

Financial Results For the Second Quarter of the Fiscal Year Ending March 31, 2021 Supplementary Briefing Materials

November 4, 2020.
eGuarantee, Inc

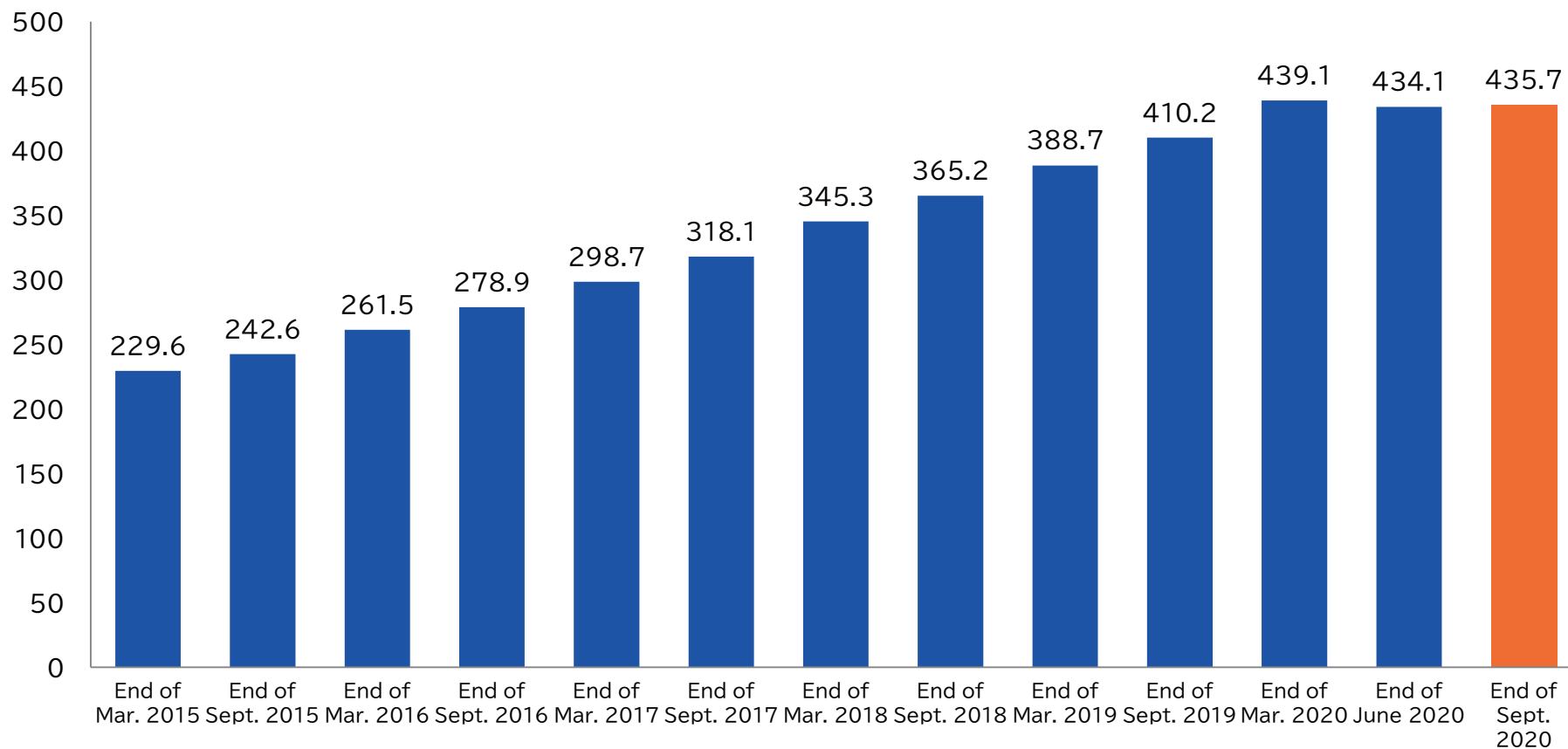
(Listing: Tokyo Stock Exchange Securities code: 8771)

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 strives 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.

1. **Summary of Financial Results For the Second Quarter**
2. **Priority Measure of the Fiscal Year Ending March 31, 2021**

1-1 Balance of Guarantees

While sales activities were limited due to the emergency declaration's impact, new products were developed and offered promptly to meet customers' growing needs, increasing new contracts. Also, we have reviewed the conditions of existing policies to prepare for an increase in the number of bankruptcies due to the impact of the COVID-19 and limited underwriting of large-scale risks to diversify risks and restructure the portfolio. As a result, at the end of the second quarter under review, guarantee obligations amounted to 435.7 billion yen (up 6.2 % year on year)



(billion yen)

1-2 Summary of Financial Results For the Second Quarter

(million yen)	Six months ended September 30,2019	Six months ended September 30,2020	year-on-year change
Net sales	2,907	3,451	+18.7%
Gross profit	2,297	2,620	+14.0%
Operating profit	1,292	1,503	+16.3%
Ordinary profit	1,305	1,511	+15.8%
Profit attributable to owners of parent	1,167	970	△16.8%

Sales were largely in line with the forecast due to increased customer demand, even in the face of the state of emergency declaration and limited sales activities.

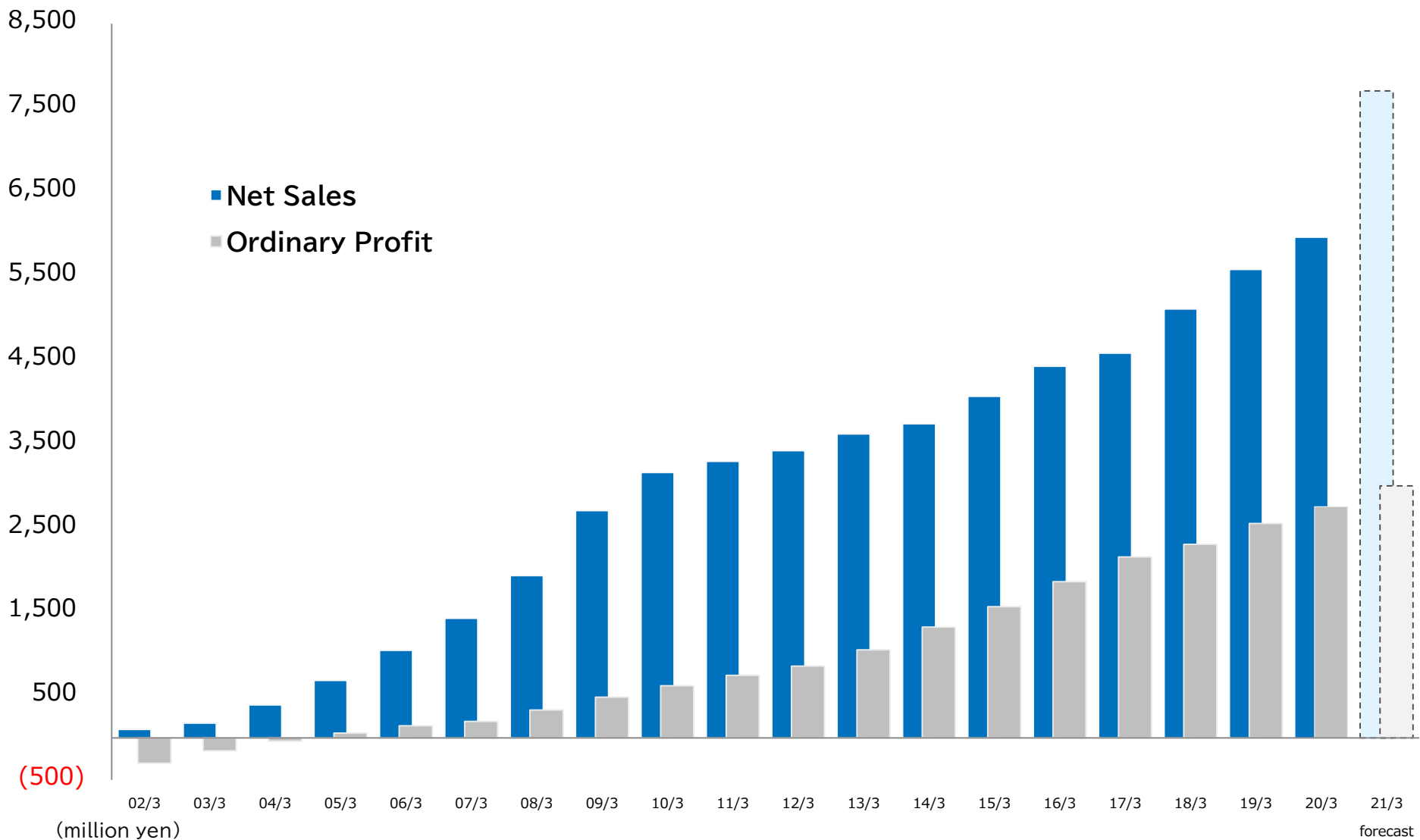
On the other hand, the number of bankruptcies was lower than expected and the cost of the reinsurance fee did not increase as much as expected, resulting in a higher-than-expected ordinary profit.

Comparison with consolidated earnings forecast for the fiscal year ending March 31, 2021

	Consolidated performance forecast for FY2020 (First half) (million yen)	Achievement Rate
Net sales	3,500	98.6 %
Operating profit	1,440	104.3 %
Ordinary profit	1,450	104.2 %
Profit attributable to owners of parent	950	102.1 %

1-3 Business Performance

No revision has been made to the full-year consolidated financial results forecast released on May 14, 2020: net sales of 7,700 million yen, operating profit of 2,980 million yen, ordinary profit of 3,000 million yen, and profit attributable to owners of parent of 1,950 million yen.



1-4 Consolidated balance sheet (As of September 30, 2020)

Assets	As of March 31, 2020	As of Sept. 30, 2020
current assets	13,645	16,155
Cash and cash equivalents	9,232	12,048
Prepaid expenses	1,152	1,485
Securities	2,602	2,400
Other	657	221
Fixed assets	2,799	3,964
Tangible fixed assets	1,392	1,392
Intangible fixed assets	77	93
Investment securities	855	2,005
Other	475	473
Total assets	16,444	20,120

(million yen)

Current assets increased by 18.4% from the end of the previous fiscal year to 16,155,753 thousand yen. This is mainly due to an increase in cash and deposits of 2,815,613 thousand yen.

Non-current assets increased by 41.6 % from the end of the previous fiscal year to 3,964,598 thousand yen. This is mainly due to an increase in investment securities of 1,150,000 thousand yen.

Current liabilities increased by 20.8 % from the end of the previous fiscal year to 4,266,782 thousand yen. This is mainly due to an increase in income taxes payable of 482,637 thousand yen. Total net assets increased by 23.0% from the end of the previous fiscal year to 15,738,287 thousand yen. This is mainly due to an increase in share capital and capital surplus of 1,298,142 thousand yen, respectively.

Liabilities	As of March 31, 2020	As of Sept. 30, 2020
Current liabilities	3,531	4,266
Allowance for doubtful accounts	216	230
Advances received	3,059	3,304
Income taxes payable	2	485
Other	252	246
Fixed liabilities	115	115
Long-term accounts payable	115	115
Total liabilities	3,646	4,382

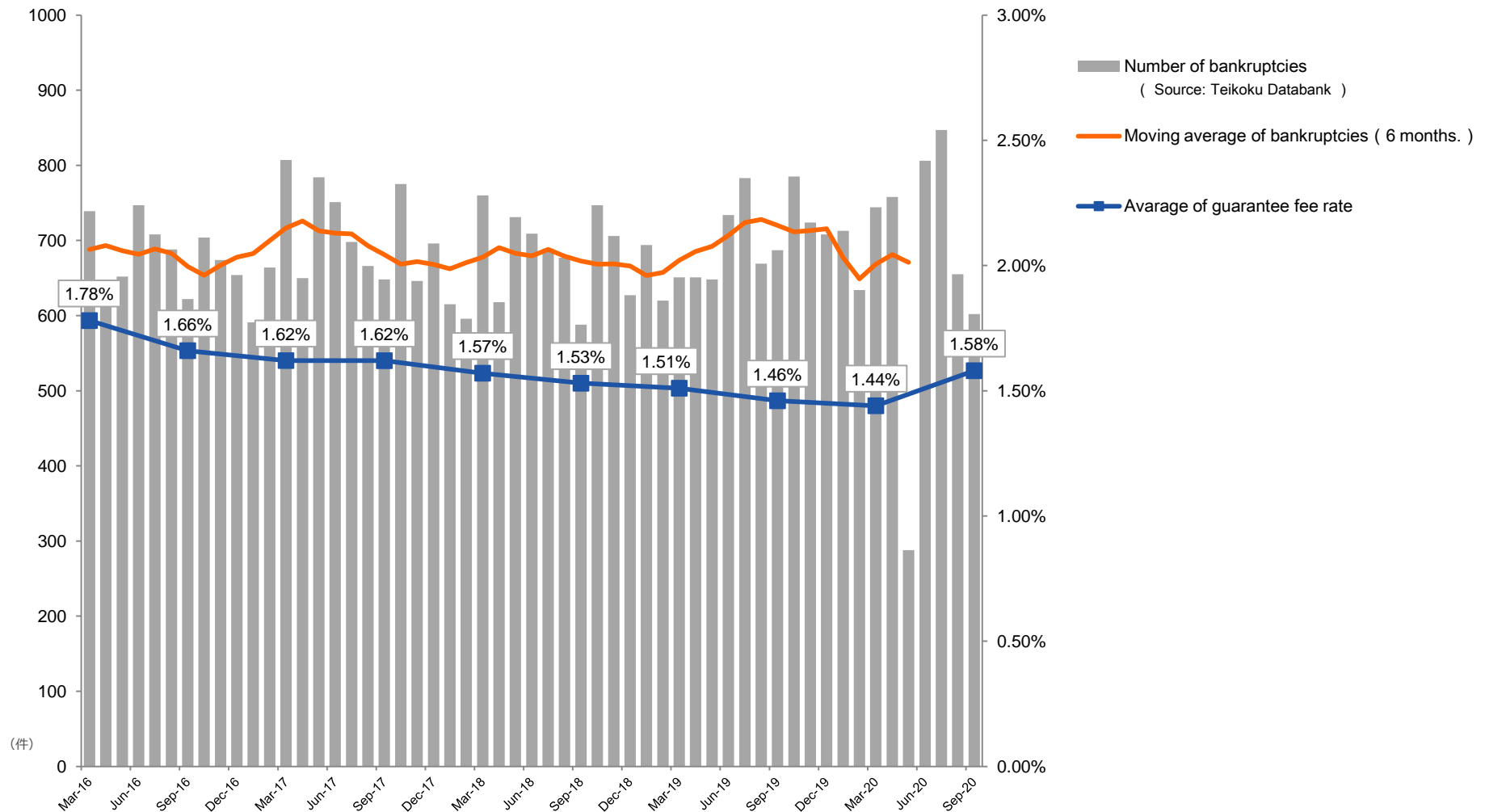
(million yen)

Equity	As of March 31, 2020	As of Sept. 30, 2020
Shareholder's equity	11,558	14,530
Common stock	1,643	2,941
Additional paid-in capital	1,053	2,351
Retained earnings	8,863	9,238
Treasury stock	0	0
Share-purchase warrants	135	139
Equity attributable to non-controlling interests	1,104	1,068
Equity	12,798	15,738
Total Equity and liabilities	16,444	20,120

(million yen)

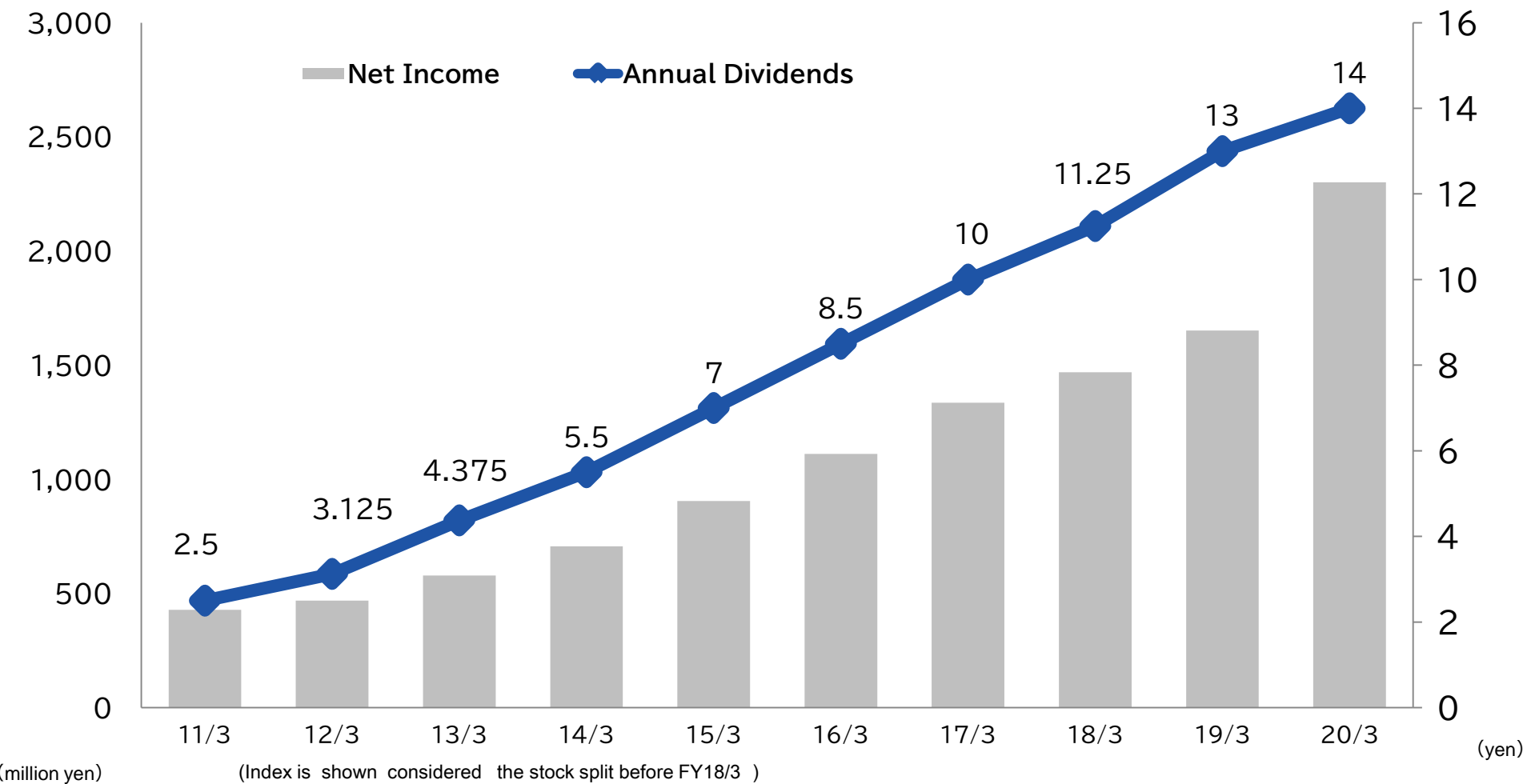
1-5 Transition of average guarantee fee ratio

We reviewed the risk of new policies to consider concerns of increased bankruptcies in the future, and we reviewed the risk of existing policies and reflected it in the guarantee fee rates. As a result, the guarantee fee rates have increased in each case, a change in trend from the average guarantee fee rate's long-term downward trend.



1-6 Dividend policy

The year-end dividend for the fiscal year ended March 31, 2020 is 14 yen per share, taking into account a certain dividend payout ratio, except for special factors such as a reduction in corporate taxes due to the termination of the ESOP trust. The Company recognizes that returning profits to shareholders is one of its most important management tasks and implements a dividend policy that reflects the Company's performance, taking into account the need to strengthen its financial position and enhance internal reserves for active business development.

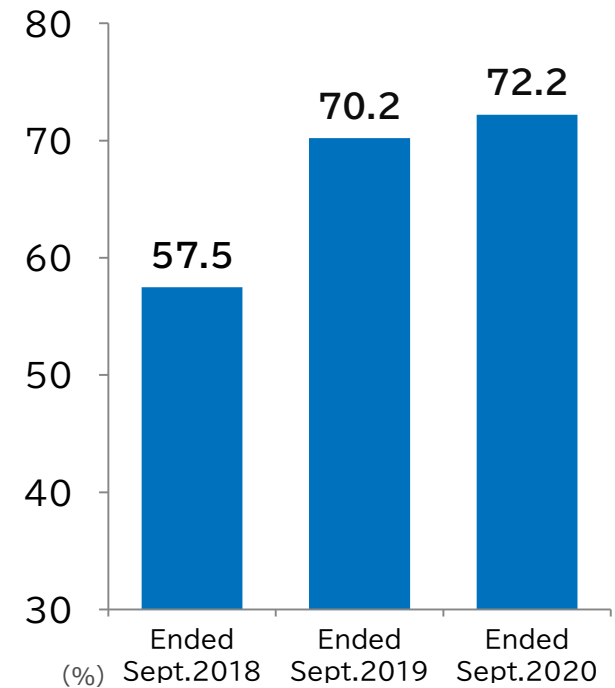
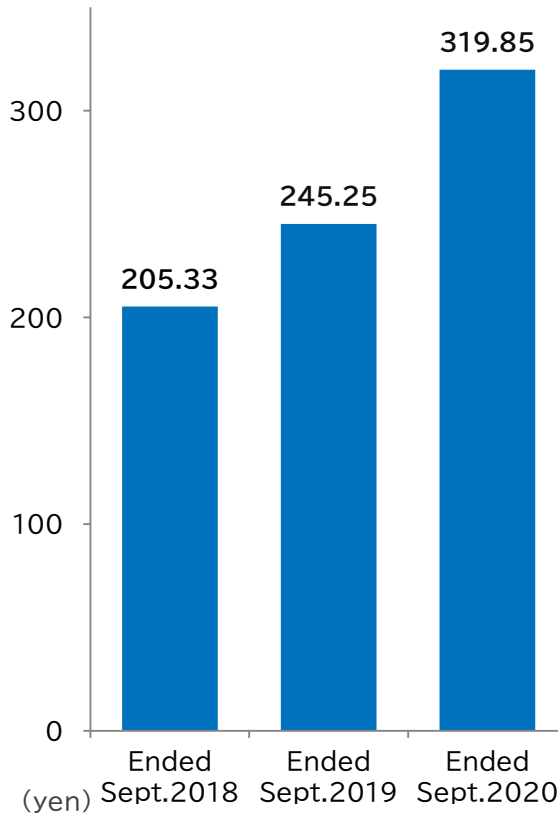
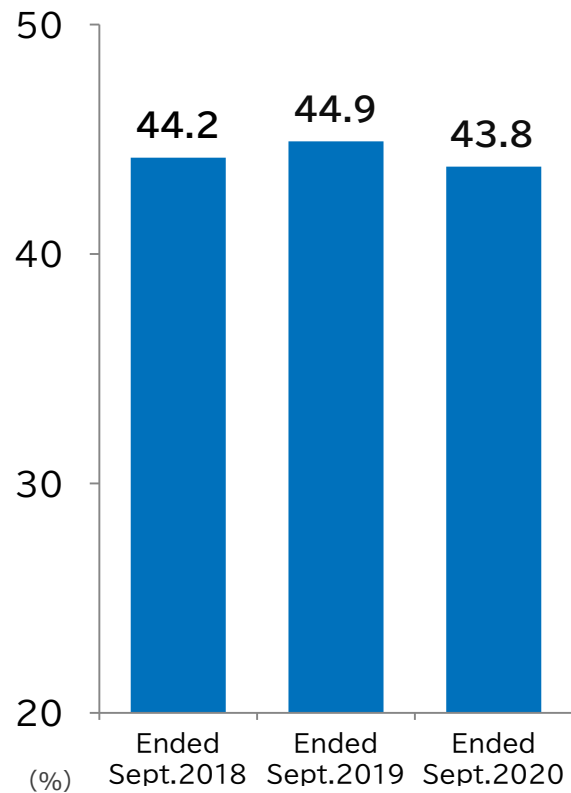


1-7 Main management index

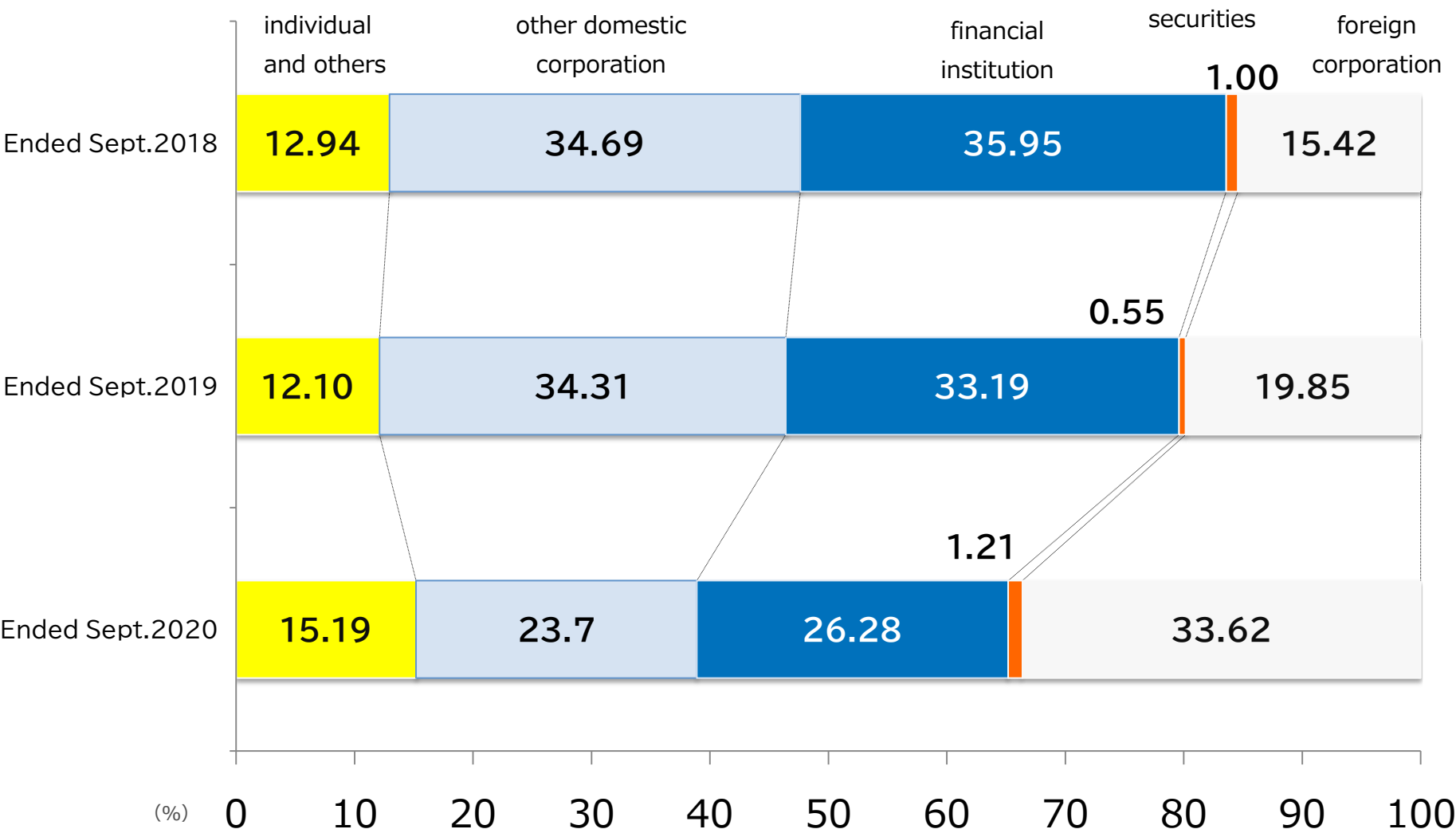
■ Sales ordinary income ratio

■ Net assets per share

■ Capital adequacy ratio



1-8 Distribution of share ownership

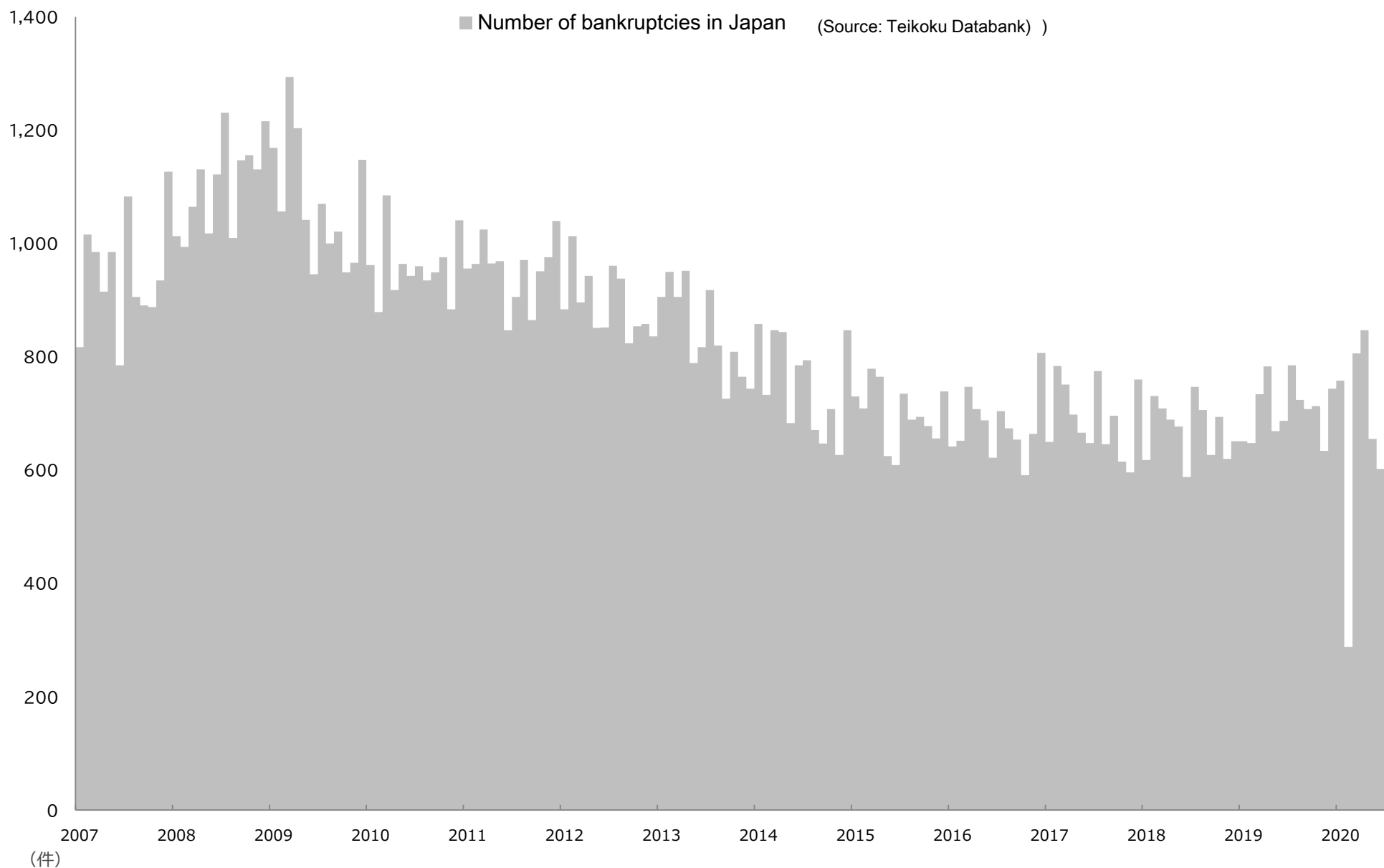


1-9 Major Shareholders

Shareholder name	Number of shares held	Percentage of shares held
ITOCHU Corporation	6,336,800	13.94%
Custody Bank of Japan, Ltd.(TRUST ACCOUNT)	3,599,800	7.92%
The Master Trust Bank of Japan ,Ltd (TRUST ACCOUNT)	3,370,200	7.41%
SSBTC CLIENT OMNIBUS ACCOUNT	2,888,500	6.35%
Teikoku Databank, Ltd.	2,870,400	6.31%
Masanori Eto	2,737,800	6.02%
Custody Bank of Japan, Ltd. (TRUST ACCOUNT9)	1,557,600	3.42%
NTT DATA Corporation	1,440,000	3.16%
BBH FOR MATTHEWS JAPAN FUND	1,364,500	3.00%
THE BANK OF NEW YORK MELLON 140051	1,177,400	2.59%

2. Priority Measure of the Fiscal Year Ending March 31, 2021

Number of bankruptcies in Japan

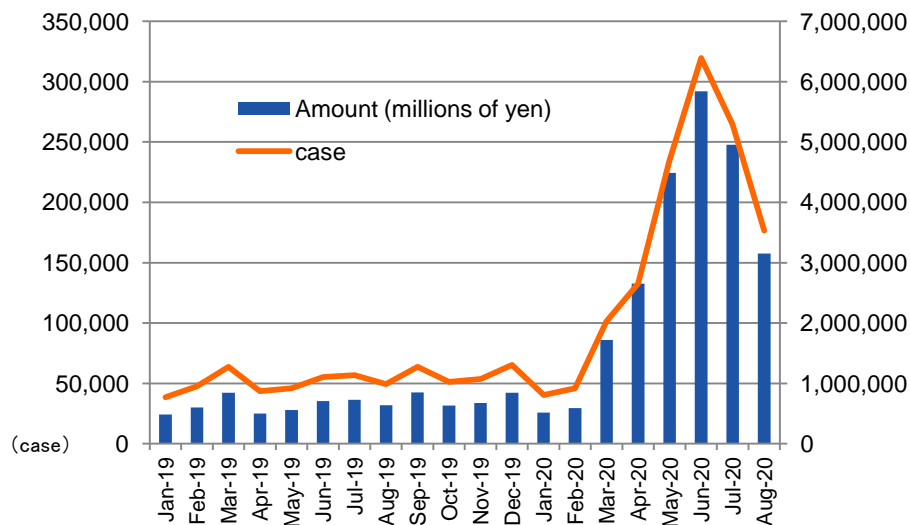


Japan's Economic Situation in the First Half of FY 2020

- For the first half of FY 2020, the number of bankruptcies was 3,956, the first time since the second half of FY 2004, the number of bankruptcies fell below 4,000. Total debt was 601.25 billion yen, the second-lowest level on record.
- The decline in the number of bankruptcies is due to the spread of cash flow measures related to the COVID-19

The number of credit guarantees provided by Credit Guarantee Corporations was about 1.2 million in total from April to August. The total amount of credit guarantees in the same period reached about 22 trillion yen. It had already expanded more rapidly than the total amount in FY2008 when the financial crisis occurred.

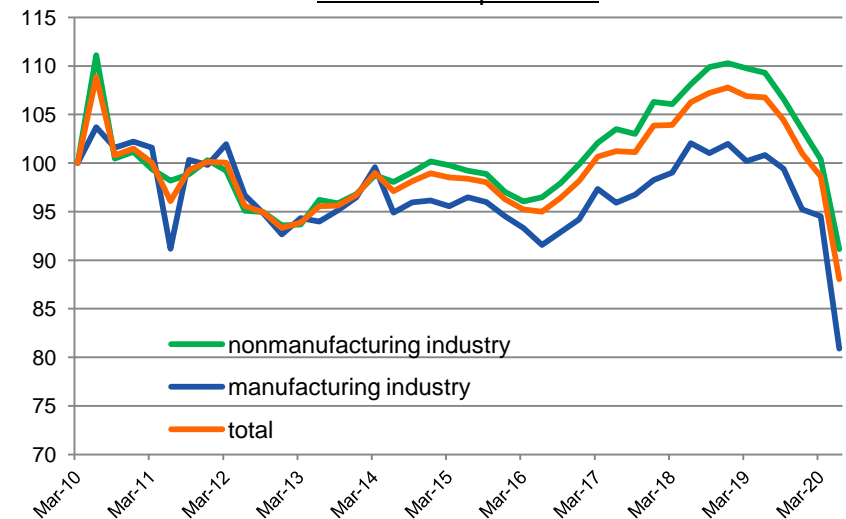
Credit guarantees provided by Credit Guarantee Corporations



- Sales of all industries declined by 17.7%.

In the April-June 2020 period, sales in all industries (excluding finance and insurance) fell 17.7% to 284,676.9 billion yen, compared to the same period last year. It was the first significant drop in about 11 years due to the spread of the COVID-19.

Sales of Corporations



(Source: Ministry of Finance) When 2010 is 100

External Environment

The Japanese economy in the year ended March 31, 2020, continued on a moderate recovery trend as the employment and income environment improved and the effects of various political measures. However, due to the impact of COVID-19 that has continued to materialize since February 2020, there has been a significant downturn in the current situation. The outlook for the future is expected to remain severe.

Basic Policy

We will continue to develop our risk underwriting business by keeping a close eye on bankruptcy trends and changes in the economic environment while continuing to make careful risk decisions. On the other hand, the need for risk hedging is on the rise, and we will strengthen our sales structure to meet this need.

In addition, we will review the assessment in consideration of the future economic downturn and provide timely services at a price commensurate with the risk, thereby increasing the penetration of guarantee services incorporate activities to play a role as economic infrastructure.

Priority Measure of the Fiscal Year Ending March 31, 2021 ①

Promote customer approach and strengthen sales promotion

In response to the market's growing needs, we will promote its customer approach and enhance sales promotion. Also, to increase the Accounts Receivable Guarantee Service recognition, we will advertise the service and expand the range of companies using the service.

(review) The range of customers using the Accounts Receivable Guarantee Service has expanded by actively responding to media requests for interviews and advertising.

Promote customer approach

In normal times, it is mainly customer referrals
from local banks.



**Under the declaration of a state of emergency,
we developed a telephone sales and direct
mail approach.**

Measures to raise recognition of the company



↑ Advertisement in the Nikkei
Newspaper and major regional
stations

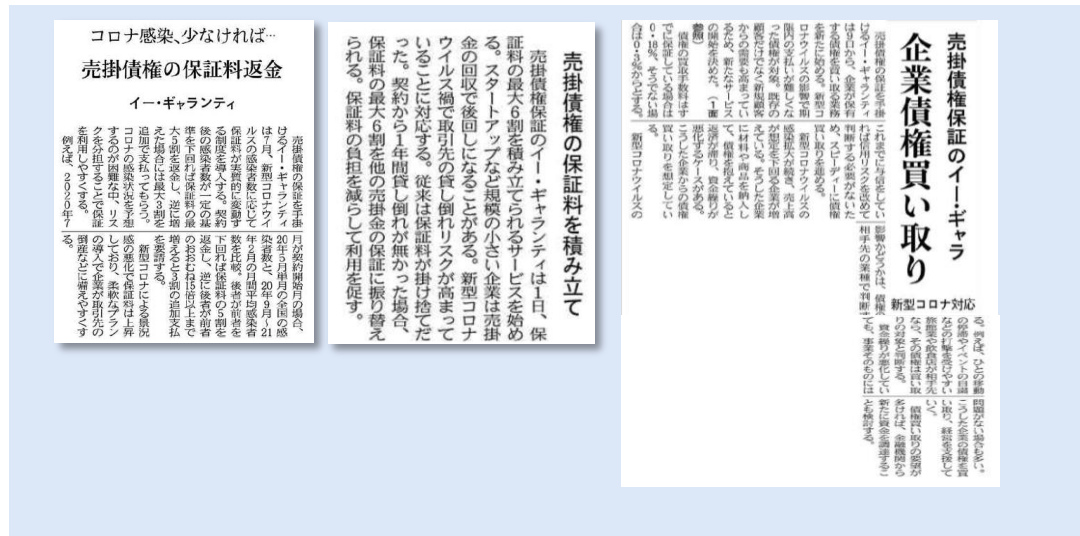
→ Appearance on Nikkei CNBC
and other media



Timely development and release of products in response to environmental changes caused by the COVID-19

(review) We developed and delivered new products promptly to meet our customers' growing needs in the face of limited sales activities due to the state of emergency declaration.

- Provided a service whereby a subsidiary of the Company or an affiliated financial institution purchases the receivables that have been guaranteed.
- Provided a service in which the guarantee fee fluctuates according to the number of people infected with the new corona.
- Provided a service "guarantee fee reserve service" that allows customers to practically accumulate the guarantee fee.



Nikkei Newspaper article on the release of a new product

Review of risk assessment

- ◆ Considering the future impact of the COVID-19 infection on the economy, we will review each guarantee customer's risk assessment for both new and existing contracts and re-set the guarantee limits. Also, the risk assessment review results will be reflected in the guarantee rates offered to customers.
- ◆ In light of the increase in the number of corporate bankruptcies, we will increase the number of people involved in corporate investigations and change the screening model to gather more detailed information .

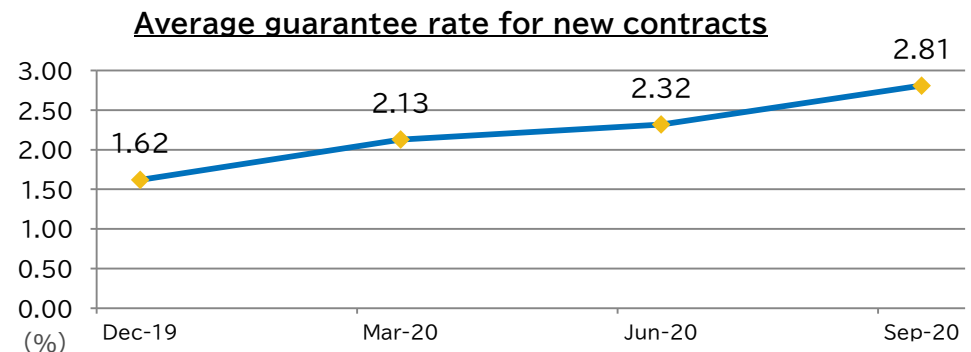
(review) We doubled the number of staff members for screening from April 2020 onwards, and we have developed a structure that allows us to conduct more detailed screenings in a corona environment compared to normal times.

In preparation for a future increase in the number of bankruptcies, we reviewed the contracts' conditions in advance, restricting the underwriting of large risks and lowering the guarantee limits for high-risk counterparties.

As a result of this risk review, the average guarantee rate for new contracts increased from 1.62% (as of December 31, 2019) to 2.81% (as of September 30, 2020). The guarantee rate for renewal contracts also increased.

Due to a partial change in screening methods to focus more on fundraising capacity, a large number of commercial registrations and land and building registrations were acquired by assigning a specialized department.

⇒ A more detailed screening process is now possible. Communicating the information obtained in the screening process to customers as appropriate has also led to improved customer satisfaction.

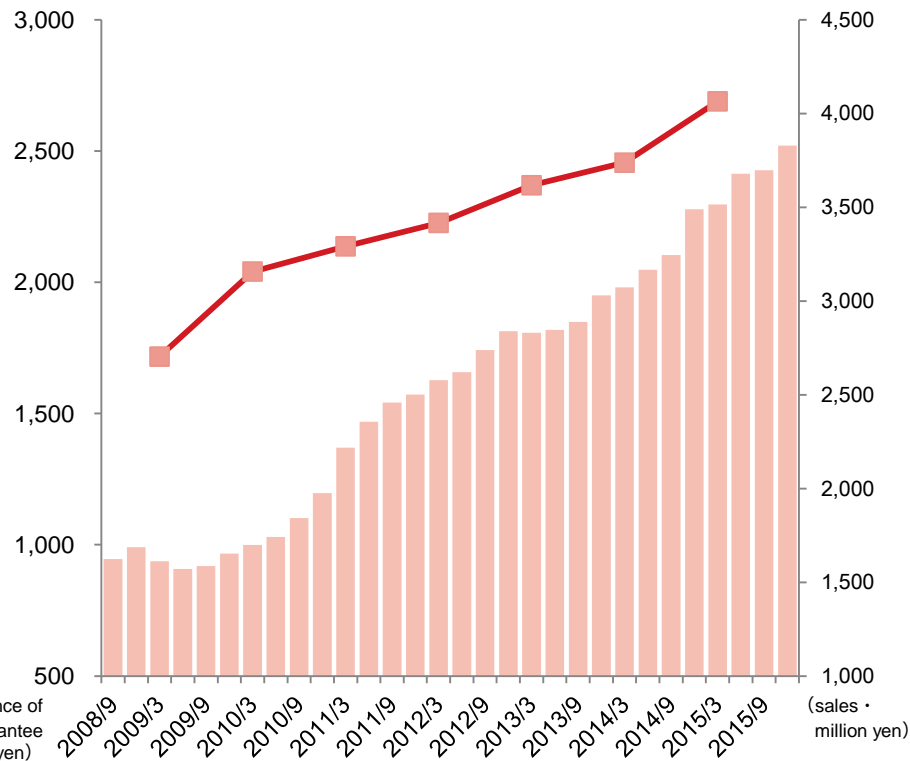


Reactions to rapid economic changes are addressed based on experience.

◆ Even during the financial crisis, we reviewed the risk. We increased the guarantee fee rate while lowering the limit of high-risk counterparties, increasing confidence in the securitization model while raising profits.

⇒ By taking the same action in the case of the corona shock, we will promote the quality of risk assets while limiting the increase in the amount of payment of guarantees, and at the same time, aim to increase sales and profits and expand the customer base to establish a stable foundation for underwriting risk after the corona shock.

Balance of guarantees and sales at the time of the financial crisis



◆Reactions to the financial crisis

Carefully accepting new risks while continuing to improve the quality of the existing risk portfolio.

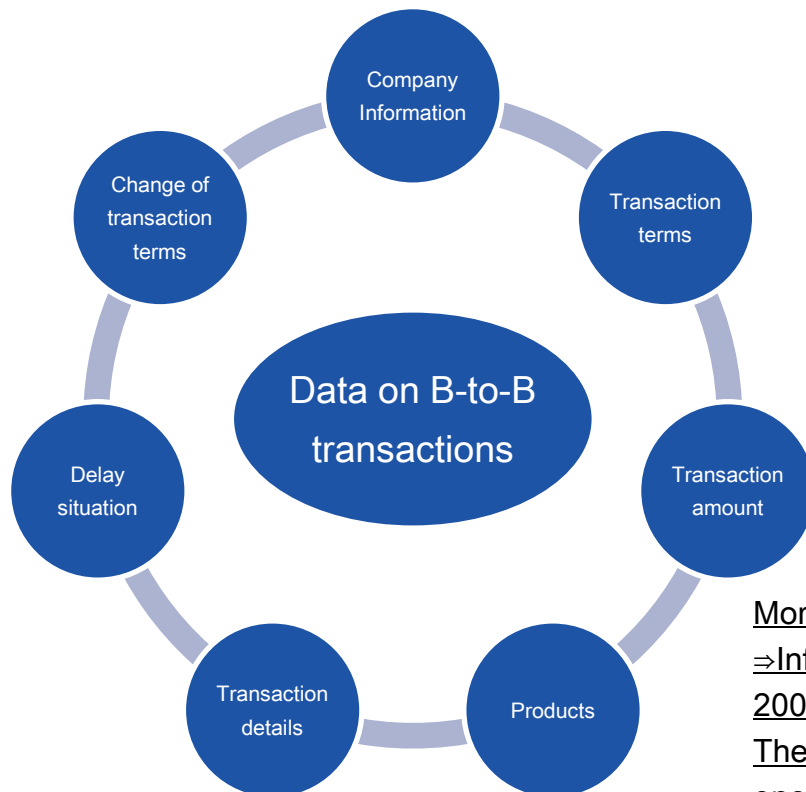
Review the risk and reflect the review result in the guarantee fee rate

⇒ As a result of the above, we expanded our sales while limiting the balance of guarantees. The quality of the risk portfolio has improved and the foundation for stable risk underwriting after the financial crisis has been laid, and at the same time, the customer base has expanded.

Using Big Data with a focus on transaction information

By expanding the number of customers, we aim to rapidly increase information, including corporate screening, transaction information, and payment information. Also, we will adopt a structure to gather more information and strengthen the information collection process.

(review) Developed a system in which information is stored in a database in conjunction with each business process. With this system, we built a structure in which each piece of information generated in sales activities is automatically registered, improving operations' efficiency and strengthening the ability to collect information.



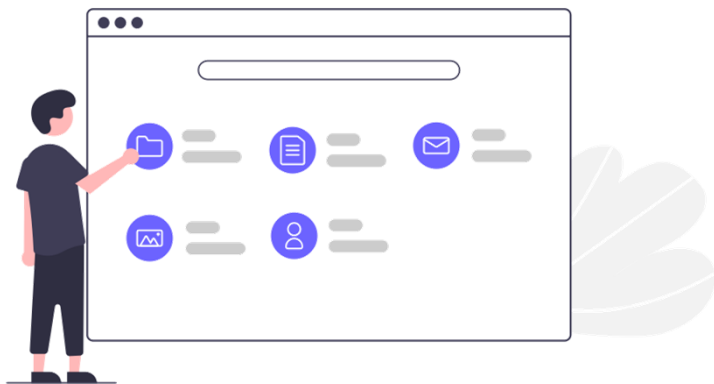
Statisticize and calculated the probability of bankruptcy. Otherwise, it is also available in the online businesses described on the next page.

More than 25,000 corporate review requests per month

⇒ Information on business-to-business transactions, sometimes exceeding 200,000 per month, is collected.

The amount of data accumulated over about 20 years of guarantee business is enormous.

1 . Full-scale entry into the online business

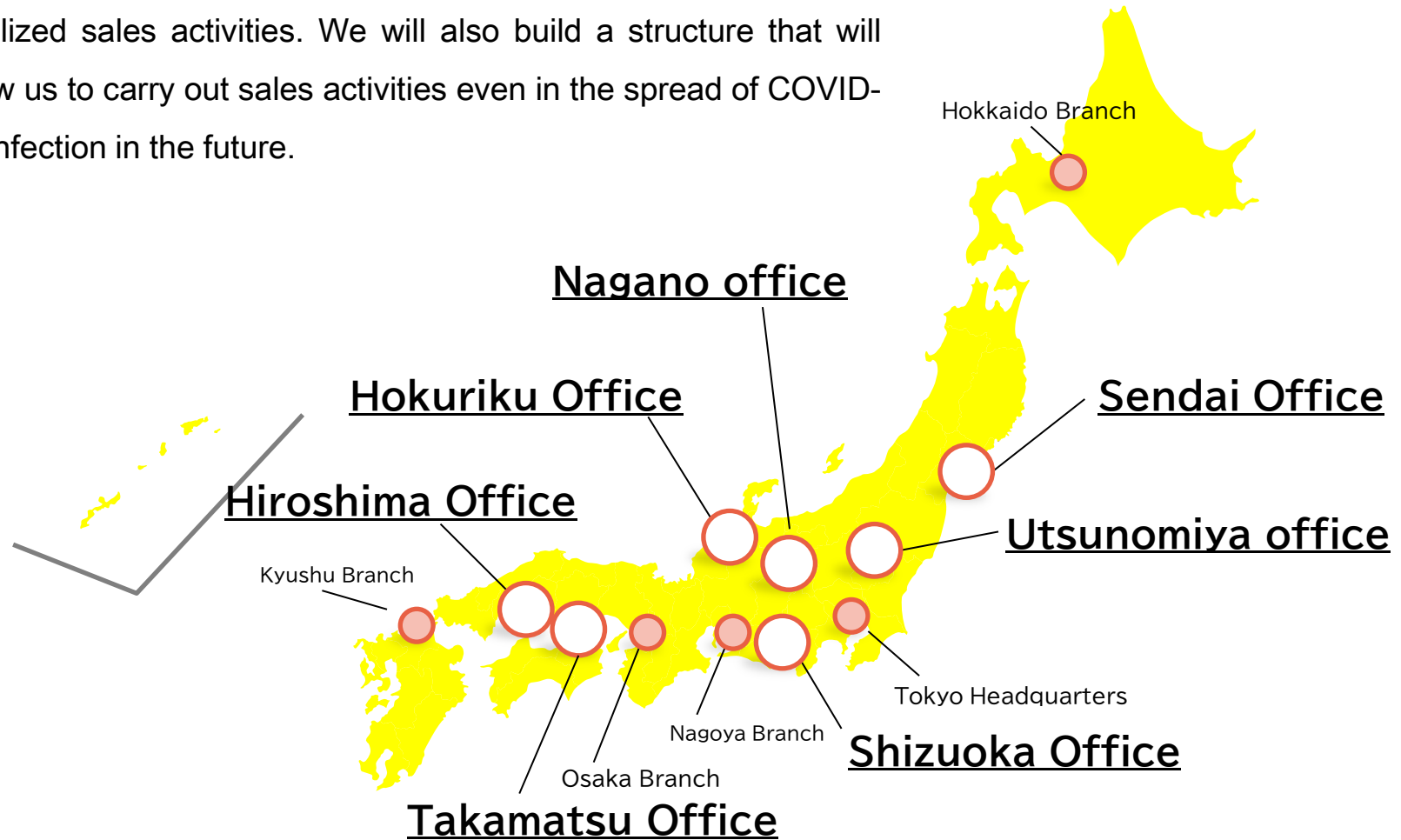


By designing a product that appeals to previously unreachable customer segments, we aim to expand the scope of customers and increase the number of users.

- In addition to the existing human sales channels, such as regional banks, we will enter the online business to strengthen our web marketing to the needs of the corona environment and expand our customer base in a short period of time.
- The assumed customers are mainly small and medium-sized enterprises. By having them introduce web-based transaction risk management, we will create a foundation for developing new services that utilize transaction information in the future.
- First, we will start a service that allows you to complete a contract application, company screening, and other related operations, all online.
- The goal is to create a service that is easy to start and usable by a wide range of users, even those who have never been involved in risk management before.
- Reach a different customer base by expanding sales online and through new partners outside of existing partners.

2. Open satellite offices throughout Japan

We will open satellite offices throughout Japan to develop localized sales activities. We will also build a structure that will allow us to carry out sales activities even in the spread of COVID-19 infection in the future.



For more information about this material

eGuarantee, Inc. IRteam

sunaura-m@eguarantee.co.jp