

# Financial Results for the Second Quarter Ended September 30, 2021

November 9, 2020



**Asante Incorporated** [TSE First Section Securities Code 6073]

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Economic activity was restricted due to the impact of the COVID-19 infection, and consumer spending and employment situation remained weak.

Business environment remains challenging as the effects of the infection have not subsided

The national policy of "emphasizing life extension and maintenance of existing houses" remains unchanged, and there is also an enormous latent demand.

# Effects of New Coronavirus (COVID-19) Infections



## ■ Business activities

- We continued our business activities while paying close attention to the trends of the infection and paying sufficient attention to infection control measures.
- However, the impact on our business exceeded the assumptions, due to the decreased opportunities for contact with customers caused by the increased sense of caution in society etc. following the unexpected spread of the infection.

## ■ Customer trends

- Growing concern about the spread of the infection and uncertainty about the future have led to a continued reluctance to buy.

# Business Plan & Specific Initiatives in 1H



## 1. Strengthening of compliance and increase of customer satisfaction

- Build a thorough compliance-oriented sales system

## 2. Securing of excellent human resources and strengthening of education system

- Reduce the number of retirees and increase the retention rate by improving the working environment

## 3. Enhancing productivity

- Efficient demand stimulation and customer acquisition through advertising and sales promotion
- Continue to improve efficiency by systematizing operations

## 4. Promoting area expansion

- Expanded into the Shikoku region by opening the Nanyo Sales Office.

## 5. Measures to prevent the spread of the COVID-19

- Implement measures to ensure the safety of customers and employees to prevent the spread of infections





## TV commercial Leaflets & web advertisements



株式会社 アサンテ 東証一部 上場 No.1 即日対応 0120-557-419

アサンテが選ばれる理由 羽アリ(シロアリ)の被害・対策 相談から施工までの流れ お客様の声

シロアリ駆除ならあなたの街のアサンテにお任せ。

その羽アリ、シロアリですよ! 一部のシロアリが黒褐色の羽アリになる時期です。

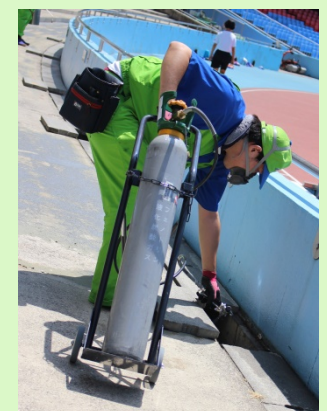
創業50周年 全国シェア No.1 東証一部上場

シロアリの発見・駆除をするなら今!!

雨上がりの晴れた日に羽アリを見たら、すぐ近くにシロアリが生息している可能性があります!

## Sponsorship

- Signed a sponsorship deal with Kawasaki Frontale (2021 Meiji Yasuda Life Insurance J1 League)

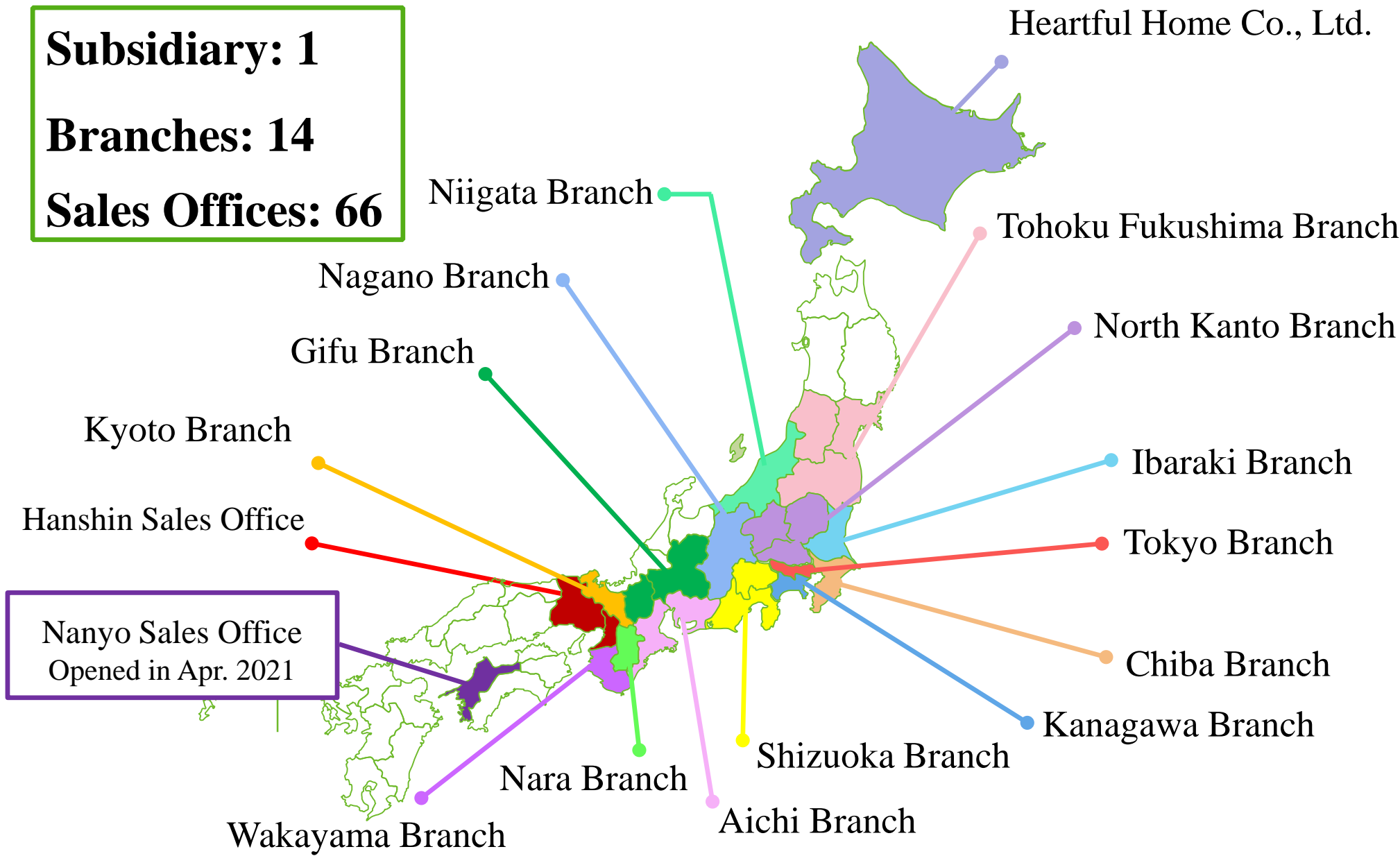


© KAWASAKI FRONTALE CO.,LTD

# Marketing Area Development



**Subsidiary: 1**  
**Branches: 14**  
**Sales Offices: 66**





## Opening of new sales office



### ■ Nanyo sales office (Opened on April 1, 2021)

We opened a new sales office in Ehime Prefecture in order to expand our sales area in western Japan for our main services such as termite control.



- Community-based sales activities
- Promote area expansion to western Japan



# Results for Profit and Loss (1H Ratio of Initial Forecasts)

- Net sales                      Achievement ratio on 1H initial forecasts : 90.6%
- Operating income        Achievement ratio on 1H initial forecasts : 73.2%

(Unit: Million yen)	FY3/22 1H			
	Initial Forecasts (Announced on May 7)	Results	Ratio of Initial Forecasts	Achievement Ratio
Net Sales	8,306	7,524	-781	90.6%
Gross Profit	5,918	5,288	-629	89.4%
Gross profit ratio	71.3%	70.3%	-1.0pt	—
Operating Income	1,491	1,092	-399	73.2%
Operating income ratio	18.0%	14.5%	-3.4pt	—
Ordinary Income	1,516	1,121	-394	74.0%
Ordinary income ratio	18.3%	14.9%	-3.3pt	—
Net income attributable to owners of parent	1,010	735	-275	72.8%
Net income ratio	12.2%	9.8%	-2.4pt	—
EPS (yen)	92.16	67.08	-25.08	72.8%

# Results for Profit and Loss (1H YoY)



- Net sales increased by 71 million yen  
Operating income decreased by 74 million yen

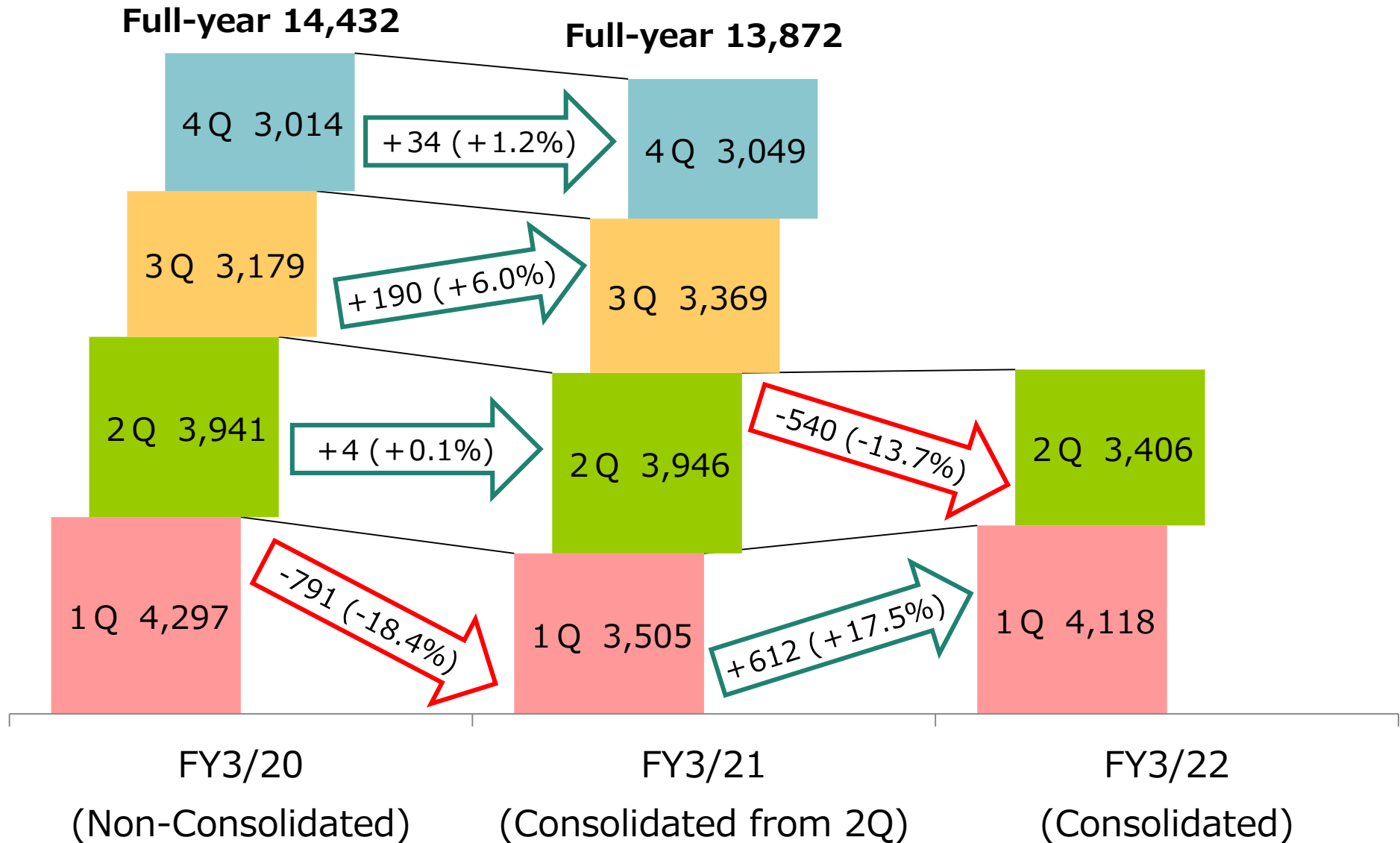
\* We adopted consolidated accounting from the second quarter of the fiscal year ended March 2021.

(Unit: Million yen)	(Consolidated from 2Q) FY3/21 1H		(Consolidated) FY3/22 1H		YoY	
	Results		Results		Change	Change in Ratio
Net Sales	7,452		7,524		71	1.0%
Gross Profit	5,334		5,288		-45	-0.9%
Gross profit ratio	71.6%		70.3%		-1.3pt	—
Operating Income	1,166		1,092		-74	-6.4%
Operating income ratio	15.7%		14.5%		-1.1pt	—
Ordinary Income	1,265		1,121		-144	-11.4%
Ordinary income ratio	17.0%		14.9%		-2.1pt	—
Net income attributable to owners of parent	825		735		-89	-10.9%
Net income ratio	11.1%		9.8%		-1.3pt	—
EPS (yen)	66.84		67.08		0.23	0.3%

# Net Sales by Quarter (Consolidated)



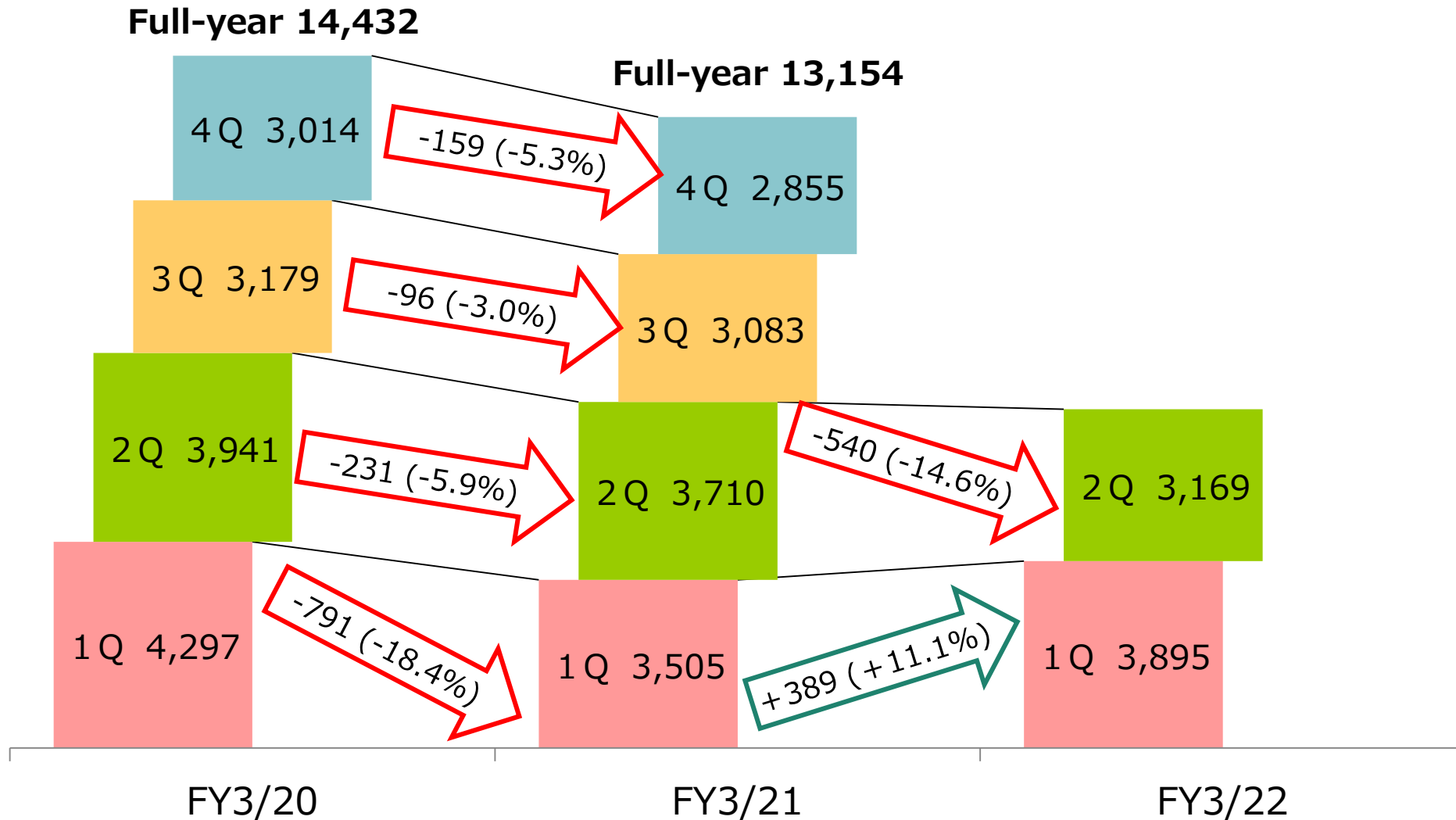
(Unit : Million Yen)



# Net Sales by Quarter (Non-consolidated)



(Unit : Million Yen)

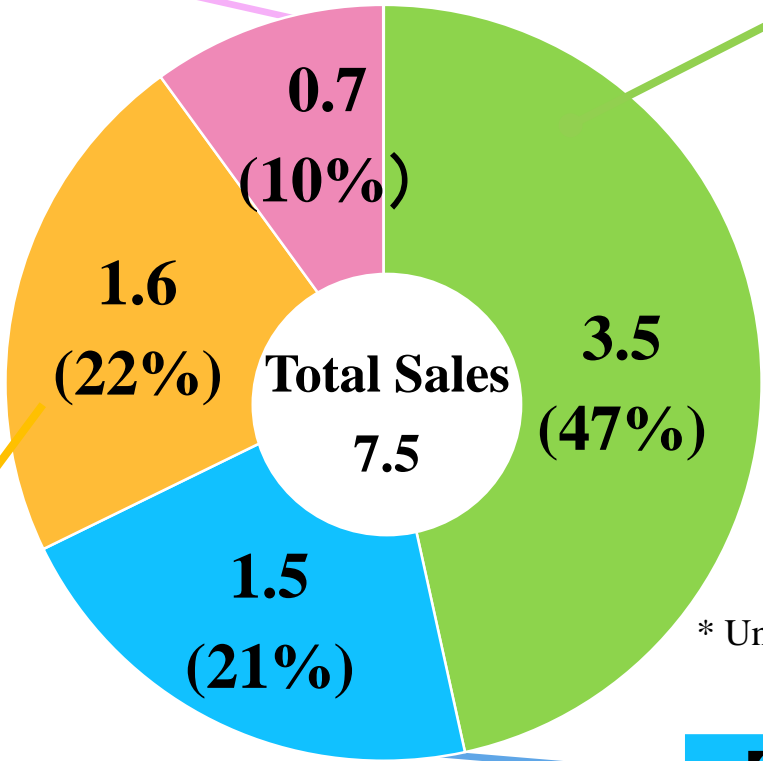


# Sales Composition by Service (1H)



**【 Other 】**

- Heartful Home Co., Ltd.
- Pest Control
- Housing Renovation
- Others



**【Termite Control】**

\* Unit: Billion yen

**【 Anti-earthquake Measures 】**

Repair Housing Foundations

Housing Reinforcement

**【 Anti-humidity Measures 】**

Underfloor Ventilation Fans

Humidity Adjusting Materials

# Net Sales by Service (1H YoY)



- Net sales increased by 1.0%
- Termite Control increased by 1.5%  
(Termite control for new customers decreased by 2.7%, Renewal termite control increased by 5.9%)
- Anti-humidity measures decreased by 5.9%
- Anti-earthquake measures decreased by 5.2%

(Unit: Million yen)	(Consolidated from 2Q) FY3/21 1H		(Consolidated) FY3/22 1H		YoY	
	Results	Composition ratio	Results	Composition ratio	Change	Change in ratio
Net sales	7,452	—	7,524	—	71	1.0%
Termite control	3,450	46.3%	3,501	46.5%	50	1.5%
New	1,758	23.6%	1,710	22.7%	-48	-2.7%
Renewal	1,691	22.7%	1,791	23.8%	99	5.9%
Anti-humidity measures	1,696	22.8%	1,596	21.2%	-100	-5.9%
Anti-earthquake measures	1,761	23.6%	1,670	22.2%	-91	-5.2%
Others	543	7.3%	756	10.0%	212	39.0%



# Net Sales by 3 Service (1H)



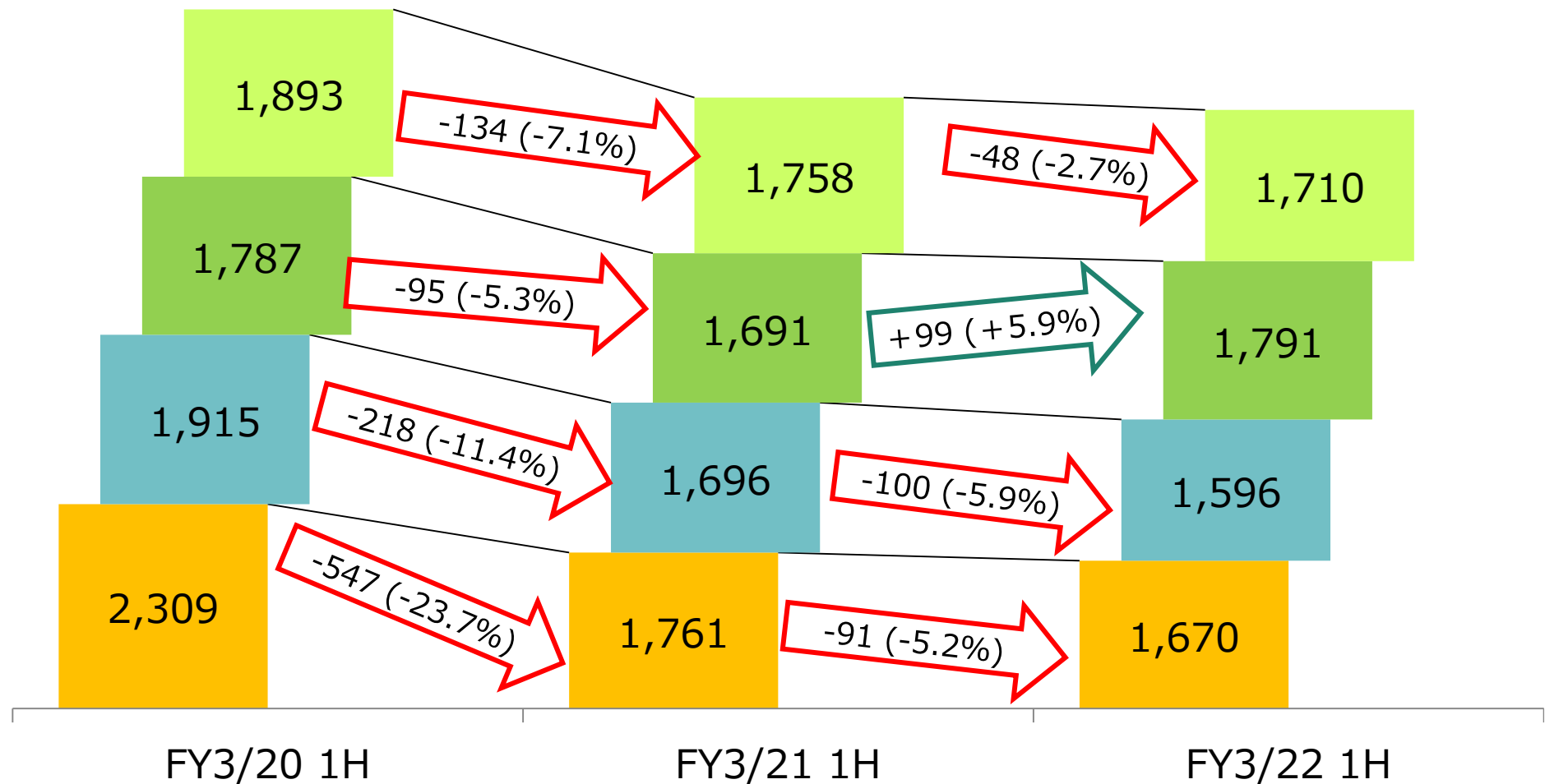
(Unit : Million Yen)

■ New TC

■ Renewal TC

■ Anti-humidity Measures

■ Anti-earthquake Measures



# Number of Staffs, Sales per Staff (1H YoY)

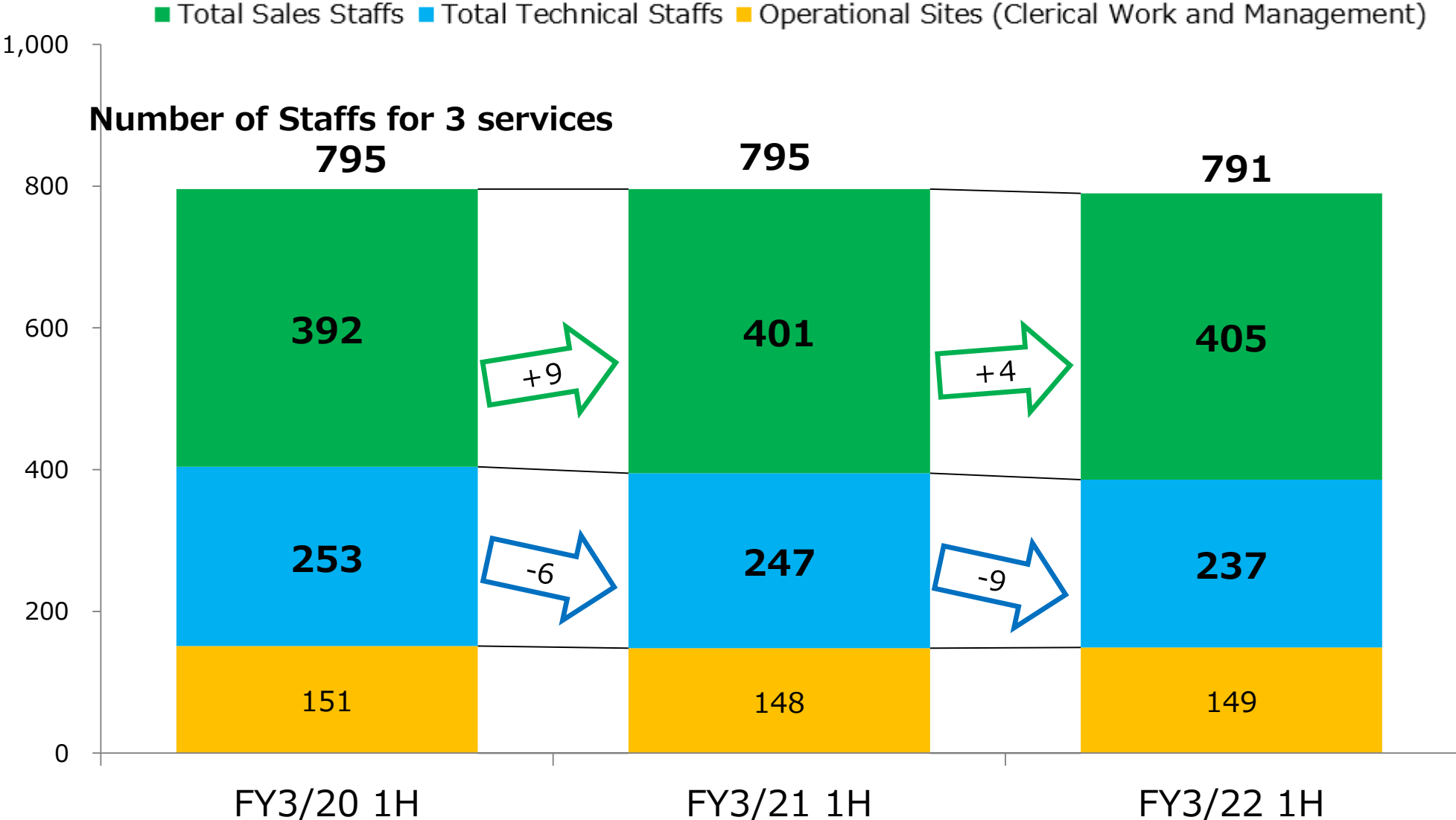


- Average number of staffs increased by 17

	(Consolidated from 2Q)	(Consolidated)	YoY	
	FY3/21 1H	FY3/22 1H	Change	Change in ratio
	Results	Results		
Net Sales (Million yen)	7,452	7,524	71	1.0%
Within the three services	6,908	6,768	-140	-2.0%
Average number of staffs during the period	1,018	1,035	17	1.7%
Within the three services	795	791	-4	-0.5%
Within sales staffs	401	405	4	0.9%
Sales per staff (Thousand yen/month)	1,220	1,212	-8	-0.7%
Within the three services	1,447	1,425	-22	-1.5%
Within sales staffs	2,870	2,786	-83	-2.9%
Number of staffs at end of period	1,037	1,021	-16	-1.5%
Within the three services	797	779	-18	-2.3%
Within sales staffs	422	407	-15	-3.6%

- "Number of staffs": total number of staffs actually working including part-time employees and contract employees (excluding dispatched and seconded staffs)
- "Sales of three services": total sales of termite control, anti-humidity measures and anti-earthquake measures
- "Number of staffs for three services": total of staffs engaging in sales, technical, and clerical work and management of operational sites

# Number of Staffs for 3 Services (1H)



● "Number of staffs for three services": total of staffs engaging in sales, technical, and clerical work and management of operational sites working including part-time employees and contract employees (excluding dispatched and seconded staffs)

# Results for Profit and Loss (1Q YoY)



(Unit: Million yen)	(Non-Consolidated) FY3/21 1Q	(Consolidated) FY3/22 1Q	YoY	
	Results	Results	Change	Change in Ratio
Net Sales	3,505	4,118	612	17.5%
Gross Profit	2,521	2,933	412	16.4%
Gross profit ratio	71.9%	71.2%	-0.7pt	—
Operating Income	453	679	226	49.8%
Operating income ratio	12.9%	16.5%	+3.6Pt	—
Ordinary Income	484	680	196	40.6%
Ordinary income ratio	13.8%	16.5%	+2.7pt	—
Net Income	321	450	129	40.2%
Net income ratio	9.2%	10.9%	+1.8pt	—
EPS (yen)	26.05	41.10	15.06	57.8%

# Results for Profit and Loss (2Q YoY)



(Unit: Million yen)	(Consolidated) FY3/21 2Q	(Consolidated) FY3/22 2Q	YoY	
	Results	Results	Change	Change in Ratio
Net Sales	3,946	<b>3,406</b>	-540	-13.7%
Gross Profit	2,813	<b>2,355</b>	-458	-16.3%
Gross profit ratio	71.3%	69.1%	-2.1pt	—
Operating Income	712	<b>412</b>	-300	-42.1%
Operating income ratio	18.1%	12.1%	-5.9pt	—
Ordinary Income	781	<b>441</b>	-340	-43.6%
Ordinary income ratio	19.8%	12.9%	-6.9pt	—
Net income attributable to owners of parent	503	<b>284</b>	-218	-43.5%
Net income ratio	12.8%	8.4%	-4.4pt	—
EPS (yen)	40.80	<b>25.97</b>	-14.82	-36.3%

# Factors for Changes in Operating Income (1H YoY)

(Unit: Million yen)	(Consolidated from 2Q) FY3/21 1H	(Consolidated) FY3/22 1H	YoY	Change in Ratio
Net Sales	7,452	7,524	+71	+1.0%
Cost of Sales	2,117	2,235	+117	+5.5%
Material Costs	891	920	+28	+3.2%
Labor Costs	738	728	-10	-1.4%
Other Cost of Sales	487	586	+98	+20.3%
Gross Profit	5,334	5,288	-45	-0.9%
SG&A Expenses	4,168	4,196	+28	+0.7%
Personnel Expenses	2,596	2,670	+73	+2.8%
Recruiting Expenses	81	89	+8	+10.2%
Sales Promotional Expenses	277	283	+5	+2.0%
Other SG&A Expenses	1,212	1,153	-59	-4.9%
Operating Income	1,166	1,092	-74	-6.4%

- Sales Promotional Expenses : Advertising expenses related to promotional activities



# Forecasts of Profit and Loss (Full-year)



(Unit: Million yen)	FY3/21	FY3/22		Ratio of Initial Forecasts		YoY	
	Full -year	Initial Forecasts	Revised Forecasts	Change	Change in ratio	Change	Change in ratio
	Results	(Announced on May 7)	(Announced on Nov. 2)				
Net Sales	13,872	14,992	<b>14,098</b>	-893	-6.0%	226	1.6%
Gross Profit	9,709	10,459	<b>9,735</b>	-723	-6.9%	26	0.3%
Gross profit ratio	70.0%	69.8%	69.1%	-0.7pt	—	-0.9pt	—
Operating Income	1,602	1,996	<b>1,530</b>	-465	-23.3%	-71	-4.5%
Operating income ratio	11.6%	13.3%	10.9%	-2.5pt	—	-0.7pt	—
Ordinary Income	1,703	2,016	<b>1,555</b>	-460	-22.9%	-147	-8.7%
Ordinary income ratio	12.3%	13.5%	11.0%	-2.4pt	—	-1.2pt	—
Net income attributable to owners of parent	1,063	1,300	<b>973</b>	-326	-25.1%	-90	-8.5%
Net income ratio	7.7%	8.7%	6.9%	-1.8pt	—	-0.8pt	—
EPS (yen)	89.52	118.58	<b>88.77</b>	-29.81	-25.1%	-0.76	-0.8%

# Forecasts of Number of Staffs, Sales per Staff (Full-year)

(Unit: Million yen)	FY3/21 Full -year	FY3/22 Full-year		Ratio of Initial Forecasts		YoY	
	Results	Initial Forecasts (Announced on May 7)	Revised Forecasts (Announced on Nov. 2)	Change	Change in ratio	Change	Change in ratio
Net Sales (Million yen)	13,872	14,992	<b>14,098</b>	-893	-6.0%	226	1.6%
Within the three services	12,501	13,312	<b>12,430</b>	-882	-6.6%	-71	-0.6%
Average number of staffs during the period	1,020	1,047	<b>1,028</b>	-18	-1.7%	8	0.8%
Within the three services	789	799	<b>783</b>	-15	-1.9%	-5	-0.7%
Sales per staff (Thousand yen/month)	1,133	1,193	<b>1,142</b>	-51	-4.3%	9	0.8%
Within the three services	1,321	1,389	<b>1,322</b>	-66	-4.8%	1	0.1%
Number of staffs at end of period	1,049	1,073	<b>1,018</b>	-55	-5.1%	-31	-3.0%
Within the three services	808	823	<b>805</b>	-18	-2.2%	-3	-0.4%

# Forecasts of Factors for Changes in Operating Income (Full-year)

(Unit: Million yen)	FY3/22 Full -year		Ratio of Initial Forecasts		FY3/21 Full -year	FY3/22 Full -year	YoY	
	Initial Forecasts (Announced on May 7)	Revised Forecasts (Announced on Nov. 2)	Change	Change in ratio	Results	Revised Forecasts (Announced on Nov. 2)	Change	Change in ratio
Net Sales	14,992	14,098	-893	-6.0%	13,872	14,098	+ 226	+ 1.6%
Cost of Sales	4,532	4,362	-169	-3.7%	4,162	4,362	+ 200	+ 4.8%
Material Costs	1,905	1,805	-99	-5.2%	1,756	1,805	+ 49	+ 2.8%
Labor Costs	1,471	1,419	-51	-3.5%	1,391	1,419	+ 27	+ 2.0%
Other Cost of Sales	1,155	1,137	-18	-1.6%	1,014	1,137	+ 122	+ 12.1%
Gross Profit	10,459	9,735	-723	-6.9%	9,709	9,735	+ 26	+ 0.3%
SG&A Expenses	8,463	8,204	-258	-3.1%	8,107	8,204	+ 97	+ 1.2%
Personnel Expenses	5,476	5,312	-163	-3.0%	5,306	5,312	+ 5	+ 0.1%
Recruiting Expenses	187	171	-16	-8.7%	150	171	+ 20	+ 13.7%
Sales Promotional Expenses	369	341	-28	-7.6%	324	341	+ 16	+ 5.1%
Other SG&A Expenses	2,429	2,379	-50	-2.1%	2,324	2,379	+ 54	+ 2.3%
Operating Income	1,996	1,530	-465	-23.3%	1,602	1,530	-71	-4.5%



- 1. Thoroughly prevent the spread of COVID-19 and strengthen sales activities for business recovery**
- 2. Secure excellent human resources and strengthen the education system**
- 3. Promotion of area expansion**

# Initiatives for Environmental Issues



We are working to protect the environment through our business

Relevant SDGs

- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Aiming to create a sustainable society as an extension of our business

Our business

Reduction of waste generated by rebuilding houses and of CO2 emissions generated by producing new construction materials  
⇒ Protecting the environment

Housing Life Master Plan (National Plan) (By MLIT, March 2021)

Affinity with national policy

- Shift to a market model that utilizes housing stocks with promoting the distribution of existing housing through renovation and other means



Extend the lifetime of housing to maintain the value of existing wooden houses



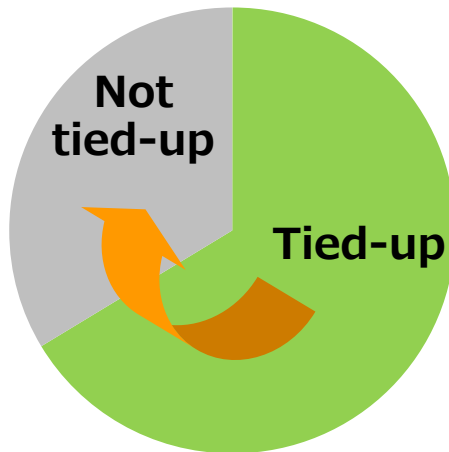
# Growth Strategy 1 ( Direction of the Area Development )



## Cultivation of existing areas

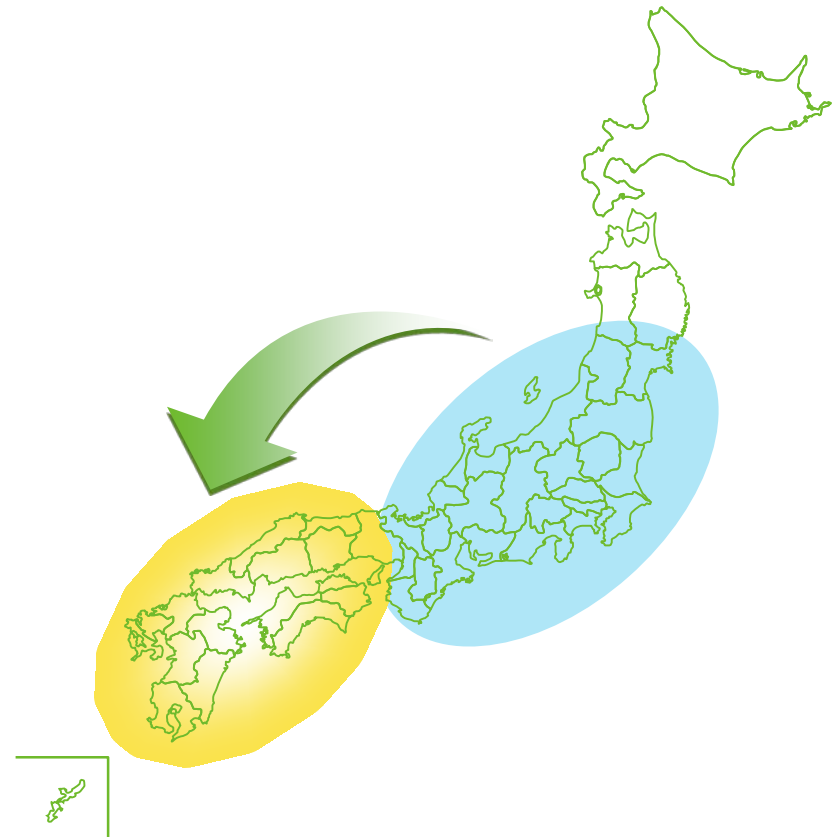
- There is still room for development
- Rise in profit margin due to improvement in operating efficiency

Pct. of tie-ups with JA within the existing areas



## Expansion of new areas

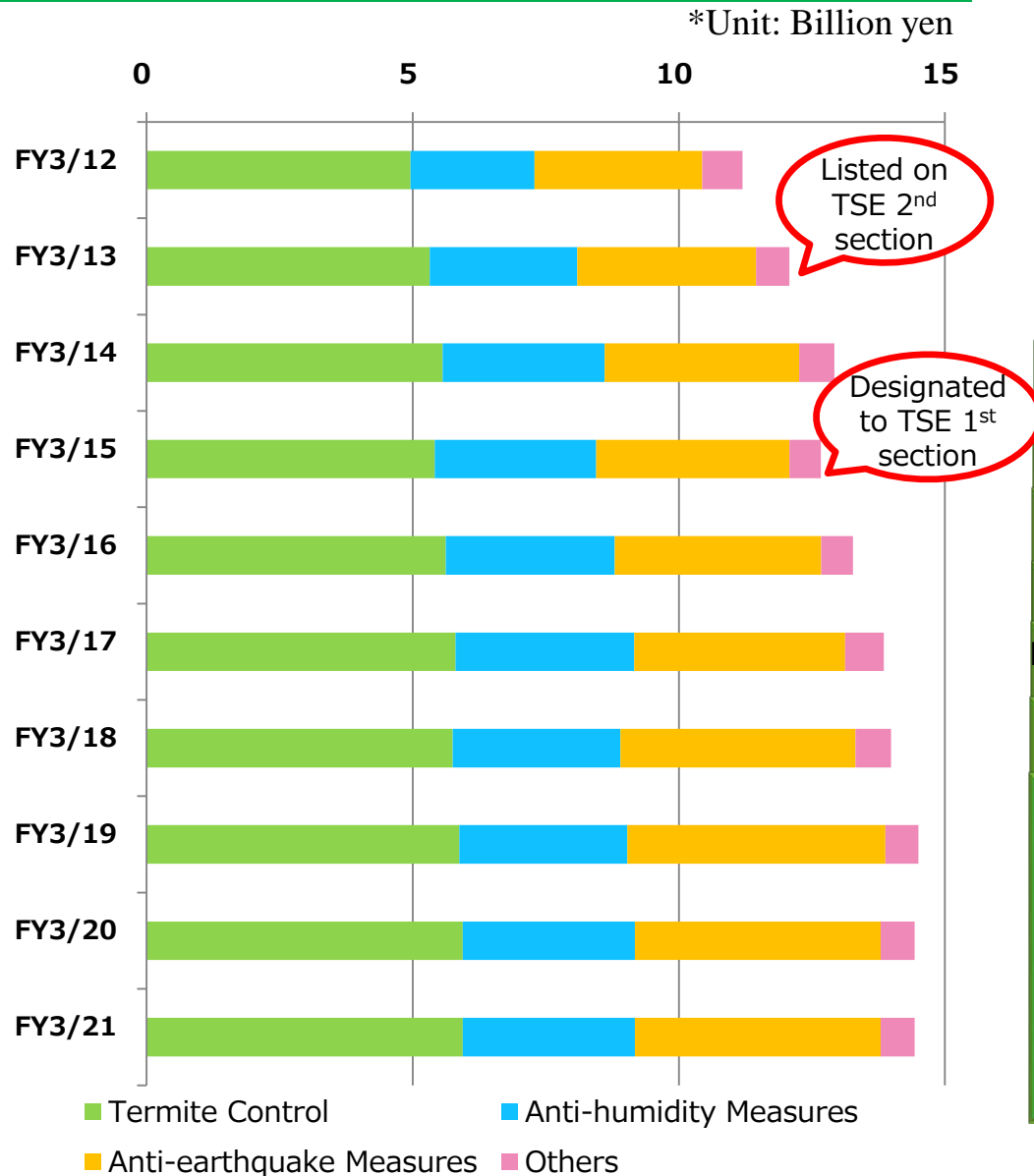
- Expand in to the west of Japan
- Develop areas in tie-ups with JA





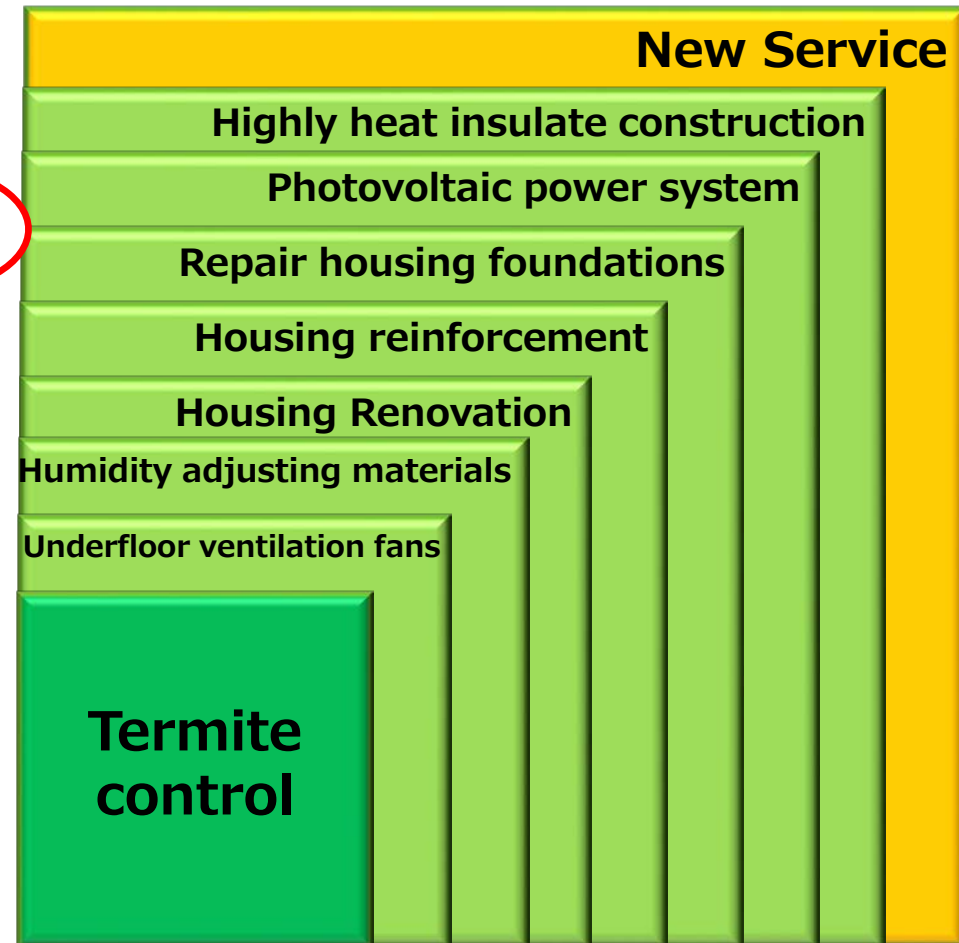
# Growth Strategy 2 ( Direction of the Service Field Expansion )

## Change of Net Sales by Service



## Expansion of the Field of Service

■ Lineup of house maintenance services



# Growth Strategy 3 (Acquisition of external resources through M&A)

- The policy is to focus on house maintenance projects for existing wooden houses

M&A

- Expansion of the Field of Service  
⇒ **Sharing of know-how**  
**Cross development**

Comprehensive House Maintenance

Termite Control

Anti-humidity Measures

Anti-earthquake Measures

Other Service

+

New Service Areas

- Expansion of marketing areas  
⇒ **Targeting the whole country**

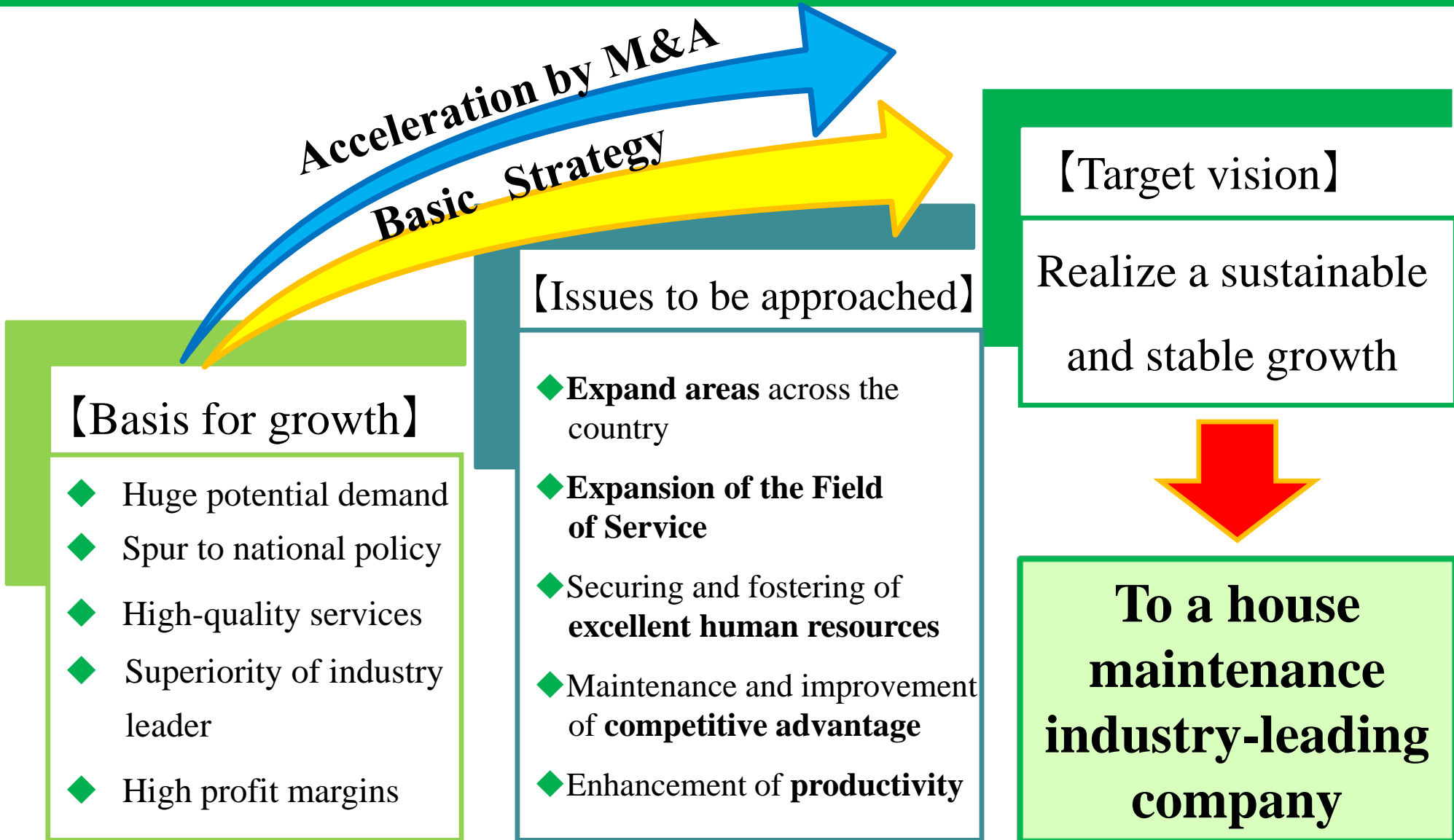
July 1, 2020  
Heartful Home Co., Ltd.

Asante Inc.

# Growth Strategy 4 ( Future Image )



Sustainable growth with termite control-related services at the core



# Dividend (Results and Forecasts)

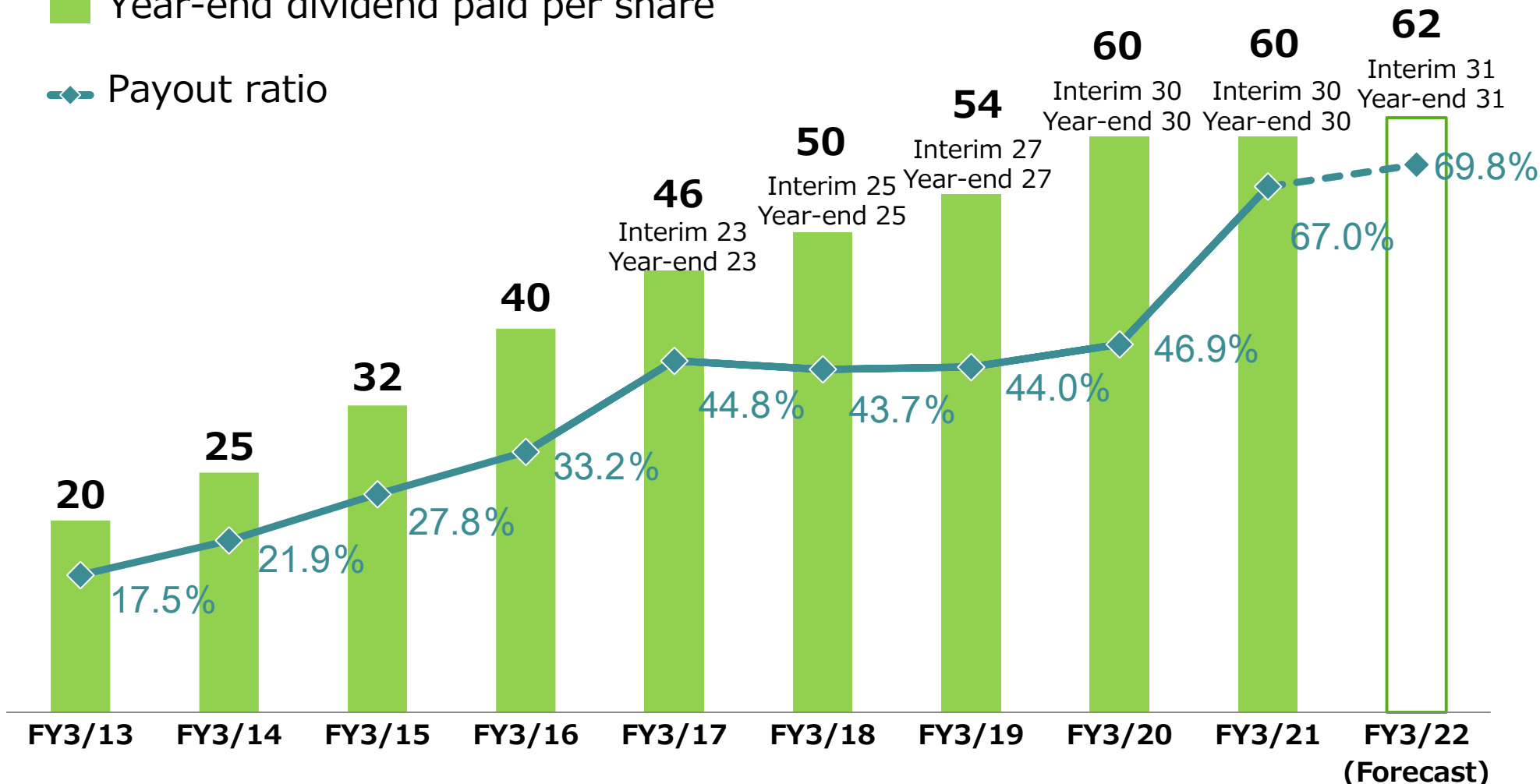


Since listing, we have focused on shareholder returns

(Unit : Yen)

■ Year-end dividend paid per share

◆ Payout ratio



\*We adopted consolidated accounting from the second quarter of the fiscal year ended March 2021.

### Notes on Future Forecasts

This document is only to provide information to investors, and is not for the purpose of soliciting purchases or sales.

References to future forecasts in this document are based on goals and predictions, and are not certain or guaranteed.

When using this document, please be aware that the future results of the Company may differ from the current forecasts made by the Company.

Also, for references to the industry, etc., data thought to be trustworthy is used, but the Company provides no guarantees as to its accuracy or completeness.

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