



January 5, 2024

5-3-1 Akasaka, Minato-ku, Tokyo
eGuarantee Inc.
(Code No. 8771 TSE Prime)

Notice Concerning Actions to Achieve Management
Conscious about Cost of Capital and Share Prices

Considering the Tokyo Stock Exchange's request regarding measures to actions to achieve management conscious about cost of capital and share prices, eGuarantee, Inc. (the "Company"), hereby announces that its Board of Directors, in accordance with Article 370 of the Companies Act of Japan and Article 25 of the Company's Articles of Incorporation, passed the following resolutions regarding the Company's current assessment, policy, targets, and initiatives, toward to achieve management conscious about cost of capital and share prices.

Note: This document (including the attached) is a translation of the original document in Japanese and provided for reference purposes only. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

1. Evaluation of our current situation

The Company's return on equity (ROE) has been in the range of 14.5% to 21.5%, which is much higher than the average of 9% for TSE prime listed companies and 11% for "other financial services" companies, and on par with the ROE of companies in Europe and the US. Although capital efficiency has already reached a satisfactory level, the Company is aiming for further improvement. Dividends have been increasing over the medium to long term, and the dividend payout ratio has generally reached a level of over 50%. The dividend on equity ratio (DOE), a measure of long-term stable dividends, reached 8.3%.

While basic earnings per share and net assets per share have both increased, and the ordinary profit margin has also increased, the share price has been

stagnant. The Company assesses that this is because it has not gained sufficient understanding from shareholders and investors about its growth strategy.

Therefore, the Company has determined that it is necessary to promote dialogue with investors and focus on "explaining" which contributes to disclosure and constructive dialogue.

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	(Thousand yen)	5,105,319	5,573,474	5,956,734	7,194,885	7,894,566	8,494,895
Ordinary profit	(Thousand yen)	2,302,516	2,552,263	2,751,004	3,108,793	3,760,382	4,231,150
Net assets	(Thousand yen)	9,440,332	10,960,981	12,798,155	17,186,079	19,716,958	21,998,648
Stock price	(yen)	1,083	1,105	1,581	2,087	2,051	2,175
Basic earnings per share	(yen)	34.88	39.11	54.14	45.12	52.92	60.68
Net assets per share	(yen)	197.7	230.8	271.94	347.19	387.62	428.68
ROE	(%)	19.0	18.2	21.5	14.6	14.5	14.9
ROIC	(%)	18.8	17.6	21.9	13.7	14.3	14.0
PER	(times)	31.05	28.25	29.2	46.25	38.75	35.84
PBR	(times)	5.5	4.3	5.3	5.6	4.9	4.7
Ordinary profit margin	(%)	45.1	45.8	46.2	43.2	47.6	49.8
Capital adequacy ratio	(%)	58.0	59.7	70.3	70.3	71.9	72.7
Dividend payout ratio	(%)	32.3	33.2	25.9	48.8	49.1	56.0
Total dividends	(Thousand yen)	474,111	552,245	594,703	1,005,961	1,216,315	1,613,848

*5-year growth rate: Net sales 1.6x, ordinary profit 1.8x, net assets 2.3x

2. The Company's Policies and Goals

- Establish the Capital Allocation Policy and work to improve capital efficiency and enhance shareholder returns.
- Aiming to achieve ROE and ROIC of 20% or more.
- Aiming for a dividend payout ratio of 50% or more, the Company will continuously raise the total amount of dividends in line with the increase in corporate value.
- Aiming for sustainable improvement of DOE.
- The Company will invest in growth markets.

3. Initiatives

- The Company will further promote IR activities by proactively disclosing information and strengthening active communication through dialogues with investors. Specifically, the Company will increase the frequency of 1-on-1 meetings, Small Meetings, briefings for individual investors, etc., enhance financial results briefings and disclosure materials, and strengthen

information dissemination using SNS and video contents.

- The Company aims to improve corporate value by providing feedback to management and the Board of Directors on opinions and requests obtained through dialogue with investors, and by utilizing the feedback for corporate management and business operations, etc.
- Investment for Growth
 - (1) The market for business-to-business credit risk management services currently exceeds 240 trillion yen, making it one of the largest markets in Japan among various business markets. The Company has the largest guarantee obligations in this field and is proud to have established the strongest business model in the industry. To further expand its market share, the Company will aggressively invest in sales personnel and expand its business to ensure that credit risk undertaking for business-to-business transactions will be widely recognized as one of the financial fields.
 - (2) The Company will expand the scale of its business not only domestically but also overseas, and with a view to entering peripheral fields where it can utilize its expertise in credit risk management for business-to-business transactions.
 - (3) With a view to expanding the range of receivables covered by the guarantee, in addition to the ¥240 trillion market for credit risk management for business-to-business transactions, the Company will also cover the credit risk management for business-to-business transactions in the ¥400 trillion market for indirect finance, including loans, and other markets.

Capital Allocation Policy

Achieve high growth by distributing generated cash in a well-balanced manner between growth investments and shareholder returns.

ROE 20%

ROIC 20%

Dividend payout ratio 50%

