



Full Year ending March 31, 2023

Results Briefing Information Materials

Entrust Inc.

Securities Code: 7191

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Ending March 31, 2024

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Company Information

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Company Information

Overview of Performance

- Net sales and profits reached record highs
- Net sales **131.3%** year-on-year
- Operating profit **137.4%** year-on-year

Net sales

6,491 million yen
(131.3% year-on-year)

Operating profit

1,627 million yen
(137.4% year-on-year)

Profit

1,005 million yen
(128.9% year-on-year)

Dividend

14.0 yen
(+2.0 yen year-on-year)

Market capitalization value

22.4 billion yen
*based on the closing price
at the end of March

EPS

44.95 yen
(+10.07 yen year-on-year)

Overview of Performance

- Sales increased significantly due to the growth in property rent guarantees
- Operating profit also increased significantly as a result of curbing costs

(Million yen)

	2022/3 Actual	2023/3 Actual	Year on Year
Net sales	4,943	6,491	131.3%
Operating profit	1,184	1,627	137.4%
(Margin)	24.0%	25.1%	-
Ordinary profit	1,179	1,625	137.7%
(Margin)	23.9%	25.0%	-
Net income	779	1,005	128.9%
(Margin)	15.8%	15.5%	-

Strong result with net sales at
131.3% year-on-year

and operating profit at
137.4% year-on-year

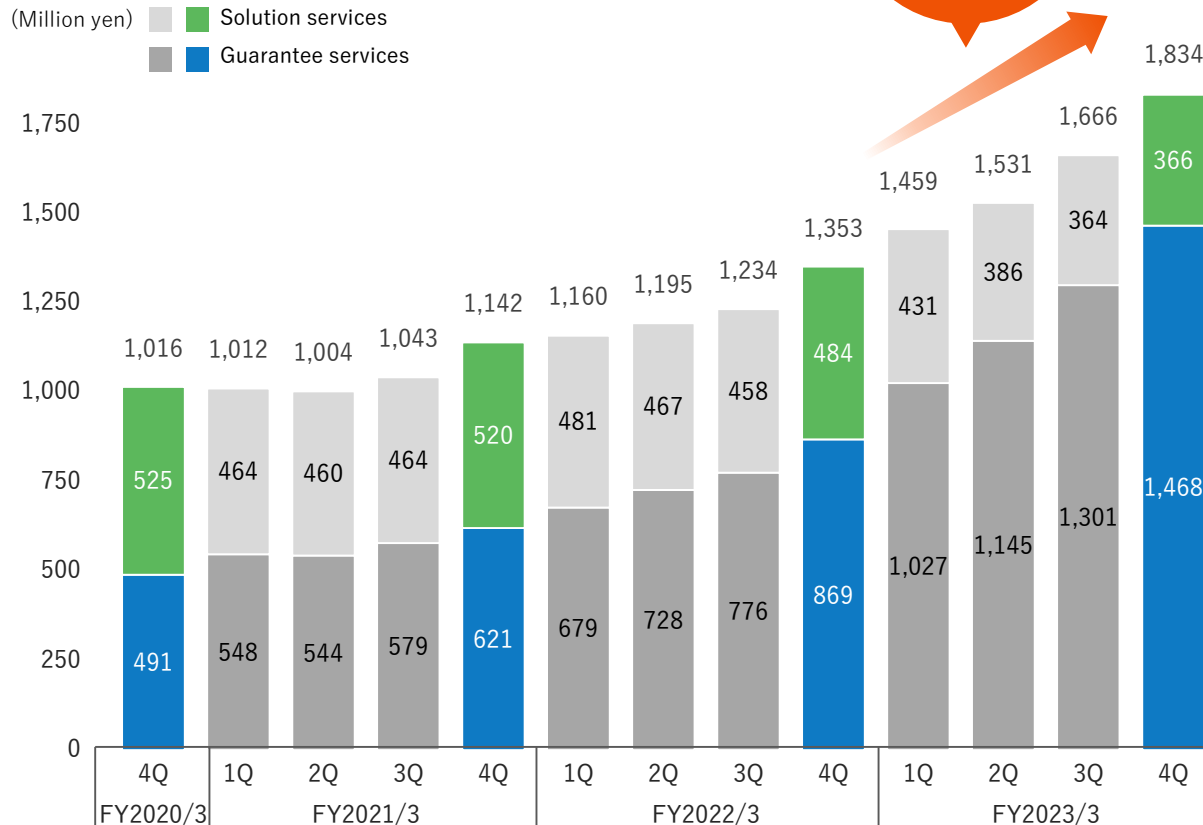
- New guarantee sales are strong, and rent liability guarantees have grown significantly (168.4% year-on-year)
- New contracts went strong for the medical care expense guarantees
- Subrogation payments and rent collection and settlement costs increased as a result of growth in property rent guarantees, and the growth rate increased

Net Sales by Quarter

- Continuing from 3Q, sales in the guarantee business recorded substantial growth

Year on Year 136% (+481 million yen)

Year on Year
136%
(+481 million yen)



Solution business

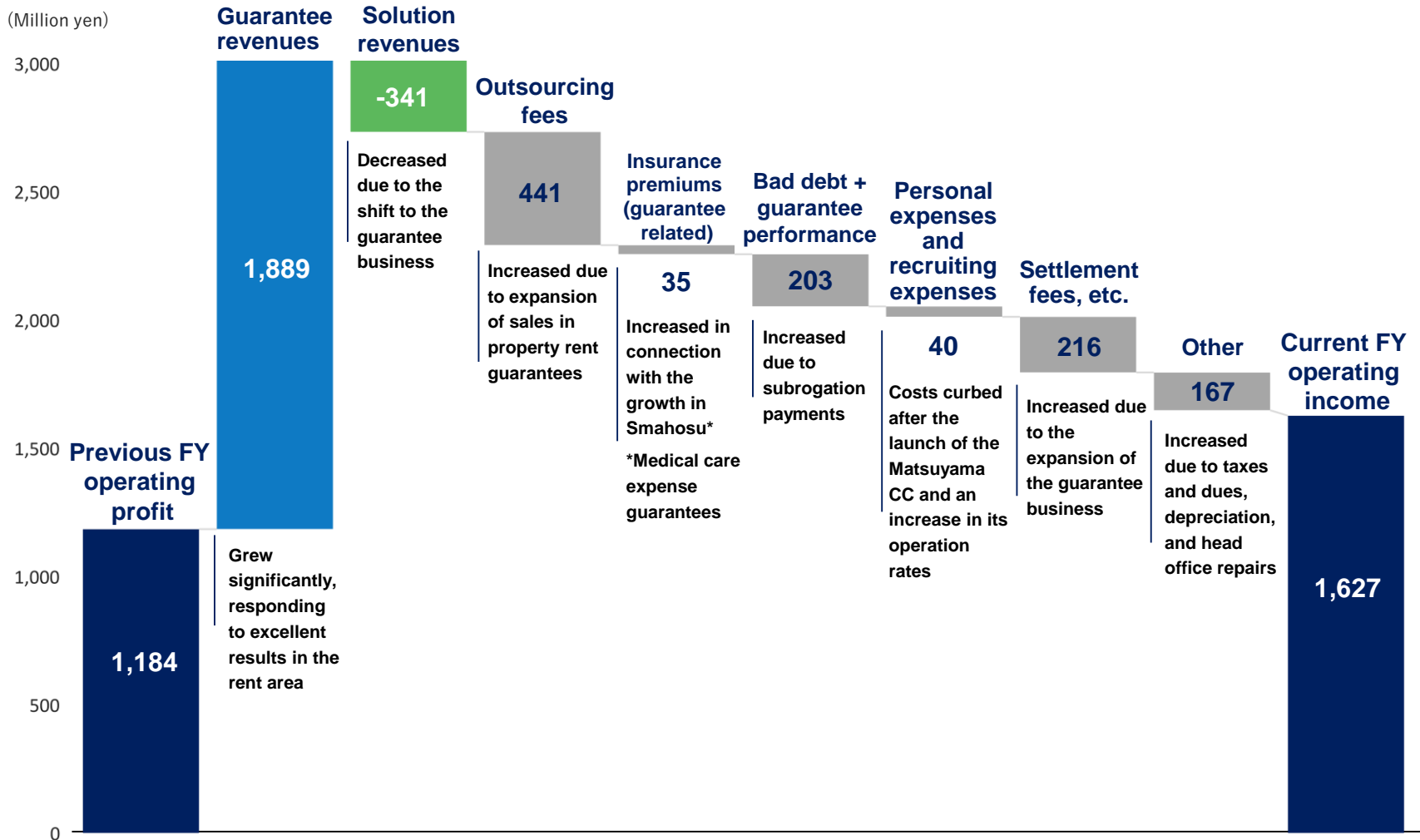
Continuing shift from C&O services to guarantee products
76% year-on-year (-117 million yen)

Guarantee business

The guarantee business grew due to continued growth in property rent guarantees and increased renewal guarantee fees
169% year-on-year (+599 million yen)

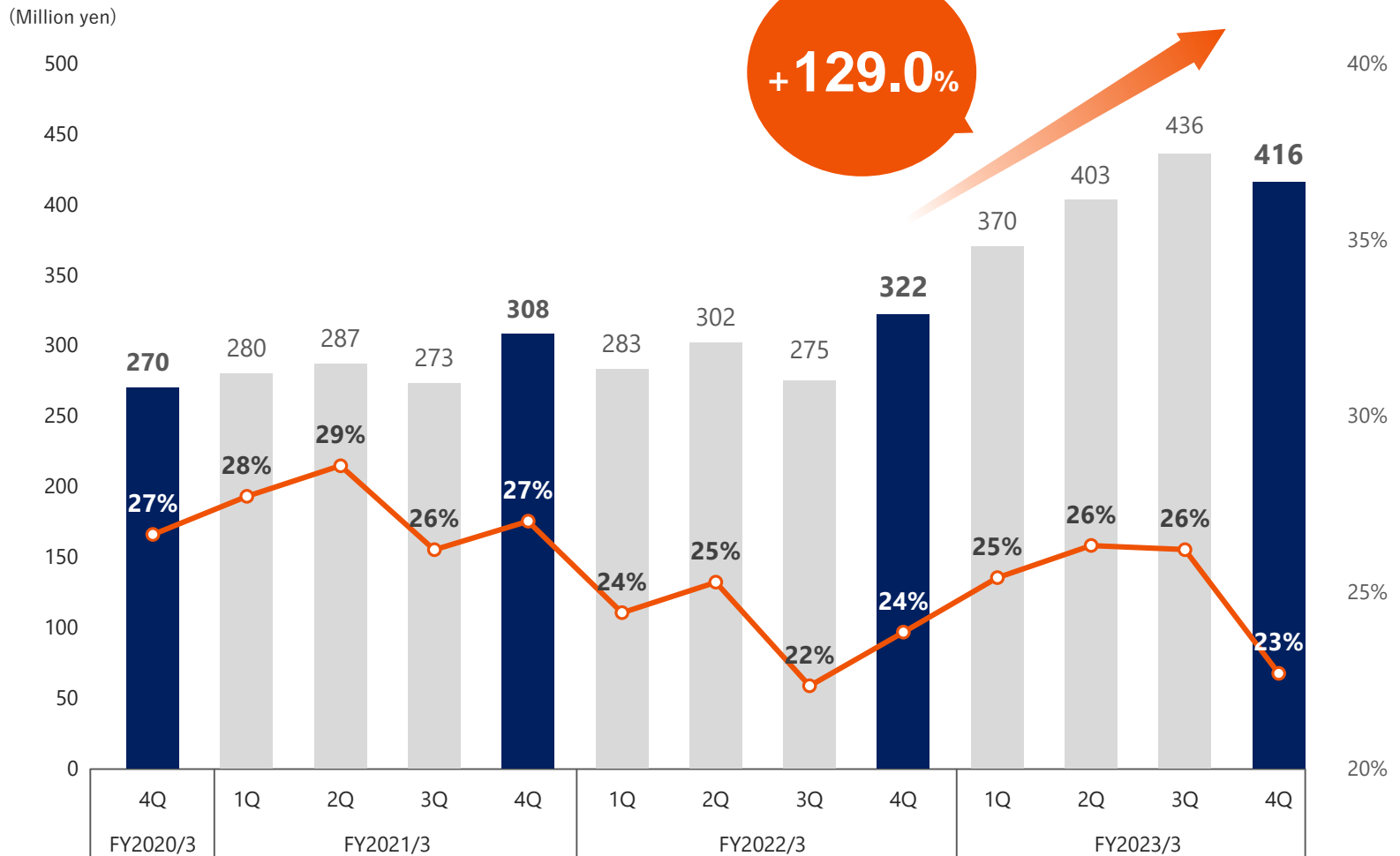
Analysis of Change in Operating Profit

- Growth in guarantee revenues contributed
- Absorbed guarantee-related costs (business outsourcing fees, bad debt-related costs, settlement fees) and operating profit grew significantly



Operating Profit by Quarter

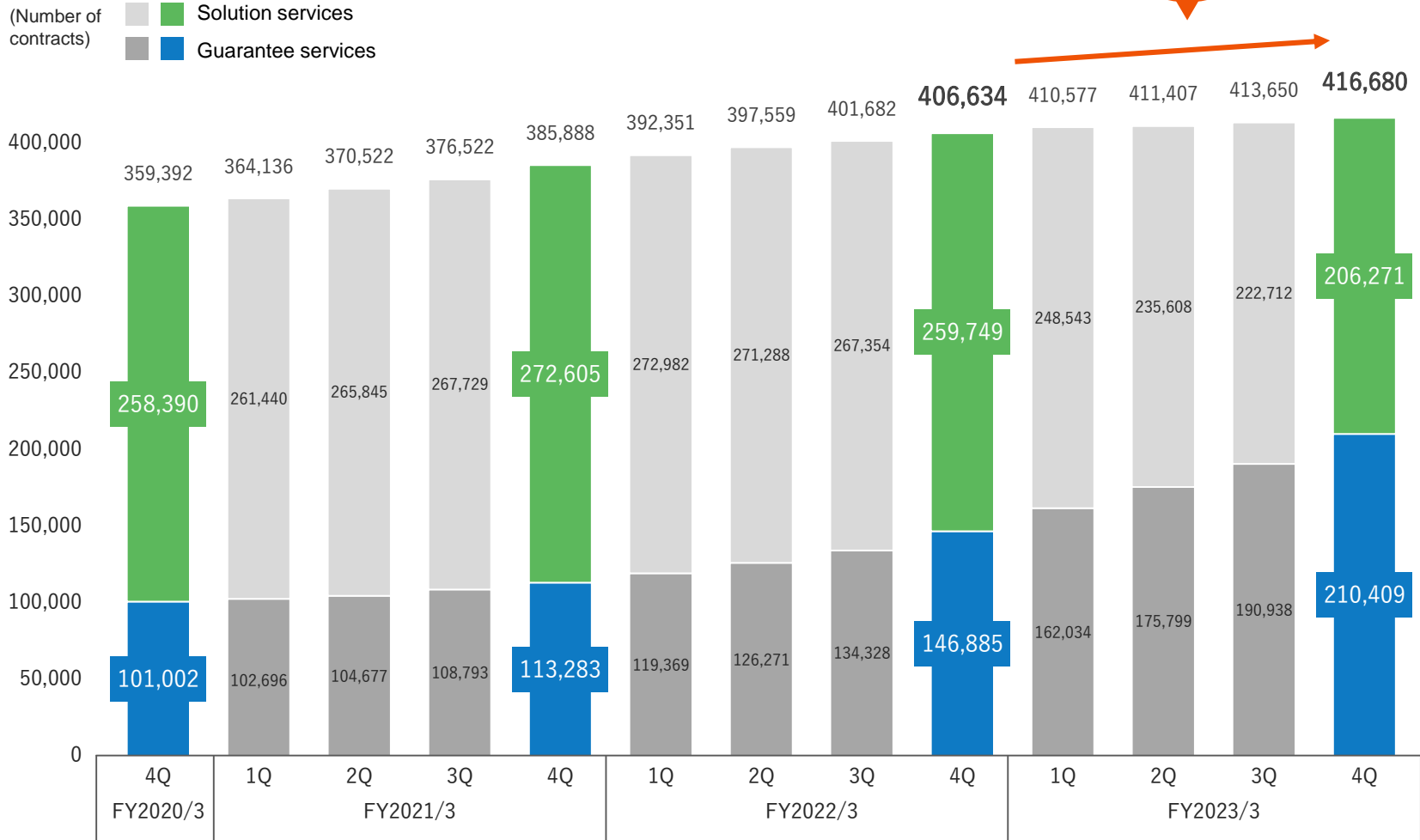
- Operating profit increased significantly to 129.0% year-on-year
- Operating profit margin temporarily decreased due to one-time costs such as an increase in office repairs, inflation allowance, and software update costs



Number of Contracts in Property Rent Area

- Growth driven by the guarantee area, with a steady increase in the number of contracts

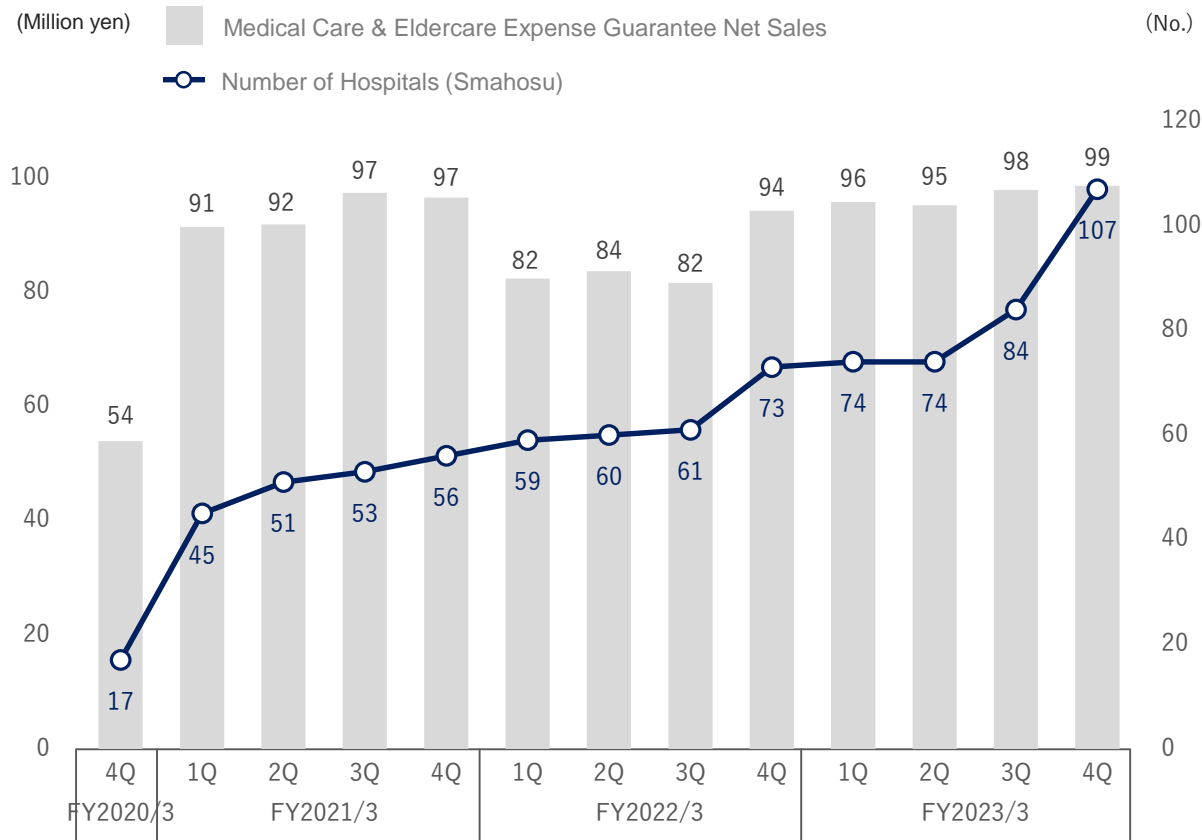
+10,046



Medical Care & Eldercare Expense Guarantee Sales by Quarter

■ Sales activity in the medical care field normalized and requests for quotation increased rapidly

- Strengthening of sales system due to expansion in sales of Smahosu
- Completed installation in 34 hospitals in the fiscal year ending March 31, 2023



- **Co-signer Agent System**
Smahosu continued to grow
107 medical facilities
26,225 hospital beds
- **Hospitalization set with medical care expense guarantee and other products**
72 medical facilities
13,391 hospital beds
- **Eldercare expense guarantees**
211 eldercare service providers

Other Financial Data (Balance Sheet)

(Million yen)

	2022/3 (Previous fiscal year)	2023/3 (Current fiscal year)	Change in amount
Current assets	5,310	6,871	1,561
Cash and deposits	3,268	5,686	2,418
Accounts receivable - trade	254	221	-33
Advances paid	2,011	1,514	-496
Other	423	459	36
Allowance for doubtful accounts	-646	-1,010	-363
Non-current assets	1,015	1,104	88
Property, plant, and equipment	95	115	19
Intangible assets	250	218	-31
Investments and other assets	669	770	101
Current liabilities	1,774	2,655	880
(Contract liabilities)	1,182	1,641	458
(Reserve for fulfillment of guarantees)	111	196	85
Non-current liabilities	96	110	14
Net assets	4,454	5,209	755
Total assets	6,325	7,975	1,650

Temporary reduction due to change in the operation of the direct deposit schedule

Grew in connection with the increase in new contracts for property rent guarantees

Contract liabilities that are a source of income from the following month increased due to an increase in new contracts for property rent guarantees (38% increase)

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Summary and Progress of the Plan for the Entire Fiscal Year

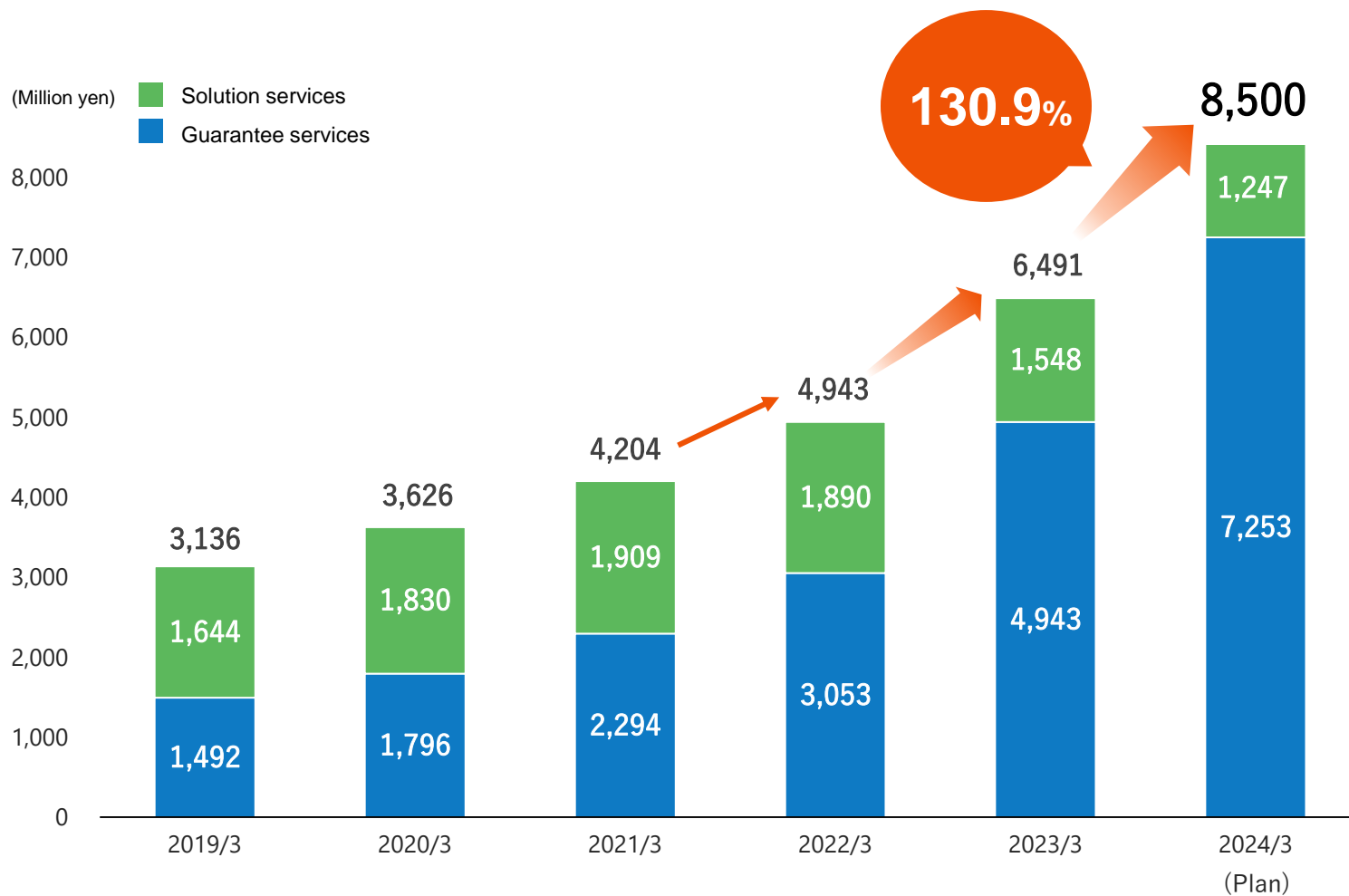
- This fiscal year, which is the final year of the Medium-term Management Plan, is expected to significantly exceed the plan, with net sales of 8.5 billion yen (+500 million) and operating profit of 2.1 billion yen (+100 million)

(Million yen)

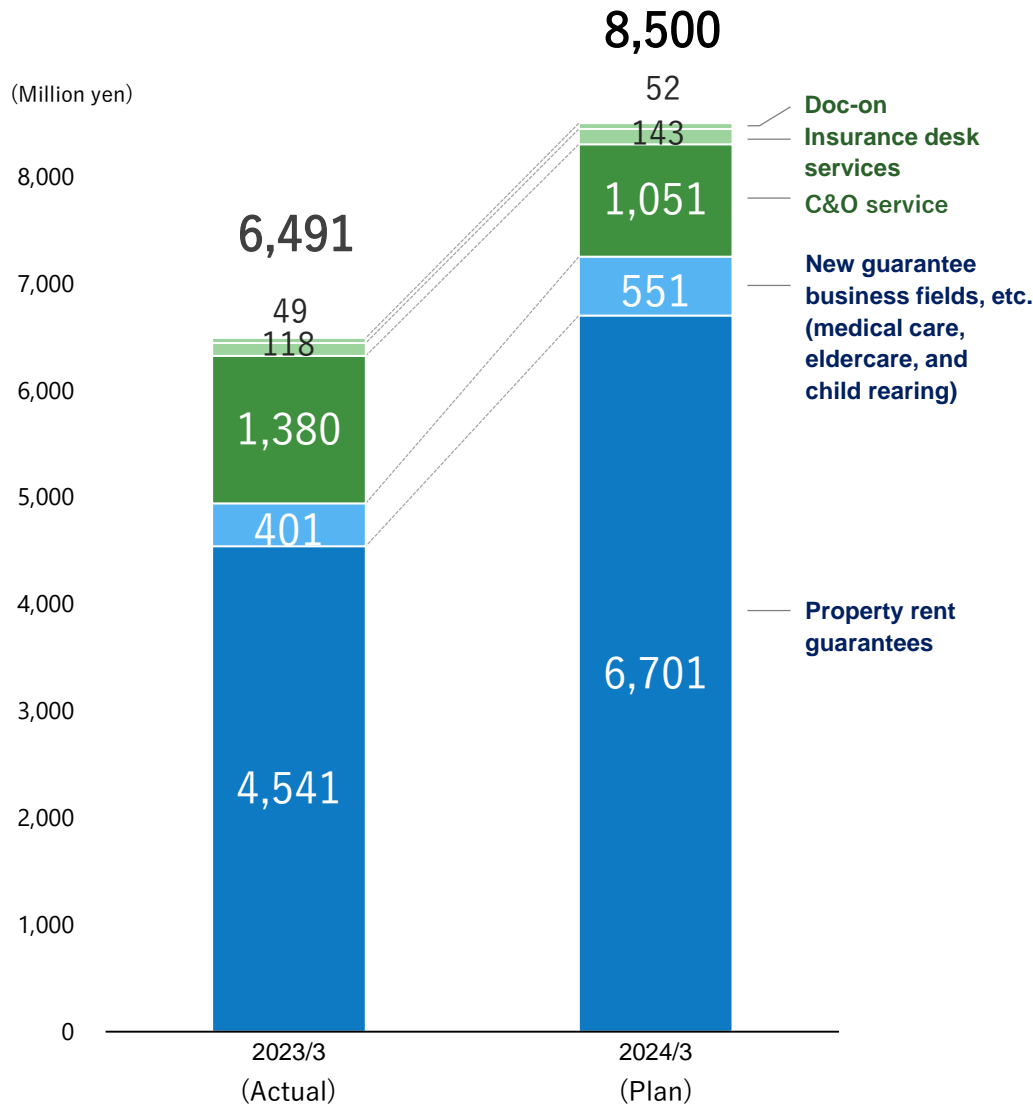
	Actual 2023/3	Medium-term Management Plan	Plan 2024/3	Year on Year	H1 plan
Net sales	6,491	8,000	8,500	130.9%	4,100
Operating income	1,627	2,000	2,100	129.1%	1,010
(Margin)	25.1%	25.0%	24.7%	-	24.6%
Ordinary profit	1,625	-	2,100	129.2%	1,010
(Margin)	25.0%	-	24.7%	-	24.6%
Net income	1,005	-	1,280	127.4%	620
(Margin)	15.5%	-	15.1%	-	15.1%

Net Sales by Year and Plan

- Rent liabilities guarantees have driven continuous increases in residential products and expansion in sales of business products
- Medical care expense guarantees are seeing strengthened sales activity toward winning more new contracts



Annual Targets for Net Sales (Details)



Solution business

Doc-on and Insurance desk services
continue to expand sales

C&O Services

Reduced due to continued shift to rent liabilities guarantees

Guarantee business

Rent liabilities guarantees

Continuous trend of new contracts increasing significantly

In addition, there is a significant increase in renewal guarantee fees due to increased contracts held and monthly renewal-type contracts

Medical care expense guarantees

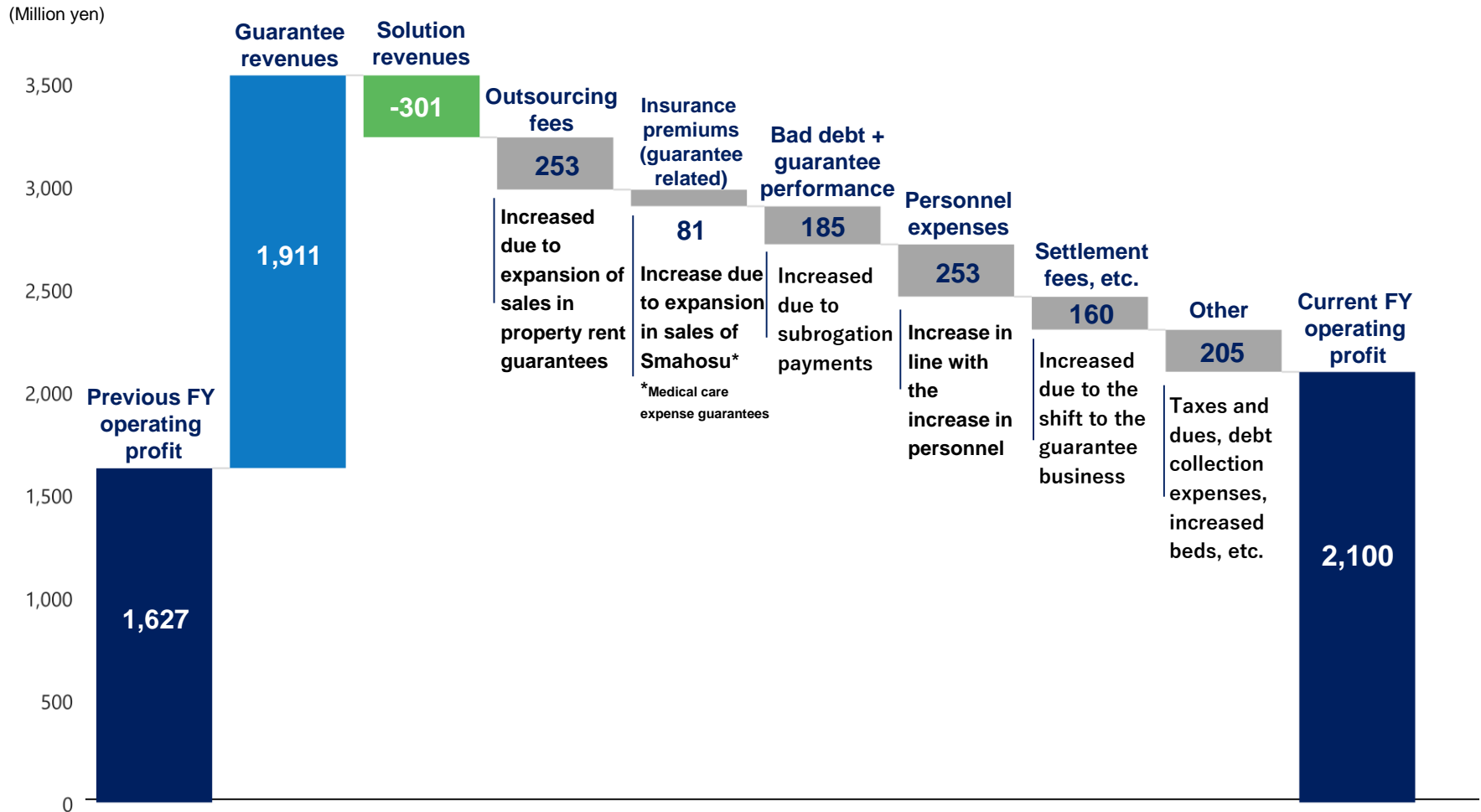
Further expansion of sales expected due to the strengthening of the sales system

Eldercare expense guarantees

Increase efforts to expand sales as COVID-19 subsidies

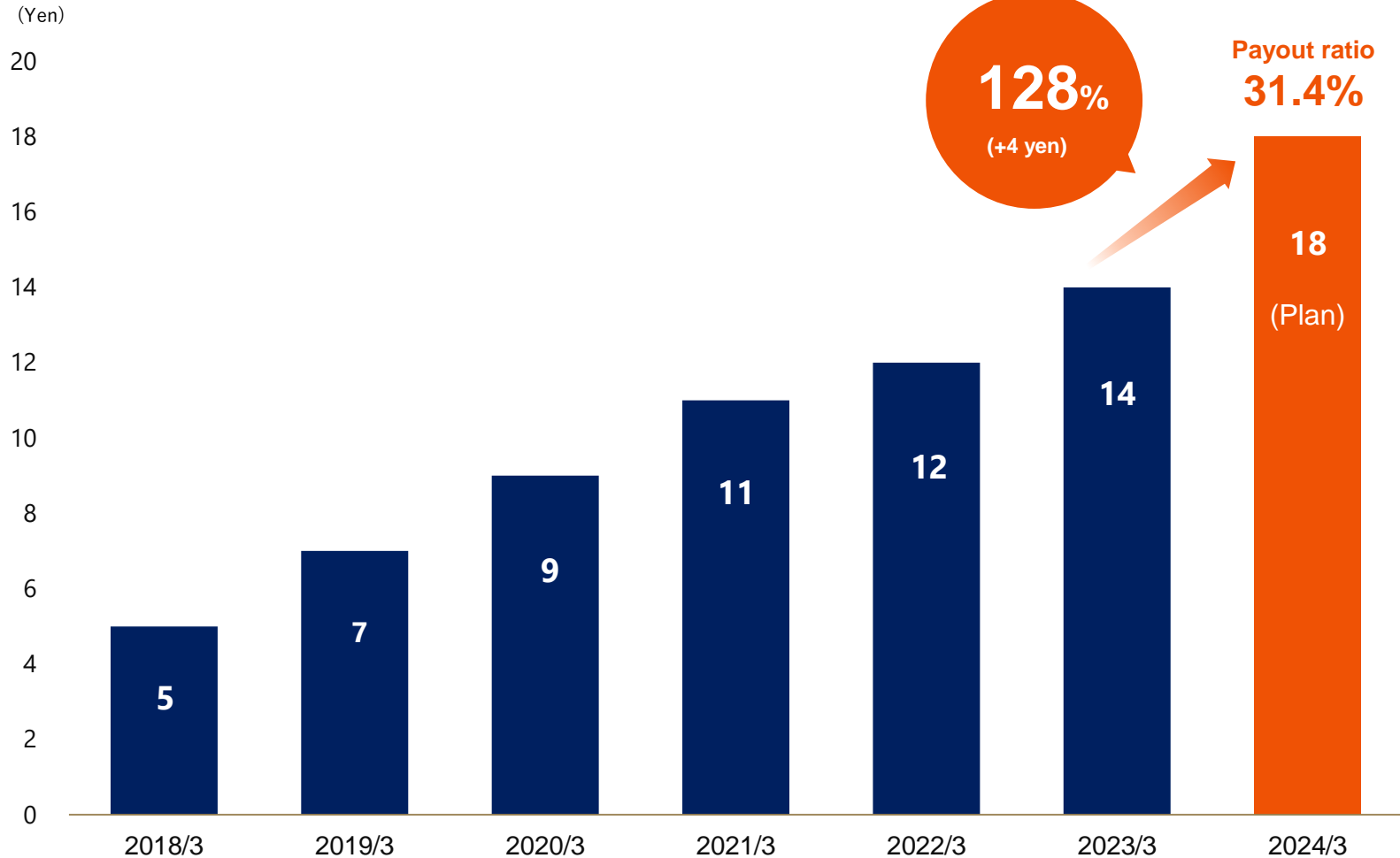
Analysis of Change in Operating Profit (Plan)

- Increase in revenue is promoted through growth in guarantee business
- Plan expansion of operating profit that exceeds the increase in variable expenses



Dividends by Year and Plan

- Plan to increase dividend payments for the eighth consecutive year
- Payout of dividends to increase 4 yen from the previous fiscal year to 18 yen, with a payout ratio of 31.4% forecast



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Company Profile (As of March 31, 2023)



Company Name	Entrust Inc.
Date of establishment	March 2006
Capital	1,045 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, Osaka, Fukuoka, Tokyo Head Office ANNEX Hamamatsu Solution Center
Number of employees	275 (including part-time workers)
Business lines	guarantee business and solution business

Business Lines

Developing the guarantee business to take on risks and the solution business to meet needs



Property rent guarantees



Medical care expense guarantees



Eldercare expense guarantees



Child rearing expense guarantees

BtoB

BtoC

Property management companies / Medical institutions / Eldercare service facilities, etc.

Individual customers



C&O service



Insurance desk services



Doc-on service

BtoB

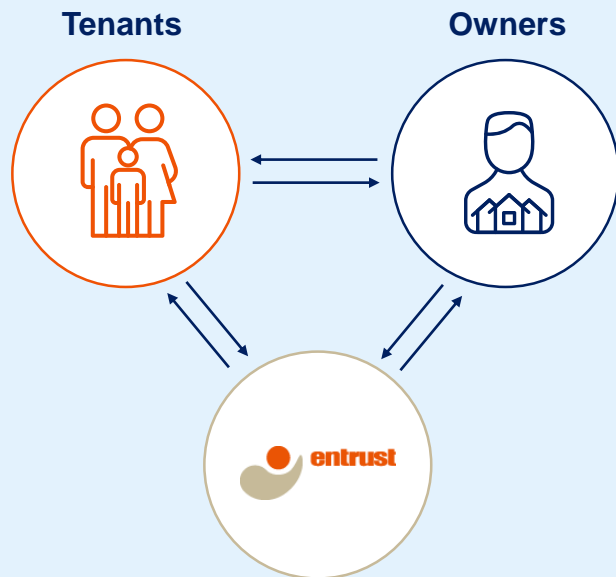
Property management companies / Insurance companies / Credit companies, etc.

Business Lines

Guarantee business

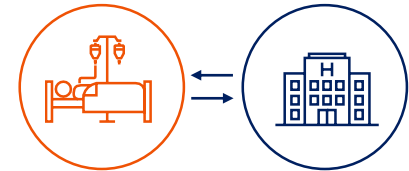
Assume debt delinquency risk and provide various services pertaining to guarantees

For example,
in the case of property rent guarantees

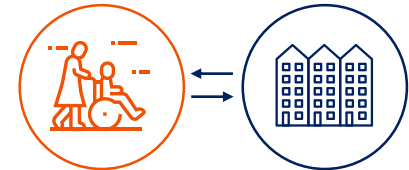


Rollout to
other
businesses
▶▶▶

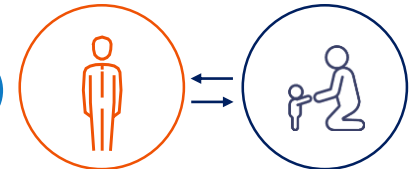
Medical
care



Eldercare



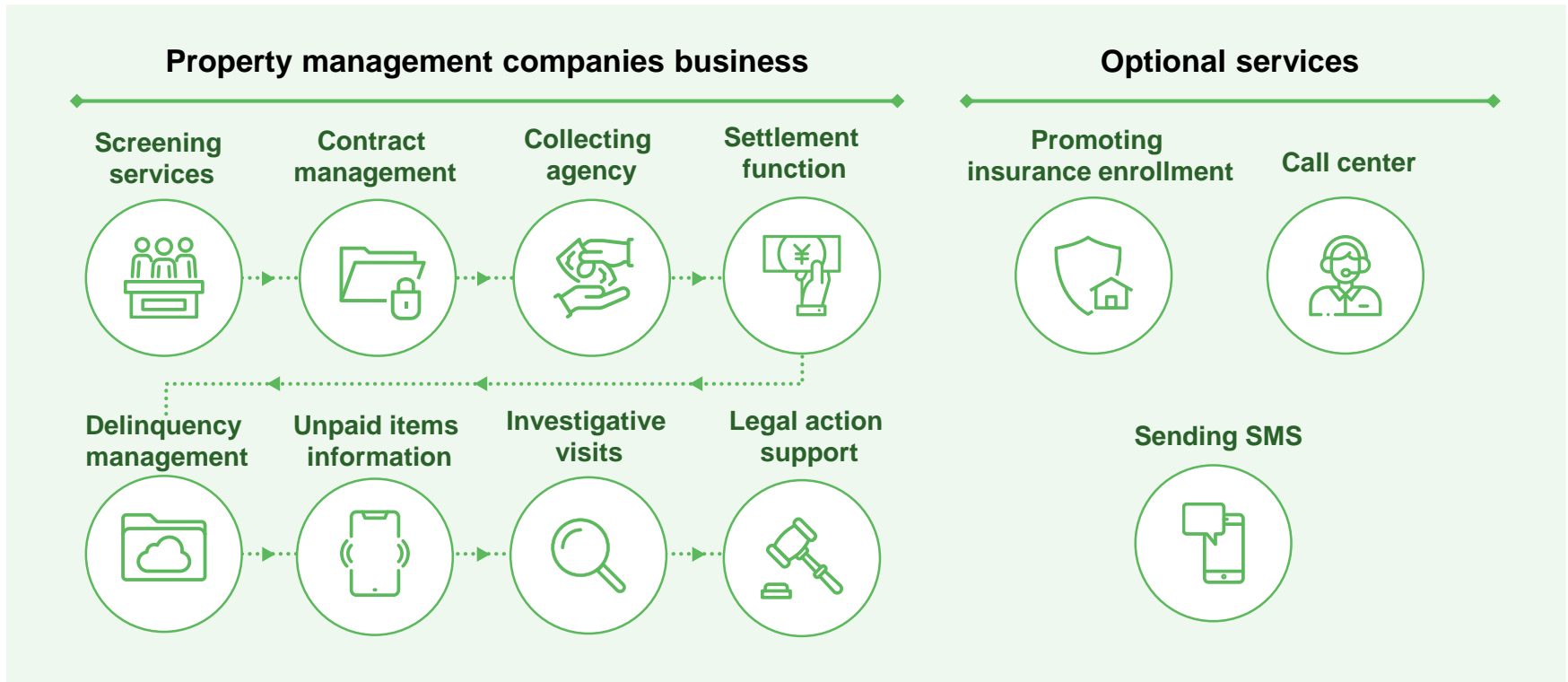
Child rearing
expense



Business Lines

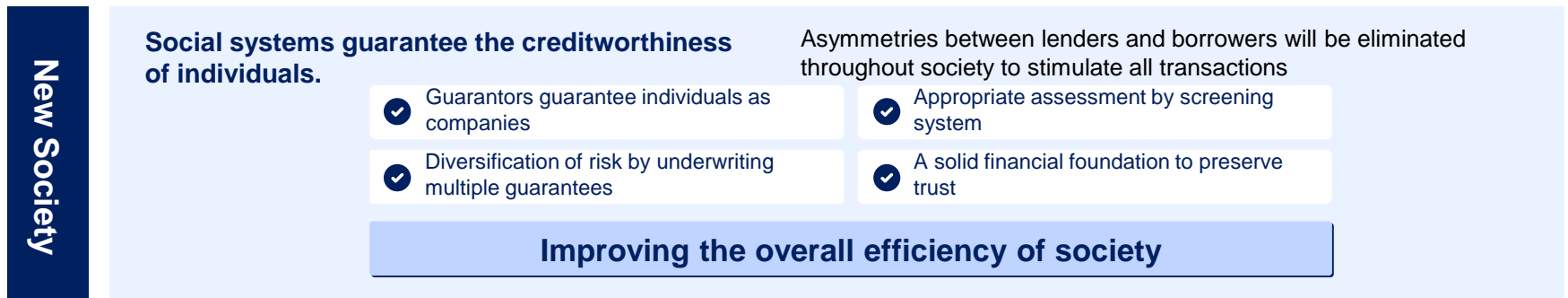
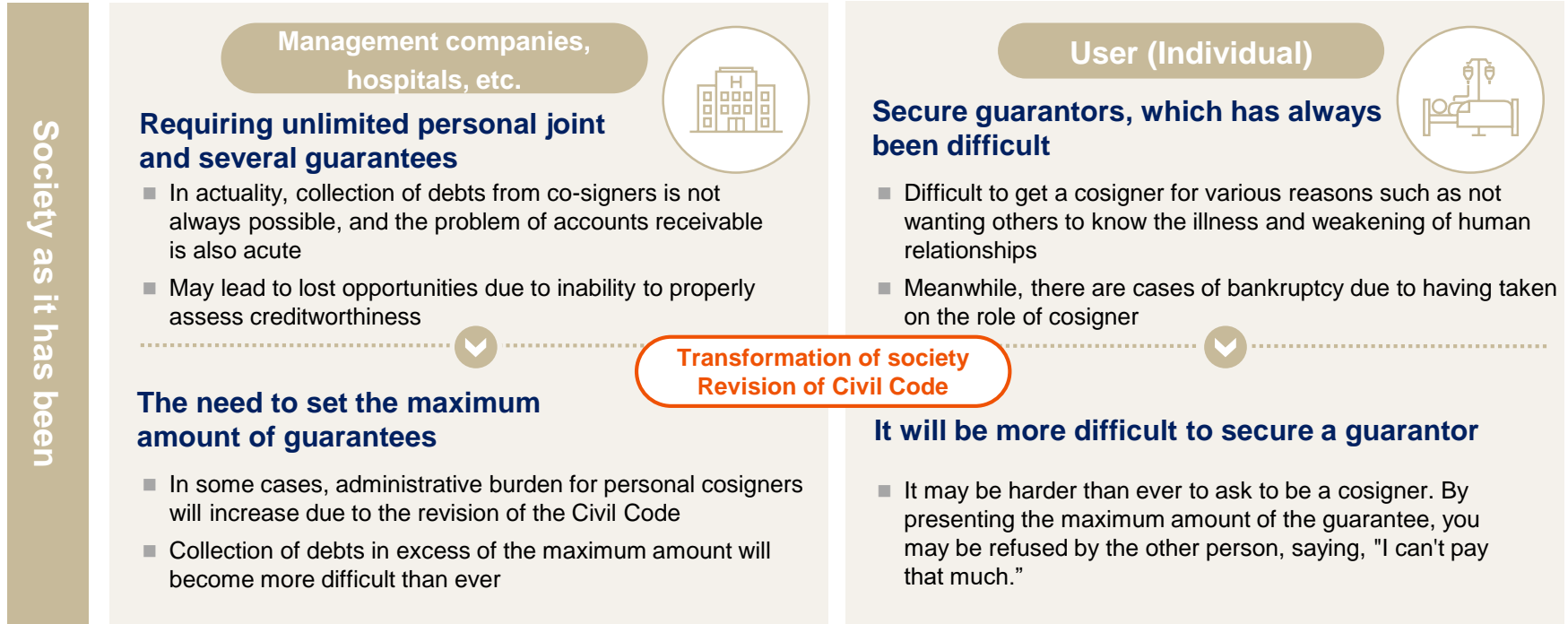
Solution business

Providing a unique business support service based on know-how cultivated in the field of property rent guarantees

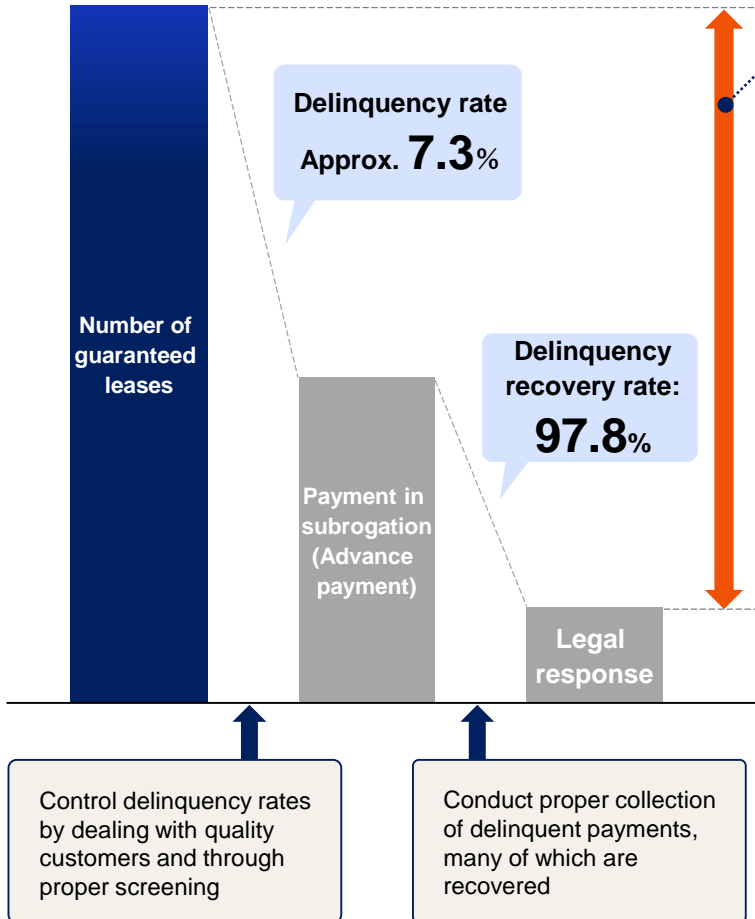


Solve unique customer needs with professional services

Toward a society in which guarantors guarantee the credit of individuals as companies, something previously supported by the local ties or relatives



About
210,000
cases



This gap is the source of profit

Three key factors that generate profits

Assessment

- Precise management through accurate risk assessment
- Improved economics (high profit margins) by selecting quality lenders/borrowers rather than reckless expansion
- Create a cycle of customer base expansion

Collection

- Compliance-driven collection (Certified by the strict screening for the listing)
- Steadily carry out legitimate legal procedures
- Efficient recovery schemes by professional staff and IT/infrastructure to support them

Expertise

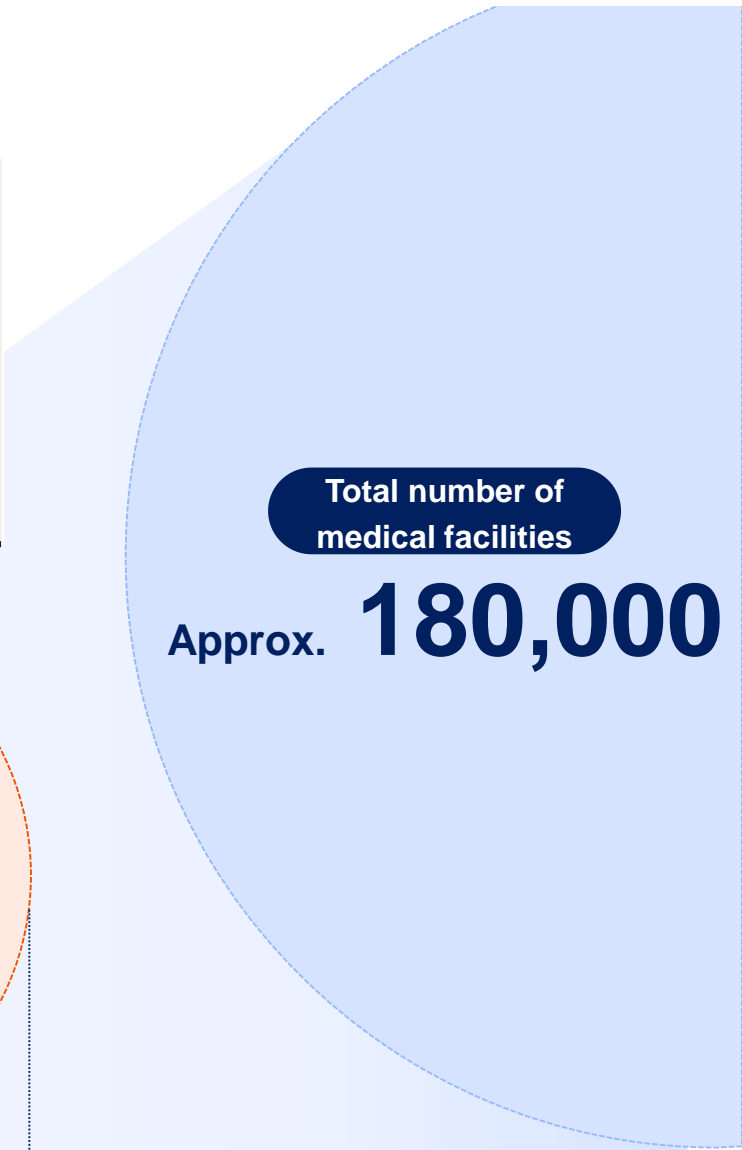
- Build up screening and collection know-how (expertise)
- Free client (property management companies, hospitals, etc.) staff from tasks they are not familiar with
- Resolve needs by proposing solutions

The medical cost guarantee market shows expanding demand

Guarantee business

Accelerate implementations in hospitals in cooperation with a major non-life insurance company

<p><u>Average account receivable per hospital</u></p> <p>Approx. 4.5 million yen*</p> <p>※ *In-house research</p>	<p><u>External factors for expanding demand</u></p> <ul style="list-style-type: none">✓ Revision of Civil Code✓ Increase in the number of foreign visitors to Japan✓ Increase in out-of-pocket medical costs
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Our results

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Entrust Inc. target

Key KPIs

Guarantee rent, elderly care, and child rearing expenses



※ * Prorated over warranty period

Medical care expense guarantees

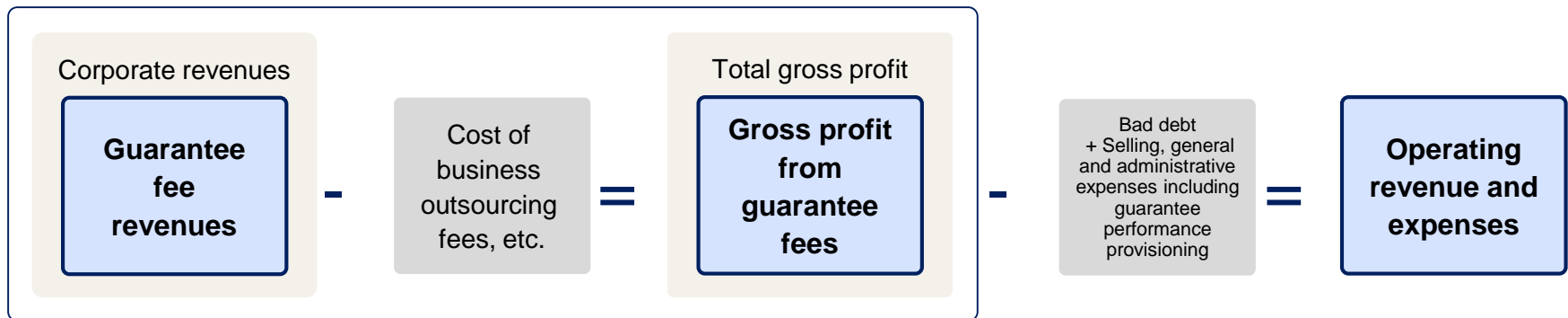


..... Smahosu

..... Hospitalization set product that comes with the guarantee

※ * Prorated over warranty period

Financial structure



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 a 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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