

# FPG

Financial Products Group

# Financial Results Presentation Q3 FY9/2022

(October 1, 2021 – June 30, 2022)



Financial Products Group Co., Ltd.

(Prime Market of TSE, Code : 7148)

## Q3 (Cumulative)

**As a result of stellar performances in both the Leasing Fund Business and Real Estate Fund Business, operating income, ordinary income, and net profit all exceeded the full-year forecasts announced on April 26.**

- ✓ The Leasing Fund Business's favorable performance resulted in net sales of 11.1 billion yen (+7.3% YoY), exceeding the previous year's full-year results. Arrangements also exceeded the initial forecast of 200 billion yen and progressed favorably.
- ✓ The Real Estate Fund Business also performed strongly, resulting in net sales of 35.3 billion yen (+136.5% YoY), achieving the previously announced full-year forecast of 34.2 billion yen ahead of schedule.

## Full Year Forecast

**Given the Q3 results, announced an upward revision for the full-year forecast on July 28.**

## Year-end Dividend

**The year-end dividend forecast was revised upward to 46.0 yen per share, an increase of 27.5 yen from the previous year.**

## Q3 Topics

**Commenced sales of a collective investment project targeting international real estate.**

**Arrangement started sequentially in June for a large-scale project of 18 container vessels ordered in December 2021 as part of the "Transition Finance" initiative to contribute to moving toward a decarbonized society.**

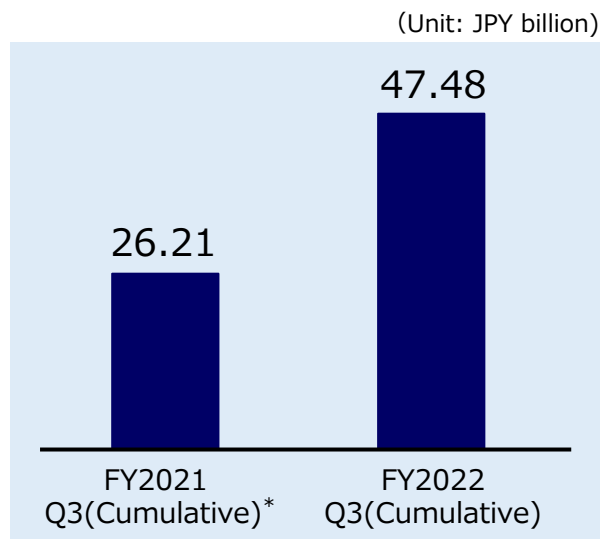
- All four account items almost doubled YoY, clearly indicating that we are putting the COVID-19 crisis behind us.

## Net sales

**Appx. 1.8x**

- ✓ The Real Estate Fund Business is driving growth in addition to the Leasing Fund Business.

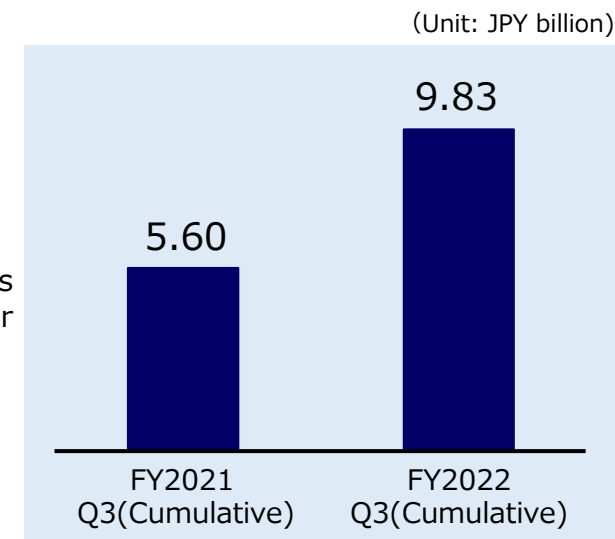
\*Due to the application of the "Accounting Standards for Revenue Recognition," the Real Estate Fund Business's net sales have been reclassified using the gross amount method by way of comparison.



## Operating income

**Appx. 1.8x**

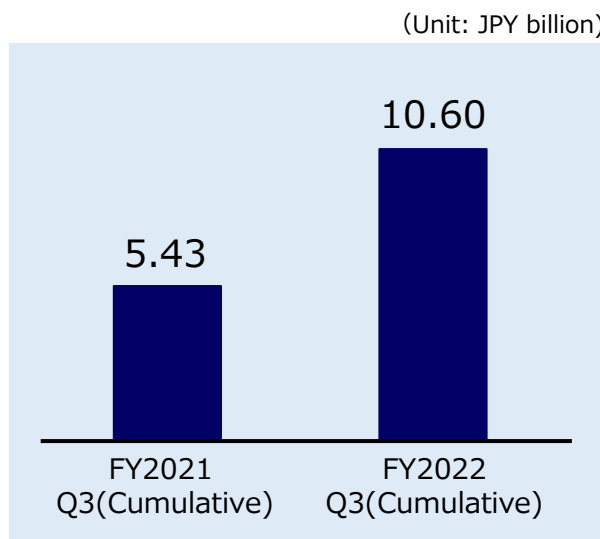
- ✓ In addition to increased revenue, appropriate control of SG&A expenses enabled us to achieve our full-year forecast of 9.7 billion yen in operating income announced on April 26, ahead of schedule in Q3.



## Ordinary income

**Appx. 2.0x**

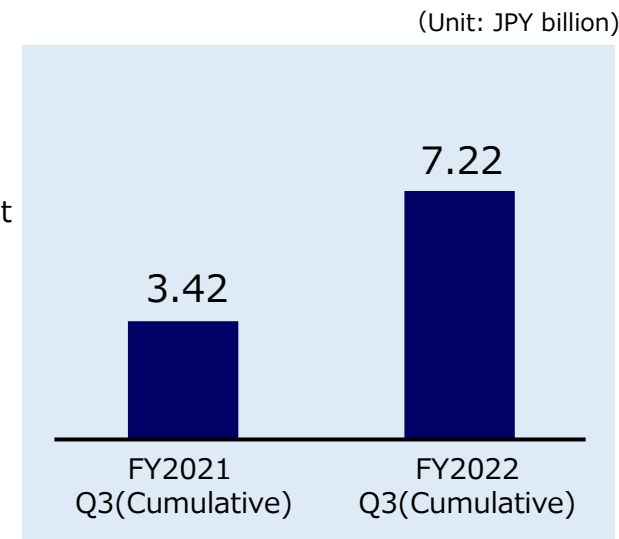
- ✓ Achieved the full-year forecast of 10 billion yen in ordinary income announced on April 26, ahead of schedule in Q3.



## Net profit\*

**Appx. 2.1x**

- ✓ Achieved the full-year net profit forecast of 6.7 billion yen announced on April 26, ahead of schedule in the Q3.



\* Profit attributable to owners of parent

# Results and Revised Full-Year Forecasts

- Given the Q3 results, the full-year results forecast was revised further upward.
  - ✓ Operating income, ordinary income, and net profit for Q3 (cumulative) all exceeded the full-year forecast announced on April 26.
  - ✓ The full-year forecasts were each revised upward from the previous forecasts to 11.0 billion yen for operating income (+13.4%), 11.5 billion yen for ordinary income (+15.0%), and 7.7 billion yen for net profit (+14.9%), respectively.
- The dividend-per-share forecast was revised upward to 46.0 yen, up 6.0 yen from the previous forecast and up 27.5 yen from the previous year.

(Unit: JPY billion)

	Q3(Cumulative)			Full Year					
	FY2021 Results *1	FY2022 Results	YoY	FY2021 Results *1	FY2022		Current forecast		
					Previous forecast (as of Apr. 26)	Current Forecast (as of Jul. 28)	YoY	vs. Previous Forecast	
Net sales	26.21	47.48	+81.1%	33.58	49.00	56.50	+68.2%	+15.3%	
Leasing Fund Business	10.43	11.19	+7.3%	11.16	13.50	13.50	+21.0%	-	
Real Estate Fund Business	14.93	35.31	+136.5%	21.28	34.20	41.70 *2	+95.9%	+21.9%	
Other Business	0.85	0.97	+14.1%	1.14	1.30	1.30	+13.9%	-	
Operating income	5.60	<u>9.83</u>	+75.6%	5.23	<u>9.70</u>	<u>11.00</u>	+110.2%	+13.4%	
Ordinary income	5.43	<u>10.60</u>	+95.3%	5.14	<u>10.00</u>	<u>11.50</u>	+123.4%	+15.0%	
Ordinary income margin on sales	20.7%	22.3%	+1.6%	15.3%	20.4%	20.4%	+5.0%	▲0.0%	
Profit attributable to owners of parent	3.42	<u>7.22</u>	+111.3%	2.94	<u>6.70</u>	<u>7.70</u>	+161.3%	+14.9%	
Profit margin on sales	13.0%	15.2%	+2.2%	8.8%	13.7%	13.6%	+4.9%	▲0.1%	
Dividend per share (yen)	-	-	-	<u>18.5</u>	<u>40.0</u>	<u>46.0</u>	+27.5yen	+6.0yen	

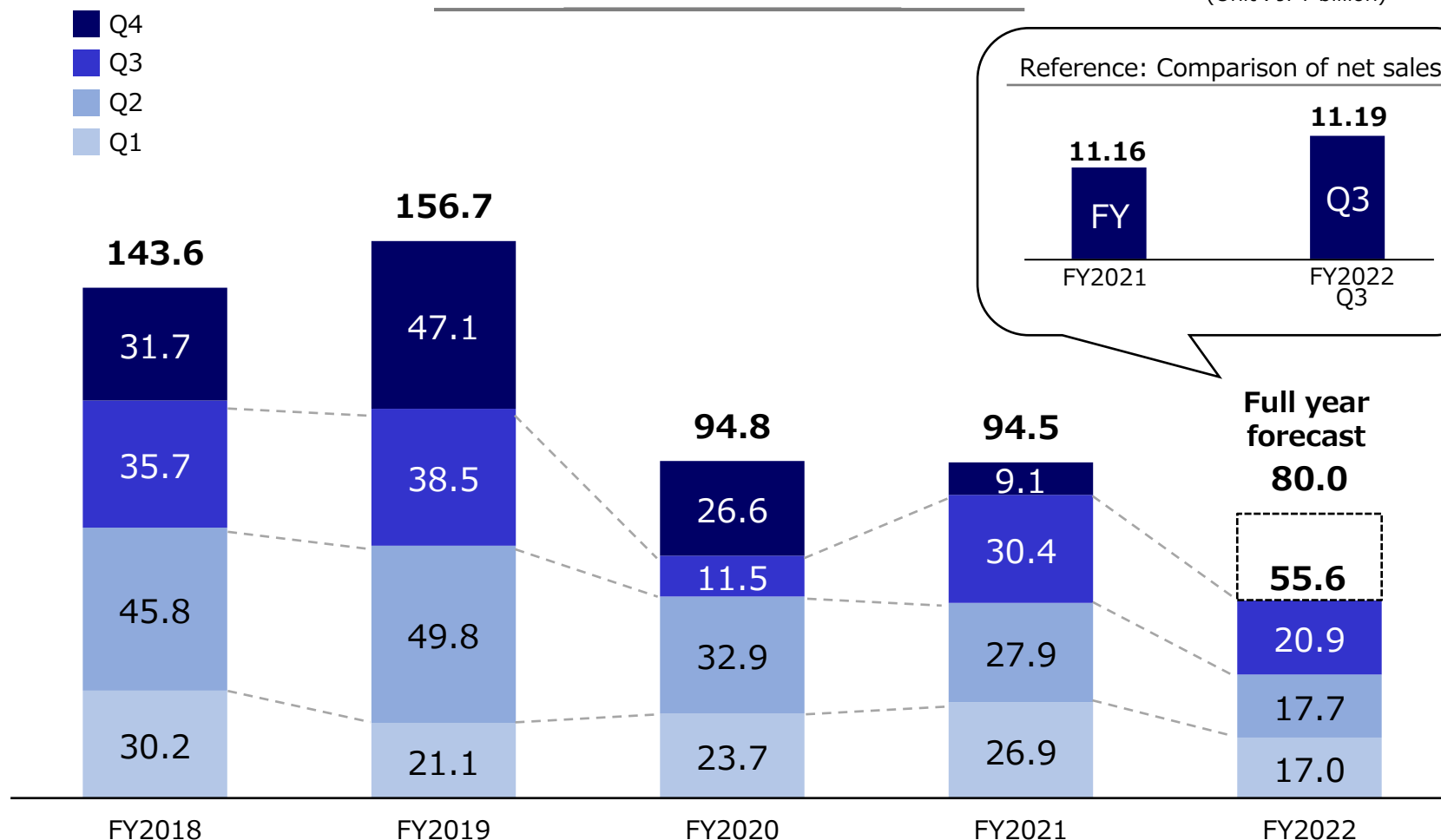
\*1 For the purpose of comparison with the current fiscal year, net sales of the Real Estate Fund Business have been reclassified using the gross amount method.

\*2 Includes sales from international real estate investment projects (net amount method)

- Equity placements in high-margin projects continued to perform strongly, resulting in net sales for Q3 (cumulative) exceeding the full-year results for the previous fiscal year.
- We will continue to promote sales in Q4, aiming to stay on track to achieve the equity placement sales plan.

## Trends in Sales Amount

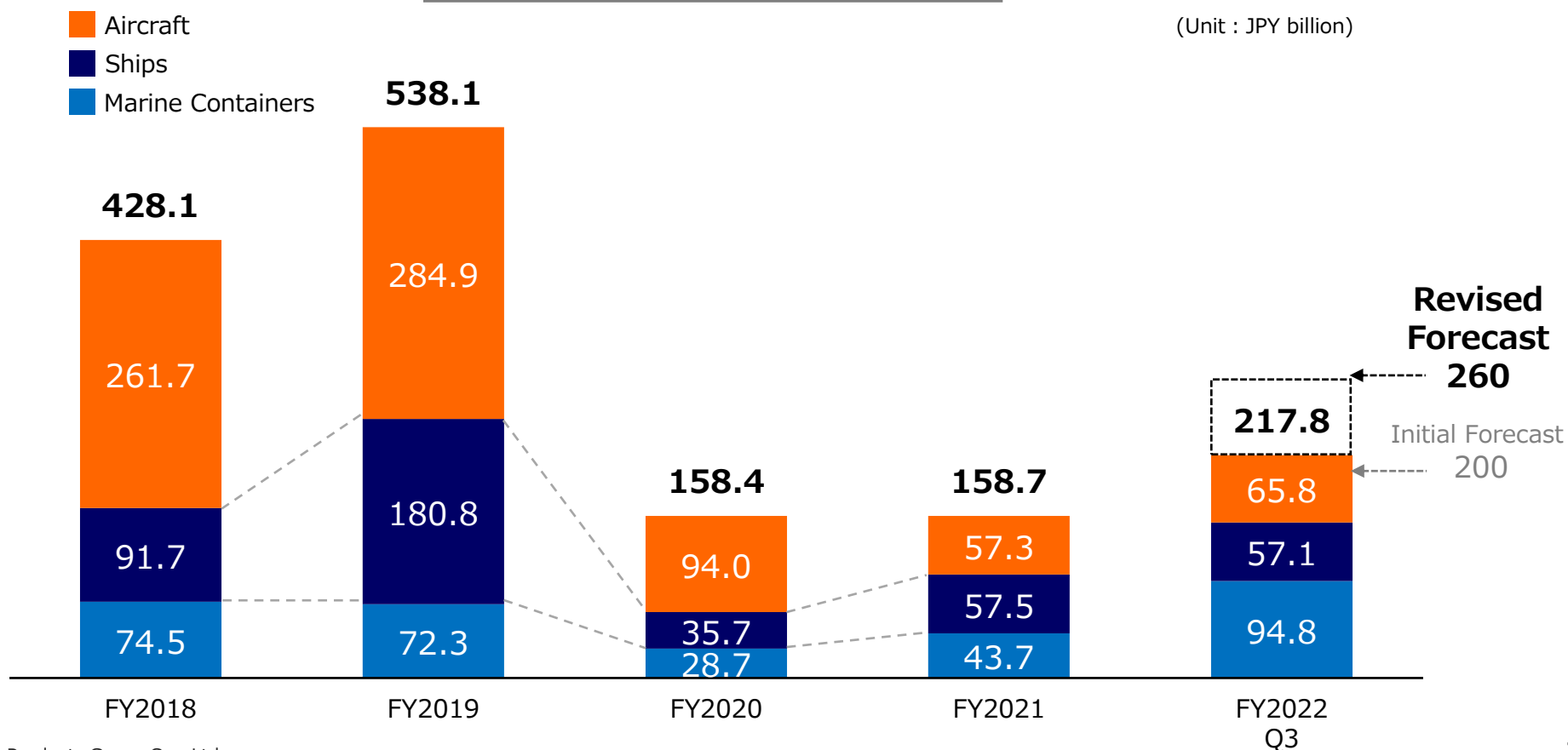
(Unit : JPY billion)



# Leasing Fund Business Arrangement

- Exceeded the initial forecast in Q3 as a result of proactive arrangement. Full-year forecast revised upward to 260 billion yen.
  - ✓ With regard to aircraft, we exceeded the previous year's full-year amount, despite remaining selective in choosing projects to engage in.
  - ✓ In shipping, as of Q3 we have matched the previous year's full-year amount, through efforts such as in June beginning the sequential arrangement of a large-scale project of 18 container vessels ordered in December 2021 as part of the "Transition Finance" initiative.
  - ✓ With respect to containers, projects continued even following the largest-ever arrangement totaling 37.6 billion yen in March 2022, and the annual arrangement amount reached a new record high.

## Trends in Arrangement Amount

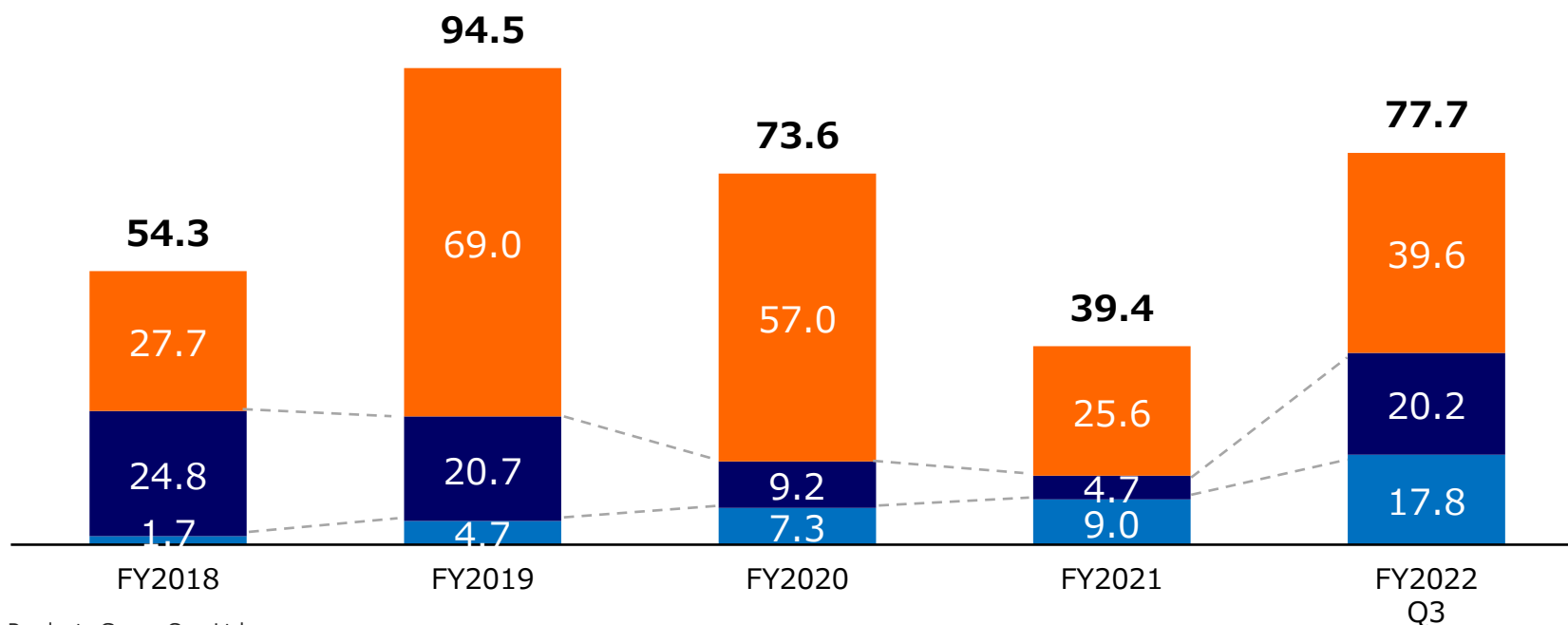
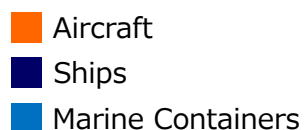


# Leasing Fund Business Inventory

- It almost doubled from the end of the previous fiscal year as a result of strong arrangements in Q3.
- With our strength also extending to maritime projects, we realized an inventory mix unique to the company, with aircraft projects and maritime projects becoming equal in size.

## Trends in Inventory Amount

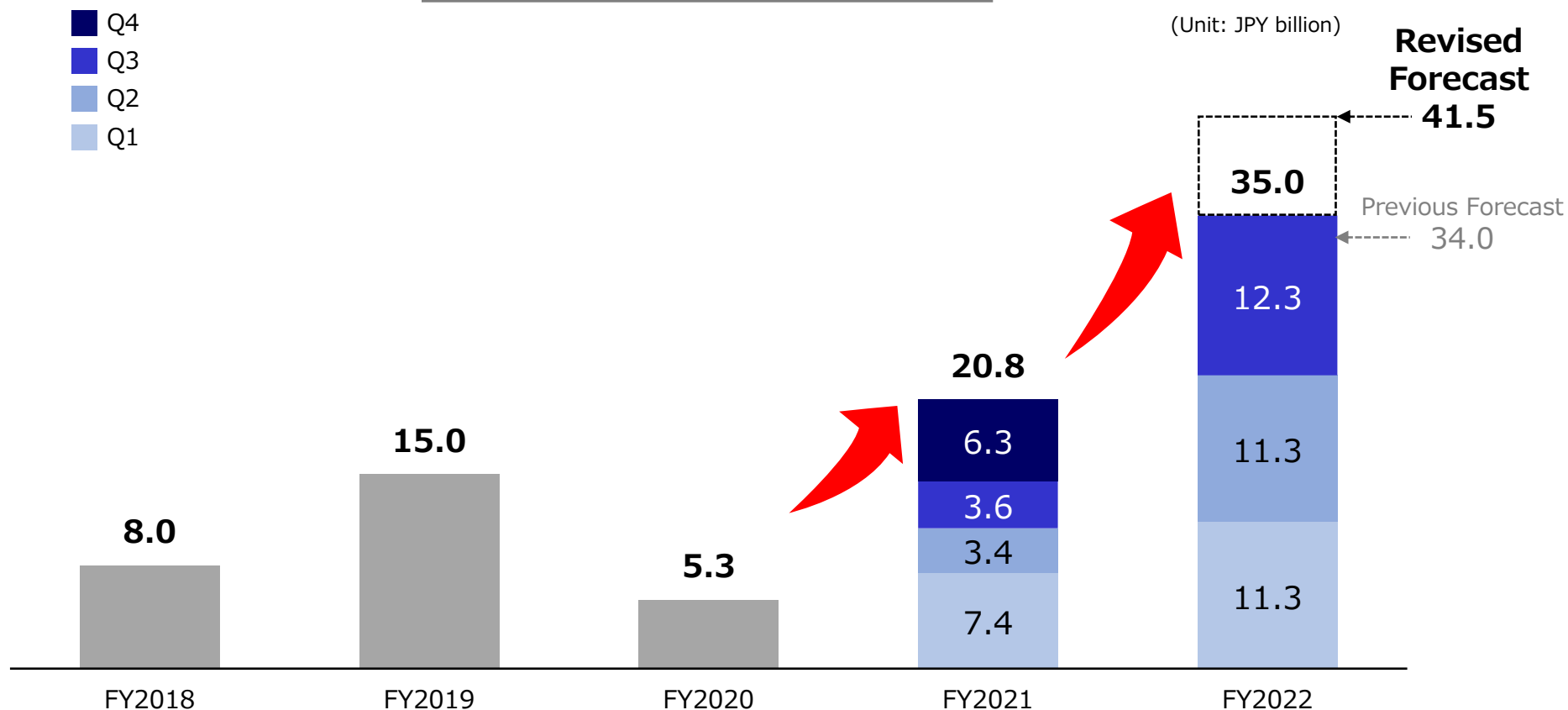
(Unit: JPY billion)



# Real Estate Fund Business Sales

- Q3 sales totaled 12.3 billion yen, setting a new record for quarterly sales.
- Revised full-year sales forecast upward to 41.5 billion yen. We will continue to proactively promote sales with the aim of getting it to the same business scale as the Leasing Fund Business.

## Trends in Sales Amount

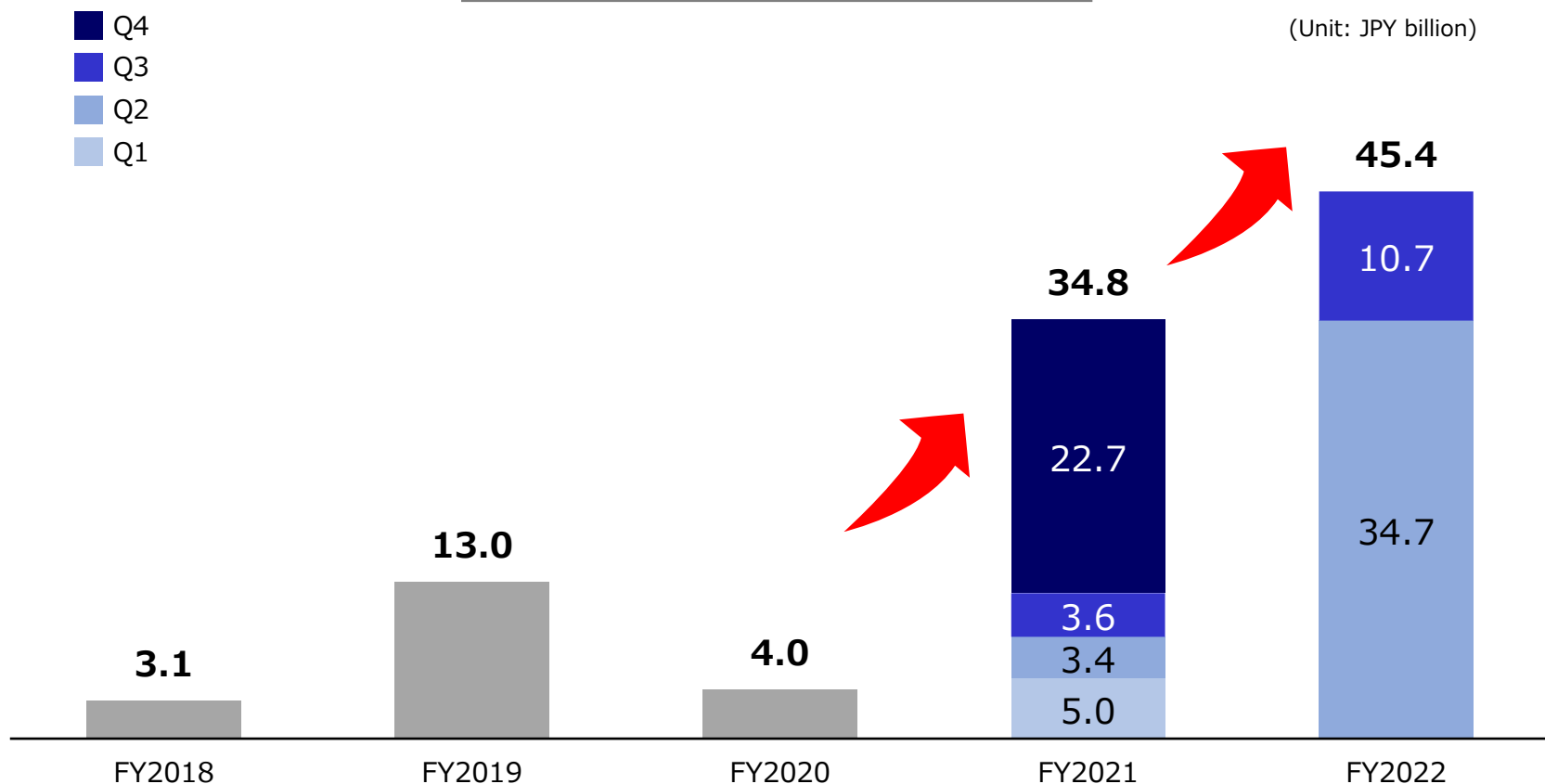




# Real Estate Fund Business Arrangement

- A total of three projects in Osaka City (Shinsaibashi and Nishi-Shinsaibashi) and Fukuoka City (Daimyo) were arranged in Q3.
- We will proactively pursue arrangement in Q4 with an eye to the next fiscal year.

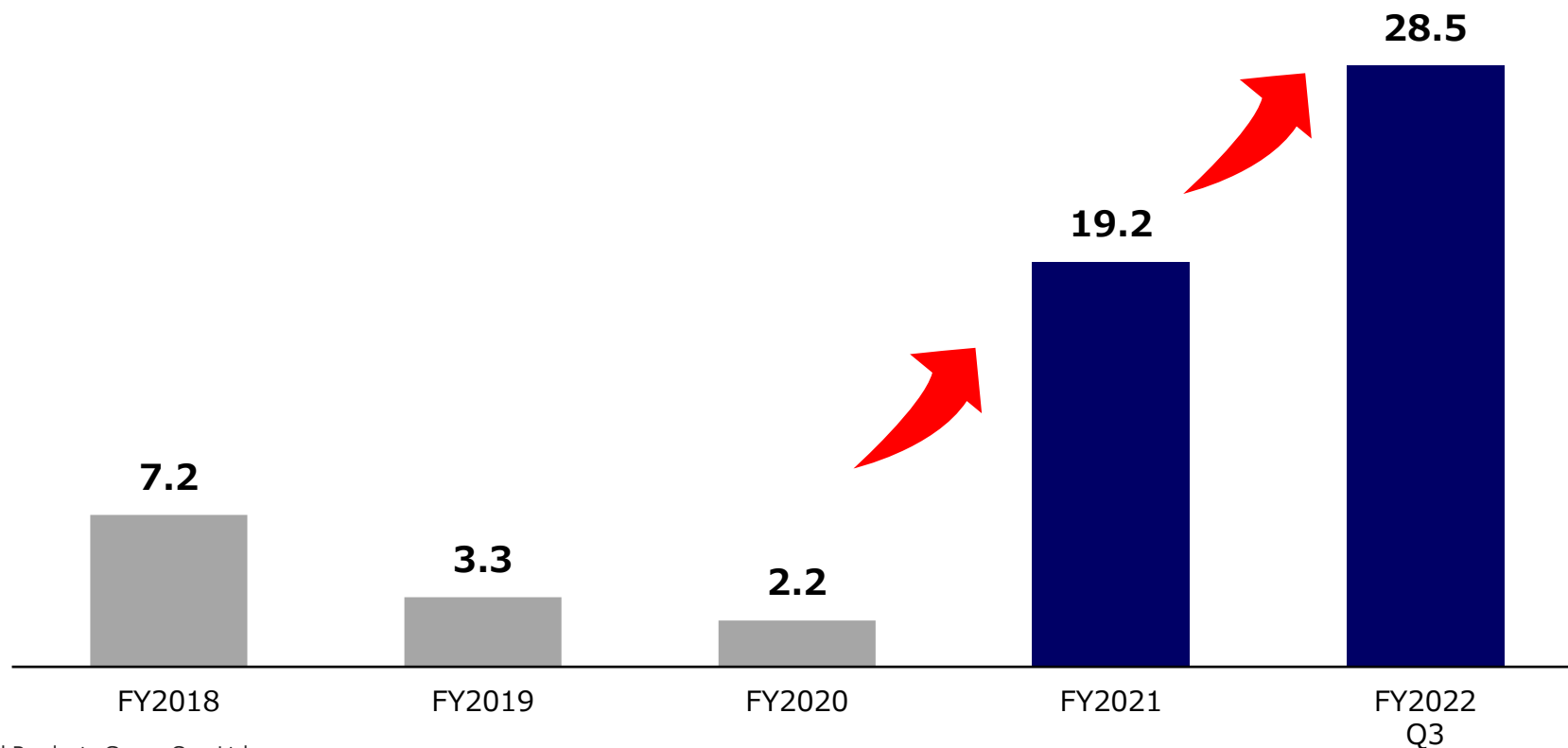
## Trends in Arrangement Amount



- Steady property acquisitions and arrangements in Q3 secured inventory to meet strong demand

## Trends in Inventory Amount

(Unit: JPY billion)



- Developed a collective investment project for SMEs in Japan, aimed at enabling small-lot investment in international real estate.
- The first project, a large-scale residential complex in Elmsford, New York, with a value of over 10 billion yen, was launched in June 2022.

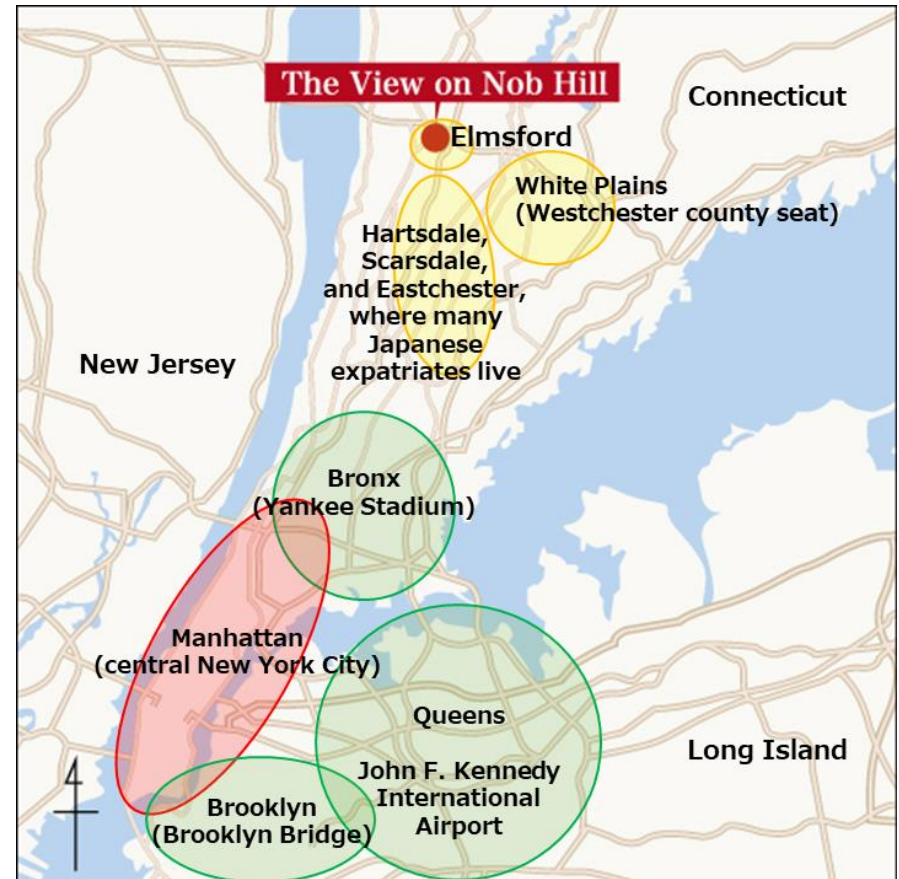
## The first project : The View on Nob Hill

Location: Elmsford, Westchester County, New York, U.S.A.

Access: Approximately 35 minutes by car from Manhattan

Number of Houses: 22 buildings and 416 rental units

Purpose: Housing



# Appendix

# Consolidated Income Statement Summary

(Unit: JPY billion)

	FY2021 Q3(Cumulative)*	FY2022 Q3(Cumulative)	YoY
Net sales	26.21	47.48	+81.1%
① Cost of sales	15.76	32.57	+106.6%
Gross profit	10.45	14.90	+42.7%
SG&A Cost	4.84	5.07	+4.6%
Operating income	5.60	9.83	+75.6%
② Non-operating income	2.17	1.54	▲28.7%
③ Non-operating expenses	2.34	0.77	▲66.8%
Ordinary income	5.43	10.60	+95.3%
Income before income taxes	4.87	10.52	+115.8%
Total income taxes	1.47	3.33	+126.3%
Profit attributable to owners of parent	3.42	7.22	+111.3%

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 related to the bankruptcy of Air Mauritius

\* 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

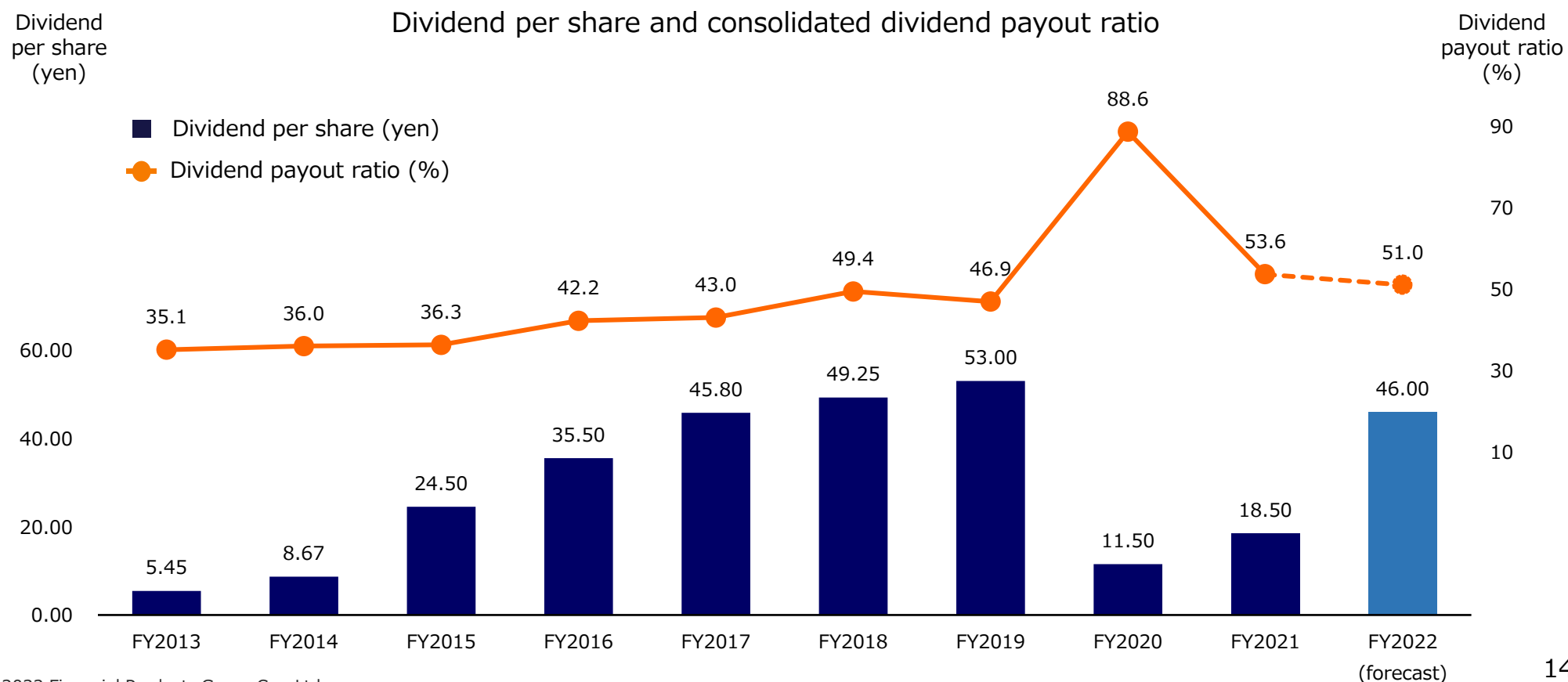
(Unit: JPY billion)

Asset	FY2021	FY2022 Q3	Change
Current assets	85.78	136.24	+50.46
Cash and deposit	20.81	12.99	▲7.82
① Equity underwritten	20.86	66.85	+45.99
② Money held in trust	18.53	21.41	+2.88
③ Real estate for arrangement	19.22	28.58	+9.36
Non-current assets	6.11	5.28	▲0.83
Total assets	91.89	141.53	+49.64
Liabilities and Net assets	FY2021	FY2022 Q3	Change
Current liabilities	47.27	91.00	+43.73
Short-term debt	38.76	71.05	+32.29
④ Advances received	4.72	-	▲4.72
④ Contract liability	-	11.65	+11.65
Non-current liabilities	15.22	15.43	+0.21
Long-term debt	14.73	14.89	+0.16
Total liabilities	62.50	106.43	+43.93
Total net assets	29.39	35.09	+5.70
Total liabilities and net assets	91.89	141.53	+49.64

- ① Equity underwritten  
Temporary advances in Leasing Fund Business and Real Estate Fund Business (International Real Estate Investment Project) before 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 and Real Estate Fund Business (International Real Estate Investment Project).  
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 26, April 2022 : ¥40.0 per share (payout ratio 51.0%)
  - ✓ Latest dividend forecast announced on 28, July 2022 : ¥46.0 per share (payout ratio 51.0%)





## <JPX-Nikkei 400>

The JPX-Nikkei 400 is an index composed of “companies with high appeal to investors” that are listed on the Tokyo Stock Exchange’s Prime, Standard, and Growth markets and meet the requirements of global investment standards, such as efficient use of capital and investor-conscious management perspectives. FPG has made the list for six 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 June 2022

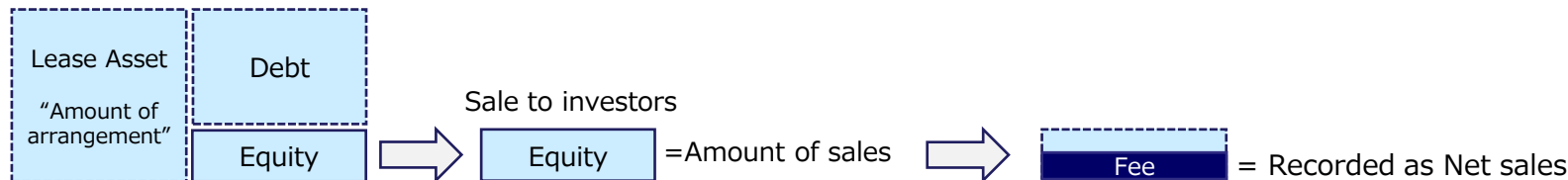


# Business categories and Net sales

■ FPG’s business is divided into the following 3 categories in this document.

## 1. Leasing Fund Business

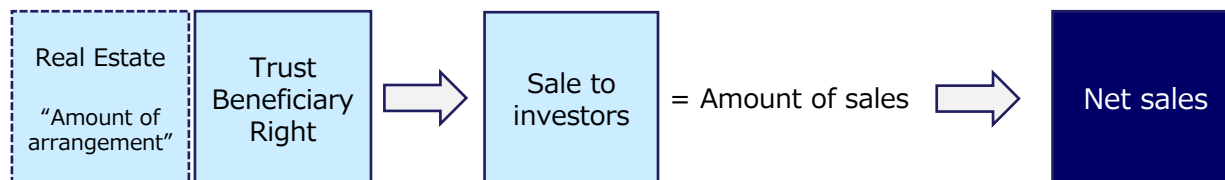
The Leasing Fund Business provides arrangement and management services for operating leases for aircraft, ships and marine containers. It also sells equity interests in the silent partnership “Tokumei Kumiai,” general partnership “Nini Kumiai” and trust beneficiary rights for operating leases to investors. 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

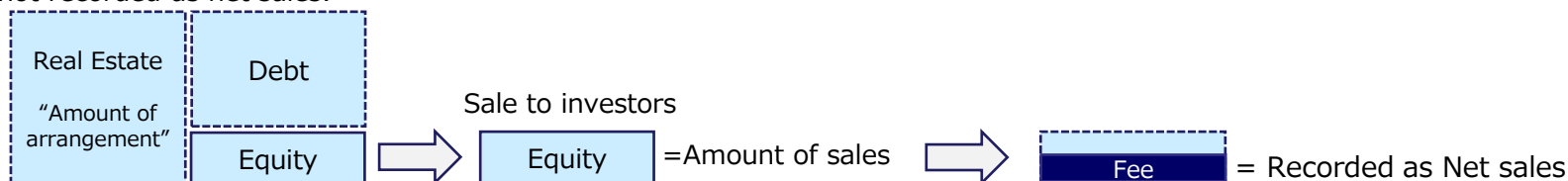
### (1) Real Estate Fractional Ownership Investment Product

Arranges and sells to investors real estate fractional ownership investment products, using the trust function of FPG Trust. The total amount of sales to investors is recorded as net sales.



### (2) International Real Estate Investment Project

The Real Estate Fund Business arranges and manages collective investment projects targeting international real estate, and sells equity stakes in the “Nini Kumiai” a general partnership. Net sales include arrangement fees for the arrangement of collective investment projects and commissions received on the sale of general partnership stakes to investors, among other sources. However, sales of general partnership stakes to investors are not 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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