May 13, 2020

Company: Financial Products Group Co., Ltd.
Representative: Hisanaga Tanimura, CEO & Founder
(Code 7148 on the First Section of the Tokyo Stock Exchange)
Inquiries: Yusuke Tsubouchi,
General Manager of Accounting Dept.1
(TEL. +81-3-5288-5691)

Notice Regarding Change in Consolidated Subsidiary

Financial Products Group Co., Ltd. (FPG) announces that FPG has decided to make non-consolidated subsidiaries (FLIP No. 243, FLIP No. 244 and FLIP No. 245) consolidated subsidiaries from the end of the second quarter (end of March 2020) of the fiscal year ending September 30, 2020 as follows.

1. Reason for becoming consolidated subsidiaries

The operating lease business (the Lease Business) is operated by a FPG's subsidiary as a silent partnership's operator. As the profit and loss of the Lease Business will be attributed to investors, not FPG by transferring the equity interest in the silent partnership to investors, a subsidiaries which conducts the Leasing Business is made a non-consolidated subsidiary as a subsidiary which may substantially mislead judgment of interested parties based on "Regulations Regarding Terminology, Forms and Methods for Preparation of Consolidated Financial Statements" (promulgated in 1976, Ministry of Finance Ordinance No. 28), Article 5, Paragraph 1, Item 2.

However, as timely disclosed on April 24, 2020 in the "Notice of Impact on Our Company by Voluntary Administration Application of Air Mauritius Limited", FPG has decided to hold the equity interest of the silent partnership for the time being due to the application for voluntary management for AML based on the Mauritius Insolvency Act. As a result, the profit and income of the Lease Business will be attributable to FPG, so judging that the above clause does not apply, FPG has decided to make subsidiaries (FLIP No. 243, FLIP No. 244, FLIP No. 245) our consolidated subsidiaries.

Although the application for voluntary management for AML was made in April 2020, the impact of the event should be reflected in the second quarter financial results of the fiscal year ending September 30, 2020 as a modified subsequent event, so FPG has decided to make three subsidiaries our consolidated subsidiaries from the end of March 2020.

As a result, FPG has consolidated assets of 17,299 million yen (of which, Aircraft for sales 16,665 million yen) and liabilities of 17,295 million yen.

2. Summary of consolidated subsidiaries

(1) FLIP No. 243

(1) Location	JP TOWER 29th Floor, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo	
(2) Name and title of representative	Takahiro Matsumoto, Representative Director	
(3) Business description	Operating Lease Business	
(4) Share capital	1.5 million yen	
(5) Founded	November 21, 2018	
(6) Relationships with our company	Capital relationship	100% investment of FPG
	Personnel relationship	FPG's employees are appointed as representative directors
	Transactional relationship	Receipt of fees based on silent partnership investment and business consignment contract
(7) The Company's business results and financial situation for the last year		(yen)
Fiscal Year	Fiscal Year ended October 2019	
Net assets	1,224,458	
Total assets	1,288,588	
Net sales	—	
Operating income	△211,440	
Ordinary income	△211,442	
Net income	△275,542	

(2) FLIP No. 244

(1) Location	JP TOWER 29th Floor, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo	
(2) Name and title of representative	Takahiro Matsumoto, Representative Director	
(3) Business description	Operating Lease Business	
(4) Share capital	1.5 million yen	
(5) Founded	November 21, 2018	
(6) Relationships with our company	Capital relationship	100% investment of FPG
	Personnel relationship	FPG's employees are appointed as representative directors
	Transactional relationship	Receipt of fees based on silent partnership investment and business consignment contract
(7) The Company's business results and financial situation for the last year		(yen)
Fiscal Year	Fiscal Year ended October 2019	
Net assets	1,224,458	
Total assets	1,288,588	
Net sales	—	
Operating income	△211,440	
Ordinary income	△211,442	
Net income	△275,542	

(3) FLIP No. 245

(1) Location	JP TOWER 29th Floor, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo	
(2) Name and title of representative	Takahiro Matsumoto, Representative Director	
(3) Business description	Operating Lease Business	
(4) Share capital	1.5 million yen	
(5) Founded	November 21, 2018	
(6) Relationships with our company	Capital relationship	100% investment of FPG
	Personnel relationship	FPG's employees are appointed as representative directors
	Transactional relationship	Receipt of fees based on silent partnership investment and business consignment contract
(7) The Company's business results and financial situation for the last year		(yen)
Fiscal Year	Fiscal Year ended October 2019	
Net assets		1,224,458
Total assets		1,288,588
Net sales		―
Operating income		△211,440
Ordinary income		△211,442
Net income		△275,542

3. Future Prospects

The impact of this matter on the consolidated financial results for the fiscal year ending September 30, 2020 is incorporated in the “Notice of Differences between Financial Results Forecast and Actual Financial Results for the Second Quarter, and Revision to Full-year Financial Results Forecast” disclosed on May 13, 2020.