

2nd Quarter FY2018 Results Briefing Materials



あんしん保証株式会社

Anshin Guarantor Service Co.,Ltd

(Security code : 7183)

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Operating
revenues

¥1,269 million
Up 15.3% YoY
(+ ¥ 168 million)

Operating
income

¥34 million
Down 67.5% YoY
(-¥ 72 million)

Ordinary
income

¥69 million
Down 48.7% YoY
(-¥ 65 million)

Quarterly
net income

¥38 million
Down 54.1% YoY
(-¥ 45 million)

1 Summary of 2nd Quarter results(2)

Summary of Results



(¥ million)	FY2016 2Q results	FY2017 2Q results	YoY change	Percent change YoY
Operating revenues (Net sales)	1,101	1,269	168	↑ 15.3%
Operating income	106	34	72	↓ 67.5%
Ordinary income	135	69	65	↓ 48.7%
Quarterly net income	84	38	45	↓ 54.1%
Quarterly net income per share	4.84	2.16	-	-

The Company conducted a 3-for-1 stock split of common stock on December 1, 2016.

Net income per share is calculated on the assumption of the split having occurred at the start of the previous fiscal year.

Factors behind the increase in operating revenues

(Life Anshin Plus)

- Increased number of guarantees led to increase in monthly guarantee revenues
- Changes in product plans led to increase in renewal guarantee revenues

(Own guarantees outstanding)

- Increase in guarantees handled due to full-scale operation of Anshin Plus
- Increase in guarantees handled due to full-scale operation of products for students

Factors behind the increase in various expenses

(Prior investment expenses for business expansion)

- Increase in personnel expenses to strengthen recruiting ahead of business expansion
- Expenses arising related to the development of next core systems
- Expenses arising related to installing infrastructure for product diversification

(Bad debt expenses and excess allowance for doubtful accounts)

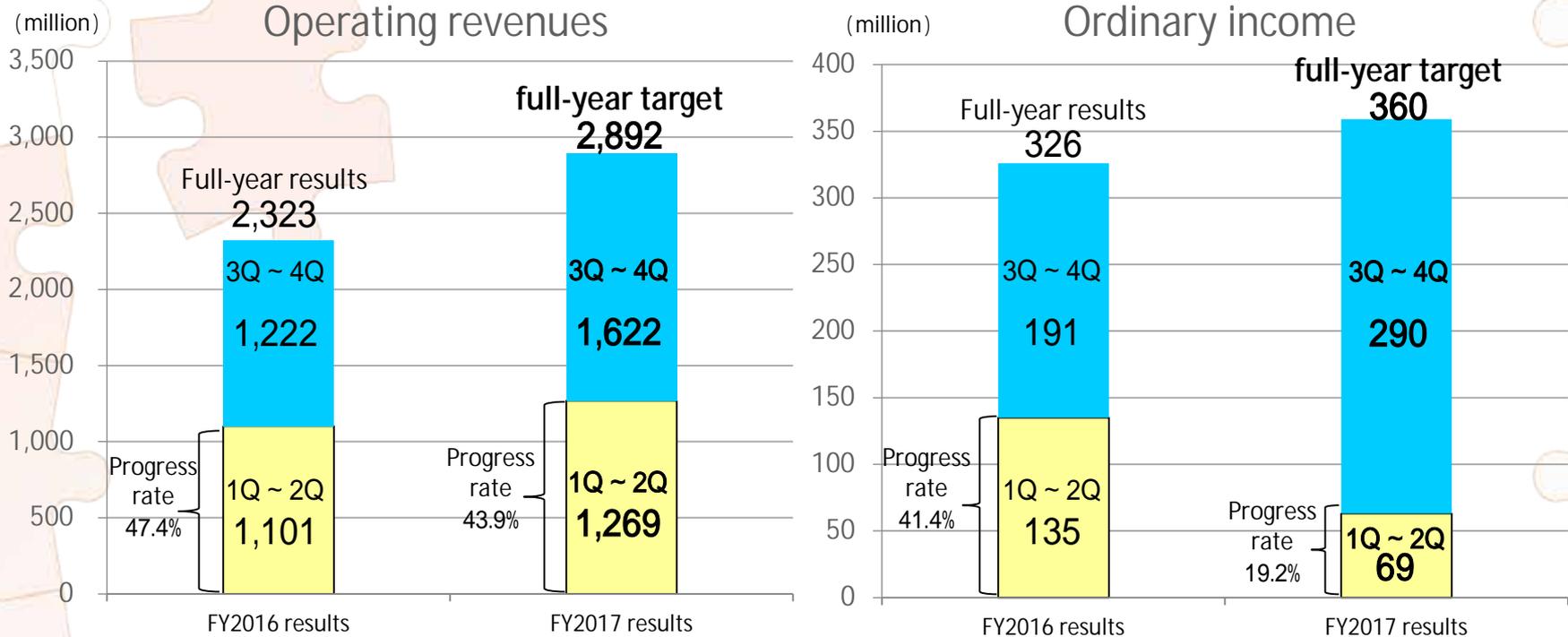
- Increase in bad debt-related expenses accompanying growth in guarantees outstanding

2 Progress rate towards the full-year target(1)



(¥ million)	FY2016 results	FY2017 (full-year target)	FY2017 2Q results	Progress rate towards the full-year target
Operating revenues (Net sales)	2,323	2,892	1,269	43.9%
Operating income	264	298	34	11.7%
Ordinary income	326	360	69	19.2%
Net income	216	235	38	16.5%
Net income per share	12.28	13.07	2.16	-

2 Progress rate towards the full-year target(2)



《Progress rate towards the (full-year) target》

- The progress rate of operating revenues toward the full-year target was 43.9%
- The progress rate of ordinary income toward the full-year target was 19.2%

《Initiatives through to 2Q》

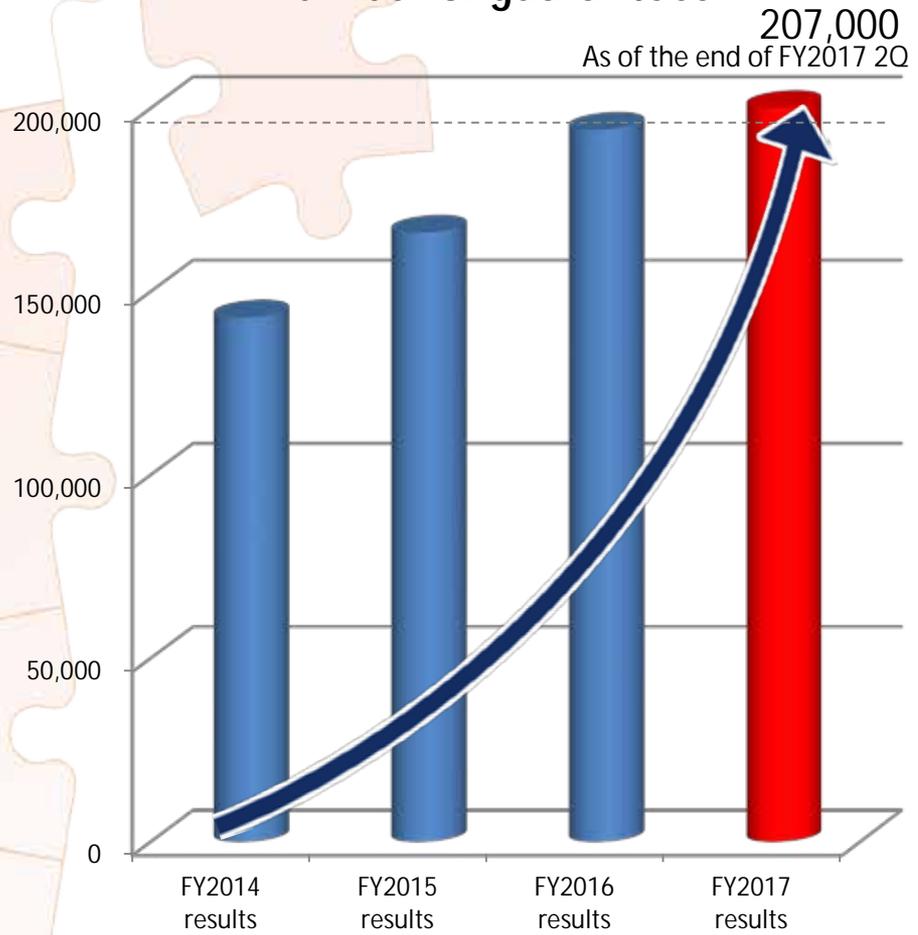
- Built foundations for system to provide new guarantee service for electricity bills
- Decided on nationwide rollout of Anshin Support Pay for students that had been sold mainly in the Kanto region
- Enhanced convenience of online application support by revising application forms and enabling smartphone access
- Reviewed organizational framework and effectively leveraged legal collection to control bad debt expenses and excess allowance for doubtful accounts

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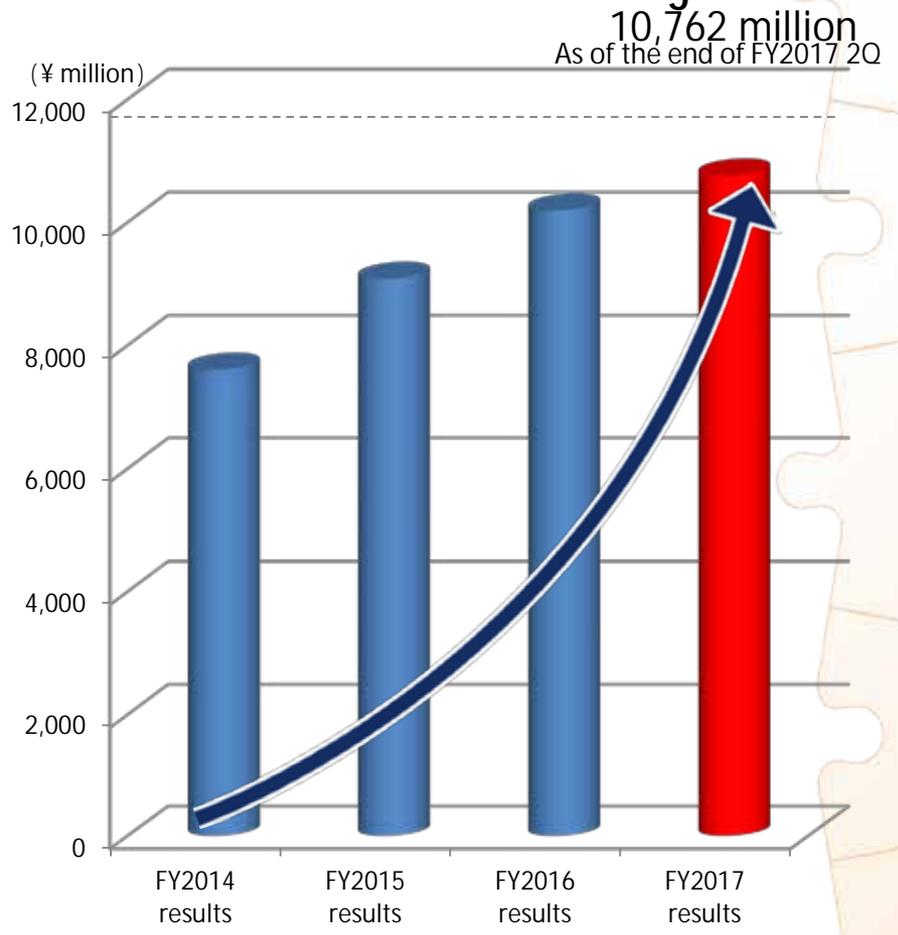
Number of guarantees and guarantees outstanding



Number of guarantees



Guarantees outstanding



《Number of guarantees and guarantees outstanding》
· An increase in handling of the company's own guarantee products, including Anshin Plus, kept the number of guarantees firm

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

4 Initiatives for FY2017(2) Status of key measures



Initiatives for 2Q FY2017

Aggressively promote core businesses and create structure for business diversification

- Started initiative to provide a new guarantee service for electricity bills through a business alliance with an electric power company
- Revised product and application method to expand Aplus Anshin Rent Guarantee
- Started smartphone applications for Aeon Card de Rent

Enhance risk management system

- Scoring function updated each time credit results were accumulated
- Established new organizational framework to control default risk and promoted systemization to improve operational efficiency
- Effectively leveraged legal collection to control bad debt expenses and excess allowance for doubtful accounts

Strengthen human resource capabilities and organizational systems

- Exhibited at a new graduate recruitment fair to acquire outstanding young human resources to take charge of the company's future
- Further strengthened human resource capabilities and shared understanding of the business mission by following up on entrenchment of internal and external training programs

Further reinforce the compliance system

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

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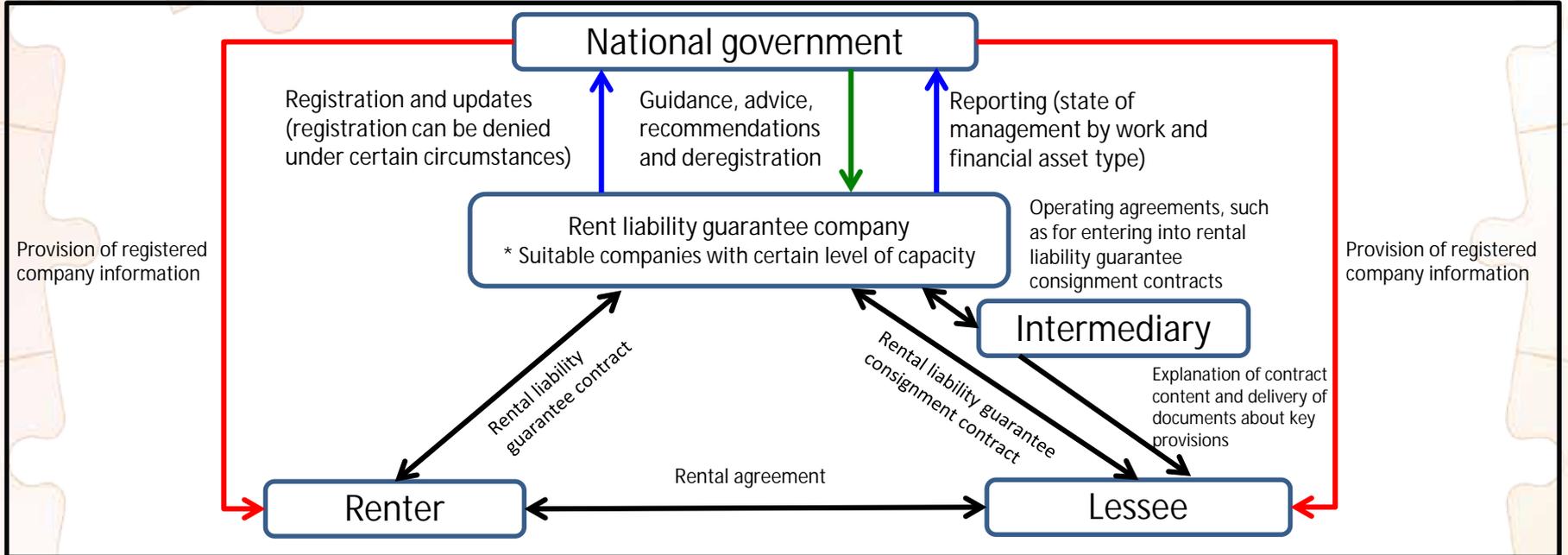
Trends in rent guarantee industry(1)

Toward a registration system for rent liability guarantees



An amendment to the law related to promoting the supply of rental housing for people in need of housing came into effect on October 25, 2017

[New housing safety net system]
This system helps people facing hardship in securing housing by facilitating moves into uninhabited private homes through rent subsidies and assistance with rent liability guarantees



(National and local government moves)

- Briefings on the new housing safety net are being conducted nationwide
- Local governments are examining housing supply promotion plans
- Public comments regarding formulating a registration system for rent liability guarantees were heard from June 30 to July 31 by the Ministry of Land, Infrastructure, Transport and Tourism
- Reception for registrations for rent liability guarantee companies started from October 25

[Source] Liaison Council for Strengthening Cooperation in Welfare and Housing Administration: February 2017 New Housing Safety Net System by the Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism

A revised Civil Code mainly centered on changes in credit law field was promulgated on June 2, 2017. The revised code will come into effect within three years of the promulgation date (enactment is forecast for some time from January to April 2020)

Mandatory to set maximum amount for individual guarantees

Difficult to set an individual as a joint guarantor

Liabilities exceeding maximum amounts will become unguaranteed

Needs for institutional guarantees will further accelerate ahead of enactment of the revised Civil Code

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