



# Earnings briefing materials for the fiscal year ended December 2022

02/13/2023

Representative Director, President & CEO  
Katsunori Kawabata

**Earth Corporation**

# Executive Summary



## • FY 2022 Financial Results

- ▶ Sales : 152.3 billion yen; vs. the forecast: -1.7% (-2.66 billion yen)
- ▶ Gross Profit : 62.4 billion yen; vs. the forecast: -6.6% (-4.38 billion yen)
- ▶ Operating Income : 7.4 billion yen; vs. the forecast: -30.8% (-3.12 billion yen)
- ▶ Sales of insecticides & repellents fell short of the forecast, on account of a sluggish market environment
- ▶ The impact of soaring raw material prices and foreign exchange rate fluctuations (vs. the forecast -1.5 billion yen) weighed down on profits

## • FY 2023 Target Forecast

- ▶ Sales : 160.0 billion yen; YoY: +5.0% (+7.66 billion yen)
- ▶ Gross Profit : 66.5 billion yen; YoY: +6.5% (+4.03 billion yen)
- ▶ Operating Income : 8.0 billion yen; YoY: +7.6% (+560 million yen)
- ▶ We are targeting an increase in sales and profits, primarily derived from the launch of new products with higher price points, cost pass-throughs, and overseas growth



# Earth Corporation

## Financial Result Highlights of FY 12/2022

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# Financial Result Highlights



- Amidst an increase in sales and decrease in profits, results for both sales and profits fell short of the forecast (Excluding the impact from the adoption of the new Accounting Standard)
- Performance was significantly impacted by sluggishness in the market for insecticides & repellents – resulting from unseasonable weather – soaring raw material prices and foreign exchange rate fluctuations

Following the adoption of the new Accounting Standard for Revenue Recognition

(Unit: 0.1 billion JPY)

	Realized	Vs. Forecast	YoY*	Topics
<b>Sales</b>	<b>1,523</b>	98.3%	102.4%	<ul style="list-style-type: none"> <li>While sales for insecticides &amp; repellents and bath salts decreased, this was offset by sales growth in other household products and overseas sales</li> </ul>
<b>Gross Profit</b>	<b>624.6</b>	93.4%	96.7%	<ul style="list-style-type: none"> <li>Impact of soaring raw material prices: YoY: -2.75 billion yen; vs. the forecast: -1.5 billion yen</li> <li>Decrease in the sales composition share of insecticides &amp; repellents, which boast high margins</li> </ul>
<b>SG&amp;A Expenses</b>	<b>550.3</b>	98.1%	99.8%	<ul style="list-style-type: none"> <li>Executed costs controls, reducing costs by -1.06 billion yen vs. the forecast</li> </ul>
<b>Operating Income</b>	<b>74.3</b>	69.2%	78.4%	<ul style="list-style-type: none"> <li>Significant decrease</li> </ul>
<b>Profit Before Tax</b>	<b>80.5</b>	73.9%	82.4%	<ul style="list-style-type: none"> <li>No non-operating income/losses &amp; extraordinary income/losses worthy of note</li> </ul>

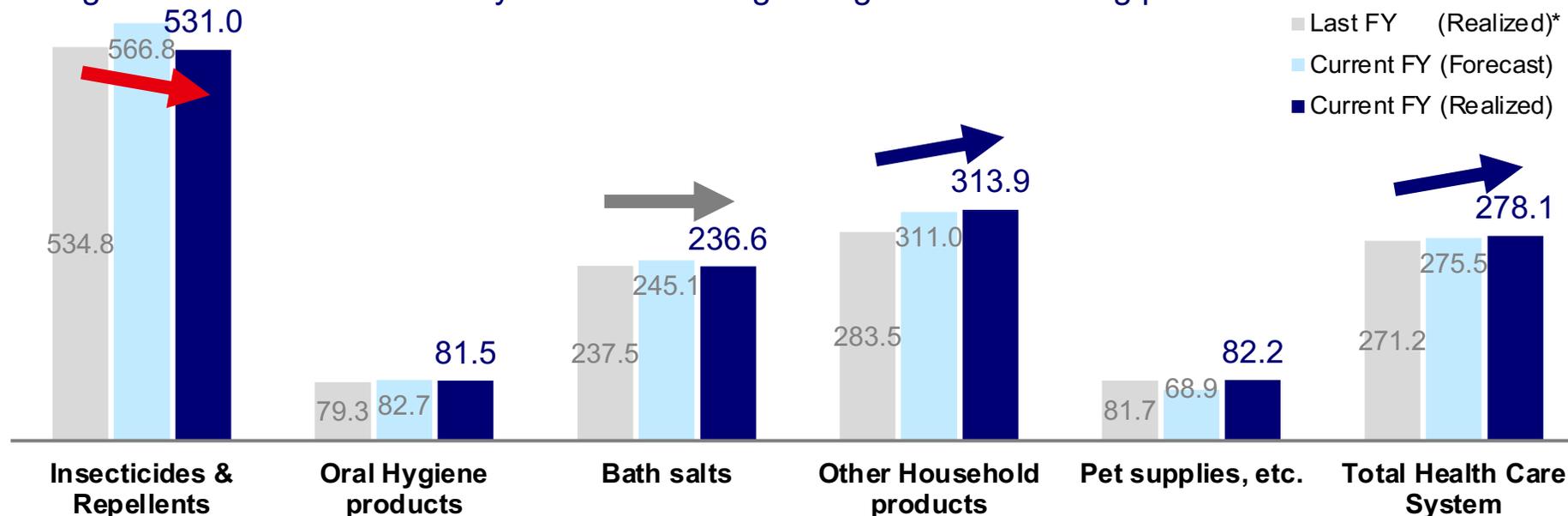
# Sales By Segment



\*To outside customers (excludes internal eliminations)

(Unit: 0.1 billion JPY)

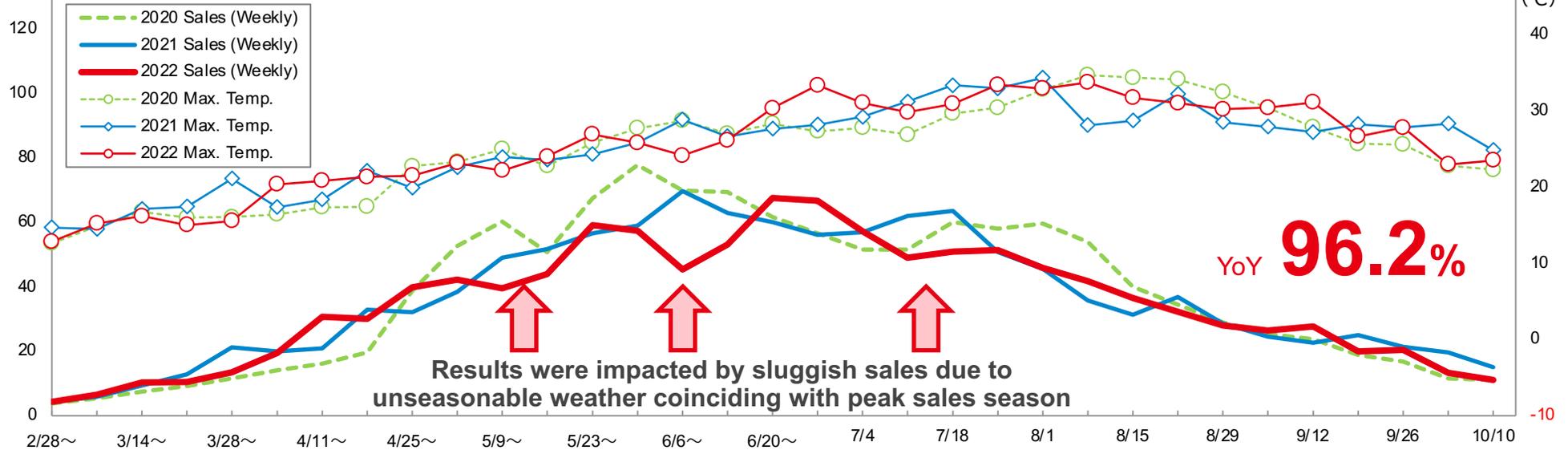
- A decrease in sales of insecticides & repellents and an underperformance vs. the forecast negatively impacted results
- While the segment of bath salts registered a slight decrease, sales remained at elevated levels. Sales for other household products increased significantly thanks to a hit performance for niche products
- The segment of total health care system continued growing sales at a strong pace



YoY diff.*	-3.8	+2.2	-0.8	+30.0	+0.5	+6.9
Diff. vs. forecast	-35.7	-1.1	-8.5	+2.9	+13.3	+2.5

# Status Of The Insecticides & Repellents Segment (Domestic)

(Unit: 0.1 billion JPY)



## Earth Corporation market share

55.9% ➔ **56.3%** +0.4pt

## Market: Sales status by category

- YoY decrease in sales of insecticides for flies, mosquitoes, and cockroaches
- Slight sales increase for miticides/vermin control and repellents

## Flagship products - trends

- EARTH NO MAT

Vs. forecast **87%**



- MUSHI YOKE NET EX

Vs. forecast **87%**



# COGS – Status Overview

- In addition to cost increases across the board (raw materials, packaging materials, etc.) foreign exchange rate fluctuations also had a negative impact, weighing down on profits
- YoY: 2.75 billion yen; Vs. forecast: 1.5 billion yen - cost increase factor

## Impact from soaring raw material prices

### Initial forecast assumptions

Profit Impact Amount

**-1.25 billion yen**

### Diff. vs. assumptions

Profit Impact Amount

**-1.5 billion yen**

【Major raw & packaging materials experiencing soaring prices】

- Concentrated glycerin (MONDAHMIN; bath salts)
- Succinic acid; Sodium bicarbonate (bath salts)
- LPG (aerosols)
- Resins (Used for packaging, film wrapping, etc. across a wide range of products)

## Foreign exchange – Diff. vs. initial forecast

Currency	Forecast		Realized Rate	Vs. Forecast
RMB	17.15	➔	19.01	+ 10.8%
USD	111.00	➔	132.70	+ 19.5%
THB	3.38	➔	3.80	+ 12.4%
VND	0.00505	➔	0.00555	+ 9.9%

## Impact from foreign currency fluctuations

- The greatest impact has been from fluctuations in the RMB exchange rate, since RMB/JPY has the highest transaction volume for the Earth Corporation
- Cost increase of 500 million yen vs. the forecast

# Successful Initiatives : Sales Contribution Of High Price Point Products

- Pioneered the market for products at higher price points through new launches
- In the market for insecticides & repellents, in particular, we prepared the foundation for consumer acceptance of high value-added products with higher price points

## 【MAMOROOM】 (for mosquitos / mites)



【Vs. the sales forecast】

**1.7x + 300 million yen**

[Creating a safe space inside the home, free from mites and mosquitoes - mamoroom \(earth.jp\)](http://mamoroom.earth.jp)

## 【ZERO de KNIGHT】



【Vs. the sales forecast】

**2.3x + 300 million yen**

[ZERO de KNIGHT – Reduce insect-related stress to zero | Earth Corp. \(earth.jp\)](http://earth.jp)

# Successful Initiatives: Contribution From New Product Releases In The Fall Season



- Agile product development allowed us to launch additional products in the fall season, not originally included in our initial plans
- Sales contribution exceeded expectations

## New products released during the fall season (a few examples)



【Sales\* contribution amount from new products not originally included in our initial plans】

Initial estimate

Realized results

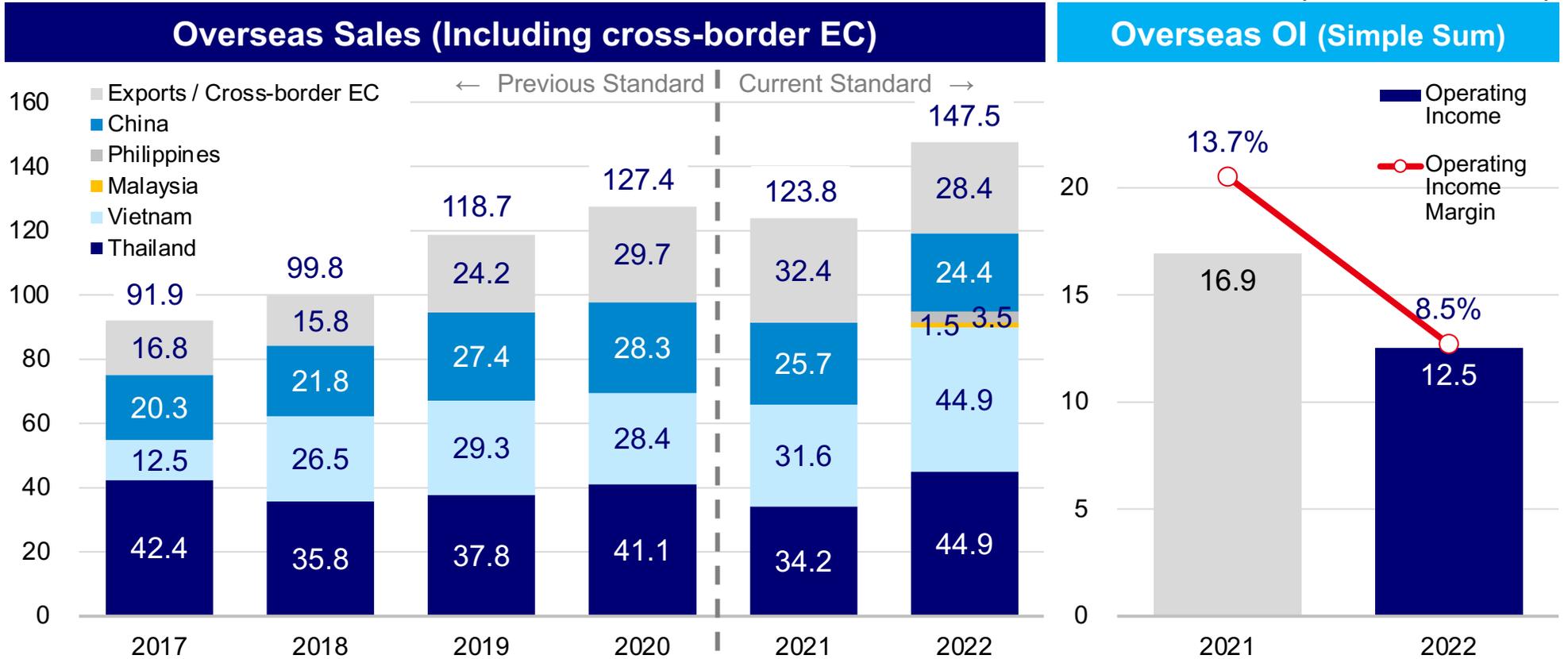
**1.1 billion yen ➡ 1.5 billion yen**

# Successful Initiatives: Scale Expansion Of Overseas Operations



- Expansion continues taking place at a strong pace, especially in ASEAN, with sales from overall overseas operations growing 19.1% YoY
- Malaysia / Philippines newly added to the scope of consolidation: +490 million yen; organic growth + foreign exchange: +1.90 billion yen
- Drop in profitability due to a challenging environment for exports, and soaring raw material prices and sea freight fares

(Unit: 0.1 billion JPY)



# Successful Initiatives: Cost Controls



- -1.06 billion yen vs. the forecast, thanks to the execution of cost controls appropriate to result trends

(Unit: 0.1 billion JPY)

	2021 (Realized*)	2022 (Forecast)	2022 (Realized)	Vs. Forecast	Topics
Personnel costs	208.8	209.1	206.8	- 2.2	Salary raises as planned; Hiring plan > Mid-career hires
Transportation costs	42.7	44.4	45.0	0.5	Increase in energy prices
Storage costs	23.8	25.1	25.6	0.5	Increase in inventory
Advertising expenses	83.9	81.2	73.9	- 7.2	Executed cost controls appropriate to result trends
Promotion expenses	5.7	10.7	10.2	- 0.4	
R&D expenses	31.7	33.8	32.1	- 1.6	
Depreciation	12.7	13.8	14.7	0.8	
Amortization of goodwill	18.3	4.5	4.2	- 0.2	Goodwill amortization for BATHCLIN CORP ended in Q1 2022
Travel & transportation expenses	10.9	13.9	13.1	- 0.7	
Expense account items	3.3	4.7	5.2	0.4	
Commissions paid	14.6	13.7	13.2	- 0.4	
Sales commissions paid	8.1	12.4	14.1	1.6	
Miscellaneous expenses	6.9	10.2	8.0	- 2.2	
Other	80.0	83.4	84.2	0.5	
<b>Total SG&amp;A expenses</b>	<b>551.4</b>	<b>560.9</b>	<b>550.3</b>	<b>- 10.6</b>	

# Successful Initiatives: Normalize Quarterly OI Results



(Unit: 0.1 billion JPY)

- Reduce the impact of seasonality on performance through the timely recording of promotion expenses
- There remains further room for improvement, in terms of Q4 (Oct. – Dec.) operating income





# Earth Corporation

## FY 12/2023 Forecast Outline

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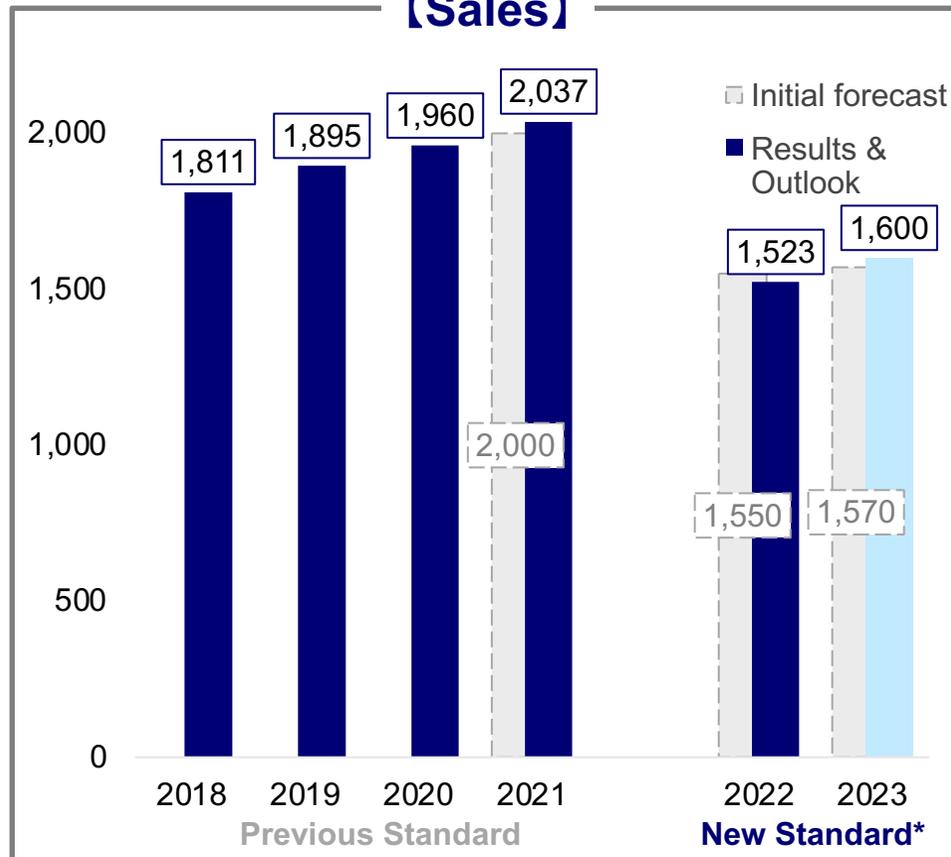
# Act For SMILE -COMPASS 2023- Progress Status



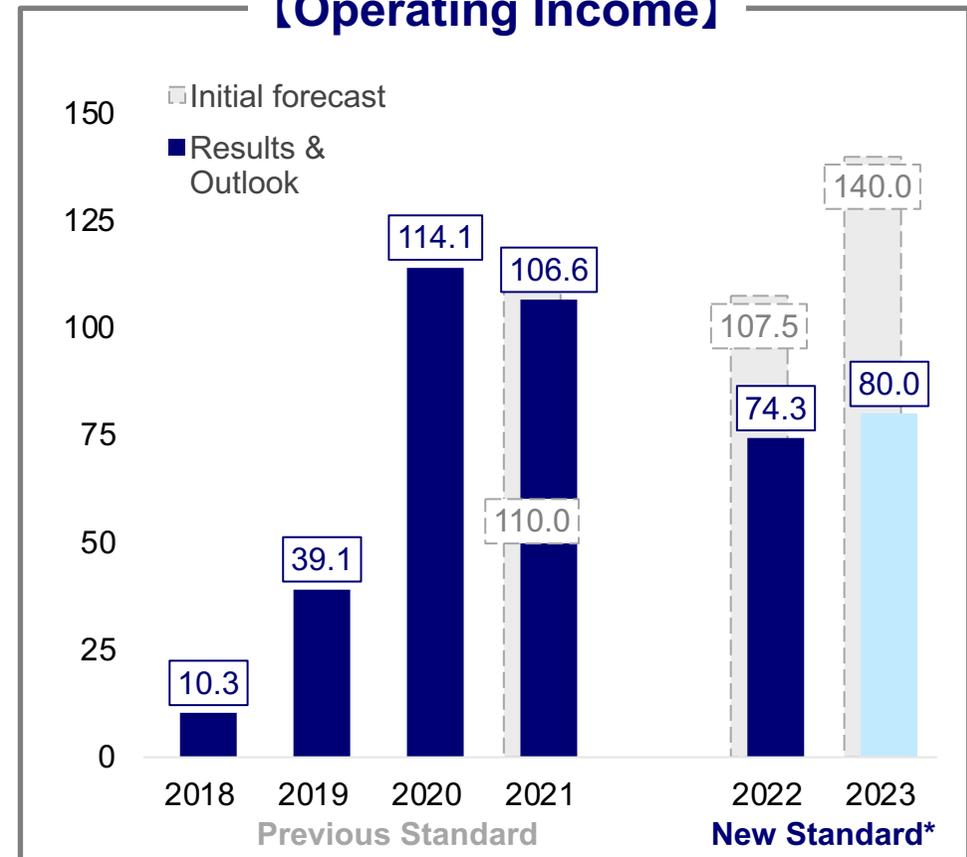
- The business climate has changed significantly when compared to the assumptions the Company made in the formulation of its Medium-Term Business Plan
- While we have temporarily withdrawn profit guidance, the policies and measures to be executed remain the same

(Unit: 0.1 billion JPY)

## 【Sales】



## 【Operating Income】



# FY 12/2023 Forecast Highlights



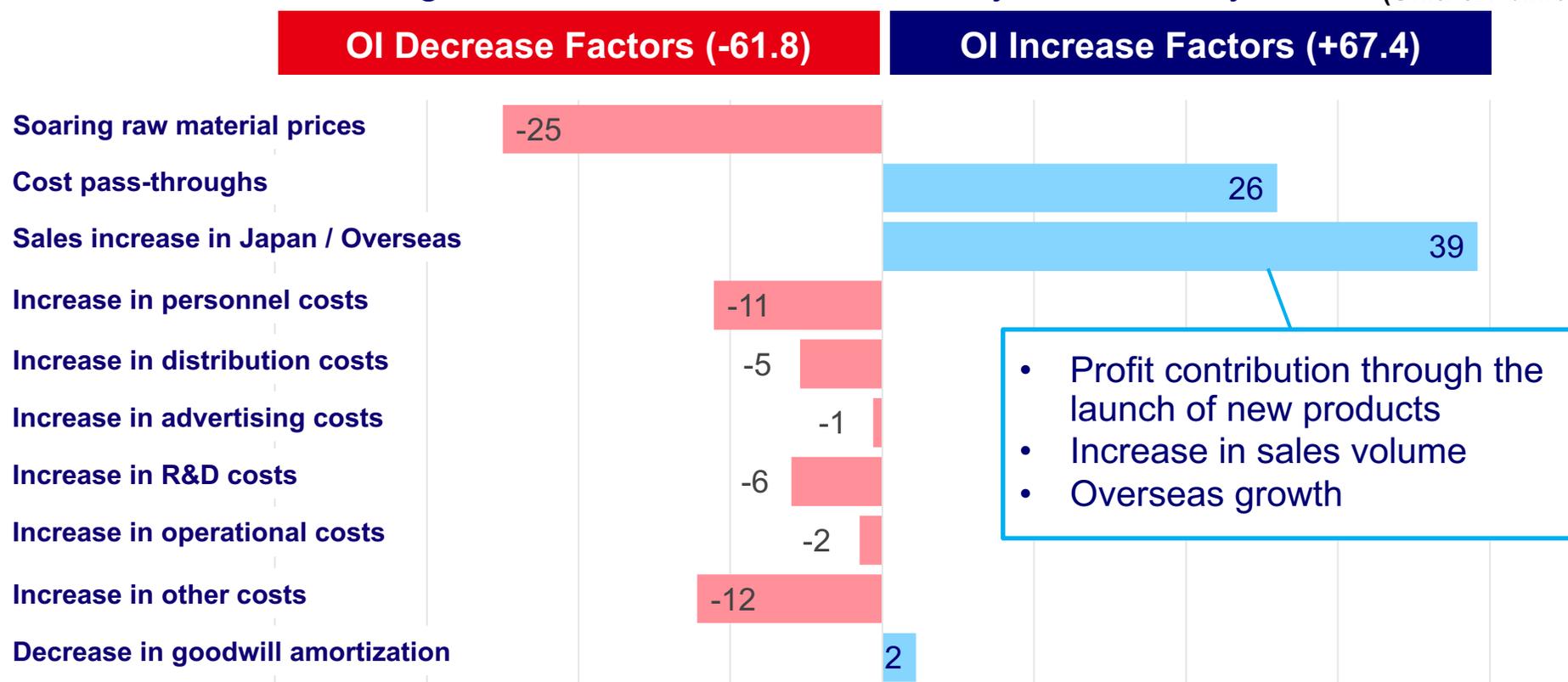
- Achieve both an expansion in future profits resulting from investment toward sustainable growth, as well as a profit increase from reform to the profit structure
- Although we expect to continue being impacted by soaring raw material prices, as we were in 2022, we will address this challenge through cost pass-throughs

(Unit: 0.1 billion JPY)

	FY 2023 (Forecast)	Topics	FY 2022 (Results)
Sales	<b>1,600</b>	<ul style="list-style-type: none"> <li>• Sales volume increase; launch of products with higher price points; cost pass-throughs; growth overseas</li> <li>• We expect similar levels to 2022 for the insecticide &amp; repellent market</li> </ul>	1,523
Gross Profit	<b>665.0</b>	<ul style="list-style-type: none"> <li>• Revise prices in order to absorb the expected negative impact from soaring raw material prices (estimated at -2.5 billion yen)</li> </ul>	624.6
SG&A Expenses	<b>585.0</b>	<ul style="list-style-type: none"> <li>• Continue to execute adequate cost controls</li> <li>• Increase personnel costs toward future growth</li> </ul>	550.3
Operating Income	<b>80.0</b>	<ul style="list-style-type: none"> <li>• YoY +560 million yen</li> <li>• Secure an operating income margin of 5%</li> </ul>	74.3
Net Income attributable to owners of parent	<b>54.0</b>	<ul style="list-style-type: none"> <li>• Slight increase in net income</li> </ul>	53.0
ROE	<b>~8%</b>	<ul style="list-style-type: none"> <li>• Uphold a minimum ROE target in the interest of capital efficiency</li> </ul>	8.6%

# FY 2023 Operating Income Change Factors

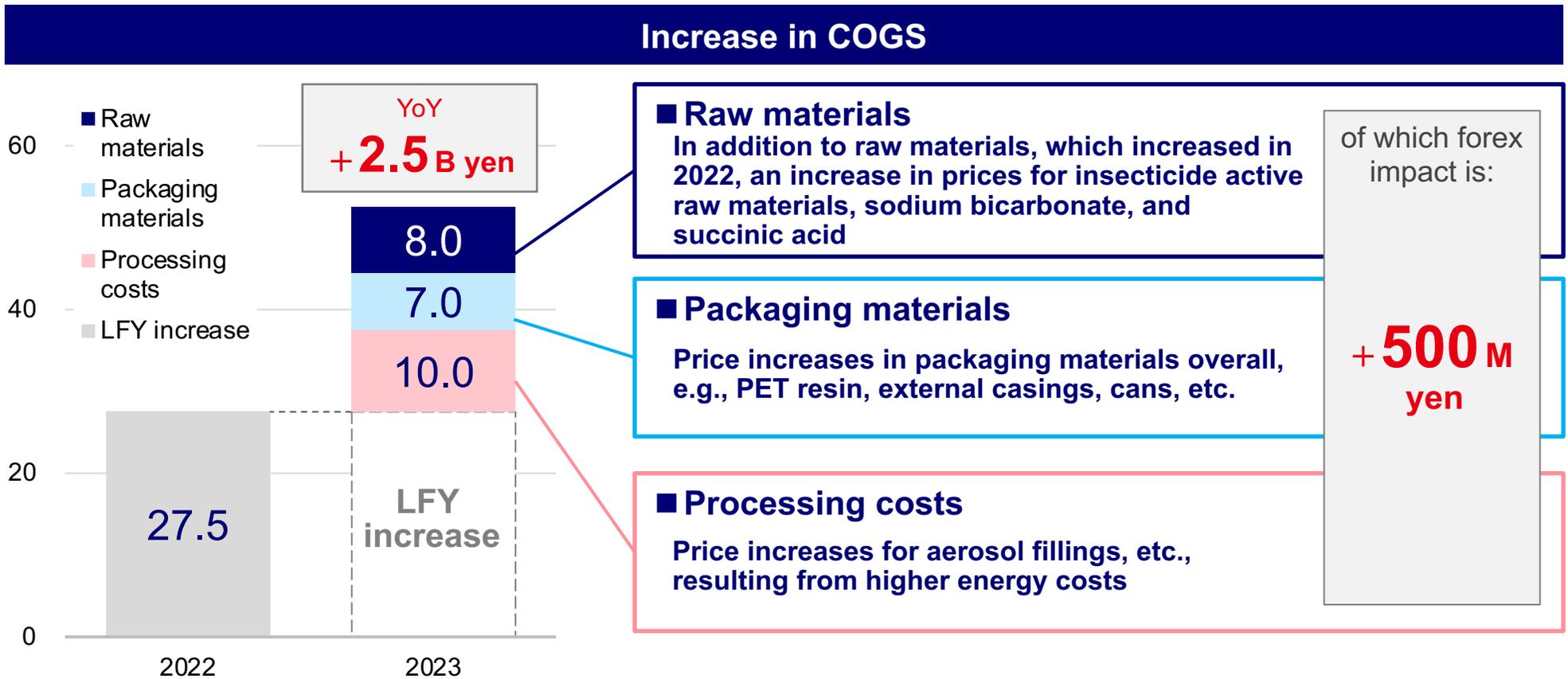
- We expect to be able to absorb the negative impact of soaring raw material prices through the execution of cost pass-throughs
- We expect a profit increase resulting from sales growth in Japan and Overseas. Simultaneously, we also intend to carry out adequate growth investment
- The amortization of goodwill amount will decrease by 200 million yen (Unit: 0.1 billion JPY)



# Expected Increase In COGS

- In addition to the impact of an overall increase in raw materials, packaging materials, processing costs, etc., 2022 was also marked by forex impact
- We estimate the impact from soaring raw material prices and foreign exchange rate fluctuations at **+2.5 billion yen**

(Unit: 0.1 billion JPY)



# Sales At Prices Matching Value

- Absorb the impact of soaring COGS in FY 2023 through the execution of cost pass-throughs
- Over time, we have built a foundation allowing high value-added products at higher price points to be well received by consumers. Against this backdrop, we will be launching new differentiated products and consequently expect a sales expansion thanks to higher unit prices

## Execution of cost pass-throughs (spring 2023)

### 【Number of relevant products】

Insecticides & repellents

**49SKU**

Household products

**19SKU**

\* Also plans for additional cost pass-throughs in the fall season  
(Not included in the current forecast)

### 【Profit contribution amount】

**+ 2.6 billion yen**

## Launch of new high value-added products



### 【Sales\* forecast for new products】

**+ 4.0 billion yen**

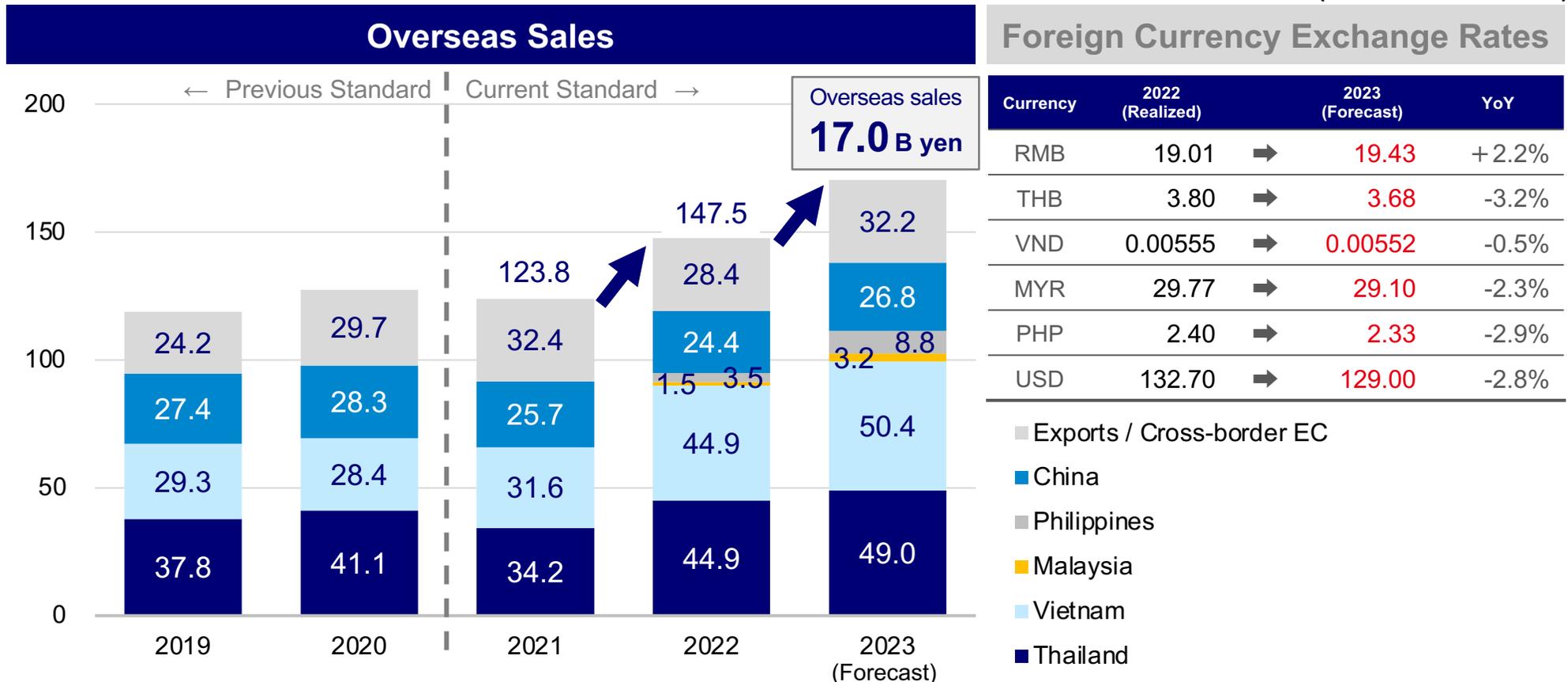
# Overseas Growth

## ~Expand Revenue Base In Asia~



- The number of countries we operate in has increased, and there has been a steady increase in the scale of sales, although there remains significant potential for further growth
- Toward achieving medium-term growth overseas, we executed organizational reform (establishment of Global Management Headquarters)
- Prioritize capturing market share in each country and increase the scale of sales translating into profits

(Unit: 0.1 billion JPY)





# Significance & Objective Of The Business Transfer Of BARTH

## 【Strategic Significance】

- **Acquire BARTH's [Worldview] and [Brand Value]**
  - BARTH taps into consumers' latent needs through the vectors of [beauty], [sleep] and [recovery], possessing its own unique brand worldview offering product solutions for consumers' [night-time routine], from bath time to sleep time routines
  - This business transfer allows us to acquire products, starting with bath salts, but also BARTH's brand worldview, as well as its marketing expertise

## 【Future Concepts】

- **Profitability improvements leveraging expertise / unlocking synergies with existing products**
  - We are considering developing products in the form of [BARTH brand] x [Earth Corporation's products in existing categories] or [new categories], with BARTH's worldview generated through its differentiation from other brands thanks to its [design], [functionality], [concepts], and [presence in the market of mid-to-high-end products]. Within this scope, we are considering improving profitability through development of products with higher price points.
  - We will also aim to unlock synergies in existing categories for the Earth Corporation

# Progress Update On Investment Projects



- Pay close attention to capital efficiency and carry out investments toward profit growth. Establish a hurdle rate for each project (evaluate risk with a baseline of 7% as an estimate), and adequately carry out a decision-making process based on investment viability criteria

## 【Status Of Investment】

Major Investment Projects	Objective	2022				2023			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
• M&A of a local company in the Philippines	• Part of efforts to expand the profit base in Asia	★	-----	-----	-----	-----	-----	-----	-----
• Business transfer of [BARTH]	• Expansion of our brand lineup toward realizing business growth				Business transfer ☆ Contract	Closing ★ (Planned)	-----	-----	-----
• Revamp our core system	• Efficiency improvements in multiple domains, such as production, procurement, sales logistics, etc.	-----	-----	-----	-----	-----	-----	-----	★
• Reinforce seismic resistance at wastewater treatment facilities	• BCP measures				-----	-----	-----	-----	★
• Bath salts – increase production lines	• Expand production capacity to address demand growth	-----	-----	-----	-----	-----	-----	-----	★
• Insecticides & repellents – increase production lines	• Expand production capacity to address demand growth							-----	-----
• Build a new R&D block at Tokushima Pet Land	• Increase product development capabilities by revamping our R&D facilities			-----	-----	-----	-----	-----	★

# Shareholder Returns

## 【Shareholder Returns Policy】

- Adopt an agile approach and, should our performance and retained earnings levels allow it, consider raising dividends and/or executing share buybacks
- KPI: DOE (Dividend on Equity Ratio) 4~5%

### Dividend-related KPIs

DOE (Dividend on Equity Ratio)

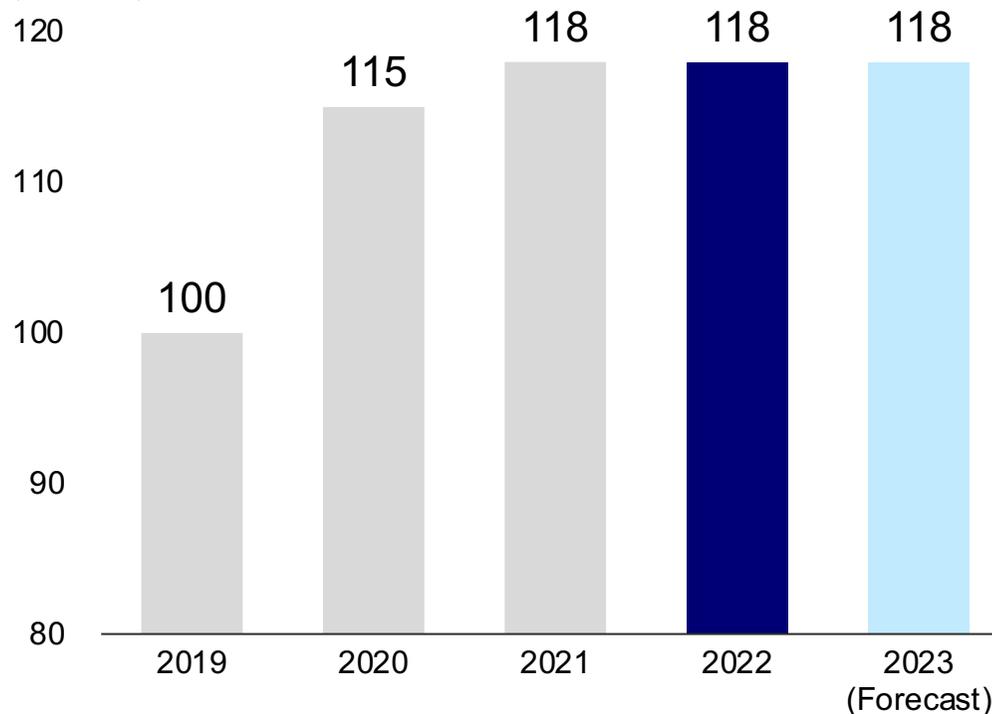
2022 → 2023 (Forecast)  
**4.2%** → **~ 4%**

Consolidated Dividend Payout Policy

2022 → 2023 (Forecast)  
**49.1%** → **48.2%**

### Ordinary Dividend Per Share - Trend

(Unit: JPY)





# **EARTH**

**Act For Life**

This presentation contains forward-looking statements and financial results forecasts. These forward-looking statements and financial results forecasts were formulated on the basis of company assumptions based on the information available.

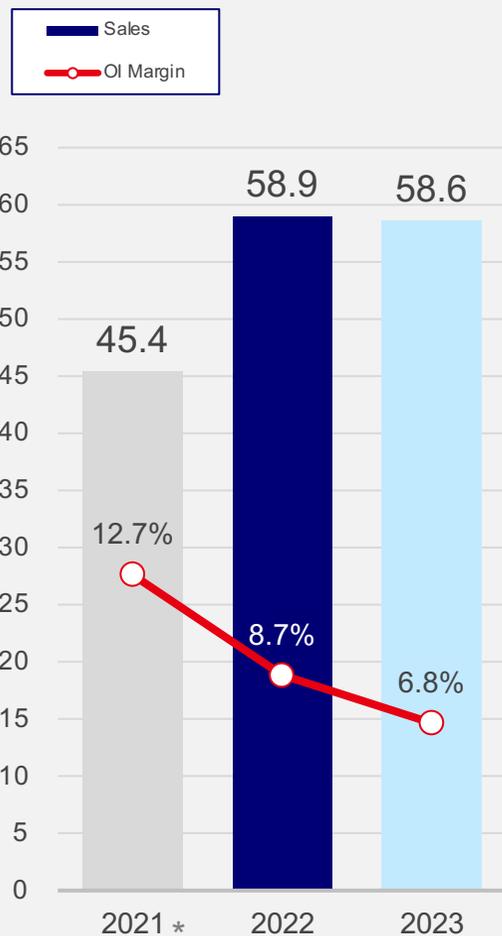
These statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those described.

# Appendix

# Initiatives By Country: Thailand

## Local Subsidiary Results (0.1 B JPY)

2023 Sales Forecast (Local Currency Basis): Vs. 2022 +2.6%



Includes internal sales transactions

## Review of 2022

- Market share in Thailand  
Insecticides & repellents:  
Secured 15.0% (No.2)  
Air fresheners:  
Secured 13.6% (No.3)
- Expansion of staple products  
in Thai domestic channels
- While we were impacted by soaring  
raw material prices, we carried out  
a thorough review of all expense  
items – starting with sales  
promotion costs – allowing us to  
secure profits via a reduction of the  
ratio of SG&A expenses to sales

## Initiatives in 2023 and beyond

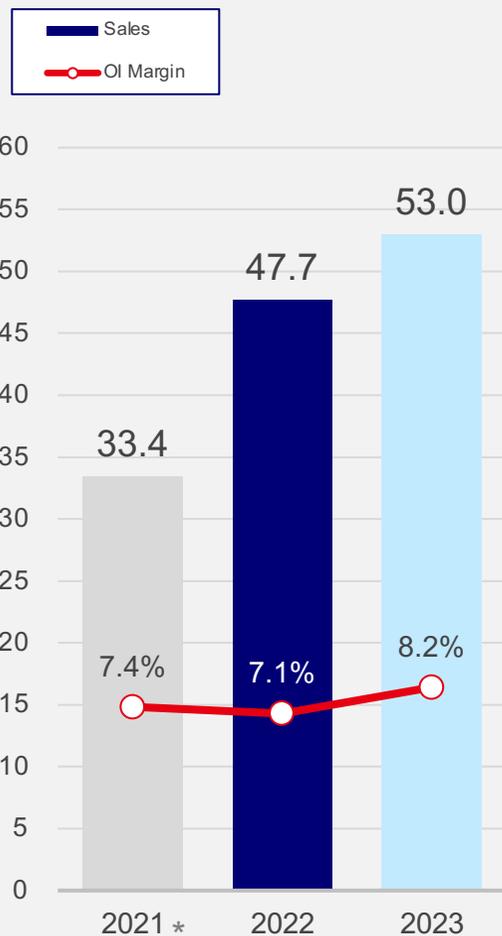
- Enhance sales and marketing  
activities toward our long-term goal  
of securing the largest share in the  
market for insecticides & repellents  
in Thailand
  - Improve shelving allocation of  
staple products
  - Define focus SKUs
- Achieve a lean structure through  
inventory adjustments and  
reductions, thereby improving  
profitability
- Execute cost reductions in terms  
of both fixed and variable expenses



# Initiatives By Country: Vietnam

## Local Subsidiary Results (0.1 B JPY)

2023 Sales Forecast (Local Currency Basis): Vs. 2022 +11.6%



Includes internal sales transactions

### Review of 2022

- Significant increase in sales, partly due to the fact that lockdowns had taken place in 2021, making for an easier target to beat
- Soaring raw material prices and distribution costs weighed down on gross profit
- While operating income margin decreased slightly, we were able to achieve an increase in operating income, following a sales increase

### Initiatives in 2023 and beyond

- Grow our market share thanks to an expansion in product distribution
  - Insecticides & repellents: Secured 11% (No.3)
  - Air fresheners: Secured 24% (No.2)
- Introduce [Mondahmin] Enhance promotion efforts, in the form of sampling, etc.
- Improve profitability
  - We expect prices of materials to stabilize
  - Plans to raise product prices in H1
  - Continue cost reductions



# Initiatives By Country: Malaysia / Philippines



## Local Subsidiary Results (0.1 B JPY)



2023 Sales Forecast (Local Currency Basis): Vs. 2022 +114.5%

### Review of 2022

- Sales exceeded the forecast, thanks to an expansion in sales channels for existing products
- Profits fell short of the plan, due to soaring raw material prices, as well as an increase in promotion costs



### Initiatives in 2023 and beyond

- Expand scale of sales toward achieving profitability
  - Launch of new products in insecticides & repellents and air fresheners
- Enhance our efforts in the West Malaysia Area, which accounts for 80% of the market

## Local Subsidiary Results (0.1 B JPY)



2023 Sales Forecast (Local Currency Basis): Vs. 2022 +159.9%

### Review of 2022

- The market shrank as a result of the COVID-19 pandemic, impacting results
- Were very selective in the launch of new products, as we took into account listing fees



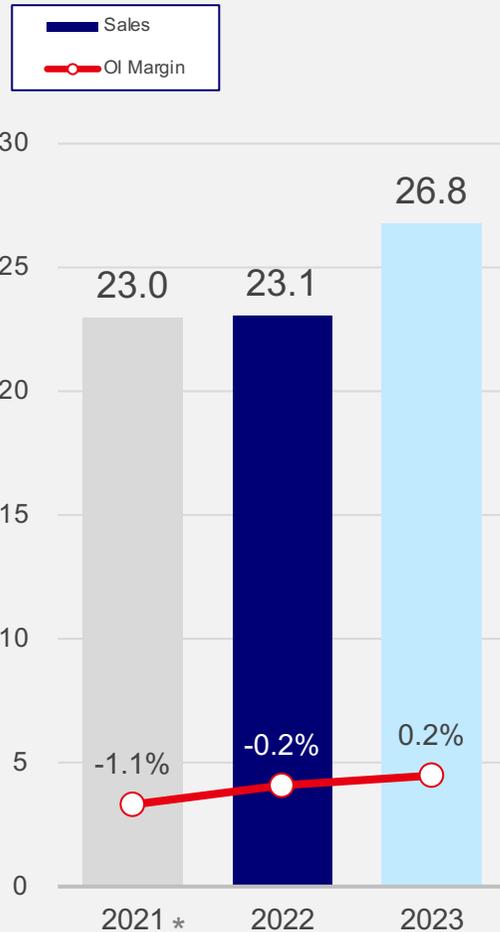
### Initiatives in 2023 and beyond

- Expand the introduction of flagship products in insecticides & repellents
  - Aerosols
  - Cockroach control
  - Mouse traps / rodenticides

# Initiatives By Country: China

## Local Subsidiary Results (0.1 B JPY)

2023 Sales Forecast (Local Currency Basis): Vs. 2022 +13.7%



## Review of 2022

- Business and the economy stagnated resulting from distribution/logistics restrictions due to the hosting of the Winter Olympics, as well as to large-scale lockdowns
- Due to the closure of offline stores and a sluggish performance for the category of insecticides & repellents in e-commerce, sales on a local currency basis decreased year-year-year
- Restrictions to sales promotion activities resulted in an improvement in the ratio of sales promotion costs to sales



## Initiatives in 2023 and beyond

- Carry out sales more pro-actively on new EC channels
- Carry out digital promotions more pro-actively
  - Leverage livestream commerce
  - Banner & listing advertising
- Be very selective in choosing the clients we sell to offline



**Earth Corporation**

**Supplementary Materials;  
FY12/2022 Results**

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# Consolidated: Statement of Income



(Unit : million JPY)

	4Q FY12/22	4Q FY12/22	4Q FY12/22	YoY	vs.FCT	FY12/23	YoY	4Q FY12/21
	Realized*	Forecast	Realized			Forecast		Realized**
Sales	148,793	155,000	152,339	102.4%	98.3%	160,000	105.0%	203,785
Cost of sales	84,174	88,150	89,870	106.8%	102.0%	93,500	104.0%	121,451
Gross profit	64,619	66,850	62,468	96.7%	93.4%	66,500	106.5%	82,334
SG&A expenses	55,142	56,099	55,034	99.8%	98.1%	58,500	106.3%	71,666
Operating profit	9,477	10,750	7,434	78.4%	69.2%	8,000	107.6%	10,667
Non-operating income	759	500	747	98.3%	149.4%	600	80.3%	759
Non-operating expenses	65	100	47	73.5%	48.0%	300	625.3%	65
Ordinary profit	10,171	11,150	8,133	80.0%	72.9%	8,300	102.0%	11,362
Extraordinary income	153	0	60			0		153
Extraordinary losses	553	250	136	24.8%	54.8%	80	58.4%	553
Net income before income taxes	9,772	10,900	8,057	82.4%	73.9%	8,220	102.0%	10,963
Gross profit ratio	43.4%	43.1%	41.0%	▲ 2.4pt	▲ 2.1pt	41.6%	0.6pt	40.4%
Operating income ratio	6.4%	6.9%	4.9%	▲ 1.5pt	▲ 2.1pt	5.0%	0.1pt	5.2%
Net income before income taxes ratio	6.6%	7.0%	5.3%	▲ 1.3pt	▲ 1.7pt	5.1%	▲ 0.2pt	3.5%

\*LFY results provided for reference purposes, calculated retroactively using the new Accounting Standard \*\*Standard until 2021

# Consolidated: Sales by Segment



(Unit : million JPY)

	4Q FY12/21	4Q FY12/22	4Q FY12/22	YoY	vs.FCT	FY12/23	YoY	4Q FY12/21
	Realized*	Forecast	Realized			Forecast		Realized**
Insecticides & Repellents	59,623	61,431	59,368	99.6%	96.6%	61,713	104.0%	69,000
Oral hygiene products	7,957	8,280	8,191	102.9%	98.9%	8,442	103.1%	46,935
Bath salts	26,840	27,219	26,946	100.4%	99.0%	28,518	105.8%	29,915
Other household products	30,222	32,792	33,137	109.6%	101.1%	34,016	102.7%	33,303
Household products	65,021	68,292	68,275	105.0%	100.0%	70,977	104.0%	110,154
Pet products & others	8,838	8,039	8,843	100.0%	110.0%	9,465	107.0%	9,338
Household products business subtotal	133,483	137,763	136,486	102.3%	99.1%	142,156	104.2%	188,493
General environment & sanitation business subtotal	27,253	27,700	27,973	102.6%	101.0%	28,500	101.9%	27,234
Total sales include internal sales	160,736	165,463	164,460	102.3%	99.4%	170,656	103.8%	215,728
(Adjustments)	▲ 11,942	▲ 10,463	▲ 12,121			▲ 10,656		▲ 11,942
Total sales	148,793	155,000	152,339	102.4%	98.3%	160,000	105.0%	203,785

(Composition ratio) \*Denominator is total including internal sales

Insecticides & Repellents	37.1%	37.1%	36.1%	▲ 1.0pt	▲ 1.0pt	36.2%	0.1pt	32.0%
Household products	40.5%	41.3%	41.5%	1.1pt	0.2pt	41.6%	0.1pt	51.1%
Pet products & others	5.5%	4.9%	5.4%	▲ 0.1pt	0.5pt	5.5%	0.2pt	4.3%
Household products business	83.0%	83.3%	83.0%	▲ 0.1pt	▲ 0.3pt	83.3%	0.3pt	87.4%
General environment & sanitation business	17.0%	16.7%	17.0%	0.1pt	0.3pt	16.7%	▲ 0.3pt	12.6%

# Operating Income Change Factors (YoY)



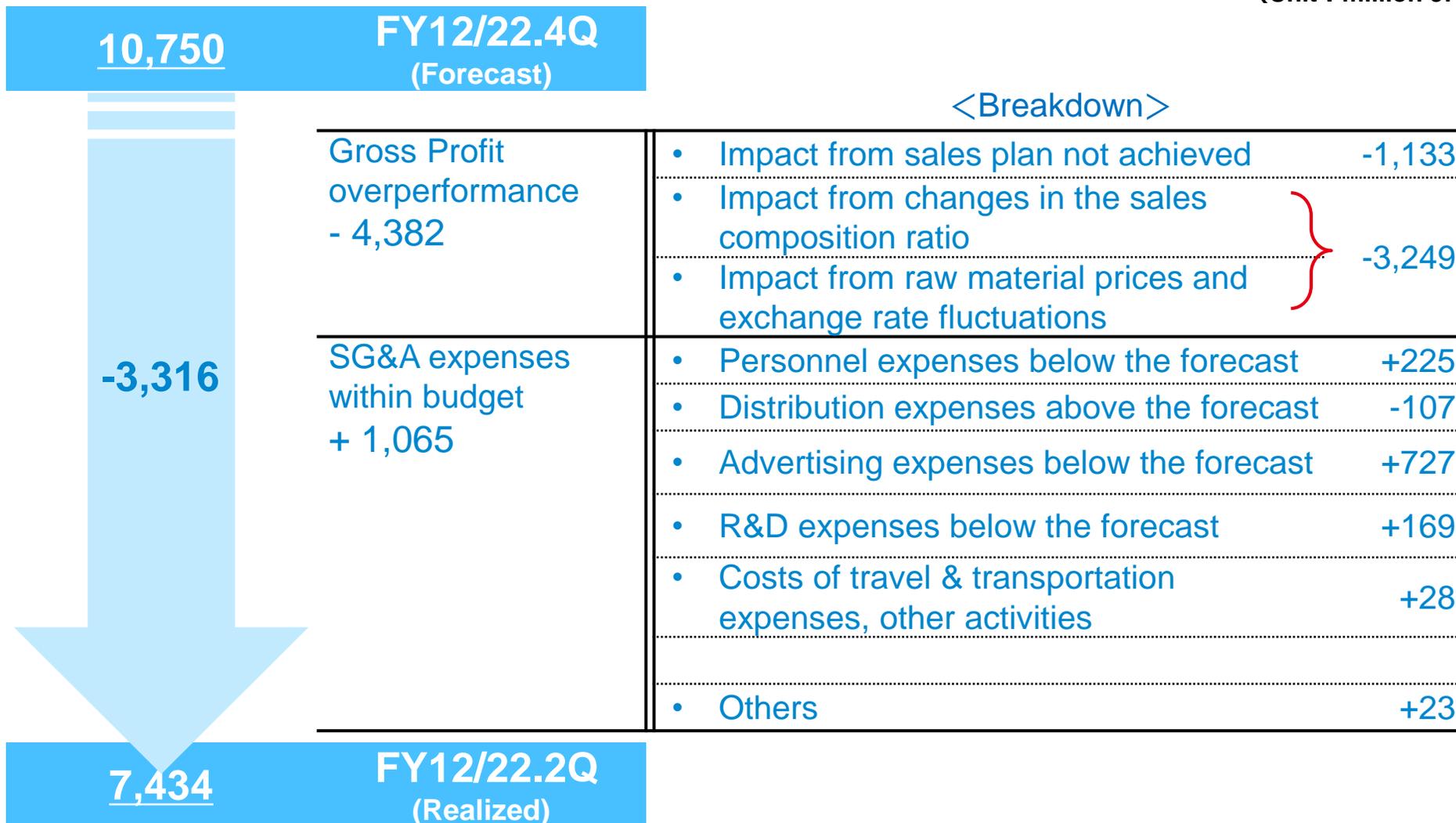
(Unit : million JPY)

<b>9,477</b> <b>FY12/21.4Q</b> (Realized)*		<Breakdown>	
<b>- 2,043</b>	Decrease in gross profit - 2,151	<ul style="list-style-type: none"> <li>• Increase in gross profit due to an increase in sales <span style="float: right;">+1,604</span></li> <li>• Impact from changes in the sales composition ratio</li> <li>• Impact from raw material prices and exchange rate fluctuations</li> </ul>	-3,755
	Decrease in SG&A expenses + 108	<ul style="list-style-type: none"> <li>• Decrease in personnel expenses <span style="float: right;">+197</span></li> <li>• Increase in distribution expenses <span style="float: right;">-405</span></li> <li>• Decrease in advertising expenses <span style="float: right;">+999</span></li> <li>• Increase in sales promotion expenses <span style="float: right;">-455</span></li> <li>• Costs of travel &amp; transportation expenses, other activities <span style="float: right;">-415</span></li> <li>• Decrease in commissions paid <span style="float: right;">+139</span></li> <li>• Others <span style="float: right;">+48</span></li> </ul>	
<b>7,434</b> <b>FY12/22.4Q</b> (Realized)			

# Operating Income Change Factors (vs. Forecast)



(Unit : million JPY)



# Consolidated: SG&A Expenses



(Unit : million JPY)

	4Q FY12/21	4Q FY12/22	4Q FY12/22	YoY	vs.FCT	FY12/23		4Q FY12/21
	Realized*	Forecast	Realized			Forecast	YoY	Realized**
Personal expenses	20,882	20,910	20,685	99.1%	98.9%	21,795	94.9%	14,750
Shipping costs	4,276	4,449	4,502	105.3%	101.2%	4,821	93.4%	3,225
Strage costs	2,386	2,511	2,565	107.5%	102.2%	2,793	91.8%	1,824
Advertising costs	8,392	8,120	7,393	88.1%	91.0%	7,452	99.2%	5,686
Sales promotion expenses	574	1,070	1,029	179.3%	96.2%	1,071	96.1%	11,546
R&D expenses	3,172	3,386	3,217	101.4%	95.0%	3,821	84.2%	2,032
Depreciation expenses	1,277	1,388	1,475	115.5%	106.3%	1,653	89.2%	936
Goodwill amortization	1,836	450	429	23.4%	95.3%	207	207.2%	1,413
Travel&transportation expenses	1,092	1,393	1,317	120.6%	94.5%	1,456	90.5%	784
Entertainment expenses	332	474	522	157.2%	110.1%	532	98.1%	207
Comission paid	1,462	1,372	1,323	90.5%	96.4%	1,653	80.0%	1,061
Sales comission	813	1,245	1,410	173.4%	113.3%	1,405	100.4%	518
Miscellaneous expenses	691	1,028	802	116.1%	78.0%	1,549	51.8%	541
Others	7,957	8,303	8,365	105.1%	100.7%	8,292	100.9%	5,755
Total	55,142	56,099	55,034	99.8%	98.1%	58,500	94.1%	50,278
(Composition ratio)								
Personal expenses ratio	14.0%	13.5%	13.6%	▲ 0.5pt	0.1pt	13.6%	0.0pt	0.0%
Advertising costs ratio	5.6%	5.2%	4.9%	▲ 0.8pt	▲ 0.4pt	4.7%	▲ 0.2pt	7.2%
R&D expenses ratio	2.1%	2.2%	2.1%	▲ 0.0pt	▲ 0.1pt	2.4%	0.3pt	2.8%

\*LFY results provided for reference purposes, calculated retroactively using the new Accounting Standard

\*\*Standard until 2021

# Consolidated: Balance Sheet



(Unit : million JPY)

		End of 2021	End of 2022	YoY
Current assets	Cash & deposits	21,027	14,772	▲ 6,254
	Trade receivable	22,941	24,163	1,222
	Inventories	27,502	32,253	4,750
	Others	2,547	2,772	225
Non-current assets	Property, plant & equipment	27,551	29,483	1,932
	Intangible assets	4,276	5,355	1,078
	Investments & other assets	14,868	15,688	819
Total assets		120,715	124,489	3,774
Current liabilities	Trade payables	32,449	35,525	3,075
	Short-term borrowings	2,498	2,200	▲ 298
	Others	17,351	15,615	▲ 1,736
Non-current liabilities	Long-term borrowings	1,200	0	▲ 1,200
	Others	2,618	3,129	511
Total liabilities		56,118	56,470	352
Net assets	Total shareholders' equity	57,537	59,631	2,094
	Total accumulated other comprehensive income	2,421	3,163	741
	Non-controlling interests	4,638	5,224	585
Total net assets		64,596	68,018	3,421

# Consolidated: statement of Cash flows



(Unit : million JPY)

	FY2021	FY2022	YoY
Cash flows from operating activities	4,814	3,901	▲ 912
Cash flows from investing activities	▲ 3,220	▲ 6,266	▲ 3,046
Cash flows from financing activities	▲ 4,610	▲ 4,464	145
Effect of exchange rate change on cash and cash equivalents	327	447	120
Net increase(decrease) in cash and cash equivalents	▲ 2,688	▲ 6,381	▲ 3,693
Cash and cash equivalents at beginning of period	23,716	21,027	▲ 2,688
Increase in cash and cash equivalents from newly consolidated subsidiaries		126	126
Cash and cash equivalents at end of period	21,027	14,772	▲ 6,254

# Consolidated: Capital expenditure, Depreciation expenses

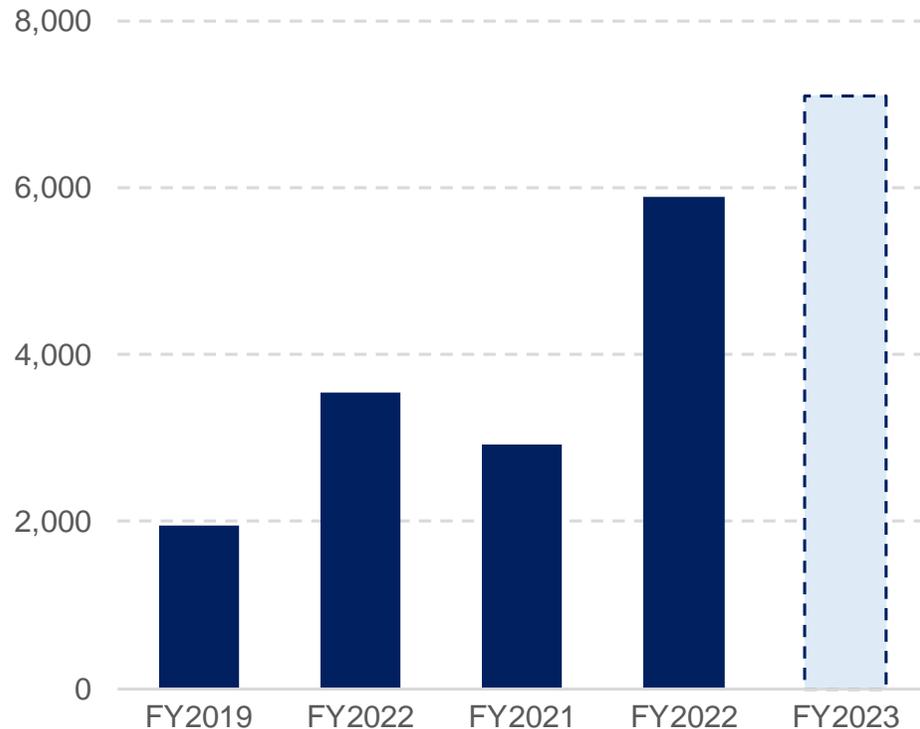


(Unit : million JPY)

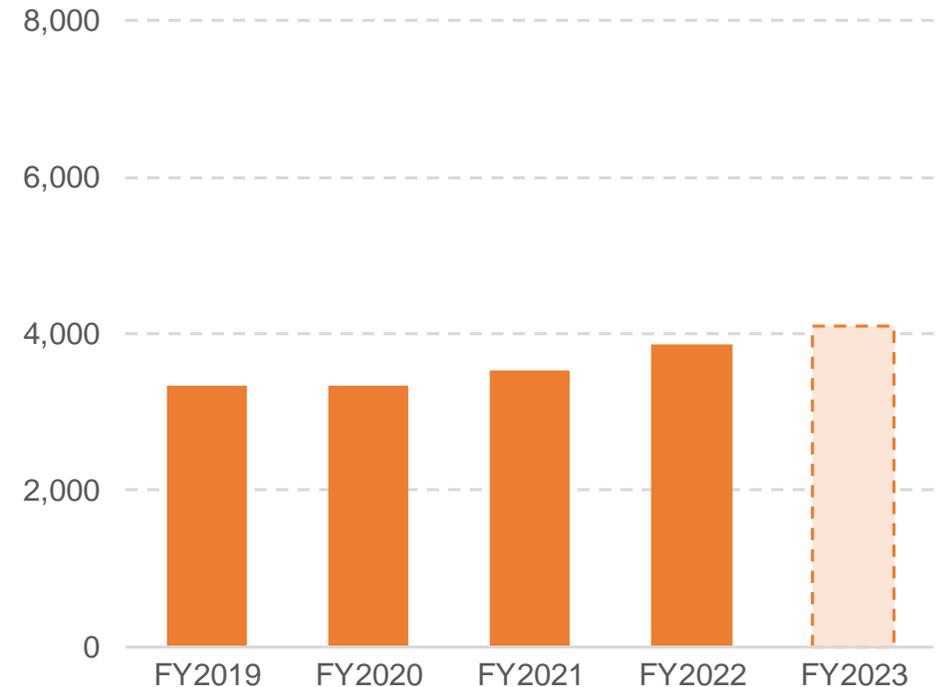
	FY2019	FY2022	FY2021	FY2022	FY2023
	Realized	Realized	Realized	Realized	Forecast
CAPEX	1,953	3,548	2,928	5,878	7,100

	FY2019	FY2020	FY2021	FY2022	FY2023
	Realized	Realized	Realized	Realized	Forecast
Depreciation expenses	3,334	3,334	3,537	3,853	4,100

CAPEX



Depreciation expenses



# Overview of Group Companies' Business Performance



(Unit : million JPY)

Earth Corporation				BATHCLIN Corporation			Hakugen Earth Co., Ltd.			Earth Pet Co., Ltd.		
	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q
	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized
Sales	78,179	80,665	76,594	15,453	15,982	15,754	17,893	19,451	18,923	6,367	6,758	6,502
Gross profit	34,211	35,393	31,002	6,717	6,615	6,353	6,477	6,588	5,947	2,447	2,557	2,354
Operatig income	7,301	6,882	3,840	1,281	1,250	974	925	910	723	239	220	140
Earth(Thailand)Co.,Ltd.				Earth Corporation Vietnam			EARTH HOME PRODUCTS (MALAYSIA)			EARTH HOMECARE PRODUCTS (PHILIPPINES)		
	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q
	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized
Sales	4,537	4,849	5,894	3,342	3,924	4,771	0	153	151	0	0	347
Gross profit	1,522	1,508	1,735	1,261	1,592	1,780	0	57	18	0	0	134
Operatig income	578	419	512	247	302	340	0	-92	-149	0	0	▲ 44
Earth Corporation (Shanghai)				Earth Corporation (Tianjin)			Earth Corporation (Suzhou)			Earth Environmental Service Co.,Ltd.		
	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q	FY21.4Q	FY22.4Q	FY22.4Q
	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized	Realized*	Forecast	Realized
Sales	2,296	2,545	2,305	3,607	3,002	3,567	1,803	1,290	1,675	27,253	27,700	27,973
Gross profit	452	594	634	652	360	579	440	178	335	10,899	11,558	11,675
Operatig income	▲ 26	9	▲ 5	262	33	205	198	14	136	824	1,430	1,430

\* \*LFY results provided for reference purposes, calculated retroactively using the new Accounting Standard



# **EARTH**

**Act For Life**

This presentation contains forward-looking statements and financial results forecasts. These forward-looking statements and financial results forecasts were formulated on the basis of company assumptions based on the information available.

These statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those described.