

Results for First Two Quarters of Fiscal 2020, ending September 30, 2020

May 2020

FinTech Global Incorporated

Mothers Stock Code: 8789

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

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Fiscal 2020 First Two Quarters Business Summary

(Millions of yen)

	Fiscal 2019 First Two Quarters	Fiscal 2020 First Two Quarters	YOY Change Amount
Revenues	3,277	4,269	+991
Gross profit	950	1,301	+350
Operating income(loss)	(1,467)	(495)	+972
Ordinary income(loss)	(1,567)	(560)	+1,007
Profit/(loss) attributable to owners of the parent	(1,244)	(581)	+662
EBITDA	(1,247)	(29)	+1,218

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

- Moominvalley Park, which opened on March 16, 2019, and thus contributed to consolidated results from the beginning of fiscal 2020, boosting revenues. Metsä pre-opening expenses booked in previous fiscal year no longer a factor, and other one-time costs and lower personnel expenses led to 25.7% decrease in selling, general and administrative expenses, to ¥622 million. Operating loss not as deep.
- To help stop spread of COVID-19, Moominvalley Park closed for 16 days in March 2020. Business results slowed. Fixed costs, including personnel expenses and depreciation and amortization, during park closure came to ¥71 million and were booked under extraordinary loss.

Investment Banking Business

Gross profit: ¥719 million (up ¥339 million from first two quarters of fiscal 2019)

Segment loss: ¥35 million (¥369 million less than loss posted for first two quarters of fiscal 2019)

- Marked favorable progress, particularly on arrangements, investment exits and aircraft asset management services. Impairment loss on corporate investment at ¥12 million, down from ¥360 million in first two quarters of fiscal 2019, leading to higher gross profit and reduced segment loss.

Entertainment Service Business

(Revenues include intersegment revenues and transfers.)

Revenues: ¥2,850 million (up ¥1,287 million from first two quarters of fiscal 2019)

Segment loss: ¥160 million (an improvement of ¥531 million compared with first two quarters of fiscal 2019)

- Revenues including Moominvalley Park operation jumped 82.3%.
- Without burden of costs incurred ahead of Metsä opening, segment showed considerable improvement in loss position. Park was closed for 16 days in March when many potential guests were expected to visit. Even when park reopened, guest count negatively affected by stay-at-home attitude of public, with second-quarter guest count falling 28.3% from immediately preceding quarter (first quarter), to 225,000 people. Revenues dropped 27.0%.
- Depreciation expenses rose ¥283 million, to ¥413 million. (Additionally, depreciation expenses of ¥31 million were included in ¥71 million loss due to park closure that was booked under extraordinary loss)

Quarterly Changes in Consolidated Performance

(Millions of yen)

	Fiscal 2019						Fiscal 2020			QOQ change	YOY change
	1Q	2Q	First two quarters	3Q	4Q	Full year	1Q	2Q	First two quarters	¥ change % change	¥ change % change
Revenues	1,020	2,257	3,277	3,411	2,486	9,175	2,209	2,060	4,269	(149) (6.7%)	+991 +30.3%
Gross profit	455	495	950	1,324	669	2,944	696	604	1,301	(91) (13.2%)	+350 +36.8%
Operating income(loss)	(747)	(720)	(1,467)	160	(356)	(1,664)	(258)	(236)	(495)	+22 —	+972 —
Ordinary income(loss)	(804)	(762)	(1,567)	121	(404)	(1,850)	(297)	(263)	(560)	+33 —	+1,007 —
Profit/(loss) attributable to owners of the parent	(599)	(645)	(1,244)	34	(376)	(1,586)	(284)	(296)	(581)	(11) —	+662 —
EBITDA	(679)	(568)	(1,247)	416	(104)	(935)	(5)	(23)	(29)	(17) —	+1,218 —

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

Business Summary by Segment (1)

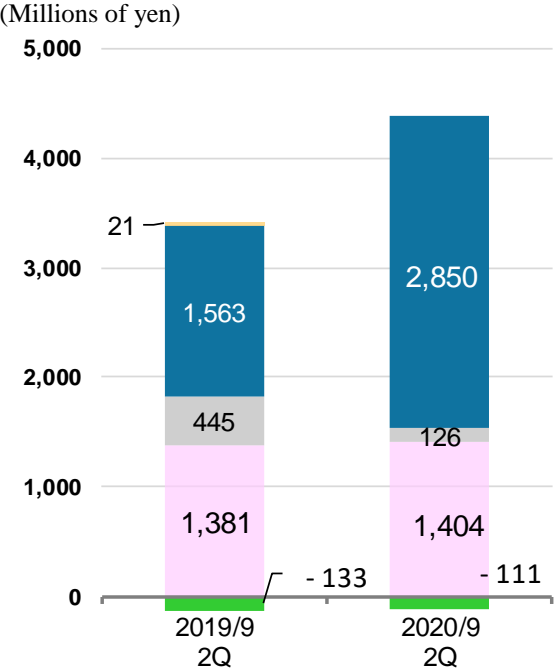
(Millions of yen)

Reporting Segments		Fiscal 2019						Fiscal 2020			QOQ change	YOY change
		1Q	2Q	First two quarters	3Q	4Q		1Q	2Q	First two quarters		
Investment Banking Business	Revenue	405	975	1,381	1,230	782	3,393	555	849	1,404	+294	+23
	Gross Profit	249	130	379	466	293	1,139	316	403	719	+86	+339
	Operating income	(128)	(276)	(404)	26	(100)	(478)	(71)	36	(35)	+107	+369
Public Management Consulting Business	Revenue	182	263	445	148	79	673	64	62	126	(1)	(319)
	Gross Profit	88	149	237	78	47	364	33	34	68	+1	(169)
	Operating income	10	65	76	(3)	6	79	(7)	(5)	(13)	+1	(89)
Entertainment Service Business	Revenue	484	1,078	1,563	2,122	1,721	5,407	1,647	1,202	2,850	(444)	+1,287
	Gross Profit	131	228	359	808	376	1,545	376	190	567	(185)	+207
	Operating income	(392)	(299)	(691)	346	(78)	(423)	(18)	(142)	(160)	(123)	+531
Others	Revenue	7	13	21	3	-	24	-	-	-	-	(21)
	Gross Profit	7	13	21	3	-	24	-	-	-	-	(21)
	Operating income	(4)	0	(3)	(8)	-	(12)	-	-	-	-	+3
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenue	(60)	(73)	(133)	(93)	(97)	(324)	(57)	(54)	(111)	+3	+22
	Gross Profit	(21)	(26)	(47)	(32)	(48)	(128)	(29)	(24)	(53)	+5	(6)
	Operating income	(232)	(210)	(443)	(201)	(185)	(829)	(161)	(124)	(286)	+36	+157
Amount Booked on Consolidated Statement of Income	Revenue	1,020	2,257	3,277	3,411	2,486	9,175	2,209	2,060	4,269	(149)	+991
	Gross Profit	455	495	950	1,324	669	2,944	696	604	1,301	(91)	+350
	Operating income	(747)	(720)	(1,467)	160	(356)	(1,664)	(258)	(236)	(495)	+22	+972
Related issues		Metsä Village opened in November 2018	Moominvalley Park opened in March 2019			Geoplan Namtech and Adacotech removed from scope of consolidation						

1. Revenue for each segment includes intersegment revenue and transfers.
2. The ¥(286) million operating loss for the first two quarters of fiscal 2020, under adjustment, includes intersegment elimination (¥119 million in the first quarter of fiscal 2020) as well as corporate expenses (¥(405) 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.

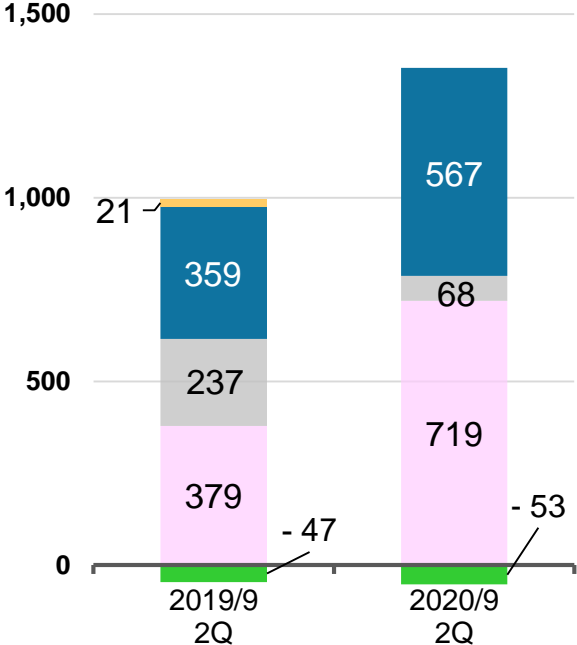
Business Summary by Segment (2)

Revenues



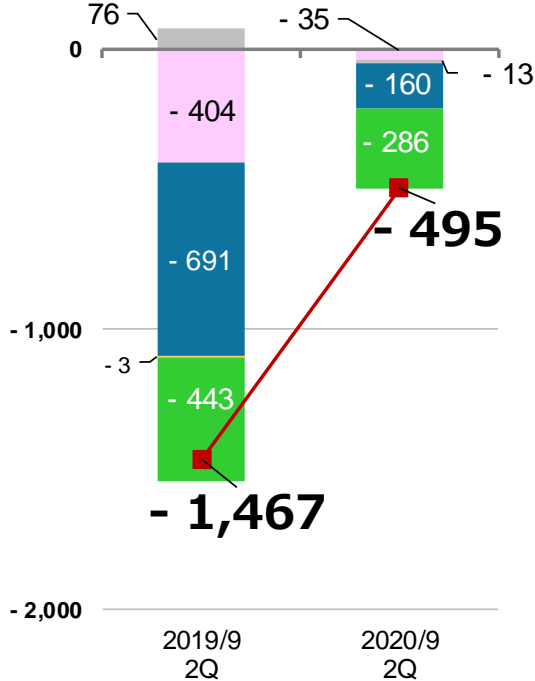
3,277 **4,269**
Up 30.3%

Gross Profit



950 **1,301**
Up 36.8%

Operating Income (loss)



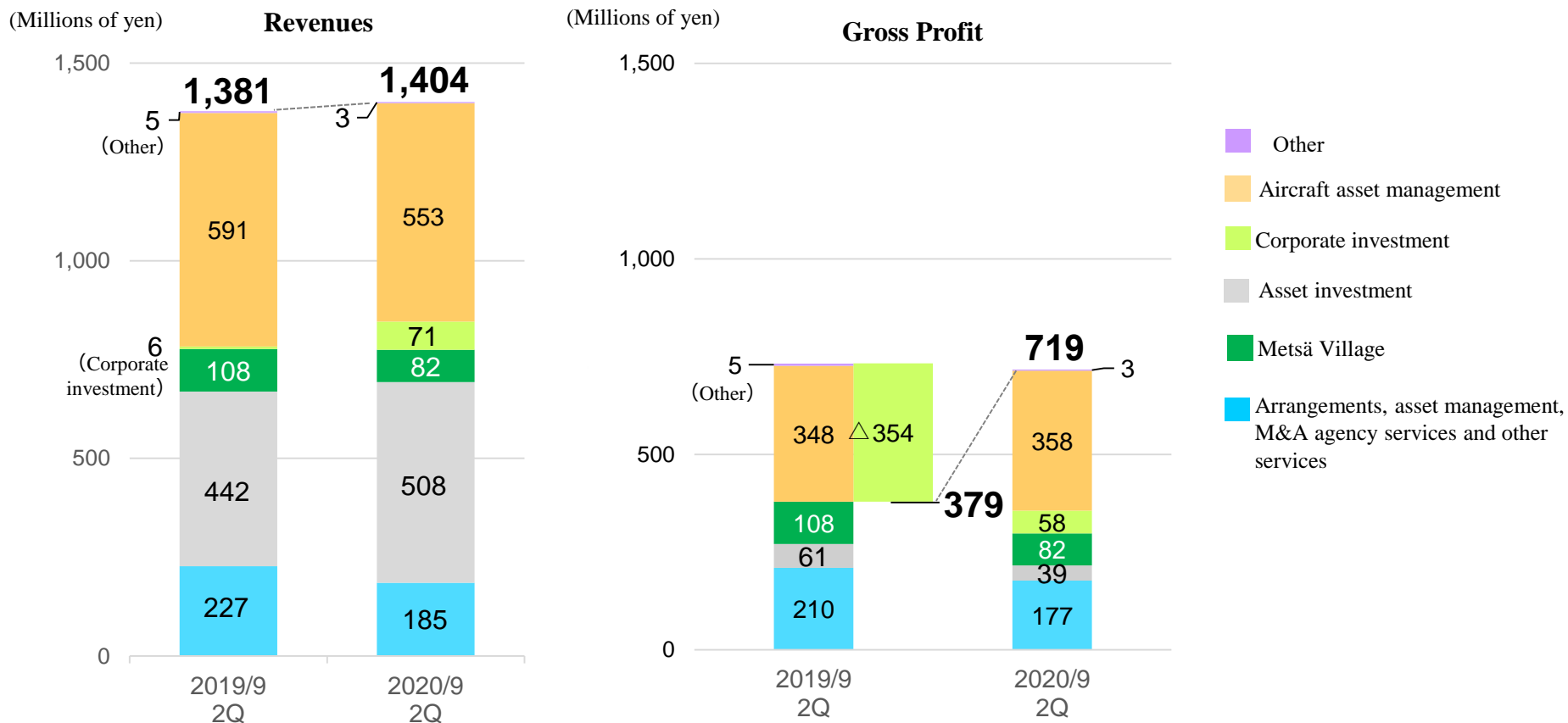
Note: Segment breakdown uses non-eliminated values.

- 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

Valuation loss on corporate investments in fiscal 2019 no long impacting results, leading to 89.4% year-on-year increase in gross profit

- **Arrangements:** For a few asset management projects, contracts were drawn up for sale of real estate, but payments will not be received until the third quarter, causing decrease in revenues.
- **Asset investment:** Exited real estate development deals, boosting revenues.
- **Corporate investment:** Impact from impairment loss on fund investment in second quarter of fiscal 2019 no longer a factor. Exited investment in growth company, contributing to higher revenues and gross profit.



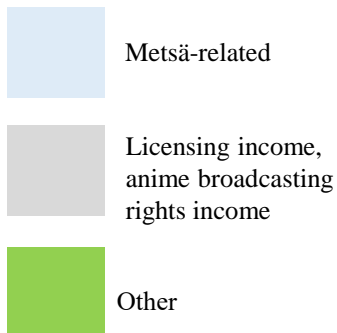
Note: Intersegment transactions use non-eliminated values.

Changes in Entertainment Service Business Results (Quarterly)

Moominvalley Park closed for 16 days in second quarter to help stop spread of COVID-19.

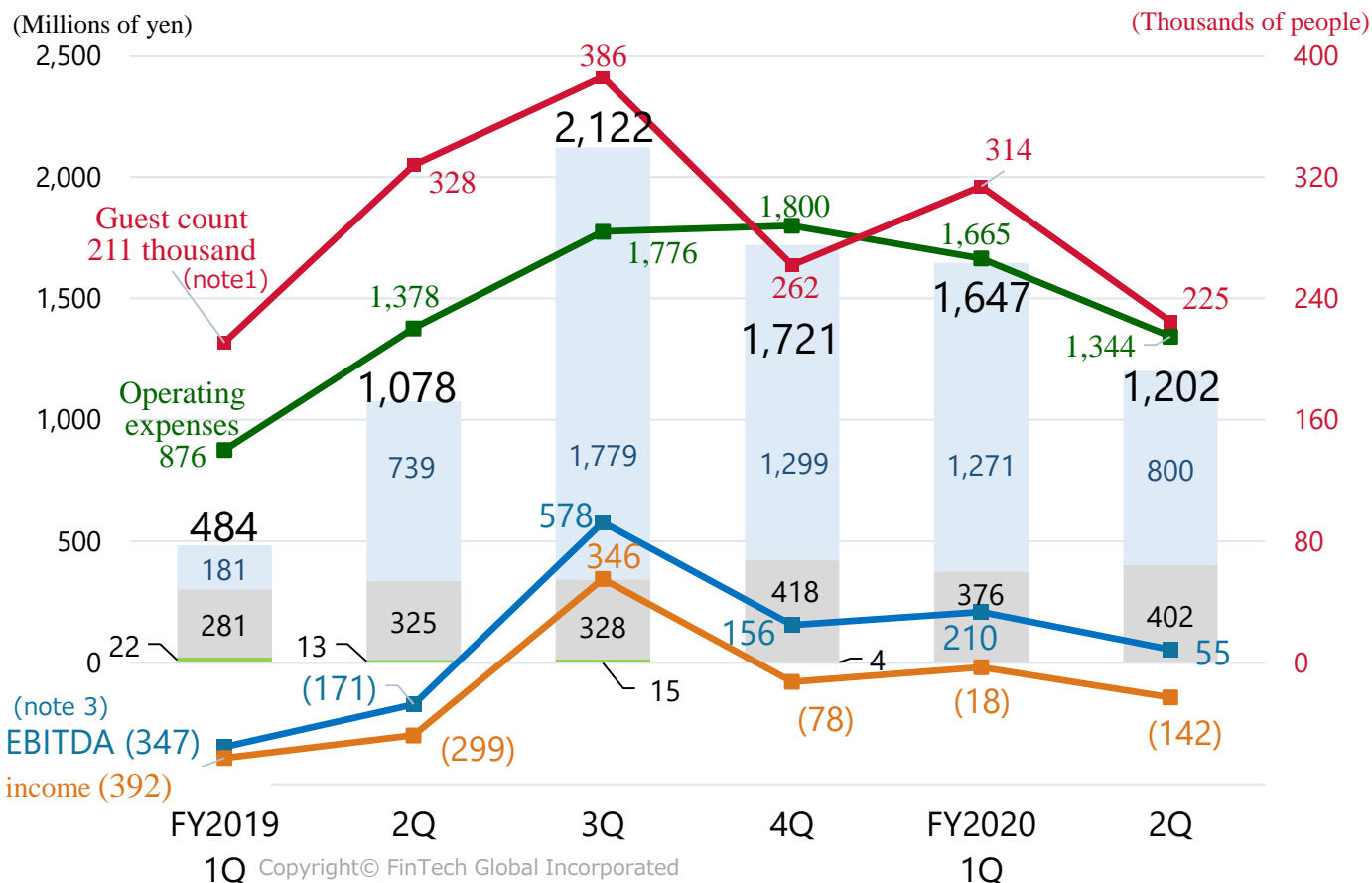
- **Metsä-related:** Beginning in November 2019, approaches were implemented to increase guest count and improve earnings, including free parking on weekdays, debut of one-day passes, more appealing schedule of events, distribution of Story Guide pamphlets and installation of Story Door stations where guests watch short video introduction to Moomin stories. These approaches were aimed at providing richer array of services and content to give guests feeling of greater satisfaction from their Metsä experience. Given these enhanced services and activities, Moominvalley Park revised ticket content and pricing on March 14, but park closed for 16 days in total in March 2020, causing guest count in second quarter to drop 28.3% from level recorded in first quarter. Revenues fell 27.0%.
- **Licensing-related:** Opening of Moominvalley Park raised level of interest in using Moomin characters under license, leading to contracts with additional 17 companies since October 2019. Revenues jumped 28.2% over first two quarters of fiscal 2019.

Revenues (note 2)



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 to operating profit.



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

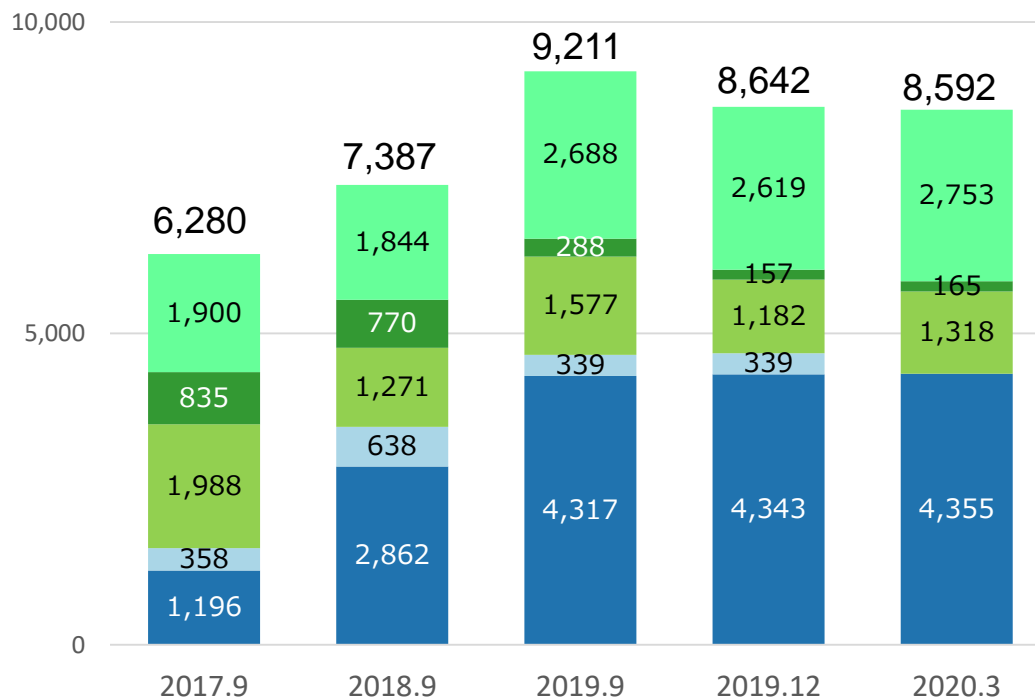
Key Components of Change in Second Quarter (January 2020 – March 2020) of Fiscal 2020

- Principal investment: Investments: Formed real estate M&A deal (details on next page). Invested in asset management company with real estate holdings.
Exits: Exited investment in growth company.
- Venture capital funds: Invested in life science company through fund
- Corporate investment: New loan to Moomin Monogatari to provide working capital during temporary park closure.
Subsidiary SGI paid dividend. Partial recovery of loan to subsidiary special purpose company with capital stake in SGI.

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.

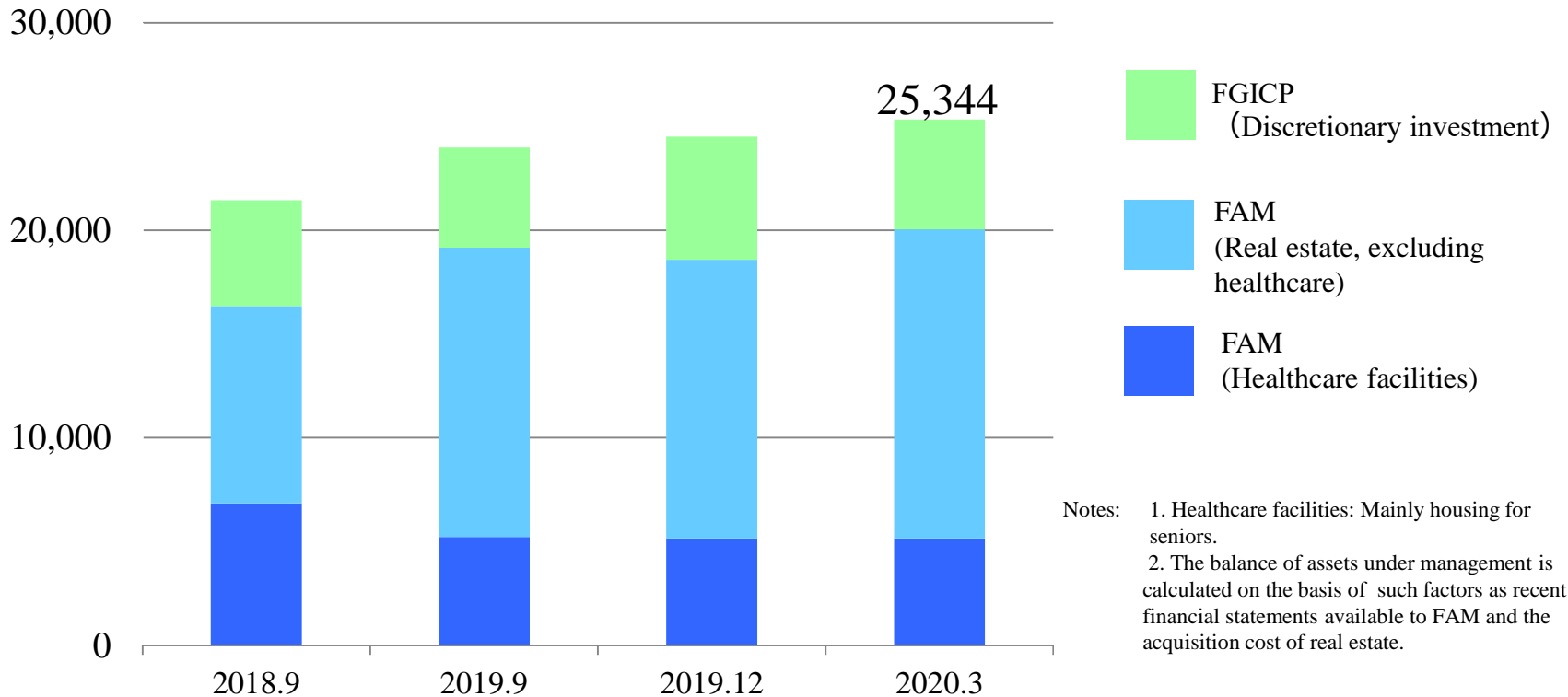
Changes in Assets under Management

FAM's assets under management grew through formation of real estate M&A deal* into which FGI contributed capital.
(Exited this deal in April 2020)

•*Real estate M&As

Undertaken to sell/purchase shares in a corporation where principal assets are primarily real estate, compared with typical M&As where the purpose is to sell/purchase a business in a company. The target of sale/purchase is not just the real estate held by the corporation but rather to shift assets and liabilities other than real estate held by the corporation from the seller (former shareholder(s) to the buyer (new shareholders) through the sale/purchase of shares in the corporation.

(Millions of yen)



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	Fiscal 2019	Fiscal 2020 First Two Quarters	Change
Current assets	10,438,589	9,150,001	(1,288,587)
Cash and time deposits	2,533,187	2,251,436	(281,751)
Accounts receivable, trade	727,499	733,316	5,817
1 Investments in securities, trade	1,359,941	1,241,997	(117,944)
Loans receivable, trade	548,625	529,995	(18,629)
2 Real estate for sale	4,211,988	3,910,618	(301,369)
Merchandise	208,577	284,077	75,499
3 Other	948,410	293,997	(654,412)
Allowance for doubtful accounts	(99,641)	(95,438)	4,203
Noncurrent assets	8,586,424	8,303,112	(283,311)
4 Property, plant and equipment	7,283,853	7,060,079	(223,773)
Intangible fixed assets	724,929	681,488	(43,441)
Investments and other assets	577,641	561,544	(16,097)
Total assets	19,025,014	17,453,114	(1,571,899)

1 New growth-company investment (one company). 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 progress on sale of real estate trust beneficiary rights in 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 Some loans extended due to refinancing.

(Thousands of yen)

Liabilities	Fiscal 2019	Fiscal 2020 First Two Quarters	Change
Current liabilities	3,010,093	2,163,738	(846,354)
Accounts payable, trade	213,256	207,562	(5,693)
5 Short-term loans payable	373,904	79,283	(294,620)
6 Current portion of long-term loans payable	752,968	300,968	(452,000)
Income taxes payable	98,999	113,839	14,839
Accrued employee bonuses	157,244	145,361	(11,883)
Other	1,413,720	1,316,723	(96,996)
Noncurrent liabilities	7,141,750	7,153,711	11,960
6 Long-term loans payable	6,086,260	6,220,871	134,610
Net defined benefit liability	94,633	102,696	8,062
Other	960,856	830,144	(130,712)
Total liabilities	10,151,843	9,317,450	(834,393)

Net Assets

Shareholders' equity	7,480,064	6,850,439	(629,625)
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)	(4,627,756)	(629,985)
Accumulated other comprehensive income	(33,493)	(38,488)	(4,994)
Stock acquisition rights	65,837	62,162	(3,674)
Non-controlling interests	1,360,762	1,261,550	(99,211)
Total net assets	8,873,170	8,135,664	(737,505)
Total liabilities and net assets	19,025,014	17,453,114	(1,571,899)

Consolidated Statement of Income

	Fiscal 2019		Fiscal 2020		(Thousands of yen)			
	First Two Quarters	Ratio to Sales	First Two Quarters	Ratio to Sales	YoY Change Amount	YoY Change Ratio		
Revenues	1	3,277,955	100.0%	4,269,822	100.0%	991,866	30.3%	
Cost of revenues		2,327,007	71.0%	2,968,595	69.5%	641,588	27.6%	
Gross profit		950,948	29.0%	1,301,227	30.5%	350,278	36.8%	
Selling, general and administrative expenses	2	2,418,784	73.8%	1,796,335	42.1%	(622,448)	(25.7)%	
Operating income/(loss)		(1,467,835)	(44.8)%	(495,107)	(11.6)%	972,727	—	
Other income		8,871	0.3%	7,508	0.2%	(1,362)	(15.4)%	
Other expenses		108,594	3.3%	72,772	1.7%	(35,822)	(33.0)%	
Ordinary profit/(loss)		(1,567,558)	(47.8)%	(560,371)	(13.1)%	1,007,187	—	
Extraordinary profit		60,294	1.8%	5,672	0.1%	(54,621)	(90.6)%	
Extraordinary loss		29,657	0.9%	3	74,827	1.8%	45,169	152.3%
Income before income taxes		(1,536,922)	(46.9)%	(629,526)	(14.7)%	907,396	—	
Income taxes		47,096	1.4%	25,875	0.6%	(21,220)	(45.1)%	
Profit /(loss)		(1,584,018)	(48.3)%	(655,401)	(15.3)%	928,616	—	
Profit /(loss) attributable to non-controlling interests		(339,502)	(10.4)%	(73,870)	(1.7)%	265,632	—	
Profit /(loss) attributable to owners of parent		(1,244,515)	(38.0)%	(581,531)	(13.6)%	662,983	—	

1

First two quarters of fiscal 2020 saw sizable increase in revenues and cost of revenues owing to income and expenses associated with full first two-quarter operation of Moominvalley Park, which opened in March 16, 2019. Valuation loss on corporate investment shrank to ¥12 million in second quarter of fiscal 2020, compared with ¥360 million a year earlier.

2

Burden of costs incurred during first quarter of fiscal 2019 in preparation for Metsä opening no longer a factor. Other one-time costs and personnel expenses also down. Decrease in number of subsidiaries under consolidation as of fourth quarter of 2019, affecting 25.7% drop in SG&A expenses for first two quarters of fiscal 2020 year on year.

3

Booked ¥71 million in fixed expenses (including personnel expenses and depreciation expenses) over 16-day closure of Moominvalley Park in March 2020 as loss due to temporary closure.

Planned March 2020 announcement on revisions to medium-term management plan cancelled

Management had planned to review and revise FGI's business plan — the medium-term management plan with its third and final year being fiscal 2020 — and announce changes in March 2020. But the Board of Directors decided at its meeting on March 19, 2020, that the spread of COVID-19 — the illness caused by the novel coronavirus — created uncertain conditions which prevented management from forming a realistic business plan. For this reason, the process of revision was cancelled.



**Preparation of a new medium-term management plan will be considered again
once the COVID-19 situation has been resolved.**

**Announcement of consolidated performance forecast for fiscal 2020 also postponed.
Management will carefully track the impact on business results caused by the COVID-19 pandemic
and disclose a forecast as soon as the situation allows for a more accurate estimate.**

Impact of and Response to COVID-19 Pandemic

Investment Banking Business

Currently, arrangement services, including arrangements and asset management, as well as asset investment and aircraft asset management have not been significantly impacted. However, in corporate investment activities, portfolio companies in some industries have been affected.

Topic	Details
Arrangements, asset management and other arrangement services, and asset investment	<ul style="list-style-type: none">• Existing asset management projects are, at current time, unlikely to be significantly affected by COVID-19 disaster, but some projects will require review of investment management strategy to address facility characteristics.• For a few asset management projects, including those for which FGI has contributed capital, contracts were drawn up in second quarter for sale of buildings, and payment is expected this fiscal year.• If investors take more cautious investment stance on sourcing for new projects and in exiting existing investments, situation could impact FGI's business results.
Corporate investment	<ul style="list-style-type: none">• Portfolio companies in some industries affected by the COVID-19 pandemic, with consequences that included downtime.• With regard to investment exits, restrictions put in place on in-person meetings with investors, impacting process of negotiations. Going forward, if investors take a more cautious investment stance, the situation could impact exit activity.• For new investments, policy will be to consider prevailing economic conditions and be very selective in choosing investment targets.• Potential exists for business revitalization investments.
Aircraft asset management	<ul style="list-style-type: none">• Demand for advisory services related to aircraft maintenance and technology is, at the current time, not expected to change significantly

Impact of and Response to COVID-19 Pandemic

Entertainment Service Business

For operations at Metsä, conditions will be carefully examined once the current state of emergency has been lifted, with the reopening of Metsä Village considered ahead of the rest of the site.

Management expects that the segment loss to deepen in the third quarter, compared with the second quarter, because the site will have been closed for a longer period of time than in the second quarter.

Topic	Details
Metsä closure status and possible reopening	<ul style="list-style-type: none">• In March 2020, Moominvalley Park was closed for 16 days in total, initially from March 2. (Reopened and operated from March 14 to March 27, adhering thoroughly to various measures to prevent spread of COVID-19) and then close for rest of month.• Metsä Village also closed, as of April 8, 2020, because government declared state of emergency.• Saitama Prefecture — one of the prefectures where specific precautions have been implemented — continues to adhere to state of emergency measures. Restart of operations will be conditioned upon exclusion from state of emergency zone and lifting of said order, and will be determined with full consideration of other factors as well. Looking into restart of operations at commercial facility Metsä Village first.
Tenant assistance	<ul style="list-style-type: none">• Tenants at Metsä Village will be granted a partial exemption from April rent.
Licensing business	<ul style="list-style-type: none">• Travelling exhibition of original Moomin artwork was set to open in Iwate for April-to-May 2020 engagement but was cancelled, and separate merchandise events planned at multiple venues also cancelled. Going forward, situation may continue to impact events and activities.• Licensing business feeling impact from the closure of stores operated by licensees and large commercial facilities such as department stores, which are key marketing channel for Moomin-related merchandise, but efforts will be made to reinforce marketing channels, including online sales, as well as product categories where demand is likely to grow.

Changes in Key Financial Data

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	First Two Quarters Fiscal 2020
Revenues	(millions of yen)	5,429	7,485	7,182	3,689	9,175	4,269
Gross profit	(millions of yen)	2,495	1,496	1,626	2,261	2,944	1,301
Operating income/(loss)	(millions of yen)	115	(1,031)	(1,319)	(1,072)	(1,664)	(495)
Ordinary income (loss)	(millions of yen)	237	(1,369)	(1,341)	(1,227)	(1,850)	(560)
Profit /(loss) attributable to owners of parent	(millions of yen)	224	(1,384)	(1,358)	(820)	(1,586)	(581)
Net assets	(millions of yen)	7,879	6,312	5,326	8,551	8,873	8,135
Total assets	(millions of yen)	11,958	10,975	12,932	14,016	19,025	17,453
Net assets per share	(yen)	48.31	38.66	29.64	39.31	37.03	33.87
Net income (loss) per share	(yen)	1.48	(8.56)	(8.39)	(4.79)	(8.08)	(2.89)
Diluted net income (loss) per share	(yen)	1.47	—	—	—	—	—
Equity to total asset ratio	(%)	65.4	57.0	37.1	52.2	39.1	39.0
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)	766
Cash flow from investing activities	(millions of yen)	(644)	(302)	(1,026)	(2,008)	(4,543)	(206)
Cash flow from financing activities	(millions of yen)	4,761	(751)	2,937	5,771	5,710	(841)
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	4,612	2,240	2,969	3,847	2,513	2,231
Number of employees(consolidated)(part-time employees)	(employees)	117(8)	114(20)	143(27)	156(42)	167(262)	142(268)
Number of employees(non-consolidated)(part-time employees)	(employees)	38(3)	45(8)	40(6)	38(5)	39(5)	24(4)

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 March 31, 2020)
Minimum trading unit	100
Capital stock	¥6,462 million (As of March 31, 2020)
Net assets (consolidated)	¥8,135 million (As of March 31, 2020)
Major shareholders (As of March 31, 2020)	Nobumitsu Tamai 10,095,500 shares (5.02%) CAT-MY Co., Ltd 10,000,000 shares (4.97%)
Number of employees	Consolidated: 142 (As of March 31, 2020, 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.