

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Non-consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 28, 2022

Company name: Entrust Inc.

Stock exchange listing: Tokyo

Code number: 7191

URL: <https://www.entrust-inc.jp/>

Representative: Yutaka Kuwabara

President and Representative Director

Contact: Hiroyuki Ota

Director, operating officer

Phone: 03(5213)0250

Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 05, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for analysts and institutional investor)

(Amounts of less than one million yen are rounded down)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	2,990	26.9	773	32.1	771	31.2	478	26.3
September 30, 2021	2,356	16.8	585	3.1	587	3.2	378	(1.9)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	21.40		21.39	
September 30, 2021	16.95		16.94	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of September 30, 2022	7,089		4,800		67.6	
March 31, 2022	6,325		4,454		70.3	

(Reference) Equity: As of September 30, 2022: ¥ 4,790 million

As of March 31, 2022: ¥ 4,447 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	6.00	-	6.00	12.00
Fiscal year ending March 31, 2023	-	7.00			
Fiscal year ending March 31, 2023 (Forecast)			-	6.50	13.50

(Note) Revision to the forecast for dividends announced most recently: No

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,230	26.0	1,530	29.2	1,530	29.7	955	22.5	42.71

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly Non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 22,360,122 shares

March 31, 2022: 22,357,522 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 158 shares

March 31, 2022: 158 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 22,359,097 shares

Six months ended September 30, 2021: 22,357,364 shares

*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company.

And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

*Briefing material on quarterly financial results will be posted on the Company's website on October 28, 2022.

Quarterly Non-consolidated Financial Statements
Quarterly Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	3,268,087	3,873,693
Accounts receivable - trade	254,996	199,989
Advances paid	2,011,105	2,322,035
Other	423,083	468,522
Allowance for doubtful accounts	(646,920)	(764,445)
Total current assets	5,310,351	6,099,796
Non-current assets		
Property, plant and equipment	95,681	89,499
Intangible assets	250,006	222,437
Investments and other assets	669,631	677,477
Total non-current assets	1,015,318	989,414
Total assets	6,325,670	7,089,210

(Thousand yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	20,387	29,284
Income taxes payable	233,101	314,621
Contract liabilities	1,182,841	1,492,042
Provision for bonuses	49,948	51,184
Reserve for fulfillment of guarantees	111,696	146,101
Other	176,940	150,486
Total current liabilities	1,774,916	2,183,721
Non-current liabilities		
Asset retirement obligations	53,038	53,119
Other	43,236	51,893
Total non-current liabilities	96,275	105,013
Total liabilities	1,871,191	2,288,734
Net assets		
Shareholders' equity		
Share capital	1,044,438	1,045,155
Capital surplus	831,007	831,723
Retained earnings	2,583,274	2,927,669
Treasury shares	(127)	(127)
Total shareholders' equity	4,458,593	4,804,420
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(11,155)	(14,395)
Total valuation and translation adjustments	(11,155)	(14,395)
Share acquisition rights	7,040	10,451
Total net assets	4,454,478	4,800,476
Total liabilities and net assets	6,325,670	7,089,210

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	2,356,498	2,990,977
Cost of sales	1,157,633	1,539,592
Gross profit	1,198,864	1,451,385
Selling, general and administrative expenses	613,149	677,446
Operating profit	585,715	773,938
Non-operating income		
Interest income	17	19
Interest on securities	1,531	1,531
Dividend income	451	494
Miscellaneous income	51	359
Total non-operating income	2,051	2,405
Non-operating expenses		
Loss on retirement of non-current assets	0	182
Commission expenses	-	4,000
Miscellaneous losses	-	806
Total non-operating expenses	0	4,989
Ordinary profit	587,766	771,355
Extraordinary losses		
Loss on valuation of investment securities	-	3,860
Total extraordinary losses	-	3,860
Profit before income taxes	587,766	767,494
Income taxes - current	209,594	292,814
Income taxes - deferred	(716)	(3,858)
Total income taxes	208,878	288,956
Profit	378,887	478,538

Quarterly Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	587,766	767,494
Depreciation	9,873	36,858
Increase (decrease) in allowance for doubtful accounts	58,753	117,524
Increase (decrease) in provision for bonuses	4,946	1,235
Increase (decrease) in reserve for fulfillment of guarantees	15,552	34,405
Interest and dividend income	(2,000)	(2,045)
Loss (gain) on valuation of investment securities	-	3,860
Loss on retirement of non-current assets	0	182
Decrease (increase) in trade receivables	36,082	55,006
Decrease (increase) in prepaid expenses	(90,900)	(44,938)
Decrease (increase) in accounts receivable - other	(2,425)	(3,706)
Decrease (increase) in advances paid	(205,344)	(310,930)
Increase (decrease) in trade payables	(5,722)	8,896
Increase (decrease) in accounts payable - other	(41,709)	(20,107)
Increase (decrease) in contract liabilities	185,273	317,858
Other, net	5,685	4,616
Subtotal	555,833	966,211
Interest and dividends received	2,003	2,048
Income taxes paid	(246,403)	(213,776)
Net cash provided by (used in) operating activities	311,433	754,482
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(26,905)	(6,057)
Purchase of investment securities	-	(28,830)
Payments of guarantee deposits	(46,500)	(1,245)
Proceeds from refund of guarantee deposits	11	21,303
Net cash provided by (used in) investing activities	(73,395)	(14,828)
Cash flows from financing activities		
Proceeds from exercise of share options	-	2
Dividends paid	(122,932)	(134,051)
Net cash provided by (used in) financing activities	(122,932)	(134,048)
Net increase (decrease) in cash and cash equivalents	115,105	605,605
Cash and cash equivalents at beginning of period	3,075,912	3,268,087
Cash and cash equivalents at end of period	3,191,018	3,873,693