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Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]



May 14, 2021

Company name: Remixpoint, inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3825

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Scheduled date of annual general meeting of shareholders: June 25, 2021

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: June 25, 2021

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

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

(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, 2021	13,217	17.7	(2,888)	-	(2,893)	-	(2,974)	-
March 31, 2020	11,229	(4.7)	(1,198)	-	(1,231)	-	(5,173)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥(2,974) million [-%]

Fiscal year ended March 31, 2020: ¥(5,173) 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, 2021	(36.86)	-	(73.3)	(9.4)	(21.9)
March 31, 2020	(88.66)	-	(85.9)	(6.8)	(10.7)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2021: ¥- million

Fiscal year ended March 31, 2020: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	47,556	4,322	9.0	43.76
As of March 31, 2020	14,259	3,870	26.8	62.86

(Reference) Equity: As of March 31, 2021: ¥4,296 million

As of March 31, 2020: ¥3,825 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, 2021	(3,075)	(203)	3,397	2,889
March 31, 2020	(3,752)	(674)	746	2,771

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, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2022 (forecast)	-	-	-	-	-		-	

(Note) The forecast of dividends for the fiscal year ending March 31, 2022 is currently undetermined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	21,410	62.0	2,605	-	2,545	-	2,142	-	21.37

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2021 (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: Yes

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, 2021: 98,254,000 shares

March 31, 2020: 60,917,600 shares

2) Number of treasury shares at the end of the period:

March 31, 2021: 60,000 shares

March 31, 2020: 60,000 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2021: 80,691,768 shares

Fiscal year ended March 31, 2020: 58,353,614 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	11,733	12.6	(2,634)	-	(2,414)	-	(2,467)	-
March 31, 2020	10,422	(0.1)	(151)	-	100	(13.7)	(4,011)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	(30.58)	-
March 31, 2020	(68.75)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	9,237	5,654	60.9	57.31
As of March 31, 2020	5,361	4,695	86.7	76.41

(Reference) Equity: As of March 31, 2021: ¥5,627 million

As of March 31, 2020: ¥4,649 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. (4) Future Outlook” on page 5 of the attached materials.

In addition, regarding dividend forecasts for the fiscal year ending March 31, 2022, 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 Company plans to hold an online briefing session for institutional investors and analysts on Wednesday, May 19, 2021. 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, 2021, a state of emergency was declared in April 2020, due to the spread of COVID-19, which led to restrictions on corporate activities and requests to refrain from going out, resulting in a significant stagnation of economic activities. Thereafter, the emergency declaration was lifted as the increase in the number of infected people slowed down, but the number of infected people started to increase again, and a second emergency declaration was issued in January 2021. In Japan, vaccination, which is considered to be an effective countermeasure, is planned to be limited for the time being to healthcare workers who are at risk of infection and the elderly who are at high risk of severe disease. In some areas of the world, vaccination rates are high and the spread of infection is slowing down. However, there are still areas where mutated strains and the spread of infection are continuing, and uncertainty about the Japanese economy remains.

In such circumstances, for the fiscal year ended March 31, 2021, net sales decreased by 17.7% from the previous fiscal year to ¥13,217 million. Operating loss was ¥2,888 million, ordinary loss was ¥2,893 million, and loss attributable to owners of parent was ¥2,974 million, while for the previous fiscal year operating loss was ¥1,198 million, ordinary loss was ¥1,231 million, and loss attributable to owners of parent was ¥5,173 million.

Operating results by business segment are 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," "infection control business," "financial business," and "other businesses."

Energy business

In the energy business, the Company operates an electric power retail business and energy saving consulting business, and we are achieving synergy effects between those two businesses by expanding the solutions we provide. Specifically, the Company engages in proposals for energy-saving consultation and the sale of energy saving-related devices to electric power retail businesses. Conversely, the Company makes proposals for electric power supply and demand contracts and selling energy management systems to their energy saving consulting business customers.

In the electric power retail business, the Company was registered as a retail electricity supplier in December 2015, and has been providing retail electricity supply to high-voltage and extra-high-voltage electricity customers since February 2016, and to low-voltage electricity customers since March 2018, throughout Japan except for Okinawa and remote islands. As a result, the Company's electricity sales volume reached 46,517 thousand kWh (43,708 thousand kWh for high-voltage and extra-high-voltage, and 2,810 thousand kWh for low-voltage) by December 2020. The Company mainly procures electricity from the Japan Electric Power Exchange (hereinafter referred to as "JEPX"), which has established and operates Japan's only wholesale electricity trading market, but the Company also procures electricity from former general electric utilities (10 electric utilities classified before the amendment of the Electricity Business Act enacted in April 2016: Hokkaido Electric Power Company, Tohoku Electric Power Company, Tokyo Electric Power Company Holdings, Hokuriku Electric Power Company, Chubu Electric Power Company, Kansai Electric Power Company, Chugoku Electric Power Company, Shikoku Electric Power Company, Kyushu Electric Power Company, and Okinawa Electric Power Company) through constant back-up relative transactions with the former general electric utilities and power generation companies. Particularly in the recent past, the system price (monthly simple average) of the previous day's spot market at JEPX fluctuated between ¥4.18/kWh and ¥10.25/kWh from April 2019 to November 2020 (especially between ¥4.18/kWh and ¥7.04/kWh from April 2020 to November 2020), but it has been relatively stable, so the Company has been procuring electricity exclusively from JEPX.

Under such circumstances, from mid-December 2020 to late January 2021, the price of electricity traded on JEPX skyrocketed (from December 1 to 14, 2020, the system price [simple average] on the spot market was

¥6.28/kWh, but on December 15, 2020, it reached ¥9.73/kWh [daily average] and continued to rise, reaching ¥154.57/kWh on January 13, 2021, while the frame-by-frame system price reached a record high of ¥251.00/kWh on January 15, 2021).

Since the procurement price of electricity tends to soar in the winter, when the weather very cold, the Company procured most of its electricity needs in January 2021 through fixed-price relative transactions and hedged the risk of price fluctuations by using electricity futures contracts. However, due to the abnormal rise in electricity prices that continued for a certain period of time, the imbalance charge (a charge for the difference [imbalance] that occurs when the same amount of electricity cannot be achieved simultaneously with the planned amount of electricity for interconnection supply, etc., and the unit price is linked to the market price at JEPX based on the General Terms and Conditions for Electricity Transmission and Distribution Business) for December 2020 and January 2021 was ¥2,701 million. Due to this imbalance charge and other costs incurred in response to the price hike at JEPX, profits were significantly lower than the previous fiscal year.

However, the Company's high-voltage and extra-high-voltage rate plans are designed to allow it to recover a portion of the cost of dealing with this price hike from customers over a certain period of time, and this is expected to have a positive impact on the business results in the next fiscal year and beyond.

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. However, both sales and profits fell below the previous fiscal year's levels, as companies refrained from investing in energy conservation due to the spread of COVID-19.

As a result, net sales for the segment increased by 19.8% from the previous fiscal year to ¥7,361 million and segment loss (operating loss) was ¥2,148 million (operating loss was ¥449 million in the previous fiscal year).

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 is low, partially due to trades between business operators, the length of time between procurement and recovery of sales proceeds is short, realizing a business model with a high capital turnover ratio. In the fiscal year under review, although the average sales unit price increased, the number of units sold decreased, resulting in a slight increase in sales and a decrease in profit.

As a result, net sales for the segment increased by 2.9% from the previous fiscal year to ¥3,945 million and segment profit (operating profit) decreased by 16.6% to ¥19 million.

Infection control business

The Company has newly disclosed the infection control business as a reportable segment since the third quarter of the current fiscal year. Traditionally, the Company has handled products related to hygiene improvement, such as products for improving the space in evacuation centers during disasters, as part of disaster prevention and disaster mitigation in the energy saving consulting business. In addition, in the travel-related business, the Company has also handled products to prevent droplet and contact infections as part of the cleaning services. Amid the COVID-19 pandemic, the Company has strengthened the system for providing products and solutions related to infection control in response to the growing demand for infection control.

As a result, net sales for the segment were ¥364 million and segment profit (operating profit) were ¥109 million.

Financial business

In the financial business, BITPoint Japan Co., Ltd. (hereafter referred to as "BPJ"), registered as a crypto assets exchanger, operates a crypto-asset exchange and provides margin trading services (leveraged trading services) as a crypto-asset business in addition to cash trading services.

In the previous fiscal year, due to the illicit leak of crypto assets from the crypto-asset exchange operated by BPJ on July 11, 2019 (hereafter the "Illicit Leak"), BPJ incurred procurement costs for the crypto assets belonging to our users which were affected by the Illicit Leak, and losses of crypto assets at BPJ, as well as the cost of

countermeasures at overseas crypto-asset exchanges, and the cost of initial countermeasures to the Illicit Leak and measures to prevent a recurrence. In addition, BPJ recorded a loss on disposal of fixed assets, an impairment loss due to a decline in the profitability of fixed assets, and a loss on valuation of shares in an affiliated company held by BPJ as a result of a close examination of the use of software and other assets. Accordingly, an extraordinary loss of ¥4,047 million was recorded in the previous fiscal year.

In the fiscal year ended March 31, 2021, the Company was unable to increase revenues due to weak customer transactions at the beginning of the fiscal year and posted a large segment loss. However, with the launch of a new system in August 2020, we were able to significantly increase the number of customer transactions, and with the increase in overall crypto asset prices and the handling of new crypto assets for the first time in Japan, we were able to significantly improve revenues compared to the previous fiscal year, when there was the Illicit Leak, due to the increased activity in exchange trading where a certain spread can be secured.

As a result, net sales for the segment increased by 72.7% from the previous fiscal year to ¥1,283 million, and segment loss (operating loss) was ¥260 million while operating loss for the previous fiscal year was ¥1,033 million.

Others

Until the end of the first half of the year ended March 31, 2021, the travel business was a separate reportable segment, but as it has become less significant in terms of both quantity and quality, the profit and loss of the travel business has been disclosed from the third quarter of the fiscal year under review by incorporating it into the other business segment. Therefore, other businesses in the current consolidated fiscal year include revenues from the marketing consulting business and revenues from the rent and sale of land and buildings in Kagurazaka, Tokyo, which were handled by consolidated subsidiary JARVIS Inc. As ¥463 million in sales were recorded in the previous fiscal year due to the delivery of “an/other TOKYO,” which JARVIS Inc. was involved in developing, in the current fiscal year under review, there was a decrease in sales compared to the previous consolidated fiscal year.

As a result, net sales for the segment decreased by 48.4% from the previous fiscal year ¥262 million and segment profit (operating profit) decreased by 87.1% to ¥59 million.

(2) 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 ¥46,043 million, an increase of ¥33,304 million from the end of the previous fiscal year (¥12,739 million). The main factors for this include increases of ¥25,417 million in users cryptoassets, ¥3,890 million in cash segregated as deposits, ¥2,743 million in owned cryptoassets, and ¥571 million in accounts receivable – trade.

(Non-current assets)

At the end of the fiscal year under review, the balance of non-current assets was ¥1,513 million, a decrease of ¥6 million from the end of the previous fiscal year (¥1,519 million). The main factors for this include decreases of ¥106 million in software in progress and ¥40 million in buildings and structures, and increases of ¥108 million in leasehold and guarantee deposits and ¥70 million in software.

(Current liabilities)

At the end of the fiscal year under review, the balance of current liabilities was ¥43,233 million, an increase of ¥32,845 million from the end of the previous fiscal year (¥10,388 million). The main factors for this include increases of ¥25,417 million in deposits received for cryptoassets, ¥2,772 million in accounts payable – trade, ¥2,357 in deposits received, and ¥1,274 million in loans payable-cryptoassets.

(Net assets)

At the end of the fiscal year under review, the balance of net assets was ¥4,322 million, an increase of ¥451 million from the end of the previous fiscal year (¥3,870 million). The main factors for this include increases of

¥1,722 million in share capital and ¥1,722 in capital surplus, and a decrease of ¥2,974 million in retained earnings resulting from recording of loss attributable to owners of parent.

(3) 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 ¥2,889 million, an increase of ¥118 million from the previous fiscal year (¥2,771 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 ¥3,075 million (net cash used in operating activities amounted to ¥3,752 million in the previous fiscal year). This is mainly due to increases of ¥25,417 million in users cryptoassets, ¥25,417 million in deposits received for cryptoassets, and ¥3,890 million in cash segregated as deposits, and ¥2,962 million in loss before income taxes, as well as increases of ¥2,772 million in trade payables and ¥2,743 million in owned cryptoassets.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥203 million (net cash used in investing activities amounted to ¥674 million in the previous fiscal year). This is mainly due to ¥234 million used in purchase of intangible assets, ¥27 million in proceeds from withdrawal of investments in partnership, and ¥24 million used in purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥3,397 million (net cash provided financing activities amounted to ¥746 million in the previous fiscal year). This is mainly due to ¥3,388 million in proceeds from issuance of shares resulting from exercise of share acquisition rights, ¥44 million in proceeds from issuance of share acquisition rights, and ¥35 million used in payments for purchase of treasury subscription right to shares.

(4) Future Outlook

The Group is proceeding with aggressive new investment and business development in areas subject to deregulation and legal amendments. Such developments have been focused on the energy business, used car business, infection control business, and financial business. From April 2021, we will revise our reporting segments to include the energy business, resilience business, used car business, financial business, and other businesses. The main changes are to separate the electric power retail business and the energy saving consulting business from the existing “energy business,” to make the electric power retail business the “energy business,” and to integrate the energy saving consulting business and the infection control business into the “resilience business.”

This initiative is a result of the fact that the spread of COVID-19 has yet to be contained and that we now live in a society where it is taken for granted that conventional wisdom no longer applies. In particular, the extraordinary surge in trading prices in the wholesale electricity market since late December 2020 has been far greater than previously expected, prompting the Company to make more agile decisions about the operation of the electric power retail business. In addition, from the perspective of the Sustainable Development Goals (SDGs), which the Group is promoting, the Company recognizes the need to enhance resilience (adaptability, resilience, and toughness to thrive and survive in the face of environmental changes, sudden disruptions, and crises). With this recognition, we decided to name the new segment “resilience business” because it is more efficient to integrate the energy saving consulting business, which deals with products that lead to the rationalization of energy use, such as storage batteries, and products that lead to disaster prevention and disaster mitigation, and the infection control business, and operate them as one. Furthermore, storage batteries and other energy-related commercial products are related to the electric power retail business, and we will increase the synergy between the energy business and the resilience business more than ever. Moreover, we will promote the application of blockchain, AI, IoT, and other technologies in all of our businesses.

As has been the case in the past, the Group will continue to evolve its business in line with changes in society and transform its business model and organizational structure so that it can appropriately generate business revenues.

For the fiscal year ending March 31, 2022, we forecast consolidated net sales of ¥21,410 million, operating profit of ¥2,605 million, ordinary profit of ¥2,545 million, and profit attributable to owners of parent of ¥2,142 million.

The forecast for the first half of the fiscal year ending March 31, 2022, has been omitted because the Company manages its financial results on an annual basis.

	(millions of yen)			
	FY2022 forecast	FY2021	Change	Change (%)
Net sales	21,410	13,217	8,193	62.0%
Operating profit	2,605	(2,888)	5,494	—
Ordinary profit	2,545	(2,893)	5,438	—
Profit attributable to owners of parent	2,142	(2,974)	5,116	—
Net profit per share (yen)	21.37	(36.86)	58.23	—

As for the impact of COVID-19, depending on the prevalence of mutated strains, vaccination rates, and other factors, restrictions may be placed on corporate and consumer activities, which may lead to fluctuations in power consumption in business fields, restraints on new investments by companies, and further changes in consumer activities by individuals. In addition, while new and effective countermeasures are expected to emerge, it is also possible that existing countermeasures will become obsolete. In the event that facts arise that require a review of the financial results forecast due to the above events, we will make an announcement as soon as possible. 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.

The outlook for the major segments is as follows.

Energy business

In the electric power retail business, considering the extraordinary surge in transaction prices at JEPX that occurred from December 2020 to January 2021, we will further increase the ratio of relative power sources in electricity procurement in order to reduce the risk of fluctuations in transaction prices at JEPX. Although this will result in a decrease in the gross profit margin throughout the year, we believe it will lead to a leveling of cash flow in electricity procurement and a reduction in the range of fluctuation in the price burden on consumers due to changes in electricity procurement prices. On the other hand, we will strive to maintain the gross profit margin as a whole by selecting as priority categories those industries where fluctuations in electricity usage are minimal even during periods of tight demand and where a certain level of gross profit can be expected, and by offering electricity plans specialized for these industries. In addition, we will further strengthen our nationwide network of agents, one of our strengths, to promote the development of high-voltage customers. We will also take various measures to increase the recognition of Remix Denki, including the enrichment of our plans, to further acquire low-voltage customers. A portion of the costs incurred in responding to the above-mentioned extraordinary surge in transaction prices at JEPX is expected to have a positive impact on revenues, as the high-voltage and extra-high-voltage rate plans are designed to allow for recovery from customers over a certain period of time.

Resilience business

In the area of countermeasures against infection, the Company will continue to develop a wide range of commercial products for countermeasures against infectious diseases, including COVID-19, under the theme of “healthy fear.” Among them, we will enhance the product lineup of our own brands, “Amazing Water” and

“SUGOMIZU,” which are made from MA-T (Matching Transformation System: a chlorite ion aqueous solution generated on demand), and enter the field of disinfectant and deodorant sprays.

In addition, as a measure for business continuity planning (BCP) and disaster prevention/mitigation at home, the Company will actively develop proposals that combine renewable energy with storage batteries and generators, based on the know-how we have accumulated on the use of subsidies. We will also promote initiatives to enhance resilience, expanding the potential for utility beyond energy saving and disaster prevention/mitigation. As part of these efforts, we will begin full-scale sales of storage batteries for home use.

In the resilience business, the Company will increase opportunities to earn revenues by applying our know-how, such as that concerning the use of subsidies in the energy saving consulting business, not only in the energy field but also in environmental measures, disaster prevention and mitigation measures, and infection countermeasures.

Used car business

In the fiscal year ending March 31, 2021, the domestic used car sales market remained strong despite the COVID-19 pandemic, and the same was largely true for the Company’s used car business.

It is undeniable that the used car market will be affected by the prolonged impact of the spread of COVID-19 and the accompanying government measures, as well as changes in the way people work and other factors, 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. With the policy of shifting to electric vehicles (EV) and hybrid vehicles for new car sales in the future, the impact on the used car market remains unpredictable, but the Company will strive to take appropriate measures in light of the environment, including the spread of charging facilities.

Financial business

With the full-scale entry of overseas institutional investors into the crypto-asset industry and the listing of overseas crypto-asset exchanges on stock exchanges, the crypto-asset industry as a whole has been revitalized worldwide, and the number of accounts opened for trading crypto-assets in Japan has also been increasing steadily.

BITPoint Japan Co., Ltd. (hereinafter referred to as “BPJ”), a consolidated subsidiary (sub-subsidiary) of the Company, will continue to provide its customers with a comfortable and stable trading environment by making further improvements to the trading system that was revamped in the summer of 2020. Specifically, in order to increase customer convenience, we will expand the order methods, improve the speed of sending and receiving legal currency and crypto assets, and improve the account opening application process.

In addition, we will increase the number of crypto assets we handle (including new issues for the first time in Japan), improve our dealing system, etc. to increase profitability, and strengthen our marketing activities to increase the number of customers and the trading volume.

Furthermore, BPJ was been registered as a Type 1 Financial Instruments Business as of May 10, 2021, and it will strive to further improve its capital adequacy from the perspective of maintaining the capital adequacy ratio. 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.

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	2,777	2,895
Accounts receivable - trade	944	1,516
Merchandise	341	264
Real estate for sale in process	116	—
Users cryptoassets	7,306	32,724
Owned cryptoassets	432	3,176
Guarantee deposits for cryptoassets	169	312
Cash segregated as deposits	—	3,890
Guarantee deposits	282	743
Other	403	558
Allowance for doubtful accounts	(35)	(37)
Total current assets	12,739	46,043
Non-current assets		
Property, plant and equipment		
Buildings and structures	54	17
Accumulated depreciation	(8)	(12)
Buildings and structures, net	45	5
Vehicles, tools, furniture and fixtures	62	73
Accumulated depreciation	(34)	(49)
Vehicles, tools, furniture and fixtures, net	27	23
Leased assets	3	3
Accumulated depreciation	(2)	(3)
Leased assets, net	0	0
Total property, plant and equipment	74	28
Intangible assets		
Software	545	615
Software in progress	181	74
Total intangible assets	726	689
Investments and other assets		
Investment securities	161	156
Leasehold and guarantee deposits	355	464
Fixed loan	86	2
Other	201	193
Allowance for doubtful accounts	(86)	(20)
Total investments and other assets	719	794
Total non-current assets	1,519	1,513
Total assets	14,259	47,556

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	268	3,041
Accounts payable - other	435	1,287
Deposits received	1,386	3,744
Deposits received for cryptoassets	7,306	32,724
Guarantee deposits received	276	371
Income taxes payable	50	81
Loans payable-cryptoassets	569	1,844
Provision for loss on business of subsidiaries and associates	11	2
Provision for bonuses	—	4
Other	80	132
Total current liabilities	10,388	43,233
Total liabilities	10,388	43,233
Net assets		
Shareholders' equity		
Share capital	4,085	5,808
Capital surplus	4,107	5,830
Retained earnings	(4,349)	(7,324)
Treasury shares	(18)	(18)
Total shareholders' equity	3,825	4,296
Share acquisition rights	45	26
Total net assets	3,870	4,322
Total liabilities and net assets	14,259	47,556

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

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	11,229	13,217
Cost of sales	9,405	13,026
Gross profit	1,823	190
Selling, general and administrative expenses	3,021	3,079
Operating loss	(1,198)	(2,888)
Non-operating income		
Interest income	2	1
Dividend income	0	26
Subsidy income	—	19
Interest on tax refund	2	—
Gain on investments in investment partnerships	—	7
Other	1	2
Total non-operating income	6	57
Non-operating expenses		
Interest expenses	0	18
Share acquisition rights issuance costs	4	9
Share issuance costs	16	18
Provision of allowance for doubtful accounts	17	9
Other	0	5
Total non-operating expenses	39	61
Ordinary loss	(1,231)	(2,893)
Extraordinary income		
Gain on sale of non-current assets	0	—
Gain on sale of shares of subsidiaries and associates	84	—
Gain on sale of investment securities	5	—
Gain on reversal of asset retirement obligations	—	24
Income insurance	—	61
Total extraordinary income	90	85
Extraordinary losses		
Loss on retirement of non-current assets	267	89
Loss on sale of non-current assets	1	—
Loss on valuation of investment securities	136	19
Loss on valuation of investments in capital of subsidiaries and associates	162	—
Loss on valuation of investments in capital	9	8
Provision for loss on business of subsidiaries and associates	11	—
Theft loss of cryptoassets	3,246	—
Additional losses related to the theft of virtual currency	185	—
Impairment losses	2	37
Total extraordinary losses	4,025	154
Loss before income taxes	(5,166)	(2,962)
Income taxes - current	16	12
Income taxes - deferred	(9)	—
Total income taxes	7	12
Loss	(5,173)	(2,974)
Loss attributable to non-controlling interests	—	—
Loss attributable to owners of parent	(5,173)	(2,974)

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Loss	(5,173)	(2,974)
Comprehensive income	(5,173)	(2,974)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,173)	(2,974)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

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

(Million yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	3,696	3,718	823	(18)	8,220	0	8,221
Changes 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)
Net changes in items other than shareholders' equity						45	45
Total changes during period	389	388	(5,173)	—	(4,395)	45	(4,350)
Balance at end of period	4,085	4,107	(4,349)	(18)	3,825	45	3,870

Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	4,085	4,107	(4,349)	(18)	3,825	45	3,870
Changes during period							
Issuance of new shares	1,722	1,722			3,445		3,445
Loss attributable to owners of parent			(2,974)		(2,974)		(2,974)
Net changes in items other than shareholders' equity						(19)	(19)
Total changes during period	1,722	1,722	(2,974)	—	471	(19)	451
Balance at end of period	5,808	5,830	(7,324)	(18)	4,296	26	4,322

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Loss before income taxes	(5,166)	(2,962)
Depreciation	222	216
Increase (decrease) in allowance for doubtful accounts	20	(62)
Impairment losses	2	37
Interest and dividend income	(2)	(27)
Interest expenses	0	18
Loss (gain) on sale of shares of subsidiaries and associates	(84)	—
Share issuance costs	16	18
Issuance cost of subscription rights to shares	4	9
Loss on sale of non-current assets	1	—
Loss on retirement of non-current assets	267	89
Theft loss of cryptoassets	3,246	—
Additional losses related to the theft of virtual currency	185	—
Loss (gain) on sale of investment securities	(5)	—
Loss (gain) on valuation of investment securities	136	19
Loss (gain) on investments in investment partnerships	—	(7)
Loss (gain) on valuation of investments in capital of subsidiaries and associates	162	—
Loss (gain) on valuation of investments in capital	9	8
Increase (decrease) in provision for loss on business of subsidiaries and associates	11	(9)
Decrease (increase) in trade receivables	(210)	(571)
Decrease (increase) in inventories	(116)	191
Increase (decrease) in users cryptoassets	879	(25,417)
Increase (decrease) in owned cryptoassets	1,025	(2,743)
Increase (decrease) in guarantee deposits for cryptoassets	514	(142)
Increase (decrease) in cash segregated as deposits	—	(3,890)
Decrease (increase) in operating guarantee deposit	1,087	(592)
Decrease (increase) in other current assets	188	20
Increase (decrease) in trade payables	72	2,772
Increase (decrease) in accounts payable - other	145	848
Increase (decrease) in deposits received	(516)	2,357
Increase (decrease) in deposits received for cryptoassets	(879)	25,417
Increase (decrease) in accrued consumption taxes	114	(203)
Increase (decrease) in loans payable-cryptoassets	(1,437)	1,274
Increase (decrease) in other current liabilities	(423)	213
Other, net	3	60
Subtotal	(523)	(3,057)
Interest and dividends received	2	21
Interest paid	(0)	(18)
Income taxes refund	229	0
Income taxes paid	(33)	(15)
Expenditures on theft loss of cryptoassets	(3,246)	—
Expenditures on additional losses related to the theft of virtual currency	(180)	(5)
Net cash provided by (used in) operating activities	(3,752)	(3,075)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Proceeds from withdrawal of investments in partnership	6	27
Loan advances	(35)	—
Proceeds from collection of loans receivable	168	—
Purchase of property, plant and equipment	(24)	(11)
Proceeds from sale of property, plant and equipment	2	—
Purchase of intangible assets	(404)	(234)
Purchase of investment securities	(298)	(24)
Payments for sales of stocks of subsidiaries and affiliates resulting in change in scope of consolidation	(79)	—
Payments of guarantee deposits	(1)	—
Payments of leasehold deposits	(10)	(0)
Proceeds from refund of leasehold deposits	2	40
Net cash provided by (used in) investing activities	(674)	(203)
Cash flows from financing activities		
Repayments of long-term borrowings	(50)	—
Repayments of lease obligations	(4)	(0)
Proceeds from issuance of shares	483	—
Proceeds from issuance of share acquisition rights	44	44
Proceeds from issuance of shares resulting from exercise of share acquisition rights	273	3,388
Payments for purchase of treasury subscription right to shares	—	(35)
Dividends paid	(0)	(0)
Net cash provided by (used in) financing activities	746	3,397
Net increase (decrease) in cash and cash equivalents	(3,680)	118
Cash and cash equivalents at beginning of period	6,451	2,771
Cash and cash equivalents at end of period	2,771	2,889

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Change in the method of recording expenses for revenues related to crypto assets)

Expenses for revenues related to crypto assets generated in the financial business were previously recorded as cost of sales, but from the fiscal year under review, the method has been changed to recording them as selling, general and administrative expenses.

Previously, expenses related to trading revenues generated in the financial business were recorded as cost of sales in the consolidated statement of income because the ratio of such expenses to revenues related to crypto assets had been high and was expected to increase in the future. However, the impact of price fluctuations in the crypto asset market on trading revenues has been increasing, the ratio of such expenses to total trading revenues has been decreasing in recent years, and the trading of crypto assets is also characterized as cover transactions in response to orders from customers (users). Therefore, the Company has determined that it is no longer appropriate to recognize and record such expenses as a cost of trading revenues only. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared after the retrospective application.

As a result, cost of sales for the previous fiscal year decreased by ¥721 million, while gross profit, and selling, general and administrative expenses increased by the same amount, but there was no impact on operating loss, ordinary loss, or loss before income taxes, etc.

(Changes in reporting method)

(Consolidated balance sheets)

From the year ended March 31, 2021, “virtual currency,” which was reported in “current assets” in the previous fiscal year, is reported as “users cryptoassets” for the portion deposited by users, “owned cryptoassets” for the portion held by the Company, and “guarantee deposits for cryptoassets” for the portion deposited as a substitute for guarantee with other crypto-asset traders. In addition, “deposits received,” which was included in “current assets” in the previous fiscal year, is reported as “guarantee deposits” from the fiscal year under review.

Among “deposits received,” which were reported in “current liabilities” in the previous fiscal year, deposits related to leveraged transactions (margin transactions) and other deposits are reported as “guarantee deposits received” from the fiscal year under review. In addition, “deposits received for virtual currency” and “loans payable - virtual currencies,” which were reported in “current liabilities” in the previous fiscal year, are reported as “deposits received for cryptoassets” and “loans payable - cryptoassets” from the fiscal year under review.

These changes in reporting method are due to a change in the name of “virtual currency” to “crypto-assets” in accordance with the revised Payment Services Act enacted on May 1, 2020, and a review of disclosure items for the purpose of clarity in accordance with the release of “Examples of Major Accounting Procedures in the Crypto-Asset Trading Business” by the Japan Virtual and Crypto assets Exchange Association on June 12, 2020. In order to reflect these changes in reporting method, the consolidated balance sheets for the previous fiscal year have been reclassified.

As a result, in the consolidated balance sheets for the year ended March 31, 2020, the ¥7,908 million reported as “virtual currency” under “current assets” has been reclassified as ¥7,306 million in “users cryptoassets,” ¥432 million in “owned cryptoassets,” and ¥169 million in “guarantee deposits for

cryptoassets,” and the ¥282 million reported in “deposits received” has been reclassified as ¥282 million in “guarantee deposits received.”

In addition, the ¥1,663 million reported as “deposits received” in “current liabilities” has been reclassified as ¥1,386 million in “deposits received” and ¥276 million in “guarantee deposits received,” the ¥7,306 million reported as “deposits received for virtual currency” has been reclassified as ¥7,306 million in “deposits received for cryptoassets,” and the ¥569 million reported as “loans payable - virtual currency” has been reclassified as ¥569 million in “loans payable - cryptoassets.”

(Additional information)

(Accounting estimates concerning the impact of COVID-19)

Based on the assumption that the impact of the spread of COVID will continue for at least the time being, the Group has reflected accounting estimates in its accounting procedures based on information available at the time of preparation of the consolidated financial statements. However, there are many uncertainties regarding the impact of the spread of COVID-19, which may affect the financial position and business performance of the Group.

(Cash segregated as deposits)

In the fiscal year ended March 31, 2020, money belonging to customers (users) in the financial business was included in “cash and deposits” under “current assets” in the consolidated balance sheets because it was segregated and kept in deposit accounts in accordance with the laws and regulations of the time.

In line with the enforcement of the aforementioned revised Payment Services Act, etc., money that should belong to customers (users) is now required to be held in trust with trust companies, etc., and is therefore recorded as “cash segregated as deposits” under “current assets” in the consolidated balance sheets from the fiscal year under review.

(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.

Infection control business

This segment deals with commercial products related to countermeasures against infectious diseases. The Group has traditionally handled commercial products to prevent the spread of infectious diseases in evacuation centers during times of disaster, and has also provided cleaning services in its travel business. In response to the recent increase in demand for these products due to the COVID-19 pandemic, the Group has been selling products related to countermeasures against infectious diseases. These operations are performed by the Company and its consolidated subsidiary, JARVIS Inc.

Financial business

The financial business includes the provision of services related to crypto-asset transactions, such as physical trading of crypto assets, derivatives trading (margin trading), remittance and receipt services, and lending. These operations are all performed by consolidated subsidiary BITPoint Japan Co., Ltd.

Others

Other businesses include the travel business that JARVIS Inc. previously operated and the marketing consulting business operated 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, 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Infection control business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	6,142	3,834	—	743	509	11,229	—	11,229
Inter-segment net sales or transfers	—	—	—	7	35	42	(42)	—
Total	6,142	3,834	—	750	544	11,271	(42)	11,229
Segment profit (loss)	449	22	—	(1,033)	31	(528)	(669)	(1,198)
Segment assets	905	548	—	11,496	419	13,369	889	14,259
Other items								
Depreciation	5	—	—	197	0	204	17	222
Impairment loss	—	—	—	207	—	207	(205)	2
Increase in property, plant and equipment, and intangible assets	19	—	—	315	—	334	6	341

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥669 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 ¥889 million includes corporate assets not allocated to the reportable segments of ¥9,614 million, 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 impairment loss is elimination of intersegment transactions.
- (4) 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.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Infection control business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	7,361	3,945	364	1,283	262	13,217	—	13,217
Inter-segment net sales or transfers	—	—	0	113	25	139	(139)	—
Total	7,361	3,945	365	1,396	288	13,356	(139)	13,217
Segment profit (loss)	(2,148)	19	109	(260)	59	(2,220)	(667)	(2,888)
Segment assets	1,752	324	29	43,794	208	46,109	1,446	47,556
Other items								
Depreciation	8	—	—	188	1	198	18	216
Impairment loss	—	—	—	—	—	—	37	37
Increase in property, plant and equipment, and intangible assets	4	—	218	—	0	223	3	227

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥667 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 ¥1,446 million includes corporate assets not allocated to the reportable segments of ¥10,724 million, capital eliminated in consolidation of negative ¥3,720 million, and an elimination of receivables and payables of negative ¥5,557 million.
- (3) The adjustment for an increase in property, plant and equipment and intangible assets of ¥3 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, 2020	Fiscal year ended March 31, 2021
Net assets per share	¥62.86	¥43.76
Loss per share	(¥88.66)	(¥36.86)
Diluted earnings per share	—	—

- (Notes) 1. Diluted earnings per share 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, 2020	Fiscal year ended March 31, 2021
Loss per share		
Loss attributable to owners of parent (Million yen)	(5,173)	(2,974)
Amount not attributable to common shareholders (Million yen)	—	—
Loss attributable to owners of parent relating to common stock (Million yen)	(5,173)	(2,974)
Average number of shares of common stock during the period (shares)	58,353,614	80,691,768
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant subsequent events)

(Exercise of the 15th equity warrant)

With respect to the 15th equity warrant^(*) issued by the Company, the following warrants² were exercised between April 1, 2021 and May 10, 2021.

Exercise of 15th equity warrant

Number of equity warrants exercised	20,000
Number of shares delivered	2,000,000
Exercise price	¥306 million
Number of warrants not exercised	16,754
Number of shares to be newly issued	2,000,000
Increase in share capital ¹	¥155 million
Increase in capital surplus ¹	¥155 million

*1 The amounts of increase in share capital and capital surplus each include the amount of transferred stock acquisition rights, respectively.

*2 As a result of the issuance of new shares through the exercise of equity warrants described above, the total number of shares issued and outstanding as of May 10, 2021, was 100,934,000 shares, share capital was ¥5,996 million, and capital surplus was ¥6,017 million.

*3 The funds will be used for the following purposes:

- (a) Funding for electricity procurement in the electric power retail business
- (b) Promotion of digital transformation in the electric power retail business
- (c) Creation and development of new businesses in the energy businesses