

UNOFFICIAL TRANSLATION

The following is a translation, for convenience only,
of the original document issued in Japanese



Summary of Financial Statements for the First Quarter of Fiscal 2023 <under Japanese GAAP>

February 9, 2023

Company Name: FinTech Global Incorporated
(URL: <https://www.fgi.co.jp/en/>)

(Code Number: 8789 Tokyo Stock Exchange)
TEL: +81-50-5864-3978

Representative: President and Chief Executive Officer
Contact: Director, Senior Executive Officer

Name: Nobumitsu Tamai
Name: Takashi Senda

Scheduled date for filing of securities report: February 13, 2023

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 2023 (October 1, 2022 – December 31, 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 quarter of fiscal 2023	2,716	19.5	720	—	699	—	503	—
First quarter of fiscal 2022	2,272	12.5	62	18.3	39	328.0	(47)	—

(For reference) Comprehensive income: 556 million yen for the first quarter of fiscal 2023 (—%)
8 million yen for the first quarter of fiscal 2022 (—%)

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
First quarter of fiscal 2023	2.50	2.49
First quarter of fiscal 2022	(0.24)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First quarter of fiscal 2023	17,531	7,905	40.3
Fiscal 2022	17,933	7,842	36.7

(For reference) Shareholders' equity: 7,064 million yen for the first quarter of fiscal 2023
6,585 million yen for fiscal 2022

2. Dividends

	Dividends 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 2022	—	0.00	—	0.00	0.00
Fiscal 2023	—				
Fiscal 2023 (Forecast)		0.00	—	—	—

(Notes)

1. Change from the latest dividend forecast: None
2. Year-end dividend forecast for the fiscal year ending September 30, 2023 has not been made.

3. Consolidated financial forecasts for fiscal 2023 (October 1, 2022 – September 30, 2023)

(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 2023	10,100	8.6	1,400	138.2	1,400	158.8	1,000	467.8	4.97

(Notes)

1. Change from the latest consolidated financial forecasts: None
2. Forecast for the first two quarters of fiscal year ending September 30, 2023 has not been made.

*Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying change in scope of consolidation): 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

(4) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock):
201,305,200 shares for the first quarter of fiscal 2023
201,295,200 shares for fiscal 2022
2. Number of shares of treasury stock:
20 shares for the first quarter of fiscal 2023
20 shares for fiscal 2022
3. Average number of shares issued during the first quarter:
201,298,821 shares for the first quarter of fiscal 2023
201,134,050 shares for the first quarter of fiscal 2022

* 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 Business Results and Financial Position

(1) Business Results

In the first quarter—October 1, 2022 to December 31, 2022—of the fiscal 2023 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2023, the investment banking business promoted private equity services providing various solutions, including investment, to companies with business succession issues on their hands.

Business results for the first quarter of fiscal 2023 reflect progress on several business succession projects and the booking of investment income and income on arrangement transaction services, which offset the exclusion of Rights and Brands Japan Co., Ltd. (RBJ), from the scope of consolidation and became an equity-method affiliate. Revenues rose 19.5% year on year, to ¥2,716 million, and gross profit soared 78.1%, to ¥1,597 million. Selling, general and administrative expenses rose 5.1%, compared with the first quarter of fiscal 2022, to ¥877 million, mainly owing to an increase in staffing and wider use of outsourcing in some segments to support business expansion. Nevertheless, driven by the improvement in gross profit, operating income skyrocketed 1,046.7% year on year, to ¥720 million, and ordinary profit shot up 1,673.7% year on year, to ¥699 million. Welcoming a reversal from the quarterly loss attributable to owners of the parent a year ago (¥47 million), FGI booked ¥503 million in profit attributable to owners of the parent for the first quarter of fiscal 2023.

(Unit: Millions of yen)

	First Quarter of Fiscal 2022	First Quarter of Fiscal 2023	YOY Change
Revenues	2,272	2,716	443
Investment banking business	1,058	1,989	931
Public management consulting business	108	90	(18)
Entertainment service business	1,181	713	(468)
Elimination	(76)	(77)	(1)
Gross profit	897	1,597	700
Investment banking business	574	1,446	872
Public management consulting business	54	48	(5)
Entertainment service business	301	134	(166)
Elimination	(32)	(32)	0
Operating income [Segment income/ (loss)]	62	720	657
Investment banking business	198	933	734
Public management consulting business	8	(7)	(16)
Entertainment service business	36	(18)	(54)
Elimination or corporate expenses	(180)	(187)	(6)
Ordinary profit	39	699	660
Income before income taxes	38	684	646
Income/ (Loss) attributable to owners of parent	(47)	503	550

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, private equity operations extended broad-based solutions, with an emphasis on investment, to several business succession projects in major urban areas across Japan, and posted investment income and income on arrangement transaction services. The segment also actively pursued new investments through funds set up with a capital contribution from FGI to acquire target companies in business succession projects. In asset management activities, operations were newly entrusted by an overseas investor to manage assets for logistics facility investment and booked income. Consequently, the balance of assets under management grew 7.3% over the balance recorded as of September 30, 2022, to ¥60.2 billion, and the foundation for stock-type earnings—that is, recurring fee revenues—was reinforced. In aircraft asset management services, requests for aircraft inspections, technical services that accompany return of aircraft and other situations remained brisk as a consequence of the pandemic.

As a result, segment revenues jumped 88.0% year on year, to ¥1,989 million, and segment income surged 369.7%, to ¥933 million.

b. Public Management Consulting Business

In the public management consulting business, which hinges on Public Management Consulting Corporation, marketing efforts to promote consultations on the preparation of financial documents targeted large local governments, but the number of requests for contract services from prefectures to prepare financial documents in the current fiscal year (April 2022–March 2023) remained at seven, the same as in the previous fiscal year. Nevertheless, PMC picked up two additional requests from ordinance-designated cities and special wards, bringing the total number of contracts for the year to 11. In addition, in regard to reviews of general management plans for public facilities, the Ministry of Internal Affairs and Communications gave local public entities that had not finished their reviews until March 31, 2024, to do so, and PMC vigorously pushed ahead on marketing activities related to services that would help these entities execute such reviews.

Segment revenues stalled at ¥90 million, tumbling 16.6% compared with the first quarter of fiscal 2022, when PMC generated revenue from the sale of software from business partners paralleling the end of support for accounting software distributed to local governments by the national government. Reversing from segment profit of ¥8 million a year ago, a segment loss was recorded, at ¥7 million, in this first quarter, reflecting an increase in expenses related to prior investment to address expanding requests for services.

c. Entertainment Service Business

Metsä, encompassing Metsä Village and Moominvalley Park, saw a gradual return to normalcy as the pandemic moved into a stage that required fewer restrictions and controls. But November—the month that would typically bring the most guests to Metsä—had many rainy weekends and statutory holidays, curbing the appeal of outdoor activities. As a result, the site-wide first-quarter guest count settled around 210,000, down 3.8% from the corresponding period in fiscal 2022. On a positive note, night-time events returned to Moominvalley Park after a two-year break, with “Moominvalley's Night Walk-Illumori no Oto,” which boosted the guest count here by a solid 10% over the first quarter of fiscal 2022 when the park was closed for 11 days to accommodate remodeling work. Revenues underpinned by this event as well as revenues from Moomin-character merchandise sold through an official online shop buoyed Metsä-related revenue 3.4% year on year, to ¥713 million.

In licensing-related operations, FGI booked ¥491 million from RBJ in the first quarter of fiscal 2022. But RBJ was excluded from the scope of consolidation, effective from the first quarter

of fiscal 2023, and is now an affiliate accounted for by the equity method. Consequently, RBJ business results from licensing-related operations are no longer booked under this segment—entertainment service business—but rather reported as investment income based on equity stake.

Given the above, Metsä-related operations delivered higher revenues and a year-on-year drop in fixed expenses due to remodeling work at Moominvalley Park in December 2022, but the exclusion of RBJ from the scope of consolidation led to a 39.6% decrease in segment revenues, which settled at ¥713 million. In addition, the segment reversed from an income position, at ¥36 million in the first quarter of fiscal 2022, to a loss of ¥18 million in the the first quarter of fiscal 2023.

(2) Consolidated Financial Position

Assets

Total assets at the end of the first quarter of fiscal 2023 stood at ¥17,531 million, down 2.2% from the end of fiscal 2022 on September 30, 2022. The change is largely due to decreases of ¥561 million in cash and time deposits, ¥89 million in property, plant and equipment, mainly depreciation and amortization on Moominvalley Park buildings and interior and exterior fixtures, and ¥333 million in trademark rights included in other under intangible fixed assets due to the exclusion of RBJ from the scope of consolidation, which ultimately overshadowed increases of ¥368 million in operational investment securities and ¥431 million in investment securities due to exclusion of RBJ from the scope of consolidation.

Liabilities

Total liabilities settled at ¥9,626 million at the end of the first quarter of fiscal 2023, down 4.6% from the end of fiscal 2022 on September 30, 2022. The change is primarily due to decreases of ¥23 million accrued employee bonuses, ¥119 million in current portion of long-term loans payable, and ¥60 million in lease obligations on noncurrent assets, which offset an increase of ¥282 million in accounts payable, trade.

Net assets

Net assets at the end of the first quarter of fiscal 2023 amounted to ¥7,905 million, edging up just 0.8% from the end of fiscal 2022 on September 30, 2022. The change reflects an increase of ¥503 million in retained earnings on the booking of quarterly profit attributable to owners of the parent, which neutralized a decrease of ¥416 million in non-controlling interests.

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

(Unit: Millions of yen)

	Fiscal 2023 First Quarter (Actual)	Fiscal 2023 Full Year (Forecast)	Progress toward goal
Revenues	2,716	10,100	26.9%
Operating income	720	1,400	51.5%
Ordinary profit	699	1,400	50.0%
Profit attributable to owners of the parent	503	1,000	50.3%

The consolidated performance forecast for fiscal 2023, ending September 30, 2023, is as presented in the table above. It is unchanged from the outlook presented in the summary of financial statements for fiscal 2022 released on November 8, 2022.

The first quarter of fiscal 2023 was highlighted by progress on multiple business succession projects involving private equity, as well as growth in aircraft asset management services, which helped push all income categories significantly closer to performance forecast targets. Management

anticipates favorable progress on business succession projects in the second quarter onward as well, but there will be no changes to the performance forecast now because the capture of new investment deals, formation status and other factors must be watched carefully before revisions might be considered.

Note that the consolidated performance forecast is based on information currently available to management and certain assumptions deemed reasonable. Actual results may differ substantially from expectations for a variety of reasons.

2. Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2022 (As of September 30, 2022)	First Quarter of Fiscal 2023 (As of December 31, 2022)
Assets		
Current assets		
Cash and time deposits	2,375,927	1,813,984
Accounts receivable - trade, and contract assets	1,113,702	1,117,632
Operational investment securities	2,482,469	2,850,721
Loans receivable, trade	371,665	356,715
Real estate for sale	4,057,167	4,057,167
Merchandise	133,602	151,060
Other	593,045	535,425
Allowance for doubtful accounts	(104,772)	(107,313)
Total current assets	11,022,806	10,775,394
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,390,285	5,390,760
Accumulated depreciation	(717,453)	(764,036)
Buildings and structures, net	4,672,832	4,626,723
Other	1,205,951	1,162,295
Total property, plant and equipment	5,878,784	5,789,018
Intangible fixed assets		
Goodwill	117,736	111,870
Other	514,765	44,996
Total intangible fixed assets	632,501	156,866
Investments and other assets		
Investments in securities	105,581	536,689
Long-term loans receivable	35,004	32,921
Deferred tax assets	11,364	—
Other	257,016	250,704
Allowance for doubtful accounts	(10,047)	(10,041)
Total investments and other assets	398,918	810,273
Total noncurrent assets	6,910,204	6,756,158
Total assets	17,933,011	17,531,553

(Unit: Thousands of yen)

	Fiscal 2022 (As of September 30, 2022)	First Quarter of Fiscal 2023 (As of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable, trade	248,274	531,049
Current portion of long-term loans payable	529,252	444,663
Income taxes payable	133,150	92,891
Lease obligations	260,095	262,506
Accrued employee bonuses	191,888	168,711
Other	1,225,164	798,330
Total current liabilities	2,587,825	2,298,151
Noncurrent liabilities		
Long-term loans payable	7,184,342	7,065,123
Lease obligations	158,022	97,848
Deferred tax liabilities	19,737	17,657
Net defined benefit liability	110,067	112,987
Other	30,322	34,655
Total noncurrent liabilities	7,502,492	7,328,271
Total liabilities	10,090,317	9,626,422
Net assets		
Shareholders' equity		
Common stock	6,471,266	6,471,504
Additional paid-in capital	4,996,716	4,996,954
Retained earnings	(4,943,941)	(4,440,516)
Treasury shares	(0)	(0)
Total shareholders' equity	6,524,040	7,027,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,680	9,734
Foreign currency translation adjustment	26,158	26,694
Total accumulated other comprehensive income	61,839	36,428
Stock acquisition rights	56,359	57,220
Non-controlling interests	1,200,454	783,540
Total net assets	7,842,693	7,905,130
Total liabilities and net assets	17,933,011	17,531,553

(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 2022 (From October 1, 2021 to December 31, 2021)	First Quarter of Fiscal 2023 (From October 1, 2022 to December 31, 2022)
Revenues	2,272,272	2,716,112
Cost of revenues	1,375,010	1,118,382
Gross profit	897,261	1,597,730
Selling, general and administrative expenses	834,437	877,310
Operating income	62,824	720,419
Non-operating income		
Interest income	243	321
Share of profit of entities accounted for using equity method	—	10,440
Subsidy income	4,421	78
Other	3,390	2,146
Total non-operating income	8,055	12,986
Non-operating expenses		
Interest expense	29,906	32,845
Share of loss of entities accounted for using equity method	315	—
Other	1,201	699
Total non-operating expenses	31,422	33,545
Ordinary profit	39,457	699,860
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	96
Gain on reversal of stock acquisition rights	91	273
Total extraordinary income	91	369
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	999	—
Loss on retirement of noncurrent assets	—	15,673
Total extraordinary loss	999	15,673
Income before income taxes	38,548	684,556
Income taxes (current)	38,947	103,338
Income taxes (deferred)	(13,569)	—
Total income taxes	25,378	103,338
Profit	13,170	581,217
Profit attributable to non-controlling interests	60,691	77,793
Profit (loss) attributable to owners of the parent	(47,521)	503,424

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Quarter of Fiscal 2022 (From October 1, 2021 to December 31, 2021)	First Quarter of Fiscal 2023 (From October 1, 2022 to December 31, 2022)
Profit	13,170	581,217
Other comprehensive income		
Valuation difference on available-for-sale securities	3,246	(25,946)
Foreign currency translation adjustment	(7,682)	1,227
Total other comprehensive income	(4,436)	(24,718)
Comprehensive income	8,734	556,499
Comprehensive income attributable to		
Owners of the parent	(48,935)	478,013
Non-controlling interests	57,670	78,485

(3) Notes to Quarterly Consolidated Financial Statements
(Assumption of Going Concern)
Not applicable.

(Significant Change in Shareholders' Equity)
Not applicable.

(Change in accounting policies)

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereafter, "Fair Value Measurement Implementation Guidance") effective from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Fair Value Measurement Implementation Guidance prospectively in accordance with the transitional measures provided for in paragraph 27(2) of the Fair Value Measurement Implementation Guidance. The application of the Fair Value Measurement Implementation Guidance had no impact on the quarterly consolidated financial statements for the first quarter 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.

(Adoption of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have made the transition from the consolidated corporate tax system to the group tax sharing system from the first quarter of the current fiscal year. Accordingly, the Company disclose corporate tax, local corporate tax and tax effect accounting with applying "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42 issued August 12, 2021) which set forth the accounting treatment. In addition, based on PITF No.42 Paragraph 32 Item (1), the company consider that there is no impact on the quarterly consolidated financial statements.

(Segment Information)

I. Three months ended December 31, 2021 (October 1, 2021 to December 31, 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	999,518	105,514	1,167,239	2,272,272	—	2,272,272
Inter-segment revenues and transfers	58,624	3,000	14,516	76,141	(76,141)	—
Total	1,058,143	108,514	1,181,756	2,348,414	(76,141)	2,272,272
Segment income	198,704	8,952	36,020	243,677	(180,852)	62,824

Notes:

1. Adjustment of segment income (loss), at ¥ (180,852) thousand, includes elimination of transactions among segments of ¥48,082 thousand and corporate expenses of ¥ (228,934) 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 is reconciled with operating income in the quarterly consolidated statements.

II. Three months ended December 31, 2022 (October 1, 2022 to December 31, 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	1,932,664	87,502	695,944	2,716,112	—	2,716,112
Inter-segment revenues and transfers	57,100	3,000	17,581	77,682	(77,682)	—
Total	1,989,765	90,502	713,526	2,793,794	(77,682)	2,716,112
Segment income (loss)	933,300	(7,527)	(18,247)	907,524	(187,105)	720,419

Notes:

1. Adjustment of segment income (loss), at ¥ (187,105) thousand, includes elimination of transactions among segments of ¥54,210 thousand and corporate expenses of ¥ (241,316) 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.