

FY2017

Results Briefing Materials



あんしん保証株式会社

Anshin Guarantor Service Co.,Ltd

(証券コード:7183)

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Earnings highlights

Operating revenues increased and profits declined Year on Year

- Operating revenues **¥2,741**million(up 18.0% YoY)
- Operating income **¥89**million(down 66.0% YoY)
- Ordinary income **¥160**million(down 50.7% YoY)
- Net income **¥96**million(down 55.3% Yoy)

Guarantee membership and guarantees outstanding continue to remain strong

- Number of guarantees members **210,000**(up 12.0% YoY)
- Guarantees outstanding **¥11,469**million(up 12.5% YoY)
- Number of franchise members **2,201**(up 13.2% YoY)

※The number of franchise members refers to real estate management companies.

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Summary of FY2017 results

Operating revenues increased and profits declined YoY

(¥ million)	FY2016 results	FY2017 Initial plan	Revised FY2017 targets (disclosed March 30)	FY2017 results	YoY change	Difference From initial plan
Operating revenues (Net sales)	2,323	2,892	2,719	2,741	18.0%	▲5.2%
Operating income	264	298	88	89	▲66.0%	▲69.9%
Ordinary income	326	360	156	160	▲50.7%	▲55.3%
Net income	216	235	101	96	▲55.3%	▲58.8%

◆ Operating revenues only grew 18% Year on Year due to a slowdown in new franchise members and the impact of shifting to the following fiscal year some operating revenues from new products that started full-scale operations from the current fiscal year

◆ Operating expenses increased while operating income, ordinary income and net income all declined Year on Year on the back of increased prior investment expenses including personnel expenses due to increased recruiting and for next core systems' data transfer, and an increase in allowance for doubtful accounts against compensation claims for delays in a payment plan

A sound financial position for a guarantee company

Assets				Liabilities			
(¥ million)	FY2016	FY2017	YoY change	(¥ million)	FY2016	FY2017	YoY change
Cash and deposits	750	425	△43.3%	Operating accounts payable	158	220	38.9%
Operating accounts receivable	402	498	24.0%	Unearned revenue	132	173	31.3%
<u>Compensation claims</u>	968	1,007	4.1%	Other	240	572	137.6%
<u>Receiving agent advances paid</u>	273	900	229.2%	Current liabilities	532	966	81.7%
Other	96	142	48.4%	Non-current liabilities	12	13	12.1%
Allowance for doubtful accounts	△250	△386	54.1%	Total liabilities	544	980	80.1%
Current assets	2,239	2,588	15.6%	Net assets			
Tangible fixed assets	20	14	△29.8%	Capital stock	680	680	0.0%
Intangible fixed assets/Investments and other assets	218	377	72.3%	Shareholders' equity	1,930	1,991	3.2%
Non-current assets	239	391	63.5%	Total net assets	1,934	1,999	3.3%
Total assets	2,479	2,979	20.2%	Total liabilities and net assets	2,479	2,979	20.2%

Utilizing funds on hand to expand own guarantee products

Point

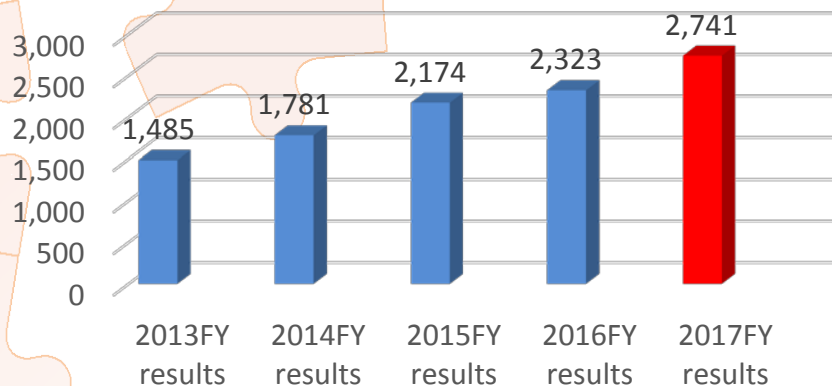
- Current ratio **267.7%**
- Fixed assets ratio **19.7%**
- Equity ratio **66.9%**

Summary of FY2017 results(3)

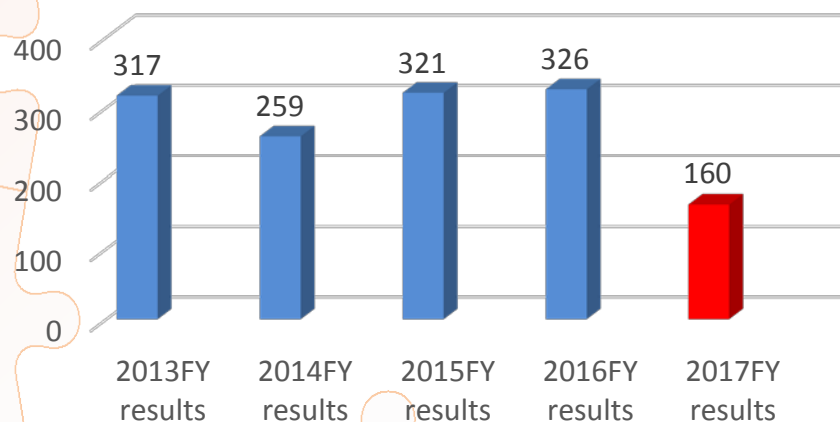
-Operating revenues
and ordinary income-



Operating revenues(¥ million)



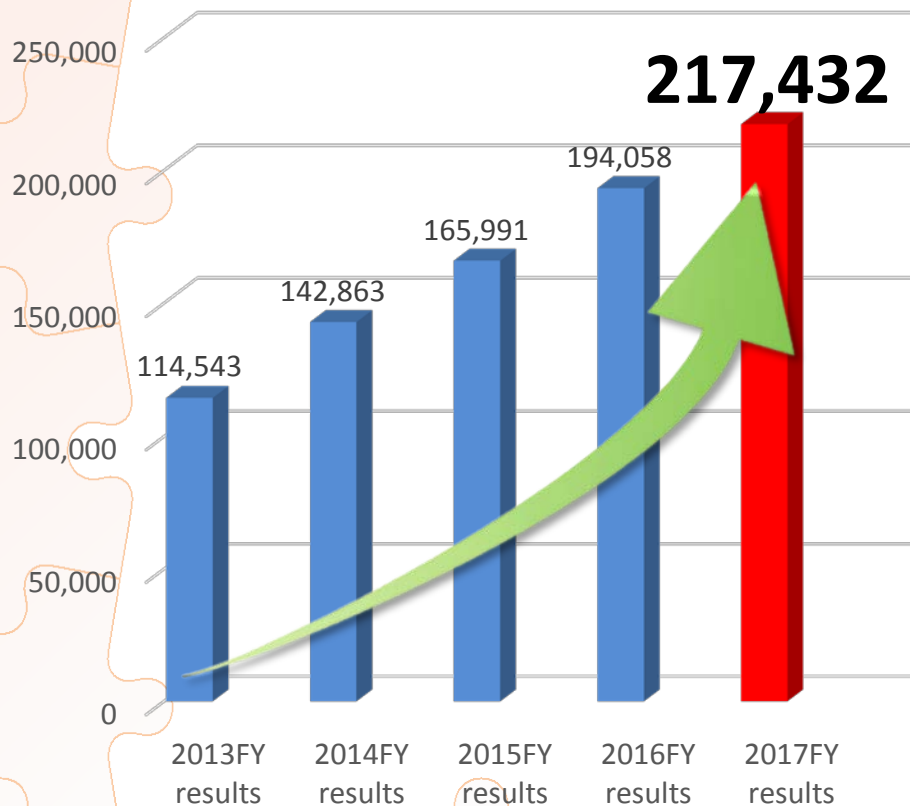
Ordinary income(¥ million)



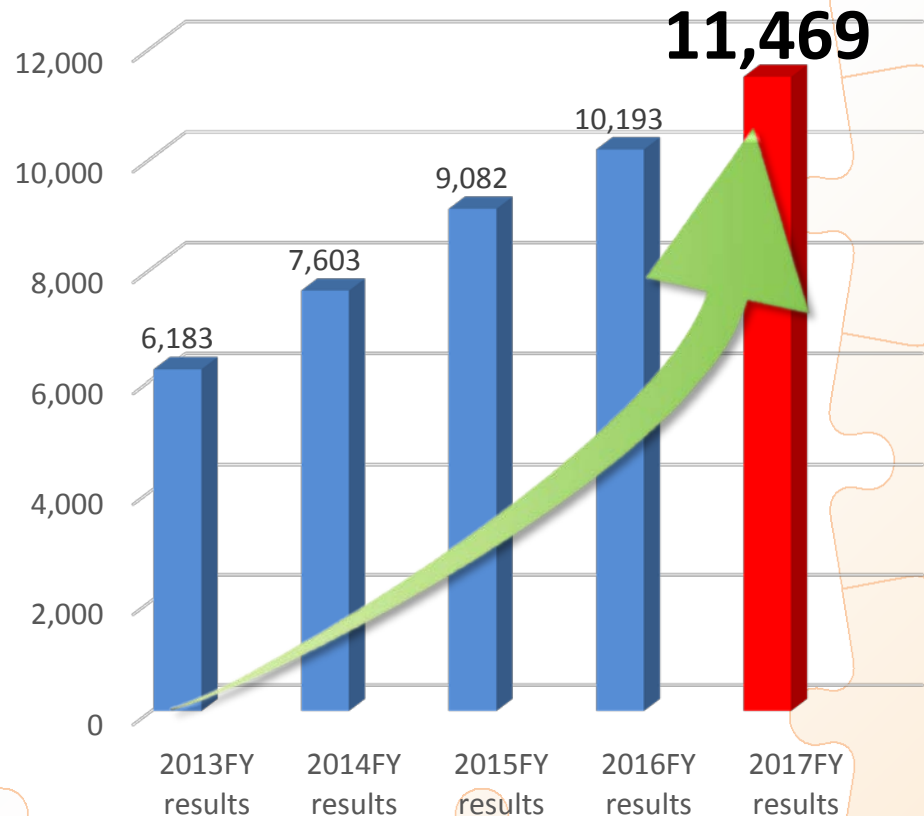
(¥ million)	FY2017	FY2016
Operating revenues	2,741	2,323
Operating expenses	2,652	2,059
Operating income	89	264
Non-operating income/loss	71	62
Ordinary income	160	326
Extraordinary income/loss	—	—
Profit before income taxes	160	326
Net income	96	216

- ✓ Strong levels of guarantee members and guarantees outstanding
- ✓ 217,432 guarantee members, exceeded ¥11 billion in guarantees outstanding

Number of guarantee members



Guarantees outstanding (¥ million)



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Outcome of FY2017 initiatives

Aggressively promote core
businesses and create
structure for business
diversification

Enhance risk
management system

Management topics for FY2017

「**New Guarantor Value**」

“Provide Finest Guarantees and Maximum Assurance”

Strengthen human resource
capabilities and
organizational systems

Further reinforce
the compliance system

① Aggressively promote core businesses and create structure for business diversification

- Promoted product diversification strategy to meet the diverse needs of customers
- Started selling package guarantee products for lifestyle infrastructure and rent
- Advanced initiatives for enhancing convenience

② Enhance risk management system

- Further strengthened creditworthiness functions through effective utilization of new core system and analysis tools
- Advanced legal collections and promote resolution through collaboration with lawyers, etc.
- Promoted operational efficiency measures through effective utilization of the new core systems and collection systems
- Built a framework to deal with delinquent account statuses and promote efficiency measures through operational consolidation

③Strengthen human resource capabilities and organizational systems

- Promoted aggressive recruitment of human resources
- Promoted an internal and external training system for the purpose of accelerated development of human resources
- Appeared at job fairs to recruit new graduates for the future
- Disseminated "ten things to know" for employees and upper management

④Further reinforce the compliance system

- Internal awards system centered around compliance
- Further strengthened the internal management system to enhance effectiveness of the self-check framework

A decorative border composed of interlocking puzzle pieces in various shades of orange and light beige, framing the central content.

CSR Initiatives

Sponsorship of the AEON CUP 2017 Worldwide R.G. Club Championships

Held from September 28 to October 1, 2017

These championships attract global attention on a par with the Olympics and revenue from entry fees is donated to help child refugees around the world




Sponsorship of the 06Bulls in The Japan Association of Independent Professional Baseball League



- ◆ The 06Bulls, active mainly in the Kinki Region, play daily under the slogan of “From Higashi Osaka to the Top”
- ◆ Support provided to players aiming to become professionals so they can play with peace of mind



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Trends in liability rent guarantee industry

Changes in the rate of use of guarantee companies

2010

2014

2018-

39%

56%

Usage rates have tended to increase yearly due to the impact of revisions to the Civil Code

Source

- Use of rental liability guarantees: Ministry of Land, Infrastructure, Transport and Tourism's Current Conditions in Rental Liability Guarantees (October 2016)
- Japan Property Management Association's Rental Liability Guarantee Company Survey Report (FY2014)

Rules about individual guarantees were clarified in tandem with revisions to the Civil Code

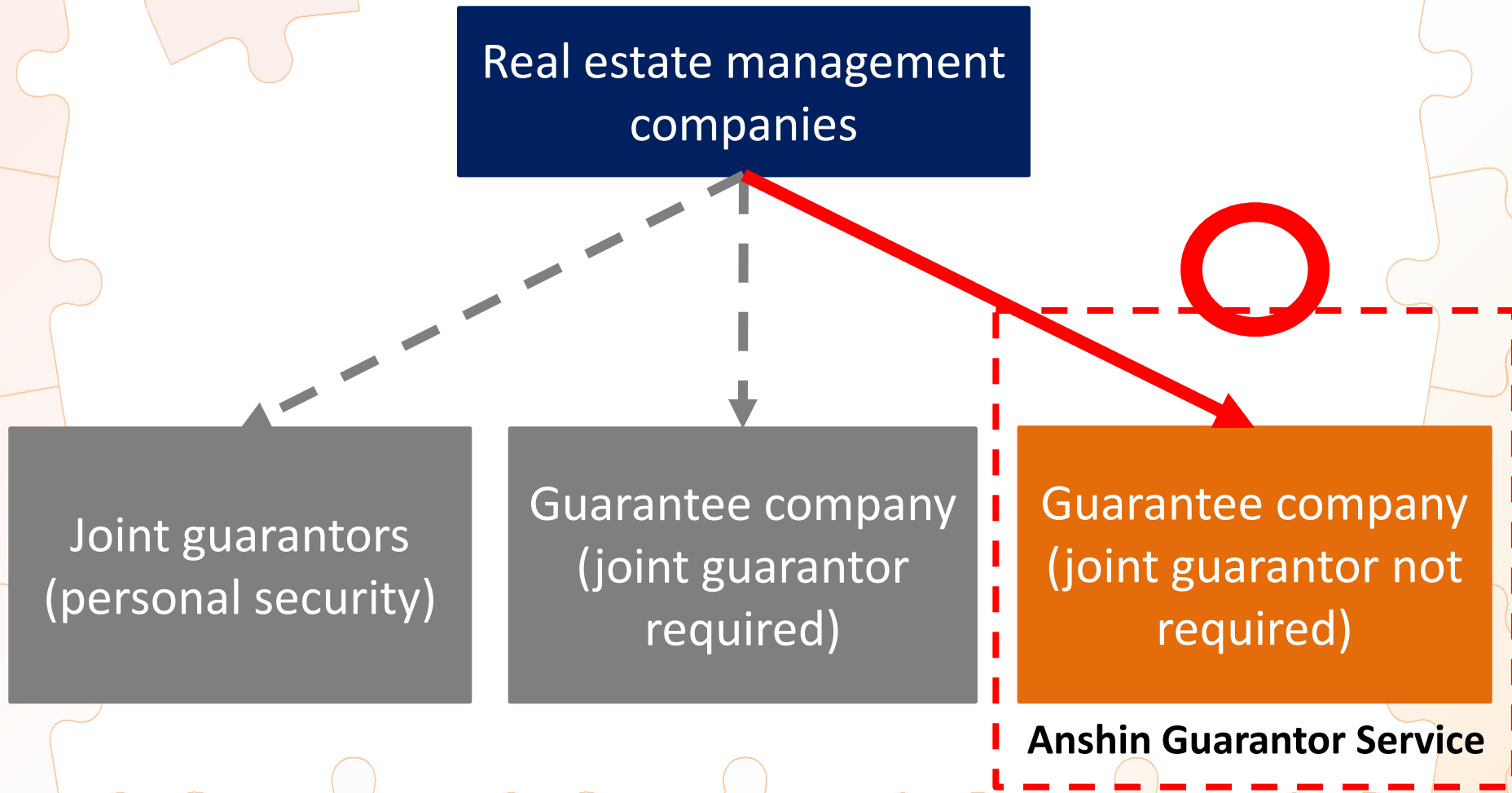
Key points of the revisions

- (1) Mandatory to set maximum amount for individual guarantees
- (2) Mandatory to disclose information about joint guarantors
- (3) Definition of legal nature of security deposits and restoration of sites to their original condition



The burden on joint guarantors and owners increased and the needs for rent liability guarantees grew more and more

Changed needs due to Civil Code revisions



The Ministry of Land, Infrastructure, Transport and Tourism started a registration system for rent liability guarantees

Overview

The system registers those capable of enacting proper and assured rental liability guarantees for smooth rental liability guarantees on rental housing for people in need of housing

The Company applied for registration for the purpose of operating as a rent liability guarantee operator

Registration as a rent liability guarantee operator was permitted on December 21, 2017

Registration No.: MLITT (1) No. 11

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Initiatives for FY2018

6 Initiatives for FY2018(1) -Initial Plan-



(¥ million)	FY2018 targets	FY2017 results	YoY change
Operating revenues	3,185	2,741	16.2%
Operating expenses	2,945	2,652	11.0%
Operating income	240	89	167.2%
Ordinary income	276	160	71.6%
Profit before income taxes	265	160	65.4%
Net income	172	96	78.5%

Management topics FY2018

**“Work toward
our new level”**

-Promoting powerful strides toward the next level-

1

Rebuild growth strategies toward enhancing the topline growth rate

2

Promote various policies for keeping low compensation claims

3

Accelerate development of human resources by promoting further skills development

4

Rebuild the compliance framework

① Rebuild growth strategies toward enhancing the topline growth rate

- Promote market research and targeting strategies toward promoting the topline growth rate
- Promote sales of guarantee products guided by lifestyle infrastructure and product strategies for business diversification
- Rebuild the organizational framework to meet increased industry needs in anticipation of revisions to the Civil Code and to win in a competitive environment
- Promote CI development and brand strategies toward realizing growth strategies
- Improve administrative efficiency and promote sales in tandem with the new core systems release

② Promote various policies for keeping low compensation claims

- Further strengthen creditworthiness functions through effective utilization of new core systems and analysis tools
- Advance legal collections and promote resolution through collaboration with lawyers, etc.
- Promote operational efficiency measures through effective utilization of the new core systems and collection systems
- Build a framework to deal with delinquent account statuses and promote efficiency measures through operational consolidation

③ Accelerate development of human resources by promoting further skills development

- Introduce practical, rank-based in-house training with the objective of accelerated development of human resources
- Proactively implement management training with the objective of developing skills among managers
- Establish an on-the-job training framework to implement internal and external rank-based training
- Disseminate the corporate culture, including the kind of mindset expected of employees and officers

④ Rebuild the compliance framework

- Create a compliance framework to form the basis for sincere dealings with all stakeholders
- Rebuild the administration framework to ensure compliance with insider trading regulations and thoroughly educate human resources

Promote a sales strategy originating from added services



Cultivate new sales channels by providing added services and raising the level of services

Rent
guarantees



Added service

Gas bill
guarantee



From February
2018

Power bill
guarantee



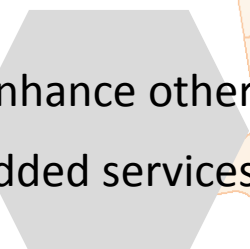
From August
2017

Small amount,
short-term
loan guarantee



From December
2015

Enhance other
added services



Notes

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