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Full Year ending March 31, 2023

# Results Briefing Information Materials

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**Entrust Inc.**

**Securities Code: 7191**

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Fiscal Year Ending March 31, 2023  
– Business Results

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Company Plan for the Fiscal Year  
Ending March 31, 2024

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Company Information

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# Overview of Performance

- Net sales and profits reached record highs
- Net sales **131.3%** year-on-year
- Operating profit **137.4%** year-on-year

## Net sales

**6,491** million yen  
(131.3% year-on-year)

## Operating profit

**1,627** million yen  
(137.4% year-on-year)

## Profit

**1,005** million yen  
(128.9% year-on-year)

## Dividend

**14.0** yen  
(+2.0 yen year-on-year)

## Market capitalization value

**22.4** billion yen  
\*based on the closing price  
at the end of March

## EPS

**44.95** yen  
(+10.07 yen year-on-year)

# Overview of Performance

- Sales increased significantly due to the growth in property rent guarantees
- Operating profit also increased significantly as a result of curbing costs

(Million yen)

|                  | 2022/3<br>Actual | 2023/3<br>Actual | Year on Year |
|------------------|------------------|------------------|--------------|
| Net sales        | 4,943            | <b>6,491</b>     | 131.3%       |
| Operating profit | 1,184            | <b>1,627</b>     | 137.4%       |
| (Margin)         | 24.0%            | <b>25.1%</b>     | -            |
| Ordinary profit  | 1,179            | <b>1,625</b>     | 137.7%       |
| (Margin)         | 23.9%            | <b>25.0%</b>     | -            |
| Net income       | 779              | <b>1,005</b>     | 128.9%       |
| (Margin)         | 15.8%            | <b>15.5%</b>     | -            |

Strong result with net sales at  
**131.3% year-on-year**  
and operating profit at  
**137.4% year-on-year**

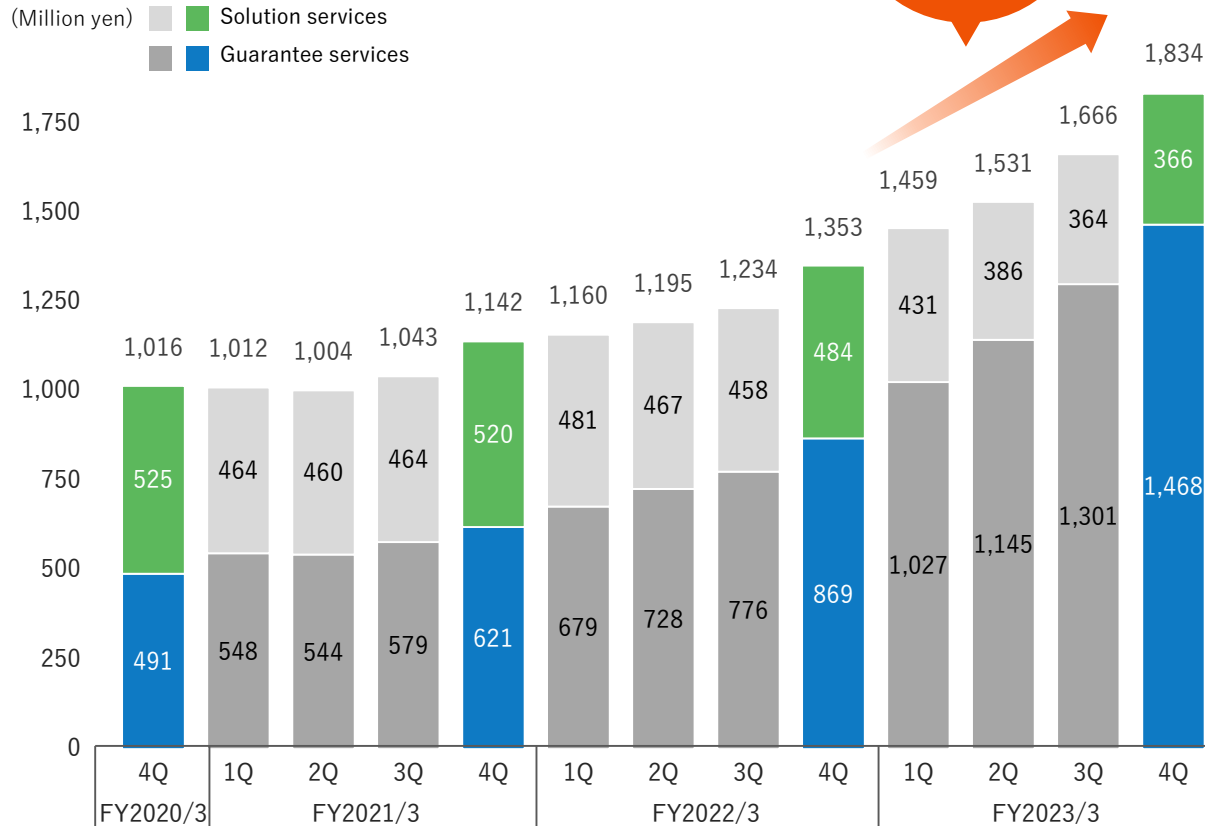
- New guarantee sales are strong, and rent liability guarantees have grown significantly (168.4% year-on-year)
- New contracts went strong for the medical care expense guarantees
- Subrogation payments and rent collection and settlement costs increased as a result of growth in property rent guarantees, and the growth rate increased

# Net Sales by Quarter

- Continuing from 3Q, sales in the guarantee business recorded substantial growth

Year on Year 136% (+481 million yen)

Year on Year  
**136%**  
(+481 million yen)



## Solution business

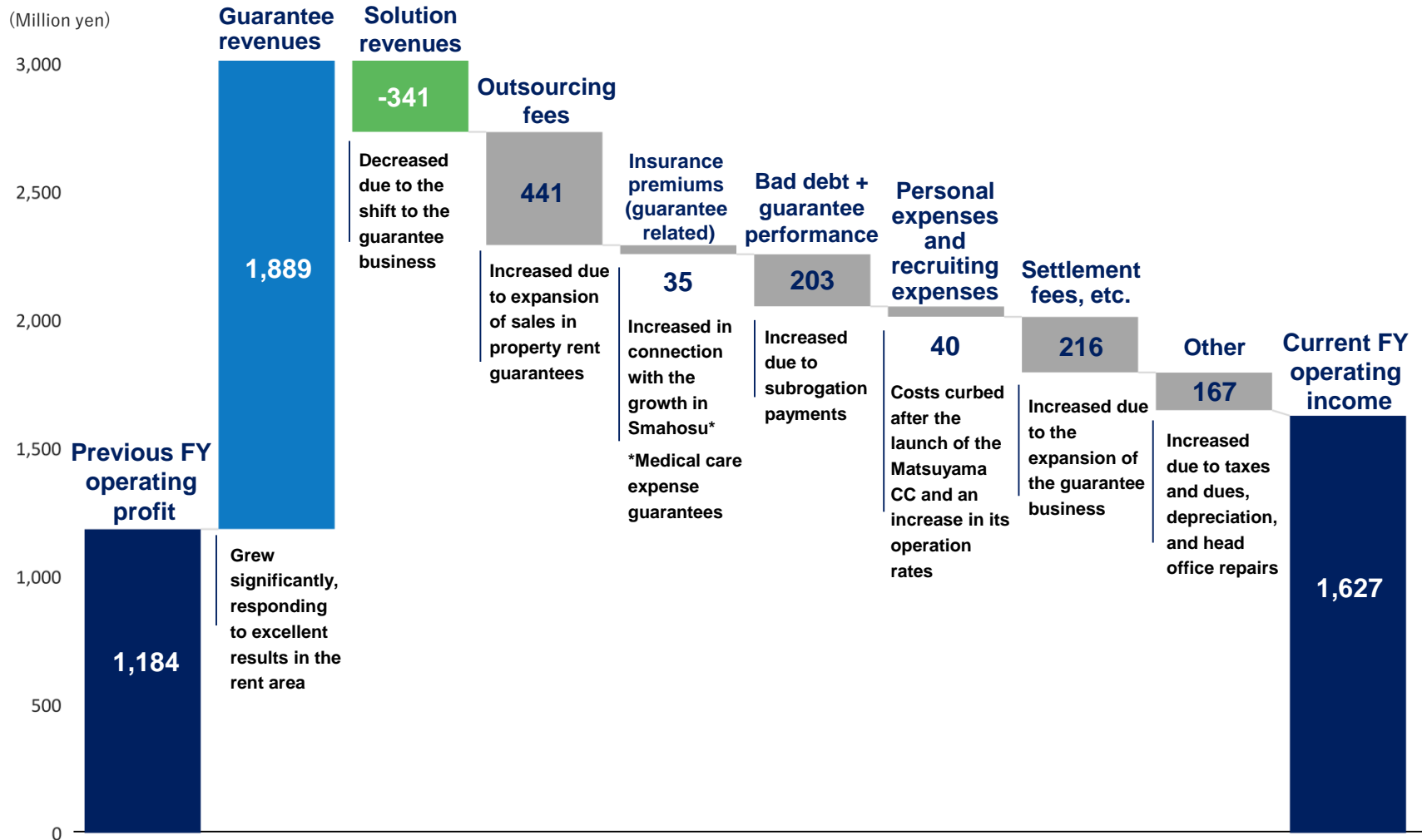
Continuing shift from C&O services to guarantee products  
76% year-on-year (-117 million yen)

## Guarantee business

The guarantee business grew due to continued growth in property rent guarantees and increased renewal guarantee fees  
169% year-on-year (+599 million yen)

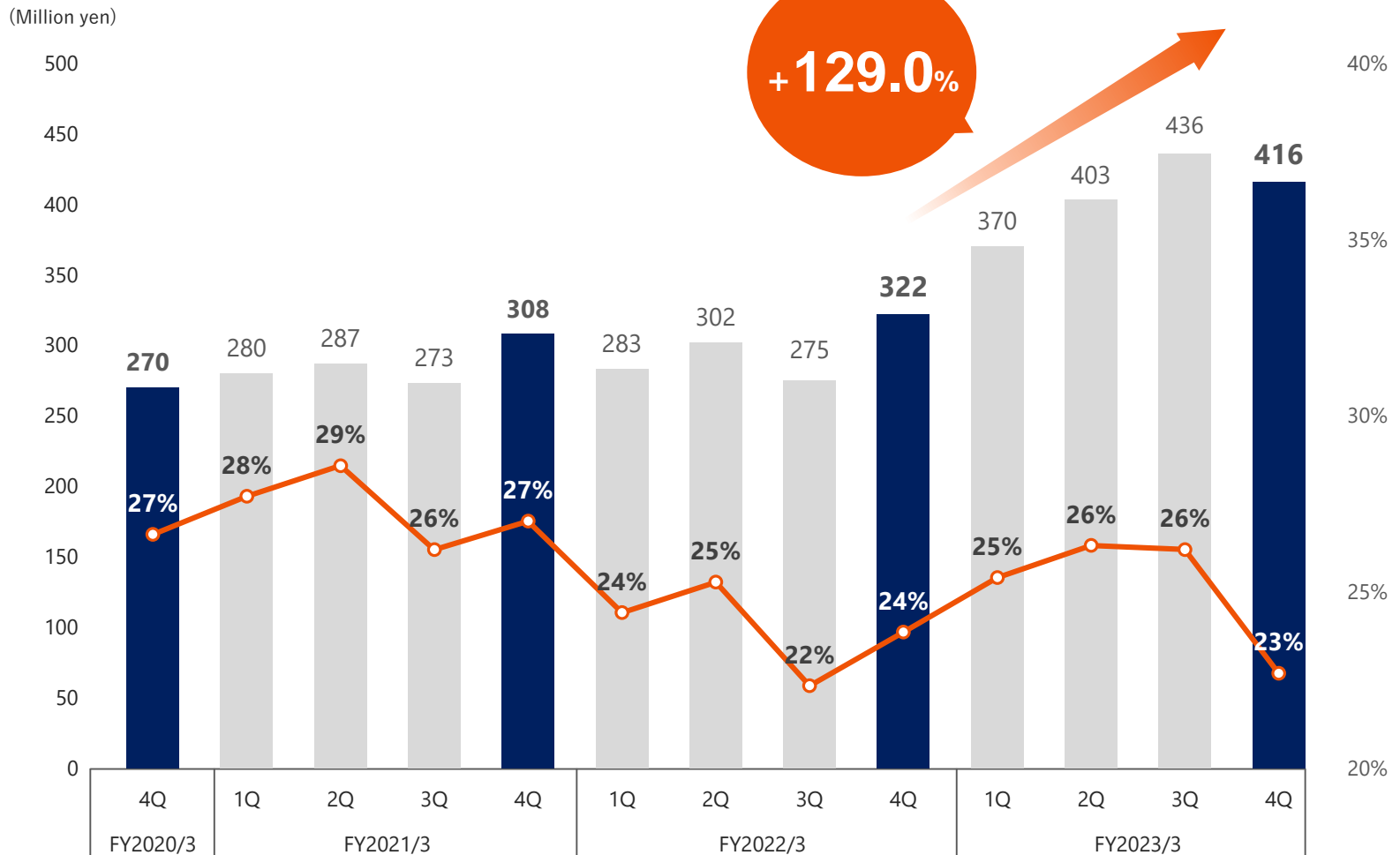
# Analysis of Change in Operating Profit

- Growth in guarantee revenues contributed
- Absorbed guarantee-related costs (business outsourcing fees, bad debt-related costs, settlement fees) and operating profit grew significantly



# Operating Profit by Quarter

- Operating profit increased significantly to 129.0% year-on-year
- Operating profit margin temporarily decreased due to one-time costs such as an increase in office repairs, inflation allowance, and software update costs

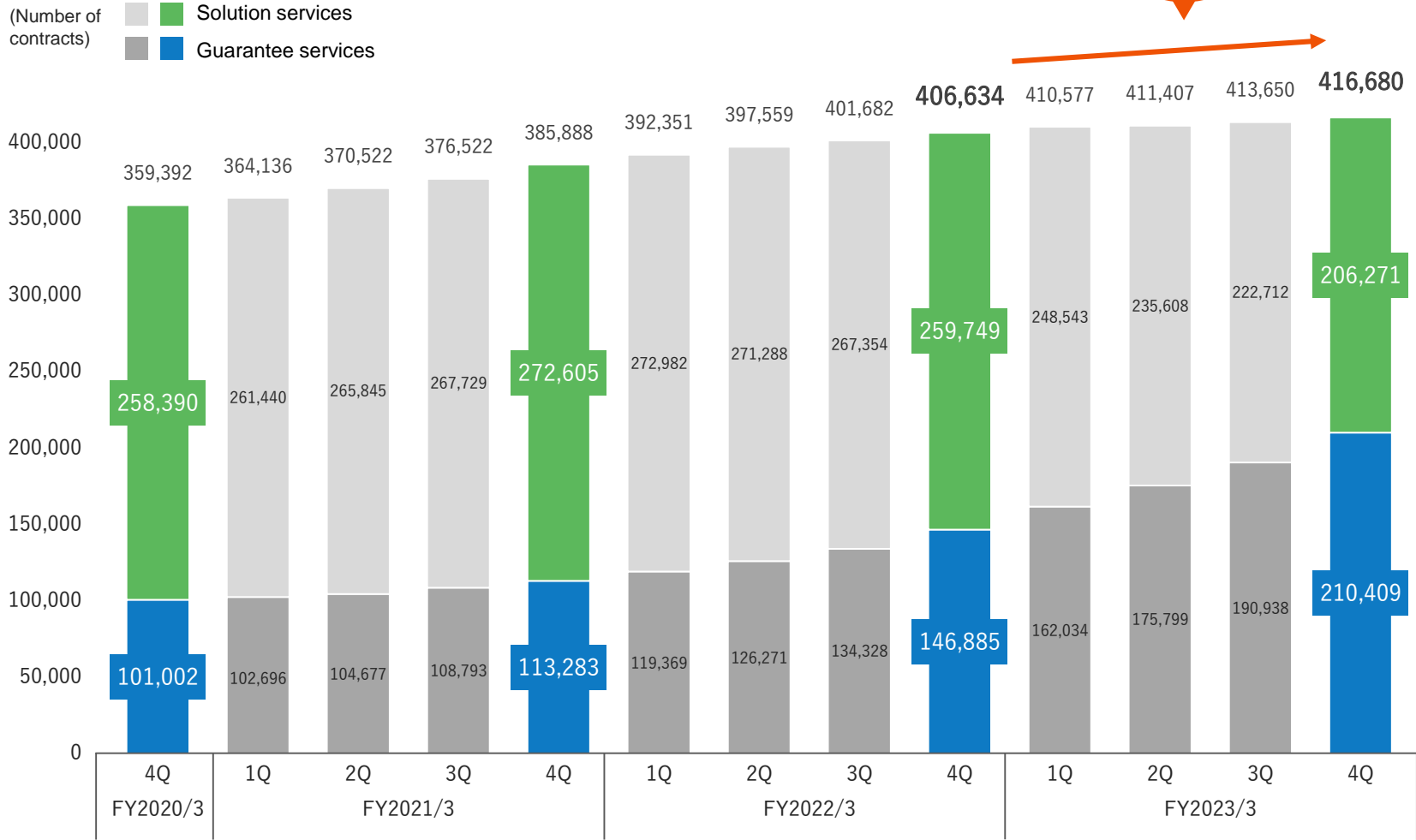




# Number of Contracts in Property Rent Area

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

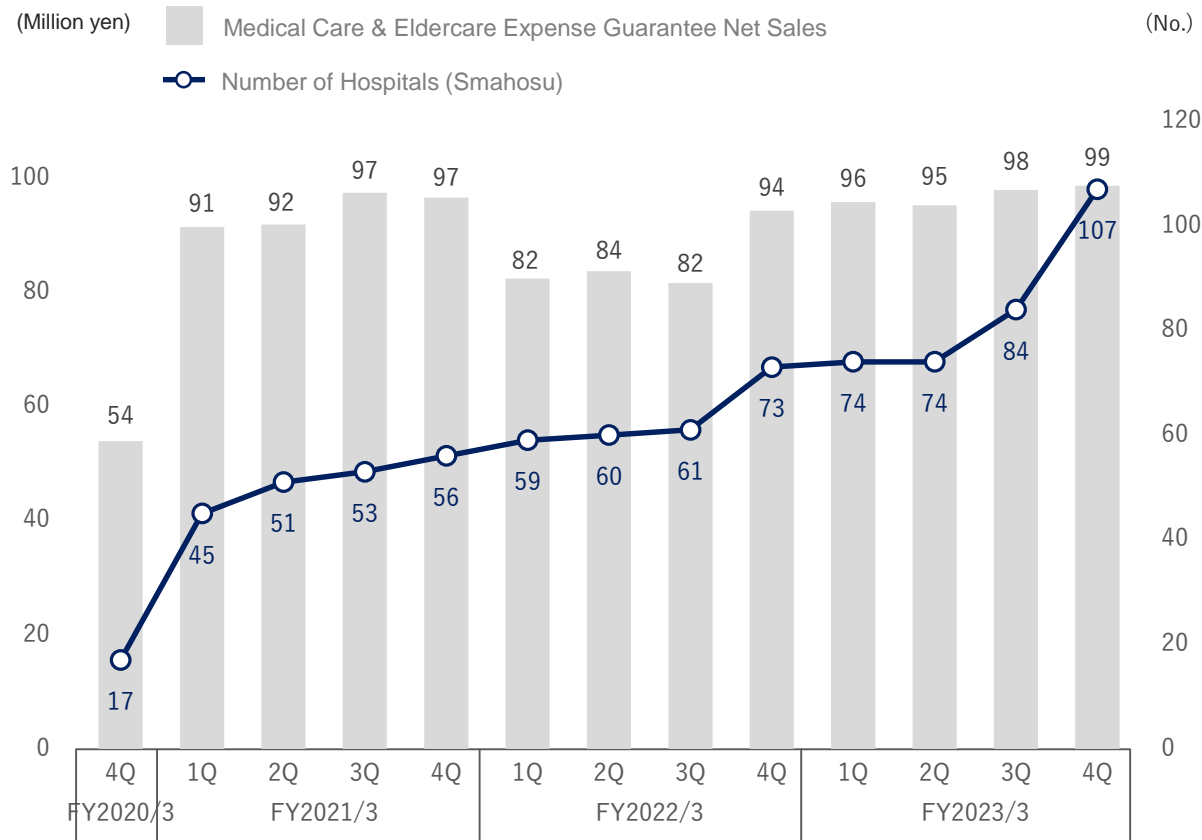
+10,046



# Medical Care & Eldercare Expense Guarantee Sales by Quarter

## ■ Sales activity in the medical care field normalized and requests for quotation increased rapidly

- Strengthening of sales system due to expansion in sales of Smahosu
- Completed installation in 34 hospitals in the fiscal year ending March 31, 2023



### ● Co-signer Agent System Smahosu continued to grow

**107** medical facilities

**26,225** hospital beds

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

**72** medical facilities

**13,391** hospital beds

### ● Eldercare expense guarantees

**211** eldercare service providers

# Other Financial Data (Balance Sheet)

(Million yen)

|  | 2022/3<br>(Previous fiscal year) | 2023/3<br>(Current fiscal year) | Change in<br>amount |
|--|----------------------------------|---------------------------------|---------------------|
| <b>Current assets</b>                      | 5,310                            | <b>6,871</b>                    | 1,561               |
| Cash and deposits                          | 3,268                            | <b>5,686</b>                    | 2,418               |
| Accounts receivable -<br>trade             | 254                              | <b>221</b>                      | -33                 |
| Advances paid                              | 2,011                            | <b>1,514</b>                    | -496                |
| Other                                      | 423                              | <b>459</b>                      | 36                  |
| Allowance for doubtful<br>accounts         | -646                             | <b>-1,010</b>                   | -363                |
| <b>Non-current assets</b>                  | 1,015                            | <b>1,104</b>                    | 88                  |
| Property, plant, and<br>equipment          | 95                               | <b>115</b>                      | 19                  |
| Intangible assets                          | 250                              | <b>218</b>                      | -31                 |
| Investments and other<br>assets            | 669                              | <b>770</b>                      | 101                 |
| <b>Current liabilities</b>                 | 1,774                            | <b>2,655</b>                    | 880                 |
| (Contract liabilities)                     | 1,182                            | <b>1,641</b>                    | 458                 |
| (Reserve for fulfillment<br>of guarantees) | 111                              | <b>196</b>                      | 85                  |
| <b>Non-current liabilities</b>             | 96                               | <b>110</b>                      | 14                  |
| <b>Net assets</b>                          | 4,454                            | <b>5,209</b>                    | 755                 |
| <b>Total assets</b>                        | 6,325                            | <b>7,975</b>                    | 1,650               |

Temporary reduction due to change in the operation of the direct deposit schedule

Grew in connection with the increase in new contracts for property rent guarantees

**Contract liabilities that are a source of income from the following month** increased due to an increase in new contracts for property rent guarantees (38% increase)

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

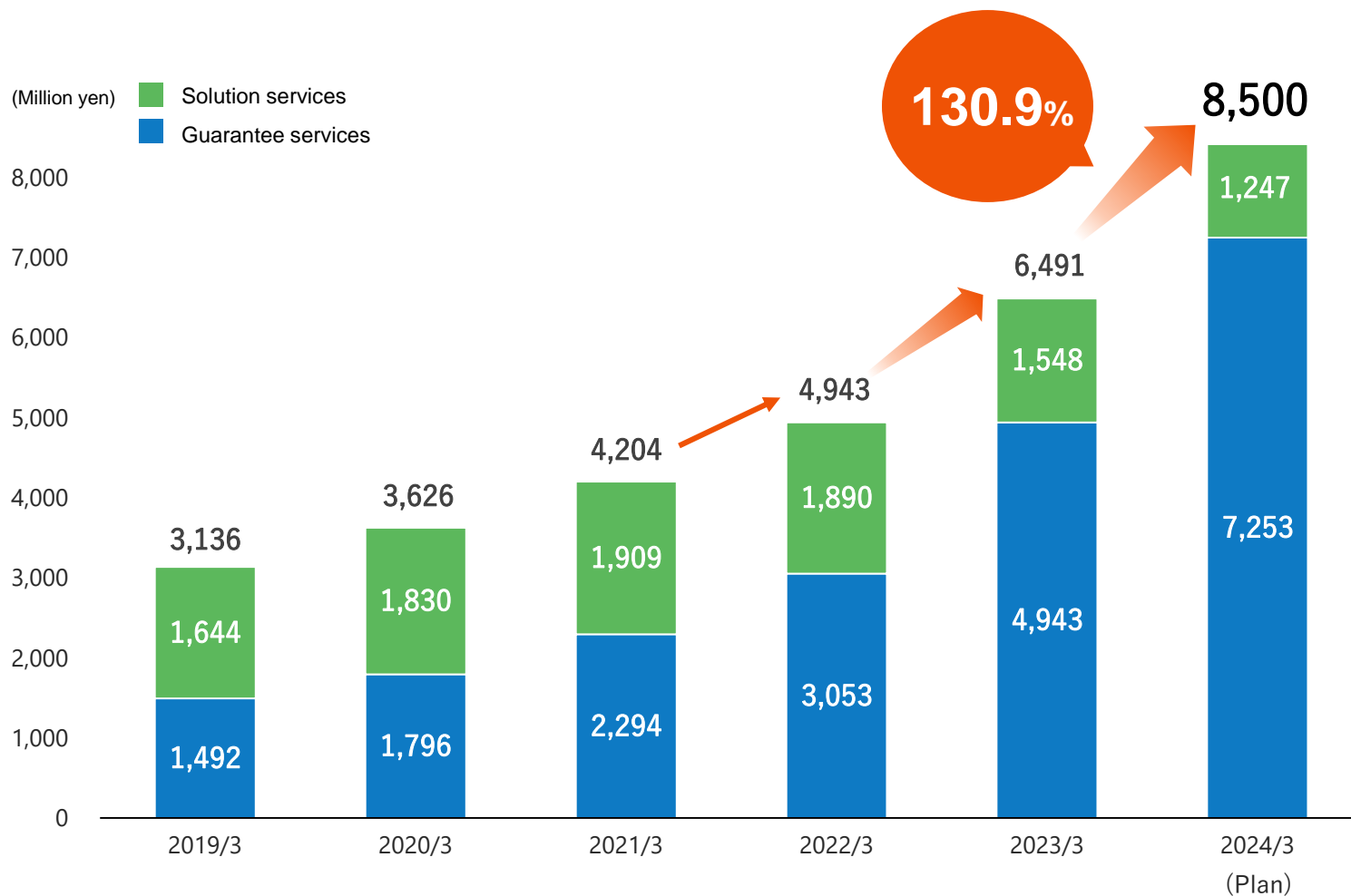
- This fiscal year, which is the final year of the Medium-term Management Plan, is expected to significantly exceed the plan, with net sales of 8.5 billion yen (+500 million) and operating profit of 2.1 billion yen (+100 million)

(Million yen)

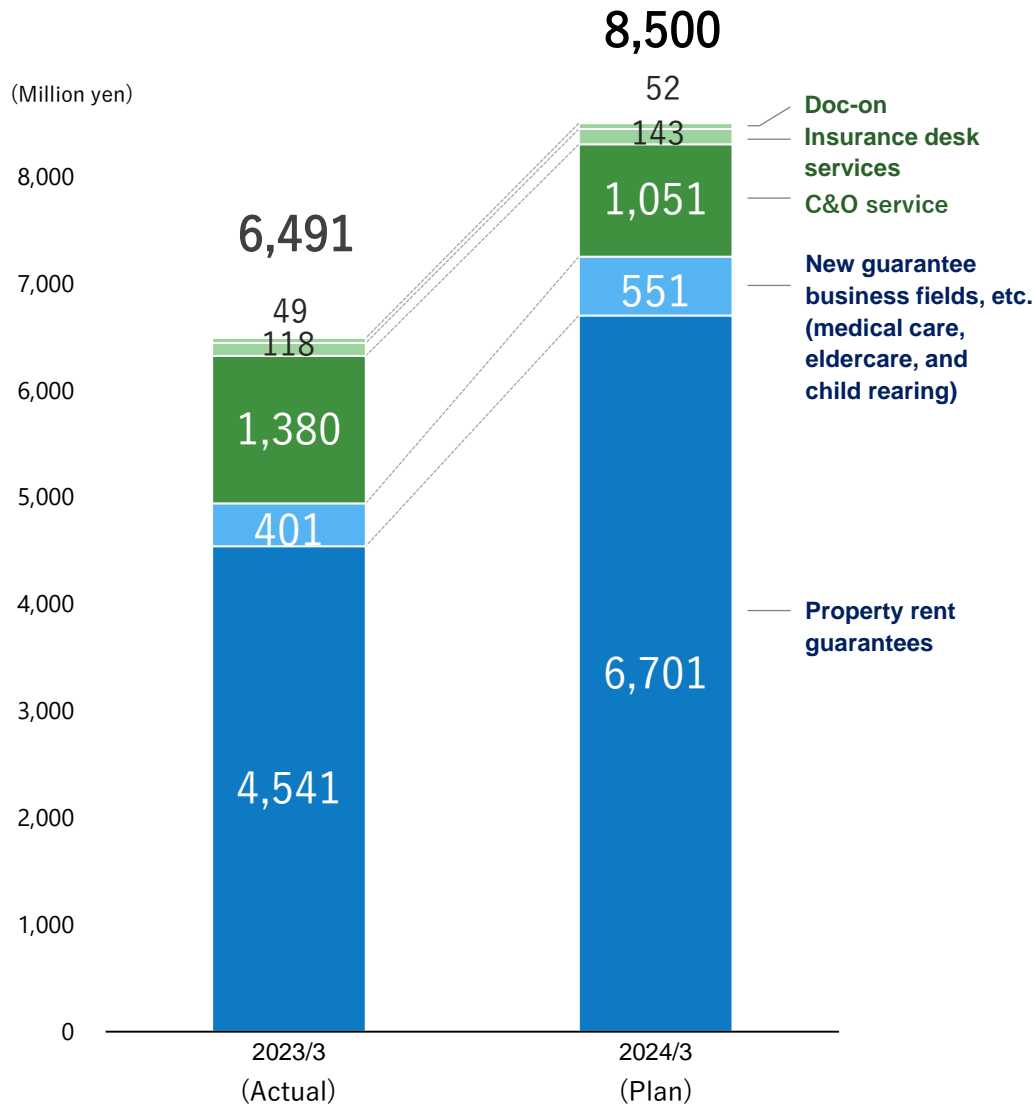
|                  | Actual<br>2023/3 | Medium-term<br>Management<br>Plan | Plan<br>2024/3 | Year on<br>Year | H1 plan      |
|------------------|------------------|-----------------------------------|----------------|-----------------|--------------|
| Net sales        | <b>6,491</b>     | <b>8,000</b>                      | <b>8,500</b>   | 130.9%          | <b>4,100</b> |
| Operating income | <b>1,627</b>     | <b>2,000</b>                      | <b>2,100</b>   | 129.1%          | <b>1,010</b> |
| (Margin)         | <b>25.1%</b>     | <b>25.0%</b>                      | <b>24.7%</b>   | -               | <b>24.6%</b> |
| Ordinary profit  | <b>1,625</b>     | -                                 | <b>2,100</b>   | 129.2%          | <b>1,010</b> |
| (Margin)         | <b>25.0%</b>     | -                                 | <b>24.7%</b>   | -               | <b>24.6%</b> |
| Net income       | <b>1,005</b>     | -                                 | <b>1,280</b>   | 127.4%          | <b>620</b>   |
| (Margin)         | <b>15.5%</b>     | -                                 | <b>15.1%</b>   | -               | <b>15.1%</b> |

# Net Sales by Year and Plan

- Rent liabilities guarantees have driven continuous increases in residential products and expansion in sales of business products
- Medical care expense guarantees are seeing strengthened sales activity toward winning more new contracts



# Annual Targets for Net Sales (Details)



## Solution business

**Doc-on and Insurance desk services continue to expand sales**

### C&O Services

Reduced due to continued shift to rent liabilities guarantees

## Guarantee business

### Rent liabilities guarantees

Continuous trend of new contracts increasing significantly

In addition, there is a significant increase in renewal guarantee fees due to increased contracts held and monthly renewal-type contracts

### Medical care expense guarantees

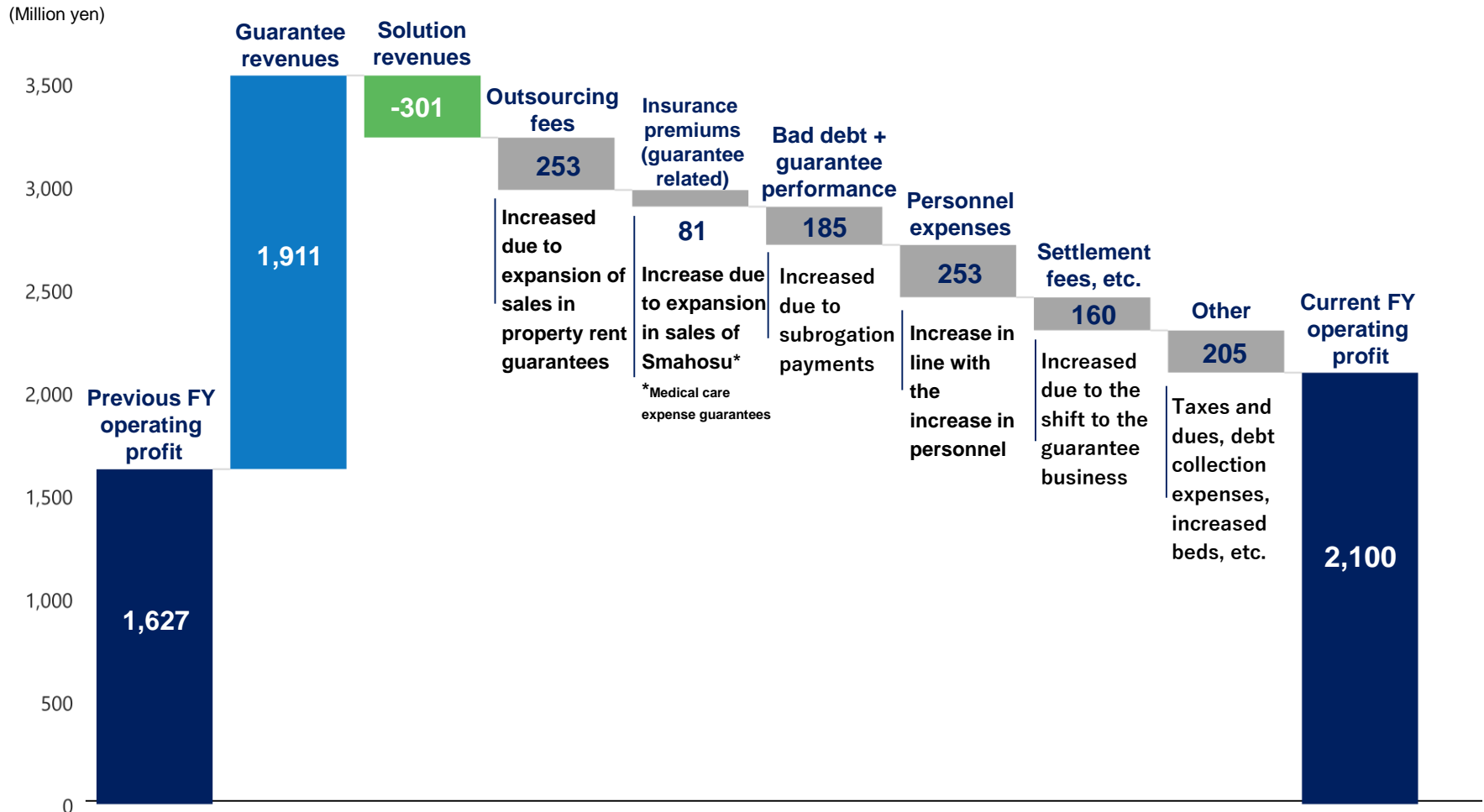
Further expansion of sales expected due to the strengthening of the sales system

### Eldercare expense guarantees

Increase efforts to expand sales as COVID-19 subsidies

# Analysis of Change in Operating Profit (Plan)

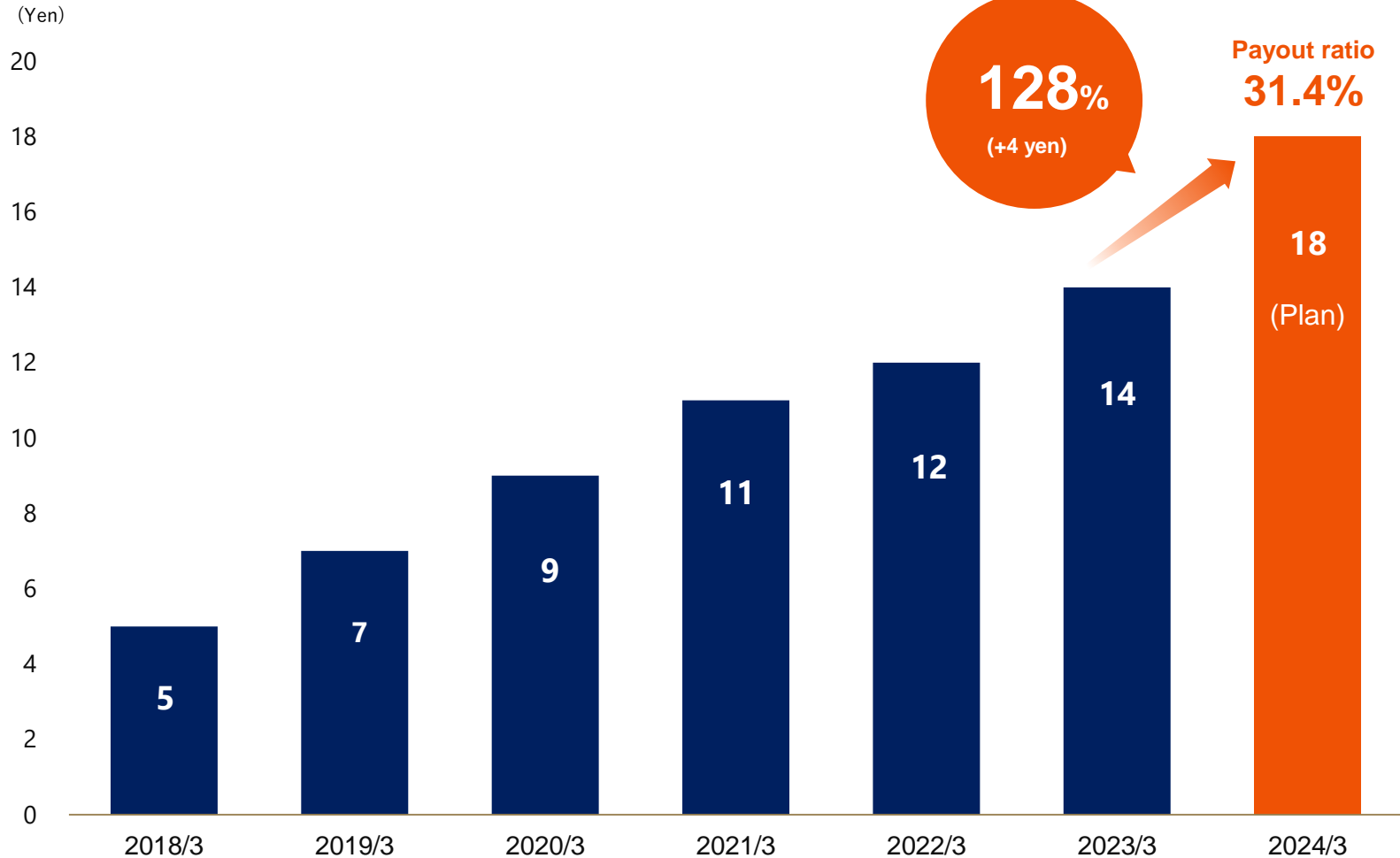
- Increase in revenue is promoted through growth in guarantee business
- Plan expansion of operating profit that exceeds the increase in variable expenses





# Dividends by Year and Plan

- Plan to increase dividend payments for the eighth consecutive year
- Payout of dividends to increase 4 yen from the previous fiscal year to 18 yen, with a payout ratio of 31.4% forecast



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# Company Profile (As of March 31, 2023)



|                                |   |
|--------------------------------|---|
| <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<br>Head Office ANNEX Hamamatsu Solution Center |
| <b>Number of employees</b>     | 275 (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

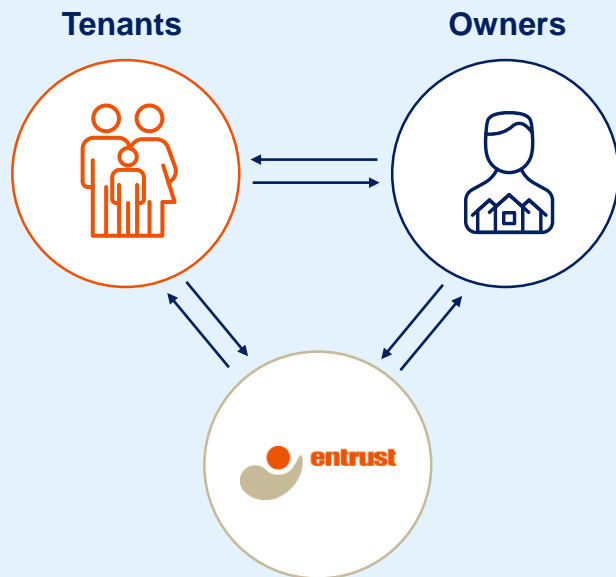
Property management companies / Insurance companies / Credit companies, etc.

# Business Lines

## Guarantee business

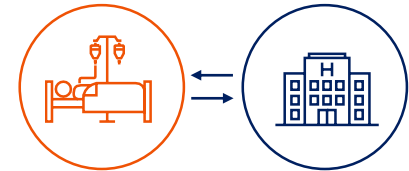
Assume debt delinquency risk and provide various services pertaining to guarantees

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

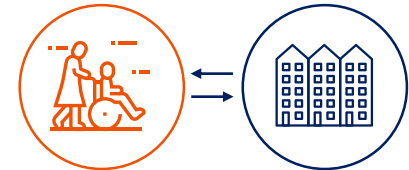


Rollout to  
other  
businesses  
▶▶▶

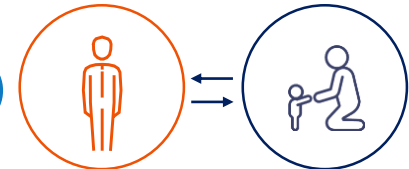
Medical  
care



Eldercare



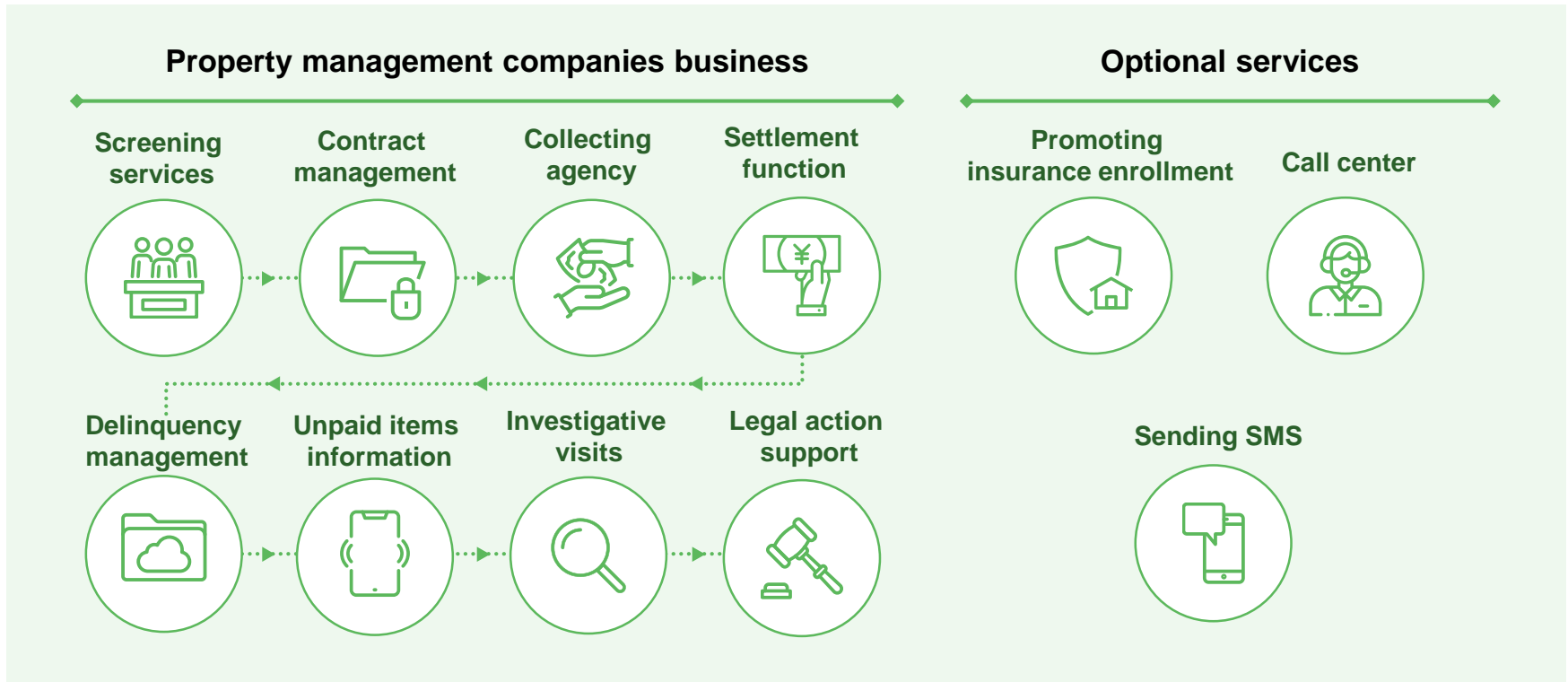
Child rearing  
expense



# Business Lines

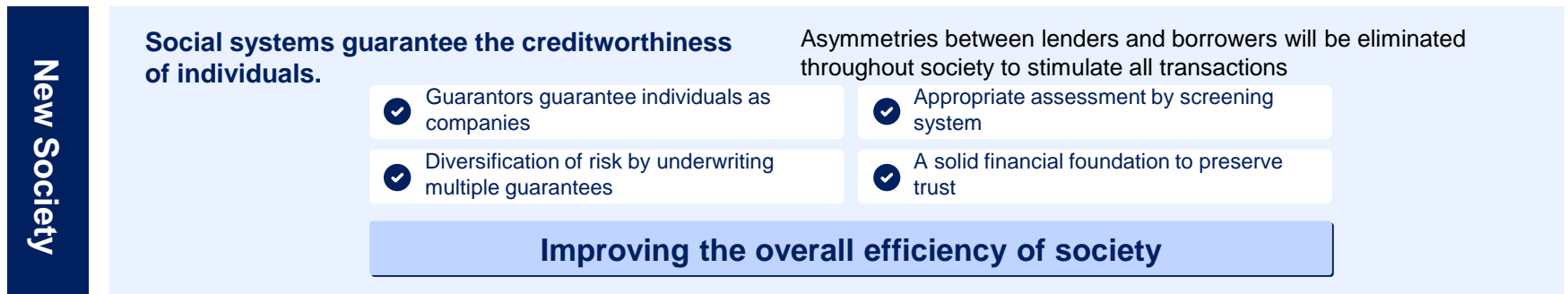
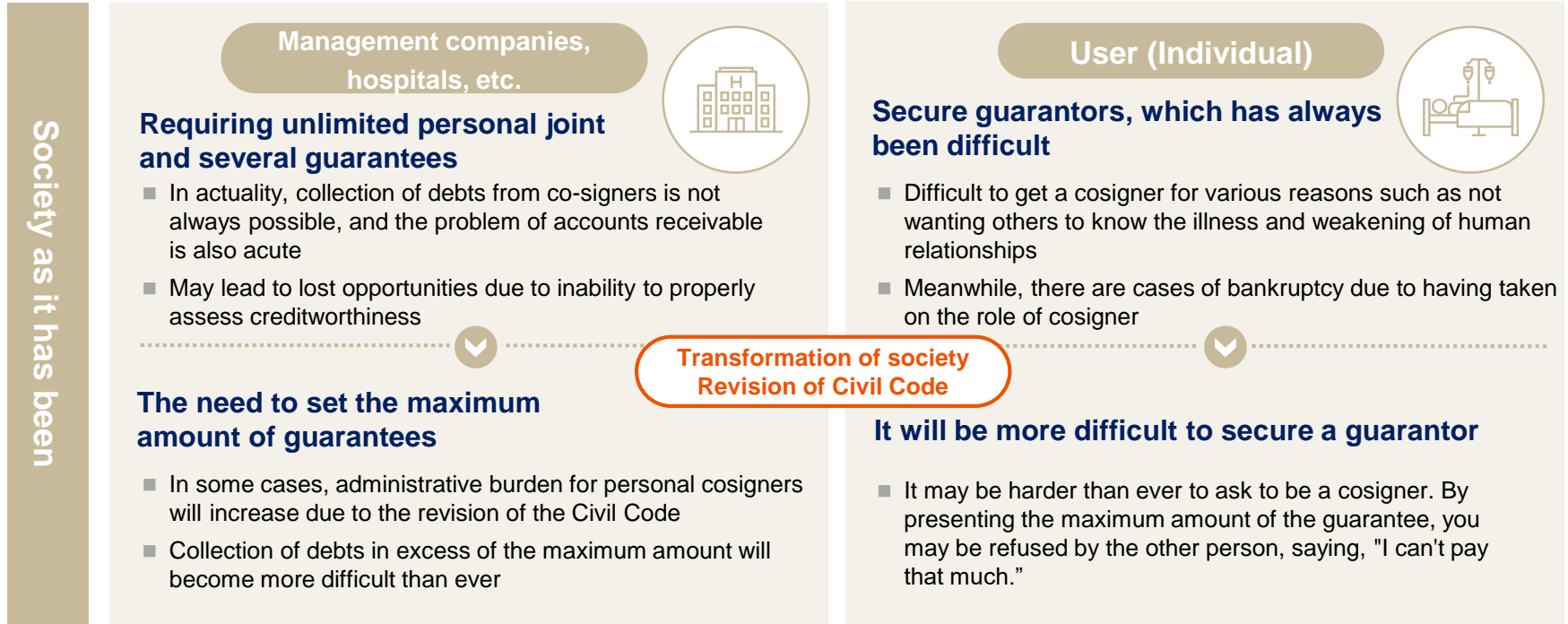
## Solution business

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

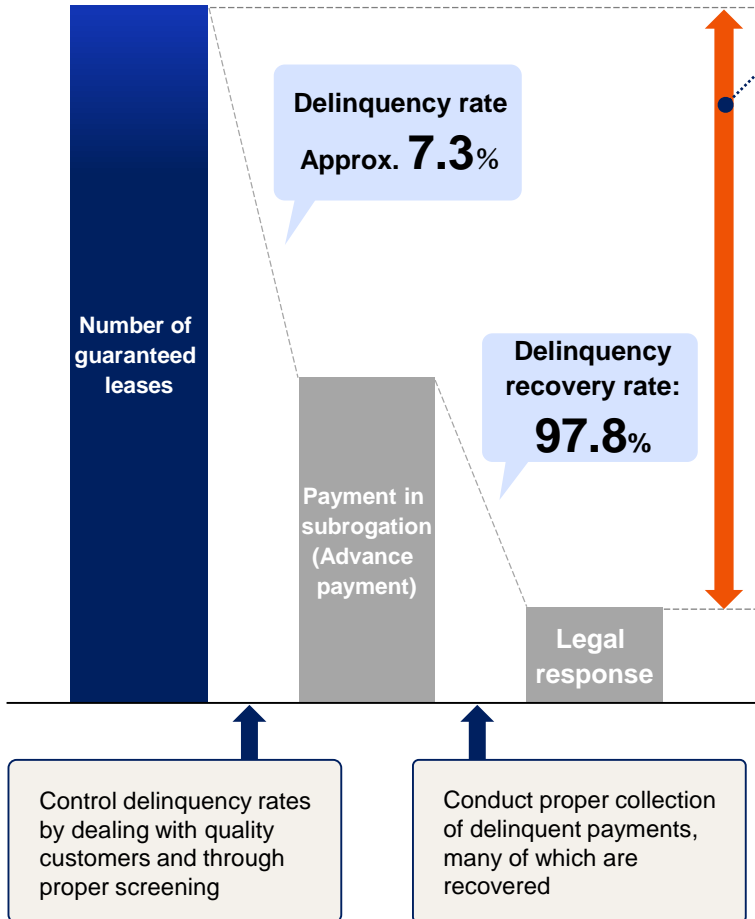


**Solve unique customer needs with professional services**

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



About  
**210,000**  
cases



## 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

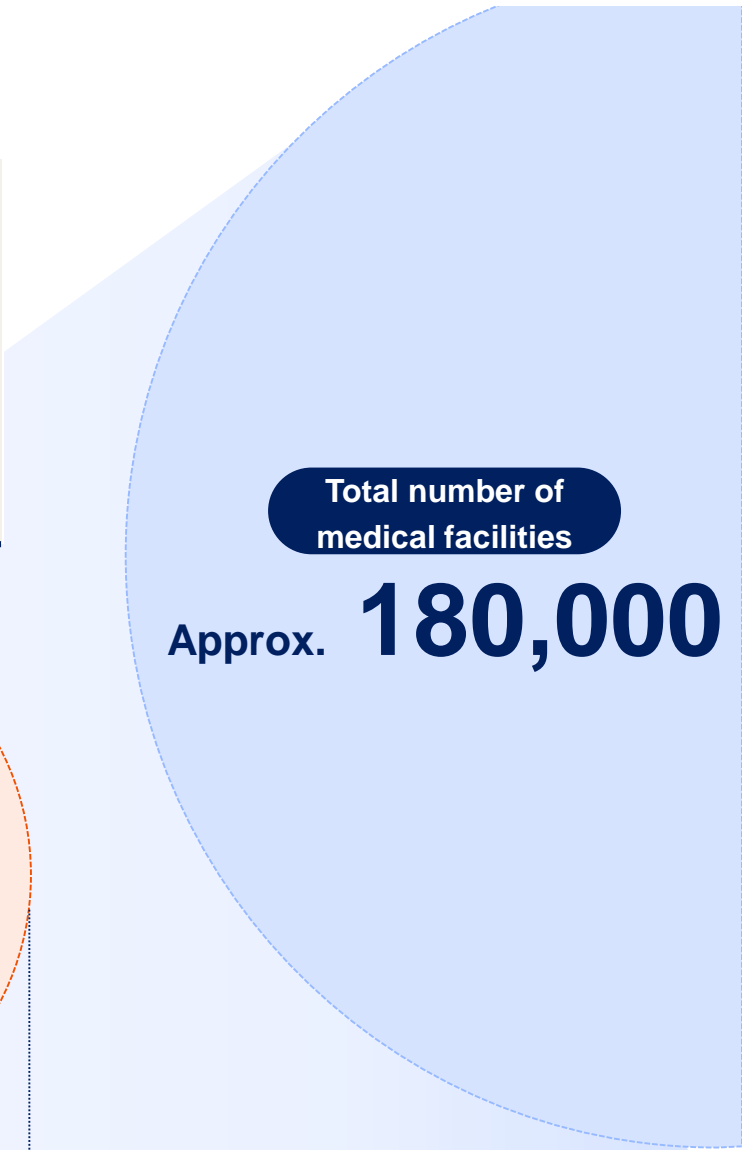


# The medical cost guarantee market shows expanding demand

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> |
|--|--|



Our results

**179**

Entrust Inc. target

## Key KPIs

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



※ \* Prorated over warranty period

### Medical care expense guarantees

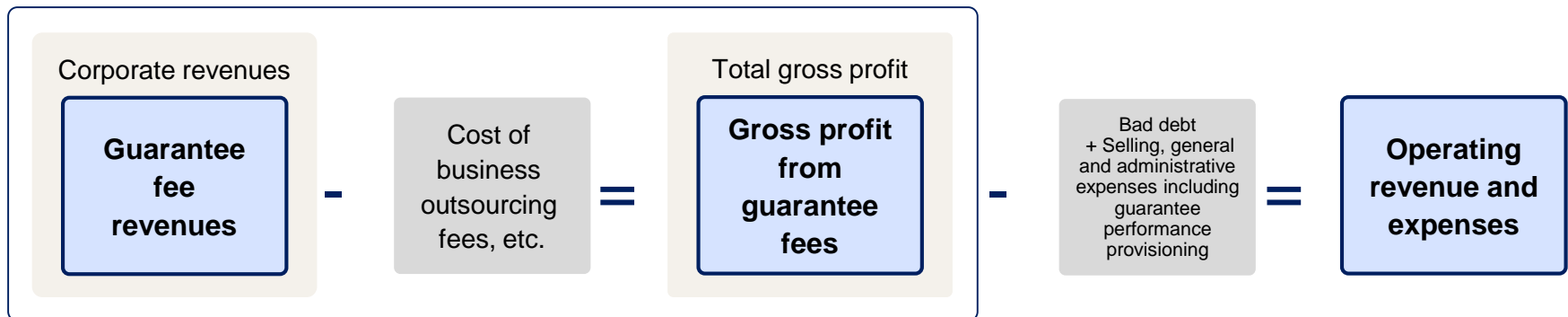


..... Smahosu .....

..... 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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