

March 26, 2020

Company: Financial Products Group Co., Ltd.
Representative: Hisanaga Tanimura, CEO & Founder
(Code 7148 on the First Section of the Tokyo Stock Exchange)
Inquiries: Kenji Kubode, Managing Executive Officer
(TEL. +81-3-5288-5691)

Notice of Change in Subsidiaries (Stock Acquisition), and Starting New Business

Financial Products Group Co., Ltd. (FPG) announces that FPG has decided to acquire all shares of KEN FIRST CO., Ltd. (KEN FIRST) to make the company a consolidated subsidiary and start a new business at the Board of Directors' Meeting held today as follows.

1. Reasons for acquiring the shares and starting a new business

FPG Group is engaged in a Lease Arrangement Business, Real Estate Business, Insurance Business, M&A Advisory Business, and other businesses. FPG Group expands its products and services by leveraging partnerships with approximately 5,000 accounting firms and approximately 140 regional banks and securities companies nationwide and aims to meet the needs for our customer segments (highly profitable SMEs, high net worth individuals).

In contrast, KEN FIRST has many strengths in fintech, and has many experienced engineers with cutting-edge IT technology who utilize technology to provide various financial services. In particular, KEN FIRST develops core systems such as payment infrastructure construction, bank coordination, and unmanned payment machines in the financial domain (especially credit-related) all at once, has been directly installing an AI chat bot (*1) that has been rapidly becoming widespread in financial institutions in recent years in major financial institutions, and builds various cloud services including Oracle Cloud Service, develops web and business applications, and other work. KEN FIRST is investigating getting into cashless payments in the future.

(*1) A system in which the system responds to customer inquiries through text and voice on behalf of human

In recent years, fintech has been introduced into various areas of financial services such as virtual currency, remittance / payment, crowdfunding, and insurance and security, and there has been a remarkable service revolution. For this reason, fintech has the potential to change the structure of the financial industry. By making KEN FIRST a subsidiary, FPG will make the most of its cutting-edge IT technology in our product development and sales, and flexibly respond to structural changes surrounding FPG Group. Specific utilization of this technology in the future will include research and investigation and other technologies including STO (*2) in related to Japanese Operating Lease and Real Estate Fractional Ownership Investment, and business strategy based on IT. In addition, FPG will work on improving corporate value by utilizing this IT technology in measures to further expand services and operations, such as providing IT solutions to customers using the FPG Group sales network and promoting in-house production of IT to promote operational efficiency of FPG Group.

(*2) Abbreviation for Security Token Offering, it refers to the issuance and solicitation of tokens (Security Tokens) issued on a blockchain that displays securities such as stocks and equity interests in funds.

2. Summary of New Business

(1) Business description

- System Integration Business (System development and in-house product development and delivery to customers)
- Chat Bot Business
- Infrastructure Business
- System Engineering Service Business (Dispatch and permanent secondment of personnel to customers and develop systems according to customer requests)

(2) Department in charge of the business

This business will be handled by KEN FIRST, which will become a consolidated subsidiary.

(3) New business start date

April 22, 2020

(4) Amount and content to be spent specifically to start the business

The funds required for the acquisition of the shares are planned to be 575 million yen and due diligence expenses are planned to be 19 million yen.

3. Summary of the transferred subsidiary

(1) Trade name	KEN FIRST CO., Ltd.		
(2) Location	Soft99 Bldg. 3F 4-7-7 Sotokanda Chiyoda-ku Tokyo		
(3) Name and title of representative	Kenichi Hatakeyama, President		
(4) Business description	(1) System Integration Business (2) Chat Bot Business (3) Infrastructure Business (4) System Engineering Service Business		
(5) Share capital	29 million yen		
(6) Founded	May 25, 2004		
(7) Major shareholder and Shareholding ratio	Cannot be disclosed due to confidentiality		
(8) Relationships with our company	Capital relationship	Not applicable.	
	Personnel relationship	Not applicable.	
	Transactional relationship	Not applicable.	
	Related parties	Not applicable.	
(9) The Company's business results and financial situation for the last three years (Million)			
Fiscal Year	Fiscal Year ended March 2019	Fiscal Year ended March 2018	Fiscal Year ended March 2017
Net assets	66	62	54
Total assets	200	216	208
Net sales	539	627	589
Operating income	5	9	8
Ordinary income	9	20	13
Net income	7	11	10

4. Summary of the share purchaser

(1) Name	Cannot be disclosed due to confidentiality
(2) Address	
(3) Relationship with our company	There is no significant capital, personnel or business relationship between our company and the purchaser.

5. Number of shares acquired, and overview of shares held before and after acquisition

(1) Number of shares held before transfer	None
(2) Purchase shares	Common stock 5,800 shares Classified stock 2,000 shares
(3) Number of shares acquired	Common stock 5,800 shares Classified stock 2,000 shares (Number of voting rights: 7,800) (Voting rights ownership: 100%)

6. Schedule

(1) Date of Board resolution	March 26, 2020
(2) Date of contract	March 26, 2020
(3) Date of share acquisition	April 22, 2020 (Planned)

7. Future Prospects

There is no change to the earnings forecast for the fiscal year ending September 2020.