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Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

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 Annual General Meeting of Shareholders: June 21, 2023

Scheduled date of commencing dividend payments: June 6, 2023

Scheduled date of file annual securities report: June 22, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	6,491	31.3	1,627	37.4	1,625	37.7	1,005	28.9
March 31, 2022	4,943	17.6	1,184	3.0	1,179	2.3	779	2.5

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	44.95	44.92	20.8	22.7	25.1
March 31, 2022	34.88	34.86	18.6	19.9	24.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	7,975	5,209	65.2	232.53
March 31, 2022	6,325	4,454	70.3	198.93

(Reference) Equity: As of March 31, 2023: ¥ 5,199 million

As of March 31, 2022: ¥ 4,447 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2023	2,783	(74)	(290)	5,686
March 31, 2022	618	(169)	(257)	3,268

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	6.00	-	6.00	12.00	268	34.4	6.4
March 31, 2023	-	7.00	-	7.00	14.00	313	31.1	6.5
Fiscal year ending March 31, 2024 (Forecast)	-	9.00	-	9.00	18.00		31.4	

(Note) The dividend payout ratio (forecast) for the fiscal year ending March 31, 2024 is calculated based on the consolidated earnings forecast disclosed today.

3. Non-Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	3,900	30.4	1,000	29.2	1,000	29.6	610	27.5	27.28
Full year	8,100	24.8	2,060	26.6	2,060	26.8	1,260	25.4	56.35

(Note) The Company will transition to consolidated accounting from the fiscal year ending March 31, 2024. For the consolidated earnings forecast for the fiscal year ending March 31, 2024, please refer to the "Notice Concerning the Consolidated Earnings Forecast for the Commencement of Consolidated Accounting" announced today.

* Notes:

(1) 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

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

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

March 31, 2023:	22,360,122 shares
March 31, 2022:	22,357,522 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	158 shares
March 31, 2022:	158 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	22,359,531 shares
Fiscal Year ended March 31, 2022:	22,357,364 shares

*Financial results reports are exempt from audit 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 financial results will be posted on the Company's website on May 12, 2023.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,268,087	5,686,779
Accounts receivable - trade	254,996	221,584
Advances paid	2,011,105	1,514,122
Prepaid expenses	414,203	441,210
Other	8,880	18,035
Allowance for doubtful accounts	(646,920)	(1,010,083)
Total current assets	5,310,351	6,871,648
Non-current assets		
Property, plant and equipment		
Buildings	112,005	128,838
Accumulated depreciation	(41,786)	(48,899)
Buildings, net	70,219	79,939
Tools, furniture and fixtures	56,143	73,222
Accumulated depreciation	(30,681)	(37,983)
Tools, furniture and fixtures, net	25,462	35,238
Total property, plant and equipment	95,681	115,177
Intangible assets		
Software	250,006	218,156
Total intangible assets	250,006	218,156
Investments and other assets		
Investment securities	412,099	488,299
Long-term prepaid expenses	20,874	26,210
Deferred tax assets	53,513	54,912
Other	183,143	201,326
Total investments and other assets	669,631	770,748
Total non-current assets	1,015,318	1,104,083
Total assets	6,325,670	7,975,732

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	20,387	48,609
Accounts payable - other	154,960	227,453
Accrued expenses	3,944	2,326
Income taxes payable	233,101	462,887
Advances received	2,197	1,188
Deposits received	7,418	9,406
Contract liabilities	1,182,841	1,641,455
Provision for bonuses	49,948	55,779
Reserve for fulfillment of guarantees	111,696	196,848
Other	8,419	9,107
Total current liabilities	1,774,916	2,655,063
Non-current liabilities		
Asset retirement obligations	53,038	53,200
Other	43,236	57,629
Total non-current liabilities	96,275	110,829
Total liabilities	1,871,191	2,765,893
Net assets		
Shareholders' equity		
Share capital	1,044,438	1,045,155
Capital surplus		
Legal capital surplus	831,007	831,723
Total capital surplus	831,007	831,723
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,583,274	3,297,677
Total retained earnings	2,583,274	3,297,677
Treasury shares	(127)	(127)
Total shareholders' equity	4,458,593	5,174,428
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(11,155)	24,958
Total valuation and translation adjustments	(11,155)	24,958
Share acquisition rights	7,040	10,451
Total net assets	4,454,478	5,209,838
Total liabilities and net assets	6,325,670	7,975,732

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	4,943,697	6,491,803
Cost of sales	2,544,879	3,385,910
Gross profit	2,398,818	3,105,893
Selling, general and administrative expenses	1,214,520	1,478,868
Operating profit	1,184,297	1,627,024
Non-operating income		
Interest income	35	42
Interest on securities	3,069	3,069
Dividend income	924	1,010
Miscellaneous income	591	425
Total non-operating income	4,620	4,547
Non-operating expenses		
Loss on investments in investment partnerships	-	1,275
Loss on retirement of non-current assets	9,056	778
Commission expenses	-	4,000
Miscellaneous losses	-	349
Total non-operating expenses	9,056	6,404
Ordinary profit	1,179,861	1,625,168
Extraordinary losses		
Loss on valuation of investment securities	-	3,860
Total extraordinary losses	-	3,860
Profit before income taxes	1,179,861	1,621,308
Income taxes - current	414,094	633,578
Income taxes - deferred	(14,010)	(17,336)
Total income taxes	400,084	616,242
Profit	779,777	1,005,065

Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	1,044,438	831,007	831,007	2,060,607	2,060,607	(127)	3,935,926
Changes during period							
Issuance of new shares							
Dividends of surplus				(257,109)	(257,109)		(257,109)
Profit				779,777	779,777		779,777
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	522,667	522,667	-	522,667
Balance at end of period	1,044,438	831,007	831,007	2,583,274	2,583,274	(127)	4,458,593

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(2,261)	(2,261)	-	3,933,664
Changes during period				
Issuance of new shares				-
Dividends of surplus				(257,109)
Profit				779,777
Net changes in items other than shareholders' equity	(8,893)	(8,893)	7,040	(1,853)
Total changes during period	(8,893)	(8,893)	7,040	520,814
Balance at end of period	(11,155)	(11,155)	7,040	4,454,478

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of period	1,044,438	831,007	831,007	2,583,274	2,583,274	(127)	4,458,593
Changes during period							
Issuance of new shares	716	716	716				1,432
Dividends of surplus				(290,663)	(290,663)		(290,663)
Profit				1,005,065	1,005,065		1,005,065
Net changes in items other than shareholders' equity							
Total changes during period	716	716	716	714,402	714,402	-	715,834
Balance at end of period	1,045,155	831,723	831,723	3,297,677	3,297,677	(127)	5,174,428

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(11,155)	(11,155)	7,040	4,454,478
Changes during period				
Issuance of new shares				1,432
Dividends of surplus				(290,663)
Profit				1,005,065
Net changes in items other than shareholders' equity	36,113	36,113	3,411	39,524
Total changes during period	36,113	36,113	3,411	755,359
Balance at end of period	24,958	24,958	10,451	5,209,838

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,179,861	1,621,308
Depreciation	44,872	79,726
Increase (decrease) in allowance for doubtful accounts	119,123	363,162
Increase (decrease) in provision for bonuses	1,063	5,831
Increase (decrease) in reserve for fulfillment of guarantees	9,432	85,152
Interest and dividend income	(4,029)	(4,121)
Loss (gain) on valuation of investment securities	-	3,860
Loss on retirement of non-current assets	9,056	778
Decrease (increase) in trade receivables	(2,991)	33,411
Decrease (increase) in prepaid expenses	(86,551)	(32,343)
Decrease (increase) in accounts receivable - other	(7,236)	(8,460)
Decrease (increase) in advances paid	(474,014)	496,982
Increase (decrease) in trade payables	3,323	28,222
Increase (decrease) in accounts payable - other	(12,772)	31,283
Increase (decrease) in contract liabilities	261,264	473,007
Other, net	20,970	17,030
Subtotal	1,061,373	3,194,831
Interest and dividends received	4,029	4,121
Income taxes paid	(446,728)	(415,263)
Net cash provided by (used in) operating activities	618,675	2,783,689
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(91,826)	(26,827)
Purchase of investment securities	(30,000)	(29,430)
Payments of guarantee deposits	(47,621)	(41,325)
Proceeds from refund of guarantee deposits	11	23,141
Net cash provided by (used in) investing activities	(169,437)	(74,441)
Cash flows from financing activities		
Proceeds from exercise of share options	-	2
Dividends paid	(257,062)	(290,558)
Net cash provided by (used in) financing activities	(257,062)	(290,556)
Net increase (decrease) in cash and cash equivalents	192,174	2,418,691
Cash and cash equivalents at beginning of period	3,075,912	3,268,087
Cash and cash equivalents at end of period	3,268,087	5,686,779