

Press Release

Notice regarding the Expansion of Business Development in the Philippines

September 7, 2021

Listed exchanges : Tokyo
Listed company name : Earth Corporation
Code : 4985
URL : <https://corp.earth.jp/en/index.html>
Representative Director : Katsunori Kawabata, President & Representative Director
Contact : Tsuyoshi Mitsuzuka ,
Senior Executive Officer
Director General
Group Management Headquarters
Tel : +81-3-5207-7458

Earth Corporation hereby announces that it has concluded a share transfer agreement and a corresponding contingency contract following a decision from its Board of Directors approving various procedures related to the following acquisitional transactions, which target business expansion in the Philippines. Earth Corporation's Board of Directors came to this decision during a meeting held on September 7, 2021.

1. Summary

Under its current medium-term management plan, "Act For SMILE -COMPASS 2023-", the Earth Corporation group is emphasizing expansion of its earnings base in Asia as one of its most important strategies while accordingly aiming to further develop its business in Southeast Asia. Within this region, the Philippines offers a particularly attractive market with the potential for future expansion, in part because the nation is projected to achieve growth in terms of both its population and economy moving forward and in part because demand for insecticides and repellents (Earth Corporation's core business category) in the Philippines is growing annually.

With the aim of accelerating business development in the Philippines, Earth Corporation held business negotiations with Neumann & Mueller Philippines, Inc. (NMPI) while conducting a wide variety of research with the primary aim of establishing bases and sales channels. As a result of these efforts, the two parties came to an agreement under which Earth Corporation will acquire 66.7% of shares in a new sales company ("the new company") that will be established in the Philippines and inherit NMPI businesses associated with the sale of goods such as insecticides and repellents, household products, and pet care products. In accordance with this decision, Earth Corporation concluded both a share transfer agreement and a corresponding contingency contract with NMPI shareholders on September 7, 2021. The businesses that NMPI will transfer to the new company have continued to demonstrate high rates of growth during the recent COVID-19 pandemic. However, following the transactions associated with the agreement and contract recently concluded with NMPI, Earth Corporation will attempt to achieve further growth resulting in a

business scale of several billion JPY by generating synergy between these businesses and launches of new products in the Philippines. Five years after the completion of these transactions, Earth Corporation plans to acquire all remaining shares in the new company, converting it into a wholly owned subsidiary.

Earth Corporation will release further details regarding this matter once all related procedures have been completed.

2. NMPI Profile

1. Company name:	Neumann & Mueller Philippines, Inc.	
2. Location:	Unit 2106 Atlanta Centre, 31 Annapolis Street, Greenhills, San Juan City, Philippines	
3. Name and title of representative	Abel C. Manliclic, Managing Director	
4. Business description	Sale of insecticides and repellents, household products, pet care products, etc.	
5. Capital	PHP2.2mn (the new company is expected to hold capital of PHP161.5mn)	
6. Established:	March 12, 2003	
7. Major shareholders and their shareholdings	<ul style="list-style-type: none"> • Abel C. Manliclic—13,916 shares (63.25%) • Plus five other shareholders 	
8. Relationships with Earth Corporation	Capital relationships	No capital relationships worthy of disclosure exist between Earth Corporation and NMPI or between related parties and affiliated companies associated with the former and related parties and affiliated companies associated with the latter.
	Personal relationships	No personal relationships worthy of disclosure exist between Earth Corporation and NMPI or between related parties and affiliated companies associated with the former and related parties and affiliated companies associated with the latter.
	Business relationships	Earth Corporation outsources product sales in the Philippines to NMPI.

3. Future Outlook

This matter will have negligible impact on the consolidated financial results of the Earth Corporation group in the fiscal year ending December 2021.

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.