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Summary of Financial Statements for Fiscal 2021 <under Japanese GAAP>

November 8, 2021

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE 2nd Section)
(URL: http://www.fgi.co.jp/ english) TEL: +81-50-5864-3978
Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Executive Vice President, Senior Executive Officer Name: Seigo Washimoto
Scheduled date of General Shareholders' Meeting: December 21, 2021
Scheduled date to submit securities report: December 22, 2021

(Rounded down to the nearest million)

1. Consolidated Operating Results, Financial Position and Cash-Flows for fiscal 2021 (October 1, 2020– September 30, 2021)

(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	%
Fiscal 2021	8,107	18.5	178	—	115	—	130	—
Fiscal 2020	6,841	(25.4)	(992)	—	(1,135)	—	(1,186)	—

(For reference) Comprehensive income: 75 million yen for fiscal 2021 (—%)
(1,517) million yen for fiscal 2020 (—%)

	Net income/(loss) per share	Net income/(loss) per share (diluted)	Return on equity (ROE)	Return on assets (ROA)	Return on sales (ROS)
	Yen	Yen	%	%	%
Fiscal 2021	0.65	0.65	2.1	0.7	2.2
Fiscal 2020	(5.90)	—	(17.3)	(6.4)	(14.5)

(For reference) Share of profit(loss) of entities accounted for using equity method 6 million yen for fiscal 2021
(27) million yen for fiscal 2020

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2021	16,457	7,439	38.5	31.47
Fiscal 2020	16,583	7,304	37.7	31.12

(For reference) Shareholders' equity: 6,328 million yen for fiscal 2021
6,258 million yen for fiscal 2020

(3) Consolidated cash flows (Unit: Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal 2021	747	(173)	(360)	2,379
Fiscal 2020	680	(282)	(767)	2,142

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (DOE) (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2020	—	0.00	—	0.00	0.00	−	—	—
Fiscal 2021	—	0.00	—	0.00	0.00	−	—	—
Fiscal 2022 (Forecast)	—	0.00	—	0.00	0.00		—	

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/(loss) 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

(Note) Forecast for the first two quarters of fiscal year ending September 30, 2022 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) Changes in accounting policies, changes in accounting estimates, and restatements:

(a). Changes in accounting policies required by accounting standard: None
(b). Changes other than those in (a) above: None
(c). Changes in accounting estimates: None
(d). Restatements: None

(3) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock):	201,115,600 shares for fiscal 2021
	201,114,600 shares for fiscal 2020
2. Number of shares of treasury stock:	- shares for fiscal 2021
	- shares for fiscal 2020
3. Average number of shares issued during the period	201,115,452 shares for fiscal 2021
	201,113,873 shares for fiscal 2020

(For reference) Summary of non-consolidated operating results and financial position

1. Non-consolidated operating results and financial position for fiscal 2021
(October 1, 2020 – September 30, 2021)

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

	Revenues		Operating income		Ordinary profit		Net income/(loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2021	1,782	62.2	321	―	134	―	(238)	―
Fiscal 2020	1,098	(5.2)	(524)	―	(517)	―	(2,152)	―

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2021	(1.19)	―
Fiscal 2020	(10.70)	―

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2021	8,575	5,812	67.0	28.59
Fiscal 2020	8,669	6,025	68.9	29.72

(For reference) Shareholders' equity: 5,749 million yen for fiscal 2021, and 5,977 million yen for fiscal 2020

* This summary of financial statements is exempt from the audit 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 Consolidated Operating Results and Financial Position

(1) Consolidated Operating Results

In fiscal 2021—the consolidated accounting period for FinTech Global Incorporated (FGI), ended September 30, 2021—the investment banking business pursued arrangement activities, driven by a strategy to reinforce private equity investment geared to such issues as business succession. In the entertainment service business, licensing-related operations benefited from stronger branding capabilities, which fueled expansion in domestic demand for Moomin products. However, the guest count at Metsä ran sluggish after a second state of emergency was called in January 2021, due to a resurgence in COVID-19 cases. Consequently, the segment remained focused on an account-balancing strategy designed to reduce costs.

Consolidated business performance was good, underpinned by the investment banking business, which enjoyed brisk private equity deal formation and exit activity and favorable demand for aircraft asset management services and thus offset sluggish results by the Metsä business. Revenues climbed 18.5% year on year, to ¥8,107 million, and gross profit jumped 45.7% year on year, to ¥3,370 million, reflecting revenue growth, particularly from arrangement services on investment banking deals which have low cost of revenue. Selling, general and administrative expenses dropped 3.4% year on year, to ¥3,192 million, thanks to sustained progress since the previous fiscal year on cost reduction at Metsä. Consequently, FGI rebounded out of the red zone, reversing from the operating loss of ¥992 million in fiscal 2020 to operating income of ¥178 million in fiscal 2021, replacing the ordinary loss of ¥1,135 million in the previous fiscal year with ordinary income of ¥115 million, and showing income attributable to owners of the parent, at ¥130 million, instead of a loss, at ¥1,186 million, in fiscal 2020.

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY Change
Revenues	6,841	8,107	1,266
Investment banking business	2,525	4,061	1,536
Public management consulting business	253	242	(11)
Entertainment service business	4,304	4,106	(197)
Elimination	(242)	(303)	(60)
Gross profit	2,313	3,370	1,057
Investment banking business	1,482	2,725	1,243
Public management consulting business	151	148	(2)
Entertainment service business	797	632	(165)
Elimination	(118)	(136)	(18)
Operating income/ (loss) [Segment income/ (loss)]	(992)	178	1,171
Investment banking business	109	1,303	1,193
Public management consulting business	(15)	(3)	11
Entertainment service business	(515)	(501)	14
Elimination or corporate expenses	(571)	(619)	48
Ordinary profit / (loss)	(1,135	115	1,251
Income (Loss) before income taxes	(1,444)	118	1,562
Profit/ (Loss) attributable to owners of the parent	(1,186)	130	1,316

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

a. Investment Banking Business

The investment banking business was involved in several arrangements, mostly related to business succession, and the associated private equity investments reached a point for exit. In aircraft asset management operations, the COVID-19 pandemic led to an increase in requests from financial institutions and owners (lessors) for technical services, such as aircraft inspection and aircraft returns. This pushed revenues upward.

As a result, the investment banking business generated ¥4,061 million in revenues, soaring 60.8% year on year. Segment income skyrocketed 1,087.0%, to ¥1,303 million.

b. Public Management Consulting Business

In the public management consulting business, the public accounting business directed efforts into marketing activities to promote consultations for creating financial documents based on unified standards for local governments as well as contract services, including preparation of financial analysis reports, introduction of public enterprise accounting and the formation of management strategies for public enterprises, with a particular emphasis on large local governments and authorities. As the segment was pursuing this focus, in January 2021, the Ministry of Internal Affairs and Communications asked local government offices to conduct a review of their respective public facility management plans, based on individual facilities plans, by March 2022. The segment therefore actively pushed ahead on marketing activities related to services to help local governments execute these reviews.

Meanwhile, the regional revitalization business focused on contract services, including discussions pursuant to the introduction of public-private partnership/public financial initiative techniques, for which demand is expected to grow.

The segment saw revenues slip 4.5% year on year, to ¥242 million, and while a loss of ¥3 million was recorded, it was an improvement over the ¥15 million loss booked a year ago.

c. Entertainment Service Business

Moomin Monogatari’s Moominvalley Park and Rights and Brands Japan’s Moomin character licensing business are the two wheels of the entertainment service business cart. The basic strategy for the segment hinged on expanding licensing fees by reinforcing Moomin branding activities to drive demand in Japan.

In Metsä operations, which include Moominvalley Park, Moomin Monogatari, Ltd., implemented thorough measures to prevent the spread of COVID-19 and then worked to draw guests to the site with efforts emphasizing improved event content, more appealing presentations that make use of the surrounding environment, and more ways to get to Metsä. The guest count at Metsä charted an upward trajectory in the first quarter of fiscal 2021, compared with the immediately preceding fourth quarter of fiscal 2020, rising 37.2%, to 240,000 people. However, from the second quarter onward, the guest count trended low, mainly due to the declaration of additional states of emergency, which led to a 4.0% year-on-year drop in annual attendance, to 740,000 people. As a result, Metsä-related revenues fell 18.4%, to ¥2,346 million.

In the licensing-related business, Rights and Brands Japan handles all Moomin character licensing in Japan, excluding rights to translation/publication of books, theme park operation and theatrical productions. While the pandemic created marketing challenges, overall licensing revenues grew. The company threw itself into PR activities to boost the brand value of Moomin characters and joined licensees in various plans to attract market attention. As a result, licensees were able to capture stay-at-home demand for everyday items during the pandemic as well as casual wear and other character merchandise, which led to higher licensing income. Consequently, licensing-related revenues jumped 23.3% year on year, to ¥1,759 million.

All told, the entertainment service business recorded revenues of ¥4,106 million, down 4.6% year on year. The segment showed an operating loss, at ¥501 million, but this was a slight improvement over the ¥515 million loss booked in the previous fiscal year.

(2) Consolidated Financial Position

Current Assets

Current assets amounted to ¥9,167 million as of September 30, 2021, up 4.1% from a year earlier. The primary components of this change were increases of ¥217 million in cash and time deposits and ¥189 million in accounts receivable, trade, which overshadowed decreases of ¥85 million in investments in securities, trade, down despite new investments into growth companies, because of progress on the sale of real estate beneficiary rights and allocation to existing investments, and ¥59 million in loans receivable, trade.

Noncurrent Assets

Noncurrent assets settled at ¥7,290 million as of September 30, 2021, down 6.3% from a year earlier. The main components of this change were decreases of ¥186 million in buildings and structures (net), due to depreciation and amortization of buildings and interior and exterior fixtures at Moominvalley Park, and ¥273 million in tools, furniture and fixtures (net).

Current Liabilities

Current liabilities stood at ¥2,391 million as of September 30, 2021, up 2.5% from a year earlier. The change is largely due to increases of ¥21 million in accounts payable, trade, ¥55 million in short-term loans payable, ¥24 million in lease obligations and ¥112 million in payables in the other category, which offset a decrease of ¥221 million in current portion of long-term loans payable.

Noncurrent Liabilities

Noncurrent liabilities amounted to ¥6,626 million as of September 30, 2021, down 4.6% from a year earlier. This change reflects decreases of ¥84 million in long-term loans and ¥193 million in lease obligations associated with internal and external fixtures at Moominvalley Park.

Net Assets

Net assets amounted to ¥7,439 million as of September 30, 2021, up 1.8% from a year earlier. The change is primarily due to an increase of ¥63 million in retained earnings, reflecting income attributable to owners of the parent, and an increase of ¥49 million in non-controlling interests.

As a result of the above changes in assets and liabilities, total assets stood at ¥16,457 million on September 30, 2021, down 0.8% from a year earlier. Total liabilities amounted to ¥9,018 million, down 2.8% year on year, and total net assets settled at ¥7,439 million, up 1.8% year on year. The shareholders' equity ratio reached 38.5%.

(3) Consolidated Cash Flows

Cash and cash equivalents (hereafter, "cash") at the end of fiscal 2021 amounted to ¥2,379 million, an increase of ¥237 million from the end of fiscal 2020.

Net Cash from Operating Activities

Net cash provided by operating activities amounted to ¥747 million in fiscal 2021, up from ¥680 million in fiscal 2020. FGI maintained positive cash flow from operating activities despite decreases of ¥164 million from higher accounts receivable, trade and ¥203 million from income taxes refund (paid), thanks to increases of ¥118 million from income before income taxes, ¥619 million in depreciation and amortization, and ¥97 million in investment in securities, trade.

Net Cash from Investing Activities

Net cash used in investing activities came to ¥173 million in fiscal 2021, down from ¥282 million in fiscal 2020. This change is primarily due to a decrease of ¥189 million in payment to acquire fixed assets.

Net Cash from Financing Activities

Net cash used in financing activities reached ¥360 million in fiscal 2021, down from ¥767 million in fiscal 2020. This change is due to decreases of ¥406 million used for repayments of long-term loans payable and ¥222 million for repayments of lease obligations, which outweighed increases of ¥100 million in proceeds from long-term loans payable and ¥202 million in proceeds from share issuance to non-controlling interests.

(4) Forecast

FGI's consolidated performance forecast for fiscal 2022 is presented in the table below.

(Unit: Millions of yen)

	Fiscal 2021 (actual)	Fiscal 2022 (forecast)	YOY change (ratio)
Revenues	8,107	8,000	-1.3%
Operating income	178	450	152.7%
Ordinary income	115	300	159.0%
Profit attributable to owners of the parent	130	100	-23.6%

Management anticipates higher revenues and income in fiscal 2022, as the investment banking business ramps up private equity investment, pursues investment exits and promotes arrangement services. In the entertainment service business, the Metsä business will still face challenges. The economic environment should continue to improve, especially with wider rollout of vaccines to combat COVID-19, and this should help business conditions gradually return to a pre-pandemic normal. However, the effects of the pandemic are likely to linger for this industry, and even though a certain degree of recovery is expected, the fiscal 2022 guest count at Moominvalley Park and Metsä Village may hover at the fiscal 2021 level. This is the premise on which the consolidated performance forecast is based.

The outlook and strategies for each business segment are as follows:

The investment banking business will accelerate private equity investment activities and address needs, notably, business succession concerns, against a backdrop of increasing inquiries from business owners faced with various management issues, including a lack of people or companies to take over the business and deteriorating business conditions due to the pandemic. Profits derived through exit of these investments and service fees from asset management and other services will be the fuel that drives consolidated results higher.

The public management consulting business should see improved business performance, as the national government's request of local government offices to conduct a review of their respective public facility management plans, based on individual facilities plans and other factors, which will foster additional demand for support services.

In the entertainment service business, the plan is to close Moominvalley Park over 11 days in late-November and early-December 2021, as described in a press release (Japanese only) dated October 21, 2021, during which remodeling work will be undertaken. When the park reopens in December under a new theme—"Well-being"—it will be better positioned to address the impact that the prolonged pandemic has had on society and the needs of guests. A new operating format will be introduced, along with a new fee structure, and new approaches will be taken to reduce operating costs. An e-commerce site will also be launched, providing the business with fresh profit-making opportunities. In the licensing-related business, the goal will be to boost revenues through such measures as promoting a strategy linked to the global One-Moomin strategy, fully factoring in the potential of the children's market—a great opportunity to raise the Moomin profile through the November 2021 start of the animated series *Moomin Dani no Nakamatachi* ("Moominvalley Friends") on NHK's terrestrial broadcast schedule—and enhancing business-to-consumer promotions.

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.

(5) Basic Policy on Distribution of Profit and Dividend Status for Fiscal 2021 and Fiscal 2022

FGI prioritizes to a dividend policy that emphasizes the return of profits to shareholders while ensuring sufficient internal reserves to quickly and reliably take advantage of opportunities that reinforce and further expand the Company's business foundation. In determining dividends, management takes a comprehensive view that includes corporate performance and future business development.

Retained earnings are the Company's source for dividend distribution. Regrettably, because retained earnings on the non-consolidated balance sheets showed a negative balance of ¥4,793 million, management feels the Company must forego distribution of a year-end dividend for fiscal 2021.

In fiscal 2022, FGI will engage in ways to improve business results, but eliminating losses with profits alone will be a challenge. Therefore, the Company will again refrain from paying dividends.

Management is deeply sorry that no dividends will be paid in fiscal 2022 and asks shareholders for their understanding. Every effort will be made to improve business results as quickly as possible to reacquire the ability to distribute profits and thereby meet shareholder expectations.

2. Underlying Policy on Selection of Accounting Standard

FGI prepares its consolidated financial statements in accordance with generally accepted accounting principles in Japan, taking into account comparability among different periods and companies. The Company's stance on application of IFRS is to respond appropriately, taking into account trends that prevail in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2020 (As of September 30, 2020)	Fiscal 2021 (As of September 30, 2021)
Assets		
Current assets		
Cash and time deposits	2,162,069	2,379,230
Accounts receivable, trade	564,724	753,826
Investments in securities, trade	1,128,045	1,042,651
Loans receivable, trade	514,798	455,415
Real estate for sale	3,999,865	4,038,343
Merchandise	257,591	192,176
Other	272,878	398,443
Allowance for doubtful accounts	(96,718)	(92,518)
Total current assets	8,803,255	9,167,569
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,372,766	5,380,820
Accumulated depreciation	(327,629)	(522,495)
Buildings and structures, net	5,045,136	4,858,325
Tools, furniture and fixtures	2,089,880	2,165,354
Accumulated depreciation	(982,049)	(1,330,864)
Tools, furniture and fixtures, net	1,107,830	834,490
Land	519,734	519,734
Construction in progress	300	300
Other	47,305	107,363
Accumulated depreciation	(14,401)	(21,107)
Other, net	32,904	86,255
Total property, plant and equipment	6,705,906	6,299,105
Intangible fixed assets		
Goodwill	137,969	129,334
Other	462,787	486,976
Total intangible fixed assets	600,756	616,310
Investments and other assets		
Investments in securities	145,711	65,865
Long-term loans receivable	41,668	33,336
Deferred tax assets	9,033	8,445
Other	277,438	267,025
Allowance for doubtful accounts	(220)	(70)
Total investments and other assets	473,630	374,602
Total noncurrent assets	7,780,293	7,290,019
Total assets	16,583,548	16,457,588

(Unit: Thousands of yen)

	Fiscal 2020 (As of September 30, 2020)	Fiscal 2021 (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable, trade	109,597	130,687
Short-term loans payable	69,701	125,600
Current portion of long-term loans payable	615,111	393,194
Lease obligations	222,578	247,203
Income taxes payable	97,250	75,228
Accrued employee bonuses	130,666	146,703
Other	1,088,523	1,273,293
Total current liabilities	2,333,428	2,391,910
Noncurrent liabilities		
Long-term loans payable	6,125,744	6,041,300
Lease obligations	581,872	388,207
Deferred tax liabilities	96,324	64,885
Net defined benefit liability	108,259	99,040
Other	33,536	33,122
Total noncurrent liabilities	6,945,738	6,626,556
Total liabilities	9,279,166	9,018,467
Net assets		
Shareholders' equity		
Common stock	6,462,062	6,462,099
Additional paid-in capital	5,016,132	4,987,549
Retained earnings	(5,183,778)	(5,120,066)
Total shareholders' equity	6,294,416	6,329,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,380)	6,249
Foreign currency translation adjustment	(32,833)	(7,167)
Total accumulated other comprehensive income	(36,213)	(918)
Stock acquisition rights	64,045	78,503
Non-controlling interests	982,133	1,031,953
Total net assets	7,304,381	7,439,120
Total liabilities and net assets	16,583,548	16,457,588

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

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal 2020 (From October 1, 2019 to September 30, 2020)	**Fiscal 2021** (From October 1, 2020 to September 30, 2021)
Revenues	6,841,351	8,107,368
Cost of revenues	4,528,162	4,736,690
Gross profit	2,313,189	3,370,678
Selling, general and administrative expenses	3,306,151	3,192,590
Operating income/(loss)	(992,962)	178,088
Non-operating income		
Interest income	14,039	788
Share of profit of entities accounted for using equity method	–	6,305
Subsidy income	21,908	55,450
Other	2,539	9,620
Total non-operating income	38,487	72,165
Non-operating expenses		
Interest expense	139,834	124,112
Share of loss of entities accounted for using equity method	27,063	–
Foreign exchange losses	12,118	6,598
Commission paid	1,500	3,625
Other	416	73
Total non-operating expenses	180,933	134,409
Ordinary profit/(loss)	(1,135,408)	115,844
Extraordinary income		
Subsidies for employment adjustment	82,915	–
Gain on sales of non-current assets	1,185	–
Gain on sales of shares of subsidiaries and associates	–	3,151
Gain on reversal of stock acquisition rights	4,486	5,011
Total extraordinary income	88,587	8,162
Extraordinary losses		
Loss on temporary closure	292,322	–
Loss on retirement of noncurrent assets	37,720	5,066
Impairment loss	24,000	–
Loss on valuation of shares of subsidiaries and associates	41,048	320
Other	2,163	–
Total extraordinary loss	397,255	5,387
Income/(Loss) before income taxes	(1,444,076)	118,619
Income taxes (current)	96,562	125,698
Income taxes (deferred)	(26,647)	(31,031)
Total income taxes	69,914	94,667
Profit/(Loss)	(1,513,990)	23,952
Profit (Loss) attributable to non-controlling interests	(327,983)	(106,853)
Profit (Loss) attributable to owners of the parent	(1,186,007)	130,806

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal 2020 (From October 1, 2019 to September 30, 2020)	**Fiscal 2021** (From October 1, 2020 to September 30, 2021)
Profit/(Loss)	(1,513,990)	23,952
Other comprehensive income		
Valuation difference on available-for-sale securities	554	9,629
Foreign currency translation adjustment	(4,441)	42,087
Total other comprehensive income	(3,886)	51,717
Comprehensive income	(1,517,877)	75,670
Comprehensive income attributable to		
Owners of the parent	(1,188,727)	166,102
Non-controlling interests	(329,149)	(90,431)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2020 (From October 1, 2019 to September 30, 2020)

(Unit: Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	6,461,911	5,015,924	(3,997,770)	7,480,064
Change during the period				
Issuance of new shares	151	151		302
Change in treasury shares of parent arising from transactions with non-controlling interests		56		56
Profit (Loss) attributable to owners of the parent			(1,186,007)	(1,186,007)
Net changes of items other than shareholders' equity				
Total changes during the period	151	208	(1,186,007)	(1,185,647)
Balance at the end of the period	6,462,062	5,016,132	(5,183,778)	6,294,416

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	(3,935)	(29,558)	(33,493)	65,837	1,360,762	8,873,170
Change during the period						
Issuance of new shares						302
Change in treasury shares of parent arising from transactions with non-controlling interests						56
Profit (Loss) attributable to owners of the parent						(1,186,007)
Net changes of items other than shareholders' equity	554	(3,275)	(2,720)	(1,791)	(378,628)	(383,140)
Total changes during the period	554	(3,275)	(2,720)	(1,791)	(378,628)	(1,568,788)
Balance at the end of the period	(3,380)	(32,833)	(36,213)	64,045	982,133	7,304,381

Fiscal 2021 (From October 1, 2020 to September 30, 2021)

(Unit: Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	6,462,062	5,016,132	(5,183,778)	6,294,416
Change during the period				
Issuance of new shares	36	36		73
Change in treasury shares of parent arising from transactions with non-controlling interests		(28,619)		(28,619)
Profit (Loss) attributable to owners of the parent			130,806	130,806
Change in scope of consolidation			(67,094)	(67,094)
Net changes of items other than shareholders' equity				
Total changes during the period	36	(28,582)	63,711	35,165
Balance at the end of the period	6,462,099	4,987,549	(5,120,066)	6,329,582

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	(3,380)	(32,833)	(36,213)	64,045	982,133	7,304,381
Change during the period						
Issuance of new shares						73
Change in treasury shares of parent arising from transactions with non-controlling interests						(28,619)
Profit (Loss)attributable to owners of the parent						130,806
Change in scope of consolidation						(67,094)
Net changes of items other than shareholders' equity	9,629	25,665	35,295	14,457	49,819	99,573
Total changes during the period	9,629	25,665	35,295	14,457	49,819	134,738
Balance at the end of the period	6,249	(7,167)	(918)	78,503	1,031,953	7,439,120

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal 2020 (From October 1, 2019 to September 30, 2020)	Fiscal 2021 (From October 1, 2020 to September 30, 2021)
Cash flows from operating activities		
Income/(Loss) before income taxes	(1,444,076)	118,619
Depreciation and amortization	805,075	619,704
Impairment loss	24,000	—
Amortization of goodwill	40,358	19,976
Increase/(Decrease) in allowance for doubtful accounts	(2,699)	(4,966)
Increase/(Decrease) in accrued employee bonuses	(25,620)	11,373
Increase/(Decrease) in net defined benefit liability	13,626	(9,219)
Interest and dividend income	(14,329)	(7,226)
Foreign exchange losses (gains)	21	256
Share of loss (profit) of entities accounted for using equity method	27,063	(6,305)
Interest expense	139,834	124,112
Loss (Gain) on sales of noncurrent assets	(1,185)	—
Loss (Gain) on sales of shares of subsidiaries and associates	—	(3,151)
Gain on reversal of stock acquisition rights	(4,486)	(5,011)
Loss on valuation of shares of subsidiaries and associates	41,048	320
Loss on retirement of noncurrent assets	37,720	5,066
(Increase)/Decrease in accounts receivable, trade	157,369	(164,446)
(Increase)/Decrease in investments in securities, trade	230,407	97,480
(Increase)/Decrease in loans receivable, trade	33,826	59,383
(Increase)/Decrease in inventories	203,530	30,210
Increase/(Decrease) in accounts payable, trade	(102,461)	17,906
Other	729,998	164,688
Sub-total	889,021	1,068,772
Interest and dividend income received	14,329	7,226
Interest expense paid	(140,850)	(125,028)
Income taxes refund (paid)	(82,463)	(203,188)
Net cash provided by/(used in) operating activities	680,037	747,781
Cash flows from investing activities		
Proceeds from sale of shares of subsidiaries and associates	—	6,283
Purchase of property, plant and equipment	(288,013)	(189,170)
Proceeds from sales of property, plant and equipment	5,732	—
Proceeds from withdrawal of deposit as collateral	—	40,000
Payments for deposit as collateral	—	(20,000)
Other	(397)	(10,591)
Net cash provided by/(used in) investing activities	(282,678)	(173,478)

(Unit: Thousands of yen)

	Fiscal 2020 (From October 1, 2019 to September 30, 2020)	Fiscal 2021 (From October 1, 2020 to September 30, 2021)
Cash flows from financing activities		
Increase/(Decrease) in short-term loans payable, net	(451,929)	55,642
Proceeds from long-term loans payable	664,000	100,000
Repayments of long-term loans payable	(714,668)	(406,361)
Proceeds from share issuance to non-controlling interests	—	202,970
Purchase of treasury shares of subsidiaries	—	(33,603)
Dividends paid to non-controlling interests	(49,422)	(54,217)
Repayments of lease obligations	(215,335)	(222,578)
Other	163	(2,212)
Net cash provided by/(used in) financing activities	(767,192)	(360,360)
Effect of exchange rate change on cash and cash equivalents	(1,285)	23,218
Net increase/(decrease) in cash and cash equivalents	(371,118)	237,161
Cash and cash equivalents at the beginning of the period	2,513,187	2,142,069
Cash and cash equivalents at the end of the period	2,142,069	2,379,230

(5) Notes to Consolidated Financial Statements

(Assumption of a Going Concern)

Not applicable

(Accounting Standards Issued but Not yet Effective)

1. Accounting Standards on Revenue Recognition

・Accounting Standards on Revenue Recognition(Corporate Accounting Standards No. 29, March 31, 2020 Accounting Standards Board of Japan [hereinafter, the “ASBJ”])

・Implementation Guidelines on Accounting Standard on Revenue Recognition(Corporate Accounting Standards Application Guideline No. 30, March 26, 2021 ASBJ)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards regarding revenue recognition, and released "Revenue from Contracts with Customers" in May 2014 (IFRS 15 by the IASB and Topic 606 by the FASB). Considering the fact that IFRS 15 is being applied from fiscal years beginning on or after January 1, 2018 and Topic 606 applied from fiscal years beginning after December 15, 2017, the ASBJ developed comprehensive accounting standards regarding revenue recognition and released the standards along with the implementation guidance.

In developing its business accounting standards regarding revenue recognition, the basic policy of the ASBJ was to include the basic principles of IFRS 15 in the accounting standards from a viewpoint of comparability between financial statements, which is one of the benefits of being in conformity with IFRS 15. However, if there is any item that needs particular consideration in light of Japanese business practices, a substitute treatment may be employed to the extent that it does not impair the comparability.

(2) Planned applicable date

Applied from the beginning of the fiscal year ending in September 2022

(3) Impact of application of these accounting standards

We are currently in the process of determining the effects of these new standards on the consolidated financial statements.

2. Accounting Standards for Fair Value Measurement

・Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019 ASBJ)

・Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019 ASBJ)

・Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019 ASBJ)

・Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 17, 2021 ASBJ)

・Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020 ASBJ)

(1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

・Financial instruments defined in "Accounting Standard for Financial Instruments"

・Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

(2) Planned applicable date

Applied from the beginning of the fiscal year ending in September 2022

(3) Impact of application of these accounting standards

We are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(Changes in Accounting Presentation)

(Consolidated Statements of Cash Flows)

In fiscal 2020, dividends paid to non-controlling interests was included in “other” under the segment of cash flows from financing activities. Since during fiscal 2021, the materiality of such amount increased, dividends paid to non-controlling interests is shown separately. Also, in fiscal 2021, proceeds from issuance of shares resulting from exercise of stock acquisition rights is included in “other” under the segment of cash flows from financing activities, as the materiality of such amount decreased. To reflect these changes, reclassification was made on the consolidated statements of cash flows for fiscal 2020.

As a result, on the consolidated statements of cash flows for fiscal 2020, ¥173 thousand in proceeds from issuance of shares resulting from exercise of stock acquisition rights and ¥(49,432) thousand in “other” under the segment of cash flows from financing activities were reclassified to ¥(49,422) thousand in dividends paid to non-controlling interests and ¥163 thousand in “other”.

(Segment Information)

1. Outline of reporting segments

Reporting segments of the FGI Group are structural units of the Group for which separate financial information is available and for which the Board of Directors conducts regular reviews to determine appropriate allocation of management resources and to assess business results.

FGI—as a boutique investment bank for all companies in all industries—focuses on investment banking and corporate investment to expand Group business. The Group has three reporting segments: the Company concentrates on the investment banking business, while subsidiaries handle the public management consulting business and the entertainment service business.

The business activities of each reporting segment are described below.

- Investment banking business
  - Investment banking business
    - Financial arrangements
    - Public financing
    - Financial advisory
    - Asset management (including real estate investment management, investment fund management)
    - Asset investment
    - M&A agency services
    - Aircraft asset management, aircraft technology advisory, aircraft registry services
  - Corporate investment
- Public management consulting business
    - Support for decision of public enterprise management strategies, financial document preparation and creation of fixed asset ledgers
    - Support for possible implementation of PPP/PFI techniques
- Entertainment service business
    - Theme park development, ownership, management, operation
    - Moomin licensing in Japan (excluding translations/publications of books and the theatrical business)
    - Distribution of animated TV-series “Moominvalley”

2. Changes in reporting segment

During fiscal 2021, Adacotech Incorporated. was removed from the scope of equity method application because significant influence was lost.

As a result, in fiscal 2021, the segment classification "Other" was abolished.

3. Method used to calculate the amount of revenues, income or loss, assets and other items of each reporting segment

Segment income amounts are based on operating income.

Inter-segment revenues and transfers are based on arm's length price.

3. Information about the amount of revenues, income or losses, assets and other items pursuant to each reporting segment

Fiscal 2020(From October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Reporting Segments				Other Note 1	Total	Adjustments Note 2	Consolidated Note 3
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	2,332,045	240,205	4,269,100	6,841,351	―	6,841,351	―	6,841,351
Inter-segment revenues and transfers (Note4)	193,169	13,500	35,575	242,244	―	242,244	(242,244)	―
Total	2,525,214	253,705	4,304,676	7,083,596	―	7,083,596	(242,244)	6,841,351
Segment income (loss)	109,781	(15,073)	(515,889)	(421,181)	―	(421,181)	(571,780)	(992,962)
Segment assets	6,610,799	149,695	8,341,277	15,101,772	―	15,101,772	1,481,776	16,583,548
Other items								
Depreciation	15,378	509	762,006	777,894	―	777,894	27,180	805,075
Investment in associates accounted for using equity method	―	47,568	―	47,568	67,094	114,663	―	114,663
Increase on tangible fixed assets and intangible fixed assets	11,066	―	269,737	280,804	―	280,804	630	281,434

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes the software development and sales business and other businesses.
2. Adjustments are presented below.
   (1) Adjustment of segment income (loss), at (¥571,780) thousand, includes elimination of transactions among segments of ¥230,633 thousand and corporate expenses of (¥802,413) 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) Adjustment of segment assets, at ¥1,481,776 thousand, is the difference between elimination of transactions among segments, at (¥1,736,786) thousand, and corporate assets, at ¥3,218,562 thousand, which are not allocatable to any reporting segment.
3. Segment income (loss) is reconciled with operating loss in the consolidated financial statements.
4. Intersegment revenues and transfers in the investment banking business include Metsä Village rental income of ¥152,868 thousand that FGI, under the investment banking business, receives from Moomin Monogatari, a consolidated subsidiary under the entertainment service business. Effective April 1, 2020, under the status transfer agreement with Moomin Monogatari, FGI rents Metsä Village space to external tenants and operates parking lots in Metsä Village directly. These revenues, at ¥64,416 thousand, are included in revenues to third party.

Fiscal 2021(From October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Reporting Segments				Adjustments Note 1	Consolidated Note 2
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total		
Revenues						
Revenues to third party	3,848,098	228,844	4,030,425	8,107,368	—	8,107,368
Inter-segment revenues and transfers	213,202	13,500	76,464	303,167	(303,167)	—
Total	4,061,301	242,344	4,106,890	8,410,536	(303,167)	8,107,368
Segment income (loss)	1,303,064	(3,344)	(501,820)	797,899	(619,810)	178,088
Segment assets	6,691,320	141,752	7,948,671	14,781,744	1,675,843	16,457,588
Other items						
Depreciation	14,771	350	581,296	596,418	23,285	619,704
Investment in associates accounted for using equity method	—	53,873	—	53,873	—	53,873
Increase on tangible fixed assets and intangible fixed assets	69,589	—	133,996	203,585	36,301	239,886

Notes:

1. Adjustments are presented below.
   (1) Adjustment of segment income (loss), at (¥619,810) thousand, includes elimination of transactions among segments of ¥220,729 thousand and corporate expenses of (¥840,539) 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) Adjustment of segment assets, at ¥1,675,843 thousand, is the difference between elimination of transactions among segments, at (¥1,228,617) thousand, and corporate assets, at ¥2,904,461 thousand, which are not allocatable to any reporting segment.
2. Segment income (loss) is reconciled with operating income in the consolidated financial statements.

(Per Share Information)

Fiscal 2020 (From October 1, 2019 to September 30, 2020)		**Fiscal 2021** (From October 1, 2020 to September 30, 2021)	
Net assets per share (yen)	31.12	Net assets per share (yen)	31.47
Net income(loss) per share (yen)	(5.90)	Net income(loss) per share (yen)	0.65
		Fully diluted net income per share	0.65

Notes: 1. Net income (diluted) per share in fiscal 2020 is not presented due to the net loss per share.

2. Calculation of net income (loss) per share and fully diluted net income per share is based on the following data:

	Fiscal 2020 (From October 1, 2019 to September 30, 2020)	**Fiscal 2021** (From October 1, 2020 to September 30, 2021)
Net income(loss) per share		
Net income (loss) (thousands of yen)	(1,186,007)	130,806
Amount not attributable to shareholders of common stock (thousands of yen)	—	—
Net income (loss) associated with common shares (thousands of yen)	(1,186,007)	130,806
Average number of shares issued during the period (shares)	201,113,873	201,115,452
Fully diluted net income per share		
Adjusted net income per share (thousands of yen)	—	—
Increase in common shares (shares)	—	552,012
(of which, stock acquisition rights) (shares)	—	552,012
Details on shares not included in calculation of fully diluted net income per share due to non-dilutive effect	Stock acquisition rights (stock options) issued on December 28, 2010, by special resolution at General Meeting of Shareholders on December 21, 2010 74 (Common shares: 7,400) Stock acquisition rights (stock options) issued on December 28 , 2011, by special resolution at General Meeting of Shareholders on December 21, 2011 100 (Common shares: 10,000) Stock acquisition rights (stock options) issued on December 28, 2012, by special resolution at General Meeting of Shareholders on December 21, 2012 330 (Common shares: 33,000)	Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 570 (Common shares: 57,000) Stock acquisition rights (stock options) issued on March 29, 2021, by special resolution at General Meeting of Shareholders on December 22, 2020 1,945 (Common shares: 194,500) Consolidated subsidiaries: Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares) 8 (Common shares: 32)

	Stock acquisition rights (stock options) issued on December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 390 (Common shares: 39,000) Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 675 (Common shares: 67,500) Stock acquisition rights (stock options) issued February 27, 2017, approved by the Board of Directors on February 10, 2017 597 (Common shares: 59,700) Stock acquisition rights (stock options) issued February 27, 2018, approved by the Board of Directors on February 9, 2018 893 (Common shares: 89,300) Stock acquisition rights (stock options) issued February 27, 2019, approved by the Board of Directors on February 12, 2019 998 (Common shares: 99,800) Stock acquisition rights (stock options) issued December 24, 2019, approved by the Board of Directors on December 19, 2019 1,960 (Common shares: 196,000) Consolidated subsidiaries: Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares) 8 (Common shares: 32)	

(Subsequent Events)

Not applicable