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**Summary of Financial Statements
for the First Three Quarters of Fiscal 2023
<under Japanese GAAP>**

August 9, 2023

Company Name: FinTech Global Incorporated

(Code Number: 8789 Tokyo Stock Exchange)

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

TEL: +81-3-6456-4600

Representative: President and Chief Executive Officer

Name: Nobumitsu Tamai

Contact: Director, Senior Executive Officer

Name: Takashi Senda

Scheduled date for filing of securities report: August 14, 2023

Scheduled date of commencement of dividend payment: —

Preparation of explanatory materials for quarterly financial results: Yes

Information meetings arranged related to quarterly financial results: None

(Rounded down to the nearest million)

1. Consolidated results for the first three quarters of fiscal 2023
(October 1, 2022 – June 30, 2023)

(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	%
First three quarters of fiscal 2023	6,911	2.4	1,142	661.0	1,084	851.1	781	—
First three quarters of fiscal 2022	6,749	5.3	150	(67.7)	114	(73.9)	(140)	—

(For reference) Comprehensive income: 1,079 million yen for the first three quarters of fiscal 2023 —%
91 million yen for the first three quarters of fiscal 2022 (68.9%)

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
First three quarters of fiscal 2023	3.88	3.87
First three quarters of fiscal 2022	(0.70)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First three quarters of fiscal 2023	18,574	8,678	40.1
Fiscal 2022	17,933	7,842	36.7

(For reference) Shareholders' equity: 7,453 million yen for the first three quarters of fiscal 2023
6,585 million yen for fiscal 2022

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
Fiscal 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal 2023	—	0.00	—		
Fiscal 2023 (Forecast)				—	—

(Notes)

1. Change from the latest dividend forecast: None
2. Year-end dividend forecast for the fiscal year ending September 30, 2023 has not been made.

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

(Percentages indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of the parent		E.P.S.
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2023	9,500	2.1	1,400	138.2	1,400	158.8	1,500	751.7	7.45

(Note) Change from the latest consolidated financial forecasts: None

*Notes

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

(2) Adoption of specific accounting policies for quarterly consolidated financial statements: None

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

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

Note: For details, please refer to “Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Change in accounting policies)”.

(4) Number of shares issued (common shares)

1. Number of shares issued (including treasury stock):
201,305,200 shares for the first three quarters of fiscal 2023
201,295,200 shares for fiscal 2022
2. Number of shares of treasury stock:
20 shares for the first three quarters of fiscal 2023
20 shares for fiscal 2022
3. Average number of shares issued during the first three quarters:
201,303,037 shares for the first three quarters of fiscal 2023
201,240,893 shares for the first three quarters of fiscal 2022

* This summary of financial statements is exempt from the review 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 FinTech Global Incorporated (hereafter, “FGI” and “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 Quarterly Consolidated Performance

(1) Business results

During the first three quarters—October 1, 2022 to June 30, 2023—of the fiscal 2023 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2023, the investment banking business promoted business succession solution services providing financial advice, asset management and other services helpful to companies grappling with business succession issues, and private equity investment where these client companies are the investment targets.

Looking at business results for the first three quarters of fiscal 2023, revenues rose 2.4% year on year, to ¥6,911 million, while gross profit surged 43.2% year on year, to ¥3,839 million. FGI achieved these results, despite the exclusion of Rights and Brands Japan Co., Ltd. (RBJ) from the scope of consolidation and the change into equity method affiliate in the first quarter of fiscal 2023, thanks to an increase in income on arrangement transaction services as well as investment income driven by favorable demand for business succession solution services and steady private equity investment exits, and further complemented by brisk demand for aircraft asset management services.

Selling, general and administrative expenses rose 6.5%, compared with the first three quarters of fiscal 2022, to ¥2,696 million, mainly owing to an increase in staffing and wider use of outsourcing in some segments to support business expansion. Nevertheless, operating income jumped 661.0% year on year, to ¥1,142 million, and ordinary income soared 851.1% to ¥1,084 million, underpinned by higher gross profit. The Company recorded ¥781 million in profit attributable to owners of the parent for the first three quarters of fiscal 2023, compared with a ¥140 million loss position for the first three quarters of fiscal 2022. The turnaround stems from the booking of ¥190 million in gain on negative goodwill under extraordinary income from turning Trinity Japan co., Ltd., into a consolidated subsidiary.

(Unit: Millions of yen)

	First Three Quarters of Fiscal 2022	First Three Quarters of Fiscal 2023	YOY Change
Revenues	6,749	6,911	161
Investment banking business	3,461	5,081	1,620
Public management consulting business	263	248	(15)
Entertainment service business	3,252	1,796	(1,456)
Elimination	(228)	(214)	13
Gross profit	2,680	3,839	1,158
Investment banking business	1,855	3,541	1,686
Public management consulting business	143	136	(6)
Entertainment service business	777	258	(518)
Elimination	(95)	(98)	(3)
Operating income [Segment income/ (loss)]	150	1,142	992
Investment banking business	570	1,948	1,378
Public management consulting business	(1)	(41)	(40)
Entertainment service business	6	(224)	(230)
Elimination or corporate expenses	(425)	(539)	(114)

	First Three Quarters of Fiscal 2022	First Three Quarters of Fiscal 2023	YOY Change
Ordinary income	114	1,084	970
Income before income taxes	129	1,250	1,121
Income/ (Loss) attributable to owners of parent	(140)	781	922

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

a. Investment Banking Business

The investment banking business marked a favorable shift in the formation of investment transactions integral to business succession solution services and increased its number of new private equity investments. The sale of investments arranged by FGI was also brisk. These trends underpinned growth in income on arrangement transaction services, including upfront fees on asset management services for arranged funds, management fees during the contract period and performance fees, as well as investment income through exits. In investment management activities, FGI saw an increase in assets entrusted by overseas institutional investors for investment into residences. The balance of assets in custody jumped 48.7%, to ¥83.5 billion, and the foundation for stock-type earnings—that is, recurring fee revenues—was reinforced. In aircraft asset management services, requests for aircraft inspections and technical services, such as those that accompany the return of aircraft, slowed, as the pandemic transitioned into an endemic state and catalysts of demand changed. Nevertheless, revenues remained at a high level. Aircraft asset management services moved in a favorable direction, thanks to an increase in aircraft registrations and fresh pursuits, including aircraft remarketing.

As a result, segment revenues jumped 46.8% year on year, to ¥5,081 million, and segment income surged 241.7%, to ¥1,948 million.

b. Public Management Consulting Business

In the public management consulting business, which hinges on Public Management Consulting Corporation, marketing efforts to promote consultations on the preparation of financial documents targeted large local governments. Demand was steady, with the number of requests for contract services from prefectures to prepare financial documents for the fiscal year running from April 1, 2023 through March 31, 2024—rising by one, to nine, while requests from ordinance-designated city/special wards remained at 11. In addition, in regard to reviews of general management plans for public facilities, the Ministry of Internal Affairs and Communications gave local public entities that had not finished their reviews until March 31, 2024, to do so, and PMC vigorously pushed ahead on marketing activities related to services that would help these entities execute such reviews. Segment revenues stalled at ¥248 million, tumbling 5.9% compared with the first three quarters of fiscal 2022, when PMC generated revenue from the sale of software from business partners paralleling the end of support for accounting software distributed to local governments by the national government. The segment showed a loss of ¥41 million, a steep drop from the loss of ¥1 million recorded a year ago, reflecting an increase in expenses related to prior investment to address expanding requests for services.

c. Entertainment Service Business

Metsä—comprising Metsä Village and Moominvalley Park—welcomed about about 500,000 guests over the first three quarters of fiscal 2023, down 13.7% year on year. But thanks to higher spending per guest on merchandise and food and beverages, along with upward revision to admission fees for

Moominvalley Park, Metsä-related revenues slipped only 3.6% year on year, to ¥1,796 million.

In licensing-related operations, FGI booked ¥1,390 million from RBJ in the first three quarters of fiscal 2022. But RBJ was excluded from the scope of consolidation, effective from the first quarter of fiscal 2023, and is now an affiliate accounted for by the equity method. Consequently, RBJ business results from licensing-related operations are no longer booked under this segment—entertainment service business—but rather reported as investment income based on equity stake. On July 13, 2023, FGI decided through a resolution by the Board of Directors that all shares in RBJ held by Moomin Monogatari would be transferred to Matsuya Co., Ltd., and based on this resolution, Moomin Monogatari signed a share transfer agreement on the same day, with shares transferred the next day, on July 14, 2023. Consequently, RBJ is excluded from FGI's scope of equity method affiliates from the fourth quarter of fiscal 2023.

Given the above, the entertainment service business posted revenues of ¥1,796 million, down 44.8% year on year, and a segment loss of ¥224 million, reversing from a ¥6 million profit position a year ago.

(2) Consolidated Financial Position

Assets

Total assets at the end of the third quarter of fiscal 2023, stood at ¥18,574 million, up 3.6% from the end of fiscal 2022 on September 30, 2022. This is largely because, despite decreases of ¥262 million in noncurrent assets, mainly depreciation and amortization on Moominvalley Park buildings and interior and exterior fixtures, and ¥333 million in trademark rights included in other intangible fixed assets due to the exclusion of RBJ from the scope of consolidation, increases of ¥145 million in cash and time deposits, operational investment securities increased ¥496 million, due to new investments and improved value of funds associated with business succession projects reaching exit stage, and investment securities increased ¥698 million, mainly due to a change in the status of RBJ, which was removed from the scope of consolidation and is now accounted for as an equity-method affiliate.

Liabilities

Total liabilities at the end of the third quarter of fiscal 2023, came to ¥9,896 million, down 1.9% from the end of fiscal 2022 on September 30, 2022. This change is primarily due to decreases of ¥23 million in accounts payable, trade, ¥57 million in lease obligations on current liabilities, and ¥95 million in lease obligations on noncurrent liabilities, which outweighed increases of ¥68 million in short-term loans payable and ¥104 million in deferred tax liabilities.

Net assets

Net assets at the end of the third quarter of fiscal 2023 came to ¥8,678 million, up 10.7% from the end of fiscal 2022 on September 30, 2022. This change is mainly due to an increase in retained earnings on the booking of ¥781 million in quarterly profit attributable to owners of the parent, which offset a ¥51 million decrease in non-controlling interests.

Note that, with approval granted by shareholders at the General Meeting of Shareholders on December 22, 2022, FGI reduced common stock and legal capital surplus by ¥1,098 million and ¥4,036 million, respectively, with these amounts transferred to other capital surplus. In conjunction with this, legal retained earnings were reduced by ¥47 million and transferred to retained earnings brought forward and, along with the increased other capital surplus, appropriated to cover a deficit in retained earnings brought forward.

(3) Information on Forward-Looking Statements, including Consolidated Performance Forecasts

(Unit: Millions of yen)

	Fiscal 2023 Initial forecast (Announced November 8, 2022)	Fiscal 2023 Revised forecast (Announced July 13, 2023)	YOY Change Amount	YOY Change Percentage	Fiscal 2022 Actual
Revenues	10,100	9,500	-600	-5.0%	9,301
Operating income	1,400	1,400	—	—	587
Ordinary income	1,400	1,400	—	—	540
Profit attributable to owners of the parent	1,000	1,500	+500	+50.0%	176

On July 13, 2023, FGI revised the consolidated performance forecast for fiscal 2023, ending September 30, 2023, that had been announced on November 8, 2022. The revised forecast is noted in the table above. Management has not made any other changes. Details about the above-mentioned revisions can be found in “Notice regarding changes to fiscal 2023 consolidated performance forecast,” released July 13, 2023.

Note that the consolidated performance forecast is based on information currently available to management and certain assumptions deemed reasonable. Actual results may differ substantially from expectations for a variety of reasons.

2. Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: Thousands of yen)	
	Fiscal 2022 (As of September 30, 2022)	First Three Quarters of Fiscal 2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	2,375,927	2,521,120
Accounts receivable - trade, and contract assets	1,113,702	916,782
Operational investment securities	2,482,469	2,979,250
Loans receivable, trade	371,665	349,815
Real estate for sale	4,057,167	4,057,167
Merchandise	133,602	159,994
Other	593,045	704,914
Allowance for doubtful accounts	(104,772)	(99,157)
Total current assets	11,022,806	11,589,886
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,390,285	5,375,500
Accumulated depreciation	(717,453)	(852,409)
Buildings and structures, net	4,672,832	4,523,091
Other	1,205,951	1,093,332
Total property, plant and equipment	5,878,784	5,616,423
Intangible fixed assets		
Goodwill	117,736	103,088
Other	514,765	37,930
Total intangible fixed assets	632,501	141,018
Investments and other assets		
Investments in securities	105,581	804,266
Long-term loans receivable	35,004	18,755
Deferred tax assets	11,364	96,929
Other	257,016	306,791
Allowance for doubtful accounts	(10,047)	(33)
Total investments and other assets	398,918	1,226,709
Total noncurrent assets	6,910,204	6,984,151
Total assets	17,933,011	18,574,037

(Unit: Thousands of yen)

	Fiscal 2022 (As of September 30, 2022)	First Three Quarters of Fiscal 2023 (As of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable, trade	248,274	224,539
Short-term loans payable	—	68,354
Current portion of long-term loans payable	529,252	6,034,647
Income taxes payable	133,150	119,039
Lease obligations	260,095	202,503
Provision for bonuses	191,888	205,129
Other	1,225,164	930,760
Total current liabilities	2,587,825	7,784,972
Noncurrent liabilities		
Long-term loans payable	7,184,342	1,500,646
Lease obligations	158,022	62,188
Deferred tax liabilities	19,737	124,362
Retirement benefit liability	110,067	125,223
Other	30,322	298,606
Total noncurrent liabilities	7,502,492	2,111,028
Total liabilities	10,090,317	9,896,000
Net assets		
Shareholders' equity		
Common stock	6,471,266	5,372,574
Capital surplus	4,996,716	974,443
Retained earnings	(4,943,941)	973,209
Treasury shares	(0)	(0)
Total shareholders' equity	6,524,040	7,320,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,680	95,940
Foreign currency translation adjustment	26,158	37,279
Total accumulated other comprehensive income	61,839	133,220
Stock acquisition rights	56,359	75,843
Non-controlling interests	1,200,454	1,148,746
Total net assets	7,842,693	8,678,037
Total liabilities and net assets	17,933,011	18,574,037

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

(Unit: Thousands of yen)

	First Three Quarters of Fiscal 2022 (From October 1, 2021 to June 30, 2022)	First Three Quarters of Fiscal 2023 (From October 1, 2022 to June 30, 2023)
Revenues	6,749,519	6,911,192
Cost of revenues	4,068,821	3,072,185
Gross profit	2,680,698	3,839,006
Selling, general and administrative expenses	2,530,517	2,696,087
Operating income	150,180	1,142,918
Non-operating income		
Interest income	1,292	3,216
Foreign exchange gains	12,505	—
Share of profit of entities accounted for using equity method	8,435	33,940
Subsidy income	37,199	26,774
Other	4,978	2,340
Total non-operating income	64,410	66,271
Non-operating expenses		
Interest expense	87,121	96,953
Foreign exchange losses	—	20,228
Provision of allowance for doubtful accounts	11,009	(40)
Other	2,442	7,576
Total non-operating expenses	100,573	124,718
Ordinary profit	114,017	1,084,472
Extraordinary income		
Gain on sale of investments in securities	—	8,000
Gain on bargain purchase	—	190,025
Gain on reversal of stock acquisition rights	16,478	273
Other	—	96
Total extraordinary income	16,478	198,394
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	999	—
Loss on retirement of noncurrent assets	—	32,369
Loss on liquidation of subsidiaries and associates	362	—
Total extraordinary loss	1,362	32,369
Income before income taxes	129,133	1,250,497
Income taxes (current)	133,656	250,403
Income taxes (deferred)	(49,119)	1,749
Total income taxes	84,537	252,153
Profit	44,596	998,344
Profit attributable to non-controlling interests	185,454	216,613
Profit (Loss) attributable to owners of the parent	(140,857)	781,731

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Three Quarters of Fiscal 2022 (From October 1, 2021 to June 30, 2022)	First Three Quarters of Fiscal 2023 (From October 1, 2022 to June 30, 2023)
Profit	44,596	998,344
Other comprehensive income		
Valuation difference on available-for-sale securities	23,393	60,259
Foreign currency translation adjustment	23,379	20,619
Total other comprehensive income	46,773	80,879
Comprehensive income	91,369	1,079,224
Comprehensive income (loss) attributable to		
Owners of the parent	(103,546)	853,112
Non-controlling interests	194,916	226,111

(3) Notes to Quarterly Consolidated Financial Statements
(Assumption of Going Concern)
Not applicable.

(Significant Change in Shareholders' Equity)

First three quarters of fiscal 2022 (From October 1, 2021 to June 30, 2022)

1. Cash dividends paid

Not applicable.

2. Significant changes in shareholders' equity

Not applicable.

First three quarters of fiscal 2023 (From October 1, 2022 to June 30, 2023)

1. Cash dividends paid

Not applicable.

2. Significant changes in shareholders' equity

Pursuant to a resolution of the 28th Ordinary General Meeting of Shareholders held on December 22, 2022, the Company reduced common stock, legal capital surplus and legal retained earnings, as well as appropriated surplus on January 27, 2023.

As a result, common stock decreased by ¥1,098,930 thousand, legal capital surplus decreased by ¥4,036,488 thousand, with these amounts transferred to other capital surplus. The ¥47,303 thousand decrease in legal retained earnings was transferred to retained earnings brought forward.

The ¥5,135,419 thousand in other capital surplus generated through by decreasing common stock and legal capital surplus was transferred to retained earnings brought forward and used to compensate for current deficit.

As a result, common stock stood at ¥5,372,574 thousand, capital surplus stood at ¥974,443 thousand and retained earnings stood at ¥973,209 thousand as of June 30, 2023.

These changes have no effect on the total amount of shareholders' equity.

(Change in accounting policies)

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; hereafter, "Fair Value Measurement Implementation Guidance") effective from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Fair Value Measurement Implementation Guidance prospectively in accordance with the transitional measures provided for in paragraph 27(2) of the Fair Value Measurement Implementation Guidance. The application of the Fair Value Measurement Implementation Guidance had no impact on the quarterly consolidated financial statements for the first three quarters of the current fiscal year.

(Additional Information)

(Accounting estimates related to impact from spread of COVID-19)

There is no material change concerning the assumption, and the accounting estimates based on it, about how COVID-19, the disease caused by the new coronavirus, will spread further and influence economic and corporate activities, when it will subside, etc., which were stated in the Annual Securities Report for the previous fiscal year.

(Adoption of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have made the transition from the consolidated corporate tax system to the group tax sharing system from the first quarter of the current fiscal year. Accordingly, the Company disclose corporate tax, local corporate tax and tax effect accounting with applying “the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force [hereafter, “PITF”], No.42 issued August 12, 2021) which set forth the accounting treatment. In addition, based on PITF No.42 Paragraph 32 Item (1), the company consider that there is no impact on the quarterly consolidated financial statements.

(Segment Information)

I. First three quarters of fiscal 2022 (October 1, 2021 to June 30, 2022)

1. Information about the amount of revenues, profits or losses pursuant to each reporting segment

(Thousands of yen)

	Reporting Segments				Adjustment (Note 1)	Consolidated (Note 2)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total		
Revenues						
Revenues to third party	3,290,136	254,885	3,204,497	6,749,519	—	6,749,519
Inter-segment revenues and transfers	171,204	9,000	48,134	228,339	(228,339)	—
Total	3,461,341	263,885	3,252,631	6,977,858	(228,339)	6,749,519
Segment income (loss)	570,245	(1,045)	6,027	575,228	(425,047)	150,180

Notes:

1. Adjustment of segment income (loss), at ¥(425,047) thousand, includes elimination of transactions among segments of ¥215,460 thousand and corporate expenses of ¥(640,508) 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. Segment income (loss) is reconciled with operating income in the quarterly consolidated statements.

2. Information about impairment loss on noncurrent assets or goodwill, etc. pursuant to each reporting segment

Not applicable.

II. First three quarters of fiscal 2023 (October 1, 2022 to June 30, 2023)

1. Information about the amount of revenues, profits or losses pursuant to each reporting segment

(Thousands of yen)

	Reporting Segments				Adjustment (Note 1)	Consolidated (Note 2)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total		
Revenues						
Revenues to third party	4,933,244	239,225	1,738,721	6,911,192	—	6,911,192
Inter-segment revenues and transfers	148,414	9,000	57,283	214,697	(214,697)	—
Total	5,081,658	248,225	1,796,005	7,125,889	(214,697)	6,911,192
Segment income (loss)	1,948,781	(41,896)	(224,690)	1,682,194	(539,275)	1,142,918

Notes:

1. Adjustment of segment income (loss), at ¥(539,275) thousand, includes elimination of transactions among segments of ¥177,893 thousand and corporate expenses of ¥(717,169) 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. Segment income (loss) is reconciled with operating income in the quarterly consolidated statements.

2. Information about impairment loss on noncurrent assets or goodwill, etc. pursuant to each reporting segment

(Significant gain on bargain purchase)

Gain on bargain purchase was recognized in the Investment Banking Business segment as the Company acquired shares of Trinity Japan co., Ltd. and consolidated it as a subsidiary company from the second quarter of the current fiscal year. The recorded amount of gain on bargain purchase resulting from this event is ¥190,025 thousand. Note that gain on bargain purchase is not included in segment income as it is extraordinary income.

(Significant subsequent event)

(Change in status of affiliate accounted for by equity method)

At the meeting of the Board of Directors held on July 13, 2023, the company resolved that the FGI consolidated subsidiary Moomin Monogatari Ltd. (hereafter, "Moomin Monogatari") will transfer all shares held in Rights and Brands Japan Co., Ltd (hereafter, "RBJ"), the FGI affiliate accounted for by the equity method. In accordance with this resolution, Moomin Monogatari concluded the share transfer agreement on the date and executed the share transfer on July 14, 2023. Paralleling this share transfer, RBJ will be excluded from FGI's scope of affiliates accounted for by the equity method.

(1) Reason of share transfer

The aim of this share transfer is to secure a level of capital that supports significant capital spending, emphasizing investments that enhance the appeal of MoominValley Park and drive its profile higher, which will attract more visitors, while reinforcing the content of events, campaigns and other crowd-drawing activities.

(2) Name of counterparty to share transfer

Matsuya Co., Ltd.

(3) Name of the affiliate accounted for by the equity method, description of its business, and its business dealings with the company

Company name: Rights and Brands Japan Co., Ltd

Description of business: Moomin licensing in Japan, distribution of animated TV series "Moominvalley"

Description of transactions with the company : a) the company receives business advisory fee from RBJ.

b) the FGI consolidated subsidiary Moomin Monogatari pays license fee to RBJ.

(4) Number of shares transferred, transfer price and shareholding status before and after transfer

Number of shares before change	178 shares (percentage of voting rights held: 42.3%)
Number of shares transferred	178 shares
Transfer price	680 millions of yen
Number of shares after change	— shares (percentage of voting rights held: —)

(5) Date of share transfer

July 14, 2023

(6) Outlook

Through this share transfer, FGI expects to book ¥386 million in gain on sales of shares of subsidiary and associates under extraordinary profit of the consolidated financial statements.