



Results Briefing Information Materials for First Quarter of Fiscal Year Ending March 31, 2021

Entrust Inc.

Securities Code: 7191



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1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2021

Impact of the coronavirus

As of March 31, 2020

Although the impact on the FY03/2020 is expected to be minor, in addition to preparing for the declaration of a state of emergency, we will increase reserves to cope with the risk of increased bad debts in the future

Assumptions for plan for this fiscal year

Sales

Expect to see a slowdown in sales activities due to voluntary restraint on travel and a decrease in the number of moves

Bad debt risk

Expect to see an increase in bad debts + guarantee performance provisioning due to an increase in delinquency rates and the impact on collections

Internal structure

Expect impact from work dispersion through telecommuting and staggered working hours

Status of 1Q

Sales

Partial slowdown in sales activities for medical care & eldercare business

Increase in sales for medical care business thanks to success of sales activities before the spread of the coronavirus

Minor impact on moves

Bad debt risk

Rent delinquency rates and collection rates have been within expectations over the near term

Internal structure

Web conference system used

Telecommuting and staggered working hours partially continued

Summary Overview of Business Results for the First Quarter of the Fiscal Year Ending March 31, 2021



Revenues increased 119.7% compared with the previous fiscal year

Operating income increased 117.7% compared with the previous fiscal year

Sales increased due to the strong performance of the guarantee business

The increase in expenses was kept under control to some extent, and sales and profits increased despite the spread of the coronavirus

(Million yen)	Q1 FY03/2020 (Previous fiscal year)	Q1 FY03/2021 (Current fiscal year)	(Year-on-year)
Revenues	845	1,012	119.7%
Operating income	238	280	117.7%
(Margin)	28.2%	27.7%	-
Ordinary income	238	281	118.0%
(Margin)	28.2%	27.8%	-
Net income	153	184	120.2%
(Margin)	18.1%	18.2%	-

Annual Plan and Status of Progress



Steady progress was made in Q1

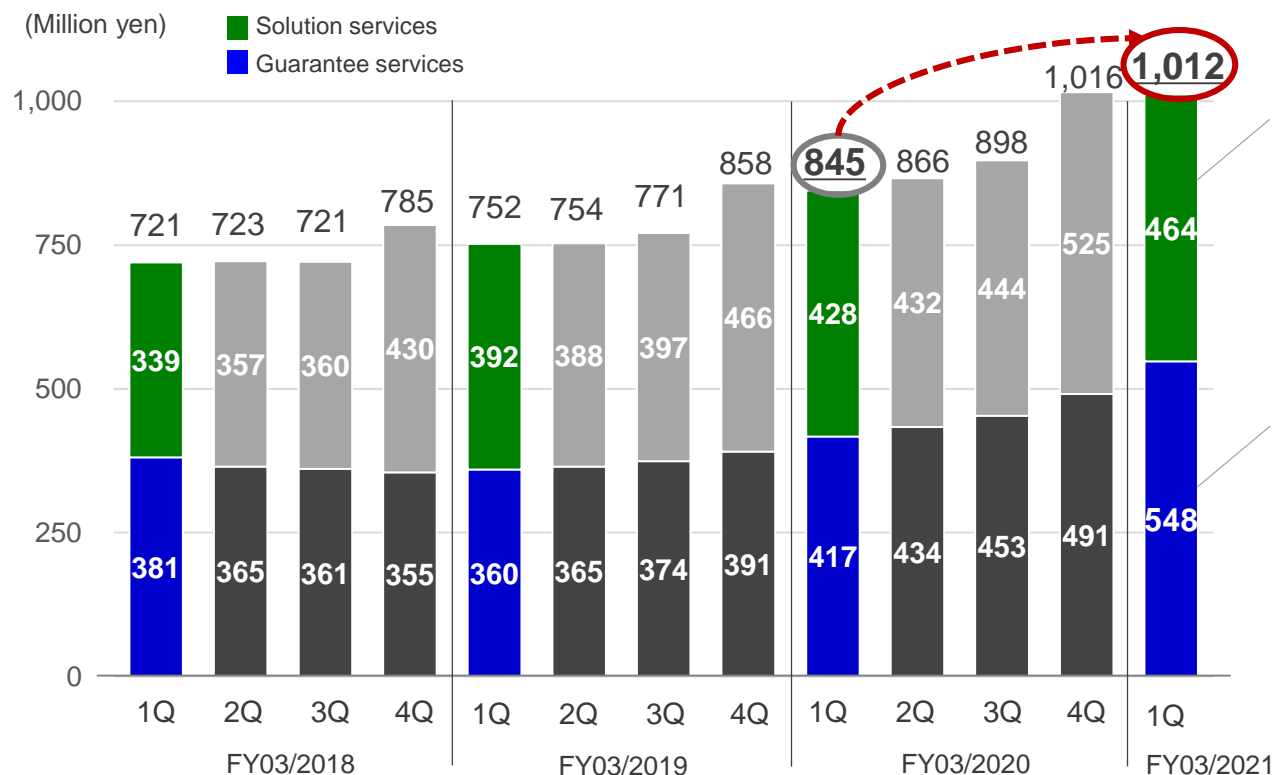
There are currently no changes to the annual plan

(Million yen)	Q1 FY03/2021 (Actual)	H1 (Plan)	H1 progress	FY03/2021 (Plan)	FY progress
Revenues	1,012	2,030	49.9%	4,250	23.8%
Operating income	280	502	55.9%	1,100	25.5%
(Margin)	27.7%	24.7%	-	25.9%	-
Ordinary income	281	503	56.0%	1,103	25.5%
(Margin)	27.8%	24.8%	-	26.0%	-
Net income	184	336	54.8%	740	24.9%
(Margin)	18.2%	16.6%	-	17.4%	-

Revenues by Quarter

Revenues increased in both guarantee business and solution business

119% (+167 million yen) compared with the year-earlier period



Solution business

Doc-on service and insurance desk services grew, particularly for schemes requiring no co-signers

108.3% (+35 million yen) compared with the year-earlier period

Guarantee business

Guarantee business grew due to progress in medical care expense guarantees and continued growth in property rent guarantees

131.4% (+131 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
Strategic spending also continued

Outsourcing fees

Grew in connection with increased revenues from property rent guarantees

Insurance premiums (guarantee related costs)

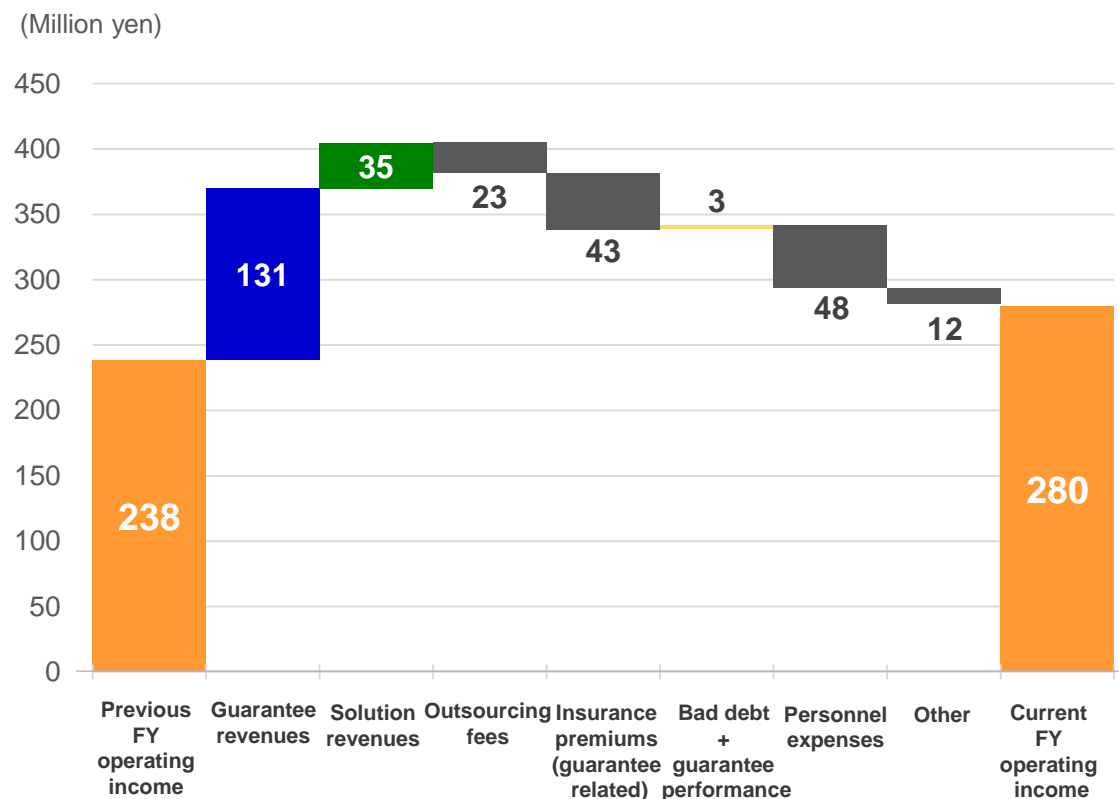
Increased along with increased revenues from medical care expense guarantees

Bad debt + guarantee performance

Lower than the previous year even under coronavirus conditions

Personnel expenses

Increased due to reinforcement of the structure for the Company overall



Operating Income and Operating Income Ratio by Quarter

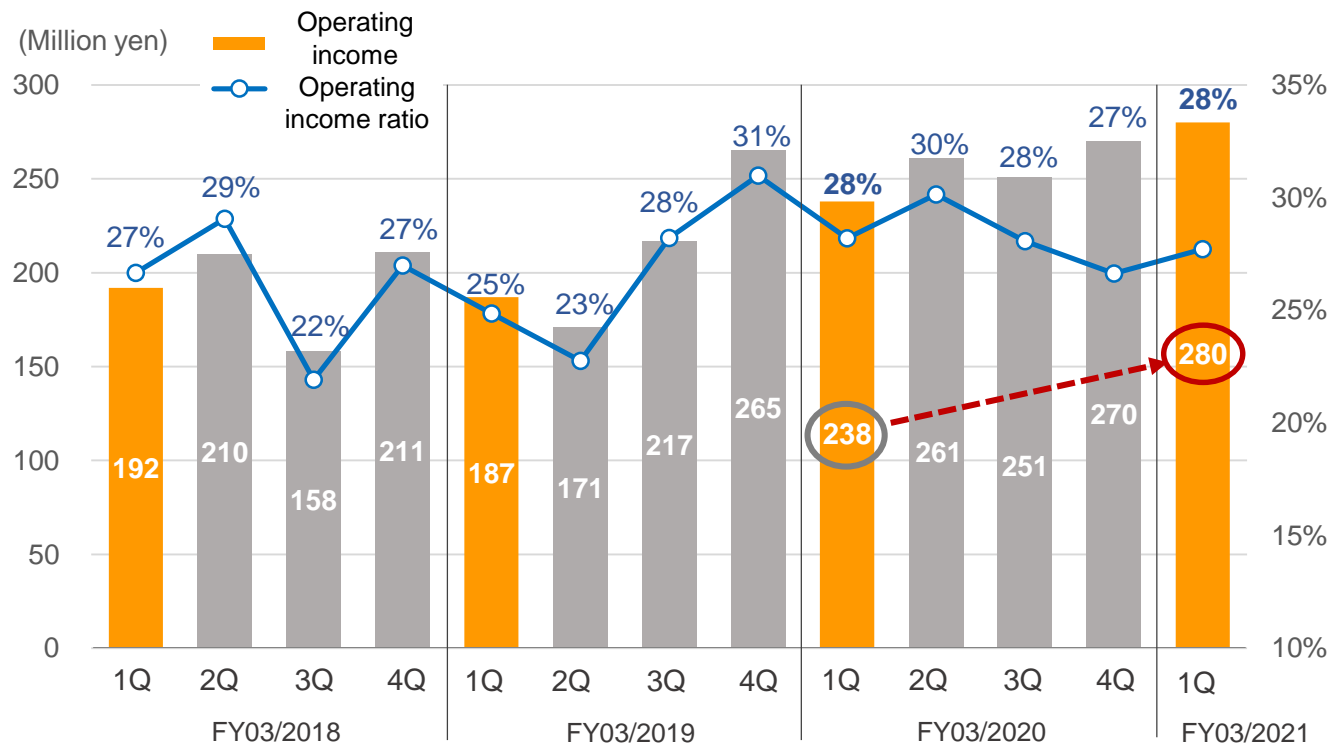


Operating income has been steady (operating income ratio: 28%)

Sales have increased steadily

Rent delinquency rates and collection rates have been within expectations

The increase in other expenses was kept under control



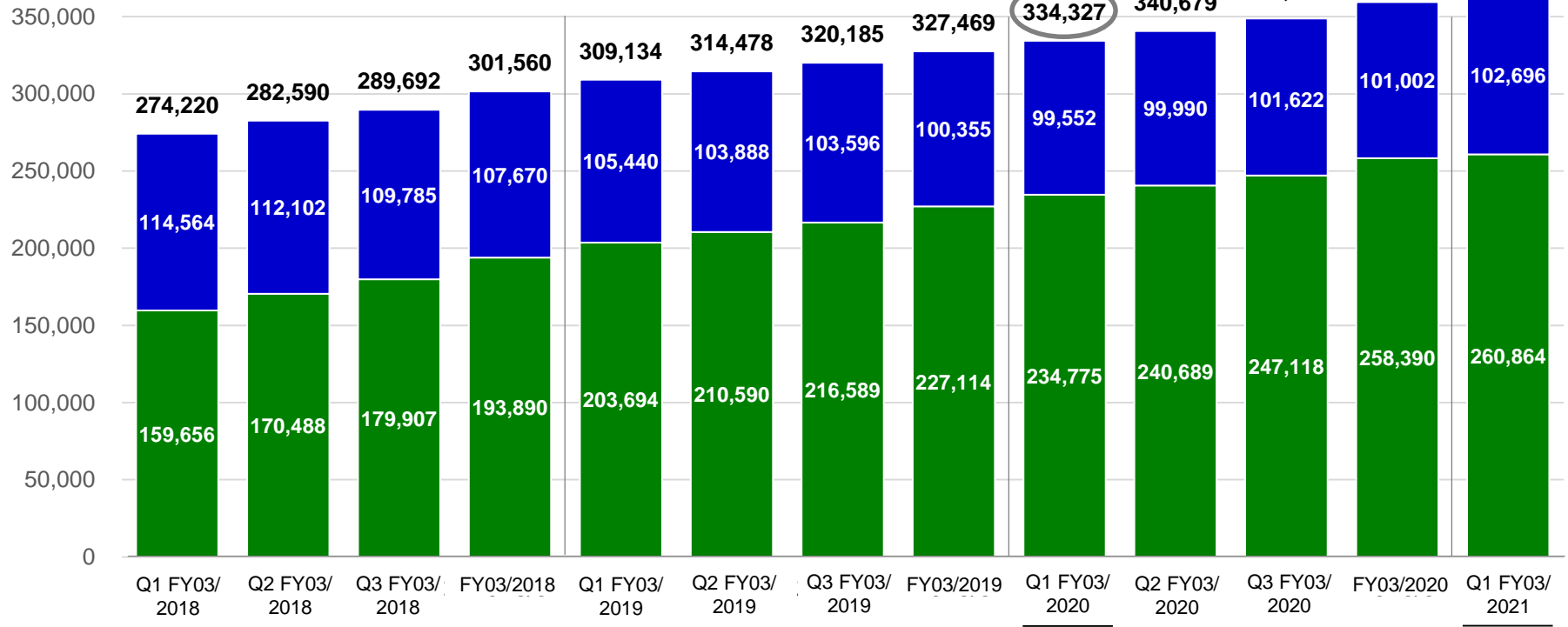
Number of Contracts by Quarter



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

(Number of contracts)

- Guarantee services
- Solution services



[Estimate]

Medical Care & Eldercare Expense Guarantee Sales by Quarter



Market penetration is progressing and sales are increasing significantly

Growth being driven by the Co-signer Agent System Smahosu*

Partner data

Co-signer Agent System

Smahosu

45 medical facilities

(+28 compared with the end of the previous fiscal year)

14,484 hospital beds

Hospitalization with medical care expense guarantee set and other products

119 medical facilities

(+10 compared with the end of the previous fiscal year)

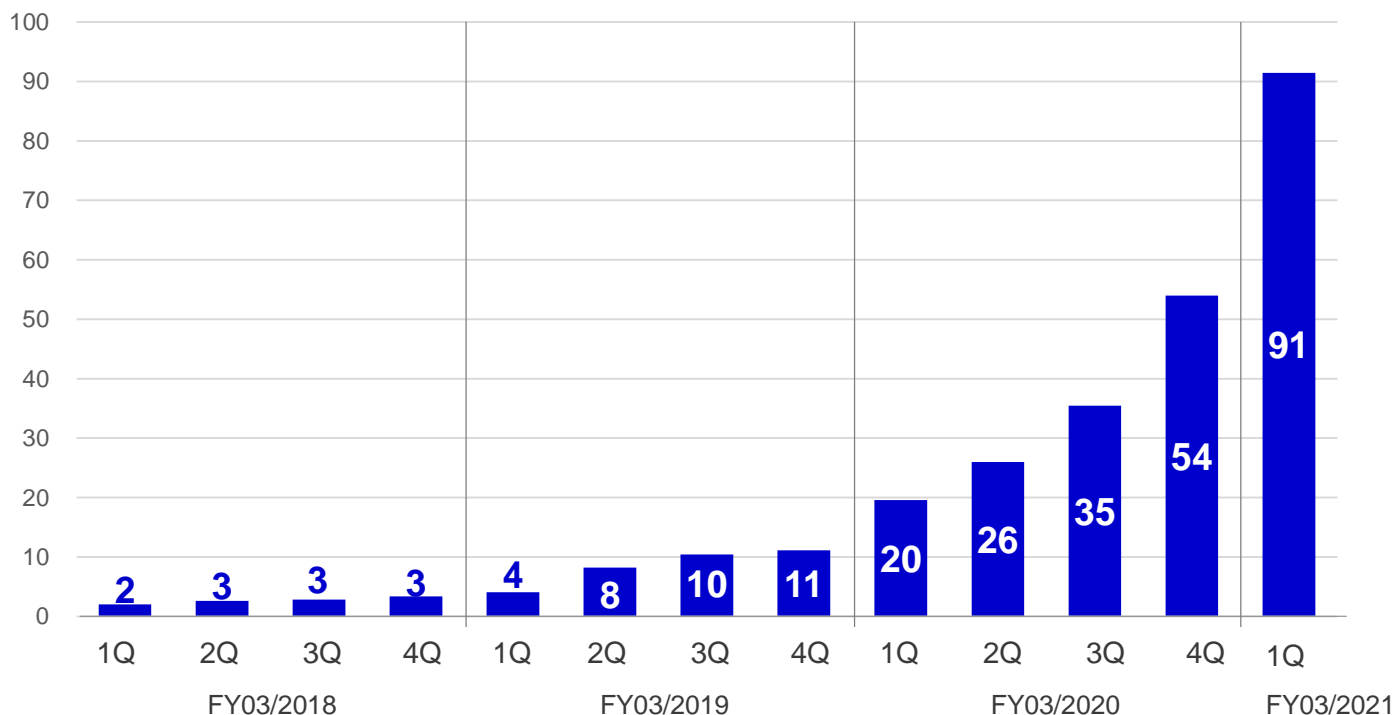
24,685 hospital beds

Eldercare expense guarantees

181 eldercare service providers

(+8 compared with the end of the previous fiscal year)

(Million yen)



*Co-signer Agent System Smahosu is a medical care expense guarantee product with the guarantee fee paid covered by the hospital.

Other Financial Data (Balance Sheet)



Although there was an increase in advance paid within expectations due to expanded sales of advance payment-type products, cash and deposits have been accumulated and a solid financial position that is debt free has been maintained through thorough cash management

(Million yen)	Q1 FY03/2020 (Previous fiscal year)	Q1 FY03/2021 (Current fiscal year)	Change in amount
Current assets	3,659	3,942	283
Cash and deposits	2,862	2,801	-61
Accounts receivable - trade	166	204	38
Advances paid	856	1,170	314
Other	242	258	16
Allowance for doubtful accounts	-467	-492	-24
Non-current assets	363	687	323
Property, plant, and equipment	62	55	-7
Intangible assets	68	201	133
Investments and other assets	232	430	197
Current liabilities	1,025	1,129	104
(Unearned revenues)	681	738	56
(Guarantee performance provisioning)	78	84	6
Non-current liabilities	58	46	-11
Net assets	2,939	3,453	514
Total assets	4,023	4,630	607

2. Company Plan for the Fiscal Year Ending March 31, 2021

Summary Plan for the Entire Fiscal Year Ending March 31, 2021



The sales growth trend for the fiscal year ended March 31, 2020 will continue

Profit margins are expected to decline, taking into account the replacement of core systems and the impact of the coronavirus.

(Million yen)	FY03/2020 (Actual)	FY03/2021 (Plan)	(Year-on-year)	H1 plan
Revenues	3,626	4,250	117.2%	2,030
Operating income	1,021	1,100	107.6%	502
(Margin)	28.2%	25.9%	-	24.7%
Ordinary income	1,026	1,103	107.5%	503
(Margin)	28.3%	26.0%	-	24.8%
Net income	687	740	107.6%	336
(Margin)	19.0%	17.4%	-	16.6%

Revenues by Year and Plan



Maintain the sales growth trend for the fiscal year ended March 31, 2020 and continue to achieve sales targets in the fiscal year ending March 31, 2021

Solution business

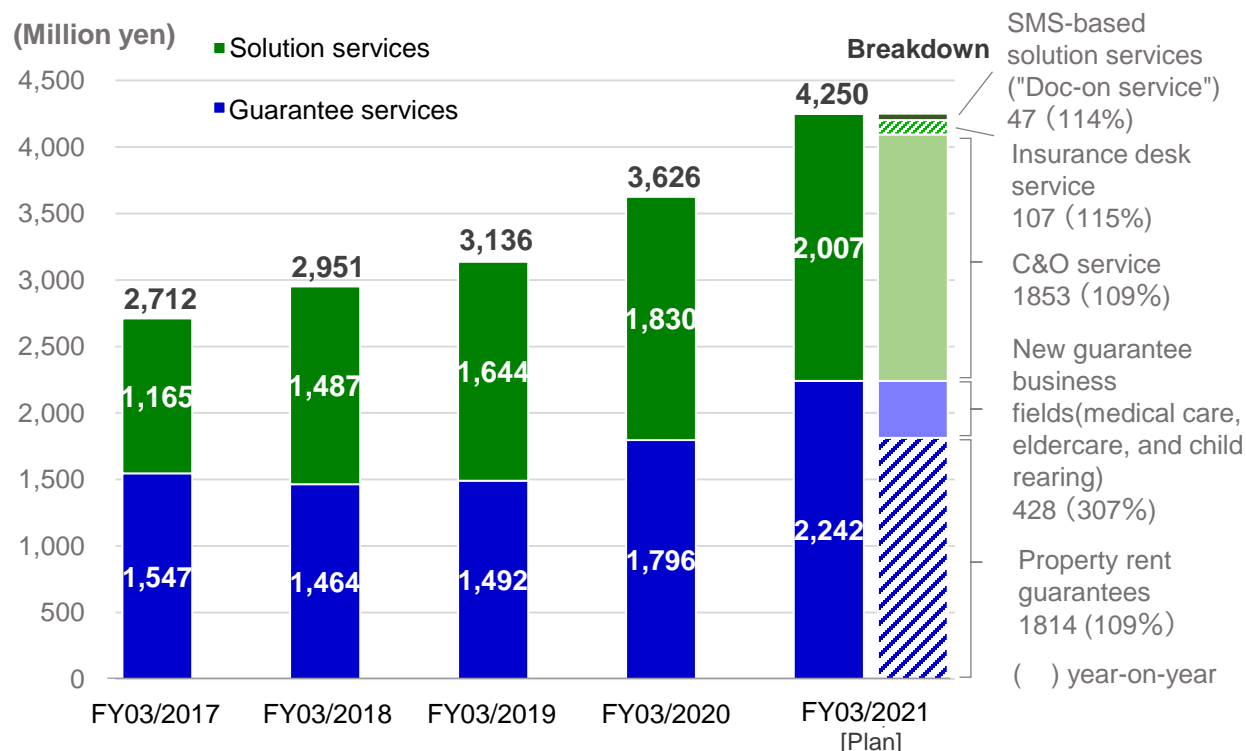
Achieve growth centered on C&O services such as schemes requiring no co-signers and tenant application management operations

Increase the number of small-amount short-term insurance policies in insurance desk services

Guarantee business

Aim for substantial increase in medical care and eldercare business on the back of revisions to the Civil Code

Aim to create a new market following medical care business by conducting steady investments in child rearing expense guarantees business



Operating Income and Operating Income Ratio by Year and Plan



Continue to grow income while conducting up-front investment such as system investment, while taking into consideration the impact of the coronavirus

Impact of expenses from up-front investment

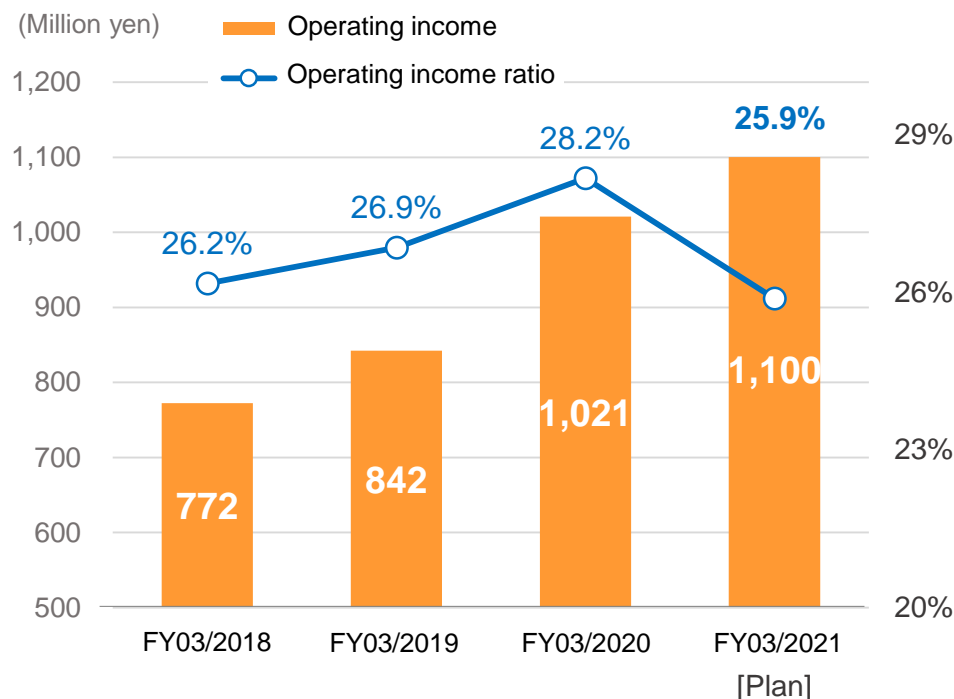
Costs from the introduction of new core systems: -55 million

Migration costs due to system replacement: -18 million

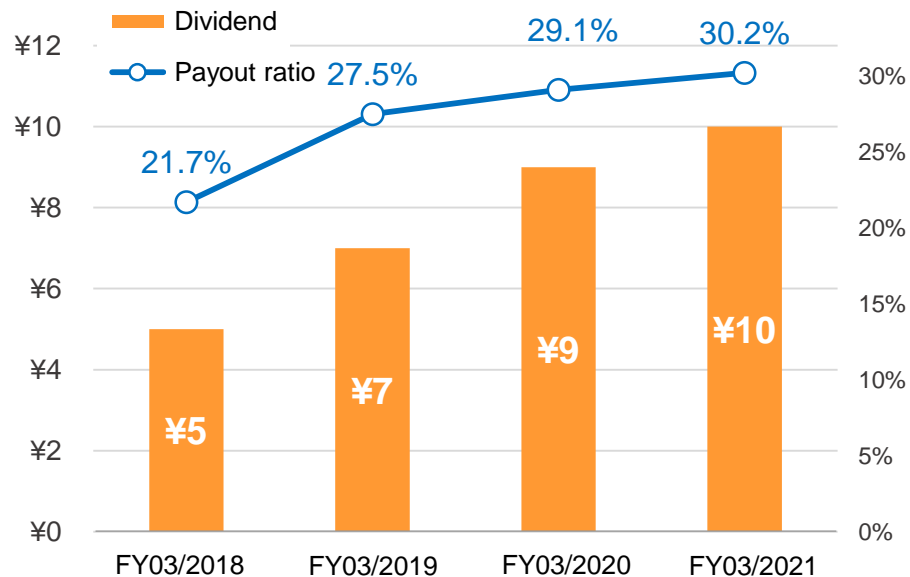
Up-front investment in child rearing expense guarantees: -18 million

Expected impact from the coronavirus

Expected impact on profit from factors including a decrease in the number of moves, a slowdown in sales activities, and an increase in risk of bad debt: -47 million



Dividend of 10.0 yen planned this fiscal year based on shareholder return policy *



*Achieve a dividend payout ratio of 30% or more

3. Company Information

Company Profile (As of June 30, 2020)

- Company name : Entrust Inc.
- Date of establishment : March 2006
- Capital : 1,040 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, and Yokohama Solution Center
- Number of employees : 115
- Business lines : guarantee business and solution business



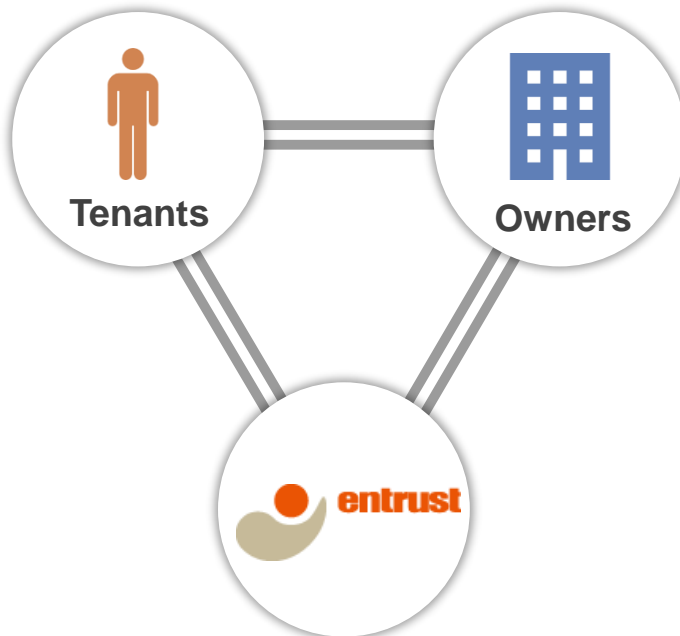
Meeting various needs with tailor-made services



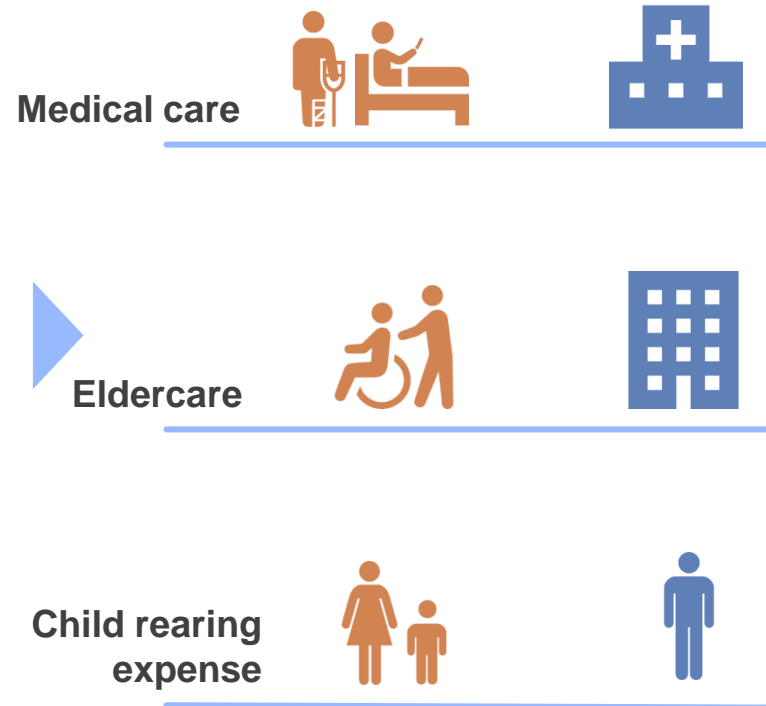
Guarantee business

Assume debt delinquency risk and provide various services pertaining to guarantees

For example,
in the case of
property rent guarantees



Rollout to
other
businesses



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**

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 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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