

FPG

Financial Products Group

FPG Consolidated Financial Results

for the Fiscal Year Ended September 30, 2021

(October 1, 2020 - September 30, 2021)

Financial Products Group Co., Ltd.

(Tokyo Stock Exchange First Section Code: 7148)



Financial Results for the FY2021

- **Net sales increased and profits increased significantly year-on-year, driven by the Leasing Fund Business and Real Estate Fund Business.**
 - In the Leasing Fund Business, net sales were at approximately the same level year-on-year. However, profits increased significantly due to the completion in Q1 of the loss disposal for the operating lease project for Air Mauritius, which went bankrupt due to the impact of COVID-19.
 - In the Real Estate Fund Business, net sales and profit significantly increased year-on-year as the virtuous cycle of origination and sales continued.
- **Both net sales and profits were in line with the full-year forecast announced on July 30, 2021.**
- **The dividend for the fiscal year ended September 30, 2021 is JPY 18.5 per share, an increase of JPY 7.0 year-on-year (dividend payout ratio: 53.6%).***

Management Policy and outlook

- **Aim to increase net sales and profits by expanding the sales in the Real Estate Fund Business and improving profitability in the Leasing Fund Business.**
- **The dividend forecast for the fiscal year ending September 30, 2022 is JPY 22.0 per share (dividend payout ratio: 50.8%).**

* Dividend for FY2021 is to be discussed at the General Shareholder's Meeting to be held on December 22, 2021

Financial results for the FY2021

Consolidated Financial Results for the FY2021

- Net sales increased year-on-year. Profits increased significantly, with ordinary income almost tripling year-on-year, absorbing the increase in SG&A.

(JPY billion)

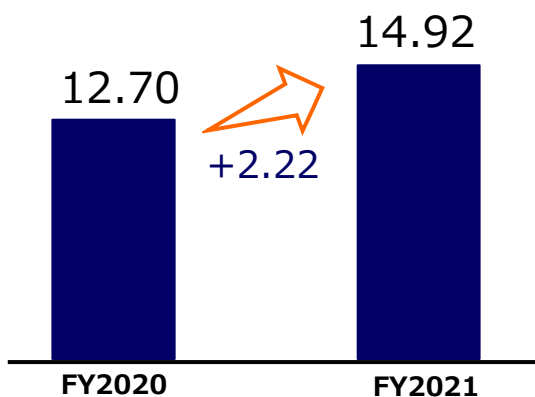
| | FY2020 | FY2021 Revised Forecast *1 | FY2021 | YoY change (Percent chg.) | Achievement (%) |
|--|--------|----------------------------------|--------|------------------------------|--------------------|
| Net sales | 12.70 | 14.70 | 14.92 | +17.4% | 101.5% |
| Gross profit | 7.93 | n/a | 11.67 | +47.1% | - |
| SG&A Cost | 6.05 | n/a | 6.44 | +6.4% | - |
| Operating income | 1.87 | 5.30 | 5.23 | +178.5% | 98.8% |
| Ordinary income | 1.71 | 5.00 | 5.14 | +199.4% | 103.0% |
| Profit attributable to owners of parent | 1.13 | 3.10 | 2.94 | +159.4% | 95.1% |
| Gross profit margin on sales | 62.5% | n/a | 78.2% | +15.8pt | - |
| Operating income margin on sales | 14.8% | 36.1% | 35.1% | +20.3pt | - |
| Profit margin on sales *2 | 8.9% | 21.1% | 19.7% | +10.8pt | - |

*1 : Announced on July 30, 2021 *2 : Profit means "profit attributable to owners of parent"

Comparison with FY2020

Net sales

(JPY billion)

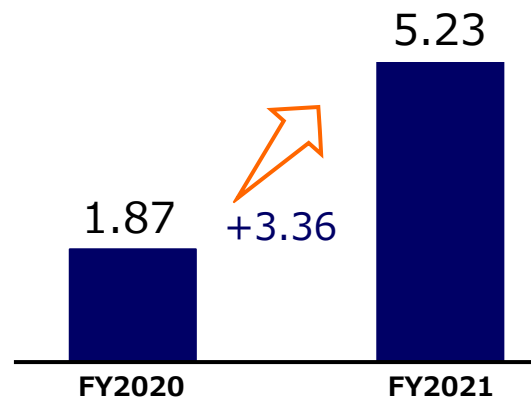


Net sales
+17.4%

• Driven by the Leasing Fund Business and the Real Estate Fund Business.

Operating income

(JPY billion)

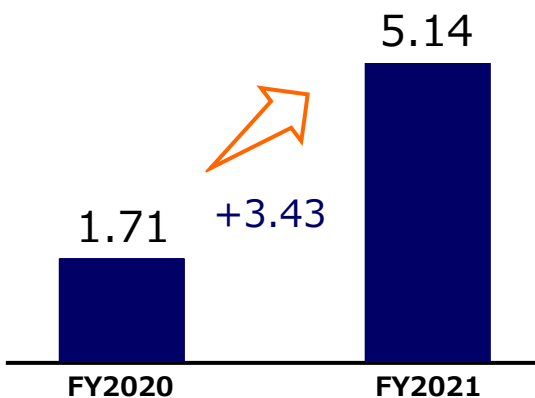


Operating income
+178.5%

• Operating income increased significantly, offsetting the increase in SG&A.

Ordinary income

(JPY billion)

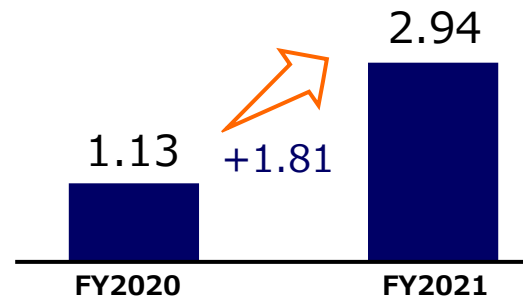


Ordinary income
+199.4%

• Significant increase due to higher operating income.

Profit*

(JPY billion)



Profit*
+159.4%

• Increase due to increase in ordinary income, despite extraordinary losses.

*Profit attributable to owners of parent

- In the 4th quarter (July–September), net sales and profits were largely in line with expectations.

(JPY billion)

| | FY2021 1Q | FY2021 2Q | FY2021 1H | FY2021 3Q | FY2021 4Q | FY2021 2H | FY2021 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------|
| Net sales | 3.82 | 4.83 | 8.65 | 4.37 | 1.88 | 6.26 | 14.92 |
| Gross profit | 2.67 | 4.17 | 6.84 | 3.60 | 1.22 | 4.83 | 11.67 |
| SG&A Cost | 1.68 | 1.54 | 3.23 | 1.61 | 1.59 | 3.21 | 6.44 |
| Operating income | 0.98 | 2.62 | 3.61 | 1.98 | ▲0.36 | 1.61 | 5.23 |
| Ordinary income | 0.69 | 2.53 | 3.22 | 2.20 | ▲0.28 | 1.92 | 5.14 |
| Profit attributable to owners of parent | 0.27 | 1.89 | 2.16 | 1.25 | ▲0.47 | 0.77 | 2.94 |
| Gross profit margin on sales | 69.9% | 86.4% | 79.1% | 82.3% | 65.0% | 77.1% | 78.2% |
| Operating income margin on sales | 25.7% | 54.4% | 41.7% | 45.4% | - | 25.8% | 35.1% |
| Profit margin on sales* | 7.1% | 39.2% | 25.0% | 28.6% | - | 12.4% | 19.7% |

* Profit means "profit attributable to owners of parent"

Net sales by Business

- The Real Estate Fund business exceeded the full-year forecast (announced on July 30, 2021), and other businesses largely achieved each targets.

(JPY billion)

| | FY2020 | FY2021 Revised Forecast* | FY2021 Results | YoY Change (Percent chg.) | Achievement (%) |
|---------------------------|--------------|--------------------------|----------------|---------------------------|-----------------|
| Leasing Fund Business | 11.10 | 11.31 | 11.16 | +0.5% | 98.7% |
| Real Estate Fund Business | 0.68 | 2.20 | 2.62 | +282.7% | 119.2% |
| FinTech Business | 0.25 | 0.43 | 0.42 | +68.0% | 99.9% |
| Other Business | 0.66 | 0.76 | 0.71 | +7.2% | 93.6% |
| Total | 12.70 | 14.70 | 14.92 | +17.4% | 101.5% |

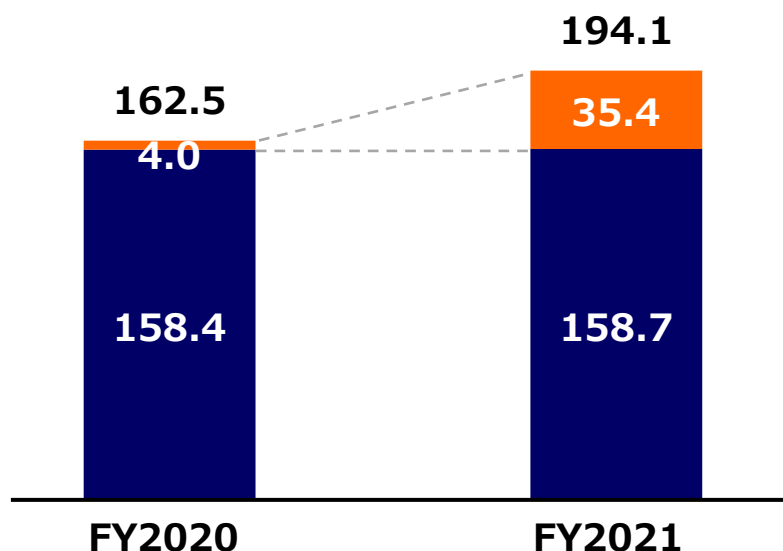
* : Announced on July 30, 2021

Comparison with the same period of FY2020 (Arrangement and inventory)

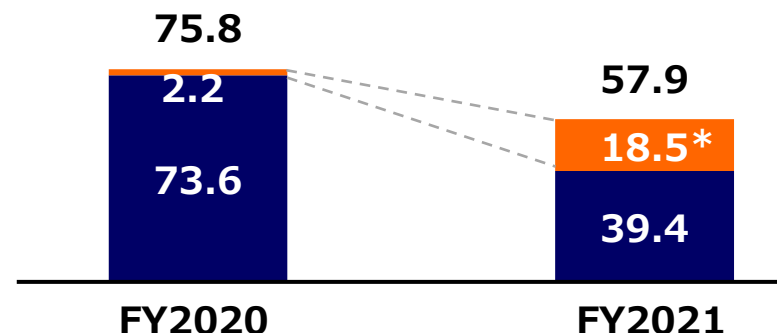
- **Arrangement**
The Leasing Fund Business's total amount of assets arranged was almost the same level year-on-year due to careful selection of aircraft projects. However, the total origination of the two businesses increased year-on-year due to an increase in the Real Estate Fund Business.
- **Inventory**
In the Leasing Fund Business, inventory decreased against the backdrop of favorable business conditions. However, in the Real Estate Fun Business, the stock of the real estate fractional ownership investment products increased substantially due to proactive origination.

Arrangement (JPY billion)

- Real Estate Fund Business
- Leasing Fund Business



Inventory (JPY billion)



*Not including the inventory of development project.

Leasing Fund Business (1) Outline

- The total amount of equity placements were slightly below the full-year forecast (announced on July 30, 2021), although sales continued to recover throughout the year.
- Achieved the full-year forecast with JPY 158.7 billion in assets arranged and secured inventory.

(JPY billion)

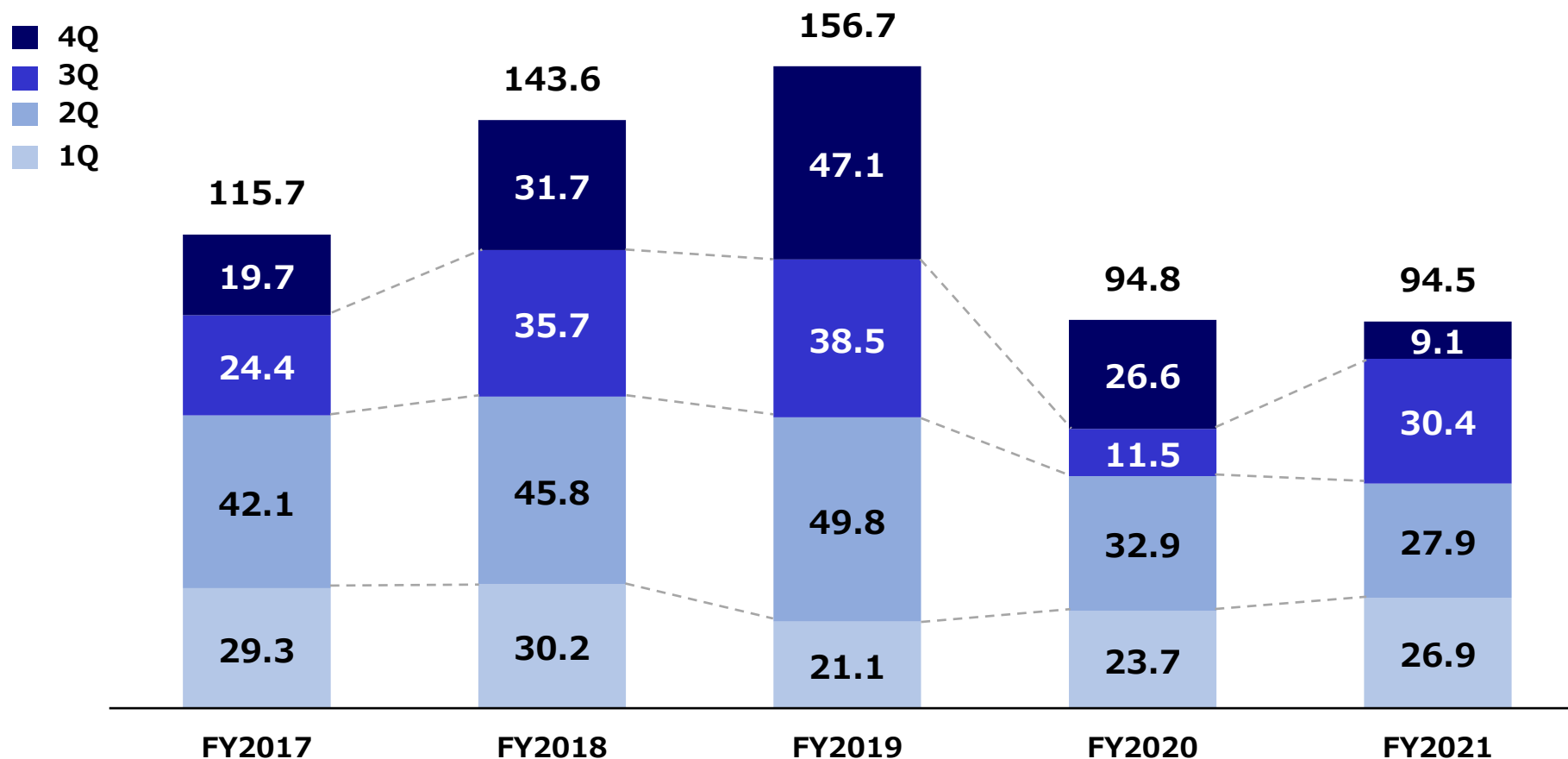
| | FY2020 | | FY2021 Revised Forecast* | FY2021 | | YoY Change (%) | Achievement (%) |
|-----------------------------------|--------|----------------------|--------------------------------|--------|----------------------|-------------------|--------------------|
| | Amount | Composition ratio | | Amount | Composition ratio | | |
| Net sales | 11.10 | - | 11.31 | 11.16 | - | +0.5% | 98.7% |
| Total amount of equity placements | 94.80 | 100.0% | 97.00 | 94.55 | 100.0% | ▲0.3% | 97.5% |
| Aircraft | 49.71 | 52.4% | n/a | 54.14 | 57.2% | +8.9% | - |
| Ships | 23.70 | 25.0% | n/a | 25.31 | 26.8% | +6.8% | - |
| Marine containers | 21.38 | 22.6% | n/a | 15.10 | 16.0% | ▲29.4% | - |
| Inventory amount | 73.65 | - | n/a | 39.40 | - | ▲46.5% | - |
| Total amount of assets arranged | 158.49 | - | 150.00 | 158.75 | - | +0.2% | 105.8% |

* : Announced on July 30, 2021

Leasing Fund Business (2) Equity Placements

- Maintained the same level as the previous year for the full year.

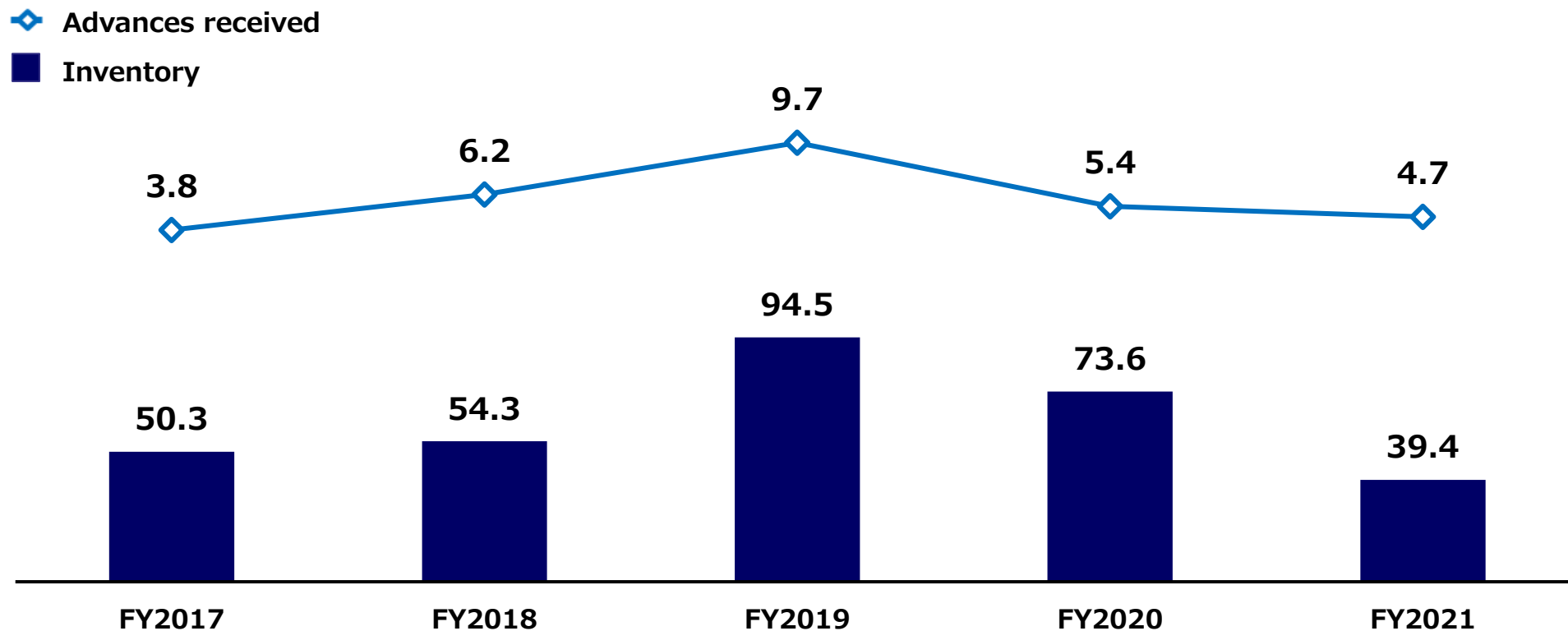
Trends in amount of equity placements by quarter (JPY billion)



Leasing Fund Business (3) Product Inventory

- Inventory decreased year-on-year against the backdrop of favorable business conditions, although the asset arranged achieved the full-year forecast (announced on July 30, 2021)
- For the fiscal year ending September 30, 2022, we will continue our policy of carefully selecting projects while also focusing on building up inventory.

Trends in inventory amount and advances received (JPY billion)

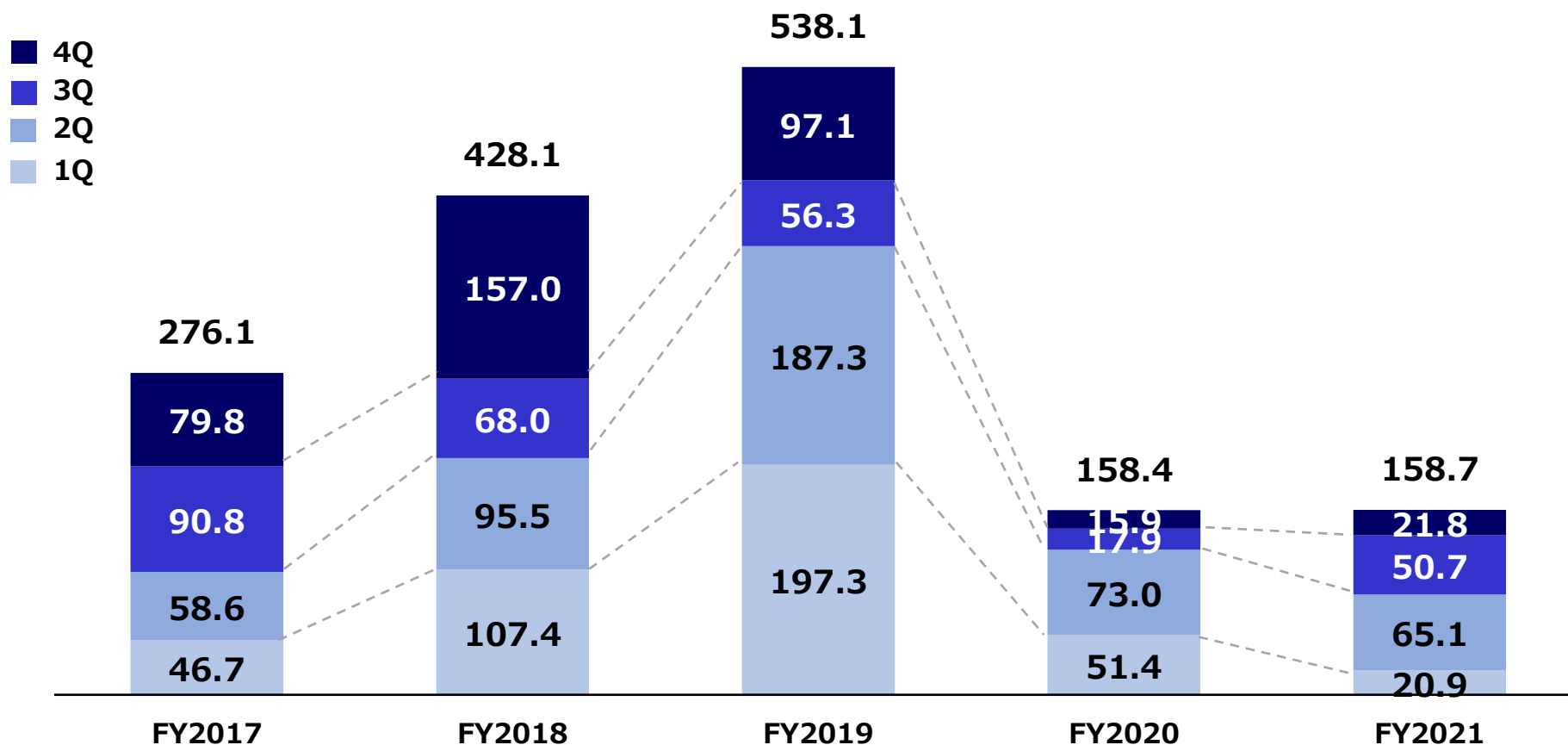


Leasing Fund Business (4)

Trends in amount of assets arranged by quarter

- Achieved the full-year forecast (announced on July 30, 2020). Total amount of the assets arranged was the almost same level year-on-year.

Trends in amount of assets arranged by quarter (JPY billion)

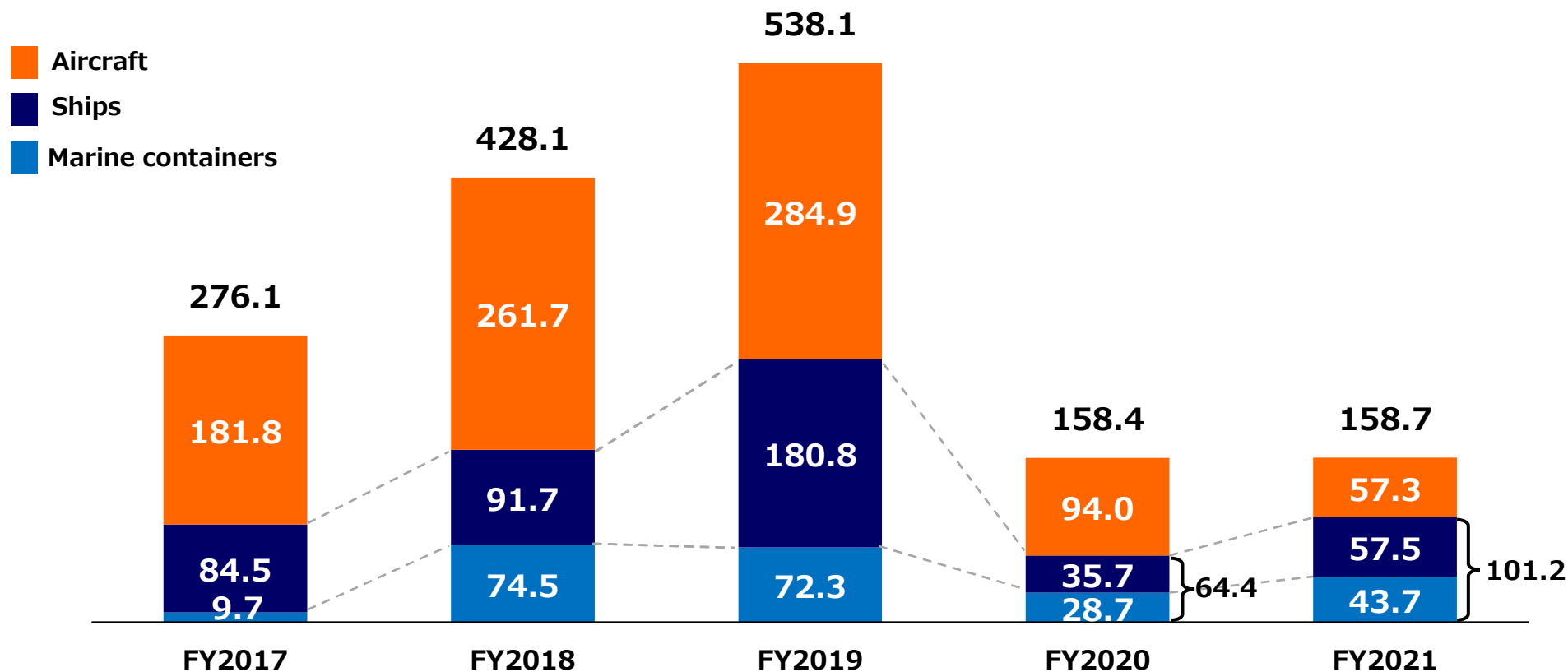


Leasing Fund Business (5)

Trends in amount of assets arranged by lease asset

- Continuing the policy of proactive arrangement of the ships and marine containers projects, and the careful selection of the aircraft projects.
- The ships and marine containers projects amounted to JPY 101.2 billion for the full year, an increase of JPY 36.8 billion year-on-year.

Trends in amount of asset arranged by lease asset (JPY billion)



Real Estate Fund Business (1) Outline

- Reached record highs in the arrangement amounts of the real estate fractional ownership investment products, its sales amount, and its net sales.
- The inventory was at record high levels due to the proactive acquisition of properties based on solid sales.

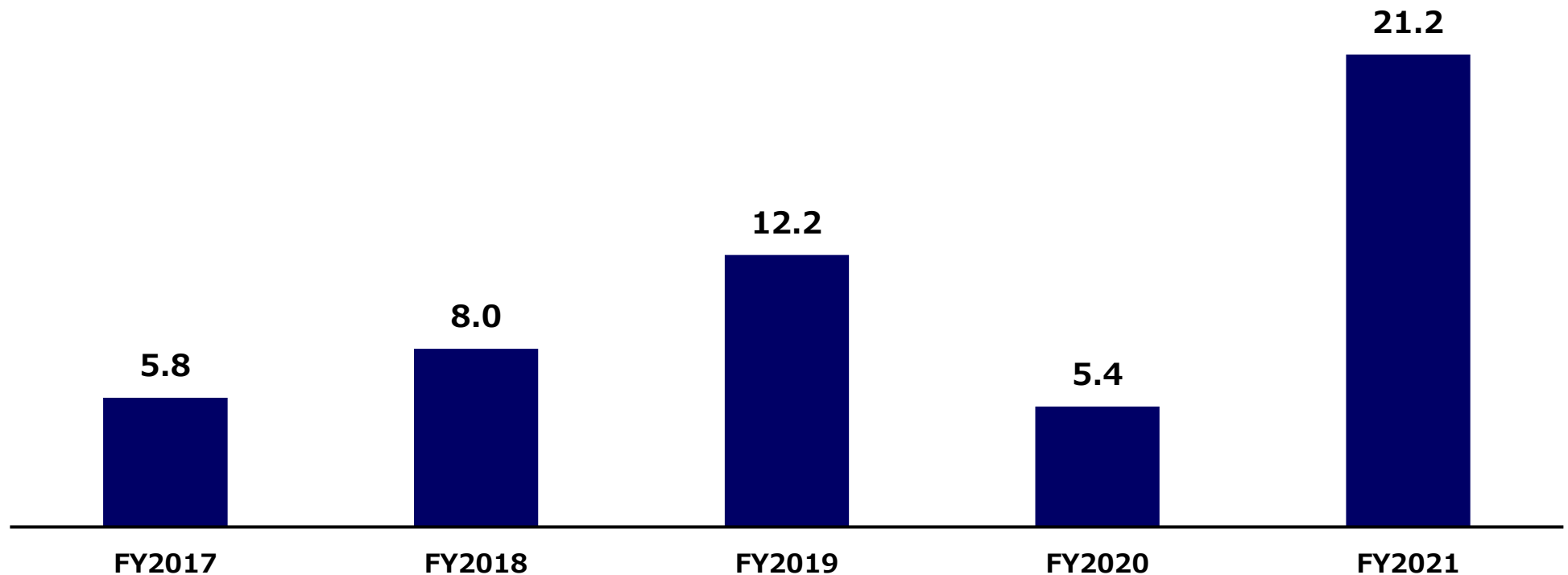
(JPY billion)

| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | YoY Change |
|--|-------------|-------------|-------------|-------------|-------------|----------------|
| Net sales | 0.55 | 0.69 | 4.25 | 0.68 | 2.62 | +282.7% |
| Real estate fractional ownership investment | 0.55 | 0.69 | 1.27 | 0.68 | 2.62 | +282.7% |
| Development project | - | - | 2.98 | - | - | - |
| The real esatet fractional ownership investment | | | | | | |
| Sales amount | 5.80 | 8.05 | 12.24 | 5.41 | 21.20 | +291.4% |
| Inventory | 9.75 | 5.32* | 3.37 | 2.21 | 18.53* | +737.4% |
| Arrangement | 13.79 | 3.15 | 10.25 | 4.08 | 35.41 | +767.8% |

* Not including the inventory of development project.

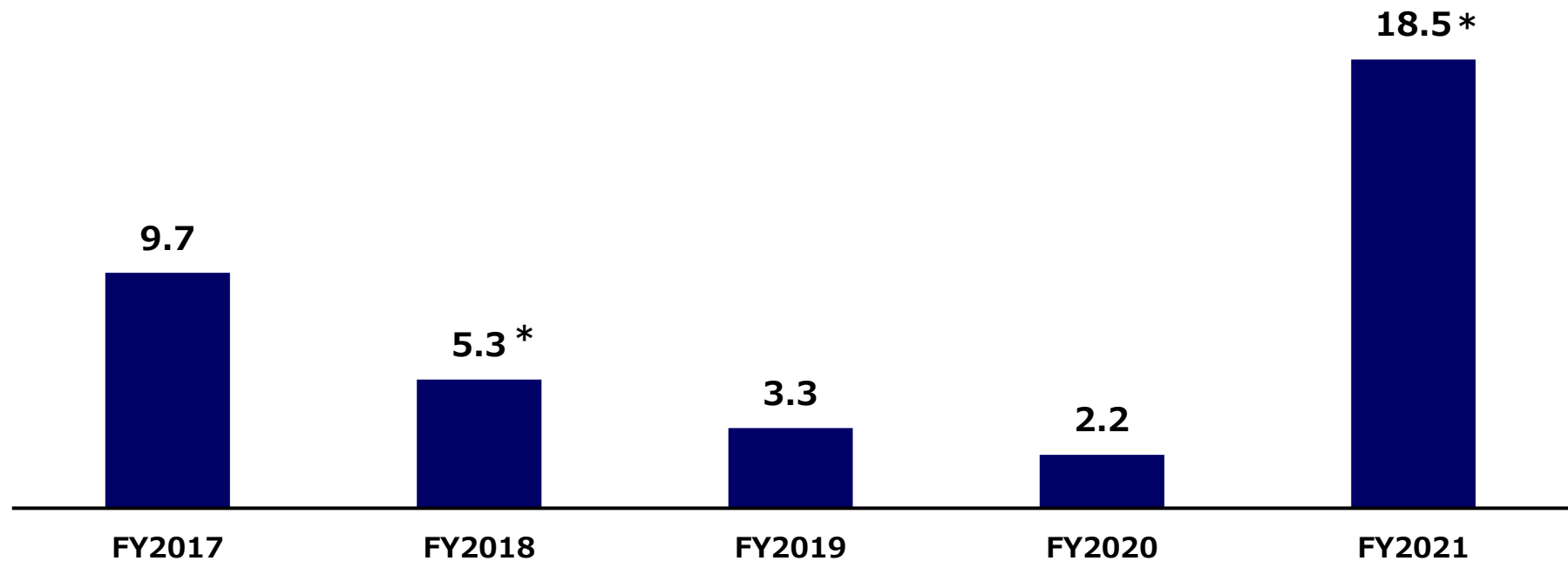
- Reached record high sales in FY2021 due to the expansion of sales channels and increased product recognition.

Trends in sales amount of the real estate fractional ownership investment (JPY billion)



- Kept inventory of JPY 18.5 billion to ensure that solid sales do not lead to inventory shortages.

Trends in amount of the inventory at the end of each period (JPY billion)

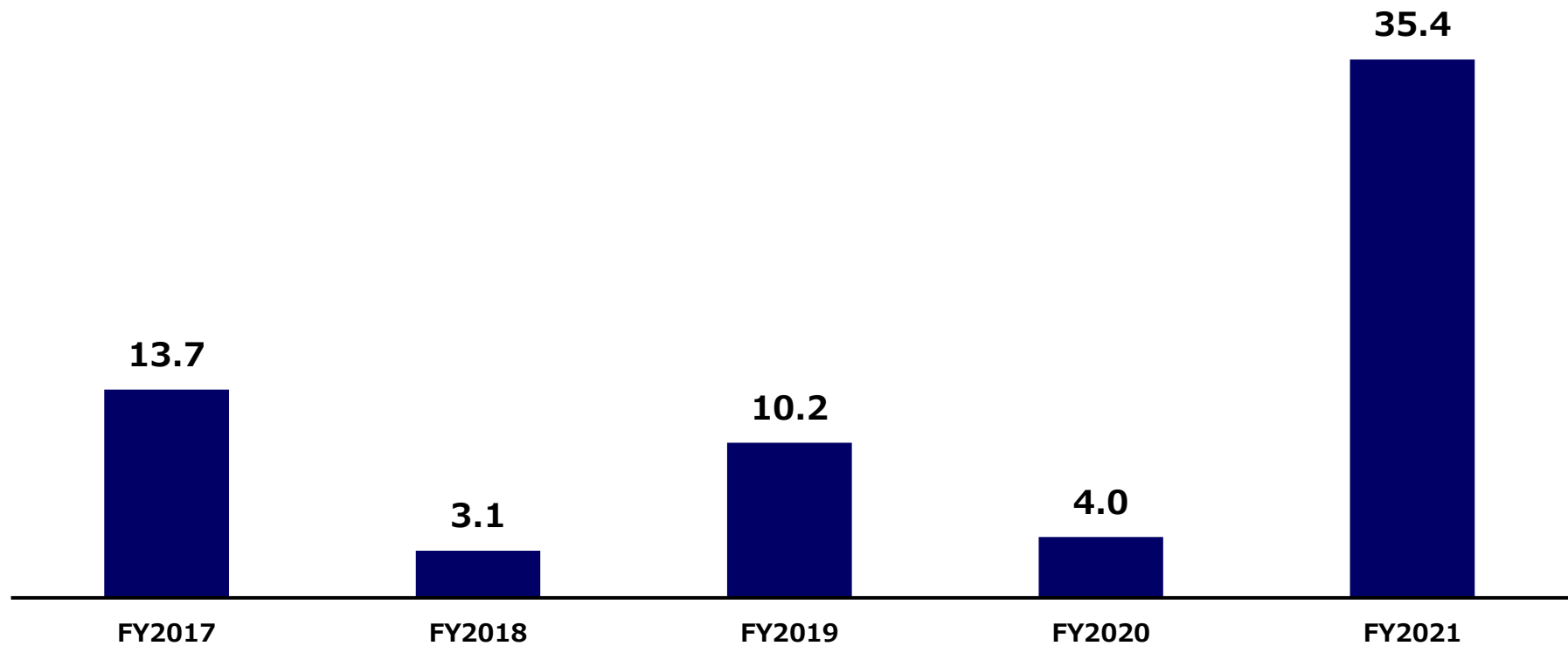


* Not including the inventory of development project.

Real Estate Fund Business (4) Arrangement

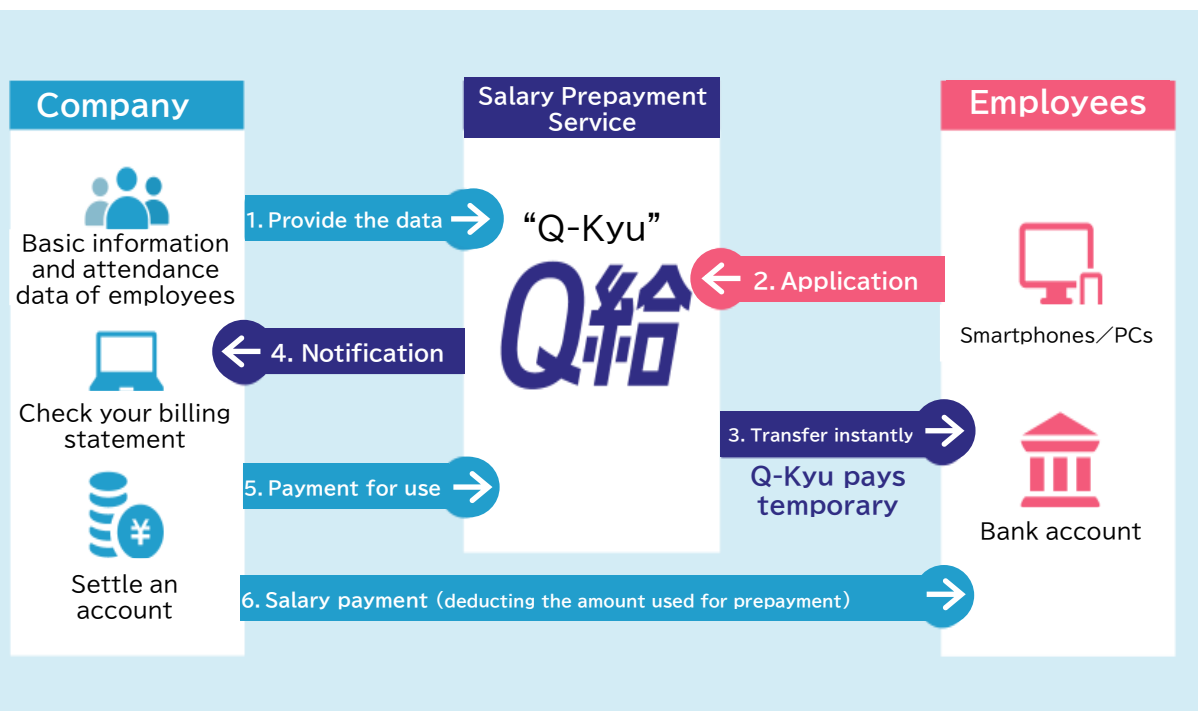
- Reached record high arrangement amount in FY2021.

Trends in amount of the arrangement at the end of each period (JPY billion)



- Launched the salary prepayment service Q-kyu, our first FinTech Business initiative, on April 20, 2021.
- Continuously adding functions to improve convenience for companies using the system.
 - API linking with attendance management systems (5 systems) to automatically retrieve data.
 - Made the Q-kyu employee website available in seven languages.

-How to use the Salary Prepayment Service “Q-Kyu” -



**Additional function(for companies)
“API linking with attendance management system”**

API linking with attendance management systems (5 systems)
→ Enables automatic provision of data.

**Additional function (for employees)
“Multilingualization”**

Implemented multilingualization of the employee website in anticipation of use by foreign employees.

<Available languages>
English, Chinese (Simplified and Traditional), Korean, Vietnamese, Tagalog, Portuguese, and Spanish are supported.

💡 For companies... Helping increase job satisfaction, retention rate and new-recruit applications.

💡 For employees... Allowing to respond to urgent financial needs and arrange their payments to suit their lifestyle.

Medium-term Management Plan and Earnings Forecast for FY2022

Period : FY2022 – FY2024

Basic Policy : Engage in reforms and take on challenges to ensure that FPG Group continues to grow sustainably.
We aim to achieve JPY 10.0 billion or more in ordinary income on a stable basis from the fiscal year ending September 30, 2023 and onward.

Strategy : Create new products and services using licenses in finance, real estate, etc., and promote the FinTech Business and digital transformation within FPG through the use of digital technology.

Shareholder return : Aim for a consolidated dividend payout ratio of 50%

1

Expanding the Real Estate Fund Business

- Expanding the arrangement of real estate fractional ownership investment products.
- Starting the arrangement of new product.

2

Launching the FinTech Business

- Developing services that combine licensing (finance, real estate) and digital technology.

3

Building a third key pillar

- Proactively consider the M&A to establish a third key pillar after the Leasing Fund Business and the Real Estate Fund Business.

4

Improvement of the corporate value

- SDGs initiatives

Medium-term Management Plan

3. SDGs initiatives

Priority items/Relevant SDGs targets

1. Contributing to the local economy and community



Specific initiatives

- Contributing to local medical care
 - Providing air transport services for medical personnel to remote islands in Kagoshima and Okinawa prefectures.
- Contributing to small and medium-sized companies that support the local economy by promoting alliances with local financial institutions.
 - Securing business succession and employment through M&A services.

2. Implementing environmentally friendly initiatives



- Promoting paperless systems by using IT tools, etc.
 - Reducing paper-based meeting materials through the use of electronic devices and electronic documents.
 - Use of electronic signatures in contracts and other documents.
- Initiatives related to reducing carbon dioxide emissions.
 - Proactive structuring of eco-ship projects that use technologies to reduce environmental impact.

Medium-term Management Plan

3. SDGs initiatives

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
 - November 2020: We became an official partner (Gold Partner) of Paralympic Art, which is one of the activities of the Organization for Promoting Independence of Persons with Disabilities.
- Initiatives to support promoting sports
 - March 2017: Signed a sponsorship contract with Tomokazu Harimoto, a table tennis player who represents Japan.
 - March 2018: Signed a sponsorship contract with Miwa Harimoto, table tennis player.
- Human resource development and promotion of diverse human resources who can contribute to achieving management strategies.
 - Promoting the advancement of women (the percentage of women in management is 11.1%, as of September 2020)
 - Proactively hired foreign employees
 - Improving the support system for acquiring qualifications (supporting employees' career development by providing subsidies)
- Promoting diverse and flexible work styles.
 - Introducing a system of working from home for employees.
 - Achieve a 100% maternity leave and childcare leave utilization rate and return to work rate.

4. Strengthening corporate governance



- Ensuring independence and diversity in the selection of directors and management team members.
 - At least one-third of all directors appointed are to be independent outside directors.
 - Appointing female directors and female executive officers.

Earnings Forecast for FY2021

- Effective from the fiscal year ending September 30, 2022, FPG will adopt the “Accounting Standard for Revenue Recognition.”
This changes the accounting method for net sales of real estate fractional ownership investment products to the gross amount method.
Reference: Slide 33 “Complying with the Accounting Standard for Revenue Recognition”
- Aim to increase net sales and profits by expanding the sales in the Real Estate Fund Business and improving profitability in the Leasing Fund Business.

(JPY billion)

| | FY2021 Results | FY2020 References ^{*2} | FY2021 Forecast | YoY change ^{*3} (Percent chg.) |
|---|-------------------|------------------------------------|--------------------|--|
| Net sales | 14.92 | 33.58 | 41.00 | +22.1% |
| Operating income | 5.23 | 5.23 | 5.40 | +3.2% |
| Ordinary income | 5.14 | 5.14 | 5.60 | +8.8% |
| Profit attributable to owners of parent | 2.94 | 2.94 | 3.70 | +25.6% |
| Operating income margin on sales | 35.1% | 15.6% | 13.2% | ▲2.4pt |
| Profit margin on sales ^{*1} | 19.7% | 8.8% | 9.0% | +0.2pt |

^{*1} Profit means “profit attributable to owners of parent”

^{*2} “FY2021 (Reference)” is the net sales amount of the real estate fractional ownership investment products reclassified to the “Gross amount method”.

^{*3} “YoY change” is the different between FY2022 and FY2021(References)

- In the Leasing Fund Business, expect both the total amount of equity placements and net sales to decrease as we continue with careful selection of aircraft projects due to the ongoing impact of COVID-19.
- In the Real Estate Fund Business, expect a significant increase in net sales due to the proactive arrangement of the real estate fractional ownership investment products.

(JPY billion)

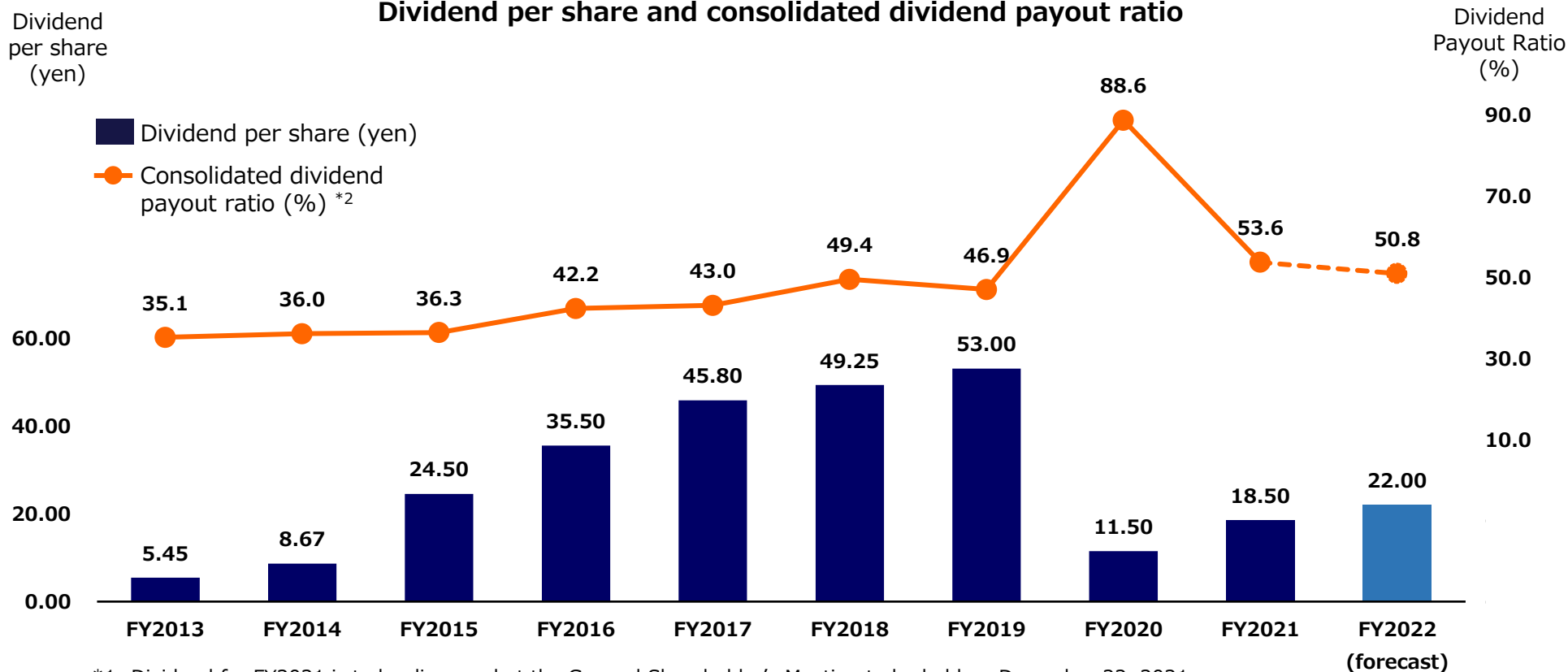
| | FY2020 Results | FY2020 References ^{*1} | FY2021 Forecast | YoY change ^{*2} (Percent chg.) | |
|---------------------------|---|---------------------------------|-----------------|--|--------|
| Leasing Fund Business | 11.16 | 11.16 | 9.41 | ▲15.7% | |
| Real Estate Fund Business | 2.62 | 21.28 | 30.30 | +42.4% | |
| FinTech Business | 0.42 | 0.42 | 0.53 | +23.4% | |
| Other Business | 0.71 | 0.71 | 0.76 | +6.8% | |
| Total | 14.92 | 33.58 | 41.00 | +22.1% | |
| Leasing Fund Business | Total amount of equity placements | 94.55 | 94.55 | 80.00 | ▲15.4% |
| | Total amount of assets arranged | 158.75 | 158.75 | 200.00 | +26.0% |
| Real Estate Fund Business | Total amount of real estate fractional ownership investment | 21.20 | 21.20 | 30.00 | +41.5% |

^{*1} "FY2021 (Reference)" is the net sales amount of the real estate fractional ownership investment products reclassified to the "Gross amount method".

^{*2} "YoY change" is the different between FY2022 and FY2021(References)

- **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 FY2021: 18.50 yen per share (Payout ratio 53.6%) *1
 - Dividend forecast for the FY2022 : 22.00 yen per share (Payout ratio 50.8%)

Dividend per share and consolidated dividend payout ratio



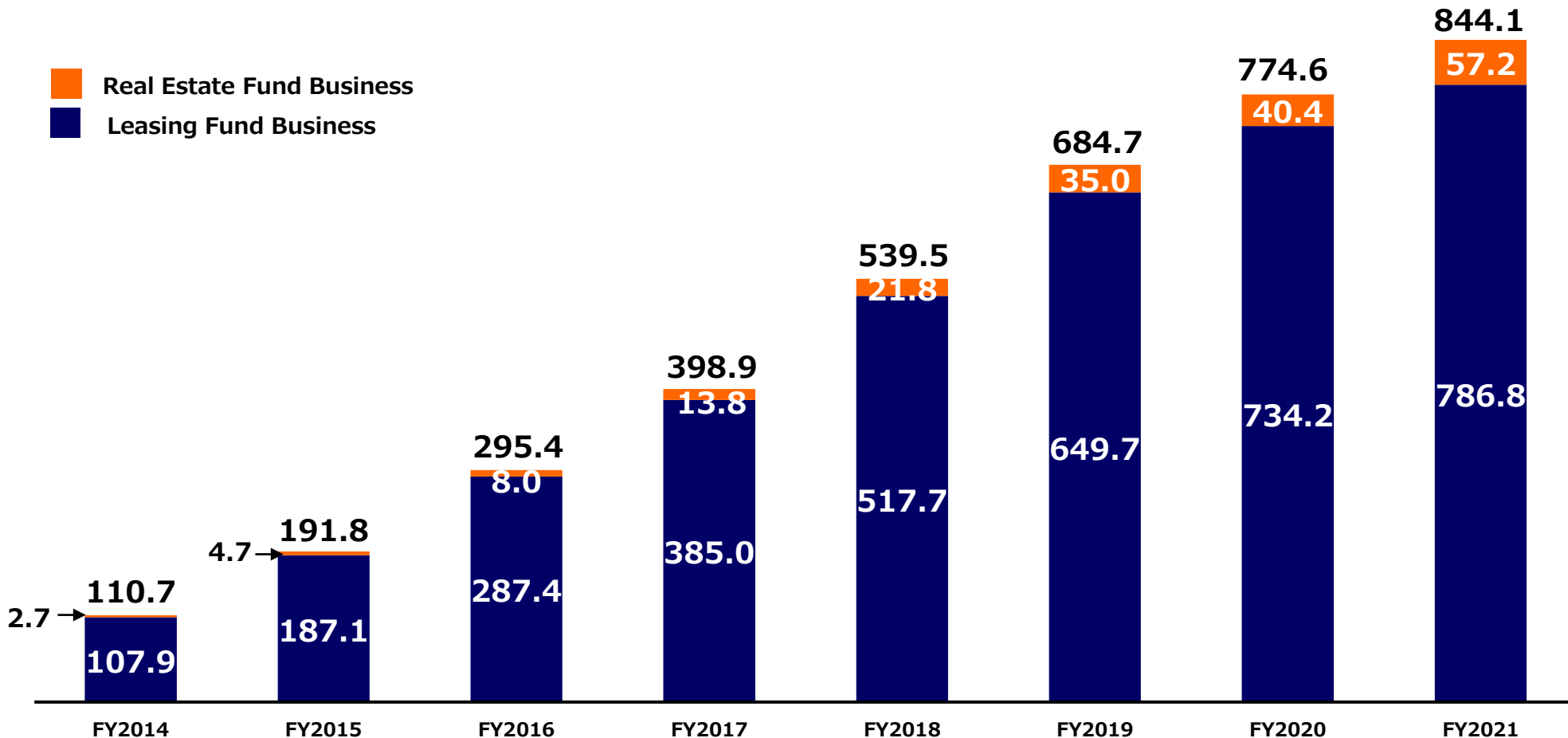
*1: Dividend for FY2021 is to be discussed at the General Shareholder's Meeting to be held on December 22, 2021

*2: Consolidated account commenced in FY2013

Appendix

Trend in unredeemed balance*

- Unredeemed balance of JPY 844.1 billion at the end of September 2021, with a target of JPY 1.0 trillion.
- Focus on capturing reinvestment demand for projects coming up for redemption.



*The unredeemed balance is the sum of the amount invested by investors in the Leasing Fund Business and the amount of the real estate fractional ownership investments sold to investors in the Real Estate Fund Business, excluding the amount already redeemed.

Consolidated Income Statement Summary

(JPY billion)

| | FY2020 | FY2021 | YoY Change |
|---|--------|--------|------------|
| Net sales | 12.70 | 14.92 | +17.4% |
| ① Cost of sales | 4.77 | 3.24 | ▲32.0% |
| Gross profit | 7.93 | 11.67 | +47.1% |
| SG&A Cost | 6.05 | 6.44 | +6.4% |
| Operating income | 1.87 | 5.23 | +178.5% |
| ② Non-operating income | 2.76 | 2.42 | ▲12.3% |
| ③ Non-operating expenses | 2.92 | 2.51 | ▲14.2% |
| Ordinary income | 1.71 | 5.14 | +199.4% |
| Income before income taxes | 1.69 | 4.54 | +167.8% |
| Total income taxes | 0.53 | 1.58 | +195.9% |
| Profit attributable to owners of parent | 1.13 | 2.94 | +159.4% |

① **Cost of sales**
Includes cost of commission fees paid for client introductions, arrangement costs for Leasing Fund Business, and valuation loss related to 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 (USD as well as JPY) and the costs related to Air Mauritius.

Consolidated Balance Sheet Summary

(JPY billion)

| Asset | Sep. 30, 2020 | Sep. 30, 2021 | Change |
|---|---------------|---------------|---------------|
| Current assets | 126.46 | 85.78 | ▲40.68 |
| Cash and deposit | 27.15 | 20.81 | ▲6.34 |
| ① Equity underwritten | 39.61 | 20.86 | ▲18.75 |
| ② Money held in trust | 34.03 | 18.53 | ▲15.50 |
| ③ Aircraft for sales | 14.66 | - | ▲14.66 |
| ④ Real estate for arrangement | 2.21 | 19.22 | +17.01 |
| Non-current assets | 6.38 | 6.11 | ▲0.27 |
| Total assets | 132.85 | 91.89 | ▲40.96 |
| Liabilities and Net assets | Sep. 30, 2020 | Sep. 30, 2021 | Change |
| Current liabilities | 83.21 | 47.27 | ▲35.94 |
| Short-term debt | 72.87 | 38.76 | ▲34.11 |
| ⑤ SPC non-recourse loan(within 1 year) | 1.40 | - | ▲1.40 |
| ⑥ Advances received | 5.45 | 4.72 | ▲0.73 |
| Non-current liabilities | 22.14 | 15.22 | ▲6.92 |
| Long-term debt | 9.20 | 14.73 | +5.53 |
| ⑤ SPC non-recourse loan | 12.54 | - | ▲12.54 |
| Total liabilities | 105.36 | 62.50 | ▲42.86 |
| Total net assets | 27.48 | 29.39 | +1.91 |
| Total liabilities and net assets | 132.85 | 91.89 | ▲40.96 |

- ① Equity underwritten
Temporary advances in Leasing Fund Business prior to selling to equity investors
- ② Money held in trust
Temporary stock of trust beneficiary right of operating lease for aircraft using a trust function
- ③ Aircraft for sales
Decreased due to deconsolidation of the operating lease business with Air Mauritius as lessee.
- ④ Real estate for arrangement
Stock of the real estate fractional ownership investment products (incl. JPY 0.69 bn of the real estate for "Jiyugaoka 1-chome plan" under development).
- ⑤ SPC non-recourse loan
Decreased due to deconsolidation of the operating lease business with Air Mauritius as lessee.
- ⑥ Advances received
Including advances of commission fees related to Leasing Fund Business.

Key Financial Data

| Accounting term | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|--------------------|--------|--------|--------|--------|--------|
| Net sales | Billions of yen | 21.07 | 22.04 | 26.59 | 12.70 | 14.92 |
| Ordinary income | Billions of yen | 13.71 | 12.62 | 14.39 | 1.71 | 5.14 |
| Net income | Billions of yen | 9.58 | 8.98 | 10.03 | 1.13 | 2.94 |
| Paid-in capital | Billions of yen | 3.09 | 3.09 | 3.09 | 3.09 | 3.09 |
| Outstanding shares | Thousand of shares | 94,623 | 92,373 | 90,673 | 89,073 | 89,073 |
| Net assets | Billions of yen | 25.62 | 29.74 | 32.98 | 27.48 | 29.39 |
| Total assets | Billions of yen | 82.79 | 85.14 | 125.83 | 132.85 | 91.89 |
| Book value per share | Yen | 270.60 | 326.03 | 369.59 | 318.90 | 342.39 |
| Dividends | Yen | 45.80 | 49.25 | 53.00 | 11.50 | 18.50 |
| Earnings per share | Yen | 106.44 | 99.71 | 113.01 | 12.98 | 34.51 |
| ROE | % | 45.5 | 33.4 | 32.3 | 3.8 | 10.4 |
| Equity ratio | % | 29.5 | 34.5 | 26.0 | 20.5 | 31.8 |
| Payout ratio | % | 43.0 | 49.4 | 46.9 | 88.6 | 53.6 |
| Cash flow from operating activities | Billions of yen | 3.03 | 11.58 | ▲24.84 | 12.19 | 26.65 |
| Cash flow from investing activities | Billions of yen | ▲0.02 | ▲0.88 | ▲0.39 | ▲2.17 | ▲1.14 |
| Cash flow from financing activities | Billions of yen | 0.74 | ▲9.81 | 28.84 | ▲0.89 | ▲31.91 |
| Cash and cash equivalents at end of year | Billions of yen | 12.60 | 13.33 | 16.58 | 25.75 | 19.41 |
| Number of employees | | 227 | 252 | 262 | 338 | 336 |

■ External Evaluation*1



<JPX-Nikkei 400>

The JPX-Nikkei 400 is an index of approximately 3,700 companies listed on the Tokyo Stock Exchange that meet various criteria required by global investment standards, such as efficient use of capital and investor-oriented management. FPG has been selected for five 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.

*1 As of Sep. 2021

■ New market classification of the Tokyo Stock Exchange(TSE)

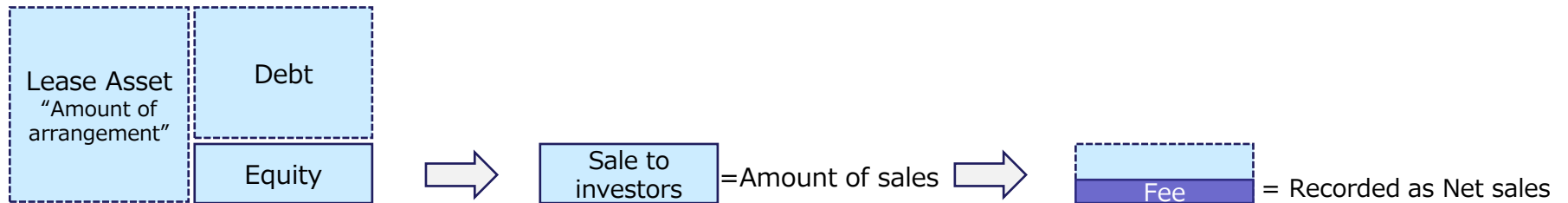
- FPG received the results of the initial assessment of our compliance with the listing standards in the new market classification from TSE, Inc. on July 9, 2021, and confirmed that we are in compliance with the listing standards to remain listed in the Prime Market.
- The Board of Directors resolved to select the Prime Market at its meeting held on July 30, 2021.
- FPG submitted our application to the Tokyo Stock Exchange on September 1, 2021

Business categories and Net sales by business

FPG's business is divided into the following 4 categories in this document

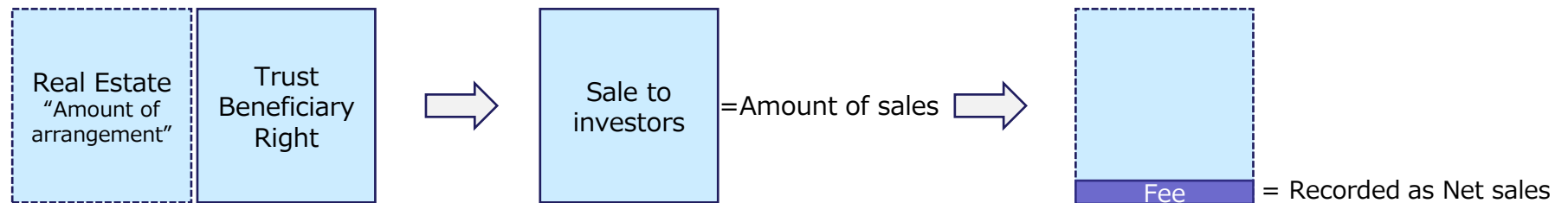
1. Leasing Fund Business

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 "Nin-i 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

The Real Estate Fund Business arranges and sells to investors real estate fractional ownership investments, using the trust function of FPG Trust. Net sales include commissions received for the sale of the real estate fractional ownership investment to investors. However, for development projects, the amount sold to investors is recorded as net sales.



3. FinTech Business

The FinTech Business promotes the provision of new financial products and services that combine the Group's various financial and real estate licenses with information technology. In April 2021, we launched the 1st service of FinTech Business, the salary prepayment service "Q-Kyu." And FinTech Business also develops IT system and builds network infrastructures. Net sales include fees for commissioned work related to system development and network infrastructure construction.

4. Other Business

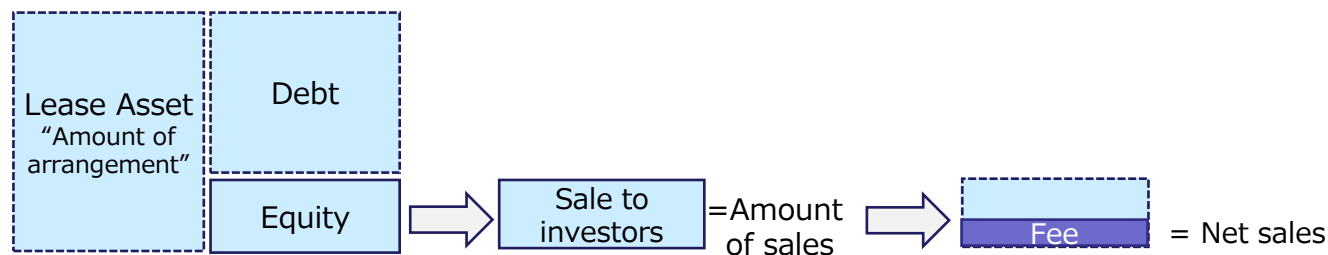
Other Business includes the Insurance Sales Business, M&A Business, Private Equity Business and Aviation Business. Net sales include commission income in the Insurance Sales Business and M&A Business, proceeds from the sale of private equity funds in the Private Equity Business, and sale of services such as transport and aerial photography in the Aviation Business.

Complying with the Accounting Standard for Revenue Recognition

- Effective from the fiscal year ending September 30, 2022, FPG will adopt the “Accounting Standard for Revenue Recognition.”
<Main changes>
Change in the method of accounting for net sales of real estate fractional ownership investment products.
 - Until the fiscal year ended September 30, 2021:
Net sales method (The amount of commission the company receives is recorded as net sales)
 - From the fiscal year ending September 30, 2022:
Gross amount method (The sale amount (excluding consumption tax, etc.) is recorded as net sales)
- Profit items below gross profit are expected to be largely unaffected.

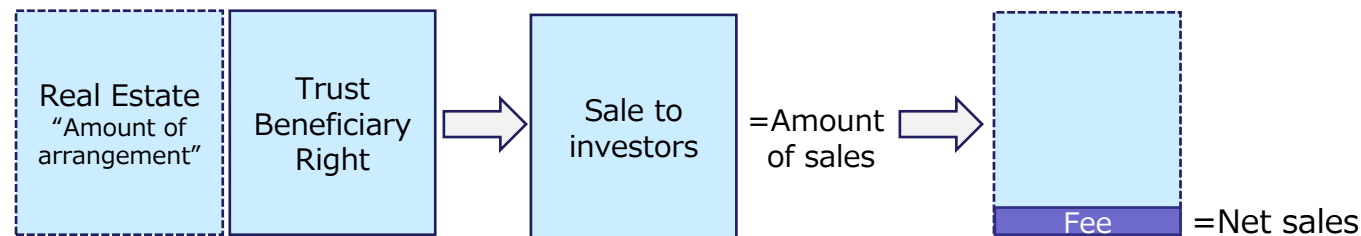
Leasing Fund Business

**No-change;
Commissions are recorded as net sales**



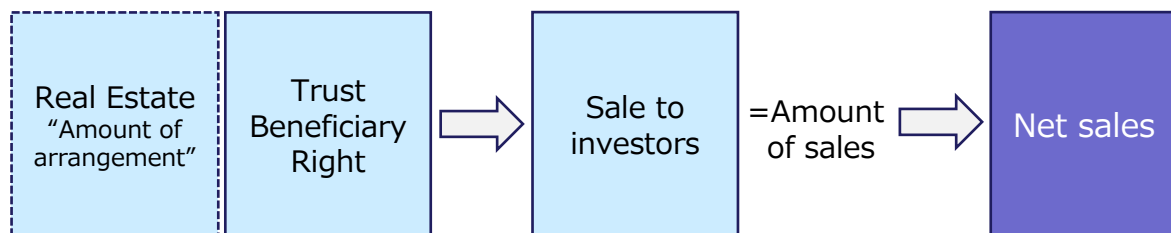
Real Estate Fund Business

**Before the change;
Commissions are recorded as net sales**



**After the change;
Sales amount are recorded as net sales**

* excl. consumption tax etc.



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.

【Inquiry】

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