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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: Remixpoint, inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3825

URL: <https://www.remixpoint.co.jp>

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Scheduled date of annual general meeting of shareholders: June 28, 2022

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: June 28, 2022

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, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% 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	%
Fiscal year ended								
March 31, 2022	28,753	117.5	8,205	-	8,173	-	6,913	-
March 31, 2021	13,217	17.7	(2,888)	-	(2,893)	-	(2,974)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥6,913 million [-%]

Fiscal year ended March 31, 2021: ¥(2,974) 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, 2022	64.05	63.26	75.2	13.6	28.5
March 31, 2021	(36.86)	—	(73.3)	(9.4)	(21.9)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2022: ¥- million

Fiscal year ended March 31, 2021: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	72,968	14,114	19.3	121.03
As of March 31, 2021	47,556	4,322	9.0	43.76

(Reference) Equity: As of March 31, 2022: ¥14,096 million

As of March 31, 2021: ¥4,296 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, 2022	(429)	(259)	2,715	4,896
March 31, 2021	(3,075)	(203)	3,397	2,889

### 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			
Fiscal year ended March 31, 2021	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2023 (forecast)	-	0.00	-	2.00	2.00		-	

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

The energy business is subject to potential impact in the short term from the trend in rising electric power trading prices, and in the medium to long term from structural reform of electric power on the way to a low-carbon society. As for the influence on performance in the fiscal year ending March 2023 from the matters announced 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 profit,” at the present time it is difficult to make a reasonable estimate of these impacts.

The Company intends to announce consolidated financial forecasts for the fiscal year ending March 31, 2023 as soon as a reasonable estimate becomes possible.

**\* Notes:**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022 (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: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2022: 116,530,700 shares

March 31, 2021: 98,254,000 shares

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

March 31, 2022: 60,000 shares

March 31, 2021: 60,000 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022: 107,938,410 shares

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

(Reference) Overview of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	18,438	57.1	1,054	-	1,482	-	1,218	-
March 31, 2021	11,733	12.6	(2,634)	-	(2,414)	-	(2,467)	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	11.28	11.14
March 31, 2021	(30.58)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	11,441	9,752	85.1	83.57
As of March 31, 2021	9,237	5,654	60.9	57.31

(Reference) Equity: As of March 31, 2022: ¥9,733 million

As of March 31, 2021: ¥5,627 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 4 of the attached materials.

(Obtaining supplementary documentation)

The Company plans to hold an online briefing session for institutional investors and analysts on Thursday, May 19, 2022. 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

For the fiscal year ended March 31, 2022, net sales increased by 117.5% from the previous fiscal year to ¥28,753 million. Operating profit was ¥8,205 million, ordinary profit was ¥8,173 million, and profit attributable to owners of parent was ¥6,913 million, while for the previous fiscal year operating loss was ¥2,888 million, ordinary loss was ¥2,893 million, and loss attributable to owners of parent was ¥2,974 million.

Operating results by business segment 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." Based on a policy decided in the previous fiscal year, the division into reportable segments for this fiscal year has been partially changed.

#### **Energy business**

In the energy business, after the price of electricity traded on the Japan Electric Power Exchange (JPEX) soared from mid-December 2020 to late January 2021, the Company endeavored to diversify its procurement of electricity, including by making use of fixed-price relative transactions and electricity futures contracts, so as to achieve a stable supply of electric power to customers. In view of the coming policy of determining capacity contribution based on maximum demand, the Company decided to enter the capacity market and engaged in marketing activities toward that end. Even though some customers at the end of their contract term did not renew their contracts under this policy, resulting in a decline in contracted capacity, factors such as the Russian invasion of Ukraine triggered a worldwide rise in electricity trading prices; moreover, considering the tendency of JPEX electricity trading prices to rise in winter, the Company procured the expected capacity needed for demand in advance at fixed prices, so that from a procurement standpoint there was very little impact from the JPEX winter price rises. In addition, both realized profit and profit on valuation resulted from the clearing margin of electricity future contracts, which the Company had entered into for procuring a supply of electricity for April 2022 and after at fixed cost. Thanks to such factors, profits greatly increased.

As a result, net sales for the segment increased by 83.9% from the previous fiscal year to ¥12,672 million and segment profit (operating profit) was ¥1,664 million (operating loss was ¥2,150 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, the number of units sold increased from the previous fiscal year, and sales and profit increased. Based on the nature of trades, for some sales transactions, changes were made in the timing or amounts of posting of sales.

As a result, net sales for the segment increased by 15.1% from the previous fiscal year to ¥4,542 million and segment profit (operating profit) increased by 1.1% to ¥19 million.

#### **Resilience business**

Resilience business consists of the energy saving consulting business and the infection control business. In the fiscal year under review, the Company sought to expand sales of products and materials related to infection control, having taken up these products in the previous fiscal year, and began devoting a full-scale sales effort to MA-T System products ("Amazing Water" Series). The Company further

provided consulting on obtaining subsidies and other kinds of financial assistance, based on the know-how built up to date. However, sales of MA-T System products were sluggish, partly due to the lack of name recognition. Moreover, production of the remixbattery home electrical storage system, for which sales were expected to start in the second quarter, was slowed by the worldwide shortage of semiconductors, and sales efforts lagged, so that in the fiscal year under review both sales and profits declined year on year.

As a result, net sales for the segment decreased by 16.1% from the previous fiscal year to ¥700 million and segment loss (operating loss) was ¥228 million (operating profit was ¥110 million in the previous fiscal year).

### **Financial business**

BITPoint Japan Co., Ltd. (hereinafter, “BPJ”), operates a cryptoasset exchange as a cryptoassets exchanger. Up to now it has been engaged in services including physical trading of cryptoassets, derivatives trading (margin trading), and lending. After the Financial Instruments and Exchange Act was revised in 2019 lowering the leverage rate limit of cryptocurrency margin trading from 4x to 2x, however, the market for cryptoasset derivative trading became smaller and the amount of profit obtained by BPJ from such trading (margin trading) began trending downward. In light of this trend, the Company withdrew its registration as a Type I Financial Instruments Business under the Financial Instruments and Exchange Act as of December 29, 2021, and stopped offering trading in crypto derivatives (margin trading). In the fiscal year under review, revenue from commissions and trading increased, due to having started handling multiple cryptoassets. At the same time, thanks to success in controlling selling, general and administrative expenses to a low level despite having increased sales, profitability was improved over the previous fiscal year. Furthermore, investments in cryptoasset-related business, included as business transactions in financial business starting in the first quarter, also enabled the steady booking of profits, as dividends from investment instruments and as profit and loss of the investment partnerships in which the investments were made.

As a result, net sales for the segment increased by 739.0% from the previous fiscal year to ¥10,767 million and segment profit (operating profit) was ¥7,612 million (operating loss was ¥260 million in the previous fiscal year).

### **Others**

Other businesses include the marketing consulting business and newly launched businesses. Note that comparisons with the previous fiscal year include data from the travel business existing at that time.

As a result, net sales for the segment decreased by 73.2% from the previous fiscal year to ¥70 million and segment profit (operating profit) decreased by 77.6% to ¥13 million.

## **(2) Overview of Financial Position for the Fiscal Year Under Review**

At the end of the fiscal year under review, the balance of current assets was ¥71,147 million, an increase of ¥25,103 million from the end of the previous fiscal year (¥46,043 million). The main factors for this include increases of ¥13,372 million in users cryptoassets, ¥2,819 million in cash segregated as deposits, ¥2,000 million in cash and deposits, and ¥1,793 million in owned cryptoassets.

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

At the end of the fiscal year under review, the balance of non-current assets was ¥1,821 million, an increase of ¥308 million from the end of the previous fiscal year (¥1,513 million). The main factors for this include increases of ¥299 million in deferred tax assets, ¥224 million in leasehold and guarantee deposits, and ¥46 million software, along with decreases of ¥88 million in investment securities and of ¥59 million in software in progress.

### **(Current liabilities)**

At the end of the fiscal year under review, the balance of current liabilities was ¥58,853 million, an increase of ¥15,619 million from the end of the previous fiscal year (¥43,233 million). The main factors for this include increases of ¥13,372 million in deposits received for cryptoassets, ¥2,824 million in deposits received, and ¥1,574 million in income taxes payable, along with a decrease of ¥2,403 million

in accounts payable – trade.

(Net assets)

At the end of the fiscal year under review, the balance of net assets was ¥14,114 million, an increase of ¥9,792 million from the end of the previous fiscal year (¥4,322 million). The main factors for this include increases of ¥1,371 million in share capital, ¥1,371 million in capital surplus, and ¥6,913 million in retained earnings resulting from recording of profit 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, “cash”) amounted to ¥4,896 million, an increase of ¥2,006 million from the previous fiscal year (¥2,889 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 ¥429 million (net cash used in operating activities amounted to ¥3,075 million in the previous fiscal year). This is mainly due to increases of ¥13,372 million in users cryptoassets and ¥2,819 million in cash segregated as deposits, a decrease of ¥2,403 million in trade payables, an increase of ¥13,372 million in deposits received for cryptoassets, and ¥8,172 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥259 million (net cash used in investing activities amounted to ¥203 million in the previous fiscal year). This is mainly due to ¥215 million used in purchase of intangible assets, ¥112 million used for leasehold deposits, ¥79 million used in purchase of property, plant and equipment, and ¥167 million obtained as proceeds from refund of leasehold deposits.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥2,715 million (net cash provided by financing activities amounted to ¥3,397 million in the previous fiscal year). This is mainly due to ¥2,695 million in proceeds from issuance of shares resulting from exercise of share acquisition rights, and ¥19 million in proceeds from issuance of share acquisition rights.

### (4) Future Outlook

#### 1) Performance outlook for the next period

In the energy business, fuel price trends are uncertain due to the Ukraine crisis and other impacts. In the short term, areas and time periods are expected to see temporary drops below the reserve rate necessary for the stable supply of electric power; moreover, at times of electricity supply and demand tightness due to factors such as natural disasters and climate change, the trading price of electricity tends to soar. Meanwhile, the Japanese Government has been undertaking various initiatives on the way to realizing a decarbonized society along with stable supply of electrical power, such as introduction of the capacity market, and building an energy supply structure highly resilient to disasters. A business and market environment capable of meeting growing needs for procurement from carbon-free energy sources is also being readied, through measures including revision of the non-fossil fuel energy value trading market and building of a next-generation electrical grid and distributed power systems. Through such policy measures, structural reform of electric power is expected to advance. The Group has a policy of seeking to adapt appropriately to such changes in the business climate, but at the present time it is difficult to reasonably estimate sales and profits.

As for the matters announced 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 profit,” in the second quarter of the fiscal year ending March 31, 2023, booking of an extraordinary profit of approximately ¥8,662 million is forecast from the partial sale of shares in consolidated subsidiary (second-generation subsidiary) BITPoint Japan Co., Ltd. (This figure is based on financial data as of March 31, 2022 and is subject to change depending on BPJ performance in the first quarter of the fiscal year ending March 31, 2023.) As a result of the partial share sale, BPJ is expected to become an equity method affiliate from July 1, 2022. It is further expected that the business



alliance with the SBI Group in the energy and cryptoassets fields will contribute to the profitability of our Group. Regarding the impact on the consolidated performance of our Group from this capital and business alliance, at the present time we have no specific data.

The Company intends to announce performance forecasts as soon as it becomes possible.

## 2) Dividend outlook for the next period

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. This is premised on implementation of the elimination of deficiency at the end of the fiscal year ended March 31, 2022 as per the release on the same date (May 13, 2022), “Notice of reduction of legal capital surplus, appropriation of surplus, and acquisition of treasury shares,” and on the booking of extraordinary profit as noted above under “1) Performance outlook for the next period.”

## 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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,895	4,896
Trade receivables and contract asset	1,516	1,971
Merchandise	264	251
Finished goods	-	94
Raw materials and supplies	-	126
Operational investment securities	-	370
Users' cryptoassets	32,724	46,097
Owned cryptoassets	3,176	4,969
Guarantee deposits for cryptoassets	312	1,170
Cash segregated as deposits	3,890	6,709
Guarantee deposits	743	2,493
Other	558	2,051
Allowance for doubtful accounts	(37)	(55)
Total current assets	46,043	71,147
Non-current assets		
Property, plant and equipment		
Buildings and structures	17	60
Accumulated depreciation	(12)	(4)
Buildings and structures, net	5	56
Vehicles, tools, furniture and fixtures	73	92
Accumulated depreciation	(49)	(62)
Vehicles, tools, furniture and fixtures, net	23	29
Leased assets	3	-
Accumulated depreciation	(3)	-
Leased assets, net	0	-
Total property, plant and equipment	28	86
Intangible assets		
Software	615	662
Software in progress	74	15
Total intangible assets	689	677
Investments and other assets		
Investment securities	156	67
Leasehold and guarantee deposits	464	688
Fixed loan	2	16
Deferred tax assets	-	299
Other	193	41
Allowance for doubtful accounts	(20)	(56)
Total investments and other assets	794	1,057
Total non-current assets	1,513	1,821
Total assets	47,556	72,968

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,041	638
Accounts payable - other	1,287	1,406
Deposits received	3,744	6,569
Deposits received for cryptoassets	32,724	46,097
Guarantee deposits received	371	-
Income taxes payable	81	1,656
Loans payable-cryptoassets	1,844	2,028
Provision for loss on business of subsidiaries and associates	2	2
Provision for bonuses	4	-
Other	132	456
<b>Total current liabilities</b>	<b>43,233</b>	<b>58,853</b>
<b>Total liabilities</b>	<b>43,233</b>	<b>58,853</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,808	7,180
Capital surplus	5,830	7,201
Retained earnings	(7,324)	(268)
Treasury shares	(18)	(18)
<b>Total shareholders' equity</b>	<b>4,296</b>	<b>14,096</b>
Share acquisition rights	26	18
<b>Total net assets</b>	<b>4,322</b>	<b>14,114</b>
<b>Total liabilities and net assets</b>	<b>47,556</b>	<b>72,968</b>

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

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	13,217	28,753
Cost of sales	13,026	15,018
Gross profit	190	13,735
Selling, general and administrative expenses	3,079	5,530
Operating profit (loss)	(2,888)	8,205
Non-operating income		
Interest income	1	0
Dividend income	26	2
Foreign exchange gains	-	3
Subsidy income	19	-
Settlement income	-	12
Penalty income	-	12
Gain on investments in investment partnerships	7	-
Other	2	5
Total non-operating income	57	37
Non-operating expenses		
Interest expenses	18	4
Loss on investments in investment partnerships	-	10
Share acquisition rights issuance costs	9	5
Share issuance costs	18	15
Provision of allowance for doubtful accounts	9	27
Other	5	6
Total non-operating expenses	61	69
Ordinary profit (loss)	(2,893)	8,173
Extraordinary income		
Gain on reversal of asset retirement obligations	24	-
Insurance income	61	24
Total extraordinary income	85	24
Extraordinary losses		
Loss on retirement of non-current assets	89	19
Loss on valuation of investment securities	19	-
Head office relocation expenses	-	5
Loss on valuation of investments in capital	8	0
Impairment losses	37	-
Total extraordinary losses	154	25
Profit (loss) before income taxes	(2,962)	8,172
Income taxes - current	12	1,558
Income taxes - deferred	-	(299)
Total income taxes	12	1,258
Profit (loss)	(2,974)	6,913
Profit (loss) attributable to owners of parent	(2,974)	6,913

## Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(2,974)	6,913
Comprehensive income	(2,974)	6,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,974)	6,913
Comprehensive income attributable to non-controlling interests	-	-

## (3) Consolidated Statements of Changes in Equity

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
Cumulative effects of changes in accounting policies					-		-
Restated balance	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
High reduction of retained earnings arising from changes in the scope of consolidation					-		-
Profit (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

Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	5,808	5,830	(7,324)	(18)	4,296	26	4,322
Cumulative effects of changes in accounting policies			144		144		144
Restated balance	5,808	5,830	(7,180)	(18)	4,440	26	4,466
Changes during period							
Issuance of new shares	1,371	1,371			2,743		2,743
High reduction of retained earnings arising from changes in the scope of consolidation			(1)		(1)		(1)
Profit (loss) attributable to owners of parent			6,913		6,913		6,913
Net changes in items other than shareholders' equity						(7)	(7)
Total changes during period	1,371	1,371	6,911	-	9,655	(7)	9,647
Balance at end of period	7,180	7,201	(268)	(18)	14,096	18	14,114

## (4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(2,962)	8,172
Depreciation	216	229
Increase (decrease) in allowance for doubtful accounts	(62)	53
Impairment losses	37	-
Interest and dividend income	(27)	(2)
Interest expenses	18	4
Share issuance costs	18	15
Issuance cost of subscription rights to shares	9	5
Loss on retirement of non-current assets	89	19
Insurance proceeds	-	(24)
Penalty income	-	(12)
Settlement income	-	(12)
Loss (gain) on valuation of investment securities	19	-
Loss (gain) on investments in investment partnerships	(7)	10
Loss (gain) on valuation of investments in capital	8	0
Increase (decrease) in provision for loss on business of subsidiaries and associates	(9)	(0)
Decrease (increase) in trade receivables	(571)	(311)
Decrease (increase) in inventories	191	(208)
Decrease (increase) in users cryptoassets	(25,417)	(13,372)
Decrease (increase) in owned cryptoassets	(2,743)	(1,793)
Decrease (increase) in guarantee deposits for cryptoassets	(142)	(858)
Decrease (increase) in cash segregated as deposits	(3,890)	(2,819)
Decrease (increase) in guarantee deposits	(592)	(2,033)
Decrease (increase) in other current assets	20	(1,897)
Increase (decrease) in trade payables	2,772	(2,403)
Increase (decrease) in accounts payable - other	848	135
Increase (decrease) in deposits received	2,357	2,824
Increase (decrease) in deposits received for cryptoassets	25,417	13,372
Increase (decrease) in accrued consumption taxes	(203)	537
Increase (decrease) in loans payable-cryptoassets	1,274	184
Decrease (increase) in other current liabilities	213	(238)
Other, net	60	(21)
Subtotal	(3,057)	(445)
Interest and dividends received	21	2
Interest paid	(18)	(4)
Income taxes refund	0	4
Income taxes paid	(15)	(36)
Proceeds from insurance income	-	24
Proceeds from penalty income	-	12
Settlement received	-	12
Expenditures on additional losses related to the theft of virtual currency	(5)	-
Net cash provided by (used in) operating activities	(3,075)	(429)



(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of investments in partnership	27	-
Purchase of property, plant and equipment	(11)	(79)
Purchase of intangible assets	(234)	(215)
Purchase of investment securities	(24)	(26)
Proceeds from withdrawal of time deposits	-	6
Proceeds from refund of guarantee deposits	-	0
Payments of leasehold deposits	(0)	(112)
Proceeds from refund of leasehold deposits	40	167
Net cash provided by (used in) investing activities	(203)	(259)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(0)	-
Proceeds from issuance of share acquisition rights	44	19
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,388	2,695
Payments for purchase of treasury subscription right to share	(35)	-
Dividends paid	(0)	(0)
Net cash provided by (used in) financing activities	3,397	2,715
Net increase (decrease) in cash and cash equivalents	118	2,026
Cash and cash equivalents at beginning of period	2,771	2,889
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(19)
Cash and cash equivalents at end of period	2,889	4,896

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) (hereinafter, "Revenue Recognition Standard") has been applied from the beginning of the fiscal year under review. With this change, revenue is now recognized at the time the promised goods or services are transferred to the customer, in an amount that reflects the consideration expected to be received in exchange for the goods or services.

As a result, in the energy business, in the case of electricity supply contracts for which booking of revenue has been based on the meter inspection date (booking of revenue based on the amount used as confirmed by meter inspection performed monthly on a day other than month end), this is changed to a method of recognition by estimating revenue generated in the closing month from the date of meter inspection to the closing date.

In the case also of some of the sales by auction in the used car business, whereas up to now revenue was recognized as the total amount resulting from determining the roles in provision of goods or services to the customer (the customer or agent), this is changed to recognition of revenue as net amount.

Implementation of the Revenue Recognition Standard and related standard is in line with the transitional measures provided in the proviso to Paragraph 84 of the Revenue Recognition Standard. Accordingly, the cumulative impact of the change when the new accounting policy is applied retroactively prior to the beginning of the fiscal year under review is reflected in retained earnings at the beginning of the fiscal year, and the new accounting policy is applied starting from the retained earnings balance at the beginning of the fiscal year under review. Provided, however, that in applying the transitional measures provided in Paragraph 86 of the Revenue Recognition Standard, the new accounting standard is not applied retroactively to contracts for which nearly the entire amount of revenue has been handled in accordance with the previous method prior to the beginning of the fiscal year under review. Moreover, the method specified in Paragraph 86 item (1) of the Revenue Recognition Standard is applied for contract changes made prior to the beginning of the fiscal year under review, such that accounting is performed based on the contract provisions after all changes have been reflected, and the cumulative impact is reflected in retained earnings at the beginning of the fiscal year under review.

In addition, on the consolidated balance sheets for the previous fiscal year, data reported as "accounts receivable - trade" under "current assets" is from the fiscal year under review included in "trade receivables and contract asset." Provided, however, that in line with the transitional measures provided in Paragraph 89-2 of the Revenue Recognition Standard, the new account classification will not be incorporated in the previous fiscal year.

As a result, on the consolidated balance sheets for the fiscal year under review, trade receivables and contract asset is ¥203 million higher than before application of the Revenue Recognition Standard. On the consolidated statements of income for the fiscal year under review, net sales increased by ¥7 million, cost of sales decreased by ¥51 million, and operating profit, ordinary profit, and profit before income taxes each increased by ¥58 million.

On the consolidated statements of cash flows for the fiscal year under review, profit before income taxes is higher by ¥58 million.

As a result of reflecting the cumulative impact on net assets at the beginning of the fiscal year under review, the retained earnings at the beginning of the fiscal year under review on the consolidated statements of changes in equity increased by ¥144 million.

The effect on per-share information is stated in the applicable section of this document.

Note that in line with the transitional measures provided in Paragraph 89-3 of the Revenue Recognition Standard, no notes on revenue recognition are given for the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 of July 4, 2019) (hereinafter, “Fair Value Standard”) has been applied from the beginning of the fiscal year under review. Implementation of the Fair Value Standard is in line with the transitional measures provided in Paragraph 19 of the Fair Value Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 of July 4, 2019). Accordingly, the new accounting policies prescribed in the Fair Value Standard and related guidelines are applied prospectively. There is no impact from these changes on the consolidated financial statements for the fiscal year under review.

(Additional information)

(Operational investment securities)

After earlier having invested in venture businesses in the field of cryptoassets, the Company in the fiscal year under review carried out a reorganization aimed at clarifying the responsibility for executing and managing investment related to cryptoasset business, and began investment business in this area. The occasion for this change was the registration, on May 10, 2021, of subsidiary BITPoint Japan Co., Ltd. (BPJ) as a Type I Financial Instruments Business.

With this change, items on the consolidated balance sheets were reclassified so that Investments in capital of ¥160 million that had been included in “investments and other assets” “other” under “non-current assets,” and short-term investment securities of ¥104 million that had been including in “investment securities,” are now reported as “operational investment securities” under “current assets.” The profit of 452 million yen related to this investment business has been recorded as net sales.

Note that on December 22, 2021, BPJ stopped providing services related to cryptoasset margin trading (over-the-counter derivative transactions), and on December 29, 2021 withdrew its registration as a Type I Financial Instruments Business. Since, however, the Company is committed to continuation of investment business as an organization, investment business in the cryptoassets field is now undertaken as business transactions in the financial business.

(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 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.

(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 operating subsidiary BITPoint Japan Co., Ltd., 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 division into reportable segments for the fiscal year under review has been partially changed with a change in performance management classification.

The electric power retail business and the energy saving consulting business have been split off from the previous “energy businesses,” with electric power retailing now constituting the “energy business,” while the energy saving consulting business and the infection control business have been merged to form the “resilience business.” Travel business is now included in “Others.”

Note that segment information shown for the previous fiscal year has been prepared based on the division of reportable segments after the above changes.

As noted under (Changes in accounting policies), the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) has been applied from the beginning of the fiscal year

under review. Since the accounting method relating to revenue recognition has changed, the method of measuring profit and loss in each business segment has similarly changed.

As a result of this change, net sales for the energy business increased by ¥58 million for the fiscal year under review compared to use of the previous method, and segment profit also increased by ¥58 million. Net sales for the “used car business” are lower by ¥51 million, but there is no impact from this on segment profit.

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

### **Energy business**

The previous “energy business” segment carried out both electric power retail business and energy saving consulting business. Starting from the fiscal year under review, the consulting business has been separated off and the segment name has been changed to “energy business.” The energy business currently consists only of electric power retail business.

### **Used car business**

This segment consists of consulting related to used car trading and actual trading of used cars, etc.

### **Resilience business**

The energy saving consulting business that had been part of the “energy business” segment has been merged with the “infection control business” to form the resilience business segment as of the fiscal year under review. In the resilience business, as an energy management business operator, the Company makes proposals for energy saving equipment and systems, and assists with applying for subsidies available for investment in energy efficiency. It further markets MA-T System-related products “Amazing Water” and “SUGOMIZU mouthwash,” and sells storage batteries for home use (remixbattery).

### **Financial business**

Physical trading of cryptoassets, remittance and receipt services, lending and other services are provided by consolidated subsidiary BITPoint Japan Co., Ltd. Note that on December 29, 2021, BPJ withdrew its registration as a Type I Financial Instruments Business, and no longer provides cryptoasset derivative trading (margin trading).

From the fiscal year under review, moreover, the profit and expenses related to investments for the Company’s cryptoasset business are included in the financial business.

### **Others**

These businesses include the marketing consulting business and newly launched businesses.

2. Explanation of measurements of net 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, 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	Resilience business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	6,892	3,945	833	1,283	262	13,217	—	13,217
Inter-segment net sales or transfers	—	—	0	113	25	139	(139)	—
Total	6,892	3,945	834	1,396	288	13,356	(139)	13,217
Segment profit (loss)	(2,150)	19	110	(260)	59	(2,220)	(667)	(2,888)
Segment assets	1,411	324	370	43,794	208	46,109	1,446	47,556
Other items								
Depreciation	6	—	1	188	1	198	18	216
Impairment loss	—	—	—	—	—	—	37	37
Increase in property, plant and equipment, and intangible assets	3	—	0	218	0	223	3	227

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥667 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and 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 the amount of increase in corporate assets not allocated to the reportable segments.
2. The total segment profit (loss) is adjusted with operating loss in the consolidated financial statements.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Resilience business	Financial business	Others	Total		
Net sales								
Net sales to outside customers	12,672	4,542	700	10,767	70	28,753	—	28,753
Inter-segment net sales or transfers	—	—	—	0	—	0	(0)	—
Total	12,672	4,542	700	10,767	70	28,753	(0)	28,753
Segment profit (loss)	1,664	19	(228)	7,612	13	9,081	(875)	8,205
Segment assets	3,778	419	402	66,220	210	71,031	1,937	72,968
Other items								
Depreciation	7	—	0	205	0	213	15	229
Impairment loss	—	—	—	—	—	—	—	—
Increase in property, plant and equipment, and intangible assets	7	—	0	205	—	214	75	289

(Notes) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (loss) of negative ¥875 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and administrative expenses which are not attributable to the reportable segments.
- (2) The adjustment for segment assets of ¥1,937 million includes corporate assets not allocated to the reportable segments of ¥9,901 million, capital eliminated in consolidation of negative ¥3,720 million, and an elimination of receivables and payables of negative ¥4,243 million.
- (3) The adjustment for an increase in property, plant and equipment and intangible assets of ¥75 million is the amount of 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, 2021	Fiscal year ended March 31, 2022
Net assets per share	¥43.76	¥121.03
Basic earnings (loss) per share	(¥36.86)	¥64.05
Diluted earnings per share	—	¥63.26

(Notes) 1. Diluted earnings per share is not indicated because there was a loss per share, despite the existence of diluted shares.

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Million yen)	(2,974)	6,913
Amount not attributable to common shareholders (Million yen)	—	—
Profit (loss) attributable to owners of parent relating to common stock (Million yen)	(2,974)	6,913
Average number of shares of common stock during the period (shares)	80,691,768	107,938,410
Diluted earnings per share		
Adjusted profit attributable to owners of parent (Million yen)	—	—
Increase in common stock (shares)	—	1,353,338
(Of which share acquisition rights (shares))	—	(1,353,338)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect		—

#### (Significant subsequent events)

(Conclusion of capital and business alliance agreement, and change in scope of consolidation (partial share transfer))

At the Board of Directors meeting of May 12, 2022, a resolution was adopted on forming a capital and business alliance with SBI Holdings, Inc. (Head Office: Minato-ku, Tokyo; Representative Director, President & CEO: Yoshitaka Kitao; hereinafter, “SBI Holdings”) aimed at expanding business through a comprehensive partnership in the energy and cryptoasset areas; and a capital and business alliance agreement was concluded on the same date.

This alliance is a comprehensive capital and business alliance by which SBI Holdings agrees to acquire 5% of the Company’s shares on the stock market, and the Company agrees to transfer 51% of the shares of second-generation subsidiary BITPoint Japan Co., Ltd. (hereinafter, “BPJ”) to a group company of SBI Holdings.

#### 1. Purpose of the capital and business alliance

Core businesses of the Group are energy business supplying electric power to end users as a retail electricity supplier, and financial business operating cryptoasset exchange and sales offices and investing in cryptoasset-related business.

The comprehensive alliance was formed based on an assessment of its potential for realizing stability of the Group business and further increase in corporate value. For the Company, the alliance has a high possibility of business growth in the energy business from the regional financial institution network and finance functions of the SBI Group, while large synergies with our Group are seen in new initiatives of the SBI Group such as in the cryptoasset-related business and metaverse area.

## 2. Overview of the capital and business alliance

Details of the capital alliance in this capital and business alliance are as follows.

### 1) Details of the capital alliance

- a) SBI Holdings will acquire approximately 5.0% of the 116,530,700 (as of March 31, 2022) outstanding shares of the Company's common stock on the Tokyo Stock Exchange Standard Market, as a market trade.
- b) 51% of BPJ shares will be transferred to an SBI Group company.
  - SBI Financial Services Co., Ltd. (a wholly owned subsidiary of SBI Holdings; Head Office: Minato-ku, Tokyo; President and Representative Director: Masato Takamura; hereinafter, "SBIFS") will purchase from the Company's consolidated subsidiary BITPoint Holdings, Inc. (Head Office: Minato-ku, Tokyo; Representative Director: Genki Oda; hereinafter, "BPH") 51.0% of the 128,400 outstanding shares of BPJ common stock for ¥12,750 million.(Note that in addition to the above transfer amount, the agreement includes an earnout clause under which BPH may receive additional transfer payment depending on subsequent performance by BPJ.)

### 2) Details of the business alliance

- a) Collaboration in the cryptoassets field
  - Through cross-marketing with the SBI Group, accounts in the cryptoassets exchange and sales offices operated by BPJ will increase.
  - Through collaboration with SBI Group company B2C2, a global top-level market maker in the cryptoassets industry, the liquidity of BPJ cryptoassets trading will improve.
  - The cryptoassets business will expand as a result of BPJ becoming the first in Japan to handle tokens carefully selected from worldwide cryptoassets projects in which the SBI Group is involved.
- b) Collaboration in the Web 3.0 field
  - Toward the advancement of Web 3.0, the Company will take part in the Japan Digital Space Economic Alliance (Location: Minato-ku, Tokyo; Representative Director: Yoshitaka Kitao), and will collaborate in promoting Web 3.0-related projects including the Metaverse.
  - Making use of the know-how of the SBI Group gained from global financial business operations, and that of our Group in the cryptoassets exchange business, the partners will jointly set up and manage Metaverse-related funds.
- c) Collaboration in the energy field
  - The partners will jointly develop energy sources making use of wind, biomass, floating solar, micro hydro and other forms of renewable energy.
  - Cooperation in nationwide promotion of PPA projects(\*)(\*) PPA projects make use of the PPA (Power Purchase Agreement) scheme, by which the electric service provider, receiving the provision of space from the user for power generation system and other facilities, installs the power generation facilities and uses them to supply electricity to the user, so as to recover the business cost. The user is spared the burden of up-front costs for the power generation facilities, in exchange for which an electricity purchase agreement is formed with the electric service provider for a certain length of time. In this capital and business alliance, it is believed possible to accelerate the advancement of such projects through collaboration with the financial institution network of the SBI Group.



### 3. Overview of the second-generation subsidiary

(1) Name	BITPoint Japan Co., Ltd.		
(2) Head office location	4-3-9, Toranomom, Minato-ku, Tokyo		
(3) Name and title of representative	Chairman of the Board Genki Oda President Takashi Tashiro		
(4) Main operations	Operation of cryptoasset exchange and sales offices, etc.		
(5) Capitalization	100 million yen (as of March 31, 2022)		
(6) Established	March 3, 2016		
(7) Large shareholders and equity shares	BITPoint Holdings, Inc. 100% (Note)		
(8) Relation of the company to publicly traded companies	Capital relationships	The Company, through its intermediate holding company BPH, holds 100% of the company's voting rights.	
	Personal relationships	Of the company's six (6) directors, two (2) are directors of the Company, and the remaining four (4) are employees of the Company.	
	Business relationships	The Company provides business management and other services to the company.	
	Related parties status	BPH is a consolidated subsidiary (second-generation subsidiary) of the Company.	
(9) Business results and financial condition of BPH in the most recent three years (Million yen unless otherwise noted)			
Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022
Net assets	1,003	2,234	8,014
Total assets	10,732	42,492	65,178
Net assets per share (yen)	9,012.06	17,399.57	62,419.19
Net sales	743	1,283	10,320
Operating profit	(983)	(192)	7,198
Profit	(5,325)	(469)	5,780
Profit (loss) per share (yen)	(47,805.82)	(3,659.18)	45,019.63
Dividend per share (yen)	—	—	—

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

#### 4. Overview of alliance partner

##### Overview of SBI Holdings

(1) Name	SBI Holdings, Inc.		
(1) Representative	President & CEO Yoshitaka Kitao		
(3) Head office location	1-6-1, Roppongi, Minato-ku, Tokyo		
(4) Main business operations	Governance and administration of the corporate group through holding of shares, etc.		
(5) Capitalization	99,312 million yen (as of March 31, 2022)		
(6) Established	July 8, 1999		
(7) Large shareholders and equity shares (As of September 30, 2021) <sup>(Note)</sup>	The Master Trust Bank of Japan, Ltd. (trust account) 13.97% Custody Bank of Japan, Ltd. (trust account) 5.22%		
(8) Relation to the Company	Capital relationships	There is no relevant information.	
	Personal relationships	There is no relevant information.	
	Business relationships	There is no relevant information.	
	Related parties status	There is no relevant information.	
(9) Business results and financial condition of SBI Holdings in the most recent three years (Million yen unless otherwise noted; IFRS)			
Fiscal year ended	March 31, 2019	March 31, 2020	March 31, 2021
Total equity	562,557	593,699	717,095
Total assets	5,034,124	5,513,227	7,208,572
Equity per share attributable to owners of parent (yen)	2,000.82	1,955.91	2,297.87
Revenue	351,411	368,055	541,145
Profit (loss) before tax	83,037	65,819	140,380
Profit attributable to owners of parent	52,548	37,487	81,094
Basic earnings per share attributable to owners of parent (yen)	231.43	163.18	339.78
Dividend per share (yen)	100	100	120

(Note) The percentage of held shares to the total outstanding shares excluding treasury shares.

#### 5. Number of BPJ-related shares transferred, transfer price, and shareholdings before and after transfer

(1) Shares held before transfer	128,400 shares (Number of votes: 128,400) (Share of voting rights: 100%)
(2) Number of shares transferred	65,484 shares (Number of votes: 65,484)
(3) Transfer price	12,750 million yen
(4) Shares held after transfer	62,916 shares (Number of votes: 62,916) (Share of voting rights: 49%)

## 6. Schedule

May 12, 2022	Resolution by the Company's Board of Directors
May 12, 2022	Conclusion of a capital and business alliance agreement (the Company and SBI Holdings)
	Conclusion of a share transfer agreement (contract between BPH and SBIFS)
July 1, 2022 (planned)	Execution of share transfer (transfer of 51% of BPJ shares outstanding to SBIFS)

## 7. Future outlook

This capital and business alliance is expected to result in the booking of an extraordinary profit of approximately 8,662 million yen in the second quarter of the fiscal year ending March 31, 2023 from gain on sale of shares of subsidiaries (calculated based on the financial statements as of March 31, 2022; subject to change before the planned transfer date of July 1 depending on performance in the first quarter of the fiscal year ending March 31, 2023). As a result of the share transfer, it is planned to change the status of BPJ from a consolidated subsidiary of the Company to an equity method affiliate as of July 1, 2022.

In addition, while it is expected that collaboration to be carried out with the SBI Group in the energy field and cryptoassets field will contribute to profitability, the forecast impact on our Group performance will be announced when specific figures have been determined.

(Reduction of legal capital surplus, appropriation of surplus, and acquisition of treasury shares)

At the Board of Directors meeting of May 13, 2022, the Company decided to refer the "Proposed reduction of legal capital surplus" to the 19th general meeting of shareholders (hereinafter, "the general meeting of shareholders"), scheduled for June 28, 2022.

The Board further decided, on the condition that this proposal is adopted at the general meeting of shareholders, to refer for discussion the acquisition of treasury shares using as sources of funds the appropriation of surplus and capital surplus.

### 1. Purpose of the reduction of legal capital surplus, appropriation of surplus, and acquisition of treasury shares

The reduction of legal capital surplus is aimed at obtaining flexibility and maneuverability in coming capital policies, while also achieving a state enabling the implementation of dividend of surplus, acquisition of treasury shares, and other shareholder return measures.

The purpose of the appropriation of surplus is to eliminate the deficiency in retained earnings brought forward that occurred in the account closing of the fiscal year ended March 31, 2022, with the aim of achieving a sound financial condition.

As for the acquisition of treasury shares, this will be carried out using other capital surplus as funds, aimed at implementing capital policies dynamically in response to changes in the business climate.

### 2. Details of the reduction of legal capital surplus

Based on the provisions in Article 448, Paragraph 1 of the Companies Act, the amount of legal capital surplus will be decreased and transferred to other capital surplus.

(1) Item and amount of legal capital surplus to be reduced	
Legal capital surplus	¥7,198,527,446 out of ¥7,198,527,446
(2) Item and amount of surplus to be increased	
Other capital surplus	¥7,198,527,446

### 3. Details of the appropriation of surplus

A deficiency of ¥4,627,225,701 in retained earnings brought forward having occurred in the account closing of the fiscal year ended March 31, 2022, on the condition that the proposal on reduction of legal capital surplus as per 2. above is approved as is at the general meeting of shareholders, the deficiency will be eliminated by transferring to retained earnings brought forward ¥4,627,225,701 of ¥7,198,527,446 of other capital surplus, as provided in the Articles of Incorporation of the Company based on the provisions in Article 452 and Article 459, Paragraph 1 of the Companies Act.

- |  |                |
|--|----------------|
| (1) Item and amount of surplus to be reduced   |                |
| Other capital surplus                          | ¥4,627,225,701 |
| (2) Item and amount of surplus to be increased |                |
| Retained earnings brought forward              | ¥4,627,225,701 |

### 4. Matters relating to treasury share acquisition

On the condition that the proposal on reduction of legal capital surplus as per 2. above is approved as is at the general meeting of shareholders and takes effect, ¥2,000,000,000 of the amount of other capital surplus will be used to purchase treasury shares, as provided in the Articles of Incorporation of the Company based on the provisions in Article 459, Paragraph 1 of the Companies Act.

- |   |  |
|---|--|
| (1) Type of shares to be acquired               | Common stock of the Company  |
| (2) Number of shares to be acquired             | 4,000,000 shares (upper limit)<br>(3.44% of the total number of shares issued (excluding treasury shares)) |
| (3) Total purchase price of shares              | ¥2,000,000,000 (upper limit)   |
| (4) Timing of acquisition                       | Between July 4, 2022 and September 30, 2022  |
| (5) Method of acquisition                       | Market buying on the Tokyo Stock Exchange  |
| (Reference)                                     |  |
| Treasury shares held as of April 30, 2022       |  |
| Total shares issued (excluding treasury shares) | 116,470,700 shares   |
| Number of treasury shares                       | 60,000 shares  |

### 5. Schedule (planned) for reduction of legal capital surplus, appropriation of surplus, and acquisition of treasury shares

- |  |                               |
|--|-------------------------------|
| (1) Resolution by the Company's Board of Directors       | May 13, 2022                  |
| (2) Public notice on filing of objection by creditors    | (scheduled for May 23, 2022)  |
| (3) Final deadline for filing of objection by creditors  | (scheduled for June 24, 2022) |
| (4) Date of general meeting of shareholders              | (scheduled for June 28, 2022) |
| (5) Effective date of reduction of legal capital surplus | (scheduled for June 28, 2022) |
| (6) Start of acquisition of treasury shares              | (scheduled for July 4, 2022)  |

### 6. Future outlook

The elimination of a deficiency in retained earnings brought forward by reduction of legal capital surplus and appropriation of surplus described here is a transfer between accounts on the balance sheets under "Net assets" and will not change the amount of the Company's net assets or impact performance. While the acquisition of treasury shares will reduce the net assets of the Company, this is a capital transaction and will not directly impact our profit and loss.

The above measures will be implemented on the condition that procedures for the protection of creditors have been taken in accordance with the Companies Act, and that the "Proposed reduction of legal capital surplus" is approved at the general meeting of shareholders.

As this matter is currently under accounting audit, the amounts of the legal capital surplus and retained earnings brought forward are subject to change.