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(Securities code: 7388; Tokyo Stock Exchange Prime Market)

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A Collection of Questions and Answers Concerning the Financial Results for the Three Months Ended February 28, 2025

The Company has collected together anticipated questions, inquiries, and feedback that we have received to date from shareholders and investors, and answers from the Company concerning the financial results for the three months ended February 28, 2025. This information is provided below.

This disclosure is implemented voluntarily by the Company for the purpose of further deepening the understanding of market participants.

Some content and expressions have been revised or amended with the aim of making this information easier to understand.

Q. Could you please tell us about the current status of the inspection by the authorities?

A. The situation regarding the inspections is as reported in the media. We are sincerely responding to the situation while maintaining communication. We would like to refrain from further commenting on this matter at this time.

Q. One gets the impression that the overall performance in the first quarter was not very strong. What do you see as the reason for this?

A. Overall, the figures are slightly sluggish. New guidelines are expected to be established in the insurance industry, and this has also led to a more cautious approach in operating activities. However, regardless of these guidelines, we are confident that we have the necessary systems in place to meet or exceed the standards. We view this situation as an opportunity rather than a challenge and we will continue to respond appropriately. We believe we will be able to establish a stronger response structure once the guidelines are clearly presented.

Q. It appears that the number of newly hired sales employees has significantly decreased. Could you tell us about your measures to address this downward trend and when the situation is expected to recover?

A. Regarding the decrease in the number of sales employees, particularly from the fourth quarter of the fiscal year ended November 30, 2024 to the present, there have been cases where persons given

job offers have postponed joining the Company due to the impact of some media reports. We are maintaining ongoing communication with persons given job offers, and they have indicated that they will join our company once the guidelines are established. We expect the number of people joining the Company to increase from June onwards, which is the second half of our fiscal year. As shown in the materials, the number of applicants is currently very good.

Q. It was explained that the business quality support fee decreased by approximately 450 million yen compared to expectations. Is it correct to understand that the primary reason for this is the product sales mix?

- A. The main factor is the change in the content of new policies, particularly the decline in sales of protection-related products. In many cases, the rate for the business quality support fee is determined based on the status of system development efforts and the number of new insurance policies for the most recent three months. Among level-payment products, the business quality support fee rate for protection-related products is three to four times higher than that for investment-related products.

The significant decline in protection-related products led to a decrease in the overall rate this time. The decline in the number of new policies for protection-related products also affected the business quality support fee for savings-related products. As a result, despite the steady performance for the number of new policies for level-payment products as a whole on an insurance premium basis, the business quality support fee fell short of expectations by 450 million yen due to the decrease in the rate.

Unlike investment-related products, protection-related products are largely unaffected by fluctuations in exchange rates or changes in the investment environment. In addition, protection-related products are mostly non-refundable, and customers tend to prefer products with higher savings characteristics. However, as a company engaged in the insurance business, we consider it our important mission to propose protection-related products that safeguard customers in the event of an emergency. For this reason, we also emphasize the importance of protection-related products and actively proposes them.

Furthermore, because guidelines for comparison-based recommended sales by large agencies are currently being developed, it is difficult for people on the ground to determine which products should be proposed. As a result, we recognize that this is affecting the mindset in sales activities and contributing to the decline in sales of protection-related products.

Q. It seems like it would be difficult to improve the product mix suddenly. What are your thoughts on this point?

- A. We recognize that there is room for further improvement. We expect that profit margins will also recover if we respond appropriately to changes in the insurance industry going forward.

At this point, we believe that the announcement of the guidelines is the most important thing for our

company. Once the guidelines are announced, we will respond accordingly and aim to achieve even better results during the fiscal year.

Q. There have been reports suggesting that the investigation by the Financial Services Agency may have an impact on the entire insurance industry. What kind of influence do you think it will have on the guidelines or management policy in the future?

A. In our agency operations up until now, we have continued to grow based on the management policy of taking the initiative in response. In particular, we have worked with confidence in improving our organizational structure. We will continue to strive for stable operations by responding appropriately and promptly to revisions to the Insurance Business Act and new guidelines in the future. We are well prepared to exceed the required standards in the future.

The number of insurance agencies has significantly decreased since the revision of the Insurance Business Act in 2016. The current revision may also affect the management of many agencies, and we are actually receiving inquiries regarding policy transfers and M&As. We have made investments without hesitation to ensure that we can respond promptly and exceed the required standards when the guidelines are announced in the future. We will seize this situation as an opportunity and continue to respond as a leading company.

Q. Profits have declined significantly despite net sales being almost flat YoY. Could you please explain the reason for this?

A. The reason profits have declined despite net sales being flat is that we are making significant investments in anticipation of the new guidelines, including system improvements and strengthening hiring to reinforce our management infrastructure. These investments are intended to establish a foundation for future growth, and we are prioritizing proactive investment over cost-cutting for the current fiscal year.

Q. It seems that the number of resignations among sales employees is increasing. Could you explain the situation?

A. We have implemented changes to the remuneration structure for sales employees since December of last year. Although these system changes are aimed at improving employee compensation, we anticipated that more stringent performance evaluation standards would lead to the resignation of underperforming sales employees. While the number of resignations may temporarily increase, the system changes are expected to contribute to improved profit margin overall. It may take time to achieve an improvement in profit margins for the full year, but we expect steady improvement from the second half onwards.

Q. With regard to the full-year plan, could you tell us about the risk that measures may not progress as expected and the lower-bound performance levels that have been assumed?

A. We aim to achieve our full-year plan by assigning sales employees who are skilled in follow-up with existing policyholders to handle approximately 100,000 company-handled policies (retiree policies) for which customer follow-up had been inadequate due to incomplete data maintenance. As it can be assumed that customers' life stages and circumstances are likely to have changed, we believe that renewed consulting will make it possible to propose products better suited to their current needs. This is an initiative we have not implemented before, and we believe it will be a highly effective measure for increasing new policies for protection-related products. We expect that this initiative will enable us to recover several hundred million yen in delayed revenue. We will conduct thorough hiring activities and make thorough preparations for policies to achieve business results with high profit margins to ensure that this initiative proceeds as planned. On the other hand, we anticipate a downturn in the current fiscal year, with profits falling 30% or more below our earnings forecast. If such a situation arises, we will promptly revise and disclose our earnings forecast.

Q. What specific measures you will implement during the preparation period for the restart?

A. New guidelines for the insurance industry are currently under consideration. However, if we wait until they are announced to respond, we will not have enough time. Therefore, in addition to strengthening internal management and business quality, we have been hiring employees with specialized knowledge and experience in each department. Approximately ten new employees have already joined our company this fiscal year. These new employees are engaged in duties that will enable the Company to respond quickly to the new guidelines.

We are also investing considerable resources in systems and are promoting the introduction of innovative systems for customer management. We believe that the introduction of this system will resolve many issues in our operations. We will soon begin a trial of the system, and we expect to be able to respond to the upcoming new guidelines in time.

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