FGI FinTech Global Incorporated

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Fiscal 2020: Full-Year Performance and Business Summary

Business Summary

Temporary closures at Moominvalley Park due to COVID-19 pandemic totaled 80 days
Even after site reopened, guest count sluggish, trending below pre-pandemic levels

Metsä temporarily closed for total of 80 days between March and June 2020. Will probably take several years for guest count to return to pre-pandemic levels, with number of visitors trending very low for a year. Implemented account-balancing through cost reduction as well as cash flow strategy, and other measures to weather challenging business conditions. Took exhaustive measures to prevent spread of COVID-19, and kept operations going.

Moomin licensing business expanded

Moomin profile rose higher, driven by opening of Moominvalley Park and Moomin-themed exhibition traveling around Japan. Despite challenges, such as closure of major commercial facilities due to COVID-19, the licensing business assumed recovery tone through increase in new contracts and reopening of commercial facilities, leading to year-on-year improvement in licensing revenues.

Revision of medium-term management plan shelved, huge setback caused by pandemic

Medium-term management plan (announced May 28, 2018), with fiscal 2020 as final year, was to be revised in March 2020 but after verifying impact of COVID-19 pandemic on business activities, management decided against any revisions. In original plan, operations at Moominvalley Park would have contributed full year of revenue, complemented by investment exits in investment banking business, for better results overall. Consequences of pandemic caused huge revenue setback, but top line should recover as health crisis ends.

(Millions of yen)	Initial targets	Fiscal 2020 actual	Difference	Main reasons
Revenues	13,200	6,841	-6,358	(Pandemic impact) Delayed investment exits (down ¥1 billion) Metsä/licensing (down ¥3.8 billion) (Other factors) Decrease due to sale of subsidiaries (down ¥400 million)
Operating income (loss)	2,700	(922)	-3,622	
Ordinary income (loss)	2,600	(1,135)	-3,735	

Core investment banking business moved into black, largely due to efforts in private equity investment

Arranged private equity deals, which help address such issues as business succession. Secured earnings through agency services at time of arrangement and through investment exits. Project introductions from financial institutions, accountants and others, on the rise. Sowing seeds for new projects in fiscal 2021.

Fiscal 2020 Consolidated Performance

（Millions of yen）

	Fiscal 2019	Fiscal 2020	YOY Change	Forecast (As of Sep. 2020)	Comparison
Revenues	9,175	6,841	(2,333)	6,730	+111
Gross profit	2,944	2,313	(631)	–	–
Operating income(loss)	(1,664)	(992)	+671	(1,090)	+97
Ordinary income(loss)	(1,850)	(1,135)	+715	(1,230)	+94
Profit/(loss) attributable to owners of the parent	(1,586)	(1,186)	+400	(1,260)	+73
EBITDA	(935)	(264)	+671	–	–

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

Revenues

Lower revenues due to temporary park closures and delay in investment exits

- Moominvalley Park temporarily closed for total of 80 days due to COVID-19 pandemic.
- Effect of COVID-19 pandemic delayed investment exits in investment banking business.
- Fees from arrangement services, including asset management increased.
- Aircraft asset management services favorable.

Operating income (loss)

SGA expenses down ¥1,303 million (28%). Operating loss less deep.

- Metsä applied new management system to deal with drop in visitor count and made headway in tightening costs and securing capital to run the site.
- Worked to cut costs across Group operations not only at Metsä

Profit (loss) attributable to owners of parent

Posted extraordinary loss of ¥292 million, which includes fixed costs incurred during closures of Moominvalley Park.

Quarterly Changes in Consolidated Performance

(Millions of yen)

	Fiscal 2019					Fiscal 2020					QOQ change	YOY change
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	¥ change % change	¥ change % change
Revenues	1,020	2,257	3,411	2,486	9,175	2,209	2,060	926	1,644	6,841	+717 +77.4%	(2,333) (25.4%)
Gross profit	455	495	1,324	669	2,944	696	604	368	643	2,313	+274 +74.4%	(631) (21.4%)
Operating income(loss)	(747)	(720)	160	(356)	(1,664)	(258)	(236)	(398)	(99)	(992)	+299 (－)	+671 (－)
Ordinary income(loss)	(804)	(762)	121	(404)	(1,850)	(297)	(263)	(428)	(146)	(1,135)	+282 (－)	+715 (－)
Profit/(loss) attributable to owners of the parent	(599)	(645)	34	(376)	(1,586)	(284)	(296)	(464)	(140)	(1,186)	+323 (－)	+400 (－)
EBITDA	(679)	(568)	416	(104)	(935)	(5)	(23)	(307)	73	(264)	+381 (－)	+671 (－)

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

Business Summary by Segment (1)

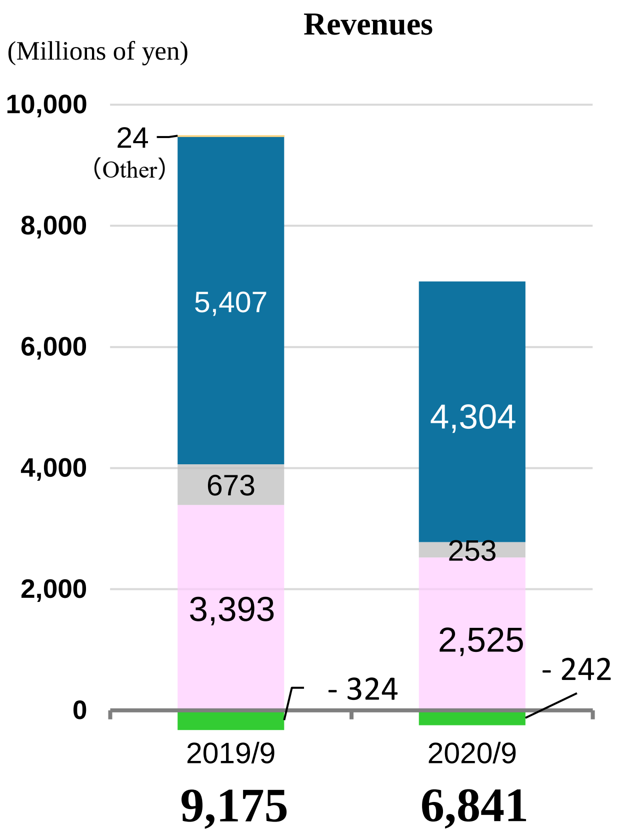
- Core investment banking business moved into black.
- Adjustment (segment loss) was ¥571 million. No segment reached a level of income that would cover this expense, leading to an operating loss of ¥992 million.

(Millions of yen)

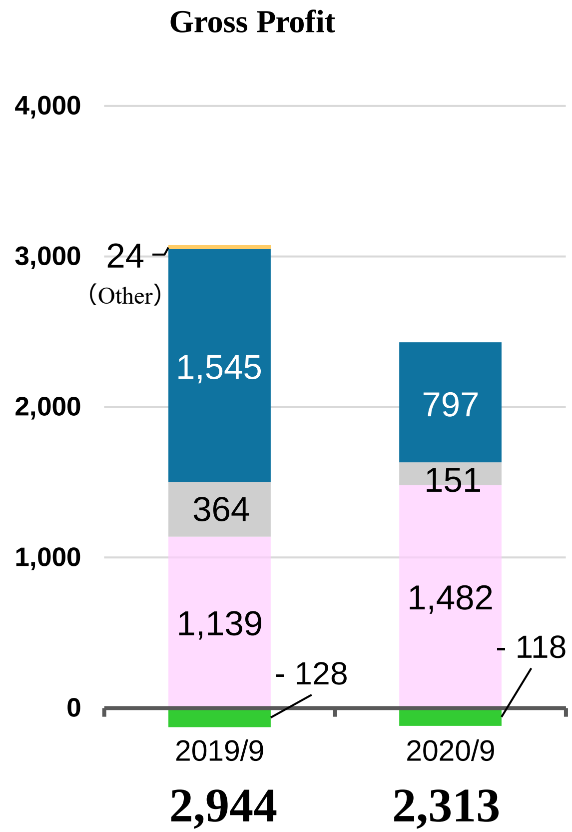
Reporting Segments		Fiscal 2019 1Q	Fiscal 2019 2Q	Fiscal 2019 3Q	Fiscal 2019 4Q	Fiscal 2019 Full year	Fiscal 2020 1Q	Fiscal 2020 2Q	Fiscal 2020 3Q	Fiscal 2020 4Q	Fiscal 2020 Full year	QOQ change	YOY change
Investment Banking Business	Revenues	405	975	1,230	782	3,393	555	849	497	623	2,525	+125	(868)
	Gross Profit	249	130	466	293	1,139	316	403	325	437	1,482	+111	+342
	Segment income	(128)	(276)	26	(100)	(478)	(71)	36	26	118	109	+91	+588
Public Management Consulting Business	Revenues	182	263	148	79	673	64	62	43	83	253	+40	(419)
	Gross Profit	88	149	78	47	364	33	34	25	57	151	+32	(212)
	Segment income	10	65	(3)	6	79	(7)	(5)	(12)	10	(15)	+23	(94)
Entertainment Service Business	Revenues	484	1,078	2,122	1,721	5,407	1,647	1,202	448	1,006	4,304	+558	(1,102)
	Gross Profit	131	228	808	376	1,545	376	190	50	180	797	+130	(747)
	Segment income	(392)	(299)	346	(78)	(423)	(18)	(142)	(253)	(101)	(515)	+151	(92)
Others	Revenues	7	13	3	-	24	-	-	-	-	-	-	(24)
	Gross Profit	7	13	3	-	24	-	-	-	-	-	-	(24)
	Segment income	(4)	0	(8)	-	(12)	-	-	-	-	-	-	+12
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenues	(60)	(73)	(93)	(97)	(324)	(57)	(54)	(62)	(68)	(242)	(6)	+81
	Gross Profit	(21)	(26)	(32)	(48)	(128)	(29)	(24)	(32)	(32)	(118)	+0	+10
	Segment income	(232)	(210)	(201)	(185)	(829)	(161)	(124)	(158)	(126)	(571)	+32	+258
Amount Booked on Consolidated Statement of Income	Revenues	1,020	2,257	3,411	2,486	9,175	2,209	2,060	926	1,644	6,841	+717	(2,333)
	Gross Profit	455	495	1,324	669	2,944	696	604	368	643	2,313	+274	(631)
	Segment income	(747)	(720)	160	(356)	(1,664)	(258)	(236)	(398)	(99)	(992)	+299	+671
Related issues		Metsä Village opened in November 2018	Moomin-valley Park opened in March 2019		Geoplan Namtech and Adacotech removed from scope of consolidation			Moomin-valley Park closed for 16 days	Moomin-valley 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 ¥(571) million operating loss in fiscal 2020 , under adjustment, includes intersegment elimination (¥230 million in fiscal 2020) as well as corporate expenses (¥(802) 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.

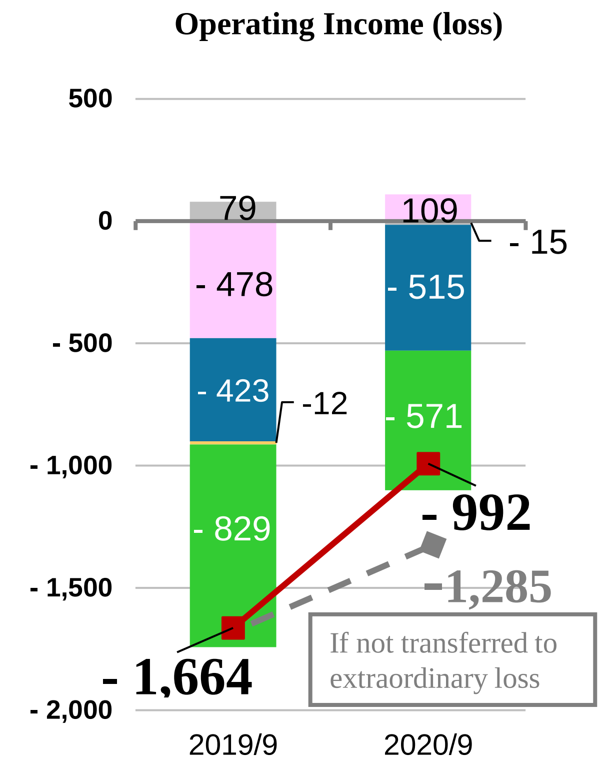
Business Summary by Segment (2)



Down 25.4%



Down 21.4%



Fixed expenses of ¥292 million incurred during temporarily closure of Moominvalley Park booked as extraordinary loss

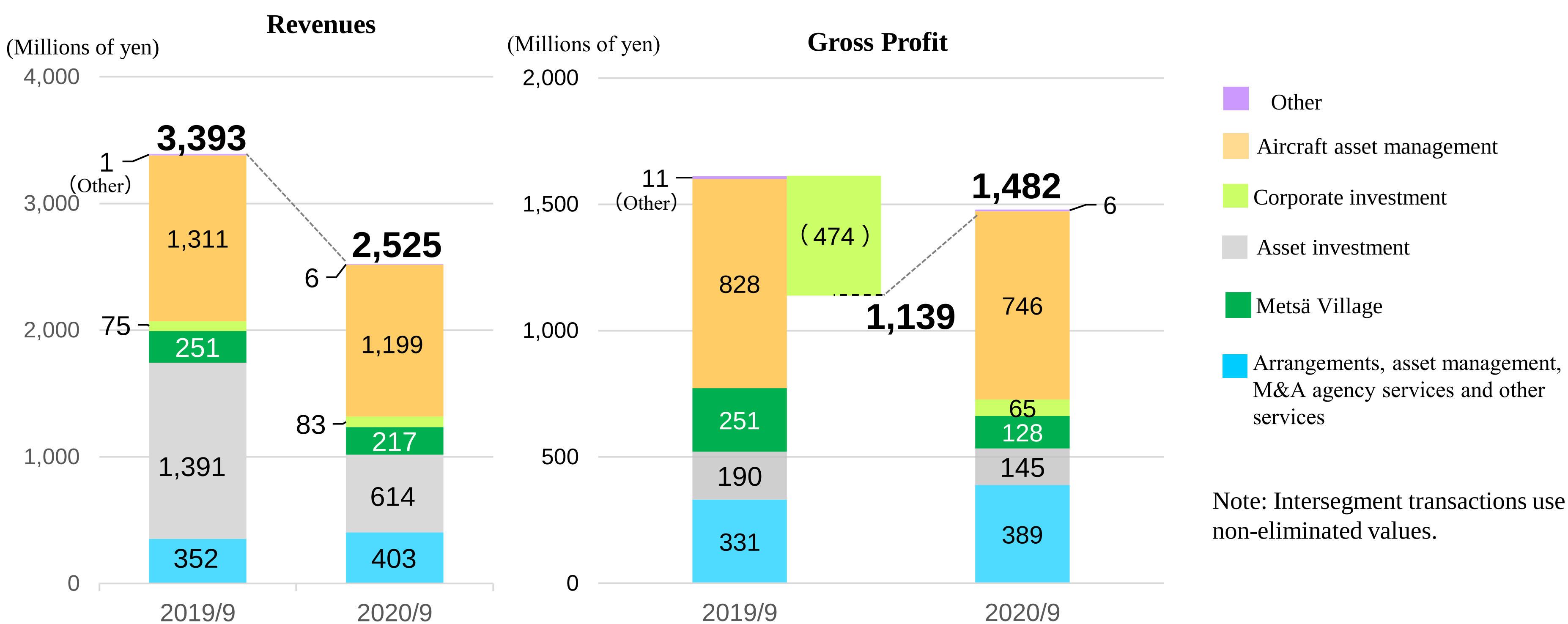
Note: Segment breakdown uses non-eliminated values.

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

Investment Banking Business—Revenues and gross profit by service

Revenue from arrangement services, with high gross margin, increased.
Aircraft asset management moving in favorable direction. Corporate investment impairment loss no longer a factor, leading to 30.0% increase in gross profit.

- **Arrangements:** Higher revenue, reflecting arrangement and agency services associated with private equity investment activity.
- **Asset investment:** Investments noted above recovered as asset investment exits, but progress on other deals delayed, leading to lower revenue.
- **Metsä Village:** Decrease due to introduction of free parking on weekdays, in effect since November 2019.
- **Corporate investment:** Investments exited in second quarter, but IPOs for other companies in corporate investment portfolio were delayed, hindering progress toward exits as initially planned.
- **Aircraft asset management:** Favorable results, reflecting dramatic upward trend in demand for out-of-service aircraft management services.



Note: Intersegment transactions use non-eliminated values.

Entertainment Service Business Results

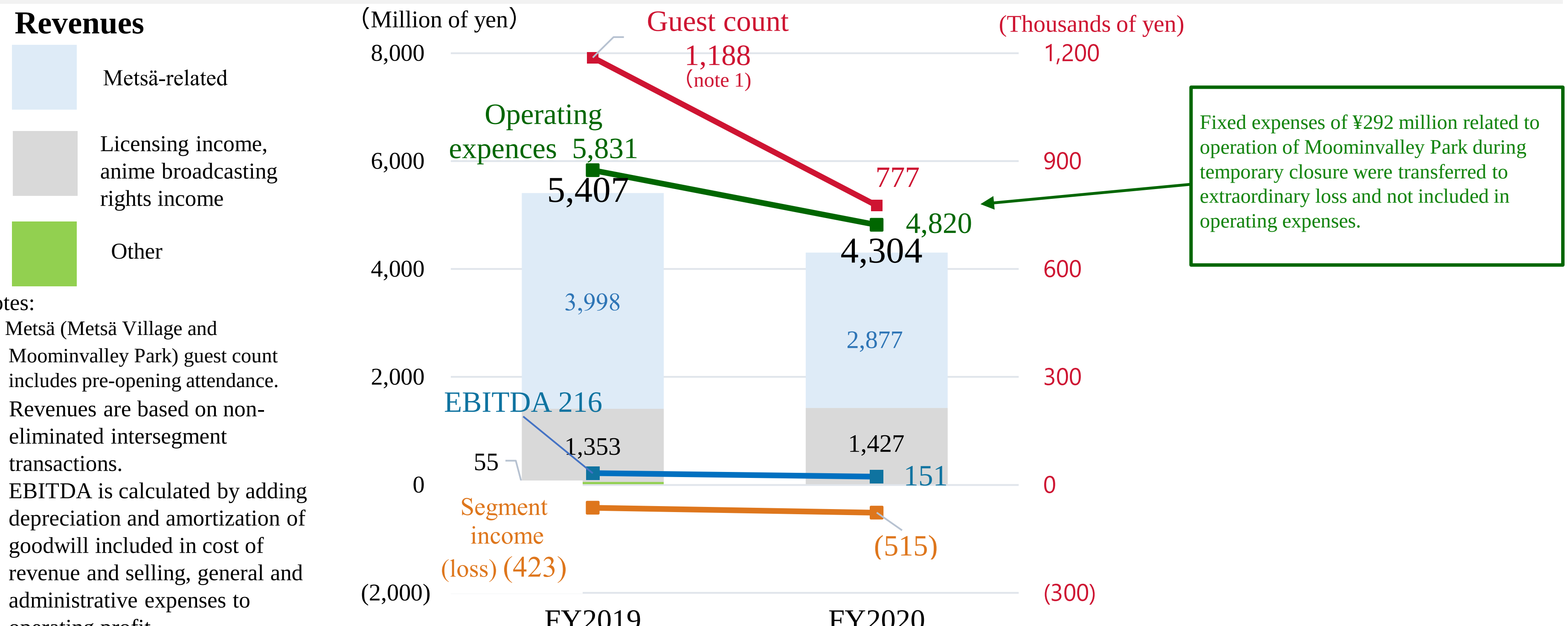
Moominvalley Park closed temporarily. Took steps to balance accounts. Licensing business delivered higher revenue, thanks to heightened brand awareness.

Metsä-related:

- Moominvalley Park contributed to results from the beginning of the fiscal year.
- Beginning in November 2019, approaches were implemented to boost customer satisfaction, such as free parking on weekdays and a more appealing schedule of events, and guest count trended upward. Given efforts to improve customer satisfaction, Moominvalley Park introduced new pricing in March 2020.
- Moominvalley Park closed for 80 days between March and June, due to COVID-19 pandemic. Revenues fell significantly from March onward. Trend toward huge drop in guest count could continue for at least a year. Measures implemented in March to balance accounts. Promoted cost reduction.

Licensing-related:

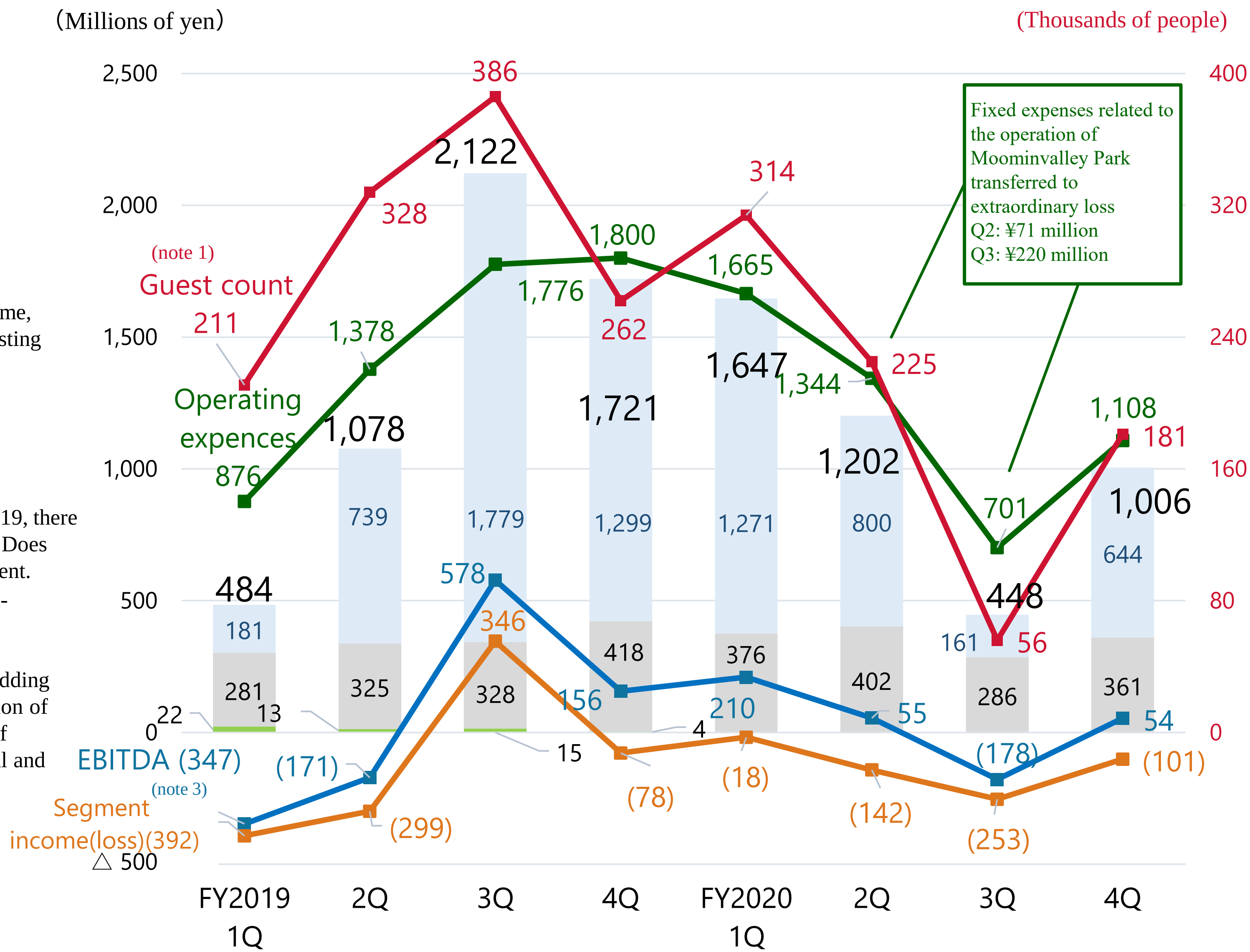
- Opening of Moominvalley Park and traveling Moomin-themed exhibition in Japan piqued interest in using Moomin characters under license. Higher revenues from existing licensees and addition of new contracts led to steady revenue expansion in first half.
- In response to state of emergency declaration, points of sale, including large commercial facilities—major sales route for licensees—closed in April and May. Led to sudden drop in revenue. Signs of recovery beginning to appear, as economic activity resumes, with September revenues turning upward year on year.



Notes:

1. Metsä (Metsä Village and Moominvalley Park) guest count includes pre-opening attendance.
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.

Changes in Entertainment Service Business Results (Quarterly)



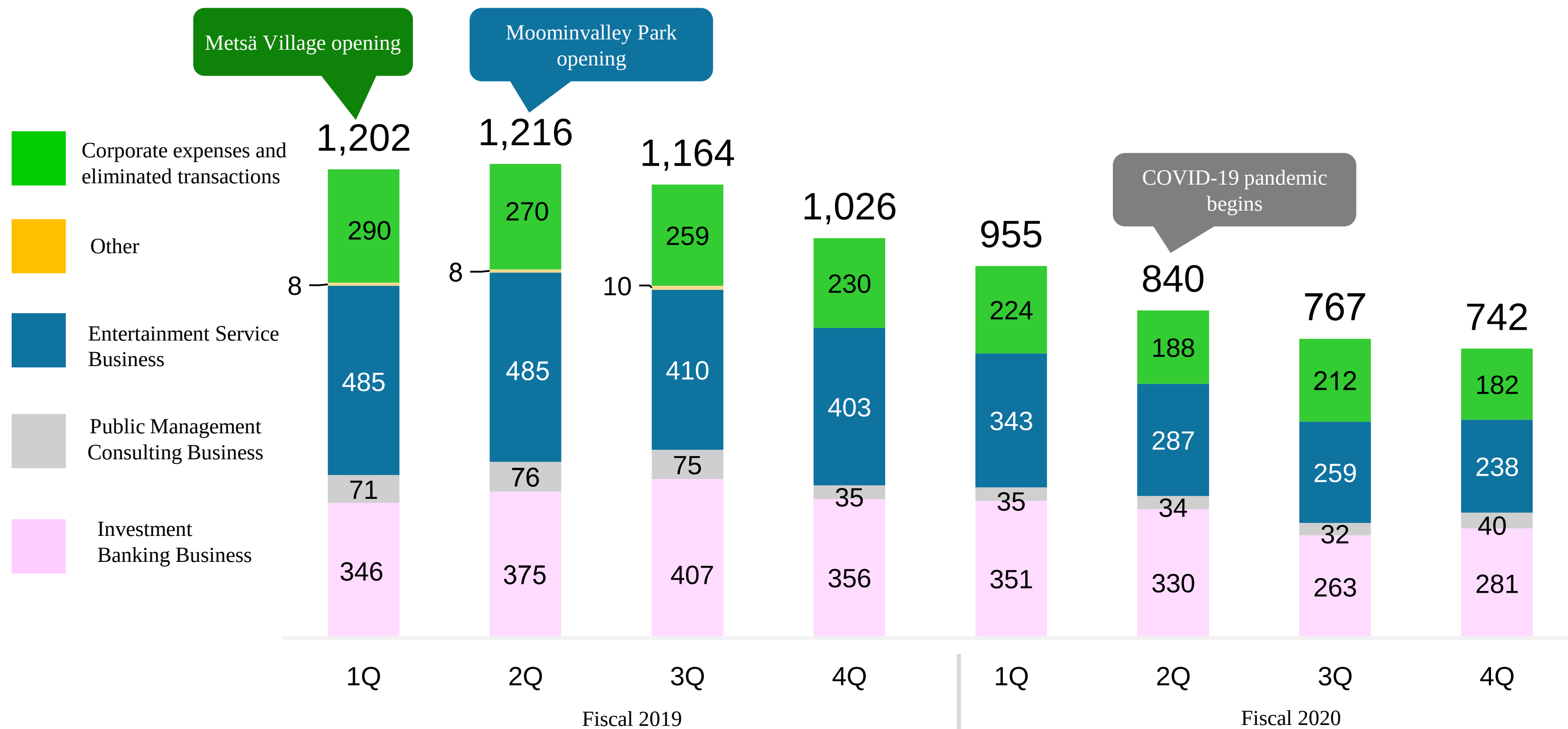
Notes:
1. In first quarter of fiscal 2019, there were 52 days of operation. Does not include pre-opening event.
2. Revenues are based on non-eliminated intersegment transactions.
3. EBITDA is calculated by adding depreciation and amortization of goodwill included in cost of revenue and selling, general and administrative expenses t operating profit.

Selling, General and Administrative Expenses

Each segment engaged in cost-cutting efforts

Fiscal 2019: ¥4,609 million ⇒ Fiscal 2020: ¥3,306 million (down ¥1,303 million)

- Streamlined redundant operations at Group companies, promoted greater efficiency, reviewed personnel expenses, and squeezed all cost categories. Moved steadily toward initial goal of ¥200 million decrease in investment banking business and corporate expenses. One-time expenses booked in fiscal 20219 no longer a factor either in fiscal 2020, pushing investment banking business and corporate expenses down ¥504 million, to ¥2,033 million.
- In entertainment services business, SG&A peaked in fiscal 2019 second quarter, reflecting prior investment in advance of Metsä's opening. Efforts to trim expenses already in play at start of fiscal 2020, but pandemic accelerated shift, particularly in personnel and miscellaneous expenses categories.



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

Key components of change in fourth quarter (July 2020 – September 2020)

Principal investment

• Recovered real estate fund contributions.

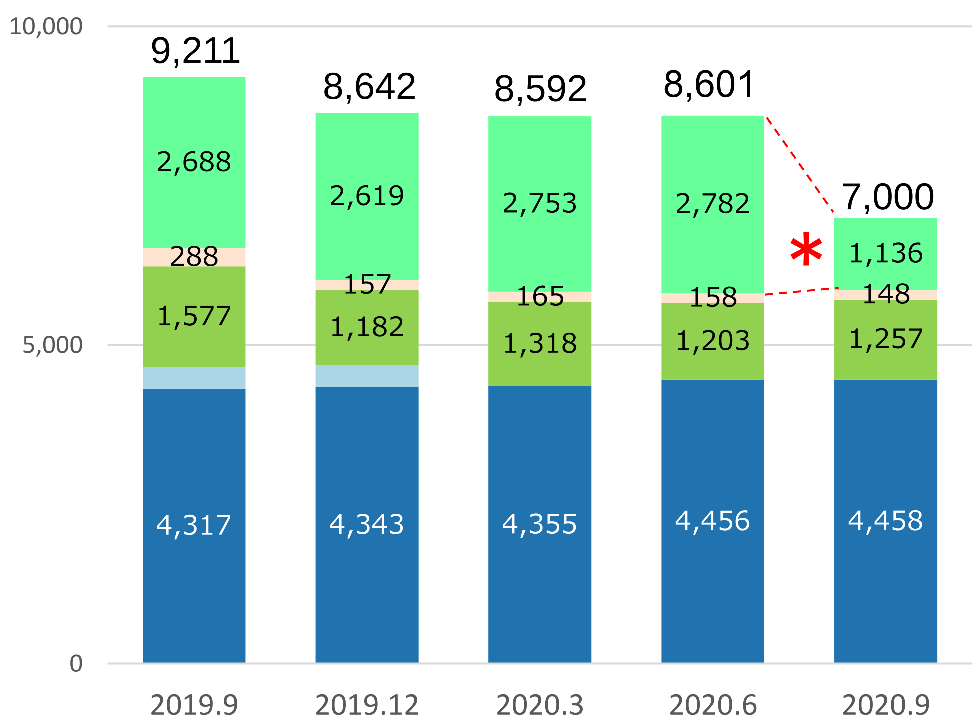
* Wrote down ¥962 million in Moomin Monogatari stock, ¥513 million in fund contributing to this company as well as ¥142 million in stock of companies impacted by COVID-19 pandemic. Considering value improvement measure to recover investments once situation returns to normal.

(Despite booking the above-mentioned losses as extraordinary losses, the amount related to Moomin Monogatari stock cancelled out on a consolidated basis, so the impact on consolidated accounts is limited to ¥41 million in loss on valuation of shares of subsidiaries and associates.

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.

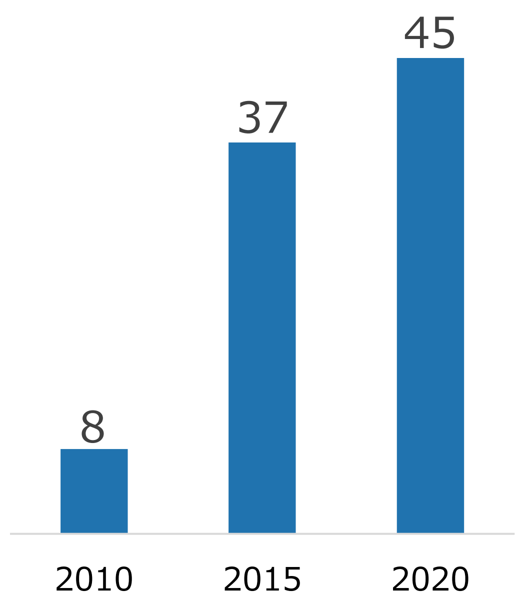
Corporate Value of Moomin Monogatari, Ltd.

Basic strategy at Moomin Monogatari is to improve corporate value through increased licensing revenue by expanding market for Moomin characters in Japan.

- Moominvalley Park, operated by Moomin Monogatari, and the Moomin licensing business, under subsidiary Rights and Brands Japan, are two wheels of Group's entertainment service business.
- Basic strategy is to increase licensing revenue by expanding market for Moomin characters in Japan.
- Market scale in Japan grew from around ¥8 billion in 2010 to about ¥45 billion—or six times—over a 10-year period.
- Operations at Moominvalley Park impacted by COVID-19 pandemic, including temporary closures, which led to significant losses. However, reopening of park as well as events, such as touring Moomin art exhibition, helped raise profile of Moomins for licensing business and underpinned higher brand value. Despite closure of shopping facilities during state of emergency, handling volume of Moomin-themed merchandise gradually recovered once stores reopened, leading to higher revenue and higher income in fiscal 2020. Trend should continue.
- Domestic market should keep expanding, and further improvement expected in corporate value of Moomin Monogatari as well as Rights and Brands Japan.

Moomin Market Scale in Japan (Estimate)

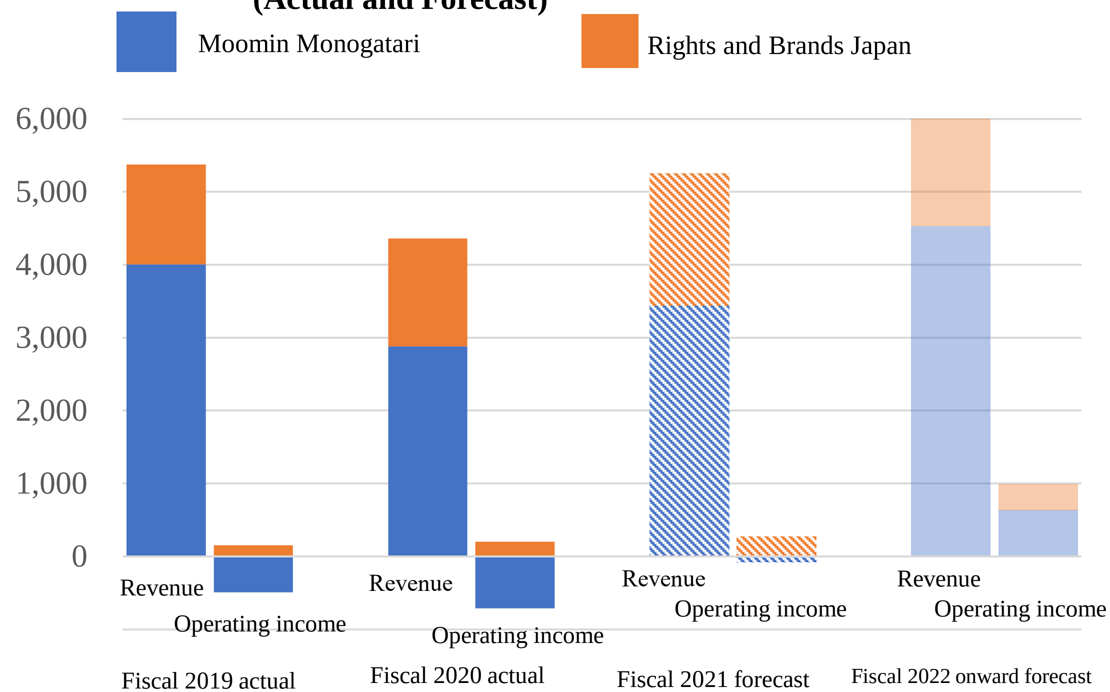
(Billions of yen)



Performance forecasts and other forward-looking statements are based on certain reasonable assumptions and information currently available to management of the Company. A number of factors could cause actual results to differ greatly from stated expectations.

Consolidated Results for Moomin Monogatari (Actual and Forecast)

(Millions of yen)



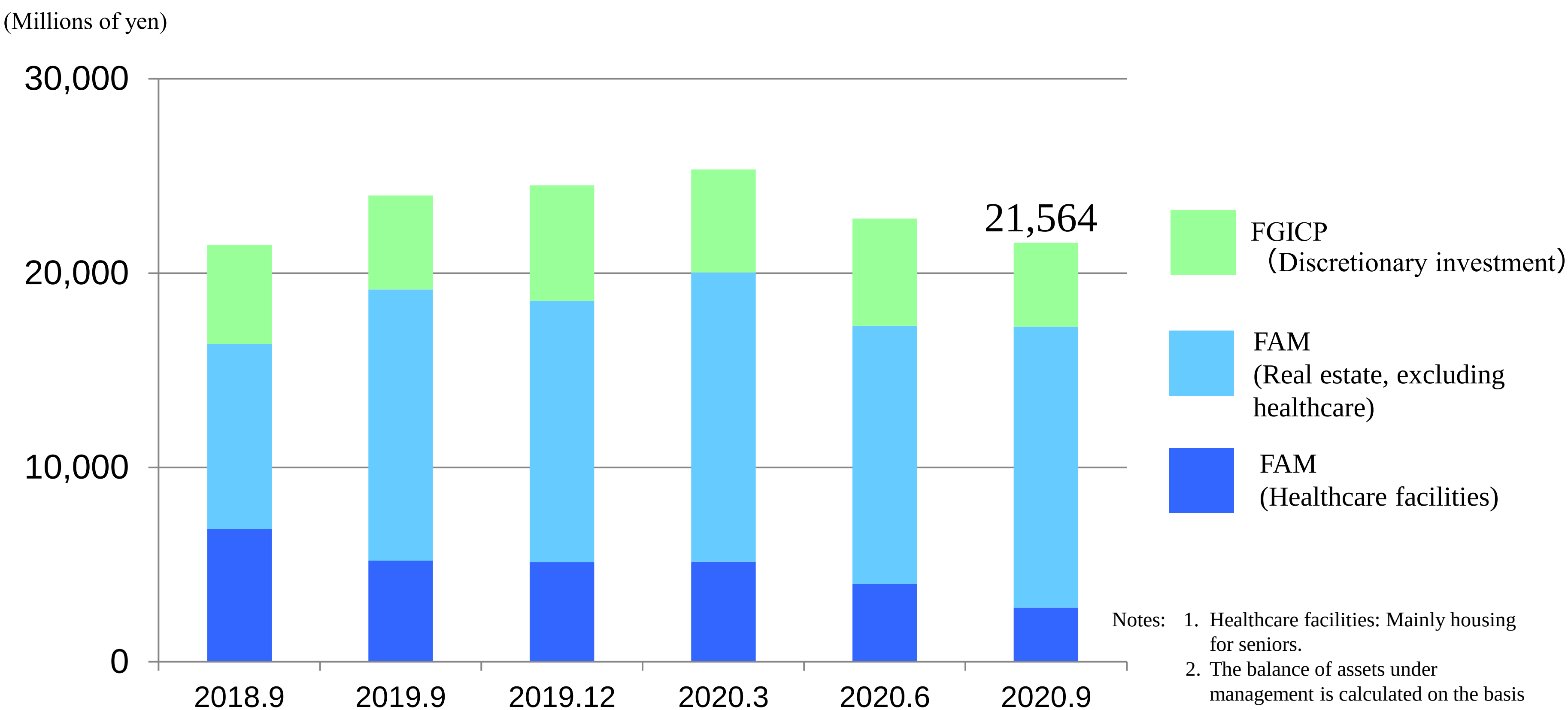
- Consolidation: Moomin Monogatari is parent, with companies in entertainment service business as subsidiaries.
- Fiscal 2021 based on FGI consolidated performance forecast. Forecast for fiscal 2022 onward is for illustrative purposes.

Changes in Assets under Management

Key components of change in fourth quarter (July 2020 – September 2020)

Exited two investments in healthcare facilities.

Balance of other real estate assets under management increased slightly, reflecting new deals.



Notes: 1. Healthcare facilities: Mainly housing for seniors.
2. The balance of assets under management is calculated on the basis of such factors as recent financial statements available to FAM and the acquisition cost of real estate.

Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2019	Fiscal 2020	Change
Current assets	10,438,589	8,803,255	(1,635,333)
Cash and time deposits	2,533,187	2,162,069	(371,118)
Accounts receivable, trade	727,499	564,724	(162,774)
1 Investments in securities, trade	1,359,941	1,128,045	(231,895)
Loans receivable, trade	548,625	514,798	(33,826)
2 Real estate for sale	4,211,988	3,999,865	(212,122)
Merchandise	208,577	257,591	49,013
3 Other	948,410	272,878	(675,532)
Allowance for doubtful accounts	(99,641)	(96,718)	2,923
Noncurrent assets	8,586,424	7,780,293	(806,131)
4 Property, plant and equipment	7,283,853	6,705,906	(577,946)
Intangible fixed assets	724,929	600,756	(124,173)
Investments and other assets	577,641	473,630	(104,011)
Total assets	19,025,014	16,583,548	(2,441,465)

1 New investments into two growth companies. but posted decrease due to distribution of profit received paralleling exit by venture capital fund FGF from investment in drug-discovery company that had been target of investment activity and also due to sale of real estate trust beneficiary rights on SPC subsidiary.

2 Decreased due to asset investment (real estate development) exit activity

3 Accrued consumption tax decreased, owing to consumption tax refund.

4 Decreased, despite investment to enhance content at Moominvalley Park, due to depreciation of buildings and internal and external features.

5 Decreased due to repayment of loans paralleling asset investment (real estate development) exit activity

6 Portion of local SPC's institution-extended loans repaid, but Moomin Monogatari borrowed funds from external sources for working capital, leading to increase.

Liabilities	Fiscal 2019	Fiscal 2020	Change
Current liabilities	3,010,093	2,333,428	(676,664)
Accounts payable, trade	213,256	109,597	(103,659)
5 Short-term loans payable	373,904	69,701	(304,203)
Current portion of long-term loans payable	752,968	615,111	(137,857)
Lease obligations	215,881	222,578	6,696
Income taxes payable	98,999	97,250	(1,749)
Accrued employee bonuses	157,244	130,666	(26,577)
Other	1,197,838	1,088,523	(109,314)
Noncurrent liabilities	7,141,750	6,945,738	(196,012)
6 Long-term loans payable	6,086,260	6,125,744	39,483
Lease obligations	807,524	581,872	(225,651)
Deferred tax liabilities	113,189	96,324	(16,864)
Net defined benefit liability	94,633	108,259	13,626
Other	40,143	33,536	(6,606)
Total liabilities	10,151,843	9,279,166	(872,677)

Net Assets			
Shareholders' equity	7,480,064	6,294,416	(1,185,647)
Common stock	6,461,911	6,462,062	151
Additional paid-in capital	5,015,924	5,016,132	208
Retained earnings	(3,997,770)	(5,183,778)	(1,186,007)
Accumulated other comprehensive income	(33,493)	(36,213)	(2,720)
Stock acquisition rights	65,837	64,045	(1,791)
Non-controlling interests	1,360,762	982,133	(378,628)
Total net assets	8,873,170	7,304,381	(1,568,788)
Total liabilities and net assets	19,025,014	16,583,548	(2,441,465)

Consolidated Statement of Income

(Thousands of yen)

		Fiscal 2019	Ratio to Revenues	Fiscal 2020	Ratio to Revenues	YoY Change Amount	YoY Change Ratio
Revenues	1	9,175,148	100.0%	6,841,351	100.0%	(2,333,796)	(25.4)%
Cost of revenues		6,230,430	67.9%	4,528,162	66.2%	(1,702,268)	(27.3)%
Gross profit		2,944,717	32.1%	2,313,189	33.8%	(631,527)	(21.4)%
Selling, general and administrative expenses	2	4,609,288	50.2%	3,306,151	48.3%	(1,303,136)	(28.3)%
Operating income/(loss)		(1,664,571)	(18.1)%	(992,962)	(14.5)%	671,608	–
Other income		11,896	0.1%	38,487	0.6%	26,591	223.5%
Other expenses		198,009	2.2%	180,933	2.6%	(17,075)	(8.6)%
Ordinary profit/(loss)		(1,850,684)	(20.2)%	(1,135,408)	(16.6)%	715,275	–
Extraordinary profit		203,367	2.2%	3 88,587	1.3%	(114,779)	(56.4)%
Extraordinary loss		20,386	0.2%	4 397,255	5.8%	376,868	1,848.6%
Income before income taxes		(1,667,703)	(18.2)%	(1,444,076)	(21.1)%	223,627	–
Income taxes		63,865	0.7%	69,914	1.0%	6,049	9.5%
Profit /(loss)		(1,731,569)	(18.9)%	(1,513,990)	(22.1)%	217,578	–
Profit /(loss) attributable to non-controlling interests		(144,897)	(1.6)%	5 (327,983)	(4.8)%	(183,085)	–
Profit /(loss) attributable to owners of parent		(1,586,671)	(17.3)%	(1,186,007)	(17.3)%	400,663	–

1 While revenues and expenses associated with operation of Moominvalley Park, which opened on March 16, 2019 in second quarter of fiscal 2019, were included from beginning of fiscal 2020—full-year contribution—revenues and cost of revenues decreased, owing to temporary closure of the park due to spread of COVID-19 and also owing to fewer subsidiaries under consolidation.

2 Various costs, including personnel expenses, reduced. Burden of costs in preparation for Metsä opening and other one-time costs no longer a factor. Fewer subsidiaries under consolidation, as of fourth quarter of 2019, led to 28.3% drop in SG&A expenses year on year.

3 Booked ¥82 million in employee adjustment subsidies received paralleling temporary closure of Metsä.

4 Booked fixed expenses (including personnel expenses and depreciation expenses) during temporary closure of Moominvalley Park as loss of ¥292 million due to park closure. Also, with regard to shares in unconsolidated subsidiaries affected by pandemic, booked ¥41 million in loss on valuation of shares of subsidiaries and associates loss on valuation of shares of subsidiaries and associates.

5 Increased due to proportional division of Moomin Monogatari net loss to non-controlling shareholders.

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2019	Fiscal 2020	YoY Change Amount
Cash flows from operating activities	(2,604)	680	+3,284
Cash flows from investing activities	(4,543)	(282)	+4,260
(Free cash flows)	(7,148)	397	+7,545
Cash flows from financing activities	5,710	(767)	(6,477)

First stage of Metsä development done. Cash flow trending positive now.

Operating cash flow

Payments for Metsä Village development down. Executed asset investment exits. Decrease in inventories.

	Fiscal 2019	Fiscal 2020
Income/(Loss) before income taxes	(1,667)	(1,444)
Depreciation and amortization	608	805
(Increase)/Decrease in investments in securities, trade	(196)	230
(Increase)/Decrease in inventories	(943)	203
(Increase)/Decrease in consumption tax receivable	(589)	666

Investing cash flow

Decrease in payments for Moominvalley Park development.

Purchase of property, plant and equipment	(4,929)	(288)

Financing cash flow

Partial repayment of loans procured in conjunction with Moominvalley Park development.

Proceeds from long-term loans payable	7,054	664
Repayments of long-term loans payable	(4,605)	(714)
Repayments of lease obligations	(135)	(215)

Performance Forecast, Return to Shareholders

Consolidated Performance Forecast

(Millions of yen)	Fiscal 2020 Results	Fiscal 2021 Forecast	YOY Change Amount	YOY Change Ratio
Revenues	6,841	9,000	+2,158	+31.6%
Operating income(loss)	(992)	540	+1,532	—
Ordinary income(loss)	(1,135)	370	+1,505	—
Profit/(loss) attributable to owners of the parent	(1,186)	250	+1,436	—

Anticipate return to profitability through investment banking business investments and arrangements

• Reinforce private equity investment, and help to address rising need to solve such issues as business succession. Expect to book revenue from service fees on asset management and other activities as well as investment exits. Already seeing many inquiries from network of business associates, including financial institutions and tax and financial accountants connected through public accounting business of Public Management Consulting. Goal is to turn a profit on these transactions. By expanding information network, will increase transaction formation and build up business results.

• Arrangements, particularly for clients in rural areas, has always been an emphasis. Remain committed and will enhance services still further.

Maintain balanced account status at Metsä

Maintain favorable trend in licensing business. Put entertainment service business into black.

COVID-19 pandemic will continue to affect business, but conditions should gradually improve with wider rollout of vaccines and other developments. Performance forecast based on this scenario.

• Metsä will stick with crowd-drawing measures, such as events, and with major recovery in guest count unlikely, emphasis will be to maintain balanced account status.

• In Moomin licensing business, characters were much talked about and their appeal widened, thanks to opening of Moominvalley Park and touring art exhibition, and even during pandemic, handling volume of Moomin merchandise increased. Trend expected to continue.

Performance forecasts and other forward-looking statements are based on certain reasonable assumptions and information currently available to management of the Company. A number of factors could cause actual results to differ greatly from stated expectations.

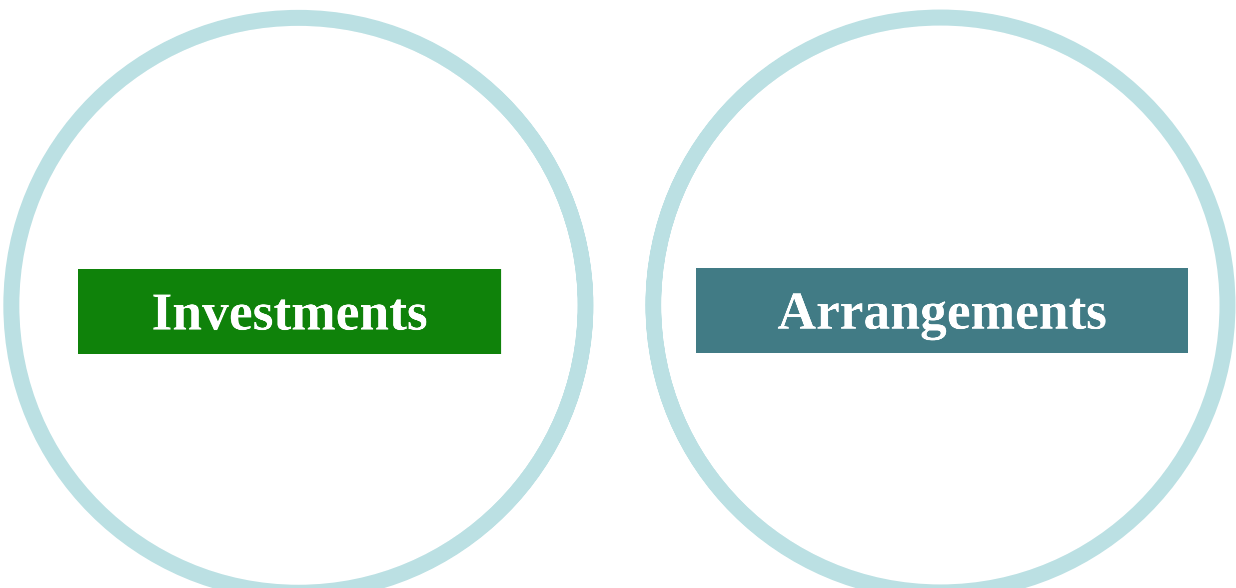
Performance Forecast by Reporting Segment

Investment Banking Business	• Reinforce private equity investment. Through investment exits and arrangement services, anticipate dramatic increase in revenues and income. • Have incorporated corporate investment exits into performance forecast, but if further improvement in corporate value of target portfolio company is possible going forward, the timing of sale will be revisited. • Aircraft asset management moving in favorable direction, reflecting demand for out-of-service aircraft management services. Expect higher expenses due to upfront investment, including increase in staffing to support business expansion.
Public Management Consulting Business	• In public accounting business, emphasis on marketing activities targeting large-scale local governments. • Developed asset management financial plan system. Expect to launch sales in 2021 and start system maintenance.
Entertainment Service Business	• In Metsä-related operations, revenues may be higher than in fiscal 2020 when COVID-19 prompted temporary closures, but guest count unlikely to rebound significantly for a while, so measures to maintain balanced account status needed to control costs. Metsä guest count in October 2020 slightly negative year on year but signs of recovery on horizon. • In licensing business, effect of commercial facility closures due to state of emergency declaration and other restrictions will disappear. Higher brand value will contribute to results, leading toward anticipated increases in revenues and income.

Fiscal 2021: Investment Banking Business Strategy

Investments and arrangements will be drivers of growth.

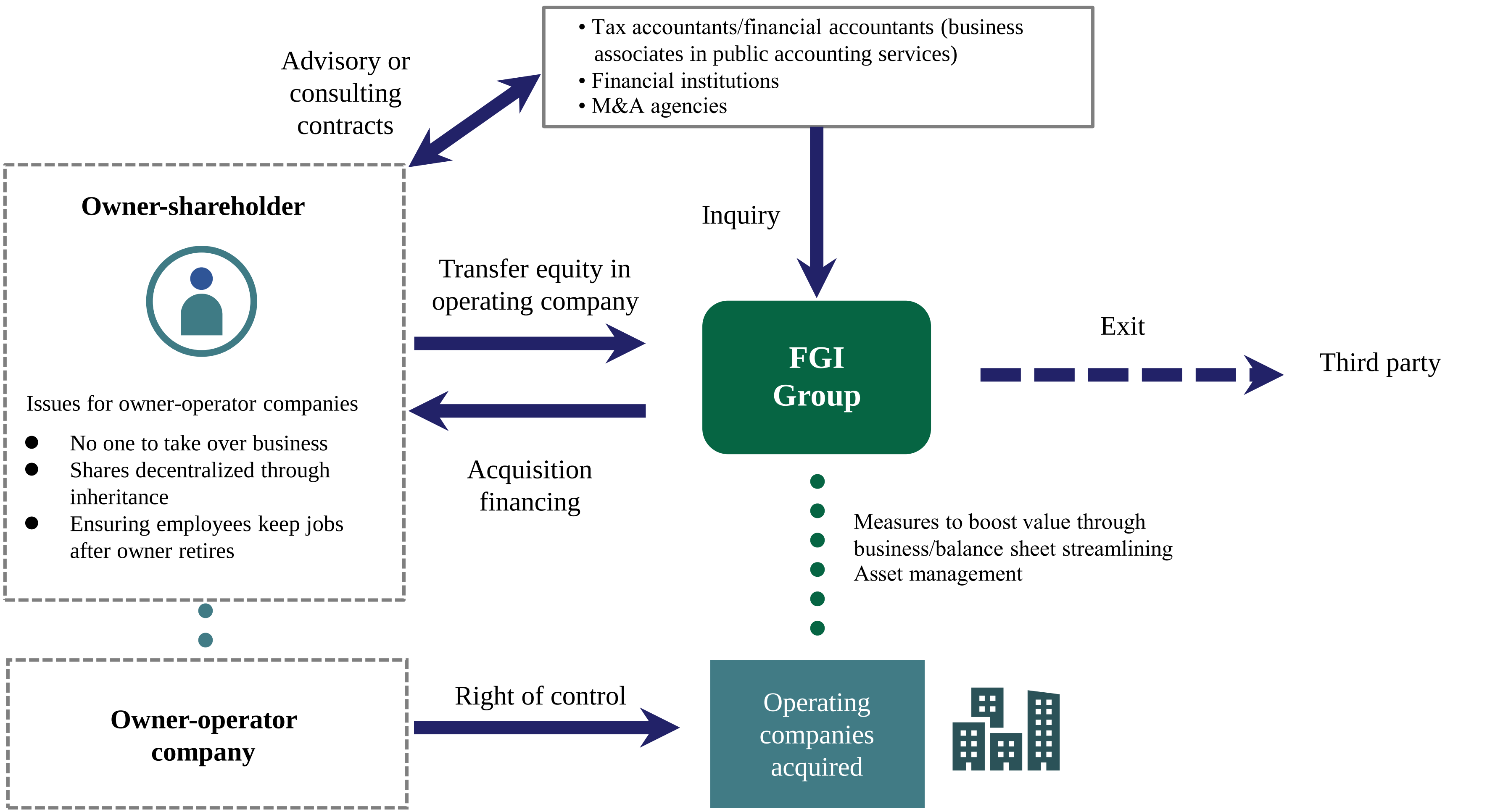
• Accelerate corporate investment.
• Reinforce private equity investment matched to need, such as business succession.
• Exit investments based on business environment and investment returns.
• Actively promote rural project management and financial arrangement services.
• Arrange products matched to the needs of small and mid-sized companies.
• Embrace fresh innovation, such security token offerings (new capital procurement method using blockchain technology)



Strengthening Private Equity Investment

Private equity investments are fuel that drives business results higher

FGI accepts inquiries from its existing network of contacts (groupwide basis), including accountants, financial institutions and other business contacts of Public Management Consulting, a subsidiary that undertakes public accounting business, on projects and through a fund structure acquires owner-operator equity in companies that are grappling with various issues, such as the absence of someone to take over the business. Once measures have been set up, notably, efforts to streamline operations and establish a management framework, FGI exits the investment. In principle, these investment targets are not included in FGI's scope of consolidation.



Continuing to Provide Solutions Attuned to Rural Needs

Companies in the FGI Group work together to provide solutions to needs in rural areas (private and public companies and organizations). Strive to create added value and contribute to realization of sustainable local communities.

Rural Area

Residents

Circulate wealth inter-area to realize sustainable local community

Private, including companies

Public, including local government/authorities

Provide support for business succession, including M&A options, as well as arrangement and asset management services to invigorate local businesses

As necessary, use fund-based investments and investments and loans with own capital

Local financial institutions, accountants, tax accountants and others

Project sourcing

Public accounting support

Public accounting support

Financial advisory services, including advice for solving asset renewal issues, for public asset utilization hinging on public accounting, for PPP/PFI and securitization

Arrange financing that captures "foreign capital" outside area with assets of local government/authorities

Understand rural needs and provide solutions based on structured financing. Add and create high value for target projects, etc.

FGI

FAM

Public Management Consulting

Issues for Metsä Going Forward

Adventure Walk opens at Moominvalley Park
Provide place of relaxation under strict precautions to prevent spread of COVID-19

October 31 – December 25
Metsä Village Christmas 2020 —Christmas Market in Northern European Forest

Oct 31 – Dec 25
Christmas Market

Nov 14–15
Wonderful Festa

Dec 12–20
Northern European Art Fair

Nov 2020 | Dec | Jan 2021 | Feb | Mar

WINTER WONDERLAND in MOOMINVALLEY PARK
ADVENTURE WALK

Nov 21 – Mar 7

Operating hours during event period
Moominvalley Park: 10:00–17:00
Adventure Walk: 17:00–20:00
*Separate ticket for admission to Adventure Walk

Adventure Walk covers about 1.8km on outer circumference of Lake Miyazawa. Nighttime attraction features Sound AR™—a new sensation in augmented reality technology from Sony—that creates magical virtual world of sounds, including characters talking, to accompany light display evoking world view unique to Moomin stories.
Guests download smartphone entertainment app Locatone™ to enjoy Sony-developed Sound AR™ and use earphones to enter world of Moominvalley Winter for a special experience.

Sound AR™ is a trademark of Sony Corporation
Locatone™ is a trademark of Sony Corporation

Fiscal 2020 Dividend, Fiscal 2021 Dividend Forecast

Basic Policy
Management adheres to a dividend policy that emphasizes the return of profits to shareholders while ensuring sufficient internal reserves to quickly and reliably take advantage of opportunities that reinforce and further expand the Company's business foundation. In determining dividends, management must therefore take a comprehensive view that includes corporate performance and future business development.

Fiscal 2020 Dividend
Retained earnings are the Company's source for dividend distribution. Regrettably, because retained earnings on the non-consolidated balance sheets showed a negative balance of ¥4,554 million, management feels the Company must forego distribution of a year-end dividend for fiscal 2020.

Fiscal 2021 Dividend

In fiscal 2021, FGI will engage in ways to improve business results, but eliminating losses with profits alone will be a challenge. Therefore, the Company will again refrain from paying dividends.

Going forward, FGI will focus on the investment banking business and derive revenues from private equity investment and arrangements to boost business results and thereby achieve a healthier financial position. With regard to Metsä, the Company has moved into the investment recovery phase, anticipating exit opportunities related to corporate investment for Moomin Monogatari that derive through efforts to elevate the overall value of Metsä as well as exit opportunities related to asset investment in Metsä Village. Note that in July 2018, FGI transferred Moominvalley Park real estate (transfer price: ¥2,000 million; book value: ¥443 million) to Hanno Local Resource Utilization LLC, but due to sustained involvement, namely management of said real estate by an FGI subsidiary as well as capital contribution, these connections are deemed financial transactions with unrealized profits. Looking ahead, if Moomin Monogatari is removed from the scope of consolidation, the transferred real estate will be treated as sold and entered into the books as such.

Given these measures and prevailing conditions, management believes it is possible for FGI to achieve a financial position capable of distributing profits without the need for capital policy to cover shortfalls caused by lower revenues at the current time.

Management is deeply sorry that no dividends will be paid in fiscal 2021 and asks shareholders for their understanding. Every effort will be made to improve business results as quickly as possible to reacquire the ability to distribute profits and thereby meet shareholder expectations.

Performance forecasts and other forward-looking statements are based on certain reasonable assumptions and information currently available to management of the Company. A number of factors could cause actual results to differ greatly from stated expectations

Changes in Key Financial Data

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Revenues	(millions of yen)	5,429	7,485	7,182	3,689	9,175	6,841
Gross profit	(millions of yen)	2,495	1,496	1,626	2,261	2,944	2,313
Operating income/(loss)	(millions of yen)	115	(1,031)	(1,319)	(1,072)	(1,664)	(992)
Ordinary income (loss)	(millions of yen)	237	(1,369)	(1,341)	(1,227)	(1,850)	(1,135)
Profit /(loss) attributable to owners of parent	(millions of yen)	224	(1,384)	(1,358)	(820)	(1,586)	(1,186)
Net assets	(millions of yen)	7,879	6,312	5,326	8,551	8,873	7,304
Total assets	(millions of yen)	11,958	10,975	12,932	14,016	19,025	16,583
Net assets per share	(yen)	48.31	38.66	29.64	39.31	37.03	31.12
Net income (loss) per share	(yen)	1.48	(8.56)	(8.39)	(4.79)	(8.08)	(5.90)
Diluted net income (loss) per share	(yen)	1.47	–	–	–	–	–
Equity to total asset ratio	(%)	65.4	57.0	37.1	52.2	39.1	37.7
Equity to net income ratio	(%)	3.4	(19.7)	(24.6)	(13.5)	(21.5)	(17.3)
Price earning ratio (PER)	(times)	84.7	–	–	–	–	–
Cash flow from operating activities	(millions of yen)	(1,791)	(1,305)	(1,153)	(2,978)	(2,604)	680
Cash flow from investing activities	(millions of yen)	(644)	(302)	(1,026)	(2,008)	(4,543)	(282)
Cash flow from financing activities	(millions of yen)	4,761	(751)	2,937	5,771	5,710	(767)
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	4,612	2,240	2,969	3,847	2,513	2,142
Number of employees(consolidated) (part-time employees)	(employees)	117(8)	114(20)	143(27)	156(42)	167(262)	156(224)
Number of employees(non-consolidated)(part-time employees)	(employees)	38(3)	45(8)	40(6)	38(5)	39(5)	28(6)

Corporate Data: FinTech Global Incorporated

Head office	Meguro Central Square 15th Floor, 3-1-1, Kamiosaki, Shinagawa-ku, Tokyo 141-0021
Establishment	December 7, 1994
Representative	Nobumitsu Tamai, President and Chief Executive Officer
Data of listing	June 8, 2005
Securities Code	8789 (TSE Mothers)
Fiscal year-end	September 30
Main business	I. Investment banking business II. Public management consulting business III. Entertainment service business
Number of issued shares	201,114,600 shares (As of September 30, 2020)
Minimum trading unit	100
Capital stock	¥6,462 million (As of September 30, 2020)
Net assets (consolidated)	¥7,304 million (As of September 30, 2020)
Major shareholders (As of September 30, 2020)	Nobumitsu Tamai 10,095,500 shares (5.02%) CAT-MY Co., Ltd 10,000,000 shares (4.97%)
Number of employees	Consolidated: 156 (As of September 30, 2020, excludes temporary staff)

•FinTech, in *katakana* script and English letters (registration 5113746), FinTech Global, in English letters (registration 5811521) and in *katakana* script (registration 5811522), and FGI (registration 5113748) are registered trademarks of FinTech Global Incorporated.

Disclaimer

Certain statements made in these materials, including some management targets, may contain forward-looking statements which reflect management's views and assumptions. Management targets represent goals that management will strive to achieve through the successful implementation of business strategies for the FGI Group. The Group may not be successful in implementing its business strategies, and management may fail to achieve its targets. Management targets and other forward-looking statements involve current assumptions of future events as well as risks and uncertainties that could significantly affect expected results, including adverse economic conditions in Japan, the United States or other countries; declining real estate and/or stock prices; additional corporate bankruptcies or additional problems in business sectors to which Group companies lend; difficulties or delays in integrating businesses and achieving desired cost savings; increased competitive pressures; changes in laws and regulations applicable to the Group's businesses; and adverse changes in Japanese economic policies.

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.