



Asante Incorporated

Company Introduction

May 2022

【TSE Prime Section Securities Code 6073】

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Company Overview

Company Name	Asante Incorporated (Securities Code 6073)
Head Office Location	33-15, Shinjuku 1-Chome, Shinjuku-ku, Tokyo
Locations	78 locations (Branches: 11, Sales Offices: 67)
Representative	Sei Miyauchi
History Overview	<p>May 1970 established</p> <p>Sep. 1973 reformed into a stock company</p> <p>Apr. 2014 Listed on TSE First Section</p> <p>Apr. 2022 Transition to TSE Prime Section</p>
Capital Stock	1.1 billion yen (End of FY3/22)
Net Sales	13.6 billion yen (FY3/22)
Number of Employees	1,046 (including contract staff) (End of FY3/22)
Group Companies	<p>Heartful Home Co., Ltd. (Consolidated : Investment Ratio 100%)</p> <p>Human Green Service Co., Ltd. (Non-consolidated)</p>

Corporate Philosophy / Business Plan

Corporate Philosophy

“Protecting people, houses and forests by fostering our own people and technology”

- **Contributing to the improvement of environmental issues through our business**
- **Providing people with safe, secure and comfortable living**
- **Extending the life of wooden houses and maintaining their value**

Business Plan

Improving customer satisfaction

Developing excellent human resources

Contribute to the environment and society

Improving employee satisfaction

Promoting honest management

Realize a sustainable growth



Initiatives for Environmental Issues

Our business itself contributes to solving social issues

**Through Termite Control,
Anti-humidity Measures,
Anti-earthquake Measures**

Save lives

(Housing Preservation)



Protect Assets

(Maintain housing value)



Extending the life of wooden houses

Generated by house reconstruction

CO2 Reduction



Waste Reduction



Affinity with national policy

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

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

Tailwinds of national policy and market

Increase in stay-at-home hours

Awareness of housing maintenance will increase.

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



Materiality

E

Contributing to the improvement of environmental issues through our business

- Protecting Lives and Property
- Contribution to CO2 reduction by promoting the extending the life of wooden houses
- Reduce the environmental impact of our business activities

7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND




S


Developing Human Resources and Creating a Motivating Workplace

- Enhancement of education system
- Promoting Diversity
- Promoting Occupational Safety and Health
- Occupational Accident Countermeasures

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH




G

Strengthen management structure

- Enhancement of Corporate Governance System
- Enhancement of compliance management system and education system

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



➔
Contribution to society and
enhancement of corporate value

Business Contents

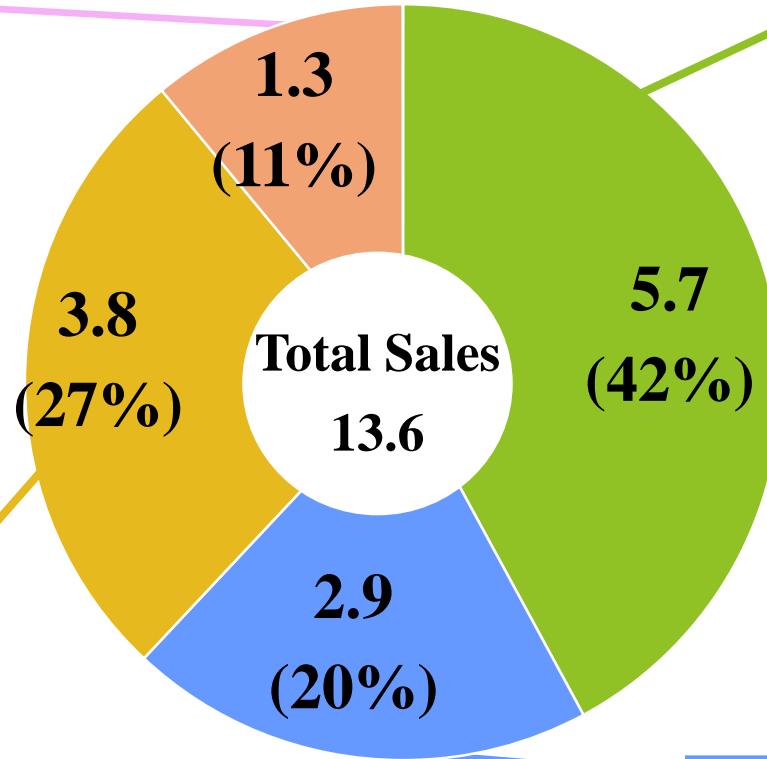
Target	Product (Service)	Details
Existing wooden houses	Termite Control	Prevention and extermination of termites
	Anti-humidity Measures	Prevention of rot, mold and termites
	Anti-earthquake Measures	Repair of the basic concrete Reinforcement for the wood junction
	Maintain Measures	Housing renovation, new building construction, Seismic retrofit
	Maintenance Measures	Construction of photovoltaic power system
Hotels Offices Restaurants	Pest control	Prevention and extermination of harmful insects (like cockroach, tick, bedbug, bee, etc.)
	Anti-harmful Animal Measures	Prevention and extermination of harmful animals (like rat, dove, etc.)
	Sanitary Measures	Sterilization etc. according to sanitation levels of hospitals and other facilities

Sales Composition by Service

(FY3/22)* Unit: Billion yen

【 Other 】

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



【 Anti-earthquake Measures 】

Repair Housing Foundations

Housing Reinforcement

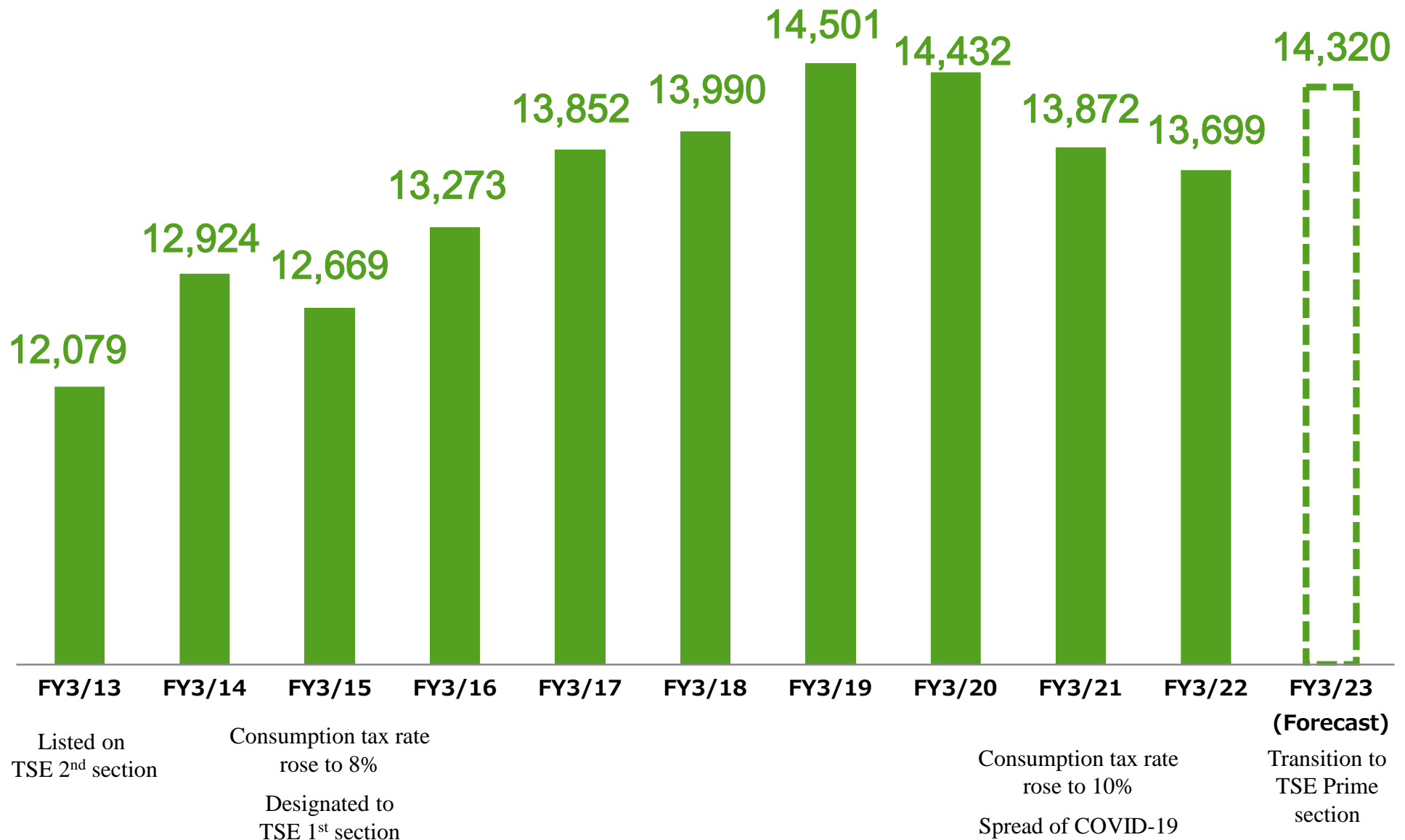
【 Anti-humidity Measures 】

Underfloor Ventilation Fans

Humidity Adjusting Materials

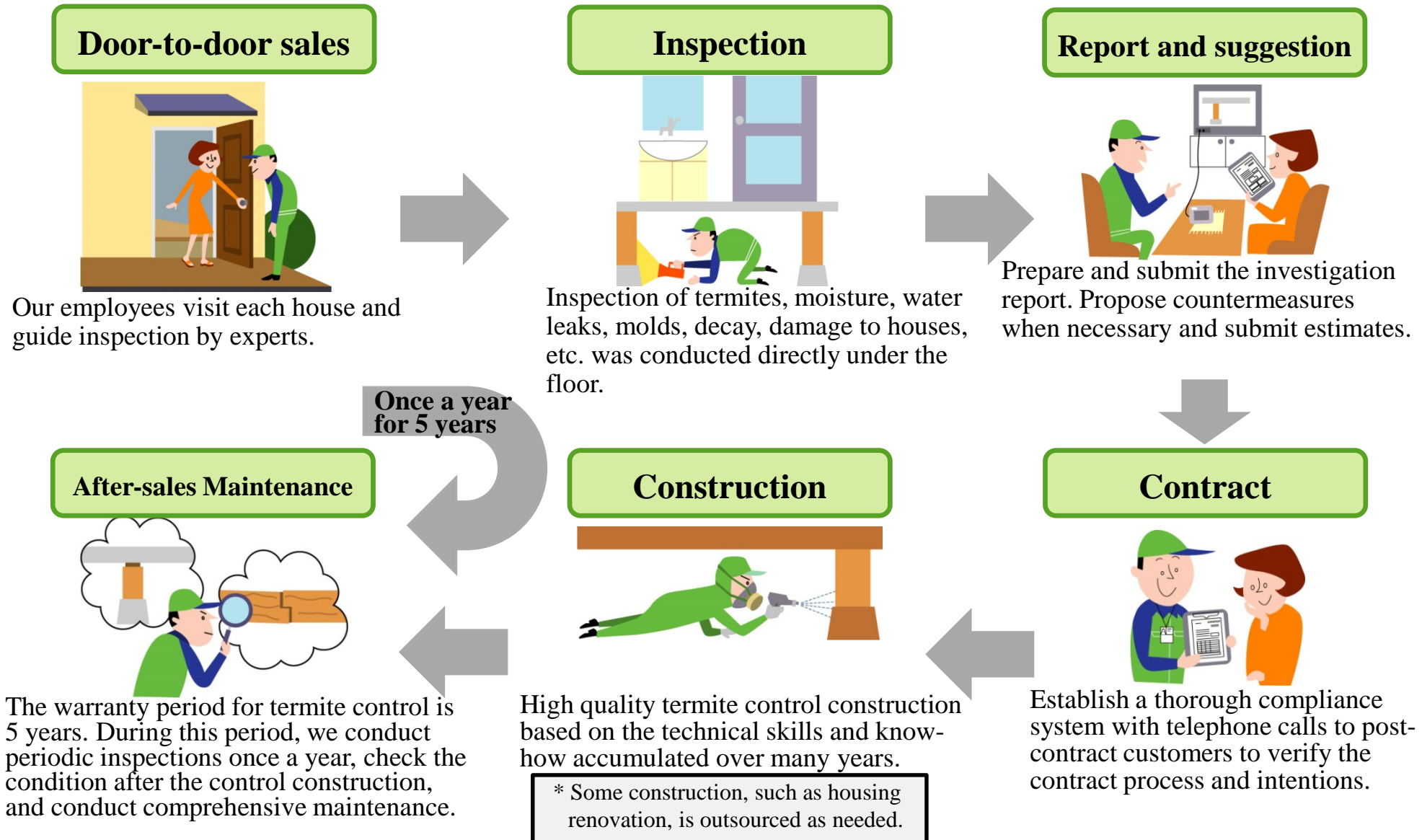
Change of Net Sales

(Unit : Million yen)



Business Model

Direct selling is the mainstay of our business, and all operations* are carried out by our own employees

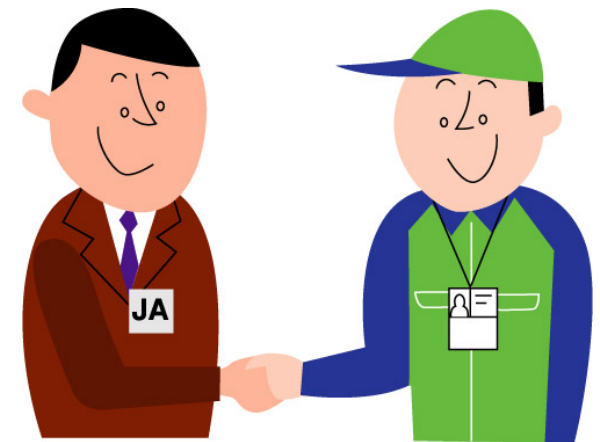


Wide-ranging alliance with JA

- As a partner of JA, our employees go door-to-door sales in our sales area.
- JA collects money for termite control construction.

Key benefits of the alliance

- Sales activities using JA's name recognition and creditworthiness
- Certainty of payment collection (control of bad debt)
- Strengthening compliance through third-party checks



Inspection and Construction

Human resources who can perform high-quality jobs
in a severe environment

<Training under the floor of model house>

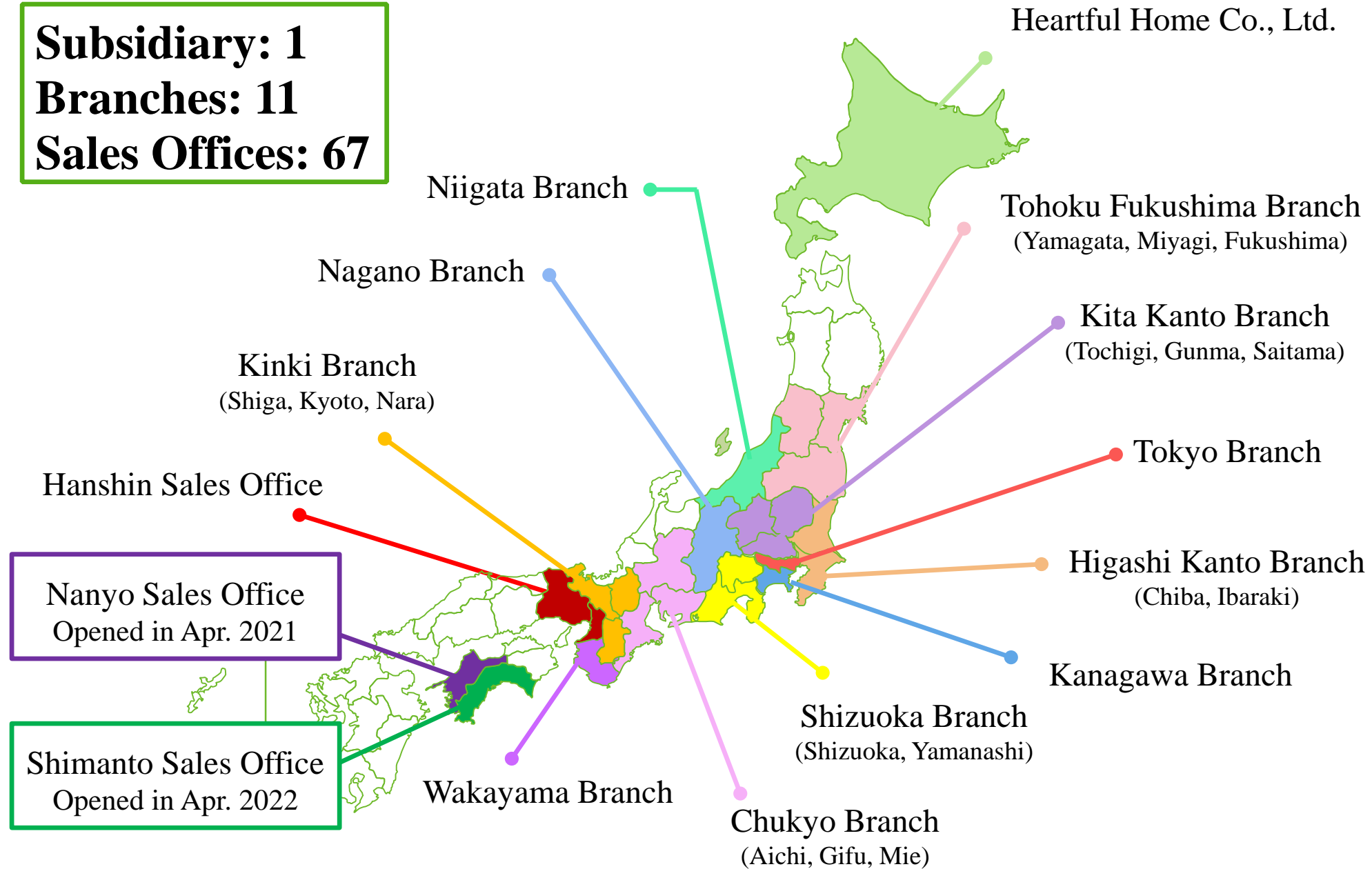


<Working under the real floor>



Marketing Area Development

Subsidiary: 1
Branches: 11
Sales Offices: 67



Strengths 1 (Overall Strength)

Strengths are related to each business processes

	Sales/Marketing				Profit
	Direct Sales Contracts	Construction	After Maintenance	Claims Handling	To Maintain High Profit Ratio
Points of Strengths	High Contract Ratio	Accumulation of know-how	Increase Existing Clients' Sales Acquisition of Re-contract	Improved Customer Satisfaction	
Enrichment of Educational Systems	●	●		●	
Accumulated Technical Skills		●	●	●	●
Operating Efficiency	●		●		●
Thorough Compliance System	●	●	●	●	●
Sound Finance	●				●

Strengths 2 (Enrichment of Educational Systems)

Allocate a comprehensive training center for north and south business areas

Mikkabi Comprehensive Training Center

(Shizuoka) *Established in 1990, rebuild in Mar. 2015



Inawashiro Comprehensive Training Center

(Fukushima) *Established in 2002



* These photos were taken before the spread of COVID-19

Strengths 3 (Operating Efficiency)

Company listed on the TSE Prime

- Improvement in creditworthiness and awareness

Industry-leader in termite control

- Established superiority of industry leader

Wide-ranging alliance with JA

- The Company's own business model
- Community-based business operations



Achieved differentiation from other companies and realized high operating efficiency

Strengths 4 (Thorough Compliance System)

The Compliance Headquarters oversees the entire company from a cross-sectional perspective

Company structure

- Establishment of a systematic compliance management system
- Formulated its own "Asante Compliance Program"
- Establishment of Internal Reporting Desk

Commitment to Customers

- Implementation of "Thank You Calls" to check the appropriateness of contracts
- Respond to complaints and questions from customers.
- Immediately share and collaborate with relevant departments on any comments received

Commitment to Employees

- Conducting compliance training at the beginning of employment and on a regular basis

Supervision by Compliance Headquarters

+

Auditing by the Board of Directors



Improving customer satisfaction
Enhancing trust and competitiveness

Strengths 5 (Sound Finance)

High Safety and Profitability

- Financial safety is solid
- Acquisition of treasury stock in the FY3/21

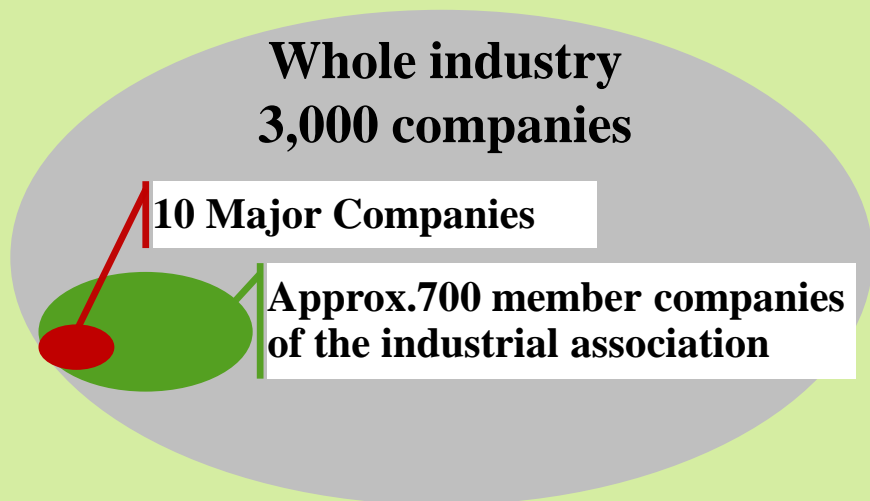
	(Non-Consolidated) FY3/20	(Consolidated) FY3/21	(Consolidated) FY3/22	YoY Change
Equity-to-asset ratio	81.0%	80.9%	82.1%	1.3pt
Interest-bearing debt dependency	4.1%	4.5%	3.4%	-1.1pt
Operating income ratio	15.5%	11.6%	9.7%	-1.9pt
ROA	14.6%	11.8%	9.5%	-2.3pt
ROE	12.2%	9.1%	5.0%	-4.1pt
EPS (yen)	128.06	89.52	52.82	-36.71
BPS (yen)	1,087.20	1,064.09	1,053.10	-10.99
Payout ratio	46.9%	67.0%	117.4%	50.4pt
Net assets to dividend ratio	5.7%	5.6%	5.9%	0.2pt

- The calculations of ROA, ROE, and net assets to dividend ratio for the FY3/21 are based on year-end total assets, year-end shareholders' equity, and year-end consolidated net assets per share, respectively, since it is the first year of consolidation.

Industry 1 (Characteristics)

Termite Control Industry Characteristics

- High composition ratio of small and medium sized enterprises
- Decrease in number of industry workers

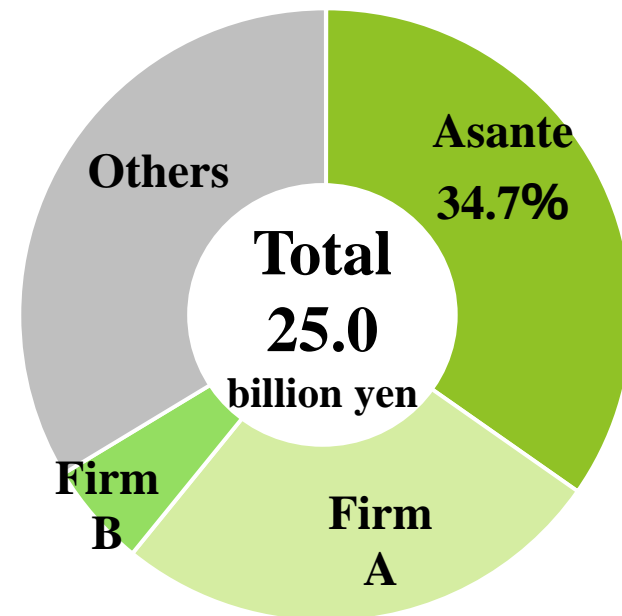


* The Japan Termite Control Association recognize that the total number of companies is 4 times the number of member companies

Total Sales of 10 Major Companies

- Companies below 9th place have annual turnover of less than 1 billion yen

FY2020 Sales of Top 10 Companies



*Estimated by our company

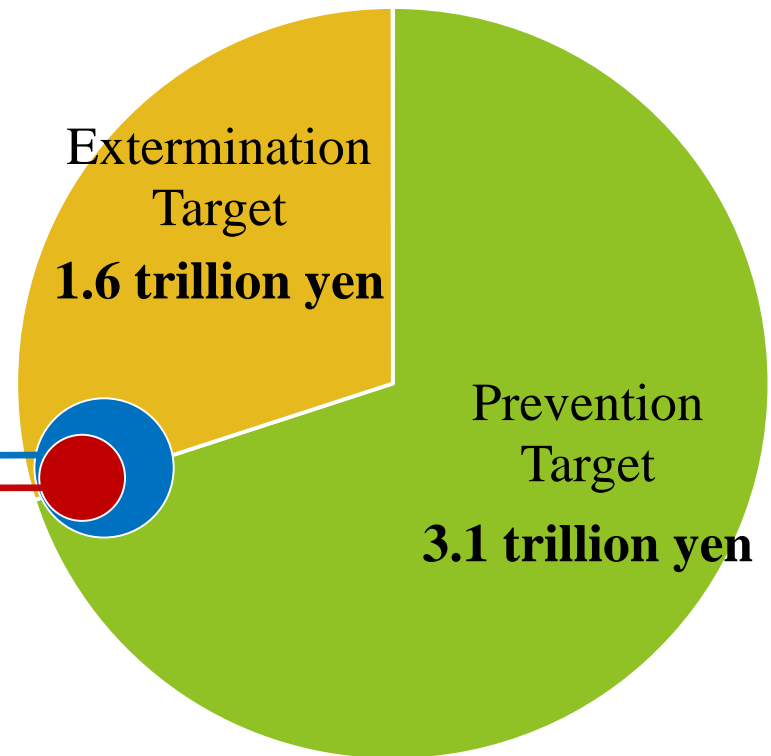
*Including the underfloor ventilation system etc.

Industry 2 (Potential Demand of Termite Control for New Customers)

<p>■ Method of estimating potential demand</p>	<p>Number of Wooden Residences (26 million^{※1}) × Average unit price per case (180 thousand yen) = Approx. 4.7trillion yen</p>
<p>■ Probability of termite damage</p> <p>(The Japan Termite Control Association)</p>	<p>1 in 3 houses</p>
<p>■ Effective length of chemicals</p>	<p>5 years</p>

2020
 Estimate of total industry sales (Forecast)
48.6 billion yen (Termite control only)^{※2}

Estimate by our company of the total sales of top 10 companies in the industry
25.0 billion yen
 (including underfloor ventilation systems)



^{※1} Reference: Statistics Bureau, Ministry of Internal Affairs and Communications
 “2018 Statistical Survey on Housing and Land”

^{※2} Reference: Yano Research Institute Ltd.
 “2021 Edition: PCO/TCO/Fumigation Services Market Realities and Mid-term Prospects”

Industry 3 (US Market Scale)

Top 100 PCO Sales Ranking (GIE Media's "PCT Magazine", May 2021 Issue)

*The PCT Top 100 List is based on 2020 revenues

- Total sales of the top 100 companies are approx. \$8.8 billion
(YOY increase of approx. \$0.5 billion)
- Top 4 companies or their affiliated entities are listed on the Stock Exchange
- **Total TCO sales of the top 100 companies are approx. \$1.7 billion (our company's estimate)**



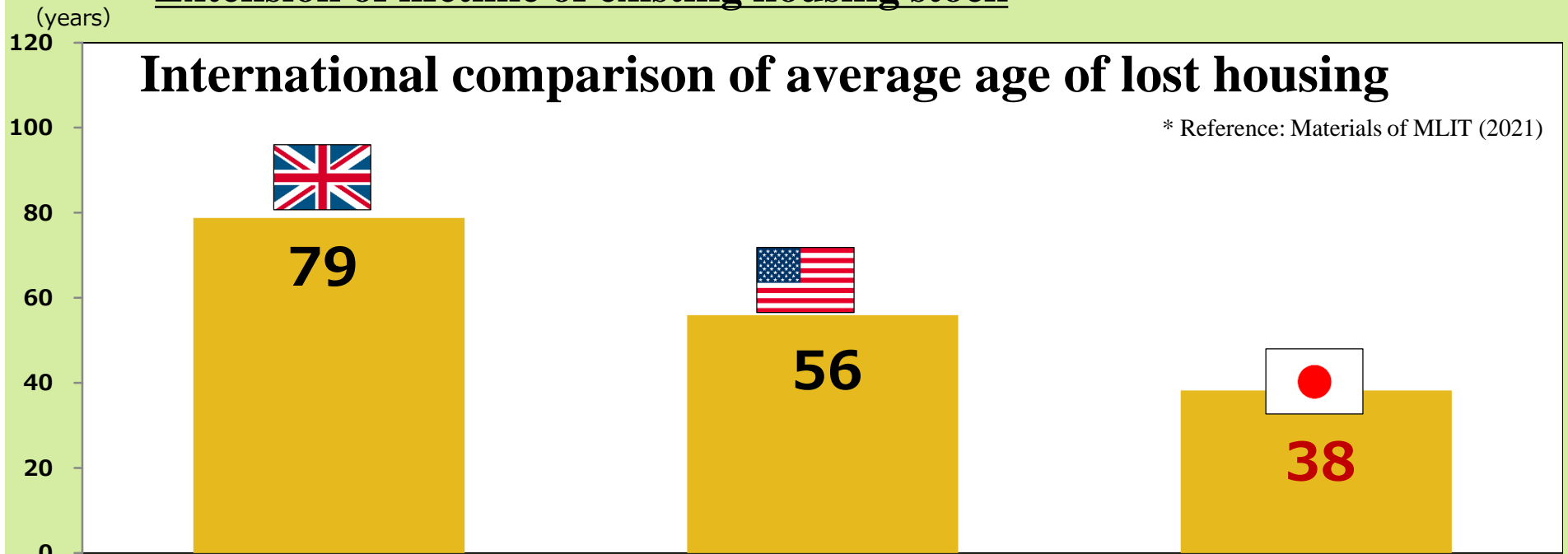
Compared to Japan, enormous demand is apparent

External Environment 1 (Trend of the National Policy)

- The direction of government's efforts to housing (Housing Life Master Plan)

- ◆ Shift to a new housing circulation system
 - Improvement of environment **for distribution of existing houses and expansion of renovation market**
- ◆ Reduce burden of housing costs of young and families with children (increase in good quality existing houses)

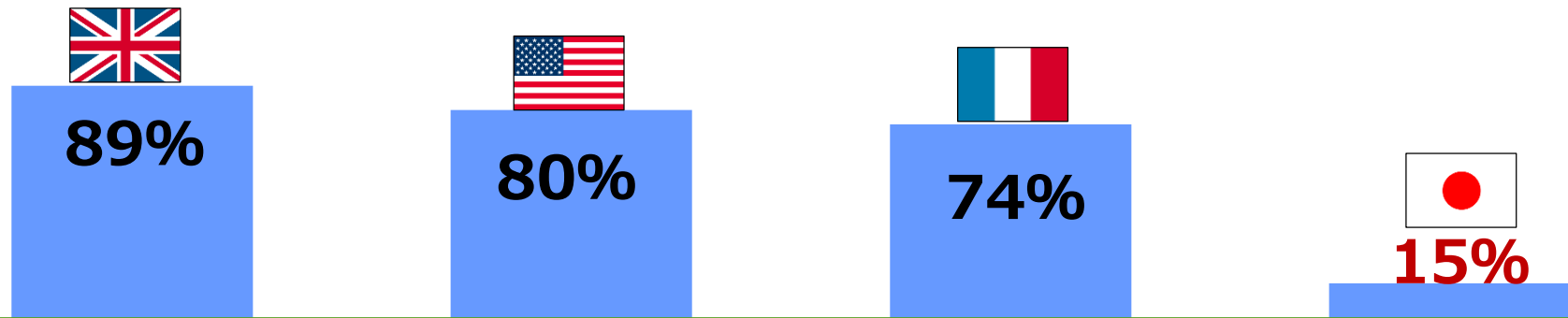
- Extension of lifetime of existing housing stock



External Environment 2 (Trend of the National Policy)

Pct. of existing houses of all residences for sale in Japan

* Reference: Materials of MLIT (2021)



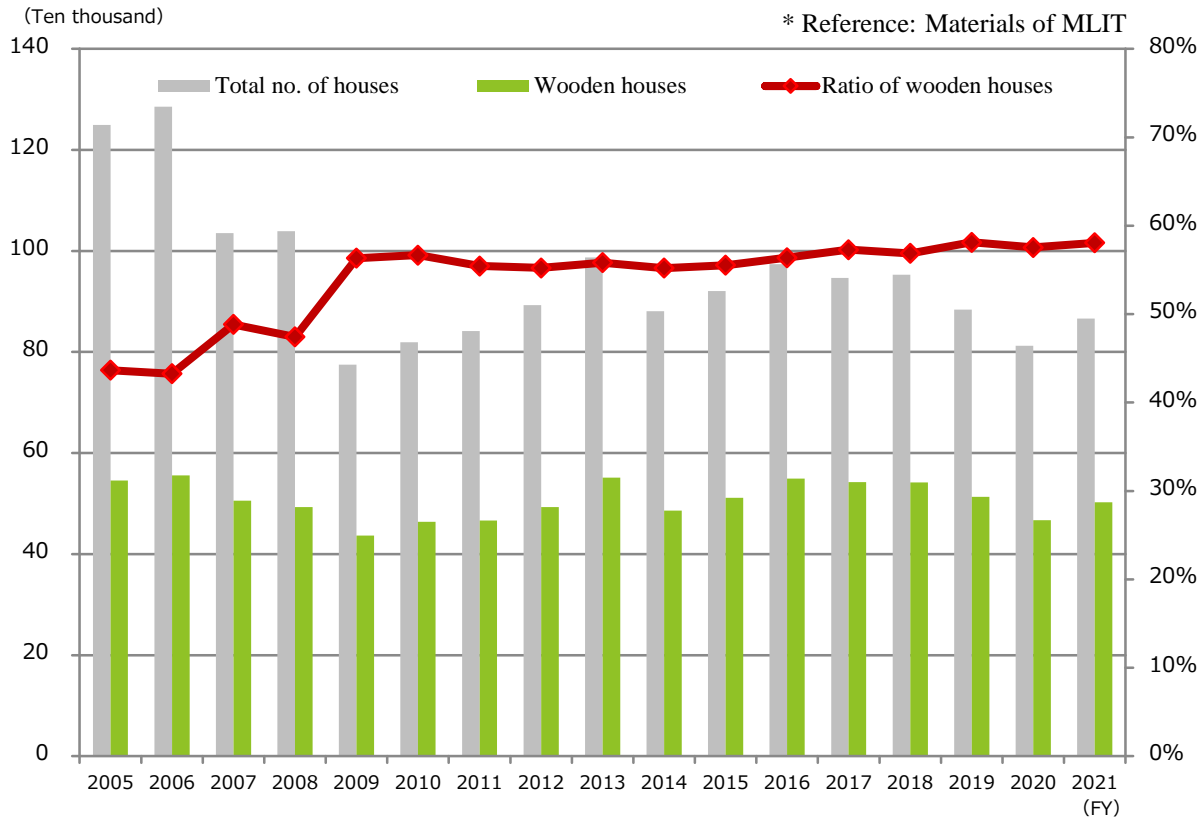
Housing Life Master Plan (Cabinet Decision, Revised in 2021)

	As of 2018 or 2019	Goal by 2030
Expansion of the existing housing market and renovation market	12 trillion yen	14 trillion yen
Percentage of houses with clearly indicated information on housing performance in the distribution of existing houses	15%	50%
Number of certified excellent long-term housing stock	113 million	Approx. 250 million

Long term goal
20 trillion yen

External Environment 2 (Trends of Wooden Houses)

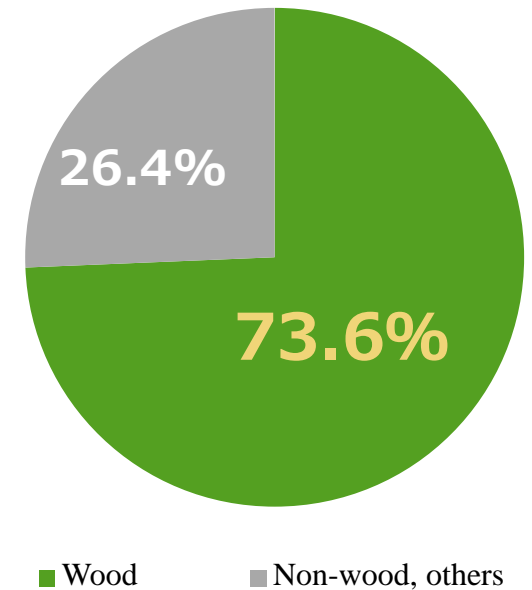
Changes in ratio of wooden house for the number of new housing starts



Intentions regarding wooden houses

* Reference : "Public Opinion Survey on the Forest and Life" (2019 Cabinet Office)

Q: What kind of houses do you want to choose when you build or buy a new house?



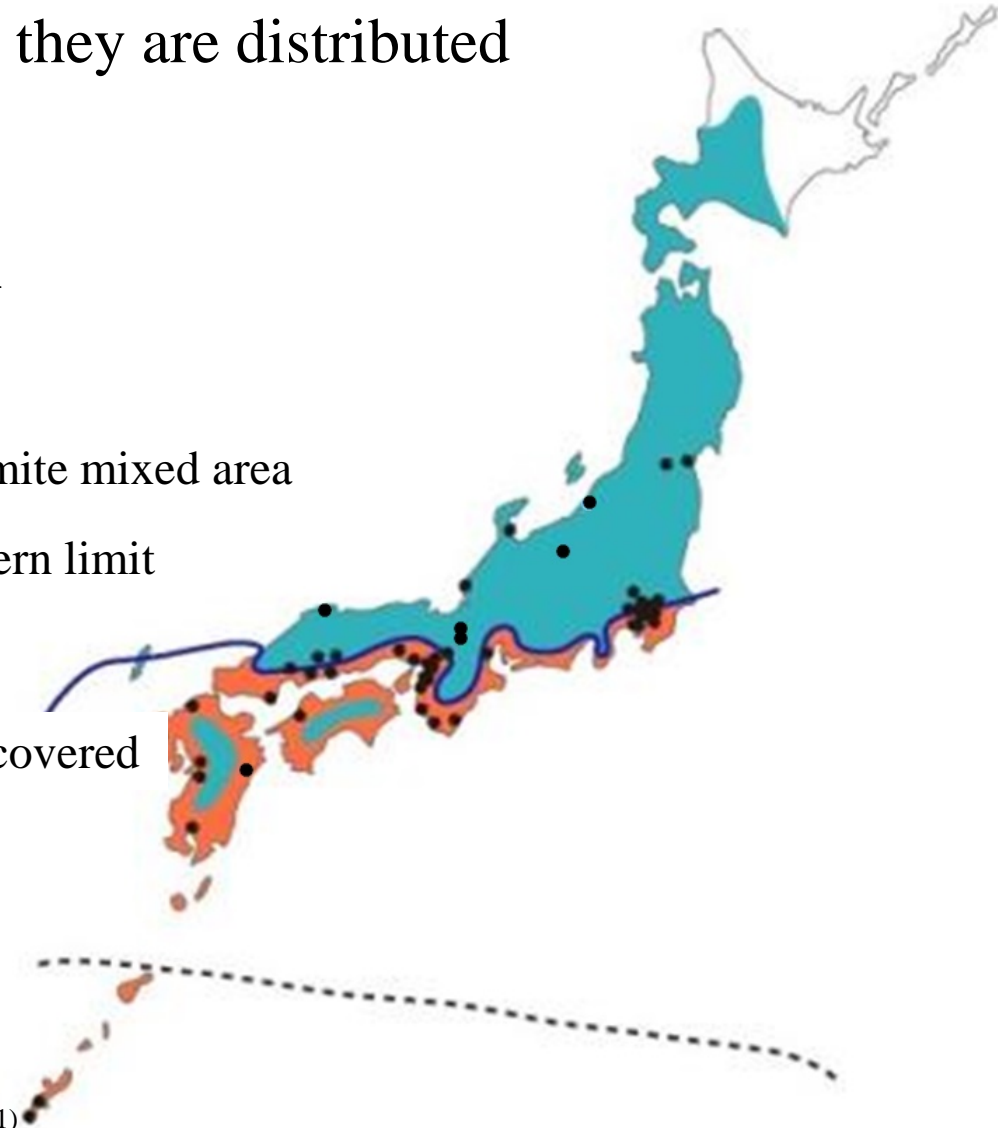
Maintain an enormous stock of wooden houses

Termites 1 (Distribution)

- Japan has 24 species, but pests are primarily 4.
- Excluding some part of Hokkaido, they are distributed throughout Japan.

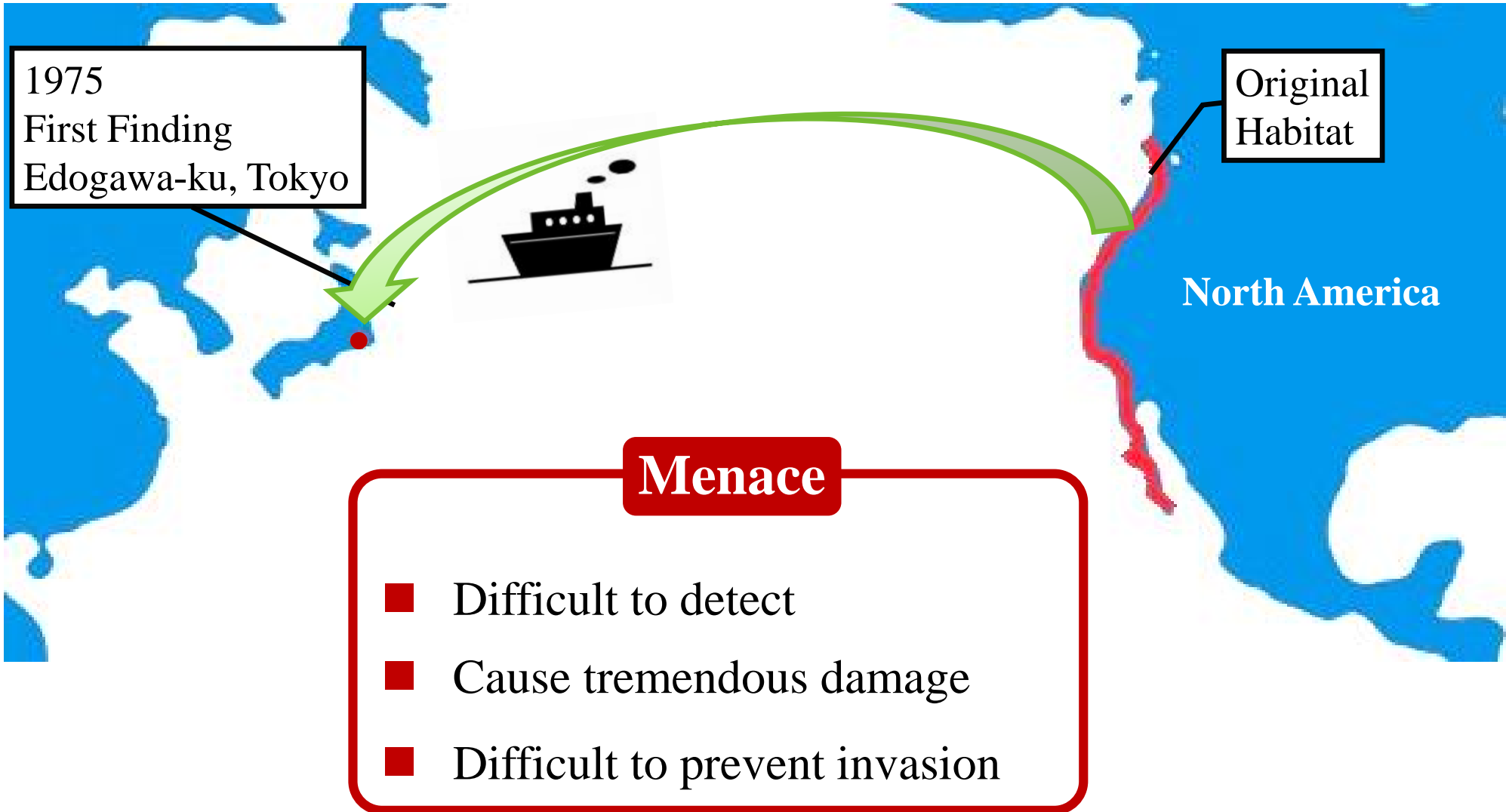
Distribution of Major Termite Types in Japan

- Japanese subterranean termite area
- Formosan/Japanese subterranean termite mixed area
- Formosan subterranean termite northern limit
- Dry-wood termite northern limit
- Spots Western dry-wood termites discovered



Reference: The Japan Termite Control Association,
 "Fundamental Knowledge on Termite Control and Rot Prevention" (Jan. 2021)

Termites 2 (Alien Species Western Dry-wood Termite)



Non-destructive inspection by detection dogs is effective

Termites 3 (Inhabiting Form)

Nest of termites

- **Japanese Subterranean Termite**
Several tens of thousand
to several hundreds of thousand
- **Formosan Subterranean Termite**
Sometimes reach over 1 million



Reference: The Japan Termite Control Association
“Fundamental Knowledge on Termite Control and Rot Prevention” (Jan. 2021)

Swarming Periods

- **Japanese Subterranean Termite**
Late April – June
- **Formosan Subterranean Termite**
June– early July
- **Occurs from the south and goes north**



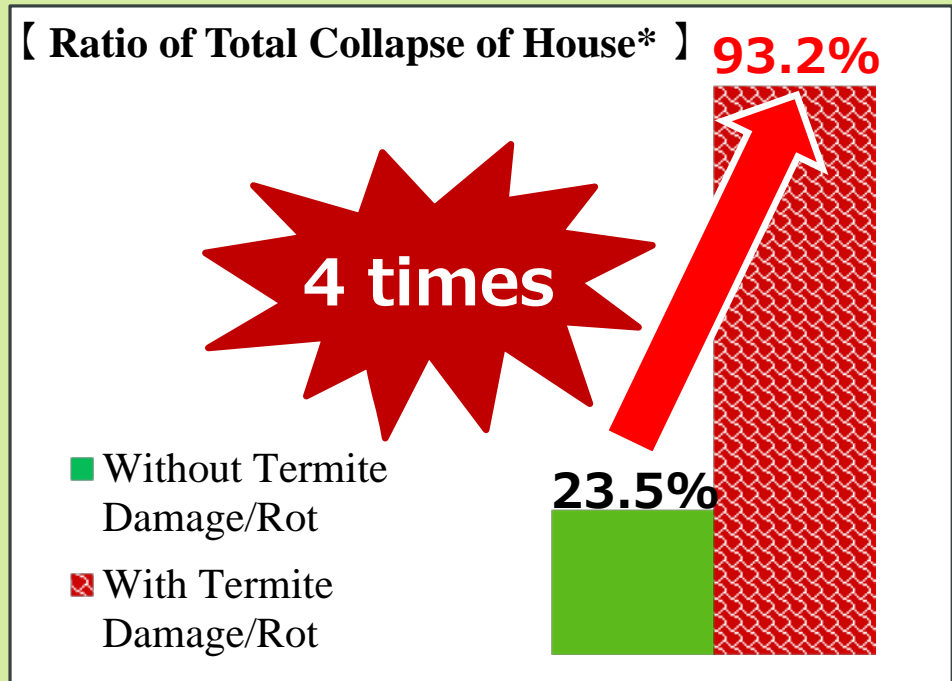
Reference: The Japan Termite Control Association
“Fundamental Knowledge on Termite Control and Rot Prevention” (Jan. 2021)

Termites 4 (Risk to Human Life)

The Building Collapse due to Earthquake may be a Risk to Human Life



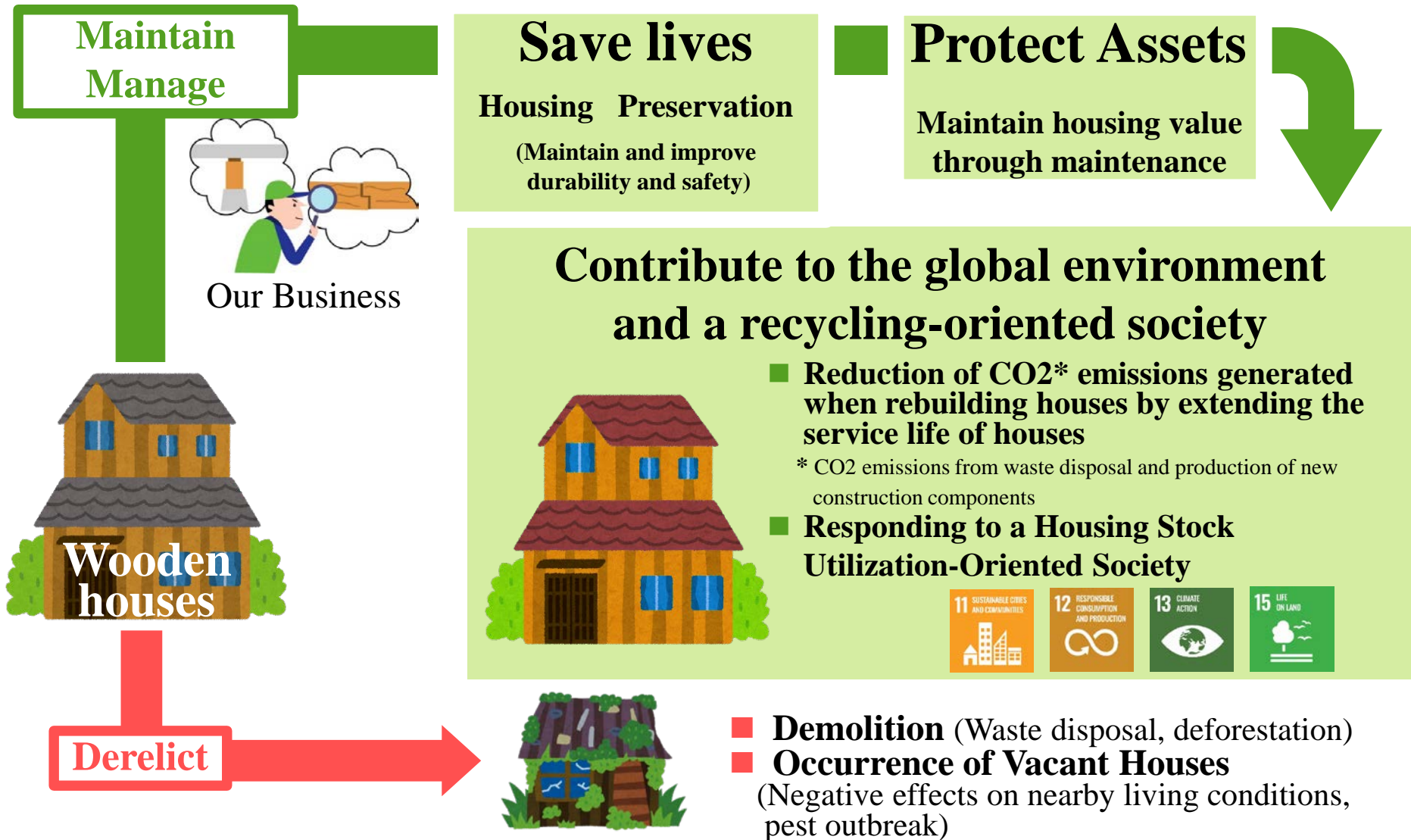
■ Damage from the Great Hanshin-Awaji Earthquake



*Reference: Investigative Committee on Earthquake Damage to Wooden Houses (October 1995) "Report on Study of Disaster Damage of Wooden Houses, etc., in the 1995 Great Hanshin-Awaji Earthquake"

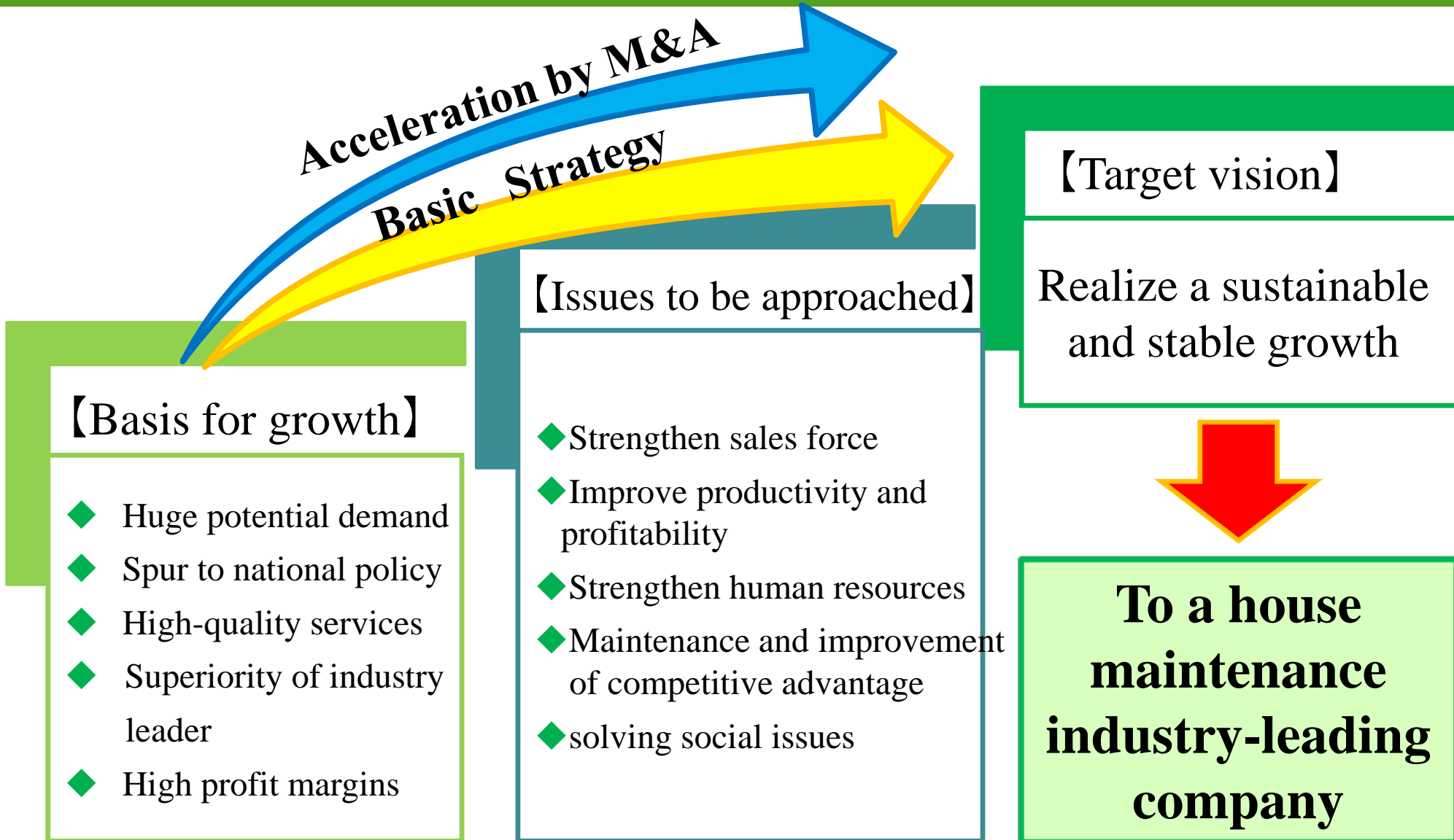
Termite 5 (Significance of our business)

Proper maintenance and management can contribute to environmental issues.



Growth Strategy (Future Image)

Sustainable growth with termite control-related services at the core



Public Relations 1 (Detection Dog Team “Kunkuns” 1)

First-Time Initiative in Japan

They “smell” to find termites or bedbugs



Public Relations 2 (Detection Dog Team “Kunkuns” 2)

Activity Results of “Kunkuns”



Training with the handler



Inspection at hotel or house



Inspection in remote island



Media exposure



Participation in events

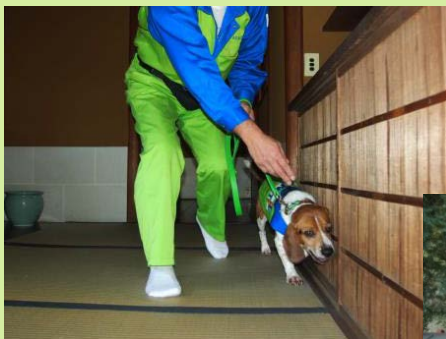
Public Relations 3

Project on Shinto Shrines and Buddhist Temples

- Pass our cultural heritage to the next generation
- Draw attention to the importance of termite control



Tsuruga Kehi Shrine



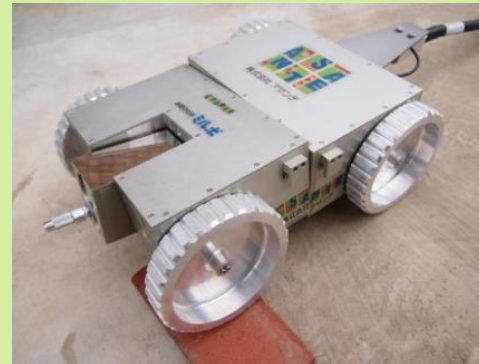
Konomiya
Owariokunitama Shrine



Shizuoka Sengen Shrine

Development of Termite Control Robots

- Support project of METI*
- Application to business of the robot technology (RT)



The Latest Model
"Mirubo IV"



Demonstration
in Shitennoji (2008)

*METI...Ministry of Economy, Trade and Industry

Example of Termite Control

Historic Memorial Warship MIKASA

- Implement termite prevention since wood is used for the deck.



Hayashi Fumiko Memorial Hall

- Implement termite prevention at the request of the Shinjuku Foundation for Creation of Future.



Public Relations 4

Public Seminar

Initiatives since 2012

- Aim to raise the public's awareness of our industry by using mass media
- Initiatives as the industry leader

April 18, 2019
6th Termite public seminar



Lecturer: Wakako Ohmura
Forestry and Forest Products
Research Institute,
Department of Wood Improvement,
Director of Department of
Wood Improvement

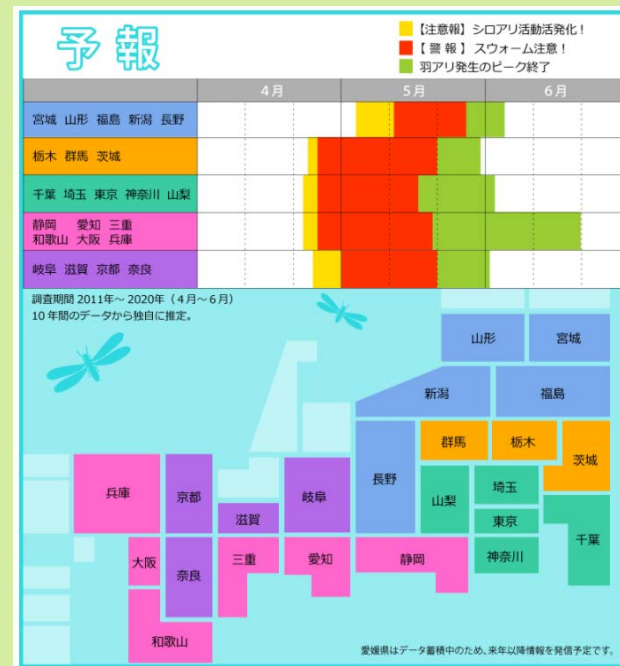


Demonstration of
new termite detection dog

Termite Warning

Initiatives since 2007

- Announce termite forecasts, alerts and warnings based on its own database
- For this fiscal year, it disclosed on April 21, 2022



Termite
Warning

Advertising and Sales Promotion

TV commercial Leaflets & web advertisements



株式会社 アサンテ 東証プライム 上場 No.1 迅速対応 0120-557-419

100%自社社員が行う高品質なサービス 「5年保証」と年に1度の「無料定期点検」で任せて安心

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。

全国シェア No.1 東証プライム上場

シロアリの発見・駆除をするなら今!! 業者選びで悩んだらまずはアサンテにご相談ください

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

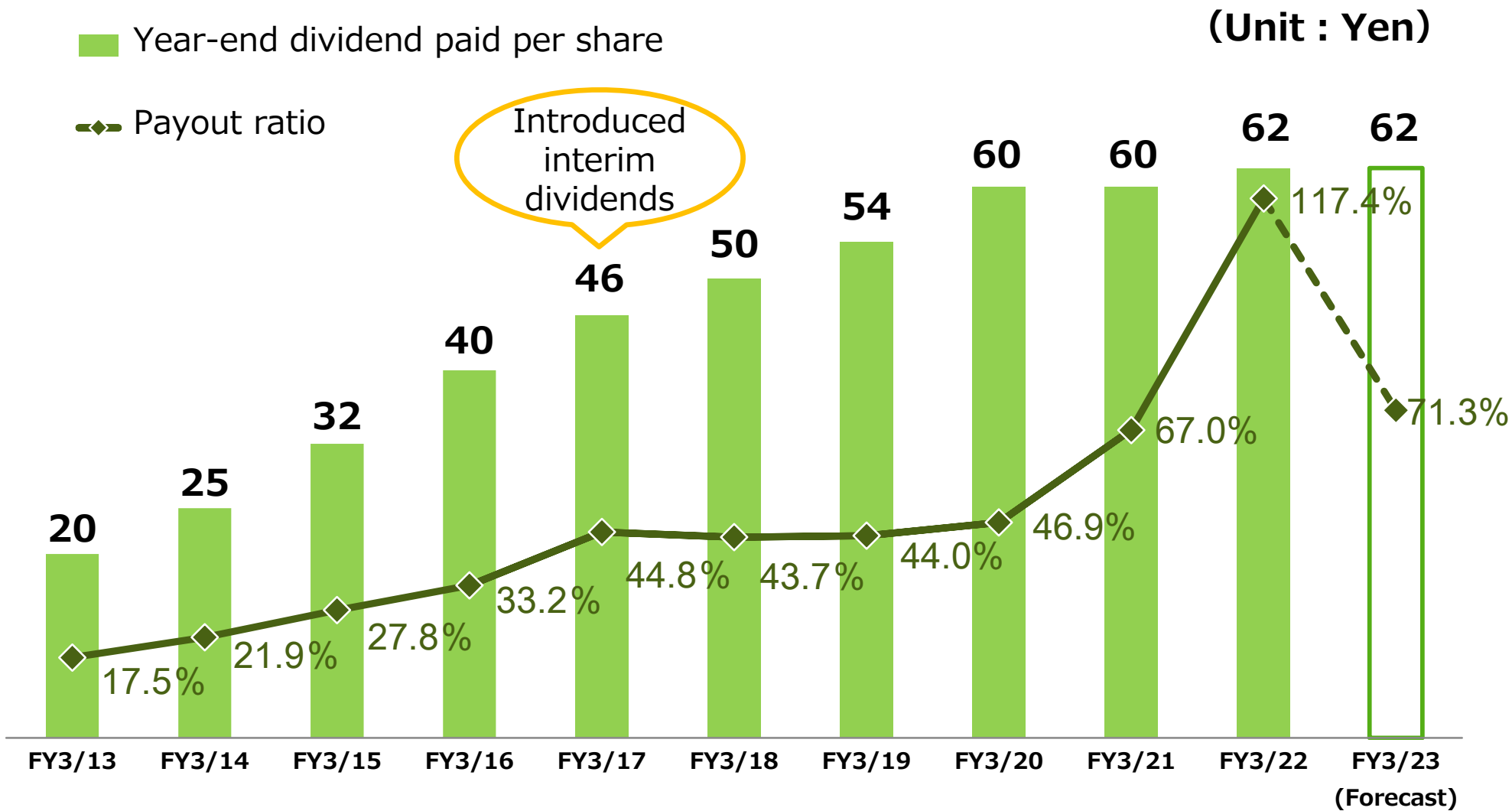
- Signed a sponsorship deal with Kawasaki Frontale (2021 Meiji Yasuda Life Insurance J1 League)



© KAWASAKI FRONTALE CO.,LTD

Dividend (Results and Forecasts)

Since listing, we have focused on shareholder returns



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

Stock Information (Special Benefit for Shareholders / Dividend yield)

◆ Special Benefit for Shareholders

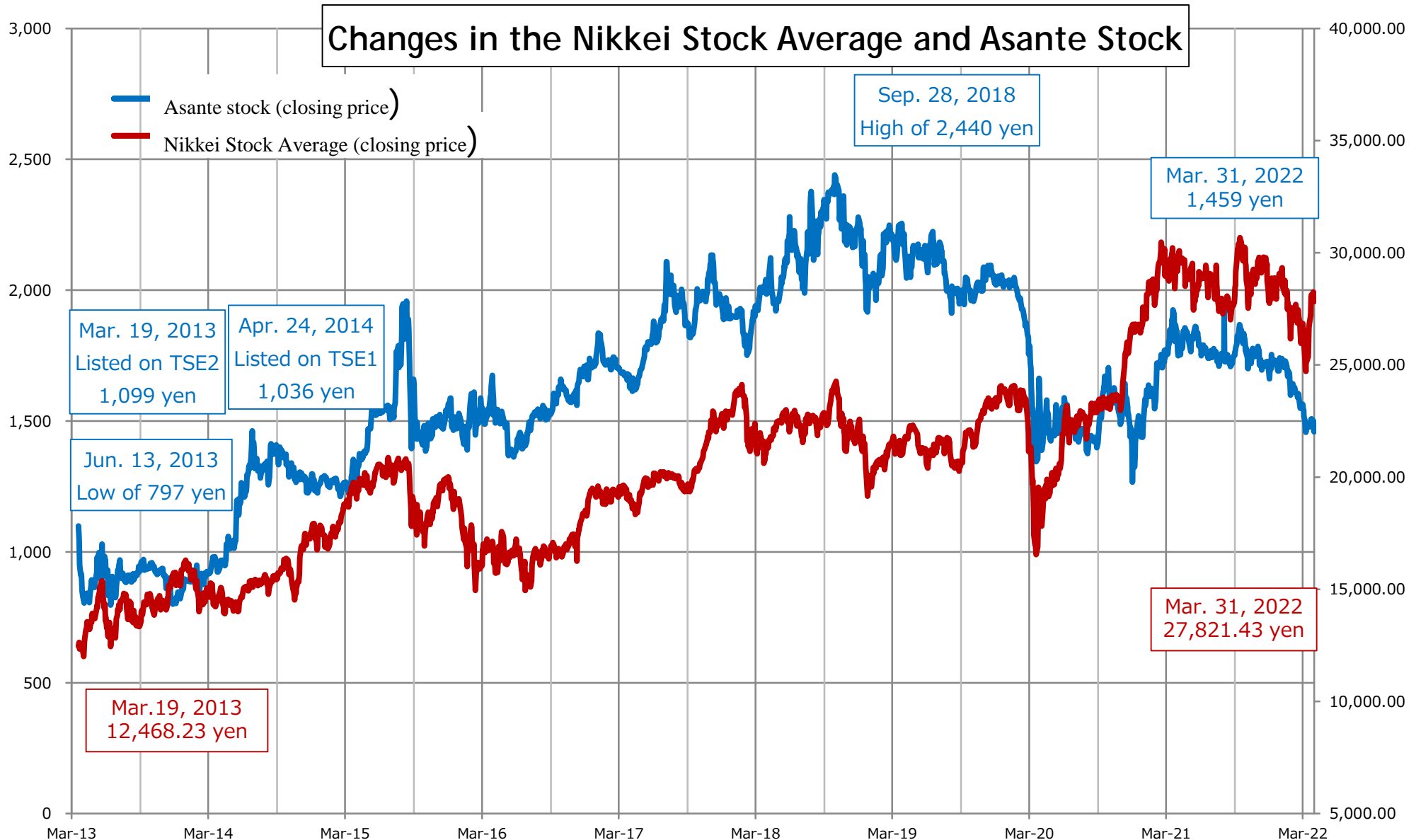
- Eligible shareholders : For shareholders with 1 or more share unit(s)
at the end of March or September
- Special Benefit : Gift of a 1,000 yen Mitsubishi UFJ NICOS gift card
- Delivery Period : Planned to be sent in June and December of every year

◆ Dividend yield

Stock price (closing price as of March 31, 2022)	1,459 yen
Trading unit	100 shares
Annual dividend (forecast) (Interim: 31 yen, year-end: 31 yen)	62 yen
Annual dividend yield (forecast)	4.2 %
Special Benefit for Shareholders (1,000 yen gift card/ twice a year)	2,000 yen
【Ref.】 Annual dividend yield of 「Dividend + Shareholder benefit」*	5.6 %

*when holding one trading unit for one year

Changes in Stock Prices



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.

No matter what purpose investors use this document for, it is provided with the understanding that they will use it based on their own judgment and responsibility, and the Company shall bear no responsibility for its use.

(Last updated May 13, 2022)