

**Earth Corporation**  
**Earnings Briefing Materials for 1Q the Fiscal Year Ending December 2026**  
**Summary of Questions and Answers**

【Regarding Business Results and SG&A Expense Performance/Forecasts】

Q: (Earnings Briefing Materials: P18) For 1Q, both sales and operating income exceeded the forecast. Can we expect sales to continue outperforming going forward? Also, expenses have been lower than planned since 1Q, how should we interpret this?

A: Although we have high expectations for Insecticides & Repellents as the peak sales season is just ahead, it is difficult to make a definitive statement at this stage. Additionally, the situation overseas varies by region. On the other hand, the General Environment & Sanitation business is trending favorably. Regarding expenses, most of the difference is due to a timing variance relative to the forecast; it does not mean we will "not spend" them. Our policy is to utilize them as planned throughout the year. We view the divergence from the forecast in 1Q as an issue to be addressed.

Q: Regarding the timing difference in 1Q expenses, did you intentionally tighten spending in response to the situation in the Middle East? Also, was the decision that led to this timing difference made by taking retail conditions into account?

A: We did not tighten expenses due to the impact of the situation in the Middle East, rather the timing of expense utilization simply shifted backward as a result.

Q: (Earnings Briefing Materials: P8) Given the cost increases resulting from the situation in the Middle East, is it possible that the impact could be on the scale of the 3 billion yen loss incurred during the Russia-Ukraine crisis? Also, please explain your reasoning behind not revising the earnings forecast: is this because you are factoring in such risks, or is it because, although sales are strong, you do not intend to make a decision at this early stage of the first quarter?

A: Regarding sales, we are feeling a certain level of positive response, driven primarily by Insecticides & Repellents. On the other hand, the financial scale and duration of the impact from the situation in the Middle East are fluid at present, so we refrain from making definitive statements today. In addition, the yen is depreciating further than expected, raising concerns about the impact on profits. At this point, we will first focus our efforts on achieving our initial operating income forecast of 9.0 billion yen.

Q: (Earnings Briefing Materials: P2) Regarding the impact of the situation in the Middle East, is it possible to provide a quantitative image using ranges for foreign exchange and raw material costs, as was done in the FY2022 briefing materials? Please also provide details such as the expected timing.

A: Due to the high level of uncertainty at present, and the risk that specific numbers might take on a

life of their own, please allow us to limit our disclosure to qualitative information this time. While it is difficult to present quantitative figures at this stage, we would like to reiterate our commitment to achieving the full-year forecast.

Q: (Earnings Briefing Materials: P2) While the impact of the situation in the Middle East is likely being felt across various areas, how many months of product inventory do you hold by category, combining both internal and distribution inventories? Similarly, how many months of inventory do you hold for solvents, containers, and packaging materials? Also, are solvents, containers, and packaging materials listed in order of greatest concern?

A: The order of the items listed in the materials is random and does not reflect the order of concern or risk severity. The number of months of product inventory held varies depending on the item and the timing. Insecticides & Repellents are manufactured based on an annual production plan. Inventory tends to be longer during the period when we build up stock for the winter, whereas we are currently in a phase of shipping manufactured products immediately. At present, there are no disruptions to production.

Q: Since Insecticides & Repellents are seasonal products, do you basically hold shorter inventory? Or do you hold longer inventory because you have an annual production plan?

A: It is closer to the latter, but it varies by season. For example, the winter season (around October to November) is the period when we engage in stock-building production. At this time of year, we are at the stage of sequentially shipping what has been produced, so inventory adjustments are being carried out as usual, regardless of the impact of the situation in the Middle East.

Q: Regarding the impact of the situation in the Middle East, is it correct to understand that the impact is negligible at this time of year, but there is a risk that the impact could intensify during the winter period when stock-building production takes place?

A: It is difficult to give a definitive answer because it remains unclear how long this situation will persist. However, as the leading manufacturer, we will strive to fulfill our responsibility to ensure a stable supply.

**【Regarding Domestic Business (Insecticides & Repellents / Homecare Products)】**

Q: (Earnings Briefing Materials: P10) "OH! No-mat" is off to a strong start. How is its differentiation functioning at retail from a consumer perspective? Also, how should we view the sustainability of its market share expansion? Please provide specific details for each.

A: In Insecticides & Repellents, backed by our high market share of over 62%, we have secured initiatives at retail displays, allowing us to expand into prime locations for both standard shelves and promotional displays. Furthermore, we feel that our commercial appeals across both television and web channels are beginning to reach consumers. We believe these initiatives are

driving both market expansion and market share growth.

Q: (Earnings Briefing Materials: P11) At the planning stage, the goal for "MONDAMIN" was to target growth by allocating expenses in 1Q. While sell-through at retail are strong, how should we interpret the situation where shipments fell year-on-year (98.7%)? Also, the expression "facing challenges" was used; is this description accurate?

A: 1Q started with a build-up of distribution inventory from the vertical expansion carried out during last year's renewal. We are currently in a phase where that inventory is being absorbed, and shipments are expected to catch up going forward. While the term "facing challenges" might have been slightly too strong, it was intended to convey that we are not entirely satisfied with a result that fell below the previous year's level. Our objective is to grow market share, shipments, and sales alike.

Q: (Earnings Briefing Materials: P10–12) Are the market shares shown in the materials compared to the same period of the previous year?

A: Yes, your understanding is correct, they are compared to the same period of the previous year.

**【General Environment and Sanitation Business】**

Q: The General Environment & Sanitation business grew firmly last year, and I understand there was also spot demand related to the Expo. In the forecast for the current fiscal year, the growth from the previous year was set conservatively. Based on the 1Q results, is it correct to understand that there was no pullback decline?

A: As a result, almost no pullback related to the Expo was observed. The number of contracts has grown firmly, and high customer satisfaction with our services has kept contract cancellations or reductions low, leading to increased revenue.

**【Impact of the BATHCLIN Corporation Integration】**

Q: I believe you implemented measures such as voluntary retirement support last year. Please tell us about the integration costs in 1Q and the outlook for integration synergies for the current fiscal year.

A: Approximately 200 million yen was incurred as initially planned for cancellation fees and other costs associated with office relocation and integration. Regarding labor costs, a reduction effect on the scale of several hundred million yen annually is expected, which is progressing largely in line with the budget. Creating synergies in the bath salts category is our ultimate mission going forward, and we will provide further updates as progress is made.

**【Overseas Business and Group Companies】**

Q: Hakugen Earth Co., Ltd. significantly exceeded its plan. What were the driving factors, and what are the initiatives for 2Q and beyond?

A: The primary factor behind the 1Q outperformance was the strong performance of cooling agents. Heading into 2Q, moth repellents, cooling agents, and bath salts will serve as our mainstay products. Since performance remains steady at present, we will continue to focus on these areas.

**【Other Disclosure Items】**

Q: Regarding the performance impact from the dissolution of Earth Corporation (Suzhou), it states that the amount is currently being assessed. Given that its operating income for the fiscal year ended December 2025 was small at approximately 41 million yen, will the impact on consolidated results be negligible?

A: We are currently reviewing the extent of the expenses and cash-ins that will arise from the closure procedures. The scale of the company's business performance is not large, and many portions are eliminated internally, so we do not anticipate a significant impact. We will disclose the details promptly once they are clarified.