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FPG Consolidated Financial Results
First Half of the Fiscal Year Ending September 30, 2021
(October 30, 2020 - March 31, 2021)

Financial Products Group Co., Ltd.
(Tokyo Stock Exchange First Section Code: 7148)

JPX
TSE LISTED

Business categories and Net sales

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- 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.

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Highlights

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Financial Results for the 1st Half of FY2021

- Net sales and profits were significantly higher than the 1st half forecast announced on Oct. 30, 2020 (upward revision announced on April 26). With the exception of net profit for the 1st half, net sales and profits have recovered to higher levels than before the COVID-19 pandemic.
- In the Leasing Fund Business, completed disposition of losses for Air Mauritius Limited in the 1st quarter.
- Record high in the net sales of real estate fractional ownership investment for 1st half and full year.

Management Policy and Outlook

- Further expansion of arrangement and sales of the real estate fractional ownership investment in the Real Estate Fund Business.
- Launch of the salary prepayment service “Q-Kyu”, the 1st FinTech Business initiative.
  Focus on attracting new customers and promoting development of a 2nd and 3rd service.
- The full-year forecast (announced on Oct. 30, 2020) remains unchanged, in view of the possibility of a worsening of the economic environment due to increases in COVID-19 cases.
- No changes to the shareholder return policy.
  (Dividend payout forecast for FY2021: JPY 16.5 per share)

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Consolidated Financial Results for the 1st Half of FY2021

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Year-on-year

- Net sales recovered to a level higher than the same period of previous year. Operating Profit increased due to improved profitability.
- Profit attributable to owners of parent remained at the same level as the previous year, despite losses totaling approximately JPY 1.2 billion related to the loss on Air Mauritius and the transfer of FPG Securities currency-related OTC derivative transactions.

Chg. vs 1H forecast

- All profit lines significantly rose compared to the forecast due to the increase in net sales and improved profitability (upward revision announced on April 26).

(JPY billions)

	FY2020 1H	FY2021 1H	YoY change (Percent chg.)	FY2021 1H Forecast*1	Chg. from 1H Forecast (Percent chg.)	FY2021 Forecast*1	Progress Rate
Net sales	8.29	8.65	+0.36 (+4.4%)	7.13	+1.52 (+21.4%)	13.86	62.4%
Gross profit	6.19	6.84	+0.65 (+10.6%)	-	-	-	-
SG&A Cost	3.06	3.23	+0.17 (+5.6%)	-	-	-	-
Operating income	3.13	3.61	+0.48 (+15.5%)	2.47	+1.14 (+45.9%)	4.54	79.5%
Ordinary income	3.21	3.22	+0.01 (+0.3%)	2.14	+1.08 (+50.4%)	4.00	80.7%
Profit attributable to owners of parent	2.21	2.16	▲0.05 (▲2.0%)	1.50	+0.66 (+44.5%)	2.80	77.4%
Gross profit margin on sales	74.6%	79.1%	+4.4pt	-	-	-	-
Operating income margin on sales	37.7%	41.7%	+4.0pt	34.7%	+7.0pt	32.8%	-
Profit magin on sales*2	26.7%	25.0%	▲1.6pt	21.0%	+4.0pt	20.2%	-

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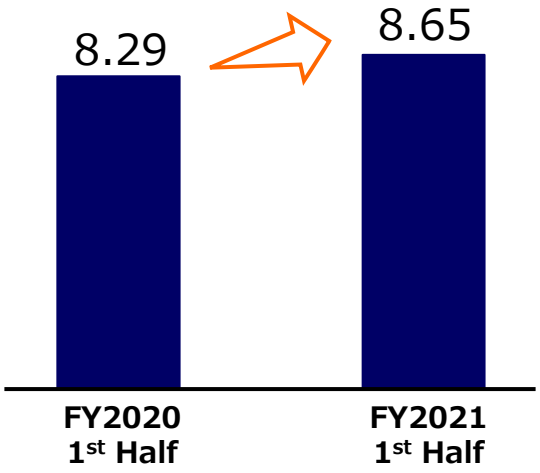
*1: Announced on Oct. 30, 2020

*2: Profit means profit for this term attributable to owners of parent

Comparison with the same period of FY2020

Net sales

(JPY billions)

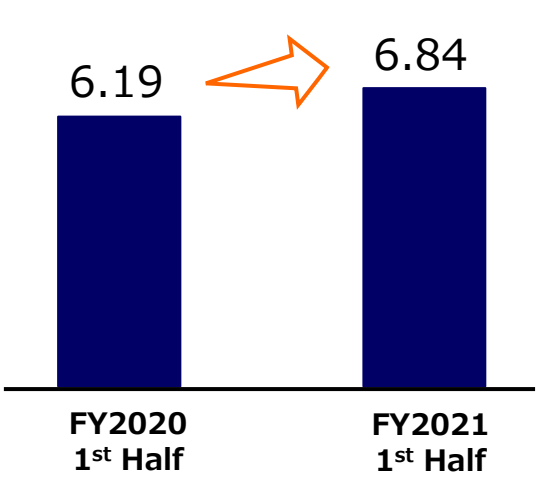


Increase in net sales +0.36

- Significant net sales growth in the Real Estate Fund Business

Gross profit

(JPY billions)

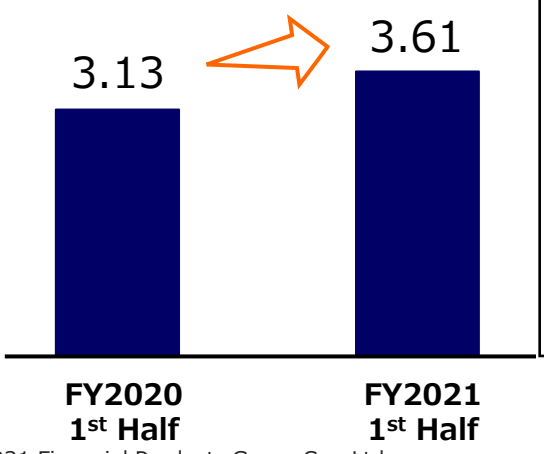


Increase in gross profit +0.65

- Increase in profits due to improvement in gross profit margin, despite the valuation loss of JPY 0.49 billion related to Air Mauritius recorded in 1st quarter.

Operating income

(JPY billions)

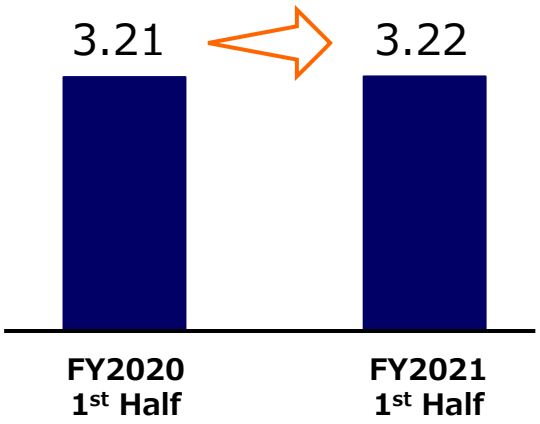


Increase in Operating income +0.48

- Increased operating income despite increased SG&A

Ordinary income

(JPY billions)



Almost the same level as the 1st half of FY2020 +0.01

- Almost at the same level as previous year due to increase in gross profit, despite the net cost of JPY 507 million related to Air Mauritius recorded in 1st quarter.

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Reference: Quarterly Performance

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■ **Financial results for 2Q (Jan.–Mar.)**
- Maintaining the trend of sales growth from 1st quarter.
- All profits higher than the previous year due to the improvement of profitability in addition to no longer being affected by Air Mauritius.

(JPY billions)

	FY2021 1Q	YoY Change (Percent chg.)	FY2021 2Q	YoY Change (Percent chg.)	FY2021 1H	YoY Change (Percent chg.)
Net sales	3.82	+0.13 (+3.4%)	4.83	+0.24 (+5.1%)	8.65	+0.36 (+4.4%)
Gross profit	2.67	▲0.36 (▲12.0%)	4.17	+1.02 (+32.2%)	6.84	+0.65 (+10.6%)
SG&A Cost	1.68	+0.15 (+9.8%)	1.54	+0.02 (+1.4%)	3.23	+0.17 (+5.6%)
Operating income	0.98	▲0.51 (▲34.3%)	2.62	+0.99 (+61.1%)	3.61	+0.48 (+15.5%)
Ordinary income	0.69	▲0.88 (▲56.1%)	2.53	+0.90 (+54.8%)	3.22	+0.01 (+0.3%)
Profit attributable to owners of parent	0.27	▲0.79 (▲74.4%)	1.89	+0.75 (+65.3%)	2.16	▲0.05 (▲2.0%)
Gross profit margin on sales	69.9%	▲12.2pt	86.4%	+17.7pt	79.1%	+4.4pt
Operating income margin on sales	25.7%	▲14.7pt	54.4%	+18.9pt	41.7%	+4.0pt
Profit magin on sales*	7.1%	▲21.7pt	39.2%	+14.3pt	25.0%	▲1.6pt

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* Profit means profit for this term attributable to owners of parent

Net sales by Business

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- In the Leasing Fund Business, maintaining the sales recovery trend, with significant growth in net sales compared to the 1st half forecast.
- In the Real Estate Fund Business, maintaining sales growth trend, and net sales of the real estate fractional ownership investment reaching a record high.

(JPY billions)

	FY2020 1H	FY2021 1H	YoY Change (Percent chg.)	FY2021 1H Forecast*	Change from 1H Forecast (Percent chg.)	FY2021 Forecasst*	Progress Rate
Leasing Fund Business	7.37	6.79	▲0.58 (▲7.8%)	5.42	+1.37 (+25.4%)	10.54	64.5%
Real Estate Fund Business	0.57	1.33	+0.76 (+134.2%)	1.10	+0.23 (+21.7%)	2.00	66.9%
FinTech Business	-	0.21	+0.21 -	0.27	▲0.06 (▲20.9%)	0.65	33.5%
Other Business	0.35	0.30	▲0.05 (▲13.1%)	0.33	▲0.03 (▲9.2%)	0.67	45.4%
Total	8.29	8.65	+0.36 (+4.4%)	7.13	+1.52 (+21.4%)	13.86	62.4%

*Announced on Oct. 30, 2020

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Leasing Fund Business (1) Outline

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- **Equity placement, including the aircraft project, made good progress and recovered to the same level as before the COVID-19 pandemic.**
- **Arranged assets are down 30.9% year-on-year, but we are aiming to meet the full-year forecast.**

(JPY billions)

	FY2020 1H		FY2021 1H		YoY Change	FY2021 Forecast*	Progress rate
	Amount	Composition ratio	Amount	Composition ratio			
Net sales	7.37	-	6.79	-	▲7.8%	10.54	64.5%
Total amount of equity placement	56.63	100.0%	54.92	100.0%	▲3.0%	83.00	66.2%
Aircraft	28.41	50.2%	22.27	40.5%	▲21.6%	-	-
Ships	20.75	36.6%	25.31	46.1%	+22.0%	-	-
Marine containers	7.47	13.2%	7.34	13.4%	▲1.8%	-	-
Inventory amount	87.85	-	57.88	-	▲34.1%	-	
Total amount of assets arranged	124.58	-	86.10	-	▲30.9%	230.00	37.4%

* Announced on Oct. 30, 2020

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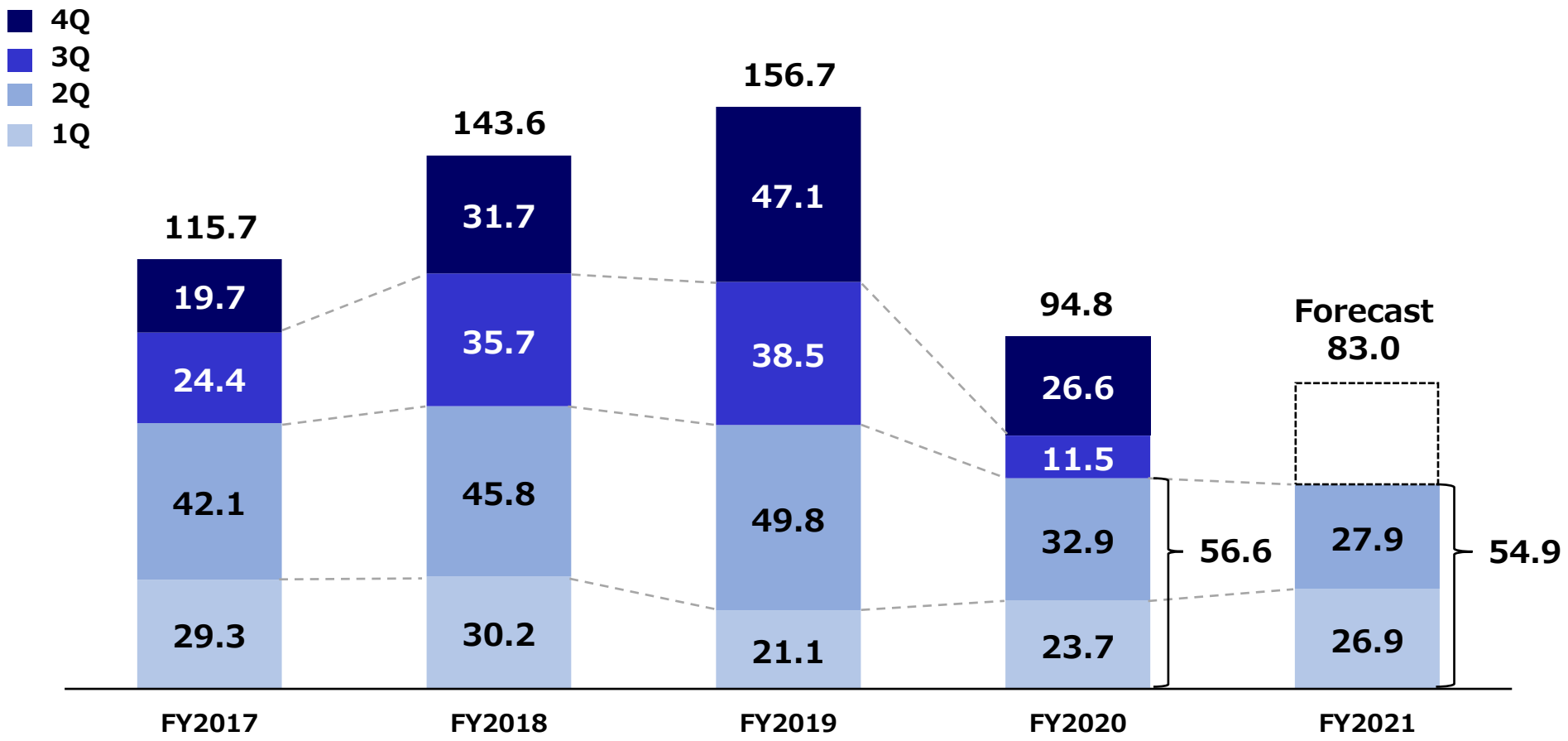
Leasing Fund Business (2) Equity Placement

- The 2nd quarter (Jan.-Mar.) also showed good progress, and recovered the same level as before the COVID-19 pandemic.
- The amount of equity placement in the 1st half was JPY 54.9 billion, 66% of the full-year forecast of JPY 83.0 billion.

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



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Leasing Fund Business (3) Product Inventory

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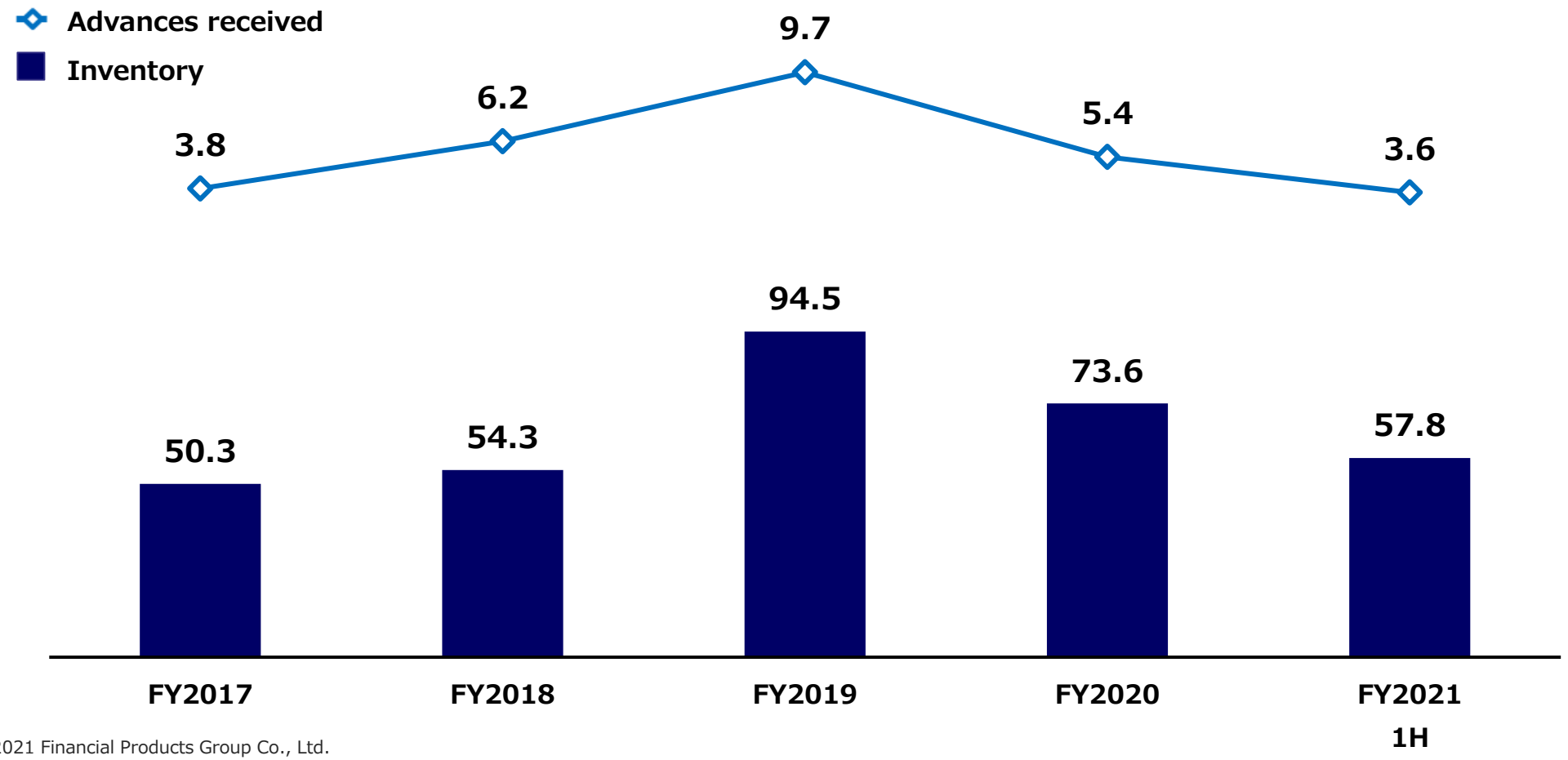
- **Continuing downward trend in inventories on the back of strong sales, but sufficient stock to meet full-year forecast.**

Trends in inventory amount and advances received (JPY billions)



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Leasing Fund Business (4)
Trends in amount of assets arranged by quarter

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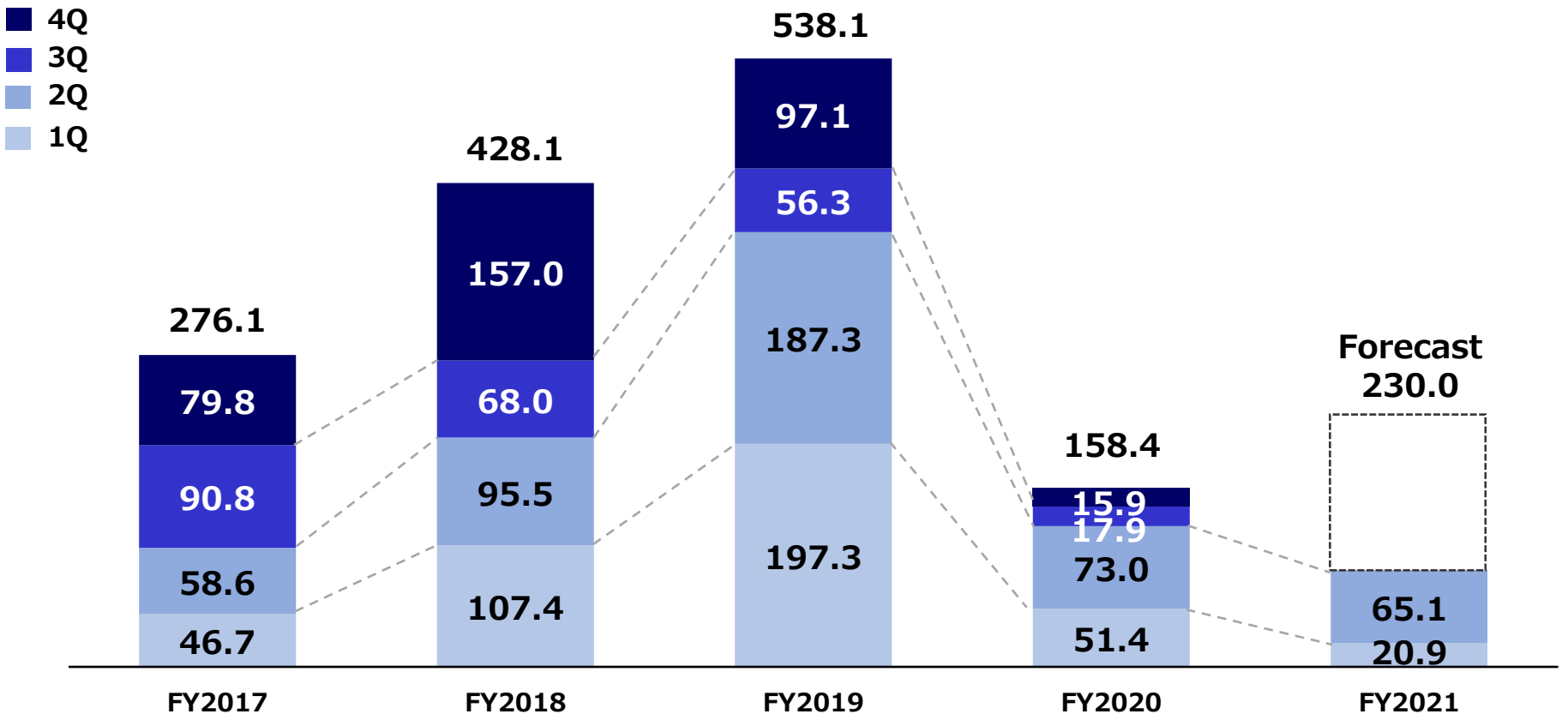
- The arranged assets for the 2nd quarter (Jan.-Mar.) increased significantly compared to the 1st quarter (Oct.-Dec.) due to utilizing our relationships with airlines and shipping companies while carefully selecting lessees.

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



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Leasing Fund Business (5)
Trends in amount of assets arranged by lease asset

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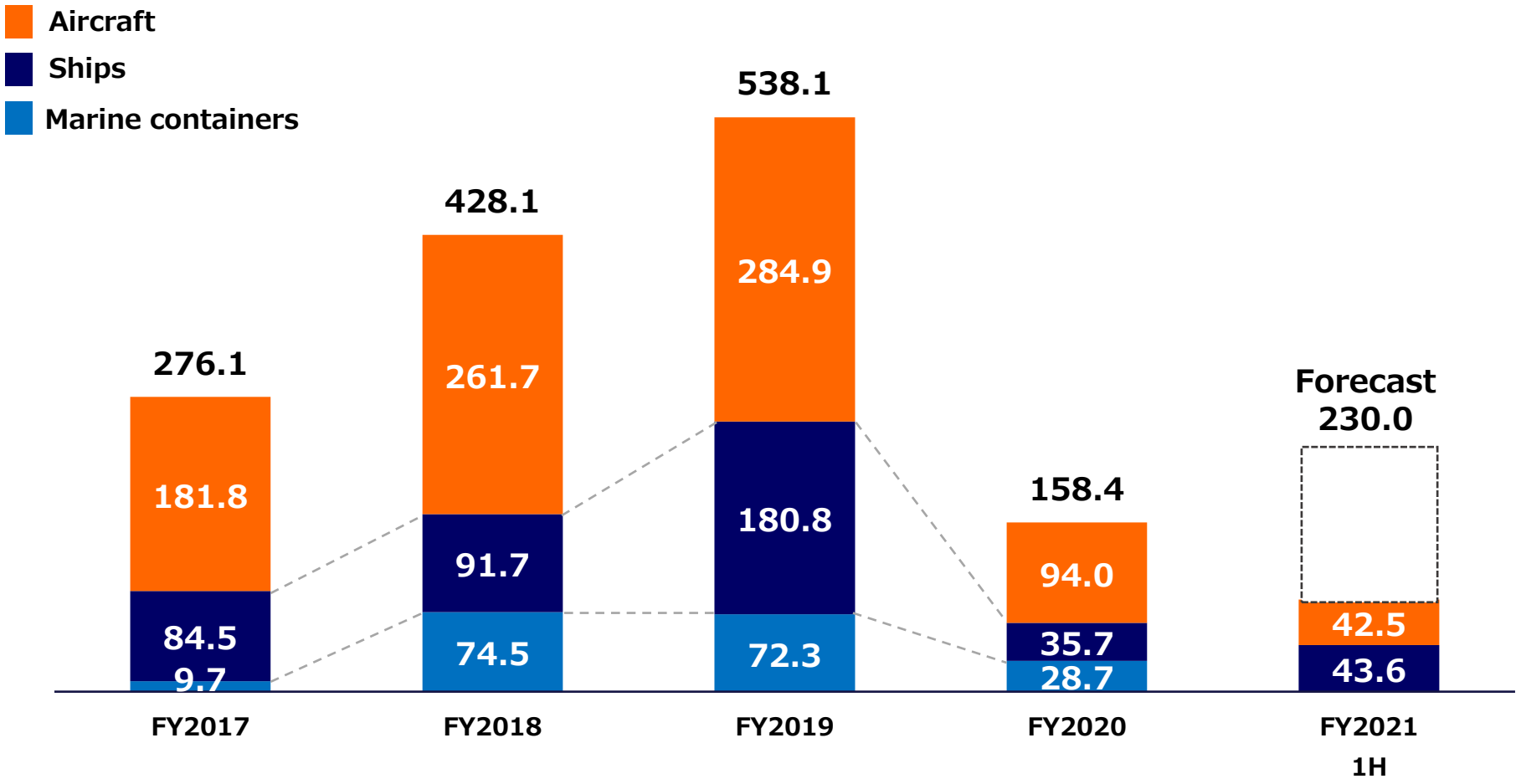
- Year-on-year increase in arranged assets for ships as a result of the focus on acquiring deals. On aircraft projects, deals were carefully selected and arranged.

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



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Real Estate Fund Business (1) Outline

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- Reached a record high in net sales of the real estate fractional ownership investment.
- Approximately JPY 0.3 billion in commissions earned from the sale of two real estate fractional ownership investments by exit strategy.

(JPY billions)

	FY2017	FY2018	FY2019	FY2020	FY2020 1H	FY2021 1H	YoY Change
Net sales	**0.55**	**0.69**	**4.25**	**0.68**	**0.57**	**1.33**	**+134.2%**
Real estate fractional ownership investment	0.55	0.69	1.27	0.68	0.57	1.33	+134.2%
Development	-	-	2.98	-	-	-	-
Sales of the real estate fractional ownership investment	**5.80**	**8.05**	**12.24**	**5.41**	**5.41**	**11.04**	**+103.9%**
Inventory of the real estate fractional ownership investment	**9.75**	**5.32**	**3.37**	**2.21**	**0.02**	**-**	-
Arrangement of the real estate fractional ownership investment	**13.79**	**3.15**	**10.25**	**4.08**	**1.64**	**8.60**	**+424.8%**

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Real Estate Fund Business (2) Trend in amount sales

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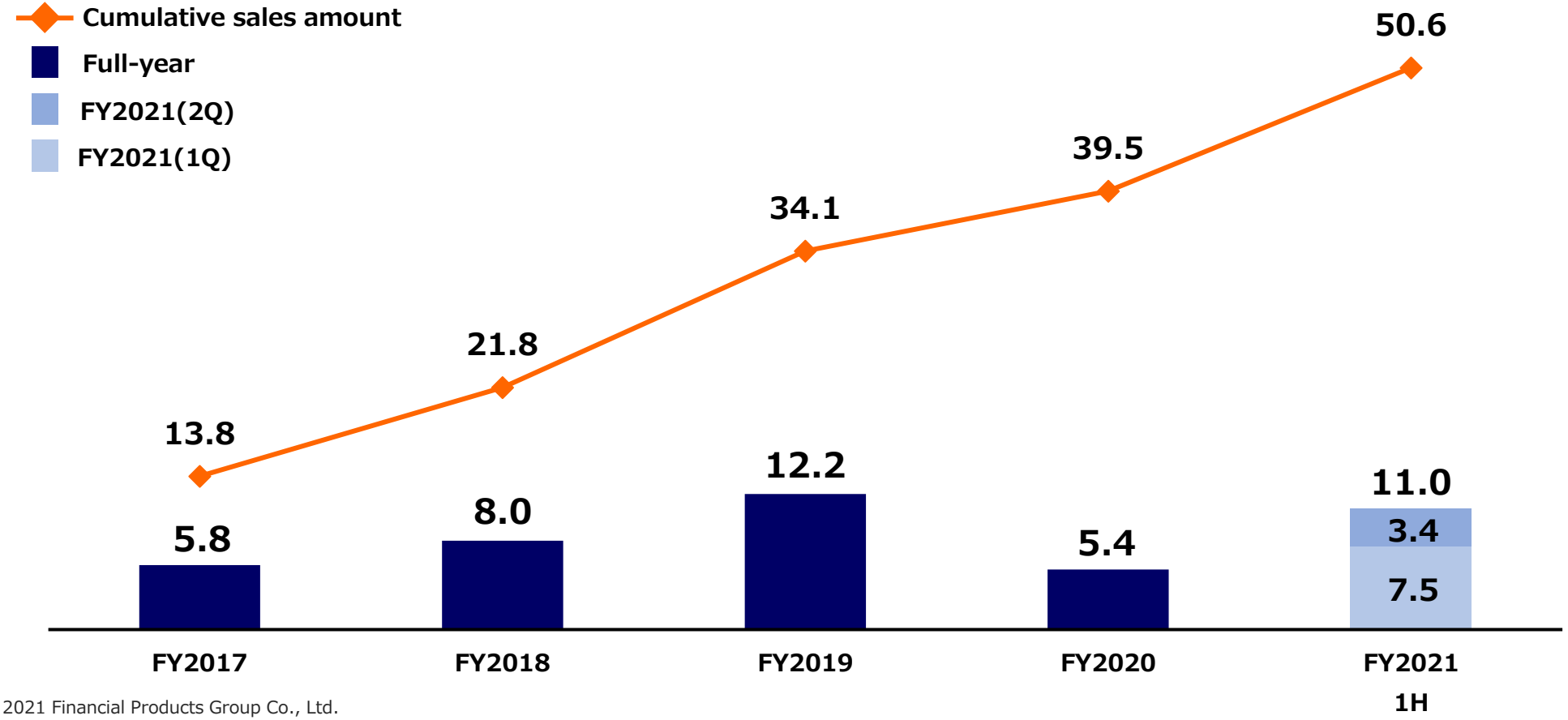
- **Continuing to be sold out almost on the same day as the start of sales due to the expansion of sales channels and product characteristics that meet customer needs.**

Trends in sales amount of the real estate fractional ownership investment and cumulative sales amount (JPY billions)



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Real Estate Fund Business (3)
Trends in arrangement and inventory

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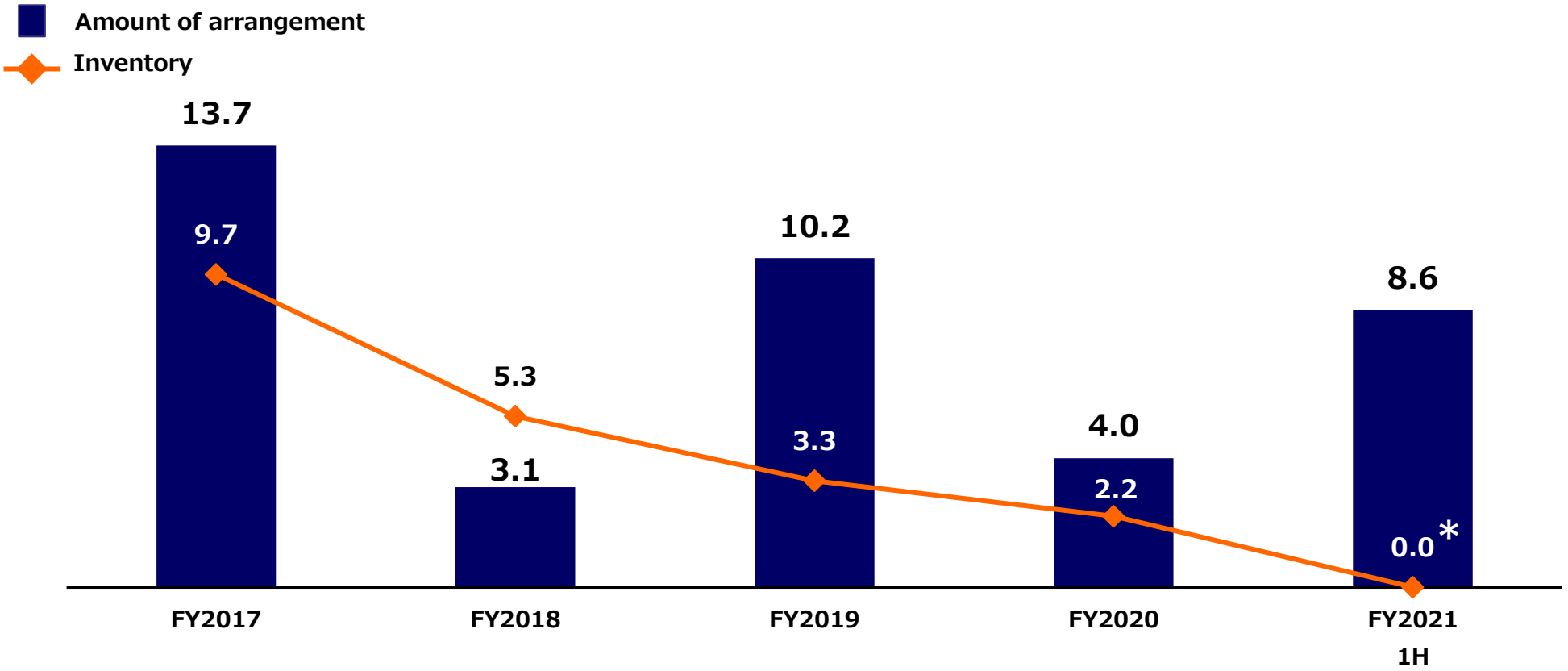
- No inventory of the real estate fractional ownership investment at the end of 1st half of FY2021, but two projects were secured for sale in the 2nd half.
- Start the 2nd development project: “Jiyugaoka 1-chome Plan” (Meguro-ku, Tokyo).

Trends in amount of the arrangement of the real estate fractional ownership investment and the inventory at the end of each period (JPY billions)



*Excl. JPY 0.67 billion of the real estate for “Jiyugaoka 1-chome plan,” a project under development

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FinTech Business

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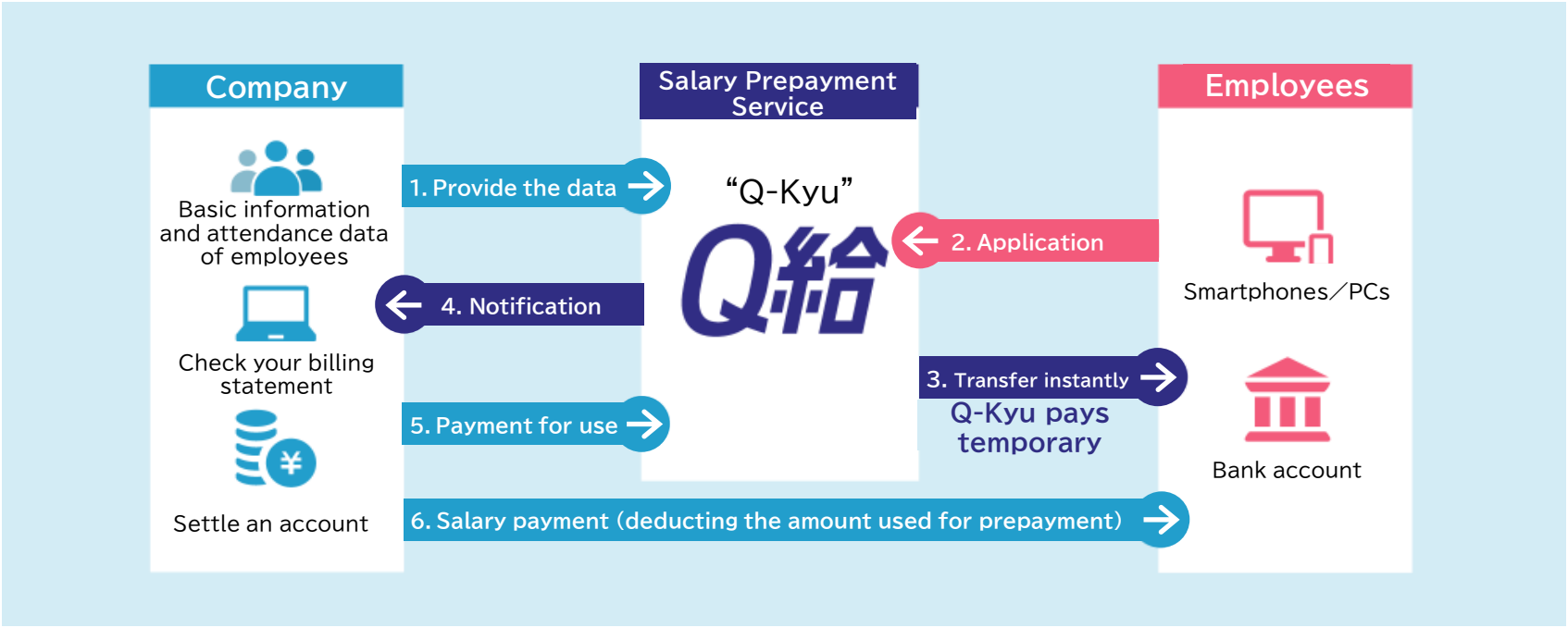
■ **Launch of the salary prepayment service “Q-Kyu”, the 1st FinTech Business initiative, on April 20.**

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



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.

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Trend in unredeemed balance*

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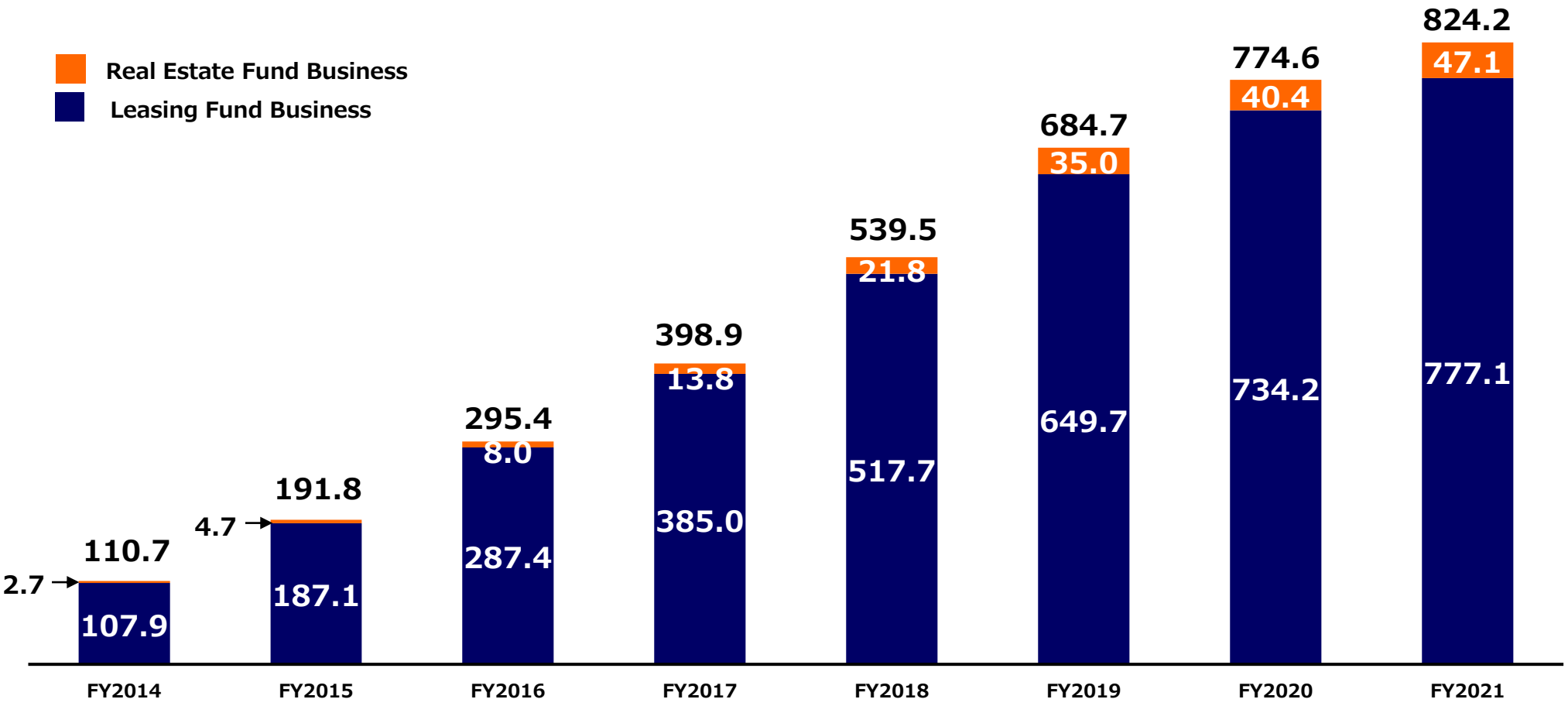
- Unredeemed balance of JPY 824.2 billion at the end of March 2021, with a target of JPY 1.0 trillion.
- Focus on capturing reinvestment demand for projects coming up for redemption.



(JPY billions)

*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.

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Consolidated Income Statement Summary

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(JPY billions)

	FY2020 1H	FY2021 1H	YoY Change
Net sales	8.29	8.65	+4.4%
① Cost of sales	2.10	1.81	▲14.0%
Gross profit	6.19	6.84	+10.6%
SG&A Cost	3.06	3.23	+5.6%
Operating income	3.13	3.61	+15.5%
② Non-operating income	1.23	1.43	+16.9%
③ Non-operating expenses	1.14	1.82	+59.5%
Ordinary income	3.21	3.22	+0.3%
Income before incme taxes	3.20	2.96	▲7.4%
Total income taxes	0.96	0.84	▲13.1%
Profit attributable to owners of parent	2.21	2.16	▲2.0%

①Cost of sales: Includes cost of commission fees paid for client introductions, arrangement costs for Leasing Fund Business, and valuation loss related to Air Mauritius
②Non-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.
③Non-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

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Consolidated Balance Sheet Summary

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(JPY billions)

Asset	FY2020 Sep.30, 2020	FY2021 Mar. 31, 2021	Change
Current assets	126.46	112.73	▲13.73
Cash and deposit	27.15	32.33	+5.18
① Equity underwritten	39.61	27.20	▲12.41
② Money in trust	34.03	30.68	▲3.35
③ Aircraft for sales	14.66	-	▲14.66
④ Supplies	0.01	14.31	+14.30
⑤ Real estate for arrangement	2.21	0.67	▲1.54
Non-current assets	6.38	6.23	▲0.15
Total assets	132.85	118.97	▲13.88
Liabilites and Net asstes	**FY2020 Sep.30, 2020**	**FY2021 Mar. 31, 2021**	**Change**
Current liabilities	83.21	65.43	▲17.78
Short-term debt	72.87	56.15	▲16.72
SPC non-recourse loan(within 1 year)	1.40	2.06	+0.66
⑥ Advances received	5.45	3.65	▲1.80
Non-current liabilities	22.14	24.79	+2.65
Long-term debt	9.20	11.77	+2.57
SPC non-recourse loan	12.54	12.51	▲0.03
Total liabilities	105.36	90.22	▲15.14
Total net assets	27.48	28.74	+1.26
Total liabilities and net assets	132.85	118.97	▲13.88

① Equity underwritten : Temporary advances in Leasing Fund Business prior to selling to equity investors
② Money in trust : Temporary stock of trust beneficiary right of operating lease for aircraft using a trust function
③ Aircraft for sales ⇒ ④ Supplies : Aircraft for operating lease with Air Mauritius Limited as lessee (transferred in the 2nd quarter of FY2021)
⑤ Real estate for arrangement : Stock of small-lot real estate investment products (incl. the real estate for "Jiyugaoka 1-chome plan" under development)
⑥ Advances received : Including advances of commission fees related to Leasing Fund Business

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KPIs and External Evaluation

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KPIs

	FY2017	FY2018	FY2019	FY2020	FY2021 1H	
Payout ratio	43.0%	49.4%	46.9%	88.6%	50.3%	***1**
ROE	45.5%	33.4%	32.3%	3.8%	14.8%	***2**
Equity ratio	29.5%	34.5%	26.0%	20.5%	24.0%	
Ordinary income margin	65.1%	57.3%	54.1%	13.5%	37.3%	

***1 Forecast of the payout ratio for the fiscal year ending September 30, 2021.**

***2 Calculation of ROE for the 1st half of the fiscal year ending September 30, 2021,**
{(1st half of profit attributable to owners of parent x 2) / Shareholders' equity (average of beginning and end of this period)} X 100

External Evaluation

JPX-NIKKEI 400

<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

<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.

*3 As of Mar. 2021

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Disclaimer

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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