

Medium-Term Management Plan
(Fiscal Years Ending March 31 - 2019 - March 31, 2021)

Zero to One

May 11, 2018

Entrust Inc.



Zero to One

Always Realizing "Zero to One"

“Entrust provides social infrastructure through its guarantee schemes, contributing to the invigoration of services and distribution”

Guarantees, such as a co-signor's endorsements, form a commercial practice rooted in a long history. However, non-performance of a co-signor's promise poses economic risk whose resolution can impose a heavy burden. The risk of economic loss and its weight on operations form constraints on the expansion of commercial transactions.

Entrust, by assessing and underwriting risk and mitigating the associated costs through its guarantee schemes, achieves guarantees for contract counterparties and contributes to the activation and expansion of client companies' trading activities.

In addition to property rent guarantees, Entrust develops markets for a variety of guarantee offerings and works to let its guarantee schemes proliferate as social infrastructure.

2. Recognizing the external environment

Anticipated changes in the business environment during the period of the medium-term management plan

Trends in society

2018

The number of households is set to peak amid continuing population decline

2019

2020

2021

Increasing number of households

Decreasing number of households

Further progressing demographic aging

Growth in foreign tourism to Japan

Legal system and policies

2018

The Civil Code revision is a tailwind for the guarantee

2019

2020

Revision of the Civil Code

2021

Consumption tax rate increase

Increase in construction of serviced residences for seniors

Changes in the guarantee business environment

Population concentration in urban areas

Increase in nuclear families without ties to local communities

Limitations of the co-signor system as personal guarantee

Growth in guarantees for individuals provided by corporation

Decrease in cash settlement, increase in delinquent amounts due to diversifying transaction patterns

Diversification of guarantee services

Economic trends

Activities related to the Tokyo Olympic Games

2018

2019

2020

2021

Continuing demand related to the Tokyo Olympic Games

Uncertainty after the Tokyo Olympic Games

Decrease in the number of rental housing starts, slump in demand after the consumption tax rate hike

Growth trend in eldercare related businesses

Technology trends

Diffusion of IoT and AI technologies into businesses

2018

2019

2020

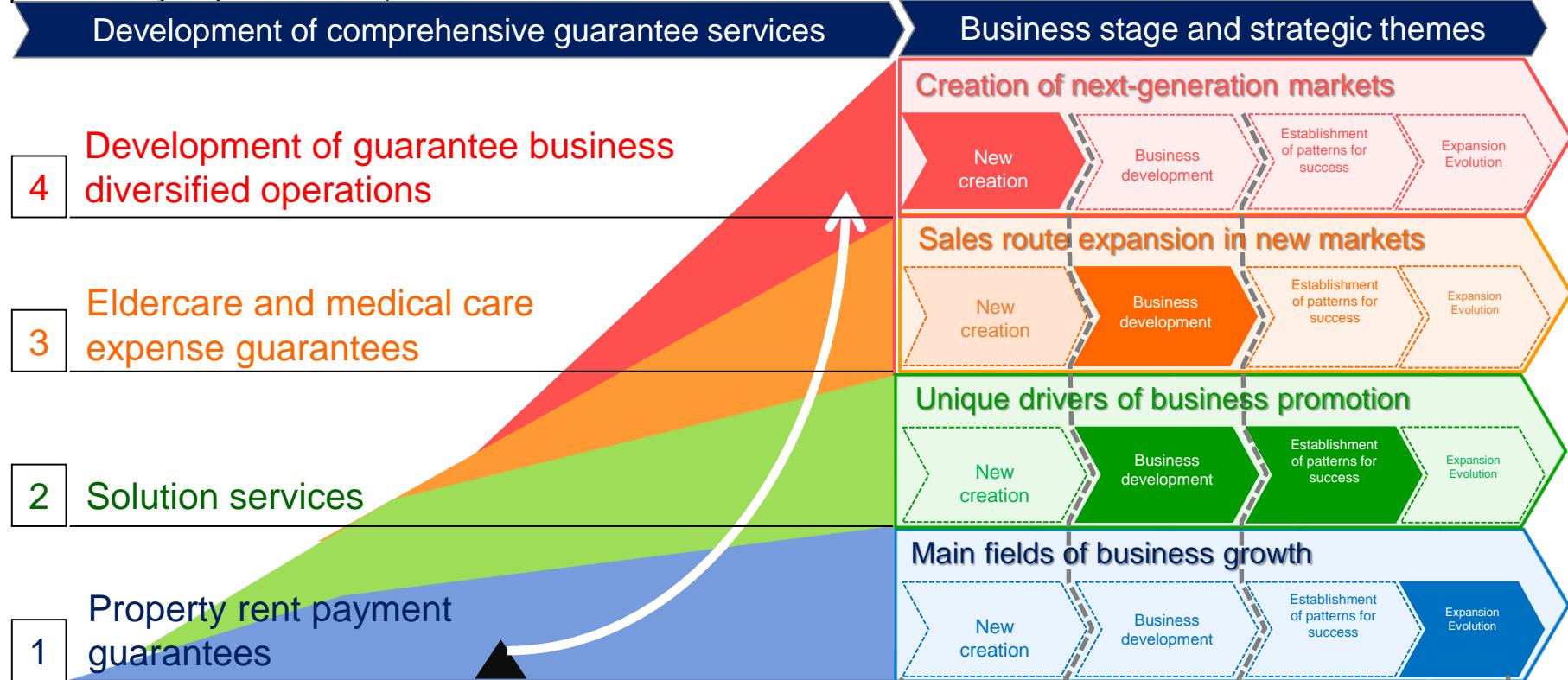
2021

Practical IoT technology application including Fintech and Real Estate Tech, etc.

3. Fundamental policies of the medium-term management plan

● Business development

As a comprehensive guarantee service company, we will create, develop, expand, and evolve guarantee products and solution services. We will resolve issues at each business stage, aiming to realize value creation, productivity improvements, and differentiation



● Business investment

We will practice step-by-step investment. We will view business opportunities from the two perspectives of inherent potential for growth and risk of loss.

Investment in growth opportunities

(1) Investment in challenging opportunities

Search for new business opportunities, trials, etc.

(2) Investment in preparations

Preliminary preparations aimed at establishing a market

(3) Investment in realization

Nurturing of cash spinners and strengthening of competitive edge

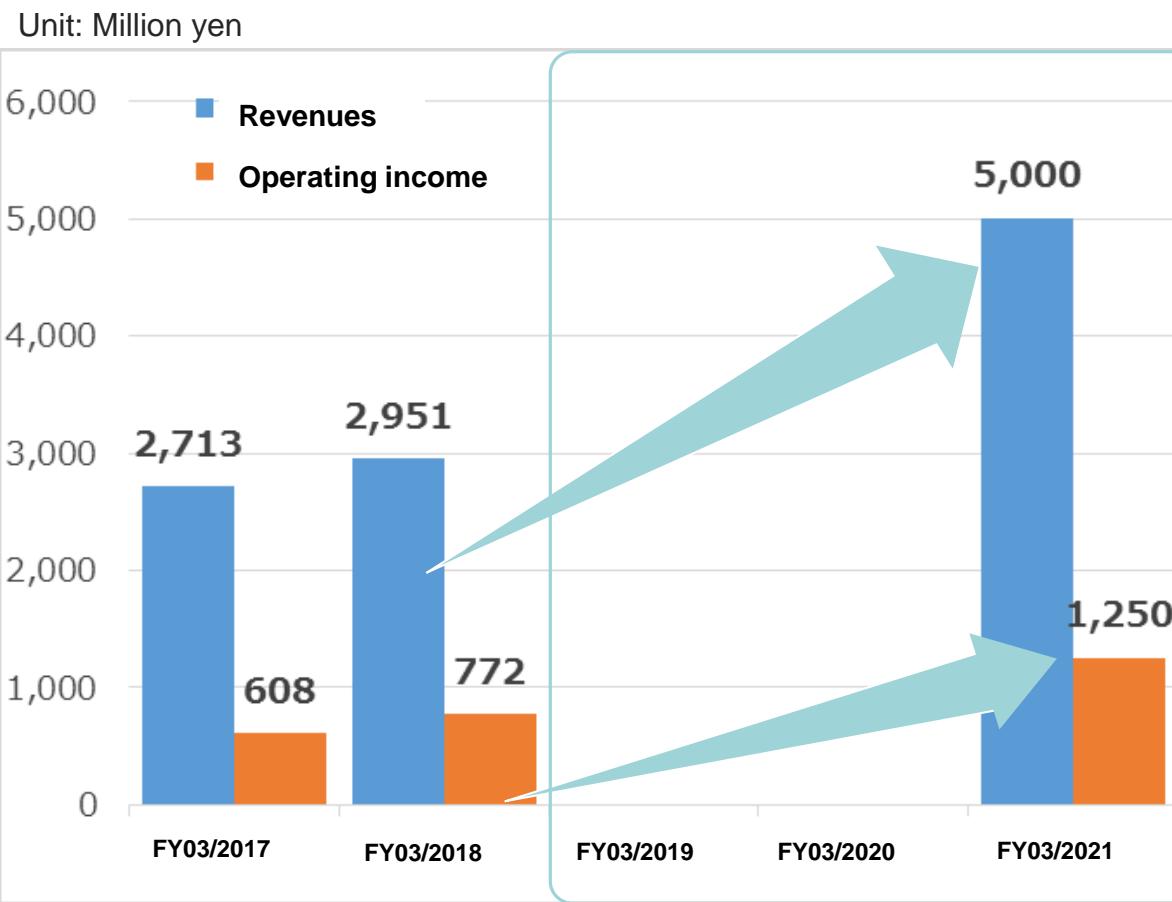
4. Performance targets of the medium-term management plan

Medium-term
performance targets
(Until the fiscal year ending
March 31, 2021)

Revenues
5,000 million yen

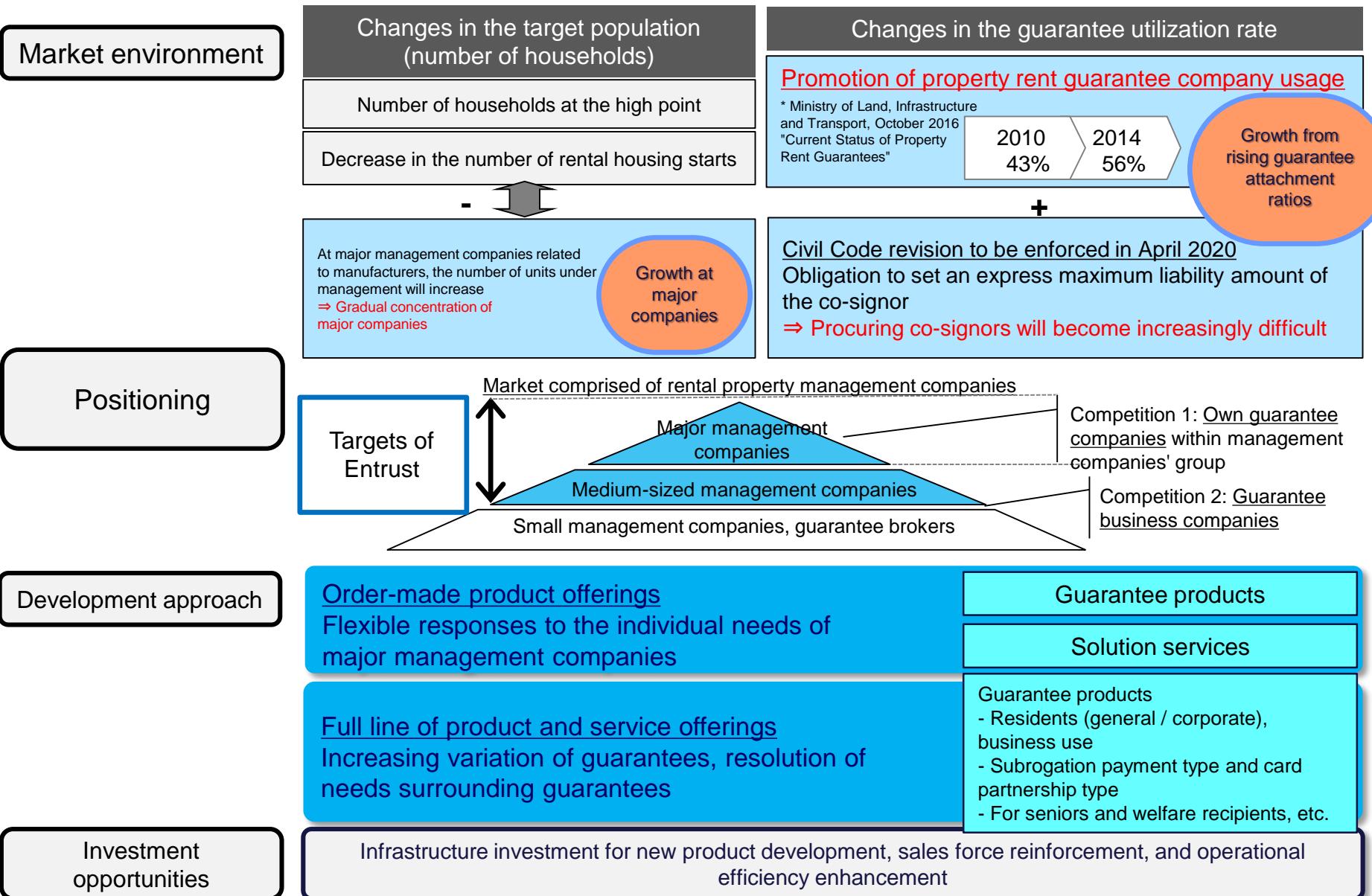
Operating income
1,250 million yen

Operating income ratio
25%



5. Priority strategy 1: Property rent guarantees

Property rent guarantee services will further expand and evolve as a core growth business



6. Priority strategy 2: Solution service



The solution service is complementary to the guarantee service and a driver to promote sales expansion

Market situation

Rental property market

Target customer

Medium sized and major rental property management companies

* Management companies with at least 1,000 properties under management

Main competition

Guarantee companies owned by management companies

Out of the top 50 management companies, one-half have proprietary guarantee companies

* National Rental Housing Newspaper and own research

Other than rental property market

Communication EC

Finance

Training institutions

Human resources
Staff dispatch

etc.

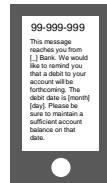
Needs of major companies

- 1) Specialized services superior to in-house production at high cost performance
- 2) If there is an in-house guarantor company within the group of a management company, the management company will be unable to adopt guarantee products from an outside provider

Development approach

Provide services that can efficiently resolve customers' needs and problems

Doc-on and Rakure Services



- Call-center function (Patent acquired)
- Reminder notice function
- Settlement function (Patent pending)

C&O (Consulting & Operations)



Insurance desk

- Insurance knowledge and know-how
- Safe management of personal information
- Compliance-based business operations

Development with a full line-up
Higher customer satisfaction, higher sales

Entry tools
Creation of trust by resolving individual needs

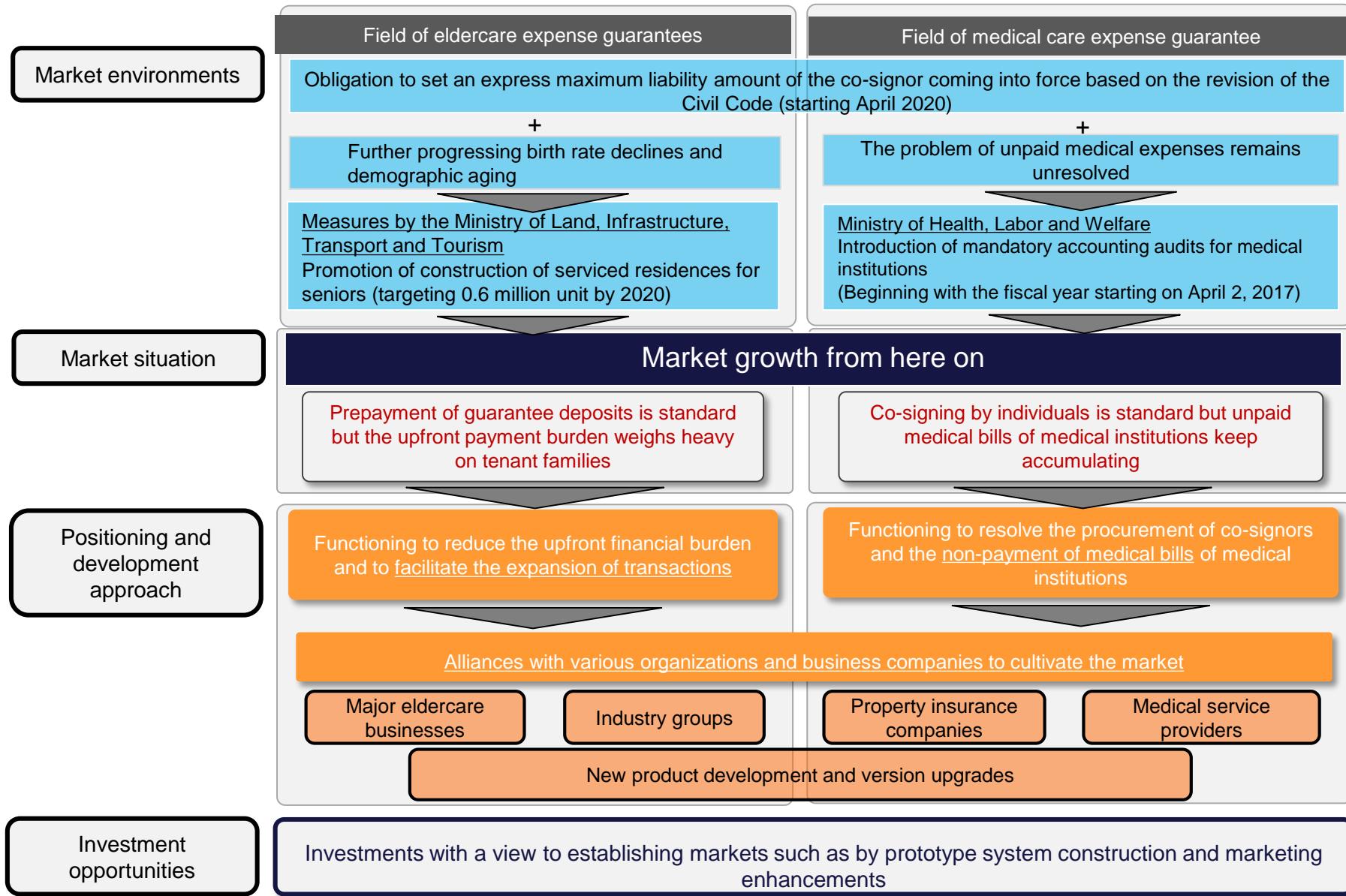
Investment opportunities

Investment in specialization furtherance using IoT, investment in strengthening infrastructure equipped for volume increases

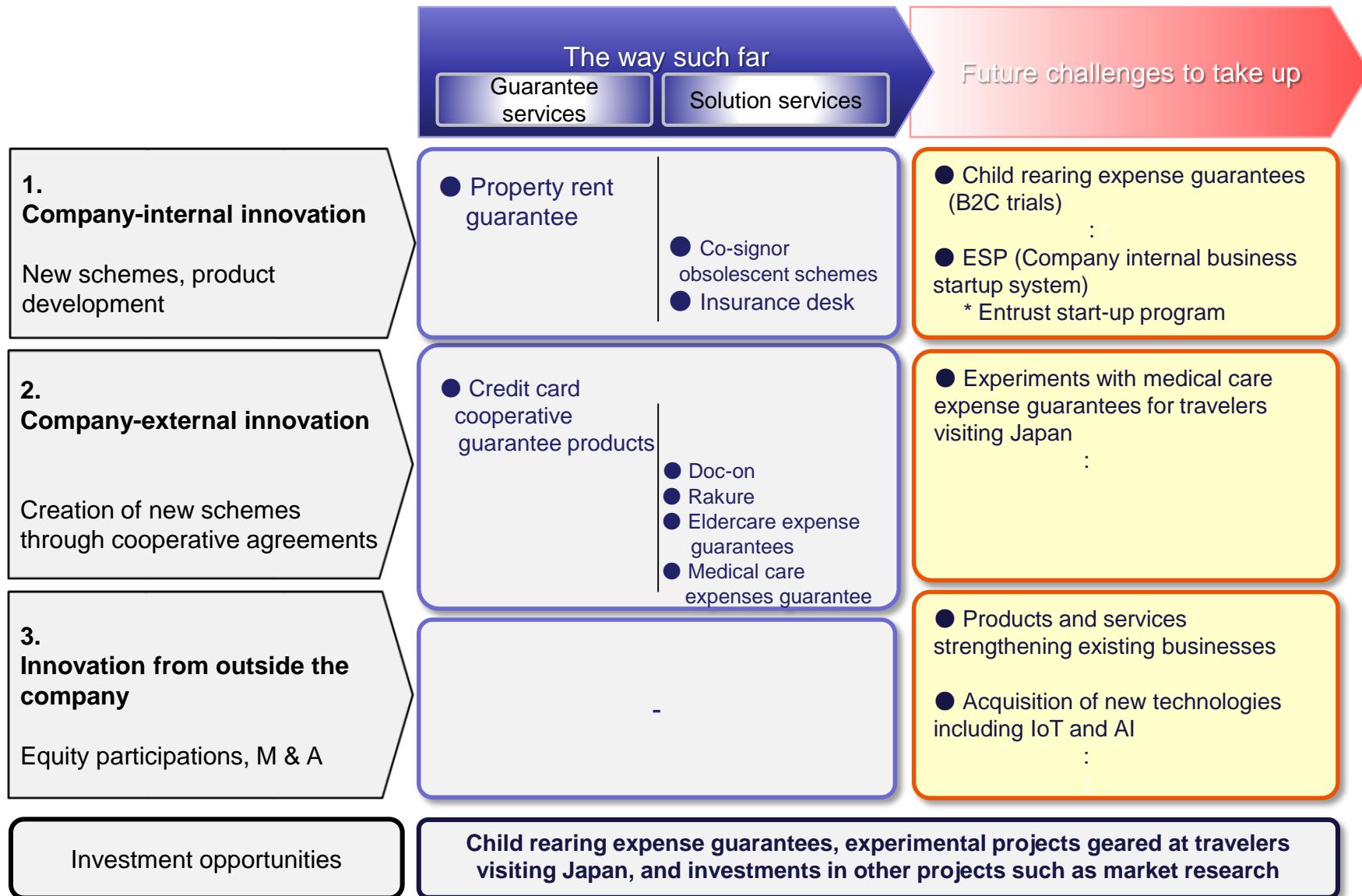
7. Priority strategy 3: Eldercare expense guarantees and medical care expense guarantees



Eldercare and medical care expense guarantees will be developed as new markets following property rent guarantees



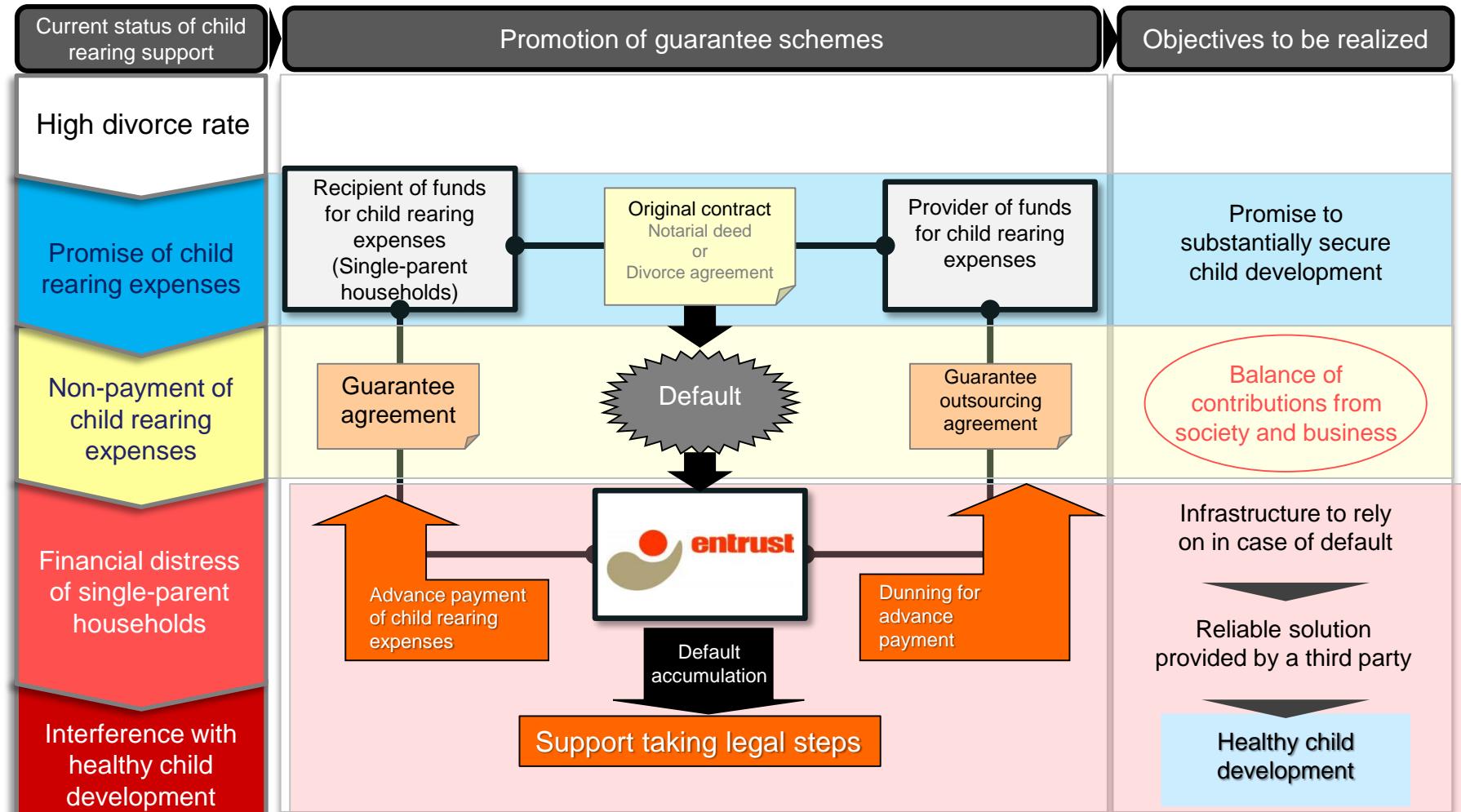
Identify company-internal and external sources of new business, develop new guarantee and solution services, and create next-generation business operations



9. Priority strategy 4: Development of business types other than guarantee business: Trials in child rearing expense guarantees

For single-parent households a stable source of funds for child rearing expenses is essential for children's development.

Pilot projects have been started with a view to establishing infrastructure for the self-support of single-parent households



10. Investment and financial strategy

Entrust emphasizes four areas of investment, namely, growth investment, shareholder returns, management efficiency, and financial soundness, and in so doing realizes a balanced investment and financial strategy.

1. Growth investment

● Investment stance

"Step-by-step"

Investments will be made with a view to business growth proceeding in stages

● Investment opportunities

(1) Investment in challenging opportunities

Search for new business opportunities, trials, etc.

(2) Investment in preparations

Preliminary preparations aimed at establishing a market

(3) Investment in realization

Nurturing of cash spinners and strengthening of competitive edge

Discovering new business opportunities

- Experimental project operations
- Company-internal proposal competition
 - * ESP System
 - Test marketing
 - M & A, etc.

70 - 150 million yen

Establishment of frameworks for commercialization

- Creation of a prototype system
- Establishment of specialized units and acquisition of staff
- Reinforcement of promotion
- M & A, etc.

80 - 150 million yen

Business reinforcement, revenue expansion

- Development of new guarantee products
- Testing of IoT and AI applications in actual use
- Sales force strengthening
- Creation of an information core system
- Establishment of a large-scale solution center
- M & A, etc.

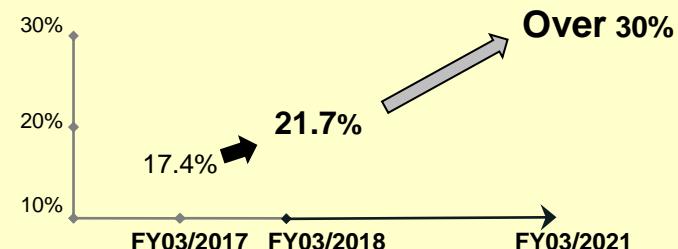
500 - 700 million yen

Investment target: 650 - 1,000 million yen

2. Shareholder returns

● Dividend payout ratio

Attainment of a ratio exceeding 30% by the end of FY03/2021



3. Business efficiency

● ROE

Maintain ROE above 20%, emphasize management efficiency

4. Financial soundness

● Equity ratio

Maintain financial soundness with a targeted equity ratio of 60%

Important information concerning the use of this document

The numerical business results projections stated in these materials are based on judgments and expectations derived from the information available at the time. The materials have been prepared based on numerous assumptions and perceptions obtained from information that includes risks and uncertainties.

Users of these materials are reminded that owing to a diversity of factors actual business results can materially differ from business results projections. Factors that have the potential to affect actual business results include, without limitation, deterioration in the business environment or economic conditions, trends surrounding laws, regulations, and related rules, and unfavorable rulings in litigation.

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