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Summary of Financial Statements for Fiscal 2018
<under Japanese GAAP>

November 8, 2018

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)

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Representative: President and Chief Executive Officer Name: Nobumitsu Tamai

Inquiries: Member of the Board, Senior Executive Officer Name: Takashi Senda

Scheduled date of General Shareholders' Meeting: December 19, 2018

Scheduled date for filing of securities report: December 20, 2018

(Rounded down to the nearest million)

1. Overview of financial condition and business results for fiscal 2018
(October 1, 2017– September 30, 2018)

(1) Business results (Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit/(loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2018	3,689	(48.6)	(1,072)	—	(1,227)	—	(820)	—
Fiscal 2017	7,182	(4.1)	(1,319)	—	(1,341)	—	(1,358)	—

(Reference) Comprehensive income: (1,004) million yen for fiscal 2018 (—%)
(1,186) million yen for fiscal 2017 (—%)

	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 2018	(4.79)	—	(13.5)	(9.1)	(29.1)
Fiscal 2017	(8.39)	—	(24.6)	(11.2)	(18.4)

(Reference) Equity in earnings of affiliated companies: — million yen for fiscal 2018
11 million yen for fiscal 2017

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	14,016	8,551	52.2	39.31
Fiscal 2017	12,932	5,326	37.1	29.64

(Reference) Shareholders' equity: 7,311 million yen for fiscal 2018
4,800 million yen for fiscal 2017

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

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
Fiscal 2018	(2,978)	(2,008)	5,771	3,847
Fiscal 2017	(1,153)	(1,026)	2,937	2,969

2. Dividends

Record date	Dividends per share: End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total	Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (DOE) (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2017	—	0.00	—	0.00	0.00	–	—	—
Fiscal 2018	—	0.00	—	0.00	0.00	–	—	—
Fiscal 2019 (Forecast)	—	0.00	—	—	—		—	

(Note) The dividend forecast for fiscal year ending September 30, 2019, is yet to be determined.

3. Full-year performance forecasts for fiscal 2019 (October 1, 2018 – September 30, 2019)

(The percentages in the table indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters	—	—	—	–	—	–
Fiscal 2019	11,040	199.3	510	–	310	–

(Note)1. Performance forecasts for the first two quarters of fiscal 2019: None
2. Gross profit forecast is 6,880 millions of yen.

Matters of note

(1) Transfer of principal consolidated subsidiaries during the term
(Transfer of specified subsidiaries accompanying change in scope of consolidation.): None

(2) Changes in accounting policies, changes in accounting estimates, restatements:
1. Changes based on revision of accounting standards: None
2. Changes other than (1) above: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of shares issued

1. Number of shares outstanding (including treasury stock):	185,986,400 shares for fiscal 2018
	161,935,300 shares for fiscal 2017
2. Number of shares of treasury stock:	- shares for fiscal 2018
	- shares for fiscal 2017
3. Average number of shares outstanding for each period:	171,361,223 shares for fiscal 2018
	161,932,894 shares for fiscal 2017

(Reference) Summary of non-consolidated financial condition and business results

1. Non-consolidated financial condition and business results for fiscal 2018
(October 1, 2017 – September 30, 2018)

(1) Non-consolidated business 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 2018	1,538	44.2	(313)	—	(252)	—	56	—
Fiscal 2017	1,066	(53.0)	(1,152)	—	(1,054)	—	(1,017)	—

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2018	0.33	0.33
Fiscal 2017	(6.28)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	11,219	7,757	68.8	41.48
Fiscal 2017	8,635	5,688	65.3	34.83

(Reference) Shareholders' equity: 7,713 million yen for fiscal 2018, and 5,640 million yen for fiscal 2017

* This summary of financial statements is not subject to audit procedures by certified public accountant or an auditing firm.

* Information concerning appropriate use of forward-looking statements, and other matters of note

Forward-looking statements in this report are based on data available to management as of November 8, 2018, and certain assumptions considered reasonable at the time of disclosure. Actual results may differ considerably from estimates due to unforeseen factors.

1. Qualitative Information on Consolidated Business Results and Financial Position

(1) Consolidated business results

In fiscal 2018, the consolidated accounting period ended September 30, 2018, FinTech Global Incorporated (FGI) emphasized measures to reinforce operations through the application of capital and human resources into the investment banking business. To acquire new capital resources, the Company sold shares in real estate subsidiaries and securitized land adjacent to the Metsä site and then directed the proceeds into the investment banking business. As a result, new investments in the investment banking business, which stalled at ¥483 million in the previous fiscal year, increased to ¥1,953 million and underpinned higher segment revenue and income in fiscal 2018. New investments were limited to investments and loans booked under investments in securities, trade, loans receivable, trade, real estate for sale and real estate for sale in progress, and exclude Metsä-related investments. Also of note, the investment banking business posted gross profit of ¥2,035 million, soaring 275.0% year on year, owing to the addition of aircraft asset management company SGI-Aviation Services B.V. and other companies to the scope of consolidation through M&A activity as well as progress on fund investment exits.

On a consolidated basis, revenues tumbled 48.6%, to ¥3,689 million, primarily because all subsidiaries in the real estate business were removed from the scope of consolidation when the subsidiaries were sold, and in the corresponding period a year ago, these real estate business subsidiaries, which were part of FGI's investment portfolio, contributed significantly—¥4,713 million—to consolidated revenues. Gross profit increased 39.1% year on year, to ¥2,261 million mainly due to the investment banking business—benefiting from a high gross profit ratio fueled by new investment and loan activity and higher investment exit results—and the fact that the real estate business, which is characterized by a high cost ratio, no longer exerted pressure on income.

Despite the absence of real estate expenses, selling, general and administrative expenses grew 13.2%, to ¥3,333 million, mainly owing to costs and investments to prepare for the opening of Metsä as well as impact from consolidation of the aforementioned aircraft asset management company. Consequently, FGI recorded an operating loss, at ¥1,072 million, down slightly from the ¥1,319 million operating loss booked in fiscal 2017. Still showing an ordinary loss, FGI welcomed a slight improvement, at ¥1,227 million in fiscal 2018 compared with ¥1,341 million in fiscal 2017. The ordinary loss is largely due to ¥71 million in interest expense and ¥23 million in foreign exchange losses. Loss attributable to owners of parent improved to ¥820 million, compared with ¥1,358 million in fiscal 2017, reflecting ¥267 million in proceeds from the sale of shares in subsidiaries and associates in the real estate business and a ¥176 loss attributable to non-controlling interests.

(Unit: Millions of yen)

	Fiscal 2017	Fiscal 2018	YOY Change
Revenues	7,182	3,689	(3,493)
Investment banking business	2,018	3,137	1,118
Public management consulting business	324	457	132
Entertainment service business	135	129	(5)
Other	33	37	3
Real estate business	4,713	—	(4,713)
Elimination	(43)	(72)	(29)
Gross profit	1,626	2,261	635
Investment banking business	542	2,035	1,493
Public management consulting business	120	214	94
Entertainment service business	42	45	2
Other	33	36	2
Real estate business	927	—	(927)
Elimination	(40)	(71)	(30)
Operating income/ (loss) [Segment income/ (loss)]	(1,319)	(1,072)	246
Investment banking business	80	880	800
Public management consulting business	(18)	(60)	(41)

Entertainment service business	(328)	(966)	(638)
Other	(2)	(6)	(4)
Real estate business	149	—	(149)
Elimination or corporate expenses	(1,199)	(919)	280
Ordinary income/ (loss)	(1,341)	(1,227)	114
Income (Loss) before income taxes	(1,371)	(966)	404
Income/ (Loss) attributable to owners of parent	(1,358)	(820)	538

A breakdown of performance by business segment is presented below. Revenues include intersegment revenues and transfers. Note that FGI now has three reporting segments — investment banking, public management consulting and entertainment services — effective from fiscal 2018, owing to the removal of Better Life Support Holdings and its subsidiaries, which had comprised the real estate business, from the scope of consolidation.

a. Investment Banking Business

In the investment banking business, FGI took advantage of new investment opportunities to build its asset investment portfolio while booking revenue from investment exits, including the securitization of real estate adjacent to the Metsä site and the sale of investment real estate.

In corporate investment, FGI added to its portfolio, including participation in a U.S. venture fund and investment in domestic companies, for a total investment amount of ¥1.1 billion. Investment exits generated ¥420 million from exits on fund investments. Note that FGI sold shares in real estate companies that were part of its investment portfolio in the first quarter of fiscal 2018, with proceeds of ¥267 million from this sale recorded under extraordinary profit.

To expand services in the investment banking business, FGI brought companies offering specialized services under its umbrella. In October 2017, FGI Capital Partners, Inc., an investment management company previously accounted for under the equity method, was turned into a consolidated subsidiary through the acquisition of additional shares. In December 2017, FinTech Global Trading Incorporated—an FGI subsidiary—acquired shares (voting interest 51% and economic interest 49%) in SGI-Group B.V., through SGI Investment LLC, bringing SGI-Group, the holding company of aircraft asset management business SGI-Aviation Services B.V., and its four subsidiaries under consolidation as subsidiaries of FGI. In March 2018, seeking to provide solutions to the challenges of business succession in Japan, FGI established FinTech M&A Solution, Inc., to engage in merger and acquisition agency services, and made this company a subsidiary as well. This marked a full-scale start to M&A agency services by the FGI Group.

Construction of Metsä Village, which is being developed as an asset investment, was completed and delivered along with Moominvalley Park on October 2, 2018, after the books for fiscal 2018 closed. To procure capital for investing into construction of Metsä Village and other facilities, FGI issued its 18th series of stock acquisition rights on January 12, 2018, and as of August 10, 2018, all rights had been exercised, generating net proceeds of ¥1,976 million. Full-scale sales, including securitization, of development real estate is likely to commence after the next fiscal year.

Results for the investment banking business were markedly better, with revenues soaring 55.4% year on year, to ¥3,137 million, and operating income skyrocketing 991.9%, to ¥880 million.

b. Public Management Consulting Business

The public management consulting business offers consulting services on the preparation of financial documents under a unified standard in fiscal accounting for local governments as well as consulting services on such topics as possible introduction of public-private partnership/public financial initiative techniques—demand for which is expected to grow. This segment also engages in business activities to support consulting services on public enterprise management strategies for local governments already in the client base.

In addition, in March 2018 FGI subscribed to a third-party allocation of shares in Namtech Inc., an unconsolidated subsidiary agency for General Electric Company (GE), and through this company acquired shares in Geoplan Namtech Inc., which was established as a Smallworld business company. This business focuses on network asset management solutions for such customers as local governments and public service providers and delivers consultations, customization and maintenance and operation support related to the implementation of Smallworld™, a network asset management software solution for GE's electric, gas, water distribution and telecommunications operators. FGI turned Namtech and Geoplan Namtech into consolidated subsidiaries, but on May 15, 2018, executed an absorption-type merger wherein Namtech was the surviving company and Geoplan Namtech was dissolved. The merged company took the name Geoplan Namtech Inc.

The public management consulting business generated revenues of ¥457 million and a segment loss of ¥60 million. Note that with the shift to consolidated subsidiary status for Public Management Consulting Corporation and others, this segment became a reporting segment from the second quarter of the previous fiscal year. Therefore, since the full year of fiscal 2018 include these subsidiaries within the scope of consolidation and the corresponding period in fiscal 2017 did not, no year-on-year comparisons are presented for segment performance.

c. Entertainment Service Business

In the entertainment service business, preparations moved ahead toward the opening of Metsä Village and Moominvalley Park. FGI signed a master lease agreement with Moomin Monogatari, Ltd., which formed the basis of a structure that would enable the company to operate Metsä Village on its own and by leasing space to tenants. The company focused on firming up agreements with tenants, including Northern European companies, looking ahead to the planned opening of Metsä Village on November 9, 2018, and expects all shops to open in November 2018. Preparations also moved ahead for Moominvalley Park, which is scheduled for grand opening on March 16, 2019, with an emphasis on the design of various contents. Construction of buildings wrapped up on October 2, 2018, with activities shifting to final touches on interior and exterior features. Other efforts included landscaping and area improvements around buildings as well as discussions on specific site operations and recruiting staff for operations once the site opens. Note that Hanno Local Resource Utilization LLC, a special purpose company that owns Moominvalley Park real estate and falls under the scope of FGI consolidation, borrowed a total of ¥5.6 billion from four financial institutions on October 2, 2018, in line with loan agreements signed in July 2017.

On March 16, 2018, Moomin Monogatari, Ltd., joined Tuttle-Mori Agency, Inc., and Moomin Characters Oy Ltd. in establishing Rights and Brands Co., Ltd., which will manage all Moomin copyrights in Japan. Through this approach, the three companies seek to draw on a strategy that integrates the licensing business and the theme park business and, by actively developing business domains from a medium- to long-term perspective, boost the brand value of the Moomins even higher and capture new fans to create an even larger market. FGI expects Rights and Brands to fall under its scope of consolidation from fiscal 2019.

Moomin Monogatari executed a third-party allocation of shares, targeting several major corporations, to reinforce its financial position and procured ¥1,944 million in fiscal 2018. Third-party allocation of shares continued after the end of the fiscal year as well, adding an estimated ¥898 million to the fiscal 2018 amount as of November 9, 2018.

Segment revenues slipped 4.3% year on year, to ¥129 million, and the segment loss widened, to ¥966 million from ¥328 million a year ago, reflecting prior investment in the Metsä project.

d. Other

Adacotech Incorporated emphasized projects for large corporations keen on utilizing and building analytical systems into their operations, taking many projects from the feasibility study stage to a point close to practical use. This includes a non-destructive method applied to services provided by Mitsui E&S Machinery to confirm the integrity of infrastructure. The company is thus contributing to innovation in productivity across a spectrum of industries.

The segment posted an 11.3% year-on-year improvement in revenues, to ¥37 million. The loss widened, to ¥6 million, from ¥2 million a year ago.

(2) Consolidated Financial Position

Assets, liabilities and net assets

The status of assets, liabilities and net assets, on a consolidated basis, at September 30, 2018, is described below.

Current Assets

Current assets stood at ¥9,881 million on September 30, 2018, down 2.4% from a year earlier. The change is primarily the result of a decrease of ¥1,983 million in real estate for sale due to the exclusion of subsidiaries in the real estate business from consolidation, the sale of land adjacent to the Metsä site and the sale of investment real estate. But the decrease would have been larger were it not for increases of ¥1,047 million in cash and time deposits and ¥447 million in notes and accounts receivable, trade, paralleling the addition of newly consolidated companies, including SGI-Aviation Services B.V.

Note that real estate for sale in progress was down because subsidiaries in the real estate business were excluded from the scope of consolidation, but the decrease was slightly offset by inputs of ¥225 million from investment in real estate development projects and payment for construction work at Metsä Village.

Noncurrent Assets

Noncurrent assets reached ¥4,134 million, as of September 30, 3018, up 47.1% from a year earlier. This change is largely due to increases of ¥2,360 million in the construction in progress, paralleling construction work at Moominvalley Park, and ¥259 million in goodwill through the acquisition of shares in SGI-Group B.V. and other companies, which outweighed decreases of ¥328 million in buildings and structures and ¥1,034 million in land following the removal of subsidiaries in the real estate business from the scope of consolidation as well as a decrease of ¥200 million in long-term deposits included in others under investments and other assets.

Current Liabilities

Current liabilities stood at ¥4,803 million on September 30, 3018, up 26.9% year on year. The primary reason for this change is that accounts payable, trade rose ¥141 million and the current portion of long-term loans payable grew ¥3,292 million, due to the transfer (note) of ¥2,000 million in long-term loans held by a subsidiary special purpose company to current portion of long-term loans payable, and the overall increase completely overshadowed a decrease of ¥2,751 million in short-term loans payable due to the removal of subsidiaries in the real estate business from the scope of consolidation.

Note: The special purpose company repaid these loans on October 2, 2018, and on the same date, financial institutions extended loans totaling ¥5.6 billion to the special purpose company.

Long-term Liabilities

Total long-term liabilities dropped 82.7% year on year, to ¥661 million as of September 30, 2018. This is mainly due to a ¥2,980 million decrease in long-term loans payable, paralleling the transfer of long-term loans to current portion of long-term loans payable through loans to build Moominvalley Park.

Net Assets

Net assets came to ¥8,551 million as of September 30, 2018, jumping 60.5% from the end of fiscal 2017. The primary reasons for this significant change are increases of ¥1,002 million in both common stock and additional paid-in capital, related to the exercise of new stock acquisition rights from the 18th series, an increase of ¥1,334 million in additional paid-in capital largely related to a capital increase at Moomin Monogatari and an increase of ¥709 million in non-controlling interests. These various increases offset a decrease of ¥826 million in retained earnings arising from the booking of net loss attributable to owners of the parent.

(3) Consolidated Cash Flows

Cash and cash equivalents (hereafter, "cash") at the end of fiscal 2018 amounted to ¥3,847 million, an increase of ¥877 million from the end of fiscal 2017.

Net Cash from Operating Activities

In fiscal 2018, net cash used in operating activities reached ¥2,978 million, up from ¥1,153 million in fiscal 2017. The key components of this change were a loss before income taxes of ¥966 million and a decrease of ¥1,975 million due to higher inventory.

Net Cash from Investing Activities

In fiscal 2018, net cash used in investing activities amounted to ¥2,008 million, up from ¥1,026 million in fiscal 2017. Although the Company recorded ¥1,013 million from short-term loans, the application of ¥2,771 million to purchase property, plant and equipment put the Company in a net cash used position in this cash flow category.

Net Cash from Financing Activities

In fiscal 2018, net cash provided by financing activities came to ¥5,771 million, up from ¥2,937 million in fiscal 2017. The key components of this change were inflow of ¥2,188 million in proceeds from long-term loans, ¥1,982 million in proceeds from the issue of stock through the exercise of new stock acquisition rights, and ¥1,956 million in proceeds generated by payments from non-controlling interests.

(4) Forecast

Preparations for the opening of Metsä have taken center stage within the FGI Group, and considerable management resources, including capital resources, have been allocated to this project for some time now. But Metsä Village will open on November 9, 2018, followed by the grand opening of Moominvalley Park on March 16, 2019, so this project should begin to generate revenue from site operations and facility rental in fiscal 2019. The opening of Metsä will also enable FGI to redirect management resources that had been allocated to the project back into the investment banking business. In addition, management expects capital procured through the issue of a 19th series of stock acquisition rights, which was approved by the Board of Directors at its meeting on November 8, 2018, to promote wider investment and lending operations by the investment banking business will boost the performance of the investment banking business. This segment will also be working to reinforce its sales structure by extending its network, which includes financial institutions as well as accountants, including tax specialists, and aims to enhance sales of products, such as subdivided real estate investment products, and expand demand for M&A agency services and consulting activities and pursue new asset investment opportunities. In the entertainment service business, revenue will be limited to results from the operation of Metsä Village until the opening of Moominvalley Park in March 2019. Even then, upfront expenses, such as personnel costs prior to site opening, could rise and squeeze overall profitability in this segment.

Once the theme park is open, the emphasis will shift to promotional activities and strategies to secure revenue from park entrance fees. At the same time, the merchandise sales division will be looking to boost sales through product planning and sales of Moominvalley Park original goods and an investment focus on seasonal products. The restaurant division will secure revenue by providing food and beverages under various formats — restaurants, cafés and food carts — that meet diverse customer needs.

With the above factors in mind, management anticipates the following full-year fiscal results, on a consolidated basis, for fiscal 2019: revenues of ¥11,040 million, gross profit of ¥6,880 million, operating income of ¥510 million and ordinary income of ¥310 million. An increase in non-controlling interests due to the third-party allocation of shares by Moomin Monogatari has the potential to impact profit attributable to owners of parent. Investor trends could also affect the result, making it difficult to reasonably predict at the present time how the allocation of shares will turn out and the eventual impact on profit attributable to owners of parent. Therefore, management has decided not to provide a forecast for profit attributable to owners of parent.

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2018 and Fiscal 2019

Management adheres 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 must therefore take 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 ¥1,013 million, management must forego distribution of a year-end dividend for fiscal 2018.

It is policy at FGI to determine the year-end dividend once performance trends in the given fiscal year are better known, so management has not provided an estimate for the fiscal 2019 year-end dividend.

2. Underlying Policy on Selection of Accounting Standard

At the present time, FGI prepares its consolidated financial statements in accordance with generally accepted accounting principles in Japan, in consideration of 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 2017 (As of September 30, 2017)	Fiscal 2018 (As of September 30, 2018)
(Assets)		
Current assets		
Cash and time deposits	3,219,805	4,267,738
Accounts receivable, trade	196,840	644,824
Investments in securities, trade	1,069,032	1,017,184
Loans receivable, trade	609,147	576,924
Real estate for sale	2,287,519	304,516
Real estate for sale in progress	2,556,159	2,781,914
Merchandise	10,084	15,298
Deferred tax assets	17,853	2,129
Other current assets	239,382	388,011
Allowance for doubtful accounts	(83,739)	(117,232)
Total current assets	10,122,083	9,881,308
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	944,978	236,436
Accumulated depreciation	(399,568)	(19,782)
Buildings and structures, net	545,409	216,653
Tools, furniture and fixtures	204,123	217,418
Accumulated depreciation	(153,045)	(80,092)
Tools, furniture and fixtures, net	51,077	137,325
Land	1,539,871	505,409
Construction in progress	95,848	2,455,866
Others	10,161	3,641
Accumulated depreciation	(4,133)	(1,183)
Others, net	6,027	2,458
Total property, plant and equipment	2,238,234	3,317,713
Intangible fixed assets		
Goodwill	8,750	268,344
Other intangible fixed assets	29,858	74,843
Total intangible fixed assets	38,609	343,188
Investments and other assets		
Investments in securities	100,543	85,248
Long-term loans receivable	2,013	153,037
Others	431,038	236,039
Allowance for doubtful accounts	—	(264)
Total investments and other assets	533,596	474,061
Total fixed assets	2,810,440	4,134,963
Total assets	12,932,524	14,016,272

(Unit: Thousands of yen)

	Fiscal 2017 (As of September 30, 2017)	Fiscal 2018 (As of September 30, 2018)
(Liabilities)		
Current liabilities		
Accounts payable, trade	152,025	293,215
Short-term loans payable	2,751,380	—
Current portion of bonds	30,000	—
Current portion of long-term loans payable	293,847	3,586,081
Income taxes payable	42,335	73,216
Deferred tax liabilities	7,967	1,562
Accrued employee bonuses	72,795	114,928
Other current liabilities	435,078	734,587
Total current liabilities	3,785,430	4,803,592
Long-term liabilities		
Bonds payable	30,000	—
Long-term loans payable	3,513,399	532,787
Deferred tax liabilities	113,485	1,438
Net defined benefit liability	119,661	91,640
Other long-term liabilities	44,085	35,662
Total long-term liabilities	3,820,631	661,528
Total liabilities	7,606,062	5,465,120
(Net assets)		
Shareholders' equity		
Common stock	4,549,016	5,551,419
Additional paid-in capital	1,812,727	4,149,561
Retained earnings	(1,560,954)	(2,387,101)
Total shareholders' equity	4,800,789	7,313,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(530)	11,166
Foreign currency translation adjustment	—	(13,754)
Total accumulated other comprehensive income	(530)	(2,588)
Stock acquisition rights	50,142	54,605
Non-controlling interests	476,060	1,185,254
Total net assets	5,326,461	8,551,151
Total liabilities and net assets	12,932,524	14,016,272

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

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal 2017 (From October 1, 2016 to September 30, 2017)	**Fiscal 2018** (From October 1, 2017 to September 30, 2018)
Revenues	7,182,376	3,689,183
Cost of revenues	5,556,332	1,427,968
Gross profit	1,626,043	2,261,215
Selling, general and administrative expenses	2,945,209	3,333,458
Operating income/(loss)	(1,319,165)	(1,072,243)
Other income		
Interest income	908	7,091
Foreign exchange gains	64,001	—
Share of profit of entities accounted for using equity method	11,022	—
Debt prescripton profit	5,336	4,929
Refunded real estate acquisition tax	9,347	—
Others	2,513	684
Total other income	93,131	12,706
Other expenses		
Interest expense	73,399	71,545
Foreign exchange losses	—	23,134
Commission paid	41,953	70,376
Others	369	2,964
Total other expenses	115,722	168,020
Ordinary profit/(loss)	(1,341,756)	(1,227,557)
Extraordinary profit		
Gain on sales of fixed assets	2,032	—
Gain on bargain purchase	—	1,179
Gain on liquidation of subsidiaries and associates	—	267,387
Gain on reversal of subscription rights to shares	9,563	15,183
Others	—	17,616
Total extraordinary profit	11,595	301,367
Extraordinary loss		
Loss on retirement of noncurrent assets	13,410	670
Loss on sales of noncurrent assets	1,088	—
Impairment loss	26,514	6,691
Loss on valuation of shares of subsidiaries and associates	—	32,830
Total extraordinary loss	41,013	40,192
Income/(Loss) before income taxes	(1,371,173)	(966,383)
Income taxes	39,244	29,380
Income tax adjustment	(29,468)	409
Total income taxes	9,775	29,789
Profit/(loss)	(1,380,949)	(996,173)
Profit attributable to non-controlling interests/(loss)	(22,636)	(176,068)
Profit attributable to owners of parent /(loss)	(1,358,313)	(820,104)

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal 2017 (From October 1, 2016 to September 30, 2017)	Fiscal 2018 (From October 1, 2017 to September 30, 2018)
Profit/(loss)	(1,380,949)	(996,173)
Other comprehensive income		
Valuation difference on available-for-sale securities	194,344	11,696
Foreign currency translation adjustment	—	(19,941)
Total other comprehensive income	194,344	(8,244)
Comprehensive income	(1,186,604)	(1,004,417)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,163,968)	(822,162)
Comprehensive income attributable to non-controlling interests	(22,636)	(182,255)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2017 (From October 1, 2016 to September 30, 2017)

(Unit: Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance at the end of last period	4,548,647	2,122,245	(215,238)	6,455,655
Change during the period				
Issuance of new shares	369	369		738
Dividends from surplus				―
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(309,887)		(309,887)
Profit attributable to owners of parent /(loss)			(1,358,313)	(1,358,313)
Change of scope of consolidation			12,597	12,597
Net changes of items other than shareholders` equity				
Total changes during this period	369	(309,518)	(1,345,716)	(1,654,865)
Balance at the end of this period	4,549,016	1,812,727	(1,560,954)	4,800,789

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at the end of last period	(194,875)	(194,875)	33,560	18,544	6,312,884
Change during the period					
Issuance of new shares					738
Dividends from surplus					―
Change in treasury shares of parent arising from transactions with non-controlling shareholders				467,427	157,540
Profit attributable to owners of parent /(loss)					(1,358,313)
Change in scope of consolidation				13,110	25,707
Net changes of items other than shareholders` equity	194,344	194,344	16,581	(23,022)	187,904
Total changes during this period	194,344	194,344	16,581	457,515	(986,422)
Balance at the end of this period	(530)	(530)	50,142	476,060	5,326,461

Fiscal 2018 (From October 1, 2017 to September 30, 2018)

(Unit: Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance at the end of last period	4,549,016	1,812,727	(1,560,954)	4,800,789
Change during the period				
Issuance of new shares	1,002,402	1,002,402		2,004,804
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1,334,431		1,334,431
Profit attributable to owners of parent /(loss)			(820,104)	(820,104)
Change of scope of consolidation			(6,042)	(6,042)
Net changes of items other than shareholders` equity				
Total changes during this period	1,002,402	2,336,833	(826,146)	2,513,089
Balance at the end of this period	5,551,419	4,149,561	(2,387,101)	7,313,879

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at the end of last period	(194,875)	(194,875)	33,560	18,544	6,312,884
Change during the period					
Issuance of new shares					738
Change in treasury shares of parent arising from transactions with non-controlling shareholders				467,427	157,540
Profit attributable to owners of parent /(loss)					(1,358,313)
Change in scope of consolidation				13,110	25,707
Net changes of items other than shareholders` equity	194,344	194,344	16,581	(23,022)	187,904
Total changes during this period	194,344	194,344	16,581	457,515	(986,422)
Balance at the end of this period	(530)	(530)	50,142	476,060	5,326,461

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal 2017 (From October 1, 2016 to September 30, 2017)	**Fiscal 2018** (From October 1, 2017 to September 30, 2018)
Cash flow from operating activities		
Income/(loss) before income taxes	(1,371,173)	(966,383)
Depreciation and amortization	104,771	67,749
Impairment loss	26,514	6,691
Amortization of goodwill	44,940	29,728
Increase/(decrease) in allowance for doubtful accounts	67,425	33,168
Increase/(decrease) in accrued employee bonuses	18,417	18,899
Increase/(decrease) in net defined benefit liability	12,503	(4,265)
Interest and dividend income	(930)	(7,719)
Foreign exchange losses (gains)	33,240	13,306
Share of (profit) loss of entities accounted for using equity method	(11,022)	—
Cost of funds and interest expenses	74,482	71,545
Loss (Gain) on sales of fixed assets	(943)	—
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	(267,387)
Gain on bargain purchase	—	(1,179)
Gain on reversal of subscription rights to shares	(9,563)	(15,183)
Loss on valuation of stocks of subsidiaries and affiliates	—	32,830
Loss on retirement of non-current assets	13,410	670
(Increase)/decrease in trade receivable	160,430	(268,310)
(Increase)/decrease in investments in securities, trade	417,696	63,902
(Increase)/decrease in loans receivable, trade	33,232	32,223
(Increase)/decrease in inventory	(585,816)	(1,975,124)
Increase/(decrease) in accounts payable, trade	6,129	165,967
Others	(66,979)	183,480
Sub-total	(1,033,236)	(2,785,390)
Interest and dividend income received	2,545	7,719
Interest expense paid	(74,552)	(43,566)
Income taxes paid	(47,970)	(156,871)
Net cash provided by/(used in) operating activities	(1,153,214)	(2,978,109)
Cash flow from investing activities		
Purchase of property, plant and equipment	(588,940)	(2,771,100)
Proceeds from sales of property, plant and equipment	26,921	—
Payments into deposit as collateral	(400,000)	(20,000)
Purchase of stocks of subsidiaries and affiliates	(10)	(58,400)
(Increase)/decrease in short-term loan receivable	(10,000)	1,013,104
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	63,506
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,292)	(296,558)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	246,044
(Increase)/decrease in short-term loan receivable	(53,488)	(184,899)
(Increase)/decrease in short-term loan receivable	(1,026,809)	(2,008,303)

(Unit: Thousands of yen)

	Fiscal 2017 (From October 1, 2016 to September 30, 2017)	**Fiscal 2018** (From October 1, 2017 to September 30, 2018)
Cash flow from financing activities		
Increase/(decrease) in short-term debt	694,518	(100,000)
Proceeds /(decrease) from long-term debt	2,273,700	2,188,670
Repayment of long-term debt	(137,092)	(521,514)
Redemption of bonds	(38,000)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	424	1,982,869
Proceeds from share issuance to non-controlling shareholders	150,510	1,956,010
Proceeds from share issuance to non-controlling shareholders	—	576,266
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4,969)	(270,161)
Others	(1,741)	(40,609)
Net cash provided by/(used in) financing activities	2,937,348	5,771,530
Effect of exchange rate changes on cash and cash equivalents	(33,240)	(24,255)
Net increase (decrease) in cash and cash equivalents	724,083	760,861
Cash and cash equivalents at beginning of year	2,240,523	2,969,805
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	5,197	117,054
Cash and cash equivalents at end of year	2,969,805	3,847,721

(5) Notes to Consolidated Financial Statements

<u>Assumption of a Going Concern</u>

Not applicable

(Segment Information)

1. Outline of reporting segments

(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 four 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
  - 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
- Public management consulting business
  - Support for financial document preparation and creation of fixed asset ledgers
  - Support for possible implementation of PPP/PFI techniques
  - Provide urban infrastructure management systems
- Entertainment service business
  - Theme park development, ownership, management, operation
  - Restaurant/merchandise sales business
- Other
  - Computer software R&D, manufacturing and sales

(3) Issues related to changes in reporting segments

FGI sold all shares held in Better Life Support Holdings Co., Ltd., in fiscal 2018. The real estate business had hinged on this company.

Consequently, FGI has three reporting segments as of fiscal 2018: the investment banking business, the public management consulting business and the entertainment service business.

2. Method used to calculate the amount of revenues, profits or losses, 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

Previous Fiscal Year (From October 1, 2017 to September 30, 2018)

(Thousands of yen)

	Reporting Segments					Other Note 1	Total	Adjustment Note 2	Amount booked in consolidated financial statements Note 3
	Investment Banking Business	Real Estate Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues									
Revenues to third party	1,981,029	4,713,456	322,738	131,307	7,148,531	33,845	7,182,376	—	7,182,376
Inter-segment revenues and transfers	37,820	—	1,799	3,853	43,474	—	43,474	(43,474)	—
Total	2,018,850	4,713,456	324,538	135,160	7,192,005	33,845	7,225,850	(43,474)	7,182,376
Segment income (loss)	80,682	149,448	(18,865)	(328,143)	(116,876)	(2,382)	(119,258)	(1,199,906)	(1,319,165)
Segment assets	3,235,641	5,740,285	159,808	1,459,572	10,595,307	27,782	10,623,090	2,309,433	12,932,524
Other items									
Depreciation	9,684	54,040	452	1,832	66,010	115	66,125	38,646	104,771
Investment in affiliates accounted for by equity method	26,764	—	—	—	26,764	—	26,764	—	26,764
Increase on tangible fixed assets and intangible fixed assets	549,084	29,281	1,816	26,143	606,326	152	606,479	4,493	610,972

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 ¥1,199,906 thousand, includes elimination of transactions among segments of ¥52,815 thousand and corporate expenses of ¥1,252,721 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 ¥2,309,433 thousand, is the difference between elimination of transactions among segments, at ¥3,590,316 thousand, and corporate assets, at ¥5,899,750 thousand, which are not allocatable to any reporting segment.
3. Segment income (loss) is reconciled with operating loss in the consolidated financial statements.

Current Fiscal Year (From October 1, 2017 to September 30, 2018)

(Thousands of yen)

	Reporting Segments				Other Note 1	Total	Adjustment Note 2	Amount booked in consolidated financial statements Note 3
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	3,074,811	449,240	127,456	3,651,508	37,675	3,689,183	—	3,689,183
Inter-segment revenues and transfers	62,569	8,000	1,935	72,505	—	72,505	(72,505)	—
Total	3,137,381	457,240	129,391	3,724,013	37,675	3,761,688	(72,505)	3,689,183
Segment income (loss)	880,943	(60,432)	(966,727)	(146,216)	(6,998)	(153,214)	(919,028)	(1,072,243)
Segment assets	5,732,911	406,588	3,934,309	10,073,808	24,890	10,098,699	3,917,573	14,016,272
Other items								
Depreciation	15,866	4,554	1,376	21,797	224	22,022	45,727	67,749
Investment in affiliates accounted for by equity method	—	—	—	—	—	—	—	—
Increase on tangible fixed assets and intangible fixed assets	272,261	117,435	2,454,297	2,843,995	524	2,844,520	308,512	3,153,033

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 ¥(919,028) thousand, includes elimination of transactions among segments of ¥165,282 thousand and corporate expenses of (¥1,084,310) 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 ¥3,917,573 thousand, is the difference between elimination of transactions among segments, at (¥2,346,113) thousand, and corporate assets, at ¥6,263,686 thousand, which are not allocatable to any reporting segment.

3. Segment income (loss) is reconciled with operating loss in the consolidated financial statements.

(Per Share Information)

Fiscal 2017 (From October 1, 2016 to September 30, 2017)		**Fiscal 2018** (From October 1, 2017 to September 30, 2018)	
Net assets per share (yen)	29.64	Net assets per share (yen)	39.31
Net income per share (yen)	(8.39)	Net loss per share (yen)	(4.79)

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 2017 (From October 1, 2016 to September 30, 2017)	**Fiscal 2018** (From October 1, 2017 to September 30, 2018)
Net income per share		
Net income (loss) (thousands of yen)	(1,358,313)	(820,104)
Amount not attributable to shareholders of common stock (thousands of yen)	552	—
Net income (loss) associated with common shares (thousands of yen)	(1,385,866)	(820,104
Average number of shares outstanding during the term (shares)	161,932,894	171,361,223
Fully diluted net income per share		
Adjusted net income per share (thousands of yen)	—	—
Increase in common shares (shares)	—	—
(of which, subscription rights to shares) (shares)	—	—

Details on shares not included in calculation of fully diluted net income per share due to non-dilutive effect	Subscription rights to shares (stock options) issued December 29, 2008, by special resolution at General Meeting of Shareholders on December 19, 2008 84 (Common shares: 8,400) Subscription rights to shares (stock options) issued December 28 , 2009, by special resolution at General Meeting of Shareholders on December 18, 2009 80 (Common shares: 8,000) Subscription rights to shares (stock options) issued December 28, 2010, by special resolution at General Meeting of Shareholders on December 21, 2010 106 (Common shares: 10,600) Subscription rights to shares (stock options) issued December 28 , 2011, by special resolution at General Meeting of Shareholders on December 21, 2011 132 (Common shares: 13,200) Subscription rights to shares (stock options) issued December 28 , 2012, by special resolution at General Meeting of Shareholders on December 21, 2012 440 (Common shares: 44,000) Subscription rights to shares (stock options) issued December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 710 (Common shares: 71,000) Subscription rights to shares (stock options) issued January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 1,340 (Common shares: 134,000) Subscription rights to shares (stock options) issued	Subscription rights to shares (stock options) issued December 29, 2008, by special resolution at General Meeting of Shareholders on December 19, 2008 64 (Common shares: 6,400) Subscription rights to shares (stock options) issued December 28 , 2009, by special resolution at General Meeting of Shareholders on December 18, 2009 70 (Common shares: 7,000) Subscription rights to shares (stock options) issued December 28, 2010, by special resolution at General Meeting of Shareholders on December 21, 2010 96 (Common shares: 9,600) Subscription rights to shares (stock options) issued December 28 , 2011, by special resolution at General Meeting of Shareholders on December 21, 2011 122 (Common shares: 12,200) Subscription rights to shares (stock options) issued December 28 , 2012, by special resolution at General Meeting of Shareholders on December 21, 2012 440 (Common shares: 44,000) Subscription rights to shares (stock options) issued December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 485 (Common shares: 48,500) Subscription rights to shares (stock options) issued January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 855 (Common shares: 85,500) Subscription rights to shares (stock options) issued February

	December 25, 2015, by special resolution at General Meeting of Shareholders on December 22, 2015 1,795 (Common shares: 179,500) Subscription rights to shares (stock options) issued February 27 , 2017, by board of meeting on February 10, 2017 1,512 (Common shares: 151,200) Consolidated subsidiaries: (1) Better Life Support Holdings Co., Ltd. Subscription rights to shares (stock options) 2,900 (Common shares: 2,900) (2) Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares) 8 (Common shares: 8)	27 , 2017, by board of meeting on February 10, 2017 1,091 (Common shares: 109,100) Subscription rights to shares (stock options) issued February 27 , 2018, by board of meeting on February 9, 2018 1,392 (Common shares: 139,200) Consolidated subsidiaries: Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares) 8 (Common shares: 32)