Consolidated Financial Results for the Fiscal Year ended September 30, 2019 (Japanese GAAP) (Summary)

October 31, 2019

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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Scheduled date of ordinary general meeting of shareholders: December 20, 2019
Scheduled date of payment of year-end dividends: December 23, 2019
Expected date of annual securities report submission: December 23, 2019
Supporting material for financial results: Yes
The briefing session of financial results: Yes

(Figures less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year ended September 30, 2019 (October 1, 2018 － September 30, 2019)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	26,595	20.6	14,432	10.5	14,394	14.0	10,035	11.6
September 30, 2018	22,043	4.6	13,064	(2.6)	12,624	(7.9)	8,989	(6.2)

(Notes) Comprehensive income: Fiscal year ended September 30, 2019: 9,766 million yen; [6.6%]
Fiscal year ended September 30, 2018: 9,158 million yen; [(6.9%)]

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2019	113.01	－	32.3	13.6	54.3
September 30, 2018	99.71	99.50	33.4	15.0	59.3

(Reference) Equity in earnings of affiliates: Fiscal year ended September 30, 2019: 477million yen
Fiscal year ended September 30, 2018: 239million yen

(Note) Diluted net income per share for the year ending September 2019 is not stated because there are no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	125,839	32,981	26.0	369.59
As of September 30, 2018	85,141	29,747	34.5	326.03

(Reference) Shareholders' equity: As of September 30, 2019: 32,750 million yen
As of September 30, 2018: 29,403 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2019	(24,840)	(391)	28,849	16,581
September 30, 2018	11,587	(883)	(9,815)	13,338

2. Dividends

	Dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividend to net assets (Consolidated)
	End of 1st	End of 2nd	End of 3rd	End of fiscal year	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2018	－	0.00	－	49.25	49.25	4,441	49.4	16.5
September 30, 2019	－	0.00	－	53.00	53.00	4,696	46.9	15.2
Fiscal year ending September 30,2020 (Forecast)	－	0.00	－	60.10	60.10		52.7	

3. Forecast of consolidated financial results for the 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
First half	12,328	9.6	7,244	17.2	7,306	28.7	5,054	28.6	57.04
Annual	24,315	(8.6)	14,045	(2.7)	14,491	0.7	10,100	0.6	113.98

* Notes

(1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change in subsidiaries) : No

(2) 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

(3) 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 September 30, 2019	90,673,600	As of September 30, 2018	92,373,600
b) Number of treasury shares at the end of the period	As of September 30, 2019	2,060,614	As of September 30, 2018	2,185,782
c) Average number of shares	Fiscal year ended September 30, 2019	88,797,765	Fiscal year ended September 30, 2018	90,154,963

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2019 (October 1, 2018 － September 30, 2019)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	25,044	25.8	14,372	13.2	14,621	21.2	10,295	20.4
September 30, 2018	19,914	0.2	12,698	(6.8)	12,064	(11.6)	8,550	(10.1)

	Net income per share	Fully diluted net income per share
Fiscal year ended	Yen	Yen
September 30, 2019	115.95	－
September 30, 2018	94.85	94.65

(Note) Diluted net income per share for the year ending September 2019 is not stated because there are no potential shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of September 30, 2019	123,293	33,045	26.8	372.92
As of September 30, 2018	81,543	29,212	35.8	323.91

(Reference) Shareholders' equity: As of September 30, 2019: 33,045 million yen
As of September 30, 2018: 29,212 million yen

* This financial results report is not subject to the audit procedures.

* Explanation of the proper use of performance forecast and other notes

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

(Thousands of yen)

	As of September 30, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	13,338,190	16,581,080
Accounts receivable - trade	631,594	329,460
Supplies	8,686	10,990
Equity underwritten	40,508,516	75,434,926
Money held in trust(Aircraft for arrangement)	13,879,470	19,109,675
Real estate for arrangement	7,222,721	3,378,278
Guarantee deposits	1,809,503	326,700
Other	3,245,224	5,925,167
Total current assets	80,643,907	121,096,278
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	168,088	143,296
Tools, furniture and fixtures, net	162,016	137,645
Land	35,927	35,927
Total property, plant and equipment	366,031	316,869
Intangible assets		
Goodwill	1,054,553	896,584
Other	63,122	47,473
Total intangible assets	1,117,676	944,058
Investments and other assets		
Investment securities	183,917	205,257
Shares of subsidiaries and associates	1,236,932	1,082,486
Deferred tax assets	1,092,438	1,691,683
Leasehold and guarantee deposits	407,459	421,520
Other	93,119	80,999
Total investments and other assets	3,013,866	3,481,947
Total non-current assets	4,497,574	4,742,875
Total assets	85,141,481	125,839,153

(Thousands of yen)

	As of September 30, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	601,874	351,586
Short-term loans payable	27,765,147	57,417,133
Current portion of long-term loans payable	4,763,312	5,629,172
Commercial papers	—	2,500,000
Current portion of bonds	200,000	350,000
Income taxes payable	2,939,194	2,853,602
Advances received	6,233,986	9,790,970
Provision for bonuses	350,252	443,182
Guarantee deposits received	2,024,459	1,210,843
Other	2,517,845	1,855,032
Total current liabilities	47,396,073	82,401,522
Non-current liabilities		
Bonds payable	350,000	—
Long-term loans payable	7,410,052	10,189,220
Asset retirement obligations	104,410	104,951
Other	133,650	161,811
Total non-current liabilities	7,998,113	10,455,983
Total liabilities	55,394,186	92,857,505
Net assets		
Shareholders' equity		
Capital stock	3,095,874	3,095,874
Capital surplus	3,095,543	3,045,874
Retained earnings	24,830,157	28,979,730
Treasury shares	△1,708,570	△2,231,117
Total shareholders' equity	29,313,004	32,890,361
Accumulated other comprehensive income		
Foreign currency translation adjustment	9,358	△153,582
Valuation difference on available-for-sale securities	81,466	13,896
Total accumulated other comprehensive income	90,825	△139,686
Non-controlling interests	343,465	230,972
Total net assets	29,747,295	32,981,647
Total liabilities and net assets	85,141,481	125,839,153

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Net sales	22,043,831	26,595,611
Cost of sales	3,223,629	6,146,524
Gross profit	18,820,201	20,449,086
Selling, general and administrative expenses	5,755,879	6,016,467
Operating profit	13,064,322	14,432,619
Non-operating income		
Interest income	243,614	704,953
Gain on investments in money held in trust	—	523,817
Real estate rent	292,916	249,879
Container rental income for arrangement	169,967	—
Share of profit of entities accounted for using equity method	239,138	477,424
Other	91,829	76,921
Total non-operating income	1,037,466	2,032,996
Non-operating expenses		
Interest expenses	578,898	1,082,010
Foreign exchange losses	206,239	132,858
Commission expenses	587,348	760,880
Rent expenses on real estates	41,049	62,305
Other	63,954	32,644
Total non-operating expenses	1,477,491	2,070,700
Ordinary profit	12,624,296	14,394,916
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	158,340	—
Total extraordinary income	158,340	—
Extraordinary losses		
Impairment loss	—	32,646
Loss on retirement of non-current assets	180	1,043
Loss on valuation of shares of subsidiaries and associates	21,045	17,657
Total extraordinary losses	21,226	51,346
Profit before income taxes	12,761,411	14,343,569
Income taxes - current	4,237,506	4,887,686
Income taxes - deferred	△589,789	△572,419
Total income taxes	3,647,717	4,315,267
Profit	9,113,694	10,028,302
Profit (loss) attributable to non-controlling interests	124,499	△7,037
Profit attributable to owners of parent	8,989,194	10,035,340

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Profit	9,113,694	10,028,302
Other comprehensive income		
Valuation difference on available-for-sale securities	81,637	△67,570
Foreign currency translation adjustment	△45,244	△171,968
Share of other comprehensive income of entities accounted for using equity method	8,175	△22,434
Total other comprehensive income	44,568	△261,972
Comprehensive income	9,158,262	9,766,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,039,147	9,804,828
Comprehensive income attributable to non-controlling interests	119,115	△38,499

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	12,761,411	14,343,569
Depreciation	115,264	88,328
Impairment loss	—	32,646
Amortization of goodwill	151,702	105,770
Loss on valuation of shares of subsidiaries and associates	21,045	17,657
Loss (gain) on sales of shares of subsidiaries and associates	△158,340	—
Loss on retirement of non-current assets	180	1,043
Increase (decrease) in provision for bonuses	37,885	113,264
Interest and dividend income	△244,766	△706,233
Interest expenses	578,898	1,082,010
Commission expenses	587,348	760,880
Foreign exchange losses (gains)	△40,213	△395,769
Share of loss (profit) of entities accounted for using equity method	△239,138	△477,424
Decrease (increase) in notes and accounts receivable - trade	△300,787	279,260
Increase(decrease) in equity underwritten	△21,476,790	△34,926,410
Increase(decrease)in money held in trust(Aircraft for arrangement)	17,469,925	△5,230,204
Increase(decrease) in real estates for arrangement	2,530,897	3,844,443
Increase(decrease) in containers for arrangement	1,965,874	—
Decrease (increase) in guarantee deposits	△464,182	1,482,803
Guarantee deposits received	△39,354	△813,615
Decrease (increase) in leasehold and guarantee deposits	5,000	△20,000
Increase (decrease) in notes and accounts payable - trade	△549,636	△248,075
Increase (decrease) in advances received	2,406,850	3,581,065
Other, net	△579,606	△3,546,686
Subtotal	14,539,467	△20,631,676
Interest and dividend income received	523,590	1,530,674
Interest expenses paid	△588,307	△1,075,392
Income taxes paid	△2,887,077	△4,719,714
Other, net	—	55,449
Net cash provided by (used in) operating activities	11,587,673	△24,840,659
Cash flows from investing activities		
Purchase of property, plant and equipment	△66,357	△28,172
Purchase of intangible assets	△31,417	△38,099
Purchase of shares of subsidiaries and associates	△282,137	△143,139
Purchase of investment securities	—	△141,018
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	△484,200	—
Payments for leasehold and guarantee deposits	△610	△2,490
Proceeds from liquidation of subsidiaries	—	4,188

Proceeds from collection of leasehold and guarantee deposits	1,023	8,639
Other proceeds	10,441	34,721
Other payments	△30,345	△86,160
Net cash provided by (used in) investing activities	△883,603	△391,530

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△4,925,051	30,279,962
Proceeds from long-term loans payable	4,400,000	8,950,000
Repayments of long-term loans payable	△4,309,152	△5,304,972
Net increase (decrease) in commercial papers	—	2,500,000
Purchase of treasury shares	—	△1,999,921
Purchase of treasury shares of subsidiaries	—	△137,666
Redemption of bonds	△300,000	△200,000
Cash dividends paid	△4,127,354	△4,441,750
Commission fee paid	△554,401	△795,872
Net cash provided by (used in) financing activities	△9,815,959	28,849,780
Effect of exchange rate change on cash and cash equivalents	△154,199	△374,700
Net increase (decrease) in cash and cash equivalents	733,911	3,242,889
Cash and cash equivalents at beginning of period	12,602,763	13,338,190
Increase in cash and cash equivalents from newly consolidated subsidiary	1,515	—
Cash and cash equivalents at end of period	13,338,190	16,581,080