

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2024 (Japanese GAAP)

February 13, 2025

Company name: Earth Corporation
Stock code: 4985

Listing Stock Exchange: Tokyo
URL: <https://corp.earth.jp/en/index.html>

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Ordinary annual general meeting of shareholders: March 27, 2025
Scheduled date for dividend payment: March 13, 2025
Scheduled date to file securities report: March 28, 2025
Preparation of supplemental explanatory materials: Yes
Results briefing to be held: Yes (For securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024
(January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate YoY change)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2024	169,278	6.9	6,425	0.9	7,364	8.4	3,475	(15.3)
Fiscal year ended December 31, 2023	158,344	3.9	6,370	(14.3)	6,791	(16.5)	4,102	(22.6)

Note: Comprehensive income for the fiscal year ended December 31, 2024 was 7,159 million yen (9.6%), and comprehensive income for the fiscal year ended December 31, 2023 was 6,531 million yen (1.1%).

	Net income per share	Diluted net income per share	Ratio of net income to equity capital	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	158.26	—	5.1	5.5	3.8
Fiscal year ended December 31, 2023	185.57	—	6.3	5.3	4.0

Reference: Equity in earnings of affiliates Fiscal year ended December 31, 2024 — million yen Fiscal year ended December 31, 2023 -326 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Million yen
Fiscal year ended December 31, 2024	135,636	74,652	50.8	3,162.24
Fiscal year ended December 31, 2023	132,407	72,000	50.3	3,007.52

Reference: Equity capital amounted to 68,865 million yen as of December 31, 2024 and 66,546 million as of December 31, 2023.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2024	13,964	(5,280)	(9,901)	16,775
Fiscal year ended December 31, 2023	7,524	(10,135)	4,893	17,505

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	118.00	118.00	2,610	63.6	4.0
Fiscal year ended December 31, 2024	—	0.00	—	120.00	120.00	2,613	75.8	3.9
Fiscal year ending December 31, 2025 (forecast)	—	0.00	—	120.00	120.00		60.8	

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate rates of YoY change)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30, 2025	102,000	5.1	11,000	2.2	11,430	0.8	8,000	4.7	367.35
Full-year	175,000	3.4	6,500	1.2	7,100	(3.6)	4,300	23.7	197.45

*Notes

- (1) Significant changes in the scope of consolidation during the period under review: None
Transfers of specified subsidiaries associated with changes in the Company's scope of consolidation)
Newly subsidiaries added: None
Subsidiaries excluded: None

(2) Changes in accounting policies and accounting estimates and retrospective restatements

1. Accounting policy changes due to accounting standard revisions, etc.: None
2. Other accounting policy changes: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(3) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury stock)	As of December 31, 2024	22,209,900	As of December 31, 2023	22,141,100
2. Treasury shares outstanding	As of December 31, 2024	432,335	As of December 31, 2023	14,296
3. Average number of shares outstanding	Fiscal year ended December 31, 2024	21,957,908	Fiscal year ended December 31, 2023	22,107,916

*Summaries of financial statements are not subject to audit through certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary materially from forecasts due to a variety of factors. For more information regarding assumptions made when formulating earnings projections and matters to note when using these projections, please see "1. Overview of Business Results, (4) Future outlook" on page 6 of the accompanying materials.

(Method of obtaining earnings briefing materials and briefing details)

The Company plans to hold an earnings briefing session on Thursday, February 13, 2025, for institutional investors and analysts. We will upload earnings briefing materials to be used during the briefing session to the TDnet and our official website on Thursday, February 13. Further, we will promptly post the details of the briefing session on our website after it is held.

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1. Overview of Business Results, etc.

(1) Overview of business results for the fiscal year under review

During the fiscal year ended December 31, 2024, the outlook for the Japanese economy remained uncertain due to rising prices, volatile foreign exchange rates, and the ongoing review of monetary policies.

In Asia, a focus region for the Earth Group's overseas operations, China's economic recovery remained weak, affected by sluggish personal consumption and stagnant domestic demand against the backdrop of a sluggish real estate market. Meanwhile, in ASEAN countries where the Group operates, sustained economic growth driven by increased US exports and robust domestic demand led to solid performance.

Under these circumstances, with the slogan of "Our Group Working Together Toward a Bright Tomorrow for EARTH," the Earth Group managed its operations in line with the medium-term business plan through FY2026, dubbed "Act for SMILE COMPASS 2026." Under the medium-term business plan, we have positioned profit and cash flow generation (profitability improvement) as our topmost priority, and to achieve this goal, we intend to bolster profitability by restructuring the domestic business and strengthening the brand power of our household products. We will also aim to drive growth in overseas sales by expanding operations in the Asian market through our overseas subsidiaries and by leveraging exports to the Middle East and other regions as key growth drivers.

In the fiscal year ended December 31, 2024, the Group's performance in the Household Products Business was impacted by intensifying market competition, leading to a decline in sales of bath salts. Meanwhile, the combination of the summer peak demand for insecticides and repellents driven by high temperatures and the prolonged lingering summer heat extended the sales period, resulting in increased sales. Further, sales growth in ASEAN and the export business, as well as in the General Environment and Sanitation Business—driven by an increase in the number of annual contracts resulting from heightened demand for sanitation management services—contributed to sales growth of 169,278 million yen (+6.9% year-on-year). On the profit front, an increase in gross profit driven by sales growth offset the prolonged impact of soaring raw material prices, as well as higher SG&A expenses. As a result, operating income was 6,425 million yen (+0.9% year-on-year) and ordinary income was 7,364 million yen (+8.4% year-on-year). Net income attributable to owners of parent was 3,475 million yen (-15.3% year-on-year), primarily due to the recognition of impairment losses on consolidated subsidiary Earth Homecare Products (Philippines), Inc. and the Kakegawa Plant.

Results by segment are as follows.

[Household Products Business]

In the Household Products Business, in efforts to reform our earnings structure based on the medium-term business plan, we advanced initiatives aimed at strengthening our brands and expanding the market, including streamlining and optimizing brands and SKUs with a focus on profitability and future potential. Overseas, we directed efforts to actively expanding in the ASEAN region and China and growing the export business. In addition, we worked to revise sales prices as a measure to address the impact of soaring raw material prices.

In the fiscal year ended December 31, 2024, while sales of bath salts in the Household Products segment declined, sales increased to 148,913 million yen (+7.1% year-on-year), due mainly to the emerging effects of price revisions and an extended demand period for insecticides and repellents on lingering summer heat, as well as strong sales in overseas subsidiaries and the export business, mainly in Thailand and Vietnam. In terms of profit, despite the prolonged impact of soaring raw material prices and increases in personnel and advertising expenses, higher gross profit accompanying sales growth contributed to segment income (operating income) of 4,968 million yen (+12.4% year-on-year).

(Household Products segment results)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY change (amount)	YoY change (percent)
Insecticides and Repellents	62,031	69,744	7,712	12.4%
Household products	67,199	67,653	453	0.7%
Oral hygiene products	8,364	8,512	147	1.8%
Bath salts	26,041	25,104	(936)	(3.6%)
Other household products	32,793	34,035	1,242	3.8%
Pet products and others	9,776	11,516	1,740	17.8%
Total sales	139,007	148,913	9,906	7.1%
Segment income (operating income)	4,420	4,968	548	12.4%

Notes: Sales include internal sales and transfers made within and between segments, which amounted to 9,577 million yen during the fiscal year ended December 31, 2023 and 11,333 million yen during the fiscal year ended December 31, 2024.

Results by segment are as follows.

Insecticides and Repellents

In Japan, in addition to peak summer heat during the prime sales period, the prolonged lingering summer heat extended the sales period, leading to a market expansion. With this market expansion, sales increased for insect repellent products alongside the mainstay product category for cockroaches and other insect pests. New products launched this fiscal year, *Gokishu!* and *Zeronite Cockroaches and Bed Bugs One-Push Spray* also performed steadily and contributed to sales. Market share increased to 57.3% (Company estimate, +0.4 points versus 2023), as the effects of price revisions began to materialize. Furthermore, as a result of continued efforts to implement product return reduction measures, a management priority, the total amount of product returns decreased, contributing to earnings improvements.

Overseas, sales continued to grow, driven by the expansion in the ASEAN region and exports, as well as the effects of a strategic shift toward strengthening offline sales in China.

As a result, sales for this category were 69,744 million yen (+12.4% year-on-year).

Household products

In oral hygiene products, market competition is intensifying due to the aggressive product rollouts by competitors. While sales of the mainstay mouthwash *Mondahmin Premium Care* declined from the previous year, sales of *Damon*, a new product launched in autumn targeting the younger generation, contributed to the sales growth. As a result, sales for this category reached 8,512 million yen (+1.8% year-on-year).

For bath salts, while consumer needs are diversifying, sales of tablet bath salts increased with the launch of the new product *Onpo Dekamaru*. Sales of the BARTH brand of neutral bicarbonate bath salts were steady. On the other hand, despite maintaining a high market share for powder types such as *Bath Roman* and *Bathclin* and granule types such as *Kiki-yu*, sales remained sluggish, resulting in sales in this category totaling 25,104 million yen (-3.6% year-on-year).

In other household products, although the effect of the price revision for air fresheners fell short of expectations, sales of refrigerants and coolants as countermeasures for extreme summer heat, women's masks, and air conditioner cleaning spray grew. In addition, sales of household detergents in Vietnam expanded, bringing total sales to 34,035 million yen (+3.8% year-on-year).

Sales in this category amounted to 67,653 million yen (+0.7% year-on-year).

Pet products and others

The market for pet and other related products has remained robust, as spending per pet has been rising due to heightened awareness of pet health among pet owners and improved living conditions for pets. Under this environment, sales of pet care products such as cat litter and insecticides and repellents, as well as functional foods, were strong, resulting in sales of 11,516

million yen (+17.8% year-on-year).

[General Environment and Sanitation Business]

In the General Environment and Sanitation Business, demand for the Company's quality hygiene management services utilizing its specialized knowledge, technology, and expertise remained high at food, pharmaceutical, and packaging material production facilities. This was driven by the trend toward the international harmonization of safety standards for food, pharmaceuticals, and healthcare, revisions of relevant laws and regulations in Japan, and incidents of contamination by foreign substances. In the external environment, while increased capital investment in the manufacturing sector provided a tailwind, labor costs and material and equipment prices surged at an accelerated pace due to the deterioration of global conditions.

Against this backdrop, we actively increased investment to strengthen our expertise and technological development capabilities to provide differentiated sanitary management services, aiming to maintain and expand contracts while securing an appropriate level of profit. In particular, in the cleaning operations of production lines at food plants, we have ensured appropriate profits while giving full consideration to safety. In addition, under the JFS conformity certification, the number of audit items has increased, and the company has been registered as the first designated audit entity under the new JFS-B Plus standard. In the R&D domain, we relocated and consolidated the Analysis Center East Japan Laboratory in Chiba, Chiba Prefecture, and expanded our testing facilities for the life science field. For new products, we have launched “Pescle Insects”—an AI-powered monitoring system for insects—as part of the “Pescle” series.

In the fiscal year ended December 31, 2024, while performance was affected by a higher cost ratio and an increase in personnel expenses attributed to active investment in human resources, an increase in the number of annual contracts boosted overall segment results. Accordingly, sales in the General Environment and Sanitation Business amounted to 31,888 million yen (+9.7% year-on-year) and segment income (operating income) to 1,500 million yen (+3.4% year-on-year).

	(Millions of yen)			
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	YoY change (amount)	YoY change (percent)
Sales	29,073	31,888	2,814	9.7%
Segment income (operating income)	1,451	1,500	49	3.4%

Notes: Sales include internal sales and transfers made within and between segments, which amounted to 158 million yen in the fiscal year ended December 31, 2023 and 191 million yen in the fiscal year ended December 31, 2024.

(2) Overview of financial position for the fiscal year under review

(Consolidated financial position)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Change
Total assets	132,407	135,636	3,229
Liabilities	60,406	60,983	577
Net assets	72,000	74,652	2,651
Equity ratio (%)	50.3	50.8	0.5 points
Net assets per share (yen)	3,007.52	3,162.24	154.72

As of December 31, 2024, total assets amounted to 135,636 million yen, up 3,229 million yen compared to December 31, 2023. This was mainly due to an increase in inventories, software and retirement benefits assets, while other intangible assets decreased. The increase/decrease in other intangible fixed assets and software are due to the reclassification of software in progress (classified under other intangible assets) as software, following the start of operation of the updated core system.

Total liabilities amounted to 60,983 million yen, up 577 million yen compared to December 31, 2023. This was mainly due to increases in trade payables, accounts payable-other, and current liabilities and others, despite a decrease in short-term borrowings.

Net assets rose to 74,652 million yen, up 2,651 million yen compared to December 31, 2023. This growth was chiefly due to increases in foreign currency translation adjustments and remeasurement of defined benefit plans.

Consequently, the Company's equity ratio rose to 50.8%, an increase of 0.5 points compared to December 31, 2023.

Reference: Cash flow-related indicators

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Equity ratio (%)	46.1	49.7	50.4	50.3	50.8
Equity ratio on a fair market value basis (%)	107.1	111.9	89.7	76.4	89.9
Interest-bearing debt to cash flow ratio (annual)	0.2	0.8	0.6	1.3	0.4
Interest coverage ratio	549.6	634.1	285.9	255.4	426.5

(3) Overview of cash flows for the fiscal year under review

(Consolidated cash flow)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Change
Cash flows from operating activities	7,524	13,964	6,439
Cash flows from investing activities	(10,135)	(5,280)	4,855
Cash flows from financing activities	4,893	(9,901)	(14,794)
Effect of exchange rate change on cash and cash equivalents	450	487	37
Net increase (decrease) in cash and cash equivalents	2,732	(729)	(3,462)
Cash and cash equivalents at end of period	17,505	16,775	(729)

As of December 31, 2024, cash and cash equivalents (below, "cash") stood at 16,775 million yen, down 729 million yen compared to December 31, 2023.

The status of each cash flow and their main factors in the fiscal year under review are as follows.

In the fiscal year ended December 31, 2024, net cash provided by operating activities amounted to 13,964 million yen (versus 7,524 million yen in the fiscal year ended December 31, 2023). This mainly reflected profit before income taxes of 5,946 million yen (6,563 million yen), depreciation of 4,424 million yen (4,118 million yen), impairment losses of 1,308 million yen (none), an increase in trade payables of 2,490 million yen (a decrease of 5,636 million yen), an increase in other liabilities of 2,818 million yen

(an increase of 2 million yen), and income taxes paid of 2,506 million yen (1,108 million yen).

Net cash used in investing activities was 5,280 million yen (10,135 million yen used in the fiscal year ended December 31, 2023). This figure primarily consisted of 3,891 million yen (4,439 million yen) in purchase of property, plant and equipment and 875 million yen (1,604 million yen) in purchase of intangible assets.

Net cash used in financing activities amounted to 9,901 million yen (net cash provided of 4,893 million yen in the fiscal year ended December 31, 2023). Cash provided consisted mainly of a net decrease of 5,000 million yen (an increase of 9,000 million yen) in short-term borrowings, purchase of treasury shares of 2,000 million yen (0 million yen), and dividend payments of 2,610 million yen (2,603 million yen).

(4) Future outlook

(Millions of yen)

	Fiscal year ended December 31, 2024		Fiscal year ending December 31, 2025		Change	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent
Sales	169,278	100.0%	175,000	100.0%	5,721	3.4%
Operating income	6,425	3.8%	6,500	3.7%	74	1.2%
Ordinary income	7,364	4.4%	7,100	4.1%	(264)	(3.6%)
Net income attributable to owners of parent	3,475	2.1%	4,300	2.5%	824	23.7%

The global economy, including Japan, is seeing inflation subside, particularly in the US, and financial easing progress in Europe. However, external demand in China and ASEAN is assumed to be slowing due to US policies, and there are concerns about the further progression of global economic fragmentation. Also, the outlook is expected to remain uncertain due to soaring resource prices and fluctuations in financial markets against the backdrop of heightened geopolitical risks.

Under such circumstances, with the motto of "Our Group Working Together Toward a Bright Tomorrow for EARTH," the Group formulated the medium-term business plan "Act for SMILE COMPASS 2026," which launched in 2024 and runs through 2026. We have positioned the three years under the new plan as a period for fundamental structural reforms centered on restructuring of the Group. Even amid a challenging business environment, we intend to firmly implement reforms with the goal of maintaining sustainable growth.

In the medium-term business plan, under the three key policies of "Expanding Overseas Sales," "Transforming the Earnings Structure," and "Enhancing Group Management," we will pursue profit and cash flow generation (profitability improvement) as our topmost priority and work to increase profitability through restructuring the domestic business and boosting the brand power of our household products. At the same time, we will position the Asian market and the overseas business, which includes exports to other regions, as growth drivers, and strive to expand the sales weighting of overseas operations.

Under "Strengthening Group Management Capabilities," in November 2024, we announced that we are considering a management integration between our Company and Bathclin Corporation. We are working toward a business integration in 2026, advancing discussions on system integration and reallocation of management resources between the two companies. Our goal is to generate cost synergies within the Group.

The forecast by segment is as follows.

[Household Products Business]

In the Household Products Business, we will continue to carry out fundamental reforms to the earnings structure.

We have positioned overseas expansion with high growth potential as a key growth driver. Under the medium-term business plan, we have set forth measures to strengthen our operations, including "executing a growth strategy centered on local subsidiaries," "developing a supply chain aligned with regional medium- to long-term plans," and "expanding human resources to support growth." In ASEAN, Thailand and Vietnam serve as core revenue drivers in our overseas expansion, as we work to balance market share growth and sales expansion. At the same time, we are focusing on expanding distribution channels and establishing a business foundation in Malaysia and the Philippines. In Thailand, we have established a solid brand position, particularly in insecticides and repellents, where

we are actively expanding with the goal of achieving the No.1 market share in the country in the near future. In China, in response to rapid changes in the market environment, we are making a strategic shift from emphasizing online sales to focusing on introducing our products into physical retail outlets. In exports, we currently ship our products to approximately 50 countries and regions worldwide, including key markets such as the Middle East, Taiwan, and North America. We are accelerating sales growth by strengthening initiatives in existing markets and rolling out best practices across regions. This expansion of overseas business requires an increase in production and supply capacity. To achieve a smooth product supply and enhance profitability, we will optimize our supply chain by leveraging resources across groups and regions, aligning with regional medium- to long-term plans from a company-wide perspective. For such active business expansion, strengthening human resources for a global shift is essential. We will actively promote the development of global talent and the recruitment of local talent.

To respond to the rapid changes in consumer behavior driven by the COVID-19 pandemic, we actively expanded the household products category. On the other hand, the external environment changed drastically due to cost increases caused by soaring raw material prices, unstable exchange rates and monetary policy reviews, and a cooling of consumer sentiment due to a series of price hikes. In addition, as a consequence of expanding product categories, brand investments were spread too thin, leading to insufficient resource allocation to the bath salts and mouthwash categories, which in turn contributed to a decline in market share. In response to these changing conditions, we are implementing initiatives such as streamlining and optimizing brands and products, as well as enhancing brand value. As part of our streamlining and optimization strategy for brands and products, we implemented a 30% reduction in SKUs this fiscal year, in line with our target, and we will continue reviewing our product lineup to achieve even greater efficiency. In addition to this, to halt the declining market share of bath salts and mouthwashes, we will reallocate spending on marketing with the aim of regaining market share and strengthening our brands. Meanwhile, to ensure profitability, we have implemented price revisions, mainly for insecticides and repellents, and we will continue these efforts in parallel with brand strengthening, while taking the market environment into account.

We are also actively promoting waste reduction measures for product returns of household insecticides and repellents, with a focus on our Marketing and SCM Divisions. Utilizing the core system built under the previous medium-term business plan, we have enhanced supply-demand adjustment capabilities through the centralized management of production and sales, resulting in reduced inventories, increased efficiency, and a significant improvement in cash flow. We will strive to improve the accuracy of demand forecasts, optimize inventory, and prevent opportunity loss. Furthermore, we anticipate that the sales period for insecticides and repellents will be prolonged due to climate change, and that late-season demand will continue to increase. In response to this situation, we will work with the industry as a whole to establish insecticides and repellents as a year-round mainstay product. We not only expect to reduce our environmental footprint through these measures, but also anticipate profitability improvements arising from curtailed waste-related expenses. Building on these initiatives, we will implement category portfolio management to enhance our earnings structure.

[General Environment and Sanitation Business]

The core customers of our General Environment and Sanitation Business (primarily companies in the food, pharmaceutical, and packaging material industries) are facing stringent requirements for the establishment of hygiene management measures to prevent food poisoning and foreign material contamination. Accordingly, they are exhibiting growing needs for the quality hygiene management services that Earth Corporation provides using its specialized knowledge, technology, and expertise. Further, companies, particularly major corporations, are strengthening measures to ensure sustainable procurement.

Under these circumstances, we will focus on seven themes: people, expertise, technical capabilities, education, occupational safety, business foundations, and business creation. As part of our core mission in hygiene management, we will continue to help customers achieve high-quality environments through our cutting-edge knowledge and high-level technical capabilities. Through these efforts, we aim to enhance long-term corporate value while preserving and protecting our irreplaceable global environment and making sustainable contributions to society's healthy development.

Specifically, we will utilize the Saito General Research Institute as a base for promoting research, technological development, and the training of human resources. At the same time, we will provide services utilizing digital technologies such as IoT and AI, expand auditing activities related to food safety, and step up expansion in the life science field as we aim to achieve stable earnings growth through an increase in annual contracts.

For the fiscal year ending December 2025, we expect to incur one-time expenses related to preparations for the business integration with our subsidiary, Bathclin Corporation, as well as additional one-time expenses for the implementation of the above reforms. In addition, we plan to make active investments in advertising and promotional expenses to strengthen brands of mainstay categories, while also anticipating higher fixed costs resulting from personnel investment among others. At the same time, our ability to generate earnings is steadily improving through price revisions, enhanced inventory efficiency via SKU reductions, and increased profitability in overseas markets. Accordingly, our full-year consolidated earnings forecast for the fiscal year ending December 2025 calls for sales of 175,000 million (+3.4% year-on-year), operating income of 6,500 million yen (+1.2% year-on-year), ordinary income of 7,100 million yen (-3.6% year-on-year), and net income attributable to owners of parent of 4,300 million yen (-23.7% year-on-year).

(5) Basic Policy concerning the Allocation of Profits and Dividends for the Current and Next Periods

We view the return of profits to our shareholders as an important management issue, and accordingly strive to ensure stable dividends while securing internal reserves in pursuit of sustainable growth and the maintenance of a sound management structure.

In line with the key themes set forth in the medium-term business plan, we will allocate retained earnings primarily to the following areas: strategic investments and M&A for overseas business expansion; R&D and human capital investments to enhance non-financial value; core system upgrades to achieve operational efficiency; capital investments for productivity improvement; and structural reforms to drive sustainable growth. Further, we will continue to consider implementing flexible share buyback programs based on cash flow conditions and stock price trends.

In terms of dividends of surplus, we target a dividend on equity ratio (DOE) in the 4% range in the aim of paying stable, continuous dividends.

Based on these policies, and considering our business performance for the current fiscal year and the necessary funds for future growth, we will pay a commemorative dividend of 2 yen per share in appreciation of the longstanding support and cooperation of our shareholders as we celebrate our 100th anniversary in 2025, in addition to our ordinary dividend of 118 yen per share. Accordingly, the Board of Directors has resolved to set the dividend per share for the fiscal year ending December 31, 2024, at 120 yen (DOE: 3.9%). The consolidated dividend payout ratio came in at 75.8%.

The dividend for the next fiscal year is expected to be 120 yen per share.

2. Basic Views on Selection of Accounting Standards

Over the near term, the Company will prepare its financial statements based on Japanese generally accepted accounting principles (GAAP), taking into account the inter-period comparability of financial statements and comparability across companies.

In terms of the application of International Financial Reporting Standards (IFRS), the Company will take appropriate measures in light of the existing circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended December 31, 2023 (as of December 31, 2023)	Fiscal year ended December 31, 2024 (as of December 31, 2024)
Assets		
Current assets		
Cash and deposits	17,505	17,007
Notes and accounts receivable – trade	23,573	23,293
Electronically recorded obligations – operating	2,066	2,228
Merchandise and finished goods	21,313	22,974
Work in process	820	781
Raw materials and supplies	6,133	6,130
Other	2,859	2,752
Allowance for doubtful accounts	(100)	(94)
Total current assets	74,170	75,073
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,977	33,803
Accumulated depreciation and impairment	(17,484)	(18,625)
Buildings and structures, net	15,492	15,177
Machinery, equipment and vehicles	18,798	20,312
Accumulated depreciation and impairment	(13,617)	(14,575)
Machinery, equipment and vehicles, net	5,181	5,736
Land	7,838	7,636
Leased assets	379	498
Accumulated depreciation and impairment	(188)	(269)
Leased assets, net	191	228
Construction in progress	926	743
Other	10,025	10,254
Accumulated depreciation and impairment	(8,272)	(8,334)
Other, net	1,753	1,919
Total property, plant and equipment	31,383	31,443
Intangible assets		
Trademark right	2,411	1,774
Software	1,399	3,473
Goodwill	1,261	1,013
Customer-related assets	1,523	785
Other	2,178	380
Total intangible assets	8,774	7,428
Investments and other assets		
Investment securities	5,162	5,440
Retirement benefit asset	9,844	13,386
Deferred tax assets	753	513
Other	2,320	2,356
Allowance for doubtful accounts	(1)	(7)
Total investments and other assets	18,079	21,690
Total non-current assets	58,237	60,562
Total assets	132,407	135,636

(Millions of yen)

	Fiscal year ended December 31, 2023 (as of December 31, 2023)	Fiscal year ended December 31, 2024 (as of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	21,484	23,477
Electronically recorded obligations – operating	8,520	9,190
Short-term borrowings	10,000	5,000
Accounts payable – other	6,608	7,418
Income taxes payable	1,608	1,689
Accrued consumption taxes	713	1,070
Provision for bonuses	283	498
Refund liabilities	1,226	1,155
Other	7,047	8,377
Total current liabilities	57,493	57,877
Non-current liabilities		
Deferred tax liabilities	1,550	1,905
Retirement benefit liability	382	252
Asset retirement obligations	486	488
Other	494	460
Total non-current liabilities	2,912	3,105
Total liabilities	60,406	60,983
Net assets		
Shareholders' equity		
Share capital	10,043	10,192
Capital surplus	10,066	10,228
Retained earnings	41,385	42,236
Treasury shares	(79)	(2,080)
Total shareholders' equity	61,415	60,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,383	1,570
Foreign currency translation adjustment	1,363	2,506
Remeasurements of defined benefit plans	2,383	4,211
Total accumulated other comprehensive income	5,130	8,287
Non-controlling interests	5,453	5,786
Total net assets	72,000	74,652
Total liabilities and net assets	132,407	135,636

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Sales	158,344	169,278
Cost of sales	94,719	100,309
Gross profit	63,624	68,968
Selling, general and administrative expenses		
Transportation and storage costs	7,560	7,810
Advertising expenses	7,319	9,002
Promotion expenses	1,045	1,137
Provision of allowance for doubtful accounts	64	(8)
Salaries and allowances	18,291	19,744
Provision for bonuses	235	409
Travel and transportation expenses	1,521	1,588
Depreciation	1,728	1,987
Amortization of goodwill	119	146
Rent expenses on land and buildings	1,503	1,553
Research and development expenses	3,301	3,452
Other	14,562	15,719
Total selling, general and administrative expenses	57,254	62,543
Operating income	6,370	6,425
Non-operating income		
Interest income	201	205
Dividend income	78	90
Foreign exchange gains	118	240
Commission income	28	100
Rental income from buildings	42	65
Other	347	340
Total non-operating income	818	1,043
Non-operating expenses		
Interest expenses	33	38
Share of loss of entities accounted for using equity method	326	—
Real estate lease expenses	—	29
Other	35	37
Total non-operating expenses	396	105
Ordinary income	6,791	7,364
Extraordinary income		
Gain on sale of non-current assets	3	40
Gain on sale of investment securities	8	4
Total extraordinary income	12	45
Extraordinary losses		
Loss on sale of non-current assets	7	16
Loss on retirement of non-current assets	226	70
Impairment losses	—	1,308
Loss on sale of investment securities	7	0
Loss on valuation of investment securities	—	0
Loss on valuation of shares of subsidiaries and associates	—	66
Total extraordinary losses	240	1,462

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net income before income taxes	6,563	5,946
Income taxes – current	2,281	2,573
Income taxes – deferred	(128)	(419)
Total income taxes	2,153	2,153
Net income	4,410	3,792
Net income attributable to non-controlling interests	307	317
Net income attributable to owners of parent	4,102	3,475

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net income	4,410	3,792
Other comprehensive income		
Valuation difference on available-for-sale securities	287	184
Foreign currency translation adjustment	673	1,151
Remeasurements of defined benefit plans, net of tax	1,160	2,030
Total other comprehensive income	2,121	3,366
Comprehensive income	6,531	7,159
(Breakdown)		
Comprehensive income attributable to owners of parent	6,070	6,631
Comprehensive income attributable to non-controlling interests	461	527

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,895	9,917	39,897	(79)	59,631
Changes of items during period					
Issuance of new shares	148	148			296
Dividends of surplus			(2,603)		(2,603)
Net income attributable to owners of parent			4,102		4,102
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(11)		(11)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes of items during period	148	149	1,487	(0)	1,784
Balance at end of current period	10,043	10,066	41,385	(79)	61,415

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	1,109	698	1,354	5,224	68,018
Changes of items during period					
Issuance of new shares					296
Dividends of surplus					(2,603)
Net income attributable to owners of parent					4,102
Purchase of treasury shares					(0)
Change in scope of consolidation					(11)
Change in ownership interest of parent due to transactions with non-controlling interests					0
Net changes in items other than shareholders' equity	274	664	1,029	229	2,197
Total changes of items during period	274	664	1,029	229	3,982
Balance at end of current period	1,383	1,363	2,383	5,453	72,000

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,043	10,066	41,385	(79)	61,415
Changes of items during period					
Issuance of new shares	149	149			298
Dividends of surplus			(2,610)		(2,610)
Net income attributable to owners of parent			3,475		3,475
Purchase of treasury shares				(2,000)	(2,000)
Transfer from retained earnings to capital surplus		12	(12)		—
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes of items during period	149	162	851	(2,000)	(837)
Balance at end of current period	10,192	10,228	42,236	(2,080)	60,578

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	1,383	1,363	2,383	5,453	72,000
Changes of items during period					
Issuance of new shares					298
Dividends of surplus					(2,610)
Net income attributable to owners of parent					3,475
Purchase of treasury shares					(2,000)
Transfer from retained earnings to capital surplus					—
Change in ownership interest of parent due to transactions with non-controlling interests					0
Net changes in items other than shareholders' equity	186	1,142	1,827	332	3,489
Total changes of items during period	186	1,142	1,827	332	2,651
Balance at end of current period	1,570	2,506	4,211	5,786	74,652

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	6,563	5,946
Depreciation	4,118	4,424
Amortization of goodwill	—	1,308
Impairment losses	119	146
Increase (decrease) in retirement benefit assets and liabilities	(773)	(753)
Increase (decrease) in allowance for doubtful accounts	62	(10)
Interest and dividend income	(280)	(296)
Interest expenses	33	38
Foreign exchange losses (gains)	(260)	(15)
Share of loss (profit) of entities accounted for using equity method	326	—
Loss on valuation of shares of subsidiaries and associates	—	66
Decrease (increase) in trade receivables	(1,357)	313
Decrease (increase) in inventories	4,648	(1,272)
Decrease (increase) in other assets	335	816
Increase (decrease) in trade payables	(5,636)	2,490
Increase (decrease) in other liabilities	2	2,818
Other	485	189
Subtotal	8,386	16,211
Interest and dividends received	280	296
Interest paid	(33)	(38)
Income taxes paid	(1,108)	(2,506)
Net cash provided by (used in) operating activities	7,524	13,964
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	(232)
Purchase of property, plant and equipment	(4,439)	(3,891)
Proceeds from sale of property, plant and equipment	12	278
Purchase of intangible assets	(1,604)	(875)
Purchase of investment securities	(215)	(22)
Proceeds from sale of investment securities	224	15
Purchase of shares of subsidiaries and associates	(53)	(60)
Proceeds from sale of shares of subsidiaries and associates	211	—
Payments for acquisition of businesses	(3,718)	—
Other payments	(612)	(616)
Other proceeds	61	123
Net cash provided by (used in) investing activities	(10,135)	(5,280)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,000	(5,000)
Repayments of long-term borrowings	(1,200)	—
Purchase of treasury shares	0	(2,000)
Purchase of treasury shares of subsidiaries	(53)	(19)
Dividends paid	(2,603)	(2,610)
Dividends paid to non-controlling interests	(176)	(174)
Other	(72)	(95)

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net cash provided by (used in) financing activities	4,893	(9,901)
Effect of exchange rate change on cash and cash equivalents	450	487
Net increase (decrease) in cash and cash equivalents	2,732	(729)
Cash and cash equivalents at beginning of period	14,772	17,505
Cash and cash equivalents at end of period	17,505	16,775

(5) Notes to Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Segment information, etc.)

a. Segment information

1. Overview of reportable segments

Earth Corporation's reportable segments represent constituent units of the Company's corporate group for which separate financial information is available. These segments are subject to periodic reviews conducted by the Company's Board of Directors with the aim of evaluating business performance and facilitating decisions regarding the allocation of management resources.

Earth Corporation maintains a Household Products Business and a General Environment and Sanitation Business, and these two businesses constitute the Company's reportable segments.

Through its Household Products Business, the Company produces, sells, purchases, imports, and exports a variety of products, including household insecticides and repellents; gardening supplies; household products (mouthwash, denture-related supplies, toothpaste and associated products, bath salts, deodorizing air fresheners, etc.); pet products; chemical agents used for communicable disease control and in the fields of agriculture, forestry, and animal husbandry; and raw materials for overseas markets.

Through its General Environment and Sanitation Business, the Company provides hygiene management services for facilities such as factories and hospitals.

2. Method for calculating sales, income or loss, assets, liabilities and other items for each reportable segment

We apply the same accounting methods for all reportable segments as the ones we use to prepare consolidated financial statements.

The income figures of our reportable segments indicate operating income generated through these segments.

Intersegment sales and transfers are based on prevailing market prices.

3. Sales, income or loss, assets, liabilities and other items for each reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments			Adjustments* ²	Amount recorded in consolidated financial statements* ³
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	129,429	28,914	158,344	—	158,344
Intersegment sales and transfers* ¹	9,577	158	9,736	(9,736)	—
Total	139,007	29,073	168,081	(9,736)	158,344
Segment income	4,420	1,451	5,871	498	6,370
Segment assets	137,610	19,078	156,688	(24,281)	132,407
Other items					
Depreciation* ⁴	3,702	415	4,118	—	4,118
Amortization of goodwill	119	—	119	—	119
Increases in tangible and intangible non-current assets* ⁴	6,461	239	6,700	—	6,700

Notes: 1. Includes internal sales within and among segments

2. Adjustments were as follows:

(1) The 498 million yen adjustment to segment income comprises eliminations of intersegment transactions.

(2) The 24,281 million yen downward adjustment to segment assets comprises eliminations of intersegment transactions.

3. Segment income is adjusted according to the amount of operating income indicated on the consolidated statements of income.

4. "Depreciation" and "Increase in tangible and intangible non-current assets" include both amortization of, and increases in, long-term prepaid expenses.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments			Adjustments* ²	Amount recorded in consolidated financial statements* ³
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	137,580	31,697	169,278	—	169,278
Intersegment sales and transfers* ¹	11,333	191	11,524	(11,524)	—
Total	148,913	31,888	180,802	(11,524)	169,278
Segment income	4,968	1,500	6,469	(44)	6,425
Segment assets	139,479	20,803	160,282	(24,646)	135,636
Other items					
Depreciation* ⁴	4,014	409	4,424	—	4,424
Amortization of goodwill	146	—	146	—	146
Increases in tangible and intangible non-current assets* ⁴	4,048	662	4,710	—	4,710

Notes: 1. Includes internal sales within and among segments

2. Adjustments were as follows:

(1) The 44 million yen downward adjustment to segment income comprises eliminations of intersegment transactions.

(2) The 24,646 million yen downward adjustment to segment assets comprises eliminations of intersegment transactions.

3. Segment income is adjusted according to the amount of operating income indicated on the consolidated statements of income.

4. "Depreciation" and "Increase in tangible and intangible non-current assets" include both amortization of, and increases in, long-term prepaid expenses.

b. Related information

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

1. Information by product and service

(Millions of yen)

	Insecticides and repellents	Household products	Pet products and others	General Environment and Sanitation	Total
Sales generated through external customers	57,249	63,206	8,974	28,914	158,344

2. Information about geographical areas

(1) Sales

Sales by geographical area have been omitted because sales generated through external customers in Japan accounted for more than 90% of sales reported on the Company's consolidated statement of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Thailand	Other	Total
28,809	877	1,535	160	31,383

3. Information by the major customer

(Millions of yen)

Customer name or title	Sales	Name of related segment
ARATA Corporation	39,890	Household Products Business
PALTAC Corporation	37,831	Household Products Business
Alfresa Healthcare Corporation	20,608	Household Products Business
Ohki Co., Ltd.	16,471	Household Products Business

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

1. Information by product and service

(Millions of yen)

	Insecticides and repellents	Household products	Pet products and others	General Environment and Sanitation	Total
Sales generated through external customers	63,005	64,094	10,480	31,697	169,278

2. Information about geographical areas

(1) Sales

(Millions of yen)

Japan	Asia	Other	Total
151,145	16,661	1,475	169,283

Note: Sales are classified by country or region based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Thailand	Other	Total
28,864	829	1,605	144	31,443

3. Information by the major customer

(Millions of yen)

Customer name or title	Sales	Name of related segment
PALTAC Corporation	45,178	Household Products Business
ARATA Corporation	40,191	Household Products Business
Ohki Co., Ltd.	17,639	Household Products Business

c. Information about impairment loss on non-current assets by reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

None to be reported.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments			Adjustments	Total
	Household Products Business	General Environment and Sanitation Business	Total		
Impairment losses	1,308	—	1,308	—	1,308

d. Amortization of goodwill and unamortized goodwill by reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments			Adjustments	Total
	Household Products Business	General Environment and Sanitation Business	Total		
Amortization of goodwill	119	—	119	—	119
Unamortized goodwill	1,261	—	1,261	—	1,261

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments			Adjustments	Total
	Household Products Business	General Environment and Sanitation Business	Total		
Amortization of goodwill	146	—	146	—	146
Unamortized goodwill	1,013	—	1,013	—	1,013

e. Gain on bargain purchase by reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

None to be reported.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

None to be reported.

(Per share information)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share	3,007.52 yen	3,162.24 yen
Net income per share	185.57 yen	158.26 yen

Notes: 1. Due to a lack of dilutive shares, diluted net income per share for the fiscal years ended December 31, 2023 and 2024 have been omitted.

2. The basis for calculating net income per share is as follows:

Item		Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net income attributable to owners of parent	(millions of yen)	4,102	3,475
Amount not attributable to common shareholders	(millions of yen)	—	—
Net income attributable to owners of parent attributable to common stock	(millions of yen)	4,102	3,475
Average number of common stock outstanding during the fiscal year	(thousands of shares)	22,107	21,957

(Significant subsequent events)

None to be reported.

(6) Other

For further details, please refer to the announcement titled “Notice of Change of Directors” released on February 13, 2025.