

# **Financial Results for the Three Months Ended June 30, 2025**

## **Supplementary Briefing Materials**

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Aug. 7, 2025, 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 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

# Executive Summary



## **Guarantee liabilities increased by 8.6% YOY, reaching 847.6 billion yen**

Guarantee liabilities increased by 8.6% YOY due to the continued accumulation of new contracts.



## **Net Sales increased by 13.9% YOY**

Against the backdrop of an increase in corporate bankruptcies, net sales rose by 13.9% YOY, driven by steady growth in new contract acquisitions and a strong contract renewal rate among existing clients.



## **Ordinary profit increased by 9.0% YOY**

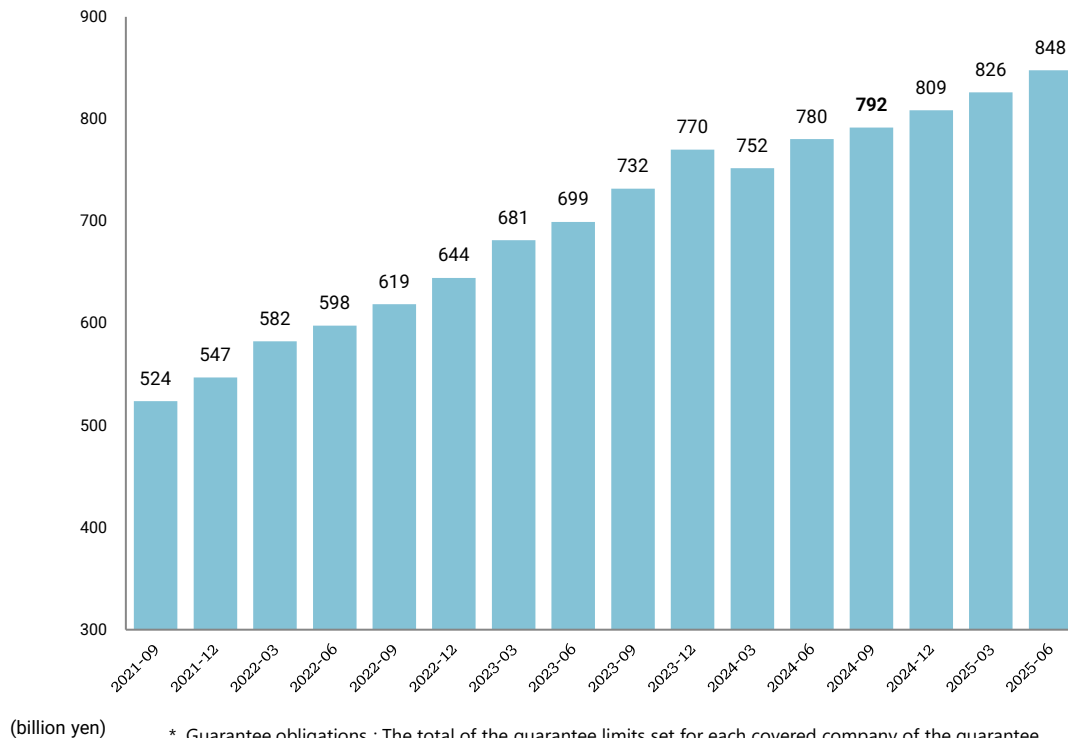
While net sales increased, the rise in corporate bankruptcies nationwide during the previous fiscal period led to higher performance of guarantee and reinsurance-related expenses. In addition, selling, general and administrative expenses, mainly personnel costs also increased. As a result, ordinary profit rose by 9.0% YOY.

# 1-1 Trends of Guarantee Liabilities, and Guarantee obligations

- Guarantee liabilities increased by 8.6% YOY to 847.6 billion yen.
- Guarantee obligations increased by 39.3% YOY to 2,105.7 billion yen.
- Guaranteed liabilities increased steadily due to the continued accumulation of new contracts.

Guarantee liabilities: 847.6 billion yen

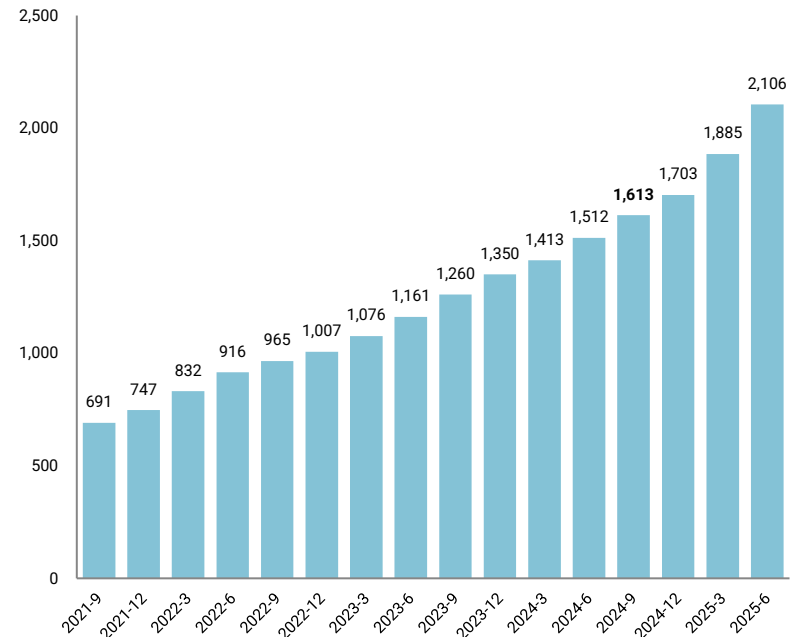
8.6% YOY increase



Guarantee obligations :

2,105.7 billion yen

39.3% YOY increase



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

\* Guarantee liabilities amount : The total of 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 Three months ended June 2025

- Net Sales

  - According to Teikoku Databank, the number of corporate bankruptcies in the first half of 2025 increased by 2.4% year on year to 5,003 cases, surpassing 5,000 for the first time in 12 years since 2013 during a half-year period. Amid this growing awareness of heightened credit risk, the number of new contracts steadily increased, and a strong contract renewal rate among existing clients. As a result, net sales rose by 13.9% compared to the same period of the previous year.

■ Operating profit and ordinary profit

  - Net sales increased by 13.9%; however, due to the nationwide rise in corporate bankruptcies, performance of guarantee increased, and reinsurance-related expenses also rose, resulting in a 9.9% YOY increase in gross profit.
  - Selling, general and administrative expenses increased by approximately 12.8%, mainly due to higher personnel expenses.

(Million yen)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025	YOY Rate of increase or decrease
Net sales	2,406	2,741	+13.9%
Gross profit	1,849	2,031	+9.9%
Operating profit	1,168	1,262	+8.1%
Ordinary profit	1,187	1,294	+9.0%
Profit attributable to owners of parent	779	865	+11.0%

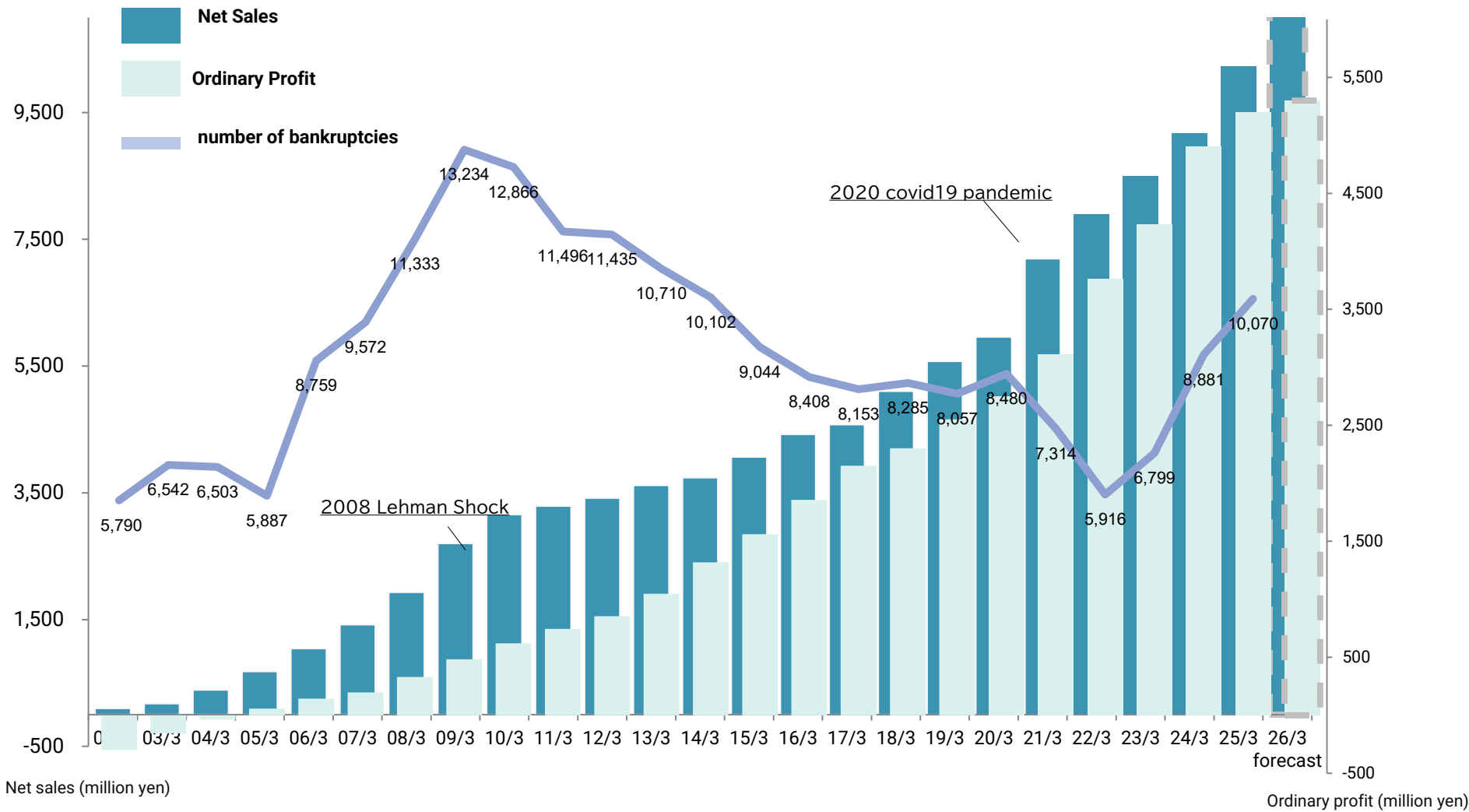
Consolidated earnings forecast for FY 2026/3 (Million yen)

	First half	Full year
Net sales	5,400 (+10.7%)	11,300 (+10.5%)
Operating profit	2,500 (+5.0%)	5,200 (+1.9%)
Ordinary profit	2,550 (+4.6%)	5,300 (+1.9%)
Profit attributable to owners of parent	1,650 (+0.8%)	3,550 (+1.7%)

(% indicates changes from the previous corresponding period.)

# 1-3 Business Trends

The consolidated financial forecast for FY2025 is as follows : Net sales: 11,300 million yen , Operating profit 5,200 million yen , Ordinary profit 5,300 million yen , Profit attributable to owners of parent of 3,550 million yen. We expect to achieve an increase in net sales and ordinary profit for 24 consecutive years.



# 1-4 Consolidated Balance Sheets

(Million yen)

Asset	As of March 31,2025	As of June 30,2025
<b>Current assets</b>	<b>18,907</b>	<b>16,643</b>
Cash and deposits	16,315	11,899
Prepaid expenses	1,569	1,208
Securities	300	300
Other	723	3,235
<b>Non-current assets</b>	<b>14,107</b>	<b>14,085</b>
Total property, plant and equipment	1,976	1,967
Intangible assets	117	123
Investment securities	11,288	11,290
Other	726	702
<b>Total assets</b>	<b>33,014</b>	<b>30,728</b>

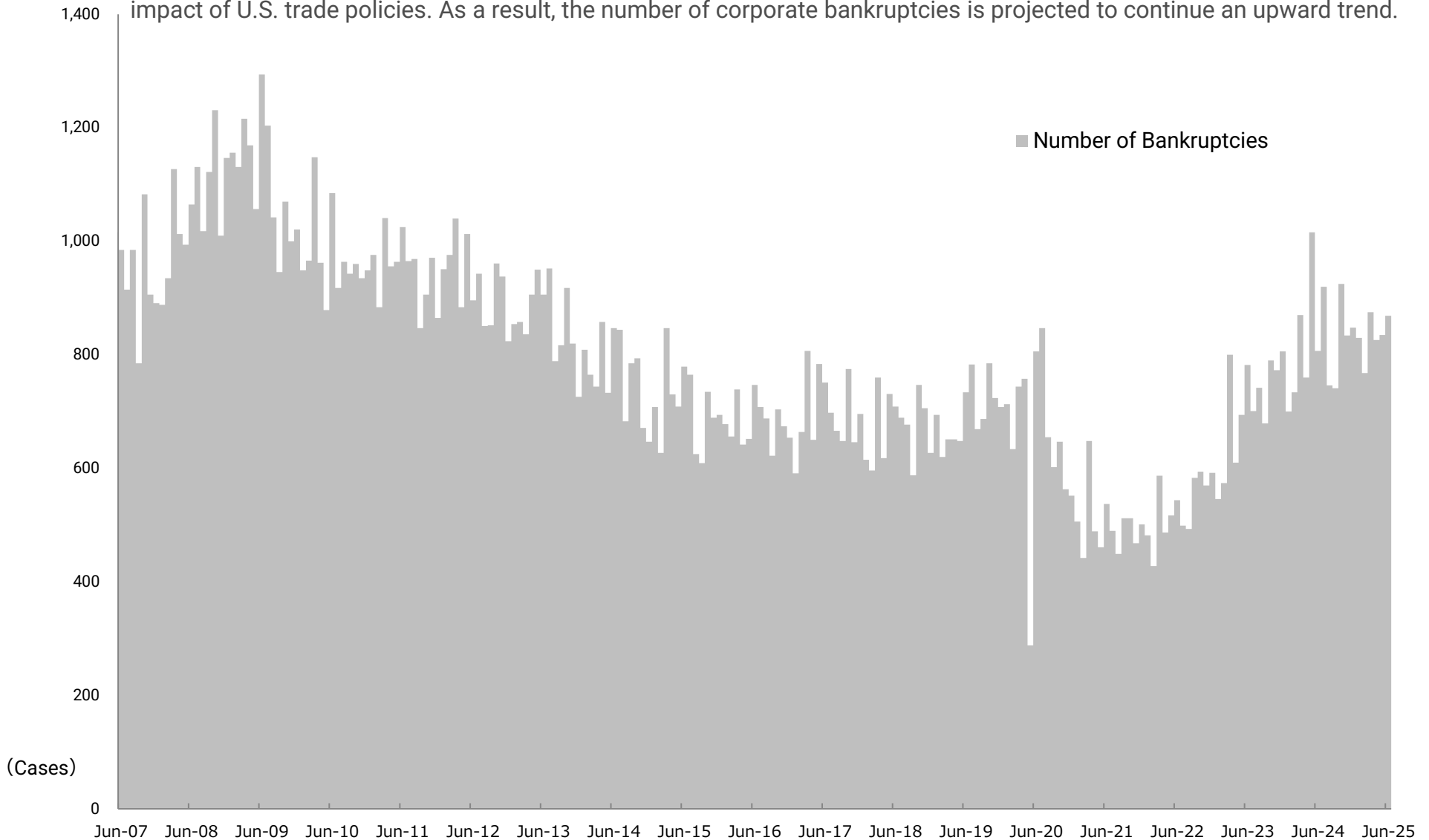
## ■ Major reasons for change

- Current assets : Decreased by 12.0% compared to the end of the previous fiscal year, As a result of an increase in deposits for the purpose of acquisition of treasury shares and other factors, cash and cash equivalents decreased by ¥4,415 million.
- Current liabilities : Decreased by 9.9% compared to the end of the previous fiscal year, mainly due to 600 million yen decrease in income taxes payable.
- Net assets : Declined by 6.2% compared to the end of the previous fiscal year, primarily due to 723 million yen increase in treasury shares.

Liabilities	As of March 31,2025	As of June 30,2025
<b>Current liabilities</b>	<b>6,507</b>	<b>5,863</b>
Provision for settlement	413	470
Advances received	4,748	4,520
Income taxes payable	1,018	417
Other	329	456
<b>Non-current liabilities</b>	<b>115</b>	<b>115</b>
Long-term accounts payable	115	115
<b>Total liabilities</b>	<b>6,622</b>	<b>5,978</b>
<b>Net assets</b>	<b>As of March 31,2025</b>	<b>As of June 30,2025</b>
<b>Shareholder's equity</b>	<b>24,206</b>	<b>22,574</b>
Share capital	3,975	3,975
Capital surplus	3,385	3,385
Retained earnings	16,846	15,938
Treasury stock	Δ1	Δ725
<b>Share acquisition rights</b>	<b>157</b>	<b>157</b>
<b>Non-controlling interests</b>	<b>2,027</b>	<b>2,018</b>
<b>Net assets</b>	<b>26,391</b>	<b>24,750</b>
<b>Total liabilities and net assets</b>	<b>33,014</b>	<b>30,728</b>

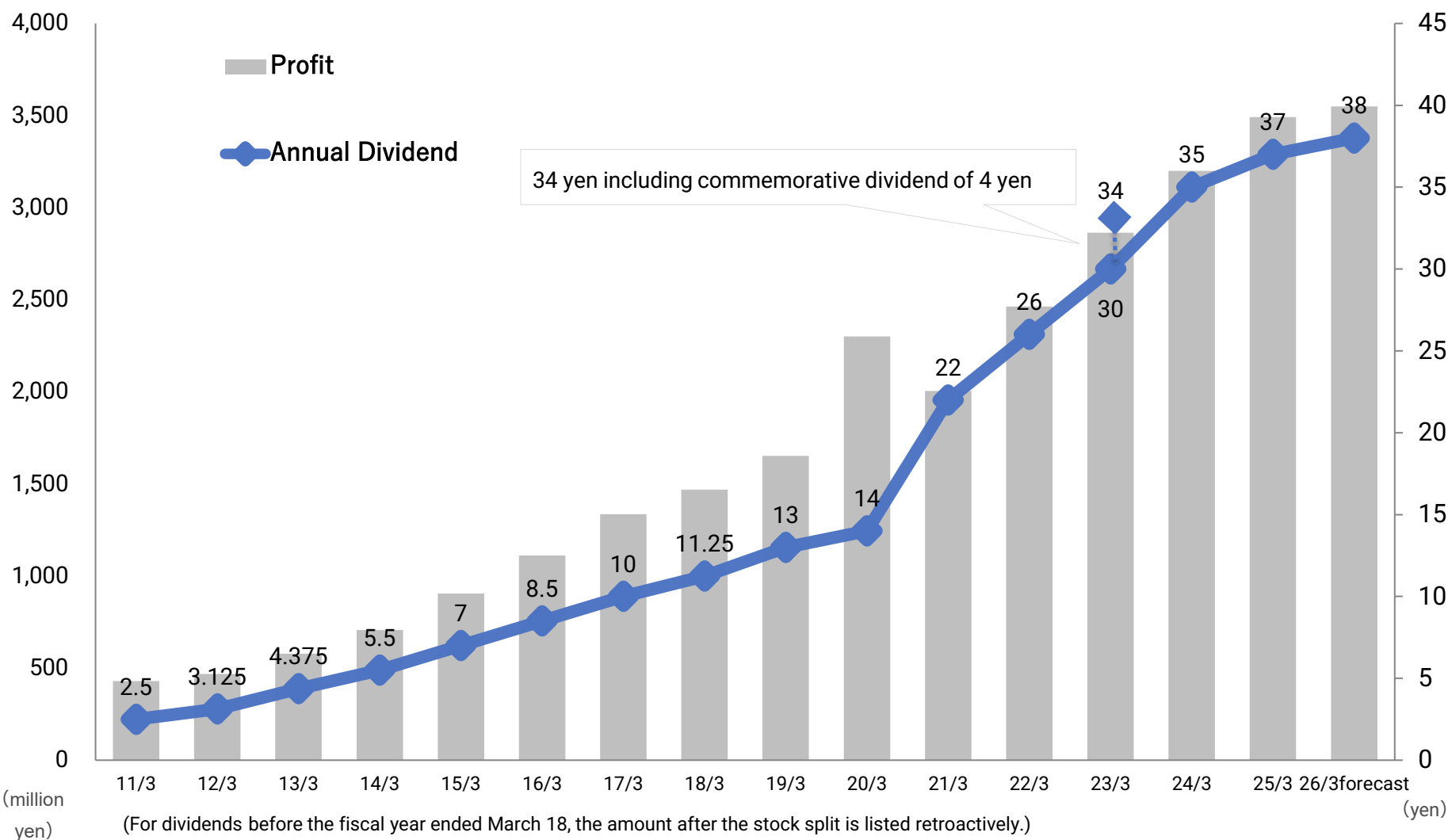
# 1-5 Number of Bankruptcies

According to Teikoku Databank, the number of corporate bankruptcies in the first half of 2025 increased by 2.4% year on year to 5,003 cases, exceeding 5,000 for the first time in a half-year period since 2013, and indicating a persistently high level. Looking ahead, the business environment for small and medium-sized enterprises is expected to remain challenging due to factors such as rising interest rates, the increasingly cautious lending stance of financial institutions, and the impact of U.S. trade policies. As a result, the number of corporate bankruptcies is projected to continue an upward trend.



# 1-6 Dividend Policy

The Company regard the return of profits to shareholders as one of our key management priorities and will continue to pursue a progressive dividend policy aimed at maintaining or increasing dividends, with a target dividend payout ratio of 50% or more. Based on this policy, The Company currently expect to pay an annual dividend of ¥38 for the fiscal year ending March 2026.





## 1-7 Recent Activities

### Change in Shareholder Return Policy

In the first quarter of the fiscal year ending March 2026, we announced a change in our shareholder return policy. In addition to introducing a progressive dividend policy, we have revised the policy as outlined below to clearly articulate our commitment to enhancing shareholder returns and improving capital efficiency through the continuous and flexible repurchase of treasury shares.

Before	Dividends to be paid with a target dividend payout ratio of 50% or more
After	We will continue to implement a progressive dividend policy, aiming for a dividend payout ratio of 50% or higher, with the goal of increasing or at least maintaining dividend levels. In addition, to further enhance shareholder returns and improve capital efficiency, we aim to conduct ongoing and flexible share repurchases, targeting a total buyback amount of JPY 10 billion by the end of the fiscal year ending March 2028.

### Acquisition of Treasury Shares

We have positioned the return of profits to shareholders as one of our key management priorities and have formulated our shareholder return policy with due consideration to financial soundness, including maintaining adequate liquidity. To further enhance shareholder returns and improve capital efficiency, we have decided to carry out continuous and flexible share repurchases. For the fiscal year ending March 2026, we aim to repurchase treasury shares totaling ¥3.0 billion.

As of June 30, 2025, we have already acquired treasury shares amounting to ¥723,943,700, totaling 480,200 shares.



## **Appendix**

- **Sustainability Initiatives**

## 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 -



### Promotion of renewable energy businesses

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.



### Contribution to sustainable use of marine resources

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.



### Risks related to climate change

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.

## - Society -



### Support for start-ups, etc.

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.◦



### Promotion of health and welfare

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.



### Contribution to regional revitalization

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, 2025)



Corporate Governance Structure at a Glance (as of June 27, 2025)

Number of Directors (of which, number of Outside Officers)	9 (4)
Number of Audit & Supervisory Board Members (of which, number of Outside Audit & Supervisory Board Members)	3 (3)
Directors' term of office	1 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, 2025)

Category	Guarantee liabilities (Billions of yen)
Guarantee liabilities related to solutions to environmental issues (E)	24.2
Guarantee liabilities related to solutions to social issues (S)	25.1
Guarantee liabilities related to regional revitalization (S)	300.5
Guarantee liabilities related to start-ups, etc. (S)	90.2
Summary	440.0

\* 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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