

# Results for First Quarter of Fiscal 2021, ending September 30, 2021

February 2021

FinTech Global Incorporated  
TSE 2nd Section Stock Code: 8789  
<http://www.fgi.co.jp/english/>

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## **Returned to black, with operating income and ordinary income**

### **Favorable trend in investment banking business fueled consolidated results**

- Marked growth in private equity investment–related services and aircraft asset management services.

### **In entertainment service business, Metsä on recovery path**

#### **Posted solid results in licensing-related business, underpinning segment profit**

- With measures in place to prevent the spread of COVID-19, Metsä attracted visitors through crowd-pleasing events and other activities and began to see a recovery in guest count. Continuing to keep income and expenses in balance through cost-cutting efforts.
- Licensing-related business enjoyed benefits of expanding demand through heightened brand profile. Revenues up from fourth quarter of previous fiscal year.

### **Challenges for Metsä intensifying since January, but investment banking business expected to show significant growth, so no change to consolidated performance forecast**

- Investment banking business should see favorable trend in arrangement activity, particularly on private equity investments. Anticipate exits on corporate investments and asset investments.
- The declaration of a state of emergency in January 2021 has led to a major drop in guests to Metsä, and the situation remains very challenging from a business perspective right now.
- Brisk investment banking business should offset any decreases in Metsä results, so management feels no need to revise consolidated performance forecast.

# Consolidated Performance

(Millions of yen)

	Fiscal 2020 First Quarter	Fiscal 2021 First Quarter	YOY Change Amount	YOY Change Ratio	Fiscal 2021 Full Year (Forecast)	Progress toward goal
Revenues	2,209	2,020	(189)	(8.6%)	9,000	22.4%
Gross profit	696	825	+129	18.6%	—	—
Operating income(loss)	(258)	53	+312	—	540	9.8%
Ordinary income(loss)	(297)	9	+306	—	370	2.5%
Profit/(loss) attributable to owners of the parent	(284)	(63)	+221	—	250	—
EBITDA	(5)	224	+230	—	—	—

Note: EBITDA is calculated by adding depreciation and amortization of goodwill to operating profit

## Revenues

**Despite favorable shift for investment banking business, drop in guests to Metsä squeezed revenue potential, pulling overall revenues down year-on-year.**

- Investment banking business marked favorable trend in private equity investment advisory services as well as aircraft asset management, underpinning segment revenue increase (outside revenues up ¥257 million)
- Metsä guest count improved comparing to the previous fourth quarter of fiscal 2020, but in the first quarter of fiscal 2021, the number fell 21% compared with the corresponding period a year ago, when COVID-19 was not an influencing factor, leading to decrease in entertainment service business revenues (outside revenues down ¥423 million)

## Gross profit

**Revenues were up, mainly from arrangement services with low cost of revenue ratio, in investment banking business, leading to higher gross profit.**

## Operating income

**Achieved year-on-year turnaround to operating profit, thanks to higher gross profit and lower SG&A expenses.**

- Selling, general and administrative expenses down ¥182 million, or 19% to ¥772 million.
- Metsä continued to emphasis cost-cutting operating structure.

## Profit (loss) attributable to owners of parent

**After factoring in ¥52 million in quarterly profit attributable to non-controlling interests, FGI still fell short of turning a profit.**

- Loss at Moomin Monogatari and profit at SGI and Rights and Brands allocated to non-controlling interests according to equity stake.

# Quarterly Changes in Consolidated Performance

(Millions of yen)

	Fiscal 2020					Fiscal 2021	QOQ change	YOY change
	1 Q	2 Q	3 Q	4Q		1 Q	¥ change % change	¥ change % change
<b>Revenues</b>	2,209	2,060	926	1,644	6,841	2,020	+375 +22.8%	(189) (8.6%)
<b>Gross profit</b>	696	604	368	643	2,313	825	+182 +28.4%	+129 +18.6%
<b>Operating income(loss)</b>	(258)	(236)	(398)	(99)	(992)	53	+152 —	+312 —
<b>Ordinary income(loss)</b>	(297)	(263)	(428)	(146)	(1,135)	9	+155 —	+306 —
<b>Profit/(loss) attributable to owners of the parent</b>	(284)	(296)	(464)	(140)	(1,186)	(63)	+77 —	+221 —
<b>EBITDA</b>	(5)	(23)	(307)	73	(264)	224	+151 +207.2%	+230 —

Note: EBITDA is calculated by adding depreciation and amortization of goodwill to operating profit

# Business Summary by Segment (1)

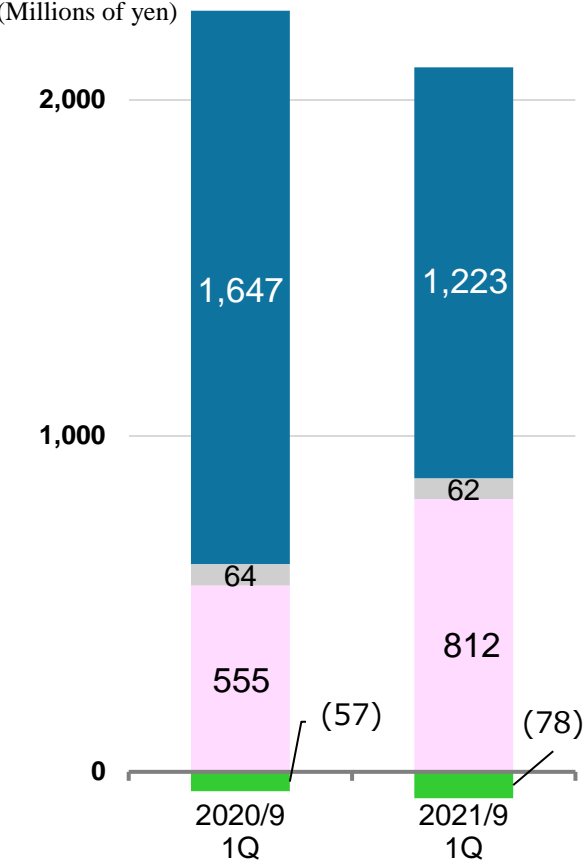
- Higher revenue and gross profit in investment banking business underpinned improvement in consolidated results. (Millions of yen)
- Entertainment service business moved into black, paralleling recovery at Metsä and growth in licensing-related business.

Reporting Segments		Fiscal 2020					Fiscal 2021	QOQ change	YOY change
		1Q	2Q	3Q	4Q		1Q		
Investment Banking Business	Revenue	555	849	497	623	2,525	✓ 812	✓ +189	✓ +257
	Gross Profit	316	403	325	437	1,482	✓ 499	✓ +62	✓ +183
	Segment income	(71)	36	26	118	109	142	+24	+213
Public Management Consulting Business	Revenue	64	62	43	83	253	62	(21)	(1)
	Gross Profit	33	34	25	57	151	38	(18)	+5
	Segment income	(7)	(5)	(12)	10	(15)	(2)	(13)	+4
Entertainment Service Business	Revenue	1,647	1,202	448	1,006	4,304	✓ 1,223	✓ +217	✓ (423)
	Gross Profit	376	190	50	180	797	327	+146	(49)
	Segment income	(18)	(142)	(253)	(101)	(515)	✓ 47	✓ +149	✓ +66
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenue	(57)	(54)	(62)	(68)	(242)	(78)	(9)	(20)
	Gross Profit	(29)	(24)	(32)	(32)	(118)	(39)	(7)	(9)
	Segment income	(161)	(124)	(158)	(126)	(571)	(134)	(7)	+26
Amount Booked on Consolidated Statement of Income	Revenue	2,209	2,060	926	1,644	6,841	2,020	+375	(189)
	Gross Profit	696	604	368	643	2,313	825	+182	+129
	Segment income	(258)	(236)	(398)	(99)	(992)	53	+152	+312
Related issues			Moominvalley Park closed for 16 days	Moominvalley Park and Metsä Village closed temporarily for 80 days and 44 days, respectively					

1. Revenue for each segment includes intersegment revenue and transfers.
2. The ¥(134) million operating income for the first quarter of fiscal 2021, under adjustment, includes intersegment elimination (¥55 million in the first quarter of fiscal 2021) as well as corporate expenses (¥(190) million in the same period) that are not allocated to any reporting segment. Corporate expenses are general and administrative expenses not associated with any reporting segment, mainly because it is difficult to justifiably allocate such expenses to any particular reporting segment.

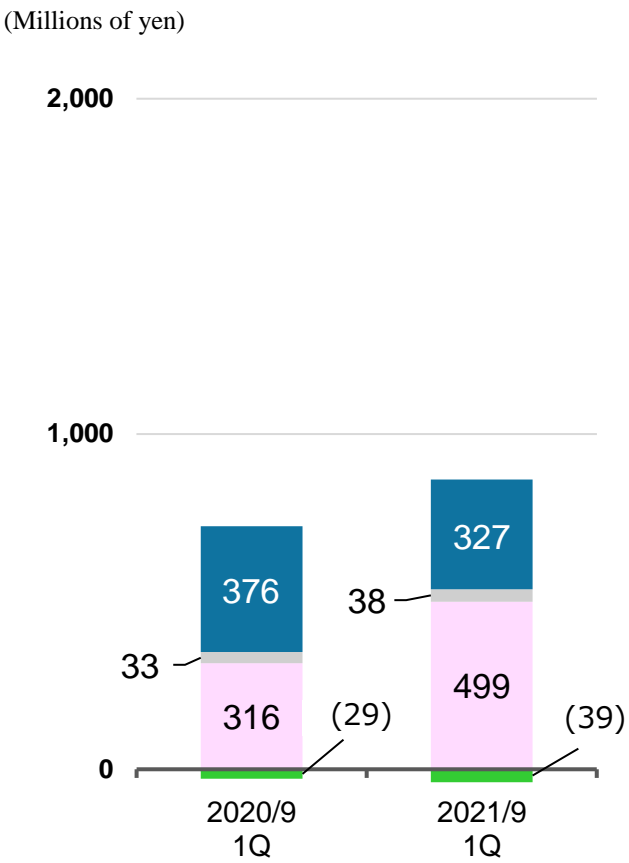
# Business Summary by Segment (2)

Revenues



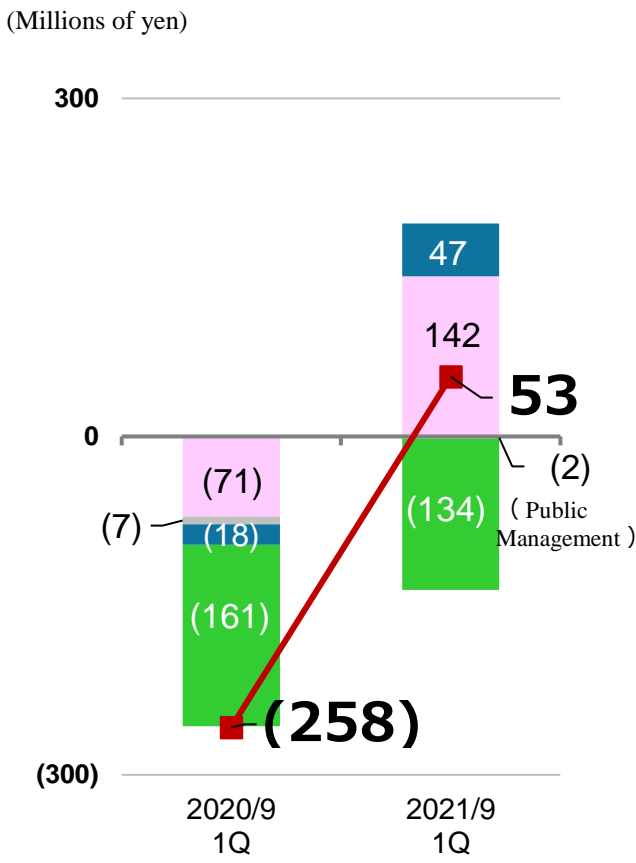
Down ¥189 million, or 8.6%

Gross Profit



Up ¥129 million, or 18.6%

Operating Income (Loss)



Improved ¥312 million

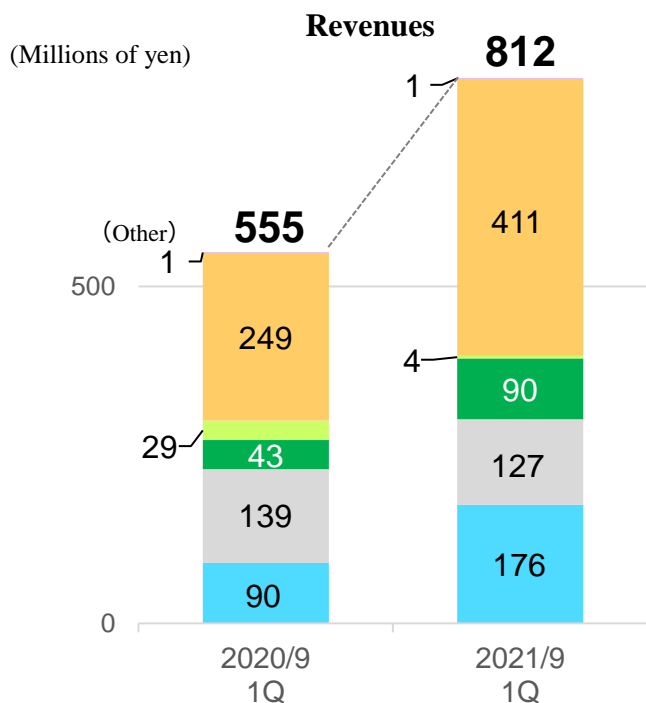
Note: Segment breakdown uses non-eliminated values.

- Investment Banking Business
- Public Management Consulting Business
- Entertainment Service Business
- Corporate expenses and eliminated transactions

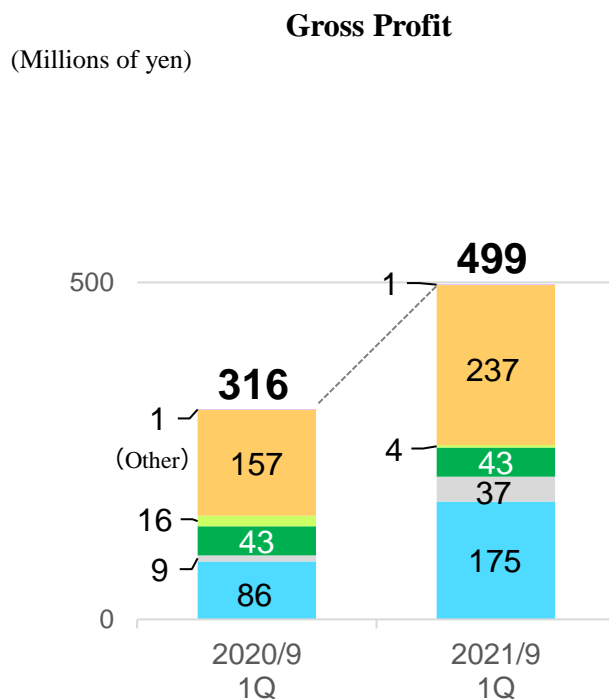
# Investment Banking Business—Revenues and gross profit by service

**Favorable progress in arrangement services and aircraft asset management.  
Revenues up 46.4%, gross profit soared 57.9% year on year.**

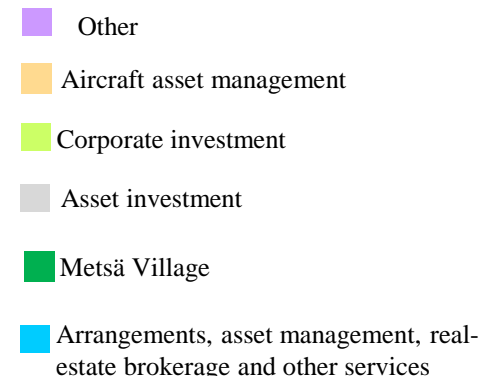
<b>Arrangements</b>	Higher revenue, largely due to advisory services on business succession projects as well as fund formation services and real estate brokerage.
<b>Asset investment</b>	Booked revenue on investment exits from real estate funds exited in the previous fiscal year.
<b>Metsä Village</b>	Master lease signed with Moomin Monogatari in first quarter of fiscal 2020, so no cost of revenue. But in first quarter of fiscal 2021, booked operating costs under cost of revenue because of direct rental to tenants. No change in gross profit.
<b>Aircraft asset management</b>	Revenue and gross profit increased, reflecting more requests from financial institutions and owners (lessors) for technical services, such as aircraft inspection and aircraft returns, as a consequence of COVID-19 pandemic.



**Up ¥257 million, or 46.4%**



**Up ¥183 million, or 57.9%**



Note: Intersegment transactions use non-eliminated values.



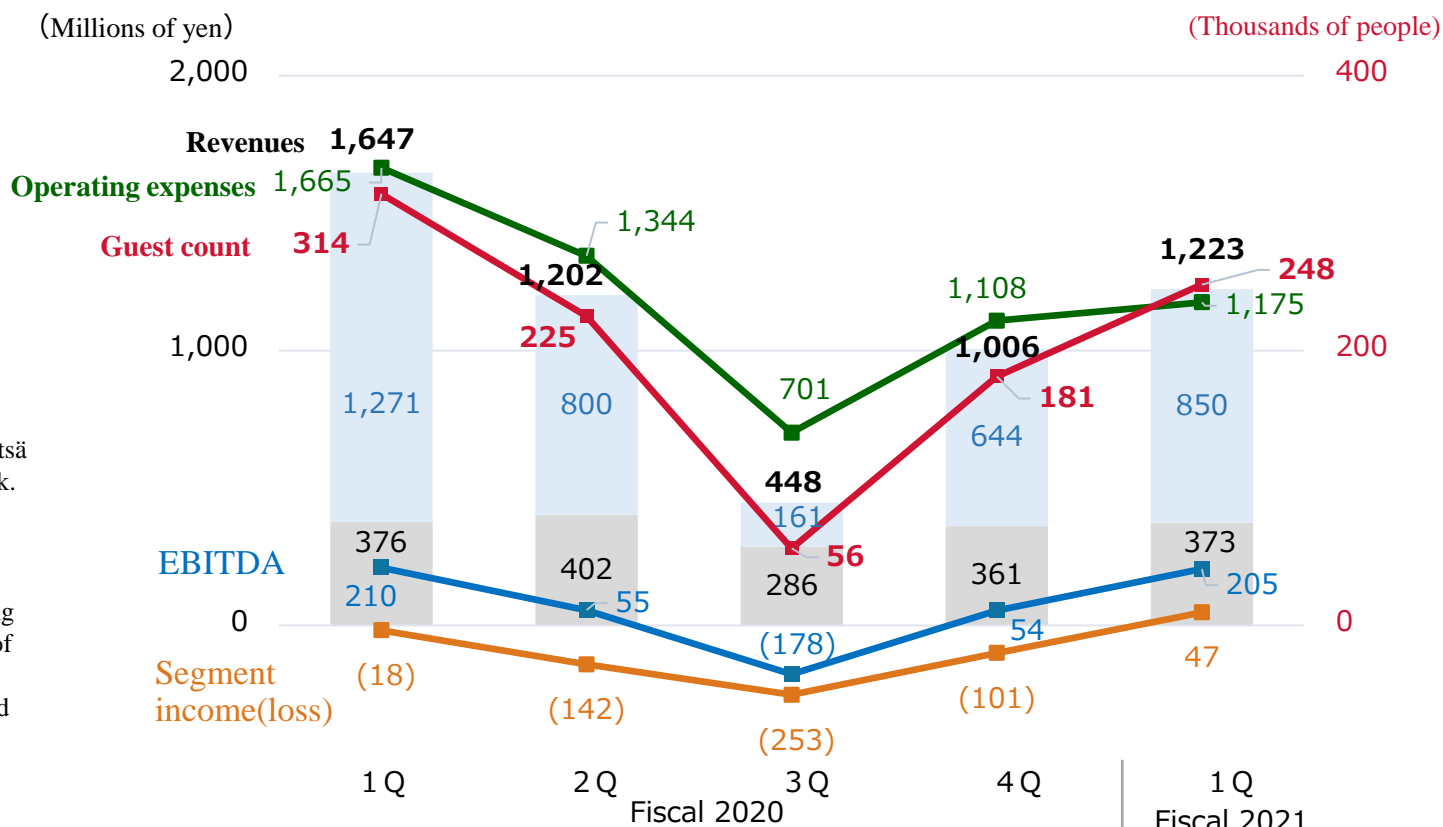
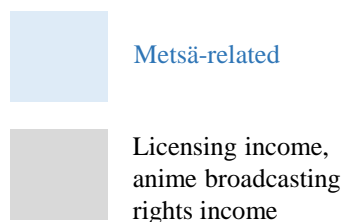
# Changes in Entertainment Service Business Results (Quarterly)

**Metsä saw guest count rally. Accounts balanced through cost-cutting emphasis.**

**Licensing business, which used branding strategy to build wider market interest, moved into the black.**

- Metsä-related**
- First-quarter guest count rallied, soaring 37% over immediately preceding quarter to 240,000 people, mainly due to the success of various events. But this is 21% less than first quarter of previous fiscal year, when COVID-19 was not a factor.
  - Guest count tumbled following January 7, 2021, state of emergency declaration.
  - Continuing to apply account-balancing strategy through cost-cutting measures.
- Licensing-related**
- Gradually recovering after slump in third quarter of fiscal 2020 when state of emergency caused businesses, including large commercial facilities, to close. Revenues up, compared with immediately preceding quarter, which helped segment turn a profit.

## Revenues



### Notes:

1. Guest count is the total of Metsä Village and Moominvalley Park.
2. Revenues are based on non-eliminated intersegment transactions.
3. EBITDA is calculated by adding depreciation and amortization of goodwill included in cost of revenue and selling, general and administrative expenses to operating profit.

# Trends in Balance of Investments and Loans (FGI, FGT total)

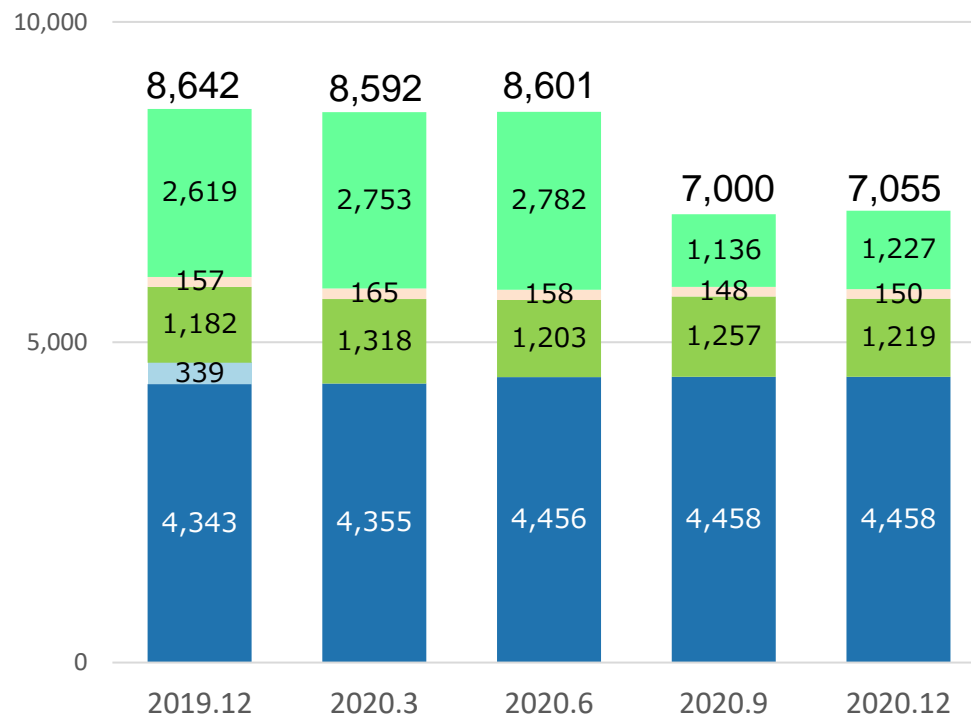
## Key components of change in first quarter (October 2020 – December 2020)

### Principal investment

- Increased investments, such as private equity investments.

## Total Investments and Loans by FGI and FinTech Global Trading (FGT) (including investments in subsidiaries)

(Millions of yen)



Note: Does not include contribution or loans between FGI and FGT

### Principal investment

Total of investments in securities, trade, investments in securities, equity in affiliated companies, and investments in capital to affiliated companies but excluding investments into venture capital funds.

### Venture capital funds

(Investment into FinTech GIMV Fund and two other funds.)

### Corporate loans

Total of business loans and short-term loans to subsidiaries. Does not include receivables provided for in allowance for doubtful accounts, but all subsidiary loans are booked.

### Real estate (investment banking business)

Investment real estate and development-use real estate in the investment banking business. On the balance sheets, booked under real estate for sale in progress and real estate for sale.

### Real estate (Metsä business)

Real estate for Metsä. Metsä Village real estate booked under real estate for sale in progress and real estate for sale. Moominvalley Park land, while legally transferred to local special purpose company, is included in this amount because on an accounting basis it is booked under FGI's noncurrent assets.

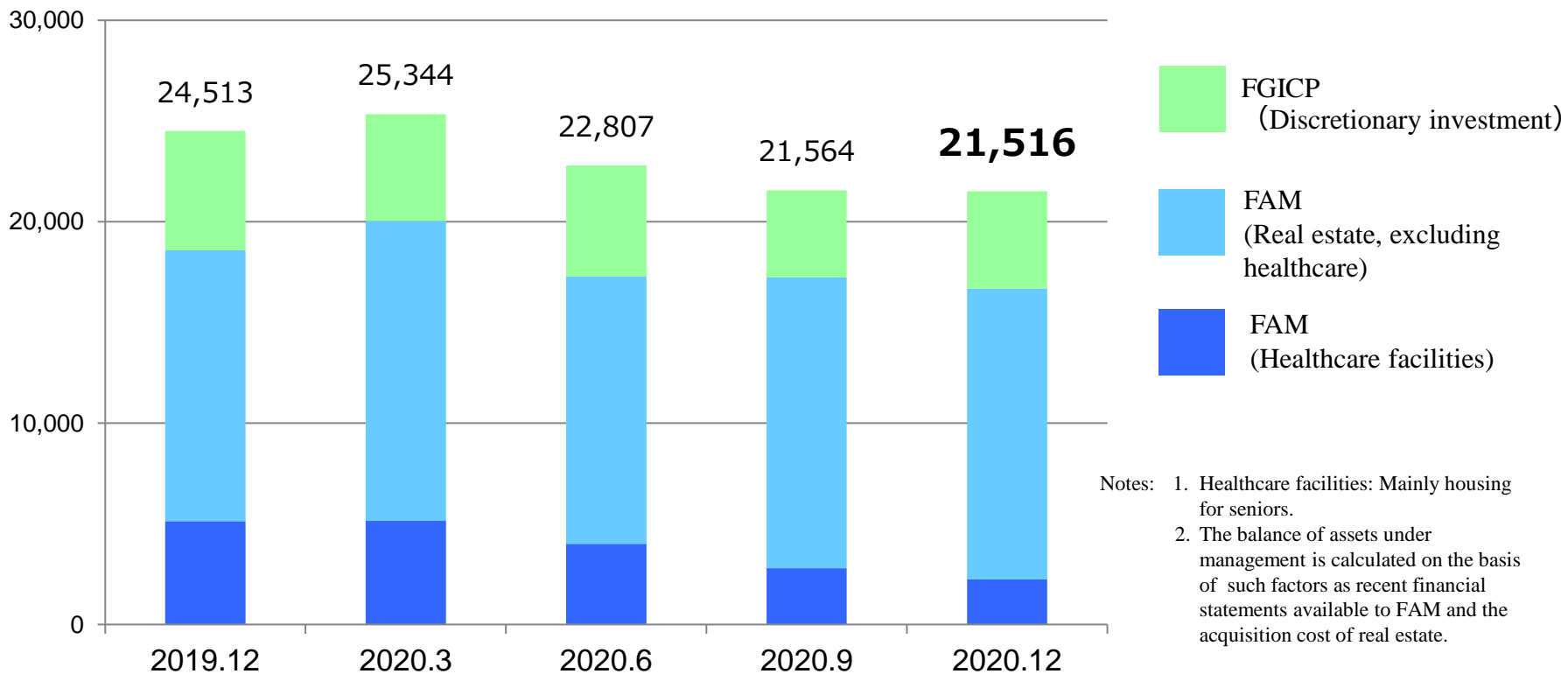
# Changes in Assets under Management

FinTech Asset Management (FAM)  
FGI Capital Partners (FGICP)

## Key components of change in first quarter (October 2020 – December 2020)

- Healthcare facility assets under management decreased due to exit activities.
- Assets under management related to private equity investments increased.

(Millions of yen)



# Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2020	Fiscal 2021	Change
		First Quarter	
<b>Current assets</b>	<b>8,803,255</b>	<b>9,209,862</b>	<b>406,606</b>
Cash and time deposits	2,162,069	2,185,778	23,709
<b>1</b> Accounts receivable, trade	<b>564,724</b>	<b>929,342</b>	<b>364,617</b>
<b>2</b> Investments in securities, trade	<b>1,128,045</b>	<b>1,122,760</b>	<b>(5,285)</b>
Loans receivable, trade	514,798	477,098	(37,700)
Real estate for sale	3,999,865	3,999,865	0
Merchandise	257,591	233,412	(24,178)
Other	272,878	378,914	106,035
Allowance for doubtful accounts	(96,718)	(117,309)	(20,590)
<b>Noncurrent assets</b>	<b>7,780,293</b>	<b>7,549,722</b>	<b>(230,570)</b>
<b>3</b> Property, plant and equipment	<b>6,705,906</b>	<b>6,567,594</b>	<b>(138,311)</b>
Intangible fixed assets	600,756	610,720	9,963
Investments and other assets	473,630	371,407	(102,222)
<b>Total assets</b>	<b>16,583,548</b>	<b>16,759,584</b>	<b>176,035</b>

Liabilities	Fiscal 2020	Fiscal 2021	Change
		First Quarter	
<b>Current liabilities</b>	<b>2,333,428</b>	<b>2,599,294</b>	<b>265,865</b>
Accounts payable, trade	109,597	294,162	184,565
Short-term loans payable	69,701	26,800	(42,901)
Current portion of long-term loans payable	615,111	547,517	(67,594)
Income taxes payable	97,250	117,047	19,797
Lease obligations	222,578	224,502	1,924
Accrued employee bonuses	130,666	74,669	(55,997)
Other	1,088,523	1,314,595	226,071
<b>Noncurrent liabilities</b>	<b>6,945,738</b>	<b>6,960,731</b>	<b>14,993</b>
Long-term loans payable	6,125,744	6,204,710	78,966
Lease obligations	581,872	525,019	(56,853)
Deferred tax liabilities	96,324	84,664	(11,659)
Net defined benefit liability	108,259	112,799	4,539
Other	33,536	33,536	0
<b>Total liabilities</b>	<b>9,279,166</b>	<b>9,560,025</b>	<b>280,858</b>

## Net Assets

<b>Shareholders' equity</b>	<b>6,294,416</b>	<b>6,142,754</b>	<b>(151,662)</b>
Common stock	6,462,062	6,462,099	36
Additional paid-in capital	5,016,132	4,994,549	(21,582)
<b>4</b> Retained earnings	<b>(5,183,778)</b>	<b>(5,313,894)</b>	<b>(130,116)</b>
Accumulated other comprehensive income	(36,213)	(30,504)	5,709
Stock acquisition rights	64,045	60,981	(3,064)
<b>Non-controlling interests</b>	<b>982,133</b>	<b>1,026,327</b>	<b>44,194</b>
<b>Total net assets</b>	<b>7,304,381</b>	<b>7,199,558</b>	<b>(104,823)</b>
<b>Total liabilities and net assets</b>	<b>16,583,548</b>	<b>16,759,584</b>	<b>176,035</b>

**1** Increase in accounts receivable on services where revenues were up, such as advisory services related to business succession projects and aircraft asset management services.

**2** Decreased, despite private equity investment into business succession projects, owing to sale of real estate trust beneficiary rights on SPC subsidiary.

**3** Decreased due to depreciation of buildings and interior and exterior fixtures.

**4** Decreased, owing to quarterly loss attributable to owners of parent as well as removal of Adacotech, previously an affiliate, from scope of companies accounted for by equity method.

# Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2020 First Quarter	Ratio to Revenues	Fiscal 2021 First Quarter	Ratio to Revenues	YoY Change Amount	YoY Change Ratio
Revenues	1 2,209,465	100.0%	2,020,237	100.0%	(189,228)	(8.6)%
Cost of revenues	1,512,927	68.5%	1,194,342	59.1%	(318,585)	(21.1)%
Gross profit	2 696,537	31.5%	825,894	40.9%	129,357	18.6%
Selling, general and administrative expenses	3 955,454	43.2%	772,773	38.3%	(182,680)	(19.1)%
Operating income/(loss)	(258,917)	(11.7)%	53,120	2.6%	312,037	—
Other income	4,768	0.2%	3,148	0.2%	(1,619)	(34.0)%
Other expenses	42,869	1.9%	47,051	2.3%	4,182	9.8%
Ordinary profit/(loss)	(297,017)	(13.4)%	9,218	0.5%	306,236	—
Extraordinary profit	4,486	0.2%	3,031	0.2%	(1,455)	(32.4)%
Extraordinary loss	2,140	0.1%	1,122	0.1%	(1,018)	(47.6)%
Income before income taxes	(294,671)	(13.3)%	11,128	0.6%	305,799	—
Income taxes	2,701	0.1%	21,880	1.1%	19,178	710.0%
Profit /(loss)	(297,372)	(13.5)%	(10,752)	(0.5)%	286,620	—
Profit /(loss) attributable to non-controlling interests	(12,488)	(0.6)%	4 52,269	2.6%	64,757	—
Profit /(loss) attributable to owners of parent	(284,884)	(12.9)%	(63,021)	(3.1)%	221,862	—

1 Favorable revenue trend for advisory services on private equity investments and aircraft asset management services overshadowed by 21% year-on-year drop in first-quarter guest count at Metsä due to COVID-19 pandemic, leading to lower revenues.

2 Despite lower overall revenues, gross profit increased, owing to higher contribution from investment banking services with low cost of revenue ratio.

3 Selling, general and administrative expenses continued to decrease in first quarter, down 19.1% year on year, reflecting progress on cutting various costs in fiscal 2020. Metsä maintained cost-cutting operating structure.

4 Notably, proportional division of Moomin Monogatari loss and SGI-Group (including associated subsidiaries) and Rights and Brands profit to non-controlling interests according to equity stake.

# Changes in Key Financial Data

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	First Quarter Fiscal 2021
Revenues	(millions of yen)	7,485	7,182	3,689	9,175	6,841	2,020
Gross profit	(millions of yen)	1,496	1,626	2,261	2,944	2,313	825
Operating income/(loss)	(millions of yen)	(1,031)	(1,319)	(1,072)	(1,664)	(992)	53
Ordinary income (loss)	(millions of yen)	(1,369)	(1,341)	(1,227)	(1,850)	(1,135)	9
Profit/(loss) attributable to owners of parent	(millions of yen)	(1,384)	(1,358)	(820)	(1,586)	(1,186)	(63)
Net assets	(millions of yen)	6,312	5,326	8,551	8,873	7,304	7,199
Total assets	(millions of yen)	10,975	12,932	14,016	19,025	16,583	16,759
Net assets per share	(yen)	38.66	29.64	39.31	37.03	31.12	30.39
Net income (loss) per share	(yen)	(8.56)	(8.39)	(4.79)	(8.08)	(5.90)	(0.31)
Diluted net income (loss) per share	(yen)	—	—	—	—	—	—
Equity to total asset ratio	(%)	57.0	37.1	52.2	39.1	37.7	36.5
Equity to net income ratio	(%)	(19.7)	(24.6)	(13.5)	(21.5)	(17.3)	—
Price earning ratio (PER)	(times)	—	—	—	—	—	—
Cash flow from operating activities	(millions of yen)	(1,305)	(1,153)	(2,978)	(2,604)	680	—
Cash flow from investing activities	(millions of yen)	(302)	(1,026)	(2,008)	(4,543)	(282)	—
Cash flow from financing activities	(millions of yen)	(751)	2,937	5,771	5,710	(767)	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	2,240	2,969	3,847	2,513	2,142	—
Number of employees(consolidated) (part-time employees)	(employees)	114(20)	143(27)	156(42)	167(262)	156(224)	153(211)
Number of employees(non-consolidated)(part-time employees)	(employees)	45(8)	40(6)	38(5)	39(5)	28(6)	29(5)

# Corporate Data: FinTech Global Incorporated

<b>Head office</b>	Meguro Central Square 15th Floor, 3-1-1, Kamiosaki, Shinagawa-ku, Tokyo 141-0021
<b>Establishment</b>	December 7, 1994
<b>Representative</b>	Nobumitsu Tamai, President and Chief Executive Officer
<b>Data of listing</b>	June 8, 2005
<b>Securities Code</b>	8789 (TSE Second Section)
<b>Fiscal year-end</b>	September 30
<b>Main business</b>	I. Investment banking business II. Public management consulting business III. Entertainment service business
<b>Number of issued shares</b>	201,115,600 shares (As of December 31, 2020)
<b>Minimum trading unit</b>	100
<b>Capital stock</b>	¥6,462 million (As of December 31, 2020)
<b>Net assets (consolidated)</b>	¥7,199 million (As of December 31, 2020)
<b>Major shareholders</b>	Nobumitsu Tamai 10,095,500 shares (5.02%)
<b>(As of September 30, 2020)</b>	CAT-MY Co., Ltd 10,000,000 shares (4.97%)
<b>Number of employees</b>	Consolidated: 153 (As of December 31, 2020, excludes temporary staff)

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To the extent materials containing forward-looking statements remain in available documents, we have no obligation nor the intent to update such forward-looking statements.