

# Results for First Two Quarters of Fiscal 2021, ending September 30, 2021

**May 2021**

**FinTech Global Incorporated**

**TSE Second Section Stock Code: 8789**

<http://www.fgi.co.jp/english/>

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# Summary

## **Revenues up, thanks to favorable results by investment banking business**

### **Reversed into the black, with operating income, ordinary income and quarterly net income**

- Results driven by private equity investment. Aircraft asset management also growing.

## **Metsä saw guest counts tumble due to when a state of emergency was declared, taking revenues down as well. Licensing-related business delivered higher results but not enough offset challenging conditions, leading to segment loss.**

- Metsä attracted people with events and other measures in the first quarter, putting guest count on road to recovery. But January declaration of state of emergency led to steep decline in guest count. Maintained revenue balance through cost-cutting.
- Licensing-related business expanded domestic demand through effective branding. Revenues hit all-time high on quarterly basis.

## **Income at each level is showing high rate of improvement that should push full-year performance above expectations. But going forward, Metsä is still likely to struggle, prompting management to postpone a consolidated performance forecast.**

- Investment banking business will continue to emphasize arrangements for private equity investment projects. Anticipate exits on corporate investments and asset investments.

In April 2021, some areas were put under a new state of emergency order, and stricter countermeasures were imposed to prevent the spread of COVID-19. How pandemic responses will impact Metsä going forward is unknown. Hanno, Saitama Prefecture, where Metsä is located, currently falls outside the state of emergency zone. However, the prevailing situation could still create a challenging business environment, and potential unknowns preclude a consolidated performance forecast.

# Consolidated Performance

(Millions of yen)

	Fiscal 2020 First Two Quarters	Fiscal 2021 First Two Quarters	YOY Change Amount	YOY Change Ratio	Fiscal 2021 Full Year (Forecast)	Progress toward goal
Revenues	4,269	4,874	604	+14.2%	9,000	54.2%
Gross profit	1,301	2,384	+1,083	83.2%	—	—
Operating income (loss)	(495)	840	+1,335	—	540	155.7%
Ordinary income (loss)	(560)	831	+1,391	—	370	224.6%
Profit/(loss) attributable to owners of the parent	(581)	618	+1,199	—	250	247.3%
EBITDA	(29)	1,186	+1,216	—	—	—

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

## Revenues

**Despite drop in Metsä revenues, favorable shift by investment banking business underpinned increase in consolidated revenues.**

- Investment banking business delivered increase (outside revenue up ¥1,269 million), driven by private equity investment (arrangement services, investment exits) and favorable results from aircraft asset management
- Metsä guest count down 24.9% compared with first two quarters of fiscal 2020, leading to decrease in entertainment service business performance (outside revenue down ¥656 million)

## Gross profit

**Gross profit increased significantly, reflecting higher revenues, especially from arrangement services in investment banking business with its low cost of revenues**

## Operating income

**Higher gross profit and lower selling, general and administrative expenses leads to operating income in black**

- Selling, general and administrative expenses down ¥252 million, or 14.1%, to ¥1,543 million.
- Metsä maintained operating structure with cost-reduction focus.

# Quarterly Changes in Consolidated Performance

(Millions of yen)

	Fiscal 2020						Fiscal 2021			QOQ change	YOY change
	1 Q	2 Q	First two quarters	3 Q	4Q	Full year	1 Q	2 Q	First two quarters	¥ change % change	¥ change % change
Revenues	2,209	2,060	4,269	926	1,644	6,841	2,020	2,854	4,874	+834 +41.3%	604 +14.2%
Gross profit	696	604	1,301	368	643	2,313	825	1,558	2,384	+732 +88.7%	+1,083 +83.2%
Operating income (loss)	(258)	(236)	(495)	(398)	(99)	(992)	53	787	840	+734 +1,382.8%	+1,335 —
Ordinary income (loss)	(297)	(263)	(560)	(428)	(146)	(1,135)	9	821	831	+812 +8,816.4%	+1,391 —
Profit/(loss) attributable to owners of the parent	(284)	(296)	(581)	(464)	(140)	(1,186)	(63)	681	618	+744 —	+1,199 —
EBITDA	(5)	(23)	(29)	(307)	73	(264)	224	962	1,186	+737 +328.7%	+1,216 —

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

# Business Summary by Segment (1)

- Higher revenues and gross profit in investment banking business underpinned improvement in consolidated results.
- Entertainment service business turned a profit in the first quarter, driven by Metsä recovery and growth in licensing-related business. But second quarter saw a segment loss, due to a drop in visitors to Metsä paralleling declaration of state of emergency.

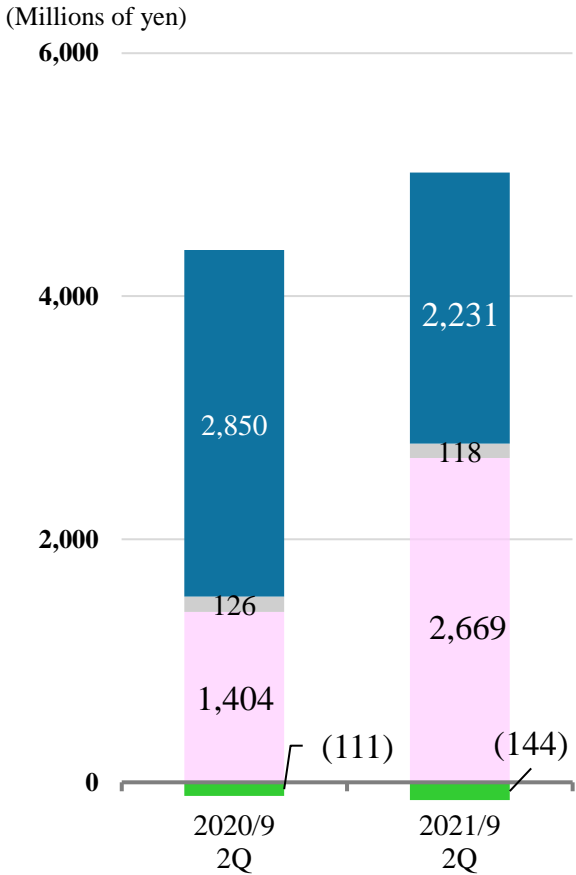
(Millions of yen)

Reporting Segments		Fiscal 2020						Fiscal 2021			QOQ change	YOY change
		1Q	2Q	First two quarters	3Q	4Q	Full year	1Q	2Q	First two quarters		
Investment Banking Business	Revenues	555	849	1,404	497	623	2,525	812	1,856	✓ 2,669	+1,044	✓ +1,265
	Gross profit	316	403	719	325	437	1,482	499	1,492	✓ 1,991	+992	✓ +1,272
	Segment income	(71)	36	(35)	26	118	109	142	1,180	✓ 1,322	+1,037	✓ +1,357
Public Management Consulting Business	Revenue	64	62	126	43	83	253	62	56	118	(5)	(8)
	Gross profit	33	34	68	25	57	151	38	31	70	(6)	+1
	Segment income	(7)	(5)	(13)	(12)	10	(15)	(2)	0	(3)	+2	+9
Entertainment Service Business	Revenues	1,647	1,202	2,850	448	1,006	4,304	✓ 1,223	✓ 1,007	✓ 2,231	✓ (215)	(618)
	Gross profit	376	190	567	50	180	797	327	64	391	(262)	(175)
	Segment income	(18)	(142)	(160)	(253)	(101)	(515)	✓ 47	✓ (203)	✓ (155)	✓ (251)	+5
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenues	(57)	(54)	(111)	(62)	(68)	(242)	(78)	(66)	(144)	+11	(33)
	Gross profit	(29)	(24)	(53)	(32)	(32)	(118)	(39)	(30)	(69)	+8	(15)
	Segment income	(161)	(124)	(286)	(158)	(126)	(571)	(134)	(188)	(323)	(54)	(37)
Amount Booked on Consolidated Statement of Income	Revenues	2,209	2,060	4,269	926	1,644	6,841	2,020	2,854	4,874	+834	+604
	Gross profit	696	604	1,301	368	643	2,313	825	1,558	2,384	+732	+1,083
	Segment income	(258)	(236)	(495)	(398)	(99)	(992)	53	787	840	+734	+1,335
Related issues			Moominvalley Park closed for 16 days		Moominvalley Park and Metsä Village closed temporarily for 80 days and 44 days, respectively				State of emergency From January 8, 2021 to March 21, 2021 in Tokyo and three prefectures)			

- Revenues for each segment includes intersegment revenue and transfers.
- The ¥(323) million operating income for the first two quarters of fiscal 2021, under adjustment, includes intersegment elimination (¥110 million in the first two quarters of fiscal 2021) as well as corporate expenses (¥(433) 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

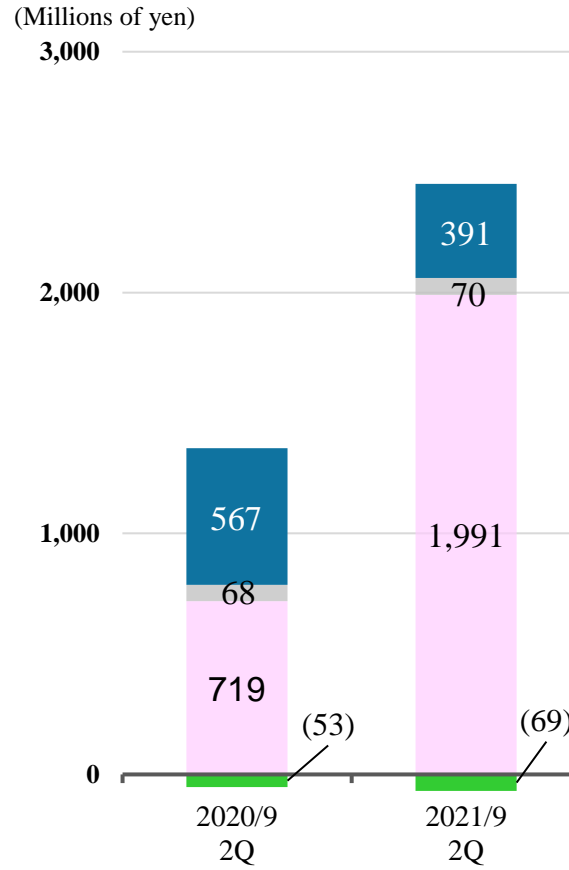


**4,269**

**4,874**

**Up ¥604 million, or 14.2%**

### Gross Profit

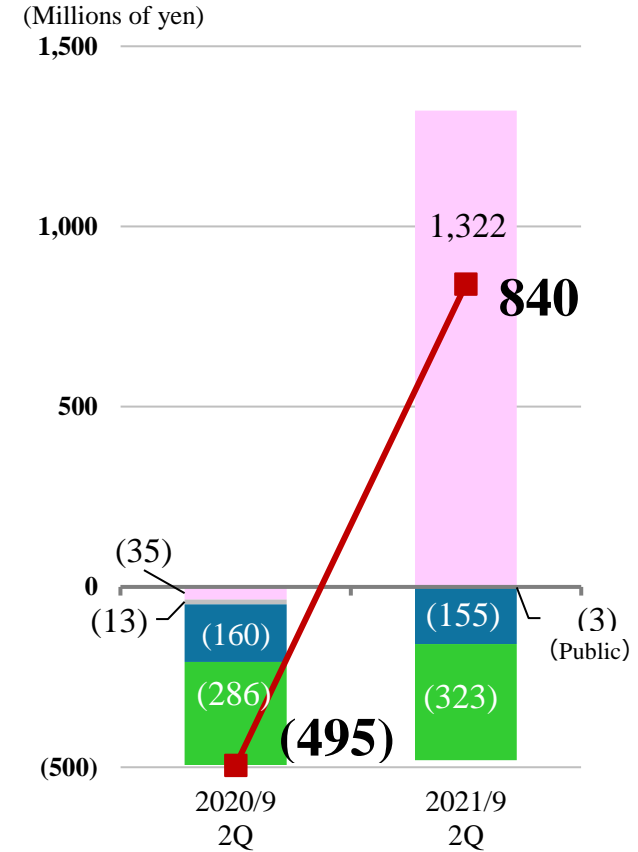


**1,301**

**2,384**

**Up ¥1,083 million, or 83.2%**

### Operating Income (Loss)



**Improved ¥1,335 million**

Note: Segment breakdown uses non-eliminated values.

Investment Banking Business

Public Management Consulting Business

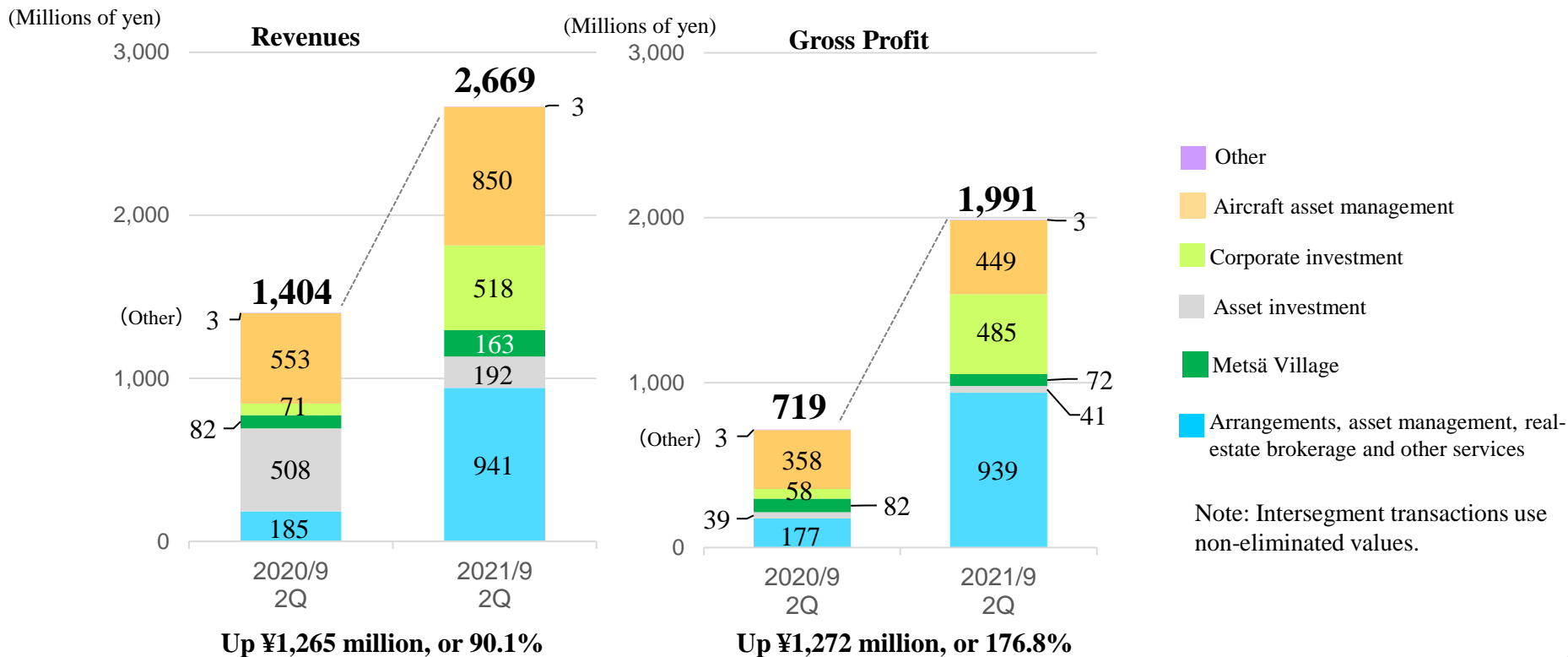
Entertainment Service Business

Corporate expenses and eliminated transactions

# Investment Banking Business—Revenues and gross profit by service

## Favorable results from private equity investment (arrangement services, corporate investment) and aircraft asset management

<b>Arrangements</b>	Higher revenues, owing to arrangement services on numerous private equity investment deals related to business succession.
<b>Asset investment</b>	Lower revenues are reactionary drop after exits from real estate development projects in second quarter a year ago. Sales of real estate trust beneficiary rights progressing.
<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 major change in gross profit
<b>Corporate investment</b>	Higher revenues, reflecting private equity investment exits
<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.





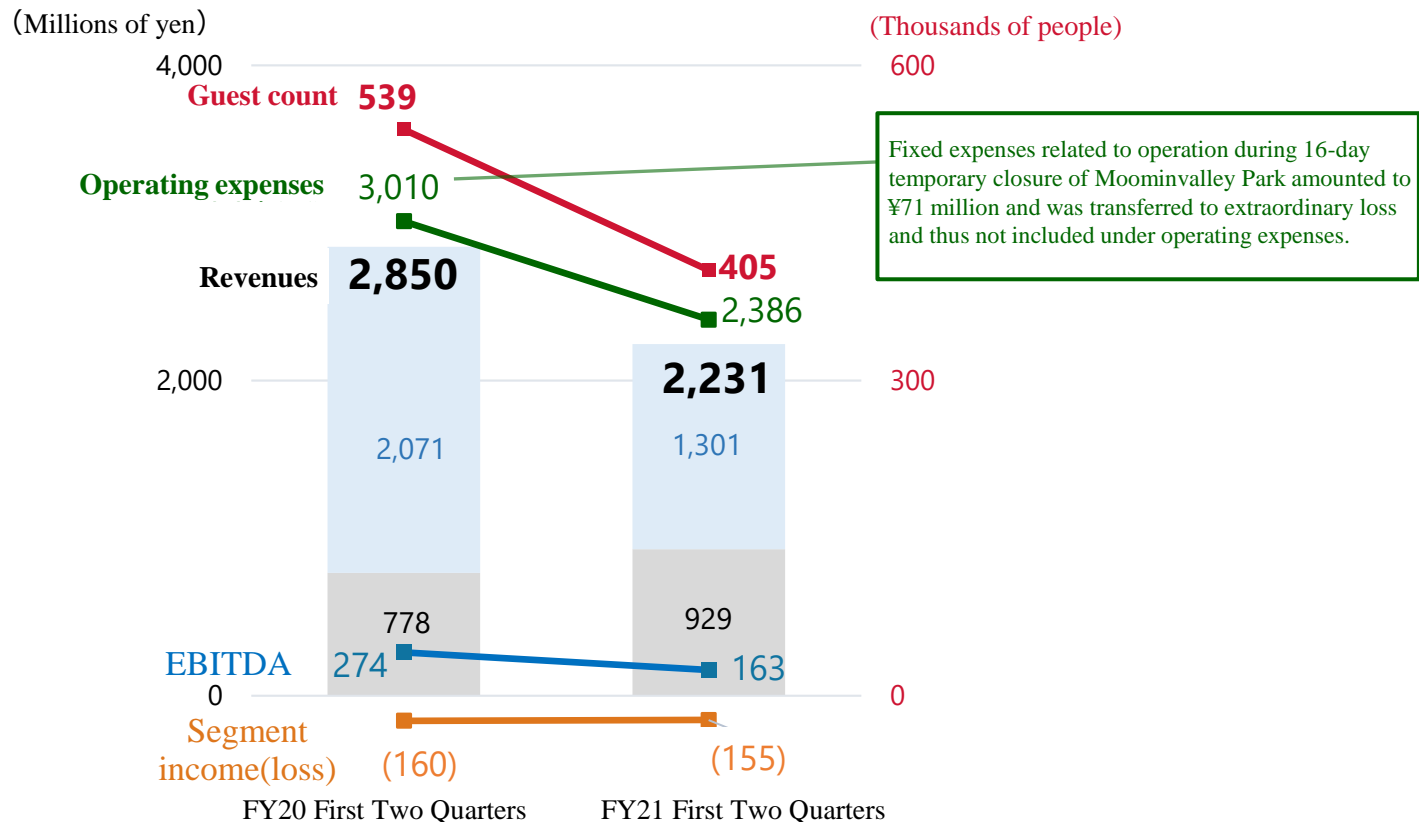
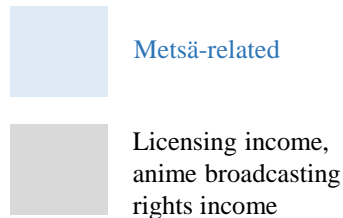
# Entertainment Service Business Results

**Metsä saw steep decline in guest count, owing to state of emergency declared in January.**

**The licensing-related business continued to record higher revenues, thanks to improved brand value.**

- Metsä related**
- Guest count rallied in first quarter, mainly reflecting the success of several kinds of events. But situation changed for the worse as second quarter started, with second state of emergency called (January 8–March 21), which caused guest count in January to tumble. Numbers gradually improved in February and March, but second quarter guest count was down 24.9% year on year. Revenues fell 37.1%. Spring Festival running March 13–June 20. Introduce Sound Walk. Enhance environment presentation.
  - Moomin Monogatari implemented capital increase in Matsuya Co., Ltd. (stock code: 8237) through third-party allotment in April 2021, and agreed with financial institutions to support through financing to Hanno Local Resource Utilization LLC (SPC), which owns Moominvalley Park real estate, for its stable business operations.
- Licensing related**
- Gradually recovering from slump in third quarter of fiscal 2020, when first state of emergency led to temporary closure of large commercial facilities. Revenues for first two quarters of fiscal 2021 up 19.4% year on year, with January-to-March quarter marking highest quarterly performance ever.

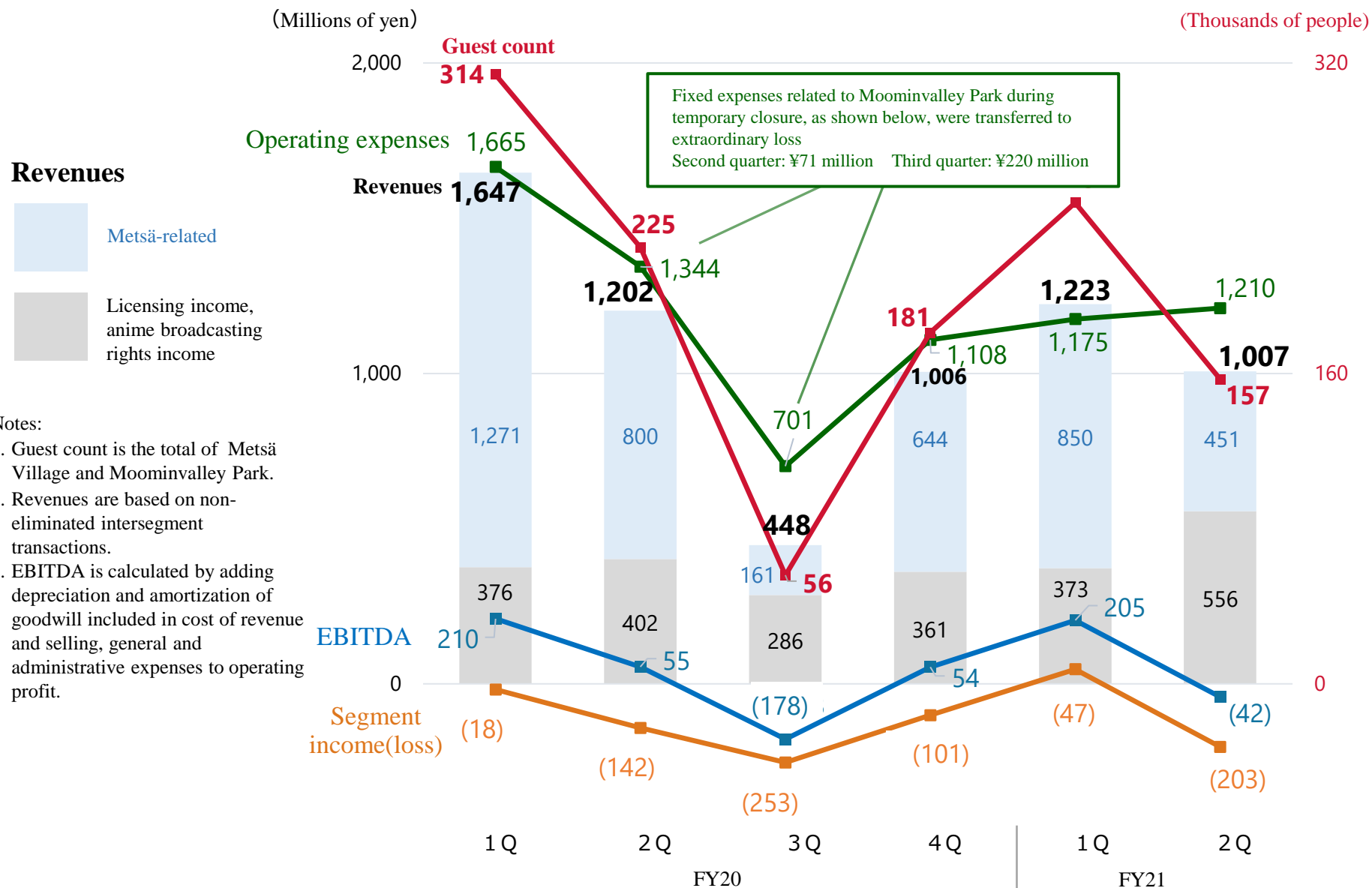
## Revenues



### 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.

# Changes in Entertainment Service Business Results (Quarterly)



- 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)

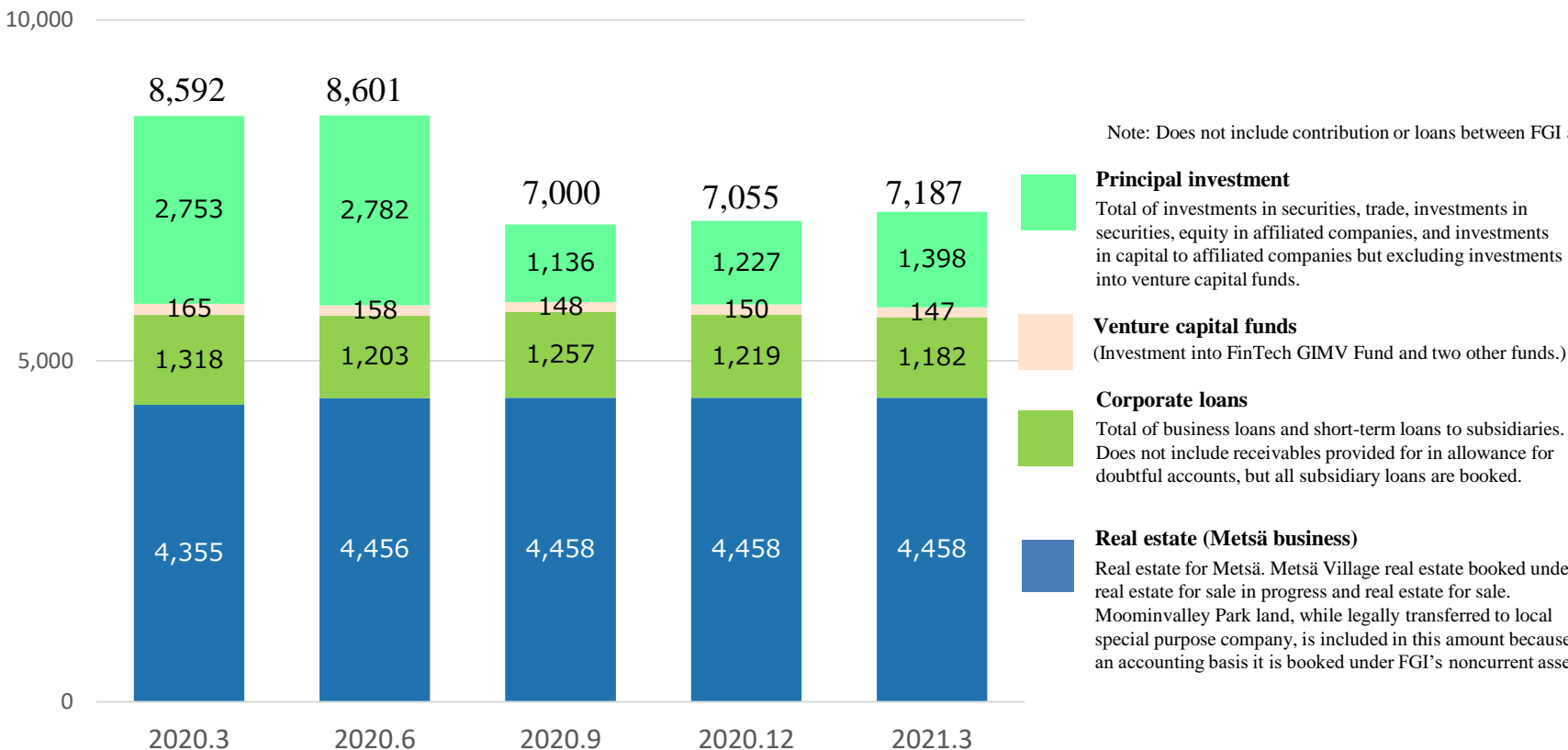
## Key components of change in second quarter (January 2021 – March 2021) of fiscal 2021

### Principal investment

- Increased investments into private equity deals.

## 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 (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.

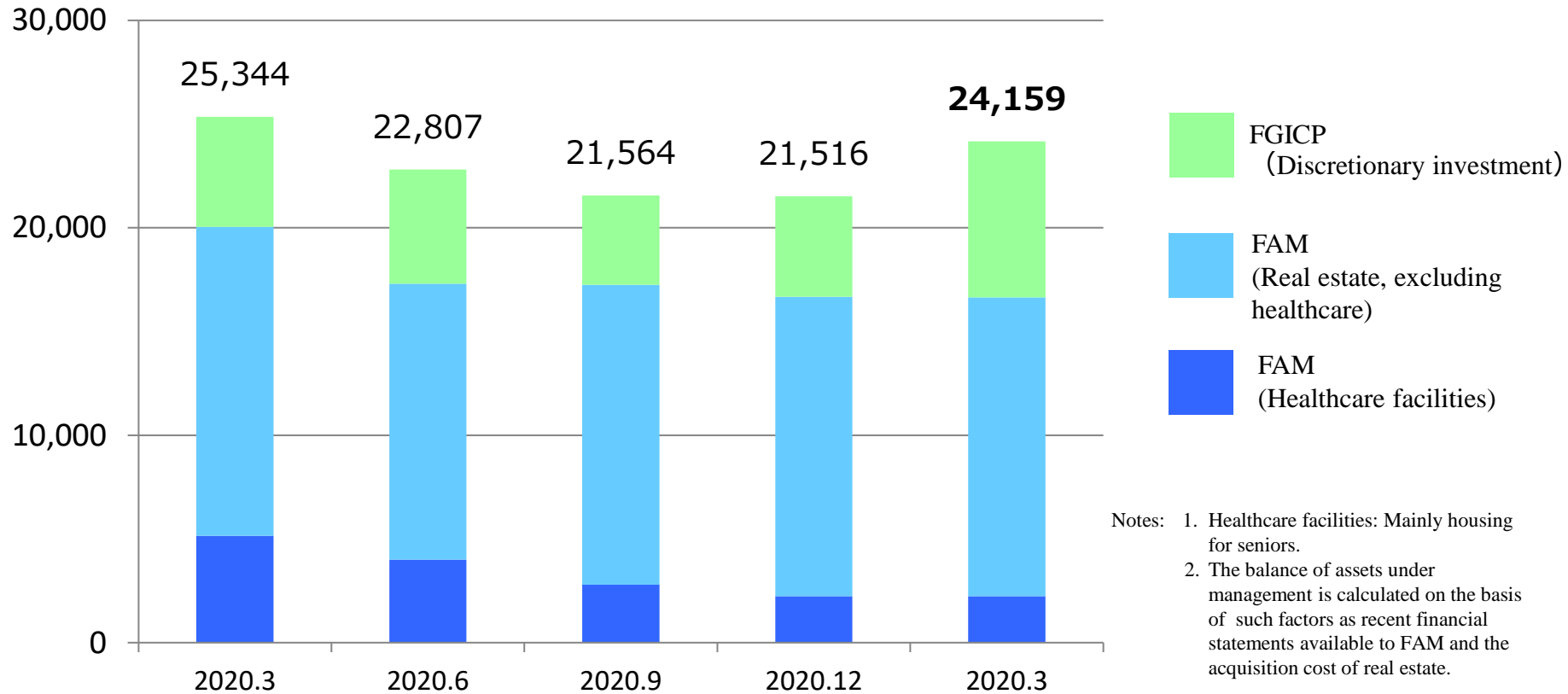
# Changes in Assets under Management

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

## Key components of change in second quarter (January 2021 – March 2021) of fiscal 2021

- Increase at FGICP from discretionary investment into trust beneficiary rights on renewable energy projects

(Millions of yen)



# Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2020	Fiscal 2021 First Two Quarters	Change
<b>Current assets</b>	8,803,255	9,974,699	1,171,443
Cash and time deposits	2,162,069	2,598,908	436,839
1 Accounts receivable, trade	564,724	1,234,217	669,493
2 Investments in securities, trade	1,128,045	1,228,973	100,927
Loans receivable, trade	514,798	471,584	(43,214)
Real estate for sale	3,999,865	3,999,865	—
Merchandise	257,591	210,423	(47,167)
Other	272,878	332,821	59,943
Allowance for doubtful accounts	(96,718)	(102,095)	(5,377)
3 Noncurrent assets	7,780,293	7,455,408	(324,884)
Property, plant and equipment	6,705,906	6,455,446	(250,460)
Intangible fixed assets	600,756	599,053	(1,703)
Investments and other assets	473,630	400,909	(72,721)
<b>Total assets</b>	<b>16,583,548</b>	<b>17,430,107</b>	<b>846,558</b>

1 Increase in accounts receivable, trade related to advisory and agency services for business succession deals, licensing business and public accounting business.

2 Contributed to fund executing several private equity investments.  
Gradual progress on sale of real estate investment trust beneficiary rights in subsidiary SPC.

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

Liabilities	Fiscal 2020	Fiscal 2021 First Two Quarters	Change
<b>Current liabilities</b>	2,333,428	2,837,234	503,805
Accounts payable, trade	109,597	185,123	75,526
Short-term loans payable	69,701	26,800	(42,901)
Current portion of long-term loans payable	615,111	576,945	(38,166)
Income taxes payable	97,250	229,136	131,886
Lease obligations	222,578	226,445	3,866
Accrued employee bonuses	130,666	122,344	(8,322)
Other	1,088,523	1,470,439	381,915
<b>Noncurrent liabilities</b>	6,945,738	6,792,687	(153,050)
Long-term loans payable	6,125,744	6,103,176	(22,568)
Lease obligations	581,872	467,673	(114,198)
Deferred tax liabilities	96,324	77,417	(18,907)
Net defined benefit liability	108,259	110,883	2,623
Other	33,536	33,536	—
<b>Total liabilities</b>	<b>9,279,166</b>	<b>9,629,922</b>	<b>350,755</b>

## Net Assets

<b>Shareholders' equity</b>	6,294,416	6,824,069	529,652
Common stock	6,462,062	6,462,099	36
Additional paid-in capital	5,016,132	4,994,549	(21,582)
Retained earnings	(5,183,778)	(4,632,579)	551,198
<b>Accumulated other comprehensive income</b>	(36,213)	(14,028)	22,185
<b>Stock acquisition rights</b>	64,045	60,904	(3,141)
<b>Non-controlling interests</b>	982,133	929,239	(52,893)
<b>Total net assets</b>	<b>7,304,381</b>	<b>7,800,185</b>	<b>495,803</b>
<b>Total liabilities and net assets</b>	<b>16,583,548</b>	<b>17,430,107</b>	<b>846,558</b>

# Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2020 First Two Quarters	Ratio to Sales	Fiscal 2021 First Two Quarters	Ratio to Revenues	YoY Change Amount	YoY Change Ratio		
Revenues	1	4,269,822	100.0%	4,874,665	100.0%	604,842	14.2%	
Cost of revenues		2,968,595	69.5%	2,490,402	51.1%	(478,192)	(16.1)%	
Gross profit	2	1,301,227	30.5%	2,384,262	48.9%	1,083,035	83.2%	
Selling, general and administrative expenses	3	1,796,335	42.1%	1,543,450	31.7%	(252,885)	(14.1)%	
Operating income/(loss)		(495,107)	(11.6)%	840,812	17.2%	1,335,920	—	
Other income		7,508	0.2%	4	65,780	1.3%	58,272	776.0%
Other expenses		72,772	1.7%	75,426	1.5%	2,654	3.6%	
Ordinary profit/(loss)		(560,371)	(13.1)%	831,166	17.1%	1,391,537	—	
Extraordinary profit		5,672	0.1%	3,123	0.1%	(2,548)	(44.9)%	
Extraordinary loss		74,827	1.8%	1,122	0.0%	(73,705)	(98.5)%	
Income before income taxes		(629,526)	(14.7)%	833,168	17.1%	1,462,694	—	
Income taxes		25,875	0.6%	213,183	4.4%	187,307	723.9%	
Profit/(loss)		(655,401)	(15.3)%	619,984	12.7%	1,275,386	—	
Profit/(loss) attributable to non-controlling interests		(73,870)	(1.7)%	1,690	0.0%	75,560	—	
Profit/(loss) attributable to owners of parent		(581,531)	(13.6)%	618,293	12.7%	1,199,825	—	

1 Although Metsä guest count dropped 24.9% year on year, several private equity investment deals were exited, and aircraft asset management delivered favorable results, leading to higher revenues.

2 Gross profit significantly higher, reflecting growth in revenues mainly from arrangement services on investment banking business deals which have low cost of revenue.

3 Gradual progress on cost reduction in various categories in fiscal 2020 underpinned 14.1% decrease in selling, general and administrative expenses. Metsä maintained cost-cutting operating structure.

4 Received ¥52 million, including subsidy to promote corporate location pertaining to Metsä, from city of Hanno, Saitama Prefecture.

# Consolidated Statement of Cash Flows

	Fiscal 2020 First Two Quarters	Fiscal 2021 First Two Quarters	Change
<b>Cash flows from operating activities</b>	<b>766,285</b>	<b>774,494</b>	<b>8,208</b>
Income/(Loss) before income taxes	(629,526)	833,168	1,462,694
Depreciation and amortization	466,363	336,385	(129,977)
Interest expenses	68,823	58,369	(10,453)
(Increase)/Decrease in accounts receivable, trade	(6,700)	(656,949)	(650,248)
(Increase)/Decrease in investments in securities, trade	115,643	(92,180)	(207,824)
(Increase)/Decrease in inventories	195,618	46,969	(148,649)
Increase/(Decrease) in accounts payable, trade	(5,273)	73,274	78,547
Other	561,336	175,458	(385,878)
<b>Cash flows from investing activities</b>	<b>(206,999)</b>	<b>(52,068)</b>	<b>154,930</b>
Purchase of property, plant and equipment	(212,469)	(49,302)	163,167
Other	5,470	(2,766)	(8,236)

(Thousands of yen)

	Fiscal 2020 First Two Quarters	Fiscal 2021 First Two Quarters	Change
<b>Cash flows from financing activities</b>	<b>(841,664)</b>	<b>(299,262)</b>	<b>542,401</b>
(Increase)/Decrease in short-term loans payable, net	(440,504)	(43,157)	397,346
Proceeds from long-term loans payable	364,000	100,000	(264,000)
Repayments of long-term loans payable	(633,684)	(160,734)	472,950
Repayments of finance lease obligations	(106,880)	(110,332)	(3,451)
Other	(24,595)	(85,039)	(60,443)
Effect of exchange rate change on cash and cash equivalents	626	13,676	13,050
Net increase/(decrease) in cash and cash equivalents	(281,751)	436,839	718,590
Cash and cash equivalents at the beginning of the period	2,513,187	2,142,069	(371,118)
Cash and cash equivalents at the end of the period	2,231,436	2,578,908	347,472

# Changes in Key Financial Data

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	First Two Quarters Fiscal 2021
Revenues	(millions of yen)	7,485	7,182	3,689	9,175	6,841	4,874
Gross profit	(millions of yen)	1,496	1,626	2,261	2,944	2,313	2,384
Operating income/(loss)	(millions of yen)	(1,031)	(1,319)	(1,072)	(1,664)	(992)	840
Ordinary income (loss)	(millions of yen)	(1,369)	(1,341)	(1,227)	(1,850)	(1,135)	831
Profit /(loss) attributable to owners of parent	(millions of yen)	(1,384)	(1,358)	(820)	(1,586)	(1,186)	618
Net assets	(millions of yen)	6,312	5,326	8,551	8,873	7,304	7,800
Total assets	(millions of yen)	10,975	12,932	14,016	19,025	16,583	17,430
Net assets per share	(yen)	38.66	29.64	39.31	37.03	31.12	33.86
Net income (loss) per share	(yen)	(8.56)	(8.39)	(4.79)	(8.08)	(5.90)	3.07
Diluted net income (loss) per share	(yen)	—	—	—	—	—	3.07
Equity to total asset ratio	(%)	57.0	37.1	52.2	39.1	37.7	39.1
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	774
Cash flow from investing activities	(millions of yen)	(302)	(1,026)	(2,008)	(4,543)	(282)	(52)
Cash flow from financing activities	(millions of yen)	(751)	2,937	5,771	5,710	(767)	(299)
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	2,240	2,969	3,847	2,513	2,142	2,578
Number of employees(consolidated) (part-time employees)	(employees)	114(20)	143(27)	156(42)	167(262)	156(224)	145(202)
Number of employees(non-consolidated)(part-time employees)	(employees)	45(8)	40(6)	38(5)	39(5)	28(6)	27(4)



# 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 March 31, 2021)
<b>Minimum trading unit</b>	100
<b>Capital stock</b>	¥6,462 million (As of March 31, 2021)
<b>Net assets (consolidated)</b>	¥7,800 million (As of March 31, 2021)
<b>Major shareholders (As of March 31, 2021)</b>	Nobumitsu Tamai 10,095,500 shares (5.02%) CAT-MY Co., Ltd 10,000,000 shares (4.97%)
<b>Number of employees</b>	Consolidated: 145 (As of March 31, 2021, excludes temporary staff)

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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.