

Financial Results for the Second Quarter Ended September 30, 2016

November 14, 2016

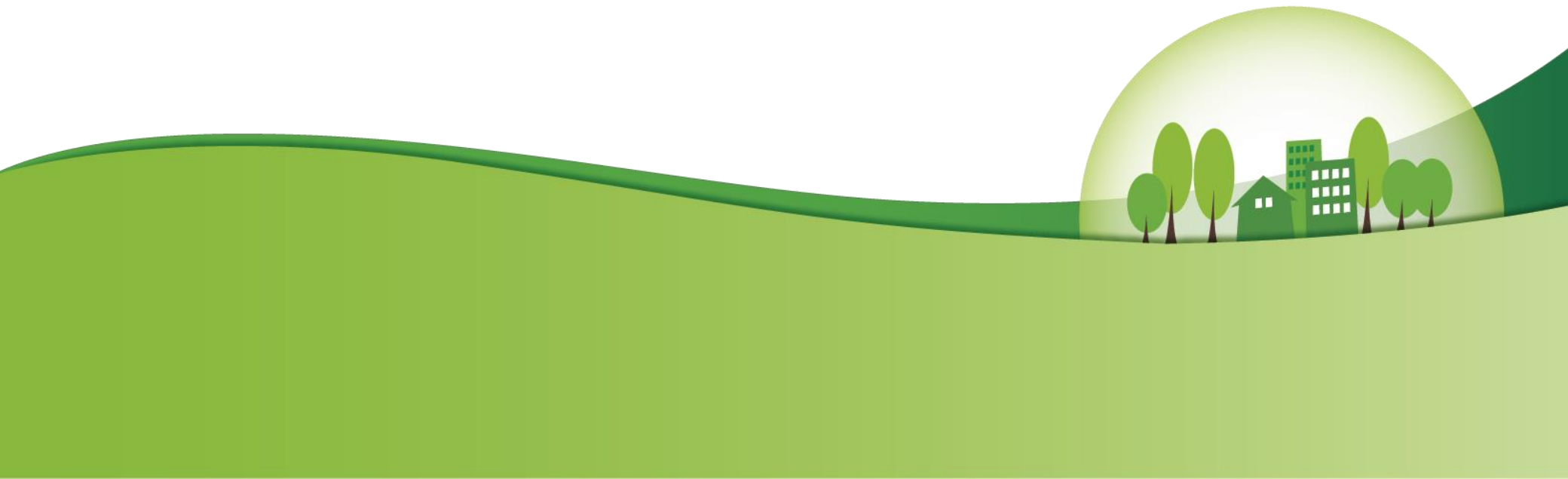


Asante Incorporated [TSE First Section Securities Code 6073]

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I . Overview of Financial Results for the first half of FY3/17





- 1.** Awareness for the prevention of existing houses raised
- 2.** Recovery of consumer sentiment was slowed
- 3.** Intensifying competition for hiring personnel



Staffing strategy

Enhancement of recruitment and
training department

Regional strategy

Establishment of Gobo Sales Office
(Wakayama Prefecture)

Operational strategy

Strengthening of advertising,
publicity and sales promotion activities

Results for Profit and Loss



- Net sales increased by 8.7% Operating income decreased by 8.4%
- Operating income decreased by 138 million yen due to increase in 189 million yen of retirement benefits expenses

(Unit: Million yen)	FY3/16 1H		FY3/17 1H		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change	Change in Ratio
Net Sales	7,349	—	7,991	—	642	8.7%
Cost of Sales	2,052	27.9%	2,242	28.1%	189	9.2%
Gross Profit	5,296	72.1%	5,748	71.9%	452	8.5%
SG&A	3,655	49.7%	4,246	53.1%	590	16.2%
Operating Income	1,640	22.3%	1,502	18.8%	- 138	- 8.4%
Ordinary Income	1,653	22.5%	1,514	19.0%	- 138	- 8.4%
Net Income	1,074	14.6%	1,005	12.6%	- 69	- 6.4%
EPS (yen)	87.09	—	81.49	—	- 5.6	- 6.4%

Results for Profit and Loss

***excluding increase in 189 million yen of retirement benefits expenses**



- Operating income increased by 3.1%
- Increase in SG&A is due to rise in personnel expenses, advertising expenses and recruiting expenses
- Operating income ratio decreased by 1.2 pt

(Unit: Million yen)	FY3/16 1H		FY3/17 1H		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change	Change in Ratio
Net Sales	7,349	—	7,991	—	642	8.7%
Cost of Sales	2,052	27.9%	2,207	27.6%	154	7.5%
Gross Profit	5,296	72.1%	5,783	72.4%	487	9.2%
SG&A	3,655	49.7%	4,092	51.2%	436	11.9%
Operating Income	1,640	22.3%	1,691	21.2%	51	3.1%

Ratios to Estimates



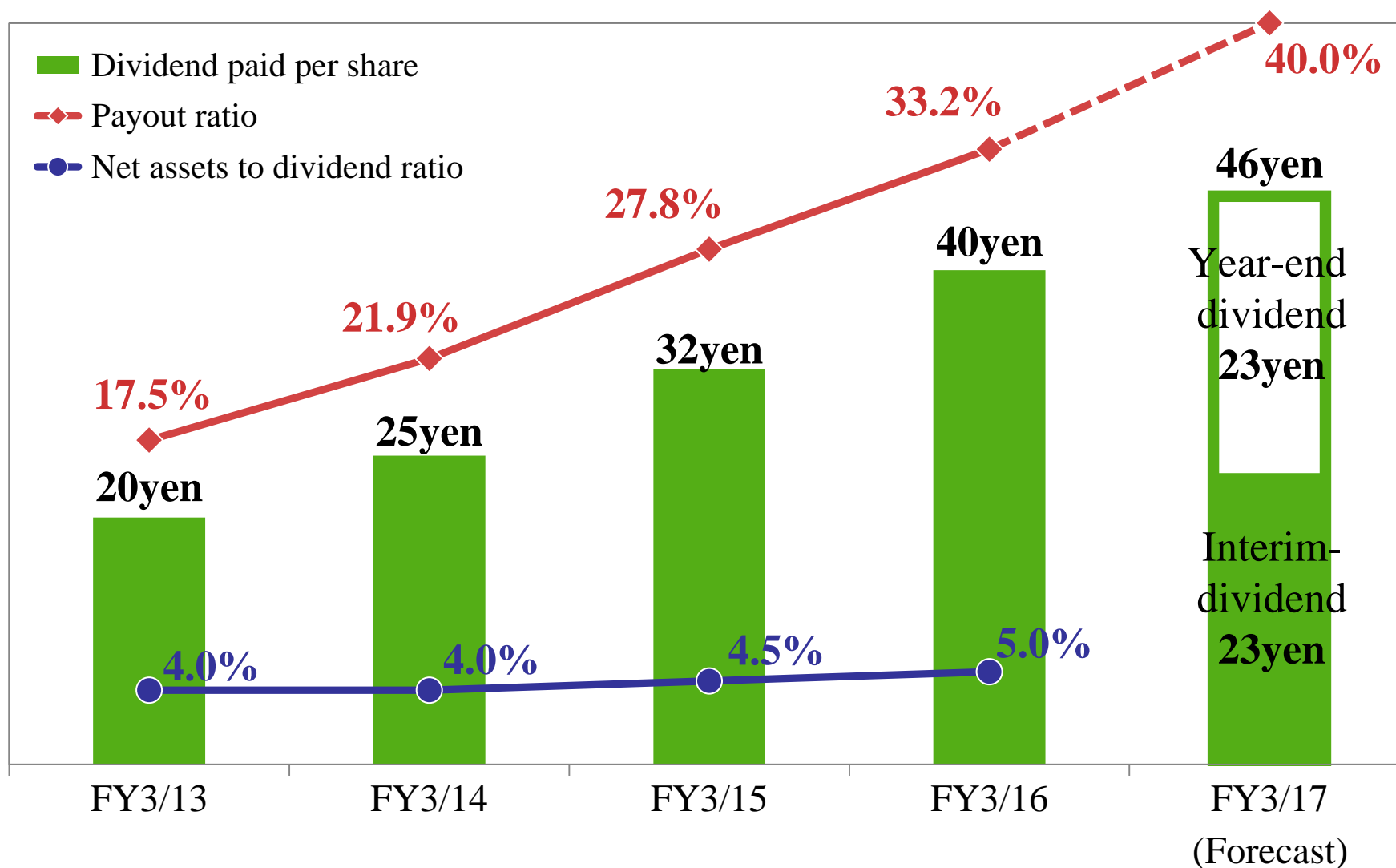
- Achievement ratio on net sales: 98.9%
Progress ratio on full-year forecasts: 55.2%
- Achievement ratio on operating income: 95.3%
Progress ratio on full-year forecasts: 69.3%

(Unit: Million yen)	FY3/17 1H Results	FY3/17 1H		FY3/17 Full-year	
		Forecasts	Achievement ratio	Forecasts	Progress ratio
Net Sales	7,991	8,078	98.9%	14,470	55.2%
Gross Profit	5,748	5,830	98.6%	10,378	55.4%
Operating Income	1,502	1,575	95.3%	2,167	69.3%
Ordinary Income	1,514	1,589	95.3%	2,174	69.6%
Net Income	1,005	1,057	95.1%	1,417	70.9%
EPS (yen)	81.49	85.66	95.1%	114.86	70.9%

Dividend Forecast

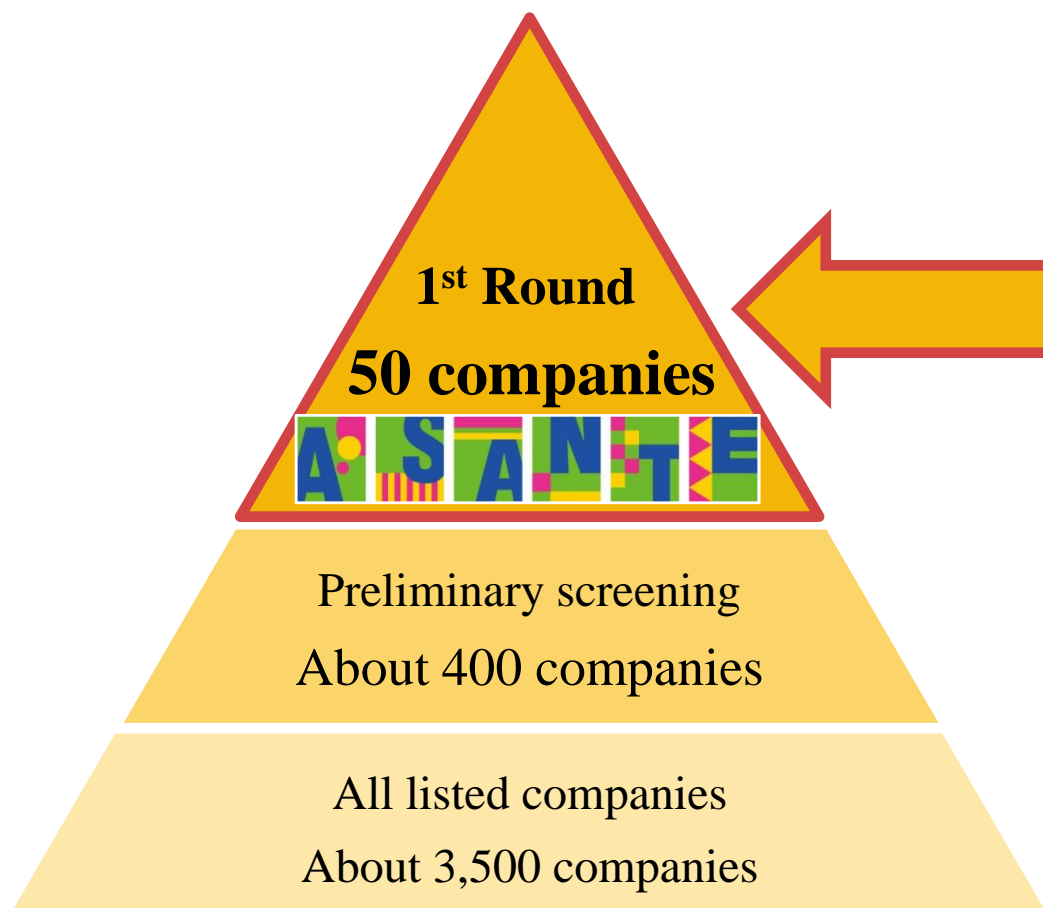


◆ Plan to introduce the interim dividend from FY3/17



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Management practices aimed
at increasing corporate value
from the investors'
perspectives



Staffing strategy

Further strengthening staff recruitment
and training activities

Regional strategy

Establishment of new sales office

Operational strategy

Introduction of detection dog in Kansai region

II. Details of Financial Results for the first half of FY3/17





Staffing strategy (measures to increase staffs)

- 1. Serving director as a manager of Recruitment and Training Dept.**
- 2. Increasing the use of recruiting advertisements (paper media, Internet and other channels)**
- 3. Using seniors and female sales workers and part-time workers**

Operational strategy (measures to increase sales per staff)

1. Advertising and promotion

- Tie-up advertising with the movie “Ghostbusters”
- Strengthening web advertising
- Use of commercials, newspaper inserts and postings in operating area

2. Strengthening of training system

- Serving a staff with experience as a branch office manager to manager of the training center
- Effective use of the training center

Net sales, Number of Staffs, Sales per Staff



- Net sales increased by 8.7% as average number of staffs increased by 9.1%, and sales per staff decreased by 0.3%
- Number of staffs at the end of quarter increased by 105 (11.3%)

	FY3/16 1H	FY3/17 1H	YoY	
	Results	Results	Change	Change in Ratio
Net Sales (Million yen)	7,349	7,991	642	8.7%
Average number of staffs during the period	945.3	1,031.3	86.0	9.1%
Sales per staff (Thousand yen/month)	1,295	1,291	- 4	- 0.3%
Number of staffs at end of period	929	1,034	105	11.3%

- “Number of staffs”: the number of staffs actually working including contract employees, part-time workers, and casual workers

Net Sales by Service

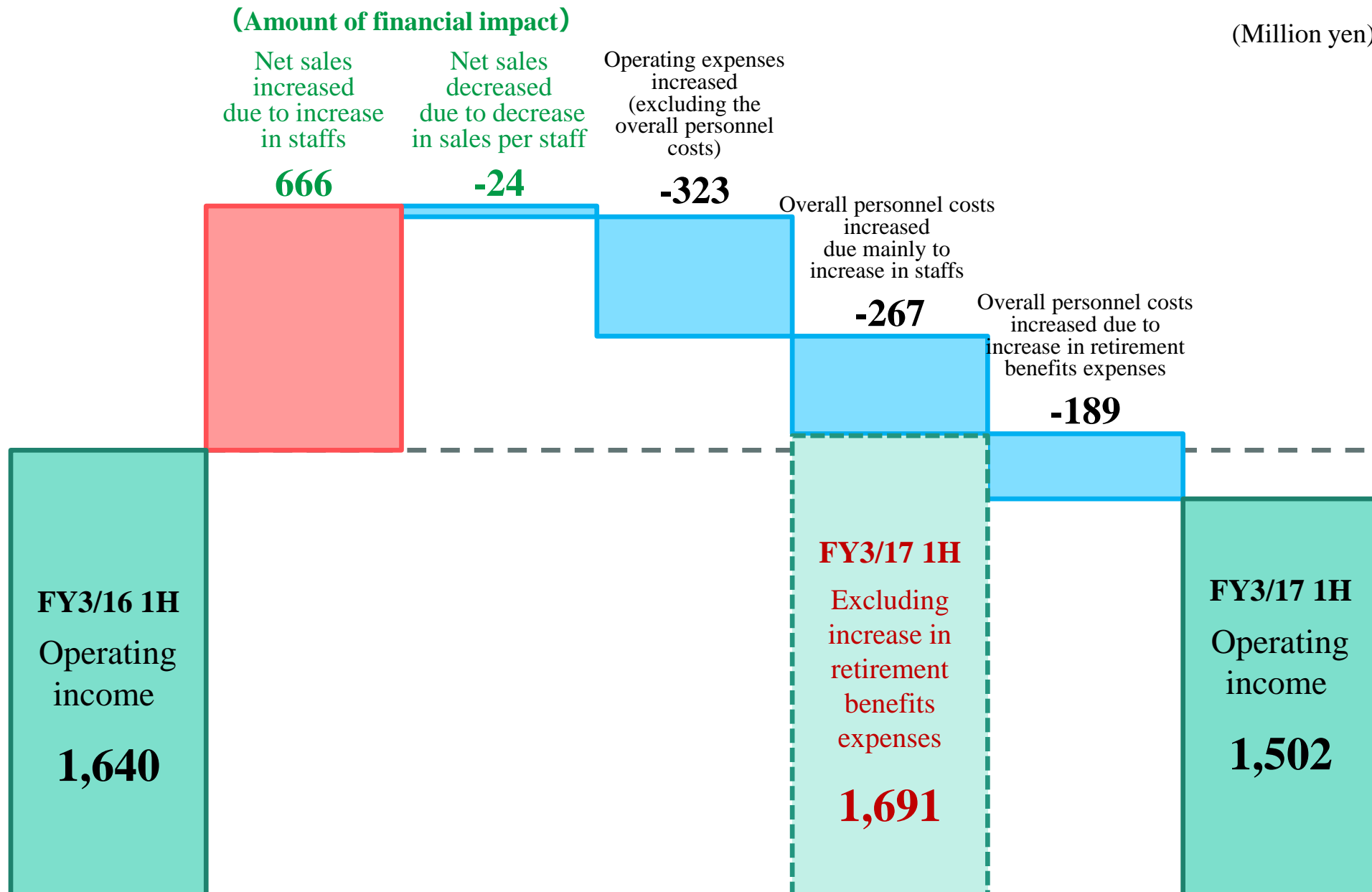


- Sales of termite control increased by 7.7%, within new customers increased by 9.9%
- Underfloor ventilation systems increased by 10.4%
- Repair housing foundations and housing reinforcement increased by 5.0%
- Others services increased by 100 million yen owing to increase of orders for renovations

(Unit: Million yen)	FY3/16 1H		FY3/17 1H		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change	Change in Ratio
Net Sales	7,349	—	7,991	—	642	8.7%
Termite Control	3,294	44.8%	3,549	44.4%	254	7.7%
New	1,855	(56.3%)*	2,039	(57.5%)*	183	9.9%
Renewal	1,438	(43.7%)*	1,509	(42.5%)*	71	4.9%
Underfloor Ventilation Systems	1,814	24.7%	2,003	25.1%	189	10.4%
Repair Housing Foundations/ Housing Reinforcement	1,930	26.3%	2,027	25.4%	97	5.0%
Others	309	4.2%	410	5.1%	100	32.6%

*Composition ratio to sales of termite control

Changes in Operating Income



Change Factors for Operating Income



Items		Amount (Million yen)	YoY Change	Main factors for changes
FY3/16 1H Operating income		1,640	—	
Amount of impact on earnings in each category	Increase in net sales	642	108.7%	Increased owing to increase in staffs: 666 million yen Decreased due to decrease in sales per staff: -24 million yen
	Increase in operating expenses (excluding overall personnel costs)	- 323	112.2%	
	Increase in material costs	- 79	109.0%	Increase in material costs of three services: 61 million yen
	Increase in subcontract expenses	- 43	231.8%	
	Increase in advertising expenses	- 60	123.7%	Increase in commercial and promotional expenses: 54 million yen
	Increase in recruiting expenses	- 32	138.9%	
	Increase in other expenses	- 107	107.6%	
	Increase in overall personnel costs	- 457	115.0%	Increased owing to increase in staffs: 267 million yen
	Increase in retirement benefits expenses	- 189	—	
FY3/17 1H Operating income		1,502	—	

Balance Sheet (YoY)



(Unit: Million yen)		End of FY3/16	End of FY3/17 2Q	Increase/ Decrease	Main factors for changes	
	Current assets	8,427	9,259	831	Cash and deposits	484
					Accounts receivable	344
	Non-current assets	5,597	5,427	- 170	Prepaid pension cost	131
Total Assets		14,025	14,687	661		
	Current liabilities	2,412	2,592	179	Income taxes payable	120
	Non-current liabilities	1,253	1,223	- 29		
Total Liabilities		3,666	3,815	149		
Total Net Assets		10,359	10,871	512	Retained earnings	512
BPS (yen)		839.36	880.85	41.49		
Equity-to-asset Ratio		73.9%	74.0%	+ 0.2 pt		

Cash Flows Statement



- The incremental amount of retirement benefits expenses of 189 million yen will have no impact on free cash flows

(Unit: Million yen)	FY3/17 2Q	Factors for changes
Cash flows from operating activities	1,024	Income before income taxes 1,514 Increase in notes and accounts receivable - 354 Income taxes paid - 456
Cash flows from investing activities	- 21	
Free cash flows	1,003	
Cash flows from financing activities	- 518	Cash dividends paid - 492
Net increase/decrease in cash and cash equivalents	484	

Notes on Future Forecasts

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