



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

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.

- 1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2021**
- 2. Company Plan for the Fiscal Year Ending March 31, 2021**
- 3. Company Information**

# **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	<b>1,012</b>	119.7%
Operating income	238	<b>280</b>	117.7%
(Margin)	28.2%	<b>27.7%</b>	-
Ordinary income	238	<b>281</b>	118.0%
(Margin)	28.2%	<b>27.8%</b>	-
Net income	153	<b>184</b>	120.2%
(Margin)	18.1%	<b>18.2%</b>	-

# Annual Plan and Status of Progress

**Steady progress was made in Q1**

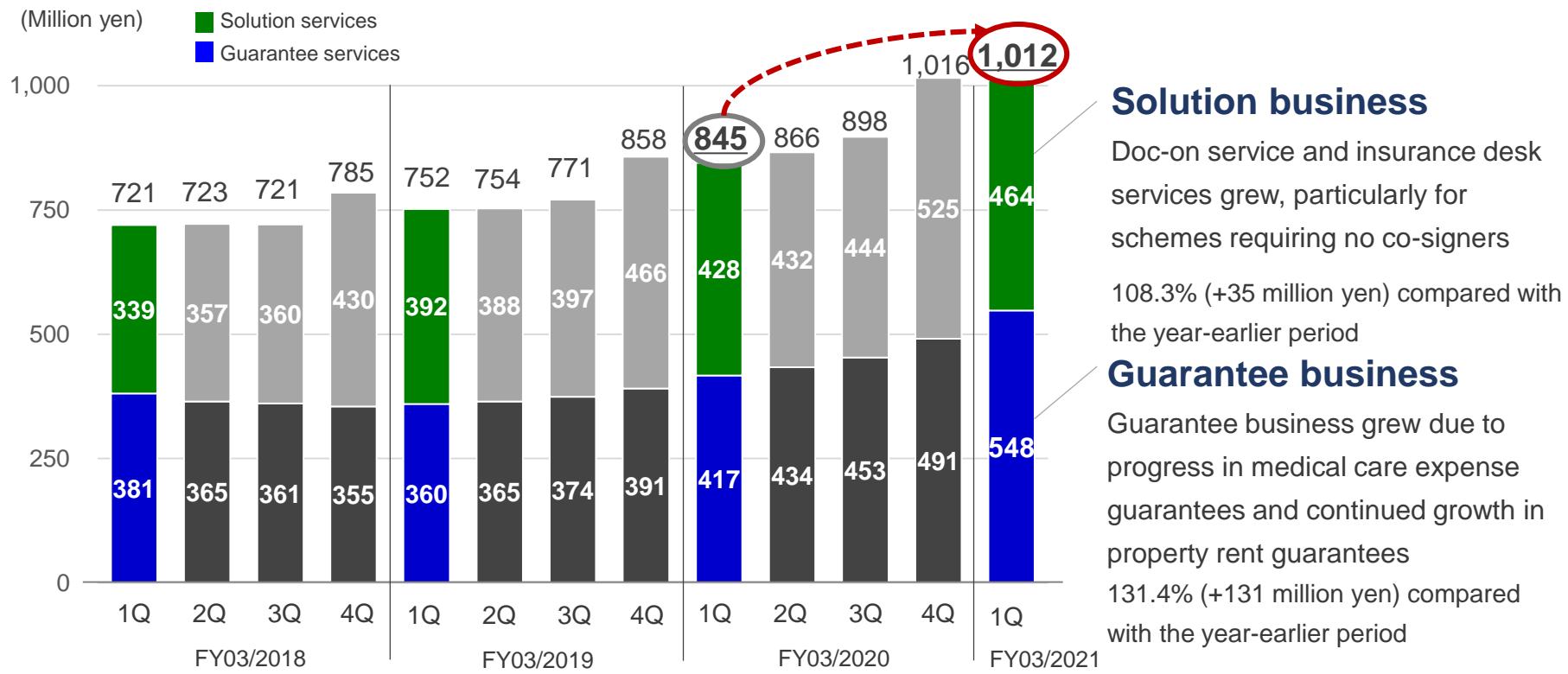
**There are currently no changes to the annual plan**

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



# 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)

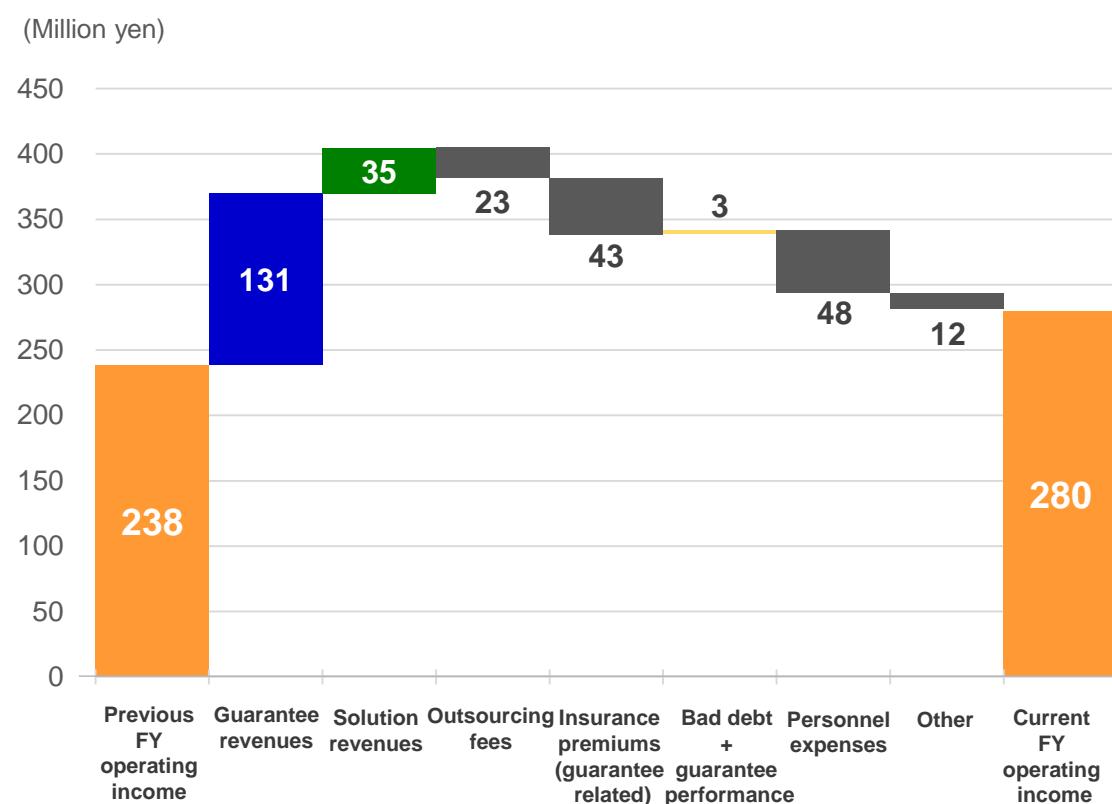
Increased along with increased revenues from medical care expense guarantees

## 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



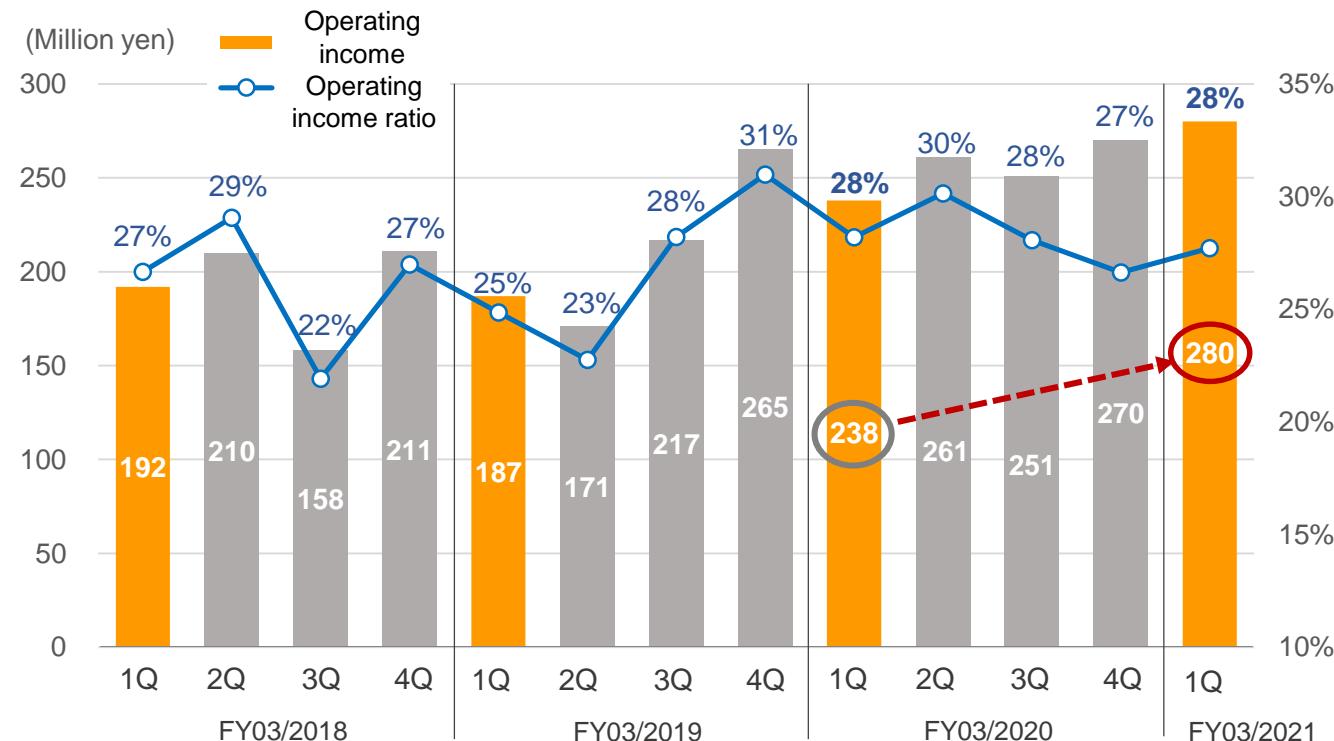
# Operating Income and Operating Income Ratio by Quarter

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

Sales have increased steadily

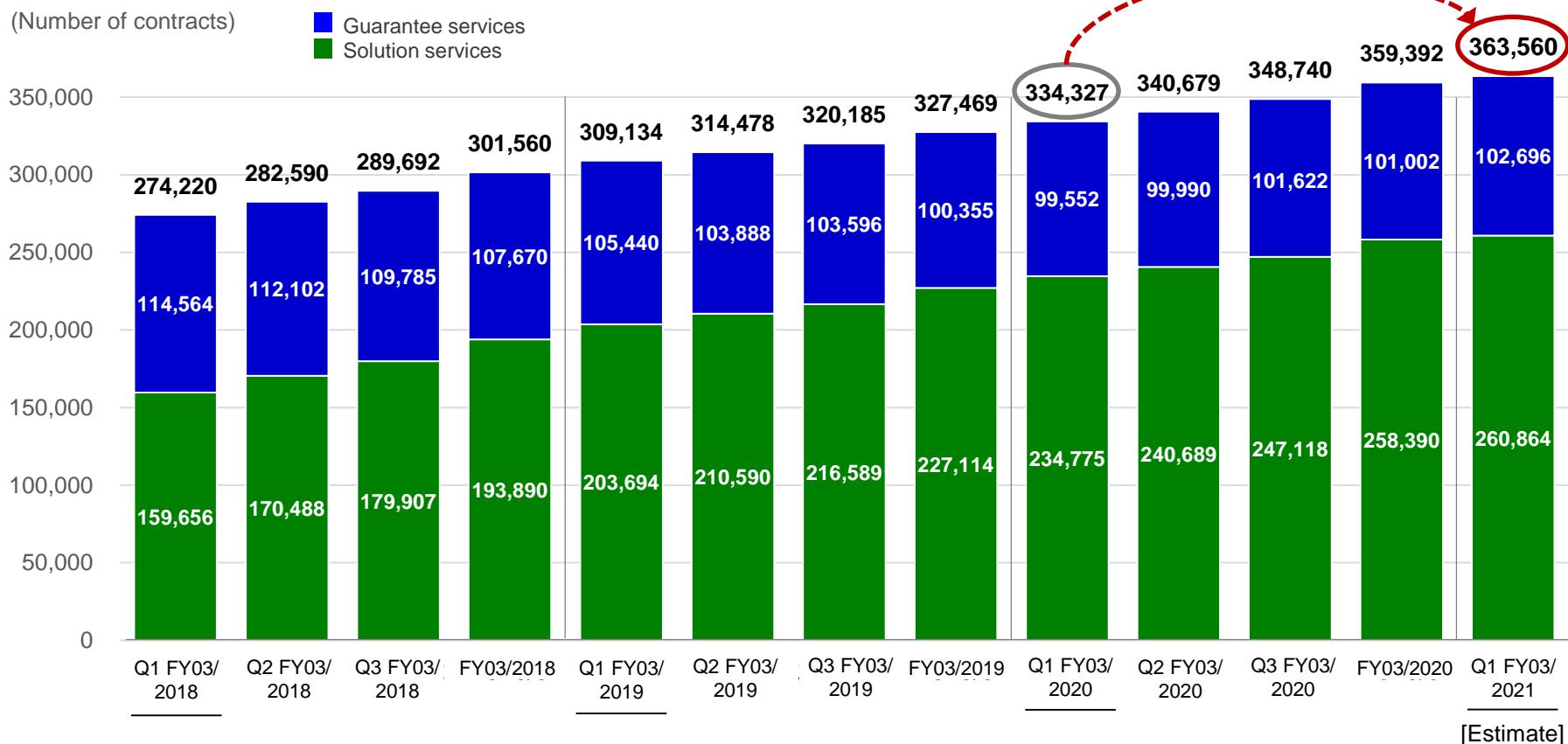
Rent delinquency rates and collection rates have been within expectations

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)



# 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<sup>\*</sup>

## Partner data

### Co-signer Agent System

#### Smahosu

(Million yen)

**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

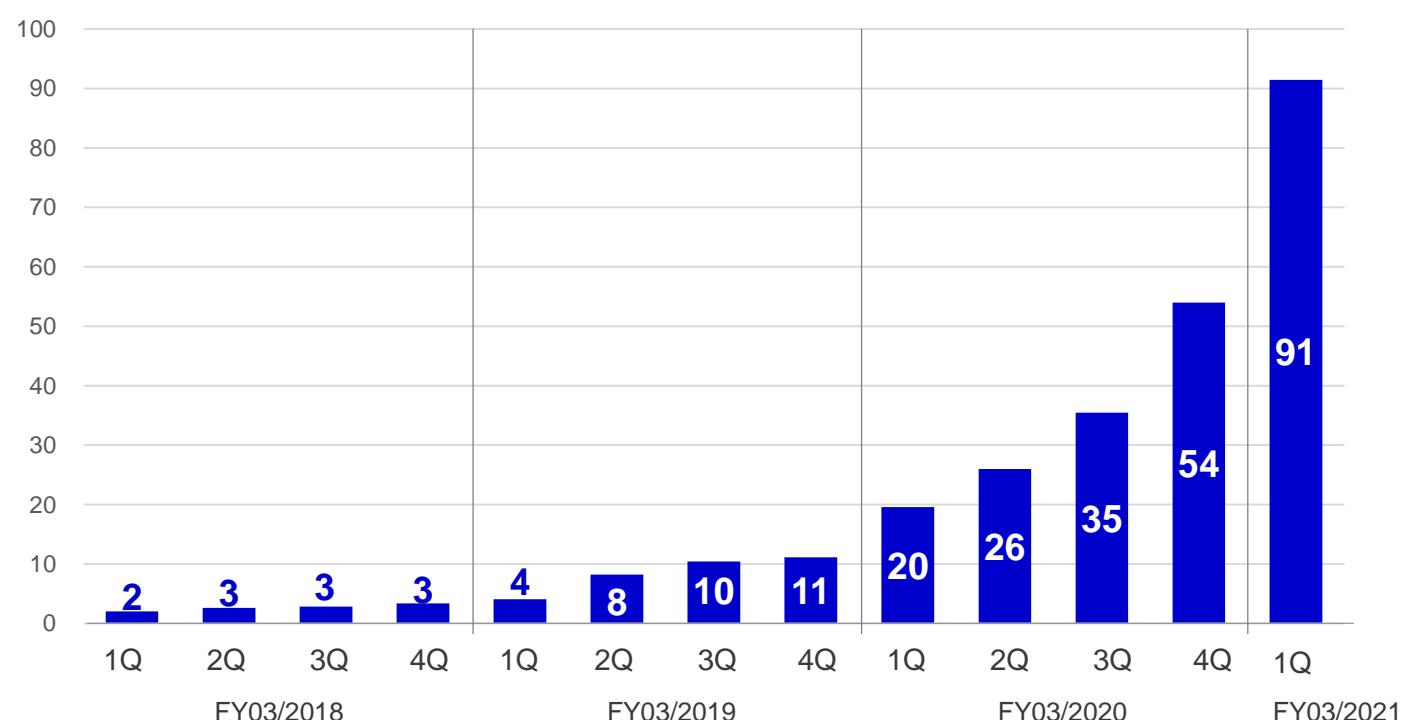
(+10 compared with the end of the previous fiscal year)

**24,685** hospital beds

### Eldercare expense guarantees

**181** eldercare service providers

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



\*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	<b>3,942</b>	283
Cash and deposits	2,862	<b>2,801</b>	-61
Accounts receivable - trade	166	<b>204</b>	38
Advances paid	856	<b>1,170</b>	314
Other	242	<b>258</b>	16
Allowance for doubtful accounts	-467	<b>-492</b>	-24
Non-current assets	363	<b>687</b>	323
Property, plant, and equipment	62	<b>55</b>	-7
Intangible assets	68	<b>201</b>	133
Investments and other assets	232	<b>430</b>	197
Current liabilities	1,025	<b>1,129</b>	104
(Unearned revenues)	681	<b>738</b>	56
(Guarantee performance provisioning)	78	<b>84</b>	6
Non-current liabilities	58	<b>46</b>	-11
Net assets	2,939	<b>3,453</b>	514
Total assets	4,023	<b>4,630</b>	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	<b>4,250</b>	117.2%	2,030
Operating income	1,021	<b>1,100</b>	107.6%	502
(Margin)	28.2%	<b>25.9%</b>	-	24.7%
Ordinary income	1,026	<b>1,103</b>	107.5%	503
(Margin)	28.3%	<b>26.0%</b>	-	24.8%
Net income	687	<b>740</b>	107.6%	336
(Margin)	19.0%	<b>17.4%</b>	-	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

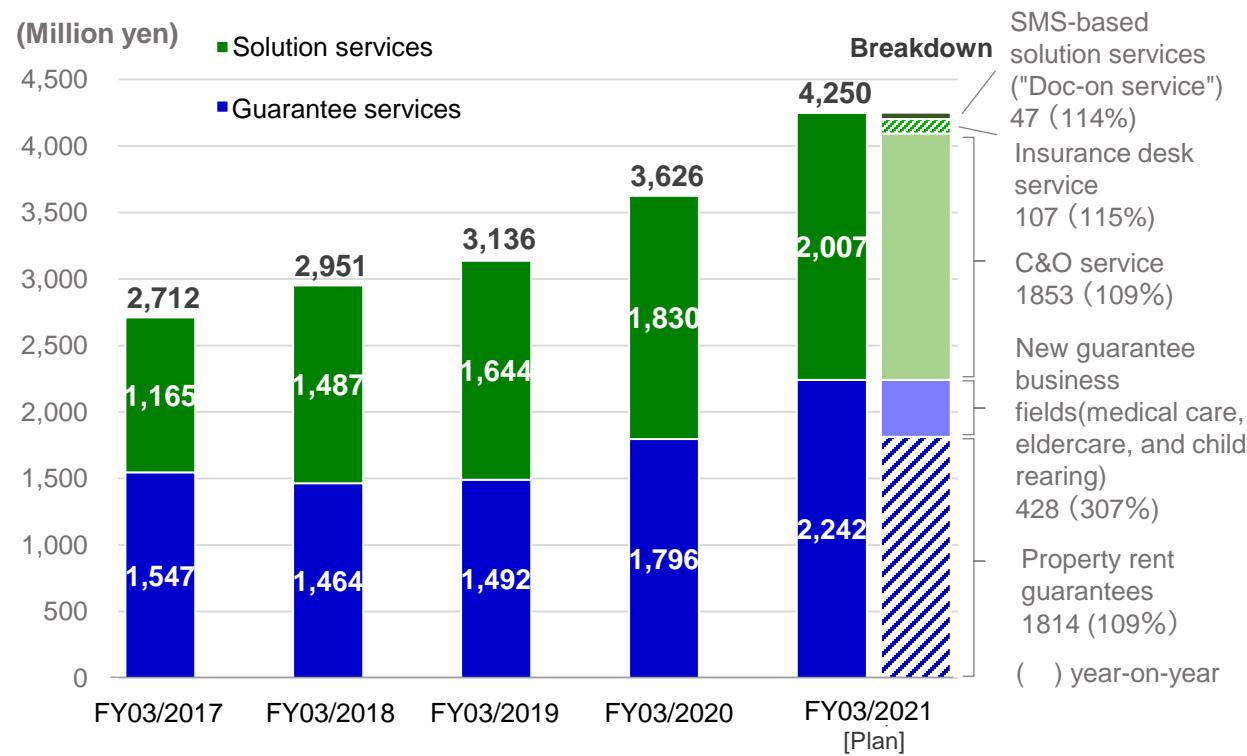
Achieve growth centered on C&O services such as schemes requiring no co-signers and tenant application management operations

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

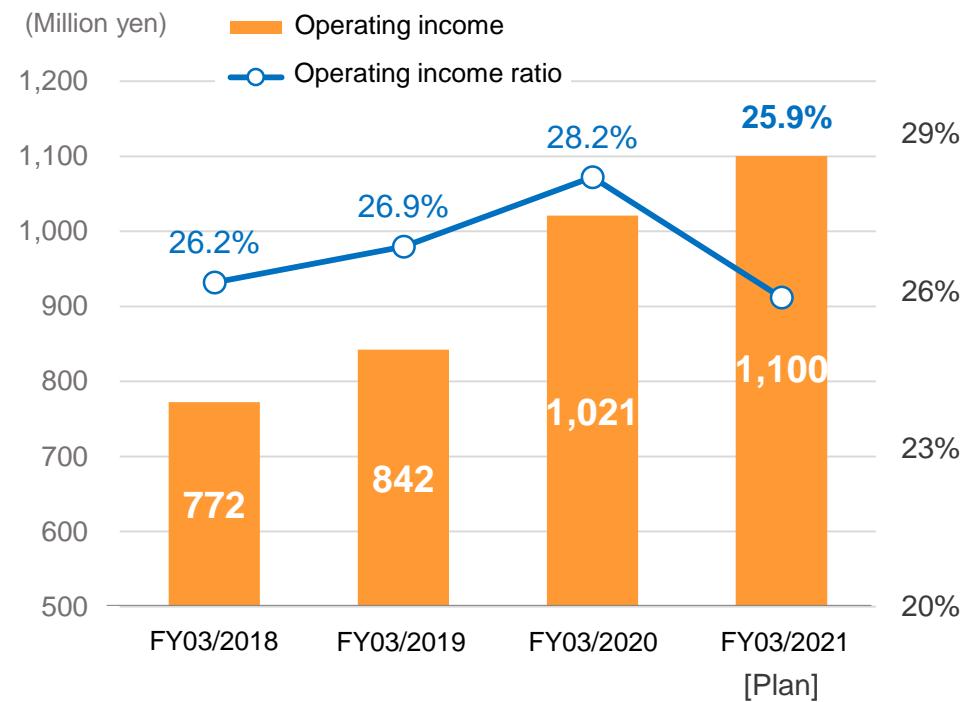
**Continue to grow income while conducting up-front investment such as system investment, while taking into consideration the impact of the coronavirus**

## 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

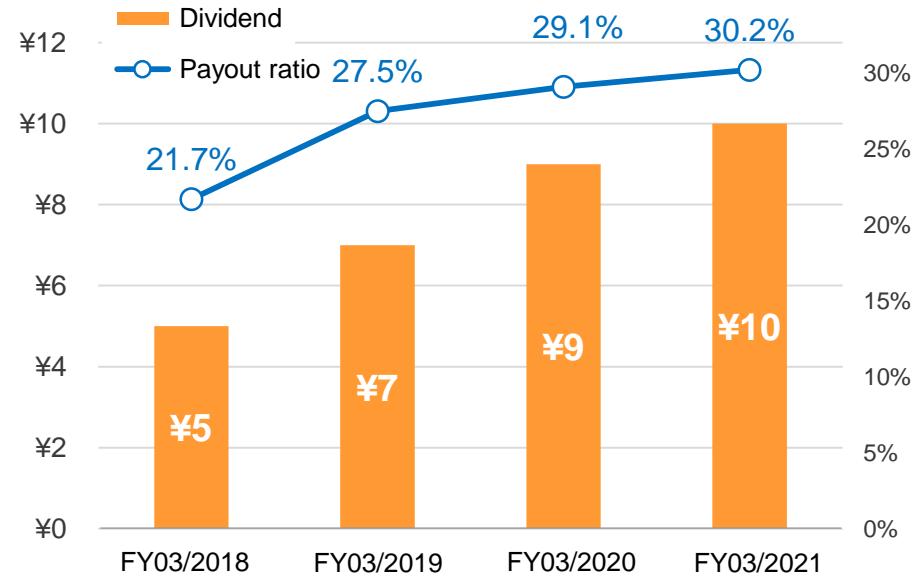


## Expected impact from the coronavirus

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

## Dividends by Year and Plan

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

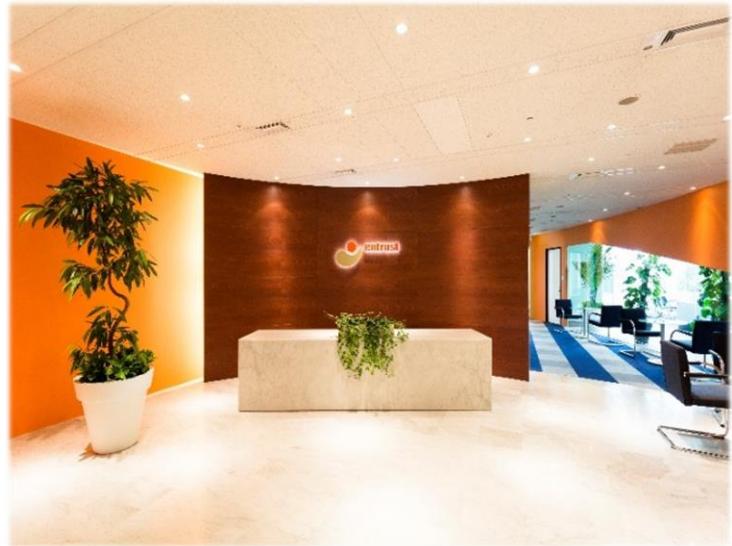


\*Achieve a dividend payout ratio of 30% or more

### 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**  
Guarantee provision as a set of  
risk and service

An extensive  
market

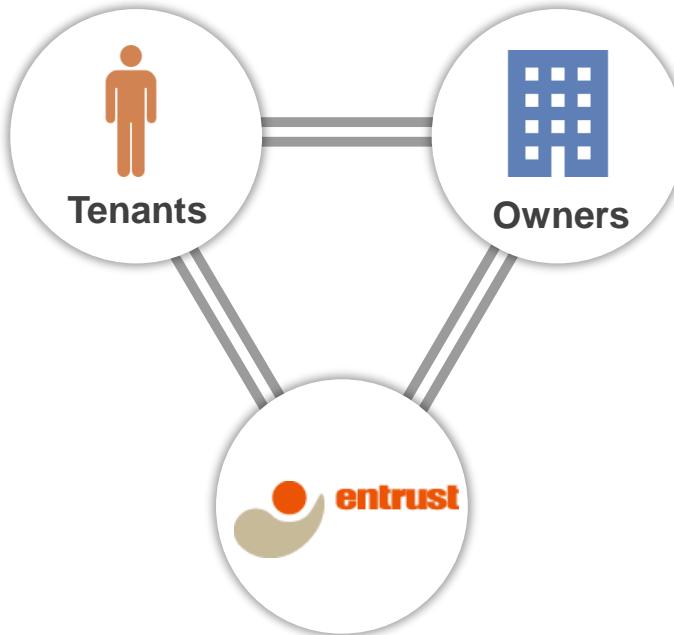


**Solution business**  
Specialization in guarantees provided  
as a service

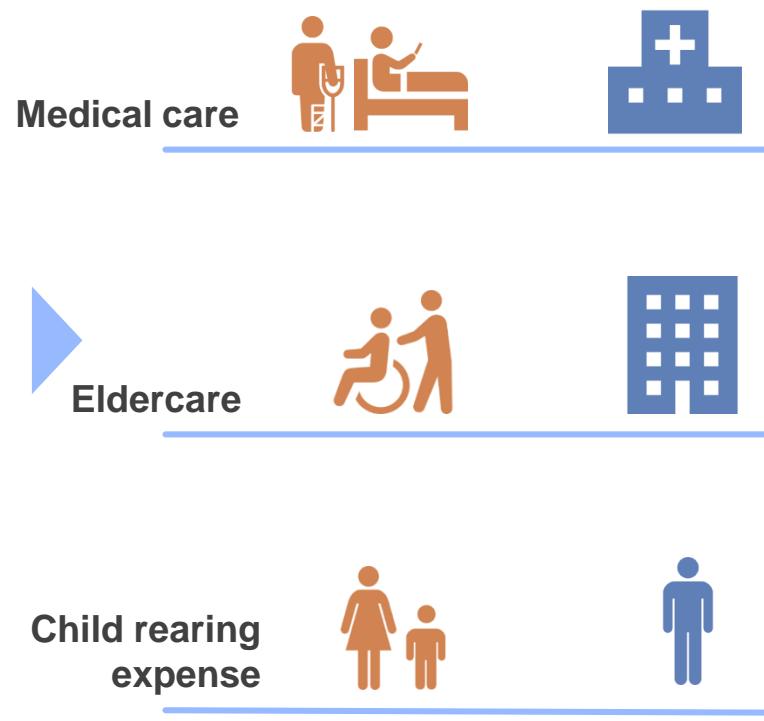
# Guarantee business

**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

Screening services



Contract management



Collecting agency



Delinquency management



Sending SMS



Investigative visits



Legal action support



Promoting insurance enrollment



Unpaid items information



Call center



Settlement function



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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