At 15:00 on 9 November, a revised forecast disclosure was made in conjunction with the 3Q results announcement.
At the MTG on 9 November, the 3Q results will be explained, followed by an explanation of the revised full-year forecasts.

Earth Corporation

Financial Result Highlights of 3Q FY 12/2023

Financial Result Highlights

(Unit: 0.1 billion JPY)

- Increased sales and profit were lower. Also, both sales and profits fell short of the plan.
- Decrease in gross profit margin due to higher-than-expected raw material prices, change in sales mix, etc.

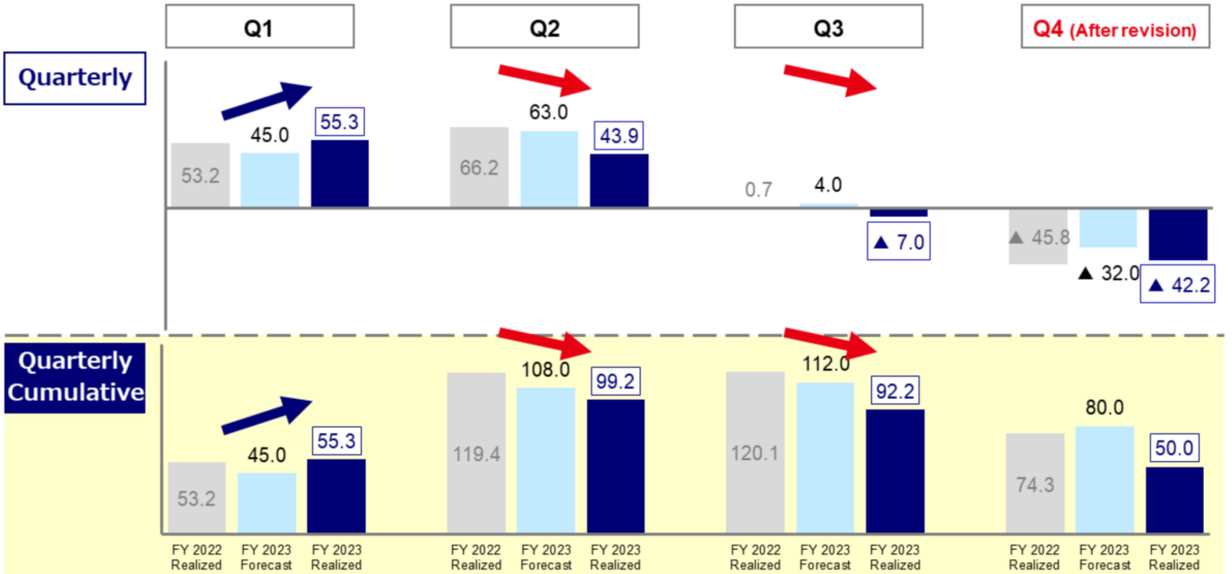
	Realized	Vs. Forecast	YoY	Key Points of Plan Variance
Sales	1,267	97.5%	101.9%	• Sales of bath salts, household masks, and other products fell short due to changes in the market environment. • Sales in China decreased.
Gross Profit	522.6	94.3%	98.5%	• Gross profit margins declined due to changes in the sales mix. • The impact of higher raw material prices and energy costs on cost of sales exceeded expectations.
SG&A Expenses	430.4	97.4%	104.8%	• As of the 3Q YTD, the amount was 1.15 billion yen less than the plan. • Although including the amount postponed to Q4, it was within the plan.
Operating Income	92.1	82.3%	76.7%	• 3Q YTD: -1.98 bn yen vs. plan
Net Income attributable to owners of parent	64.4	92.1%	74.7%	• Non-operating income exceeded the plan, mainly due to foreign exchange gains.

In the 3Q FY2023, sales and profits increased and decreased, with both sales and profits falling short of the plan.
Particularly impacting on the plan was the underachievement of gross profit. The gross profit margin fell 1.4 pt below the plan due to a higher-than-expected impact on the cost of sales caused by rising prices of raw materials and other products, as well as an increase in the sales mix of products with relatively low profitability.
On the other hand, SG&A expenses were lower than planned, although some of them have been postponed to Q4.

Progress Toward The Operating Income Target (Quarterly / Cumulative)

(Unit: 0.1 billion JPY)

■ In Q2 and Q3, operating income fell short of the plan by a wider margin.

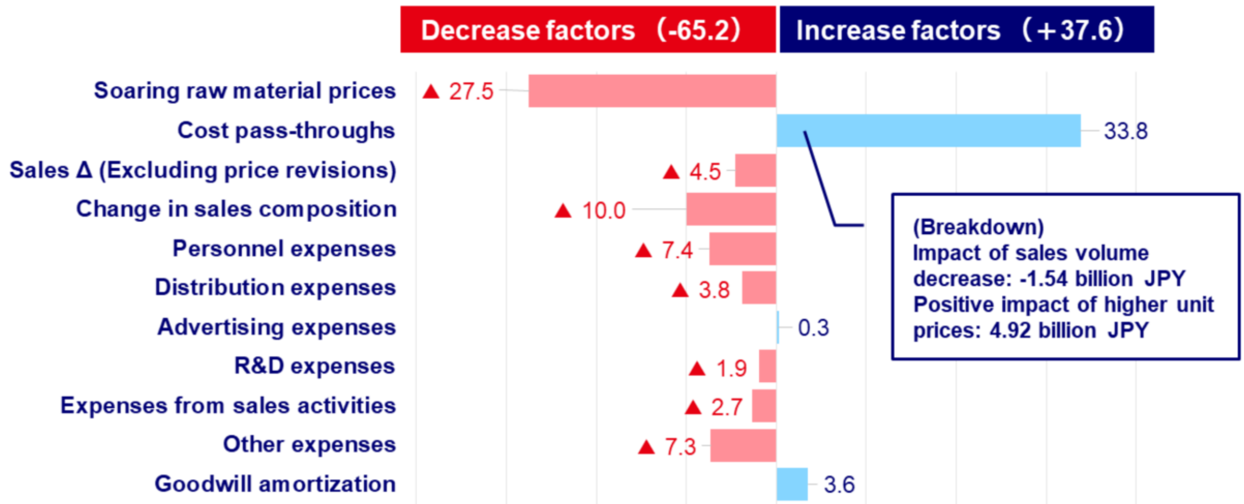


This page shows operating profit progress for the quarter.Q1 started better than both the plan and the previous year, but Q2 and Q3 were both below the plan and the previous year.
The Q4 estimates shown here reflect the revised forecasts disclosed on 9 November.

Operating Income Change Factors (YoY)

(Unit: 0.1 billion JPY)

- Although the cost pass-throughs showed some positive results, they were not enough to offset the impact of soaring raw material prices and the decline in gross profit due to changes in the sales mix.
- In addition to distribution expenses, expenses also increased due to higher personnel expenses associated with investments in human resources.



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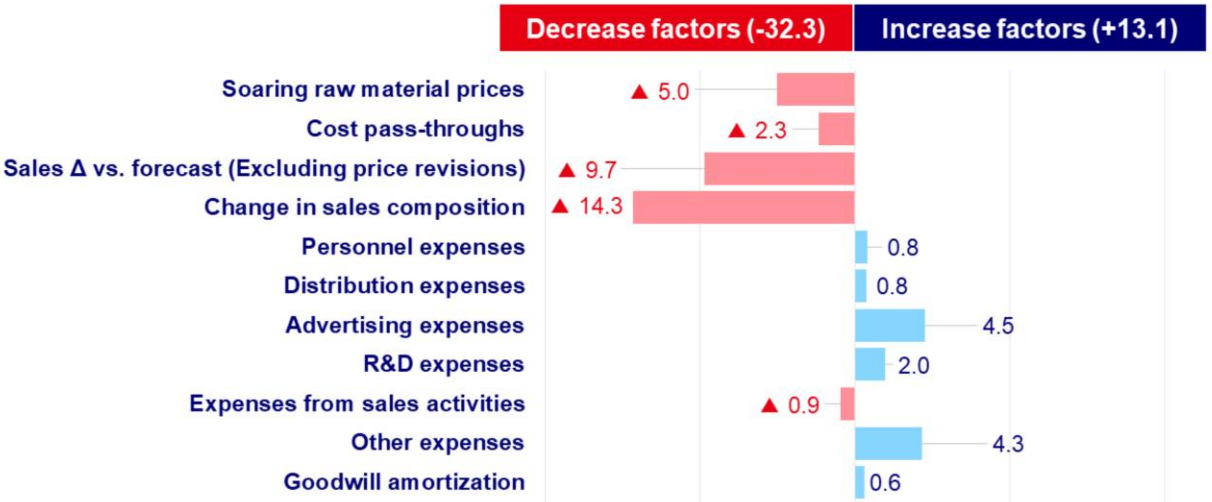
The factors contributing to the change in operating profit are explained first from the previous year.

One factor in the increase in profit is the effect of price revision measures. Unit price increases, mainly in Insecticides & Repellents Products, have been increasing, and have been a factor in the increase of profit by more than JPY 3.3 billion in the 3Q cumulative period, overcoming the impact of volume declines.
Raw material price hikes had an impact of JPY 2.75 billion in the 3Q cumulative total. In other words, it can be said that the raw material impact has been covered by price revisions, but other factors, specifically the decline in sales of items excluding the price revisions and the sales mix I mentioned earlier, have pushed profits down.
In terms of SG&A expenses, compared to the previous year, personnel expenses, distribution expenses and R&D expenses have increased. As for other expenses, they are an accumulation of smaller items, but the main ones are depreciation, commissions payable and repair costs.

Operating Income Change Factors (Vs. Forecast)

(Unit: 0.1 billion JPY)

- The impact of price hikes in raw materials and other items exceeded initial expectations.
- The effect of the price revision measures was less than planned, and the profit margin deteriorated due to lower-than-expected sales and changes in the sales mix.
- Expenses were managed within the planned range, but operating income fell short of the plan.



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The same analysis is based on the planned ratio.

The impact of price increases for raw materials and other items has exceeded the initial assumption by JPY 0.5 billion.
Although the cost revisions have been successful, as shown in the previous year's comparison, the impact of the volume decline has been slightly larger than expected, and is a factor in the underachievement of JPY 230 million. However, the major impact is still the failure to achieve the sales plan, excluding price revisions, and the decline in profit margins due to an increase in the sales mix of low-profitability products. The household products division, including bath salts and oral hygiene, was particularly affected.

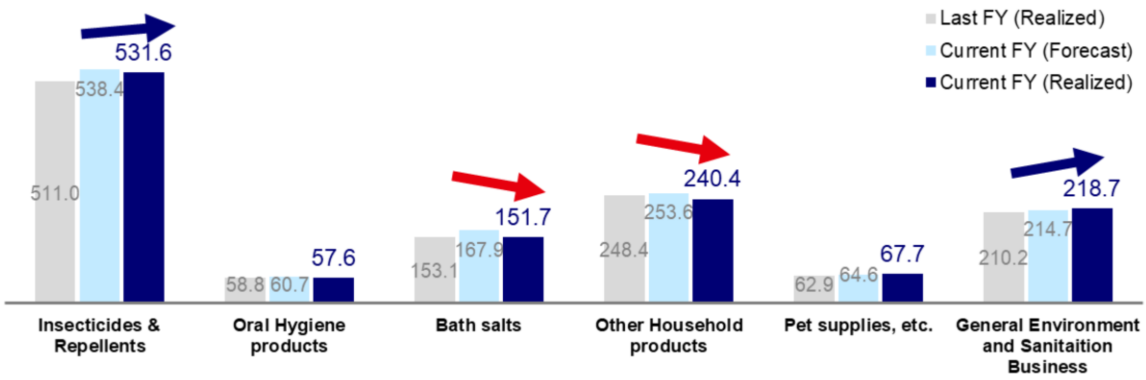
As explained earlier, SG&A expenses are progressing within the planned range.

Sales By Segment

*To outside customers (excludes internal eliminations)

(Unit: 0.1 billion JPY)

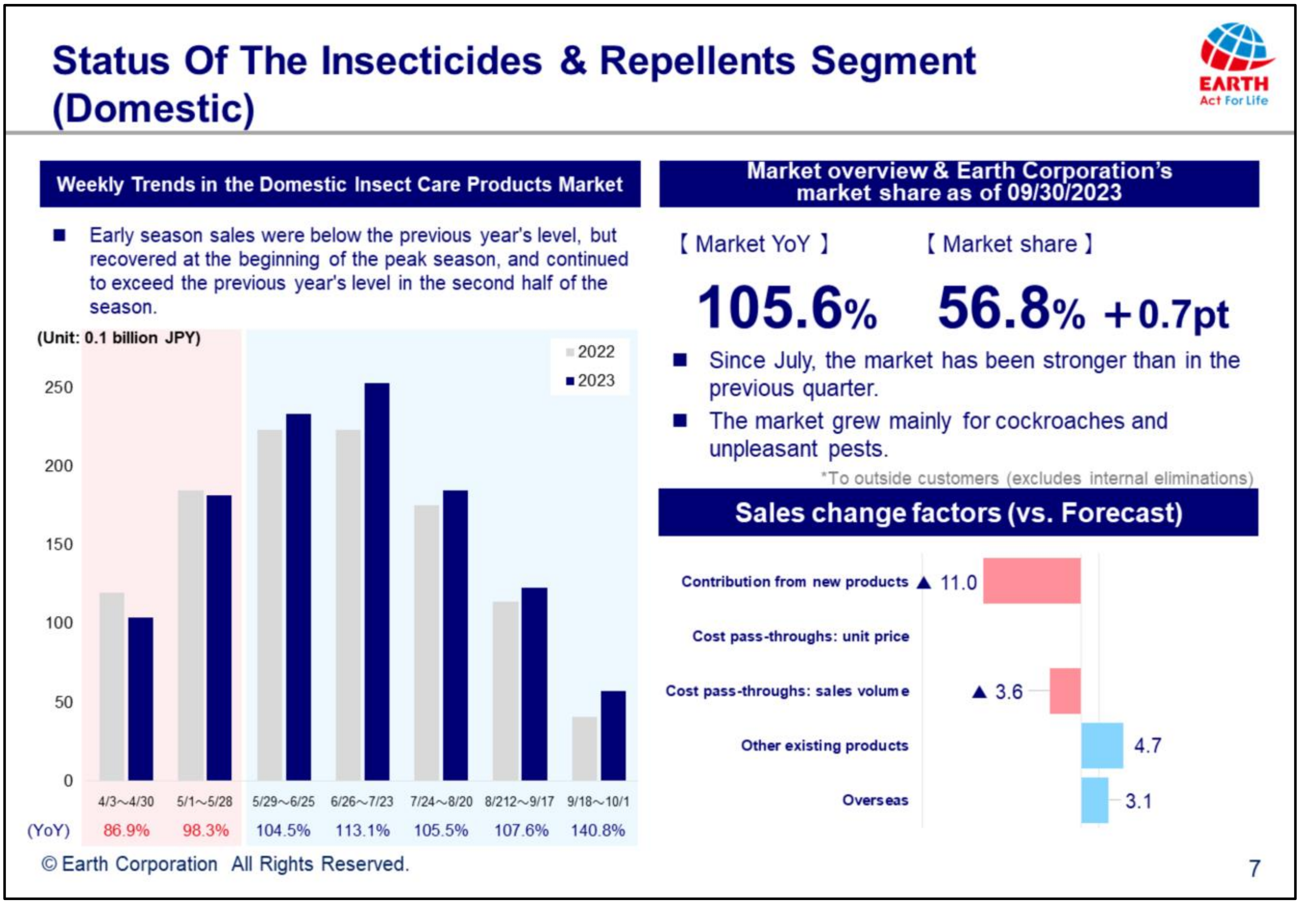
- Insecticides & Repellents : Due to the upward revision of the plan in Q3, the extent of sales underachievement narrowed compared to the 2Q cumulative total.
- Household products : Oral hygiene products, bath salts, and other household goods all fell short of projections.
- General Environment & Sanitation Business : Steady progress was made.



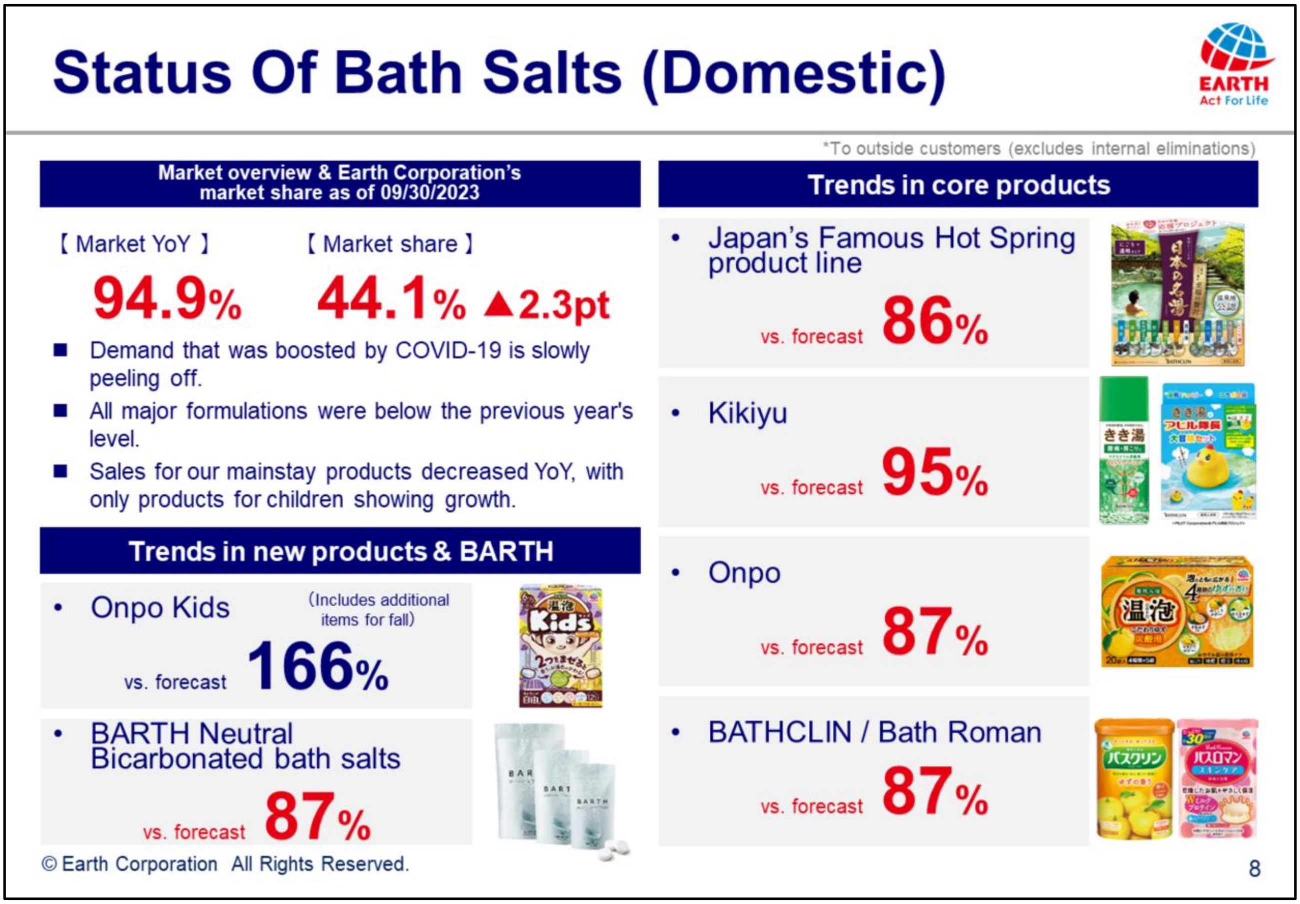
	Insecticides & Repellents	Oral Hygiene products	Bath salts	Other Household products	Pet supplies, etc.	General Environment and Sanitaition Business
YoY diff.	+20.6	▲1.1	▲1.4	▲8.0	+4.7	+8.4
Diff. vs. forecast	▲6.7	▲3.0	▲16.2	▲13.1	+3.0	+3.9

Sales by sector.

Insecticides & Repellents products have narrowed the margin of underachievement due to the upward revision of the plan in Q3. Shipments are continuing even in the off-season, and returns are expected to decrease, so we expect the final figures to be in line with the plan.
In household products, sales of oral hygiene products, bath salts and other household products have all fallen short of the plan. The biggest deviations from the plan are in bath salts and masks.
The general environment and sanitation business has made good progress in terms of contract wins, etc., and has exceeded both the previous year's figures and the plan.



For Insecticides & Repellents products, the market increased by 105.6% compared to the previous year and our market share increased by 0.7 pt to 56.8%.
The bar chart on the left shows a comparison between the previous year and the current year in terms of market sales every four weeks. You can read April and May from left to right with little difficulty in understanding.
As shown, the market was below the previous year's level at the beginning of the season, but from June it started to increase, and from July onwards it exceeded the previous year's level every week, which is a good market environment for the season as a whole. We see the market also accepting the price revisions in terms of higher unit sales prices.
Below right, we present an analysis of the factors behind the increase and decrease in sales. Expectations for new products were high this year, but things did not go as expected here. However, if you look at the total, we are doing well, as we expect to be almost in line with the plan for the full year.



Bath salts, on the other hand, have fallen below expectations, with the market down 5% on the previous quarter and market share also down. In terms of market trends, the environment has recovered somewhat from the point of explanation in 2Q, but the main formulations are still below the previous year's level, with only products for children showing growth. However, the market size is still above that before Corona and in 2019.

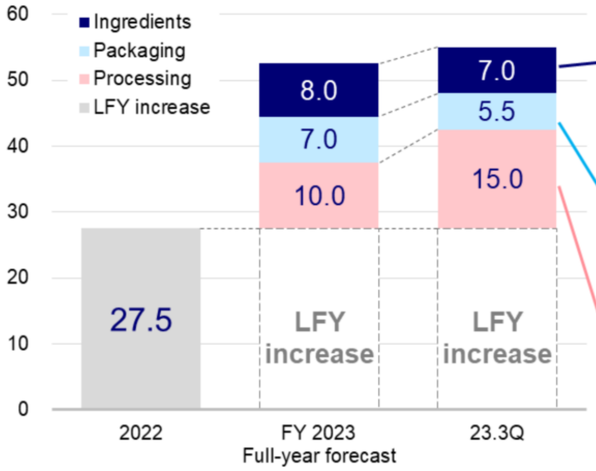
The core products of the Company's bath salts are also below the plan across the board. For "Kikiyu", the company carried out a major renewal this autumn and expected growth in the second half of the year, but the situation has fallen short of expectations.

COGS - Status Overview

(Unit: 0.1 billion JPY)

- The annual impact of 2.5 billion yen was 2.75 billion yen, which was more than expected in the cumulative 3Q.
- Energy cost increases and semi-finished product purchase price increases exceeded initial expectations.

Rising COGS



■ Ingredients

In addition to price increases in FY 2022, we were also faced with cost increases for active ingredients for insecticides, sodium bicarbonate, alcohol, etc.

■ Containers / Packaging materials

Price increases across the board, for PET resins, exterior cases, cans, etc.

■ Processing expenses／Outsourcing

Higher energy costs translated into an increase in aerosol filling costs, etc.
Increase in purchase price of semi-finished products

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This is the cost of sales situation.

The impact on the cost of sales due to price hikes in raw materials and other items, higher energy costs and higher purchase prices for semi-finished products has exceeded expectations.
The annual impact has already exceeded the expected annual impact of JPY 2.5 billion, and as of 3Q the impact was JPY 2.75 billion.

SG&A Expenses - Status Overview

(Unit: 0.1 billion JPY)

■ SG&A operated within plan. However, some of the unused portion will be used later in Q4.

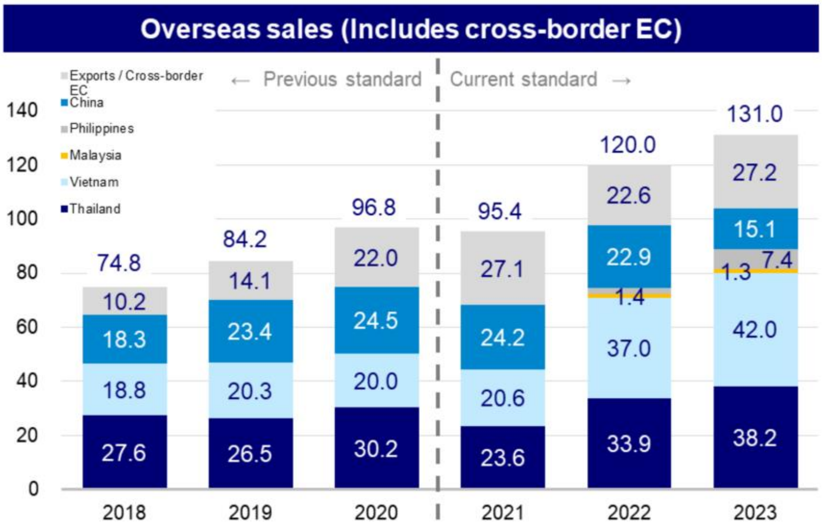
	3Q FY12/2022 Realized	3Q FY 12/2023 Forecast	3Q FY 12/2023 Realized	Vs. Forecast	Topics
Personnel expenses	155.0	163.3	162.5	▲ 0.8	
Transportation costs	34.7	37.2	35.2	▲ 2.0	
Storage costs	19.6	21.7	22.9	1.2	
Advertising expenses	55.9	60.1	55.6	▲ 4.5	Postpone to Q4. Strategic investment is expected.
Sales promotion expenses	7.5	8.6	8.3	▲ 0.2	
R&D expenses	21.5	25.4	23.4	▲ 1.9	
Depreciation	10.8	12.2	12.9	0.7	BARTH business acquisition-related PPAs generate incoming and outgoing accounts.
Amortization of goodwill	4.3	1.4	0.8	▲ 0.6	
Travel & transportation expenses	9.5	10.9	11.0	0.0	
Expense account items	3.6	4.0	4.8	0.8	
Commissions paid	9.4	12.9	10.9	▲ 1.9	
Sales commissions paid	9.8	10.1	9.3	▲ 0.7	
Miscellaneous expenses	6.2	9.9	6.1	▲ 3.7	
Other	62.8	64.2	66.7	2.1	
Total SG&A expenses	410.6	441.9	430.4	▲ 11.5	

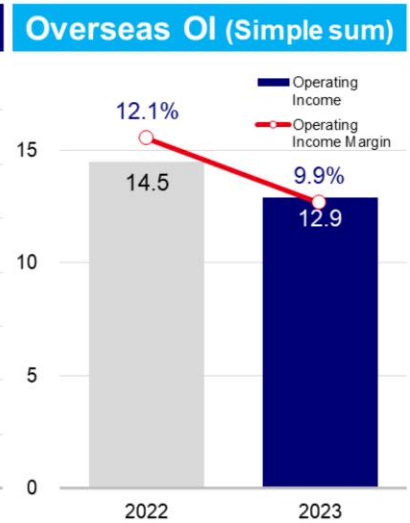
This is the status of SG&A expenses.
Overall, expenses are within the planned range, although there is some in and out of accounts.
We hope to have this one in hand later on.

Overseas Results

(Unit: 0.1 billion JPY)

- Growth was led by Thailand (105% y-o-y in local currency terms) and Vietnam (112% y-o-y in local currency terms).
- China (65% y-o-y in local currency terms) was affected by poor sales in EC.





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This is the status of overseas results.

Overall overseas sales were ¥ 13.1 billion, or 109% of the previous year's level. Looking at individual countries, Thailand grew by 5% in local currency terms and Vietnam by 12%, also in local currency terms, driving growth in overseas sales. Export business from Japan has also been strong.
In China, on the other hand, sales to the e-commerce channel continue to be lower than both the previous year and the plan.

Total overseas operating profit, which is a simple aggregate, fell by approximately JPY 160 million, and the profit margin also declined slightly. This is largely due to poor sales in China.

Earth Corporation

Revision of Full-Year Financial Results Forecasts

Having explained the 3Q FY2023 results, the next section will now discuss the revisions to the full-year forecasts disclosed on 9 November.

Revision of Full-Year Financial Results Forecasts

(Unit: 0.1 billion JPY)

- Considering the current situation, the company announced a downward revision to its consolidated full-year forecasts on 11/9.
- The downward revision was mainly due to lower-than-planned sales and gross profit in the household goods division.

	2023 Forcast	2023 Revision	Diff.	Factors of Difference from Forecast	2022 Realized
Sales	1,600	1,575	▲25	• Household goods division failed to achieve its plan	1,523
Gross Profit	665.0	625.0	▲40	• Sales Plan Missed and Sales Mix Change • Higher-than-expected price hikes of raw materials, etc.	624.6
SG&A Expenses	585.0	575.0	+10	• Operate within the plan	550.3
Operating Income	80.0	50.0	▲30		74.3
Ordinary income	83.0	55.0	▲28		81.3
Net Income attributable to owners of parent	54.0	30.0	▲24		53.0

*Dividend per share will be 118 yen as initially forecasted.

In view of the current situation, the company revised its full-year forecasts on 9 November.
The revised forecast is for net sales of JPY 157.5 billion, a decrease of JPY 2.5 billion compared to the previous forecast.
Operating profit is expected to be JPY 5 billion, a decrease of JPY 3 billion compared to the previous forecast, with a negative impact of JPY 4 billion from gross profit and a positive impact of JPY 1 billion from selling, general and administrative expenses.
The forecast for non-operating income and expenditure and extraordinary income and expenditure is somewhat conservative.

Main factors in the revision of the full-year earnings forecast

(Unit: 0.1 billion JPY)

Contents	Diff.	Point
• **Domestic : Household goods sales and gross profit not achieved the plan.**	**-37**	• Bath Salts : -20 Market falls short of expectations（Expected to be 95% of YOY）, Share down (-2.3 pt YoY) Unachieved sales plan and raw material price hikes are expected to have a greater-than-expected impact • Oral Hygiene products : -5 Market falls short of expectations（Expected to be 96% of YOY）, Share down (-0.5 pt YoY) The impact of raw material price hikes has been greater than expected. Profitability is deteriorating due in part to changes in the sales mix. • Other Household products（Residential detergent, household masks, etc.） : -7 Impacted by missed sales plan and higher cost of sales ratio • Others : -5 Recognition of expenses associated with reduction of excess inventory with an eye to the future, etc.
• **Gross profit from China operations missed plan**	**-3**	• Overall overseas business was generally favorable, including ASEAN, exports, and cross-border business. • EC channel sales at the Chinese subsidiary were sluggish, and inventory in the market increased.
• **Gross profit missed plan**	**-40**	
• **Expense Control**	**＋10**	• Personnel expenses : ＋2.5、Transportation costs : ＋1.5、Advertising expenses : ＋1.0、repair expense : ＋1.0、Miscellaneous expenses : ＋2.5,etc.
• **Total**	**-30**	

This is a summary of the factors behind the difference between the initial plan and the current estimates.
As mentioned briefly in the explanation of 3Q results, the main factor is that household products did not reach the plan.
To break it down a little further, the largest negative impact of 2 billion yen is expected to come from the failure to achieve sales of bath salts and the cost increase, followed by a negative impact of 0.5 billion yen in oral hygiene and 0.7 billion yen in other household products.
The other negative impact of ¥0.5 billion is due to costs associated with the disposal of excess inventory in order to reduce inventory levels, which have been increasing recently, and to improve asset efficiency.
For overseas, a negative impact of JPY 0.3 billion is expected due to poor sales in China, mainly in the e-commerce channel, while ASEAN and export business are generally doing well.
In terms of expenses, the consolidated total is expected to land 1 billion yen less than planned.

Difference from what was expected at the time of 2Q results presentation

EARTH Act For Life

(Unit: 0.1 billion JPY)

Contents	Diff. from plan	Revised estimate	Diff.	Point
As of 2Q cumulative total, amount of operating income not yet achieved	-8.8	-8.8	–	
• recovery plan1; Insect Care Products Profit Up from 2H Plan	+2.0	+8.2	+6.2	• Increase in shipments and decrease in returns due to favorable market conditions in 2H
• recovery plan2; Additional Cost Pass-troughs	+4.0	0.0	-4.0	• Price revision of "OnpoWarm Foam" and "Mondamine Premium Care" had little effect.
• recovery plan3; Release New Fall Season Products / Execute Product Renewals	+2.0	0.0	-2.0	• New products launched in the fall season and renewed products have minimal effect on profit contribution.
• recovery plan4; Keep expenses under control (only Earth corp.)	+3.0	-4.0	-7.0	• Postponement of unused portion in 1H and strategic use in 2H
• Risk of group companies not achieving plans	-2.0	-9.8	-7.8	• Unplanned achievement wider than originally expected
• Total difference in planned OI at the end of the period after recovery programs	+0.2	-14.4	-14.6	
• (only Earth corp.) Downward revision of profit plan for household goods, etc.	–	-10.0	-10.0	• Failure to achieve sales of bath salts, oral hygiene, household detergents, etc. • Impact of higher-than-expected cost increases
• (only Earth corp.) Expense recorded for reduction of excess inventory	–	-5.0	-5.0	• Cost of disposal and sale of inventory
• Other	–	-0.6	-0.6	
Accumulated OI not reached at the end of the period		-30.0	-30.2	

This chart shows the difference between the outlook at the time of the 2Q results presentation and the current situation.

At the time of the explanation of the 2Q results, the company had a plan to make up for the first-half operating profit shortfall of ¥880 million through recovery measures to be taken in the second half of the year.
Regarding the effects of these measures, (1) the second-half upturn in Insecticides & Repellents products is expected to exceed the expected recovery amount as a result of increased shipments and lower-than-expected returns, partly due to the strong market in the second half of the year.
However, the contribution from (2) additional price revision measures and (3) unplanned new products and renewals will not be as expected, and both are expected to remain insignificant.
(4) With regard to cost control on a non-consolidated basis, in addition to the postponement of unspent costs in the first half of the year, strategic costs were invested in the second half of the year, which as a result did not lead to a recovery effect.
In addition to these factors, the significant downside impact of household products, including the Group companies' failure to achieve the plan, and the costs from the reduction of excess inventory as explained earlier, are expected to result in an underachievement of JPY 3 billion.

Future measures

- **Measures for IR communication: Enhancement of content explanation regarding risk factors**
  - Improved probability through performance estimates that include risk scenarios

- **Measures to be taken in the business: to be explained in detail in the next mid-term management plan.**
  - To be announced in February 2024, including forecast figures for the next fiscal year.

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Finally, we would like to explain our measures for the future.

We recognise that, in addition to the fact that our business performance has declined, there were also issues with the way we communicated with the capital market. In the future, we will strive to disseminate information, including on the risk side, so that everyone can make appropriate judgments about the situation.

We hope to provide a detailed explanation of our business measures in our next medium-term management plan, which is currently being formulated. This will be presented in conjunction with the presentation of the full-year results in February next year.

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.

This concludes the explanation.