

# FPG

Financial Products Group

# FPG Consolidated Financial Results

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



Financial Products Group Co., Ltd.

(Prime Market of TSE, Code : 7148)

## 1H Results

Achieved significant YoY increases in sales and profits by overcoming the COVID-19 crisis. Strongly exceeded the revised forecast previously announced on January 31, 2022.

- ✓ Following on from Q1, the Leasing Fund Business continued to see strong sales of equity placement products with relatively high margins in Q2.
- ✓ In the Real Estate Fund Business, sales doubled YoY as a result of aggressive arrangement supported by strong sales.

## Full Year Forecast

Announced an upward revision for the second time this fiscal year on April 26 and the pledge of ¥10 billion in ordinary profit in FY09/2023 is brought forward by one year.

The year-end dividend is revised upwards to ¥ 40.0 per share, an increase of ¥ 21.5 compared to the previous year.

## Q2 Topics

Sales and arrangement for both the Leasing Fund Business and Real Estate Fund Business remained strong.

- ✓ In the Leasing Fund Business, a total of JPY 37.6 billion was arranged, the largest ever for a marine container project.
- ✓ In the Real Estate Fund business, as a result of aggressive arrangement of the real estate fractional ownership investment products, including the acquisition of “FPG Minami Aoyama Bleu Cinq Point”, the largest-ever property, a record-breaking ¥34.7 billion was arranged on a quarterly basis.  
The cumulative amount of arrangement in this business exceeded JPY 110 billion.

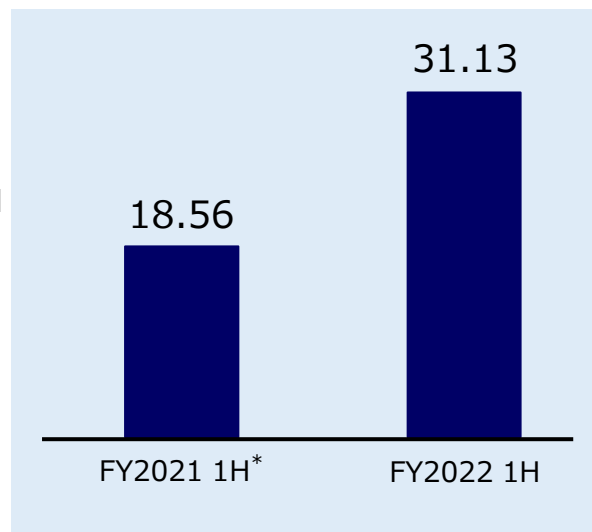
# Financial Highlights

## Net sales

**Appx. 1.7x**

- ✓ Growth driven by the Real Estate Fund business in addition to the Leasing Fund Business.

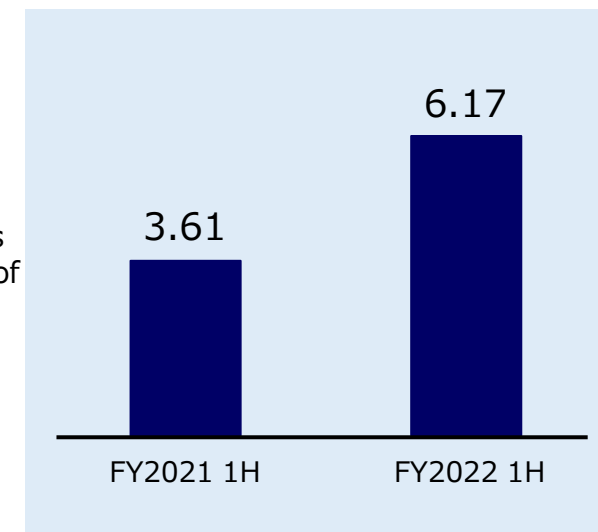
\* Due to the application of the "Accounting Standard for Revenue Recognition," the Real Estate Fund Business sales have been reclassified using the gross amount method for comparison purposes.



## Operating income

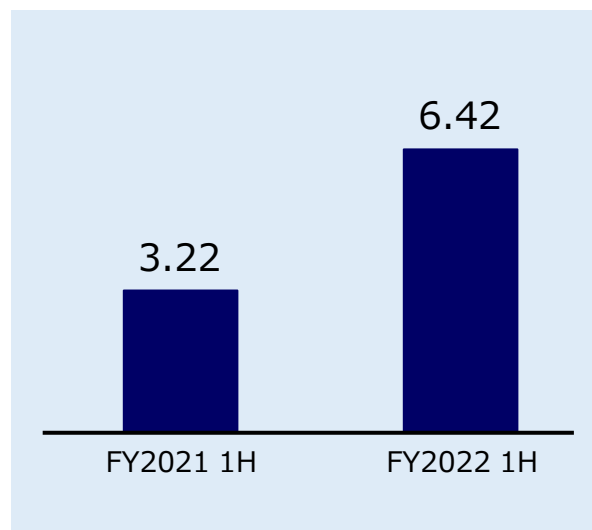
**Appx. 1.7x**

- ✓ Significant increase in profit due to higher sales and appropriate control of SG&A expenses.



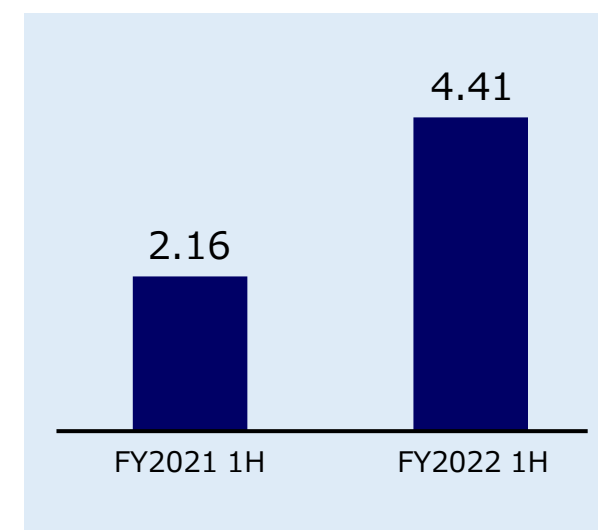
## Ordinary income

**Appx. 2.0x**



## Profit\*

**Appx. 2.0x**



\* Profit attributable to owners of parent

# Results and Revised Full-Year Forecasts

- Full-year forecasts have been revised upwards again in light of 1H results.
- The pledge of ¥10 billion in ordinary profit in FY2023 is brought forward by one year, and ordinary income to net sales ratio is expected to recover to the 20% level.
  - ✓ The Leasing Fund Business has actively acquired arrangement projects, mainly maritime projects, and will continue to actively sell equity placement products in the 2H of the year and beyond.
  - ✓ The Real Estate Fund Business established a virtuous cycle of aggressive arrangement and sales activities whilst strong demands from investors continued.
- Dividend per share forecast revised upwards to ¥ 40.0, up ¥ 21.5 from the previous year.

	1H			Full Year				
	FY2021* Results	FY2022 Results	YoY	FY2021* Results	FY2022		Current forecast	
					Previous forecast (as of Jan. 31)	Current Forecast (as of April 26)	YoY	vs. Previous Forecast
Net sales	18.56	31.13	+67.7%	33.58	44.00	49.00	+45.9%	+11.4%
Leasing Fund Business	6.79	7.67	+12.9%	11.16	11.35	13.50	+21.0%	+18.9%
Real Estate Fund Business	11.25	22.83	+102.9%	21.28	31.35	34.20	+60.7%	+9.1%
Other Business	0.52	0.63	+21.2%	1.14	1.30	1.30	+13.9%	+0.0%
Operating income	3.61	6.17	+70.8%	5.23	7.80	9.70	+85.3%	+24.4%
Ordinary income	3.22	6.42	+99.0%	5.14	8.00	10.00	+94.2%	+25.0%
Ordinary income margin on sales	17.4%	20.6%	+3.2%	15.3%	18.2%	20.4%	+5.1%	+2.2%
Profit attributable to owners of parent	2.16	4.41	+103.8%	2.94	5.40	6.70	+127.4%	+24.1%
Profit margin on sales*	11.7%	14.2%	+2.5%	8.8%	12.3%	13.7%	+4.9%	+1.4%
Dividend per share (yen)	-	-	-	18.5	32.0	40.0	+21.5yen	+8.0yen

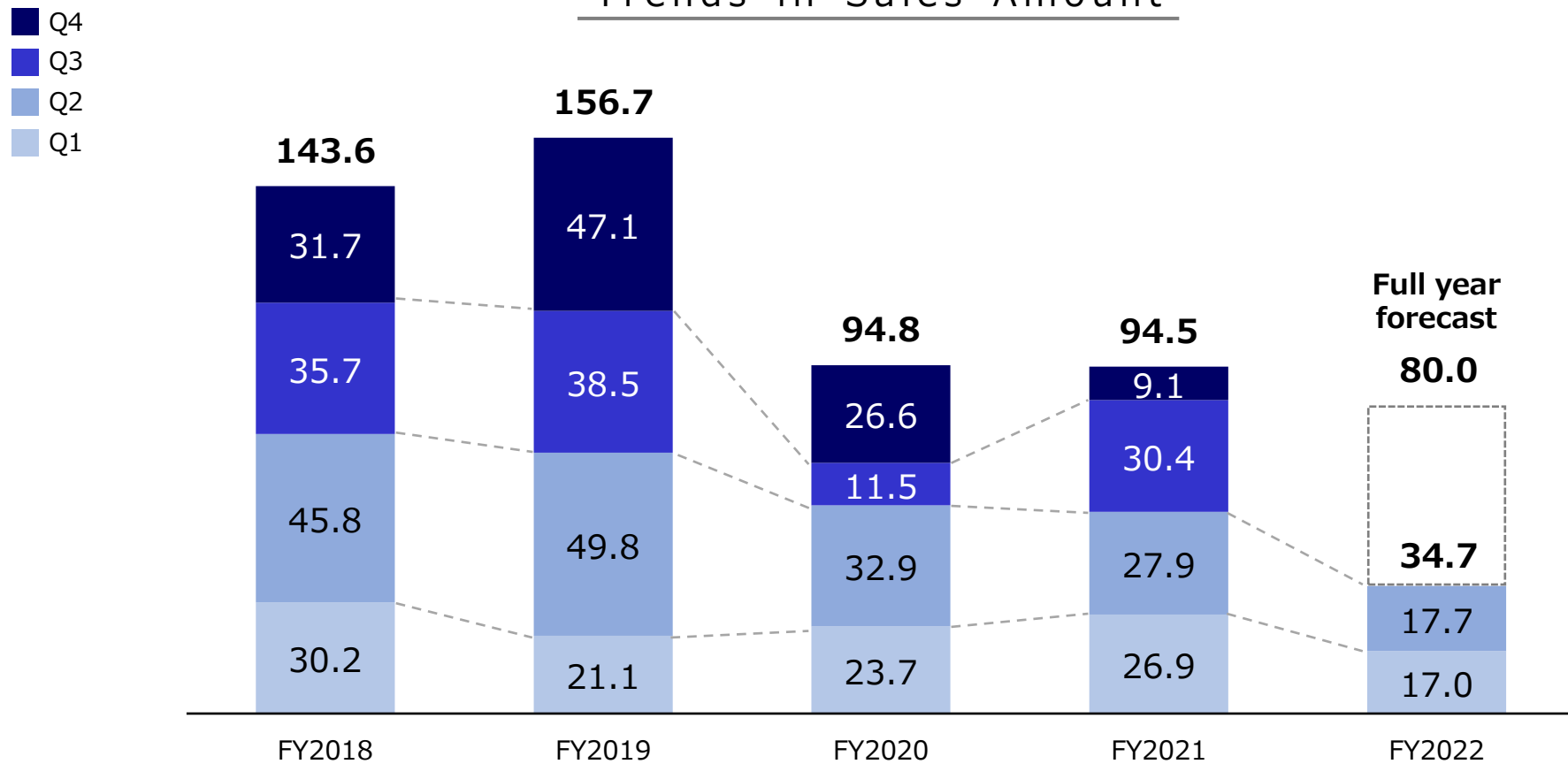
\* For the purpose of comparison with the current fiscal year, net sales of the Real Estate Fund Business have been reclassified using the gross amount method.

(Unit: JPY billion) 3

# Leasing Fund Business Sales

- 1H equity placement sales were 34.7 billion yen, in line with expectations.

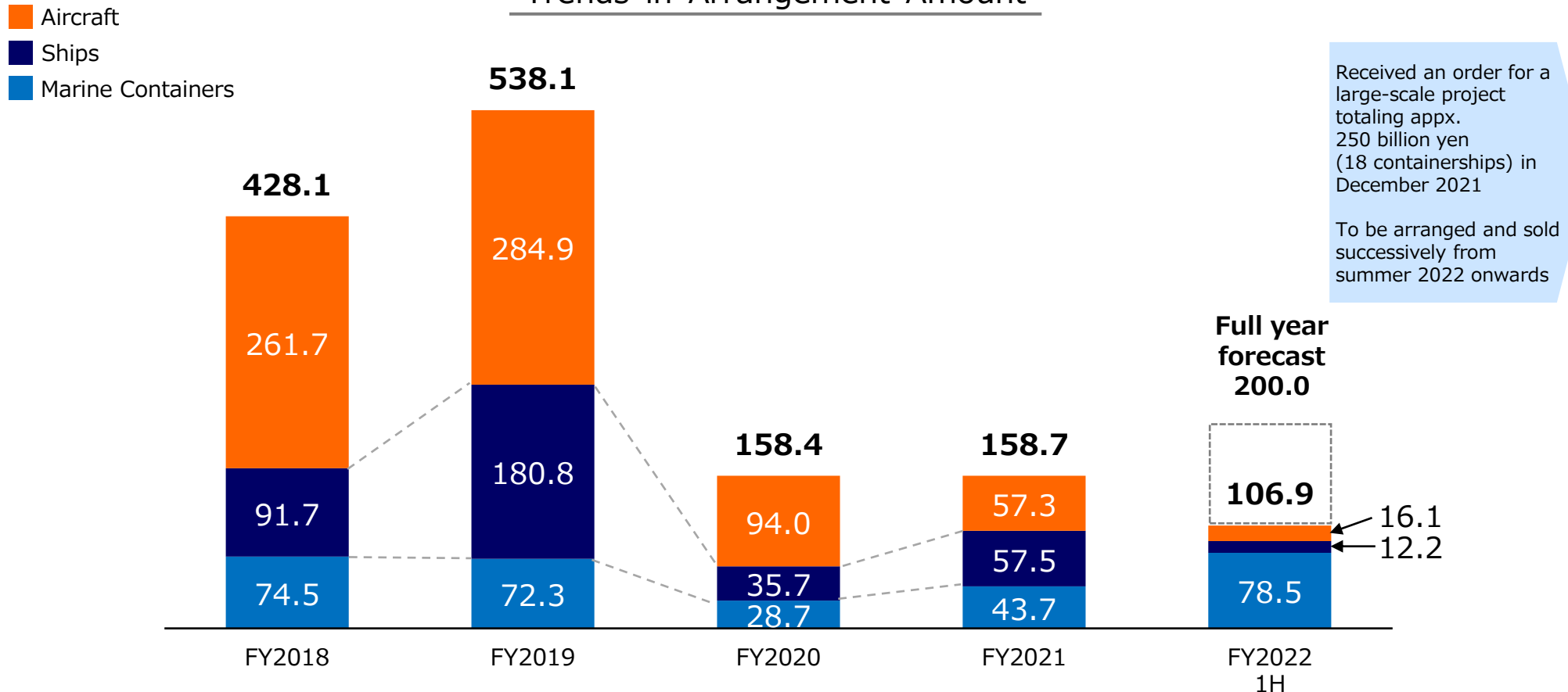
Trends in Sales Amount



# Leasing Fund Business Arrangement

- Arrangement in the 1H totaled 106.9 billion yen, making steady progress toward the FY forecast of 200 billion yen.
- In Q2, we arranged a total of 37.6 billion yen, the largest-ever amount for containers, bringing the total amount of container arrangement to 78.5 billion yen, exceeding the level before the COVID-19 crisis in the 1H of the year.

## Trends in Arrangement Amount

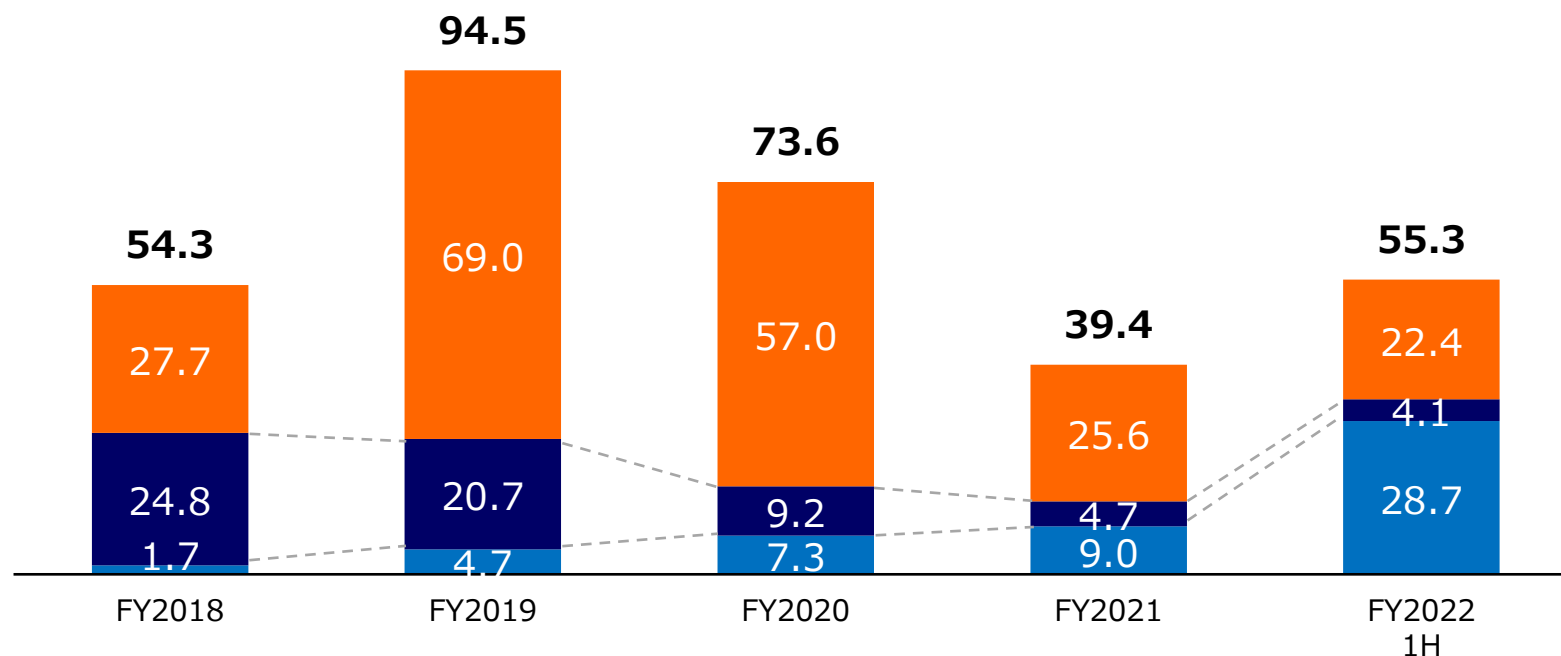


# Leasing Fund Business Inventory

- Favorable arrangement in this 1H resulting in sales inventory exceeding that of the full year of the previous year.
- Container inventories have built up to a record high on the strength of our global arrangement capabilities in the maritime market.

## Trends in Inventory Amount

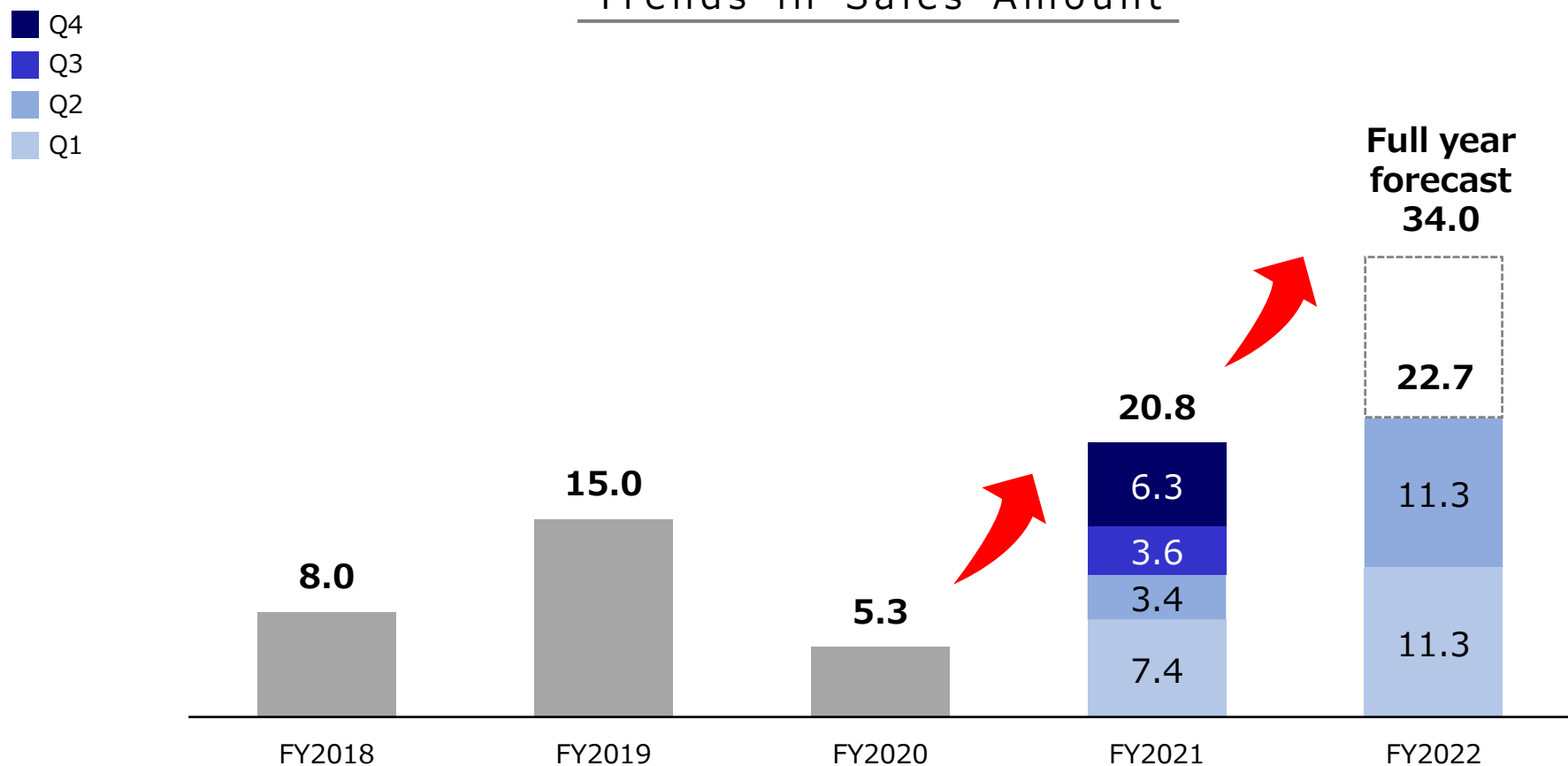
- Aircraft
- Ships
- Marine Containers



# Real Estate Fund Business Sales

- Sales in the 1H totaled 22.7 billion yen, a record high. Steady progress toward full-year forecast.
- Enhance sales force by increasing the number of real estate notary qualified sales personnel.
- Strong inquiries continuing with no negative impact on sales from the Supreme Court Ruling on Metropolitan Area Condominium Inheritance Tax Taxation\*1

## Trends in Sales\*2 Amount



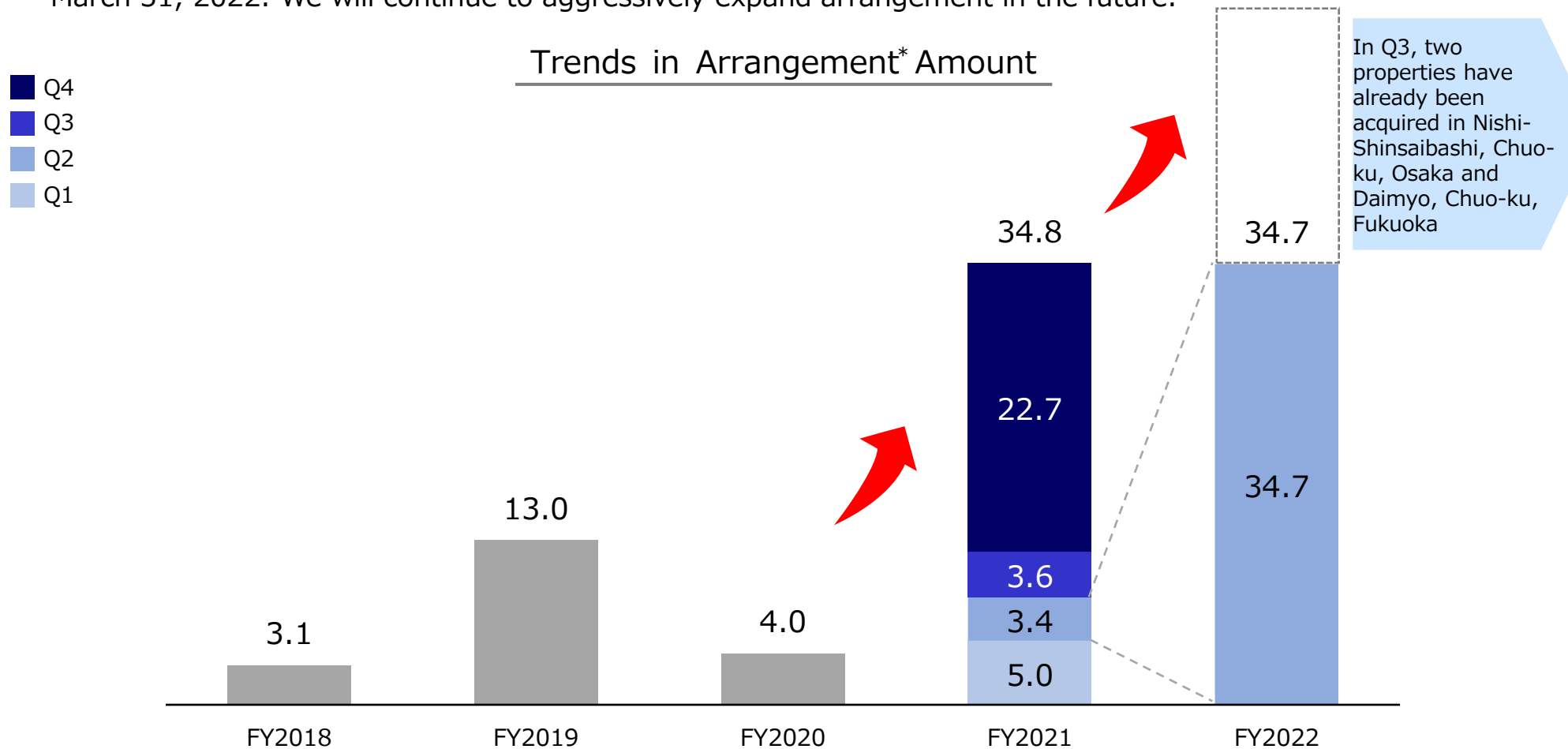
\*1 "Case for Revocation of Inheritance Tax Reassessment, etc.," concluded on April 19, 2022, in the Third Court of the Supreme Court of Japan

\*2 Total of real estate fractional ownership investment products and development projects



# Real Estate Fund Business Arrangement

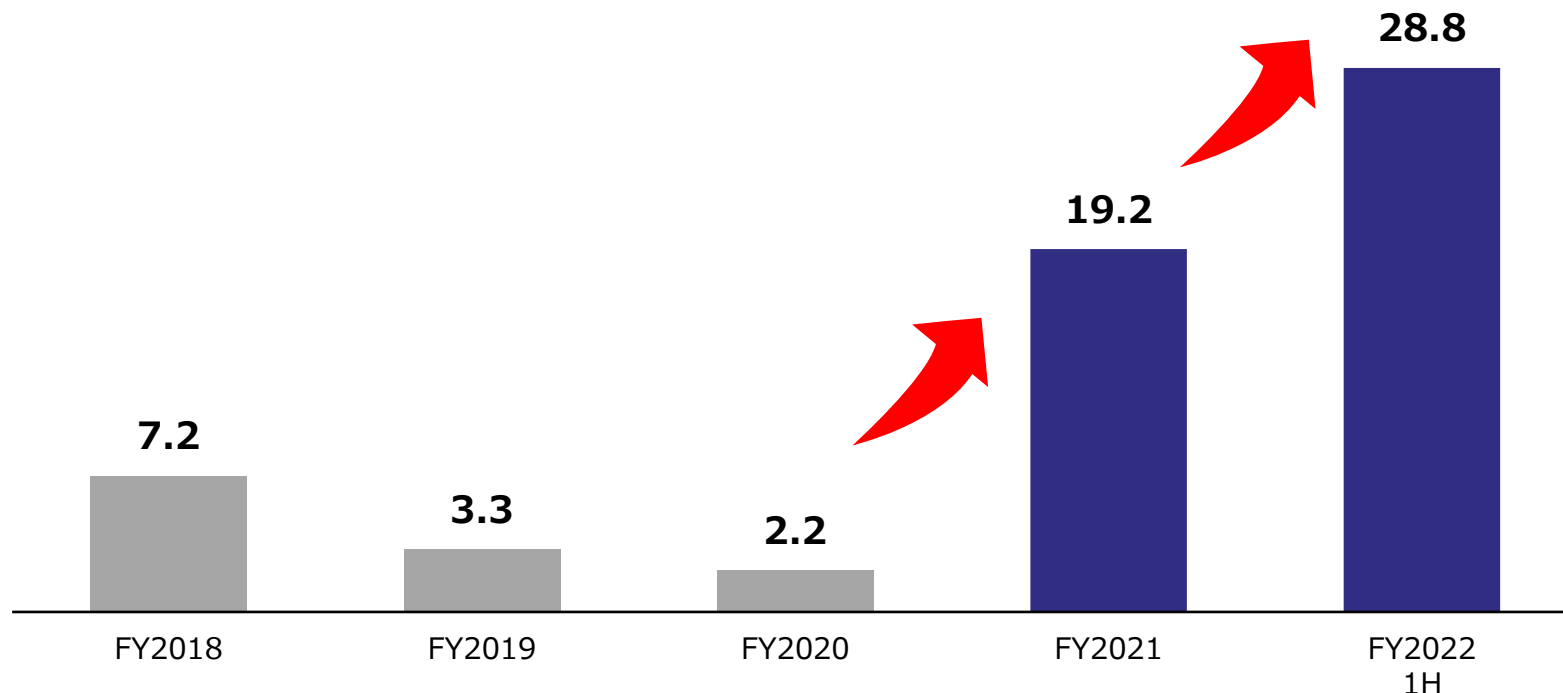
- A total of 4 properties were acquired in Q2, led by FPG Minami Aoyama Bleu Cinq Point, the largest property in the company's history, and the amount of arrangement achieved in the 1H was on a par with the results for the whole of the previous year.
- As a result of proactive arrangement activities, cumulative arrangement amount exceeded 110 billion yen as of March 31, 2022. We will continue to aggressively expand arrangement in the future.



\* Total of real estate fractional ownership investment products and development projects

- Aggressive acquisition and arrangement of properties, led by the largest-ever property FPG Minami Aoyama Bleu Cinq Point, resulted in a record-high inventory of 28.8 billion yen at the end of 1H.
- Further inventory is to be secured by promoting the arrangement of new acquisitions from Q3 onwards.

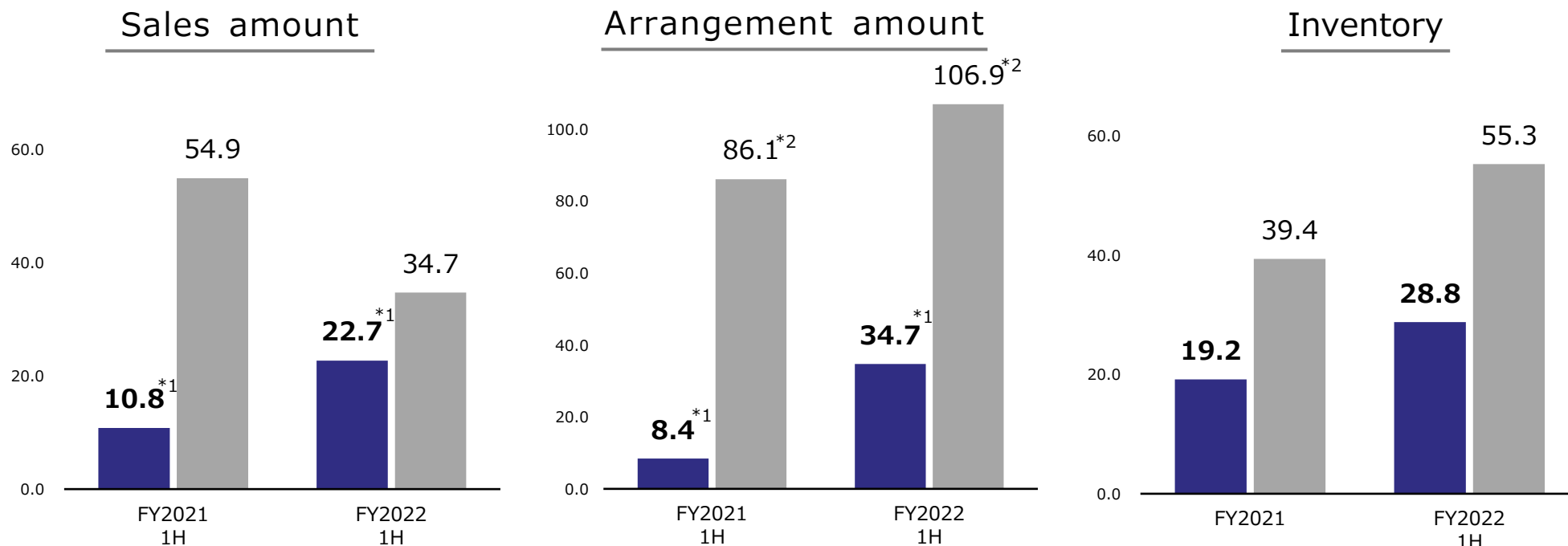
## Trends in Inventory Amount



# Growth of our Real Estate Fund Business (in comparison with the Leasing Fund Business)

- The scale of the Real Estate Fund Business is growing strongly. Aiming to reach the same scale as the Leasing Fund Business in the near future.
  - ✓ Sales doubled year-on-year, expanding to approximately 70% of the total sales of the Leasing Fund business.
  - ✓ The arrangement amount more than quadrupled year-on-year, expanding to about 30% of the size of the Leasing Fund Business. The size of the arrangement amount for FY2022 1H is almost the same if loans are excluded.
  - ✓ Real Estate Fund Business inventory in the recent terms has grown to over 50% of the size of the Leasing Fund Business.

■ Real Estate Fund Business  
■ Leasing Fund Business



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

\*2 The arrangement amount of the Leasing Fund Business includes borrowing through non-recourse loans. In the majority of cases where non-recourse loans were utilized, approximately 70% of the financing is borrowed through non-recourse loans, and the remaining 30% is comprised of equity investments.

(Unit: JPY billion) 10

# Appendix

# Consolidated Income Statement Summary

	FY2021 1H*	FY2022 1H	YoY	
Net sales	18.56	31.13	+67.7%	
① Cost of sales	11.72	21.58	+84.2%	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.
Gross profit	6.84	9.54	+39.4%	
SG&A Cost	3.23	3.37	+4.3%	
Operating income	3.61	6.17	+70.8%	
② Non-operating income	1.43	0.81	▲43.1%	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	1.82	0.57	▲68.7%	③ Non-operating expenses Includes interest paid on commission fees and interest expenses related to fund-procurement. In FY2021, include the cost related to the bankruptcy of Air Mauritius
Ordinary income	3.22	6.42	+99.0%	
Income before income taxes	2.96	6.39	+115.7%	
Total income taxes	0.84	1.99	+137.4%	
Profit attributable to owners of parent	2.16	4.41	+103.8%	

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

# Consolidated Balance Sheet Summary

Asset	FY2021	FY2022 1H	Change
Current assets	85.78	102.87	+17.09
Cash and deposit	20.81	12.82	▲7.99
① Equity underwritten	20.86	35.97	+15.11
② Money held in trust	18.53	19.34	+0.81
③ Real estate for arrangement	19.22	28.88	+9.66
Non-current assets	6.11	5.17	▲0.94
Total assets	91.89	108.05	+16.16
Liabilities and Net assets	FY2021	FY2022 1H	Change
Current liabilities	47.27	57.95	+10.68
Short-term debt	38.76	44.99	+6.23
④ Advances received	4.72	-	▲4.72
④ Contract liability	-	7.38	+7.38
Non-current liabilities	15.22	17.83	+2.61
Long-term debt	14.73	17.32	+2.59
Total liabilities	62.50	75.79	+13.29
Total net assets	29.39	32.25	+2.86
Total liabilities and net assets	91.89	108.05	+16.16

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

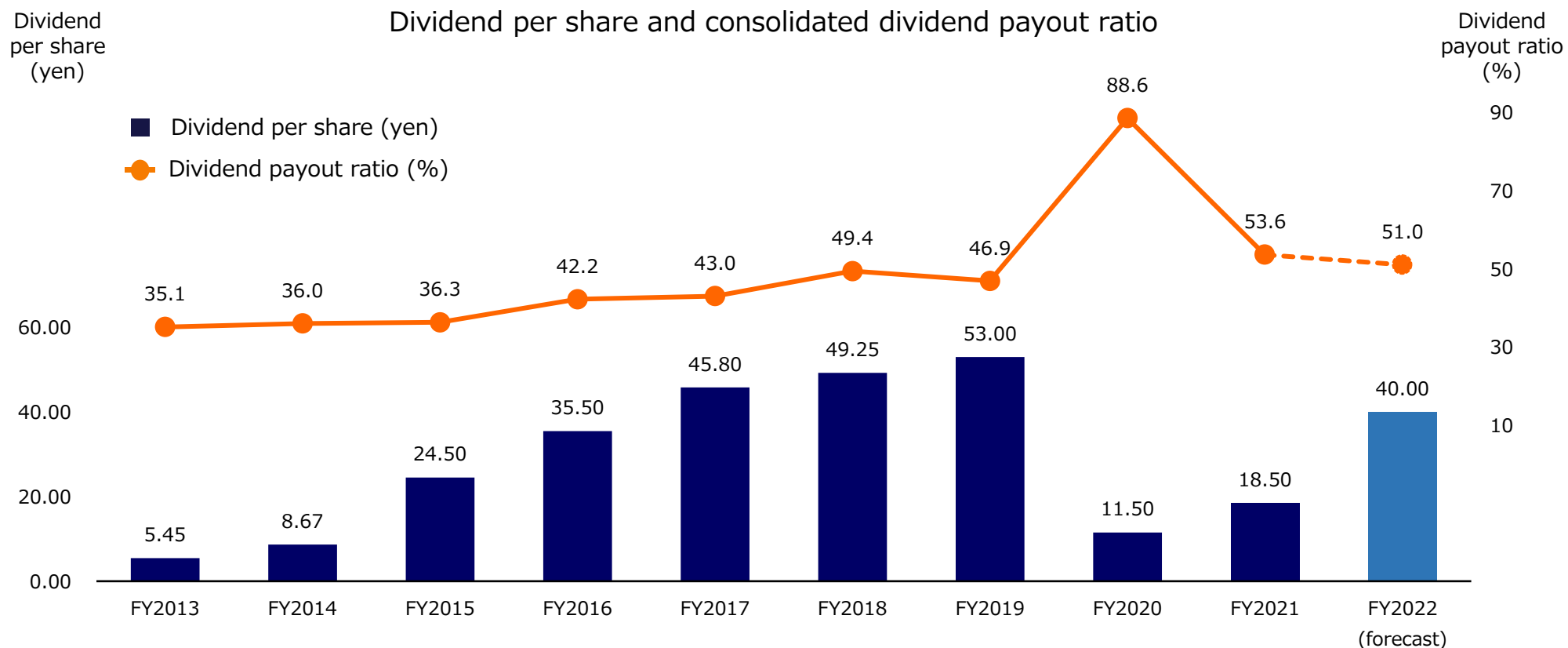
② Money held in trust  
Temporary inventory of trust beneficiary right of operating lease for aircraft using a trust function

③ Real estate for arrangement  
Inventory 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.

# Shareholder Return

- 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%.
- Due to the upward revision of the full-year earnings, the dividend forecast for FY2022 has been revised upwards for the second time this year.
  - ✓ Prior dividend forecast announced on 31, January 2022 : ¥32.0 per share (payout ratio 50.6%)
  - ✓ Latest dividend forecast announced on 26, April 2022 : ¥40.0 per share (payout ratio 51.0%)





## <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 March 2022



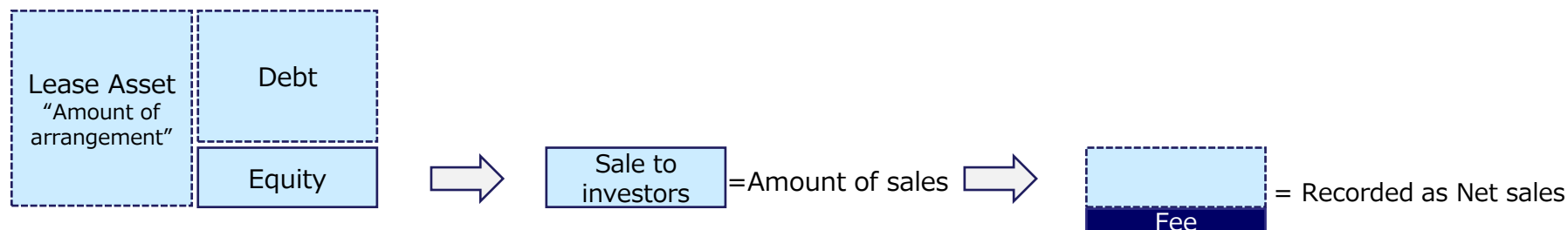
# Business categories and Net sales

## 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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