



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

**Entrust Inc.**

**Securities Code: 7191**



- 1. Fiscal Year Ended March 31, 2022 – Business Results**
- 2. Company Plan for the Fiscal Year Ending March 31, 2023**
- 3. Company Information**

# **1. Fiscal Year Ended March 31, 2022 – Business Results**

## Overview of Performance

Sales increased significantly due to the growth in property rent guarantees

Fell short of the plan due to higher-than-expected impact of the coronavirus in medical care expense guarantees

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

Revenues increased to 117.6%

Operating profit increased to

103.0%

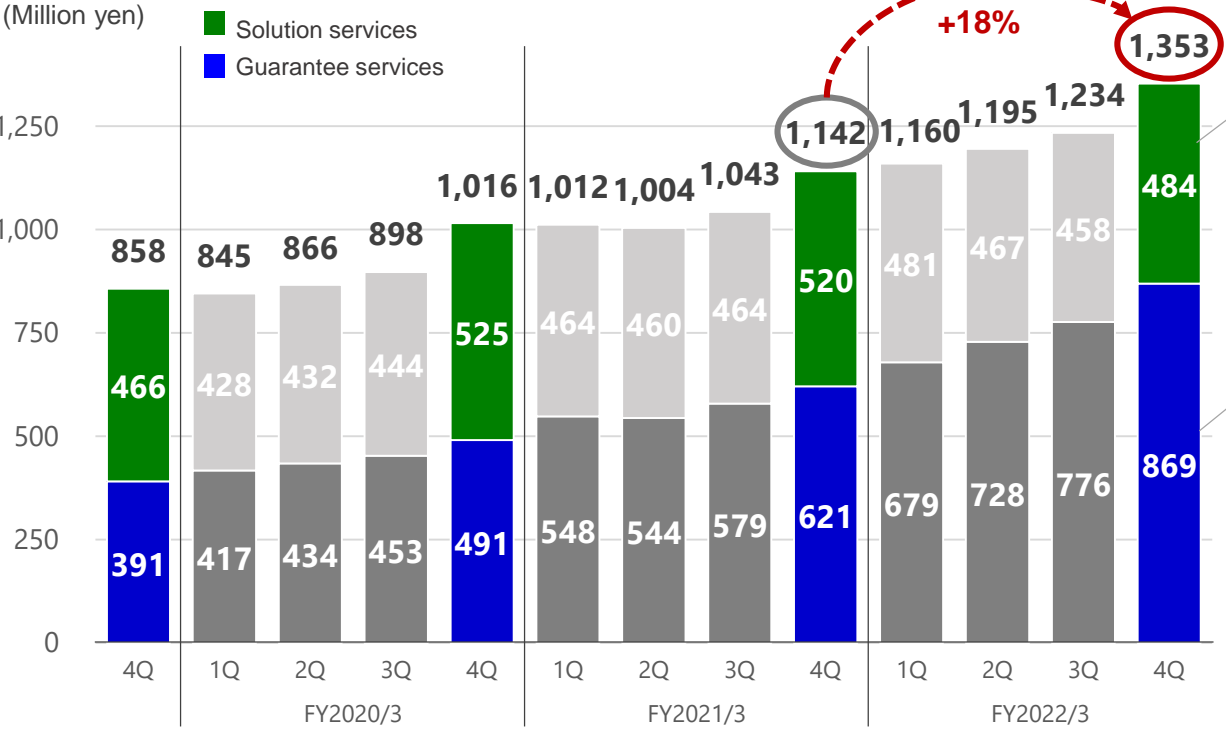
- Significant increase in revenue as a result of growth in property rent guarantees (143.3% year-on-year)
- Medical care expense guarantees failed to meet the plan due to operation restrictions caused by the COVID-19 pandemic in the first half of the year, which exceeded expectations.
- Bad debt costs increased due to an increase in subrogation payments as a result of growth in property rent guarantees
- One-time expenses incurred for the opening of the new center and the closing of the Yokohama Solution Center

(Million yen)	2022/3 Actual	2021/3 Actual	Year-on-year	2022/3 Budget	Plan
Revenues	<b>4,943</b>	4,203	117.6%	5,000	98.9%
Operating profit	<b>1,184</b>	1,149	103.0%	1,270	93.3%
(Margin)	<b>24.0%</b>	27.4%	-	25.4%	-
Ordinary income	<b>1,179</b>	1,153	102.3%	1,275	92.5%
(Margin)	<b>23.9%</b>	27.4%	-	25.5%	-
Net income	<b>779</b>	760	102.5%	835	93.4%
(Margin)	<b>15.8%</b>	18.1%	-	16.7%	-

# Revenues by Quarter

## Sales in the guarantee business maintained substantial growth

Year on Year 118% (+210 million yen)



### Solution business

Some contracts shifted from the C&O service to the guarantee business 93.0% compared with the year-on-year period (-36 million yen)

### Guarantee business

The guarantee business grew due to continued growth in property rent guarantees and increased renewal guarantee fees 139.7% compared with the year-on-year period (247 million yen)

# Analysis of Change in Operating Profit

**Spending on core systems and opening of centers in preparation for growth in property rent guarantees and business growth, and following up with a 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**

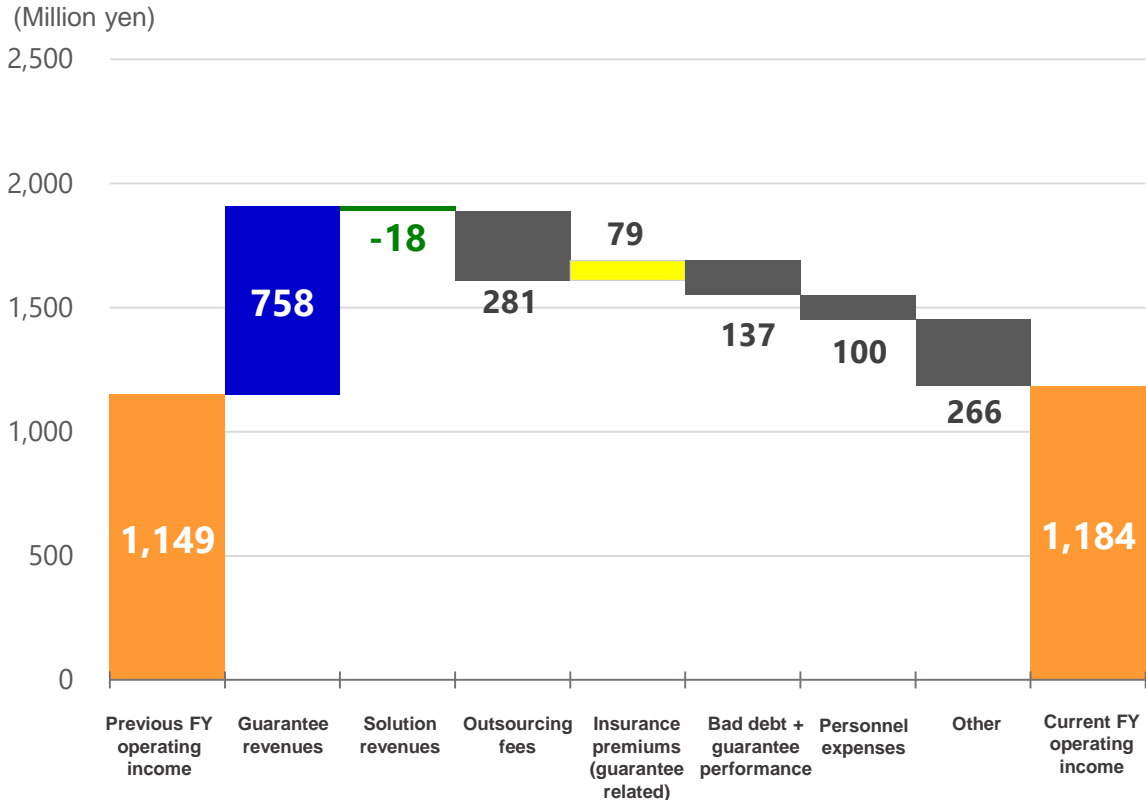
Increased due to an increase in subrogation payments and delinquencies of some high value properties

**Personnel expenses**

Increased in line with increase in personnel

**Other**

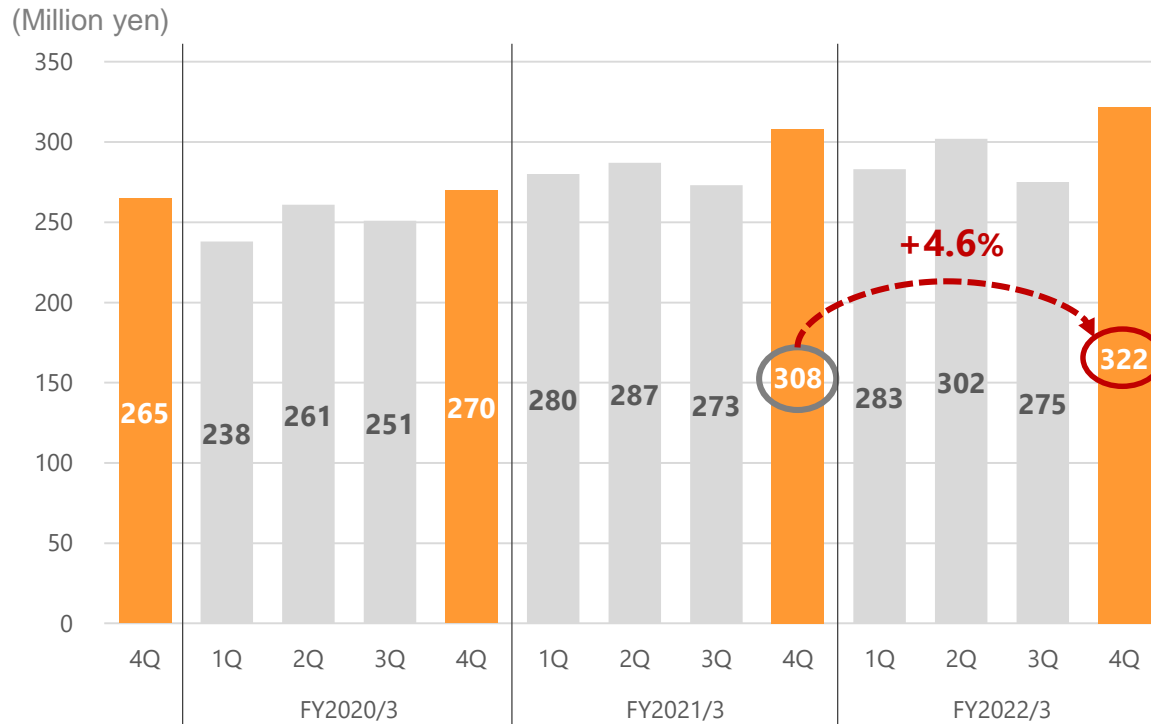
Increased due to rent collection and settlement fees, costs related to debt collections, costs related to opening centers, etc.



# Operating Profit by Quarter



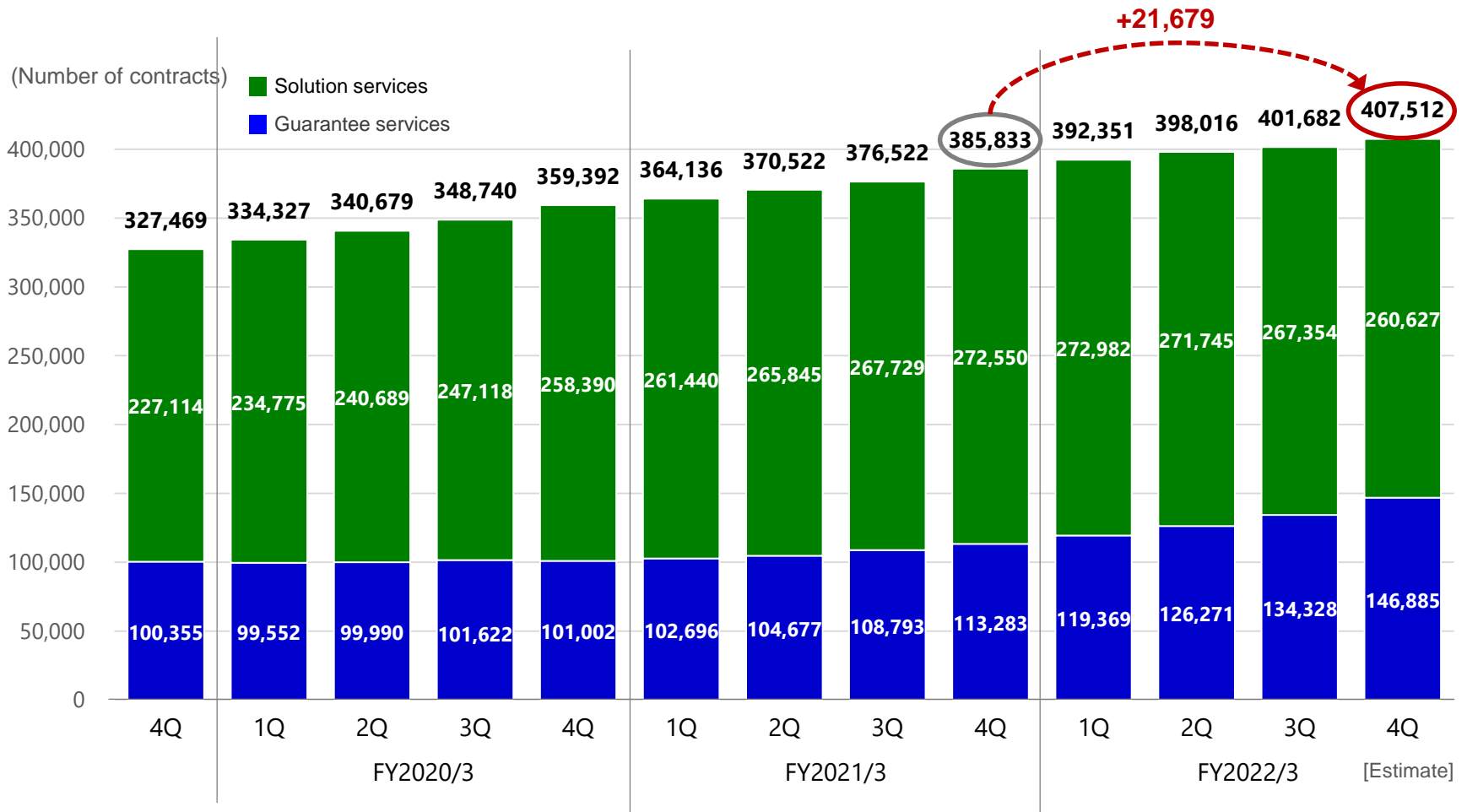
**Operating profit increased steadily  
(operating profit ratio: 23.9%)**



# Number of Contracts in Property Rent Area



Growth driven by the guarantee area, with a steady increase in the number of contracts





## Despite the impact of the coronavirus, sales activities are intensifying

The number of affiliated medical facilities continues to increase

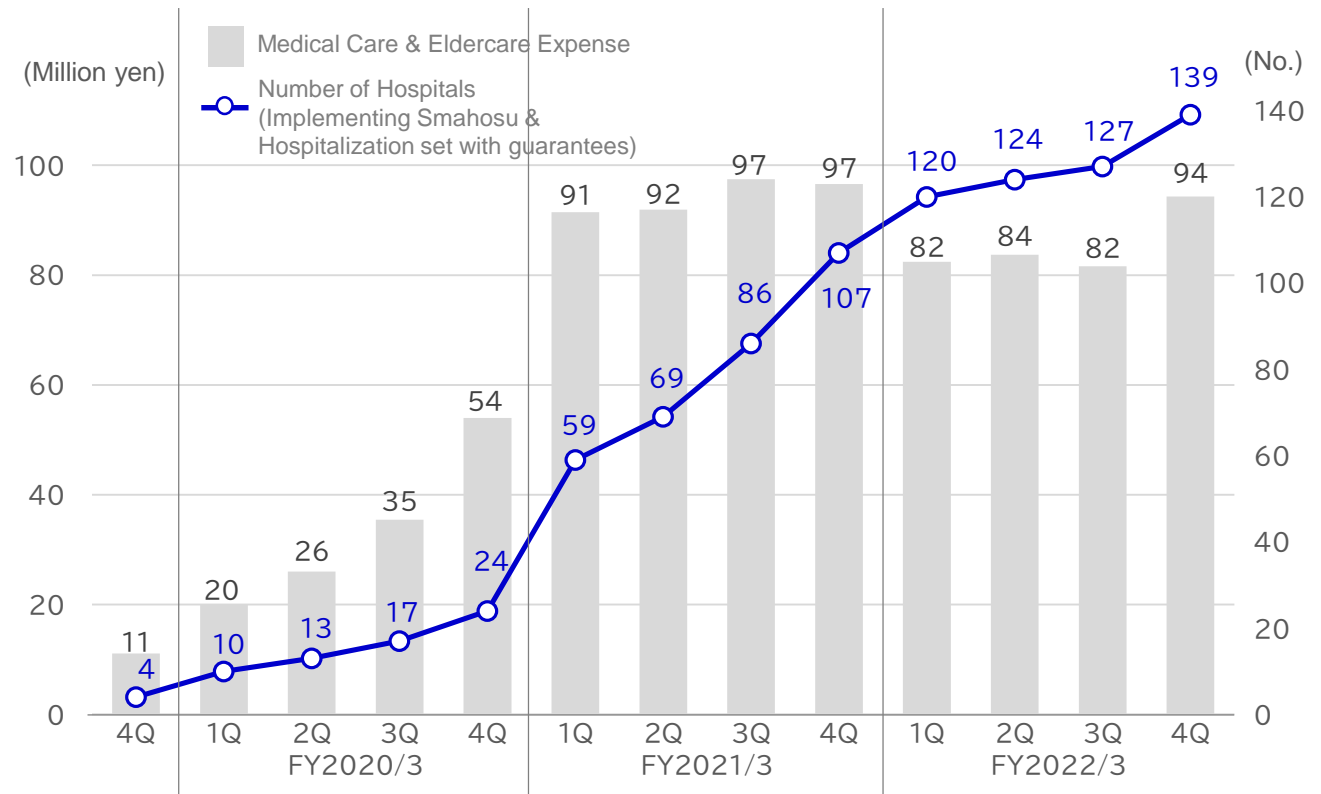
Lower guarantee fees for existing customers were absorbed in the fourth quarter due to the development of new customers

### Partner data

Co-signer Agent System Smahosu  
**73** medical facilities (17 compared with the end of the previous fiscal year)  
**19,608** 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)



## Other Financial Data (Balance Sheet)

(Million yen)	2021/3 (Previous fiscal year)	2022/3 (Current fiscal year)	Change in amount
Current assets	4,677	<b>5,310</b>	632
Cash and deposits	3,075	<b>3,268</b>	192
Accounts receivable - trade and	252	<b>254</b>	2
Advances paid	1,537	<b>2,011</b>	474
Other	340	<b>423</b>	82
Allowance for doubtful accounts	-527	<b>-646</b>	-119
Non-current assets	866	<b>1,015</b>	148
Property, plant, and equipment	51	<b>95</b>	44
Intangible assets	239	<b>250</b>	10
Investments and other assets	575	<b>669</b>	94
Current liabilities	1,551	<b>1,774</b>	223
(Contract liabilities)	946	<b>1,182</b>	235
(Guarantee performance provisioning)	102	<b>111</b>	9
Non-current liabilities	59	<b>96</b>	36
Net assets	3,933	<b>4,454</b>	520
Total assets	5,544	<b>6,325</b>	780

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 (25% 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, 2023**

## Sales growth plan to exceed the fiscal year ended March 31, 2022

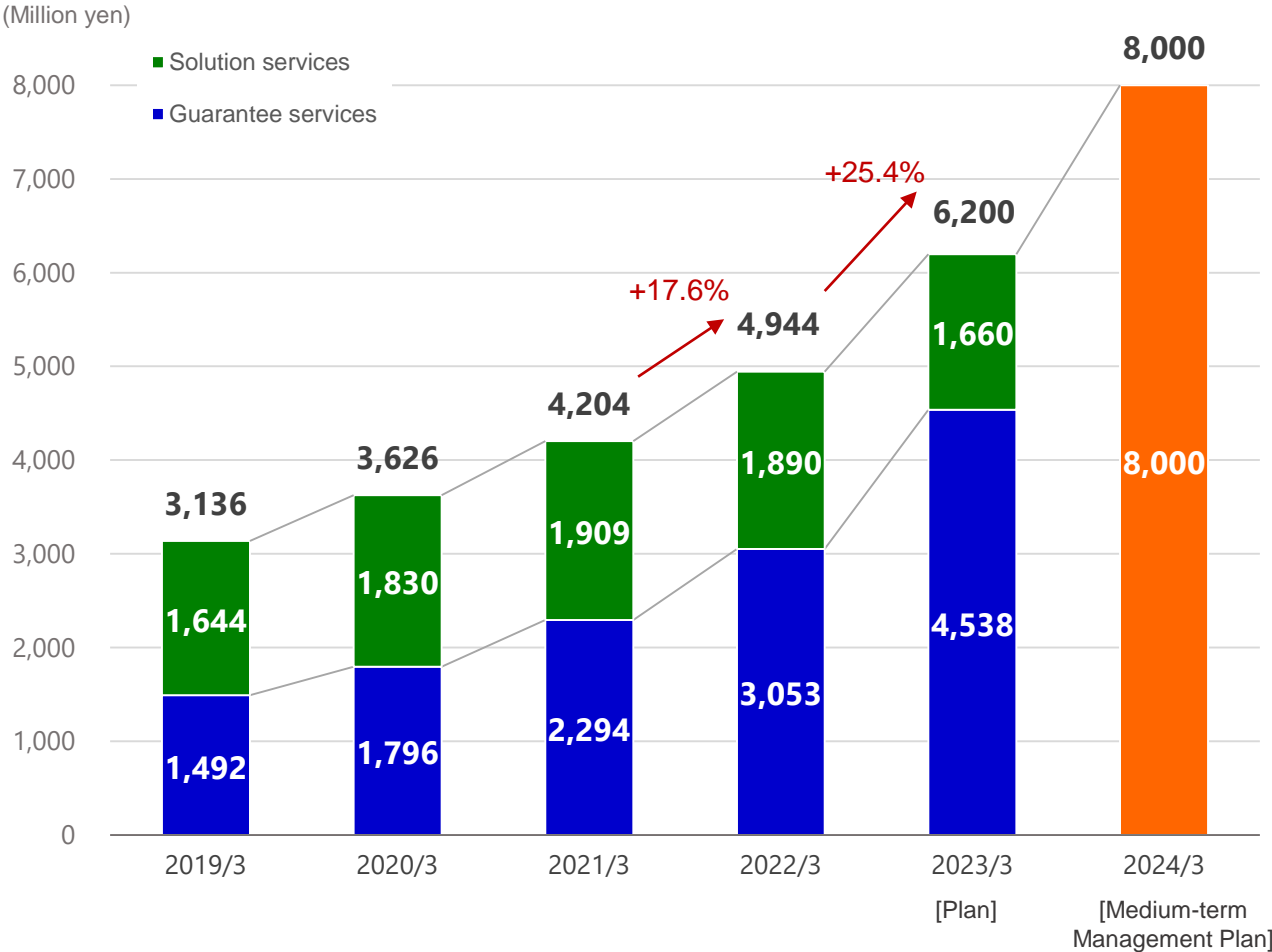
Operating profit to improve after the increase in bad debt costs levels off as a result of the establishment of a system to handle the increase in guarantee contracts, and due to the elimination of one-time expenses associated with the opening of the new center

(Million yen)	FY03/2022 (Actual)	FY03/2023 (Plan)	(Year-on-year)	H1 plan
Revenues	4,943	<b>6,200</b>	125.4%	<b>2,960</b>
Operating profit	1,184	<b>1,450</b>	122.4%	<b>695</b>
(Margin)	24.0%	<b>23.4%</b>	-	<b>23.5%</b>
Ordinary income	1,179	<b>1,450</b>	122.9%	<b>690</b>
(Margin)	23.9%	<b>23.4%</b>	-	<b>23.3%</b>
Net income	779	<b>910</b>	116.7%	<b>430</b>
(Margin)	15.8%	<b>14.7%</b>	-	<b>14.5%</b>

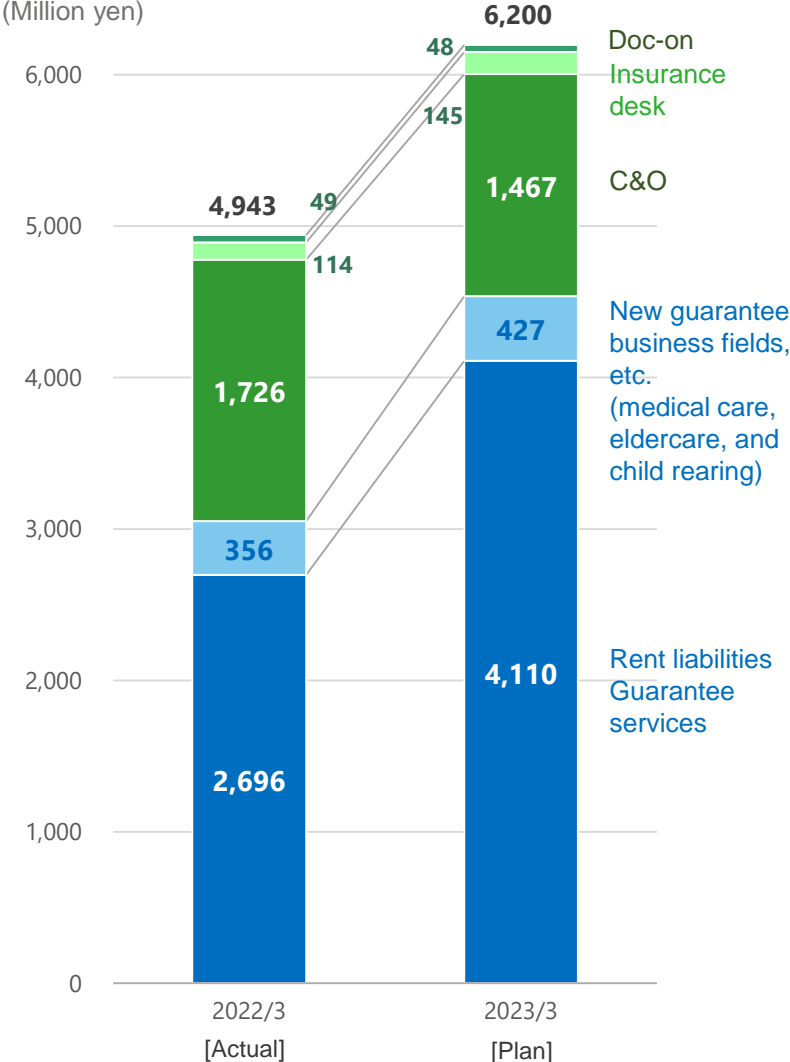
# Revenues by Year and Plan

Property rent guarantees are projected to exceed expectations relative to the Medium-term Management Plan

Medical care expense guarantees face the challenge of building up contracts for the final fiscal year



# Annual Targets for Revenues (Details)



**Solution business**

**Doc-on and Insurance desk services**

- Continue to expand sales

**C&O service**

- Continued switchover to guarantee services

**Guarantee business**

**Property rent guarantees**

- Significant increase in renewal guarantee fees due to stock buildup and increase in monthly renewal-type contracts

**Medical care expense guarantees**

- Reflects the impact of the coronavirus on the plan based on FY2022, after the decline of guarantee fee levels off

**Eldercare expense guarantees**

- Increase efforts to expand sales as the coronavirus subsides

**Child rearing expense guarantees**

- Establish a business base for improving the content of products

# Analysis of Change in Operating Profit (Plan)

**Increase in bad debt costs is expected to level off due to the establishment of the system to handle the increase in guarantee contracts, and one-time costs associated with the opening of the new center to be eliminated**

**Outsourcing fees**

Grew in connection with increased revenues from property rent guarantees

**Insurance premiums (guarantee related costs)**

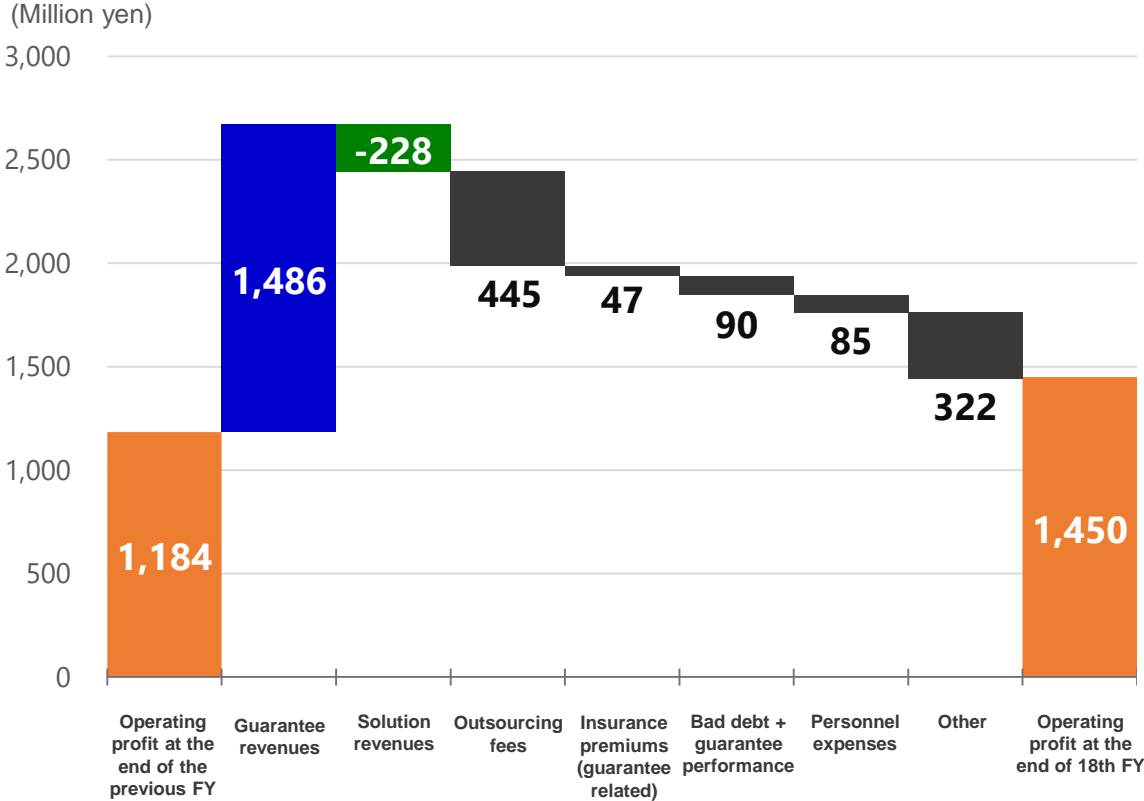
Medical care expense guarantees to increase after the round of guarantee fee adjustments

**Bad debt + guarantee performance**

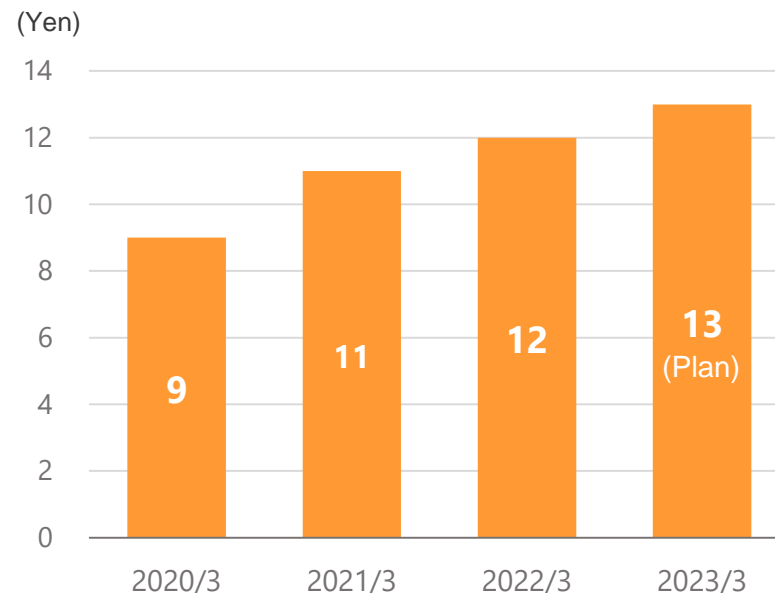
Increase in bad debt costs to level off due to the establishment of the system to handle the increase in advance payments

**Other**

Increase in settlement fees, etc.



**Dividend planned to increase by 1 yen to 13 yen based on shareholder return policy**





## 3. Company Information

## Company Profile (As of March 31, 2022)



- 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  
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



**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



**BtoB**

Insurance  
desk  
services



Property management  
companies  
Insurance companies  
Credit companies, etc.

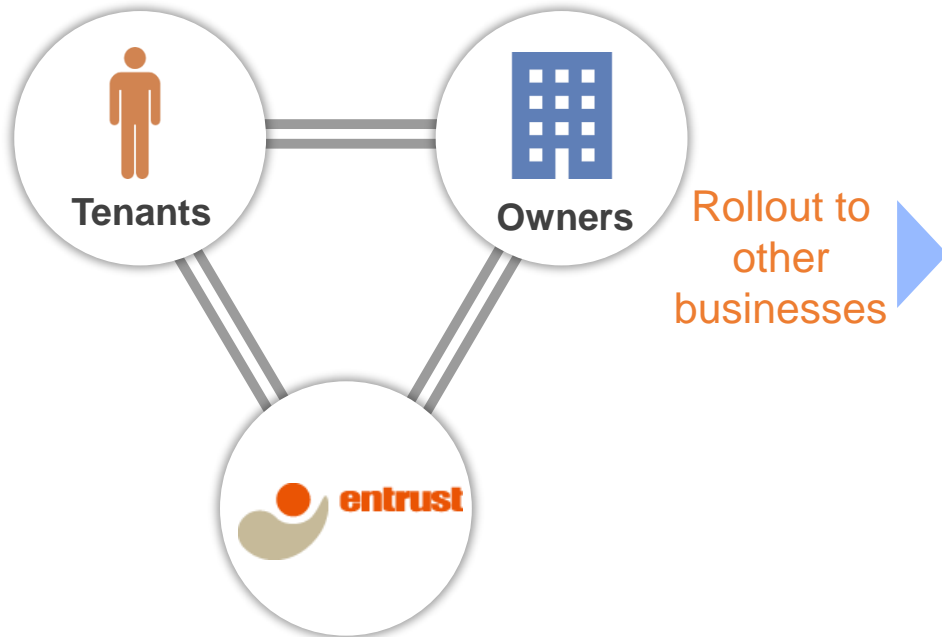
Doc-on  
service



# 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

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.

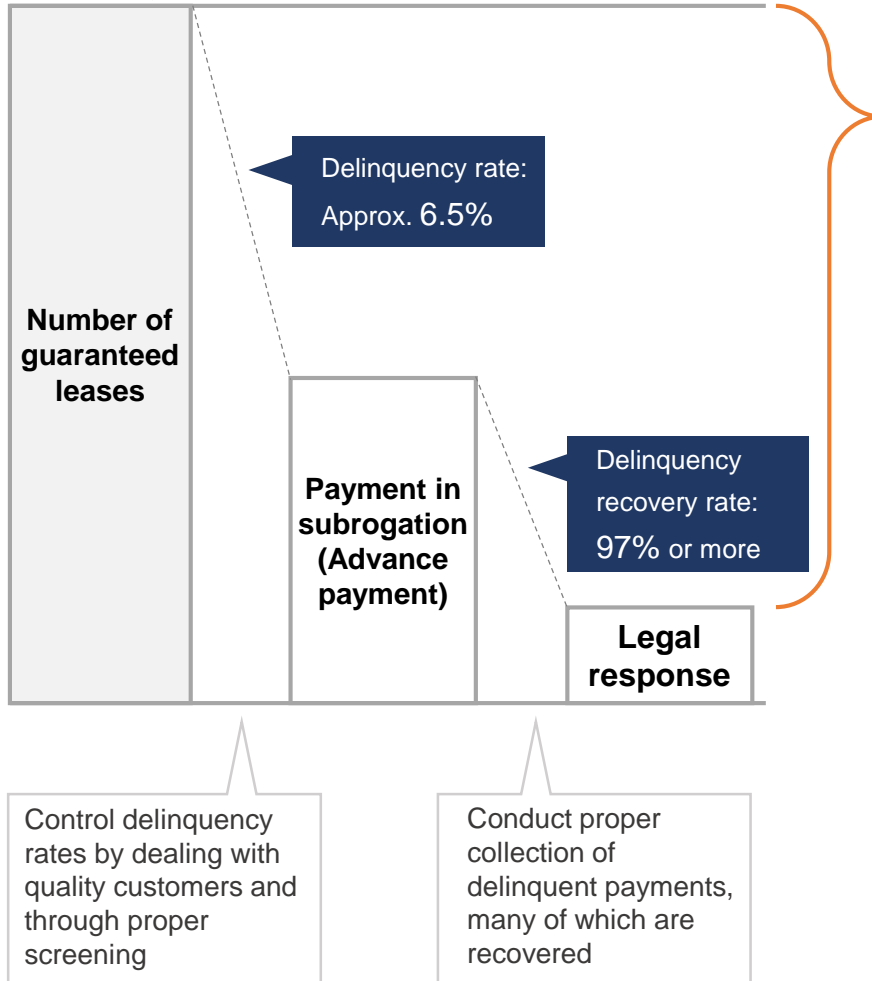
- Guarantors guarantee individuals as companies
- Diversification of risk by underwriting multiple guarantees
- Appropriate assessment by screening system
- A solid financial foundation to preserve trust

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

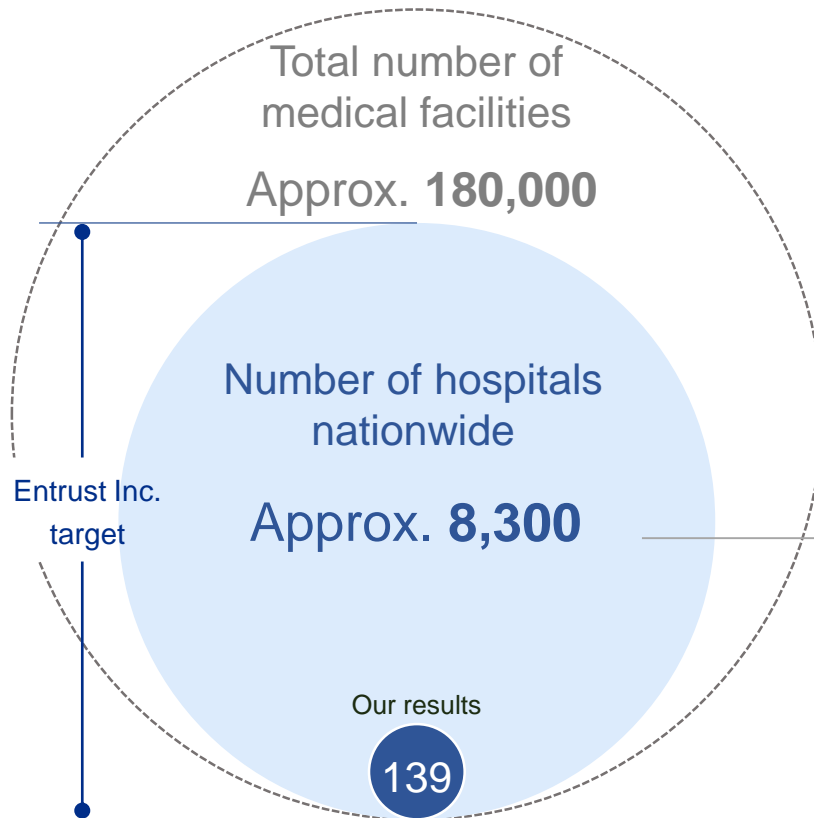
### Collection

- 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

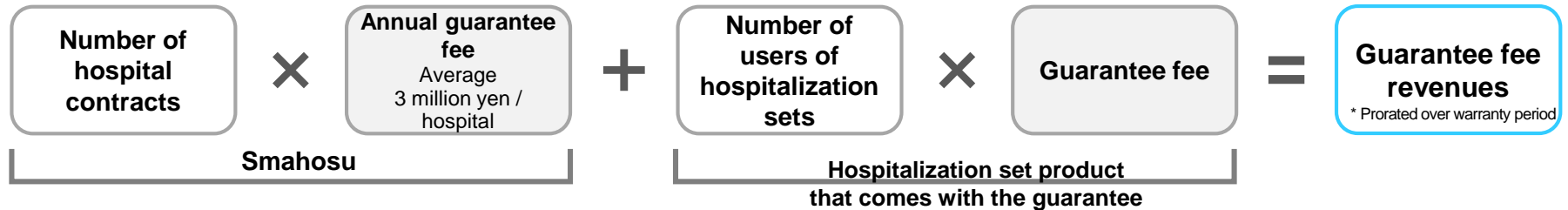


## Key KPIs

### 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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