



# Results Announcement for Second Quarter of Fiscal Year Ending March 31, 2020

**Entrust Inc.**

**Securities Code: 7191**



The opinions and projections stated in these information materials reflect the judgments of the Company at the time these materials were prepared. No guarantee is provided for the accuracy of the information herein stated.

Users are reminded that due to changes in various factors, actual business results can materially differ from business results projections.

July 25, 2018

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- 1. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2020**
- 2. Company Plan for the Fiscal Year Ending March 31, 2020**
- 3. Company Information**

# **1. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2020**

# Summary

## Overview of Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2020

**Revenues increased to 113.6% compared with the previous fiscal year**

**Operating income increased to 139.3% compared with the previous fiscal year**

- The forecast for the entire fiscal year has been revised due to strong performance in the first half of the year.

(Million yen)	Q2 FY03/2019 (Previous Q2)	Q2 FY03/2020 (Current Q2)	(Year-on-year)
Revenues	1,506	<b>1,712</b>	113.6%
Operating income	358	<b>499</b>	139.3%
(Margin)	23.8%	<b>29.2%</b>	-
Ordinary income	358	<b>502</b>	140.1%
(Margin)	23.8%	<b>29.3%</b>	-
Net income	236	<b>335</b>	141.9%
(Margin)	15.7%	<b>19.6%</b>	-

# Revenues by Quarter

**Revenues increased in both guarantee services and solution services**

## - Solution services

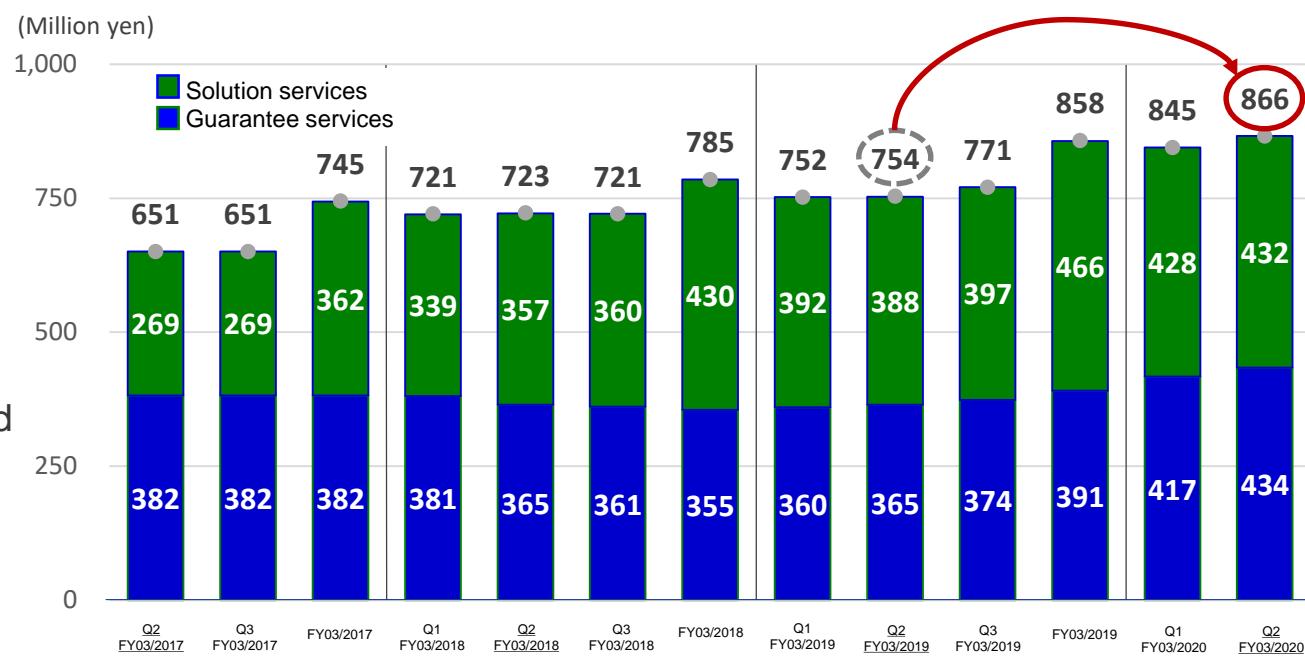
The scheme requiring no co-signors and screening support service in our C&O business grew steadily

111% (+44 million yen) compared with the year-earlier period

## - Guarantee services

Property rent guarantees and medical care expense guarantees made progress

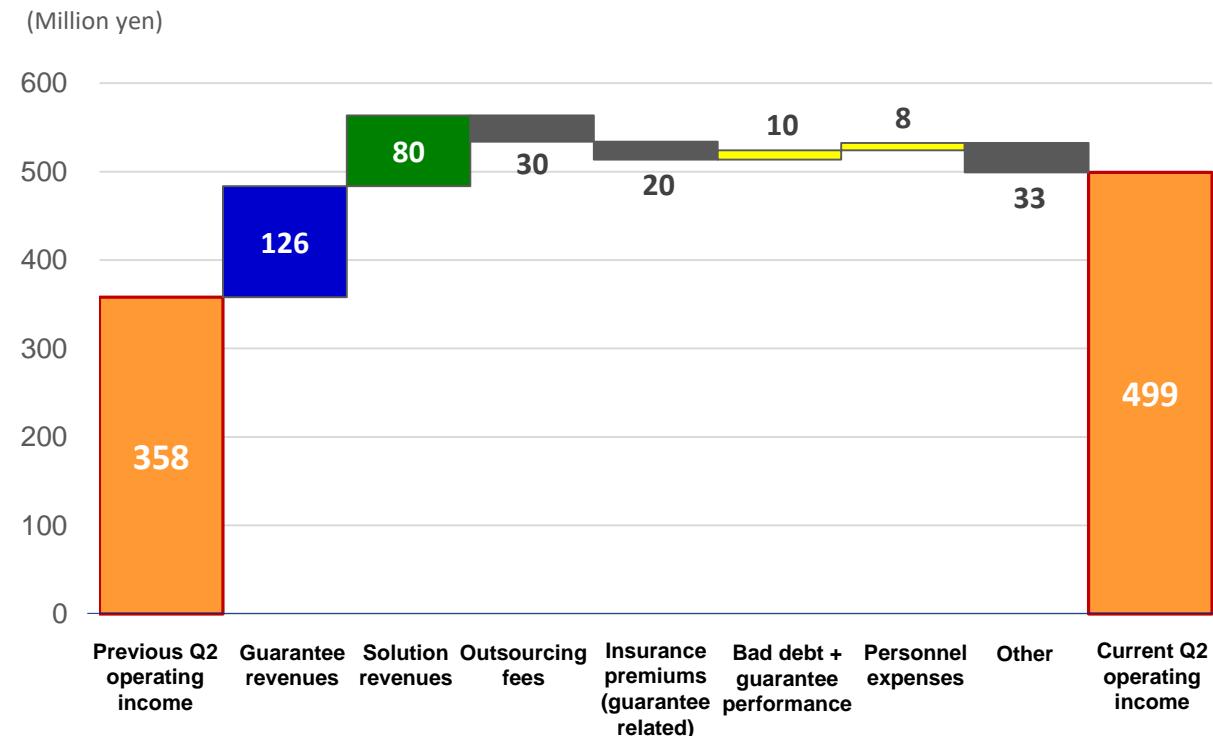
119% (+69 million yen) compared with the year-earlier period



# Analysis of Change in Operating Income (Year-on-Year)

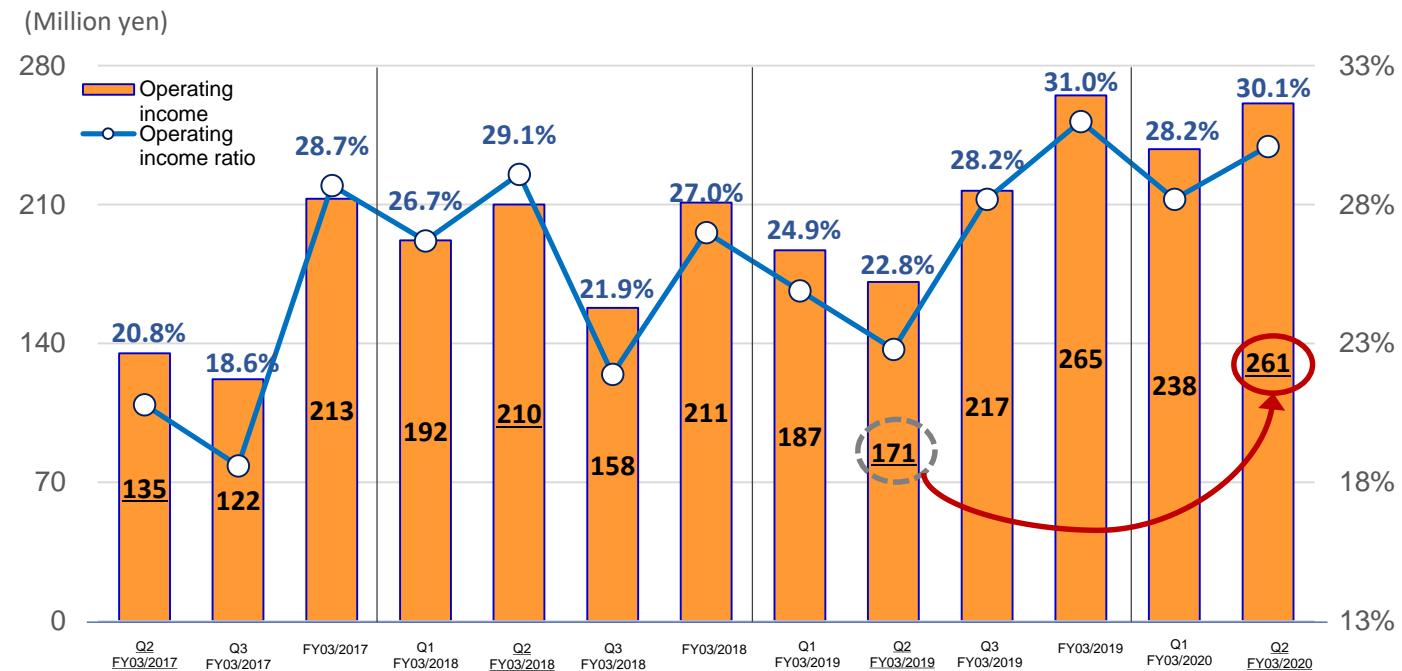
**Higher revenues and ongoing business improvement led to higher operating income**

- Outsourcing fees also grew in connection with increased revenues from property rent guarantees
- Insurance premiums (guarantee related costs) also increased with increased revenues from medical care & eldercare guarantees
- There were few legal settlements in bad debt + guarantee performance provisioning
- Operating costs decreased due to improvement of efficiency of operations



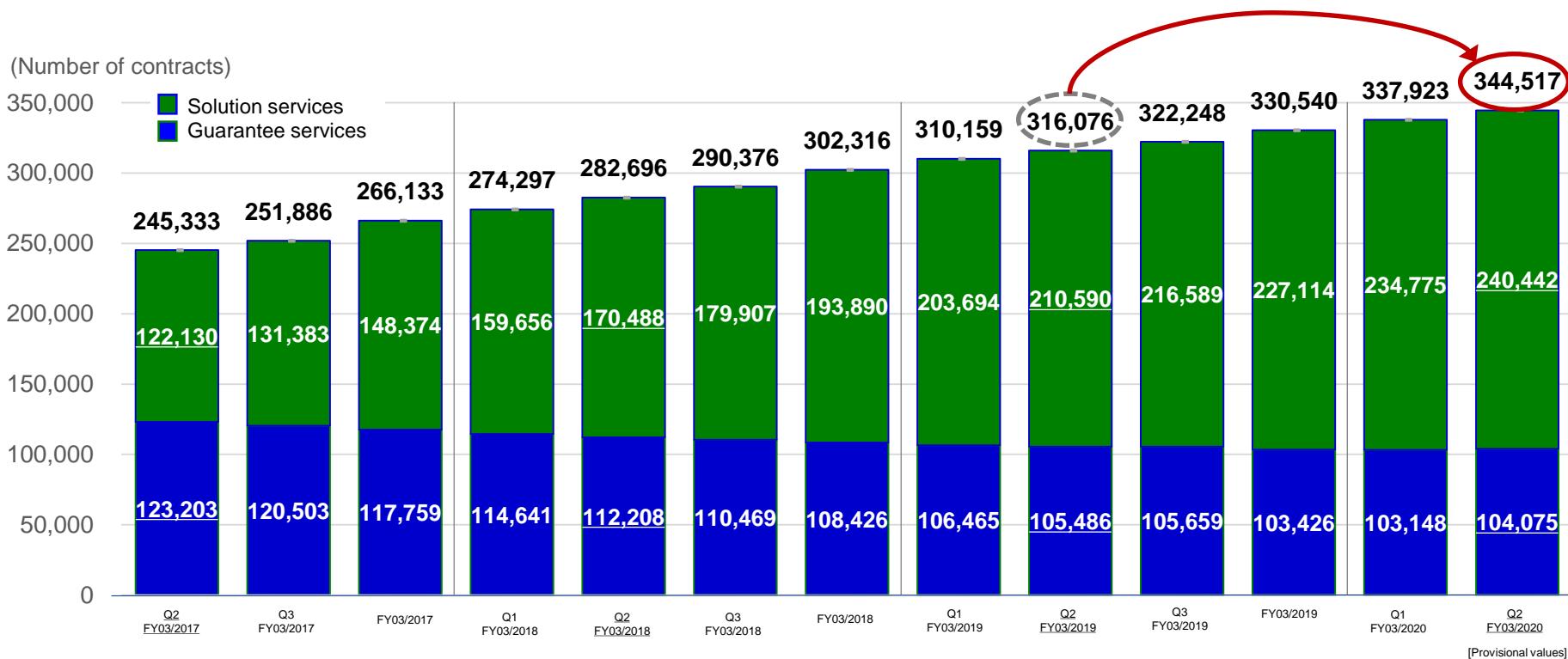
# Operating Income and Operating Income Ratio by Quarter

In addition to increased revenues, bad debt + guarantee performance provisioning and personnel expenses contributed on the expense side to bring about a significant increase in income year-on-year



# Number of Contracts by Quarter

The number of contracts has grown steadily since the Company was founded (property rent guarantees)



# Medical Care & Eldercare Guarantees by Quarter

**Market penetration is progressing and revenues are increasing**

- Growth of medical care expense guarantee service paid for by hospitals progressed

Cooperative agreements with medical facilities

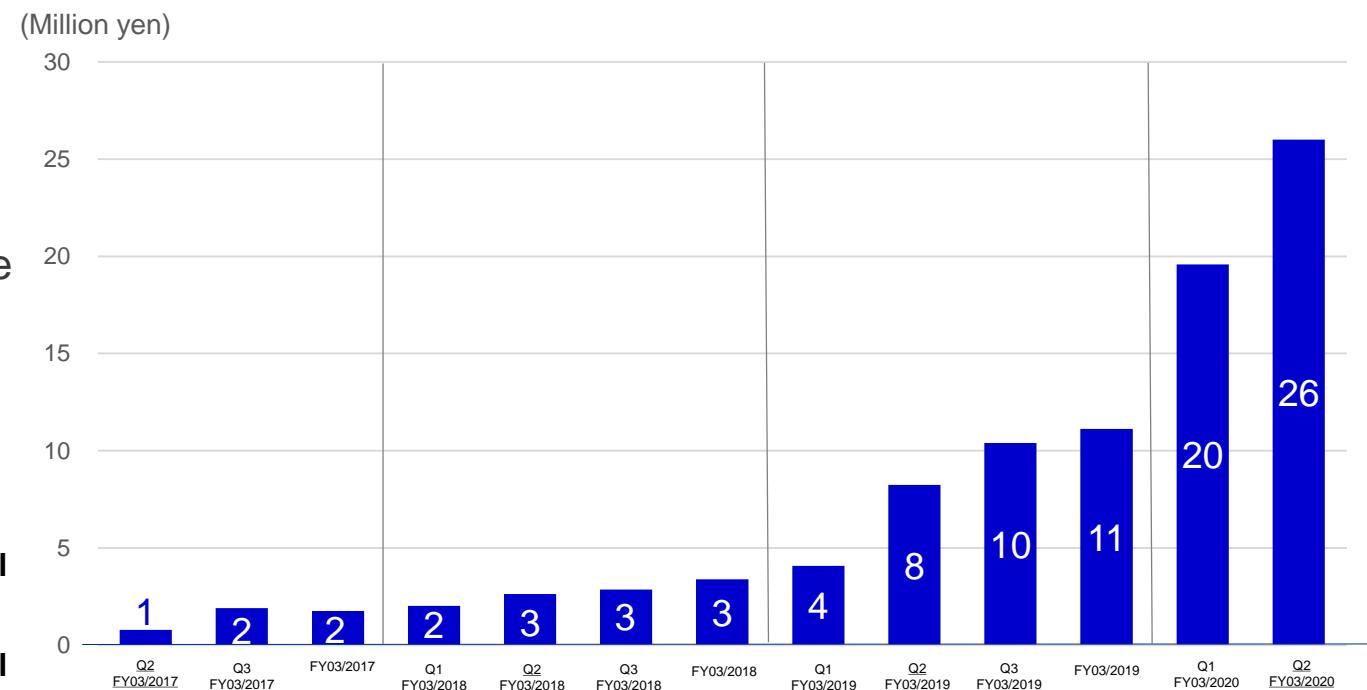
**115 medical facilities (113% compared with the previous fiscal year)**

**26,105 hospital beds (114% compared with the previous fiscal year)**

Cooperative agreements with eldercare facilities

**167 eldercare service providers (111% compared with the previous fiscal year)**

(As of September 30, 2019)



# Other Financial Data (Balance Sheet)

(Million yen)	Q2 FY03/2019 (Previous Q2)	Q2 FY03/2020 (Current Q2)	Change in amount
Current assets	3,371	<b>3,683</b>	311
Cash and deposits	2,725	<b>2,812</b>	86
Accounts receivable - trade	156	<b>174</b>	17
Advances paid	721	<b>910</b>	188
Other	223	<b>245</b>	22
Allowance for doubtful accounts	(455)	<b>(459)</b>	(3)
Non-current assets	253	<b>604</b>	351
Property, plant, and equipment	63	<b>60</b>	(2)
Intangible assets	33	<b>95</b>	61
Investments and other assets	156	<b>449</b>	293
Current liabilities	953	<b>1,106</b>	153
(Unearned revenues)	598	<b>674</b>	76
(Guarantee performance provisioning)	65	<b>76</b>	11
Non-current liabilities	55	<b>53</b>	(2)
Net assets	2,616	<b>3,128</b>	512
Total assets	3,625	<b>4,288</b>	662

## **2. Company Plan for the Fiscal Year Ending March 31, 2020**

# Summary

Overview and Progress of Plan for the Entire Fiscal Year Ending March 31, 2020

**Steady progress was made in Q2 as well, and the forecast for the year was revised upward**

- Revenue forecast revised upward by +50 million yen
- Operating income forecast revised upward by +90 million yen

(Million yen)	FY03/2019	FY03/2020	FY03/2020	(Year-on-year)	Q2 FY03/2020	FY progress	Compared with the year-earlier period
	Results	Initial plan	Revised plan		Results		
Revenues	3,136	3,500	<b>3,550</b>	113.2%	<b>1,712</b>	<b>48.2%</b>	113.6%
Operating income	842	925	<b>1,015</b>	120.5%	<b>499</b>	<b>49.2%</b>	139.3%
(Margin)	26.9%	26.4%	<b>28.6%</b>	-	<b>29.2%</b>	-	-
Ordinary income	840	925	<b>1,015</b>	120.8%	<b>502</b>	<b>49.5%</b>	140.1%
(Margin)	26.8%	26.4%	<b>28.6%</b>	-	<b>29.3%</b>	-	-
Net income	564	615	<b>680</b>	120.5%	<b>335</b>	<b>49.4%</b>	141.9%
(Margin)	18.0%	17.6%	<b>19.2%</b>	-	<b>19.6%</b>	-	-

# Revenues by Year and Plan

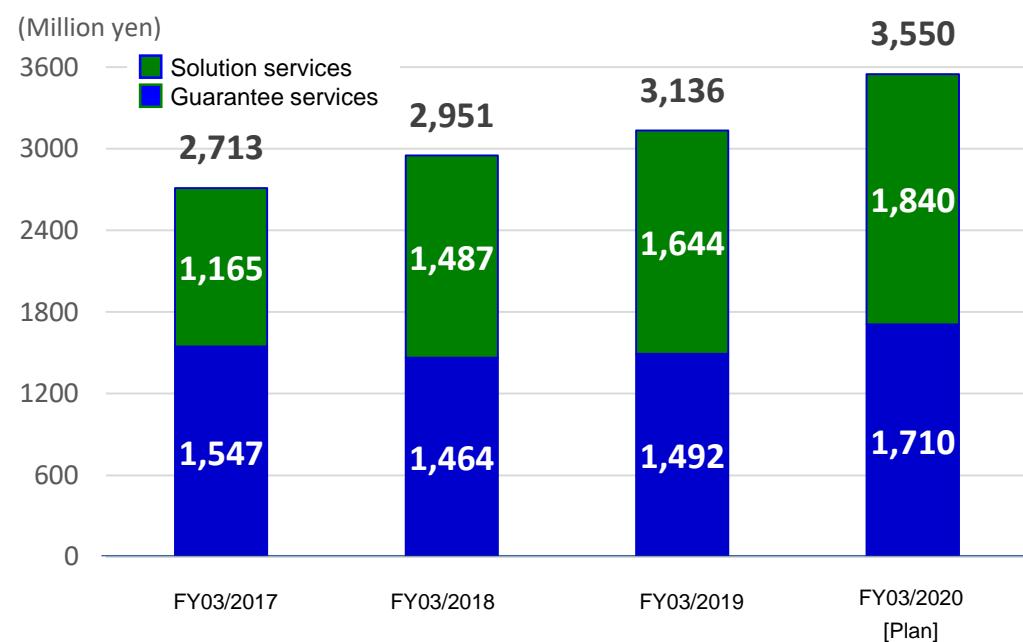
**Maintain the strong performance of the first half achieving revenue forecasts**

## - Solution services

Achieve growth centered on C&O business such as tenant application management operations and scheme requiring no co-signors

## - Guarantee services

Steadily grow property rent guarantees while further growing medical care expense guarantees substantially



# Operating Income and Operating Income Ratio by Year and Plan

Continue to grow income in the second half while conducting up-front investment such as human resource and system investment

## - Main investments

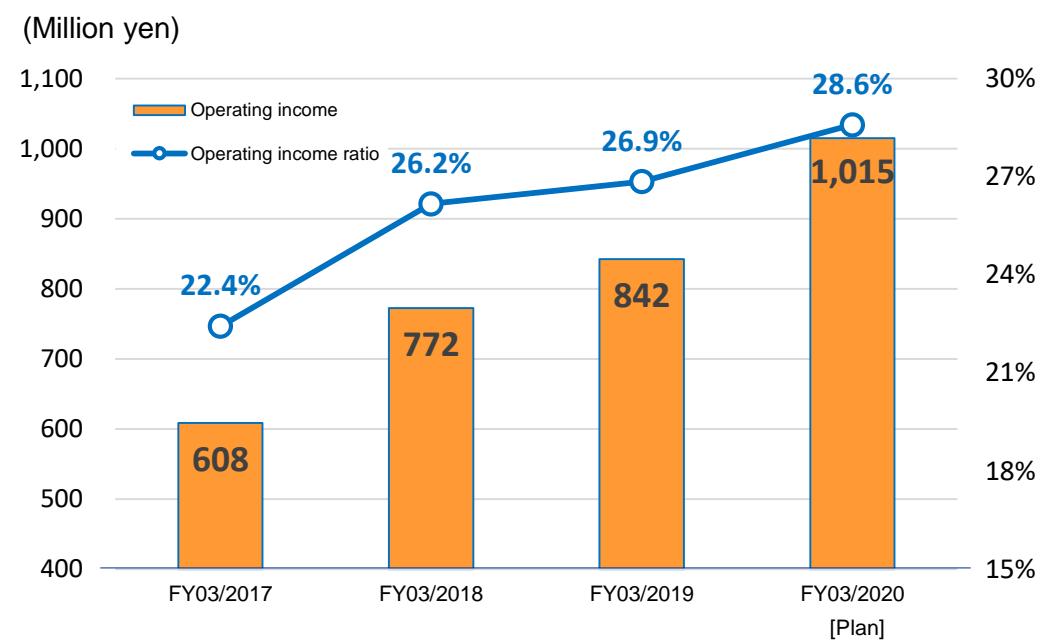
Human resource investment to strengthen sales  
Rebuilding of core systems, etc.

## - Insurance, bad debt / guarantee performance

As medical care & eldercare expense guarantees grow, insurance premiums (guarantee related costs) will increase and the bad debt + guarantee performance forecast remains unchanged

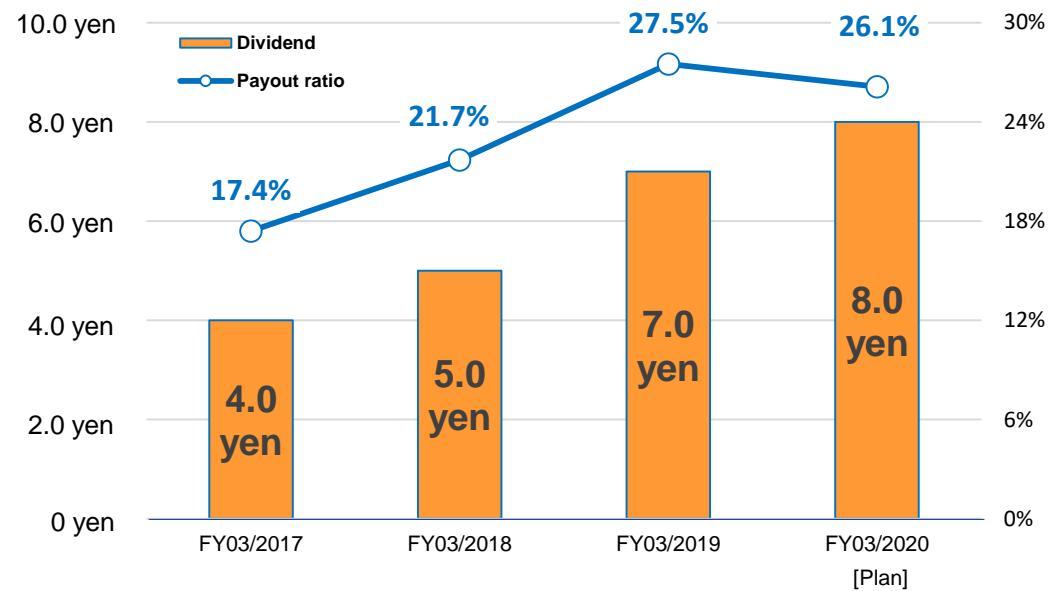
## - Promotion of child rearing expense guarantee business

Make business investments assuming Web and direct marketing



# Dividends by Year and Plan

**Dividend of 8.0 yen planned  
this fiscal year based on  
shareholder return policy**

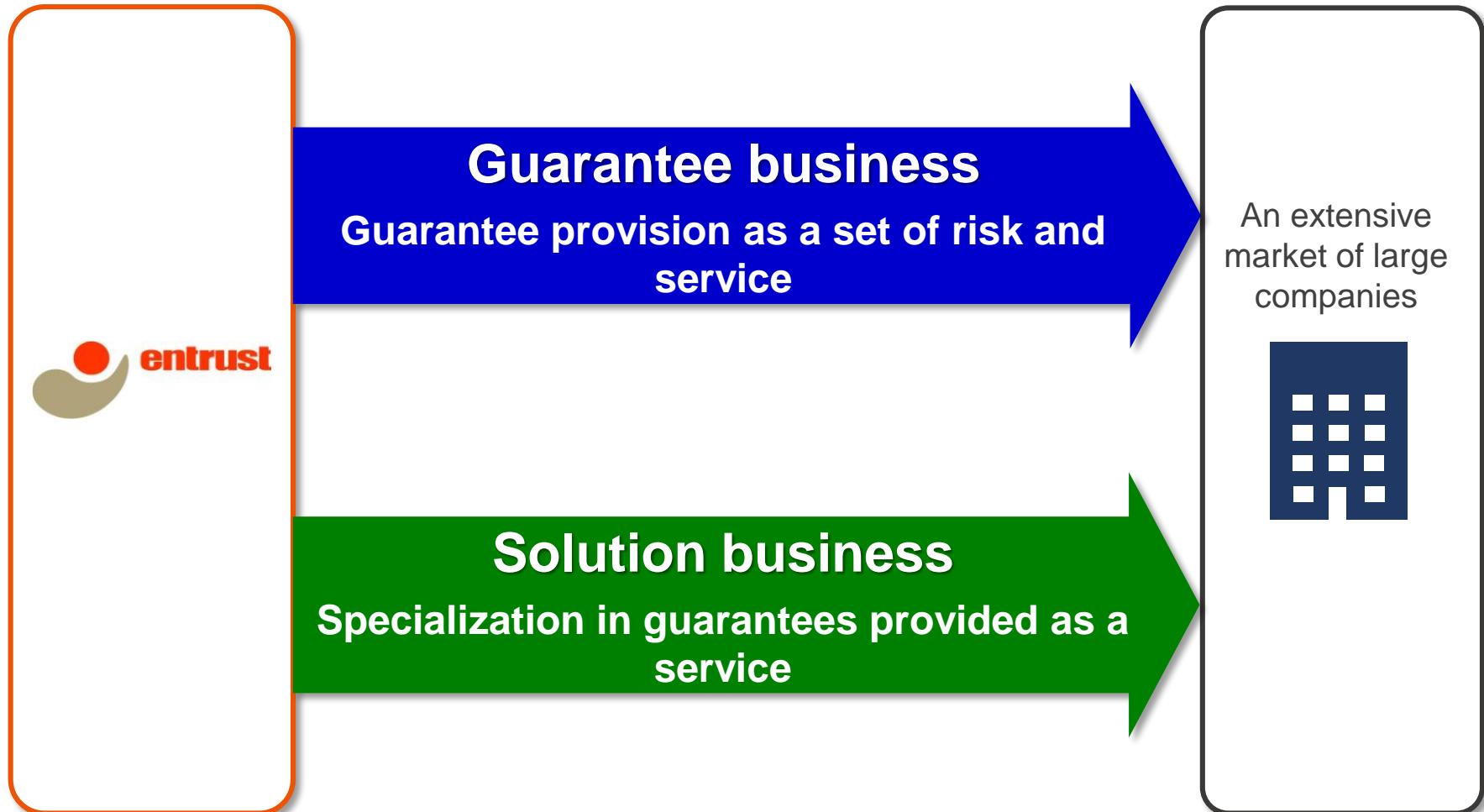


### 3. Company Information

- Company name : Entrust Inc.
- Date of establishment : March 2006
- Capital : 1,034 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, Imizu, Nagoya, Osaka, Fukuoka  
Yokohama Solution Center
- Number of employees : 96
- Business lines : Comprehensive guarantee services



# Two business lines for meeting market needs and providing customized services



### Guarantee business

**Assume debt delinquency risk and provide various services pertaining to guarantees**

A system in which "Entrust assumes the position of co-signor" required in a variety of contracts



For example, in the case of property rent guarantees

**Lessee**



**Lessor**



**Co-signor**  
 **entrust**

This provides the benefit of increasing the closing rate of lease contracts requiring co-signors, and needs for institutional co-signors are increasing year by year

Specialized business support services for efficiently meeting customers' needs

## Solution business

### Guarantee business

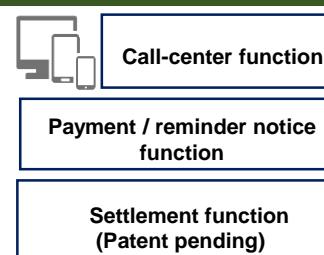
Accumulated skills and know-how

Application to specialized services

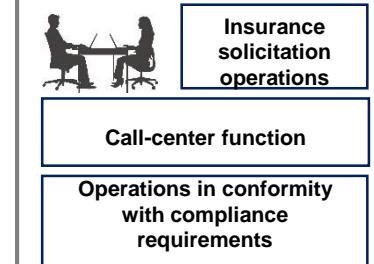
#### C&O (Consulting & Operations) service



#### SMS-based solution services ("Doc-on service")



#### Insurance desk service



Design to match unique needs of customers

Presentation of flexible solutions



Resolution of unique individual problems

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

**Entrust Inc.**



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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