

Disclaimer: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]



May 15, 2019

Company name: Remixpoint, inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3825  
 URL: <https://www.remixpoint.co.jp>  
 Representative: Genki Oda, Chairman, President, CEO and Representative Director  
 Contact: Takuya Hirose, Executive Officer and CFO  
 Phone: +81-3-6303-0280  
 Scheduled date of annual general meeting of shareholders: June 27, 2019  
 Scheduled date of commencing dividend payments: —  
 Scheduled date of filing annual securities report: June 27, 2019  
 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, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	11,780	(18.0)	(1,710)	-	(1,712)	-	(1,812)	-
March 31, 2018	14,367	158.3	3,616	-	3,358	-	2,293	-

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

Fiscal year ended March 31, 2018: ¥2,306 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, 2019	(31.81)	-	(19.8)	(8.5)	(14.5)
March 31, 2018	46.32	43.97	39.5	31.9	25.2

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2019: ¥- million

Fiscal year ended March 31, 2018: ¥- million

- (Notes) 1. Changes in accounting policies have been retrospectively applied to amounts for the fiscal year ended March 31, 2018.
2. Diluted earnings per share for the nine months ended March 31, 2019, is not indicated because there was a net loss per share, despite the existence of diluted shares.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	21,797	8,221	37.7	144.23
As of March 31, 2018	18,575	10,083	54.2	177.01

(Reference) Equity: As of March 31, 2019: ¥8,220 million

As of March 31, 2018: ¥10,069 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, 2019	640	(957)	(213)	6,451
March 31, 2018	215	(572)	6,136	6,982

## 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, 2018	-	0.00	-	1.00	1.00	56	2.2	0.9
Fiscal year ended March 31, 2019	-	0.00	-	0.00	0.00	-	-	-

(Note) The forecast of dividends for fiscal year ending March 31, 2020 is currently undetermined.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

The 'crypto currency exchange business of the Group's financial business, is influenced by crypto currency market which reflects economic conditions and trends in the financial market and makes it difficult to calculate an appropriate and reasonable financial results forecast, and therefore financial results forecast for the fiscal year ending March 31, 2020 is not provided.

### \* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2019 (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: Yes
  - 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, 2019: 57,057,200 shares  
March 31, 2018: 56,947,100 shares
  - 2) Number of treasury shares at the end of the period:  
March 31, 2019: 60,000 shares  
March 31, 2018: 60,000 shares
  - 3) Average number of shares during the period:  
Fiscal year ended March 31, 2019: 56,987,142 shares  
Fiscal year ended March 31, 2018: 49,507,881 shares

(Reference) Overview of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)**

(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, 2019	10,435	9.4	(398)	-	116	-	61	-
March 31, 2018	9,536	71.4	(301)	-	(98)	-	(119)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2019	1.07	1.07
March 31, 2018	(2.41)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	8,785	7,884	89.7	138.32
As of March 31, 2018	8,798	7,857	89.3	138.12

(Reference) Equity: As of March 31, 2019: ¥7,883 million

As of March 31, 2018: ¥7,857 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 earnings forecasts and other forward-looking statements herein are based on information that is currently available and certain assumptions deemed reasonable by the Company.

With regard to assumptions for financial results forecast and notes on using the financial results forecast, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 6 of the attached materials.

Regarding the forecast of dividends for the fiscal year ending March 31, 2020, the Company is currently evaluating relevant information on performance trends, etc., and forecasted dividends will be disclosed promptly once they become available.

(Change in units used for presentation of monetary amounts)

Amounts for accounting titles and other items in the Company’s quarterly consolidated financial statements were previously stated in thousand-yen units, but million-yen units have been used from the three months ended June 30, 2018.

Furthermore, amounts for the previous fiscal year are presented after restatement in million-yen units, in order to facilitate comparison.

(Obtaining supplementary documentation and content outline for financial results briefing session)

The Company plans to hold a briefing session for institutional investors and analysts on Wednesday, May 29, 2019. The materials used in the briefing session will be posted on the Company’s website immediately after the announcement of financial statements.

## Table of Contents

1. <a href="#">Overview of Operating Results, etc.</a> .....	
(1) <a href="#">Overview of Operating Results for the Fiscal Year Under Review</a> .....	
(2) <a href="#">Overview of Financial Position for the Fiscal Year Under Review</a> .....	
(3) <a href="#">Overview of Cash Flows for the Fiscal Year Under Review</a> .....	
(4) <a href="#">Future Outlook</a> .....	
(5) <a href="#">Significant events on going concern assumption</a> .....	
2. <a href="#">Basic Stance Concerning Choice of Accounting Standards</a> .....	
3. <a href="#">Consolidated Financial Statements and Primary Notes</a> .....	
(1) <a href="#">Consolidated Balance Sheets</a> .....	
(2) <a href="#">Consolidated Statements of Income and Comprehensive Income</a> .....	
(3) <a href="#">Consolidated Statements of Changes in Equity</a> .....	
(4) <a href="#">Consolidated Statements of Cash Flows</a> .....	
(5) <a href="#">Notes to Consolidated Financial Statements</a> .....	
<a href="#">(Notes on going concern assumption)</a> .....	
<a href="#">(Changes in accounting policies)</a> .....	
<a href="#">(Changes in accounting estimates)</a> .....	
<a href="#">(Retrospective restatement)</a> .....	
<a href="#">(Segment information, etc.)</a> .....	
<a href="#">(Per share information)</a> .....	
<a href="#">(Significant subsequent events)</a> .....	

## 1. Overview of Operating Results, etc.

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

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

During the fiscal year ended March 31, 2019, the Japanese economy maintained a moderate recovery trend, including an ongoing recovery in corporate earnings and improvement in employment environment, in addition to signs of a turnaround in personal consumption. On the other hand, the outlook for overseas economies remained unclear amid concerns surrounding factors including the impact of trade friction between the US and China on the global economy.

Under these circumstances, BITPoint Japan Co., Ltd. (hereinafter referred to as “BPJ”), which operates the Financial business and is the Group’s main consolidated subsidiary, engaged in the development of various types of business foundation, including business management structures to respond to increases in business scale. However, the development of some structures did not keep pace with rapid business expansion, resulting in BPJ receiving a business improvement order from the Kanto Local Finance Bureau on June 22, 2018, and, as of the end of the fiscal year under review, voluntary steps were taken in strengthening the strictness of business management structures based on a business improvement plan submitted on July 23, 2018.

As a result, for the fiscal year ended March 31, 2019, net sales decreased by 18.0% from the previous fiscal year to ¥11,780 million. Operating loss was ¥1,710 million, ordinary loss was ¥1,712 million, and loss attributable to owners of parent was ¥1,812 million, while operating profit was ¥3,616 million, ordinary profit was ¥3,358 million, and profit attributable to owners of parent was ¥2,293 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, 2019 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, in addition to engaging in consulting to support energy saving, the development and sale of energy management systems, and the sale of energy saving-related devices and equipment.

In the electric power trading business, the Company focused on high-voltage customers while also targeting low-voltage customers, and endeavored to increase the number of electric power supply and demand contracts and contracted electric power volumes. Net sales and profit both increased from the previous fiscal year as a result of implementing efforts such as revising contracts in order to alleviate fluctuations in profit resulting from seasonal factors.

In the energy saving consulting business, the Company was selected as an energy management business operator eligible for a “subsidy for supporting business operators promoting efficient energy use” for the fifth consecutive fiscal year. Steps were taken to provide precise evaluations of the criteria for selection for this subsidy, and there was an increase in the number of projects selected.

In addition, the Company was registered as a “ZEB Planner” for installing energy saving and renewable energy practices in buildings and structures, and steps were taken to expand solution provision.

As a result, net sales for the segment increased by 10.9% from the previous fiscal year to ¥6,715 million and segment profit (operating profit) increased by 280.4% to ¥266 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, the capital turnover ratio is high owing to the short cash conversion cycle, an average length of time that the Company takes to buy a used car and sell it, despite low gross margin ratio partly caused by the fact that trades are between business operators.

As a result, net sales for the segment increased by 6.3% from the previous fiscal year to ¥3,640 million and segment profit (operating profit) decreased by 62.2% to ¥12 million.

## **Financial business**

In the financial business, BPJ, which is registered as a crypto currency exchanger, operates a crypto currency exchange, providing a margin trading service (leverage trading service and BITPoint MT4 trading service) as a crypto currency-related business, in addition to spot trading services. There was an increase in activity on crypto currency markets owing to the development of various legislation, peaking in December 2017, but after temporarily overheating, the market has cooled again, starting with the impact of the discovery of an unauthorized leak of crypto currency by a deemed crypto currency exchanger in January 2018. However, conditions of intense fluctuation continue in situations such as a sudden drop of the price of Bitcoin in January to March and November 2018.

Under these circumstances, on June 22, 2018, BPJ received a business improvement order from the Kanto Local Finance Bureau stating that BPJ must implement the necessary measures for business operations to ensure the crypto currency exchange business is executed properly and reliably, and BPJ subsequently submitted a business improvement plan in July, and has been reporting the progress and status of implementation thereof from September onward.

In order to achieve “safe and secure crypto currency trading,” BPJ positions the strengthening of business management structures as its most important issue. In addition to enhancing governance functions by revising the design of its organs as a stock company and transitioning to a company with a board of company auditors, BPJ has also increased credibility in the business by acquiring advanced information security and introducing a solid security system.

Marketing activities included steps being taken to increase awareness of the company and enhance brand image, and efforts were made to spread information on crypto currency and blockchain technology through seminars for large-scale private investors.

In addition, BPJ also implemented measures to improve convenience for users, including launching the “BITPoint Advance” crypto currency trading tool with advanced features, and adding Bitcoin Cash (BCH) as a payment currency on BITPoint Pay (a store payment app).

In January 2019, SMART Financial Co., Ltd. was established as a Type I Financial Instruments Business, and steps were taken to expand financial business services throughout the Group.

However, net sales were affected by a drop in the price of crypto currency as BPJ had temporarily increased the amount of crypto currency held for trading to accommodate increases in transaction volumes in the third quarter, and profit decreased due to factors including the establishment of a centralized system to provide money laundering and financing of terrorism countermeasures in order to comply with the fourth Round of Mutual Evaluations by FATF.

As a result, net sales for the segment decreased by 70.8% from the previous fiscal year to ¥1,337 million, and segment loss (operating loss) was ¥1,237 million, while operating profit was ¥3,936 million for the previous fiscal year.

## **Travel business**

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

In response to progressively increasing demand from inbound tourists, JARVIS is planning and developing smart hotels adapted to modern times (four under the Company's own brand, and six under other companies' brands), aiming for completion by 2020.

JARVIS continued construction of the first hotel under the Company's own brand, "an/other TOKYO," in Kyobashi, Chuo-ku, Tokyo, which began in December 2017, and proceeded to prepare for opening in May 2019. In addition, JARVIS also engaged in hotel development in Azabu, Minato-ku, Tokyo from July 2018. Furthermore, JARVIS also proceeded with consulting for hotel developments and openings in Kyoto and Fukuoka.

However, a proportionate period is required for a contribution to net sales from investments in development, etc., and preparatory operational expenses were incurred for the upcoming opening of the hotel in Kiyobashi. As a result, net sales for the segment decreased by 28.9% from the previous fiscal year to ¥56 million and segment loss (operating loss) was ¥73 million, while segment loss (operating loss) was ¥18 million for the previous fiscal year.

## **Others**

In other businesses, the Company mainly operates a marketing consulting business. As a result, net sales for the segment decreased by 48.0% from the previous fiscal year to ¥30 million and segment profit (operating profit) was decreased by 57.0% to ¥24 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 ¥20,144 million, an increase of ¥6,833 million from the end of the previous fiscal year (¥13,310 million). The main factors for this include increases of ¥5,680 million in virtual currencies and ¥1,370 million in deposits paid.

### **(Non-current assets)**

At the end of the fiscal year under review, the balance of non-current assets was ¥1,652 million, a decrease of ¥3,612 million from the end of the previous fiscal year (¥5,264 million). The main factors for this include decreases of ¥4,212 million in lease and guarantee deposits and ¥37 million in software in progress, and an increase of ¥386 million in software.

### **(Current liabilities)**

At the end of the fiscal year under review, the balance of current liabilities was ¥13,565 million, an increase of ¥5,129 million from the end of the previous fiscal year (¥8,435 million). The main factors for this include increases of ¥3,883 million in deposits received for virtual currency and ¥2,006 million in loans payable-virtual currencies.

### **(Net assets)**

At the end of the fiscal year under review, the balance of net assets was ¥8,221 million, a decrease of ¥1,862 million from the end of the previous fiscal year (¥10,083 million). The main factors for this include a decrease of ¥1,848 million in retained earnings.

## **(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 ¥6,451 million, a decrease of ¥531 million from the previous fiscal year (¥6,982 million).

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

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥957 million (net cash provided by operating activities amounted to ¥215 million in the previous fiscal year). This is mainly due to a ¥5,678 million increase in virtual money, a ¥3,883 million increase in deposits received from virtual money, a ¥2,892 million decrease in operating guarantee deposit, and a ¥2,006 million increase in loans payable-virtual currencies.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥957 million (net cash used in investing activities amounted to ¥572 million in the previous fiscal year). This is mainly due to ¥523 million used in purchase of intangible assets, ¥170 million used in payments for investments in capital, and ¥134 million used in payments for investments in capital of subsidiaries and associates.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥213 million (net cash provided by financing activities amounted to ¥6,136 million in the previous fiscal year). This is mainly due to ¥100 million in repayments of long-term loans payable, ¥60 million in decrease in short-term loans payable and ¥55 million in cash dividends paid.



#### (4) Future Outlook

The Group creates social value based on the concept of “We lead the world conveniently with blockchain technology,” and recognizes that expanding the business foundation is connected to enhancing mid- to long-term corporate value.

##### **Energy business**

In the electric power trading business, price competitions are intensifying in the energy business with electric power retailers including major electric power companies. Although harsh conditions are expected to continue for efforts to secure and acquire high-voltage customers, the Company will aim to maintain stable revenue throughout the year by revising contracts and alleviating fluctuations in profit resulting from seasonal factors. In addition, while entering the low-voltage business and strengthening electric power trading for general households, the Company will take steps to expand energy solutions through efforts including the sales of products such as storage batteries that can use surplus electric power efficiently as the guarantee period for fixed price purchase of residential photovoltaic generation facilities starts to come to a close from November 2019.

##### **Used car business**

The Company will continue to focus on the used cars business with used car dealers.

##### **Financial business**

BPJ which operates crypto currency business will continue to position the strengthening of business management structures as its most important issue in order to achieve “safe and secure crypto currency trading.”

The circumstances surrounding the crypto currency market in the fiscal year ending March 31, 2020 are expected to include amendments to the Payment Service Act and the Financial Instruments and Exchange Act as laws for crypto currency are established in various countries around the world. As the environment continues to develop, new opportunities for business may be realized in the handling of new crypto currency and the new methods of ICO (Initial Coin Offering) and STO (Security Token Offering). Under these circumstances, BPJ will proceed to focus on the strengthening of business management structures as it prepares for potential business expansion, but the impact of trends in the crypto currency market are expected to continue.

In addition, SMART Financial Co., Ltd. will proceed with the application to register as a Type I Financial Instruments Business.

##### **Travel business**

The first hotel under the Company’s own brand, “an/other TOKYO,” will open in Kyobashi, Chuo-ku, Tokyo in May 2019, and the Company will also be involved in the management of hotel operations for this project. In the future, the Company will position “an/other TOKYO” as a showroom for the Company’s own brand and promote the brand to investors who are interested in the hotel business with the goal of acquiring further projects.

The Company intends to open a hotel in Azabu, Minato-ku, Tokyo in the fiscal year ending March 31, 2020, and will provide further consulting for hotel development in Kyoto and Fukuoka.

##### **Financial Results Forecast**

In the fiscal year ending March 31, 2020, the energy business and used car business are expected to remain strong and the first hotel of the travel business will contribute to net sales and profit, but the Company will continue to face the influence of income fluctuations in the financial business.

The crypto currency exchange business, the main business of the Group’s financial business, is influenced by the crypto currency market which reflects economic conditions and trends in the financial market and makes

it difficult to calculate an appropriate and reasonable financial results forecast, and therefore the consolidated financial results forecast for the fiscal year ending March 31, 2020 will not be disclosed.

Financial results forecast will be disclosed in the future if the Company is able to determine that the financial business will comprise a smaller ratio of the Group's income or that the factor of fluctuation in the financial markets surrounding crypto currency will have less of an impact.

## 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, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	6,988	6,457
Accounts receivable - trade	988	745
Merchandise	282	341
Virtual currencies	4,647	10,327
Deposits paid	—	1,370
Other	410	917
Allowance for doubtful accounts	(8)	(15)
Total current assets	13,310	20,144
Non-current assets		
Property, plant and equipment		
Buildings and structures	48	57
Accumulated depreciation	(1)	(4)
Buildings and structures, net	47	52
Vehicles, tools, furniture and fixtures	28	55
Accumulated depreciation	(9)	(24)
Vehicles, tools, furniture and fixtures, net	18	30
Leased assets	23	3
Accumulated depreciation	(11)	(1)
Leased assets, net	12	1
Total property, plant and equipment	78	84
Intangible assets		
Software	463	849
Software in progress	57	19
Total intangible assets	520	869
Investments and other assets		
Investment securities	30	0
Leasehold and guarantee deposits	4,570	358
Fixed loan	98	86
Deferred tax assets	0	—
Other	64	339
Allowance for doubtful accounts	(98)	(86)
Total investments and other assets	4,665	698
Total non-current assets	5,264	1,652
Total assets	18,575	21,797

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	355	198
Short-term loans payable	60	—
Current portion of long-term loans payable	100	50
Accounts payable - other	341	404
Deposits received	1,933	2,303
Deposits received for virtual currency	4,303	8,186
Income taxes payable	1,108	41
Loans payable-virtual currencies	—	2,006
Deferred tax liabilities	4	—
Other	228	374
Total current liabilities	8,435	13,565
Non-current liabilities		
Long-term loans payable	50	—
Lease obligations	5	0
Deferred tax liabilities	—	9
Total non-current liabilities	55	10
Total liabilities	8,491	13,576
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,684	3,696
Capital surplus	3,709	3,718
Retained earnings	2,693	823
Treasury shares	(18)	(18)
Total shareholders' equity	10,069	8,220
Share acquisition rights	0	0
Non-controlling interests	13	—
Total net assets	10,083	8,221
Total liabilities and net assets	18,575	21,797

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

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	14,367	11,780
Cost of sales	9,143	10,476
Gross profit	5,224	1,303
Selling, general and administrative expenses	1,608	3,014
Operating profit (loss)	3,616	(1,710)
Non-operating income		
Interest income	0	0
Dividend income	0	0
Royalty	2	1
Penalty income	—	0
Proceeds from split of virtual currencies	11	—
Other	1	1
Total non-operating income	16	3
Non-operating expenses		
Interest expenses	4	3
Issuance cost of subscription rights to shares	11	—
Share issuance cost	54	0
Foreign exchange losses	203	—
Other	0	0
Total non-operating expenses	274	5
Ordinary profit (loss)	3,358	(1,712)
Extraordinary losses		
Loss on retirement of non-current assets	4	1
Head office transfer cost	6	—
Impairment loss	—	22
Loss on valuation of investment securities	—	29
Loss on sales of investments in capital of subsidiaries and associates	—	4
Loss on valuation of investments in capital of subsidiaries and associates	—	23
Total extraordinary losses	10	81
Profit (loss) before income taxes	3,348	(1,794)
Income taxes - current	1,037	16
Income taxes - deferred	4	5
Total income taxes	1,041	22
Profit (loss)	2,306	(1,816)
Profit (loss) attributable to non-controlling interests	13	(3)
Profit (loss) attributable to owners of parent	2,293	(1,812)

# Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit (loss)	2,306	(1,816)
Comprehensive income	2,306	(1,816)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,293	(1,812)
Comprehensive income attributable to non-controlling interests	13	(3)

### (3) Consolidated Statements of Changes in Equity

Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	548	582	420	(18)	1,532	26	1	1,560
Changes of items during period								
Issuance of new shares	3,136	3,136			6,273			6,273
Dividends of surplus			(19)		(19)			(19)
Profit (loss) attributable to owners of parent			2,293		2,293			2,293
Capital increase of consolidated subsidiaries		(2)			(2)			(2)
Purchase of shares of consolidated subsidiaries		(6)			(6)			(6)
Net changes of items other than shareholders' equity						(25)	12	(13)
Total changes of items during period	3,136	3,127	2,273	—	8,536	(25)	12	8,523
Balance at end of current period	3,684	3,709	2,693	(18)	10,069	0	13	10,083

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
	Capital stock	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)
Profit (loss) attributable to owners of parent			(1,812)		(1,812)			(1,812)
Capital increase of consolidated subsidiaries		—			—			—
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



## (4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,348	(1,794)
Depreciation	85	184
Increase (decrease) in allowance for doubtful accounts	20	(5)
Impairment loss	—	22
Interest and dividend income	(0)	(0)
Interest expenses	4	3
Share issuance cost	54	0
Issuance cost of subscription rights to shares	11	—
Loss on retirement of property, plant and equipment	4	1
Loss (gain) on valuation of investment securities	—	29
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
Decrease (increase) in notes and accounts receivable – trade	(560)	243
Decrease (increase) in inventories	(152)	(58)
Increase (decrease) in virtual money	(4,428)	(5,678)
Decrease (increase) in operating guarantee deposit	(4,390)	2,892
Increase (decrease) in other current assets	(261)	(114)
Increase (decrease) in notes and accounts payable – trade	255	(157)
Increase (decrease) in accounts payable - other	157	66
Increase (decrease) in deposits received	1,737	370
Increase (decrease) in deposits received from virtual money	4,083	3,883
Increase (decrease) in accrued consumption taxes	(5)	(177)
Increase (decrease) in loans payable-virtual currencies	—	2,006
Increase in other current liabilities	160	112
Other, net	107	12
Subtotal	232	1,872
Interest and dividend income received	0	0
Interest expenses paid	(4)	(1)
Income taxes (paid) refund	—	17
Income taxes paid	(12)	(1,248)
Net cash provided by (used in) operating activities	215	640
Cash flows from investing activities		
Payments into time deposits	(1)	—
Proceeds from withdrawal of time deposits	24	—
Purchase of securities	(30)	—
Payments of loans receivable	—	(37)
Collection of loans receivable	—	3
Purchase of property, plant and equipment	(61)	(36)
Proceeds from sales of property, plant and equipment	—	0
Purchase of intangible assets	(316)	(523)
Payments for guarantee deposits	(4)	(2)
Payments for leasehold deposits	(138)	(57)
Collection of leasehold deposits	15	0
Payments for investments in capital	—	(170)
Payments for investments in capital of subsidiaries and associates	(58)	(134)
Net cash provided by (used in) investing activities	(572)	(957)

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(152)	(60)
Proceeds from long-term loans payable	200	—
Repayments of long-term loans payable	(56)	(100)
Repayments of lease obligations	(7)	(7)
Proceeds from issuance of share acquisition rights	21	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	6,160	21
Cash dividends paid	(19)	(55)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10)	(12)
Net cash provided by (used in) financing activities	6,136	(213)
Net increase (decrease) in cash and cash equivalents	5,779	(531)
Cash and cash equivalents at beginning of period	1,203	6,982
Increase in cash and cash equivalents from newly consolidated subsidiary	—	—
Cash and cash equivalents at end of period	6,982	6,451

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of Tentative Practical Solution on the Accounting for Virtual Currencies under the Payment Services Act)

The Company applied the “Tentative Practical Solution on the Accounting for Virtual Currencies under the Payment Services Act” (PITF No. 38, March 14, 2018) from the first quarter ended June 30, 2018, and therefore crypto currencies held by consolidated subsidiaries of the Company are reported on consolidated balance sheets at an amount based on the market price, owing to the existence of an active market, and differences with the carrying amount are reported as net sales. In addition, this change in accounting policies has been retroactively applied to amounts for the previous fiscal year, and the quarterly consolidated financial statements and the consolidated financial statements for the previous quarterly periods and the previous fiscal year have been retrospectively adjusted.

Furthermore, the impact of this change on quarterly consolidated financial statements for the fiscal year ended March 31, 2018 is negligible.

(Application of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.)

The Company applied the “Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.” (PITF No. 36, January 12, 2018, hereinafter referred to as “PITF No. 36”) and other accounting policies on or after April 1, 2018, and the accounting treatment of transactions granting share acquisition rights involving consideration with vesting conditions to employees and others will conform with the “Accounting Standard for Share-based Payment” (ASBJ Statement No. 8, December 27, 2005), etc.

However, PITF No. 36 is applied in accordance with the transitional treatment provided for in PITF No. 36, Paragraph 10-(3), and the accounting treatment previously adopted is maintained for transactions granting share acquisition rights involving consideration with vesting conditions to employees and others before the application date of PITF No. 36.

(Change to reporting method for costs for crypto currency income)

Costs for crypto currency income occurring in the financial business were previously reported under selling, general and administrative expenses, but from the first quarter ended June 30, 2018, the Company has changed the reporting method for these costs to reporting them under cost of sales.

With this change, the Company will report costs for crypto currency income under cost of sales in order to clarify the relationship between expenses and income, as the ratio of costs for crypto currency income has become high, and is expected to continue increasing in future.

As a result of this change, compared with using the same method as previously, cost of sales for fiscal year ended March 31, 2019 has increased by ¥771 million and gross profit and selling, general and administrative expenses have decreased by the same amount, but there is no effect on operating profit, ordinary profit, and profit before income taxes.

(Additional information)

(Changes accompanying the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

In line with the application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018; hereinafter referred to as the “Partial Amendments to Tax Effect Accounting Standard”) from the first quarter ended June 30, 2018, the Partial Amendments to Tax Effect Accounting Standard have been applied from the beginning of the first quarter ended June 30, 2018, and the presentations of deferred tax assets and deferred tax liabilities have been changed to the investments and other assets classification and the non-current liabilities classification, respectively.

As a result, “deferred tax liabilities” of ¥4 million included in “current liabilities (other)” on the consolidated balance sheets for the previous fiscal year have been included in “other” of ¥4 million under “non-current liabilities.”

(Change to reporting classification of lease and guarantee deposits, investments and other assets (other))  
Legal currency and crypto currency deposited with each crypto currency exchange were previously presented as “lease and guarantee deposits” and “investments and other assets (other),” but as deposits and repayments have become frequent in quick response to customers’ trading needs in line with increases in transaction volumes, the Company has changed to the method of reporting these items as “deposits paid” and “virtual currencies” respectively from the nine months ended December 31, 2018.

This change has been made in order to make presentation classifications on consolidated balance sheets more appropriate, in accordance with the relevant actual trading circumstances.

As a result, certain “lease and guarantee deposits” and “investments and other assets (other)” have decreased by ¥1,370 million and ¥1,025 million, and “deposits paid” and “virtual currencies” have increased by the same amounts respectively.

(Segment information, etc.)

#### 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 four operating subsidiaries BITPoint Japan Co., Ltd., JARVIS Inc., SMART Financial Co., Ltd., and another 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 development and sales of used car assessment systems, 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.

SMART Financial Co., Ltd. is scheduled to begin operations in fall 2019.

**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 subsidiaries JARVIS Inc. and another 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, 2018 (from April 1, 2017 to March 31, 2018)

(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	6,055	3,423	4,752	79	58	14,367	14,367	—	14,367
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	6,055	3,423	4,752	79	58	14,367	14,367	—	14,367
Segment profit (loss)	70	33	3,936	(18)	58	4,079	4,079	(462)	3,616
Segment assets	950	458	14,470	69	32	15,980	15,980	2,594	18,575
Other items									
Depreciation	2	1	72	0	—	76	76	9	85
Increase in property, plant and equipment, and intangible assets	7	—	404	—	—	411	411	55	467

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥462 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 ¥2,594 million includes corporate assets not allocated to the reportable segments of ¥7,356 million, capital eliminated in consolidation of negative ¥4,470 million, and an elimination of receivables and payables of negative ¥292 million.
  - (3) The adjustment for an increase in property, plant and equipment and intangible assets of ¥55 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, 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.

(Per share information)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	¥177.01	¥144.23
Basic earnings (losses) per share	¥46.32	(¥31.81)
Diluted earnings per share	¥43.97	—

(Notes) 1. Diluted earnings per share from the fiscal year ended March 31, 2019, is not indicated because there was a net loss per share, despite the existence of diluted shares.

2. The basis for calculating basic earnings (losses) per share is shown below.

Item	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Basic earnings (losses) per share		
Profit (loss) attributable to owners of parent (Thousand yen)	2,293	(1,812)
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit (loss) attributable to owners of parent relating to common stock (Thousand yen)	2,293	(1,812)
Average number of shares of common stock during the period (shares)	49,507,881	56,987,142
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Thousand yen)	—	—
Increase in number of shares of common stock (shares)	2,644,108	—
[of which, share acquisition rights (shares)]	[2,644,108]	—
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant subsequent events)

Not applicable