

# FPG

Financial Products Group

# FPG Consolidated Financial Results

First Quarter of the Fiscal Year Ending September 30, 2022  
(October 1, 2021 – December 31, 2021)



Financial Products Group Co., Ltd.

(First Section of TSE, Code: 7148)

## Result for The 1st Quarter

### **Significant year-on-year increase in sales and profit.**

- ✓ In the Leasing Fund Business, sales and profit significantly increased due to enhanced profitability.
- ✓ In the Real Estate Fund Business, sales and profit significantly increased due to continued strong sales.

## Outlook

### **Upward revision to the earnings forecast and dividend forecast.**

- ✓ The forecast for the 1st half of the fiscal year ending September 30, 2022, has been revised upward due to the remarkable recovery from the effects of COVID-19 in the Leasing Fund Business and the continued expansion of the Real Estate Fund Business. The full year forecast has also been revised upward.
- ✓ Upward revision to dividend forecast for FY2022, from 22.0 yen per share to 32.0 yen per share

## Topics

### **Received a mandate for the largest project ever related “Transition Finance”**

- ✓ We have received the mandate for a large-scale project (18 container ships) with a total value of approximately JPY 250 billion, which is the most significant mandate we have ever received. This project is part of our “Transition Finance” program, which aids the transition to a decarbonized society in the Leasing Fund Business. We are planning arrangement and sale sequentially from summer 2022.

### **Decided the affiliation of the new market segment**

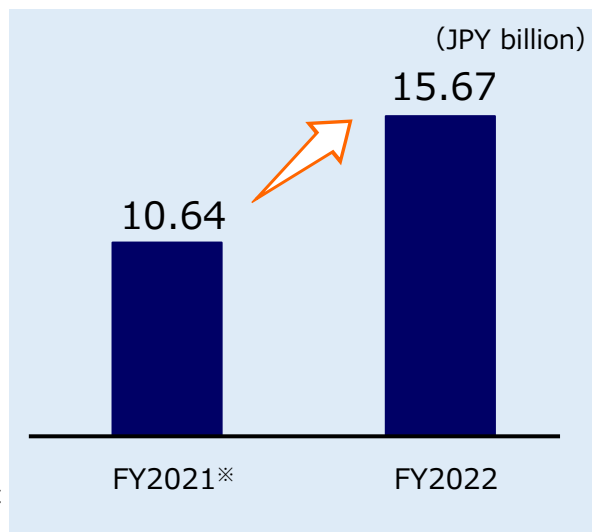
- ✓ As of April 4, 2022, FPG will belong to the “Prime Market,” which is a new market segment.

# Highlight of 1st quarter of FY2022

## Net sales

**1.5x**

- ✓ The Leasing Fund Business and the Real Estate Fund Business were driving the growth.

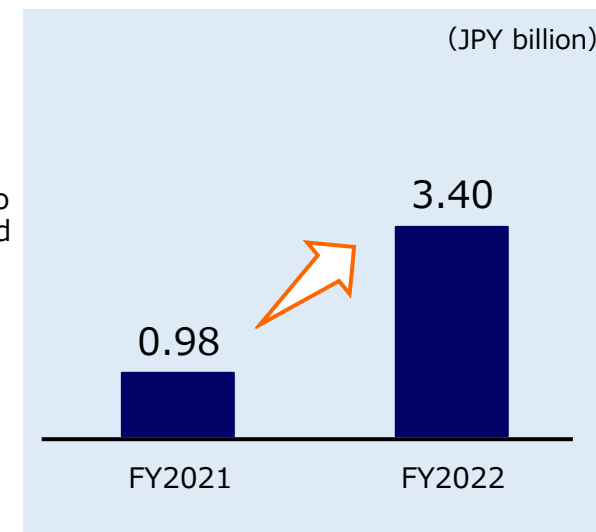


※ Due to the application of the "Accounting Standard for Revenue Recognition," the Real Estate Fund Business sales have been reclassified using the gross amount method for comparison purposes.

## Operating income

**3.5x**

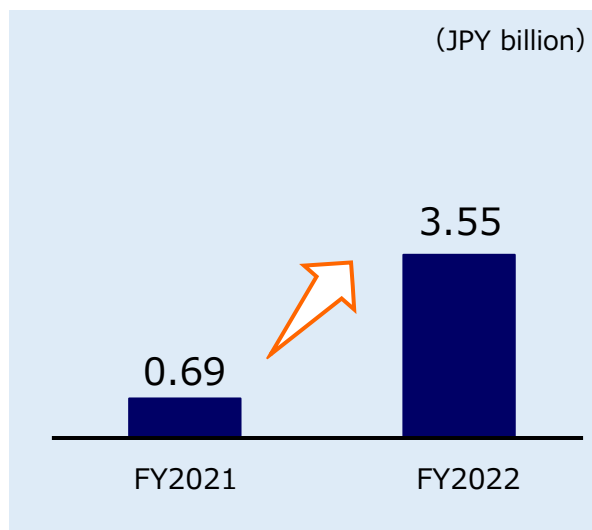
- ✓ Significant increase due to higher sales and improved gross profit margin



## Ordinary income

**5.1x**

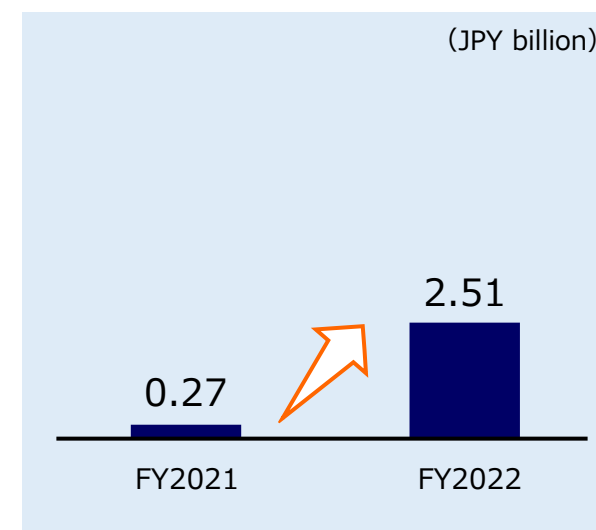
- ✓ Substantial increase due to increase in operating income and absence of temporary factors (net cost of JPY 0.5 billion due to bankruptcy of Air Mauritius recorded in non-operating income and expenses) in the previous fiscal year.



## Profit<sup>※</sup>

**9.2x**

- ✓ Substantial increase due to increase in ordinary income and absence of temporary factors (JPY 0.24 billion recorded as an extraordinary loss in the previous fiscal year.



※ Profit attributable to owners of parent

# 1Q financial results and 1H/full-year forecasts for FY2022

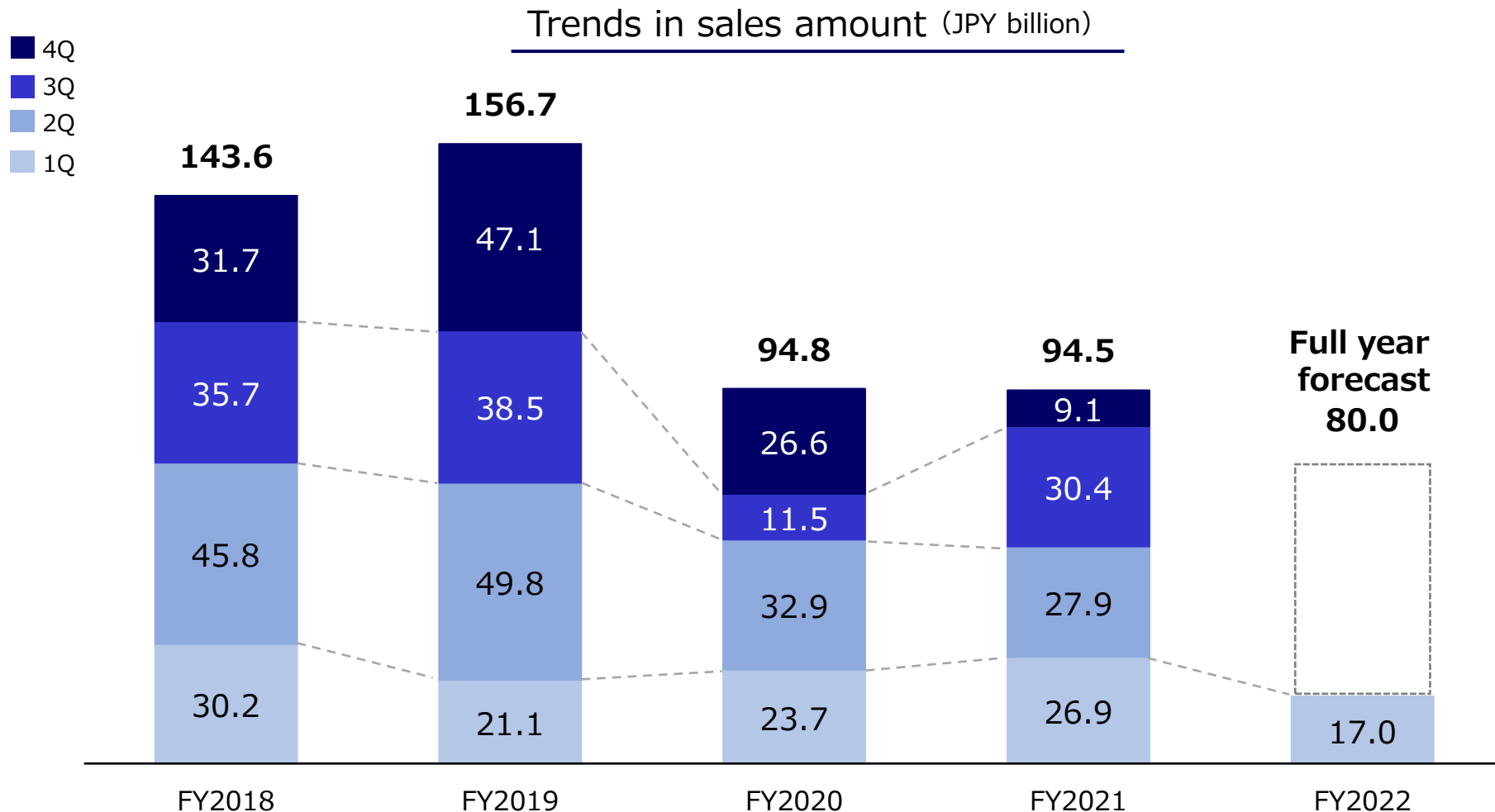
- Revised the 1H forecast upward due to the remarkable recovery from the effects of COVID-19 in the Leasing Fund Business and the continued expansion of the Real Estate Fund Business. The full year forecast has also been revised upward.
- Revised the dividend forecast for FY2022 upward from 22.0 yen per share to 32.0 yen per share.

JPY billion	FY2022 1Q			FY2022 1st Half			FY2022 Full year		
	Previous Year	Results	Change	Initial Forecast	Revised Forecast	Change	Initial Forecast	Revised Forecast	Change
Net sales	10.64	15.67	+47.3%	24.22	27.00	+11.5%	41.00	44.00	+7.3%
Leasing Fund Business	2.91	4.00	+37.4%	3.60	5.50	+52.8%	9.41	11.35	+20.6%
Real Estate Fund Business	7.48 ※	11.37	+52.1%	19.98	20.85	+4.4%	30.30	31.35	+3.5%
Other Business	0.24	0.29	+17.0%	0.64	0.65	+0.8%	1.29	1.30	+0.8%
Operating income	0.98	3.40	+245.9%	2.07	4.40	+112.6%	5.40	7.80	+44.4%
Ordinary income	0.69	3.55	+412.5%	2.12	4.50	+112.3%	5.60	8.00	+42.9%
Profit attributable to owners of parent	0.27	2.51	+823.7%	1.40	3.10	+121.4%	3.70	5.40	+45.9%
Operating income margin on sales	9.2%	21.7%	+12.5%	8.5%	16.3%	+7.8%	13.2%	17.7%	+4.6%
Profit margin on sales*	2.6%	16.1%	+13.5%	5.8%	11.5%	+5.7%	9.0%	12.3%	+3.2%
Dividend per share (yen)	-	-	-	-	-	-	22.0	32.0	+10.0yen

※ For the purpose of comparison with the current fiscal year, net sales of the Real Estate Fund Business have been reclassified using the gross amount method.

# Leasing Fund Business (1) Sales

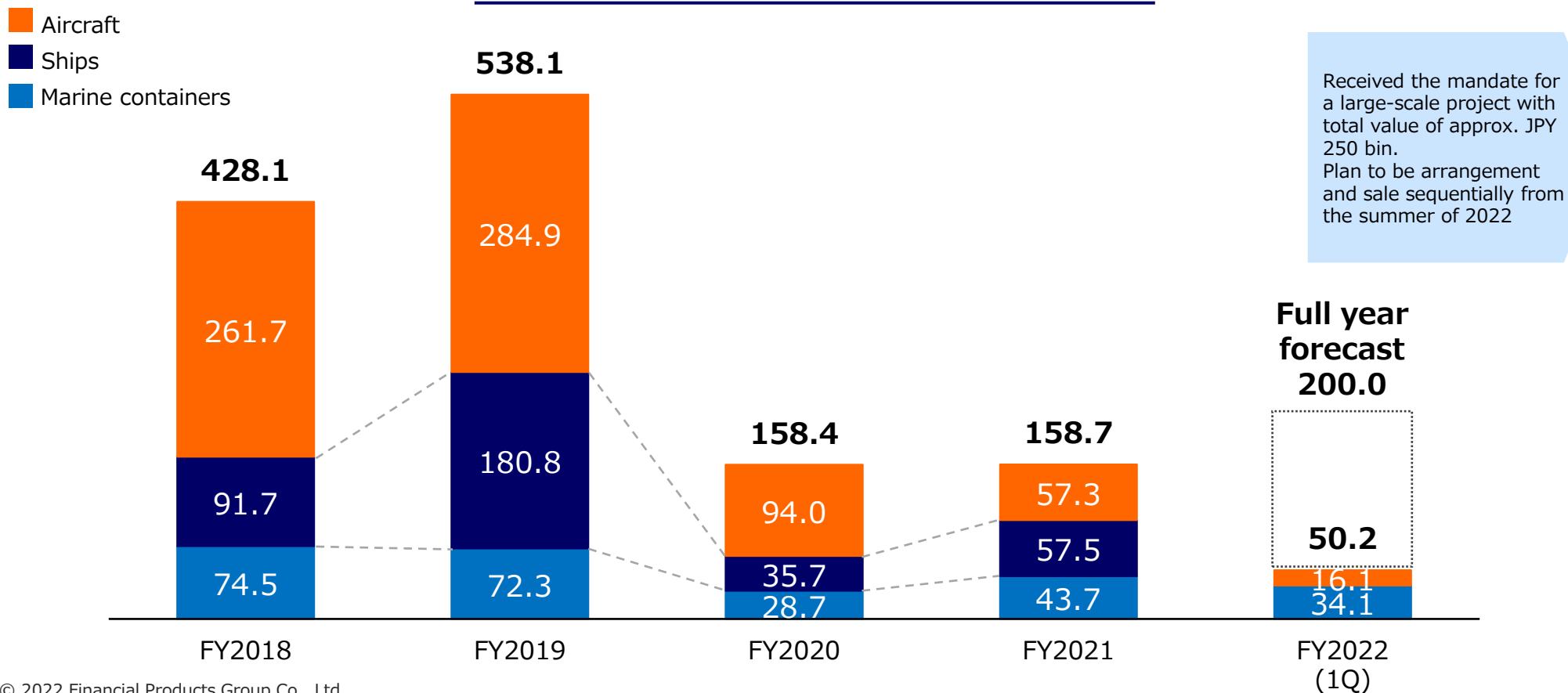
- Reached JPY 17.0 billion in equity placements sales and progressing as expected with adequate inventory.



# Leasing Fund Business (2) Arrangement

- Reached JPY 50.2 billion for the total amount of assets arranged in the 1st quarter, and made a well start with regard to the annual budget of JPY 200 billion.
- As a result of our policy of aggressive arrangement of ships and marine containers, marine containers progressed in the 1st quarter.
- Received the mandate for a large-scale project with a total value of approximately JPY 250 billion, which is the most significant mandate we have ever received. This project is part of our “Transition Finance” program, which aids the transition to a decarbonized society. We are planning arrangement and sale sequentially from summer 2022.

Trends in arrangement amount (JPY billion)

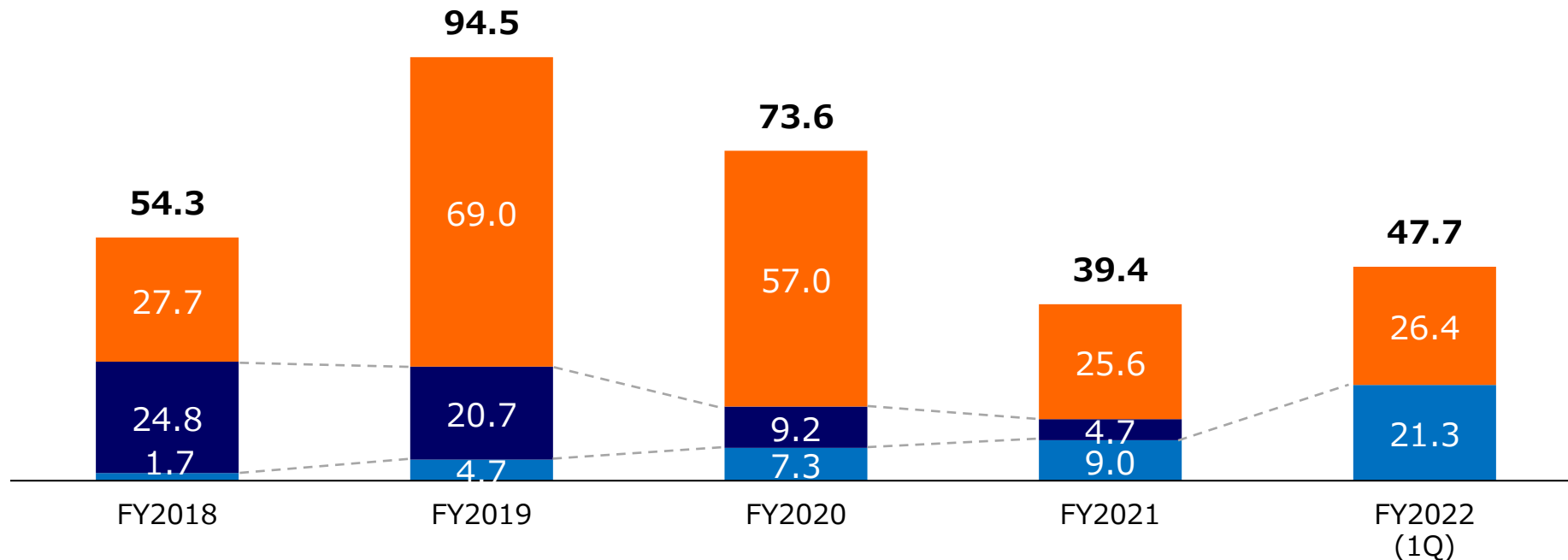


# Leasing Fund Business (3) Inventory

- Increased inventory compared to the end of the previous year, due to the favorable arrangement of projects in the 1st quarter.

Trends in inventory amount (JPY billion)

- Aircraft
- Ships
- Marine containers



Initiatives in the airline and shipping industries toward realizing a decarbonized society.

## International Air Transport Association (IATA)

- Adopted the following target in October 2021.
  - ✓ Reduce emissions of greenhouse gases to effectively zero by 2050.

## International Maritime Organization (IMO)

- Adopted the following targets in April 2018.
    - ✓ Emissions of CO<sub>2</sub> from international shipping:
      1. Reduce CO<sub>2</sub> emissions by 40% by 2030\*
      2. Reduce CO<sub>2</sub> emissions by 70% by 2050\*
      3. Zero CO<sub>2</sub> emissions as early as possible in this century
- \* Per unit transported, compared to 2008

In the future, the airline and shipping industries will accelerate the replacement of aircraft and ships with the latest fuel-efficient models.

Demand is increasing for “Transition Finance,” which provides funding for efforts to transition to a decarbonized society.



We are contributing to the transition of the airline and shipping industries to decarbonization through the Leasing Fund Business.

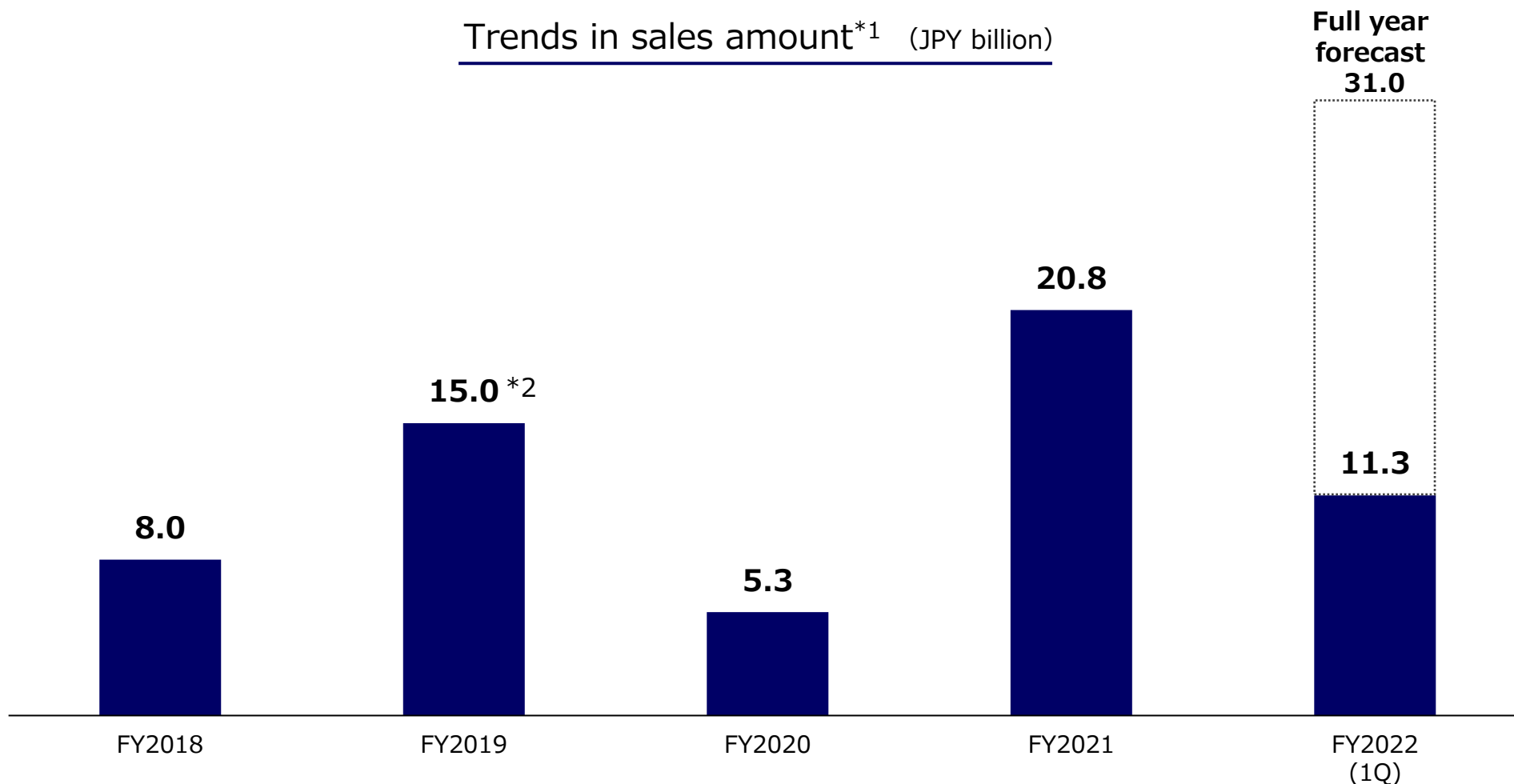
Received the mandate for a leasing fund project (total value: approximately JPY 250 billion) for 18 new container ships with state-of-the-art energy-saving technologies.



# Real Estate Fund Business (1) Sales

- The 1st quarter results are up more than 50% year-on-year due to the expansion of sales channels and increased product recognition.

Trends in sales amount\*1 (JPY billion)



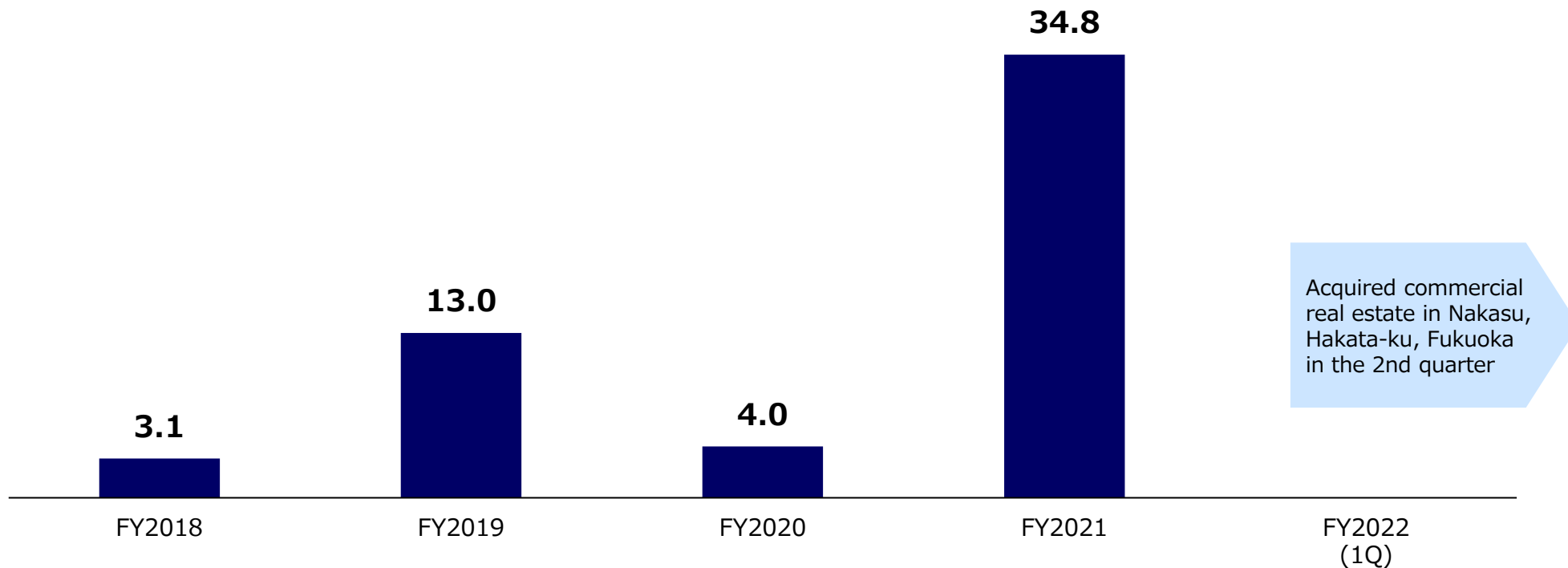
\*1 Total for real estate fractional ownership investment products and development projects.

Sales amount of real estate fractional ownership investment products = [10 million yen/trust beneficially right] × [number of units]

\*2 Including the development projects

- Arrange aggressively, including the acquisition of large-scale properties from the 2nd quarter, in light of the favorable sales environment.

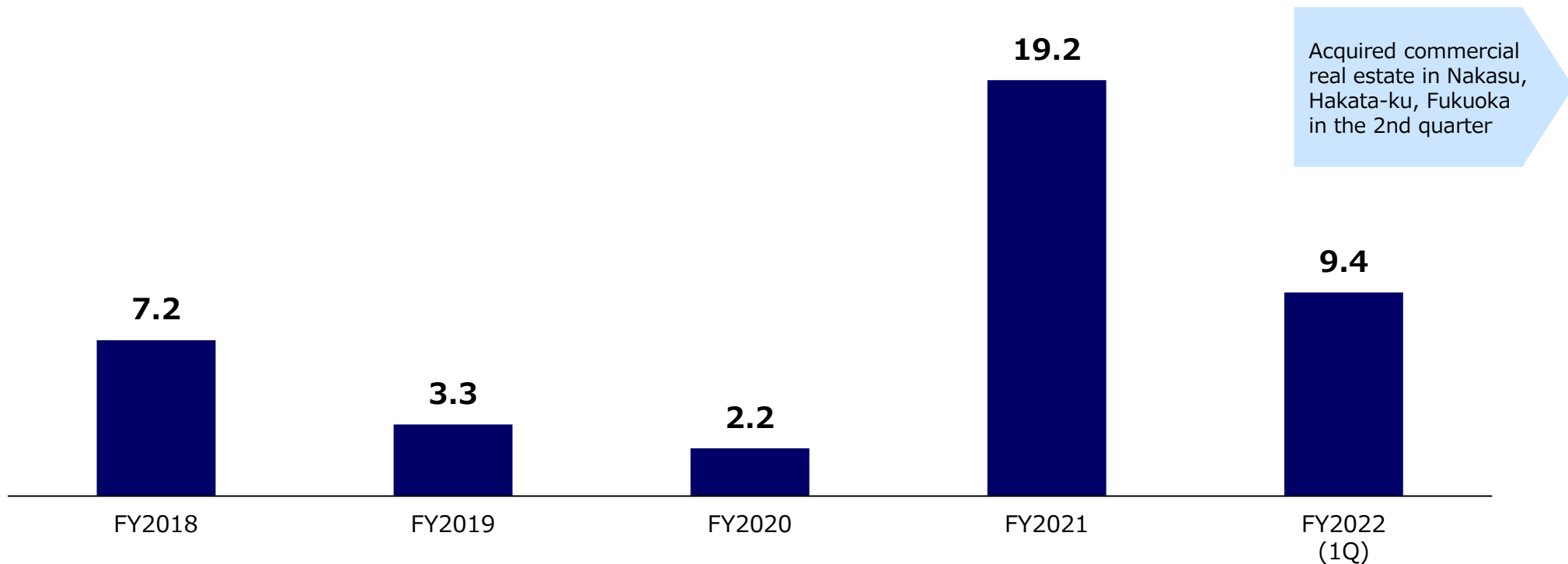
Trends in arrangement amount\* (JPY billion)



\*Total for the real estate fractional ownership investment products and development project.

- Almost sold out, except for development projects and properties with rising value.

## Trends in inventory amount (JPY billion)



# Appendix

# Consolidated Income Statement Summary

JPY billion	FY2021 (1Q)*	FY2022 (1Q)	Change
Net sales	10.64	15.67	+47.3%
① Cost of sales	7.97	10.59	+32.9%
Gross profit	2.67	5.07	+90.0%
SG&A Cost	1.68	1.67	▲0.9%
Operating income	0.98	3.40	+245.9%
② Non-operating income	0.66	0.41	▲36.8%
③ Non-operating expenses	0.95	0.26	▲72.1%
Ordinary income	0.69	3.55	+412.5%
Income before income taxes	0.44	3.55	+696.6%
Total income taxes	0.19	1.01	+413.5%
Profit attributable to owners of parent	0.27	2.51	+823.7%

① Cost of sales

Includes the real estate acquisition cost, arrangement cost for Leasing Fund Business and commission paid for customer refers. In FY2021, include the valuation loss related to the bankruptcy of Air Mauritius.

② Non-operating income

Includes interest that we collect from investors when we sell equity to them and gain on investments in money held in trust in the Leasing Fund Business.

③ Non-operating expenses

Includes interest paid on commission fees and interest expenses related to fund-procurement.

In FY2021, include the cost of JPY 0.54 billion due to the bankruptcy of Air Mauritius

※ For the purpose of comparison with the current fiscal year, net sales of the Real Estate Fund Business have been reclassified using the gross amount method.

# Consolidated Balance Sheet Summary

(JPY billion)

Asset	FY2021	FY2022 (1Q)	Change
Current assets	85.78	80.75	▲5.03
Cash and deposit	20.81	18.32	▲2.49
① Equity underwritten	20.86	29.46	+8.60
② Money held in trust	18.53	18.31	▲0.22
③ Real estate for arrangement	19.22	9.41	▲9.81
Non-current assets	6.11	5.91	▲0.20
Total assets	91.89	86.67	▲5.22
Liabilities and Net assets	FY2021	FY2022 (1Q)	Change
Current liabilities	47.27	43.55	▲3.72
Short-term debt	38.76	35.05	▲3.71
④ Advances received	4.72	-	▲4.72
④ Contract liability	-	4.63	+4.63
Non-current liabilities	15.22	12.75	▲2.47
Long-term debt	14.73	12.26	▲2.47
Total liabilities	62.50	56.31	▲6.19
Total net assets	29.39	30.35	+0.96
Total liabilities and net assets	91.89	86.67	▲5.22

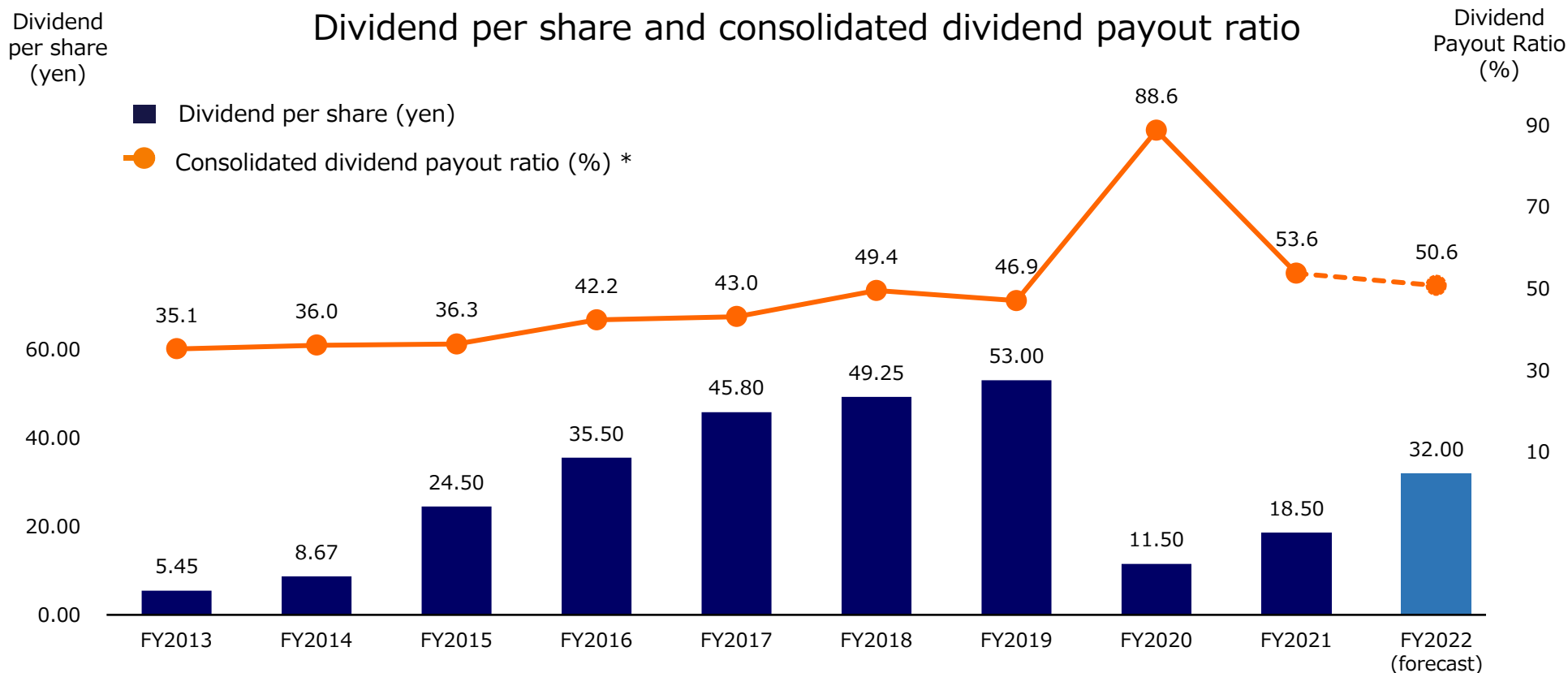
① Equity underwritten  
Temporary advances in Leasing Fund Business prior to selling to equity investors

② Money held in trust  
Temporary stock of trust beneficiary right of operating lease for aircraft using a trust function

③ Real estate for arrangement  
Stock of the real estate fractional ownership investment products

④ Advances received/Contract liability  
Including advances of commission fees related to Leasing Fund Business. Recorded as advances received until the fiscal year ended September 30, 2021, but with the application of the Accounting Standard for Revenue Recognition, will be recorded as a contract liability from the fiscal year ending September 30, 2022.

- Basic policy: Continue to pay stable dividends while securing the internal reserves necessary for maintaining growth and increasing corporate value
- Dividend payout ratio : Aim for a consolidated dividend payout ratio of 50%
  - Dividend forecast for the FY2022 (Initial Forecast) : 22.00 yen per share (Payout ratio 50.8%)
  - Dividend forecast for the FY2022 (Revised Forecast) : 32.00 yen per share (Payout ratio 50.6%)



\* Consolidated account commenced in FY2013



## <JPX-Nikkei 400>

The JPX-Nikkei 400 is an index of approximately 3,700 companies listed on the Tokyo Stock Exchange that meet various criteria required by global investment standards, such as efficient use of capital and investor-oriented management. FPG has been selected for five consecutive years since 2016.



## <S&P/JPX Carbon Efficient Index>

An index that uses TOPIX, a representative stock price index in the Japanese market, as its universe and determines the weight of its constituent stocks by focusing on the disclosure status of environmental information and the level of carbon efficiency.

\* As of Dec. 2021



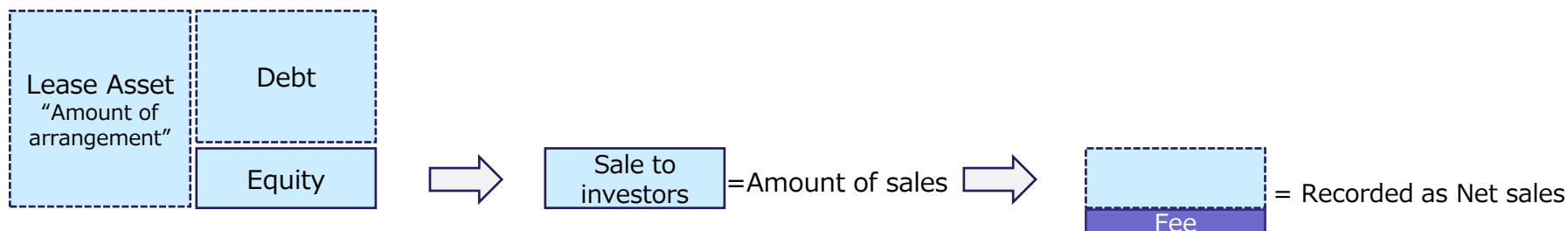
# Business categories and Net sales

## Business categories and Net sales by business

FPG's business is divided into the following 3 categories in this document

### 1. Leasing Fund Business

The Leasing Fund Business provides arrangement and management services for operating leases for aircraft, ships and marine containers. It also sells equity interests in the silent partnership "Tokumei Kumiai," general partnership "Nin-i Kumiai" and trust beneficiary rights for operating leases to investors. Net sales include arrangement fees for arrangement in the operating lease business, sales commissions received on the sale of silent partnership interests to investors, etc. Sales of partnership interests and trust beneficiary rights to investors are not recorded as net sales.



### 2. Real Estate Fund Business

The Real Estate Fund Business arranges and sells to investors real estate fractional ownership investments, using the trust function of FPG Trust. The total amount of sales to investors, etc. is recorded as net sales.



### 3. Other Business

Other Business includes the FinTech Business, Insurance Sales Business, M&A Business, Private Equity Business and Aviation Business. Net sales include fees for commissioned work related to system development and network infrastructure construction in the FinTech Business. And it include commission income in the Insurance Sales Business and M&A Business, proceeds from the sale of private equity funds in the Private Equity Business, and sale of services such as transport in the Aviation Business.

Projected results described in these presentation slides are based on the information available to the Company at the time of preparing, as well as certain assumptions judged by the Company to be reasonable, and, therefore, actual results could be different from these projections because of various risks and uncertain factors.

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