



# Earnings briefing materials for 2Q of the fiscal year ending December 2023

08/08/2023

Representative Director, President & CEO  
Katsunori Kawabata

**Earth Corporation**

# Executive Summary



## 23.2Q Results

**Sales : 90.3 billion yen (vs. the forecast: -3.4%; -3.1 billion yen)**  
**Operating Income : 9.92 billion yen (vs. the forecast: -8.1%; -880 million yen)**

- While sales of insecticides and repellents increased thanks to an increase in market share, results nevertheless fell short of the forecast.
- In the segment of Household products, we registered a decrease in sales of bath salts and masks and an underperformance versus the forecast. This results from changes in the external consumption climate.
- We were able to recover from the impact of soaring raw material prices thanks to the execution of cost pass-throughs. However, changes in sales composition impacted profits.
- Expenses were within the forecast range.
- Overseas, we registered growth centered around ASEAN. On the other hand, results in China underperformed, both on a year-on-year basis and versus the forecast, against the backdrop of a challenging business climate.

## 2H Forecast

**We believe there is plenty of room for the Company to offset this profit underperformance versus the forecast in 1H. Given this, the full year forecast remains unchanged**

- Initiatives to be executed in 2H
  - Results in the Insecticides and Repellents segment exceeding the 2H forecast and a decrease in product returns.
  - Execution of additional cost pass-throughs.
  - Launch new fall season products and carry out product renewals.
  - Control expenses.



**Earth Corporation**

**Financial Result Highlights of  
2Q FY 12/2023**

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# Financial Result Highlights



(Unit: 0.1 billion JPY)

- Increase in sales, decrease in operating income. While both sales and operating income fell short of the forecast, we believe this can be offset in 2H.
- We registered year-on-year growth in insecticides and repellents, which saw its market share in Japan grow. Household products faced a challenging environment, with bath salts and masks, in particular, struggling.
- We were able to recover from the impact of soaring raw material prices thanks to the execution of cost pass-throughs. However, changes in sales composition impacted profits.

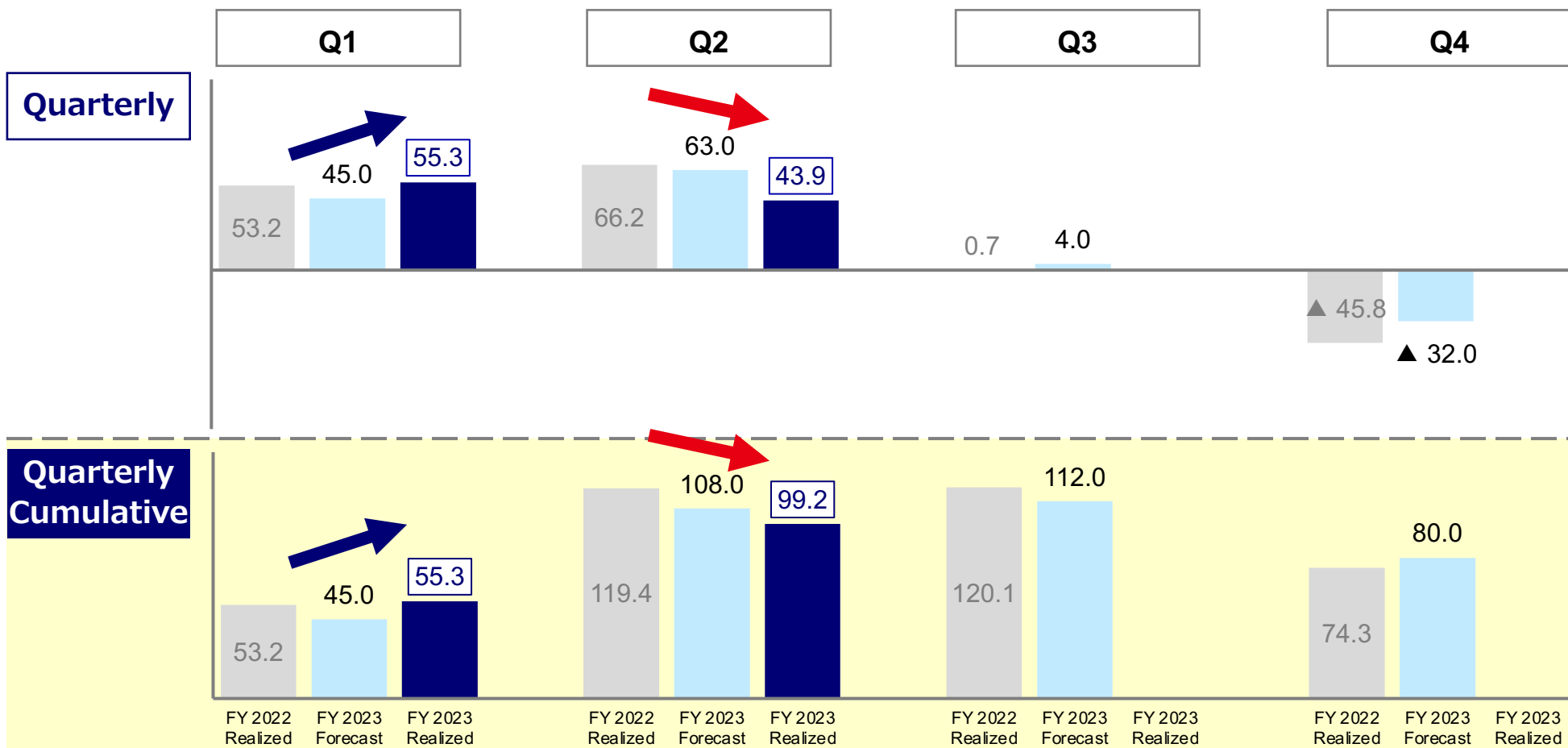
	Realized	Vs. Forecast	YoY	Topics
<b>Sales</b>	<b>903.2</b>	96.6%	101.1%	<ul style="list-style-type: none"> <li>• While sales of insecticides and repellents fell short of the forecast, results nevertheless grew YoY</li> <li>• A YoY decrease and underperformance versus the forecast in sales of bath salts and masks negatively impacted results</li> </ul>
<b>Gross Profit</b>	<b>389.8</b>	94.9%	97.6%	<ul style="list-style-type: none"> <li>• Effect of cost pass-throughs: YoY +2.32 billion yen; vs. forecast: -560 million yen</li> <li>• Gross profit margin fell short of the forecast due to the impact of changes in the sales composition</li> </ul>
<b>SG&amp;A Expenses</b>	<b>290.6</b>	95.9%	103.8%	<ul style="list-style-type: none"> <li>• Realized results were within the expected range, including advertising and R&amp;D expenses being carried over into the third and fourth quarters</li> </ul>
<b>Operating Income</b>	<b>99.2</b>	91.9%	83.1%	<ul style="list-style-type: none"> <li>• While results as of the end of 2Q were below the forecast, catching up to the forecast targets is possible</li> </ul>
<b>Net Income attributable to owners of parent</b>	<b>70.4</b>	102.0%	82.0%	<ul style="list-style-type: none"> <li>• The tax burden was lower compared to the forecast, with net income coming in above the forecast</li> </ul>

# Progress Toward The Operating Income Target (Quarterly / Cumulative)



(Unit: 0.1 billion JPY)

- An operating income underperformance versus the forecast in 2Q (April – June) negatively impacted 1H results
- We expect the impact from soaring raw material prices to be less pronounced in 2H and beyond



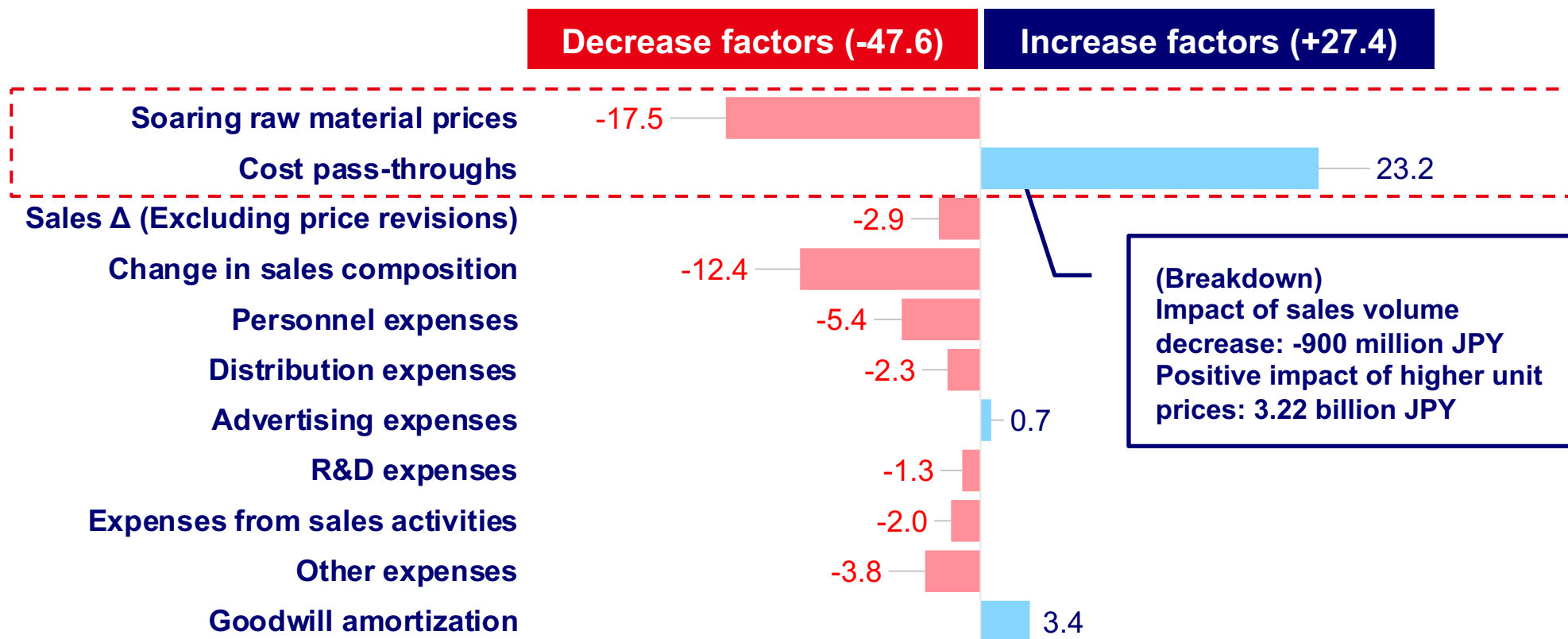


# Operating Income Change Factors (YoY)



(Unit: 0.1 billion JPY)

- We offset the negative impact from soaring raw material prices (-1.75 billion yen) through the execution of cost pass-throughs (+2.32 billion yen)
- Sales volume fell by 15% YoY for products for which prices were revised, but this impact was offset by the positive effects of higher unit prices
- Changes in the sales composition (excluding price revisions) and an increase in SG&A expenses weighed down on operating income



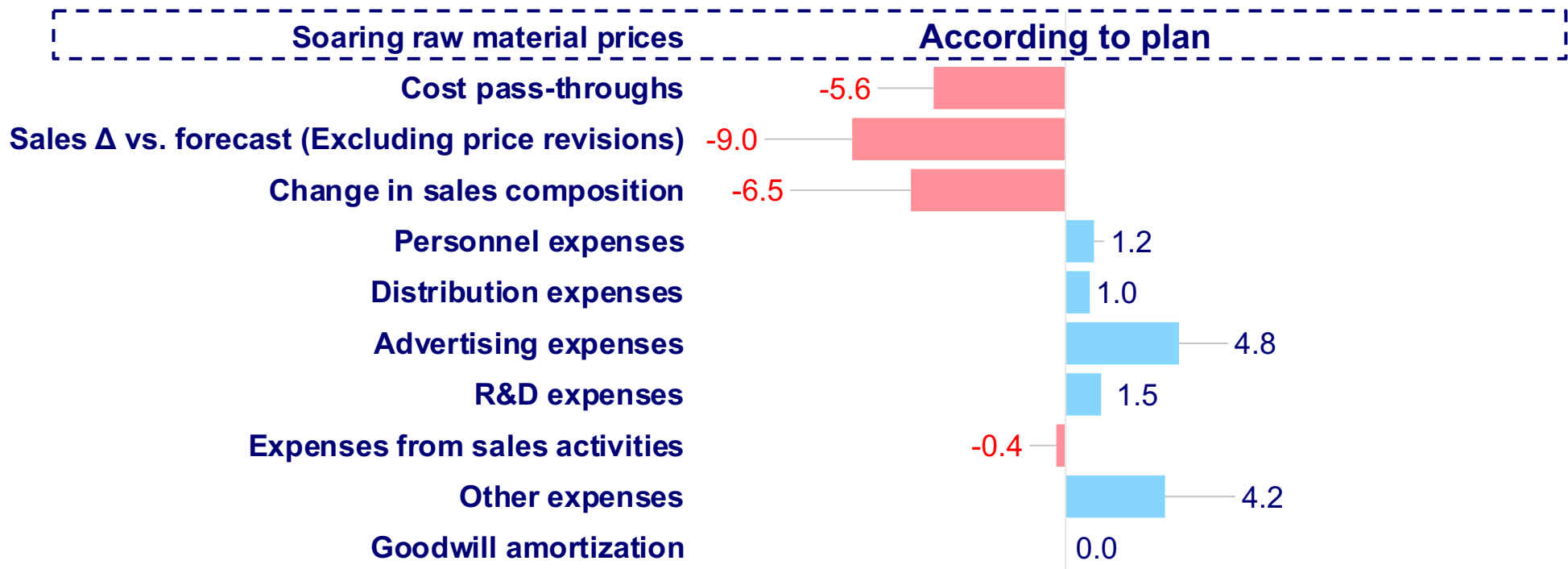
# Operating Income Change Factors (Vs. Forecast)

(Unit: 0.1 billion JPY)

- Unit prices increased as expected, through the execution of cost pass-throughs. However, sales volume for the products that underwent this price revision fell 7% short of the forecast
- A sales performance falling short of the forecast for product lines featuring high levels of profitability and changes in the sales composition weighed down on operating income
- Expenses were within the forecast range

**Decrease factors (-21.5)**

**Increase factors (+12.8)**

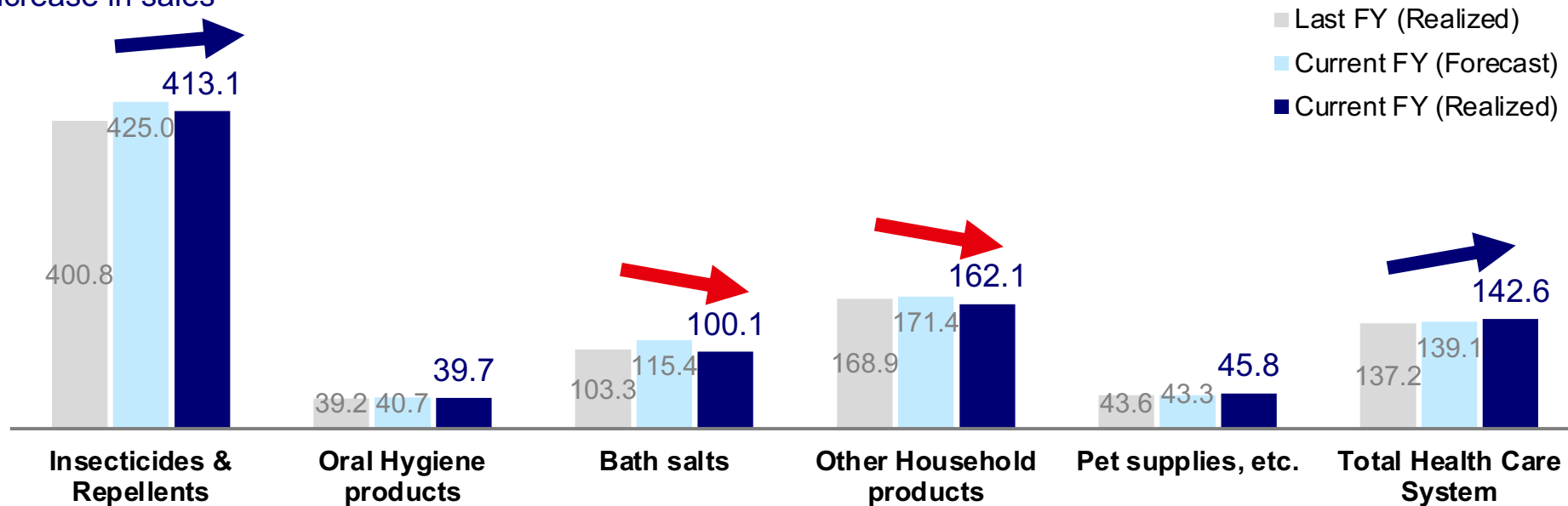


# Sales By Segment

\*To outside customers (excludes internal eliminations)

(Unit: 0.1 billion JPY)

- Insecticides and Repellents: Domestic sales grew YoY, while overseas sales grew, particularly in ASEAN
- Household products: Results were negatively impacted by a YoY decrease and underperformance versus the forecast for bath salts and masks, resulting from changes in the business climate
- Total Health Care System: Made strong progress in the acquisition of annual contracts, and this translated into an increase in sales



YoY diff.	+12.2	+0.5	-3.2	-6.8	+2.1	+5.3
Diff. vs. forecast	-11.9	-0.9	-15.3	-9.3	+2.4	+3.6



# Status Of The Insecticides & Repellents Segment (Domestic)

\*To outside customers (excludes internal eliminations)

## Market overview & Earth Corporation's market share as of 06/30/2023

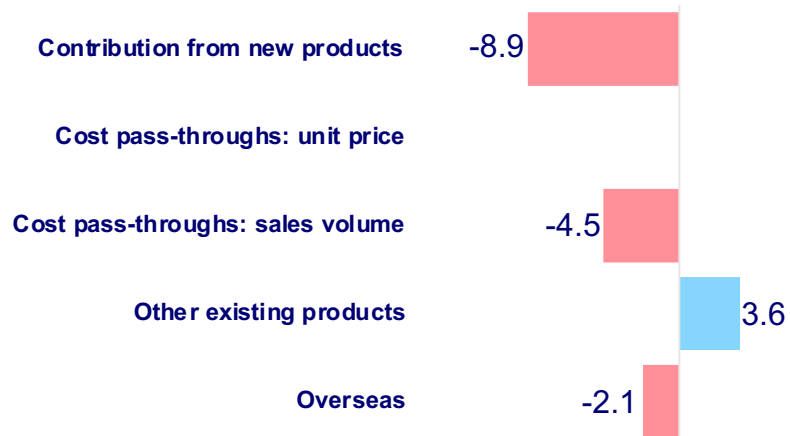
【Market YoY】

【Market share】

**100.3%**      **57.3% +0.9pt**

- Temperatures slightly above the 5-year average
- While sales of insecticides for flies and mosquitoes and insect repellents decreased YoY, sales of cockroach insecticides and insecticides for other unpleasant pests drove market growth

## Sales change factors (vs. Forecast)



## Trends in new products

- MAMOROOM Essence Pearl

vs. forecast **185%**



- MAMOROOM Essence Stick

vs. forecast **88%**



## Trends in core products

- Black Cap

vs. forecast **101%**



- EARTH NO MAT

vs. forecast **94%**



# Status Of Bath Salts (Domestic)

\*To outside customers (excludes internal eliminations)

## Market overview & Earth Corporation's market share as of 06/30/2023

【Market YoY】

【Market share】

**93.0%**      **45.1% -2.0pt**

- While the extra demand seen during the COVID-19 pandemic has dissipated somewhat, resulting in a YoY decrease for the market, levels remain higher than pre-COVID
- Sales for our mainstay products decreased YoY, with only products for children showing growth

## Trends in new products & BARTH

- Onpo Kids

vs. forecast **110%**



- BARTH Neutral Bicarbonated bath salts

vs. forecast **88%**



## Trends in core products

- Japan's Famous Hot Spring product line

vs. forecast **99%**



- Kikiyu

vs. forecast **91%**



- Onpo

vs. forecast **85%**



- BATHCLIN / Bath Roman

vs. forecast **85%**

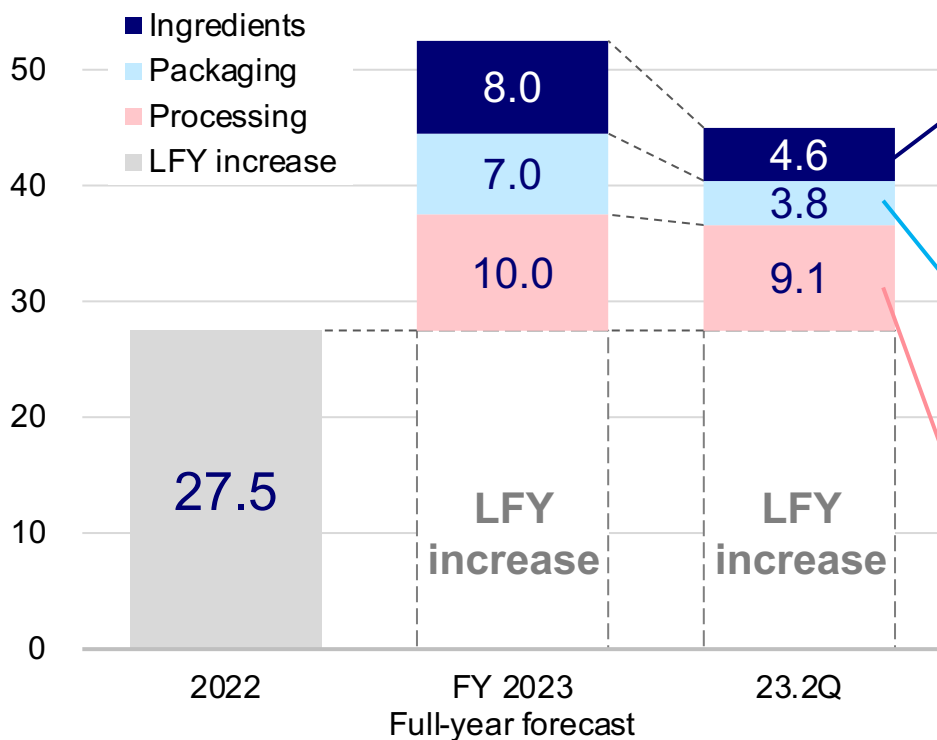


# COGS - Status Overview

(Unit: 0.1 billion JPY)

- The impact amount as of the end of 2Q stood at 1.75 billion yen, out of a full year impact amount forecast of 2.5 billion yen
- From its inception, the forecast expected the impact to be more pronounced in 1H, so we consider these results to be in line with the forecasts

## Rising COGS



■ **Ingredients**  
In addition to price increases in FY 2022, we were also faced with cost increases for active ingredients for insecticides, sodium bicarbonate, alcohol, etc.

■ **Containers / Packaging materials**  
Price increases across the board, for PET resins, exterior cases, cans, etc.

■ **Processing expenses**  
Higher energy costs translated into an increase in aerosol filling costs, etc.

# SG&A Expenses - Status Overview



(Unit: 0.1 billion JPY)

- Overall, SG&A expenses were within the forecast range, even with advertising and R&D expenses being carried over into the third and fourth quarters. As of the end of 2Q, SG&A expenses stood at -1.23 billion yen versus the forecast.

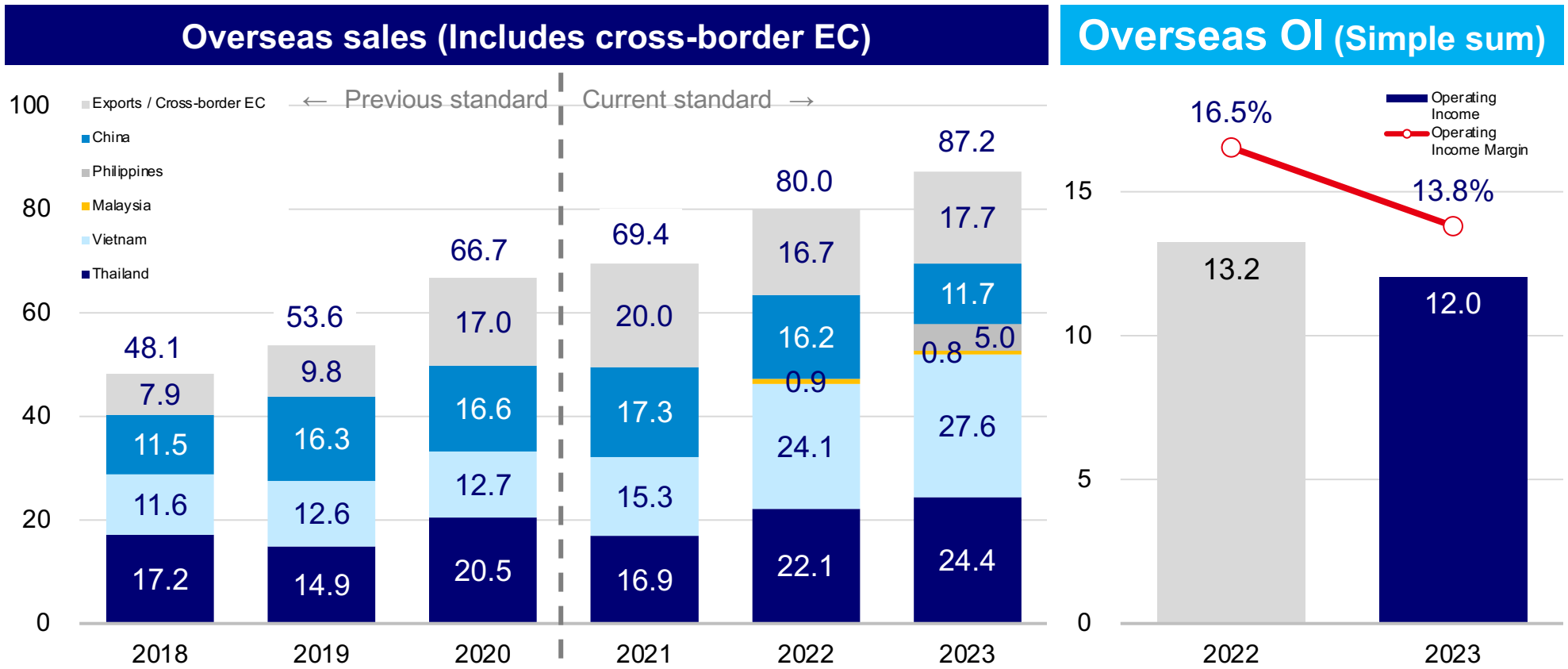
	2Q FY12/2022	2Q FY 12/2023	2Q FY 12/2023	Vs. Forecast	Topics
	Realized	Forecast	Realized		
Personnel expenses	101.7	108.3	107.1	-1.2	
Transportation costs	23.1	24.9	23.3	-1.5	
Storage costs	13.1	14.6	15.1	0.5	Increase resulting from increase in inventories
Advertising expenses	42.7	46.8	42.0	-4.8	Includes FY carry over into the third and fourth quarters
Sales promotion expenses	5.9	6.3	5.5	-0.8	
R&D expenses	14.2	17.0	15.5	-1.5	Includes FY carry over into the third and fourth quarters
Depreciation	7.1	7.9	7.9	0.0	
Amortization of goodwill	4.2	0.8	0.8	0.0	Tentative figures used for amortization for BARTH
Travel & transportation expenses	5.9	7.2	7.2	0.0	
Expense account items	2.6	2.9	3.3	0.3	
Commissions paid	6.2	8.8	7.0	-1.7	Decrease in royalty payments, etc.
Sales commissions paid	6.6	6.7	6.1	-0.5	
Miscellaneous expenses	3.4	6.1	3.9	-2.2	
Other	43.2	44.6	45.9	1.1	
<b>Total SG&amp;A expenses</b>	<b>279.9</b>	<b>302.9</b>	<b>290.6</b>	<b>-12.3</b>	

# Overseas Results



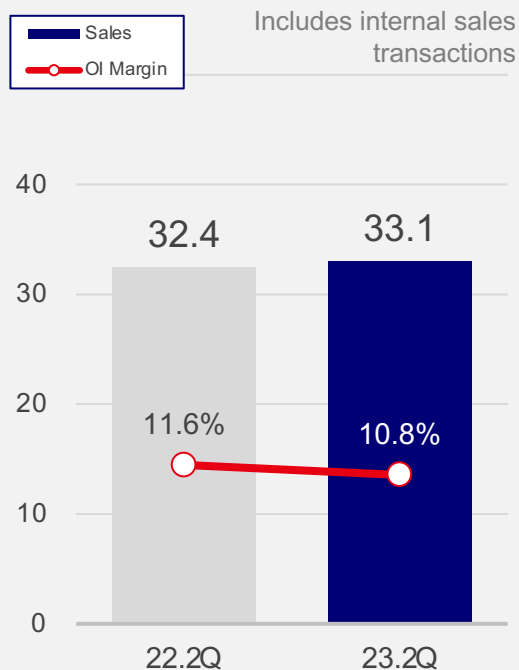
(Unit: 0.1 billion JPY)

- Registered strong growth, centered primarily around Thailand (+10% YoY) and Vietnam (+14% YoY)
- Results in China (-28% YoY) were negatively impacted by a weak sales performance on third-party e-commerce sales channels
- While the impact from soaring raw material prices has abated somewhat, sales weakness in our business in China weighed down on results. Consequently, operating income margin had decreased as of the end of 2Q



# Detailed Results By Country: Thailand

## Local subsidiary results (0.1 B JPY)



### Categories offered

- Insecticides & repellents
- Air fresheners
- Mouthwash

Effective YoY sales on a local currency basis: -4%

### 1H in review

- Strong market share expansion through the categories of insecticides & repellents and air fresheners
- The main reason for what amounts to an actual YoY decrease on a local currency basis is a decrease in internal sales transactions
- The trend of soaring raw material prices has slowed down, leading to gross margin improvements
- SG&A expenses are under control, falling within the forecast range

### Future measures

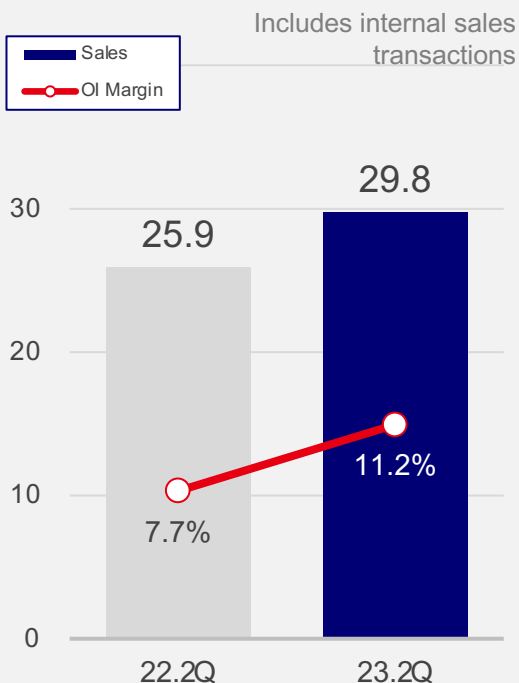
- FY 2023 market share for insecticides & repellents: 19.0% - We intend to enhance sales on a channel-by-channel basis toward securing the no. 2 position in share
- Measures to improve gross margin
  - Negotiate the price of raw materials
  - Secure a second supplier
  - Improve productivity
- Cost pass-throughs in the category of air fresheners
  - ➔ Price increases of 10% - 15%





# Detailed Results By Country: Vietnam

## Local subsidiary results (0.1 B JPY)



### Categories offered

- Detergent
- Air fresheners
- Insecticides & repellents

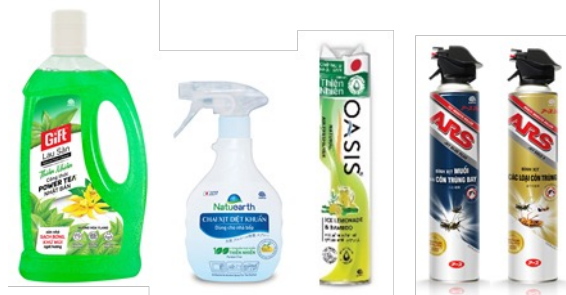
Effective YoY sales on a local currency basis: +10%

### 1H in review

- Strong sales performance in the categories offered
- By making suggestions to MTs for improvements in product planograms for insecticides & repellents, we succeeded in expanding placement of our products at stores
- The trend of soaring raw material prices has slowed down, leading to gross margin improvements
- An increase in sales was accompanied by achieving an increase in operating income and improvements in operating income margin

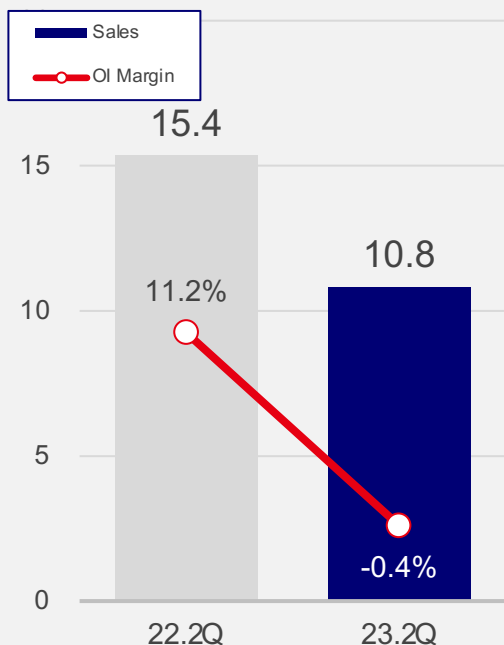
### Future measures

- Aim to further grow our market share by expanding shipments
  - Insecticides & repellents: 8.8%→11% (No.3)
  - Air fresheners: 20.7%→24% (No.2)
- Expand the number of companies introducing Mondahmin
- Enter new categories (Laundry detergent, pet supplies)



# Detailed Results By Country: China

## Local subsidiary results (0.1 B JPY)



## Categories offered

- Insecticides & repellents
- Household products
- Mouthwash

Effective YoY sales on a local currency basis: -28%

## 1H in review

- Some of our product categories did better than other during this year's "618 sale" event, with sales decreasing significantly in the two main sales platforms
- We registered an increase in the ratio of sales promotion expenses to sales, as we spent resources on sales promotion ahead of the 618 sales event
- Reactionary increase in expenses from sales activities following the end of COVID-19 restrictions

## Future measures

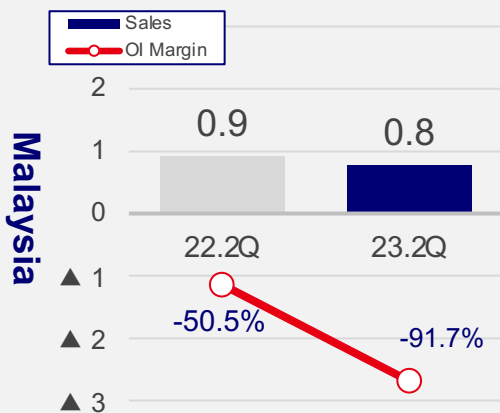
- Review the products in the categories offered
  - Review and reduce SKU numbers
  - Offer staple products that have demand all year-round, like mouthwash and detergent
- Also leverage e-commerce channels other than JD.com and enhance our offering of physical channels
- Adequate management of costs through the introduction of systems



# Detailed Results By Country: Malaysia / Philippines



## Local subsidiary results (0.1 B JPY)



Effective YoY sales on a local currency basis: -16%

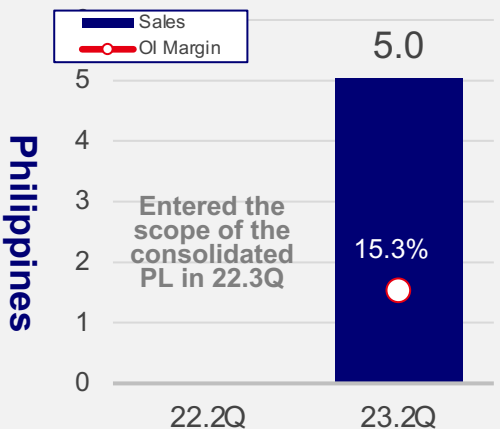
### 1H in review

- We were unable to carry out sales activities as planned due to a shortage in sales personnel
- (Others)
  - Established a local subsidiary in 2019. The COVID-19 pandemic broke out soon afterward, so for all intents and purposes, operations had been on hold
  - This business entered the scope of the consolidated PL in 2022

### Future measures

- Increase personnel and build up the sales structure
  - Increase the number of business discussions
  - Increase the number of shipments
  - Enhance our efforts in the West Malaysia area, which accounts for 80% of the market
- Offer planogram suggestions
- Increase the number of SKUs carried

## Local subsidiary results (0.1 B JPY)



Effective YoY sales on a local currency basis: —

### 1H in review

- Secured sales and operating income results exceeding the forecast
- We were selective in the introduction of new products, after running a risk-reward analysis taking into account listing fees
- (Others)
  - Carried out the M&A of a company in the country, acquiring 66.7% of outstanding shares

### Future measures

- Expand the categories offered within insecticides & repellents
  - Mosquito coils, insect repellents
- Proposals of products matching different retail business types
- Increase deliveries of existing products
- Offer and improve planogram suggestions



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**Initiatives Going Forward /  
Full Year Results Forecast**

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# Additional Cost Pass-throughs

- Execute additional cost pass-throughs for some products in the categories of bath salts and mouthwash, starting in September (Outside the initial forecast)
- Unit price revisions of between 5% and 7%

## Target products (Selected examples)



“Onpo” series



“Mondahmin Premium Care” series (1,080mL+)

Target products

**45sku**



# Release New Fall Season Products / Execute Product Renewals



- The release of new fall products does not feature in the initial forecast, so we expect this to make a positive sales and profit contribution
- Unlock demand for insecticides & repellents in the fall and winter months, launching new ambitious products with the objective of building up a new market
- We will be carrying out a large-scale renewal of our core products in the category of bath salts, so we expect this to translate into sales results exceeding the forecasts for 2H

## Insecticides & repellents



## Household products





# Toward Achieving The Full Fiscal Year Forecasts



(Unit: 0.1 billion JPY)

- As of the end of 2Q, operating income stood at 9.92 billion yen (vs. forecast: -880 million yen).

However, taking into account recent result trends and initiatives going forward, we expect to be able to stage a recovery in 2H.

Initiatives	Topics
<ul style="list-style-type: none"> <li>• <b>Overperformance vs. the 2H forecast for insecticides &amp; repellents</b></li> </ul>	<ul style="list-style-type: none"> <li>• Strong trend with July shipments exceeding the forecast</li> <li>• Steady inventory usage, as we expect an improvement in product returns</li> <li>• Expand sales space for insecticides &amp; repellents in fall/winter; Work to expand the number of items without product returns</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Additional cost pass-throughs (Sep. ~)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Revise prices for 45 SKUs in the category of Household products (bath salts, Mondahmin)</li> <li>• Unit price revisions of between 5% and 7%</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Release of new products / limited edition products not contained in the forecast</b></li> <li>• <b>Renewal of Kikiyu to increase sales</b></li> </ul>	<ul style="list-style-type: none"> <li>• Unlock demand for insecticides &amp; repellents in the fall and winter months</li> <li>• Carry out a comprehensive renewal of Kikiyu</li> <li>• Launch 36 SKUs, including new products not included in the forecast</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Keep expenses under control</b></li> </ul>	<ul style="list-style-type: none"> <li>• Reduce storage costs through inventory optimization</li> <li>• Close management to ensure costs fall within the forecast range</li> </ul>

# FY 12/2023 Forecast Highlights



**No changes from the previous results announcement**

(Unit: 0.1 billion JPY)

- The plan remains as announced in February 2023, in light of initiatives to be carried out in 2H and measures to secure a recovery

	2023 Forecast	Topics	2022 Realized
Sales	<b>1,600</b>	<ul style="list-style-type: none"> <li>• Sales volume increase; launch of products with higher price points; cost pass-throughs; growth overseas</li> <li>• We expect similar levels to 2022 for the insecticide &amp; repellent market</li> </ul>	1,523
Gross Profit	<b>665.0</b>	<ul style="list-style-type: none"> <li>• Revise prices in order to absorb the expected negative impact from soaring raw material prices (estimated at -2.5 billion yen)</li> </ul>	624.6
SG&A Expenses	<b>585.0</b>	<ul style="list-style-type: none"> <li>• Continue to execute adequate cost controls</li> <li>• Increase personnel costs toward future growth</li> </ul>	550.3
Operating Income	<b>80.0</b>	<ul style="list-style-type: none"> <li>• YoY +560 million yen</li> <li>• Secure an operating income margin of 5%</li> </ul>	74.3
Net Income attributable to owners of parent	<b>54.0</b>	<ul style="list-style-type: none"> <li>• Slight increase in net income</li> </ul>	53.0
ROE	<b>~8%</b>	<ul style="list-style-type: none"> <li>• Uphold a minimum ROE target in the interest of capital efficiency</li> </ul>	8.6%

# Shareholder Returns

## 【Shareholder Returns Policy】

- Adopt an agile approach and, should our performance and retained earnings levels allow it, consider raising dividends and/or executing share buybacks
- KPI: DOE (Dividend on Equity Ratio) 4~5%

### Dividend-related KPIs

DOE (Dividend on Equity Ratio)

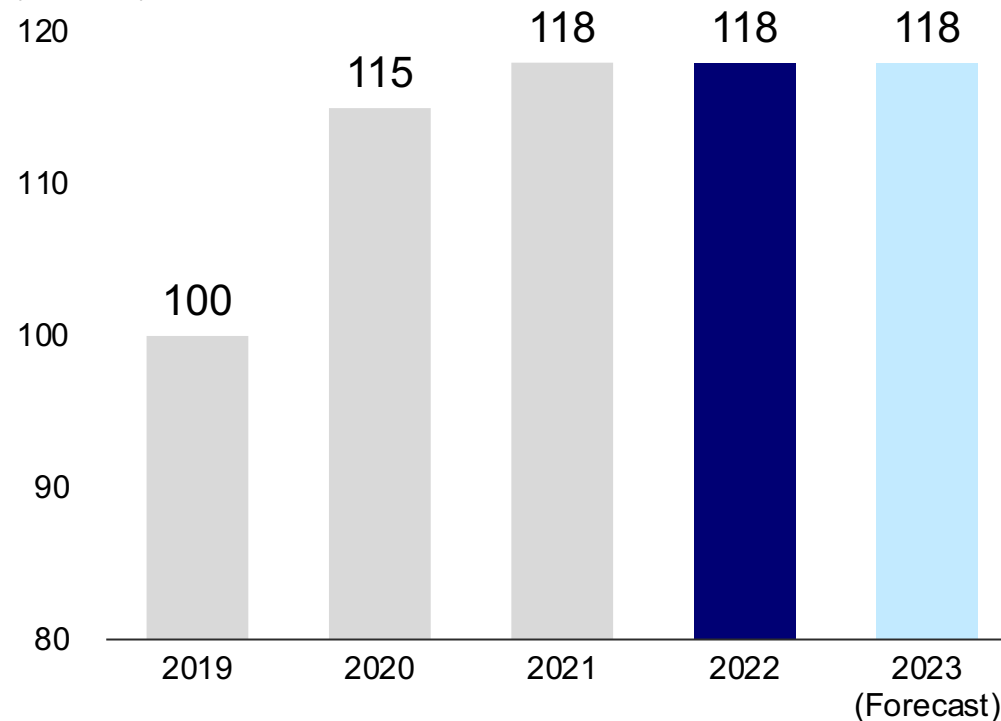
2022 → 2023 (Forecast)  
**4.2%** → **~4%**

Consolidated Dividend Payout Policy

2022 → 2023 (Forecast)  
**49.1%** → **48.2%**

### Ordinary Dividend Per Share - Trend

(Unit: JPY)



## Social

- Certified as a “Health & Productivity Management Outstanding Organization – White 500” Company for the third consecutive year



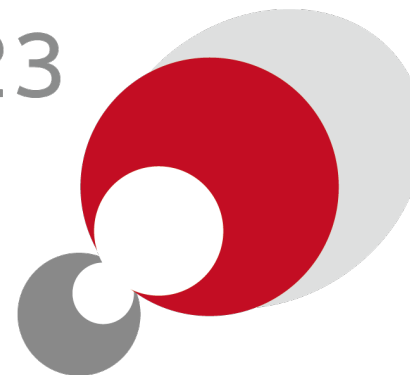
2023  
健康経営優良法人  
Health and productivity  
ホワイト500

[Earth Corporation](http://earth.jp) certified as a “Health & Productivity Management Outstanding Organization – White 500” company ([earth.jp](http://earth.jp))\*

## ESG Investment

- Selected for the first time as a component of the SOMPO Sustainability Index

2023



Sompo Sustainability Index

[Selected as a component of the SOMPO Sustainability Index \(earth.jp\)](http://earth.jp)



**Earth Corporation**

**Supplementary Materials;  
FY12/2023 Q2 Results**

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# Consolidated: Statement of Income



(Unit : million JPY)

	Q2 FY12/22	Q2 FY12/23	Q2 FY12/23	YoY	vs.FCT	FY12/23	
	Realized	Forecast	Realized			Forecast	YoY
Sales	89,305	93,500	90,329	101.1%	96.6%	160,000	56.5%
Cost of sales	49,372	52,402	51,346	104.0%	98.0%	93,500	54.9%
Gross profit	39,933	41,097	38,982	97.6%	94.9%	66,500	58.6%
SG&A expenses	27,991	30,297	29,060	103.8%	95.9%	58,500	49.7%
Operating profit	11,941	10,800	9,921	83.1%	91.9%	8,000	124.0%
Non-operating income	796	200	543	68.2%	271.6%	600	90.5%
Non-operating expenses	23	100	42	176.4%	42.2%	300	14.1%
Ordinary profit	12,714	10,900	10,422	82.0%	95.6%	8,300	125.6%
Extraordinary income	23	0	5	23.1%		0	
Extraordinary losses	69	50	64	92.2%	128.4%	80	80.2%
Net income before income taxes	12,668	10,850	10,364	81.8%	95.5%	8,220	126.1%
Gross profit ratio	44.7%	44.0%	43.2%	▲ 1.6pt	▲ 0.8pt	41.6%	
Operating income ratio	13.4%	11.6%	11.0%	▲ 2.4pt	▲ 0.6pt	5.0%	
Net income before income taxes ratio	14.2%	11.6%	11.5%	▲ 2.7pt	▲ 0.1pt	5.1%	



# Consolidated: Sales by Segment



(Unit : million JPY)

	Q2 FY12/22	Q2 FY12/23	Q2 FY12/23	YoY	vs.FCT	FY12/23	
	Realized	Forecast	Realized			Forecast	Progress rate
Insecticides & Repellents	44,086	45,633	44,435	100.8%	97.4%	61,713	72.0%
Oral hygiene products	3,950	4,083	3,992	101.1%	97.8%	8,442	47.3%
Bath salts	11,865	13,154	11,605	97.8%	88.2%	28,518	40.7%
Other household products	17,941	18,013	17,013	94.8%	94.4%	34,016	50.0%
Household products	33,757	35,251	32,612	96.6%	92.5%	70,977	45.9%
Pet products & others	4,709	5,008	4,984	105.8%	99.5%	9,465	52.7%
Household products business subtotal	82,553	85,892	82,032	99.4%	95.5%	142,156	57.7%
General environment & sanitation business subtotal	13,800	13,981	14,343	103.9%	102.6%	28,500	50.3%
Total sales include internal sales	96,353	99,873	96,376	100.0%	96.5%	170,656	56.5%
(Adjustments)	▲ 7,048	▲ 6,373	▲ 6,046			▲ 10,656	
Total sales	89,305	93,500	90,329	101.1%	96.6%	160,000	56.5%

(Composition ratio)

Insecticides & Repellents	45.8%	45.7%	46.1%	0.4pt	0.4pt	36.2%
Household products	35.0%	35.3%	33.8%	▲ 1.2pt	▲ 1.5pt	41.6%
Pet products & others	4.9%	5.0%	5.2%	0.3pt	0.2pt	5.5%
Household products business	85.7%	86.0%	85.1%	▲ 0.6pt	▲ 0.9pt	83.3%
General environment & sanitation business	14.3%	14.0%	14.9%	0.6pt	0.9pt	16.7%

# Operating Income Change Factors (YoY)



(Unit : million JPY)

<u>11,941</u>	FY12/22.Q2 (Realized)	<Breakdown>	
-2,020	Decrease in gross profit -950	• Effect of revenue increase (excluding the effect of price pass-through)	-285
		• Price shifting effect	+2,323
		• Change in sales mix	-1,239
		• Impact of raw material prices and exchange rate fluctuations	-1,750
	Increase in SG&A expenses -1,069	• Increase in personnel expenses	-542
		• Increase in distribution expenses	-226
		• Decrease in advertising expenses	+72
		• Decrease in sales promotion expenses(other than sales deductions)	+43
		• Costs of travel & transportation expenses, other activities	-204
		• Amortization of goodwill	+340
	• Others(Commission paid, Depreciation paid, etc.)	-552	
<u>9,921</u>	FY12/23.Q2 (Realized)		

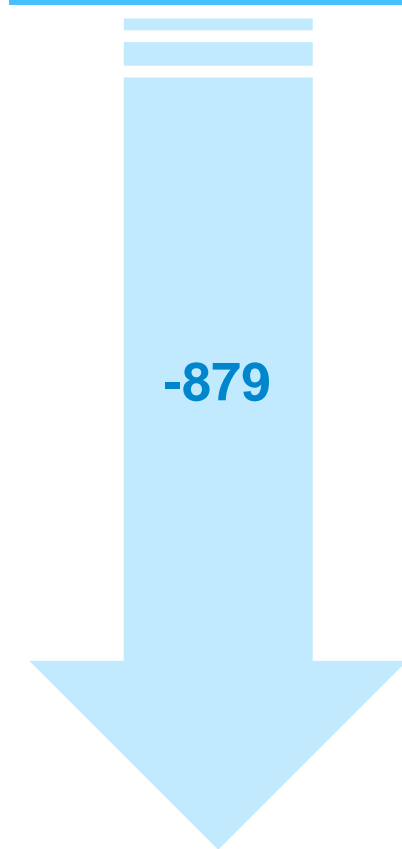
+ : Factors contributing to higher earnings,  
- : Factors contributing to lower earnings

# Operating Income Change Factors (vs. Forecast)



(Unit : million JPY)

**10,800**      **FY12/23.Q2**  
(Forecast)



**9,921**      **FY12/23.Q2**  
(Realized)

## <Breakdown>

Gross profit below the forecast -2,115	<ul style="list-style-type: none"> <li>• Sales plan achieved (excluding the impact of price pass-through)      -902</li> <li>• Price shift effect      -558</li> <li>• Change in sales mix      -654</li> <li>• Impact of raw material prices and exchange rate fluctuations      -</li> </ul>
SG&A expenses within budget +1,238	<ul style="list-style-type: none"> <li>• Personnel expenses below the forecast      +120</li> <li>• Distribution expenses below the forecast      +103</li> <li>• Unspent and delayed advertising expenses      +480</li> <li>• Unspent and delayed R&amp;D expenses      +151</li> <li>• Costs of travel &amp; transportation expenses, other activities      -38</li> <li>• Amortization of goodwill      +1</li> <li>• Others      +421</li> </ul>

+ : Factors contributing to higher earnings,  
- : Factors contributing to lower earnings

# Consolidated: SG&A Expenses



(Unit : million JPY)

	Q2 FY12/22		Q2 FY12/23		Q2 FY12/23		FY12/23	
	Realized	Forecast	Realized	YoY	vs.FCT	Forecast	Progress rate	
Personal expenses	10,173	10,835	10,715	105.3%	98.9%	21,795	49.2%	
Shipping expenses	2,315	2,493	2,337	101.0%	93.7%	4,821	48.5%	
Strage expenses	1,314	1,465	1,518	115.5%	103.6%	2,793	54.4%	
Advertising expenses	4,276	4,684	4,204	98.3%	89.8%	7,452	56.4%	
Sales promotion expenses	594	635	551	92.8%	86.8%	1,071	51.4%	
R&D expenses	1,426	1,704	1,553	108.9%	91.1%	3,821	40.6%	
Depreciation expenses	715	794	796	111.3%	100.3%	1,653	48.2%	
Goodwill amortization	423	84	83	19.6%	98.8%	14	592.9%	
Travel&transportation expenses	590	721	723	122.5%	100.3%	1,456	49.7%	
Entertainment expenses	261	296	332	127.2%	112.2%	532	62.4%	
Comission paid	620	882	708	114.2%	80.3%	1,653	42.8%	
Sales comission	661	677	618	93.5%	91.3%	1,405	44.0%	
Miscellaneous expenses	348	615	394	113.2%	64.1%	1,743	22.6%	
Others	4,275	4,412	4,528	105.9%	102.6%	8,291	54.6%	
<b>Total</b>	<b>27,991</b>	<b>30,297</b>	<b>29,060</b>	<b>103.8%</b>	<b>95.9%</b>	<b>58,500</b>	<b>49.7%</b>	
(Composition ratio)								
Personal expenses ratio	11.4%	11.6%	11.9%	0.5pt	0.3pt	13.6%		
Advertising expenses ratio	4.8%	5.0%	4.7%	▲ 0.1pt	▲ 0.4pt	4.7%		
R&D expenses ratio	1.6%	1.8%	1.7%	0.1pt	▲ 0.1pt	2.4%		

# Consolidated: Balance Sheet



(Unit : million JPY)

		End of FY2022	End of Q2 FY2023	Final comparison +/-	End of Q2 FY2022	vs.FY22 Q2 +/-
Current assets	Cash & deposits	14,772	18,724	3,951	21,739	▲ 3,014
	Trade receivable	24,163	38,114	13,951	37,223	891
	Inventories	32,253	33,645	1,392	29,147	4,498
	Others	2,772	2,620	▲ 152	2,809	▲ 188
Non-current assets	Property, plant & equipment	29,483	31,148	1,664	28,501	2,647
	Intangible assets	5,355	8,059	2,703	4,788	3,270
	Investments & other assets	15,688	17,609	1,921	15,916	1,692
<b>Total assets</b>		<b>124,489</b>	<b>149,922</b>	<b>25,433</b>	<b>140,125</b>	<b>9,797</b>
Current liabilities	Trade payables	35,525	38,303	2,777	38,834	▲ 530
	Short-term borrowings	2,200	10,720	8,520	2,284	8,435
	Others	15,615	24,722	9,106	25,426	▲ 703
Non-current liabilities	Long-term borrowings	0	0	0	720	▲ 720
	Others	3,129	2,418	▲ 711	1,903	514
<b>Total liabilities</b>		<b>56,470</b>	<b>76,164</b>	<b>19,693</b>	<b>69,168</b>	<b>6,995</b>
Net assets	Total shareholders' equity	59,631	64,365	4,734	62,916	1,449
	Total accumulated other comprehensive income	3,163	4,198	1,035	3,289	908
	Non-controlling interests	5,224	5,194	▲ 29	4,750	443
<b>Total net assets</b>		<b>68,018</b>	<b>73,758</b>	<b>5,739</b>	<b>70,956</b>	<b>2,802</b>

# Consolidated: statement of Cash flows



(Unit : million JPY)

	End of Q2 FY2022	End of Q2 FY2023	vs. FY22 Q2 +/-	End of FY2022
Cash flows from operating activities	6,686	4,336	▲ 2,350	3,901
Cash flows from investing activities	▲ 3,173	▲ 6,415	▲ 3,242	▲ 6,266
Cash flows from financing activities	▲ 3,642	5,651	9,294	▲ 4,464
Effect of exchange rate change on cash and cash equivalents	713	378	▲ 335	447
Net increase(decrease) in cash and cash equivalents	584	3,951	3,366	▲ 6,381
Cash and cash equivalents at beginning of period	21,027	14,772	▲ 6,254	21,027
Increase in cash and cash equivalents from newly consolidated subsidiaries	126	-	▲ 126	126
Cash and cash equivalents at end of period	21,739	18,724	▲ 3,014	14,772



# Consolidated: Capital expenditure, Depreciation expenses

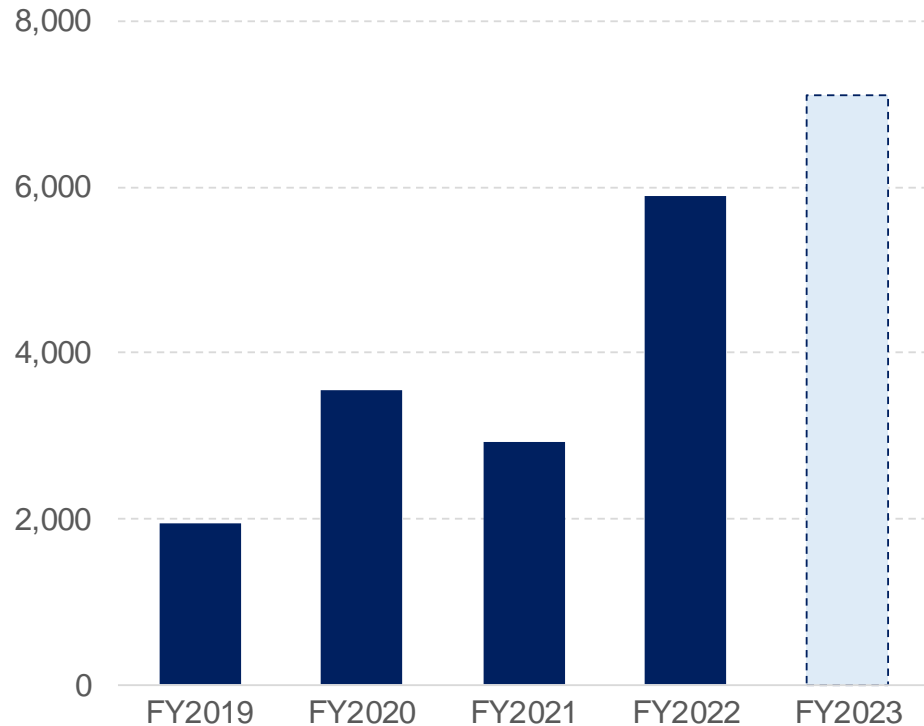


(Unit : million JPY)

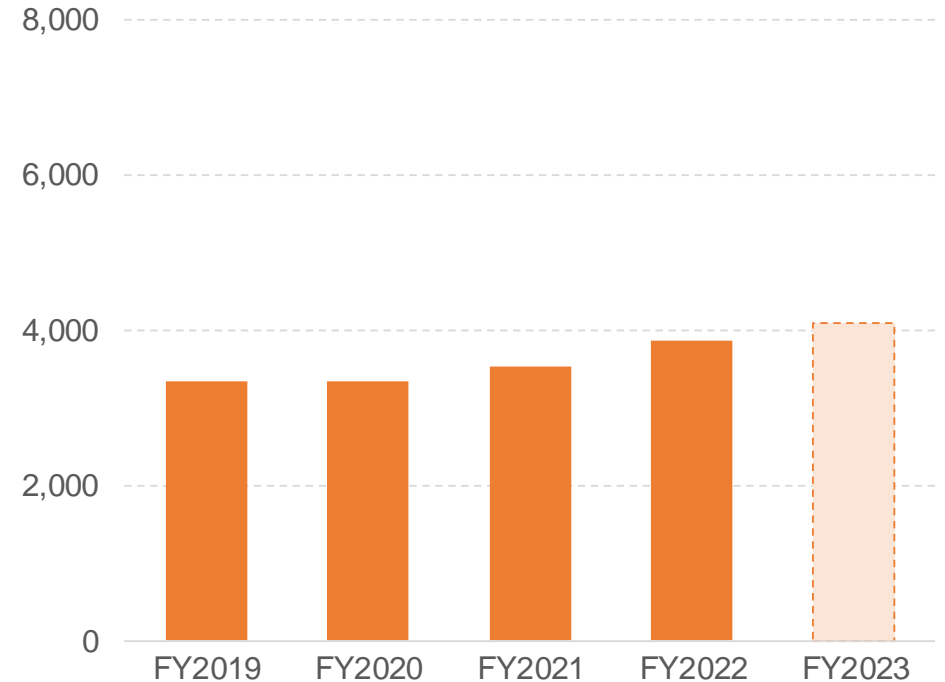
	FY2019	FY2020	FY2021	FY2022	FY2023
	Realized	Realized	Realized	Realized	Forecast
CAPEX	1,953	3,548	2,928	5,878	7,100

	FY2019	FY2020	FY2021	FY2022	FY2023
	Realized	Realized	Realized	Realized	Forecast
Depreciation expenses	3,334	3,334	3,537	3,853	4,100

CAPEX



Depreciation expenses



# Overview of Group Companies' Business Performance



(Unit : million JPY)

Earth Corporation				BATHCLIN Corporation			Hakugen Earth Co., Ltd.			Earth Pet Co., Ltd.		
	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	51,479	55,320	52,149	7,425	7,803	7,143	9,605	10,272	8,951	3,402	3,571	3,563
Gross profit	23,417	24,713	23,073	3,179	3,072	2,680	3,208	3,221	2,894	1,485	1,388	1,370
Operatig income	9,052	8,838	7,955	652	499	129	571	266	149	459	152	236

Earth(Thailand)Co.,Ltd.				Earth Corporation Vietnam			EARTH HOME PRODUCTS (MALAYSIA)			EARTH HOMECARE PRODUCTS (PHILIPPINES)		
	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	3,243	3,210	3,305	2,588	2,694	2,978	92	139	77	0	454	504
Gross profit	943	920	994	953	1,048	1,217	26	36	8	0	193	244
Operatig income	375	274	358	200	234	333	-46	-70	-71	0	16	77

Earth Corporation (Shanghai)				Earth Corporation (Tianjin)			Earth Corporation (Suzhou)			Earth Environmental Service Co.,Ltd.		
	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2	FY22.Q2	FY23.Q2	FY23.Q2
	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized	Realized	Forecast	Realized
Sales	1,535	1,411	1,080	2,269	1,779	1,668	909	805	610	13,800	13,981	14,343
Gross profit	491	352	337	387	238	279	174	138	94	5,761	5,741	5,808
Operatig income	171	32	-4	214	47	103	81	40	12	790	630	773



# **EARTH**

**Act For Life**

This presentation contains forward-looking statements and financial results forecasts. These forward-looking statements and financial results forecasts were formulated on the basis of company assumptions based on the information available.

These statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those described.