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Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 20, 2020

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of annual general meeting of shareholders: June 26, 2020
 Scheduled date of commencing dividend payments: —
 Scheduled date of filing annual securities report: June 26, 2020
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Not Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	11,229	(4.7)	(1,198)	-	(1,231)	-	(5,173)	-
March 31, 2019	11,780	(18.0)	(1,710)	-	(1,712)	-	(1,812)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥(5,173) million [-%]

Fiscal year ended March 31, 2019: ¥(1,816) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	(88.66)	-	(85.9)	(6.8)	(10.7)
March 31, 2019	(31.81)	-	(19.8)	(8.5)	(14.5)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2020: ¥- million

Fiscal year ended March 31, 2019: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	14,259	3,870	26.8	62.86
As of March 31, 2019	21,797	8,221	37.7	144.23

(Reference) Equity: As of March 31, 2020: ¥3,825 million

As of March 31, 2019: ¥8,220 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2020	(3,752)	(675)	746	2,771
March 31, 2019	640	(957)	(213)	6,451

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2020	-	0.00	-	0.00	0.00	-	-	-

(Note) The forecast of dividends for fiscal year ending March 31, 2021 is currently undetermined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The crypto asset exchange business (crypto currency exchange business) of the Group's financial business is influenced by economic conditions, market environment related to crypto asset (crypto currency), and trends in the financial market, making it difficult to calculate an appropriate and reasonable financial results forecast. This is due to the extreme lack of clarity at the present time regarding the impact on the Group's business activities and financial position from changes in the operating environment caused by the spread of COVID-19. Looking ahead, we plan to promptly release our consolidated financial results forecast when it becomes possible to carry out the needed calculations.

* For more details of the impact of COVID-19, please refer to "1. Overview of Operating Results, etc. (2) COVID-19 Risk Information" on page 4 and "1. Overview of Operating Results, etc. (5) Future Outlook" on page 6 of the attached materials.

*** Notes:**

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common stock)
 - 1) Number of issued shares at the end of the period (including treasury shares):
 - March 31, 2020: 60,917,600 shares
 - March 31, 2019: 57,057,200 shares
 - 2) Number of treasury shares at the end of the period:
 - March 31, 2020: 60,000 shares
 - March 31, 2019: 60,000 shares
 - 3) Average number of shares during the period:
 - Fiscal year ended March 31, 2020: 58,353,614 shares
 - Fiscal year ended March 31, 2019: 56,987,142 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	10,422	(0.1)	(151)	-	100	(13.7)	(4,011)	-
March 31, 2019	10,435	9.4	(398)	-	116	-	61	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2020	(68.75)	-
March 31, 2019	1.07	1.07

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	5,361	4,695	86.7	76.41
As of March 31, 2019	8,785	7,884	89.7	138.32

(Reference) Equity: As of March 31, 2020: ¥4,649 million

As of March 31, 2019: ¥7,883 million

* These financial results are outside the scope of audits by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other special notes

(Caution regarding forward-looking statements)

The forward-looking statements herein are based on information that is currently available and certain

assumptions deemed reasonable by the Company. They include potential risks and uncertainties. Furthermore, actual results (including but not limited to actual business performance and dividend forecasts) may differ significantly from forecasts due to various factors. For all matters relating to forecasts, please refer to “1. Overview of Operating Results, etc. (5) Future Outlook” on page 6 of the attached materials.

In addition, regarding dividend forecasts for the fiscal year ending March 31, 2021, while currently evaluating and deciding on relevant information on performance trends, etc., the Company will promptly disclose dividend forecasts once they become available.

(Obtaining supplementary documentation)

The supplementary documentation will be posted on the Company’s website immediately after the announcement of consolidated financial results.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

1) Overview for the Fiscal Year Under Review

During the fiscal year ended March 31, 2020, the Japanese economy entered a period of uncertainty about future prospects, due not only to factors including a consumption tax hike, protracted trade friction between the US and China and fears of a slowdown in the Chinese economy, but also to concerns about the societal and economic impact in Japan and overseas of COVID-19 since the beginning of the year.

In the fiscal year ended March 31, 2019, the Group took measures to strengthen business management structures based on a business improvement plan compiled by BITPoint Japan Co., Ltd. (“BPJ”), in response to a slowdown in the crypto asset (crypto currency) market and a business improvement order received on June 22, 2018. As a result, given a significant decline in revenues in the financial business, we expect to proceed with measures that strengthen the Group’s business foundations and optimize profit opportunities, through reinforcement of fundamentals in the financial business, and improvement in services, combined with measures to optimize the allocation of management resources in the whole business portfolio in the fiscal year under review.

While the energy business and used car business remained strong, just when we were investing aggressively in management resources to enable a turnaround in business performance through improvement in user convenience and satisfaction and development and provision of high quality services after being released from periodic reporting obligations based on the above mentioned business improvement order at BPJ, an illicit transfer of crypto assets (crypto currency) occurred (the “Illicit Transfer”) in July 2019. This caused us to post a significant extraordinary loss due to implementation of corrective measures with regard to crypto assets (crypto currency) belonging to our users, and of measures to prevent a recurrence. All services at BPJ were also temporarily suspended due to the Illicit Transfer, but after measures to improve security were carried out, BPJ gradually resumed regular services and restored all its services provided before the Illicit Transfer on December 25, 2019.

As a result, for the fiscal year ended March 31, 2020, net sales decreased by 4.7% from the previous fiscal year to ¥11,229 million. Operating loss was ¥1,198 million, ordinary loss was ¥1,231 million, and loss attributable to owners of parent was ¥5,173 million, while operating loss was ¥1,710 million, ordinary loss was ¥1,712 million, and loss attributable to owners of parent was ¥1,812 million for the previous fiscal year.

2) Overview of Performance by Business Segment

Operating results by business segment for the fiscal year ended March 31, 2020 is as follows.

Furthermore, net sales amounts for each segment do not include inter-segment net sales.

The Group’s reportable segments have been determined based on sections of high importance in accordance with the evaluation of operating results, the building of business strategies, the allocation of management resources, etc., and have been organized into five sections as the “energy business,” “used car business,” “financial business,” “travel business,” and “other businesses.”

Energy business

In the energy business, the Company operates an electric power trading business and energy saving consulting business. The Company engages in proposals for energy-saving consultation and the sale of energy saving-related devices and equipment with power trading business customers. Conversely, by making proposals for electric power supply and demand contracts and selling energy management systems to their energy saving consulting business customers, the Company also endeavors to provide one-stop solutions and create synergy effects in both businesses.

In the electric power trading business, the Company focused on high-voltage customers while also continuing to develop low-voltage customers, and through events such as exhibitions and rental housing fairs, it is taking measures to increase its name recognition and acquire customers. Although demand for electricity declined somewhat due in part to moderate weather compared with the previous fiscal year, as a result of

holding down electricity procurement prices, the gross margin ratio improved.

In the energy saving consulting business, the Company continued to engage in proposals for consultation on energy-saving equipment and systems, etc. and the application support for subsidies granted to energy saving-related investments. In addition, the Company began marketing storage batteries and engaged in supporting the subsidy application relating to the introduction of storage batteries. Despite increasingly strict criteria for selection for this subsidy, the Company maintained high selection rates in these projects owing to its accumulation of know-how.

As a result, net sales for the segment decreased by 8.5% from the previous fiscal year to ¥6,142 million and segment profit (operating profit) increased by 68.3% to ¥449 million.

Used car business

In the used car business, the Company trades used cars with used car dealers, and engages in consulting related to used car trading and other activities.

In the used car trading business, although the gross margin ratio, being centered on trades between domestic business operators with a focus on luxury products, is not very high, the length of time between procurement and recovery of sales proceeds is short, realizing a business model with a high capital turnover ratio.

As a result, net sales for the segment increased by 5.3% from the previous fiscal year to ¥3,834 million and segment profit (operating profit) increased by 83.7% to ¥22 million.

Financial business

In the financial business, BPJ, as a crypto assets exchanger (crypto currency exchanger), provides crypto assets (crypto currency) spot trading services, margin trading services, and remittance services.

On June 22, 2018, BPJ received a business improvement order regarding the business management structure from the Kanto Local Finance Bureau. Since July 23, the date of a business improvement plan subsequently submitted by BPJ, the Company has reported the status of implementation every month. On June 28, 2019, the reporting obligation was canceled. Thereafter, on July 11, 2019, the Illicit Transfer occurred, and all BPJ services were temporarily suspended in order partly to minimize secondary damage. BPJ implemented measures to prevent recurrence based on the investigation of the cause and security countermeasures, and gradually resumed legal currency deposit and withdrawal services and opened new accounts before December 25. This enabled all BPJ services to be provided before the illicit transfer became available; subsequently, we have been broadening and improving measures to increase customer satisfaction in terms of both service and computer systems, prioritizing protection of our users and ensuring the security of transactions.

However, owing to the Illicit Transfer, the Company recorded procurement costs for the crypto assets (crypto currency) belonging to our users which were affected by the Leak, and losses of crypto assets (crypto currency) at BPJ, as well as expenses at overseas suppliers of white-label services and arising from immediate countermeasures, prevention measures, etc. In addition, as a result of the careful investigation on the usage status of software, etc., the Company recorded a loss on retirement of non-current assets, an impairment loss due to a decline in profitability of non-current assets, and a loss on valuation of shares in subsidiaries and associates owned by BPJ. Accordingly, an extraordinary loss of ¥4,047 million was recorded together with that in the third quarter.

Furthermore, in preparation for implementation of the amended Financial Instruments and Exchange Act, in order to continue to provide a crypto assets (crypto currency) margin trading service coming under the application of this Act, we took measures to strengthen own capital at BPJ so as to meet the obligation to maintain the capital adequacy ratio required of a financial instruments business operator.

In addition, in order to optimize the allocation of management resources etc., the Company transferred all shares of SMART Financial Co., Ltd. and removed it from the scope of consolidation, as stated in the “Notification Regarding Change (Share Transfer) in a Consolidated Subsidiary” on August 14, 2019. Moreover, ahead of the implementation of the amended Financial Instruments and Exchange Act, etc., BITPoint Holdings Co., Ltd. (“BPH”) was established to build an organization that can ensure swift business decision-making in

financial business and appropriate allocation of financial resources on a timely basis, as an intermediary holding company in the financial business, as stated in the “Notification of the Establishment of an Intermediary Holding Company and the Acquisition of Subsidiary Shares” released on March 28, 2020. BPJ shares were transferred to this company.

As a result, net sales for the segment decreased by 44.4% from the previous fiscal year to ¥743 million, and segment loss (operating loss) was ¥1,033 million while operating loss for the previous fiscal year was ¥1,237 million.

Travel business

In the travel business, consolidated subsidiary JARVIS Inc. (hereinafter referred to as “JARVIS”) engages in hotel business development, and accommodation facility operation, etc., mainly catering to demand from inbound tourists.

Although JARVIS opened the hotel under the Company’s own brand, “an/other TOKYO,” in Kyobashi, Chuo-ku, Tokyo in May 2019, so as to refocus management resources on a more capital-efficient business, the Company transferred all shares of another Inc., which operates an/other TOKYO, as stated in the “Notification Regarding Change (Share Transfer) in a Consolidated Subsidiary (Sub-subsidiary)” released in September 27, 2019, and removed another Inc. from the scope of consolidation.

Currently, the Company is shifting to a business model geared to planning, development, sale, and operation of for-investment hotels. It has launched its first project in Kagurazaka, Tokyo.

As a result, net sales for the segment increased by 720.5% from the previous fiscal year to ¥463 million and segment loss (operating loss) was ¥13 million, while operating loss for the previous fiscal year was ¥73 million.

Others

In other businesses, the Company mainly operates a marketing consulting business. As a result, net sales for the segment increased by 50.3% from the previous fiscal year ¥45 million and segment profit (operating profit) increased by 82.0% to ¥45 million.

(2) COVID-19 risk information

As provided in the “Notification Regarding Effects, etc., of Spread of COVID-19” released on April 27, 2020, the Group is taking the following measures to prevent infection by COVID-19 and other contagious conditions and lower the risk of their spread, so as to protect the lives and health of employees and their families as well as customers and stakeholders.

<Measures to prevent infection and lower the risk of infection spread>

- Rigorous hygiene management (coughing etiquette and thorough hand-washing recommendations, mask-wearing in crowded places, self-isolation at home until full recovery is confirmed in case of cold symptoms such as fever and coughing, and of close proximity to infected people and those in close contact with an infected person)
- Staggered commuting times and teleworking when possible
- Measures (special paid leave) for employees with elementary school-age children (4th grade and under)
- Encouragement of remote meetings by conference calls and video-conferencing (including recruitment interviews)
- Voluntary avoidance of external meetings and seminars (except for Webinars, etc.)
- Voluntary avoidance of attending or holding events such as seminars
- Voluntary avoidance of business trips in Japan and overseas, and of participation in banquets, etc.

In the fiscal year ended March 31, 2020, the Group does not expect any particularly significant impact from COVID-19 on the Group’s business. However, starting April 2020, there may be impact on Group business performance and development from the further spread of COVID-19 and a prolongation of the epidemic (for example, for three months or more) along with toughening of regulations, etc. As things stand, we expect the following impact from the spread of COVID-19.

Impact on business results and business development, etc.

Given the public-service nature of the Group's electric power retail business (energy business) and crypto assets exchange business (crypto currency exchange business) (financial business), the Group is expected to ensure operations without interruption. To minimize the impact of the spread of COVID-19, we are working to swiftly take necessary measures. Meanwhile, to protect the lives and health of employees and their families, the Company is taking measures to prevent infection and reduce the risk of spread of the epidemic through rigorous hygiene management, staggered commuting times, encouragement of teleworking, use of remote meetings by conference calls and video-conferencing, voluntary avoidance of business trips in Japan and overseas, and of holding events, including seminars. If, despite these measures, employees, etc. of the Group become infected, there is a possibility of the incidence of temporary expenses, etc. due to the need to secure alternative staff. If for any reason the Group is no longer able to continue operating its businesses, there is also a possibility of loss of business opportunity due to suspension of services and loss of customer trust, etc.

In the event of prolongation of the suspension of activities at other businesses and general consumers as a result of the spread of COVID-19 and preventive measures, there is a possibility of a sales decline in the electric power retail business (energy business) and difficulty in recovering receivables, as a result of a decline in power consumption at businesses and their worsening performance, despite the possibility of increased power demand especially during the day from people staying at home and teleworking.

Furthermore, in the event of a drop in demand for capital and energy-saving investments for energy rationalization at businesses, as measures to prevent the spread of COVID-19 take precedence, there is a possibility of a reduction in sales at the energy saving consulting business (energy business).

In the travel business, there is a possibility of impact on performance due to a fall in occupancy rates at lodging facilities due to a decline in tourist demand (particularly inbound) amid the growing COVID-19 outbreak.

Impact on the stock market

As things stand, with stock markets suffering significant adverse impact from the spread of COVID-19, the prospects for a recovery in market prices are unclear. In the event of any prolongation of this situation, with shares of the Company falling below the minimum exercise price of the equity warrant with an exercise price adjustment clause, exercise of the equity warrant issued by the Company will not proceed as envisaged, and it may take time to procure funding as planned, or procurement of the planned sum may be impossible. As a result, there is a possibility of severe impact on the Group's performance and development of the Group's business performance and development, due to hindrances to fund procurement and business planning.

(3) Overview of Financial Position for the Fiscal Year Under Review

(Current assets)

At the end of the fiscal year under review, the balance of current assets was ¥12,739 million, a decrease of ¥7,405 million from the end of the previous fiscal year (¥20,144 million). The main factors for this include decreases of ¥3,680 million in cash and deposits, ¥2,419 million in virtual currencies and ¥1,087 million in deposits paid.

(Non-current assets)

At the end of the fiscal year under review, the balance of non-current assets was ¥1,519 million, a decrease of ¥132 million from the end of the previous fiscal year (¥1,652 million). The main factors for this include a decrease of ¥304 million in software and increases of ¥161 million in software in progress and ¥161 million in investment securities.

(Current liabilities)

At the end of the fiscal year under review, the balance of current liabilities was ¥10,388 million, a decrease

of ¥3,177 million from the end of the previous fiscal year (¥13,565 million). The main factors for this include decreases of ¥1,437 million in loans payable-virtual currencies, ¥879 million in deposits received for virtual currency, and ¥640 million in deposits received.

(Net assets)

At the end of the fiscal year under review, the balance of net assets was ¥3,870 million, a decrease of ¥4,350 million from the end of the previous fiscal year (¥8,221 million). The main factors for this include a decrease of ¥5,173 million in retained earnings resulting from recording of loss attributable to owners of parent.

(4) Overview of Cash Flows for the Fiscal Year Under Review

At the end of the fiscal year under review, cash and cash equivalents (hereinafter, referred to as “cash”) amounted to ¥2,771 million, a decrease of ¥3,680 million from the previous fiscal year (¥6,451 million).

The following explains the situation of each cash flow and any underlying factors.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥3,752 million (net cash provided by operating activities amounted to ¥640 million in the previous fiscal year). This is mainly due to a ¥5,166 million loss before income taxes, a ¥2,419 million decrease in virtual currencies, and a ¥1,437 million decrease in loans payable-virtual currencies.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥675 million (net cash used in investing activities amounted to ¥957 million in the previous fiscal year). This is mainly due to ¥404 million used in purchase of intangible assets, ¥298 million used in purchase of investment securities, ¥168 million in proceeds from collection of loans receivable, and ¥79 million used in payments for sales of shares of subsidiaries and associates resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥746 million (net cash used in financing activities amounted to ¥213 million in the previous fiscal year). This is mainly due to ¥483 million in proceeds from issuance of common shares, ¥273 million in proceeds from issuance of shares resulting from exercise of share acquisition rights.

(5) Future Outlook

The Group is proceeding with aggressive new investment and business development in areas subject to deregulation and legal amendments. Such developments are currently focused on the energy business, used car business, financial business, and travel business. Given that of these business domains involve heavy use of blockchain technology, we believe that use of such technology and creation of new value will help us expand the business foundation and enhance mid- to long-term corporate value.

We expect the risks presented by COVID-19 to continue for the time being. The Group is taking measures to develop and provide business models that embrace new perspectives and adopt new working approaches, to position us for after the epidemic is over.

Energy business

In the electric power trading business, price competition is intensifying in the energy business with power retailers including major power companies, and cultivation of high-voltage customers is likely to remain tough. Meanwhile, in the low-voltage market which we entered in the fiscal year ended March 31, 2020, we are working to develop and retain customers such as general households, stores and small factories through awareness expansion through BtoC marketing and tie-ups with other companies in different sectors. To that end, we are building out our marketing system.

In the energy saving consulting business, we are also taking measures to develop new profit opportunities through measures such as actively expanding sales of energy-saving products, storage batteries and emergency generators, with a theme of “Energy, Environment, Disaster Prevention, and Disaster Mitigation,” based on our know-how in subsidies for energy saving, actual result in the electric power trading business and the network with customers and agents.

We are creating and developing new businesses typified by the Electricity Sharing Service Project.

Used car business

The impact of the spread of COVID-19 in the used car market is undeniable, but we will continue to prioritize development of domestic trades with used car dealers focusing on luxury vehicles, which are less vulnerable to economic downturns and other adverse influences.

Financial business

The increased transparency of rules relating to crypto assets (crypto currency) markets and ancillary businesses, due to a range of legislation concerning crypto currency and crypto assets including the Financial business Implementation of the amended Financial Instruments and Exchange Act and the amended Payment Service Act in May 2020, is advantageous for an expansion of the scope of those markets. We also see it as an opportunity to enter new businesses such as the Security Token Offering (STO) sector, which is expected to be a new tool for encrypted asset custody and new fund procurements.

Looking ahead, we believe that it is necessary to improve existing services, develop new services and to undertake further computer system development, raising customer satisfaction and improving profitability, and to strengthen system infrastructure to continue to provide stable services. Specific examples include system modifications to improve the transaction system UI (User Interface) and UX (User experience), so as to expand the BPJ customer base, improvement of screen and operability technologies to give even beginning traders in crypto assets (crypto currency) better understanding and greater ease of use, and renewal of the trading app “BITpoint LITE”.

To fulfil obligations concerning capital adequacy ratios required by financial instruments business operators, BPJ is taking measures to strengthen own capital using fund procurement through the exercise of the 13th Equity Warrant issued by the Company, and is committed to building and maintaining a robust income and expenditure platform.

BPJ will continue to take measures to enable stable earnings while broadening its risk management and compliance posture as required by laws and regulations and pursuit of business.

Travel business

We will continue to promote the planning, development, sales, and operation of hotel condominiums. In the fiscal year ending March 31, 2021, we will focus on completion and marketing of units of the project in Kagurazaka, Tokyo. However, in the event of the further spread of COVID-19 or any prolongation of its impact, we will proceed with a sale of the property, with consideration of conversion to rental use.

Financial Results Forecast

Provided no unforeseen events occur, at the moment, the energy business and used car business are expected to remain strong. However, it is difficult to make a financial results forecast because of an extreme lack of clarity at the present time regarding the impact on the Group’s business activities and financial position caused by changes in the business environment due to the impact of the spread of COVID-19.

In addition, the crypto asset exchange business (crypto currency exchange business) of the Group’s financial business, is influenced by economic conditions, market environment related to crypto asset (crypto currency), and trends in the financial market and makes it difficult to calculate an appropriate and reasonable financial results forecast.

As a result of these factors, a consolidated financial results forecast for the fiscal year ending March 31, 2021 will not be disclosed.

A financial results forecast will be disclosed in the future if the Company is able to determine that the relative contribution of the financial business in the Group's consolidated financial results has fallen below a certain level, and if the factor of fluctuation in the financial markets surrounding crypto assets (crypto currency) has less of an impact. In such cases, we may be able to calculate an appropriate and reasonable consolidated earnings forecast.

2. Basic Stance Concerning Choice of Accounting Standards

The Group applies Japanese accounting standards in order to ensure comparability with other domestic companies in the same industries.

Regarding the application of international accounting standards, appropriate measures will be taken with consideration to any relevant circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	6,457	2,777
Accounts receivable - trade	745	944
Merchandise	341	341
Real estate for sale in process	—	116
Virtual currencies	10,327	7,908
Deposits paid	1,370	282
Other	917	403
Allowance for doubtful accounts	(15)	(35)
Total current assets	20,144	12,739
Non-current assets		
Property, plant and equipment		
Buildings and structures	57	54
Accumulated depreciation	(4)	(8)
Buildings and structures, net	52	45
Vehicles, tools, furniture and fixtures	55	62
Accumulated depreciation	(24)	(34)
Vehicles, tools, furniture and fixtures, net	30	27
Leased assets	3	3
Accumulated depreciation	(1)	(2)
Leased assets, net	1	0
Total property, plant and equipment	84	74
Intangible assets		
Software	849	545
Software in progress	19	181
Total intangible assets	869	726
Investments and other assets		
Investment securities	0	161
Leasehold and guarantee deposits	358	355
Fixed loan	86	86
Other	339	201
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	698	719
Total non-current assets	1,652	1,519
Total assets	21,797	14,259

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	198	268
Current portion of long-term borrowings	50	—
Accounts payable - other	404	435
Deposits received	2,303	1,663
Deposits received for virtual currency	8,186	7,306
Income taxes payable	41	50
Loans payable-virtual currencies	2,006	569
Provision for loss on business of subsidiaries and associates	—	11
Other	374	80
Total current liabilities	13,565	10,388
Non-current liabilities		
Lease obligations	0	—
Deferred tax liabilities	9	—
Total non-current liabilities	10	—
Total liabilities	13,576	10,388
Net assets		
Shareholders' equity		
Share capital	3,696	4,085
Capital surplus	3,718	4,107
Retained earnings	823	(4,349)
Treasury shares	(18)	(18)
Total shareholders' equity	8,220	3,825
Share acquisition rights	0	45
Total net assets	8,221	3,870
Total liabilities and net assets	21,797	14,259

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	11,780	11,229
Cost of sales	10,476	10,304
Gross profit	1,303	924
Selling, general and administrative expenses	3,014	2,122
Operating loss	(1,710)	(1,198)
Non-operating income		
Interest income	0	2
Dividend income	0	0
Royalty	1	0
Interest on tax refund	—	2
Penalty income	0	—
Other	0	1
Total non-operating income	3	6
Non-operating expenses		
Interest expenses	3	0
Issuance cost of subscription rights to shares	—	4
Share issuance cost	0	16
Provision of allowance for doubtful accounts	—	17
Other	0	0
Total non-operating expenses	5	39
Ordinary loss	(1,712)	(1,231)
Extraordinary income		
Gain on sales of non-current assets	—	0
Gain on sales of shares of subsidiaries and associates	—	84
Gain on sales of investment securities	—	5
Total extraordinary income	—	90
Extraordinary losses		
Loss on retirement of non-current assets	1	267
Loss on sales of non-current assets	—	1
Loss on valuation of investment securities	29	136
Loss on sales of investments in capital of subsidiaries and associates	4	—
Loss on valuation of investments in capital of subsidiaries and associates	23	162
Loss on valuation of investments in capital	—	9
Provision for loss on business of subsidiaries and associates	—	11
Theft loss of virtual currencies	—	3,246
Additional losses related to the theft of virtual currency	—	185
Impairment loss	22	2
Total extraordinary losses	81	4,025
Loss before income taxes	(1,794)	(5,166)
Income taxes - current	16	16
Income taxes - deferred	5	(9)
Total income taxes	22	7
Loss	(1,816)	(5,173)
Loss attributable to non-controlling interests	(3)	—
Loss attributable to owners of parent	(1,812)	(5,173)

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Loss	(1,816)	(5,173)
Comprehensive income	(1,816)	(5,173)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,812)	(5,173)
Comprehensive income attributable to non-controlling interests	(3)	—

(3) Consolidated Statements of Changes in Equity

Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	3,684	3,709	2,693	(18)	10,069	0	13	10,083
Changes of items during period								
Issuance of new shares	11	11			22			22
Dividends of surplus			(56)		(56)			(56)
Loss attributable to owners of parent			(1,812)		(1,812)			(1,812)
Purchase of shares of consolidated subsidiaries		(1)			(1)			(1)
Net changes of items other than shareholders' equity						(0)	(13)	(14)
Total changes of items during period	11	9	(1,869)	—	(1,848)	(0)	(13)	(1,862)
Balance at end of current period	3,696	3,718	823	(18)	8,220	0	—	8,221

Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	3,696	3,718	823	(18)	8,220	0	—	8,221
Changes of items during period								
Issuance of new shares	389	388			777			777
Dividends of surplus			—		—			—
Loss attributable to owners of parent			(5,173)		(5,173)			(5,173)
Purchase of shares of consolidated subsidiaries		—			—			—
Net changes of items other than shareholders' equity						45	—	45
Total changes of items during period	389	388	(5,173)	—	(4,395)	45	—	(4,350)
Balance at end of current period	4,085	4,107	4,349	(18)	3,825	45	—	3,870

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Loss before income taxes	(1,794)	(5,166)
Depreciation	184	222
Increase (decrease) in allowance for doubtful accounts	(5)	20
Impairment loss	22	2
Interest and dividend income	(0)	(2)
Interest expenses	3	0
Loss (gain) on sales of shares of subsidiaries and associates	—	(84)
Share issuance cost	0	16
Issuance cost of subscription rights to shares	—	4
Loss on sales of non-current assets	—	1
Loss on retirement of non-current assets	1	267
Theft loss of virtual currencies	—	3,246
Additional losses related to the theft of virtual currency	—	185
Loss (gain) on sales of investment securities	—	(5)
Loss (gain) on valuation of investment securities	29	136
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	4	—
Loss (gain) on valuation of investments in capital of subsidiaries and associates	23	162
Loss on valuation of investments in capital	—	9
Increase (decrease) in provision for loss on business of subsidiaries and associates	—	11
Decrease (increase) in notes and accounts receivable - trade	243	(210)
Decrease (increase) in inventories	(58)	(116)
Decrease (increase) in virtual money	(5,678)	2,419
Decrease (increase) in operating guarantee deposit	2,892	1,087
Decrease (increase) in other current assets	(114)	188
Increase (decrease) in notes and accounts payable - trade	(157)	72
Increase (decrease) in accounts payable - other	66	145
Increase (decrease) in deposits received	370	(639)
Increase (decrease) in deposits received from virtual money	3,883	(879)
Increase (decrease) in accrued consumption taxes	(177)	114
Increase (decrease) in loans payable-virtual currencies	2,006	(1,437)
Increase (decrease) in other current liabilities	112	(300)
Other, net	12	3
Subtotal	1,872	(523)
Interest and dividend income received	0	2
Interest expenses paid	(1)	(0)
Income taxes refund	17	229
Income taxes paid	(1,248)	(33)
Expenditures on theft loss of virtual currencies	—	(3,246)
Expenditures on additional losses related to the theft of virtual currency	—	(180)
Net cash provided by (used in) operating activities	640	(3,752)

(Million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Proceeds from sales of investment securities	—	6
Payments of loans receivable	(37)	(35)
Collection of loans receivable	3	168
Purchase of property, plant and equipment	(36)	(24)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(523)	(404)
Purchase of investment securities	—	(298)
Payments for sales of shares of subsidiaries and associates resulting in change in scope of consolidation	—	(79)
Payments for guarantee deposits	(2)	(1)
Payments for leasehold deposits	(57)	(10)
Collection of leasehold deposits	0	2
Payments for investments in capital	(170)	—
Payments for investments in capital of subsidiaries and associates	(134)	—
Net cash provided by (used in) investing activities	(957)	(675)
Cash flows from financing activities		
Net increase (decrease) in short term loans payable	(60)	—
Repayments of long term loans payable	(100)	(50)
Repayments of lease obligations	(7)	(4)
Proceeds from issuance of shares	—	483
Proceeds from issuance of share acquisition rights	—	44
Proceeds from issuance of shares resulting from exercise of share acquisition rights	21	273
Cash dividends paid	(55)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(12)	—
Net cash provided by (used in) financing activities	(213)	746
Net increase (decrease) in cash and cash equivalents	(531)	(3,680)
Cash and cash equivalents at beginning of period	6,982	6,451
Cash and cash equivalents at end of period	6,451	2,771

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

The Group's reportable segments provide separate financial information on the business units of the company and are evaluated regularly by the Board of Directors to determine the allocation of management resources and evaluate operating performance.

In addition to the Company, the Group includes the two operating subsidiaries BITPoint Japan Co., Ltd. and JARVIS Inc., and functions on a business execution system to accommodate the individual characteristics of each business field. The Group's reportable segments categorize business corporations (on a consolidated basis) into broad units, which are classified according to the affiliated services or products.

The services and products affiliated with each reportable segment are detailed as follows.

Energy business

In the energy business, the Company operates the development and sales of energy management systems, consulting to support energy saving practices, sales of energy saving-related devices and equipment, and electric power trading, etc. These operations are all performed by the Company.

Used car business

In the used car business, the Company operates the consulting related to used car trading, and the trading of used cars, etc. These operations are all performed by the Company.

Financial business

In the financial business, the Company operates the crypto currency exchange business, crypto currency-related trading, crypto currency remittance and receipt services, and the development and provision of crypto currency trading systems, etc. These operations are all performed by consolidated subsidiary BITPoint Japan Co., Ltd.

Travel business

In the travel business, the Company operates planning and development for hotel businesses, planning, operation and consulting for accommodation facilities, furniture planning and sales for accommodation facilities, and services related to branding and design, etc. These operations are all performed by consolidated subsidiary JARVIS Inc.

Others

In other businesses, the Company mainly operates a marketing consulting business. These operations are all performed by the Company.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting policies applied to reportable business segments comply with the accounting policies used in the preparation of the consolidated financial statements. Segment profit is based on operating profit. The amounts of “inter-segment net sales or transfers” are calculated based on the market prices and prices determined by the cost.

3. Information on net sales, profit (loss), assets, liabilities, and other items for each reportable segment
For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segment						Total	Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Financial business	Travel business	Others	Subtotal			
Net sales									
Net sales to outside customers	6,715	3,640	1,337	56	30	11,780	11,780	—	11,780
Inter-segment net sales or transfers	—	—	16	—	49	65	65	(65)	—
Total	6,715	3,640	1,353	56	79	11,845	11,845	(65)	11,780
Segment profit (loss)	266	12	(1,237)	(73)	24	(1,007)	(1,007)	(703)	(1,710)
Segment assets	1,078	480	17,973	53	66	19,652	19,652	2,144	21,797
Other items									
Depreciation	3	0	159	0	1	165	165	19	184
Impairment loss	—	—	22	—	—	22	22	—	22
Increase in property, plant and equipment, and intangible assets	7	—	532	0	—	540	540	13	553

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥703 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly administrative expenses which are not attributable to the reportable segments.
 - (2) The adjustment for segment assets of ¥2,144 million includes corporate assets not allocated to the reportable segments of ¥7,160 million, capital eliminated in consolidation of negative ¥4,532 million, and an elimination of receivables and payables of negative ¥483 million.
 - (3) The adjustment for an increase in property, plant and equipment and intangible assets of ¥13 million is primarily an increase in corporate assets not allocated to the reportable segments.
2. The total segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segment						Total	Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Financial business	Travel business	Others	Subtotal			
Net sales									
Net sales to outside customers	6,142	3,834	743	463	45	11,229	11,229	—	11,229
Inter-segment net sales or transfers	—	—	7	35	—	42	42	(42)	—
Total	6,142	3,834	750	499	45	11,271	11,271	(42)	11,229
Segment profit (loss)	449	22	(1,033)	(13)	45	(528)	(528)	(669)	(1,198)
Segment assets	905	548	11,496	244	174	13,369	13,369	889	14,259
Other items									
Depreciation	5	—	197	0	—	204	204	17	222
Impairment loss	—	—	207	—	—	207	22	(205)	2
Increase in property, plant and equipment, and intangible assets	19	—	315	—	—	334	334	6	341

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥669 is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly administrative expenses which are not attributable to the reportable segments.
 - (2) The adjustment for segment assets of ¥889 million includes corporate assets not allocated to the reportable segments of ¥9,614million, capital eliminated in consolidation of negative ¥5,883 million, and an elimination of receivables and payables of negative ¥2,841 million.
 - (3) The adjustment for an increase in property, plant and equipment and intangible assets of ¥6 million is primarily an increase in corporate assets not allocated to the reportable segments.
2. The total segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

(Per share information)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	¥144.23	¥62.86
Loss per share	(¥31.81)	(¥88.66)
Diluted earnings per share	—	—

(Notes) 1. Diluted earnings per share from the fiscal year ended March 31, 2020, is not indicated because there was a net loss per share, despite the existence of diluted shares.

2. The basis for calculating loss per share is shown below.

Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Loss per share		
Loss attributable to owners of parent (Million yen)	(1,812)	(5,173)
Amount not attributable to common shareholders (Million yen)	—	—
Loss attributable to owners of parent relating to common stock (Million yen)	(1,812)	(5,173)
Average number of shares of common stock during the period (shares)	56,987,142	58,353,614
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant subsequent events)

(Issuance of the 13th equity warrant)

At a meeting of the Board of Directors held on April 27, 2020, the Company passed a resolution for issue of the 13th equity warrant through third party allotment (the “Equity Warrant”).

The payment procedures of the Equity Warrant were completed in May 13, 2020.

Issuance of the 13th equity warrant

1) Type and number of shares	33,333,400 shares of common stock
2) Total number of equity warrants	333,334
3) Total issue price of the equity warrant	¥29 million
4) Exercise price	Initial exercise price: ¥90

On each modification date (to be defined below), the exercise price of the Equity Warrant will be amended to the modified exercise price (to be defined below) of each modification date. However, if the amount obtained as a result of the calculation of the modified exercise price specified in this section is less than ¥50 (the “Minimum Exercise Price;” which may be adjusted), the modified exercise price shall be the minimum exercise price.

“Modification date” means the date on which the Company receives the notification regarding requests of exercise of the Equity Warrant relating to each exercise price adjustment, and on which the full sum earmarked as financing for the exercise of the Equity Warrant is deposited into the designated account. (However, if, when the Company receives the notice, the trading session at the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) is over, the following trading day (to be defined below) shall apply). “Modified exercise price” is the amount equivalent to 90% of the Volume Weighted Average Price (“VWAP”; if there is no VWAP on this day, the VWAP on the trading day with VWAP immediately before it) of common stock of the Company at the end of an ordinary trading day on the Tokyo Stock Exchange on the trading day before each modification date; sums of less than ¥1 are rounded up.

“Trading day” means the date on which a trading session takes place on the Tokyo Stock Exchange. However, the relevant day shall not qualify as a “trading day” if any suspension of trading or trading restrictions are in force (including temporary trading restrictions) on any kind of common stock of the Company on the Tokyo Stock Exchange.

5) Fund procurement amount ¥3,029 million

Breakdown

a Strengthening the financial base to strengthen BPJ own capital (Investment in BPJ)	¥1,311 million
b Additional development of trading system and enhancement of system infrastructure in the financial business (Investment in and loan to BPJ)	¥800 million
c Strengthening risk management and compliance framework in the financial business (Investment in and loan to BPJ)	¥200 million
d Increasing power procurement funding in the electric power trading business	¥500 million
e New business development support in the energy business	¥200 million

The above fundraising amount is calculated assuming all the Equity Warrant will be exercised at the initial exercise price. If the exercise price is modified or adjusted, the amount obtained by adding the total value of the assets used to finance the exercise of the Equity Warrant to the total paid-in amount of the Equity Warrant may increase or decrease. If the Equity Warrant is not exercised within the period for exercise, the amount obtained by adding the total value of the assets used to finance the exercise of the Equity Warrant to the total paid-in amount of the Equity Warrant may decrease.

- | | |
|-------------------------------------|--|
| 6) Capital incorporation | The increase in the amount of capital through issue of common stock of the Company by Exercise of the Equity Warrant shall be one half of the maximum amount of increase in capital (if the calculation yields a fraction of less than ¥1, this is to be rounded up) calculated according to Article 17, Paragraph 1 of Regulation on Corporate Accounting, and the amount of including legal capital surplus shall be said maximum amount of increase in capital subtracted by the amount of increase in capital. |
| 7) Application period | May 13, 2020 |
| 8) Allocation date and payment date | May 13, 2020 |
| 9) Exercise period | From May 14, 2020 to May 13, 2022 |

(Acquisition and cancellation of the 12th Equity Warrant)

As outlined below, the Company purchased all of the 12th Equity Warrants owned by Revive Investment Partnership (239,520) and canceled them on the same day, May 13, 2020.

Outline of the equity warrant

- | | |
|--|--|
| 1) Name of the equity warrant | Remixpoint Co., Ltd. 12th Equity Warrant |
| 2) Number of equity warrants issued | 239,520 |
| 3) Date of allotment of the equity warrant | February 6, 2020 |
| 4) Total equity warrant payment | ¥39,281,280 (¥164 per equity warrant) |
| 5) Number of equity warrants to be acquired and canceled | 215,020 |
| 6) Date of equity warrant acquisition and cancellation | May 13, 2020 |
| 7) Equity warrant acquisition price | ¥35,263,280 (¥164 per equity warrant) |
| 8) Number of the equity warrants remaining after acquisition | 0 |