



# **Second Quarter of the Fiscal Year Ending March 31, 2019 Results Briefing Information Materials**

**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. Company Information**
- 2. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2019**
- 3. Business Results Projections for the Fiscal Year Ending March 31, 2019**

# 1. Company Information

# Company Profile (as of September 30, 2018)



- Company name : Entrust Inc.
- Date of establishment : March 2006
- Capital : 1,032 million yen
- Fiscal year : 12 months to March
- Representative director : Yutaka Kuwabara
- Head office location : 1-4 Kojimachi, Chiyoda-ku, Tokyo
- Major branch offices : Sendai, Akita, Toyama, Nagoya, Osaka, Fukuoka  
Yokohama Solution Center
- Number of employees : 96
- Business lines : Comprehensive guarantee services



Two business lines for meeting market needs and providing customized services



### Guarantee provision as a set of debt delinquency risk and service

## Guarantee business

A system for complement trust in which Entrust assumes the position of co-signor required in a variety of contracts



For example, in the case of property rent guarantees

Lessee



Lessor



Co-signor  
**entrust**



This provides the benefit of increasing the closing rate of lease contracts requiring co-signors, and needs for institutional co-signors are increasing year by year

Specialized business support services for efficiently meeting customers' needs

## Solution business

### Guarantee business

Accumulated skills and know-how

Application to specialized services

#### C&O (Consulting & Operations) service

Screening services



Contract management



Collecting agency



Unpaid items information



Investigative visits



Legal action support



Delinquency management



#### SMS-based solution services ("Doc-on service")



Call-center function

Payment / reminder notice function

Settlement function (Patent pending)

#### Insurance desk service



Insurance solicitation operations

Call-center function

Operations in conformity with compliance requirements

Design to match unique needs of customers

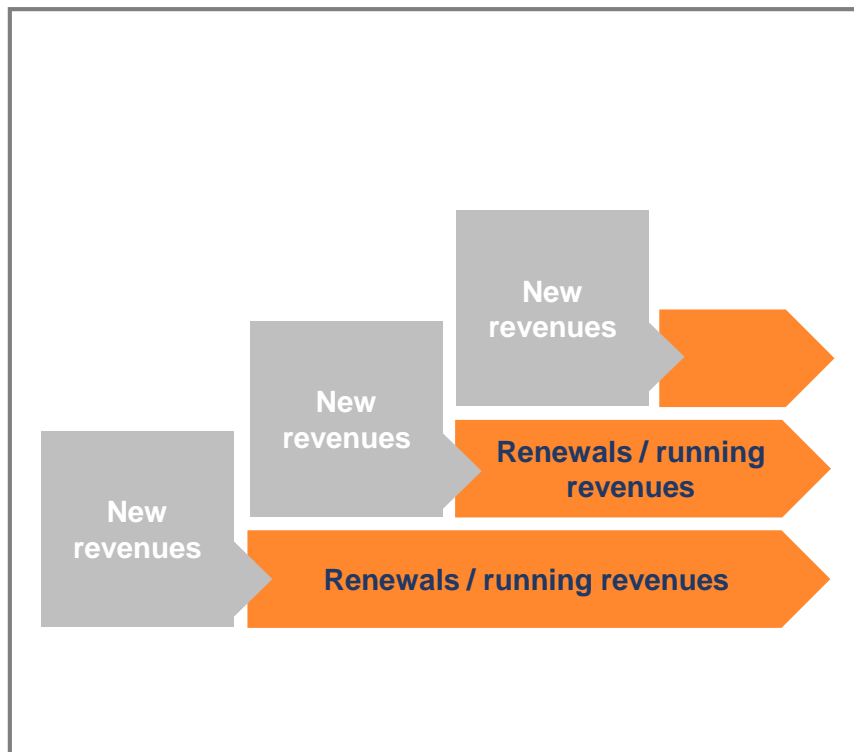
Presentation of flexible solutions



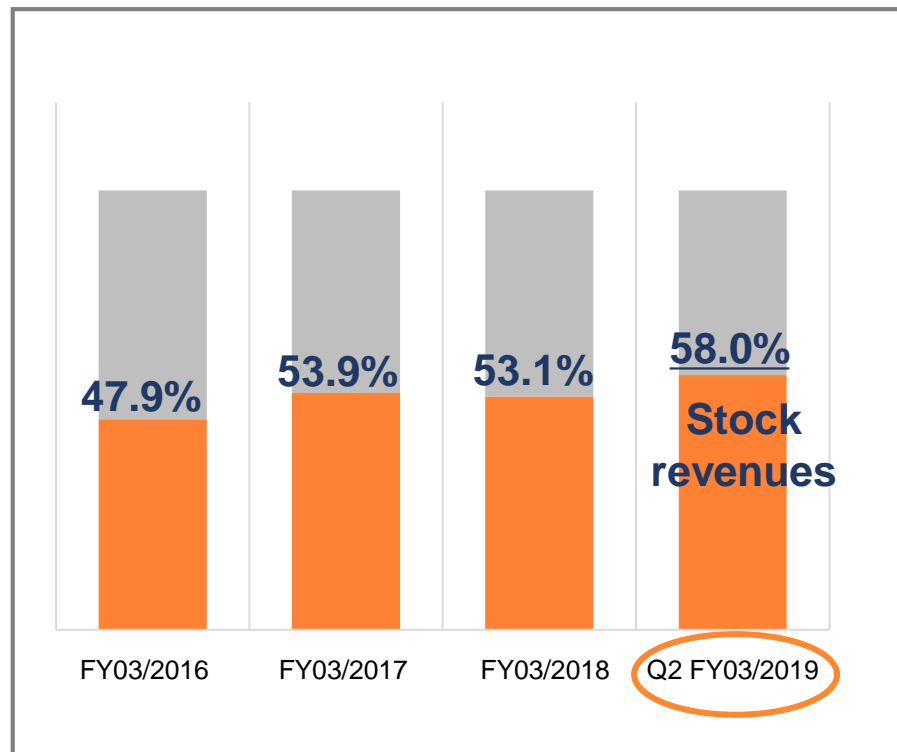
Resolution of unique individual problems



## Stock-type business



## Level of stock-type revenue component fluctuation





## **2. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2019**

# Fiscal Year Ending March 31, 2019, Second Quarter

## - Business Results Highlights



Higher  
revenues

Revenues 4.3%



(Unit: million yen)

	[Previous fiscal year] Q2 FY03/2018	As percent of revenues	[Current fiscal year] Q2 FY03/2019	As percent of revenues	Compared with the year-earlier period		Compared with initial projections	
	Results		Results		Change in amount	Rate of change	Change in amount	Rate of change
<b>Revenues</b>	<b>1,444</b>	-	<b>1,506</b>	-	63	<b>4.3%</b>	(123)	<b>-7.5%</b>
Cost of revenues	718	49.7%	756	50.2%	39	<b>5.4%</b>	-	-
<b>Gross margin</b>	<b>725</b>	50.3%	<b>749</b>	49.8%	24	<b>3.3%</b>	-	-
SG&A expenses	323	22.4%	391	26.0%	68	<b>20.9%</b>	-	-
<b>Operating income</b>	<b>402</b>	27.9%	<b>358</b>	23.8%	(43)	<b>-10.8%</b>	(67)	<b>-15.8%</b>
<b>Ordinary income</b>	<b>398</b>	27.6%	<b>358</b>	23.8%	(39)	<b>-9.9%</b>	(67)	<b>-15.8%</b>
<b>Current net income before income taxes</b>	<b>398</b>	27.6%	<b>358</b>	23.8%	(39)	<b>-9.9%</b>	-	-
<b>Net income for the quarter</b>	<b>268</b>	18.6%	<b>236</b>	15.7%	(31)	<b>-11.7%</b>	(52)	<b>-17.8%</b>

### [Key factors]

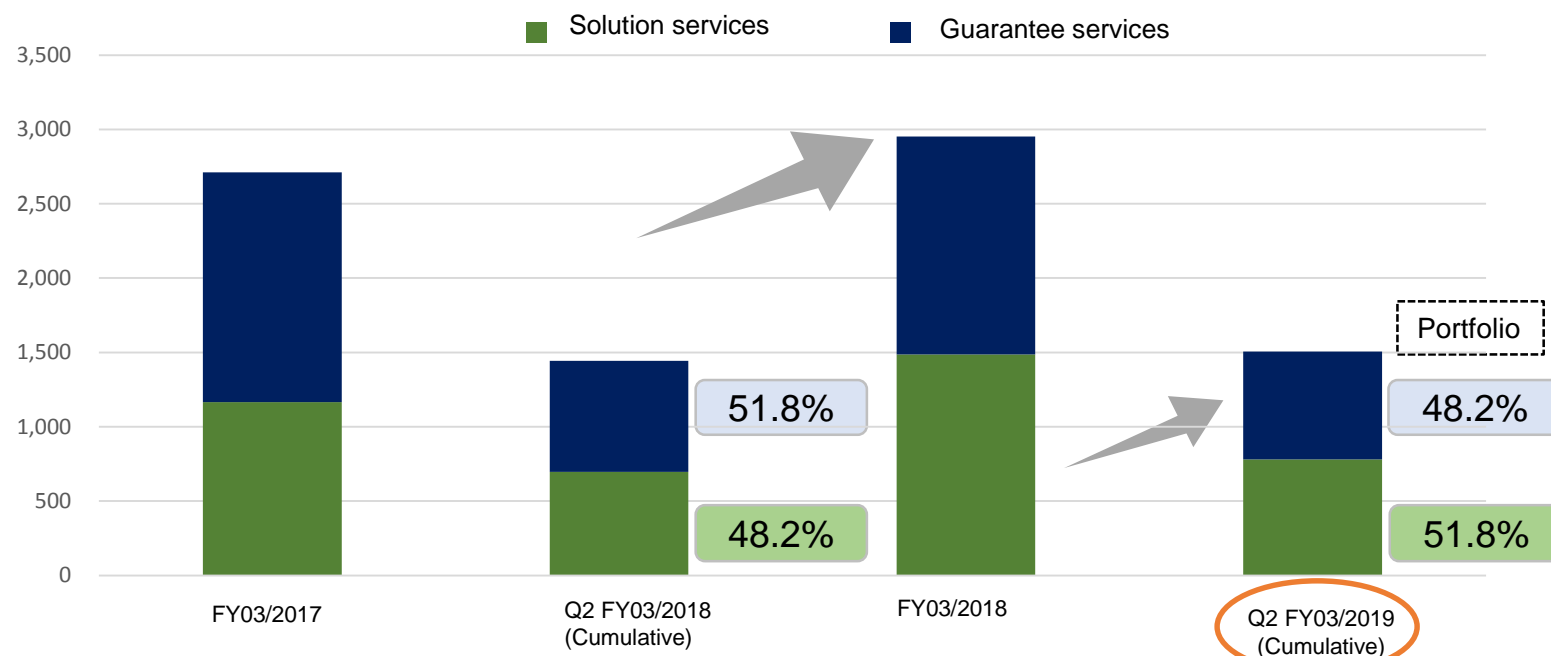
- Growth of revenue was driven by the solution business, with higher revenues compared with the year-earlier period  
The main reasons growth was inadequate compared to the plan were the number of contracts in the solution business falling short of projections, and the launch of some initiatives in medical care expense guarantees being delayed
- Operating income decreased during the second quarter because cost control was unable to cover the shortfall in revenues compared to the plan

# Fiscal Year Ending March 31, 2019, Second Quarter

## - Results by Business



Services provided to large-scale customers are shifting from guarantees to solution offerings, and revenues are steadily increasing.  
New solutions are also a new growth factor



(Unit: million yen)

	FY03/2017	Q2 FY03/2018	FY03/2018	Q2 FY03/2019	Q2 compared with the year-earlier period (%)
Number of contracts					
Guarantee services	1,547	747	1,464	726	97.1%
Solution services	1,165	696	1,487	780	112.1%
Total	2,713	1,444	2,951	1,506	104.3%

# Fiscal Year Ending March 31, 2019, Second Quarter

## - Property Rent Guarantees



The number of contracts has grown steadily since the Company was founded

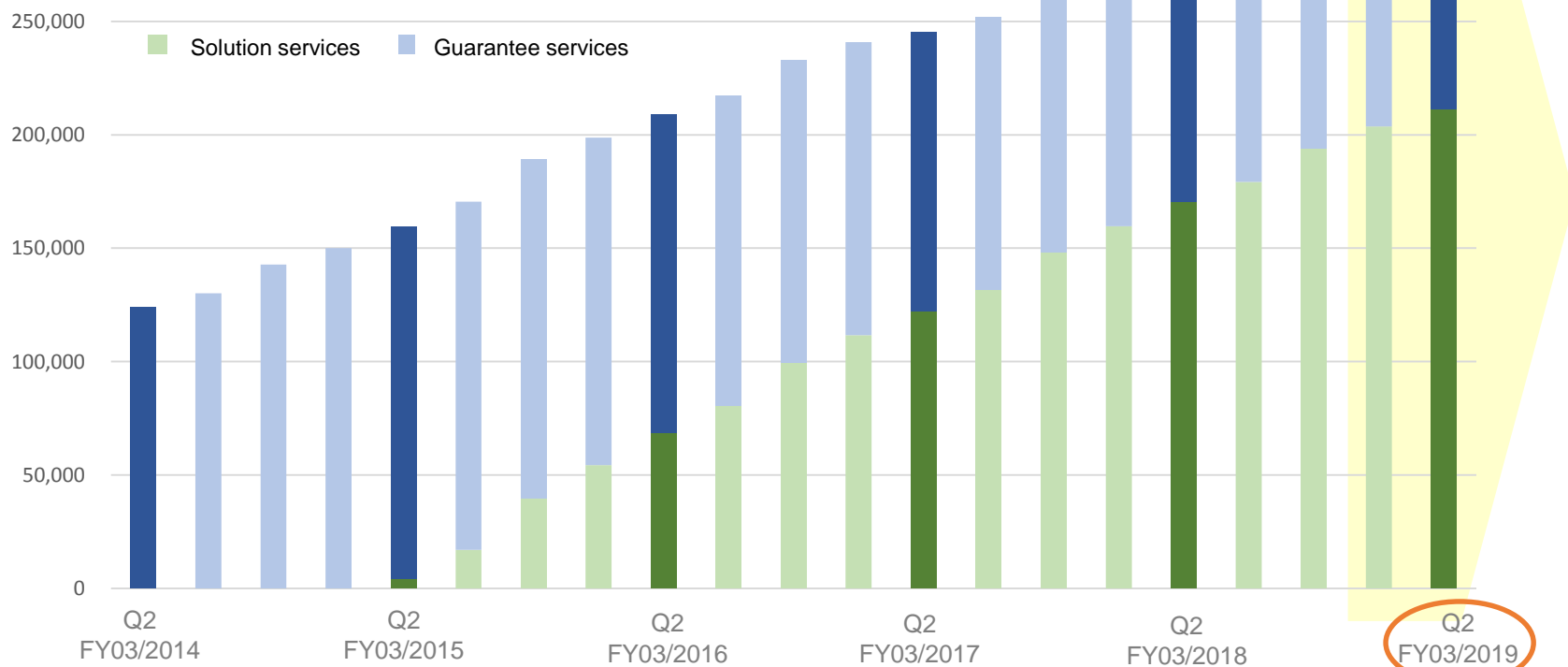
Average annual growth rate

20.7%

(Q2 FY03/2014 - Q2 FY03/2019)

(Unit: Contract)

Number of contracts	Q2 FY03/2018	Q2 FY03/2019	Compared with the year-earlier period (%)
Guarantee services	112,208	105,486	94.0%
Solution services	170,488	211,459	124.0%
Total	282,696	316,945	112.1%



**New guarantee business fields - Clients increased in markets for medical care expense guarantees and eldercare expense guarantees**

## Medical institutions

[Institutions where services are provided]

**102** medical facilities

**(128%** compared with the year-earlier period)

**22,998** hospital beds

**(127%** compared with the year-earlier period)

## Eldercare facilities

[Facilities where services are provided]

**151** eldercare service providers

**(118%** compared with the year-earlier period)

(as of September 30, 2018)

### **3. Business Results Projections for the Fiscal Year Ending March 31, 2019**

**Higher revenues: Expected to increase by 6.7%**

**Higher operating income: Expected to increase by 4.9%**

(Unit: million yen)

	[Previous fiscal year] FY03/2018		[Current fiscal year] FY03/2019 projections		Compared with the year- earlier period		Compared with initial projections	
	Results	As percent of revenues	Latest announcement	As percent of revenues	Change in amount	Rate of change	Change in amount	Rate of change
Revenues	2,951	-	3,150	-	198	6.7%	(290)	-8.4%
Operating income	772	26.2%	810	25.7%	37	4.9%	(114)	-12.4%
Ordinary income	752	25.5%	810	25.7%	57	7.7%	(114)	-12.4%
Current net income	508	17.2%	545	17.3%	36	7.2%	(84)	-13.5%

## [Key factors]

- Growth of revenue will continue to be driven by the solution business

The C&O (Consulting & Operations) service and insurance desk service will make positive contributions to high growth as second and third services derived from property rent guarantees

- The effect of cost control will be enhanced by increasing the efficiency of operations in operating income, and an increased income ratio is planned compared to the first half of the year

Furthermore, increases in personnel leading to future earnings growth will be executed as planned

### □ C&O (Consulting & Operations) service

(Unit: million yen)

	H1 FY03/2018 Results	H1 FY03/2019 Results	Compared with the year-earlier period
C&O service revenues	660	722	109.5%

- Within the solution business, there have been many inquiries from major companies for C&O services designed to match customers' needs

### □ Insurance desk service

	H1 FY03/2018 Results	H1 FY03/2019 Results	Compared with the year-earlier period
Insurance desk service revenues	12	39	312.9%

- The service with the highest growth in the solution business due to emerging market needs

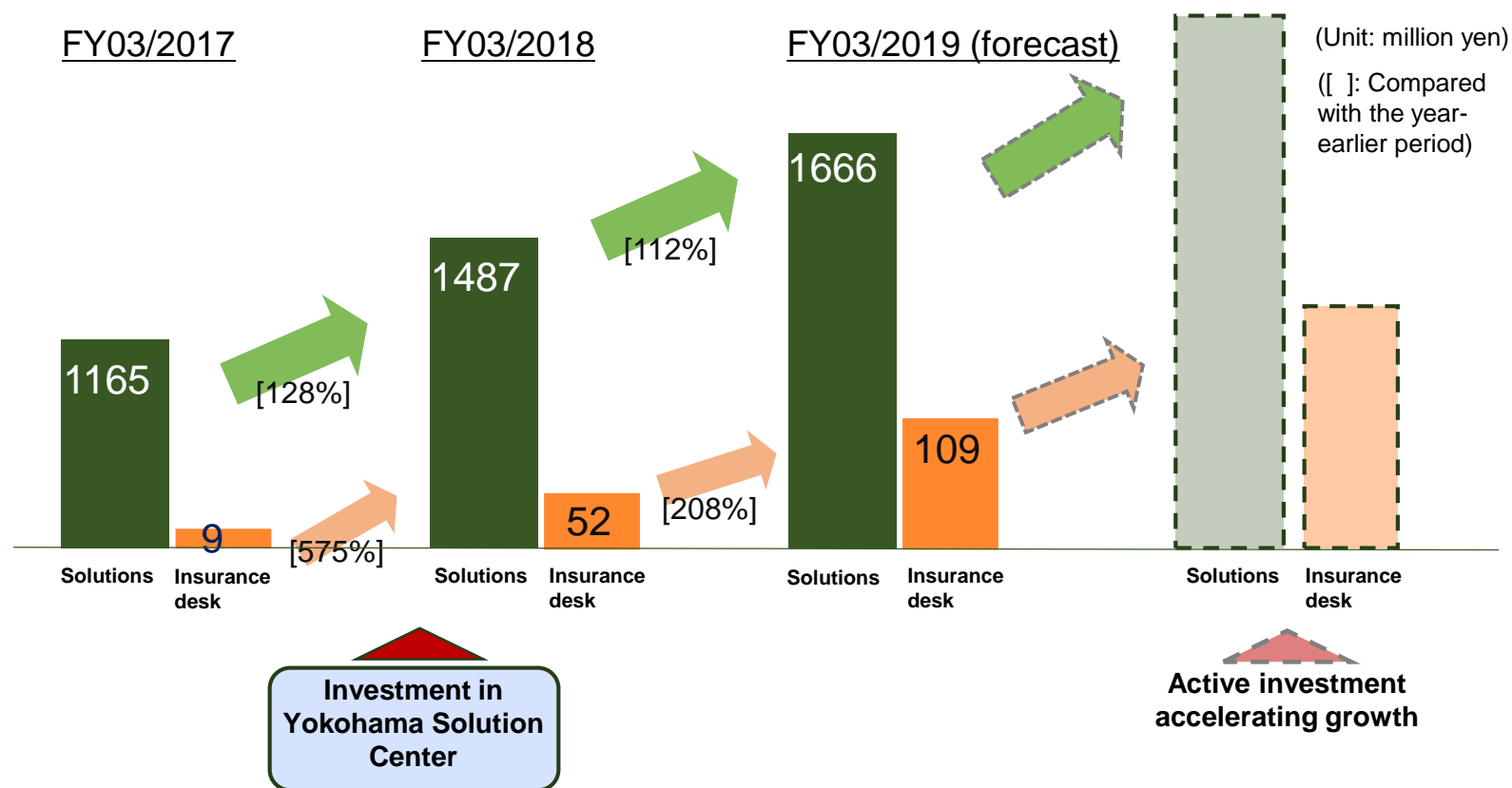
### □ Medical care and eldercare expense guarantees

	H1 FY03/2018 Results	H1 FY03/2019 Results	Compared with the year-earlier period
Medical care and eldercare expense guarantee revenues	4	12	265.2%

- The area of the guarantee business with the highest growth potential with definite market needs. Time is required for penetration and break-out



There have been many inquiries from major companies due to up-front investment in the Yokohama Solution Center (FY03/2018), and active investment will continue



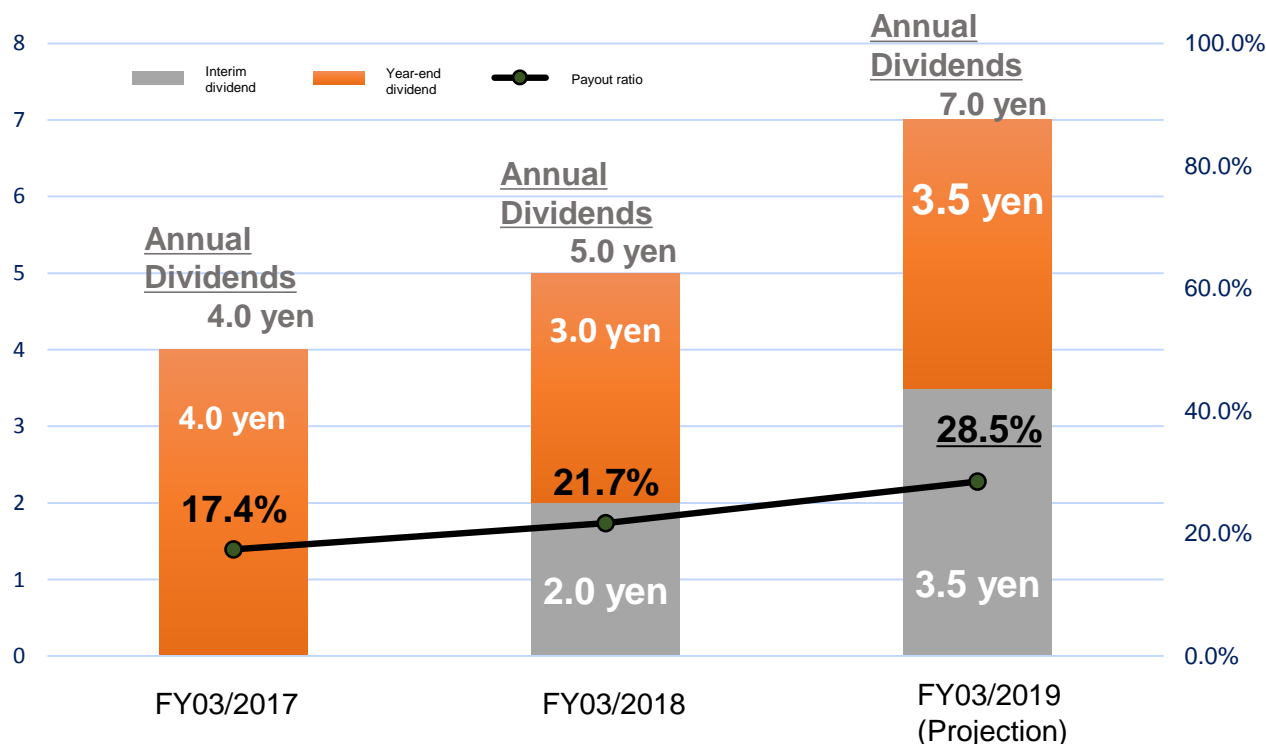
In addition to rent guarantees to real estate management companies, business will expand further through second and third business lines (C&O service, insurance desk service)

# Fiscal Year Ending March 31, 2019 - Dividend Projections



## Dividend Policy

Continue to provide stable dividends linked to performance, while ensuring that necessary internal reserves are available for strengthening future business growth and strengthening corporate structure.



\* The FY03/2017 dividend per share of common stock comprises an ordinary dividend of 3.0 yen and a commemorative dividend of 1.0 yen (commemorating the Company's stock listing on the TSE Mothers market).

# Entrust provides social infrastructure through its guarantee schemes, contributing to the invigoration of services and distribution.



The numerical business results projections stated in these materials are based on judgments and expectations derived from the information available at the time. The materials have been prepared based on numerous assumptions and perceptions obtained from information that includes risks and uncertainties. Users of these materials are reminded that owing to a diversity of factors actual business results can materially differ from business results projections. Factors that have the potential to affect actual business results include, without limitation, deterioration in the business environment or economic conditions, trends surrounding laws, regulations, and related rules, and unfavorable rulings in litigation.

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