



Supplementary Material for the Third Quarter of the Fiscal Year Ending February 28, 2026

Stock code: 2930
Kitanotatsujin Corporation
January 14, 2026

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 ¥8,014 million (+3.7% from the forecast) and consolidated operating profit came in at ¥757 million (-0.4% 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 third quarter of FY2026, outperforming the plan.
- 👉 The product planning structure has advanced toward expanding the product lineup.
The accuracy of plan screening greatly improved, significantly increasing the number of promising development projects generated.

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

Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2026 3Q forecast	FY2026 3Q results	Changes	Changes (%)
Net sales	7,731	8,014	+282	+3.7%
Gross profit	5,860	6,141	+280	+4.8%
Selling, general and administrative expenses	5,099	5,383	+283	+5.6%
Advertising expenses	1,978	2,154	+176	+8.9%
Operating profit	761	757	-3	-0.4%
Operating profit margin	9.8%	9.5%	-0.4 pt	
Ordinary profit	772	776	+4	+0.6%
Profit attributable to owners of parent	529	521	-7	-1.4%

- 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 3Q results	FY2026 3Q results	Changes	Changes (%)
Net sales	9,235	8,014	-1,221	-13.2%
Gross profit	7,047	6,141	-906	-12.9%
Selling, general and administrative expenses	5,574	5,383	-191	-3.4%
Advertising expenses	2,279	2,154	-124	-5.5%
Operating profit	1,473	757	-715	-48.6%
Operating profit margin	16.0%	9.5%	-6.5 pt	
Ordinary profit	1,495	776	-719	-48.1%
Profit attributable to owners of parent	1,009	521	-487	-48.3%

The accumulation of sales from regular customers has decreased as the recovery of new customer acquisitions of J NORTH FARM, 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 pages 17 and 18 for quarterly changes in sales.)

Consolidated Key Performance Highlights [Compared Quarter on Quarter]

(Millions of yen)



	FY2026 2Q results	FY2026 3Q results	Changes	Changes (%)
Net sales	2,649	2,768	+118	+4.5%
Gross profit	2,029	2,116	+87	+4.3%
Selling, general and administrative expenses	1,764	1,864	+99	+5.6%
Advertising expenses	711	747	+35	+5.0%
Operating profit	264	252	-12	-4.6%
Operating profit margin	10.0%	9.1%	-0.9 pt	
Ordinary profit	272	257	-14	-5.4%
Profit attributable to owners of parent	185	167	-17	-9.6%

Both J NORTH FARM and SALONMOON saw increased net sales.

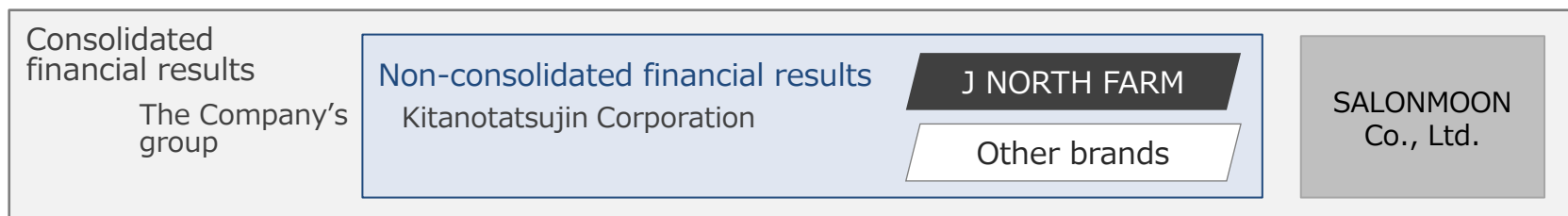
Operating profit slightly decreased due to an increase in advertising expenses as the new customer acquisitions of J NORTH FARM were steady.

Consolidated Financial Results by Segment and Brand

(Millions of yen)

Segment	Brand name	FY2026			Total
		1Q	2Q	3Q	
Health & Beauty Care business	 北の快適工房 J NORTH FARM	2,366	2,427	2,533	7,326
	 SALON MOON ^{Pro}	211	208	226	647
	Other brands*	18	13	8	40
Total net sales		2,596	2,649	2,768	8,014
Operating profit		240	264	252	757

<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 May 2025 release

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

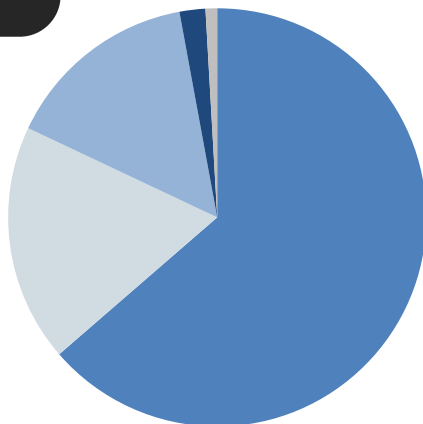
*2 To the surface of top plates

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

Breakdown of Net Sales

Nine months ended November 30, 2025 (FY2026 3Q cumulative)

By category



Category

Number of
products as
of the end of
3Q

Percentage of
net sales for
FY2026 3Q
(cumulative)

Reference:

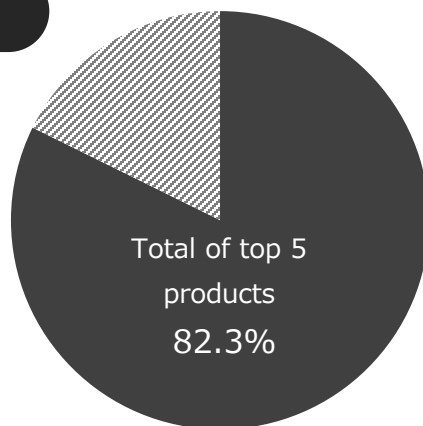
<https://www.kaitekikobo.jp/shopping/>

(kinds)

(%)

Beauty	20	63.7
Kaiteki: Skin care	7	18.4
Kaiteki: Healthcare	8	15.1
Men's	4	2.0
Other*	2	0.9
Total	41	100

Top 5 products



<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."

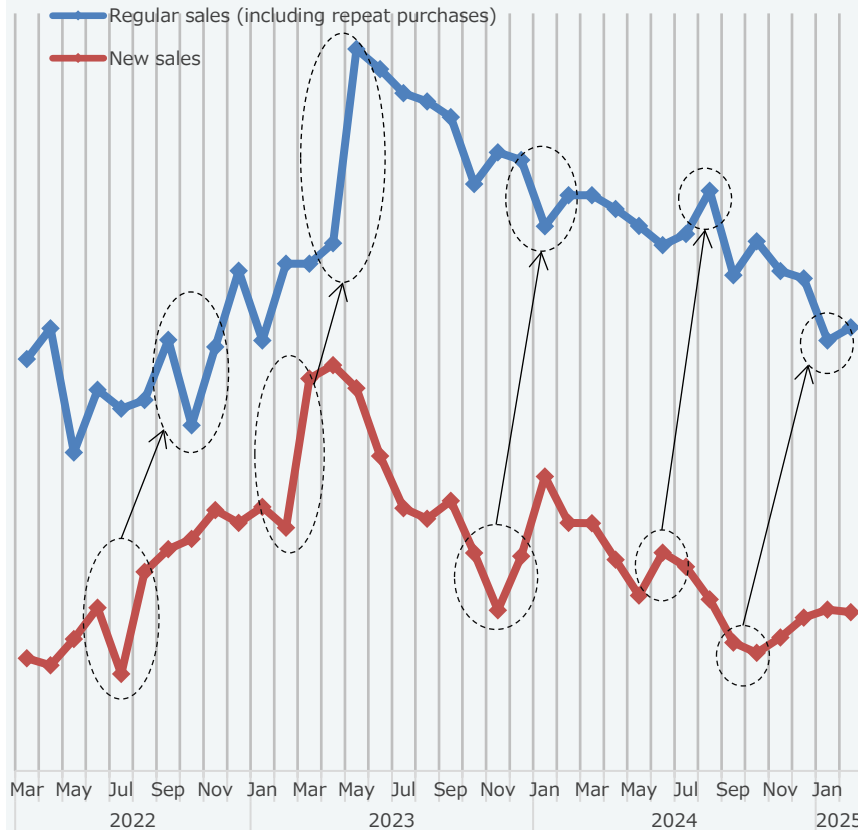
The percentage of net sales by products differs from that for overall net sales as it does not include an adjustment for revenue recognition.



Analysis of Operating Results, etc.

Explanation:**Relationship between new sales and regular sales**◆ **Correlation between new sales and regular sales**

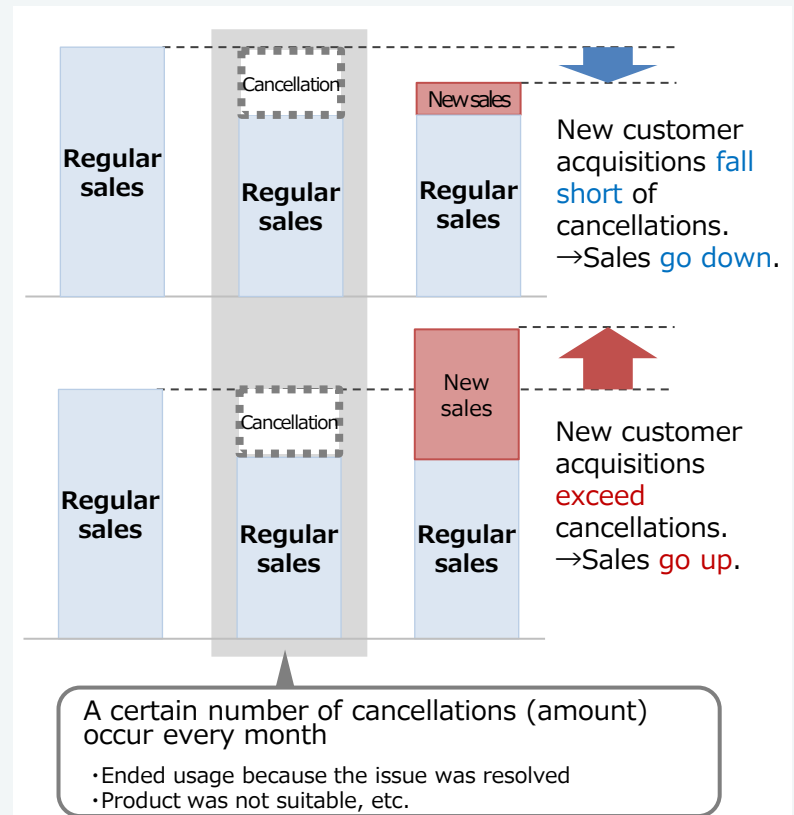
A change in new sales generally emerges as impact on regular sales in two or three months



* 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.

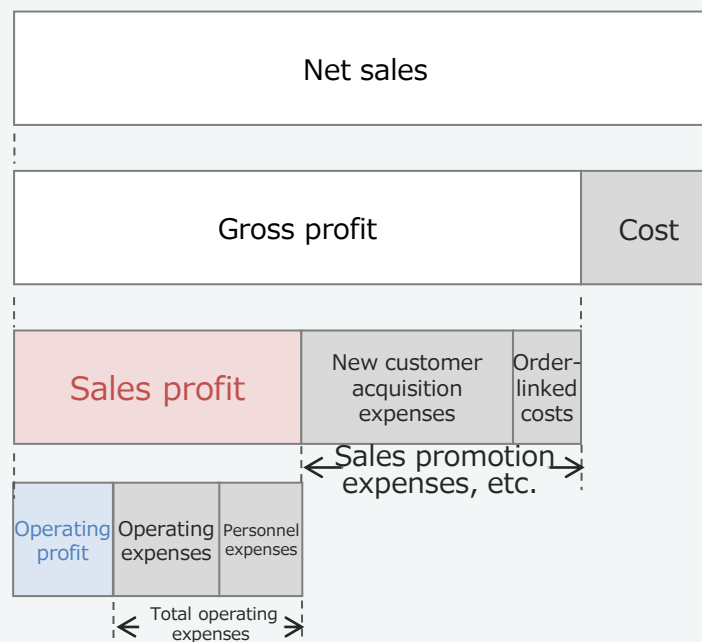
Sales profit = gross profit – sales promotion expenses, etc.
 (Order-linked costs*¹ +
 New customer acquisition expenses*²)

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								Changes (vs. the current period)		
	FY2025				FY2026			FY2026	Compared with forecast	Quarter on quarter	Year on year
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q			
Net sales	2,922	2,896	2,510	2,358	2,384	2,440	2,541	2,319	+222	+100	+31
Gross profit	2,310	2,332	2,006	1,805	1,895	1,929	1,999	1,830	+169	+69	-6
Sales promotion expenses, etc.	1,144	1,113	731	830	925	966	1,004	884	+119	+37	+273
Sales profit	1,165	1,219	1,275	974	969	962	995	945	+49	+32	-279
Operating profit	381	499	542	170	222	255	256	197	+58	+1	-285

<Compared with forecast>

Overall net sales increased as new acquisitions remained stronger than expected and new sales increased.

Although sales promotion expenses, etc. also increased, sales profit exceeded the forecast, driven by regular sales and e-commerce malls.

<Compared quarter on quarter>

As new acquisitions remained steady, new sales increased by approx. 10%. Also, regular sales show signs of bottoming out.

<Compared year on year>

Net sales remained at the same level; however, while new sales increased, regular sales decreased as the accumulation has not yet reached the previous years' level.

In addition, as sales promotion expenses, etc. for new acquisition increased, sales profit decreased.

Non-consolidated

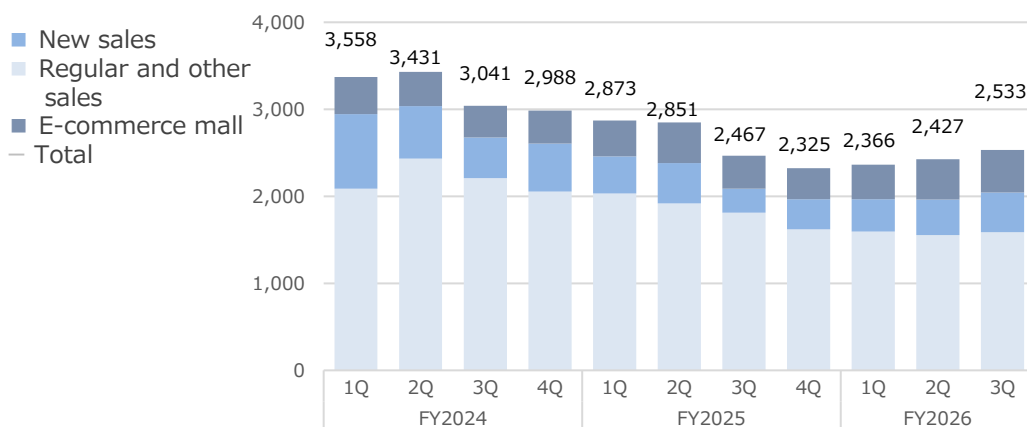
J NORTH FARM

Change in net sales and sales profit by sales category

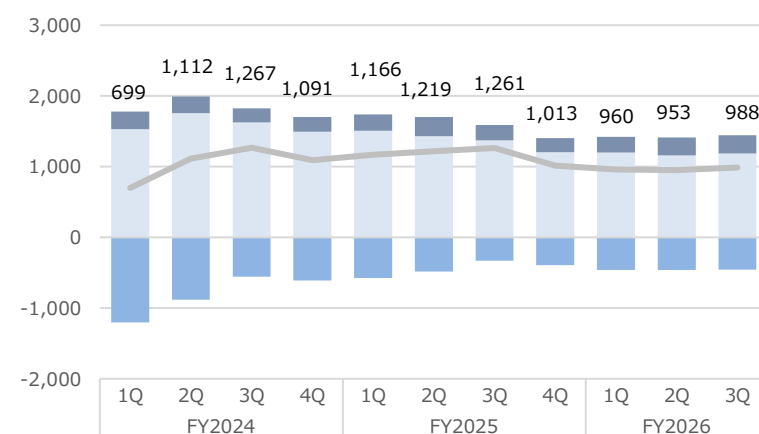
(Millions of yen)

	FY2024				FY2025				FY2026		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	3,558	3,431	3,041	2,988	2,873	2,851	2,467	2,325	2,366	2,427	2,533
(1) New sales											
Net sales	857	602	470	549	427	464	275	343	370	408	455
Sales profit	-1,205	-881	-558	-611	-573	-485	-328	-392	-463	-461	-456
(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	1,587
Sales profit	1,531	1,757	1,627	1,496	1,506	1,431	1,371	1,204	1,200	1,157	1,184
(3) E-commerce mall sales											
Net sales	426	395	361	381	413	468	379	359	398	464	489
Sales profit	248	236	198	206	233	273	219	201	223	257	260
Sales profit	699	1,112	1,267	1,091	1,166	1,219	1,261	1,013	960	953	988

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

(Millions of yen)

	Compared quarter on quarter				Compared year on year			
	FY2026 2Q	FY2026 3Q	Changes	Changes (%)	FY2025 3Q	FY2026 3Q	Changes	Changes (%)
Net sales	2,427	2,533	+105	+4.3%	2,467	2,533	+65	+2.7%
(1) New sales								
Net sales	408	455	+47	+11.6%	275	455	+179	+65.2%
Sales promotion expenses, etc.	751	774	+23	+3.1%	525	774	+248	+47.3%
Sales profit	-461	-456	+4	—	-328	-456	-127	—
(2) Regular and other sales								
Net sales	1,555	1,587	+32	+2.1%	1,811	1,587	-223	-12.4%
Sales promotion expenses, etc.	74	79	+4	+5.9%	85	79	-6	-7.3%
Sales profit	1,157	1,184	+27	+2.4%	1,371	1,184	-186	-13.6%
(3) E-commerce mall sales								
Net sales	464	489	+25	+5.6%	379	489	+109	+28.9%
Sales promotion expenses, etc.	139	149	+10	+7.5%	103	149	+46	+44.8%
Sales profit	257	260	+2	+1.1%	219	260	+40	+18.6%
Sales profit	953	988	+35	+3.7%	1,261	988	-273	-21.7%

<Compared quarter on quarter>

- As new sales are on a recovery trend after bottoming out in the third quarter of FY2025, net sales increased. Though advertising investment increased, sales profit also increased due to a significant sales growth.
- Regular sales show signs of bottoming out and increasing due to effects of the recovery of new sales. E-commerce mall sales slightly increased as they continue to perform well.

<Compared year on year>

- Though new sales are on a recovery trend, sales profit decreased as advertising investment also increased.
- Both net sales and sales profit of regular sales decreased as the decrease in the accumulation of regular sales resulting from a decrease in new sales is in a recovery phase.
- E-commerce mall sales increased due to measures taken and other factors

Factors behind change in sales profit

<Compared with financial results forecast for 3Q (cumulative)>
(Millions of yen)

	Forecast	Results	Changes	Changes (%)
Net sales	6,928	7,326	+398	+5.7%
(1) New sales				
Net sales	1,034	1,234	+200	+19.4%
Gross profit	745	878	+133	+17.8%
Sales promotion expenses, etc.	2,052	2,260	+208	+10.1%
Sales profit	-1,306	-1,381	-74	—
Initial ROAS*1	56.3%	62.8%	—	—
(2) Regular and other sales				
Net sales	4,690	4,739	+49	+1.0%
Gross profit	3,731	3,769	+38	+1.0%
Sales promotion expenses, etc.	197	227	+29	+15.0%
Sales profit	3,534	3,542	+8	+0.2%
(3) E-commerce mall sales				
Net sales	1,204	1,352	+148	+12.3%
Gross profit	985	1,147	+162	+16.5%
Sales promotion expenses, etc.	331	406	+75	+22.7%
Sales profit	653	740	+86	+13.3%
Sales profit	2,881	2,901	+20	+0.7%

- ◆ 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.

- ◆ While the number of new customer acquisitions increased beyond expectations, sales have only slightly increased due to a time lag in reflecting regular sales and LTV*2 falling short of the initial plan.
- ◆ Sales promotion expenses, etc. are on an increasing trend due to the promotion of LTV improvement measures.

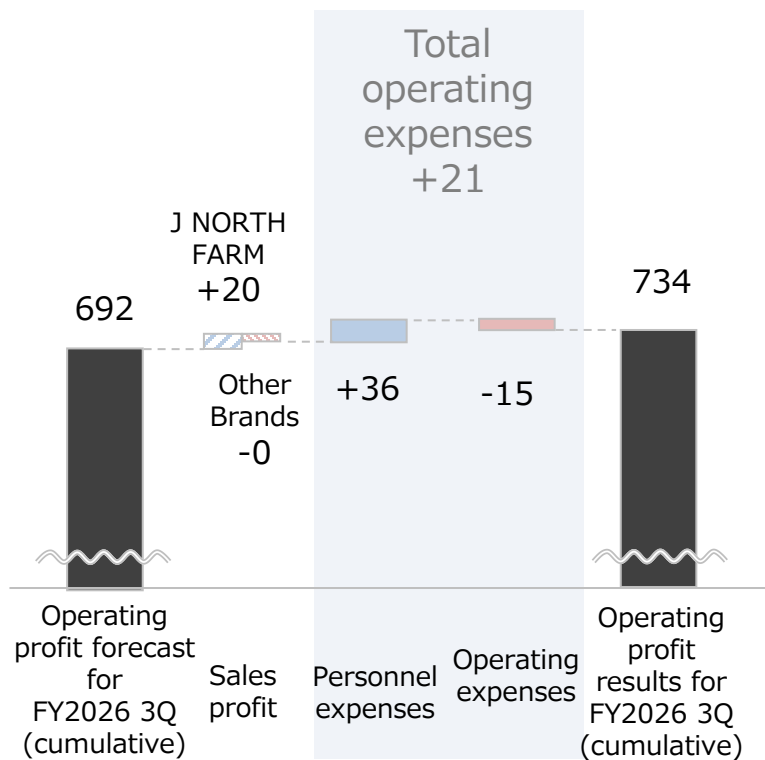
- ◆ Both net sales and sales profit were higher due to various measures.

*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 operating profit

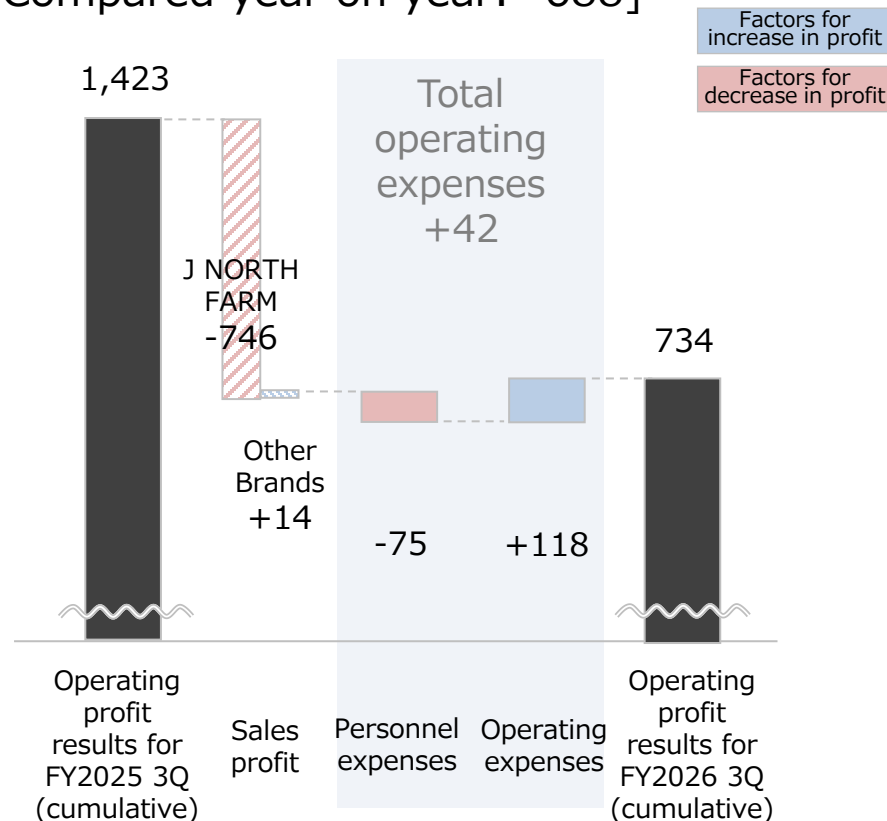
[Compared with financial results forecast: +42]



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

(Millions of yen)

[Compared year on year: -688]



(Year on year)

- Wage increase due to regular pay rises, etc.
- Optimization of distribution bases
- [Previous year] Expenses related to relocation of the Tokyo Head Office floor were incurred.

Relationship between number of new customer acquisitions and advertising expenses

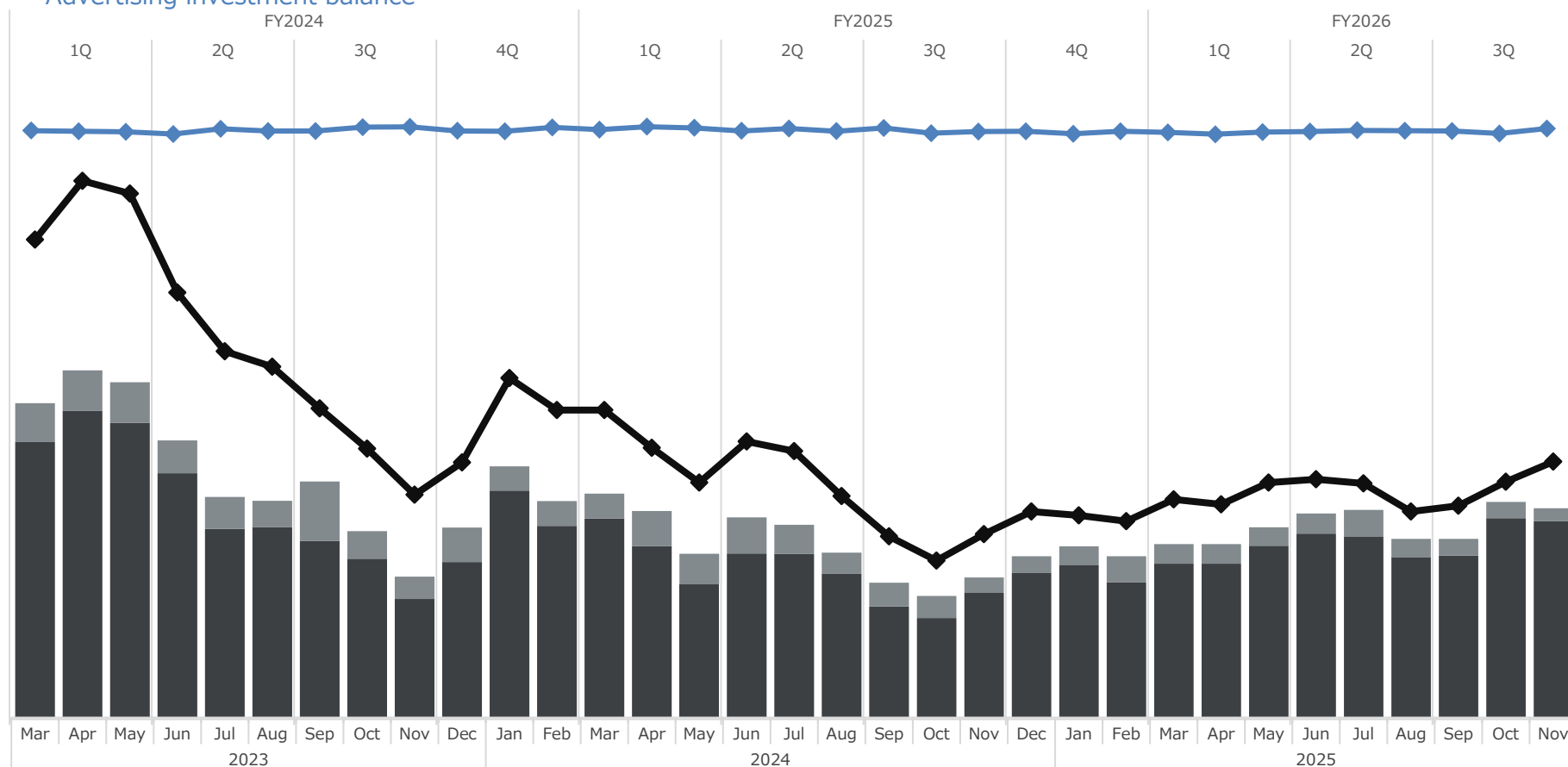
- Changes in the number of new customer acquisitions are directly linked to changes in advertising expenses.
- The advertising investment balance is maintained at a constant level.

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

■ Other (number of new customer acquisitions)

◆ Advertising expenses

◆ Advertising investment balance

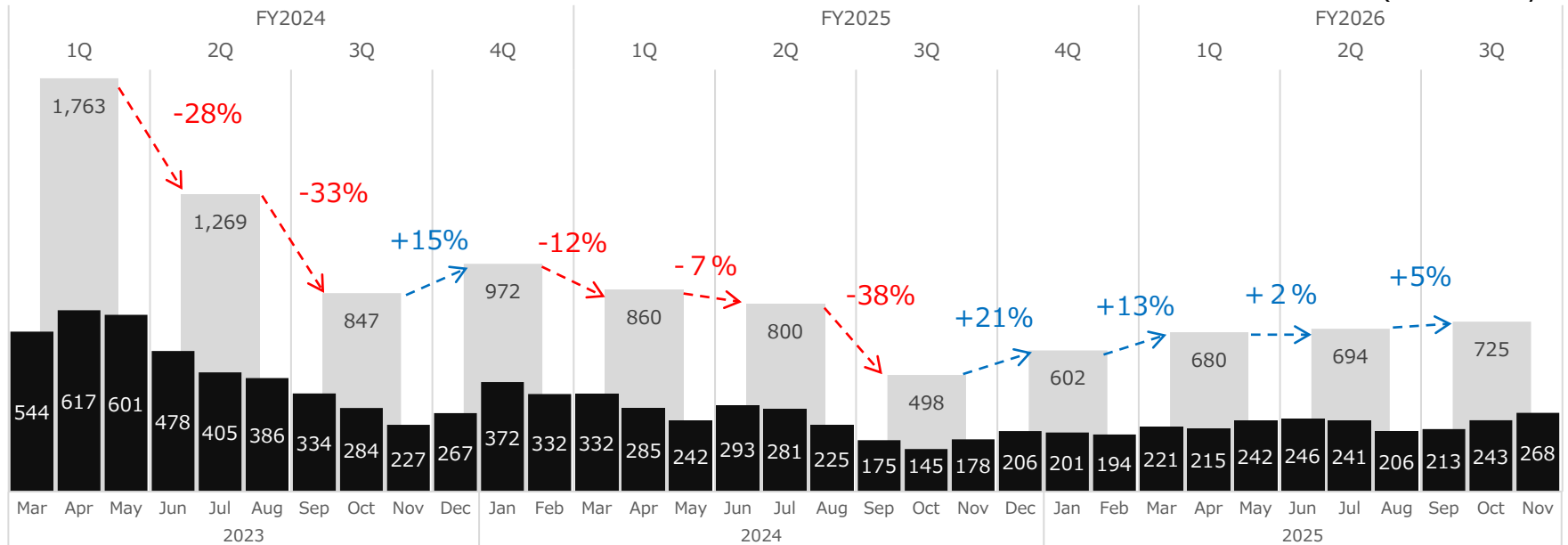


Non-consolidated

J NORTH FARM

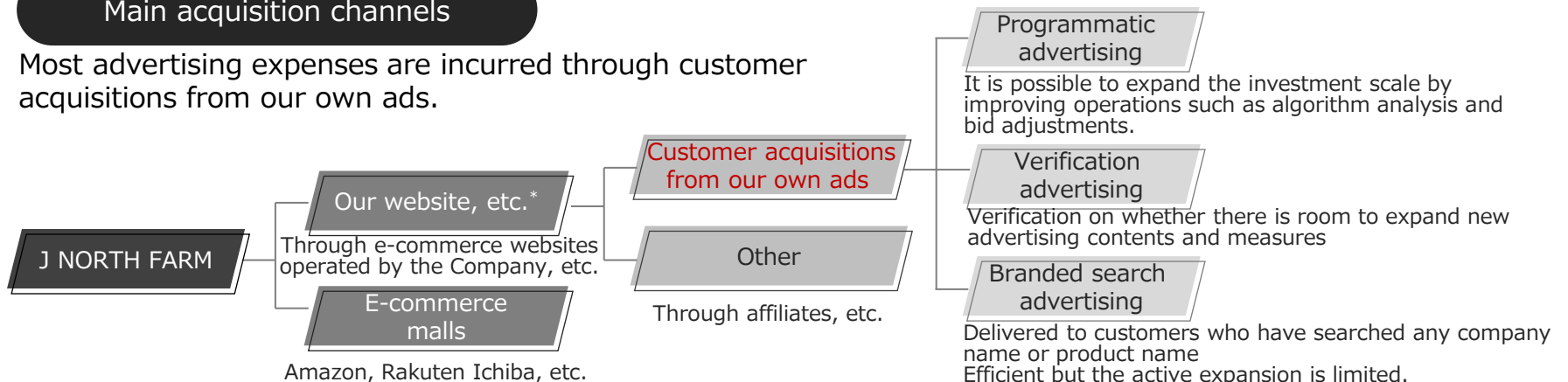
Changes in advertising expenses

(Millions of yen)



Main acquisition channels

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

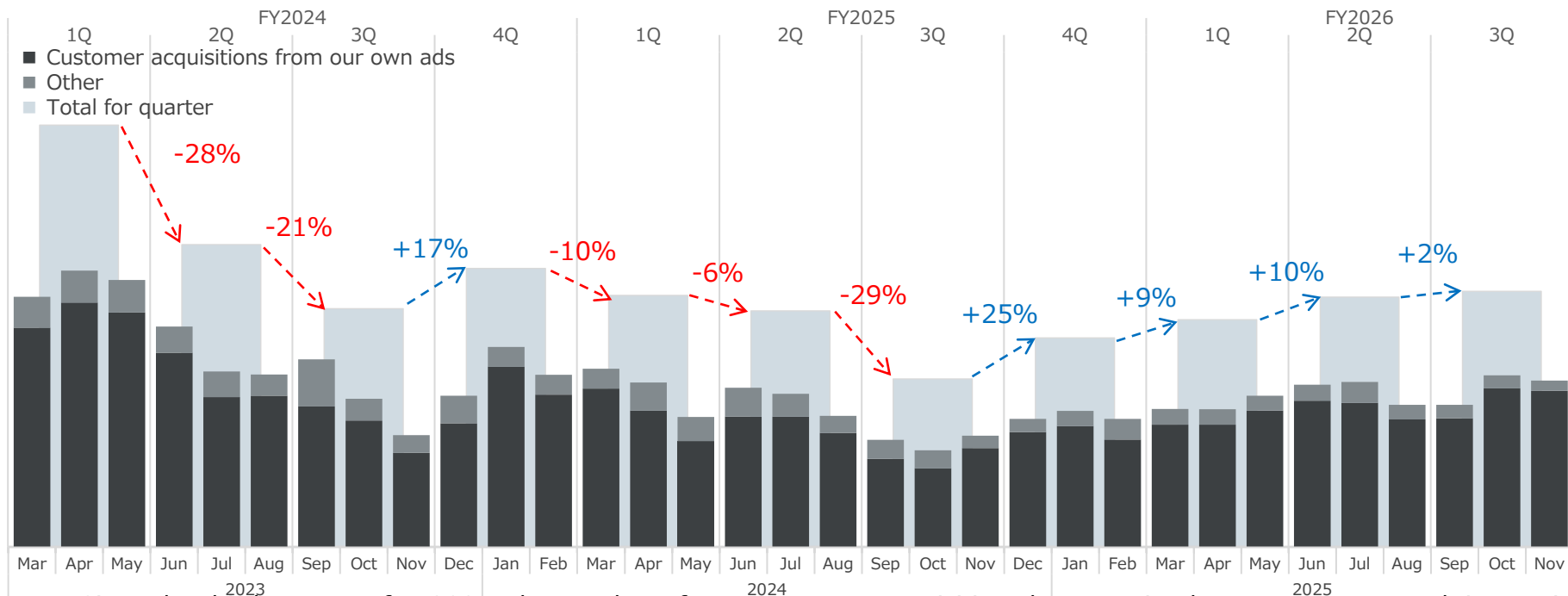


* "Our website, etc." includes the number of new customer acquisition (as well as a portion of orders made by phone, etc.) from all e-commerce websites operated by the Company, excluding e-commerce malls

Non-consolidated

Our website, etc.

Changes in number of new customer acquisitions



- ◆ Since the third quarter of FY2025, the number of new customer acquisitions has remained on a recovery trend, increasing for the fourth consecutive quarter.
 - Continuous efforts to create advertising with a higher click-through rate, particularly “good advertising content” including sales pages with a higher purchase rate
 - By creating advertising content through the utilization of generative AI, veteran staff increased the production volume while maintaining the existing quality and the younger staff raised quality levels in a steady manner
- ◆ By accelerating product planning, we plan to increase the number of new customer acquisitions by expanding our product lineup (refer to pages 42 to 43).
 - Improving the structure by measures such as an increase in personnel of a specialized team and setting and controlling KPIs by counting backwards from the planned release of new products
 - Both the quality of draft plans and the verification speed significantly improved through active utilization of generative AI for tasks such as “generating and brushing up ideas that accurately grasp customers’ issues” and “analyzing results of external tests,” making it possible to place more focus on processes where humans should demonstrate creativity
 - Products to be released by the end of August 2027 have almost completed the planning phase, and are sequentially progressing to the development phase

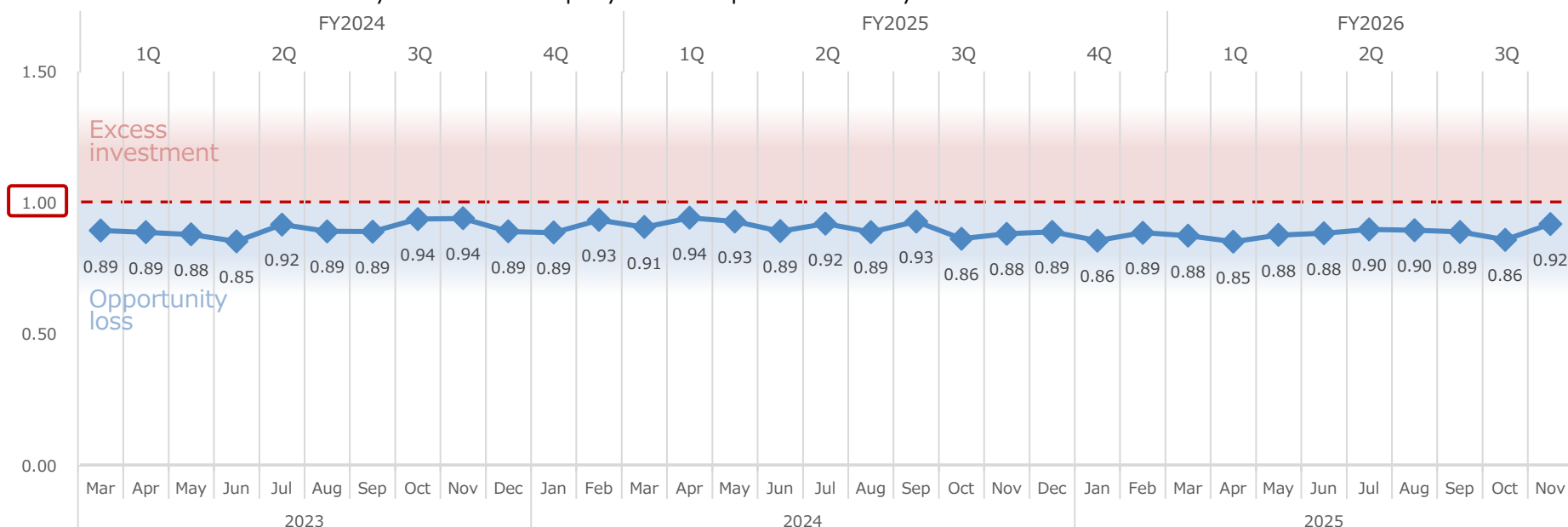
Advertising investment balance^{*1}

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 23) 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 from the second quarter of FY2026, 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^{*4}. 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.

^{*4} 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.

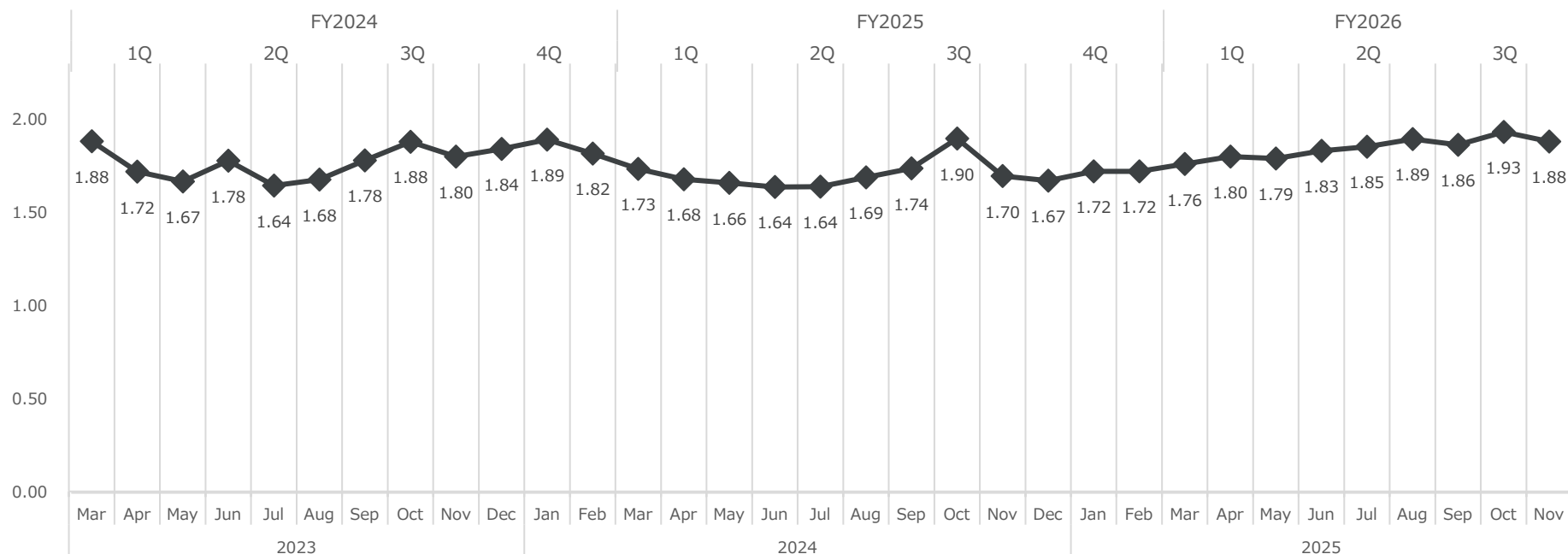
Change in 1-year ROAS

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 holistic way.



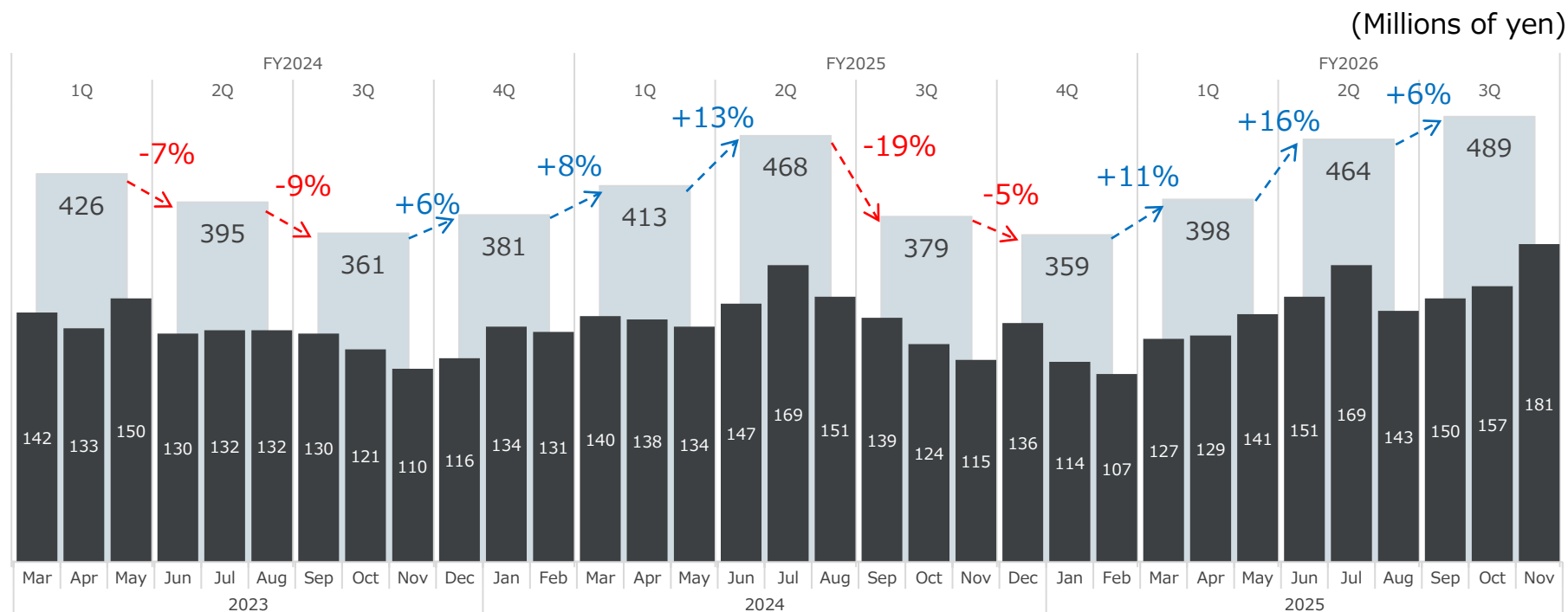
*1 Used as a projection of how much sales are expected to result from advertising in one year.

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 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.

Changes in net sales

Net sales for e-commerce malls in the third quarter of FY2026 were +6% quarter on quarter.



<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 November 2025, monthly revenue exceeded ¥100 million on Amazon, which is a record high. Net sales for e-commerce malls overall also posted a record high in the third quarter of FY2026.

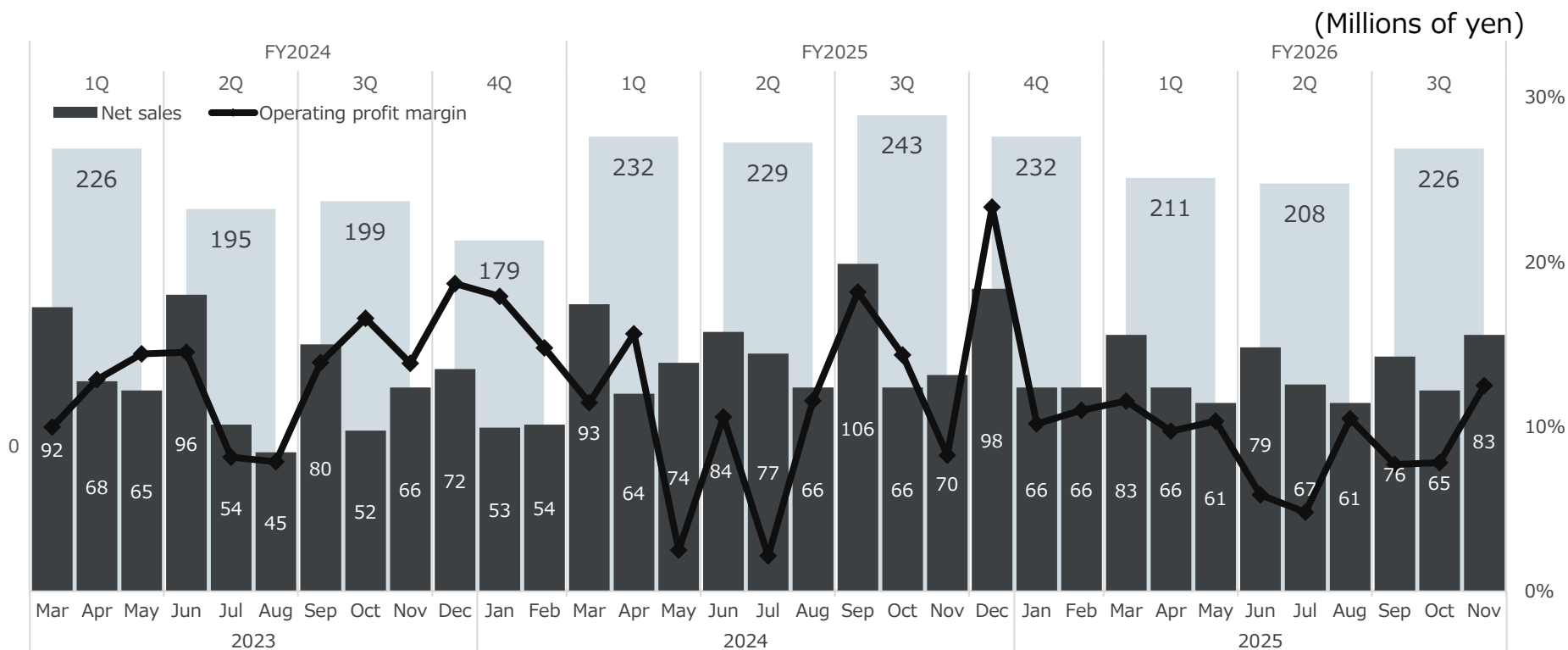
SALONMOON Co., Ltd.

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.



Net sales for the third quarter of FY2026 were +9% quarter on quarter.



<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
 - Preparing for opening of multiple stores, and conducting user interviews
- ◆ Development and release of new products and series products
- ◆ Storefront sales at nationwide consumer electronics chains, major variety shops, and discount stores to increase brand awareness and attract new customer base
 - Started sale of “Booster Ion Dryers” at some storefronts.
- ◆ 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.
- ◆ Utilization of product placement*
- ◆ 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 1.43 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 Measures for M&As

◆ M&A policy of the Company

- Acquire D2C and proprietary e-commerce site businesses and integrate them into the Company’s infrastructure, including its advertising optimization system and ordering, shipping, and inventory management systems, in order to achieve cost optimization and improve the profitability of the acquired companies
 - E-commerce malls are often operated by small but profitable companies who have growth issues with a weak organizational foundation. However, it is easy to standardize their operations and conduct PMI and, thus, they are promising M&A targets
- Accordingly, small-scale companies with high growth potential in the e-commerce mall business are actively being considered as key targets for M&A

December 1, 2025 (after the end of the third quarter)

- Acquired all shares of Rebirth Chain Consulting Co., Ltd. (current KARAKON DIRECT Co., Ltd.)
- Changed the trade name to KARAKON DIRECT Co., Ltd. from Rebirth Chain Consulting Co., Ltd.

Business description	<p>Sale of color contact lenses</p> <ul style="list-style-type: none">•Selling 90 or more products through e-commerce malls such as Qoo10 and Rakuten Ichiba in the growing color contact lens market•Boasting a repeat customer base from which numerous high ratings and reviews are received, maintaining an efficient order and delivery process capable of handling a wide range of products
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The Company has determined that its expertise in promotional activities, creative production, and advertising optimization, specifically for e-commerce malls, will contribute to further enhancing Rebirth Chain Consulting’s profitability and competitiveness.

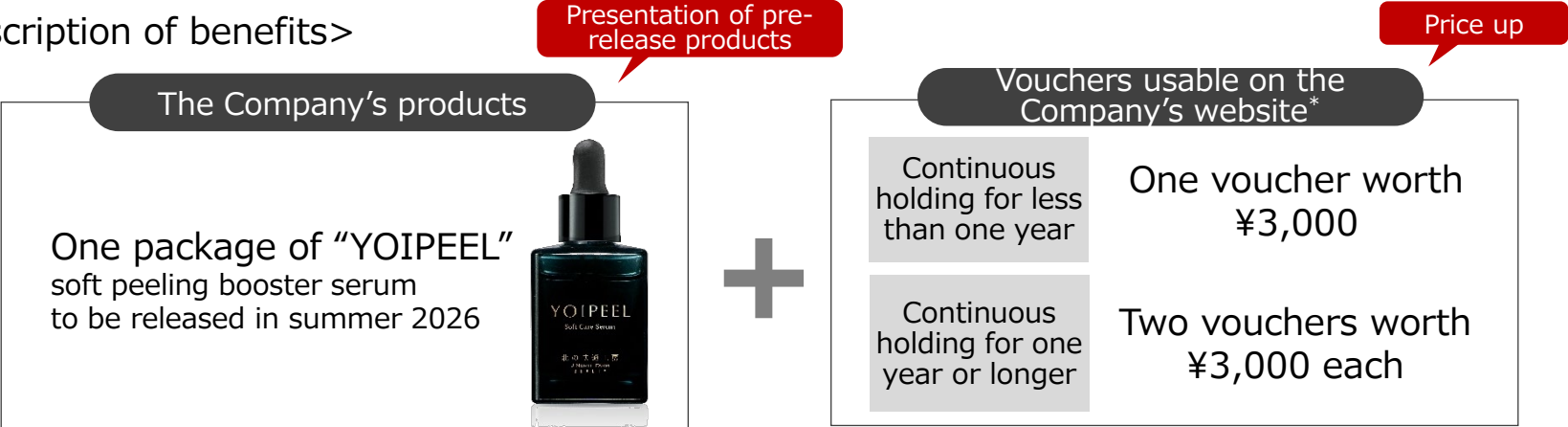
Consolidated Shareholder Benefit Program [Returns to Shareholders]

The Company has introduced a shareholder benefit program to thank our shareholders for their ongoing support and deepen their understanding of the Company's business.

In order to promote “unifying shareholders and consumers” to further raise the attractiveness of investing in shares of the Company and make our shareholders fans of the Company's products, the Company will **change and enhance the program** in light of opinions received about the shareholder benefit program and requests found in the shareholder questionnaire survey.

→“Shareholders also being consumers of products and services” represents an ideal relationship between companies and shareholders, as it brings about further growth of the business and ultimately, helps to enhance corporate value by raising brand loyalty, deepening understanding of the business, and providing constructive and practical feedback, among others.

<Description of benefits>



<Eligible shareholders>

Shareholders who are listed or recorded in the shareholder register as of the end of February 2026 and hold at least one unit (100 shares).

* The vouchers can only be used for our products priced at ¥3,300 or more under our brand "J NORTH FARM" (excluding some products) on the online store exclusively for our shareholders.

Consolidated Consolidated Balance Sheets

(Millions of yen)

Subject/Section	FY2025/4Q end As of February 28, 2025	FY2026/3Q end As of November 30, 2025
Current assets	7,960	7,826
(Cash and deposits)	5,698	5,636
Non-current assets	1,197	1,111
Total assets	9,157	8,938
Current liabilities	1,234	1,011
Non-current liabilities	56	56
Total liabilities	1,291	1,068
Total net assets	7,866	7,870
Total liabilities and net assets	9,157	8,938

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

¥152 million increase in accounts receivable - trade, and contract assets, ¥183 million decrease in inventories under assets

¥165 million increase in accounts payable - other, ¥217 million decrease in income taxes payable under liabilities

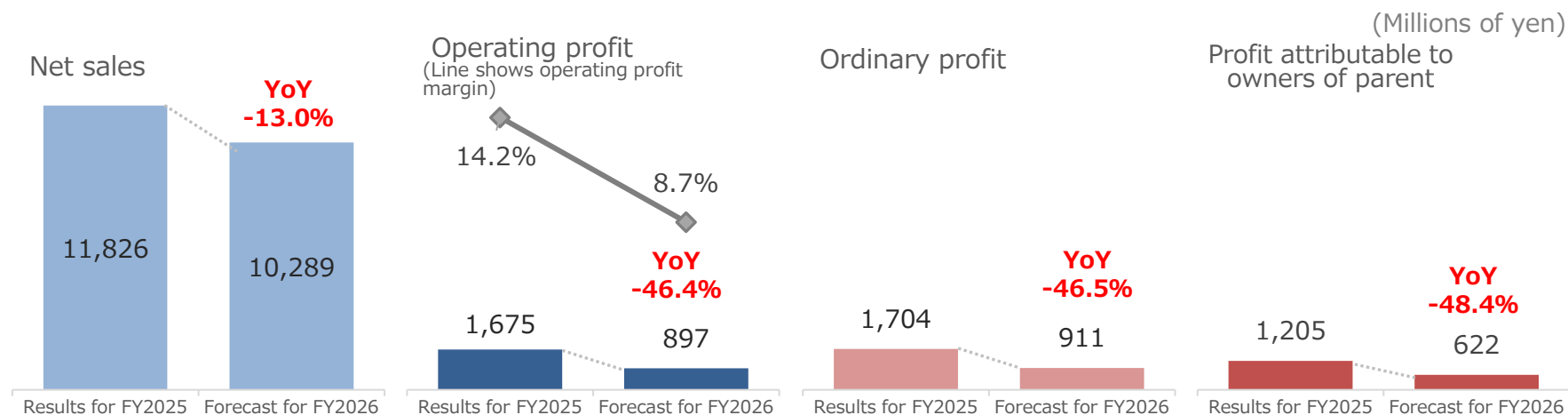


Financial Results Forecast

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%



Non-consolidated

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%

<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.

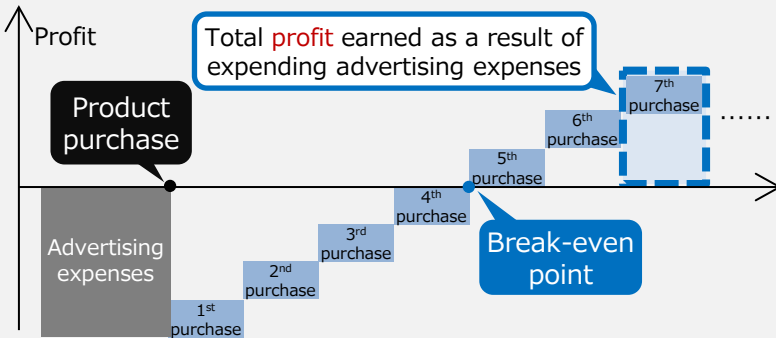
Business Model

◆ Customer characteristics

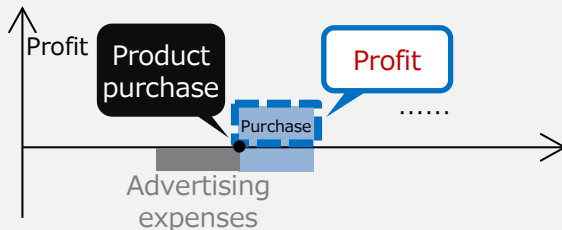
- The main customer base is in their 40s and over
- Sales from regular customers account for approx. 70% of overall sales

◆ 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

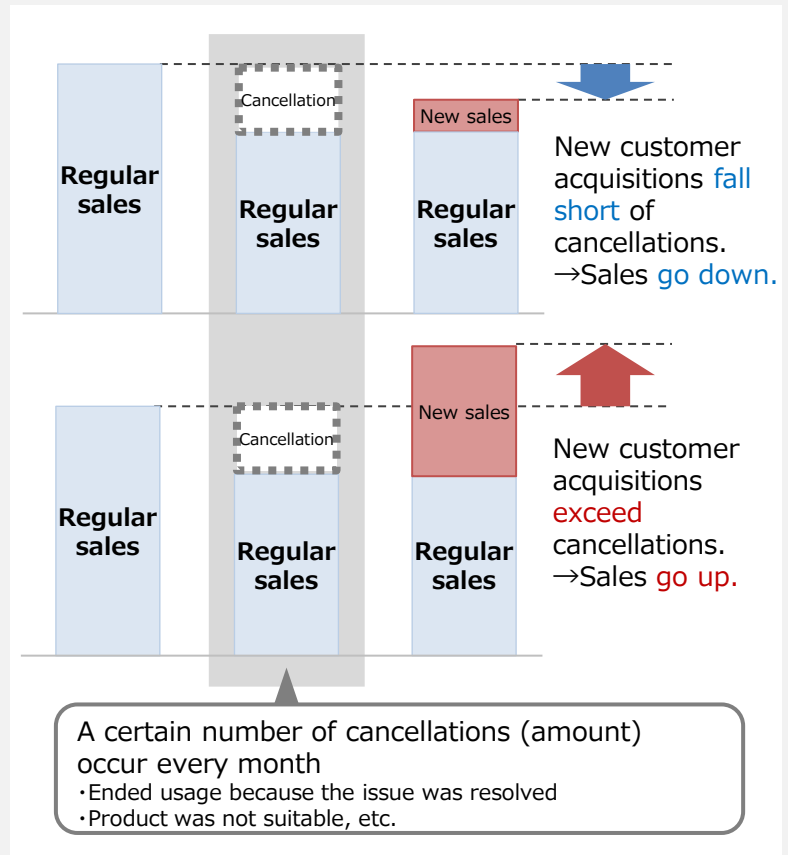


<E-commerce malls> Unit-purchase business model in which profitability is achieved with a single purchase, not a continuous purchase



◆ 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

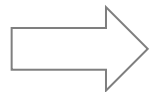
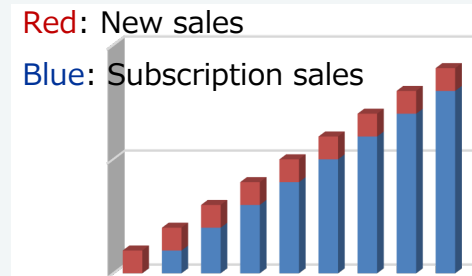
<Sales strategy>

- 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

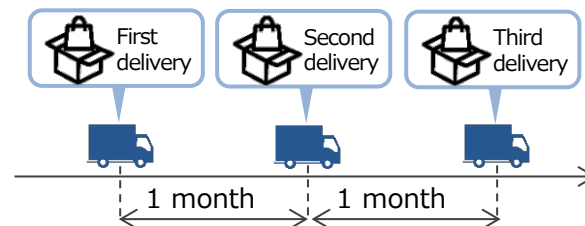
- Only commercialize products that bring solid satisfaction, under the policy, **"A product will only be commercialized when an astonishingly fine product is created"**
- **Established original product development standards with approximately 1,400 items** specifically designed for online sales and conduct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

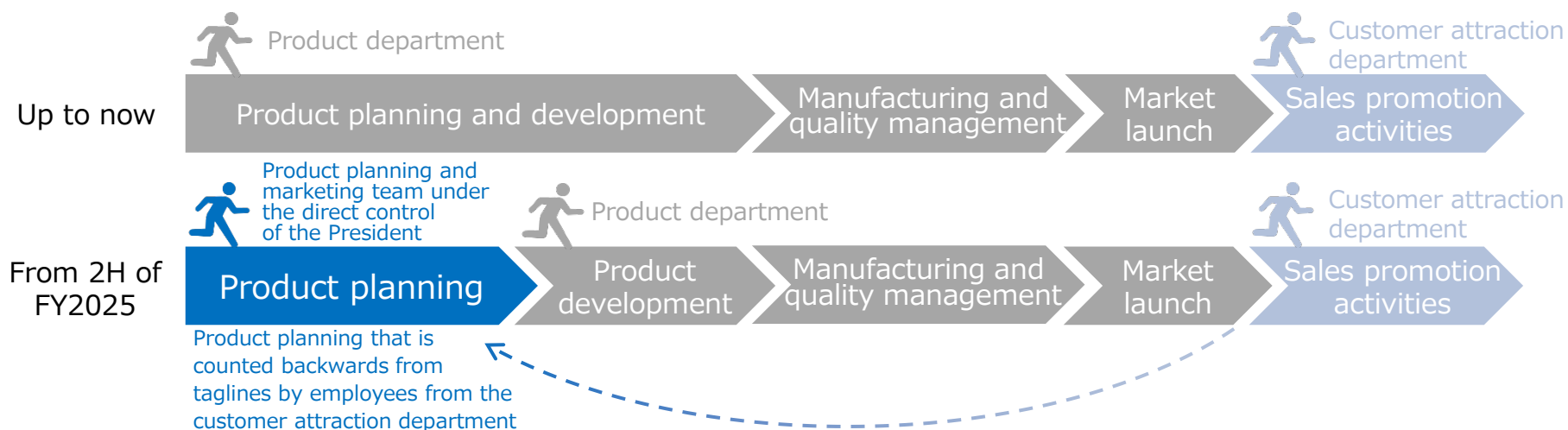


Product Strategy (from the Medium-term Management Plan 2028)

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.

(1) 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

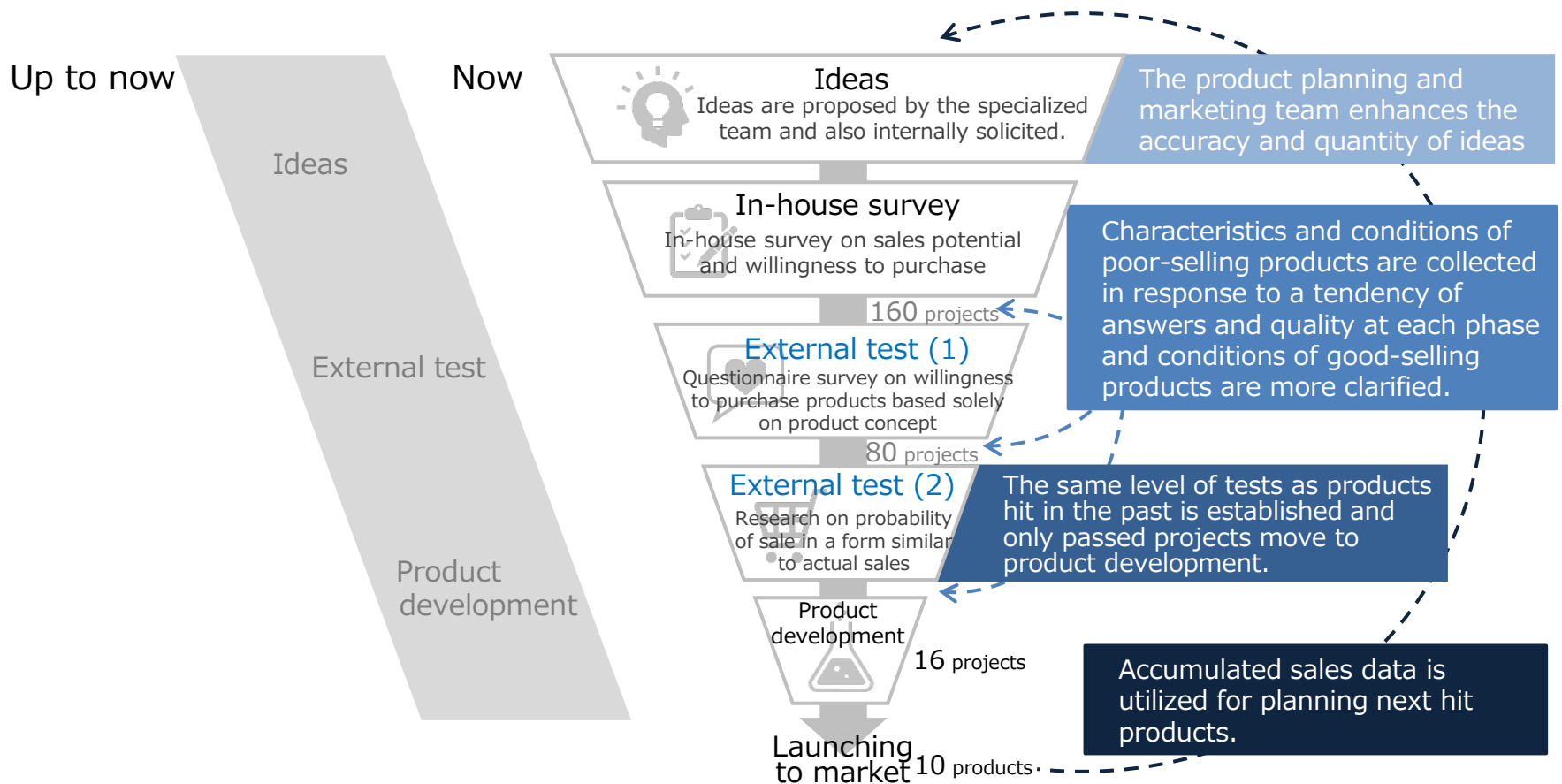
As a specialized team has been established, dedicated personnel for focusing on planning have been secured, leading to an increase in “quantity” and enhancement of “quality” of product planning.

Product Strategy (from the Medium-term Management Plan 2028)

(2) 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**

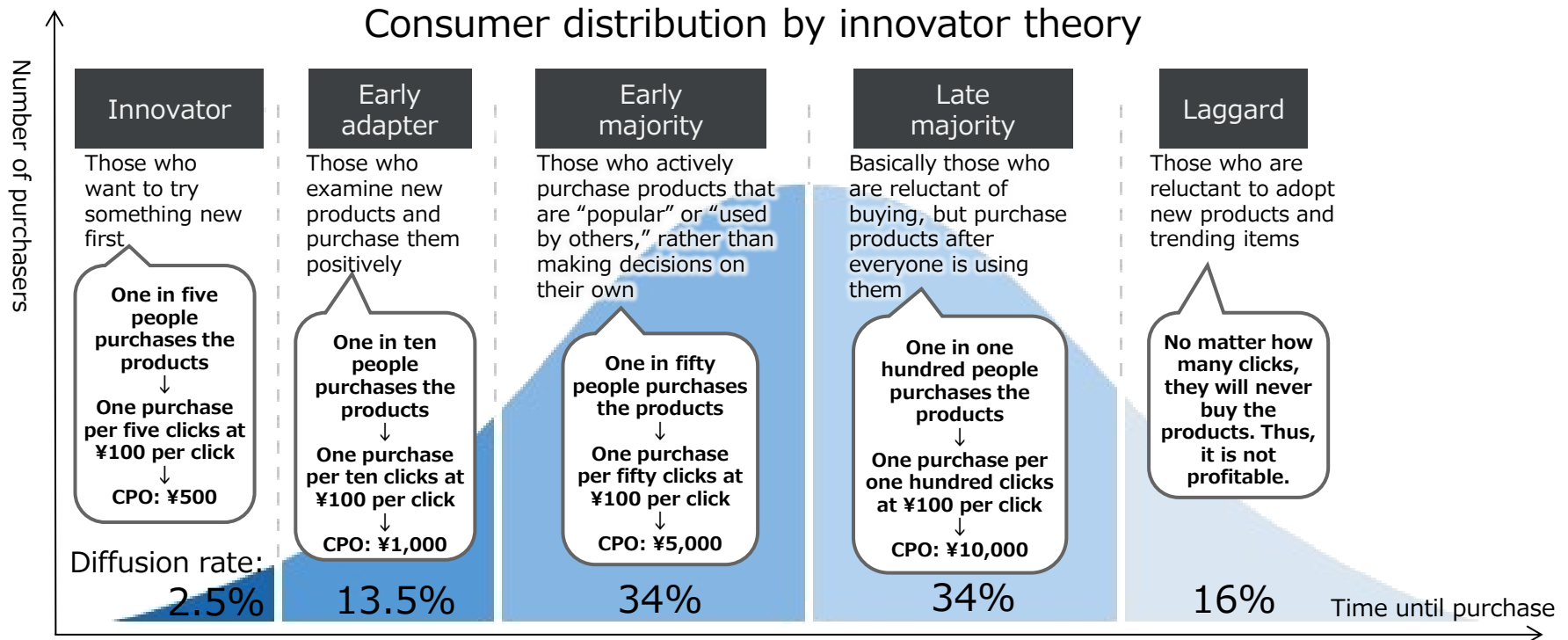


Sales Strategy

◆ 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



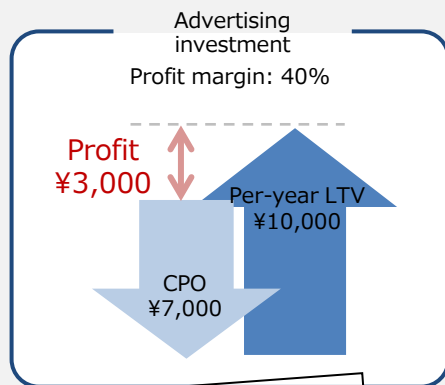
Prevent a decline in profitability due to excess advertising investment

Set the CPO limit to secure the required profit



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

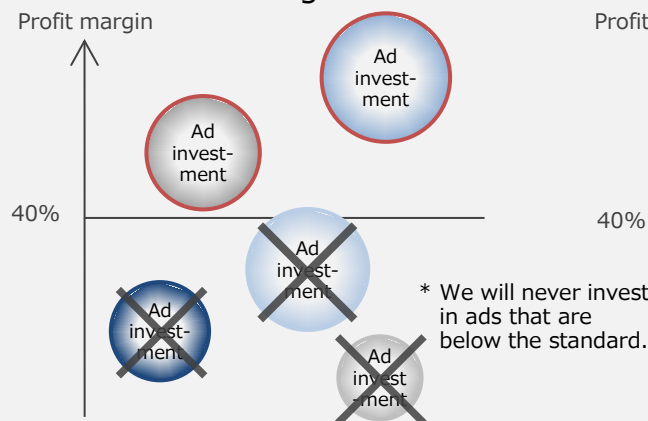
Our method of setting the CPO limit and our advertising investment policy



Good investment

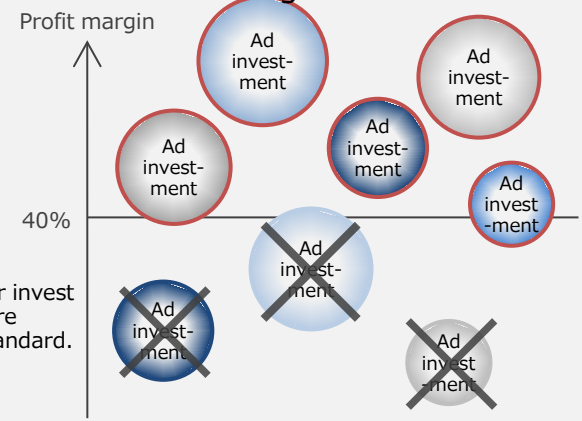
Our standard for advertising investment

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



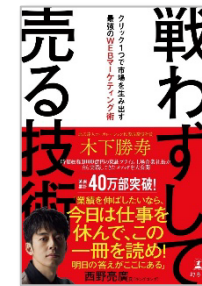
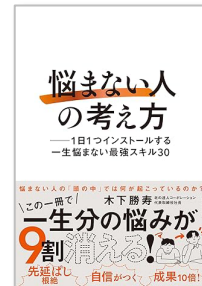
- If we exceed the CPO limit, we reduce advertising investment and dial down promotion to acquire new customers.
- If new customer acquisitions continue to be achieved within the CPO limit, we enhance advertising investment in order to avoid opportunity loss and strive to increase future profit.

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

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- This document is provided for informational purposes only and is not intended to be a public offering, investment solicitation, marketing or other activities in respect of specific products such as the Company's shares.
- The contents of this document, and opinions and forecasts described herein are based on the judgment of the Company at the time of preparing this document, and the Company does not guarantee the accuracy of the information. Please note that actual performances and results may differ significantly due to changes in various factors.
- While all information provided in this document has been carefully prepared, the accuracy and completeness of such information are not guaranteed. Please note that the content may be changed or discontinued without prior notice.
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