


Financial Results For the Fiscal Year Ending March 31, 2023

Supplementary Briefing Materials

May 12, 2023 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 strives 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. Financial Results Summary for the Fiscal Year Ended March 31, 2023**
 - 2. Fiscal Year Ended March 2024 Priority Measures**

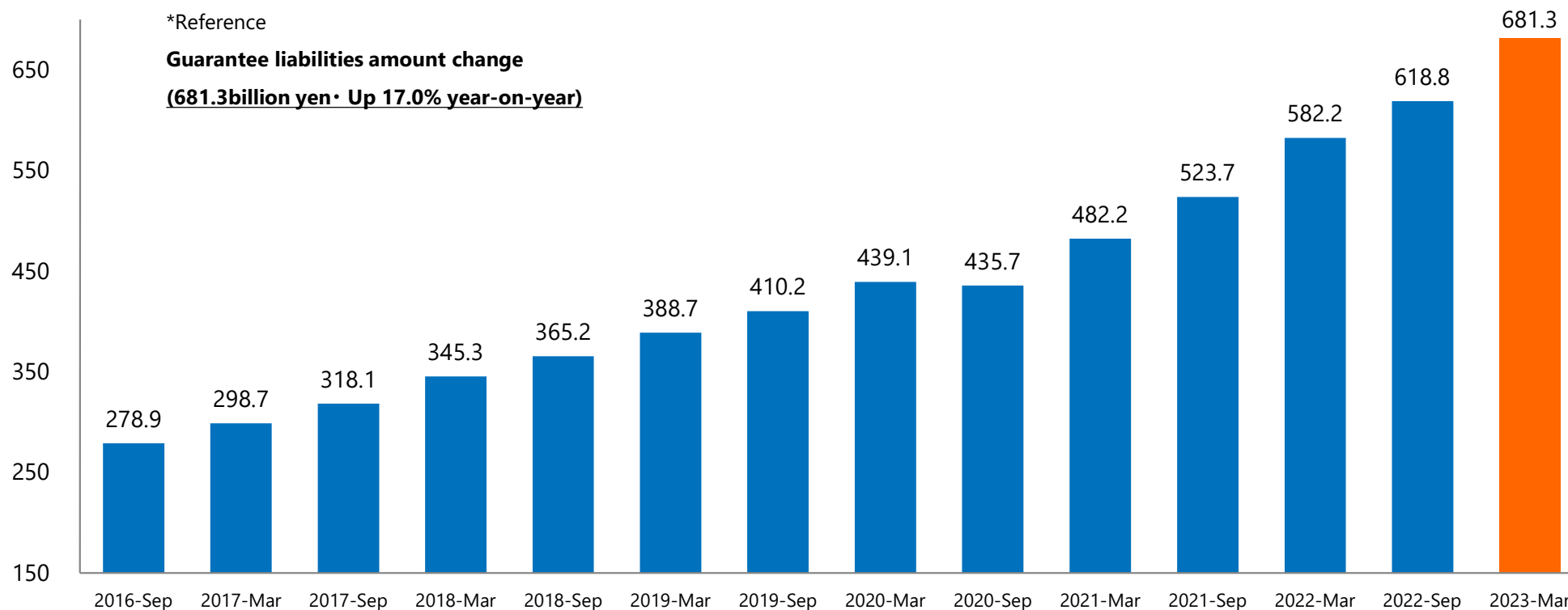
1-1 Balance of Guarantee

Guarantee obligations amounted to 1076 billion yen (up29.4%year on year)

To respond to the uncertain outlook due to the situation in Ukraine and the growing need to protect receivables against rising prices, the sales structure was strengthened, including by increasing the number of sales personnel. In addition, sales activities were streamlined and sales resources expanded through the establishment and relocation of new sales offices. As a result ,guarantee obligations amounted to 1076 billion yen (up 29.4% year on year), guarantee liabilities were 681.3 billion yen (up 17.0% year on year)

* Guarantee obligations : The total of the guarantee limits set for each covered company of the guarantee.

* Guarantee liabilities amount : The total of ①for contracts for which the balance of receivables has been notified, the balance of receivables per each covered company of the guarantee. ② for contracts for which the balance of receivables has not been notified , the guarantee limits set for each covered company of the guarantee.



(億円)

1-2 Summary of Financial Results for the Fiscal Year Ending March 31, 2023

(Million yen)	FY3 / 22	FY3 / 23	Year-over-year Rate of increase or decrease
Net sales	7,894	8,494	+ 7.6%
Gross profit	6,224	6,790	+ 9.1%
Operating profit	3,732	4,150	+ 11.2%
Ordinary profit	3,760	4,231	+ 12.5%
Profit attributable to owners of parent	2,463	2,864	+ 16.3%

While the increase in the number of contracts resulted in a steady increase in the balance of guarantees, the guarantee fee rate did not reverse to increase due to a lower than expected increase in bankruptcies, resulting in the sales budget being achieved at 96.5% of the budget.

In addition, operating profit, ordinary profit and profit attributable to owners of parent were all largely in line with initial forecasts, as the cost of sales ratio fell due to a lower than expected increase in bankruptcies as well.

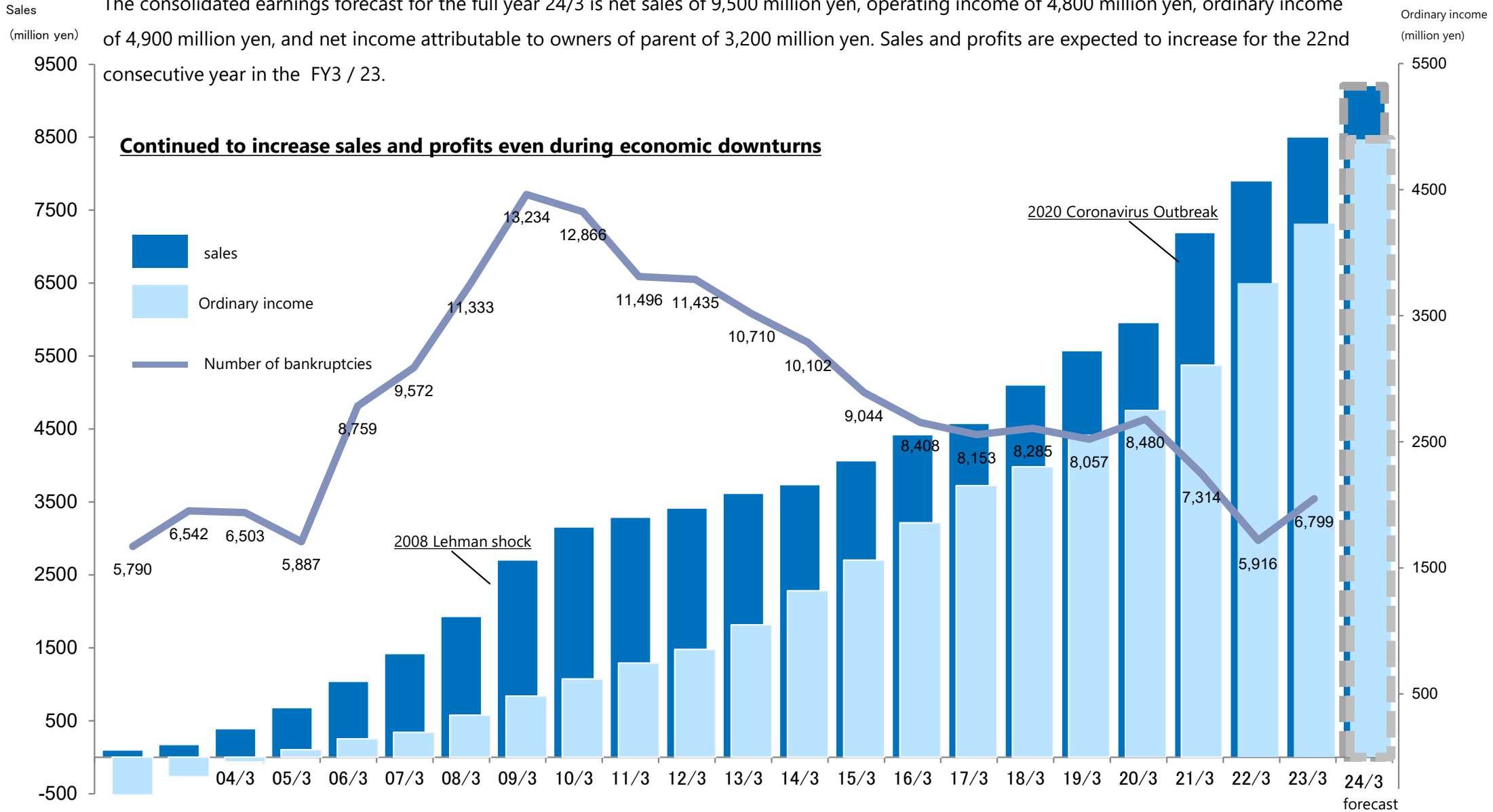
■ Consolidated earnings forecast for FY3 / 23

	FY3 / 23 Earnings Forecasts	FY3 / 23 Achievement rate
Net sales	8,800 million yen	96.5%
Operating profit	4,150 million yen	100.0%
Ordinary profit	4,200 million yen	100.7%
Profit attributable to owners of parent	2,750 million yen	104.1%

1-3 Performance Trends

In FY24/3, sales and profits are expected to increase for the 22nd consecutive year.

The consolidated earnings forecast for the full year 24/3 is net sales of 9,500 million yen, operating income of 4,800 million yen, ordinary income of 4,900 million yen, and net income attributable to owners of parent of 3,200 million yen. Sales and profits are expected to increase for the 22nd consecutive year in the FY / 23.



1-4 Consolidated balance sheet

Asset	FY3 / 22	FY3 / 23
current assets	19,695	19,037
Cash and cash equivalents	17,295	17,527
Prepaid expenses	974	1,189
Securities	1,200	-
Other	226	321
Fixed assets	5,560	8,960
Tangible fixed assets	1,381	1,777
Intangible fixed assets	125	134
Investment securities	3,426	6,412
Other	628	637
Total assets	25,256	27,997

(million yen)

Current assets decreased by 3.3%(YoY) .This is mainly due to a decrease in Securities of 1,200 million yen.

Fixed assets increased by 61.1%(YoY) .This is mainly due to an increase in Investment securities of 2,985 million yen.

Current liabilities increased by 8.5%(YoY) . This is mainly due to an increase in Advances received of Investment securities of 4.24 million yen.

Total net assets increased by 14.7% (YoY) . This is mainly due to an increase in capital surplus of 1,646 million yen.

Liabilities	FY3 / 22	FY3 / 23
Current liabilities	5,423	5,883
Allowance for doubtful accounts	433	436
Advances received	3,877	4,301
Income taxes payable	699	738
Other	414	408
Fixed liabilities	115	115
Long-term accounts payable	115	115
Total liabilities	5,539	5,999

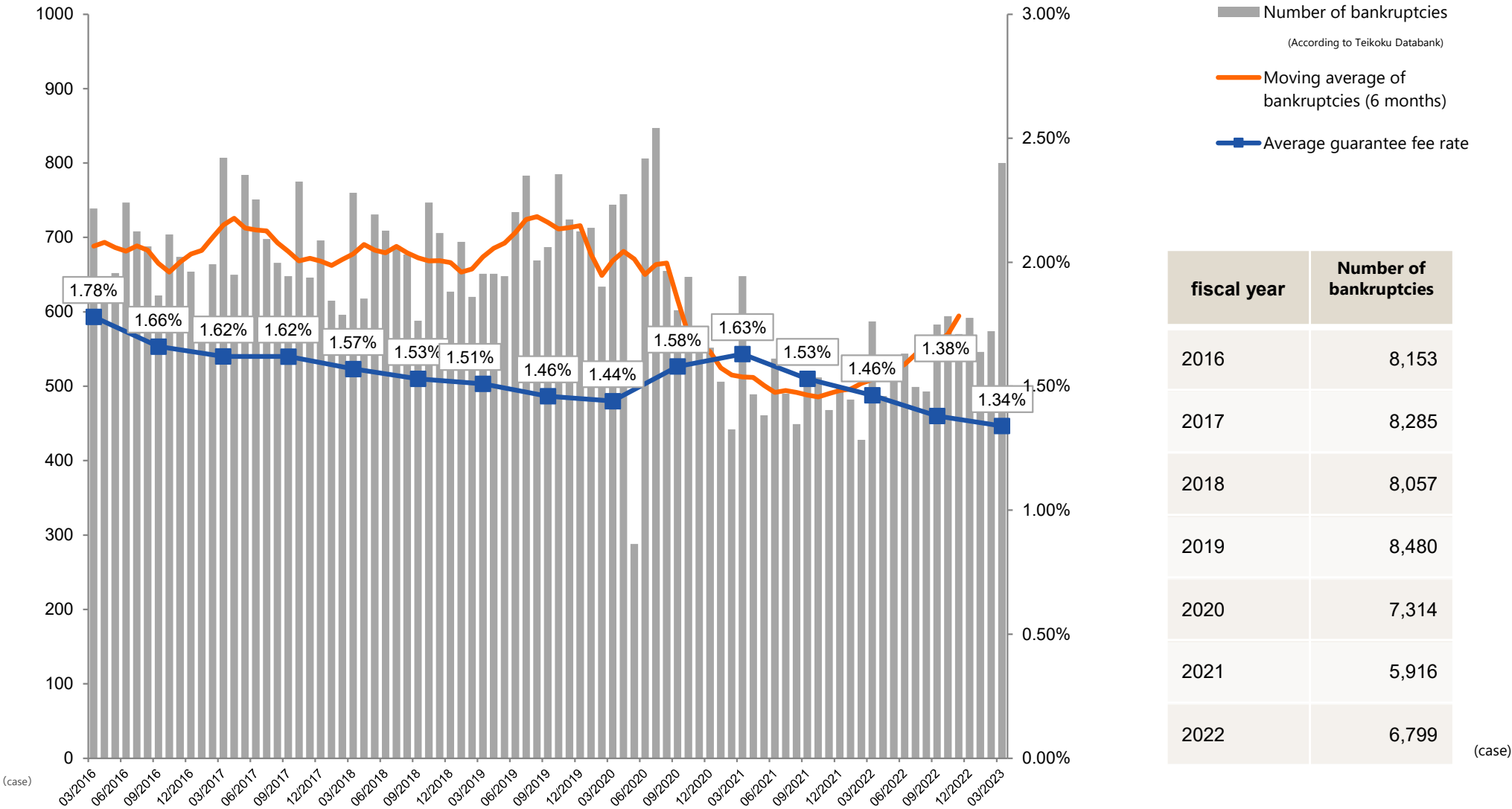
(million yen)

Equity	FY3 / 22	FY3 / 23
Shareholder's equity	18,157	20,347
Common stock	3,509	3,781
Additional paid-in capital	2,919	3,191
Retained earnings	11,729	13,375
Treasury stock	0	0
Share-purchase warrants	155	162
Equity attributable to non-controlling interests	1,403	1,488
Equity	19,716	21,998
Total Equity and liabilities	25,256	27,997

(million yen)

1-5 Average Guarantee Rate Trends

In FY2022 (April 2022-March 2023), the number of bankruptcies turned to increase from the previous year, but remained at a low level compared to the pre-Corona level. In addition, there are contracts that provide comprehensive guarantees for clients' counterparties, and the guarantee limits set for low-risk companies included in these contracts have increased. As a result, the average guarantee fee rate for the second half of FY3/23 was 1.34%.



fiscal year	Number of bankruptcies
2016	8,153
2017	8,285
2018	8,057
2019	8,480
2020	7,314
2021	5,916
2022	6,799

(case)

1-6 Consolidated Financial Forecast for the FY 3/24

	FY 3/24 Consolidated Financial Forecast	Year-on-year rate of change
Net sales	9,500 million yen	+11.8%
Operating profit	4,800 million yen	+15.7%
Ordinary profit	4,900 million yen	+15.8%
Profit attributable to owners of parent	3,200 million yen	+11.7%

◆ **Net sales increased due to a steady increase in the amount of guaranteed liabilities.**

The amount of guaranteed liabilities is expected to continue to build up steadily in the future, due to the increased need for guarantees in an uncertain economic climate and the increase in resources resulting from an increase in the number of sales personnel and the efficiency gains resulting from the strengthening of sales offices.

◆ **Cost of sales is expected to decrease, while SG&A ratio is expected to stay flat.**

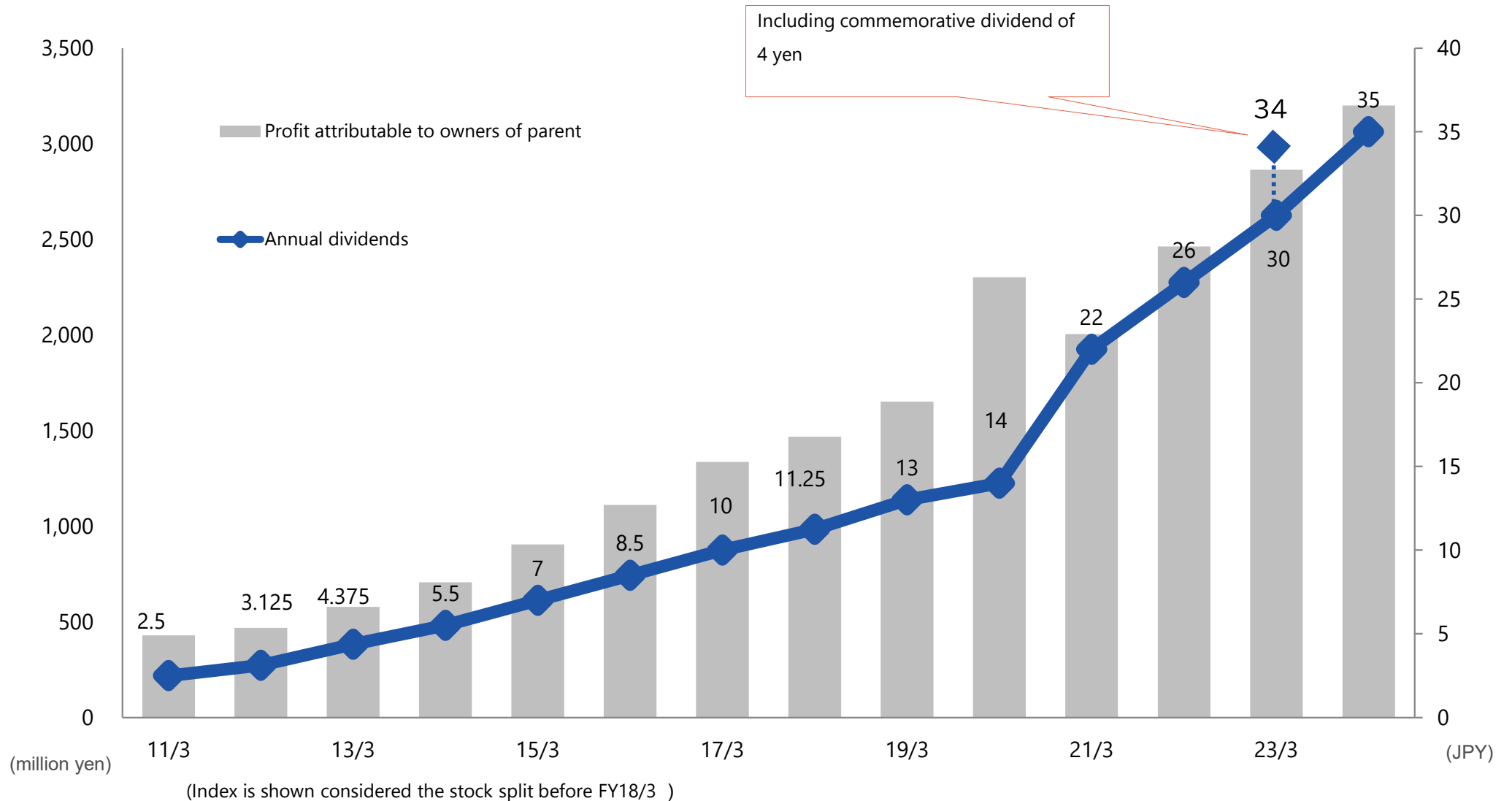
Cost of sales is expected to decrease as a result of increased securitization of low-risk companies, mainly those included in comprehensive guarantee contracts for clients' business partners, through funds.

◆ **Impact of Increase in Number of Corporate Bankruptcies**

Develop a risk taking policy that continues to make more prudent risk judgements, keeping a close eye on bankruptcy trends and changes in the economic environment. In addition, depending on the extent of the economic downturn, there may be an increase in the number of inquires for guarantee services due to the growing need against a background of uncertain economic conditions. There is also a possibility of a slight increase in average guarantee rates due to an increase in bankruptcies.

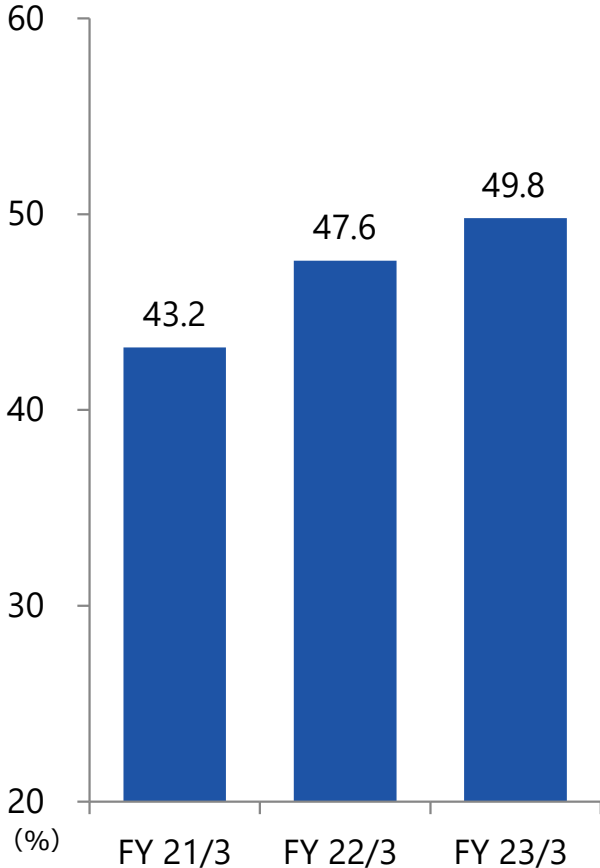
1-6 Dividend Policy

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, 2023 will be 34 yen (of which 4 yen was a commemorative dividend of 1 trillion yen for the balance of guarantees). At present, the company expects to pay a dividend of 35 yen for FY2024 in accordance with the above dividend policy.

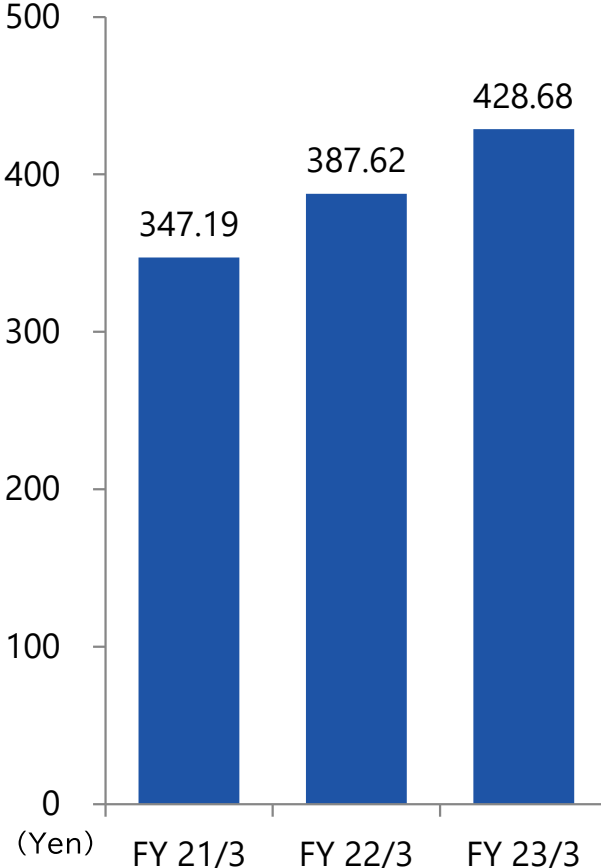


1-7 Main management index

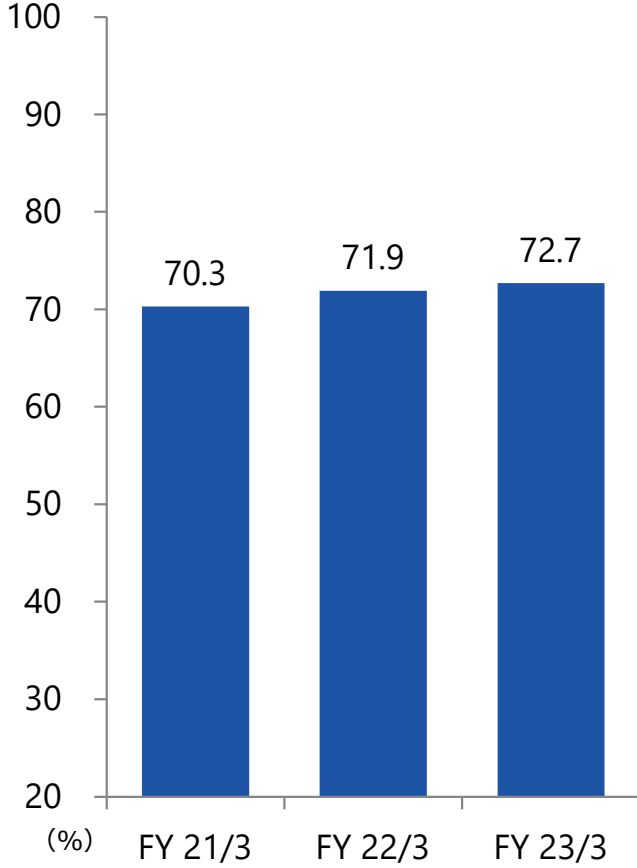
■ Sales ordinary income ratio



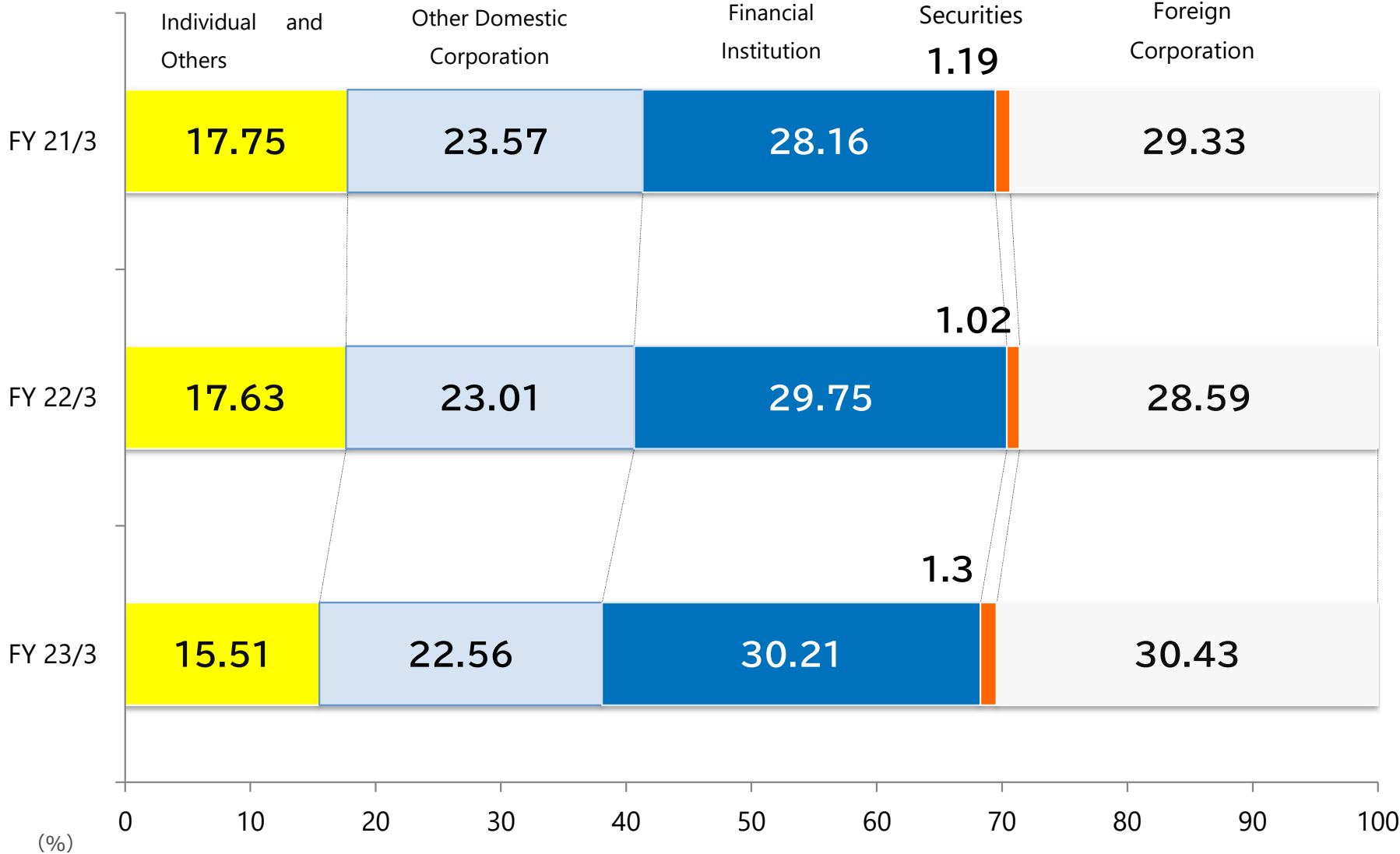
■ Net assets per share



■ Capital adequacy ratio



1-8 Distribution of share ownership



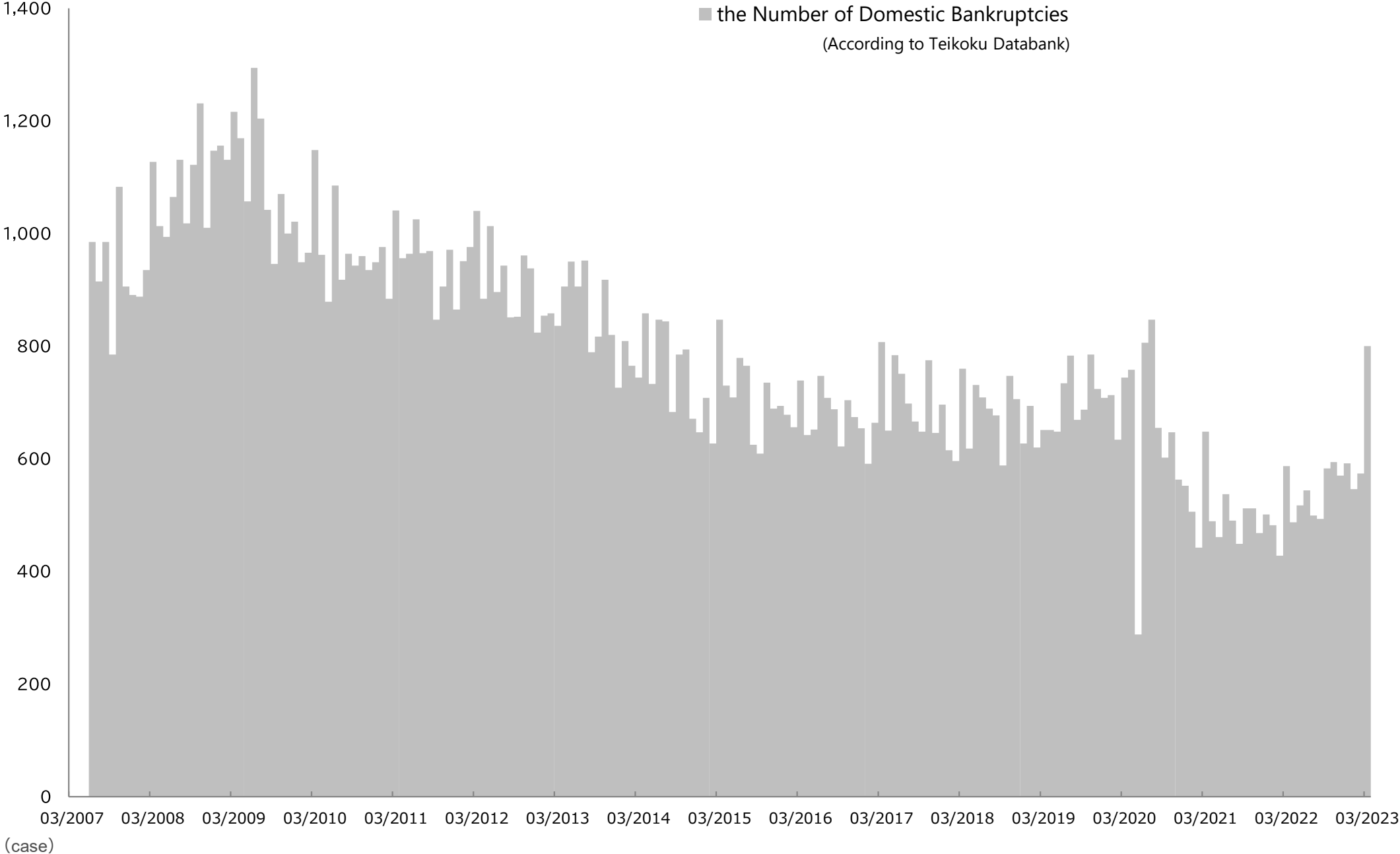
* Percentage: Rounded up to the nearest third decimal place

1-9 Major Shareholders

Shareholder name	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan ,Ltd (TRUST ACCOUNT)	8,615,100	18.14%
ITOCHU Corporation	6,336,800	13.34%
Custody Bank of Japan, Ltd.(TRUST ACCOUNT)	4,347,700	9.15%
Masanori Eto	3,084,400	6.49%
Teikoku Databank, Ltd.	2,870,400	6.04%
SSBTC CLIENT OMNIBUS ACCOUNT	2,658,423	5.60%
NTT DATA Corporation	1,440,000	3.03%
THE BANK OF NEW YORK 133652	783,700	1.65%
JP MORGAN CHASE BANK 385632	769,419	1.62%
GOVERNMENT OF NORWAY	686,360	1.44%

2. Fiscal Year Ended March 2024 Priority Measures

Changes in the Number of Domestic Bankruptcies (Monthly)



Action for the fiscal year ending March 31, 2024

External environment

The Japanese economy 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 under the circumstances of “with COVID-19”. However, the future remains uncertain due mainly to rising prices of raw materials and supply side constraints while monetary tightening continues globally.

And the number of corporate bankruptcies increased by 14.9% year on year to 6,799 cases in the fiscal year under review (source: TEIKOKU DATABANK, Ltd.). Various benefits and institutional loans that are substantially interest-free and unsecured were successful in curbing the number of corporate bankruptcies. However, the number of corporate bankruptcies has increased year on year for eleven consecutive months since May 2022 due to the start of repayments by some of the companies using the system, and the close monitoring of the trend of bankruptcies is needed to be continued accordingly.

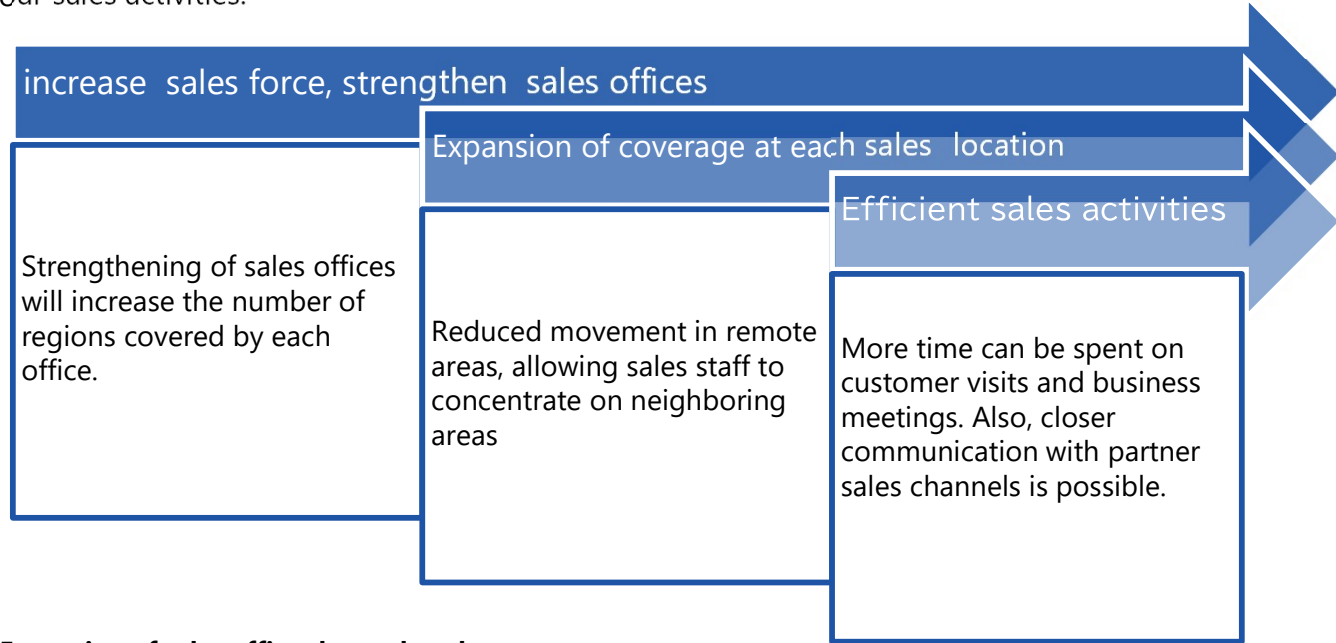
Basic Policy

- Continue to make prudent risk judgments based on the assumption that the number of bankruptcies will increase in the future . In addition, the Company 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.
- Increased sales resources will be used to expand the customer base and increase the number of contracts, with the aim of acquiring smaller, more diversified risks.
- Develop an efficient back-office structure that does not result in increased costs even if the number of contracts increases as a result of the above measures.
- Strengthen the sales system to increase the number of customers and promote the penetration of services related to credit risk in corporate activities.

1.Strengthened sales system ①Increase efficiency of sales activities through the utilization of the sales locations

Increase efficiency of sales activities through the utilization of the sales locations

To improve our market competitiveness, we continue to increase our sales force, strengthen our sales offices, and improve the efficiency of our sales activities.



Maximization of sales resources

The increased efficiency of sales activities will increase the amount of time that can be spent on customer visits and business meetings, and will also allow for closer communication with partner sales channels, including regional banks, leading to activities to obtain further customer referrals.

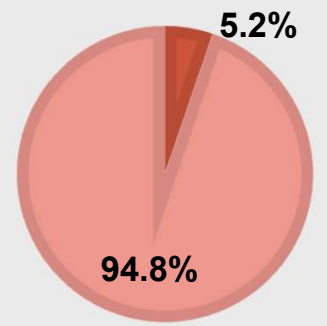
Expansion of sales offices has reduced transportation that requires business trips.

May 22	Hokuriku Branch opened.
April 22	Tohoku Branch opened.
Feb 23	Hokkaido branch relocated
March '23	Chugoku-Shikoku Branch opened.
April 23	Osaka Branch relocated.

◆ The market has plenty of room for expansion.

- Of the approximately 140,000 companies in database of information company, approximately 5.2% have been contacted by us in some way over the past 20 years. By prefecture, in prefectures where the percentage is low, only about 1.5% have been contacted.
- We estimate that the amount of accounts receivable covered by some kind of guarantee or insurance is approximately 1.2% of total accounts receivable in Japan, so the market has plenty of room for expansion. (Estimated based on information published in the Nikkei)

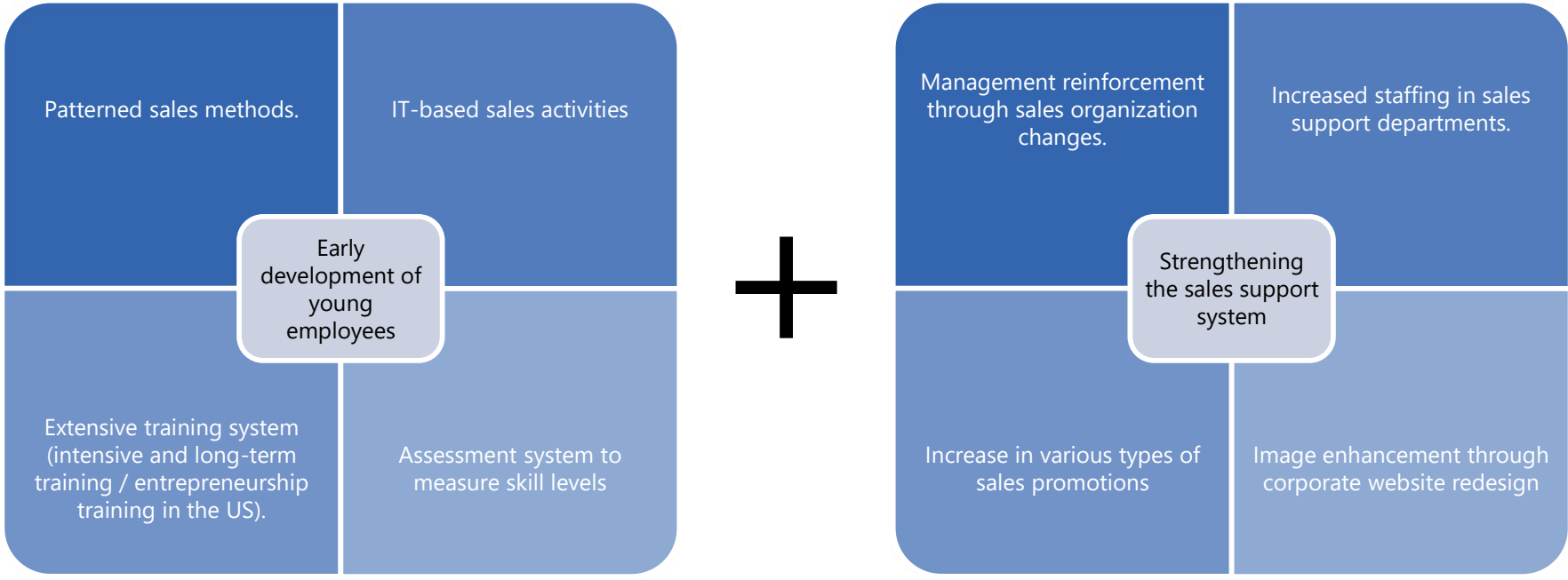
■ Companies we have contacted in the past
 ■ Companies we have not contacted in the past



1.Strengthened sales system ②Organizing and empowering increased salesforce.

Action to maximize sales resources

To make the best use of the sales resources deployed, we are continuing to develop our structures, strengthen our training and support systems and expand our sales network



Organizing and empowering increased salesforce

In particular, the patterned sales methods are condensed from the know-how we have accumulated over the 20 years we have been running this business exclusively and constantly updated in response to the external environment, and have actually produced results even in younger age groups.



Number of sales staff in the last three years

	Number of sales staff (excl. employees who have been with the company for less than one year)	YoY	Total number of employees
April 23	103	133.8%	216
April 22	77	118.5%	204
April 21	65	—	188

1.Strengthened sales system ③ To maximise sales resources

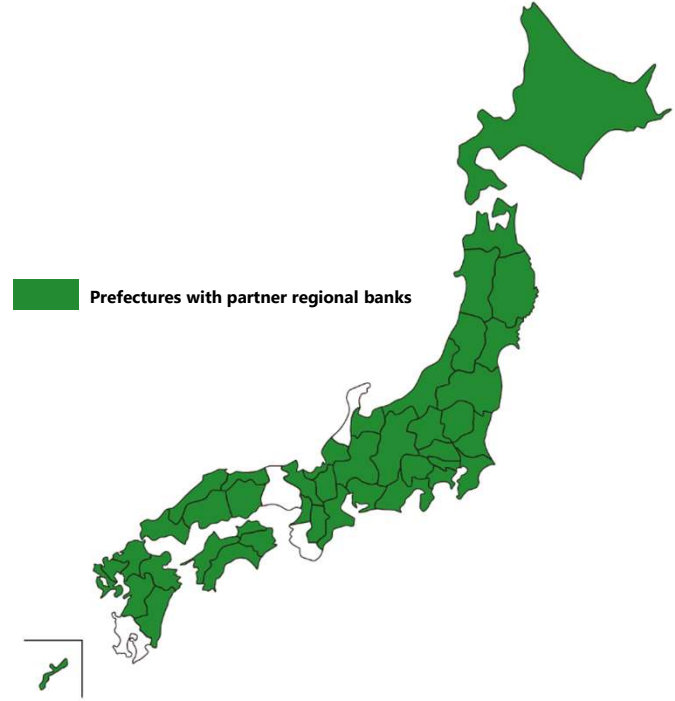
Expansion of new sales networks • Deepen relationships with existing sales networks

In order to broaden its customer base with increased sales resources, the company will approach a wide range of financial institutions, including regional banks and shinkin banks, with which it has not yet established partnerships, in order to expand its new partner sales network. Also, communication will be deepened with financial institutions with which we already have partnerships, in order to continue to receive further customer referrals.

【1】 Deepen relationships with existing sales networks

•Act to deepen communication with the existing sales network to gain further customer referrals.

Breakdown of existing sales network



【2】 Expansion of new sales networks

•Approach a wide range of financial institutions, including regional banks and shinkin banks, with which it has not yet established partnerships

Benefits for partner channels.

- Commission earned.
- The ability to solve customers' business problems from a perspective other than the partner channel's traditional service line-up, leading to increased customer satisfaction.
- Contributes to building long-term relationships between partner channels and customers due to the high contract renewal rate of our services.
- The company can use this as a reason for the sales force in the partner channel to visit customers, for example, to make new offers to customers they have not visited for a while.

2. Strengthening the sales structure Significant efficiency in back office operations.

Development of a back-office structure that does not increase costs even when the number of contracts increases.

The increased sales resources will be used to expand the customer base and increase the number of contracts, with the aim of acquiring smaller, more diversified risks, based on the assumption that the number of bankruptcies will increase in the future. An efficient back-office structure will be put in place to ensure that costs do not increase as the number of contracts increases in line with this policy.

Unmanned operations through the use of IT

Promote IT and unmanned operations that used to be carried out by human hands
Staff whose operations have been streamlined are transferred to work such as sales support.

Elimination of paper and digitization

Cost reduction by reducing and digitizing documents submitted to customers
Further promote a mechanism for completing various contractual procedures on the web

- The number of sales personnel is expected to increase in the future, but the number of administrative personnel is not expected to increase and is expected to remain largely unchanged. Significant efficiency gains through the use of IT. Maintain current costs even if the number of contracts increases, or reduce them further by further promoting IT and computerization.

References

- **Recent Initiatives**
- **The society that eGuarantee aims for**
- **Sustainability Initiatives**

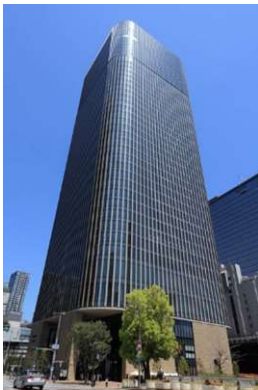
Recent Initiatives

Implementation of a commemorative dividend of the ¥1 trillion guarantee balance.

Commemorative dividend of 1 trillion yen for the balance of guarantees will be paid. The dividend will consist of an ordinary dividend of 30 yen per share and a commemorative dividend of 4 yen per share for the ¥1 trillion guarantee balance.

Establishment of new Chugoku and Shikoku Branch and relocation of Osaka and Hokkaido Branches

With the expansion of the business, we relocated the Hokkaido Branch in February '23, opened the Chugoku and Shikoku Branch in March '23, and relocated the Osaka Branch in April '23.



Providing entrepreneurship training in the U.S. for young employees

In order to improve the quality of sales personnel and develop overseas human resources, we will provide training for young employees to start their own business in the U.S. We will provide 10 million yen, and the training will enable them to experience starting up a business from the standpoint of a manager.

Article published in the March 8 The Nikkei



Corporate Website Renewal

We renewed our corporate website in March '23.



eGuarantee's goal for society

Our VISION Our goal is to provide solutions for issues faced by society, and to create a society where new business is constantly created

Our MISSION

We want to extend credit to more companies in reflection of their fundamental nature

The main way that SMEs and the many other companies in Japan obtain funding is through indirect financing in the form of loans from banks and other such institutions. In indirect financing, the main method of evaluation is a quantitative and static assessment of companies based on the principle of collateral, where funding can only be received if collateral (especially real estate) or a guarantor is provided. As such, this makes it difficult for companies to obtain funding if they do not possess much land or cash, even if they possess excellent technology or services. And this means there are cases where they are unable to undertake their desired transactions. eGuarantee performs qualitative and dynamic company assessments using big data that includes the status of business-to-business payments, and by doing so, aims to expand the base of companies for which credit guarantees can be provided in order to support as many companies as possible in their endeavors.

Our VALUE

One of the largest troves of big data on business-to-business transactions in Japan

eGuarantee, which handles more than one trillion yen in risk on an obligation basis, has a mechanism which brings in information from many companies in the course of providing guarantees. We use this data as our strength and have high screening and analytical capabilities. While eGuarantee underwrites risk from a range of companies, we subdivide this risk and securitize it for funds and financial institutions. And companies looking to underwrite risk to gain income are attracted to eGuarantee on the back of these excellent assessment and analysis capabilities, making the securitization of risk possible. Risk is subdivided and diversified in this process of securitization, which makes the underwriting of large amounts of risk possible, as well as low-cost risk underwriting. This is one of the major strengths of our services.

eGuarantee's Basic Policy on Sustainability



eGuarantee, Inc. (the “Company”) has concentrated its management resources on the business of undertaking and transferring credit risks with the aim of creating a society of vitality and abundance, by realizing the provision of credit to individual industries and the appropriate allocation of social resources.

As a risk market maker, we believe that we will help solve social issues by continuing our business activities in the undertaking and transferring credit risks. Through this business, we will allocate appropriate levels of social resources to businesses such as renewable energy and social businesses, thus pursuing efforts toward sustainability.



- Environment -



The Company promotes solutions to environmental issues indirectly by guaranteeing commercial transactions related to renewable energies such as solar, biomass, and wind power. For example, a company seeking to install solar panels may be unable to take on the manufacturer's credit risk themselves when purchasing the panels from the manufacturer, thereby causing such company to hold off on making the purchase. In this case, the Company will undertake the manufacturer's credit risk, making it easier for the installing company to purchase the solar panels, in turn helping to promote the solar power generation business.



The Company contributes to the sustainable use of marine resources by guaranteeing commercial transactions related to aquaculture. For example, a company selling feed may be unable to sell feed to an aquaculture business operator because it is unable to determine the credit risk of such operator when doing so. In such a case, the Company will undertake the aquaculture business operator's credit risk, enabling it to purchase the feed, thus contributing to the expansion of aquaculture.



Our GHG emissions in FY2021 were 126 tons (indirect emissions from electricity consumption). In order to reduce GHG emissions, we will strive to achieve a decarbonized society by saving energy and electricity within the company, and by utilizing renewable energy sources that do not use fossil fuels.

- Society -



Through our guarantee services, we give start-ups the same ability to determine credit risk and risk tolerance as large companies. We also guarantee and provide credit to start-ups and sole proprietors. In such ways, we make it easier for start-ups and sole proprietors to do business smoothly with other companies, supporting the further growth of start-ups and the sustainable business activities of sole proprietors.



The Company promotes solutions to social issues, including nursing care and elderly welfare issues, by guaranteeing commercial transactions with hospitals and social welfare corporations.

Local small and medium-sized companies play a central role in the social welfare business. For example, the nursing care business is a relatively easy sector to enter, despite its high costs and low profit margins. These factors have made large companies reluctant to engage in this business, which has resulted in small and medium-sized companies becoming the central players in the sector. Small and medium-sized companies undertaking nursing care operations face financing pressures in areas such as the initial costs mainly consisting of purchasing buildings and fitting out their interiors, as well as running costs such as the personnel costs of frontline care workers. The Company assists these small and medium-sized companies by undertaking their credit risks and extending their usance for payment of supplies, etc. that they procure.



Regional companies are doing more and more business with companies in urban areas or other prefectures. Shifts in sales channels have been a major reason behind this trend. Namely, whereas in the past, large companies, such as the trading companies, functioned as intermediaries in these kinds of transactions, buying from and selling to companies in urban areas and other prefectures, the rise of the internet in recent years has given regional companies a direct connection to those urban and out-of-prefecture companies, allowing them to buy and sell directly. However, these regional companies have difficulty investigating the credit risk of these other parties outside their own prefecture, making the cost of collecting outstanding debts a major burden.

The Company undertakes those credit risks in the form of guarantees, which reduces such collection costs and gives the regional companies more options for commercial transactions. In this way, we are contributing to the growth and development of regional communities.

- Governance -

Diagram of Corporate Governance Structure (as of March 31, 2023)



Corporate Governance Structure at a Glance (as of March 31, 2023)

Corporate Governance Structure at a Glance (as of March 31, 2022)	Corporate Governance Structure at a Glance (as of March 31, 2022)
Number of Directors (of which, number of Outside Officers)	7 (3)
Number of Audit & Supervisory Board Members (of which, number of Outside Audit & Supervisory Board Members)	3 (3)
Directors' term of office	2 years
Number of Outside Directors designated as independent officers	3
Existence of optional committee(s) equivalent to nomination committee or remuneration committee	None (*)

* As three (3) of the Company's seven (7) Directors are Independent Outside Directors, and the number of Independent Outside Officers constitutes a majority of the Board of Directors, the Company has not established an optional committee in which main members consist of Independent Outside Directors.

Indices for Sustainability Initiatives

(As of March 31, 2023)

Category	Guarantee liabilities (Billions of yen)
Guarantee liabilities related to solutions to environmental issues (E)	17.2
Guarantee liabilities related to solutions to social issues (S)	18.6
Guarantee liabilities related to regional revitalization (S)	260.1
Guarantee liabilities related to start-ups, etc. (S)	73.8

* Separate confirmation of whether or not individual guaranteed transactions pertain to their corresponding categories has not been performed. The above figures are the aggregation of guarantee contracts in which the name of the guaranteed product or service or the guaranteed company, etc., contains specific wording.

Thank you for your attention.

Inquiries about this document

eGuarantee Inc. IR Team

03-6327-3622