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Notice Regarding Downward Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending September 2020

In the light of recent business conditions, Financial Products Group Co., Ltd. (FPG) announces a revision to its Consolidated Financial Results Forecast released on October 31, 2019, as follows.

1. Revision of Consolidated Financial Results Forecast

(1) Revision of Consolidated Financial Results Forecast for the second quarter of the fiscal year ending September 30, 2020 (October 1, 2019 to March 31, 2020)

(million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A)	12,328	7,244	7,306	5,054	57.04 yen
Revised forecast (B)	8,279	3,640	3,726	2,593	29.27 yen
Increase or decrease amount (B)-(A)	△4,048	△3,603	△3,580	△2,461	
Increase or decrease percentage (%)	△32.8	△49.7	△49.0	△48.7	
(Reference) Previous 2nd quarter results (Second quarter of fiscal year ended September 2019)	11,253	6,182	5,675	3,930	44.18 yen

(2) Revision of Full-year Consolidated Financial Results Forecast for the fiscal year ending September 2020 (October 1, 2019 to September 30, 2020)

(million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A)	24,315	14,045	14,491	10,100	113.98 yen
Revised forecast (B)	13,200	4,600	5,000	3,400	38.37 yen
Increase or decrease amount (B)-(A)	△11,115	△9,445	△9,491	△6,700	
Increase or decrease percentage (%)	△45.7	△67.2	△65.5	△66.3	
(Reference) Full-year results (Fiscal year ended September 2019)	26,595	14,432	14,394	10,035	113.01 yen

(Note) The revised forecast for net income per share does not reflect the impact of the acquisition of treasury shares based on the "Notice Regarding the Acquisition of Treasury Shares" announced today.

2. Reason for revision

(1) Second quarter of fiscal year ending September 2020

The economic environment around the world is rapidly deteriorating due to the effects of the novel coronavirus infection, and business environment of the aviation industry which is affected by immigration restrictions and movement restrictions around the world is also getting worse rapidly. As a result, investors are cautious about investment judgements due to concerns about future economic trends and credit concerns for the aviation industry, the lessee of operating leases, leading to a significant decline in equity placement since February 2020 to 56.6 billion yen, below our forecast.

In addition, the arrangement of assets in operating leases has been postponed due to the deterioration of the business environment in the aviation industry and due to prudent arrangement activities by the Company. As a result, the total amount of assets arranged in operating leases was 124.5 billion yen, which is lower than expected.

The total amount of assets arranged in operating leases and the total amount of equity placement in operating leases that was forecast for the second quarter consolidated accounting period (January to March 2020) did not reach the budgeted amount due to the rapid deterioration in the business environment mentioned above, and as a result, net sales and profits were below the previous forecast.

(2) Full-year Consolidated Financial Results Forecast for the fiscal year ending September 2020

Although the global economy may gradually recover thanks to efforts to prevent the spread of the novel coronavirus infection around the world and the positive effects of economic measures including support for airlines, FPG anticipates that the adverse economic impact of the novel coronavirus infection will continue at least during the period ending September 2020.

For this reason, it is expected that investors will remain cautious about their investment decisions for a certain period of time, and therefore we revise the total amount of equity placement in operating leases to 95.0 billion yen (initial forecast: 179.3 billion yen). In addition, as we continue to adopt a prudent approach to arrangement activities, we revise the total amount of assets arranged in operating leases to 252.0 billion yen (initial forecast: 438.2 billion yen).

As a result, FPG has revised its previous forecasts for net sales and profits as described above.

(Note) The above forecasts are based on certain assumptions judged to be reasonable by FPG when preparing this document. Actual results may change from forecasts, due to fluctuation in a wide variety of conditions.