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Summary of Financial Statements for the First Three Quarters of Fiscal 2022 <under Japanese GAAP>

August 9, 2022

Company Name: FinTech Global Incorporated (Code Number: 8789 Tokyo Stock Exchange)
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Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Director, Senior Executive Officer Name: Takashi Senda

Scheduled date for filing of securities report: August 12, 2022
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 three quarters of fiscal 2022
(October 1, 2021 – June 30, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit/(loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters of fiscal 2022	6,749	5.3	150	(67.7)	114	(73.9)	(140)	–
First three quarters of fiscal 2021	6,410	23.4	465	–	437	–	319	–

(For reference) Comprehensive income: 91 million yen for the first three quarters of fiscal 2022 [(68.9)%]
293 million yen for the first three quarters of fiscal 2021 [—%]

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
First three quarters of fiscal 2022	(0.70)	–
First three quarters of fiscal 2021	1.59	1.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First three quarters of fiscal 2022	16,295	7,418	38.3
Fiscal 2021	16,457	7,439	38.5

(For reference) Shareholders' equity: 6,243 million yen for the first three quarters of fiscal 2022
6,328 million yen for fiscal 2021

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 2021	—	0.00	—	0.00	0.00
Fiscal 2022	—	0.00	—		
Fiscal 2022 (Forecast)				0.00	0.00

(Note) Change from the latest dividend forecast: None

3. Consolidated financial forecasts for fiscal 2022 (October 1, 2021 – September 30, 2022)

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of the parent		E.P.S.
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2022	8,000	(1.3)	450	152.7	300	159.0	100	(23.6)	0.50

(Notes) Change from the latest consolidated financial forecasts: None

*Notes

(1) Changes in significant subsidiaries during the period: None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements:
- (a). Changes in accounting policies required by accounting standard: Yes
- (b). Changes other than those in (a) above: None
- (c). Changes in accounting estimates: None
- (d). Restatements: None

Note: For details, please refer to “Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Change in accounting policies)”.

(4) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock):	201,295,200 shares in the first three quarters of fiscal 2022 201,115,600 shares in fiscal 2021
2. Number of shares of treasury stock:	— shares for the first three quarters of fiscal 2022 — shares for fiscal 2021
3. Average number of shares issued during the first three quarters:	201,240,893 shares in the first three quarters of fiscal 2022 201,115,402 shares in the first three quarters of fiscal 2021

* This summary of financial statements is exempt from the review procedures.

* Explanation of the appropriate use of performance forecasts and other related items.
The forward-looking statements included in this summary of financial statements are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company’s actual results may differ substantially from such statements due to various risks and uncertainties.

1. Qualitative Information on Quarterly Consolidated Performance

(1) Business results

During the first three quarters—October 1, 2021 to June 30, 2022—of the fiscal 2022 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2022, the investment banking business pushed forward on the formation of deals to further accelerate private equity investment addressing such issues as business succession. In the entertainment service business, steps were taken to update facilities at Moominvalley Park and reinforce the operating structure in meet an anticipated increase in guests as society moves into with-COVID and post-COVID times. In addition, in licensing activities, the handling volume of Moomin merchandise by licensees continued to increase, but an emphasis was placed on establishing a foundation for growth that would fuel greater expansion and on marketing activities.

Looking at consolidated results for the first three quarters of fiscal 2022, revenues rose 5.3% year on year, to ¥6,749 million, owing to steady progress in the investment banking business on the formation of private equity investment deals, investment execution and subsequent exit, as well as favorable aircraft asset management status and an increase in exits on asset investments. Despite improvement in Metsä profitability, gross profit dropped 5.8% year on year, to ¥2,680 million, reflecting decrease in revenues on arrangement transaction services with a low cost ratio and a decrease in revenues from private equity investments. Selling, general and administrative expenses grew 6.3% year on year, to ¥2,530 million, mainly due to an increase in staffing and greater outsourcing of office work in line with business expansion. As a result, operating income tumbled 67.7% year on year, to ¥150 million, and ordinary income shrank 73.9%, to ¥114 million. FGI recorded a loss attributable to owners of the parent, at ¥140 million, reversing from an income position of ¥319 million for the first three quarters of fiscal 2021, because of ¥185 million in quarterly profit attributable to non-controlling interests.

Of note, revenues and cost of revenues each decreased by ¥63 million, because of a change in accounting treatment method following application of “Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020), but gross profit, operating income, ordinary income and quarterly income before taxes have not been affected by the change in accounting treatment.

(Unit: Millions of yen)

	First Three Quarters of Fiscal 2021	First Three Quarters of Fiscal 2022	YOY Change
Revenues	6,410	6,749	338
Investment banking business	3,301	3,461	159
Public management consulting business	162	263	101
Entertainment service business	3,171	3,252	81
Elimination	(224)	(228)	(4)
Gross profit	2,846	2,680	(165)
Investment banking business	2,326	1,855	(471)
Public management consulting business	99	143	44
Entertainment service business	523	777	253
Elimination	(103)	(95)	8
Operating income [Segment income/ (loss)]	465	150	(314)
Investment banking business	1,274	570	(704)
Public management consulting business	(9)	(1)	8
Entertainment service business	(330)	6	336
Elimination or corporate expenses	(468)	(425)	43
Ordinary income	437	114	(323)
Income before income taxes	442	129	(313)
Income/ (Loss) attributable to owners of parent	319	(140)	(460)

A breakdown of performance by business segment is presented below. Revenues include intersegment revenues and transfers.

a. Investment Banking Business

In the investment banking business, inquiries for private equity investment continued, and the segment saw brisk progress on the formation of private equity investment deals, execution of investment and subsequent exit, as well as exits on asset investments. In asset management activities, several new requests were received with an emphasis on investment in residences and renewable energy facilities, contributing to revenues. Consequently, the balance of assets under management rose 31.4% over the level recorded at the end of fiscal 2021, on September 30, 2021, to ¥34.8 billion, and the foundation for stock-type earnings—that is, recurring fee revenues—was reinforced. In addition, in aircraft asset management services, requests for aircraft inspections and technical services that accompany return of aircraft and other situations remained brisk as a consequence of the pandemic. Reliance on outsourcing grew to meet increasing inquiries and to meet demand for services.

Given the above, the investment banking business posted revenues of ¥3,461 million, up 4.8% year on year. But segment income fell 55.3%, to ¥570 million, reflecting a drop in revenues due to a decrease in revenues on arrangement transaction services with a low cost ratio and a decrease in revenues from private equity with exits along with an increase in expenses largely due to an increase in staffing.

b. Public Management Consulting Business

In the public management consulting business, which hinges on Public Management Consulting Corporation, the marketing push begun in fiscal 2021 to help large local governments in particular with preparation of financial documents continued, with the number of requests for contract services from prefectures to create financial documents and build better fixed asset ledgers increasing by four, to seven, in the current fiscal year for prefectures that runs from April 2021 through March 2022 compared with the local governments' previous fiscal year (April 2020–March 2021). In addition, the Ministry of Internal Affairs and Communications asked local public entities in January 2021 to execute a review of their general management plans, including those for public facilities, and Public Management Consulting vigorously pushed ahead on marketing activities related to services that would help local governments execute these reviews. As a result, the company has made strides in cultivating new clients for services, with a cumulative total of 385 contracted clients in fiscal 2021, up 27 from fiscal 2020, and an additional three clients added so far in fiscal 2023, which for Public Management Consulting began in April 2022, for a current total of 388 contracted clients.

Given these factors, the segment achieved revenues of ¥263 million, soaring 62.7% year on year. But due to higher expenses, mainly costs associated with an increase in staffing, the segment posted a loss of ¥1 million, but this compares favorably to the ¥9 million loss recorded a year ago.

c. Entertainment Service Business

In Metsä operations, remodeling work under a new theme—"Well-being"—commenced in late-November and early-December 2021 to reimagine content and services geared to the needs of guests to Moominvalley Park. Through this, the site switched to an operating format matched to the needs of guests seeking a place of nature, healing and relaxation, and shifted to a fee structure that is easier-to-understand, with ticket prices based exclusively on a one-day pass. The Metsä three-quarter guest count inched up 1.9% over the first three quarters of fiscal 2021 as relaxation of government restrictions on movement, effective from April 2022, offset the impact of an 11-day closure of Moominvalley Park to remodeled facilities back in late-2021 and pandemic-related issues, such as the application of priority measures between January and March 2022 to prevent the spread of COVID-19. In addition, Moomin Monogatari Ltd. welcomed the launch of an official online shop in Japan on March 1, 2022, in cooperation with licenser Moomin Characters Ltd., which is headquartered in the Moomin homeland of Finland, and expanded its revenue opportunities. Consequently, Metsä-related revenues edged up 2.4% year on year, to ¥1,862 million. Note that application of an accounting standard on revenue recognition caused a revenue reduction of ¥64 million that would not have occurred if the previous accounting standard had been applied.

In licensing-related operations, licensing income was up, paralleling increased handling volume of licensed Moomin merchandise, mainly because of wider demand in the field of fashion, especially casual wear, and higher sales of magazines offering a free gift. As a result, licensing-related revenues climbed 2.8% year on year, to ¥1,390 million. Note that work is under way to build a unified CRM platform to underpin data-based marketing and to explore branding strategies to pave a path for medium- to long-term growth in licensing-related operations.

All told, the entertainment service business posted a 2.6% year-on-year gain in revenues, to ¥3,252 million. But if the standard on revenue recognition had not been applied, the year-on-year increase would have been 4.6%. The segment returned to an income position, at ¥6 million, rebounding ¥336 million from a ¥330 million loss a year ago, as profitability improved paralleling remodeling works at Moominvalley Park.

(2) Consolidated Financial Position

Assets

Total assets at the end of the third quarter on June 30, 2022, stood at ¥16295 million, dipping 1.0% from the end of fiscal 2021 on September 30, 2021. The change reflects a decrease of ¥128 million in operational investment securities, due to such factors as progress on the sale of real estate trust beneficiary rights as well as investment exits, and a decrease of ¥344 million in property, plant and equipment, mainly due to depreciation on Moominvalley Park buildings and interior and exterior fixtures, which together offset an increase of ¥487 million in accounts receivable, trade, and contract assets (listed as accounts receivable, trade in the previous fiscal year).

Liabilities

Total liabilities amounted to ¥8,877 million at the end of the third quarter on June 30, 2022, down 1.6% from the end of fiscal 2021 on September 30, 2021. The change is primarily due to decreases of ¥112 million in short-term loans payable, and ¥178 million in lease obligations on noncurrent liabilities, which overshadowed increase of ¥221 million in accounts payable, trade.

Net assets

Net assets stood at ¥7,418 million at the end of the third quarter on June 30, 2022, down 0.3% from the end of fiscal 2021 on September 30, 2021. The change is mainly due to decreases of ¥140 in retained earnings due to the booking of a quarterly loss attributable to owners of the parent and ¥23 million in stock acquisition rights, which together offset an increase of ¥87 million in non-controlling interests.

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

(Unit: Millions of yen)

	Fiscal 2022 First Three Quarters (Actual)	Fiscal 2022 Full Year (Forecast)	Progress toward goal
Revenues	6,749	8,000	84.4%
Operating income	150	450	33.4%
Ordinary income	114	300	38.0%
Profit/(loss) attributable to owners of the parent	(140)	100	—

The full-year consolidated performance forecast and progress toward numerical targets based on results for the first three quarters of fiscal 2022 are as presented in the table above. Progress in each income category is delayed. Nevertheless, management anticipates several deals in the investment banking business to go ahead in the fourth quarter, so no changes will be made to performance targets. If revisions seem necessary, based on the status of these transactions, management will quickly provide an update.

2. Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2021 (As of September 30, 2021)	**First three Quarters of Fiscal 2022** (As of June 30, 2022)
Assets		
Current assets		
Cash and time deposits	2,379,230	2,254,298
Accounts receivable, trade	753,826	—
Accounts receivable, trade, and contract assets	—	1,241,319
Operational investment securities	1,042,651	913,911
Loans receivable, trade	455,415	405,115
Real estate for sale	4,038,343	4,042,526
Merchandise	192,176	121,811
Other	398,443	491,364
Allowance for doubtful accounts	(92,518)	(118,815)
Total current assets	9,167,569	9,351,531
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,380,820	5,385,126
Accumulated depreciation	(522,495)	(669,092)
Buildings and structures, net	4,858,325	4,716,033
Other	1,440,780	1,238,798
Total property, plant and equipment	6,299,105	5,954,832
Intangible fixed assets		
Goodwill	129,334	118,258
Other	486,976	500,801
Total intangible fixed assets	616,310	619,060
Investments and other assets		
Investments in securities	65,865	105,786
Long-term loans receivable	33,336	37,087
Deferred tax assets	8,445	6,477
Other	267,025	229,911
Allowance for doubtful accounts	(70)	(9,275)
Total investments and other assets	374,602	369,986
Total noncurrent assets	7,290,019	6,943,879
Total assets	16,457,588	16,295,411

(Unit: Thousands of yen)

	Fiscal 2021 (As of September 30, 2021)	First three Quarters of Fiscal 2022 (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable, trade	130,687	351,733
Short-term loans payable	125,600	—
Current portion of long-term loans payable	393,194	484,901
Income taxes payable	75,228	77,127
Lease obligations	247,203	253,264
Provision for bonuses	146,703	157,165
Other	1,273,293	1,215,899
Total current liabilities	2,391,910	2,540,090
Noncurrent liabilities		
Long-term loans payable	6,041,300	5,965,759
Lease obligations	388,207	210,103
Deferred tax liabilities	64,885	18,590
Retirement benefit liability	99,040	109,634
Other	33,122	33,122
Total noncurrent liabilities	6,626,556	6,337,209
Total liabilities	9,018,467	8,877,300
Net assets		
Shareholders' equity		
Common stock	6,462,099	6,471,266
Additional paid-in capital	4,987,549	4,996,716
Retained earnings	(5,120,066)	(5,260,924)
Total shareholders' equity	6,329,582	6,207,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,249	29,643
Foreign currency translation adjustment	(7,167)	6,749
Total accumulated other comprehensive income	(918)	36,393
Stock acquisition rights	78,503	55,049
Non-controlling interests	1,031,953	1,119,609
Total net assets	7,439,120	7,418,110
Total liabilities and net assets	16,457,588	16,295,411

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

Quarterly Consolidated Statements of Income

(Unit: Thousands of yen)

	First three Quarters of Fiscal 2021 (From October 1, 2020 to June 30, 2021)	**First three Quarters of Fiscal 2022** (From October 1, 2021 to June 30, 2022)
Revenues	6,410,861	6,749,519
Cost of revenues	3,564,453	4,068,821
Gross profit	2,846,408	2,680,698
Selling, general and administrative expenses	2,381,261	2,530,517
Operating income	465,146	150,180
Non-operating income		
Interest income	604	1,292
Foreign exchange gains	—	12,505
Share of profit of entities accounted for using equity method	6,978	8,435
Subsidy income	54,025	37,199
Other	6,787	4,978
Total non-operating income	68,395	64,410
Non-operating expenses		
Interest expense	92,113	87,121
Provision of allowance for doubtful accounts	—	11,009
Other	4,261	2,442
Total non-operating expenses	96,375	100,573
Ordinary profit	437,166	114,017
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	3,151	—
Gain on reversal of share acquisition rights	3,666	16,478
Total extraordinary income	6,817	16,478
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	—	999
Loss on retirement of non-current assets	801	—
Loss on valuation of shares of subsidiaries and associates	320	—
Loss on liquidation of subsidiaries and associates	—	362
Total extraordinary loss	1,122	1,362
Income before income taxes	442,862	129,133
Income taxes (current)	211,373	133,656
Income taxes (deferred)	(19,823)	(49,119)
Total income taxes	191,549	84,537
Profit	251,312	44,596
Profit/(Loss) attributable to non-controlling interests	(68,522)	185,454
Profit/(Loss) attributable to owners of the parent	319,835	(140,857)

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First three Quarters of Fiscal 2021 (From October 1, 2020 to June 30, 2021)	**First three Quarters of Fiscal 2022** (From October 1, 2021 to June 30, 2022)
Profit	251,312	44,596
Other comprehensive income		
Valuation difference on available-for-sale securities	8,351	23,393
Foreign currency translation adjustment	34,165	23,379
Total other comprehensive income	42,517	46,773
Comprehensive income	293,830	91,369
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	348,689	(103,546)
Comprehensive income attributable to non-controlling interests	(54,859)	194,916

(3) Notes to Quarterly Consolidated Financial Statements

(Assumption of Going Concern)

Not applicable.

(Significant Change in Shareholders' Equity)

Not applicable.

(Change in accounting policies)

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan [hereinafter, the "ASBJ"] Statement No.29, March 31, 2020) effective from the start of the first quarter of the current fiscal year. It recognizes revenue based on the amount expected to be received in exchange for such goods or services at the time when control of the promised goods or services is transferred to the customer.

The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment provided for in paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods before the start of the first quarter of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such beginning balance. There is no impact of this change on the beginning balance of retained earnings. Also, there is no impact on operating income, ordinary profit, and income before income taxes. The main changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows.

(1) Revenue recognition for agent transactions

Revenue related to consignment buying was previously recognized in the gross amount of consideration received from customers, but as a result of determining whether the Company was a principal or an agent in providing those goods or services to customers, the Company changed the method of revenue recognition to recognize revenue in the net amount, obtained by subtracting the amount paid to suppliers from the gross amount. Such revenue is recorded in net revenues. As a result, both revenues and cost of revenues decreased by 63 million yen for the first three quarters of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, "Accounts receivable, trade," which were presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, are included in "Accounts receivable, trade, and contract assets" effective from the first quarter of the current fiscal year. In accordance with the transitional treatment provided for in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation approach.

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the start of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application of the "Accounting Standard for Fair Value Measurement" and relevant ASBJ regulations has no impact on the quarterly consolidated financial statements for the first three quarters of the current fiscal year.

(Additional Information)

(Accounting estimates related to impact from spread of COVID-19)

There is no material change concerning the assumption, and the accounting estimates based on it, about how COVID-19, the disease caused by the new coronavirus, will spread further and influence economic and corporate activities, when it will subside, etc., which were stated in the Annual Securities Report for the previous fiscal year.

(Segment Information)

I. Nine months ended June 30, 2021 (October 1, 2020 to June 30, 2021)

1. Information about the amount of revenues, profits or losses pursuant to each reporting segment

(Thousands of yen)

	Reporting Segments				Adjustment (Note 1)	Consolidated (Note 2)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total		
Revenues						
Revenues to third party	3,145,911	151,657	3,113,292	6,410,861	―	6,410,861
Inter-segment revenues and transfers	155,934	10,500	57,851	224,285	(224,285)	―
Total	3,301,846	162,157	3,171,143	6,635,147	(224,285)	6,410,861
Segment income (loss)	1,274,636	(9,786)	(330,943)	933,906	(468,760)	465,146

Notes:

1. Adjustment of segment income (loss), at ¥ (468,760) thousand, includes elimination of transactions among segments of ¥165,214 thousand and corporate expenses of ¥ (633,974) thousand, which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses, which do not belong to any reporting segments.
2. Segment income (loss) is reconciled with operating income in the quarterly consolidated statements.

II. Nine months ended June 30, 2022 (October 1, 2021 to June 30, 2022)

1. Information about the amount of revenues, profits or losses pursuant to each reporting segment

(Thousands of yen)

	Reporting Segments				Adjustment (Note 1)	Consolidated (Note 2)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total		
Revenues						
Revenues to third party	3,290,136	254,885	3,204,497	6,749,519	―	6,749,519
Inter-segment revenues and transfers	171,204	9,000	48,134	228,339	(228,339)	―
Total	3,461,341	263,885	3,252,631	6,977,858	(228,339)	6,749,519
Segment income (loss)	570,245	(1,045)	6,027	575,228	(425,047)	150,180

Notes:

1. Adjustment of segment income, at ¥ (425,047) thousand, includes elimination of transactions among segments of ¥215,460 thousand and corporate expenses of ¥ (640,508) thousand, which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses, which do not belong to any reporting segments.
2. Segment income (loss) is reconciled with operating income in the quarterly consolidated statements.