

(2) Revisions to non-consolidated financial results forecasts for the current fiscal year (January 1, 2022 through December 31, 2022)

	(millions of yen)				
	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Consolidated earnings per share (yen)
Forecast previously announced (A)	—	—	—	—	—
Revised forecast (B)	76,500	3,800	4,500	3,100	140.55
Change (B-A)	—	—	—	—	
Rate of change (%)	—	—	—	—	
(Ref.) Actual consolidated results for the previous fiscal year (Fiscal year ended Dec 31, 2021)	128,299	8,311	9,012	6,309	286.00

*Effective from the beginning of the fiscal year ending December 31, 2022, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and others. Therefore, the accounting treatment of revenue differs from that of the previous consolidated fiscal year shown in the reference column.

(3) Reasons for Revision

A) Net sales

In Japan, the market size of insecticides & repellents, the main source of revenue, was lower than projected at the time of planning due to the effects of unseasonable weather and other factors. In particular, the market for flies and mosquitoes, the largest category, was sluggish, affecting sales of mainstay products such as "Earth Normat". In addition, the volume of product returns after October, when the demand season has passed, was higher than expected, putting pressure on earnings. Thanks in part to the steady contribution of new high-priced products "Mamoroom" and "Zero de KNIGHT" launched during the period, our market share was higher than the previous year, but overall sales of insecticides & repellents are expected to fall short of the plan.

As for daily necessities, sales of deodorizing air fresheners and cleaning products exceeded the plan, while sales of bath additives, oral hygiene products, and insect repellents for clothes all fell short of the plan. In the general environment & sanitation business, sales achieved the plan due to an increase in the number of annual contracts.

In the overseas business, which we are focusing on as a growth driver, while sales in China stagnated due to repeated lockdowns and other factors, the expansion in Thailand, Vietnam, and other ASEAN countries performed better than planned, but overall group sales fell short of the plan.

B) Cost of Sales/Gross Profit

In addition to a decline in the sales mix of insect care products, a major source of earnings, the cost of sales ratio exceeded expectations due to soaring raw material and other prices triggered by rising resource and energy prices, as well as the impact of foreign exchange fluctuations. In addition to these factors, the Company's gross profit is expected to fall short of its sales plan, despite cost reductions achieved through changes in formulas and simplification of packaging.



Earth Corporation

C) S.G. & A. Expenses

Cost control was implemented in accordance with the performance situation, and activity expenses such as advertising, travel and transportation expenses were appropriately utilized within the planned range, but this was not enough to cover the unachieved profit due to the effects of A) and B).

As a result, operating income is expected to fall short of the plan. Despite an unexpected foreign exchange gain, ordinary income and net income are also expected to fall short of the plan, as is operating income.

As for dividends from surplus, the Company plans to pay a dividend of 118 yen per share as previously announced.

Note: The above forecast of financial results is based on certain information available to the Company at the time of announcement, and actual operating results may differ from the forecast due to various factors.