

Results for First Quarter of Fiscal 2020, ending September 30, 2020

February 2020

FinTech Global Incorporated

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



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Fiscal 2020 First Quarter Consolidated Business Summary

- **With addition of revenues from operation of Moominvalley Park, which was not yet open in the first quarter of previous fiscal year, consolidated revenues and gross profit rose year-on-year**
 - Revenues: ¥2,209 million (up ¥1,189 million over first quarter of fiscal 2019)
 - Gross profit: ¥696 million (up ¥241 million over first quarter of fiscal 2019)
- **Costs incurred in fiscal 2019 in preparation for Metsä opening and other one-time expenses no longer a factor in first quarter of fiscal 2020, leading to lower SG&A expenses. Operating loss a lighter shade of red.**
 - Selling, general and administrative expenses: ¥955 million (down ¥247 million over first quarter of fiscal 2019)
 - *Expected to decrease in second quarter onward as well.
 - Operating loss: ¥258 million (¥488 million less than in first quarter of fiscal 2019)

Investment Banking Business

Gross profit: ¥ 316 million (up 67 million year on year)

Segment loss: ¥71 million (¥57 million less year on year)

- Arrangements and aircraft asset management services moving in favorable direction.
- Valuation loss on corporate investments in first quarter of fiscal 2019 no longer impacting business results.

Entertainment Service Business

(Revenues includes intersegment revenues and transfers.)

Revenues: ¥1,647 million (up ¥1,162 million year on year, down ¥74 million from fourth quarter of fiscal 2019)

Segment loss: ¥18 million (¥373 million less than a year ago and ¥59 million less than the level posted in fourth quarter of fiscal 2019)

Compared with first quarter of fiscal 2019

- Revenues increased 240%, thanks to operation of Moominvalley Park. Burden of costs incurred in preparation for opening eliminated, greatly reducing extent of segment loss.
- Heavier burden of depreciation and amortization expenses, rising ¥192 million to ¥215 million.

Compared with fourth quarter of fiscal 2019 (quarter directly preceding this period)

- Metsä saw 19.8% increase in guest count, owing to various measures to attract crowds. Bad weather in October and a drop in licensing revenues caused 4.3% drop in revenues.
- Event costs and sales and promotion costs were up but personnel costs and outsourcing fees under control. Operating expenses down ¥134 million, relieving downward pressure on operating loss

Fiscal 2020 First Quarter Consolidated Performance

(Millions of yen)

(Millions of yen)	Fiscal 2019					Fiscal 2020	YOY Change Amount	YOY Change Ratio
	1Q	2Q	3Q	4Q		1Q		
Revenues	1,020	2,257	3,411	2,486	9,175	2,209	+1,189	116.6%
Gross profit	455	495	1,324	669	2,944	696	+241	53.0%
Operating income(loss)	(747)	(720)	160	(356)	(1,664)	(258)	+488	—
Ordinary income(loss)	(804)	(762)	121	(404)	(1,850)	(297)	+507	—
Profit/(loss) attributable to owners of the parent	(599)	(645)	34	(376)	(1,586)	(284)	+314	—
EBITDA	(679)	(568)	416	(104)	(935)	(5)	+673	—

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

Business Summary by Segment (1)

(Millions of yen)

Reporting Segments		Fiscal 2019					Fiscal 2020	YOY Change	FY2019 Q4 comparison	Key Consolidated Subsidiaries
		Q1	Q2	Q3	Q4		Q1			
Investment Banking Business	Revenues	405	975	1,230	782	3,393	555	+149	(227)	FinTech Global FinTech Asset Management FinTech Global Trading, FGI Capital Partners FinTech M&A Solution,SIGI-Group
	Gross profit	249	130	466	293	1,139	316	+67	+22	
	Operating income	(128)	(276)	26	(100)	(478)	(71)	+57	+28	
Public Management Consulting Business	Revenue	182	263	148	79	673	64	(118)	(15)	Public Management Consulting Corporation (Geoplan Namtech)
	Gross profit	88	149	78	47	364	33	(55)	(14)	
	Operating income	10	65	(3)	6	79	(7)	(17)	(14)	
Entertainment Service Business	Revenues	484	1,078	2,122	1,721	5,407	1,647	+1,162	(74)	Moomin Monogatari Hanno Local Resource Utilization LLC Rights and Brands Japan
	Gross profit	131	228	808	376	1,545	376	+245	+0	
	Operating income	(392)	(299)	346	(78)	(423)	(18)	+373	+59	
Others	Revenues	7	13	3	-	24	-	(7)	-	(Adacotech Incorporated)
	Gross profit	7	13	3	-	24	-	(7)	-	
	Operating income	(4)	0	(8)	-	(12)	-	+4	-	
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenues	(60)	(73)	(93)	(97)	(324)	(57)	+3	+40	
	Gross profit	(21)	(26)	(32)	(48)	(128)	(29)	(8)	+18	
	Operating income	(232)	(210)	(201)	(185)	(829)	(161)	+71	+23	
Amount Booked on Consolidated Statement of Income	Revenues	1,020	2,257	3,411	2,486	9,175	2,209	+1,189	(276)	
	Gross profit	455	495	1,324	669	2,944	696	+241	+27	
	Operating income	(747)	(720)	160	(356)	(1,664)	(258)	+488	+97	
Related issues		Metsä Village opened in November 2018	Moominvalley Park opened in March 2019		Geoplan Namtech and Adacotech removed from scope of consolidation					

1. The ¥(161) million operating loss for the first quarter of fiscal 2020, under adjustment, includes intersegment elimination (¥62 million in the first quarter of fiscal 2020) as well as corporate expenses (¥(224) 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.
2. Revenue for each segment includes intersegment revenue and transfers.

Business Summary by Segment (2)

Revenues

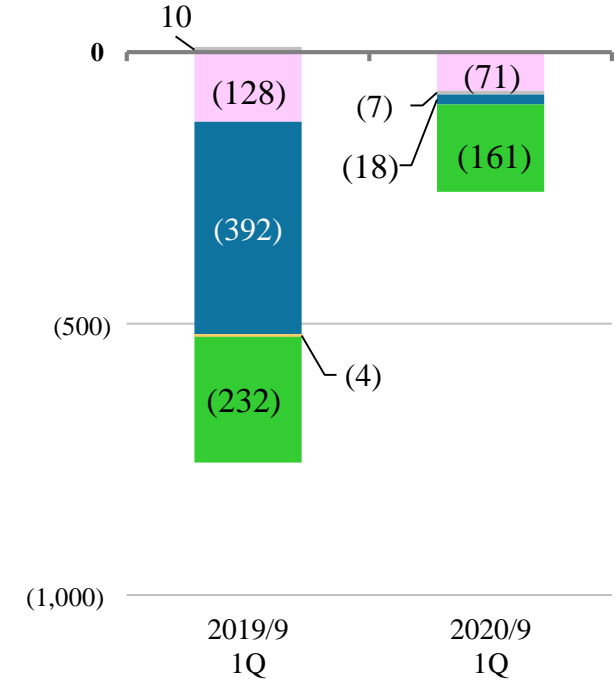
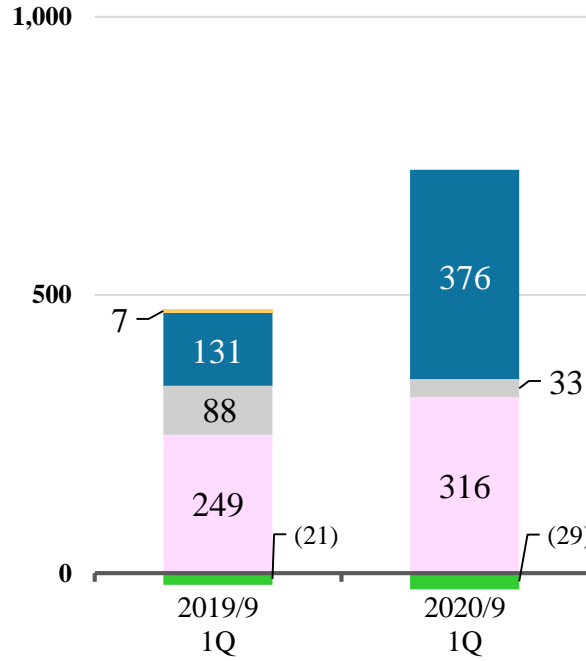
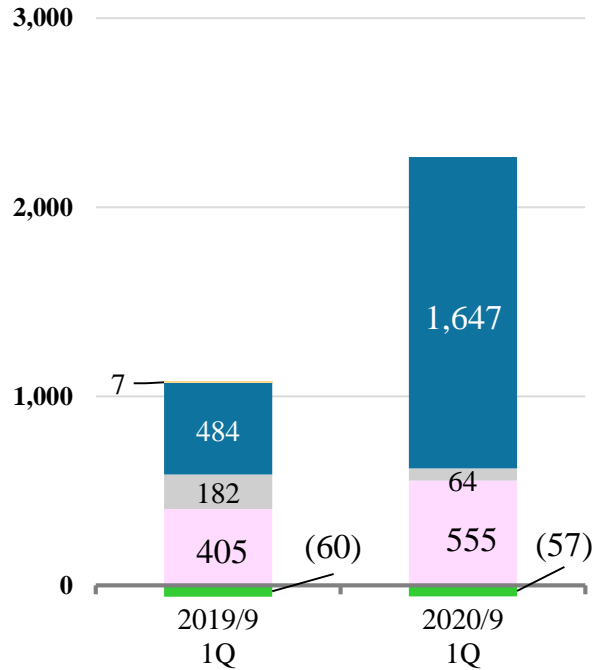
Gross Profit

Operating Income (Loss)

(Millions of yen)

(Millions of yen)

(Millions of yen)

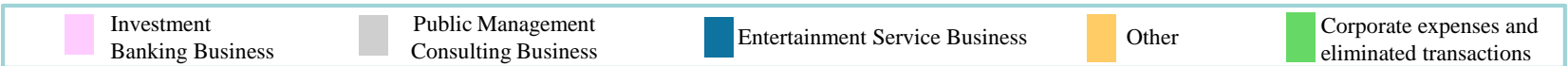


1,020 **2,209**
Up 116.6%

445 **696**
Up 53.0%

(747) **(258)**

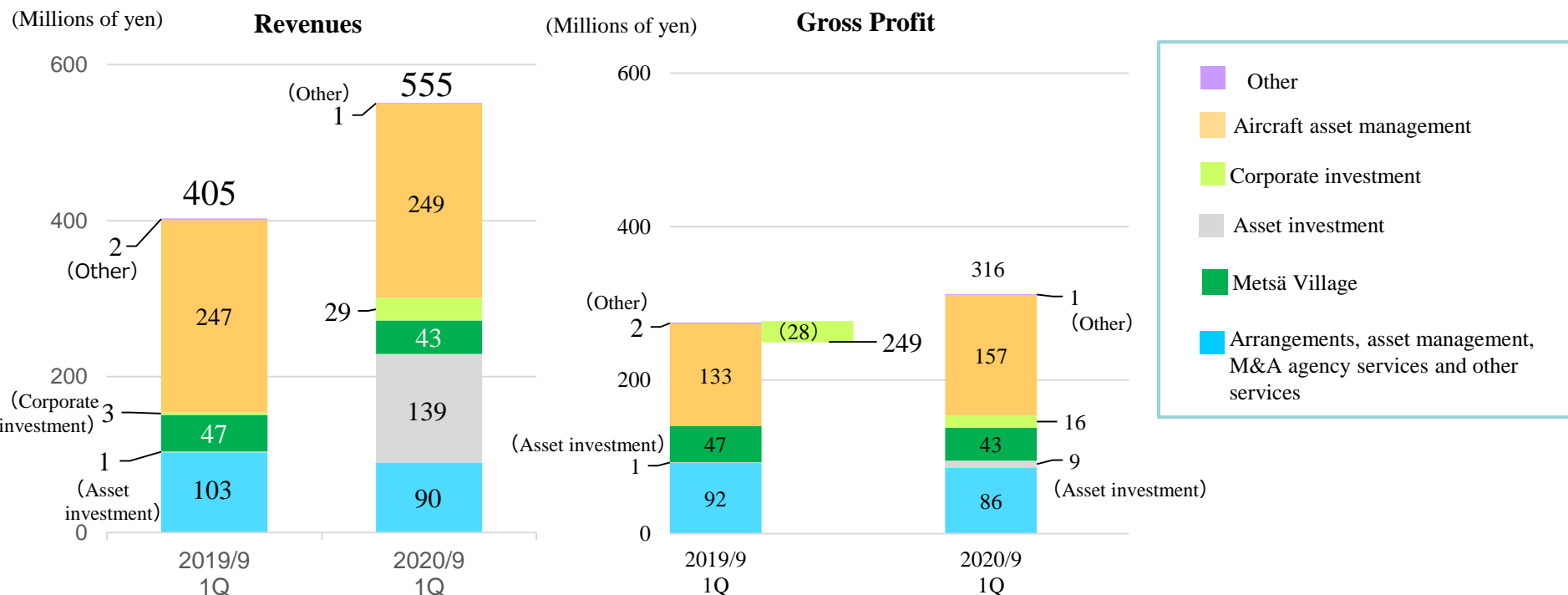
Note: Segment breakdown uses non-eliminated values.



Investment Banking Business—Revenues and gross profit by service

Valuation loss on corporate investments in fiscal 2019 no longer impacting results, leading to 26.9% year-on-year increase in gross profit

- Arrangements and aircraft asset management services moving in favorable direction.
- Asset investment revenue up, thanks to increase in exit activity.
- In corporate investment, booked revenue on fund investment exits.

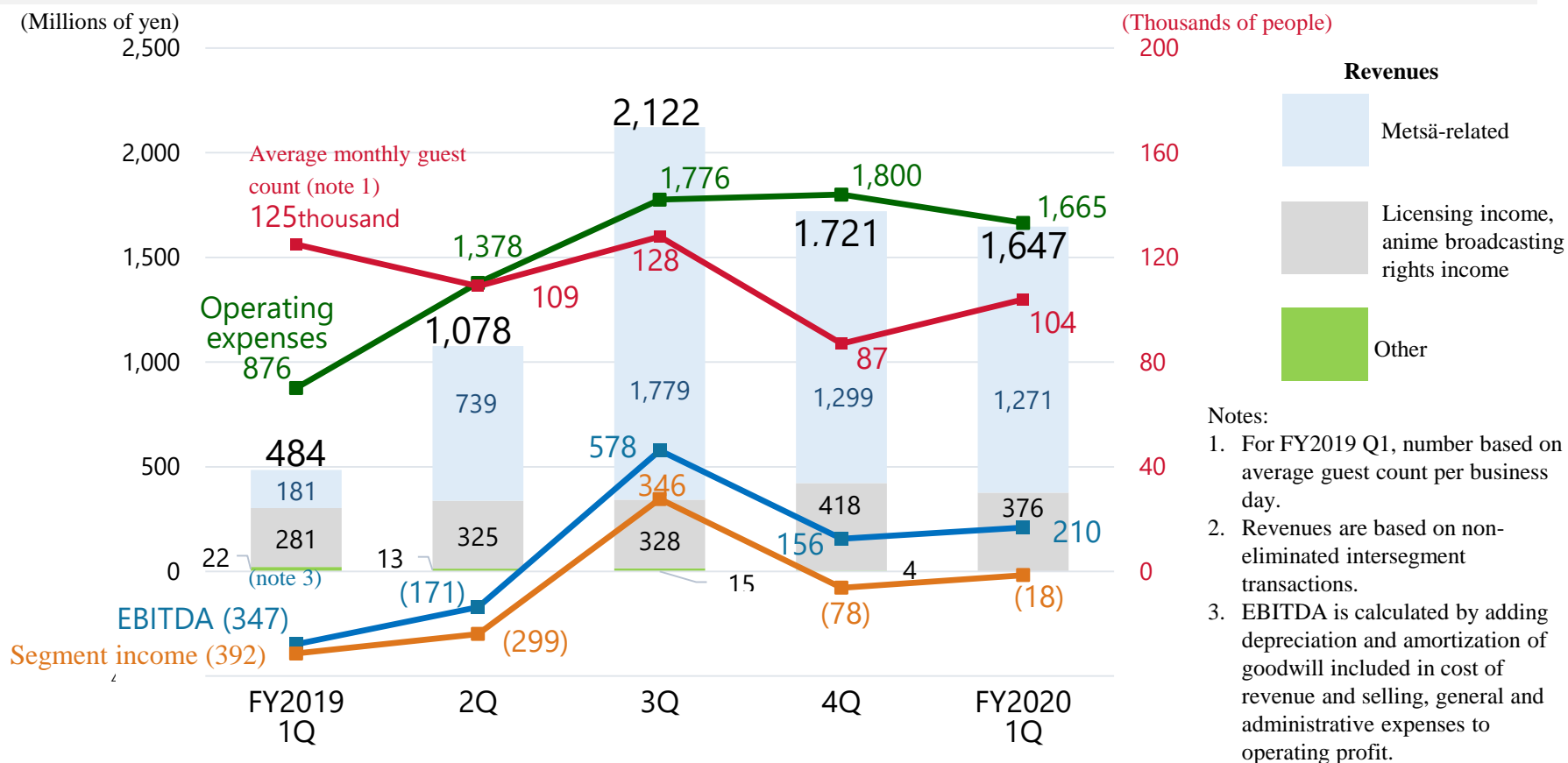


Note: Intersegment transactions, such as rental income from Metsä Village facilities that the investment banking business receives from the entertainment service business, use non-eliminated values.

Changes in Entertainment Service Business Results (Quarterly)

The number of visitors to Metsä grew compared with the fourth quarter of fiscal 2019, but the impact of bad weather in October and a drop in licensing business revenues led to a 4.3% decrease in segment revenues. Event costs and sales and promotion costs were up but personnel costs and outsourcing fees were kept under control. Consequently, operating expenses were down ¥134 million from the fourth quarter, leading to a ¥59 million improvement in the operating loss.

- Metsä-related: October 2019 brought bad weather, including a typhoon that forced the site to stay closed on the first day of a three-day holiday. Such weather events kept Metsä attendance low that month. Beginning in November, approaches were introduced to raise guest satisfaction. These included free parking on weekdays, the debut of one-day passes, and a crowd-drawing event called “Winter Wonderland in Moominvalley Park,” which pushed the guest count up 19.8% over the level recorded in the fourth quarter of fiscal 2019.
- Licensing-related: Licensing income increased compared with the first quarter of fiscal 2019. Booked income on anime broadcasting rights, a source of income not available a year ago. Revenues climbed 33.6% from the first quarter of fiscal 2019.



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

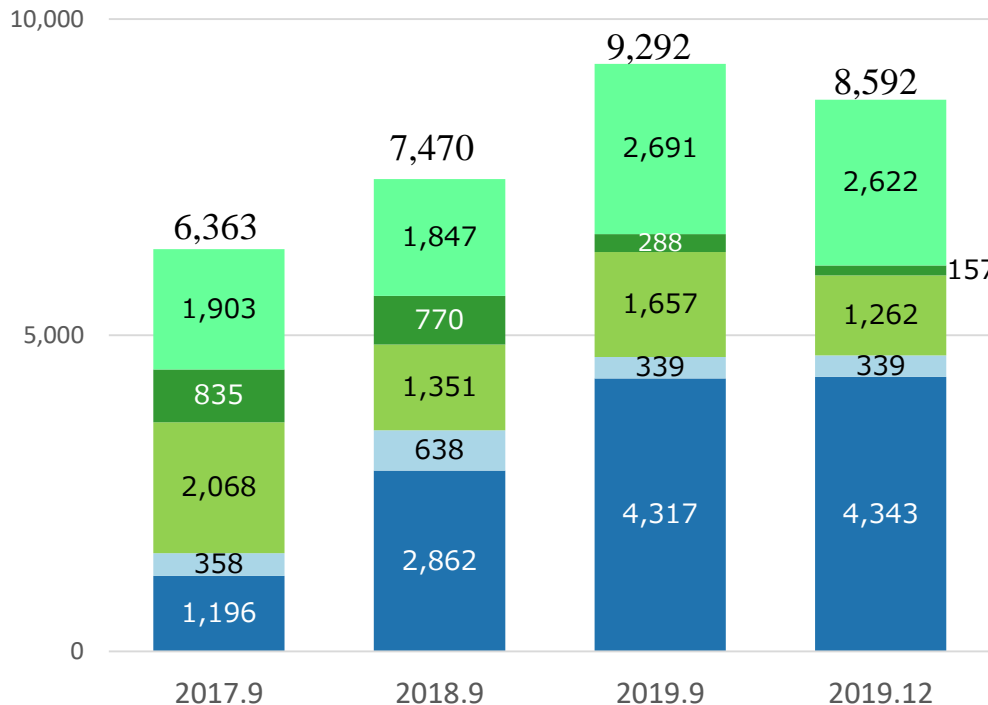
Recovered loans extended to SPC that owns Moominvalley Park land. Continuing to pursue new investments into growth companies.

Key Components of Change in First Quarter (October 2019 – December 2019) of Fiscal 2020

- **Principal investment:** Investments: New growth-company investment (one company). Exits: Real estate and corporate investment deals.
- **Venture capital funds:** Amount invested into FGF down because fund exited drug-discovery company that had been target of investment activity. (Revenue from profit capture through investment exit booked in first quarter.) FGF balance sits at ¥50 million.
- **Corporate investment:** Recovered loans extended to Hanno Local Resource Utilization in previous fiscal year.

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, investments in capital to affiliated companies, and investments in capital 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.

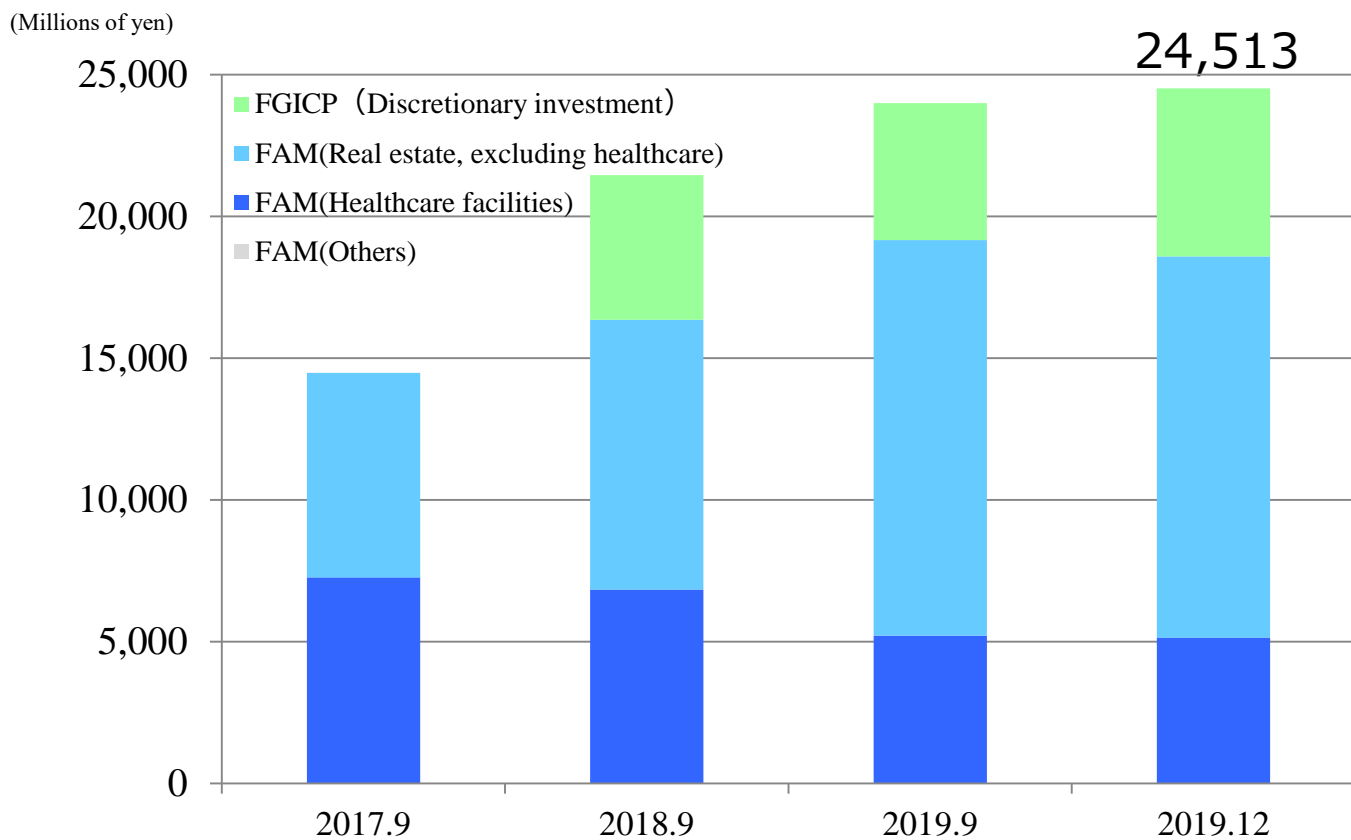
Real estate (Metsä business)

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

FGICP was assigned new assets to manage, expanding assets under management at home and abroad. This contributed to a 2.2% increase in assets under management within the Group as of December 31, 2019, compared with September 30, 2019.

- 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

Assets	(Thousands of yen)		
	Fiscal 2019	Fiscal 2020 First Quarter	Change
Current assets	10,438,589	10,313,804	(124,784)
Cash and time deposits	2,533,187	2,547,258	14,070
Accounts receivable, trade	727,499	679,240	(48,258)
1 Investments in securities, trade	1,359,941	1,107,410	(252,531)
Loans receivable, trade	548,625	533,813	(14,811)
Real estate for sale	4,211,988	4,238,709	26,720
Merchandise	208,577	270,734	62,156
Other	948,410	1,028,245	79,835
Allowance for doubtful accounts	(99,641)	(91,607)	8,034
Noncurrent assets	8,586,424	8,387,729	(198,695)
2 Property, plant and equipment	7,283,853	7,146,874	(136,978)
Intangible fixed assets	724,929	684,154	(40,775)
Investments and other assets	577,641	556,700	(20,941)
Total assets	19,025,014	18,701,533	(323,480)

1 New growth-company investment (one company). FGI received distribution of profit paralleling exit by venture capital fund FGF from investment in drug-discovery company that had been target of investment activity. Also, posted decrease due to progress on sale of property trust beneficiary rights in SPC subsidiary.

2 Steadily directed investment into Moominvalley Park to enhance facility and service content but posted decrease due to depreciation, mainly on buildings and interior and exterior features.

Liabilities	(Thousands of yen)		
	Fiscal 2019	Fiscal 2020 First Quarter	Change
Current liabilities	3,010,093	3,143,053	132,960
Accounts payable, trade	213,256	390,693	177,436
Short-term loans payable	373,904	468,304	94,400
Current portion of long-term loans payable	752,968	645,596	(107,372)
Income taxes payable	98,999	80,049	(18,950)
Accrued employee bonuses	157,244	92,319	(64,925)
Other	1,413,720	1,466,090	52,370
Noncurrent liabilities	7,141,750	7,003,472	(138,278)
Long-term loans payable	6,086,260	6,016,589	(69,671)
Net defined benefit liability	94,633	98,172	3,538
Other	960,856	888,711	(72,145)
Total liabilities	10,151,843	10,146,526	(5,317)

Net Assets

Shareholders' equity	7,480,064	7,195,540	(284,524)
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)	(4,282,655)	(284,884)
Accumulated other comprehensive income	(33,493)	(44,823)	(11,329)
Stock acquisition rights	65,837	61,220	(4,616)
Non-controlling interests	1,360,762	1,343,069	(17,692)
Total net assets	8,873,170	8,555,007	(318,162)
Total liabilities and net assets	19,025,014	18,701,533	(323,480)

Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2019 First Quarter	Ratio to Sales	Fiscal 2020 First Quarter	Ratio to Sales	YoY Change Amount	YoY Change Ratio
Revenues	1,020,148	100.0%	2,209,465	100.0%	1,189,317	116.6%
Cost of revenues	564,807	55.4%	1,512,927	68.5%	948,120	167.9%
Gross profit	455,340	44.6%	696,537	31.5%	241,196	53.0%
Selling, general and administrative expenses	1,202,697	117.9%	955,454	43.2%	(247,242)	(20.6)%
Operating income/(loss)	(747,356)	(73.3)%	(258,917)	(11.7)%	488,439	—
Other income	6,781	0.7%	4,768	0.2%	(2,013)	(29.7)%
Other expenses	64,019	6.3%	42,869	1.9%	(21,149)	(33.0)%
Ordinary profit/(loss)	(804,593)	(78.9)%	(297,017)	(13.4)%	507,576	—
Extraordinary profit	1,448	0.1%	4,486	0.2%	3,038	209.7%
Extraordinary loss	178	0.0%	2,140	0.1%	1,961	1,098.3%
Income before income taxes	(803,323)	(78.7)%	(294,671)	(13.3)%	508,652	—
Income taxes	7,310	0.7%	2,701	0.1%	(4,608)	(63.0)%
Profit /(loss)	(810,633)	(79.5)%	(297,372)	(13.5)%	513,261	—
Profit /(loss) attributable to non-controlling interests	(211,278)	(20.7)%	(12,488)	(0.6)%	198,789	—
Profit /(loss) attributable to owners of parent	(599,355)	(58.8)%	(284,884)	(12.9)%	314,471	—

1

First quarter of fiscal 2020 saw sizable increase in revenues and cost of revenues owing to income and expenses associated with operation of Moominvalley Park, which was not yet open in the first quarter of fiscal 2019.

2

Burden of costs incurred during first quarter of fiscal 2019 in preparation for Metsä opening and other one-time costs no longer a factor. Decrease in number of subsidiaries under consolidation also contributed to 20.6% drop over first quarter of fiscal 2019.

Forecasts (1)

Preparing targets for medium-term management plan and will make announcement sometime in March 2020. Expect to disclose consolidated performance outlook for fiscal 2020 when the medium-term management plan is announced. To improve profitability, we are emphasizing certain issues, as outlined below, in the investment banking business and entertainment service business.

Investment Banking Business

Exit investments

- Asset investment: Focus on sale of owned properties. Working to achieve profitability in fiscal 2020.
- Corporate investment: Exploring possibility of turning several IT companies in the investment portfolio into funds and also considering exits.

Explore measures to improve Metsä Village profitability

- Considering measures to further improve profitability through use of idle land and capture of new tenants.
- Considering approaches such as securitization once profitability has been improved.

Forecasts (2)

Entertainment Service Business

Improve profitability through higher customer satisfaction

— Increase number of guests by enhancing customer satisfaction —



Winter Wonderland in Moominvalley Park

(Until March 8)

Guests enjoy projection mapping show using Moominhouse as the backdrop.

Enhance services

- Run free parking on weekdays campaign
- Offer new ticket options and included content

Began sales of one-day passes on November 30, 2019

Hold events

- Run crowd-pleasing events on regular basis

Expand content

- Run crowd-pleasing events on regular basis



Story Door

Shows a Moomin story of just a few minutes in length. Story Door began popping up in different spots around the site from November 30, 2019. Will install more machines this spring.



Plan to enrich content for first anniversary of Moominvalley Park opening.



Story Guide

Guests to Moominvalley Park can collect guides describing Moomin stories. Available as of November 30, 2019.

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Changes in Key Financial Data

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	First Quarter Fiscal 2020
Revenues	(millions of yen)	5,429	7,485	7,182	3,689	9,175	2,209
Gross profit	(millions of yen)	2,495	1,496	1,626	2,261	2,944	696
Operating income/(loss)	(millions of yen)	115	(1,031)	(1,319)	(1,072)	(1,664)	(258)
Ordinary income (loss)	(millions of yen)	237	(1,369)	(1,341)	(1,227)	(1,850)	(297)
Profit /(loss) attributable to owners of parent	(millions of yen)	224	(1,384)	(1,358)	(820)	(1,586)	(284)
Net assets	(millions of yen)	7,879	6,312	5,326	8,551	8,873	8,555
Total assets	(millions of yen)	11,958	10,975	12,932	14,016	19,025	18,701
Net assets per share	(yen)	48.31	38.66	29.64	39.31	37.03	35.56
Net income (loss) per share	(yen)	1.48	(8.56)	(8.39)	(4.79)	(8.08)	(1.42)
Diluted net income (loss) per share	(yen)	1.47	—	—	—	—	—
Equity to total asset ratio	(%)	65.4	57.0	37.1	52.2	39.1	38.2
Equity to net income ratio	(%)	3.4	(19.7)	(24.6)	(13.5)	(21.5)	—
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)	—
Cash flow from investing activities	(millions of yen)	(644)	(302)	(1,026)	(2,008)	(4,543)	—
Cash flow from financing activities	(millions of yen)	4,761	(751)	2,937	5,771	5,710	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	4,612	2,240	2,969	3,847	2,513	—
Number of employees(consolidated)(part-time employees)	(employees)	117(8)	114(20)	143(27)	156(42)	167(262)	169(273)
Number of employees(non-consolidated)(part-time employees)	(employees)	38(3)	45(8)	40(6)	38(5)	39(5)	33(1)

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 December 31, 2019)
Minimum trading unit	100
Capital stock	¥6,462 million (As of December 31, 2019)
Net assets (consolidated)	¥8,555 million (As of December 31, 2019)
Major shareholders (As of September 30, 2019)	Nobumitsu Tamai 20,095,500 shares (9.99%) Yuko Fujii 3,576,400 shares (1.78%)
Number of employees	Consolidated: 169 (As of December 31, 2019, 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.

FGI

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