

Financial Results For the Fiscal Year Ending March 31, 2022

Supplementary Briefing Materials

May 13, 2022
eGuarantee, Inc.
(TSE Prime 8771)

This presentation includes forward looking statements that reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation and expressly disclaims any such obligation to update or alter its forward looking statements.

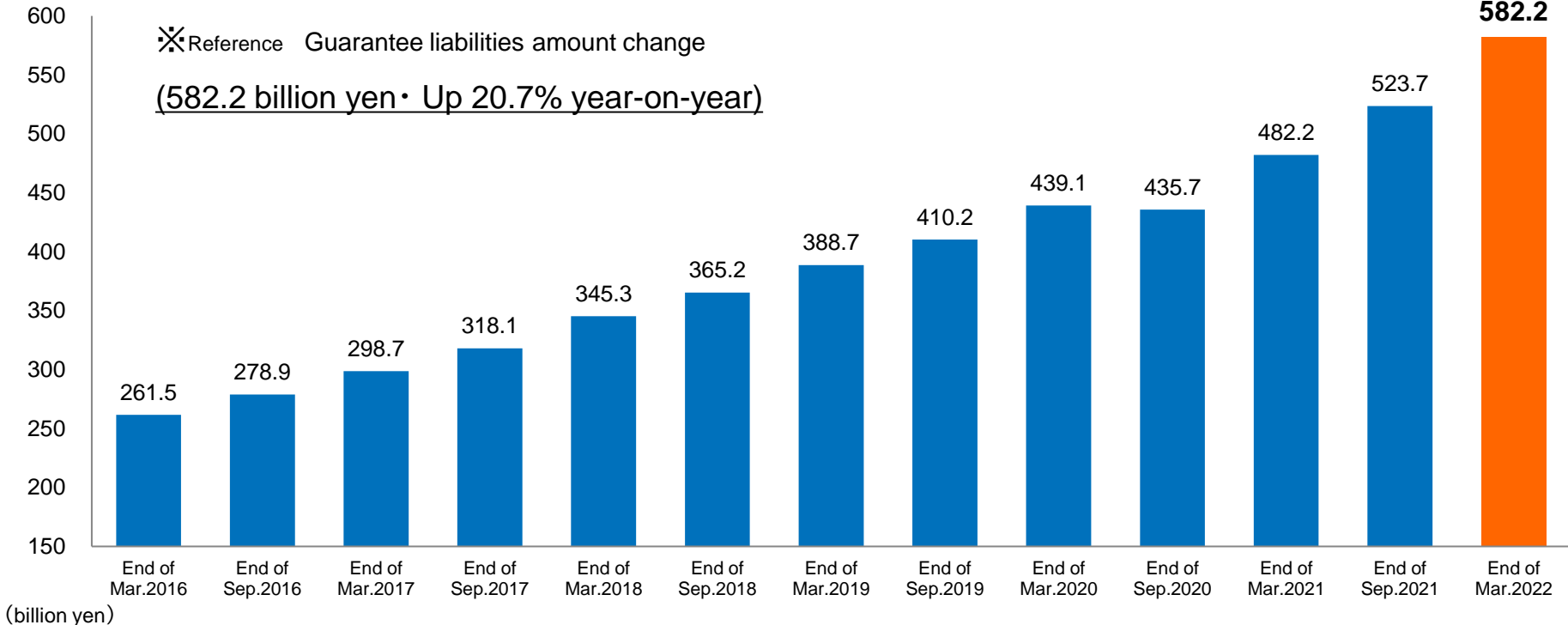
- 1. Summary of Financial Results for the Fiscal Year Ending March 31, 2022**
- 2. Key Measures for the Fiscal Year Ending March 31, 2023**

1-1 Balance of Guarantee

Guarantee obligations amounted to 831.5 billion yen (up 30.5% year on year)

The number of new contracts increased by developing new products and offering them promptly to meet customers' growing needs due to the impact of the COVID-19 infection and other factors in the midst of restricted sales activities caused by the repeated declaration of a state of emergency. And due to increased underwriting for low-risk contracts with large balances, guarantee obligations amounted to 831.5 billion yen (up 30.5% year on year), guarantee liabilities were 582.2 billion yen (up 20.7% year on year)

※In addition, the guarantee obligations describes the total of the guarantee limits set for each covered company of the guarantee (if covered company of the guarantee cannot be specified, the guarantee limits set for each contractee).



1-2 Summary of Financial Results for the Fiscal Year Ending March 31, 2022

(Million yen)	FY3 / 21	FY3 / 22	Year-over-year Rate of increase or decrease
Net sales	7,194	7,894	+ 9.7%
Gross profit	5,378	6,224	+15.7%
Operating profit	3,088	3,732	+ 20.8%
Ordinary profit	3,108	3,760	+ 21.0%
Profit attributable to owners of parent	2,004	2,463	+ 22.9%

Although the increase in the number of contracts resulted in a steady increase in the amount of guaranteed liabilities, the average guarantee fee rate declined due to a significant decrease in the number of bankruptcies, contrary to expectations, resulting in an achievement rate of 92.9% of net sales. On the other hand, the cost of sales ratio improved (25.2% in FY 2021/3 → 21.2% in FY 2022/3) due to a decrease in the number of bankruptcies and other factors, and all profit categories achieved the forecasts.

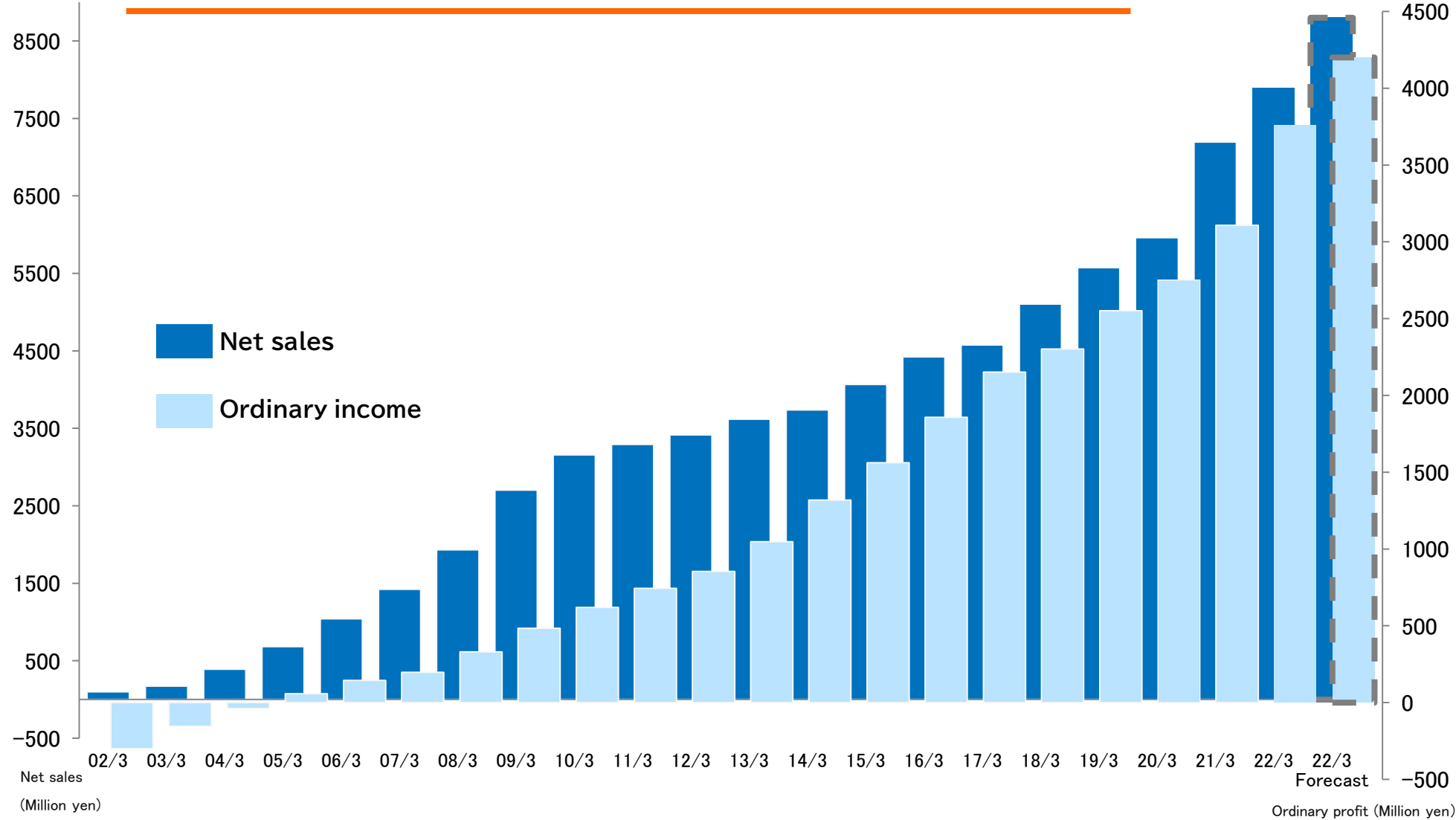
■ Consolidated earnings forecast for FY3 / 22

	FY3 / 22 Earnings Forecasts	FY3 / 22 Achievement rate
Net sales	8,500 million yen	92.9 %
Operating profit	3,720 million yen	100.3 %
Ordinary profit	3,750 million yen	100.3 %
Profit attributable to owners of parent	2,400 million yen	102.6%

1-3 Performance Trends

Sales and profits increased for the 20th consecutive year in the FY3 / 22.

Sales and profits are expected to increase for the 21st consecutive year in the FY3 / 23.



1-4 Consolidated balance sheet

Asset	FY3 / 21	FY3 / 22
current assets	17,085	19,695
Cash and cash equivalents	16,056	17,295
Prepaid expenses	793	974
Securities	-	1,200
Other	236	226
Fixed assets	5,484	5,560
Tangible fixed assets	1,385	1,381
Intangible fixed assets	111	125
Investment securities	3,426	3,426
Other	562	628
Total assets	22,570	25,256

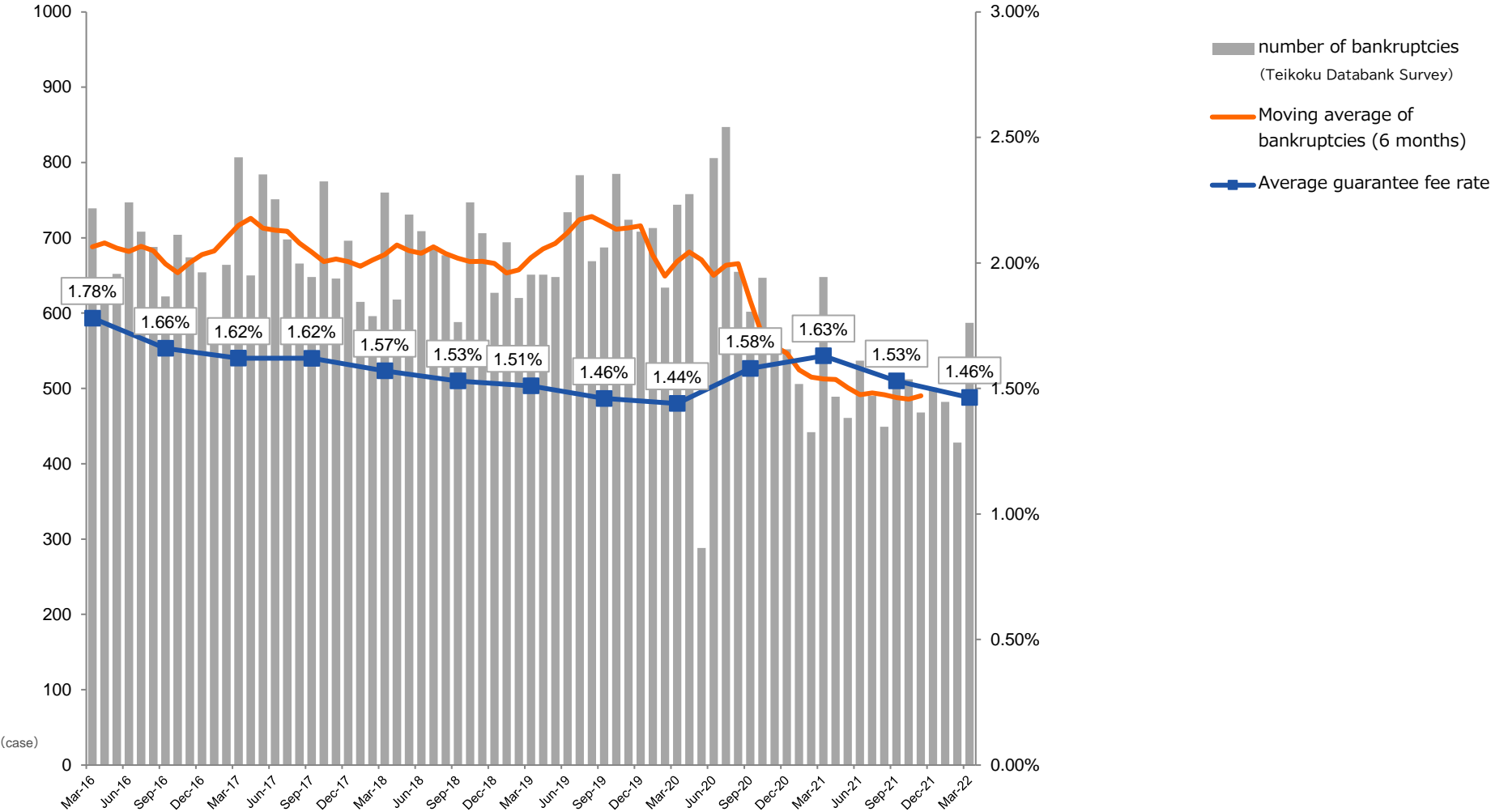
(Million yen)

- Current assets increased by 15.3% (YoY). This is mainly due to an increase in cash and deposits of 1,238 million yen.
- Non-current assets increased by 1.4% (YoY). This is mainly due to an increase in investments in other securities of subsidiaries and associates of 14 million yen.
- Current liabilities increased by 2.9% (YoY). This is mainly due to an increase in advances received of 212 million yen.
- Total net assets increased by 14.7% (YoY). This is mainly due to an increase in share capital and capital surplus of 412 million yen.

Liabilities	FY3 / 21	FY3 / 22
Current liabilities	5,269	5,423
Allowance for doubtful accounts	342	433
Advances received	3,664	3,877
Income taxes payable	934	699
Other	329	414
Fixed liabilities	115	115
Long-term accounts payable	115	115
Total liabilities	5,384	5,539
Equity	FY3 / 21	FY3 / 22
Shareholder's equity	15,876	18,157
Common stock	3,097	3,509
Additional paid-in capital	2,507	2,919
Retained earnings	10,272	11,729
Treasury stock	0	0
Share-purchase warrants	147	155
Equity attributable to non-controlling interests	1,161	1,403
Equity	17,186	19,716
Total Equity and liabilities	22,570	25,256

1-5 Average Guarantee Rate Trends

In the FY3 / 22 , the average guarantee rate declined to 1.46% due to the fact that the number of bankruptcies remained at a historically low level for the first time in half a century and due to increased underwriting for low-risk contracts with large balances .



1-6 Consolidated Financial Forecast for the FY 3/23

	FY 3/23 Consolidated Financial Forecast	Year-on-year rate of change
Net sales	8,800 million yen	+11.5%
Operating profit	4,150 million yen	+11.2%
Ordinary profit	4,200 million yen	+11.7%
Profit attributable to owners of parent	2,750 million yen	+11.6%

◆ **Net sales will increase due to a steady increase in the amount of guarantee liabilities.**

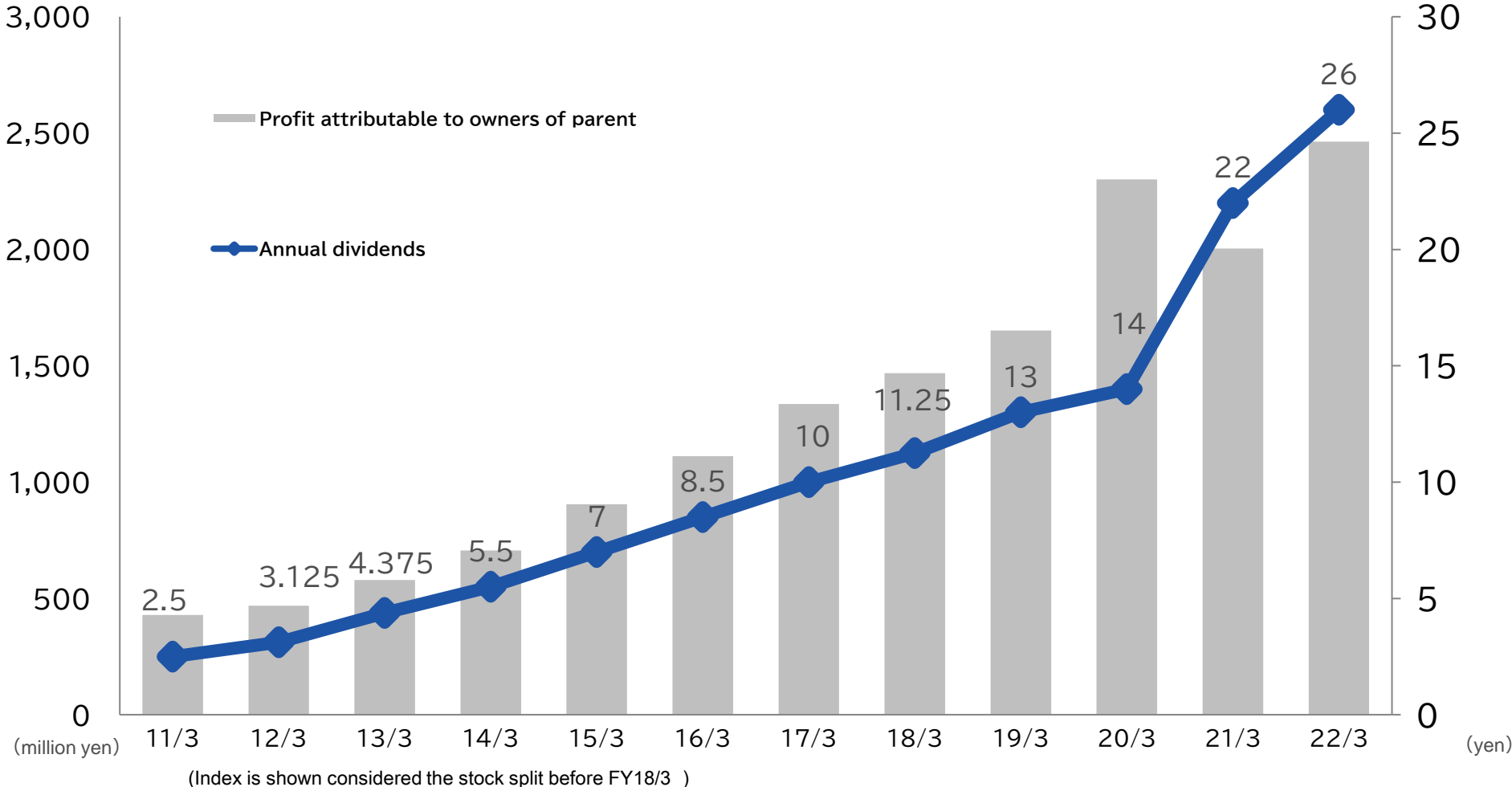
In an uncertain economic climate, the amount of guarantee liabilities is expected to continue to grow steadily against a background of increasing need for guarantees. In addition, the number of bankruptcies is expected to increase from the second half of the fiscal year, when virtually interest-free and unsecured loans by government-affiliated financial institutions are set to expire, and guarantee fee rates are expected to rise.

◆ **Cost of sales and expenses will increase, but double-digit growth will be maintained.**

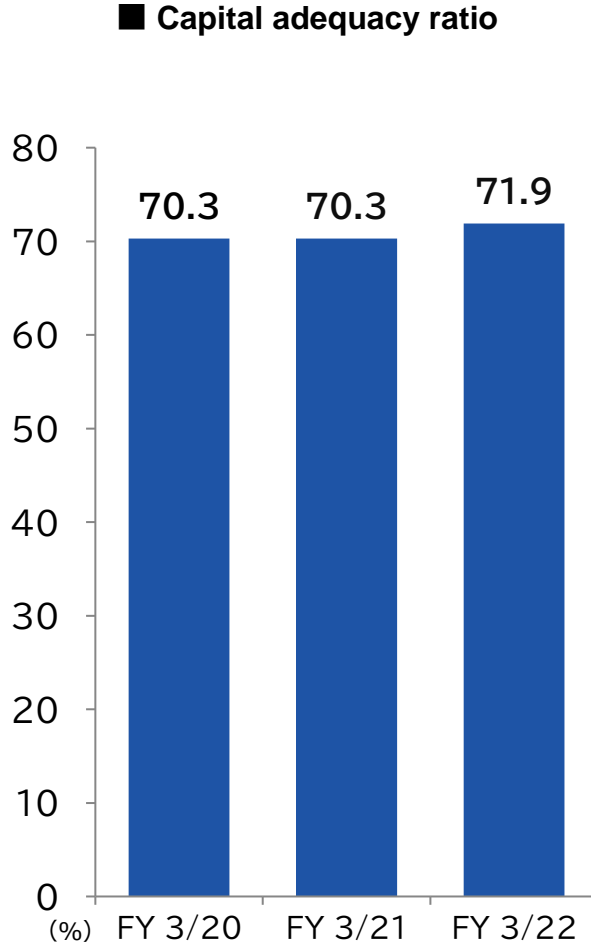
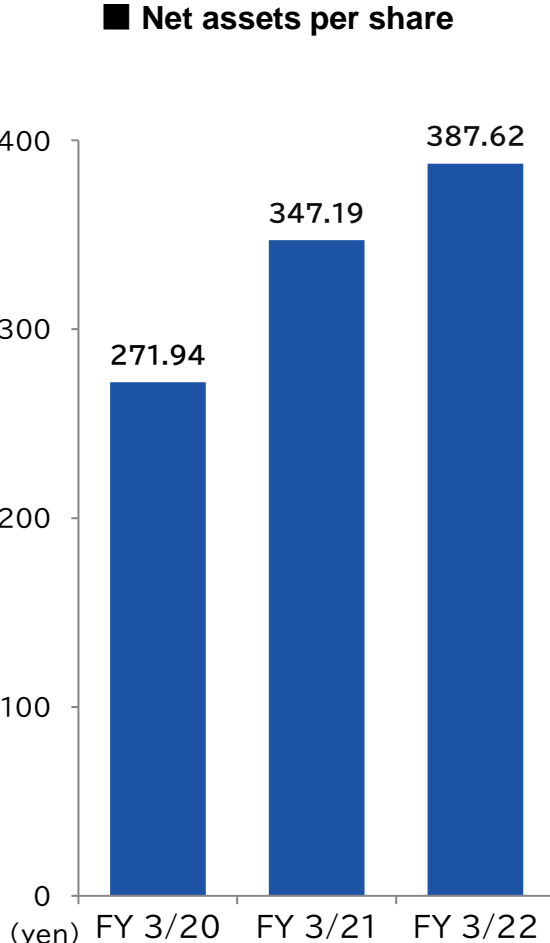
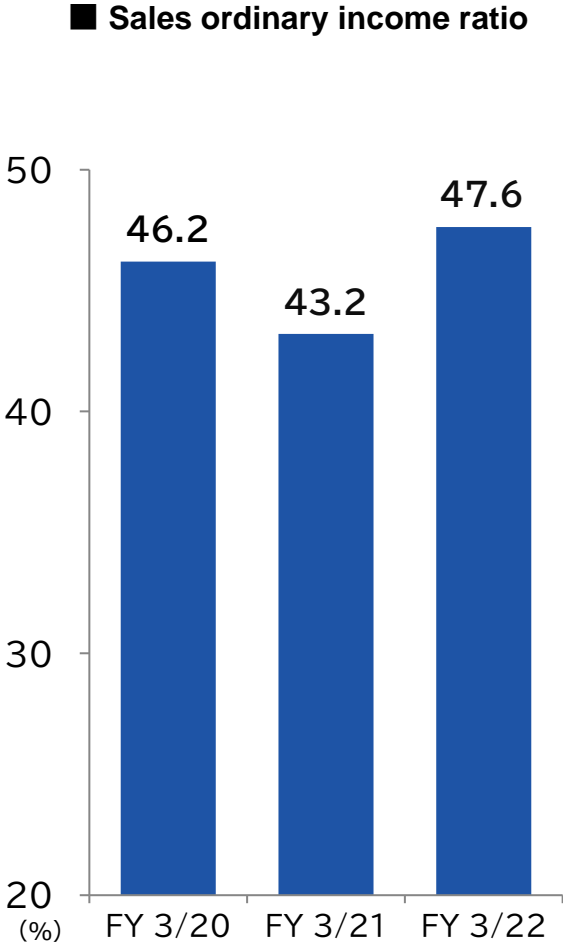
Cost to income ratio is expected to improve in the first half due to a decrease in bankruptcies in FY3/22, but it is expected to deteriorate in the second half due to an increase in bankruptcies. In addition, although personnel expenses will increase due to a significant increase in personnel, the SG & A ratio will be kept at the same level as in FY3 / 22 by reducing expenses, etc., to secure double-digit profit growth.

1-7 Dividend Policy

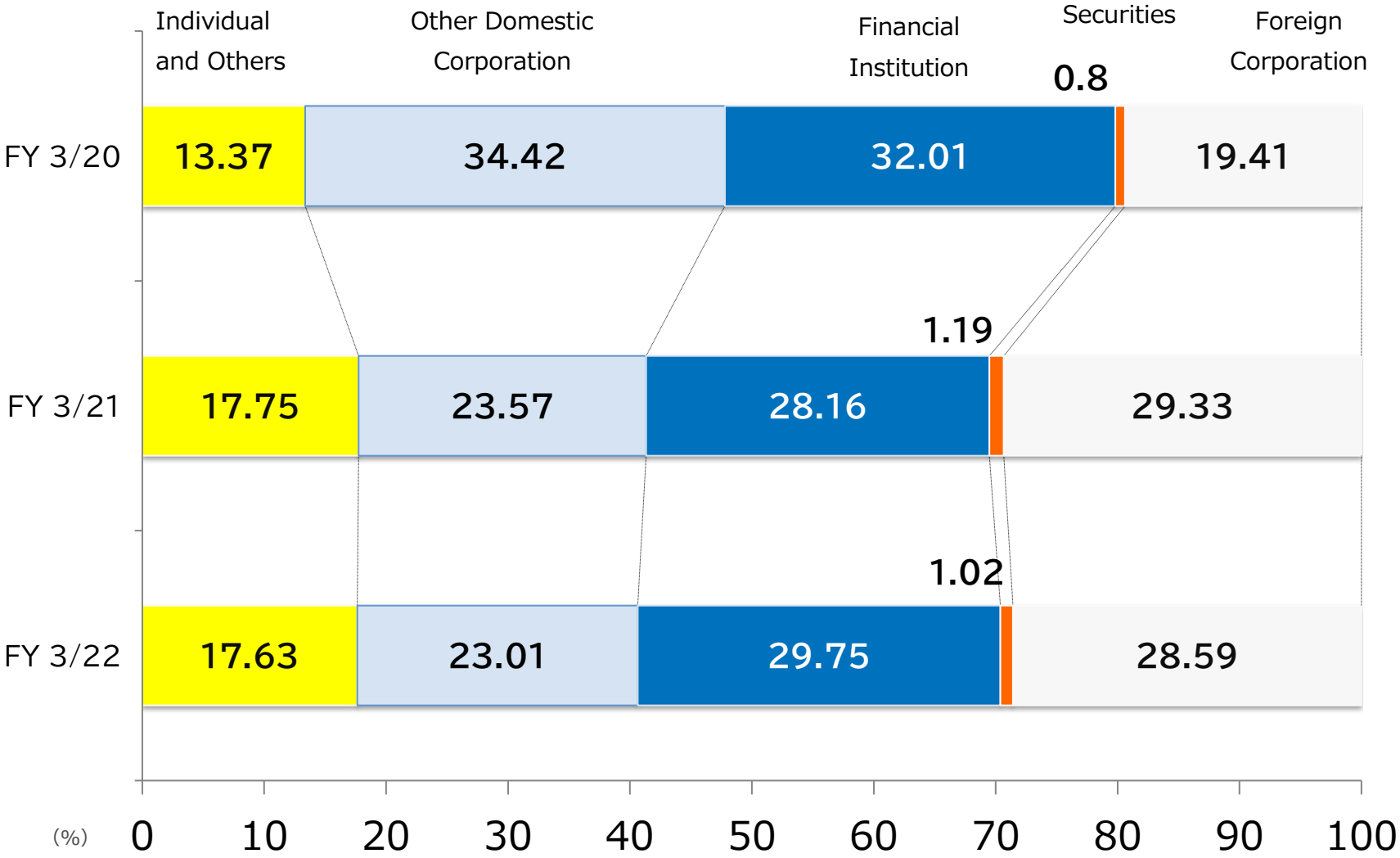
We recognize that returning profits to shareholders is one of its most important management tasks and implements a dividend policy that reflects the Company's performance, taking into account the need to strengthen its financial position and enhance internal reserves for active business development. Based on this policy, and in consideration of recent performance trends, the annual dividend for the fiscal year ending March 31, 2022 will be 26 yen.



1-8 Main management index



1-9 Distribution of share ownership

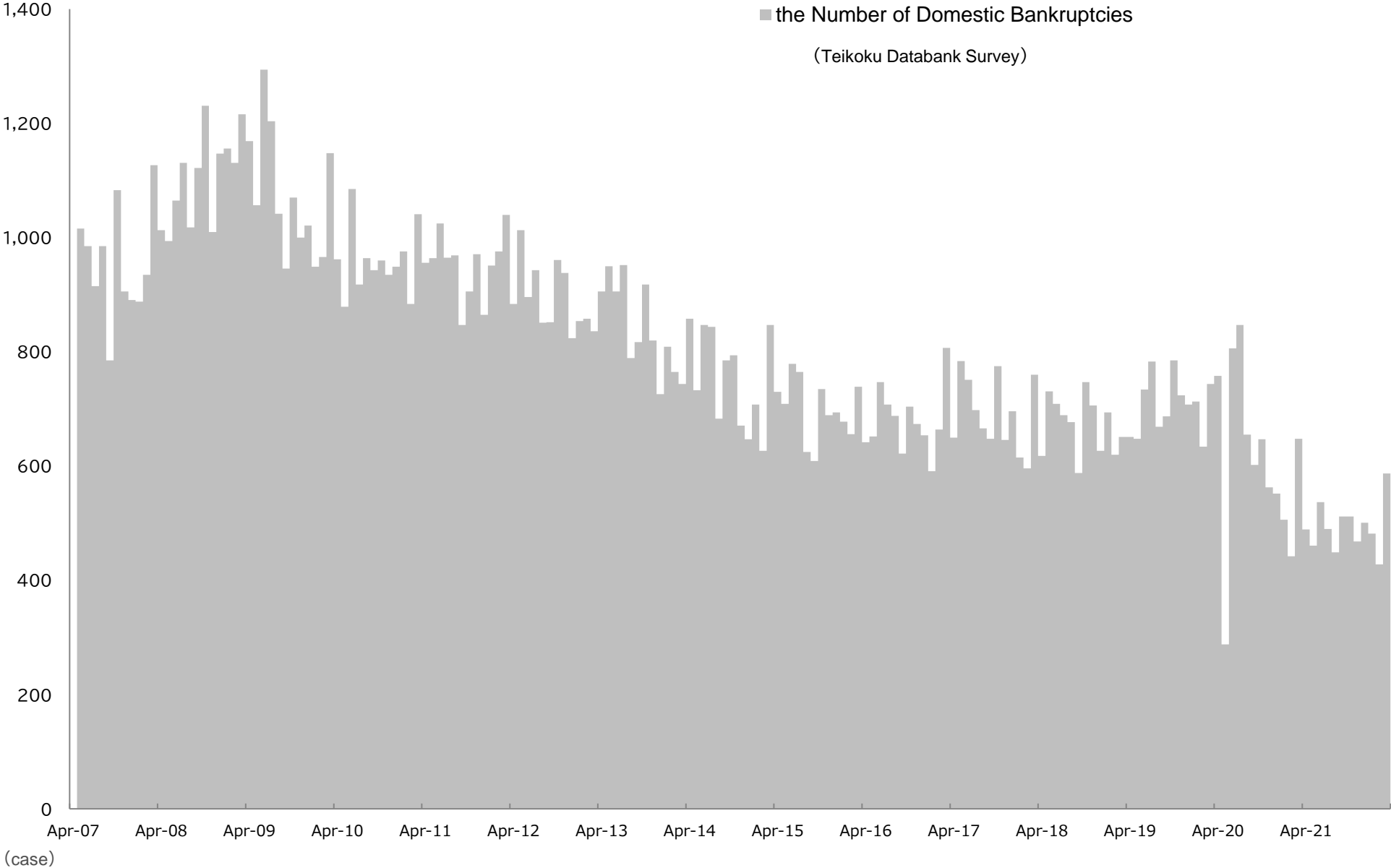


1-10 Major Shareholders

Shareholder name	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan ,Ltd (TRUST ACCOUNT)	8,124,800	17.34%
ITOCHU Corporation	6,336,800	13.52%
Custody Bank of Japan, Ltd.(TRUST ACCOUNT)	3,631,900	7.75%
Masanori Eto	3,010,200	6.42%
Teikoku Databank, Ltd.	2,870,400	6.12%
SSBTC CLIENT OMNIBUS ACCOUNT	1,901,448	4.05%
NTT DATA Corporation	1,440,000	3.07%
BBH FOR MATTHEWS JAPAN FUND	1,008,000	2.15%
THE BANK OF NEW YORK MELLON 140051	986,500	2.10%
THE BANK OF NEW YORK 133652	826,400	1.76%

2. Key Measures for the Fiscal Year Ending March 31, 2023

Changes in the Number of Domestic Bankruptcies (Monthly)



External environment

The Japanese economy in the fiscal year under review has shown signs of recovery amidst the gradual easing of the tough situation due to the COVID-19 infection. The recovery trend is expected to continue, supported by the effects of various policies and improvement in overseas economies while all possible measures are being taken against infectious diseases and economic and social activities move toward normalization. However, the future remains uncertain due mainly to the situation in Ukraine, rising prices of raw materials, and supply side constraints.

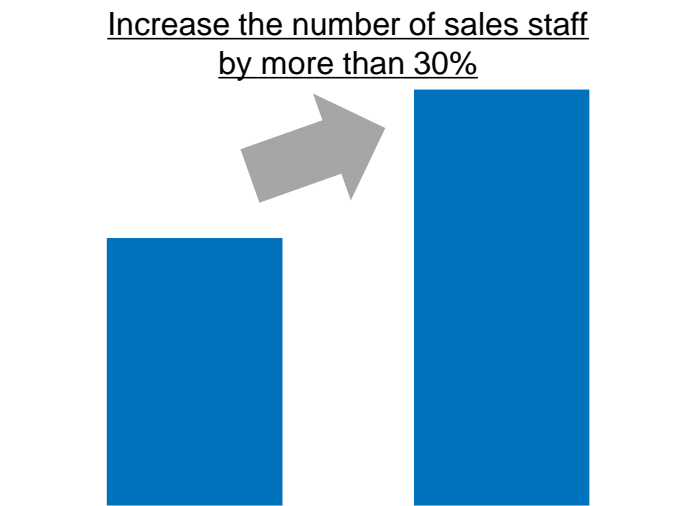
Basic Policy

- Continue to make prudent risk judgments on certain industries based on the assumption that the number of bankruptcies will increase in the future . In addition, we will strengthen its sales system, including increasing the number of sales staff, in order to respond to the growing need for credit protection against the background of the uncertain outlook due to the situation in Ukraine and the increase in the amount of receivables due to the rise in raw material prices.
- Strengthen data collection on intercompany trading, improve the accuracy of risk judgment, and promote faster screening decisions.
- Strengthen the sales system to increase the number of customers and promote the penetration of services related to credit risk in corporate activities.

1. Strengthening sales system ①Increase in sales staff

The invasion of Ukraine has caused energy, raw material, and logistics prices to rise, and an increasing number of companies are passing these costs onto their sales prices. Against this background, inquiries about guarantee services for the purpose of risk hedging are increasing from companies concerned about the increase in the amount of receivables. In addition, there is uncertainty about how long the unstable economic situation will continue, and inquiries for the purpose of credit protection to reduce uncertainty are on the rise. We will strengthen our sales system to respond to these needs.

We expect the demand for guarantee services to increase due to the current economic changes and the expected increase in the number of bankruptcies in the current and next fiscal years. In order to respond to these changes, we will increase the number of sales staff by more than 30% compared to the end of the previous fiscal year. In addition, we will promote the introduction of a uniform sales method and focus on the early development of human resources.



Early development of human resources



Intensive training

Introduction of a uniform sales method

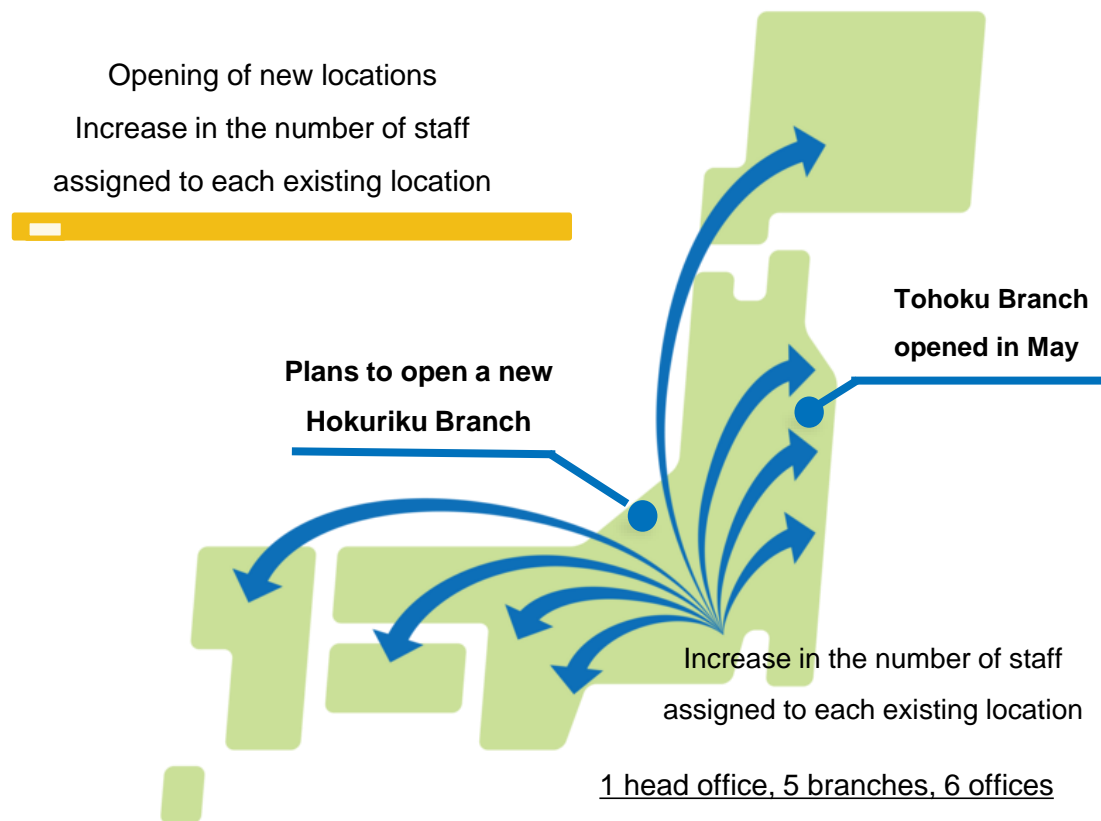
⇒ Aiming to bring human resources into the workforce in about half the time previously required

1. Strengthening sales system ② Enhance each branch

Since changes in economic conditions are affecting the entire country, rising risk hedging needs and conservation needs are seen regardless of region. In regions other than the Tokyo metropolitan area, where guarantee needs have been increasing but have not been adequately responded to, we will increase the number of sales staff and strengthen the allocation of staff to offices.

- Newly opened Tohoku branch.
- Increase the number of staff assigned to each regional office.
- Strengthening the reach of regional customers by leveraging our strength in partnerships with regional banks.

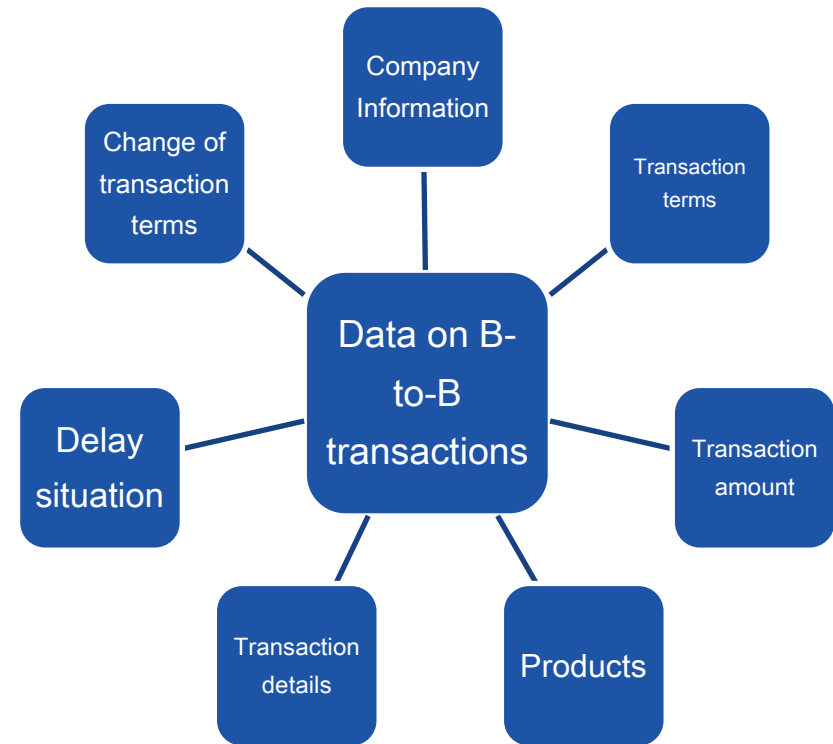
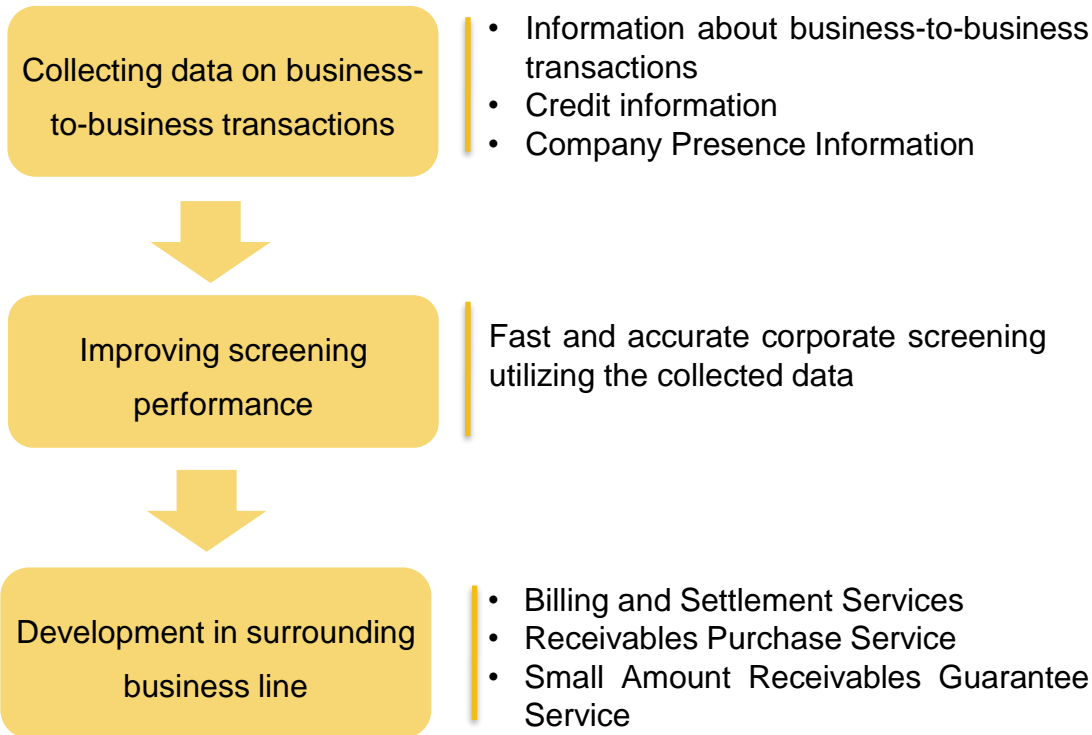
- Shifted from a regional sales system that mainly involved business trips to a community-based sales system that utilizes regional offices.
- In the future, we plan to develop regional limited product .



2. Development in surrounding business line

① Development in surrounding business line using data

Continue to strengthen data collection on business-to-business transactions and develop surrounding business line based on fast corporate screening utilizing the collected data.



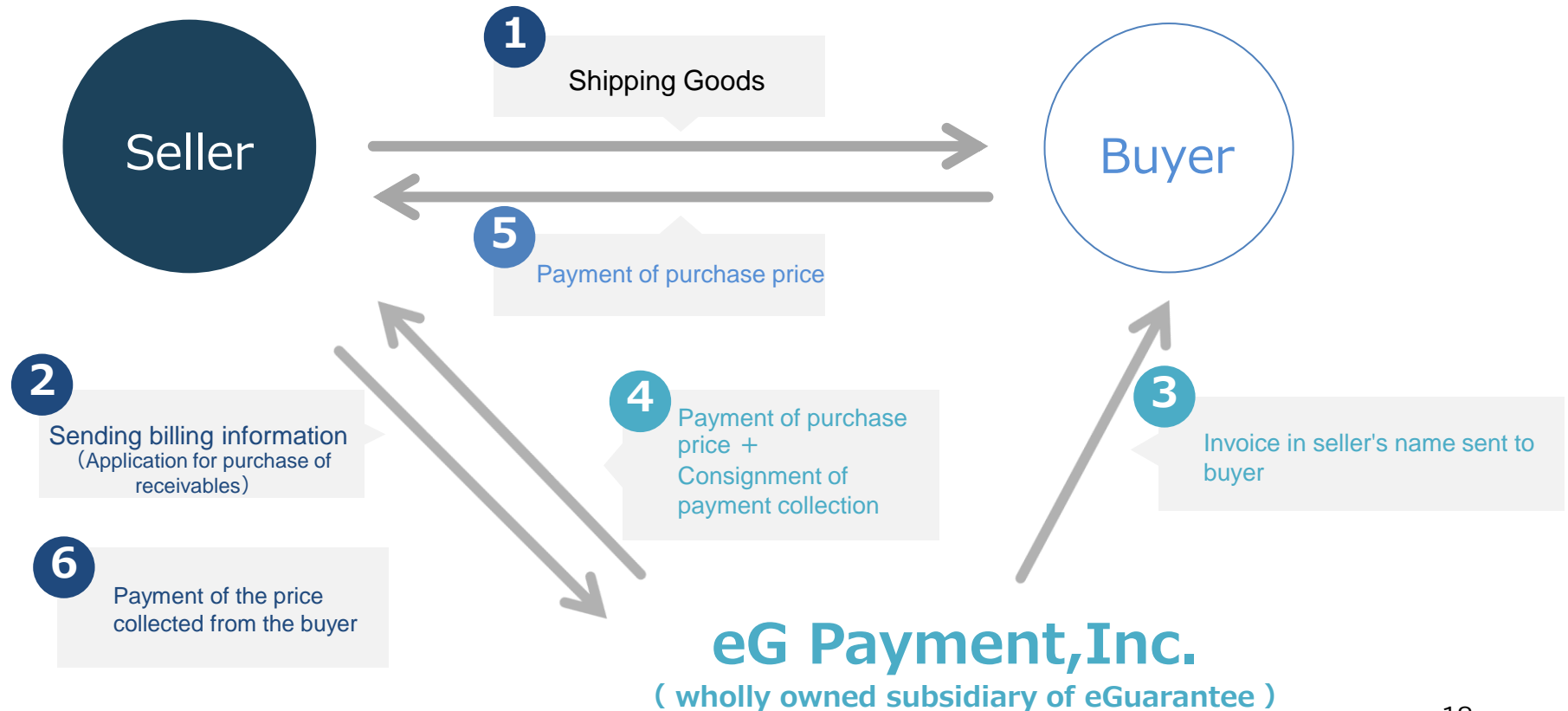
Number of information items collect

More than 2.6 million items per day

2. Development in surrounding business line

② Introduction Receivables Purchase Service

In the development of surrounding business line, we plan to introduce a receivables purchase service in FY3/22.
→ To meet growing financing needs against the background of the termination of virtually interest-free and unsecured loans by government-affiliated financial institutions and rising prices of crude oil and raw materials.



For inquiries about this material, please contact:

eGuarantee Co., Ltd. IR Team

irinfo@eguarantee.co.jp