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Fiscal Year Ending March 31, 2023 Third Quarter

# Results Briefing Information Materials

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**Entrust Inc.**

**Securities Code: 7191**

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Fiscal Year Ending March 31, 2023  
– Third Quarter Business Results

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Company Plan for the Fiscal Year  
Ending March 31, 2023

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# Financial Highlights for the First Three Quarters

- Net sales and profits reached record highs
- Net sales increased by **29.7%** year-on-year
- Operating profit increased by **40.5%**

## Net sales

**4,656** million yen  
(+29.7% year-on-year)

## Operating profit

**1,210** million yen  
(+40.5% year-on-year)

## Profit

**740** million yen  
(+36.4% year-on-year)

## Dividends forecast

**13.5** yen  
(+1.5 yen year-on-year)

## Market capitalization value

**18.2** billion yen  
\*based on the closing price  
at the end of December

## EPS

**33.1** yen  
(+8.8 yen year-on-year)

# Overview of Performance

- Sales increased significantly due to the growth in property rent guarantees
- In addition to the increase in revenue, operating profit also increased significantly as a result of curbing cost increases

(Million yen)

	2021/12 Actual	2022/12 Actual	Year-on-year
Net sales	3,590	<b>4,656</b>	129.7%
Operating profit	861	<b>1,210</b>	140.5%
(Margin)	24.0%	<b>26.0%</b>	-
Ordinary profit	864	<b>1,208</b>	139.7%
(Margin)	24.1%	<b>25.9%</b>	-
Net income	542	<b>740</b>	136.4%
(Margin)	15.1%	<b>15.9%</b>	-

Net sales increased to

**129.7%**

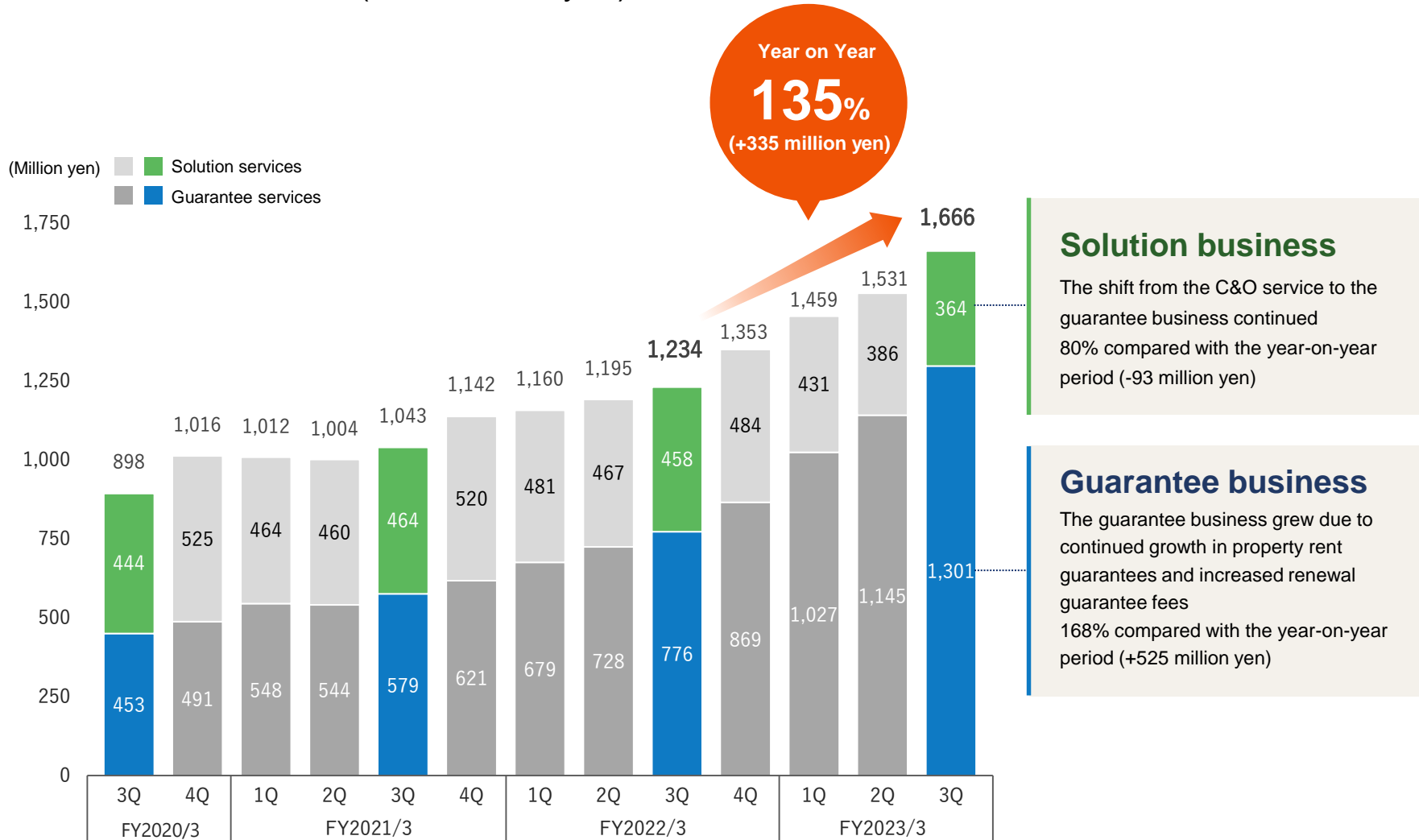
Operating profit increased to

**140.5%**

- Property rent guarantees grew significantly as a result of the switchover from Solution services and an increase in the number of trades with existing customers (164.8% year-on-year)
- New contracts went strong for the medical care expense guarantees
- Bad debt costs increased due to an increase in subrogation payments as a result of growth in property rent guarantees; however, the rate of increase in bad debt expense remained stable

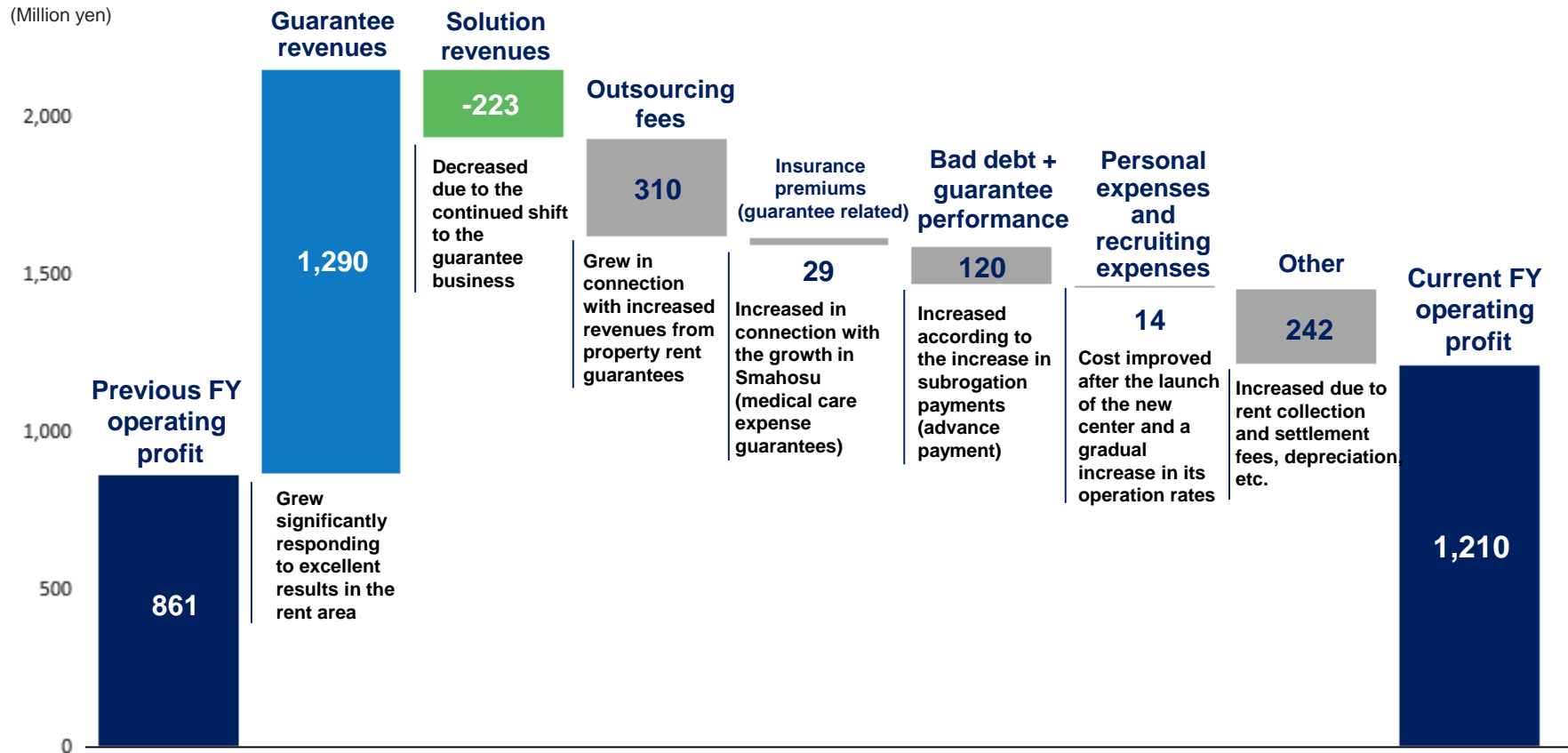
# Net Sales by Quarter

- Continuing from 2Q, sales in the guarantee business recorded substantial growth  
Year on Year 135% (+431 million yen)



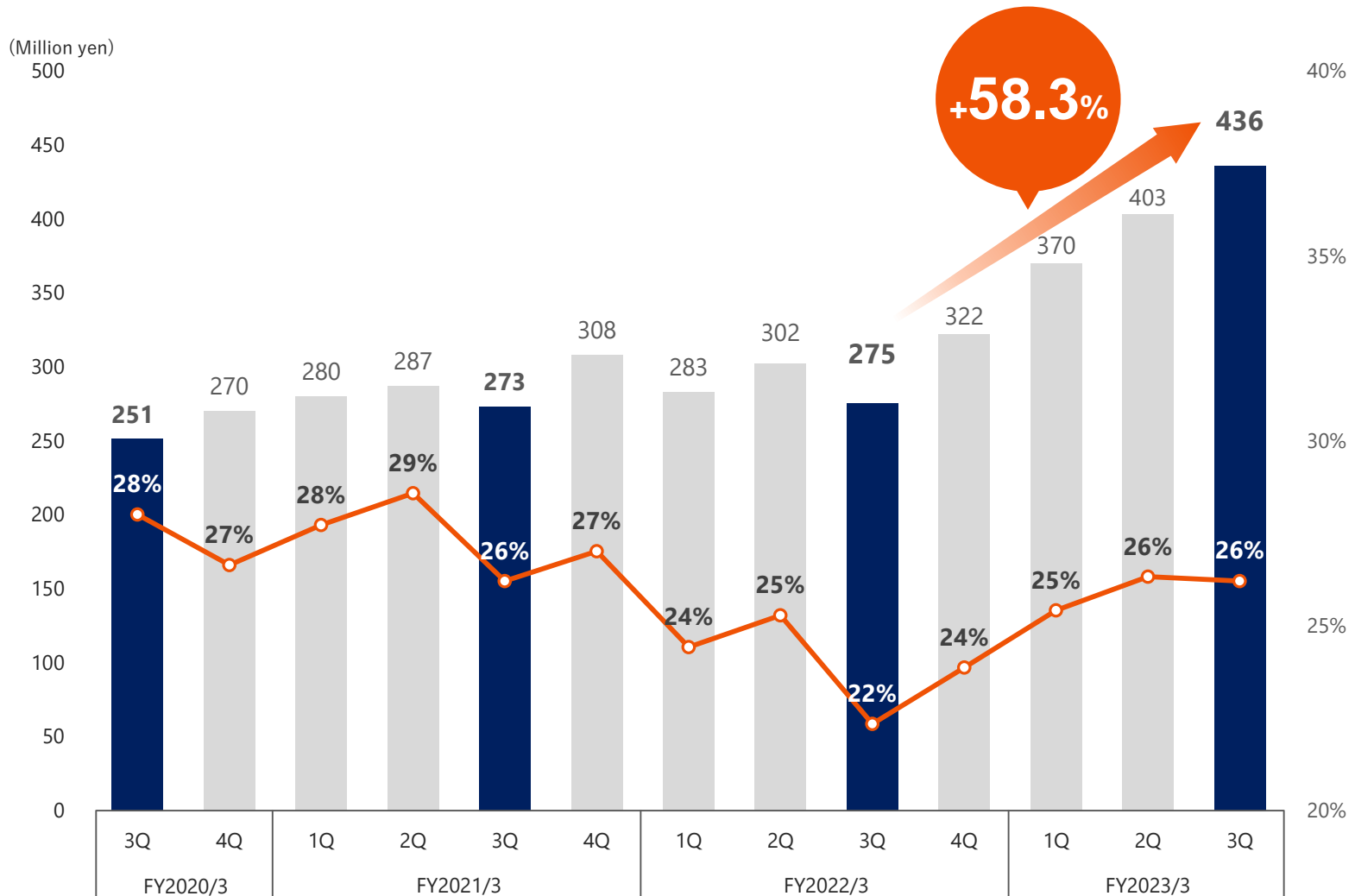
# Analysis of Change in Operating Profit

- Strategic cost increase levels off
- Operating profit increased significantly due to the growth in guarantee revenues



# Operating Profit by Quarter

- Operating profit increased significantly (operating profit ratio: 26.2%)
- Margin also improved due to improved business efficiency and the elimination of one-time expenses associated with the opening of the new center, etc.

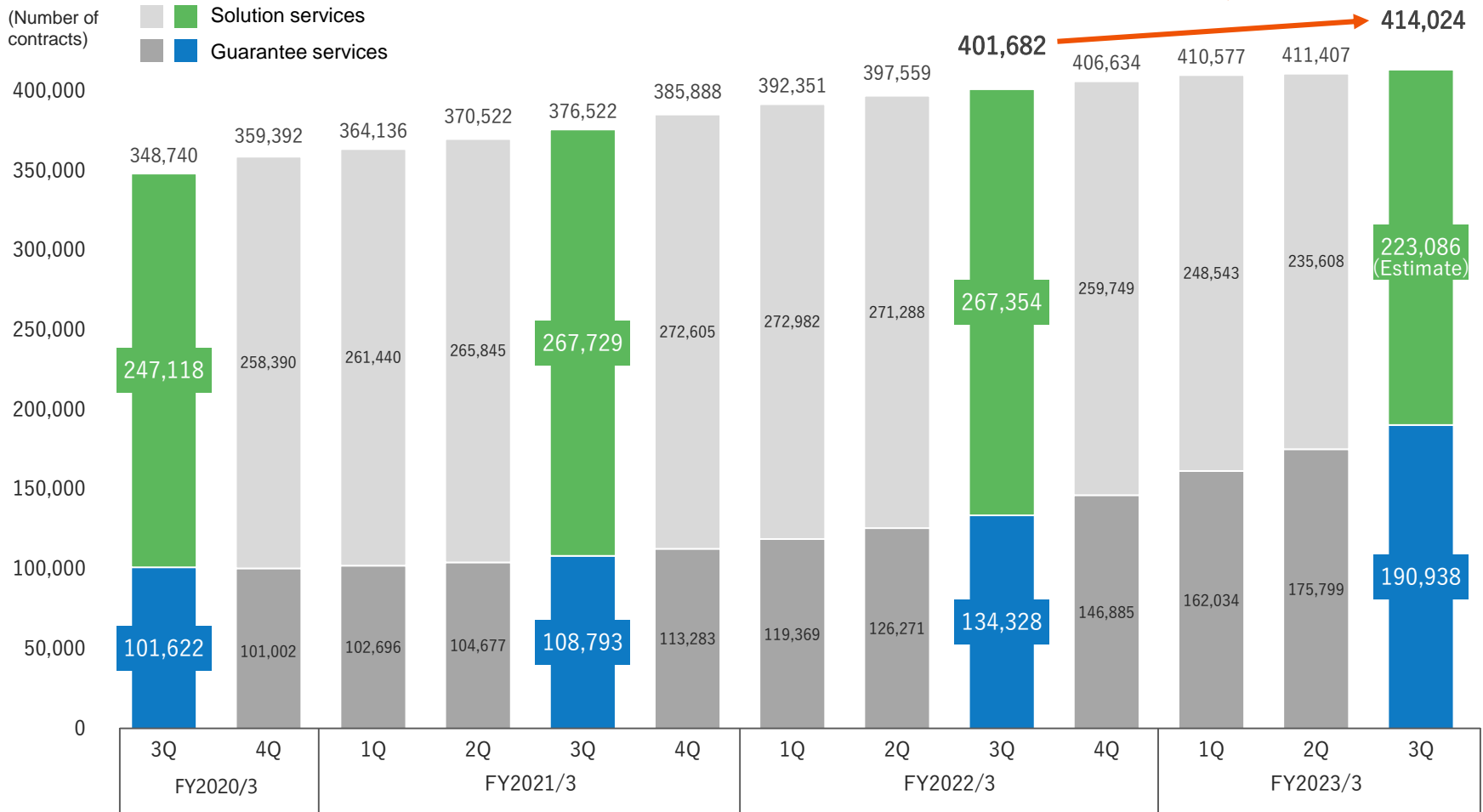




# Number of Contracts in Property Rent Area

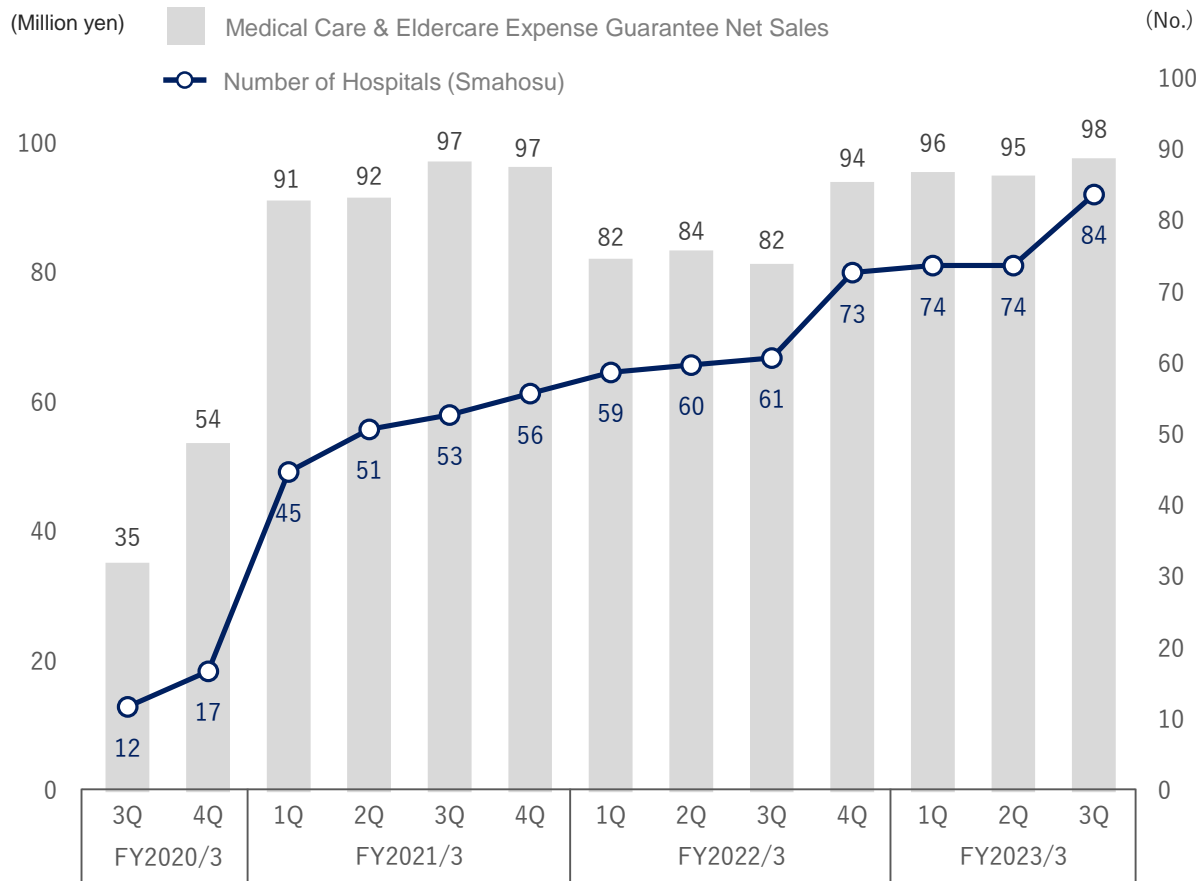
- Growth driven by the guarantee area, with a steady increase in the number of contracts

+12,342



# Medical Care & Eldercare Expense Guarantee Sales by Quarter

- Sales activities in the medical care area are normalized, and requests for quotation are rapidly increasing
  - The former product Niji ended its service in September 2022 in principle
  - Facilitating switchover to Smahosu and planning to increase the number of hospitals
  - Implementation confirmed for 21 additional hospitals by March 2023



## Partner data

- Co-signer Agent System Smahosu continued to grow
  - 84** medical facilities +11 compared with the end of the previous fiscal year (+15 new hospitals, -4 continued hospitals)
  - 22,409** hospital beds
- Hospitalization set with medical care expense guarantee and other products
  - 72** medical facilities
  - 12,850** hospital beds
- Eldercare expense guarantees
  - 210** eldercare service providers
  - +5 compared with the end of the previous fiscal year

# Other Financial Data (Balance Sheet)

(Million yen)

	2021/12 (Previous fiscal year)	2022/12 (Current fiscal year)	Change in amount
<b>Current assets</b>	4,895	<b>6,216</b>	1,321
Cash and deposits	3,014	<b>3,895</b>	881
Accounts receivable - trade	201	<b>205</b>	3
Advances paid	1,925	<b>2,533</b>	607
Other	412	<b>457</b>	45
Allowance for doubtful accounts	-658	<b>-875</b>	-217
<b>Non-current assets</b>	953	<b>1,005</b>	51
Property, plant, and equipment	90	<b>85</b>	-4
Intangible assets	259	<b>219</b>	-40
Investments and other assets	603	<b>699</b>	96
<b>Current liabilities</b>	1,534	<b>2,215</b>	680
(Contract liabilities)	1,085	<b>1,521</b>	436
(Reserve for fulfillment of guarantees)	111	<b>161</b>	50
<b>Non-current liabilities</b>	95	<b>106</b>	11
<b>Net assets</b>	4,218	<b>4,900</b>	681
<b>Total assets</b>	5,848	<b>7,222</b>	1,373

Increased in connection with the increased number of contracts in the property rent area

**Contract liabilities\*** increased as new contracts in property rent guarantees increased (40% increase)

\* Sources of earnings from the next month

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# Summary and Progress of the Plan for the Entire Fiscal Year

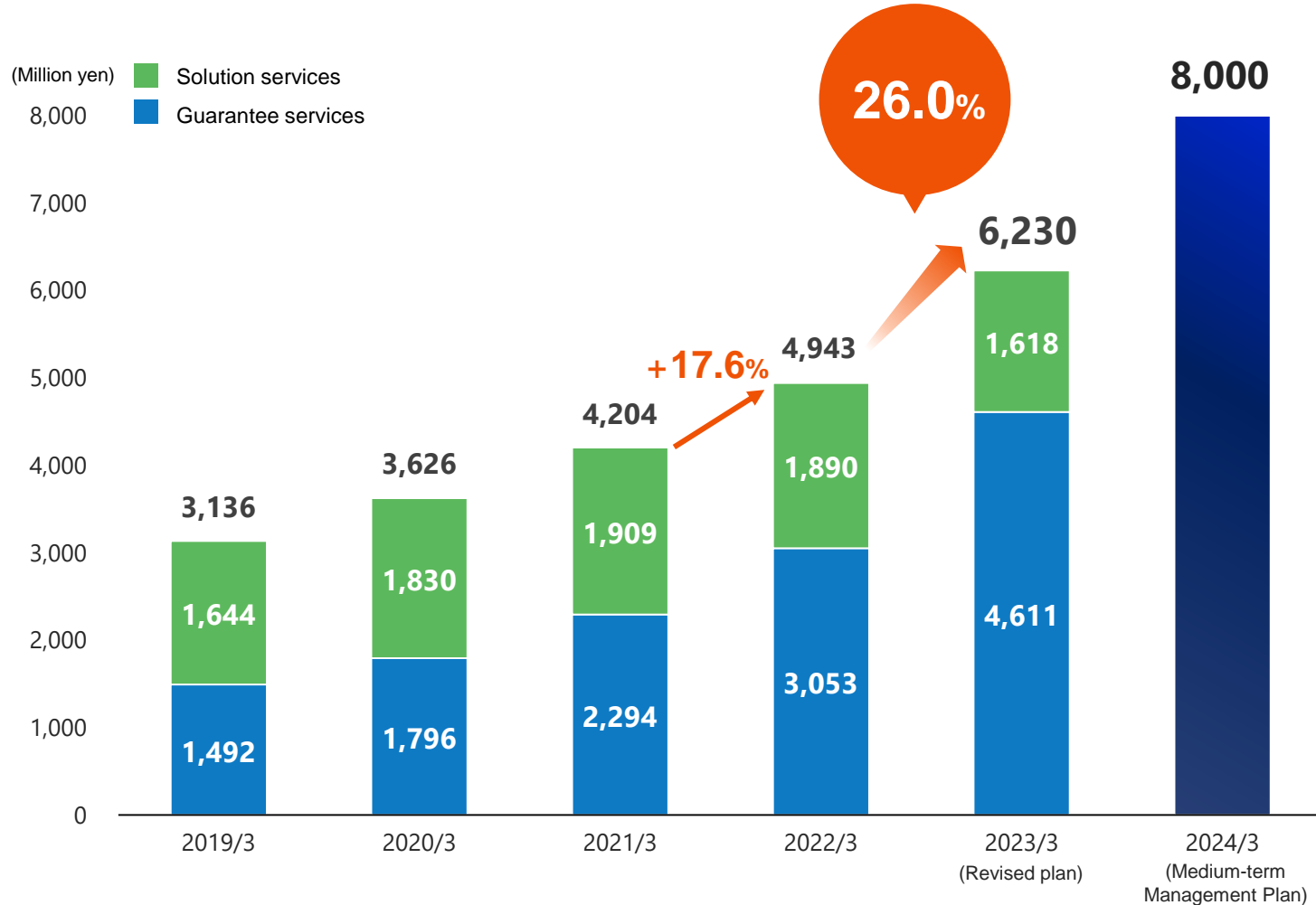
- **The full-year plan has been revised up** following the strong results in the first half
- Sales growth plan to exceed the fiscal year ended March 31, 2022
- Operating profit to improve after the increase in bad debt costs becomes stable as a result of the establishment of a system to handle the increase in guarantee contracts, and due to the elimination of one-time expenses associated with the opening of the new center

(Million yen)

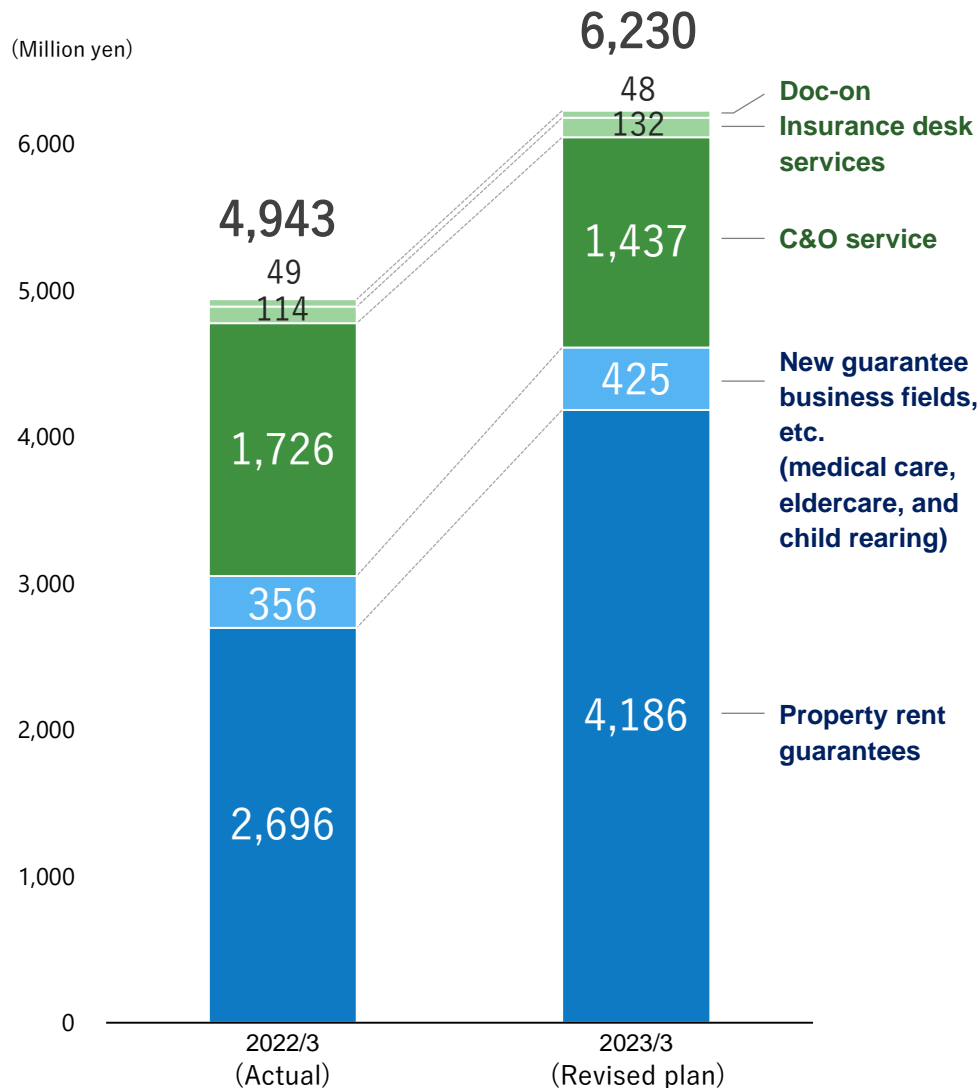
	Actual 2022/3	Initial plan 2023/3	Revised plan 2023/3	Year-on- year	Actual 2022/12	Annual progress rate
Net sales	4,943	6,200	<b>6,230</b>	126.0%	<b>4,656</b>	<b>74.7%</b>
Operating profit	1,184	1,450	<b>1,530</b>	129.2%	<b>1,210</b>	<b>79.1%</b>
(Margin)	24.0%	23.4%	<b>24.6%</b>	-	<b>26.0%</b>	-
Ordinary profit	1,179	1,450	<b>1,530</b>	129.7%	<b>1,208</b>	<b>79.0%</b>
(Margin)	23.9%	23.4%	<b>24.6%</b>	-	<b>25.9%</b>	-
Net income	779	910	<b>955</b>	122.5%	<b>740</b>	<b>77.5%</b>
(Margin)	15.8%	14.7%	<b>15.3%</b>	-	<b>15.9%</b>	-

# Net Sales by Year and Plan

- **Progressing steadily** towards 8 billion yen in net sales and 2 billion yen in operating profit in the Medium-term Management Plan
- Property rent guarantees are projected to exceed expectations relative to the Medium-term Management Plan
- For medical care expense guarantees, strengthening the structure to pile up contracts



# Annual Targets for Net Sales (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 COVID-19 on the plan based on FY2022, after the decline of guarantee fee levels off

### Eldercare expense guarantees

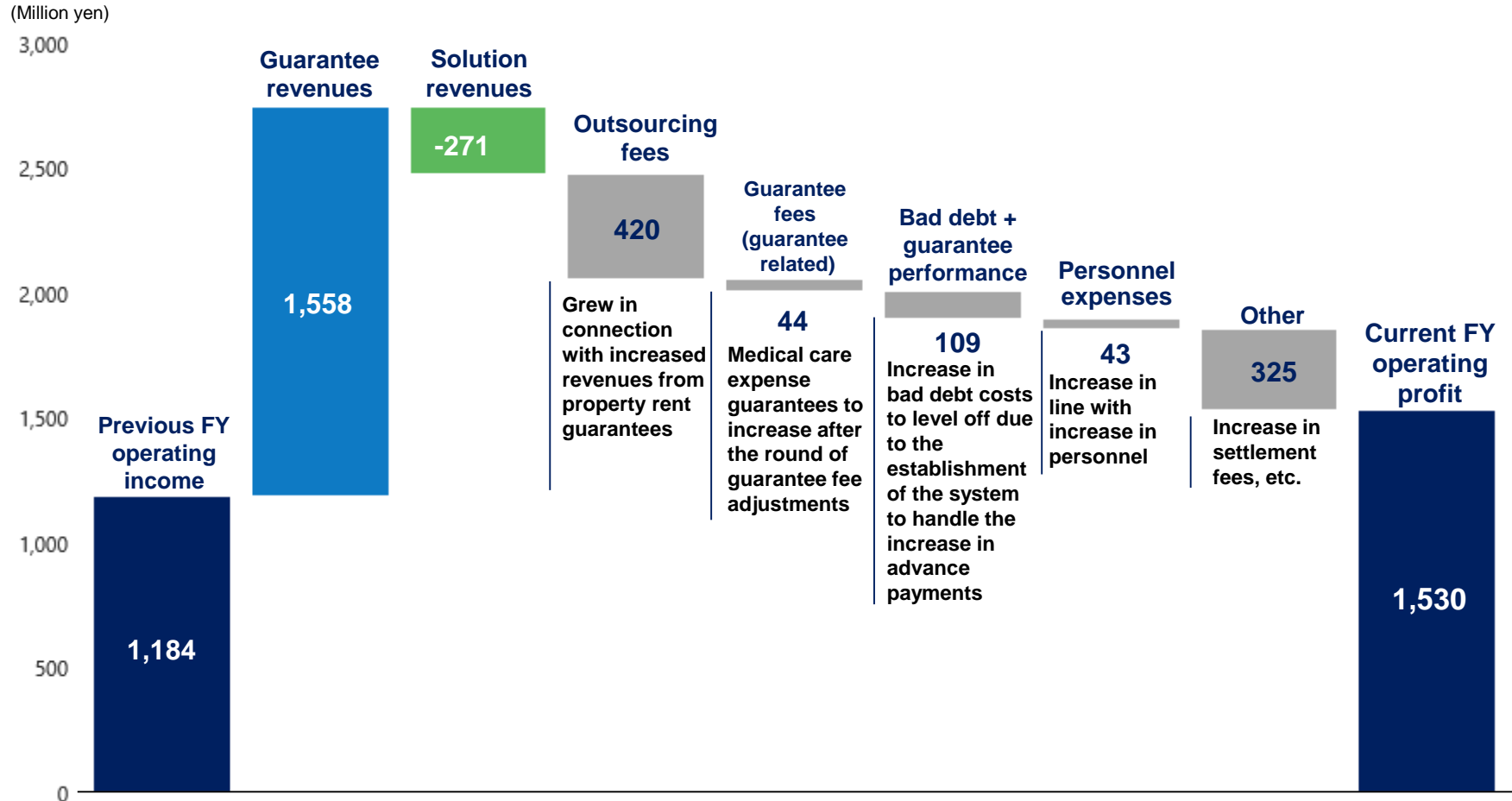
Increase efforts to expand sales as COVID-19 subsides

### Child rearing expense guarantees

Establish a business base for improving the content of products

# Analysis of Change in Operating Profit (Plan)

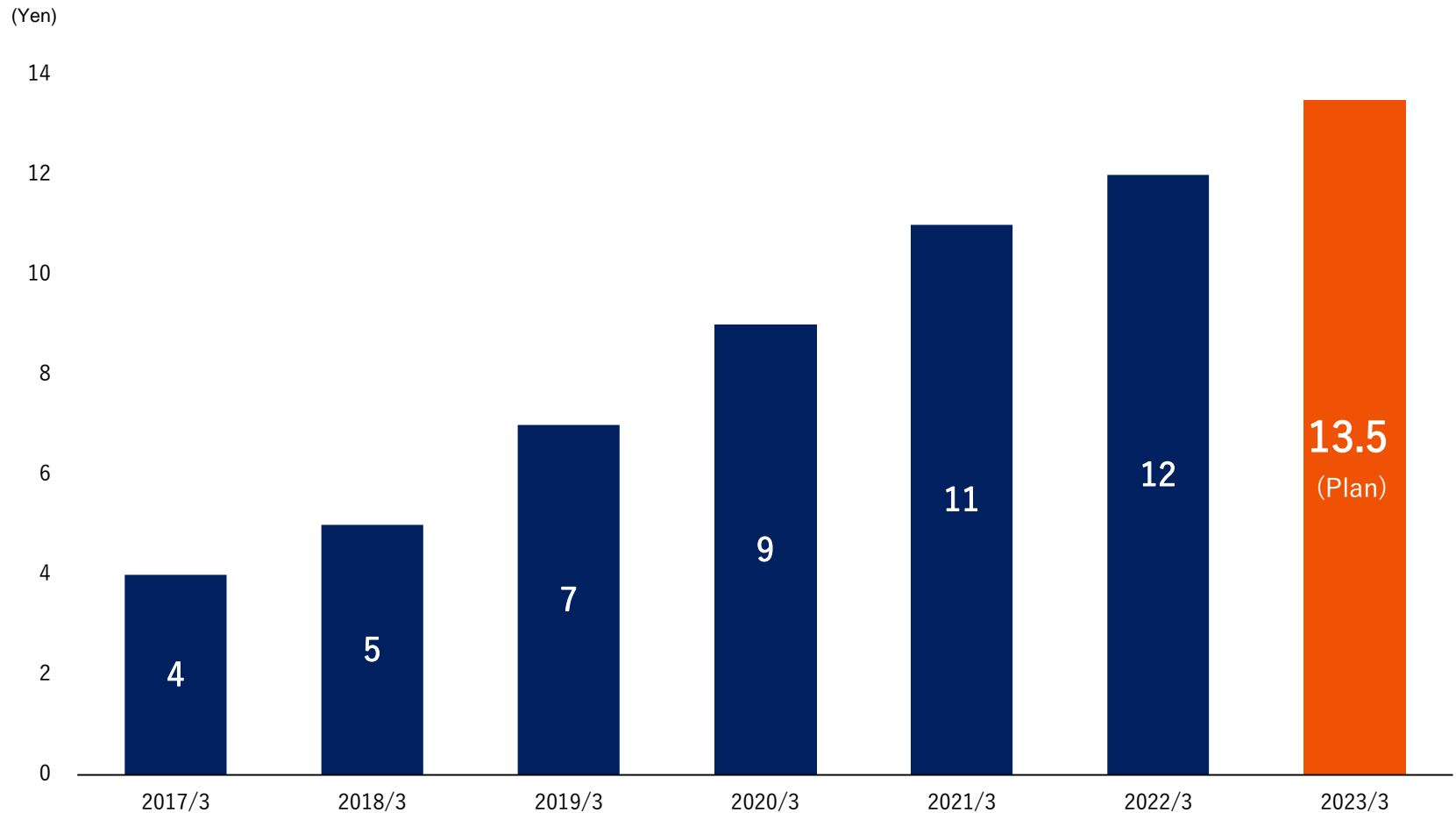
- Increase in bad debt costs is expected to level off due to the establishment of the system to handle the increase in guarantee contracts, and one-time costs associated with the opening of the new center to be eliminated





# Dividends by Year and Plan

- Dividends will be **increased by 0.5 yen** from the initial plan to 13.5 yen following the strong results in the first half
- Planning to increase dividend payments for the seventh consecutive year



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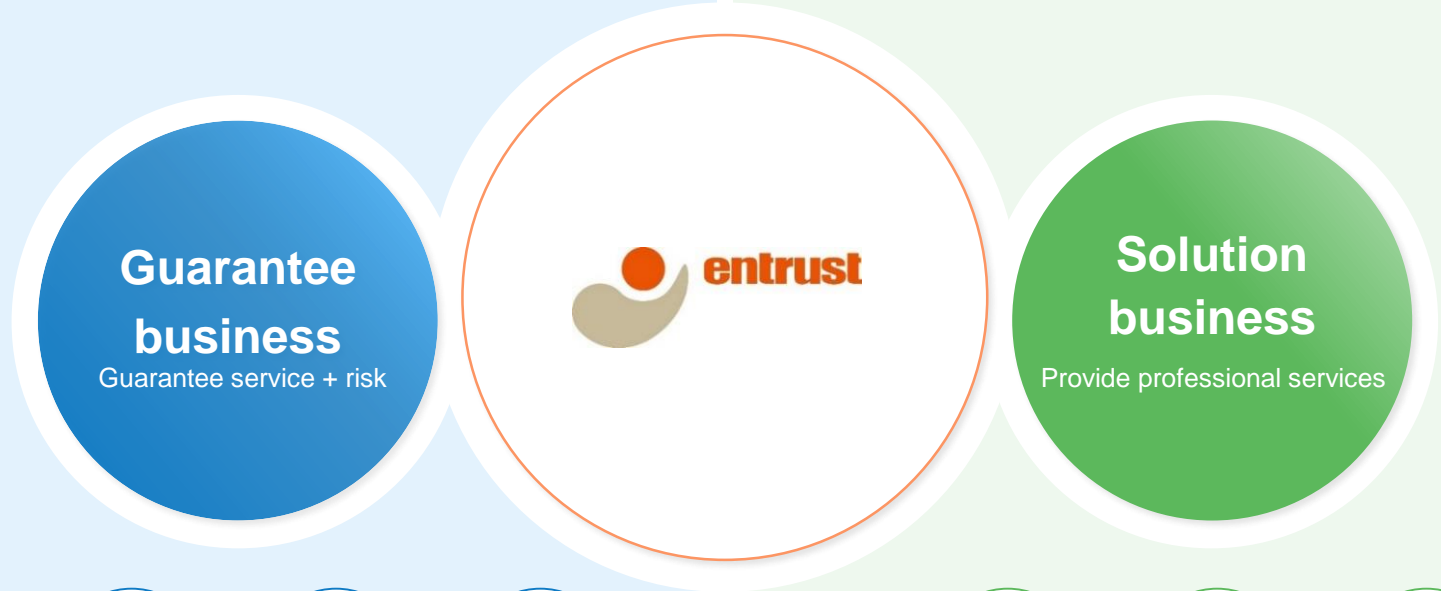
# Company Profile (As of December 31, 2022)



<b>Company Name</b>	Entrust Inc.
<b>Date of establishment</b>	March 2006
<b>Capital</b>	1,045 million yen
<b>Fiscal year</b>	12 months to March
<b>Representative director</b>	Yutaka Kuwabara
<b>Head office location</b>	1-4 Kojimachi, Chiyoda-ku, Tokyo
<b>Major branch offices</b>	Akita, Sendai, Toyama, Osaka, Fukuoka, Tokyo Head Office ANNEX, Hamamatsu Solution Center
<b>Number of employees</b>	259 (including part-time workers)
<b>Business lines</b>	guarantee business and solution business

# Business Lines

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



Property rent guarantees



Medical care expense guarantees



Eldercare expense guarantees



Child rearing expense guarantees

BtoB

BtoC

Property management companies / Medical institutions / Eldercare service facilities, etc.

Individual customers



C&O service



Insurance desk services



Doc-on service

BtoB

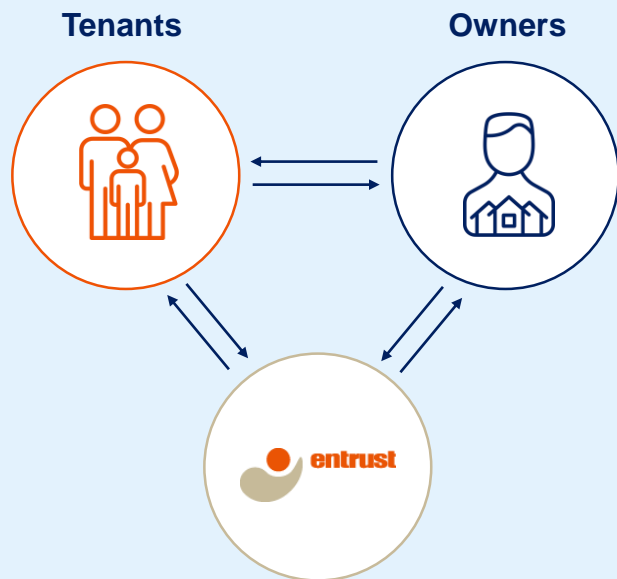
Property management companies / Insurance companies / Credit companies, etc.

# Business Lines

## Guarantee business

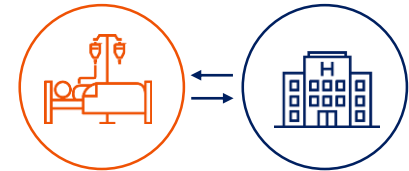
Assume debt delinquency risk and provide various services pertaining to guarantees

For example,  
**in the case of property rent guarantees**

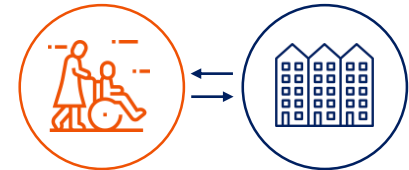


Rollout to  
other  
businesses  
▶▶▶

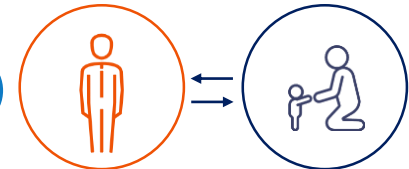
Medical  
care



Eldercare



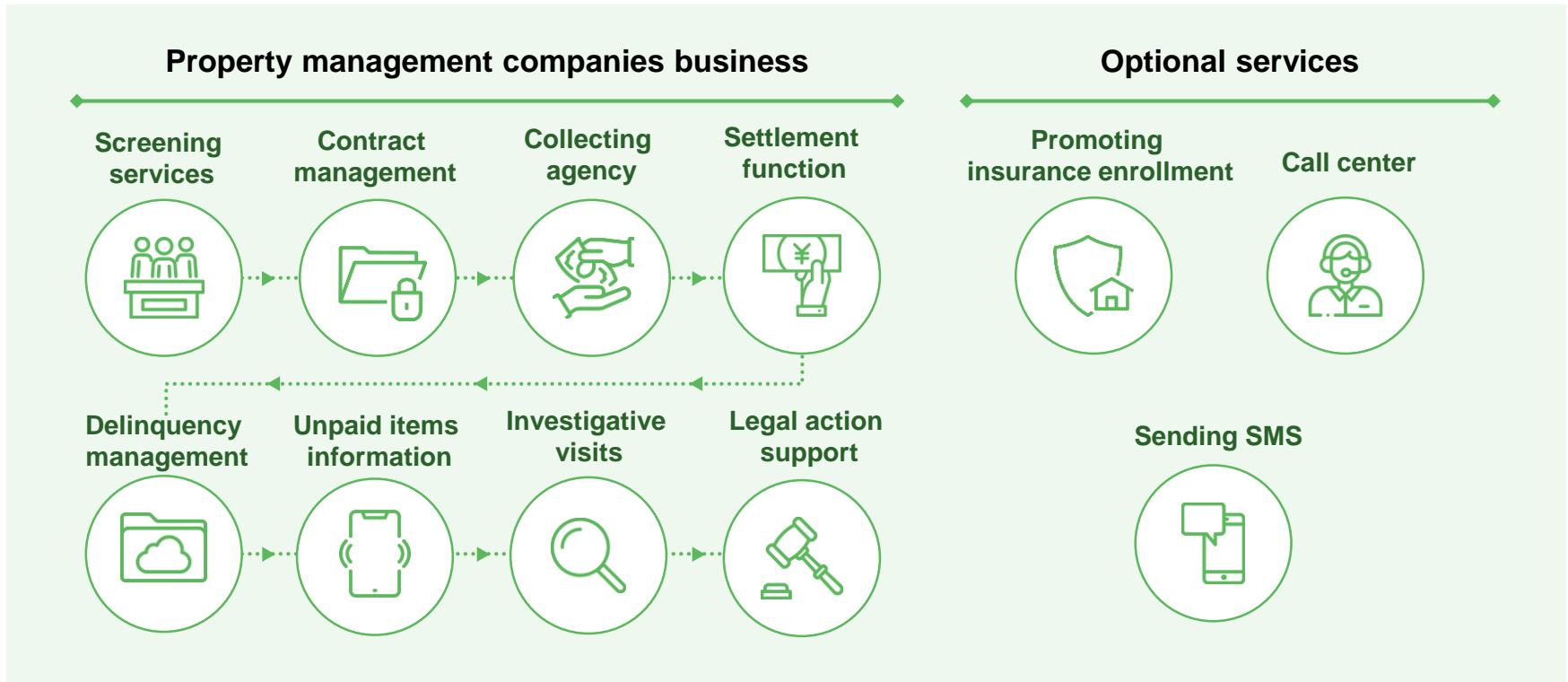
Child rearing  
expense



# Business Lines

## 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**

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

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

User (Individual)



## Secure guarantors, which has always been difficult

- Difficult to get a cosigner for various reasons such as not wanting others to know the illness and weakening of human relationships
- Meanwhile, there are cases of bankruptcy due to having taken on the role of cosigner

Transformation of society  
Revision of Civil Code

## 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

## 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.

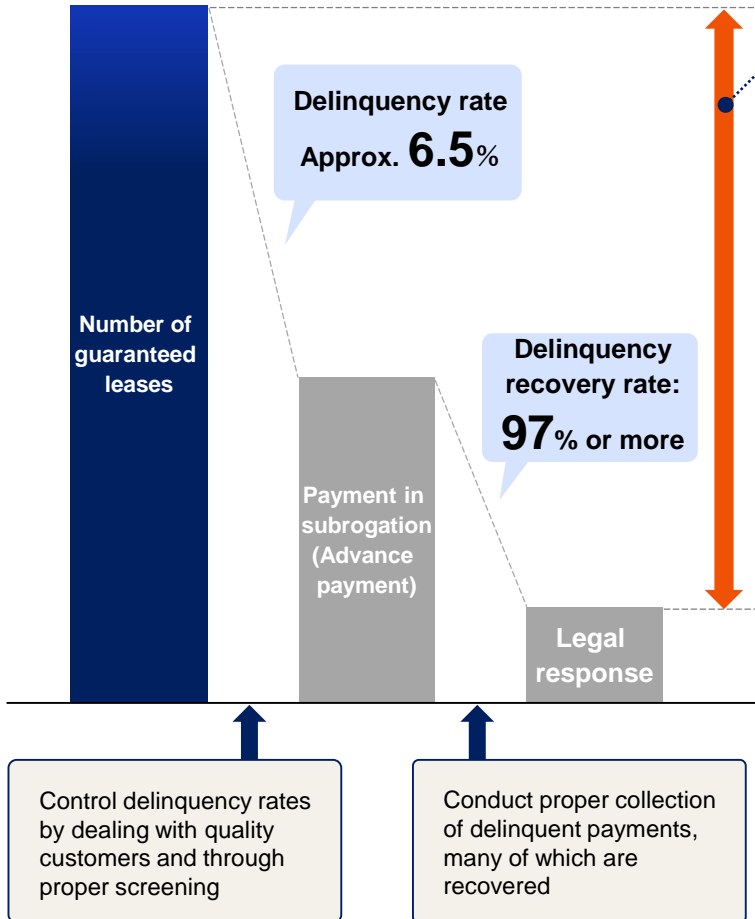
- ✓ Guarantors guarantee individuals as companies
- ✓ Diversification of risk by underwriting multiple guarantees

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

- ✓ Appropriate assessment by screening system
- ✓ A solid financial foundation to preserve trust

Improving the overall efficiency of society

About **120,000** cases



## Three key factors that generate profits

<b>Assessment</b>	<ul style="list-style-type: none"><li>• Precise management through accurate risk assessment</li><li>• Improved economics (high profit margins) by selecting quality lenders/borrowers rather than reckless expansion</li><li>• Create a cycle of customer base expansion</li></ul>
<b>Collection</b>	<ul style="list-style-type: none"><li>• Compliance-driven collection (Certified by the strict screening for the listing)</li><li>• Steadily carry out legitimate legal procedures</li><li>• Efficient recovery schemes by professional staff and IT/infrastructure to support them</li></ul>
<b>Expertise</b>	<ul style="list-style-type: none"><li>• Build up screening and collection know-how (expertise)</li><li>• Free client (property management companies, hospitals, etc.) staff from tasks they are not familiar with</li><li>• Resolve needs by proposing solutions</li></ul>

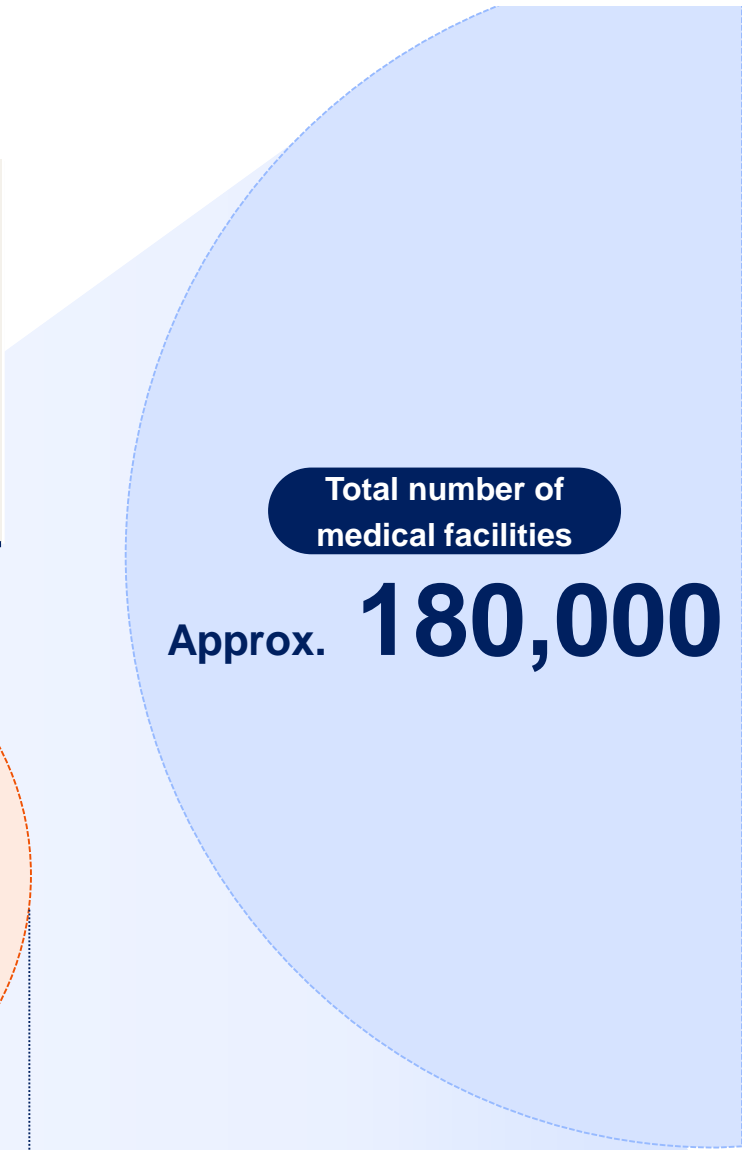


# The medical cost guarantee market shows expanding demand

Guarantee business

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

<p><u>Average account receivable per hospital</u></p> <p>Approx. <b>4.5</b> million yen*</p> <p>※ *In-house research</p>	<p><u>External factors for expanding demand</u></p> <ul style="list-style-type: none"><li>✓ Revision of Civil Code</li><li>✓ Increase in the number of foreign visitors to Japan</li><li>✓ Increase in out-of-pocket medical costs</li></ul>
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Our results

**156**

Entrust Inc. target

## Key KPIs

### Guarantee rent, elderly care, and child rearing expenses



※ \* Prorated over warranty period

### Medical care expense guarantees

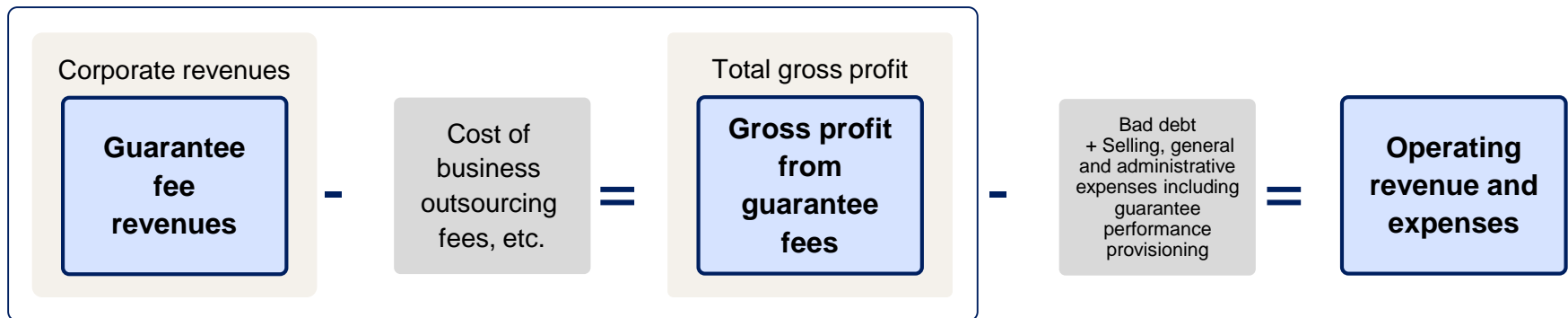


..... Smahosu .....

..... Hospitalization set product that comes with the guarantee .....

※ \* Prorated over warranty period

## Financial structure



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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