

Consolidated Financial Results for the Six Months Ended June 30, 2025 (Japanese GAAP)

August 8, 2025

Company name: Earth Corporation
Stock code: 4985

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

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Scheduled date for quarterly report submission: August 12, 2025

Scheduled date for dividend payment: —

Preparation of supplemental explanatory materials: Yes

Results briefing to be held: Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Six Months Ended June 30, 2025 (January 1, 2025 to June 30, 2025)

(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	%
Six months ended June 30, 2025	102,669	5.7	13,554	26.0	13,658	20.4	9,376	22.7
Six months ended June 30, 2024	97,095	7.5	10,758	8.4	11,339	8.8	7,643	8.6

Note: Comprehensive income for the six months ended June 30, 2025 was 8,849 million yen (-4.8%), and comprehensive income for the six months ended June 30, 2024 was 9,294 million yen (12.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2025	430.03	—
Six months ended June 30, 2024	345.51	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended June 30, 2025	154,607	81,234	48.7
Fiscal year ended December 31, 2024	135,636	74,652	50.8

Reference: Equity capital amounted to 75,231 million yen as of June 30, 2025 and 68,865 million as of December 31, 2024.

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Fiscal year ended December 31, 2024	Yen —	Yen 0.00	Yen —	Yen 120.00	Yen 120.00
Fiscal year ending December 31, 2025	—	0.00			
Fiscal year ending December 31, 2025 (forecast)			—	125.00	125.00

Note: Revisions have been made to the Company's most recently announced dividend forecast.

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

(Percentages indicate 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
Full-year	178,000	5.2	8,000	24.5	8,600	16.8	5,300	52.5	242.83

Note: Revisions have been made to the Company's most recently announced earnings forecast.

*Notes

(1) Changes in the scope of consolidation during the six-month period under review: Yes

New subsidiaries added: One company (Protoleaf, Inc.)

Subsidiaries excluded: None

(2) Distinctive accounting methods applied when preparing interim consolidated financial statements: None

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

1. Accounting policy changes due to accounting standard revisions, etc.: Yes

2. Other accounting policy changes: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury stock)	As of June 30, 2025	22,209,900	As of December 31, 2024	22,209,900
2. Treasury shares outstanding	As of June 30, 2025	362,365	As of December 31, 2024	432,335
3. Cumulative average number of shares	Six months ended June 30, 2025	21,804,235	Six months ended June 30, 2024	22,123,240

*The financial information in this interim report is not subject to review by certified public accountants or auditing firms.

*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. Summary of Operating Results (3) Explanation of Consolidated Earnings Forecasts and Other Projections” on page five of the accompanying materials.

(How to obtain supplementary materials on financial results)

Earth Corporation will hold a financial results briefing for institutional investors and analysts on August 8 (Fri.), 2025. The supplemental explanatory materials to be used at the briefing will be posted on the Company’s website on August 8 (Fri.).

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1. Summary of Operating Results

(1) Summary of Operating Results for the Six Months Ended June 30, 2025 (Interim Period)

During the first six months of the fiscal year ending December 31, 2025 (January 1–June 30, 2025), personal consumption remained sluggish in Japan mainly due to stagnant real wage growth amid rising prices. Overseas, concerns over the prolonged Russia–Ukraine conflict and U.S. trade policies under the Trump administration persisted, resulting in ongoing uncertainty in both domestic and global economic outlooks.

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 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 homecare products. We will also aim to drive growth in overseas sales by expanding operations in the Asian market through our local subsidiaries and by leveraging exports to the Middle East and other regions as key growth drivers.

In the first six months of the fiscal year ending December 31, 2025, sales totaled 102,669 million yen, up 5.7% year-on-year, supported by strong shipments of insecticides & repellents, as well as growth in the General Environment and Sanitation Business backed by higher volume and value of service contracts. Consolidation of Protoleaf, Inc. through an additional share acquisition in February 2025 also contributed to sales growth. Higher gross profit on sales growth offset an increase in SG&A expenses, resulting in operating income of 13,554 million yen (+26.0% year-on-year) and ordinary income of 13,658 million yen (+20.4% year-on-year). Net income attributable to owners of parent was 9,376 million yen, an increase of 22.7% year-on-year.

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 are advancing 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 are directing efforts to actively expanding in the ASEAN region and China and growing the export business. In addition, we are working to revise sales prices as a measure to address the impact of soaring raw material prices.

In the first six months of the fiscal year ending December 31, 2025, sales amounted to 92,305 million yen, up 4.0% year-on-year, driven by increased shipments of insecticides & repellents following a rise in temperatures from mid-May, as well as strong shipments of bath salts and oral hygiene products despite intensifying competition. Higher sales in overseas markets, particularly in Thailand and Malaysia, also contributed to the sales growth. Segment income (operating income) was 12,480 million yen, an increase of 26.1% year-on-year, supported by the emerging effects of price revisions for insecticides & repellents and an improved cost-of-sales ratio due to changes in the sales mix.

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025	YoY change (amount)	YoY change (percent)
Insecticides & Repellents	45,994	47,397	1,402	3.1%
Homecare products	33,735	33,405	(330)	(1.0%)
Oral hygiene products	3,919	4,025	105	2.7%
Bath salts	11,266	11,272	5	0.1%
Other homecare products	18,548	18,106	(441)	(2.4%)
Gardening products	2,804	5,269	2,464	87.9%
Pet products and others	6,196	6,233	37	0.6%
Total sales	88,730	92,305	3,575	4.0%
Segment income (operating income)	9,897	12,480	2,583	26.1%

Notes: 1. Sales include internal sales and transfers made within and between segments, which amounted to 7,448 million yen during the six months ended June 30, 2024 and 6,420 million yen during the six months ended June 30, 2025.

2. Starting from the six-month period under review, sales of gardening products—previously included in insecticides & repellents—are reported separately. For comparison purposes, sales of insecticides & repellents for the six-month period ended June 30, 2024 have been retroactively adjusted to exclude gardening products sales.

Results by product category are as follows. Results for gardening products are reported separately, with year-on-year comparisons based on retroactively adjusted prior-year figures.

Insecticides & Repellents

In Japan, the insecticides & repellents market contracted year-on-year due to unseasonable weather early in the summer season, but recovered as temperatures began to rise from mid-May. This led to a rebound in consumer demand for insecticides & repellents, resulting in strong shipments of insect repellents—including *Hadamamo*, a new product launched in spring 2025—as well as products targeting cockroaches and other household pests. Price revisions implemented during the period under review began to yield results, contributing to sales growth.

Overseas, higher market share in Thailand and robust shipments in Malaysia supported sales growth.

As a result, sales for this category were 47,397 million yen (+3.1% year-on-year).

Homecare products

Sales of oral hygiene products totaled 4,025 million yen, up 2.7% year-on-year, supported by strong shipments of the *Mondahmin* mouthwash series and products sold exclusively through dental clinics, despite intensifying competition.

Sales of bath salts came to 11,272 million yen, a 0.1% increase year-on-year, driven by robust sales of *Kiki-yu*, *Onpo*, *Iiyu Tabidachi*, and the high-value-added *BARTH* brand of neutral bicarbonate bath salts, amid stronger market conditions compared with the previous fiscal year.

Sales of other homecare products were 18,106 million yen, down 2.4% year-on-year, as a decline in shipments of air fresheners and insect repellents for clothing outweighed increased sales of cooling products, such as cooling shirt mist and neck coolers designed to combat extreme heat.

Sales in this category amounted to 33,405 million yen (-1.0% year-on-year).

Gardening products

Sales were brisk, particularly for gardening insecticides & repellents products, herbicides, and potting soil for home gardening. The consolidation of Protoleaf, Inc. during the six-month period under review also contributed to sales growth.

As a result, sales in this category totaled 5,269 million yen (+87.9% year-on-year).

Pet products and others

The market for pet and related products remained strong, supported by continued growth in spending per pet due to heightened awareness of pet health among pet owners and improved living environments for pets. Against this backdrop, sales of pet care products and functional food products grew, while sales of insecticides & repellents for pets declined year-on-year.

In the others category, sales of MA-T and the *Earth Colloidal Silica* soft drink remained solid.

As a result, sales in this category amounted to 6,233 million yen (+0.6% year-on-year).

[General Environment and Sanitation Business]

In the General Environment and Sanitation Business, demand for the Earth Group's quality hygiene management services utilizing its specialized knowledge, technology, and expertise remained strong among 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 has provided a tailwind, labor costs and material and equipment prices are surging 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 have relocated and consolidated the Analysis Center East Japan Laboratory in Chiba, Chiba Prefecture, and are expanding our testing facilities for the life science field.

In the first six months of the fiscal year ending December 31, 2025, sales in the General Environment and Sanitation Business rose to 16,889 million (+6.4% year-on-year), driven by an increase in the number of annual contracts. Segment income (operating income), however, declined 12.7% year-on-year to 887 million yen, due to a higher cost ratio and increased personnel expenses stemming from proactive investment in human resources.

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025	YoY change (amount)	YoY change (percent)
Sales	15,880	16,889	1,009	6.4%
Segment income (operating income)	1,016	887	(129)	(12.7%)

Note: Sales include internal sales and transfers made within and between segments, which amounted to 65 million yen in the six months ended June 30, 2024 and 104 million yen in the six months ended June 30, 2025.

(2) Summary of Financial Position for the Six Months Ended June 30, 2025 (Interim Period)

(1) Assets, Liabilities and Net Assets

As of June 30, 2025, total assets amounted to 154,607 million yen, up 18,971 million yen from December 31, 2024. This was mainly due to increases in cash and deposits, trade receivables, and inventories.

As of June 30, 2025, liabilities increased by 12,389 million yen from December 31, 2024 to 73,373 million yen. This was mainly due to increases in trade payables, short-term borrowings, income taxes payable, refund liabilities, and other current liabilities, offsetting a decrease in accounts payable—other.

Net assets amounted to 81,234 million yen as of June 30, 2025, rising 6,581 million yen from December 31, 2024, mainly reflecting an increase in retained earnings due to the recording of net income attributable to owners of parent.

Consequently, the Company's equity ratio was 48.7% as of June 30, 2025, down 2.1 points from December 31, 2024.

(2) Cash Flows

As of June 30, 2025, cash and cash equivalents (below, "cash") stood at 17,626 million yen, up 850 million yen compared to December 31, 2024.

The status of each cash flow and contributing factors during the six months ended June 30, 2025 are as follows.

Net cash provided by operating activities amounted to 3,272 million yen (versus net cash of 15,199 million yen provided during the six months ended June 30, 2024). The primary sources of this net cash were 13,740 million yen in net income before income taxes (11,358 million yen in the same period of the previous fiscal year), 2,183 million yen in depreciation (2,182 million yen), and increases of 16,720 million yen in trade receivables (increase of 13,638 million yen), 3,555 million yen in trade payables (increase of 11,197 million yen), and 1,271 million yen in income taxes paid (increase of 1,364 million yen).

Net cash used in investing activities was 974 million yen (versus 2,710 million yen used during the six months ended June 30, 2024). This primarily reflected 1,491 million yen in the purchase of property, plant and equipment (2,274 million yen in the same period of the previous fiscal year), 1,714 million yen in the proceeds from sale of property, plant and equipment (273 million yen), 578 million yen in purchase of intangible assets (435 million yen), and 355 million yen in payments into time deposits (none).

Net cash used in financing activities was 882 million yen (net cash used of 6,967 million yen during the six months ended June 30, 2024). This was mainly due to a net increase of 2,030 million yen in short-term borrowings (decrease of 3,000 million yen in the same period of the previous fiscal year), 173 million yen in dividends paid to non-controlling interests (174 million yen), and 2,613 million yen in dividends paid (2,610 million yen).

(3) Explanation of Consolidated Earnings Forecasts and Other Projections

In light of recent performance, the Company has revised its full-year earnings and dividend forecasts for the fiscal year ending December 31, 2025, announced on February 13, 2025.

For details, please refer to the "Notice of Revisions to Full-Year Consolidated Earnings Forecasts and Dividend Forecast (Increase in Dividend) for FY2025" released today (August 8, 2025).

The earnings forecast is based on information available to the Company at the time of its formulation. Actual results may differ substantially from the projections due to potential changes affecting a variety of factors.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended December 31, 2024 (as of December 31, 2024)	Six months ended June 30, 2025 (as of June 30, 2025)
Assets		
Current assets		
Cash and deposits	17,007	18,203
Notes and accounts receivable - trade	23,293	37,671
Electronically recorded monetary claims - operating	2,228	5,152
Merchandise and finished goods	22,974	25,487
Work in process	781	710
Raw materials and supplies	6,130	5,083
Other	2,752	2,850
Allowance for doubtful accounts	(94)	(194)
Total current assets	75,073	94,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,803	32,286
Accumulated depreciation and impairment	(18,625)	(18,103)
Buildings and structures, net	15,177	14,183
Machinery, equipment and vehicles	20,312	20,755
Accumulated depreciation and impairment	(14,575)	(14,978)
Machinery, equipment and vehicles, net	5,736	5,777
Land	7,636	6,532
Leased assets	498	490
Accumulated depreciation and impairment	(269)	(271)
Leased assets, net	228	218
Construction in progress	743	573
Other	10,254	10,405
Accumulated depreciation and impairment	(8,334)	(8,489)
Other, net	1,919	1,915
Total property, plant and equipment	31,443	29,201
Intangible assets		
Trademark right	1,774	1,576
Software	3,473	3,467
Goodwill	1,013	1,283
Customer-related intangible assets	785	624
Other	380	629
Total intangible assets	7,428	7,581
Investments and other assets		
Investment securities	5,440	6,150
Retirement benefit asset	13,386	13,649
Deferred tax assets	513	594
Other	2,356	2,528
Allowance for doubtful accounts	(7)	(61)
Total investments and other assets	21,690	22,861
Total non-current assets	60,562	59,644
Total assets	135,636	154,607

(Millions of yen)

	Fiscal year ended December 31, 2024 (as of December 31, 2024)	Six months ended June 30, 2025 (as of June 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,477	25,183
Electronically recorded obligations - operating	9,190	11,444
Short-term borrowings	5,000	7,420
Current portion of long-term borrowings	—	150
Accounts payable - other	7,418	5,598
Income taxes payable	1,689	5,100
Accrued consumption taxes	1,070	1,706
Provision for bonuses	498	1,648
Refund liabilities	1,155	1,890
Other	8,377	10,321
Total current liabilities	57,877	70,463
Non-current liabilities		
Long-term borrowings	—	225
Deferred tax liabilities	1,905	1,505
Retirement benefit liability	252	203
Asset retirement obligations	488	505
Other	460	469
Total non-current liabilities	3,105	2,909
Total liabilities	60,983	73,373
Net assets		
Shareholders' equity		
Share capital	10,192	10,192
Capital surplus	10,228	10,262
Retained earnings	42,236	49,000
Treasury shares	(2,080)	(1,743)
Total shareholders' equity	60,578	67,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,570	2,025
Foreign currency translation adjustment	2,506	1,535
Remeasurements of defined benefit plans	4,211	3,959
Total accumulated other comprehensive income	8,287	7,519
Non-controlling interests	5,786	6,003
Total net assets	74,652	81,234
Total liabilities and net assets	135,636	154,607

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

Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)
Sales	97,095	102,669
Cost of sales	55,695	57,521
Gross profit	41,399	45,147
Selling, general and administrative expenses		
Transportation and storage costs	3,988	4,259
Advertising expenses	4,723	4,719
Promotion expenses	560	553
Provision of allowance for doubtful accounts	13	105
Salaries and allowances	8,595	8,747
Provision for bonuses	953	1,353
Travel and transportation expenses	748	776
Depreciation	981	950
Amortization of goodwill	75	79
Rent expenses on land and buildings	764	827
Research and development expenses	1,548	1,618
Other	7,687	7,600
Total selling, general and administrative expenses	30,641	31,593
Operating income	10,758	13,554
Non-operating income		
Interest income	100	96
Dividend income	48	89
Foreign exchange gains	257	—
Commission income	38	13
Rental income from buildings	20	37
Other	162	225
Total non-operating income	626	461
Non-operating expenses		
Interest expenses	22	53
Foreign exchange losses	—	226
Real estate lease expenses	—	14
Provision of allowance for doubtful accounts	—	53
Other	23	10
Total non-operating expenses	46	357
Ordinary income	11,339	13,658

	(Millions of yen)	
	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)
Extraordinary income		
Gain on step acquisitions	—	349
Gain on sale of non-current assets	38	8
Gain on sale of investment securities	4	33
Total extraordinary income	43	392
Extraordinary losses		
Loss on sale of non-current assets	0	6
Loss on retirement of non-current assets	7	15
Impairment losses	—	289
Loss on valuation of investment securities	0	0
Loss on valuation of shares of subsidiaries and associates	15	—
Total extraordinary losses	24	310
Net income before income taxes	11,358	13,740
Income taxes - current	4,733	4,709
Income taxes - deferred	(1,268)	(623)
Total income taxes	3,464	4,086
Net income	7,893	9,654
Net income attributable to non-controlling interests	250	277
Net income attributable to owners of parent	7,643	9,376

Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)
Net income	7,893	9,654
Other comprehensive income		
Valuation difference on available-for-sale securities	379	454
Foreign currency translation adjustment	1,105	(979)
Remeasurements of defined benefit plans, net of tax	(83)	(279)
Total other comprehensive income	1,400	(804)
Comprehensive income	9,294	8,849
(Breakdown)		
Comprehensive income attributable to owners of parent	9,043	8,608
Comprehensive income attributable to non-controlling interests	250	241

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)
Cash flows from operating activities		
Net income before income taxes	11,358	13,740
Depreciation	2,182	2,183
Impairment losses	—	289
Amortization of goodwill	75	79
Increase (decrease) in refund liabilities	1,027	746
Increase in retirement benefit assets (increase in retirement benefit liabilities)	(376)	(625)
Loss (gain) on step acquisitions	—	(349)
Decrease (increase) in trade receivables	(13,638)	(16,720)
Decrease (increase) in inventories	(766)	(1,245)
Decrease (increase) in other assets	600	455
Increase (decrease) in trade payables	11,197	3,555
Increase (decrease) in other liabilities	4,043	1,091
Other	732	1,211
Subtotal	16,437	4,410
Interest and dividends received	148	185
Interest paid	(22)	(53)
Income taxes paid	(1,364)	(1,271)
Net cash provided by (used in) operating activities	15,199	3,272
Cash flows from investing activities		
Payments into time deposits	—	(355)
Purchase of property, plant and equipment	(2,274)	(1,491)
Proceeds from sale of property, plant and equipment	273	1,714
Purchase of intangible assets	(435)	(578)
Purchase of investment securities	(9)	(60)
Purchase of shares of subsidiaries and associates	(60)	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	303
Payments of contingent consideration for shares of subsidiaries	(27)	(289)
Other payments	(249)	(329)
Other proceeds	71	112
Net cash provided by (used in) investing activities	(2,710)	(974)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	2,030
Proceeds from long-term borrowings	—	36
Repayments of long-term borrowings	—	(79)
Purchase of treasury shares	(1,120)	(0)
Purchase of treasury shares of subsidiaries	(19)	(36)
Dividends paid	(2,610)	(2,613)
Dividends paid to non-controlling interests	(174)	(173)
Other	(41)	(44)
Net cash provided by (used in) financing activities	(6,967)	(882)
Effect of exchange rate change on cash and cash equivalents	574	(564)
Net increase (decrease) in cash and cash equivalents	6,096	850
Cash and cash equivalents at beginning of period	17,505	16,775
Cash and cash equivalents at end of period	23,602	17,626

(4) Notes to Interim Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Notes in the event of significant changes in shareholders' equity)

None to be reported.

(Notes on changes in accounting policies)

From the beginning of the first six months of the consolidated fiscal year ending December 31, 2025, the Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "2022 Revised Accounting Standard") and related guidance.

For revisions concerning the classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatment specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "2022 Revised Guidance"). This change in accounting policy had no impact on the interim consolidated financial statements.

Further, from the beginning of the first six months of the consolidated fiscal year under review, the Company has applied the 2022 Revised Guidance for revisions concerning the treatment in the consolidated financial statements of gains or losses arising from the sale of shares of subsidiaries within the consolidated group, where such gains or losses are deferred for tax purposes. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for both the first six months and full year of the previous fiscal year have been restated accordingly. The change in accounting policy had no impact on consolidated financial statements for either period.

(Notes to segment information)

[Segment information]

Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

Information on the amount of sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments*2	Amount recorded on the interim consolidated statement of income*3
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	81,281	15,814	97,095	—	97,095
Intersegment sales and transfers*1	7,448	65	7,514	(7,514)	—
Total	88,730	15,880	104,610	(7,514)	97,095
Segment income	9,897	1,016	10,914	(155)	10,758

Notes: 1. Includes internal sales within and among segments

2. The 155 million yen downward adjustment to segment income comprises eliminations of intersegment transactions.

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

Six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

1. Information on the amount of sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments*2	Amount recorded on the interim consolidated statement of income*3
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	85,884	16,784	102,669	—	102,669
Intersegment sales and transfers*1	6,420	104	6,525	(6,525)	—
Total	92,305	16,889	109,194	(6,525)	102,669
Segment income	12,480	887	13,368	186	13,554

Notes: 1. Includes internal sales within and among segments

2. The 186 million yen adjustment to segment income comprises eliminations of intersegment transactions.

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

2. Impairment losses on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

The Company made Protoleaf, Inc. a consolidated subsidiary through share acquisition in the first six months of the fiscal year under review, resulting in an increase in goodwill in the Household Products Business. The increase in goodwill resulting from this event amounted to 349 million yen in the six-month period under review. In addition, due to an additional payment for the acquisition of shares in consolidated subsidiary EARTH HOMECARE PRODUCTS (PHILIPPINES), INC., the Company recorded goodwill of 289 million yen during the six-month period under review, but the entire amount has been recognized as an impairment loss.

(Business combinations)

Business combination through acquisition

1. Overview of business combination

(1) Name and business of the acquired company

Name: Protoleaf, Inc.

Business: Manufacture, wholesale, and retail of gardening materials, as well as the design, construction, and management of landscaping projects

(2) Main reason for business combination

The Earth Group is committed to addressing customer dissatisfaction and inconvenience from the customers' perspective and offers a diverse range of original and quality services, including insecticides & repellents, bath salts, oral hygiene products, gardening products, and general environment and sanitation services. Protoleaf, Inc., meanwhile, is engaged in the manufacture, wholesale, and retail of gardening materials, as well as the landscaping business. Protoleaf offers a variety of original soil products for home gardening and has commercialized quality potting soil by blending various minerals and organic components. It holds a strong market share in the horticultural soil sector.

The Group and Protoleaf have entered into a capital and business alliance and are currently collaborating in sales, marketing, and product development in the gardening supplies market. We believe that by leveraging each other's management resources more flexibly, both companies can achieve further growth.

(3) Date of business combination

February 28, 2025 (Share acquisition date)

March 31, 2025 (Deemed acquisition date)

(4) Legal form of business combination

Share acquisition in exchange for cash

(5) Name of the company after business combination

Unchanged

(6) Percentage of voting rights acquired

Voting rights ratio immediately before the business combination date	34.15%
Voting rights ratio additionally acquired on the business combination date	16.07%
Voting rights ratio after acquisition	50.22%

(7) Main grounds for determining the acquiring company

Share acquisition by the Company in exchange for cash

2. Period of the acquired company's performance included in the interim consolidated statement of income

April 1, 2025–June 30, 2025

3. Acquisition cost of the acquired company and breakdown by type of consideration

Fair value on the business combination date of shares held immediately prior to the business combination	366 million yen
Consideration (cash) for shares additionally acquired on the business combination date	172 million yen
Acquisition cost	539 million yen

4. Difference between the acquired company's acquisition cost and the total acquisition cost accumulated through each transaction

Gain on step acquisition 349 million yen

5. Amount of goodwill, reason for its recognition, and the method and period of amortization

(1) Amount of goodwill

349 million yen

(2) Reason for recognition

As the acquisition cost exceeded the net amount of the acquired assets and assumed liabilities, the excess amount has been recognized as goodwill.

(3) Method and period of amortization

To be amortized over five years using the straight-line method