



Financial Results Meeting for the Second Quarter of the Fiscal Year Ending February 28, 2026

Stock code: 2930
Kitanotatsujin Corporation
October 15, 2025

Important Note

- ◆ The Company employs a business model that reaps profits after three to four months pass from advertising expenses, a form of upfront investment
- ◆ The financial results forecast has been prepared based on the assumption that the “level of new customer acquisitions” and the “level of upfront investment in advertising expenses” at the time of preparation will continue

Therefore, please understand the following when looking at quarterly forecasts:

- When profit is projected to **fall below** the forecast due to an increase in advertising expenses:
→ **Positive** from a long-term perspective since upfront investment is progressing steadily
- When profit is projected to **exceed** the forecast due to a decrease in advertising expenses:
→ **Negative** from a long-term perspective since upfront investment is not progressing steadily

Executive Summary

- ☞ Consolidated net sales came in at ¥5,245 million (+2.3% from the forecast) and consolidated operating profit came in at ¥505 million (-5.7% from the forecast), roughly in line with the forecast.
- ☞ The number of new customer acquisition, which bottomed out in the third quarter of FY2025, continued to remain firm in the second quarter, outperforming the plan.
- ☞ We have focused on product planning toward expanding our product lineup.

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Highlights for the Second Quarter of the Fiscal Year Ending February 28, 2026

Consolidated Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2026 2Q forecast	FY2026 2Q results	Changes	Changes (%)
Net sales	5,129	5,245	+116	+2.3%
Gross profit	3,894	4,024	+130	+3.3%
Selling, general and administrative expenses	3,358	3,519	+160	+4.8%
Advertising expenses	1,297	1,407	+109	+8.5%
Operating profit	535	505	-30	-5.7%
Operating profit margin	10.4%	9.6%	-0.8 pt	
Ordinary profit	542	518	-24	-4.4%
Profit attributable to owners of parent	373	354	-19	-5.1%

- Both net sales and operating profit were largely in line with the forecast.
- New customer acquisitions of J NORTH FARM outperformed the plan, increasing advertising expenses.

Key Performance Highlights [Compared Year on Year]

(Millions of yen)

	FY2025 2Q results	FY2026 2Q results	Changes	Changes (%)
Net sales	6,482	5,245	-1,236	-19.1%
Gross profit	4,925	4,024	-901	-18.3%
Selling, general and administrative expenses	4,023	3,519	-504	-12.5%
Advertising expenses	1,754	1,407	-346	-19.8%
Operating profit	902	505	-396	-44.0%
Operating profit margin	13.9%	9.6%	-4.3 pt	
Ordinary profit	910	518	-391	-43.0%
Profit attributable to owners of parent	608	354	-254	-41.8%

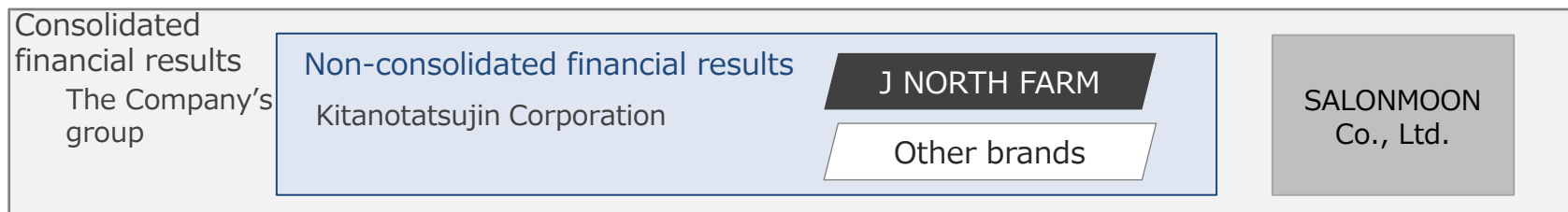
The accumulation of sales from regular customers has decreased as the recovery of new customer acquisitions, which started decreasing from FY2024, was slow in FY2025, resulting in net sales and profits lower than the same period of the previous year. (See page 17 for quarterly changes in sales.)

Financial Results by Segment and Brand

(Millions of yen)

Segment	Brand name	FY2026 1Q	FY2026 2Q	Total
Health & Beauty Care business	 北の快適工房 J NORTH FARM	2,366	2,427	4,793
	 SALON MOON ^{Pro}	211	208	420
	Other brands*	18	13	31
Total net sales		2,596	2,649	5,245
Operating profit		240	264	505

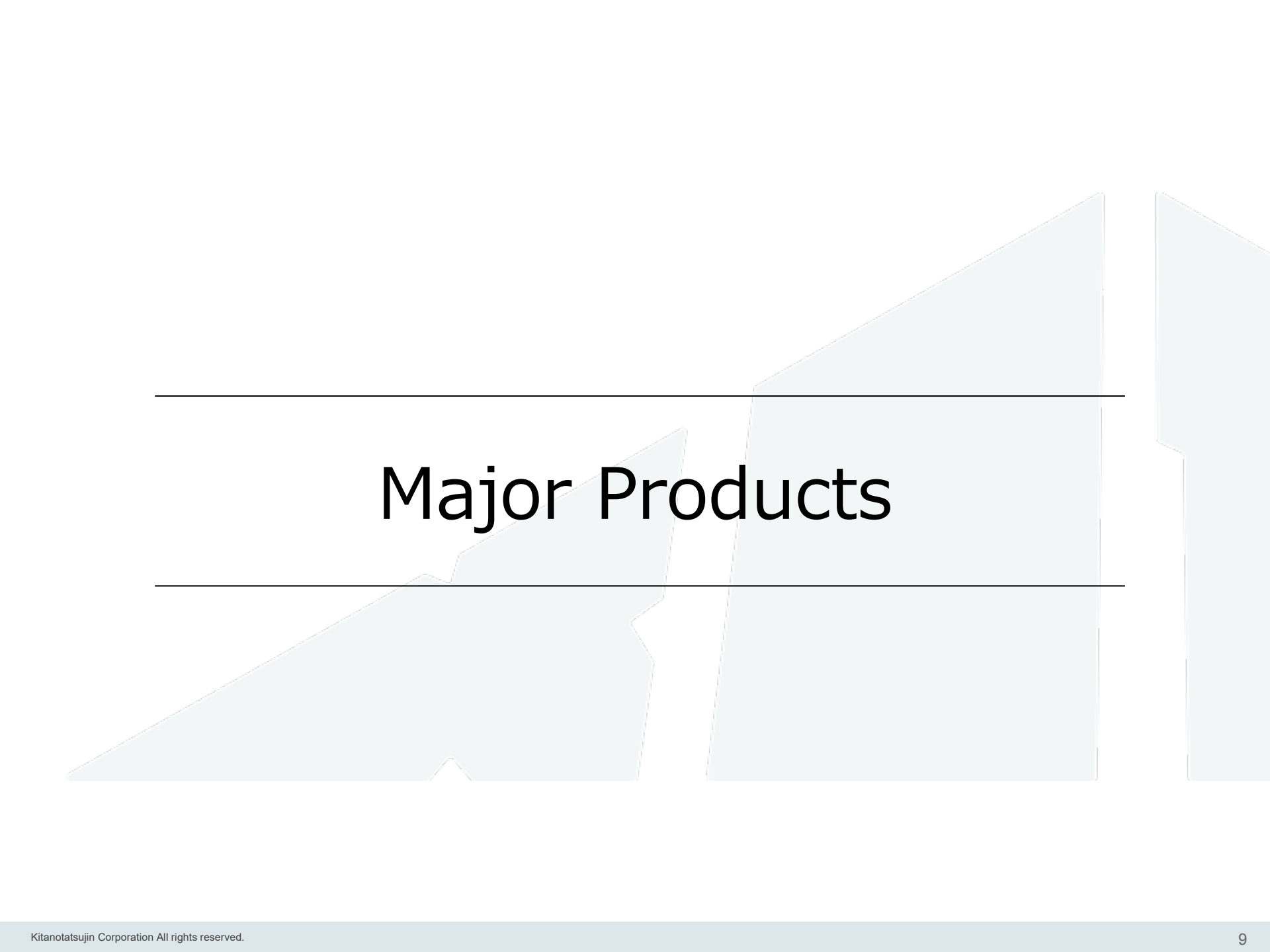
<Segments of financial results>



Non-consolidated financial results occupy a significant portion of our consolidated financial results.

* "Other brands" are comprised of the e-cigarette "SPADE."

This is treated as a separate brand from J NORTH FARM given the product characteristics and creation background. However, it accounts for only a small portion of the non-consolidated financial results.



Major Products

Non-consolidated Major Products

New product
Released in FY2026



LIFIST

Category

Beauty

Overview

Next-generation micro needle lifting*¹ cosmetics against sagging cheeks*¹ with skin care effects

Feature

- The fifth release of the “DEEP PATCH Series,” micro needle cosmetics of the Company, which has opened up the market among many competing micro needle products
- Special-shaped patches with tabs for lifting and fixing*¹ skin, smoothing out smile lines*¹, by injecting beauty needles containing hyaluronic acid as the main ingredient

Existing products



DEEP PATCH Series

HYALO DEEP PATCH for wrinkles under the eyes and smile lines

MIKEN DEEP PATCH for the area between the eyebrows

ODEKO DEEP PATCH for the forehead

CHEEK PORE PATCH for the cheek pore zones*²

Category

Beauty

Overview

Injectable cosmetics that directly deliver hyaluronic acid to the stratum corneum

Blend of beauty ingredients and sheet shape tailored to characteristics of facial areas

Feature

Recognized by the Guinness World Records™ for six consecutive years as the world's best-selling*³ products, being the first in the world to achieve six consecutive Guinness World Record™ wins for the sales records in the cosmetics section

As there are various micro needle products in the market, “HYALO DEEP PATCH” has opened up the micro needle cosmetics market

*¹ Physical effects of the patch

*² Area where cheek pores are concentrated

*³ Global survey by TFCO Co., Ltd. The largest micro-needle cosmetic skin patch brand (DEEP PATCH Series) with sales amount for the period from March 2019 to February 2025

Major Products



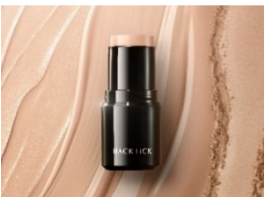
LID KIRARA

Category

Beauty

Overview/
feature

Eye care beauty gel against sagging eyelids
In addition to anti-aging, eyelids are lifted thanks to physical film effects immediately after application*¹



HACKTICK

Category

Beauty

Overview/
feature

A single stick foundation that completes base makeup, serving five functions; to prevent sunburns, base for makeup, foundation, concealer, and face powder



Clear Strong Shot α

Category

Kaiteki: Skin care

Overview/
feature

Medicinal gel-type nail care product
Active ingredients penetrate into the nails*² with our original penetrating technology and eliminate bacteria inside the nail with disinfection efficiency



KAITEKI OLIGO

Category

Kaiteki: Healthcare

Overview/
feature

Oligosaccharide food for household use which improves bowel movements for people with constipation tendency
Japan's first*³ food with functional claims containing a combination of five types of ingredients that improve bowel movements.



HYALO AID

Category

Kaiteki: Healthcare

Overview/
feature

A hyaluronic acid gel sheet that is applied directly to knees for delivering moisture
This product is directly "applied" to knees, different from conventional approaches such as "drinking," "rubbing," and "injecting"

*1 Physical film effect

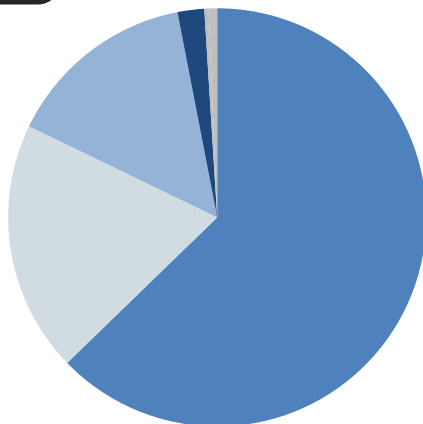
*2 To the surface of top plates

*3 See the website of the Consumer Affairs Agency. Survey by the Company in September 2019

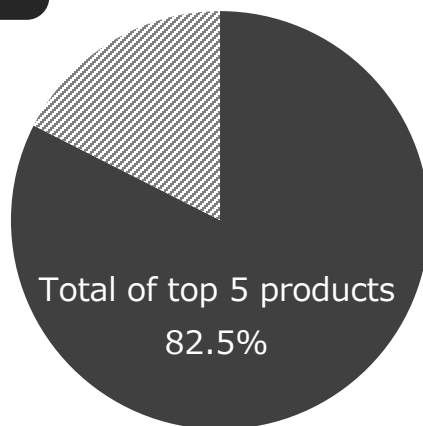
Breakdown of Net Sales

Six months ended August 31, 2025 (FY2026 1H)

By category



Top 5 products



Category	Number of products as of the end of 2Q (kinds)	Percentage of net sales for FY2026 1H (%)
Reference: https://www.kaitekikobo.jp/shopping/		
■ Beauty	20	62.7
■ Kaiteki: Skin care	7	19.4
■ Kaiteki: Healthcare	8	14.8
■ Men's	4	2.1
■ Other*	2	1.0
Total	41	100

<By category>

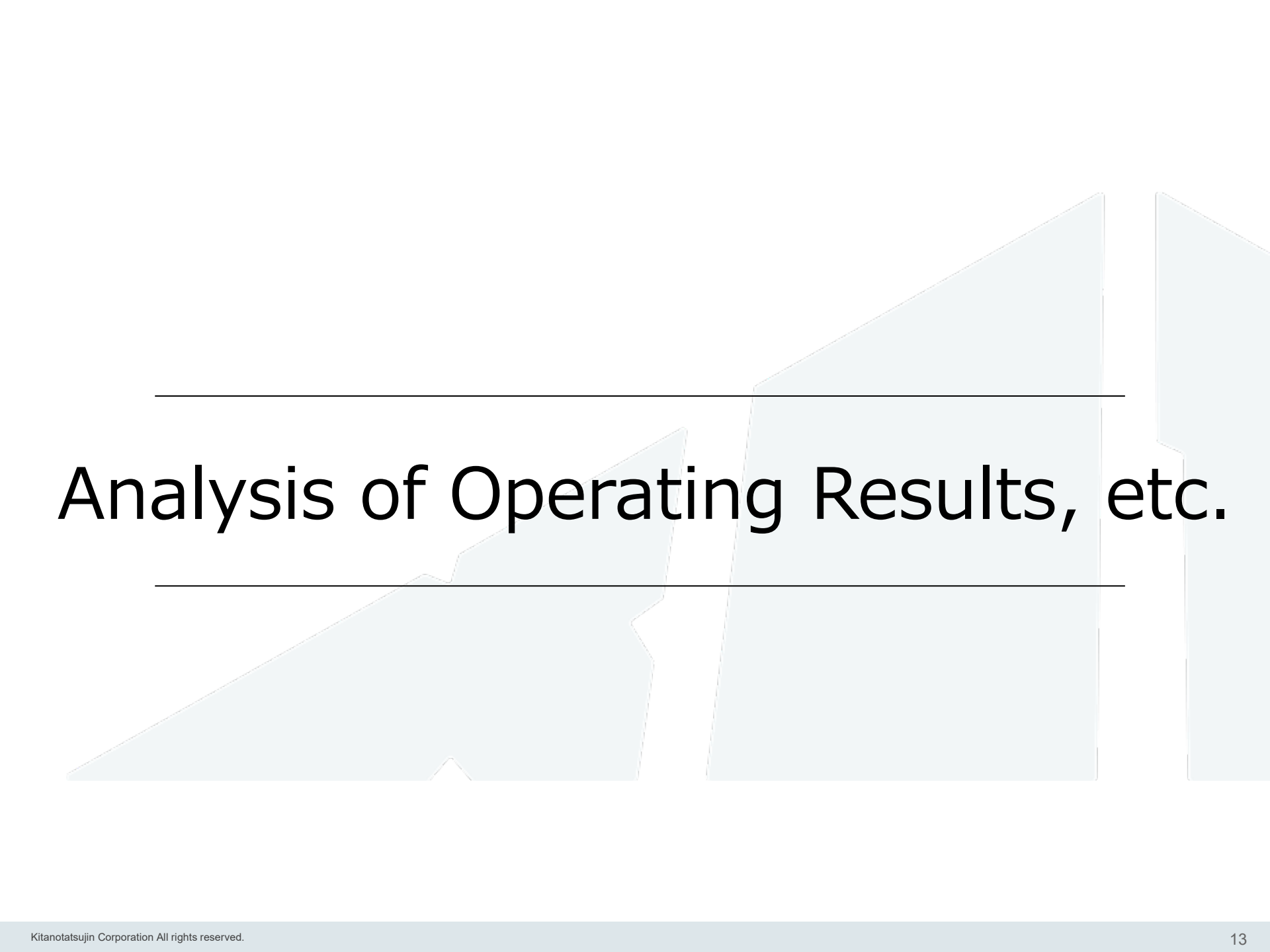
- Beauty is the highest at approx. 60%, followed by kaiteki: skin care at approx. 20%
- The order of net sales by category has remained unchanged for the last few years

<Top five products>

Although top products vary, they account for approx. 80%

* Includes the other brand "SPADE."

The percentage of net sales by products differs from that for overall net sales as it does not include an adjustment for revenue recognition.

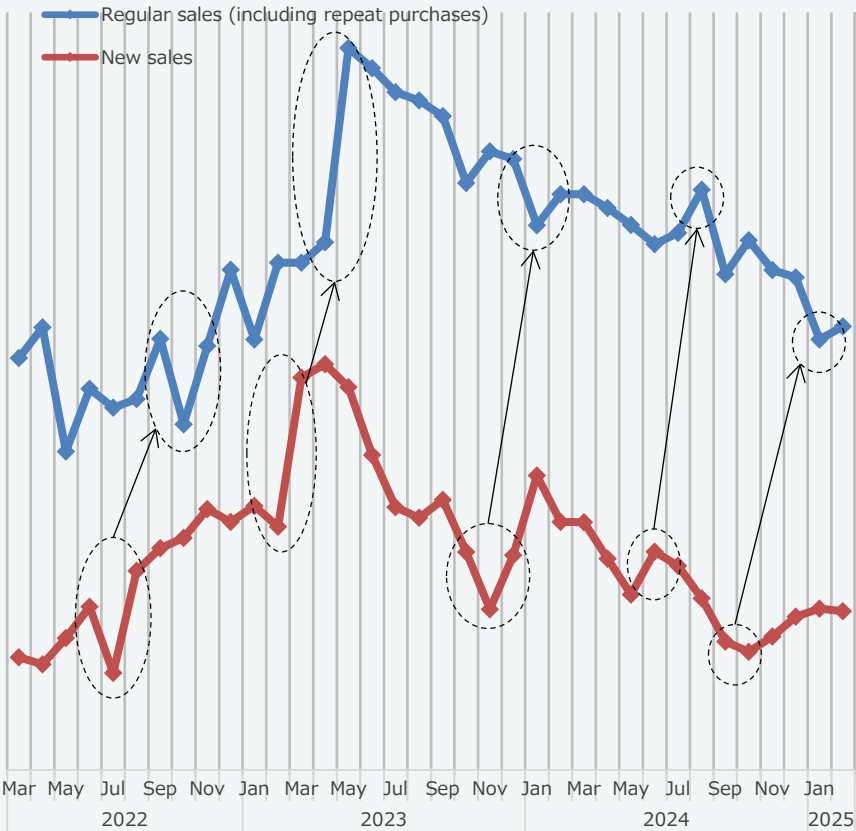


Analysis of Operating Results, etc.

Explanation: Relationship between new sales and regular sales

◆ Correlation between new sales and regular sales

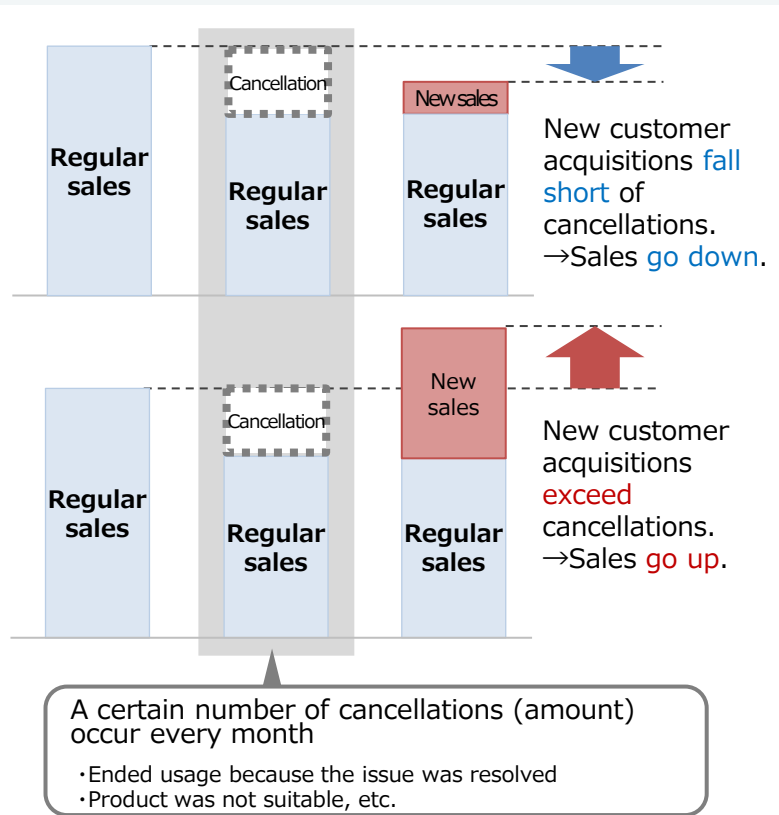
A change in new sales generally emerges as impact on regular sales in two or three months



* For visualizing the correlation, the vertical axis represents different figures.

◆ Profit structure

Although a certain number of cancellations (amount) occurs every month, sales will grow by an increase in regular customers if new customer acquisitions exceed the number of cancellations



Explanation: Sales profit and operating profit

◆ Sales profit and operating profit

Our own unique management accounting method (five level profit management: see page 44) allows us to identify the factors behind changes in profit for each product, and we have focused in on “sales profit” and “operating profit” as important performance evaluation indicators.

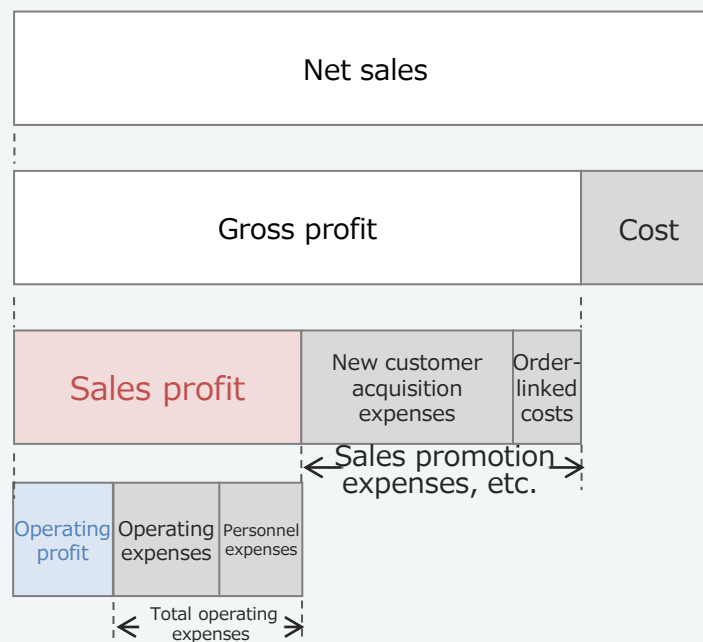
Sales profit = gross profit – sales promotion expenses, etc.
 (Order-linked costs*¹ + New customer acquisition expenses*²)

Indicator that is significantly impacted by new customer acquisitions and directly reflects recent business conditions as new customer acquisition expenses vary based on changes in the number of new customer acquisitions.

Operating profit = sales profit – total operating expenses
 (Personnel expenses + Operating expenses)

Impacted by investments for future business expansion in addition to recent business results.

Management accounting structure to visualize profits for “each product”



*1 Expenses that must be incurred for orders, including credit card transaction fees, shipping, packaging materials costs, enclosures and accessories, etc. In principle, it remains at a constant percentage of overall net sales.

*2 Expenses involved in the acquisition of new customers; primarily advertising expenses.

Quarterly changes and comparisons of results

(Millions of yen)

	Results							Forecast
	FY2025				FY2026		FY2026	
	1Q	2Q	3Q	4Q	1Q	2Q	2Q	
Net sales	2,922	2,896	2,510	2,358	2,384	2,440	2,334	
Gross profit	2,310	2,332	2,006	1,805	1,895	1,929	1,842	
Sales promotion expenses, etc.	1,144	1,113	731	830	925	966	853	
Sales profit	1,165	1,219	1,275	974	969	962	989	
Operating profit	381	499	542	170	222	255	278	
Changes (vs. the current period)								
	Compared with forecast	Quarter on quarter	Year on year					
Net sales	+106	+56	-455					
Gross profit	+87	+33	-403					
Sales profit	+113	+40	-146					
Sales profit	-26	-6	-256					
Operating profit	-23	+33	-244					

<Compared with forecast>

Net sales increased as new acquisitions remained stronger than expected and new sales increased. Sales profit was lower than the forecast due to an increase in sales promotion expenses, etc.

<Compared quarter on quarter>

Net sales increased as new acquisitions were on a recovery trend and new sales increased, while sales profit decreased due to an increase in sales promotion expenses, etc.

<Compared year on year>

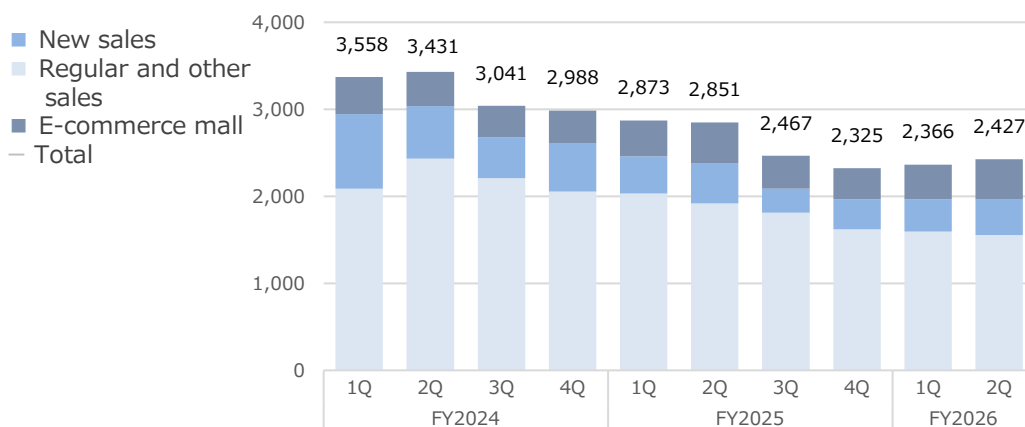
Both net sales and sales profit decreased mainly due to decreases in new sales of J NORTH FARM and regular sales.

Change in net sales and sales profit by sales category

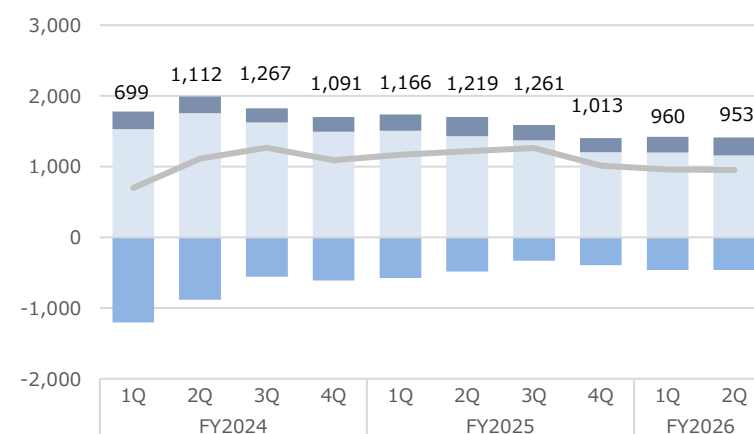
(Millions of yen)

	FY2024				FY2025				FY2026	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	3,558	3,431	3,041	2,988	2,873	2,851	2,467	2,325	2,366	2,427
(1) New sales										
Net sales	857	602	470	549	427	464	275	343	370	408
Sales profit	-1,205	-881	-558	-611	-573	-485	-328	-392	-463	-461
(2) Regular and other sales										
Net sales	2,087	2,433	2,208	2,056	2,031	1,918	1,811	1,622	1,596	1,555
Sales profit	1,531	1,757	1,627	1,496	1,506	1,431	1,371	1,204	1,200	1,157
(3) E-commerce mall sales										
Net sales	426	395	361	381	413	468	379	359	398	464
Sales profit	248	236	198	206	233	273	219	201	223	257
Sales profit	699	1,112	1,267	1,091	1,166	1,219	1,261	1,013	960	953

Net sales



Sales profit



* There is a difference between the total amount of sales category (1) through (3) and the total amount for J NORTH FARM, as net sales of ¥188 million and sales profit of ¥125 million due to delayed deliveries in FY2023 are not stated in the first quarter of FY2024.

Factors behind change in sales profit

<Compared with financial results forecast for FY2026 1H>

(Millions of yen)

	Forecast	Results	Changes	Changes (%)
Net sales	4,614	4,793	+179	+3.9%
(1) New sales				
Net sales	680	779	+99	+14.6%
Gross profit	490	560	+69	+14.2%
Sales promotion expenses, etc.	1,348	1,485	+136	+10.1%
Sales profit	-858	-924	-66	—
Initial ROAS*1	56.4%	60.7%	—	—
(2) Regular and other sales				
Net sales	3,156	3,151	-4	-0.1%
Gross profit	2,508	2,505	-2	-0.1%
Sales promotion expenses, etc.	133	147	+14	+11.0%
Sales profit	2,375	2,357	-17	-0.7%
(3) E-commerce mall sales				
Net sales	777	862	+84	+10.9%
Gross profit	636	737	+100	+15.8%
Sales promotion expenses, etc.	214	257	+42	+19.6%
Sales profit	422	480	+58	+13.8%
Sales profit	1,939	1,913	-25	-1.3%

- ◆ Net sales increased, as the number of new customer acquisitions was higher than expected.
- ◆ As we were able to make outlays for new customer acquisitions, sales promotion expenses, etc. increased. Sales profit was below the forecast but in a positive state.

- ◆ The accumulation of regular sales was slightly lower than expected due to a decline in LTV.
 - Profitability per new acquisition does not deteriorate, though a decline in LTV is due to factors such as measures which have driven new acquisitions and a difference from expected shares of new acquisition products.

As per our policy, “measures which will decline LTV while increasing the purchase rate” will not be newly implemented, after the announcement of the Medium-term Management Plan.
- ◆ Sales promotion expenses, etc. are on an increasing trend due to the promotion of LTV*2 improvement measures

- ◆ Both net sales and sales profit were higher due to various measures.

*1 ROAS stands for Return On Advertising Spend, which is an indicator of advertising investment efficiency that measures how much sales are generated from advertising. In this case, this figure is calculated using “sales from new customer acquisitions” and “new customer acquisition expenses” included under sales promotion expenses, etc. If ¥1 million was used for new customer acquisition expenses, and ¥500 thousand of sales was generated, the ROAS is 0.50 (50.0%). If ROAS is 1.00 or less, the balance of income and expenditure at the first purchase will be negative. Meanwhile, if it is a subscription purchase, the balance will become positive as products are purchased continuously.

*2 LTV stands for Life Time Value, which is the amount of lifetime net sales a customer will bring. 1-year LTV is the amount of net sales a customer will bring for one year.

Factors behind change in sales profit

(Millions of yen)

	Compared quarter on quarter				Compared year on year			
	FY2026 1Q	FY2026 2Q	Changes	Changes (%)	FY2025 2Q	FY2026 2Q	Changes	Changes (%)
Net sales	2,366	2,427	+61	+2.6%	2,851	2,427	-423	-14.9%
(1) New sales								
Net sales	370	408	+37	+10.1%	464	408	-56	-12.1%
Sales promotion expenses, etc.	733	751	+17	+2.4%	858	751	-107	-12.5%
Sales profit	-463	-461	+2	—	-485	-461	+24	—
(2) Regular and other sales								
Net sales	1,596	1,555	-40	-2.6%	1,918	1,555	-363	-18.9%
Sales promotion expenses, etc.	72	74	+2	+2.8%	88	74	-13	-15.4%
Sales profit	1,200	1,157	-43	-3.7%	1,431	1,157	-274	-19.2%
(3) E-commerce mall sales								
Net sales	398	464	+65	+16.4%	468	464	-4	-0.9%
Sales promotion expenses, etc.	117	139	+21	+18.0%	137	139	+1	+1.4%
Sales profit	223	257	+33	+15.2%	273	257	-16	-6.1%
Sales profit	960	953	-7	-0.8%	1,219	953	-266	-21.9%

<Compared quarter on quarter>

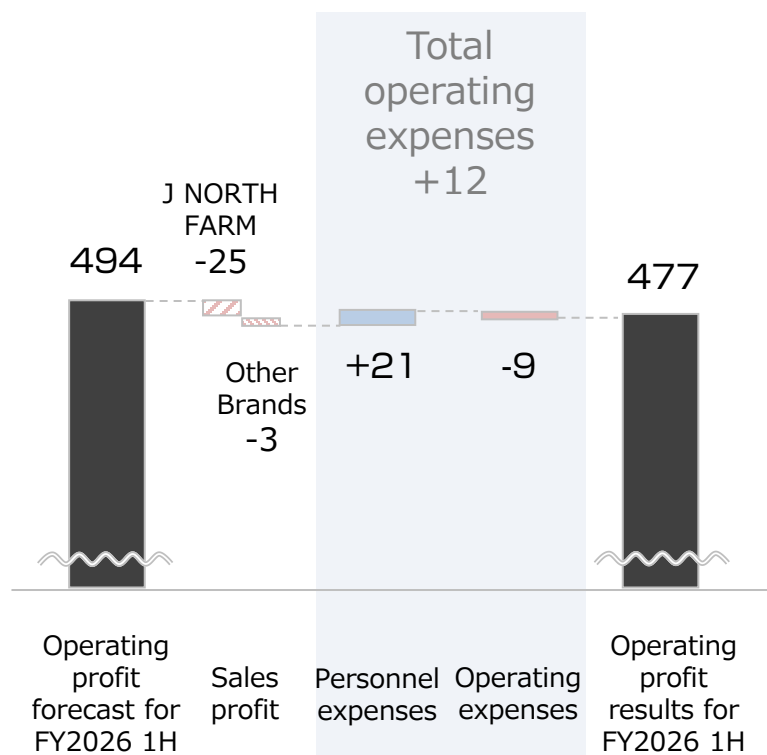
- As new sales have recovered after bottoming out in the third quarter of FY2025, net sales increased. As advertising investment also increased, sales profit decreased.
- Regular sales decreased due to the impact of the past decrease in new sales, as effects of a bottoming out and recovery of new sales have not been yet seen. E-commerce mall sales were strong.

<Compared year on year>

- The impact of a decrease in new sales after the second quarter of FY2024 is significant. Although it has been on a recovery trend since the third quarter of FY2025, it has still not recovered to the same level. The accumulation of regular sales also decreased.
- E-commerce mall sales have recovered to the level of the same period of the previous year due to measures taken.

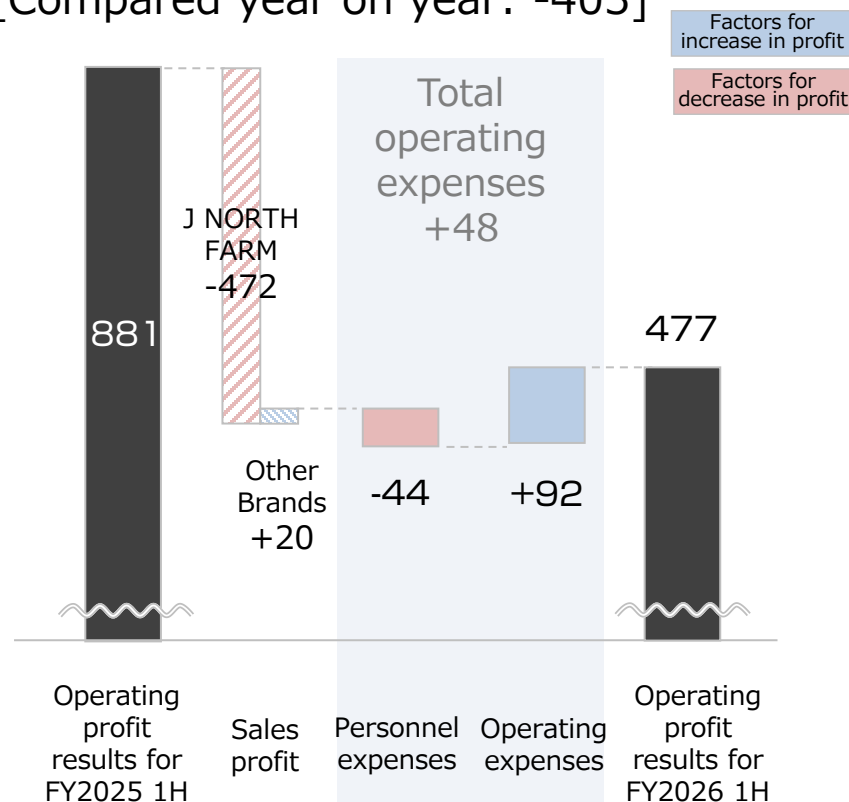
Factors behind change in operating profit

[Compared with financial results forecast: -16]



(Compared with financial results forecast)
No significant increase or decrease

[Compared year on year: -403] (Millions of yen)



(Year on year)

- Optimization of distribution bases
- In the previous year, expenses related to relocation of the Tokyo Head Office floor were incurred.

Non-consolidated

J NORTH FARM

Relationship between number of new customer acquisitions and advertising expenses

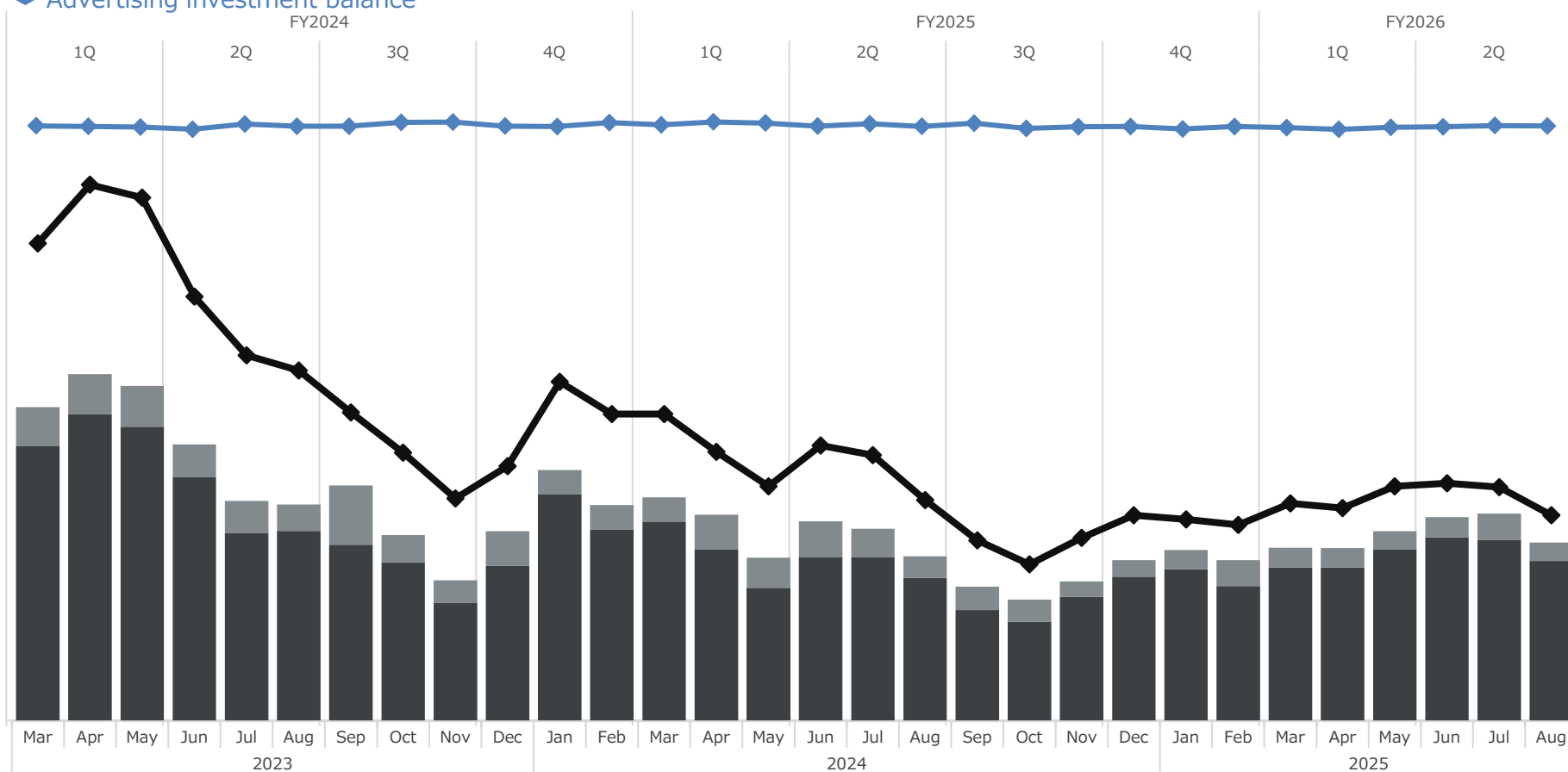
- Changes in the number of new customer acquisitions are directly linked to changes in advertising expenses.
- The advertising investment balance is maintained at a constant level.

■ From our own ads (number of new customer acquisitions)
 ■ Other (number of new customer acquisitions)

◆ Advertising expenses

◆ Advertising investment balance

(Millions of yen)

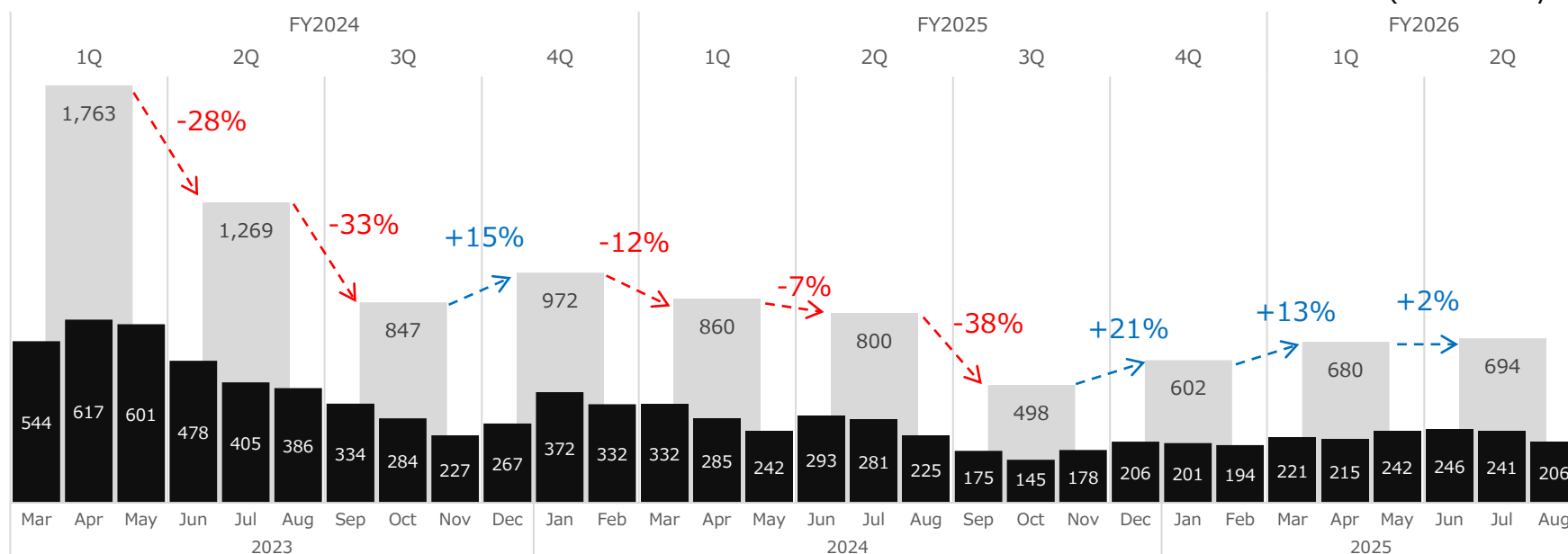


Non-consolidated

J NORTH FARM

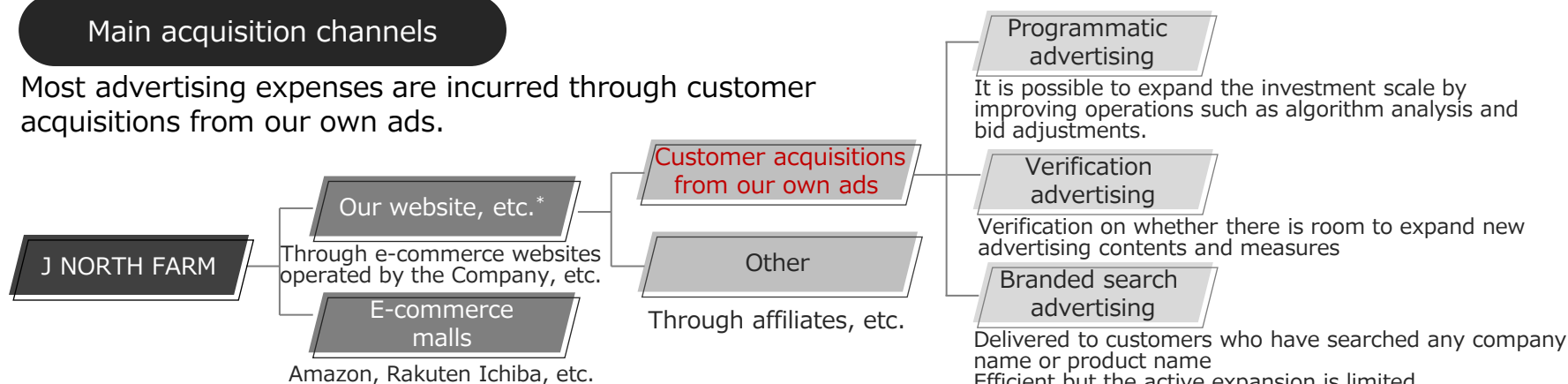
Changes in advertising expenses

(Millions of yen)



Main acquisition channels

Most advertising expenses are incurred through customer acquisitions from our own ads.



* "Our website, etc." includes the number of new customer acquisition (as well as a portion of orders made by phone, etc.) from all e-commerce websites operated by the Company, excluding e-commerce malls

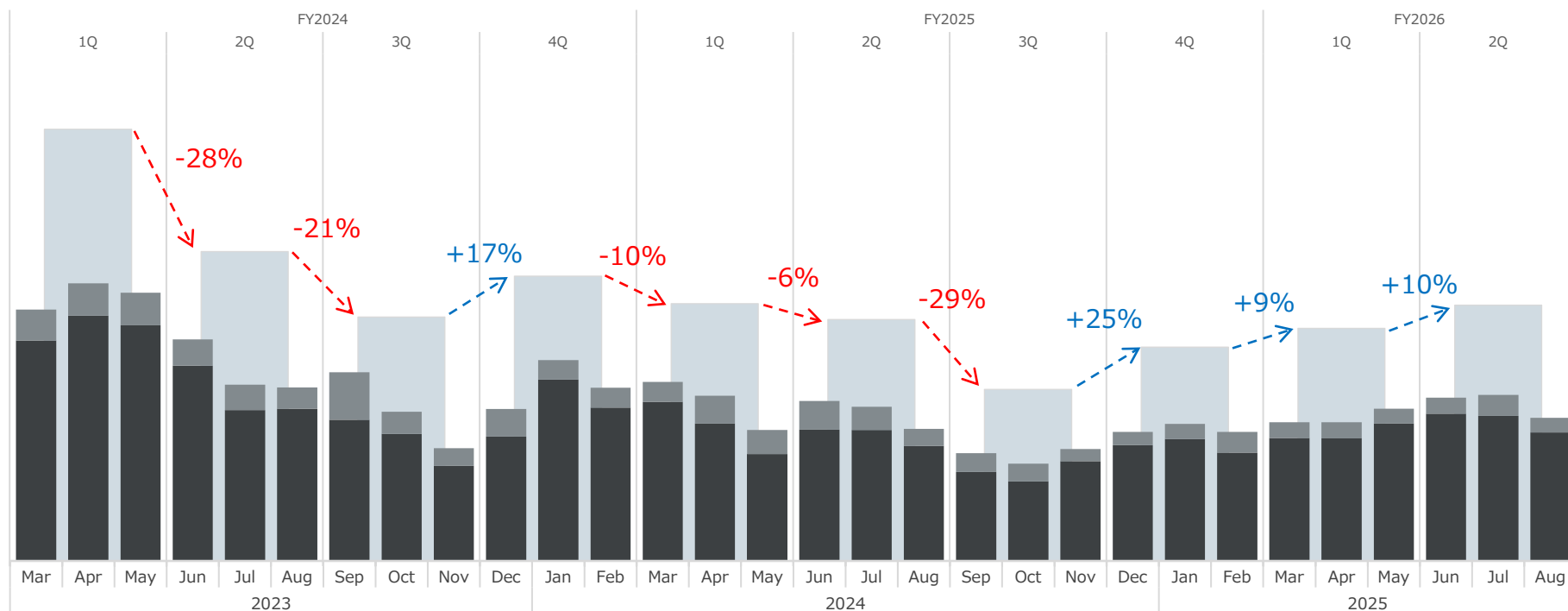
Non-consolidated

Our website, etc.

Changes in number of new customer acquisitions

The number of new customer acquisitions for the second quarter of FY2026 increased 10% QonQ.

- Customer acquisitions from our own ads
- Other
- Total for quarter



- ◆ Since the third quarter of FY2025, the number of new customer acquisitions has remained on a recovery trend.

Continuous efforts such as brushing up training content, developing a system, and utilizing AI technologies, in order to create advertising with a higher click-through rate, particularly “good advertising content” including sales pages with a higher purchase rate

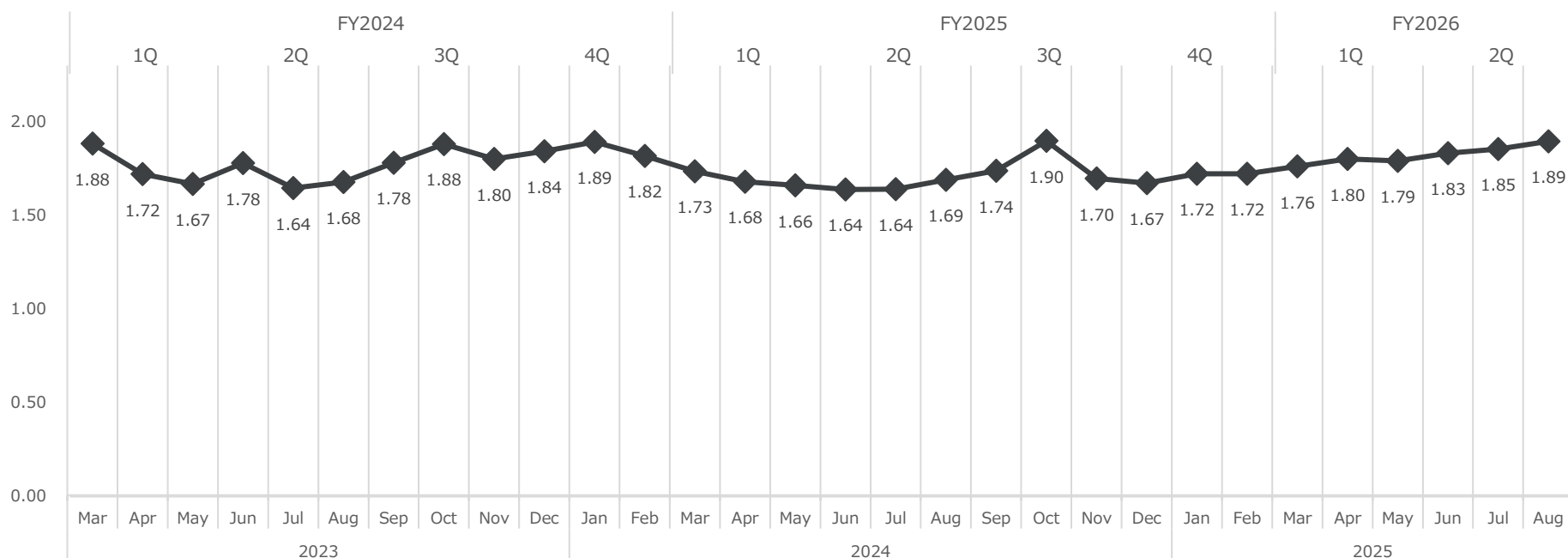
Change in 1-year ROAS

1-year ROAS^{*1*2}

Amount of sales expected to result from advertising investment in one year

This is an efficiency indicator that represents a relationship between advertising investment and the resulting expected one-year sales. The overall acquisition from our own ads managed and operated by the Company are measured.

It is monitored in a broad and holistic way.



*1 Used as a projection of how much sales are expected to result from advertising in one year. If ¥1 million was used for advertising, and sales of ¥1.5 million are expected to be generated, the projected 1-year ROAS is 1.50.

*2 "Initial ROAS" is an indicator for measuring how much initial sales are generated from advertising investment. However, even though profitability may not be decreasing, ROAS values will trend downward when the share of the products to which a high CPO limit^{*3} can be assigned due to their high LTV, despite their low unit price, has increased, meaning that there were cases in which this indicator was not an accurate depiction of investment efficiency. As it is necessary to factor in these aspects when evaluating advertising investment efficiency in the subscription purchase model, which is based on continued purchases, 1-year ROAS is used for calculation. While initial ROAS is calculated as "initial sales (results) ÷ advertising expenses (results)," 1-year ROAS is calculated as "1-year sales (projection) ÷ advertising expenses (results)." The figures for sales over a period of one year are simulated projections derived from massive amounts of data, including past results and repeat purchase rates, etc., and these same projections are used in actual ad management to set CPO limits.

*3 Upper limit of advertising expenses that can be used to acquire one new customer, calculated backward from the required profit, using the relationship between "CPO," which is the amount of advertising expenses required to acquire one new customer, and LTV.

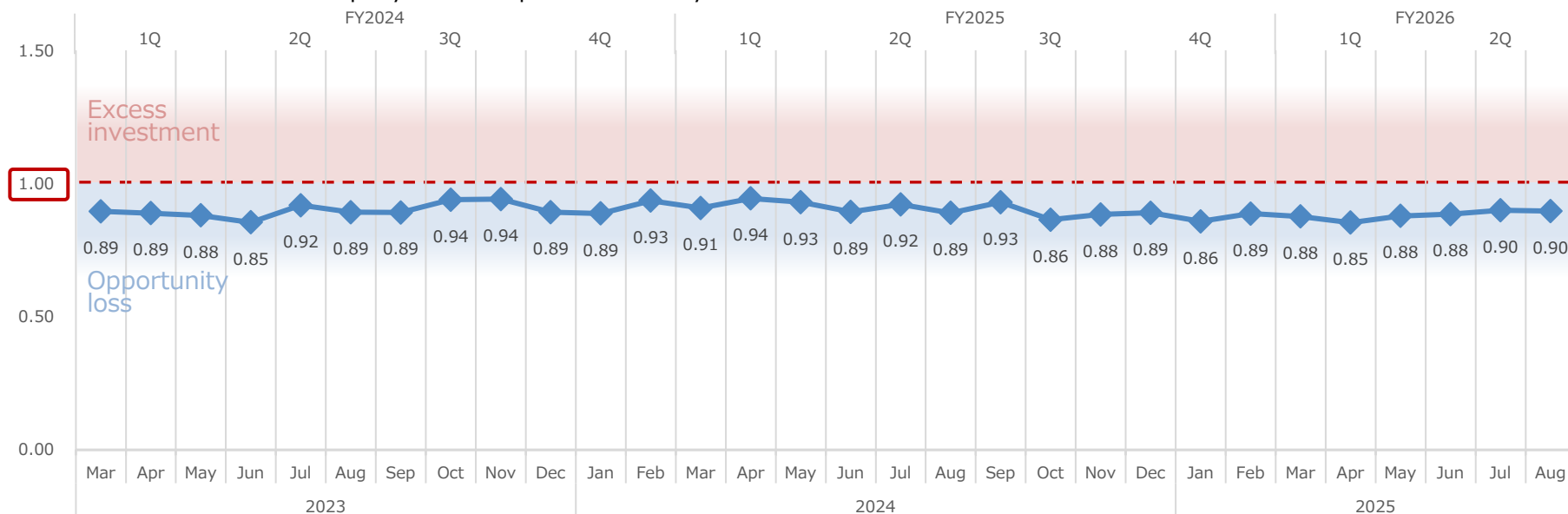
Advertising investment balance^{*1}

An indicator for checking opportunity loss and unprofitability in advertising. 1.00 is an optimal value.

- This indicator is practically managed with a safety margin in consideration of changes in the market environment and excess investment risk.
- This is for a strategic decision for achieving both profitability and sustainable growth, while reducing opportunity loss as much as possible: in many cases, it is lower than 1.00.

The advertising investment balance is calculated with “programmatic advertising” (see page 22) as it accurately reflects the actual condition.

- A consequence of “programmatic advertising” significantly varies depending on skills of operations such as algorithm analysis and bid adjustments and accordingly, it is possible to expand the investment scale through operational improvements by the Company.
- We have changed the calculation method this time, because “verification advertising”^{**2} and “branded search advertising”^{**3}, for which room for expansion and the degree of skill demonstration are limited, do not accurately reflect the Company’s actual operational ability.



^{*1} A unique indicator that measures opportunity loss and unprofitability in advertising. Advertising investment indicates how much CPO was obtained with respect to the CPO limit. If it is less than 1.00, there is opportunity loss, and if it is higher than 1.00, there is excess investment. Therefore, 1.00 is the optimal value. If the CPO limit is set to ¥10,000 and the CPO result is ¥9,000, the advertising investment balance is 0.90.

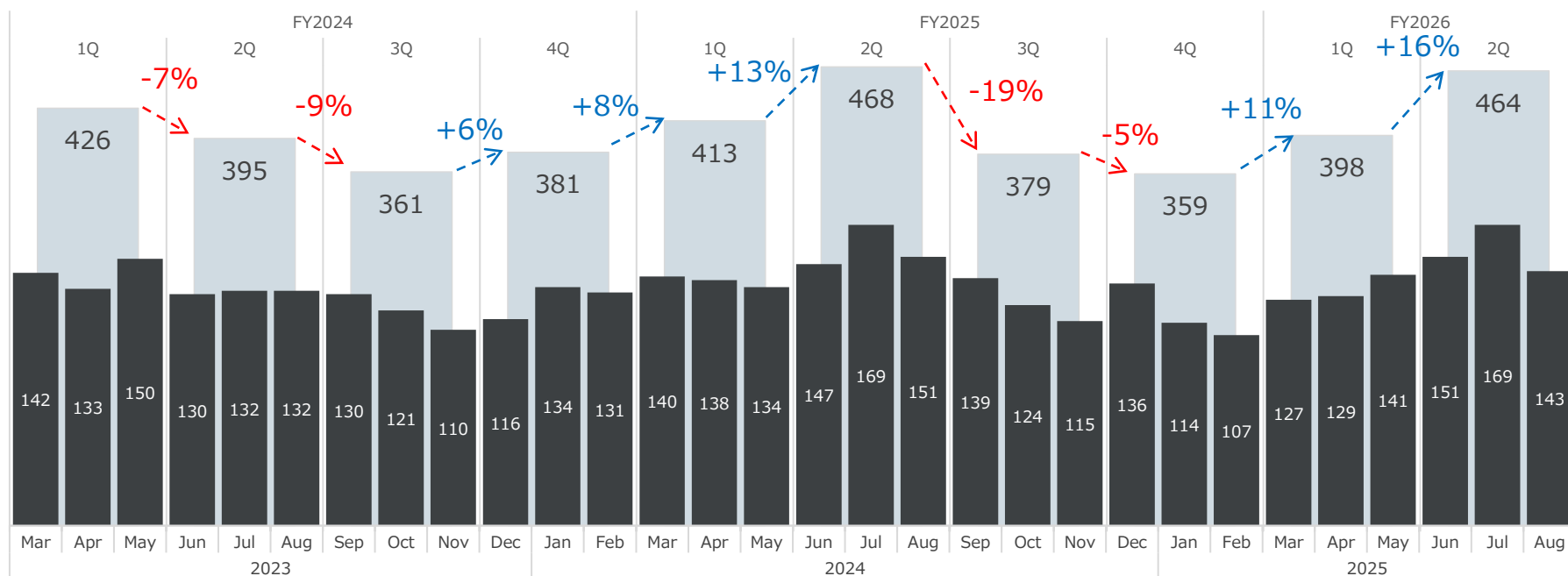
^{*2} The advertising investment balance of verification advertising exceeds 1.00, as it is permitted to exceed the CPO limit to a certain level to verify whether there is room for expansion.

^{*3} The advertising investment balance of branded search advertising is lower than 1.00, as the customer base is limited and therefore the acceleration of investment is limited, while it delivers ad to customers who already know products, etc., leading to acquisitions at the level significantly below the CPO limit.

Changes in net sales

Net sales for e-commerce malls in the second quarter of FY2026 were +16% quarter on quarter.

(Millions of yen)



<Initiatives implemented in FY2026>

- Sales promotion activities, advertising contents creation, and advertisement optimization targeted at e-commerce malls
 - Implementation of measures intended to raise the rate of participation in sales
- In July 2025, monthly revenue exceeded ¥100 million on Amazon, resulting in a significant increase in sales.

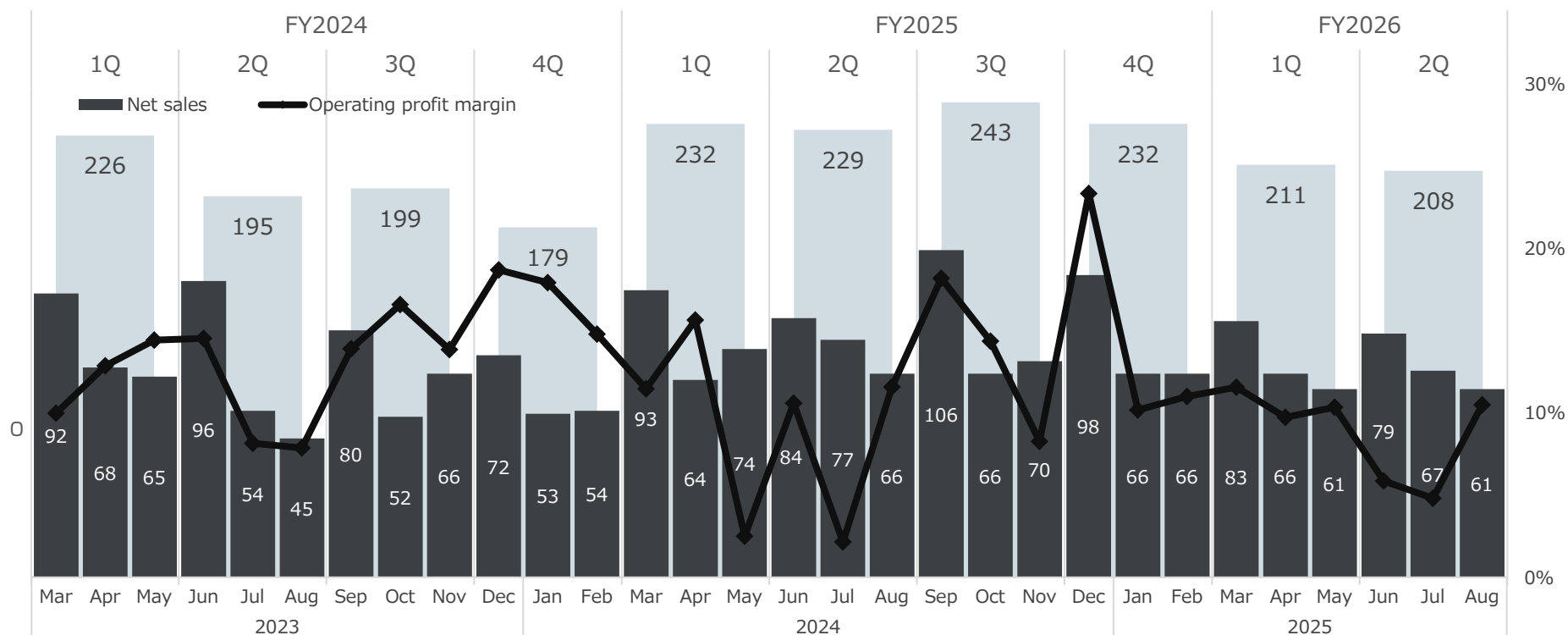
SALONMOON Co., Ltd.

Providing highly functional hair irons at affordable prices under its own hair care brand SALONMOON

- The main customer base is in their 20s to 40s.
- Sales come primarily from e-commerce malls, with the new addition of storefront sales at home appliance mass merchandisers' stores, etc.

<Changes in financial results> • The decline in the operating profit margin in May and July 2024 was due to factors such as a change in the sales channel composition and temporary costs incurred in expanding sales channels.

(Millions of yen)



<Initiatives for the FY2026>

- ◆ Sales promotion measures for major e-commerce malls (Amazon, Rakuten Ichiba, Qoo10, etc.)
 - Coupon initiatives and participation in sales
 - Scrupulous advertising initiatives to optimize search engine results
 - Conducting user interviews to utilize real voices from customers for promotion
- ◆ Release of new products and development of series products
- ◆ Storefront sales at nationwide consumer electronics chains, major variety shops, and discount stores to increase brand awareness and attract new customer base
- ◆ Utilization of product placement*
- ◆ The “Booster Ion Dryer” gained higher attention and the purchase increased after being introduced in the “Try-and-rank (dryers under ¥10,000)” corner of “Saturday Plus,” a TV program of MAINICHI BROADCASTING SYSTEM, broadcasted in August 2025.
- ◆ Promotion campaign to customers of “J NORTH FARM”
- ◆ Adjustment and verification of advertisement investments for improving profitability of some malls
 - Although performance of some malls falls below the plan, repeated verifications are continued to boost performance.



The total amount of shipments of beauty appliance series “SALONMOON” surpassed 1.36 million units
We will seek to further enhance brand value and awareness to boost performance

* One of advertising methods where real company names and product names (brands) are displayed as props and backgrounds in content such as films, dramas, YouTube videos, and manga.

Consolidated Consolidated Balance Sheets

(Millions of yen)

Subject/Section	FY2025/4Q end As of February 28, 2025	FY2026/2Q end As of August 31, 2025
Current assets	7,960	7,840
(Cash and deposits)	5,698	5,598
Non-current assets	1,197	1,137
Total assets	9,157	8,977
Current liabilities	1,234	984
Non-current liabilities	56	56
Total liabilities	1,291	1,041
Total net assets	7,866	7,936
Total liabilities and net assets	9,157	8,977

<Main factors for the changes from the end of FY2025>

¥100 million decrease in cash and deposits, ¥94 million decrease in inventories under assets
 ¥86 million decrease in provision for shareholder benefit, ¥54 million decrease in income
 taxes payable under liabilities

Consolidated Statements of Cash Flows

(Millions of yen)

Subject/Section	FY2025 1H March 1, 2024 to August 31, 2024	FY2026 1H March 1, 2025 to August 31, 2025
Cash flows from operating activities	1,051	205
Cash flows from investing activities	-516	-1
Cash flows from financing activities	-186	-305
Effect of exchange rate change on cash and cash equivalents	-0	1
Net increase (decrease) in cash and cash equivalents	348	-100
Cash and cash equivalents at beginning of period	4,783	5,698
Cash and cash equivalents at end of period	5,131	5,598

The main factors for the changes were profit before income taxes of ¥517 million, income taxes paid of -¥215 million, purchase of property, plant and equipment of -¥1 million, and dividends paid of -¥305 million.

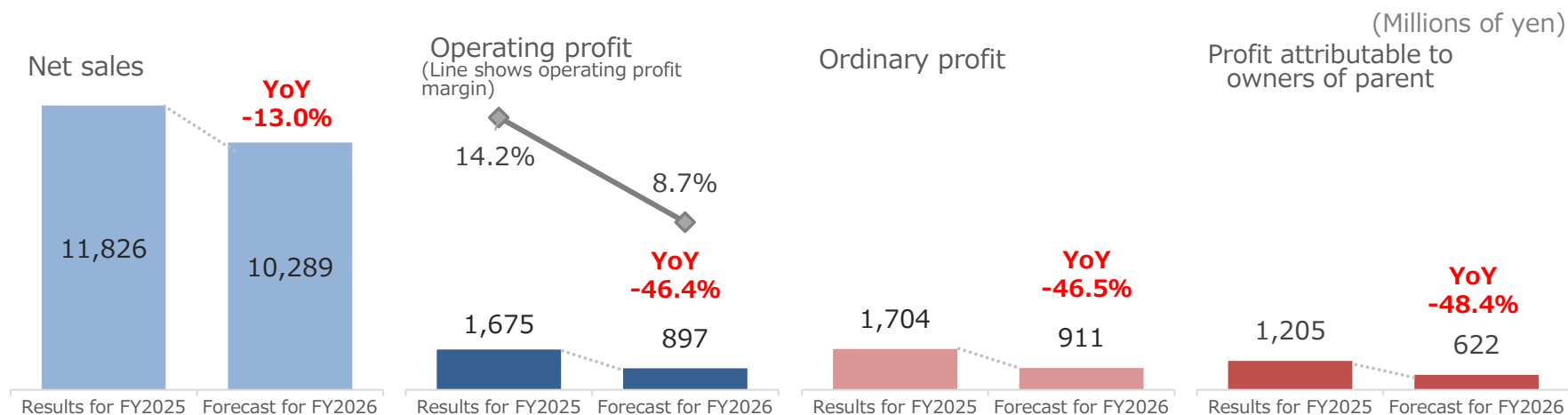


Financial Results Forecast

Consolidated Financial Results Forecast

(Millions of yen)

	FY2025 results	FY2026 forecast	Changes	Changes (%)
Net sales	11,826	10,289	-1,537	-13.0%
Operating profit	1,675	897	-777	-46.4%
Operating profit margin	14.2%	8.7%	-5.5 pt	
Ordinary profit	1,704	911	-792	-46.5%
Profit attributable to owners of parent	1,205	622	-583	-48.4%



Financial Results Forecast

(Millions of yen)

	FY2025 results	FY2026 forecast	Changes	Changes (%)
Net sales	10,687	9,275	-1,412	-13.2%
Gross profit	8,454	7,309	-1,144	-13.5%
Sales promotion expenses, etc.	3,819	3,476	-343	-9.0%
Sales profit	4,634	3,832	-801	-17.3%
Total operating expenses	3,040	3,030	-9	-0.3%
Operating profit	1,594	802	-791	-49.7%
Operating profit margin	14.9%	8.7%	-6.2 pt	
Ordinary profit	1,634	862	-771	-47.2%
Profit	1,151	612	-538	-46.8%

Factors behind change in sales profit

<Comparison between FY2025 results and FY2026 forecast>

(Millions of yen)

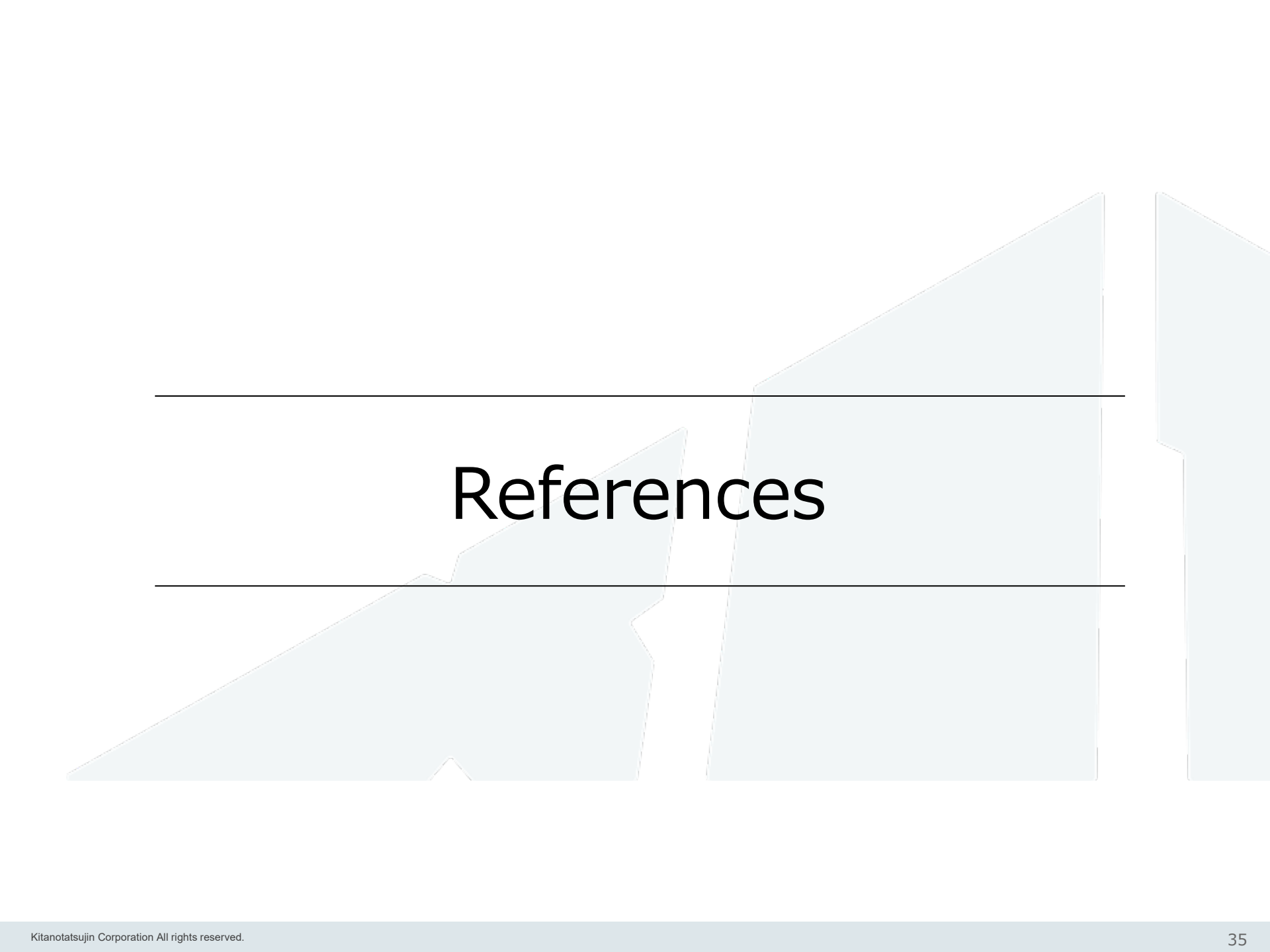
	FY2025	FY2026	Changes	Changes (%)
Net sales	10,517	9,235	-1,281	-12.2%
(1) Difference in new sales				
Net sales	1,510	1,393	-117	-7.8%
Gross profit	1,131	999	-131	-11.6%
Sales promotion expenses, etc.	2,911	2,763	-147	-5.1%
Sales profit	-1,780	-1,764	+16	—
Initial ROAS	55.8%	56.3%	—	—
(2) Difference in regular and other sales				
Net sales	7,385	6,202	-1,183	-16.0%
Gross profit	5,868	4,938	-930	-15.9%
Sales promotion expenses, etc.	354	260	-94	-26.6%
Sales profit	5,513	4,677	-836	-15.2%
(3) Difference in e-commerce mall sales				
Net sales	1,621	1,640	+19	+1.2%
Gross profit	1,392	1,341	-51	-3.7%
Sales promotion expenses, etc.	464	450	-14	-3.1%
Sales profit	928	891	-36	-4.0%
Sales profit	4,661	3,805	-856	-18.4%

New sales decrease as new customer acquisitions as of the preparation date of the forecast were lower than that for the first half of FY2025 and the financial forecast for FY2026 was prepared based on the assumption that new customer acquisitions remain at the level when the forecast was prepared.

Sales profit slightly increases as a result of a decrease in sales promotion expenses, etc. due to the above.

Due to a decrease in new sales, regular sales have not been accumulated as expected and decreased.

Net sales remain almost flat, as a decrease in new sales from our website does not have immediate impact.
Sales profit decreases due to impact of our product share.



References

会社概要

Company Name	Kitanotatsujin Corporation	
Representative	Katsuhisa Kinoshita, Representative Director & President	
Incorporated	May 2002 (Founded in May 2000)	
Head Office	Chuo-ku, Tokyo and Sapporo, Hokkaido	
Listing	TSE Prime Market SSE Main Market	
	May 2012	Listed on Sapporo Securities Exchange, Ambitious Market
	March 2013	Upgraded to Main Market on Sapporo Securities Exchange
	November 2014	Listed on the Tokyo Stock Exchange, Second Section
	November 2015	Assigned to the Tokyo Stock Exchange, First Section
	April 2022	Transferred to the Tokyo Stock Exchange, Prime Market
Officers and Employees, etc.*	220 (19) people (As of February 28, 2025)	

* The number of personnel. The number of temporary workers (including part-time workers) is shown in parenthesis, on an annual-average basis, and is not included in the number of officers and employees, etc.

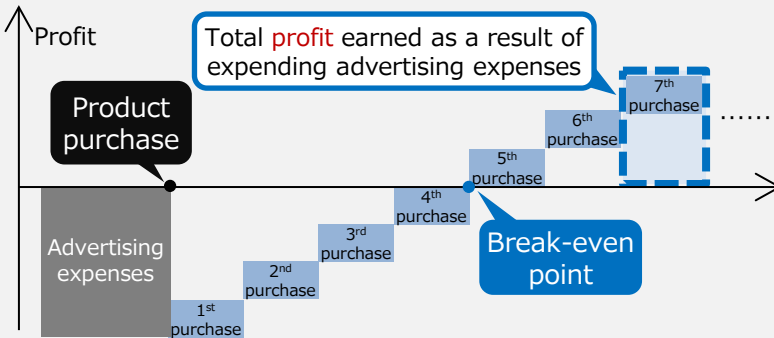
Business Model

◆ Customer characteristics

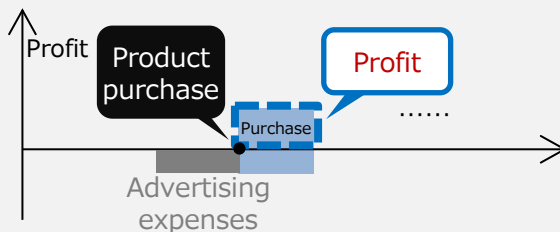
- The main customer base is in their 40s and over
- Sales from regular customers account for approx. 70% of overall sales

◆ Monetization schemes by channel

<Our website> Subscription purchase-driven business model in which the balance of income and expenditure at the first purchase will be negative but will become positive as products are purchased continuously

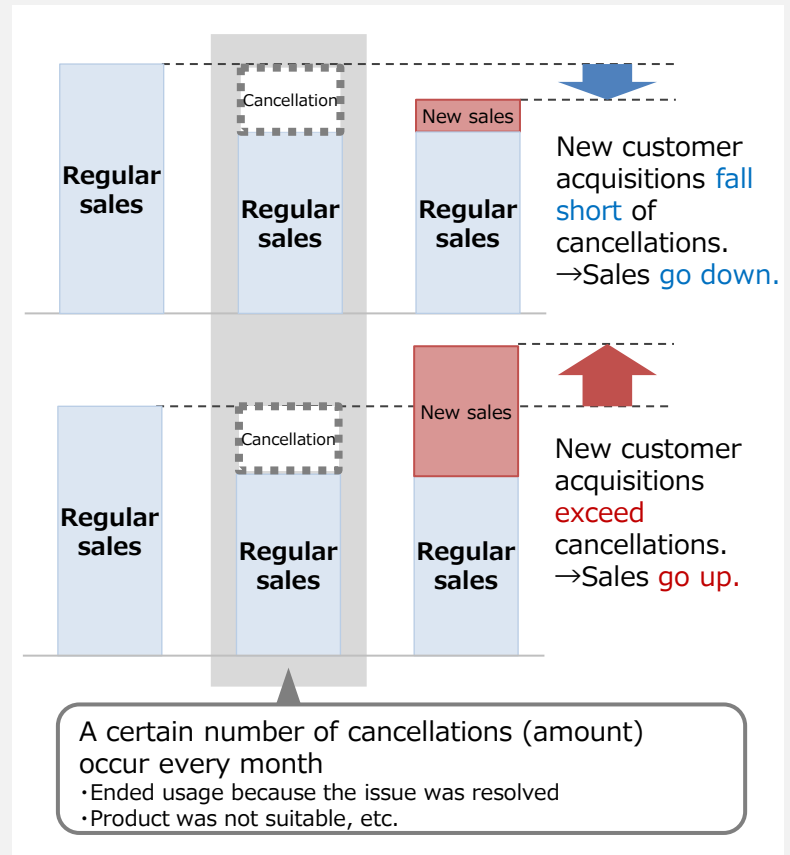


<E-commerce malls> Unit-purchase business model in which profitability is achieved with a single purchase, not a continuous purchase



◆ Profit structure

Although a certain number of cancellations (amount) occurs every month, sales will grow by acquiring new customers that exceed the number of cancellations



Business Model

<Product strategy>

- Product development specifically designed for the E-commerce business
- Strict quality standards
- Products designed for delivery at fixed periods
- The product planning and marketing team under the direct control of the President was newly established to focus on product planning
- A “planning model for hit products” was introduced to the existing product development process

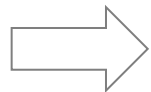
<Sales strategy>

- Basic policy that places an emphasis on profits
- Advertising optimization system developed by the Company
- Calculation of the optimal CPO limit based on the correlation between CPO and the number of new customer acquisitions
- Profit management fine-tuned for each product
- Advertising placement management through advertising investment balance indicators

Together
with

Adoption of **D2C × Subscription-driven** business model

- Direct feedback on customer data and products is available
- High-precision marketing backed by the feedback is realizable
- A steadily growing business model



Realize a profit structure that enables stable growth

Product Strategy

◆ Product development specifically designed for the E-commerce business

- Develop the E-commerce business that sells a total of 40 **original products** on the Internet to meet specific customer needs, including **cosmetics and health foods**
- **Products** specialized **for solving customers' concerns** for health and beauty

◆ Strict quality standards

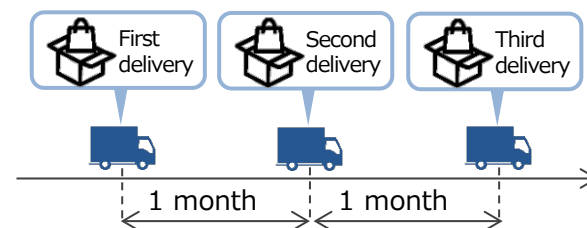
- Only commercialize products that bring solid satisfaction, under the policy, **"A product will only be commercialized when an astonishingly fine product is created"**
- **Established original product development standards with approximately 1,400 items** specifically designed for online sales and conduct a thorough monitor survey

◆ Product design

A subscription purchase-driven business model is adopted in principle, where all products are generally designed and developed to be completely used in one month and the next product arrives when the product is completely used



Product delivery example

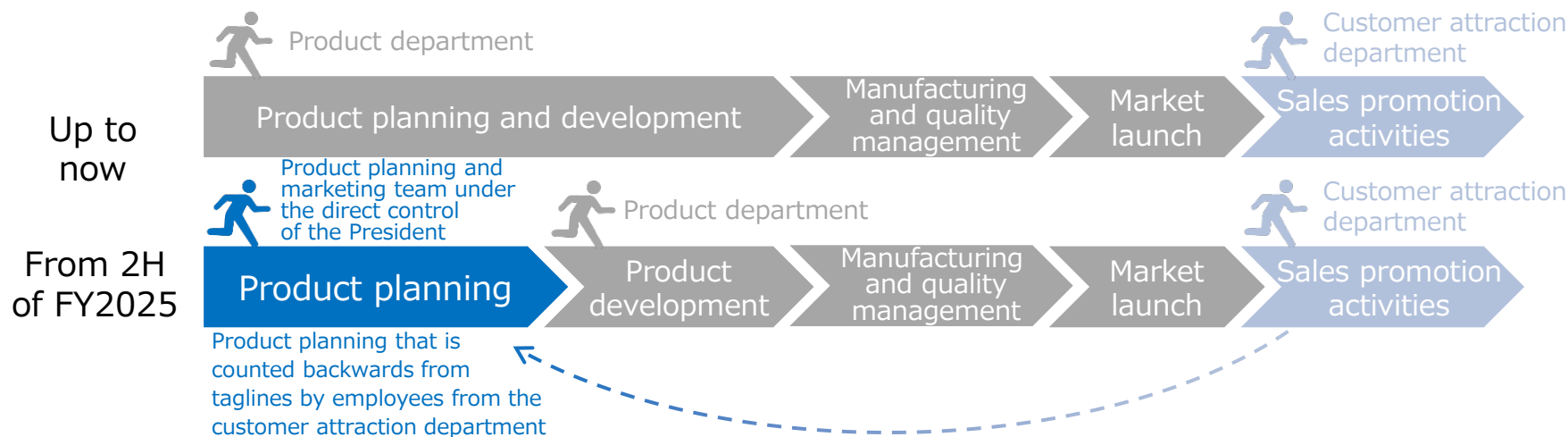


Product Strategy

We will expand product lineup as a major initiative of the Medium-term Management Plan 2028. We will establish a structure where 10 products can be annually released in FY2029 and thereafter and draw a growth track with significant increases in both sales and profit.

The newly established product planning and marketing team under the direct control of the President focuses on product planning

- Product “planning” and “development” in which the existing product department engaged in an integrated manner are separated into different phases.



- The personnel deployment and structure have been changed so that “product planning” can be conducted with a view to “sales promotion activities”
- Focusing on increasing products to be released through KPI setting and management

As a specialized team has been established, dedicated personnel for focusing on planning have been secured, leading to an increase in “quantity” and enhancement of “quality” of product planning.

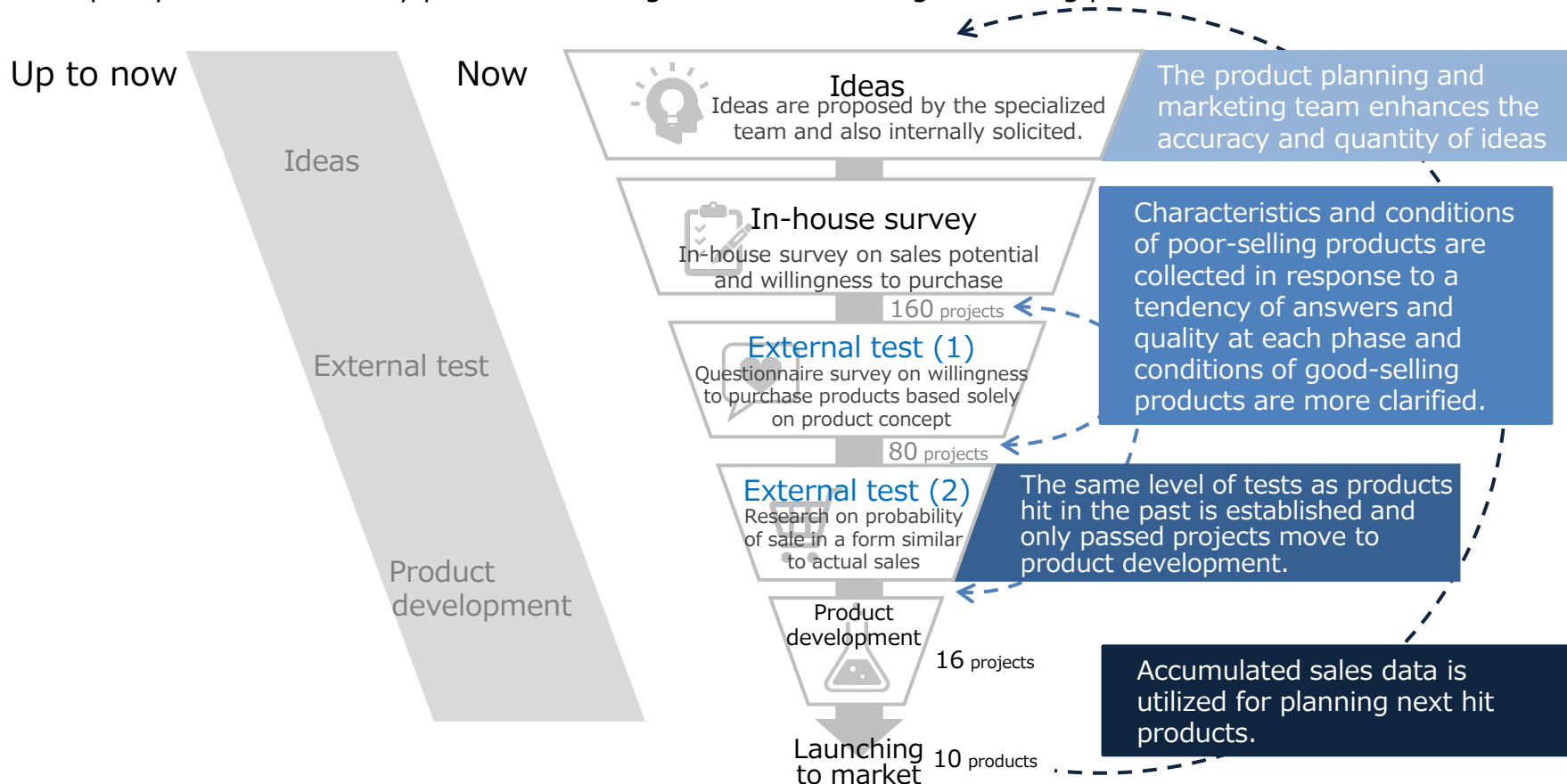
Product Strategy

We will expand product lineup as a major initiative of the Medium-term Management Plan 2028. We will establish a structure where 10 products can be annually released in FY2029 and thereafter and draw a growth track with significant increases in both sales and profit.

Introducing a “planning model of hit products” to the existing process to product development

Conditions of good-selling products and poor-selling products are quantified based on sales performance of approximately 50 products that were released up to date.

Our policy is to release only products clearing the conditions of good-selling products.



Sales Strategy

◆ Performance

We place more emphasis on **profits** than on net sales.

As the E-commerce business can generate more net sales by increasing advertising investment (increasing advertising placement volume), we cannot evaluate our performance by net sales alone.

➡ **The law of sales minimization, profit maximization**
(Explained in the figure on the right)

1-year LTV	CPO limit	1-year target profit
11,000	10,000	1,000

Content	Amount	CPO	Advertising expenses (Millions of yen)	1-year net sales (Millions of yen)	1-year profit (Millions of yen)
Ad A	500	8,000	4.00	5.50	1.50
Ad B	500	12,000	6.00	5.50	-0.50
Total	1,000	10,000	10.00	11.00	1.00

Net sales: ¥11.00 million
Profit: ¥1.00 million
→ Profit margin: 9%

↓ Upon suspending advertisement B that exceeds the CPO limit...

Content	Amount	CPO	Advertising expenses (Millions of yen)	1-year net sales (Millions of yen)	1-year profit (Millions of yen)
Ad A	500	8,000	4.00	5.50	1.50
Ad B	500	12,000	6.00	5.50	-0.50
Total	500	8,000	4.00	5.50	1.50

Net sales: ¥5.50 million
Profit: ¥1.50 million
→ Profit margin: 27%
Net sales is halved, but profit is 1.5 times higher and the profit margin is 3 times higher

◆ Advertising optimization system

- (1) Analyze daily accumulated data and calculate LTV
- (2) Set a CPO limit for each product as the upper limit for advertising expenses
- (3) Manage approximately 50 thousand advertisements a month and calculate and check CPO on a daily basis
- (4) Automatically suspend advertisements that exceed the CPO limit
- (5) The Company develops and operates a system that manages the above process.

➡ **Develop system where only highly profitable advertising remains**

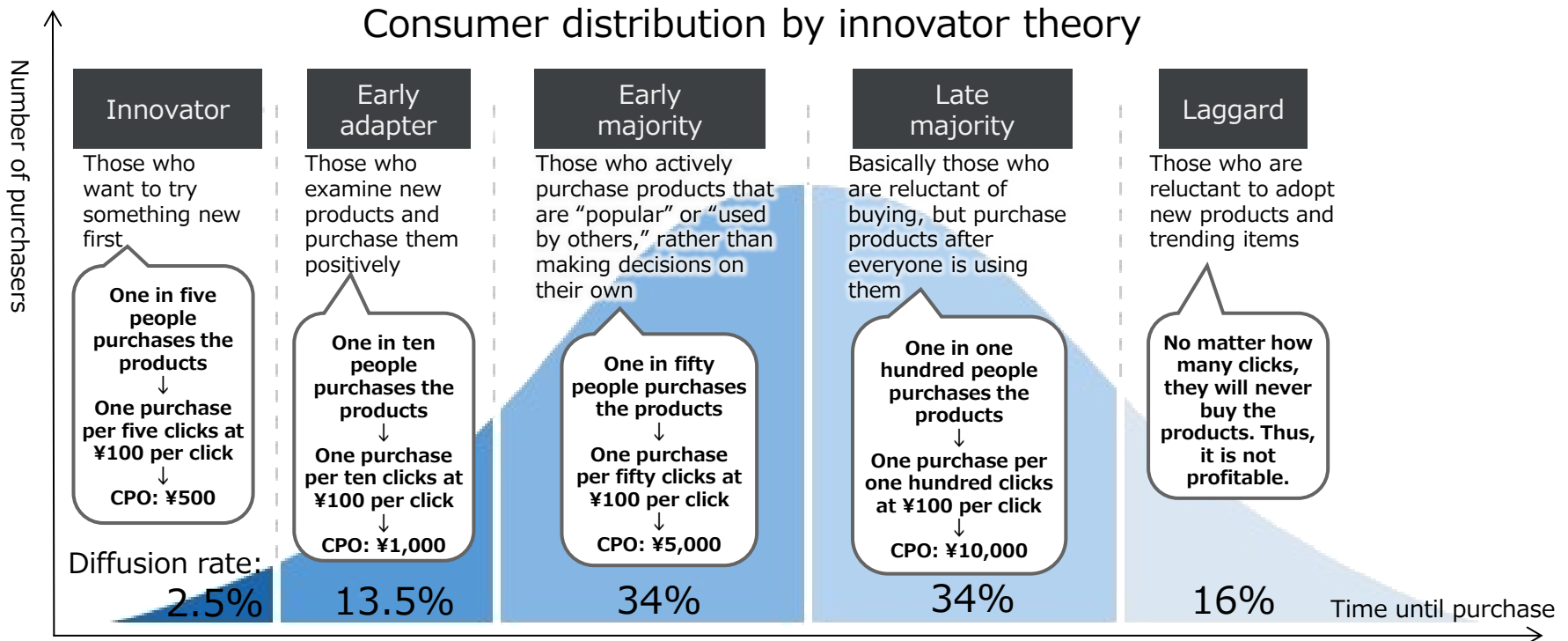


Sales Strategy

◆ Correlation between CPO and the number of new customer acquisitions

$$\text{Profit} = \text{Number of new customer acquisitions} \times \text{Profit per customer (LTV - CPO)}$$

Advertising expenses and the number of new customer acquisitions fall under the “law of diminishing returns.”* CPO (acquisition cost per order) tends to increase as the number of new customer acquisitions increases.



The more you expand your customer base, the greater the CPO will be.

→ We target the point at which profit is maximized without deterioration in profitability.

*A theory in which, under a certain condition, an additional production factor will increase overall production volume, but the increase will gradually diminish.

Sales Strategy

◆ **Five level profit management** Visualize profits on five levels for “each product” (Millions of yen)

	Total of all products	Product (1)	Product (2)	Product (3)
Net sales	100.00	60.00	30.00	10.00
Cost	56.00	35.00	18.00	3.00
Profit (1) Gross profit or loss	44.00	25.00	12.00	7.00
Gross profit margin	44%	42%	40%	70%
Order-linked costs (enclosures, accessories, settlement charges, shipping fees, packaging materials, etc.)	5.00	3.00	1.50	0.50
Profit (2) Net gross profit	39.00	22.00	10.50	6.50
Net gross profit margin	39%	37%	35%	65%
New customer acquisition expenses (primarily advertising expenses)	19.90	16.00	3.50	0.40
Profit (3) Sales profit	19.10	6.00	7.00	6.10
Sales profit margin	19%	10%	23%	61%
Personnel expenses (ABC: Activity Based Costing)	1.90	0.50	1.20	0.20
Profit (4) ABC profit	17.20	5.50	5.80	5.90
ABC profit margin	17%	9%	19%	59%
Operating expenses (rent expenses and indirect operating personnel expenses, etc.)	7.00	4.20	2.10	0.70
Profit (5) Operating profit for each product	10.20	1.30	3.70	5.20
Operating profit margin for each product	10%	2%	12%	52%

Gross profit by product

Mandatory cost per order

Gross profit – order-linked costs = net gross profit (coined term)

Net gross profit – new customer acquisition expenses = sales profit (coined term)

Personnel expenses for each product

- Although sales of Product (1) are increasing, this is due to spending more on new customer acquisition expenses, and profit is not as high.
- Sales of Product (3) are low, but it has a high gross profit margin as a result of less spending on new customer acquisition and personnel expenses. However, it is easy to overlook this matter, since a product with low personnel expenses is not often discussed in the Company.

Sales Strategy

◆ Calculation method of the optimal CPO limit and the benefits of LTV improvement

Profit = Number of new customer acquisitions × Profit per customer (LTV – CPO)

- Lowering the CPO increases the profit per customer, but decreases the number of new customer acquisitions
- Higher the CPO increases the number of new customer acquisitions, but decreases the profit per customer

➡ It is important to find the most profitable CPO

<In the case of LTV of ¥10,000>

↓ Diminishing returns begin from here

CPO	¥3,000	¥4,000	¥5,000	¥6,000	¥7,000	¥8,000	¥9,000
Number of new customer acquisitions	100	120	150	200	250	270	300
Sales	¥1,000,000	¥1,200,000	¥1,500,000	¥2,000,000	¥2,500,000	¥2,700,000	¥3,000,000
Profit per customer	¥7,000	¥6,000	¥5,000	¥4,000	¥3,000	¥2,000	¥1,000
Profit	¥700,000	¥720,000	¥750,000	¥800,000	¥750,000	¥540,000	¥300,000

Most profitable profit per customer Most profitable Largest number of new customer acquisitions Largest sales

→ If we are to maximize sales, we should set the CPO at ¥9,000, but because we are aiming to maximize profits, it is most desirable to set the CPO limit at ¥6,000.

<In the case of LTV of ¥12,000>

↓ Diminishing returns begin from here

CPO	¥3,000	¥4,000	¥5,000	¥6,000	¥7,000	¥8,000	¥9,000
Number of new customer acquisitions	100	120	150	200	250	270	300
Sales	¥1,200,000	¥1,440,000	¥1,800,000	¥2,400,000	¥3,000,000	¥3,240,000	¥3,600,000
Profit per customer	¥9,000	¥8,000	¥7,000	¥6,000	¥5,000	¥4,000	¥3,000
Profit	¥900,000	¥960,000	¥1,050,000	¥1,200,000	¥1,250,000	¥1,080,000	¥900,000

Most profitable profit per customer Most profitable Largest number of new customer acquisitions Largest sales

→ If LTV increases by 1.2 times, profit will increase even with the same CPO limit of ¥6,000. It is also possible to raise the CPO limit setting to ¥7,000, which is the optimal limit CPO.

LTV improvement: Makes it possible to increase profit with the same CPO and raise the CPO limit setting

Sales Strategy

◆ Enhancement of advertising investment and relationship to profit

For online sales, the amount of advertising investment and sales correlate

Enhancement of advertising investment → Increase in sales



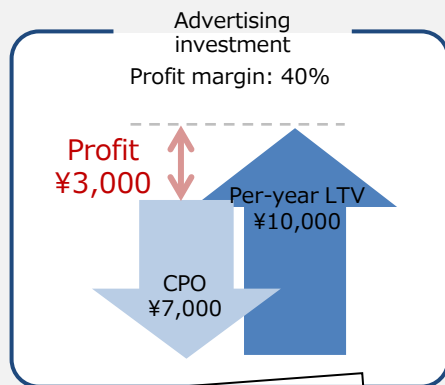
Prevent a decline in profitability due to excess advertising investment

Set the CPO limit to secure the required profit



It becomes possible to increase sales by enhancing advertising investment while maintaining profitability

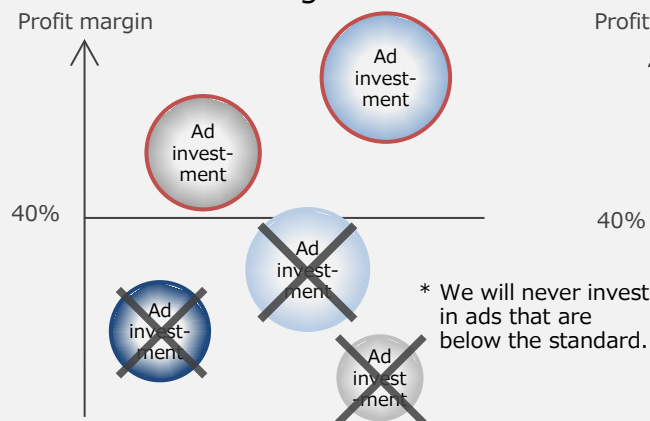
Our method of setting the CPO limit and our advertising investment policy



Good investment

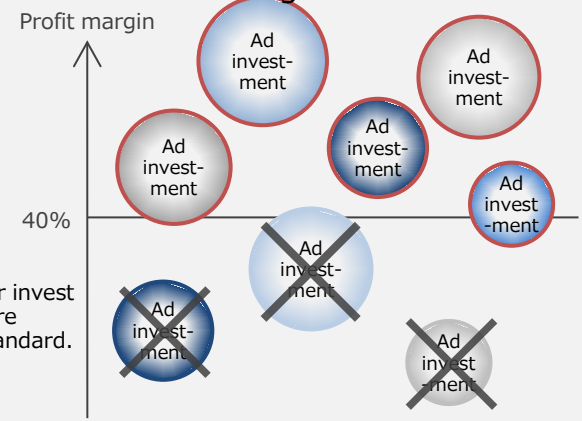
Our standard for advertising investment

If there are only a few ads that are above the standard, we reduce the total amount of advertising investment



Our basic approach

If there are many ads that are above the standard, we increase the total amount of advertising investment



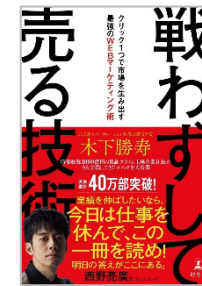
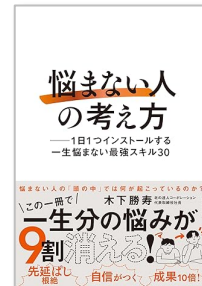
- If we exceed the CPO limit, we reduce advertising investment and dial down promotion to acquire new customers.
- If new customer acquisitions continue to be achieved within the CPO limit, we enhance advertising investment in order to avoid opportunity loss and strive to increase future profit.

Advertising expenses are the expenses arising from **upfront investments** to acquire customers. A loss due to **advertising expenses temporarily increases** as advertising investment increases.

Information on the Company's strategies, etc.

In addition to the product and sales strategies explained in this document, we also disclose our strategies, etc. related to the Company's management, including our personnel strategy, etc.

Books	Release date
The Law of Sales Minimization, Profit Maximization —Management Secrets for a 29% Profit Margin	June 16, 2021
FUNDAMENTALS X TECHNICAL MARKETING —83 Ways to Maximize the Results of Web Marketing	April 28, 2022
The Law of Time Minimization, Result Maximization —"A Capable Person's Thinking Algorithm," Installing One Story a Day	November 16, 2022
Team X —The Story Behind Building a Team that Improved Performance 13x in a Single Year	November 15, 2023
The Way of Thinking of a Positive-minded Person —30 Most Effective Skills for a Worry-free Life, Installing One a Day	September 3, 2024
Why Did That Product and Service Sell Well? Thoughts of Top Marketers	January 23, 2025
The Art of Sales Without a Fight The Ultimate Web Marketing Technique of Creating Markets with a Single Click	September 3, 2025



Other Indicators

	FY2016 (non-consolidated)	FY2017 (non-consolidated)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (non-consolidated)	FY2021 (non-consolidated)	FY2022 (consolidated)	FY2023 (consolidated)	FY2024 (consolidated)	FY2025 (consolidated)
ROE (%) (return on equity)	18.0	24.8	48.8	48.9	54.2	29.1	21.8	5.6	15.1	16.2
ROA (%) (return on assets)	14.4	18.6	32.9	33.5	38.9	22.9	17.8	4.5	12.1	13.5
Equity ratio (%)	86.5	67.4	67.3	69.4	73.7	83.5	81.3	79.5	80.9	85.9
Dividend payout ratio (%)	41.4	30.9	30.3	38.7	30.3	30.0	30.0	60.7	30.8	40.4
Cash dividends per share (yen)	0.71	0.84	2.19	3.60	4.30	3.00	2.90	1.50	2.20	3.50
Number of shareholders	8,128	8,926	31,667	47,978	54,307	47,042	67,843	74,809	87,841	100,470

*1 Cash dividends per share are translated based on the impact of the following stock splits:

(Fractions less than one sen are rounded up.)

A 2-for-1 stock split for common shares as of June 1, 2015

A 2-for-1 stock split for common shares as of April 1, 2017

A 2-for-1 stock split for common shares as of November 6, 2017

A 3-for-1 stock split for common shares as of February 15, 2018

*2 As FY2022 was the first year of consolidated accounting, ROE and ROA were calculated based on equity and total assets as of fiscal year-end

Difference between general e-commerce stores and D2C stores

	A. General e-commerce stores	B. D2C (Direct sales from manufacturers)
Examples	Amazon, ZOZO	The Company, BULK HOMME, FABIUS, RANKUP (MANARA), Premier Anti-Aging (Duo)
Main sales style	On-demand sales	Regular purchase, subscription
Main product category	Mainly national brand items including furniture, interior decoration, home appliances, and apparel	Mainly private brand items including health food and cosmetics
Product lineup	Items procured from other company's brands (retailer)	Original products of each company (manufacturer)
How to obtain sales, the quantity of items	For obtaining 1,000 cases of sales, purchasing by 1,000 people is required. Therefore, in order to attract interest of 1,000 people, a wide variety of items are handled with wider target setting (over several thousands of or several tens of thousands of items).	For obtaining 1,000 cases of sales, 100 times of purchasing by ten people are required. Highly repeatable products responding to niche needs are introduced.
Ease of obtaining sales	If there are many items available, some will inevitably sell. Sales are easily made as all the only requirement is the procurement of popular items.	Difficult as companies must make a small number of original products successful on their own.
Competitiveness	Items for sale are procured from other sources. Therefore, as competitors may sell the same items, price competition is likely to occur. (Particularly, price comparison is easy between online shopping sites.)	Competition with other companies is unlikely to occur as original products are sold.
Stock control	Work processes such as inventory control and product shipment are complicated.	Work processes such as inventory control and product shipment are simple.
Dead stock	More products remain unsold.	Fewer products remain unsold.
Core skill	IT (recommendation functions to find existing needs and backyard functions to control a large quantity of items)	Marketing (ad creatives to create market need)
Overall	Although it is easy to make sales, generating profit is difficult due to price competition and significant backyard costs.	It is difficult to make sales. However, if successfully sold, profit is easily generated owing to less likelihood of price competition and lower backyard costs.

Difference between cosmetics sold via e-commerce and in stores

	Commonly sold products in stores (and legacy mail order brands originating from non-e-commerce business such as FANCL, DHC, and Saishunkan Pharmaceutical)	E-commerce products
Line-up	Line products, released as a series (Full line-up strategy of the Lanchester Strategy)	One-off products (Differentiation strategy of the Lanchester Strategy)
Similar needs	Needs similar to those for fashion items	Needs similar to those for drugs and quasi-drugs
Advertisement content	Brands	Individual products
USP	Brand image, brand concept	Efficacy, feel, and immediate efficiency of individual products
Price range	Department stores: ¥5,000 or higher Drug stores: ¥2,000 or lower	¥3,000 to ¥4,000
Volume of contents	For three months	For one month
Packaging	Design for catching people's eyes in a showcase (display)	Design for attracting attention in sales pages, protection of quality and in shipping, sizes corresponding to courier shipping fee standards
Product explanations	Explained by sales personnel	Detailed explanations can be provided with a landing page and attached documents
Accelerated aging test	Tests based on the assumption that products are placed in storefronts	Test items in consideration of delivery processes such as “a product is left in a postbox for a long period of time in extremely cold Hokkaido or an extremely hot metropolitan area” and “courier mishandling packages.”

* The left-side strategy is applied to national brand products to be sold via e-commerce as they are recognized in the real market. The right-side strategy aims to “catch customers on the internet by increasing awareness via the internet.”

Difference of the “ratio of advertising expenses” between mail order and in-store sales

When comparing the “ratio of advertising expenses” in net sales, even if the same products are sold, the basic definitions of “net sales” and “advertising expenses” are different between mail order and in-store sales and therefore, simple comparisons are not possible.

The following is an appropriate method for comparing “sales promotion costs” incurred to obtain sales.

* The gray part shows a simple comparison and the bottom is a comparison as a result of adjusting the blue part.

	Mail order	In-store sales
Market distribution amount	100	160
Distribution margin	0	60
Net sales for accounting	100	100
Advertising expenses	30	20
Ratio of “advertising expenses” to “net sales for accounting”	$30/100=30\%$	$20/100=20\%$
Ratio of “advertising expenses + distribution margin” to “market distribution amount”	$30/100=30\%$	$80/160=50\%$

Simple comparison

(2) The actual market distribution amount is the amount of net sales for accounting plus distribution margin.

(1) In the case of in-store sales, distribution margin for retailers and wholesalers is incurred.

(3) Advertising expenses for mail order are deemed virtually the same as distribution margin for in-store sales.

(4) An appropriate comparison is made with the market distribution amount as a denominator and advertising expenses + distribution margin as a numerator.

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