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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 14, 2023

Company name: Remixpoint, inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3825
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 Scheduled date of filing quarterly securities report: February 14, 2023
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not Scheduled

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	23,745	16.4	(1,629)	—	(1,442)	—	3,606	(13.0)
December 31, 2021	20,403	147.8	5,206	—	5,181	—	4,144	—

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥3,606 million [(13.0)%]

Nine months ended December 31, 2021: ¥4,144 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	30.08	29.86
December 31, 2021	39.41	39.37

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	23,331	17,164	73.5
As of March 31, 2022	72,968	14,114	19.3

(Reference) Equity: As of December 31, 2022: ¥17,158 million

As of March 31, 2022: ¥14,096 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year- end	Total
Fiscal year ended March 31, 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2023	–	0.00	–		
Fiscal year ending March 31, 2023 (forecast)				2.00	2.00

(Note) Revision to the dividend forecasts announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	31,966	11.2	(1,899)	–	(1,578)	–	3,301	(52.3)	27.61

(Note) Revision to the financial results forecast announced most recently: Yes

As for the announcement of the consolidated financial results forecast, please refer to the press release of February 14, 2023, “Announcement of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023.”

*** Notes:**

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022: Yes
(changes in specified subsidiaries resulting in changes in scope of consolidation)
Excluded: 1 company (BITPoint Japan Co., Ltd.)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury shares):

December 31, 2022: 122,715,800 shares

March 31, 2022: 116,530,700 shares

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

December 31, 2022: 4,060,000 shares

March 31, 2022: 60,000 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 119,900,932 shares

Nine months ended December 31, 2021: 105,147,043 shares

* These quarterly financial results are outside the scope of quarterly review 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.

For matters to note concerning conditions serving as the basis for financial forecasts and the use of financial forecasts, etc., see "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements" on page 5 of the attached materials.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Operating Results

For the nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022), net sales increased by 16.4% year on year to ¥23,745 million. Operating loss was ¥1,629 million compared to operating profit of ¥5,206 million in the previous corresponding period, ordinary loss was ¥1,442 million compared to ordinary profit of ¥5,181 million in the previous corresponding period, and profit attributable to owners of parent decreased by 13% year on year to ¥3,606 million.

Operating results by business segment for the nine months ended December 31, 2022 are as follows. Net sales amounts given here 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," "resilience business," "financial business," and "other businesses." BITPoint Japan Co., Ltd. (hereinafter, "BPJ"), which had been included in the financial business segment as a consolidated subsidiary, became an equity method affiliate from July 1, 2022 as a result of the sale of 51% of its equity to a group company of SBI Holdings, Inc. In order to continue to include BPJ's results in the financial business segment, segment profit has been changed from operating profit to ordinary profit, effective from the nine months ended December 31, 2022. In addition, for year-on-year comparisons, the figures thereof have been changed to those of ordinary profit.

As BPJ has changed from a consolidated subsidiary to an affiliate subject to the application of the equity method as described above, effective July 1, 2022, net sales of BPJ are no longer included in net sales on the Company's consolidated statements of income, and share of profit or loss of BPJ accounted for using equity method is reported under non-operating income or expenses.

The sale of 51% of the equity to the SBI Group resulted in an extraordinary income of ¥8,226 million as gain on sale of shares of subsidiaries and associates.

Energy-related business

In the energy business, the Company is engaged primarily in the electric power retail business. During the nine months ended December 31, 2022, the Japanese economy still remained in an uncertain environment represented by such things as rising energy and other prices triggered by Russia's invasion of Ukraine and rapid depreciation of the yen caused by the difference in interest rates between Japan and overseas among other factors.

Under such circumstances, electricity trading prices in Japan continued to present unstable fluctuation during this period. While monthly simple averages of system prices on the Japan Electric Power Exchange (JEPX) in April and May 2022 remained relatively low at ¥17.8/kWh and ¥16.9/kWh, respectively, trading prices surged drastically in late June due in part to the unseasonably hot weather, with the system price per time slot temporarily topping ¥100/kWh (time slot: a 30-minute trading unit in electricity trading).

Meanwhile, the prices of the electricity futures which expired in December 2022 (Eastern Japan area) peaked at ¥43.15/kWh at the end of August, trended downward, and dropped to ¥26.12/kWh at the end of December. Electricity trading prices thus remained highly volatile.

The Company uses electricity futures contracts not only in the summer and winter when JEPX prices tend to rise due to higher electricity demand, but also in other seasons, ensuring a certain percentage of electricity procurement at fixed prices and mitigating the risk of loss arising from a negative spread, where the electricity procurement prices become larger than the selling prices. As electricity futures contracts are derivatives trading, they are subject to market valuation for accounting purposes, and valuation differences are recorded in profit or loss.

While net sales significantly increased as soaring JEPX prices since June drove up the unit sale price, segment loss was recorded, partly because the electricity futures contracts expiring from April 2022 onward, on which a valuation gain was recorded at the end of the previous fiscal year, pushed down segment profit for the nine months ended December 31, 2022.

As a result, net sales for the segment increased by 91.7% year on year to ¥17,939 million and segment loss (ordinary loss) was ¥1,129 million (segment profit [ordinary profit] was ¥507 million in the previous corresponding period).

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 nine months ended December 31, 2022, the number of units sold increased year on year, and sales and profit increased due to an increase in high-margin, high-priced trades.

As a result, net sales for the segment increased by 38.9% year on year to ¥4,442 million and segment profit (ordinary profit) increased by 57.2% year on year to ¥22 million.

Resilience business

The resilience business consists of the infection control business, the energy saving consulting business and home-use storage batteries business. Sales of MA-T System products (“Amazing Water” Series), the mainstay products of the infection control business, continued to be weak in the nine months ended December 31, 2022, partly due to the waning attention to COVID-19 infections. However, losses decreased, despite a decline in net sales, compared to the previous corresponding period, partly because advertising expenses were curbed. In addition, in the energy saving consulting business, income from major subsidies awarded remained at the same level as the previous corresponding period. Furthermore, sales activities for home-use storage battery systems (remixbattery), whose production had been slow due to the global shortage of semiconductors and for which the acquisition of JET certification had been pushed back, delaying the full-scale establishment of a sales structure until now, gradually began to pick up. These factors caused a year-on-year decrease in net sales and a year-on-year increase in profit in the nine months ended December 31, 2022.

As a result, net sales for the segment decreased by 5.7% year on year to ¥420 million and segment profit (ordinary profit) was ¥7 million (segment loss [ordinary loss] was ¥165 million in the previous corresponding period).

Financial business

BPJ was a core business of the financial business. However, as a result of the sale of 51% of its shares to a group company of SBI Holdings, Inc. on July 1, 2022, effective the second quarter of the fiscal year ending March 31, 2023, the results of BPJ are reported under non-operating income or expenses as share of profit or loss of entities accounted for using equity method. Consequently, net sales of the financial business mainly consist of net sales of a wholly owned subsidiary of the Company BITPoint Holdings, Inc. (hereinafter, “BPH”), and investment income related to cryptoasset-related businesses operated by the Company’s finance-related business division.

BPH owns a system, the right of use of which has been granted to BPJ, and BPH’s net sales consist of income from this system’s usage fee received from BPJ and gain or loss on valuation of owned cryptoassets. From the second quarter of the fiscal year ending March 31, 2023 onward, system usage fee income and loss on valuation of cryptoassets amounted to ¥105 million and ¥109 million, respectively. Furthermore, as of December 31, 2022, investments related to cryptoasset-related businesses made by the Company’s finance-related business division include a total of four equity investments: gumi Cryptos Capital Fund I, gumi Cryptos Capital Fund II, B Cryptos Fund, and BlockTower Capital LLC. During the nine months ended December 31, 2022, gains on these investments totaled ¥59 million, and the total investment balance (consolidated balance sheets value) is ¥493 million.

During the nine months ended December 31, 2022, the price of Bitcoin dropped rapidly from ¥5.73 million at the beginning of April to ¥2.64 million at the end of June. After a subsequent respite, the price plummeted again at the beginning of November, reaching ¥2.17 million at the end of December (data published by BPJ). Despite these fragile market conditions, BPJ maintained its profitability by enhancing services to its customers, through such measures as expanding its product lineup of cryptoassets, and by reducing sales promotion expense and improving the efficiency of its operations, BPJ was able to control

the rise in selling, general and administrative expenses. With these efforts, BPJ secured profit for the second quarter of the fiscal year ending March 31, 2023 onward, and share of profit of BPJ accounted for using equity method amounted to ¥5 million.

As a result, net sales for the segment decreased by 87.7% year on year to ¥907 million and segment profit (ordinary profit) decreased by 96.5% year on year to ¥186 million.

Others

Other businesses include the marketing consulting business and newly launched businesses. In the nine months ended December 31, 2022, the existing marketing consulting business was strong while newly launched businesses were soft and incurred less cost. Consequently, net sales declined and profits increased year on year.

As a result, net sales for the segment decreased by 21.4% year on year to ¥36 million and segment profit (ordinary profit) increased by 10.2% year on year to ¥34 million.

(2) Explanation of Financial Position

At the end of the third quarter under review, total assets were ¥23,331 million, a decrease of ¥49,636 million from ¥72,968 million at the end of the previous fiscal year. The main factors for this include increases of ¥5,374 million in cash and deposits and ¥2,300 million in trade receivables, along with decreases of ¥46,097 million in users cryptoassets, ¥6,709 million in cash segregated as deposits, ¥4,885 million in owned cryptoassets, and ¥2,493 million in guarantee deposits due to the exclusion of BPJ, which was a consolidated subsidiary, from the scope of consolidation.

Total liabilities were ¥6,167 million, a decrease of ¥52,686 million from ¥58,853 million at the end of the previous fiscal year. The main factors for this include an increase of ¥1,614 million in income taxes payable, along with decreases of ¥46,097 million in deposits received for cryptoassets, ¥6,197 million in deposits received, and ¥2,028 million in loans payable-cryptoassets due to the exclusion of BPJ, which was a consolidated subsidiary, from the scope of consolidation.

Net assets were ¥17,164 million, an increase of ¥3,049 million from ¥14,114 million at the end of the previous fiscal year. The main factors for this include increases of ¥697 million in share capital and ¥697 million in capital surplus due to the issuance of new shares resulting from exercise of share acquisition rights, and ¥3,606 million in retained earnings resulting from the recording of profit attributable to owners of parent. In accordance with the resolution of the 19th annual general meeting of shareholders held on June 28, 2022, ¥4,627 million was transferred from capital surplus to retained earnings to cover the deficit. In addition, based on the resolution at the Board of Directors meeting held on May 13, 2022, the Company acquired 4,000,000 shares of treasury stock, resulting in an increase of ¥1,938 million in treasury shares.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements

1) Performance outlook for the fiscal year under review

In the energy business, electricity trading prices soared with Russia's invasion of Ukraine acting as a trigger. However, due to the subsequent global economic downturn, electricity trading prices started to plunge after peaking at around the end of August 2022. Electricity trading prices remained highly volatile, and their trends were unpredictable. In addition, in the financial business, cryptoassets prices in the overall cryptoassets market significantly declined in the nine months ended December 31, 2022. It was hence difficult to forecast financial results of the Group. Furthermore, it was also difficult to reasonably calculate the impact on the consolidated financial results for the fiscal year ending March 31, 2023 of the capital and business alliance with the SBI Group stated in the press release of May 12, 2022, "Conclusion of a capital and business alliance with SBI Holdings, Inc., change in scope of consolidation (partial stock transfer), and the expected posting of extraordinary income." However, while trends in electricity trading prices are still unclear at the present time, they have stabilized compared to last spring, when Russia invaded Ukraine. Cryptoassets prices, which had been on a downward trend, also bottomed out in January 2023. Moreover, as stated in today's press release, "Change in an Equity Method Affiliate," the Company is going to transfer all shares it holds in BPJ to SBICAH Godo Kaisha (GK) (Head Office: Minato-ku, Tokyo; Representative Member: SBI Crypto Asset Holdings Co., Ltd.; Managing Member: Tomohiko Kondo), a wholly owned subsidiary of SBI Holdings, Inc. and expects to post extraordinary income of ¥570 million in the fourth quarter of the fiscal year ending March 31, 2023 (based on financial figures as of December 31, 2022 and subject to change depending on the financial results of BPJ for the fourth quarter of the fiscal year ending March 31, 2023). Besides, the capital and business alliance agreement with SBI Holdings Inc. is expected to have an immaterial impact on consolidated financial results for the current fiscal year. The Company therefore disclosed the consolidated financial results forecast for the fiscal year ending March 31, 2023 based on the information that is available at the present time.

2) Dividend outlook for the fiscal year under review

The Company considers the returning of profits to our shareholders to be a priority management policy. The basic policy in return of profits is to make ongoing stable dividend payments in overall consideration of the need to maintain the necessary internal reserves for long-term investment in future business expansion and strengthening of business fundamentals, along with the profit situation, future outlook, and payout ratio.

As noted in the May 13, 2022 release, "Announcement of dividend of surplus," an end-of-term dividend of ¥2 per share is forecast for the fiscal year ending March 31, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	4,896	10,270
Trade receivables and contract asset	1,971	4,271
Finished goods	94	103
Merchandise	251	403
Raw materials and supplies	126	117
Users cryptoassets	46,097	–
Owned cryptoassets	4,969	84
Guarantee deposits for cryptoassets	1,170	–
Cash segregated as deposits	6,709	–
Guarantee deposits	2,493	–
Operational investment securities	370	493
Other	2,051	1,076
Allowance for doubtful accounts	(55)	(93)
Total current assets	71,147	16,727
Non-current assets		
Property, plant and equipment	86	109
Intangible assets		
Software	662	702
Software in progress	15	15
Total intangible assets	677	718
Investments and other assets		
Investment securities	67	78
Shares of subsidiaries and associates	–	4,070
Deferred tax assets	299	153
Leasehold and guarantee deposits	688	1,473
Fixed loan	16	2
Other	41	1
Allowance for doubtful accounts	(56)	(2)
Total investments and other assets	1,057	5,776
Total non-current assets	1,821	6,604
Total assets	72,968	23,331

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	638	817
Accounts payable - other	1,406	1,010
Deposits received	6,569	372
Deposits received for cryptoassets	46,097	–
Income taxes payable	1,656	3,271
Loans payable-cryptoassets	2,028	–
Provision for loss on business of subsidiaries and associates	2	–
Other	456	569
Total current liabilities	58,853	6,039
Non-current liabilities		
Deferred tax liabilities	–	127
Total non-current liabilities	–	127
Total liabilities	58,853	6,167
Net assets		
Shareholders' equity		
Share capital	7,180	7,877
Capital surplus	7,201	3,268
Retained earnings	(268)	7,968
Treasury shares	(18)	(1,956)
Total shareholders' equity	14,096	17,158
Share acquisition rights	18	6
Total net assets	14,114	17,164
Total liabilities and net assets	72,968	23,331

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	20,403	23,745
Cost of sales	11,605	23,004
Gross profit	8,797	741
Selling, general and administrative expenses	3,591	2,370
Operating profit (loss)	5,206	(1,629)
Non-operating income		
Interest income	0	0
Dividend income	1	0
Share of profit of entities accounted for using equity method	–	5
Consulting fee income	–	140
Penalty income	12	–
Settlement income	12	–
Foreign exchange gains	1	4
Gain on investments in investment partnerships	–	10
Other	5	42
Total non-operating income	33	205
Non-operating expenses		
Interest expenses	3	–
Share acquisition rights issuance costs	5	1
Share issuance costs	13	6
Loss on investments in investment partnerships	5	–
Loss on valuation of cryptoassets	5	–
Provision of allowance for doubtful accounts	20	4
Commission expenses	–	2
Other	6	2
Total non-operating expenses	59	18
Ordinary profit (loss)	5,181	(1,442)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	8,226
Insurance income	24	–
Total extraordinary income	24	8,226
Extraordinary losses		
Loss on retirement of non-current assets	19	–
Head office relocation expenses	5	–
Total extraordinary losses	25	–
Profit before income taxes	5,181	6,784
Income taxes - current	1,037	3,152
Income taxes - deferred	–	25
Total income taxes	1,037	3,177
Profit	4,144	3,606
Profit attributable to owners of parent	4,144	3,606

Quarterly Consolidated Statements of Comprehensive Income
Nine Months Ended December 31

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	4,144	3,606
Comprehensive income	4,144	3,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,144	3,606
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in case of significant changes in shareholders' equity)

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

During the nine months ended December 31, 2021, the Group's share capital and legal capital surplus increased by ¥1,321 million and ¥1,321 million, respectively, due to the issuance of new shares following the exercise of the 15th Share Acquisition Rights, the 16th Share Acquisition Rights and the 18th Share Acquisition Rights by Revive Investment Partnership, to which the rights were allocated.

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

During the nine months ended December 31, 2022, the Group's share capital and legal capital surplus increased by ¥697 million each due to the issuance of new shares following the partial exercise of paid-in stock options (share acquisition rights) issued to the Company's directors, employees and others as the 11th Share Acquisition Rights, 14th Share Acquisition Rights, 17th Share Acquisition Rights and 19th Share Acquisition Rights.

In accordance with the resolution of the 19th annual general meeting of shareholders, ¥4,627 million of capital surplus was transferred to retained earnings to cover the deficit.

In addition, based on the resolution at the Board of Directors meeting held on May 13, 2022, the Company acquired 4,000,000 shares of treasury stock, resulting in an increase of ¥1,938 million in treasury shares.

(Changes in accounting policies)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "Fair Value Accounting Standard Implementation Guidance") has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2023. Implementation of the Fair Value Accounting Standard Implementation Guidance is in line with the transitional measures provided in Paragraph 27-2 of the Fair Value Accounting Standard Implementation Guidance. Accordingly, the new accounting policies prescribed in the Fair Value Accounting Standard Implementation Guidance are applied prospectively. There is no impact from these changes on the quarterly consolidated financial statements for the nine months ended December 31, 2022.

(Additional information)

(Accounting estimates of the impact from the spread of COVID-19)

On the assumption that the impact from the spread of COVID-19 will continue for a certain period or longer, the Group makes accounting estimates based on information available at the time of preparing quarterly consolidated financial statements and reflects these estimates in accounting processing. However, there are many uncertainties regarding the impact from the spread of COVID-19, and the potential exists for impact on the business fundamentals and performance of the Group in the fourth quarter and beyond.

(Segment information, etc.)

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

1. Information on net sales, and profit (loss) for each reportable segment

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
	Energy business	Used car business	Resilience business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	9,356	3,197	445	7,357	46	20,403	–	20,403
Inter-segment net sales or transfers	–	–	–	0	–	0	(0)	–
Total	9,356	3,197	445	7,357	46	20,403	(0)	20,403
Segment profit (loss)	507	14	(165)	5,381	30	5,769	(587)	5,181

(Notes) 1. The adjustment for segment profit (loss) of negative ¥587 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and administrative expenses, etc. which are not attributable to the reportable segments.

2. The segment profit (loss) is adjusted with ordinary profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill and other items by reportable segment

There is no relevant information.

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on net sales, and profit (loss) for each reportable segment

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
	Energy business	Used car business	Resilience business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	17,939	4,442	420	907	36	23,745	–	23,745
Inter-segment net sales or transfers	–	–	–	0	–	0	(0)	–
Total	17,939	4,442	420	907	36	23,745	(0)	23,745
Segment profit (loss)	(1,129)	22	7	186	34	(879)	(563)	(1,442)

(Notes) 1. The adjustment for segment profit (loss) of negative ¥563 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and administrative expenses, etc. which are not attributable to the reportable segments.

2. The segment profit (loss) is adjusted with ordinary profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill and other items by reportable segment

There is no relevant information.

3. Matters related to changes in reportable segments, etc.

BPJ, which had been included in the financial business segment as a consolidated subsidiary, became an equity method affiliate from July 1, 2022 as a result of the sale of 51% of its equity to a group company of SBI Holdings, Inc. In order to continue to include BPJ's results in the financial business segment, segment profit (loss) has been changed from operating profit to ordinary profit, effective from the first quarter of the fiscal year ending March 31, 2023.

Segment information for the nine months ended December 31, 2021 is presented based on the classifications after the change.

(Significant subsequent events)

(Change in an equity method affiliate)

At the Board of Directors meeting held on February 14, 2023, the Company resolved to transfer all shares it holds through its wholly owned subsidiary BITPoint Holdings, Inc. (Head office: Minato-ku, Tokyo; Representative Director: Genki Oda; hereinafter, “BPH”) in its equity method affiliate BPJ to SBICAH Godo Kaisha (GK) (Head Office: Minato-ku, Tokyo; Representative Member: SBI Crypto Asset Holdings Co., Ltd.; Managing Member: Tomohiko Kondo; hereinafter, “SBICAH”), a wholly owned subsidiary of SBI Holdings, Inc. (Head Office: Minato-ku, Tokyo; Representative Director & President: Masato Takamura; hereinafter, “SBI Holdings”).

1. Reason for the transfer of the shares

BPJ operates cryptoasset exchanges as a cryptoasset exchange service provider. As stated in the press release of May 12, 2022, “Conclusion of a capital and business alliance with SBI Holdings, Inc., change in scope of consolidation (partial stock transfer), and the expected posting of extraordinary income,” the Company transferred 51% of the shares in BPJ it held to SBI FINANCIAL SERVICES Co., Ltd. on July 1, 2022, and BPJ became its equity method affiliate. In order to make more efficient use of its management resources, the Company has decided to transfer all shares it holds in BPJ (shareholding ratio: 49%) to SBICAH.

2. Outline of the transferring affiliate

(1)	Name	BITPoint Japan Co., Ltd.		
(2)	Location	4-3-9 Toranomon, Minato-ku, Tokyo, Japan		
(3)	Title and name of representative	Hiroyuki Ogawa, Representative Director, Chairman of the Board Genki Oda, Representative Director, Deputy Chairman of the Board Takashi Tashiro, President and Representative Director		
(4)	Business description	4-3-9 Toranomon, Minato-ku, Tokyo, Japan		
(5)	Share capital	¥100 million (as of December 31, 2022)		
(6)	Date of establishment	March 3, 2016		
(7)	Major shareholders and shareholding ratios	SBI Crypto Asset Holdings Co., Ltd. 51% BITPoint Holdings, Inc. 49% (Note)		
(8)	Relationship with the Company	Capital relationship	The Company holds 49% of the voting rights of this company through BPH, the Company’s intermediate holding company.	
		Personal relationship	Two of the eight directors of this company are the Company’s directors, and four are the Company’s employees.	
		Business relationship	The Company provides this company with business administration and other services.	
(9)	Operating results and financial position for the last three years			
	Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022
	Net assets (million yen)	1,003	2,234	8,013
	Total assets (million yen)	10,732	42,492	65,178
	Net assets per share (yen)	9,012.06	17,399.57	62,408.91
	Net sales (million yen)	743	1,283	10,320
	Operating profit (million yen)	(983)	(192)	7,197
	Profit (million yen)	(5,325)	(469)	5,779
	Basic earnings per share (yen)	(47,805.82)	(3,659.18)	45,009.35
	Dividend per share (yen)	–	–	–

(Note) BITPoint Holdings, Inc. is a wholly owned consolidated subsidiary (intermediate holding company) of the Company.

3. Outline of the company to which the shares will be transferred

(1)	Name	SBICAH Godo Kaisha (GK)	
(2)	Location	1-6-1 Roppongi, Minato-ku, Tokyo, Japan	
(3)	Title and name of representative	Representative Member: SBI Crypto Asset Holdings Co., Ltd. Managing Member: Tomohiko Kondo	
(4)	Business description	<ul style="list-style-type: none"> - Investment business, such as holding, administration, management, and acquisition of securities, etc. - Investigation and planning regarding business transfer, asset sale and purchase, equity participation, business alliances, and mergers of companies and mediation and intermediation thereof - Consulting on management in general - Paperwork related to bookkeeping and financial statement preparation, and diagnosis and guidance related to management and accounting of companies - Information provision service business - System development, sale, and rental - Controlling and administering business activities of companies that are engaged in the following businesses through holding their shares: <ul style="list-style-type: none"> 1) Sale, purchase, holding, administration, management, etc. of cryptoassets, etc. 2) Provision of exchange and trading services and systems for cryptoassets, etc. 3) Development and provision of services that can be rendered using cryptoassets, etc. 4) Intermediation, brokerage, or agency services for transactions of cryptoassets, etc. 5) Development, operation, sale, and maintenance of information communication equipment and system software, and mediation thereof 6) Information provision service business and information processing service business 7) Loaning money 8) Advertisement and promotion planning and advertising agency business 9) Business associated with derivatives related to cryptoassets 10) Foreign exchange transactions, and business of intermediation, brokerage, and agency services thereof 11) Any businesses incidental or related to 1) to 10) presented above - Any businesses incidental or related to the items presented above 	
(5)	Share capital	¥1 million	
(6)	Date of establishment	February 2, 2023	
(7)	Major shareholder and shareholding ratio	SBI Holdings, Inc. 100%	
(8)	Relationship with the Company	Capital relationship	There is no relevant information at the present time
		Personal relationship	One director of the Company concurrently serves as a director of this company.
		Business relationship	There is no relevant information at the present time

4. Details of the share transfer

(1)	Number of shares held before the transfer	62,916 shares (The Company's voting rights holding ratio: 49%)
(2)	Number of shares to be transferred	62,916 shares
(3)	Transfer price	4,800 million yen
(4)	Number of shares held after the transfer	0 shares (The Company's voting rights holding ratio: 0%)

5. Schedule

(1)	Date of the resolution at the Board of Directors	February 14, 2023
(2)	Date of the conclusion of the share transfer agreement	February 14, 2023
(3)	Date of the share transfer	March 31, 2023 (scheduled)

6. Future outlook

As a result of the share transfer, the Company expects to post extraordinary income of ¥570 million in the fourth quarter of the fiscal year ending March 31, 2023 (based on financial figures as of December 31, 2022 and subject to change depending on the financial results of BPJ for the fourth quarter of the fiscal year ending March 31, 2023). For details, please refer to the press release of February 14, 2023, “Announcement of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023.” The Company will promptly release a notice if there is a significant impact in the future.

(Partial discontinuance of business)

At the Board of Directors meeting held on February 14, 2023, the Company resolved to discontinue its used car business.

1. Reason for the discontinuance of the 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. However, in order for the Group to achieve sustainable growth and increase corporate value, the Company believes that it should once again promote optimization and reconstruction of its business portfolio. In consideration of the environment surrounding the Group's business and other factors, the Company determined that concentrating management resources by discontinuing its used car business will contribute to increasing corporate value and thus decided to discontinue its used car business.

2. Outline of the discontinuance of the business

(1) Description of the business to be discontinued

Trade of used cars with used car dealers and consulting related to used car trading and other activities

(2) Operating results of the used car business (results for the full fiscal year ended March 31, 2022)

	Used car business (a) Fiscal year ended March 31, 2022	Consolidated operating results (b) Fiscal year ended March 31, 2022	Ratio (a/b)
Net sales	¥4,542 million	¥28,753 million	15.8%
Ordinary profit	¥19 million	¥8,205 million	0.2%

(3) Treatment of the employees, assets, etc. that belong to the used car business

As for treatment of employees involved in the business, the Company plans to relocate them within the company, etc. As for the cars held by the business as inventory, the Company will sell them in sequence by March 31, 2023. The Company does not plan to record any valuation loss as it does not see any issue in recoverability.

3. Schedule of discontinuance

(1) Date of the resolution of the Board of Directors: February 14, 2023

(2) Date of the discontinuance of the business: March 31, 2023 (scheduled)

4. Outlook

Please refer to the press release, “Announcement of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023.” The impact of the discontinuance of the used car business on the financial results for the fiscal year ending March 31, 2023 will be immaterial.