

This document summarizes the questions received from participants at the earnings results briefing held on May 15, 2026.

Responses were provided by President and Representative Director Eto and Managing Director Murai.

## 1. Business Model & Competitive Advantages

**Q1 Regarding the “unique data” you mentioned, my impression is that much of the data appears to be publicly available. I believe competitors may not have entered the market so far simply because the market size has still been relatively small. As accounts receivable guarantee services become more widely adopted and the market continues to expand going forward, is there a possibility that barriers to entry could decline, or that clients themselves may eventually become capable of conducting credit assessments internally**

A1 While many of the items presented in our materials include publicly available data, such information carries only minimal weight within our internal assessing framework.

What we place the greatest importance on is highly closed transaction data, such as payment delay information. The fact that one party has failed to make payment to another generally does not become publicly available. However, through our proprietary framework, we are able to collect such data, which supports the highly accurate calculation of bankruptcy possibility.

In addition, information regarding who is transacting with whom, and under what terms, is extremely important. For example, we monitor even subtle changes in transaction conditions, such as payment terms being shortened from the customary “90 days” to “60 days,” extended to “120 days,” or changed to installment-based payments. Such information is difficult to obtain even for banks, except with respect to their own borrowers, and is therefore not something competitors can easily replicate.

In the past, several major financial institutions, as well as large trading companies other than ITOCHU Corporation, entered the guarantee business. However, those competitors ultimately withdrew from the market, and today we remain the only company that has continued operating successfully in this space. (CEO, Eto)

## 2. FY2026 Financial Results

**Q1 Given the current environment, where corporate bankruptcies remain at elevated levels, it would appear that a company such as yours, offering highly differentiated services, could proactively raise average guarantee fee rates to a greater extent. What do you see as the key challenges preventing this?**

A1 One candid challenge we face is that even our frontline sales personnel are aware that the Company already maintains sufficiently high profitability. Our operating margin exceeds 50%, while our cost ratio is approximately 24%. As a result, some sales representatives may feel that we are already receiving adequate value from customers and therefore tend to concede during pricing negotiations, believing that “it would be difficult to charge more than this.” To reduce such variability arising from individual judgment, we are currently building a framework that utilizes AI and other systems to support more consistent pricing discipline. The goal is to ensure that we can appropriately communicate the value we provide and propose suitable guarantee fee rates without being overly influenced by customer requests. (CEO, Eto)

**Q2 We understand that guarantee fee rates generally tend to rise during periods when corporate bankruptcies are increasing. Such trends were particularly evident during periods such as the Global Financial Crisis and the early stages of the COVID-19 pandemic.**

**However, despite the increase in corporate bankruptcies since around 2023, your average guarantee fee rate has not risen, and in fact declined in the previous fiscal year.**

**Compared with prior periods, when guarantee fee rates could be raised more readily, what do you believe has changed most significantly in the current environment, where raising fee rates appears to be more difficult?**

A2 We believe the key difference lies in the degree of concern customers have regarding whether corporate bankruptcies are likely to accelerate further going forward.

Looking at recent bankruptcy trends, the number of bankruptcies increased sharply by 13.4% year on year in the previous fiscal year, but the rate of increase moderated to 3.5% in the most recent fiscal year, indicating signs of stabilization. As a result, we believe many customers have come to perceive that bankruptcies may not continue increasing as rapidly as initially feared. In our view, this shift in sentiment has had a greater impact than the absolute number of bankruptcies itself.

By contrast, during periods such as the aftermath of the Global Financial Crisis, not only were bankruptcy numbers rising, but the pace of increase was also extremely high, at levels such as 16% or 18%. There was a widely shared perception that “conditions next year and beyond could become even worse than today.” In such environments, it becomes easier to raise guarantee fee rates.

Similarly, during the COVID-19 pandemic, actual bankruptcies declined due to financial support measures, yet there was still a strong sense throughout society that “conditions are becoming increasingly dangerous, and bankruptcies are bound to rise.”

Candidly speaking, we believe these differences in market sentiment and perceived risk levels have had a significant influence on guarantee fee rates. (CEO, Eto)

### **3. Initial Forecast for FY ending March 31,2027 and Key Initiatives**

**Q1 Could you elaborate on the assumptions underlying your earnings forecast for this fiscal year?**

**You are forecasting net sales growth of approximately 8%, broadly in line with the growth achieved in the previous fiscal year, while operating profit is expected to increase by around 6%. However, profitability does not appear to be expanding significantly.**

**In relation to the topline outlook, how are you thinking about growth in guarantee liabilities and trends in average guarantee fee rates? In addition, could you share your perspective on the business environment surrounding the Company, as well as the assumptions underlying your cost outlook?**

A1 We plan to increase Guarantee Liabilities by approximately JPY 130 billion on a net basis during the fiscal year. While this may fluctuate depending on the bankruptcy environment and other factors, we had previously been increasing Guarantee Liabilities at a pace of roughly JPY 100 billion annually, and therefore expect contract volume itself to grow year on year.

On the other hand, a key concern is the decline in average unit pricing. Traditionally, there has been strong demand for our services as a form of outsourced credit management administration. In cases involving highly creditworthy counterparties — where guarantee fees are naturally very low — customers often seek to leverage eGuarantee's screening and management capabilities on an outsourced basis. As a result, guarantee fees tend to be relatively small compared with the size of the guaranteed amount, which puts downward pressure on overall average pricing.

Ideally, our sales personnel should not position the service merely as administrative outsourcing, but rather emphasize the value of guarantees as a risk-hedging solution and secure contracts involving appropriate risk profiles, which would help maintain guarantee fee rates. However, particularly among some younger employees, this approach has not yet been fully established, and therefore our current fiscal year budget incorporates a certain degree of pricing decline.

Regarding costs, we expect improvement this fiscal year compared with the previous year, which should serve as a positive factor for profitability. At the same time, we continue to expand headcount by approximately 50 employees annually, resulting in higher personnel-related expenses. Our approach for this fiscal year is to improve operating profit while absorbing these upfront investments in hiring and organizational expansion. (CEO, Eto)

**Q2 You mentioned that progress toward the performance targets set out in the Medium-Term Business Plan has been somewhat delayed. Are there any challenges specific to your business model, such as difficulties in developing human resources or building the organizational structure required to support growth?**

A2 We do not believe that developing human resources itself is an especially significant challenge. As shown in the data presented in our materials, there is not a substantial difference in contract acquisition rates between employees in their second year after joining the Company and more experienced sales personnel with three to ten years of experience. We believe our training and education framework is relatively well established.

That said, within the sales organization, the current challenge is that we have added approximately 40 new employees into a sales organization of around 90 people, which has placed a considerable burden on the employees responsible for training and onboarding.

Although the pace of hiring has accelerated recently, it remains extremely difficult to fully recover the sales impact resulting from the decline in sales personnel during the fiscal year ended March 2025. As a result, we currently expect achievement of the Medium-Term Business Plan targets of JPY 20 billion in revenue and JPY 10 billion in ordinary profit to be delayed by at least approximately 1.5 years. (CEO, Eto)

**Q3 Could you share your assumptions regarding trends in guarantee fee rates and reinsurance fees (costs) under your plan for this fiscal year?**

A3 Regarding guarantee fee rates, our plan for the current fiscal year is based on the assumption of a slight increase. As for costs, including reinsurance fees, we expect them to remain generally flat or decline slightly.

Accordingly, we believe that the gross profit margin bottomed out in the previous fiscal year, and our plan assumes a recovery trend beginning this fiscal year. (CEO, Eto)

**Q4 Regarding the “partner sales model,” we believe that if this model — which enables scalable growth without relying directly on increasing headcount — is successfully established, it could have a very significant impact on earnings. Could you share whether the AI-driven credit assessment system and smartphone-based closing framework have already been fully developed? In addition, to what extent have the potential contributions from these initiatives been incorporated into this fiscal year’s earnings forecast?**

A4 At present, some components have been developed while others are still under development. Even for the areas that are already functioning, we believe there is still considerable room for improvement.

For example, approximately four months ago, we completed a prototype AI function

capable of generating written explanations regarding the basis for a company's bankruptcy possibility, including factors such as changes in asset conditions, electricity and gas payment status, and concentrations of guarantee applications. However, the current output still contains many unnatural elements, and at this stage our sales personnel must review and revise the AI-generated content before presenting it to customers. We are continuing to refine the system while addressing these challenges. Regarding the partner sales model, partnerships with accounting firms and other organizations are steadily expanding. However, the framework described in our materials — under which the entire contracting process can be completed solely via smartphone — has not yet been fully implemented, and several operational challenges remain. Even as the number of partners increases, our personnel are still involved in customer explanations and support at this stage.

We aim to transition to a model requiring minimal human involvement as quickly as possible. That said, we have not incorporated any earnings contribution from these AI-driven or smartphone-based fully digital models into our forecasts for the current fiscal year. (CEO, Eto)

**Q5 Is it correct to understand that, by further advancing the adoption of AI, the growth rate and scale of your Guarantee Liabilities could expand even more going forward?**

A5 We believe that the utilization of AI will contribute to the expansion of our Guarantee Liabilities. It is not simply that "AI itself will drive growth," but rather that AI is essential to realizing the partner sales model we are currently pursuing.

At present, our sales personnel visit each company introduced by partner banks individually, and we are facing limitations because scaling this process requires increasing headcount. If AI can instantly generate corporate analyses and explanations supporting guarantee fee rates, and if personnel at accounting firms and other partners are able to complete proposals and contracts directly with customers using only a smartphone, then these constraints on sales capacity can be significantly reduced.

Inquiries themselves are increasing in proportion to the expansion of our workforce, so if AI enables us to eliminate this bottleneck, we believe we will be able to accumulate contracts at a much faster pace.

That said, there are still many challenges remaining with respect to the practical implementation of AI, and we intend to continue addressing these issues going forward. (CEO, Eto)

#### **4. Shareholders Return**

**Q1 Regarding shareholder returns, you indicated that the Company intends to target a dividend payout ratio of 100% for the current fiscal year based on the**

**calculation of required capital. Should this be viewed as a policy that will continue going forward?**

**Or is it more appropriate to understand that, since minimum required capital will be recalculated each year, the payout ratio will not necessarily remain at 100% on a continuous basis?**

A1 We manage the capital required for our business by separating it into two categories: “capital required as a risk buffer” and “capital required for growth investments.”

With respect to the risk buffer, we calculate the necessary amount on an ongoing basis using a benchmark of approximately 8% to 12% against the balance for which we are assuming risk. Regarding growth in investments, we estimate the level of investment required over the coming several years.

After accounting for these requirements, our policy is to proactively return surplus capital to shareholders. Accordingly, while we will continue to review and reassess capital needs as appropriate, we intend to maintain this high level of shareholder returns for the foreseeable future. (Managing Director, Murai)

We do not view this as a policy that will be discontinued within one or two years. Given our business model, under which a certain portion of risk is hedged, we believe that we maintain sufficient capital even after deducting the required risk buffer, and therefore consider this policy sustainable for the time being. (CEO, Eto)

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