FGI FinTech Global Incorporated

The firm of innovative financing

Results for First Three Quarters of Fiscal 2018, ending September 30, 2018

August 2018

FinTech Global Incorporated
Mothers Stock Code: 8789
http://www.fgi.co.jp/english/

Fiscal 2018 First Three Quarters Consolidated Business Summary

Gross Profit

Reallocated management resources to investment banking business.
Gross profit in this segment surged 65%.

- Redirected capital resources generated through sale of real estate subsidiaries and securitization of land adjacent to Metsä site along with human resources into high-profit core investment banking business.
- Corporate and asset investments (limited to amount booked under current assets) stalled at ¥800 million in fiscal 2017, but new investments during first three quarters of fiscal 2018 hit ¥3.6 billion, with preparations for capturing revenue moving forward.
- Turned acquired aircraft asset management company into subsidiary, which prompted ¥452 (65%) increase in gross profit for investment banking business (after intersegment elimination)
- Revenues tumbled 60.8% year on year, mainly due to sale of subsidiaries in real estate business. But real estate business carries high cost ratio and selling, general and administrative expenses ratio, so lack of that business activity actually had minimal impact on operating loss. For reference, segment income from real estate business in corresponding period a year ago was ¥107 million.

Operating Income

SGA expenses up 17%, fueled by Metsä-related costs. Operating loss deepened.

- Booked ¥600 million in prior investment on preparations for opening Metsä under SGA expenses as well as ¥880 million in companywide costs.
- Higher gross profit for investment banking business could not compensate for a high SGA expenses ratio for aircraft asset management company and thus had limited effect on operating income status.
- Unable to offset effect of Metsä-related costs and companywide costs.

Extraordinary Profit

Proceeds ¥267 million from sale of subsidiaries and associates (first quarter)

- Proceeds of ¥267 million from sale of real estate companies in the investment portfolio were booked under extraordinary profit rather than operating income because the companies were consolidated subsidiaries.

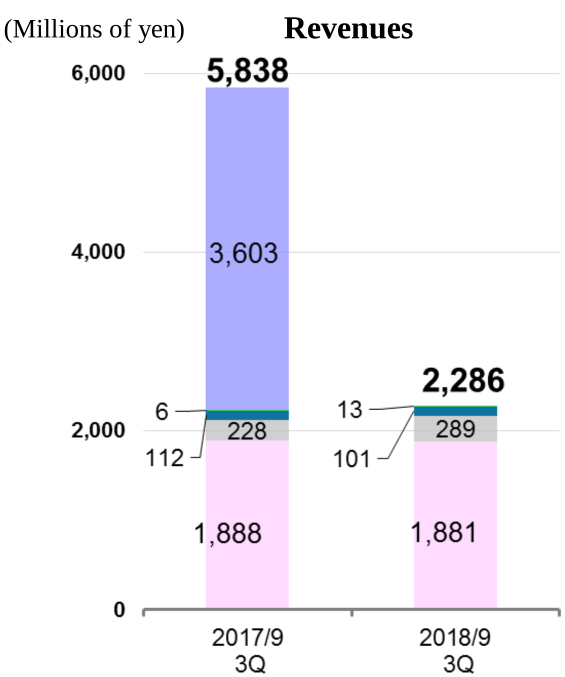
Look at gross profit rather than revenues to understand FGI Group's management performance
Revenues for the Group, as it stands now, are broken down into the four categories described below.

1. Fee income from financial arrangement services
2. Sale/exit on investment securities, trade and revenue capture from fund investments
3. Revenue from products and services through subsidiaries in investment portfolio
4. Sale/recovery of assets (includes businesses through subsidiaries in investment portfolio)

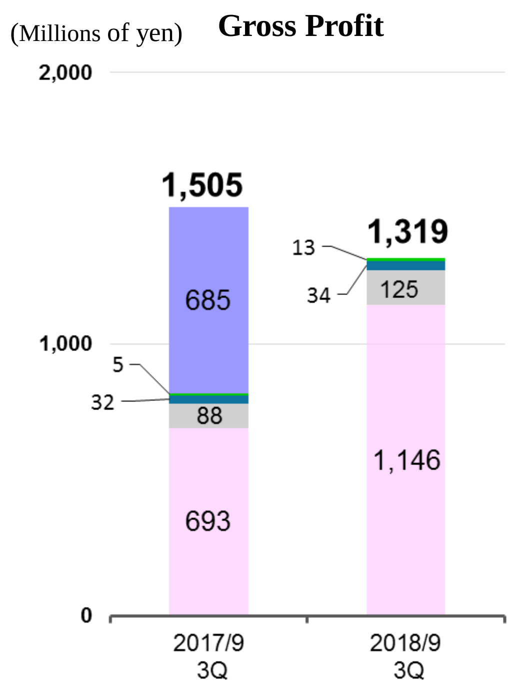
Of the above, revenues derived from 4. fluctuate considerably, depending on whether or not real estates are involved and the value of such. Therefore, revenue that includes the sale or recovery of such assets may not properly indicate growth or deterioration in the Group's real management performance. Consequently, to make revenue status easier to understand, FGI has applied gross profit as a more suitable benchmark of performance than revenue.

Fiscal 2018 First Three Quarters Consolidated Performance

(Millions of yen)	Fiscal 2017 First Three Quarters	Fiscal 2018 First Three Quarters	YOY Change Amount	YOY Change Ratio
Revenues	5,838	2,286	(3,552)	(60.8)%
Gross profit	1,505	1,319	(186)	(12.4)%
Operating income(loss)	(547)	(1,095)	(548)	—
Ordinary income(loss)	(534)	(1,197)	(663)	—
Profit/(loss) attributable to owners of the parent	(551)	(874)	(323)	—



Intersegment transactions eliminated



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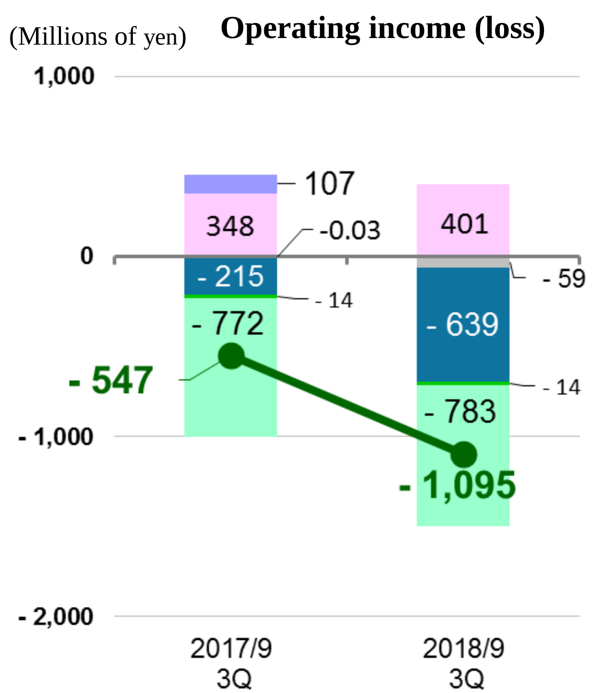


Investment Banking Business | Public Management Consulting Business | Entertainment Service Business | Other | Real Estate Business | Corporate expenses and eliminated transactions* | Operating income

*Corporate expenses are general administrative expenses not attributable to any particular reporting segment mainly due to the fact that they cannot be realistically allocated, and eliminated transactions are eliminated intersegment transactions.

Fiscal 2018: Full-Year Forecast

Gross Profit

Fourth quarter will see performance growth through exits from corporate investment and asset investment projects

Anticipating gross profit for the investment banking business at ¥ 2,278 million

Exit from life science project in the investment portfolio of FinTech GIMV Fund, in which FGI has contributed capital. On July 26, 2018, fund received US$6,652 thousand (real distribution amount attributable to FGI of US$5,322 thousand, or ¥580 million). Expect to book amount as revenue upon receipt of the fund statement that reflects this exit.

Possibility of exits on some new investments made in fiscal 2017 and so far in fiscal 2018.

⇒ **Fiscal 2018 year-end goal for investment banking business is performance expansion exceeding assumed value through new arrangements**

Operating Income

Corporate investment and asset investment exits that significantly contribute to operating income are planned for fourth quarter

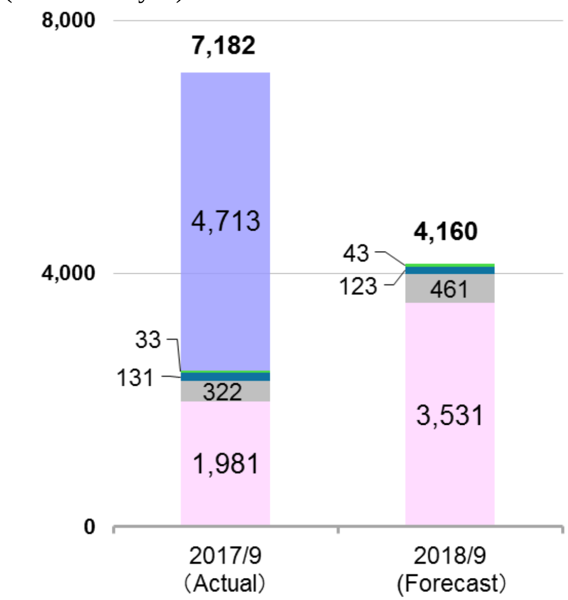
Expect operating income for investment banking business to hit ¥1,098 million

But this will not be enough to cover Metsä-related or corporate expenses

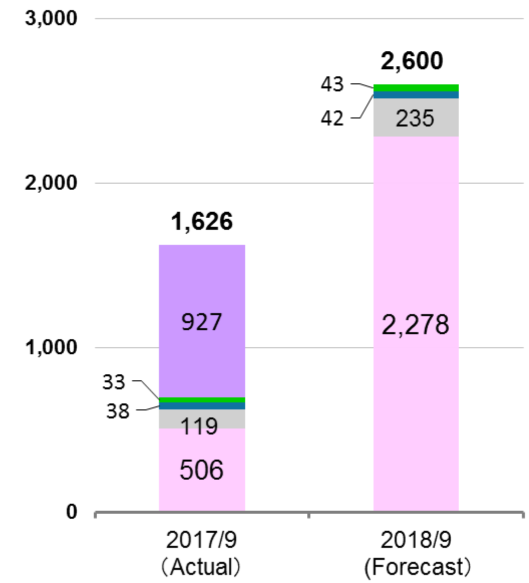
Forward-looking statements, including performance forecasts, are based on information available to management at this time and certain assumptions deemed reasonable. Actual performance could be substantially different, due to various factors.

Fiscal 2018: Full-Year Forecast

(Millions of yen)	Fiscal 2017 Full Year	Fiscal 2018 Full Year (Forecast)	YOY Change Amount	YOY Change Ratio	Fiscal 2018 First Three Quarters	Progress toward goal
Revenues	7,182	4,160	(3,022)	(42.1)%	2,286	55.0%
Gross profit	1,626	2,600	973	59.9%	1,319	50.7%
Operating income (loss)	(1,319)	(950)	369	—	(1,095)	—
Ordinary income (loss)	(1,341)	(1,160)	181	—	(1,197)	—
Profit/(loss) attributable to owners of the parent	(1,358)	※ (730)	628	—	(874)	—



*Intersegment transactions eliminated



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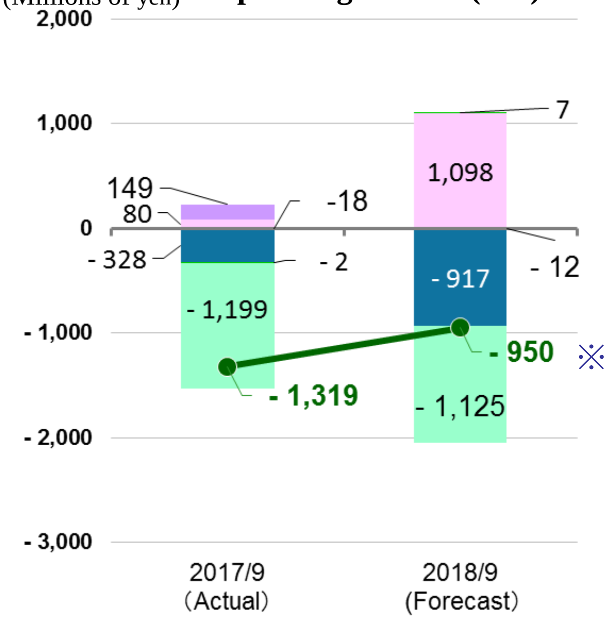

Investment Banking Business | Public Management Consulting Business | Entertainment Service Business | Other | Real Estate Business | Corporate expenses and eliminated transactions | Operating income

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Business Summary by Segment

(Millions of yen)
Revenue, gross profit and operating income include intersegment transactions.

Reporting Segments		Fiscal 2017 First Three Quarters	Fiscal 2018 First Three Quarters	YOY Change	Principal Consolidated Subsidiaries
Investment Banking Business ＊	Revenue	1,891	1,921	29	FinTech Global Inc. FinTech Asset Management Inc. FinTech Global Trading, FGI Capital Partners FinTech M&A Solition,SGI-Aviation Services
	Gross profit	694	1,186	491	
	Operating income	348	401	52	
Public Management Consulting Business	Revenue	230	294	64	Public Management Consulting Corporation Geoplan Namtech
	Gross profit	89	128	39	
	Operating income	(0)	(59)	(59)	
Entertainment Service Business	Revenue	115	103	(12)	Moomin Monogatari Ltd. Hanno Local Resource Utilization LLC Toranomon Ham
	Gross profit	35	36	0	
	Operating income	(215)	(639)	(424)	
Others	Revenue	6	13	7	Adacotech Incorporated
	Gross profit	5	13	7	
	Operating income	(14)	(14)	0	
（Real Estate Business）	Revenue	3,603	−	(3,603)	(Better Life Support Holdings Co., Ltd. Better Life Support Co., Ltd. ,Unihouse Co.,Ltd. Better Life House Co.,Ltd. Better Life Property Co.,Ltd.)
	Gross profit	685	−	(685)	
	Operating income	107	−	(107)	
Adjustment （Elimination of transactions among segments and corporate expenses）	Revenue	(7)	(46)	(38)	
	Gross profit	(5)	(45)	(39)	
	Operating income	(772)	(783)	(10)	
Amount Booked on Consolidated Statement of Income	Revenue	5,838	2,286	(3,552)	
	Gross profit	1,505	1,319	(186)	
	Operating income	(547)	(1,095)	(548)	

* The October 2017 sale of shares in Better Life Support Holdings Co., Ltd., which was in FGI's corporate investment portfolio and the heart of the FGI Group's real estate business, generated proceeds of ¥267 million. This was booked under extraordinary profit rather than revenues and operating income for the investment banking business.

1. Public Management Consulting falls under the scope of consolidation from the second quarter of fiscal 2017. Hanno Local Resource Utilization LLC falls under the scope of consolidation from fiscal 2017.
2. Consolidated subsidiaries in real estate business excluded from the scope of consolidation, effective from the first quarter of fiscal 2018, due to sale of shares.
3. SGI-Aviation Services B.V. fell under consolidation in the second quarter of fiscal 2018, and FinTech M&A Solution, Inc., and Geoplan Namtech Inc. fell under consolidation in the third quarter of fiscal 2018.
4. The ¥783 million operating loss for the first two quarters of fiscal 2018, under adjustment, includes intersegment elimination (¥97 million in the first three quarters of fiscal 2018) as well as corporate expenses (¥(880) 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.
5. Reporting segments changed in fiscal 2017. Consequently, results for the first two quarters of fiscal 2017 have been restated to facilitate year-on-year comparison.

Business and Financial Details

- Business Status by Segment
- Investment Banking Business—Revenues and gross profit by service
- Trends in Balance of Investments and Loans , Changes in Assets under Management
- Consolidated Financial Statements
- Business Plan—Targets for fiscal 2018 and fiscal 2019
- Topics

Fiscal 2018 First Three Quarters: Business Summary by Segment

Investment Banking Business

Investment banking services

Directed management resources into asset investment/asset management/M&A. Expect recovery of assets in fourth quarter.

- Investment management company brought under consolidation in first quarter.
- In first quarter, securitized real estate adjacent to Metsä and booked ¥256 million in revenue and ¥195 million in operating income, plus ¥432 million in revenue from sale of investment real estate.
  Acquired shares in SGI-Aviation Services, an aircraft asset management company, and included profit (loss) in consolidated results from second quarter.
- Established subsidiary to specialize as M&A agency and meet need for business success advice and action. Consolidated in third quarter.

Corporate investment

Exit revenue limited. Expect to book significant returns on fund investment in fourth quarter.

- Despite new investments into U.S. fund and domestic companies, revenue during first three quarters was limited.
- In fourth quarter, will receive US$5.3 million (FGI portion converted into ¥589 million) from FinTech GIMV Fund on exit from life science project. Amount to be booked as revenue when fund statement received in fourth quarter. Exact yen amount not known at this time.
- Proceeds of ¥267 million from sale of real estate companies in investment portfolio booked under extraordinary profit.

Metsä business (development/ finance)

Construction work moving along as planned.

- Rooftops on all but one building complete. Final touches on interior and exterior features moving along. Some landscaping work started.
- Issued 18th series of stock acquisition rights to raise funds to build Metsä Village. Raised ¥1,510 million as of June 30, 2018.

Entertainment Service Business

Moomin Monogatari increased capital. Capital stock/capital reserve total reached ¥2.9 billion as of August 2018.

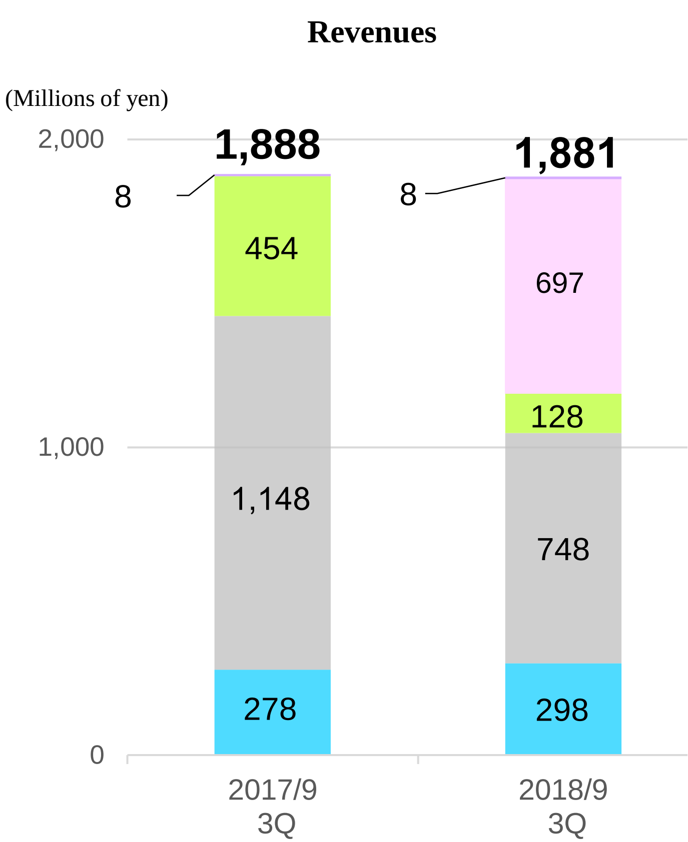
- Moomin Monogatari, Ltd., joined Tuttle-Mori Agency, Inc., and Moomin Characters Oy Ltd. in establishing Rights and Brands Co., Ltd., which will manage all Moomin copyrights in Japan.
- Working to sign up tenants, including Northern European companies, for Metsä Village, which is scheduled to open on November 9, 2018.
- Selling, general and administrative expenses up, owing to prior investment for Metsä opening.
- Between February and August 2018, Moomin Monogatari targeted major corporations through third-party allocation of shares, raising ¥1,660 million (includes amounts expected to come in). Reinforced financial position.

Public Management Consulting Business

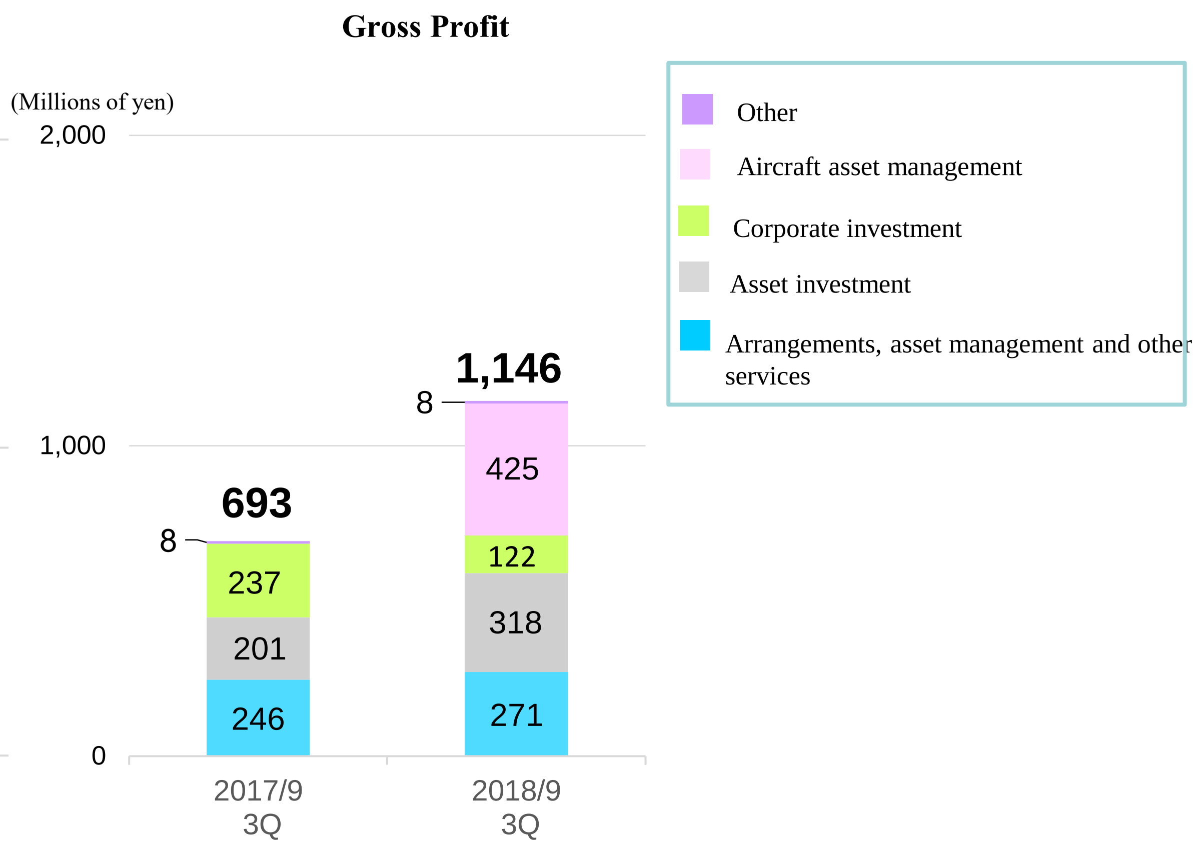
Parallel to financial document consulting, created consulting structure for PPP/PFI and public enterprise accounting,

- Discussed introduction of public-private partnership/public financial initiative techniques—demand for which is expected to grow—and promoted application of public enterprise accounting.
- Promoted consulting services to existing local government clients for formulating management strategies

Investment Banking Business—Revenues and gross profit by service



*Intersegment transactions use eliminated values



*Intersegment transactions use eliminated values

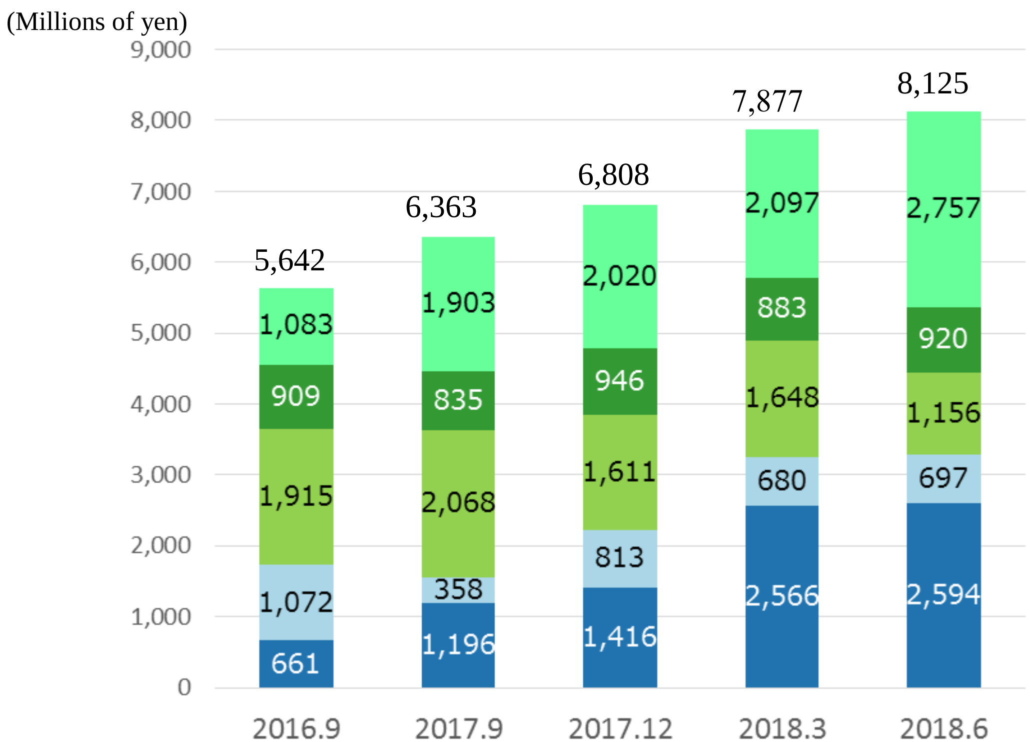
Gross profit for the investment banking business jumped 65.7% year on year.
Through M&A, companies, including aircraft asset management company SGI-Aviation Services, were brought under consolidation from second quarter, boosting gross profit.
Core profit contributors, such as fee income through arrangement services, corporate investment and asset investment returns, were flat, but gross profit soared with ¥267 million from proceeds on sale of shares in real estate companies booked under extraordinary profit. In fourth quarter, will book portion of investment exit by FinTech GIMV Fund, further fueling gross profit.

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

To facilitate accurate understanding of investments and loans undertaken by the FGI Group, FGI presents a total, comprising investments and loans undertaken by itself and FinTech Global Trading (FGT) with own funds. Note that the total includes investment contributions but not contributions or loans between the two companies.

Key Components of Change in First Three Quarters of Fiscal 2018

• Principal investment	New investment in infrastructure assets management company (turned into subsidiary).
• Venture capital fund	Investment into special purpose company with landholdings.
• Corporate investment	New investment into U.S. venture fund targeting technology companies.
• Real estate (investment banking business)	Sold investment real estate but still saw increase, owing to acquisition of development-oriented real estate in city center.
• Real estate (Metsä)	Sold land adjacent to Metsä site but still saw increase, paralleling progress on Metsä Village construction.



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 fund
(Investment into FinTech GIMV Fund, etc.)

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.

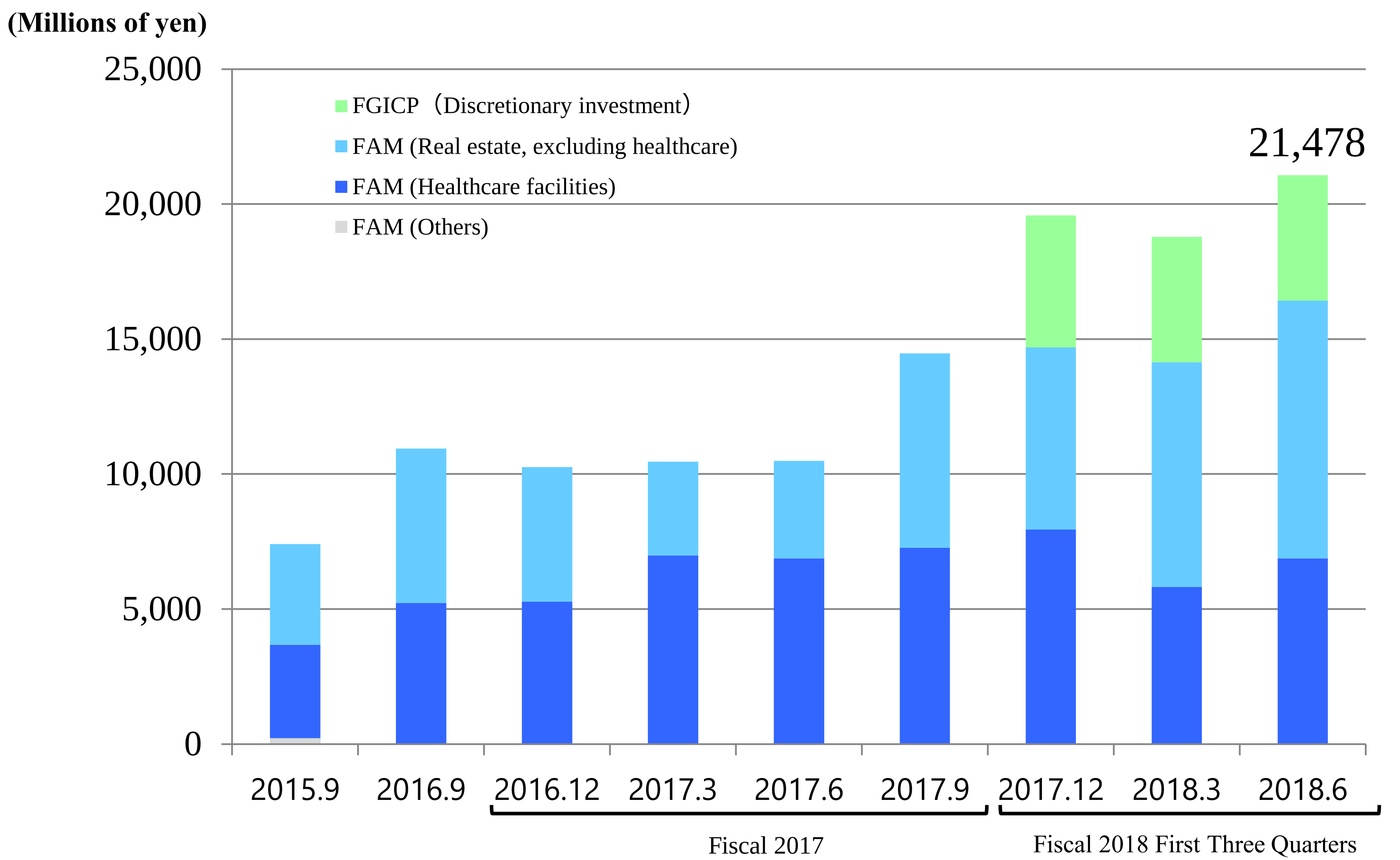
Note: Does not include contribution or loans between FGI and FGT

Changes in Assets under Management

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

Sold some buildings but balance of assets under management within the Group climbed 48.4% year on year, reflecting development of healthcare facilities and progress on facility upgrade projects.

*Healthcare facilities: Mainly housing for seniors.
*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

(Thousands of yen)

	Assets	Fiscal 2017	Fiscal 2018 First Three Quarters	Change
	Current assets	10,122,083	9,523,102	(598,981)
	Cash and time deposits	3,219,805	3,448,148	228,343
1	Notes and accounts receivable, trade	196,840	481,324	284,484
2	Investments in securities, trade	1,069,032	1,815,346	746,314
	Loans receivable, trade	609,147	590,924	(18,223)
3	Real estate for sale	2,287,519	302,981	(1,984,538)
4	Real estate for sale in progress	2,556,159	2,533,685	(22,473)
	Merchandise	10,084	18,382	8,298
	Other current assets	257,235	449,077	191,841
	Allowance for doubtful assets	(83,739)	(116,768)	(33,028)
	Noncurrent assets	2,810,440	3,870,363	1,059,922
5	Property, plant and equipment	2,238,234	3,192,463	954,228
6	Intangible fixed assets	38,609	340,439	301,829
	Investments and other assets	533,596	337,460	(196,135)
	Total assets	12,932,524	13,393,465	460,941

1 Increased due to consolidation of SGI Group and Geoplan Namtech

2 Increased due to real estate deal, new investment in U.S. venture fund and corporate investment.

3 Decreased due to removal of real estate subsidiaries from consolidation, sale of land adjacent to Metsä site and sale of investment real estate

4 Drop in rental properties, due to removal of real estate subsidiaries from consolidation, but increase in construction in progress due to Moominvalley Park construction work. (Up ¥1,411million from end of first quarter, Up ¥44 million from end of second quarter)

5 Drop in rental properties, due to removal of real estate subsidiaries from consolidation, but increase in construction in progress due to Moominvalley Park construction work. (Up ¥1,557 million from end of first quarter, Up ¥1,072 million from end of first quarter)

6 Goodwill higher due to purchase of shares in SGI-Group and Geoplan Namtech.

7 Decrease in short-term loans payable and long-term loans payable, owing to removal of subsidiaries in real estate business from consolidation. Transferred ¥2,000 million in long-term loans of Metsä SPC (note) to current portion of long-term loans payable. Note: At time loans repaid, agreements made for financial institutions and other lenders to extend loans.

	Liabilties	Fiscal 2017	Fiscal 2018 First Three Quarters	Change
	Current liabilities	3,785,430	5,021,634	1,236,203
	Notes and accounts payable, trade	152,025	99,791	(52,234)
7	Short-term loans payable	2,751,380	24,994	(2,726,386)
7	Current portion of bonds	30,000	–	(30,000)
7	Current portion of long-term loans payable	293,847	3,319,058	3,025,210
	Income taxes payable	42,335	34,455	(7,880)
	Accrued employee bonuses	72,795	56,705	(16,089)
	Other current liabilities	443,045	1,486,629	1,043,583
	Noncurrent liabilities	3,820,631	938,122	(2,882,509)
	Bonds payable	30,000	–	(30,000)
7	Long-term loans payable	3,513,399	814,515	(2,698,884)
	Deferred tax liability	113,485	–	(113,485)
	Net defined benefit liability	119,661	85,462	(34,198)
	Other noncurrent liabilities	44,085	38,144	(5,940)
	Total liabilities	7,606,062	5,959,756	(1,646,305)

	Net Assets			
	Shareholders' equity	4,800,789	6,123,649	1,322,859
8	Common stock	4,549,016	5,305,195	756,178
8	Additional paid-in capital	1,812,727	3,252,490	1,439,762
	Retained earnings	(1,560,954)	(2,434,036)	(873,081)
	Accumulated other comprehensive income	(530)	6,555	7,086
	Subscription rights to shares	50,142	59,673	9,531
9	Non-controlling interests	476,060	1,243,829	767,769
	Total net assets	5,326,461	7,433,708	2,107,246
	Total liabilities and net assets	12,932,524	13,393,465	460,941

8 Common stock and additional paid-in capital up, owing to exercise of stock acquisition rights from 18th series. Additional paid-in capital up through capital increase at Moomin Monogatari.

9 Higher, due to capital increase at Moomin Monogatari.

Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2017 First Three Quarters	Ratio to Sales	Fiscal 2018 First Three Quarters	Ratio to Sales	YoY Change Amount	YoY Change Ratio
Revenues 1	5,838,996	100.0%	2,286,483	100.0%	(3,552,513)	(60.8)%
Cost of revenues	4,333,425	74.2%	967,095	42.3%	(3,366,329)	(77.7)%
Gross profit	1,505,571	25.8%	1,319,387	57.7%	(186,184)	(12.4)%
Selling, general and administrative expenses 2	2,052,768	35.2%	2,415,156	105.6%	362,388	17.7%
Operating income/(loss)	(547,196)	(9.4)%	(1,095,768)	(47.9)%	(548,572)	–
Other income	87,004	1.5%	12,163	0.5%	(74,841)	(86.0)%
Other expenses	73,978	1.3%	3 114,174	5.0%	40,196	54.3%
Ordinary profit/(loss)	(534,169)	(9.1)%	(1,197,780)	(52.4)%	(663,610)	–
Extraordinary profit	9,983	0.2%	4 291,063	12.7%	281,079	2,815.5%
Extraordinary loss	1,081	0.0%	670	0.0%	(410)	(38.0)%
Income before income taxes	(525,267)	(9.0)%	(907,387)	(39.7)%	(382,119)	–
Income taxes	26,853	0.5%	30,900	1.4%	4,047	15.1%
Profit /(loss)	(552,121)	(9.5)%	(938,288)	(41.0)%	(386,166)	–
Profit /(loss) attributable to non-controlling interests	(993)	(0.0)%	(63,779)	(2.8)%	(62,785)	–
Profit /(loss) attributable to owners of parent	(551,128)	(9.4)%	(874,509)	(38.2)%	(323,381)	–

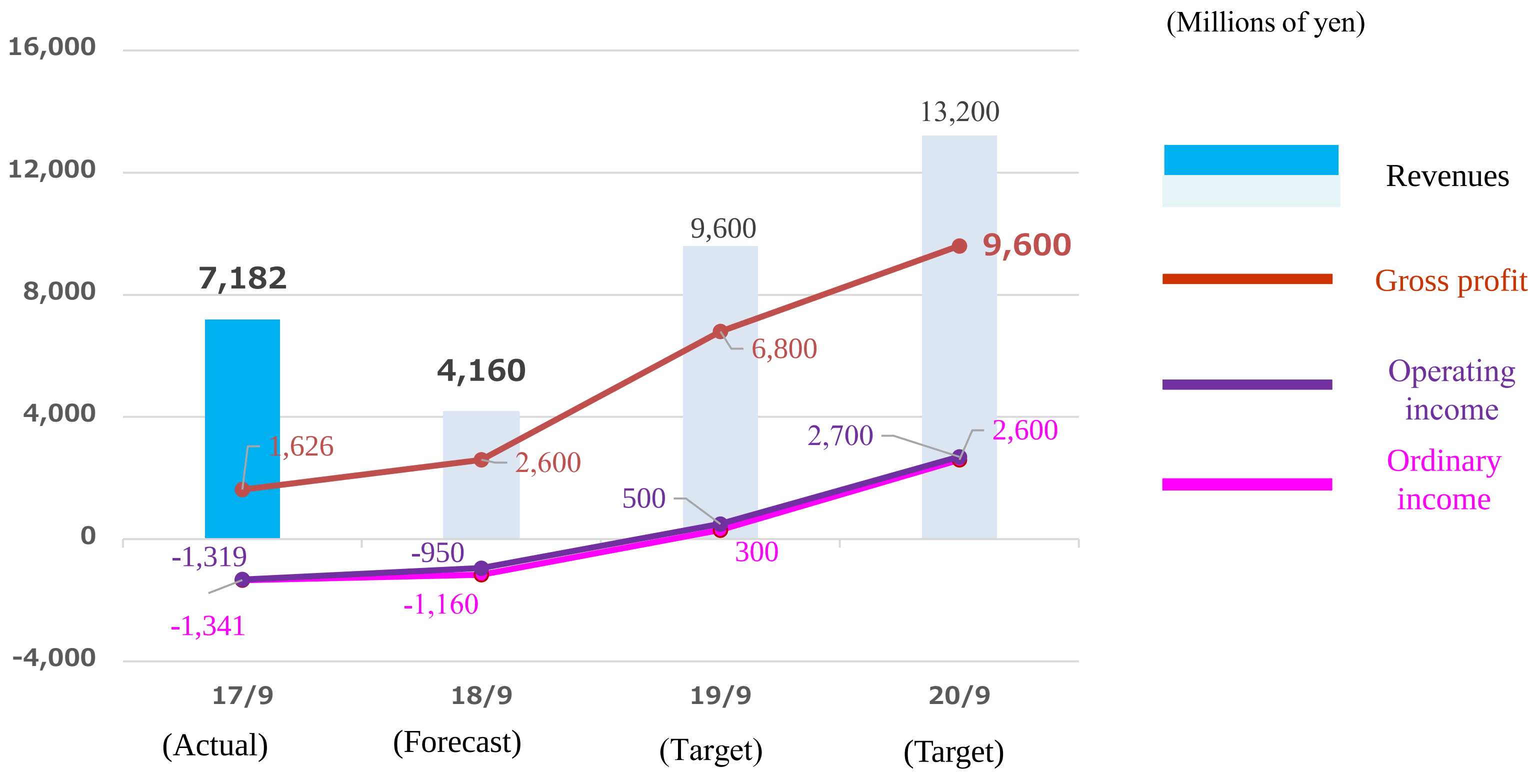
1. Sale of shares in reals estate subsidiaries, and removal from consolidation (these subsidiaries contributed ¥3,603 million to revenues in previous term) overshadowed newly included aircraft asset management company, causing revenues to drop 60.8% and cost of revenues to shrink 77.7%.

2. Despite absence of real estate business expenses (booked ¥578 million in corresponding period a year ago), SG&A expenses climbed 17.7% year on year, owing to ¥600 million in prior investment to prepare for Metsä opening as well as costs booked on newly consolidated subsidiaries and a temporary increase in expenses for rent of space and land following relocation of head office.

3. Interest expense of ¥50 million for special purpose company owning Metsä real estate, and ¥41 million in foreign exchange losses related to investments in foreign currency–denominated venture fund

4. Gain of ¥267 million on sale of shares in associates, accompanying sale of shares in real estate business subsidiary.

Business Plan—Targets for fiscal 2018 and fiscal 2019 (announced May 28, 2018)



Fiscal 2019

- Greater allocation of human and capital resources toward core investment banking business.
- Open Metsä Village in November 2018. Book revenue from such sources as tenant rents, parking fees and restaurant operation.
- Moominvalley Park grand opening in March 2019. Book revenue from such sources as entrance fees, pay-for-use facilities, income from sale of food, beverages and merchandise.
- Bring Rights and Brands Japan Co., Ltd., under consolidation. Anticipate synergistic effects from Moomin theme park business and licensing business.
- Costs, such as personnel costs at Metsä, will be large, and Moominvalley Park operation won't present income until the second half

Fiscal 2020

- Draw income from Metsä Village and Moominvalley Park operation over full year. Anticipate dramatic growth in business results.

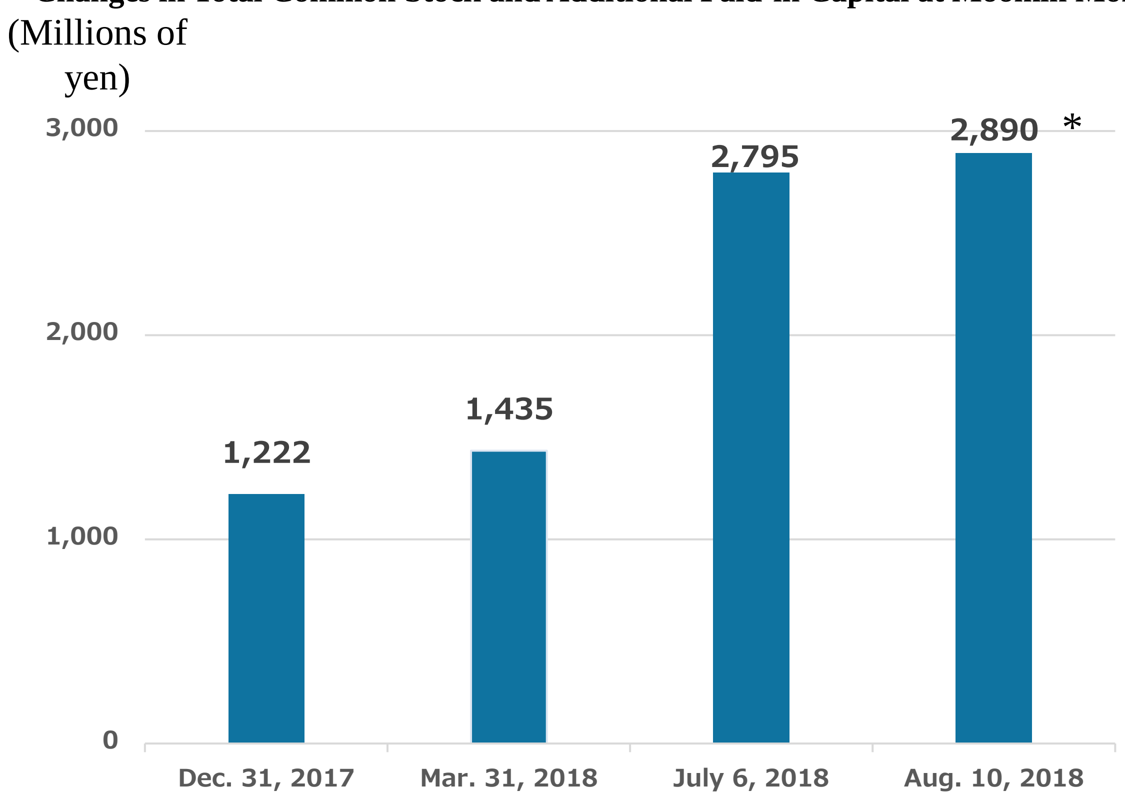
Forward-looking statements, including performance forecasts, are based on information available to management at the current time and certain reasonable assumptions. Actual results may differ considerably due to various factors.

Topics: Update on activities in lead up to Metsä opening (1)

Reinforced financial footing through Moomin Monogatari capital increase

- ✓ In view of rising corporate value through steady progress on the project, including preparations for the opening of Metsä, as well as future business development (including capital investment and business operations), Moomin Monogatari executed multiple third-party allocation of shares with invitation to external investors as well
- ✓ FGI's shareholding ratio, including shares held by investment funds in which the Company has contributed capital, was 99% as of December 31, 2017, but is expected to drop to 63.1% as of August 10, 2018.

Changes in Total Common Stock and Additional Paid-in Capital at Moomin Monogatari



*Includes increased capital as of Aug 10 payment date

Topics: Update on activities in lead up to Metsä opening (2)

Promotions, Communication

Social networking sites (Instagram, Facebook, Twitter)

- Followers expanding
  (Follower results on Instagram as of August 8, 2018)
  Metsä Village 3,391
  Moominvalley Park 5,746
- Initiated web-advertising via Instagram in July 2018

Website

- Transitioned from teaser site to full-fledged site (April 27, 2018)
- Site construction for update (scheduled for August-September 2018)
- Creating various content for public relations activities

Event participation

- Booth at Hanno Green Carnival 2018 (June 2-3, 2018)
  Held workshop to create a monument that will be placed on the approach to Moominvalley Park entrance to welcome guests
- Hong Kong Book Fair 2018 (July 18-24, 2018)
  Moominvalley Park shop set up inside Saitama Prefecture booth
- Moomin Market (Seibu Ikebukuro store, July 19-August 1, 2018)
  Moominvalley Park booth and shop

Information booth at Hong Kong Book Fair 2018

Topics: Update on activities in lead up to Metsä opening (3)

Community Connection

Local government

- City of Hanno　Basic agreement on local renaissance (FGI, June 30, 2015)
- Saitama Prefecture　Cooperative agreement on tourism (Moomin Monogatari, June 8, 2018)

Signing ceremony for cooperative agreement on tourism with Saitama Prefecture

Schools

- Surugadai University　Basic agreements on collaboration and cooperation (FGI, December 6, 2016; Moomin Monogatari, December 19, 2017)
- Josei University　Basic agreement on collaboration and cooperation (Moomin Monogatari, December 7, 2017)

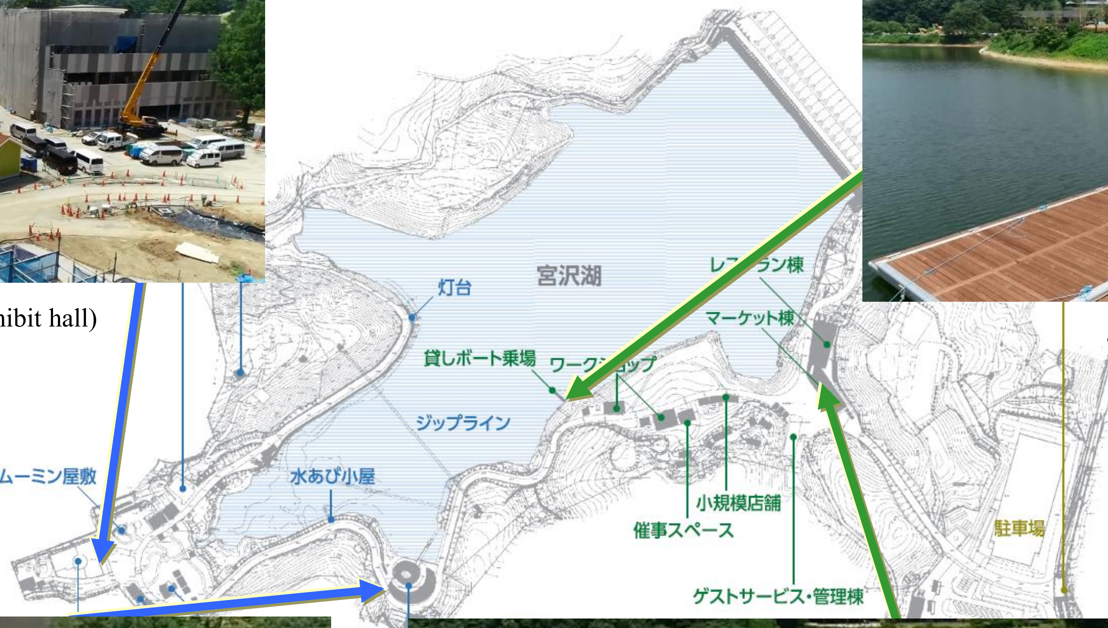
Topics: Update on activities in lead up to Metsä opening (4)

Construction Work

Rooftops on all but one building complete. Finishing touches on interior and exterior features moving along. Some landscaping work has started.
(Photo shows status as of July 2018)

Moominvalley area (including exhibit hall)

Jetty



Gatehouse

Restaurant wing (left), market wing (right)

Topics: Update on activities in lead up to Metsä opening (5)

Moomin Day

Held fan event on August 9. Provided updates, including grand opening date and information on exhibition hall area.

Topics: Practical application of Adacotech technology in automated check for anomalies

Adacotech Incorporated, a subsidiary, confirmed practical use of automated inspection results by integrating proprietary machine learning technology into inspection services provided by Mitsui E&S Machinery, a member of the Mitsui E&S Holdings Group, to identify anomalies in the concrete used to line a tunnel.

- ✓ Helps to address shortage of survey and inspection technicians using automated inspection to extend service life of tunnels and also improves accuracy. Represents application of Adacotech's noteworthy technical distinctiveness—that is, detecting deviations using normal conditions as the starting point—to maintenance and management of infrastructure facilities.
- ✓ Adacotech has received inquiries from different industry and service sectors, and this project marks the first response from the company. Going forward, Adacotech will apply its technology to each project to get results.

About Adacotech

Adacotech builds upon learning-style pattern recognition programs using the higher-order local autocorrelation feature extraction method—an innovative technology conceived by the National Institute of Advanced Industrial Science and Technology—and applies its programs to various sectors.

The company draws on technical distinctiveness, namely, detecting deviations using normal conditions as the starting point and successfully pinpointing anomalies even when the normal sample pool is shallow, and has piled up applications for a diverse range of industry and service sectors, including

- product inspection, failure warning detection, optimized maintenance timing and loner service life of replacement components at manufacturing facilities
- policing, guarding, security

Reference Materials

- Non-Consolidated Financial Statements (Balance Sheets and Statement of Income)
- Changes in Key Financial Data (Six years)
- Corporate Data

Non-Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2017	Fiscal 2018 First Three Quarters	Change
Current Assets	6,090,329	7,287,906	1,197,576
Cash and time deposits	1,801,547	1,945,430	143,882
Accounts receivable, trade	6,646	9,592	2,945
Investment securities, trade	970,092	1,713,514	743,421
Loans receivable, trade	609,147	588,328	(20,819)
Short-term loans, receivable	1,998,294	176,154	(1,822,140)
Real estate for sale	346,503	302,981	(43,521)
Real estate for sale in progress	407,183	2,533,685	2,126,502
Other current assets	192,498	293,642	101,144
Allowance for doubtful assets	(241,583)	(275,422)	(33,838)
Noncurrent assets	2,545,382	3,461,903	916,520
Property, plant and equipment	500,242	795,078	294,836
Intangible assets	19,278	16,859	(2,419)
Investments and other assets	2,025,862	2,649,965	624,103
Total assets	8,635,712	10,749,810	2,114,097

Liabilties	Fiscal 2017	Fiscal 2018 First Three Quarters	Change
Current liabilities	649,984	1,118,951	468,966
Accounts payable-trade	1,249	13,113	11,863
Short-term loans payable	225,000	119,994	(105,006)
Current portion of long-term debt	144,866	23,254	(121,612)
Accounts payable-others	52,203	36,466	(15,736)
Deposits received	89,525	772,780	683,255
Advances received	19,995	7,390	(12,604)
Accrued employee bonuses	38,446	11,554	(26,892)
Others	78,699	134,398	55,699
Long-term liabilities	2,297,051	2,823,051	526,000
Long-term loans payable	2,173,634	2,720,162	546,528
Provision for retirement benefits	91,842	81,063	(10,779)
Others	31,574	21,826	(9,748)
Total liabilities	2,947,035	3,942,002	994,966

Net Assets			
Shareholders' equity	5,640,763	6,743,101	1,102,337
Capital stock	4,549,016	5,305,195	756,178
Additional paid-in capital	2,114,239	2,870,417	756,178
Retained earnings	(1,022,492)	(1,432,511)	(410,018)
Valuation difference on available-for-sale securities	—	13,947	13,947
Subscription rights to shares	47,913	50,759	2,845
Total net assets	5,688,677	6,807,808	1,119,130
Total liabilities and net assets	8,635,712	10,749,810	2,114,097

Non-Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2017 First Three Quarters	Ratio to Sales	Fiscal 2018 First Three Quarters	Ratio to Sales	YoY Change Amount	YoY Change Ratio
Revenues	1,019,994	100.0%	661,208	100.0%	(358,785)	(35.2)%
Cost of revenues	487,437	47.8%	109,569	16.6%	(377,867)	(77.5)%
Gross profit	532,557	52.2%	551,639	83.4%	19,082	3.6%
Selling, general and administrative expenses	1,030,770	101.1%	1,181,596	178.7%	150,825	14.6%
Operating income/(loss)	(498,213)	(48.8)%	(629,956)	(95.3)%	(131,743)	—
Other income	278,171	27.3%	113,529	17.2%	(164,642)	(59.2)%
Other expenses	182,397	17.9%	121,747	18.4%	(60,649)	(33.3)%
Ordinary income/(loss)	(402,438)	(39.5)%	(638,175)	(96.5)%	(235,736)	—
Extraordinary profit	9,178	0.9%	220,521	33.4%	211,342	2,302.5%
Extraordinary loss	799	0.1%	902	0.1%	102	12.8%
Income before income taxes	(394,059)	(38.6)%	(418,556)	(63.3)%	(24,496)	—
Income taxes	(18,043)	(1.8)%	8,537	1.3%	26,580	—
Net income/(loss)	(376,016)	(36.9)%	(410,018)	(62.0)%	(34,002)	—

Changes in Key Financial Data

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	First Three Quarters Fiscal 2018
Revenues	(millions of yen)	1,603	3,911	5,429	7,485	7,182	2,286
Gross profit	(millions of yen)	1,468	2,398	2,495	1,496	1,626	1,319
Operating income/(loss)	(millions of yen)	(31)	555	115	(1,031)	(1,319)	(1,095)
Ordinary income (loss)	(millions of yen)	88	684	237	(1,369)	(1,341)	(1,197)
Profit /(loss) attributable to owners of parent	(millions of yen)	182	923	224	(1,384)	(1,358)	(874)
Net assets	(millions of yen)	2,716	5,534	7,879	6,312	5,326	7,433
Total assets	(millions of yen)	4,770	7,452	11,958	10,975	12,932	13,393
Net assets per share	(yen)	22.23	37.41	48.31	38.66	29.64	34.20
Net income (loss) per share	(yen)	1.52	6.92	1.48	(8.56)	(8.39)	(5.23)
Diluted net income (loss) per share	(yen)	1.52	6.89	1.47	−	−	−
Equity to total asset ratio	(%)	56.4	73.9	65.4	57.0	37.1	45.8
Equity to net income ratio	(%)	7.2	22.5	3.4	(19.7)	(24.6)	(15.6)
Price earning ratio (PER)	(times)	21.9	9.2	84.7	−	−	−
Cash flow from operating activities	(millions of yen)	(464)	(2,208)	(1,791)	(1,305)	(1,153)	−
Cash flow from investing activities	(millions of yen)	85	509	(644)	(302)	(1,026)	−
Cash flow from financing activities	(millions of yen)	(128)	2,065	4,761	(751)	2,937	−
Cash and cash quivalents at the end of the fiscal year	(millions of yen)	1,644	2,024	4,612	2,240	2,969	−
Number of employees(consolidated) (part-time employees)	(employees)	51(13)	109(7)	117(8)	114(20)	143(27)	154(30)
Number of employees(non-consolidated)(part-time employees)	(employees)	26(3)	24(3)	38(3)	45(8)	40(6)	41(4)

FGI executed a stock split on April 1, 2014, that split each share into 100 shares. Consequently, net assets per share, net income (loss) per share and net income per share after adjustment for diluted shares have been calculated as if the aforementioned stock split had occurred at the beginning of fiscal 2013.

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
Date 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	179,244,400 shares (As of June 30, 2018)
Minimum trading unit	100
Capital stock	¥5,305 million (As of June 30, 2018)
Net assets (consolidated)	¥7,433 million (As of June 30, 2018)
Major shareholders (As of March 31, 2018)	Nobumitsu Tamai 20,095,500 shares (11.96%) Yuko Fujii 3,776,400 shares (2.25 %) Masaaki Aoshima 1,708,000 shares (1.02 %) Naotake Tamura 1,676,000 shares (1.00 %) Robert Hirst 1,535,000 shares (0.91 %)
Number of employees	Consolidated: 154 (As of of June 30, 2018, excludes temporary staff)

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Disclaimer

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.

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