

Financial Results Presentation FY9/2022

(October 1, 2021 – September 30, 2022)



Financial Products Group Co., Ltd.
(Prime Market of TSE, Code : 7148)

1. Financial Results for FY9/2022

- Broke free from the COVID-19 disaster and shifting to a new growth path.

FY9/2022 Results

Significant YoY increase in sales and income, driven by the Leasing Fund Business and Real Estate Fund Business, with net sales up 1.8x, ordinary income up 2.4x, and profit attributable to the owners of parent up 2.9x.

Achieved the pledge of 10 billion yen in ordinary income in the medium-term management plan one year ahead of schedule.

- ✓ The Leasing Fund Business sales grew 27.5% YoY
- ✓ Doubled the sales of Real Estate Fund Business by 105.3% YoY, solidifying it as the second pillar of our business

The year-end dividend of 50.0* yen per share (payout ratio of 50.4%), an increase of 31.5 yen from the previous year.

Q4 Topics

As part of our “Transition Finance” initiative to contribute to the transition to a decarbonized society, we were newly mandated the Leasing Fund Business projects totaling 205.0 billion yen for 15 container ships, bringing the total of 455.0 billion yen, including the order received back in December 2021.

In the Domestic Real Estate, cumulative sales exceeded 100 billion yen due to strong sales of real estate fractional ownership investment products.

In the International Real Estate, sale of the first project, a large-scale residential complex in New York City vicinity, began in June, and 5 billion yen has been sold.

* Dividend for FY9/2022 is to be discussed at the 21st Ordinary General Meeting of Shareholders to be held on December 22, 2022.

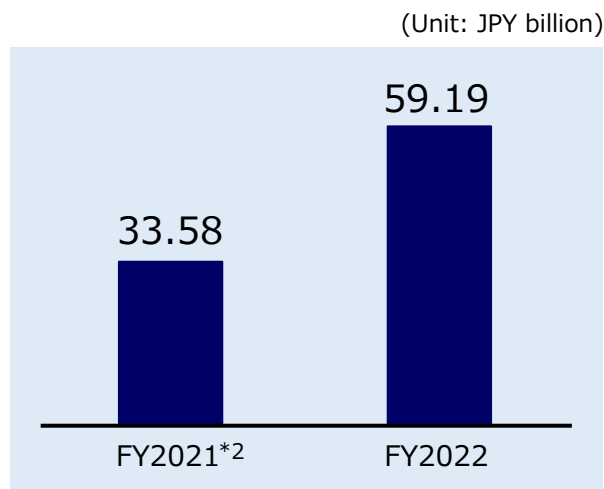
Financial Highlights

- Achieved significant sales and profit expansion, with operating income, ordinary income, and net profit*¹ each increased by more than double compared to the previous year.

Net Sales

Appx. 1.8x

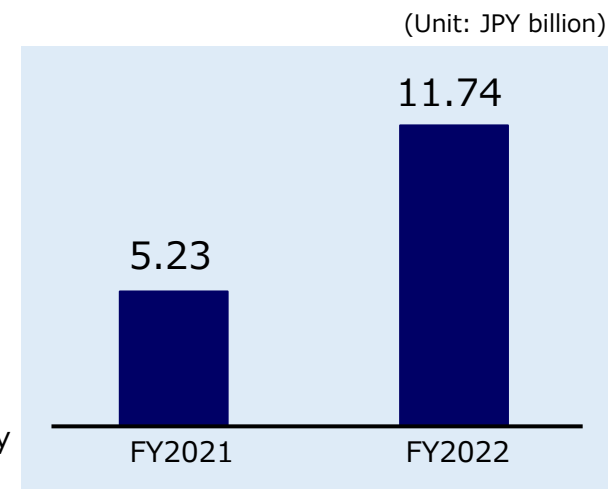
- ✓ Driven by both Leasing Fund Business and Real Estate Fund Business



Operating income

Appx. 2.2x

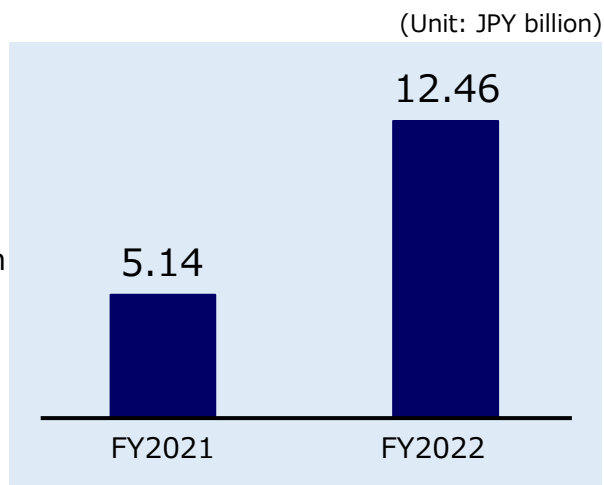
- ✓ In addition to net sales increase, appropriate control of SG&A expenses enabled us to exceed the full-year forecast of 11.0 billion yen in operating income announced on July 28.



Ordinary income

Appx. 2.4x

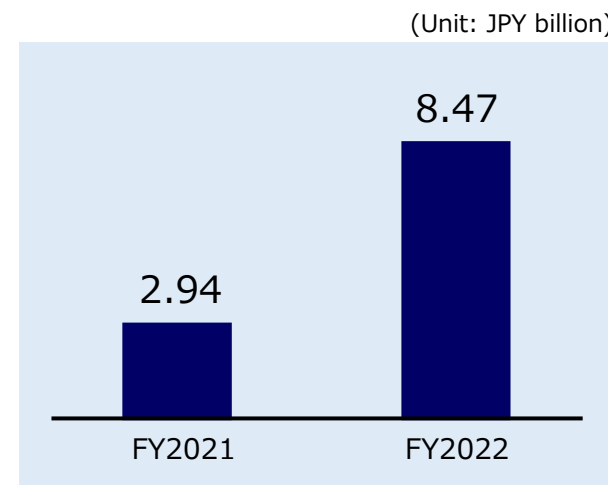
- ✓ Exceeded the full-year forecast of 11.5 billion yen in ordinary income announced on July 28.



Net profit*¹

Appx. 2.9x

- ✓ Exceeded the full-year forecast of 7.7 billion yen in profit attributable to owners of parent announced on July 28.



*1: Profit attributable to owners of parent

*2: 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.

FY9/2022 Results

- Significant YoY increase as a result of stellar performances in both Leasing Fund Business and Real Estate Fund Business, exceeding the revised forecast announced on July 28.
 - ✓ Leasing Fund Business sales grew to 14.23 billion yen (+27.5% YoY)
 - ✓ Real Estate Fund Business sales doubled to 43.69 billion yen (+105.3% YoY)
- Dividend per share forecast revised upward to 50.0 yen*¹ (up 4.0 yen from the previous forecast and up 31.5 yen from the previous year)

(Unit: JPY billion)

	FY2021 Results*2	FY2022		YoY Changes	vs. Forecast
		Revised forecast (as of Jul. 28)	Results		
Net sales	33.58	56.50	59.19	+76.3%	104.8%
Leasing Fund Business	11.16	13.50	14.23	+27.5%	105.4%
Real Estate Fund Business	21.28	41.70	43.69	+105.3%	104.8%
Domestic Real Estate	21.28	41.20	42.89	+101.5%	104.1%
International Real Estate	-	0.50	0.80	-	160.2%
Other Business	1.14	1.30	1.26	+11.2%	97.6%
Operating income	5.23	11.00	11.74	+124.4%	106.8%
Ordinary income	5.14	11.50	12.46	+142.2%	108.4%
Ordinary income margin on sales	15.3%	20.4%	21.1%	+5.7%	-
Profit attributable to owners of parent	2.94	7.70	8.47	+187.6%	110.1%
Profit margin on sales	8.8%	13.6%	14.3%	+5.5%	-
Dividend per share (yen)	18.5	46.0	50.0	+31.5yen	

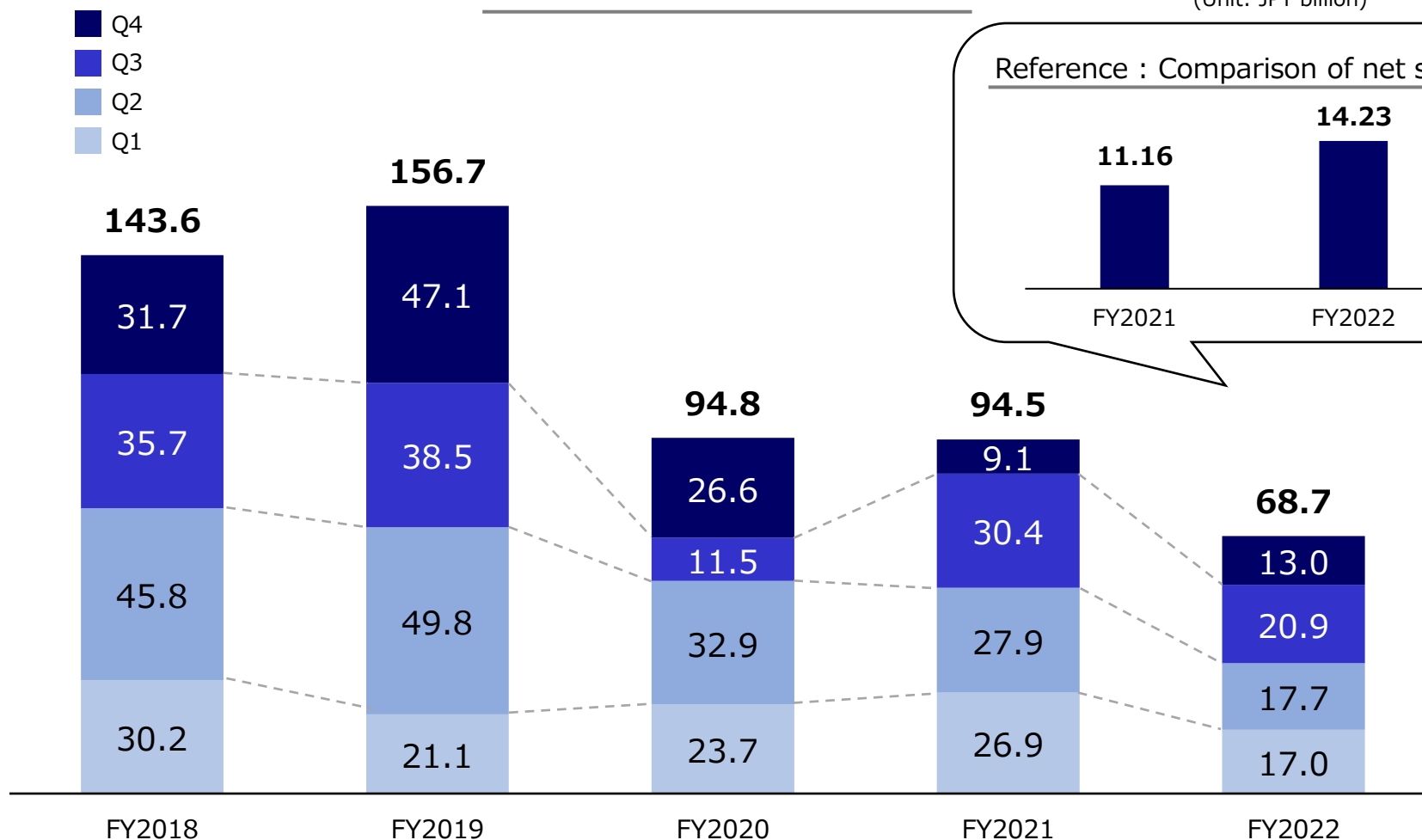
*1 Dividend for FY9/2022 is to be discussed at the 21st Ordinary General Meeting of Shareholders to be held on December 22, 2022.

*2 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.

- Equity placements in high-margin projects continued to perform strongly, resulting in net sales growth to 14.23 billion yen (+27.5% YoY)

Trends in Sales Amount

(Unit: JPY billion)

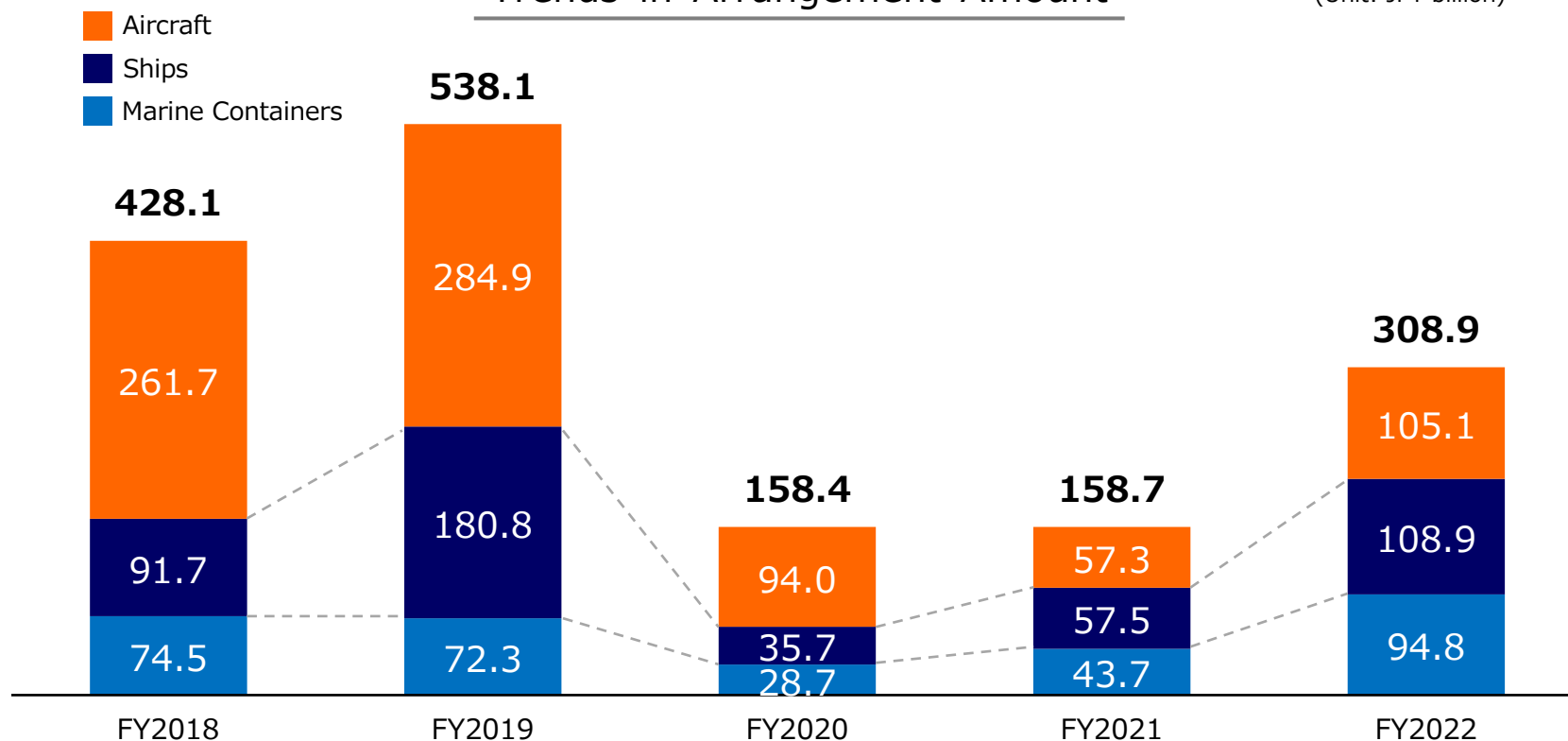


Leasing Fund Business Arrangement

- Aircraft, ships and marine containers all doubled, bringing the total arrangement amount to 308.9 billion yen.
 - ✓ Marine containers achieved a record high arrangement amount, including the largest-ever project totaling 37.6 billion yen arranged in March 2022.
 - ✓ Arrangement amount for ships increased by focusing on brisk maritime market. Began sequential arrangement for a portion of 18 container ships mandated in December 2021 as part of the transition finance initiative in June, with additional arrangement executed in Q4 as well.
 - ✓ While maintaining prudent and selective, arrangement amount for aircraft increased 1.8x YoY.

Trends in Arrangement Amount

(Unit: JPY billion)

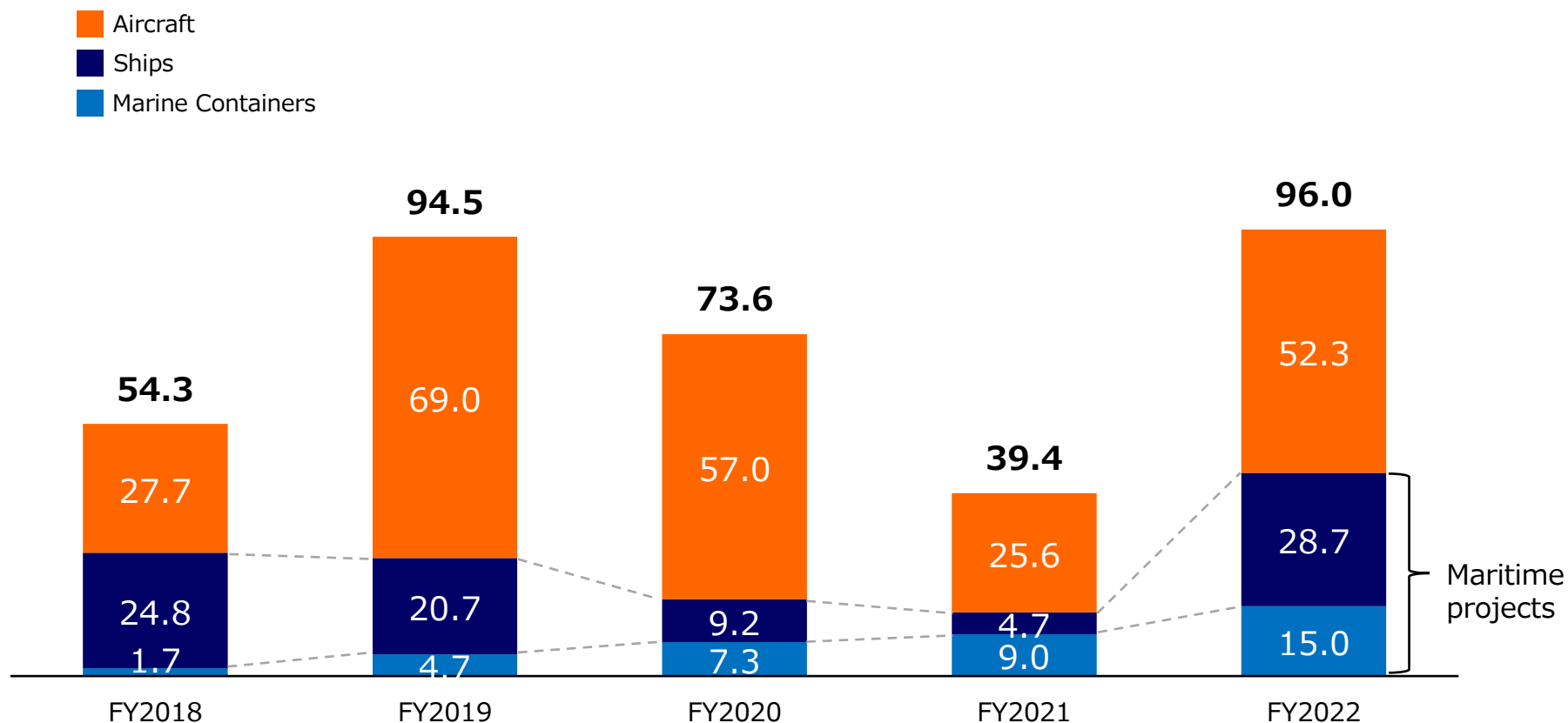


Leasing Fund Business Inventory

- Amid the anticipated recovery of investor demand in post COVID-19, inventory has been aggressively secured in preparation for sales expansion, and has increased 2.4x YoY.
- By focusing on project acquisition from maritime market, we realized an inventory mix unique to the company, with aircraft projects and maritime projects becoming equal in size.

Trends in Inventory

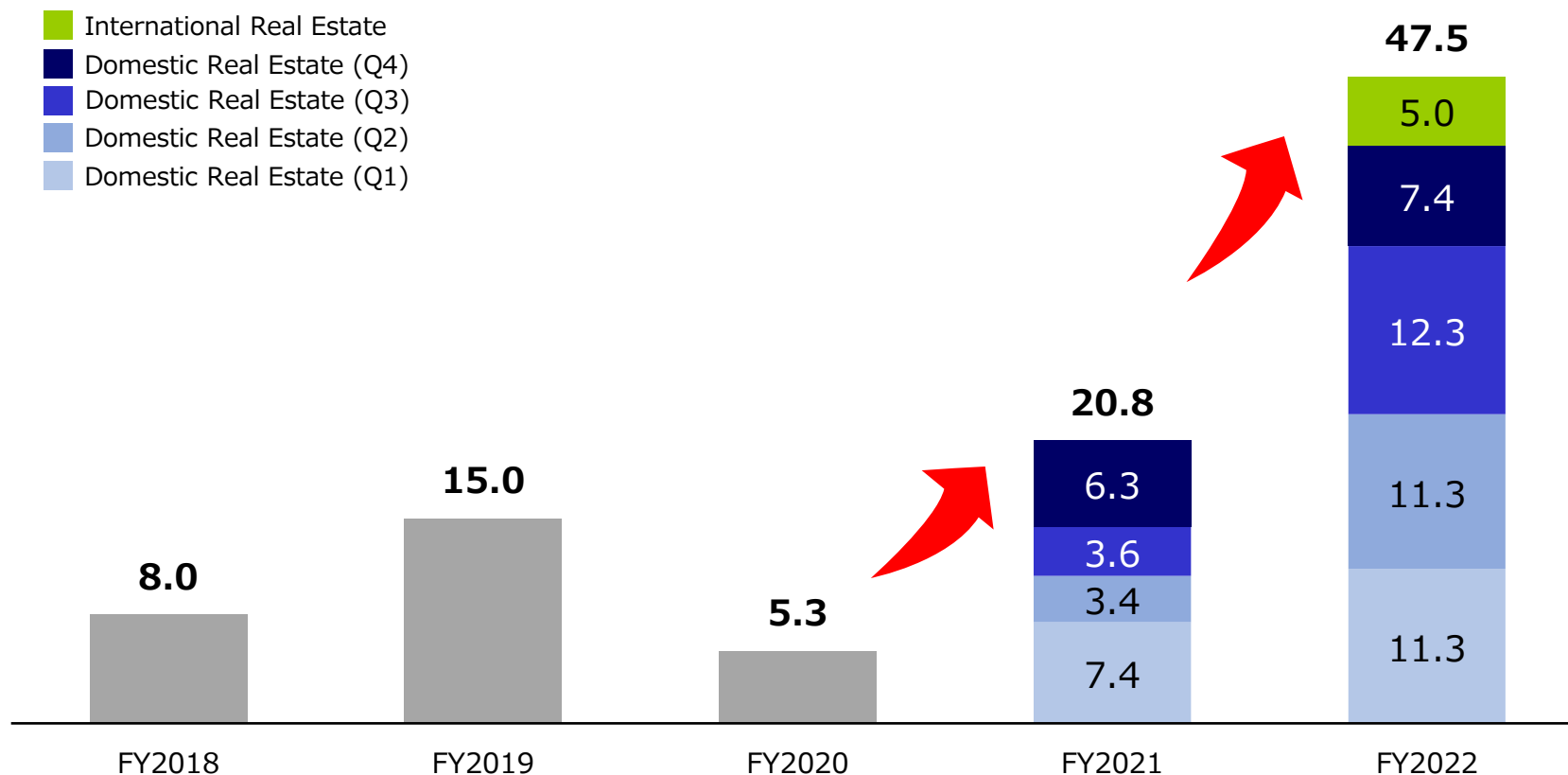
(Unit: JPY billion)



- Sales of Domestic and International Real Estate combined increased significantly to 47.5 billion yen, 2.3x YoY.
 - ✓ Domestic Real Estate sales approximately doubled YoY, establishing a virtuous cycle of arrangement and sales. Cumulative sales amounted to 105.2 billion yen as of September 30, 2022, surpassing the 100 billion yen milestone.
 - ✓ In the International Real Estate, sales of the first project, a large-scale residential complex in the New York City vicinity, began in June, and 5 billion yen has been sold in Q4.

Trends in Sales Amount

(Unit: JPY billion)



Real Estate Fund Business Arrangement

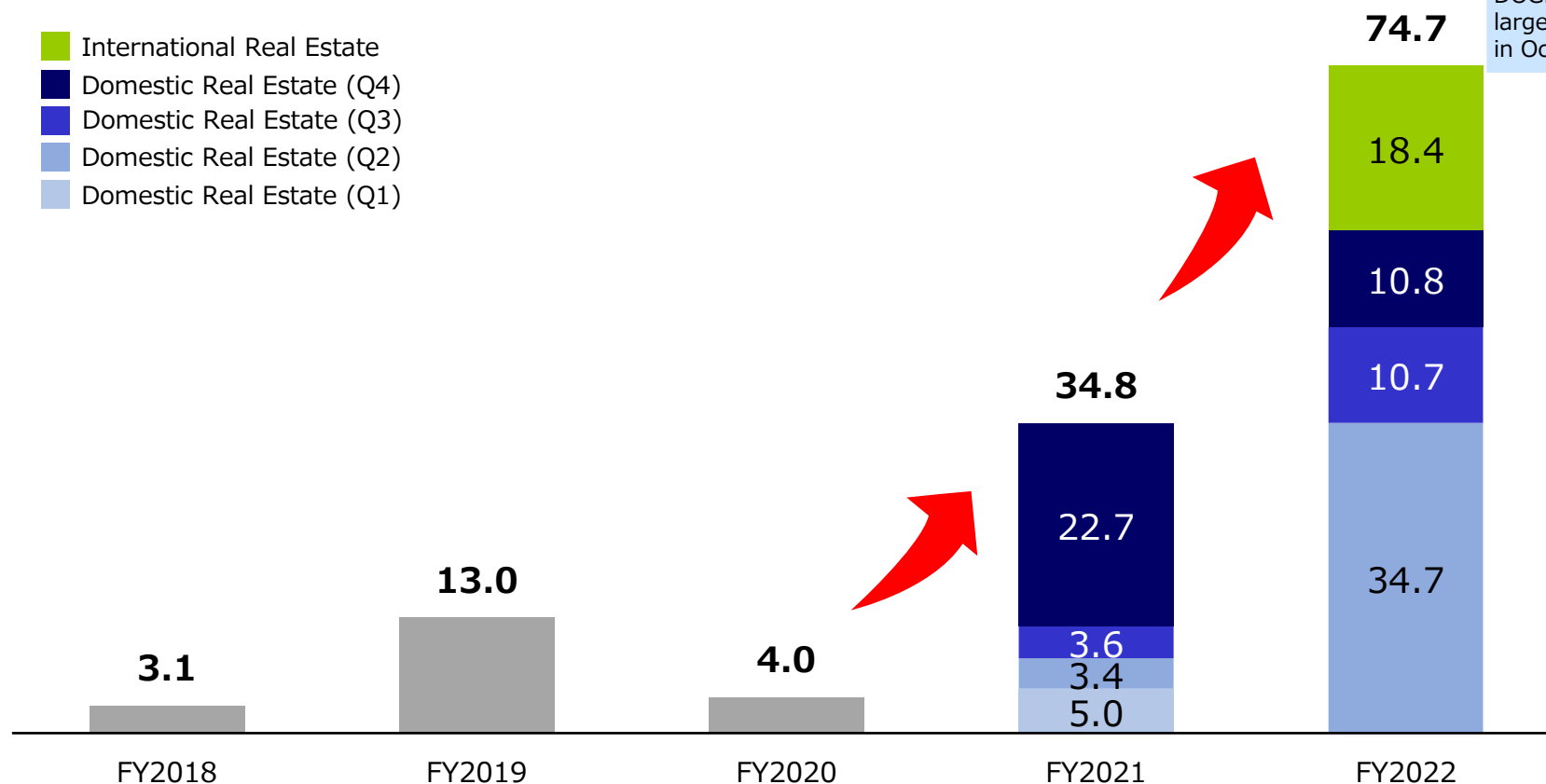
- Domestic and International Real Estate arrangement amount combined has doubled YoY to 74.7 billion yen.
- Arranged “FPG links SHIBUYA DOGENZAKA” on October 13, 2022, the largest-ever project in the real estate fractional ownership investment product.
- For International Real Estate, negotiations are underway for the acquisition of a property for the second project.

Trends in Arrangement Amount

(Unit: JPY billion)

Arranged FPG links SHIBUYA DOGENZAKA, the largest-ever project, in October 2022.

- International Real Estate
- Domestic Real Estate (Q4)
- Domestic Real Estate (Q3)
- Domestic Real Estate (Q2)
- Domestic Real Estate (Q1)

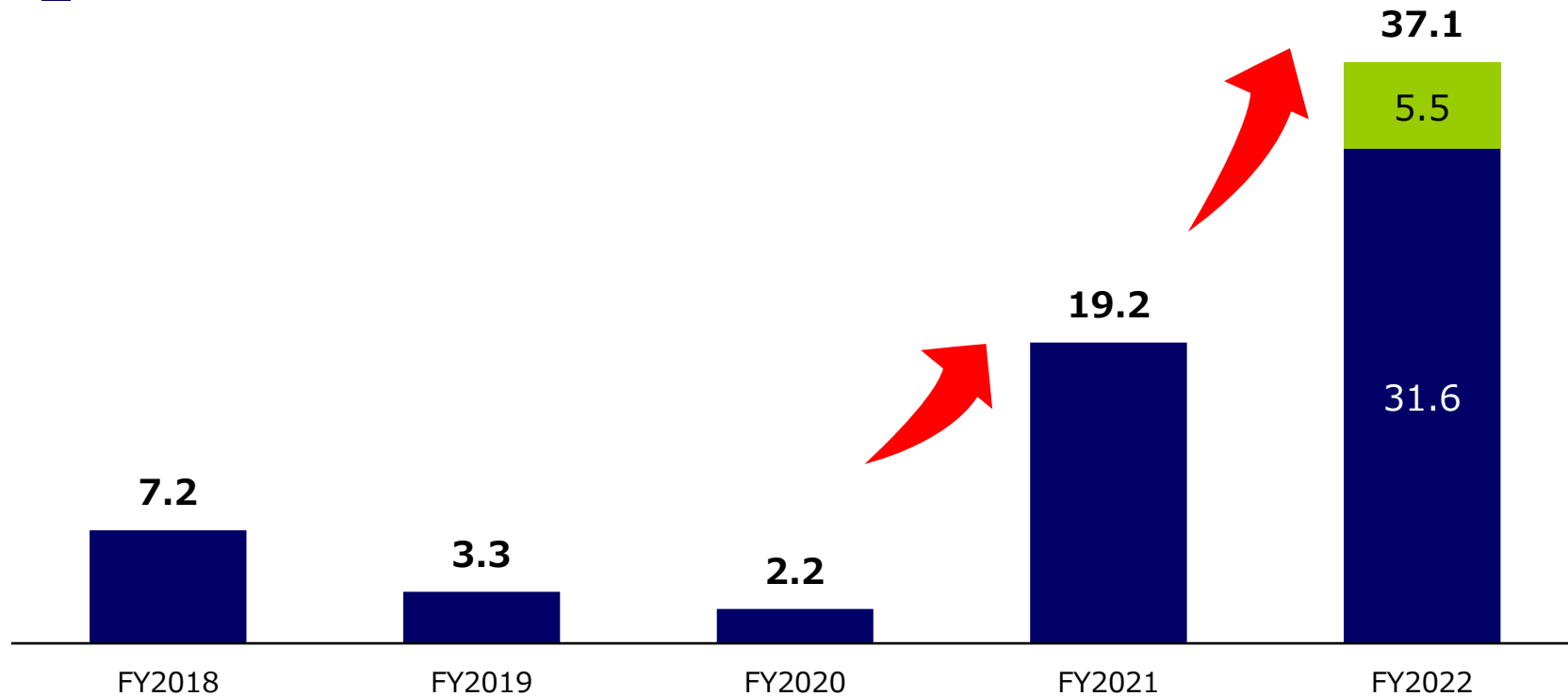


- Secured sufficient inventory to meet strong demand for further expansion of the Real Estate Fund Business.

Trends in Inventory

(Unit: JPY billion)

- International Real Estate
- Domestic Real Estate

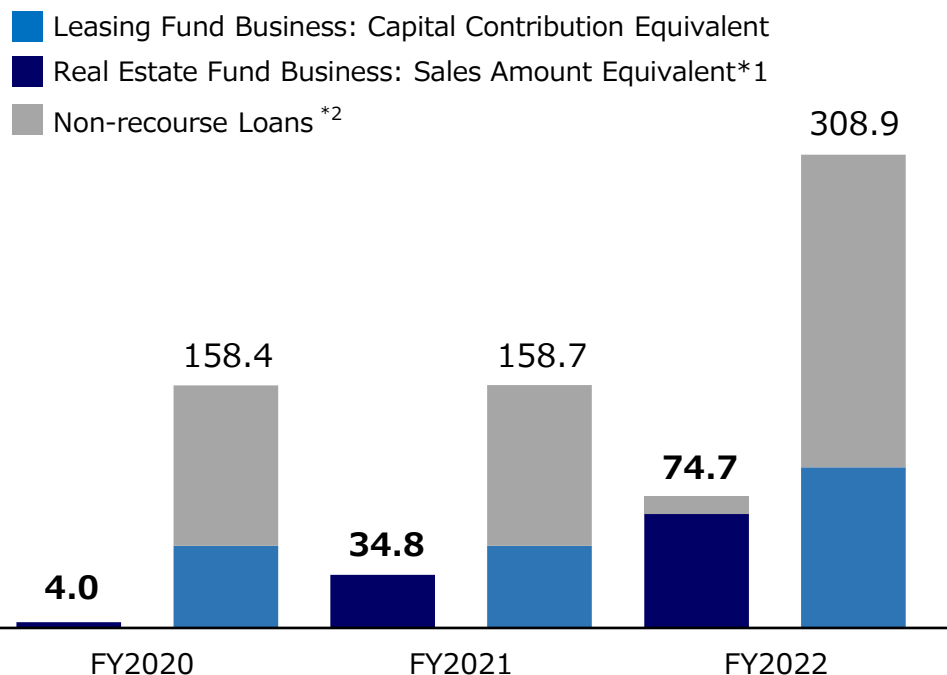


Growth of Real Estate Fund Business (in comparison with the Leasing Fund Business)

- The amount equivalent to sales in the arrangement amount for Real Estate Fund Business has grown to a level comparable to the amount equivalent to capital contribution in the arrangement amount for Leasing Fund Business.
- Sales amount for Real Estate Fund Business is closing in on the Leasing Fund Business, thanks to the continued virtuous cycle of arrangement and sales in Domestic Real Estate, as well as the contribution of International Real Estate.

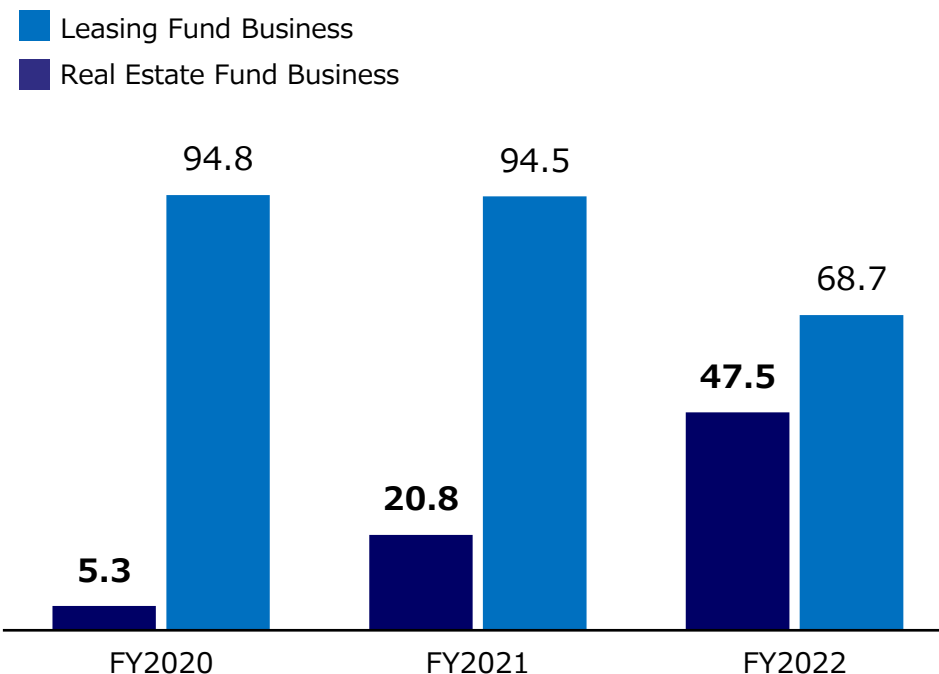
Trends in Arrangement Amount

(Unit: JPY billion)



Trends in Sales Amount

(Unit: JPY billion)



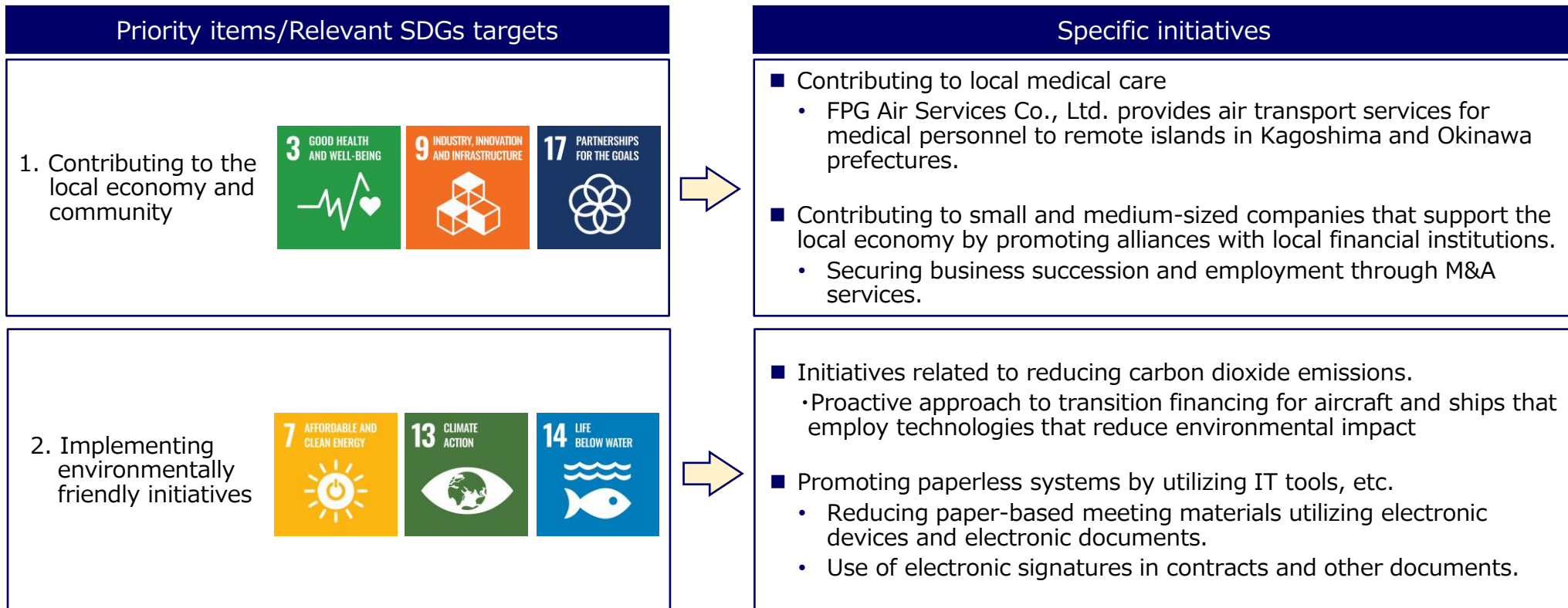
*1 Total of Domestic Real Estate (real estate fractional ownership investment products and development projects combined) and International Real Estate.

*2 The arrangement amount of the Leasing Fund Business and International Real Estate include 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.

2. Medium-term Management Plan and Earnings Forecast for FY9/2023

Term	FY9/2023 – FY9/2025
Basic Policy	Maintain and gain position as a leading company in each field by creating new products and services utilizing licenses of finance and real estate, etc.
Strategy	<p>Aim for record-high profits (surpassing ordinary income of 14.39 billion yen and net profit* of 10.03 billion yen) in the earliest possible time.</p> <p>Further growth of the second pillar, Domestic Real Estate.</p> <p>Expanding International Real Estate initiatives to build a third pillar of our business.</p> <p>Initiatives for the SDGs</p>
Shareholder Return	Maintain the shareholder return policy of aiming for a consolidated dividend payout ratio of 50%

*Profit attributable to owners of parent



Priority items/Relevant SDGs targets

3. Respect for human rights and diversity.
The reforming human resource development and work styles.



Specific initiatives

- Initiatives to support people with disabilities
 - Since November 2020, we became an official partner (a Gold Partner) of Paralympic Art, operated by the Organization for Promoting Independence of Persons with Disabilities.
- Initiatives to support promoting sports
 - Sponsorship agreement with Tomokazu Harimoto, a member of Japan's national table tennis team, from March 2017.
 - Sponsorship agreement with table tennis player Miwa Harimoto, from March 2018.
- Human resource development and promotion of diverse human resources who can contribute to achieving management strategies.
 - Promotion of women in the Workplace (Ratio of female managers: 10.3%, as end of Sep. 30, 2022)
 - Active employment of non-Japanese employees
 - Enhancement of qualification acquisition support program (Supporting employee career development through providing subsidies)
- Promoting diverse and flexible work styles.
 - Achieve 100% maternity / childcare leave take-up rate and return to work rate.

4. Strengthening corporate governance



- Ensure independence and diversity in the appointment of directors and management.
 - Appointment of at least one-third of independent outside directors.
 - Appointment of female directors and female executive officers.

Earnings Forecast for FY9/2023

- Aim to increase revenue and profit through further growth in both Leasing Fund Business and Real Estate Fund Business

(Unit: JPY billion)

	FY2022	FY2023 Forecast	YoY
Net sales	59.19	64.50	+9.0%
Operating income	11.74	13.60	+15.8%
Ordinary income	12.46	13.80	+10.7%
Ordinary income margin on sales	21.1%	21.4%	+0.3%
Profit attributable to owners of parent	8.47	9.50	+12.1%
Profit margin on sales	14.3%	14.7%	+0.4%
Dividend per share (yen)	50.0*	56.0	+6.0yen

* Dividend for FY9/2022 is to be discussed at the 21st Ordinary General Meeting of Shareholders to be held on December 22, 2022.

Net Sales by Business for FY9/2023

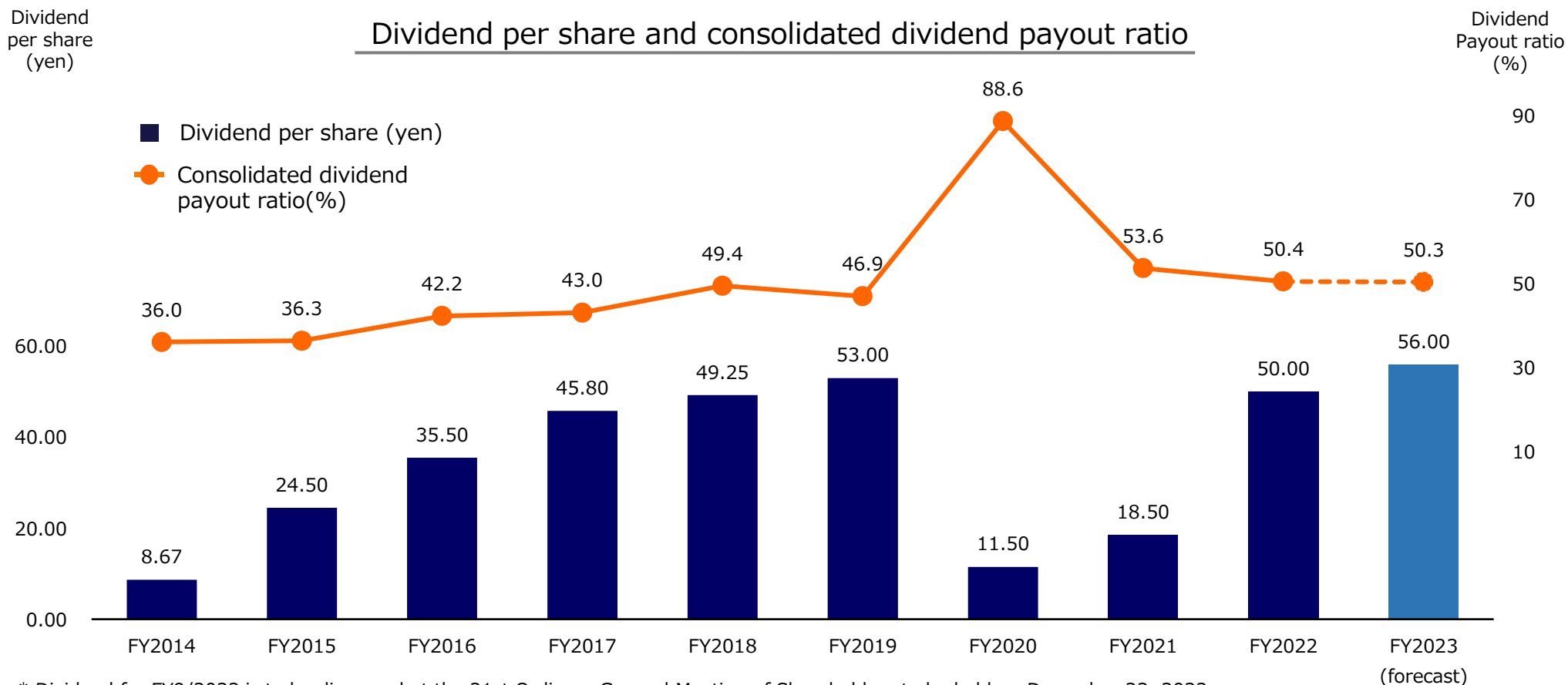
- Assume double-digit growth in the Leasing Fund Business by continuing aggressive arrangement, in addition to ample inventory as of the end of September 2022.
- Domestic Real Estate continues the virtuous cycle of arrangement and sales, further expanding its scale.
- International Real Estate will establish the foundation for the third pillar of the company's business as early as possible.

(Unit: JPY billion)

		FY2022	FY2023 Forecast	YoY
Leasing Fund Business		14.23	16.50	+15.9%
Real Estate Fund Business		43.69	47.00	+7.6%
	Domestic Real Estate	42.89	45.20	+5.4%
	International Real Estate	0.80	1.80	+124.7%
Other Business		1.26	1.00	▲21.2%
Total		59.19	64.50	+9.0%
Leasing Fund Business	Sales amount	68.72	90.00	+31.0%
	Arrangement amount	308.92	300.00	▲2.9%
Real Estate Fund Business	Sales amount in Domestic Real Estate	42.57	45.00	+5.7%
	Sales amount in International Real Estate	5.01	12.00	+139.5%

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%
 - ✓ Dividend for the FY9/2022 : 50.00 yen per share*
 - ✓ Dividend forecast for the FY9/2023 : 56.00 yen per share (an increase of 6.0 yen YoY)



* Dividend for FY9/2022 is to be discussed at the 21st Ordinary General Meeting of Shareholders to be held on December 22, 2022.

Appendix

Consolidated Income Statement Summary

(Unit: JPY billion)

	FY2021*	FY2022	YoY
Net sales	33.58	59.19	+76.3%
① Cost of sales	21.90	40.56	+85.2%
Gross profit	11.67	18.62	+59.5%
SG&A Cost	6.44	6.88	+6.8%
Operating income	5.23	11.74	+124.4%
② Non-operating income	2.42	1.87	▲22.8%
③ Non-operating expenses	2.51	1.15	▲54.1%
Ordinary income	5.14	12.46	+142.2%
Income before income taxes	4.54	12.28	+170.5%
Total income taxes	1.58	3.84	+142.0%
Profit attributable to owners of parent	2.94	8.47	+187.6%

① Cost of sales
Includes the real estate acquisition cost, arrangement cost for Leasing Fund Business and commission paid for customer referrals.

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.

* 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	YoY
Current assets	85.78	152.73	+66.95
Cash and deposit	20.81	13.11	▲7.70
① Equity underwritten	20.86	80.68	+59.82
② Money held in trust	18.53	20.86	+2.33
③ Real estate for arrangement	19.22	31.63	+12.41
Non-current assets	6.11	5.31	▲0.80
Total assets	91.89	158.05	+66.16
Liabilities and Net assets	FY2021	FY2022	YoY
Current liabilities	47.27	107.85	+60.58
Short-term debt	38.76	86.35	+47.59
④ Advances received	4.72	-	▲4.72
④ Contract liability	-	12.93	+12.93
Non-current liabilities	15.22	14.03	▲1.19
Long-term debt	14.73	13.48	▲1.25
Total liabilities	62.50	121.89	+59.39
Total net assets	29.39	36.15	+6.76
Total liabilities and net assets	91.89	158.05	+66.16

- ① Equity underwritten
Temporary advances in Leasing Fund Business and Real Estate Fund Business (International Real Estate Investment Product) 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 product.
- ④ Advances received/Contract liability
Including advances of commission fees related to Leasing Fund Business and Real Estate Fund Business (International Real Estate Investment Product).
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 ended September 30, 2022.

Key Financial Data

Accounting term		FY2018	FY2019	FY2020	FY2021	FY2022
Net sales*	Billions of yen	29.38	37.59	17.52	33.58	59.19
Ordinary income	Billions of yen	12.62	14.39	1.71	5.14	12.46
Profit attributable to owners of parent	Billions of yen	8.98	10.03	1.13	2.94	8.47
Paid-in capital	Billions of yen	3.09	3.09	3.09	3.09	3.09
Outstanding shares	Thousand of shares	92,373	90,673	89,073	89,073	89,073
Net assets	Billions of yen	29.74	32.98	27.48	29.39	36.15
Total assets	Billions of yen	85.14	125.83	132.85	91.89	158.05
Book value per share	Yen	326.03	369.59	318.90	342.39	422.35
Dividends	Yen	49.25	53.00	11.50	18.50	50.00
Earnings per share	Yen	99.71	113.01	12.98	34.51	99.24
ROE	%	33.4	32.3	3.8	10.4	26.0
Equity ratio	%	34.5	26.0	20.5	31.8	22.8
Payout ratio	%	49.4	46.9	88.6	53.6	50.4
Cash flow from operating activities	Billions of yen	11.58	▲24.84	12.19	26.65	▲50.87
Cash flow from investing activities	Billions of yen	▲0.88	▲0.39	▲2.17	▲1.14	▲0.55
Cash flow from financing activities	Billions of yen	▲9.81	28.84	▲0.89	▲31.91	43.64
Cash and cash equivalents at end of year	Billions of yen	13.33	16.58	25.75	19.41	11.71
Number of employees		252	262	338	336	337

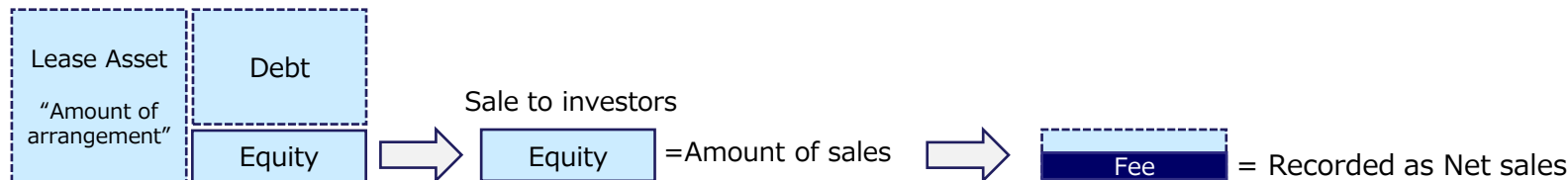
* Due to the application of the "Accounting Standard for Revenue Recognition," the Real Estate Fund Business sales has been reclassified using the gross amount method for comparison purposes.

Business Categories and Net Sales

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

1. Leasing Fund Business

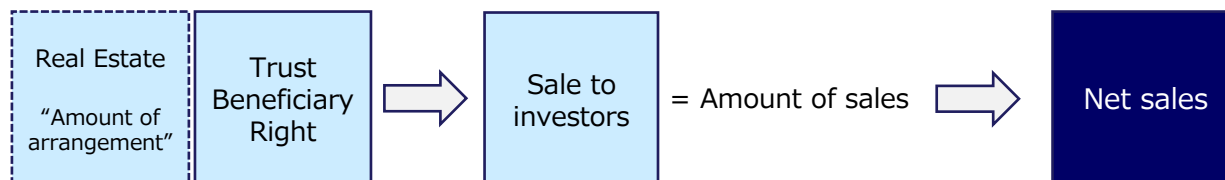
The Leasing Fund Business provides arrangement and management services for operating leases for aircraft, ships and marine containers. It also sells equity interests in the silent partnership “Tokumei Kumiai,” general partnership “Nini Kumiai” and trust beneficiary rights for operating leases to investors.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

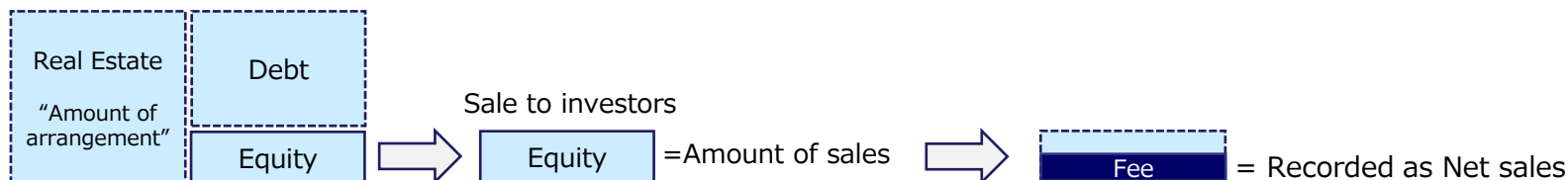
(1) Real Estate Fractional Ownership Investment Product

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 Product

The Real Estate Fund Business arranges and manages collective investment projects targeting international real estate, and sells equity stakes in the general partnership “Nini Kumiai.” 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 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, 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.

Financial Products Group Co., Ltd.

Inquiry : Corporate Planning Department

TEL: +81-3-5288-5691 E-mail: ir@fpg.jp URL: <https://www.fpg.jp/en/info.html>