

# Financial Results for the Second Quarter Ended September 30, 2022

November 11, 2022



**Asante Incorporated**

【TSE Prime Section Securities Code 6073】

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# Business Environment



The impact of COVID-19 infection has gradually eased, but consumer caution for visitors remains high.

Despite signs of recovery in corporate earnings and consumer spending as economic activity began to normalize, the outlook remains uncertain due to the re-expansion of the infection and rising resource prices.

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

Reflecting the increase in stay-at-home hours, awareness of life extension and maintenance of houses remain high.

# 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.
- In the 7th wave (the Omicron variant) during the 2Q period, the impact on our business continued to be felt, due to rapid increase of the number of infected people, which once again heightened the sense of caution in society and reduced opportunities for meeting with customers.
- Although the number of infected patients is currently on a downward trend, there are concerns that the infection may spread again in the future, which could affect the company's performance.

## ■ Customer trends

- Decrease in opportunity for visits due to growing concern about the spread of the infection and uncertainty about the future continue to decrease consumer confidence.

# Business Plan & Specific Initiatives in 1H



## 1. Enhancement of Profitability

- Improving the skills of sales staff
- Improving efficiency of application acquisition through effective sales promotion
- Advertising through TV commercials, sponsorships, media appearances of detective dogs, etc.
- Development of partner companies and organizations
- Improving operational efficiency through digitization
- Starting of sales of new product

## 2. Securing and developing excellent human resources

- Active recruitment through effective recruitment media
- Focused post-employment training
- Reduce the number of retirees by improving the working environment

## 3. Promotion of area expansion

- Established Shimanto Sales Office (in Kochi Pref.) due to expansion of business partners in Shikoku region.

## 4. Ensuring compliance

- Build a thorough compliance-oriented sales system

## 5. Prevention of COVID-19 infection

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



## Opening of new sales office (Expansion into Kochi Pref.)

### ■ Shimanto sales office (Opened on April 1, 2022)

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

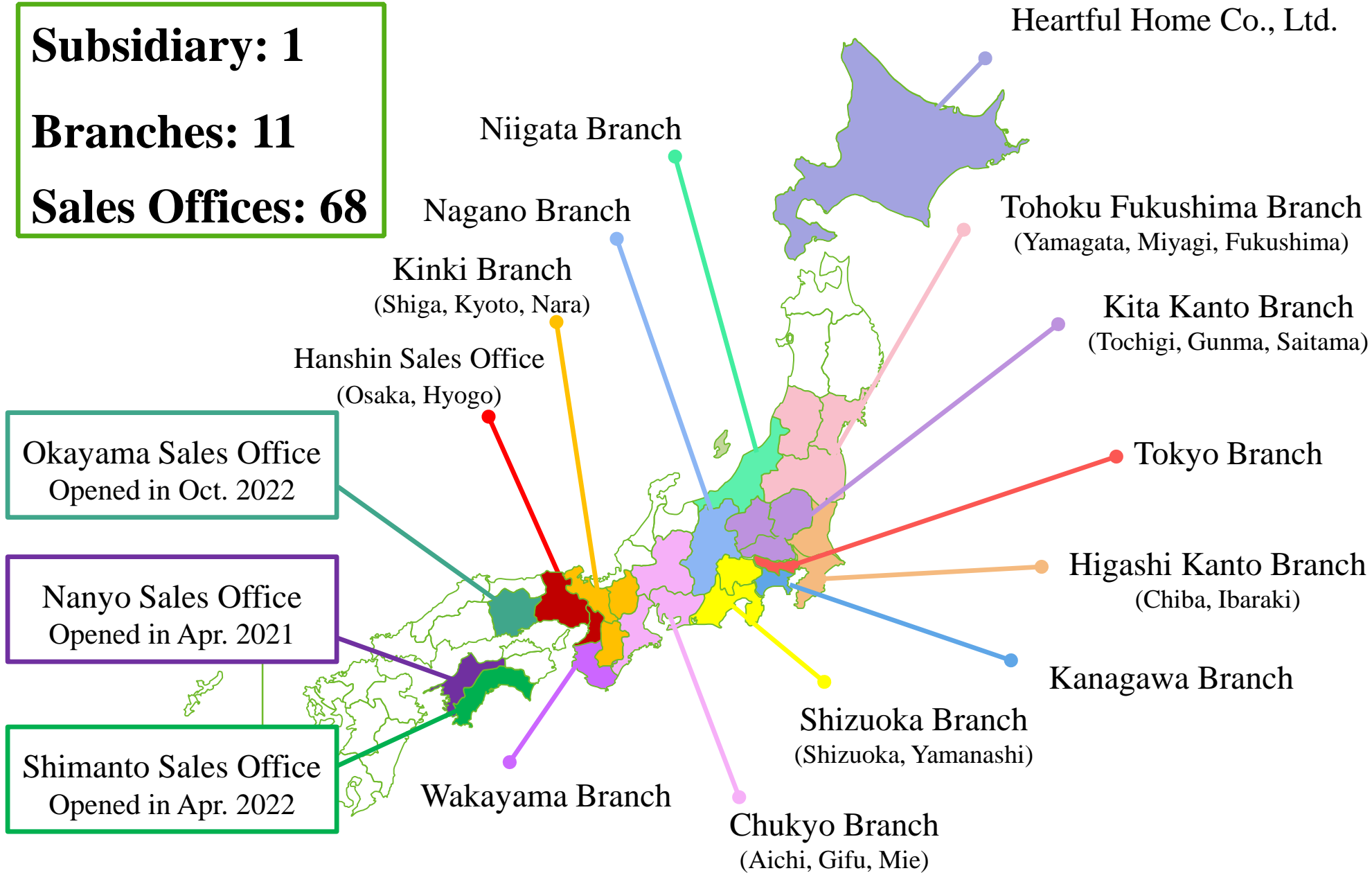


- New partnership with JA in the region
- Community-based sales activities
- Expanding area in Shikoku region with Nanyo and Shimanto sales offices as footholds

# Marketing Area Development



**Subsidiary: 1**  
**Branches: 11**  
**Sales Offices: 68**





## TV commercial Leaflets & web advertisements



100%自社社員が行なう高品質なサービス  
15年保証、2年に1回の「無料定期点検」で安心して  
アサシテが気になる理由  
一年中必ずシロアリ  
保証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家のアサシテにお任せ。

**シロアリは一年中床下で木材を食べています**

春～夏に羽アリが見え床がシミシロアリ  
ゲリラ豪雨や台風で雨水が外壁や床下に溜まっているかも

まずはアサシテにご相談ください

シロアリの駆除・予防をするなら今!!

あなたのお家は!?  
大丈夫ですか?

目黒あたりは高くないですか? ハスアリの被害は年中で発生することはありませんか?

床下や壁下がカサカサするところはありませんか? クローゼット・押入れがカビ臭くありませんか?

過去に水漏れしたことはありませんか? 基礎にひび割れはありませんか?

床下は暗く、目の届かない場所です。最近でもらっていないという方はぜひこの機会にアサシテの床下診断をご利用ください。

**床下診断・お見積り受付中**

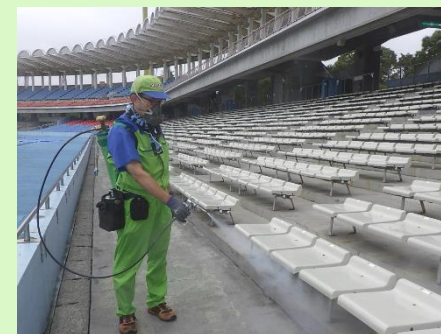
※お見積りまで無料、施工は有料です。調査員が地域の標榜に順次ご案内しておりますので、お気軽にご用命ください。

アサシテは、感染症対策を徹底しています

マスク着用  
手洗い  
消毒  
換気  
作業の順序

## Sponsorship

- Signed a sponsorship deal with Kawasaki Frontale (2022 Meiji Yasuda Life Insurance J1 League)



© KAWASAKI FRONTALE CO.,LTD

Asante Inc.





## Automatic fire extinguishing device "CAESJAN"

### Services to protect people and houses from fires

- It automatically sprays fire extinguishing liquid when the temperature in the surrounding area reaches a certain level due to a fire  
⇒ **Quick initial fire extinguishing is possible**
- Uses extinguishing liquids that are safe for the human body and do not use electricity or water  
⇒ **Operates normally even during power outages or water outages due to disasters**
- Requires opening of the ceiling or other construction work at the time of installation  
⇒ **Products that can take advantage of our technology**
- Manufactured by Fuji Giken Ltd.

自動消火装置

**ケスジヤン**®



# Results for Profit and Loss (1H / YoY)



(Unit: Million yen)	FY3/22 1H	FY3/23 1H	YoY	
	Results	Results	Change	Change in Ratio
Net Sales	7,524	<b>7,818</b>	293	3.9%
Gross Profit	5,288	<b>5,483</b>	194	3.7%
Gross profit ratio	70.3%	70.1%	-0.1pt	—
Operating Income	1,092	<b>1,140</b>	47	4.4%
Operating income ratio	14.5%	14.6%	0.1pt	—
Ordinary Income	1,121	<b>1,158</b>	36	3.3%
Ordinary income ratio	14.9%	14.8%	-0.1pt	—
Net income attributable to owners of parent	735	<b>760</b>	24	3.4%
Net income ratio	9.8%	9.7%	-0.0pt	—
EPS (yen)	67.08	<b>69.25</b>	2.17	3.2%

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

(Unit: Million yen)	FY3/23 1H			
	Forecasts	Results	Ratio of Forecasts	Achievement Ratio
Net Sales	7,893	7,818	-75	99.0%
Gross Profit	5,547	5,483	-63	98.9%
Gross profit ratio	70.3%	70.1%	-0.1pt	—
Operating Income	1,128	1,140	12	101.1%
Operating income ratio	14.3%	14.6%	0.3pt	—
Ordinary Income	1,144	1,158	13	101.2%
Ordinary income ratio	14.5%	14.8%	0.3pt	—
Net income attributable to owners of parent	752	760	7	101.0%
Net income ratio	9.5%	9.7%	0.2pt	—
EPS (yen)	68.59	69.25	0.66	101.0%

# Ratios to Estimates



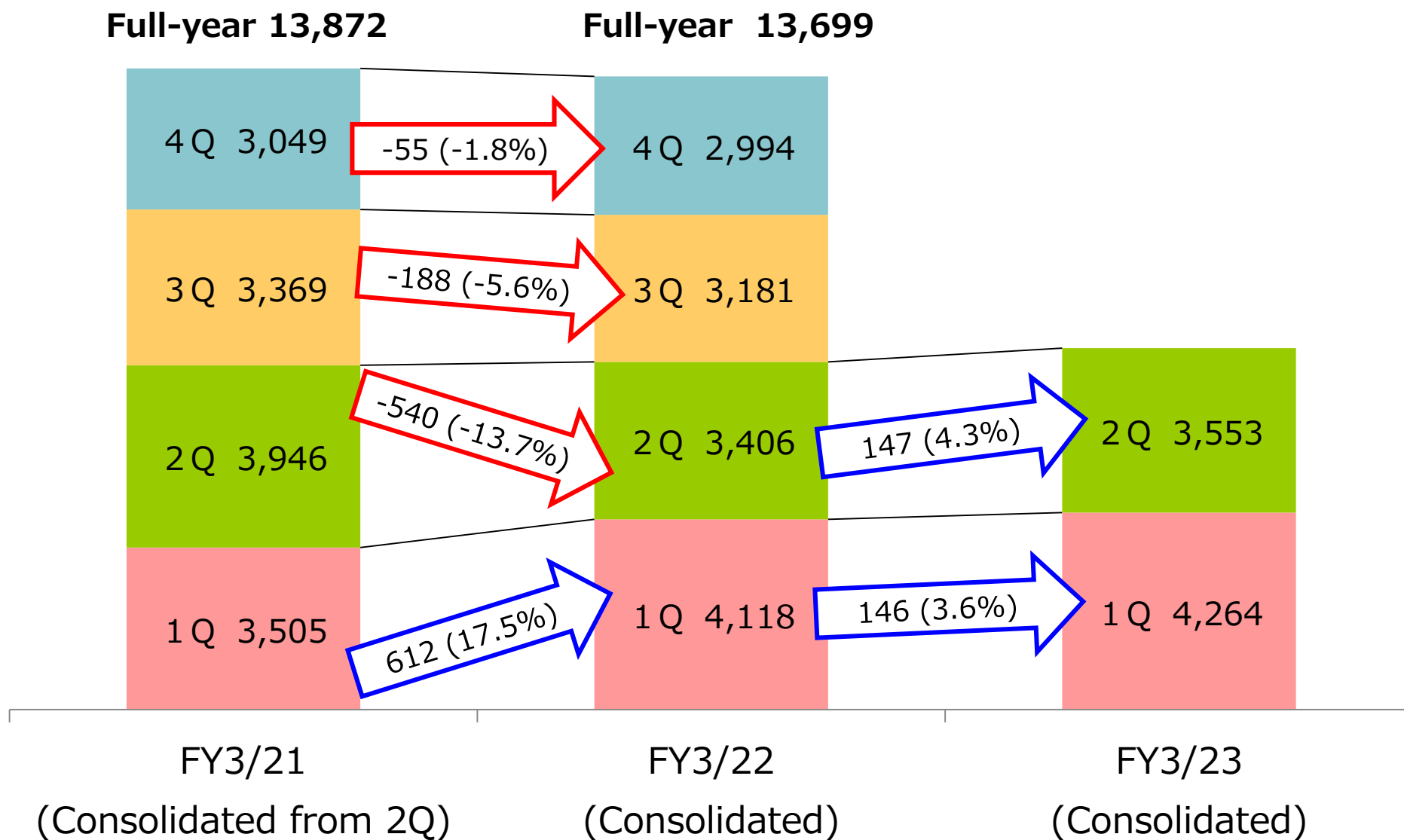
- Net sales                      Progress ratio on full-year forecasts: 54.6%
- Operating income            Progress ratio on full-year forecasts: 77.5%

(Unit: Million yen)	FY3/23 1H		FY3/23 Full-year	
	Results	Forecasts	Progress Ratio	
Net Sales	7,818	14,320	54.6%	
Gross Profit	5,483	9,898	55.4%	
Gross profit ratio	70.1%	69.1%	—	
Operating Income	1,140	1,471	77.5%	
Operating income ratio	14.6%	10.3%	—	
Ordinary Income	1,158	1,484	78.0%	
Ordinary income ratio	14.8%	10.4%	—	
Net income attributable to owners of parent	760	954	79.7%	
Net income ratio	9.7%	6.7%	—	
EPS (yen)	69.25	86.95	79.6%	

# Net Sales by Quarter



(Unit : Million Yen)

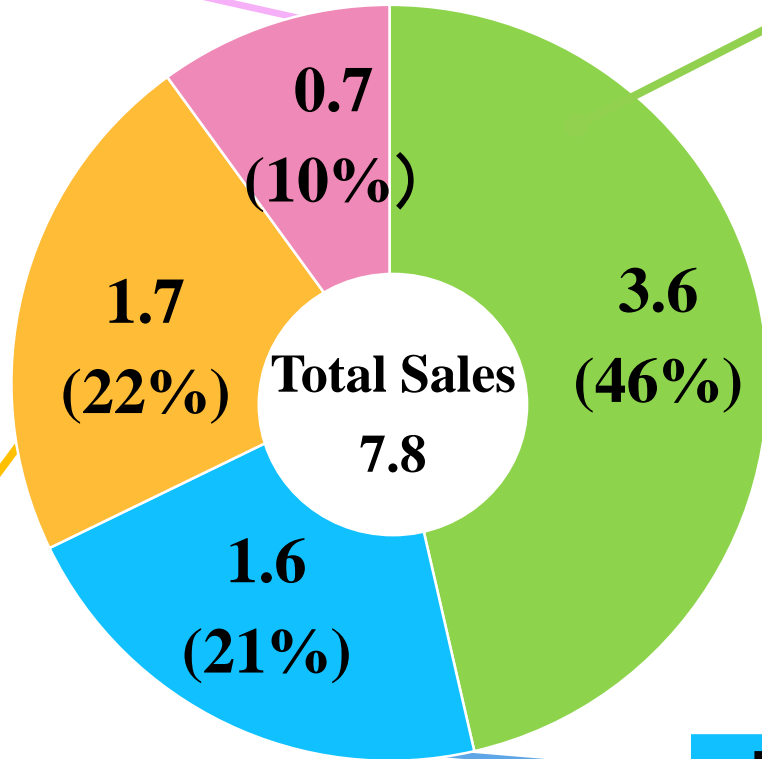


# Sales Composition by Service (1H)



**【 Other 】**

- Heartful Home Co., Ltd
- Highly Heat Insulate Construction
- Automatic Fire Extinguishing Device "CAESJAN"
- Pest Control
- Housing Renovation
- Others



\* 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 3.9%
- Termite control increased by 3.7%  
(New termite control decreased by 0.9%, Renewal termite control increased by 8.1%)
- Anti-humidity measures increased by 4.7%
- Anti-earthquake measures increased by 3.8%

(Unit: Million yen)	FY3/22 1H		FY3/23 1H		YoY	
	Results	Composition ratio	Results	Composition ratio	Change	Change in ratio
Net sales	7,524	—	7,818	—	293	3.9%
Termite control	3,501	46.5%	3,631	46.4%	129	3.7%
New	1,710	22.7%	1,695	21.7%	-15	-0.9%
Renewal	1,791	23.8%	1,935	24.8%	144	8.1%
Anti-humidity measures	1,596	21.2%	1,672	21.4%	75	4.7%
Anti-earthquake measures	1,670	22.2%	1,733	22.2%	62	3.8%
Others	756	10.0%	781	10.0%	25	3.3%

# Net Sales by 3 Service (1H)



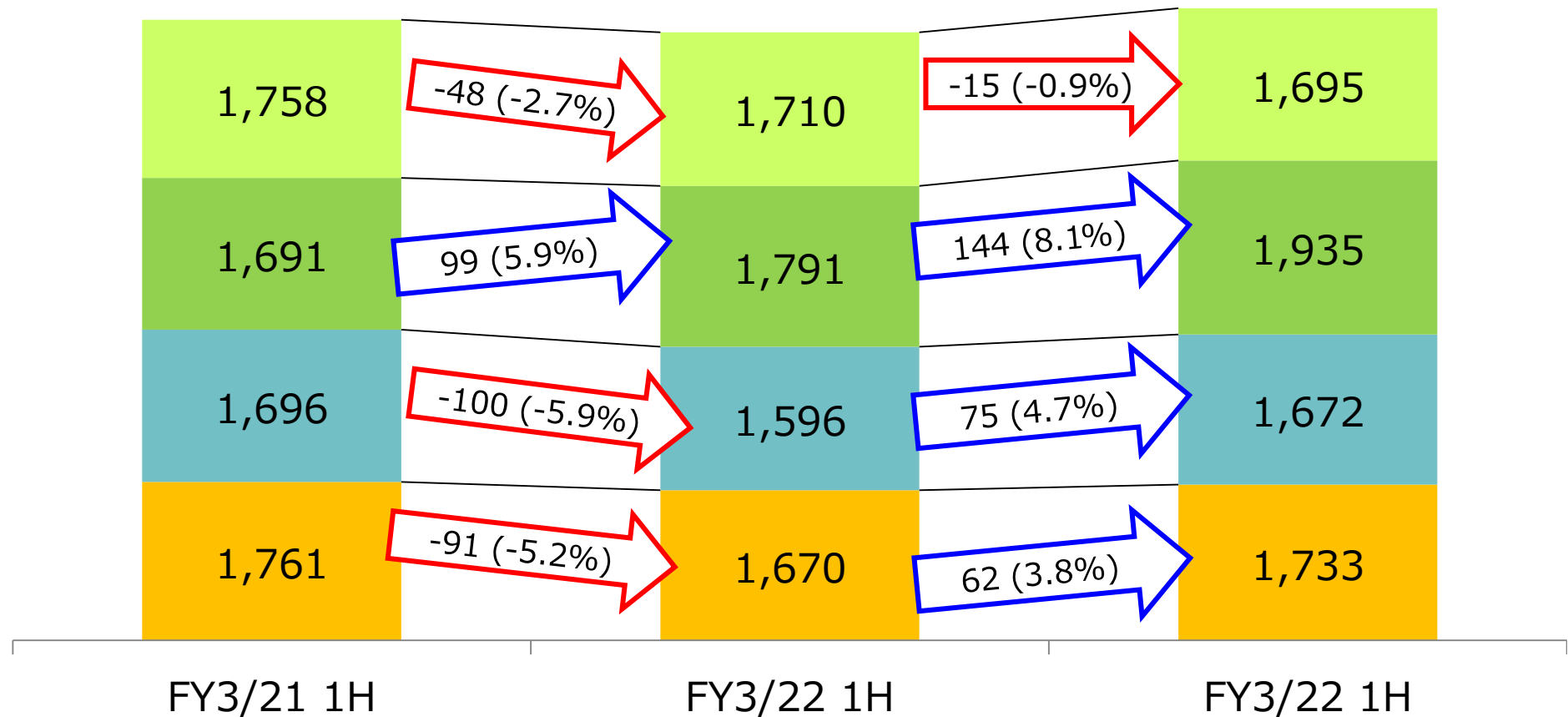
(Unit : Million Yen)

■ New TC

■ Renewal TC

■ Anti-humidity Measures

■ Anti-earthquake Measures





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

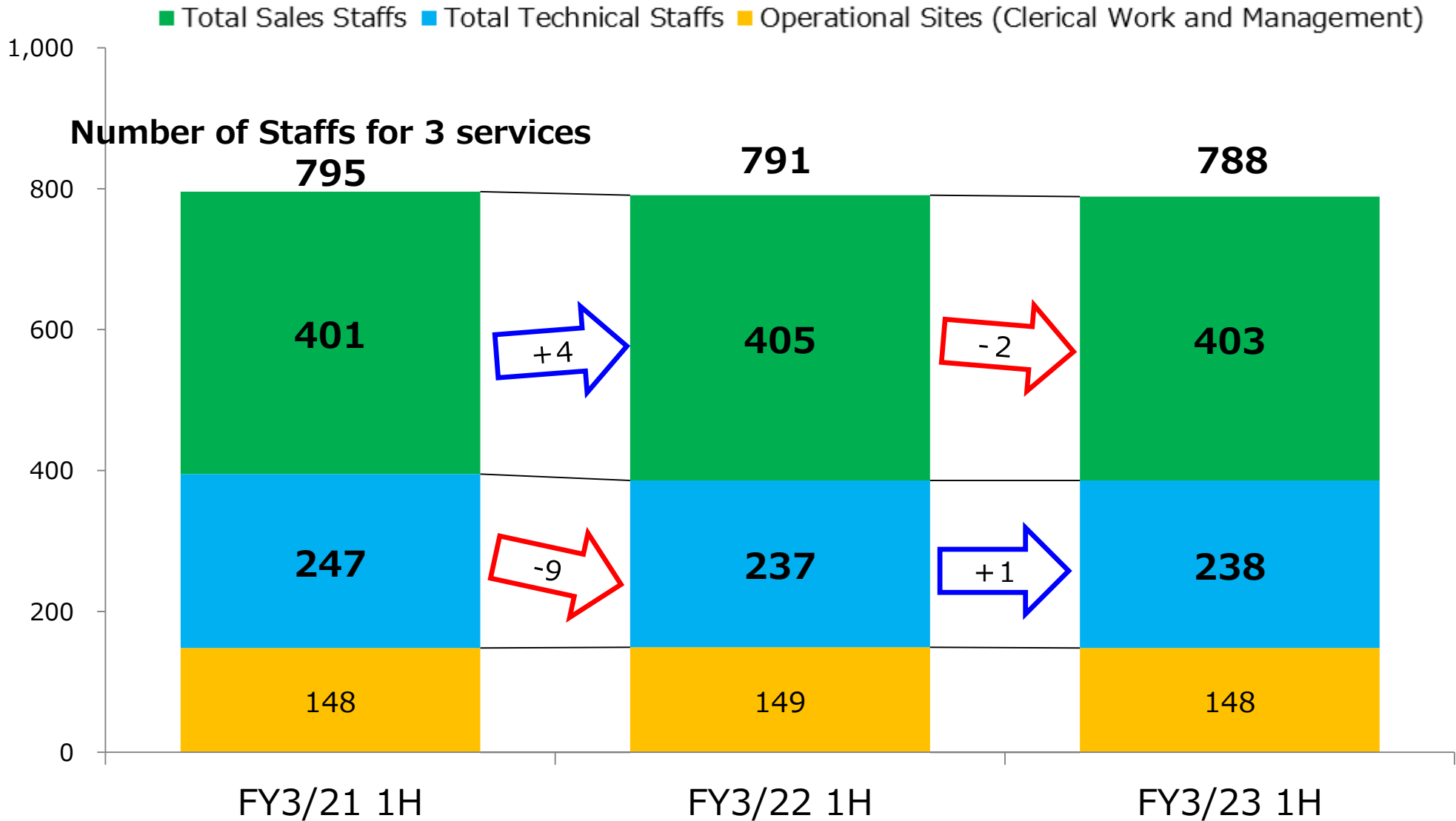


	FY3/22 1H	FY3/23 1H	YoY	
	Results	Results	Change	Change in ratio
Net Sales (Million yen)	7,524	7,818	293	3.9%
Within the three services	6,768	7,036	268	4.0%
Average number of staffs during the period	1,035	1,035	1	0.1%
Within the three services	791	788	-3	-0.4%
Sales per staff (Thousand yen/month)	1,212	1,258	46	3.8%
Within the three services	1,425	1,487	62	4.4%
Number of staffs at end of period	1,020	1,038	18	1.8%
Within the three services	779	789	10	1.3%

- "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

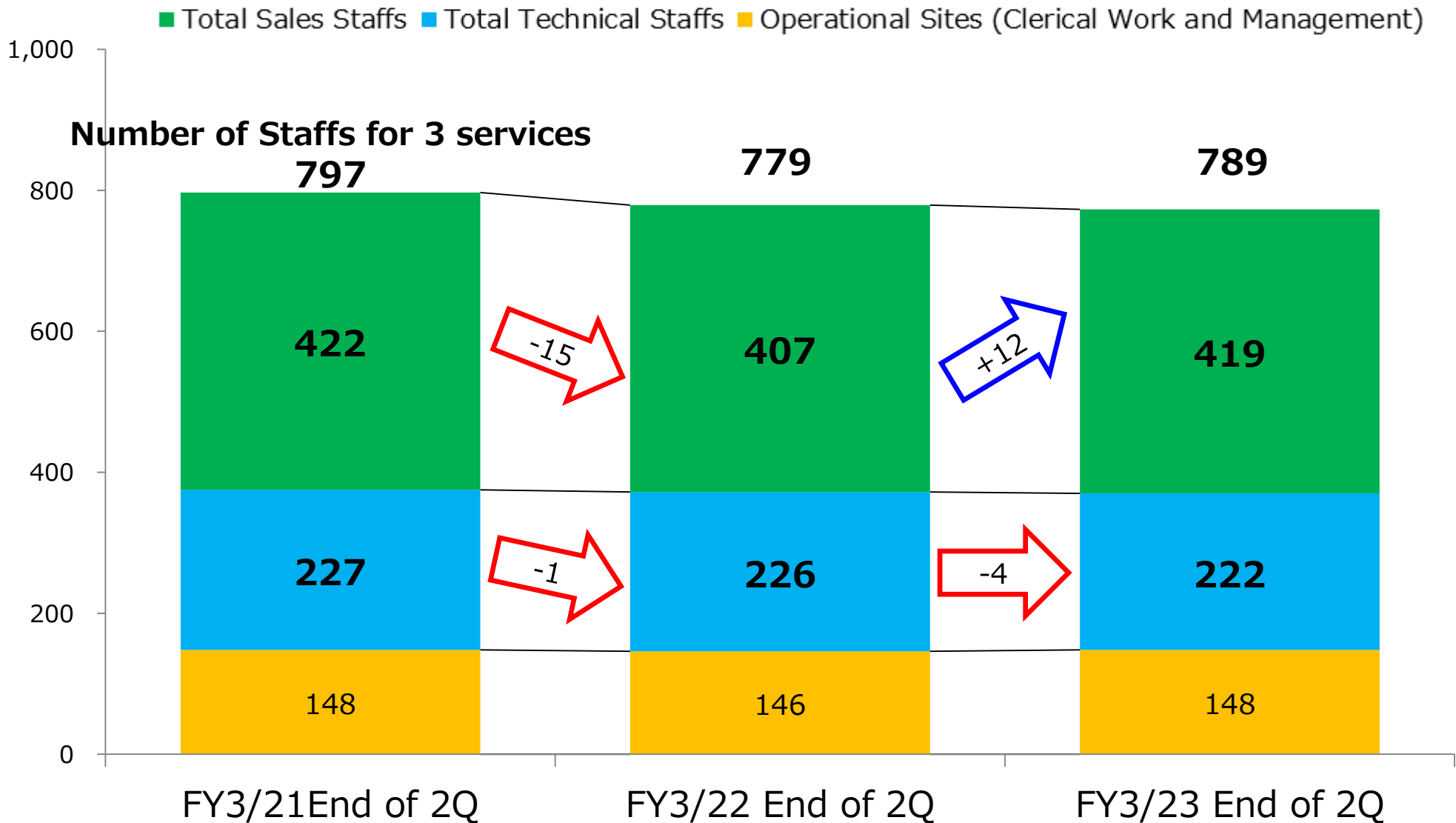
# Number of Staffs for 3 Services

(1H Average number of staffs during the period)



● "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)

# Number of Staffs for 3 Services (End of 2Q)



- "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)

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



(Unit: Million yen)	FY3/22 1H	FY3/23 1H	YoY	
	Results	Results	Change	Change in Ratio
Net Sales	7,524	7,818	293	3.9%
Cost of Sales	2,235	2,334	98	4.4%
Material Costs	920	990	70	7.6%
Labor Costs	728	746	17	2.4%
Other Cost of Sales	586	597	11	1.9%
Gross Profit	5,288	5,483	194	3.7%
SG&A Expenses	4,196	4,343	147	3.5%
Personnel Expenses	2,670	2,791	120	4.5%
Recruiting Expenses	89	85	-3	-4.4%
Sales Promotional Expenses	283	262	-20	-7.1%
Other SG&A Expenses	1,153	1,203	50	4.4%
Operating Income	1,092	1,140	47	4.4%

- Sales Promotional Expenses : Advertising expenses related to promotional activities

# Specific Initiatives in 2H



## 1. Securing excellent human resources and reinforcing the education system

- Continue effective active recruitment
- Enhancement of post-employment training

## 2. Improve sales efficiency by utilizing digital tools and promoting digitalization

- Upgrading sales tools using smartphones
- Increased sales efficiency through expanded use of mobile printers and other devices

## 3. Active marketing of new services

- Sales promotion of Highly heat insulate construction, for which needs increase in winter
- Sales expansion and promotion of automatic fire extinguishing system CAESJAN

## 4. Promote the development of business partners

- Expand (in new area) and deepen (in existing area) partnership with JA
- Expand alliances with companies and organizations other than JA



## Opening of new sales office (Expansion into Okayama Pref.)

### ■ Okayama sales office (Opened on October 3, 2022)

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

**New expansion into the Chugoku region**



- **New Partnership with local JA in recognition of our performance and compliance system in Shikoku region**
- **Expanding area in Chugoku and Shikoku region with Nanyo, Shimanto and Okayama sales offices as footholds**

# Initiatives to Develop and Retain Human Resources



(New employee)

## Enhancement of Training and Follow-up

- Generous post-employment training to acquire knowledge and basic skills
- Reducing early retirement through careful follow-up

(Within 3 years of employment)

## Steady Skill Development

- Increased number of training sessions to support steady skill development
- Fair evaluation and motivation through in-house certification system

(Managerial position)

## Development of Management Skills

- Developing the next generation of human resources
- Improved productivity by improving the work environment and team skills

## Improvement of the Working Environment

- Enhancing employee satisfaction by improving the working environment through better compensation and diverse work styles, etc.

# Initiatives to Develop and Retain Human Resources

Personnel Results(1H)	FY3/22	FY3/23	YoY	
			Change	Change in ratio
Number of staffs at end of period	1,020	1,038	18	1.8%
Within the three services	779	789	10	1.3%



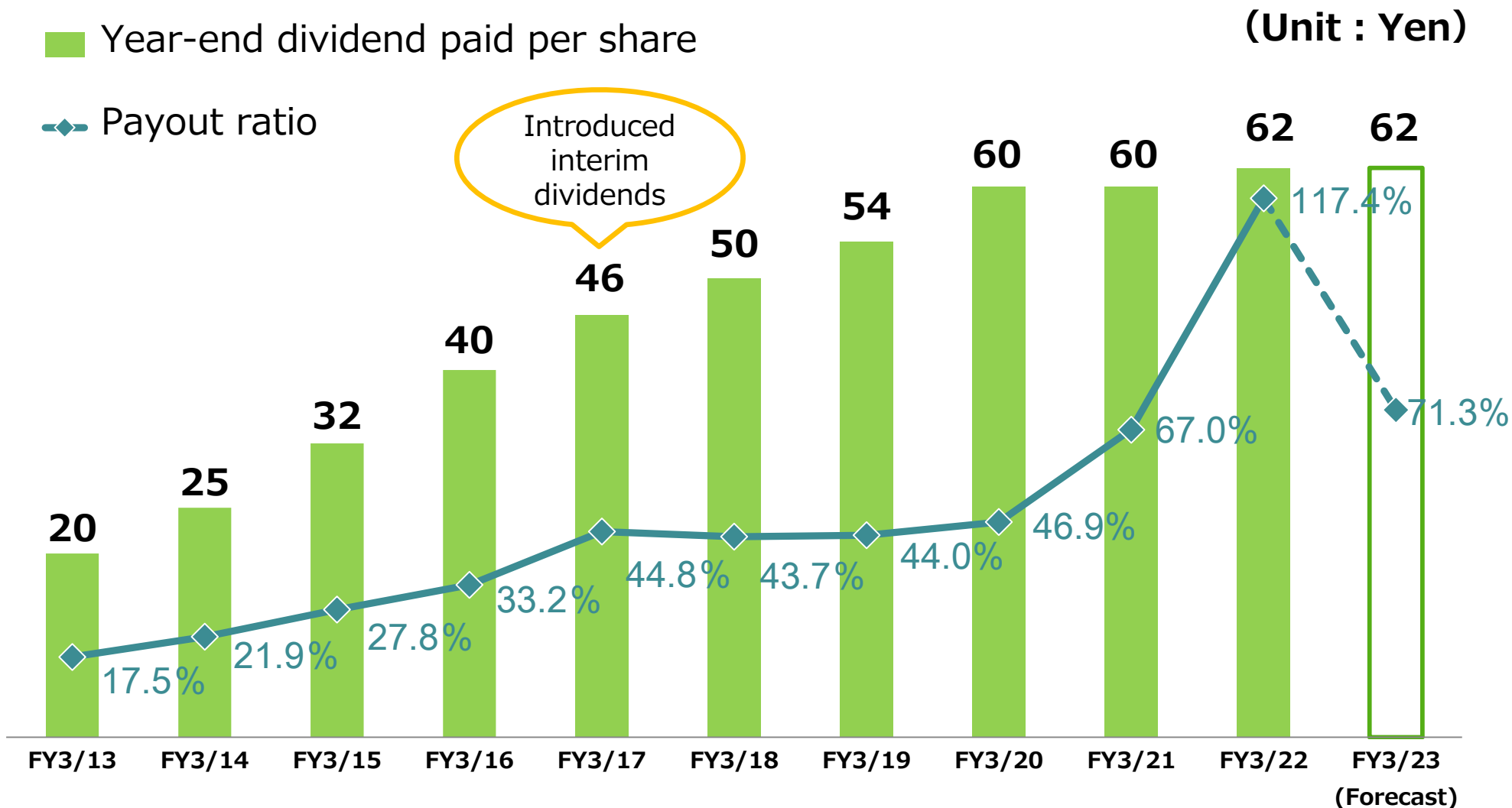
**Enhancement of excellent human resources**



# 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.

### 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.