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July 28, 2026

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A Collection of Questions and Answers Concerning the Financial Results for the Six Months Ended May 31, 2026

FP Partner Inc. (the "Company") has collected together inquiries and feedback that we have received from shareholders and investors, and answers from the Company concerning the financial results for the six months ended May 31, 2026. 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.

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Q. Regarding the Q2 results, net sales in particular appear to be recovering. What do you think the factors are? Could you also tell us in detail about the revision of the full-year earnings forecast?

A. Net sales are currently recovering. Although customer acquisition through partner companies remains below the previous fiscal year's level, it has been steadily recovering from its low point. In particular, through our partnership with YAMADA DENKI CO., LTD., which began last December, we are now attracting 3,000 households per month and aim to increase this to 4,000 and eventually 5,000 households per month.

In addition, a major partner company resumed sending us customer leads in June after a temporary suspension, and we expect customer acquisition through that partner to recover going forward.

As for the downward revision to our earnings forecast, Q2 delivered quarter-on-quarter increases in both net sales and profit, and we will work to achieve further growth in Q3 and Q4. At the same time, we are currently taking a conservative view of the benefits expected from each initiative. Restoring customer acquisition through partner companies to its previous record-high level will require us to incur upfront costs to acquire prospective policyholders. We are also proactively investing in recruitment, post-hire training and development, and other initiatives to increase the number of sales representatives, thereby building a foundation for growth from the next fiscal year onward. As a result, profit was negatively impacted by approximately 1.0 billion yen. However, this primarily reflects upfront investments aimed at building a foundation for future growth.

Q. Could you please tell us again about the current status regarding the progress of the Business Improvement Plan?

A. We regard the Business Improvement Plan as our highest-priority issue. We have completed the assignment of personnel to the Business Improvement Plan Council, the Business Improvement Committee, and the working groups, and are now conducting monitoring and other activities in accordance with the Business Improvement Plan. Using April 30 as the initial reporting date, we submitted a progress report to the Kanto Local Finance Bureau on May 15. Going forward, if there is any information that should be disclosed, we will provide updates through our IR communications as appropriate.

Q. What risks could prevent the various initiatives from progressing as expected from Q3 onward?

A. We believe customer acquisition through partner companies can be restored to its previous record-high level. One risk to achieving this, however, is a decline in the number of sales representatives. Although hiring is recovering, the number of sales representatives still recorded a slight net decrease in Q2. Because an increase in employee turnover leads to a net decline in sales representatives, we are implementing initiatives to improve retention, including enhancing training curricula and strengthening the employee development framework, particularly for groups with relatively high turnover rates.

On a positive note, the number of sales representatives increased on a net basis in both April and May, suggesting that the decline is beginning to bottom out. Restoring customer acquisition through partner companies and increasing the number of sales representatives are two key drivers of our performance recovery. We will continue to address these priorities steadily as we work toward sustainable growth.

Q. In the life and non-life insurance industries, there has been a series of reports concerning issues identified by the Financial Services Agency and business improvement initiatives. Please explain the potential impact and risks these changes in the industry environment may have on your business and operating results.

A. I have worked in the insurance industry for approximately 30 years, and I believe the changes now under way are among the most significant I have seen and will have a positive impact on our business. We believe customer service must be delivered under robust organizational and operational management frameworks. By leveraging the business platform we have built to date, we believe we are fully capable of meeting these requirements.

If I were to identify a risk, it would be the need for substantial investment in additional personnel, large-scale system enhancements, and other measures to meet higher standards.

Q. I understand that the Company relies primarily on employee referrals when recruiting sales representatives. How much more productive are employees hired through referrals than those hired through other channels?

A. Our primary method of recruiting sales representatives is through referrals from existing sales representatives.

As customer acquisition through partner companies increases, referral hiring tends to increase as well.

One reason sales representatives in the insurance industry are unable to earn sufficient income is the lack of opportunities to meet with prospective customers. At the Company, however, we provide sales representatives with a steady flow of customer meeting opportunities. This arrangement is one of our key strengths and has contributed to increased referral hiring.

Employees hired through referrals also tend to achieve results sooner. Because referral hires already have an established relationship with the referring employee when they join the Company, knowledge and expertise can be transferred more easily. We therefore believe referral hiring contributes to higher retention and lower turnover. We will continue to focus on referral hiring and aim to restore hiring to its previous level.

Q. Please share your views on the full-commission compensation system.

A. We believe full-commission compensation is highly rational because compensation is linked to performance and the system can effectively motivate employees. At the same time, it can encourage an excessive focus on short-term results, making it important to design the system in a way that balances organizational stability with long-term customer value.

Given that we operate under a full-commission system, our second-line oversight function contacts customers after a policy is concluded to confirm the circumstances surrounding the insurance sales, and we conduct annual internal audits at all locations. As part of the Business Improvement Plan, we are adding new functionality to our customer management system to enable comprehensive monitoring of sales representatives' activities and establishing a dedicated monitoring unit. We will continue to ensure appropriate business operations.

Q. It has been suggested that rising interest rates are leading to an increase in insurance products with higher assumed interest rates. Please discuss current product trends and the likelihood of achieving the Company's plan for the current fiscal year.

A. We currently offer approximately 700 products.

The low-interest-rate environment has persisted for the past 20 to 30 years. If interest rates begin to rise materially and the assumed interest rates used for insurance products increase accordingly, premiums based on long-term fixed interest rates could change substantially. We believe that recommending products that offer greater benefits to customers and encouraging them to consider products better suited to a rising-rate environment will improve customer satisfaction.

We have steadily increased our policies in force and currently have more than two million policies. We also offer a broad range of protection-type and level-premium products. When assumed interest rates rise, we will strive to recommend better products to customers so that they can strengthen their wealth creation and insurance protection.

Q. As in the previous fiscal year, you have again revised your earnings forecast downward this fiscal year. Should we understand that the new plan for this fiscal year is not unduly conservative?

A. We deeply regret having to revise our forecast downward again this fiscal year, following the revision in the previous fiscal year. Earnings forecasting has remained difficult because of conditions affecting our business, including temporary suspensions of customer acquisition through partner companies. However, our initiatives with all partner companies resumed in June, and customer acquisition through our major partners is progressing steadily.

We do not view this plan as unduly conservative. We formulated it as a set of targets that we are committed to achieving within the current fiscal year, while positioning the Company for growth in the next fiscal year and beyond. We will continue working to improve the accuracy of our earnings forecasts.

Q. Please explain the outlook for the number of new policies in the second half and the reasons for revising the profit plan.

A. The quarterly average number of new policies in the previous fiscal year was approximately 57,000. The number has recently recovered to more than 50,000, and in the second half we aim for approximately 60,000 new policies in each quarter, returning to record-high levels, for a total of 120,000. Next fiscal year, we aim to exceed 60,000 new policies in every quarter, and we will build the necessary foundation during the current fiscal year.

However, customer acquisition through partner companies and the number of sales representatives are recovering more slowly than initially expected. In the second half, to strengthen our framework for expanding customer acquisition through partner companies, we expect to recognize upfront costs for acquiring prospective policyholders, costs associated with stepping up the recruitment of sales representatives, initial training costs for new hires, and other related expenses. These expenses will reduce profit in the short term, but we regard them as upfront investments to drive revenue and profit growth from the next fiscal year onward.

[Contact information]

In order to ensure fairness to everyone, we will accept inquiries regarding this matter in writing (email or inquiry form). We appreciate your understanding.

Contact by email: ir_report@fpp.jp
Contact form: https://ir.fpp.jp/ir_inquiry/

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