Response to the Bitcoin Market Crash and Financial Strategy

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VERUA LIMITED

Today's Agenda

1. Analysis of the macroeconomic factors behind the sudden drop in BTC prices
2. Analysis of market factors
3. Common hedging techniques to reduce losses
4. VERUA LIMITED's expected position
5. Future management policy and financial defense

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Analysis of the factors behind the sudden drop in BTC prices

Macroeconomic Analysis

Geopolitical risks and tightening monetary policy have combined to drive capital outflows from risky assets.

（1） Rising Geopolitical Risks

Global uncertainty, including U.S. foreign policy and tensions with Iraq, has led to increased risk aversion.

（2） Continued Tightening Monetary Policy

Concerns about the Fed's postponement of interest rate cuts and inflation concerns have accelerated the shift of capital from risky assets to fiat currencies.

（3） Liquidity and Regulation Impact

Selling pressure amid low liquidity over the weekend and moves to tighten regulations in some emerging countries have dampened investor sentiment.

Internal Market Factor Analysis

Deleveraging and ETF Market Slowdown Amplify the Decline

Major Downside Factors		Market Impact / Data
Futures / Open Interest	Deleveraging	**Rapid Deleveraging**
Spot ETF	ETF Capital Outflows	**AUM approx. ▲16.3%**
Fear & Greed Index	Market Sentiment	**Extreme Fear**

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Overall Treasury Financial Defense Strategy

Hedging Method Comparison: Futures vs Put Options

Use depending on required level of protection vs profit opportunity.

Hedging via Futures	Purchasing Put Options
* Offset downside losses by short selling	* Purchase downside profit rights
* Concept: Fully lock price	* Concept: Protect only downside risk
* Upside profits are also offset	* Allows upside participation
* Margin management required	* Premium cost required

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VERUA LIMITED Expected Position

Expected Position During BTC Price Decline (Delta Management)

Focus on **financial defense**, not speculative prediction

Risk Hedge Position
BTC Spot: 100
├ Futures Short: 35
├ PUT (Insurance) Long: 25
├ Tail PUT Long: 10
└ Unhedged: 30 (Upside Capture)

BTC Holdings

100 BTC

Hedge Ratio

70 %

Net Delta

+40

● The above figures are simulation values.

Monthly Treasury P/L Model (Example)

Even during downturn phases, losses can be reduced by approximately 60%

Category	At Market -10 (BTC=JPY10 Mill)	Note
Spot Assets	▲JPY 100M	Mark-to-market loss
Futures Short	+JPY 35M	Profit equivalent to 35 BTC
Put Options	+JPY 25M	ATM Put Profit
Total Loss	▲JPY 40M	Loss reduced by 60%

Profit Generation is Possible Even During BTC Crashes

Assumption
The company holds BTC as a long-term strategic asset.
Price declines are expected risk.
If a decline trend is expected, risk-taking strategies may also be considered.

Risk Hedge Position
BTC Spot: 100
├ Futures Short: 35
├ PUT Long: 25
├ Tail PUT Long: 10
└ Unhedged: 30

Risk-Taking Position
BTC Spot: 100
├ Futures Short: 100
├ CFD Short: 50
├ PUT Long: 25
└ CALL Long: 50

Category	Result
Spot Asset	0万円
Futures Short	**+JPY 50M**
Put Option	**+JPY 25M**
Total Profit	**+JPY 75M**

Conclusion
(1) With hedge positioning, during a 30% BTC crash
→ Loss can be reduced to approx. one-third
→ No liquidity depletion
→ No impact on business continuity
(2) With risk-taking positioning, profit is possible even during BTC crash

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4. Future Operational Policy

Flexible Strategy Execution Based on Market Phase

Continued Downtrend Phase	Rebound Signal Phase	Stable Growth Phase
Strengthen short positions and maintain hedge ratio	Gradually unwind hedge and consider BTC accumulation	Dollar-cost averaging and yield strategy deployment

Crash Scenario “72-Hour Protocol”

Risk management framework enabling immediate response to unforeseen events.

STEP 1	Immediate Additional Futures Hedge
STEP 2	Additional Put Option Purchases
STEP 3	Liquidity Asset Diversification and Securing
STEP 4	Portfolio Redesign and Reporting

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