

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

April 28, 2022

Listed Company Name: **Financial Products Group Co.,Ltd.** URL <https://www.fpg.jp/en/>

Listed Stock Exchange: Tokyo Stock Exchange Prime Market Code Number: 7148

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Expected date of quarterly report submission: May 13, 2022

Expected date of dividend payment: —

Supporting material for quarterly results: Yes

The briefing session of quarterly results: Yes

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

## 1. Consolidated financial results for the Second quarter of the Fiscal Year Ending September 30, 2022

(October 1, 2021 — March 31, 2022)

(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                         | %     |
| Six months ended |                 |     |                  |      |                 |      |   |       |
| March 31, 2022   | 31,135          | —   | 6,174            | 70.8 | 6,421           | 99.0 | 4,417                                   | 103.8 |
| March 31, 2021   | 8,657           | 4.4 | 3,614            | 15.5 | 3,226           | 0.3  | 2,168                                   | (2.0) |

(Note) Comprehensive income: Six months ended March 31, 2022: 4,482 million yen; [102.7%]

Six months ended March 31, 2021: 2,211 million yen; [(0.7 %)]

|                  | Net income per share | Diluted net income per share |
|------------------|----------------------|------------------------------|
|                  | Yen                  | Yen                          |
| Six months ended |                      |                              |
| March 31, 2022   | 51.72                | —                            |
| March 31, 2021   | 25.40                | —                            |

(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 second 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 second 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 18,569 million yen.

## (2) Consolidated financial position

|                          | Total assets    | Net assets      | Shareholders' equity ratio |
|--------------------------|-----------------|-----------------|----------------------------|
|                          | Millions of yen | Millions of yen | %                          |
| As of March 31, 2022     | 108,051         | 32,259          | 29.7                       |
| As of September 30, 2021 | 91,899          | 29,391          | 31.8                       |

(Reference) Shareholders' equity: As of March 31, 2022: 32,129 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 second 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 |
| Fiscal year ended                                      | Yen                | Yen                | Yen                | Yen                | Yen   |
| September 30, 2021                                     | —                  | 0.00               | —                  | 18.50              | 18.50 |
| September 30, 2022                                     | —                  | 0.00               |                    |                    |       |
| Fiscal year ending<br>September 30, 2022<br>(Forecast) |                    |                    | —                  | 40.00              | 40.00 |

(Note) Revision to the latest dividend forecast: No

## 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     | %    | Millions of                             | %     | Yen                  |
| Annual | 49,000          | — | 9,700            | 85.3 | 10,000          | 94.2 | 6,700                                   | 127.4 | 78.45                |

(Note) 1. Revision to the latest consolidated financial results forecast: No

(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, 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 March 31, 2022            | 89,073,600 | As of September 30, 2021        | 89,073,600 |
| b) | Number of treasury shares at the end of the period   | As of March 31, 2022            | 3,666,471  | As of September 30, 2021        | 3,664,831  |
| c) | Average number of shares during the period   | Six months ended March 31, 2022 | 85,408,123 | Six months ended March 31, 2021 | 85,359,663 |

(Thousands of yen)

|  | As of September 30, 2021 | As of March 31, 2022 |
|--|--------------------------|----------------------|
| <b>Assets</b>                                  |                          |                      |
| Current assets                                 |                          |                      |
| Cash and deposits                              | 20,814,054               | 12,823,537           |
| Accounts receivable - trade                    | 994,012                  | 732,058              |
| Operational investment securities              | 472,033                  | 360,728              |
| Supplies                                       | 17,579                   | 16,421               |
| Equity underwritten                            | 20,866,895               | 35,978,988           |
| Money held in trust (Aircraft for arrangement) | 18,535,667               | 19,342,740           |
| Real estate for arrangement                    | 19,227,283               | 28,885,754           |
| Other  | 4,854,781                | 4,736,517            |
| <b>Total current assets</b>                    | <b>85,782,307</b>        | <b>102,876,747</b>   |
| Non-current assets                             |                          |                      |
| Property, plant and equipment                  | 416,918                  | 383,959              |
| Intangible assets                              |                          |                      |
| Goodwill                                       | 908,106                  | 838,553              |
| Other  | 50,459                   | 61,026               |
| <b>Total intangible assets</b>                 | <b>958,566</b>           | <b>899,580</b>       |
| Investments and other assets                   |                          |                      |
| Deferred tax assets                            | 2,566,811                | 1,629,048            |
| Other  | 2,174,801                | 2,262,346            |
| <b>Total investments and other assets</b>      | <b>4,741,612</b>         | <b>3,891,394</b>     |
| <b>Total non-current assets</b>                | <b>6,117,098</b>         | <b>5,174,933</b>     |
| <b>Total assets</b>                            | <b>91,899,405</b>        | <b>108,051,680</b>   |
| <b>Liabilities</b>                             |                          |                      |
| Current liabilities                            |                          |                      |
| Accounts payable - trade                       | 260,962                  | 466,101              |
| Short-term borrowings                          | 28,998,957               | 29,900,560           |
| Commercial papers                              | 4,500,000                | 10,000,000           |
| Current portion of long-term borrowings        | 5,270,868                | 5,099,168            |
| Income taxes payable                           | 1,025,253                | 1,224,378            |
| Advances received                              | 4,723,106                | —                    |
| Contract liabilities                           | —                        | 7,380,044            |
| Provision for bonuses                          | 452,222                  | 339,647              |
| Other  | 2,048,494                | 3,548,490            |
| <b>Total current liabilities</b>               | <b>47,279,865</b>        | <b>57,958,390</b>    |
| Non-current liabilities                        |                          |                      |
| Bonds payable                                  | 1,000,000                | 1,000,000            |
| Long-term borrowings                           | 13,734,165               | 16,327,081           |
| Asset retirement obligations                   | 118,887                  | 119,148              |
| Retirement benefit liability                   | 30,416                   | 27,093               |
| Other  | 345,033                  | 360,406              |
| <b>Total non-current liabilities</b>           | <b>15,228,503</b>        | <b>17,833,729</b>    |
| <b>Total liabilities</b>                       | <b>62,508,368</b>        | <b>75,792,120</b>    |

(Thousands of yen)

|   | As of September 30, 2021 | As of March 31, 2022 |
|---|--------------------------|----------------------|
| Net assets  |                          |                      |
| Shareholders' equity                                  |                          |                      |
| Share capital   | 3,095,874                | 3,095,874            |
| Capital surplus                                       | 2,999,433                | 2,980,927            |
| Retained earnings                                     | 25,638,905               | 28,468,747           |
| Treasury shares                                       | △2,457,126               | △2,457,126           |
| Total shareholders' equity                            | 29,277,086               | 32,088,422           |
| Accumulated other comprehensive income                |                          |                      |
| Foreign currency translation adjustment               | △32,781                  | 41,424               |
| Valuation difference on available-for-sale securities | △974                     | —                    |
| Total accumulated other comprehensive income          | △33,755                  | 41,424               |
| Non-controlling interests                             | 147,706                  | 129,713              |
| Total net assets                                      | 29,391,037               | 32,259,560           |
| Total liabilities and net assets                      | 91,899,405               | 108,051,680          |

(Thousands of yen)

|   | Six months ended<br>March 31, 2021 | Six months ended<br>March 31, 2022 |
|---|------------------------------------|------------------------------------|
| Net sales   | 8,657,881                          | 31,135,322                         |
| Cost of sales   | 1,810,115                          | 21,587,323                         |
| Gross profit  | 6,847,765                          | 9,547,998                          |
| Selling, general and administrative expenses                  | 3,233,540                          | 3,373,129                          |
| Operating profit  | 3,614,225                          | 6,174,869                          |
| Non-operating income  |                                    |                                    |
| Interest income   | 261,233                            | 91,723                             |
| Gain on investments in money held in trust                    | 611,969                            | 370,445                            |
| Rental income from real estate                                | 49,852                             | 229,605                            |
| Gain on reversal of loss on valuation of supplies             | 308,441                            | —                                  |
| Share of profit of entities accounted for using equity method | 132,423                            | —                                  |
| Foreign exchange gains  | —                                  | 123,907                            |
| Other   | 75,592                             | 3,882                              |
| Total non-operating income                                    | 1,439,514                          | 819,564                            |
| Non-operating expenses  |                                    |                                    |
| Interest expenses   | 409,024                            | 172,149                            |
| Commission expenses   | 664,930                            | 339,127                            |
| Share of loss of entities accounted for using equity method   | —                                  | 19,307                             |
| Foreign exchange losses                                       | 550,063                            | —                                  |
| Rental expenses on real estate                                | 6,635                              | 38,220                             |
| Depreciation  | 192,122                            | —                                  |
| Other   | 4,426                              | 3,967                              |
| Total non-operating expenses                                  | 1,827,204                          | 572,771                            |
| Ordinary profit   | 3,226,535                          | 6,421,663                          |
| Extraordinary losses  |                                    |                                    |
| Loss on retirement of non-current assets                      | 1,988                              | 2,385                              |
| Loss on valuation of shares of subsidiaries and associates    | 17,845                             | 23,973                             |
| Business transfer loss  | 241,700                            | —                                  |
| Total extraordinary losses                                    | 261,533                            | 26,359                             |
| Profit before income taxes                                    | 2,965,001                          | 6,395,303                          |
| Income taxes - current  | 625,814                            | 1,049,977                          |
| Income taxes - deferred                                       | 214,283                            | 944,356                            |
| Total income taxes  | 840,097                            | 1,994,333                          |
| Profit  | 2,124,903                          | 4,400,969                          |
| Profit (loss) attributable to non-controlling interests       | △43,269                            | △16,763                            |
| Profit attributable to owners of parent                       | 2,168,173                          | 4,417,733                          |

(Thousands of yen)

|   | Six months ended<br>March 31, 2021 | Six months ended<br>March 31, 2022 |
|---|------------------------------------|------------------------------------|
| Profit  | 2,124,903                          | 4,400,969                          |
| Other comprehensive income  |                                    |                                    |
| Valuation difference on available-for-sale securities                             | △107                               | 974                                |
| Foreign currency translation adjustment   | 65,737                             | 42,811                             |
| Share of other comprehensive income of entities accounted for using equity method | 20,754                             | 38,021                             |
| Total other comprehensive income  | 86,383                             | 81,807                             |
| Comprehensive income  | 2,211,287                          | 4,482,777                          |
| Comprehensive income attributable to  |                                    |                                    |
| Comprehensive income attributable to owners of parent                             | 2,242,243                          | 4,492,913                          |
| Comprehensive income attributable to non-controlling interests                    | △30,955                            | △10,136                            |

(Thousands of yen)

|   | Six months ended<br>March 31, 2021 | Six months ended<br>March 31, 2022 |
|---|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities</b>   |                                    |                                    |
| Profit before income taxes  | 2,965,001                          | 6,395,303                          |
| Depreciation  | 57,446                             | 79,726                             |
| Amortization of goodwill  | 120,223                            | 82,775                             |
| Loss on valuation of shares of subsidiaries and associates                                | 17,845                             | 23,973                             |
| Loss on retirement of non-current assets  | 1,988                              | 2,385                              |
| Increase (decrease) in provision for bonuses  | △55,669                            | △117,760                           |
| Interest and dividend income  | △261,233                           | △91,723                            |
| Interest expenses   | 409,024                            | 172,149                            |
| Commission expenses   | 664,930                            | 339,127                            |
| Loss (gain) on sale of businesses   | 241,700                            | —                                  |
| Foreign exchange losses (gains)   | 1,790,698                          | 221,970                            |
| Share of loss (profit) of entities accounted for using equity method                      | △132,423                           | 19,307                             |
| Decrease (increase) in trade receivables  | △1,177                             | 271,199                            |
| Decrease (increase) in investment securities for sale                                     | 997                                | 111,304                            |
| Increase (decrease) in equity underwritten  | 12,413,288                         | △15,112,183                        |
| Increase (decrease) in money held in trust (Aircraft for arrangement)                     | 3,357,804                          | △807,072                           |
| Increase (decrease) in real estates for arrangement                                       | 1,537,071                          | △9,658,471                         |
| Decrease (increase) in guarantee deposits   | 100,000                            | —                                  |
| Guarantee Deposits Received   | △133,000                           | —                                  |
| Increase (decrease) in trade payables   | 119,159                            | 204,837                            |
| Increase (decrease) in advances received  | △1,819,244                         | —                                  |
| Increase (decrease) in contract liability   | —                                  | 2,648,244                          |
| Other, net  | 2,066,533                          | 1,610,579                          |
| <b>Subtotal</b>   | <b>23,460,966</b>                  | <b>△13,604,326</b>                 |
| Interest and dividends received   | 264,574                            | 91,792                             |
| Interest paid   | △412,942                           | △173,378                           |
| Income taxes paid   | △202,664                           | △852,290                           |
| <b>Net cash provided by (used in) operating activities</b>                                | <b>23,109,934</b>                  | <b>△14,538,202</b>                 |
| <b>Cash flows from investing activities</b>   |                                    |                                    |
| Purchase of property, plant and equipment   | △24,613                            | △18,734                            |
| Purchase of intangible assets   | △22,116                            | △33,120                            |
| Purchase of shares and payments for investments in capital of subsidiaries and associates | △16,914                            | △96,675                            |
| Payments of leasehold and guarantee deposits  | △9,402                             | △1,097                             |
| Proceeds from refund of leasehold and guarantee deposits                                  | 7,397                              | 2,464                              |
| Proceeds from liquidation of subsidiaries   | 1,233                              | —                                  |
| Payments for sale of businesses   | △796,700                           | —                                  |
| Other payments  | △95,624                            | —                                  |
| Other proceeds  | 981                                | —                                  |
| <b>Net cash provided by (used in) investing activities</b>                                | <b>△955,758</b>                    | <b>△147,163</b>                    |

(Thousands of yen)

|  | Six months ended<br>March 31, 2021 | Six months ended<br>March 31, 2022 |
|--|------------------------------------|------------------------------------|
| <b>Cash flows from financing activities</b>  |                                    |                                    |
| Net increase (decrease) in short-term borrowings                                     | △21,428,250                        | 680,379                            |
| Proceeds from long-term borrowings   | 5,000,000                          | 7,300,000                          |
| Repayments of long-term borrowings   | △2,895,860                         | △4,878,784                         |
| Net increase (decrease) in commercial papers   | 4,000,000                          | 5,500,000                          |
| Purchase of treasury shares  | △0                                 | —                                  |
| Dividends paid   | △981,564                           | △1,580,062                         |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | —                                  | △26,362                            |
| Commission fee paid  | △729,563                           | △330,611                           |
| Other payments   | △11,214                            | △13,939                            |
| <b>Net cash provided by (used in) financing activities</b>                           | <b>△17,046,452</b>                 | <b>6,650,619</b>                   |
| Effect of exchange rate change on cash and cash equivalents                          | 70,431                             | 44,229                             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                          | <b>5,178,154</b>                   | <b>△7,990,517</b>                  |
| Cash and cash equivalents at beginning of period                                     | 25,758,454                         | 19,414,054                         |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>30,936,608</b>                  | <b>11,423,537</b>                  |