



Fiscal Year Ending March 31, 2022 Second Quarter Results Briefing Information Materials

**Entrust Inc.
Securities Code: 7191**



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

1. Fiscal Year Ending March 31, 2022 – Second Quarter Business Results

Both revenue and operating income progressed as planned

Revenues increased to 116.8%
Operating income increased to 103.1%

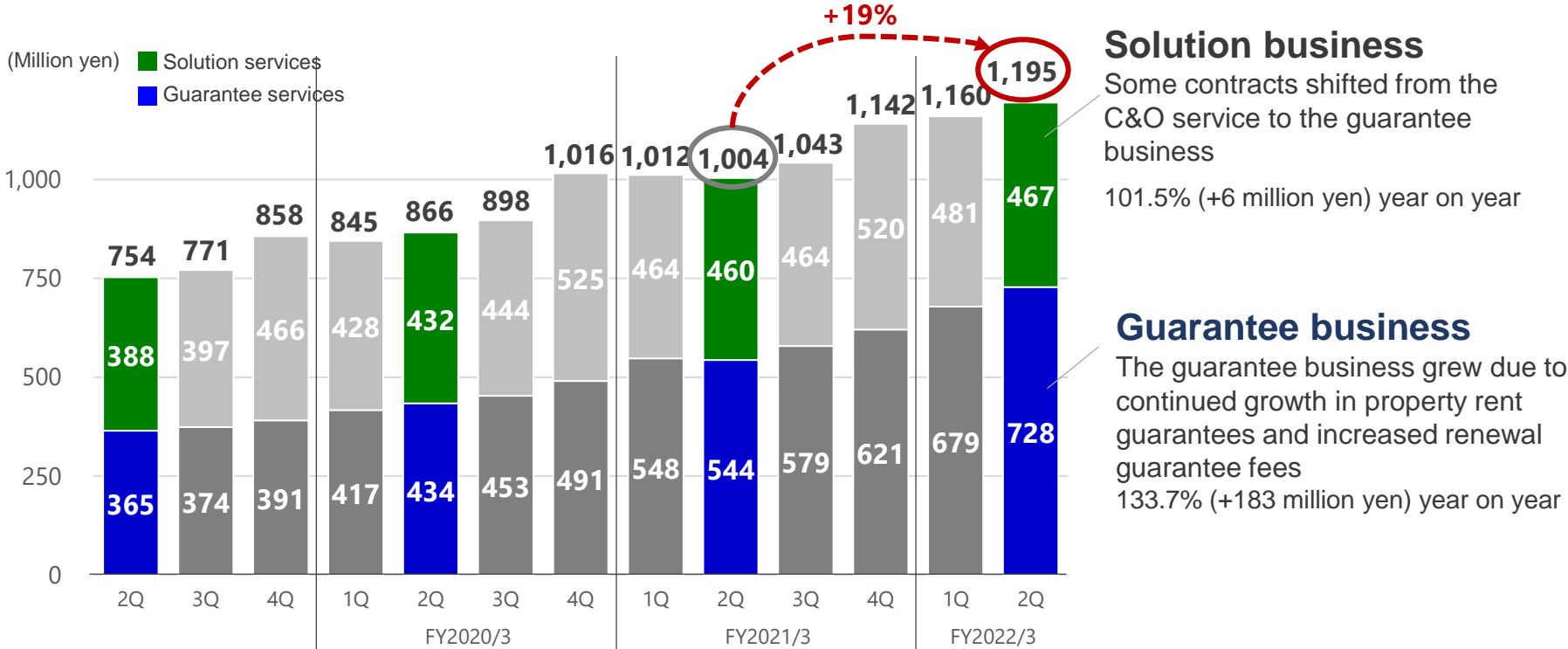
- Sales increased significantly from the previous fiscal year as a result of growth in property rent guarantees (136.5% year-on-year)
- Bad debt costs increased due to an increase in advances paid as a result of growth in property rent guarantees
- Net income declined due to a higher tax burden, but it is expected to pick up from 1Q and level off in the fiscal year.

(Million yen)	September 2020 Actual	September 2021 Actual	Year-on-year
Revenues	2,017	2,356	116.8%
Operating income	567	585	103.1%
(Margin)	28.1%	24.9%	-
Ordinary income	569	587	103.2%
(Margin)	28.2%	24.9%	-
Net income	386	378	98.1%
(Margin)	19.1%	16.1%	-

Revenues by Quarter

Sales in the guarantee business maintained substantial growth

Year on Year 119% (+190 million yen)



Analysis of Change in Operating Income

Growth in property rent guarantees revenue 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)

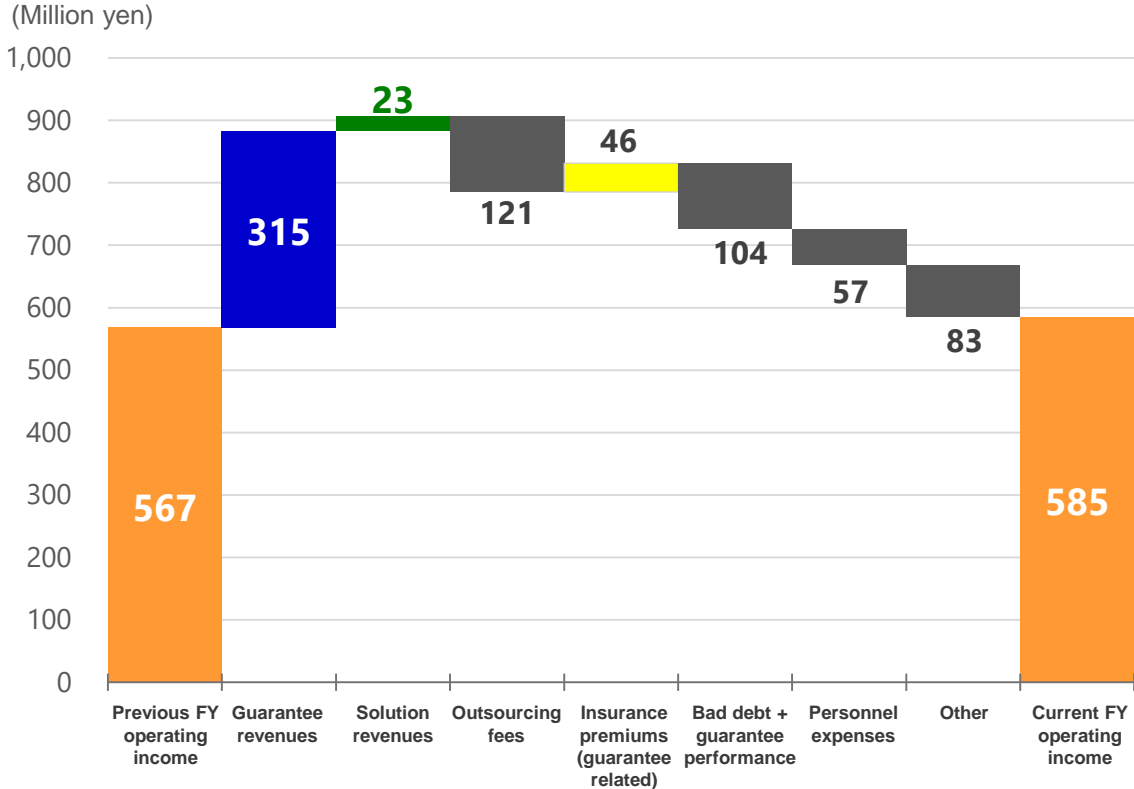
Decreased due to an adjustment of guarantee fees in medical care expense guarantees

Bad debt + guarantee performance

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

Personnel expenses

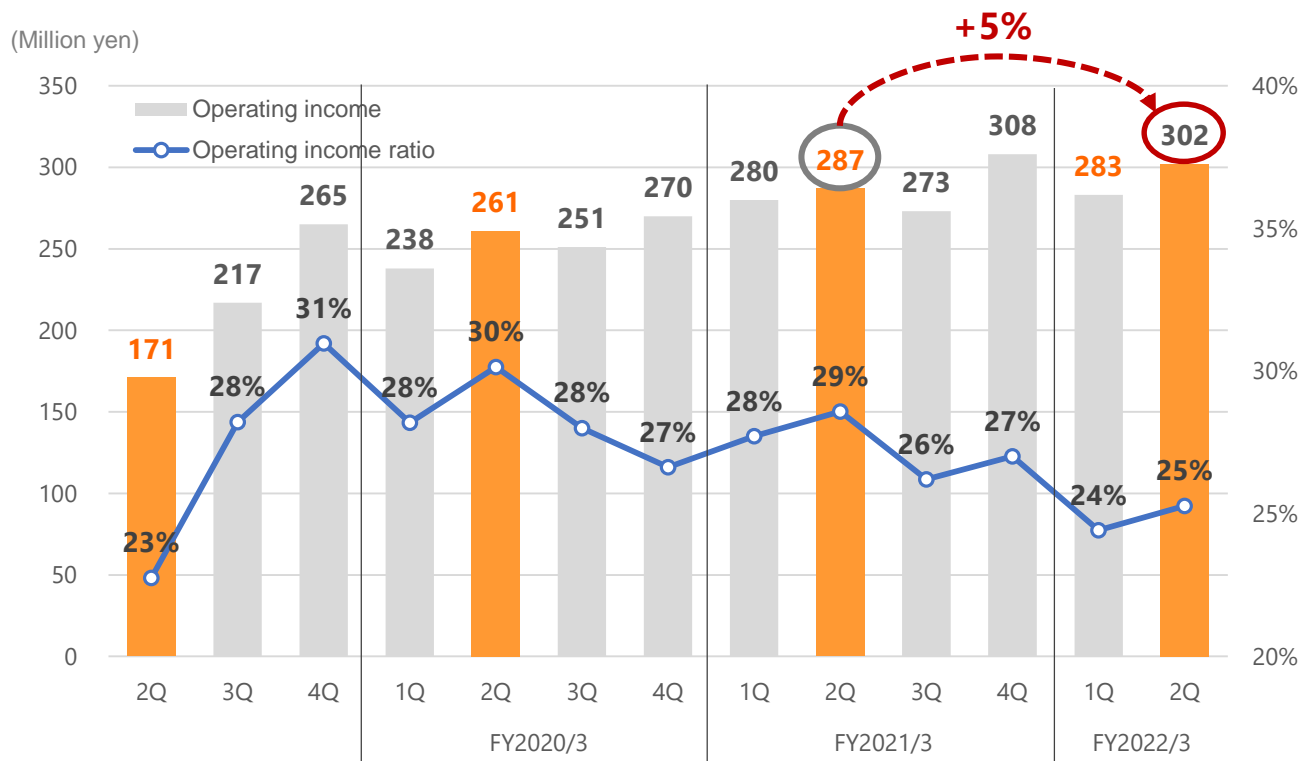
Increased in line with increase in personnel



Operating Income and Operating Income Ratio by Quarter



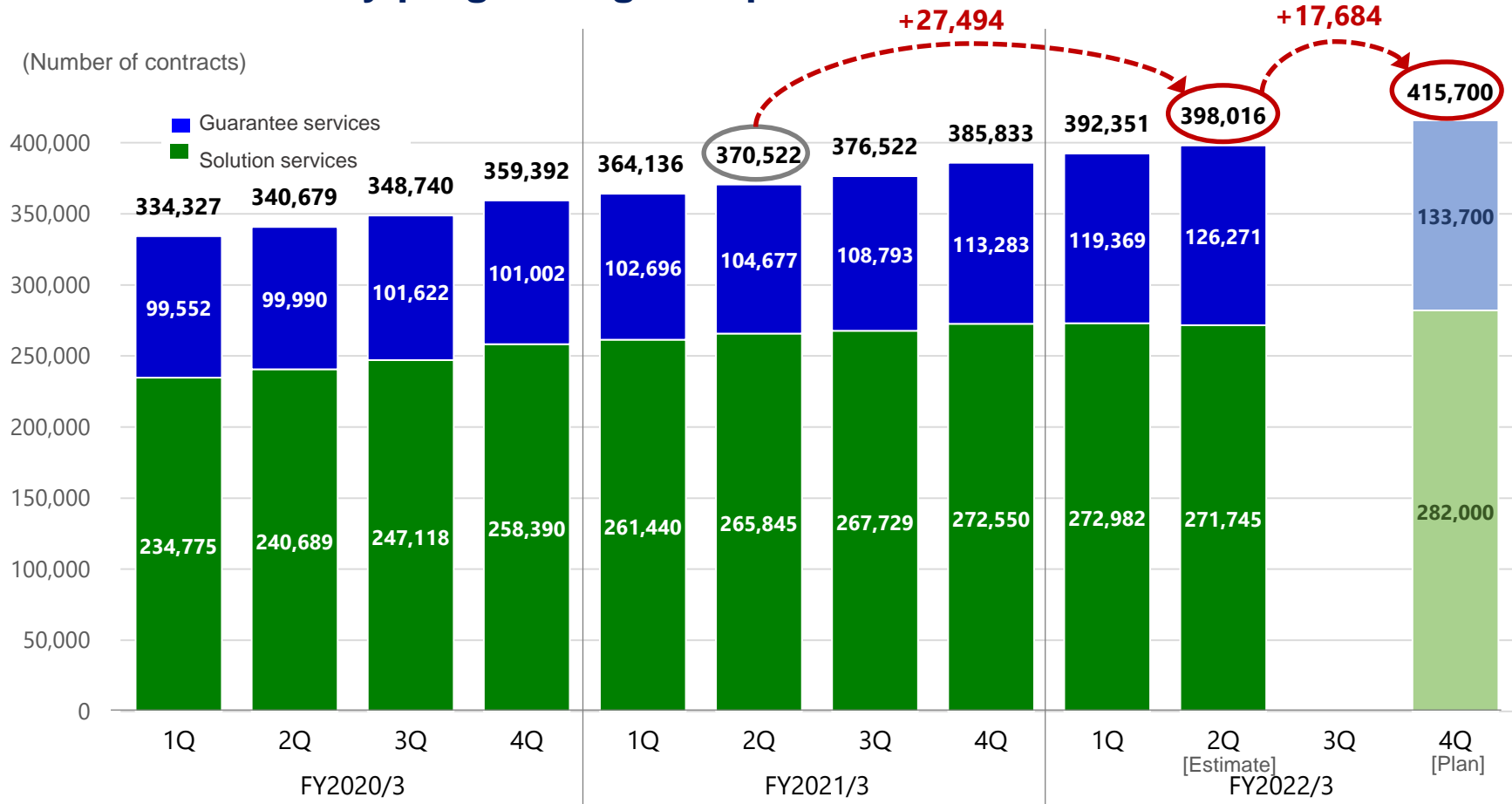
Operating income increased steadily (operating income ratio: 25.3%)



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**



Despite the impact of the coronavirus, sales activities are intensifying

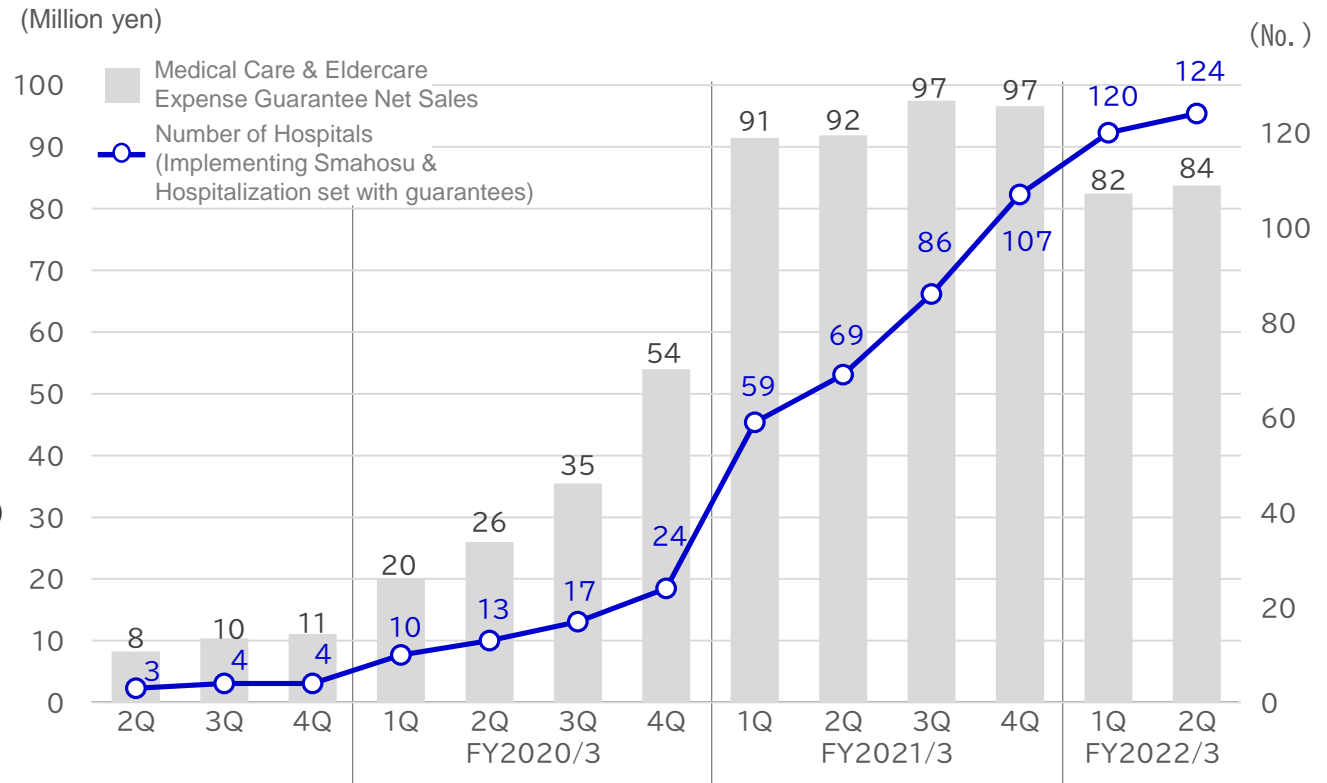
Amid the trend of the coronavirus subsiding, the number of requests for quotations from hospitals is rapidly recovering

Partner data

Co-signer Agent System Smahosu
60 medical facilities (+4 compared with the end of the previous fiscal year)
16,098 hospital beds

Hospitalization set with medical care expense guarantee and other products
170 medical facilities (+12 compared with the end of the previous fiscal year)
34,053 hospital beds

Eldercare expense guarantees
203 eldercare service providers (+4 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.

Other Financial Data (Balance Sheet)

(Million yen)	September 2020 (Previous fiscal year)	September 2021 (Current fiscal year)	Change in amount
Current assets	4,143	4,991	848
Cash and deposits	2,917	3,191	273
Accounts receivable and contract assets	205	215	9
Advances paid	1,227	1,742	515
Other	275	428	153
Allowance for doubtful accounts	-482	-586	-103
Non-current assets	836	943	107
Property, plant, and equipment	57	50	-7
Intangible assets	226	262	35
Investments and other assets	552	630	78
Current liabilities	1,261	1,661	400
(Contract liabilities)	778	1,118	339
(Guarantee performance provisioning)	73	117	44
Non-current liabilities	51	73	22
Net assets	3,667	4,199	532
Total assets	4,980	5,935	955

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

Contact liabilities increased as new contracts in property rent guarantees increased (44% increase)
 * Second half and beyond sources of earnings

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

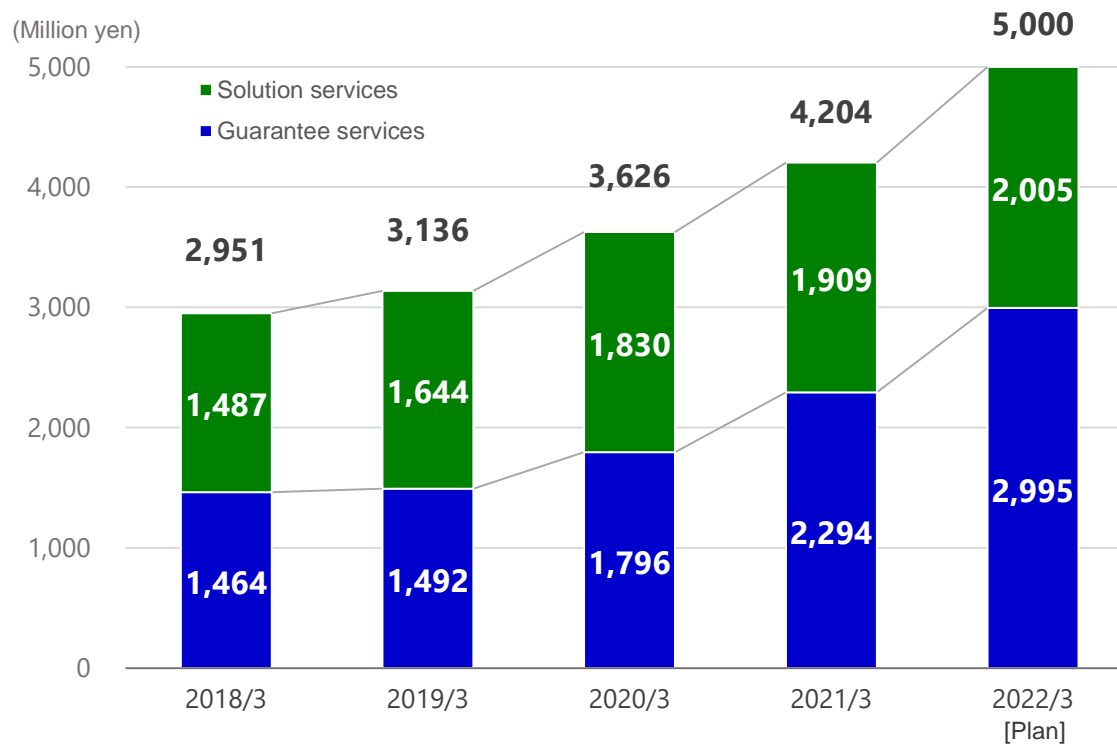
Ensure a certain level of operating income while actively investing in long-term growth It is assumed that the impact of the coronavirus will mainly be in the first half and that a moderate recovery will occur after that

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

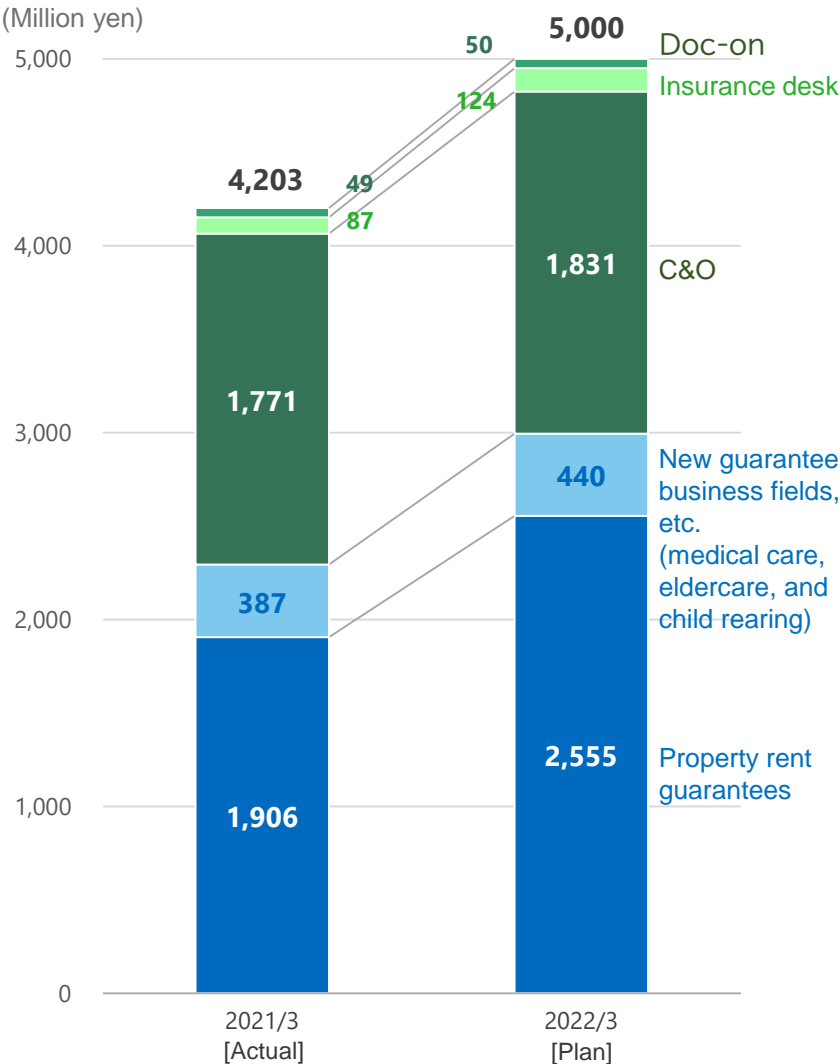
Revenues by Year and Plan



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 a decrease in guarantee fees due to the adjustment of arrears in existing contracts

Intensified new business development due to the trend of the coronavirus subsiding

Engage in full-scale efforts to expand sales, including participation in seminars for hospitals

Eldercare expense guarantees

Increase efforts to expand sales as the coronavirus subsides

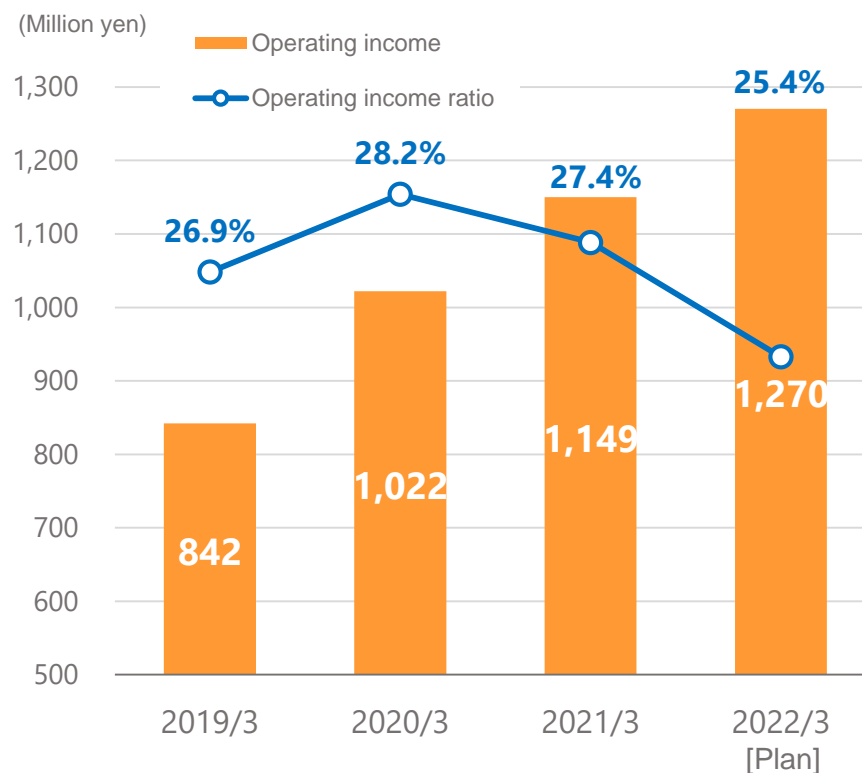
Child rearing expense guarantees

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

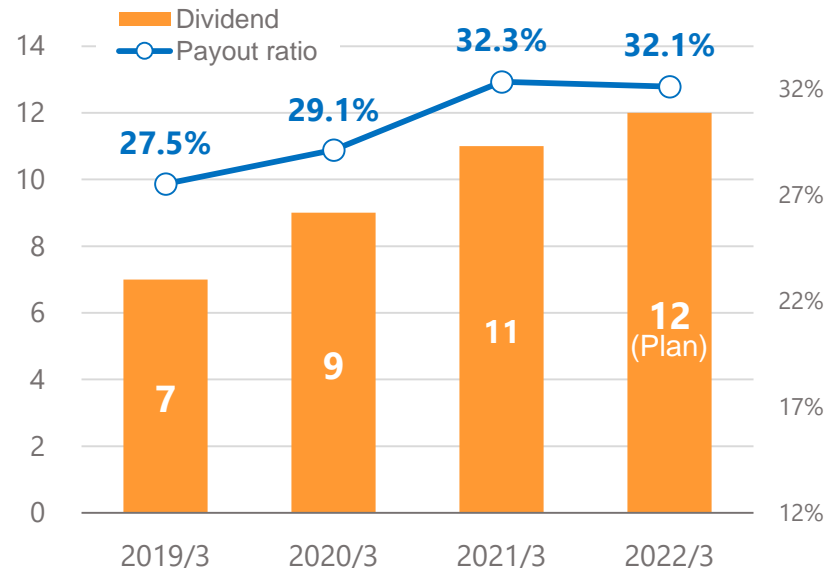
Impact of expenses from up-front investment

- 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 September 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



Developing the guarantee business to take on risks and the solution business to meet needs



Guarantee business

Guarantee service + risk

Property
rent
guarantees



BtoB

Medical care
expense
guarantees



Property management
companies
Medical institutions
Eldercare service
facilities, etc

Eldercare
expense
guarantees



Child rearing
expense
guarantees



BtoC

Individual
customers

Solution business

Provide professional services

C&O
service



Insurance
desk
services



Doc-on
service



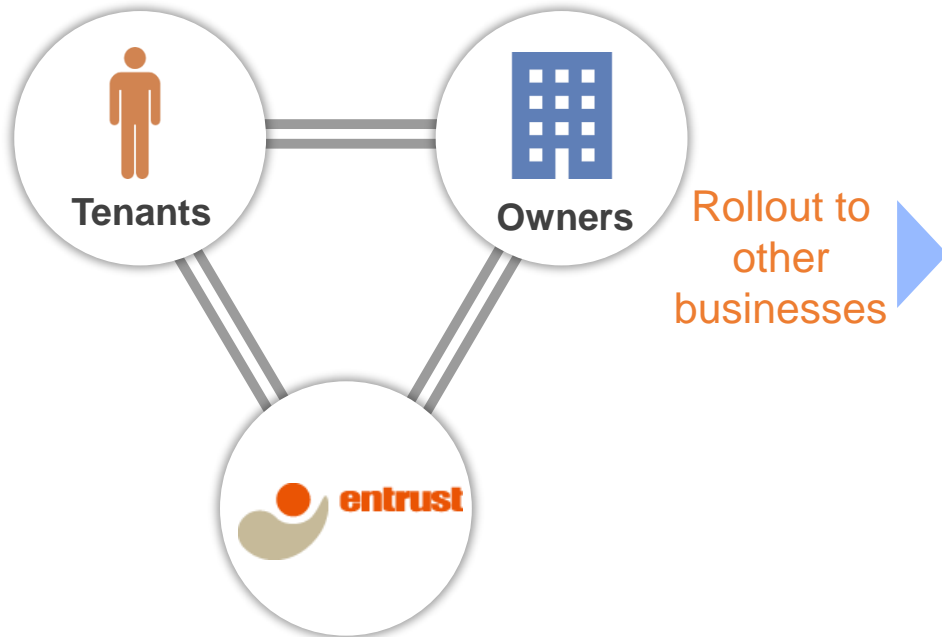
BtoB

Property management
companies
Insurance companies
Credit companies, etc.

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

Screening services 	Contract management 	Collecting agency 	
Delinquency management 	Sending SMS 	Investigative visits 	Legal action support 
Promoting insurance enrollment 	Unpaid items information 	Call center 	Settlement function 



Solve unique customer needs with professional services

Source of growth potential

Toward a society in which guarantors guarantee the credit of individuals as companies, something previously supported by the local ties or relatives

Transformation of society Revision of Civil Code

Society as it has been

Management companies, hospitals, etc.



Requiring unlimited personal joint and several guarantees

In actuality, collection of debts from co-signers is not always possible, and the problem of accounts receivable is also acute

May lead to lost opportunities due to inability to properly assess creditworthiness

The need to set the maximum amount of guarantees

In some cases, administrative burden for personal cosigners will increase due to the revision of the Civil Code

Collection of debts in excess of the maximum amount will become more difficult than ever

User (Individual)



Secure guarantors, which has always been difficult

• "I don't want others to know my illness"
• Difficult to get a cosigner for various reasons such as weakening of human relationships

Meanwhile, there are cases of bankruptcy due to having taken on the role of cosigner

It will be more difficult to secure a guarantor

It may be harder than ever to ask to be a cosigner. By presenting the maximum amount of the guarantee, you may be refused by the other person, saying, "I can't pay that much."

New Society

Social systems guarantee the creditworthiness of individuals.

- Guarantors guarantee individuals as companies
- Diversification of risk by underwriting multiple guarantees
- Appropriate assessment by screening system
- A solid financial foundation to preserve trust

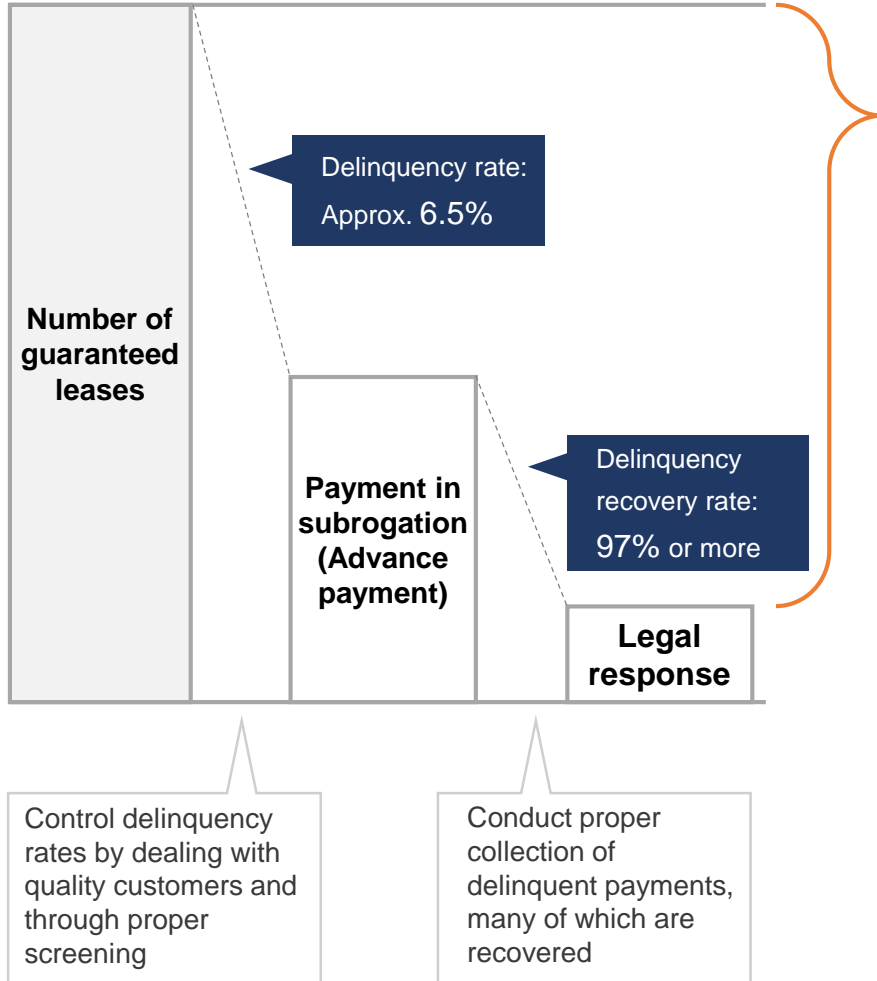
Asymmetries between lenders and borrowers will be eliminated throughout society to stimulate all transactions

Improving the overall efficiency of society

Profit structure for guarantees



About 120,000 cases

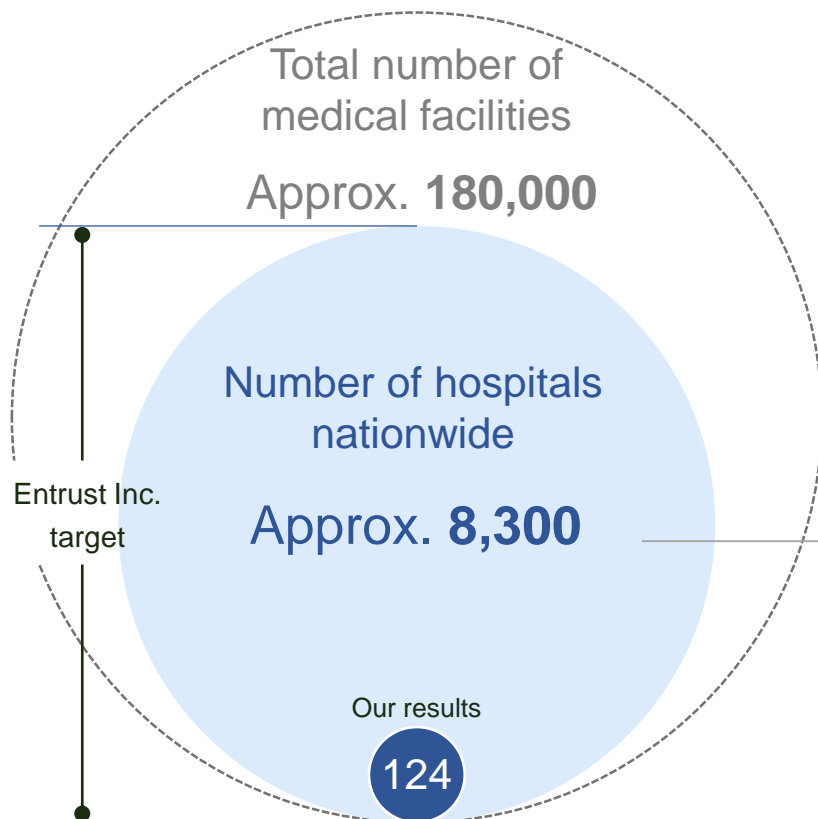


This gap is the source of profit

Three key factors that generate profits

- Assessment**
 - Precise management through accurate risk assessment
 - Improved economics (high profit margins) by selecting quality lenders/borrowers rather than reckless expansion
 - Create a cycle of customer base expansion
- Collection**
 - Compliance-driven collection (Certified by the strict screening for the listing)
 - Steadily carry out legitimate legal procedures
 - Efficient recovery schemes by professional staff and IT/infrastructure to support them
- Expertise**
 - Build up screening and collection know-how (expertise)
 - Free client (property management companies, hospitals, etc.) staff from tasks they are not familiar with
 - Resolve needs by proposing solutions

Accelerate implementations in hospitals in cooperation with a major non-life insurance company



Average account receivable per hospital
Approx. 4.5 million yen

*In-house research

External factors for expanding demand

Revision of Civil Code

Increase in the number of foreign visitors to Japan

Increase in out-of-pocket medical costs

Key KPIs and financial structure of the guarantee business

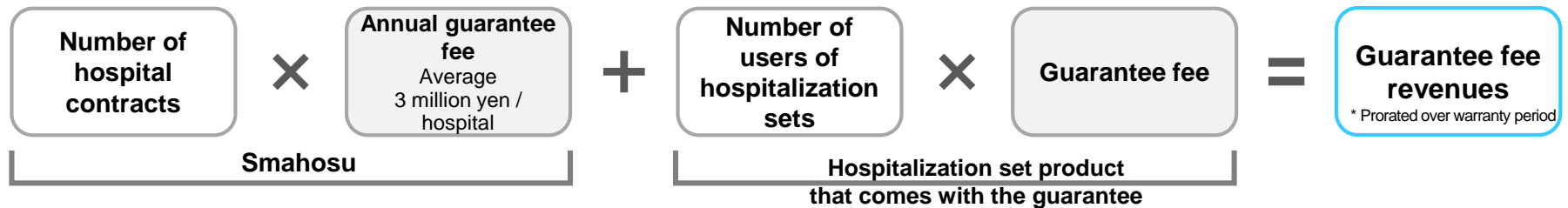


Key KPIs

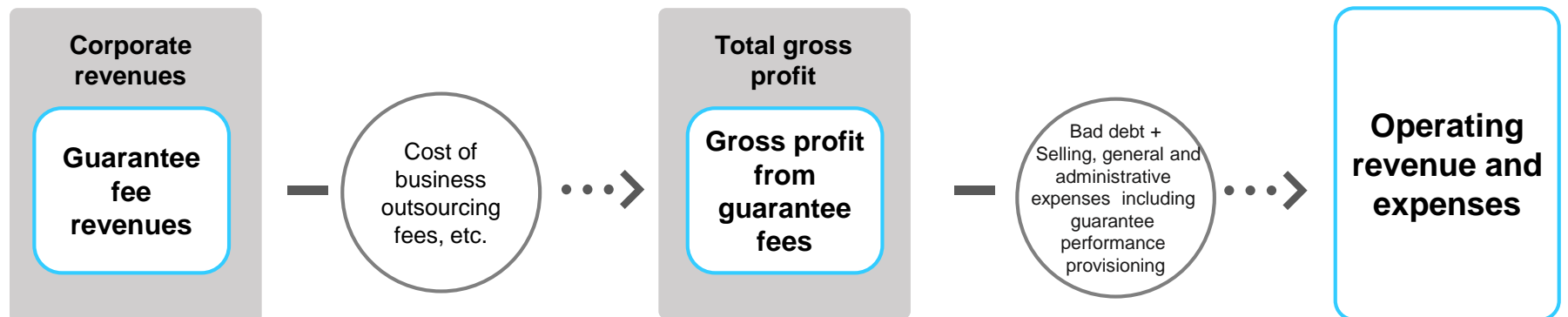
Guarantee rent, elderly care, and child rearing expenses



Medical care expense guarantees



Financial structure



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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