

Financial Results for FY Ended March 2023



TSE Prime Section Securities Code 6073
May 15, 2023



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FY3/23

Financial Highlights



Financial Highlights | 2023 Summary

Business Environm

- Rising costs of raw materials, fuel, utilities, etc.
- Decline in consumer confidence due to inflation

Our Market

- Increased awareness of home maintenance continues
- Spurring national policy to enhance life extension and energy efficiency of existing houses.

Basis of Operation

- New alliances with JA and companies/organizations mostly progressed as planned
- Expansion of sales area in western Japan
- Starting of sales of automatic fire extinguishing device "CAESJAN"

Human Resource

- Continuing tight labor supply and demand and intensifying competition for human resources
- Increase in personnel expenses

COVID-19

- Consumer caution toward door-to-door sales generally eased
- During the period of infection spread, the number of operating staff in sales and construction decreased due to employee illnesses and close contact.

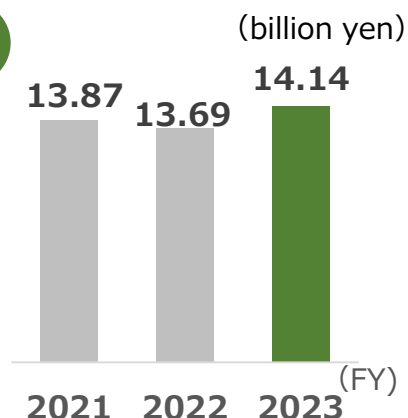


Financial Highlights | 2023 Results

Net Sales

14.14
Billion yen

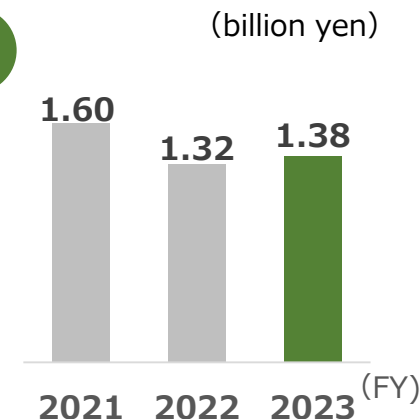
YoY
+0.44
+3.2%



Operative Income

1.38
Billion yen

YoY
+0.05
+4.2%

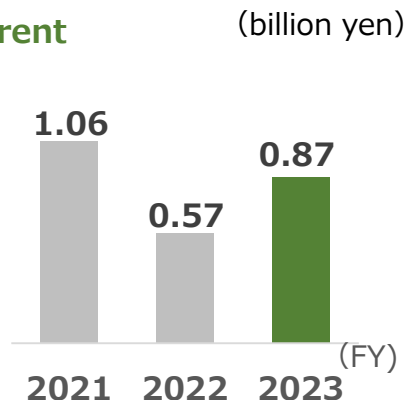


Net Income

attributable to owners of parent

0.87
Billion yen

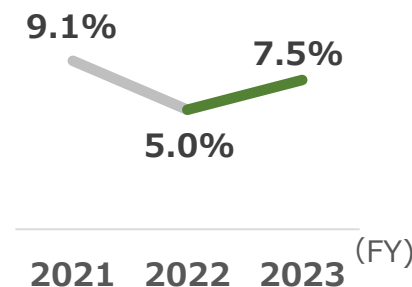
YoY
+0.29
+51.2%



ROE

7.5%

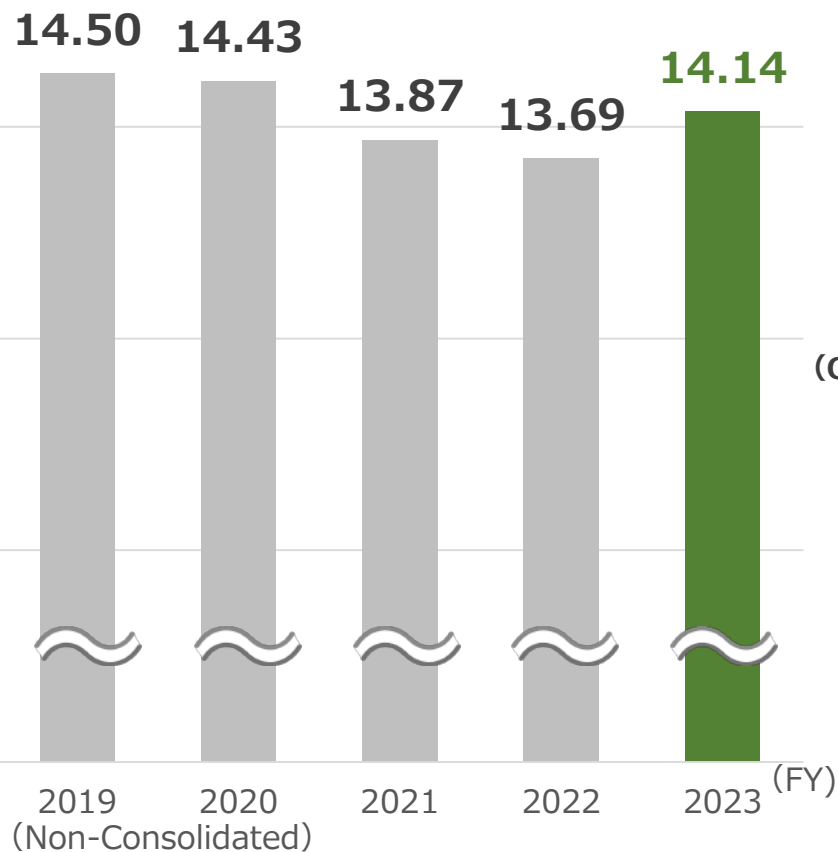
YoY
+2.5pt



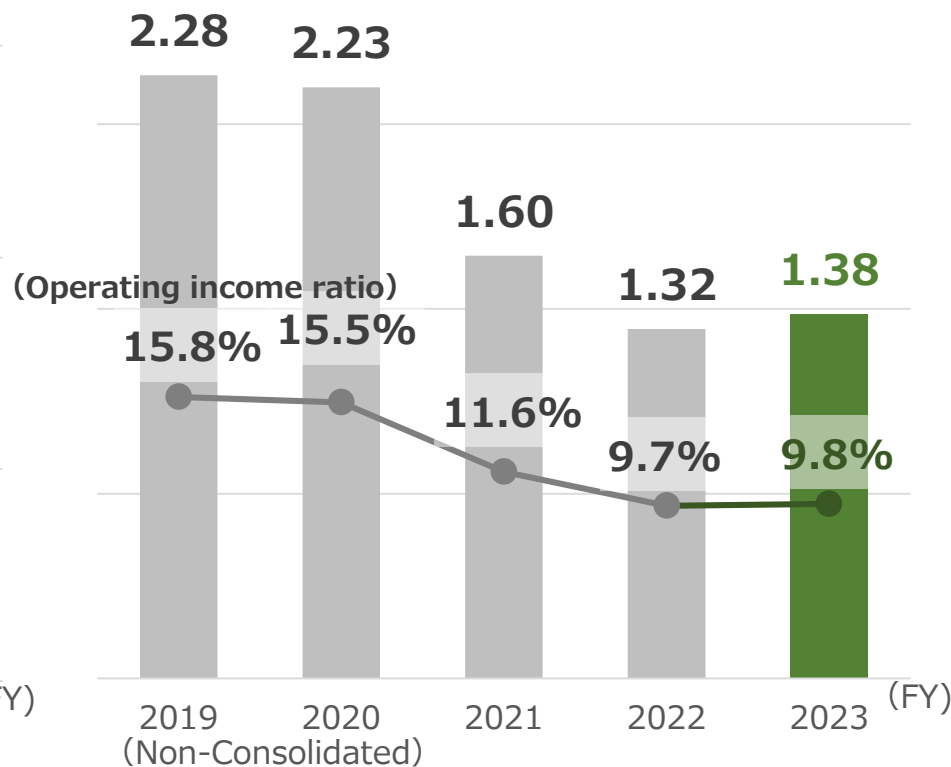
Financial Highlights | 5-year Transition

(Unit: Billion yen)

Net Sales



Operating Income



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



Financial Highlights

| Topics : Area Development

Opened on April 1, 2022

Shimanto sales office



Opened on April 1, 2023

Hiroshima sales office



Opened on October 3, 2022

Okayama sales office



Financial Highlights | Topics : New Product

CAESJAN

Automatic fire extinguishing system to protect houses and people from fire in case of emergency



- Sprays fire extinguishing liquid when heat is sensed
- Automatically performs initial fire extinguishing, which is critical in fire response
- Installed in the ceiling using our construction techniques developed in the underfloor and attic



- CAESJAN is manufactured by Fuji Giken Ltd. The Company is engaged in sales and installation.



Financial Highlights | Topics : Sales Promotion

Acquire applications through effective sales promotion

TV
CM



Newspaper
Leaflets



WEB
Ads.



SNS



Financial Highlights | Topics : Public Relations

Strengthen our brand value Activities to raise awareness of the need for termite control

Detection Dog



Sponsorship



© KAWASAKI FRONTALE CO.,LTD

Termite Warning



Media Exposure

TV (FUJI TV)
Live News It !

Shinobu Sakagami's
Animal Kingdom

WEB (Netolabo)

A scary but informative story about termites destroying an entire yard. Asked what caused it, etc.



FY3/23

Details of Financial Results



Details | Specific Initiatives

Enhancement of Profitability

**Securing and Developing
Excellent Human Resources**

Promotion of Area Expansion

Ensuring Compliance

Prevention of COVID-19 Infection



Details | Results (YoY)

(Unit: Billion yen)	FY2022	FY2023	YoY Change	YoY Ratio
Net Sales	13.69	14.14	0.44	3.2%
Operating Income	1.32	1.38	0.05	4.2%
Ordinary Income	1.34	1.39	0.04	3.5%
Net Income Attributable to Owners of Parent	0.57	0.87	0.29	51.2%
EPS (yen)	52.82	79.74	26.92	51.0%

Details | Results (Ratio of Forecasts)

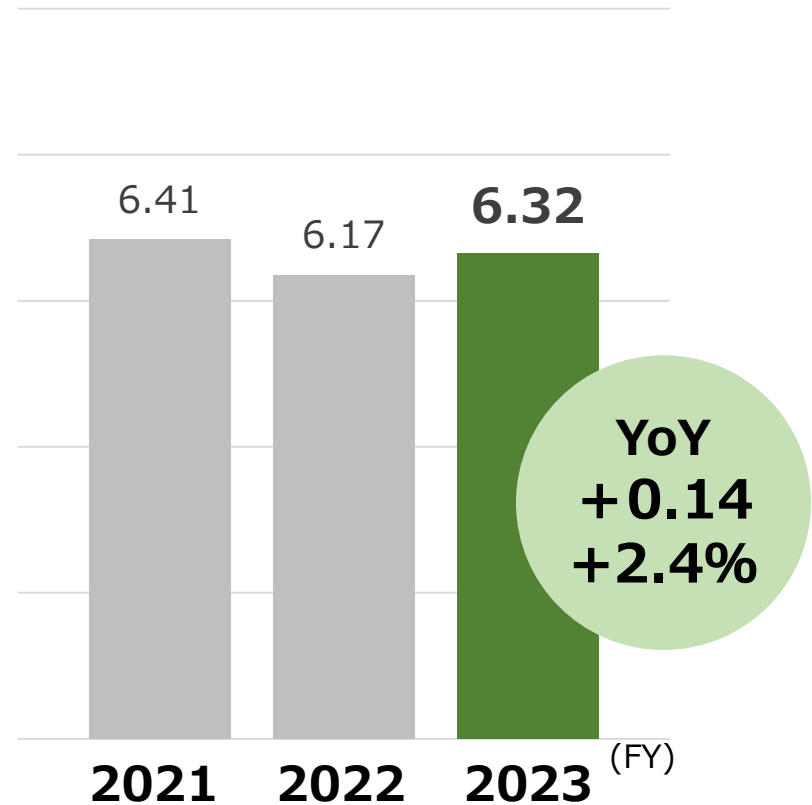
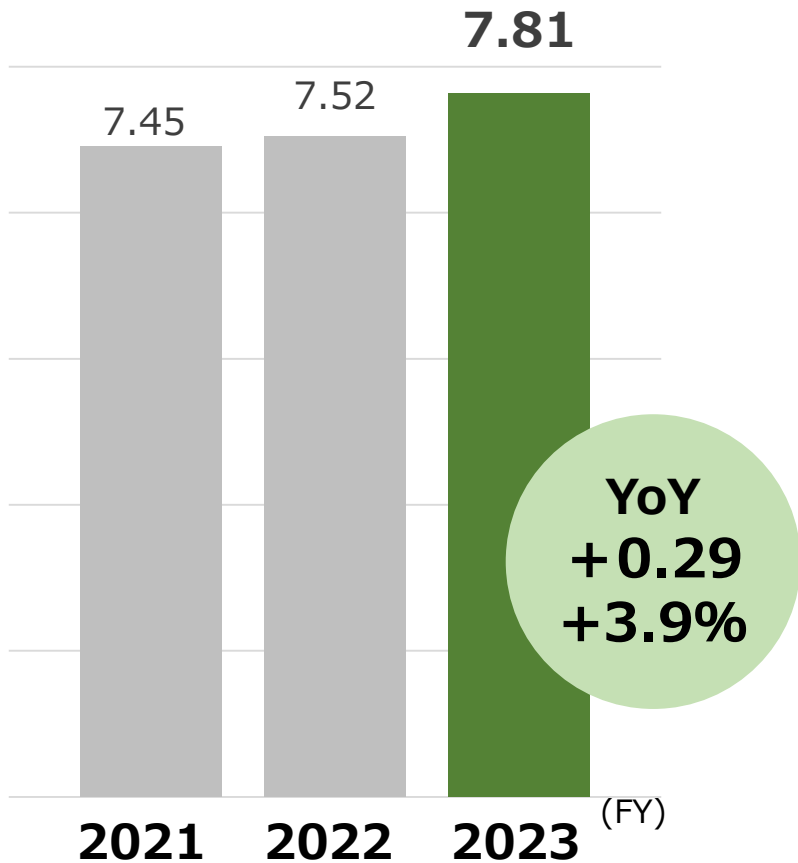
(Unit: Billion yen)	Forecast	Result	Difference	Ratio of Forecasts
Net Sales	14.32	14.14	-0.17	98.7%
Operating Income	1.47	1.38	-0.09	93.8%
Ordinary Income	1.48	1.39	-0.08	94.1%
Net Income Attributable to Owners of Parent	0.95	0.87	-0.07	91.8%
EPS (yen)	86.95	79.74	-7.21	91.7%

Details | Consolidated Net Sales (by half year)

(Unit: Billion yen)

1H

2H



Details | Sales Composition by Service

Others

Sales **1.6**

Share **12%**

- Heartful Home Co., Ltd
- Highly Heat Insulate Construction
- CAESJAN
- Pest Control
- Housing Renovation
- Others

Anti-earthquake Measures

Sales **3.6**

Share **26%**



Termite Control

Sales **5.9**

Share **42%**



Consolidated Net Sales
14.1

Anti-humidity Measures

Sales

2.8

Share

20%



Details | Net Sales by Service (YoY)

(Unit: Billion yen)	FY2022	FY2023	YoY Change
Net Sales	13.69	14.14	0.44
Termite Control	5.76	5.98	0.21
Anti-humidity Measures	2.72	2.88	0.16
Anti-earthquake Measures	3.70	3.61	-0.08
Others	1.50	1.66	0.15

Details | Number of Staffs, Sales per Staff

	FY2022	FY2023	YoY Change
Net Sales (Billion yen)	13.69	14.14	0.44
Average Number of Staffs During the Period	1,032	1,034	2
Sales per Staff (Thousand yen/month)	1,106	1,139	32
Number of Staffs at End of Period	1,046	1,037	-9

- "Number of staffs": total number of staffs actually working including part-time employees and contract employees (excluding dispatched and seconded staffs)



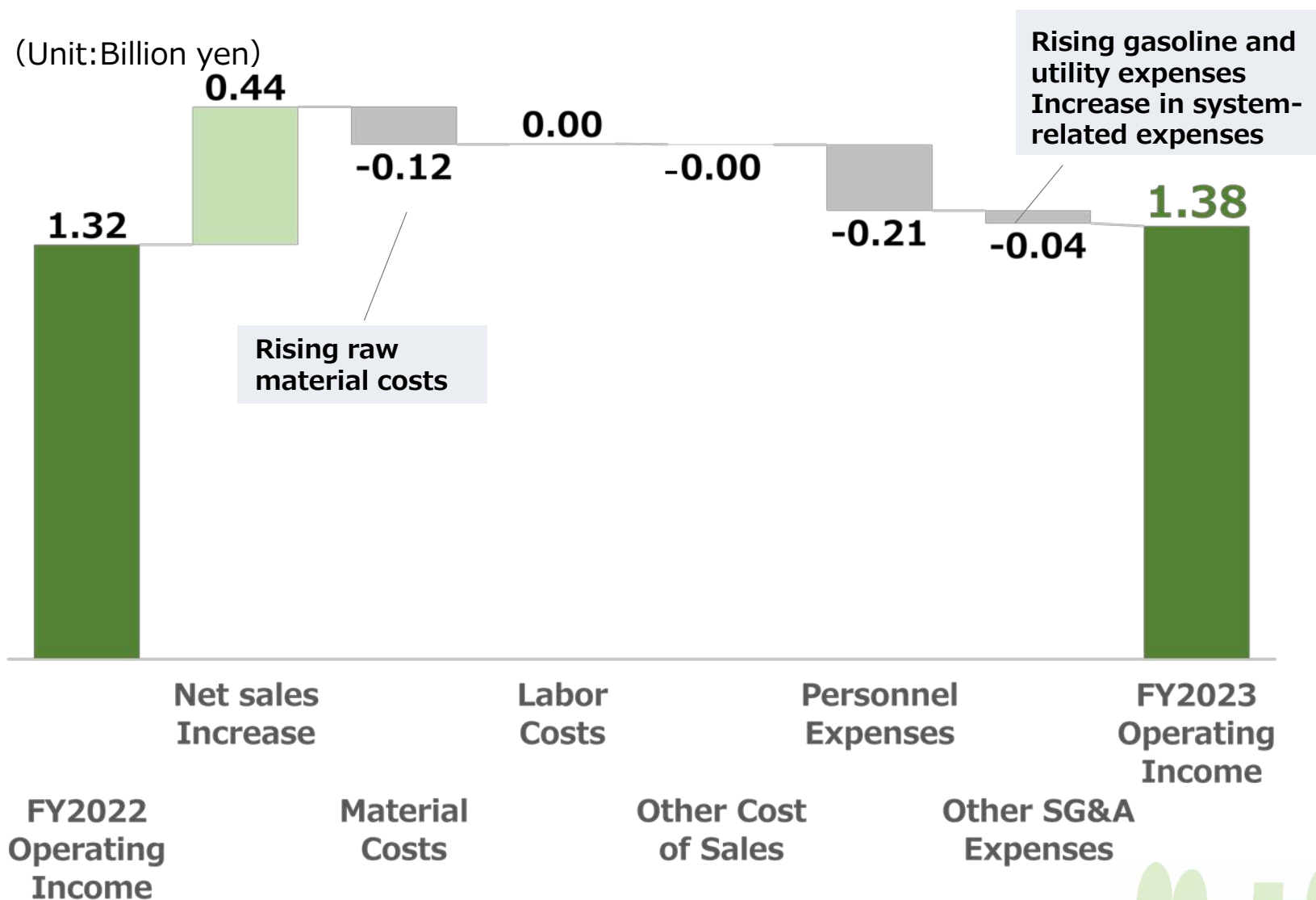
Details

Breakdown of cost of sales and SG&A expenses

(Unit: Billion yen)

	FY2022	FY2023	YoY Change	YoY Ratio
Net Sales	13.69	14.14	0.44	3.2%
Cost of Sales	4.28	4.41	0.13	3.1%
Material Costs	1.77	1.89	0.12	7.2%
Labor Costs	1.38	1.37	-0.00	-0.5%
Other Cost of Sales	1.12	1.13	0.00	0.9%
Gross Profit	9.41	9.72	0.30	3.3%
SG&A Expenses	8.09	8.34	0.25	3.1%
Personnel Expenses	5.28	5.49	0.21	4.0%
Other SG&A Expenses	2.81	2.85	0.04	1.4%
Operating Income	1.32	1.38	0.05	4.2%

Details | Factors for Changes in Operating Income



Details | Balance Sheet

(Unit: Billion yen)	End of FY2022	End of FY2023	YoY Change	Main Factors for Changes	
Current Assets	8.81	8.83	0.02	Raw materials and supplies	0.03
Non-current Assets	5.26	5.62	0.36	Investment securities	0.40
Total Assets	14.07	14.45	0.38		
Current Liabilities	2.00	2.19	0.19		
Non-current Liabilities	0.51	0.52	0.01		
Total Liabilities	2.51	2.72	0.21		
Total Net Assets	11.55	11.73	0.17	Retained earnings	0.19
Equity-to-asset Ratio	82.1%	81.1%	-1.0pt		
BPS (yen)	1,053.10	1,067.64	14.53		



Details | Cash Flow Statement

(Unit: Billion yen)

	FY2022	FY2023	Main Factors	
Cash Flows from Operating Activities	0.86	1.20	Income before income taxes	1.39
Cash Flows from Investing Activities	-0.04	-0.44	Purchase of investment securities	-0.40
Free Cash Flows	0.82	0.75		
Cash Flows from Financing Activities	-0.84	-0.75	Cash dividends paid	-0.68
Cash and Cash Equivalents at End of Period	6.65	6.65		

Details | Management indicator

	FY2021	FY2022	FY2023	YoY Change
Equity-to-asset Ratio	80.9%	82.1%	81.1%	-1.0pt
Interest-bearing debt Dependency	4.5%	3.4%	2.9%	-0.5pt
Operating Income Ratio	11.6%	9.7%	9.8%	0.1pt
ROA	11.8%	9.5%	9.8%	0.3pt
ROE	9.1%	5.0%	7.5%	2.5pt
EPS (yen)	89.52	52.82	79.74	26.92
BPS (yen)	1,064.09	1,053.10	1,067.64	14.53
Payout Ratio	67.0%	117.4%	77.8%	-39.6pt
Net Assets to Dividend Ratio	5.6%	5.9%	5.8%	-0.0pt

- 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.

FY3/24 - FY3/26

**Mid-term
Business Plan
(Rolling System)**



Corporate Philosophy / Vision

Corporate Philosophy

“Protecting People, Houses and Forests by Fostering our own People and Technology”

We provide safety, security, and comfort to our customers through termite control and measures against earthquakes etc., and contribute to solving social issues such as environmental problems by promoting extended the life of existing houses

Vision

Through Extending the Life of Wooden Houses and Improving the Wellbeing of Employees, Protecting the Environment and Becoming the Most Trusted Company by our Customers and Society

We keep working lively and provide the highest quality services to extend the life of wooden houses and protect the environment, mainly through termite control, to offer safe, secure, and comfortable living throughout Japan and continue to grow together with society



Sustainability Initiatives

E

Contributing to the Improvement of Environmental Issues through our Business

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



S

Developing Human Resources and Creating a Motivating Workplace

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



G

Strengthen Management structure

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



Social Change | Outlook for the Business Environment

Business Environment

- Rising costs of raw materials, fuel, utilities, etc. will gradually slow down, but the medium- to long-term outlook is highly uncertain
- Prospects for recovery in consumer confidence due to inflation and other factors are uncertain

Market Trends

- Decrease in working population / Rising labor costs
- Increased awareness of house maintenance continues
- Continuing national policy to enhance life extension and energy efficiency of existing houses.
- Receding preference for new construction, improved liquidity of housing stock, and increased demand for housing maintenance

Industry Trends

- Intensifying competition from top companies in the industry
- Strengthening of regulations by reviewing related laws such as the Act on Specified Commercial Transactions, etc.



Priority Strategies

- **Reinforcement of Sales Promotion Basis and Structure**
- **Enhancing Productivity**
- **Expansion of Services from the Customer's Perspective**
- **Development and Utilization of Human Capital**
- **Contributing to Solving Social Issues through Our Business Activities**

Priority Strategies

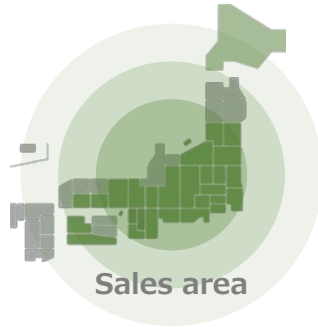
Reinforcement of Sales Promotion Basis and Structure

● Expansion of sales area and sales channels

- Deepening and expanding sales areas

➔ Increase in sales targets*

* Wooden detached house



- Strengthening Sales Promotion
- Developing corporate partners

➔ Increase in number of applications



● Utilize M&A and strengthen group synergies

- M&A consideration and utilization

➔ Expansion of area, partners, and client base, and securing of human resources



- Maximize synergies through intergroup cross-selling

➔ Service expansion and sales growth

Priority Strategies

Enhancing Productivity

● Improvement of sales efficiency

- Advanced sales management using digital technology and strengthen sales force by expanding sales tools
- Efficiency and labor saving through business digitalization

➔ **Increase in sales per staff**



● Improvement of construction efficiency

- Development of new construction techniques and methods
- Introduction of new construction equipment
- Optimization of construction system through digitization

➔ **Improve labor productivity in construction**



Priority Strategies

Expansion of Services from the Customer's Perspective

● Design of high value-added services

- Developing services supporting safe, secure, and comfortable lifestyles for customers
- Expanding services to solve wooden housing issues

➔ **Expansion of high value-added services in line with customer needs**



High value-added services

● Further enhancement of after-sales service

- Understanding customer needs through annual after-sales service
- Providing high quality after-sales service meeting customer expectations

➔ **Improve customer satisfaction**



Customer satisfaction

Priority Strategies

Development and Utilization of Human Capital

● Enhancement of education system

- Revitalization of the organization through development of management skills of managerial positions
- Improvement of skills through enhanced training programs

➔ **Develop energetic and highly-skilled staff**



Energetic



Highly-skilled

● Maintenance of workplace environment

- Maintenance of environment and systems to enable diverse staff, including women, silver, and people with disabilities, to perform well
- Improvement of working environment / Improve wellbeing of employees by expanding personnel systems

➔ **Improve employee satisfaction**



Employee satisfaction

Priority Strategies

Contributing to Solving Social Issues through Our Business Activities

● Reduce the environmental impact of our business activities

- Reducing fuel and electricity consumption in operations
- Switching to electricity derived from renewable energy sources

➔ **Reduction of CO2 emissions from business activities**



Reduction of CO2 emissions

● Expansion of services providing housing safety and environmental protection

- Contribution to extending the life of wooden houses and reducing disasters through the business activities

➔ **Protecting the environment and limiting human suffering from disasters**

- Switch to specifications and materials with lower environmental impact
- Expanding services to protect the environment

➔ **Expansion of environmentally friendly services**



Environment / Disaster Reduction

Growth Image

Aiming for sustainable growth together with society through our core business of termite control

Becoming the Most Trusted Company by our Customers and Society

Contributing to Solving Social Issues
Utilize M&A and strengthen synergies
Service expansion

• Expansion of sales area and sales channels
• Enhancing productivity
• Development & Utilization of Human Capital

• High-quality services • Thorough Compliance System
• Sound Finance • Socially significant business

Basis
(Internal Factors)

Opportunities
(External Factors)

• Huge potential demand • Spurring national policy
• Increased awareness of house maintenance

Mid-term Plan | Profit and loss

	Results	Forecasts				
	FY2023	FY2024	FY2025	FY2026		
					Change (Compared to FY3/23)	
(Unit: Billion yen)						
Net Sales	14.14	14.80	15.30	15.70	1.55	11.0%
Operating Income	1.38	1.45	1.71	1.82	0.43	31.9%
Operating Income Ratio	9.8%	9.8%	11.2%	11.6%	1.8pt	–
Net Income Attributable to Owners of Parent	0.87	0.92	1.10	1.18	0.30	34.7%
Net Income Ratio	6.2%	6.2%	7.2%	7.5%	1.3pt	–



Mid-term Plan | Number of Staffs, Sales per Staff

	Results	Forecasts				
	FY2023	FY2024	FY2025	FY2026		
					Change (Compared to FY3/23)	
Net Sales (Billion yen)	14.14	14.80	15.30	15.70	1.55	11.0%
Average Number of Staffs During the Period	1,034	1,041	1,056	1,079	45	4.4%
YoY Ratio	0.2%	0.7%	1.5%	2.2%	—	—
Sales per Staff (Thousand yen /month)	1,139	1,184	1,207	1,212	72	6.4%
YoY Ratio	3.0%	4.0%	1.9%	0.4%	—	—

FY3/24

Forecasts



Forecasts | Profit and loss

(Unit: Billion yen)	FY2023 Results	FY2024 Forecasts	YoY Change	YoY Ratio
Net Sales	14.14	14.80	0.65	4.7%
Operating Income	1.38	1.45	0.06	5.1%
Ordinary Income	1.39	1.47	0.07	5.3%
Net Income Attributable to Owners of Parent	0.87	0.92	0.04	5.0%
EPS (yen)	79.74	83.73	3.99	5.0%

Forecasts | Number of Staffs, Sales per Staff

	FY2023 Results	FY2024 Forecasts	YoY Change
Net Sales (Billion yen)	14.14	14.80	0.65
Average Number of Staffs During the Period	1,034	1,041	7
Sales per Staff (Thousand yen/month)	1,139	1,184	45
Number of Staffs at End of Period	1,037	1,075	38

- "Number of staffs": total number of staffs actually working including part-time employees and contract employees (excluding dispatched and seconded staffs)

Forecasts

| Breakdown of cost of sales and SG&A expenses

(Unit: Billion yen)

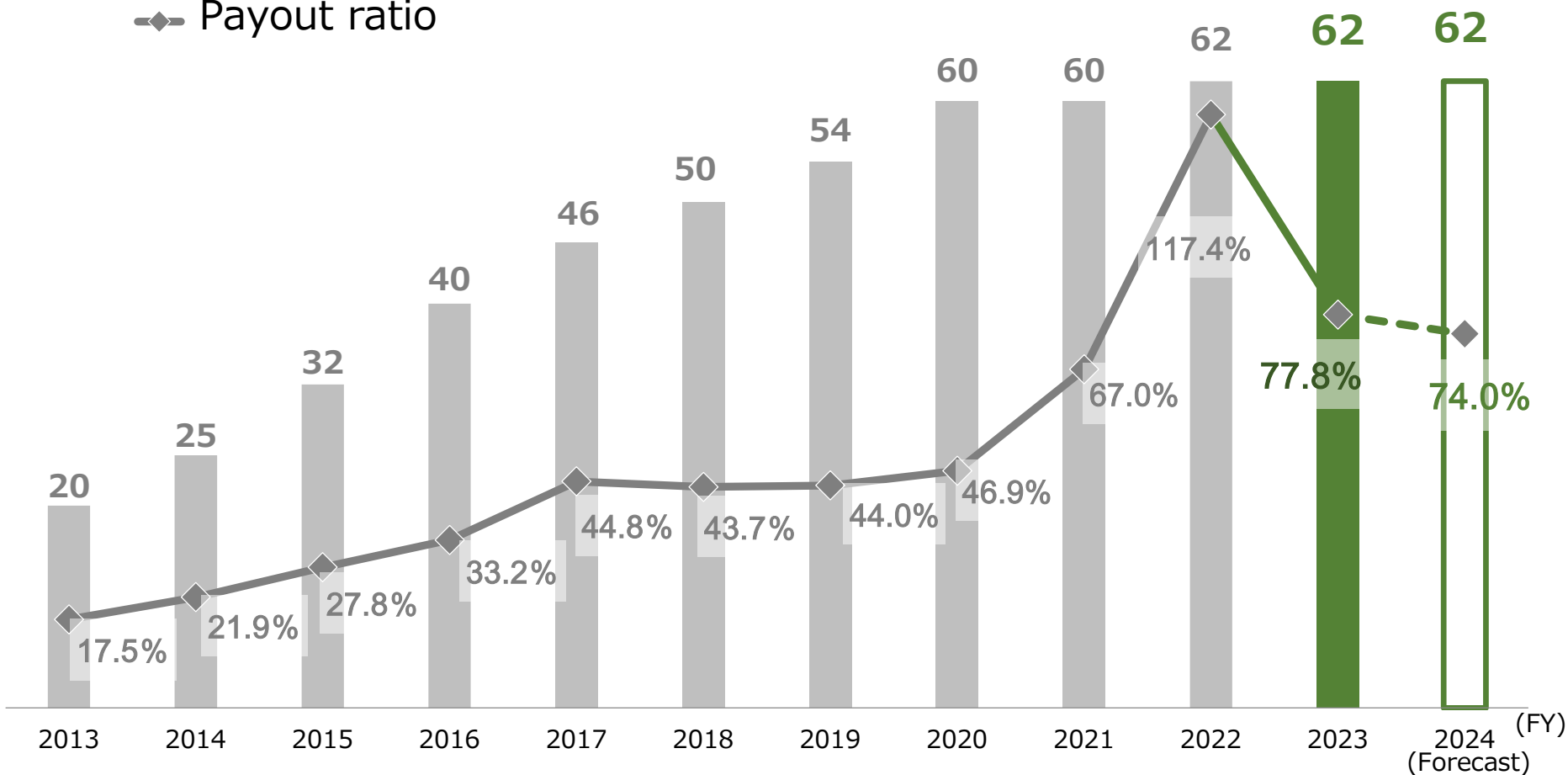
	FY2023 Results	FY2024 Forecasts	YoY Change	YoY Ratio
Net Sales	14.14	14.80	0.65	4.7%
Cost of Sales	4.41	4.51	0.10	2.3%
Gross Profit	9.72	10.28	0.55	5.7%
SG&A Expenses	8.34	8.83	0.48	5.8%
Personnel Expenses	5.49	5.74	0.25	4.6%
Other SG&A Expenses	2.85	3.08	0.23	8.2%
Operating Income	1.38	1.45	0.06	5.1%

Dividend (Results and Forecasts)

■ Year-end dividend paid per share

(Unit : Yen)

◆ Payout ratio



● The Company 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.

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Protecting People, Houses and Forests by Fostering our own People and Technology

