

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2022 (Japanese GAAP) (Summary)

January 31, 2022

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

Expected date of quarterly report submission: February 10, 2022

Expected date of dividend payment: —

Supporting material for quarterly results: Yes

The briefing session of quarterly results: No

(Figures less than one million yen are rounded down.)

I. Consolidated financial results for the first quarter of the Fiscal Year Ending September 30, 2022

(October 1, 2021 — December 31, 2021)

(1) Consolidated operating results (cumulative)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended December 31, 2021	15,673	—	3,405	245.9	3,557	412.5	2,519	823.7
December 31, 2020	3,824	3.4	984	(34.3)	694	(56.1)	272	(74.4)

(Note) Comprehensive income: Three months ended December 31, 2021: 2,553 million yen; [822.3%]

Three months ended December 31, 2020: 276 million yen; [(75.7%)]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended December 31, 2021	29.50	—
December 31, 2020	3.20	—

(Note) 1. Diluted net income per share is not stated because there are no potential shares.

(Note) 2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the current fiscal year. Accordingly, the figures for the first quarter of the term ending September 30, 2022, reflect the new accounting standard, etc. By the application of this accounting standard, the accounting method used for sales of real estate fractional ownership investment products in the Real Estate Fund Business has changed from recording relevant company profit (service fees) as net sales to recording relevant sales volume as net sales.

As a result of this matter, net sales increased significantly compared to the same quarter of the previous year, increase/decrease rate from the same period is not indicated. This change in the method of recording net sales has no impact on profits. The net sales for the first quarter of the fiscal year ended September 30, 2021, are from before the application of the Accounting Standard for Revenue Recognition. If the same method were used for sales in the Real Estate Fund Business, net sales (consolidated) would be 10,643 million yen.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
December 31, 2021	86,671	30,356	34.8
As of September 30, 2021	91,899	29,391	31.8

(Reference) Shareholders' equity: December 31, 2021: 30,190 million yen

As of September 30, 2021: 29,243 million yen

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the current fiscal year. Accordingly, the figures for the first quarter of the term ending September 30, 2022, reflect the new accounting standard, etc.

2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	0.00	—	18.50	18.50
Fiscal year ending September 30, 2022	—				
Fiscal year ending September 30, 2022 (Forecast)		0.00	—	32.00	32.00

(Note) Revision to the latest dividend forecast: Yes

3. Forecast of consolidated financial results for the Fiscal Year Ending September 30, 2022

(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	27,000	—	4,400	21.7	4,500	39.5	3,100	43.0	36.30
Annual	44,000	—	7,800	49.0	8,000	55.4	5,400	83.2	63.23

(Note) 1. Revision to the latest consolidated financial results forecast: Yes

(Note) 2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the current fiscal year. Accordingly, the accounting method used for sales of real estate fractional ownership investment products in the Real Estate Fund Business has changed. As a result of this matter, net sales increased significantly compared to the same quarter of the previous year and the previous year, increase/decrease rate from the same period is not indicated. If the same method were used for sales in the Real Estate Fund Business, net sales (consolidated) for the first half of the fiscal year ended September 30, 2021, would be 18,569 million yen, and the net sales (consolidated) for the fiscal year ended September 30, 2021, would be 33,584 million yen.

* Notes

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : No

(2) Applying of specific accounting of the consolidated quarterly financial statements : No

(3) Changes in accounting policies, accounting estimates and retrospective restatement

a) Changes in accounting policies based on revisions of accounting standard : Yes

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

(4) 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 December 31, 2021	89,073,600	As of September 30, 2021	89,073,600
b) Number of treasury shares at the end of the period	As of December 31, 2021	3,664,831	As of September 30, 2021	3,664,831
c) Average number of shares during the period	Three months ended December 31, 2021	85,408,769	Three months ended December 31, 2020	85,352,730

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	20,814,054	18,326,349
Accounts receivable - trade	994,012	328,355
Operational investment securities	472,033	476,734
Supplies	17,579	18,283
Equity underwritten	20,866,895	29,466,895
Money held in trust(Aircraft for arrangement)	18,535,667	18,319,341
Real estate for arrangement	19,227,283	9,419,935
Other	4,854,781	4,396,804
Total current assets	85,782,307	80,752,700
Non-current assets		
Property, plant and equipment	416,918	412,229
Intangible assets		
Goodwill	908,106	868,015
Other	50,459	58,177
Total intangible assets	958,566	926,192
Investments and other assets		
Deferred tax assets	2,566,811	2,281,280
Other	2,174,801	2,299,441
Total investments and other assets	4,741,612	4,580,722
Total non-current assets	6,117,098	5,919,144
Total assets	91,899,405	86,671,844
Liabilities		
Current liabilities		
Accounts payable - trade	260,962	540,458
Short-term borrowings	28,998,957	23,939,280
Commercial papers	4,500,000	4,500,000
Current portion of long-term borrowings	5,270,868	6,617,538
Income taxes payable	1,025,253	875,232
Advances received	4,723,106	—
Contract liabilities	—	4,637,514
Provision for bonuses	452,222	418,077
Other	2,048,494	2,031,661
Total current liabilities	47,279,865	43,559,762
Non-current liabilities		
Bonds payable	1,000,000	1,000,000
Long-term borrowings	13,734,165	11,263,748
Asset retirement obligations	118,887	119,017
Retirement benefit liability	30,416	25,682
Other	345,033	347,196
Total non-current liabilities	15,228,503	12,755,645
Total liabilities	62,508,368	56,315,408

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	3,095,874	3,095,874
Capital surplus	2,999,433	2,999,433
Retained earnings	25,638,905	26,570,544
Treasury shares	△2,457,126	△2,457,126
Total shareholders' equity	29,277,086	30,208,725
Accumulated other comprehensive income		
Foreign currency translation adjustment	△32,781	△18,601
Valuation difference on available-for-sale securities	△974	—
Total accumulated other comprehensive income	△33,755	△18,601
Non-controlling interests	147,706	166,312
Total net assets	29,391,037	30,356,436
Total liabilities and net assets	91,899,405	86,671,844

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	3,824,698	15,673,219
Cost of sales	1,152,665	10,595,829
Gross profit	2,672,032	5,077,390
Selling, general and administrative expenses	1,687,636	1,672,060
Operating profit	984,396	3,405,330
Non-operating income		
Interest income	183,649	50,387
Gain on investments in money held in trust	324,106	185,884
Rental income from real estate	36,472	125,435
Share of profit of entities accounted for using equity method	71,407	27,446
Foreign exchange gains	—	26,596
Other	45,258	2,130
Total non-operating income	660,894	417,880
Non-operating expenses		
Interest expenses	215,028	96,839
Commission expenses	186,282	146,694
Foreign exchange losses	348,618	—
Rental expenses on real estate	2,675	20,698
Depreciation	192,122	—
Other	6,307	1,067
Total non-operating expenses	951,035	265,300
Ordinary profit	694,255	3,557,910
Extraordinary losses		
Loss on retirement of non-current assets	—	2,355
Loss on valuation of shares of subsidiaries and associates	5,797	4,508
Provision for loss on transfer of business	242,700	—
Total extraordinary losses	248,497	6,863
Profit before income taxes	445,757	3,551,047
Income taxes - current	437,468	724,776
Income taxes - deferred	△240,066	288,890
Total income taxes	197,402	1,013,667
Profit	248,355	2,537,380
Profit (loss) attributable to non-controlling interests	△24,396	17,850
Profit attributable to owners of parent	272,751	2,519,530

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit	248,355	2,537,380
Other comprehensive income		
Valuation difference on available-for-sale securities	△57	974
Foreign currency translation adjustment	36,010	4,504
Share of other comprehensive income of entities accounted for using equity method	△7,473	10,431
Total other comprehensive income	28,480	15,910
Comprehensive income	276,835	2,553,290
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	294,474	2,534,683
Comprehensive income attributable to non-controlling interests	△17,639	18,606