Supplementary Material for the First Quarter of the Fiscal Year Ending February 28, 2027

Stock code: 2930
Kitanotatsujin Corporation
July 15, 2026

Business Overview

- Composed of the following three companies: Kitanotatsujin Corporation and its subsidiaries, SALONMOON Co., Ltd. and KARAKON DIRECT Co., Ltd.
- Selling health and beauty products and beauty appliances under its own brands
- Reselling color contact lenses and other medical devices

	北の達人 KITANO TATSUJIN	SALON MOON Pro	カラコンダイレクト KARAKON DIRECT
Area	Products originated from health and beauty-related concerns and needs	Beauty appliances (Hair irons, driers, etc.)	Medical devices (Color contact lenses, etc.)
Sales channel	Proprietary e-commerce sites and e-commerce malls	E-commerce malls + general stores	E-commerce malls
Manufacturing model	Fabless (Contracted manufacturing by OEMs)	Fabless (Contracted manufacturing by OEMs)	Resale

Important Note

- Kitanotatsujin Corporation (the Company) is a D2C company engaged mainly in subscription sales.

  The Company employs a business model where it makes advertising investment for new customer acquisition as upfront investment and recovers the investment after three to four months through continued purchases thereafter.

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

- ☞ This year is the second fiscal year under the “Medium-term Management Plan 2028” that covers three years.

  Targets were achieved for the first year (FY2026, the previous fiscal year), and expected to be achieved for the second year (FY2027, the current fiscal year), as well.

- ☞ At Kitanotatsujin Corporation, the number of new customer acquisitions increased 44% quarter on quarter (QonQ), increasing for the sixth consecutive quarter and reaching a record high.

- ☞ Consolidated net sales significantly increased and came in at ¥3,209 million for the first quarter of FY2027 (+23.6% year on year)

- ☞ Consolidated operating profit decreased and was -¥102 million for the first quarter of FY2027 (¥240 million for the first quarter of FY2026), due to the occurrence of an “increase in sales promotion expenses, etc. as upfront investment (¥603 million)” and “net sales yet to be recorded for order backlog (approx. ¥286 million).” (Net sales yet to be recorded will be resolved in and after the second quarter of FY2027.)

Table of Contents

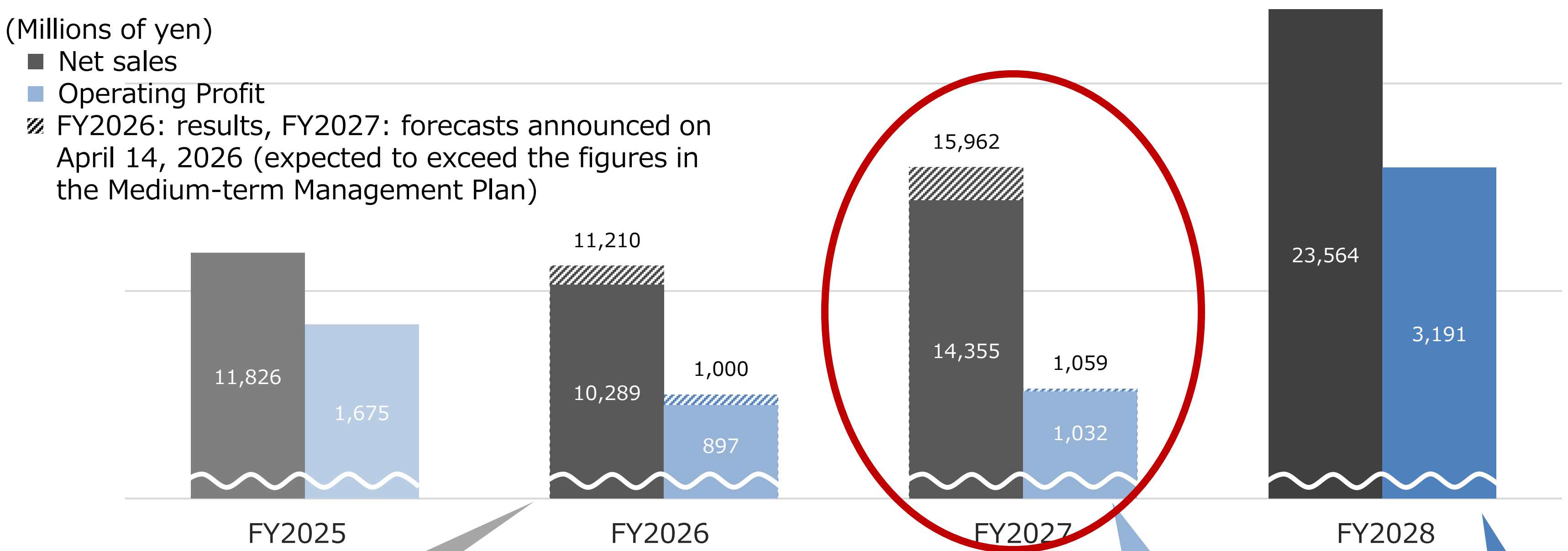
* For our business overview, please see the material below:
https://www.kitanotatsujin.com/wp/wp-content/uploads/sites/2/2026/07/business_overview_en.pdf

Highlights for the Medium-term Management Plan

Numerical Summary of Medium-term Management Plan 2028

The Company aims to achieve ¥23.5 billion in consolidated net sales and ¥3.1 billion in operating profit in the "Three-year Plan until FY2028" announced on July 15, 2025.

Net sales ¥23.5 bil.
Operating profit ¥3.1 bil.



Initial forecast (at the formulation of the Medium-term Management Plan)
Accumulation of regular sales decreases due to a decrease in new sales through FY2025, resulting in decreases in both net sales and operating profit.

Result
Both net sales and operating profit exceeded the forecast due to the new customer acquisitions stronger than expected.

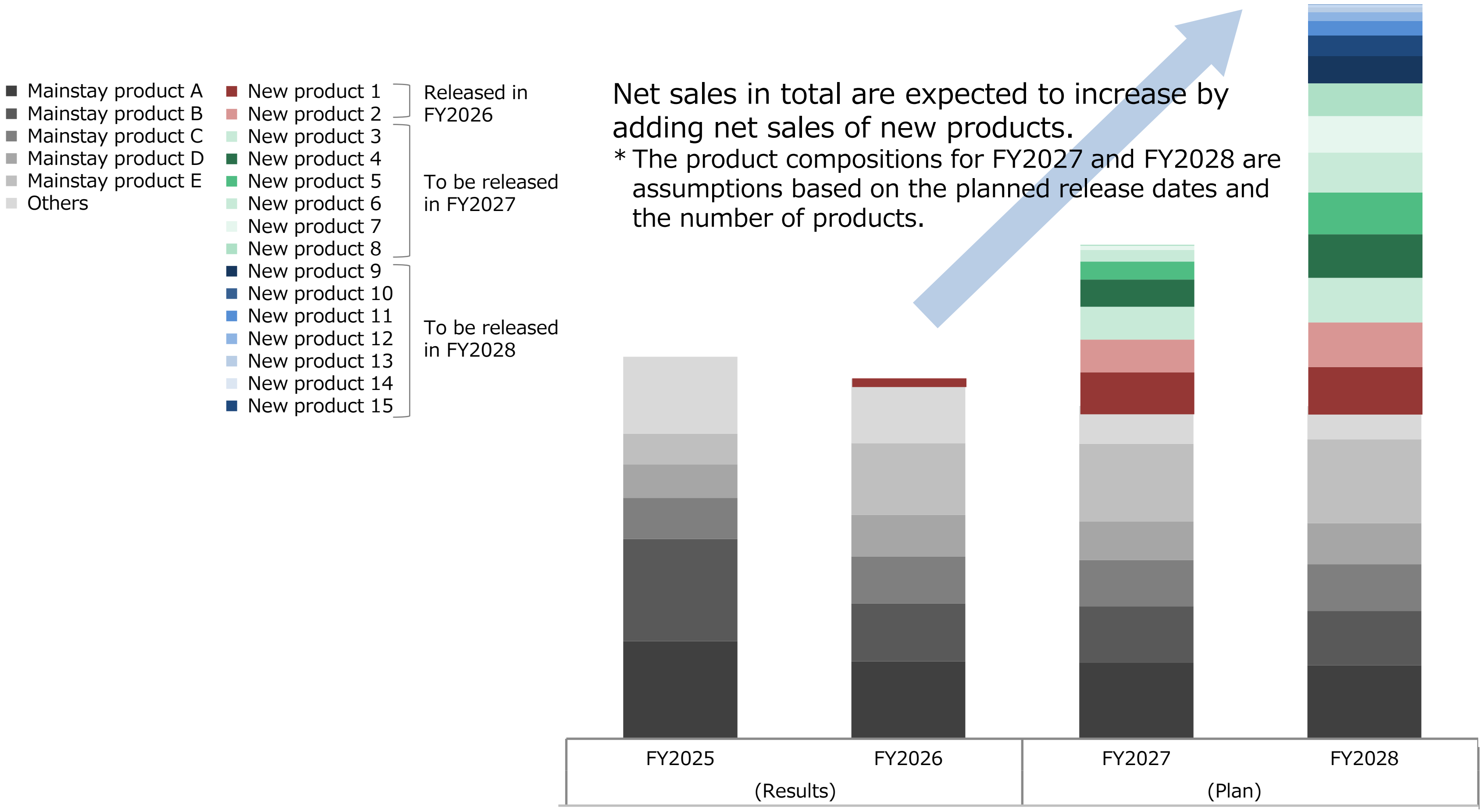
Initial forecast (at the formulation of the Medium-term Management Plan)
Net sales significantly increased mainly due to an increase in upfront investments for new customer acquisitions in FY2026 and FY2027, while operating profit remained flat.
This state is positive from a long-term perspective since upfront investment is progressing steadily.

Revised forecast (at the development of the FY2027 forecast)
Net sales are expected to exceed the initial plan, due to new customer acquisitions performing stronger than the expectation at the formulation of the Medium-term Management Plan, and the effect of the acquisition of KARAKON DIRECT, Co., Ltd.
Forecast for operating profit is unchanged for the active investments for new customer acquisitions planned toward FY2028.

Though upfront investments continue to increase, regular customers are steadily accumulated, resulting in improvements in operating profit.

Kitanotatsujin's Growth Strategy (Expanding Product Lineup)

Change in net sales considering the introduction of new products

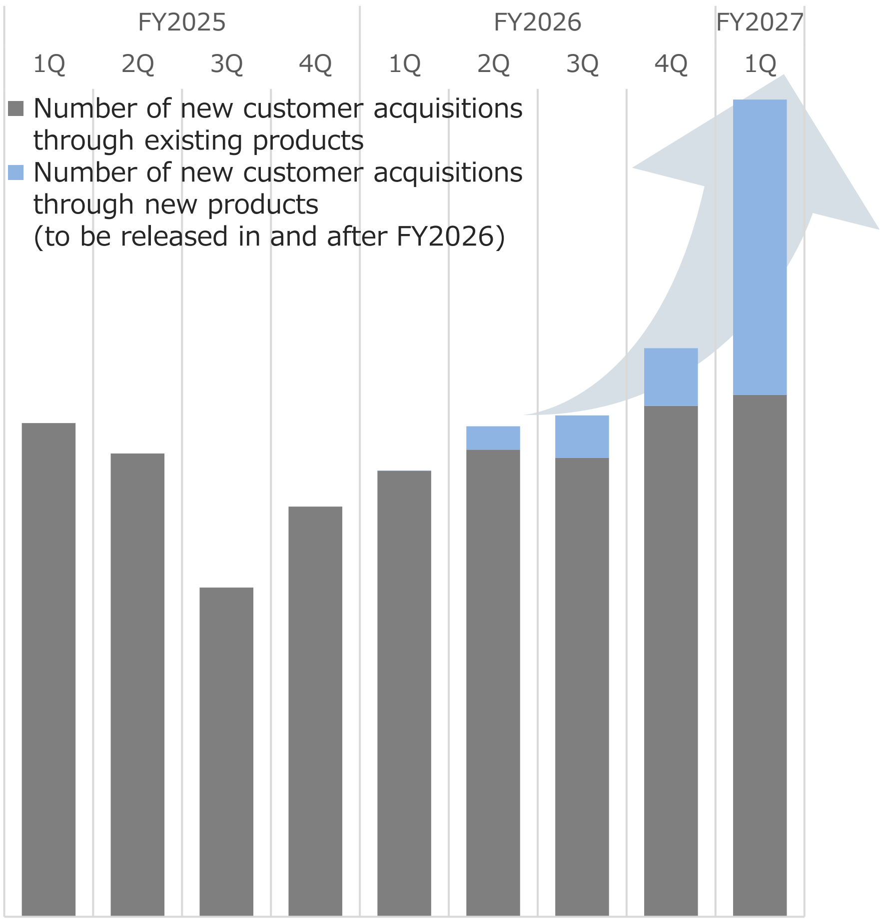


Number of products to be released	2	6	7

Establish a structure where 10 products can be annually released in FY2029 and thereafter to increase the number of new customer acquisitions

Impact of New Product Releases on the Number of New Customer Acquisitions

At Kitanotatsujin Corporation, the number of new customer acquisitions is growing continuously.
(A 44% increase QonQ, reaching a record high, and increasing for the sixth consecutive quarter)



- New products that were released in the previous and current fiscal years are performing very well.
- Even when a new product is released, existing products will not lose their ability to attract customers, and the number of new customer acquisitions through new products are added to that of existing products.

* Some products are in inventory shortages because the orders have outstripped production capacity. Orders of these products from newly acquired customers have been accepted as "reservations" and yet to be recorded as sales.

Group Highlights for the First Quarter of the Fiscal Year Ending February 28, 2027

Consolidated

Key Performance Highlights [Compared Year on Year]

Net sales of approximately ¥286 million are yet to be recorded for order backlog*1 due to inventory shortages

(Millions of yen)

	FY2026 1Q results	FY2027 1Q results	Changes	Changes (%)	Reference value including order backlog	YoY changes for reference including order backlog	YoY changes (%) for reference including order backlog
Net sales	2,596	**3,209**	+613	+23.6%	**3,496**	+899	+34.7%
Gross profit	1,994	**2,326**	+331	+16.6%	**2,497**	+503	+25.2%
Selling, general and administrative expenses	1,754	**2,428**	+674	+38.4%	**2,468**	+714	+40.7%
Sales promotion expenses, etc. *2	981	**1,585**	+603	+61.5%	**1,623**	+642	+65.5%
Operating profit	240	**-102**	-342	–	**29**	-211	-87.9%
Ordinary profit	246	**-95**	-342	–	**35**	-210	-85.5%
Profit attributable to owners of parent	168	**-76**	-245	–	**15**	-153	-91.0%

Reasons for increase in net sales

Net sales increased by ¥613 million (23.6%). If order backlog of approx. ¥286 million is included, net sales increased by ¥899 million (34.7%).

The following factors contributed to the increase: an increase in net sales of approx. ¥345 million due to an increase in new sales from the record-high new customer acquisitions accompanied by increases in regular and other sales at J NORTH FARM, which comprises non-consolidated financial results, and strong performance of e-commerce malls; and net sales of ¥281 million from KARAKON DIRECT Co., Ltd., which became a consolidated subsidiary on the share acquisition date of December 1, 2025.

Reasons for decrease in profit

Mainly due to the increase in new customer acquisitions at J NORTH FARM hitting a record high, sales promotion expenses, etc., which represent upfront investments, increased 61.5% year on year. (This is a positive state as explained on page 3.)

On the other hand, the strong new customer acquisitions resulted in demand for certain products outpacing production and created order backlog of approx. ¥286 million as of the end of the first quarter of FY2027. This caused a temporary timing gap in recording net sales and the related expenses, leading to a decrease in profit. (Net sales for order backlog will be recorded in and after the second quarter of FY2027.) If the order backlog is included, all profit figures will be positive.

* The increase in advertising investment and creation of order backlog are already considered in the financial results forecast and they are not unexpected events.

*1 Products that have been ordered and are yet to be shipped out as of the end of the first quarter of FY2027
*2 Order-linked costs (settlement charges, shipping fees, packaging materials costs, enclosures and accessories, etc.) + new customer acquisition expenses (expenses involved in the acquisition of new customers; primarily advertising expenses)

Consolidated

Financial Results by Segment

(Millions of yen)

Segment	Operating company	Business	FY2026 1Q	FY2027 1Q
Health & Beauty Care business	Kitanotatsujin Corporation	北の快適工房 J NORTH FARM	2,366	2,711
		Others*	18	4
	SALONMOON Co., Ltd.	SALON MOON Pro	211	211
	KARAKON DIRECT Co., Ltd.	カラコンダイレクト KARAKON DIRECT	—	281
Total net sales			2,596	3,209

<Segments of financial results>

Consolidated financial results

The Company group

Non-consolidated financial results

Kitanotatsujin Corporation

J NORTH FARM

Others

SALONMOON Co., Ltd.

KARAKON DIRECT Co., Ltd.

Non-consolidated financial results of Kitanotatsujin Corporation occupy a significant portion of consolidated financial results of the Company group.

* "Others" are comprised of the e-cigarette "SPADE."
This is treated separately 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.

Consolidated

Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2027 1Q forecast	FY2027 1Q results	Changes	Changes (%)
Net sales	3,343	**3,209**	-133	-4.0%
Gross profit	2,390	**2,326**	-64	-2.7%
Selling, general and administrative expenses	2,406	**2,428**	+22	+0.9%
Sales promotion expenses, etc.	1,567	**1,585**	+17	+1.1%
Operating profit	-15	**-102**	-87	–
Ordinary profit	-12	**-95**	-83	–
Profit attributable to owners of parent	-21	**-76**	-55	–

For financial results of Kitanotatsujin Corporation occupying a significant portion of consolidated financial results, see “Financial Results by Company” in following pages.

Financial Results by Company

Kitanotatsujin Corporation

The company plans, develops, and sells products at J NORTH FARM, focusing on health and beauty-related products.

- Planning and developing products under its own brand originated from specific concerns and needs of customers, without being influenced by trends
- Operating its business mainly on its own e-commerce sites and adopting the subscription purchase system that enables continued purchases

◆ Mainstay products

- DEEP PATCH Series, including "HYALO DEEP PATCH" and other injectable cosmetics
- "KAITEKI OLIGO," oligosaccharide food for household use which improves bowel movements for people with constipation tendency

◆ Recent new products

- Released in March 2026 "Jinax," a pharmaceutical product (herbal medicine) orally administered for treatment of hemorrhoids*
- released in March 2026 "HOKKAIDO KAITAKUSHI BUTTER," produced with a traditional method practiced for 150 years in the vast northern lands
- Released in June 2026 "Mizumu Clear EX (schedule II pharmaceutical)" medication for athlete's foot, especially around nails

◆ FY2027 1Q Topics

- Due to strong new customer acquisitions, upfront investment related to new customer acquisitions increased.
- Certain products performed better than expected and the orders outpaced production, creating order backlog for which sales are yet to be recorded (to be resolved in and after the second quarter).

* The following symptoms in individuals with moderate or greater physical strength who are prone to constipation and hard stools: hemorrhoids (blind piles), bleeding hemorrhoids, constipation, and mild rectal prolapse

Kitanotatsujin Corporation

Key Performance Highlights [Compared Year on Year]

(Millions of yen)

	FY2026 1Q results	FY2027 1Q results	Changes	Changes (%)	Reference value including order backlog	YoY changes for reference including order backlog	YoY changes (%) for reference including order backlog
Net sales	2,384	**2,716**	+331	+13.9%	**3,002**	+618	+25.9%
Gross profit	1,895	**2,149**	+253	+13.4%	**2,320**	+425	+22.4%
Selling, general and administrative expenses	1,661	**2,253**	+592	+35.7%	**2,293**	+632	+38.1%
Sales promotion expenses, etc.	925	**1,469**	+543	+58.7%	**1,507**	+581	+62.9%
Operating profit	234	**-104**	-338	–	**27**	-207	-88.4%
Ordinary profit	240	**-99**	-339	–	**31**	-208	-86.7%
Profit	170	**-70**	-240	–	**21**	-148	-87.2%

Reasons for increase in net sales

Net sales increased by ¥331 million (or by ¥618 million (25.9%) if order backlog is included) due to an increase in new sales from the record-high new customer acquisitions accompanied by increases in regular and other sales, and strong performance of e-commerce malls.

Reasons for decrease in profit

Due to the increase in new customer acquisitions at J NORTH FARM hitting a record high, sales promotion expenses, etc., which represent upfront investments, increased 58.7% year on year. (This is a positive state as explained on page 3.)

On the other hand, strong new customer acquisitions resulted in demand for certain products outpacing production and created an order backlog of approx. ¥286 million as of the end of the first quarter of FY2027. This caused a temporary timing gap in recording net sales and the related expenses, leading to a decrease in profit. (Net sales for order backlog will be recorded in and after the second quarter of FY2027.)

If the "order backlog" is included, all profit figures will be positive.

* The increase in sales promotion expenses, etc. and creation of order backlog are already considered in the financial results forecast and they are not unexpected events.

* Due to the change in presentation made in the first quarter of FY2027, operating profit and its changes (amount and percentage) are calculated using the figures in the previous fiscal year restated to reflect the change in the presentation.

Kitanotatsujin Corporation

Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2027 1Q forecast	FY2027 1Q results	Changes	Changes (%)
Net sales	2,820	**2,716**	-104	-3.7%
Gross profit	2,200	**2,149**	-51	-2.3%
Selling, general and administrative expenses	2,230	**2,253**	+23	+1.0%
Sales promotion expenses, etc.	1,436	**1,469**	+33	+2.3%
Operating profit	-29	**-104**	-74	–
Ordinary profit	-11	**-99**	-88	–
Profit	-11	**-70**	-58	–

Factors for deficit in operating profit predicted at the development of the forecast

As explained above, new customer acquisitions have been expected to be strong since the development of the forecasts. Accordingly, the impact of "increase in sales promotion expenses, etc." and "order backlog for which net sales are yet to be recorded as of the end of the first quarter of FY2027," the possible consequence, were already taken into consideration.

Factors for difference between forecasts and results

An operating loss of ¥104 million was recorded; the operating result was lower than the forecast by ¥74 million.

- Factors for decrease in gross profit : Gross profit decreased by ¥51 million, mainly because the timing to record regular sales delayed by a few days from the timing simulated when the forecasts were developed.
  → This is due to the difference in the timing to record sales and will not cause significant changes in the expected amount of regular sales for the year.
- Factors for increase in costs : Sales promotion expenses, etc. increased by ¥33 million, as new customer acquisitions and performance of e-commerce malls were stronger than the expectation at the time of the development of the forecasts.

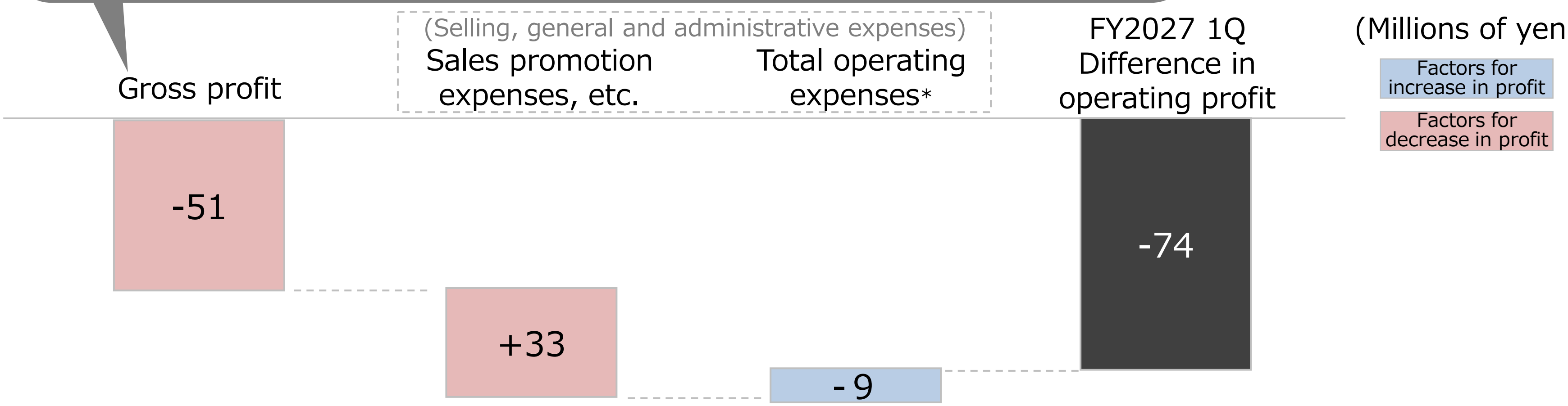
Considering the above, we determine that the impact on the full-year forecasts is limited at the current point in time.

Kitanotatsujin Corporation

Factors behind underperformance in operating profit for 1Q

Operating profit for the first quarter was lower than the forecast by ¥74 million.

While new sales were largely in line with the forecast, recording of part of regular sales were delayed from the timing expected when the forecasts were developed.
(This is due to the difference in the timing to record the sales and will not cause significant changes in the expected amount of regular sales for the year.)



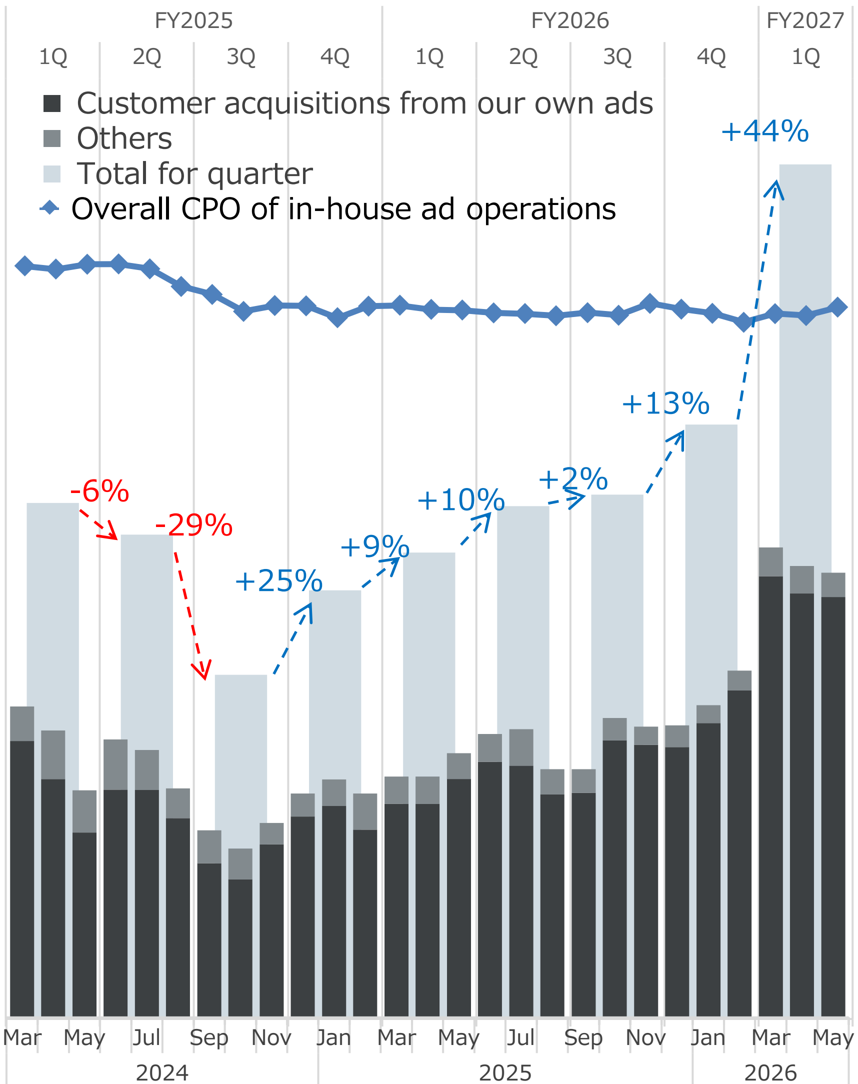
Advertising investment was accelerated, as the customer acquisitions through new products and at e-commerce malls were stronger than expected.

Other operating costs were lower than the forecast by ¥9 million.

* Personnel expenses + Operating expenses

Kitanotatsujin Corporation

Changes in number of new customer acquisitions on our website, etc.



- The number of new customer acquisitions reached a record high
- A 44% increase QonQ
- Increasing for the sixth consecutive quarter

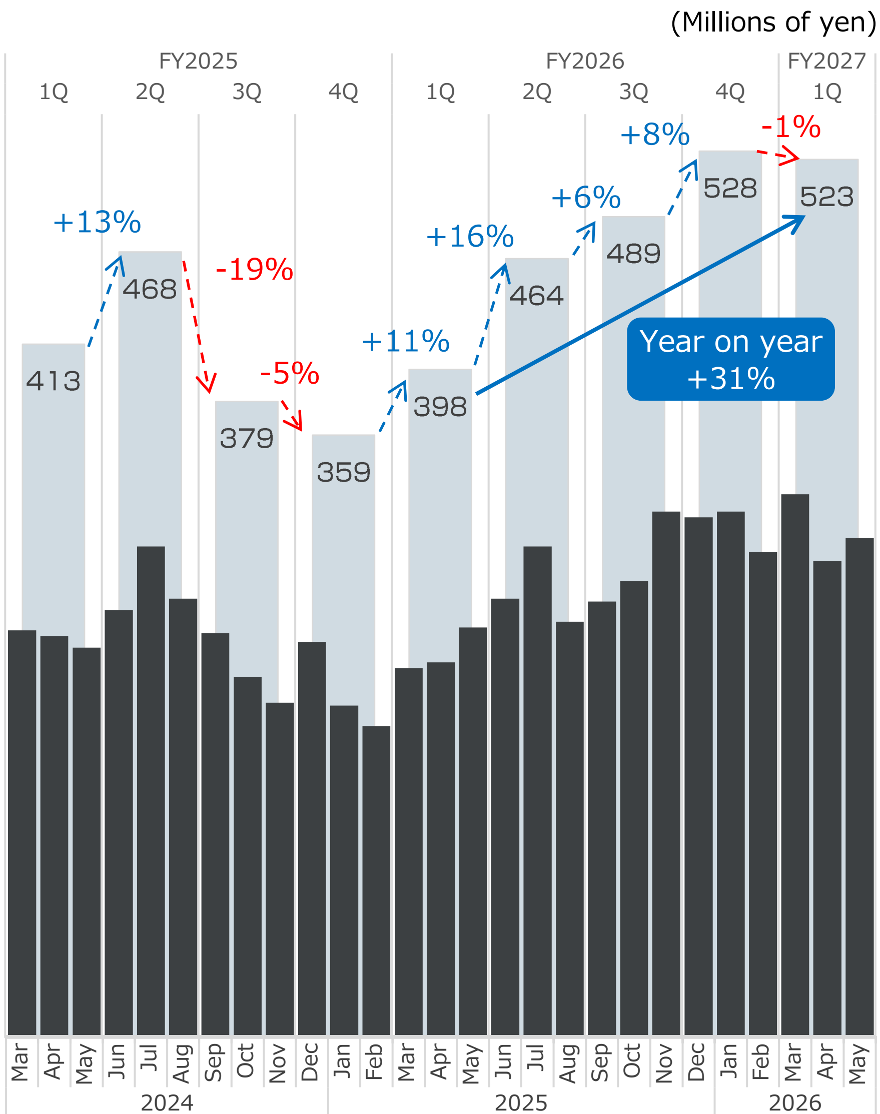
Investment efficiency is maintained, since <u>overall CPO of in-house ad operations (cost of customer acquisition per customer)*1</u> is maintained at a certain level regardless of an increase or decrease in the number of new customer acquisitions.

Main acquisition channels

*1 Advertising expenses for our own ads ÷ Number of new customer acquisitions from our own ads
*2 “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

Kitanotatsujin Corporation

Changes in net sales for e-commerce malls



Net sales for e-commerce malls in the first quarter of FY2027 were +31% year on year.

- Improvement of advertising content (such as product images and product explanation pages) and advertisement optimization targeted at e-commerce malls

  →Improvement of advertising content to highlight the uniqueness and advantage of our products more clearly, considering the nature of e-commerce malls where customers compare and consider multiple products before purchasing

- Participation in sales at each e-commerce mall
- Initiatives to raise the rate of participation in sales
- In March 2026, e-commerce malls as a whole and Amazon achieved their respective record monthly revenues.

SALONMOON Co., Ltd.

With a focus on beauty appliances such as hair irons and dryers under the original hair care brand “SALONMOON,” the company provides products that address customers’ concerns and needs related to hair care.

- Planning, developing, and selling products emphasizing usability and functionality, with an aim to deliver products that will enable customers to enjoy salon quality care at home
- Providing high-quality products at affordable prices by partnering with OEMs with high technological competencies in manufacturing of beauty appliances
- Sales come primarily from various e-commerce malls such as Amazon, Rakuten Ichiba, and Qoo10, and partially from storefront sales at home appliance mass merchandisers’ stores and discount stores.

◆ Major Products

“MIRROR DOUBLE ION® hair straightening iron”

- A hair iron with advanced functions such as high-concentration negative ions and highly functional plates developed with enthusiasm
- Available in a choice of two solid colors and more than one gradient color

“BOOSTER ION DRIER”

- A Highly functional drier providing faster drying, beauty in hair, and convenience at the same time.
- Available in three colors including a solid and two gradient colors

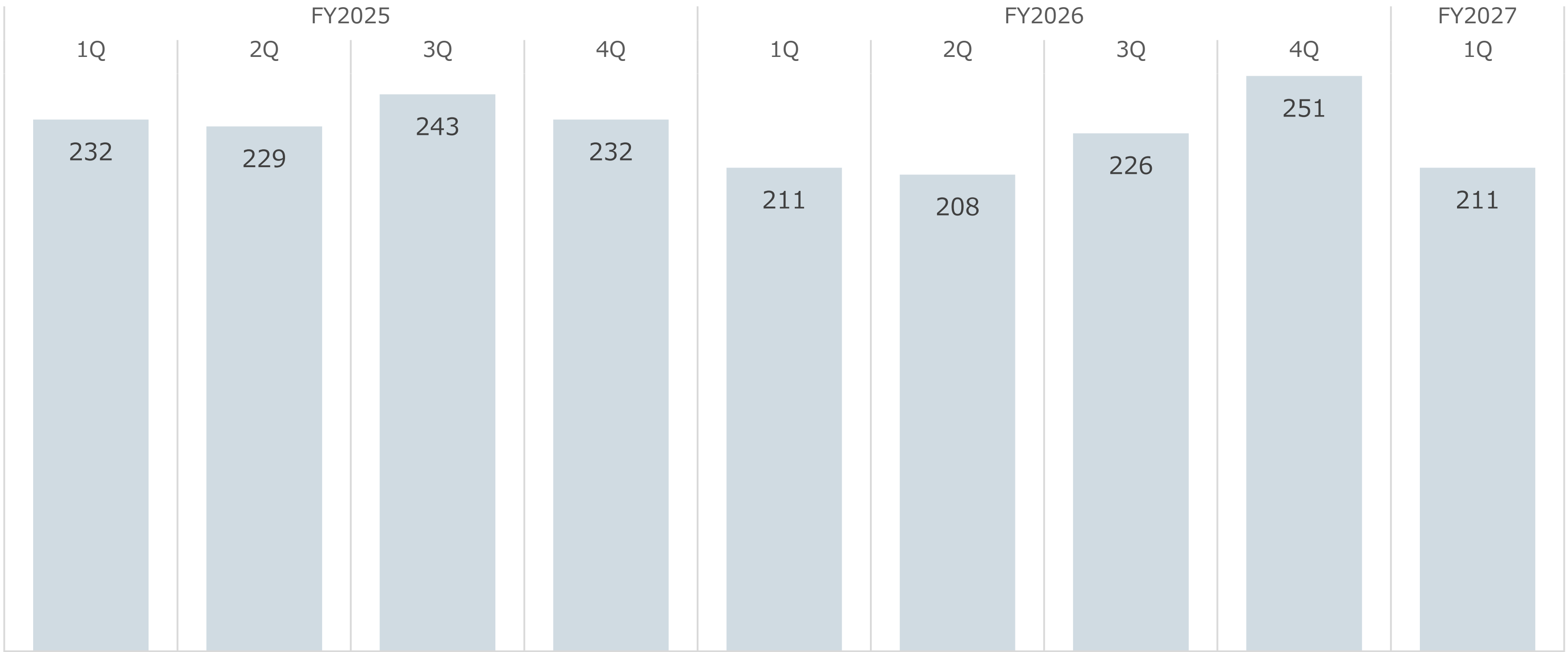
◆ FY2027 1Q Topics

- The total amount of shipments of beauty appliance series surpassed 1.56 million units.
- In response to increased cost of goods purchased due to depreciation of the yen, the company is operating its business while improving efficiency in advertising investment and optimizing its price strategies.

SALONMOON Co., Ltd.

<Changes in net sales>

(Millions of yen)



Net sales for the first quarter of FY2027 were -0.2% year on year.

- Sales promotion measures for expanding net sales at major e-commerce malls such as Amazon, Rakuten Ichiba, and Qoo10
- As it procures many of the products from abroad, SALONMOON is affected by an increase in cost of goods purchased due to depreciation of the yen. Under such an environment, SALONMOON promoted improvement of efficiency in advertising investment and optimization of its price strategies during the first quarter of FY2027, by prioritizing maintenance of profitability over expanding net sales.

KARAKON DIRECT Co., Ltd.

The company purchases and sells products, mainly color contact lenses and other medical devices.

- 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

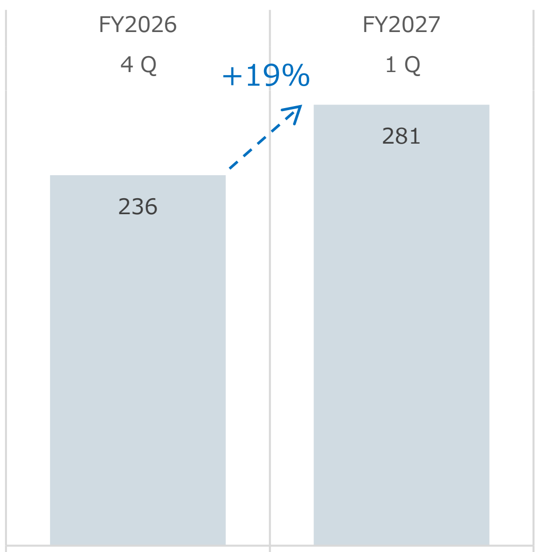
◆ FY2027 1Q Topics

The company is promoting PMI measures aiming at improved efficiency in selling, advertising, and logistics, utilizing the Company's marketing know-how and operational improvement know-how.

- Some major stores are making progress in reduction of advertising expenses and improvement of profit margins, and are starting to show the initial effect of the efforts for improving profitability after acquisition.

<Changes in net sales>

(Millions of yen)



December 1, 2025

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

Net sales for the first quarter of FY2027 were +19% QonQ.

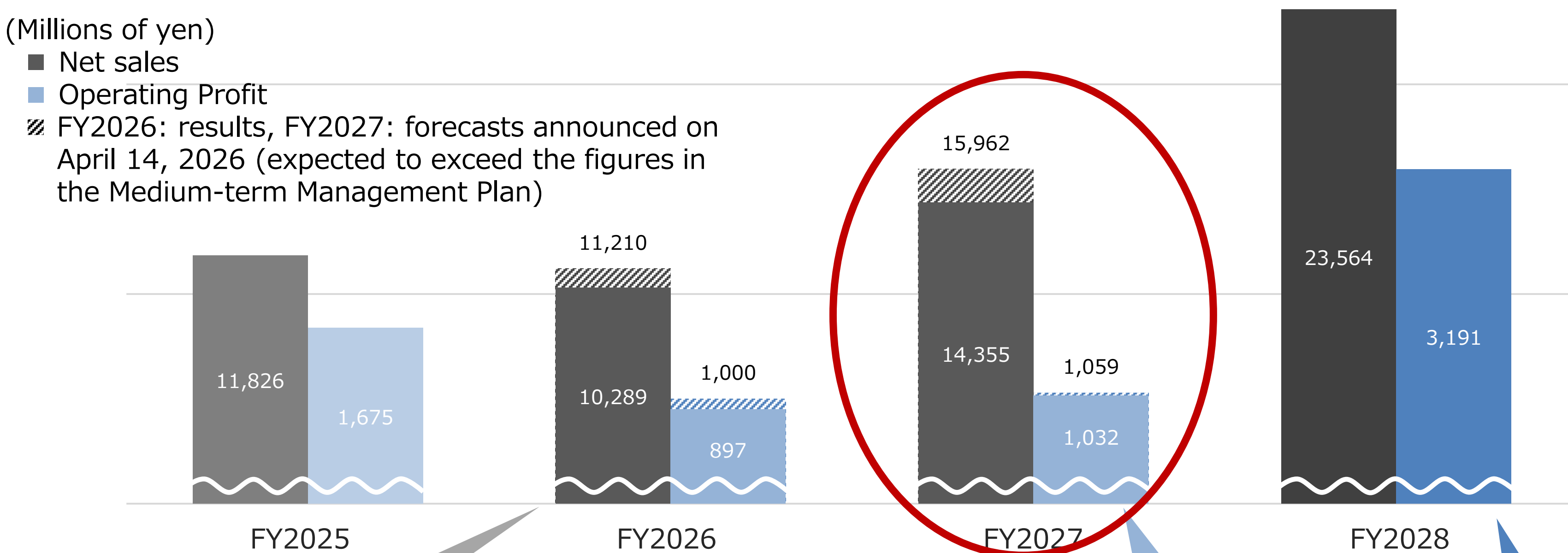
- Monthly net sales fluctuate depending on the timing of e-commerce mall sale periods.
- Net sales increased significantly in March due to shipments in this sale period.

Financial Results Forecast and Progress of Medium-term Management Plan

Numerical Summary of Medium-term Management Plan 2028 (Reprinted from page 7)

The Company aims to achieve ¥23.5 billion in consolidated net sales and ¥3.1 billion in operating profit in the "Three-year Plan until FY2028" announced on July 15, 2025.

Net sales ¥23.5 bil.
Operating profit ¥3.1 bil.



Initial forecast (at the formulation of the Medium-term Management Plan)
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Result
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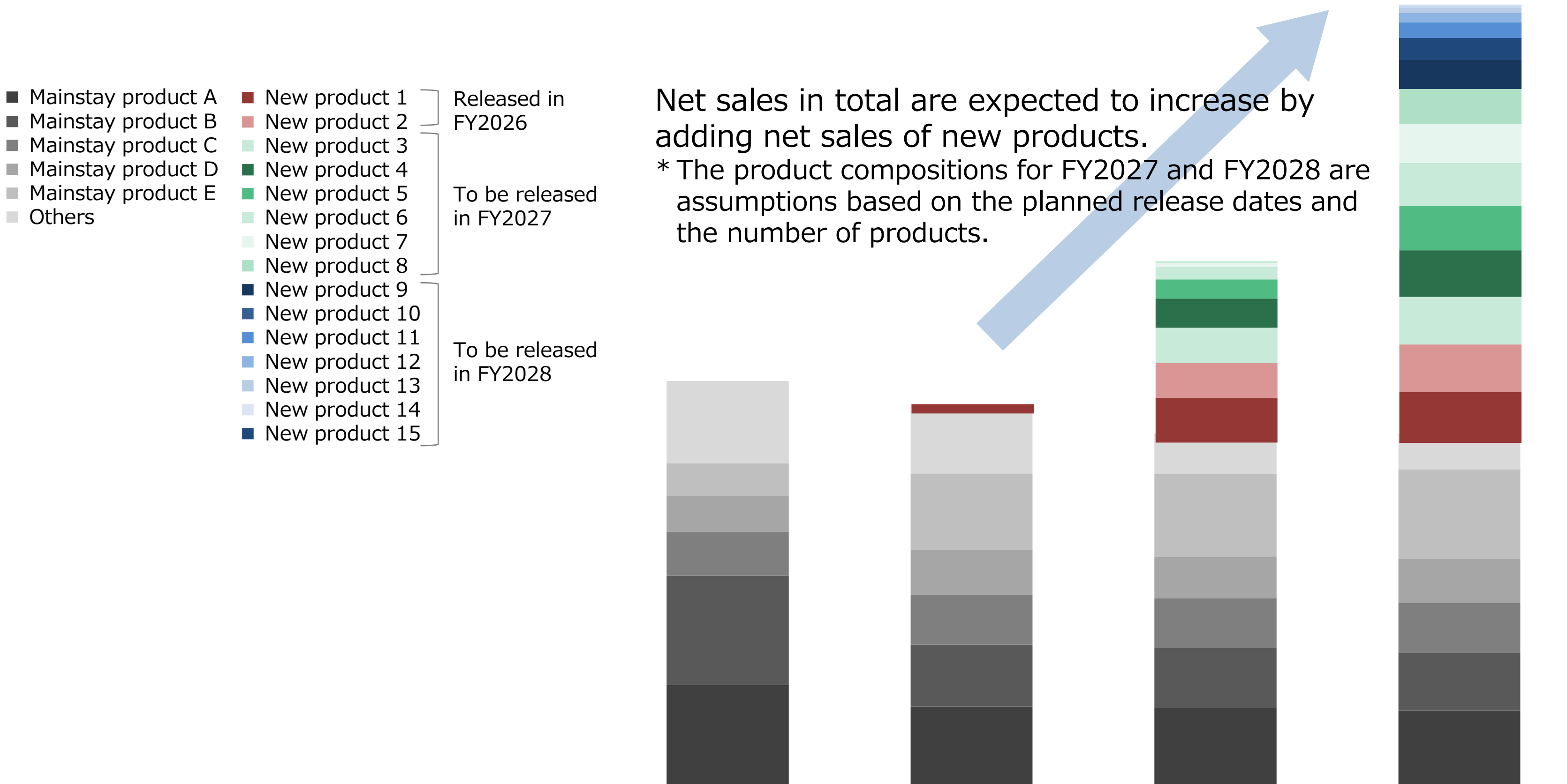
Initial forecast (at the formulation of the Medium-term Management Plan)
Net sales significantly increased mainly due to an increase in upfront investments for new customer acquisitions in FY2026 and FY2027, while operating profit remained flat.
This state is positive from a long-term perspective since upfront investment is progressing steadily.

Revised forecast (at the development of the FY2027 forecast)
Net sales are expected to exceed the initial plan, due to new customer acquisitions performing stronger than the expectation at the formulation of the Medium-term Management Plan, and the effect of the acquisition of KARAKON DIRECT, Co., Ltd.
Forecast for operating profit is unchanged for the active investments for new customer acquisitions planned toward FY2028.

Though upfront investments continue to increase, regular customers are steadily accumulated, resulting in improvements in operating profit.

Kitanotatsujin’s Growth Strategy (Expanding Product Lineup) (Reprinted from page 8)

Change in net sales considering the introduction of new products



	FY2025	FY2026	FY2027	FY2028
	(Results)		(Plan)	
Number of products to be released		2	6	7

Establish a structure where 10 products can be annually released in FY2029 and thereafter to increase the number of new customer acquisitions

Kitanotatsujin Corporation

Major Products

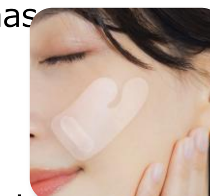
New products
Released in FY2026

LIFIST Released on May 28, 2025

Category Beauty

Overview/ Feature Next-generation micro needle lifting* cosmetics for sagging cheeks* with skin care effects

- The fifth release of the "DEEP PATCH Series," microneedle 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* skin, smoothing out smile lines*, by injecting beauty needles containing hyaluronic acid as the main ingredient



colomo Released on February 17, 2026

Category Beauty

Overview/ Feature Bifocal colored contact lenses that enhance the appearance of your eyes while correcting vision

- Developed for those who have begun to notice changes in their vision in daily life
- Daily disposable colored contact lenses classified as specially-controlled medical devices

※Physical effects of the patch

Kitanotatsujin Corporation

Major Products

New products
Released in FY2027

Jinax
Released on March 6, 2026

Category Kaiteki: Healthcare

Overview/ Feature Pharmaceutical products (herbal medicine) that improve bowel movements and relieve symptoms of hemorrhoids*1
・Formulated with six naturally derived crude drugs

HOKKAIDO KAITAKUSHI BUTTER
Released on March 31, 2026

Category Others

Overview/ Feature Extra rich butter with a high milk fat content*2 produced in a traditional method that has been practiced for 150 years since the era of the Hokkaido Development Commissioner

・Rich and warm taste with a milk fat content of 83% or more, achieved by using ingredients produced in Hokkaido only and churning them over a long time

・Designed to bring out flavors of the ingredients using "Kamuy Mintal Salt," a natural salt made of sea water from the Funka Bay in Hokkaido

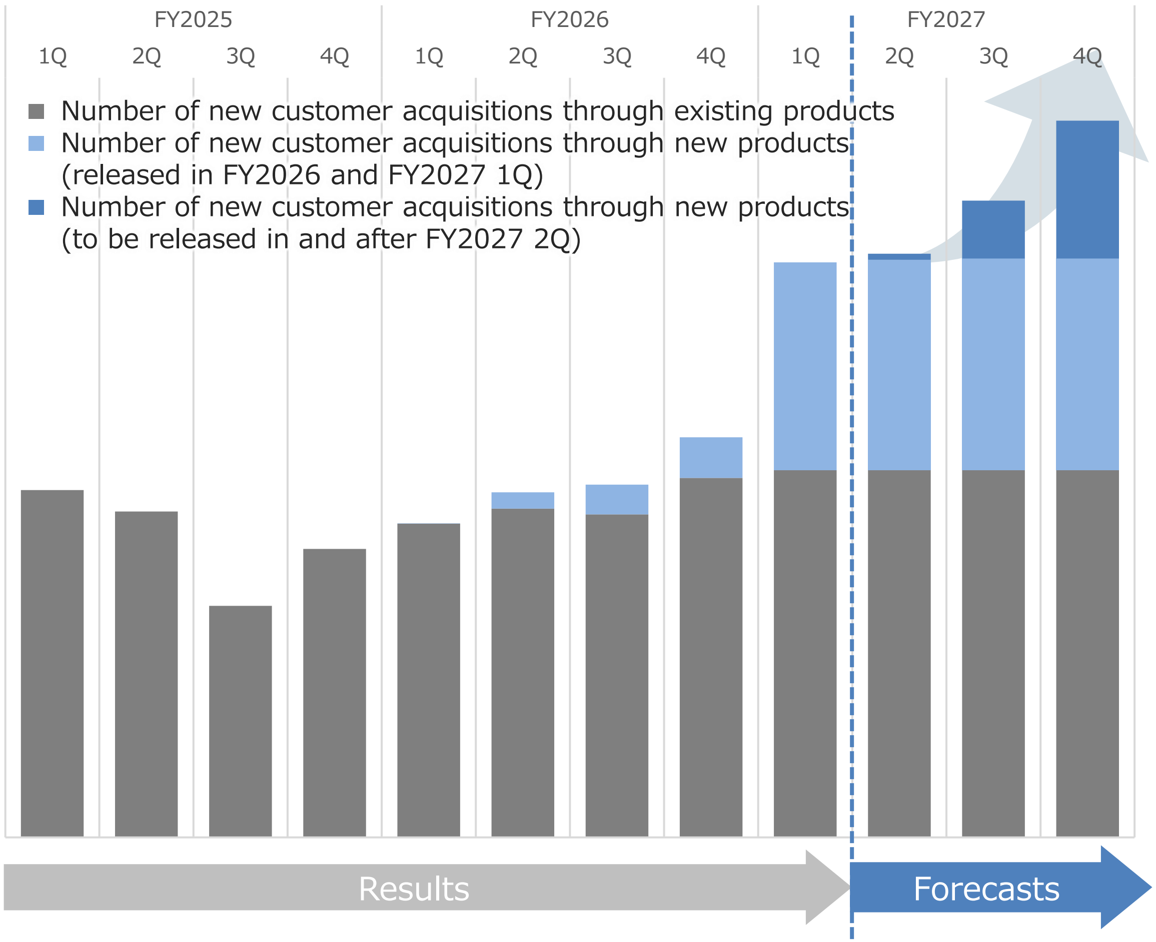
Mizumu Clear EX
Released on June 22, 2026

Category Kaiteki: Skin care

Overview/ Feature Medication for athlete's foot around nails (schedule II pharmaceutical)
・Thoroughly eliminates trichophyton to cure athlete's foot around nails

*1 The following symptoms in individuals with moderate or greater physical strength who are prone to constipation and hard stools: hemorrhoids (blind piles), bleeding hemorrhoids, constipation, and mild rectal prolapse
*2 A milk fat content higher than the minimum threshold of 80% specified as the compositional standard for butter in the "Provisions in the Ministerial Ordinance on Milk, etc." issued by the Ministry of Health, Labour and Welfare

Number of new customer acquisitions through new products to be released



Two more products are planned to be released by the announcement of the financial results for the second quarter (October 15, 2026). We will be able to report the initial state of the released products when announcing the financial results for the second quarter.

* Seven products are planned to be released in the next fiscal year (FY2028).

- Even when a new product is released, existing products will not lose their ability to attract customers, and the number of new customer acquisitions through new products are added to that of existing products.
- One new product attracts 220 to 300 customers a day on average.
  We have a spiral customer attraction model that accumulates new customers whenever a new product is introduced.

  * Continuously attracting 1,700 customers a day for two years would make an annual revenue of ¥10 billion.
  (Depends on products)
- Three more products are planned to be released by the end of FY2027.

  However, achieving a certain number of customers (e.g. 500 customers) by releasing one product is more efficient than releasing two products. Therefore, if a released product becomes a huge hit, the number of products to be released may be reduced or releases of subsequent products may be postponed to focus on the hit product.

System that Enables us to Boost Performance

Product planning

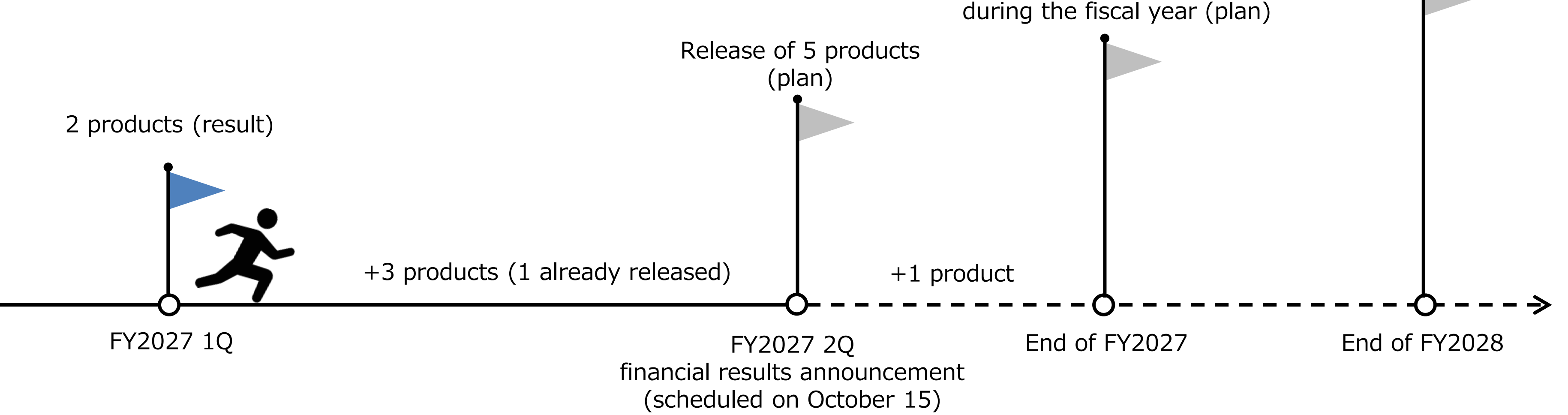
Moving to product development for "good-selling products" decided upon based on objective numerical criteria

- Some of the released new products achieved new customer acquisitions exceeding the initial expectation.
- Planned products yet to be released are also under development toward sequential releases.

Sales promotion

Customer attraction structure responsive to any increase in new products

- A structure was established where customer attraction for multiple products can be handled in parallel through utilizing generative AI and efficiently combining data accumulated within the Company, expert human resources, and ad management know-how.



Making steady progress toward achievement of "net sales of ¥23.5 billion" and "operating profit of ¥3.1 billion" in FY2028, the final fiscal year of the Medium-term Management Plan (next fiscal year)

Two Reasons Why We Became Able to Ensure Our Products’ Success

Product planning

1. A “system that can predict success of a planned product based on numerical values” was successfully developed.

Step 1

Conduct questionnaire surveys of the same content for 40 products released in the past with people who do not know the products.

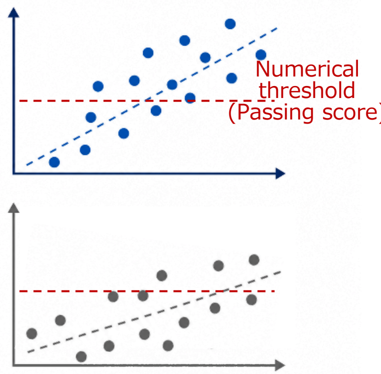
Step 2

Aggregate the survey results by dividing the products into the two groups: “good-selling products” and “poor-selling products.”

Step 3

Identify items for which the numerical results are clearly different between the two groups.

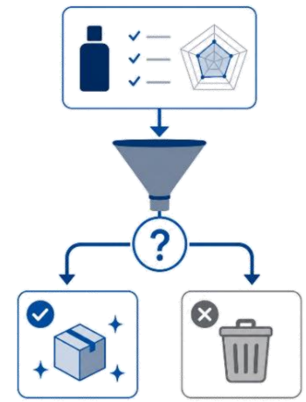
For such items, come up with a numerical threshold (passing score) indicated by “good-selling products.”



Step 4

Conduct the same survey at the planning phase of a new product.

The product will be sent to the development phase if the result exceeds the thresholds and turned down otherwise.



A structure was developed where product planning decisions can be made based on objective and reproducible numerical criteria, instead of relying largely on experience and intuition of the persons in charge as we used to.

- The questionnaire assessment was conducted for 127 product plans: 17 met the criteria and 110 were decided not to be released.
- Plans selected for possible release accounted for 13.4% of the total. We release only those products that have passed through the narrow gate.
- Generative AI is used also for product planning, providing a structure where even a small number of members can come up with product plans constantly.
- In addition to existing product categories such as skin care products and health food, a wide range of new categories are being examined for potential, including pharmaceuticals, medical devices, make-up cosmetics, and gourmet food. We consistently have 10 to 20 new plans in progress without running out of new plans.

Two Reasons Why We Became Able to Ensure Our Products' Success

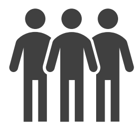
Sales promotion

2. Utilization of generative AI has dramatically improved productivity, reducing opportunity losses related to sales promotion.

Challenges up to now

Sudden increase in new products

Creative Directors

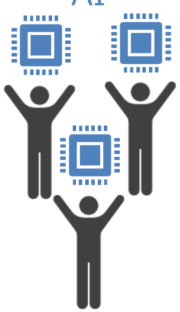


Creative directors can only focus on a limited number of products. The number of ads that can be created per person is also limited.

Opportunity losses occur due to reactive sales promotion failure

Utilization of generative AI

Generative AI



Creative Directors

- Dramatic reduction of time required for creating advertising content
- Creation of advertisements by arranging those which were successful in the past, enabling mass production with maintained quality
- Expanding the range of expression, enabling easy creation of contents with rich expression

A system that can handle future increase in products was developed

Kitanotatsujin Corporation

New Product Release Plan for FY2027

As announced in the Medium-term Management Plan 2028, release of six products is planned.

- The plan is steadily in progress.
- Release dates have already been determined for each quarter.

Details of products released and to be released in FY2027

Beauty line	2 products
Kaiteki: Skin care	2 products
Kaiteki: Healthcare	1 product
Others	1 product

1Q

March 2026
Jinax
Kaiteki: Healthcare

March 2026
HOKKAIDO KAITAKUSHI BUTTER
Others

2Q

June 2026
Mizumu Clear EX
Kaiteki: Skin care

3Q

September 2026
Kaiteki: Skin care

October 2026
Beauty

4Q

December 2026
Beauty

* The release dates are based on the current plans and may be changed.

Expected Questions and Answers

Expected Questions and Answers

Q1 How do you evaluate the results of the first quarter of FY2027?

We view them very positively.
The number of new customer acquisitions, which is one of our important KPIs, has reached a record high and increased for six consecutive quarters, and it is now on an upward trend.

Q2 Why are each of the profit figures negative for the first quarter of FY2027?

While sales promotion expenses, etc. were increasing due to strong new customer acquisitions, order backlog occurred for certain products, for which net sales are to be recorded in subsequent quarters. This caused a temporary timing gap in recording net sales and related expenses, leading to negative profit figures.
The impact has already been considered in the financial results forecast.
If no order backlog had been created, all profit figures would have been positive.

Q3 What caused an order backlog?
Is there any possibility that it occurs in future for other products, causing opportunity losses?

The order backlog was created because demand of certain products outpaced our supply capacity due to strong performance in new customer acquisitions.
While we determine the order quantities aiming to achieve both "prevention of opportunity losses" and "prevention of excess inventories," we prioritize reduction of inventory risks when demand is difficult to forecast.
Although similar events may occur in future when we receive orders exceeding our expectations, the accuracy of our demand forecast is improving year by year.
Even at the time of inventory shortages, we do not suspend new customer acquisitions but accept reservation orders. Therefore, order backlog does not always lead to opportunity losses.

Expected Questions and Answers

Q4 Is any negative impact expected from the shift toward AI in search behaviors?

We are continuing close monitoring of the changes in search behaviors resulting from the spread of AI. However, the Internet advertising market is continuously expanding, and we believe that we are less susceptible to the said changes because we have been less dependent on pull-type advertisements such as SEO and listing advertisements but have achieved many of the new customer acquisitions through push-type advertisements such as display advertisements. However, for changes in customer touchpoints over a medium to long term, we will continue monitoring and take necessary measures flexibly.

Q5 What degree of impact has there been on business from the increases in material prices and logistics costs due to increased instability in the Middle East?

We are continuously gathering and analyzing information, paying special attention to the impact of the naphtha shortage. Regarding response for existing mainstay products, we are securing necessary components and supplies for one year. For new products, we are taking measures such as diversifying suppliers and considering alternative materials. As a result, we have found no impact on release plans so far.
For logistics, a stable structure has been maintained through collaboration with multiple logistics partners, and there has been no significant increase in logistics costs.
At this current point in time, we expect that the impact on the financial results for FY2027 would be insignificant. Impact in and after FY2028 are under examination.

Q6 Has there been any impact from the increase in D2C players, such as loss of users and increase in acquisition cost per customer?

At this current point in time, we have recognized no significant impact.
As we are offering highly unique products specialized for customers' concerns, our competition in terms of products is limited. Accordingly, we are less likely to lose a large number of customers to competitors.
In addition, advertising efficiency is determined not solely by the price per click but by overall performance including CVR. Therefore, even if advertising cost increases for certain mediums, such increase can be fully absorbed by improving advertising content and their customer appeal, and the unit price per acquisition is maintained at a certain level.
Furthermore, due to the structure of the Internet advertising market, we have always been competing in advertisement auctions with other companies in a wide variety of industries, not limited to health food and cosmetics industries but also gyms and opening of securities accounts. As a result, we do not believe that the increase in D2C players on its own will cause a significant change in our competitive environment.

Accounting Numerical Data

Kitanotatsujin Corporation

Quarterly changes and comparisons of results

(Millions of yen)

	Results					Forecast	Reference value*	Changes (vs. the current period)		
	FY2026				FY2027	FY2027	FY2027	Compared with forecast	Quarter on quarter	Year on year
	1Q	2Q	3Q	4Q	1Q	1Q	1Q			
Net sales	2,384	2,440	2,541	2,707	2,716	2,820	3,002	-104	+8	+331
Gross profit	1,895	1,929	1,999	2,145	2,149	2,200	2,320	-51	+3	+253
Sales promotion expenses, etc.	925	966	1,004	1,090	1,469	1,436	1,507	+33	+378	+543
Sales profit	969	962	995	1,054	679	764	813	-84	-374	-290
Operating profit	234	269	270	233	-104	-29	27	-74	-337	-338

<Compared with forecast> Gross profit decreased because the timing to record regular sales delayed by a few days from the timing simulated when the forecasts were developed.
Deficit in operating profit increased as sales promotion expenses, etc. exceeded the expectation as a result of the strong performance of e-commerce malls and strong new customer acquisitions.

<Compared quarter on quarter> While new customer acquisitions were strong, an order backlog was created as demand of certain products outpaced production.
As sales must be recorded after shipment, and sales related to the order backlog will not be recorded until the second quarter or later. As a result, net sales maintained the same level.
Meanwhile, operating profit decreased because expenses were recorded ahead of the related sales, as customer acquisition expenses for orders yet to be delivered were recorded in advance as part of sales promotion expenses, etc.

<Compared year on year> Net sales have been increasing since the second half of FY2026. However, operating profit decreased because, same as the previous quarter, customer acquisition expenses for products yet to be delivered were recorded in advance as part of sales promotion expenses, etc.; in addition, new customer acquisitions remained strong.

* Values for reference that include order backlog

Kitanotatsujin Corporation

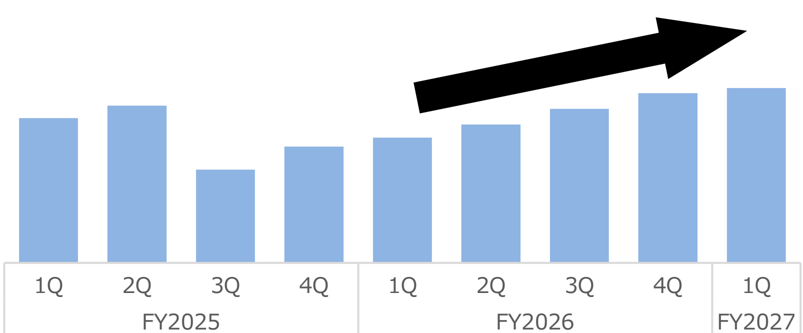
(J NORTH FARM) Change in net sales and sales profit by sales category

(Millions of yen)

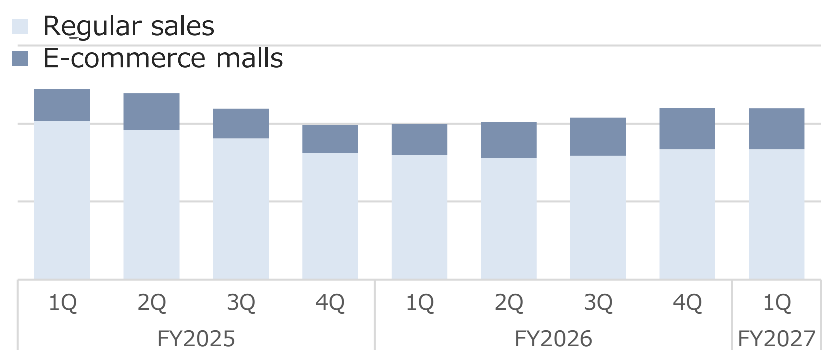
	FY2025				FY2026				FY2027	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	1Q (Reference value*)
Net sales	2,873	2,851	2,467	2,325	2,366	2,427	2,533	2,701	2,711	2,998
(1) New sales										
Net sales	427	464	275	343	370	408	455	501	516	803
Sales profit	-573	-485	-328	-392	-463	-461	-456	-475	-830	-697
(2) Regular and other sales										
Net sales	2,031	1,918	1,811	1,622	1,596	1,555	1,587	1,671	1,670	1,670
Sales profit	1,506	1,431	1,371	1,204	1,200	1,157	1,184	1,239	1,233	1,233
(3) E-commerce mall sales										
Net sales	413	468	379	359	398	464	489	528	523	523
Sales profit	233	273	219	201	223	257	260	277	274	274
Sales profit	1,166	1,219	1,261	1,013	960	953	988	1,041	677	810

New sales steadily increased. Regular sales were on a recovering trend after bottoming out in the second quarter of FY2026.

<New sales　Change in net sales>



<Regular sales and e-commerce mall sales　Change in net sales>



* The strong new customer acquisition resulted in demand for certain products outpacing production and created an order backlog of approx. ¥286 million as of the end of the first quarter of FY2027. This caused a temporary timing gap in recording net sales and the related expenses. The column shows reference values that include such order backlog.

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(J NORTH FARM) Factors behind change in sales profit [Compared with results]

(Millions of yen)

	Compared quarter on quarter				Compared year on year			
	FY2026 4Q	FY2027 1Q	Changes	Changes (%)	FY2026 1Q	FY2027 1Q	Changes	Changes (%)
Net sales	2,701	2,711	+9	+0.4%	2,366	2,711	+345	+14.6%
(1) New sales								
Net sales	501	516	+15	+3.0%	370	516	+145	+39.4%
Sales promotion expenses, etc.	835	1,199	+363	+43.5%	733	1,199	+465	+63.4%
Sales profit	-475	-830	-354	–	-463	-830	-366	–
(2) Regular and other sales								
Net sales	1,671	1,670	-0	-0.0%	1,596	1,670	+74	+4.7%
Sales promotion expenses, etc.	89	102	+12	+14.3%	72	102	+29	+41.0%
Sales profit	1,239	1,233	-5	-0.5%	1,200	1,233	+32	+2.7%
(3) E-commerce mall sales								
Net sales	528	523	-4	-0.9%	398	523	+125	+31.4%
Sales promotion expenses, etc.	164	166	+2	+1.3%	117	166	+49	+41.6%
Sales profit	277	274	-3	-1.3%	223	274	+50	+22.8%
Sales profit	1,041	677	-364	-35.0%	960	677	-283	-29.5%

<Compared quarter on quarter>

- New sales were on an increasing trend in FY2026 due to strong new customer acquisitions and the increase is continuing in FY2027.
- Regular sales remained flat.
- E-commerce malls achieved the record-high net sales for a single month in March 2026.

<Compared year on year>

- Net sales from new sales significantly increased as new customer acquisitions were strong. Upfront advertising investment increased, and sales promotion expenses, etc. also increased because order backlog was created for certain products and new customer acquisition expenses were recorded in advance for the orders for which sales were yet to be recorded.
- Net sales increased as regular sales were steadily accumulating from the new sales in the current period. E-commerce mall sales significantly increased as they continue to perform well.

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(J NORTH FARM) Factors behind change in sales profit

<Compared with financial results forecast for 1Q (cumulative)>

(Millions of yen)

	Forecast	Results	Changes	Changes (%)
Net sales	2,816	2,711	-104	-3.7%
(1) New sales				
Net sales	529	516	-12	-2.4%
Gross profit	375	368	-6	-1.8%
Sales promotion expenses, etc.	1,191	1,199	+7	+0.6%
Sales profit	-816	-830	-14	–
Initial ROAS*	48.1%	46.9%	-1.3%	–
(2) Regular and other sales				
Net sales	1,808	1,670	-137	-7.6%
Gross profit	1,423	1,336	-86	-6.1%
Sales promotion expenses, etc.	94	102	+8	+8.5%
Sales profit	1,328	1,233	-94	-7.1%
(3) E-commerce mall sales				
Net sales	477	523	+45	+9.6%
Gross profit	398	441	+42	+10.7%
Sales promotion expenses, etc.	149	166	+17	+11.7%
Sales profit	249	274	+25	+10.1%
Sales profit	761	677	-84	-11.0%

◆ Roughly in line with the forecast

- While new customer acquisitions were strong, demand for certain products outpaced production and net sales for order backlog are yet to be recorded.
- As we were able to make outlays for new customer acquisitions, sales promotion expenses, etc. increased.

◆ Recording of part of regular sales delayed from the timing expected when the forecasts were developed

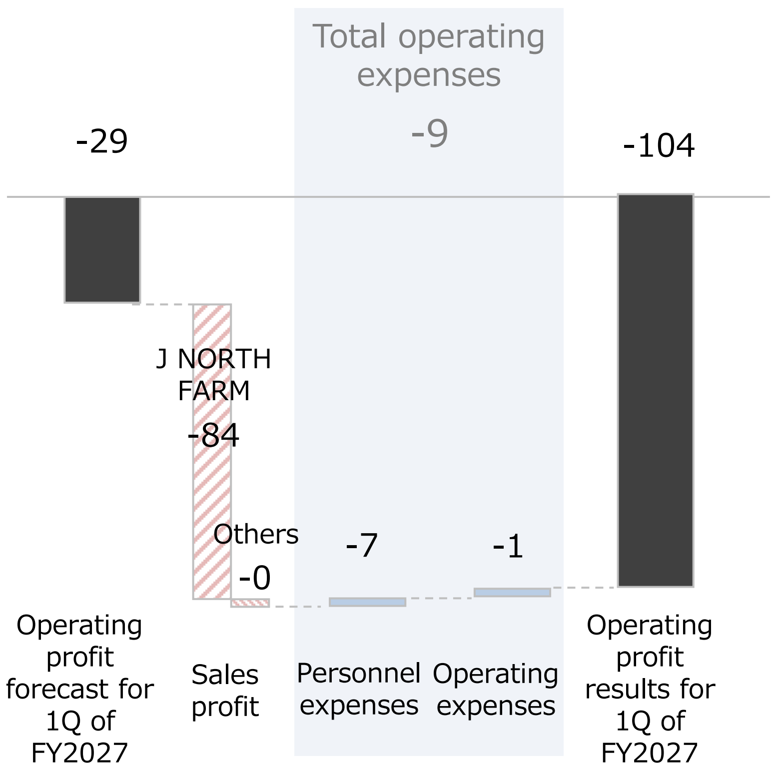
This difference is not due to a decrease in demand or a higher cancellation rate but difference in the timing to record the sales and will not cause significant changes in the expected amount of regular sales for the year.

◆ Both net sales and sales profit increased significantly, driven by strong new customer acquisitions as well as measures implemented specifically for e-commerce malls

* 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.

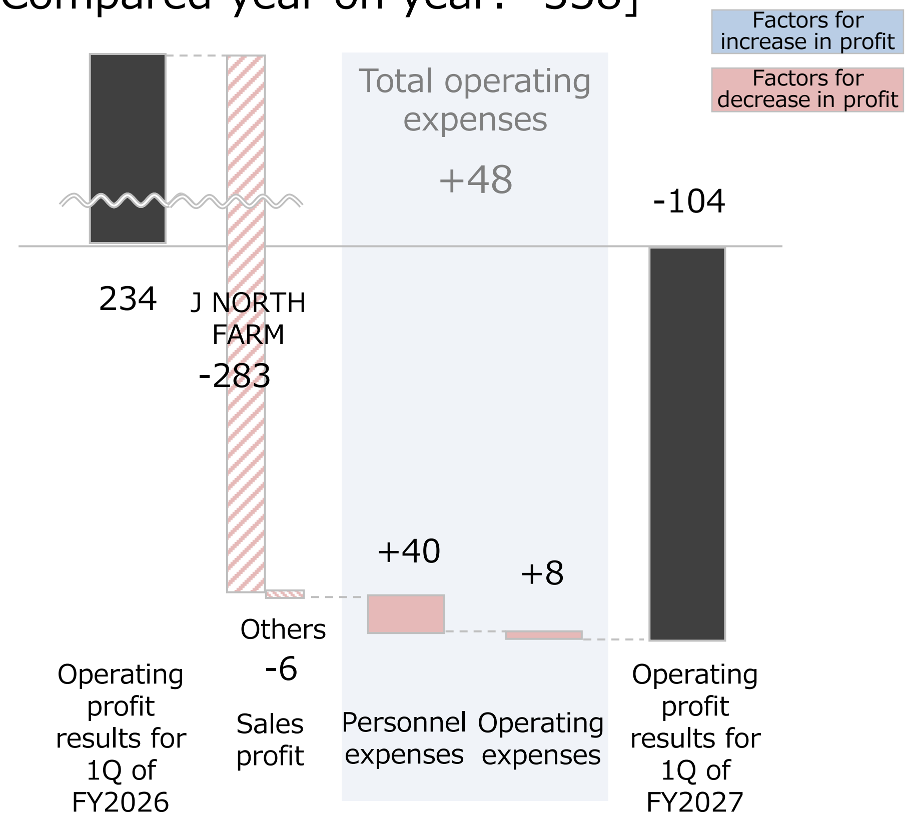
Factors behind change in operating profit

[Compared with financial results forecast: -74]



[Compared year on year: -338]

(Millions of yen)



(Compared with financial results forecast)

None

(Year on year)

・Wage increase due to pay rises, etc.

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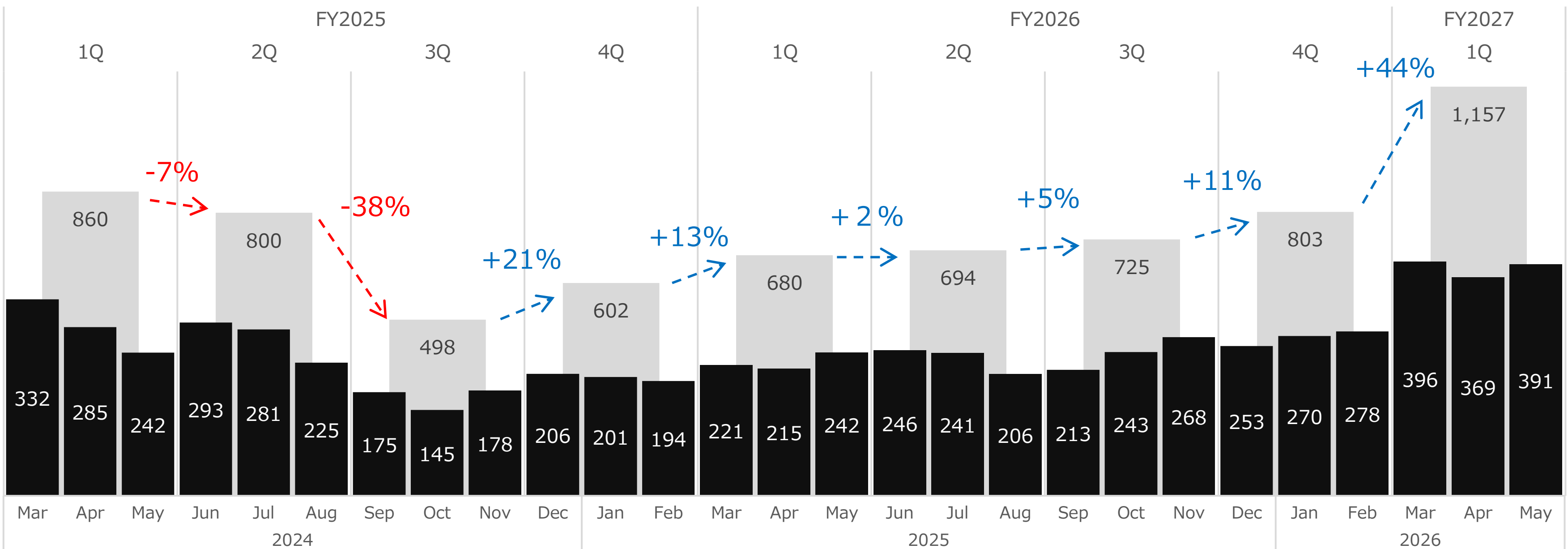
Changes in advertising expenses

(Millions of yen)



Main acquisition channels

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

J NORTH FARM

Our website, etc.*

Through e-commerce websites operated by the Company, etc.

E-commerce malls

Amazon, Rakuten Ichiba, etc.

Customer acquisitions from our own ads

Other

Through affiliates, etc.

Programmatic advertising

It is possible to expand the investment scale by improving operations such as algorithm analysis and bid adjustments.

Verification advertising

Verification on whether there is room to expand new advertising contents and measures

Branded search advertising

Delivered to customers who have searched any company name or product name
Efficient but the active expansion is limited.

* “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

(Programmatic advertising)
Change in advertising investment balance

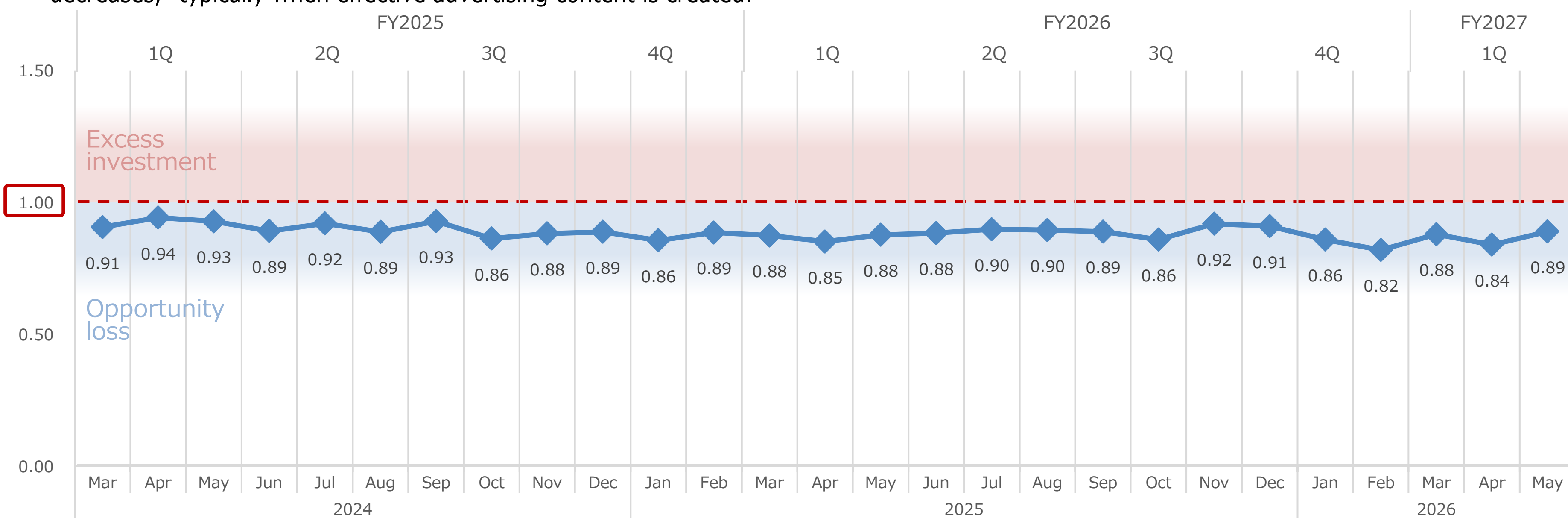
Advertising investment balance*1

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 remains below 1.00 in many cases, while minimizing opportunity loss (a strategic decision for achieving both profitability and sustainable growth).

The advertising investment balance is calculated with “programmatic advertising” as it accurately reflects the actual condition.

- The outcome of “programmatic advertising” varies significantly 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.
- “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 actual operational ability.
- Months significantly below 1.00 reflect a “phenomenon in which new customer acquisitions increase while the cost per new customer acquisition decreases,” typically when effective advertising content is created.



*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 (*5).

*5 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.

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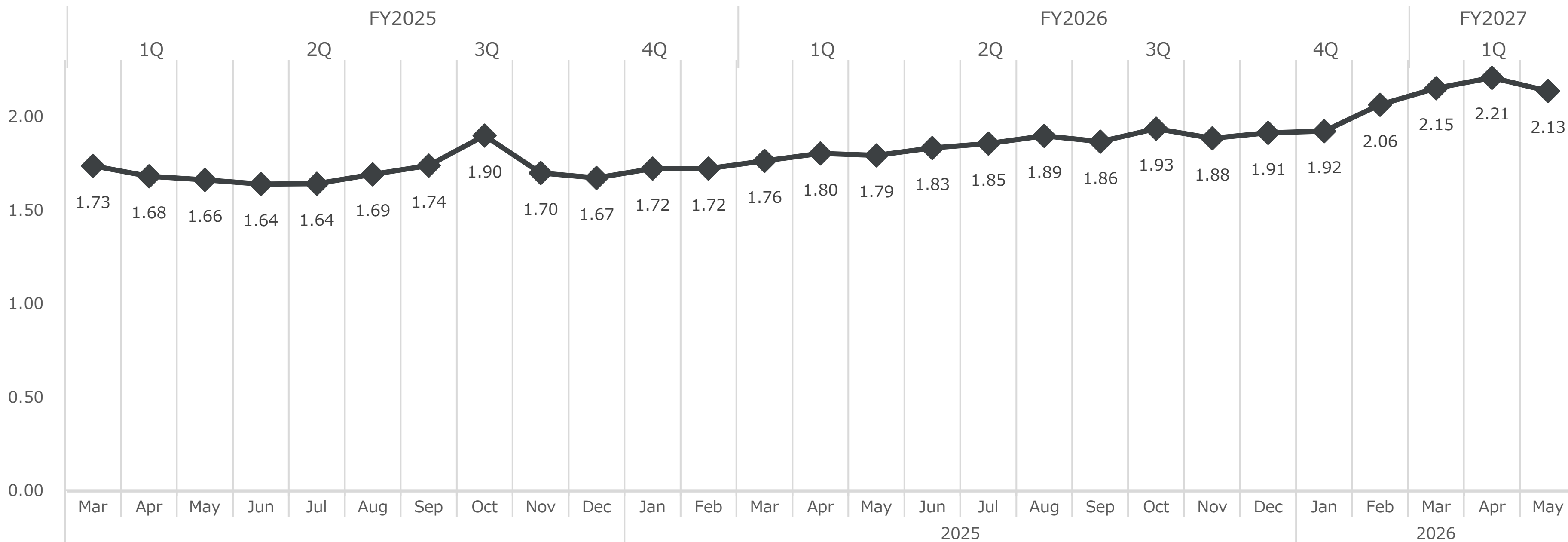
Change in 1-year ROAS

◆ 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.

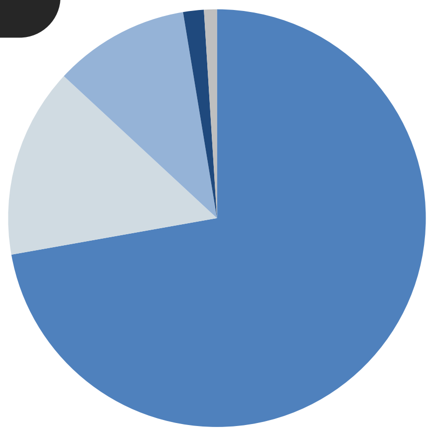
*2 "Initial ROAS" is an indicator for measuring how much initial sales are generated from advertising investment. However, even though profitability may not be decreasing, ROAS values will trend downward when the share of the products to which a high CPO limit can be assigned due to their high LTV, despite 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.

Breakdown of Net Sales

Kitanotatsujin Corporation

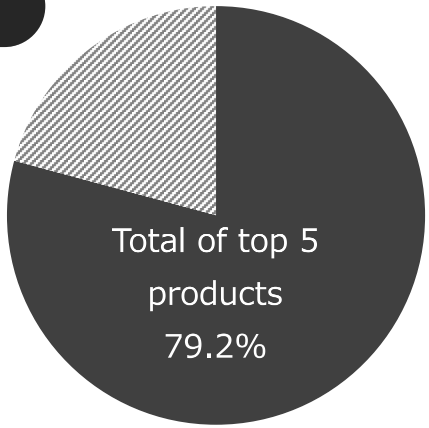
Three months ended May 31, 2026
(FY2027 1Q cumulative)

By category



Category Reference: https://www.kaitekikobo.jp/shopping/	Number of products as of the end of 1Q (kinds)	Percentage of net sales for FY2027 1Q (cumulative) (%)
Beauty	20	72.2
Kaiteki: Skin care	6	14.7
Kaiteki: Healthcare	9	10.5
Men's	4	1.6
Other*	3	1.0
Total	42	100

Top 5 products



<By category>

- Beauty is the highest at 72.2%, followed by kaiteki: skin care at 14.7%
- The order of net sales by category has remained unchanged for the last few years

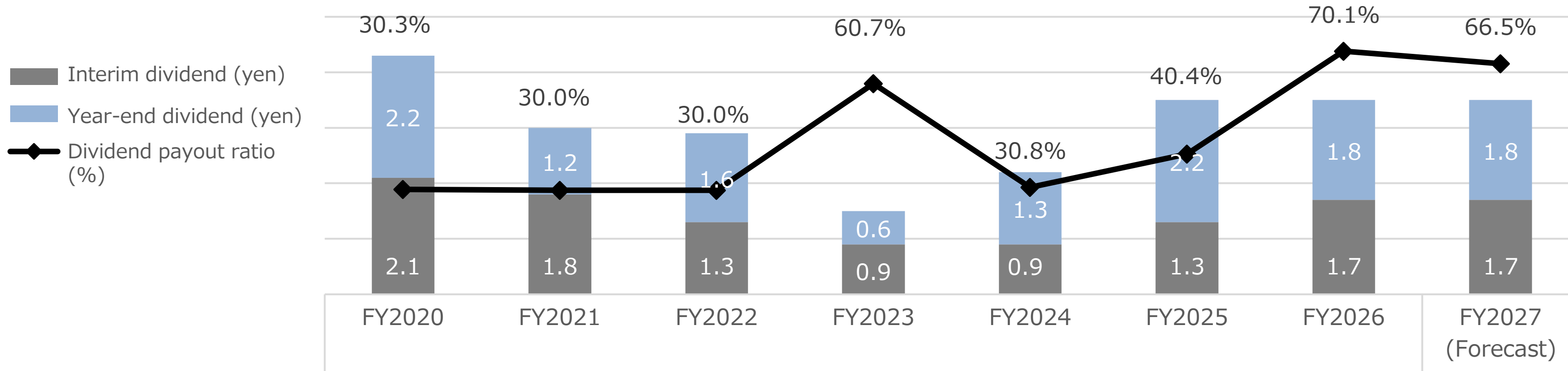
<Top five products>

Although top products vary, they account for approx. 79.2%

* Includes "SPADE."
The percentage of net sales by product differs from that for overall net sales as it does not include an adjustment for revenue recognition.

Returns to Shareholders

◆ Changes in dividends



◆ Shareholder Benefit Program

Presentation of pre-release products

The Company's products

One package of "YOIPEEL"
soft peeling booster serum
to be released in summer 2026

\+

Vouchers usable on the Company's website*

Continuous holding for less than one year	One voucher worth ¥3,000
Continuous holding for one year or longer	Two vouchers worth ¥3,000 each

<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).

<Presentation timing> Scheduled to be shipped in mid-August 2026

* 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 Balance Sheets

(Millions of yen)

Subject/Section	FY2026/4Q end As of February 28, 2026	FY2027/1Q end As of May 31, 2026
Current assets	8,109	7,650
(Cash and deposits)	5,701	4,245
Non-current assets	1,381	1,372
Total assets	9,490	9,022
Current liabilities	1,385	1,241
Non-current liabilities	57	57
Total liabilities	1,442	1,299
Total net assets	8,047	7,723
Total liabilities and net assets	9,490	9,022

Other Indicators

	FY2017 (non-consolidated)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (non-consolidated)	FY2021 (non-consolidated)	FY2022 (consolidated)	FY2023 (consolidated)	FY2024 (consolidated)	FY2025 (consolidated)	FY2026 (consolidated)
ROE (%) (return on equity)	24.8	48.8	48.9	54.2	29.1	21.8	5.6	15.1	16.2	8.7
ROA (%) (return on assets)	18.6	32.9	33.5	38.9	22.9	17.8	4.5	12.1	13.5	7.5
Equity ratio (%)	67.4	67.3	69.4	73.7	83.5	81.3	79.5	80.9	85.9	84.8
Dividend payout ratio (%)	30.9	30.3	38.7	30.3	30.0	30.0	60.7	30.8	40.4	70.1
Cash dividends per share (yen)	0.84	2.19	3.60	4.30	3.00	2.90	1.50	2.20	3.50	3.50
Number of shareholders	8,926	31,667	47,978	54,307	47,042	67,843	74,809	87,841	100,470	129,554

*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 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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