



Earnings briefing materials for 1Q of the fiscal year ending December 2023

05/11/2023

Earth Corporation

Executive Summary



- **23.1Q Results**

- ▶ Sales : 40.8 billion yen; vs. the forecast: 101.3% (+0.51billion yen)
- ▶ Gross profit : 17.7 billion yen; vs. the forecast: 99.9% (-0.01 billion yen)
- ▶ Operating income: 5.5 billion yen; vs. the forecast: 122.9% (+1.03 billion yen)
- ▶ Strong initial response to insecticides & repellents
- ▶ Price revision measures, impact of raw material price hikes largely in line with expectations

- **Topic.**

- ▶ BARTH" Business acquisition: Closing completed on March 1,2023

Topic: Acquisition of BARTH business



- Closing is completed on March 1, 2023, and the "BARTH" brand is transferred.
- 10 months of results from March to December contribute to 2023
- Amortization of goodwill and goodwill is tentative and will be determined after the PPA is implemented.

Details of BARTH Business Acquisition

Details of Business Acquisition

- Development, manufacture and sale of medicated BARTH neutral bicarbonate bath salts and other products containing neutral bicarbonate, and Development, manufacture and sales of other "BARTH" brand products and related businesses

receive Assets and Liabilities

- Inventories and intangible assets related to the transferred business

Business transfer price

- 3.5 billion yen (provisional)
- Price adjustment clause in the business transfer agreement

Closing Date

- March 1, 2023





Financial Result Highlights of FY 12/2023.1Q

Financial Highlights



- Increased sales and profit, steady progress against plan
- Strong initial response to insecticides & repellents; impact of volume decline due to price pass-through is minimal so far

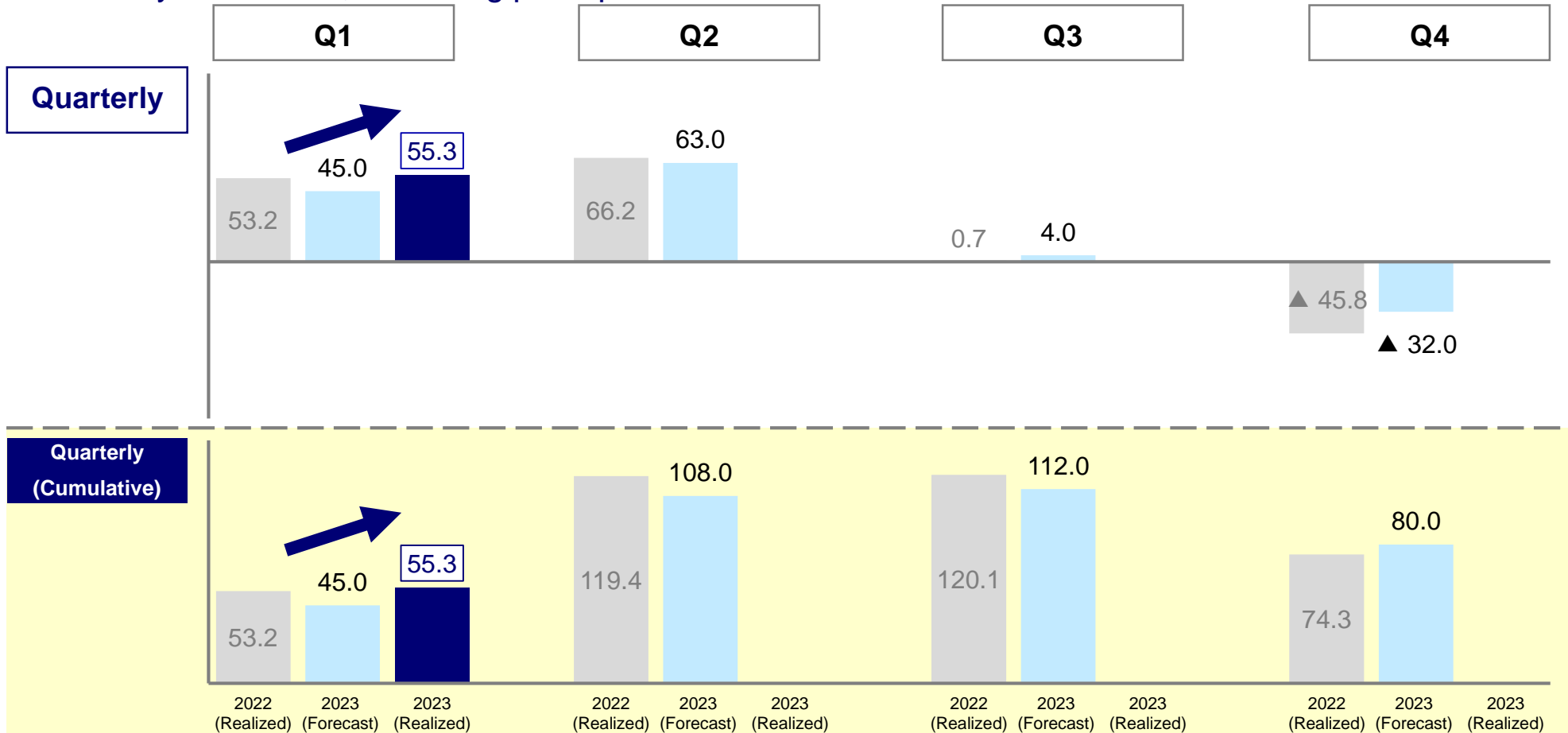
(Unit: 0.1 billion JPY)

	Realized	Vs. Forecast	YoY*	Topics
Sales	408.1	101.3%	105.7%	<ul style="list-style-type: none"> • Strong initial response to insecticides & repellents • Daily necessities such as bath salts, masks and insect repellents remained weak
Gross profit	177.5	99.9%	102.2%	<ul style="list-style-type: none"> • Impact of raw materials already purchased becomes apparent • In addition to the change in sales composition, there is a price pass-on effect
SG&A Expenses	122.2	92.1%	101.5%	<ul style="list-style-type: none"> • Overall well within budget
Operating income	55.3	122.9%	103.9%	<ul style="list-style-type: none"> • Profit increase, plan achieved
Profit attributable to owners of parent	38.8	129.6%	103.3%	<ul style="list-style-type: none"> • No significant impact on non-operating income/loss and extraordinary income/loss

Progress of Operating Income (Quarterly and Cumulative)

(Unit: 0.1 billion JPY)

- Assumption is that the impact of raw material price hikes will be unevenly distributed in the first half of the year, with a moderate impact in the second half and beyond.
- Steady start to Q1, achieving profit plan

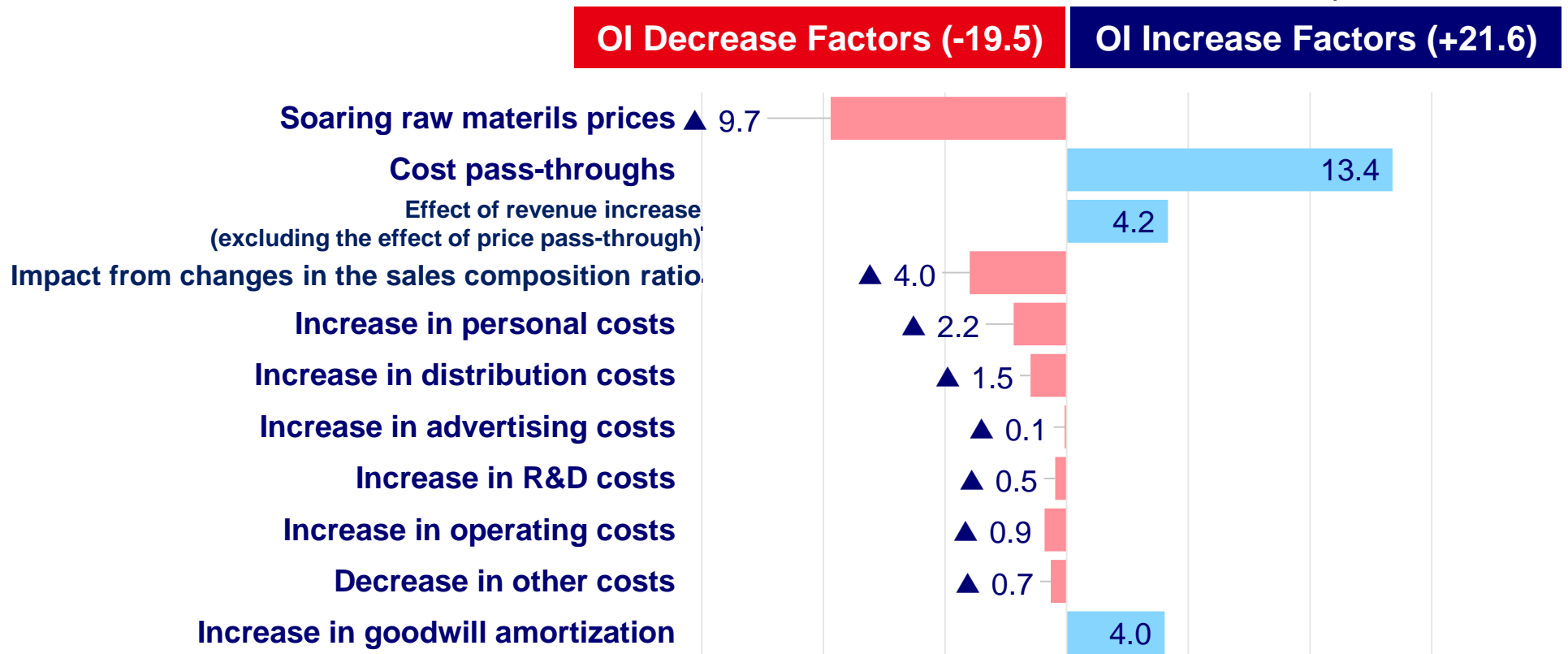


Operating Income Change Factors (YoY)



- Impact of raw material price hikes covered by price revision measures
- Despite changes in the sales mix and an increase in necessary expenses, the Company secured an increase in income through sales increase and price revision measures.

(Unit: 0.1 billion JPY)



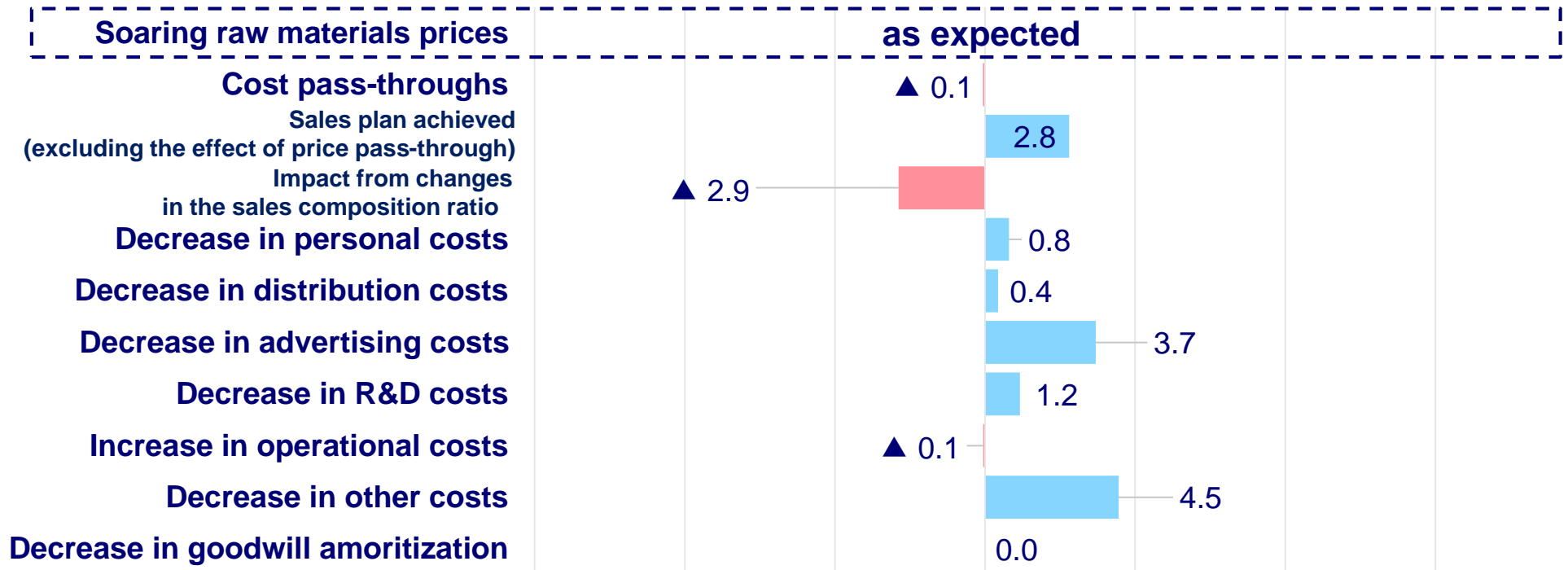
Operating Income Change Factors (vs. Forecast)

- Impact of raw material price hikes and effects of price revision measures were generally in line with expectations. However, the effects of price revision measures will depend on actual consumption in 2Q and beyond
- Costs progressed within plan

(Unit: 0.1 billion JPY)

OI Decrease Factors (-3.0)

OI Increase Factors (+13.3)



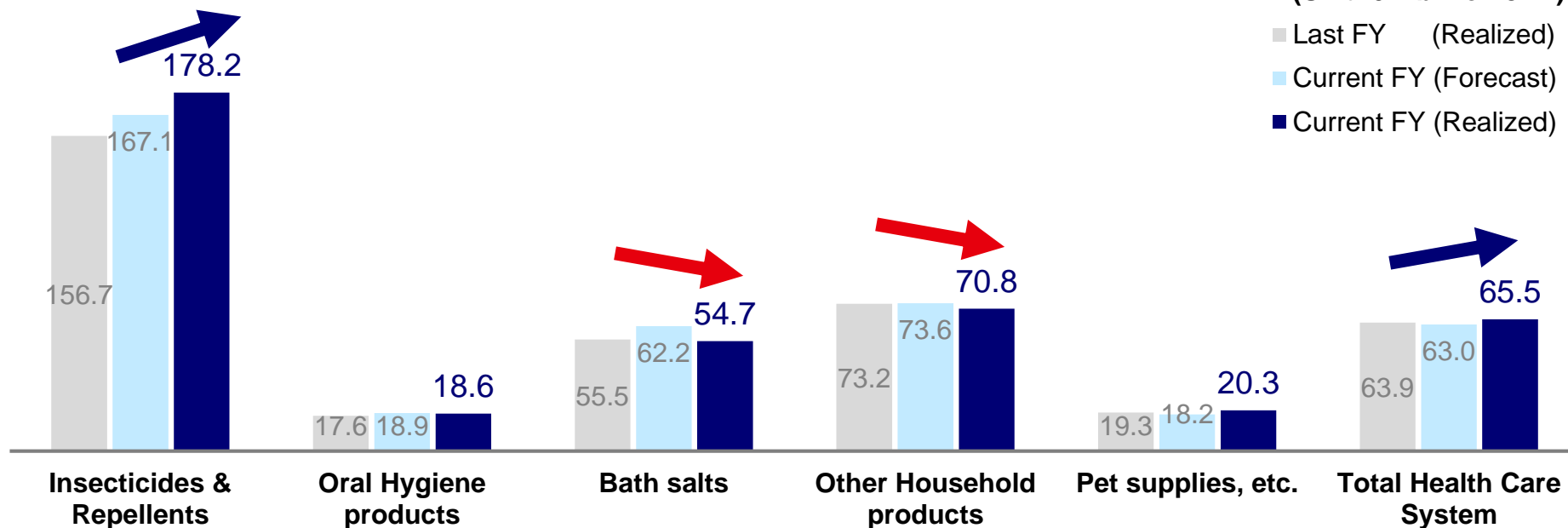
Sales by Segment

*To outside customers (excludes internal eliminations)

- Insecticides & repellents; Initial response has been strong, and the impact of volume decline due to price pass-through is limited at this point.
- Bath salts; Sales were lower than the previous year, dragged down by the sluggish market.
- Other Household products; Decrease in sales of major categories such as masks and insect repellents for clothes

(Unit: 0.1 billion JPY)

■ Last FY (Realized)
 ■ Current FY (Forecast)
 ■ Current FY (Realized)



YoY diff.	+21.5	+1.0	-0.7	-2.3	+1.0	+1.6
Diff. vs. forecast	+11.0	-0.2	-7.4	-2.7	+2.0	+2.5

Status Of The Insecticides & Repellents Segment (Domestic)

*For external customers (excluding internal offsets)

Market situation at the end of Mar, our market share

[Market size (YoY)]

[Earth Corp.]

113.9% **59.3% +0.8pt**

- Higher maximum temperatures in early spring compared to last year
- Sales in all categories exceeded the previous year's level, centering on fly and mosquito repellents and insect repellents

Sales increase/decrease factors (compared to plan)

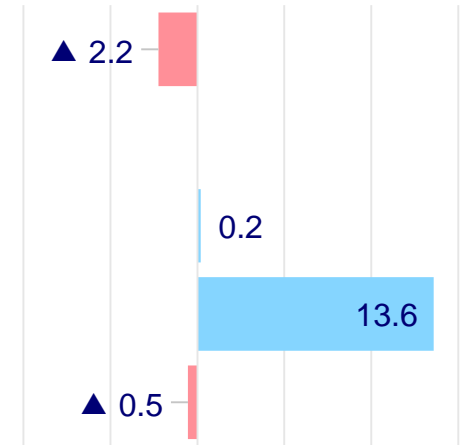
New product contribution ▲ 2.2

Price revision: unit price

Price revision: quantity 0.2

Price revision: quantity 13.6

Abroad ▲ 0.5



New Product Trends

- MAMOROOM Essence Pearl

Vs. forecast **236%**



- MAMOROOM Essence Stick

Vs. forecast **126%**



Trends in Core Products

- EARTH NO MAT

Vs. forecast **109%**



- MUSHI YOKE NET

Vs. forecast **108%**



Status Of The Bath Salts Segment (Domestic)



*For external customers (excluding internal offsets)

Market situation at the end of Mar, our market share

[Market size (YoY)]

[Earth Corp.]

90.1% **45.8%** **-2.5pt**

- The surge in demand associated with the Corona disaster has slowed down, The market for major formulations remained sluggish, falling below the previous year's level.

New Products and BARTH Trends

- ONPO Kids

Vs. forecast **63%**



- Neutral bicarbonate bath salts BARTH

Vs. forecast **79%**



Trends in Core Products

- KIKIYU

Vs. forecast **97%**



- ONPO

Vs. forecast **89%**



- BATHCLIN/BATHROMAN

Vs. forecast **87%**



- NIHON no MEITOU Series

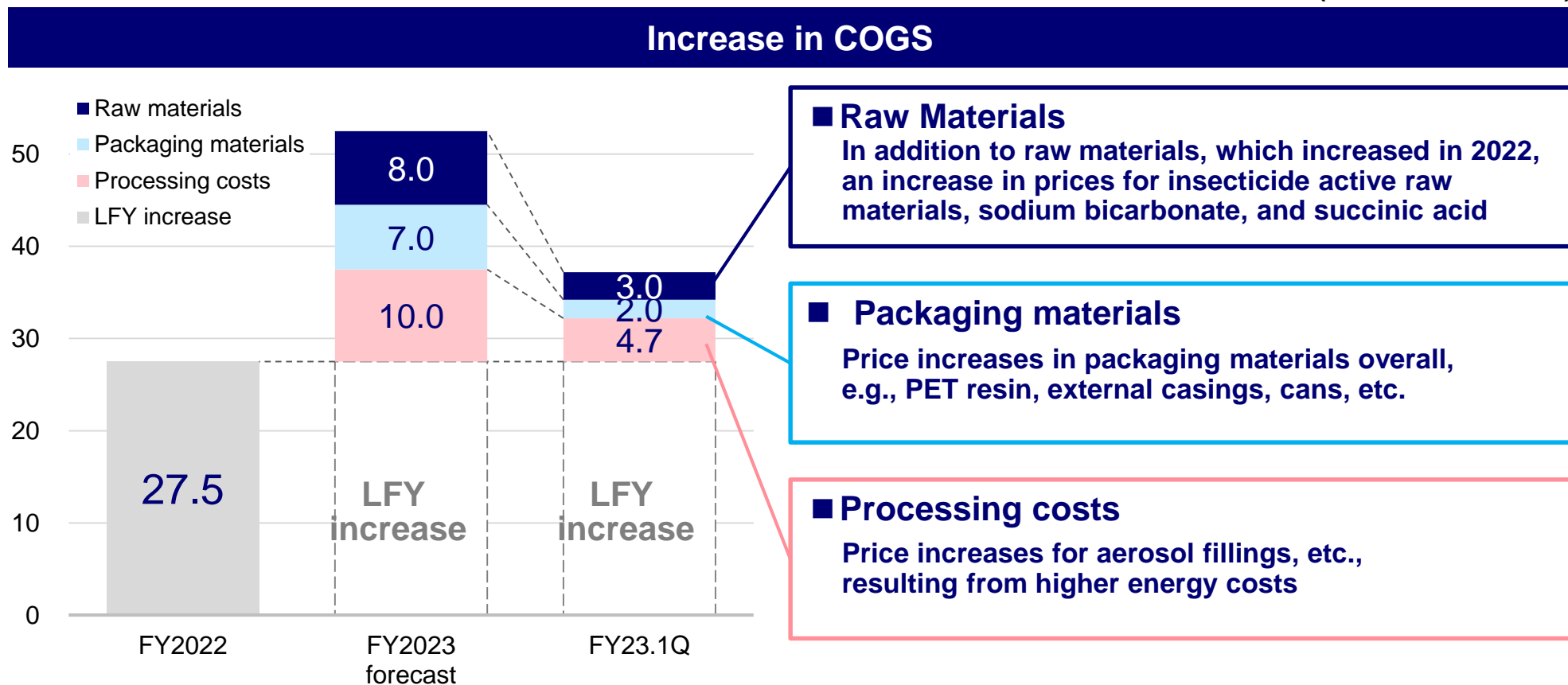
Vs. forecast **101%**



COGS – Status Overview

- Impact of raw materials whose prices increased during FY2022 will become apparent in this fiscal year
- The impact as of 1Q was 970 million yen against the annual impact of 2.5 billion yen, However, the impact was assumed from the outset to be unevenly distributed over the first half of the year, and progress was generally in line with expectations.

(Unit: 0.1 billion JPY)



SG&A Expenses

- Overall within budget, despite some periodic delays in advertising and R&D expenses.

(Unit: 0.1 billion JPY)

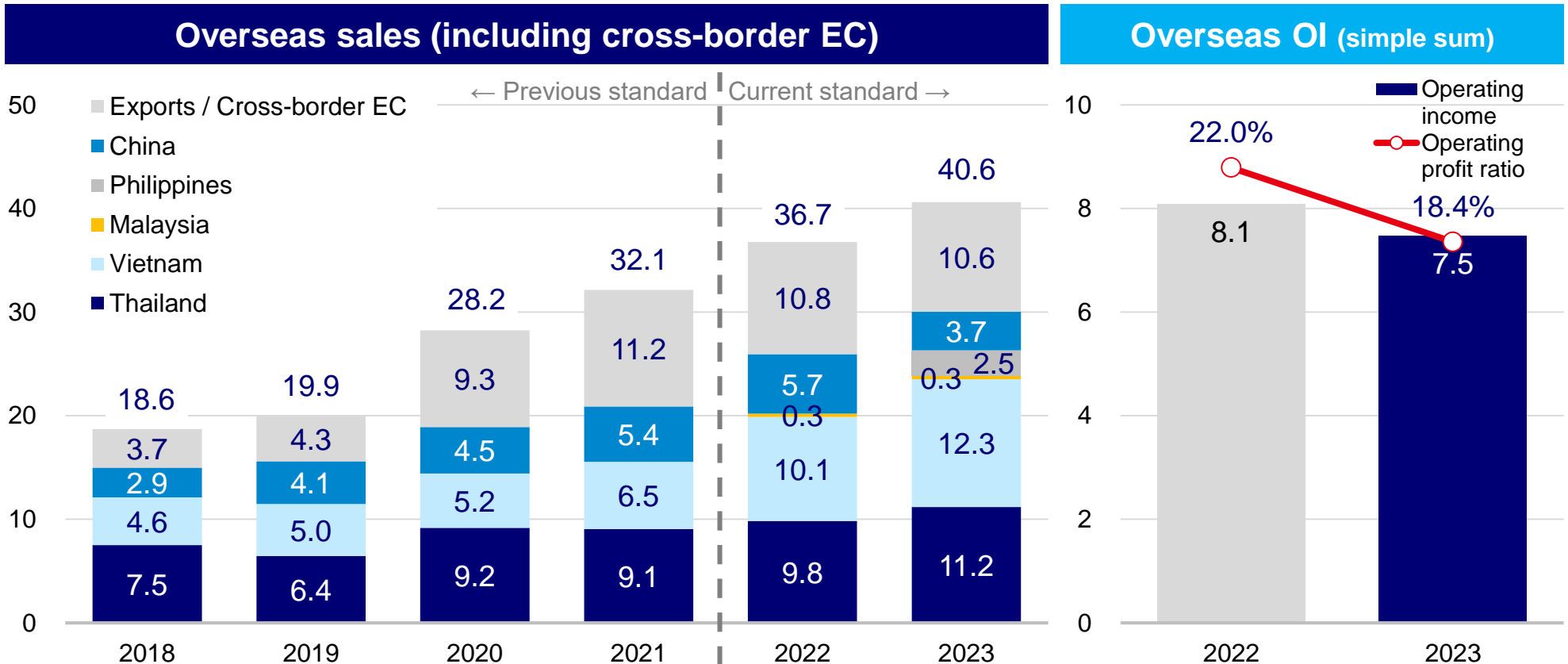
	1Q FY12/22	1Q FY12/23	1Q FY12/23		
	Realized	Forecast	Realized	vs.Forecast	Point
Personal expenses	49.8	52.8	52.0	▲ 0.7	
Shipping costs	9.5	10.6	10.1	▲ 0.5	Soaring logistics costs
Strage costs	5.9	6.8	6.8	0.0	Increase due to inventory increase
Advertising costs	6.9	10.7	7.0	▲ 3.6	Time lag
Sales promotion expenses	2.8	4.1	2.5	▲ 1.5	
R&D expenses	6.6	8.2	7.1	▲ 1.1	Time lag
Depreciation expenses	3.4	3.9	3.9	0.0	
Goodwill amortization	4.2	0.2	0.2	0.0	Goodwill amortization for BATHCLIN CORP ended in Q1 2022
Travel&transportation expenses	2.5	3.2	3.1	▲ 0.1	
Entertainment expenses	0.8	0.9	1.1	0.2	
Comission paid	2.9	4.8	3.3	▲ 1.5	
Sales comission	3.6	3.3	3.2	0.0	
Miscellaneous expenses	1.1	2.3	1.3	▲ 0.9	
Others	20.4	20.8	20.6	▲ 0.7	
Total	120.4	132.6	122.2	▲ 10.4	

Overseas Results



- Steady growth mainly in Thailand (113% yoy) and Vietnam (122% yoy)
- Contribution from sales of a local subsidiary in the Philippines, which was consolidated from the 3Q of the previous fiscal year
- Although the impact of raw material price hikes has subsided, profitability declined slightly as of 1Q

(Unit: 0.1 billion JPY)



FY 12/2023 Forecast Highlights



No revision since the last announcement

- Generally progressing well, no change from the plan announced in February 2023

(Unit: 0.1 billion JPY)

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

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)

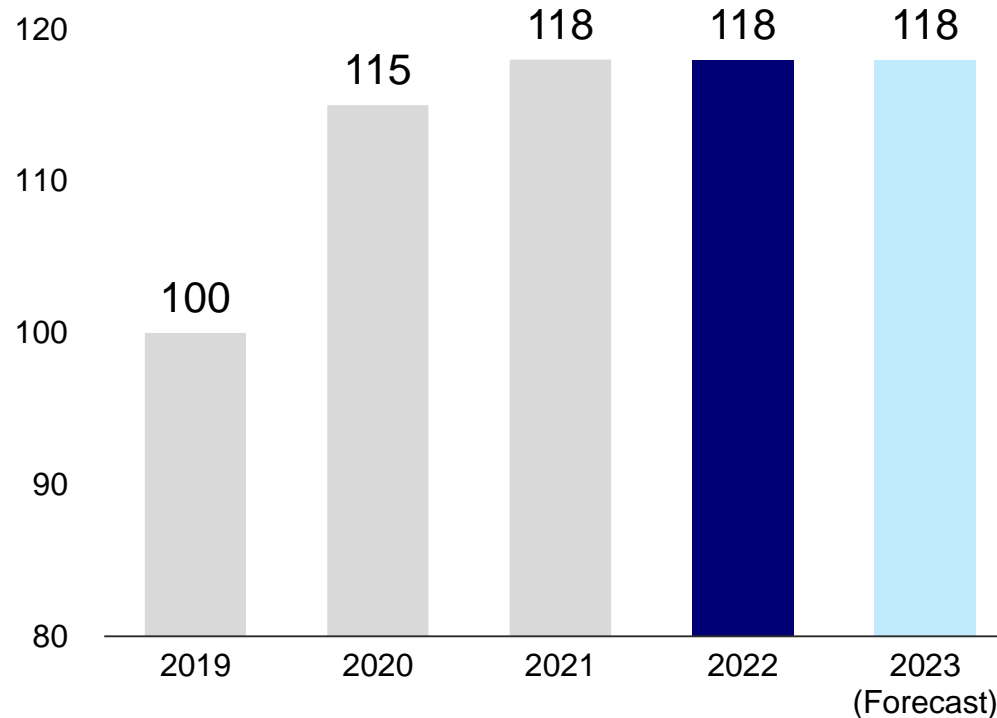
2022 → 2023 (Forecast)
4.2% → **~ 4%**

Consolidated Dividend Payout Policy

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

Ordinary Dividend Per Share - Trend

(Unit: JPY)





Earth Corporation

**Supplementary Materials;
FY12/2023 1Q Results**

Consolidated: Statement of Income



(Unit : million JPY)

	1Q FY12/22	1Q FY12/23	1Q FY12/23	YoY	vs.FCT	FY12/23	
	Realized	Forecast	Realized			Forecast	YoY
Sales	38,603	40,300	40,819	105.7%	101.3%	160,000	25.5%
Cost of sales	21,236	22,532	23,067	108.6%	102.4%	93,500	24.7%
Gross profit	17,367	17,767	17,752	102.2%	99.9%	66,500	26.7%
SG&A expenses	12,043	13,267	12,220	101.5%	92.1%	58,500	20.9%
Operating profit	5,323	4,500	5,532	103.9%	122.9%	8,000	69.2%
Non-operating income	333	85	126	37.9%	148.8%	600	21.1%
Non-operating expenses	8	50	13	152.8%	27.3%	300	4.5%
Ordinary profit	5,648	4,535	5,645	99.9%	124.5%	8,300	68.0%
Extraordinary income	0	0	4	9681.0%	#DIV/0!	0	#DIV/0!
Extraordinary losses	30	0	13	42.6%	#DIV/0!	80	16.3%
Net income before income taxes	5,617	4,535	5,636	100.3%	124.3%	8,220	68.6%
Gross profit ratio	45.0%	44.1%	43.5%	▲ 1.5pt	▲ 0.6pt	41.6%	
Operating income ratio	13.8%	11.2%	13.6%	▲ 0.2pt	2.4pt	5.0%	
Net income before income taxes ratio	14.6%	11.3%	13.8%	▲ 0.7pt	2.6pt	5.1%	

Consolidated: Sales by Segment



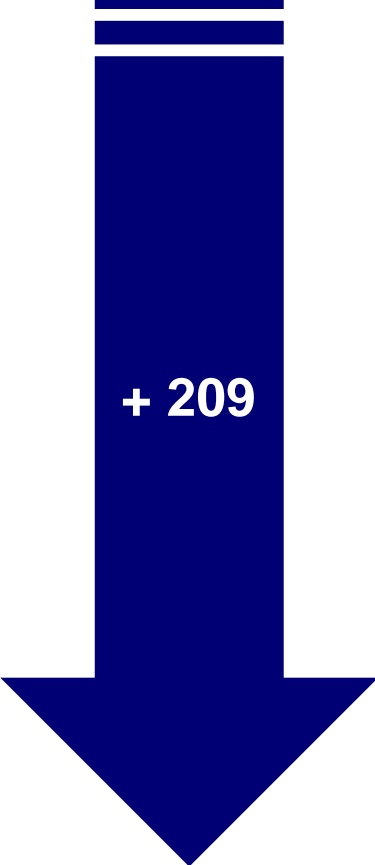
(Unit : million JPY)

	1Q FY12/22	1Q FY12/23	1Q FY12/23			FY12/23	
	Realized	Forecast	Realized	YoY	vs.FCT	Forecast	Progress rate
Insecticides & Repellents	17,684	18,298	19,503	110.3%	106.6%	61,713	31.6%
Oral hygiene products	1,769	1,897	1,867	105.5%	98.4%	8,442	22.1%
Bath salts	6,201	7,017	6,174	99.6%	88.0%	28,518	21.7%
Other household products	7,863	7,823	7,480	95.1%	95.6%	34,016	22.0%
Household products	15,834	16,738	15,522	98.0%	92.7%	70,977	21.9%
Pet products & others	2,150	2,197	2,291	106.5%	104.3%	9,465	24.2%
Household products business subtotal	35,669	37,234	37,318	104.6%	100.2%	142,156	26.3%
General environment & sanitation business subtotal	6,414	6,329	6,590	102.7%	104.1%	28,500	23.1%
Total sales include internal sales	42,084	43,564	43,908	104.3%	100.8%	170,656	25.7%
(Adjustments)	▲ 3,481	▲ 3,264	▲ 3,088			▲ 10,656	
Total sales	38,603	40,300	40,819	105.7%	101.3%	160,000	25.5%
(Composition ratio)							
Insecticides & Repellents	42.0%	42.0%	44.4%	2.4pt	2.4pt	36.2%	
Household products	37.6%	38.4%	35.4%	▲ 2.3pt	▲ 3.1pt	41.6%	
Pet products & others	5.1%	5.0%	5.2%	0.1pt	0.2pt	5.5%	
Household products business	84.8%	85.5%	85.0%	0.2pt	▲ 0.5pt	83.3%	
General environment & sanitation business	15.2%	14.5%	15.0%	▲ 0.2pt	0.5pt	16.7%	

Operating Income Change Factors (YoY)



(Unit : million JPY)

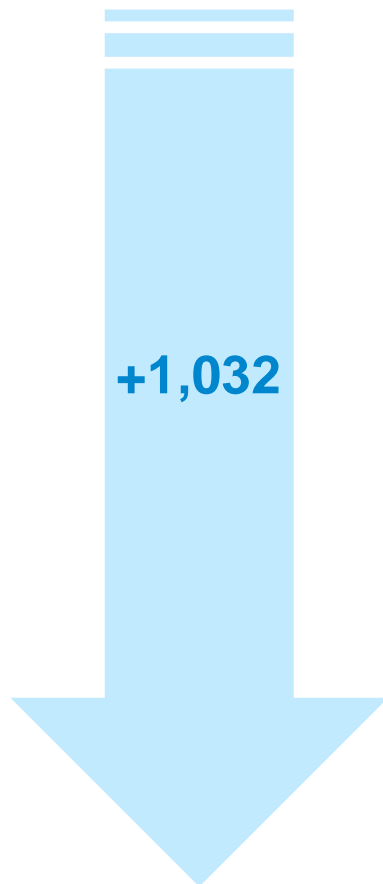
5,323 FY12/22.1Q (Realized)		<Breakdown>		
 + 209	Increase in gross profit + 385	<ul style="list-style-type: none"> • Effect of revenue increase (excluding the effect of price pass-through) +416 • Price shifting effect +1,339 • Impact from changes in the sales composition ratio -399 • Impact of raw material prices and exchange rate fluctuations -970 		
	Increase in SG&A expenses - 177	<ul style="list-style-type: none"> • Increase in personnel expenses -218 • Increase in distribution expenses -149 • Increase in advertising expenses -9 • Decrease in sales promotion expenses(other than sales deductions) +37 • Costs of travel & transportation expenses, other activities -91 • Amortization of goodwill +402 • Others -111 		
	5,532 FY12/23.1Q (Realized)		+: Factors contributing to higher earnings, -: Factors contributing to lower earnings	

Operating Income Change Factors (vs. Forecast)



(Unit : million JPY)

4,500 FY12/23.1Q
(Forecast)



5,532 FY12/23.1Q
(Realized)

<Breakdown>

Downward swing in gross profit - 15	<ul style="list-style-type: none"> Sales plan achieved (excluding the impact of price pass-through) +280 Price shift effect -7 Impact from changes in the sales composition ratio -288 Impact of raw material prices and exchange rate fluctuations -
SG&A expenses within budget + 1,065	<ul style="list-style-type: none"> Personnel expenses below the forecast +80 Distribution expenses below the forecast +43 Unspent advertising expenses and term lag +369 Unused R&D expenses +116 Costs of travel & transportation expenses, other activities -6 Amortization of goodwill +1 Others +445

+ : Factors contributing to higher earnings,
- : Factors contributing to lower earnings

Consolidated: SG&A Expenses



(Unit : million JPY)

	1Q FY12/22	1Q FY12/23	1Q FY12/23	YoY	vs.FCT	FY12/23	
	Realized	Forecast	Realized			Forecast	Progress rate
Personal expenses	4,987	5,285	5,205	104.4%	98.5%	21,795	23.9%
Shipping costs	957	1,068	1,018	106.4%	95.3%	4,821	21.1%
Strage costs	599	680	687	114.7%	101.0%	2,793	24.6%
Advertising costs	698	1,076	707	101.3%	65.7%	7,452	9.5%
Sales promotion expenses	289	411	252	87.2%	61.3%	1,071	23.5%
R&D expenses	664	827	711	107.1%	86.0%	3,821	18.6%
Depreciation expenses	346	394	394	113.9%	100.0%	1,653	23.8%
Goodwill amortization	423	22	21	5.0%	95.5%	14	150.0%
Travel&transportation expenses	251	329	314	125.1%	95.4%	1,456	21.6%
Entertainment expenses	84	91	112	133.3%	123.1%	532	21.1%
Comission paid	292	482	330	113.0%	68.5%	1,653	20.0%
Sales comission	368	331	328	89.1%	99.1%	1,405	23.3%
Miscellaneous expenses	118	231	137	116.1%	59.3%	1,743	7.9%
Others	1,967	2,040	2,004	101.9%	98.2%	8,291	24.2%
Total	12,043	13,267	12,220	101.5%	92.1%	58,500	20.9%
(Composition ratio)							
Personal expenses ratio	12.9%	13.1%	12.8%	▲ 0.2pt	▲ 0.4pt	13.6%	
Advertising costs ratio	1.8%	2.7%	1.7%	▲ 0.1pt	▲ 0.9pt	4.7%	
R&D expenses ratio	1.7%	2.1%	1.7%	0.0pt	▲ 0.3pt	2.4%	

Consolidated: Balance Sheet



(Unit : million JPY)

		End of 2021	End of 2022	Final comparison +/-	End of 2021	vs.FY22 Q1 +/-
Current assets	Cash & deposits	14,772	15,765	992	21,027	▲ 456
	Trade receivable	24,163	34,986	10,823	22,941	1,538
	Inventories	32,253	38,781	6,527	27,502	4,932
	Others	2,772	3,158	385	2,547	267
Non-current assets	Property, plant & equipment	29,483	29,589	105	27,551	1,891
	Intangible assets	5,355	7,802	2,447	4,276	3,836
	Investments & other assets	15,688	16,437	748	14,868	2,176
Total assets		124,489	146,520	22,030	120,715	14,186
Current liabilities	Trade payables	35,525	38,880	3,355	32,449	868
	Short-term borrowings	2,200	18,000	15,800	2,498	7,426
	Others	15,615	17,860	2,245	17,351	1,972
Non-current liabilities	Long-term borrowings	0	0	0	1,200	▲ 960
	Others	3,129	2,350	▲ 778	2,618	380
Total liabilities		56,470	77,092	20,621	56,118	9,687
Net assets	Total shareholders' equity	59,631	60,918	1,286	57,537	3,055
	Total accumulated other comprehensive income	3,163	3,457	294	2,421	899
	Non-controlling interests	5,224	5,052	▲ 171	4,638	544
Total net assets		68,018	69,428	1,409	64,596	4,498

Consolidated: Capital expenditure, Depreciation expenses

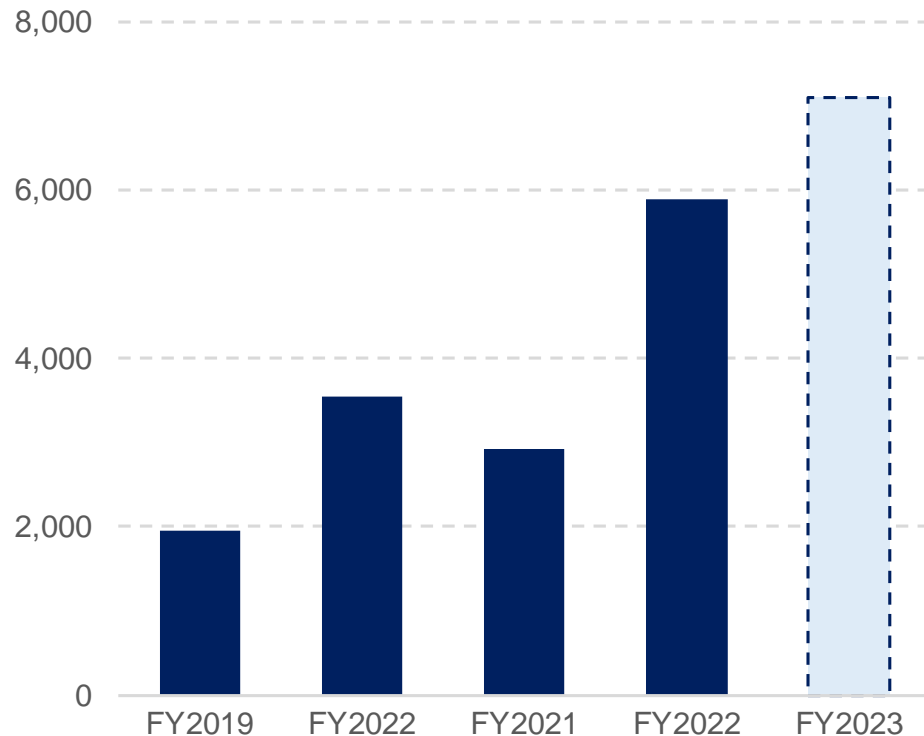


(Unit : million JPY)

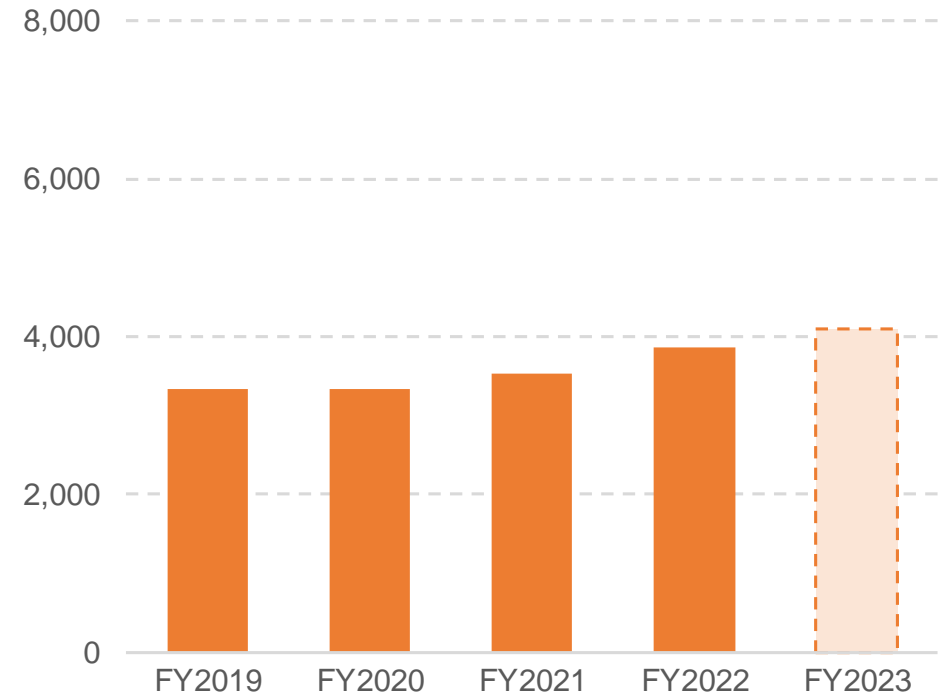
	FY2019 Realized	FY2022 Realized	FY2021 Realized	FY2022 Realized	FY2023 Forecast
CAPEX	1,953	3,548	2,928	5,878	7,100

	FY2019 Realized	FY2020 Realized	FY2021 Realized	FY2022 Realized	FY2023 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.		
	FY22.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY22.4Q	FY22.1Q	FY23.1Q	FY23.1Q	FY22.1Q	FY23.1Q	FY23.1Q
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	21,408	22,876	23,320	3,767	4,000	3,686	4,114	4,459	3,766	1,530	1,540	1,601
Gross profit	9,478	10,219	10,348	1,719	1,627	1,458	1,347	1,376	1,131	695	601	641
Operatig income	4,048	3,811	4,629	470	339	187	189	93	-25	198	15	105
Earth(Thailand)Co.,Ltd.				Earth Corporation Vietnam			EARTH HOME PRODUCTS (MALAYSIA)			EARTH HOMECARE PRODUCTS (PHILIPPINES)		
	FY22.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY22.4Q	FY22.1Q	FY23.1Q	FY23.1Q	FY22.1Q	FY23.1Q	FY23.1Q
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	1,500	1,452	1,642	1,080	1,198	1,341	31	58	33	0	227	245
Gross profit	497	437	507	407	465	553	6	15	-1	0	98	112
Operatig income	241	144	204	95	84	193	-24	-37	-36	0	8	40
Earth Corporation (Shanghai)				Earth Corporation (Tianjin)			Earth Corporation (Suzhou)			Earth Environmental Service Co.,Ltd.		
	FY22.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY23.1Q	FY22.4Q	FY22.1Q	FY23.1Q	FY23.1Q	FY22.1Q	FY23.1Q	FY23.1Q
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	563	475	371	1,128	973	901	543	559	406	6,414	6,329	6,590
Gross profit	221	115	146	168	128	146	110	102	72	2,698	2,605	2,683
Operatig income	75	-58	-20	91	35	65	68	48	31	299	137	262



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.