

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2020 (Japanese GAAP)(Summary)

May 13, 2020

Listed Company Name: **Financial Products Group Co.,Ltd.** URL <https://www.fpg.jp/en/>
 Listed Stock Exchange: Tokyo Stock Exchange 1st Section Code Number: 7148
 Representative: Hisanaga Tanimura, CEO and Founder
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 Expected date of quarterly report submission: May 13, 2020
 Expected date of dividend payment: —
 Supporting material for quarterly results: Yes
 The briefing session of quarterly results: Yes

(Figures less than one million yen are rounded down.)

1. Consolidated financial results for the Second quarter of the Fiscal Year Ending September 30, 2020

(October 1, 2019 — March 31, 2020)

(1) Consolidated operating results (cumulative) (% figures show year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	8,296	(26.3)	3,130	(49.4)	3,216	(43.3)	2,212	(43.7)
March 31, 2019	11,253	2.0	6,182	(5.6)	5,675	(9.4)	3,930	(9.7)

(Note) Comprehensive income: Six months ended March 31, 2020: 2,226 million yen: [(40.6 %)]
 Six months ended March 31, 2019: 3,751 million yen: [(12.8 %)]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
March 31, 2020	24.96	—
March 31, 2019	44.18	—

(Note) Diluted net income per share is not stated because there are no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	141,560	30,510	21.4
As of September 30, 2019	125,839	32,981	26.0

(Reference) Shareholders' equity: As of March 31, 2020: 30,257 million yen
 As of September 30, 2019: 32,750 million yen

2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of fiscal year	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
September 30, 2019	—	0.00	—	53.00	53.00
September 30, 2020	—	0.00			
Fiscal year ending September 30, 2020 (Forecast)			—	30.00	30.00

(Note) Revision to the latest dividend forecast: No

3. Forecast of consolidated financial results for the Fiscal Year Ending September 30, 2020

(October 1, 2019 — September 30, 2020)

(% figures show year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	13,200	(50.4)	4,000	(72.3)	4,400	(69.4)	3,100	(69.1)	34.98

(Note) Revision to the latest consolidated financial results forecast: Yes

The above net income per share is not considered for the acquisition of own shares that decided by the extraordinary meeting of Board of Directors held on April 21, 2020.

* Notes

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : No

(2) Applying of specific accounting of the consolidated quarterly financial statements : No

(3) Changes in accounting policies, accounting estimates and retrospective restatement

a) Changes in accounting policies based on revisions of accounting standard : No

b) Changes in accounting policies other than ones based on revisions of accounting standard : No

c) Changes in accounting estimates : No

d) Retrospective restatement : No

(4) Number of issued and outstanding shares (ordinary shares)

a)	Number of issued and outstanding shares at the end of the period (including treasury shares)	As of March 31, 2020	89,073,600	As of September 30, 2019	90,673,600
b)	Number of treasury shares at the end of the period	As of March 31, 2020	461,610	As of September 30, 2019	2,060,614
c)	Average number of shares during the period	Six months ended March 31, 2020	88,612,458	Six months ended March 31, 2019	88,980,673

(Thousands of yen)

	As of September 30, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	16,581,080	26,425,953
Accounts receivable - trade	329,460	458,766
Supplies	10,990	12,889
Equity underwritten	75,434,926	54,064,013
Money held in trust(Aircraft for arrangement)	19,109,675	33,788,348
Real estate for arrangement	3,378,278	20,000
Aircraft for sales	—	16,665,288
Operational investment securities	—	638,806
Guarantee deposits	326,700	391,700
Other	5,925,167	4,006,760
Total current assets	121,096,278	136,472,527
Non-current assets		
Property, plant and equipment	316,869	487,101
Intangible assets		
Goodwill	896,584	995,222
Other	47,473	46,260
Total intangible assets	944,058	1,041,483
Investments and other assets		
Deferred tax assets	1,691,683	1,740,508
Other	1,790,264	1,818,763
Total investments and other assets	3,481,947	3,559,271
Total non-current assets	4,742,875	5,087,857
Total assets	125,839,153	141,560,385
Liabilities		
Current liabilities		
Accounts payable - trade	351,586	371,902
Short-term borrowings	57,417,133	60,895,032
Commercial papers	2,500,000	7,000,000
Current portion of long-term borrowings	5,629,172	6,864,014
Current portion of bonds	350,000	—
Income taxes payable	2,853,602	1,073,211
Advances received	9,790,970	6,681,784
Provision for bonuses	443,182	272,029
Guarantee deposits received	1,210,843	817,000
Other	1,855,032	2,288,015
Total current liabilities	82,401,522	86,262,989
Non-current liabilities		
Bonds payable	—	1,000,000
Long-term borrowings	10,189,220	23,406,317
Asset retirement obligations	104,951	109,552
Provision for retirement benefits	—	5,365
Other	161,811	265,163
Total non-current liabilities	10,455,983	24,786,398
Total liabilities	92,857,505	111,049,388

(Thousands of yen)

	As of September 30, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Share capital	3,095,874	3,095,874
Capital surplus	3,045,874	3,045,874
Retained earnings	28,979,730	24,761,973
Treasury shares	△2,231,117	△498,726
Total shareholders' equity	32,890,361	30,404,994
Accumulated other comprehensive income		
Foreign currency translation adjustment	△153,582	△148,471
Valuation difference on available-for-sale securities	13,896	894
Total accumulated other comprehensive income	△139,686	△147,576
Non-controlling interests	230,972	253,579
Total net assets	32,981,647	30,510,996
Total liabilities and net assets	125,839,153	141,560,385

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Net sales	11,253,201	8,296,356
Cost of sales	2,029,251	2,103,678
Gross profit	9,223,950	6,192,678
Selling, general and administrative expenses	3,041,300	3,062,401
Operating profit	6,182,649	3,130,276
Non-operating income		
Interest income	317,276	466,178
Gain on investments in money held in trust	—	451,630
Rental income from real estate	144,253	51,586
Share of profit of entities accounted for using equity method	107,399	197,973
Other	100,578	63,899
Total non-operating income	669,508	1,231,269
Non-operating expenses		
Interest expenses	484,717	463,598
Bond issuance cost	—	18,668
Commission expenses	550,519	564,566
Foreign exchange losses	82,598	85,590
Rental expenses on real estate	36,434	11,235
Other	22,382	1,708
Total non-operating expenses	1,176,653	1,145,367
Ordinary profit	5,675,505	3,216,178
Extraordinary losses		
Impairment loss	27,252	—
Loss on retirement of non-current assets	200	8,886
Loss on valuation of shares of subsidiaries and associates	9,122	7,039
Total extraordinary losses	36,575	15,925
Profit before income taxes	5,638,929	3,200,252
Income taxes - current	3,078,967	1,009,798
Income taxes - deferred	△1,360,552	△42,842
Total income taxes	1,718,415	966,955
Profit	3,920,513	2,233,297
Profit (loss) attributable to non-controlling interests	△10,321	21,262
Profit attributable to owners of parent	3,930,835	2,212,034

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Profit	3,920,513	2,233,297
Other comprehensive income		
Valuation difference on available-for-sale securities	△60,056	△13,002
Foreign currency translation adjustment	△95,598	8,640
Share of other comprehensive income of entities accounted for using equity method	△13,030	△2,184
Total other comprehensive income	△168,686	△6,546
Comprehensive income	3,751,827	2,226,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,779,156	2,204,144
Comprehensive income attributable to non-controlling interests	△27,328	22,606

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,638,929	3,200,252
Loss on valuation of equity underwritten	—	527,435
Depreciation	45,416	56,869
Impairment loss	27,252	—
Amortization of goodwill	53,717	59,478
Bond issuance cost	—	18,668
Commission expenses	550,519	564,566
Loss on valuation of shares of subsidiaries and associates	9,122	7,039
Loss on retirement of non-current assets	200	8,886
Increase (decrease) in provision for bonuses	△39,445	△174,040
Interest and dividend income	△318,556	△466,178
Interest expenses	484,717	463,598
Foreign exchange losses (gains)	214,003	△154,425
Share of loss (profit) of entities accounted for using equity method	△107,399	△197,973
Decrease (increase) in trade receivables	△433,967	△114,694
Increase(decrease) in equity underwritten	△60,762,101	17,074,912
Increase(decrease)in money held in trust(Aircraft for arrangement)	△15,836,623	△14,678,673
Increase(decrease) in real estates for arrangement	5,217	3,358,278
Decrease (increase) in investment securities for sale	—	△459,351
Decrease (increase) in guarantee deposits	791,431	△65,000
Guarantee Deposits Received	△566,744	△393,843
Increase (decrease) in trade payables	747,573	9,300
Increase (decrease) in advances received	8,856,233	△2,816,319
Other, net	△1,225,177	2,645,223
Subtotal	△61,865,679	8,474,010
Interest and dividends received	431,504	467,458
Interest paid	△472,241	△472,842
Income taxes paid	△2,698,234	△2,706,057
Other, net	55,449	—
Net cash provided by (used in) operating activities	△64,549,202	5,762,568
Cash flows from investing activities		
Purchase of property, plant and equipment	△8,437	△29,303
Purchase of intangible assets	△14,285	△12,923
Purchase of shares of subsidiaries and associates	△143,139	△113,135
Purchase of investment securities	△23,418	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△131,512
Proceeds from liquidation of subsidiaries	4,188	—
Payments of leasehold and guarantee deposits	△1,228	△10,782
Proceeds from refund of leasehold and guarantee deposits	8,625	473
Other proceeds	24,885	27,435
Other payments	△14,746	△3,020
Net cash provided by (used in) investing activities	△167,557	△272,769

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	61,935,021	3,638,036
Proceeds from long-term borrowings	5,600,000	4,000,000
Repayments of long-term borrowings	△2,259,156	△3,129,566
Net increase (decrease) in commercial papers	10,000,000	4,500,000
Purchase of treasury shares	△1,999,921	—
Purchase of treasury shares of subsidiaries	△137,666	—
Proceeds from issuance of bonds	—	981,331
Redemption of bonds	△150,000	△350,000
Dividends paid	△4,441,750	△4,696,488
Commission fee paid	△598,006	△576,983
Repayments of lease obligations	—	△14,632
Net cash provided by (used in) financing activities	67,948,521	4,351,697
Effect of exchange rate change on cash and cash equivalents	△307,187	△296
Net increase (decrease) in cash and cash equivalents	2,924,574	9,841,200
Cash and cash equivalents at beginning of period	13,338,190	16,581,080
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	3,673
Cash and cash equivalents at end of period	16,262,765	26,425,953