Financial Results For the Fiscal Year Ended March 31, 2024
Supplementary Briefing Materials

May 15, 2024 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, the 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

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Fiscal Year ended March 2024

Executive summary

Guarantee liabilities increased by 10.4% YOY, reaching 751.8 billion yen.

Guarantee liabilities increased by 10.4% YOY due to the growing needs in the face of an increasing number of corporate bankruptcies, and the effect of expanding sales resources.

Net sales increased by 7.9% YOY, and the initial forecast achievement rate is 96.5%

While continuing to review the risk portfolio for high-risk industries, net sales increased by 7.9% YOY on the back of growing customer needs due to an increase in the number of corporate bankruptcies.

Ordinary profit increased by 15.9% YOY, and the initial forecast achievement rate is 100.0%

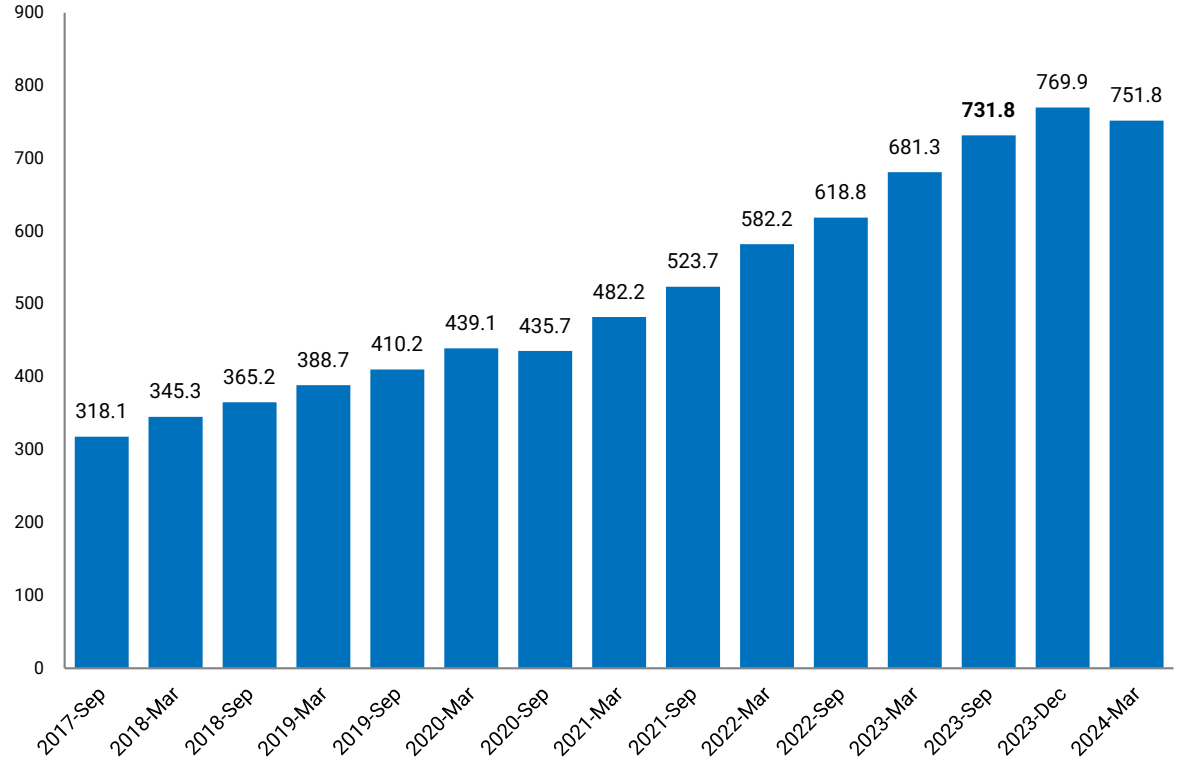
Ordinary profit increased by 15.9% YOY due to a decrease in the cost ratio and cost reductions due to the efficiency of operating activities.

1-1 Balance of Guarantee

- Guarantee liabilities increased by 10.4% YOY to 751.8 billion yen.
- Guarantee obligations increased by 31.3% YOY to 1,413.2 billion yen.
- The company's guarantee liabilities decreased in the fourth quarter compared to the previous quarter. The reason was a decrease in the number of high-risk guarantee limits with gray-zone credit ratings, a measure that had continued since the second quarter, mainly in industries where the number of bankruptcies had been increasing.

Guarantee liabilities 751.8 billion yen

10.4% YOY increase

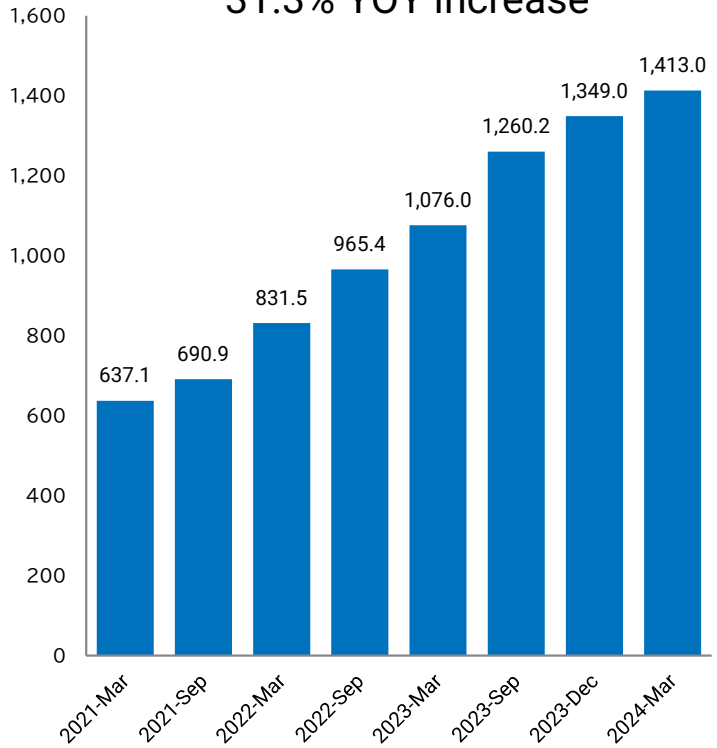


(billion yen)

Guaranteed obligations :

1,413.2 billion yen

31.3% YOY increase



* 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.

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1-2 Summary of Financial Results for the Fiscal Year ended March 2024

(Million yen)	FY3 / 23	FY3 / 24	Year-over-year Rate of increase or decrease
Net sales	**8,494**	**9,165**	**+7.9%**
Gross profit	**6,790**	**7,368**	**+8.5%**
Operating profit	**4,150**	**4,850**	**+16.8%**
Ordinary profit	**4,231**	**4,902**	**+15.9%**
Profit attributable to owners of parent	**2,864**	**3,262**	**+13.9%**

Net sales were 96.5% of the initial forecast achievement rate.

- The number of new contracts increased steadily, reflecting the effects of increased customer needs against the backdrop of an increase in the number of bankruptcies and an increase in sales resources. On the other hand, due to the reduction of high-risk guarantee limits in response to the increase in bankruptcies implemented in the renewal contract, the guarantee fee rate did not increase as expected, and net sales achievement rate was 96.5%.
- Operating profit, ordinary profit, and profit attributable to owners of parent were all almost in line with initial forecasts. The main reasons for this were an improvement in the cost ratio and a reduction in expenses due to the efficiency of sales activities.

■ Consolidated earnings forecast for FY3 / 24

	FY3 / 24 Earnings Forecasts		FY3 / 24 Achievement rate
Net sales	9,500	million yen	**96.5%**
Operating profit	4,800	million yen	**101.0%**
Ordinary profit	4,900	million yen	**100.0%**
Profit attributable to owners of parent	3,200	million yen	**101.9%**

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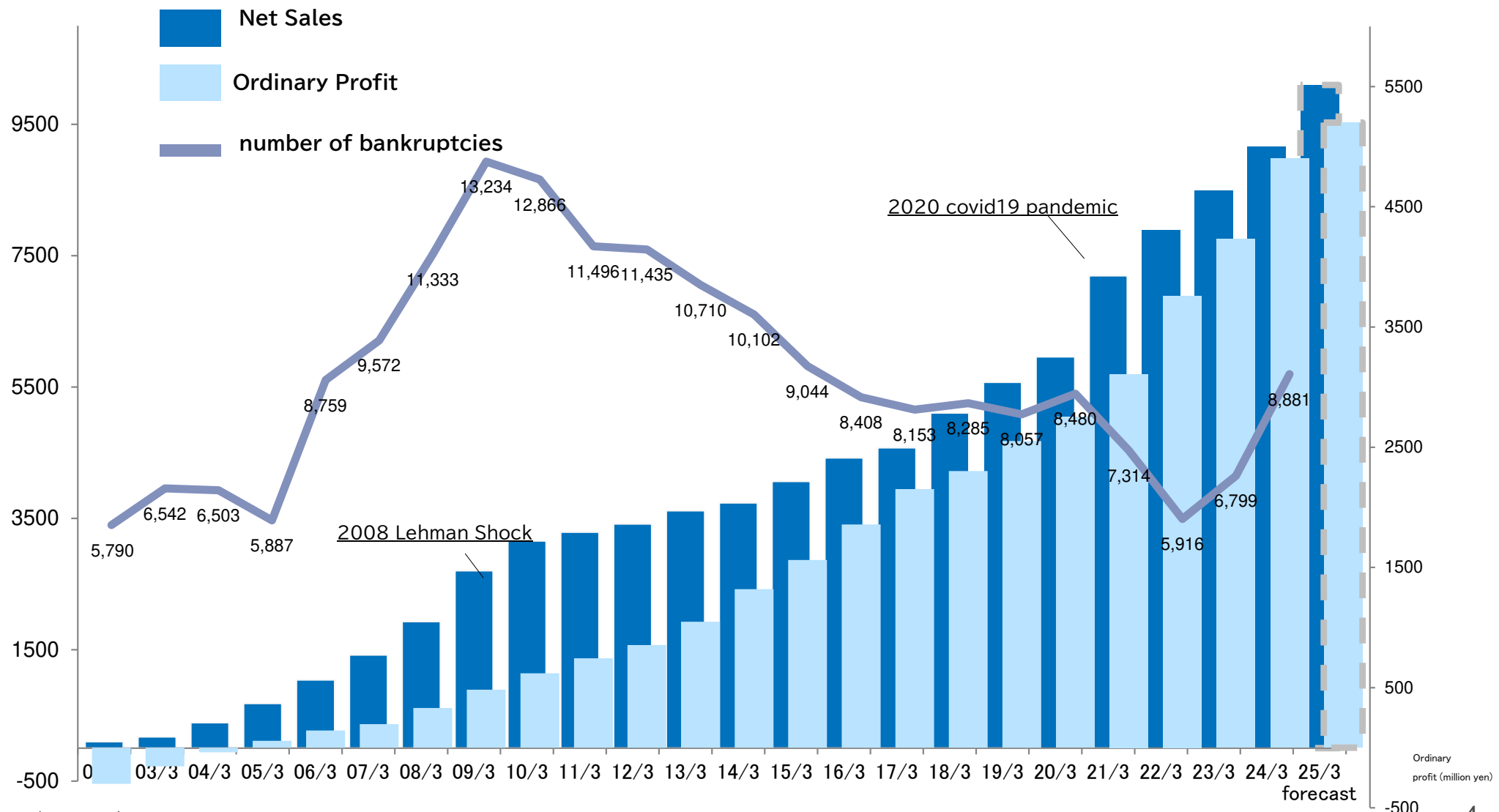
1-3 Business Trends

The consolidated financial forecast for FY2025 is as follows : Net sales: 10,100 million yen , Operating profit 5,100 million yen , Ordinary profit 5,200 million yen , Profit attributable to owners of parent of 3,450 million yen. We expect to achieve an increase in net sales and ordinary profit for 23 consecutive years.



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1-4 Consolidated Balance Sheets

(Millions of yen)

Asset	FY3 / 23	FY3 / 24
Current assets	**19,037**	**17,871**
Cash and deposits	**17,527**	**15,043**
Prepaid expenses	**1,189**	**1,455**
Securities	**-**	**800**
Other	**321**	**573**
Fixed assets	**8,960**	**12,237**
Total property, plant and equipment	**1,777**	**1,881**
Intangible fixed assets	**134**	**148**
Investment securities	**6,412**	**9,610**
Other	**637**	**598**
Total assets	**27,997**	**30,109**

Liabilities	FY3 / 23	FY3 / 24
Current liabilities	**5,883**	**5,866**
Provision for settlement	**436**	**344**
Advances received	**4,301**	**4,481**
Income taxes payable	**738**	**820**
Other	**408**	**221**
Fixed liabilities	**115**	**115**
Long-term accounts payable	**115**	**115**
Total liabilities	**5,999**	**5,982**

Net assets	FY3 / 23	FY3 / 24
Shareholder's equity	**20,347**	**22,179**
Share capital	**3,781**	**3,872**
Capital surplus	**3,191**	**3,282**
Retained earnings	**13,375**	**15,024**
Treasury shares	**0**	**0**
Share acquisition rights	**162**	**159**
Non-controlling interests	**1,488**	**1,787**
Equity	**21,998**	**24,126**
Total liabilities and Net assets	**27,997**	**30,109**

■ Major reasons for change

Current assets: Decreased by 6.1% year-on-year mainly due to a decrease of 2,483 million yen in Cash and deposits.

Fixed assets: Increased by 36.6% year-on-year mainly due to an increase of 3,198 million yen in investment securities.

Net assets: 9.7% year-on-year increase mainly due to an increase in retained earnings of 1,648 million yen.

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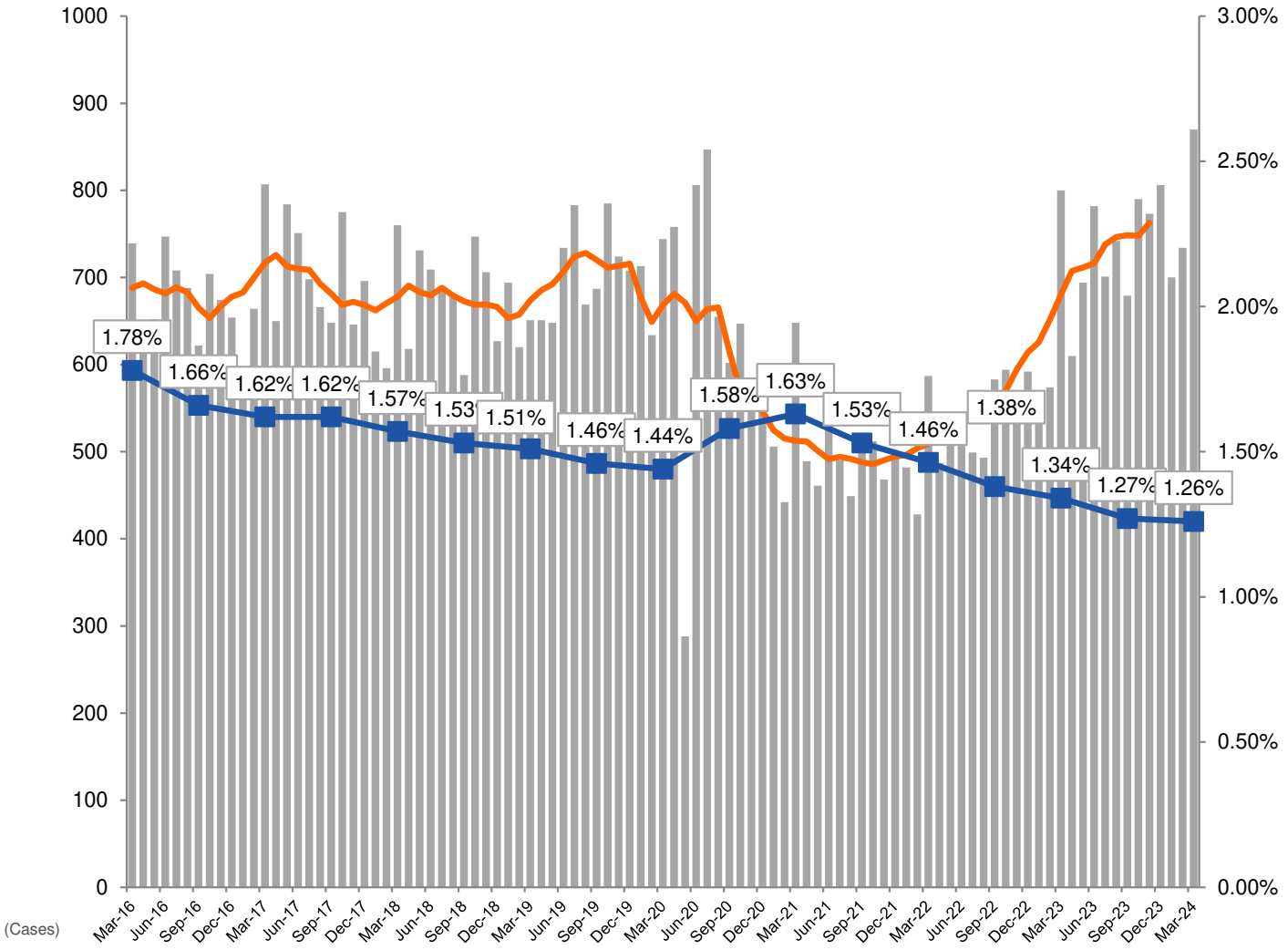
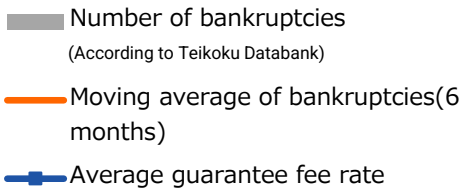
1-5 Average Guarantee Fee Rate Trends

The average guarantee fee rate was 1.26% due to the impact of reducing the number of high-risk, gray-zone credit limits on renewal contracts, although the rate on new contracts is on an upward trend due to an increase in corporate bankruptcies. The rate has been flat from the previous downward trend.





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
2023	8,881

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1-6 Consolidated Financial Forecast for the FY 3/25

	FY 3/25 Consolidated Financial Forecast	Year-on-year rate of change
Net sales	101,00 million yen	+10.2%
Operating profit	5,100 million yen	+5.2%
Ordinary profit	5,200 million yen	+6.1%
Profit attributable to owners of parent	3,450 million yen	+5.7%

◆ Double-digit growth in net sales due to the accumulation of guarantee liabilities amount

Against the backdrop of the current growing need for guarantees in light of the increase in the number of bankruptcies, the amount of guarantee liabilities is expected to continue to accumulate steadily, mainly due to the acquisition of new contracts. The risk portfolio review that has been ongoing since the second half of last fiscal year is expected to be completed. This is expected to accelerate the pace of increase in guaranteed liabilities and increase the growth rate of sales.

◆ Cost of sales ratio is flat

Although the number of bankruptcies is on the rise, the cost of sales ratio is expected to remain flat, given the current success of the risk portfolio review that has been ongoing since the second half of the last fiscal year.

◆ Profit growth rate declined due to significant increase in personnel costs

The company will hire a record number of 47 new graduates and raise pay of existing employees, etc. The profit margin is expected to decline in FY3/25 due to a large increase in personnel expenses of approximately 300 million yen. Going forward, the company expects the rate of sales growth to increase and the profit margin to improve as a result of the increased sales force.

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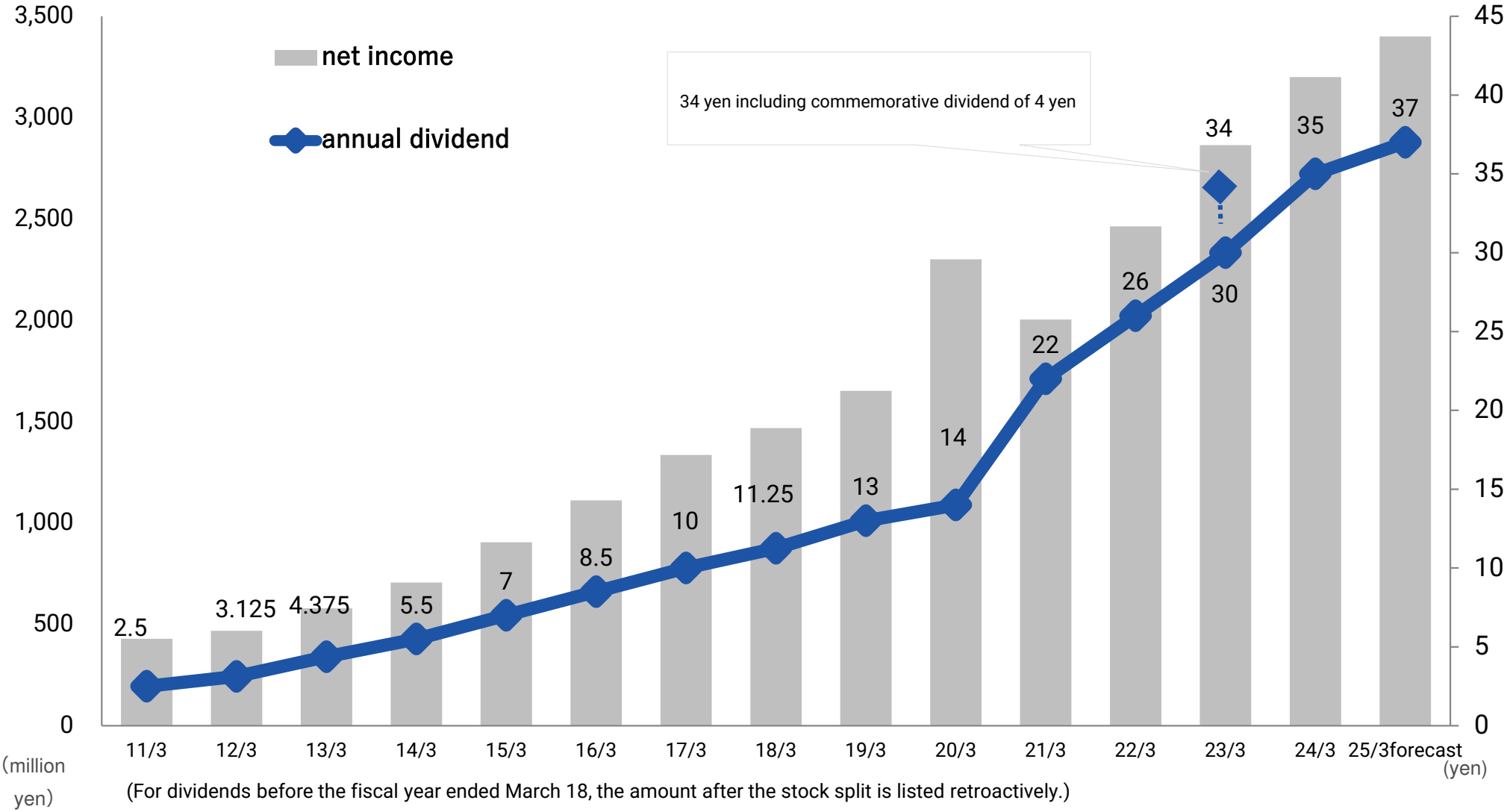
1-6 Dividend Policy

The Company considers the return of profits to shareholders to be one of its most important management tasks, and while comprehensively taking into account factors such as business performance trends, financial conditions, and future business development, the Company will pay dividends with a target payout ratio of 50% or more, and will continuously increase the total amount of dividends in proportion to the increase in corporate value. Based on this policy, at present, the company expects to pay a dividend of 37 yen for FY2025 in accordance with the above dividend policy.



(For dividends before the fiscal year ended March 18, the amount after the stock split is listed retroactively.)

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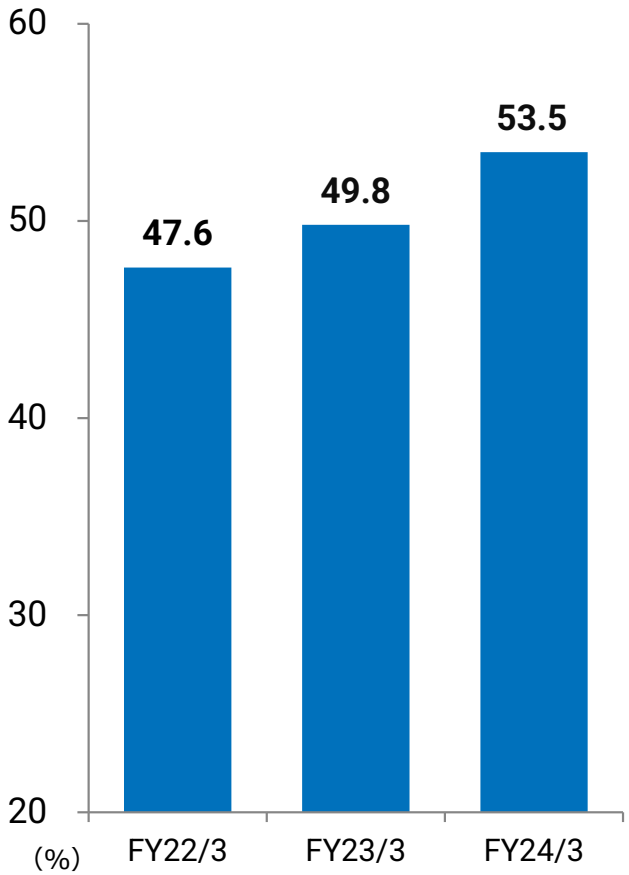
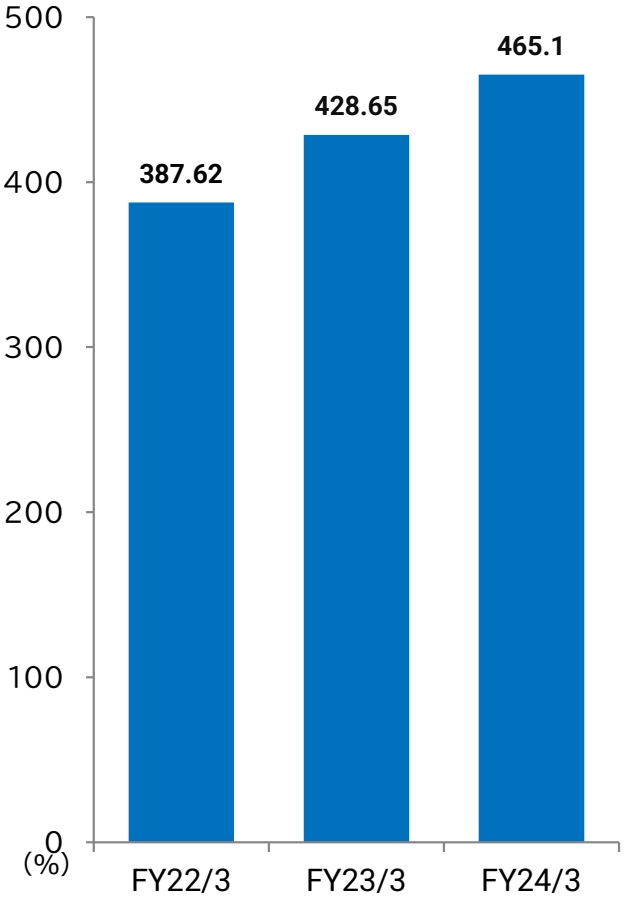
1-7 Main management index

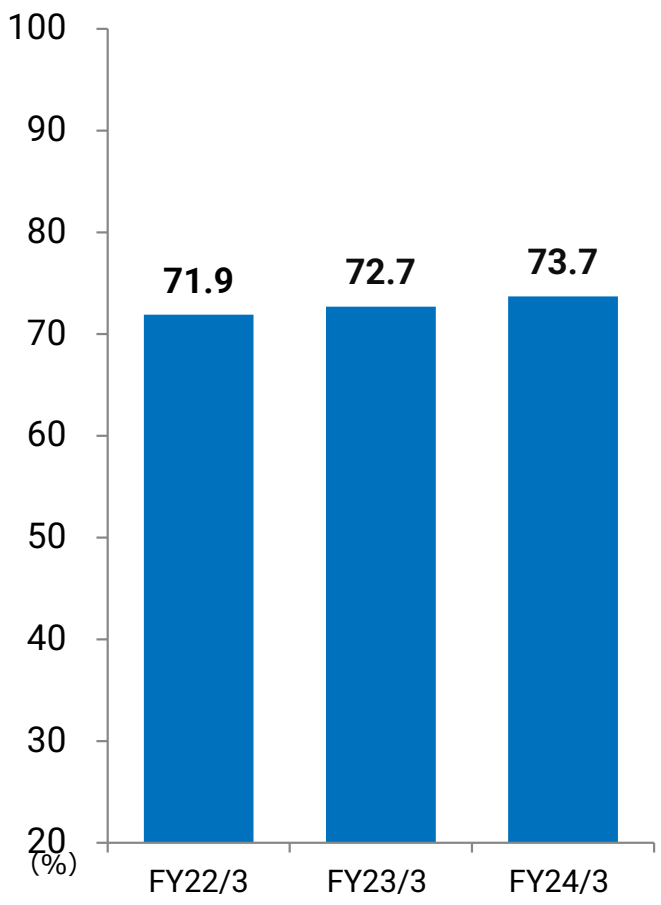
■ Sales ordinary income ratio



■ Net assets per share



■ Capital adequacy ratio



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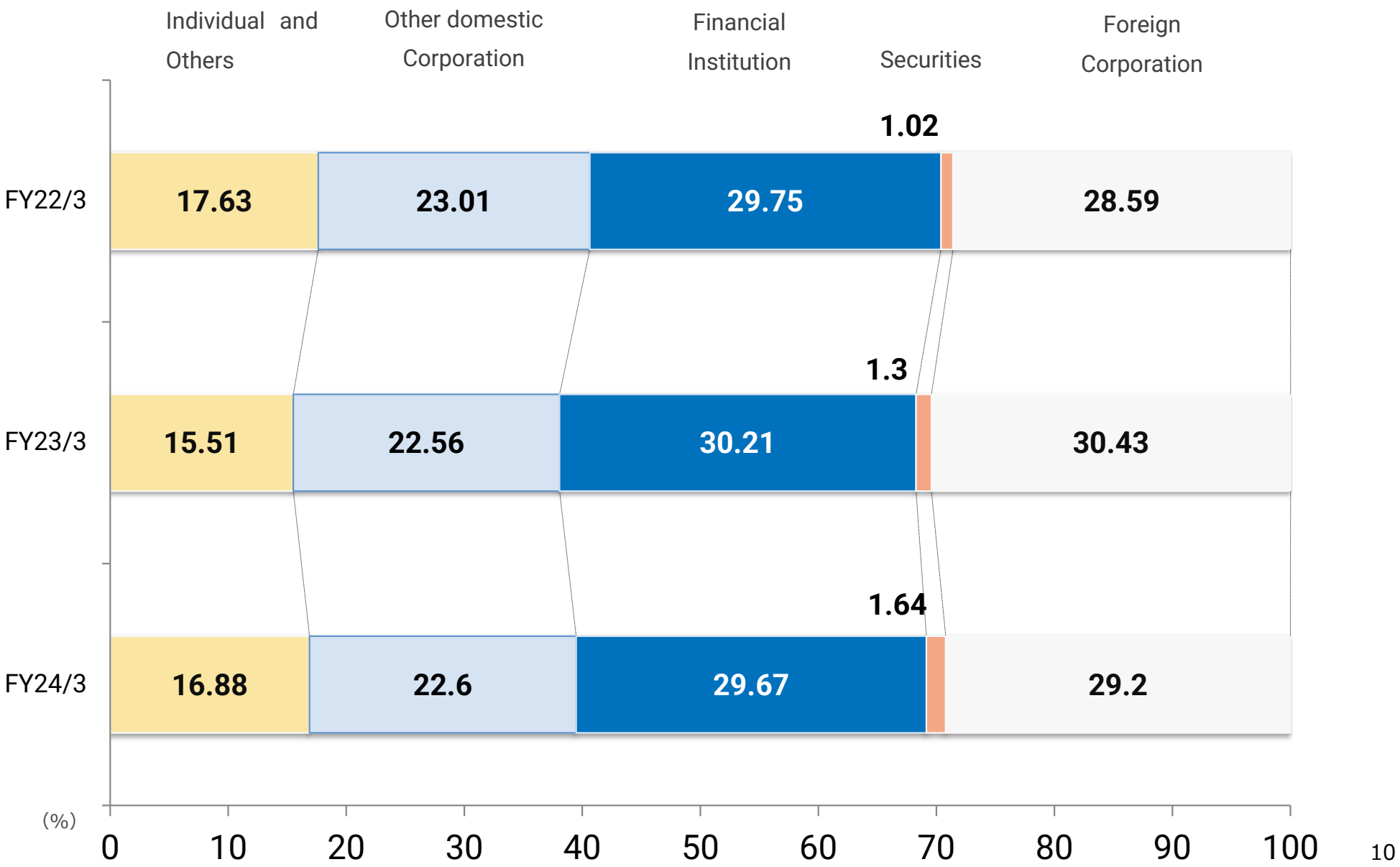
1-8 Distribution of share ownership



* Percentage: Rounded to the third decimal place and rounded up

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Capital Allocation Policy

Based on the following capital allocation policy, we will work to improve capital efficiency and strengthen shareholder returns.

Target

・ROE and ROIC of 20% or more ・Dividend payout ratio: 50% or more
・Continuous improvement of DOE

Cash Generation

Profit growth

- Steady accumulation of guarantee liabilities
- Strengthening sales structures and offices
- Average operating cash flow of three billion yen or more over the past three years, etc.

Enhancement of corporate value
&
Dialogue with Investors
Improvement of IR

Effective use of capital

Growth investing

- The current reach of the potential market for credit risk management for business-to-business transactions is about 5%. Invest thoroughly to develop the remaining 95% of the market.
- Investment in human resources (increase in operating resources)
- IT/DX Investment (Expansion of Examination Database)
- Investment for branding
- Expanding the range of receivables covered by the guarantee

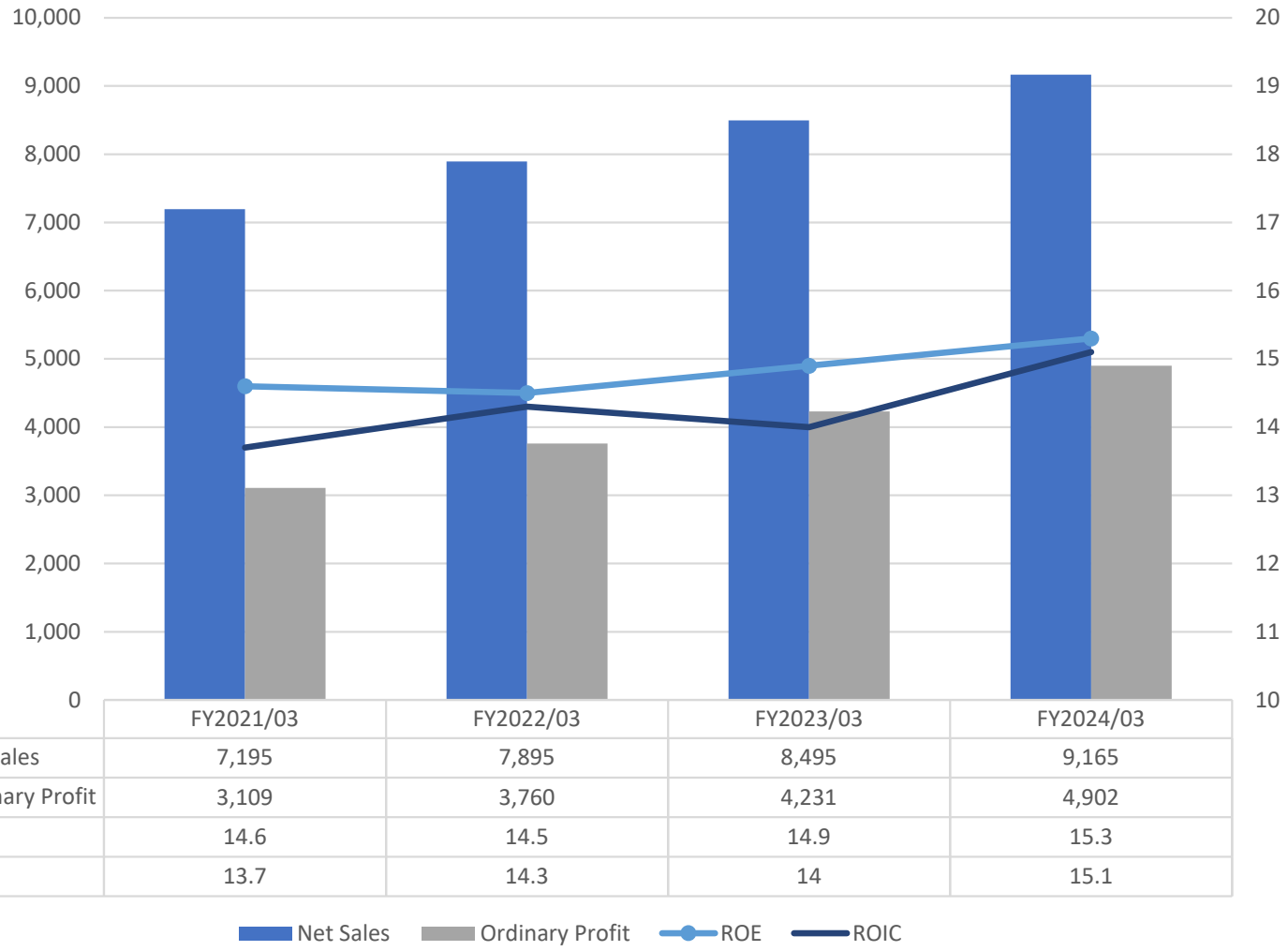
(1) The market for business-to-business credit risk management services currently exceeds 215 trillion yen, making it one of the largest markets in Japan among various business markets. The Company has the largest guarantee obligations in this field and is proud to have established the strongest business 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 ¥215 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 (Financial Indicators)

Our ROE and ROIC have reached a satisfactory level of 15.3% and ROIC of 15.1%, which is significantly higher than the average of 9% for companies listed on the Prime of the Tokyo Stock Exchange and 11% for other financial industries, and we will aim to further improve them.



	FY2021/03	FY2022/03	FY2023/03	FY2024/03
Net Sales	7,195	7,895	8,495	9,165
Ordinary Profit	3,109	3,760	4,231	4,902
ROE	14.6	14.5	14.9	15.3
ROIC	13.7	14.3	14	15.1

- Market Environment
- Priority Measures

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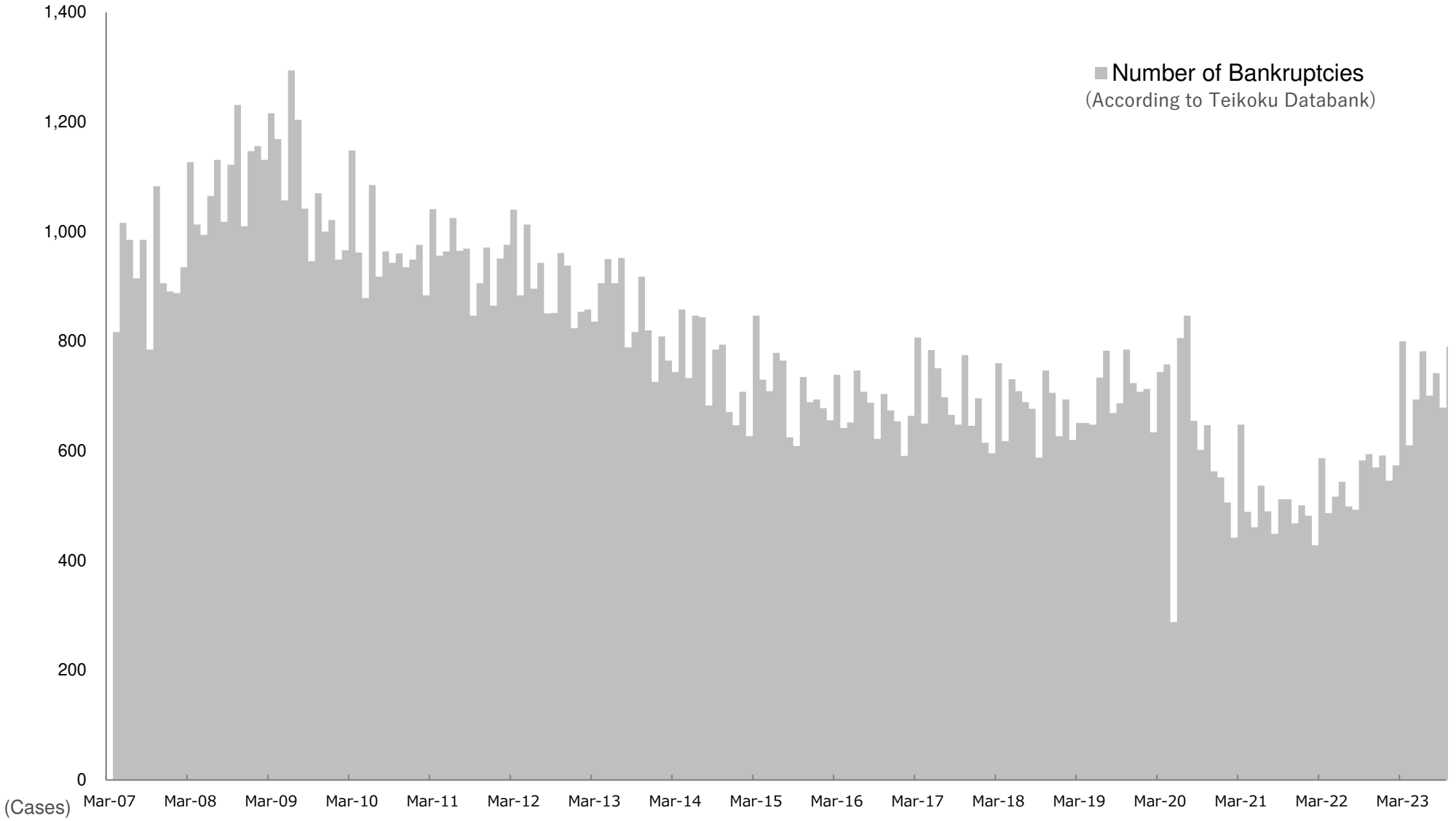
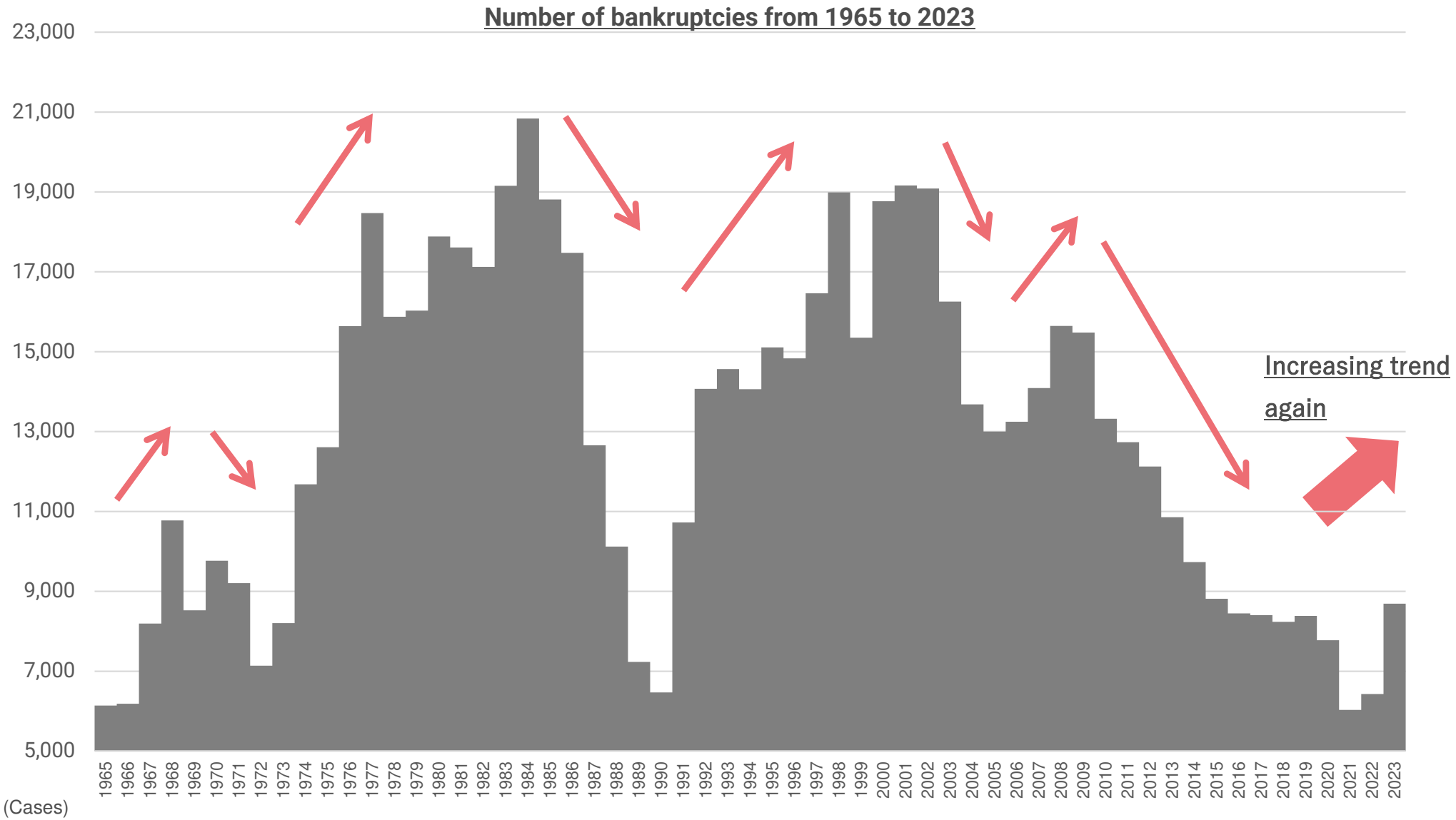
Market Environment: Number of Bankruptcies

The number of bankruptcies in FY2023 was 8,881 (up 30.6% from 6,799 in the previous year), an increase of 2,082 from the previous year. This is the second consecutive year that the number of cases has exceeded the previous year, and it was the highest level in nine years, approaching the number of cases in fiscal 2014 (9,044).



Market Environment: Rising Bankruptcies

The number of bankruptcies has been repeating a cycle of increasing and decreasing, and it is thought that the number of bankruptcies has turned to an increasing trend.



Source: Created from Tokyo Shoko Research's "Nationwide Corporate Bankruptcy Situation"

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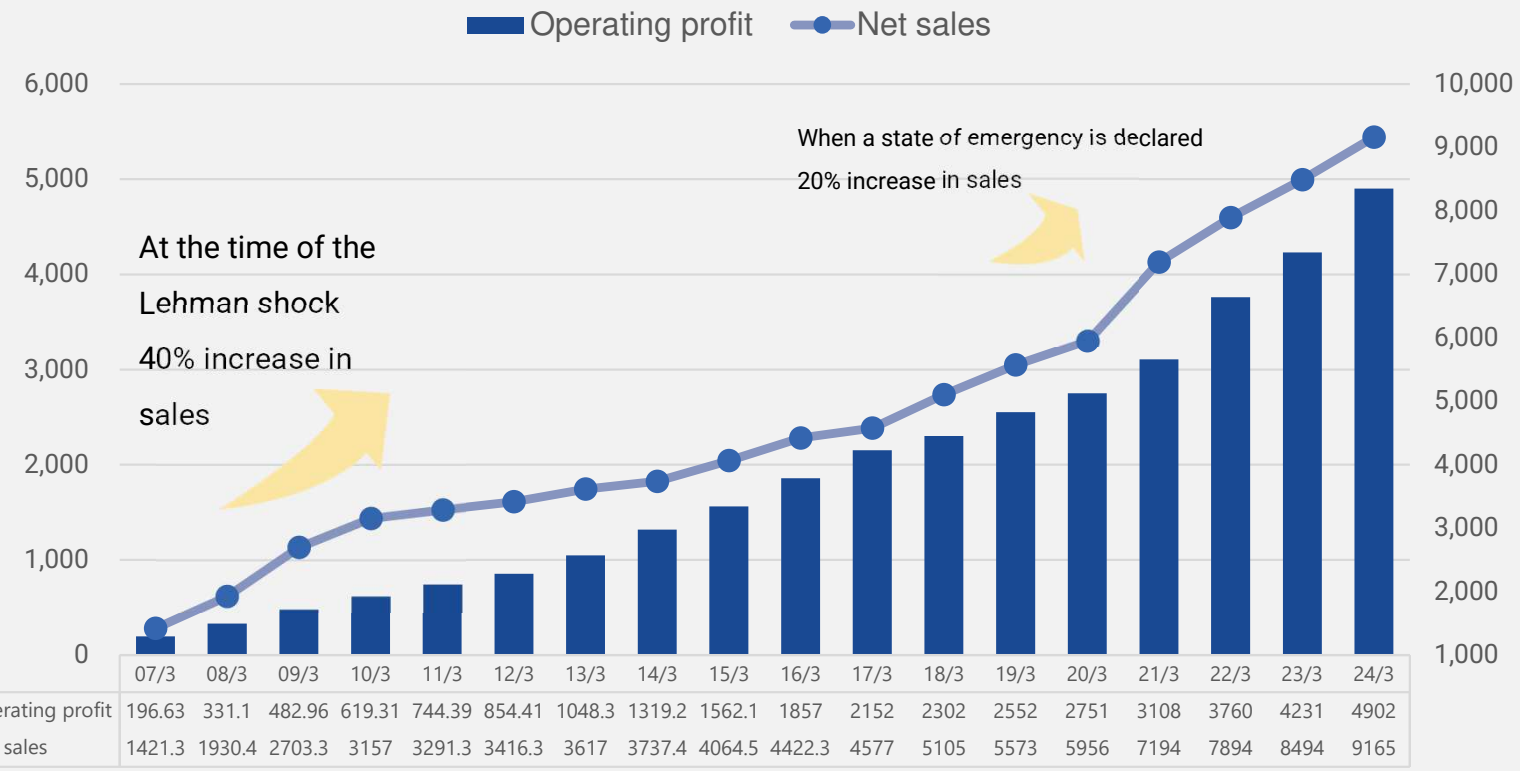
Market Environment: Rising Bankruptcies

Growing need for receivables protection in light of the increase in the number of bankruptcies

- In a phase where the number of bankruptcies is increasing, the need to preserve receivables from business partners increases as a result of seeing or hearing about defaults in the industry or actually facing a worsening of the credit condition of business partners.



	07/3	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3
Operating profit	196.63	331.1	482.96	619.31	744.39	854.41	1048.3	1319.2	1562.1	1857	2152	2302	2552	2751	3108	3760	4231	4902
Net sales	1421.3	1930.4	2703.3	3157	3291.3	3416.3	3617	3737.4	4064.5	4422.3	4577	5105	5573	5956	7194	7894	8494	9165

There was also a growing need during the time of the Lehman Brothers collapse and the covid19 epidemic.

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Market Environment: Rising Interest Rates (Expansion of B2B credit)

Due to the promotion of business-to-business credit in the face of rising interest rates,

Expansion of credit protection needs and expansion of business-to-business credit, which is the market for our main services

Due to rising interest rates
Actions taken by the buyer company

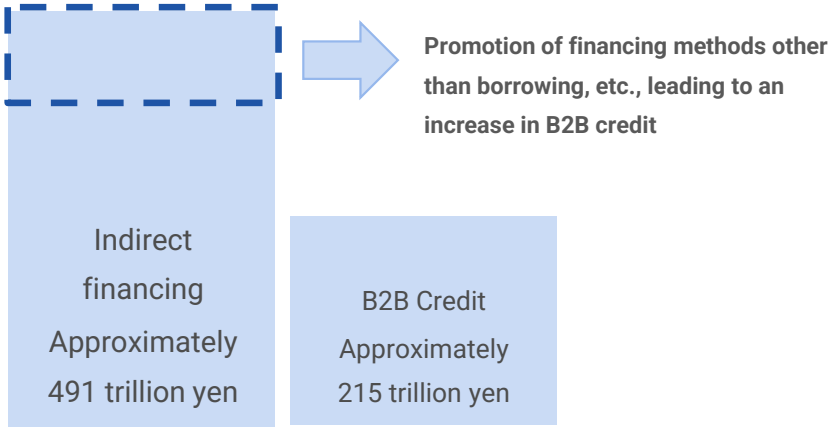
○ Ask sellers to pay later and negotiate to extend the payment site to improve cash flow.

× Borrow money for cash flow.

Due to rising interest rates, buyer companies request B2B credit, such as post-payment, for their suppliers rather than obtaining loans.

POINT

As the amount of receivables grows due to later payments or extended payment sites, the need for protection will increase, creating an environment conducive to increased inquiries from customers.



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Market Environment: Rising Interest Rates (Expansion of B2B credit)

Increasing number of companies with deteriorating earnings due to higher interest expenses, and consequently, growing need for receivables protection.

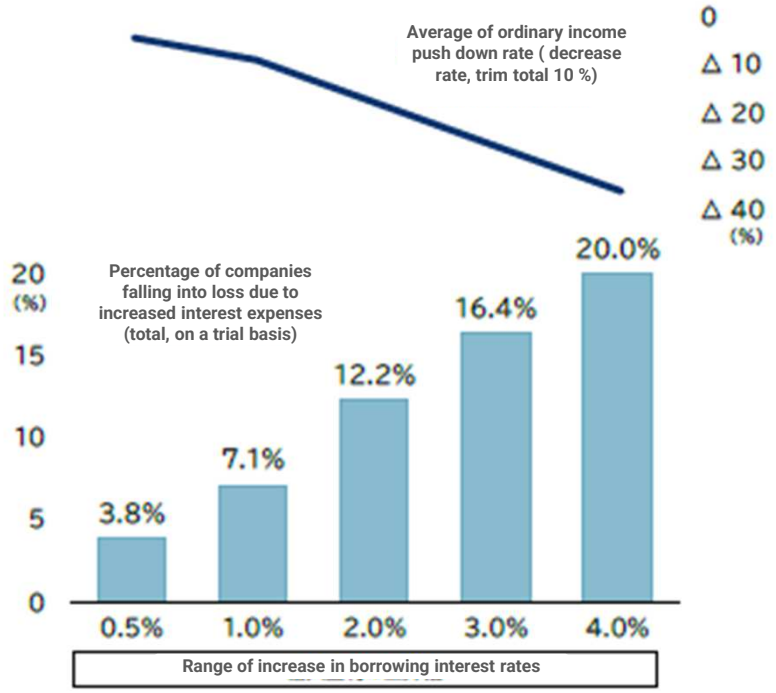
■ SMEs are expected to bear a larger burden compared to others..

It is estimated that a 0.5% increase in borrowing rates would cause 3.8% of new companies to fall into the red. In addition, the interest burden tends to be higher for small and medium-sized enterprises (SMEs) that are unable to pass on prices and lack profitability.

■The impact on “zombie companies” is particularly high.

The rise in interest rates will have a major impact on so-called "zombie companies" (approximately 250,000 companies in FY2022, up 30% from the previous year), which have increased on the back of institutional loans that are substantially interest-free. Interest-bearing debt of "zombie companies" averages about 10 times monthly sales, much higher than the average of 5.6 times for all companies surveyed, and the impact of the increased interest burden will be enormous.

Impact on ordinary income due to increased interest expense



[Target] About 90,000 companies in Japan whose borrowing interest rates and interest payments were known between March 2023 and February 2024.

(Teikoku Databank)
2024/3/19 TDB Business View: Estimating Companies' Borrowing Interest Burden as Negative Interest Rates Lift and Interest Rates Rise

POINT

The need for debt protection will increase as the number of companies with deteriorating earnings due to rising interest rates increases.

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Expanding needs for credit management outsourcing against a backdrop of labor shortages

Due to the decline in the working population

Growing need for outsourcing of credit management operations

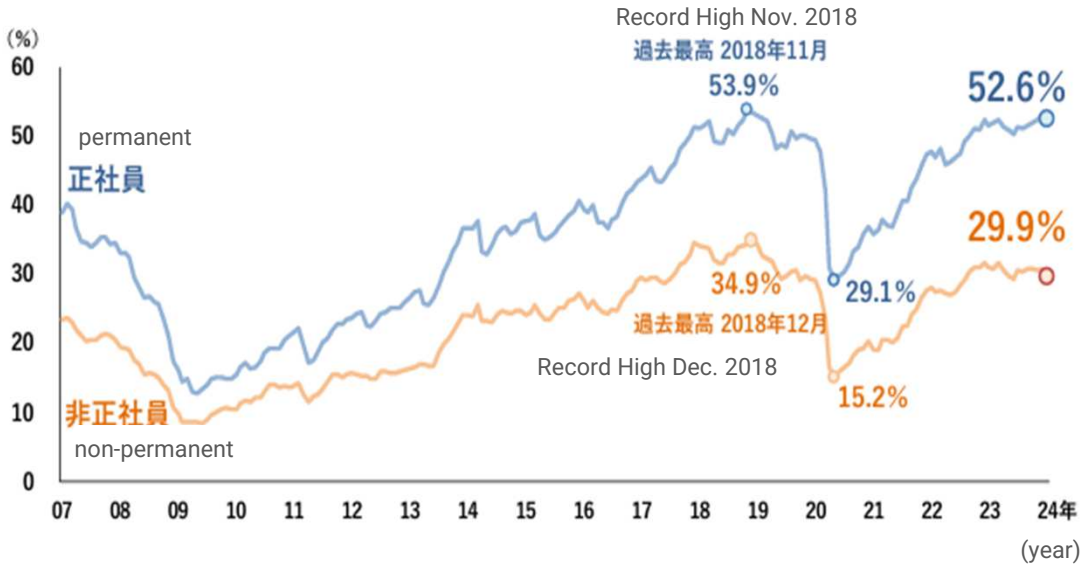
◆ Credit management work is also affected by labor shortages

- Experienced credit management personnel have retired and there is no successor.
- Small debt collections have become a burden, leading to employee turnover.
- In small and medium-sized enterprises, only the management class can handle credit management, which deprives them of valuable resources.

POINT

Against a backdrop of labor shortages, credit management issues faced by companies are increasing, leading to an increase in the number of contracts for outsourcing purposes. This will lead to an increase in the number of contracts.

Percentage of permanent and non-permanent employees in short supply Monthly



The ratio of labor shortage in companies is as follows:
52.6% for permanent employees and 29.9% for non- permanent employees
It is becoming.

(Teikoku Databank)
2024/2/26 TDB Business View: Survey on Corporate Trends in Labor Shortage (Jan. 2024)

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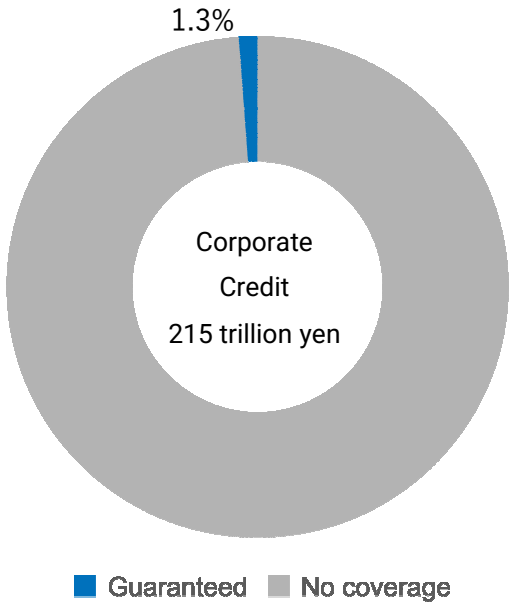
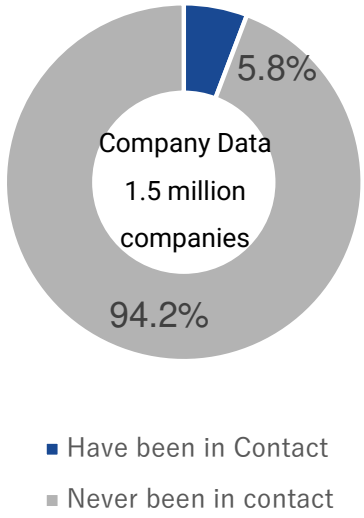
Credit Risk Guarantee Services Market Size

The Japanese market for trade receivables (notes receivable, accounts receivable, etc.), which are the target of our main services, is approximately 215 trillion yen. Not all of these trade receivables require credit risk guarantee services, but there is still much room for market development since this service is common in Europe and the United States.

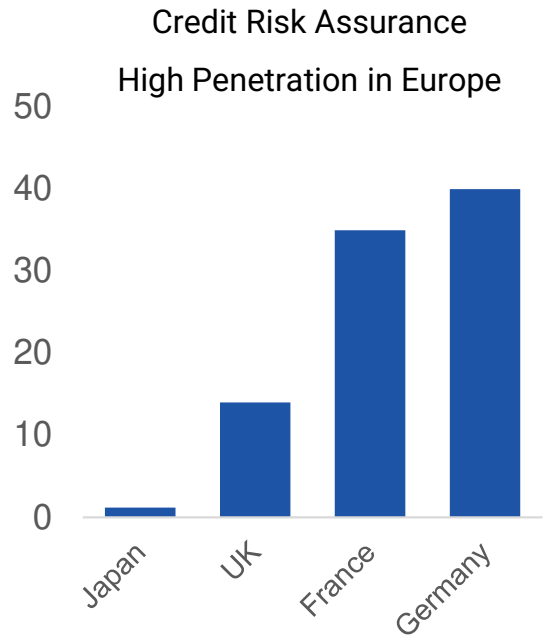
The amount of accounts receivable covered by some form of guarantee or insurance is roughly estimated to be about 1.3% of total accounts receivable in Japan, and the market has plenty of room for expansion.
(Estimated from the contents published in the Nikkei newspaper on January 17, 2023)



Over the past 10 years, we have been able to contact approximately 5.8% of the approximately 1.5 million companies in the research firm's corporate information.



The penetration rate of credit risk guarantees in Europe is high, with 12~14% in the UK, 30~35% in France, and more than 40% in Germany. In Japan, too, there is a lot of room for expansion in the future.
* https://www.insurancebusinessmag.com/uk, 2022 Sep.



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Growth Strategies

Market Environment

Growing need for receivables protection in light of the increase in the number of bankruptcies

Due to the promotion of business-to-business credit in the face of rising interest rates,
Expansion of credit protection needs and expansion of business-to-business credit, which is the market for our main services

Increasing number of companies with deteriorating earnings due to higher interest expenses, and consequently, growing need for receivables protection.

Due to the decline in the working population
Growing outsourcing needs for credit management operations

Growth Strategy: Priority Measures

- Increase sales resources by strengthening the sales structure, including increasing the number of sales personnel, and by promoting efficiency by strengthening sales offices.
- Aggressively acquire new contracts based on the increased sales resources to expand the customer base and increase the number of contracts.
- Establish an efficient back-office structure that does not increase costs even if the number of contracts increases as a result of the above measures.

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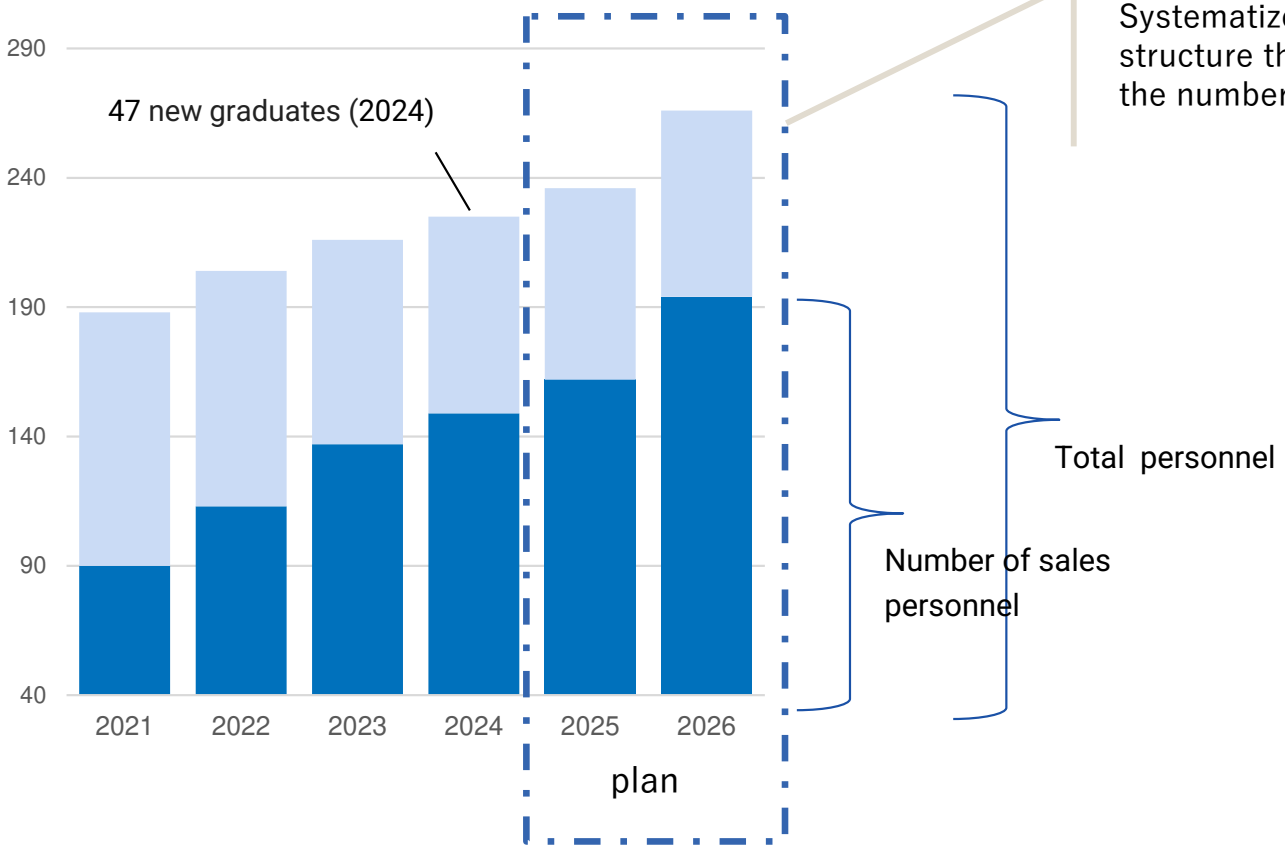
Priority Measures 01

Expand market share by increasing sales force

The market size of credit risk guarantees for business-to-business transactions exceeds 215 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 has established the strongest business model in the industry.
In order to further expand our market share, we will aggressively invest in sales personnel and expand our business so that the credit risk management of business-to-business transactions will be widely recognized as one of the financial fields.

The number of sales personnel has increased.

Going forward, the rate of sales growth is expected to increase and the rate of profit growth is expected to improve as a result of the significantly increased sales staff becoming more competitive.



Streamlining of back office

Systematize and develop an efficient back-office structure that does not increase costs even when the number of contracts increases.

Recruitment activities have been favorable, and the company plans to continue its policy of expanding its sales force.



Number of Entrants
Approx. 6,400



Number of Interviewees
Approx. 1,240

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Organization and strengthening of the increased number of sales personnel

Promote patterned sales methods to promote organization and early force development

Promote patterned sales methods

- Without waiting for sales personnel to become proficient, manualization enables a certain degree of technical acquisition, making it possible to bring them into the workforce quickly.
- Uniformity of sales activities makes it easy to spread policies, which is advantageous for organizing.

- The purpose is to quickly resource younger employees.
- Establish a new department that acts as a sort of intermediate organization between the sales and back office. Provide support for less experienced staff in charge, training on product knowledge, and guidance through role-playing to reduce the burden of educating young employees in the sales field.
- Continue existing measures to promote the penetration of the type of sales methods.
- Analyze video footage of customer business meetings to confirm that the sales methods are being followed, and provide guidance.

Emphasis on training system

Intensive training on sales skills

Accompanied by senior employees

→

Tests to measure proficiency

Demonstration of presentation and scoring according to each evaluation item

Product knowledge test, etc.

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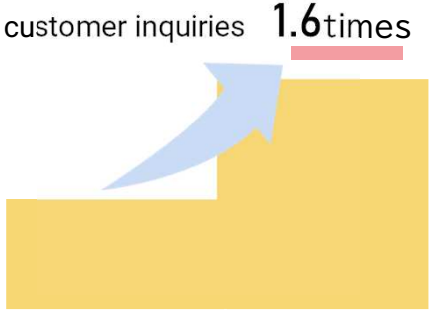
Priority Measures 03

Deepening and Expanding the Affiliated Sales Network

In order to broaden our customer base with increased sales resources, the company will continue to deepen communication with financial institutions with which it has business relationships in order to receive more customer referrals. In addition, the company will broadly approach regional banks, shinkin banks, and other financial institutions with which it has not yet formed alliances in order to expand its new sales network.

The number of customer inquiries via partner financial institutions will increase 1.6 times from 2021 to 2024.

Although there has been no significant change in the number of financial institutions with which the company is affiliated, the number of client inquiries has increased significantly due to an increase in sales personnel. The company believes that it has not been able to sufficiently approach the customers of its partner financial institutions due to a shortage of staff, and that it will be able to cultivate these customers more deeply by increasing the number of staff in the future.

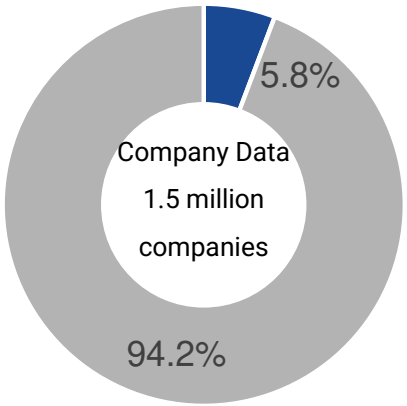


	2021	2024	Percentage change
Number of sales personnel	90	149	+ 65%
Number of Partner Financial Institutions	87	92	+ 5.8%

Many companies have not been approached due to staff shortages

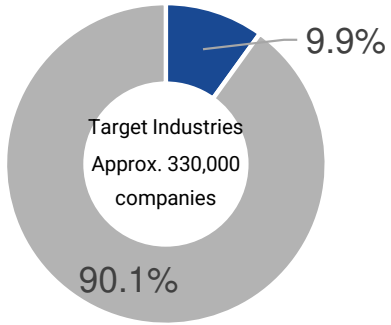
- Of the approximately 1.5 million companies in the survey firm's corporate data, 5.8% have had previous contact in the past 10 years. By industry, there are many uncontacted companies in the wholesale and retail industry at 9.9%, although accounts receivable are more likely to occur.

In the last 10 years
Percentage of companies with contact history



■ Have been in Contact ■ Never been in contact

When focusing on wholesale and retail trade
Percentage of companies with contact in the past 10 years



■ Have been in Contact ■ Have been in Contact

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References

- Management Indicators
- Major Shareholders
- eGuarantee’s goal for society
- Sustainability

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Management Indicators

	unit	FY2021	FY2022	FY2023	FY2024
Sales	(1,000 yen)	7,194,885	7,894,566	8,494,895	9,165,092
Ordinary profit	(1,000 yen)	3,108,793	3,760,382	4,231,150	4,902,670
Equity	(1,000 yen)	17,186,079	19,716,958	21,998,648	24,126,887
Stock	(yen)	2,087	2,051	2,175	1,792
Net income per share	(yen)	45.12	52.92	60.68	68.60
Net assets per share	(yen)	347.19	387.62	428.68	465.10
ROE	(%)	14.6	14.5	14.9	15.3
ROIC	(%)	13.7	14.3	14.0	15.1
PER	(Times)	46.25	38.75	35.84	26.12
PBR	(Times)	5.6	4.9	4.7	3.5
Ordinary profit margin	(%)	43.2	47.6	49.8	53.4
Capital adequacy ratio	(%)	70.3	71.9	72.7	73.7
Dividend payout ratio	(%)	48.8	49.1	56.0	51.0
Total Dividends	(1,000 yen)	1,005,961	1,216,315	1,613,848	1,669,088

Major Shareholders

Name of Shareholder	Number of Shares Held	Percentage of shares held
The Master Trust Bank of Japan ,Ltd (TRUST ACCOUNT)	7,773,100	16.29%
ITOCHU Corporation	6,336,800	13.28%
Custody Bank of Japan, Ltd.(TRUST ACCOUNT)	4,806,500	10.07%
Masanori Eto	3,103,100	6.5%
Teikoku Databank, Ltd.	2,870,400	6.01%
GOVERNMENT OF NORWAY	1,822,693	3.82%
NTT DATA Corporation	1,440,000	3.01%
THE BANK OF NEW YORK 133652	757,700	1.58%
JP MORGAN CHASE BANK 385632	679,119	1.42%
CACEIS BANK, NETHERLANDS BRANCH AIF CLIENTS ASSETS	650,900	1.36%

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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

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.

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.

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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.

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- 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 FY2023 were 113 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.

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- 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.

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- Governance -

Diagram of Corporate Governance Structure (as of March 31, 2024)



Corporate Governance Structure at a Glance (as of March 31, 2024)

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.

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Indices for Sustainability Initiatives

(As of March 31, 2024)

Category	Guarantee liabilities (Billions of yen)
Guarantee liabilities related to solutions to environmental issues (E)	19.1
Guarantee liabilities related to solutions to social issues (S)	23.2
Guarantee liabilities related to regional revitalization (S)	281.5
Guarantee liabilities related to start-ups, etc. (S)	65.2

* 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.

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