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Summary of Financial Statements for Fiscal 2019 <under Japanese GAAP>

November 8, 2019

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)
(URL: http://www.fgi.co.jp/ english) TEL: +81-50-5864-3978
Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Member of the Board, Senior Executive Officer Name: Seigo Washimoto
Scheduled date of General Shareholders' Meeting: December 19, 2019
Scheduled date to submit securities report: December 20, 2019

(Rounded down to the nearest million)

1. Consolidated Operating Results, Financial Position and Cash-Flows for fiscal 2019 (October 1, 2018– September 30, 2019)

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

	Revenues		Operating income		Ordinary profit		Profit/(loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	9,175	148.7	(1,664)	—	(1,850)	—	(1,586)	—
Fiscal 2018	3,689	(48.6)	(1,072)	—	(1,227)	—	(820)	—

(For reference) Comprehensive income: (1,768) million yen for fiscal 2019 (—%)
(1,004) million yen for fiscal 2018 (—%)

	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 2019	(8.08)	—	(21.5)	(11.2)	(18.1)
Fiscal 2018	(4.79)	—	(13.5)	(9.1)	(29.1)

(For reference) Share of profit(loss) of entities accounted for using equity method (3) million yen for fiscal 2019
— million yen for fiscal 2018

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	19,025	8,873	39.1	37.03
Fiscal 2018	14,016	8,551	52.2	39.31

(For reference) Shareholders' equity: 7,446 million yen for fiscal 2019
7,311 million yen for fiscal 2018

(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 2019	(2,604)	(4,543)	5,710	2,513
Fiscal 2018	(2,978)	(2,008)	5,771	3,847

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 2018	—	0.00	—	0.00	0.00	−	—	—
Fiscal 2019	—	0.00	—	0.00	0.00	−	—	—
Fiscal 2020 (Forecast)	—	0.00	—	—	—		—	

(Note) The dividend forecast for fiscal year ending September 30, 2020, is yet to be determined. As to dividend policy, please refer to , "(5) Basic policy on Profit Distribution and Dividend for Fiscal 2019 and Fiscal 2020" of "1. Qualitative Information on Consolidated Operating Results and Financial Position".

3. Consolidated financial forecasts for fiscal 2020 (October 1, 2019 – September 30, 2020)

The Board of Directors decided at its meeting on November 8, 2019, to revise the three-year medium-term management plan announced on May 28, 2018. Fiscal 2020 would have been the third and final year of this management plan. The executive team aims to have the new medium-term management drafted with new targets and ready to announce sometime around March 2020. The performance forecast for fiscal 2020, ending September 30, 2020, will be announced along with the new medium-term management plan.

*Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying change in scope of consolidation): Yes

Number of newly consolidated: 1

Company name: Metsa Series 2 Investment Limited Liability Partnership

(formerly knows as, FGT venture fund Series A Investment Limited Liability Partnership)

Please note that this partnership did not fall into the category of specified subsidiary as of the end of fiscal 2019 due to an increase in the Company's paid-in capital during this period.

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

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

(3) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock):	201,109,600 shares for fiscal 2019	185,986,400 shares for fiscal 2018
2. Number of shares of treasury stock:	- shares for fiscal 2019	- shares for fiscal 2018
3. Average number of shares issued during the period	196,353,892 shares for fiscal 2019	171,361,223 shares for fiscal 2018

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

1. Non-consolidated operating results and financial position for fiscal 2019
(October 1, 2018 – September 30, 2019)

(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 2019	1,158	(24.7)	(1,423)	—	(1,527)	—	(1,388)	—
Fiscal 2018	1,538	44.2	(313)	—	(252)	—	56	—

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2019	(7.07)	—
Fiscal 2018	0.33	0.33

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	11,485	8,181	70.8	40.43
Fiscal 2018	11,219	7,757	68.8	41.48

(For reference) Shareholders' equity: 8,130 million yen for fiscal 2019, and 7,713 million yen for fiscal 2018

* 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

A highlight of the fiscal 2019 consolidated accounting period for FinTech Global Incorporated (FGI), ended September 30, 2019, was the opening of Metsä—first, Metsä Village on November 9, 2018, and then Moominvalley Park on March 16, 2019. As a result, the entertainment service business recorded a considerable increase in revenue from admission fees to Metsä, pay-per-use facilities, merchandise sales, restaurants, tenant income and parking fees. However, segment profitability came under pressure from the burden of expenses incurred in preparing for the opening of Metsä and the impact of a slower-than-expected visitor rate in the summer due to inclement weather.

The investment banking business captured revenue, primarily from the sale of subdivided real estate investment products, fee income from M&A-related services, income from real estate and aircraft asset management and Metsä tenant income. But asset investment exits did not unfold as planned.

On a consolidated basis, revenues soared 148.7%, to ¥9,175 million, in fiscal 2019. Gross profit climbed 30.2% from a year ago, to ¥2,944 million, despite an impairment loss of ¥545 million on fund-directed investments into life science and IT companies. Selling, general and administrative expenses jumped 38.3%, to ¥4,609 million, mainly reflecting expenses incurred in preparing for the opening of Metsä as well as higher personnel costs paralleling additional recruitment for the investment banking business. This caused the operating loss to deepen, to ¥1,664 million, compared with ¥1,072 million in fiscal 2018. The ordinary loss also deepened, to ¥1,850 million from ¥1,227 million a year earlier, largely due to ¥143 million in interest expenses. Loss attributable to owners of the parent settled at ¥1,586 million, slipping further into the red from ¥820 million in fiscal 2018. This follows a gain in change in equity of ¥120 million and a loss attributable to non-controlling interests of ¥144 million.

(Unit: Millions of yen)

	Fiscal 2018	Fiscal 2019	YOY Change
Revenues	3,689	9,175	5,485
Investment banking business	3,137	3,393	256
Public management consulting business	457	673	215
Entertainment service business	129	5,407	5,278
Other	37	24	(12)
Elimination	(72)	(324)	(251)
Gross profit	2,261	2,944	683
Investment banking business	2,035	1,139	(896)
Public management consulting business	214	364	149
Entertainment service business	45	1,545	1,499
Other	36	24	(12)
Elimination	(71)	(128)	(57)
Operating income/ (loss) [Segment income/ (loss)]	(1,072)	(1,664)	(592)
Investment banking business	880	(478)	(1,359)
Public management consulting business	(60)	79	140
Entertainment service business	(966)	(423)	543
Other	(6)	(12)	(5)
Elimination or corporate expenses	(919)	(829)	89
Ordinary profit / (loss)	(1,227)	(1,850)	(623)
Income (Loss) before income taxes	(966)	(1,667)	(701)
Profit/ (Loss) attributable to owners of the parent	(820)	(1,586)	(766)

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, the emphasis was on providing solutions to companies seeking approaches to ensure business succession and on efforts to enrich consulting activities. The Company also worked to build stronger ties to financial institutions and a wider network of outside experts, particularly tax and accounting consultants, and began sales of subdivided real estate investment products. In addition, the real estate asset management business booked performance fees under revenue through the sale of some assets under management.

In corporate investment activities, FGI posted a valuation loss on investment securities–trade due to impairment of investment in a venture capital fund. Meanwhile, in asset investment through loans or investment into real estate using its own capital, the Company exited some investments. But some exits did not proceed as planned. In response, the Company established the Investment Strategy Department in October 2019 to monitor improvement in value at the targets of investment and loans and to manage exit plans and set the stage for steps to reinforce the investment management structure. Note that aircraft asset management services extended by SGI-Group B.V. and its four subsidiaries was brisk. The statements of income for these companies have been included in FGI's consolidated financial statements since the second quarter of fiscal 2018. Also of note, FGI booked rental income through a master lease agreement with Moomin Monogatari Ltd., a consolidated subsidiary, for Metsä Village.

Given the above developments, the investment banking business generated ¥3,393 million, up 8.2% year on year. The segment showed a loss, at ¥478 million, in a turnaround from income of ¥880 million in fiscal 2018.

b. Public Management Consulting Business

The public accounting business directed efforts into marketing activities to promote consultations for creating financial documents based on unified standards for local governments as well as contract services, including preparation of financial analysis reports, introduction of public enterprise accounting and the formation of management strategies for public enterprises. The regional revitalization business focused on contract services, including discussions pursuant to the introduction of public-private partnership/public financial initiative techniques to meet anticipated growth in demand.

Geoplan Namtech, for which the statement of income was included in FGI's consolidated financial statements from the third quarter of fiscal 2018, enjoyed a favorable shift in demand for urban infrastructure maintenance services and marked steady expansion in services through the capture of new contracts. Note that FGI sold some of the shares held in this company on July 1, 2019, turning it into an associate accounted for using equity method and effectively removing the company from the scope of consolidation.

Based on the above factors, the public management consulting business achieved a 47.2% year-on-year surge in revenue, to ¥673 million, and rebounded into an income position, with ¥79 million, compared with a loss of ¥60 million in fiscal 2018.

c. Entertainment Service Business

The entertainment service business welcomed the opening of Metsä Village, operated by Moomin Monogatari Ltd., in November 2018, and Moominvalley Park in March 2019. Various events were held at Metsä, including an interactive light display called "teamLab: Digitized Lakeside and Forest" and the "Forest and Lake and Umbrella" Umbrella Sky Project, to attract as many guests as possible to the site. On July 26, 2019, the guest count hit one million, calculated cumulatively from the opening of Metsä Village in November 2018. From a forward perspective seeking to improve guest satisfaction, Moomin Monogatari introduced a limited-time campaign and special events, starting on November 1, 2019, to mark Metsä's first anniversary.

Rights and Brands Japan Co., Ltd., in which Moomin Monogatari holds 44.5% equity, fell under the scope of consolidation, effective from the first quarter of fiscal 2019 due to increased materiality. The company is involved in the sublicensing business and grants exclusive access to Moomin characters in Japan. This facilitated "Moomin: The Art and the Story," a carefully curated selection of original Moomin artwork that began traveling around Japan in April 2019, timed fairly closely to the mid-March opening of Moominvalley Park to draw on and sustain market interest. More than 20,000 people came to the Ishikawa showing, at the 21st Century Museum of Contemporary Art in Kanazawa, Ishikawa Prefecture, and more than 200,000 people in total came to the Tokyo and Oita venues, in the nation's capital and the island of Kyushu, respectively. Also in April 2019, through the sale of anime broadcasting rights held by Rights and Brands Japan, a new TV anime series—"Moominvalley Friends"—premiered on NHK BS4K, a channel operated by Japan's national broadcaster using an ultra-high definition 4K image system. The first two episodes were aired on NHK E TV as well. The FGI Group will continue to support efforts to lift the Moomin profile higher and boost brand value while vigorously expanding the scope of Moomin-related business activities.

Driven by these activities, segment revenues skyrocketed 4,079.3% year on year, to ¥5,407 million. While the segment remained in the red in terms of income, the shade was lighter, settling at ¥423 million, compared with ¥966 million a year earlier, mainly due to the impact of prior investment at Metsä in the first half of fiscal 2019. .

d. Other

Adacotech Incorporated received inquiries, mainly from large corporations, to verify and imbed analytical systems into operations, and pushed ahead on several application projects. In June 2019, the company executed a third-party allocation of shares to an external investor, and because FGI's ratio of voting rights declined due to partial conversion of common stock, including shares held by FGI, into non-voting stock, Adacotech has been removed from the scope of consolidation and is now an accounted for by the equity method.

Other segment revenues dropped 34.4% year on year, to ¥24 million, and the segment loss deepened, hitting ¥12 million, compared with ¥6 million in fiscal 2018.

(2) Consolidated Financial Position

Current Assets

Current assets reached ¥10,438 million as of September 30, 2019, up 5.7% from a year earlier. The primary components of this change were increases of ¥342 million in investments in securities–trade, paralleling corporate investment activity and a change to subsidiary status for a special purpose company with real estate that was converted into trust beneficiary rights, and ¥3,907 million in real estate for sale due to transfer from real estate for sale in progress, which offset decreases of ¥1,734 million in cash and time deposits and ¥2,781 million in real estate for sale in progress.

Noncurrent Assets

Noncurrent assets amounted to ¥8,586 million as of September 30, 2019, up 107.5% from a year earlier. The main components of this change were increases of ¥3,966 million in total property, plant and equipment due to completion of construction at Metsä Village and Moominvalley Park and ¥381 million in intangible fixed assets, including goodwill in Rights and Brands Japan and anime broadcasting rights.

Current Liabilities

Current liabilities stood at ¥3,010 million as of September 30, 2019, down 37.3% from a year earlier. This change is largely due to a decrease of ¥2,833 million in the current portion of long-term loans payable because a special purpose company that is a subsidiary repaid bank loans at the same time that the company took out long-term loans from four financial institutions.

Noncurrent Liabilities

Total noncurrent liabilities came to ¥7,141 million as of September 30, 2019, soaring 977.0% from a year earlier. This is mainly because of a ¥5,553 million increase in long-term loans payable, reflecting repayment of loans from financial institutions by a special purpose company that is a subsidiary at the same time that the company took out long-term loans from four financial institutions as well as ¥805 million in lease obligations on acquisition of leases for interior and exterior construction work at Moominvalley Park.

Net Assets

Net assets amounted to ¥8,873 million as of September 30, 2019, up 3.8% from a year earlier. This reflects increases of ¥175 million in non-controlling interests, ¥910 million in common stock due to the exercise of new stock acquisition rights and ¥866 million in additional paid-in capital, which totally offset a ¥1,610 million decrease in retained earnings mainly caused by the booking of a net loss attributable to owners of the parent.

As a result of the above changes in assets and liabilities, total assets stood at ¥19,025 at the end of fiscal 2019, up 35.7% year on year. Total liabilities amounted to ¥10,151 million, up 85.8% year on year, and net assets came to ¥8,873 million, up 3.8% year on year. The shareholders' equity ratio was 39.1%.

Note that the FGI Group applies "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, issued February 16, 2018) from the beginning of fiscal 2019. To facilitate an understanding of changes in the Group's financial position, management retroactively applied the amended standard to year-end figures for fiscal 2018 to compare with fiscal 2019.

(3) Consolidated Cash Flows

Cash and cash equivalents (hereafter, "cash") at the end of fiscal 2019 amounted to ¥2,513 million, a decrease of ¥1,334 million from the end of fiscal 2018.

Net Cash from Operating Activities

In fiscal 2019, net cash used in operating activities reached ¥2,604 million, down slightly from ¥2,978 million used in fiscal 2018. The key components of this result were a loss before income taxes of ¥1,667 million, use of ¥196 million for investments in securities–trade, and use of ¥943 million for inventories.

Net Cash from Investing Activities

In fiscal 2019, net cash used in investing activities came to ¥4,543 million, up from ¥2,008 million used in fiscal 2018. Although FGI recorded inflow of ¥400 million from the withdrawal of deposit as collateral, the acquisition of fixed assets paralleling construction work at Moominvalley Park required outflow of ¥4,929 million.

Net Cash from Financing Activities

In fiscal 2019, net cash provided by financing activities totaled ¥5,710 million, nearly on a par with the ¥5,771 million booked in fiscal 2018. Although FGI recorded a ¥4,605 million decrease in repayment of long-term loans payable, the Company posted increases of ¥7,054 million in proceeds from long-term loans payable, ¥1,799 million in proceeds from issuance of shares resulting from exercise of stock acquisition rights and ¥942 million in proceeds from sale and leaseback transactions.

(4) Forecast

The Board of Directors decided at its meeting on November 8, 2019, to revise the three-year medium-term management plan announced on May 28, 2018. Fiscal 2020 would have been the third and final year of this management plan. The executive team aims to have the new medium-term management drafted with new targets and ready to announce sometime around March 2020. Background to the decision is available in the news release "Notice regarding revisions to medium-term management plan" (Japanese only), dated November 8, 2019. The performance forecast for fiscal 2020, ending September 30, 2020, will be announced along with the new medium-term management plan.

(5) Basic Policy on Distribution of Profit and Dividend Status for Fiscal 2019 and Fiscal 2020

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

Retained earnings are the Company's source for dividend distribution. Regrettably, because retained earnings on the non-consolidated balance sheets showed a negative balance of ¥2,402 million, management feels the Company must forego distribution of a year-end dividend for fiscal 2019.

It is company policy to decide on a year-end dividend once trends in business results have been ascertained. Therefore, management has not made a decision on a year-end dividend for fiscal 2020.

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 2018 (As of September 30, 2018)	Fiscal 2019 (As of September 30, 2019)
Assets		
Current assets		
Cash and time deposits	4,267,738	2,533,187
Accounts receivable, trade	644,824	727,499
Investments in securities, trade	1,017,184	1,359,941
Loans receivable, trade	576,924	548,625
Real estate for sale	304,516	4,211,988
Real estate for sale in progress	2,781,914	700
Merchandise	15,298	208,577
Other	388,011	947,710
Allowance for doubtful accounts	(117,232)	(99,641)
Total current assets	9,879,178	10,438,589
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	236,436	5,328,377
Accumulated depreciation	(19,782)	(137,112)
Buildings and structures, net	216,653	5,191,265
Tools, furniture and fixtures	217,418	2,019,697
Accumulated depreciation	(80,092)	(485,125)
Tools, furniture and fixtures, net	137,325	1,534,571
Land	505,409	519,734
Construction in progress	2,455,866	24,000
Other	3,641	24,912
Accumulated depreciation	(1,183)	(10,630)
Other, net	2,458	14,281
Total property, plant and equipment	3,317,713	7,283,853
Intangible fixed assets		
Goodwill	268,344	180,388
Other	74,843	544,540
Total intangible fixed assets	343,188	724,929
Investments and other assets		
Investments in securities	85,248	211,068
Long-term loans receivable	153,037	50,000
Deferred tax assets	2,129	—
Other	236,039	316,683
Allowance for doubtful accounts	(264)	(110)
Total investments and other assets	476,191	577,641
Total noncurrent assets	4,137,093	8,586,424
Total assets	14,016,272	19,025,014

(Unit: Thousands of yen)

	Fiscal 2018 (As of September 30, 2018)	**Fiscal 2019** (As of September 30, 2019)
Liabilities		
Current liabilities		
Accounts payable, trade	293,215	213,256
Short-term loans payable	—	373,904
Current portion of long-term loans payable	3,586,081	752,968
Lease obligations	698	215,881
Income taxes payable	73,216	98,999
Accrued employee bonuses	114,928	157,244
Other	733,889	1,197,838
Total current liabilities	4,802,029	3,010,093
Noncurrent liabilities		
Long-term loans payable	532,787	6,086,260
Lease obligations	2,215	807,524
Deferred tax liabilities	3,001	113,189
Net defined benefit liability	91,640	94,633
Other	33,446	40,143
Total noncurrent liabilities	663,091	7,141,750
Total liabilities	5,465,120	10,151,843
Net assets		
Shareholders' equity		
Common stock	5,551,419	6,461,911
Additional paid-in capital	4,149,561	5,015,924
Retained earnings	(2,387,101)	(3,997,770)
Total shareholders' equity	7,313,879	7,480,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,166	(3,935)
Foreign currency translation adjustment	(13,754)	(29,558)
Total accumulated other comprehensive income	(2,588)	(33,493)
Stock acquisition rights	54,605	65,837
Non-controlling interests	1,185,254	1,360,762
Total net assets	8,551,151	8,873,170
Total liabilities and net assets	14,016,272	19,025,014

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

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal 2018 (From October 1, 2017 to September 30, 2018)	**Fiscal 2019** (From October 1, 2018 to September 30, 2019)
Revenues	3,689,183	9,175,148
Cost of revenues	1,427,968	6,230,430
Gross profit	2,261,215	2,944,717
Selling, general and administrative expenses	3,333,458	4,609,288
Operating income/(loss)	(1,072,243)	(1,664,571)
Non-operating income		
Interest income	7,091	3,287
Settlement received	―	5,821
Debt prescription profit	4,929	5
Other	684	2,781
Total non-operating income	12,706	11,896
Non-operating expenses		
Interest expense	71,545	143,250
Share of loss of entities accounted for using equity method	―	3,045
Foreign exchange losses	23,134	20,296
Commission paid	70,376	31,334
Other	2,964	83
Total non-operating expenses	168,020	198,009
Ordinary profit/(loss)	(1,227,557)	(1,850,684)
Extraordinary income		
Gain on change in equity	―	120,722
Gain on bargain purchase	1,179	―
Gain on sales of shares of subsidiaries and associates	267,387	76,656
Gain on reversal of stock acquisition rights	15,183	2,988
Other	17,616	3,000
Total extraordinary income	301,367	203,367
Extraordinary losses		
Loss on retirement of noncurrent assets	670	14,736
Loss on sales of noncurrent assets	―	5,121
Impairment loss	6,691	―
Loss on valuation of shares of subsidiaries and associates	32,830	―
Other	―	528
Total extraordinary loss	40,192	20,386
Income/(Loss) before income taxes	(966,383)	(1,667,703)
Income taxes (current)	29,380	116,215
Income taxes (deferred)	409	(52,349)
Total income taxes	29,789	63,865
Profit/(Loss)	(996,173)	(1,731,569)
Profit (Loss) attributable to non-controlling interests	(176,068)	(144,897)
Profit (Loss) attributable to owners of the parent	(820,104)	(1,586,671)

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal 2018 (From October 1, 2017 to September 30, 2018)	**Fiscal 2019** (From October 1, 2018 to September 30, 2019)
Profit/(Loss)	(996,173)	(1,731,569)
Other comprehensive income		
Valuation difference on available-for-sale securities	11,696	(15,101)
Foreign currency translation adjustment	(19,941)	(22,016)
Total other comprehensive income	(8,244)	(37,117)
Comprehensive income	(1,004,417)	(1,768,686)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(822,162)	(1,617,576)
Comprehensive income attributable to non-controlling interests	(182,255)	(151,109)

(3) Consolidated Statements of Changes in Net Assets

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 beginning of the 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 interests		1,334,431		1,334,431
Profit(Loss)attributable to owners of the parent			(820,104)	(820,104)
Change in scope of consolidation			(6,042)	(6,042)
Net changes of items other than shareholders` equity				
Total changes during the period	1,002,402	2,336,833	(826,146)	2,513,089
Balance at the end of the 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	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	(530)	-	(530)	50,142	476,060	5,326,461
Change during the period						
Issuance of new shares						2,004,804
Change in treasury shares of parent arising from transactions with non-controlling interests						1,334,431
Profit(Loss) attributable to owners of the parent						(820,104)
Change in scope of consolidation						(6,042)
Net changes of items other than shareholders` equity	11,696	(13,754)	(2,057)	4,463	709,194	711,600
Total changes during the period	11,696	(13,754)	(2,057)	4,463	709,194	3,224,689
Balance at the end of the period	11,696	(13,754)	(2,588)	54,605	1,185,254	8,551,151

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

(Unit: Thousands of yen)

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

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	11,166	(13,754)	(2,588)	54,605	1,185,254	8,551,151
Change during the period						
Issuance of new shares						1,820,984
Change in treasury shares of parent arising from transactions with non-controlling interests						(44,129)
Profit(Loss)attributable to owners of the parent						(1,586,671)
Change in scope of consolidation						(23,998)
Net changes of items other than shareholders` equity	(15,101)	(15,804)	(30,905)	11,231	175,507	155,833
Total changes during the period	(15,101)	(15,804)	(30,905)	11,231	175,507	322,018
Balance at the end of the period	(3,935)	(29,558)	(33,493)	65,837	1,360,762	8,873,170

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal 2018 (From October 1, 2017 to September 30, 2018)	Fiscal 2019 (From October 1, 2018 to September 30, 2019)
Cash flows from operating activities		
Income/(Loss) before income taxes	(966,383)	(1,667,703)
Depreciation and amortization	67,749	608,660
Impairment loss	6,691	—
Amortization of goodwill	29,728	120,331
Increase/(Decrease) in allowance for doubtful accounts	33,168	(17,334)
Increase/(Decrease) in accrued employee bonuses	18,899	51,883
Increase/(Decrease) in net defined benefit liability	(4,265)	2,993
Interest and dividend income	(7,719)	(3,719)
Foreign exchange losses (gains)	13,306	(5,899)
Share of loss of entities accounted for using equity method	—	3,045
Interest expenses	71,545	143,250
Loss (Gain) on sales of noncurrent assets	—	5,121
Loss (Gain) on sales of shares of subsidiaries and associates	(267,387)	(76,656)
Gain on bargain purchase	(1,179)	—
Gain on reversal of stock acquisition rights	(15,183)	(2,988)
Loss on valuation of shares of subsidiaries and associates	32,830	—
Loss on retirement of noncurrent assets	670	14,736
Loss (gain) on change in equity	—	(120,722)
(Increase)/Decrease in accounts receivable, trade	(268,310)	(76,736)
(Increase)/Decrease in investments in securities, trade	63,902	(196,064)
(Increase)/Decrease in loans receivable, trade	32,223	28,299
(Increase)/Decrease in inventories	(1,975,124)	(943,335)
Increase/(Decrease) in accounts payable, trade	165,967	(65,066)
Other	183,480	(273,826)
Sub-total	(2,785,390)	(2,471,734)
Interest and dividend income received	7,719	3,719
Interest expense paid	(43,566)	(140,390)
Income taxes refund (paid)	(156,871)	3,737
Net cash provided by/(used in) operating activities	(2,978,109)	(2,604,667)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,771,100)	(4,929,753)
Proceeds from sales of property, plant and equipment	—	2,869
Proceeds from withdrawal of deposit as collateral	50,000	400,016
Purchase of shares of subsidiaries and associates	(58,400)	(1,490)
(Increase)/Decrease in short-term loan receivable	1,013,104	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	63,506	—
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(296,558)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	246,044	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(98,220)
Other	(254,899)	83,016
Net cash provided by/(used in) investing activities	(2,008,303)	(4,543,561)

(Unit: Thousands of yen)

	Fiscal 2018 (From October 1, 2017 to September 30, 2018)	Fiscal 2019 (From October 1, 2018 to September 30, 2019)
Cash flows from financing activities		
(Increase)/Decrease in short-term loans payable, net	(100,000)	373,904
Proceeds from long-term loans payable	2,188,670	7,054,750
Repayments of long-term loans payable	(521,514)	(4,605,115)
Proceeds from issuance of shares resulting from exercise of stock acquisition rights	1,982,869	1,799,873
Proceeds from share issuance to non-controlling interests	1,956,010	268,110
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	576,266	75,600
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(270,161)	(8,010)
Repayments of lease obligations	(658)	(135,569)
Proceeds from sale and leaseback transactions	―	942,000
Other	(39,950)	(55,239)
Net cash provided by/(used in) financing activities	5,771,530	5,710,304
Effect of exchange rate change on cash and cash equivalents	(24,255)	(3,538)
Net increase/(decrease) in cash and cash equivalents	760,861	(1,441,462)
Cash and cash equivalents at the beginning of the period	2,969,805	3,847,721
Increase in cash and cash equivalents from newly consolidated subsidiary	117,054	107,150
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	―	(221)
Cash and cash equivalents at the end of the period	3,847,721	2,513,187

(5) Notes to Consolidated Financial Statements
(Assumption of a Going Concern)
Not applicable

(Accounting Standards Issued but Not yet Effective)
・Accounting Standards on Revenue Recognition （Corporate Accounting Standards No. 29, March 30, 2018 Accounting
Standards Board of Japan）
・Implementation Guidelines on Accounting Standard on Revenue Recognition （Corporate Accounting Standards Application Guideline No. 30, March 30, 2018 Accounting Standards Board of Japan）

1. Overview
The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) co-developed a new comprehensive revenue recognition standard and published "Revenue from Contracts with Customers" in May 2014 (IFRS No. 15 in IASB, Topic 606 in FASB). Considering IFRS No. 15 will be applied from the fiscal year starting January 1, 2018 and Topic 606 from the fiscal year starting December 15, 2017, the Accounting Standards Board of Japan developed comprehensive Accounting Standards on Revenue Recognition and published them together with implementation guidelines.
The fundamental policy for developing Accounting Standards on Revenue Recognition by the Accounting Standards Board of Japan was that the accounting standards would incorporate the fundamental policy of IFRS No.15 as the starting point from the perspective of comparability of financial statements, which is the one of the benefits of achieving consistency with IFRS No.15. If there are matters to be taken into consideration in Japan in actual practice, etc., alternative handling will be added within a range that would not impair financial statement comparability.

2. Planned applicable date
Applied from the beginning of the fiscal year ending in September 2022

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

(Changes in Accounting Presentation)
(Changes in Accounting Presentation in accordance with application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")
We applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February16,2018), from the beginning of fiscal 2019. Deferred tax assets are shown under the segment of investments and other assets, and deferred tax liabilities are shown under the segment of noncurrent liabilities.
As a result, on the consolidated balance sheets as of September 30, 2018, deferred tax assets under the segment of current assets were reclassified to the segment of investments and other assets, and deferred tax liabilities under the segment of current liabilities were included in deferred tax liabilities of ¥3,001 thousand under the segment of noncurrent liabilities

(Consolidated Balance Sheets)
In fiscal 2018, lease obligations were included in other under the segment of current liabilities and noncurrent liabilities. Since during fiscal 2019, the materiality of these amounts increased, lease obligations are shown separately.
To reflect these reclassification, on the consolidated balance sheets as of September 30, 2018, ¥734,587 thousand in other under the segment of current liabilities is reclassified to ¥698 thousand in lease obligations and ¥733,889 thousand in other, and ¥35,662 thousand in other under the segment of noncurrent liabilities is reclassified to ¥2,215 thousand in lease obligations and ¥33,446 thousand in other.

(Consolidated Statements of Cash Flows)

In fiscal 2018, proceeds from withdrawal of deposit as collateral was included in other under the segment of cash flows from investing activities, and repayment of lease obligations was included in other under the segment of cash flows from financing activities. Since during fiscal 2019, the materiality of these amounts increased, these amounts were shown separately. Also, in fiscal 2019, payment into deposit as collateral is included in other under the segment of cash flows from investing activities, as the materiality of such amount decreased. To reflect these changes, reclassification was made on the consolidated statements of cash flows for fiscal 2018.

As a result, on the consolidated statements of cash flows for fiscal 2018, (¥184,899) thousand in other under the segment of cash flows from investing activities and (¥20,000) thousand in payment into deposit as collateral were reclassified to ¥50,000 thousand in proceeds from withdrawal of deposit as collateral and (¥254,899) thousand in other. Also, (¥40,609) thousand in other under the segment of cash flows from financing activities was reclassified to (¥658) thousand in repayments of lease obligations and (¥39,950) thousand in other.

(Segment Information)

1. Outline of reporting segments

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

FGI—as a boutique investment bank for all companies in all industries—focuses on investment banking and corporate investment to expand Group business. The Group has three reporting segments: the Company concentrates on the investment banking business, while subsidiaries handle the public management consulting business and the entertainment service business. The other category consists of operations not included in reporting segments.

The business activities of each reporting segment are described below.

- Investment banking business
  - Investment banking business
    - Financial arrangements
    - Public financing
    - Financial advisory
    - Asset management (including real estate investment management, investment fund management)
    - Asset investment
    - M&A agency services
    - Aircraft asset management, aircraft technology advisory, aircraft registry services
  - Corporate investment
- Public management consulting business
  - Support for decision of public enterprise management strategies, financial document preparation and creation of fixed asset ledgers
  - Support for possible implementation of PPP/PFI techniques
- Entertainment service business
  - Theme park development, ownership, management, operation
  - Restaurant/merchandise sales business
- Other
  - Computer software R&D, manufacturing and sales

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

Segment income amounts are based on operating income.

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

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

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

(Thousands of yen)

	Reporting Segments				Other Note 1	Total	Adjustments Note 2	Consolidated Note 3
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	3,074,811	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 associates accounted for using 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.

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

(Thousands of yen)

	Reporting Segments				Other Note 1	Total	Adjustments Note 2	Consolidated Note 3
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	3,108,258	658,525	5,383,635	9,150,419	24,729	9,175,148	—	9,175,148
Inter-segment revenues and transfers Note4	285,425	14,655	24,029	324,110	—	324,110	(324,110)	—
Total	3,393,683	673,180	5,407,665	9,474,529	24,729	9,499,258	(324,110)	9,175,148
Segment income (loss)	(478,650)	79,695	(423,544)	(822,498)	(12,130)	(834,629)	(829,942)	(1,664,571)
Segment assets	7,425,855	141,079	9,180,571	16,747,506	-	16,747,506	2,277,507	19,025,014
Other items								
Depreciation	15,706	5,942	554,181	575,830	483	576,314	32,345	608,660
Investment in associates accounted for using equity method	—	50,335	—	50,335	93,293	143,629	—	143,629
Increase on tangible fixed assets and intangible fixed assets	11,193	7,436	5,155,002	5,173,633	2,449	5,176,083	14,739	5,190,822

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes the software development and sales business and other businesses.
2. Adjustments are presented below.

(1) Adjustment of segment income (loss), at (¥829,942) thousand, includes elimination of transactions among segments of ¥241,558 thousand and corporate expenses of (¥1,071,500) thousand, which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses, which do not belong to any reporting segments.

(2) Adjustment of segment assets, at ¥2,277,507 thousand, is the difference between elimination of transactions among segments, at (¥3,424,539) thousand, and corporate assets, at ¥5,702,047 thousand, which are not allocatable to any reporting segment.

3. Segment income (loss) is reconciled with operating loss in the consolidated financial statements.
4. Intersegment revenues and transfers in the investment banking business include Metsä Village rental income of ¥250,459thousand that FGI, under the investment banking business, receives from Moomin Monogatari, a consolidated subsidiary under the entertainment service business.

(Per Share Information)

Fiscal 2018 (From October 1, 2017 to September 30, 2018)		**Fiscal 2019** (From October 1, 2018 to September 30, 2019)	
Net assets per share (yen)	39.31	Net assets per share (yen)	37.03
Net income(loss) per share (yen)	(4.79)	Net income(loss) per share (yen)	(8.08)

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 2018 (From October 1, 2017 to September 30, 2018)	**Fiscal 2019** (From October 1, 2018 to September 30, 2019)
Net income(loss) per share		
Net income (loss) (thousands of yen)	(820,104)	(1,586,671)
Amount not attributable to shareholders of common stock (thousands of yen)	―	―
Net income (loss) associated with common shares (thousands of yen)	(820,104)	(1,586,671)
Average number of shares issued during the period (shares)	171,361,223	196,353,892
Fully diluted net income per share		
Adjusted net income per share (thousands of yen)	―	―
Increase in common shares (shares)	―	―
(of which, stock acquisition rights) (shares)	―	―

Details on shares not included in calculation of fully diluted net income per share due to non-dilutive effect	Stock acquisition rights (stock options) issued on December 29, 2008, by special resolution at General Meeting of Shareholders on December 19, 2008 64 (Common shares: 6,400) Stock acquisition rights (stock options) issued on December 28 , 2009, by special resolution at General Meeting of Shareholders on December 18, 2009 70 (Common shares: 7,000) Stock acquisition rights (stock options) issued on December 28, 2010, by special resolution at General Meeting of Shareholders on December 21, 2010 96 (Common shares: 9,600) Stock acquisition rights (stock options) issued on December 28 , 2011, by special resolution at General Meeting of Shareholders on December 21, 2011 122 (Common shares: 12,200) Stock acquisition rights (stock options) issued on December 28 , 2012, by special resolution at General Meeting of Shareholders on December 21, 2012 440 (Common shares: 44,000) Stock acquisition rights (stock options) issued on December 27, 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 485 (Common shares: 48,500) Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 855 (Common shares: 85,500)	Stock acquisition rights (stock options) issued on December 29, 2008, by special resolution at General Meeting of Shareholders on December 19, 2008 52 (Common shares: 5,200) Stock acquisition rights (stock options) issued on December 28 , 2010, by special resolution at General Meeting of Shareholders on December 21, 2010 74 (Common shares: 7,400) Stock acquisition rights (stock options) issued on December 28, 2011, by special resolution at General Meeting of Shareholders on December 21, 2011 100 (Common shares: 10,000) Stock acquisition rights (stock options) issued on December 28 , 2012, by special resolution at General Meeting of Shareholders on December 21, 2012 335 (Common shares: 33,500) Stock acquisition rights (stock options) issued on December 27 , 2013, by special resolution at General Meeting of Shareholders on December 20, 2013 395 (Common shares: 39,500) Stock acquisition rights (stock options) issued on January 26, 2015, by special resolution at General Meeting of Shareholders on December 19, 2014 675 (Common shares: 67,500) Stock acquisition rights (stock options) issued on February 27 , 2017, approved by the Board of Directors on February 10, 2017 597 (Common shares: 59,700)

	Stock acquisition rights (stock options) issued February 27 , 2017, approved by the Board of Directors on February 10, 2017 1,091 (Common shares: 109,100) Stock acquisition rights (stock options) issued February 27 , 2018, approved by the Board of Directors 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)	Stock acquisition rights (stock options) issued February 27 , 2018, approved by the Board of Directors on February 9, 2018 893 (Common shares: 89,300) Stock acquisition rights (stock options) issued on December 25, 2018, by special resolution at General Meeting of Shareholders on December 19, 2018 2,085 (Common shares: 208,500) Stock acquisition rights (stock options) issued February 27 , 2019, approved by the Board of Directors on February 12, 2019 998 (Common shares: 99,800) Consolidated subsidiaries: Moomin Monogatari, Ltd. Subscription rights to shares (options on Company's own shares) 8 (Common shares: 32)