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Summary of Financial Statements
For the First Quarter of Fiscal 2018
<under Japanese GAAP>

February 9, 2018

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)
(URL: http://www.fgi.co.jp/english/) TEL: +81-3-6456-4600
Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Member of the Board, Senior Executive Officer Name: Takashi Senda
Scheduled date for filing of securities report: February 14, 2018
Scheduled date of commencement of dividend payment: ―
Preparation of explanatory materials for quarterly financial results: Yes
Information meetings arranged related to quarterly financial results: None

(Rounded down to the nearest million)

1. Consolidated results for the first quarter of fiscal 2018
(October 1, 2017 – December 31, 2017)

(1) Business results (Percentages indicate year-on-year changes.)

	Revenue		Operating income/(loss)		Ordinary profit/(loss)		Profit/(loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of fiscal 2018	611	(76.3)	(241)	–	(261)	–	40	(74.9)
First quarter of fiscal 2017	2,579	9.5	72	–	173	–	161	–

(Note) Comprehensive income: (1) million yen (―)% for the first quarter of fiscal 2018
206 million yen (―)% for the first quarter of fiscal 2017

	Net income/(loss) per share	Net income/(loss) per share (diluted)
	Yen	Yen
First quarter of fiscal 2018	0.25	0.25
First quarter of fiscal 2017	1.00	1.00

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First quarter of fiscal 2018	9,304	5,139	51.1
Fiscal 2017	12,932	5,326	37.1

(Reference) Shareholders' equity: 4,756 million yen for the first quarter of fiscal 2018
4,800 million yen for fiscal 2017

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017 (Actual)	—	0.00	—	0.00	0.00
Fiscal 2018 (Actual)	—				
Fiscal 2018 (Estimates)		0.00	—	—	—

(Note) Change from the latest dividend forecast: None
The dividend forecast for fiscal year ending September 30, 2018 is yet to be determined.

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

Because of access to investment capital, mainly through securitization of Metsä real estate, the sale of real estate subsidiaries, and loans from financial institutions, this business segment will aggressively pursue investment and arrangements in fiscal 2018. A return to profitability is expected with the turnover of capital and investment in human resources. However, projects other than real estate securitization, where FGI has a proven track record, are increasing, and external factors, such as interest rates and exchange rates, that affect some of these projects have the potential to significantly impact profits. The number of projects handled was on the rise even before, characterized by greater diversity and complexity, which has made it all the more difficult to predict profits on a project basis.

In addition, fiscal 2018 costs associated with Metsä are likely to be higher than in the previous fiscal year, as the project moves toward park opening. Although a budget has been drafted, based on a detailed business plan, various factors could still cause costs to rise.

For these reasons, management finds it difficult to realistically estimate business results and has decided to put off disclosure of a performance estimate for the time being.

4. Notes

(1) Transfer of principal consolidated subsidiaries during the term
(Transfer of any specified subsidiary causing change in scope of consolidation.): None

(2) Adoption of simplified and special accounting policies for quarterly financial statements: None

(3) Changes in accounting policies
1. Changes due to changes in accounting standard: None
2. Other changes in accounting standard: None
3. Changes in accounting estimates: None
4. Restatement of corrections: None

(4) Number of shares issued (common stock)
1. Number of shares issued (including treasury stock): 161,986,400 shares in the first quarter of fiscal 2018
161,935,300 shares in fiscal 2017
2. Number of treasury shares: — shares for the first quarter of fiscal 2018
— shares for fiscal 2017
3. Average number of shares issued during the first quarter:
161,940,797 shares in the first quarter of fiscal 2018
161,928,333 shares in the first quarter of fiscal 2017

* This summary of financial statements is not subject to quarterly review procedures.

* Information concerning proper use of forward-looking statements and other special instructions
Forward-looking statements in this document are based on data available to management as of February 9, 2018, and certain reasonable assumptions. Actual results may differ from these estimates due to unforeseen factors.

1. Qualitative Information on Business Results and Financial Position

(1) Business Results

FGI—as a boutique investment bank for all companies in all industries—focused on investment banking and corporate investment to expand Group business while supporting growth through various solutions matched to the needs of corporate clients and robustly pursuing opportunities to invigorate and underpin local industry.

In the first quarter—October 1, 2017 to December 31, 2017—of the fiscal 2018 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2018, revenue was booked mainly on the recovery of investment through the sale of shares in Better Life Support Holdings Co., Ltd., an intermediate holding company for the real estate business, as well as the sale of land adjacent to Metsä through securitization. With this, the Company was able to pursue measures directing personnel and capital resources back into the investment banking business.

Construction work at Metsä is progressing as planned. Major infrastructure, such as connections for water supply and sewers, power facilities and wiring systems, was installed. We welcomed progress on civil engineering work, with construction shifting to foundation work. The city of Hanno—the local government involved in this project—agreed to provide ¥150 million as a business contribution to the Metsä project that will go toward covering costs to build facilities for the opening of Metsä Village in December 2019. A memorandum of understanding was signed with the city. In addition, FGI subsidiary Hanno Local Resource Utilization LLC, a special purpose company that owns Moominvally Park real estate, signed a silent partnership agreement with Hanno, which will provide ¥50 million, to be applied toward construction and structural improvements.

Also, the Board of Directors resolved at its meeting on December 26, 2017, that FGI would issue its Stock Acquisition Rights (Private Placement) - Series 18 to raise funds for construction work at Metsä Village and other facility-related investments. The series was issued on January 12, 2018, after the first quarter books were closed. The net amount, derived from issue and exercise of the stock acquisition rights, is estimated at ¥2,541,800 thousand, if all rights are exercised at the initial exercise price.

Looking at consolidated business results for the first quarter of fiscal 2018, revenues tumbled 76.3% year on year, to ¥611 million. This reflects the removal of subsidiaries in the real estate business from the scope of consolidation due to the sale of company shares and a lack of renewable energy power facility-related revenues, which overshadowed the booking of revenue on investment exits, mainly on corporate investments and the sale of real estate. Cost of revenues dropped 90.6%, to ¥174 million. Gross profit fell 38.9%, to ¥436 million, but the gross profit margin improved tremendously, rising to 71.5% from 27.7% in the first quarter of fiscal 2017. Selling, general and administrative expenses rose 5.4%, to ¥678 million, reflecting the impact of prior investment activity in the Metsä project. As a result, FGI showed an operating loss of ¥241 million, reversing from operating income of ¥72 million a year ago. Similarly, the Company posted an ordinary loss of ¥261 million, turning downward from ordinary income of ¥173 million a year ago. Net income attributable to the parent fell 74.9%, to ¥40 million but stayed in the black thanks to ¥267 million booked under extraordinary profit from the sale of shares in real estate subsidiaries.

A breakdown of performance by business segment is presented below. Revenues include intersegment revenues and transfers. Note that reporting segments changed in the second quarter of fiscal 2017 and again in the fourth quarter of fiscal 2017. To facilitate year-on-year comparisons below, fiscal 2017 amounts for each segment have been restated under the new reporting method. Also note that the Company now has three reporting segments — investment banking, public management consulting and entertainment services — effective from the first quarter of fiscal 2018, owing to the removal of Better Life Support Holdings and its subsidiaries, which had comprised the real estate business, from the scope of consolidation.

a. Investment Banking Business

Demand for services, including real estate securitization arrangements, was brisk. Revenues from asset management also increased, due to a change in the status of FGI Capital Partners, Inc., which had been accounted for as an affiliate under the equity method but was turned into a consolidated subsidiary. In asset investment activities, FGI recorded revenues of ¥255 million, as securitization of land adjacent to Metsä offset the absence of revenues related to renewable energy facilities. Proceeds from the sale of such facilities were booked in the first quarter of fiscal 2017, but there were no such sales in the first quarter of fiscal 2018. The gross profit margin improved. FGI began investing in city-center real estate development projects in the first quarter and is keen to achieve profitability on such investments through sale, starting in the second half of fiscal 2018 and continuing into fiscal 2019.

In fund investment activities, FGI recorded gross profit of ¥122 million, on proceeds from investment exits, but this was less than the ¥240 million recorded in the corresponding period a year ago through transfer of money claims receivable. For new investments, the Company directed its attention toward U.S. venture funds.

FinTech Global Trading Incorporated, an FGI subsidiary, established SGI Investment LLC and through this limited liability company acquired shares in SGI-Group B.V., the holding company for SGI-Aviation Services B.V., which is involved in the aircraft asset management business. The company's shareholding gives it 51% voting interest. FGI subsequently turned SGI-Group and its four subsidiaries into consolidated subsidiaries. At the end of the first quarter of fiscal 2018, only the balance sheets of these subsidiaries had been consolidated, but from the second quarter, the statements of income will also be consolidated.

Given the above developments, the investment banking business saw revenue slide 71.2% year-on-year, to ¥480 million, while segment operating income fell 42.7%, to ¥229 million.

b. Public Management Consulting Business

The public management consulting business addresses the need for consulting services on the preparation of financial documents under a unified standard in fiscal accounting that the national government requires all local governments to comply with as of the fiscal year ending March 31, 2018. In addition, a consulting service structure has been readied to deal with possible introduction of public-private partnership/public financial initiative techniques—demand for which is expected to grow—and application of public enterprise accounting.

As a result, the segment showed revenue of ¥92 million and a loss of ¥6 million.

Note that this segment became a reporting segment from the second quarter of fiscal 2017 so no figures for comparison are presented for the first quarter of fiscal 2018.

c. Entertainment Service Business

In the entertainment service business, an emphasis was on display and design creation for special interior and exterior features at Moominvalley Park as well as discussions on such themes as the selection of outside providers to operate there. Contracts for tenants at Metsä Village are being readied.

Segment revenue rose 16.2% year on year, reflecting an increase in the supply of Moomin-related goods under a program launched by the city of Hanno, in Saitama Prefecture, that utilizes Japan's *furusato nozei* system—a "hometown tax" donation system granting tax breaks to people who make donations to their hometowns or other municipalities. But upfront investment in Metsä caused the segment loss to widen, to ¥183 million from ¥68 million a year ago.

d. Other

Adacotech Incorporated was involved in numerous projects, particularly for large corporations, with a focus on applying and building analytical systems into operations. A few projects is planed to be lauched during the fiscal 2018.

The segment marked a huge increase in revenue — up 672.9% year-on-year — to ¥2 million. While still showing a loss, the segment's position improved, settling at ¥6 million compared with ¥8 million a year ago.

(2) Consolidated Financial Position

Assets

Total assets stood at ¥9,304 million on December 31, 2017, down 28.1% from the end of fiscal 2017 on September 30, 2017. The change reflects decreases of ¥341 million in cash and deposits and, because subsidiaries in the real estate business were no longer included in the scope of consolidation and because land adjacent to the Metsä site was sold, ¥1,626 million in real estate for sale, ¥1,433 million in real estate for sale in progress and ¥1,034 million in land. But the change would have been larger were it not for increases of ¥242 million in notes and accounts receivable, trade, ¥106 million in investments in securities, trade due to new investment and fund investment revenue capture, ¥888 million on construction in progress due to Moominvalley Park construction work, and ¥196 million in goodwill due to the purchase of SGI-Group B.V. shares.

Liabilities

Total liabilities stood at ¥4,165 million on December 31, 2017, down 45.2% from the end of fiscal 2017 on September 30, 2017. This change was caused by decreases of ¥2,676 million in short-term loans payable due to the removal of real estate subsidiaries from the scope of consolidation, ¥152 million in the current portion of long-term loans payable and ¥354 million in long-term loans payable.

Net assets

Net assets were ¥5,139 million as of December 31, 2017, down 3.5% from the end of fiscal 2017 on September 30, 2017. This change reflects decreases of ¥68 million in additional paid-in capital, because subsidiaries in the real estate business were removed from the scope of consolidation and because additional shares were purchased in a subsidiary, and ¥128 million in non-controlling interests. But the change would have been larger were it not for an increase of ¥18 million in retained earnings from booking quarterly income attributable to owners of the parent.

(3) Information on Forward-Looking Statements, including Consolidated Performance Forecasts

Because of access to investment capital, mainly through securitization of Metsä real estate, the sale of real estate subsidiaries, and loans from financial institutions, this business segment will aggressively pursue investment and arrangements in fiscal 2018. A return to profitability is expected with the turnover of capital and investment in human resources. However, projects other than real estate securitization, where FGI has a proven track record, are increasing, and external factors, such as interest rates and exchange rates, that affect some of these projects have the potential to significantly impact profits. The number of projects handled was on the rise even before, characterized by greater diversity and complexity, which has made it all the more difficult to predict profits on a project basis.

In addition, fiscal 2018 costs associated with Metsä are likely to be higher than in the previous fiscal year, as the project moves toward park opening. Although a budget has been drafted, based on a detailed business plan, various factors could still cause costs to rise.

For these reasons, management finds it difficult to realistically estimate business results and has decided to put off disclosure of a performance estimate for the time being.

2. Summary Information (Notes)

(1) Transfer of significant subsidiaries during current quarter under review

Not applicable.

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policy, changes in accounting estimates and retrospective restatement

Not applicable.

FinTech Global Incorporated and Consolidated Subsidiaries

As of and for the three months ended December 31, 2017

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2017 (As of September 30, 2017)	**First Quarter of Fiscal 2018** (As of December 31, 2017)
(Assets)		
Current assets		
Cash and time deposits	3,219,805	2,878,638
Notes and accounts receivable, trade	196,840	439,211
Investments in securities, trade	1,069,032	1,175,367
Loans receivable, trade	609,147	588,319
Merchandise	10,084	11,442
Real estate for sale	2,287,519	661,209
Real estate for sale in progress	2,556,159	1,122,483
Other current assets	257,235	268,150
Allowance for doubtful accounts	(83,739)	(85,622)
Total current assets	10,122,083	7,059,201
Noncurrent assets		
Property, plant and equipment		
Land	1,539,871	505,409
Construction in progress	95,848	984,696
Other property, plant and equipment	602,514	145,296
Total property, plant and equipment	2,238,234	1,635,401
Intangible assets		
Goodwill	8,750	204,754
Other intangible assets	29,858	34,645
Total intangible assets	38,609	239,399
Investments and other assets		
Investments in securities, trade	100,543	94,623
Others	433,052	276,207
Total investments and other assets	533,596	370,830
Total noncurrent assets	2,810,440	2,245,631
Total assets	12,932,524	9,304,833

(Unit: Thousands of yen)

	Fiscal 2017 (As of September 30, 2017)	First Quarter of Fiscal 2018 (As of December 31, 2017)
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	152,025	149,537
Short-term loans payable	2,751,380	74,998
Current portion of bonds	30,000	—
Current portion of long-term loans payable	293,847	141,249
Income taxes payable	42,335	33,610
Deferred tax liabilities	7,967	217
Accrued employee bonuses	72,795	55,064
Other current liabilities	435,078	441,036
Total current liabilities	3,785,430	895,713
Long-term liabilities		
Bonds payable	30,000	—
Long-term loans payable	3,513,399	3,158,648
Deferred tax liabilities	113,485	—
Net defined benefit liability	119,661	100,354
Other long-term liabilities	44,085	10,852
Total long-term liabilities	3,820,631	3,269,854
Total liabilities	7,606,062	4,165,568
(Net assets)		
Shareholders' equity		
Common stock	4,549,016	4,551,791
Additional paid-in capital	1,812,727	1,744,565
Retained earnings	(1,560,954)	(1,542,837)
Total shareholders' equity	4,800,789	4,753,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(530)	2,938
Total accumulated other comprehensive income	(530)	2,938
Stock acquisition rights	50,142	34,953
Non-controlling interests	476,060	347,852
Total net assets	5,326,461	5,139,264
Total liabilities and net assets	12,932,524	9,304,833

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Unit: Thousands of yen)

	First Quarter of Fiscal 2017 (From October 1, 2016, to December 31, 2016)	**First Quarter of Fiscal 2018** (From October 1, 2017 to December 31, 2017)
Revenues	2,579,239	611,489
Cost of revenues	1,863,715	174,501
Gross profit	715,523	436,987
Selling, general and administrative expenses	643,345	678,376
Operating income/(loss)	72,178	△241,389
Other income		
Interest income	59	2,818
Foreign exchange gains	105,072	—
Share of profit of entities accounted for using equity method	9,745	—
Gain on outlawed debt	3,123	2,979
Other	7,746	4
Total other income	125,748	5,802
Other expenses		
Interest expense	16,596	16,339
Foreign exchange losses	—	2,123
Commission paid	6,911	6,788
Other	506	178
Total other expenses	24,013	25,429
Ordinary profit/(loss)	173,913	(261,016)
Extraordinary profit		
Gain on sales of subsidiaries and associates	—	267,387
Gain on reversal of subscription rights to shares	6,544	11,374
Other	—	1,179
Total extraordinary profit	6,544	279,941
Extraordinary loss		
Loss on sales of noncurrent assets	296	—
Total extraordinary loss	296	—
Income/(Loss) before income taxes	180,161	18,925
Income taxes	27,343	23,635
Income taxes adjustment	(8,336)	—
Total income taxes	19,006	23,635
Profit/(loss)	161,154	(4,710)
Profit attributable to non-controlling interests/(loss)	(416)	(45,208)
Profit attributable to owners of parent	161,571	40,497

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Quarter of Fiscal 2017 (From October 1, 2016, to December 31, 2016)	**First Quarter of Fiscal 2018** (From October 1, 2017 to December 31, 2017)
Profit/(loss)	161,154	(4,710)
Other comprehensive income		
Valuation difference on available-for-sale securities	44,972	3,469
Total other comprehensive income	44,972	3,469
Comprehensive income	206,127	(1,241)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	206,544	43,966
Comprehensive income attributable to non-controlling interests	(416)	(45,208)

(3) Notes to Quarterly Consolidated Financial Statements Assumption

(Assumption of Going Concern, for the Three Months ended December 31, 2017)

Not applicable.

(Material Change in Shareholders' Equity)

Not applicable.

(Segment Information)

I. Three months ended December 31, 2016 (October 1, 2016 to December 31, 2016)

1. Revenues and profit/loss for each reporting segment

(Thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Investment Banking Business	Real Estate Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	1,668,994	873,271	36,633	2,578,899	340	2,579,239	―	2,579,239
Inter-segment revenues and transfers	402	―	404	806	―	806	(806)	―
Total	1,669,396	873,271	37,038	2,579,706	340	2,580,046	(806)	2,579,239
Segment income (loss)	401,028	(770)	(68,888)	331,369	(8,500)	322,869	(250,691)	72,178

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes software research, development, manufacturing and sales.
2. Adjustment of segment income (loss), at ¥(250,691) thousand, includes elimination of transactions among segments of ¥12,690 thousand and corporate expenses of ¥(263,381) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.
3. Segment income (loss) is reconciled with operating income in the quarterly consolidated statements of income.

Ⅱ. Three months ended December 31, 2017 (October 1, 2017 to December 31, 2017)

1. Revenues and profit/loss for each reporting segment

(Thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Investment Banking Business	Real Estate Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	474,829	92,168	41,863	608,861	2,628	611,489	―	611,489
Inter-segment revenues and transfers	5,825	―	1,185	7,010	―	7,010	(7,010)	―
Total	480,654	92,168	43,048	615,871	2,628	618,499	(7,010)	611,489
Segment income (loss)	229,823	(6,607)	(183,630)	39,585	(6,516)	33,069	(274,458)	(241,389)

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes software research, development, manufacturing and sales.
2. Adjustment of segment income (loss), at ¥(274,458) thousand, includes elimination of transactions among segments of ¥12,855 thousand and corporate expenses of ¥(287,313) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.
3. Segment income (loss) is reconciled with operating loss in the quarterly consolidated statements of income.

2. Information on assets by reporting segment

In the first quarter of fiscal 2018, all shares held by FGI in Better Life Holdings Co., Ltd., were sold, and the company was removed from the scope of consolidation. Consequently, segment assets in the real estate business dropped ¥5,740,285 thousand, compared with the end of fiscal 2017 on September 30, 2017.

3. Issues related to changes in reporting segments

The public management consulting business was established as a new segment, effective from the second quarter of fiscal 2017, due to the acquisition of addition shares in a subsidiary.

Also, with the start of theme park construction in fiscal 2017, FGI recognized the entertainment service business as a business segment. Previously, activities were included under the "other" segment. Management also acknowledged that the financial significance of activities in this segment had increased. Consequently, the segment was designated a reporting segment

Note that segment information for the first quarter of fiscal 2017, presented for comparison with the first quarter of fiscal 2018, has been prepared according to the new reporting segment allocation. Inconsistencies do arise between first-quarter reporting segment data disclosed for fiscal 2017.

Also, FGI sold all shares held in Better Life Support Holdings Co., Ltd., in the first quarter of fiscal 2018. The real estate business had hinged on this company.

Consequently, FGI has three reporting segments as of the first quarter of fiscal 2018: the investment banking business, the public management consulting business and the entertainment service business.

4. Information related to goodwill and impairment loss on fixed assets by reporting segment

<u>Significant impairment loss on fixed assets</u>

Not applicable.

<u>Significant change in amount of goodwill</u>

In the investment banking business, SGI Investment LLC, established by FGI consolidated subsidiary FinTech Global Trading Incorporated., newly acquired shares in SGI-Group B.V. in the first quarter of fiscal 2018. This led to ¥196,518 thousand in goodwill in the investment banking business.

<u>Significant gain on negative goodwill</u>

Content has been omitted because significance is negligible.