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A Collection of Questions and Answers Concerning the Financial Results for the Six Months Ended May 31, 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 six months ended May 31, 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 share the president's view once again on the underperformance overall in the first half of the fiscal year?

A. The Financial Services Agency conducted an on-site inspection, following media coverage in June last year. This caused concern among employees, impacted their sales motivation, and slowed the growth of new policies.

Additionally, a slowdown in hiring activities and an increase in the number of resignations further constrained personnel growth, resulting in only a slight increase in personnel. However, our business model remains sound, and we expect improvement in our profit margin. We will learn from this experience and work to prevent the recurrence of similar incidents.

Q. Is there a possibility that performance in the second half of the fiscal year will deteriorate further than in the first half?

A. The primary reason for the downward revision is that the impact on profits is expected to be greater in the second half of the fiscal year than in the first half. The impact of discrepancies between new sales policies and the business quality support fee became apparent in the second and third quarters, resulting in a decline in the business quality support fee rate that had previously been maintained. As a result, we determined that it would be difficult to recover the business quality support fee rate in the third and fourth quarters and that it would be challenging to make up for this through volume, so we had to adopt a conservative outlook. We deeply apologize for the significant

downward revision. Looking ahead to the fourth quarter, new policies are showing signs of recovery, and we are implementing various measures to restore the business quality support fee rate to its previous level. We will work to achieve a strong recovery in the latter half of the second half of the fiscal year.

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. Although we would like to refrain from disclosing details of the inspection, we will take your comments and advice seriously and continue to respond from the customer's perspective as we have done up until now in order to contribute to the future growth of our company.

We will continue to respond appropriately to any revisions to the Insurance Business Act and supervisory guidelines that are announced going forward.

Q. It seems that the industry as a whole is currently undergoing major changes. What kind of impact do these changes have? How do you plan to overcome this situation going forward?

A. As you pointed out, the entire industry is indeed approaching a major turning point. There are approximately 80,000 insurance agencies in Japan, and we recognize that responding to the recent amendments to the Insurance Business Act and new guidelines is a significant challenge for the industry as a whole.

We believe that the companies capable of adapting to these changes will continue to assert their presence in the market, and we are taking the lead in implementing proactive measures. We view these changes as a tailwind for the Company. Although it has only been a little under two years since we were listed on the Prime Market, we have already implemented most of the necessary measures. We have put in place a structure that will allow us to comply with any new regulations or rules without requiring significant additional investment. We will continue to respond to changes with flexibility and integrity.

Q. Is the decline in the business quality support fee rate due to a downgrade in the classification caused by decreased sales volume?

A. Our business quality support fee revenue is based on a tiered structure that uses quantitative evaluations each quarter, whereby the performance of the previous quarter determines the business quality support fee rate for the following quarter. We had previously received the highest classification for the business quality support fee, and the recent decline in the business quality support fee rate was due to our performance falling below a specific threshold in the quantitative evaluation. As a result, the impact on revenue during the second quarter and third quarter became significant.

Q. Regarding the decision to maintain the current business plan targets, is this simply because the rolling review (revision) is scheduled for January next year, or do you believe recovery is still possible within the next two years?

A. Regarding the downward revision to this fiscal year's performance, we will strive to recover as much as possible, with the second half of the fiscal year as the lower limit. Based on the results, we plan to revise our business plan as a rolling plan in January 2026 and then announce updated specific performance targets. We aim to significantly recover our performance in the next fiscal year and we will determine whether to extend the target year by one year through a rolling revision or continue pursuing the original plan depending on the situation.

Q. We can assume the direction for your response is now clearer with the supervisory guidelines released on May 12. Have you seen improvements in motivation in the field as well? If so, please let us know of any specific signs.

A. In addition to the supervisory guidelines announced on May 12, we understand that the supervisory authorities are considering further revisions to the guidelines, and we believe that by clearly presenting our policies and decisions in response, we can help provide a sense of reassurance to our employees. We expect this to lead to positive changes in the sales field as well.

Q. It has been noted that the number of new policies is declining due to decreased motivation among sales employees. Could this lead to negative evaluations from customers and potentially damage the brand value?

A. There has been no surge in cancellations as a result of this matter, and we have not observed any developments suggesting damage to our brand value. The decline in new policies is primarily due to a decrease in the volume of activity by employees who had previously delivered stable results. Because their compensation is commission-based, motivation plays a significant role, and many sales employees have expressed a positive outlook, saying that they're eager to resume customer visits once conditions improve even though the current environment is challenging.

Q. Should we understand that the company expects things to improve from the fourth quarter onward as a result of various initiatives?

A. Yes, that is our view. In June, we conducted internal training sessions in each area nationwide, and I participated in all of these training sessions to engage in direct dialogue with many employees. Some employees had misunderstandings or concerns, so I carefully explained our company's actual situation, our response policies, and planned future system improvements to address those concerns. Thanks to these efforts, concerns among employees have been gradually easing, and from this month, we've begun gradually rolling out new initiatives. We expect to see signs of improvement in sales activity alongside a recovery in motivation from the fourth quarter onward.

Q. Given the compensation is commission-based based on performance, it seems questionable that even top-performing employees would suddenly refrain from sales activity simply due to a dip in motivation. Please share your thoughts on the possibility of there being a more structural issue beyond media coverage and the inspection.

A. As you point out, we recognize that the impact of media coverage itself has been limited. The actual major factor was the inspection by the authorities. During the inspection, the psychological burden on sales employees was significant, and I myself strongly regret that the company as a whole temporarily stagnated. Last month, we held internal training sessions in all areas nationwide to directly explain the situation to all sales employees and strive to foster a sense of reassurance. In addition, some sales employees have decided to take it easy for now and restart operations once the situation becomes clearer, and we do not necessarily believe that there are underlying structural issues. From the second half of this fiscal year, we expect the recovery of the sales field to progress as the inspection concludes and guidelines become clearer. We are committed as a company to translating signs of recovery into concrete results.

Q. Although the inspection has not yet been completed, isn't it difficult for sales employees to engage in full-scale sales activities under such conditions?

A. Indeed, it is currently difficult to conduct full-scale sales activities. However, one factor that cannot be denied is that the ongoing inspections have led to misunderstandings and slander from outside the company, such as "there must be something wrong," which has contributed to a decline in the morale of sales employees. Regarding this, I personally provided explanations to employees nationwide last month, which I believe have helped alleviate some of their concerns, though not completely, and we will continue to respond to the situation carefully.

Q. Previously, the number of MDRT members was included in the financial results presentation materials, but it no longer appears. What is the current number of members? Has it been removed because the number has decreased?

A. Because MDRT is a qualification held by individuals and the required membership fee is borne by the individual, we have decided to refrain from including it in our materials. The number of members remains high at 1,087 as of May.

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