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Notice regarding fiscal 2018 consolidated performance expectations, anticipated dividends and business targets for next three years

May 28, 2018—Management at FinTech Global Incorporated (hereafter, "FGI" and "the Company") had not disclosed a consolidated performance forecast or anticipated dividends for fiscal 2018 because too many variables prevented an accurate prediction. But management has acquired a clearer picture, taking an overall view of such factors as corporate investment exits now in sight and, as described in a separate press release "Notice regarding achievement of capital increase target for Moomin Monogatari and status of preparations for Metsä opening," also dated today, steady progress on capital increases for Moomin Monogatari Ltd. (hereafter, "Moomin Monogatari") and preparations for the opening of Metsä. Estimates are presented below.

In addition, management has formulated business targets covering the next three years, based on expectations for the Metsä business and the Moomin licensing business, and takes this opportunity to describe them as well.

Details

1. Consolidated performance forecast for fiscal 2018 (October 1, 2017 - September 30, 2018)

(Millions of yen, %)

	Revenue	Operating loss	Ordinary loss	Loss attributable to owners of parent	Net loss per share (Yen)
Previous forecast (A)	–	–	–	–	–
Current forecast (B)	4, 160	(950)	(1, 160)	(730)	(4. 28)
Change (B-A)	–	–	–	–	–
Increase/(Decrease) (%)	–	–	–	–	–
Reference: Previous fiscal year (ended September 30, 2017)	7, 182	(1, 319)	(1, 341)	(1, 358)	(8. 39)

Note: On January 12, 2018, FGI issued its 18th series of new stock acquisition rights through third-party allocation. Net loss per share above is based on the average number of shares outstanding during the term if all new stock acquisition rights are exercised.

Details on performance forecast

Despite bringing companies, including an aircraft asset management company, under the scope of consolidation and anticipated corporate investment exits in the fourth quarter, revenues are likely to settle at ¥4,160 million, down ¥3,022 million from fiscal 2017, because subsidiaries in the real estate business were removed from consolidation. Gross profit, however, should come in at ¥2,600 million, up about ¥975 million year-on-year. An operating loss of ¥950 million is likely, owing to higher costs, including about ¥1.1 billion in personnel expenses and other prior investments associated with preparations for the opening of Metsä. An ordinary loss of ¥1,160 million is expected, reflecting foreign exchange losses (exchange rates likely to be around levels applied when the books closed for the first two quarters) and the impact of interest expense on nonrecourse loans of ¥3.4 billion (assumed balance of external borrowings at end of fiscal 2018) extended to a special purpose company that was established to take ownership of Moominvalley Park real estate and subsequently brought under the scope of consolidation. A loss attributable to owners of parent is predicted, at ¥730 million, and while this is a loss, the amount would be a deeper shade of red were it not for ¥267 million in proceeds from the first-quarter sale of shares in subsidiaries and affiliates.

Note that management expects to post income attributable to owners of parent on a non-consolidated basis.

2. Consolidated dividend forecast for fiscal 2018 (October 1, 2017 - September 30, 2018)

(Yen)

	Dividend per share (annual)		
	End of second quarter	End of fiscal year	Total
Previous forecast (announced on November 9, 2017)	—	—	—
Current forecast	—	0.00	0.00
Actual results for fiscal 2018	0.00		
Actual results for fiscal 2017	0.00	0.00	0.00

Reason for announcement

Previously, because management was unable to create a performance forecast, the year-end dividend was also uncertain. Now that a performance forecast is available, management has made a decision on dividends.

As described above, the forecast indicates a loss attributable to owners of parent, and because there is likely no way of reversing negative retained earnings on the non-consolidated balance sheets—the source of dividends—it is with sincere regret that management has decided to defer a year-end dividend.

3. Business targets for next three years

The November 2018 opening of Metsä Village and the March 2019 grand opening of Moominvalley Park will mark the beginning of investment recovery through Metsä operation. Nevertheless, Moominvalley Park will only contribute to revenue in the second half of fiscal 2019, while in the first half, the burden of expenses, such as personnel expenses, will be considerable given the need to hire about 700 people to prepare for site opening and to run Metsä. It will not be until fiscal 2020 that Metsä will fully contribute to business results.

Management strategies and business expansion plans for key businesses are described below.

Investment Banking Business

To date, a considerable amount of resources has been allocated toward the opening of Metsä, but with certain goals now in sight, FGI will direct personnel and capital resources back into the investment banking business to strengthen these operations.

In corporate investment and asset investment activities, FGI will carefully ascertain risk and then aggressively pursue investment opportunities.

Entertainment Service Business

Every possible operating platform will be readied for the opening of Metsä, and strategies will be developed to attract as many visitors as possible. Data analysis has revealed that most Moomin fans are, at present, women. To expand the fan base across gender and age groups, Moomin Monogatari will coordinate efforts with Rights and Brands Japan Co., Ltd., an affiliate that manages all Moomin copyrights in Japan, and work toward synergistic improvement in business results from both theme park and licensing businesses by highlighting the appeal of Moomins to a wider market.

Consolidated Forecast and Targets

(Millions of yen)

	Fiscal 2018 (forecast)	Fiscal 2019 (targets)	Fiscal 2020 (targets)
Revenue	4,160	9,600	13,200
Operating income	(950)	500	2,700
Ordinary income	(1,160)	300	2,600

Background to numerical targets

The background to numerical targets is described below.

First, since the opening of Metsä is now in sight, personnel and capital resources that, as described above, were concentrated into the Metsä business will be redirected into the core investment banking business. As a result, FGI should move into the black on a nonconsolidated basis by fiscal 2019, ending September 30, 2019, with the investment banking business showing an improvement in profitability. With this in mind, management will be preparing an operating platform, effective in fiscal 2019, that focuses on the core business since Metsä operations will gradually start up in November 2018 and that business will not need special emphasis anymore.

Measures are already being formulated for fiscal 2019 and fiscal 2020, that are intended to support enhanced earnings.

Next, Metsä will have a significant impact on consolidated numerical targets. During fiscal 2019, FGI will see the opening of Metsä Village in November 2018 and then the grand opening of Moominvalley Park in March 2019. There will be no admission fee for Metsâ Village, but income will come from other sources, such as rent from tenants, parking revenue and restaurant operation. Moominvalley Park will charge admission fees, which will generate income, and this will be complemented by revenue from such sources as the sale of food and beverages as well as merchandise. Rights and Brands Japan Co., Ltd. , an affiliate established in March 2018, is currently preparing an operating platform for its licensing business, but FGI is eyeing the possibility of turning the company into a consolidated subsidiary, which would bring the company under the scope of consolidation from fiscal 2019. The business plan is also premised on the synergistic effect derived from theme park and licensing businesses. These factors should lead to higher revenues, and while management anticipates a profit, the degree of profitability will be squeezed by a heavier burden of costs, such as personnel expenses at Metsâ, and the fact that Moominvalley Park operations will only be contributing to revenue in the second half of fiscal 2019.

In fiscal 2020, with Metsä Village and Moominvalley Park contributing full-year results to consolidated performance, management at FGI looks forward to a huge improvement in both revenue and income.

Please note that management may revise plans, when appropriate, based on changes in the economic environment, business status and other factors.

Note: Forward-looking statements in this press release, including performance forecasts, are based on information currently available to management and certain reasonable assumptions. Actual results may differ considerably from these estimates due to various factors.

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