

Results for First Quarter of Fiscal 2022, ending September 30, 2022

February 2022

FinTech Global Incorporated
TSE Second Section Stock Code: 8789
<http://www.fgi.co.jp/english/>

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Summary

Metsä operations continued to struggle due to consequences associated with COVID-19 pandemic, but investment banking business maintained favorable results.

Enhanced profitability, from operating income to after-tax net income.

Bottom line still colored red, due to allocation of profit to noncontrolling interests.

1. Investment Banking Business

Sustained, favorable activity for private equity investment related deals and aircraft asset management services. Higher revenue and higher income.

- Favorable shift in arrangement services for private equity investment deals and investment exits.
- In aircraft asset management, demand for aircraft inspections and technical services that accompany return of aircraft remains brisk.

2. Entertainment Service Business

Despite favorable results from licensing-related business, park closure to update facilities at Moominvalley Park and other issues led to lower revenue and lower income. Updates will reinforce structure to meet anticipated increase in guests going forward.

- Moominvalley Park updates were well-received, with post-remodeling daily guest counts in December 2021 rising over the corresponding daily data December 2020.
Improvements will underpin structure to meet anticipated increase in guests in with-COVID and post-COVID times. Will continue to work at improving value that Moominvalley Park provides to guests.
- In the licensing-related business, the handling volume of licensed Moomin merchandise expanded.

Consolidated Performance

(Millions of yen)

	Fiscal 2021 First Quarter	Fiscal 2022 First Quarter	YOY Change Amount	YOY Change Ratio	Fiscal 2022 Full Year (Forecast)	Progress toward goal
Revenues	2,020	2,272	252	12.5%	8,000	28.4%
Gross profit	825	897	71	8.6%	—	—
Operating income	53	62	9	18.3%	450	14.0%
Ordinary income	9	39	30	328.0%	300	13.2%
Profit/(loss) attributable to owners of the parent	(63)	(47)	15	—	100	—
EBITDA	224	213	(10)	—	—	—

Note: EBITDA is calculated by returning depreciation costs and amortization of goodwill included in cost of revenue and selling, general and administrative expenses back to segment income/(loss).

Revenues

Increased despite drop in Metsä-related revenues, thanks to favorable results in other segments, especially investment banking business.

Operating income

Selling, general and administrative expenses rose 8.0% year on year, paralleling business expansion, but operating income improved nonetheless.

Profit attributable to owners of the parent

Showed year-on-year improvement of ¥15 million but did not return to black, due to ¥60 million in quarterly net income attributable to noncontrolling interests.

Impact from application of accounting standard for revenue recognition

In the entertainment service business, some Metsä-related merchandise sales were initially procured on consignment, so revenues and cost of revenues are reduced by ¥20 million, respectively. There is no impact on gross profit, operating income, ordinary income or quarterly net income before taxes.

Consolidated performance forecast

Although the pandemic road ahead is uncertain, brisk activity in such areas as private equity investment and aircraft asset management preclude the need for any changes to the existing consolidated performance forecast.

Quarterly Changes in Consolidated Performance

(Millions of yen)

	Fiscal 2021					Fiscal 2022	YOY
	Q1	Q2	Q3	Q4	Full year	Q1	¥ change % change
Revenues	2,020	2,854	1,536	1,696	8,107	2,272	252 12.5%
Gross profit	825	1,558	462	524	3,370	897	71 8.6%
Operating income(loss)	53	787	(375)	(287)	178	62	9 18.3%
Ordinary income(loss)	9	821	(393)	(321)	115	39	30 328.0%
Profit/(loss) attributable to owners of the parent	(63)	681	(298)	(189)	130	(47)	15 —
EBITDA	224	962	(232)	(136)	817	213	(10) (4.9%)

Note: EBITDA is calculated by returning depreciation costs and amortization of goodwill included in cost of revenue and selling, general and administrative expenses back to segment income/(loss).

Business Summary by Segment (1)

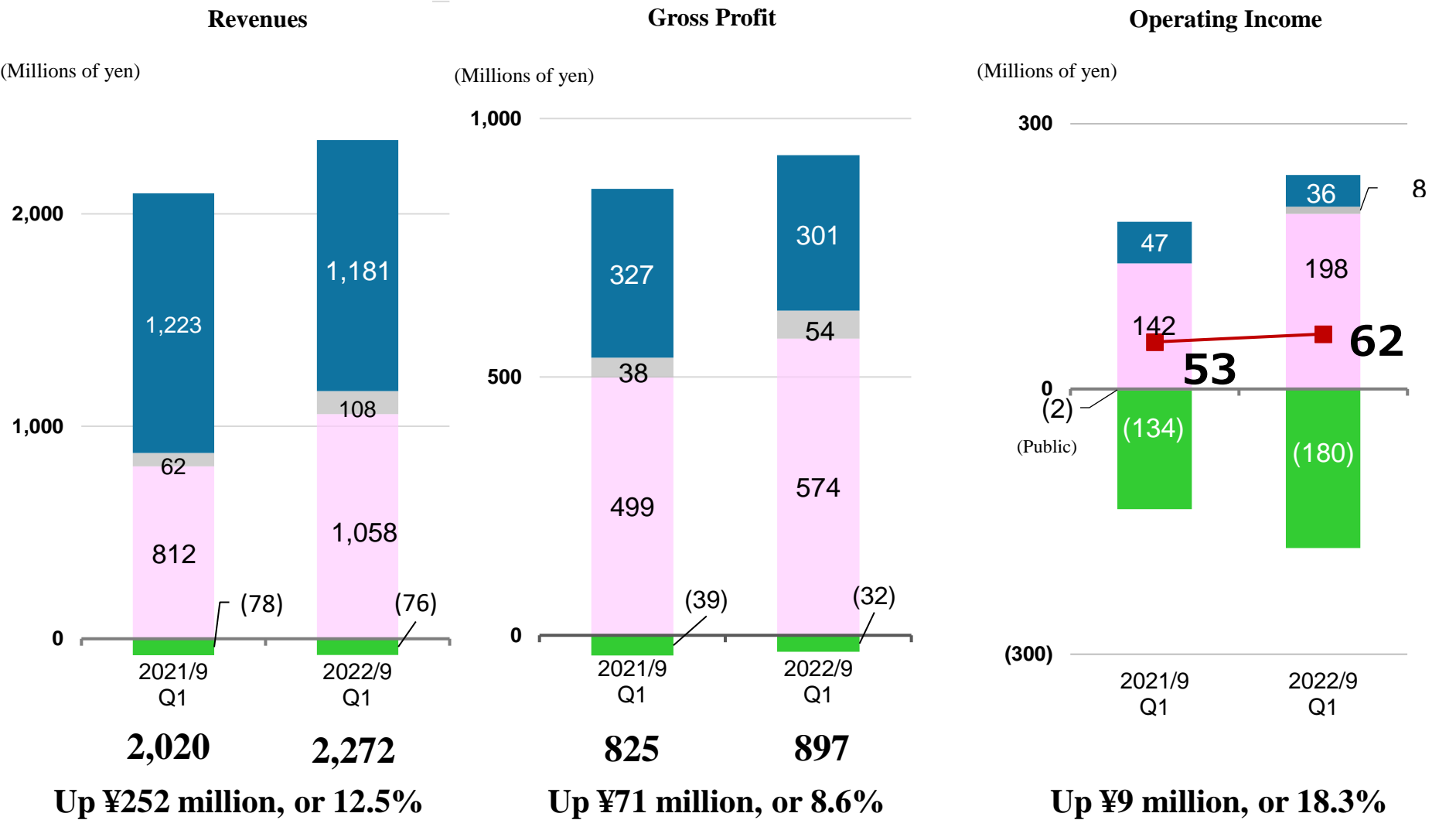
- Public management consulting business turned a profit, marking a return to the black for all reporting segments. (Public management consulting business seeing increase in requests for financial consulting services from large local governments. Also, reviewing general management plans for public facilities, and vigorously promoting business activities to support operations. Number of requests for services is rising and inquiries continue to be received.)
- Investment banking business revenues and segment income up. Driver of consolidated results.

(Millions of yen)

Reporting Segments		Fiscal 2021					Fiscal 2022	YOY change
		Q1	Q2	Q3	Q4	Full year	Q1	
Investment Banking Business	Revenue	812	1,856	632	759	4,061	✓ 1,058	245
	Gross Profit	499	1,492	335	399	2,725	✓ 574	74
	Segment income	142	1,180	(47)	28	1,303	✓ 198	56
Public Management Consulting Business	Revenue	62	56	43	80	242	108	46
	Gross Profit	38	31	29	48	148	54	15
	Segment income	(2)	0	(6)	6	(3)	✓ 8	11
Entertainment Service Business	Revenue	1,223	1,007	939	935	4,106	1,181	(41)
	Gross Profit	327	64	132	109	632	301	(25)
	Segment income	47	(203)	(175)	(170)	(501)	✓ 36	(11)
Adjustment (Elimination of transactions among segments and corporate expenses)	Revenue	(78)	(66)	(79)	(78)	(303)	(76)	1
	Gross Profit	(39)	(30)	(34)	(32)	(136)	(32)	7
	Segment income	(134)	(188)	(145)	(151)	(619)	(180)	(46)
Amount Booked on Consolidated Statement of Income	Revenue	2,020	2,854	1,536	1,696	8,107	2,272	252
	Gross Profit	825	1,558	462	524	3,370	897	71
	Segment income	53	787	(375)	(287)	178	62	9
Related issues			State of emergency (From Jan. 8, 2021 to Mar. 21, 2021 in Tokyo and three prefectures)	State of emergency (From Apr. 25, 2021 to Jun. 20, 2021 in Tokyo)	State of emergency (From Jul. 12, 2021 to Sep. 30, 2021 in Tokyo) (From Aug 2, 2021 to Sep. 30, 2021 in Saitama)			

- Revenue for each segment includes intersegment revenue and transfers.
- The ¥(180) million operating income for the first quarter of fiscal 2022, under adjustment, includes intersegment elimination (¥48 million in the first quarter of fiscal 2022) as well as corporate expenses (¥(228) 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)



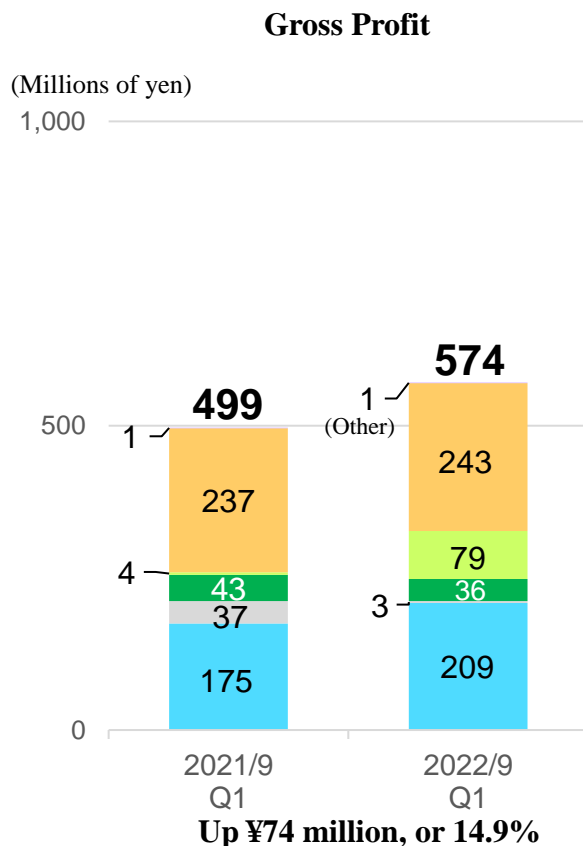
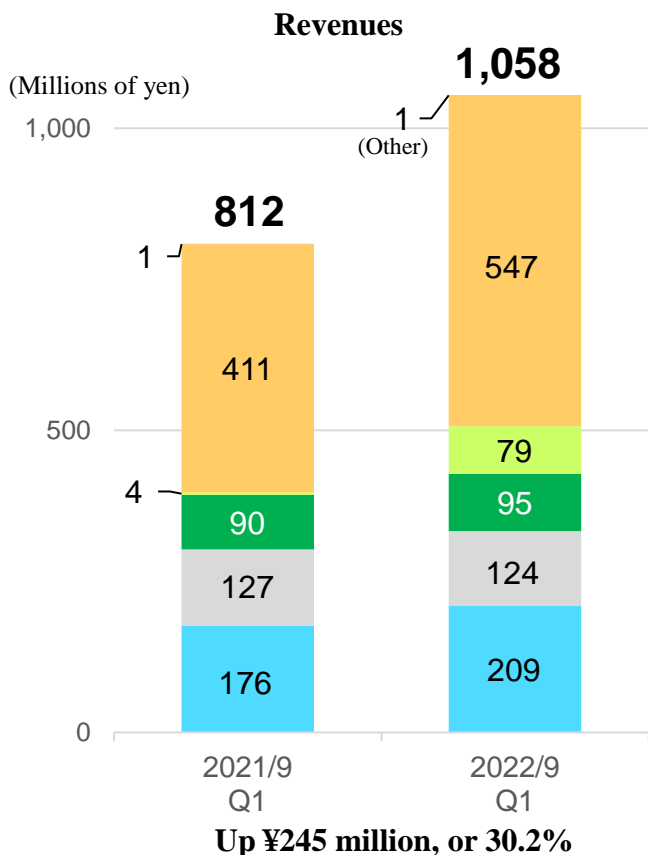
Note: Segment breakdown uses non-eliminated values.



Investment Banking Business—Revenues and gross profit by service

Interest in private equity investment (arrangement services and corporate investment) and aircraft asset management is favorable.

- **Arrangement services:** Continued favorable arrangement activity to facilitate private equity investment deals. Fee income up through increase in demand for asset management services on other deals, pushing revenues higher.
- **Asset investment:** Progress on sales of real estate investment trust beneficiary rights, with revenues holding steady at level posted in previous quarter.
- **Corporate investment:** Increased, reflecting exits on private equity investments.
- **Aircraft asset management:** Driven by the pandemic, demand for aircraft inspections and technical services, such as those connected with aircraft returns, remained favorable. Expanded outsourcing to address increase in inquiries. Revenues and gross profit up.



- Other
- Aircraft asset management
- Corporate investment
- Metsä Village
- Asset investment
- Arrangements, asset management, real-estate brokerage and other services

Note: Intersegment transactions use non-eliminated values.

Entertainment Service Business Results

Despite higher revenues from licensing-related business, Metsä continued to struggle under a pandemic cloud, leading to lower segment revenues and lower income.

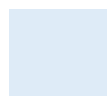
Metsä-related:

- Updated design of Moominvalley Park in December under new theme of “Well-being”. Revised contents and services to match guest needs.
- Guest count rebounded 33.9% over preceding quarter — fourth quarter of fiscal 2021 — once state of emergency lifted. Guest count dropped year on year, without benefit of the Go To Travel campaign in effect for most of first quarter of fiscal 2021 and compounded by 11-day closure of Moominvalley Park to update site. Post-remodeling daily guest counts in December 2021 were 20% higher than in December 2020.

Licensing-related:

- Handling volume of licensed Moomin merchandise, particularly fashion items, expanded. Sales jumped 31.8% year-on-year to ¥491 million.
- Steadily promoted strategy linked to “One-Moomin” global strategy.
- Prepared for launch of official online shop in Japan in cooperation with Moomin Characters Ltd., which is headquartered in Moomin homeland of Finland. (Site to be operated by Moomin Monogatari with revenues and expenses booked under Metsä-related operations). Traffic was so heavy on first day of online shop pre-launch (December 1–20) that server crashed. For grand opening in March 2022, selection of licensed merchandise in Japan will be expanded, with product content three to four times that offered during pre-launch.

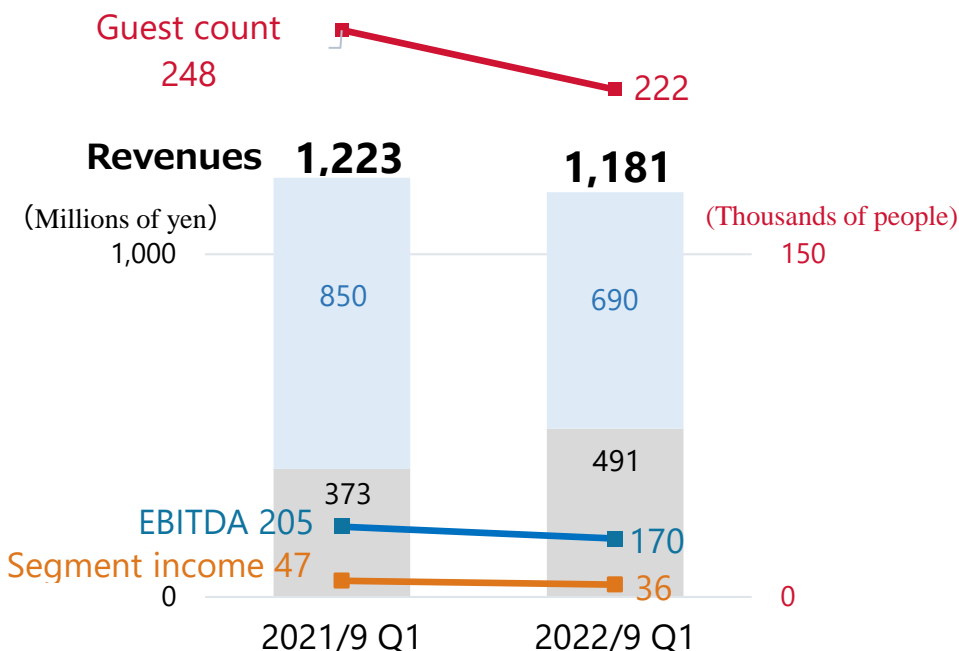
Revenues



Metsä-related



Licensing income,
anime broadcasting
rights income



Notes:

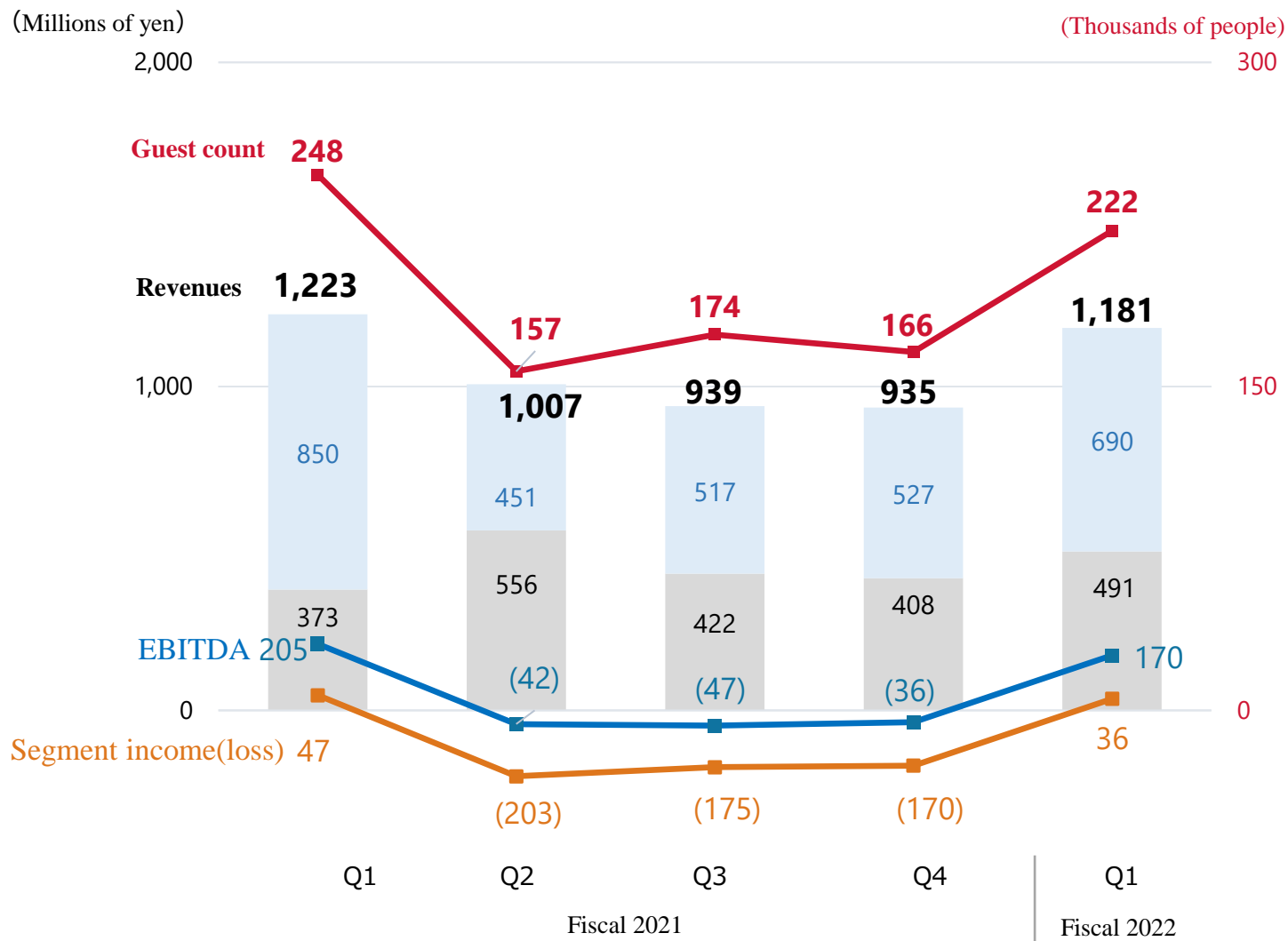
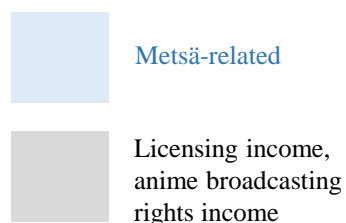
- Guest count is the total of Metsä Village and Moominvalley Park.
- Revenues are based on non-eliminated intersegment transactions.
- EBITDA is calculated by adding depreciation and amortization of goodwill included in cost of revenue and selling, general and administrative expenses to operating profit.

Impact from application of accounting standard for revenue recognition

Some Metsä-related merchandise sales were initially procured on consignment, so sales and cost of sales are reduced by ¥20 million, respectively. (Paralleling past treatment, no retroactive application will be made to previous first quarter results.) There is no impact on segment revenues.

Changes in Entertainment Service Business Results (Quarterly)

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.

Trends in Balance of Investments and Loans

Major causes of change in first quarter (October – December 2021) of fiscal 2022

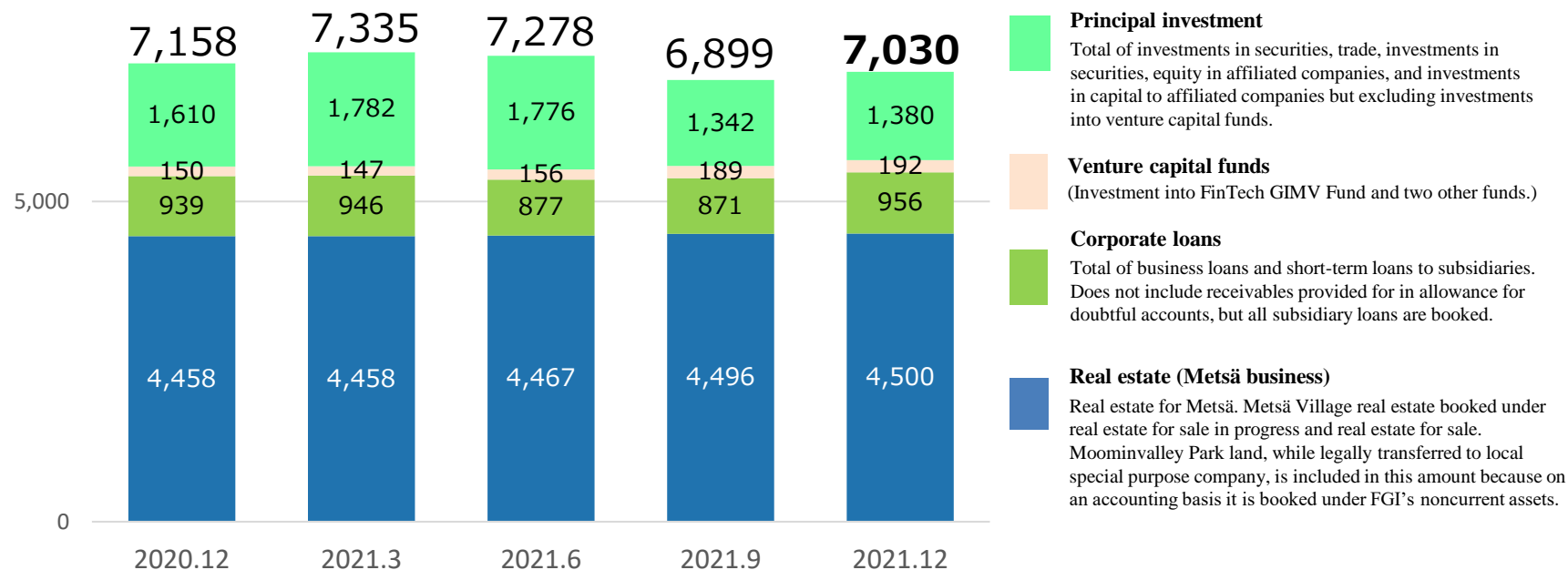
Principal investment

- Despite partial recovery of investment related to healthcare facilities and private equity investment through such approaches as distribution and transfer, principal investment grew due to capture of profits in special purpose company handing the sale of trust beneficiary rights and new investment into start-ups.

Notes: 1. Total investments and loans comprise amounts for FGI and aviner (formerly, SGI Investment).
(Portion from December 2020 through June 2021 is total from FGI, FGT and aviner)
2. Does not include contribution or loans between FGI, aviner

投融資合計額（子会社への出資を含む）

(Millions of yen)



Changes in Assets under Management

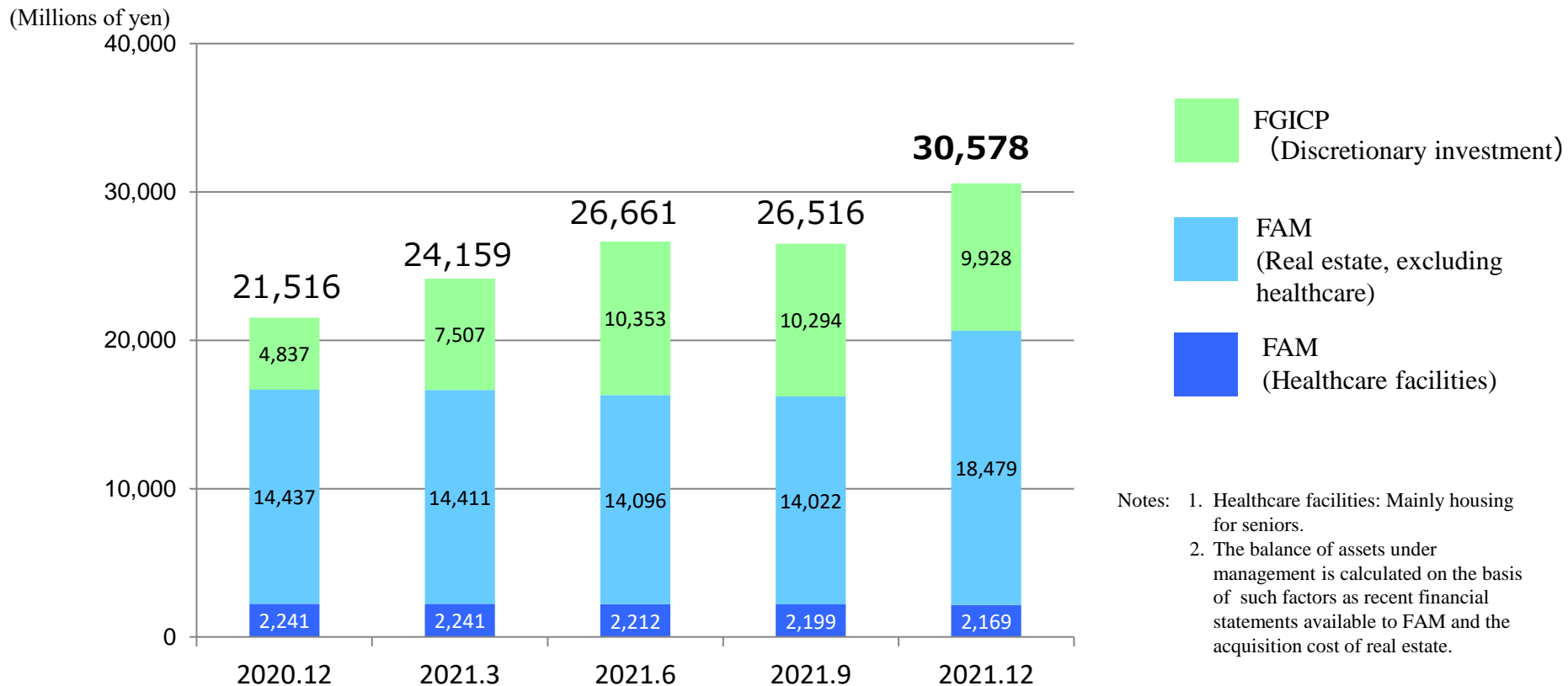
FinTech Asset Management (FAM)
FGI Capital Partners (FGICP)

Balance of assets under management as of December 31, 2021, rose 15.3% over September 30, 2021, to ¥30.5 billion.

Primary causes of change during first quarter (October 2021 through December 2021) of fiscal 2022

- FAM (real estate asset management) saw increase in assets under management related to private equity investment.

Separately from the above, client assets under investment advisory agreements came to ¥94.2 billion (FGICP, as of December 31, 2021). Client assets are primarily solar power generation systems.



Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2021	Fiscal 2022 First Quarter	Change
Current assets	9,167,569	9,246,073	78,504
Cash and time deposits	2,379,230	2,104,326	(274,904)
Accounts receivable, trade	753,826	—	(753,826)
1 Accounts receivable, trade, and contract assets	—	1,128,265	1,128,265
2 Investments in securities, trade	1,042,651	959,582	(83,068)
Loans receivable, trade	455,415	472,015	16,600
Real estate for sale	4,038,343	4,042,526	4,183
Merchandise	192,176	165,159	(27,017)
Other	398,443	472,186	73,742
Allowance for doubtful accounts	(92,518)	(97,989)	(5,470)
Noncurrent assets	7,290,019	7,173,187	(116,831)
3 Property, plant and equipment	6,299,105	6,175,313	(123,792)
Intangible fixed assets	616,310	626,284	9,974
Investments and other assets	374,602	371,588	(3,013)
Total assets	16,457,588	16,419,260	(38,327)

1 Accounts receivable, trade, and contract assets grew ¥374 million, reflecting aircraft asset management, Metsä credit payment, Moomin licensing and public accounting businesses.

2 Despite new investment into growth companies, decreased because of steps toward sale of real estate trust beneficiary rights in a subsidiary SPC and distribution and transfer related to investment in healthcare facilities and private equity investment.

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

4 Decreased, due to repayment of loans related to asset investment deal.

5 Decreased, due to repayment of lease obligations associated with special interior and exterior fixtures at Moominvalley Park.

Liabilities	Fiscal 2021	Fiscal 2022 First Quarter	Change
Current liabilities	2,391,910	2,419,256	27,346
Accounts payable, trade	130,687	369,889	239,202
4 Short-term loans payable	125,600	33,600	(92,000)
Current portion of long-term loans payable	393,194	390,348	(2,846)
Income taxes payable	75,228	73,232	(1,995)
Lease obligations	247,203	249,203	2,000
Accrued employee bonuses	146,703	105,188	(41,515)
Other	1,273,293	1,197,794	(75,499)
Noncurrent liabilities	6,626,556	6,551,134	(75,421)
Long-term loans payable	6,041,300	6,033,740	(7,560)
5 Lease obligations	388,207	329,353	(58,853)
Deferred tax liabilities	64,885	51,172	(13,713)
Net defined benefit liability	99,040	103,746	4,706
Other	33,122	33,122	0
Total liabilities	9,018,467	8,970,391	(48,075)

Net Assets

Shareholders' equity	6,329,582	6,300,394	(29,187)
Common stock	6,462,099	6,471,266	9,166
Additional paid-in capital	4,987,549	4,996,716	9,166
Retained earnings	(5,120,066)	(5,167,587)	(47,521)
Accumulated other comprehensive income	(918)	(2,332)	(1,414)
Stock acquisition rights	78,503	61,183	(17,320)
Non-controlling interests	1,031,953	1,089,623	57,670
Total net assets	7,439,120	7,448,868	9,747
Total liabilities and net assets	16,457,588	16,419,260	(38,327)

Consolidated Statement of Income

(Thousands of yen)

		Fiscal 2021 First Quarter	Ratio to Revenues	Fiscal 2022 First Quarter	Ratio to Revenues	YoY Change Amount	YoY Change Ratio	
Revenues	1	2,020,237	100.0%	2,272,272	100.0%	252,035	12.5%	
Cost of revenues		1,194,342	59.1%	1,375,010	60.5%	180,668	15.1%	
Gross profit		825,894	40.9%	897,261	39.5%	71,367	8.6%	
Selling, general and administrative expenses	2	772,773	38.3%	834,437	36.7%	61,663	8.0%	
Operating income		53,120	2.6%	62,824	2.8%	9,704	18.3%	
Other income		3,148	0.2%	8,055	0.4%	4,906	155.8%	
Other expenses		47,051	2.3%	31,422	1.4%	(15,628)	(33.2)%	
Ordinary profit		9,218	0.5%	39,457	1.7%	30,239	328.0%	
Extraordinary profit		3,031	0.2%	91	0.0%	(2,940)	(97.0)%	
Extraordinary loss		1,122	0.1%	999	0.0%	(122)	(10.9)%	
Income before income taxes		11,128	0.6%	38,548	1.7%	27,420	246.4%	
Income taxes		21,880	1.1%	25,378	1.1%	3,497	16.0%	
Profit /(loss)		(10,752)	(0.5)%	13,170	0.6%	23,922	—	
Profit attributable to non-controlling interests		52,269	2.6%	3	60,691	2.7%	8,422	16.1%
Profit /(loss) attributable to owners of parent		(63,021)	(3.1)%	(47,521)	(2.1)%	15,500	—	

1 Revenue increase in investment banking business, thanks to arrangement services and investment exits related to private equity investment as well as favorable shift in aircraft asset maintenance. (First-quarter revenues and cost of revenues down ¥20 million, respectively, due to application of accounting standard for revenue recognition.)

2 SG&A rose 8.0% despite lower costs at Metsä, largely because of increase in staffing matched to business expansion in other businesses as well as greater outsourcing of some business activities.

3 Quarterly loss at Moomin Monogatari and quarterly profit from Rights & Brands, SGI and Hanno Local Resource Utilization LLC were allocated to non-controlling interests

Changes in Key Financial Data

		Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	First Quarter Fiscal 2022
Revenues	(millions of yen)	7,182	3,689	9,175	6,841	8,107	2,272
Gross profit	(millions of yen)	1,626	2,261	2,944	2,313	3,370	897
Operating income/(loss)	(millions of yen)	(1,319)	(1,072)	(1,664)	(992)	178	62
Ordinary income (loss)	(millions of yen)	(1,341)	(1,227)	(1,850)	(1,135)	115	39
Profit/(loss) attributable to owners of parent	(millions of yen)	(1,358)	(820)	(1,586)	(1,186)	130	(47)
Net assets	(millions of yen)	5,326	8,551	8,873	7,304	7,439	7,448
Total assets	(millions of yen)	12,932	14,016	19,025	16,583	16,457	16,419
Net assets per share	(yen)	29.64	39.31	37.03	31.12	31.47	31.29
Net income (loss) per share	(yen)	(8.39)	(4.79)	(8.08)	(5.90)	0.65	(0.24)
Diluted net income (loss) per share	(yen)	—	—	—	—	0.65	—
Equity to total asset ratio	(%)	37.1	52.2	39.1	37.7	38.5	38.4
Equity to net income ratio	(%)	(24.6)	(13.5)	(21.5)	(17.3)	2.1	—
Price earning ratio (PER)	(times)	—	—	—	—	86.1	—
Cash flow from operating activities	(millions of yen)	(1,153)	(2,978)	(2,604)	680	747	—
Cash flow from investing activities	(millions of yen)	(1,026)	(2,008)	(4,543)	(282)	(173)	—
Cash flow from financing activities	(millions of yen)	2,937	5,771	5,710	(767)	(360)	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	2,969	3,847	2,513	2,142	2,379	—
Number of employees(consolidated) (part-time employees)	(employees)	143(27)	156(42)	167(262)	156(224)	149(209)	163(125)
Number of employees(non-consolidated)(part-time employees)	(employees)	40(6)	38(5)	39(5)	28(6)	28(4)	31(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 Second Section)	
Fiscal year-end	September 30	
Main business	I. Investment banking business II. Public management consulting business III. Entertainment service business	
Number of issued shares	201,295,200 shares (As of December 31, 2021)	
Minimum trading unit	100	
Capital stock	¥6,471 million (As of December 31, 2021)	
Net assets (consolidated)	¥7,448 million (As of December 31, 2021)	
Major shareholders	Nobumitsu Tamai	10,095,500 shares (5.02%)
(As of September 30, 2021)	CAT-MY Co., Ltd	10,000,000 shares (4.97%)
Number of employees	Consolidated: 163 (As of December 31, 2021, excludes temporary staff)	

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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.