

October 27, 2020

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Notice of Changes to Dividend Policy for Fiscal Year Ended September 2020 and Revision of Dividend Forecast

Financial Products Group Co., Ltd. (FPG) announced at the special meeting of the Board of Directors held on October 27, 2020 the decision to change the dividend policy for the fiscal year ended September 2020 and revise the year-end dividend forecast for the fiscal year ended September 2020, as follows.

1. Details and Reasons for Changes to Dividend Policy

Returning profit to shareholders is recognized as one of the Company's highest priorities. Regarding dividend policy for the fiscal year ended September 2020 and the year-end dividend forecast for the fiscal year ended September 2020, as announced in the "Notice of Change to Dividend Policy for the fiscal year ending September 2020 and Revision of Dividend Forecast" released on April 21, 2020, the COVID-19 global pandemic was certain to have an impact on the performance of our mainstay business, the Lease Arrangement Business. Therefore, FPG had decided to prioritize management stabilization, lowering the dividend on equity ratio(DOE), which we use as a benchmark for our dividend policy to 8%, and we had set the year-end dividend forecast for the fiscal year ending September 2020 at 30.00 yen per share. However, as announced in the "Notice of Revision to the Consolidated Financial Results Forecast for the Fiscal Year Ended September 2020" released today, with respect to Air Mauritius Limited(AML), FPG has judged that it is appropriate to record a loss on the aircraft for sale, which was capitalized as an asset of FPG related to the bankruptcy of AML, in light of the decline in the value of the aircraft due to the impact of the COVID-19 infection. Therefore, we recorded a valuation loss of 1,574 million yen of the aircraft for sale in the cost of sales. In addition to the above, net cost, including foreign exchange loss on non-recourse loan of the operating lease business, were recorded in non-operating income and loss. As a result, operating income, ordinary income and profit attributable to owners of parent for the fiscal year ended September 2020 are expected to be significantly lower than previous forecast.

In addition, with respect to the dividend on equity ratio (DOE), which is our dividend policy for the fiscal year ended September 2020, it will be difficult to achieve our target of 8%, due to the profit attributable to owners of parent is lower than the previous forecast. In light of these circumstances, it is with sincere regret that FPG has decided the withdrawal our dividend policy for the fiscal year ended September 2020, and revising the year-end dividend forecast for the fiscal year ended September 2020 as described in "2 Details of Revision of Dividend Forecast".

2. Details of Revision of Dividend Forecast

Based on the revised dividend policy as described in “1.” above, FPG will revise the year-end dividend forecast for September 2020 as follows.

	Annual dividend per share			Payout ratio (consolidated)
	End of 2nd quarter	End of fiscal year	Total	
Previous forecast (announced on May 13, 2020)	0.00 yen	30.00 yen	30.00 yen	85.8%
Revised forecast	0.00 yen	11.50 yen	11.50 yen	89.6%
Current year results				
Previous year results (fiscal year ended September 2019)	0.00 yen	53.00 yen	53.00 yen	46.9%

(Note) The previous forecast for payout ratio (consolidated) does not reflect the impact of the acquisition of treasury shares based on the “Notice Regarding the Acquisition of Treasury Shares” announced on April 21, 2020.