Financial Results Briefing for the Six Months Ended March 31, 2025

E-Guardian Inc. (Securities Code: 6050)
May 2025

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Executive
Summary

Executive Summary

E-Guardian
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H1 FY2025 Results	**Revenue below target, operating profit exceeded expectations**

Net sales ¥5,868 million vs. H1 Earnings Forecast 97.1%
Operating profit ¥929 million vs. H1 Earnings Forecast 119.0%

| Gross profit margin was improved | **Enhanced AI and system development & operations**

Drive AI development for higher profitability |
|---|---|

| TOPICS | Secured Consumer Affairs Agency's "project to promote fair e-commerce and mail order sales"
Secured a major customer support contract for home console games
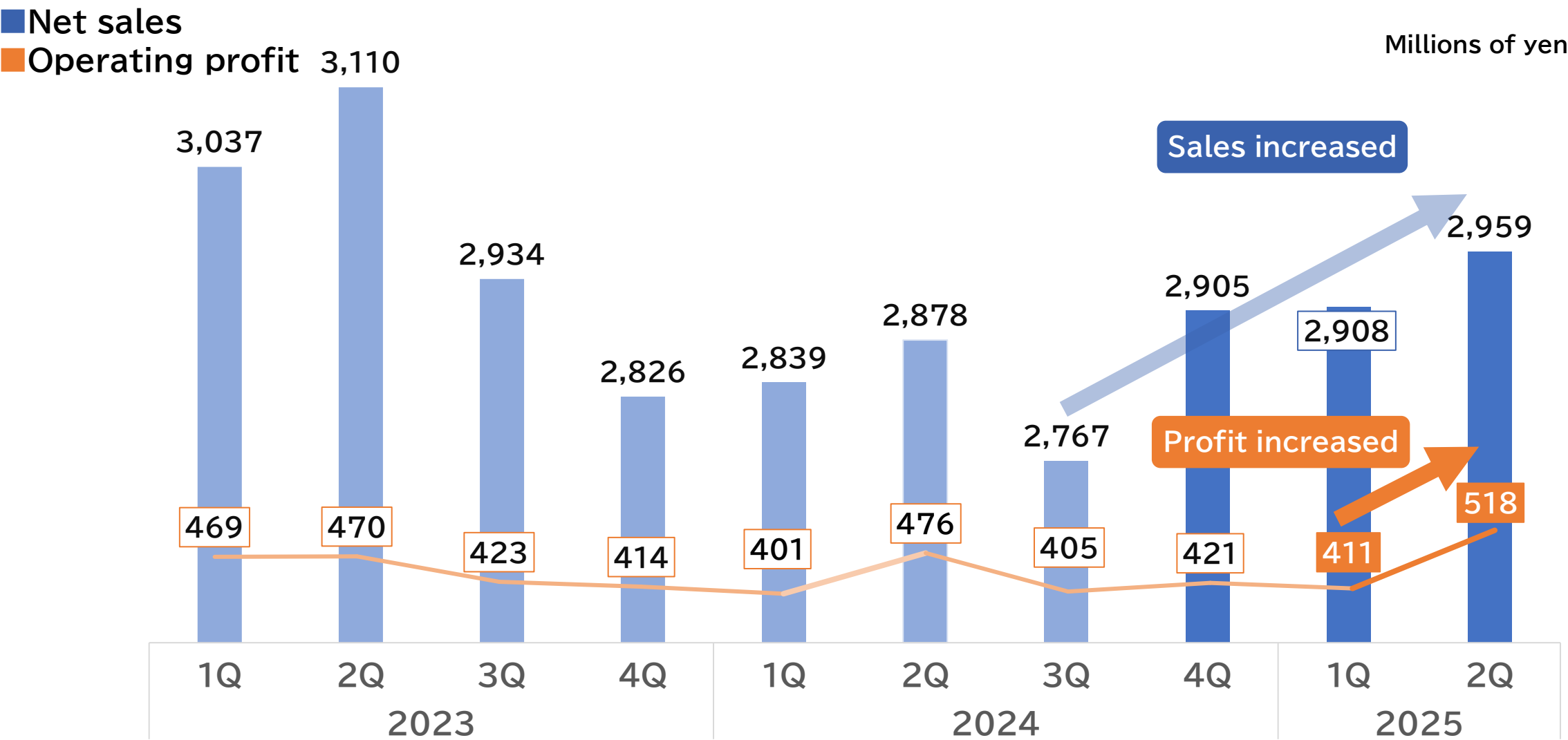Invested in SMBC Cyberfront Inc. |
|---|---|

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First Half FY2025 Financial Results
(October 2024 – March 2025)

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Revenue below target, operating profit exceeded H1 expectations

Millions of yen	H1 Earnings Forecast	H1 Actual Results	vs. Earnings Forecast	YoY Actual Results	YoY Comparison
Net sales	6,044	5,868	97.1%	5,718	102.6%
Operating profit	781	929	119.0%	878	105.8%
Ordinary profit	782	933	119.3%	872	107.0%
Profit attributable to owners of parent	522	607	116.4%	536	113.4%

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Sales increased quarter-on-quarter for the third consecutive quarter, with a significant increase in operating profit

■ Net sales
■ Operating profit

Millions of yen

Sales increased

Profit increased

	2023				2024				2025	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	3,037	3,110	2,934	2,826	2,839	2,878	2,767	2,905	2,908	2,959
Operating profit	469	470	423	414	401	476	405	421	411	518

Summary of H1 FY2025 by Business

SNS related support	Continued expansion in the EC and flea market business, and fintech domain Increased number of projects for client due diligence and compliance investigations
Game related support	Secured a customer support contract for home console and PC games
Advertisement related support	Focused on developing new services and securing projects relevant to current trends, including "illegal part-time jobs" Won Consumer Affairs Agency's "project to promote fair e-commerce and mail order sales"
Cyber security	Cloud-based WAF and consulting services expanded

Factors Contributing to Missed Sales Targets and Countermeasures

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Factors contributing to missed sales targets for H1

Hiring competition rate increased

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Failed to meet the required number of personnel for some secured projects

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Project commencement delayed and handled projects decreased

Measures to secure human resources

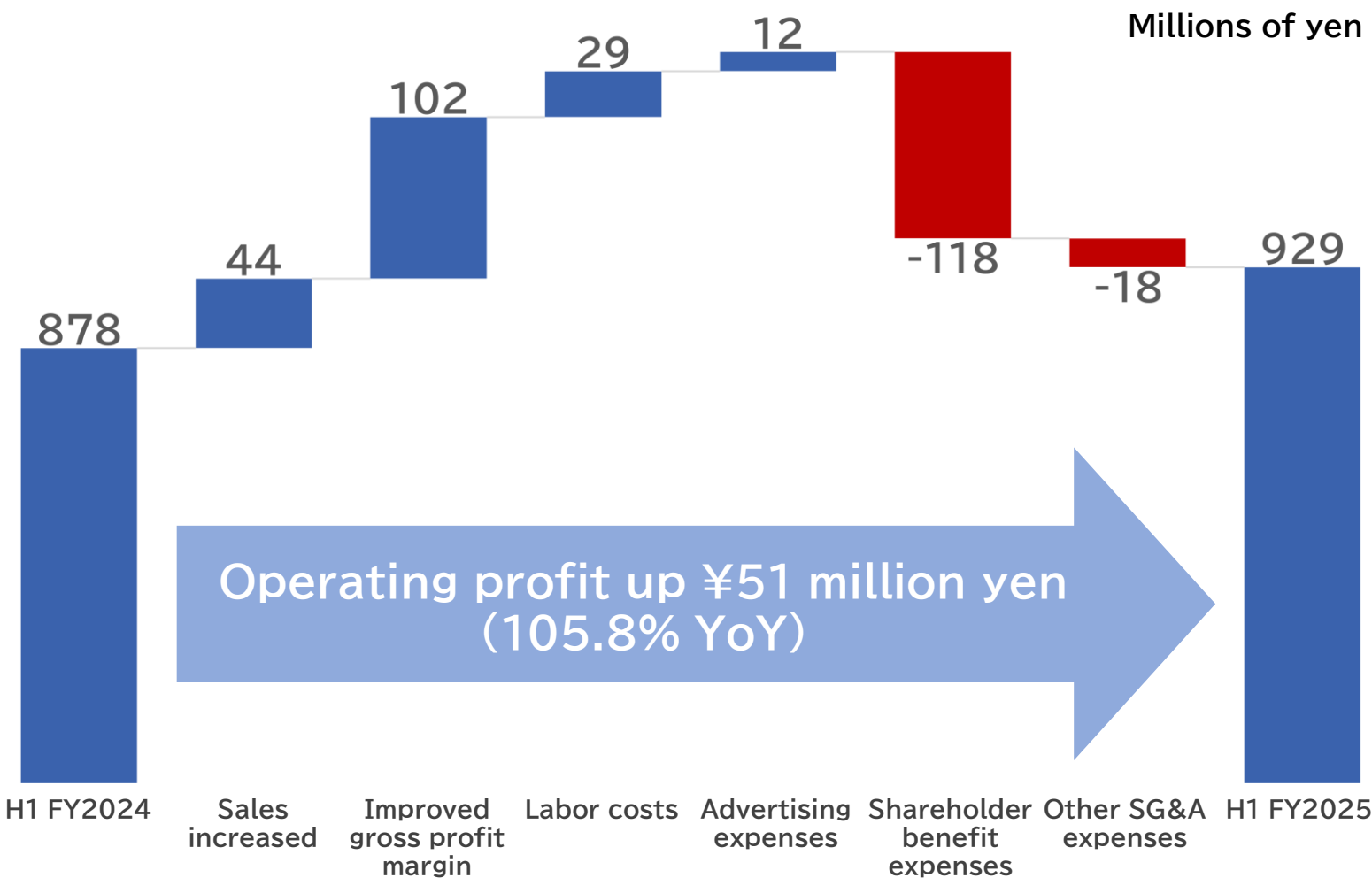**E-Guardian** — We Guard All

はたらくに"彩り"を。
Timee

Aim to leverage our BPO expertise and the agility of spot workers (individuals working during their spare time) to develop BPO services that combine quality and flexibility.

Released on April 23

"We have started testing the provision of BPO services using spot workers, with personnel matched via Timee"

Secure a readily available workforce to enable the swift launch of projects
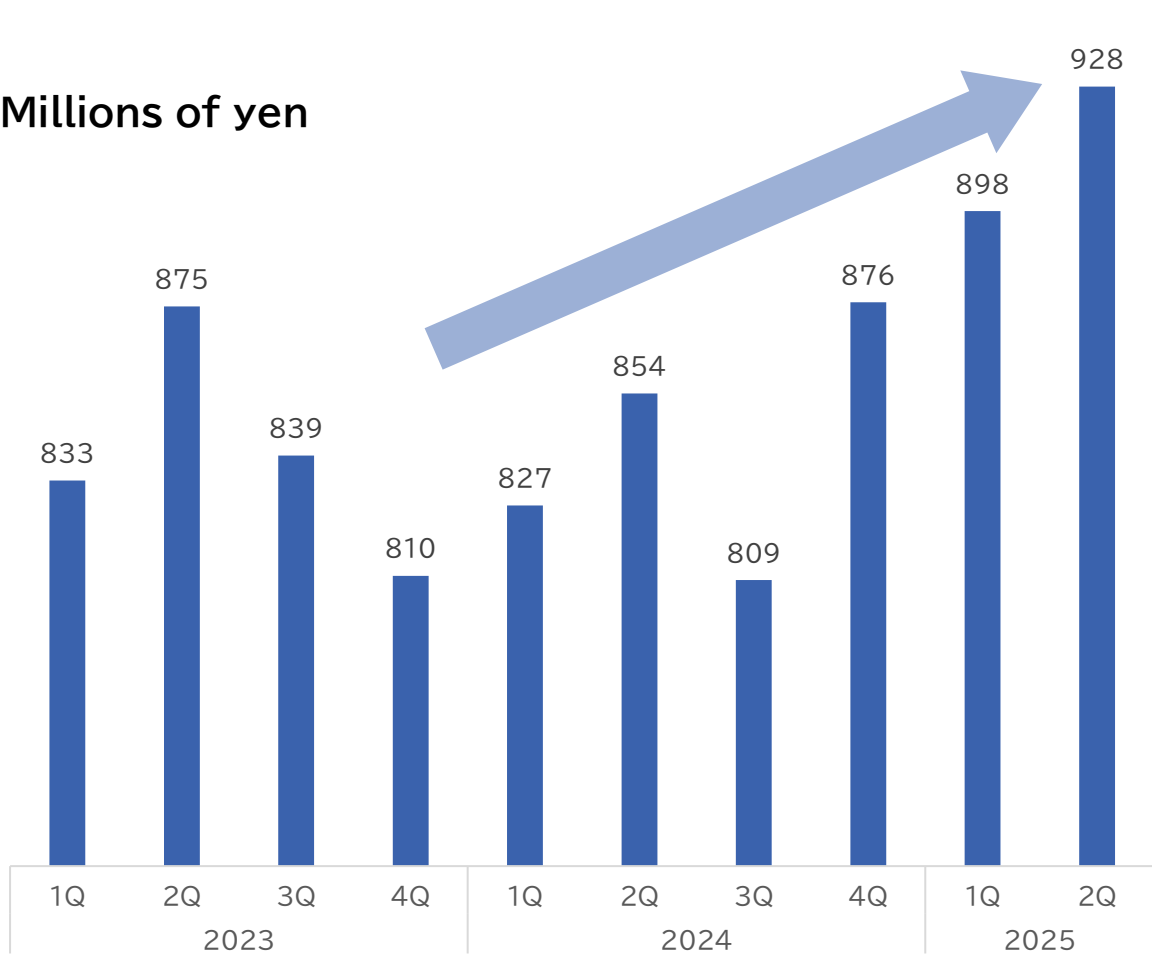
Analysis of Changes in Operating Profit

The increase in revenue and the improvement in gross profit margin offset shareholder benefit expenses, resulting in a profit increase of ¥51 million yen
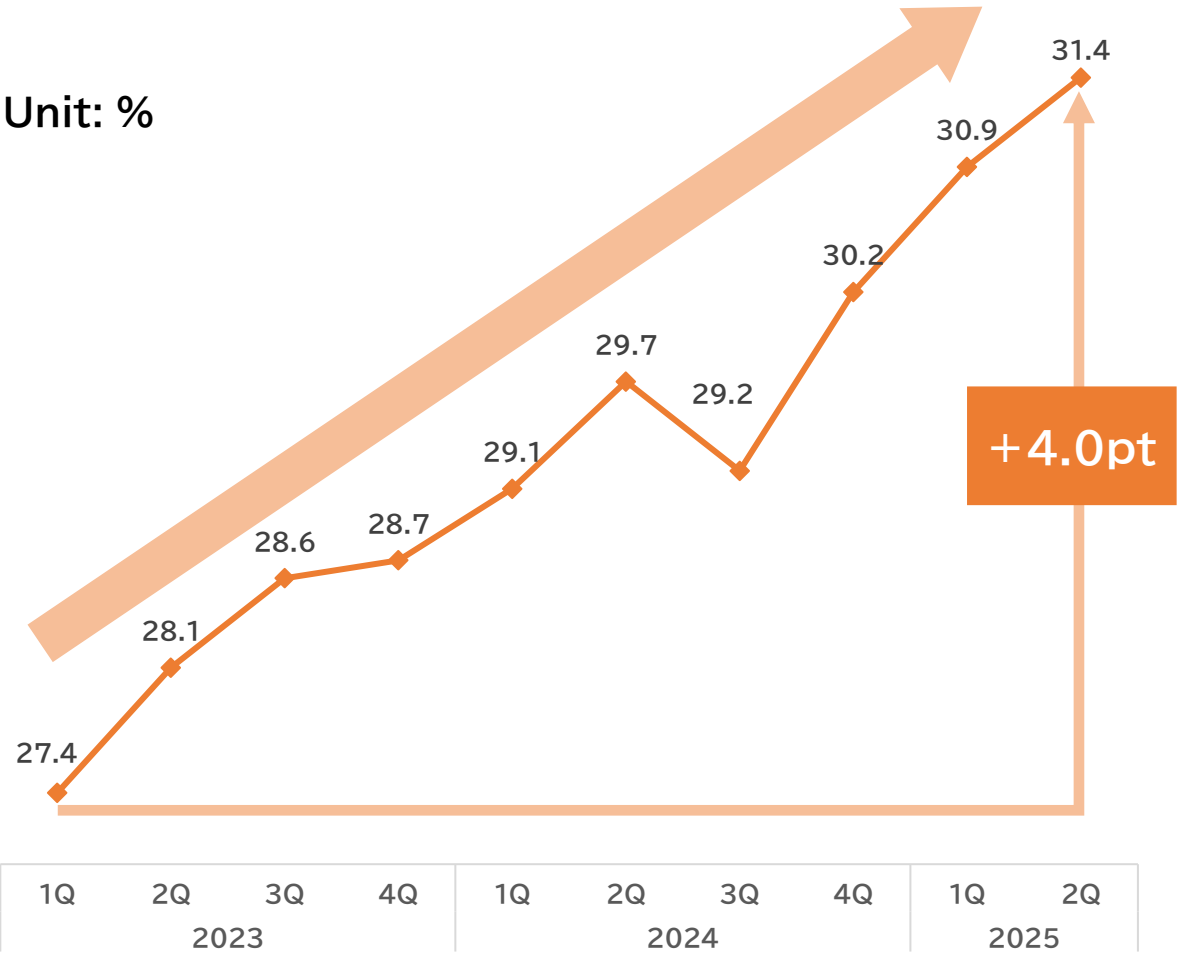
Millions of yen

Waterfall chart values: 878 (H1 FY2024), +44 (Sales increased), +102 (Improved gross profit margin), +29 (Labor costs), +12 (Advertising expenses), -118 (Shareholder benefit expenses), -18 (Other SG&A expenses), 929 (H1 FY2025)

Operating profit up ¥51 million yen (105.8% YoY)

Factors affecting operating profit

Increased sales	+44
Improved gross profit margin	+102
Labor costs	+29
Advertising expenses	+12
Shareholder benefit expenses	-118
Other SG&A expenses	-18

Quarterly Trend of Gross Profit and Gross Profit Margin

Gross profit increased, and Gross profit margin significantly improved

Gross profit

Gross profit margin

Millions of yen

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Gross profit	833	875	839	810	827	854	809	876	898	928
	2023				2024				2025	

Unit: %

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Gross profit margin	27.4	28.1	28.6	28.7	29.1	29.7	29.2	30.2	30.9	31.4
	2023				2024				2025	

+4.0pt

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Factors Contributing to Gross Profit Improvement

Cost Control

- Improved center utilization rate
- Promotion of temporary employees to full-time employees
- Implemented work efficiency improvements tailored to projects
- Reorganized and tightened cost accounting rules

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Enhanced AI development and operations

- Improved levels of understanding of AI and systems among employees
- Acceleration of AI development

  H1 Actual Results

 Developed the "EG Trans Works" translation system

  Implemented generative AI in the "hinagata" email template tool

  hinagata
  Template Management System

The gross profit margin significantly improved due to enhanced cost control accuracy and the sophistication of AI operations
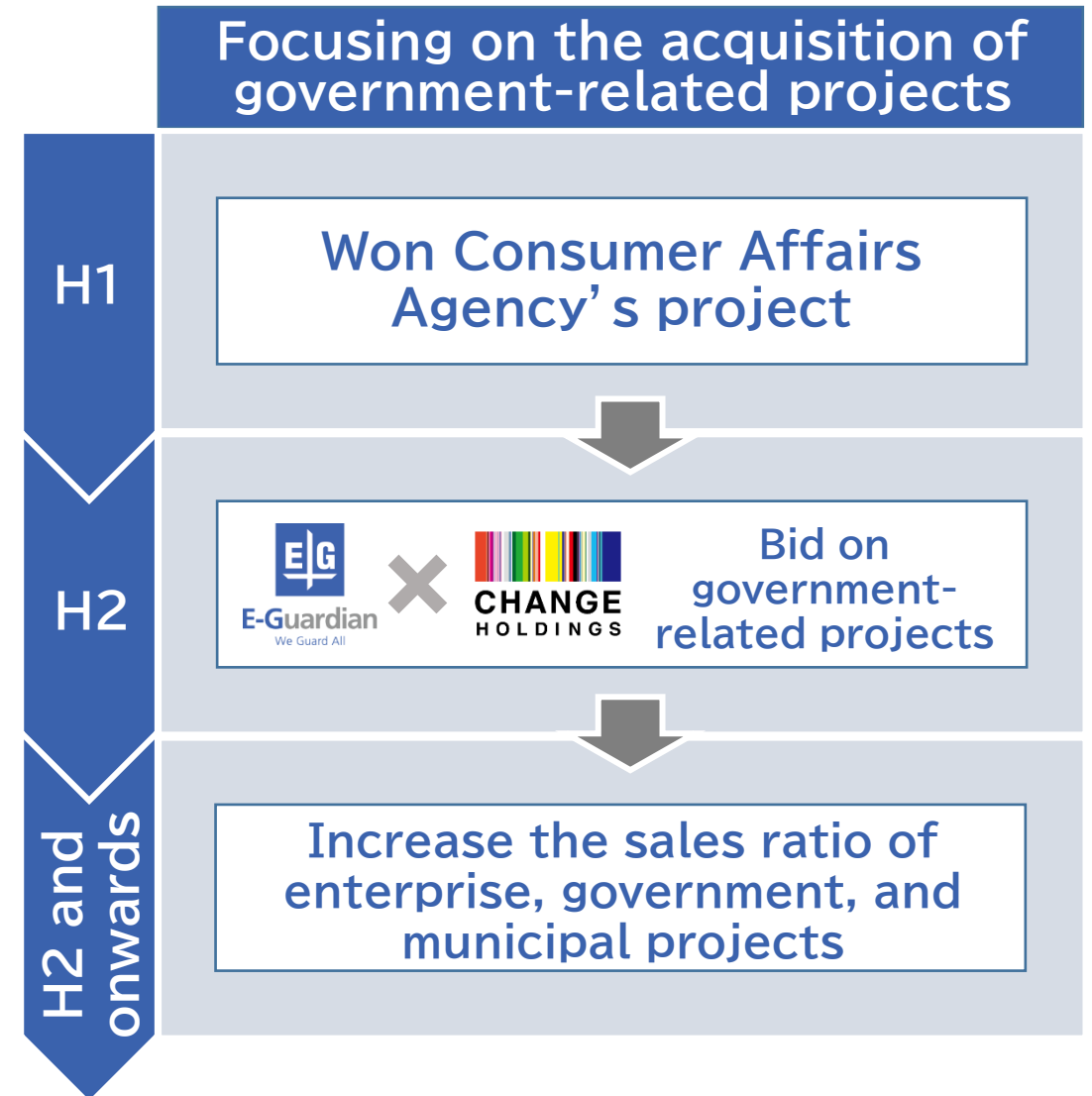
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Dividends

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Dividend policy was revised on May 7, 2024
Target consolidated dividend payout ratio is approximately 30%

Dividend per share（yen）

FY2021/9	FY2022/9	FY2023/9	FY2024/9	FY2025/9 (Forecasts)
14	24	26	31	35
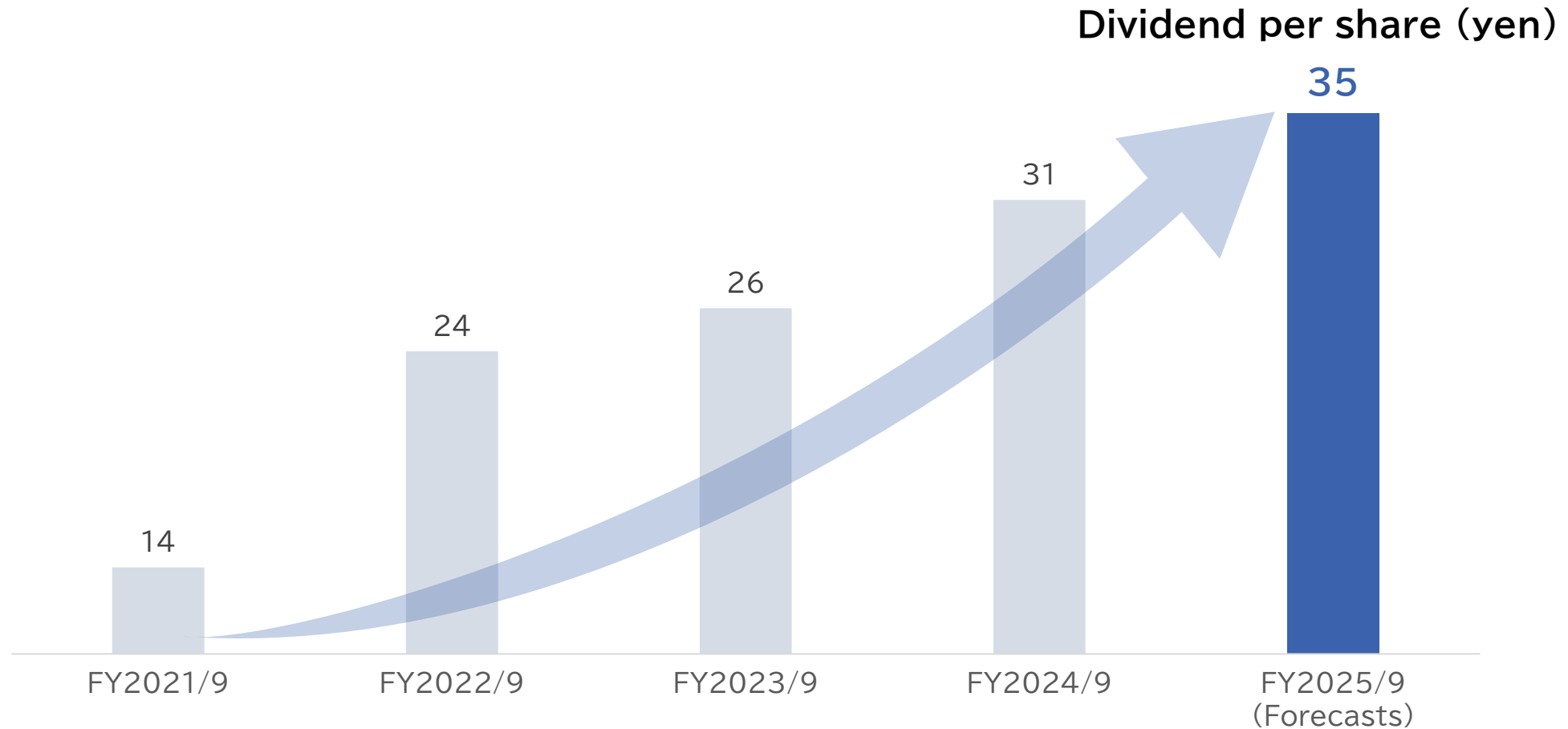
Second Half FY2025 Initiatives

(April 2025 - September 2025)

Actions to be taken in the BPO Domain in H2

Focusing on the expansion of game related support

H1
Secured a major game customer support contract for home console games

H2
Expand horizontally to other game manufacturers

H2 and onwards
Strengthen services for home console games

Focusing on the acquisition of government-related projects

H1
Won Consumer Affairs Agency's project

H2
E-Guardian We Guard All × CHANGE HOLDINGS — Bid on government-related projects

H2 and onwards
Increase the sales ratio of enterprise, government, and municipal projects

Actions to be Taken in the Cyber security Domain in H2

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Challenge（1）

Shift from high-priced, high-quality vulnerability diagnosis to low-cost tool-based diagnostics

Challenge（2）

Lack of leads for new customer acquisition

Solution（1）

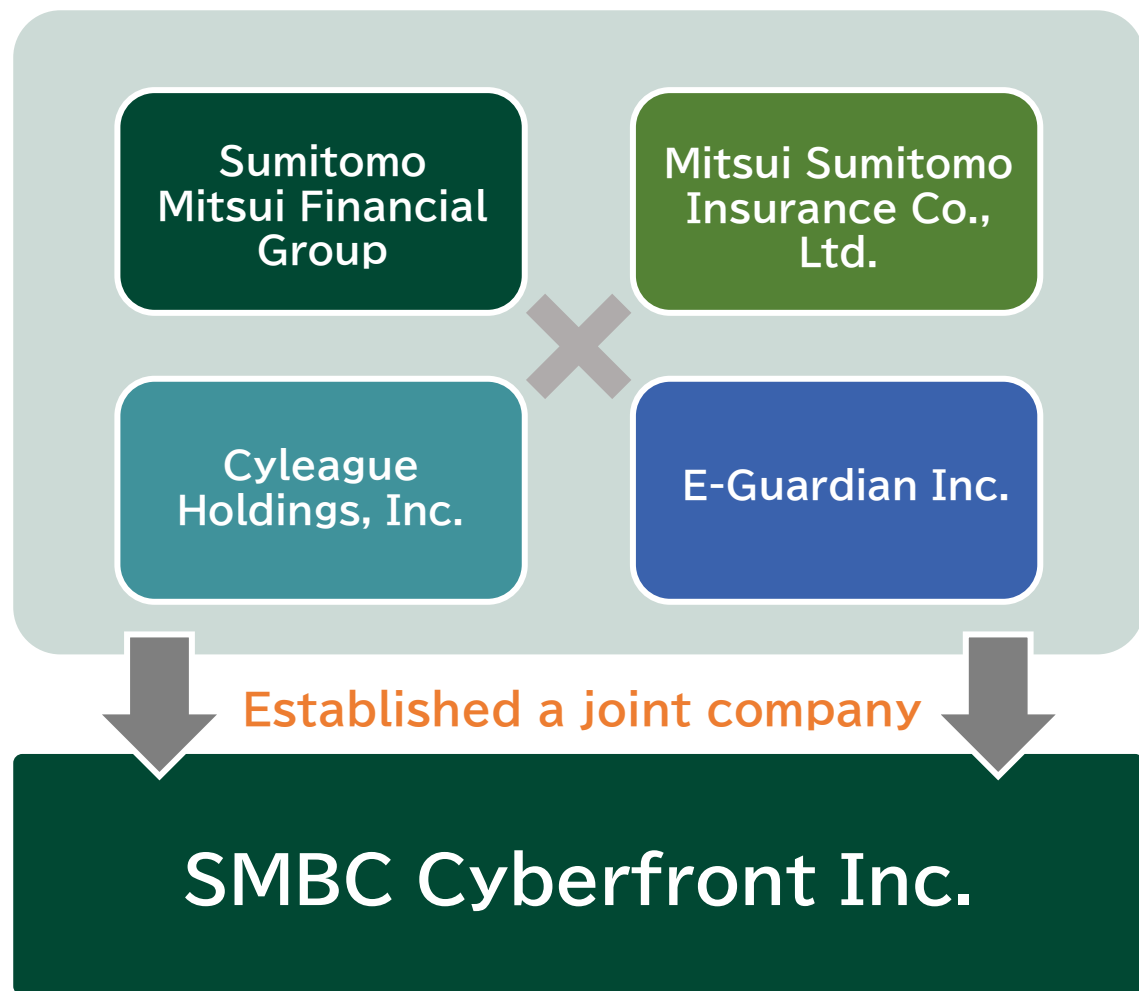Generation of a cost-effective diagnostic service
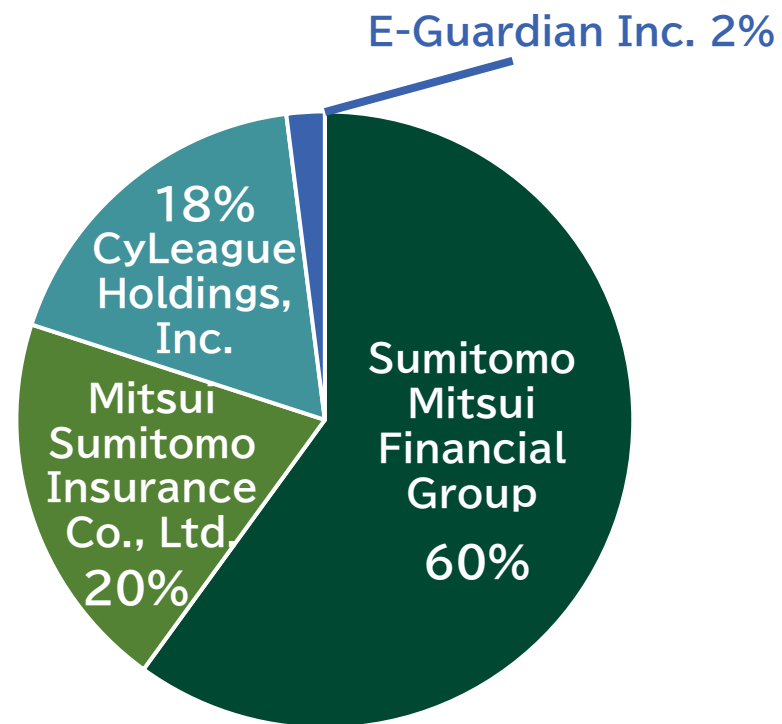
Solution（2）

Development of security training and e-learning content

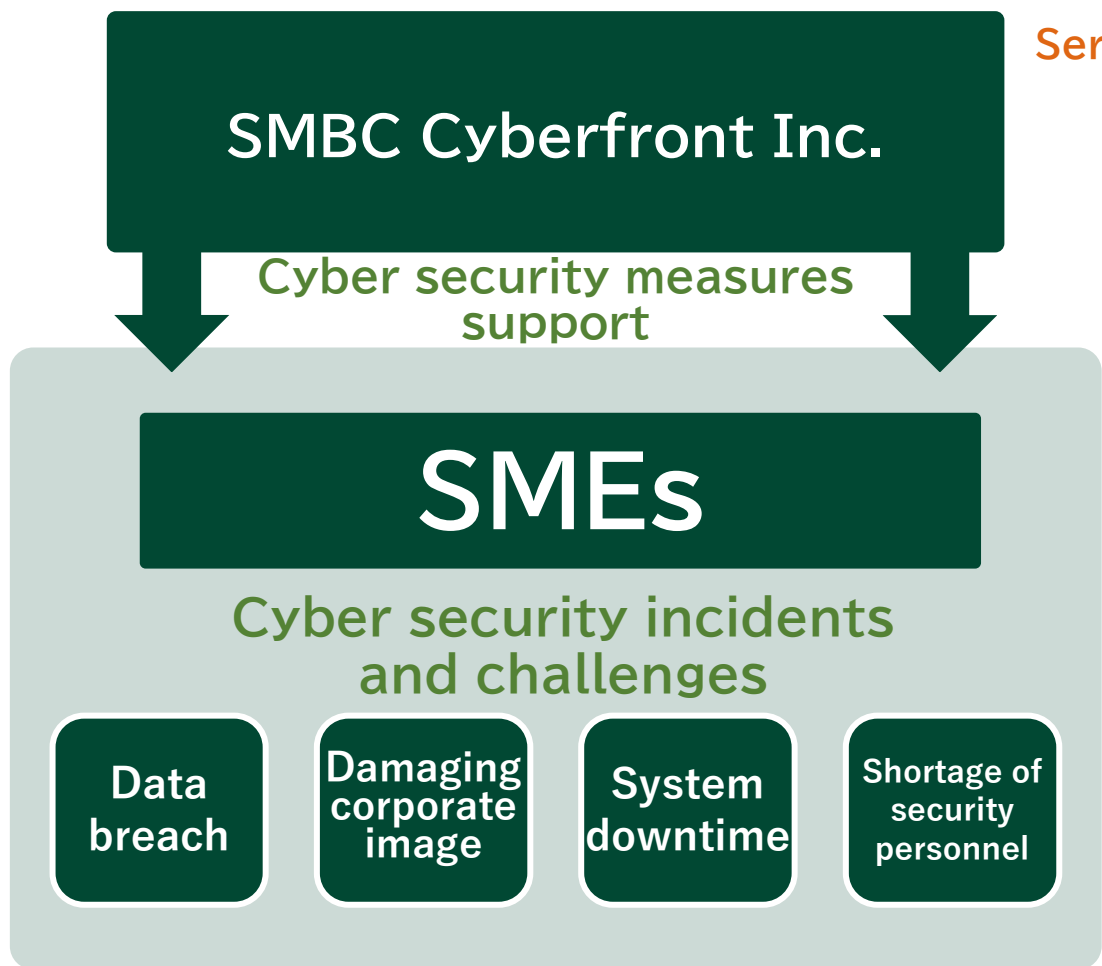**Will address the challenges of H1 by increasing new services and content, and actively expanding upsells and cross-sells**

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Cyber security Support for SMEs

Established SMBC Cyberfront Inc. to provide cyber security support to SMEs

Sumitomo Mitsui Financial Group

Mitsui Sumitomo Insurance Co., Ltd.

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Cyleague Holdings, Inc.

E-Guardian Inc.

Established a joint company

SMBC Cyberfront Inc.

Investment ratio

E-Guardian Inc. 2%

18% CyLeague Holdings, Inc.

Mitsui Sumitomo Insurance Co., Ltd. 20%

Sumitomo Mitsui Financial Group 60%

E-Guardian's Role in SMBC Cyberfront Inc.

Offering the E-Guardian Group's services to help solve cyber security incidents and challenges

SMBC Cyberfront Inc.

Cyber security measures support

SMEs

Cyber security incidents and challenges

| Data breach | Damaging corporate image | System downtime | Shortage of security personnel |

Service provider partner

E-Guardian Inc.

Our Group's services

BPO-driven solutions
- Digital BPO - Customer support
- AI development - Social listening
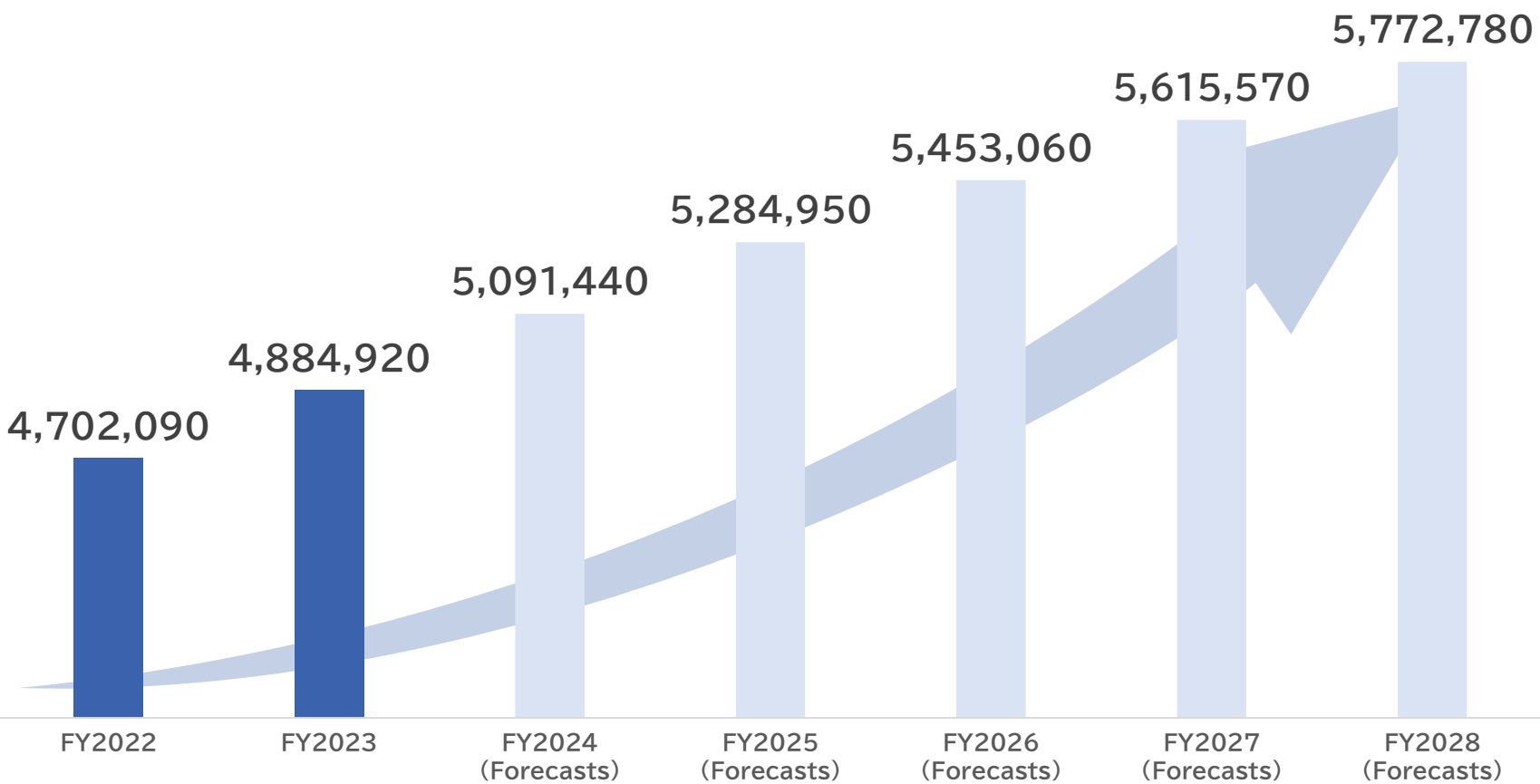
Cyber security service
- Cyber security expertise
- Vulnerability diagnosis - WAF - SOC

Growth Strategy
(SNS Related Support, Game Related Support, Advertisement Related Support, and Others)

Domestic BPO market size is projected to expand steadily

Forecasts and Transition of Domestic BPO Market Size

(Millions of yen)

FY	Market Size
FY2022	4,702,090
FY2023	4,884,920
FY2024 (Forecasts)	5,091,440
FY2025 (Forecasts)	5,284,950
FY2026 (Forecasts)	5,453,060
FY2027 (Forecasts)	5,615,570
FY2028 (Forecasts)	5,772,780

Note 1: Based on total revenue of BPO vendors
Note 2: Figures of FY2024 onwards are forecasts
Note 3: BPO services refer to tasks such as systems operations and management, call center operations, indirect department operations, and direct department operations that are outsourced by client companies and performed on their behalf.
However, specialized business-oriented services traditionally and commonly outsourced, such as tax affairs, logistics, information system development, and building maintenance, are excluded.

Source: Yano Research Institute Ltd. Prepared by E-Guardian Inc. based on "BPO (Business Process Outsourcing) Market in Japan: Key Research Findings 2024" published on November 19, 2024

Leveraging AI and Human Strengths

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> **Reorganized the development and operations team within the operation center**

> **Following field interviews, a system to enable more efficient operational responses was developed**

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Governance Technologies

> **Enhanced collaboration with Governance Technologies Inc. within the CHANGE HD Group**

> **Implemented generative AI in the "hinagata" email template tool**

2011
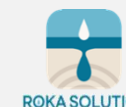
E-TRIDENT.

Text monitoring

ROKA SOLUTION

Image recognition

"hinagata"
(Former E-Trident)
Composite monitoring tool

hinagata
Template Management System

Customer support

Image recognition by "ROKA CUSTOM"

hinagata
Template Management System

Generative AI implementation

"EG Trans Works"

Translation system

H1 FY2025

2025

Entered the Enterprise Digital BPO Domain

Digital BPO knowhow

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Operational DX knowhow

▶ Providing our BPO service to major companies and public agencies

Addressing challenges such as labor and knowhow shortages

▶ H1 FY2025
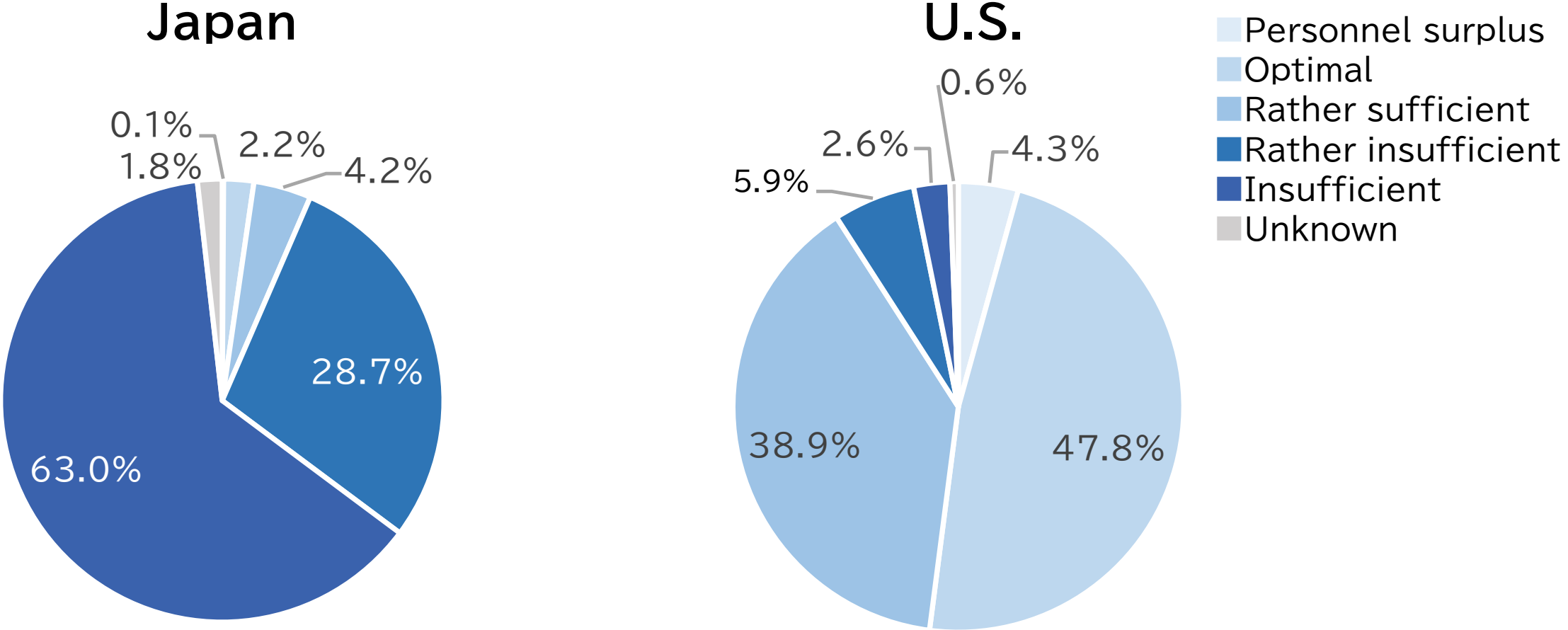Commenced bidding on government and public sector projects

Expanding Existing BPO Domain

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Social challenges arise	Generate new services	Address customers' challenges	Address social challenges
Growing number of "illegal part-time job" ads Phishing scams Tightened compliance	Detection of "illegal part-time job" ads Fake site takedown Compliance investigation	Address customers' challenges with our services	Address mounting customers' challenges to solve social issues

Another social challenges arise

Contribute to solving customer and social challenges by delivering services aligned with current trends

Growth Strategy
（Cyber Security）

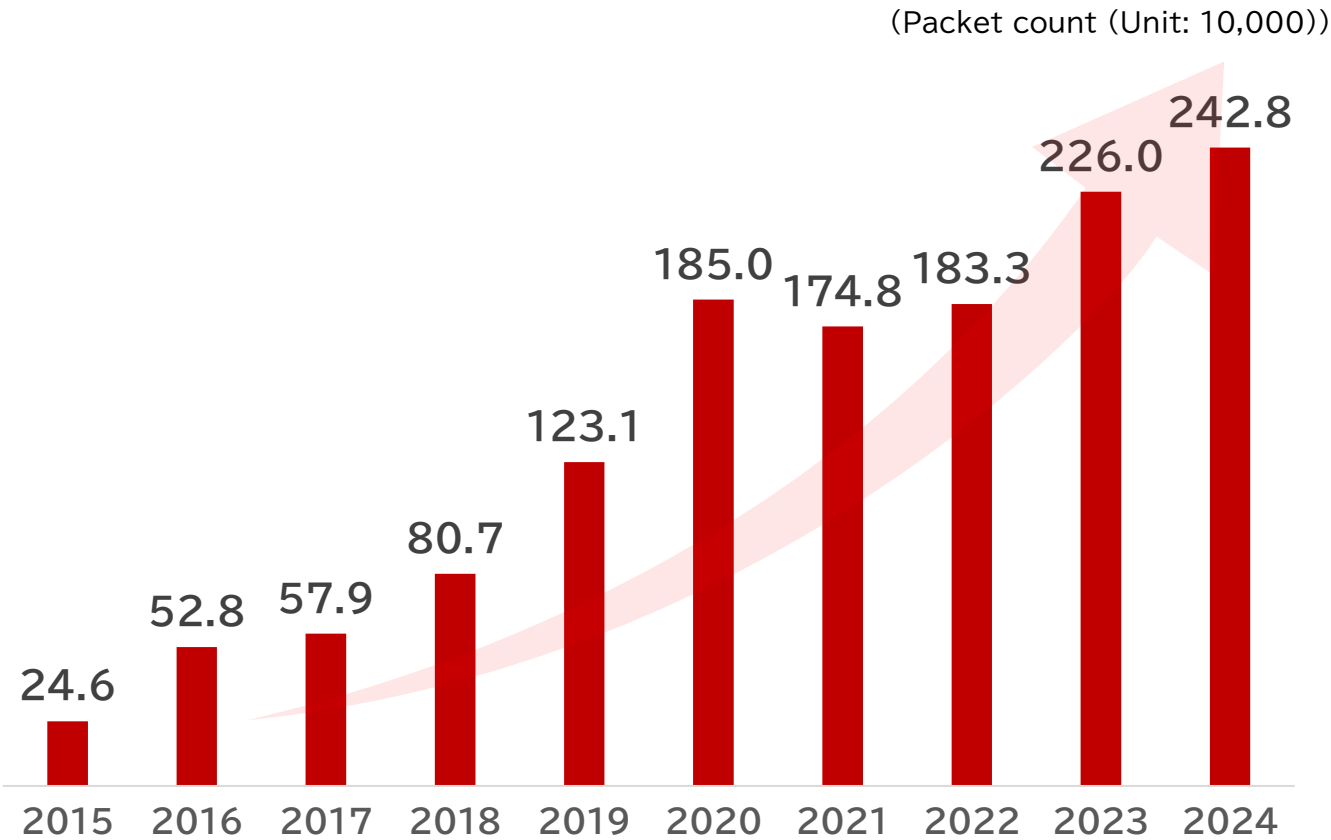# Shortage of cyber security professionals is significant in Japan

Availability of Cyber Security Professionals （by Country）

Japan

0.1%
1.8%
2.2%
4.2%
28.7%
63.0%

U.S.

0.6%
2.6%
5.9%
4.3%
38.9%
47.8%

- ■ Personnel surplus
- ■ Optimal
- ■ Rather sufficient
- ■ Rather insufficient
- ■ Insufficient
- ■ Unknown

Source: Prepared by E-Guardian Inc. based on "NRI Secure Insight 2023," NRI Secure Technologies, Inc.

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Domestic cyberattacks are increasing annually
Alongside companies, central and local governments are also rapidly strengthening their security measures
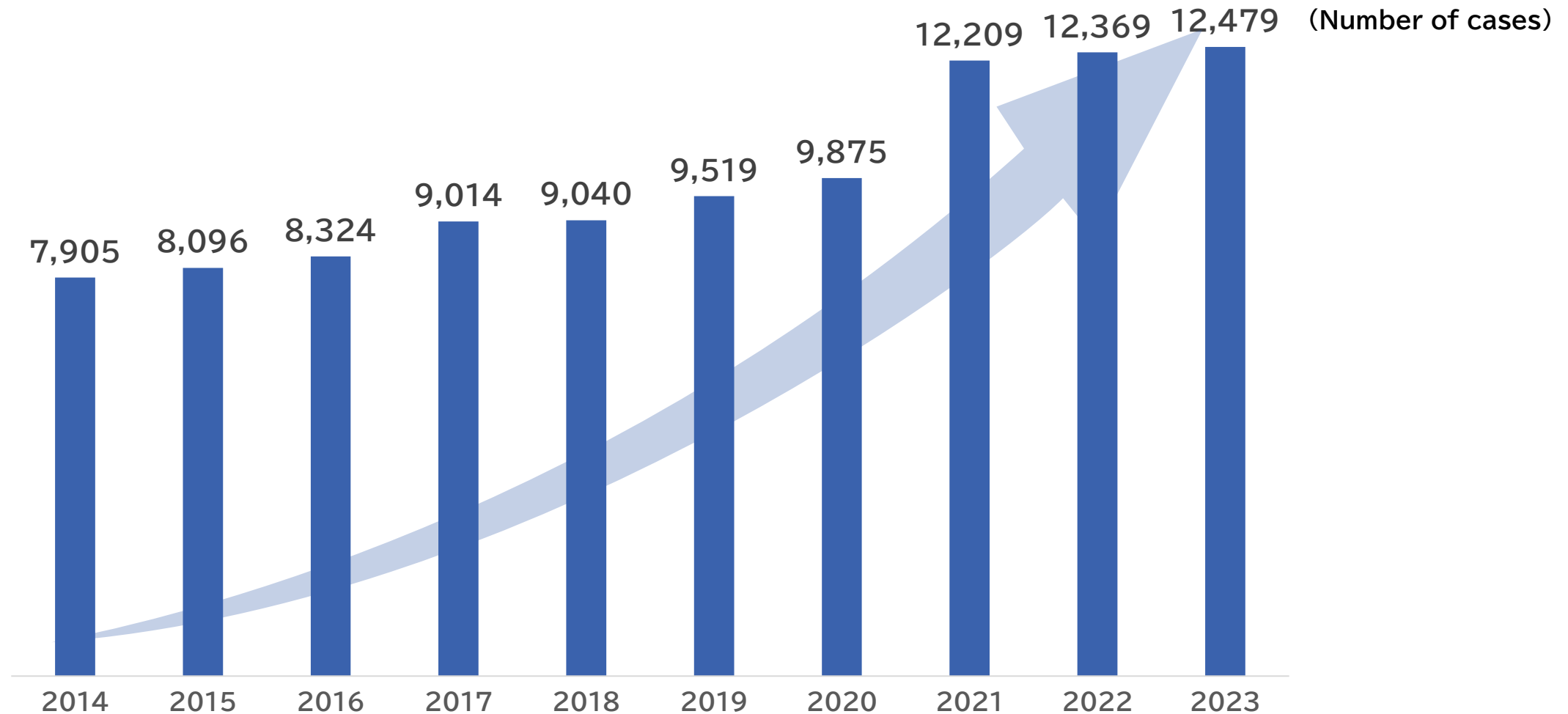
Year	Annual Observed Packet Total *	Darknet * IP Address Total
2015	Approx. 63.16 billion	270,973
2016	Approx. 144.0 billion	274,872
2017	Approx. 155.9 billion	253,086
2018	Approx. 216.9 billion	273,292
2019	Approx. 375.6 billion	309,769
2020	Approx. 570.5 billion	307,985
2021	Approx. 518.0 billion	289,946
2022	Approx. 522.6 billion	288,042
2023	Approx. 619.7 billion	289,686
2024	Approx. 686.2 billion	284,445

(Packet count (Unit: 10,000))

2015: 24.6
2016: 52.8
2017: 57.9
2018: 80.7
2019: 123.1
2020: 185.0
2021: 174.8
2022: 183.3
2023: 226.0
2024: 242.8

Total annual observed packets per IP address (past 10 years)

* Total annual observed packets indicate the number of packets that reached the darknet range observed by NICTER.
A darknet refers to a space of IP addresses on the internet that are reachable but unused.

Source: "NICTER Observation report 2024" by National Institute of Information and Communications Technology (NICT)
"Figure 1: Prepared by E-Guardian Inc. based on NICTER darknet observation statistics (Past 10 Years)" and "Figure 2: Total annual observed packets per IP address (past 10 years)"

Market Environment（Rising Security Demand）

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Trends in Number of Cleared Cybercrime Cases

（Number of cases）

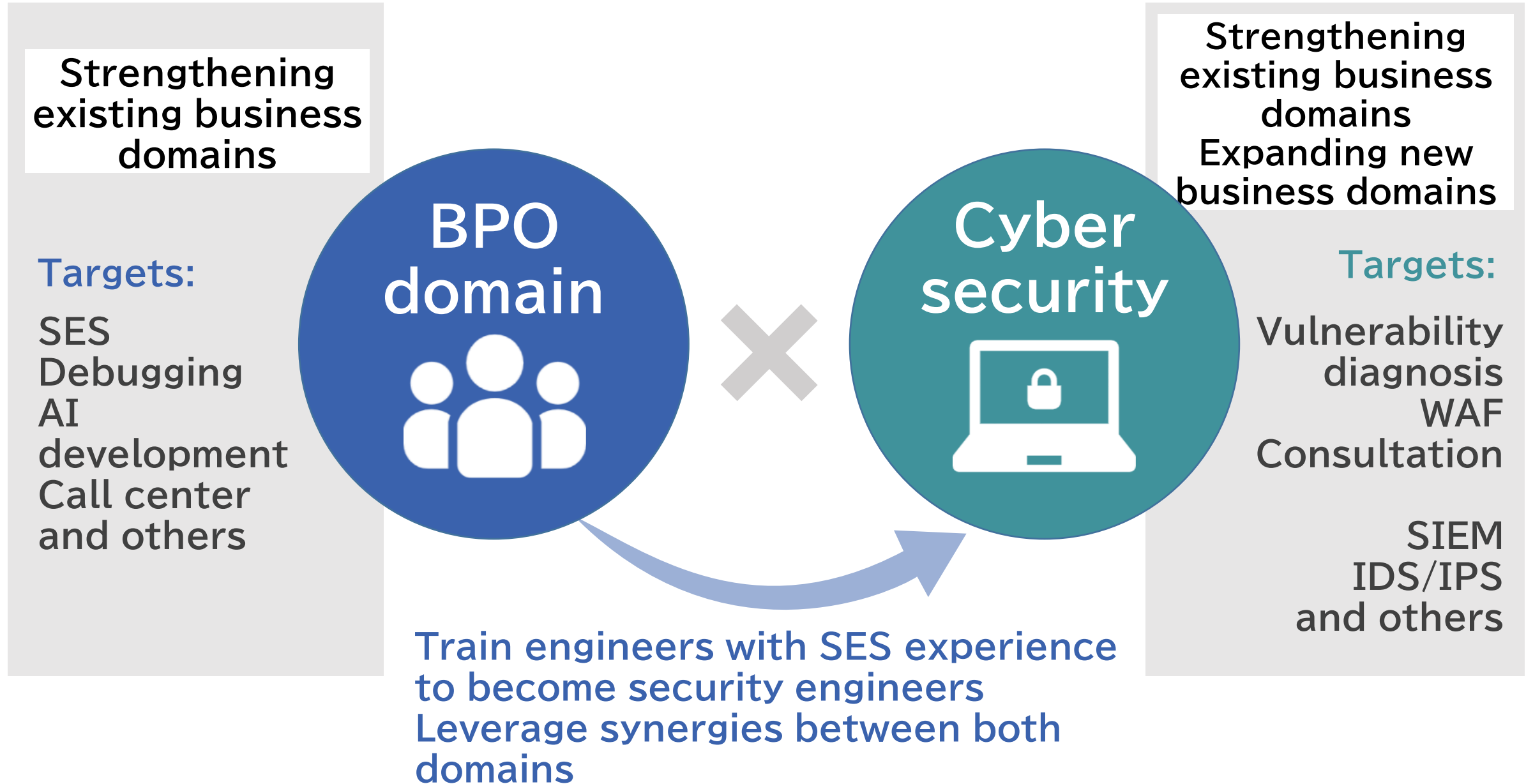| Year	Cases
2014	7,905
2015	8,096
2016	8,324
2017	9,014
2018	9,040
2019	9,519
2020	9,875
2021	12,209
2022	12,369
2023	12,479

Prepared by E-Guardian Inc. based on "Regarding the State of Threats in Cyberspace During the First Half of 2024" released by the National Police Agency on September 19, 2024

Expansion of Cyber security Business

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Provide security services and in-house developed products that protect Japan's infrastructure, primarily serving SMEs

Large enterprises

SMEs

Start-ups, etc.

Our targets

Providing services tailored to varying levels of security expertise

Consulting service

Vulnerability diagnosis

Product (SiteGuard)

Training/Education
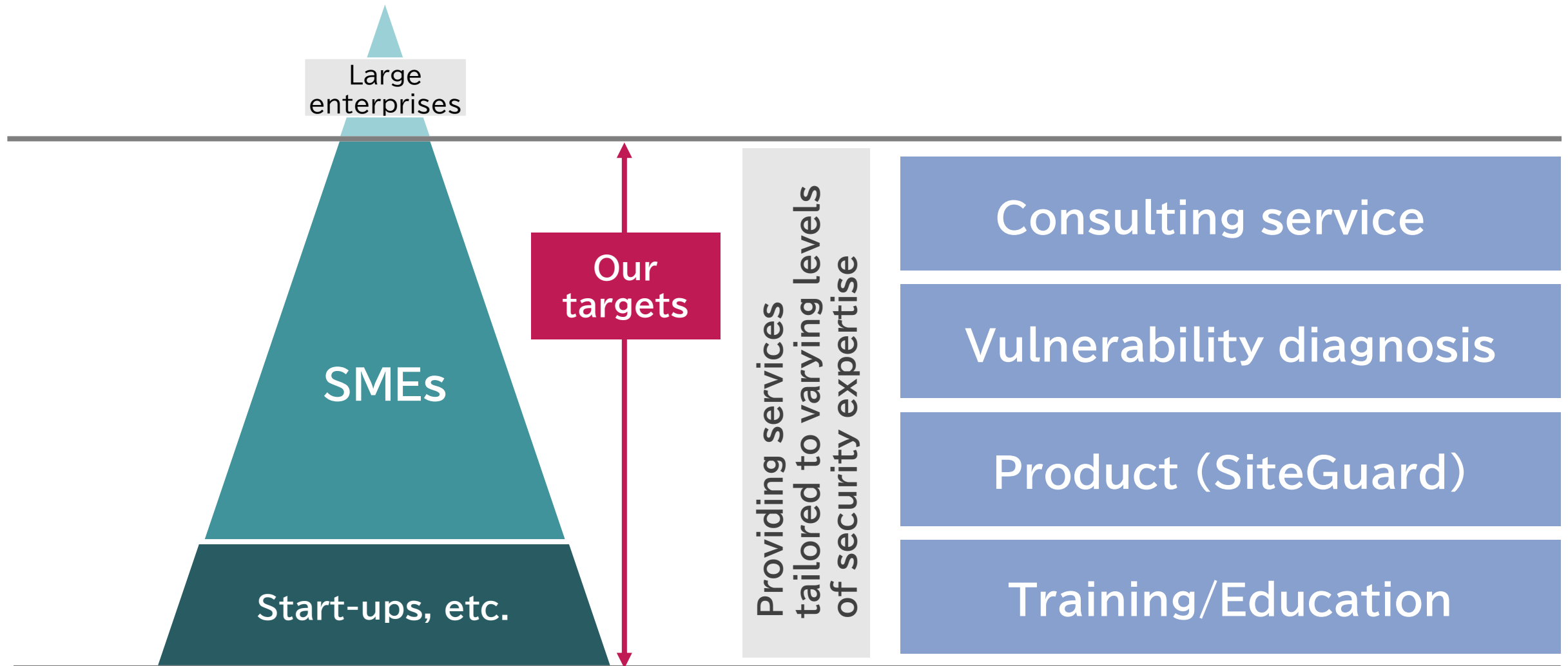
Growth Strategy
(About M&A)

About M&A

Strengthening existing business domains

Targets:

SES
Debugging
AI
development
Call center
and others

BPO domain

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Cyber security

**Strengthening existing business domains
Expanding new business domains**

Targets:

Vulnerability
diagnosis
WAF
Consultation

SIEM
IDS/IPS
and others

**Train engineers with SES experience to become security engineers
Leverage synergies between both domains**

We solve various issues such as labor and knowhow shortages, and cybercrime

Restructuring cyber security

Synergy with CHANGE HD

AI development investment

Definition of terms

- **WAF (Web Application Firewall):** A security system that protects websites from attacks exploiting web application vulnerabilities

- **SOC (Security Operation Center):** A specialized team responsible for detecting and analyzing cyberattacks and implementing countermeasures

- **Vulnerability Assessment:** The process of diagnosing web applications, etc., for vulnerabilities and proposing countermeasures

- **CSIRT (Computer Security Incident Response Team):** A team that responds to security incidents when they occur

- **IPS/IDS (Intrusion Prevention System / Intrusion Detection System):** Security systems that monitor communication to detect (IDS) and prevent (IPS) unauthorized access and attacks

- **MSS/MSSP (Managed Security Services / Managed Security Services Provider):** A service that provides outsourced operation and management of an organization's information security systems

- **SIEM (Security Information and Event Management):** A solution that analyzes logs collected from system components and notifies users in case of anomalies

- **EDR/EPP:** EDR (Endpoint Detection and Response) Technology that minimizes damage after an infection/EPP (Endpoint Protection Platform) Technology that prevents malware infections

Appendix

We Guard All

We deliver a safe and secure internet
experience for every user

A comprehensive internet security company safeguarding online safety and security

Name	E-Guardian Inc.
Listing	TSE Prime (6050)
Head office	Kotohira Tower 8F, 1-2-8 Toranomon, Minato-ku, Tokyo
Founded	May 1998
Representative	President & CEO Yasuhisa Takatani
Capital Stock	JPY 1,967 million
Employee Number (consolidated)	2,336 (including 1,923 contract employees)
Number of subsidiaries	Domestic: 3 Overseas: 2

As of March 2025

Service Description
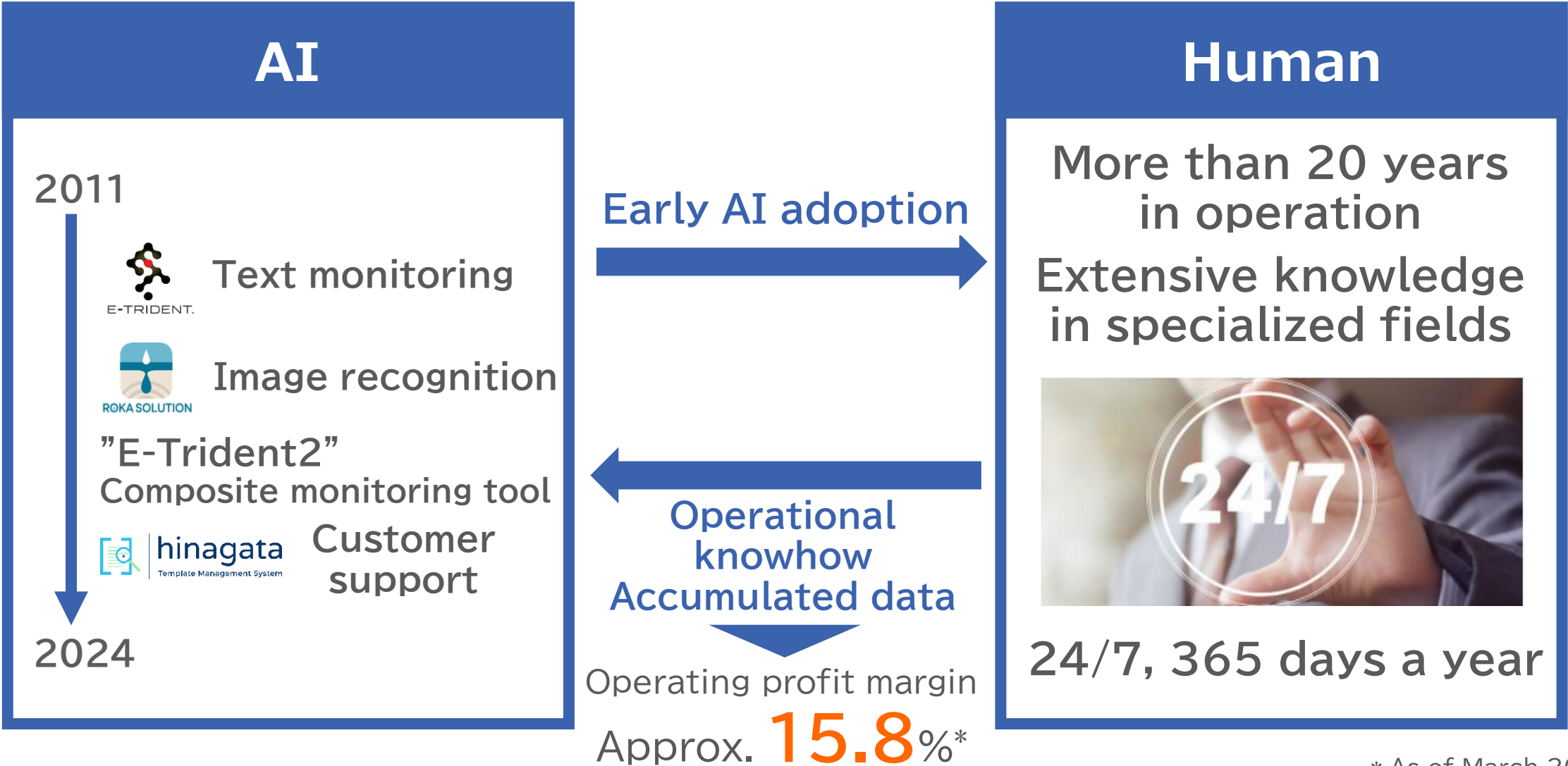
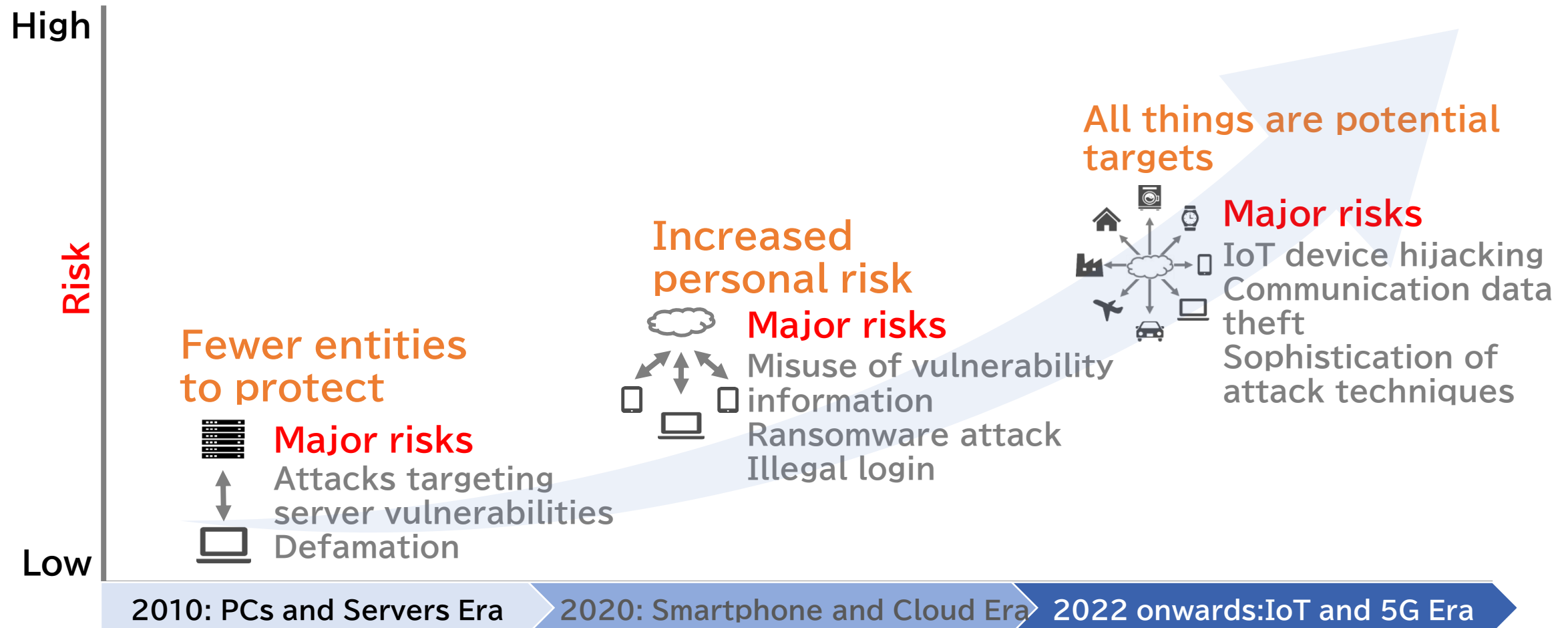## SNS-related support, etc., mainly provides post monitoring and customer support
Cyber security primarily involves conducting vulnerability diagnosis and developing/selling WAFs

SNS-related support Game-related support	Advertisement-related support	Cyber security	Other
SNS and video post monitoring Customer support Multi-language support Rumor research	Advertisement Inspection Back office operation	Vulnerability diagnosis WAF SOC Consulting	Hardware-software debugging

E-Guardian

EG Tohoku

EG Philippines

EG Vietnam

EG Secure Solutions

EG Testing Services

Our Social Support Strengths

Providing high quality and highly efficient services through the early introduction of AI and human integration

AI

2011

 Text monitoring

E-TRIDENT.

 Image recognition

ROKA SOLUTION

"E-Trident2"
Composite monitoring tool

hinagata
Template Management System

Customer support

2024

Early AI adoption →

← **Operational knowhow Accumulated data**

Operating profit margin

Approx. **15.8**%*

Human

More than 20 years in operation

Extensive knowledge in specialized fields

24/7

24/7, 365 days a year

The increasing and diversifying internet risks are raising the demand for security measures

High

Risk

All things are potential targets

Major risks
IoT device hijacking
Communication data theft
Sophistication of attack techniques

Increased personal risk

Major risks
Misuse of vulnerability information
Ransomware attack
Illegal login

Fewer entities to protect

Major risks
Attacks targeting server vulnerabilities
Defamation

Low

2010: PCs and Servers Era | 2020: Smartphone and Cloud Era | 2022 onwards:IoT and 5G Era

E·G **E-Guardian**
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ESG

Environment

●Promoting the purchase of supplies, etc., based on the Green Purchasing Law.

Social

●Female manager ratio: 26% ∗1（National average: Equivalent to Department Manager 7.9% ∗2）

●Approx. 5.4 external training sessions per year for interested employees（2023 actual: Approx. 3.5 sessions）

∗ As of the end of September 2024

∗1 "Managers" of our company refer to managers and supervisors
∗2 Source: Ministry of Health, Labour and Welfare's "2023 Basic Survey on Gender Equality in Employment" (https://www.mhlw.go.jp/toukei/list/dl/71-r05/02.pdf)

Governance

●Three outside Directors out of seven at the Board of Directors

●Established a voluntary Nomination and Remuneration Committee and Special Committee

As of the end of March 2025

Notes on Using This Material

- Please note that this document includes our company's plans and performance forecasts. These plans and projected figures are based on information available to us as of the present date and represent our current estimates.
- Accordingly, actual results may differ materially from these plans and projections due to various factors in the future.
- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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