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Consolidated Financial Results
for the Six Months Ended September 30, 2018
[Japanese GAAP]



November 14, 2018

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 filing quarterly securities report: November 14, 2018

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly 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 Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(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	%
Six months ended								
September 30, 2018	7,532	54.8	710	124.2	706	128.3	391	59.2
September 30, 2017	4,866	-	316	-	309	-	246	-

(Note) Comprehensive income: Six months ended September 30, 2018: ¥393 million [58.2%]

Six months ended September 30, 2017: ¥248 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	6.87	6.87
September 30, 2017	5.56	5.01

(Notes) 1. Changes in accounting policies have been retrospectively applied to amounts for the six months ended September 30, 2017.

2. Amounts for the six months ended September 30, 2016 are non-consolidated financial results, and therefore percentage changes from the previous corresponding period for the six months ended September 30, 2017 are not provided.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2018	26,440	10,442	39.4
As of March 31, 2018	18,575	10,083	54.2

(Reference) Equity: As of September 30, 2018: ¥10,426 million

As of March 31, 2018: ¥10,069 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen -	Yen 0.00	Yen -	Yen 1.00	Yen 1.00
Fiscal year ending March 31, 2019	-	0.00			
Fiscal year ending March 31, 2019 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to September 30, 2019)

(% 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	-	-	-	-	-	-	-	-	-

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

The consolidated financial results forecast is undetermined. For details, please refer to the “Notice concerning Differences between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended September 30, 2018 and Revision to the Full Year Consolidated Financial Results Forecast” that was announced today.

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2018: No

(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: Yes

3) Changes in accounting estimates: No

4) Retrospective restatement: No

For detail, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 11 of the attached materials.

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

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

September 30, 2018: 57,056,200 shares

March 31, 2018: 56,947,100 shares

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

September 30, 2018: 60,000 shares

March 31, 2018: 60,000 shares

3) Average number of shares during the period:

Six months ended September 30, 2018: 56,977,149 shares

Six months ended September 30, 2017: 44,225,412 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)

In these materials, the consolidated financial results forecast for the fiscal year ending March 31, 2019 is undetermined, and statements herein are based on information that is currently available and certain assumptions deemed reasonable by the Company. With regard to assumptions for financial results forecast and notes on using the consolidated financial results forecast, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period Under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attached materials.

The Company plans to hold a briefing session for institutional investors and analysts on Monday, November 19, 2018. The materials used in the briefing session will be posted on the Company’s website immediately after the session.

(Change in units used for presentation of monetary amounts)

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

Furthermore, amounts for the previous fiscal year and the six months ended September 30, 2017 are presented after restatement in million-yen units, in order to facilitate comparison.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018), the Japanese economy maintained a moderate recovery trend, including an ongoing recovery in corporate earnings and improvement in employment environment, in addition to signs of a turnaround in personal consumption. On the other hand, the outlook for overseas economies remained unclear amid concerns surrounding geopolitical risks and other uncertainties.

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

As a result, for the six months ended September 30, 2018, net sales increased by 54.8% from the same period of the previous year to ¥7,532 million. Operating profit increased by 124.2% to ¥710 million, ordinary profit increased by 128.3% to ¥706 million, and profit attributable to owners of parent increased by 59.2% to ¥391 million.

Overview by business segment is as follows.

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

Energy business

In the energy business, the Company operates an electric power trading business, in addition to engaging in consulting to support energy saving, the development and sale of energy management systems, and the sale of energy saving-related devices and equipment.

In the electric power trading business, the Company supplies electric power as a retailer, mainly to high-voltage customers but also to low-voltage customers, and saw an increase in net sales from the same period of the previous year as a result of endeavors to increase the number of electric power supply and demand contracts and contracted electric power amount in areas including other than the Company’s main target area. Meanwhile, an increase in the procurement price of electric power caused by a heat wave put downward pressure on profits.

In the energy saving consulting business, the Company was selected as an energy management business operator eligible for a “subsidy for supporting business operators promoting efficient energy use” for the fifth consecutive fiscal year. Despite increasingly strict criteria for selection for this subsidy, the Company’s rate of selection has been favorable owing to its accumulation of know-how.

As a result, net sales for the segment increased by 44.6% from the same period of the previous year to ¥3,536 million and segment profit (operating profit) decreased by 36.3% to ¥61 million.

Used car business

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

In the used car trading business, the capital turnover ratio is high owing to the short cash conversion cycle, an average length of time that the Company takes to buy a used car and sell it, despite low gross margin ratio partly caused by the fact that trades are between business operators. However, in the six months ended September 30, 2018, net sales declined slightly from the same period of the previous year.

As a result, net sales for the segment decreased by 1.5% from the same period of the previous year to ¥1,820 million and segment profit (operating profit) decreased by 99.9% to ¥0 million.

Financial business

In the financial business, BPJ, which is registered as a crypto currency exchanger, operates a crypto

currency exchange, providing a margin trading service (leverage trading service and BITPoint FX trading service) as a crypto currency-related business, in addition to spot trading services.

In 2017, there was an increase in activity on crypto currency markets owing to the development of various legislation, peaking in December 2017, but after temporarily overheating, the market has cooled again, starting with the impact of the discovery of an unauthorized leak of crypto currency by a deemed crypto currency exchanger in January 2018.

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

In order to achieve “safe and secure crypto currency trading,” BPJ positions the strengthening of business management structures as its most important issue. In addition to enhancing governance functions by revising the design of its organs as a stock company and transitioning to a company with a board of company auditors, BPJ has also opened the Okinawa Business Center, and focused on improving operational efficiency and strengthening human resources in core areas, by moving BPJ call center operations, etc. into the Group.

Meanwhile, in August 2018, professional soccer player Keisuke Honda was appointed as the brand ambassador of BPJ, and steps were taken to increase awareness of the company and enhance brand image through promotional movies and other marketing measures.

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

As a result, net sales for the segment increased by 331.7% from the same period of the previous year to ¥2,140 million owing to an increase in proceeds from software sales from the provision of white-label software to companies overseas, and segment profit (operating profit) increased by 211.9% to ¥1,015 million.

Travel business

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

In response to progressively increasing demand from inbound tourists, JARVIS is planning and developing smart hotels adapted to modern times (four under the Company’s own brand, and six under other companies’ brands), aiming for completion by 2020. JARVIS proceeded with construction of the first hotel under the Company’s own brand in Kyobashi, Tokyo, which began in December 2017, and prepared for opening in May 2019. In addition, JARVIS also engaged in hotel development in Azabu, Tokyo from July 2018. Furthermore, JARVIS also proceeded with consulting for hotel developments and openings in Kyoto and Fukuoka.

However, a proportionate period is required for a contribution to net sales from investments in development, etc., and therefore net sales for the segment increased by 26.8% from the same period of the previous year to ¥21 million and segment loss (operating loss) was ¥22 million, while segment loss (operating loss) was ¥24 million for the same period of the previous year.

Others

In other businesses, the Company mainly operates a marketing consulting business.

As a result, net sales for the segment decreased by 78.4% from the same period of the previous year to ¥12 million and segment loss (operating loss) was ¥1 million, while segment profit (operating profit) was ¥58 million for the same period of the previous year.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the fiscal year under review amounted to ¥26,440 million, an increase of ¥7,865 million from ¥18,575 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥8,415 million in virtual currencies, an increase of ¥3,139 million in deposits paid and an increase of ¥852 million in accounts receivable - trade, in spite of a decrease of ¥4,211 million in lease and guarantee deposits and a decrease of ¥1,122 million in cash and deposits.

Total liabilities amounted to ¥15,998 million, an increase of ¥7,506 million from ¥8,491 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥3,160 million in deposits received for virtual currency, an increase of ¥3,931 million in loans payable-virtual currencies and an increase of ¥1,333 million in deposits received.

Total net assets amounted to ¥10,442 million, an increase of ¥358 million from ¥10,083 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥334 million in retained earnings as a result of the recording of profit attributable to owners of parent of ¥391 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the consolidated financial results forecast for the fiscal year ending March 31, 2019, please refer to the “Notice concerning Differences between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended September 30, 2018 and Revision to the Full Year Consolidated Financial Results Forecast” disclosed on November 14, 2018.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	6,988	5,865
Accounts receivable - trade	988	1,841
Merchandise	282	255
Virtual currencies	4,647	13,062
Deposits paid	—	3,139
Other	410	1,011
Allowance for doubtful accounts	(8)	(7)
Total current assets	13,310	25,169
Non-current assets		
Property, plant and equipment	78	86
Intangible assets		
Software	463	651
Software in progress	57	40
Total intangible assets	520	692
Investments and other assets		
Lease and guarantee deposits	4,570	359
Fixed loan	98	98
Other	94	132
Allowance for doubtful accounts	(98)	(98)
Total investments and other assets	4,665	492
Total non-current assets	5,264	1,271
Total assets	18,575	26,440

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	355	267
Short-term loans payable	60	—
Current portion of long-term loans payable	100	100
Accounts payable - other	341	465
Deposits received	1,933	3,267
Deposits received for virtual currency	4,303	7,463
Income taxes payable	1,108	384
Loans payable-virtual currencies	—	3,931
Other	228	115
Total current liabilities	8,431	15,996
Non-current liabilities		
Long-term loans payable	50	—
Lease obligations	5	1
Other	4	—
Total non-current liabilities	60	1
Total liabilities	8,491	15,998
Net assets		
Shareholders' equity		
Capital stock	3,684	3,695
Capital surplus	3,709	3,720
Retained earnings	2,693	3,028
Treasury shares	(18)	(18)
Total shareholders' equity	10,069	10,426
Share acquisition rights	0	0
Non-controlling interests	13	15
Total net assets	10,083	10,442
Total liabilities and net assets	18,575	26,440

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	4,866	7,532
Cost of sales	4,045	5,418
Gross profit	820	2,114
Selling, general and administrative expenses	504	1,403
Operating profit	316	710
Non-operating income		
Interest income	0	0
Dividend income	0	0
Royalty	0	1
Proceeds from split of virtual currencies	11	—
Other	3	0
Total non-operating income	16	1
Non-operating expenses		
Interest expenses	2	2
Share issuance cost	19	0
Other	2	2
Total non-operating expenses	23	5
Ordinary profit	309	706
Extraordinary losses		
Loss on sales of investments in capital of subsidiaries and associates	—	4
Total extraordinary losses	—	4
Profit before income taxes	309	702
Income taxes - current	61	333
Income taxes - deferred	—	(24)
Total income taxes	61	308
Profit	248	393
Profit attributable to non-controlling interests	2	1
Profit attributable to owners of parent	246	391

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	248	393
Comprehensive income	248	393
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	246	391
Comprehensive income attributable to non-controlling interests	2	1

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	309	702
Depreciation	31	77
Increase (decrease) in allowance for doubtful accounts	8	0
Interest and dividend income	0	0
Interest expenses	2	2
Share issuance cost	19	0
Issuance cost of subscription rights to shares	2	1
Gain on sales of investments in capital of subsidiaries and affiliates	—	4
Decrease (increase) in notes and accounts receivable - trade	(457)	(852)
Decrease (increase) in inventories	(99)	27
Increase (decrease) in virtual money	(2,289)	(8,413)
Decrease (Increase) In Operating guarantee deposit	(242)	1,126
Increase (decrease) in other current assets	71	(568)
Increase (decrease) in notes and accounts payable - trade	134	(87)
Increase (decrease) in accounts payable - other	75	54
Increase (decrease) in deposits received	803	1,333
Increase (decrease) in deposits received from virtual money	2,144	3,160
Increase (decrease) in accrued consumption taxes	(15)	(72)
Increase (decrease) in loans payable-virtual currencies	—	3,931
Increase in other current liabilities	28	(104)
Other, net	(9)	(27)
Subtotal	516	294
Interest and dividend income received	0	0
Interest expenses paid	(3)	(1)
Income taxes paid	(12)	(1,023)
Net cash provided by (used in) operating activities	500	(729)
Cash flows from investing activities		
Payments into time deposits	(7)	—
Purchase of property, plant and equipment	(2)	(26)
Purchase of intangible assets	(141)	(158)
Payments for guarantee deposits	—	(2)
Payments for lease deposits	—	(57)
Collection of lease deposits	0	0
Payments for investments in capital of subsidiaries and associates	(58)	—
Net cash provided by (used in) investing activities	(210)	(244)

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(0)	(60)
Proceeds from long-term loans payable	200	—
Repayments of long-term loans payable	(5)	(50)
Repayments of lease obligations	(3)	(3)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,207	20
Cash dividends paid	(39)	(55)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10)	—
Net cash provided by (used in) financing activities	2,349	(148)
Net increase (decrease) in cash and cash equivalents	2,639	(1,122)
Cash and cash equivalents at beginning of period	1,203	6,982
Cash and cash equivalents at end of period	3,842	5,859

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

In the six months ended September 30, 2017, United Asia Hong Kong Group Limited and k-style investment partners Co., Ltd, allottees of the 8th Series Share Acquisition Rights issued pursuant to a resolution at a meeting of the Company's Board of Directors held on June 23, 2016, exercised some of these share acquisition rights, and as a result, the Group's capital stock and legal capital surplus each increased by ¥1,031,050 thousand.

In addition, in line with the exercise of some share options (share acquisition rights) involving consideration issued to Directors, employees, etc. of the Company pursuant to a resolution at a meeting of the Company's Board of Directors held on June 23, 2017, capital stock and legal capital surplus each increased by ¥96,362 thousand accordingly.

As a result, as of the end of the six months ended September 30, 2017, capital stock and legal capital surplus stood at ¥1,675,568 thousand and ¥1,695,066 thousand, respectively.

For the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

There is no relevant information.

(Changes in accounting policies)

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

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

Furthermore, the impact of this change on quarterly consolidated financial statements for the six months ended September 30, 2017 is negligible.

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

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

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

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

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

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

As a result of this change, compared with using the same method as previously, cost of sales for the six months ended September 30, 2018 has increased by ¥276 million and gross profit and selling, general and administrative expenses have decreased by the same amount, but there is no effect on operating profit, ordinary profit, and profit before income taxes.

(Additional information)

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

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

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

(Change to reporting classification of lease and guarantee deposits, investments and other assets (other))

Legal currency and crypto currency deposited with each crypto currency exchange were previously presented as “lease and guarantee deposits” and “investments and other assets (other),” but as deposits and repayments have become frequent in quick response to customers’ trading needs in line with increases in transaction volumes, the Company has changed to the method of reporting these items as “deposits paid” and “virtual currencies” respectively from the six months ended September 30, 2018.

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

As a result, certain “lease and guarantee deposits” and “investments and other assets (other)” have decreased by ¥3,139 million and ¥1,933 million, and “deposits paid” and “virtual currencies” have increased by the same amounts respectively.

(Segment information)

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Total	Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Financial business	Travel business	Others	Subtotal			
Net sales									
Net sales to outside customers	2,445	1,849	495	17	58	4,866	4,866	—	4,866
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	2,445	1,849	495	17	58	4,866	4,866	—	4,866
Segment profit (loss)	96	27	325	(24)	58	484	484	(167)	316

(Notes) 1.The adjustment for segment profit (loss) of negative ¥167 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly administrative expenses which are not attributable to the reportable segments.

2.Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of Income.

2. Matters related to changes in reportable segments etc.

There is no relevant information.

3. Information on impairment loss or goodwill, etc., for non-current assets by reportable segment

There is no relevant information.

For the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Total	Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Financial Statements (Note 2)
	Energy business	Used car business	Financial business	Travel business	Others	Subtotal			
Net sales									
Net sales to outside customers	3,536	1,820	2,140	21	12	7,532	7,532	—	7,532
Inter-segment net sales or transfers	—	—	—	—	21	21	21	(21)	—
Total	3,536	1,820	2,140	21	34	7,554	7,554	(21)	7,532
Segment profit (loss)	61	0	1,015	(22)	(1)	1,053	1,053	(343)	710

(Notes) 1.The adjustment for segment profit (loss) of negative ¥343 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly administrative expenses which are not attributable to the reportable segments.

2.Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of Income.

2. Matters related to changes in reportable segments etc.

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

As described in “Changes in accounting policies,” costs for crypto currency income incurred in the Financial business were previously reported under selling, general and administrative expenses, but from the first quarter ended June 30, 2018, the Company has changed the reporting method for these costs to reporting them under cost of sales.

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

This change in accounting policies has been retrospectively applied, and segment information for the six months ended September 30, 2017 has been retrospectively adjusted.

As a result, compared with amounts prior to the retroactive adjustment, the impact of this change on net sales and segment profit for the six months ended September 30, 2017 is negligible.

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

As described in “Changes in accounting policies,” the Company applied the “Tentative Practical Solution on the Accounting for Virtual Currencies under the Payment Services Act” (PITF No. 38, March 14, 2018) from the first quarter ended June 30, 2018, and therefore crypto currency held by consolidated subsidiaries of the Company will be reported on consolidated balance sheets at an amount based on the market price, owing to the existence of an active market, and differences with the carrying amount are reported as net sales.

This change in accounting policies has been retrospectively applied, and segment information for the six months ended September 30, 2017 has been retrospectively adjusted.

As a result, compared with amounts prior to the retroactive adjustment, the impact of this change on net sales and segment profit for the six months ended September 30, 2017 is negligible.

3. Information on impairment loss or goodwill, etc., of non-current assets for each reportable segment

There is no relevant information.

(Significant subsequent events)

There is no relevant information.