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Notice regarding fiscal 2020 consolidated performance forecast

Tokyo, September 25, 2020— Previously, factors with the potential to impact performance were too unsettled for an accurate estimate. But management at FGI (hereafter, "FGI" and "the Company") feels it is now possible to disclose a consolidated performance forecast for fiscal 2020, ending September 30, 2020, based on the current operating status of Metsä and the status of investment exits for the investment banking business allow for estimates. Details are provided below.

Particulars

1. Consolidated performance forecast for fiscal 2020 (October 1, 2019 - September 30, 2020)

(Millions of yen, %)

	Revenue	Operating income (loss)	Ordinary income (loss)	Profit (loss) attributable to owners of parent	Net income (loss) per share (Yen)
Previous forecast (A)	—	—	—	—	—
Current forecast (B)	6,730	(1,090)	(1,230)	(1,260)	(6.27)
Change (B-A)	—	—	—	—	—
Increase/(Decrease) (%)	—	—	—	—	—
Reference: Previous fiscal year (ended September 30, 2019)	9,175	(1,664)	(1,850)	(1,586)	(8.08)

Reasons for this forecast

Metsä was temporarily closed for a significant number of days between March and June 2020, due to the state of emergency called by the government in response to the spread of COVID-19. This had unimaginable consequences and greatly changed the business environment in fiscal 2020. As described in the press release "Notice regarding measures to stabilize Moominvalley Park operations" (Japanese only), dated August 12, 2020, a variety of measures were implemented across the site to ameliorate the negative impact caused by temporary closure, but even after the operations resumed, the number of visitors trended below the pre-COVID-19 guest count.

Consequently, Metsä-related revenues are likely to be down year on year, eroding revenues for the entertainment service business. In other business segments, a delay in investment exit activity affected the investment banking business, and the removal of a subsidiary in the public management consulting business from the scope of consolidation, effective from the fourth quarter of fiscal 2019, limited revenue opportunities in that segment. Given these factors in particular, consolidated revenues for fiscal 2020 are expected to settle at ¥6,730 million, down ¥2,445 million from fiscal 2019.

On the profit front, management is prepared for a consolidated operating loss, at ¥1,090 million in fiscal 2020. But this is nonetheless an improvement year on year—¥574 million less deep into the red than in fiscal 2019. Improvement despite a lower revenue situation reflects the prospect of a considerable drop in impairment loss on corporate investment, which hit ¥545 million in fiscal 2019. In addition, pre-opening expenses at Metsä and other one-time expenses incurred in fiscal 2019 are no longer factors putting pressure on the bottom line. Management also expects concerted efforts to shrink personnel costs and miscellaneous expenses on a companywide basis will have a positive effect on results. Loss attributable to owners of parent is forecast to reach ¥1,260 million, reflecting ¥292 million in fixed costs, namely personnel costs and depreciation and amortization costs, incurred during the temporary closure of Moominvalley Park—booked under extraordinary loss up to the third quarter—as well as a loss attributable to non-controlling interests.

Note: Forward-looking statements in this press release, including performance forecasts, are based on information currently available to management and certain reasonable assumptions. Actual results may differ considerably from these estimates due to various factors.

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