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Consolidated Financial Results for the First Three Quarters of Fiscal 2024 (Under Japanese GAAP)

August 9, 2024

Company name: FinTech Global Incorporated
Listing: Tokyo Stock Exchange
Securities code: 8789
URL: https://www.fgi.co.jp/en/
Representative: Nobumitsu Tamai, President and Chief Executive Officer
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the first three quarters of fiscal 2024 (from October 1, 2023 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters of fiscal 2024	9,578	38.6	2,206	93.0	2,108	94.4	1,469	88.0
First three quarters of fiscal 2023	6,911	2.4	1,142	661.0	1,084	851.1	781	—

Note: Comprehensive income For the first three quarters of fiscal 2024: ¥1,708 million [58.3%]
For the first three quarters of fiscal 2023: ¥1,079 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters of fiscal 2024	7.34	7.31
First three quarters of fiscal 2023	3.88	3.87

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First three quarters of fiscal 2024	21,069	10,666	44.9
Fiscal 2023	19,123	9,393	43.4

Reference: Equity
For the first three quarters of fiscal 2024: ¥9,451 million
For fiscal 2023: ¥8,292 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2023	—	0.00	—	0.00	0.00
Fiscal 2024	—	0.00	—		
Fiscal 2024 (Forecast)				1.50	1.50

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial forecasts for fiscal 2024 (October 1, 2023 – September 30, 2024)

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of the parent		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2024	13,400	44.1	2,400	78.6	2,300	80.1	1,400	(12.7)	7.02

Note: Change from the latest consolidated financial forecasts: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly consolidated: 1 company (Pcon home service Incorporated)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	201,321,700 shares
As of September 30, 2023	201,305,200shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	3,607,420shares
As of September 30, 2023	20shares

(iii) Average number of shares outstanding during the period

(cumulative from the beginning of the fiscal year)

First three quarters of fiscal 2024	200,190,947shares
First three quarters of fiscal 2023	201,303,037shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

The forward-looking statements included in this summary of financial statements are based on the assumptions, forecasts, and plans of FinTech Global Incorporated (hereafter, “FGI” and “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.

2. Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2023 (As of September 30, 2023)	**First Three Quarters of Fiscal 2024** (As of June 30, 2024)
Assets		
Current assets		
Cash and time deposits	2,918,561	4,515,417
Notes and Accounts receivable - trade, and contract assets	1,355,231	1,013,333
Operational investment securities	2,848,142	2,459,051
Loans receivable, trade	346,365	336,015
Real estate for sale	4,095,967	4,624,843
Merchandise	160,768	146,264
Other	883,381	1,023,875
Allowance for doubtful accounts	(131,170)	(138,798)
Total current assets	12,477,247	13,980,003
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,379,191	5,372,879
Accumulated depreciation	(902,259)	(1,028,852)
Buildings and structures, net	4,476,932	4,344,027
Other	1,053,136	1,586,594
Total property, plant and equipment	5,530,068	5,930,622
Intangible fixed assets		
Goodwill	105,272	89,842
Other	25,987	47,670
Total intangible fixed assets	131,260	137,512
Investments and other assets		
Investments in securities	535,327	548,333
Long-term loans receivable	16,672	10,423
Deferred tax assets	140,877	103,591
Other	292,531	393,359
Allowance for doubtful accounts	(30)	(34,461)
Total investments and other assets	985,377	1,021,245
Total noncurrent assets	6,646,706	7,089,379
Total assets	19,123,953	21,069,382

(Unit: Thousands of yen)

	Fiscal 2023 (As of September 30, 2023)	**First Three Quarters of Fiscal 2024** (As of June 30, 2024)
Liabilities		
Current liabilities		
Accounts payable, trade	308,710	263,903
Short-term loans payable	77,954	931,285
Current portion of long-term loans payable	6,082,038	6,228,415
Income taxes payable	125,884	277,195
Lease obligations	149,086	34,437
Accrued employee bonuses	257,626	279,773
Other	879,363	1,162,594
Total current liabilities	7,880,663	9,177,605
Noncurrent liabilities		
Long-term loans payable	1,290,817	740,350
Lease obligations	50,723	27,852
Deferred tax liabilities	97,175	16,616
Retirement benefit liability	126,297	147,058
Other	284,955	293,429
Total noncurrent liabilities	1,849,970	1,225,306
Total liabilities	9,730,633	10,402,911
Net assets		
Shareholders' equity		
Common stock	5,372,574	5,373,336
Capital surplus	974,443	968,642
Retained earnings	1,794,907	3,264,643
Treasury shares	(0)	(298,037)
Total shareholders' equity	8,141,924	9,308,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	67,416	39,145
Foreign currency translation adjustment	83,266	103,809
Total accumulated other comprehensive income	150,683	142,954
Stock acquisition rights	77,299	101,497
Non-controlling interests	1,023,412	1,113,433
Total net assets	9,393,319	10,666,471
Total liabilities and net assets	19,123,953	21,069,382

(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 2023 (From October 1, 2022 to June 30, 2023)	First Three Quarters of Fiscal 2024 (From October 1, 2023 to June 30, 2024)
Revenues	6,911,192	9,578,972
Cost of revenues	3,072,185	3,989,291
Gross profit	3,839,006	5,589,681
Selling, general and administrative expenses	2,696,087	3,383,580
Operating income	1,142,918	2,206,100
Non-operating income		
Interest income	3,216	11,104
Foreign exchange gains	—	5,123
Share of profit of entities accounted for using equity method	33,940	27,857
Subsidy income	26,774	2,990
Other	2,340	8,020
Total non-operating income	66,271	55,096
Non-operating expenses		
Interest expense	96,953	127,054
Loss on valuation of investment securities	—	14,970
Foreign exchange losses	20,228	—
Other	7,536	10,724
Total non-operating expenses	124,718	152,749
Ordinary profit	1,084,472	2,108,447
Extraordinary income		
Gain on sale of investment securities	8,000	—
Gain on bargain purchase	190,025	66,531
Other	369	511
Total extraordinary income	198,394	67,043
Extraordinary losses		
Loss on retirement of noncurrent assets	32,369	—
Total extraordinary loss	32,369	—
Income before income taxes	1,250,497	2,175,490
Income taxes - current	250,403	501,366
Income taxes - deferred	1,749	(26,946)
Total income taxes	252,153	474,420
Profit	998,344	1,701,070
Profit attributable to non-controlling interests	216,613	231,334
Profit attributable to owners of the parent	781,731	1,469,736

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Three Quarters of Fiscal 2023 (From October 1, 2022 to June 30, 2023)	**First Three Quarters of Fiscal 2024** (From October 1, 2023 to June 30, 2024)
Profit	998,344	1,701,070
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	60,259	(34,322)
Foreign currency translation adjustment	20,619	41,637
Total other comprehensive income	80,879	7,315
Comprehensive income	1,079,224	1,708,386
Comprehensive income attributable to		
Owners of the parent	853,112	1,462,008
Non-controlling interests	226,111	246,378

(3) Notes to Quarterly Consolidated Financial Statements

(Assumption of Going Concern)

Not applicable.

(Significant Change in Shareholders' Equity)

For the nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)

1. Cash dividends paid

Not applicable.

2. Significant changes in shareholders' equity

Pursuant to a resolution of the 28th Ordinary General Meeting of Shareholders held on December 22, 2022, the Company reduced common stock, legal capital surplus and legal retained earnings, as well as appropriated surplus on January 27, 2023.

As a result, common stock decreased by ¥1,098,930 thousand, legal capital surplus decreased by ¥4,036,488 thousand, with these amounts transferred to other capital surplus. The ¥47,303 thousand decrease in legal retained earnings was transferred to retained earnings brought forward.

The ¥5,135,419 thousand in other capital surplus generated through by decreasing common stock and legal capital surplus was transferred to retained earnings brought forward and used to compensate for current deficit.

As a result, common stock stood at ¥5,372,574 thousand, capital surplus stood at ¥974,443 thousand and retained earnings stood at ¥973,209 thousand as of June 30, 2024.

These changes have no effect on the total amount of shareholders' equity.

For the nine months ended June 30, 2024 (From October 1, 2023 to June 30, 2024)

1. Cash dividends paid

Not applicable.

2. Significant changes in shareholders' equity

Not applicable.

(Segment Information)

I. Nine months ended June 30, 2023 (October 1, 2022 to June 30, 2023)

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	4,933,244	239,225	1,738,721	6,911,192	—	6,911,192
Inter-segment revenues and transfers	148,414	9,000	57,283	214,697	(214,697)	—
Total	5,081,658	248,225	1,796,005	7,125,889	(214,697)	6,911,192
Segment income (loss)	1,948,781	(41,896)	(224,690)	1,682,194	(539,275)	1,142,918

Notes:

1. Adjustment of segment income (loss), at ¥(539,275) thousand, includes elimination of transactions among segments of ¥177,893 thousand and corporate expenses of ¥(717,169) 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.

2. Information about impairment loss on noncurrent assets or goodwill, etc. pursuant to each reporting segment

(Significant gain on bargain purchase)

Gain on bargain purchase was recognized in the Investment Banking Business segment as the Company acquired shares of Trinity Japan co., Ltd. and consolidated it as a subsidiary company from the first two quarters of the current fiscal year. The recorded amount of gain on bargain purchase resulting from this event is ¥190,025 thousand. Note that gain on bargain purchase is not included in segment income as it is extraordinary income.

II. Nine months ended June 30, 2024 (October 1, 2023 to June 30, 2024)

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	7,601,197	304,642	1,673,132	9,578,972	—	9,578,972
Inter-segment revenues and transfers	142,201	9,000	127,427	278,629	(278,629)	—
Total	7,743,398	313,642	1,800,560	9,857,601	(278,629)	9,578,972
Segment income (loss)	3,077,956	(16,036)	(198,778)	2,863,142	(657,041)	2,206,100

Notes:

1. Adjustment of segment income, at ¥ (657,041) thousand, includes elimination of transactions among segments of ¥208,282 thousand and corporate expenses of ¥ (865,323) 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.

2. Information about impairment loss on noncurrent assets or goodwill, etc. pursuant to each reporting segment

(Significant gain on bargain purchase)

Gain on bargain purchase was recognized in the Investment Banking Business segment as the Company acquired shares of Pcon home service Incorporated and consolidated it as a subsidiary company from the first two quarters of the current fiscal year. The recorded amount of gain on bargain purchase resulting from this event is ¥66,531 thousand. The amount of the gain on bargain purchase was tentatively calculated as the allocation of the acquisition cost had not been completed as of the end of the first three quarters of the current fiscal year. Note that gain on bargain purchase is not included in segment income as it is extraordinary income.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows were not prepared for the first three quarters of the current fiscal year. "Depreciation" (including amortization of intangible fixed assets other than goodwill) and "Amortization of goodwill" for the first three quarters of the fiscal 2023 and 2024 were as follows:

(Thousands of yen)

	First Three Quarters of Fiscal 2023 (From October 1, 2022 to June 30, 2023)	**First Three Quarters of Fiscal 2024** (From October 1, 2023 to June 30, 2024)
Depreciation	332,915	331,426
Amortization of goodwill	16,733	19,023

(Significant subsequent event)

Not applicable.