

# Financial Results for the Second Quarter Ended September 30, 2023



**Asante Incorporated**

TSE Prime Section Securities Code 6073  
**November 14, 2023**



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**FY3/24 1H**

**Financial  
Highlights**



# Financial Highlights | 2024 1H Summary

## Business Environment

- Decline in consumer confidence in our services due to inflation
- Continuing tight labor supply and demand and intensifying competition for human resources
- Costs of raw materials, fuel, utilities, etc. continue to be high

## Our Market

- National policy emphasizing longevity and maintenance of existing housing continues

## Basis of Operation

- Expansion of sales area in western Japan
- New alliances with JA and companies/organizations
- 50th anniversary, appointment of celebrity ambassador

## Human Capital

- Human resource development through an in-house skills certification system
- Maintenance of workplace environment including management skills development



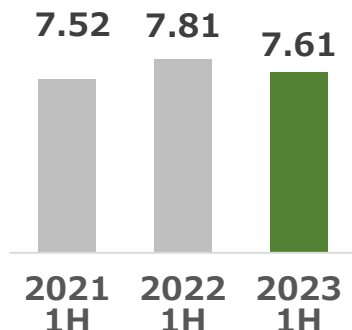
# Financial Highlights | 2024 1H Results

## Net Sales

(billion yen)

**7.61**  
Billion yen

YoY  
**-0.19**  
**-2.5%**

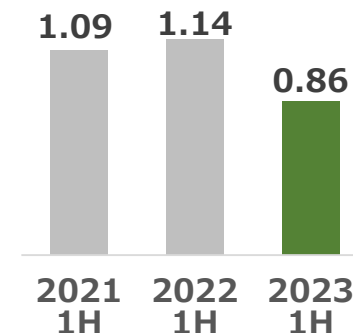


## Operative Income

(billion yen)

**0.86**  
Billion yen

YoY  
**-0.27**  
**-23.7%**



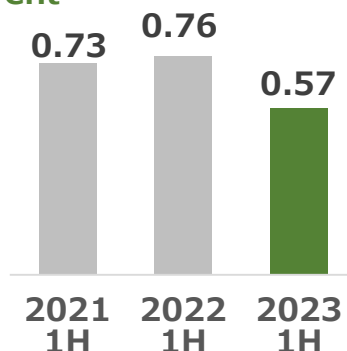
## Net Income

attributable to owners of parent

(billion yen)

**0.57**  
Billion yen

YoY  
**-0.18**  
**-24.1%**



## Progress Ratio

on full-year forecasts

Net Sales **51%**    Operating Income **60%**



# Financial Highlights

| Topics : Area Development

Opened on October 1, 2023

**Kochi sales office**



Opened on April 1, 2023

**Hiroshima sales office**



Opened on October 3, 2022

**Okayama sales office**



# Financial Highlights | Topics : Sales Promotion

## Acquire applications through effective sales promotion

TV  
CM



Newspaper  
Leaflets



WEB /  
SNS



Others



ACCEL JAPAN Ambassador HIROMI

# Financial Highlights | Topics : Public Relations

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

### Detection Dog



### Sponsorship



### Termite Warning



### Media Exposure

**Newspaper**  
(Japan Distribution Industry Newspaper)  
Interview with President

**WEB**  
(NHK NEWS WEB)  
Reports of bed bug infestations continue to increase "I just can't sleep at night" Why now?



**FY3/24 1H**

# **Details of Financial Results**



# Details | Results (1 H / YoY)

(Unit: Billion yen)	FY2023 1 H	FY2024 1 H	YoY Change	YoY Ratio
<b>Net Sales</b>	7.81	<b>7.61</b>	-0.19	-2.5%
<b>Operating Income</b>	1.14	<b>0.86</b>	-0.27	-23.7%
<b>Ordinary Income</b>	1.15	<b>0.90</b>	-0.25	-22.0%
<b>Net Income Attributable to Owners of Parent</b>	0.76	<b>0.57</b>	-0.18	-24.1%
<b>EPS (yen)</b>	69.25	<b>52.53</b>	-16.73	-24.2%



# Details | Results (1Q·2Q / YoY)

(Unit:Billion yen)	FY2023 1Q	FY2024 1Q	YoY Change	YoY Ratio
<b>Net Sales</b>	4.26	<b>4.23</b>	-0.02	-0.6%
<b>Operating Income</b>	0.73	<b>0.65</b>	-0.08	-11.2%
(Unit:Billion yen)	FY2023 2Q	FY2024 2Q	YoY Change	YoY Ratio
<b>Net Sales</b>	3.55	<b>3.37</b>	-0.17	-4.9%
<b>Operating Income</b>	0.40	<b>0.21</b>	-0.18	-46.4%

# Details | Results (1 H/Ratio of Forecasts)

(Unit: Billion yen)	Forecasts	Results	Difference	Ratio of Forecasts
<b>Net Sales</b>	8.00	<b>7.61</b>	-0.38	95.2%
<b>Operating Income</b>	1.05	<b>0.86</b>	-0.18	82.8%
<b>Ordinary Income</b>	1.08	<b>0.90</b>	-0.17	83.6%
<b>Net Income</b> Attributable to Owners of Parent	0.69	<b>0.57</b>	-0.11	83.7%
<b>EPS (yen)</b>	62.80	<b>52.53</b>	-10.27	83.6%

# Details | Ratios to Estimates

(Unit: Billion yen)	FY2024 1 H Results	FY2024 Full-year Forecasts	Progress Ratio
<b>Net Sales</b>	<b>7.61</b>	<b>14.8</b>	<b>51.5%</b>
<b>Operating Income</b>	<b>0.86</b>	<b>1.45</b>	<b>60.0%</b>
<b>Ordinary Income</b>	<b>0.90</b>	<b>1.47</b>	<b>61.4%</b>
<b>Net Income Attributable to Owners of Parent</b>	<b>0.57</b>	<b>0.92</b>	<b>62.8%</b>
<b>EPS (yen)</b>	<b>52.53</b>	<b>83.73</b>	<b>62.7%</b>

# Details | Sales Composition by Service

**Others**

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

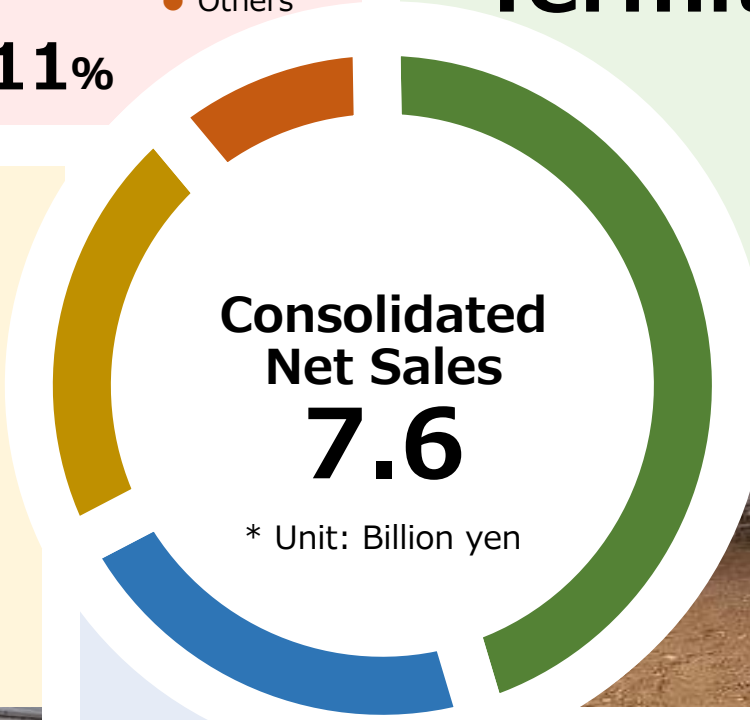
**Sales 0.8 Share 11%**

## Termite Control

**Sales 3.4**  
**Share 46%**

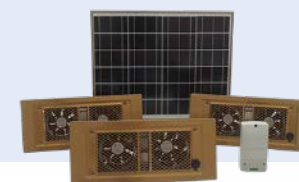
## Anti-earthquake Measures

**Sales 1.6**  
**Share 21%**



## Anti-humidity Measures

**Sales 1.6**  
**Share 22%**



# Details | Net Sales by Service (YoY)

(Unit:Billion yen)	FY2023 1 H	FY2024 1 H	YoY Change	YoY Ratio
<b>Net Sales</b>	<b>7.81</b>	<b>7.61</b>	<b>-0.19</b>	<b>-2.5%</b>
<b>Termite Control</b>	<b>3.63</b>	<b>3.48</b>	<b>-0.15</b>	<b>-4.1%</b>
<b>Anti-humidity Measures</b>	<b>1.67</b>	<b>1.67</b>	<b>0.00</b>	<b>0.1%</b>
<b>Anti- earthquake Measures</b>	<b>1.73</b>	<b>1.64</b>	<b>-0.08</b>	<b>-5.2%</b>
<b>Others</b>	<b>0.78</b>	<b>0.82</b>	<b>0.03</b>	<b>5.1%</b>

# Details | Number of Staffs, Sales per Staff

	FY2023 1 H	FY2024 1 H	YoY Change	YoY Ratio
<b>Net Sales</b> (Billion yen)	7.81	<b>7.61</b>	-0.19	-2.5%
<b>Average Number of Staffs During the Period</b>	1,035	<b>1,025</b>	-10	-1.0%
<b>Sales per Staff</b> (Thousand yen/month)	1,258	<b>1,238</b>	-20	-1.6%
<b>Number of Staffs at End of Period</b>	1,037	<b>1,015</b>	-22	-2.1%

- "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

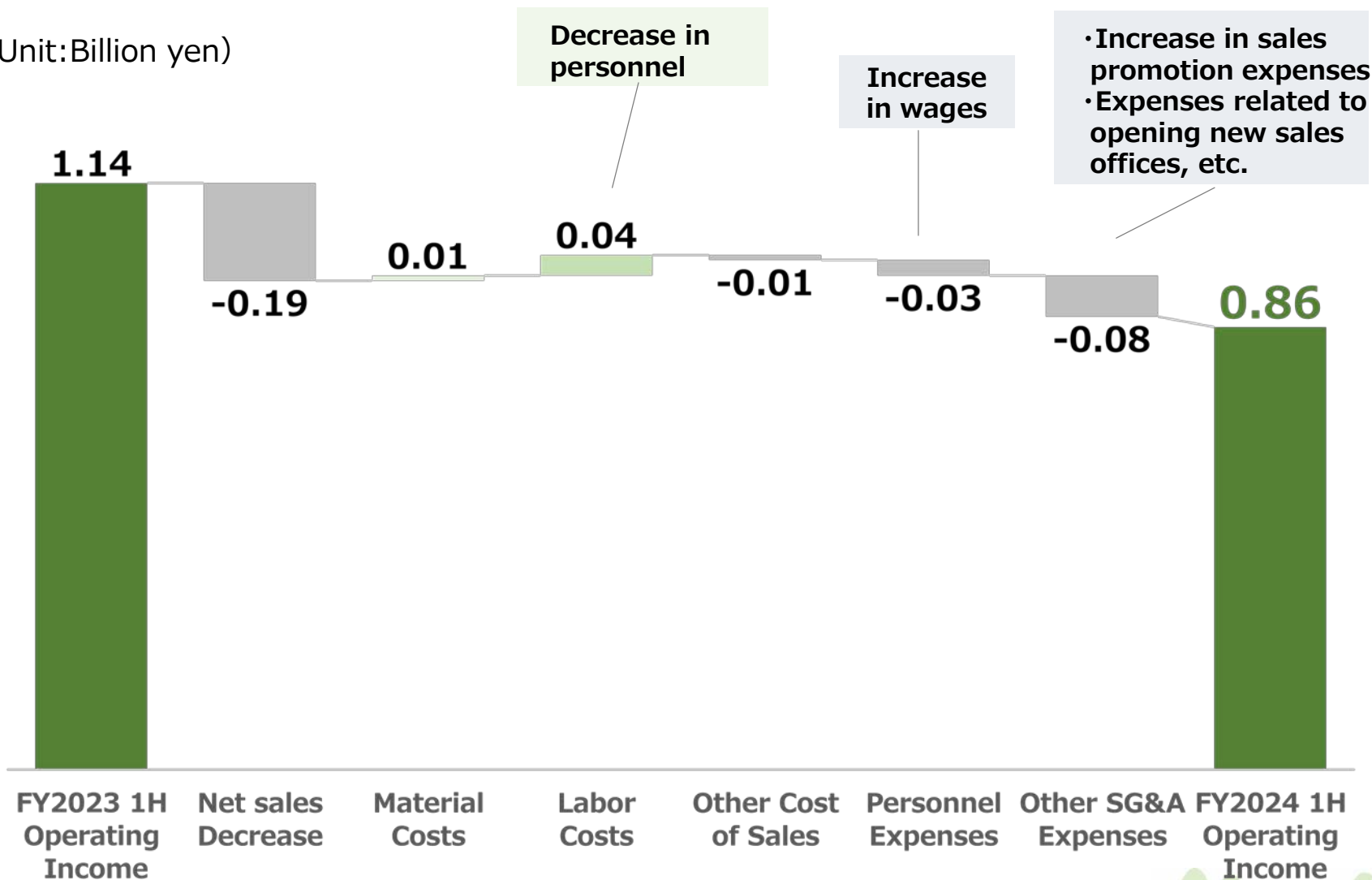
(Unit: Billion yen)

	FY2023 1 H	FY2024 1 H	YoY Change	YoY Ratio
<b>Net Sales</b>	7.81	<b>7.61</b>	-0.19	-2.5%
<b>Cost of Sales</b>	2.33	<b>2.28</b>	-0.04	-2.0%
Material Costs	0.99	<b>0.97</b>	-0.01	-1.5%
Labor Costs	0.74	<b>0.69</b>	-0.04	-6.2%
Other Cost of Sales	0.59	<b>0.61</b>	0.01	2.5%
<b>Gross Profit</b>	5.48	<b>5.33</b>	-0.15	-2.8%
<b>SG&amp;A Expenses</b>	4.34	<b>4.46</b>	0.11	2.7%
Personnel Expenses	2.79	<b>2.82</b>	0.03	1.3%
Other SG&A Expenses	1.55	<b>1.63</b>	0.08	5.3%
<b>Operating Income</b>	1.14	<b>0.86</b>	-0.27	-23.7%



# Details | Factors for Changes in Operating Income

(Unit: Billion yen)



**FY3/24 2H**

# **Specific Initiatives**



# Outlook for the Business Environment

## Business Environment

- Decline in consumer confidence due to inflation
- High energy costs
- Intense competition for human resources

Prospects are uncertain

## Market Trends

- National policy emphasizing longevity and maintenance of existing housing
- Growing awareness and demand of house maintenance

Expected to continue for the time being

## Industry Trends

- Intensifying competition from top-tier firms
- Ability to comply with increasingly stringent related laws and regulations
- Issues such as securing human resources and business succession

Further polarization

Although no major changes in the external environment are expected, we intend to implement initiatives to enhance our advantage and achieve high growth

# Promoting Priority Strategies

## Reinforcement of Sales Promotion Basis and Structure

- Enhancement of customer attraction in web advertising
- Expand alliances with JA, companies, and organizations in existing and new areas

## Enhancing Productivity

- Expand use of tablets and mobile printers

## Expansion of Services from the Customer's Perspective

## Development and Utilization of Human Capital

- Promoting employee skill development through training and certification
- Revitalization of the organization by improving the management skills of managers

## Contributing to Solving Social Issues through Our Business Activities



# Purpose of Business Alliance and Fundraising

**To enhance corporate value through rapid growth,** the Company will form a business alliance with Advantage Advisors Co., Ltd. (“Advantage Advisors”) and raise funds to further strengthen its ability to promote strategies



## About **Advantage Advisors**

Within the Advantage Partners Group, a pioneer in Japanese private equity funds, Advantage Advisors is responsible for a “private solutions” strategy in which it acquires shares of listed companies and works hand in hand with the management teams of those companies to enhance corporate value.

Advantage Advisors has extensive experience in providing consulting and growth support to numerous publicly listed companies.



# Business Alliance

## Our 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



## Advantage Advisors's Value Proposition

- Supporting for M&A and PMI
- Advanced corporate sales expertise
- Establishing a marketing organization
- Digital Transformation
- Advancement of human resource development
- Utilization of network of investment and financial institutions, etc.
- Utilization of NTT DOCOMO's network

Aiming for solid mid- to long-term growth by adding more depth and driving force to our strategies







# Image of Growth

The source of our competitiveness

**Sales Ability  
& Technical Ability**

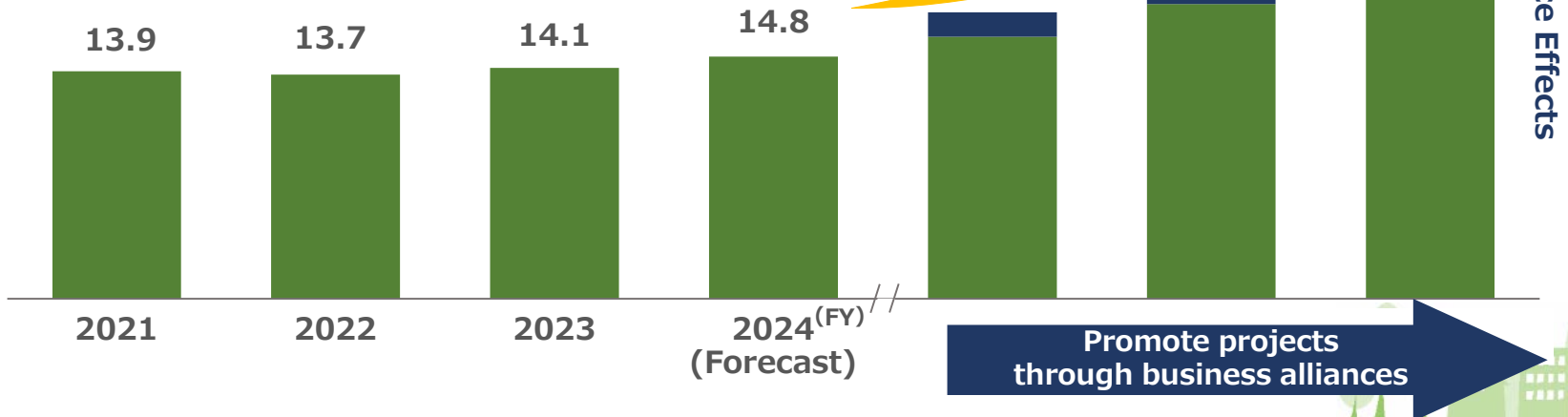


Strengths gained through business alliances

**Advancement of  
Planning Abilities**

→ **Achieve rapid growth  
by adding planning abilities  
to sales & technical abilities**

Consolidated Sales Growth Image (billion yen)



# Overview of Fundraising

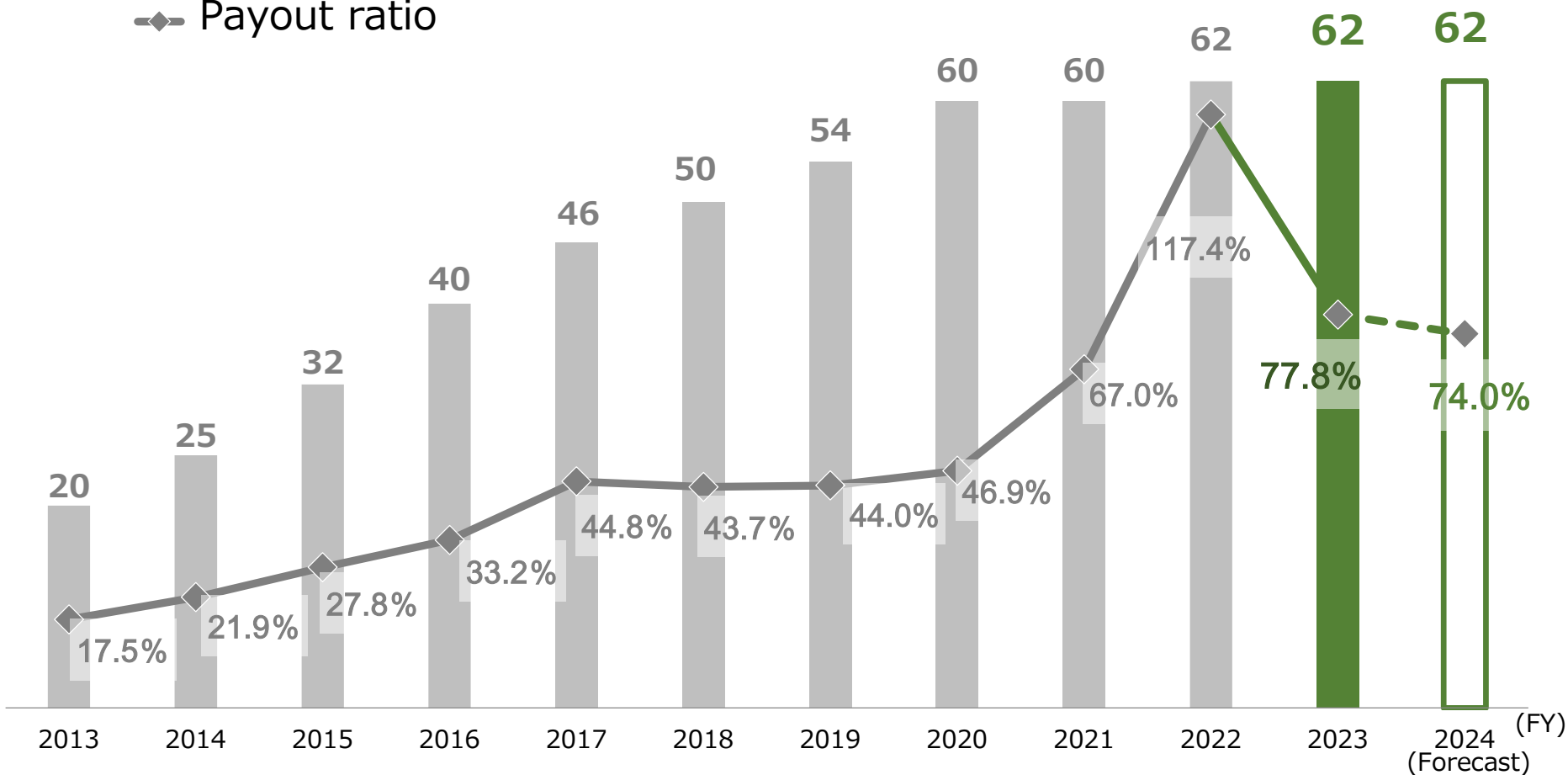
	Share Acquisition Rights	Convertible Bonds with Share Acquisition Rights
Issuance date	November 28, 2023	
Amount of funds to be acquired	2.50 billion yen	1.99 billion yen
Maturity	-	5 years
Convertible / Exercisable period	May 2024 to November 2028	November 2024 to November 2028
Conversion / Exercise price	1,672 yen	
Interest rate	-	0%
Allottee	<b>AAGS S7, L.P.</b> (100% owned by Advantage Advisors Growth Support Investment Limited Partnership)	
Use of the proceeds	<ul style="list-style-type: none"> <li>• M&amp;A promotion</li> <li>• DX utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Enhancement</li> <li>• Expansion of locations</li> <li>• Strengthening the human resource basis</li> </ul>

# 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.

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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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



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

