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Non-consolidated Financial Results for the Nine Months Ended August 31, 2024 (Under Japanese GAAP)

October 15, 2024

Company name: FP Partner Inc. Listing: Tokyo Stock Exchange
Securities code: 7388 URL: https://fpp.jp/
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (For investors and analysts)

(Yen amounts are rounded down to the nearest million yen.)

1. Financial results for the nine months ended August 31, 2024 (December 1, 2023 to August 31, 2024)

(1) Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended August 31, 2024	26,982	17.7	4,438	(3.1)	4,653	(0.8)	3,126	(1.1)
Nine months ended August 31, 2023	22,914	22.3	4,579	40.2	4,689	43.4	3,160	61.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2024	135.64	129.98
Nine months ended August 31, 2023	137.40	129.98

Note: On July 1, 2023, the Company conducted a 2-for-1 stock split of its common shares. Basic earnings per share and diluted earnings per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended November 30, 2023.

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	17,938	10,693	59.6
As of November 30, 2023	19,150	12,647	66.0

Reference: Equity
As of August 31, 2024: ¥10,688 million
As of November 30, 2023: ¥12,641 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2023	-	0.00	-	90.00	90.00
Fiscal year ending November 30, 2024	-	45.00	-		
Fiscal year ending November 30, 2024 (forecast)				47.00	92.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Earnings forecast for the fiscal year ending November 30, 2024 (December 1, 2023 to November 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,627	16.6	6,009	8.2	6,171	10.0	4,143	4.8	180.31

Note: Revisions to the forecast of earnings most recently announced: Yes

* Notes

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes

Note: For details, please refer to “Quarterly financial statements and major notes (3) Notes to quarterly financial statements (Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)” on page 9 of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of August 31, 2024	22,922,500 shares	As of November 30, 2023	23,187,600 shares
(ii) Number of treasury shares at the end of the period	As of August 31, 2024	171,931 shares	As of November 30, 2023	130 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Nine months ended August 31, 2024	23,053,986 shares	Nine months ended August 31, 2023	22,999,870 shares

Note: On July 1, 2023, the Company conducted a 2-for-1 stock split of its common shares. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended November 30, 2023.

* Review of the attached quarterly financial statements by a certified public accountant or audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Precautions regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not promise the achievement of such forecasts. Actual results may differ significantly due to various factors. Please refer to the attached materials starting on the next page for the assumptions used for earnings forecasts and precautionary statements regarding the use of earnings forecasts.

(How to obtain supplementary material on quarterly financial results)

Supplementary material on quarterly financial results is available on TDnet on the same day as release.

○Table of Contents of Attached Materials

1. Qualitative information on quarterly results....2
(1) Explanation of operating results....2
(2) Explanation of financial position....4
(3) Explanation of earnings forecasts and other forward-looking information....4
2. Quarterly financial statements and major notes....5
(1) Quarterly balance sheet....5
(2) Quarterly income statement....7
(3) Notes to quarterly financial statements....8
(Notes to going concern assumption)....8
(Notes on significant changes in the amount of shareholders' equity)....8
(Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)....9
(Segment information, etc.)....9
(Notes to statement of cash flows)....9
(Revenue recognition)....9
(Significant subsequent events)....9

1. Qualitative information on quarterly results

(1) Explanation of operating results

Operating results

During the first nine months of the current fiscal year (December 1, 2023 to August 31, 2024), the Japanese economy continued to see improvements in the business conditions index for two consecutive months from July 2024, driven by seasonal demand, particularly in the tourism and food service industries (source: Business Conditions Survey for August 2024, Teikoku Databank, Ltd.). In terms of the future outlook, although a gradual recovery is expected to continue under an improving employment and income environment, there are still downside risks to the Japanese economy due to factors such as the impact of high interest rates in the US and Europe and the stagnation of the real estate market in China. It is necessary to continue to closely monitor the impact of rising cost of goods and changes to finance capital markets (source: Cabinet Office Monthly Economic Report for August 2024).

In the financial sector, major life insurance companies raised the expected interest rates on savings and investment products as the Bank of Japan ended its negative interest rate policy in March 2024 and announced an additional rate hike in July 2024.

Although there were concerns about the impact on the economy from the fall in stock prices in August 2024, supported by the shift from savings to investment in personal financial assets, results continued to be strong for 3Q as the insurance industry continues to perform well with new policies for individual pension insurance increasing by 134.3% compared to the previous year (April 2024 to July 2024 cumulative) (source: The Life Insurance Association of Japan, “Life Insurance Business Overview,” July 2024).

The Company has also received positive reviews for the NISA consultation meetings started from November 2023 through expanding customer needs. The Company’s sales of life insurance products have also seen an increase in policies for savings and investment products such as individual pension insurance and variable insurance, similar to industry trends. At the same time, the number of policies for products satisfying medical coverage needs is also increasing.

Going forward, under our customer-oriented business operation policy (fiduciary duty), we will propose insurance products suitable for customers through the provision of financial planning.

Under such circumstances, the Company’s financial results for the first nine months of the current fiscal year were as follows: net sales of 26,982,306 thousand yen (up 17.7% year-on-year), operating profit of 4,438,258 thousand yen (down 3.1% year-on-year), ordinary profit of 4,653,123 thousand yen (down 0.8% year-on-year), and profit of 3,126,953 thousand yen (down 1.1% year-on-year).

The status of each initiative is as follows. Specific figures and other details are stated in the financial results presentation materials.

(1) Number of sales employees and number of prospective policy customers: The number of applicants doubled thanks to the renewal of the recruitment website. The number of customers acquired is also steadily increasing.

The number of new hires during the first nine months of the current fiscal year totaled 527, bringing the total number of sales employees to 2,491 as of the end of August 2024, as new sales employee hires continued to progress smoothly as a key priority measure.

We are also continuing to hold employment seminars for people with insurance industry experience in various regions, and in the first nine months of the current fiscal year we held 156 seminars and mobilized a total of 665 people. We plan to continue holding these seminars in various areas throughout Japan in the future.

We renewed our recruitment website in August 2024 as part of our measures to strengthen the recruitment of sales employees. By enhancing the contents of the website to help applicants better envision their experience after joining the Company and improving the application form to make it more convenient, the number of applicants increased to 89 in the first month and a half after the renewal, double the 38 applicants in the same period before the renewal (according to our research).

The Company has adopted a system of division of labor, in which the Company itself explores prospective policy customers while the sales employees perform insurance solicitation. This division of labor makes it possible for sales employees to focus on customer services, and they have many opportunities to meet with customers as a result. Because this framework eliminates the need for individual skills in exploring potential insurance policy customers, it enables the recruitment of a wide range of human resources, and we believe this will allow for continuous growth in the number of hires.

Also, the Company is proactively taking efforts to increase the number of prospective policy customers along with the increase in sales employees, and both the number of partner company customer acquisitions and in-house customer acquisitions are steadily increasing.

(2) Policy transfer business: The number of inquiries is at an all-time high. There was also a steady increase in the number of transfers agreed to.

In the policy transfer business started from November 2021, the number of inquiries and the number of companies that have agreed to transfer have increased steadily against the backdrop of the continuing trend of an increase in

the number of agencies considering going out of business. The number of inquiries has increased significantly from 60 companies in the same period of the previous year to 77 companies in the first nine months of the current fiscal year.

In this first nine months, the number of transfers agreed to rose steadily, reaching 59,296 policies at the end of August 2024.

Lifetime Consulting Corporation, which agreed to transfer policies in December 2023, has agreed to transfer 27,599 policies, 4,599 more than initially expected. In addition, as the transfer procedures from the company have been completed, our sales employees became the new representatives and began providing financial planning and offering financial products.

This business is not only profitable through ongoing commissions and renewal fees from existing policies, but also the ability to connect this to new policies from transferred customers, thereby realizing a solid profit gain.

(3) Money Doctor Premier business: The 28th store has opened, and 30 stores are scheduled to open this fiscal year.

In the third quarter of the current fiscal year, we opened the Money Doctor Premier Ario Yao Store, the third branch in Osaka Prefecture, on July 19, 2024, bringing the total number of Money Doctor Premier stores to 28. In addition, we plan to open one store each in September and October 2024, and we expect to achieve our target of opening 30 stores by the end of the current fiscal year as planned. The number of bookings for store visits continued to maintain a strong level, including for new stores, as results are at a pace higher than the plan.

As mentioned above, NISA consultation meetings have been well-received and continued to be held. In the future, the Company will take efforts to create connections with new customers, improve awareness of the Money Doctor brand in store areas, further expand customer acquisition, and instill financial planning.

(4) Non-life insurance business: The number of insurance policy transfers agreed to is steadily increasing. We acquired a new customer base through expansion of service.

In this first nine months, the number of non-life insurance policy transfers agreed to rose steadily. By having sales employees specializing in non-life insurance handle customer relations for transferred policies, we have established a system that ensures customer convenience while efficiently managing renewal procedures and that contribute to increased net sales and profits through the acquisition of new policies.

We aim to expand our services and acquire a new customer base through means such as the acquisition of non-face-to-face completion prospective policy customers through policy transfers and the Non-life Insurance Sales Department's Direct Center Section and the full deployment of the direct-type automobile insurance business in which the Company serves as an agent for insurance solicitation. Through this, the Company expects further increases to net sales and profit through additional policies of non-life insurance for these new customer bases and cross-selling of life insurance policies, etc.

(5) New business domains: The number of customers has increased, centered on NISA accounts. In the education business, the number of companies that have agreed to introduce Money School increased to a total of six.

In the IFA business, the number of securities accounts increased in the third quarter of the current fiscal year, centered on NISA accounts. Although the balance of assets under custody also grew steadily, the appreciation of the yen after July 2024 and the stock market decline in August 2024 reduced the valuation amount, which restricted the growth margin. We will continue to respond to asset formation needs toward old age and propose financial products such as investment trusts as a method besides insurance. The Company will continue to promote the acquisition of registered sales representatives qualifications for sales employees nationwide, expand the range of proposals to customers, and take efforts to further expand the sales network.

The advertising business, which started from February 2023, completed all advertising placements by the end of July 2024. The impact on net sales for the current fiscal year from the completion of advertising placements is minor, and there is no significant effect on performance.

In the education business, the rollout of our Money School financial education program for employees belonging to companies has progressed smoothly, and we have reached agreements with two new companies to introduce the program in the third quarter of the current fiscal year. The service has been launched from September 2024 as part of financial education for employees, and the total number of companies that have reached agreements to introduce the program is six. In the future, the Company plans to provide opportunities for employees to experience financial education through Money School and contribute to improved financial literacy of Japan.

Also, the mortgage loan comparison and consideration service Mogecheck provided by MFS, Inc., which began its nationwide launch in December 2023, was used by 565 customers in the first nine months of the current fiscal year. Following the announcement of an additional rate hike in July 2024 by the Bank of Japan, there was an increase in consultations regarding mortgage loans, and Mogecheck has been well-received due to being very convenient.

Segment information is omitted because the Company operates in a single segment of insurance agency business.

(2) Explanation of financial position

Assets, liabilities, and net assets

(Current assets)

Current assets as of August 31, 2024 totaled 11,327,287 thousand yen (14,311,011 thousand yen as of November 30, 2023), a decrease of 2,983,724 thousand yen. The main factor was a decrease in cash and deposits due to the purchase of treasury shares and payment of dividends.

(Non-current assets)

Non-current assets as of August 31, 2024 totaled 6,611,554 thousand yen (4,839,471 thousand yen as of November 30, 2023), an increase of 1,772,083 thousand yen. The main factor was an increase in buildings and land due to the acquisition of a Company building.

(Current liabilities)

Current liabilities as of August 31, 2024 totaled 6,417,368 thousand yen (5,666,280 thousand yen as of November 30, 2023), an increase of 751,087 thousand yen. The main factor was an increase in accounts payable - trade due to compensation for canvassers.

(Non-current liabilities)

Non-current liabilities as of August 31, 2024 totaled 828,037 thousand yen (836,724 thousand yen as of November 30, 2023), a decrease of 8,686 thousand yen. The main factor was a decrease in long-term borrowings due to repayments.

(Net assets)

Net assets as of August 31, 2024 totaled 10,693,436 thousand yen (12,647,478 thousand yen as of November 30, 2023), a decrease of 1,954,042 thousand yen. The main factors were the purchase of treasury shares and payment of dividends.

(3) Explanation of earnings forecasts and other forward-looking information

With regard to the full-year forecast for the fiscal year ending November 30, 2024, we have revised the full-year earnings forecast announced on January 15, 2024 based on the results for the first nine months of the current fiscal year and the latest earnings trends.

There are no changes to the year-end dividend forecast.

Please refer to the “Notice of Revision of Full-Year Earnings Forecasts and the Maintenance of Year-End Dividend Forecast” released today for details.

2. Quarterly financial statements and major notes

(1) Quarterly balance sheet

(Unit: Thousands of yen)

	Previous fiscal year (November 30, 2023)	Current 3Q accounting period (August 31, 2024)
Assets		
Current assets		
Cash and deposits	11,960,192	8,493,220
Accounts receivable - trade	1,776,036	2,077,595
Supplies	12,870	16,454
Other	561,912	740,016
Total current assets	14,311,011	11,327,287
Non-current assets		
Property, plant and equipment		
Buildings, net	1,024,989	1,583,988
Land	1,827,402	2,338,751
Other, net	229,081	572,786
Total property, plant and equipment	3,081,472	4,495,527
Intangible assets	527,163	618,847
Investments and other assets	1,230,835	1,497,179
Total non-current assets	4,839,471	6,611,554
Total assets	19,150,483	17,938,842

(Unit: Thousands of yen)

	Previous fiscal year (November 30, 2023)	Current 3Q accounting period (August 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	2,354,504	3,167,803
Current portion of long-term borrowings	53,640	53,640
Income taxes payable	1,114,954	651,381
Provision for bonuses	-	73,914
Provision for loss on litigation	390	390
Refund liabilities	528,326	641,604
Asset retirement obligations	4,923	11,736
Other	1,609,540	1,816,897
Total current liabilities	5,666,280	6,417,368
Non-current liabilities		
Long-term borrowings	590,940	550,710
Asset retirement obligations	245,175	271,538
Other	609	5,788
Total non-current liabilities	836,724	828,037
Total liabilities	6,503,004	7,245,405
Net assets		
Shareholders' equity		
Share capital	1,913,229	1,920,024
Capital surplus		
Legal capital surplus	1,813,229	1,820,024
Other capital surplus	3,000	-
Total capital surplus	1,816,229	1,820,024
Retained earnings		
Other retained earnings		
Retained earnings brought forward	8,912,806	7,622,699
Total retained earnings	8,912,806	7,622,699
Treasury shares	(277)	(674,472)
Total shareholders' equity	12,641,987	10,688,276
Share acquisition rights	5,491	5,160
Total net assets	12,647,478	10,693,436
Total liabilities and net assets	19,150,483	17,938,842

(2) Quarterly income statement

Nine months ended August 31

(Unit: Thousands of yen)

	Nine months ended August 31, 2023 (December 1, 2022 to August 31, 2023)	Nine months ended August 31, 2024 (December 1, 2023 to August 31, 2024)
Net sales	22,914,919	26,982,306
Cost of sales	13,932,147	17,450,406
Gross profit	8,982,772	9,531,900
Selling, general and administrative expenses		
Advertising expenses	869,086	949,416
Salaries and allowances	1,002,639	1,237,236
Provision for bonuses	52,614	38,189
Other	2,478,712	2,868,799
Total selling, general and administrative expenses	4,403,053	5,093,641
Operating profit	4,579,718	4,438,258
Non-operating income		
Interest income	83	703
Dividend income	-	103,932
Outsourcing service income	116,954	90,000
Other	23,635	31,737
Total non-operating income	140,674	226,373
Non-operating expenses		
Interest expenses	1,968	2,280
Commission expenses	-	3,996
Compensation expenses	-	3,033
Other	28,776	2,197
Total non-operating expenses	30,745	11,508
Ordinary profit	4,689,647	4,653,123
Profit before income taxes	4,689,647	4,653,123
Income taxes	1,529,415	1,526,169
Profit	3,160,231	3,126,953

(3) Notes to quarterly financial statements

(Notes to going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Nine months ended August 31, 2023 (December 1, 2022 to August 31, 2023)

1. Dividends paid

Not applicable.

2. Dividends for which the record date falls within the nine months ended August 31, 2023, but for which the effective date falls after the end of the nine months ended August 31, 2023

Not applicable.

3. Significant changes in the amount of shareholders' equity

Not applicable.

Nine months ended August 31, 2024 (December 1, 2023 to August 31, 2024)

1. Dividends paid

Resolution	Class of shares	Dividend amount (thousands of yen)	Dividend per share (yen)	Record date	Effective date	Source of funds for dividends
Board of Directors meeting held on January 15, 2024	Common share	2,086,872	90.00	November 30, 2023	February 14, 2024	Retained earnings
Board of Directors meeting held on April 15, 2024	Common share	1,038,225	45.00	May 31, 2024	August 9, 2024	Retained earnings

2. Dividends for which the record date falls within the nine months ended August 31, 2024, but for which the effective date falls after the end of the nine months ended August 31, 2024

Not applicable.

3. Significant changes in the amount of shareholders' equity

(Purchase of treasury shares)

Based on the resolution of the Board of Directors meeting held on January 15, 2024, the Company acquired 176,300 shares of treasury shares.

Based on the resolution of the Board of Directors meeting held on July 16, 2024, the Company acquired 331,400 shares of treasury shares, and treasury shares increased by 1,999,751 thousand yen during the nine months ended August 31, 2024.

(Disposal of treasury shares)

Based on the resolution of the Board of Directors meeting held on February 28, 2024, the Company disposed of 4,499 shares of treasury shares for restricted stock compensation for Directors, and capital surplus increased by 5,092 thousand yen and treasury shares decreased by 25,501 thousand yen during the nine months ended August 31, 2024.

(Cancellation of treasury shares)

Based on a resolution of the Board of Directors meeting held on July 16, 2024, the Company canceled 331,400 shares of treasury shares as of August 30, 2024, and capital surplus and treasury shares decreased by 1,300,055 thousand yen, respectively, during the nine months ended August 31, 2024.

As a result of the cancellation of treasury shares, the balance of other capital surplus became -1,291,963 thousand yen, so other capital surplus was set to zero and the negative value was deducted from other retained earnings.

As a result, as of August 31, 2024, capital surplus amounted to 1,820,024 thousand yen, retained earnings amounted to 7,622,699 thousand yen, and treasury shares amounted to 674,472 thousand yen.

(Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to net profit before income taxes for the fiscal year including the third quarter under review, and multiplying net profit before income taxes for the quarter by said estimated effective tax rate. However, in cases where calculating tax expenses using the estimated effective tax rate would significantly lack rationality, the statutory effective tax rate is used.

(Segment information, etc.)

[Segment information]

Segment information is omitted because the Company's sole reporting segment is insurance agency business.

(Notes to statement of cash flows)

A quarterly statement of cash flows for the nine months ended August 31, 2024 has not been prepared. The depreciation (including amortization of intangible assets excluding goodwill) for the nine months ended August 31 is as follows.

	Nine months ended August 31, 2023 (December 1, 2022 to August 31, 2023)	Nine months ended August 31, 2024 (December 1, 2023 to August 31, 2024)
Depreciation	238,532 thousand yen	282,276 thousand yen

(Revenue recognition)

The following is a breakdown of the Company's revenue from contracts with customers.

(Thousands of yen)

	Nine months ended August 31, 2023 (December 1, 2022 to August 31, 2023)	Nine months ended August 31, 2024 (December 1, 2023 to August 31, 2024)
Net sales		
Life insurance agency business	21,788,260	25,888,932
Non-life insurance agency business	880,130	839,634
Other business	246,528	239,257
Revenue from contracts with customers	22,914,919	26,967,824
Other revenue	-	14,482
Net sales to external customers	22,914,919	26,982,306

(Significant subsequent events)

Not applicable.