


Financial Results for the Six Months Ended September 30, 2023

Supplementary Briefing Materials

Oct 30, 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.

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1. Summary of Financial Results for the Six Months Ended September 30, 2023
 2. Key Measures for the Fiscal Year Ending March 31, 2024

Executive Summary

Guarantee liabilities increased by 18.3% reaching 731.8 billion yen

The increase is due to the growing needs in the face of an increasing number of corporate bankruptcies, the effect of expanding sales resources and the accumulation of large, low-risk special contracts (approximately JPY 10 billion). *YoY increase excluding special contracts is 16.6%.

Net Sales increased by 8.4% compared to the same period last year, and the initial forecast achievement rate is 97.8%

The number of new contracts was the highest in the company's history in September 2023. On the other hand, the risk portfolio was reviewed for high-risk industries and the guarantee limit was reduced, mainly for those whose credits are in the grey zone.

Ordinary profit increased by 14.9% compared to the same period last year, and the initial forecast achievement rate is 100.4%.

The cost to income ratio fell, mainly due to lower liquidization costs as a result of fewer guarantees being fulfilled in the past year.

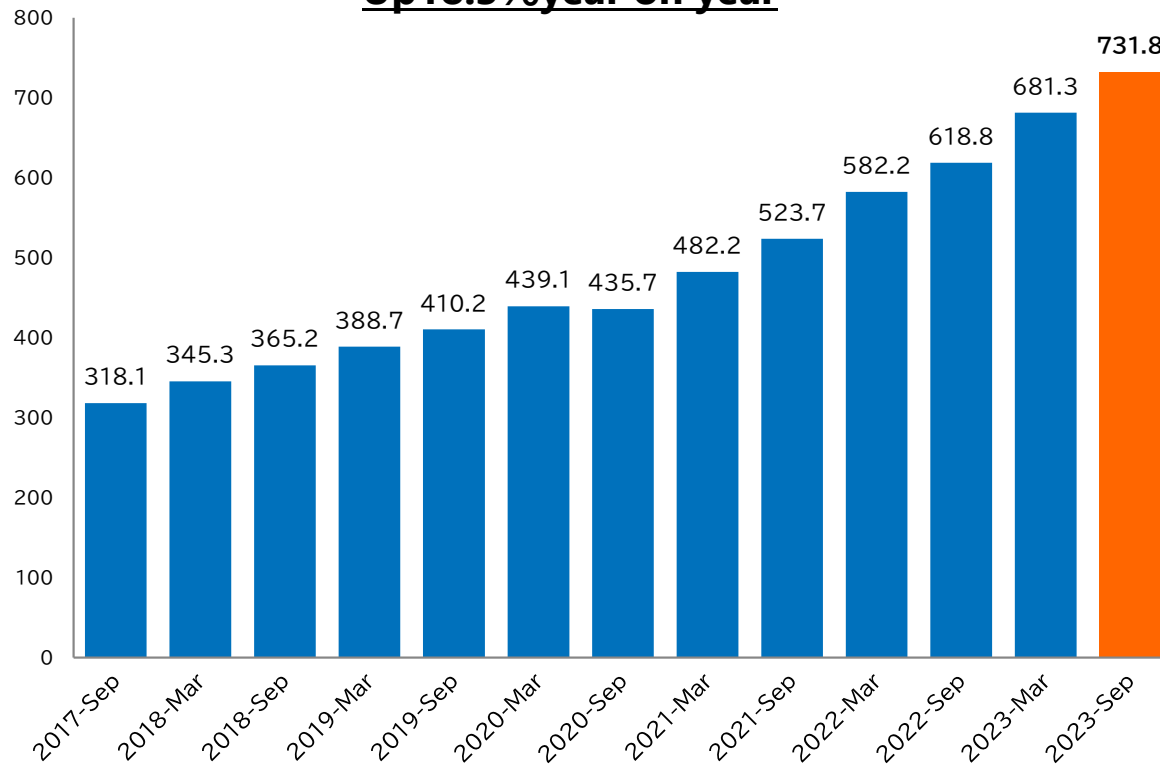
1-1 Balance of Guarantee

Guarantee liabilities increased by 18.3% y-o-y to 731.8 billion yen as a result of an increase in the number of inquiries for guarantee contracts due to an increase in the number of corporate bankruptcies, an expansion of sales resources due to an increase in sales personnel, and a steady increase due to the accumulation of large low-risk special contracts (approximately 10 billion yen). Guarantee obligations increased by 30.5% y-o-y to 1260.2 billion yen.

Guarantee liabilities

731.8 billion yen

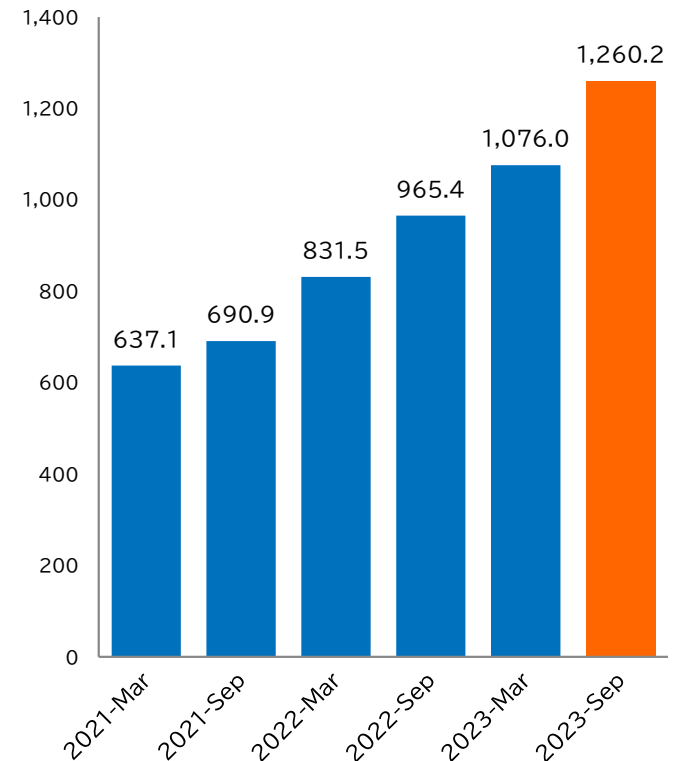
Up 18.3% year on year



Guarantee obligations

1260.2 billion yen

Up 30.5% year on year



(billions of yen)

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

* Guarantee liabilities amount : The total of ① for 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.

1-2 Summary of Financial Results for the Six Months Ended September 30, 2023

(million yen)	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Year-over-year Rate of increase or decrease
Net sales	4,150	4,501	+8.4%
Gross profit	3,324	3,688	+10.9%
Operating profit	2,017	2,348	+16.4%
Ordinary profit	2,054	2,360	+14.9%
Profit attributable to owners of parent	1,402	1,555	+10.9%

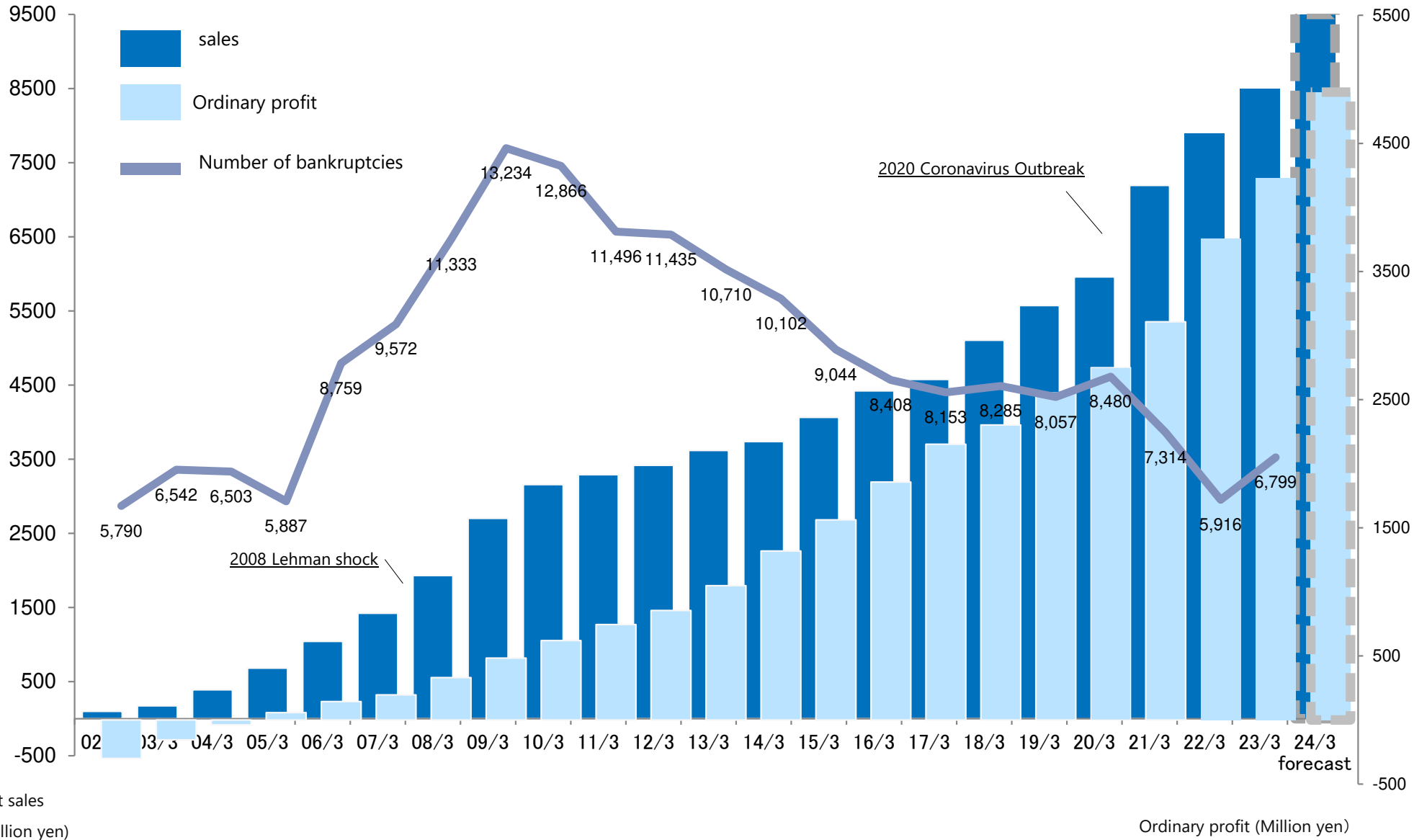
- The net sales were 97.8% of the initial forecast achievement rate.
 - The number of new contracts was the highest in the company's history in September 2023, thanks to increased customer demand due to an increase in the number of bankruptcies and the effect of increased sales resources.
 - On the other hand, in renewal contracts, the company reviewed its risk portfolio in response to the increase in bankruptcies and reduced the number of high-risk guarantee limits.
- Operating profit, Ordinary profit, and Profit attributable to owners of parent were all almost in line with initial forecasts. The main reason for this was lower liquidization costs due to fewer guarantees fulfilled the past year.

■ Consolidated earnings forecast for FY3 / 24

	FY3 / 24 Earnings Forecasts (six months ended)	Achievement rate
Net sales	4,600 million yen	97.8%
Operating profit	2,300 million yen	102.0%
Ordinary profit	2,350 million yen	100.4%
Profit attributable to owners of parent	1,550 million yen	100.3%

1-3 Performance Trends

The consolidated earnings forecast for the full year 24/3 is net sales of 9,500 million yen, Operating profit of 4,800 million yen, Ordinary profit of 4,900 million yen, and Profit attributable to owners of parent of 3,200 million yen. Sales and profits are expected to increase for the 22nd consecutive year in the FY3 / 24.



1-4 Consolidated balance sheet

Asset	As of March 31,2023	As of September 30,2023
current assets	19,037	19,733
Cash and cash equivalents	17,527	16,503
Prepaid expenses	1,189	2,029
Securities	-	800
Other	321	401
Fixed assets	8,960	8,194
Tangible fixed assets	1,777	1,801
Intangible fixed assets	134	144
Investment securities	6,412	5,611
Other	637	638
Total assets	27,997	27,927

(Million yen)

Current assets increased by 3.7%(YoY) .This is mainly due to an increase in Prepaid expenses of 839 million yen.

Fixed assets decreased by 8.6%(YoY) .This is mainly due to a decrease in Securities of 800 million yen.

Current liabilities decreased by 8.2% (YoY) .This is mainly due to a decrease in Advances received of 340 million yen.

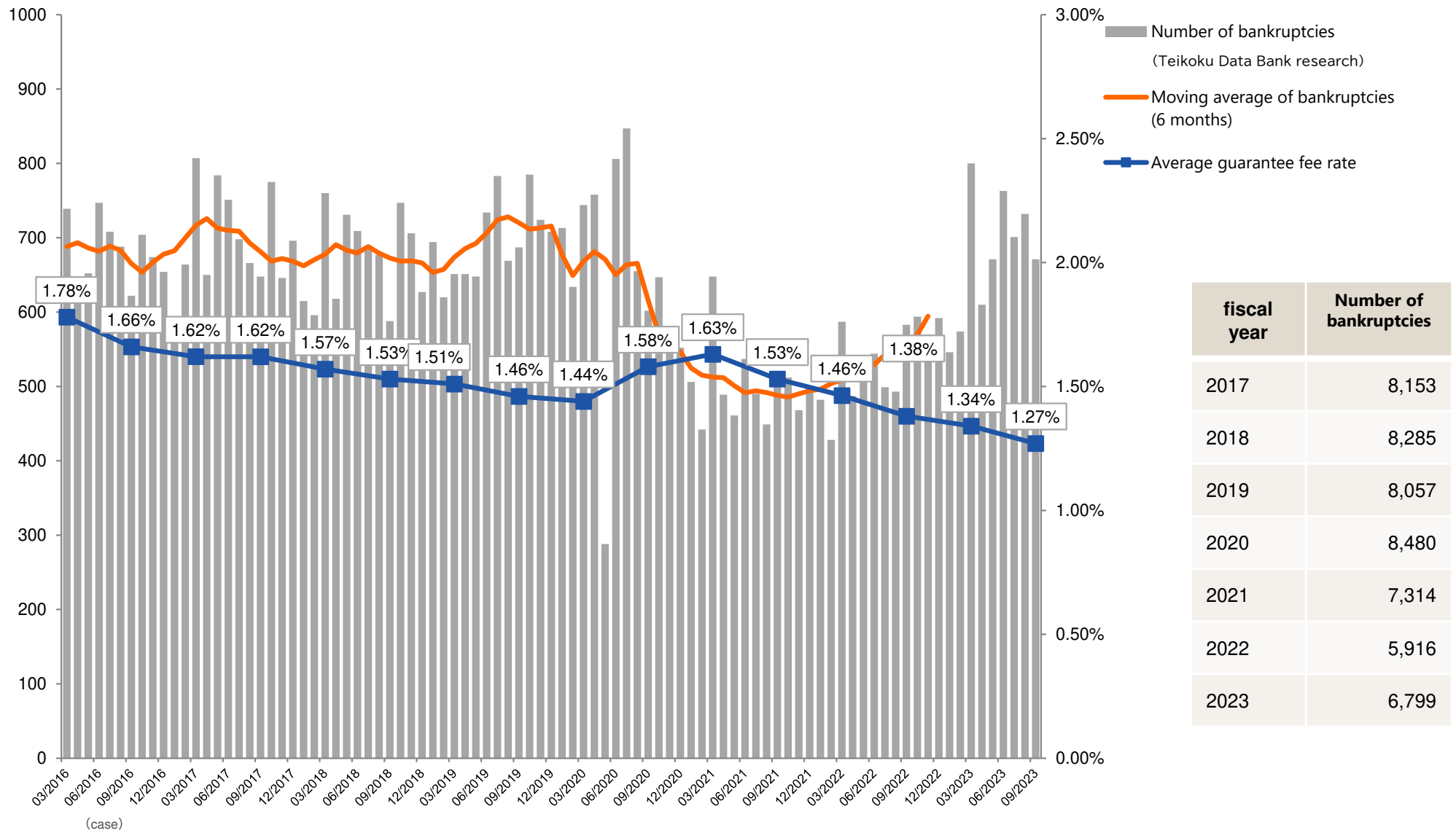
Net assets increased by 1.9%(YoY) This is mainly due to an increase in Non-controlling interests of 366 million yen.

Liabilities	As of March 31,2023	As of September 30,2023
Current liabilities	5,883	5,401
Provision for settlement	436	364
Advances received	4,301	3,960
Income taxes payable	738	728
Other	408	349
Non-current liabilities	115	115
Long-term accounts payable	115	115
Total liabilities	5,999	5,517

Net assets	As of March 31,2023	As of September 30,2023
Shareholder's equity	20,347	20,393
Share capital	3,781	3,833
Capital surplus	3,191	3,243
Retained earnings	13,375	13,317
Treasury stock	0	0
Share acquisition rights	162	161
Non-controlling interests	1,488	1,855
Net assets	21,998	22,410
Total liabilities and net assets	27,997	27,927

1-5 Average Guarantee Rate Trends

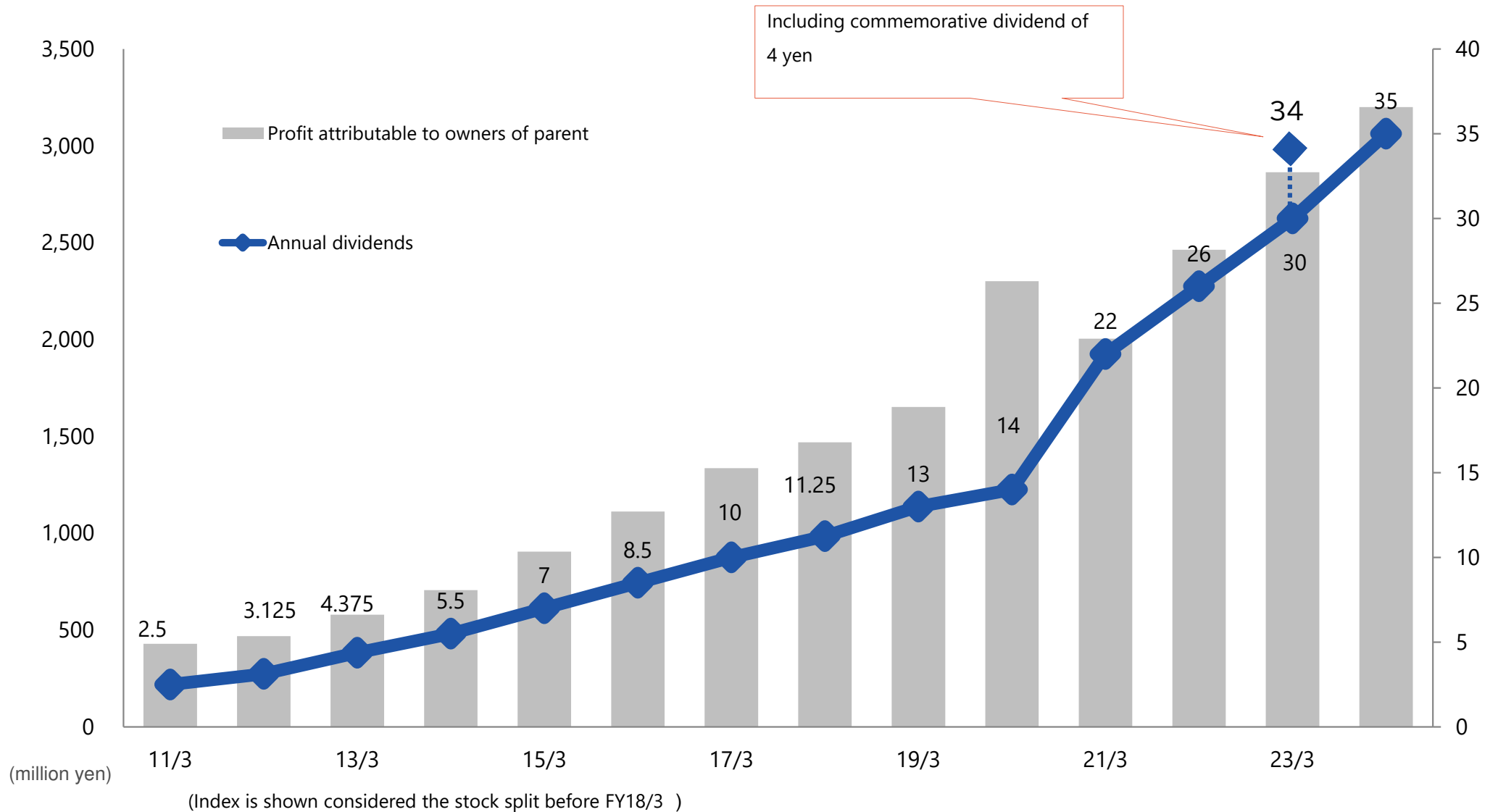
While new contracts were strong, the average guarantee fee rate was 1.27% due to the impact of the risk portfolio review, which focused on guaranteed counterparties with creditworthiness in the grey zone and companies in industries where the number of bankruptcies is increasing.



fiscal year	Number of bankruptcies
2017	8,153
2018	8,285
2019	8,057
2020	8,480
2021	7,314
2022	5,916
2023	6,799

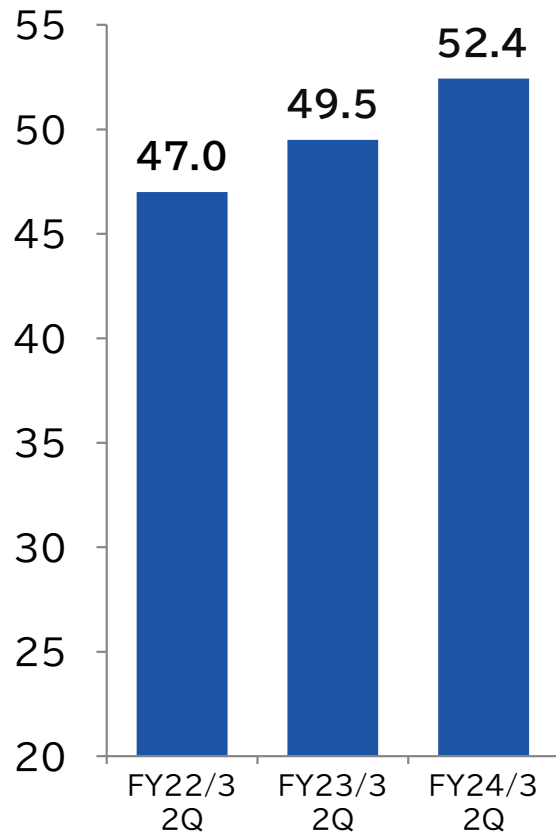
1-6 Dividend Policy

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 ended March 31, 2023 was 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.

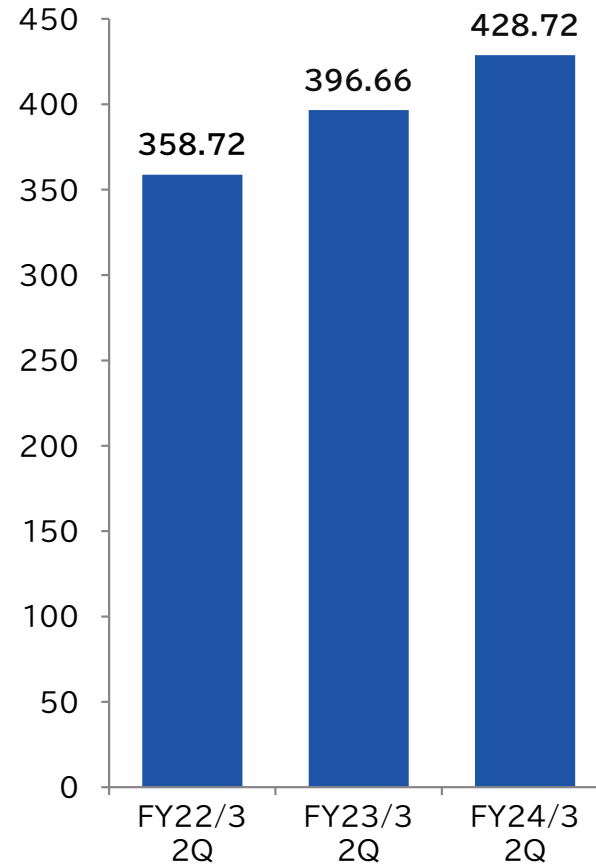


1-7 Main management index

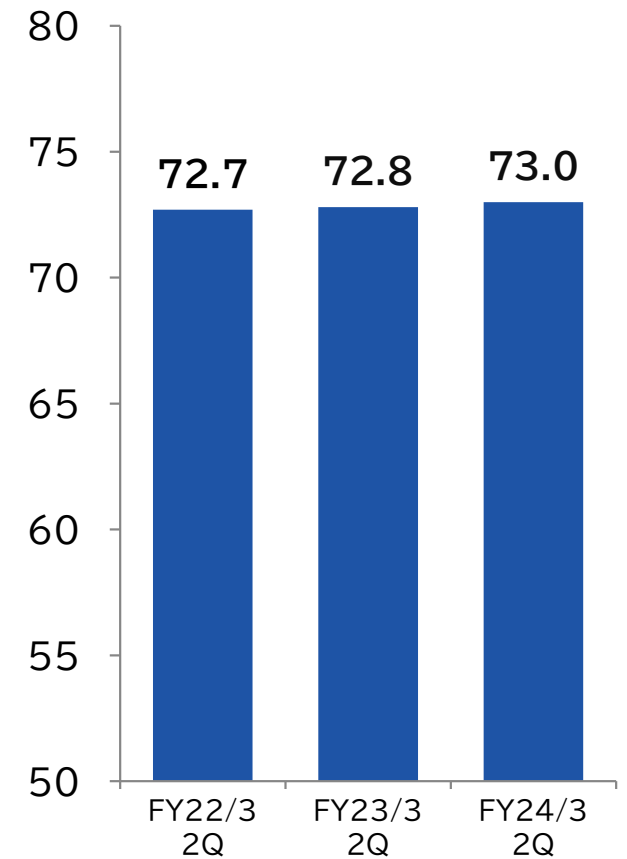
■ Sales ordinary income ratio



■ Net assets per share

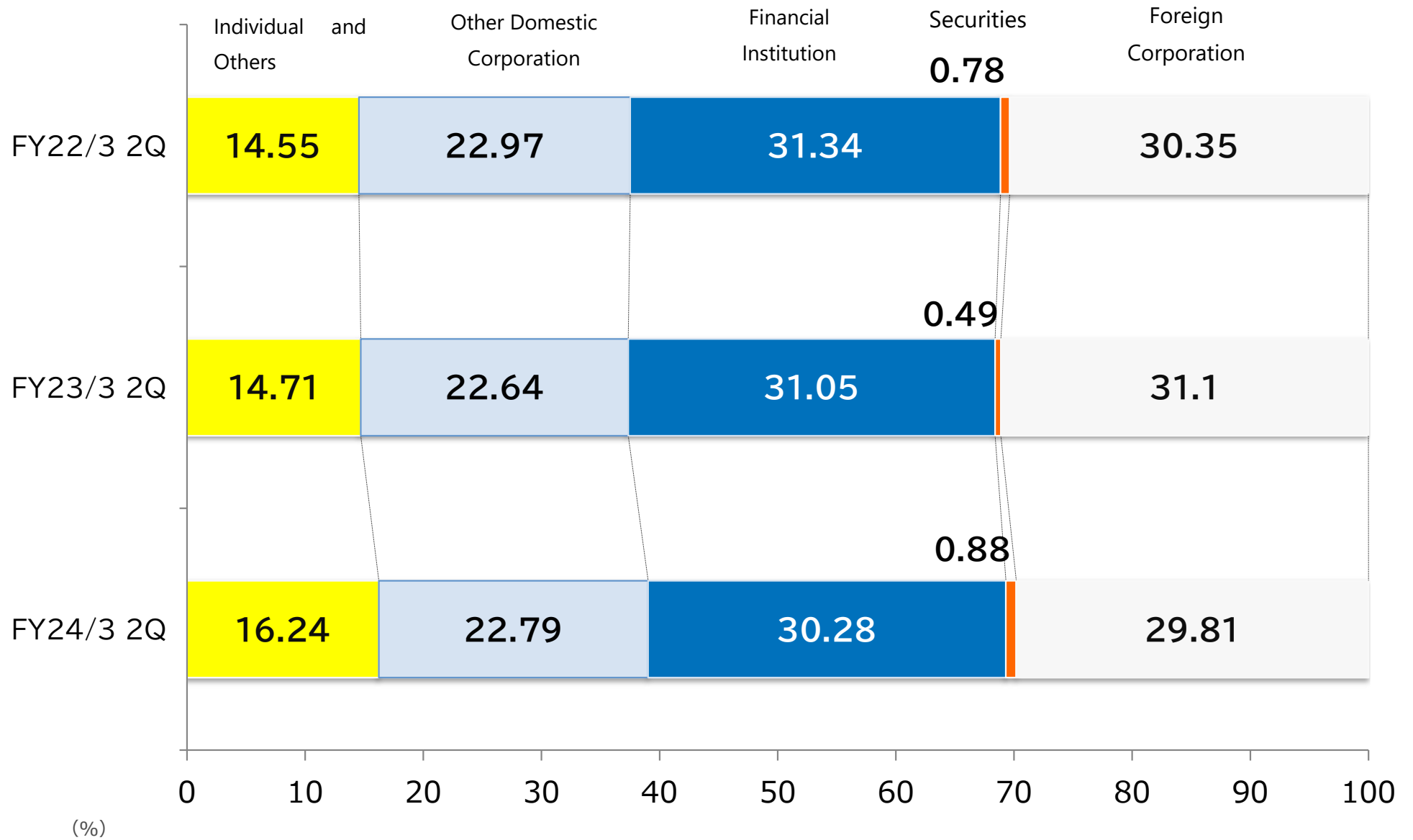


■ Capital adequacy ratio



(%)

1-8 Distribution of share ownership



* Percentage: Rounded up to the nearest third decimal place

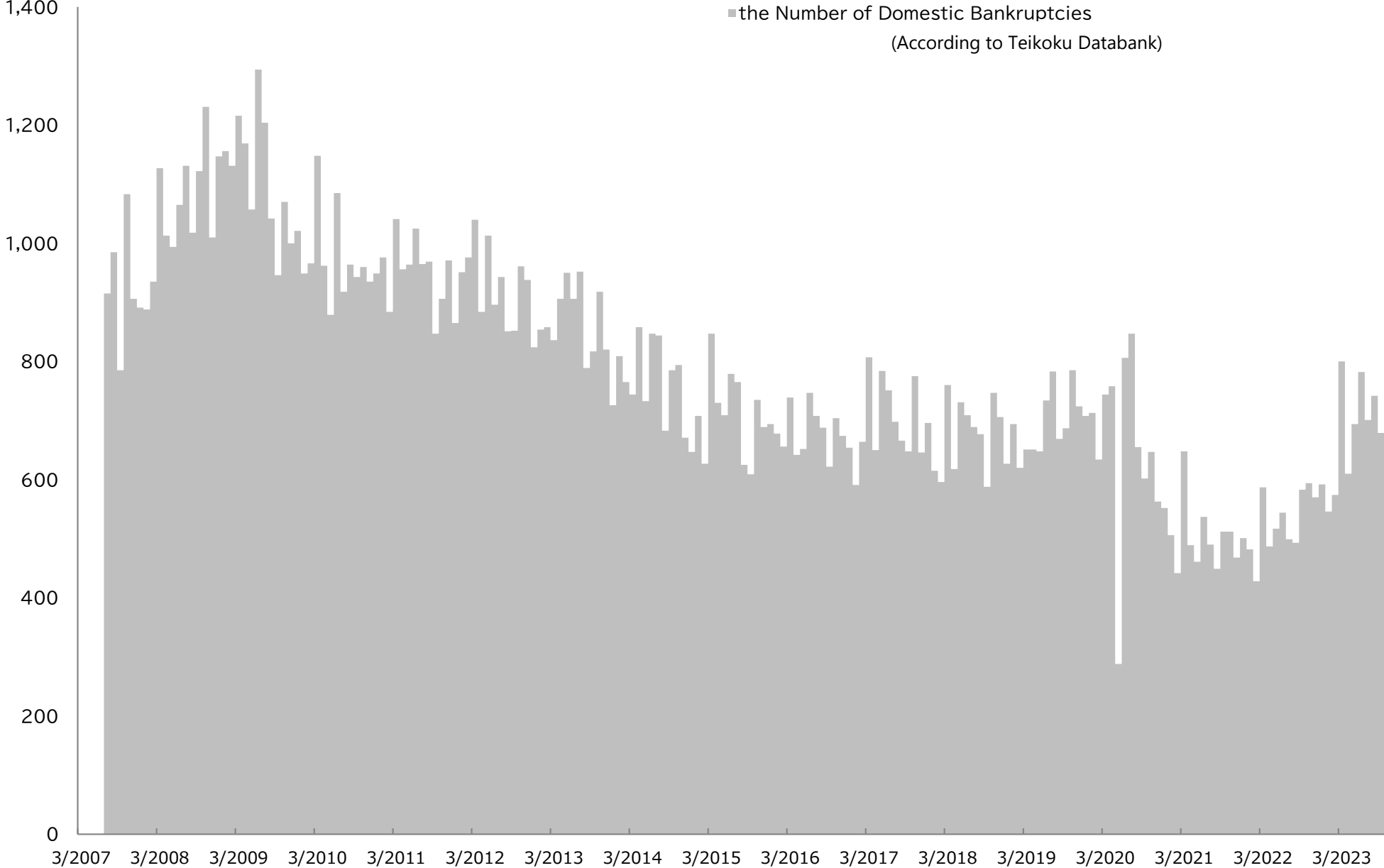
1-9 Major Shareholders

Shareholder name	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan ,Ltd (TRUST ACCOUNT)	8,390,000	17.63%
ITOCHU Corporation	6,336,800	13.32%
Custody Bank of Japan, Ltd.(TRUST ACCOUNT)	4,465,800	9.38%
Masanori Eto	3,103,100	6.52%
Teikoku Databank, Ltd.	2,870,400	6.03%
NTT DATA Corporation	1,440,000	3.02%
GOVERNMENT of NORWAY	1,133,900	2.38%
THE BANK OF NEW YORK 133652	773,400	1.62%
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	735,800	1.54%
JP MORGAN CHASE BANK 385632	725,519	1.52%



2. Fiscal Year Ending 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 is expected to continue its gradual recovery under the improving employment and income environment, partly due to the effects of various policies. However, there is a risk that a downturn in overseas economies, such as the effects of global monetary tightening and concerns about the outlook for the Chinese economy, will put downward pressure on Japan's economy.

In addition, corporate bankruptcies in the first half of FY2023 (April-September) totaled 4,208, more than 1,000 in the same period last year (3,123) and exceeding the 4,000 mark for the first time in four years. Particularly notable were corporate bankruptcies in the construction and manufacturing industries, where prices of materials and parts continue to soar, and in the transportation industry, which is struggling with rising fuel prices, as well as corporate bankruptcies related to compliance violations such as financial statement manipulation. Although various benefits and interest-free and unsecured loans had been successful in curbing corporate bankruptcies in the past, the increase in corporate bankruptcies has become more apparent recently, and it is necessary to continue to monitor the trend of bankruptcies closely.

Basic Policy

- Proceed with the reorganization of the risk portfolio in consideration of bankruptcy trends and develop a risk-controlled underwriting structure.
- At the same time, in order to respond to the uncertain outlook due to changes in global conditions and the growing need for claim protection against the increasing amount of claims due to rising raw material prices, we will increase sales resources by strengthening our sales structure, including increasing the number of sales personnel, and by promoting efficiency by strengthening our sales offices.
- Proactively acquire new contracts based on the increased sales resources to expand the customer base and increase the number of contracts.
- 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 data collection on intercompany transactions to further promote more accurate risk judgment and faster screening decisions.

Key Measures for the Second Half of the Fiscal Year Ending March 2024

Reconstructing the risk portfolio in light of bankruptcy trends

Bankruptcy trends back to pre-covid19 levels

Monthly corporate bankruptcies reached an average of 650-750 per month, the same level as before covid19, ending a period of few bankruptcies over the past few years. Also notable were corporate bankruptcies in the construction and manufacturing industries, where material and parts prices continue to soar, and in the transportation industry, which is struggling with rising fuel prices, as well as corporate bankruptcies related to financial statement manipulation and other compliant violations.

Against the background of bankruptcy trends that are easy to characterize, the following will be developed after identifying areas of increased risk.

- ◆ **Improvement of the portfolio by changing contract terms and conditions at the time of contract renewal and during the term**
- ◆ **Active efforts to increase new contracts in response to rising customer needs accompanying the increase in bankruptcies**

Review of Risk Portfolio of Existing Contracts in Light of Bankruptcy Trends

Since August, we have been reviewing our risk portfolio. Decrease high-risk guarantee limits for existing contracts with counterparties whose creditworthiness is in the grey zone, focusing on industries where the number of bankruptcies is increasing.

Toward a risk screening system that responds to short-term economic fluctuations

Increase the weight of the latest information and qualitative information obtained through the screening process when making corporate underwriting decisions. Re-evaluate all companies for which guarantees have been established, based on easily identifiable corporate bankruptcy trends and the latest information, without being restricted by existing evaluations.

Proactive approach to new contracts

Based on the risk screening system established above, we will proactively acquire new contracts by increasing sales resources, organizing and empowering increased sales personnel, and deepening and expanding the affiliated sales network to meet growing customer needs, which are our key measures for the current fiscal year.

Key Measures for the Fiscal Year Ending March 31, 2024 ①

① Increase efficiency of sales activities through the utilization of the sales locations

Increase sales force, strengthen sales offices

Strengthening of sales offices will increase the number of regions covered by each office.

Expansion of coverage at each sales location

Reduced movement in remote areas, allowing sales staff to concentrate on neighboring areas

Efficient sales activities

More time can be spent on customer visits and business meetings. Also, closer communication with partner sales channels is possible.

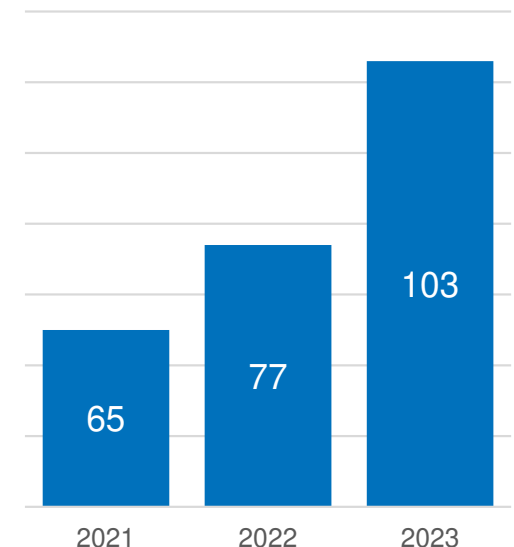


Maximization of sales resources

Number of sales personnel increased.

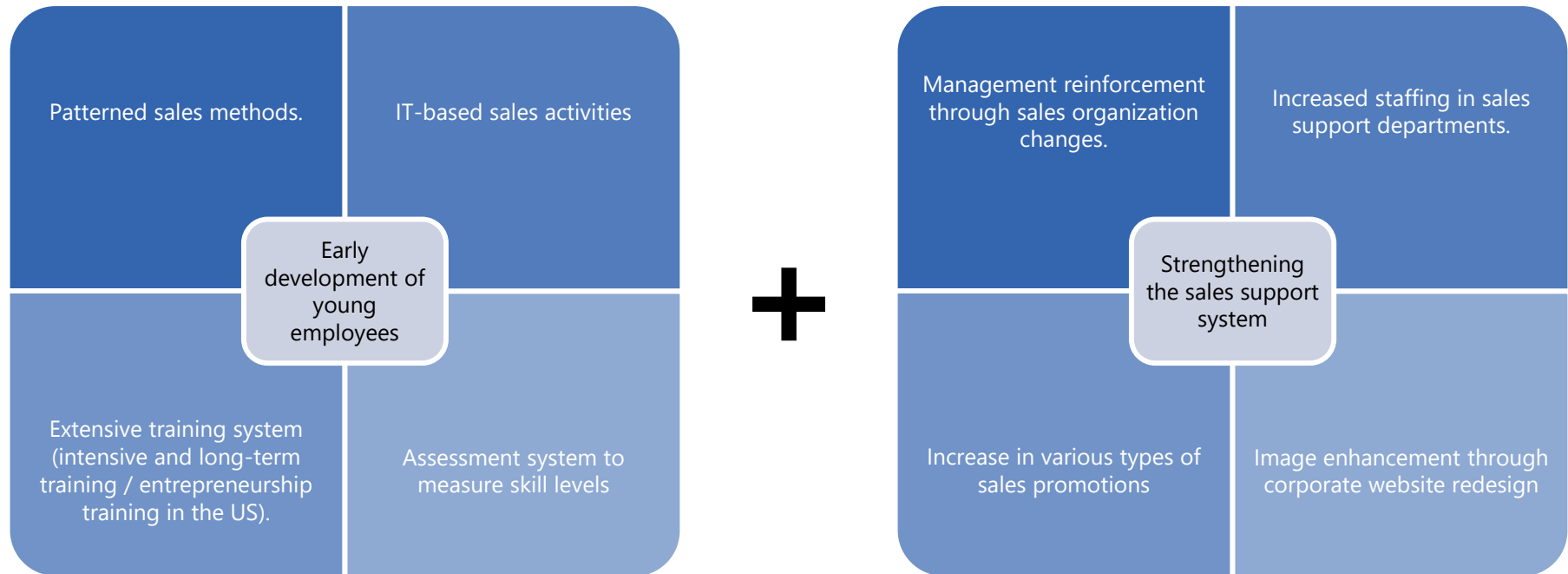


- In the first half of the fiscal year, the company increased the number of staff assigned to regional offices, including those opened from the end of the previous fiscal year to the beginning of this fiscal year. In addition, the company has developed its business areas and established a system that allows for efficient sales activities.
- In September, a record number of new contracts were signed.
- The company will continue to develop a system that enables efficient sales activities in the second half of the year.



Key Measures for the Fiscal Year Ending March 31, 2024 ②

② Organizing and empowering increased salesforce



- The sales organization structure will be reviewed and management will be strengthened to control the increased sales force. Also, the support department will be expanded to increase the resources available for sales activities by multifaceted customer support.
- In the first half of the fiscal year, the training system for the newly invested sales resources has been deployed as initially planned and is ongoing. We expect to see the effects of this system in the next fiscal year and the year after that.

Key Measures for the Fiscal Year Ending March 31, 2024 ③

③ 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.

Deepen relationships with existing sales networks

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

Expansion of new sales networks

Develop new sales networks by approaching a wide range of local banks, shinkin banks and other financial institutions with which we have not yet formed partnerships.



- In the first half of the year, based on the increased sales resources, the number of customer referrals from regional banks, etc. increased by about 30% in Q2 FY03/2024 compared to the same quarter of the previous year.
- In addition, we are approaching regional banks and shinkin banks nationwide to develop new sales networks, and will continue to do so in the second half of the year.


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

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

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- Utilizing the increased sales resources, we aim to expand our customer base and increase the number of contracts. To achieve this, we will enhance our back-office structure to ensure that costs do not rise even as the number of contracts increases.
 - During the first half of the year, we digitized contract documents and implemented unmanned registration for our internal systems, thus establishing a system capable of handling any increase in the number of contracts. In the second half of the year, we will continue to work on this, with the goal of creating a streamlined and efficient back office.



References

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

eGuarantee's goal for society

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.

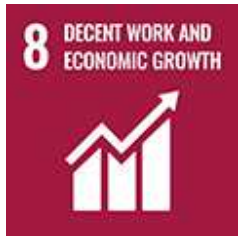
For example, a company selling feed may be unable to sell feed to an aquaculture business operator because it is unable to determine the credit risk of such operator when doing so. In such a case, the Company will undertake the aquaculture business operator's credit risk, enabling it to purchase the 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 usage 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 June 28, 2023)

Number of Directors (of which, number of Outside Officers)	8 (4)
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	4
Existence of optional committee(s) equivalent to nomination committee or remuneration committee	None (*)

* As three (4) of the Company's seven (8) 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)	172
Guarantee liabilities related to solutions to social issues (S)	186
Guarantee liabilities related to regional revitalization (S)	2,601
Guarantee liabilities related to start-ups, etc. (S)	738

* 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