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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 27, 2023

Company name: Entrust Inc.

Stock exchange listing: Tokyo

Code number: 7191

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

Representative: Yutaka Kuwabara

Contact: Hiroyuki Ota

Phone: +81-3(5213)0250

President and Representative Director

Director, operating officer

Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: December 4, 2023

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. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	4,289	-	1,018	-	1,012	-	592	-
September 30, 2022	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 593 million [-%]
Six months ended September 30, 2022: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 26.48	Yen 26.46
September 30, 2022	-	-

(Note) The Company has prepared quarterly consolidated financial statements since the three months ended June 30, 2023. Therefore, figures for the six months ended September 30, 2022 and year-on-year changes are omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 8,945	Millions of yen 5,654	63.0
March 31, 2023	-	-	-

(Reference) Equity: As of September 30, 2023: ¥ 5,635 million
As of March 31, 2023: ¥ - million

(Note) The Company has prepared quarterly consolidated financial statements since the three months ended June 30, 2023. Therefore, figures for the fiscal year ended March 31, 2023 are omitted.

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, 2023	-	7.00	-	7.00	14.00
Fiscal year ending March 31, 2024	-	9.00			
Fiscal year ending March 31, 2024 (Forecast)			-	9.00	18.00

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

3. 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 attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,500	-	2,100	-	2,100	-	1,280	-	57.25

(Note) 1. Revision to the financial results forecast announced most recently: No

2. The Company has prepared quarterly consolidated financial statements since the three months ended June 30, 2023. Therefore, year-on-year changes are omitted.

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023: No
(changes in specified subsidiaries resulting in changes in scope of consolidation)

New - (Company name:)
Exclusion: - (Company name:)

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

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

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

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

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

September 30, 2023: 22,360,122 shares
March 31, 2023: 22,360,122 shares

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

September 30, 2023: 158 shares
March 31, 2023: 158 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 22,359,964 shares
Six months ended September 30, 2022: 22,359,097 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 27, 2023.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

As of September 30, 2023

Assets	
Current assets	
Cash and deposits	5,229,849
Accounts receivable - trade	209,235
Advances paid	3,244,174
Other	521,800
Allowance for doubtful accounts	(1,461,317)
Total current assets	7,743,742
Non-current assets	
Property, plant and equipment	172,564
Intangible assets	
Other	252,607
Total intangible assets	252,607
Investments and other assets	776,707
Total non-current assets	1,201,879
Total assets	8,945,621

(Thousands of yen)

As of September 30, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	46,851
Income taxes payable	452,022
Contract liabilities	2,030,956
Provision for bonuses	67,570
Reserve for fulfillment of guarantees	314,115
Other	224,952
Total current liabilities	3,136,468
Non-current liabilities	
Asset retirement obligations	71,791
Other	83,163
Total non-current liabilities	154,954
Total liabilities	3,291,423
Net assets	
Shareholders' equity	
Share capital	1,045,155
Capital surplus	831,723
Retained earnings	3,733,357
Treasury shares	(127)
Total shareholders' equity	5,610,108
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	25,880
Total accumulated other comprehensive income	25,880
Share acquisition rights	18,208
Total net assets	5,654,198
Total liabilities and net assets	8,945,621

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended September 30, 2023
Net sales	4,289,017
Cost of sales	2,193,852
Gross profit	2,095,164
Selling, general and administrative expenses	1,076,384
Operating profit	1,018,780
Non-operating income	
Interest income	28
Interest on securities	1,531
Dividend income	602
Miscellaneous income	408
Total non-operating income	2,570
Non-operating expenses	
Loss on retirement of non-current assets	4,146
Loss on investments in investment partnerships	4,115
Miscellaneous losses	474
Total non-operating expenses	8,737
Ordinary profit	1,012,613
Extraordinary income	
Gain on sale of non-current assets	131
Total extraordinary income	131
Profit before income taxes	1,012,745
Income taxes - current	424,418
Income taxes - deferred	(3,873)
Total income taxes	420,545
Profit	592,199
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	592,199

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousands of yen)

For the six months
ended September 30, 2023

Profit	592,199
Other comprehensive income	
Valuation difference on available-for-sale securities	922
Total other comprehensive income	922
Comprehensive income	593,122
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	593,122
Comprehensive income attributable to non-controlling interests	-

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

For the six months
ended September 30, 2023

Cash flows from operating activities	
Profit before income taxes	1,012,745
Depreciation	51,123
Increase (decrease) in allowance for doubtful accounts	300,026
Increase (decrease) in provision for bonuses	3,596
Increase (decrease) in reserve for fulfillment of guarantees	61,723
Interest and dividend income	(2,161)
Loss (gain) on sale of non-current assets	(131)
Loss on retirement of non-current assets	4,146
Decrease (increase) in trade receivables	14,372
Decrease (increase) in prepaid expenses	(22,551)
Decrease (increase) in accounts receivable - other	(23,518)
Decrease (increase) in advances paid	(1,565,299)
Increase (decrease) in trade payables	(1,758)
Increase (decrease) in accounts payable - other	(43,643)
Increase (decrease) in contract liabilities	236,113
Other, net	20,122
Subtotal	44,908
Interest and dividends received	2,164
Income taxes paid	(436,692)
Net cash provided by (used in) operating activities	(389,619)
Cash flows from investing activities	
Purchase of property, plant and equipment and intangible assets	(120,256)
Proceeds from sale of property, plant and equipment and intangible assets	131
Payments of guarantee deposits	(220)
Proceeds from refund of guarantee deposits	2,479
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	207,007
Net cash provided by (used in) investing activities	89,142
Cash flows from financing activities	
Dividends paid	(156,453)
Net cash provided by (used in) financing activities	(156,453)
Net increase (decrease) in cash and cash equivalents	(456,930)
Cash and cash equivalents at beginning of period	5,686,779
Cash and cash equivalents at end of period	5,229,849