Chapter 3

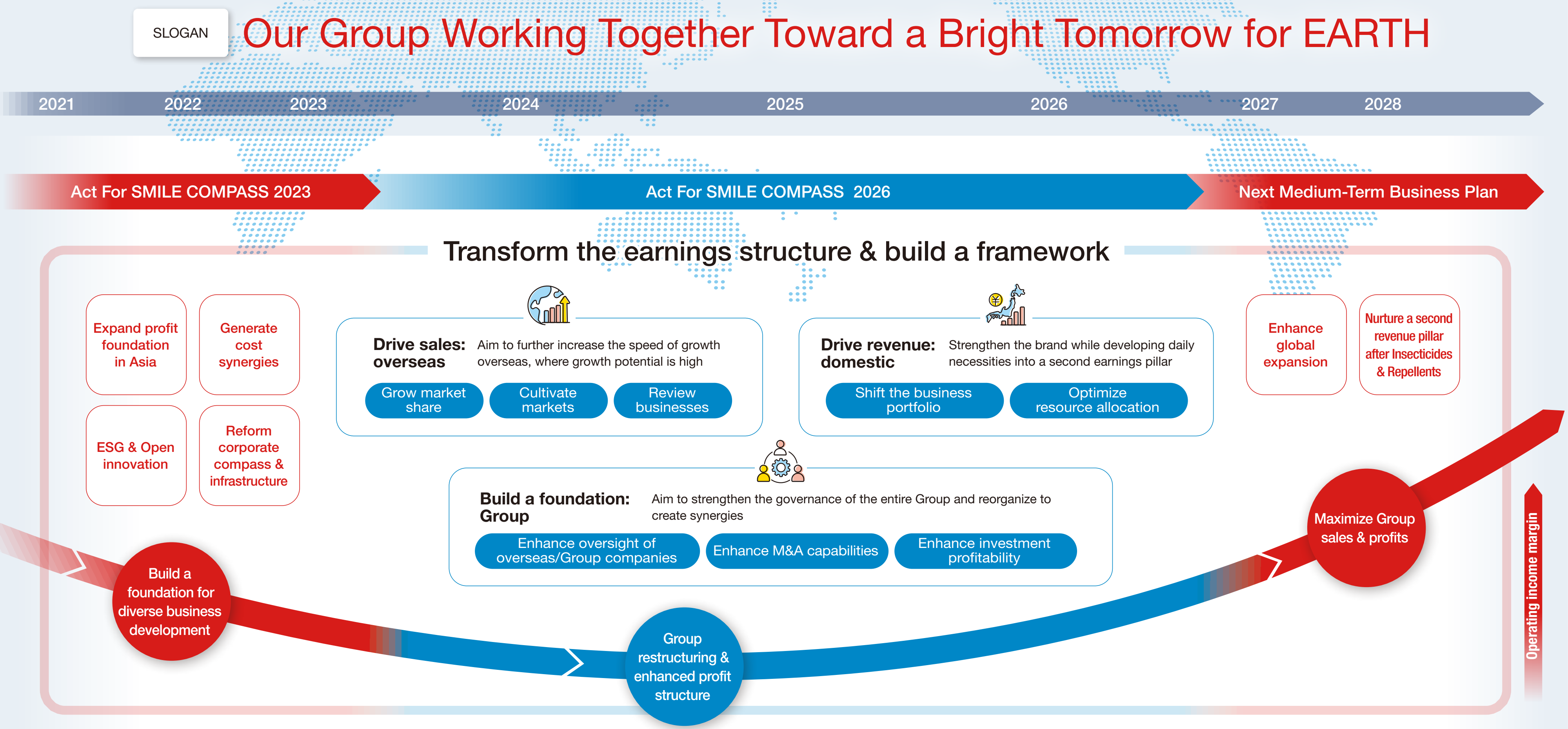
How Future Growth Will Be Realized

Strategies create value only when they are put into action. In this chapter, we show how we will achieve growth through our businesses in Japan and overseas, research and development, and investments in people. By taking a closer look at initiatives on the ground, we reveal the sources of our competitiveness.

Contents

Medium- to Long-Term Roadmap

Earth Corporation is advancing its medium-term business plan under the slogan "Our Group Working Together Toward a Bright Tomorrow for EARTH." In conjunction with efforts to secure profits through our businesses in Japan, we are seeking to achieve long-term growth for the Earth Group by exploring new sales channels through our international businesses. At the same time, we are also improving the Group's management foundation, in part by restructuring organizational functions for generating synergies, with the aim of improving profit margins from 2027 onward.



Household Products Business Insecticides & Repellents

Insecticides & Repellents

The Insecticides & Repellents segment primarily offers products that exterminate or repel pests such as flies, mosquitoes, cockroaches, and mites. In 2025, sales reached ¥67,651 million, accounting for approximately 35.5%* of the Company's total sales, making it a highly profitable core business.

* The denominator is the total amount including intersegment sales.

Major Products

We offer a wide range of products designed to eliminate or repel pests such as flies, mosquitoes, cockroaches, and mites.

Business Overview

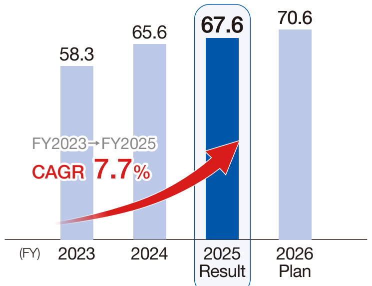
As the market continues to grow at a moderate pace, the Insecticides & Repellents segment has established a business model that generates stable earnings by leveraging its dominant market share, which we regard as a reflection of customer support. Rather than pursuing volume growth in the market, the business focuses on maximizing profitability by increasing unit prices through a combination of expanding high value-added products and implementing price revisions. In addition, to maintain brand value and secure appropriate pricing, we continue to invest in advertising and promotional activities, with improving profit margins and cash generation as key business objectives.

As climate change and changes in living environments create more opportunities for product use, we are working with retailers to cultivate demand during the winter off-season and promote year-round sales. Through these efforts, we are expanding sales volume while creating new usage occasions, thereby maintaining and strengthening our market presence and share. These initiatives have enabled us to establish a solid earnings base that contributes to improving capital efficiency across the Company.

External Environment

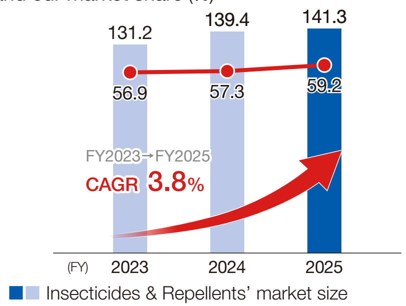
Market characteristics	❶ **Increased latent demand driven by global warming**…Product usage opportunities are expanding due to longer periods of high temperatures, prolonged late-summer heat, and the arrival of invasive species. ❷ **Expansion of the preventive market**…Growing awareness of infectious disease risks and other concerns is driving demand not only for pest elimination but also for preventive solutions. ❸ **Weather- and season-dependent sales structure**…Sales are influenced by annual weather conditions, including summer temperatures and the length of the rainy season.
Market position	With a market share of 59.2% (up 1.9 percentage points year on year), we are the No. 1 company in the domestic market and continue to drive market growth.

Insecticides & Repellents: sales* (billions of yen)



* Includes intersegment sales.
* Following the separate disclosure of sales for the gardening products business beginning in 2025, figures for prior years have also been calculated and presented using the same basis as that applied in 2025.

Insecticides & Repellents: market size (billions of yen) and our market share (%)



Sources: Intage SRI+ insecticide market (excluding horticultural agents) National total, all business categories.
Cumulative sales value for January–December of each year.

Category Strategy

To achieve the targets set forth in our Medium-Term Business Plan, we are working to expand sales and improve the profitability of our core Insecticides & Repellents segment. In recent years, the market has grown due to rising temperatures and prolonged late-summer heat, with products for cockroaches, nuisance pests, and insect repellents performing strongly. "Hadamamo," a mist-type insect repellent launched in February 2025, also contributed to sales, achieving 115% of its sales target.

Meanwhile, reducing product returns, which had been a key management issue, has been pursued as part of cross-functional initiatives to reduce waste since 2016. As a result of these efforts, the return rate decreased from 12.3% in 2015, before the initiative began, to 4.6% in 2025, the lowest level on record, while the value of returned products also fell to its lowest level ever.

Integrated management from production through sales has enhanced supply and demand coordination, leading to greater inventory efficiency and improved cash flow. Looking ahead, in response to the longer selling season associated with climate change, we will work with industry partners to promote year-round sales as a standard product category, thereby reducing waste and improving profit margins. Building on these initiatives, we will strengthen category portfolio management and further enhance our earnings structure.

Household Products Business

Homecare Products ▶ Bath Salts

Homecare Products

The homecare products segment offers a diverse range of products, including bath salts, oral hygiene products, and air fresheners. By leveraging its agility and organizational capabilities to create attractive retail displays, the business helps energize the market while providing products that enhance everyday comfort and seamlessly fit into people's lives.

Bath Salts Bath salts are one of the flagship categories within the homecare products segment, enjoying strong brand recognition and a solid market share. Supported by stable demand, this category is positioned as one of the Company's key businesses.

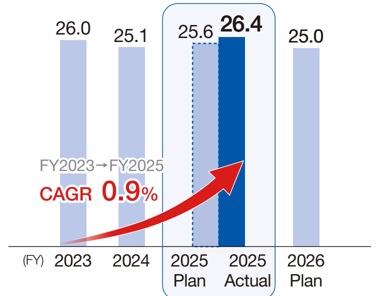
Major Products

We offer products in a variety of formulations and price ranges to meet diverse customer needs.

External Environment

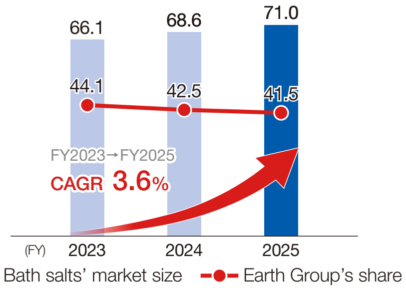
Market characteristics	❶ Gradual market expansion…The market is primarily domestic and continues to grow overall, supported by factors such as increasing consumer awareness of health and wellness. ❷ Shift toward high value-added products…In addition to products that offer enjoyable colors and fragrances, demand is increasing for high value-added bath additives with enhanced functionality, such as those that improve the warming effects of bathing. ❸ Limited impact from weather conditions…Although the market is relatively unaffected by weather fluctuations, demand is seasonally concentrated in the autumn and winter months.
Market position	With a market share of 41.5% (down 1.0 percentage point year on year), we are pursuing synergies from the absorption-type merger with BATHCLIN Corporation to further expand our market share and maintain our position as the No. 1 company in the domestic market.

Bath salts: sales* (billions of yen)



* Including intersegment sales.

Bath salts: market size (billions of yen) and our market share (%)



Sources: Intage SRI+ Bath salts market, national total, all retail channels combined
Cumulative sales value for January–December of each year

Business Overview

We have established a stable earnings model centered on brand strength and a high value-added strategy with the aim of maintaining the No. 1 market share in the bath salts market. By securing appropriate pricing, we improve profit margins while continuing to invest in advertising to sustain brand value. In addition, recognizing that demand is concentrated during the winter season, we are creating new usage occasions to encourage year-round demand.

Furthermore, following the absorption-type merger with BATHCLIN Corporation in January 2026, we have strengthened our structure to generate synergies in product development, marketing, and production, thereby driving the growth of high value-added products and expanding the market. Going forward, we aim to achieve a market share of more than 50% and establish this business as one of the Company's second major earnings pillars, following the Insecticides & Repellents segment.

Category Strategy

In the mature bath salts market, we have adopted a business model centered on a high value-added strategy and stronger brand equity to maintain and expand our market share. Although sales of powder-type products such as Bath Roman and BATHCLIN were lower than the previous year, premium, high value-added products such as Kikiyu and BARTH continued to grow, driving an increase in the average selling price through a shift toward higher value-added offerings.

In addition, following the absorption-type merger with BATHCLIN Corporation in January 2026, we are optimizing marketing investments and creating synergies in product development to strengthen our brands and regain market share. Through these initiatives, we aim to build a competitive portfolio even in a mature market and achieve sustainable growth.

Household Products Business

Homecare Products ▶ Oral Hygiene

Homecare Products

Oral Hygiene Oral hygiene is a key category within the homecare products segment and an important business area with stable sales. Even in a highly competitive market, we maintain a solid market share and view this category as a strategic area with significant growth potential.

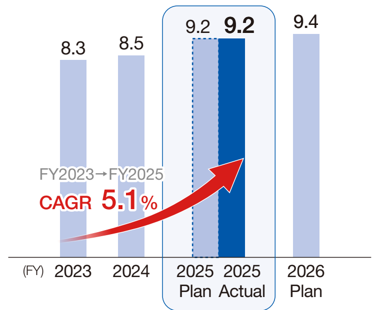
Major Products

We primarily offer mouthwash products, led by the MONDAMIN brand.

External Environment

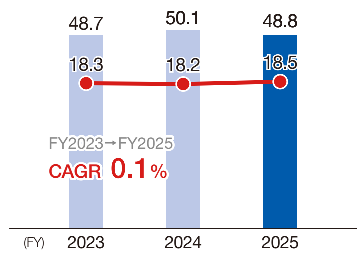
Market characteristics	❶ **Growing demand for oral care**…Consumer demand continues to expand steadily, driven by increasing interest in oral care among an aging population and rising awareness of preventive care among younger generations. ❷ **Intense competitive environment**…The market is highly competitive, with leading domestic and international manufacturers vying for share through product functionality and brand strength. ❸ **Stable year-round demand**…The category is relatively unaffected by weather conditions or seasonality, resulting in stable demand throughout the year.
Market position	With a market share of 18.5% (up 0.3 percentage points year on year), we aim to further expand our share through initiatives including the renewal of our flagship MONDAMIN series.

Oral hygiene: sales* (billions of yen)



* Including intersegment sales.

Oral hygiene: market size (billions of yen) and our market share (%)



Mouthwash's market size
Earth's market share

Sources: Intage SRI+ mouthwash market (mouthwash and liquid toothpaste) national total, all business categories.
Cumulative sales value for January–December of each year.

Business Overview

Our oral hygiene category features a two-tier business model that serves both general consumers and the professional dental market through products exclusively available to dental clinics. By gaining adoption in dental clinics and earning endorsements from dental professionals, we strengthen our competitive differentiation. Through seminars conducted by dentists and information sharing via social media and other channels, we have established a virtuous cycle that enhances both brand value and product credibility, generating stable earnings. Going forward, with the objective of achieving a 20% market share, we will continue to make proactive investments in advertising and promotion from 2026 onward to expand brand awareness and encourage repeat purchases.

Category Strategy

To strengthen our competitiveness in the mouthwash market, we carried out a major renewal of our flagship MONDAMIN series in August 2025. At the same time, we stepped up advertising and promotional activities targeting younger consumers, resulting in strong sales performance, with shipments of the MONDAMIN series increasing to 106% of the previous fiscal year's level. Following the renewal, our market share has also been trending upward, contributing to the wider adoption of oral care habits. Going forward, we will promote the routine use of mouthwash and further expand the market while strengthening our brand, with the aim of developing this category into one of the Company's second major earnings pillars alongside the Insecticides & Repellents segment.

Household Products Business Gardening Products / Pet Products and Others

Gardening Products

Centered on the Earth Garden series, our gardening products lineup includes a wide range of distinctive products, such as insecticides, fungicides, and environmentally friendly herbicides.

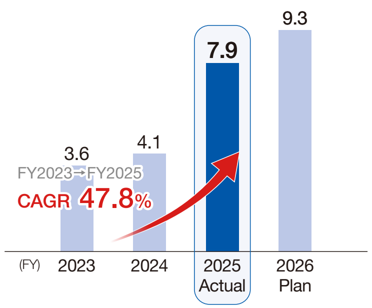
Major Products

We offer products for home gardening, including pest repellents and potting soil.

External Environment

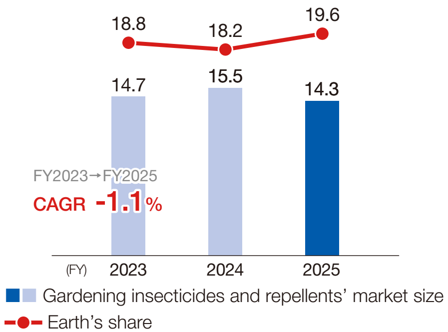
Market characteristics	After a temporary decline following the surge in home gardening demand during the COVID-19 pandemic, demand has been recovering, supported by urbanization, climate change, and growing environmental awareness.
Market position	In the pest repellent market, we hold an established position by leveraging our expertise as a manufacturer of insecticides and repellents.

Gardening products: sales* (billions of yen)



* Includes internal sales.

Gardening insecticides and repellents: market size (billions of yen) and our market share (%)



Sources: Intage SRI+ Gardening insecticide market, national total, all retail channels combined

Cumulative sales value for January–December of each year

Category Strategy

We view the gardening products business as a growth area and are strengthening its business foundation to support future expansion. In February 2025, we acquired PROTOLEAF, Inc., a company engaged in the sale of gardening materials and landscaping services with a strong market position in high-quality potting soil, thereby incorporating its product development capabilities into our operations. As a result, sales of gardening insecticides and repellents, herbicides, and potting soil have performed well, and profitability has been improving. Going forward, we expect continued growth in our existing product lineup and will leverage these synergies to enhance competitiveness and achieve sustainable business expansion.

Pet Products and Others

We offer a range of products including insecticides and repellents for pets, deodorants, and premium pet food, as well as bottled drinking water and other products.

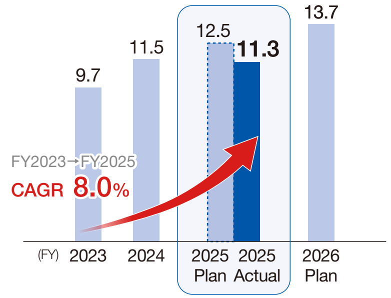
Major Products

Our main product offerings include insecticides and repellents for pets, deodorants, and premium pet food.

External Environment

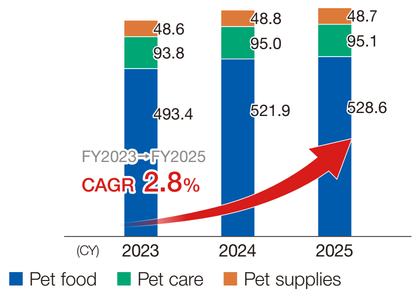
Market characteristics	The market remains solid, supported by rising spending per pet driven by growing awareness of pet health and wellness.
Market position	We have established a strong presence in categories such as insecticides and repellents for pets, deodorants, and body wipes.

Pet products and others: sales* (billions of yen)



* Includes internal sales

Pet products: market size (billions of yen)



Source: 2026 Comprehensive Marketing Survey of the Pet-Related Market (Fuji Keizai).

2025 figures are estimates.

Category Strategy

At Earth Pet, we provide products that support comfortable living with pets while promoting, both in Japan and overseas, the importance of maintaining pet health and improving quality of life (QOL) through our products. In the fiscal year ended December 2025, sales of pet care products increased, while sales of insecticides and repellents for pets and functional pet food fell below the previous year's level. In addition, an impairment loss on fixed assets related to the suspension of the Okinawa cat litter manufacturing business resulted in an extraordinary loss of ¥360 million. Going forward, we will focus on growth areas and review our earnings structure to achieve stable business operations.

Household Products Business Overseas

Interview

—Expanding Distribution Channels Further Across ASEAN

Accelerating the Growth of Our Overseas Business Evolving Our Brands and Business Foundation to Drive Expansion

Kentaro Sato
Managing Executive Officer, Director General of Global Management Headquarters

Overseas markets, particularly ASEAN, are an important growth area for Earth Corporation. As competition intensifies, we need to increase brand penetration while expanding distribution channels. Kentaro Sato, Director General of Global Management Headquarters, explains how the Company is addressing this environment, as well as its strategy and future outlook.

What are the characteristics of the ASEAN market and the current state of brand recognition?

ASEAN is an attractive market with strong growth potential, but market structures and consumer needs differ significantly by country. If we tailor products too closely to each local market, our brands become fragmented. If we standardize too much, we risk failing to meet local needs. Balancing these two priorities has been a major challenge. In the past, we developed products separately for individual countries, but this made it difficult to build brand recognition on a global scale.

Today, in the Insecticides & Repellents segment, we are shifting to an approach centered on the ARS brand, which is positioned for broad penetration across ASEAN, while adjusting product specifications to meet the needs of each country. The brand foundation is now taking shape, and we have entered the stage of accelerating brand recognition and market penetration.

What initiatives are you pursuing to expand sales and market share?

What matters in overseas expansion is not acting on an ad hoc basis. We first develop a clear “map and story” by defining which products to sell, in which markets, and through what approach. Based on this, we design products and develop brands while taking into account the market size and needs of each country.

At the same time, we must respond to differences in regulations, distribution environments, and consumer perceptions. In some markets, for example, there are concerns about the safety of aerosol products, so a uniform product strategy is not enough. For this reason, while keeping effectiveness as our core functional value, we optimize product specifications according to the characteristics of each market, including by offering insecticides and repellents made with natural ingredients.

No matter how good a product is, however, it has no value unless it reaches store shelves. We use both direct sales and distributors as appropriate, and manage the entire process from product introduction to in-store merchandising in an integrated manner. We also use indicators such as the number of customer visits to improve both the quantity and quality of our sales activities and strengthen execution.

These initiatives have enabled us to expand market share in some markets, but we have not yet been able to achieve the same level of progress in every region. Going forward, we will further advance the execution of our strategy and accelerate the growth of our overseas business.

How are you differentiating the business in global markets, and what is your future vision?

In global markets, competition with major overseas companies is unavoidable. Although Earth Corporation has strong recognition in Japan, we entered overseas markets later, where leading brands already occupied store shelves. In the global market, the top company holds a share of slightly over 20%, while we currently rank second despite having a single-digit share. Our first goal is to expand our global share in insecticides and repellents to around 10%, solidify that position, and then pursue further growth.

In this environment, what we emphasize is differentiation based on the needs of each market. For example, because the ARS brand is less likely to resonate in English-speaking markets, we use different brands depending on the region. Our strength in executing this differentiation lies in our ability to develop products in close response to consumer needs and our uncompromising commitment to functionality. We also place importance on elements that appeal to consumers at the moment of purchase, such as package designs that encourage them to pick up our products in stores.

At the same time, while our strategy is in place, we still face challenges in execution. We need to strengthen our organizational capabilities, including by enhancing local subsidiaries and determining the priority of market entry. Going forward, we will build a framework centered on four regions: ASEAN, North, Central and South America, Europe, and the Middle East and Africa. This will create a foundation that enables each region to execute its strategy independently. At the same time, we will promote appropriate talent placement and deepen understanding of our strategy across the organization. By enhancing our ability to think and act proactively, we will elevate the overseas business into a pillar that drives Earth Corporation’s growth.

Household Products Business Overseas

Overseas

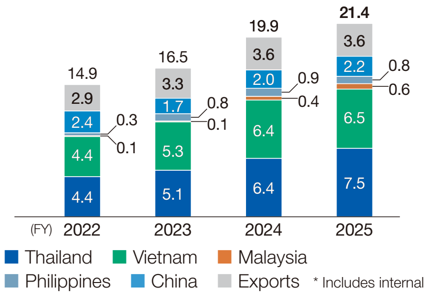
Since entering Thailand in 1980, Earth Corporation has steadily expanded its overseas business and has actively developed its operations through local subsidiaries, primarily in the ASEAN region. By strengthening its regional strategy, the Company is pursuing growth in sales, profitability, and market share in Thailand and Vietnam, while focusing on expanding distribution channels in Malaysia and the Philippines.

External Environment

ASEAN	**A growing market driven by population growth and rising hygiene awareness** As living standards improve, awareness of infection prevention and comfortable living environments continues to increase, driving rapid growth in demand in the Insecticides & Repellents segment and the homecare products segment.
China	**A vast market with intensifying price competition** Although competition from local companies and e-commerce channels has led to intense price competition, we continue to focus on securing profitability and strengthening our sales channels.

Countries where Earth has established local subsidiaries

Overseas: sales* (billions of yen)



* Includes internal sales

Category Strategy

At Earth Corporation, in line with expanding sales in the ASEAN region, we are optimizing our production and supply systems in coordination with the medium- to long-term plans of each country to ensure a stable supply and enhance profitability. On the human resources front, we are building an organization capable of supporting global expansion by providing opportunities for employees to gain overseas experience at an early stage and by strengthening local recruitment.

Our product strategy focuses on three domains—insecticides and repellents, air fresheners, and oral care. While advancing product certification and registration, we combine localization tailored to local market needs with Japanese quality standards in our product offerings. In particular, we maintain strong competitiveness in the mid-priced segment across the ASEAN region.

Strategy for Achieving the Medium-Term Business Plan

We view our overseas business as a key growth driver and, under our medium-term business plan, are pursuing a growth strategy led by our local subsidiaries while strengthening our supply chain and human resources. In the ASEAN region, Thailand and Vietnam serve as the core contributors to earnings, where we are pursuing both market share expansion and sales growth. In Malaysia and the Philippines, we are focused on expanding distribution channels and strengthening our business foundation. In Thailand in particular, we are making proactive investments with the goal of achieving the No. 1 market share with the Insecticides & Repellents segment. In China, we have shifted our strategy in response to changes in the business environment, placing greater emphasis on expanding product placement in retail stores. Our export business now extends to approximately 50 countries, and we are accelerating growth by leveraging successful initiatives across multiple markets. As our overseas operations continue to expand, we are also focusing on optimizing our production and supply systems and on developing and securing global talent.

Country Strategies

Country	Thailand	China	Vietnam	Malaysia	Philippines
Company Name	Earth (Thailand) Co., Ltd.	Earth Corporation (Shanghai)	Earth Corporation Vietnam	EARTH HOME PRODUCTS (MALAYSIA) SDN. BHD.	EARTH HOMECARE PRODUCTS (PHILIPPINES), INC.
Established	1980	2015	Local subsidiary acquired in 2017	2019	Acquired the predecessor company and adopted its current name in 2022.
Main products	Insecticides and repellents, air fresheners, and oral care products	Insecticides and repellents	Household detergents, insecticides and repellents, and air fresheners	Insecticides and repellents, air fresheners	Insecticides and repellents
Strengths	A locally integrated business model encompassing product development, manufacturing, sales, and logistics.	In collaboration with manufacturing facilities and other partners in China, sales activities are focused on the four major cities of Beijing, Shanghai, Guangzhou, and Shenzhen.	An efficient distribution network supported by a nationwide sales force of approximately 700 personnel.	A market environment conducive to the adoption of high value-added products.	Close collaboration with manufacturing facilities in Thailand and Vietnam.
Market overview	• Strong growth among key accounts. • Maintains the No. 2 market share in the insecticides and repellents market in Thailand.	• The market is large, but price competition is intensifying. • The business is undergoing strategic realignment in response to the rise of local manufacturers.	• The country stretches over a long north-south axis, and approximately 70% of retail outlets are independently owned stores. • A growing market driven by increasing hygiene awareness.	• The warm climate creates strong demand for insecticides and repellents. • Hygiene awareness and consumer spending are increasing.	• A market with strong long-term growth potential, supported by rapid population growth and robust economic development.
Growth and expansion strategy	• Achieve the No. 1 market share in Thailand's insecticides and repellents market. • Improve profit margins by reducing raw material costs and enhancing production efficiency.	• Strengthen sales through retailers with physical store networks. • Acquire customers through e-commerce in collaboration with Japan and promote brand penetration in China.	• Strengthen in-store merchandising and expand the sales workforce to increase market share. • Implement cost reduction initiatives.	• Expand the retail network by developing new accounts in densely populated areas.	• Improve the efficiency of sales promotion and advertising expenditures.

General Environment and Sanitation Business

The General Environment and Sanitation Business provides integrated inspection, consulting, and implementation services to a wide range of industries, including food, pharmaceuticals, healthcare, and logistics, to help prevent microbial contamination and the intrusion of foreign matter such as insects. By supporting quality assurance activities throughout the supply chain, the business contributes to creating safe and secure living environments.

External Environment

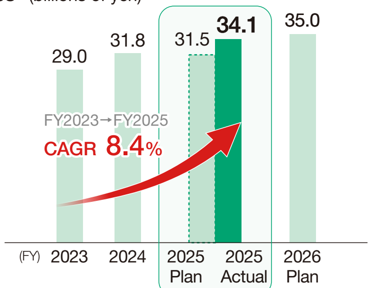
Market characteristics	Stable demand growth with limited sensitivity to economic cycles • Capital investment in the manufacturing sector remains active • Demand for, and opportunities to provide, high-quality sanitation management services are expanding, driven by concerns over foreign matter contamination and related issues. • Because its primary customers are facilities handling essential goods, such as food and pharmaceutical plants, demand is relatively resilient to economic fluctuations and remains stable throughout the year.
Market position	• Highly specialized professionals known as “Environmental Doctors” • An extensive network spanning Japan and overseas • High value-added services backed by proven technical expertise

Main Services

Environmental monitoring / Testing and identification of microorganisms and foreign matter / Pest control and microbial contamination prevention / Sanitation and specialized cleaning / Quality assurance system development / Support for certification acquisition and compliance audits / Human resource development through training services / Factory design, construction support, and facility engineering / Building maintenance / IoT system development / Product development and sales

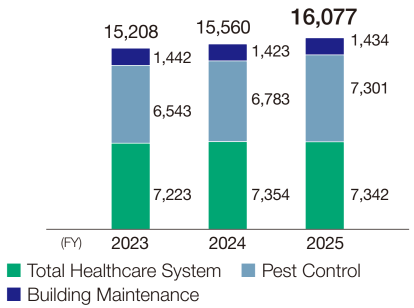
On-site inspection

General Environment and Sanitation Business: sales* (billions of yen)



* Includes internal sales

General Environment and Sanitation Business: annual number of contracts



* Total Healthcare System (Integrated Environmental Hygiene Management): integrated, systematic hygiene management support services consisting of tailor-made options
* Pest Control: pest and vermin control operations
* Building Maintenance: management of buildings including general cleaning operations

Business Model

The General Environment and Sanitation Business is primarily based on annual contracts with corporate customers. In addition to acquiring new contracts, its recurring business model enables revenue to accumulate steadily through continued service use. In the food, pharmaceutical, and healthcare sectors, demand for high-quality sanitation management services remains strong, driven by increasingly stringent international safety standards, revisions to domestic regulations, and growing awareness of contamination risks.

Against this backdrop, our distinguishing feature is a preventive approach to sanitation management that focuses on avoiding risks before problems arise rather than responding after they occur. We provide an integrated range of services, from inspections and analyses to prevent microbial contamination and foreign matter intrusion, to consulting on sanitation improvements and on-site implementation, thereby supporting quality assurance and risk reduction across our customers’ entire supply chains. As our services become more sophisticated, contract values have increased, and the number of contracts has grown as more companies seek advanced expertise and technical capabilities.

To strengthen our competitive differentiation, we continue to invest in talent development and technology development utilizing AI and IoT, enhancing both the sophistication and value-added nature of our services. Through these efforts, we are building a sustainable and competitive business model that enables us to retain and expand existing customer relationships while securing appropriate profit levels.

Growth Strategy

As quality and safety requirements continue to rise, particularly in the food and pharmaceutical sectors, we are strengthening our competitiveness by advancing our business based on seven key themes: people, expertise, technological capabilities, education, occupational safety, business infrastructure, and business creation. Centered on the Saito Research and Training Institute, we continue to invest in talent development and research and technology development while enhancing preventive next-generation services utilizing AI and IoT, food safety audits, and sanitation management support for the life sciences sector, thereby providing more efficient and higher value-added services.

In addition, leveraging our technological capabilities, education, and expertise, we are enhancing quality assurance support provided by our Environmental Doctors and expanding into new business areas. By steadily increasing our base of annual contracts while continuing to invest in talent development and research and development, we aim to achieve sustainable growth.

General Environment and Sanitation Business

Four Strengths of the General Environment and Sanitation Business

The safety and reliability of food and pharmaceutical products are fundamental not only to corporate trust and brand value but also to protecting people's lives and health. Going beyond conventional pest control and cleaning and disinfection services, the General Environment and Sanitation Business delivers value as an “infrastructure for quality and safety” by helping prevent quality incidents and sanitation risks before they occur and by supporting quality assurance in the food, pharmaceutical, and healthcare sectors.

Strength 1:
A Specialized Talent Infrastructure That Develops “Environmental Doctors”

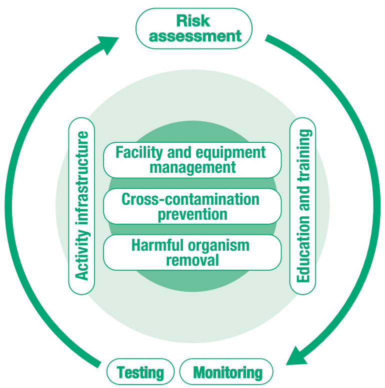
The competitiveness of our General Environment and Sanitation Business is built on two key pillars: people and technology. As the sanitation management industry is highly labor-intensive, securing and developing highly skilled personnel is essential for sustainable growth. To this end, we have established the Human Resource Development (HRD) Division, comprising the Human Resources Department and the Skill Development Center, which provides structured training programs covering sanitation and pest control expertise as well as auditor training in food safety and pharmaceutical quality systems. Through the development of specialized professionals known as Environmental Doctors, who diagnose on-site issues based on scientific evidence and provide recommendations for improvement, we continue to enhance the quality of our services.

Strength 2:
Comprehensive Solutions Supporting Quality and Safety

The greatest strength of our services lies not only in resolving visible issues but also in providing a one-stop PDCA cycle that covers the identification and analysis of potential risks through to the planning, implementation, and evaluation of countermeasures.

Specifically, based on the “Eight Approaches” shown in the figure on the right, we design customized solutions tailored to each customer's requirements and deliver the most appropriate services. This enables us to achieve meaningful risk reduction based on solid evidence efficiently, shifting the focus from reactive measures after problems occur to proactive prevention.

Eight Approaches



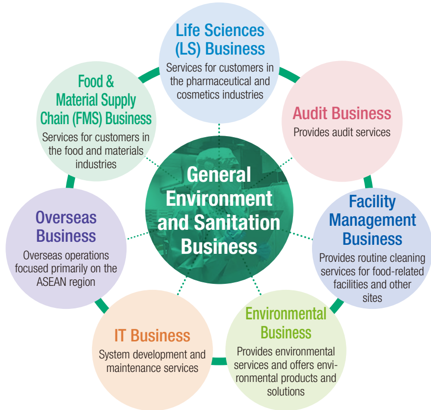
Strength 3:
Technology and Analytical Capabilities Based on Scientific Evidence

We leverage our research and development functions and analytical centers to provide advanced scientific capabilities, including microbiological testing, foreign matter analysis, and genetic analysis. In addition, our specialized organizations, including the Sanitation Division and Academic Affairs Division, work together to address a wide range of sanitation challenges, particularly in the food, pharmaceutical, and healthcare sectors. We are also advancing the introduction of IoT-enabled automated monitoring systems and enhancing our preventive services by analyzing accumulated data to detect pest activity and sanitation risks at an early stage before they develop into problems.

Strength 4:
A Business Foundation That Responds to Diverse Needs

Building on the expertise we have cultivated primarily in the food and pharmaceutical sectors, we continue to expand our business domains. Starting from sanitation management, we have broadened our scope to include auditing, environmental services, IT, and overseas operations, thereby enhancing our ability to respond to increasingly diverse customer needs. Going forward, we will further extend the value we provide into the broader field of environmental management, including the natural environment and workplace environments, and support the resolution of challenges across all aspects of the environment.

Seven strategic focus areas



Column

What Is an Environmental Doctor?

Environmental Doctors are specialized professionals developed by our Company who possess expertise in sanitation, pest management, food safety, and related fields, and who diagnose and resolve on-site issues based on scientific evidence. Just as a physician diagnoses a patient’s condition and recommends appropriate treatment and preventive measures, an Environmental Doctor investigates and analyzes conditions at manufacturing sites and facilities and develops the most appropriate countermeasures. They provide integrated support covering inspection and analysis, implementation, effectiveness verification, and ongoing maintenance, helping customers strengthen quality assurance and create safe and secure environments by preventing quality incidents and sanitation risks before they occur.

MA-T®

Interview

— New Possibilities Unlocked by MA-T®

New Value Created Through "Decomposition" Initiatives Toward Social Implementation and Commercialization

Yoshiaki Sakurai
Executive Officer, General Manager of MA-T Business Center

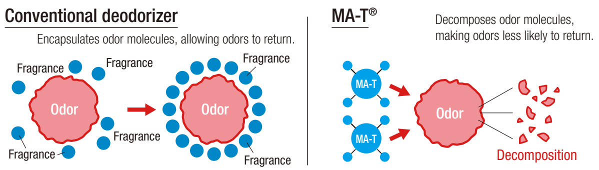
The MA-T® business addresses social challenges such as infectious diseases and environmental issues. Earth Corporation is developing this business as one of the foundations for its future growth. Katsuaki Sakurai, General Manager of the MA-T Business Center, explains the path forward and his vision for the future.

What kind of technology is MA-T®?

MA-T® is an innovative technology that controls oxidation reactions through the use of catalysts. It has the potential to bring innovation to a wide range of industries, from infection control through disinfection and deodorization, to pharmaceuticals, polymer surface modification, and methanol production.

In the fields of disinfection and deodorization, MA-T® does not simply mask or temporarily suppress the target in the way conventional methods do. Instead, it acts directly on target substances and decomposes them. Another major feature is its groundbreaking mechanism of reacting only when a target is present—in other words, it works only when needed. This enables MA-T® to deliver both safety and effectiveness.

True deodorization by "decomposing" odors rather than "masking" them



Because of these characteristics, MA-T® has the potential to serve as an alternative to alcohol. Alcohol has long played a central role in disinfection, but if it can be replaced by MA-T®, a technology that combines safety and effectiveness, MA-T® could fundamentally change how we approach infection control and hygiene.

How do you plan to expand this technology and grow it as a business?

At Earth Corporation, we position MA-T® not simply as a product, but as a foundational technology that can be integrated into a wide range of industries. For a technology of this nature, it is important to expand adoption through collaboration rather than developing it on our own. Accordingly, we have adopted a policy of accelerating social implementation through open innovation. As a key initiative, we established the Japan MA-T Industrial Association. Today, more than 115 companies and organizations participate in the association, and we are working with leading companies across various industries to explore applications and move them toward practical implementation.

The value of MA-T® increases not through competition among individual products, but as its range of applications expands. Rather than pursuing short-term sales growth, we place priority on first establishing its value as a technology and promoting its adoption throughout society. Based on that foundation, we intend to create revenue opportunities through licensing and product supply as applications continue to expand.

How could MA-T® transform society?

The value of MA-T® extends far beyond infection control. For example, in the tire industry, significant performance improvements are expected through polymer surface modification, including enhanced braking performance. This market is estimated to be worth approximately ¥20 trillion, and we are currently exploring opportunities in this market. In the energy sector, MA-T® technology also has the potential to enable the conversion of methane generated from cattle digestion and manure into methanol under ambient temperature and pressure, whereas conventional methods require high temperatures and pressures. As a technology that could contribute both to reducing greenhouse gas emissions and to making more effective use of energy, MA-T® is also being considered for practical implementation in small-scale plants.

MA-T® is a technology that has the potential to redefine conventional approaches through decomposition. As it becomes more widely adopted in society, it can contribute not only to safer and more comfortable living environments, but also to new solutions for challenges that have long been difficult to address. Moreover, by becoming integrated into a wide range of industries, MA-T® could evolve into a technology that supports social infrastructure in the future. Earth Corporation will continue to nurture MA-T® as a technology originating in Japan, establish it as one of the foundations for its future growth, and promote its wider adoption across society.

For more information on these initiatives, please visit our website (in Japanese).
https://corp.earth.jp/jp/company/business-product/ma-t/index.html

MA-T®

The MA-T System® (MA-T®) is a technology for which Earth Corporation holds the core patents and that has the potential to address a broad range of social challenges, from sterilization and deodorization to food hygiene, agriculture, healthcare, surface oxidation, and energy. In addition to strengthening preparedness for future pandemics, it is an innovative technology that can contribute to the realization of a sustainable and carbon-neutral society. It also has the potential to drive the transformation of our business portfolio and support our evolution into a company that delivers solutions to social challenges.

Strategic Positioning

We are advancing the commercialization and social implementation of the MA-T® business with the aim of creating new businesses that are less susceptible to seasonal fluctuations and securing stable earnings through our liquid-based products business.

Matching Transformation System® (MA-T®) is an innovative oxidation-control technology originating in Japan. By regulating the activity of chlorite radicals, it provides a versatile platform with potential applications ranging from infection control to environmental impact reduction and the realization of carbon neutrality. As the market remains in an early stage of development and is transitioning from research to practical implementation, we regard this business as a strategic investment area that is not expected to generate short-term profits. To accelerate adoption, we are pursuing an open innovation strategy and promoting social implementation through collaboration among industry, government, and academia. Working closely with the Japan MA-T Industrial Association and a wide range of partner organizations, we aim to expand the applications of MA-T®, achieve long-term profitability, transform our business portfolio, and evolve into a company that delivers solutions to social challenges.

Development progress by field and profitability status for Earth Corporation

Weak ← Enabling a wide range of applications through the control of activation strength → Strong

	Disinfectants / Deodorants	Food hygiene	Agriculture / Forestry	Healthcare	Surface oxidation	Energy
	• Sterilizing bacteria / viruses • Decomposing odor compounds	• Disinfecting food / tableware • Hygiene management at factories	• Sterilizing spore-forming bacteria • Disinfecting seeds	• Treating infectious dermatitis / cancer	• Modifying polymer surfaces • Functionalizing (hydrophilization / adhesiveness)	• Producing formic acid and methanol from methane (carbon neutral)
Progress status	Sundries / Cosmetics Already available * Not licensed for medical use	Food additives Under development	Under development	Cancer treatment Under development	Eg-grid development (for cryo-electron microscopy)	Under development (Biomethane → Methanol and Formic acid)
Earth Corporation's earnings	Earth product sales OEM manufacturing	Earth product sales OEM manufacturing	–	License earnings	License earnings	License earnings

Main Products

Household and professional cleaning products utilizing MA-T® technology

Investment Strategy

In line with our medium-term management plan, we are making focused investments in three key areas—research and development, human capital, and external partnerships—to develop the MA-T® business into a future source of earnings. In research and development, we continue to validate applications across a broad range of fields and are strengthening technological collaboration with industry partners through our licensing platform to accelerate the social implementation of the MA-T® oxidation control technology. We are also investing in the development of specialized talent and enhancing global awareness of MA-T®. Through initiatives such as participation in the Sedona Forum – Tokyo, an international policy forum hosted by the U.S.-based bipartisan think tank the McCain Institute, we are actively promoting the value of MA-T® to a global audience. In addition, we are expanding open innovation through collaboration among industry, government, and academia and, in cooperation with the Japan MA-T Industrial Association, advancing partnerships with a diverse range of companies. Rather than pursuing short-term profits, we continue to make strategic investments from a long-term perspective to evolve MA-T® into a business that delivers solutions to social challenges.

Column

Examples of the Social Implementation of the MA-T System®

Commercialization of the nursing care industry's first multi-purpose washer compatible with MA-T®
Reducing disinfection processes to significantly ease workloads in nursing care settings and reduce maintenance requirements.

Earth Corporation, in collaboration with ATAM Giken Co., Ltd., launched the nursing care industry's first multi-purpose washer that utilizes MA-T® technology in the rinsing process. Disinfecting welfare equipment by manually wiping it down has traditionally placed a significant burden on care staff. By using MA-T® in the rinse water, rinsing and disinfection can be performed simultaneously, substantially reducing manual labor. Thanks to its low corrosiveness, MA-T® has minimal impact on equipment and also helps suppress mold growth inside the washer while preserving the quality of the welfare equipment.

	Multi-purpose washer cleaning process			After-cleaning processing unit cleaning process	
Conventional process (Rinse aid)	Washing →	Rinsing →	Rinsing Rinse aid	Drying →	Maintenance Disinfection Manual operation
MA-T®	Washing →	MA-T® rinsing →	Rinsing Rinse aid	Drying →	~~Maintenance Disinfection Manual operation~~

Comparison of Cleaning Processes

Research and Development

Earth Corporation is creating safe, high-quality, high value-added products with the aim of realizing healthy and comfortable lives for everyone. Always taking "the customer's perspective," we respond to changes in markets and consumers and move with speed in activities ranging from basic research to product development.

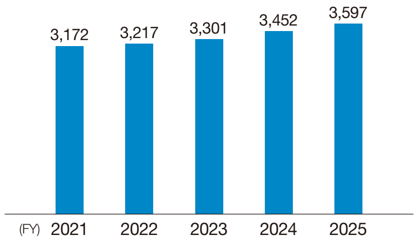
Earth Corporation R&D

R&D Policy

At Earth Corporation, we place importance on the customer's perspective and conduct research on and the development of useful technologies and materials with a focus on for whom and on how they will be used. Discovering problems and dissatisfactions in daily life that our customers themselves may not even be aware of, we will continue to bring about changes in their lifestyles through our innovative products and create products that are of benefit to society.

Customer insights sent from the Customer Service Department provide valuable clues for development and improvements. The relevant departments are promoting the widespread use of a text mining system so that they can research and utilize those insights from their own departmental perspectives.

Trends in R&D expenditures (millions of yen)



Earth Corporation's Originality

Creating overwhelming performance

We pursue powerful performance that makes the difference from existing products clear the moment customers use them, and develop products they will want to keep using. Black Cap, which is effective for one year from the day it is placed, is a prime example.

Two moments of delight

We aim to create products that delight customers twice: once when they see them and again when they use them. Goki Jet and Earth Jet embody this value by combining the visual impact of pistol-shaped nozzles with strong spray power and ease of use.

Field-based ideas that generate 0-to-1 innovation

We emphasize the development of completely new products that are differentiated from existing products and create something from 0 to 1. By having researchers themselves conduct in-store market research and participate in business negotiations, we combine the customer's perspective with technological expertise to achieve innovation and differentiation.

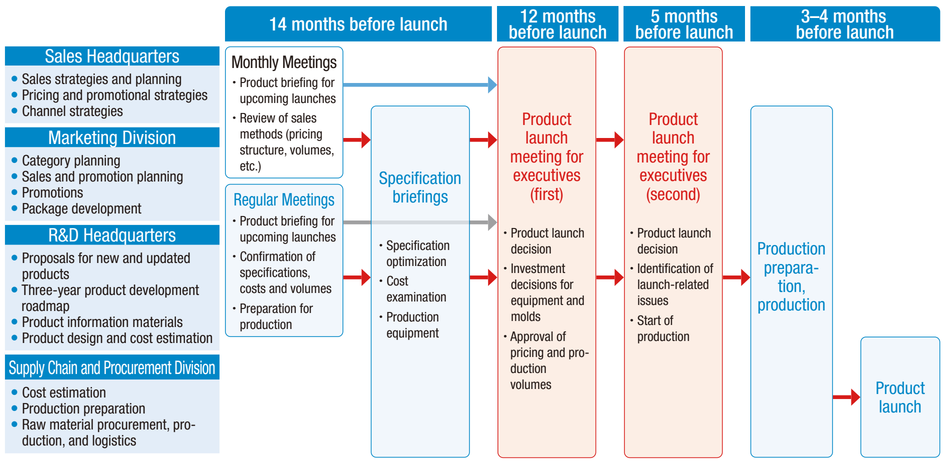
Processes and Technological Capabilities Supporting the Development of Diverse Products

At Earth Corporation, the sales, marketing, R&D, and procurement departments work closely together, taking an integrated approach from product planning through development. At monthly sales and marketing meetings, market trends and sales strategies are shared. Within the R&D department, many researchers, including younger members, give presentations at twice-yearly "new product idea" forums, where ideas are brought together across categories, and at "new product idea" meetings for each category. These opportunities help stimulate creativity and raise motivation. We also hold product category strategy meetings to deepen marketing strategies from a technological perspective and consider how to realize them, thereby improving the precision of product development through cross-departmental collaboration.

By clarifying differentiation points and solutions to customer issues in the initial stages of development, and by thoroughly setting targets, managing progress, and controlling schedules, we enable rapid development. In addition, our insect breeding room constantly maintains more than 90 species of pests, providing an environment where necessary tests can be conducted immediately. This is a key strength that powerfully supports technological development.

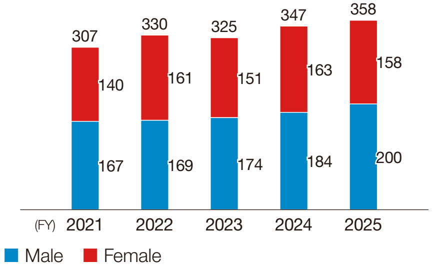
As a result of these initiatives, in fiscal 2025 we launched 412 new or updated products (274 in Japan and 138 overseas).

Product commercialization process



Developing R&D Human Resources

Trends in number of employees at R&D Headquarters (consolidated)



Our R&D human resources are a group of specialists based at the Ako Research Institute, Tsukuba Research Institute, and Saito Research and Training Institute (T-CUBE), who are responsible for a wide range of activities from basic research to product development. They have diverse backgrounds, including chemistry, biology (insects and plants), pharmacology, organic synthesis, nutritional chemistry, and genetics, and generate new product ideas by sharing research outcomes across organizational boundaries. Their fields range widely, from insecticides and repellents to home gardening and microbiology- and genetics-related research. Going forward, through the integration of BATHCLIN Corporation, we will also share new insights, including perfumer techniques and knowledge of crude drugs.

Cross-Departmental Collaboration

Based on our values of "everyone participates, communication, and people are everything," researchers at Earth Corporation actively consult and negotiate with other departments from early in their careers as they advance product development and launches. To foster a culture in which people can freely exchange opinions across generations and positions, we have created workplaces with fewer partitions through our Open-Door Policy.* This kind of cross-departmental collaboration enables us to emphasize the customer's perspective and create highly original products through close cooperation among departments.

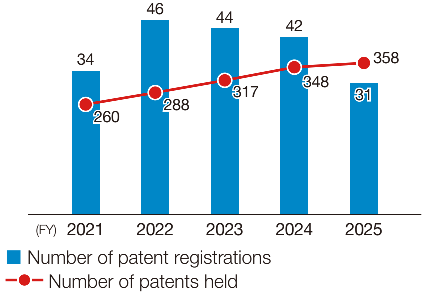
* Please refer to the Glossary on P.74

Extensive Research Facilities

Our development capabilities, which allow us to bring more than 100 new products to market each year, are also supported by our extensive research facilities. Depending on their intended use, we check the effectiveness of products in a variety of test rooms that replicate ordinary households. We are also fully equipped with greenhouses and vegetable gardens to test the effectiveness of our horticultural products. Raising more than 90 species of insect pests in our animal breeding rooms, we conduct ecological research on a daily basis to meet all kinds of pest control-related needs.

Policy Regarding Intellectual Property

Trends in number of patent registrations / patents held



* Number of patents held: Of the total number of registered patent rights, the number of unexpired rights

Earth Corporation regards intellectual property (IP) as an important management resource and works to secure a competitive advantage and enhance earnings through an IP strategy aligned with its business and R&D strategies. By protecting innovative technologies through patents, designs, trademarks, and other IP rights, and bringing original products to market, we aim to help resolve social issues and contribute to a sustainable society. From the early stages of product development, our R&D, marketing, and IP departments work together to promote an "IP mix" that protects technologies, designs, and names at the appropriate time, thereby helping build brands that customers will continue to choose over the long term.

Promotion of Global IP Activities

To further accelerate overseas businesses with high growth potential, Earth Corporation has positioned the strengthening of global IP activities as an important theme. In particular, counterfeit products are a serious risk because they threaten customers' safe and comfortable lives and damage brand value. We therefore continuously monitor and remove such products from e-commerce sites. In addition, by working closely with local Group companies to advance anti-counterfeiting measures and brand value protection in an integrated manner, we are enhancing competitiveness in overseas markets.

People on Site

Frontline Voices Supporting Value Creation

Kazuya Onishi
Intellectual Property Office, Ako Research Laboratories
Research & Development Headquarters

The Role of IP in Supporting the Value of Original Products

I engage in IP activities while always keeping in mind how to enhance the Company's competitive advantage. By working closely with the R&D Headquarters to exchange ideas, we translate the technological and design strengths of products created from the customer's perspective into patent rights, design rights, and other IP rights, thereby helping increase product value. Each time I see customers choose our products at the store, I am reminded of the importance of these accumulated efforts. Going forward, I will continue to contribute to the sustainable growth of our businesses through IP activities that support original products.

Young Researchers' Roundtable Discussion

Delivering Comfort to the World
The Next Generation Shares Perspectives on Earth Corporation's Value Creation

Ayaka Kanada
(Malaysia)
Research & Development Dept.
Global Management Headquarters

Ryo Takahashi
(United States and Saudi Arabia)
Research & Development Dept.
Global Management Headquarters

Takahiro Yatsuzuka
("Raku Hapi" Brand)
Ako Research Laboratories
Research & Development Headquarters

Chinatsu Ikeda
(Deodorizers and Air Fresheners)
Ako Research Laboratories
Research & Development Headquarters

Shusei Tanaka
(Bath Salts)
Ako Research Laboratories
Research & Development Headquarters

Earth Corporation is committed to creating more comfortable lives. How is that comfort defined, and how is it brought to life? Five early-career researchers share their perspectives on their experiences in research and development and the future expansion of these efforts.

What does comfort mean from a researcher's perspective?

Kanada: I am responsible for product development for the Malaysian market. When I think of comfort, I think of creating a pleasant living environment, such as a space free of insects or one filled with a favorite fragrance. I often begin by considering how people live in the local market.

Takahashi: Overseas, there are many countries where the basic living environment differs from that of Japan. In environments where insects enter homes, simply preventing that can have a significant impact. In those countries and regions, comfort is not so much about creating a positive experience as it is about removing a source of discomfort.

Yatsuzuka: I work on product development for the "Raku Hapi" brand in Japan. Customers are often motivated by a desire to resolve an uncomfortable situation, so our role is first to remove their discomfort. Beyond that, enabling people to live a little more easily and comfortably is what I believe allows them to experience comfort.

Tanaka: I work on bath salts, and it offers a somewhat different perspective. Their value lies in taking people from zero to a positive state by helping them change their mood and relax. They may not dramatically change everyday life, but I believe that repeatedly experiencing the ability to relax through their use ultimately leads to comfort.

Ikeda: I am responsible for the deodorizer and air freshener category. This category serves two purposes: removing unpleasant odors and creating a pleasant atmosphere through fragrance. Achieving both aspects is what I believe comfort means in this category.

How do you incorporate the customer perspective into research and development?

Ikeda: Recently, I often check social media and customer reviews. They provide very direct insights into how customers feel, and evaluations expressing dissatisfaction are often more informative. Customer comments about what concerns them often provide valuable hints for future improvements.

Yatsuzuka: I try to incorporate feedback from the field as much as possible. I sometimes visit stores to observe customers and hear their feedback directly. I also go talk with cleaning professionals. For example, the structure of air conditioners and bathrooms has changed over time, and the way they become dirty and are used has also changed. It is important not only to listen to customers' voices but also to understand the reasons behind how they feel.

Young Researchers' Roundtable Discussion

Tanaka: I make a conscious effort to purchase and use products myself. Bath salts are often selected based on one's mood at the time, so I personally experience the selection process and how they feel when actually used.

Takahashi: In my work overseas, I sometimes participate in business meetings with sales representatives and present the products that I have developed. I receive direct feedback from local customers and hear comments that reflect local perspectives such as "Do you have a product like this?" and "This part should be improved." The responses are often different from what I expect, and each interaction provides important insights.

Kanada: I also place importance on communication with local team members. Preferences can differ greatly even for a single fragrance, so making adjustments while considering whether it fits actual lifestyles helps maintain a customer perspective.

From a researcher's perspective, where do you see Earth Corporation's strengths?

Tanaka: The greatest strength is our active communication. Our work is never completed within the research department alone. Because we develop products while closely exchanging information and opinions with colleagues in procurement, quality assurance, manufacturing, and other departments, we are able to develop higher-quality products, minimize gaps in understanding, and make decisions more quickly.

Yatsuzuka: I also believe that one of our strengths is having an environment where employees can take on a variety of challenges from an early stage in their careers. From my second year with the Company, I often had opportunities to speak with specialists and visit actual worksites. In some cases, I visited on my own, which allowed me to gain a wide range of experience.

Ikeda: The Company handles a wide range of categories, from insecticides and repellents to home care products and gardening products, and being able to gain ideas from researchers in other fields nearby is unique to the Company. Focusing only on one's own area can sometimes narrow one's perspective, but presentations by other groups and everyday interactions often provide new insights, which I believe is a strength.

Kanada: When working in overseas markets, not only a research perspective but also a market perspective is required. In addition to product performance, products must be designed while considering price and the balance with competitors, resulting in a role that extends beyond research alone. As brand recognition is still limited in many overseas markets, I constantly consider how to create products that customers will choose through daily communication.

Takahashi: I rarely feel that I work only in research. We are also involved in manufacturing and sales and sometimes explain products at exhibitions. Working with designers on package design is also part of a researcher's role. Being able to conduct research and development with an understanding of the entire process, from upstream to downstream, is a major strength of the Company's research activities.

How far can Earth Corporation broaden the concept of comfort going forward?

Tanaka: Customer needs will continue to diversify going forward. Even for bath salts, what people seek changes depending on their mood and the weather on a given day. Responding to each of these increasingly diverse needs will help bring comfort to more people.

Ikeda: Lifestyles have changed due to factors such as the increase in remote work and single-person households, and the way people spend time at home has also changed. As lifestyles become more diverse, what people seek is changing, while some needs remain unchanged. It is important to develop products while considering both changing and unchanging needs.

Takahashi: Looking overseas, there are still many regions where we have not yet expanded sufficiently, and there is significant potential to bring comfort to many more people. Globally, we are expanding not only across Asia but also into target markets around the world. However, because lifestyles and preferences differ from country to country, product development tailored to each market is required. At the same time, areas that can be standardized need to be standardized in order to maintain speed, so we need to expand while maintaining that balance.

Kanada: Because laws and regulations differ from country to country, products that can be launched quickly in Japan may require several years for registration overseas. Trends may change during that time, so development must proceed with careful consideration of timing. Even when needs are clearly identified, it is the role of research to translate them into actual products, requiring specific design work that includes formulations and containers.

Yatsuzuka: Earth Corporation is also a company that takes on challenges, so we can broaden our perspective beyond people to include the planet itself. With issues such as global warming and environmental impact, our job is to design everything from the selection of raw materials to how products are used. We aim to create a state that is comfortable for customers while taking the environment into consideration. I believe our work has the potential to extend that far.

Human Capital Management

Earth Corporation regards its employees as invaluable human capital and places great importance on creating an environment where they can grow and find fulfillment in their work. We strive to be not only a company that selects talent but also a workplace that is chosen by talent, providing systems that enable people with diverse backgrounds to shape their careers independently. Based on the belief that individual growth creates the future of the business and strengthens the Group as a whole, we support each employee's challenges and success. On the following pages, we respond to stakeholders' questions regarding our key human capital management challenges and the major initiatives we are undertaking to address them.

Basic Approach to Practicing Human Capital Management

To realize its management philosophy, Earth Corporation has established a comprehensive framework for its human capital initiatives, centered on the Earth Human Resources Philosophy and Human Resources Management Policy, together with its Human Rights Policy and Labor Practices Policy. Under the medium-term management plan "Act For SMILE COMPASS 2026," we have identified four human capital materialities from both long-term and short- to medium-term perspectives and are working toward the realization of well-being, where diverse talent can build fulfilling careers with a high level of engagement.

We also regard the creation of cost synergies through stronger Group management as a key priority and are pursuing the integration of functions and organizational optimization. In doing so, rather than applying a one-size-fits-all approach, we emphasize individual autonomy and assigning the right people to the right roles so that diverse capabilities can be fully utilized. In addition, we are shifting our focus from merely maintaining existing systems to creating mechanisms and environments that encourage challenge and innovation, fostering a culture that supports employees' initiative and willingness to take on new opportunities. Through these initiatives, we will cultivate global talent, strengthen the management foundation of the Group as a whole, and develop the human capital needed to support sustainable growth.

Growing together with employees

Earth HR Philosophy

=Challenge to Grow=

~WE VALUE ALL OF OUR COLLEAGUES, AND TAKE ON CHALLENGES TOGETHER~

Earth HR Policy

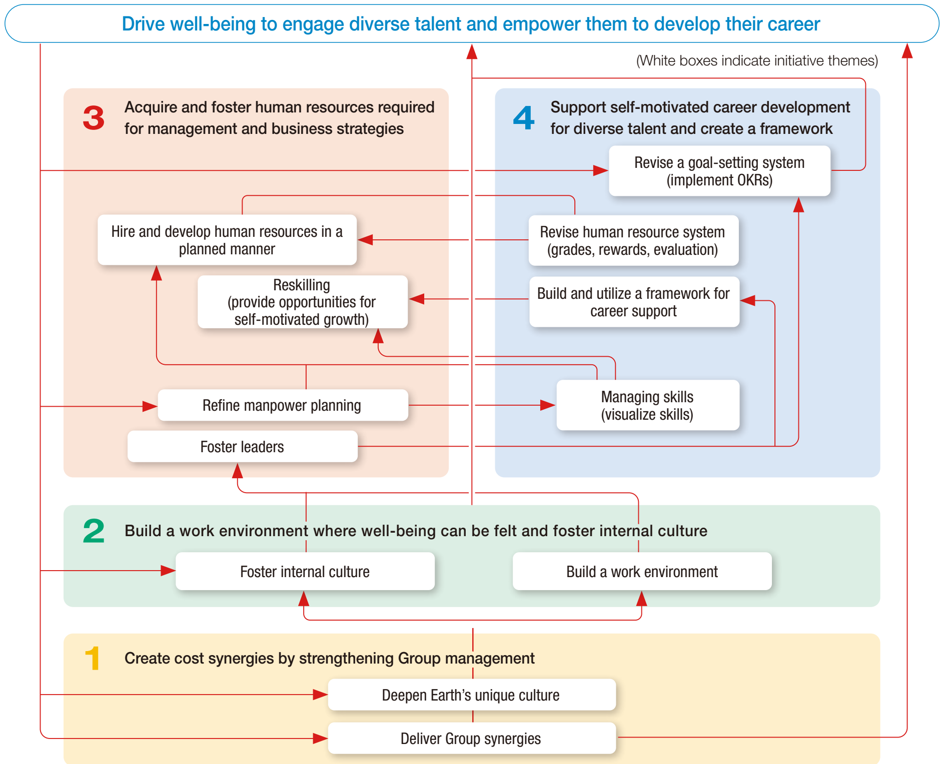
- Look for people who understand our corporate policy
- Foster people who can independently carry through on our Group policy
- Provide people who are willing to take on challenges with meaningful work and opportunities
- Richly reward people who achieve results
- Create workplaces where people can work with peace of mind
- Achieve diverse workstyles

Human Resources Materiality

1. Create cost synergies by strengthening Group management
2. Build a work environment where well-being can be felt and foster internal culture
3. Acquire and foster talent required for management and business strategies
4. Support self-motivated career development for diverse talent and create a framework

Indicators, KPIs, targets, and results

Materiality (key issues)	Key topics and main measures	Targets and KPIs	FY2024 results	FY2025 results
Creating workplaces that support activities by diverse individuals	• Support female empowerment by raising the share of women in management-level positions	• Female manager ratio: At least 30% (2030)	11.8%	12.6%
	• Encourage employees to take annual paid leave entitlements	• Paid leave usage rate: Maintain a level of at least 70% (2030)	76.6%	82.2%



Human Capital Management

Developing Talent That Creates the Value of Comfort

Related Human Capital Materiality

3. Acquire and foster talent required for management and business strategies

Key Challenge Strategic recruitment and talent development, and refinement of workforce planning

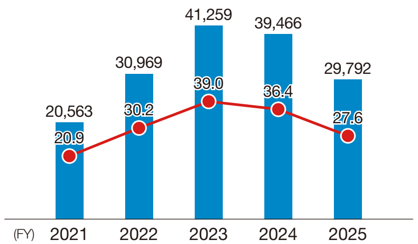
Q Why do you position human capital as the foundation of your strategy?

Human rights and safety are the foundation of all corporate activities, while building expertise and passing on corporate culture require sustained effort over many years. In addition, employee engagement is the driving force behind value creation and effective execution. Without an environment in which diverse talent can experience well-being and work with motivation, even the best strategies cannot be fully realized. Ultimately, strategy is executed by people, and because the growth of our talent shapes the future of our business, we position human capital as the foundation of our strategy.

Q What is your strategy for investing in human capital?

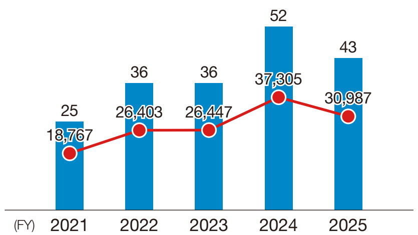
We are accelerating investment in human capital to support growth and plan to invest ¥1 billion during the current medium-term management plan period (2024–2026). In addition, by leveraging our talent management system, we are shifting decisions on human capital investment from subjective judgment to objective and transparent evaluation. We are strategically investing in the capabilities our people need to develop, while simultaneously fostering individual growth and strengthening organizational capabilities.

Total training hours (hours) / Training hours per employee (hours)



■ Total training hours
—●— Training hours per employee

Total training expenditure (millions of yen) / Training expenditure per employee (yen)



■ Total training expenditure
—●— Training expenditure per employee

Q What were the results of the revision of level- and purpose-specific training?

In 2024, we revised our training programs, placing greater emphasis on management and talent development for supervisors, communication and coaching for managers, and the development of junior employees for team leaders. By combining external instructors with in-house training programs, we enhanced the practical value of our training while expanding opportunities for self-directed learning through online learning support. As a result, total training hours reached 29,792 in 2025, demonstrating steady improvements in skills development across all organizational levels.

Revised training programs

Q Have you secured sufficient global talent in both quantity and quality to support your international expansion?

We are enhancing the skills required for international operations through language support in English and Chinese, business English training for overseas assignments, and team-based learning programs. In 2025, we launched an overseas trainee program, primarily for younger employees, to help them develop practical skills through on-the-job experience at our overseas operations. We have also expanded talent development initiatives, including cooperation with international internship programs, and the number of employees engaged in global operations continues to increase steadily. As of December 2025, we employed nine non-Japanese nationals. Going forward, we will strengthen the recruitment of diverse talent and expand local hiring to secure global talent in both quality and quantity.

People on Site Frontline Voices Supporting Value Creation

Kosuke Oba

Overseas Assignment to Earth (Thailand) Co., Ltd. through the trainee program

Building Practical Sales Expertise Through Hands-on Experience Overseas

Driven by a desire to deepen my understanding of local markets and create value in our overseas business, I joined an on-the-job sales training program at our subsidiary in Thailand. Through customer meetings and collaboration with local retailers, I have gained practical experience in sales activities tailored to the structure of the local market. I have come to appreciate that product quality alone is not enough; understanding distribution channels and purchasing behavior, as well as developing proposals that can be consistently replicated, are critical factors in winning business. It is particularly rewarding to see how my own ideas and initiatives translate directly into results. Going forward, I will continue refining sales approaches tailored to local markets while pursuing both strong results and a high degree of reproducibility.

Creating a Workplace Where Employees Can Work with Confidence and Experience Personal Growth

Related Human Capital Materiality

2. Build a work environment where well-being can be felt and foster internal culture

Key Challenge Fostering corporate culture and enhancing the work environment

Q How are the engagement survey's results used to strengthen the organization and improve performance?

We carefully analyze the results of our engagement surveys and translate the findings into targeted improvement measures to strengthen organizational capabilities. We are committed to creating a workplace where every employee feels glad to be part of the Company by fostering psychological safety and sustaining motivation. Our goal is not only to select talent but also to be a company that employees choose to work for.

Q How do flexible working arrangements strengthen the organization?

Flexible working arrangements enable employees to choose work styles that best suit their individual circumstances while maintaining a healthy work-life balance. In addition, health-conscious office environments help reduce physical and mental stress, contributing to higher productivity and stronger employee engagement. When employees can perform with confidence and peace of mind, retention improves, ultimately strengthening the organization as a whole.

Q How does health and productivity management contribute to enhancing corporate value?

Guided by the belief that "there is no future for the Company without the health of its employees," we promote health and productivity management under the framework of the Earth Health Declaration. By continuously improving key performance indicators such as the rate of abnormal findings in health checkups, we enhance employee vitality and productivity while strengthening the organization's capacity for sustainable growth. These initiatives have also been recognized externally, with the Company being selected as a Health & Productivity Management Outstanding Organization (White 500) and in the 2025 Health & Productivity Stock Selection.

Engagement Survey Results (FY2025)

- Target: all employees (non-consolidated)
- Survey items: measured from two perspectives (expectation and satisfaction) to identify priority issues and support organizational improvement.

FY	Number surveyed	Number of respondents	Response rate	Rating
2024	1,427	1,419	99.4%	B
2025	1,417	1,413	99.7%	BB

Further Strengthening Diversity as a Source of Competitive Advantage

Related Human Capital Materiality

4. Support self-motivated career development for diverse talent and create a framework

Key Challenge Leveraging diversity as a competitive strength / Self-directed career development / Confidence in performance evaluation and compensation / Ability to respond to business changes

Q How does the visualization of employee skills support your business strategy?

Through our talent management system, we visualize employees' skills and identify the talent required to execute our strategy, enabling us to optimize recruitment, development, and deployment in a systematic manner. In particular, this serves as the foundation for clarifying talent requirements and building a talent pipeline to support the expansion of overseas sales, a key priority of our medium-term management plan.

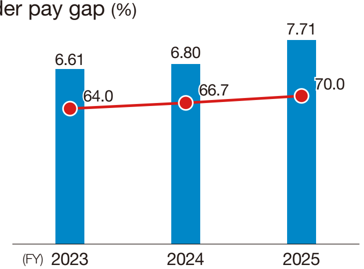
Q Are your performance evaluation and compensation systems fair, transparent, and conducive to employee growth?

We enhance fairness and transparency through multi-dimensional evaluations based on role-specific objectives, behaviors, and job performance, complemented by regular one-on-one meetings and feedback. In addition, initiatives such as our internal job posting system and employee recognition programs that encourage colleagues to express appreciation for one another foster motivation for growth and strengthen organizational unity.

Q How do you enable diverse talent to pursue self-directed career development?

Under the Earth Group Global Code of Conduct, we promote respect for human rights and embrace diversity, creating an environment in which everyone can fully realize their potential. In addition to expanding opportunities for people with disabilities and creating employment opportunities in regional areas, we actively support women's career development, empowering diverse talent to pursue independent growth.

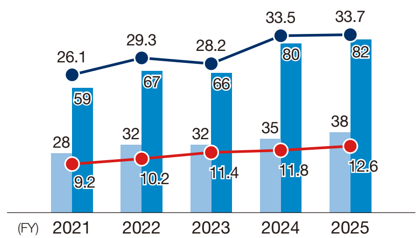
Average annual salary (millions of yen) **and gender pay gap** (%)



■ Average annual salary —●— Gender pay gap (overall)*

* Calculated based on the average compensation of employees who were employed as of the end of the applicable fiscal year. Employees hired or retired during the fiscal year, those on leave of absence, and those on overseas assignments are excluded. Employees whose employment status changed during the fiscal year are classified according to their status as of the fiscal year-end.

Number and ratio of female managers / Number and ratio of female assistant managers (non-consolidated)



■ Number of female managers
■ Number of female assistant managers
—●— Ratio of female managers
—●— Ratio of female assistant managers