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Summary of Financial Statements for Fiscal 2022
<under Japanese GAAP>

November 8, 2022

Company Name: FinTech Global Incorporated

(Code Number: 8789 Tokyo Stock Exchange)

(URL: <https://www.fgi.co.jp/en/>)

TEL: +81-50-5864-3978

Representative: President and Chief Executive Officer

Name: Nobumitsu Tamai

Contact: Director, Senior Executive Officer

Name: Takashi Senda

Scheduled date of General Shareholders' Meeting: December 22, 2022

Scheduled date to submit securities report: December 23, 2022

Preparation of supplementary materials on financial results: Yes

Holding of financial results meeting: None

(Rounded down to the nearest million)

1. Consolidated operating results, financial position and cash flows for fiscal 2022
(October 1, 2021– September 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2022	9,301	14.7	587	230.0	540	366.9	176	34.6
Fiscal 2021	8,107	18.5	178	—	115	—	130	—

(For reference) Comprehensive income: 514 million yen for fiscal 2022 (580.0%)
75 million yen for fiscal 2021 (—%)

	Net income per share	Net income per share (diluted)	Return on equity (ROE)	Return on assets (ROA)	Return on sales (ROS)
	Yen	Yen	%	%	%
Fiscal 2022	0.88	0.87	2.7	3.1	6.3
Fiscal 2021	0.65	0.65	2.1	0.7	2.2

(For reference) Share of profit of entities accounted for using equity method: 9 million yen for fiscal 2022
6 million yen for fiscal 2021

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2022	17,933	7,842	36.7	32.72
Fiscal 2021	16,457	7,439	38.5	31.47

(For reference) Shareholders' equity: 6,585 million yen for fiscal 2022
6,328 million yen for fiscal 2021

(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 2022	(701)	(141)	802
Fiscal 2021	747	(173)	(360)	2,379

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 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal 2023 (Forecast)	—	0.00	—	—	—		—	

(Note) Year-end dividend forecast for the fiscal year ending September 30, 2023 has not been made.

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

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit/(loss) attributable to owners of the parent		E.P.S.
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2023	10,100	8.6	1,400	138.2	1,400	158.8	1,000	467.8	4.97

(Note) Forecast for the first two quarters of fiscal year ending September 30, 2023 has not been made.

*Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements:

(a). Changes in accounting policies required by accounting standard: Yes

(b). Changes other than those in (a) above: None

(c). Changes in accounting estimates: None

(d). Restatements: None

(3) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock): 201,295,200 shares for fiscal 2022

201,115,600 shares for fiscal 2021

2. Number of shares of treasury stock: 20 shares for fiscal 2022

— shares for fiscal 2021

3. Average number of shares issued during the period 201,254,579 shares for fiscal 2022

201,115,452 shares for fiscal 2021

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

1. Non-consolidated operating results and financial position for fiscal 2022

(October 1, 2021 – September 30, 2022)

(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 2022	1,678	(5.9)	5	(98.3)	(440)	—	(389)	—
Fiscal 2021	1,782	62.2	321	—	134	—	(238)	—

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2022	(1.94)	—
Fiscal 2021	(1.19)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2022	8,204	5,463	65.9	26.86
Fiscal 2021	8,575	5,812	67.0	28.59

(For reference) Shareholders' equity: 5,406 million yen for fiscal 2022, and 5,749 million yen for fiscal 2021

* 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 2022—the consolidated accounting period for FinTech Global Incorporated (FGI), ended September 30, 2022—the investment banking business pushed forward on the formation of deals to further accelerate private equity investment addressing such issues as business succession. In the entertainment service business, steps were taken to update facilities at Moominvalley Park and reinforce the operating structure in meet an anticipated increase in guests as society moves into with-COVID and post-COVID times. In addition, in licensing activities, the handling volume of Moomin merchandise by licensees continued to increase, but an emphasis was placed on establishing a foundation for growth that would fuel greater expansion and on marketing activities.

Solid consolidated business performance hinged on the investment banking business, with brisk progress on the formation of private equity investment deals, execution of investment and exit activity, as well as on favorable aircraft asset management status and an increase in asset investment exits. These results underpinned revenues of ¥9,301 million, up 14.7% year on year. Gross profit climbed 18.4%, to ¥3,990 million, reflecting the higher revenue starting point and cost reduction in Metsä operations. Selling, general and administrative expenses rose 6.6%, to ¥3,402 million, mainly due to an increase in staffing and greater outsourcing of office work in line with business expansion. Nevertheless, driven by the improvement in gross profit, operating income jumped 230.0%, to ¥587 million, ordinary profit soared 366.9%, to ¥540 million, and profit attributable to owners of the parent grew 34.6%, to ¥176 million.

Of note, revenues and cost of revenues each decreased by ¥83 million, because of a change in accounting treatment method following application of “Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020), but gross profit, operating income, ordinary profit and income before income taxes have not been affected by the change in accounting treatment.

(Unit: Millions of yen)

	Fiscal 2021	Fiscal 2022	YOY Change
Revenues	8,107	9,301	1,194
Investment banking business	4,061	4,973	912
Public management consulting business	242	346	103
Entertainment service business	4,106	4,285	179
Elimination	(303)	(303)	(0)
Gross profit	3,370	3,990	619
Investment banking business	2,725	2,951	225
Public management consulting business	148	189	41
Entertainment service business	632	975	343
Elimination	(136)	(126)	9
Operating income / (loss) [Segment income / (loss)]	178	587	409
Investment banking business	1,303	1,180	(122)
Public management consulting business	(3)	(14)	(11)
Entertainment service business	(501)	(34)	467
Elimination or corporate expenses	(619)	(543)	76

	Fiscal 2021	Fiscal 2022	YOY Change
Ordinary profit	115	540	425
Income before income taxes	118	556	437
Profit attributable to owners of the parent	130	176	45

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

a. Investment Banking Business

In the investment banking business, inquiries for private equity investment continued, and the segment saw brisk progress on the formation of private equity investment deals, execution of investment and subsequent exit, as well as exits on asset investments. In asset management activities, several new requests were received with an emphasis on investment in residences and renewable energy facilities, contributing to revenues. Consequently, the balance of assets under management rose 118.8% over the level recorded at the end of fiscal 2021, on September 30, 2021, to ¥56.1 billion, and the foundation for stock-type earnings—that is, recurring fee revenues—was reinforced. In addition, in aircraft asset management services, requests for aircraft inspections and technical services that accompany return of aircraft and other situations remained brisk as a consequence of the pandemic. Reliance on outsourcing grew to meet increasing inquiries and to meet demand for services.

Given the above, the investment banking business posted revenues of ¥4,973 million, climbing 22.5% year on year. But segment income slipped 9.4%, to ¥1,180 million, owing to an increase in cost of revenues paralleling higher revenues, primarily from asset investment and aircraft asset management, as well as costs associated with an increase in staffing.

b. Public Management Consulting Business

In the public management consulting business, which hinges on Public Management Consulting Corporation, the marketing push begun in fiscal 2021 to help large local governments in particular with preparation of financial documents continued, with the number of requests for contract services from prefectures to create financial documents and build better fixed asset ledgers increasing by four, to seven, in the current fiscal year for prefectures that runs from April 2021 through March 2022 compared with the local governments' previous fiscal year (April 2020–March 2021). In addition, the Ministry of Internal Affairs and Communications asked local public entities in January 2021 to execute a review of their general management plans, including those for public facilities, and Public Management Consulting vigorously pushed ahead on marketing activities related to services that would help local governments execute these reviews. As a result, the company has made strides in cultivating new clients for services, with a cumulative total of 385 contracted clients in fiscal 2021, up 27 from fiscal 2020, and an additional nine clients added so far in fiscal 2023, which for Public Management Consulting began in April 2022, for a current total of 394 contracted clients.

Reflecting these factors, the segment achieved revenues of ¥346 million, skyrocketing 42.8% year on year. But due to higher outsourcing costs, the segment suffered a loss of ¥14 million, deepening from the loss of ¥3 million recorded a year ago.

c. Entertainment Service Business

In Metsä operations, remodeling work under a new theme—"Well-being"—commenced in late-November and early-December 2021 to reimagine content and services geared to the needs of guests to Moominvalley Park. Through this, the site switched to an operating format matched to the needs of guests seeking a place of nature, healing and relaxation, and shifted to a fee structure that is easier-to-understand,

with ticket prices based exclusively on a one-day pass. Despite relaxation of government-imposed restrictions on movement, effective from April 2022, the Metsä guest count hovered at 740,000—on a par with the level recorded in fiscal 2021. This situation reflects park closure to remodel facilities and pandemic-related issues, such as the application of priority measures to prevent the spread of COVID-19 and the impact of Japan's seventh wave of infections, which hit during the summer of 2022. Against this backdrop, the entertainment service business welcomed a new revenue opportunity, joining Moomin Characters Oy Ltd., in the launch of an official online shop in Japan on March 1, 2022, offering an attractive array of products to Moomin fans. Consequently, Metsä-related revenues edged up 2.6% year on year, to ¥2,408 million. Note that application of an accounting standard on revenue recognition caused a revenue reduction of ¥83 million that would not have occurred if the previous accounting standard had been applied.

In licensing-related operations, certain situations arose that negatively affected activity. For example, lockdowns in China caused production delays for some licensees that make and sell Moomin merchandise, while the low yen prompted the review of product lineups. But wider demand in the field of fashion, especially casual wear, and higher sales of magazines offering a free gift were positive developments that helped increase overall handling volume of licensed merchandise and boost licensing income. As a result, licensing-related revenues grew 6.7%, to ¥1,877 million. Note that efforts are moving forward to build a unified CRM platform for data-based marketing and to explore branding strategies, which will pave a path for medium- to long-term growth in licensing-related operations.

All told, the entertainment service business generated ¥4,285 million, up 4.4% year on year. If the standard on revenue recognition had not been applied, the year-on-year increase would have been 6.4%. The segment did not pull out of the red, stilling showing an operating loss, at ¥34 million, but the loss was significantly less—¥467 million—than the loss posted in fiscal 2021, thanks to enhanced profitability following remodeling work at Moominvalley Park.

(2) Consolidated Financial Position

Current Assets

Current assets amounted to ¥11,022 million as of September 30, 2022, up 20.2% from a year earlier. The primary components of this change were increases of ¥359 million in notes and accounts receivable, trade, and contract assets (listed as accounts receivable, trade in the previous fiscal year) and ¥1,439 million in operational investment securities due to the securitization as real estate trust beneficiary rights of a residence acquired for small-lot real estate product formation, paralleling new investment into growth companies and business succession projects, which in total offset an ¥83 million decrease in loans receivable, trade.

Noncurrent Assets

Noncurrent assets settled at ¥6,910 million as of September 30, 2022, down 5.2% from a year earlier. The main components of this change were decreases of ¥185 million in buildings and structures (net), due to depreciation and amortization of buildings and interior and exterior fixtures at Moominvalley Park, and ¥243 million in tools, furniture and fixtures (net).

Current Liabilities

Current liabilities stood at ¥2,587 million as of September 30, 2022, up 8.2% from a year earlier. The change is largely due to increases of ¥136 million in current portion of long-term loans payable and ¥117 million in accounts payable, trade, which overshadowed a decrease of ¥125 million in short-term loans payable.

Noncurrent Liabilities

Noncurrent liabilities amounted to ¥7,502 million as of September 30, 2022, up 13.2% from a year earlier. The change is primarily due to a ¥1,143 million increase in long-term loans, with borrowings used to

purchase real estate accompanying formation of small-lot real estate products, and this negated a decrease of ¥230 million in lease obligations associated with interior and exterior fixtures at Moominvalley Park.

Net Assets

Net assets amounted to ¥7,842 million as of September 30, 2022, up 5.4% from a year earlier. The change is primarily due to an increase of ¥176 million in retained earnings, reflecting profit attributable to owners of the parent, and an increase of ¥168 million in non-controlling interests.

As a result of the above changes in assets and liabilities, total assets stood at ¥17,933 million on September 30, 2022, up 9.0% from a year earlier. Total liabilities amounted to ¥10,090 million, up 11.9% year on year, and total net assets settled at ¥7,842 million, up 5.4% year on year. The shareholders' equity ratio reached 36.7%.

(3) Consolidated Cash Flows

Cash and cash equivalents (hereafter, "cash") at the end of fiscal 2022 amounted to ¥2,375 million, a decrease of ¥3 million from the end of fiscal 2021.

Net Cash from Operating Activities

Net cash from operating activities reversed direction in fiscal 2022, as FGI posted net cash used—¥701 million—compared with net cash provided—¥747 million—in fiscal 2021. The key components of change were a ¥314 million increase in accounts receivable, trade and a ¥1,404 million increase in operational investment securities, which outweighed inflow of ¥556 million in income before income taxes and ¥545 million in depreciation and amortization.

Net Cash from Investing Activities

Net cash used in investing activities came to ¥141 million in fiscal 2022, down from ¥173 million in fiscal 2021. This change is primarily due to a decrease of ¥121 million in payment to acquire fixed assets.

Net Cash from Financing Activities

In fiscal 2022, FGI reversed from a net cash used position to a net cash provided position, with ¥802 million in net cash from financing activities, compared with ¥360 million in net cash used in financing activities in fiscal 2021. The key component of change was inflow of ¥1,320 million in proceeds from long-term loans payable, which was much more than the combined outflow of ¥125 million in short-term loans payable, net and ¥243 million in repayments of lease obligations.

(4) Forecast

FGI's consolidated performance forecast for fiscal 2023 is presented in the table below.

(Unit: Millions of yen)

	Fiscal 2022 (actual)	Fiscal 2023 (forecast)	YOY change (percentage)
Revenues	9,301	10,100	8.6%
Operating income	587	1,400	138.2%
Ordinary income	540	1,400	158.8%
Profit attributable to owners of the parent	176	1,000	467.8%

In fiscal 2023, the investment banking business will ramp up private equity investment activity. Social and economic activities will gradually normalize in a with-COVID world, but the operating environment will be

much different from the pre-COVID normal, mainly due to rising raw material costs and a weakening yen. Amid these challenges, the issue of business succession will become all the more pressing. The FGI Group will strive to expand revenue and income by providing various solutions, starting with investment, to companies faced with business succession issues.

As described in “Notice regarding change in status of consolidated subsidiary to equity-method affiliate,” dated November 8, 2022, Rights and Brands Japan Co., Ltd. (hereafter, “RBJ”), will be excluded from FGI’s scope of consolidation, effective from the first quarter of fiscal 2023, and become an affiliate accounted for by the equity method. Although the change in status is a factor that limits revenue potential in fiscal 2023, private equity investment-related activities should more than compensate, given that a certain number of investments made in fiscal 2022 appear ready for exit, that the status of new investments under consideration is more favorable, and that deal formation is becoming more efficient, thanks to skillful application of accumulated know-how. On the profit front, private equity investment activities and other growth fields are likely to incur higher personnel costs and other expenses, but an increase in highly profitable private equity investment deals should lead to improvement in all income categories. In addition, RBJ will become an equity-method affiliate but the equity stake held, albeit indirectly, by FGI will not change, so there will be no impact on profit attributable to owners of the parent.

Note that the presumed exchange rate is 135 yen to 1 euro.

The outlook for each business segment is provided below.

The investment banking business is expected to post considerable improvement in revenues and income, fueled by private equity investment activities. On the asset management side of business, efforts to pinpoint the real estate investment and ESG investment needs of overseas investors will underpin a larger balance of assets under management (AUM). The goal is to push the balance at September 30, 2022, more than 50% higher by the end of September 2023, which will reinforce the foundation for stock-type earnings—that is, recurring fee revenues. Aircraft asset management services should deliver an increase in revenues, despite the possibility of cooler demand for aircraft inspections as pandemic turmoil settles down, as the number of aircraft registrations grows and new requests for services stream in. Note that expenses, particularly personnel and outsourcing costs, are likely to rise as business activities expand.

The public management consulting business should achieve higher revenues underpinned by new contracts to provide support for preparing financial documents and for implementing reviews of general management plans, including those for public facilities. A particular emphasis will be placed on capturing more contracts from large local governmental districts, including prefectures, for services to prepare financial documents.

In the entertainment service business, Metsä operations are expected to recover somewhat, with higher revenues and a loss position that is not so deep. While Moominvalley Park saw a drop in crowds beginning in July 2022, as the seventh wave of COVID-19 infections rolled over Japan, the guest count began to normalize in October 2022 and, on the assumption that there are no more pandemic-related restrictions on the movement of people, the guest count should rise going forward. Note that Rights and Brands Japan will no longer be included in the scope of consolidation and will become an affiliate accounted for by the equity method. This will put downward pressure on segment performance. However, profit attributable to owners of the parent will not be affected.

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 2022 and Fiscal 2023

FGI prioritizes 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 ¥5,182 million, management feels the Company must forego distribution of a year-end dividend for fiscal 2022.

The situation should change in fiscal 2023. As described in "Notice regarding decreases in common stock, legal capital surplus and legal retained earnings, and appropriation of surplus," dated November 8, 2022, FGI plans to put forward at the Ordinary General Meeting of Shareholders on December 22, 2022, a proposal to reduce common stock, legal capital surplus and legal retained earnings, and to appropriate surplus. If this proposal is approved and implemented, the current deficit will be erased, and the Company expects to have funds to cover distribution of profits from fiscal 2023 non-consolidated net income. However, private equity investment activities are on an obvious growth track, and management must take into account the need for capital to address an increase in private equity transactions. Therefore, no forecast will be presented at the current time on a year-end dividend for fiscal 2023.

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 and ensure progress toward a recovery in business results.

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 2021 (As of September 30, 2021)	Fiscal 2022 (As of September 30, 2022)
Assets		
Current assets		
Cash and time deposits	2,379,230	2,375,927
Accounts receivable, trade	753,826	—
Accounts receivable - trade, and contract assets	—	1,113,702
Operational investment securities	1,042,651	2,482,469
Loans receivable, trade	455,415	371,665
Real estate for sale	4,038,343	4,057,167
Merchandise	192,176	133,602
Other	398,443	593,045
Allowance for doubtful accounts	(92,518)	(104,772)
Total current assets	9,167,569	11,022,806
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,380,820	5,390,285
Accumulated depreciation	(522,495)	(717,453)
Buildings and structures, net	4,858,325	4,672,832
Tools, furniture and fixtures	2,165,354	2,190,354
Accumulated depreciation	(1,330,864)	(1,599,018)
Tools, furniture and fixtures, net	834,490	591,335
Land	519,734	519,734
Construction in progress	300	300
Other	107,363	139,565
Accumulated depreciation	(21,107)	(44,984)
Other, net	86,255	94,581
Total property, plant and equipment	6,299,105	5,878,784
Intangible fixed assets		
Goodwill	129,334	117,736
Other	486,976	514,765
Total intangible fixed assets	616,310	632,501
Investments and other assets		
Investments in securities	65,865	105,581
Long-term loans receivable	33,336	35,004
Deferred tax assets	8,445	11,364
Other	267,025	257,016
Allowance for doubtful accounts	(70)	(10,047)
Total investments and other assets	374,602	398,918
Total noncurrent assets	7,290,019	6,910,204
Total assets	16,457,588	17,933,011

(Unit: Thousands of yen)

	Fiscal 2021 (As of September 30, 2021)	Fiscal 2022 (As of September 30, 2022)
Liabilities		
Current liabilities		
Accounts payable, trade	130,687	248,274
Short-term loans payable	125,600	—
Current portion of long-term loans payable	393,194	529,252
Lease obligations	247,203	260,095
Income taxes payable	75,228	133,150
Accrued employee bonuses	146,703	191,888
Other	1,273,293	1,225,164
Total current liabilities	2,391,910	2,587,825
Noncurrent liabilities		
Long-term loans payable	6,041,300	7,184,342
Lease obligations	388,207	158,022
Deferred tax liabilities	64,885	19,737
Net defined benefit liability	99,040	110,067
Other	33,122	30,322
Total noncurrent liabilities	6,626,556	7,502,492
Total liabilities	9,018,467	10,090,317
Net assets		
Shareholders' equity		
Common stock	6,462,099	6,471,266
Additional paid-in capital	4,987,549	4,996,716
Retained earnings	(5,120,066)	(4,943,941)
Treasury shares	—	(0)
Total shareholders' equity	6,329,582	6,524,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,249	35,680
Foreign currency translation adjustment	(7,167)	26,158
Total accumulated other comprehensive income	(918)	61,839
Stock acquisition rights	78,503	56,359
Non-controlling interests	1,031,953	1,200,454
Total net assets	7,439,120	7,842,693
Total liabilities and net assets	16,457,588	17,933,011

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

(Unit: Thousands of yen)

	Fiscal 2021 (From October 1, 2020 to September 30, 2021)	Fiscal 2022 (From October 1, 2021 to September 30, 2022)
Revenues	8,107,368	9,301,972
Cost of revenues	4,736,690	5,311,544
Gross profit	3,370,678	3,990,428
Selling, general and administrative expenses	3,192,590	3,402,665
Operating income	178,088	587,762
Non-operating income		
Interest income	788	1,039
Gain on sale of investment securities	2,334	9,912
Foreign exchange gains	—	27,122
Share of profit of entities accounted for using equity method	6,305	9,560
Subsidy income	55,450	37,287
Other	7,286	5,624
Total non-operating income	72,165	90,547
Non-operating expenses		
Interest expense	124,112	119,117
Foreign exchange losses	6,598	—
Provision of allowance for doubtful accounts	2	15,227
Other	3,696	3,055
Total non-operating expenses	134,409	137,401
Ordinary profit	115,844	540,909
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	3,151	—
Gain on reversal of stock acquisition rights	5,011	16,478
Total extraordinary income	8,162	16,478
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	—	999
Loss on retirement of noncurrent assets	5,066	—
Loss on valuation of shares of subsidiaries and associates	320	—
Loss on liquidation of subsidiaries and associates	—	362
Total extraordinary loss	5,387	1,362
Income before income taxes	118,619	556,025
Income taxes (current)	125,698	181,980
Income taxes (deferred)	(31,031)	(53,577)
Total income taxes	94,667	128,402
Profit	23,952	427,622
Profit (Loss) attributable to non-controlling interests	(106,853)	251,497
Profit attributable to owners of the parent	130,806	176,125

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal 2021 (From October 1, 2020 to September 30, 2021)	Fiscal 2022 (From October 1, 2021 to September 30, 2022)
Profit	23,952	427,622
Other comprehensive income		
Valuation difference on available-for-sale securities	9,629	29,430
Foreign currency translation adjustment	42,087	57,490
Total other comprehensive income	51,717	86,921
Comprehensive income	75,670	514,543
Comprehensive income attributable to		
Owners of the parent	166,102	238,882
Non-controlling interests	(90,431)	275,661

(3) Consolidated Statements of Changes in Net Assets

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 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 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

Fiscal 2022 (From October 1, 2021 to September 30, 2022)

(Unit: Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	6,462,099	4,987,549	(5,120,066)	—	6,329,582
Change during the period					
Issuance of new shares	9,166	9,166			18,333
Profit attributable to owners of the parent			176,125		176,125
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the period	9,166	9,166	176,125	(0)	194,458
Balance at the end of the period	6,471,266	4,996,716	(4,943,941)	(0)	6,524,040

	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	6,249	(7,167)	(918)	78,503	1,031,953	7,439,120
Change during the period						
Issuance of new shares						18,333
Profit attributable to owners of the parent						176,125
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	29,430	33,326	62,757	(22,143)	168,501	209,114
Total changes during the period	29,430	33,326	62,757	(22,143)	168,501	403,572
Balance at the end of the period	35,680	26,158	61,839	56,359	1,200,454	7,842,693

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal 2021 (From October 1, 2020 to September 30, 2021)	Fiscal 2022 (From October 1, 2021 to September 30, 2022)
Cash flows from operating activities		
Income before income taxes	118,619	556,025
Depreciation and amortization	619,704	545,194
Amortization of goodwill	19,976	20,767
Increase/(Decrease) in allowance for doubtful accounts	(4,966)	21,259
Increase/(Decrease) in accrued employee bonuses	11,373	37,201
Increase (Decrease) in retirement benefit liability	(9,219)	11,027
Interest and dividend income	(7,226)	(2,722)
Foreign exchange losses (gains)	256	—
Share of loss (profit) of entities accounted for using equity method	(6,305)	(9,560)
Interest expense	124,112	119,117
Loss (Gain) on sales of shares of subsidiaries and associates	(3,151)	—
Loss (Gain) on sale of investment securities	—	(9,912)
Gain on reversal of stock acquisition rights	(5,011)	(16,478)
Loss on valuation of investments in capital of subsidiaries and affiliates	—	999
Loss on valuation of shares of subsidiaries and associates	320	—
Loss (gain) on liquidation of subsidiaries and associates	—	362
Loss on retirement of non-current assets	5,066	—
(Increase)/Decrease in accounts receivable, trade	(164,446)	(314,625)
(Increase)/Decrease in operational investment securities	97,480	(1,404,877)
(Increase)/Decrease in loans receivable, trade	59,383	83,750
(Increase)/Decrease in inventories	30,210	(68,074)
Increase/(Decrease) in accounts payable, trade	17,906	106,435
Other	164,688	(157,777)
Sub-total	1,068,772	(481,886)
Interest and dividend income received	7,226	2,722
Interest expense paid	(125,028)	(118,355)
Income taxes refund (paid)	(203,188)	(104,333)
Net cash provided by/(used in) operating activities	747,781	(701,853)
Cash flows from investing activities		
Proceeds from sale of shares of subsidiaries and associates	6,283	—
Purchase of property, plant and equipment	(189,170)	(121,291)
Proceeds from withdrawal of deposit as collateral	40,000	—
Payments for deposit as collateral	(20,000)	—
Payments for long-term loans receivable	—	(10,000)
Other	(10,591)	(9,796)
Net cash provided by/(used in) investing activities	(173,478)	(141,088)

(Unit: Thousands of yen)

	Fiscal 2021 (From October 1, 2020 to September 30, 2021)	Fiscal 2022 (From October 1, 2021 to September 30, 2022)
Cash flows from financing activities		
Increase/(Decrease) in short-term loans payable, net	55,642	(125,600)
Proceeds from long-term loans payable	100,000	1,320,550
Repayments of long-term loans payable	(406,361)	(41,450)
Proceeds from share issuance to non-controlling interests	202,970	100
Purchase of treasury shares of subsidiaries	(33,603)	—
Dividends paid to non-controlling interests	(54,217)	(107,260)
Repayments of lease obligations	(222,578)	(243,623)
Other	(2,212)	260
Net cash provided by/(used in) financing activities	(360,360)	802,976
Effect of exchange rate change on cash and cash equivalents	23,218	36,661
Net increase/(decrease) in cash and cash equivalents	237,161	(3,303)
Cash and cash equivalents at the beginning of the period	2,142,069	2,379,230
Cash and cash equivalents at the end of the period	2,379,230	2,375,927

(5) Notes to Consolidated Financial Statements

(Assumption of a Going Concern)

Not applicable

(Change in accounting policies)

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan [hereinafter, the “ASBJ”] Statement No.29, March 31, 2020) effective from the start of the current fiscal year.

It recognizes revenue based on the amount expected to be received in exchange for such goods or services at the time when control of the promised goods or services is transferred to the customer.

The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment provided for in paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods before the start of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such beginning balance. There is no impact of this change on the beginning balance of retained earnings. Also, there is no impact on operating income, ordinary profit, and income before income taxes. The main changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows.

(1) Revenue recognition for agent transactions

Revenue related to consignment buying was previously recognized in the gross amount of consideration received from customers, but as a result of determining whether the Company was a principal or an agent in providing those goods or services to customers, the Company changed the method of revenue recognition to recognize revenue in the net amount, obtained by subtracting the amount paid to suppliers from the gross amount. Such revenue is recorded in net revenues. As a result, both revenues and cost of revenues decreased by 83 million yen for the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, “Accounts receivable, trade,” which were presented under “Current assets” in the consolidated balance sheet for the previous fiscal year, are included in “Accounts receivable, trade, and contract assets” from the start of the current fiscal year. In accordance with the transitional treatment provided for in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation approach.

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the start of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The application of the “Accounting Standard for Fair Value Measurement” and relevant ASBJ regulations has no impact on the consolidated financial statements for the current fiscal year.

(Accounting Standards Issued but not yet Effective)

Accounting Standards for Fair Value Measurement

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

(1) Overview

The Accounting Standard for Fair Value Measurement. (ASBJ Guidance No. 31) was revised on June 17, 2021.

This revision was announced on July 4, 2019. At the time of this announcement, the ASBJ noted that it needed some time to discuss the fair value of an investment trust and consider the notes on the fair value of equity investments stated on a net basis on the balance sheet. Accordingly, the ASBJ then announced that the revision would take effect after a year of consultation from the time of the original announcement.

(2) Planned applicable date

Applied from the beginning of the fiscal year ending September 2023

(3) Impact of application of these accounting standards

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

(Changes in accounting presentation)

Consolidated Statements of Income

In fiscal 2021, gain on sale of investment securities was included in “other” under the segment of non-operating income. Since materiality of this amount increased during fiscal 2022, gain on sale of investment securities is shown separately. To reflect these changes, reclassification was made on the consolidated statements of income for fiscal 2021.

As a result, on the consolidated statements of income for fiscal 2021, ¥9,620 thousand in “other” under the segment of non-operating income was reclassified to ¥2,334 thousand in gain on sale of investment securities and ¥7,286 thousand in “other”.

In fiscal 2022, commission paid is included in “other” under the segment of non-operating expenses. Also, in fiscal 2021, provision of allowance for doubtful accounts was included in “other” under the segment of non-operating expenses. Since the materiality of this amount increased during fiscal 2022, provision of allowance for doubtful accounts is shown separately. To reflect these changes, reclassification was made on the consolidated statements of income for fiscal 2021.

As a result, on the consolidated statements of income for fiscal 2021, ¥3,625 thousand in commission paid and ¥73 thousand in “other” under the segment of non-operating expenses were reclassified to ¥2 thousand in provision of allowance for doubtful accounts and ¥3,696 thousand in “other”.

(Segment information)

1. Outline of reporting segments

Reporting segments of the FGI Group (hereinafter, “the Group”) are components 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.

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
 - Financial arrangements
 - Financial advisory
 - Asset management (including real estate investment management, investment fund management)
 - Private equity investment
 - Asset investment
 - Aircraft asset management, aircraft technology advisory, aircraft registry services
- Public management consulting business
 - Support for local public entities in preparing financial documents
 - Support for local public entities in reviewing general management plans, including those for public facilities
- Entertainment service business
 - Theme park development, ownership, management, operation
 - Moomin licensing in Japan
 - Distribution of animated TV series “Moominvalley”

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, income or losses, assets and other items pursuant to each reporting segment

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.

Fiscal 2022(From October 1, 2021 to September 30, 2022)

(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	4,746,515	334,130	4,221,327	9,301,972	—	9,301,972
Inter-segment revenues and transfers	227,214	12,000	64,668	303,882	(303,882)	—
Total	4,973,729	346,130	4,285,995	9,605,855	(303,882)	9,301,972
Segment income (loss)	1,180,815	(14,879)	(34,568)	1,131,367	(543,604)	587,762
Segment assets	8,895,866	212,604	7,553,644	16,662,115	1,270,895	17,933,011
Other items						
Depreciation	30,542	302	480,786	511,630	33,563	545,194
Investment in associates accounted for using equity method	—	63,433	—	63,433	—	63,433
Increase on tangible fixed assets and intangible fixed assets	7,619	—	99,968	107,587	18,035	125,623

Notes:

1. Adjustments are presented below.

(1) Adjustment of segment income (loss), at (¥543,604) thousand, includes elimination of transactions among segments of ¥303,417 thousand and corporate expenses of (¥847,021) 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 ¥1,270,895 thousand, is the difference between elimination of transactions among segments, at (¥1,090,744) thousand, and corporate assets, at ¥2,361,639 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 2021 (From October 1, 2020 to September 30, 2021)		Fiscal 2022 (From October 1, 2021 to September 30, 2022)	
Net assets per share (yen)	31.47	Net assets per share (yen)	32.72
Net income per share (yen)	0.65	Net income per share (yen)	0.88
Fully diluted net income per share	0.65	Fully diluted net income per share	0.87

Note: Calculation of net income per share and fully diluted net income per share is based on the following data:

	Fiscal 2021 (From October 1, 2020 to September 30, 2021)	Fiscal 2022 (From October 1, 2021 to September 30, 2022)
Net income per share		
Net income (thousands of yen)	130,806	176,125
Amount not attributable to shareholders of common stock (thousands of yen)	—	—
Net income associated with common shares (thousands of yen)	130,806	176,125
Average number of shares issued during the period (shares)	201,115,452	201,254,579
Fully diluted net income per share		
Adjusted net income per share (thousands of yen)	—	—
Increase in common shares (shares)	552,012	563,455
(of which, stock acquisition rights) (shares)	552,012	563,455
Details on shares not included in calculation of fully diluted net income per share due to non-dilutive effect	<p>Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014</p> <p style="text-align: right;">570 (Common shares: 57,000)</p> <p>Stock acquisition rights (stock options) issued on April 1, 2021, by special resolution at General Meeting of Shareholders on December 22, 2020</p> <p style="text-align: right;">1,945 (Common shares: 194,500)</p> <p>Consolidated subsidiaries:</p> <p>Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares)</p> <p style="text-align: right;">8 (Common shares: 32)</p>	<p>Stock acquisition rights (stock options) issued on December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013</p> <p style="text-align: right;">295 (Common shares: 29,500)</p> <p>Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014</p> <p style="text-align: right;">530 (Common shares: 53,000)</p> <p>Stock acquisition rights (stock options) issued on April 1, 2021, by special resolution at General Meeting of Shareholders on December 22, 2020</p> <p style="text-align: right;">1,945 (Common shares: 194,500)</p>

		<p>Stock acquisition rights (stock options) issued on December 24, 2021, by special resolution at General Meeting of Shareholders on December 21, 2021</p> <p style="text-align: right;">1,815</p> <p>(Common shares: 181,500)</p>
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(Subsequent Events)

Change in status of consolidated subsidiary to equity-method affiliate

As of September 30, 2022, Rights and Brands Japan Co., Ltd. (hereafter, “RBJ”) was an indirectly owned consolidated subsidiary of FinTech Global (hereafter, “FGI”). However, at the RBJ Board of Directors meeting held on November 8, 2022, a decision was made to approve a transfer of shares, amounting to 42.3% equity in RBJ, from another existing RBJ shareholder to Moomin Characters Oy Ltd (hereafter, “MC”) and R&B Licensing AB (hereafter, “R&B”), the exclusive distributor of MC. This share transfer will be completed by May 2023.

Through the transfer of shares, MC and R&B will hold a combined 57.7% equity stake in RBJ, while Moomin Monogatari, Ltd., an FGI subsidiary, retains its 42.3% stake. Also of note, one director sent to RBJ by FGI, stepped down from his position on November 8, 2022. Given these developments, RBJ will be excluded from FGI’s scope of consolidation and become an affiliate accounted for by the equity method.

For details, please refer to the timely disclosure “Notice regarding change in status of consolidated subsidiary to equity-method affiliate,” dated November 8, 2022.

Decreases in common stock, legal capital surplus and legal retained earnings, and appropriation of surplus

The Board of Directors at FGI resolved at a meeting held on November 8, 2022, to put forward at the Ordinary General Meeting of Shareholders on December 22, 2022, a proposal to reduce common stock, legal capital surplus and legal retained earnings, and to appropriate surplus.

For details, please refer to the timely disclosure “Notice regarding decreases in common stock, legal capital surplus and legal retained earnings, and appropriation of surplus,” dated November 8, 2022.