



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

**Entrust Inc.**  
**Securities Code: 7191**



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

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

## Revenues progressed as planned

Operating income increased by absorbing bad debt costs and costs related to the opening of new centers.

**Revenues increased to 117.3%**  
**Operating income increased to 102.4%**

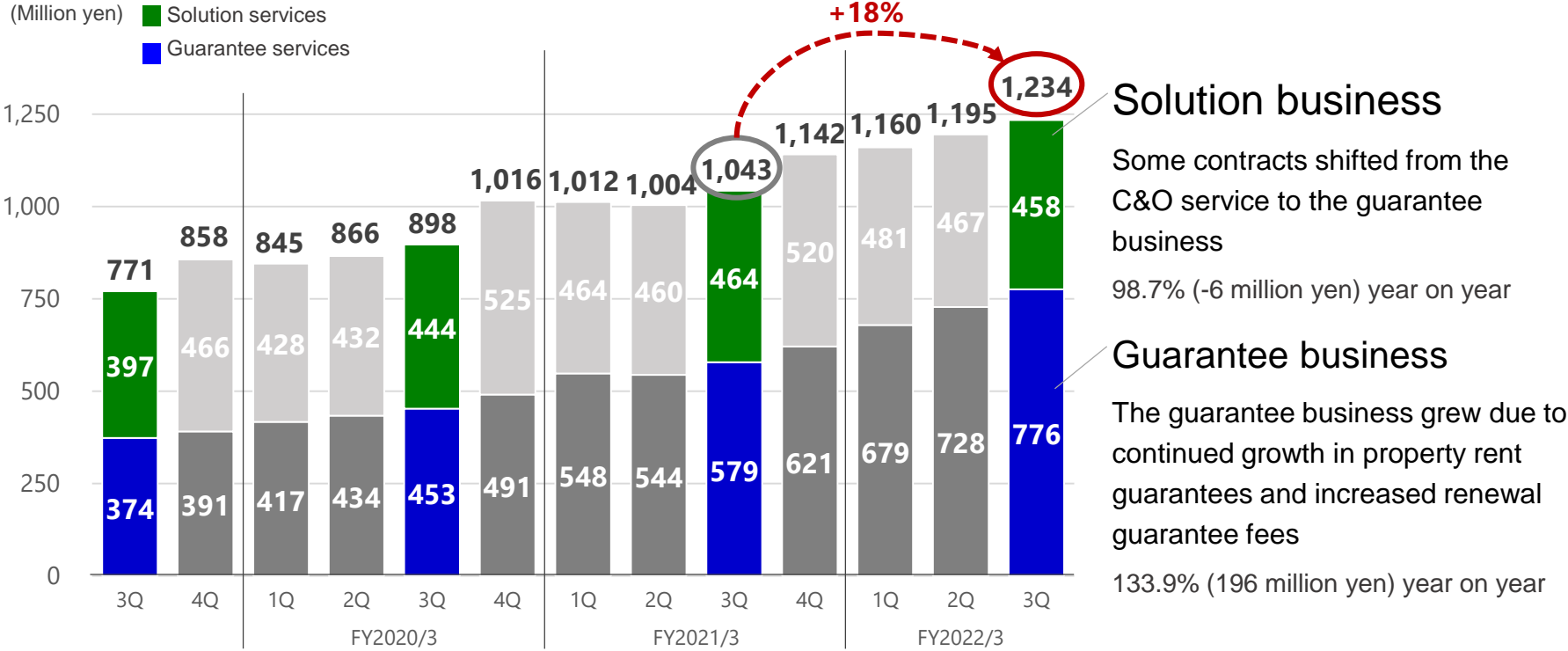
- Sales increased significantly from the previous fiscal year as a result of growth in property rent guarantees (139.2% year-on-year)
- Bad debt costs increased due to an increase in advances paid as a result of growth in property rent guarantees
- Margins declined temporarily due to one-time expenses related to the opening of the Tokyo Head Office Ichibancho ANNEX and Hamamatsu Solution Center.

(Million yen)	2020/12 Actual	2021/12 Actual	Year-on-year
Revenues	3,061	<b>3,590</b>	117.3%
Operating income	841	<b>861</b>	102.4%
(Margin)	27.5%	<b>24.0%</b>	-
Ordinary income	844	<b>864</b>	102.4%
(Margin)	27.6%	<b>24.1%</b>	-
Net income	558	<b>542</b>	97.2%
(Margin)	18.2%	<b>15.1%</b>	-

# Revenues by Quarter

## Sales in the guarantee business maintained substantial growth

Year on Year 118% (+190 million yen)



# Analysis of Change in Operating Income

**Spending on core systems and opening of centers in preparation for growth in property rent guarantees and business growth, and following up with continuous business improvement in the next fiscal year and beyond**

**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**

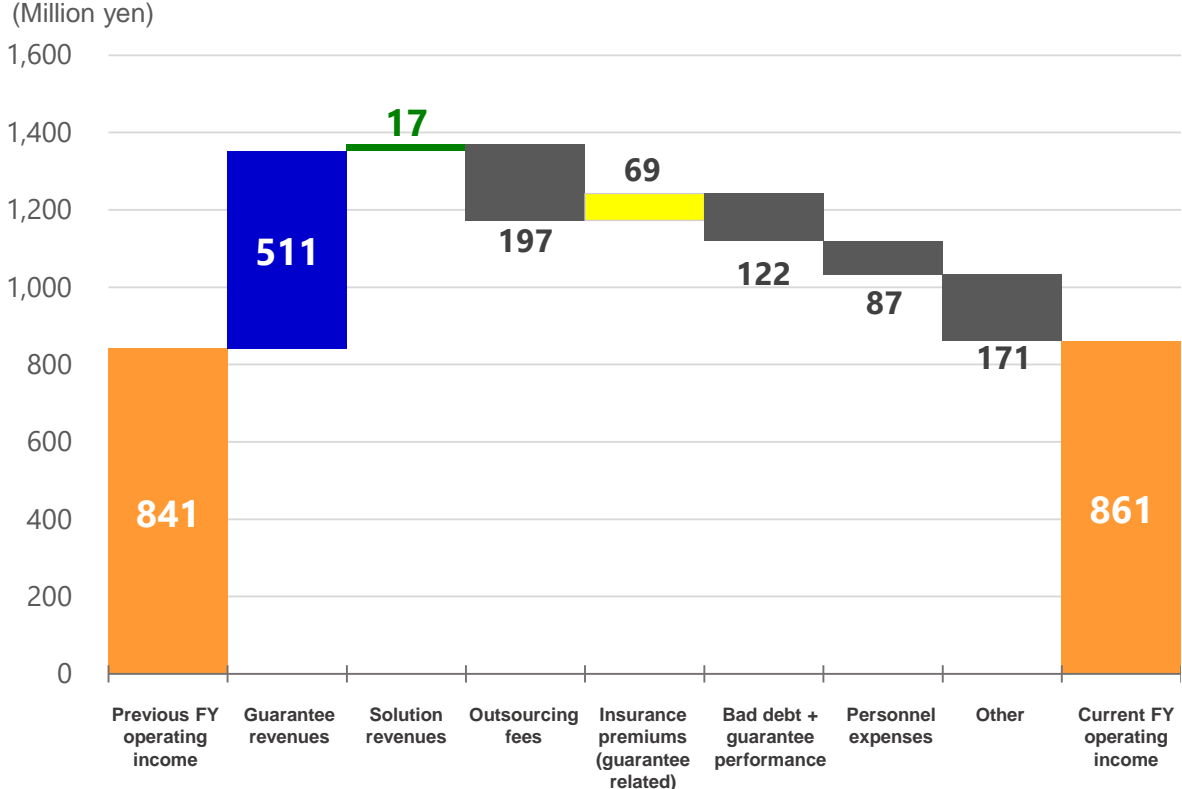
Increased due to an increase in subrogation payments and delinquencies of some high value properties

**Personnel expenses**

Increased in line with increase in personnel

**Other**

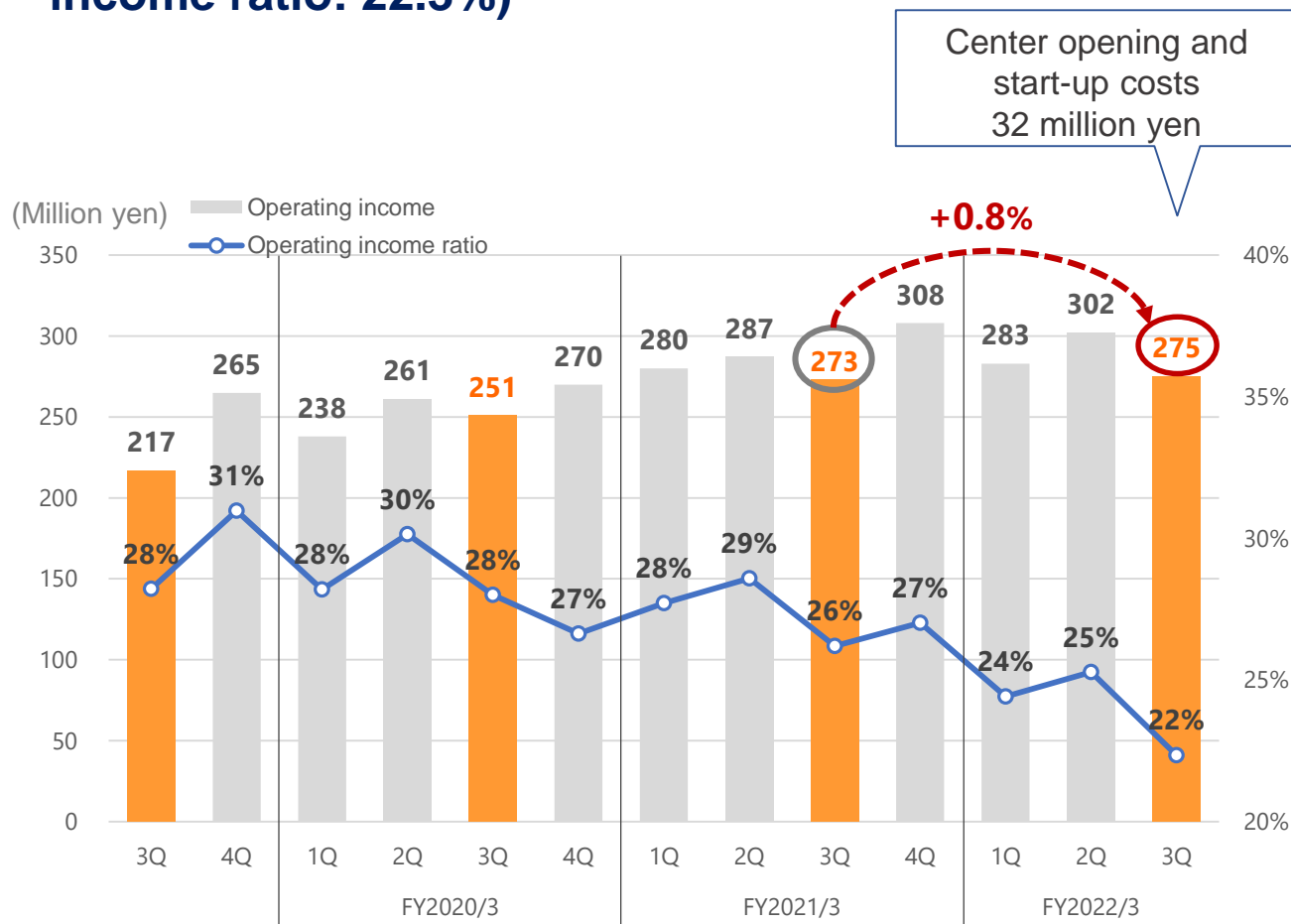
Increased due to new core systems, costs related to collections, costs related to opening centers, etc.



# Operating Income and Operating Income Ratio by Quarter



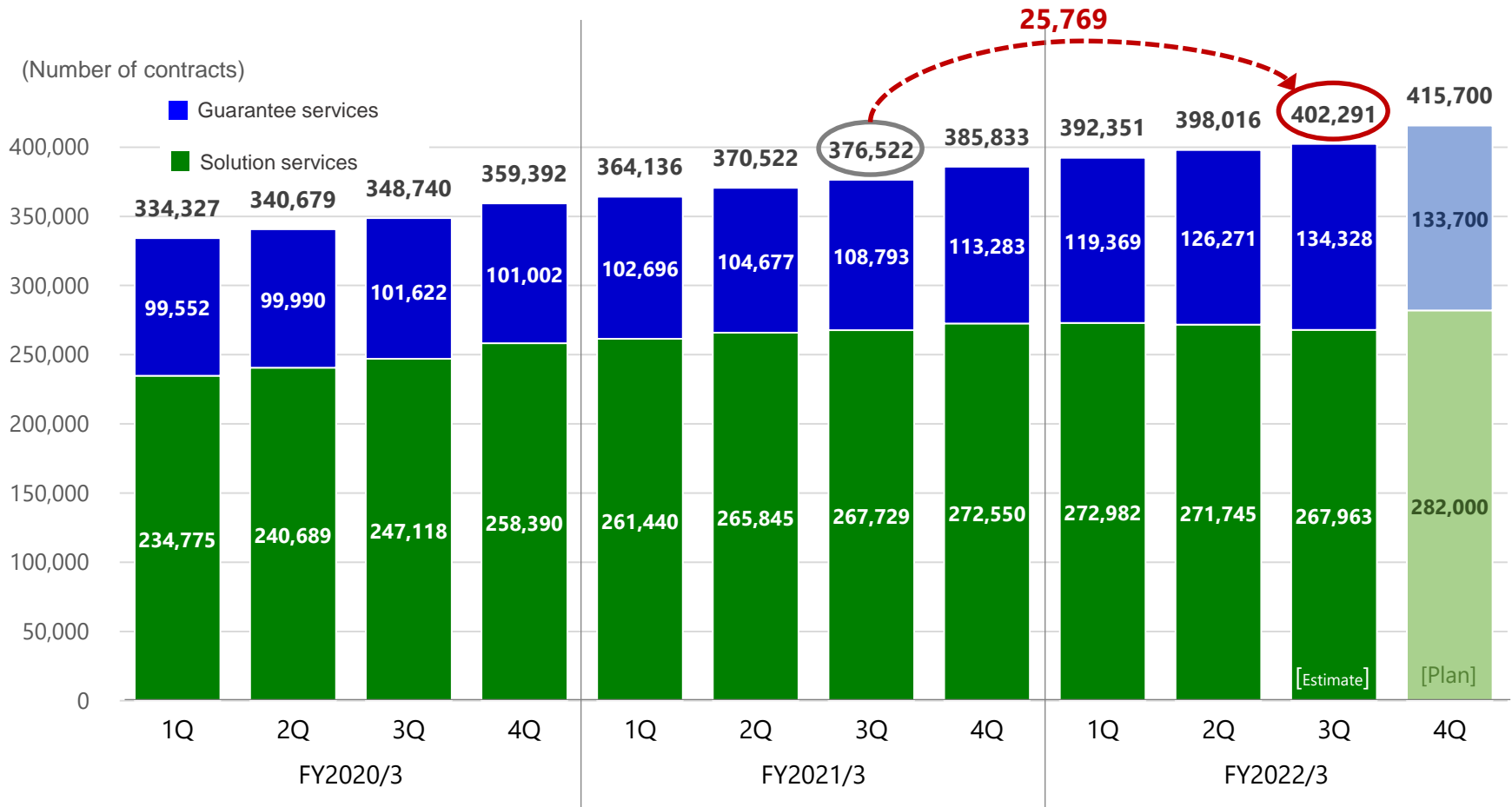
**Absorbed costs related to the opening of the center, and operating income increased steadily (operating income ratio: 22.3%)**



# 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

The number of affiliated medical facilities continues to increase

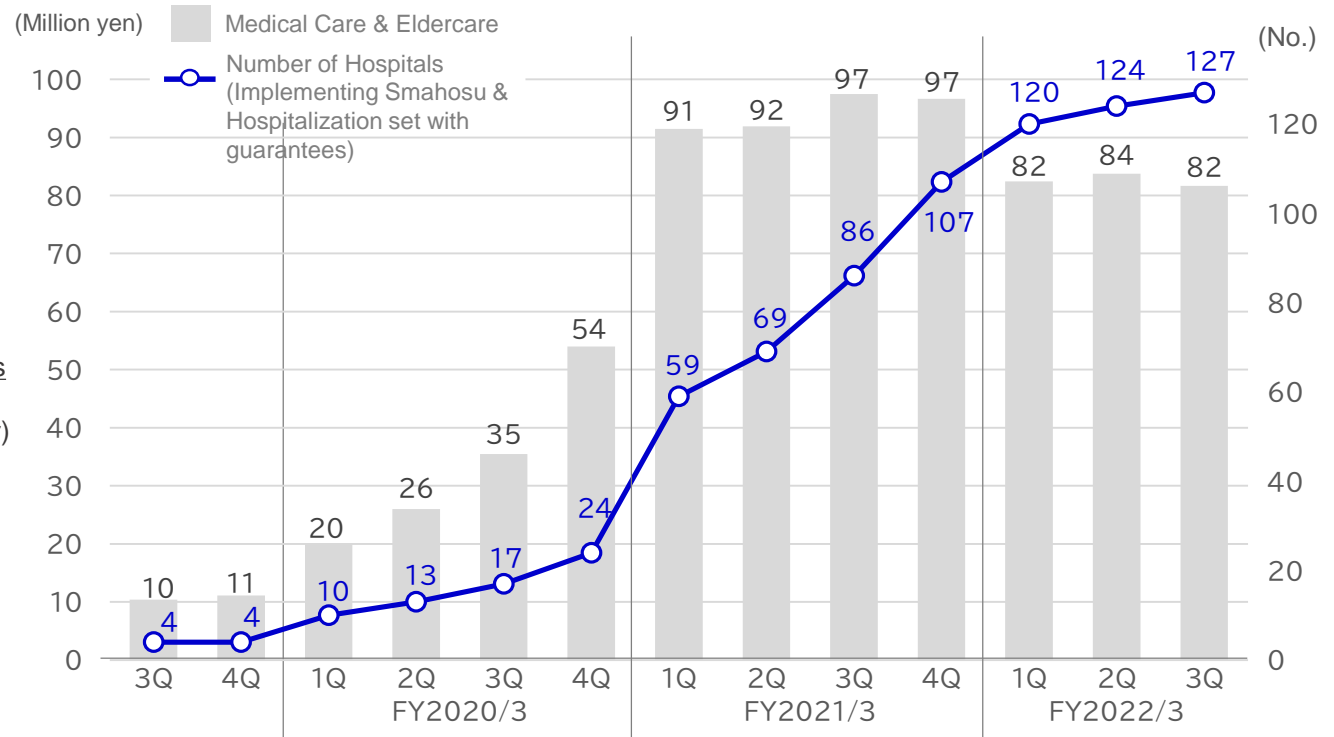
Revenue is on a temporary downward trend reflecting a decline in the unit price per hospital guarantee due to a decrease in medical accounts receivable

### Partner data

Co-signer Agent System Smahosu  
**61** medical facilities (5 compared with the end of the previous fiscal year)  
**16,409** hospital beds

Hospitalization set with medical care expense guarantee and other products  
**172** medical facilities (14 compared with the end of the previous fiscal year)  
**34,404** hospital beds

Eldercare expense guarantees  
**205** eldercare service providers (6 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)	2020/12 (Previous fiscal year)	2021/12 (Current fiscal year)	Change in amount
Current assets	4,198	<b>4,895</b>	696
Cash and deposits	2,824	<b>3,014</b>	189
Accounts receivable and contract assets	203	<b>201</b>	-1
Advances paid	1,389	<b>1,925</b>	536
Other	302	<b>412</b>	109
Allowance for doubtful accounts	-522	<b>-658</b>	-136
Non-current assets	839	<b>953</b>	113
Property, plant, and equipment	54	<b>90</b>	35
Intangible assets	239	<b>259</b>	19
Investments and other assets	545	<b>603</b>	58
Current liabilities	1,264	<b>1,534</b>	270
(Contract liabilities)	834	<b>1,085</b>	250
(Guarantee performance provisioning)	82	<b>111</b>	29
Non-current liabilities	54	<b>95</b>	41
Net assets	3,720	<b>4,218</b>	498
Total assets	5,038	<b>5,848</b>	810

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

Contact liabilities increased as new  
\* Sources of earnings from the next fiscal year  
contracts in property rent guarantees increased (30% increase)

⇒ Growth rate is stable due to increase in sales of monthly renewal guarantee type

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

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

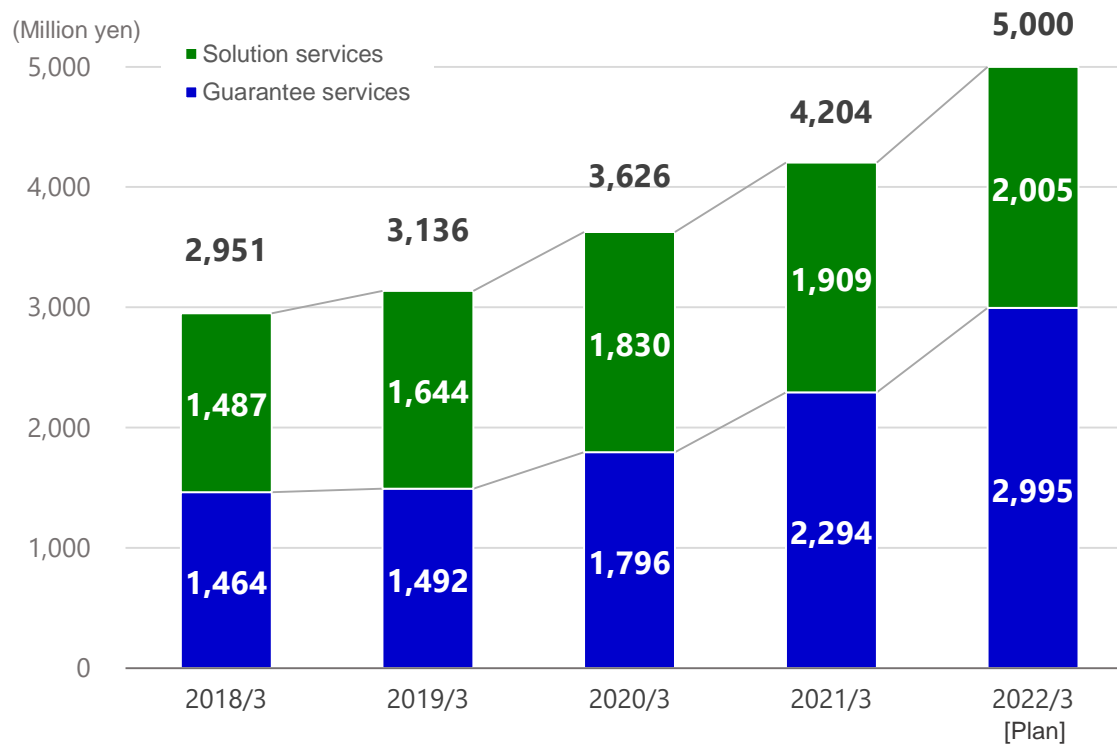
**Ensure a certain level of operating income while actively investing in long-term growth It is assumed that the impact of the coronavirus will mainly be in the first half and that a moderate recovery will occur after that**

(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>

# 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

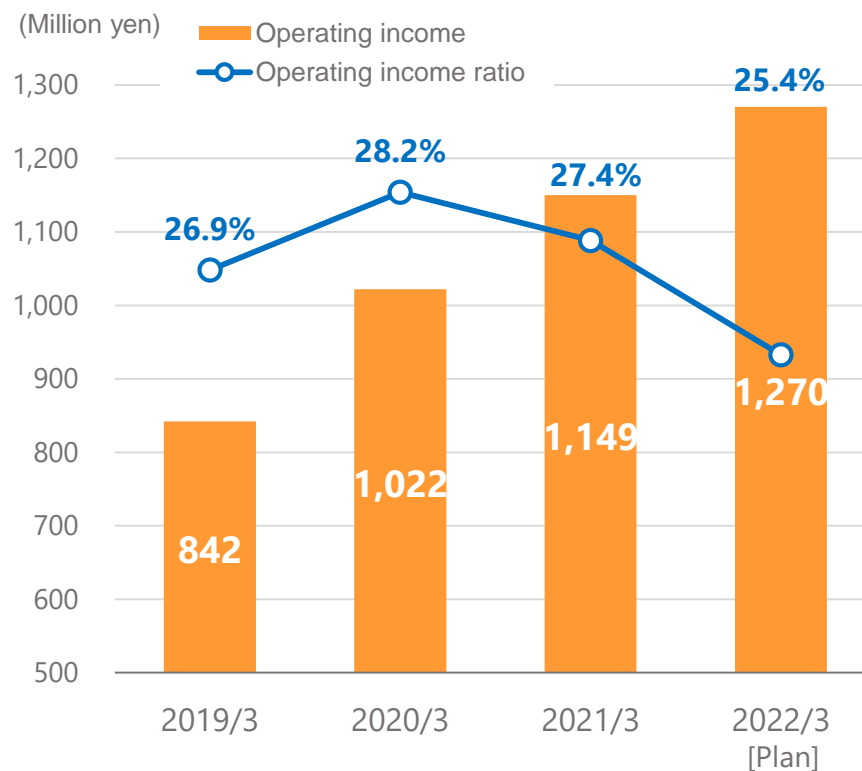
### Child rearing expense guarantees

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**

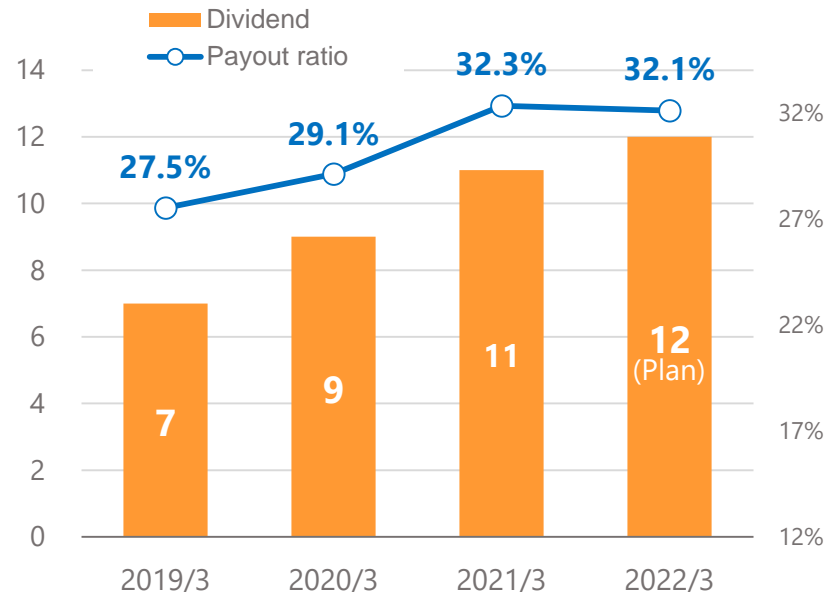
## Impact of expenses from up-front investment

- 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 December 31, 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,  
Tokyo Head Office ANNEX  
Yokohama Solution Center, Hamamatsu Solution Center
- Number of employees : 231 (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



Medical care  
expense  
guarantees



Eldercare  
expense  
guarantees



**BtoB**

Property management  
companies  
Medical institutions  
Eldercare service  
facilities, etc

Child rearing  
expense  
guarantees



**BtoC**

Individual  
customers

### Solution business

Provide professional services

C&O  
service



Insurance  
desk  
services



Doc-on  
service



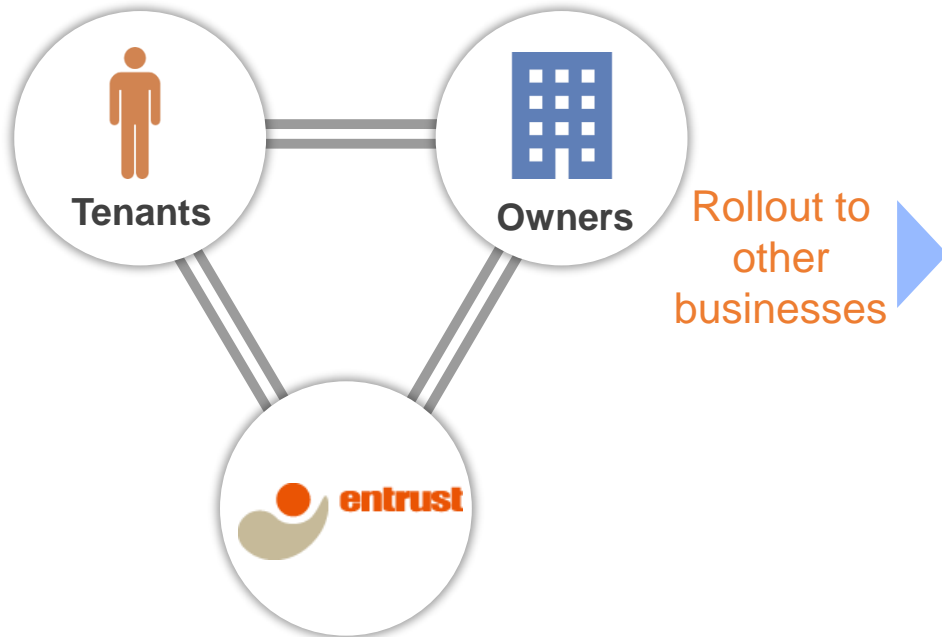
**BtoB**

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

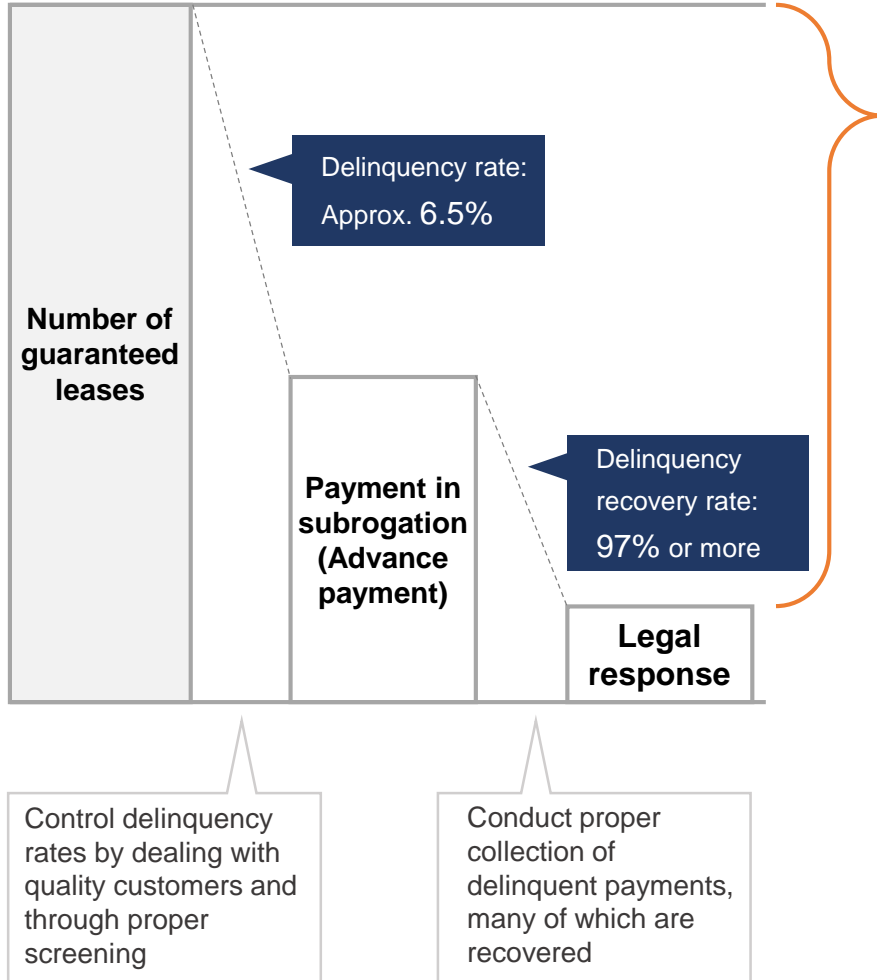
Asymmetries between lenders and borrowers will be eliminated throughout society to stimulate all transactions

**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

### Assess-ment

- 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

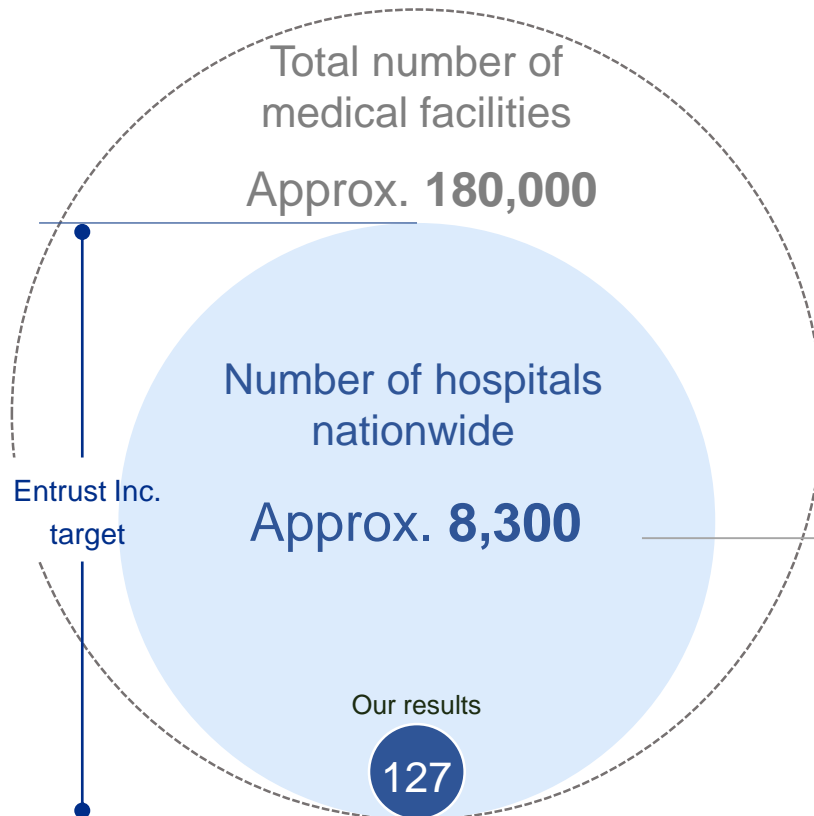
### Collection

- 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

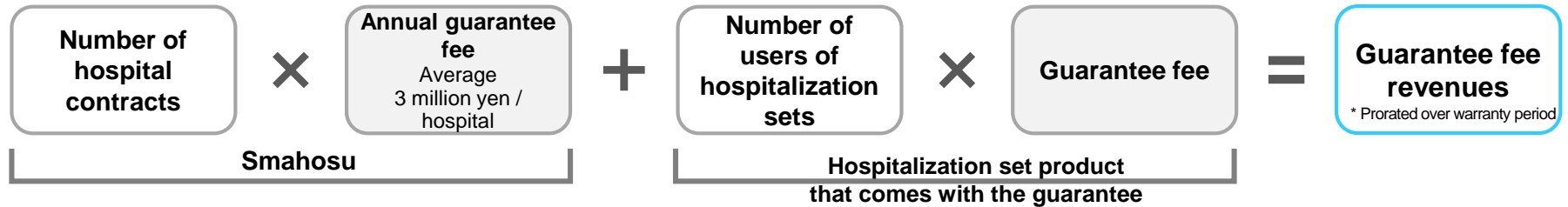


## Key KPIs

### 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.

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