

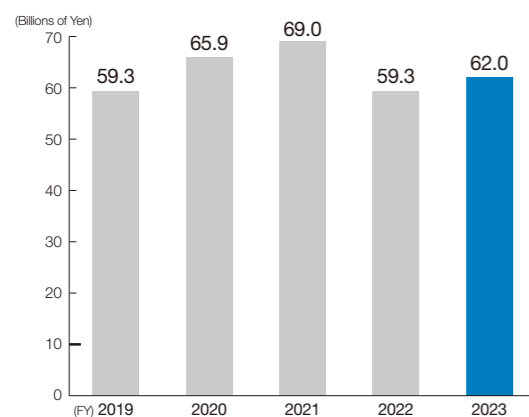
Household Products Business

Including the ways in which people view environmental health, safety, and reliability, today's lifestyles have changed significantly, leading consumers to increasingly express their desire to live fuller, more enjoyable lives. Having helped to support lifestyles since our founding 100 years ago, Earth Corporation has kept pace of people in their efforts to realize enjoyable lives by providing insecticides and repellents, bath salts, oral hygiene products, and other household goods.



Insecticides and Repellents

Domestic: Insecticides and Repellents Sales*



*Includes internal sales
Note: Since 2022, application of the accounting standards for revenue recognition.

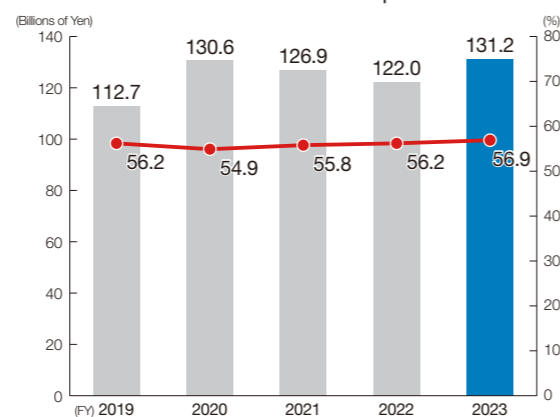
In the household insecticides and repellents segment, Earth Corporation primarily handles products that exterminate and repel flies, mosquitoes, cockroaches, ticks, and other harmful insects. With sales of ¥62,031 million (up 4.5% year on year), this segment accounts for approximately 37% of total Company sales, and constitutes a highly profitable core business.

Despite their extremely high level of safety, however, consumers tended to believe that insecticides were highly toxic. We therefore started employing the term *Mushi-care* products (instead of *Sattyuzai* insecticides) in 2017 as a means of ensuring that customers properly understand product safety and use our products with peace-of-mind.

Market Conditions

In contrast to skyrocketing raw material prices, exchange rate fluctuations, depressed consumer spending coinciding with inflation, and other negative factors against the backdrop of intensifying geopolitical risks, changes in the behavioral patterns of consumers driven by the spread of COVID-19 coupled with the greater added-value and higher unit costs of products, have tended to expand the domestic market. As the needs of customers have increasingly diversified, we have created a lineup of products that focuses both on exterminating harmful insects and

Domestic: Insecticides & Repellents Trends in Market Scale & the Earth Group's Share



■ Insecticides & repellents market (left axis) ● Earth's share (right axis)
Note: Since 2022, application of the accounting standards for revenue recognition.

on preventing their emergence, allowing us to maintain an overwhelming share of the domestic market at 56.9%^{*1}. Since we equate market share to the level of customer support, we aim to continuously expand our footprint through the development of new products and the ceaseless improvement of existing products.

Initiatives

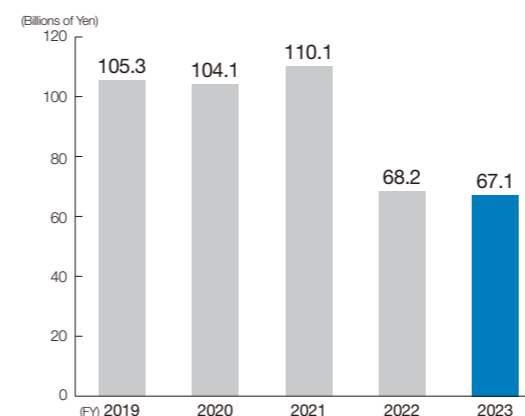
In response to the surge in raw material prices and other changes in the external environment, we are further increasing the added-value of our products and engaging in repricing activities in order to increase profitability. Despite the highly seasonal-dependent nature of our products, the period during which insecticides and repellents are sold has become longer in recent years, which is why we are working to minimize returns as a business practice from a distribution perspective. Moreover, in response to the damage from new harmful insects that has occurred with increasing numbers of travelers to Japan from abroad, we are also actively exploring B to B sales channels with lodging facilities, as one example.

*1 INTAGE SRI+ Insecticide Market Share for 2023 by Total Sales Value (excluding insecticides for home gardening)



Household Products

Domestic: Household Product Sales



* Includes internal sales
Note: Since 2022, application of the accounting standards for revenue recognition.

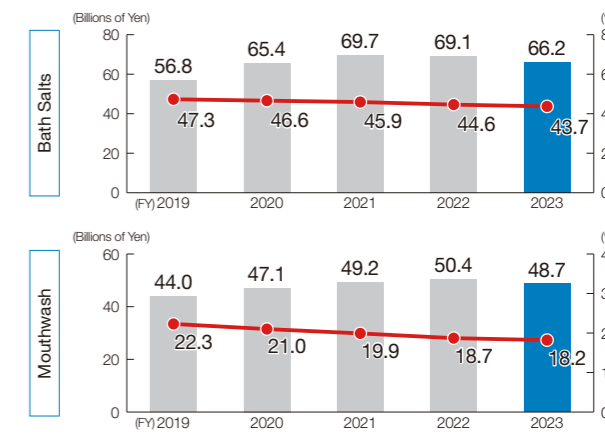
In the household products segment, we offer a broad range of items that support the health and enjoyable lifestyles of our customers, including bath salts, oral hygiene products, insect repellents for clothing, air fresheners, home cleaning products, and masks for household use. With sales of ¥67,199 million (down 1.6% year on year), this segment accounts for approximately 40% of total Company sales, and constitutes a second pillar of business.

Among these products, bath salts and mouthwash makeup the mainstay product categories today. In the bath salts category, we offer many brands, including BATHCLIN, Kikiyu, and ONPO, and launched sales of BARTH in 2023. In the mouthwash category, we offer products under the Mondahmin brand, which has robust name recognition.

Market Conditions

Although this segment benefited from the stay-at-home demand triggered by COVID-19 after 2020, with increasing opportunities to go out following the reclassification of COVID-19 as a Category 5 Infectious Disease and the desire among

Trend in Market Share for Main Product Categories



■ Bath salts market/mouthwash market (left axis) ● Earth's share (right axis)
Note: Since 2022, application of the accounting standards for revenue recognition.

consumers to economize, the mainstay categories of bath salts and mouthwash have experienced a market contraction and face increasingly intense competition. Based on these conditions, our shares of the domestic bath salts and mouthwash markets in fiscal 2023 were 43.7%^{*2} and 18.2%^{*3}, respectively.

Initiatives

Going forward, we will identify growth fields with the aim of transforming the earnings structure, and will work to streamline our product lineup and inventories. The next steps will be to select and concentrate on specific brands and SKUs^{*4}, revise the way we allocate marketing investments, and strengthen customer-oriented marketing communication in an effort to strengthen the earning power that coincides with enhanced brand value.

*2 INTAGE SRI+ Bath Salts Market Share for 2023 by Total Sales Value
*3 INTAGE SRI+ Mouthwash Market Share for 2023 by Total Sales Value
*4 Stock Keeping Unit: The minimum unit for orders and inventory management

EMAL

Earth Corporation places emphasis on creating attractive sales floors in stores that serve as the point of customer contact. We have developed a unique support network throughout Japan called "EMAL," which creates attractive sales floors that take into consideration seasonal, climatic, and other trends, and that support sales promotions.

EMAL are employees that are locally hired in regions throughout Japan. As consumers from those regions, EMAL travel around to the local stores and speak with those in charge of each establishment in an effort to create fresh, attractive sales floors from the perspective of the customer. In addition to the strengths of the products themselves, creative sales floor layouts help improve sales for entire product categories at sales locations.

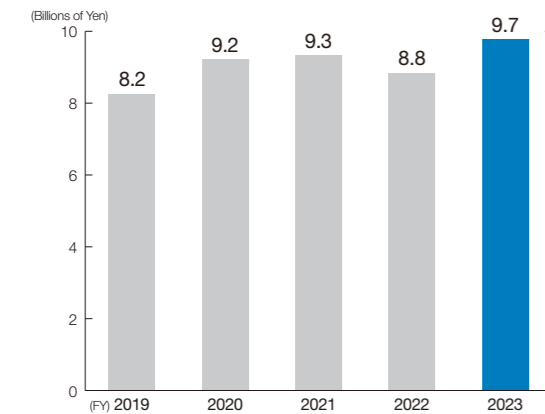
* EMAL: A term coined from the first letters of earth (E), merchandise (M), action (A), and lady (L). EMAL serve as specialists who create attractive sales floors and engage in in-store sales promotions from a customer perspective.

Household Products Business



Pet Products and Others

Others Sales*



* Includes internal sales
Note: Since 2022, application of the accounting standards for revenue recognition.

In addition to insecticides and repellents for pets, pet deodorants, and premium foods, Earth Pet also offers an extensive lineup of collars and toys. With the aim of ensuring enjoyable lifestyles with pets as valuable members of the household, Earth Pet communicates the importance of keeping pets healthy and ways of improving their QOL, while at the same time publicizing products. Earth Pet opened Earth Pet House, a pilot store that offers pet care information in an effort to develop into a new location for sharing information. In 2023, Earth Pet also opened Tokushima Pet Land, a hands-on research facility. As a research facility equipped with a petting zoo space, Tokushima Pet Land serves as a location to further deepen the understanding of pets and pet care products. Going forward, the facility will establish a unique standing as a core institution for product development, and for providing services and information.

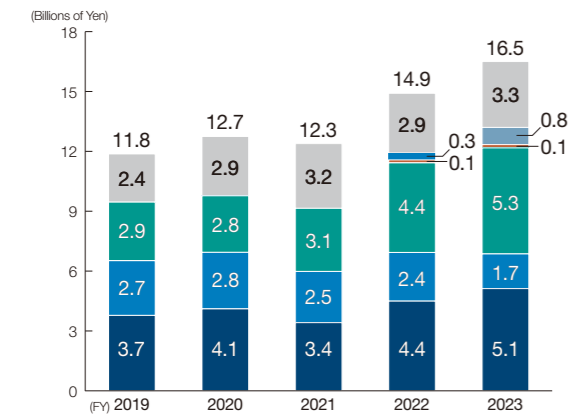
Market Conditions

Despite the fact that the pet boom has shown signs of winding down, pet-related markets, including those for pet care products like cat litter and premium foods, continue to hold firm given the growing awareness of pet health among pet owners.



Overseas Business

Overseas Sales*



Legend: Thailand (Blue), China (Green), Vietnam (Red), Malaysia (Orange), The Philippines (Purple), Exports and Cross-border EC (Grey)
* Includes internal sales
Note: Since 2022, application of the accounting standards for revenue recognition.

With the launch of this sector following our entry into Thailand in 1980, we have actively expanded business through local offices in Thailand, China, Vietnam, Malaysia, and the Philippines. Along with strengthening area strategies and promoting higher earnings and market share together with sales growth in Thailand and Vietnam, our goal is to expand sales channels in Malaysia and the Philippines. In China, we are revising our business strategies, and introducing products in a focused manner to retailers that operate physical stores. Moreover, we export products to roughly 50 countries and regions throughout the world, have built close partnerships with local distributors, and identified needs based on the different living habits and preferences of each country in an effort to enhance the presence of the Earth brand.

As the scale of overseas sales expands, we are establishing a production and supply network from the perspective of overall optimization in conjunction with the Mid-term Business Plan for each area. This move will serve to establish seamless product supply chains and greater profits.

We must also strengthen human assets for the shift to global expansion. We will therefore emphasize efforts to construct a system that allows employees to acquire experience in overseas markets at an early stage, and to secure human assets in a way that also includes local hiring.

Initiatives

Earth Corporation sees China and ASEAN as its key targets, for which we are deploying initiatives along the two axes of aggressive expansion through local offices and the export business. Having already attained the second highest share of the insecticides and repellents market in Thailand, we aim to capture the highest share of this market in 2026. As far as exports are concerned, we are accelerating deployment to the Middle East centered on Saudi Arabia, Taiwan, and North America. Moreover, we are working to establish a unified global brand and strengthen marketing activities as a means of driving the global penetration of the Earth Brand.

Thailand: Earth (Thailand) Co., Ltd.

Earth (Thailand) Co., Ltd. was established in 1980 as the first local office outside of Japan in the Earth Group. It has built a solid foundation with a community-based business model, broadly covering product development, manufacturing, sales, and logistics. The company has focused on developing the local insecticides and repellents brand OASIS and other products from the "customer's perspective." This local office is working as a unified team in an effort to capture the top share of an insecticides and repellents market outside of Japan for the first time. As it applies the knowledge acquired in Thailand to other countries, this office will play a role as a hub for our global strategy covering countries in Asia and the Middle East.

China: Earth Corporation (Shanghai)

With the aim of expanding sales in China, where the market is exhibiting remarkable growth, Earth Corporation established this local office in 2015. Working with two factory operators in Tianjin and Suzhou, the company conducts sales activities mainly in four large cities: Beijing, Shanghai, Guangzhou, and Shenzhen. Through its major offerings including the ARS 安速 brand of insecticides and repellents, it is strengthening sales through physical retailers and working in cooperation with the team in Japan to reach potential customers via e-commerce channels. Similarly, it is engaged in activities with a view to promoting the brand in China.

Vietnam: Earth Corporation Vietnam

Earth Corporation Vietnam was converted to a subsidiary in 2017 from a local office that manufactured and sold household supplies in Vietnam. Leveraging its sales network of 700 members across the country, it has established a seamless delivery system crisscrossing Vietnam, extending over the long distance from north to south, and succeeding where family businesses account

Countries with established local offices of Earth Corporation



for 70% of all retailers. With the mainstay detergent brand Gift as a foundation, the company is working to revitalize the insecticides and repellents market by promoting broad adoption of ARS. Earth Corporation Vietnam is actively investing into the plant, potentially making it a manufacturing site for ASEAN and Japan.

Malaysia: EARTH HOME PRODUCTS (MALAYSIA) SDN. BHD.

This local office was established in 2019. Due to its warm climate, Malaysia has a strong need for insecticides and repellents to handle the risk of mosquito-borne infectious diseases. And thanks to growing awareness around hygiene and increasing consumer demand coinciding with economic development, EARTH HOME PRODUCTS anticipates the country's growth as a market in which high-value-added products, the forte of Earth Corporation, will make headway.

The Philippines: EARTH HOMECARE PRODUCTS (PHILIPPINES), INC.

This local office began operations in 2022 under its current name following our acquisition of its predecessor company. As with other countries in Asia, the Philippines is a market that is expected to grow into the future as evidenced by annual increases in the need for insecticides and repellents, and homecare products, and its remarkable population and high economic growth. The company creates synergies by collaborating with factories in Thailand and Vietnam established earlier.



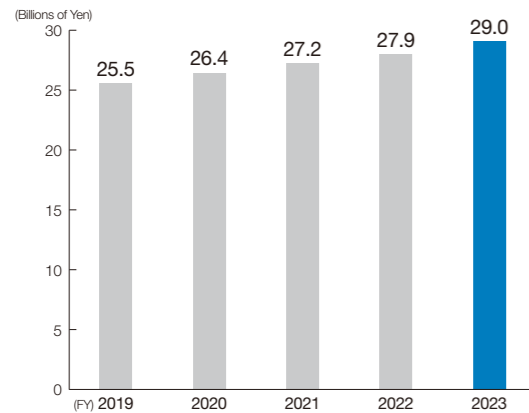
A portion of the insecticides and repellents, and household products sold overseas

General Environment and Sanitation Business



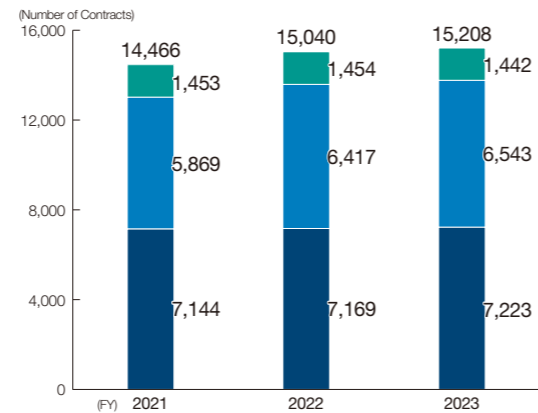
As part of the general environment sanitation business provided by Earth Environmental Service, we support the quality assurance activities of our customer companies by providing services that prevent contamination, as well as maintain and improve the optimal hygienic environment, for the food, pharmaceuticals, healthcare, containers, packaging, logistics and warehousing industries, and other industries. In this manner, we contribute to the health and safe, secure lifestyles of people throughout various supply chains, including food, pharmaceuticals, and healthcare.

General Environment and Sanitation Sales*



* Includes internal sales
Note: Since 2022, application of the accounting standards for revenue recognition.

General Environment and Sanitation Trends in Annual Contract Numbers



■ Total Health Care ■ Pest Control ■ Building Maintenance
Note: Pest Control: pest and vermin control operations
Building Maintenance: Management of buildings including general cleaning operations

What Is Integrated Environmental Hygiene Management?

The Integrated Environmental Hygiene Management Service: Total Health Care System is a support service for hygiene management offered by Earth Environmental Service. In combination with QMS, FSMS, PQS*, and various other management systems, this service consists of Eight Approaches based on technologies and expertise uniquely acquired by the Company. This service includes the three elements of a “field-oriented policy, scientific basis, reproducibility” as the foundation for continuously engaging in hygiene management in an effective manner, and provides

support for integrated, systematic hygiene management that consists of a tailored-made combination of the Eight Approaches in a way that suits the demands and goals of the customer. Moreover, the ESCOEVO centralized information management system developed by the company rapidly analyzes, visualizes, and shares the massive amount of data required for hygiene management, including on-site diagnostic results and improvement status, to enhance the outcomes of improvement activities.

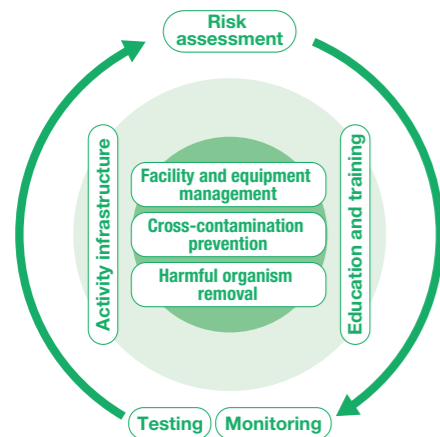
* QMS, FSMS, PQS: Quality Management System, Food Safety Management System, Pharmaceutical Quality System

Support by Environmental Doctors

Environmental Doctors provide services based on the latest information regarding hygiene management and on their high-level of technical expertise. Staff that have acquired knowledge and skills through a proprietary education and training program, and who have built up extensive experience in various worksites, act as Environmental Doctors who diagnose the quality of hygiene management at worksites, identify problematic areas, prescribe improvement measures, and provide support for maintaining and improving the safety and security of environments while providing treatment and implementing preventative measures.



Eight Approaches



Market Conditions

Revisions to relevant laws and regulations in Japan and the trend toward international harmonization of safety standards for food, pharmaceuticals, and healthcare, have led to a stronger demand for hygiene management than ever before. Specifically, there is a high level of demand for hygiene management countermeasures regarding contaminants, for example, in food-, pharmaceuticals-, and packaging-related industries, which are the Company’s core customers. This situation has led to a consistently strong demand for the Company’s high-quality hygiene management services that provide specialized knowledge, technology, and expertise. The general environment and sanitation business underpins the generation of stable revenues for the Company given the consistency of the business’ revenue base founded on annual contracts. In fiscal 2023, while performance was affected by a higher cost ratio and an increase in personnel expenses attributed to active investment in human resources, the number of annual contracts grew, boosting overall segment results. Accordingly, sales amounted to ¥29,073 million (+3.9% year on year) and segment income to ¥1,451 million (+1.5% year on year).

Outcomes and Issues

The general environment and sanitation business has experienced annual growth in the number of contracts along with growth in demand, allowing it to build a foundation for

consistently generating income. Moreover, we have made investments intended to enhance services for customers and improve operational efficiency, including R&D, human asset development, and services utilizing IoT, AI, and other digital technologies. These efforts are led by the Saito Research and Training Institute (T-CUBE) using a cell processing facility for education and training. We have also launched projects targeting new businesses, including entry into the agriculture field, and have formulated and assessed business plans.

Several issues that have been raised in this area include developing human assets that can provide consulting services as part of technology marketing, improving operational efficiency, and addressing human resource shortages at partner companies to which construction work is outsourced.

Looking Ahead

As the company in charge of this business, Earth Environmental Service Co., Ltd., is currently studying a new Mid-term Business Plan for resolving the above issues. Similarly, it will work to build a system for providing higher quality services. With its management vision of perfecting the three pillars of technological capabilities, education, and expertise; providing training for services that support quality assurance by Environmental Doctors; deploying services to new fields and transitioning to a business foundation for sustainable growth, Earth Environmental Service will practice the Earth Group’s Corporate Philosophy.

Saito Research and Training Institute (T-CUBE)

As the core facility for Earth Environmental Service R&D, testing and identification, and human resource development operations, Saito Research and Training Institute (T-CUBE) was established in Ibaraki City, Osaka, following the certification of the Kansai Innovation International Strategic Comprehensive Special Zone in 2016. Under the concept of interaction, combination, expansion, and limitless growth of various elements, it serves as a location for researchers from different industries to come together and drive innovation while utilizing a diverse range of networks between industry, academia, and government. In recent years, the Institute has played a central role in driving revolutionary innovations that contribute to the Earth Group and society as a whole. A few of these include the development of an AI-driven insect-capturing and analysis system; industrial application of the MA-T System®, which uses an oxidation control technology for sterilizing and deodorizing; and initiatives for talent development and scientific data collection in the field of regenerative medicine at the cell processing facility for education and training.

Participation in Nakanoshima Cross (The International Center for Future Medicine) Initiatives for Early Practical Application and Industrialization of Future Medicine and Advanced Medical Care

Earth Environmental Service participates in the International Center for Future Medicine Nakanoshima Cross (Osaka City, Osaka) for the purpose of contributing to the health of humanity by driving innovations in future medicine and advanced medical care, and by working toward early practical application and industrialization.

Through collaborative initiatives with the cell processing facility for education and training, opened at the Saito Research and Training Institute (Ibaraki City, Osaka) for the purpose of teaching about hygiene management and environmental maintenance, Earth Environmental Service is working to create the foundation for broadly spreading throughout society innovative medical technologies and drug discoveries, including establishing supply chains, and is endeavoring to optimize environments that will take responsibility for future medicine.

