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Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 14, 2021

Company name: eGuarantee, Inc.
Stock exchange listing: Tokyo
Code number: 8771
URL: <https://www.eguarantee.co.jp/>
Representative: Masanori Eto
Contact: Nozomu Murai
Phone: 03-6327-3609

President and Chief Executive Officer
Director, General Manager of Corporate Administration Dept

Scheduled date of Annual General Meeting of Shareholders: June 28, 2021
Scheduled date of commencing dividend payments: June 29, 2021
Scheduled date of filing annual securities report: June 29, 2021
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-------------|------|------------------|------|-----------------|------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 31, 2021 | 7,194 | 20.8 | 3,088 | 13.6 | 3,108 | 13.0 | 2,004 | (12.9) |
| March 31, 2020 | 5,956 | 6.9 | 2,718 | 8.2 | 2,751 | 7.8 | 2,301 | 39.3 |

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 2,161 million [(11.2)%]
Fiscal year ended March 31, 2020: ¥ 2,433 million [38.1%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2021 | 45.12 | 42.51 | 14.6 | 15.9 | 42.9 |
| March 31, 2020 | 54.14 | 51.27 | 21.5 | 16.7 | 45.6 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ (0) million
Fiscal year ended March 31, 2020: ¥ 5 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| March 31, 2021 | 22,570 | 17,186 | 70.3 | 347.19 |
| March 31, 2020 | 16,444 | 12,798 | 70.3 | 271.94 |

(Reference) Equity: As of March 31, 2021: ¥ 15,876 million
As of March 31, 2020: ¥ 11,558 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| March 31, 2021 | 4,694 | (80) | 2,209 | 11,644 |
| March 31, 2020 | 1,036 | (1,661) | (613) | 4,820 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|-----------------|--------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| March 31, 2020 | - | 0.00 | - | 14.00 | 14.00 | 595 | 25.9 | 5.6 |
| March 31, 2021 | - | 0.00 | - | 22.00 | 22.00 | 1,006 | 48.8 | 7.1 |
| Fiscal year ending March 31, 2022 (Forecast) | - | 0.00 | - | 22.00 | 22.00 | | 41.9 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--|-------------|------|------------------|------|-----------------|------|---|------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ended September 30, 2021 | 4,000 | 15.9 | 1,780 | 18.4 | 1,800 | 19.1 | 1,150 | 18.5 | 25.15 |
| Full year | 8,500 | 18.1 | 3,720 | 20.4 | 3,750 | 20.6 | 2,400 | 19.8 | 52.48 |

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 New - (Company name:)
 Exclusion: - (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 1) Changes in accounting policies due to the revision of accounting standards: No
 2) Changes in accounting policies other than 1) above: No
 3) Changes in accounting estimates: No
 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 1) Total number of issued shares at the end of the period (including treasury shares):
 March 31, 2021: 45,729,800 shares
 March 31, 2020: 42,506,400 shares
- 2) Total number of treasury shares at the end of the period:
 March 31, 2021: 1,414 shares
 March 31, 2020: 1,385 shares
- 3) Average number of shares during the period:
 Fiscal Year ended March 31, 2021: 44,415,315 shares
 Fiscal Year ended March 31, 2020: 42,505,035 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------------------------|-------------|------|------------------|------|-----------------|------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 31, 2021 | 7,776 | 27.5 | 2,689 | 14.4 | 2,941 | 12.9 | 2,008 | (12.7) |
| March 31, 2020 | 6,100 | 3.1 | 2,351 | 6.2 | 2,605 | 6.9 | 2,301 | 39.1 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2021 | 45.22 | 42.60 |
| March 31, 2020 | 54.15 | 51.28 |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| March 31, 2021 | 21,517 | 16,041 | 73.9 | 347.56 |
| March 31, 2020 | 15,503 | 11,706 | 74.6 | 272.23 |

(Reference) Equity: As of March 31, 2021: ¥ 15,893 million
As of March 31, 2020: ¥ 11,571 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Ordinary profit | | Net income | | Basic earnings per share |
|--|-------------|------|-----------------|------|-------------|------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ended September 30, 2021 | 4,150 | 8.5 | 1,700 | 14.8 | 1,150 | 13.0 | 25.15 |
| Full year | 8,800 | 13.2 | 3,550 | 20.7 | 2,400 | 19.5 | 52.48 |

*These financial results are outside the scope of audits by certified public accountants or audit firms.

*Guidance on the appropriate use of performance forecasts and other special notes

Notes on forward-looking statements

Performance forecasts and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not guarantee their achievement. Actual performance and other results may be significantly different from the forecasts due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

| | As of March 31,2020 | As of March 31,2021 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,232,731 | 16,056,248 |
| Accounts receivable - trade | 58,440 | 65,437 |
| Securities | 2,602,474 | - |
| Prepaid expenses | 1,152,221 | 793,539 |
| Accounts receivable - other | 358,833 | 63,981 |
| Income taxes receivable | 139,527 | - |
| Other | 100,895 | 106,609 |
| Total current assets | 13,645,123 | 17,085,816 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 879,812 | 881,721 |
| Accumulated depreciation | (117,019) | (139,674) |
| Buildings and structures, net | 762,792 | 742,046 |
| Machinery, equipment and vehicles | 1,247 | 1,247 |
| Accumulated depreciation | (909) | (1,078) |
| Machinery, equipment and vehicles, net | 337 | 168 |
| Tools, furniture and fixtures | 153,518 | 183,469 |
| Accumulated depreciation | (116,488) | (131,684) |
| Tools, furniture and fixtures, net | 37,030 | 51,784 |
| Land | 591,944 | 591,944 |
| Total property, plant and equipment | 1,392,105 | 1,385,945 |
| Intangible assets | | |
| Software | 77,068 | 110,985 |
| Other | - | 193 |
| Total intangible assets | 77,068 | 111,178 |
| Investments and other assets | | |
| Investment securities | 855,250 | 3,426,737 |
| Investments in other securities of subsidiaries and associates | 116,220 | 115,649 |
| Long-term prepaid expenses | 197 | 117 |
| Leasehold and guarantee deposits | 207,490 | 211,197 |
| Deferred tax assets | 151,287 | 233,829 |
| Total investments and other assets | 1,330,445 | 3,987,531 |
| Total non-current assets | 2,799,619 | 5,484,655 |
| Total assets | 16,444,743 | 22,570,471 |

(Thousand yen)

| | As of March 31,2020 | As of March 31,2021 |
|---|---------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 7,889 | 9,932 |
| Income taxes payable | 2,693 | 934,750 |
| Advances received | 3,059,366 | 3,664,750 |
| Provision for settlement | 216,981 | 342,711 |
| Provision for bonuses | 124,148 | 150,000 |
| Deposits received | 24,541 | 31,943 |
| Other | 95,682 | 135,021 |
| Total current liabilities | 3,531,305 | 5,269,109 |
| Non-current liabilities | | |
| Long-term accounts payable - other | 115,282 | 115,282 |
| Total non-current liabilities | 115,282 | 115,282 |
| Total liabilities | 3,646,588 | 5,384,392 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,643,135 | 3,097,652 |
| Capital surplus | 1,053,135 | 2,507,652 |
| Retained earnings | 8,863,119 | 10,272,144 |
| Treasury shares | (774) | (824) |
| Total shareholders' equity | 11,558,616 | 15,876,626 |
| Share acquisition rights | 135,065 | 147,996 |
| Non-controlling interests | 1,104,472 | 1,161,456 |
| Total net assets | 12,798,155 | 17,186,079 |
| Total liabilities and net assets | 16,444,743 | 22,570,471 |

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

| | For the fiscal year ended March 31,2020 | For the fiscal year ended March 31,2021 |
|---|--|--|
| Net sales | 5,956,734 | 7,194,885 |
| Cost of sales | 1,208,325 | 1,816,178 |
| Gross profit | 4,748,408 | 5,378,706 |
| Selling, general and administrative expenses | 2,029,605 | 2,289,859 |
| Operating profit | 2,718,802 | 3,088,846 |
| Non-operating income | | |
| Interest income | 25,413 | 17,648 |
| Share of profit of entities accounted for using equity method | 5,312 | - |
| Other | 2,021 | 2,875 |
| Total non-operating income | 32,747 | 20,524 |
| Non-operating expenses | | |
| Share of loss of entities accounted for using equity method | - | 571 |
| Miscellaneous losses | 546 | 6 |
| Total non-operating expenses | 546 | 577 |
| Ordinary profit | 2,751,004 | 3,108,793 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 109,970 | 308 |
| Loss on sale of investment securities | 23,547 | - |
| Loss on valuation of investment securities | - | 28,512 |
| Total extraordinary losses | 133,517 | 28,821 |
| Profit before income taxes | 2,617,487 | 3,079,971 |
| Income taxes - current | 228,325 | 1,000,596 |
| Income taxes - deferred | (44,371) | (82,542) |
| Total income taxes | 183,954 | 918,054 |
| Profit | 2,433,533 | 2,161,917 |
| Profit attributable to non-controlling interests | 132,334 | 157,822 |
| Profit attributable to owners of parent | 2,301,198 | 2,004,095 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended March 31,2020 | For the fiscal year ended March 31,2021 |
|---|--|--|
| Profit | 2,433,533 | 2,161,917 |
| Comprehensive income | 2,433,533 | 2,161,917 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,301,198 | 2,004,095 |
| Comprehensive income attributable to non-controlling interests | 132,334 | 157,822 |

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2020

(Thousand yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,643,135 | 1,053,135 | 7,114,487 | (677) | 9,810,081 |
| Changes during period | | | | | |
| Dividends of surplus | | | (552,566) | | (552,566) |
| Profit attributable to owners of parent | | | 2,301,198 | | 2,301,198 |
| Purchase of treasury shares | | | | (97) | (97) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 1,748,632 | (97) | 1,748,535 |
| Balance at end of period | 1,643,135 | 1,053,135 | 8,863,119 | (774) | 11,558,616 |

| | Share acquisition rights | Non-controlling interests | Total net assets |
|--|--------------------------|---------------------------|------------------|
| Balance at beginning of period | 117,379 | 1,033,521 | 10,960,981 |
| Changes during period | | | |
| Dividends of surplus | | | (552,566) |
| Profit attributable to owners of parent | | | 2,301,198 |
| Purchase of treasury shares | | | (97) |
| Net changes in items other than shareholders' equity | 17,686 | 70,951 | 88,637 |
| Total changes during period | 17,686 | 70,951 | 1,837,173 |
| Balance at end of period | 135,065 | 1,104,472 | 12,798,155 |

For the fiscal year ended March 31,2021

(Thousand yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,643,135 | 1,053,135 | 8,863,119 | (774) | 11,558,616 |
| Changes during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 1,454,517 | 1,454,517 | | | 2,909,034 |
| Dividends of surplus | | | (595,070) | | (595,070) |
| Profit attributable to owners of parent | | | 2,004,095 | | 2,004,095 |
| Purchase of treasury shares | | | | (49) | (49) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 1,454,517 | 1,454,517 | 1,409,024 | (49) | 4,318,009 |
| Balance at end of period | 3,097,652 | 2,507,652 | 10,272,144 | (824) | 15,876,626 |

| | Share acquisition rights | Non-controlling interests | Total net assets |
|---|--------------------------|---------------------------|------------------|
| Balance at beginning of period | 135,065 | 1,104,472 | 12,798,155 |
| Changes during period | | | |
| Issuance of new shares - exercise of share acquisition rights | (3,851) | | 2,905,182 |
| Dividends of surplus | | | (595,070) |
| Profit attributable to owners of parent | | | 2,004,095 |
| Purchase of treasury shares | | | (49) |
| Net changes in items other than shareholders' equity | 16,782 | 56,983 | 73,766 |
| Total changes during period | 12,930 | 56,983 | 4,387,924 |
| Balance at end of period | 147,996 | 1,161,456 | 17,186,079 |

Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended March 31,2020 | For the fiscal year ended March 31,2021 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,617,487 | 3,079,971 |
| Depreciation | 78,273 | 63,692 |
| Increase (decrease) in provision for settlement | 40,717 | 125,729 |
| Increase (decrease) in provision for bonuses | 64,148 | 25,851 |
| Interest income | (25,413) | (17,648) |
| Share of loss (profit) of entities accounted for using equity method | (5,312) | 571 |
| Share-based payment expenses | 18,946 | 17,142 |
| Loss on retirement of non-current assets | 109,970 | 308 |
| Loss (gain) on sale of investment securities | 23,547 | - |
| Loss (gain) on valuation of investment securities | - | 28,512 |
| Decrease (increase) in trade receivables | (12,218) | (6,997) |
| Increase (decrease) in trade payables | 692 | 2,042 |
| Decrease (increase) in prepaid expenses | 383,202 | 358,682 |
| Decrease (increase) in accounts receivable - other | 5,507 | 294,852 |
| Increase (decrease) in advances received | 411,798 | 605,383 |
| Increase (decrease) in deposits received | (1,890,478) | 7,402 |
| Other, net | 15,663 | 55,620 |
| Subtotal | 1,836,533 | 4,641,117 |
| Interest received | 26,466 | 23,678 |
| Income taxes refund (paid) | (826,682) | 29,297 |
| Net cash provided by (used in) operating activities | 1,036,317 | 4,694,093 |
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | (1,000,000) | - |
| Purchase of property, plant and equipment | (13,131) | (21,148) |
| Purchase of intangible assets | (70,719) | (53,498) |
| Proceeds from redemption of investment securities | 800,000 | 2,600,000 |
| Purchase of investment securities | (1,364,743) | (2,600,000) |
| Payments of leasehold deposits | (13,326) | (6,659) |
| Proceeds from refund of leasehold deposits | 220 | 1,139 |
| Net cash provided by (used in) investing activities | (1,661,700) | (80,167) |
| Cash flows from financing activities | | |
| Proceeds from exercise of employee share options | - | 2,905,182 |
| Purchase of treasury shares | (97) | (49) |
| Dividends paid | (552,245) | (594,703) |
| Dividends paid to non-controlling interests | (81,383) | (100,838) |
| Repayments to non-controlling shareholders | (100,000) | - |
| Proceeds from share issuance to non-controlling shareholders | 120,000 | - |
| Net cash provided by (used in) financing activities | (613,726) | 2,209,591 |
| Net increase (decrease) in cash and cash equivalents | (1,239,109) | 6,823,517 |
| Cash and cash equivalents at beginning of period | 6,059,984 | 4,820,874 |
| Cash and cash equivalents at end of period | 4,820,874 | 11,644,392 |