May 13, 2020

Company: Financial Products Group Co., Ltd.
Representative: Hisanaga Tanimura, CEO & Founder
(Code 7148 on the First Section of the Tokyo Stock Exchange)
Inquiries: Yusuke Tsubouchi,
General Manager of Accounting Dept.1
(TEL. +81-3-5288-5691)

Notice of Differences between Financial Results Forecast and Actual Financial Results for the Second Quarter, and Revision to Full-year Financial Results Forecast

Due to a difference between the Actual Financial Results announced today and the Financial Results Forecast for the second quarter of the fiscal year ending September 2020, announced on April 21, 2020, Financial Products Group Co., Ltd. (FPG) announces as it is described below1.

In addition, FPG announces that it has revised the Full-year Financial Results Forecast for the fiscal year ending September 2020, announced on April 21, 2020, as it is described below2.

1. Differences between Financial Results Forecast and Actual Financial Results for the second quarter of the fiscal year ending September 30, 2020

Differences between Consolidated Financial Results Forecast and Actual Financial Results 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	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	8,279	3,640	3,726	2,593	29.27 yen
Actual results (B)	8,296	3,130	3,216	2,212	24.96 yen
Increase or decrease amount (B)-(A)	17	△510	△510	△381	
Increase or decrease percentage (%)	0.2	△14.0	△13.7	△14.7	
(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 to Full-year Financial Results Forecast for the fiscal year ending September 2020

Revision to 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	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	13,200	4,600	5,000	3,400	38.37 yen
Revised forecast (B)	13,200	4,000	4,400	3,100	34.98 yen
Increase or decrease amount (B)-(A)	—	△600	△600	△300	
Increase or decrease percentage (%)	—	△13.0	△12.0	△8.8	
(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 April 21, 2020.

3. Reason for Differences between Financial Results Forecast and Actual Financial Results for the second quarter, and Revision to Full-year Financial Results Forecast for the fiscal year ending September 2020

As announced in the "Notice of Impact on Our Company Due to Application for Voluntary Administration by Air Mauritius Limited" on April 24, 2020 and the "Notice of the Postponement of Announcement of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 2020" on April 27, 2020, FPG had been considering accounting treatment for equity underwritten related to operating lease products of Air Mauritius Limited, who applied for voluntary administration based on the Mauritius Insolvency Act on April 22, 2020.

The accounting treatment has been finalized, and as valuation loss of 527 million yen has been recorded in the cost of sales, there is a difference between the Actual Financial Results and the Financial Results Forecast for the Second Quarter. For more information, please refer to the "Notice of Impact on Our Company Due to Application for Voluntary Administration by Air Mauritius Limited" (progress of disclosure) announced today.

In addition, FPG has revised the full-year financial results forecast by taking into consideration the impact of the application for the voluntary management of Air Mauritius Limited and the expected costs of this matter in the second half.

There is no change in the dividend forecast (annual dividend per share is 30 yen) for the fiscal year ending September 2020, as announced in the "Notice of Change to Dividend Policy for the Fiscal Year Ending September 2020 and Revision to Dividend Forecast" dated April 21, 2020, but as a result of the revision to the full-year Financial Results Forecast, the dividend payout ratio (consolidated) is expected to be 85.8% (the dividend payout ratio does not reflect the impact of the acquisition of treasury shares based on the "Notice Regarding the Acquisition of Treasury Shares" announced April 21, 2020).

Note: The above forecasts are based on certain assumptions judged to be reasonable by FPG when preparing this document. Actual results may differ from forecasts due to fluctuations caused by a wide variety of factors.