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Summary of Financial Statements for Fiscal 2020 <under Japanese GAAP>

November 10, 2020

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Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Member of the Board, Senior Executive Officer Name: Seigo Washimoto

Scheduled date of General Shareholders' Meeting: December 22, 2020
Scheduled date to submit securities report: December 23, 2020

(Rounded down to the nearest million)

1. Consolidated Operating Results, Financial Position and Cash-Flows for fiscal 2020 (October 1, 2019– September 30, 2020)

(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 2020	6,841	(25.4)	(992)	―	(1,135)	―	(1,186)	―
Fiscal 2019	9,175	148.7	(1,664)	―	(1,850)	―	(1,586)	―

(For reference) Comprehensive income: (1,517) million yen for fiscal 2020 (－%)
(1,768) million yen for fiscal 2019 (－%)

	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 2020	(5.90)	―	(17.3)	(6.4)	(14.5)
Fiscal 2019	(8.08)	―	(21.5)	(11.2)	(18.1)

(For reference) Share of profit(loss) of entities accounted for using equity method (3) million yen for fiscal 2020
― million yen for fiscal 2019

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2020	16,583	7,304	37.7	31.12
Fiscal 2019	19,025	8,873	39.1	37.03

(For reference) Shareholders' equity: 6,258 million yen for fiscal 2020
7,446 million yen for fiscal 2019

(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 2020	680	(282)	(767)	2,142
Fiscal 2019	(2,604)	(4,543)	5,710	2,513

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 2019	―	0.00	―	0.00	0.00	−	―	―
Fiscal 2020	―	0.00	―	0.00	0.00	−	―	―
Fiscal 2021 (Forecast)	―	0.00	―	0.00	0.00		―	

3. Consolidated financial forecasts for fiscal 2021 (October 1, 2020 – September 30, 2021)

(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 2021	9,000	31.6	540	–	370	–	250	–	1.24

(Note) Forecast for the first two quarters of fiscal year ending September 30, 2021 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):	201,114,600	shares for fiscal 2020
	201,109,600	shares for fiscal 2019
2. Number of shares of treasury stock:	-	shares for fiscal 2020
	-	shares for fiscal 2019
3. Average number of shares issued during the period	201,113,873	shares for fiscal 2020
	196,353,892	shares for fiscal 2019

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

1. Non-consolidated operating results and financial position for fiscal 2020
(October 1, 2019 – September 30, 2020)

(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 2020	1,098	(5.2)	(524)	—	(517)	—	(2,152)	—
Fiscal 2019	1,158	(24.7)	(1,423)	—	(1,527)	—	(1,388)	—

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2020	(10.70)	—
Fiscal 2019	(7.07)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2020	8,669	6,025	68.9	29.72
Fiscal 2019	11,485	8,181	70.8	40.43

(For reference) Shareholders' equity: 5,977 million yen for fiscal 2020, and 8,130 million yen for fiscal 2019

* This summary of financial statements is exempt from 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

Notable developments in fiscal 2020, the consolidated accounting period for FinTech Global Incorporated (FGI), ended September 30, 2020, are described below. In the Metsä business, the guest count initially charted an upward path thanks to measures initiated in November 2019 to raise customer satisfaction. However, government responses to halt the spread of COVID-19—the illness caused by the novel coronavirus—led to restrictions on places where people come together and ultimately to prompted temporary closures at Moominvalley Park. The park was closed for a total of 80 days between March and June 2020, and even after operations resumed, the guest count trended below pre-pandemic levels. Meanwhile, in the investment banking business, the emphasis was on private equity investment activity against a backdrop of a growing need for solutions to such issues as business succession. Paralleling this, revenues from investment exits, arrangements and agency services, grew, and aircraft asset management results were favorable as well. Unfortunately, initial public offerings (IPOs) for some companies in the corporate investment portfolio were put off, derailing the exit schedule. And the exclusion of a subsidiary from the scope of consolidation in the fourth quarter of fiscal 2019 had an impact on results posted by the public management consulting business in fiscal 2020.

Consequently, consolidated revenues fell 25.4% year on year, to ¥6,841 million. Cost of revenues dropped 27.3%, to ¥4,528 million, and gross profit retreated 21.4%, to ¥2,313 million. Selling, general and administrative expenses settled at ¥3,306 million in fiscal 2020, down 28.3% from fiscal 2019, reflecting efforts to squeeze all cost categories, starting with personnel expenses, as well as the fact that Metsä pre-opening expenses booked in fiscal 2019 were no longer a factor nor were there any other one-time expenses. The consolidated operating loss was a much lighter shade of red, at ¥992 million, compared with ¥1,664 million a year ago, and the ordinary loss followed a similar path, amounting to ¥1,135 million, compared with ¥1,850 million in fiscal 2019. FGI reported a loss attributable to owners of the parent, at ¥1,186 million, reflecting the booking of ¥292 million in fixed expenses (including personnel expenses and depreciation expenses) under extraordinary loss that were incurred during the temporary closures of Moominvalley Park and ¥327 million in net loss attributable to non-controlling interests. But the loss attributable to owners of the parent was notably lower, down from ¥1,586 million a year ago.

(Unit: Millions of yen)

	Fiscal 2019	Fiscal 2020	YOY Change
Revenues	9,175	6,841	(2,333)
Investment banking business	3,393	2,525	(868)
Public management consulting business	673	253	(419)
Entertainment service business	5,407	4,304	(1,102)
Other	24	―	(24)
Elimination	(324)	(242)	81
Gross profit	2,944	2,313	(631)
Investment banking business	1,139	1,482	342
Public management consulting business	364	151	(212)
Entertainment service business	1,545	797	(747)
Other	24	―	(24)
Elimination	(128)	(118)	10
Operating income/ (loss) [Segment income/ (loss)]	(1,664)	(992)	671
Investment banking business	(478)	109	588
Public management consulting business	79	(15)	(94)

Entertainment service business	(423)	(515)	(92)
Other	(12)	—	12
Elimination or corporate expenses	(829)	(571)	258
Ordinary profit / (loss)	(1,850)	(1,135	715
Income (Loss) before income taxes	(1,667)	(1,444)	223
Profit/ (Loss) attributable to owners of the parent	(1,586)	(1,186)	400

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 pursued private equity investment activities at full speed, leading to growth in revenues from arrangement services on these activities as well as revenues from other services, including agency services. In addition, aircraft asset management moved in a favorable direction, reflecting an upward trend in demand for out-of-service aircraft management services. With regard to investment exits, private equity investment deals reached exit, but IPOs for some companies in the corporate investment portfolio were put off due to consequences associated with the COVID-19 pandemic, and thereby causing an exit delay.

Given the above, revenues decreased 25.6%, to ¥2,525 million, but the segment returned to the black in fiscal 2020, posting operating income of ¥109 million, compared with a loss of ¥478 million in fiscal 2019.

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. The regional revitalization business focused on contract services, including discussions pursuant to the introduction of public-private partnership/public financial initiative techniques to meet anticipated growth in demand.

On July 1, 2019, FGI sold some of the shares the Company held in Geoplan Namtech, which undertakes business related to urban infrastructure maintenance services. As a result, the company became an affiliate accounted for by the equity method and was removed from the scope of consolidation as of the fourth quarter of fiscal 2019.

Consequently, the segment recorded revenue of ¥253 million, tumbling 62.3% year on year, and an operating loss of ¥15 million, compared with operating income of ¥79 million in fiscal 2019.

c. Entertainment Service Business

In the entertainment service business, the Metsä business introduced various approaches, beginning in November 2019, to provide a richer array of services and content that would give visitors greater satisfaction from their site experience. These approaches included free parking on weekdays, the debut of a one-day pass, a more appealing schedule of events, the distribution of Story Guide pamphlets and the installation of Story Door stations where guests watch a short video introduction to Moomin stories. The visitor count trended upward. In line with the service adjustments, Moominvalley Park revised the content and price of admission tickets, effective March 14, 2020, seeking to increase revenues. Unfortunately, factors, notably, the declaration of a state of emergency to combat the spread of COVID-19, led to temporary closures of Moominvalley Park for a total of 80 days between March and June 2020. Given the reality of the situation, FGI subsidiary Moomin Monogatari, Ltd., does not expect a recovery in guest count to pre-pandemic levels for several years, with the number of visitors on the very low side for a year.

The company took steps to balance accounts through cost reduction, embraced a fresh cash flow strategy, and implemented other measures to weather challenging operating conditions. Operations at Metsä resumed with comprehensive policies in place to prevent the spread of COVID-19, but the guest count trended below pre-pandemic levels—a consequence of the public's efforts to minimize non-essential activities during this unprecedented time. As a result, Metsä-related revenues fell 28.0% year on year, to ¥2,877 million.

In the licensing business, efforts were focused on expanding sublicensing services to provide exclusive access to Moomin characters in Japan. To the end of the second quarter, licensing revenues steadily increased, fueled by "Moomin: The Art and the Story," a selection of original Moomin artwork that began traveling around Japan April 2019 and attracted about 240,000 people across four venues—Tokyo, Oita, Ishikawa and Nagoya—and a higher profile for Moomin characters thanks to coinciding news stories about the opening of Moominvalley Park. This piqued interest in using Moomin characters under license, delivering higher revenues from existing licensees and bringing in new contracts as well. However, from the third quarter, many scheduled events, starting with the Iwate stop in the touring exhibition, were forced to cancel when the government called a state of emergency. Other factors included the April–May 2020 closure of large commercial facilities, which are a key sales channel for licensees to market their merchandise. These developments temporarily dulled growth. Later, signs of a rally emerged as economic activity resumed and the touring exhibition was able to roll out again, starting from Osaka in July 2020. By September 2020, monthly revenues returned to the black year on year. In the end, the licensing business posted revenues of ¥1,427 million, up 5.4% from fiscal 2019.

Given operating conditions and results described above, the entertainment service business saw a 20.4% decrease in segment revenues, to ¥4,304 million, and a segment loss of ¥515 million, slightly redder than the ¥423 million loss recorded in fiscal 2019.

(2) Consolidated Financial Position

Current Assets

Current assets amounted to ¥8,803 million as of September 30, 2020, down 15.7% from a year earlier. The primary components of this change were decreases of ¥371 million in cash and time deposits, ¥231 million in investment in securities, trade, despite new investments into growth companies, because of progress on the sale of real estate beneficiary rights and dividend on existing investments, ¥212 million in real estate for sale due to exit (that is, sale) of real estate development projects, and ¥666 million in accrued consumption tax included in other current assets following a refund of consumption tax.

Noncurrent Assets

Noncurrent assets decreased 9.4% as of September 30, 2020, to ¥7,780 million from a year earlier. The main components of this change were decreases of ¥146 million in buildings and structures (net), due to depreciation and amortization of buildings and interior and exterior fixtures at Moominvalley Park, and ¥426 million in tools, furniture and fixtures (net).

Current Liabilities

Current liabilities stood at ¥2,333 million as of September 30, 2020, down 22.5% from a year earlier. This change is mainly due to decreases of ¥103 million in accounts payable, trade, ¥304 million in short-term loans payable, reflecting repayment paralleling real estate development project exits, and ¥137 million in current portion of long-term loans payable.

Noncurrent Liabilities

Noncurrent liabilities came to ¥6,945 million as of September 30, 2020, down 2.7% from a year earlier. This change was primarily due to long-term lease obligations associated with interior and exterior fixtures at Moominvalley Park.

Net Assets

Net assets amounted to ¥7,304 million as of September 30, 2020, down 17.7% from a year earlier. This reflects decreases of ¥1,186 million in retained earnings caused by the booking of a net loss attributable to owners of the parent and ¥378 million in non-controlling interests.

As a result of the above changes in assets and liabilities, total assets stood at ¥16,583 million on September 30, 2020, down 12.8% from a year earlier. Total liabilities amounted to ¥9,279 million, down 8.6% year on year, and total net assets settled at ¥7,304 million, down 17.7% year on year. The shareholders' equity ratio reached 37.7%.

(3) Consolidated Cash Flows

Cash and cash equivalents (hereafter, "cash") at the end of fiscal 2020 amounted to ¥2,142 million, a decrease of ¥2,142 million from the end of fiscal 2019.

Net Cash from Operating Activities

In fiscal 2020, FGI reported net cash provided by operating activities, at ¥680 million, a turnaround from ¥2,604 million in net cash used in fiscal 2019. The key components of this change were depreciation and amortization of ¥805 million, decreases of ¥157 million decrease in accounts receivable, trade, ¥230 million in investments in securities, trade, and ¥203 million in inventories paralleling exits from asset investments, and an increase of ¥666 million through lower accrued consumption tax included in other, which in total offset a loss before income taxes of ¥1,444 million.

Net Cash from Investing Activities

In fiscal 2020, net cash used in investing activities came to ¥282 million, down from ¥4,543 million in fiscal 2019. The key component of this change was a decrease of ¥288 million through payment to acquire fixed assets paralleling efforts to enrich content and enhance facilities at Moominvalley Park.

Net Cash from Financing Activities

In fiscal 2020, FGI showed ¥767 million in net cash used in financing activities, a turnaround from ¥5,710 million in net cash provided by financing activities in fiscal 2019. Although the Company recorded an increase of ¥664 million in proceeds from long-term loans payable, decreases of ¥451 million due to a reduction in short-term loans and ¥714 million used to repay long-term loans, led to a net-used amount.

(4) Forecast

(Millions of yen)	Revenues	Operating income (loss)	Ordinary income (loss)	Profit/(loss) attributable to owners of the parent
Fiscal 2021 (forecast)	9,000	540	370	250
Fiscal 2020 (actual)	6,841	(992)	(1,135)	(1,186)
YOY change (ratio)	31.6%	—	—	—
YOY change (amount)	2,158	1,532	1,505	1,436

The consolidated performance forecast for fiscal 2021 sees a return to profitability, as indicated in the table above, driven by results from investments and arrangements in the investment banking business. Of the Group's business activities, the Metsä business—in the entertainment service business—has been particularly hard hit by the effects of the COVID-19 pandemic, and the guest count at Moominvalley Park and Metsâ Village remain below pre-pandemic levels. COVID-19 is still a concern, but business conditions should gradually improve in fiscal 2021, especially with wider rollout of vaccines, and this is the premise on which the consolidated performance forecast is based.

The outlook for each business segment is as follows:

The investment banking business will reinforce private equity investment activities and address a rising need to solve such issues as business succession. Profits derived through investment exits and service fees from asset management and other services will undoubtedly be the fuel that drives consolidated results higher.

In the public management consulting business, the public accounting business will capture new contracts by developing marketing activities targeting large local governments and authorities, and this will underpin business performance.

In the entertainment service business, the Metsä business will stick with crowd-drawing measures, such as events, but with COVID-19 still spreading, a major recovery in guest count is unlikely, so the strategy will remain focused on keeping income and expenses in balance. Meanwhile, the licensing business has benefited from the opening of Moominvalley Park and the touring Moomin art exhibition, making the characters a talking point and broadening their appeal. Even during the pandemic, the handling volume on Moomin merchandise has increased, so interest in Moomin-related businesses should remain high. Also, commercial facilities opened again after the state of emergency was lifted so the impact of closed businesses on sales routes is no longer a factor, and licensing revenues are expected to grow.

(5) Basic Policy on Distribution of Profit and Dividend Status for Fiscal 2020 and Fiscal 2021

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 ¥4,554 million, management feels the Company must forego distribution of a year-end dividend for fiscal 2020.

In fiscal 2021, 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.

Going forward, FGI will focus on the investment banking business and derive revenues from private equity investment and arrangements to boost business results and thereby achieve a healthier financial position. With regard to Metsä, the Company has moved into the investment recovery phase, anticipating exit opportunities related to corporate investment for Moomin Monogatari that derive through efforts to elevate the overall value of Metsä as well as exit opportunities related to asset investment in Metsä Village. Note that in July 2018, FGI transferred Moominvalley Park real estate (transfer price: ¥2,000 million; book value: ¥443 million) to Hanno Local Resource Utilization LLC, but due to sustained involvement, namely management of said real estate by an FGI subsidiary as well as capital contribution, these connections are deemed financial transactions with unrealized profits. Looking ahead, if Moomin Monogatari is removed from the scope of consolidation, the transferred real estate will be treated as sold and entered into the books as such.

Given these measures and prevailing conditions, management believes it is possible for FGI to achieve a financial position capable of distributing profits without the need for capital policy to cover shortfalls caused by lower revenues at the current time.

Management is deeply sorry that no dividends will be paid in fiscal 2021 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 2019 (As of September 30, 2019)	**Fiscal 2020** (As of September 30, 2020)
Assets		
Current assets		
Cash and time deposits	2,533,187	2,162,069
Accounts receivable, trade	727,499	564,724
Investments in securities, trade	1,359,941	1,128,045
Loans receivable, trade	548,625	514,798
Real estate for sale	4,211,988	3,999,865
Real estate for sale in progress	700	－
Merchandise	208,577	257,591
Other	947,710	272,878
Allowance for doubtful accounts	(99,641)	(96,718)
Total current assets	10,438,589	8,803,255
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,328,377	5,372,766
Accumulated depreciation	(137,112)	(327,629)
Buildings and structures, net	5,191,265	5,045,136
Tools, furniture and fixtures	2,019,697	2,089,880
Accumulated depreciation	(485,125)	(982,049)
Tools, furniture and fixtures, net	1,534,571	1,107,830
Land	519,734	519,734
Construction in progress	24,000	300
Other	24,912	47,305
Accumulated depreciation	(10,630)	(14,401)
Other, net	14,281	32,904
Total property, plant and equipment	7,283,853	6,705,906
Intangible fixed assets		
Goodwill	180,388	137,969
Other	544,540	462,787
Total intangible fixed assets	724,929	600,756
Investments and other assets		
Investments in securities	211,068	145,711
Long-term loans receivable	50,000	41,668
Deferred tax assets	－	9,033
Other	316,683	277,438
Allowance for doubtful accounts	(110)	(220)
Total investments and other assets	577,641	473,630
Total noncurrent assets	8,586,424	7,780,293
Total assets	19,025,014	16,583,548

(Unit: Thousands of yen)

	Fiscal 2019 (As of September 30, 2019)	**Fiscal 2020** (As of September 30, 2020)
Liabilities		
Current liabilities		
Accounts payable, trade	213,256	109,597
Short-term loans payable	373,904	69,701
Current portion of long-term loans payable	752,968	615,111
Lease obligations	215,881	222,578
Income taxes payable	98,999	97,250
Accrued employee bonuses	157,244	130,666
Other	1,197,838	1,088,523
Total current liabilities	3,010,093	2,333,428
Noncurrent liabilities		
Long-term loans payable	6,086,260	6,125,744
Lease obligations	807,524	581,872
Deferred tax liabilities	113,189	96,324
Net defined benefit liability	94,633	108,259
Other	40,143	33,536
Total noncurrent liabilities	7,141,750	6,945,738
Total liabilities	10,151,843	9,279,166
Net assets		
Shareholders' equity		
Common stock	6,461,911	6,462,062
Additional paid-in capital	5,015,924	5,016,132
Retained earnings	(3,997,770)	(5,183,778)
Total shareholders' equity	7,480,064	6,294,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,935)	(3,380)
Foreign currency translation adjustment	(29,558)	(32,833)
Total accumulated other comprehensive income	(33,493)	(36,213)
Stock acquisition rights	65,837	64,045
Non-controlling interests	1,360,762	982,133
Total net assets	8,873,170	7,304,381
Total liabilities and net assets	19,025,014	16,583,548

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

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal 2019 (From October 1, 2018 to September 30, 2019)	Fiscal 2020 (From October 1, 2019 to September 30, 2020)
Revenues	9,175,148	6,841,351
Cost of revenues	6,230,430	4,528,162
Gross profit	2,944,717	2,313,189
Selling, general and administrative expenses	4,609,288	3,306,151
Operating income/(loss)	(1,664,571)	(992,962)
Non-operating income		
Interest income	3,287	14,039
Settlement received	5,821	—
Subsidy income	500	21,908
Other	2,287	2,539
Total non-operating income	11,896	38,487
Non-operating expenses		
Interest expense	143,250	139,834
Share of loss of entities accounted for using equity method	3,045	27,063
Foreign exchange losses	20,296	12,118
Commission paid	31,334	1,500
Other	83	416
Total non-operating expenses	198,009	180,933
Ordinary profit/(loss)	(1,850,684)	(1,135,408)
Extraordinary income		
Subsidies for employment adjustment	—	82,915
Gain on change in equity	120,722	—
Gain on sales of non-current assets	—	1,185
Gain on sales of shares of subsidiaries and associates	76,656	—
Gain on reversal of stock acquisition rights	2,988	4,486
Other	3,000	—
Total extraordinary income	203,367	88,587
Extraordinary losses		
Loss on temporary closure	—	292,322
Loss on retirement of noncurrent assets	14,736	37,720
Loss on sales of noncurrent assets	5,121	—
Impairment loss	—	24,000
Loss on valuation of shares of subsidiaries and associates	—	41,048
Other	528	2,163
Total extraordinary loss	20,386	397,255
Income/(Loss) before income taxes	(1,667,703)	(1,444,076)
Income taxes (current)	116,215	96,562
Income taxes (deferred)	(52,349)	(26,647)
Total income taxes	63,865	69,914
Profit/(Loss)	(1,731,569)	(1,513,990)
Profit (Loss) attributable to non-controlling interests	(144,897)	(327,983)
Profit (Loss) attributable to owners of the parent	(1,586,671)	(1,186,007)

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal 2019 (From October 1, 2018 to September 30, 2019)	**Fiscal 2020** (From October 1, 2019 to September 30, 2020)
Profit/(Loss)	(1,731,569)	(1,513,990)
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,101)	554
Foreign currency translation adjustment	(22,016)	(4,441)
Total other comprehensive income	(37,117)	(3,886)
Comprehensive income	(1,768,686)	(1,517,877)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,617,576)	(1,188,727)
Comprehensive income attributable to non-controlling interests	(151,109)	(329,149)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2019 (From October 1, 2018 to September 30, 2019)

(Unit: Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	5,551,419	4,149,561	(2,387,101)	7,313,879
Change during the period				
Issuance of new shares	910,492	910,492		1,820,984
Change in treasury shares of parent arising from transactions with non-controlling interests		(44,129)		(44,129)
Profit (Loss) attributable to owners of the parent			(1,586,671)	(1,586,671)
Change in scope of consolidation			(23,998)	(23,998)
Net changes of items other than shareholders` equity				
Total changes during the period	910,492	866,362	(1,610,669)	166,185
Balance at the end of the period	6,461,911	5,015,924	(3,997,770)	7,480,064

	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	11,166	(13,754)	(2,588)	54,605	1,185,254	8,551,151
Change during the period						
Issuance of new shares						1,820,984
Change in treasury shares of parent arising from transactions with non-controlling interests						(44,129)
Profit (Loss) attributable to owners of the parent						(1,586,671)
Change in scope of consolidation						(23,998)
Net changes of items other than shareholders` equity	(15,101)	(15,804)	(30,905)	11,231	175,507	155,833
Total changes during the period	(15,101)	(15,804)	(30,905)	11,231	175,507	322,018
Balance at the end of the period	(3,935)	(29,558)	(33,493)	65,837	1,360,762	8,873,170

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)
Change in scope of consolidation				
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

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal 2019 (From October 1, 2018 to September 30, 2019)	**Fiscal 2020** (From October 1, 2019 to September 30, 2020)
Cash flows from operating activities		
Income/(Loss) before income taxes	(1,667,703)	(1,444,076)
Depreciation and amortization	608,660	805,075
Impairment loss	－	24,000
Amortization of goodwill	120,331	40,358
Increase/(Decrease) in allowance for doubtful accounts	(17,334)	(2,699)
Increase/(Decrease) in accrued employee bonuses	51,883	(25,620)
Increase/(Decrease) in net defined benefit liability	2,993	13,626
Interest and dividend income	(3,719)	(14,329)
Foreign exchange losses (gains)	(5,899)	21
Share of loss of entities accounted for using equity method	3,045	27,063
Interest expenses	143,250	139,834
Loss (Gain) on sales of noncurrent assets	5,121	(1,185)
Loss (Gain) on sales of shares of subsidiaries and associates	(76,656)	－
Gain on reversal of stock acquisition rights	(2,988)	(4,486)
Loss on valuation of shares of subsidiaries and associates	－	41,048
Loss on retirement of noncurrent assets	14,736	37,720
Loss (gain) on change in equity	(120,722)	－
(Increase)/Decrease in accounts receivable, trade	(76,736)	157,369
(Increase)/Decrease in investments in securities, trade	(196,064)	230,407
(Increase)/Decrease in loans receivable, trade	28,299	33,826
(Increase)/Decrease in inventories	(943,335)	203,530
Increase/(Decrease) in accounts payable, trade	(65,066)	(102,461)
Other	(273,826)	729,998
Sub-total	(2,471,734)	889,021
Interest and dividend income received	3,719	14,329
Interest expense paid	(140,390)	(140,850)
Income taxes refund (paid)	3,737	(82,463)
Net cash provided by/(used in) operating activities	(2,604,667)	680,037
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,929,753)	(288,013)
Proceeds from sales of property, plant and equipment	2,869	5,732
Proceeds from withdrawal of deposit as collateral	400,016	－
Purchase of shares of subsidiaries and associates	(1,490)	－
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(98,220)	－
Other	83,016	(397)
Net cash provided by/(used in) investing activities	(4,543,561)	(282,678)

(Unit: Thousands of yen)

	Fiscal 2019 (From October 1, 2018 to September 30, 2019)	Fiscal 2020 (From October 1, 2019 to September 30, 2020)
Cash flows from financing activities		
(Increase)/Decrease in short-term loans payable, net	373,904	(451,929)
Proceeds from long-term loans payable	7,054,750	664,000
Repayments of long-term loans payable	(4,605,115)	(714,668)
Proceeds from issuance of shares resulting from exercise of stock acquisition rights	1,799,873	173
Proceeds from share issuance to non-controlling interests	268,110	－
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	75,600	－
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8,010)	－
Repayments of lease obligations	(135,569)	(215,335)
Proceeds from sale and leaseback transactions	942,000	－
Other	(55,239)	(49,432)
Net cash provided by/(used in) financing activities	5,710,304	(767,192)
Effect of exchange rate change on cash and cash equivalents	(3,538)	(1,285)
Net increase/(decrease) in cash and cash equivalents	(1,441,462)	(371,118)
Cash and cash equivalents at the beginning of the period	3,847,721	2,513,187
Increase in cash and cash equivalents from newly consolidated subsidiary	107,150	－
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(221)	－
Cash and cash equivalents at the end of the period	2,513,187	2,142,069

(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 31, 2020 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 4, 2019 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.

3. Accounting Standard for Disclosure of Accounting Estimates
・Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020, ASBJ)

(1) Overview
This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

(2) Planned applicable date
Applied from the end of the fiscal year ending in September 2021

4. Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections
・Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020, ASBJ)

(1) Overview
This accounting standard has been released to provide an outline of the applicable accounting principles and procedures in cases where directly relevant accounting standards are not available.

(2) Planned applicable date
Applied from the end of the fiscal year ending in September 2021

(Changes in Accounting Presentation)
(Consolidated Statements of Income)
In fiscal 2020, debt prescription profit is included in other under the segment of non-operating income, as the materiality of such amount decreased. Also, in fiscal 2019, subsidy income was included in other under the segment of non-operating income. Since during fiscal 2020, the materiality of such amount increased, subsidy income is shown separately. To reflect these changes, reclassification was made on the consolidated statements of income for fiscal 2019.
As a result, on the consolidated statements of income for fiscal 2019, ¥5 thousand in debt prescription profit and ¥2,781 thousand in other under the segment of non-operating income were reclassified to ¥500 thousand in subsidy income and ¥2,287 thousand in other.

(Additional Information)
(Accounting estimates related to impact from spread of COVID-19)
The Japanese government lifted the nationwide state of emergency prompted by COVID-19 on May 21, 2020, and Metsä resumed full operations, including activities at Moominvalley Park, on June 4, 2020. However, the number of visitors to Metsä trended below the level recorded before the spread of COVID-19. Although it is difficult to predict the direction that conditions will take, including a possible end to the pandemic, management performed an accounting estimate for fixed assets impairment that assumes the number of visitors to Metsä will continue for a certain period going forward.

(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 other category consists of operations not included in reporting segments.

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
  - Restaurant/merchandise sales business
- Other
  - Computer software R&D, manufacturing and sales

2. 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, profits or losses, assets and other items pursuant to each reporting segment

Fiscal 2019 (From October 1, 2018 to September 30, 2019)

(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	3,108,258	658,525	5,383,635	9,150,419	24,729	9,175,148	―	9,175,148
Inter-segment revenues and transfers	285,425	14,655	24,029	324,110	―	324,110	(324,110)	―
Total	3,393,683	673,180	5,407,665	9,474,529	24,729	9,499,258	(324,110)	9,175,148
Segment income (loss)	(478,650)	79,695	(423,544)	(822,498)	(12,130)	(834,629)	(829,942)	(1,664,571)
Segment assets	7,425,855	141,079	9,180,571	16,747,506	―	16,747,506	2,277,507	19,025,014
Other items								
Depreciation	15,706	5,942	554,181	575,830	483	576,314	32,345	608,660
Investment in associates accounted for using equity method	―	50,335	―	50,335	93,293	143,629	―	143,629
Increase on tangible fixed assets and intangible fixed assets	11,193	7,436	5,155,002	5,173,633	2,449	5,176,083	14,739	5,190,822

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 (¥829,942) thousand, includes elimination of transactions among segments of ¥241,558 thousand and corporate expenses of (¥1,071,500) 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 ¥2,277,507 thousand, is the difference between elimination of transactions among segments, at (
   ¥3,424,539) thousand, and corporate assets, at ¥5,702,047 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 ¥250,459 thousand that FGI, under the investment banking business, receives from Moomin Monogatari, a consolidated subsidiary under the entertainment service business.

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 Note 4	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	11,006	—	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.

(Per Share Information)

Fiscal 2019 (From October 1, 2018 to September 30, 2019)		**Fiscal 2020** (From October 1, 2019 to September 30, 2020)	
Net assets per share (yen)	37.03	Net assets per share (yen)	31.12
Net income (loss) per share (yen)	(8.08)	Net income(loss) per share (yen)	(5.90)

Notes: 1. Net income (diluted) per share 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 2019 (From October 1, 2018 to September 30, 2019)	**Fiscal 2020** (From October 1, 2019 to September 30, 2020)
Net income (loss) per share		
Net income (loss) (thousands of yen)	(1,586,671)	(1,186,007)
Amount not attributable to shareholders of common stock (thousands of yen)	—	—
Net income (loss) associated with common shares (thousands of yen)	(1,586,671)	(1,186,007)
Average number of shares issued during the period (shares)	196,353,892	201,113,873
Fully diluted net income per share		
Adjusted net income per share (thousands of yen)	—	—
Increase in common shares (shares)	—	—
(of which, stock acquisition rights) (shares)	—	—

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 , 2009, by special resolution at General Meeting of Shareholders on December 18, 2009 52 (Common shares: 5,200) 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 335 (Common shares: 33,500) Stock acquisition rights (stock options) issued on December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 395 (Common shares: 39,500) 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 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 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 on 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 , 2018, approved by the Board of Directors on February 9, 2018 893 (Common shares: 89,300) Stock acquisition rights (stock options) issued on December 25, 2018, by special resolution at General Meeting of Shareholders on December 19, 2018 2,085 (Common shares: 208,500) Stock acquisition rights (stock options) issued February 27 , 2019, approved by the Board of Directors on February 12, 2019 998 (Common shares: 99,800) 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 February 27 , 2019, approved by the Board of Directors on February 12, 2019 998 (Common shares: 99,800) Stock acquisition rights (stock options) issued on December 24, 2019, by special resolution at General Meeting of Shareholders 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