

Financial Results Presentation

Q2 FY9/2023

(October 1, 2022 – March 31, 2023)



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

- Established a new corporate philosophy in December 2022

Embracing the future through finance

We will always be there to support our customers,
with the ultimate goal of being their Financial Partners
in embracing the future through finance.

1H Results

- In pursuit of a growth strategy post COVID-19, we have significantly exceeded past record high income on a 1H basis*¹.
 - ✓ In the Leasing Fund Business, equity placement sales has recovered to pre-COVID-19 levels for the 1H of the year, with significant increases in net sales and income YoY.
 - ✓ In the Real Estate Fund Business, International Real Estate performed well against the full-year forecast.

Full-Year Forecast & Year-end Dividend

- Announced upward revision of full-year forecasts on April 25, based on 1H results.
 - ✓ We aim to achieve the goal of surpassing “record-high income *² in the earliest possible time” as pledged in our Medium-term Management Plan, within this fiscal year.
- The year-end dividend forecast has been revised upward to 61.5 yen per share, an increase of 11.5 yen per share from the previous year.

1H Topics

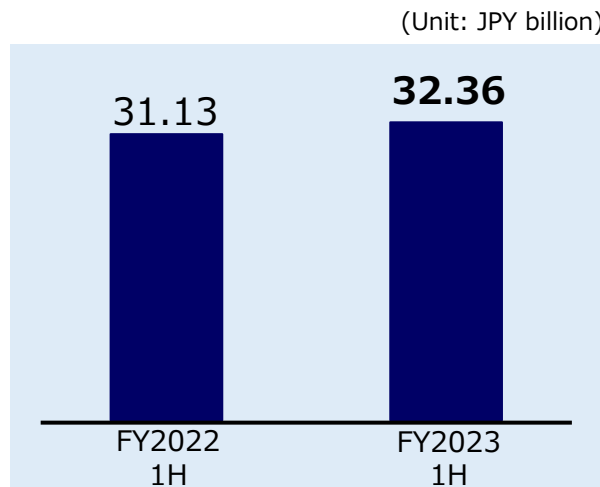
- Established a new corporate philosophy, “Embracing the future through finance” in December 2022.
- In the International Real Estate, the first project in New York State, USA has been sold out, and we have started the sales of a large-scale hotel in Waikiki, Hawaii that was arranged in December 2022, with a good start.

*1 Past record high income on a 1H basis: FY9/2017 (in JPY billion) Operating income 8.26, Ordinary income 8.46, Profit attributable to owners of parent 5.84

*2 Record high income: FY9/2019 (in JPY billion) Operating income 14.43, Ordinary income 14.39, Profit attributable to owners of parent 10.03

- Driven by the Leasing Fund Business and Real Estate Fund Business, profits grew significantly YoY. We have significantly exceeded past record high income on a 1H basis *1.

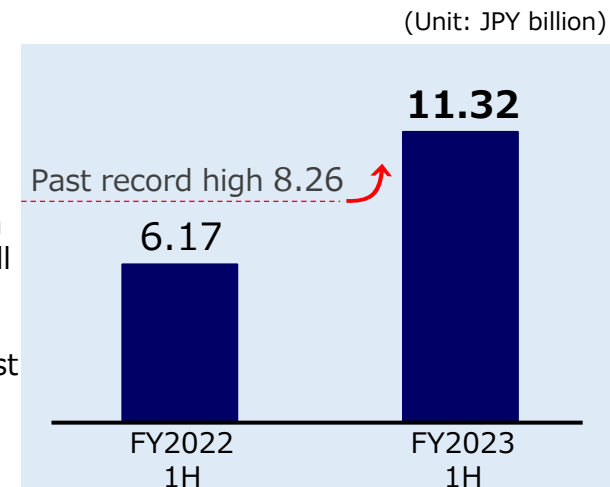
Net Sales



Operating income

Appx. 1.8x

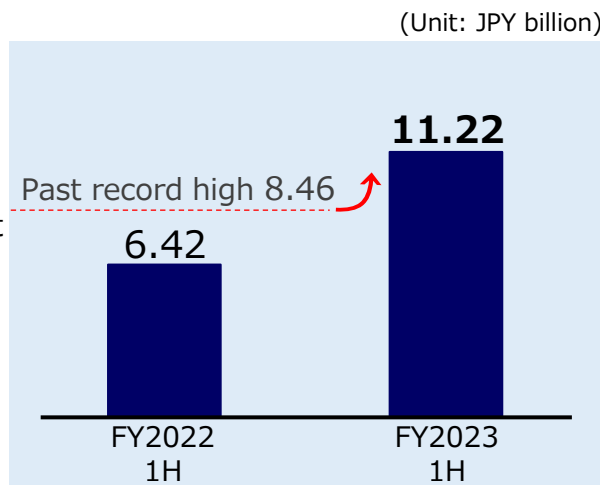
- ✓ Significant income growth due to higher sales as well as appropriate control of SG&A expenses.
- ✓ Significantly exceeded past record-high income.



Ordinary income

Appx. 1.7x

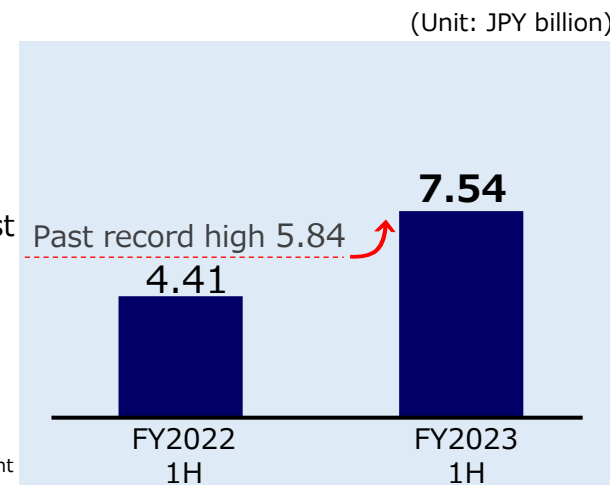
- ✓ Significantly exceeded past record-high income.



Net profit*2

Appx. 1.7x

- ✓ Significantly exceeded past record-high income.



*1 Past record high income on a 1H basis: FY 9/2017 (in JPY billion) Operating income 8.26, Ordinary income 8.46, Profit attributable to owners of parent 5.84

*2 Profit attributable to owners of parent

1H Results and Progress Rate

- In pursuit of a growth strategy post COVID-19, we have significantly exceeded past record high income on a 1H basis*¹.
- Revised upward our full-year forecast and aim to achieve the goal of surpassing “record-high income*² in the earliest possible time” as pledged in our Medium-term Management Plan, within this fiscal year.

(Unit: JPY billion)

	1H			Full Year				
	FY2022	FY2023	YoY Change	FY2022	FY2023		Revised Forecast	
					Initial Forecast	Revised Forecast	vs FY2022	vs Initial Forecast
Net sales	31.13	32.36	+3.9%	59.19	64.50	57.00	(3.7%)	(11.6%)
Leasing Fund Business	7.67	12.79	+66.8%	14.23	16.50	18.50	+30.0%	+12.1%
Real Estate Fund Business	22.83	18.88	(17.3%)	43.69	47.00	37.50	(14.2%)	(20.2%)
Domestic Real Estate	22.83	17.77	(22.1%)	42.89	45.20	35.50	(17.2%)	(21.5%)
International Real Estate	-	1.11	-	0.80	1.80	2.00	+149.6%	+11.1%
Other Business	0.63	0.67	+6.9%	1.26	1.00	1.00	(21.2%)	+0.0%
Gross Profit	9.54	15.27	+60.0%	-	-	-	-	-
Leasing Fund Business	6.60	11.38	+72.4%	-	-	-	-	-
Real Estate Fund Business	2.61	3.51	+34.3%	-	-	-	-	-
Domestic Real Estate	2.61	2.53	(3.2%)	-	-	-	-	-
International Real Estate	-	0.97	-	-	-	-	-	-
Other Business	0.32	0.37	+14.0%	-	-	-	-	-
Operating income	6.17	11.32	+83.5%	11.74	13.60	15.70	+33.7%	+15.4%
Ordinary income	6.42	11.22	+74.8%	12.46	13.80	15.50	+24.3%	+12.3%
Ordinary income margin on sales	20.6%	34.7%	+14.1%	21.1%	21.4%	27.2%	+6.1%	+5.8%
Profit attributable to owners of parent	4.41	7.54	+70.7%	8.47	9.50	10.50	+23.9%	+10.5%
Profit margin on sales	14.2%	23.3%	+9.1%	14.3%	14.7%	18.4%	+4.1%	+3.7%
Dividend per share (yen)	-	-	-	50.0	56.0	61.5	+11.5yen	+5.5yen

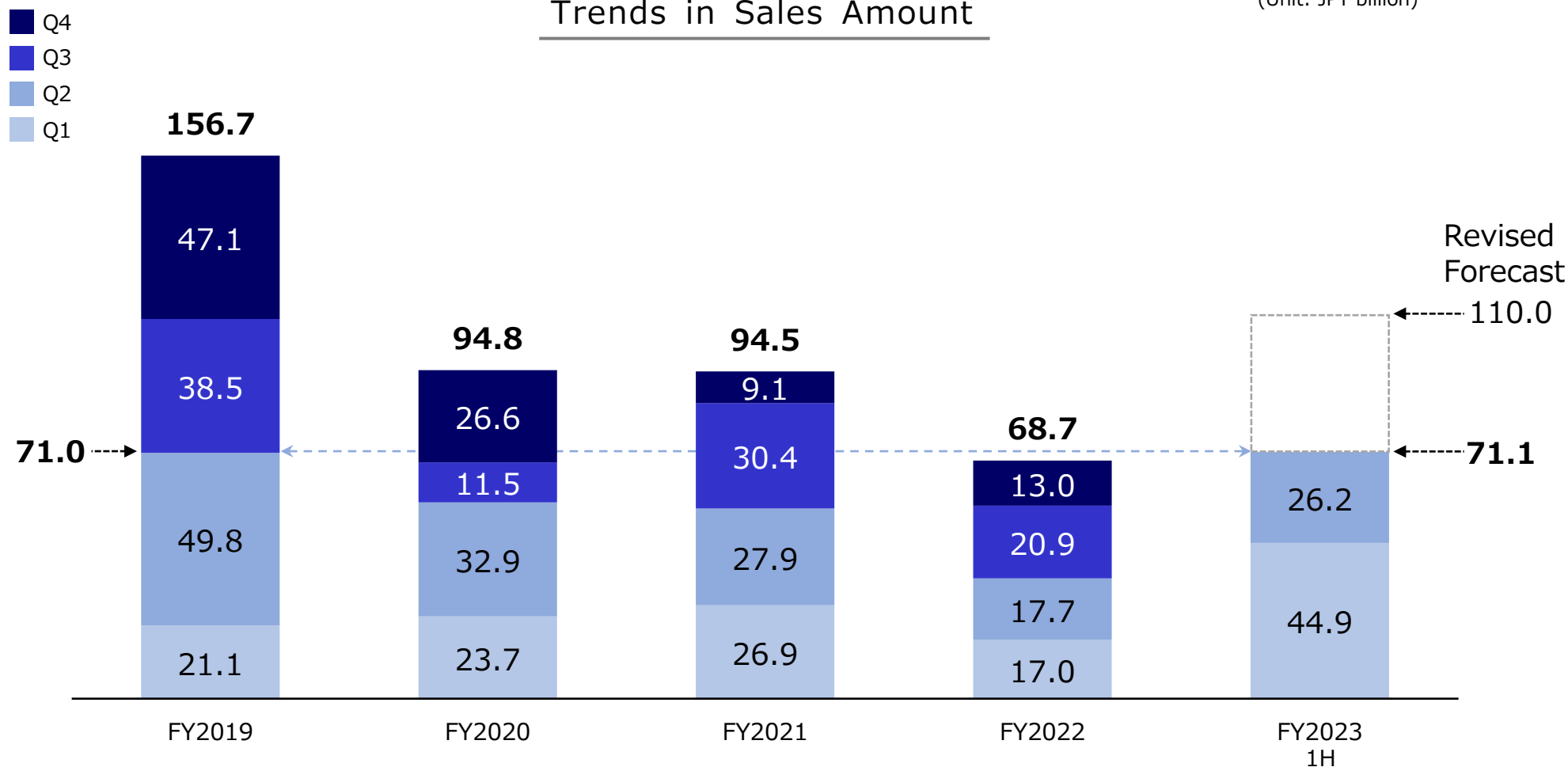
*1 Past record high income on a 1H basis: FY9/2017 (in JPY billion) Operating income 8.26, Ordinary income 8.46, Profit attributable to owners of parent 5.84

*2 Record high income : FY9/2019 (in JPY billion) Operating income 14.43, Ordinary income 14.39, Profit attributable to owners of parent 10.03

- Given that sales performance in the 1H of the year has recovered to the level of the 1H of FY2019, which was before the COVID-19 crisis, the full-year sales forecast has been revised upward from 90 billion yen to 110 billion yen.
- Carrying on proactive sales leveraging ample inventory as a strength.

Trends in Sales Amount

(Unit: JPY billion)

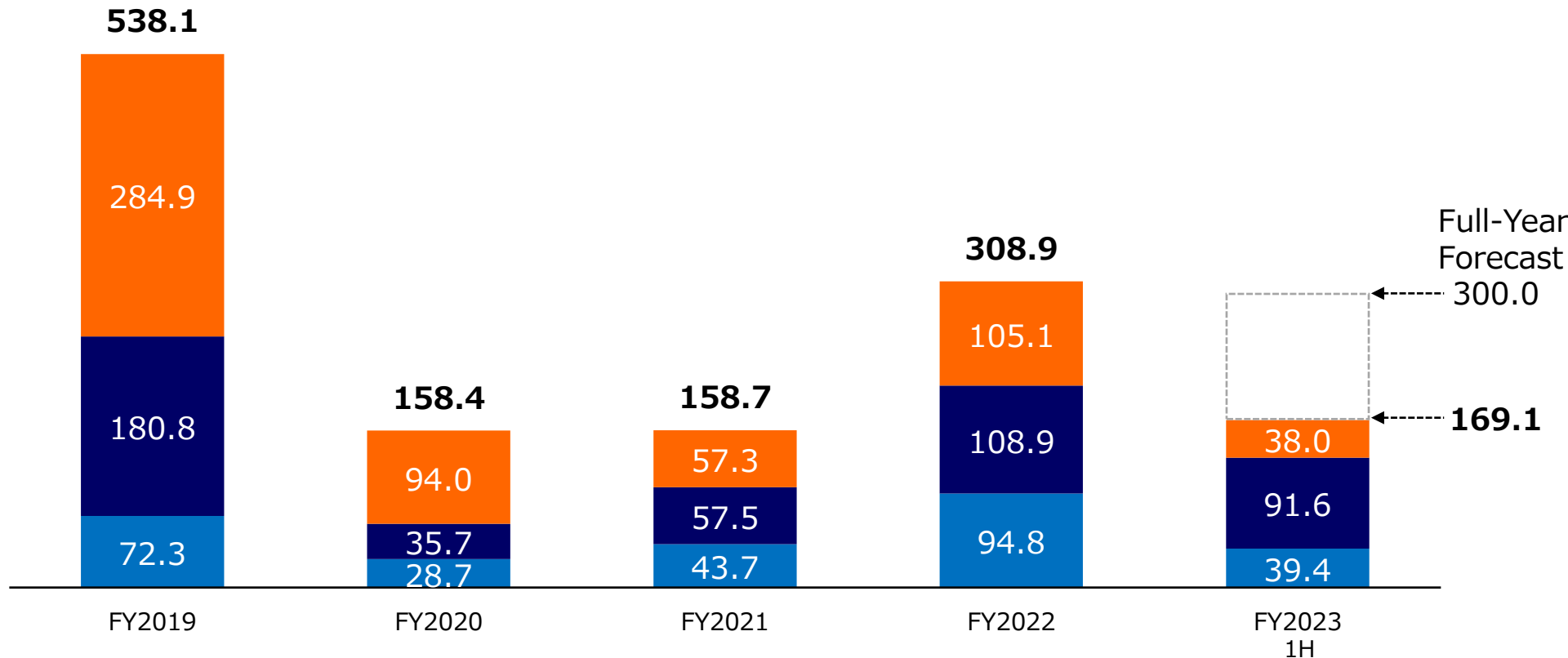


- Steady progress toward achieving the full-year forecast by proactively promoting arrangements with a focus on ship-related projects.
- As for aircraft, the selective arrangement policy will be continued.

Trends in Arrangement Amount

(Unit: JPY billion)

- Aircraft
- Ships
- Marine Containers

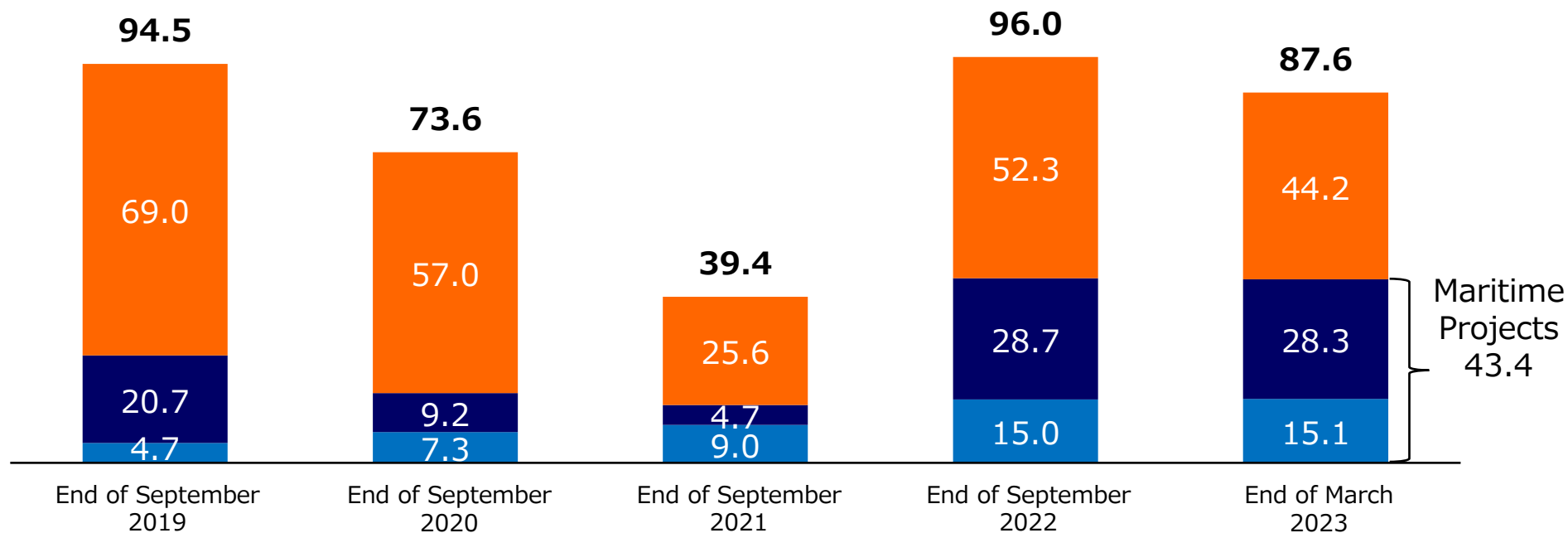


- Secured ample inventory for both maritime and aircraft projects.

■ Aircraft
■ Ships
■ Marine Containers

Trends in Inventory

(Unit: JPY billion)

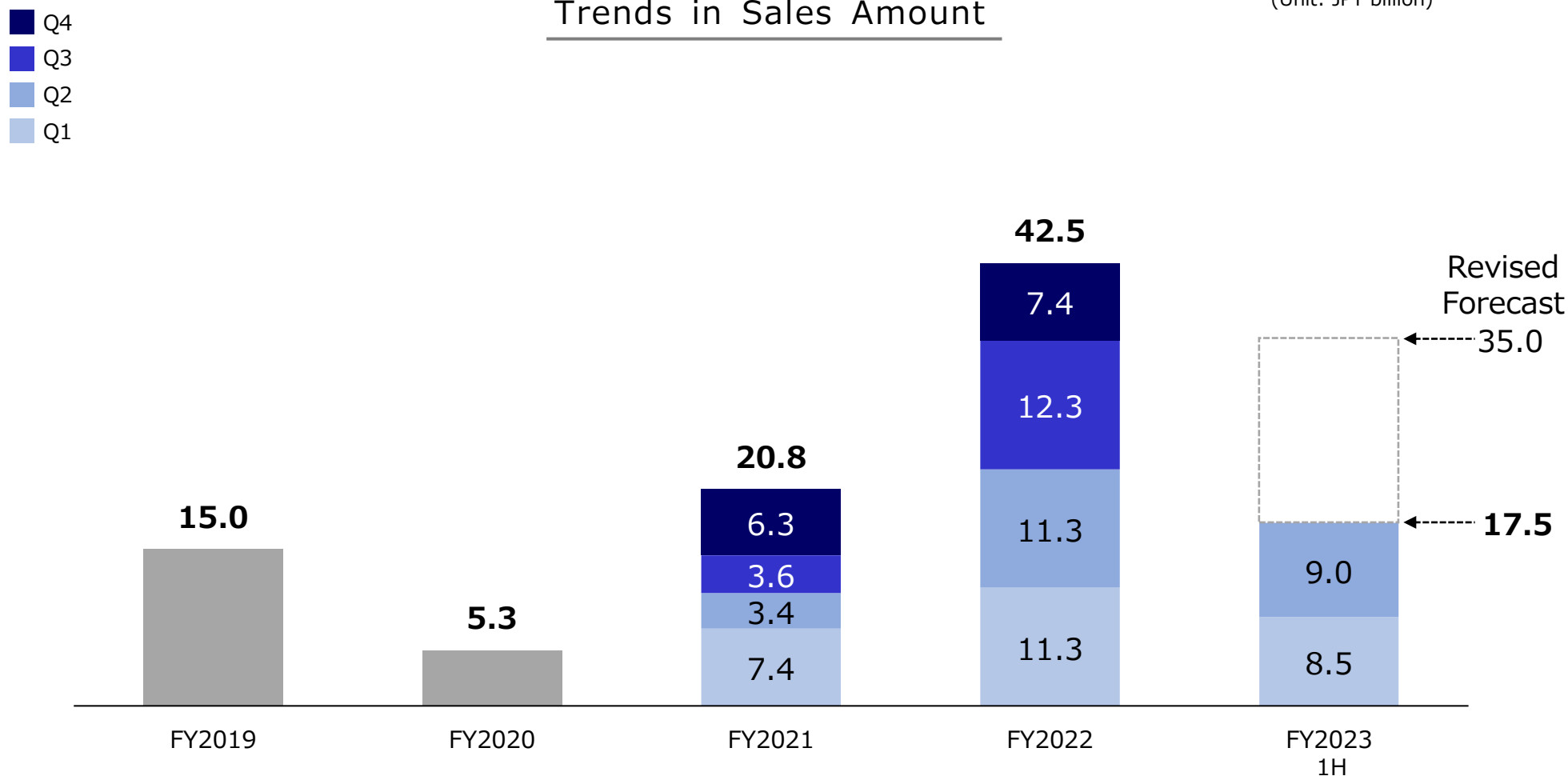


Real Estate Fund Business Domestic Real Estate Sales

- Considering the sales performance in 1H, the full-year forecast has been revised down from 450 billion yen to 350 billion yen.
- Strengthening ability to capture consistent demand from repeat investors through new product offerings.

Trends in Sales Amount

(Unit: JPY billion)

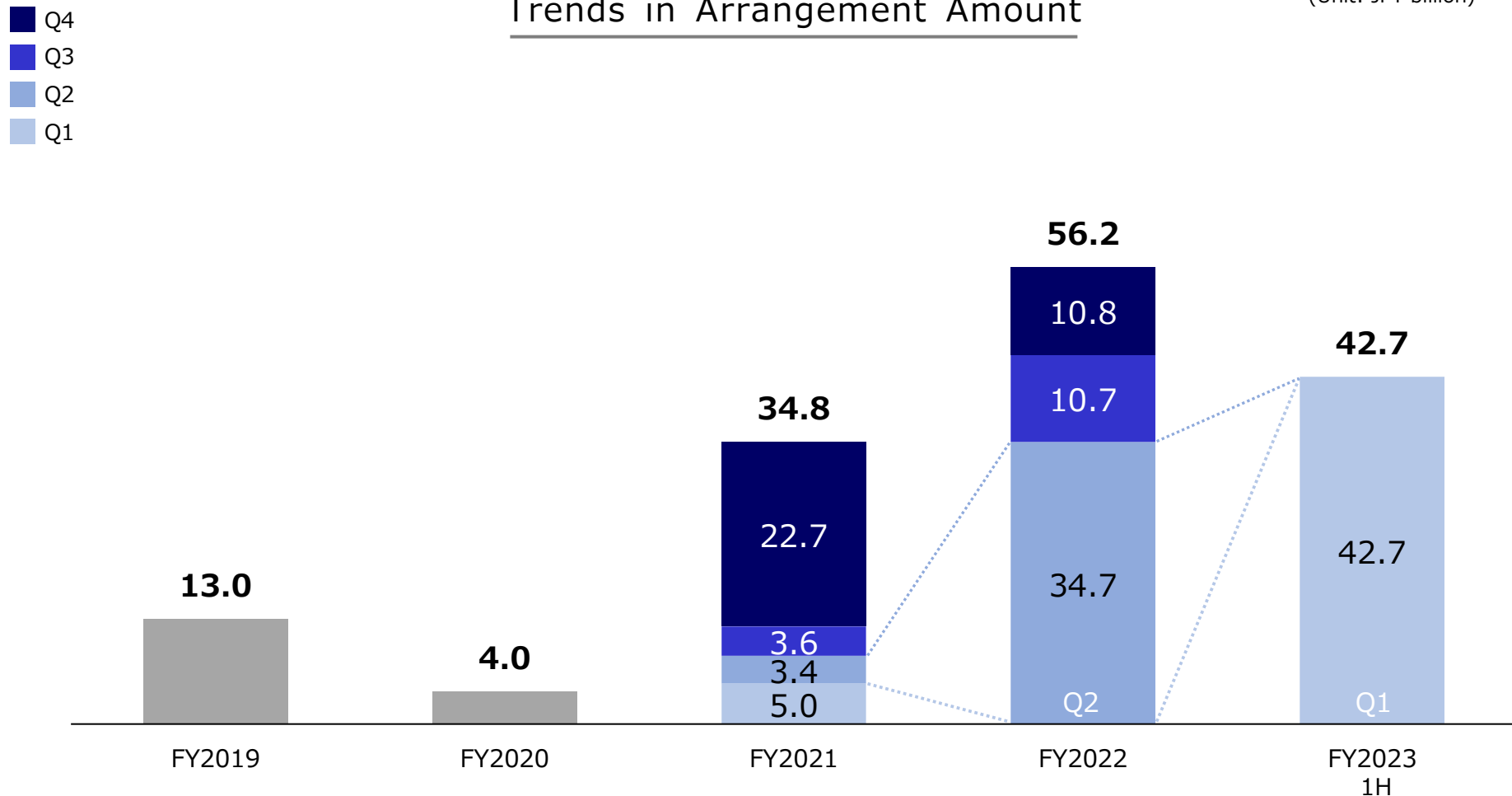


Real Estate Fund Business Domestic Real Estate Arrangement

- Continued to arrange attractive properties in prime locations in the major cities in Japan and have achieved the highest arrangement amount on a half-year basis.

Trends in Arrangement Amount

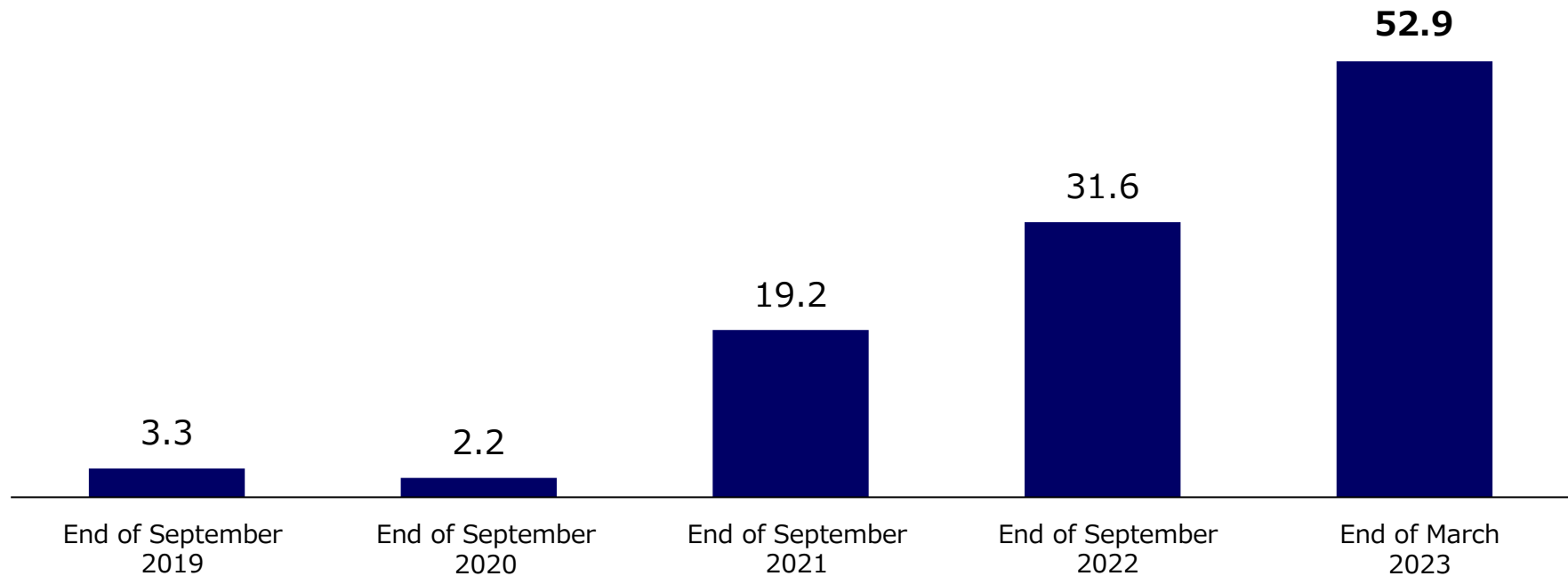
(Unit: JPY billion)



- Secured sufficient inventory to meet solid and consistent demand.

Trends in Inventory

(Unit: JPY billion)



Real Estate Fund Business International Real Estate

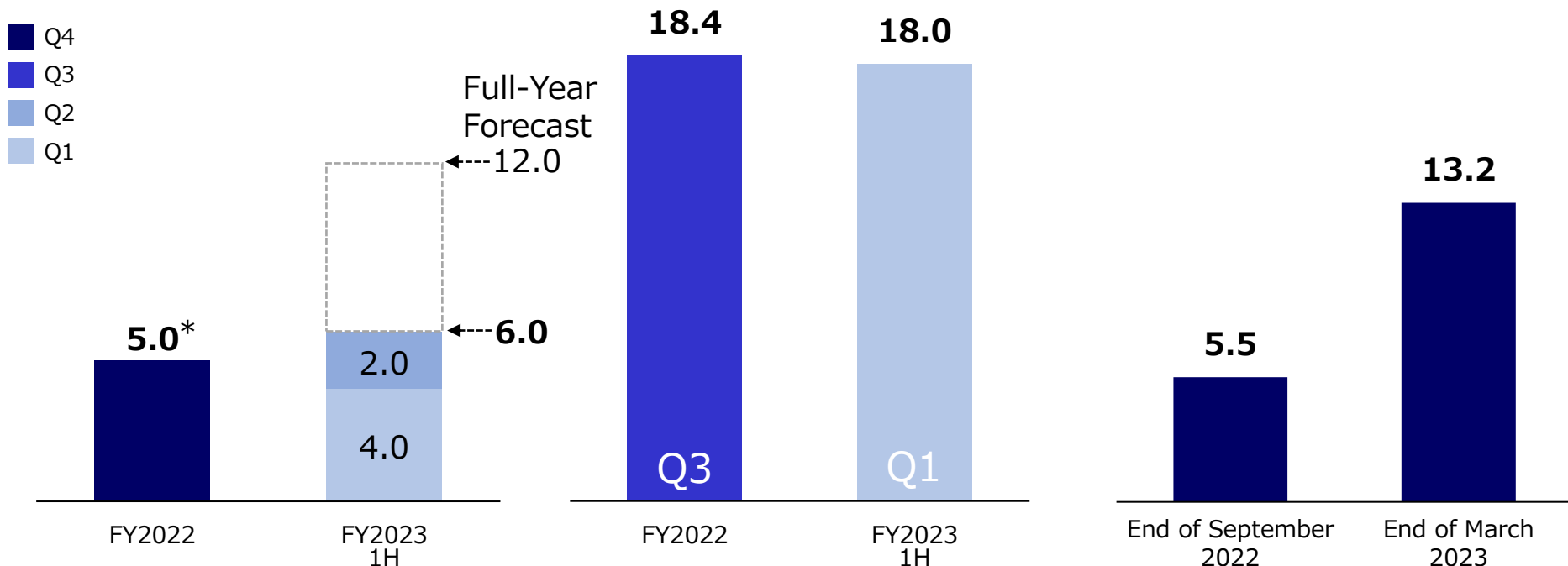
- Sales are on track to achieve the full-year sales forecast.
- The first project in New York State has been sold out, and sales of a large-scale hotel in Waikiki, Hawaii, which was arranged in December 2022, have started and are off to a good start.
- To meet strong demand, we have started working on arrangement of the third project.

(Unit: JPY billion)

Trends in Sales Amount

Trends in Arrangement Amount

Trends in Inventory



* Commenced sale of International Real Estate from June 2022.



Arranged in April 2023
The fourth project in the Daimyo area of Fukuoka

FPG links FUKUOKA DAMYO II

Nearest station : Tenjin station on the Fukuoka City
Subway Airport line

Land area : 354.46m²

Total floor area : 1,520.82m²

Structure : Steel reinforced concrete, seven stories
with one basement floor

Use : Stores, offices and bicycle parking lot

Date of completion : September 2020



Second project for International Real Estate
Commenced sales from the Q2

Queen Kapiolani Hotel

Location : Honolulu, Hawaii, U.S.A.

Guest rooms : 315

Land area : 36,334ft² (approximately 3,375m²)

Structure : Reinforced concrete construction

Use : Hotel

Year opened (last renovated): 1969 (Major renovation work
completed in 2017-2019)

Appendix

Consolidated Income Statement Summary

(Unit: JPY billion)

	FY2022 1H	FY2023 1H	YoY	
Net sales	31.13	32.36	+3.9%	
① Cost of sales	21.58	17.08	(20.9%)	① Cost of sales Includes real estate acquisition cost, arrangement cost for Leasing Fund Business projects and commission paid for customer refers.
Gross profit	9.54	15.27	+60.0%	
SG&A Cost	3.37	3.94	+17.0%	
Operating income	6.17	11.32	+83.5%	
② Non-operating income	0.81	1.45	+77.3%	② Non-operating income Includes advance interest collected when selling equity placement to investors, and gain on investments in money held in trust in the Leasing Fund Business.
③ Non-operating expenses	0.57	1.55	+171.4%	③ Non-operating expenses Includes interest paid on commission fees and interest expenses related to fund procurement.
Ordinary income	6.42	11.22	+74.8%	
Income before income taxes	6.39	10.83	+69.5%	
Total income taxes	1.99	3.28	+64.8%	
Profit attributable to owners of parent	4.41	7.54	+70.7%	

Consolidated Balance Sheet Summary

(Unit: JPY billion)

Assets	FY2022	FY2023 1H	YoY
Current assets	152.73	174.16	+21.43
Cash and deposit	13.11	13.91	+0.80
① Equity underwritten	80.68	82.30	+1.62
② Money held in trust	20.86	18.58	(2.28)
③ Real estate for arrangement	31.63	52.91	+21.28
Non-current assets	5.31	5.57	+0.26
Total assets	158.05	179.73	+21.68
Liabilities and Net assets	FY2022	FY2023 1H	YoY
Current liabilities	107.85	122.16	+14.31
Short-term debt	86.35	101.24	+14.89
④ Contract liability	12.93	12.85	(0.08)
Non-current liabilities	14.03	18.13	+4.10
Long-term debt	13.48	17.56	+4.08
Total liabilities	121.89	140.29	+18.40
Total net assets	36.15	39.44	+3.29
Total liabilities and net assets	158.05	179.73	+21.68

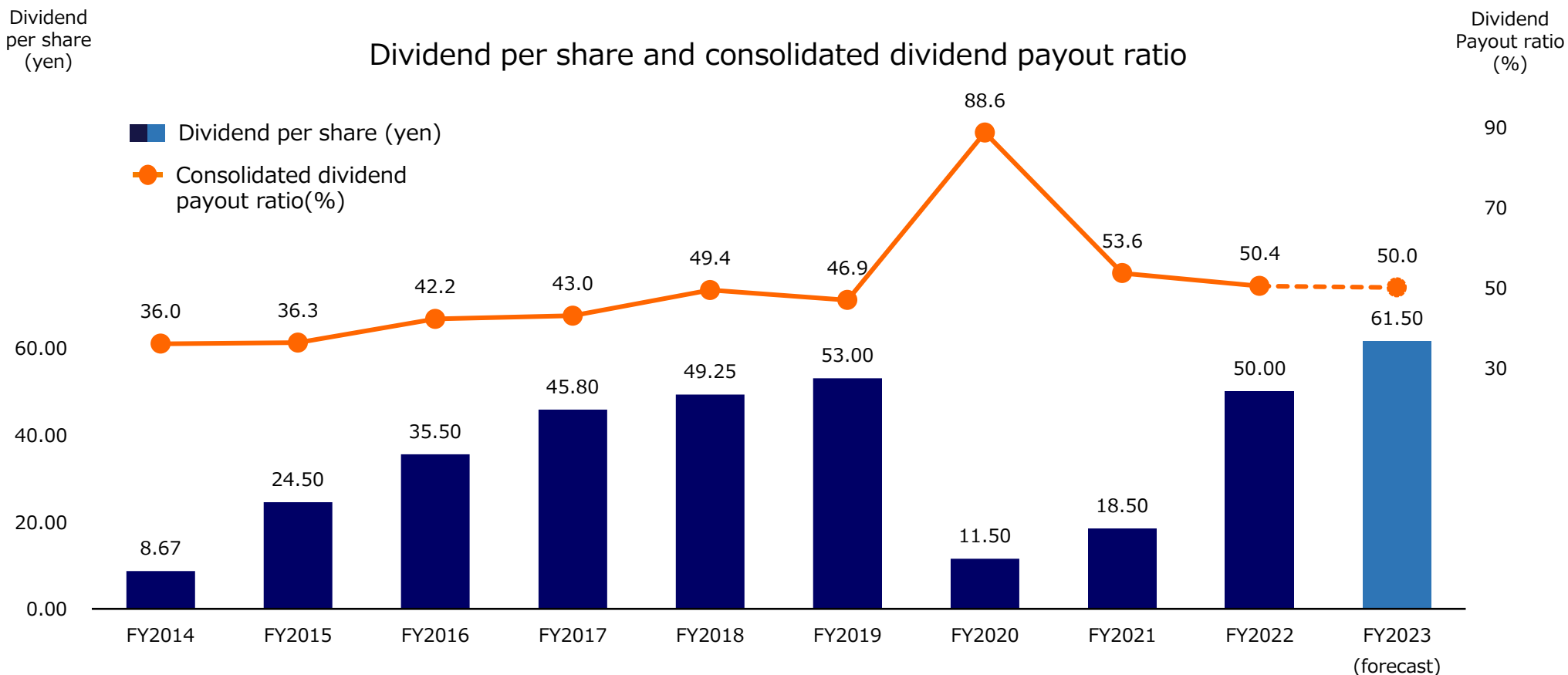
① Equity underwritten
Temporary advances in Leasing Fund Business and Real Estate Fund Business (International Real Estate Investment Product) before selling to equity investors.

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 Contract liability
Including advances of commission fees related to Leasing Fund Business and Real Estate Fund Business (International Real Estate Investment Product).

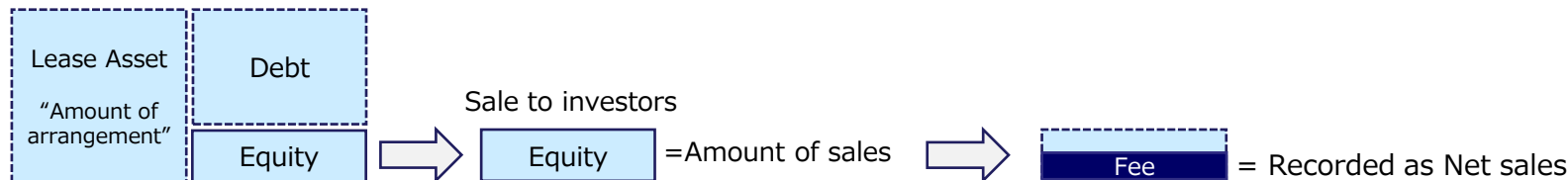
- Basic Policy: Continue to pay stable dividends while securing the internal reserves necessary for maintaining growth and increasing corporate value
- Dividend payout ratio : Aim for a consolidated dividend payout ratio of 50%
 - ✓ Dividend for the FY9/2022 : 50.00 yen per share
 - ✓ Dividend for the FY9/2023 (forecast) : 61.50 yen per share (an increase of 11.5 yen YoY)



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

1. Leasing Fund Business

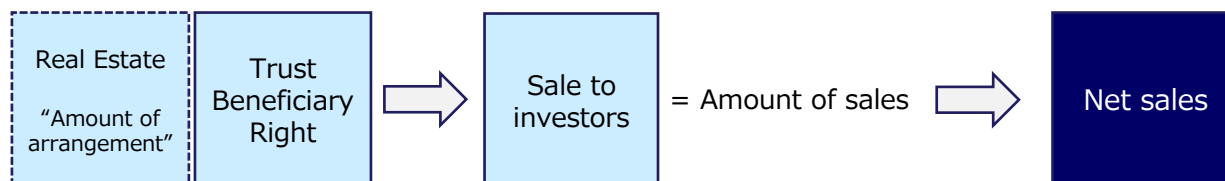
The Leasing Fund Business provides arrangement and management services for operating leases for aircraft, ships and marine containers. It also sells equity interests in the silent partnership “Tokumei Kumiai,” general partnership “Nini Kumiai” and trust beneficiary rights for operating leases to investors.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

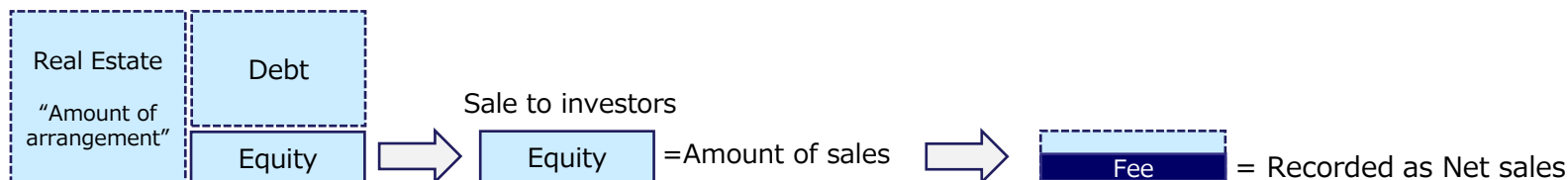
(1) Real Estate Fractional Ownership Investment Product

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, etc. 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 Partners Group Co., Ltd.

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