

**Consolidated Financial Results**  
**for the Three Months Ended March 31, 2025 (Japanese GAAP)**

May 12, 2025

Company name: Earth Corporation  
Stock code: 4985

Listing Stock Exchange: Tokyo  
URL: <https://corp.earth.jp/en/index.html>

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Scheduled date for dividend payment: —

Preparation of supplemental explanatory materials: Yes

Results briefing to be held: Yes (For securities analysts and institutional investors)

**1. Consolidated Financial Results for the Three Months Ended March 31, 2025**  
**(January 1, 2025 to March 31, 2025)**

(1) Consolidated operating results

(Percentages indicate YoY change)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2025	44,782	6.5	6,269	25.9	6,159	19.6	4,678	32.5
Three months ended March 31, 2024	42,049	3.0	4,978	(10.0)	5,148	(8.8)	3,530	(9.2)

Note: Comprehensive income for the three months ended March 31, 2025 was 3,850 million yen (-12.4%), and comprehensive income for the three months ended March 31, 2024 was 4,396 million yen (3.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31, 2025	214.82	—
Three months ended March 31, 2024	159.54	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended March 31, 2025	148,587	75,867	47.2
Fiscal year ended December 31, 2024	135,636	74,652	50.8

Reference: Equity capital amounted to 70,068 million yen as of March 31, 2025 and 68,865 million as of December 31, 2024.

## 2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	0.00	—	120.00	120.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (forecast)		0.00	—	120.00	120.00

Note: No revisions have been made to the Company's most recently announced dividend forecast.

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentage indicates YoY change for full-year and quarters)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H	102,000	5.1	11,000	2.2	11,430	0.8	8,000	4.7	367.35
Full-year	175,000	3.4	6,500	1.2	7,100	(3.6)	4,300	23.7	197.45

Notes: No revisions have been made to the Company's most recently announced consolidated earnings forecast.

\*Notes

(1) Significant changes in the scope of consolidation during the period under review: Yes

Newly subsidiaries added: One company (Protoleaf, Inc.)

Subsidiaries excluded: None

(2) Distinctive accounting methods applied when preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates and retrospective restatements

1. Accounting policy changes due to accounting standard revisions, etc.: Yes

2. Other accounting policy changes: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury stock)	As of March 31, 2025	22,209,900	As of December 31, 2024	22,209,900
2. Treasury shares outstanding	As of March 31, 2025	432,345	As of December 31, 2024	432,335
3. Cumulative average number of shares	Three months ended March 31, 2025	21,777,558	Three months ended March 31, 2024	22,126,796

\*The attached quarterly consolidated financial statements are not subject to review by certified public accountants or auditing firms.

\*Appropriate use of earnings forecast and other special notes

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary materially from forecasts due to a variety of factors. For more information regarding assumptions made when formulating earnings projections and matters to note when using these projections, please see "1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Forecasts and Other Projections" on page four of the accompanying materials.

(How to obtain supplementary materials on quarterly financial results)

The Company plans to hold a financial results briefing session for analysts and institutional investors on Monday, May 12, 2025. Supplementary materials on financial results to be used at the briefing will be posted on the Company's website on the day of the briefing.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

During the first three months of the fiscal year ending December 31, 2025, personal consumption in the Japanese market remained sluggish due to rising prices of food and other commodities. Global markets were affected by the prolonged Russia–Ukraine conflict and the trade policies under the Trump administration in the United States, resulting in ongoing uncertainty in both domestic and global economic outlooks. Under these circumstances, with the slogan of “Our Group Working Together Toward a Bright Tomorrow for EARTH,” the Earth Group managed its operations in line with the medium-term business plan through FY2026, dubbed “Act for SMILE COMPASS 2026.” Under the medium-term business plan, we have positioned profit and cash generation (profitability improvement) as our topmost priority, and to achieve this goal, we intend to bolster profitability by restructuring the domestic business and strengthening the brand power of our homecare products. We will also aim to drive growth in overseas sales by expanding operations in the Asian market through our local subsidiaries and by leveraging exports to the Middle East and other regions as key growth drivers.

In the first three months of the fiscal year ending December 31, 2025, sales totaled 44,782 million yen, up 6.5% year-on-year, supported by strong shipments of Insecticides & Repellents, as well as higher volume and value of contracts in the General Environment and Sanitation Business. Higher gross profit on sales growth, a delay in the timing of advertising expenditures, and improved efficiency in SG&A expenses contributed to profit growth, with operating income amounting to 6,269 million yen (+25.9% year-on-year) and ordinary income to 6,159 million yen (+19.6% year-on-year). Net income attributable to owners of parent was 4,678 million yen, an increase of 32.5% year-on-year, reflecting extraordinary gains on step acquisitions associated with the acquisition of additional shares in Protoleaf, Inc.

Results by segment are as follows.

#### **[Household Products Business]**

In the Household Products Business, in efforts to reform our earnings structure based on the medium-term business plan, we are advancing initiatives aimed at strengthening our brands and expanding the market, including streamlining and optimizing brands and SKUs with a focus on profitability and future potential. Overseas, we are directing efforts to actively expanding in the ASEAN region and China and growing the export business. In addition, we are working to revise sales prices as a measure to address the impact of soaring raw material prices.

In the first three months of the fiscal year ending December 31, 2025, sales amounted to 40,665 million yen, up 4.8% year-on-year, driven by robust shipments of bath salts and oral hygiene products despite intensifying competition, as well as strong shipments of Insecticides & Repellents. Segment income (operating income) was 6,081 million yen, an increase of 27.3% year-on-year, supported by the emerging effects of price revisions and improved cost-of-sales ratio due to changes in the sales mix.

(Household Products segment results)

(Millions of yen)

	Consolidated Q1 results for the fiscal year ended December 31, 2024	Consolidated Q1 results for the fiscal year ending December 31, 2025	YoY change (amount)	YoY change (percent)
Insecticides & Repellents	20,509	21,766	1,256	6.1%
Homecare products	15,388	15,817	428	2.8%
Oral hygiene products	1,722	1,888	165	9.6%
Bath salts	5,772	6,127	354	6.1%
Other homecare products	7,893	7,801	(91)	(1.2%)
Pet products and others	2,909	3,081	172	5.9%
Total sales	38,807	40,665	1,857	4.8%
Segment income (operating income)	4,778	6,081	1,303	27.3%

Notes: Sales include internal sales and transfers made within and between segments, which amounted to 3,855 million yen during Q1 of the fiscal year ended December 31, 2024 and 3,574 million yen during Q1 of the fiscal year ending December 31, 2025.

Results by product category are as follows.

#### Insecticides & Repellents

In Japan, although temperatures were lower than in the same period of the previous fiscal year, the market got off to a strong start. Shipments of products targeting cockroaches and other insect pests were robust, driven by the promotion of year-round use of insecticides and repellents, regardless of season. Further, shipments of the “*Hadamammo*” series of skin-friendly insect repellents, launched in spring, contributed to growth in insect repellent sales.

Overseas, performance was affected by lower sales in Vietnam and the Philippines, as well as by the negative impact of foreign exchange rate fluctuations when translating local sales into yen. However, overall sales remained on par with the previous year’s level, backed by higher sales in Thailand and China year-on-year.

As a result, sales for this category were 21,766 million yen (+6.1% year-on-year).

#### Homecare products

Sales of oral hygiene products totaled 1,888 million yen, up 9.6% year-on-year, reflecting continued strong shipments and sales of the “*Mondahmin*” mouthwash series, despite the market performing below the year-ago level from the start of the fiscal year.

Sales of bath salts came to 6,127 million yen, a 6.1% increase year-on-year, driven by robust sales of the Group’s core products “*Kiki-yu*” and “*Onpo*”, as well as the “*BARTH*” brand of neutral bicarbonate bath salts, amid firm market conditions.

Sales of other homecare products were 7,801 million yen, down 1.2% year-on-year, due to slower shipments of air fresheners and insect repellents for clothing compared with the same period of the previous fiscal year.

Sales in this category amounted to 15,817 million yen (+2.8% year-on-year).

#### Pet products and others

The market for pet and related products remains stable, supported by continued growth in spending per pet due to heightened awareness of pet health among pet owners and improved living environments for pets. Under this condition, sales of pet care products such as cat litter were strong, as were sales of MA-T and the “*Earth Colloidal Silica*” soft drink, resulting in category sales of 3,081 million yen (+5.9% year-on-year).

### **[General Environment and Sanitation Business]**

In the General Environment and Sanitation Business, demand for the Company’s quality hygiene management services utilizing its specialized knowledge, technology, and expertise remained high at food, pharmaceutical, and packaging material production

facilities. This was driven by the trend toward the international harmonization of safety standards for food, pharmaceuticals, and healthcare, revisions of relevant laws and regulations in Japan, and incidents of contamination by foreign substances. In the external environment, while increased capital investment in the manufacturing sector has provided a tailwind, labor costs and material and equipment prices are surging at an accelerated pace due to the deterioration of global conditions.

Against this backdrop, we actively increased investment to strengthen our expertise and technological development capabilities to provide differentiated sanitary management services, aiming to maintain and expand contracts while securing an appropriate level of profit. In particular, in the cleaning operations of production lines at food plants, we have ensured appropriate profits while giving full consideration to safety. In addition, under the JFS conformity certification, the number of audit items has increased, and the company has been registered as the first designated audit entity under the new JFS-B Plus standard. In the R&D domain, we have relocated and consolidated the Analysis Center East Japan Laboratory in Chiba, Chiba Prefecture, and are expanding our testing facilities for the life science field.

In the first three months of the fiscal year ending December 31, 2025, while performance in this business was affected by a higher cost ratio and an increase in personnel expenses attributed to active investment in human resources, sales growth driven by an increase in the number of annual contracts boosted overall segment results. Accordingly, sales in the General Environment and Sanitation Business amounted to 7,729 million yen (+8.5% year-on-year) and segment income (operating income) to 212 million yen (-27.1% year-on-year).

(Millions of yen)

	Consolidated Q1 results for the fiscal year ended December 31, 2024	Consolidated Q1 results for the fiscal year ending December 31, 2025	YoY change (amount)	YoY change (percent)
Sales	7,125	7,729	603	8.5%
Segment income (operating income)	290	212	(78)	(27.1%)

Notes: 1. Sales include internal sales and transfers made within and between segments, which amounted to 27 million yen in Q1 of the fiscal year ended December 31, 2024 and 37 million yen in Q1 of the fiscal year ending December 31, 2025.

## (2) Explanation of Financial Position

### (1) Assets, Liabilities and Net Assets

As of March 31, 2025, total assets amounted to 148,587 million yen, up 12,951 million yen from December 31, 2024. This was primarily due to increases in trade receivables and inventories.

Meanwhile, total liabilities as of March 31, 2025 came to 72,720 million yen, up 11,736 million yen from December 31, 2024. This was mainly due to increases trade payables, short-term borrowings, and provisions for bonuses, offsetting declines in accounts payable—other and other current liabilities.

Net assets amounted to 75,867 million yen as of March 31, 2025, rising 1,214 million yen compared to December 31, 2024. This was mainly due to an increase in net income attributable to owners of parent, offsetting a decrease in retained earnings due to dividend payments.

The Company's equity ratio was 47.2% as of March 31, 2025, down 3.6 points from December 31, 2024.

### (2) Cash Flows

The Company has not prepared a statement of cash flows for the period ended March 31, 2025, so disclosure is omitted.

## (3) Explanation of Consolidated Earnings Forecasts and Other Projections

The Company has made no changes to its full-year earnings forecast for the financial year ending December 31, 2025, which was announced on February 13, 2025.

This forecast is based on information available to the Company at the time of its formulation. Actual results may differ

substantially from the projections included within due to potential changes affecting a variety of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended December 31, 2024 (as of December 31, 2024)	Three months ended March 31, 2025 (as of March 31, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	17,007	15,487
Notes and accounts receivable - trade	23,293	32,452
Electronically recorded monetary claims - operating	2,228	2,483
Merchandise and finished goods	22,974	28,648
Work in process	781	764
Raw materials and supplies	6,130	5,817
Other	2,752	3,964
Allowance for doubtful accounts	(94)	(99)
<b>Total current assets</b>	<b>75,073</b>	<b>89,520</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,803	32,137
Accumulated depreciation and impairment	(18,625)	(17,871)
Buildings and structures, net	15,177	14,265
Machinery, equipment and vehicles	20,312	20,227
Accumulated depreciation and impairment	(14,575)	(14,739)
Machinery, equipment and vehicles, net	5,736	5,488
Land	7,636	6,527
Leased assets	498	488
Accumulated depreciation and impairment	(269)	(248)
Leased assets, net	228	239
Construction in progress	743	956
Other	10,254	10,306
Accumulated depreciation and impairment	(8,334)	(8,395)
Other, net	1,919	1,910
<b>Total property, plant and equipment</b>	<b>31,443</b>	<b>29,388</b>
Intangible assets		
Trademark right	1,774	1,674
Software	3,473	3,490
Goodwill	1,013	1,332
Customer-related intangible assets	785	705
Other	380	467
<b>Total intangible assets</b>	<b>7,428</b>	<b>7,670</b>
Investments and other assets		
Investment securities	5,440	5,459
Retirement benefit asset	13,386	13,517
Deferred tax assets	513	667
Other	2,356	2,412
Allowance for doubtful accounts	(7)	(48)
<b>Total investments and other assets</b>	<b>21,690</b>	<b>22,008</b>
<b>Total non-current assets</b>	<b>60,562</b>	<b>59,067</b>
<b>Total assets</b>	<b>135,636</b>	<b>148,587</b>

(Millions of yen)

	Fiscal year ended December 31, 2024 (as of December 31, 2024)	Three months ended March 31, 2025 (as of March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	23,477	25,784
Electronically recorded obligations - operating	9,190	10,947
Short-term borrowings	5,000	15,390
Current portion of long-term borrowings	—	157
Accounts payable - other	7,418	5,161
Income taxes payable	1,689	1,562
Accrued consumption taxes	1,070	637
Provision for bonuses	498	1,963
Refund liabilities	1,155	866
Other	8,377	6,232
<b>Total current liabilities</b>	<b>57,877</b>	<b>68,703</b>
Non-current liabilities		
Long-term borrowings	—	261
Deferred tax liabilities	1,905	2,552
Retirement benefit liability	252	225
Asset retirement obligations	488	500
Other	460	476
<b>Total non-current liabilities</b>	<b>3,105</b>	<b>4,016</b>
<b>Total liabilities</b>	<b>60,983</b>	<b>72,720</b>
Net assets		
Shareholders' equity		
Share capital	10,192	10,192
Capital surplus	10,228	10,231
Retained earnings	42,236	44,301
Treasury shares	(2,080)	(2,080)
<b>Total shareholders' equity</b>	<b>60,578</b>	<b>62,645</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,570	1,547
Foreign currency translation adjustment	2,506	1,818
Remeasurements of defined benefit plans	4,211	4,057
<b>Total accumulated other comprehensive income</b>	<b>8,287</b>	<b>7,423</b>
Non-controlling interests	5,786	5,798
<b>Total net assets</b>	<b>74,652</b>	<b>75,867</b>
<b>Total liabilities and net assets</b>	<b>135,636</b>	<b>148,587</b>

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Three months ended March 31, 2025

(Millions of yen)

	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Sales	42,049	44,782
Cost of sales	23,856	24,955
Gross profit	18,192	19,826
Selling, general and administrative expenses		
Transportation and storage costs	1,717	1,824
Advertising expenses	988	896
Promotion expenses	171	244
Provision of allowance for doubtful accounts	22	10
Salaries and allowances	3,674	3,784
Provision for bonuses	1,030	1,229
Travel and transportation expenses	341	347
Depreciation	477	482
Amortization of goodwill	34	31
Rent expenses on land and buildings	379	403
Research and development expenses	722	763
Other	3,653	3,538
Total selling, general and administrative expenses	13,214	13,556
Operating income	4,978	6,269
Non-operating income		
Interest income	48	51
Dividend income	1	3
Foreign exchange gains	46	—
Commission income	32	6
Rental income from buildings	10	18
Other	43	58
Total non-operating income	182	138
Non-operating expenses		
Interest expenses	7	26
Real estate lease expenses	—	7
Foreign exchange losses	—	170
Provision of allowance for doubtful accounts	—	40
Other	4	3
Total non-operating expenses	12	248
Ordinary income	5,148	6,159

(Millions of yen)

	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	4	—
Gain on step acquisitions	—	349
Total extraordinary income	4	349
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	3	4
Loss on valuation of investment securities	0	0
Total extraordinary losses	4	4
Net income before income taxes	5,149	6,505
Income taxes - current	2,009	1,267
Income taxes - deferred	(465)	502
Total income taxes	1,543	1,770
Net income	3,605	4,735
Net income attributable to non-controlling interests	75	57
Net income attributable to owners of parent	3,530	4,678

Consolidated Statement of Comprehensive Income

Three months ended March 31, 2025

(Millions of yen)

	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Net income	3,605	4,735
Other comprehensive income		
Valuation difference on available-for-sale securities	343	(19)
Foreign currency translation adjustment	488	(694)
Remeasurements of defined benefit plans, net of tax	(41)	(170)
Total other comprehensive income	790	(884)
Comprehensive income	4,396	3,850
(Breakdown)		
Comprehensive income attributable to owners of parent	4,315	3,813
Comprehensive income attributable to non-controlling interests	81	37

(3) Notes to Quarterly Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Notes in the event of significant changes in shareholders' equity)

None to be reported.

(Notes on changes in accounting policies)

From the beginning of the first quarter of the consolidated fiscal year ending December 31, 2025, the Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "2022 Revised Accounting Standard") and related guidance.

For revisions concerning the classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatment specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "2022 Revised Guidance"). This change in accounting policy had no impact on quarterly consolidated financial statements.

Further, from the beginning of the first quarter of the consolidated fiscal year under review, the Company has applied the 2022 Revised Guidance for revisions concerning the treatment in the consolidated financial statements of gains or losses arising from the sale of shares of subsidiaries within the consolidated group, where such gains or losses are deferred for tax purposes. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the first quarter of the previous fiscal year and for the previous fiscal year have been restated accordingly. The change in accounting policy had no impact on consolidated financial statements, either for the first quarter of the previous fiscal year or for the previous fiscal year.

(Notes to segment information)

[Segment information]

I. Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

Information on the amount of sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments*2	Amount recorded on the quarterly consolidated statement of income*3
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	34,951	7,098	42,049	—	42,049
Intersegment sales and transfers*1	3,855	27	3,883	(3,883)	—
Total	38,807	7,125	45,933	(3,883)	42,049
Segment income	4,778	290	5,069	(90)	4,978

Notes: 1. Includes internal sales within and among segments.

2. The 90 million yen downward adjustment to segment income comprises eliminations of intersegment transactions.

3. Segment income is adjusted according to the amount of operating income indicated on the quarterly consolidated statements of income.

II. Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

1. Information on the amount of sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments			Adjustments*2	Amount recorded on the quarterly consolidated statement of income*3
	Household Products Business	General Environment and Sanitation Business	Total		
Sales					
Sales generated through external customers	37,090	7,691	44,782	—	44,782
Intersegment sales and transfers*1	3,574	37	3,612	(3,612)	—
Total	40,665	7,729	48,394	(3,612)	44,782
Segment income	6,081	212	6,293	(24)	6,269

- Notes:
1. Includes internal sales within and among segments.
  2. The 24 million yen downward adjustment to segment income comprises eliminations of intersegment transactions.
  3. Segment income is adjusted according to the amount of operating income indicated on the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill by reportable segment

(Significant changes in the amount of goodwill)

As of the first quarter of the consolidated fiscal year under review, goodwill in the Household Products Business increased due to the inclusion of Protoleaf, Inc. in the scope of consolidation. The increase in goodwill resulting from this event amounted to 349 million yen during the first quarter.

(Notes regarding the statement of cash flows)

We have not prepared a quarterly consolidated statement of cash flows for the three months ended March 31, 2025. However, depreciation (including amortization of intangible assets, excluding goodwill) and amortization of goodwill for the three-month period are as follows.

	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Depreciation	1,068 million yen	1,088 million yen
Amortization of goodwill	34 million yen	31 million yen

(Business combinations)

Business combination through acquisition

1. Overview of business combination

(1) Name and business of the acquired company

Name: Protoleaf, Inc.

Business: Manufacture, wholesale, and retail of gardening materials, as well as the design, construction, and management of landscaping projects

(2) Main reason for business combination

The Earth Group is committed to addressing customer dissatisfaction and inconvenience from the customers' perspective

and offers a diverse range of original and quality services, including insecticides and repellents, bath salts, oral hygiene products, gardening supplies, and general environment and sanitation services. Protoleaf, Inc., meanwhile, is engaged in the manufacture, wholesale, and retail of gardening materials, as well as the landscaping business. Protoleaf offers a variety of original soil products for home gardening and has commercialized quality potting soil by blending various minerals and organic components. It holds a strong market share in the horticultural soil sector.

The Group and Protoleaf have entered into a capital and business alliance and are currently collaborating in sales, marketing, and product development in the gardening supplies market. We believe that more flexible utilization of the management resources of both companies will contribute to further growth for both parties.

(3) Date of business combination

February 28, 2025 (Share acquisition date)

March 31, 2025 (Deemed acquisition date)

(4) Legal form of business combination

Share acquisition in exchange for cash

(5) Name of the company after business combination

Unchanged

(6) Percentage of voting rights acquired

Voting rights ratio immediately before the business combination date	34.15%
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Voting rights ratio additionally acquired on the business combination date	16.07%
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Voting rights ratio after acquisition	50.22%
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(7) Main grounds for determining the acquiring company

Share acquisition by the Company in exchange for cash

2. Period of the acquired company's performance included in the quarterly consolidated statement of income

The acquired company's performance is not included in the consolidated statement of income for the first quarter of the fiscal year under review, as only the balance sheet has been consolidated during this period.

3. Acquisition cost of the acquired company and breakdown by type of consideration

Fair value on the business combination date of shares held immediately prior to the business combination	366 million yen
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Consideration (cash) for shares additionally acquired on the business combination date	172 million yen
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Acquisition cost	539 million yen
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4. Difference between the acquired company's acquisition cost and the total acquisition cost accumulated through each transaction

Gain on step acquisitions	349 million yen
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5. Amount of goodwill, reason for its recognition, and the method and period of amortization

(1) Amount of goodwill

349 million yen

(2) Reason for recognition

As the acquisition cost exceeded the net amount of the acquired assets and assumed liabilities, the excess amount has been recognized as goodwill.

(3) Method and period of amortization

To be amortized over five years using the straight-line method