximately ¥ 22 million*3*4
Operating income	Operating balance expected to turn positive from FY10/2024*5

Establish a structure in which a positive operating balance is the norm by substantially reducing SG&A expenses

*1 Includes CAICA Exchange Holdings, CAICA Capital, EWARRANT INTERNATIONAL LTD., and EWARRANT FUND LTD.

*2 While systems development at CAICA Technologies showed strong performance against the forecast for the fiscal year ending October 31, 2023, significant decreases were seen at EWJ, which ended services for existing products, CAICA Exchange, which operates the crypto asset exchange Zaif, and CAICA Capital, which provides crypto asset lending services and invests and manages crypto assets.

*3 Calculated based on the full-year forecast for the fiscal year ending October 31, 2023. May fluctuate due to accounting procedures currently underway for the transfer of Zaif and the abolishment of EWJ's Type I Financial Instruments Business.

*4 Expenditures associated with the abolishment of EWJ's Type I Financial Instruments Business are expected to continue through the end of the fiscal year ending October 31, 2024.

*5 (Reference) Full-year operating loss for the fiscal year ended October 31, 2023 was ¥2,378 million.

Three Strategies to Support the Medium-Term Management Plan's Targets Growth

The medium-term management plan (FY10/2024–FY10/2026) sets management targets as shown in the graph to the right. We have formulated three strategies to achieve them.

1 Development of consulting business

Expansion of Web3 business
Expansion of existing Web3 business

2 Expansion of systems integrator business through DX consulting

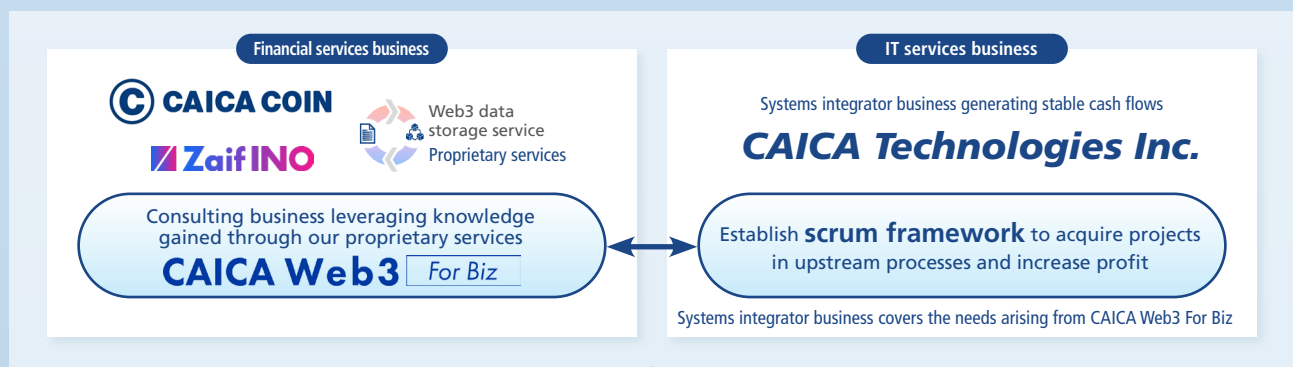
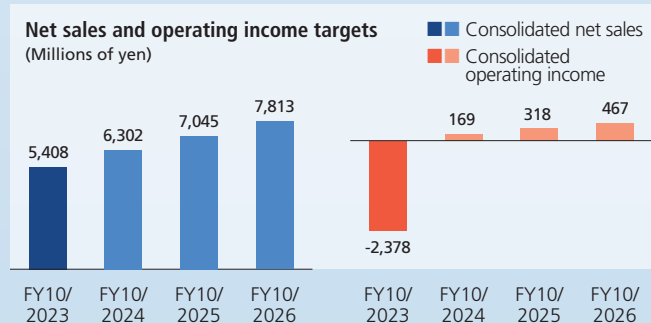
3 Business expansion through M&A

IT services business = Stable cash flows Based on this foundation,

◆ We will further expand the Web3 business.

◆ We will improve profitability of the IT services business by acquiring upstream systems integrator projects in the Web3 consulting business, CAICA Web3 for Biz.

Net sales and operating income targets
(Millions of yen)



Further business expansion through M&A

Expansion of Existing Web3 Business



Enhancement of CAICA Coin (CICC) asset value

We have issued our own crypto asset CAICA Coin (CICC), which has been operational for seven years. We will enhance its asset value by expanding the scope of its usage, including its use as a currency for in-game transactions, which is attracting attention as GameFi.



Expansion of services in Zaif INO

Zaif INO, an NFT launchpad specializing in blockchain and operated by CAICA Financial Holdings, handles everything from NFT conversion to marketing creators' works. In November 2023, Zaif INO introduced CAICA Coin (CICC) transactions. In December 2023, it sold the first NFT available through CAICA Coin (CICC) transactions. In the future, it plans to expand its services, including a function to manage NFTs purchased in the wallets of the crypto asset exchange Zaif.



Development of Web3 data storage service (blockchain storage service)

The CAICA DIGITAL Group is developing a next-generation storage service that utilizes blockchain technology. Its use of distributed ledger technology is expected to provide significantly better security than conventional systems. The use of CAICA Coin (CICC) for settlements will also help expand the scope of its usage. We will continue to expand business domains and improve usability to increase our market share.

Development of Consulting Business

With the Web3-related market expected to grow significantly, the CAICA DIGITAL Group will leverage its experience in operating the crypto asset exchange Zaif and the NFT launchpad Zaif INO to provide know-how in Web3 business development to companies that own CtoC platforms and IP.

Expected growth of the Web3 market

Source: Kearney Web3 Business Review
– Web3 Market growth scenario
(<https://onl.tw/uhFihEx>) (in Japanese)



Consulting for commercialization

We assist clients throughout the whole process, to monetization and marketing in the Web3 domain utilizing existing assets.



Issuance of new tokens

We support the issuance of new tokens, including issuing proprietary tokens, providing wallets, and listing on exchanges.



Systems development

We provide services for token offerings to end-users and systems for tokenizing existing assets.



Establishment of systems

We support business operation in compliance with laws and regulations, explanations to supervisory authorities, and the development of internal systems.

SI Business Growth through DX Consulting

CAICA Technologies has traditionally focused on receiving orders for subcontracting work for development projects. The medium-term management plan aims to fundamentally reform the profit structure by acquiring projects in upstream processes. To this end, we will retain existing systems while establishing new systems that can provide value to client companies by handling upstream processes.

Development

Project unit price: **Low**
Required competency for on-site personnel: **Medium**

- Proficiency in programming languages
- Precise development that follows requirements
- UI design with usability in mind

Development & Consulting

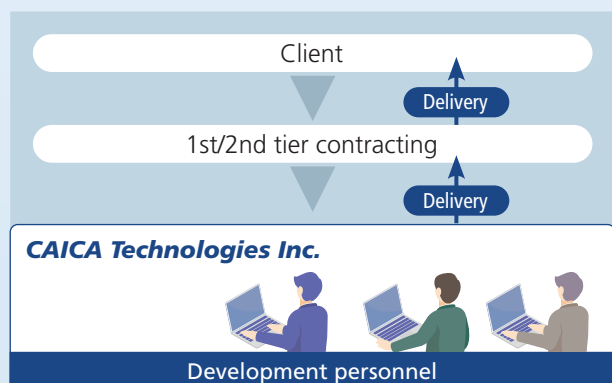
Project unit price: **High**
Required competency for on-site personnel: **High**

- Understanding of the client's business
- Grasp of the client's issues
- Precise definition of requirements
- Operational support through PoC
- User-friendly UI/UX design

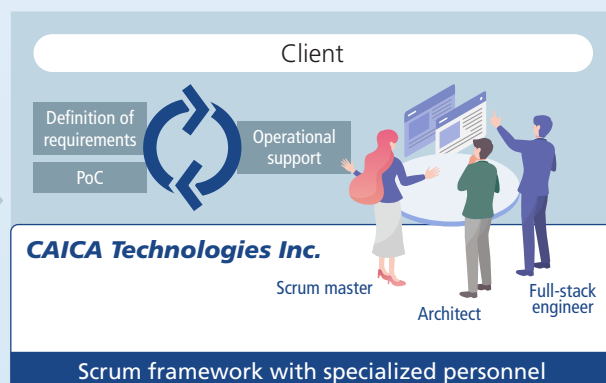
Two strategies to win upstream projects

- 1 Establish a scrum framework to handle upstream projects!
- 2 Obtain projects through Web3 consulting

Conventional system for receipt of project orders Waterfall model



New system for receipt of project orders Agile model



◆ Enables systems development that meets **customer needs!**

Development can be matched to customer needs by systemizing customer requirements in a series of short cycles

◆ Enables systems development in a **short period of time!**

Web services and smartphone applications that require constant updates can be dealt with promptly

◆ Enables **high-quality** systems development!

Functions are developed individually, which allows for the early detection of issues

Expansion of Existing Business through M&A

We are actively pursuing M&A to expand our business over the medium term. We are considering several projects, leveraging the knowledge and pipeline we have gained through our financial services business to date.

Blockchain-related companies

We will use M&A to acquire companies developing blockchain-based services and leverage our know-how to further grow our business performance.

Companies that have a high affinity with Web3

Through M&A, we will acquire game development companies and companies that own proprietary IP and aim for high profitability through synergies with the Company.

Systems development companies

The market continues to see strong demand, with CAICA Technologies experiencing excess demand.

We will expand our business by utilizing the resources of companies acquired through M&A and by attracting new customers.



Promoting the Recruitment of Specialized and Highly Skilled Human Resources

To promote these measures in the future, it is essential that we secure specialized and highly skilled human resources. We will need to recruit specialized consulting personnel and highly skilled engineers. To this end, we will strengthen human resource acquisition through the following recruitment methods.

- Use of headhunting firms
- Use of recruiting firms specialized in particular fields
- Enhance the current employee referral system

Board of Directors (as of January 31, 2024)

Directors



Shin Suzuki

CEO, President and
Representative Director



Kenji Yamaguchi

CFO, Vice President and
Representative Director

- 1991 Joined Japan Systems Creation Inc. (currently the Company)
- 2005 Executive Officer and General Manager, Solutions Development Division 1 of IBET Co., Ltd. (currently the Company)
- 2008 Executive Officer and General Manager, Solutions Business Department 2 of SJ Alpine Co., Ltd. (currently the Company)
- 2009 Executive Officer and General Manager, Solutions Business Department 2 of SJI Inc. (currently the Company)
Director, Liandi (Nanjing) Information Systems Co., Ltd.
- 2010 Executive Officer and Deputy General Manager, Solutions Business Department 3 of SJI Inc. (currently the Company)
- 2013 Director and General Manager, Care Information Systems Department of Care Online Limited (currently Care Dynamics Limited)
General Manager, Service Business Department, Domestic Business Division of the Company
- 2014 General Manager, Business Department 1, Operations Division of the Company
- 2016 Division Director, Business Division 1 of the Company
- 2018 CEO, President and Representative Director of the Company
In charge of Business Division 1, Business Division 2, Business Division 3, Business Promotion Office, Fintech Strategy Office
Director, Tokyo Tech Corporation (currently Kushim Soft Inc.)
Director, CCCT Inc. (currently Kushim Insight, Inc.)
President and Representative Director, Tokyo Tech Corporation (currently Kushim Soft Inc.)
President and Representative Director, CCCT Inc. (currently Kushim Insight, Inc.)
- 2019 President and Representative Director of the Company
In charge of Business Promotion Division, Sales Division, Solutions Development Division 1, Solutions Development Division 2, Cryptocurrency & Technology Division, Infrastructure Solutions Division, Business Promotion Office, Fintech Strategy Office, Internal Audit Office and public relations
Commissioned as General Manager, Business Promotion Division
Director, SJ Asia Pacific Limited (current)
Director, iStudy Co., Ltd. (currently Kushim Inc.)
Director, Fisco Cryptocurrency Exchange Inc. (currently Zaif Inc.)
President and Representative Director, CAICA Split Preparation Company (currently CAICA Technologies Inc.) (current)
Director, aim-soft Inc. (currently Kushim Soft Inc.)
- 2020 Vice President and Representative Director, Kushim Insight, Inc.
In charge of CAICA Technologies Business Division, Internal Audit Office, and public relations of the Company
Commissioned as General Manager, CAICA Technologies Business Division
President and Representative Director, CAICA Digital Partners Inc. (current)
- 2021 Director, eWarrant Japan Securities K.K. (currently EWJ Inc.)
Director, NCXX Inc.
Director, Zaif Holdings Inc. (currently ZED Holdings Inc.)
Director, CAICA Financial Holdings Inc. (currently ZED Holdings Inc.)
President and Representative Director, CAICA Finance Inc. (current)
Vice President and Representative Director, CAICA Exchange Holdings Inc. (currently ZED Holdings Inc.)
Vice President and Representative Director, CAICA Exchange Inc. (currently Zaif Inc.)
President and Representative Director, CAICA Financial Holdings Inc. (current)
- 2022 President and Representative Director, CAICA Exchange Holdings Inc. (currently ZED Holdings)
President and Representative Director, CAICA Exchange Inc. (currently Zaif Inc.)
President and Representative Director of the Company
In charge of Scrum Business Division, Web3 Business Division, Internal Audit Office, and public relations and commissioned as General Manager, Web3 Business Division (current)
- 2023 Director, EWARRANT INTERNATIONAL LTD. (current)
Director, EWARRANT FUND LTD. (current)
President and Representative Director, CAICA Securities Inc. (currently EWJ Inc.) (current)
Chairman and Representative Director, Zaif Inc. (current)

- 2003 Joined SEQUEDGE Inc. (currently Sequedge Japan Holdings Inc.)
Director, SEQUEDGE Inc.
- 2010 Director, Sequedge Partners Inc. (currently Vantage Partners Inc.)
- 2011 Director, SEQUEDGE INVESTMENT INTERNATIONAL LIMITED
- 2014 Representative Director, Sequedge Investment Inc. (currently Sequedge Japan Holdings Inc.)
- 2015 Representative Director of the Company
In charge of Administrative Management Division and Governance Promotion Office
Commissioned as General Manager, Administrative Management Division and Finance & Accounting Division
Director, SJ Asia Pacific Limited (current)
- 2016 Senior Managing Director and Representative Director of the Company
In charge of Governance Promotion Office and Finance & Accounting Division and commissioned as General Manager, Finance & Accounting Division
- 2017 Director, Tokyo Tech Corporation (currently Kushim Technologies, Inc.)
Senior Managing Director and Representative Director of the Company
In charge of Finance & Accounting Division and commissioned as General Manager, Finance & Accounting Division
Director, NCXX Solutions Inc. (currently Jitsugyo no Nihon Research Institute, Ltd.)
Director, NCXX Inc.
Director, CCCT Inc. (currently Kushim Insight, Inc.)
- 2018 Senior Managing Director and Representative Director of the Company
In charge of Finance & Accounting Division and General Affairs & Human Resources Division and commissioned as General Manager, Finance & Accounting Division and General Manager, General Affairs & Human Resources Division
Director, eWarrant Japan Securities K.K. (currently EWJ Inc.) (current)
Director, EWARRANT INTERNATIONAL LTD. (current)
Director, EWARRANT FUND LTD. (current)
- 2019 Vice President and Representative Director of the Company
In charge of Finance & Accounting Division and General Affairs & Human Resources Division
Commissioned as General Manager, Finance & Accounting Division and General Manager, General Affairs & Human Resources Division (current)
Director and Audit and Supervisory Committee Member, iStudy Co., Ltd. (currently Kushim Inc.)
Director, Fisco Cryptocurrency Exchange Inc. (currently Zaif Inc.)
Director, CAICA Split Preparation Company (currently CAICA Technologies Inc.) (current)
- 2020 Director, CAICA Digital Partners Inc. (current)
- 2021 Director, Zaif Holdings Inc. (currently ZED Holdings Inc.)
Director, CAICA Financial Holdings Inc. (current)
Director, CAICA Finance Inc. (current)

Directors

Motoki Sato

Director

- 2012 Director, Diamond Agency, Inc. (currently FISCO Ltd.)
 2014 Director, FISCO Ltd.
 Director, Care Online Limited (currently Care Dynamics Limited)
 Representative Director and President, General Solutions, Inc. (currently FISCO Ltd.)
 Director, Chanty Co., Ltd.
 2018 Director of the Company (current)
 2019 Director, iStudy Co., Ltd. (currently Kushim Inc.)
 Representative Director, Vulcan Crypto Currency Financial Products K.K. (currently FISCO Consulting & Solution)
 2020 Director, FISCO Decentralized Application Platform Ltd.
 2023 Representative Director, FISCO Research & Institute (current)
 Director, FACETASM (current)
 Director, Jitsugyo no Nihon Digital, Ltd. (current)
 Director, NCXX Premium Group, Inc. (current)
 Vice President and Representative Director, FISCO Ltd. (current)

Osamu Fukami

Director

- 2011 General Manager, Strategy Planning Division, FISCO Ltd.
 Representative Director, YASHIMA Co., Ltd. (current)
 Director, e-tabinet.com (current)
 2012 Director, NCXX Inc. (currently NCXX Group Inc.) (current)
 2013 Director and General Manager, Strategy Planning Division, FISCO Ltd. (current)
 2015 Director, NCXX Inc. (current)
 2016 Director, TITICACA, Co., Ltd. (currently TITICACA Capital Co., Ltd.) (current)
 Director, Gloria Tours Inc. (current)
 2018 Director, NCXX Premium Group, Inc. (current)
 Director, NCXX Farm Holdings, Inc. (current)
 2019 Director, Fisco Cryptocurrency Exchange Inc. (currently Zaif Inc.)
 2021 Director, CAICA Technologies Inc. (current)
 Director, CAICA Digital Partners Inc. (current)
 Director, CAICA Financial Holdings Inc. (current)
 Director, CAICA Exchange Holdings Inc. (currently ZED Holdings Inc.)
 2022 Director, CAICA Securities Inc. (currently EWJ Inc.) (current)
 Director, Jitsugyo no Nihon Digital, Ltd. (current)
 2023 Director, ITAL-J JAPAN (current)
 2024 Director of the Company (current)

Outside Directors

Mitsuo Kawasaki

Outside Director

- 1996 Joined At Home Co., Ltd.
 2003 Joined Funai Consulting Incorporated
 2011 Founder and Representative Director, Catenaccia Inc. (current)
 Representative Director, Media Contents Co., Ltd.
 2012 Auditor, Asia Medical Support Organization (current)
 Director, Mother Key
 2013 Director, Social Welfare Corporation Zenkoukai
 2015 Outside Director of the Company (current)
 2017 Director, Medical Corporation Hakuyokai
 2020 Director, Churaumi-Hashii Obstetrics and Gynecology Clinic (current)
 2022 Auditor, Hashii Women's Hospital (current)

Yusaku Ikeda

Outside Director

- 2004 Joined SEVEN-ELEVEN JAPAN CO., LTD.
 2007 Entered Takahashi Tax Accountant Corporation
 2010 Registered as a certified tax accountant
 2012 Established IKEDA Tax Accountant Office, Representative (current)
 2016 Senior Partner, IKEDA LLC (current)
 2021 Outside Director of the Company (current)

Masaru Koga

Full-Time Audit & Supervisory Board Member

- 2006 Joined SEQUEDGE Inc. (currently Sequedge Investment Inc.)
- 2009 Joined Sequedge Finance Inc.
- 2011 Joined FISCO Capital Ltd.
- 2012 Director, FISCO Capital Ltd.
- 2015 Full-Time Audit & Supervisory Board Member of the Company (current)
- 2017 Audit & Supervisory Board Member, Tokyo Tech Corporation (currently Kushim Soft Inc.)
Audit & Supervisory Board Member, NCXX Solutions Inc. (currently Jitsugyo no Nihon Research Institute, Ltd.)
Audit & Supervisory Board Member, CCCT Inc. (currently Kushim Insight, Inc.)
- 2018 Audit & Supervisory Board Member, eWarrant Japan Securities K.K. (currently EWJ Inc.) (current)
Outside Audit & Supervisory Board Member, CSMEN Co., LTD. (current)
Audit and Supervisory Board Member, Fisco Cryptocurrency Exchange Inc. (currently Zaif Inc.)
- 2019 Director, Valkyrie Capital K.K. (current)
Audit and Supervisory Board Member, CAICA Split Preparation Company (currently CAICA Technologies Inc.) (current)
- 2020 Audit and Supervisory Board Member, CAICA Digital Partners Inc. (current)
- 2021 Audit & Supervisory Board Member, Zaif Holdings Inc. (currently ZED Holdings Inc.)
Audit & Supervisory Board Member, CAICA Financial Holdings Inc. (current)
Audit & Supervisory Board Member, CAICA Finance Inc. (current)
Director, Kushim Insight, Inc. (current)

Shinichi Sugimoto

Outside Audit & Supervisory Board Member

- 1990 Joined The Boston Consulting Group, Inc.
- 1996 Joined Fuji Chemical Industries Co., Ltd.
- 2000 Joined Arthur D. Little Japan, Inc.
Joined Monitor Company Inc.
- 2003 Joined Profit International Inc.
- 2007 Founder and Representative Director, BonaFide Consulting, Inc. (current)
- 2015 Outside Audit & Supervisory Board Member of the Company (current)
- 2021 Director, Chokuhoukoukai Incorporated Medical Association (current)

Masahiko Hosoki

Outside Audit & Supervisory Board Member

- 1978 Joined Kawasaki Heavy Industries, Ltd.
- 1985 Joined Asahi & Co. (currently KPMG AZSA LLC)
- 1986 Joined Aoyama Audit Corporation (Japanese audit business of Price Waterhouse & Company)
- 1989 Registered as a certified public accountant
- 1992 Opened the Hosoki Certified Public Accountant Office
- 1994 Founder and Representative Director, Will Consulting Co., Ltd. (current)
- 2007 Audit & Supervisory Board Member, GOKURAKUYU CO., LTD.
- 2008 Auditor, ASUKA CREDIT COOPERATIVE (current)
- 2013 Audit & Supervisory Board Member, TAKAYA Co., Ltd.
- 2016 Outside Audit & Supervisory Board Member of the Company (current)

■ Skill Matrix

Name	Position in the Company	Corporate management	Finance and accounting	Business strategy	Financial knowledge	DX / IT	Marketing	Legal / Compliance
Shin Suzuki	CEO, President and Representative Director	○		○		○		
Kenji Yamaguchi	CFO, Vice President and Representative Director	○	○		○			○
Motoki Sato	Director	○					○	
Osamu Fukami	Director	○		○				
Mitsuo Kawasaki	Outside Director	○					○	
Yusaku Ikeda	Outside Director	○	○					

Sustainability

The CAICA DIGITAL Group’s approach and initiatives concerning sustainability are as follows.

(1) Governance

From the perspective of improving corporate value over the medium to long term, we recognize that addressing sustainability issues is an important management issue. The Board of Directors is responsible for supervision decisions on sustainability-related basic policies and

material issues. Sustainability issues reported by relevant divisions are deliberated on and reviewed by the Compliance Committee. The details are reported to the Board of Directors, which provides supervision.

(2) Strategy

In order to secure excellent human resources and improve productivity in the face of anticipated labor shortages, we are

working to create a rewarding work environment and recruit and develop human resources with respect for diversity.

Policies and Strategies Related to Human Resource Development and Improvement of the Work Environment

To support the active participation of diverse human resources, we are promoting initiatives to realize flexible workstyles. Additionally, in order to address labor shortages and improve productivity, we are creating environments and systems where human resources of various backgrounds can play active roles, regardless of gender, age, or other

factors, and we are promoting the establishment of an organization in which they can contribute with enthusiasm. To this end, we have developed a work environment that implements the following measures:

- Promotion of telework
- Promotion of referral-based recruitment

(3) Risk management

Group-wide risk management is conducted by the Compliance Committee. For material risks, including those related to sustainability, the committee considers financial impact, the effects of the Company’s activities

on the environment and society, and the likelihood of occurrence. These are discussed with the Executive Committee, incorporated into strategies and plans, and reported to the Board of Directors.

(4) Metrics and targets

The following metrics are used for policies related to human resource development, including ensuring diversity

of human resources, and policies related to improvement of the work environment.

Details of Metrics Related to Policies on Human Resource Development and Improvement of the Work Environment, and the Targets and Results of Such Metrics

To recruit and develop human resources who can contribute to our business regardless of gender, we have been promoting the creation of a work environment with good work-life balance, including initiatives to enhance

flexibility of workstyles, such as male employees taking childcare leave, telework, and shorter working hours for childcare and nursing care, and a paid leave utilization rate of over 80%.

Metrics	Targets	Results (FY10/2023)
Percentage of female workers in management positions	20% by October 2026	5.0%
Percentage of male workers taking childcare leave	80% by October 2026	66.7%
Gender wage gap	90% by October 2026	83.5%

Corporate Governance

The Company aims to steadily increase corporate value over the long term as one of its management goals. To this end, the Company believes that meeting the expectations and earning the trust of shareholders and other investors, customers, business partners, employees and many other stakeholders will serve as the foundation for achieving sustained growth.

Based on this belief, the Company has positioned the enhancement of corporate governance as a crucial management priority. As such, we are working to build systems and implement measures to ensure strict compliance with laws and regulations and rigorous adherence to corporate ethics, prompt and appropriate decision-making, efficient business execution, and stronger auditing and supervisory functions.

Overview of Corporate Governance and Reasons for Adopting This Framework

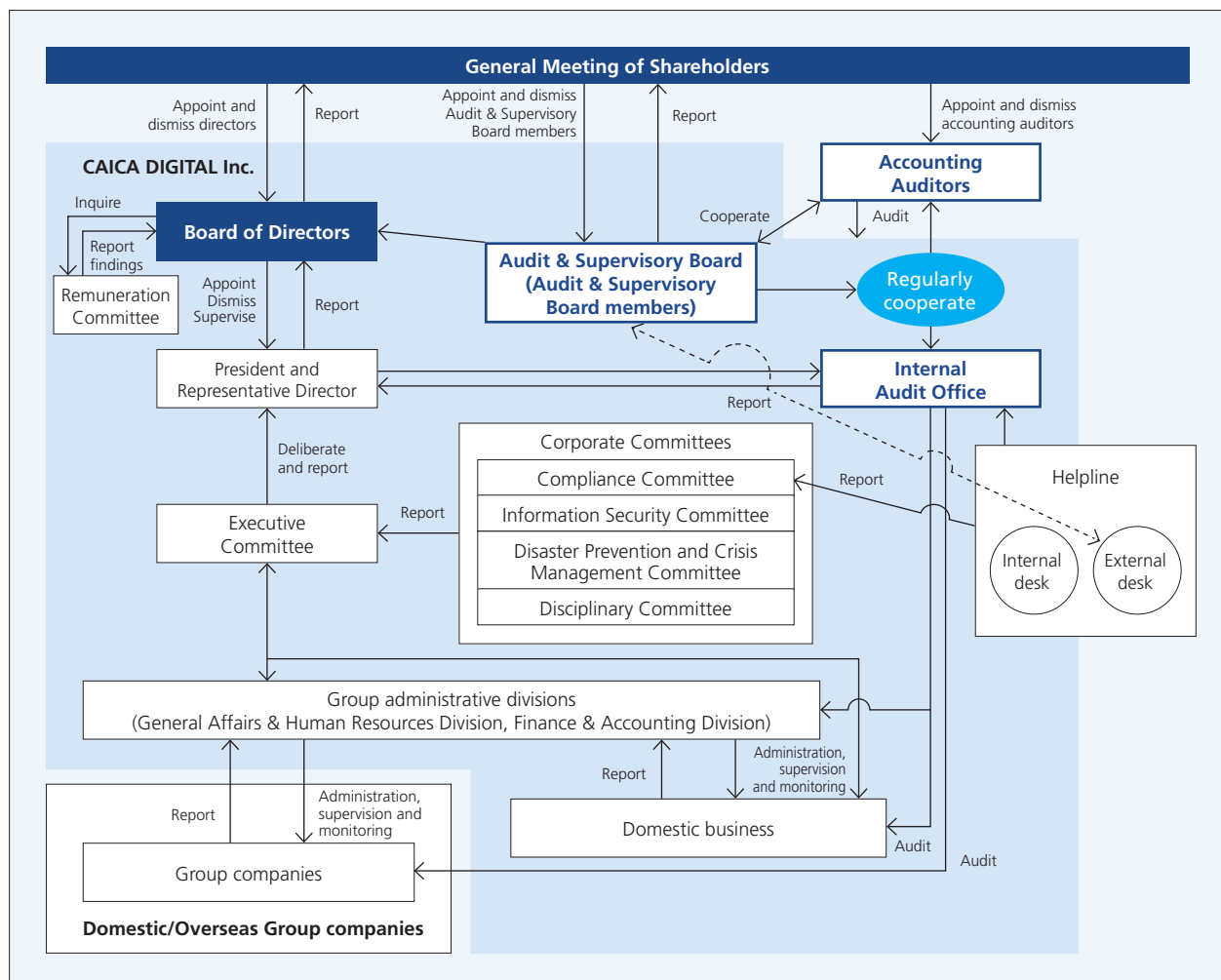
The Company has adopted the framework of a company with an Audit & Supervisory Board in order to secure healthy and sustainable corporate growth and establish an excellent corporate governance system that is capable of earning society's trust.

Outside directors utilize their abundant experience and broad knowledge as company managers and heighten the

functions of management. At the same time, they introduce outside perspectives into management and fulfill the role of further improving auditory functions in response to the execution of business operations.

The Company's framework as of the filing date of this report is shown below.

■ Diagram of the Internal Control System



Consolidated Balance Sheet

CAICA DIGITAL Inc.

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (As of October 31, 2022)	Fiscal Year Ended October 31, 2023 (As of October 31, 2023)
< ASSETS >		
Current assets		
Cash and deposits	2,671,569	1,049,489
Segregated deposits	9,133,000	108,000
Accounts receivable—trade	830,966	910,718
Merchandise and finished goods	4,781	4,572
Work in process	2,496	11,144
Owned crypto assets	1,590,758	335,417
Users' crypto assets	43,196,636	—
Short-term loans receivable	20,000	—
Accounts receivable—other	171,751	24,726
Deposits paid	414,242	46,310
Others	186,924	39,439
Allowance for doubtful accounts	—	(160)
Total current assets	58,223,128	2,529,659
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,056	18,746
Accumulated depreciation	(6,024)	(6,146)
Buildings and structures, net	14,031	12,599
Tools, furniture and fixtures	164,929	99,979
Accumulated depreciation	(124,370)	(62,821)
Tools, furniture and fixtures, net	40,559	37,157
Land	500	500
Total property, plant and equipment	55,090	50,257
Intangible assets		
Software	1,224	376
Others	11,241	6,341
Total intangible assets	12,466	6,718
Investments and other assets		
Investment securities	525,219	255,492
Investments in capital	60,826	56,379
Long-term loans receivable	285,503	1,461,034
Others	91,847	93,399
Allowance for doubtful accounts	(221,285)	(1,481,396)
Total investments and other assets	742,111	384,909
Total non-current assets	809,669	441,885
Total assets	59,032,797	2,971,544

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (As of October 31, 2022)	Fiscal Year Ended October 31, 2023 (As of October 31, 2023)
< LIABILITIES >		
Current liabilities		
Notes and accounts payable—trade	265,464	250,731
Current portion of long-term loans payable	180,000	—
Current portion of bonds payable	140,000	70,000
Accounts payable—other	267,946	121,582
Deposits received	8,855,948	52,334
Deposits received for crypto assets	43,196,636	—
Borrowed crypto assets	242,387	—
Income taxes payable	46,120	15,408
Accrued consumption taxes	46,661	54,683
Provision for bonuses	151,520	141,509
Provision for loss on withdrawal from business	—	6,764
Others	221,643	39,284
Total current liabilities	53,614,330	752,300
Non-current liabilities		
Bonds payable	70,000	—
Long-term loans payable	180,000	—
Deferred tax liabilities	474	496
Others	15,193	20,412
Total non-current liabilities	265,667	20,908
Reserves under special laws		
Reserve for financial instruments transaction liabilities	8	8
Total reserves under special laws	8	8
Total liabilities	53,880,006	773,217
< NET ASSETS >		
Shareholders' equity		
Capital stock	50,000	654,145
Capital surplus	12,145,310	12,753,788
Retained losses	(7,243,833)	(11,133,343)
Treasury shares	(103,867)	(105,185)
Total shareholders' equity	4,847,609	2,169,405
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	(63,199)	(93,771)
Foreign currency translation adjustment	102,665	100,479
Total accumulated other comprehensive income	39,465	6,707
Share acquisition rights	3,731	3,731
Non-controlling interests	261,984	18,483
Total net assets	5,152,790	2,198,327
Total liabilities and net assets	59,032,797	2,971,544

Consolidated Statement of Income

CAICA DIGITAL Inc.

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (From November 1, 2021 to October 31, 2022)	Fiscal Year Ended October 31, 2023 (From November 1, 2022 to October 31, 2023)
Net sales	6,442,575	5,408,883
Cost of sales	4,223,498	4,888,342
Gross profit	2,219,076	520,541
Selling, general and administrative expenses	3,608,564	2,899,251
Operating loss	(1,389,488)	(2,378,709)
Non-operating income		
Interest income	6,043	9,109
Dividend income	2,983	2,983
Gain on investments in investment partnerships	—	25,200
Reversal of provision for bonuses	3,834	7,000
Others	4,209	2,860
Total non-operating income	17,071	47,154
Non-operating expenses		
Interest paid	7,196	1,637
Commission fees	5,334	1,602
Loss on valuation of investment securities	—	105,931
Loss on sales of investment securities	—	15,862
Share issuance cost	3,376	—
Settlement paid	3,738	—
Provision of allowance for doubtful accounts	—	104,343
Others	3,249	4
Total non-operating expenses	22,896	229,381
Ordinary loss	(1,395,313)	(2,560,936)
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	2,163
Gain on bargain purchase	637	—
Reversal of allowance for doubtful accounts	10,398	—
Recoveries of written off receivables	150,000	—
Settlement income	550,837	—
Total extraordinary income	711,872	2,163
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	—	1,493,458
Impairment loss	5,527,437	12,454
Loss on retirement of non-current assets	10,652	—
Loss on valuation of investment securities	64,145	24,807
Loss on withdrawal from business	—	19,299
Total extraordinary losses	5,602,235	1,550,020
Loss before income taxes	(6,285,675)	(4,108,793)
Income taxes—current	47,536	19,884
Total income taxes	47,536	19,884
Net loss	(6,333,212)	(4,128,678)
Loss attributable to non-controlling interests	(88,316)	(239,167)
Loss attributable to owners of parent	(6,244,896)	(3,889,510)

Consolidated Statement of Comprehensive Income

CAICA DIGITAL Inc.

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (From November 1, 2021 to October 31, 2022)	Fiscal Year Ended October 31, 2023 (From November 1, 2022 to October 31, 2023)
Net loss	(6,333,212)	(4,128,678)
Other comprehensive income		
Valuation difference on other available-for-sale securities	(40,311)	(30,571)
Foreign currency translation adjustment	1,926	(2,186)
Total other comprehensive income	(38,385)	(32,757)
Comprehensive income	(6,371,597)	(4,161,436)
(Components)		
Comprehensive income attributable to owners of parent	(6,283,281)	(3,922,268)
Comprehensive income attributable to non-controlling interests	(88,316)	(239,167)

Consolidated Statement of Changes in Net Assets

CAICA DIGITAL Inc.

Fiscal Year Ended October 31, 2022 (From November 1, 2021 to October 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained losses	Treasury shares	Total shareholders' equity
Balance at the beginning of the fiscal year	997,732	14,203,926	(4,112,998)	(99,444)	10,989,215
Changes during the fiscal year					
Issuance of new shares	53,851	53,851			107,702
Capital reduction	(1,001,583)	1,001,583			—
Deficit disposition		(3,114,061)	3,114,061		—
Loss attributable to owners of parent			(6,244,896)		(6,244,896)
Purchase of treasury shares				(4,435)	(4,435)
Disposal of treasury shares		11		11	22
Purchase of additional shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					—
Total changes during the fiscal year	(947,732)	(2,058,615)	(3,130,834)	(4,423)	(6,141,606)
Balance at the end of the fiscal year	50,000	12,145,310	(7,243,833)	(103,867)	4,847,609

(Thousands of yen)

	Accumulated other comprehensive income					
	Valuation difference on other available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	(22,888)	100,738	77,850	7,291	322,266	11,396,624
Changes during the fiscal year						
Issuance of new shares						107,702
Capital reduction						—
Deficit disposition						—
Loss attributable to owners of parent						(6,244,896)
Purchase of treasury shares						(4,435)
Disposal of treasury shares						22
Purchase of additional shares of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	(40,311)	1,926	(38,385)	(3,560)	(60,281)	(102,227)
Total changes during the fiscal year	(40,311)	1,926	(38,385)	(3,560)	(60,281)	(6,243,833)
Balance at the end of the fiscal year	(63,199)	102,665	39,465	3,731	261,984	5,152,790

Fiscal Year Ended October 31, 2023 (From November 1, 2022 to October 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained losses	Treasury shares	Total shareholders' equity
Balance at the beginning of the fiscal year	50,000	12,145,310	(7,243,833)	(103,867)	4,847,609
Changes during the fiscal year					
Issuance of new shares	604,145	604,145			1,208,290
Capital reduction					—
Deficit disposition					—
Loss attributable to owners of parent			(3,889,510)		(3,889,510)
Purchase of treasury shares				(1,317)	(1,317)
Disposal of treasury shares					—
Purchase of additional shares of consolidated subsidiaries		4,332			4,332
Net changes of items other than shareholders' equity					—
Total changes during the fiscal year	604,145	608,478	(3,889,510)	(1,317)	(2,678,204)
Balance at the end of the fiscal year	654,145	12,753,788	(11,133,343)	(105,185)	2,169,405

(Thousands of yen)

	Accumulated other comprehensive income					Total net assets
	Valuation difference on other available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	
Balance at the beginning of the fiscal year	(63,199)	102,665	39,465	3,731	261,984	5,152,790
Changes during the fiscal year						
Issuance of new shares						1,208,290
Capital reduction						—
Deficit disposition						—
Loss attributable to owners of parent						(3,889,510)
Purchase of treasury shares						(1,317)
Disposal of treasury shares						—
Purchase of additional shares of consolidated subsidiaries						4,332
Net changes of items other than shareholders' equity	(30,571)	(2,186)	(32,757)		(243,500)	(276,258)
Total changes during the fiscal year	(30,571)	(2,186)	(32,757)	—	(243,500)	(2,954,463)
Balance at the end of the fiscal year	(93,771)	100,479	6,707	3,731	18,483	2,198,327

Consolidated Statement of Cash Flows

CAICA DIGITAL Inc.

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (From November 1, 2021 to October 31, 2022)	Fiscal Year Ended October 31, 2023 (From November 1, 2022 to October 31, 2023)
Cash flows from operating activities		
Loss before income taxes	(6,285,675)	(4,108,793)
Depreciation and amortization	69,335	13,937
Amortization of goodwill	330,730	—
Share issuance cost	3,376	—
Increase in allowance for doubtful accounts	5,509	97,343
Decrease in provision for bonuses	(2,543)	(8,029)
Interest and dividend income	(9,026)	(12,093)
Interest paid	7,196	1,637
Gain on bargain purchase	(637)	—
Loss on valuation of investment securities	64,145	130,739
Loss on sales of investment securities	—	15,862
Loss on liquidation of subsidiaries and associates	—	1,493,458
Loss on withdrawal from business	—	19,299
Settlement income	(550,837)	—
Recoveries of written off receivables	(150,000)	—
Loss on retirement of non-current assets	10,652	—
Impairment loss	5,527,437	12,454
Increase in notes and accounts receivable—trade	(160,726)	(79,751)
Decrease (increase) in inventories	46,754	(8,439)
(Increase) decrease in owned crypto assets	(1,091,668)	544,876
Decrease (increase) in users' crypto assets	36,492,699	(7,664,187)
Decrease in deposits paid	487,181	344,165
Decrease in segregated deposits	5,151,200	2,805,000
Increase (decrease) in notes and accounts payable—trade	58,755	(14,733)
(Decrease) increase in accrued consumption taxes	(99,466)	8,622
Decrease in deposits received	(4,923,828)	(2,654,377)
(Decrease) increase in deposits received for crypto assets	(36,492,699)	7,664,187
Increase (decrease) in borrowed crypto assets	136,800	(215,340)
Other, net	(292,622)	(110,345)
Subtotal	(1,667,955)	(1,724,507)
Interest and dividend income received	6,062	10,614
Settlement received	550,837	—
Interest paid	(8,033)	(1,618)
Income taxes paid	(35,841)	(34,420)
Income taxes refund	10,837	0
Net cash used in operating activities	(1,144,092)	(1,749,931)

(Thousands of yen)

	Fiscal Year Ended October 31, 2022 (From November 1, 2021 to October 31, 2022)	Fiscal Year Ended October 31, 2023 (From November 1, 2022 to October 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,489)	(872)
Purchase of intangible assets	(271,759)	(16,080)
Purchase of investment securities	(69,690)	—
Proceeds from sale of property, plant and equipment	93,945	—
Proceeds from sale of investment securities	—	31,115
Proceeds from liquidation of investment securities	—	83,658
Proceeds from refund of leasehold and guarantee deposits	15,439	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,577)	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(678,296)
Loan advances	(120,000)	—
Collection of loans receivable	10,647	7,000
Proceeds from recoveries of written off receivables	150,000	—
Other, net	1,174	726
Net cash used in investing activities	(212,310)	(572,748)
Cash flows from financing activities		
Repayments of long-term loans payable	(180,000)	(360,000)
Redemption of bonds	(140,000)	(140,000)
Proceeds from issuance of common stock	102,280	1,206,955
Proceeds from issuance of share acquisition rights	—	1,335
Proceeds from sale of treasury shares	1	—
Purchase of treasury shares	(5,062)	(1,317)
Other, net	(6,898)	(5,509)
Net cash (used in) provided by financing activities	(229,679)	701,463
Effect of exchange rate change on cash and cash equivalents	8,673	(863)
Net decrease in cash and cash equivalents	(1,577,408)	(1,622,079)
Cash and cash equivalents at beginning of the fiscal year	4,248,977	2,671,569
Cash and cash equivalents at end of the fiscal year	2,671,569	1,049,489

Corporate Data (As of October 31, 2023)

Name of corporation	CAICA DIGITAL Inc.
Foundation	July 14, 1989
Head office	3F Lexington Aoyama 5-11-9 Minamiaoyama, Minato-ku, Tokyo 107-0062, Japan
Telephone (main)	+81-3-5657-3000
Representative	Shin Suzuki CEO, President and Representative Director
Worker dispatching business	License number: Group 13-307754
Memberships	Japan Cryptoasset Business Association (JCBA) Blockchain Collaborative Consortium (BCCC)
Capital	654 million yen
Number of employees	Consolidated: 398 employees Non-consolidated: 20 employees
Business activities (consolidated)	Business management of Group companies and related activities
Main banks	Sumitomo Mitsui Banking Corporation The Chiba Bank, Ltd. Mizuho Bank, Ltd. Resona Bank, Limited

CAICA DIGITAL Group Official Websites



CAICA DIGITAL
<https://www.caica.jp/en>



CAICA Technologies Inc.
<https://www.caica-technologies.co.jp/>
 (in Japanese)

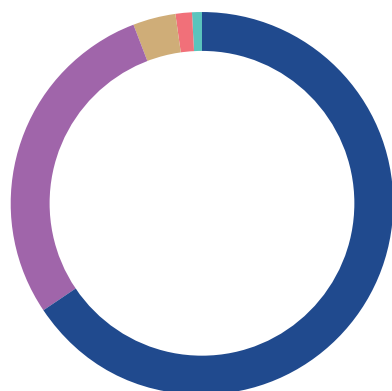


CAICA Financial Holdings Inc.
<https://www.caica.jp/cfhd/>
 (in Japanese)

Investor Information (As of October 31, 2023)

Transfer agent and special account custodian	Sumitomo Mitsui Trust Bank, Limited
Listed exchange	Tokyo Stock Exchange, Standard Market
Securities code	2315
Total number of shares issued	136,560,794 shares
Number of shares in one trading unit	100 shares
Treasury shares	122,437 shares
Number of shareholders	52,394

Composition of Shareholders



■ Individuals and others	65.574%
■ Other domestic companies	28.670%
■ Financial instruments business operators	3.581%
■ Foreign companies, etc.	1.344%
■ Financial institutions	0.828%

Status of Major Shareholders

Major shareholders	Number of shares held (shares)	Proportion of total shares issued (%)
FISCO Ltd.	22,623,260	16.58
Kushim, Inc.	9,414,956	6.90
Jitsugyo no Nihon Sha, Ltd.	3,400,000	2.49
Sequedge Japan Holdings Inc.	1,825,085	1.34
SBI SECURITIES Co., Ltd.	1,187,900	0.87
JAPAN SECURITIES FINANCE CO., LTD.	1,122,900	0.82
Ken Kishima	1,005,000	0.74
Rakuten Securities, Inc.	975,600	0.72
Toshitaka Shirahama	500,000	0.37
Tsudoshi Fujita	460,000	0.34

