



# Fiscal Year Ended March 31, 2022 Results Briefing Information Materials

**Entrust Inc.**

**Securities Code: 7191**



The opinions and projections contained in these materials are those of the Company as of the date of preparation of these materials, and the Company does not guarantee the accuracy of the information.

Please be aware that actual performance and results may differ materially from those projected depending on a variety of factors.

- 1. Fiscal Year Ending March 31, 2022 –  
First Quarter Business Results**
- 2. Company Plan for the Fiscal Year  
Ending March 31, 2022**
- 3. Company Information**

# **1. Fiscal Year Ending March 31, 2022 – First Quarter Business Results**

# Overview of Performance (compared to previous fiscal year)



## Both revenues and operating income increased

**Revenues increased to 114.6%**

**101.2% compared to the plan**

**Operating income increased to 101.0%**

**101.1% compared to the plan**

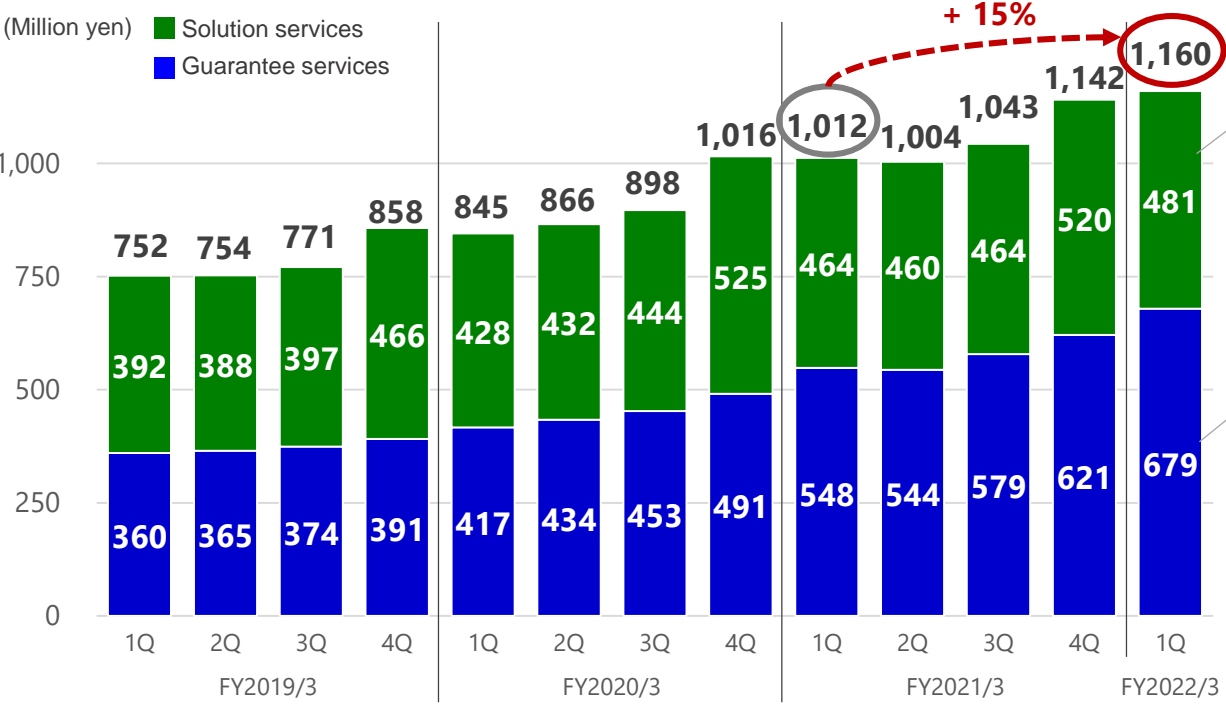
- Sales increased significantly from the previous fiscal year as a result of growth in property rent guarantees
- Bad debt costs increased due to an increase in advances paid as a result of growth in property rent guarantees
- Net income declined due to a higher tax burden, but it is expected to return to previous levels in 2Q

(Million yen)	June 2020 Actual	June 2021 Actual	Year-on-year
Revenues	1,012	<b>1,160</b>	114.6%
Operating income	280	<b>283</b>	101.0%
(Margin)	27.7%	<b>24.4%</b>	-
Ordinary income	281	<b>284</b>	101.1%
(Margin)	27.8%	<b>24.5%</b>	-
Net income	184	<b>170</b>	92.6%
(Margin)	18.2%	<b>14.7%</b>	-

# Revenues by Quarter

## Sales maintained substantial growth

Year on Year 115% (+148 million yen)



### Solution business

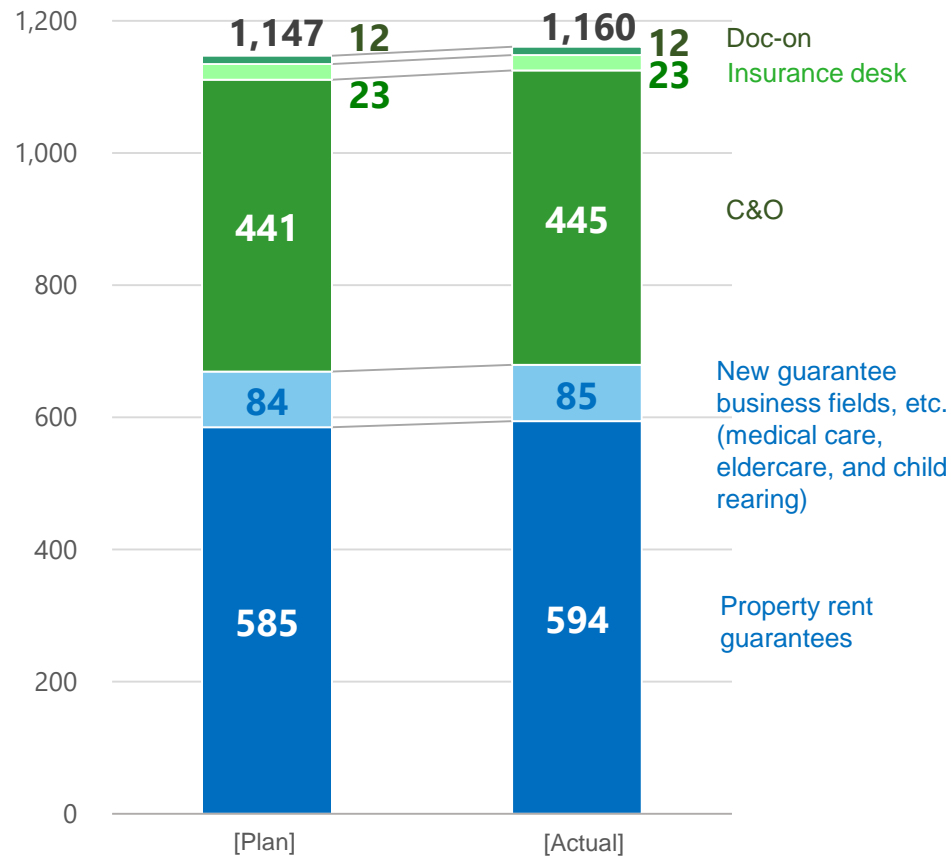
Some contracts shifted from the C&O service to the guarantee business 103.7% compared with the year-on-year period (+16 million yen)

### Guarantee business

The guarantee business grew due to continued growth in property rent guarantees resulting from an increase in new contracts and stock revenue 123.9% compared with the year-on-year period (+131 million yen)

## Sales progressed better than planned

101% compared to the plan (+13 million yen)



# Analysis of Change in Operating Income

**Rising bad debt costs due to an increase in some delinquencies, but higher revenues and ongoing operational improvements led to increased profit**

**Outsourcing fees**

Grew in connection with increased revenues from property rent guarantees

**Insurance premiums (guarantee related costs)**

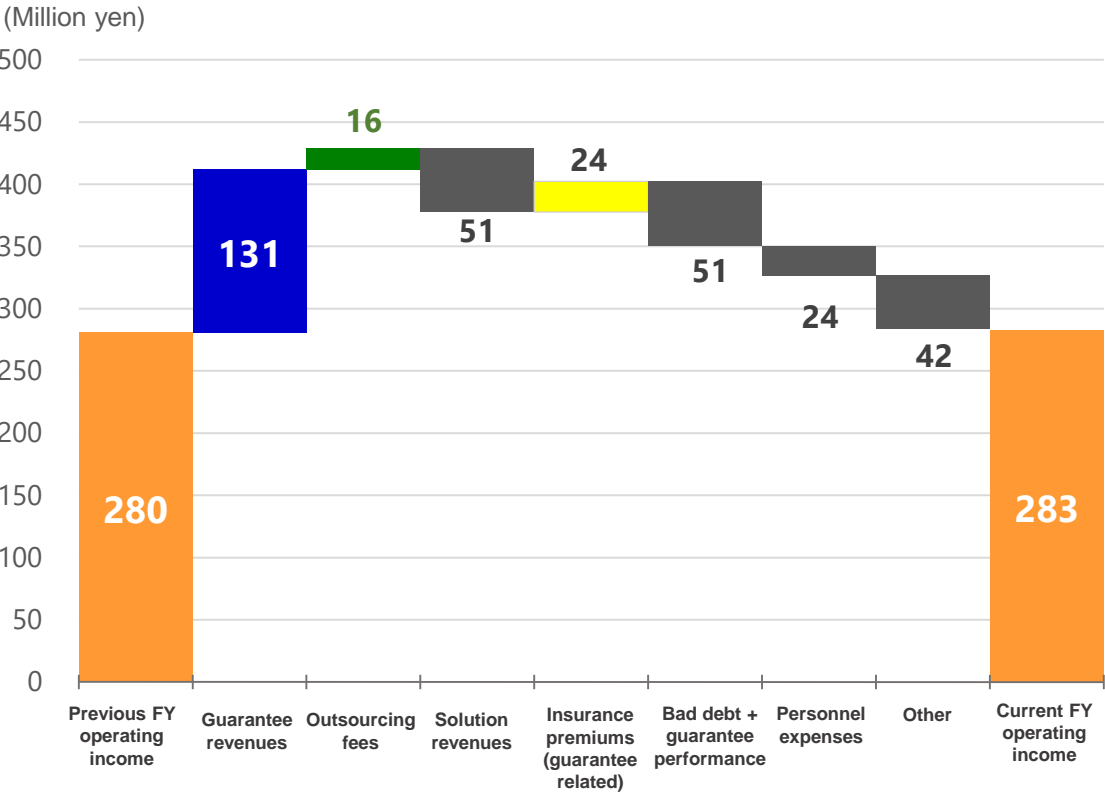
Decreased due to an adjustment of guarantee fees in medical expense guarantees

**Bad debt + guarantee performance**

Increased due to an increase in subrogation payments and delinquencies of some high value properties

**Personnel expenses**

Increased in line with increase in personnel

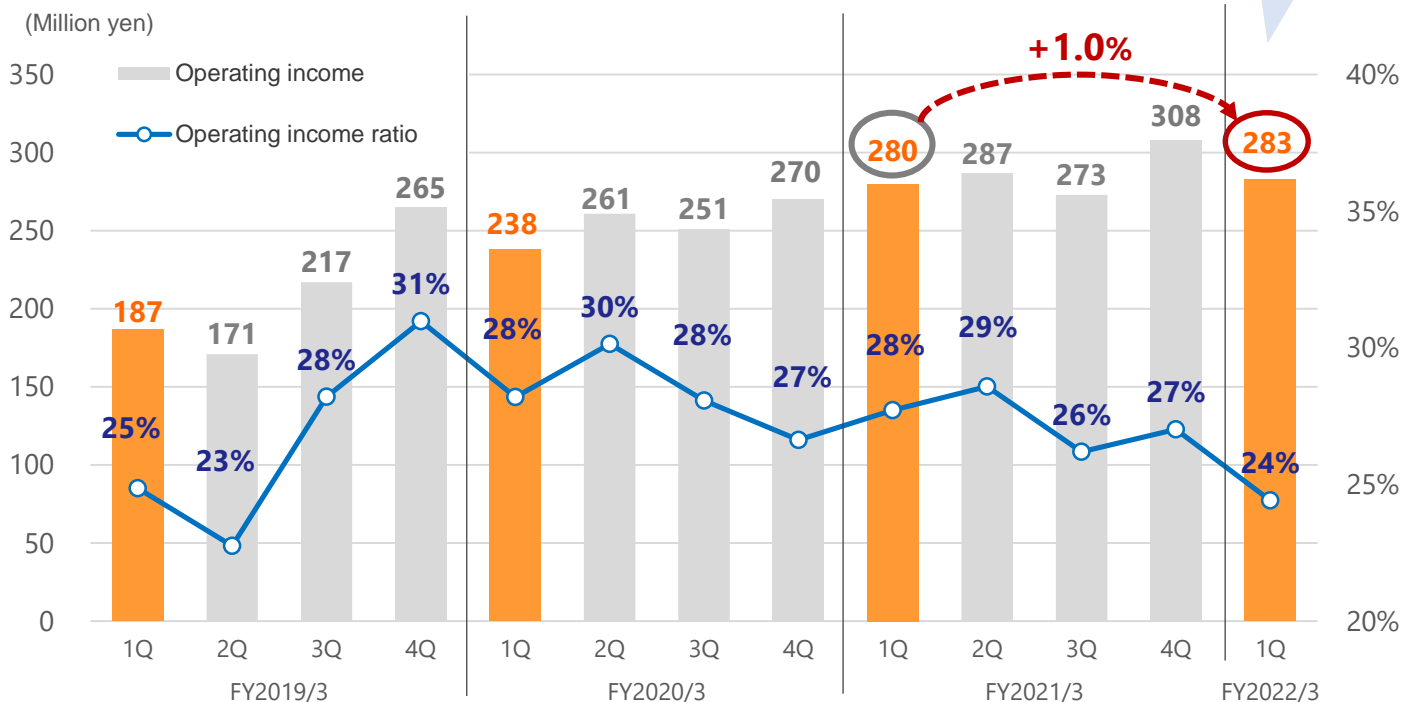


# Operating Income and Operating Income Ratio by Quarter



## Operating income increased steadily (operating income ratio: 24.4%)

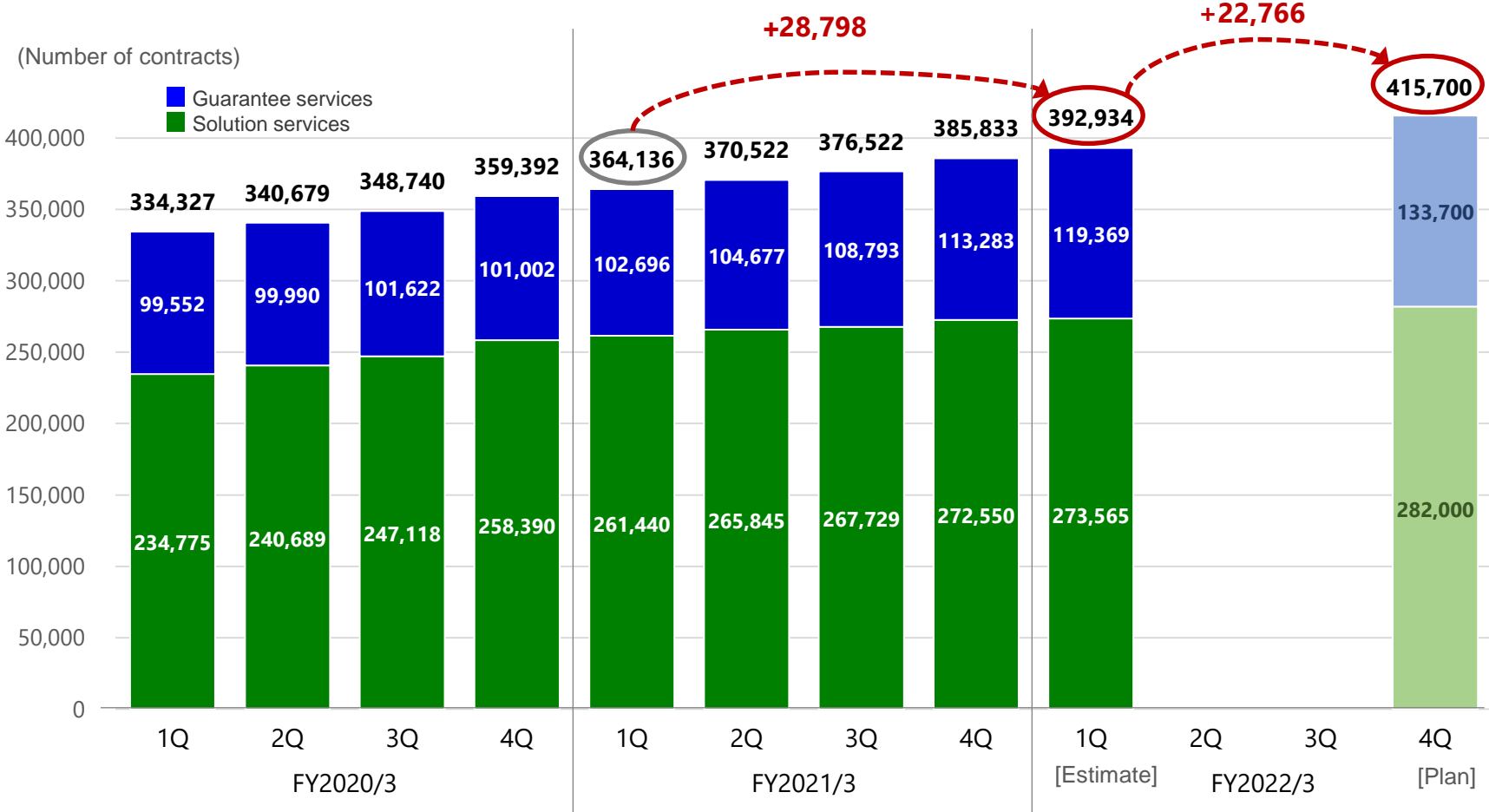
- Profitability declined in 1Q as a result of increase in bad debt + allowance for guarantee performance
- Expected to recover from 2Q onwards thanks to the stabilization of increase in subrogation payments





# Number of Contracts in Property Rent Area by Quarter

The number of contracts has grown steadily, continuing to increase since the Company was founded, Steady progress against plan



While sales temporarily declined due to a review of annual guarantee fees for Smahosu, steady progress was made in developing new customers

## Partner data

### Co-signer Agent System Smahosu

**59** medical facilities (+3 compared with the end of the previous fiscal year)

**16,395** hospital beds

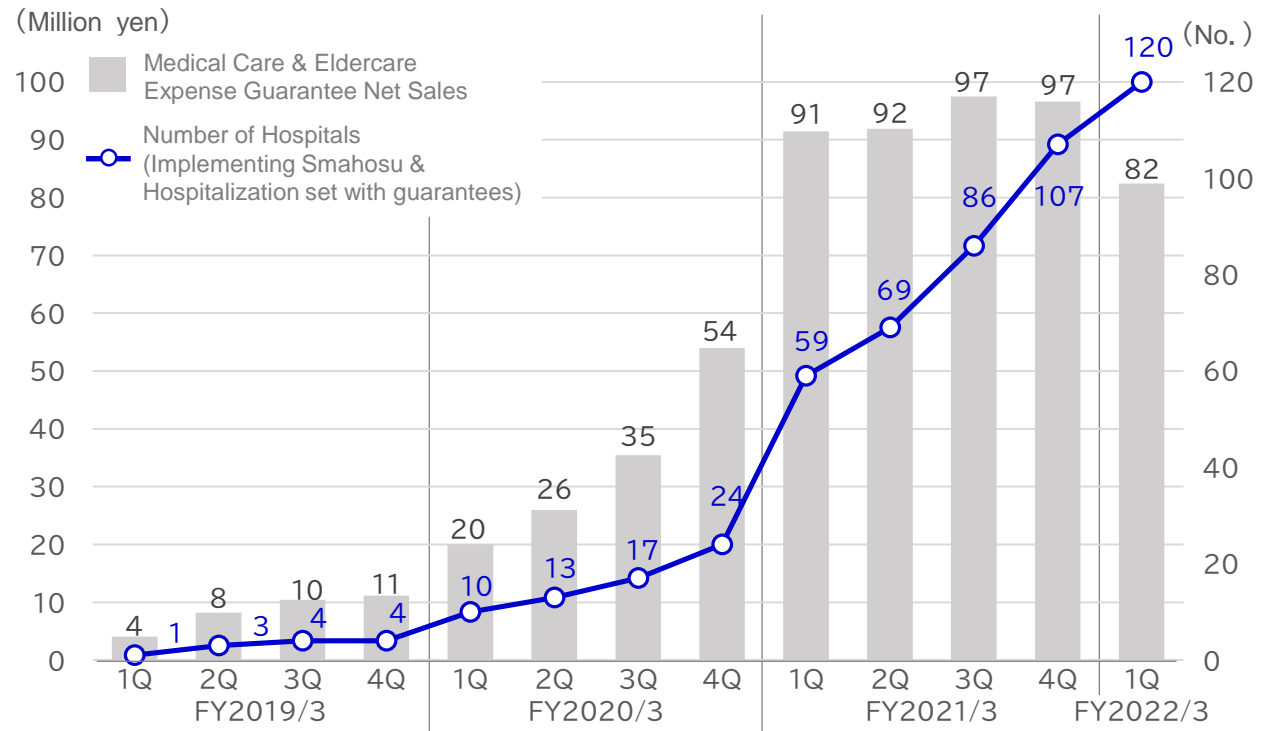
### Hospitalization set with medical care expense guarantee and other products

**167** medical facilities (+9 compared with the end of the previous fiscal year)

**33,624** hospital beds

### Eldercare expense guarantees

**202** eldercare service providers (+3 compared with the end of the previous fiscal year)

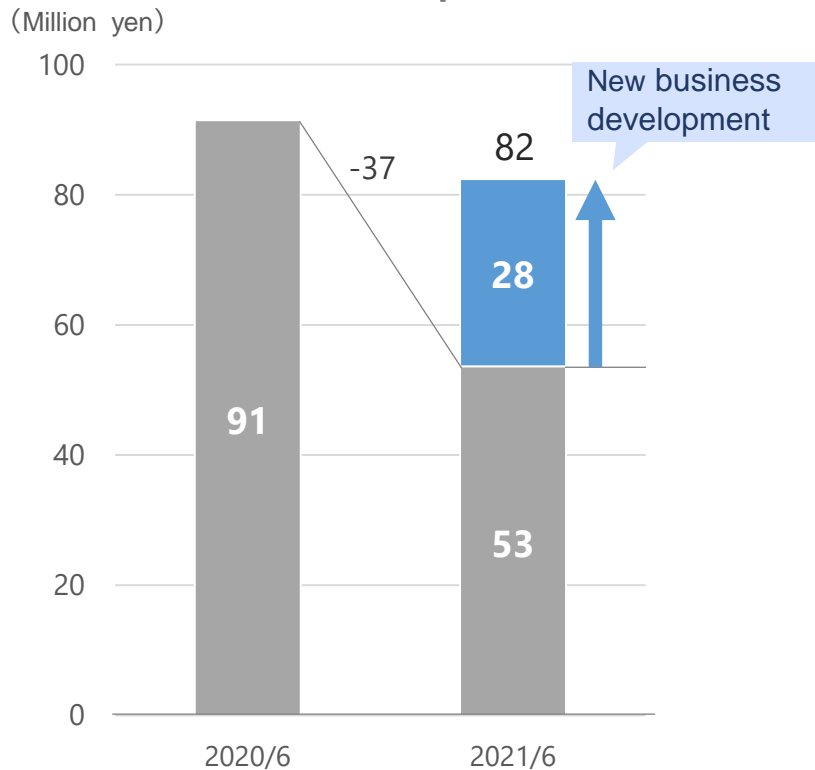


\* Smahosu is a medical care expense guarantee product with the guarantee fee paid covered by the hospital.

# Supplemental Information on Medical Care & Eldercare Expense Guarantee Sales



## 1Q Sales Comparison



## Status of Medical Care & Eldercare Expense Guarantee

- Decrease in guarantee fee for Smahosu  
-37 million yen  
(Improvement in medical care accounts receivable due to the effect of the introduction of Smarhos and the impact of the coronavirus)
- Increase due to new business development, etc.  
+28 million yen
- The number of facilities to introduce it is on the rise

## Other Financial Data (Balance Sheet)

(Million yen)	June 2020 (Previous fiscal year)	June 2021 (Current fiscal year)	Change in amount
Current assets	3,942	<b>4,708</b>	765
Cash and deposits	2,801	<b>3,017</b>	215
Accounts receivable - trade	204	<b>207</b>	3
Advances paid	1,170	<b>1,666</b>	<b>496</b>
Other	258	<b>411</b>	153
Allowance for doubtful accounts	-492	<b>-594</b>	-102
Non-current assets	687	<b>869</b>	181
Property, plant, and equipment	55	<b>49</b>	-6
Intangible assets	201	<b>257</b>	55
Investments and other assets	430	<b>562</b>	132
Current liabilities	1,129	<b>1,528</b>	398
(Unearned revenues)	738	<b>1,080</b>	<b>341</b>
(Guarantee performance provisioning)	84	<b>113</b>	28
Non-current liabilities	46	<b>66</b>	19
Net assets	3,453	<b>3,983</b>	529
Total assets	4,630	<b>5,577</b>	947

Increased in connection with expanded sales of advance payment-type products in the property rent area

Unearned revenues increased as new contracts in property rent guarantees increased (46% increase)

## **2. Company Plan for the Fiscal Year Ending March 31, 2022**

# Summary Plan for the Entire Fiscal Year Ending March 31, 2022

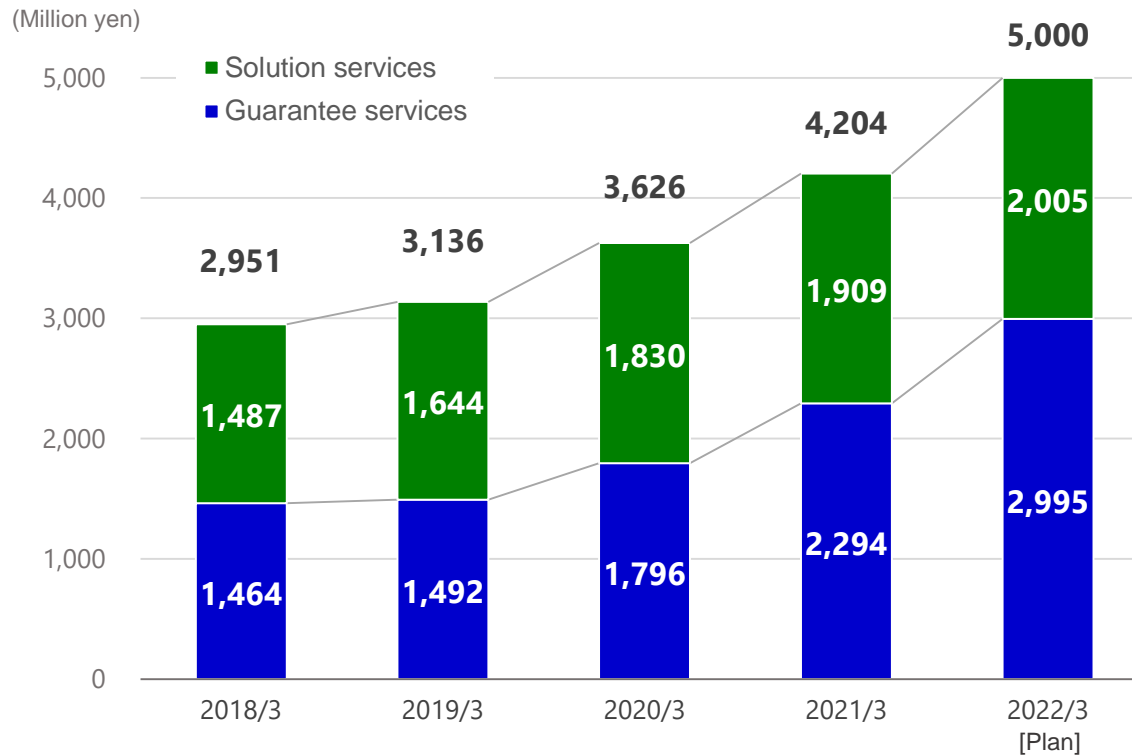


**Achieve growth that exceeds the sales growth trend for the fiscal year ended March 31, 2021**

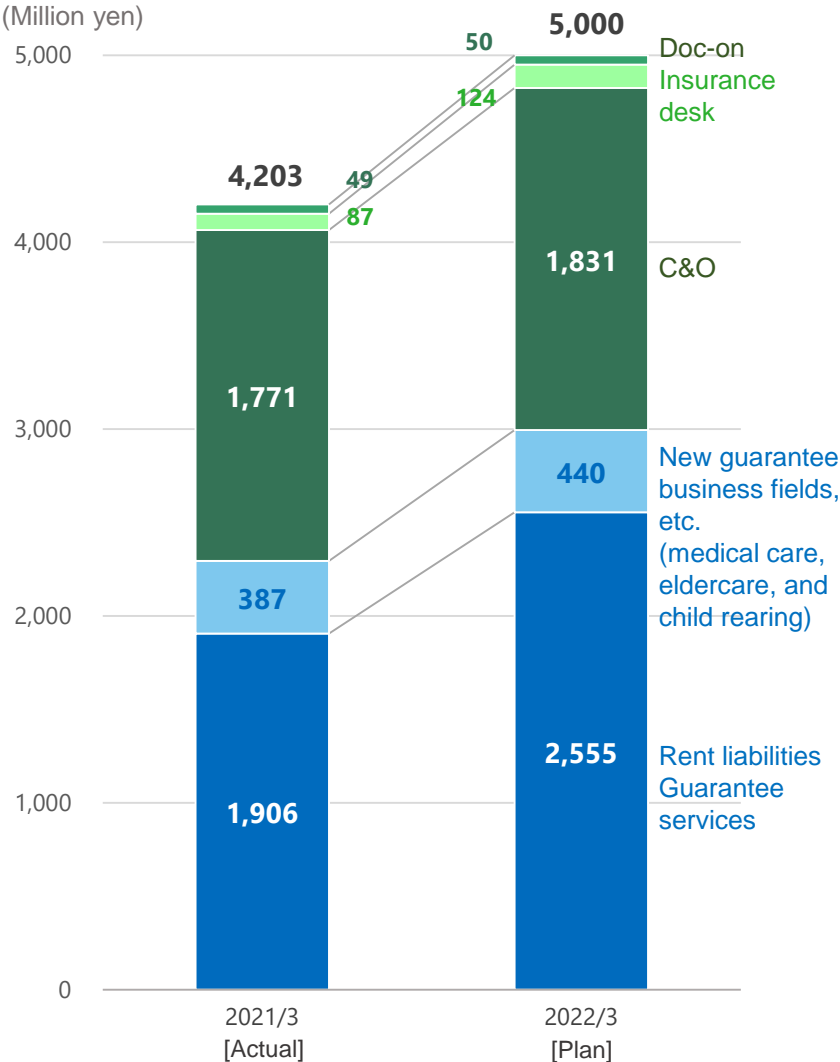
**Ensure a certain level of operating income while actively investing in long-term growth It is assumed that the impact of the coronavirus will mainly be in the first half and that a moderate recovery will occur after that**

(Million yen)	FY03/2021 (Actual)	FY03/2022 (Plan)	(Year-on-year)	H1 plan
Revenues	4,203	<b>5,000</b>	118.9%	<b>2,340</b>
Operating income	1,149	<b>1,270</b>	110.4%	<b>590</b>
(Margin)	27.4%	<b>25.4%</b>	-	<b>25.2%</b>
Ordinary income	1,153	<b>1,275</b>	110.5%	<b>592</b>
(Margin)	27.4%	<b>25.5%</b>	-	<b>25.3%</b>
Net income	760	<b>835</b>	109.8%	<b>390</b>
(Margin)	18.1%	<b>16.7%</b>	-	<b>16.7%</b>

## Steadily achieve sales targets in the first year of the Medium-term Management Plan



# Annual Targets for Revenues (Details)



## Solution business

### Doc-on service

Continue to expand sales

### Insurance desk services

Accelerate growth centered on small-amount short-term insurance policies

### C&O service

Continue growth centered on schemes requiring no co-signers

## Guarantee business

### Property rent guarantees

Expecting significant growth targeting major management companies

### Medical care expense guarantees

Expect slower development of new customers caused by the coronavirus, and a decrease in guarantee fees due to the normalization of delinquency of existing contracts. Continue efforts aimed at increasing sales such as participation in seminars for hospitals, etc.

### Eldercare expense guarantees

Continue efforts aimed at increasing sales with an eye to the coronavirus subsiding

### Child rearing expense guarantees

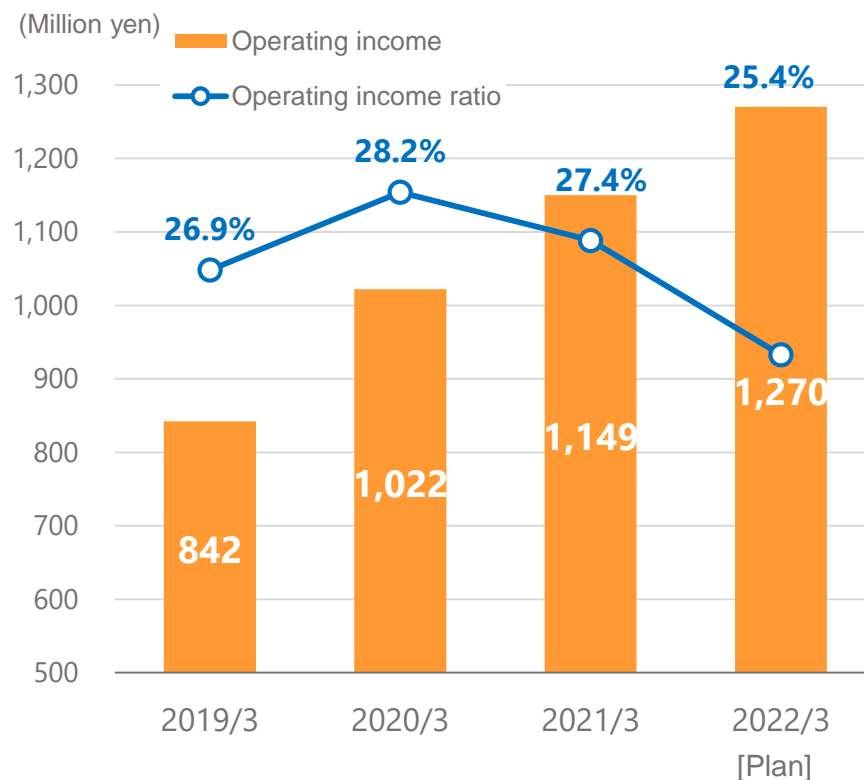
Steadily execute investment and establish a business base for improving the content of products



**Continue stable growth of income while conducting up-front investment such as system investment, taking into consideration the impact of the coronavirus**

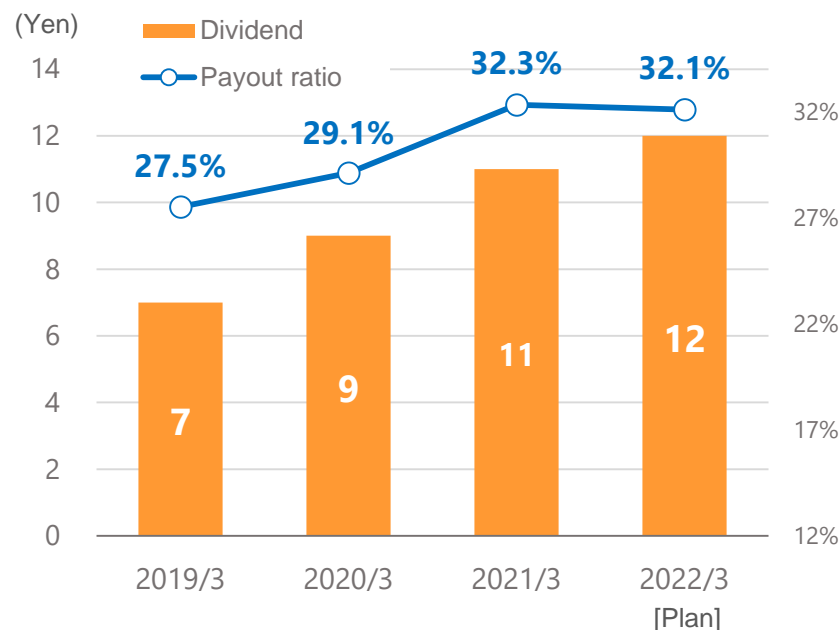
## Impact of expenses from up-front investment

- New core systems (depreciation) -39 million yen
- Call center expansion -54 million yen
- Up-front investment such as advertising for child rearing expense guarantees (increase) -19 million yen



## Dividend planned to increase by 1 yen to 12 yen based on shareholder return policy

\*Dividend payout ratio of 30% to 40%



## 3. Company Information

## Company Profile (As of June 30, 2021)



- Company Name : Entrust Inc.
- Date of establishment : March 2006
- Capital : 1,044 million yen
- Fiscal year : 12 months to March
- Representative director : Yutaka Kuwabara
- Head office location : 1-4 Kojimachi, Chiyoda-ku, Tokyo
- Major branch offices : Akita, Sendai, Toyama, Nagoya, Osaka, Fukuoka, Yokohama Solution Center
- Number of employees : 211 (including part-time workers)
- Business lines : guarantee business and solution business



# Meeting various needs with tailor-made services



## Guarantee business

Guarantee provision as a set of risk and service

An extensive market



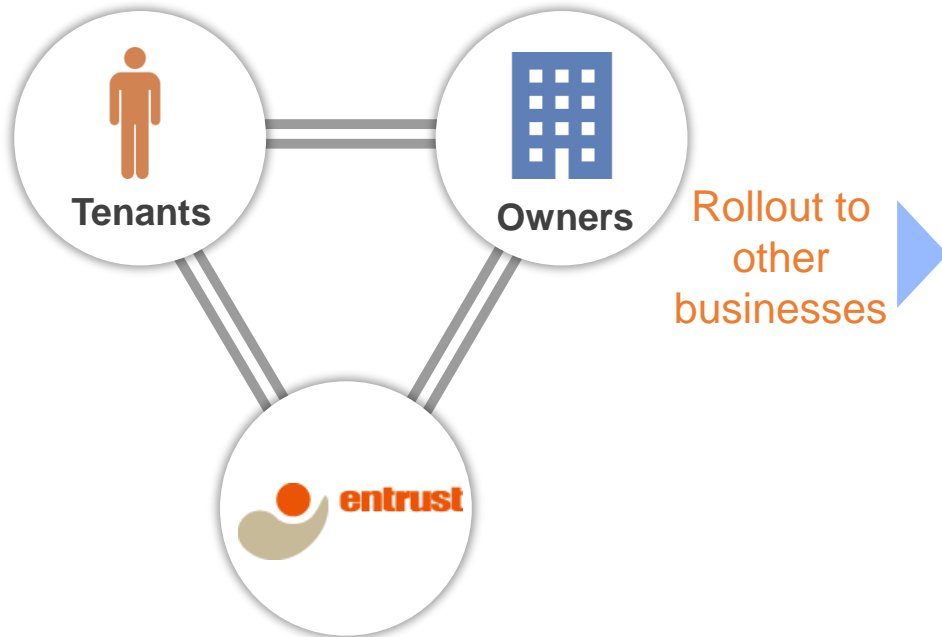
## Solution business

Specialization in guarantees provided as a service

# Guarantee business

Assume debt delinquency risk and provide various services pertaining to guarantees



For example,  
in the case of property  
rent guarantees



Medical care



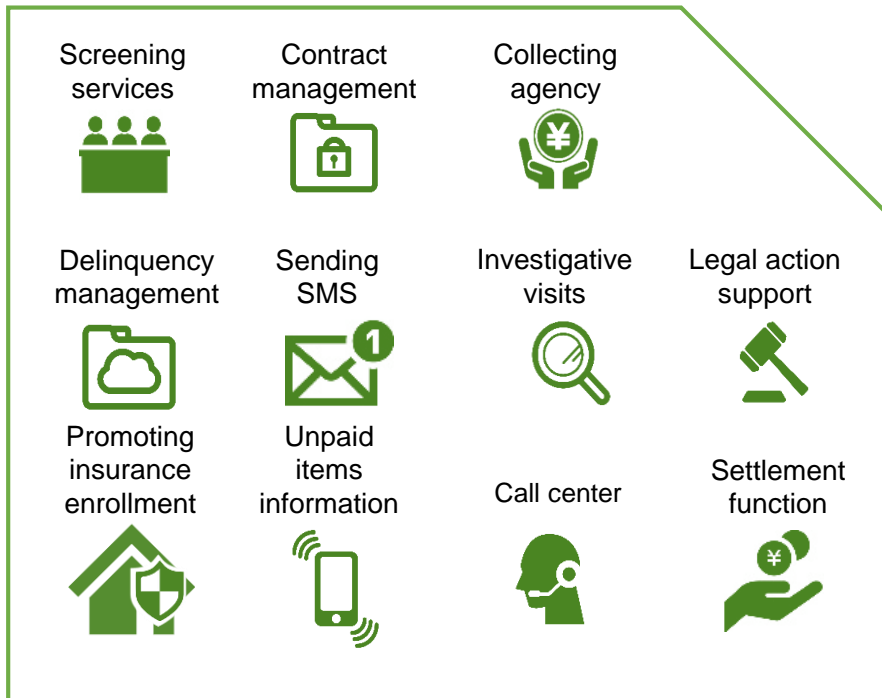
Eldercare



Child rearing expense

## Solution business

Providing a unique business support service based on know-how cultivated in the field of property rent guarantees



Solve unique customer needs with professional services

**Entrust provides social infrastructure through its guarantee schemes, contributing to the invigoration of services and distribution.**

**Entrust Inc.**





The statements concerning business results projections stated in these materials are based on judgments derived from information available at that time, and actual results may differ materially from those projected, depending on a variety of factors. Factors that have the potential to affect actual business results include a deterioration in the business environment or economic conditions, trends surrounding laws, regulations, and related rules, and unfavorable rulings in litigation.

If you have any comments or questions regarding these materials or any other IR-related matters, please contact us at the contact point for inquiries below.

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