

Consolidated Financial Results for the Fiscal Year ended September 30, 2021 (Japanese GAAP) (Summary)

October 29, 2021

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

Contact: Hiroshi Sakurai, Executive Officer and General Manager, Corporate Planning Dept. Phone: +81-3- 5288-5691

Scheduled date of ordinary general meeting of shareholders: December 22, 2021

Scheduled date of payment of year-end dividends: December 23, 2021

Expected date of annual securities report submission: December 23, 2021

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, 2021 (October 1, 2020 – September 30, 2021)

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

Fiscal Year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	14,924	17.4	5,233	178.5	5,148	199.4	2,946	159.4
September 30, 2020	12,708	(52.2)	1,879	(87.0)	1,719	(88.1)	1,136	(88.7)

(Notes) Comprehensive income: Fiscal year ended September 30, 2021: 3,040 million yen; [153.3%]

Fiscal year ended September 30, 2020: 1,200 million yen; [(87.7%)]

Fiscal year ended	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
	Yen	Yen	%	%	%
September 30, 2021	34.51	—	10.4	4.6	35.1
September 30, 2020	12.98	—	3.8	1.3	14.8

(Reference) Equity in earnings of affiliates: Fiscal year ended September 30, 2021: 147million yen

Fiscal year ended September 30, 2020: 319million yen

(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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	91,899	29,391	31.8	342.39
As of September 30, 2020	132,850	27,484	20.5	318.90

(Reference) Shareholders' equity: As of September 30, 2021: 29,243 million yen

As of September 30, 2020: 27,219 million yen

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2021	26,658	(1,145)	(31,916)	19,414
September 30, 2020	12,195	(2,170)	(891)	25,758

2. Dividends

Fiscal year ended	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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2020	—	0.00	—	11.50	11.50	981	88.6	3.3
September 30, 2021	—	0.00	—	18.50	18.50	1,580	53.6	5.6
Fiscal year ending September 30, 2022 (Forecast)	—	0.00	—	22.00	22.00		50.8	

3. Forecast of consolidated financial results for the year ending September 30, 2021 (October 1, 2021 – September 30, 2022)
(% 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	24,225		2,070		2,120		1,400		16.39
Annual	41,000		5,400		5,600		3,700		43.32

(Note) The rate of increase / decrease compared to the previous fiscal year and the same quarter of the previous year is not stated because the "Accounting Standard for Revenue Recognition(ASBJ Statement No.29)" will be applied from the fiscal year ending September 30, 2022.

* 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, 2021	89,073,600	As of September 30, 2020	89,073,600
b) Number of treasury shares at the end of the period	As of September 30, 2021	3,664,831	As of September 30, 2020	3,720,200
c) Average number of shares	Fiscal year ended September 30, 2021	85,384,992	Fiscal year ended September 30, 2020	87,528,074

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2021 (October 1, 2020 – September 30, 2021)

(1) Non-consolidated operating results

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

Fiscal Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	12,961	19.2	4,963	153.4	5,533	261.1	3,602	251.1
September 30, 2020	10,877	(56.6)	1,958	(86.4)	1,532	(89.5)	1,025	(90.0)

	Net income per share	Fully diluted net income per share
Fiscal year ended	Yen	Yen
September 30, 2021	42.19	—
September 30, 2020	11.72	—

(Note) Diluted net income per share for the year ending September 2020 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, 2021	91,184	30,011	32.9	351.39
As of September 30, 2020	129,861	27,360	21.1	320.55

(Reference) Shareholders' equity: As of September 30, 2021: 30,011 million yen
As of September 30, 2020: 27,360 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, 2020 As of September 30, 2021

Assets		
Current assets		
Cash and deposits	27,158,454	20,814,054
Accounts receivable - trade	490,535	994,012
Operational investment securities	626,553	472,033
Aircraft for sales	14,665,370	—
Supplies	16,987	17,579
Equity underwritten	39,616,233	20,866,895
Money held in trust(Aircraft for arrangement)	34,038,201	18,535,667
Real estate for arrangement	2,213,422	19,227,283
Guarantee deposits	212,700	—
Other	7,425,987	4,854,781
Total current assets	126,464,446	85,782,307
Non-current assets		
Property, plant and equipment		
Buildings, net	295,681	272,310
Tools, furniture and fixtures, net	124,850	101,379
Land	26,283	—
Other	16,045	43,229
Total property, plant and equipment	462,861	416,918
Intangible assets		
Goodwill	1,403,568	908,106
Other	41,217	50,459
Total intangible assets	1,444,786	958,566
Investments and other assets		
Investment securities	30,023	556
Shares of subsidiaries and associates	1,460,798	1,651,500
Deferred tax assets	2,481,187	2,566,811
Leasehold and guarantee deposits	452,962	457,861
Other	53,515	64,882
Total investments and other assets	4,478,486	4,741,612
Total non-current assets	6,386,134	6,117,098
Total assets	132,850,581	91,899,405

(Thousands of yen)

As of September 30, 2020 As of September 30, 2021

Liabilities		
Current liabilities		
Accounts payable - trade	218,402	260,962
Short-term borrowings	62,913,672	28,998,957
Commercial papers	4,500,000	4,500,000
Current portion of long-term borrowings	5,466,270	5,270,868
Current portion of long-term nonrecourse loans payable	1,405,861	—
Income taxes payable	314,704	1,025,253
Advances received	5,458,555	4,723,106
Provision for bonuses	365,663	452,222
Guarantee deposits received	749,000	—
Other	1,825,874	2,048,494
Total current liabilities	83,218,003	47,279,865
Non-current liabilities		
Bonds payable	1,000,000	1,000,000
Long-term borrowings	8,202,950	13,734,165
Long-term nonrecourse loans payable	12,543,279	—
Asset retirement obligations	107,523	118,887
Retirement benefit liability	24,449	30,416
Other	269,659	345,033
Total non-current liabilities	22,147,861	15,228,503
Total liabilities	105,365,865	62,508,368
Net assets		
Shareholders' equity		
Share capital	3,095,874	3,095,874
Capital surplus	3,045,874	2,999,433
Retained earnings	23,686,052	25,638,905
Treasury shares	△2,498,720	△2,457,126
Total shareholders' equity	27,329,079	29,277,086
Accumulated other comprehensive income		
Foreign currency translation adjustment	△109,010	△32,781
Valuation difference on available-for-sale securities	△767	△974
Total accumulated other comprehensive income	△109,777	△33,755
Non-controlling interests	265,414	147,706
Total net assets	27,484,716	29,391,037
Total liabilities and net assets	132,850,581	91,899,405

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	12,708,322	14,924,138
Cost of sales	4,770,690	3,246,267
Gross profit	7,937,631	11,677,870
Selling, general and administrative expenses	6,058,313	6,443,980
Operating profit	1,879,317	5,233,890
Non-operating income		
Interest income	687,224	401,925
Gain on investments in money held in trust	1,213,101	1,194,372
Rental income from real estate	52,457	136,907
Aircraft rental income	441,030	132,681
Gain on reversal of loss on valuation of supplies	—	393,794
Share of profit of entities accounted for using equity method	319,042	147,036
Other	56,348	20,558
Total non-operating income	2,769,204	2,427,276
Non-operating expenses		
Interest expenses	938,663	747,762
Bond issuance costs	18,668	—
Commission expenses	775,913	867,968
Foreign exchange losses	725,540	672,579
Rental expenses on real estate	14,835	17,411
Depreciation	425,496	192,122
Other	29,806	15,148
Total non-operating expenses	2,928,923	2,512,992
Ordinary profit	1,719,599	5,148,174
Extraordinary income		
Gain on sale of non-current assets	4,277	8,328
Total extraordinary income	4,277	8,328
Extraordinary losses		
Impairment losses	—	318,604
Loss on retirement of non-current assets	11,706	1,988
Loss on valuation of shares of subsidiaries and associates	16,480	53,186
Business transfer loss	—	241,700
Total extraordinary losses	28,187	615,479
Profit before income taxes	1,695,689	4,541,022
Income taxes - current	1,311,919	1,697,454
Income taxes - deferred	△774,964	△108,785
Total income taxes	536,954	1,588,668
Profit	1,158,734	2,952,353
Profit attributable to non-controlling interests	22,620	5,359
Profit attributable to owners of parent	1,136,114	2,946,993

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit	1,158,734	2,952,353
Other comprehensive income		
Valuation difference on available-for-sale securities	△14,663	△207
Foreign currency translation adjustment	65,056	65,835
Share of other comprehensive income of entities accounted for using equity method	△8,662	22,660
Total other comprehensive income	41,729	88,288
Comprehensive income	1,200,464	3,040,642
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,166,022	3,023,015
Comprehensive income attributable to non-controlling interests	34,441	17,627

Fiscal year ended September 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,095,874	3,045,874	28,979,730	△2,231,117	32,890,361
Changes during period					
Dividends of surplus			△4,696,488		△4,696,488
Profit attributable to owners of parent			1,136,114		1,136,114
Change in ownership interest of parent due to transactions with non-controlling interests					—
Change in scope of consolidation			△913		△913
Purchase of treasury shares				△1,999,993	△1,999,993
Disposal of treasury shares					—
Cancellation of treasury shares		△1,732,390		1,732,390	—
Transfer from retained earnings to capital surplus		1,732,390	△1,732,390		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	△5,293,678	△267,603	△5,561,281
Balance at end of period	3,095,874	3,045,874	23,686,052	△2,498,720	27,329,079

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	△153,582	13,896	△139,686	230,972	32,981,647
Changes during period					
Dividends of surplus					△4,696,488
Profit attributable to owners of parent					1,136,114
Change in ownership interest of parent due to transactions with non-controlling interests					—
Change in scope of consolidation					△913
Purchase of treasury shares					△1,999,993
Disposal of treasury shares					—
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	44,572	△14,663	29,908	34,441	64,350
Total changes during period	44,572	△14,663	29,908	34,441	△5,496,931
Balance at end of period	△109,010	△767	△109,777	265,414	27,484,716

Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,095,874	3,045,874	23,686,052	△2,498,720	27,329,079
Changes during period					
Dividends of surplus			△981,564		△981,564
Profit attributable to owners of parent			2,946,993		2,946,993
Change in ownership interest of parent due to transactions with non-controlling interests		△46,440			△46,440
Change in scope of consolidation			△1,719		△1,719
Purchase of treasury shares				△0	△0
Disposal of treasury shares		△10,857		41,594	30,737
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus		10,857	△10,857		—
Net changes in items other than shareholders' equity					
Total changes during period	—	△46,440	1,952,853	41,593	1,948,006
Balance at end of period	3,095,874	2,999,433	25,638,905	△2,457,126	29,277,086

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	△109,010	△767	△109,777	265,414	27,484,716
Changes during period					
Dividends of surplus					△981,564
Profit attributable to owners of parent					2,946,993
Change in ownership interest of parent due to transactions with non-controlling interests					△46,440
Change in scope of consolidation					△1,719
Purchase of treasury shares					△0
Disposal of treasury shares					30,737
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	76,229	△207	76,021	△117,707	△41,685
Total changes during period	76,229	△207	76,021	△117,707	1,906,320
Balance at end of period	△32,781	△974	△33,755	147,706	29,391,037

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,695,689	4,541,022
Depreciation	116,200	138,908
Impairment losses	—	318,604
Amortization of goodwill	178,298	222,509
Loss on valuation of shares of subsidiaries and associates	16,480	53,186
Loss on retirement of non-current assets	11,706	1,988
Loss (gain) on sale of property, plant and equipment	△4,277	△8,328
Increase (decrease) in provision for bonuses	△87,499	76,143
Interest and dividend income	△687,227	△401,927
Interest expenses	938,663	747,762
Commission expenses	775,913	867,968
Loss (gain) on sale of businesses	—	241,700
Foreign exchange losses (gains)	△280,954	1,922,817
Share of loss (profit) of entities accounted for using equity method	△319,042	△147,036
Bond issuance costs	18,668	—
Decrease (increase) in trade receivables	△84,449	△487,399
Decrease (increase) in investment securities for sale	△447,098	154,520
Increase(decrease) in aircraft for sales	1,999,917	682,971
Increase(decrease) in equity underwritten	32,050,778	18,749,230
Increase(decrease)in money held in trust(Aircraft for arrangement)	△14,928,526	15,502,534
Increase(decrease) in real estates for arrangement	1,164,856	△17,013,861
Decrease (increase) in guarantee deposits	114,000	212,700
Increase (decrease) in trade payables	△157,017	41,368
Guarantee deposits received	△461,843	△194,000
Increase (decrease) in advances received	△4,055,963	△753,506
Other, net	△1,358,380	2,321,906
Subtotal	16,208,892	27,791,784
Interest and dividends received	688,507	510,842
Interest paid	△943,380	△751,475
Income taxes paid	△3,758,931	△892,600
Net cash provided by (used in) operating activities	12,195,087	26,658,551
Cash flows from investing activities		
Payments into time deposits	△1,400,000	—
Proceeds from withdrawal of time deposits	24,554	—
Purchase of property, plant and equipment	△57,298	△86,039
Proceeds from sale of property, plant and equipment	17,087	34,611
Purchase of intangible assets	△11,048	△41,278
Purchase of shares of subsidiaries and associates	△182,597	△168,838
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△639,362	—
Payments of leasehold and guarantee deposits	△24,760	△12,276
Proceeds from refund of leasehold and guarantee deposits	2,408	7,397
Proceeds from liquidation of subsidiaries	1,000	1,234
Payments for sale of businesses	—	△796,700
Other payments	△11,092	△95,624

Other proceeds	110,819	11,981
Net cash provided by (used in) investing activities	△2,170,289	△1,145,532

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,290,621	△35,187,894
Proceeds from long-term borrowings	4,000,000	11,200,000
Repayments of long-term borrowings	△6,344,669	△5,864,187
Net increase (decrease) in commercial papers	2,000,000	—
Purchase of treasury shares	△1,999,993	△0
Proceeds from issuance of bonds	981,331	—
Redemption of bonds	△350,000	—
Dividends paid	△4,696,488	△981,564
Dividends paid to non-controlling interests	—	△120,162
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△61,612
Commission fee paid	△756,545	△877,678
Other payments	△15,294	△23,195
Net cash provided by (used in) financing activities	△891,037	△31,916,295
Effect of exchange rate change on cash and cash equivalents	39,939	123,057
Net increase (decrease) in cash and cash equivalents	9,173,700	△6,280,218
Cash and cash equivalents at beginning of period	16,581,080	25,758,454
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	3,673	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△64,181
Cash and cash equivalents at end of period	25,758,454	19,414,054