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Press Release

Bit One Group Co., Ltd. (Code:2338)

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Announcement of Launch of New Business and Capital and Business Alliance with FOMM Corporation

Bit One Group Co., Ltd. ("Bit One") hereby announces that its Board of Directors has resolved at a meeting held on July 12, 2021, to enter into capital business alliance ("the "Capital and Business Alliance") with FOMM Corporation ("FOMM") in the EV (electronic vehicle) business to commence a new business, subject to approval of the share issuance by FOMM's Board of Directors. Details are as follows.

1. Purpose of the New Business Launch

As mentioned in the "Financial Report for the Fiscal Year Ended Feb. 2021" announced on April 12, 2021, Bit One has been looking for new business in order to return to profitability as soon as possible. Therefore, we have decided to form a capital and business alliance with FOMM. FOMM is an EV manufacturer, and by forming the alliance, Bit One will enter into EV business. Bit One is of the view that EV business shall be positioned as part of the long-pursued 5G/AI business development strategy. Hence, the entering into EV business shall not be viewed as any deviation from the 5G/AI business strategy of Bit One.

2. About the New Business

(1) Details of the New Business

FOMM, the company that we will be entering into a capital and business alliance is a Japanese EV manufacturer with production facilities in Thailand. In the future, FOMM plans to increase its production capacity and reduce production costs by setting up manufacturing facilities in China in addition to its current production plants in Thailand, and plans to strengthen its sales force in China and focus on autopilots.

In particular, Bit One's CEO is a Chinese national and Bit One has a subsidiary in Hong

Kong, which bring sales channel and business network in China. Bit One is of the view that now is in a good position to collaborate with FOMM to strengthen the production and sales capabilities in China.

(2) Division in Charge of this Business

For the time being, Asia TeleTech Investment Limited, Bit One's overseas (Hong Kong) subsidiary will be in charge of this business (i.e., to strengthen the production and sales capabilities of EV in China).

(3) Amount and Details of Special Expenditures to be Made for the Commencement of this Business

As Bit One will enter into a capital and business alliance agreement with FOMM, the expected consideration ("Consideration") shall be equivalent to the amount of investment in FOMM (acquisition price), which is expected to be 1,002 million yen (estimated amount) including advisory fees. For details, please refer to "4. Details of the Business Alliance (2) Acquisition Price of the New Shares or Equity to be Acquired" below.

As for the availability of funds for the paying Consideration, there is currently an unexercised balance of 1,395 million yen worth stock acquisition rights of Bit One. We have explained the capital and business alliance to the holders of such stock acquisition rights and requested them to exercise their rights. If all the rights are exercised, Bit One plans to use all the proceeds after notifying the shareholders of the change in the use of funds.

In addition, the amount of Consideration is currently still an estimate and will be disclosed as soon as the final amount is confirmed.

3. Reason of the Business Alliance

FOMM is a Japanese EV manufacturer with production facilities in Thailand. Bit One has been searching for a new business to return to profitability as soon as possible. Although Bit One announced in the Financial Report for the Fiscal Year Ended Feb. 2021" disclosed on April 12, 2021 that we were considering medical and healthcare business, we have eventually decided to enter into this capital and business alliance with FOMM in order to enter into the EV business.

As stated in "1. Purpose of New Business", the Group has determined that the EV business shall be positioned as a part of the long pursued 5G and AI related business strategy. As such,

the Group is considering further expansion of 5G/AI and other related businesses in the future. However, the entering into the capital and business alliance does not mean that Bit One will no longer consider entering into the medical and healthcare field business in the future.

4. Content of the Business Alliance

(1) Content of the Alliance

In addition to the aforementioned production of EVs in Thailand by FOMM, the production of EVs in China is expected to reduce production costs and increase production capacity as well as strengthen sales capabilities in China. Bit One believes that it can assist FOMM in setting up its production facilities and strengthening sales capabilities in China. FOMM also has new business concept of autopilot, and we plan to cooperate with them, including Bit One and other potential partners.

(2) Acquisition Price of the New Shares or Equity of the Counterparty

1. Number of shares to be acquired	Allocation of new shares to a third party: 1,000,000 shares (maximum) (Number of voting rights : 1,000,000 (maximum)) (Percentage of voting rights held: 32.8%)
2. Acquisition price	Acquisition price ordinary share of FOMM Corporation (approximate amount) 1,000 million yen Advisory fees, etc. (approximate amount) 2 million yen Total (approximate amount) 1,002 million yen

Note: Under the agreement, the maximum number of ordinary shares of FOMM to be subscribed by the Company is 1,000,000 shares, and the subscription price is 1,000 yen or more per share, referring to the most recent issue price of new shares of FOMM. The number of shares to be subscribed and the subscription price will be determined based on the results of the due diligence and other factors, and will be disclosed as soon as they are determined.

5. Overview of the Business Alliance Partner

(1) Name	FOMM Corporation
(2) Location	7-7 Shinkawasaki, Saiwai-ku, Kawasaki-shi, Kanagawa-ken, 212-0032, JAPAN

(3) Name and title of representative	CEO Hideo, TSURUMAKI	
(4) Business	Development, manufacturing and sales of compact EVs	
(5) Capital	3,505 million yen	
(6) Date of establishment	February 4, 2013	
(7) Major shareholders and shareholding ratio	Banpu Next Co., Ltd. (21.5%)	
(8) Relationship between the listed company and the company in question	Capital Relationship	N/A
	Personnel Relationship	N/A
	Business Relationship	N/A
(9) Consolidated operating results and consolidated financial position of the company for the past three years are not disclosed due to the request of the other party.		

6. Schedule

(1) Date of resolution by the Board of Directors of the Company	July 12, 2021
(2) Date of conclusion of contract	July 12, 2021
(3) Date of resolution by the Board of Directors of FOMM	July 15, 2021
(4) Payment date for shares:	August 31, 2021
(5) Date of commencement of business	October 1, 2021 (planned)

Note: (4) and (5) are subject to the approval of the outline of the issuance by the Board of Directors of FOMM in (3) above.

7. Future Outlook

The impact of this capital and business alliance on our business performance is currently under review. If it is necessary to disclose such information after the completion of the examination, we will do so promptly.