

F I N A T E X T

H O L D I N G S

First Quarter FY2022
Financial Results

Finatext Holdings Ltd.
August 12, 2022

Highlights

Group

- **Consolidated revenue +79% YoY increase to ¥617 million**
- Multiple new implementations in the last fiscal year brought in **+41% / +68% increase in recurring revenue / usage-based revenue**
- To increase the number of partners, appointed CTO/CISO to strengthen production team and security structure of the GROUP

Financial Infrastructure

- Increase in recurring revenue from partners in brokerage, and implementation supports in insurance, **revenue +275% YoY to 247 million**
- Continue to add features and focus on acquiring new partners

Big Data Analytics

- **Revenue +48% YoY to ¥223 million** thanks to an increase in subscription for corporate analytics data service *Alternata Data*
- Focus on expansion of *Alternata Data* and new business development

Fintech Solution

- As a result of additional support to banking projects since the last fiscal year, **revenue +14% YoY to ¥146 million**
- Aiming at leads to financial infrastructure projects

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OUR BUSINESS

Our Mission

By realizing our mission together with our partners, we aim to provide financial services connected to our daily lives.

Reinvent

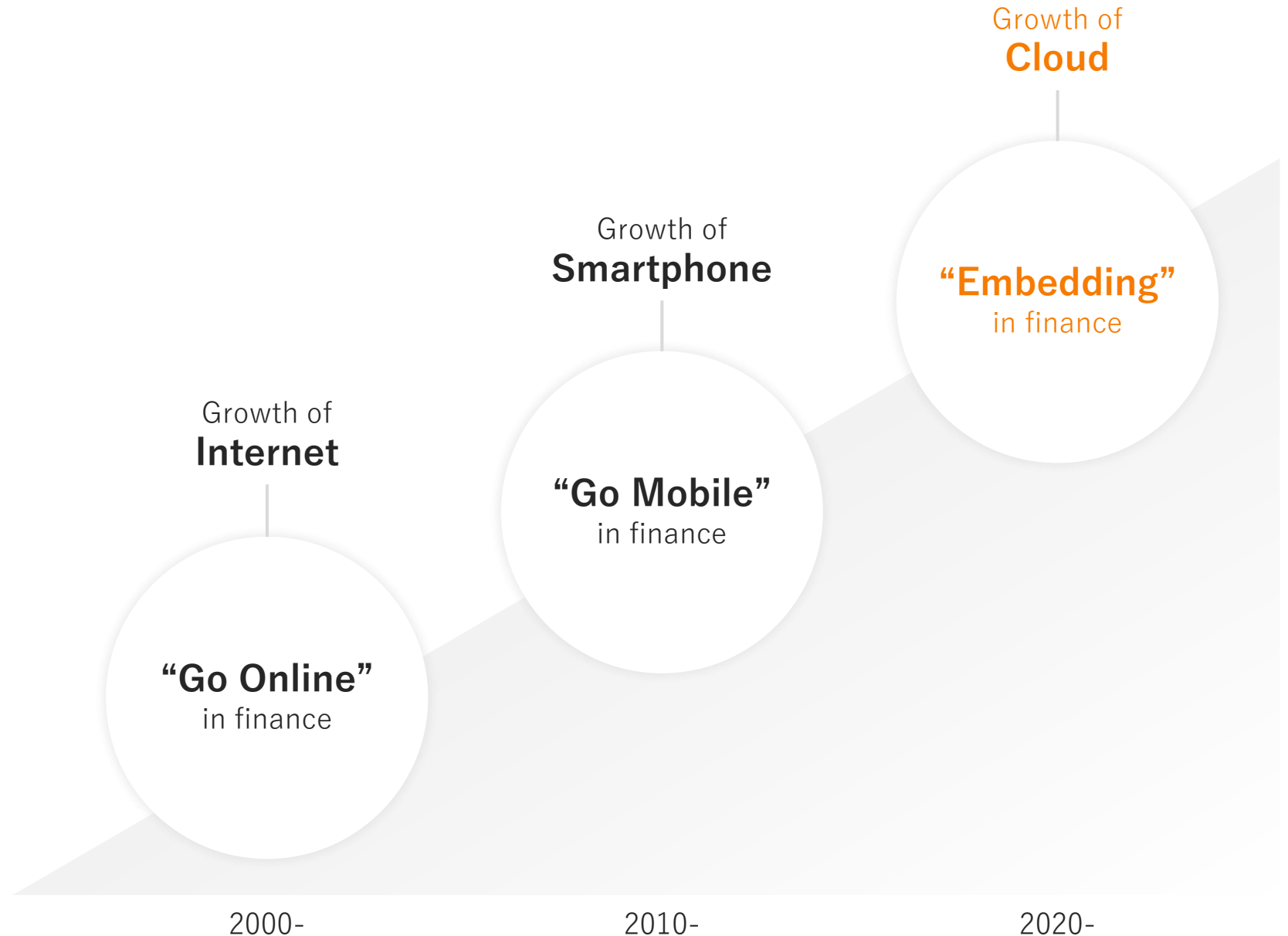
Finance

As a “Service”

Next-gen Cloud Infrastructure

On the rise of cloud technology, we are among the first to develop cloud-based infrastructure.

Possible to provide financial products at a lower cost than conventional systems in a form embedded in various daily services.



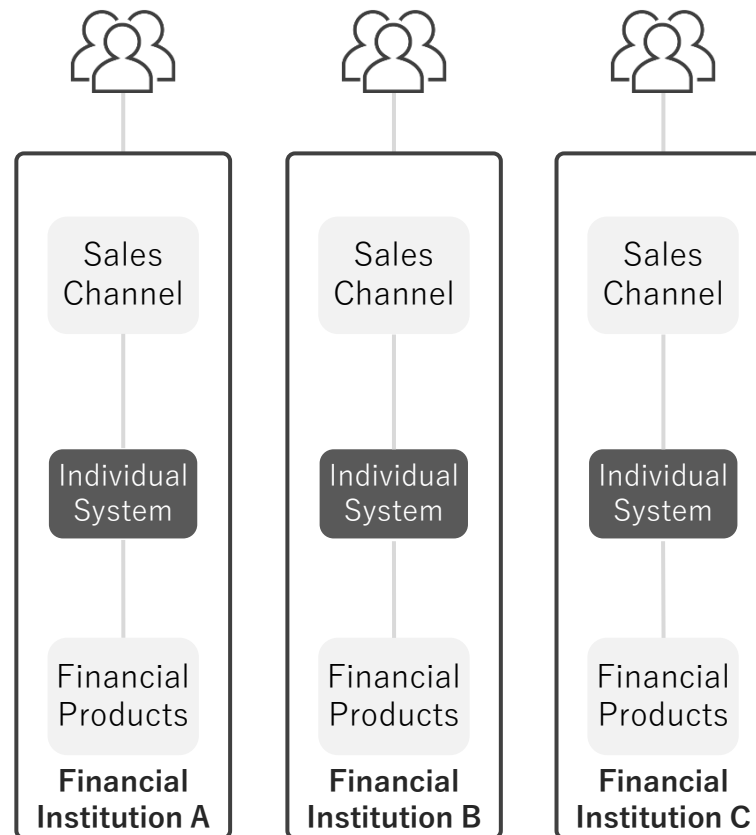
Vision

With the next-gen cloud infrastructure, we aim to transform the structure of the financial industry from "vertically integrated" to "horizontally integrated".

This will enable the convenient use of financial services from companies close to users' lives.

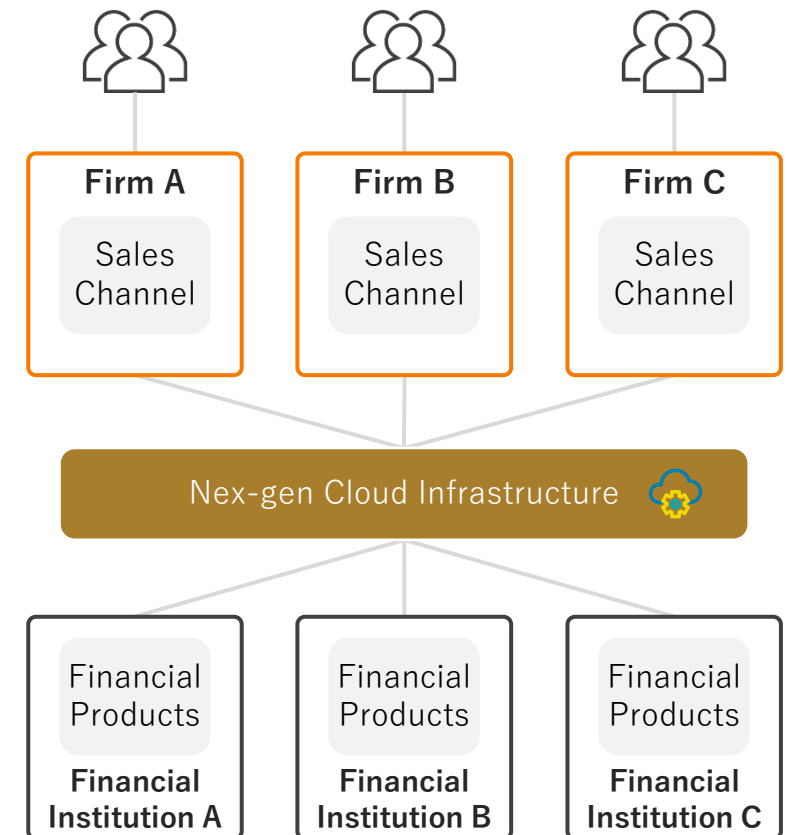
Incumbent Institutions

- Financial institutions work in a vertically integrated manner from origination to sales of financial products



Finatext's Approach

- Separate origination / monitoring from marketing of financial products
- Financial institutions will focus on origination / monitoring of financial products, while companies closer to users' lives will take charge of marketing



Our Business

We started business of Fintech Solution in 2014.

After entering the Big Data Analytics industry in 2016, we started our current core business, Financial Infrastructure, in 2018.

Collaboration of the 3 businesses to realize the vision.

Overview

Example

Fintech Solution

(2014-)

- Develops **front-end applications** and provides **off-the-shelf tech solutions** to financial institutions to accelerate their DX
- Beside system development, we also provide service planning and marketing support

Money Canvas

- Support development in MUFG Bank's asset management platform
- Provide Finatext's ID integration solution

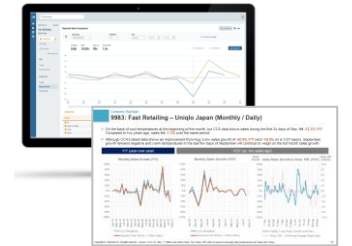
Big Data Analytics

(2016-)

- Provide **alternative data** for institutional investors and governments
- Possess knowledge of cleansing and analysis of **POS and credit card data**

Alterna Data

- Provide performance forecasts and price trends of individual tickers



Financial Infrastructure

(2018-)

- Provide **cloud-native, API-based infrastructure** for asset management and insurance businesses

BaaS

- Infrastructure that enables partner companies to provide stock trading services for individual customers

Japan Stock
US Stock
Robo advisory
Fractional Shares

BUSINESS HIGHLIGHT

Appointment of New Director

Satoshi Tajima was appointed as Director CTO/CISO in the 8th General Meeting of Shareholders, June 2022.

By strengthening production team and security structure, we aim at increasing the number of partners and expansion of business scale.



Executive Director CTO/CISO Satoshi Tajima

Satoshi joined Finatext in 2019 and led the group's entire infrastructure and security as a lead engineer of the platform team before being appointed CTO/CISO in June 2022.

Before that, he worked at VOYAGE GROUP (now CARTA HOLDINGS) and was in charge of the company's overall infrastructure in the system division. He also built a new security team there.

Satoshi holds CISSP, OSCP and OSWE.

New Launch

We have **partnered with the restaurant reservation service OMAKASE byGMO** to provide *OMAKASE Cancellation Insurance* that covers up to 100% cancellation fee.

Speedy launch with our ***Cancellation Insurance for Embedded Services.***

OMAKASE Cancellation Insurance

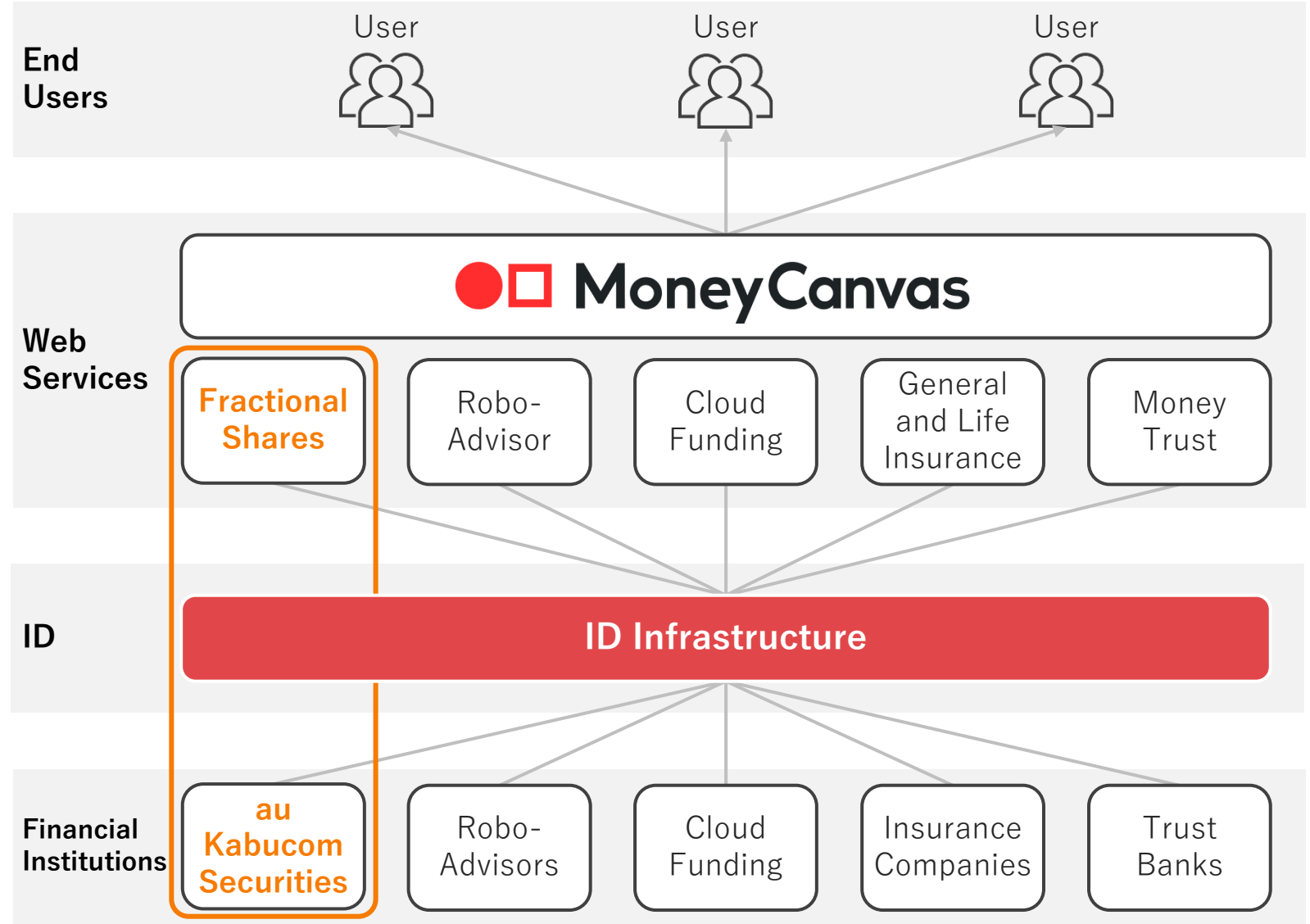


- Partner : GMO OMAKASE, Inc.
- Product : covers up to 100% of cancellation fees of restaurant reservation made on OMAKASE byGMO
- Feature : First insurance in Japan covering arbitrary cancellation of restaurant reservation made by individuals

New Launch

Support integration of **au Kabucom Securities'** fractional share trading on MUFG Bank's *Money Canvas*

Finatext's ID infrastructure enables **MUFJ Direct ID** to link to *Money Canvas*, realizing integration with various financial services.



New Partner

The new business of Big Data Analytics, namely **marketing business**, we have **partnered with Credit Saison** and started supporting the utilization of alternative data in the area of commercial property.

Our Data Partners

	Data Supplier	Data Type	Area
1	Nikkei	POS Data	<ul style="list-style-type: none"> • Macroeconomic Data • Alterna Data
2	True Data	POS Data	<ul style="list-style-type: none"> • Alterna Data
3	CCC Marketing	Reward Point Data	<ul style="list-style-type: none"> • Alterna Data
4	JCB	Credit Card Data	<ul style="list-style-type: none"> • Macroeconomic Data
5	BCN	Electronics POS Data	<ul style="list-style-type: none"> • Alterna Data
6	KDDI	Location Data	<ul style="list-style-type: none"> • Alterna Data • Commercial Property
7	Credit Saison	Credit Card Data	<ul style="list-style-type: none"> • Commercial Property

Contribution to Society

Both the Bank of Japan and the Cabinet Office use our *JCB Consumption NOW* for macroeconomic analysis.

Bank of Japan



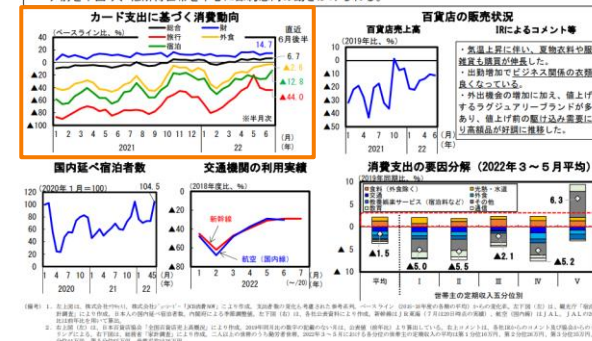
Cabinet Office

月例経済報告等に関する関係閣僚会議資料

令和4年7月26日
内閣府

今月のポイント(1) 個人消費

- 個人消費は、緩やかに持ち直し、外食や旅行等のサービス消費は持ち直しが続く。宿泊者数に加え、7月の交通機関の利用実績も、上昇傾向が続く。
- 百貨店の販売額は、入出の増加に伴って改善。高価格帯や外出増加に伴う衣類等を中心に好調との声。
- 物価上昇により、食料・光熱費等の生活必需品への支出がコロナ前を上回る一方、その他への支出はコロナ前を下回り、低所得世帯を中心に節約志向の動きがみられる。



Credits: Bank of Japan, Cabinet Office

QUARTERLY RESULTS

FY2022 Q1

Financial Summary

Consolidated revenue
+79% YoY, which keeps
attaining high growth.

Profit and loss also
shows trend of improving
due to revenue growth.

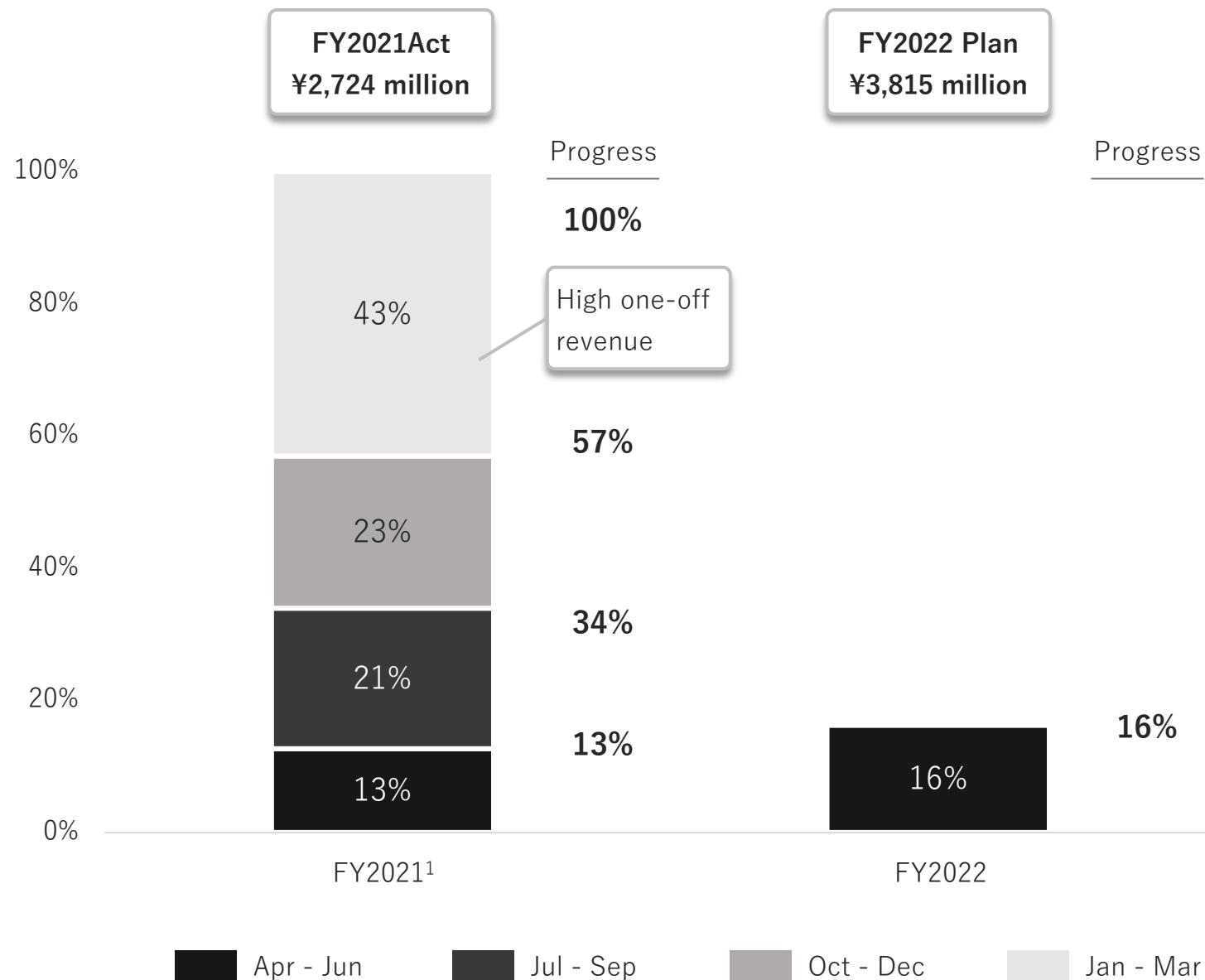
(¥million)	FY2022 Apr – Jun	FY2021 Apr – Jun ¹	YoY	Major Factors
Revenue	617	345	+ 79%	<ul style="list-style-type: none"> Driven by increase in the number of financial infrastructure services and contracts for <i>Altern Data</i> in Big Data Analytics
COGS	330	169	+ 95%	<ul style="list-style-type: none"> Increase in labor and outsourcing expenses for new projects Increase in financial-related expenses
COGS Ratio	54%	49%	-	
Gross Profit	286	176	+ 63%	
SG&A	557	463	+ 20%	<ul style="list-style-type: none"> Rise in communication and labor expenses due to business expansion One-off moving-related expenses
SG&A Ratio	90%	134%	-	
Operating Income	▲ 270	▲ 287	-	
Operating Margin	-44%	-83%	-	
Ordinary Income	▲ 271	▲ 289	-	
Net Income Attributable to Owners of Parent	▲ 243	▲ 295	-	

1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue Progress

Although the progress rate against the annual plan is still 16%, it remains at a level higher than last year.

Since revenue tend to happen in the second half of the year, it is going as planned.

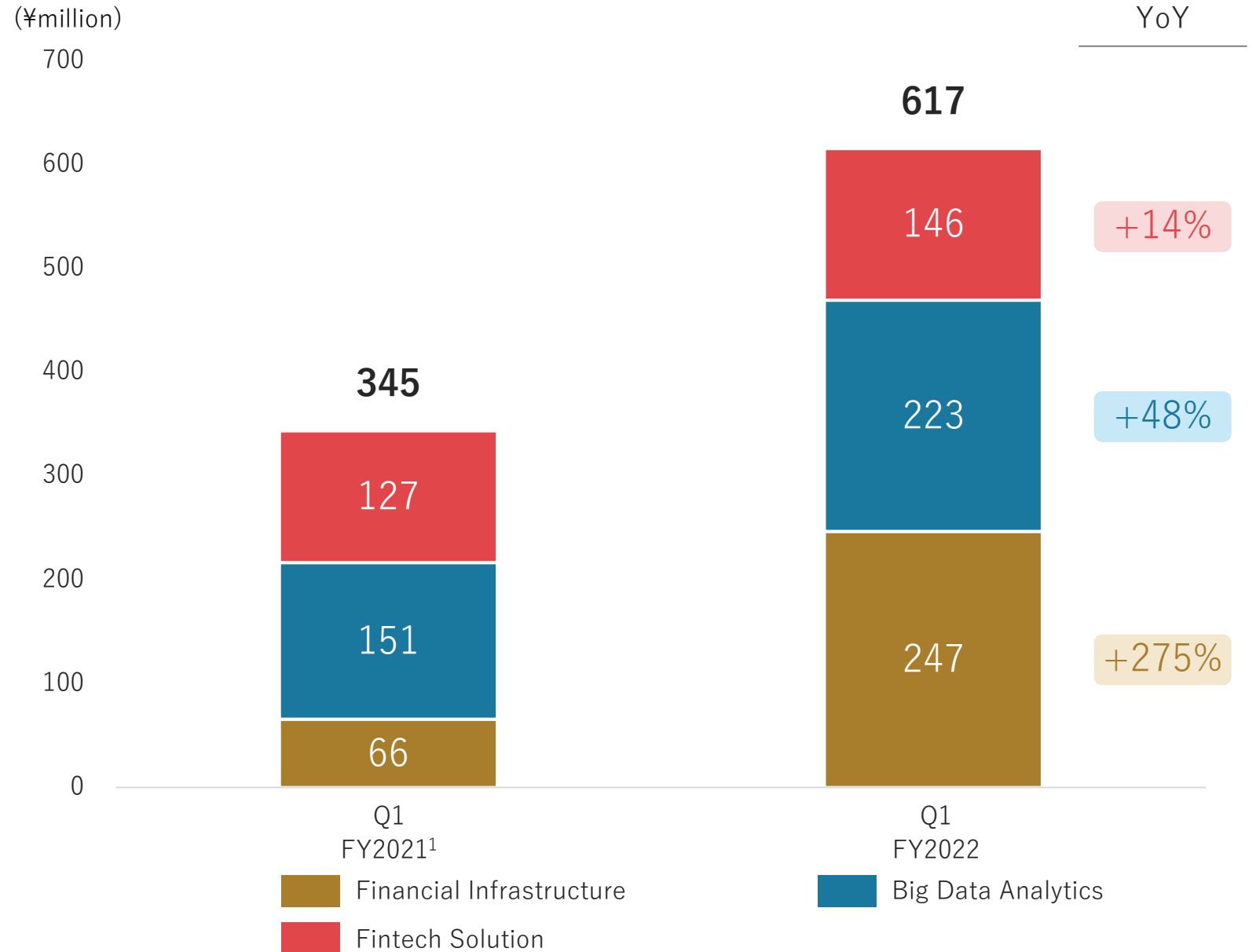


1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Segment

Financial Infrastructure increased significantly by +275% YoY, driving consolidated revenue growth.

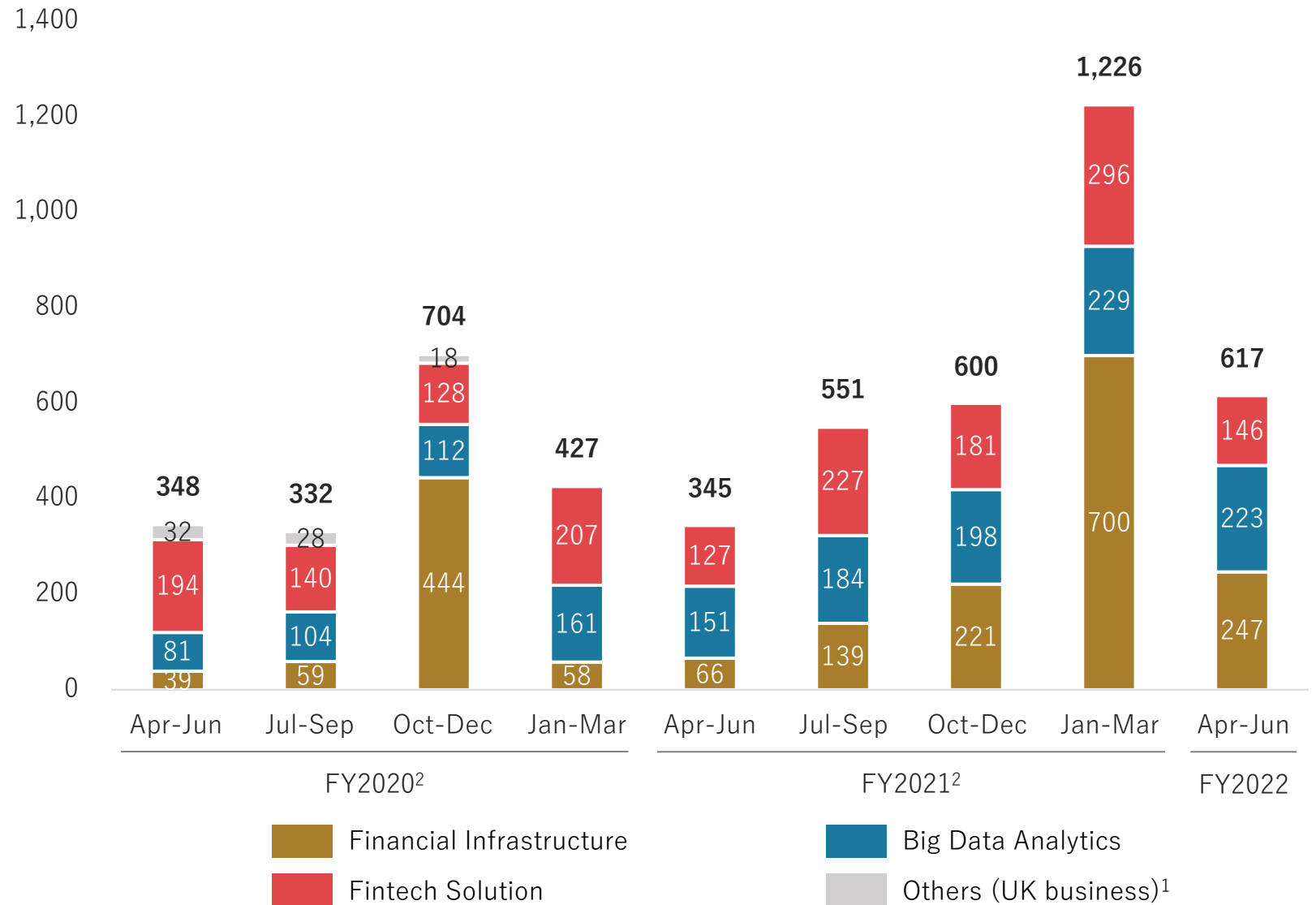
Big Data Analytics also achieved high growth of +48% YoY.



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Segment

(¥million)

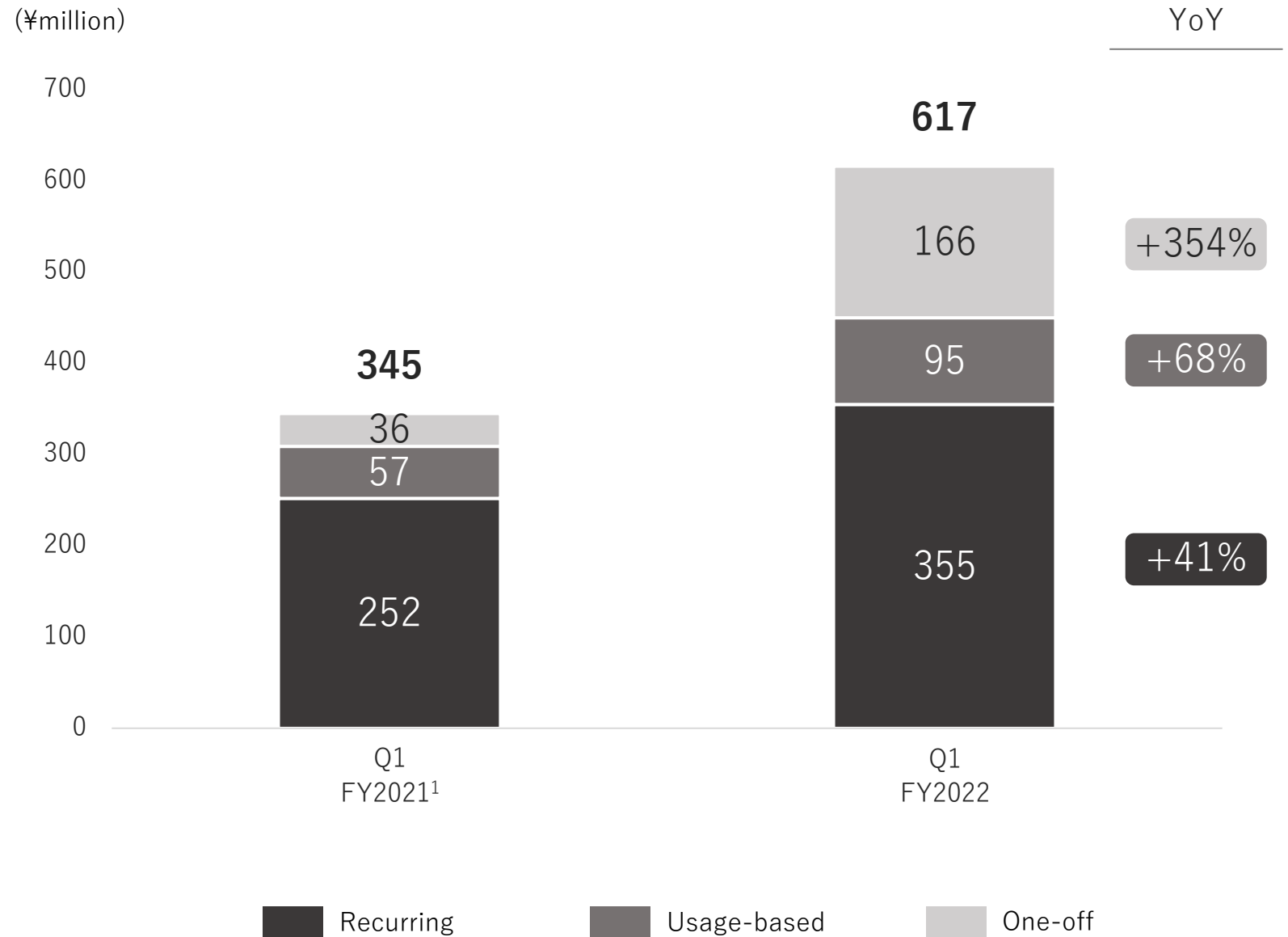


1. Exited UK business due to COVID-19 in last consolidated fiscal year.
 2. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Revenue by Type

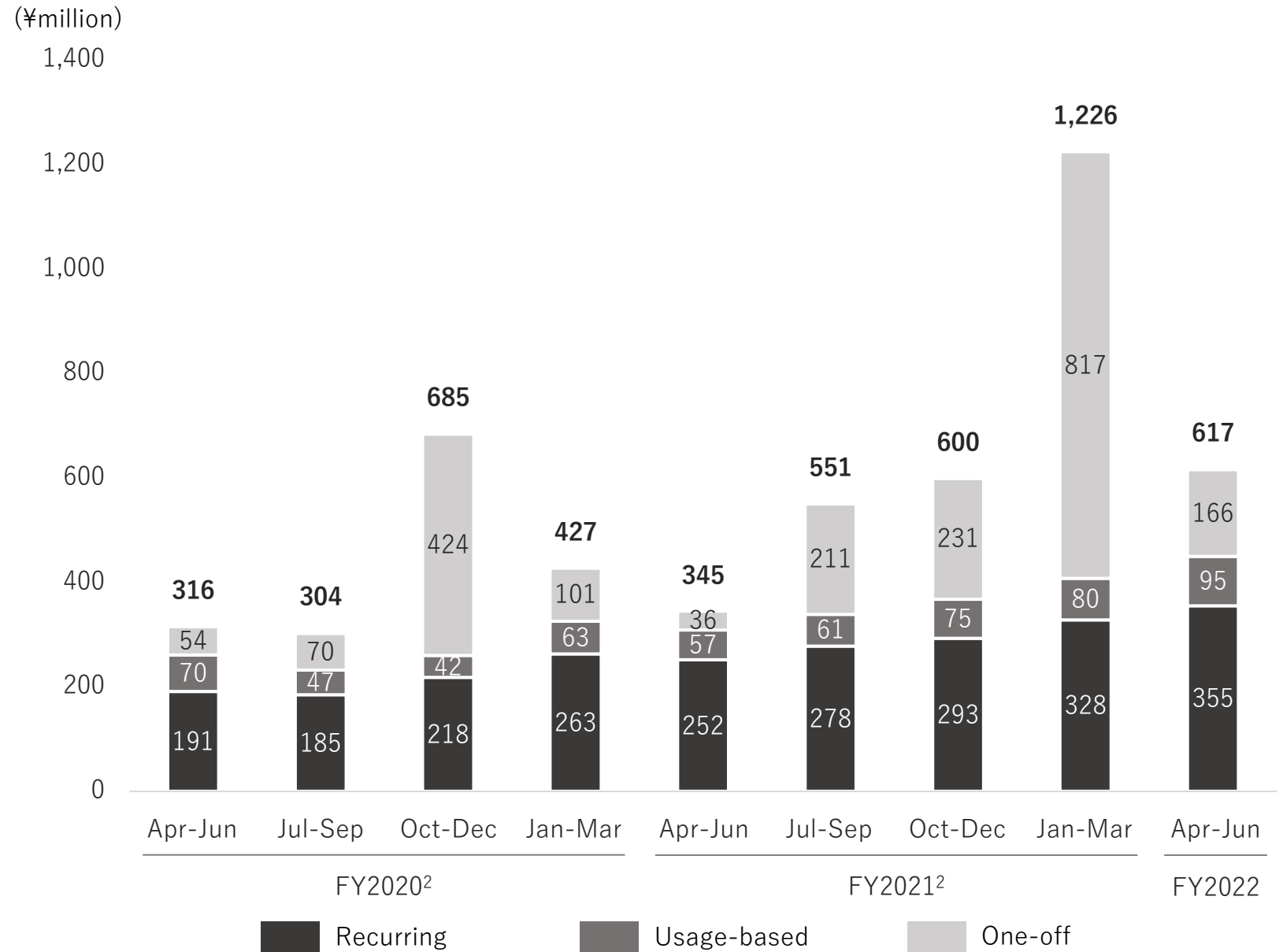
Despite no new launch of services, **one-off revenue** from development **increased significantly by +354% YoY**, driving revenue growth.

Multiple new implementations in the last fiscal year brought in **growth in recurring revenue and usage-based revenue by +41% and +68%**.



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Type



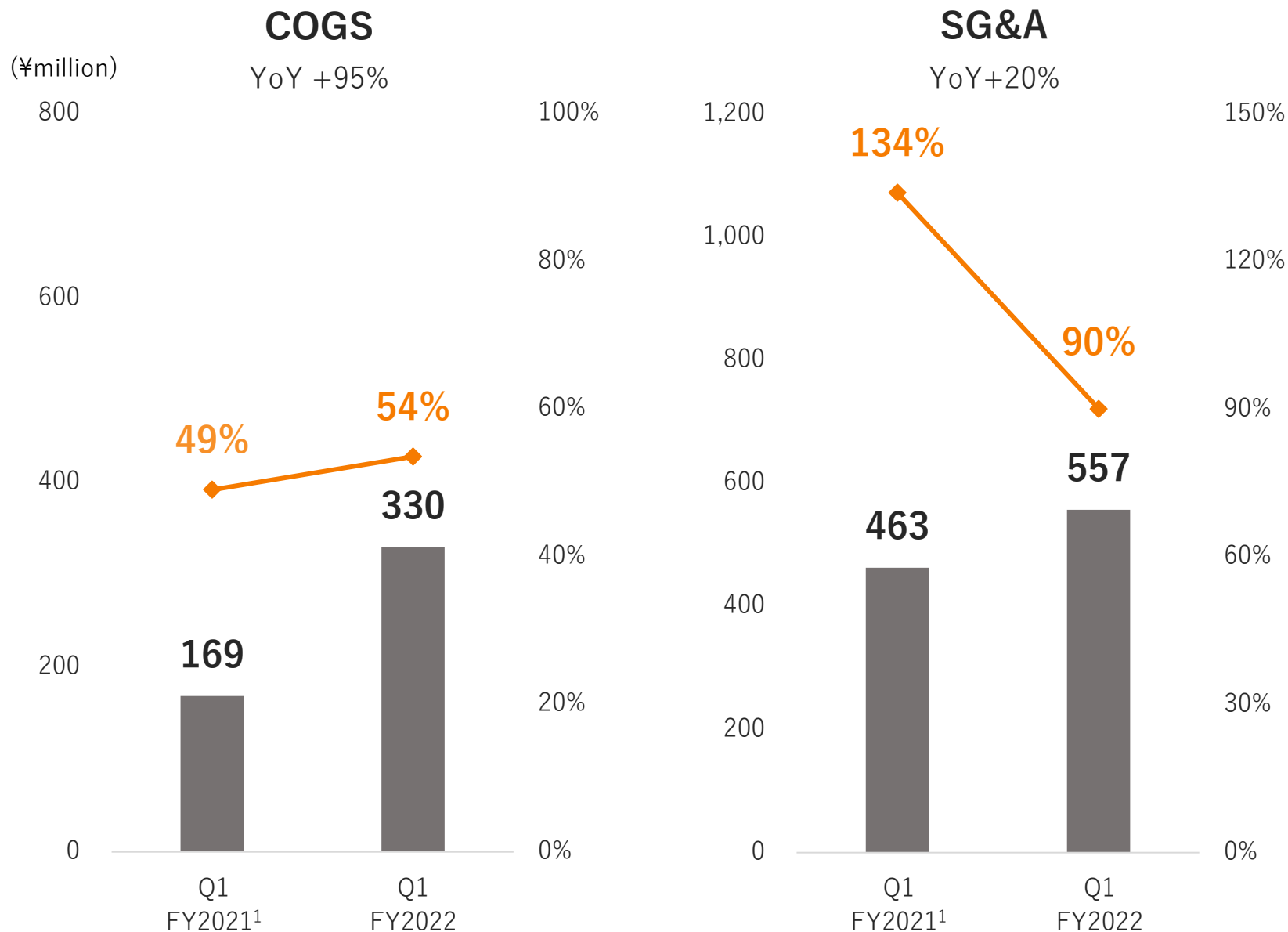
1. Excluding revenue in UK business exited in last consolidated fiscal year.

2. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

COGS and SG&A

COGS ratio increased by an increase in labor and outsourcing costs for new projects, and financial-related expenses.

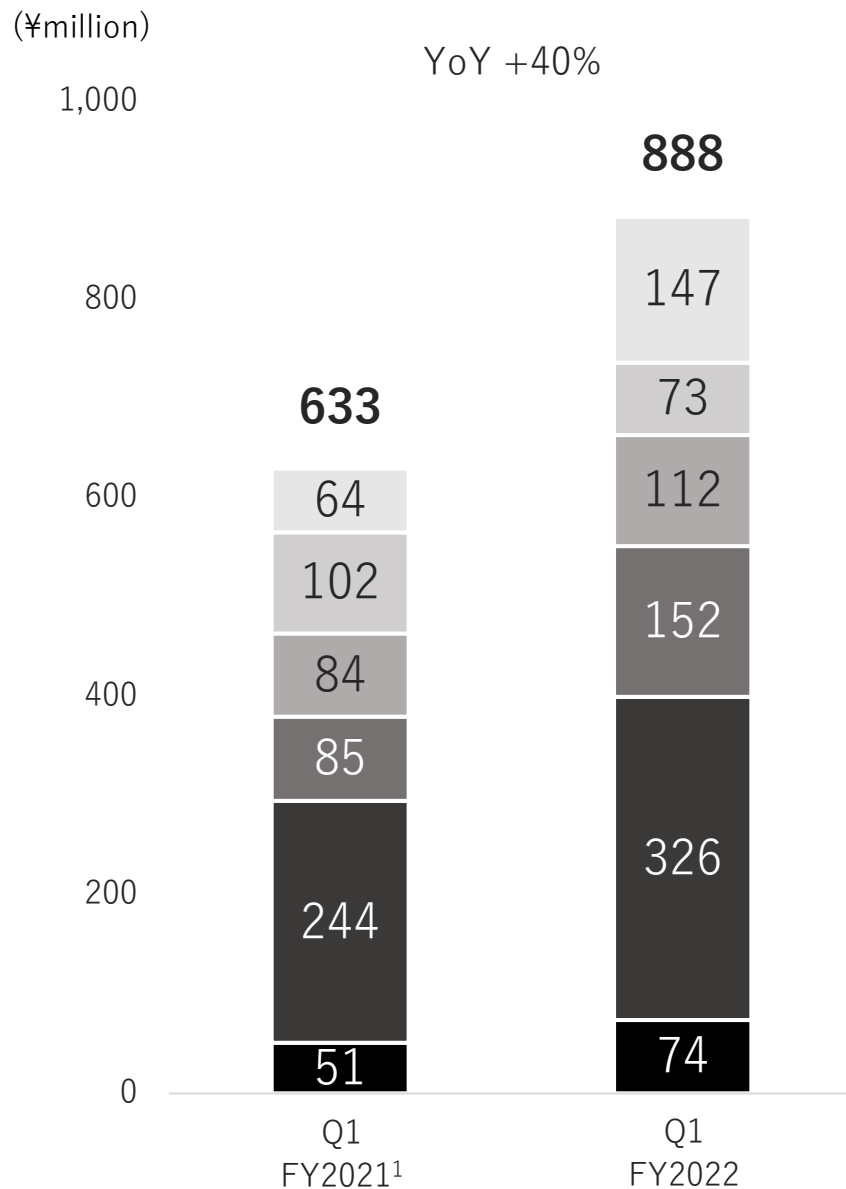
SG&A ratio declined significantly, because of the limited effect of the increase in communication and labor expenses for business expansion and moving-related expenses.



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Cost Breakdown

Despite an increase in expenses due to special factors such as moving-related expenses and the commencement of provision for bonuses, **the total expenses remained +40% YoY, while revenue were +79%.**



Other (YoY+129%)

- Financial-related expenses increased mainly due to the expansion of the scale of service operation(+¥32 million)
- Special cause: one-off moving expenses (¥16 million)

Advertising Expenses (YoY▲29%)

- Temporary decrease for no large-scale campaigns held in our own services

Communication Expenses (YoY+34%)

- Increased mainly due to the expansion of the scale of service operation
- Special cause: JPY depreciation increased expenses paid in USD

Outsourcing Expenses (YoY+78%)

- Mainly due to the increase in the number of projects

Labor Cost (YoY+34%)

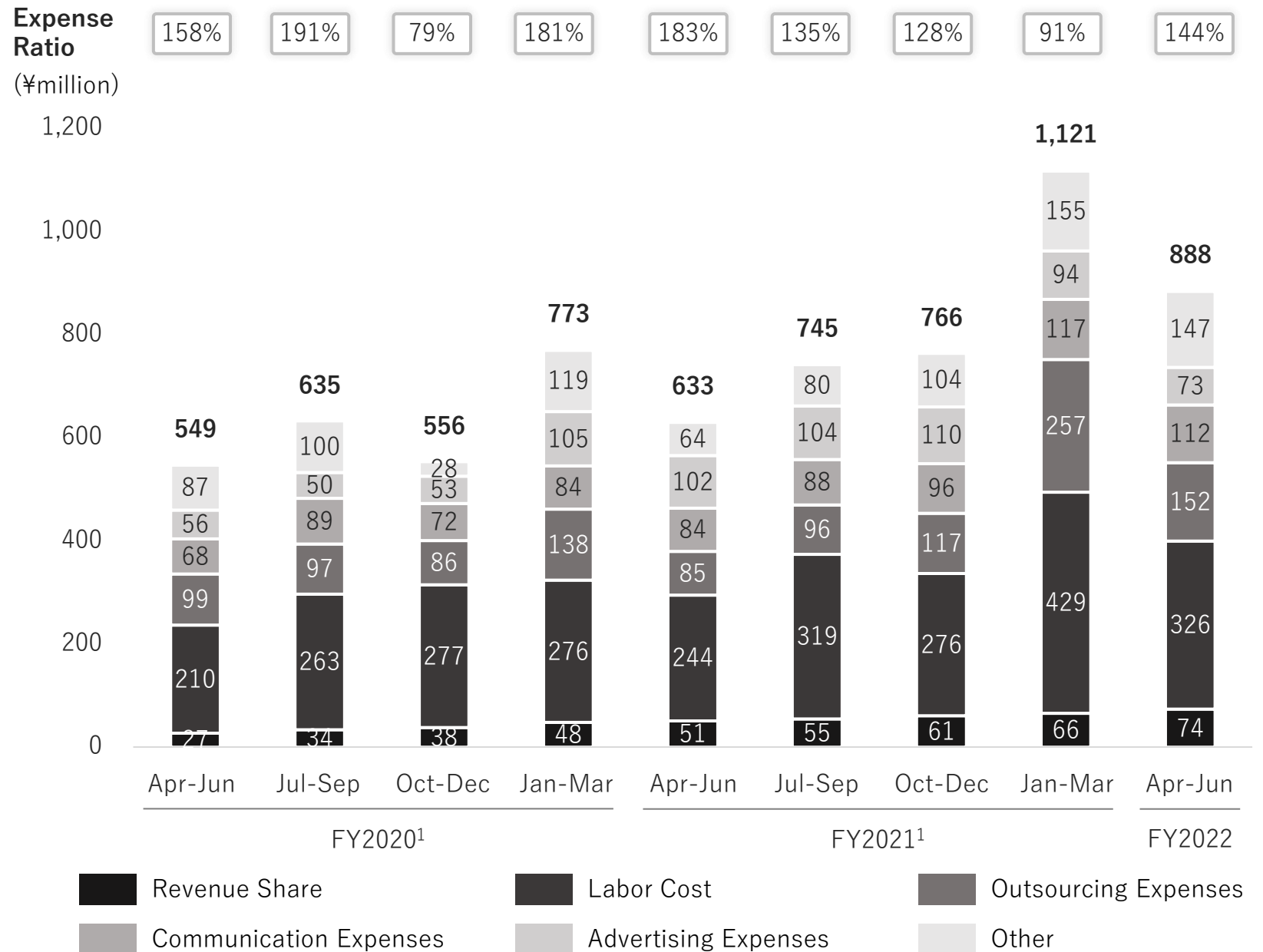
- Mainly due to team expansion
- Special cause: recording of allowances for bonuses started from this quarter

Revenue Share (YoY+44%)

- Increase mainly due to respective growth of data licensing business

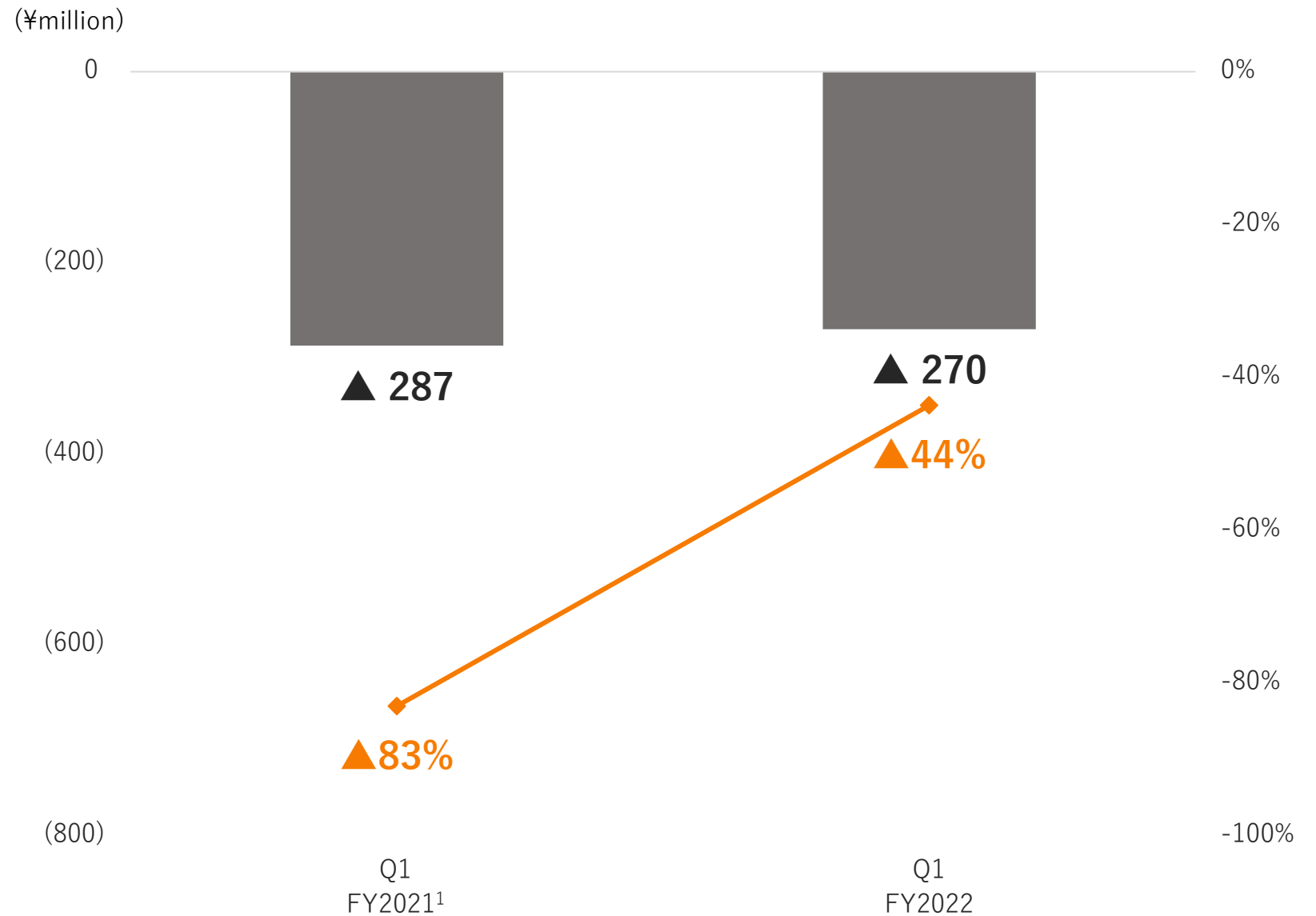
1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Cost Breakdown



Operating Margin

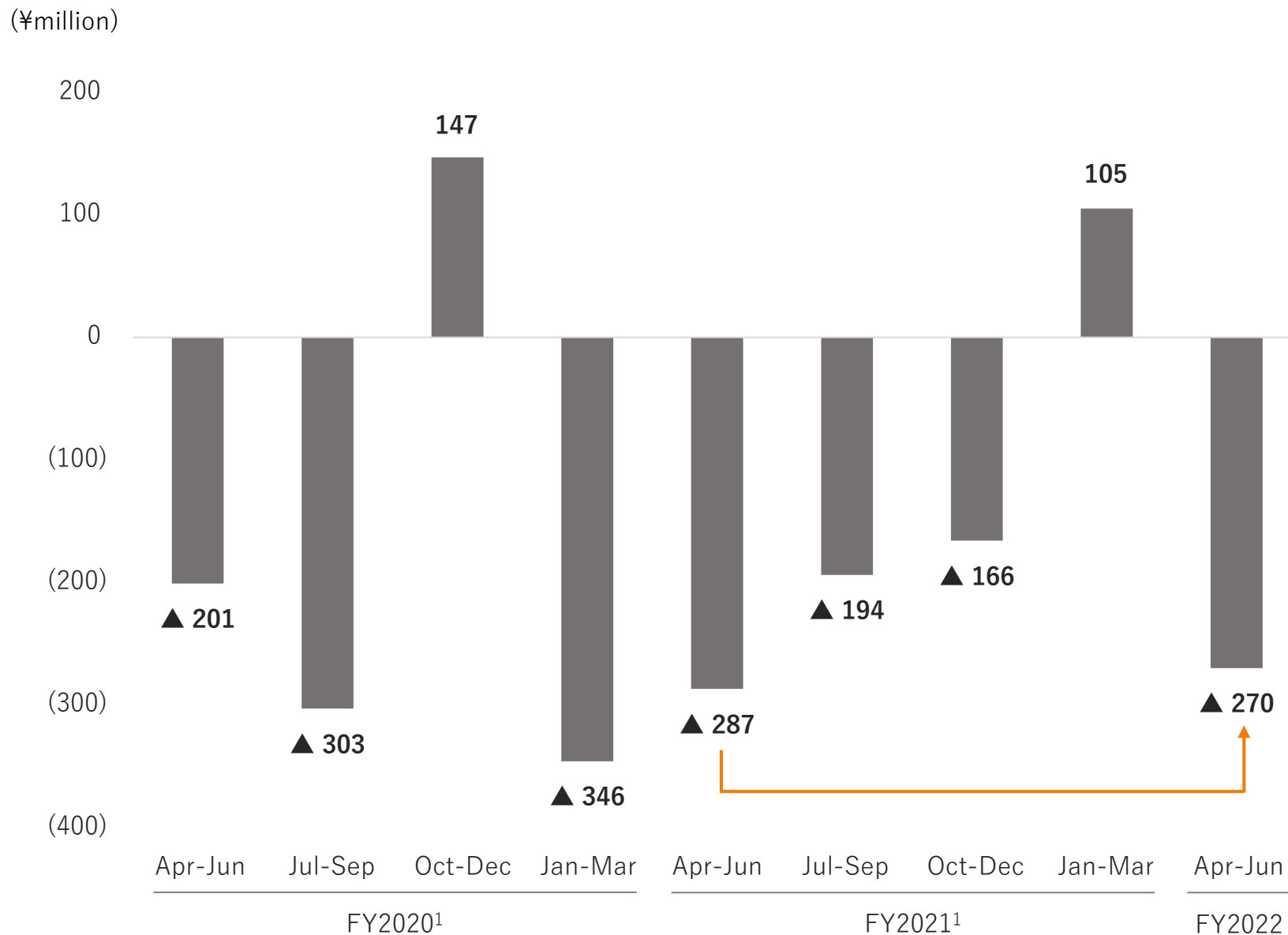
Due to a significant decline in SG&A ratio for increased revenue, **operating margin improved from ▲83% to ▲44%.**



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Operating Income

Since it is at investment phase, despite continuing operating losses, operating loss is on an improving trend because of an increase in revenue.



Balance Sheet

Strong financial base
with ¥5.9 billion in cash
and deposits as of Jun
30, 2022.

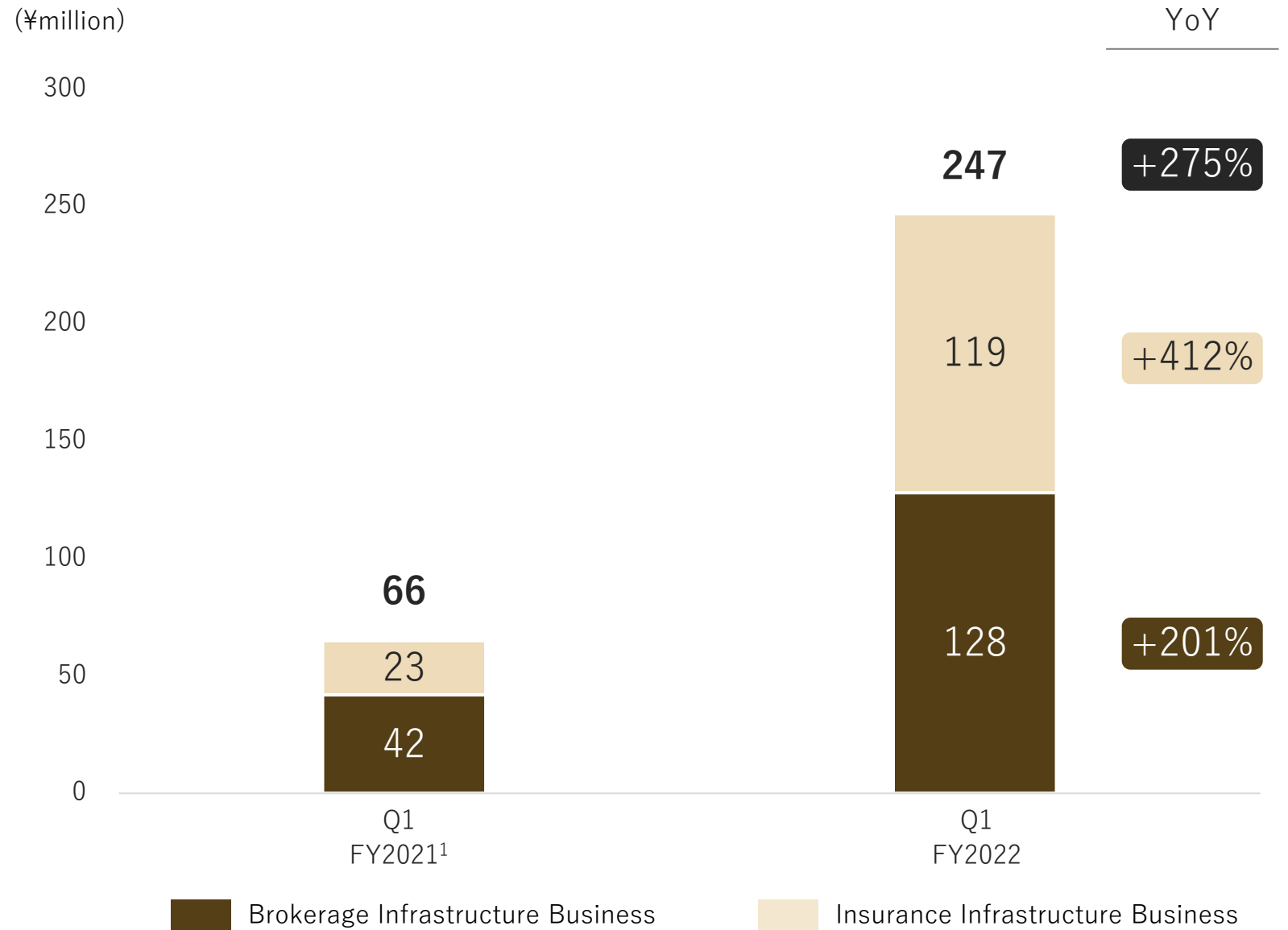
(¥million)

Asset	Liabilities and Net Assets
Cash and deposits 5,904	Guarantee deposit for Brokerage business 2,987
	Deposit received for Brokerage business 1,947
	Other current liabilities 1,368
Deposits for Brokerage business 4,911	Non-current liabilities and reserves under special laws 98
	Net assets 8,932
Credit trading assets for Brokerage business 3,146	
Other current assets 1,003	
Non-current asset 367	

QUARTERLY RESULTS BY SEGMENT FY2022 Q1

Revenue by Business

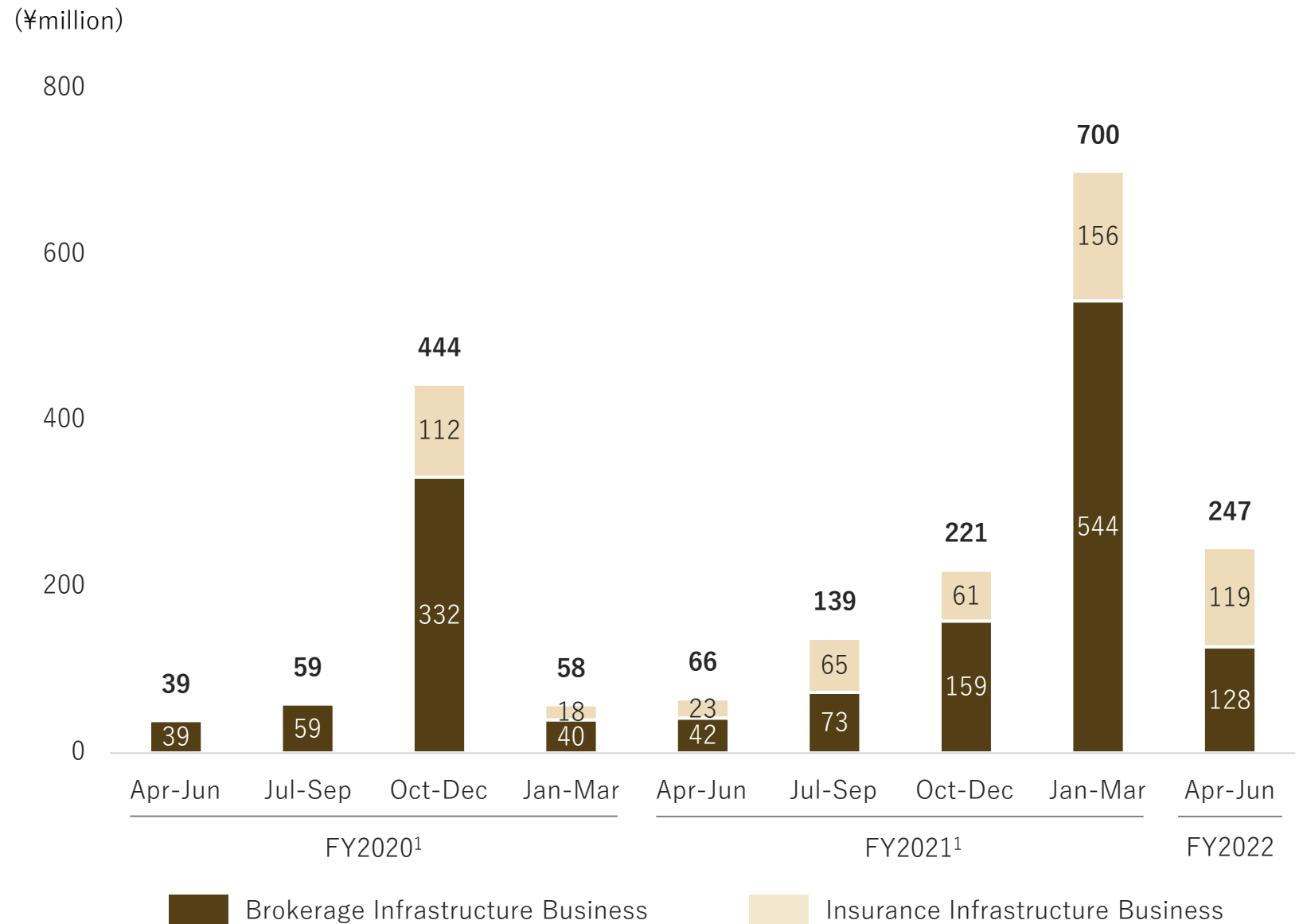
Growth in both brokerage and insurance increased
**revenue +275% YoY to
¥247 million.**



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Business

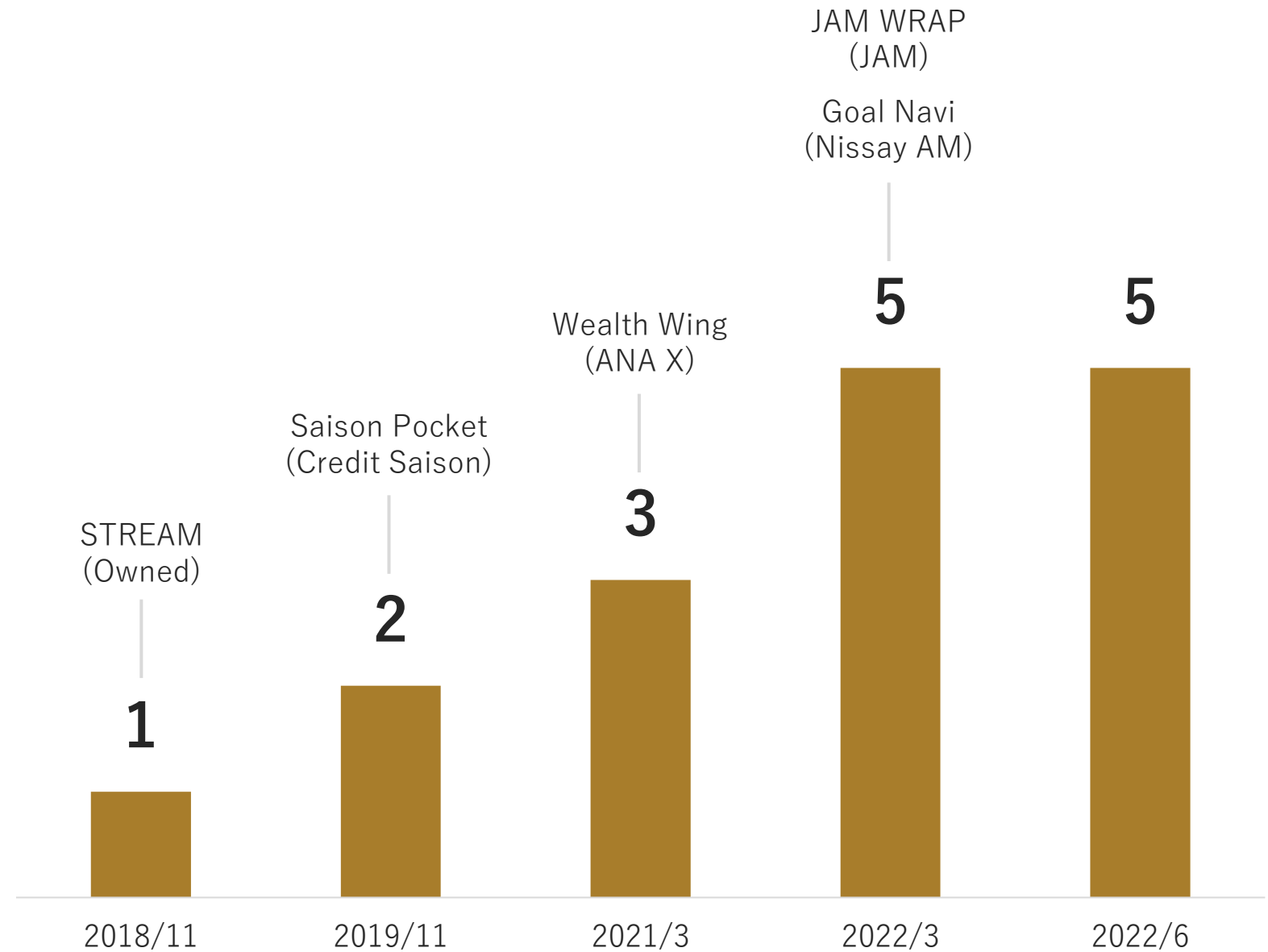
More partners brought in higher recurring revenue, which contributed to the increase in revenue.



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

of Services on BaaS

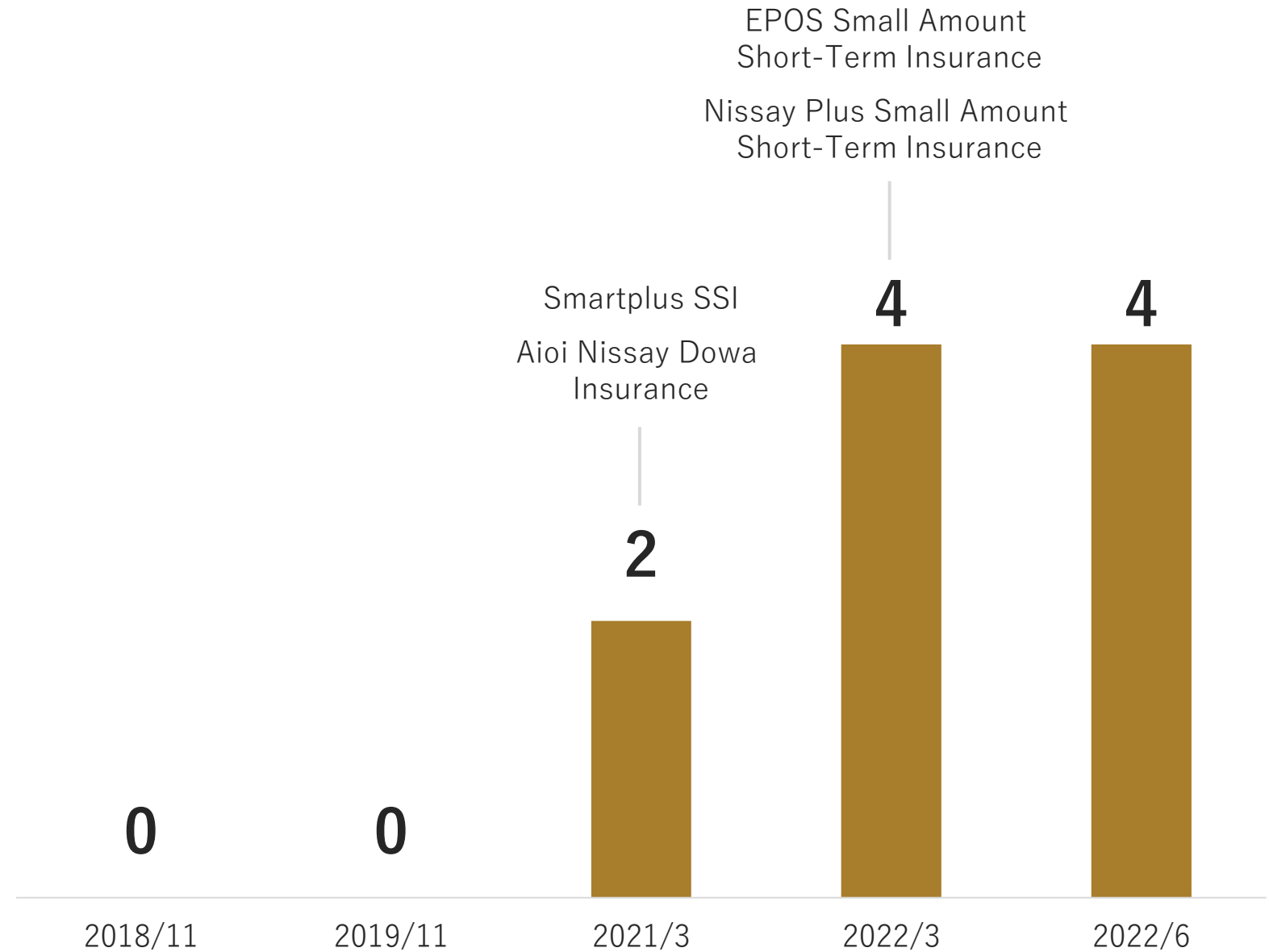
In this quarter, there was no new service released. Instead, focus was on development for the launch of new services.



1. Including subsidiary Smartplus which provides STREAM via BaaS

of Partners on Inspire

Insurance also had no new service released. Instead, focus was on development for new implementation.

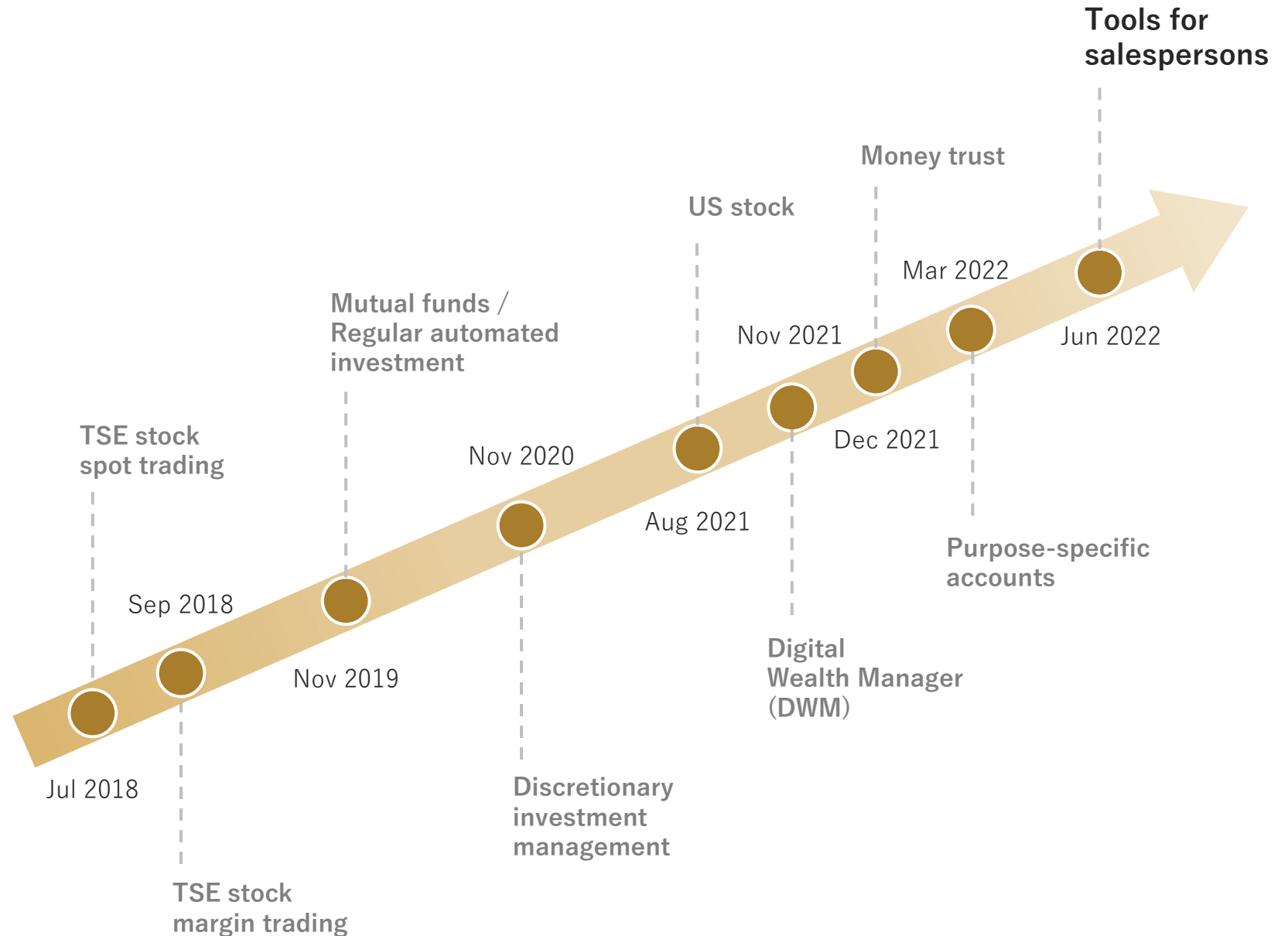


1. Including subsidiary Smartplus Small amount Short-term Insurance which provides maternal and child insurance for pregnant women and cancellation insurance via Inspire

Roadmap of BaaS

Further expansion of financial products and features to increase the number of partner services.

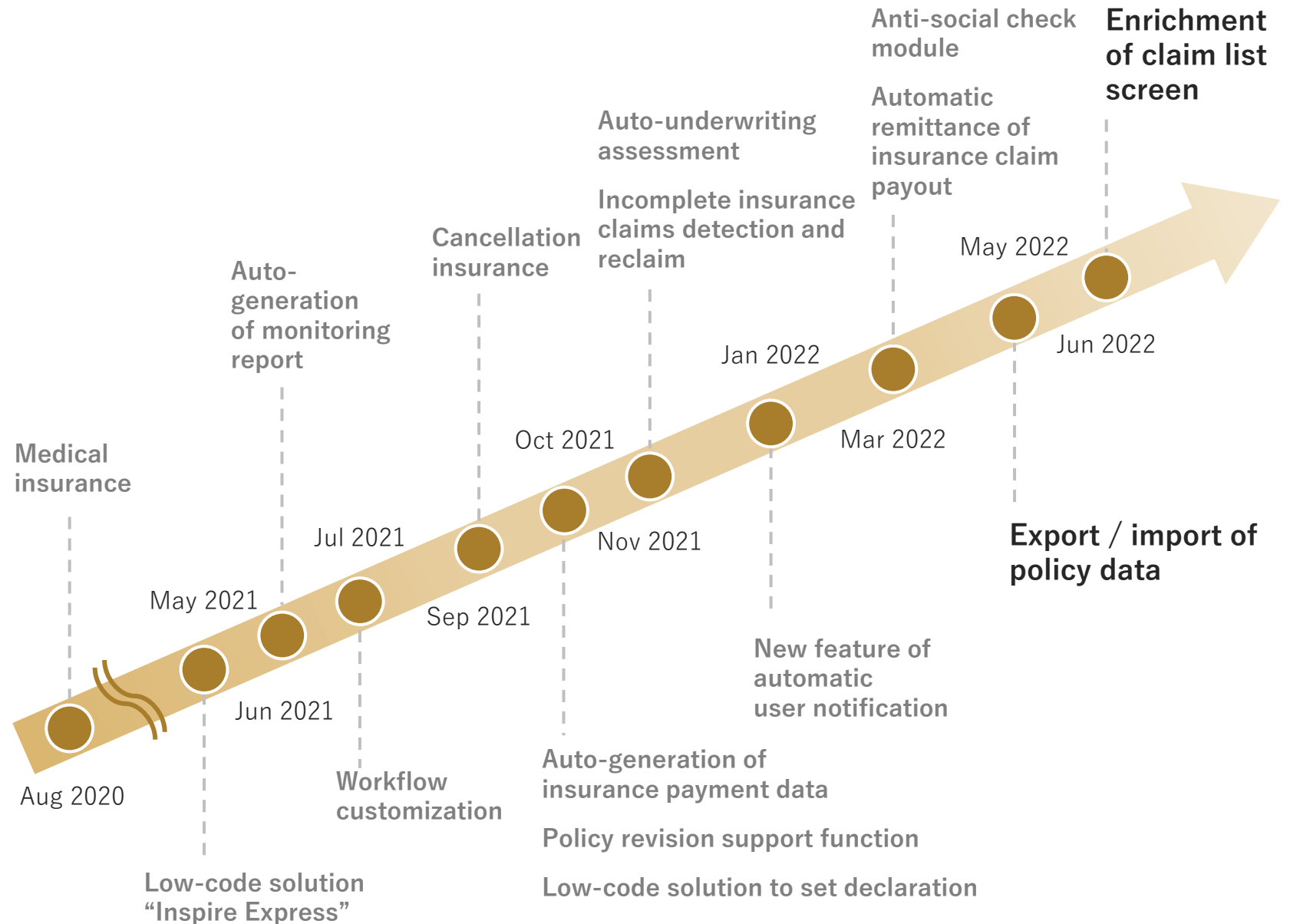
In this quarter, new tools for salespersons are released and more features in the tools will be added going forward.



Roadmap of Inspire

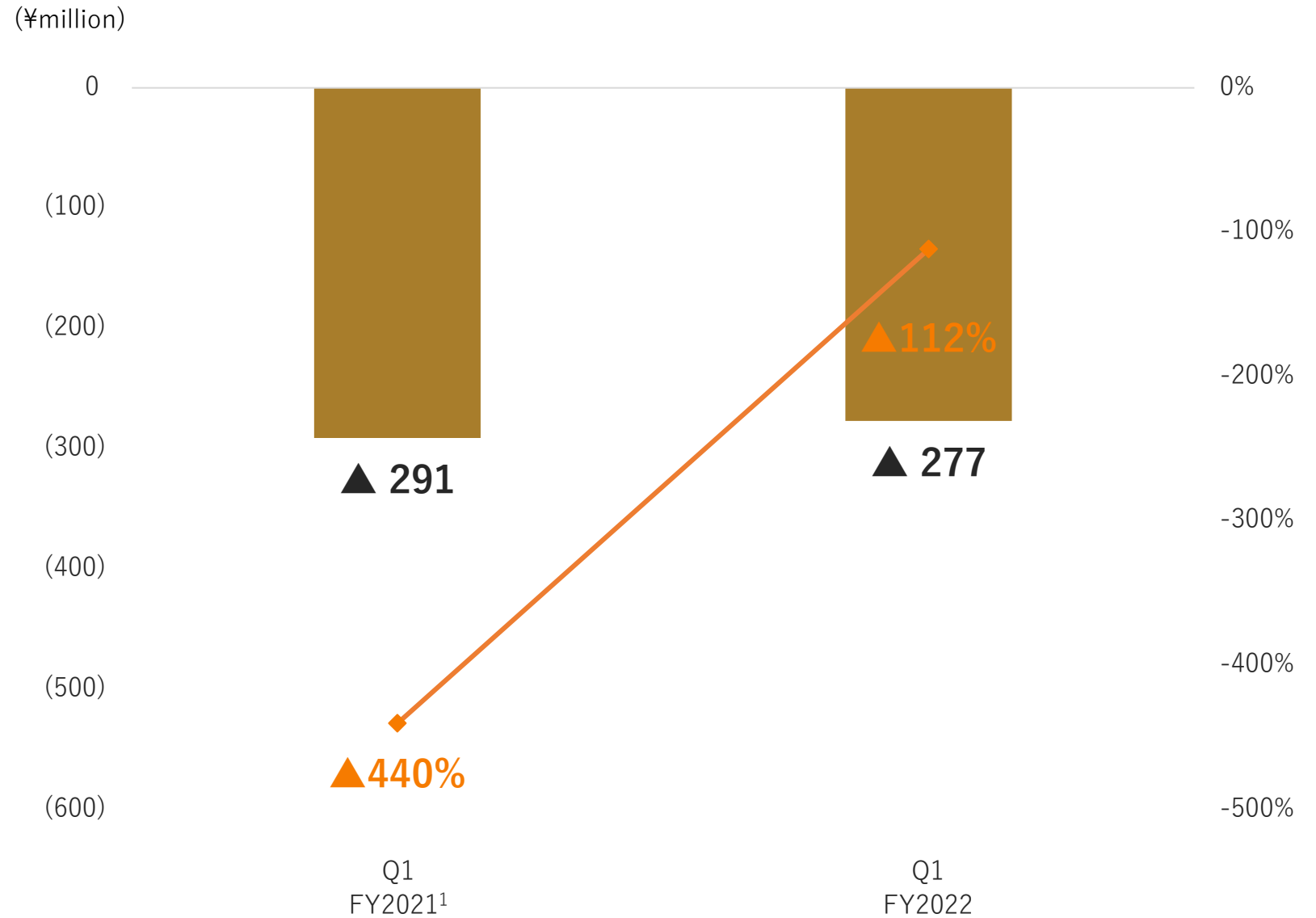
As with brokerage infrastructure, insurance infrastructure developed new features in a timely manner at the request of partners.

Recently added functions of export / import of policy data and enrichment of claim list screen.



Operating Margin

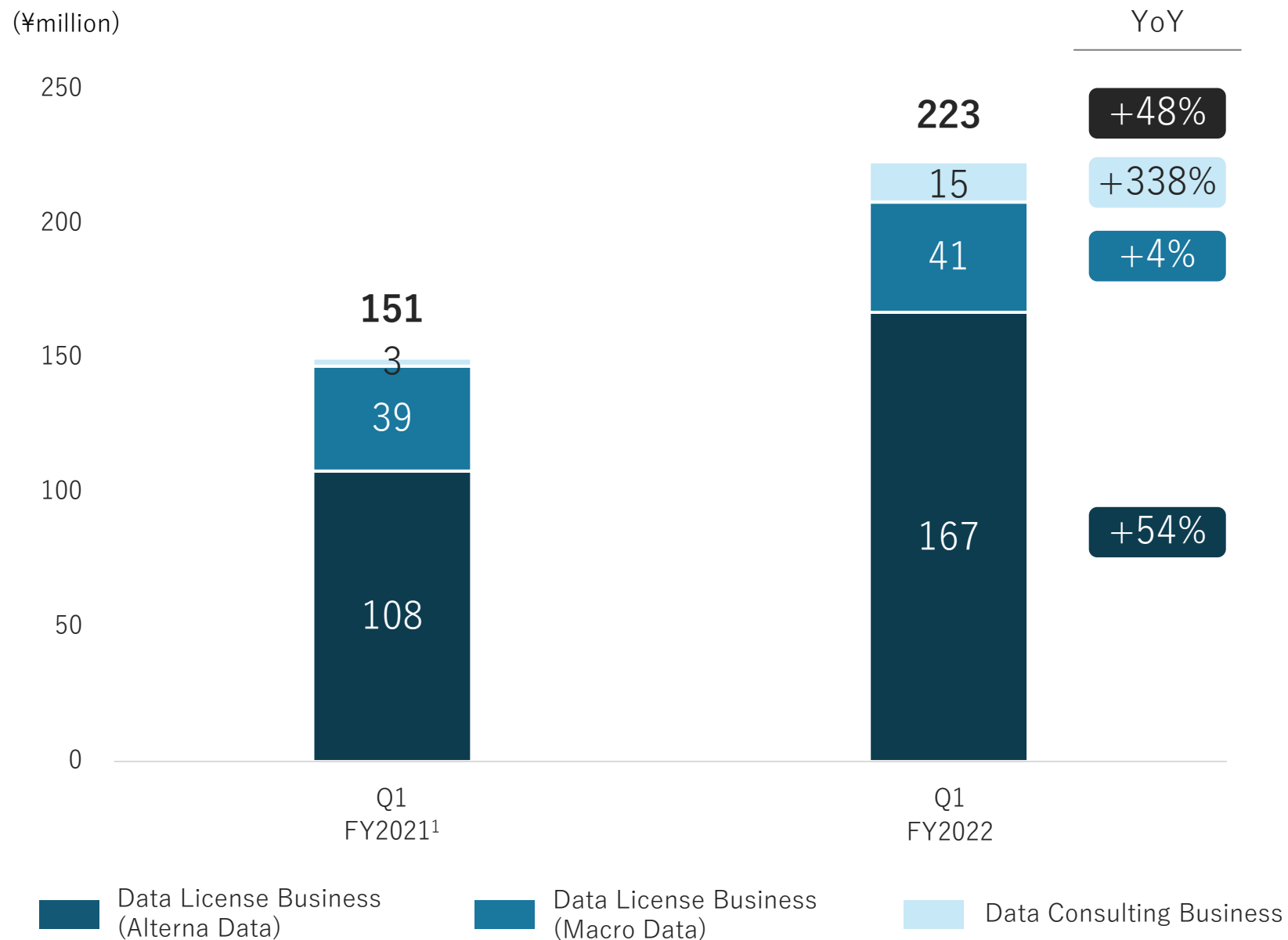
Although labor and outsourcing expenses increased for business expansion, operating loss decreased, and **operating margin also improved significantly from ▲440% to ▲112%.**



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Business

As a result of +54% YoY growth of corporate analytics data service *Alternata Data*, **revenue increased +48% YoY to ¥223 million.**

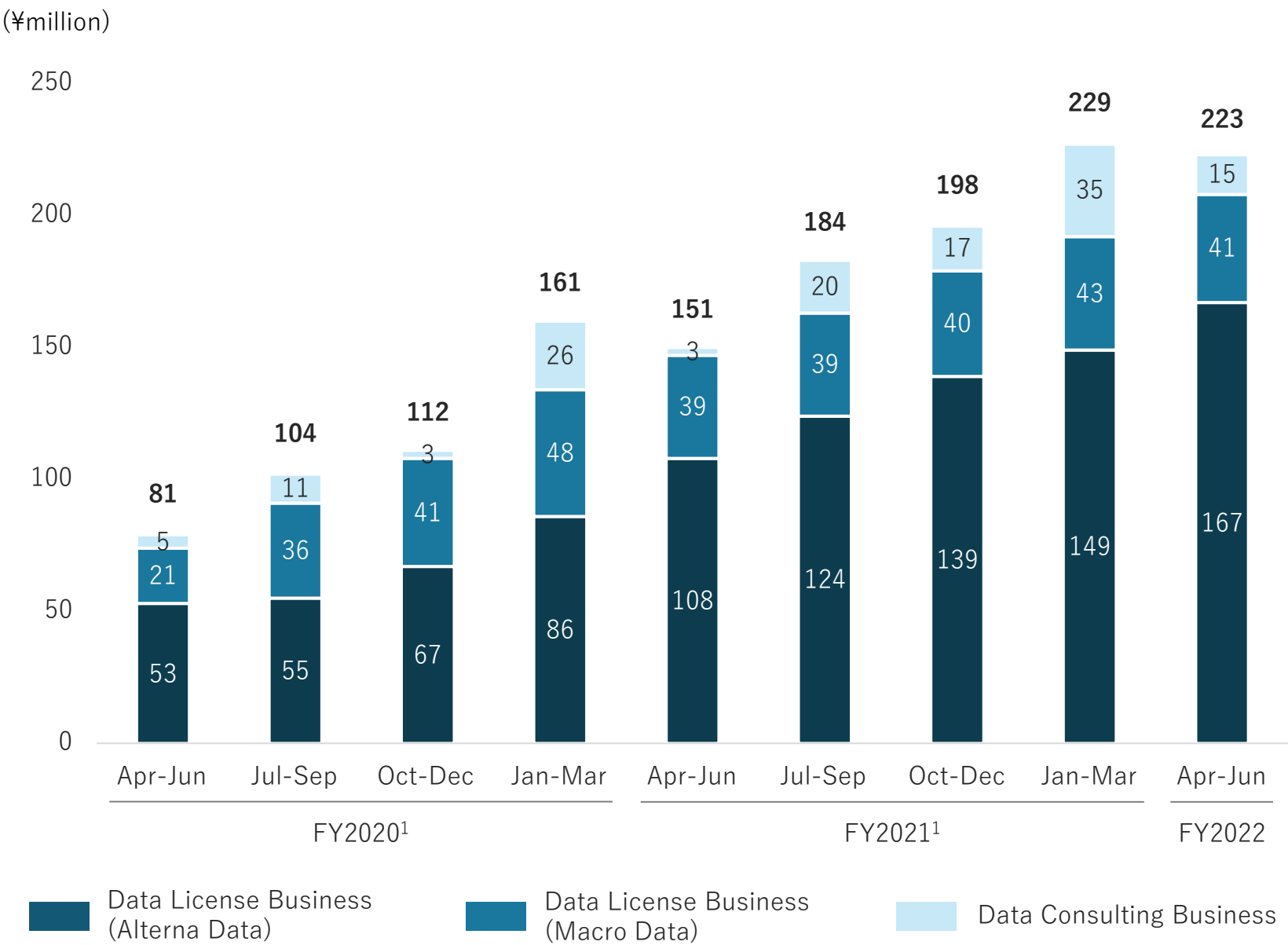


1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Business

Revenue for this quarter was slightly lower than the previous one, but the **Data License Business with recurring revenue model is expanding steadily.**

Data Consulting Business is made up of high proportion of one-off revenue currently, resulting in quarterly volatility and negative YoY.

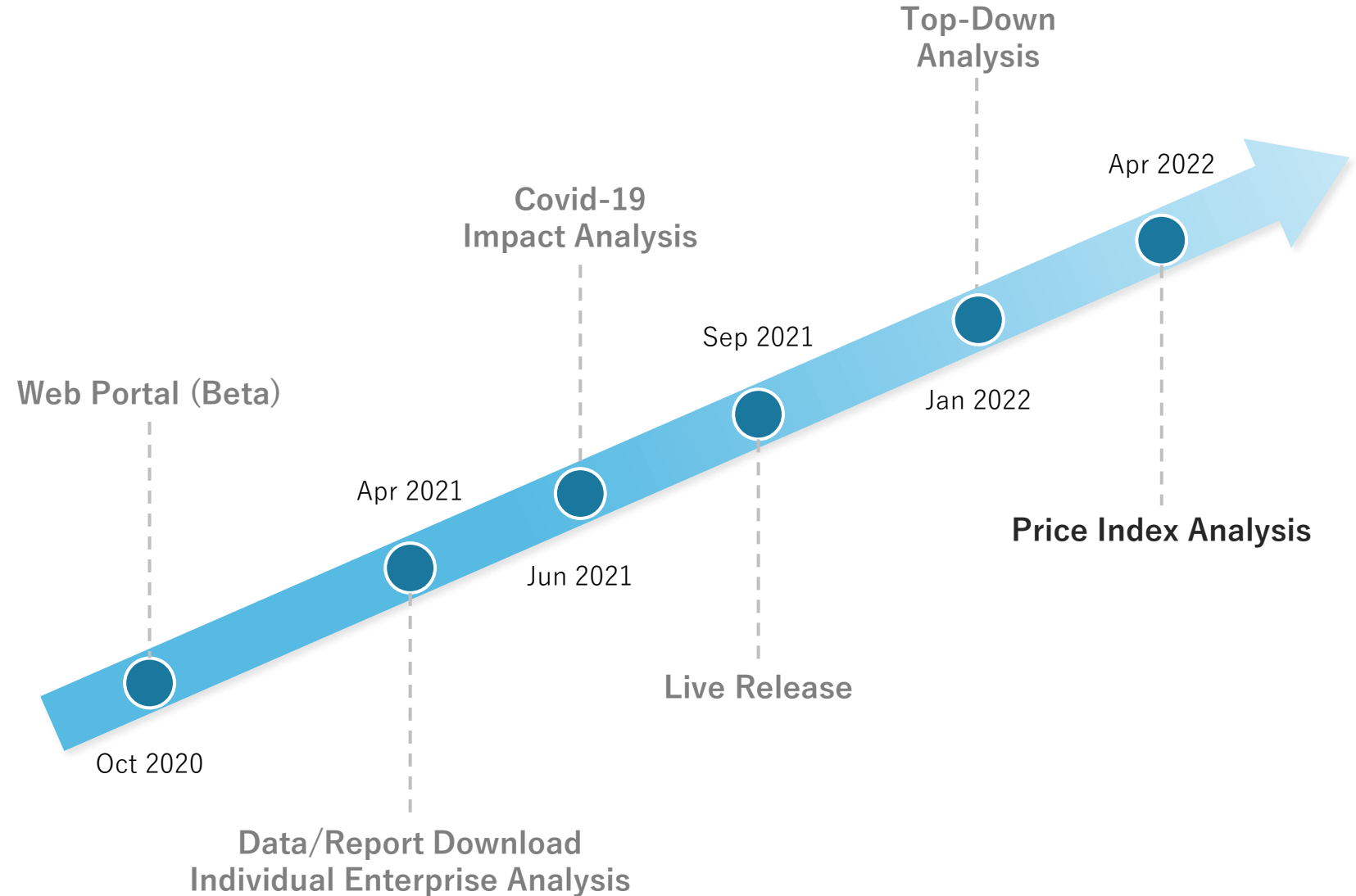


1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Client Base of Alterna Data

Aim to enhance web portal and reporting services for fundamental funds and corporates.

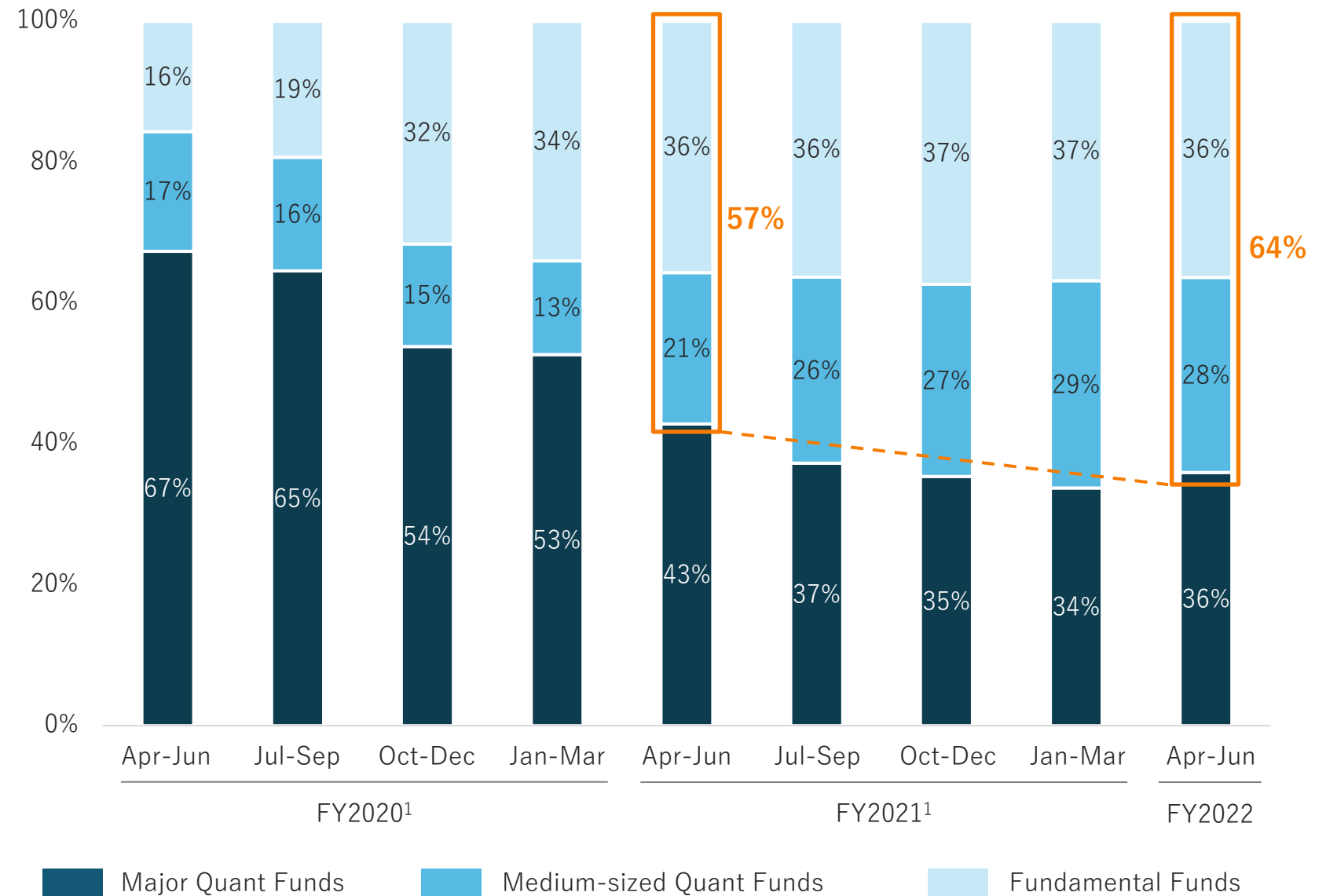
Recently, a new feature added to *Alterna Data*, which allows **analyzing price trends by company and product category** based on POS data.



Client Base of Alterna Data

Continued to expand services for medium-sized quant funds and fundamental funds.

Revenue Ratio by Client Base

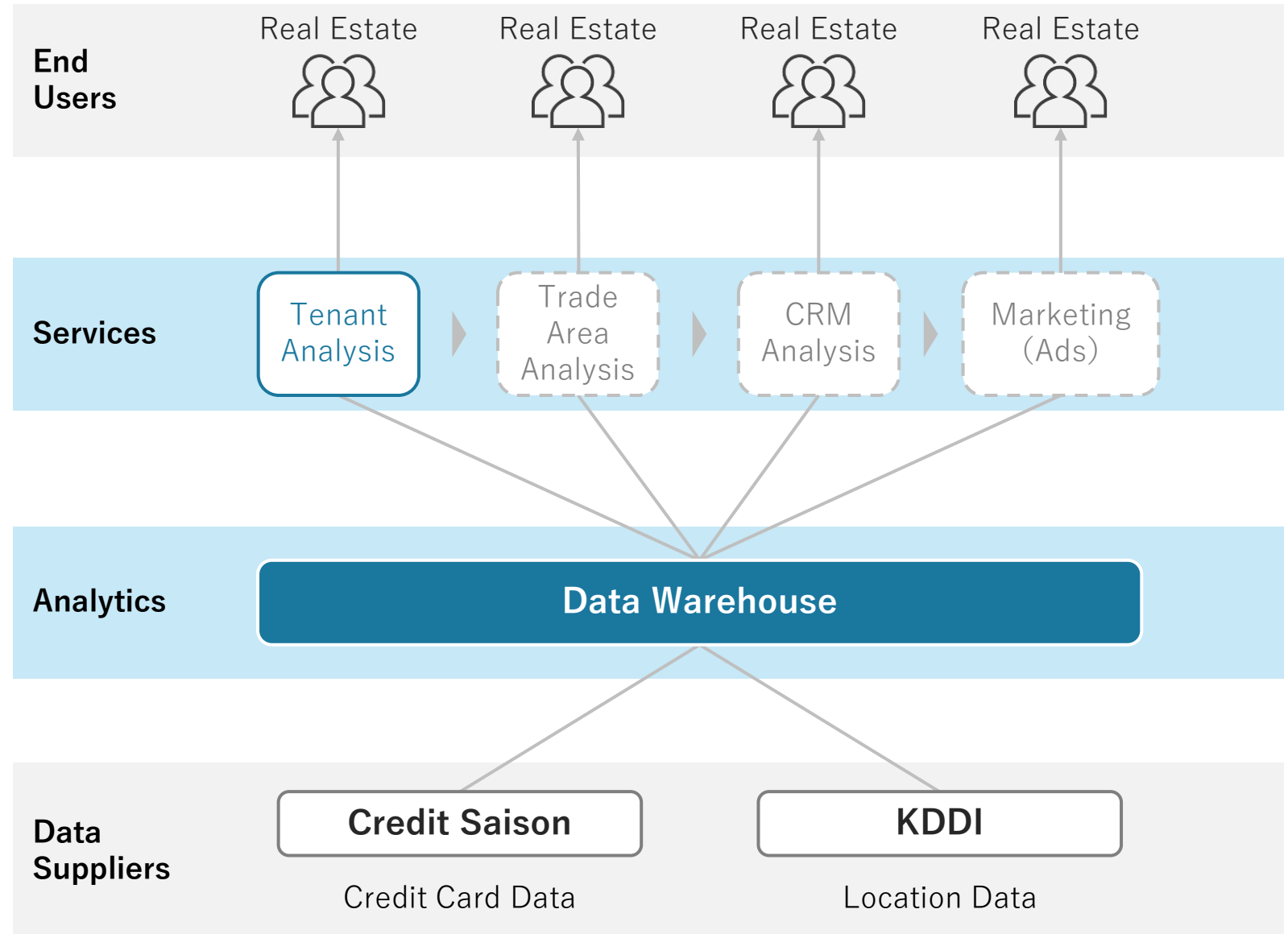


1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

New Product Launch

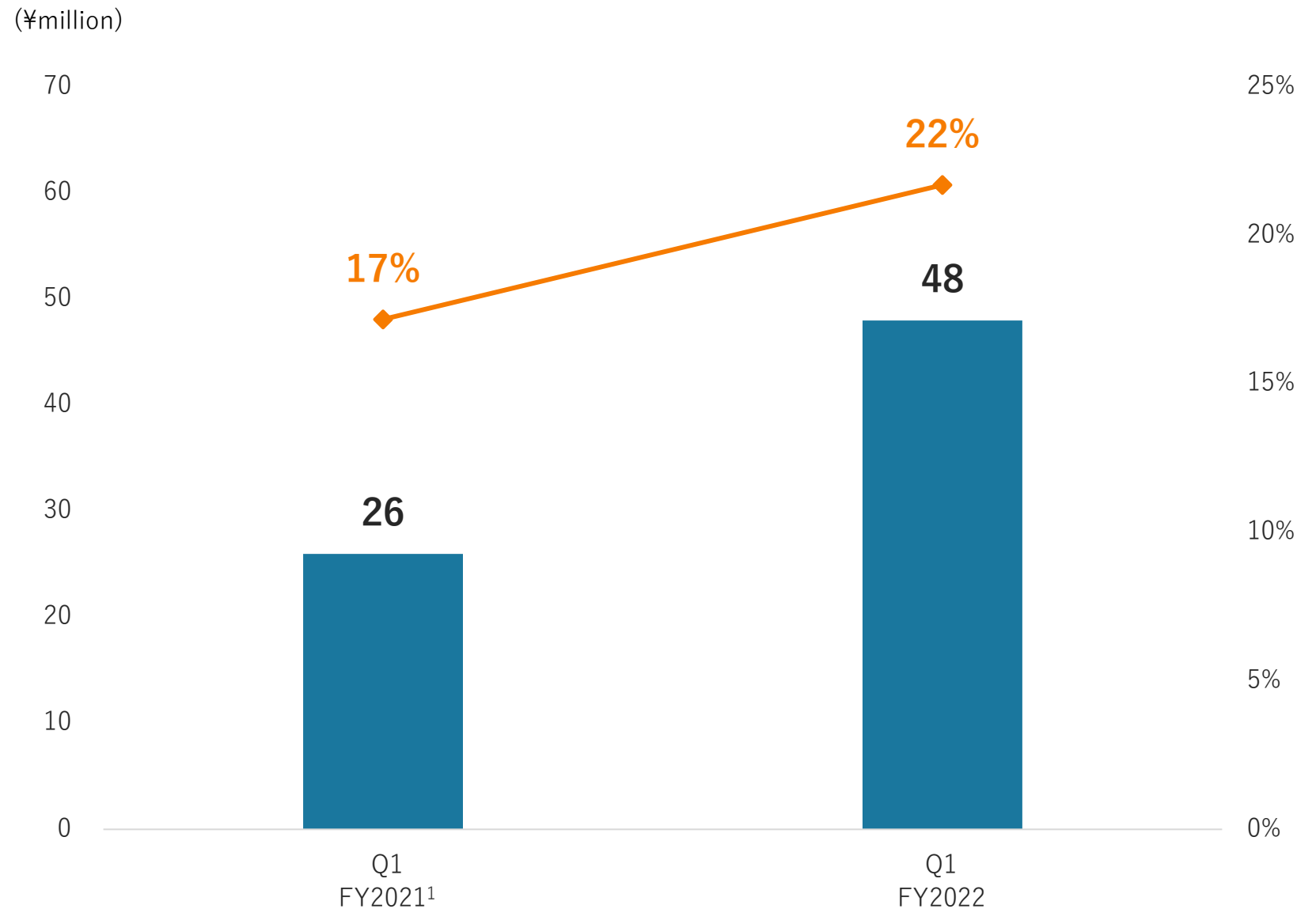
Focus on acquiring customers and data partners to launch a new product.

Provided tenant analysis to Tokyu Land SC Management as the first project with Credit Saison (see p.13), and supported GYRO Group's decision-making in opening of new beauty salons using KDDI's location data.



Operating Margin

Although investment on new businesses such as marketing business is ongoing, **operating margin increased from 17% to 22% due to revenue growth in the existing business.**

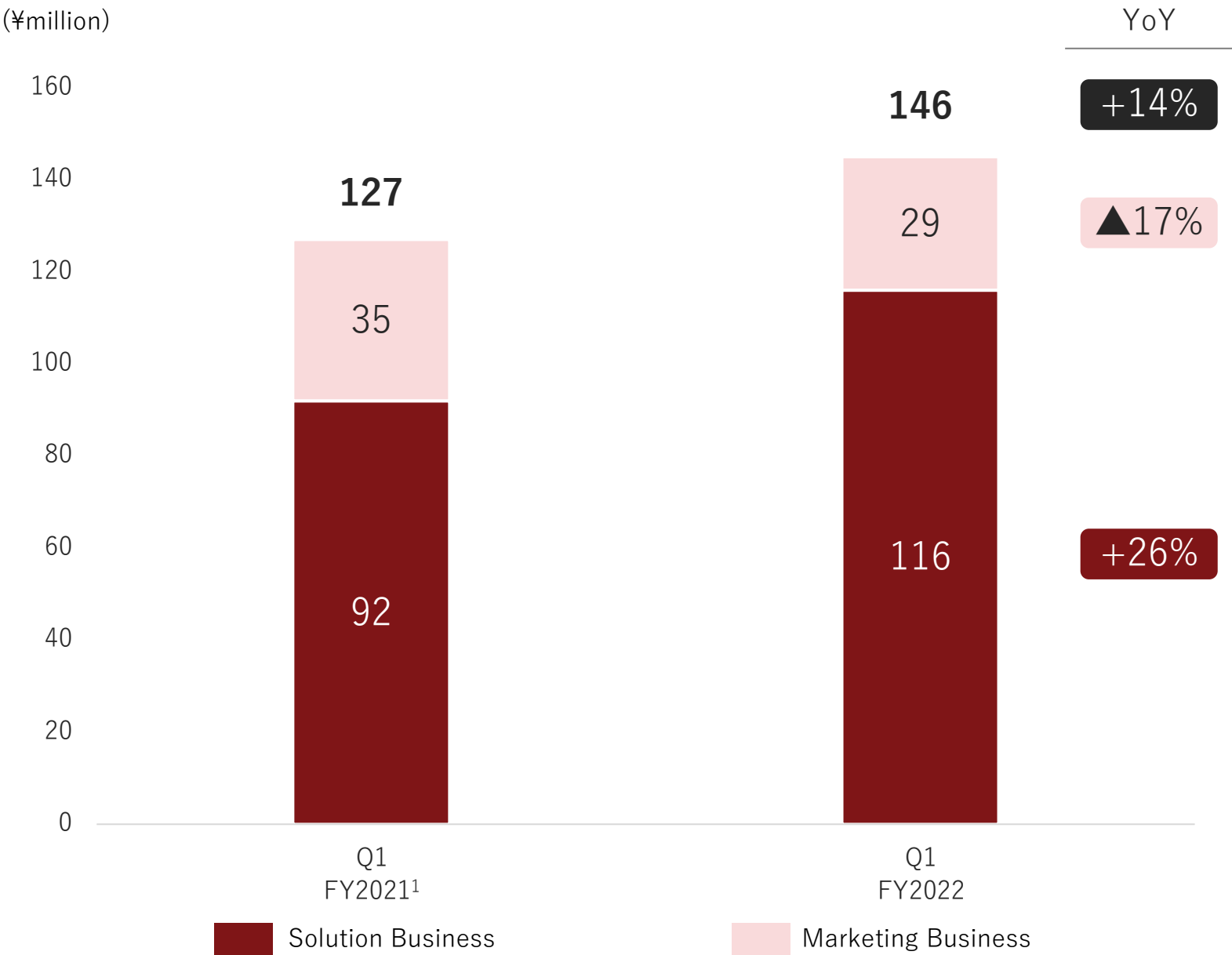


1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Business

Due to the increase in one-off revenue in Solutions Business, **revenue +14% YoY to ¥146 million.**

As a result of diversifying the client base, the number of projects with clients such as banks increased.

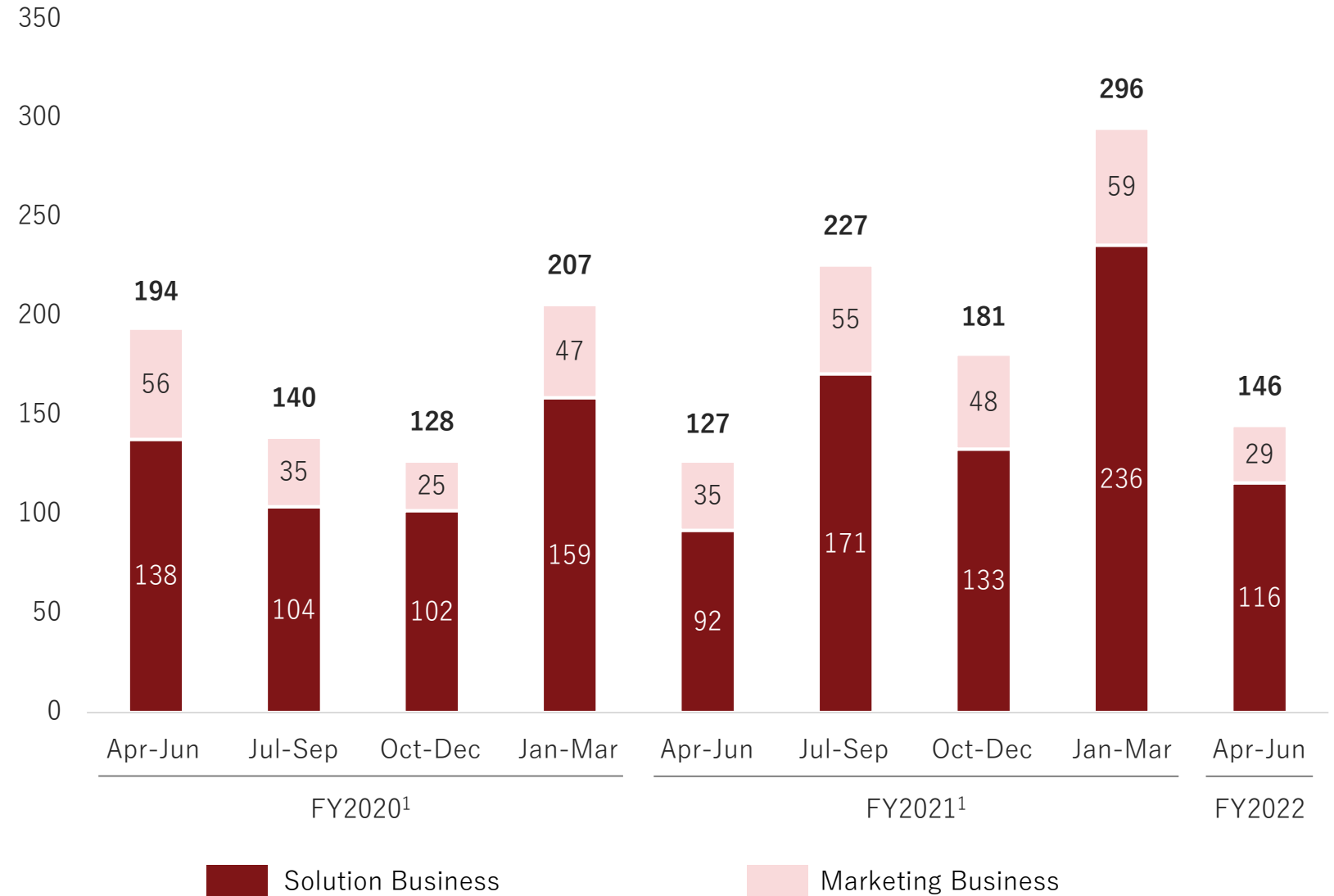


1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

Revenue by Business

Solution Business is made up of high proportion of one-off revenue, resulting in volatility which depends on the timing of the implementation.

(¥million)



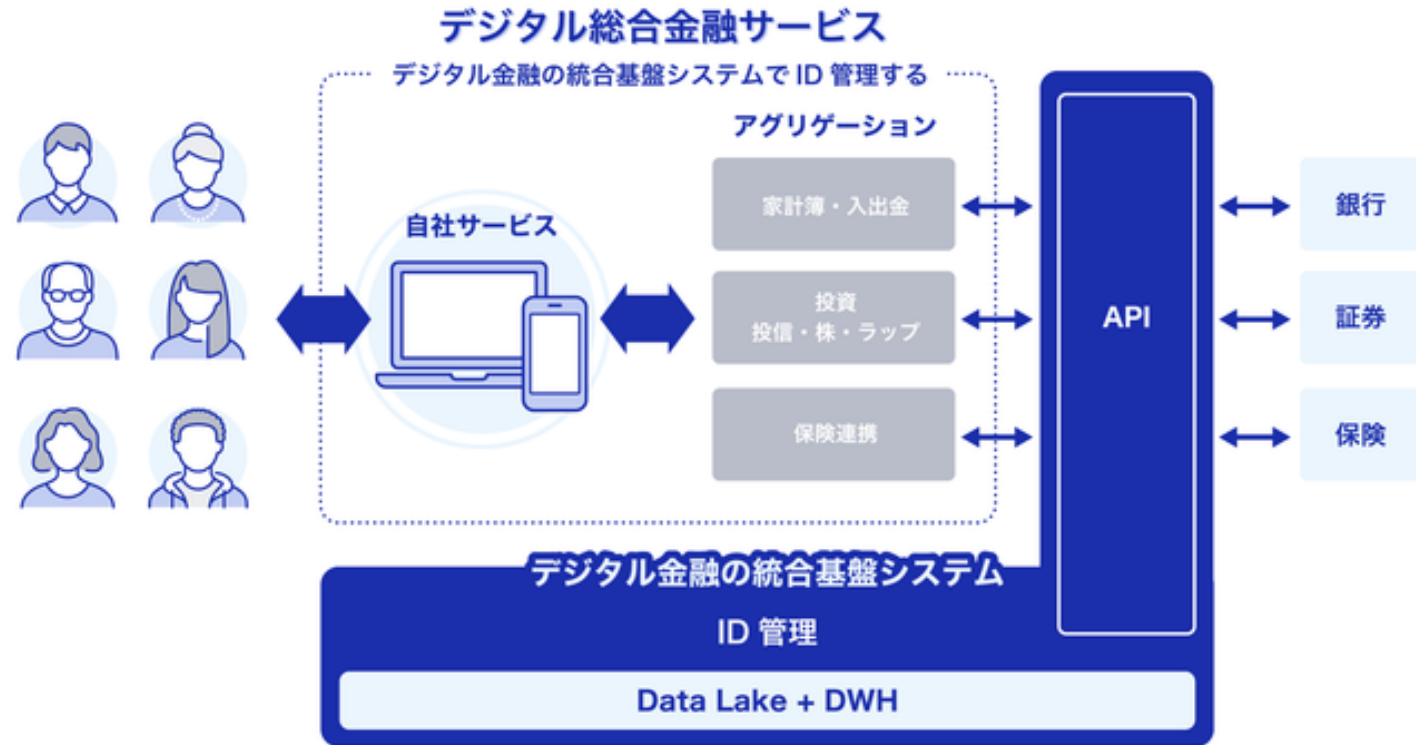
1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Diversifying Client Base

As a result of diversifying the client base, the number of projects with clients such as banks increased.

Continue to support development of MUFG Bank's *Money Canvas* after released in December 2021.

MUFG Bank's *Money Canvas*



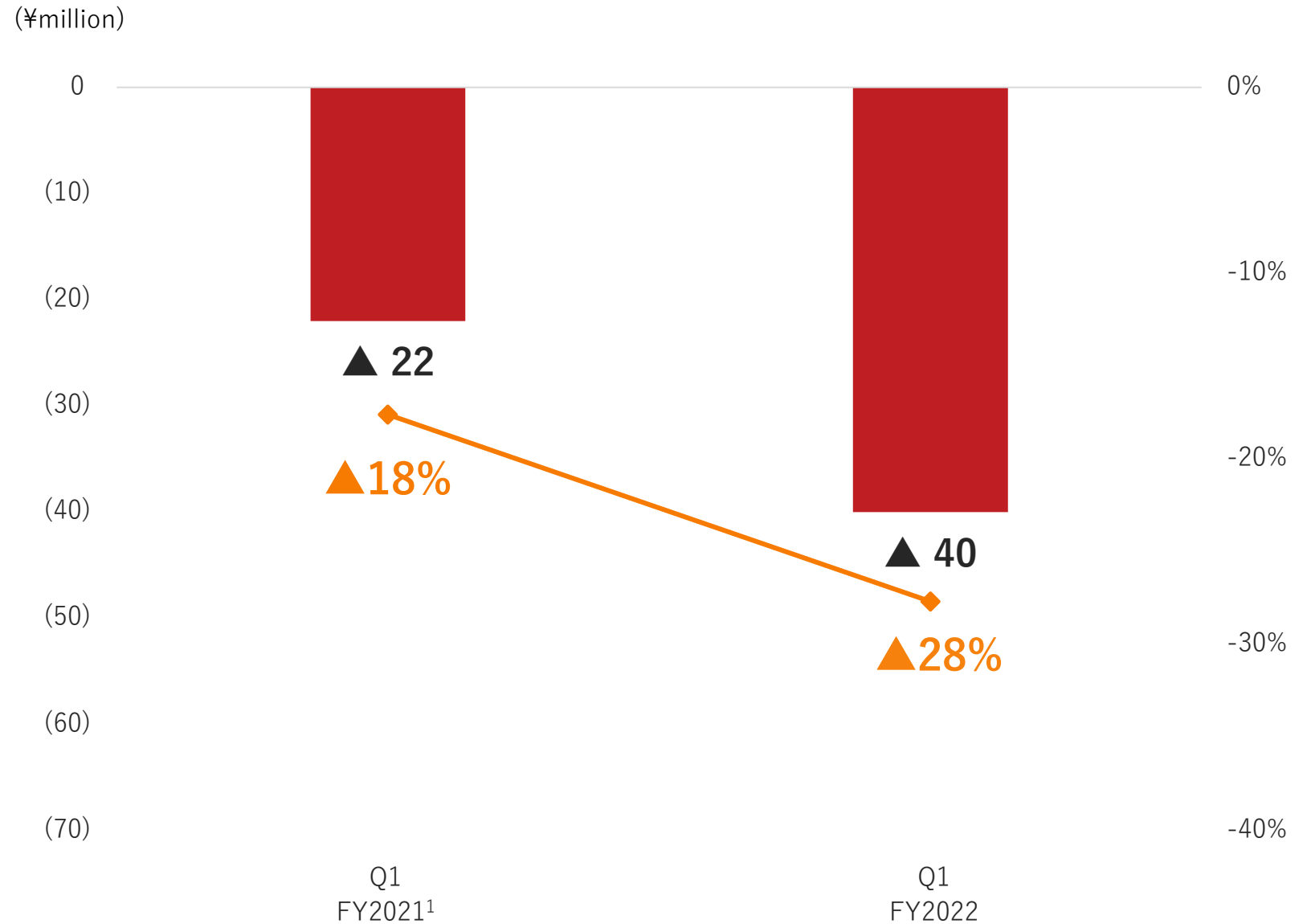
Project Overview

- In December 2021, MUFG Bank released *Money Canvas*, an asset management platform that provides a wide range of services including equities, mutual funds, crowdfunding, insurance, and use of loyalty points.
- Leveraging our ID integration solution, it is able to use the services of different financial institutions with only one account in the future.

Operating Margin

High proportion of one-off revenue results in volatility which depends on the timing of the implementation.

Although it was negative in this quarter, a positive figure is expected for the whole fiscal year.



1. Results for FY2021 Q1 (Apr 2021 to Jun 2021) are unaudited.

EARNINGS GUIDANCE FY2022

Guidance Highlights

Revenue is expected to improve +40% YoY, while operating margin is expected to improve from **▲20% to ▲13%** YoY

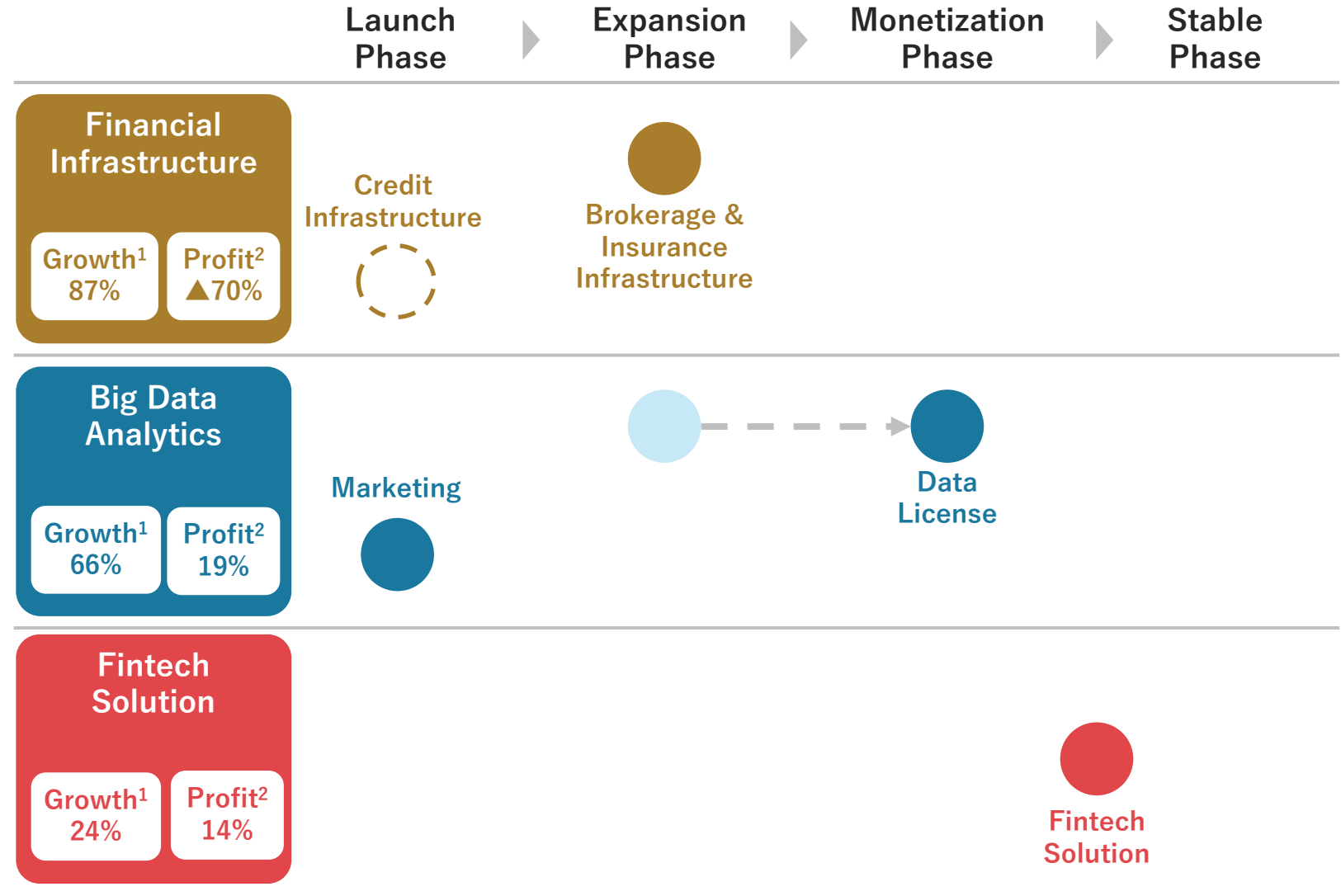
(¥million)

	FY2022 Guidance	FY2021 Actual	YoY
Revenue	3,815	2,724	+40%
COGS	1,606	1,057	+52%
Gross Profit	2,208	1,666	+33%
Gross Margin	58%	61%	-
SG&A	2,691	2,209	+22%
Operating Income	▲482	▲542	-
Operating Margin	▲13%	▲20%	-

Strategy Highlights

Top priority is to increase market share by acquiring new partners in Financial Infrastructure.

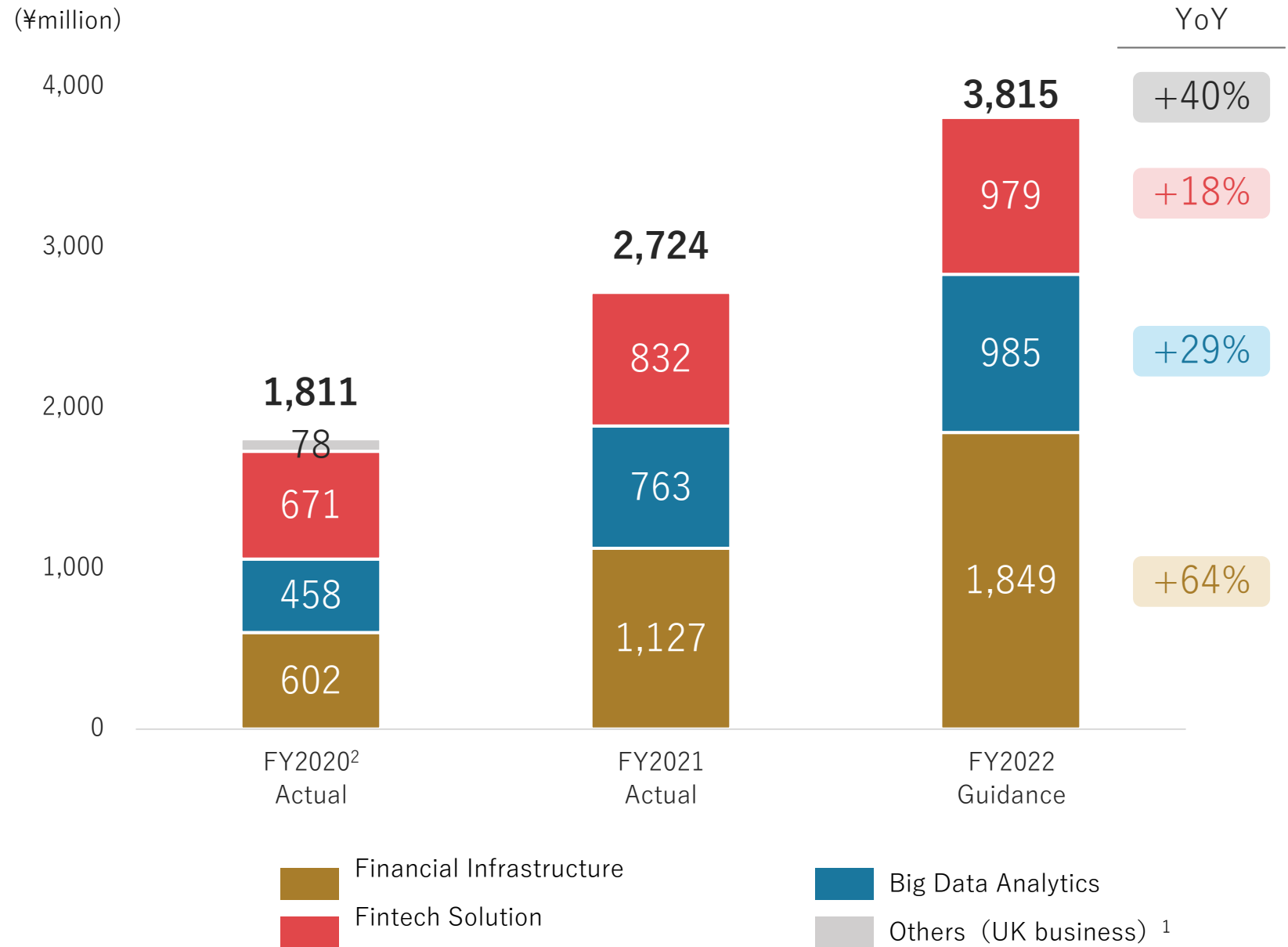
Also launching new services within existing business while maximizing profits of existing Data License Business.



1. Revenue by segment YoY in FY2021
2. Operating margin by segment in FY2021

Revenue Forecast by Segment

Financial Infrastructure is expected to drive consolidated revenue growth continuously.

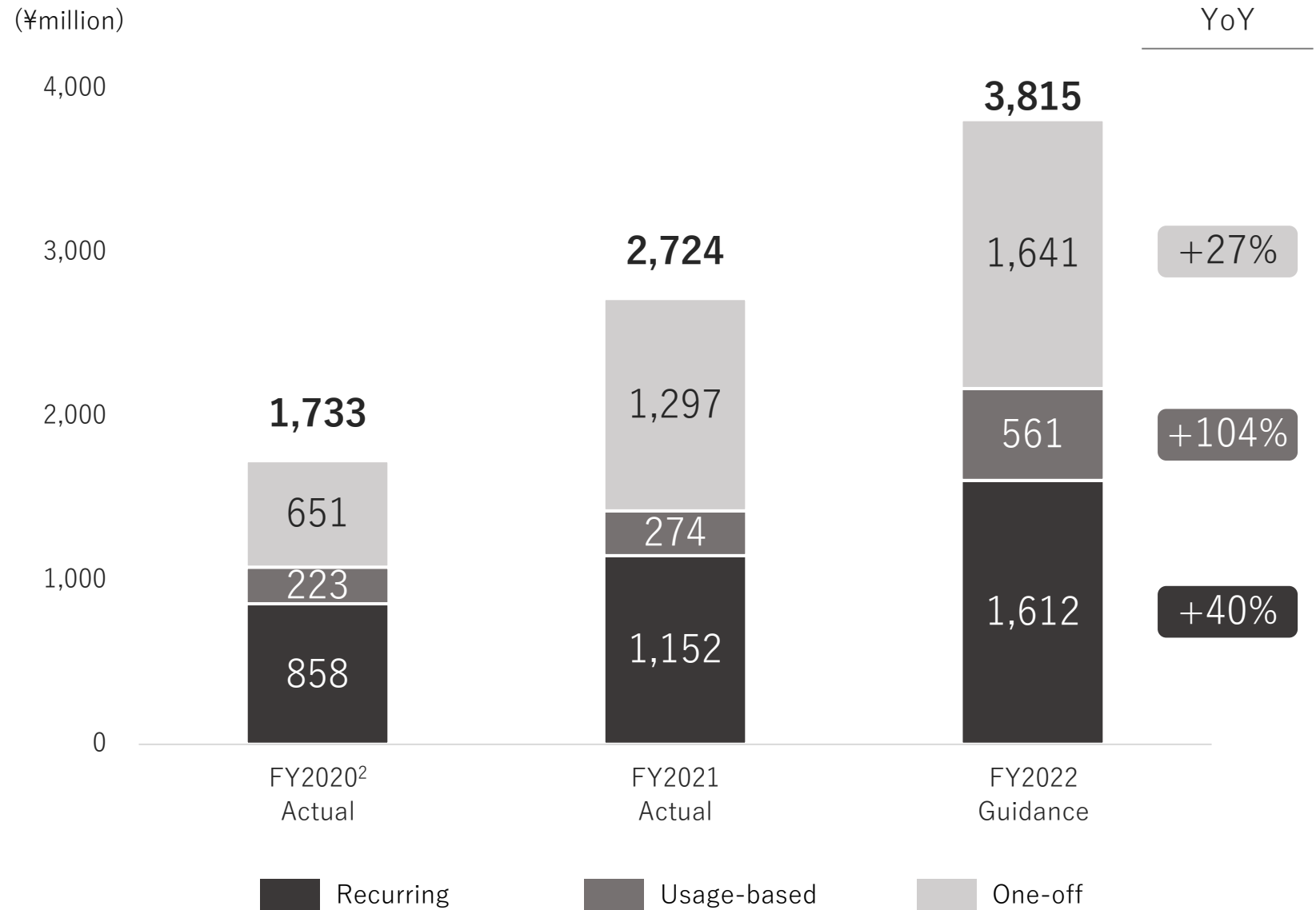


1. Revenue in UK business exited in the previous consolidated fiscal year

2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Revenue Forecast by Type

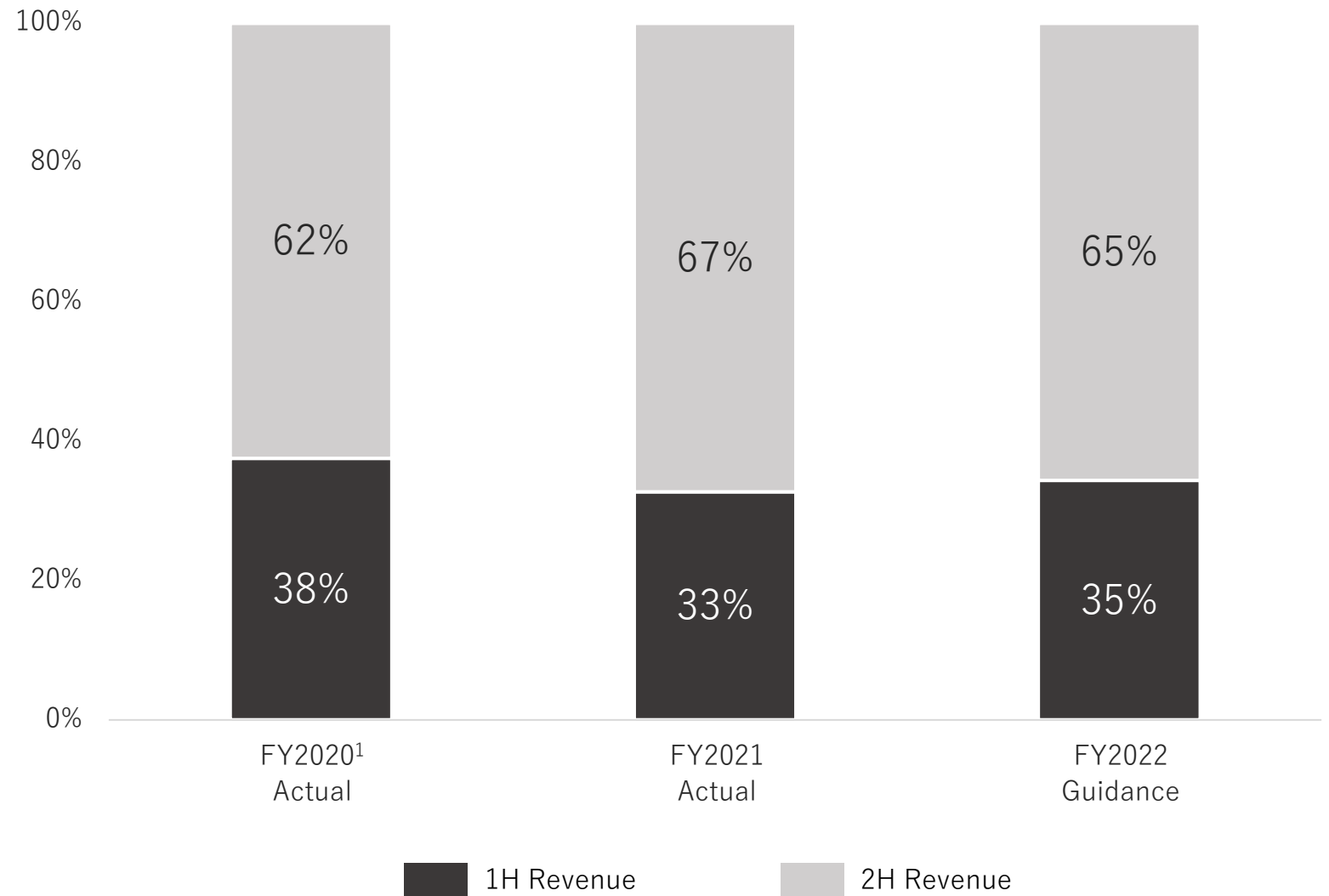
Recurring revenue and usage-based revenue are expected to increase due to the launch of new services in the previous fiscal year.



1. Excluding revenue in UK business exited in the previous consolidated fiscal year
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Seasonality

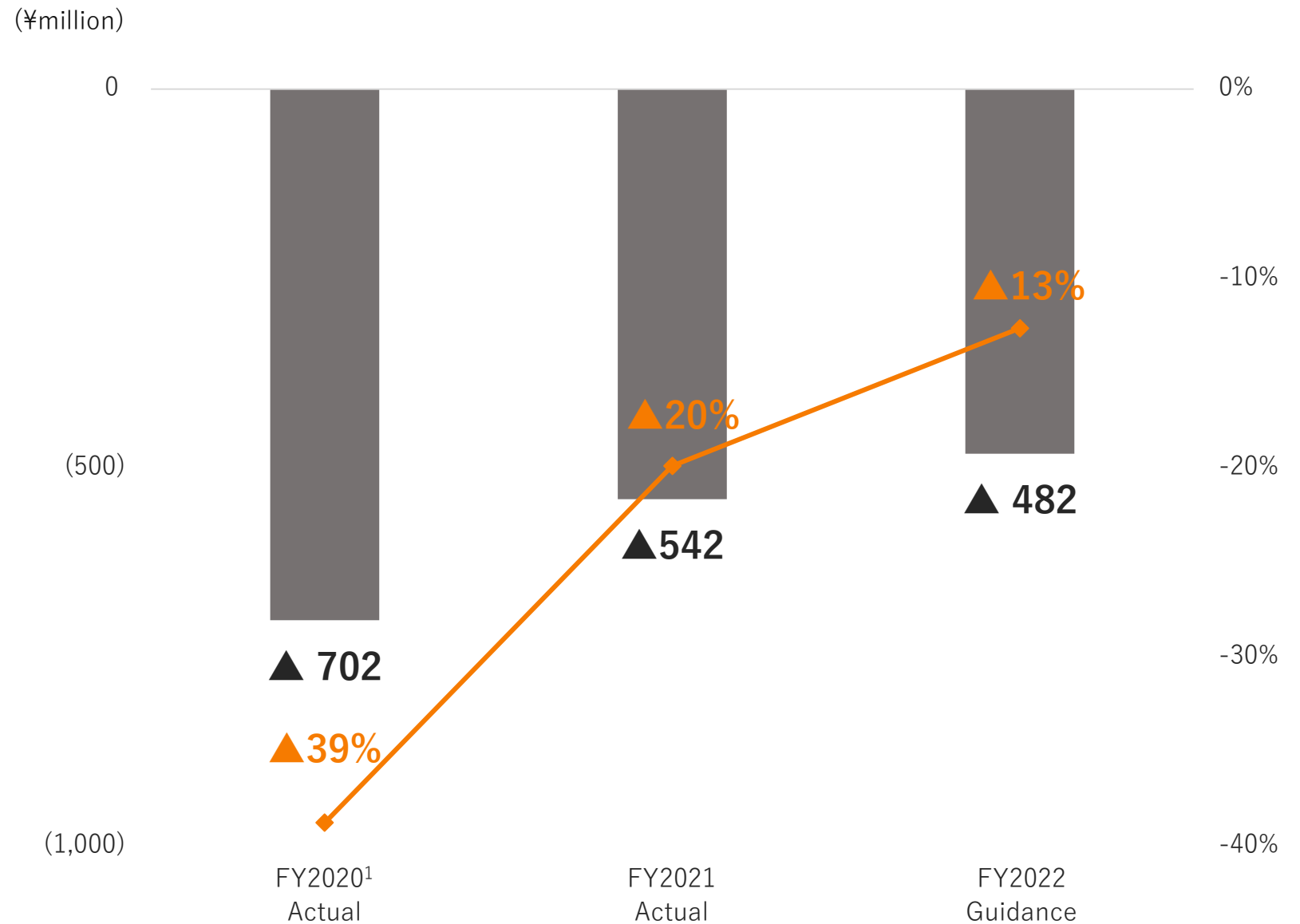
As in the last 2 fiscal years, revenue is expected to concentrate in the second half of FY2022.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Operating Income Forecast

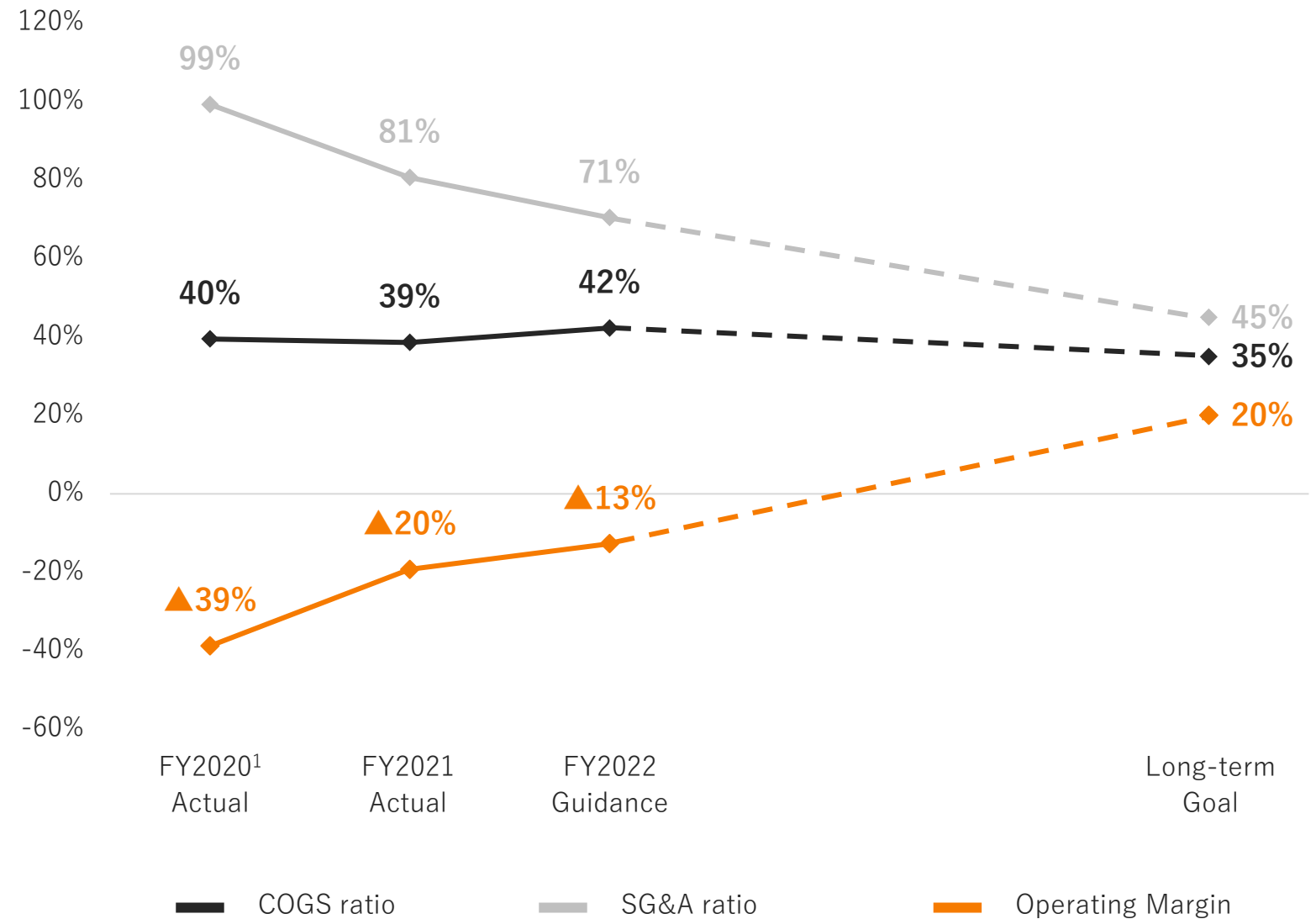
Operating margin is expected to improve to **▲13%** especially for the decrease in SG&A ratio with the increase in revenue.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Long-term Forecast

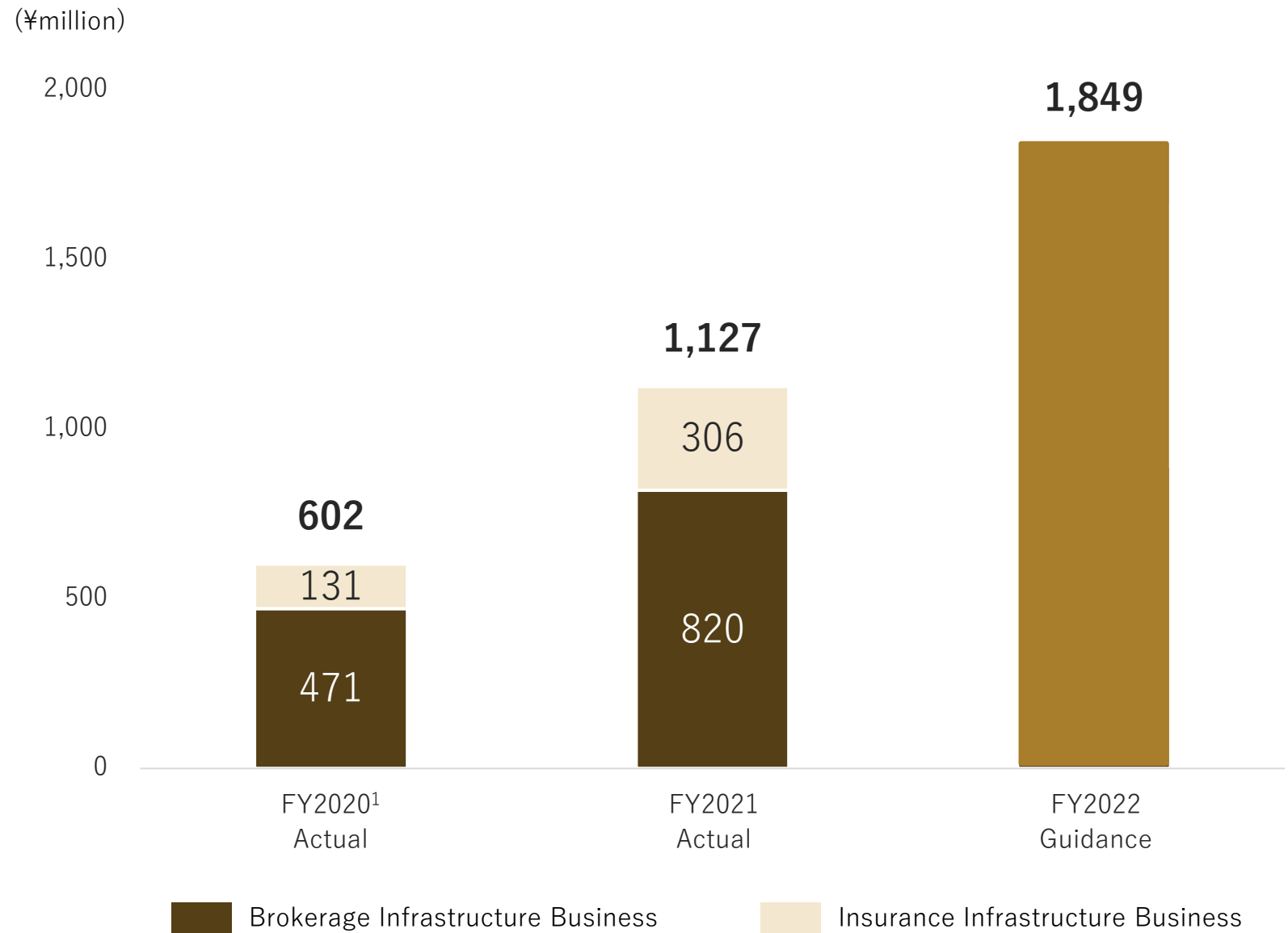
Goal in the long term is to achieve operating margin of about 20% with revenue growth and lower SG&A ratio.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Revenue Forecast

Revenue of Financial Infrastructure is expected to **grow by +64% YoY**, mainly due to a **significant expansion of insurance infrastructure**.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Strategy

Focus on **increasing # of partners** for both brokerage and insurance.

Select “**focus areas**” and expand “**products and functions**” to accelerate partners’ growth in each area.

↓ Focus for the Moment

Near-term
Growth

Increasing # of Partners

Mid-term
Growth

**Increasing Usage-based
Revenue**

Long-term
Growth

Entering New Domains

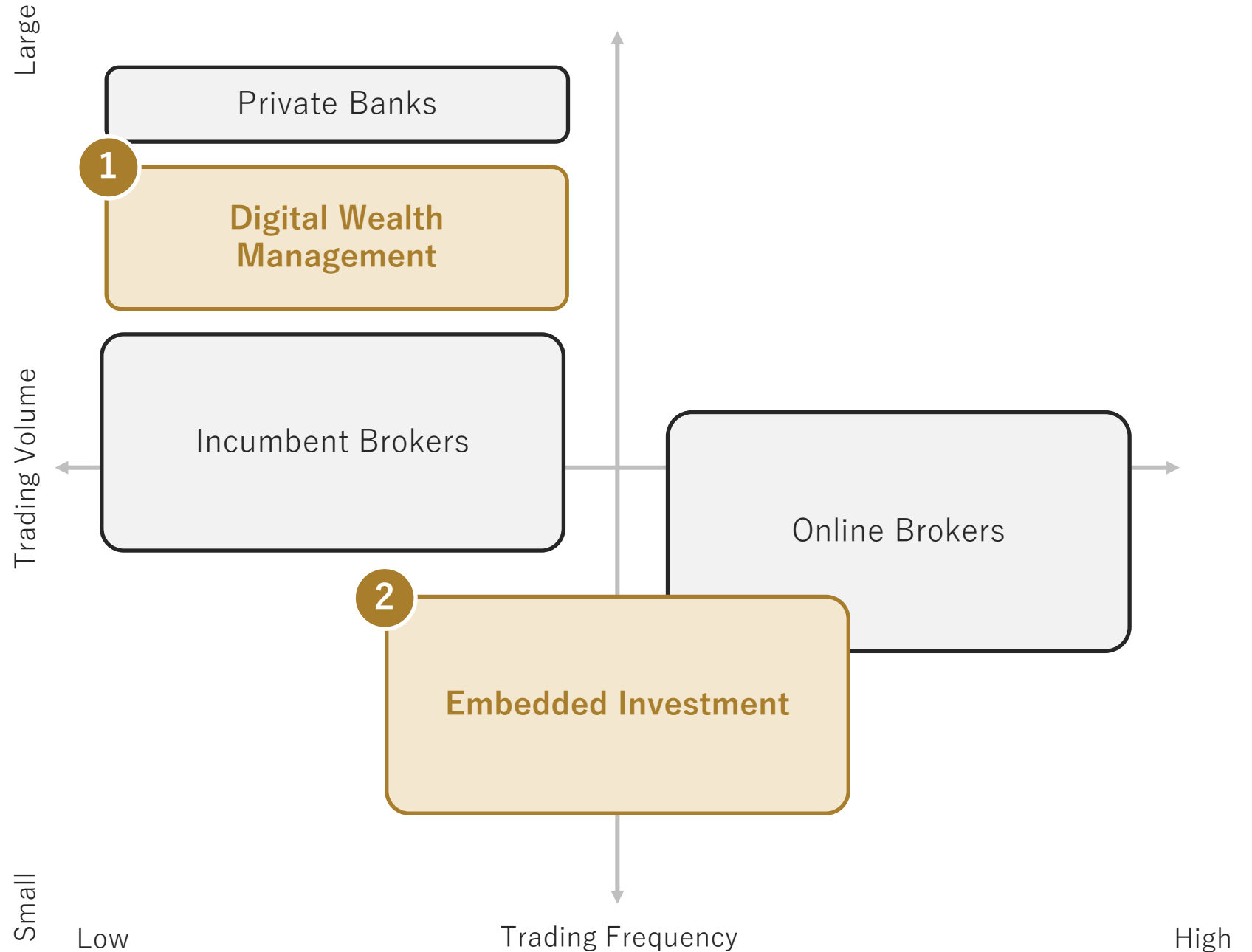
Focus Area for BaaS

Focus on two areas:

1) Digital Wealth

Management: aim to democratize high-quality financial services by using technologies.

2) **Embedded Investment:** seamlessly integrate with existing services to develop a new customer base.



Focus Area for BaaS

1

Digital Wealth Management

- Integrating online and offline allows high-quality wealth management services to be provided to more customers.
- Providing a platform that can implement discretionary investment service at a low cost, with tools for sales representatives.

Services



Wealth Wing



JAM WRAP



Goal Navi

2

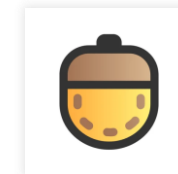
Embedded Investment

- Players with large customer bases leverage their customer contact and context to reach potential users of a financial service.
- Supporting from service planning to provide investment services tailored to the partner

Services



Stream

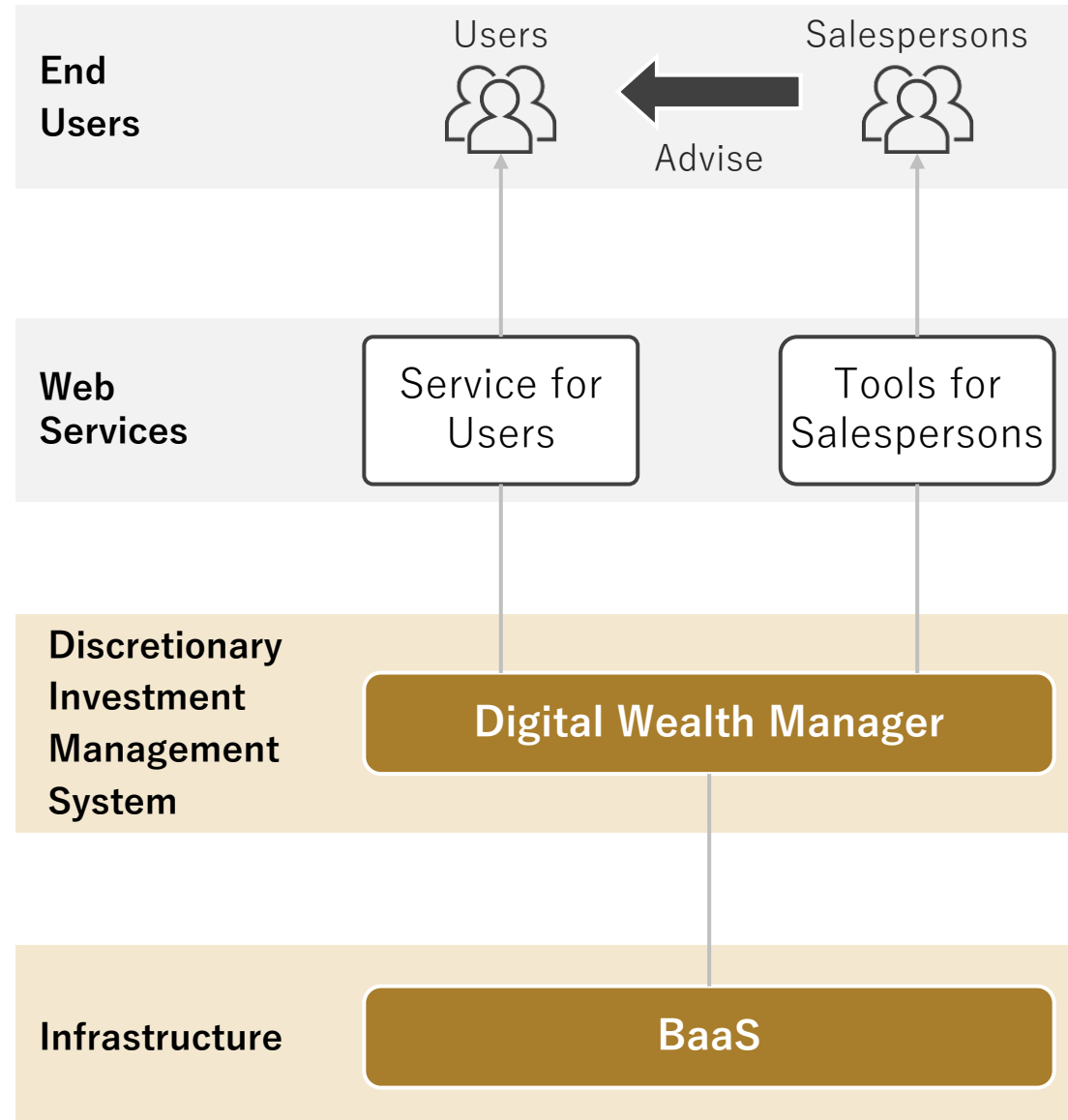


Saison Pocket

1) Digital Wealth Management

Integration of online and offline realizes unprecedented service and democracy of wealth management service.

Provide not only discretionary investment management system, but also **tools to support sales activities**.



Functions Provided

- Web services for users to check asset status
- **Tools for salespersons to provide advices**
- **Discretionary investment contract management**
- **Investment decisions based on contracts**
- **Multiple purpose-specific accounts**
- **Reporting**
- **Factor analysis, etc.**
- Brokerage account contract management
- Account management
- Order, execution, balance, surplus management
- Report management, etc.

2) Embedded Investment

Support partners with large customer bases to leverage their customer contact to provide investment service.

Providing financial services also improves royalties and has a positive impact on the use of services in their core businesses.

Example: Saison Pocket

Partner

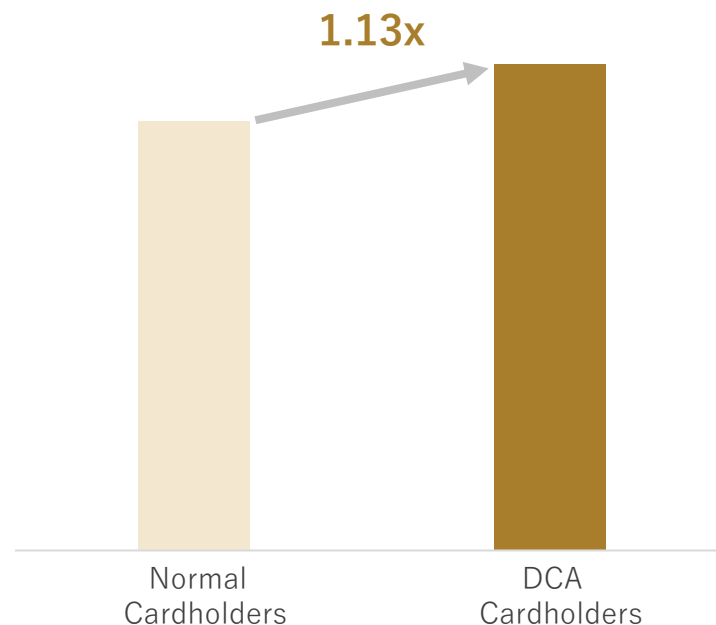
- Credit Saison Co., Ltd.

Service

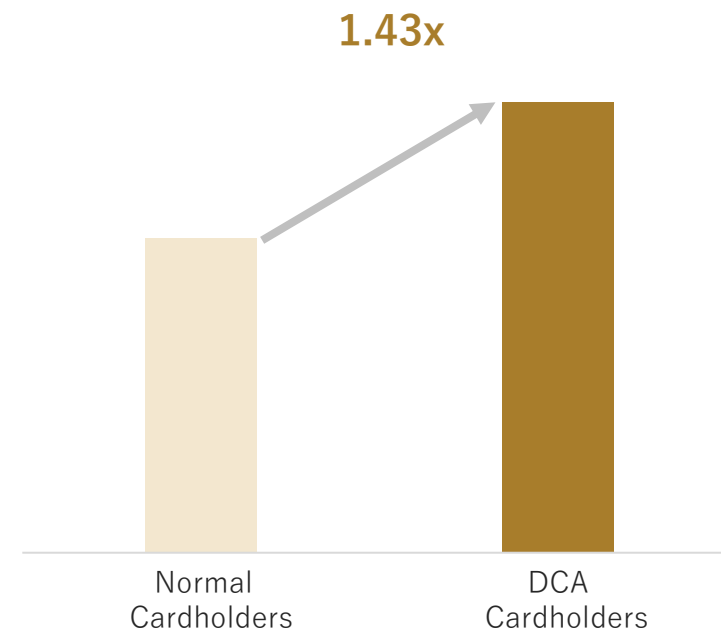
- Easy DCA investment service for cardholders
- Main feature is that investment can be made with a credit card and Saison point etc.



Credit Card Retention Rate¹



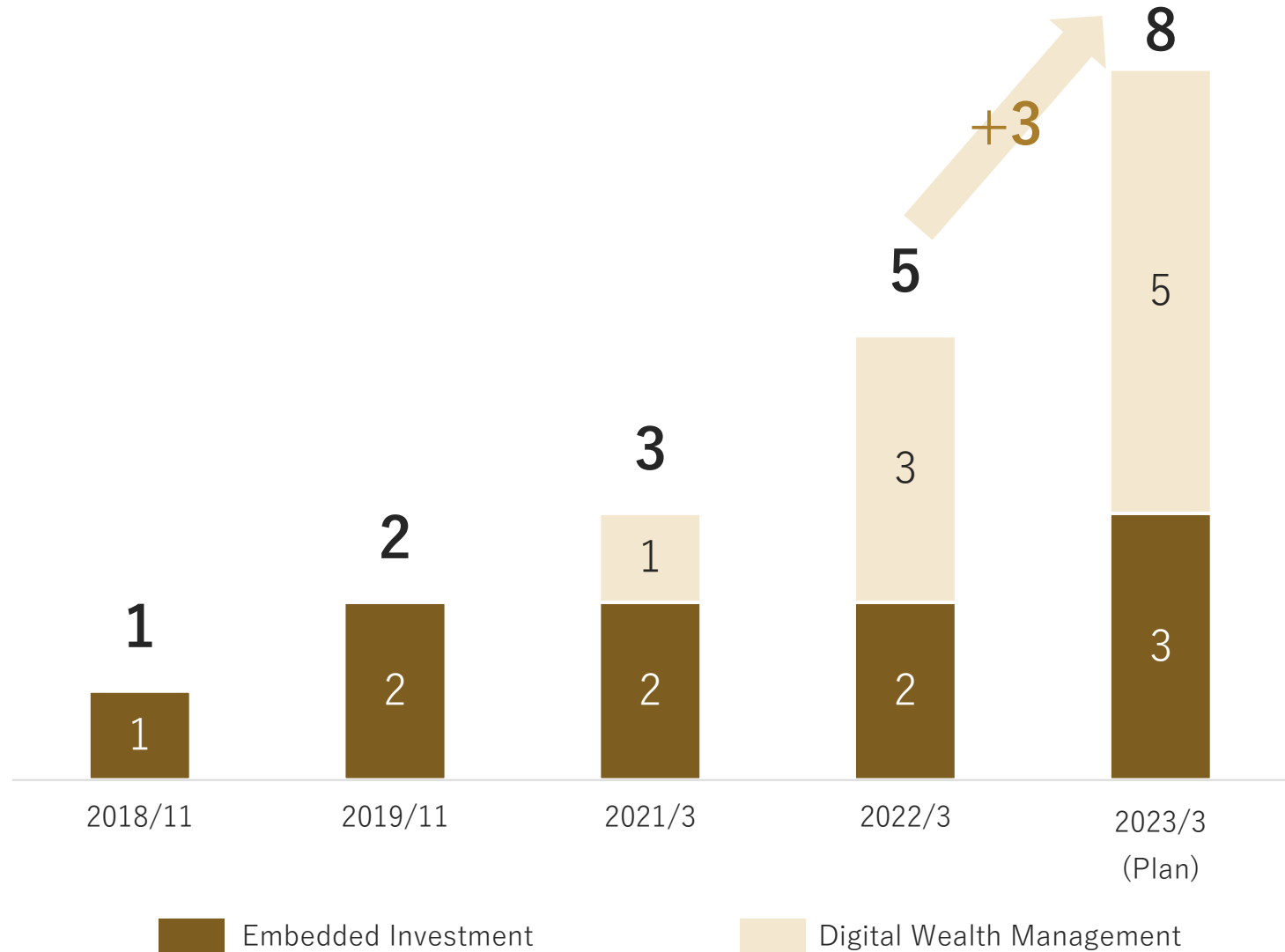
Credit Card Spending²



1. Ratio of users who had used the card in the last year as of December 2020 and had used the card in the last year as of December 2021.
2. Spending amount after using DCA investment service while spending amount in April 2019 is set to 100 (excluding settlement amount of Saison Pocket)

Pipeline for BaaS

In FY2022, 3 new releases are planned so the number of services is expected to increase to 8.



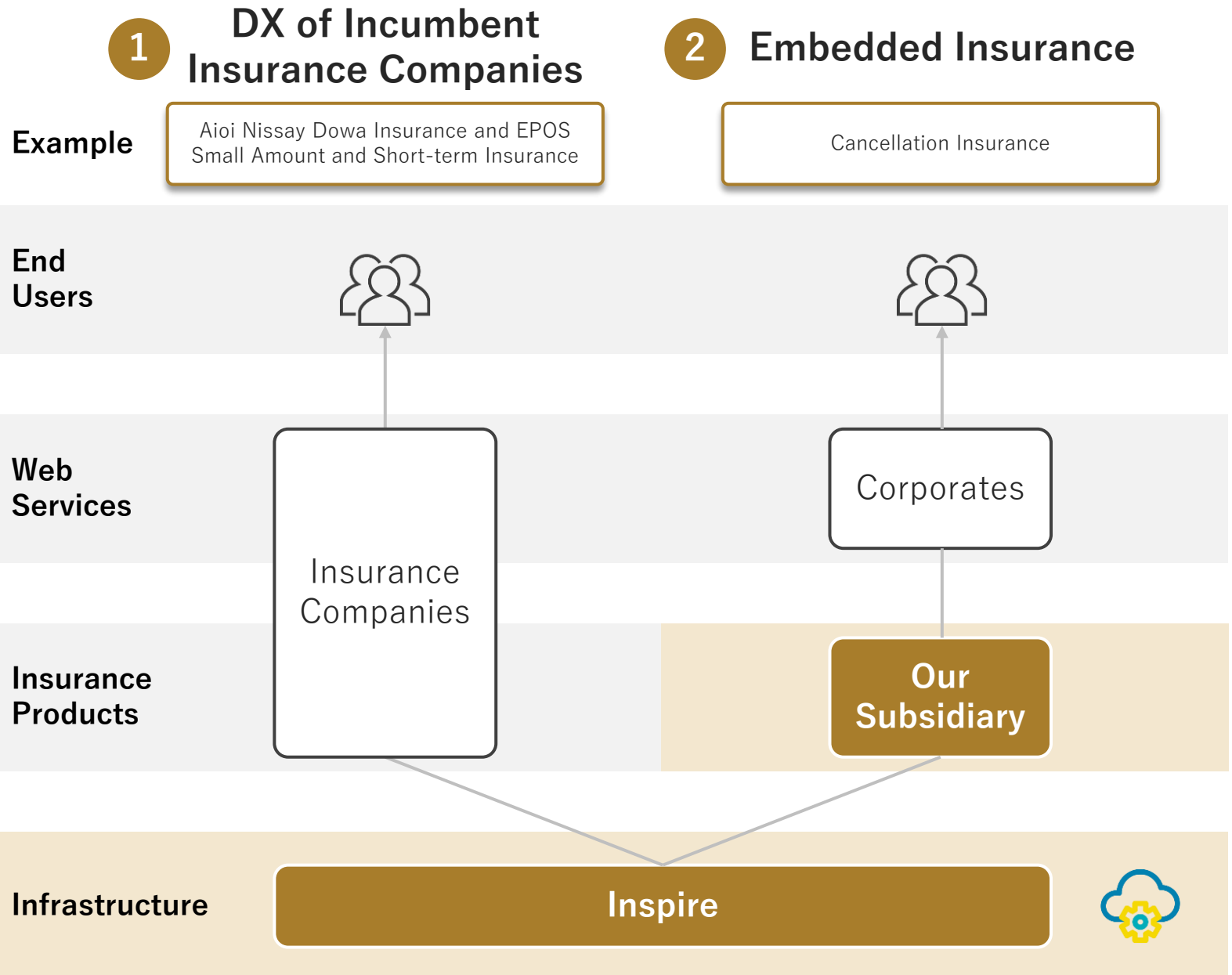
1. Including subsidiary Smartplus which provides STREAM via BaaS

Focus Area for Inspire

Focus on two areas:

1) **Digitalization support** for insurance companies at the launch of digital brands or new companies through the provision of Inspire.

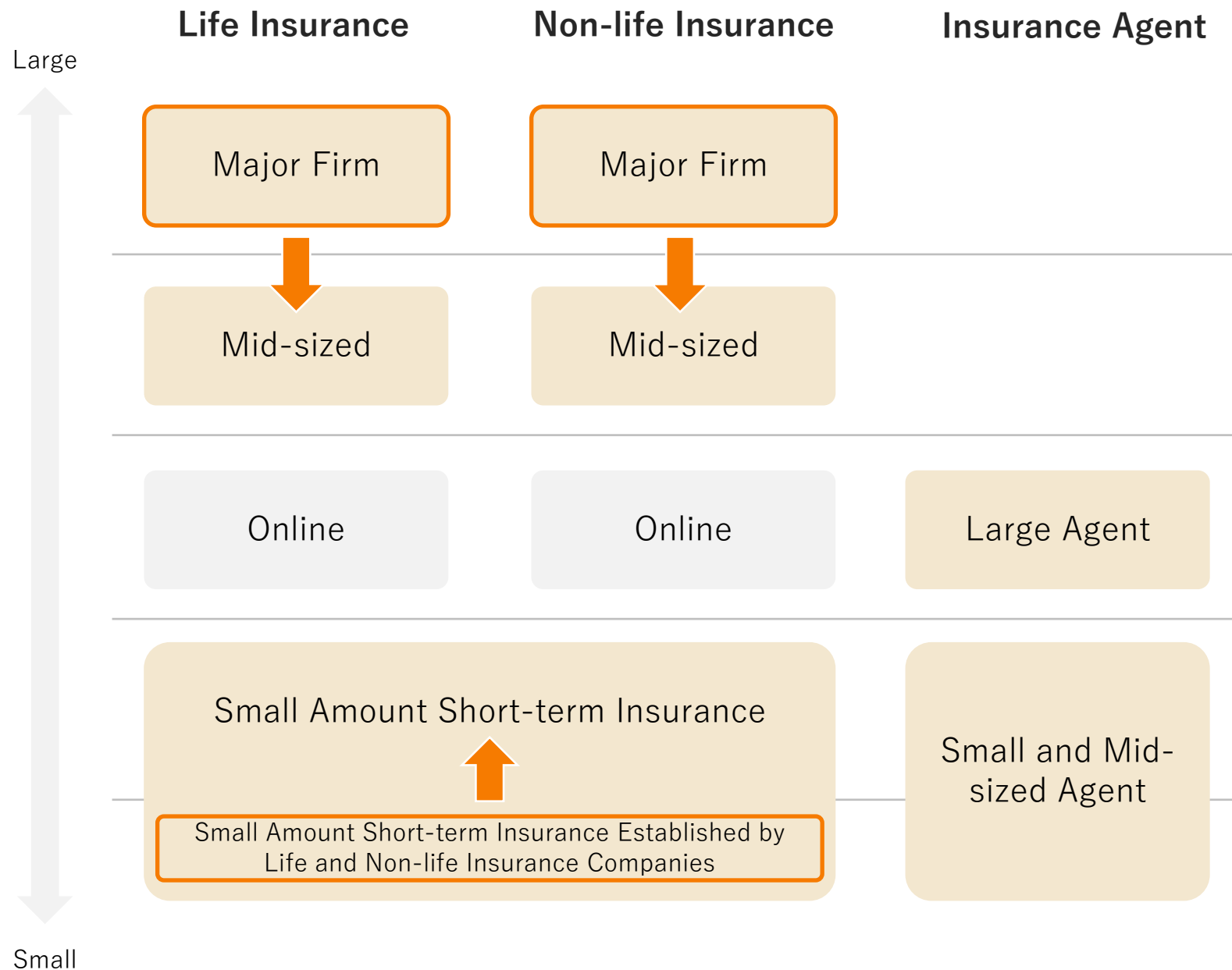
2) Our insurance subsidiary provides **embedded insurance** which allows users to seamlessly purchase insurance policy from existing services.



1) Digitalization Support

Short-term focus on supporting DX of major life and non-life insurance companies, and the launch of small amount short-term insurance companies.

Med to long-term goal is to provide to small and mid-sized insurance companies and agents.



2) Embedded Insurance

Focus on **speedy launch of unique insurance policy** tailored to partners' needs.

Excellent capability of product development - first-ever **winner of SAST Insurance Prize for 2 consecutive years.**



Maternity Insurance

Policy

- Medical Insurance (Category III)

Partner

- Totsukitoka (Amane Factory Inc.)

Highlights

- Medical insurance policy for pregnant women up to 19th week of pregnancy, with pregnancy special clauses for hospitalization and surgery related to illness or injury during pregnancy and childbirth
- After the insured gives birth, pregnancy special clauses is switched to neonatal special clauses, covering hospitalization and surgery related to illness and injury of the newborn infant

7th

SAST
Insurance
Prize

Cancellation Insurance

Policy

- Property & Casualty Insurance (Category II)

Partner

- Cadish Inc.

Highlights

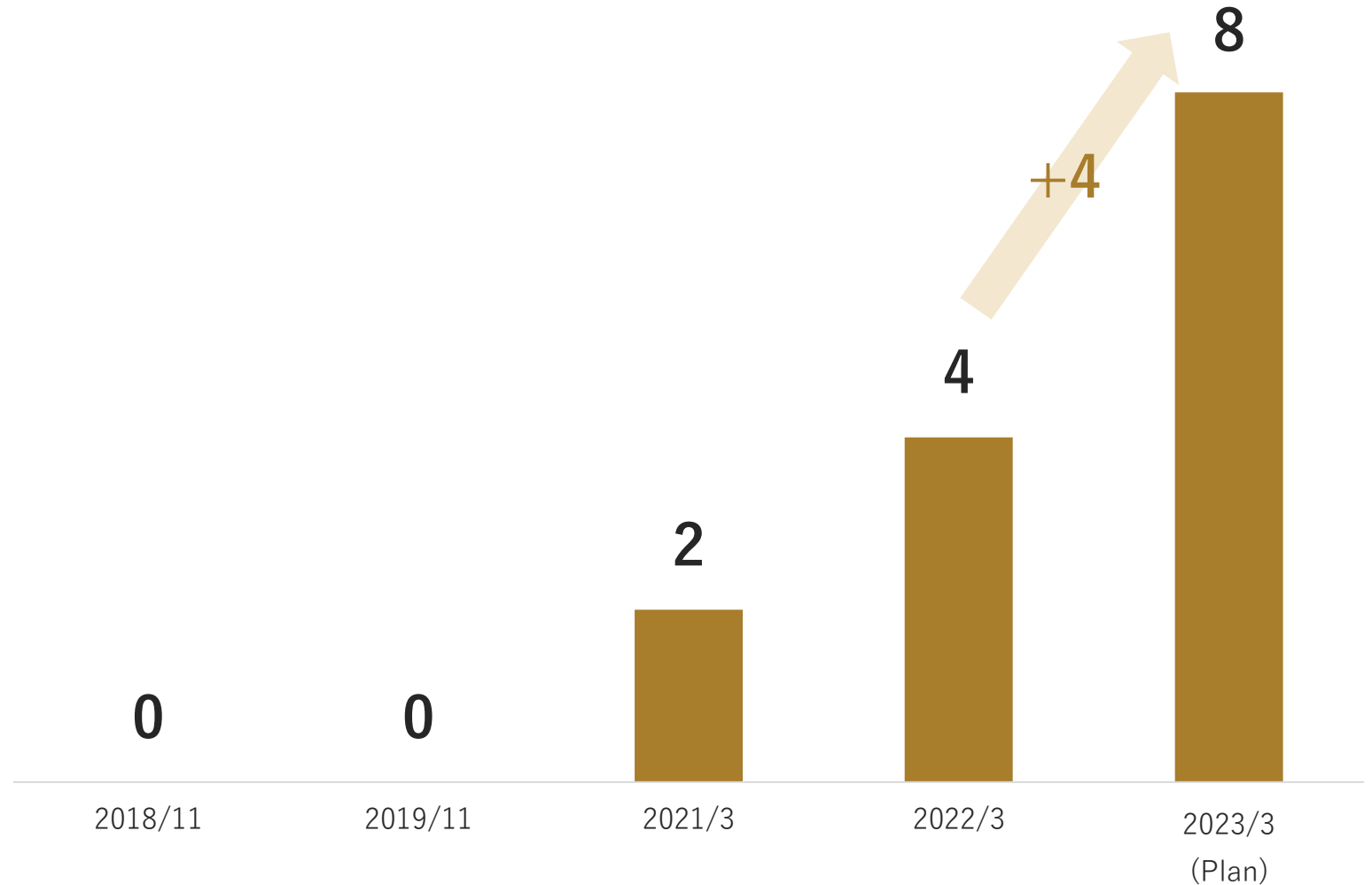
- Insurance policy that covers cancellation costs incurred if the insured, who is the representative of the service reservation, cancels all or part of the reservation
- Insurance coverage is not specific to accommodation or tickets, but can be applied to a variety of services

8th

SAST
Insurance
Prize

Pipeline for Inspire

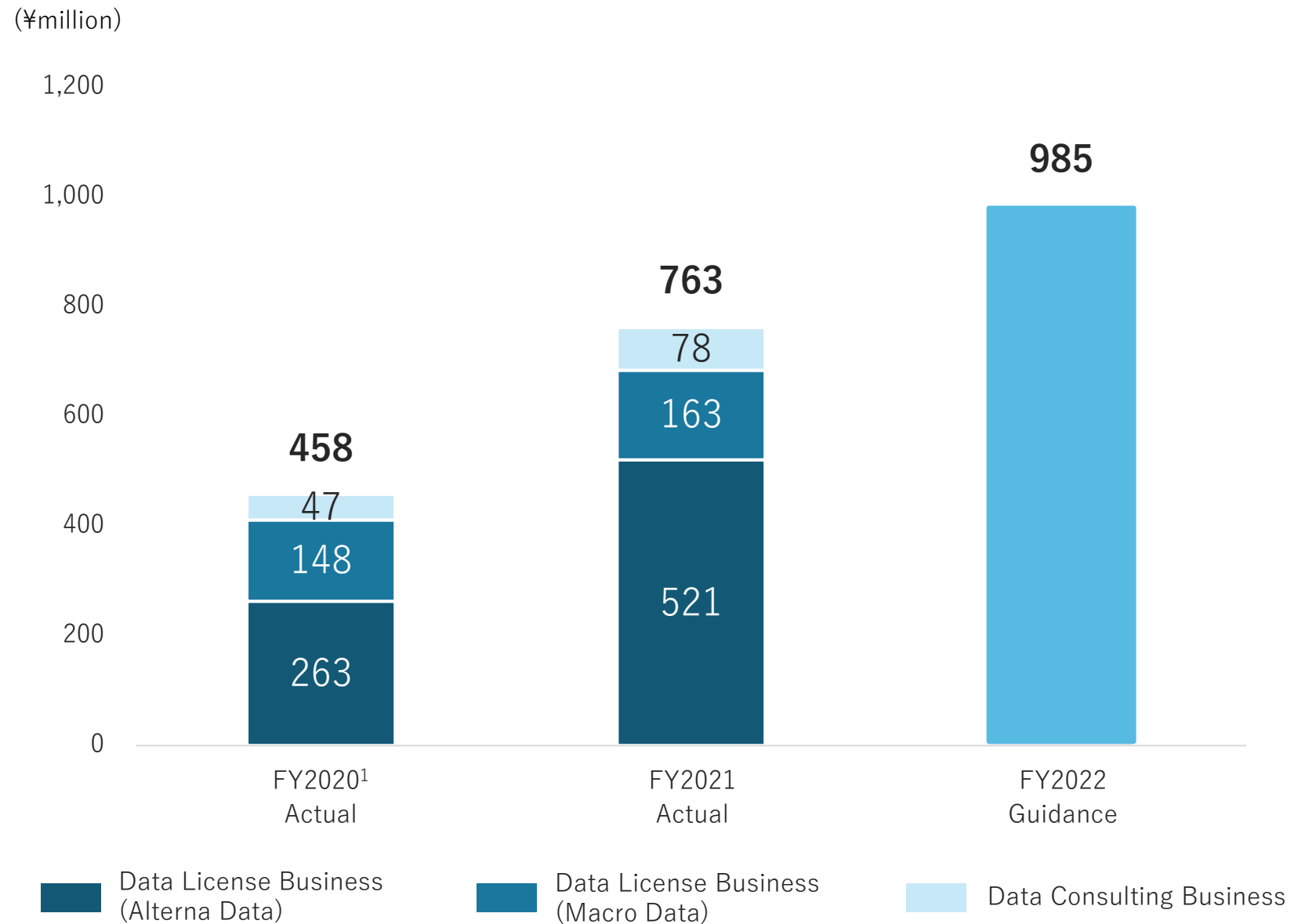
In FY2022, 4 new releases are planned so the number of partners is expected to increase to 8.



1. Including subsidiary Smartplus Small Amount Short-term Insurance which provides maternal and child insurance for pregnant women and hotel cancellation insurance via Inspire

Revenue Forecast

In addition to **increase in number of “Alterna Data” subscriptions**, we expect to **grow by +29% YoY** by the **newly launched marketing business**.

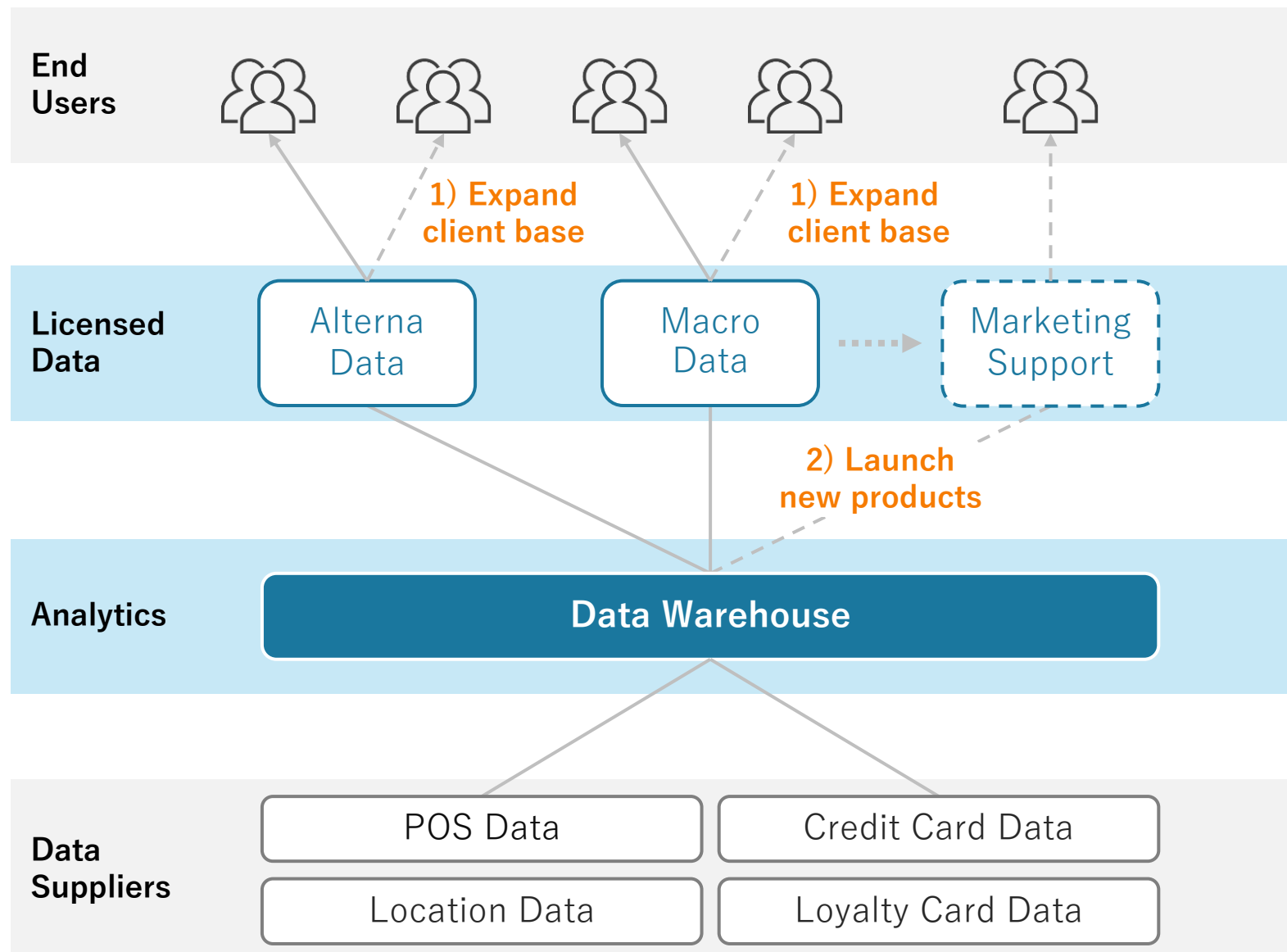


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Strategy

In order to maximize the value of data, we will 1) **expand the client base of each product** and 2) **launch new products**.

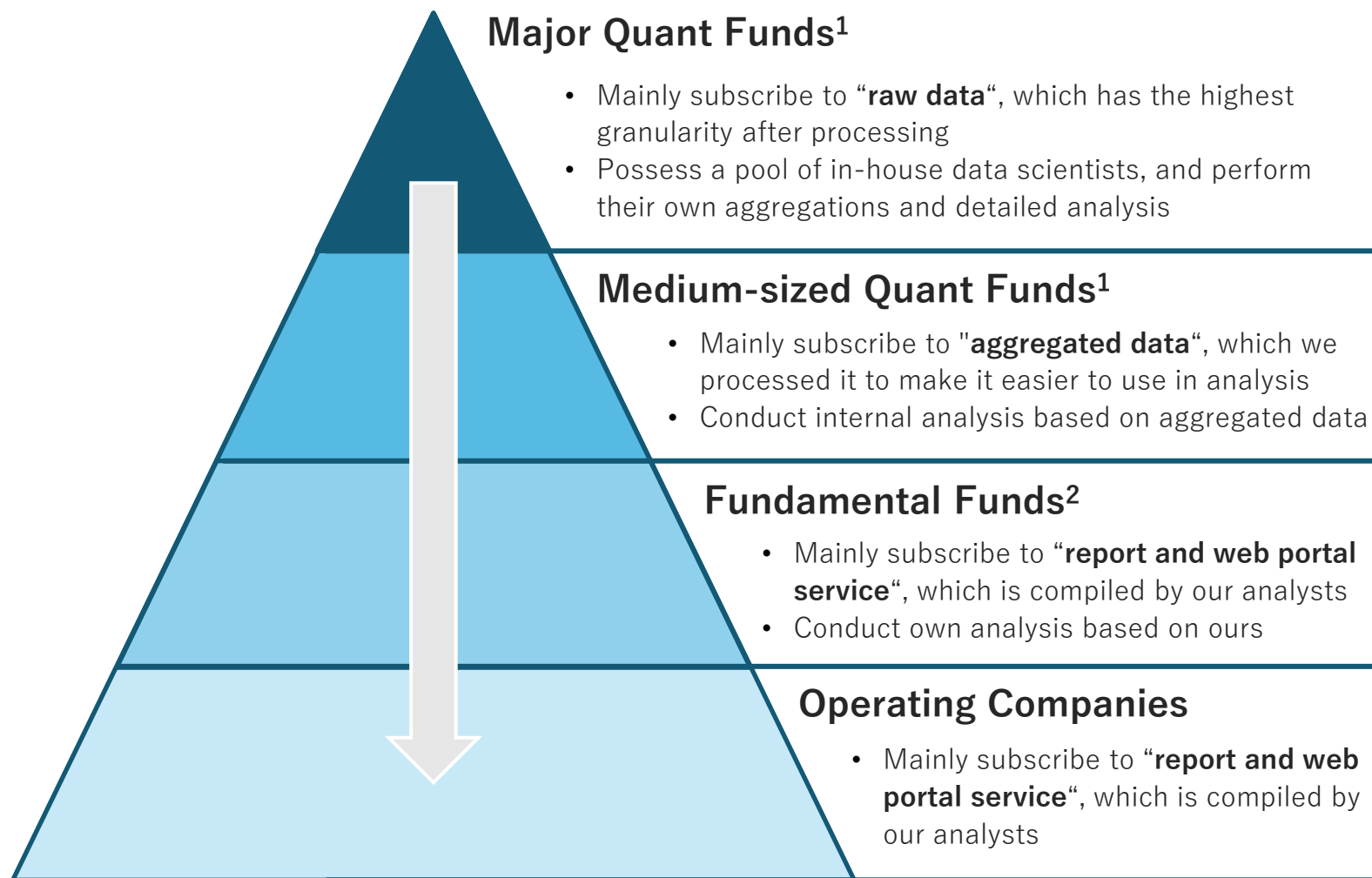
Particularly **focus on expansion of client base of “Alterna Data”** and **business expansion into the marketing business**.



1) Expand Client Base

The client base of “Alterna Data” has been mainly major quant funds.

In order to provide services to a wider range of clients, we have diversified data delivery methods and expanded analysis functions.

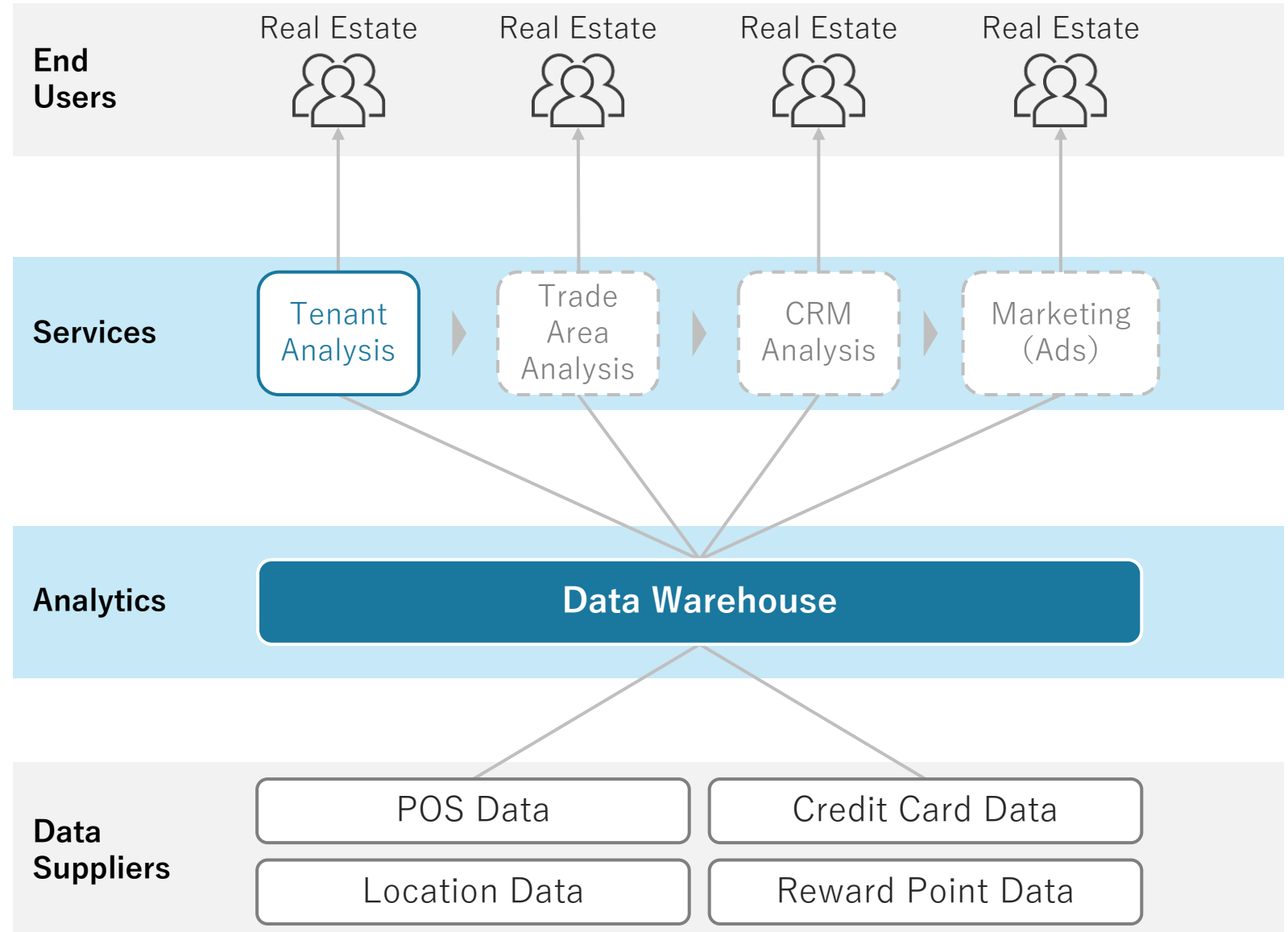


1. Institutional investors which make investment decisions based on quantitative forecast models
2. Institutional investors which makes investment decisions based on bottom-up corporate analysis

2) New Product Launch

Marketing support services by integrating multiple alternative data with our knowledge and experience.

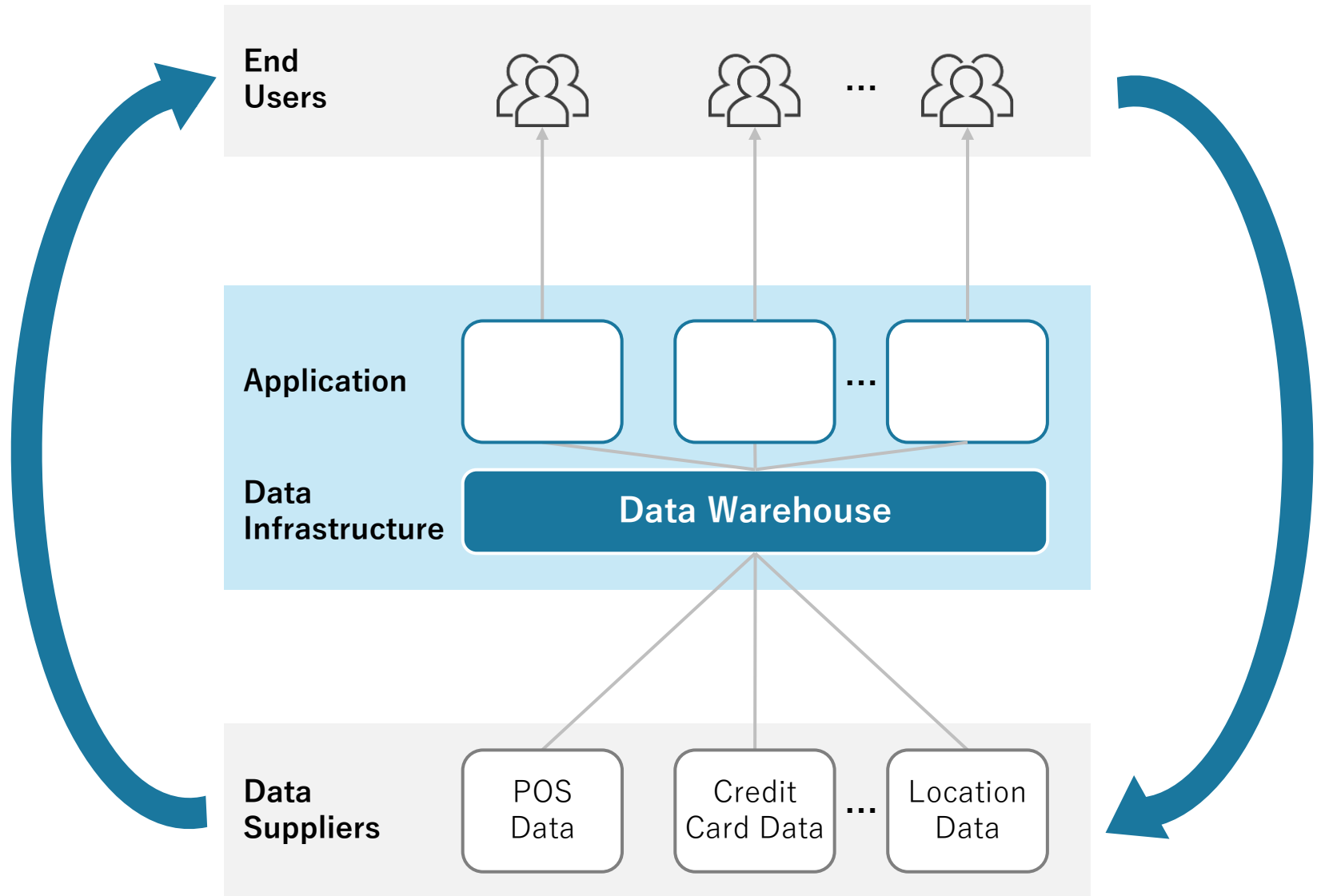
Start from real estate industry, supporting from tenant analysis to marketing.



Expand Data Source

Increase in data sources comes with a risk of lower revenue per data source in the short term.

Aim to strike a balance between application expansion which increases revenue per data source, and data source expansion.



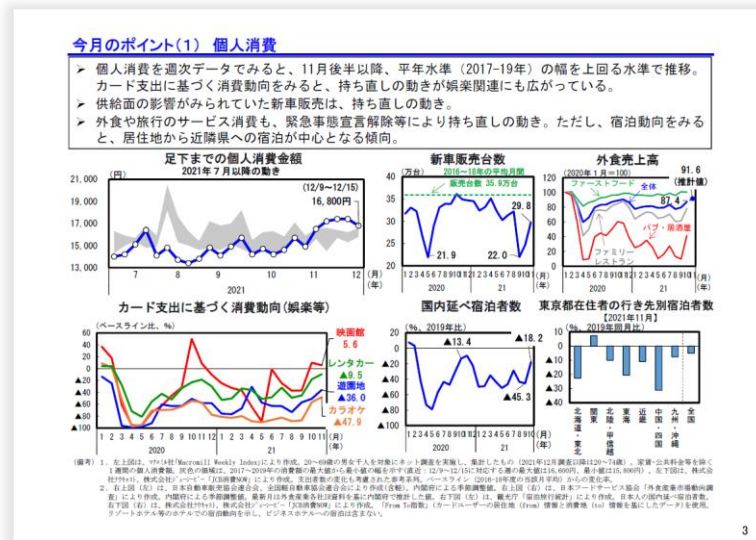
Brand Awareness

To further expand data sources, it is **important to gain recognition as a leading alternative data company.**

Government's use of our data in policy making and media exposure will continue to help raising brand awareness.

Use Cases for Government

Materials of the Ministerial Meeting on Monthly Economic Reports (December 21, 2021)



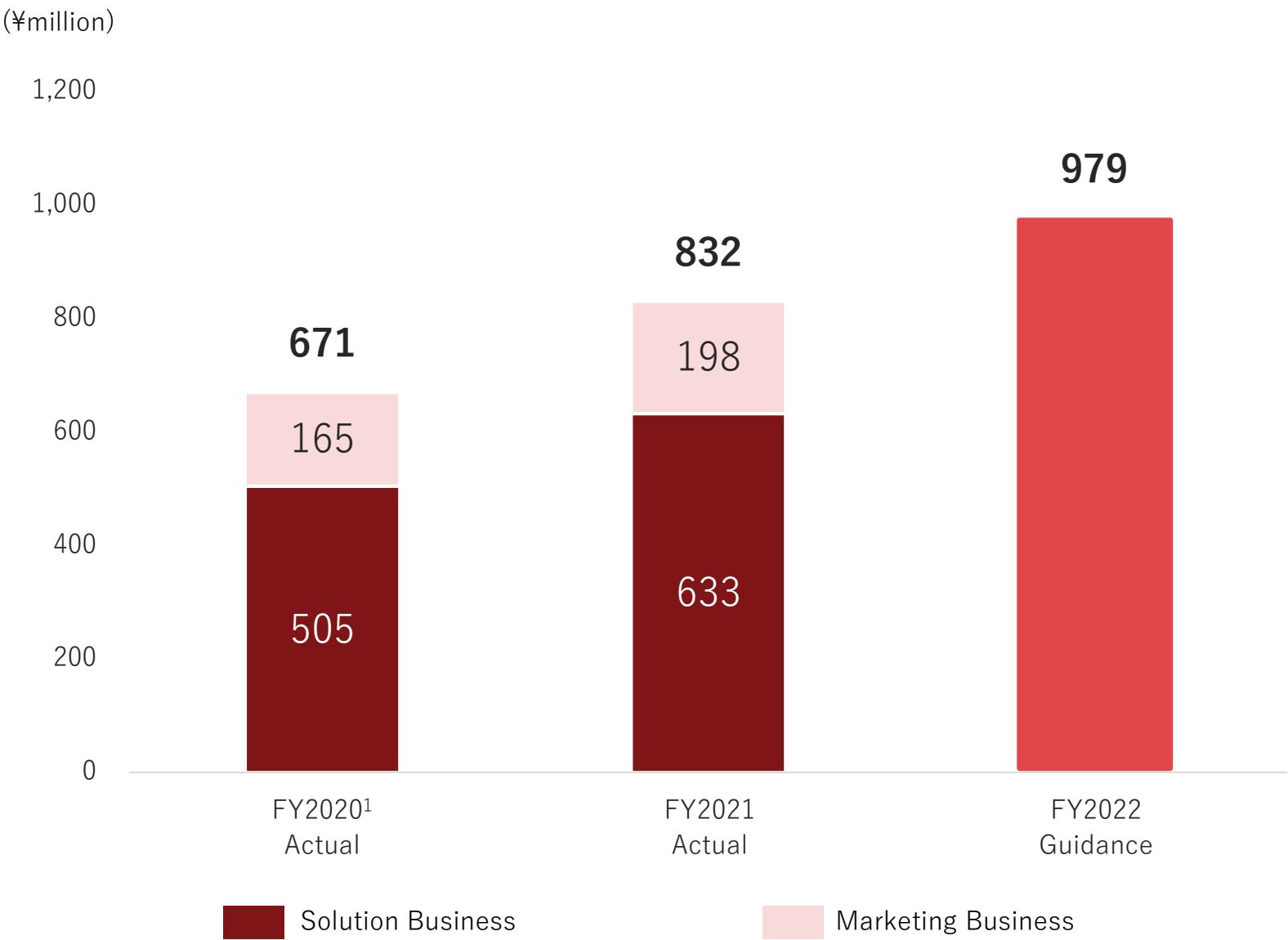
Media Exposure in FY2021¹

200times

1. Number of media exposure about subsidiary Nowcast itself and the data it provides

Revenue Forecast

+18% YoY growth
 expected, primarily
 contributed by the
 expansion of Solution
 Business.

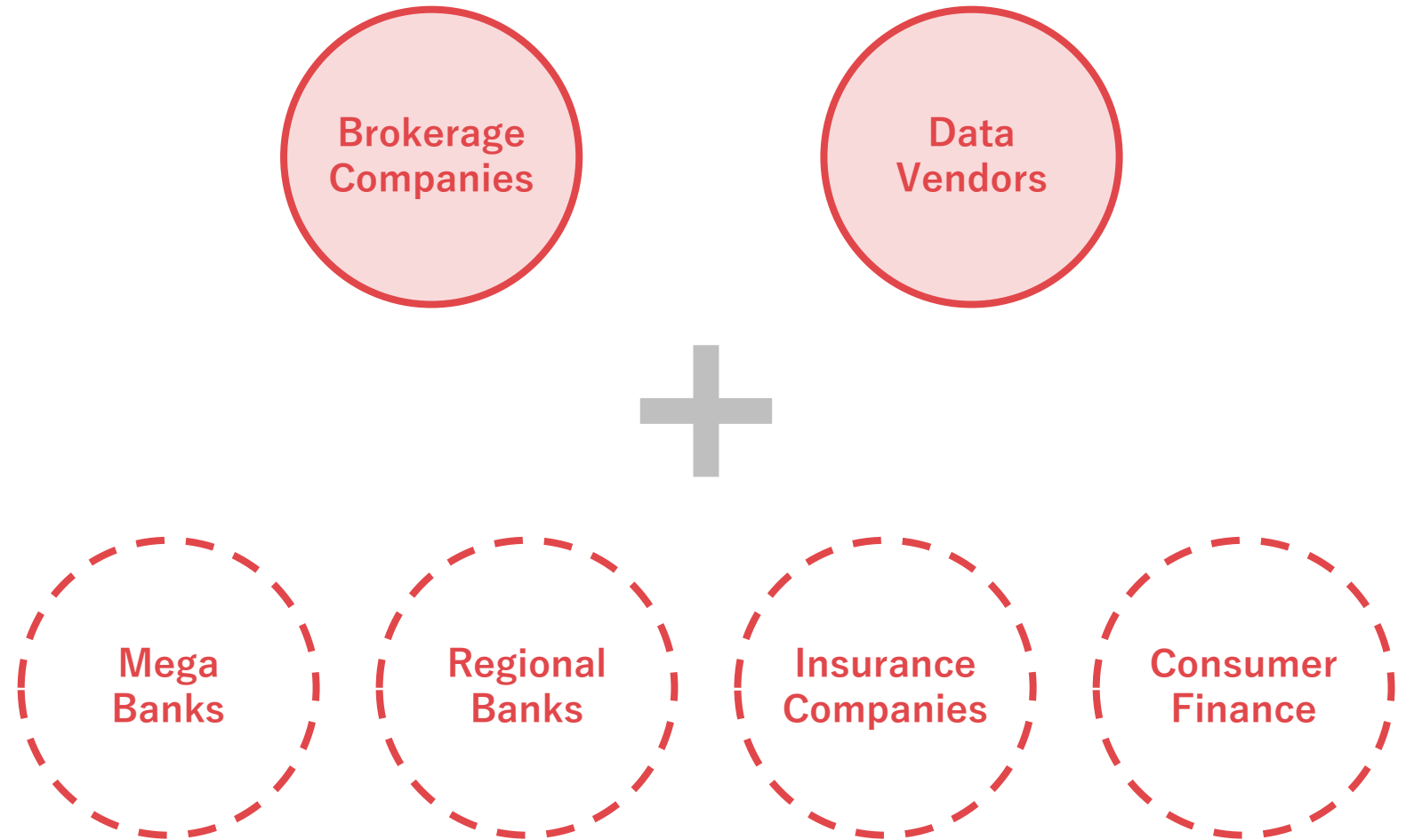


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Strategy

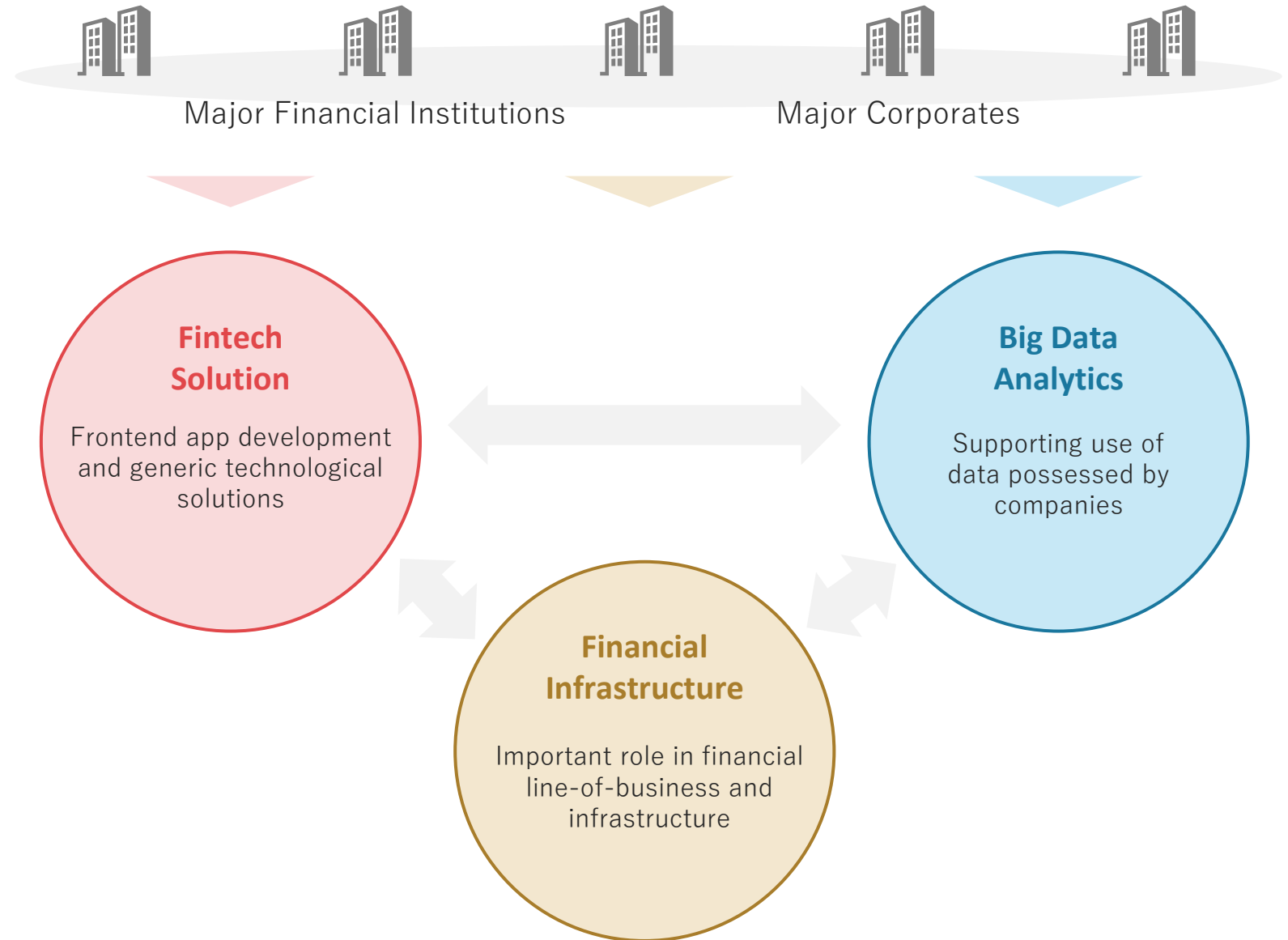
Brokerage companies and data vendors have been our main clients, but we aim to expand the customer base to major banks, regional banks, insurance, and consumer finance.

The projects with financial institutions will **lead to Financial Infrastructure business.**



Segment Integration

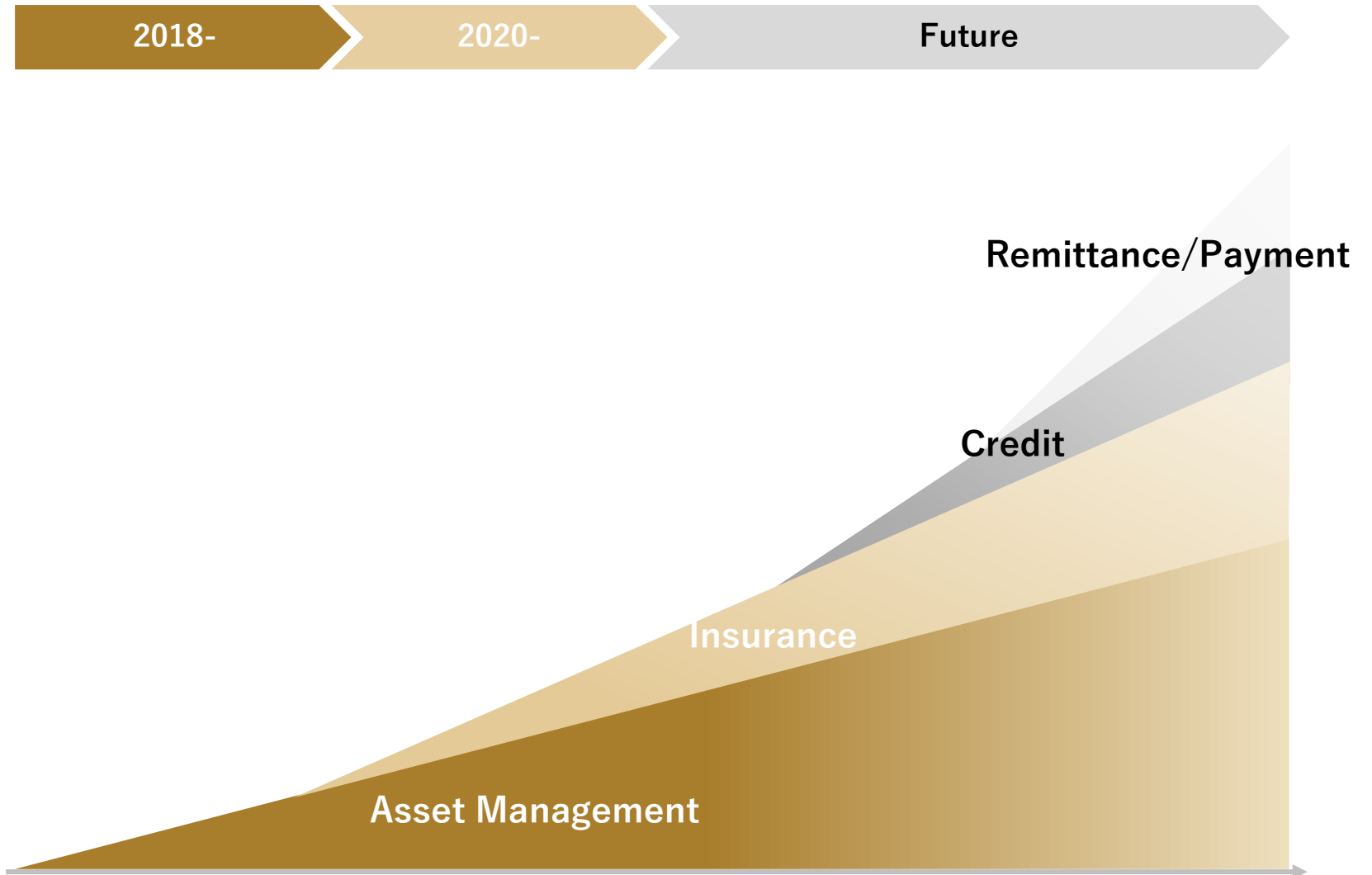
Especially Fintech Solution, while revenue is stable, it plays an important role in building connection with major financial institutions and acquiring new clients in other segments.



Long-term Strategy

Entered into asset management in 2018 and insurance in 2020.

Plan to enter credit and remittance / payment fields in the future.



New Business

Established Smartplus Credit Ltd. for the money lending business.

Name

Smartplus Credit Ltd.

Address

Sumitomo RD Kudan Bldg. 9F, 1-8-10, Kudankita, Chiyoda-ku, Tokyo 102-0073, Japan

CEO

Daisuke Takahira

Business

Money Lending (preparing to register)

Capital

¥250 million

Shareholding

Finatext Holdings Ltd. (100%)

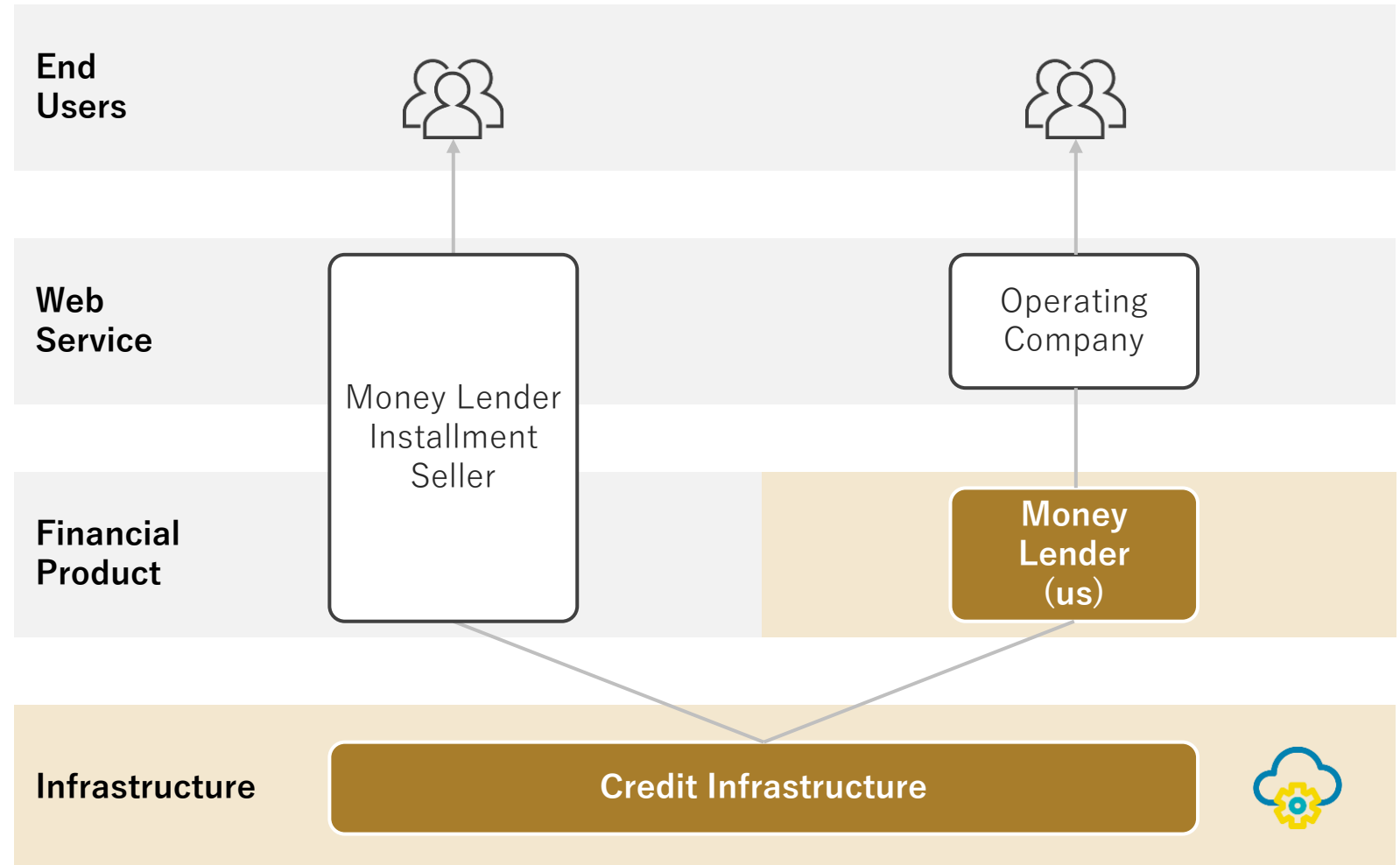
New Business

Focus on two areas:

① **DX Support** to money lender and installment seller via providing credit infrastructure.

② **Embedded Lending** via our money lender subsidiary to enable existing services to embed lending service.

- 1** DX support to Major Money Lender / Installment Seller
- 2** Embedded Lending



APPENDIX

APPENDIX

COMPANY OVERVIEW

Company Overview

Finatext is a technology company which provides next-generation cloud infrastructure for the asset management and insurance industries.

Company Name :	Finatext Holdings Ltd.
Address :	9F, Sumitomo RD Kudan Bldg. 1-8-10 Kudankita, Chiyoda-ku Tokyo, 102 0073 Japan
CEO:	Ryota Hayashi
Establishment Date:	December 27, 2013
Business :	Fintech Solution Big Data Analytics Financial Infrastructure
Number of Employees:	214 (as of June 30, 2022)

Corporate Structure

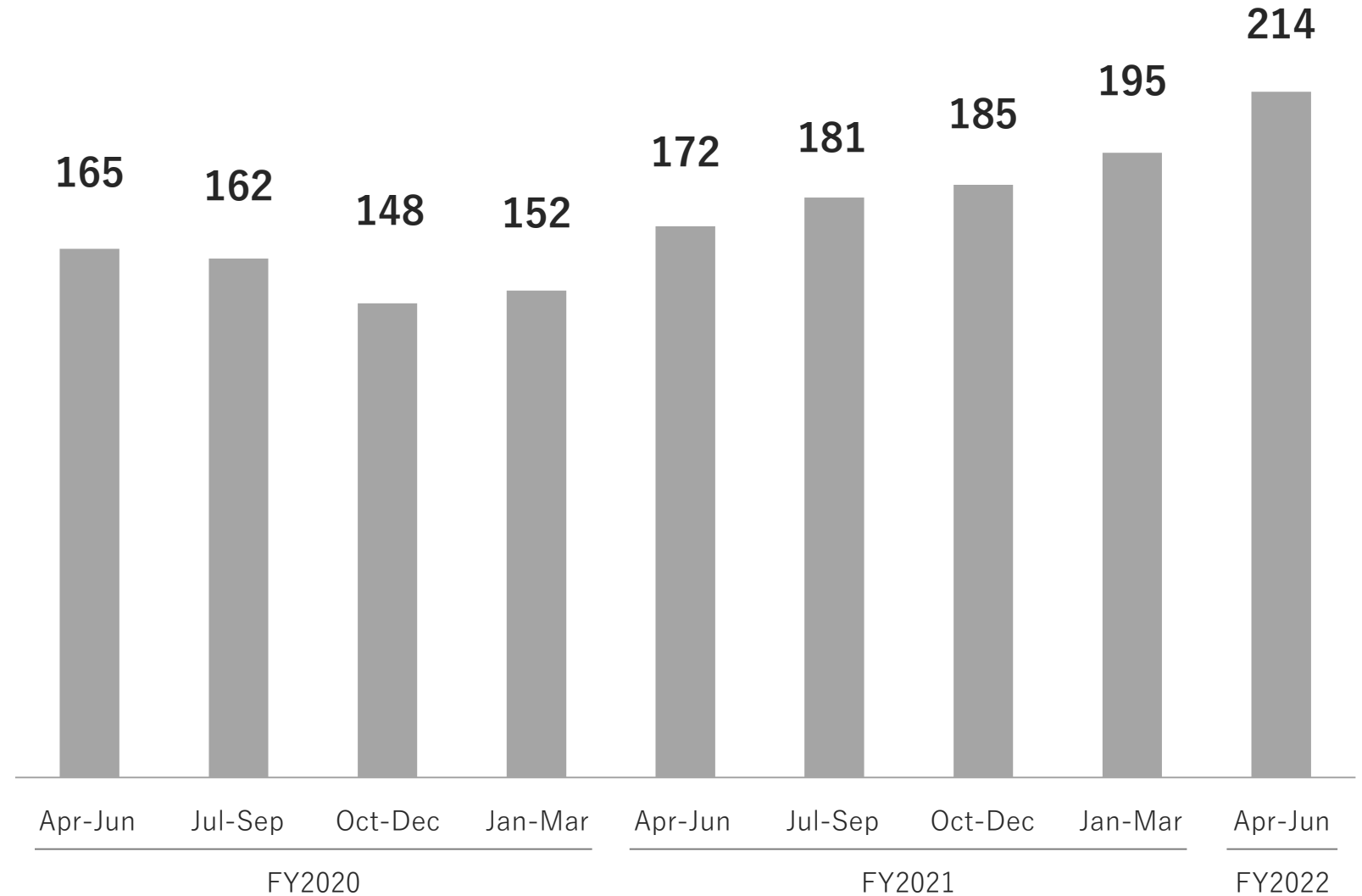
Subsidiaries	Ownership	# of Employees ¹	Business	Segment
FINATEXT HOLDINGS	-	12	Group Holding Company	
— Finatext	100%	66	Development of software & web apps for the group companies & financial institutions	Financial Infrastructure Fintech Solution
— K-ZONE	50.1%	0	Operation of investment education web service	Fintech Solution
— Nowcast	100%	25	Big data analytics service to institutional investors & government	Big Data Analytics
— Smartplus	85%	27	Online Broker & Asset Manager	Financial Infrastructure
— Smartplus SSI	90%	9	Small Amount and Short-term Insurance	Financial Infrastructure
— Smartplus Credit	100%	0	Preparation for lending business	Financial Infrastructure
— Teqnological	70%	5	Offshore outsourcing bridge	Fintech Solution
— Teqnological Asia	72% (50.4% ²)	70	Offshore Development for the group company in Vietnam	Fintech Solution

1. # of employees as of June 30, 2022

2. Indirect ownership ratio by Finatext Holdings Ltd.

of Employees

Although the number of employees decreased in Oct-Dec 2020 due to the exit of UK business, it has been increasing afterwards.



Staff Composition

Operations / Back Offices 18%

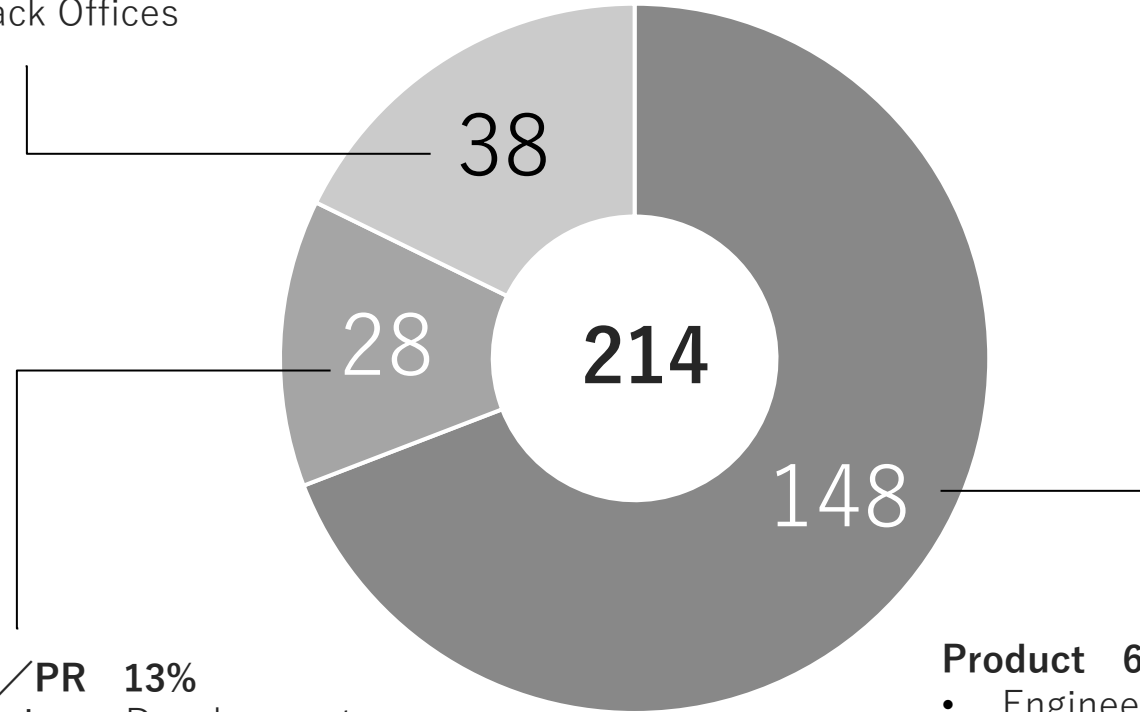
- Financial Operations
- Back Offices

Sales / PR 13%

- Business Development
- Promotion
- Research & Market

Product 69%

- Engineer
- Product Management
- Designer
- Web Director



1. Number of full-time employees as of June 30, 2022

Leadership



**Representative Director
CEO
Ryota Hayashi**

After working at Deutsche Bank in London and a hedge fund, Ryota co-founded Finatext in 2013. B.A. in Economics from The Univ. of Tokyo.



**Executive Director
CFO
Yuichiro Ito**

Yuichiro joined Finatext in 2016 after working IBD Div. in UBS Securities Japan for nearly 6 years. B.A. in Economics from The Univ. of Tokyo.



**Executive Director
CTO/CISO
Satoshi Tajima**

Satoshi joined Finatext in 2019 after working in VOYAGE GROUP (now CARTA HOLDINGS). Graduated from School of Information and Communication, Meiji University. CISSP holder.

Leadership

**Outside Director
Hideki Yamauchi¹**

Hideki Established Global Cyber Investment in 2000 after working at The Industrial Bank of Japan. He became a outside director of Finatext in 2016. B.A. in Economics from The Univ. of Tokyo.

**Statutory Auditor
Ryosuke Nomura²**

Ryosuke joined Edison Law Office as a lawyer in 2018 after working at several law offices. He became a statutory auditor of Finatext in 2020. B.A. in Laws from The Univ. of Tokyo.

**Statutory Auditor
Mamoru Sato²**

Mamoru began his career at Bankers Trust in Japan and served as CFO and Statutory Auditor at Citi in Japan. He became a statutory auditor of Finatext in 2019. B.A. in Economics from Senshu Univ.

**Statutory Auditor
Hisayori Kataoka²**

Hisayori established Hisayori Kataoka CPA Office in 2020 after working at Deloitte as a CPA. He became a statutory auditor of Finatext in 2021. B.A. in Economics from Keio Univ.

1. Hideki Yamauchi is an outside director.
2. Statutory auditors Mamoru Sato, Ryosuke Nomura and Hisayori Kataoka are outside statutory auditors.

APPENDIX

BUSINESS OVERVIEW

Revenue Type

One-off revenue received at the time of system implementation, and recurring revenue and usage-based revenue received subsequently.

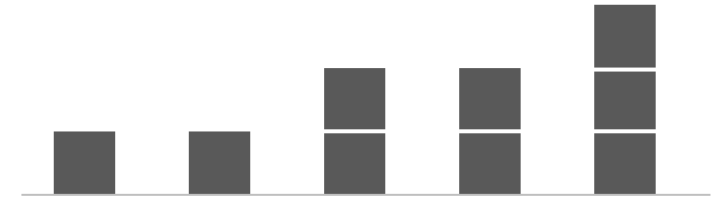
1 One-off

- One-off revenue received from partners at service implementation and additional development



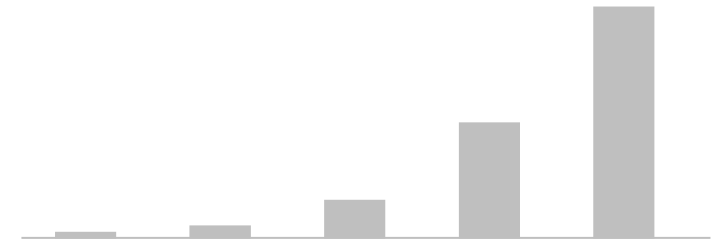
2 Recurring

- Recurring revenue received monthly from existing partners for operations



3 Usage-based

- Usage-based revenue according to AUM and insurance premium income

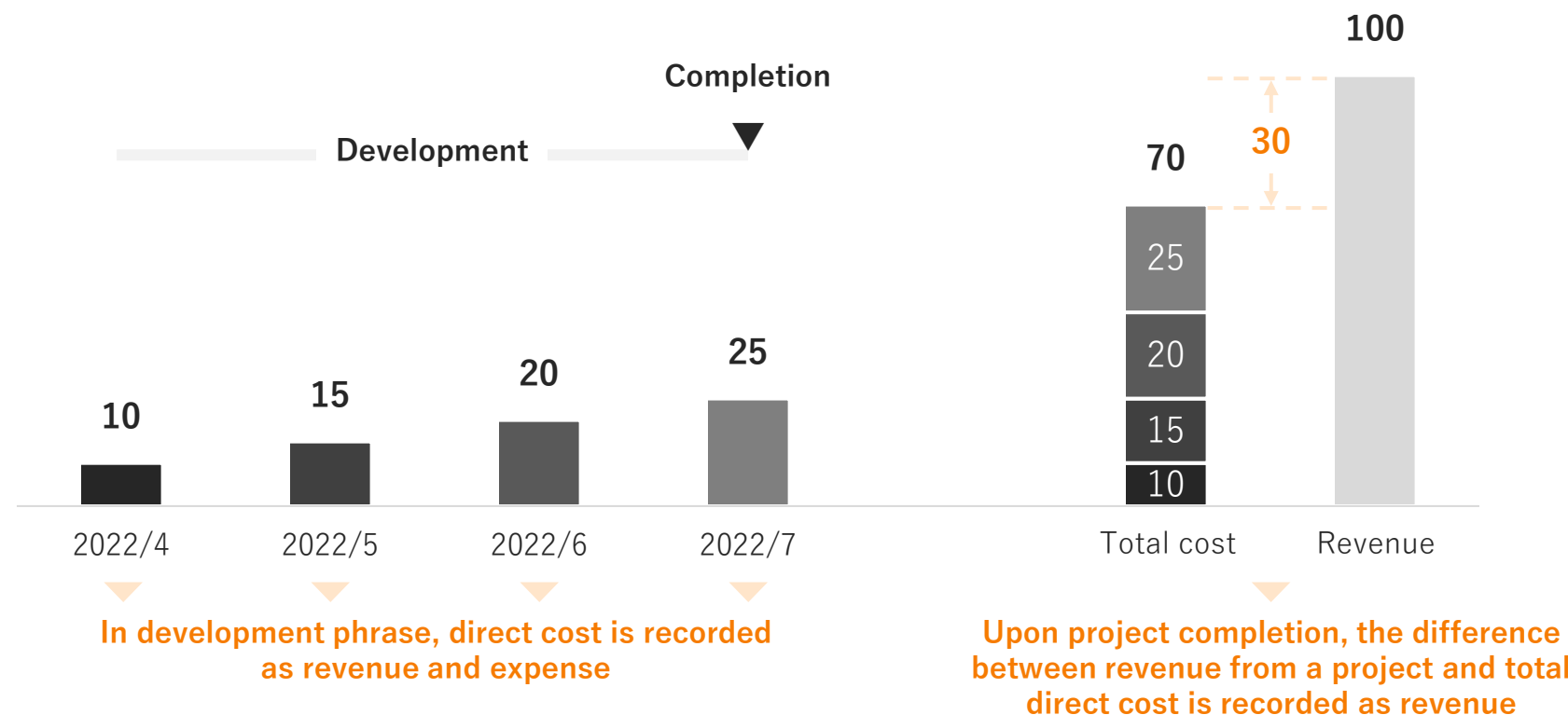


Revenue Recognition of Dev Projects

“Cost recovery method” is adopted in recording one-off revenue of development projects.

Although part of the revenue is recognized in development phrase, profitability tends to be low, because revenue and expenses are recorded in the same amount.

Project Direct Cost



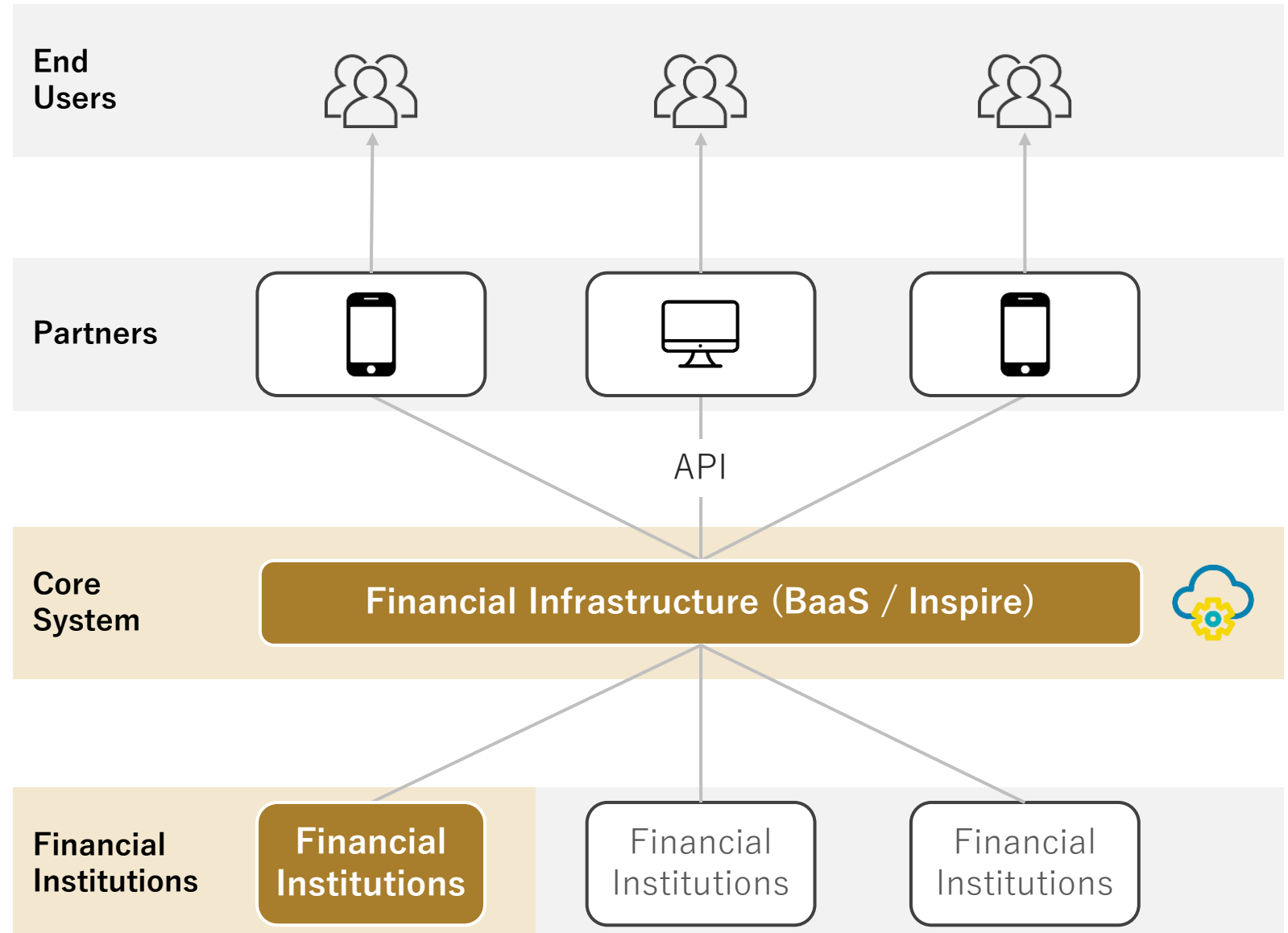
Revenue Recognition

	2022/4	2022/5	2022/6	2022/7
Dev	10	15	20	25
Completion				30
Total	10	15	20	55

Overview

Cloud-native and API-based modern financial infrastructure enables partners to install at low cost and embed functions seamlessly.

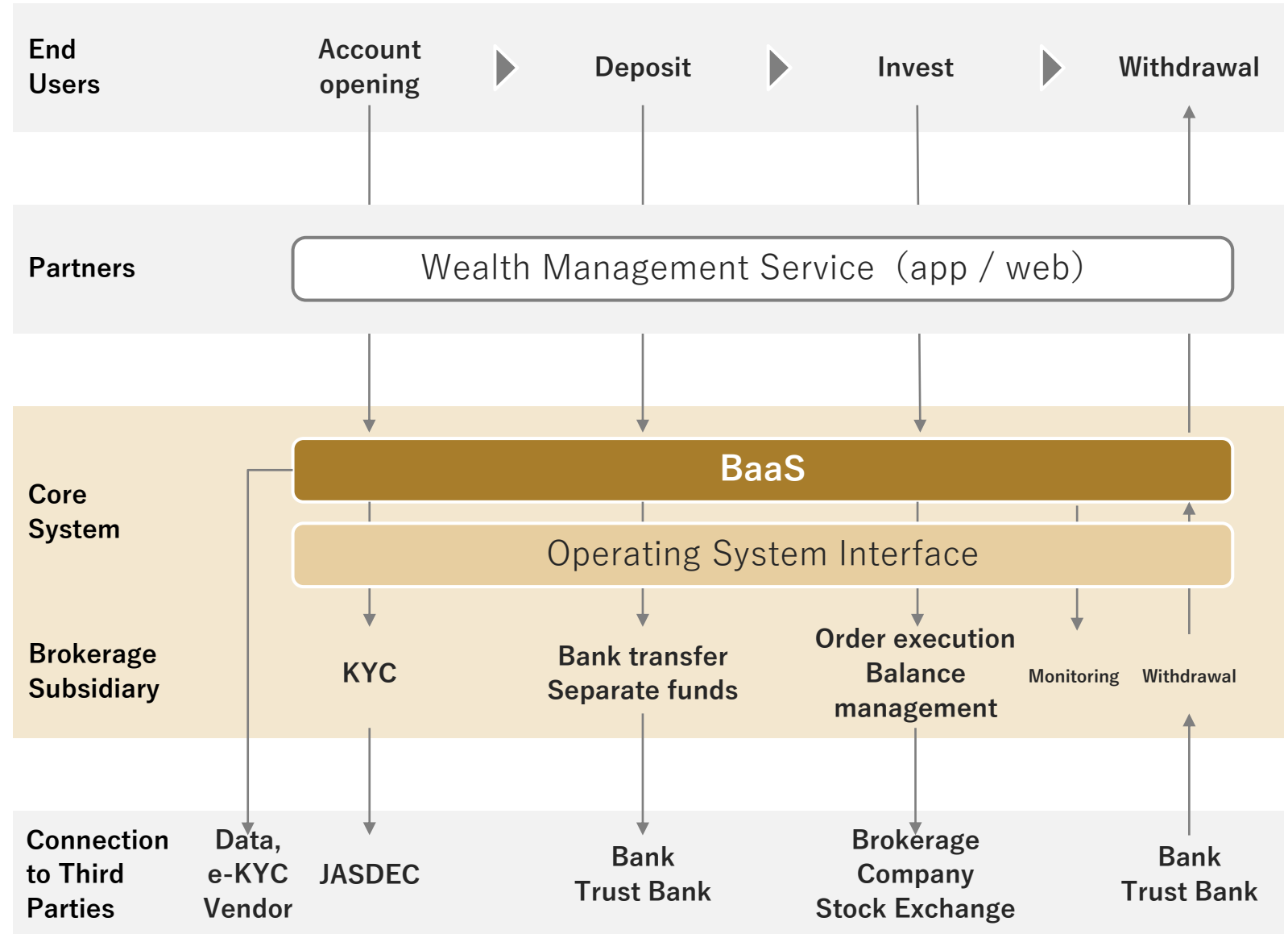
Provides 1) **BaaS** for wealth management providers and 2) **Inspire** for insurance providers.



1) BaaS

Cloud-native, API-based infrastructure BaaS for wealth management providers.

Partners can launch wealth management services at low cost by managing the various external connections on the cloud.



1) Services on BaaS

5 services in operation currently.

Focus on **Digital Wealth Management**: aim to democratize high-quality financial services by using technologies and;
Embedded Investment: seamlessly integrate with existing services to develop a new customer base.

Digital Wealth Management

- Integrating online and offline allows high-quality wealth management services to be provided to more customers.
- Providing a platform that can implement discretionary investment service at a low cost, with tools for sales representatives.

Services



Wealth Wing
(ANA X)



JAM WRAP
(JAM)



Goal Navi
(Nissay AM)

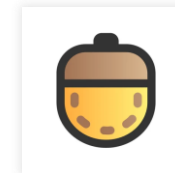
Embedded Investment

- Players with large customer bases leverage their customer contact and context to reach potential users of a financial service.
- Supporting from service planning to provide investment services tailored to the partner

Services



Stream
(Owned)

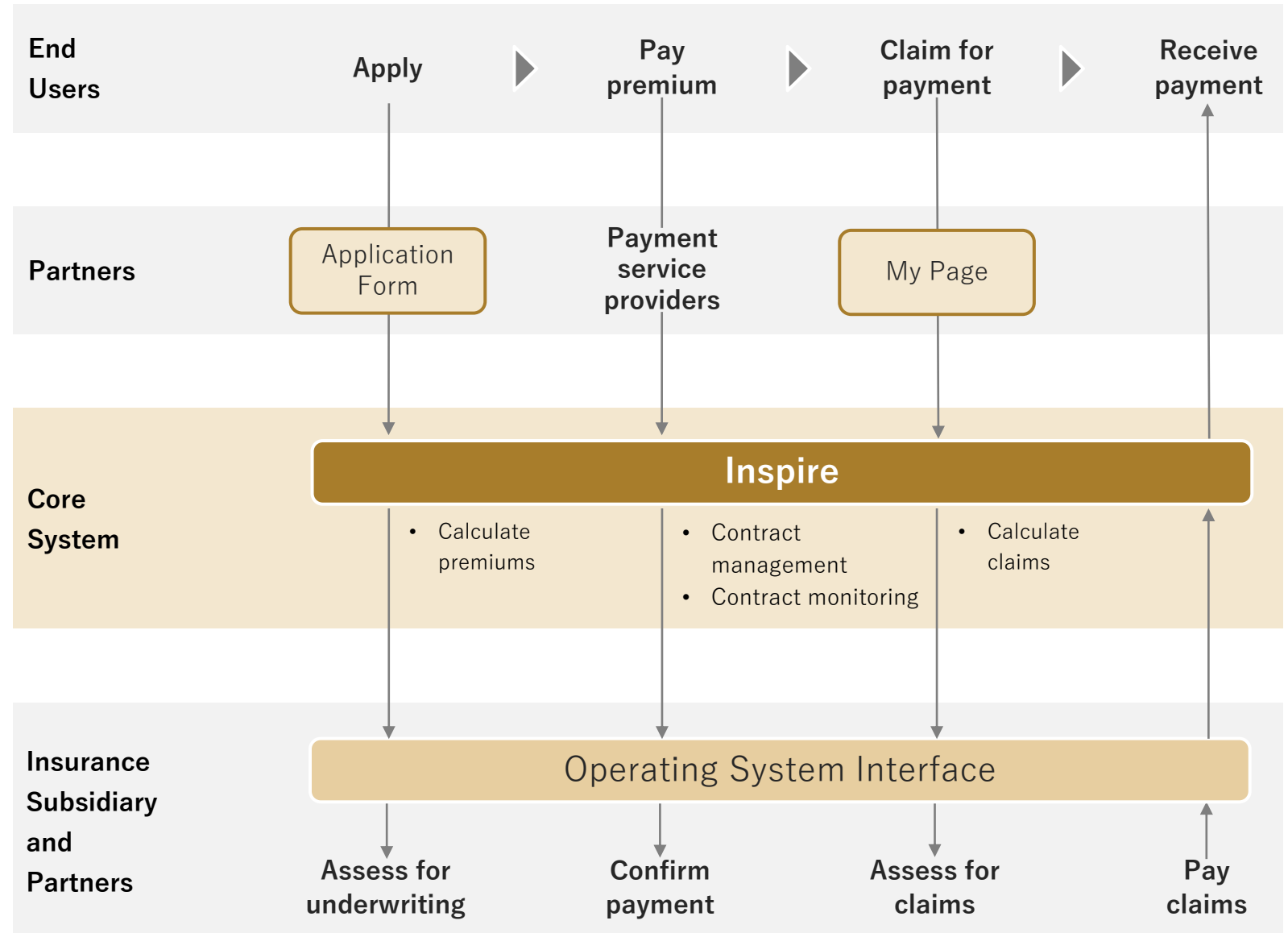


Saison Pocket
(Credit Saison)

2) Inspire

Cloud-native, API-based infrastructure Inspire for insurance providers.

Enables partners to expand their business by putting new insurance products on the market in a short time with low cost.



2) Clients of Inspire

Provided to 4 companies, including our small amount short-term insurance subsidiary.

Support a wide range of insurance products from small amount short-term insurance to non-life insurance, from individuals to business entities.

1. Aioi Nissay Dowa Insurance

Policy

- Consumer Domestic Travel Insurance (Non-life Insurance), Corporate Cyber Insurance (Non-life General Insurance)

Overview

- System introduced to provide general insurance on their own websites and apps
- Capable to handle not only B2C, but also B2B general insurance

2. EPOS Small Amount Short-term Insurance

Policy

- Life Support Insurance (Small Amount Short-term Insurance)

Overview

- System introduced for online sales of EPOS SAST Life Support Insurance

3. Nissay Plus Small Amount Short-term Insurance

Policy

- Maternity Medical Insurance (Small Amount Short-term Insurance)

Overview

- System introduced as core infrastructure to develop and provide insurance products that precisely meet customer needs

4. Smartplus Small amount Short-term Insurance

Policy

- Pregnancy Insurance, Cancellation Insurance (Small Amount Short-term Insurance)

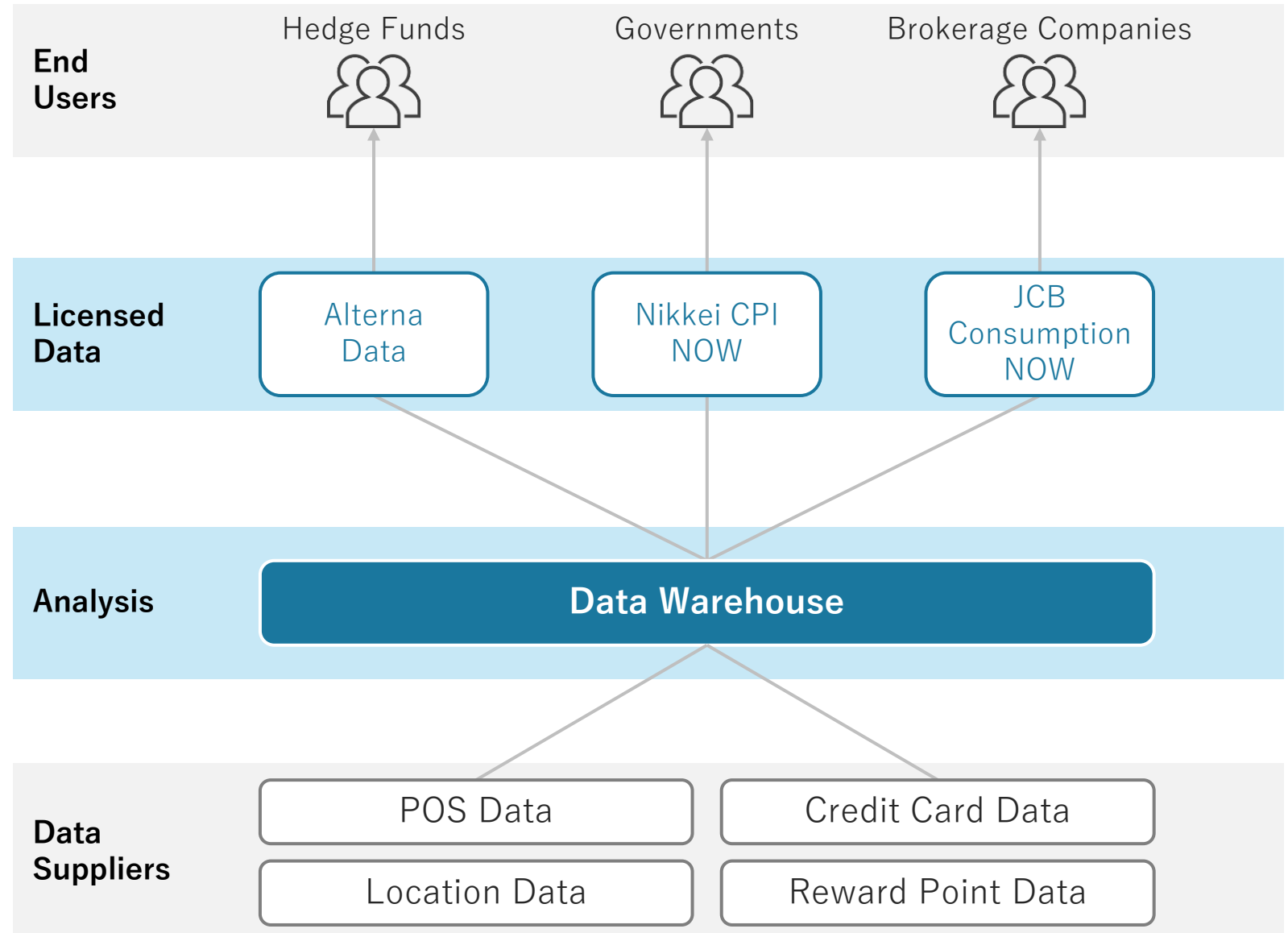
Overview

- As the insurance subsidiary of our group, introduced as an infrastructure to quickly provide unprecedented and unique insurance that meets the precise needs of partners

Overview

An alternative data provider for institutional investors and governments.

Receives data from third-party data suppliers and sells value-added data using proprietary technologies such as cleansing, mastering and modeling.



Data License

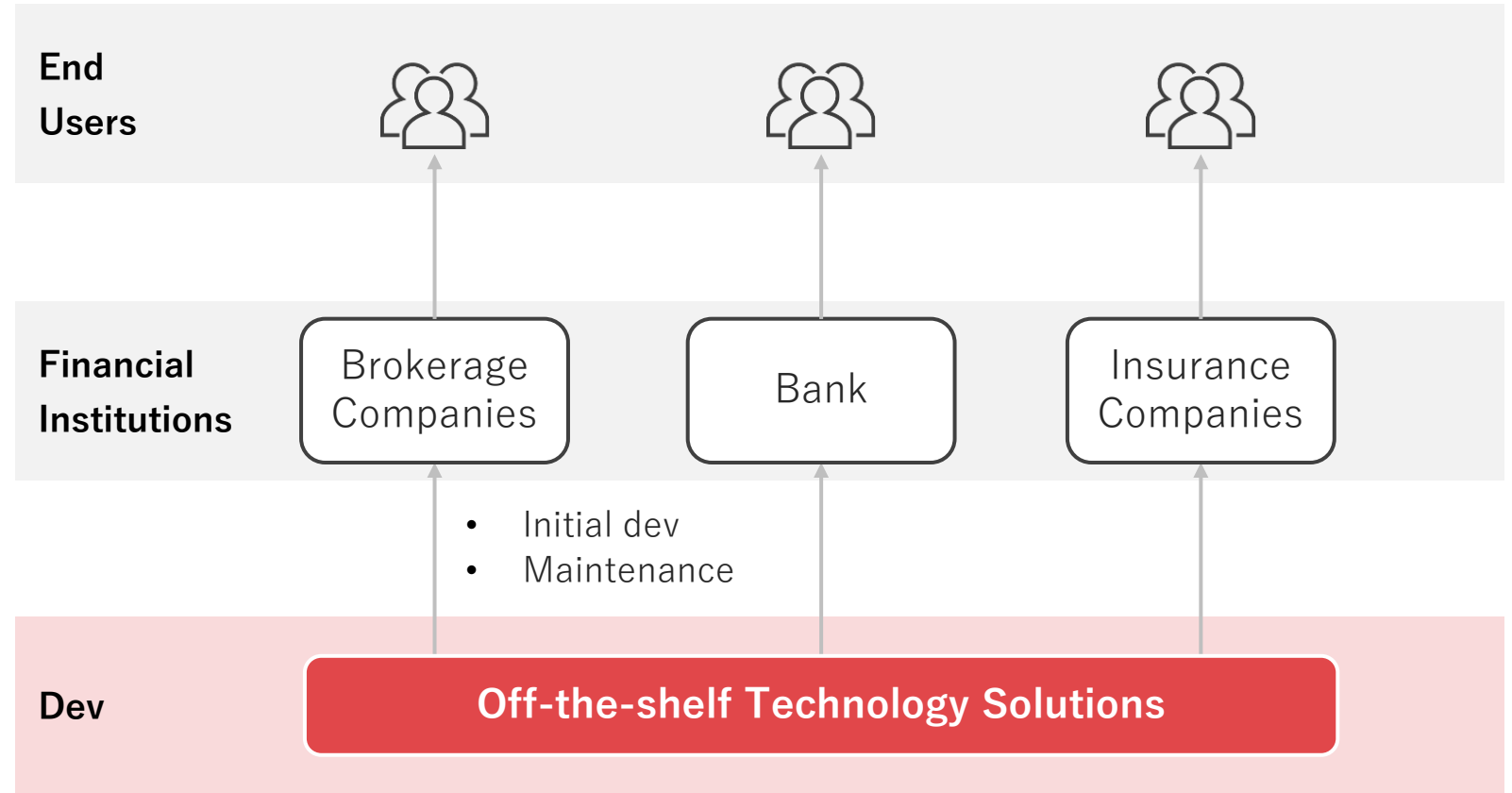
Provides *Alterna Data* for corporate analysis and *Nikkei CPI NOW* and *JCB Consumption NOW* for economic research.



	Alterna Data	Nikkei CPI NOW	JCB Consumption NOW
Overview	<ul style="list-style-type: none"> • Provide data for corporate analysis, such as sales, pricing, and unit price per customer • Provide insightful indexes derived from our data models 	<ul style="list-style-type: none"> • Provide daily consumer price indexes using POS data • The indexes are mainly used to monitor inflation rate in Japan 	<ul style="list-style-type: none"> • Provide bi-weekly consumption indexes using credit card data • The indexes are classified by industries, location of retailers and types of consumers
Data Partners	<ul style="list-style-type: none"> • Nikkei • True Data • KDDI • CCC Marketing • BCN etc. 	<ul style="list-style-type: none"> • Nikkei 	<ul style="list-style-type: none"> • JCB
Data	<ul style="list-style-type: none"> • POS data • Location data • Reward point data • Credit card data 	<ul style="list-style-type: none"> • POS data 	<ul style="list-style-type: none"> • Credit card data

Overview

Develops front-end applications and provides off-the-shelf technology solutions to financial institutions to accelerate their DX.



Clients (Published)

- KDDI
- Daiwa Brokerage
- Nomura Holdings
- Rakuten Brokerage
- MUFG Bank
- SMBC Nikko
- Nomura Asset Management
- GMO Click Brokerage

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F I N A T E X T

Reinvent Finance as a Service