

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2023 (Japanese GAAP) (Summary)

April 27, 2023

Listed Company Name: **Financial Partners 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 12, 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, 2023 (October 1, 2022 — March 31, 2023)

(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, 2023	32,360	3.9	11,328	83.5	11,227	74.8	7,541	70.7
March 31, 2022	31,135	—	6,174	70.8	6,421	99.0	4,417	103.8

(Note) Comprehensive income: Six months ended March 31, 2023: 7,551 million yen: (68.5%)
 Six months ended March 31, 2022: 4,482 million yen: (102.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended		
March 31, 2023	88.30	—
March 31, 2022	51.72	—

(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), and other standards were applied from the beginning of the first quarter of the fiscal year ended September 30, 2022. 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 for the second quarter of the fiscal year ended September 30, 2022 increased significantly compared to the second quarter of the fiscal year ended September 30, 2021, so the year-on-year percentage change is not shown. This change in the method of recording net sales has no impact on profits.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	179,736	39,440	21.9
As of September 30, 2022	158,052	36,159	22.8

(Reference) Shareholders' equity: As of March 31, 2023: 39,340 million yen
 As of September 30, 2022: 36,070 million yen

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, 2022	—	0.00	—	50.00	50.00
September 30, 2023	—	0.00			
Fiscal year ending September 30, 2023 (Forecast)			—	61.50	61.50

(Note) Revision to the latest dividend forecast: No

3. Forecast of consolidated financial results for the Fiscal Year Ending September 30, 2023

(October 1, 2022 – September 30, 2023)

(% 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	57,000	(3.7)	15,700	33.7	15,500	24.3	10,500	23.9	122.95

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

* 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, 2023	89,073,600	As of September 30, 2022	89,073,600
b)	Number of treasury shares at the end of the period	As of March 31, 2023	3,670,711	As of September 30, 2022	3,668,781
c)	Average number of shares during the period	Six months ended March 31, 2023	85,402,943	Six months ended March 31, 2022	85,408,123

* This financial results report is not subject to the audit procedures.

* Explanation of the proper use of performance forecast and other notes

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

(Change in the unit of measurement for displaying monetary amounts)

Amounts for items and other items presented in the consolidated financial statements and main notes were previously stated in thousands of yen, but from the current consolidated fiscal year, they are now stated in millions of yen. For ease of comparison, the figures for the previous consolidated fiscal year are also presented in millions of yen.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	13,119	13,915
Accounts receivable - trade	480	628
Operational investment securities	494	728
Supplies	18	14
Equity underwritten	80,689	82,301
Money held in trust (Aircraft for arrangement)	20,868	18,581
Real estate for arrangement	31,632	52,915
Other	5,433	5,078
Total current assets	152,737	174,163
Non-current assets		
Property, plant and equipment	557	320
Intangible assets		
Goodwill	693	435
Other	54	42
Total intangible assets	747	477
Investments and other assets		
Deferred tax assets	1,677	2,432
Other	2,334	2,341
Allowance for doubtful accounts	△2	-
Total investments and other assets	4,010	4,774
Total non-current assets	5,315	5,572
Total assets	158,052	179,736
Liabilities		
Current liabilities		
Accounts payable - trade	355	558
Short-term borrowings	72,842	76,640
Commercial papers	9,000	8,000
Current portion of long-term borrowings	4,516	16,607
Income taxes payable	2,176	4,233
Contract liabilities	12,932	12,852
Provision for bonuses	440	373
Other	5,596	2,896
Total current liabilities	107,859	122,162
Non-current liabilities		
Bonds payable	1,100	1,100
Long-term borrowings	12,389	16,464
Asset retirement obligations	119	122
Retirement benefit liability	29	29
Other	394	416
Total non-current liabilities	14,032	18,132
Total liabilities	121,892	140,295

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	3,095	3,095
Capital surplus	2,805	2,805
Retained earnings	32,526	35,797
Treasury shares	△2,457	△2,457
Total shareholders' equity	35,970	39,241
Accumulated other comprehensive income		
Foreign currency translation adjustment	100	98
Total accumulated other comprehensive income	100	98
Non-controlling interests	88	100
Total net assets	36,159	39,440
Total liabilities and net assets	158,052	179,736

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	31,135	32,360
Cost of sales	21,587	17,085
Gross profit	9,547	15,274
Selling, general and administrative expenses	3,373	3,946
Operating profit	6,174	11,328
Non-operating income		
Interest income	91	324
Gain on investments in money held in trust	370	97
Foreign exchange gains	123	—
Rental income from real estate	229	919
Share of profit of entities accounted for using equity method	—	107
Other	3	5
Total non-operating income	819	1,453
Non-operating expenses		
Interest expenses	172	492
Commission expenses	339	343
Foreign exchange losses	—	581
Rental expenses on real estate	38	111
Share of loss of entities accounted for using equity method	19	—
Other	3	25
Total non-operating expenses	572	1,554
Ordinary profit	6,421	11,227
Extraordinary losses		
Impairment losses	—	345
Loss on retirement of non-current assets	2	11
Loss on valuation of shares of subsidiaries and associates	23	32
Total extraordinary losses	26	390
Profit before income taxes	6,395	10,837
Income taxes - current	1,049	4,056
Income taxes - deferred	944	△769
Total income taxes	1,994	3,286
Profit	4,400	7,550
Profit (loss) attributable to non-controlling interests	△16	9
Profit attributable to owners of parent	4,417	7,541

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	4,400	7,550
Other comprehensive income		
Valuation difference on available-for-sale securities	0	—
Foreign currency translation adjustment	42	15
Share of other comprehensive income of entities accounted for using equity method	38	△14
Total other comprehensive income	81	0
Comprehensive income	4,482	7,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,492	7,539
Comprehensive income attributable to non-controlling interests	△10	11

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,395	10,837
Depreciation	79	82
Impairment losses	—	345
Amortization of goodwill	82	50
Loss on valuation of shares of subsidiaries and associates	23	32
Loss on retirement of non-current assets	2	11
Increase (decrease) in provision for bonuses	△117	△69
Interest and dividend income	△91	△324
Interest expenses	172	492
Commission expenses	339	343
Foreign exchange losses (gains)	221	△13
Share of loss (profit) of entities accounted for using equity method	19	△107
Decrease (increase) in trade receivables	271	△143
Decrease (increase) in investment securities for sale	111	△233
Increase (decrease) in equity underwritten	△15,112	△1,611
Increase (decrease) in money held in trust (Aircraft for arrangement)	△807	2,286
Increase (decrease) in real estates for arrangement	△9,658	△21,283
Decrease (increase) in guarantee deposits	—	0
Increase (decrease) in trade payables	204	202
Increase (decrease) in contract liability	2,648	△89
Other, net	1,610	△2,108
Subtotal	△13,604	△11,297
Interest and dividends received	91	729
Interest paid	△173	△494
Income taxes paid	△852	△2,150
Net cash provided by (used in) operating activities	△14,538	△13,212
Cash flows from investing activities		
Purchase of property, plant and equipment	△18	△15
Purchase of intangible assets	△33	△1
Purchase of shares and payments for investments in capital of subsidiaries and associates	△96	△300
Payments of leasehold and guarantee deposits	△1	—
Proceeds from refund of leasehold and guarantee deposits	2	4
Proceeds from liquidation of subsidiaries	—	0
Other payments	—	△3
Net cash provided by (used in) investing activities	△147	△315

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	680	3,849
Proceeds from long-term borrowings	7,300	18,800
Repayments of long-term borrowings	△4,878	△2,634
Net increase (decrease) in commercial papers	5,500	△1,000
Dividends paid	△1,580	△4,270
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△26	—
Commission fee paid	△330	△368
Other payments	△13	△39
Net cash provided by (used in) financing activities	6,650	14,337
Effect of exchange rate change on cash and cash equivalents	44	△12
Net increase (decrease) in cash and cash equivalents	△7,990	796
Cash and cash equivalents at beginning of period	19,414	11,719
Cash and cash equivalents at end of period	11,423	12,515