北の達人
KITANO TATSUJIN

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

Stock code: 2930
Kitanotatsujin Corporation
October 15, 2026

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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

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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

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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), and the Company is on track to achieve them for the second year (FY2027, the current fiscal year).

- Consolidated net sales came in at ¥7,086 million for the six months ended August 31, 2026.
  Sales increased significantly by 35.1% year on year, driven by an increase in new customer acquisitions at J NORTH FARM, the mainstay business, and the contribution from the consolidation of KARAKON DIRECT Co., Ltd., among other factors.

- The number of new customer acquisitions at J NORTH FARM in the second quarter on a three-month basis remained at the second-highest level since FY2025, second only to the first quarter of FY2027.

- Consolidated operating profit came in at ¥350 million for the six months ended August 31, 2026, a 30.7% decrease year on year.
  This was mainly due to upfront investments for new customer acquisitions aimed at expanding regular sales in the future.

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* For our business overview, please see the material below:
https://www.kitanotatsujin.com/wp/wp-content/uploads/sites/2/2026/10/business_overview_en.pdf

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Highlights for the Medium-term Management Plan

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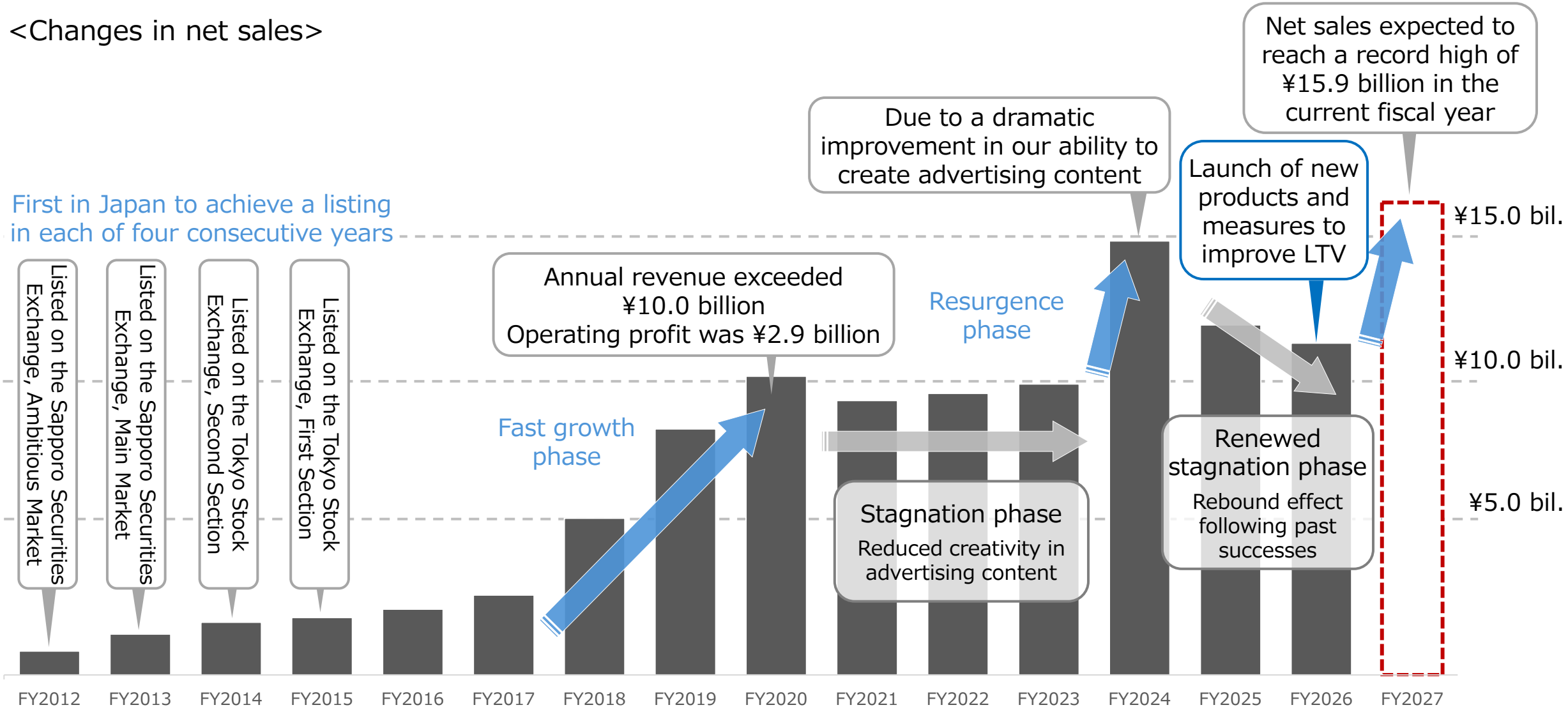
The Company's Status Over Time

<Changes in net sales>



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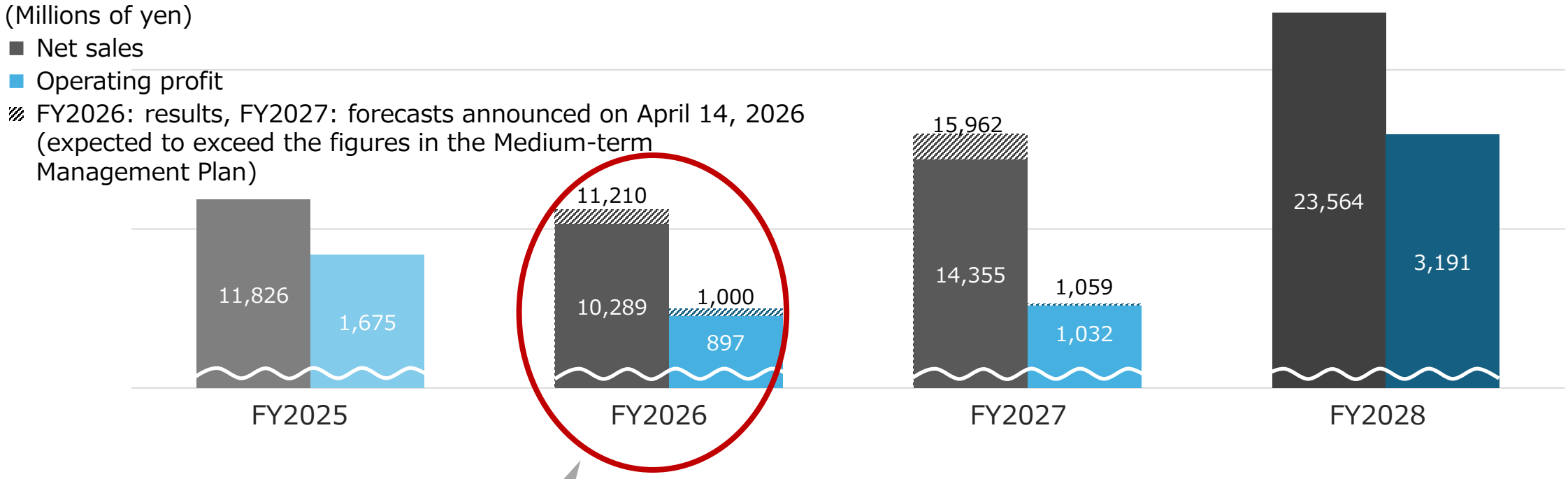
Numerical Summary of Medium-term Management Plan 2028 (Previous Fiscal Year)

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.



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.

Results of the previous fiscal year

New customer acquisitions were above expectations. Both net sales and operating profit exceeded the forecast.

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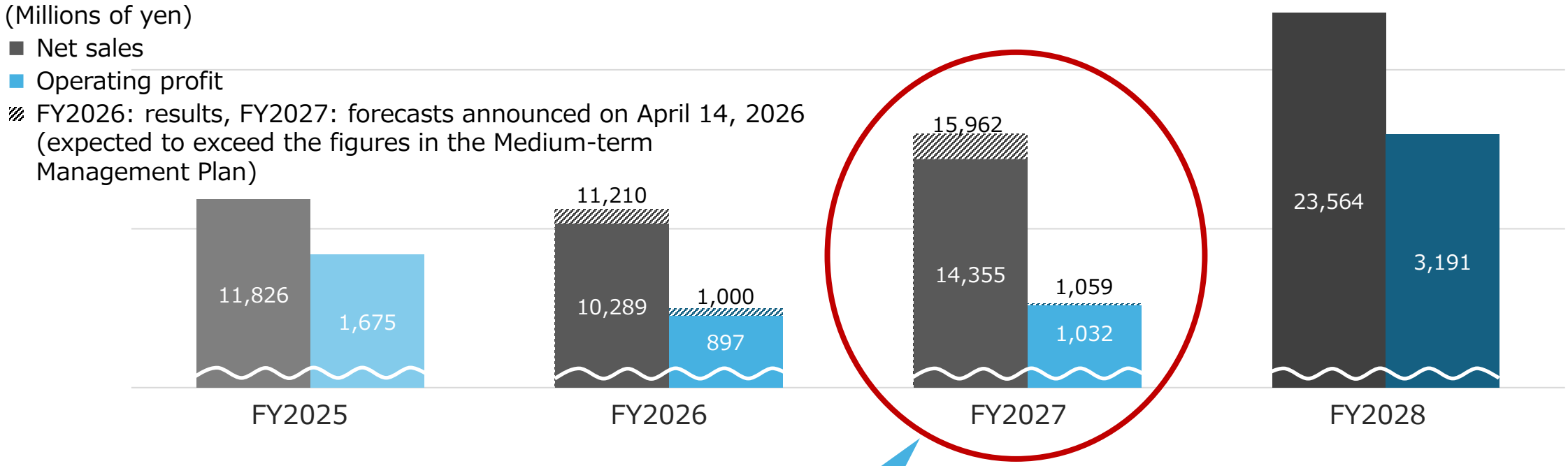
Numerical Summary of Medium-term Management Plan 2028 (Current Fiscal Year)

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.



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.

At the development of the FY2027 forecast

Net sales are expected to exceed the initial forecast, 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.

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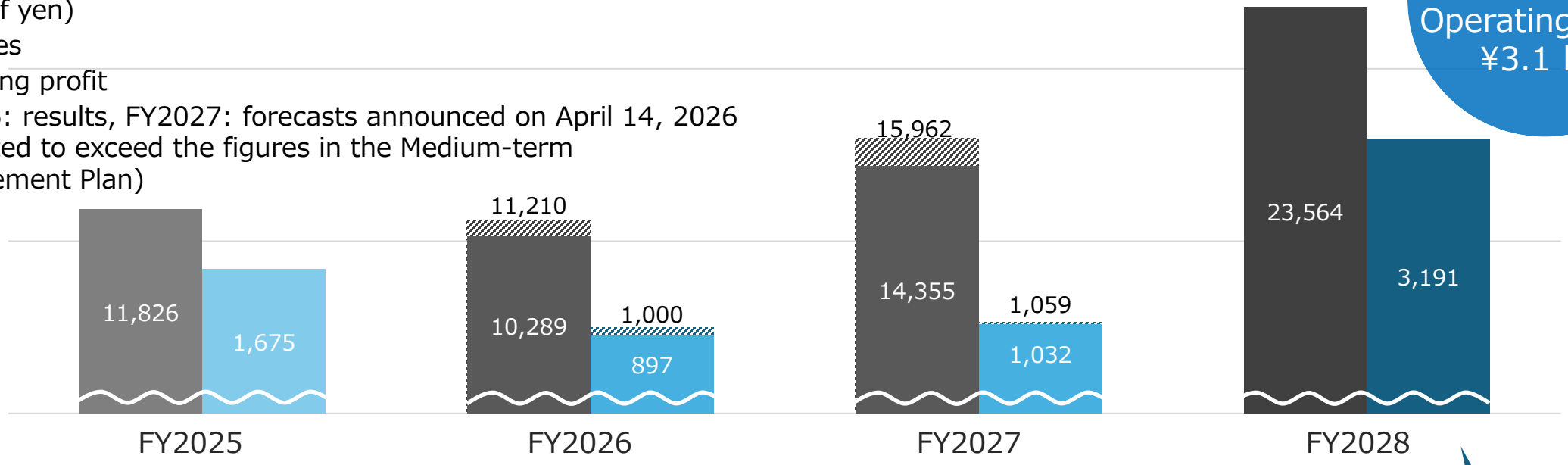
Numerical Summary of Medium-term Management Plan 2028 (Next Fiscal Year)

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.

(Millions of yen)

- Net sales
- Operating profit
- FY2026: results, FY2027: forecasts announced on April 14, 2026 (expected to exceed the figures in the Medium-term Management Plan)



At the formulation of the Medium-term Management Plan
Though upfront investments continue to increase, regular customers are steadily accumulated, resulting in improvements in operating profit.

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Kitanotatsujin's Growth Strategy (Expanding Product Lineup)

Change in net sales considering the introduction of new products

- Mainstay product A
- Mainstay product B
- Mainstay product C
- Mainstay product D
- Mainstay product E
- Others

- New product 1
- New product 2
- New product 3
- New product 4
- New product 5
- New product 6
- New product 7
- New product 8
- New product 9
- New product 10
- New product 11
- New product 12
- New product 13
- New product 14
- New product 15

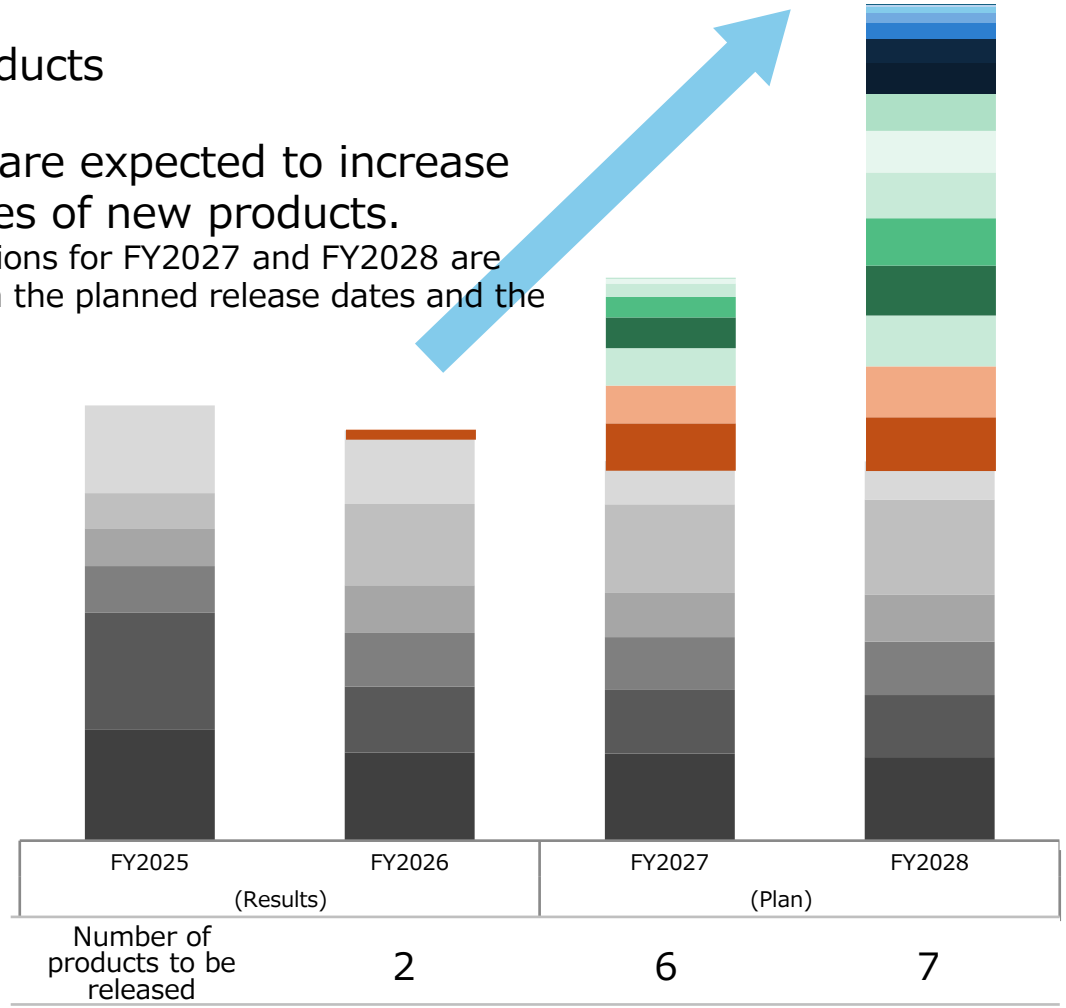
Released in FY2026

To be released in FY2027

To be released in FY2028

Net sales in total are expected to increase by adding net sales of new products.

*The product compositions for FY2027 and FY2028 are assumptions based on the planned release dates and the number of products.



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

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

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Consolidated

Key Performance Highlights [Compared Year on Year (Cumulative)]

(Millions of yen)

	FY2026 2Q results	FY2027 2Q results	Changes	Changes (%)
Net sales	5,245	**7,086**	+1,840	+35.1%
Gross profit	4,024	**5,034**	+1,009	+25.1%
Selling, general and administrative expenses	3,519	**4,684**	+1,165	+33.1%
Sales promotion expenses, etc.*	2,009	**3,022**	+1,013	+50.4%
Operating profit	505	**350**	-155	-30.7%
Ordinary profit	518	**370**	-148	-28.6%
Profit attributable to owners of parent	354	**230**	-123	-34.9%

Net sales significantly increased driven by strong new customer acquisitions.

Meanwhile, all profit figures decreased due to upfront investments in the form of increased new customer acquisition expenses.

- The following factors contributed to the significant increase in net sales: an increase in new sales due to strong new customer acquisitions accompanied by increases in regular and other sales at J NORTH FARM; growth of e-commerce malls; and net sales of ¥591 million from KARAKON DIRECT Co., Ltd., which became a consolidated subsidiary in December 2025.
- Operating profit decreased year on year due to upfront investments in the form of increased new customer acquisition expenses aimed at acquiring a customer base that will serve as a source of future regular sales, associated with an increase in new customer acquisitions at J NORTH FARM.

* 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)

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Key Performance Highlights [Compared Quarter on Quarter]

(Millions of yen)

	FY2027 1Q results	FY2027 2Q results	Changes	Changes (%)
Net sales	3,209	**3,876**	+666	+20.8%
Gross profit	2,326	**2,708**	+382	+16.4%
Selling, general and administrative expenses	2,428	**2,255**	-172	-7.1%
Sales promotion expenses, etc.	1,585	**1,437**	-147	-9.3%
Operating profit	-102	**452**	+555	–

In the second quarter, net sales and operating profit increased from the previous quarter (the first quarter of FY2027).

- In the first quarter, new customer acquisition expenses were recorded upfront, while the recording of certain net sales, cost of sales, and order-linked costs was delayed until the second quarter due to shipping delays.

  Operating profit for the second quarter includes profit from products whose shipments were delayed from the first quarter.

* Details are discussed on page 21.

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Key Performance Highlights [Compared Year on Year (Quarterly)]

(Millions of yen)

	FY2026 2Q results	FY2027 2Q results (Underlying figure*)	Changes	Changes (%)
Net sales	2,649	**3,629**	+979	+37.0%
Gross profit	2,029	**2,562**	+532	+26.2%
Selling, general and administrative expenses	1,764	**2,212**	+447	+25.3%
Sales promotion expenses, etc.	1,028	**1,393**	+365	+35.6%
Operating profit	264	**350**	+85	+32.3%

Both sales and profit increased compared with the same quarter of the previous fiscal year as well.

The results for the second quarter on a three-month basis showed steady growth.

- Net sales increased compared with the same quarter of the previous fiscal year, mainly due to sales growth at J NORTH FARM, the mainstay business.
- Both sales and profit increased, with operating profit growing compared with the same quarter of the previous fiscal year despite continued investment for future growth.

* Details are discussed on page 22.

* Strong new customer acquisitions in the first quarter of FY2027 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.
The underlying figures are calculated by deducting the figures attributable to products ordered in the first quarter of FY2027 but shipped in the second quarter (net sales of ¥279 million) from the actual figures for the second quarter of FY2027, and adding the figures for shipments delayed as of the end of the second quarter of FY2027 (net sales of ¥31 million). Corresponding cost of sales and order-linked costs are also adjusted in the same way and therefore differ from the actual figures reported for accounting purposes.

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Financial Results by Segment

(Millions of yen)

Segment	Operating company	Business	FY2027 1Q	FY2027 2Q	Total
Health & Beauty Care business	Kitanotatsujin Corporation	北の快適工房 J NORTH FARM	2,711	3,380	6,092
		Others*	4	4	9
	SALONMOON Co., Ltd.	SALON MOON Pro	211	181	393
	KARAKON DIRECT Co., Ltd.	カラコンダイレクト KARAKON DIRECT	281	309	591
Total net sales			3,209	3,876	7,086

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

Consolidated financial results
The Company group

Non-consolidated financial results
Kitanotatsujin Corporation

J NORTH FARM

Others

SALONMOON Co., Ltd.

KARAKON DIRECT Co., Ltd.

* "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.

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Consolidated

Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2027 2Q forecast	FY2027 2Q results	Changes	Changes (%)
Net sales	7,266	**7,086**	-180	-2.5%
Gross profit	5,111	**5,034**	-76	-1.5%
Selling, general and administrative expenses	4,766	**4,684**	-82	-1.7%
Sales promotion expenses, etc.	3,150	**3,022**	-127	-4.0%
Operating profit	344	**350**	+5	+1.6%
Ordinary profit	354	**370**	+15	+4.4%
Profit attributable to owners of parent	234	**230**	-4	-1.8%

Net sales were 2.5% below the forecast, while operating profit was in line with the plan.

For the mainstay business, the main factors behind net sales falling below the forecast were as follows: average sales per first purchase were lower than expected because the actual mix of purchase courses selected by customers differed from the assumed mix for certain products; net sales for the products whose shipments had been delayed were recorded later than expected; and recording of regular and other sales was delayed compared with the timing assumed when the forecast was developed.

* Details are discussed on page 23.

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Financial Results by Company

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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 on June 22, 2026 “Mizumu Clear EX (schedule II pharmaceutical),” medication for athlete’s foot, especially around nails
- Released on September 24, 2026 “FUREN ONE,” an underarm odor care product for people with axillary osmidrosis, combining five functions in one bottle
- Released on October 1, 2026 “SHIROAWA Gray Hair Color Shampoo,” released from “HACKTICK,” a new brand

(See page 34 for the brand strategy)

◆ FY2027 2Q Topics

- The Company made progress in developing a customer attraction structure to support the expansion of its product lineup, with the aim of sustaining strong new customer acquisitions.
- In the first quarter, certain products performed better than expected and the orders outpaced production, creating an order backlog for which sales were yet to be recorded. The order backlog was largely cleared, and the associated net sales were recorded (with ¥31 million remaining unrecorded).

* The second quarter of FY2027 covers the period from June 1 to August 31, 2026. Products released in September and October are not included in the results for the second quarter.

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Key Performance Highlights [Compared Year on Year (Cumulative)]

(Millions of yen)

	FY2026 2Q results	FY2027 2Q results	Changes	Changes (%)
Net sales	4,825	**6,102**	+1,276	+26.5%
Gross profit	3,825	**4,684**	+859	+22.5%
Selling, general and administrative expenses	3,321	**4,363**	+1,042	+31.4%
Sales promotion expenses, etc.	1,892	**2,802**	+910	+48.1%
Operating profit *1	503	**321**	-182	-36.3%
Ordinary profit	516	**338**	-178	-34.5%
Profit	365	**222**	-143	-39.2%

Reasons for increase in net sales

New sales increased due to strong new customer acquisitions, accompanied by increases in regular and other sales. Performance of e-commerce malls also remained strong.

Reasons for decrease in profit

Upfront investments increased, including sales promotion expenses, etc. associated with the strong new customer acquisitions.

Although regular and other sales from newly acquired customers are expected to accumulate going forward, profit decreased in the current period because the associated expenses were recorded upfront.

- New customer acquisition expenses within sales promotion expenses, etc. increased by ¥811 million year on year.
- New customer acquisition expenses totalling ¥2,208 million incurred from March to August 2026 are expected to generate gross profit of ¥3,401 million from the newly acquired customers over the one-year period after each customer is acquired.

→ For reference, if this ratio is applied to the year-on-year increase of ¥811 million in new customer acquisition expenses, the corresponding gross profit is estimated to be approximately ¥1,250 million*2.

*1 Due to the change in presentation made in the first quarter of FY2027, selling, general and administrative expenses, operating profit, and their changes (amount and percentage) are calculated using the figures in the previous fiscal year restated to reflect the change in the presentation. Previously, personnel expenses and rental charges billed in connection with concurrent roles held at consolidated subsidiaries were recorded as “non-operating income.” However, considering that these billed amounts represent adjustments to cost allocations with consolidated subsidiaries—and acknowledging the potential for the scale of such transactions to grow as the number of subsidiaries increases—we determined that directly deducting these amounts from the relevant line items within “selling, general and administrative expenses” would more accurately reflect the nature of the expenses and the Company's non-consolidated operating profit. Accordingly, we have changed the presentation method starting from the first quarter of FY2027. As a result, in the statement of income for the same period of the previous fiscal year (six months ended August 31, 2025), the ¥26 million previously recorded as “non-operating income” has been reclassified as a deduction from the relevant “selling, general and administrative expenses” line items, resulting in an increase in “operating profit” by the same amount. There is no impact on “ordinary profit” or “profit.” The above applies to the non-consolidated operating profit figures for FY2026 presented hereinafter. As this change pertains to non-consolidated financial results and the billed amounts represent inter-group transactions that are eliminated in consolidated financial statements, there is no impact on the consolidated statement of income.

*2 This estimate is calculated on a proportional basis using the average acquisition efficiency for the current fiscal year and is not a forecast of a year-on-year increase in gross profit. Gross profit is calculated before deducting new customer acquisition expenses, order-linked costs, operating expenses, etc. and does not represent operating profit or investment returns. Gross profit may vary depending on factors such as future continued purchases and changes in product mix.

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Key Performance Highlights [Compared Quarter on Quarter]

(Millions of yen)

	FY2027 1Q results	FY2027 2Q results	Changes	Changes (%)
Net sales	2,716	**3,385**	+669	+24.6%
Gross profit	2,149	**2,535**	+386	+18.0%
Selling, general and administrative expenses	2,253	**2,110**	-143	-6.4%
Sales promotion expenses, etc.	1,469	**1,333**	-135	-9.2%
Operating profit	-104	**425**	+529	–

As the benefits of upfront investments began to contribute to sales and profit, operating profit improved significantly despite continued investments.

- Operating profit remained low in the first quarter due to upfront investments for new customer acquisitions and shipping delays that caused certain sales and profits to be recorded in the second quarter.
- In the second quarter, operating profit increased significantly from the previous quarter despite continued upfront investments for new customer acquisitions, as the benefits of investments made in the first quarter began to contribute to sales and profit, and profit that had not been recorded due to shipping delays was recorded.

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Key Performance Highlights [Compared Year on Year (Quarterly)]

(Millions of yen)

	FY2026 2Q results	FY2027 2Q results (Underlying figure*)	Changes	Changes (%)
Net sales	2,440	**3,138**	+697	+28.6%
Gross profit	1,929	**2,389**	+460	+23.8%
Selling, general and administrative expenses	1,660	**2,066**	+406	+24.5%
Sales promotion expenses, etc.	966	**1,289**	+323	+33.4%
Operating profit	269	**323**	+53	+19.9%

Investment for new customer acquisitions increased.

Sales and profit increased even on an underlying basis, as regular and other sales contributed to profit.

- Net sales on an underlying basis increased by 28.6% compared with the same quarter of the previous fiscal year due to increases in both new sales and regular and other sales from customers acquired in the past.
- While sales promotion expenses, etc. increased in line with increased investment for new customer acquisitions, regular and other sales contributed to profit. As a result, operating profit on an underlying basis increased by 19.9% compared with the same quarter of the previous fiscal year.

* Strong new customer acquisitions in the first quarter of FY2027 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.
The underlying figures are calculated by deducting the figures attributable to products ordered in the first quarter of FY2027 but shipped in the second quarter (net sales of ¥279 million) from the actual figures for the second quarter of FY2027, and adding the figures for shipments delayed as of the end of the second quarter of FY2027 (net sales of ¥31 million). Corresponding cost of sales and order-linked costs are also adjusted in the same way and therefore differ from the actual figures reported for accounting purposes.

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Key Performance Highlights [Compared with Forecasts]

(Millions of yen)

	FY2027 2Q forecast	FY2027 2Q results	Changes	Changes (%)
Net sales	6,212	**6,102**	-110	-1.8%
Gross profit	4,730	**4,684**	-45	-1.0%
Selling, general and administrative expenses	4,432	**4,363**	-69	-1.6%
Sales promotion expenses, etc.	2,888	**2,802**	-85	-3.0%
Operating profit	297	**321**	+23	+7.9%
Ordinary profit	338	**338**	+0	+0.1%
Profit	236	**222**	-13	-5.9%

Net sales fell below the forecast by ¥110 million, while operating profit exceeded the forecast by ¥23 million.

(The variance between forecast and actual operating profit includes the effect of the change in the presentation method.)

Factors for difference between forecasts and results

- Factors behind net sales falling ¥110 million below the forecast
  - Average sales per first purchase were lower than expected because the actual mix of purchase courses differed from the assumed mix for certain products.
  - New sales fell below the plan mainly because the order backlog was cleared later than expected.
  - Regular and other sales fell below the plan, as the actual trends in purchases differed from those assumed in the simulation used for the sales forecast.
- Factors behind operating profit exceeding the forecast by ¥23 million
  - Sales promotion expenses, etc. were lower than planned.
  - The amount deducted from selling, general and administrative expenses due to the change in presentation is reflected in the actual figures but not in the forecast.
  - Ordinary profit was largely in line with the forecast.

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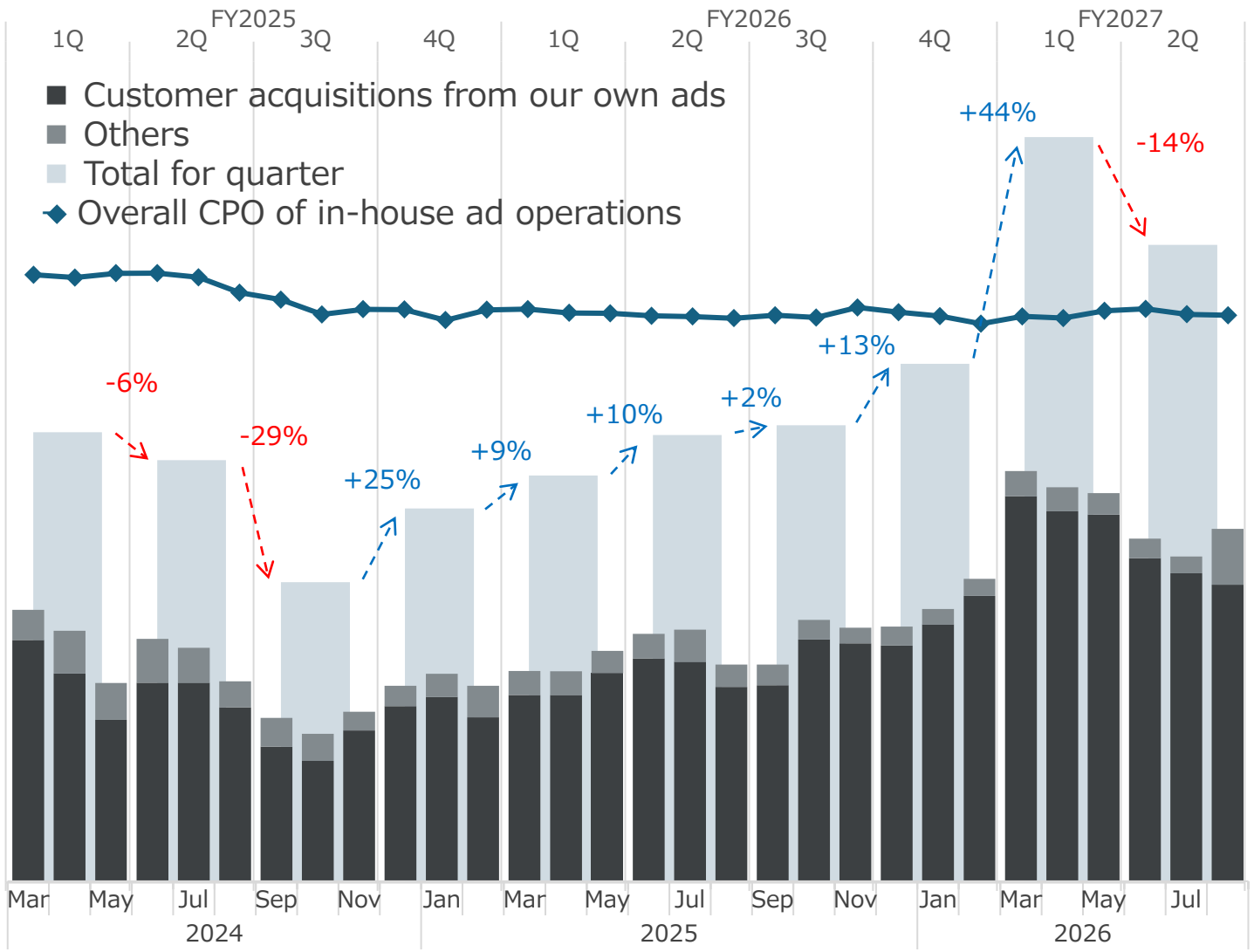
Changes in number of new customer acquisitions on our website, etc.

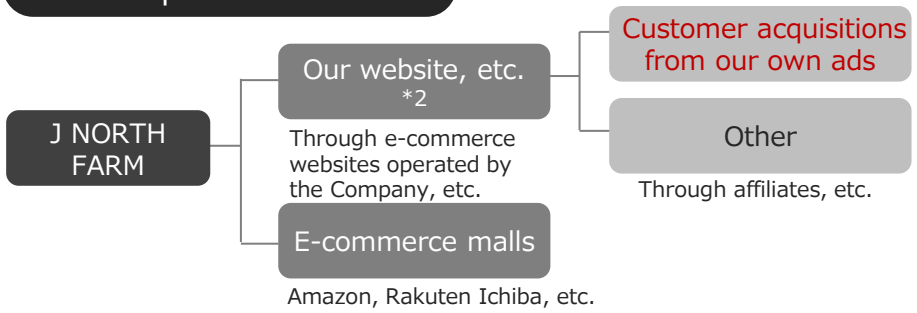


*1 Advertising expenses for our own ads ÷ Number of new customer acquisitions from our own ads
*2 "Our website, etc." includes the number of new customer acquisition (as well as a portion of orders made by phone, etc.) from all e-commerce websites operated by the Company, excluding e-commerce malls

The number of new customer acquisitions decreased by 14% quarter on quarter (QonQ) but was still the second-highest since FY2025, second only to the first quarter of FY2027.

- The main factor behind the QonQ decrease in the number of new customer acquisitions was a rebound effect following the exceptionally positive initial response to new products released from the end of the fourth quarter of FY2026 through the beginning of the first quarter of FY2027.
- Investment efficiency is maintained, since overall CPO of in-house ad operations (cost of customer acquisition per customer)*1 is maintained at a certain level regardless of an increase or decrease in the number of new customer acquisitions.
- With a view to future expansion of the product lineup, the Company implemented measures to develop a structure to support attracting customers to multiple products, such as utilization of generative AI and review of the method for advertising verification.

Main acquisition channels



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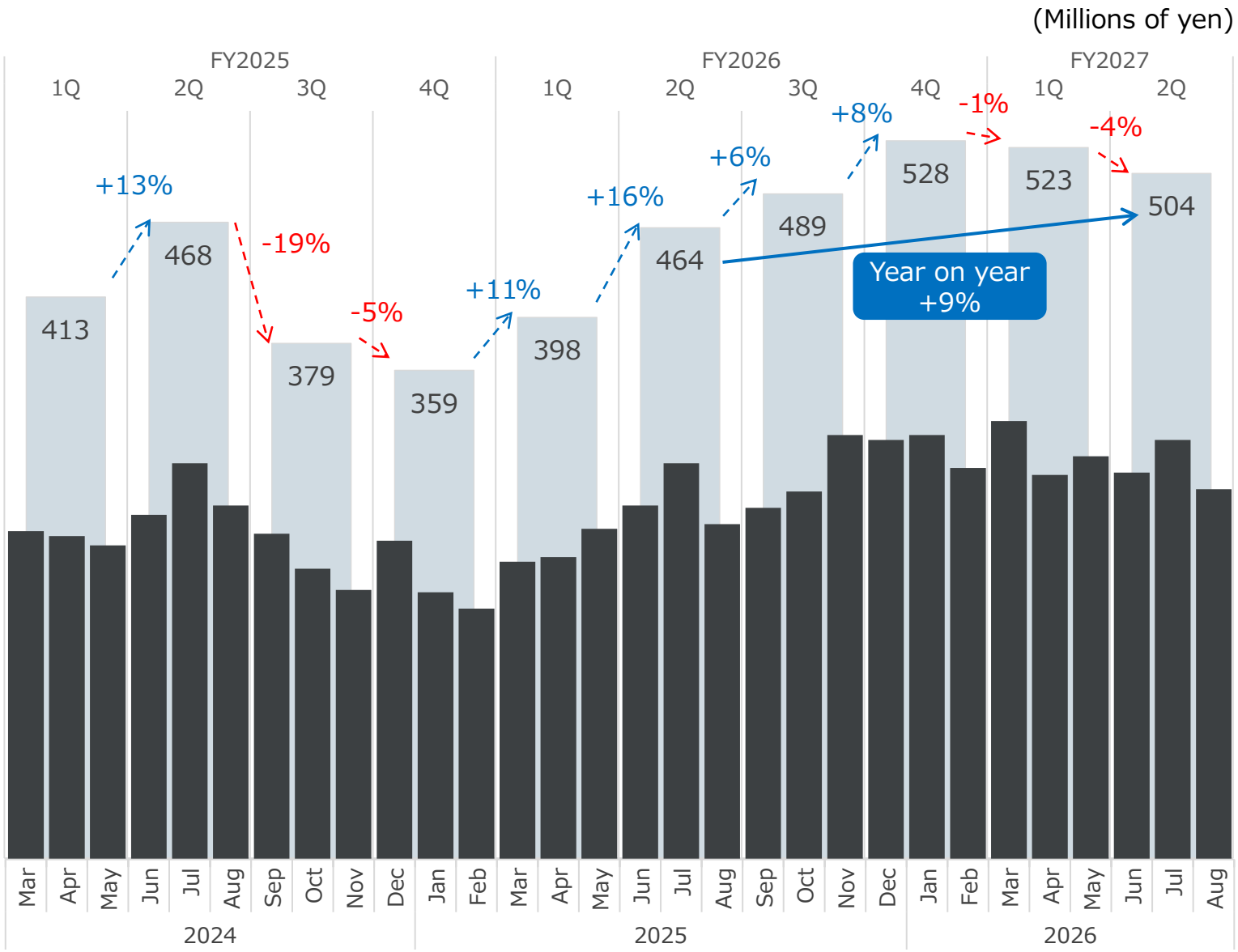
Changes in net sales for e-commerce malls



Net sales for e-commerce malls in the second quarter of FY2027 were +9% year on year.

- Due to the prioritized allocation of strong-selling products to our own websites and inventory shortages, certain products were unavailable for sale. As a result, stores in e-commerce malls experienced opportunity loss in serving customers directed to them through advertising.

  Net sales have been on a downward trend since the first quarter of FY2027 due to these factors but are expected to improve from the third quarter as the supply situation normalizes.

- 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
- Exploration of new advertising placements
- Start of business on TikTok Shop and promotion of video posting by TikTok influencers

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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 2Q Topics

- SALONMOON improved its ability to attract customers and its advertising efficiency by promoting measures such as improvements in advertising content and its appeal to customers on major e-commerce malls and sales initiatives aligned with sales events.
- 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.

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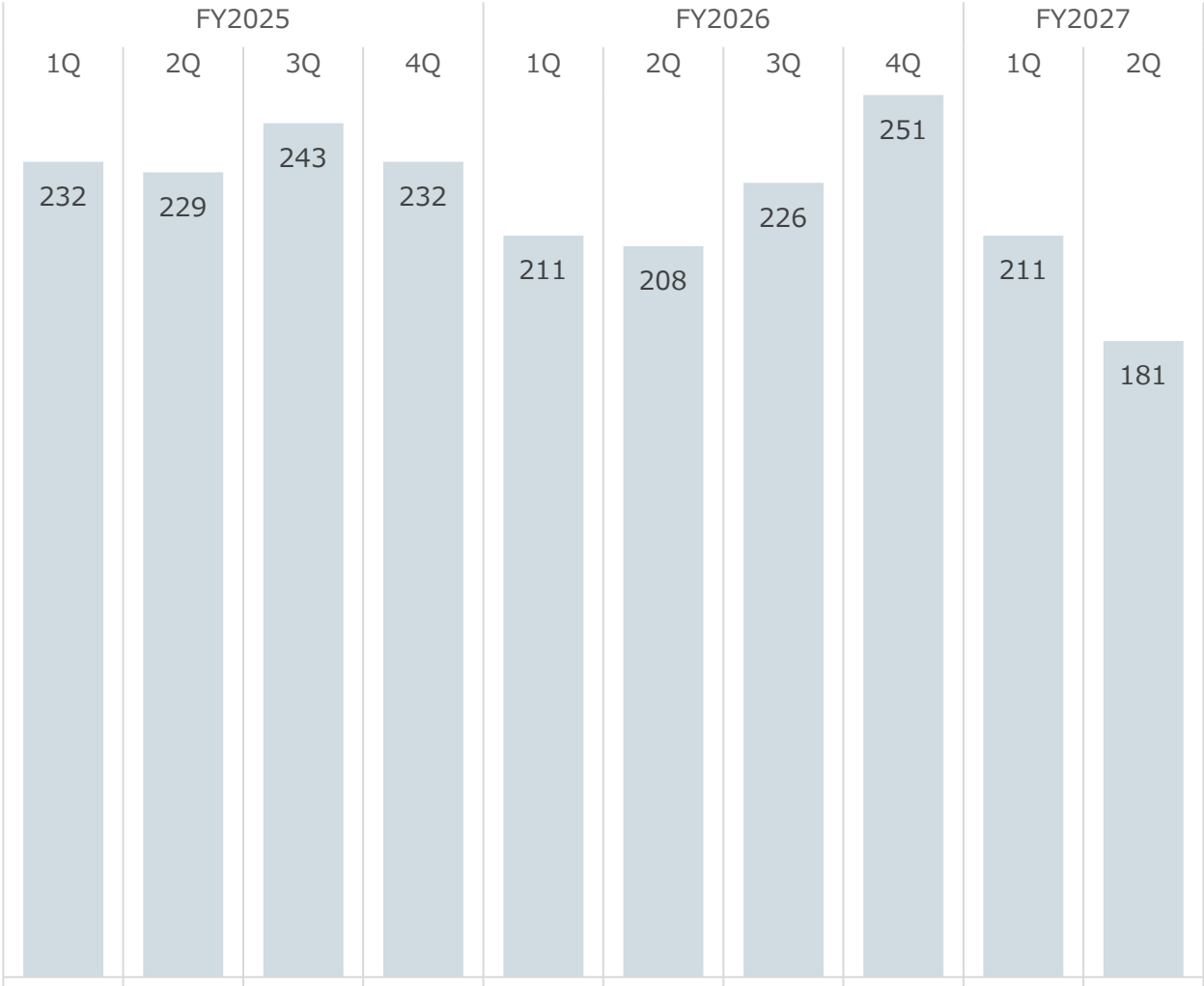
SALONMOON Co., Ltd.

<Changes in net sales>

(Millions of yen)



Net sales for the second quarter of FY2027 were -13% 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.

  During the second quarter of FY2027, SALONMOON promoted improvement of efficiency in advertising investment and optimization of its price strategies by prioritizing maintenance of profitability.

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KARAKON DIRECT Co., Ltd.

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

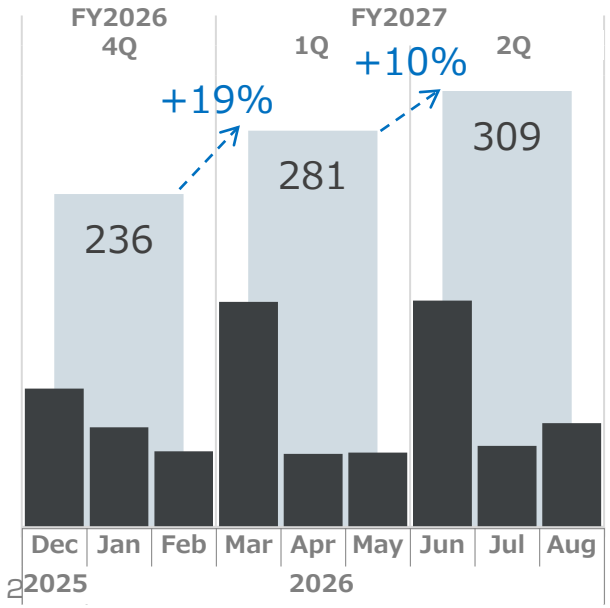
- Selling 90 or more products through e-commerce malls such as Qoo10 and Rakuten Ichiba in the growing color contact lens market
- Boasting a repeat customer base from which numerous high ratings and reviews are received, maintaining an efficient order and delivery process capable of handling a wide range of products

◆ FY2027 2Q Topics

The company is promoting PMI measures aiming at improved efficiency in selling and advertising, 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>



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 second quarter of FY2027 were +10% QonQ.

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

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Financial Results Forecast and Progress of Medium-term Management Plan

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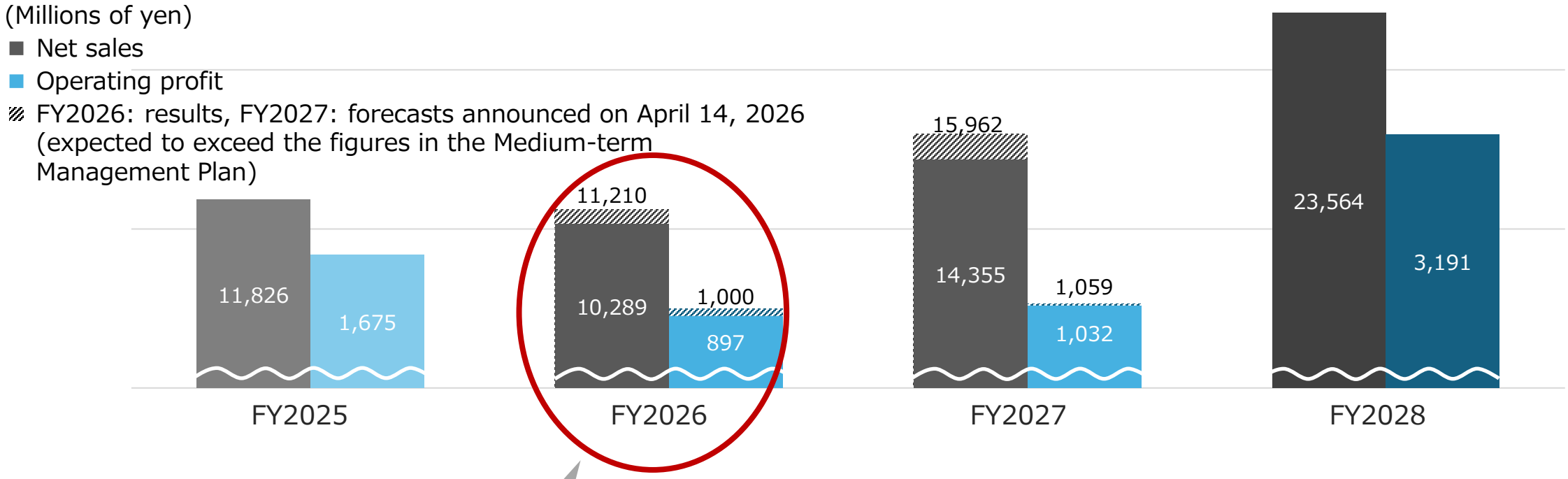
Numerical Summary of Medium-term Management Plan 2028 (Previous Fiscal Year)(Reproduced from page 8)

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.



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.

Results of the previous fiscal year

New customer acquisitions were above expectations. Both net sales and operating profit exceeded the forecast.

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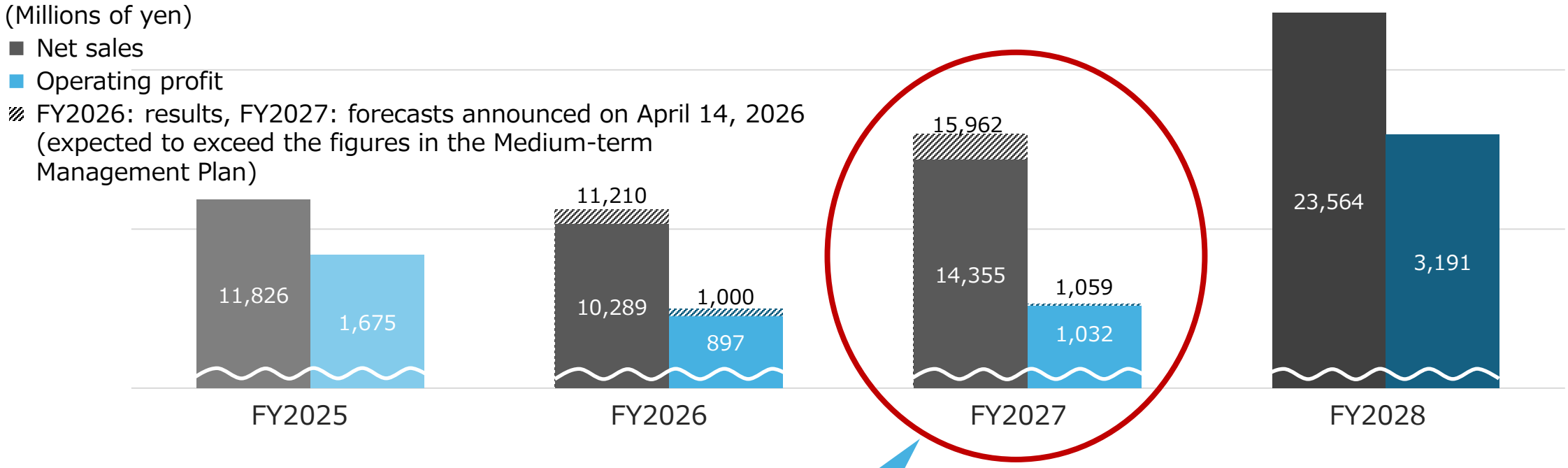
Numerical Summary of Medium-term Management Plan 2028 (Current Fiscal Year) (Reproduced from page 9)

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.



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.

At the development of the FY2027 forecast

Net sales are expected to exceed the initial forecast, 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.

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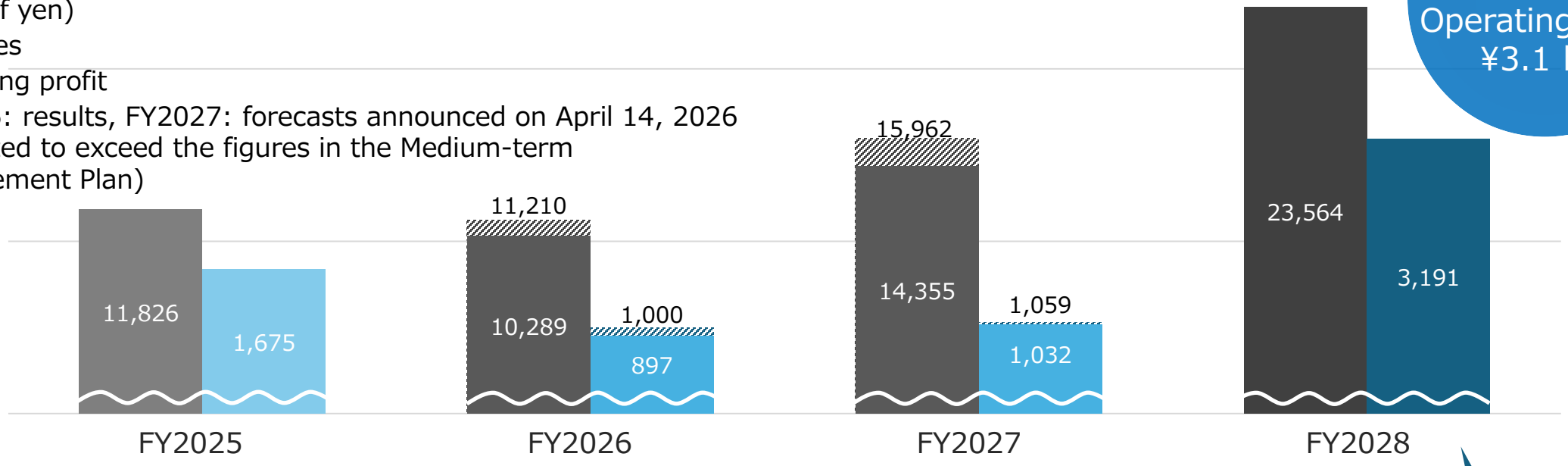
Numerical Summary of Medium-term Management Plan 2028 (Next Fiscal Year) (Reproduced from page 10)

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.

(Millions of yen)

- Net sales
- Operating profit
- FY2026: results, FY2027: forecasts announced on April 14, 2026 (expected to exceed the figures in the Medium-term Management Plan)



At the formulation of the Medium-term Management Plan
Though upfront investments continue to increase, regular customers are steadily accumulated, resulting in improvements in operating profit.

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Kitanotatsujin's Growth Strategy (Expanding Product Lineup) (Reproduced from page 11)

Change in net sales considering the introduction of new products

- Mainstay product A
- Mainstay product B
- Mainstay product C
- Mainstay product D
- Mainstay product E
- Others

- New product 1
- New product 2
- New product 3
- New product 4
- New product 5
- New product 6
- New product 7
- New product 8
- New product 9
- New product 10
- New product 11
- New product 12
- New product 13
- New product 14
- New product 15

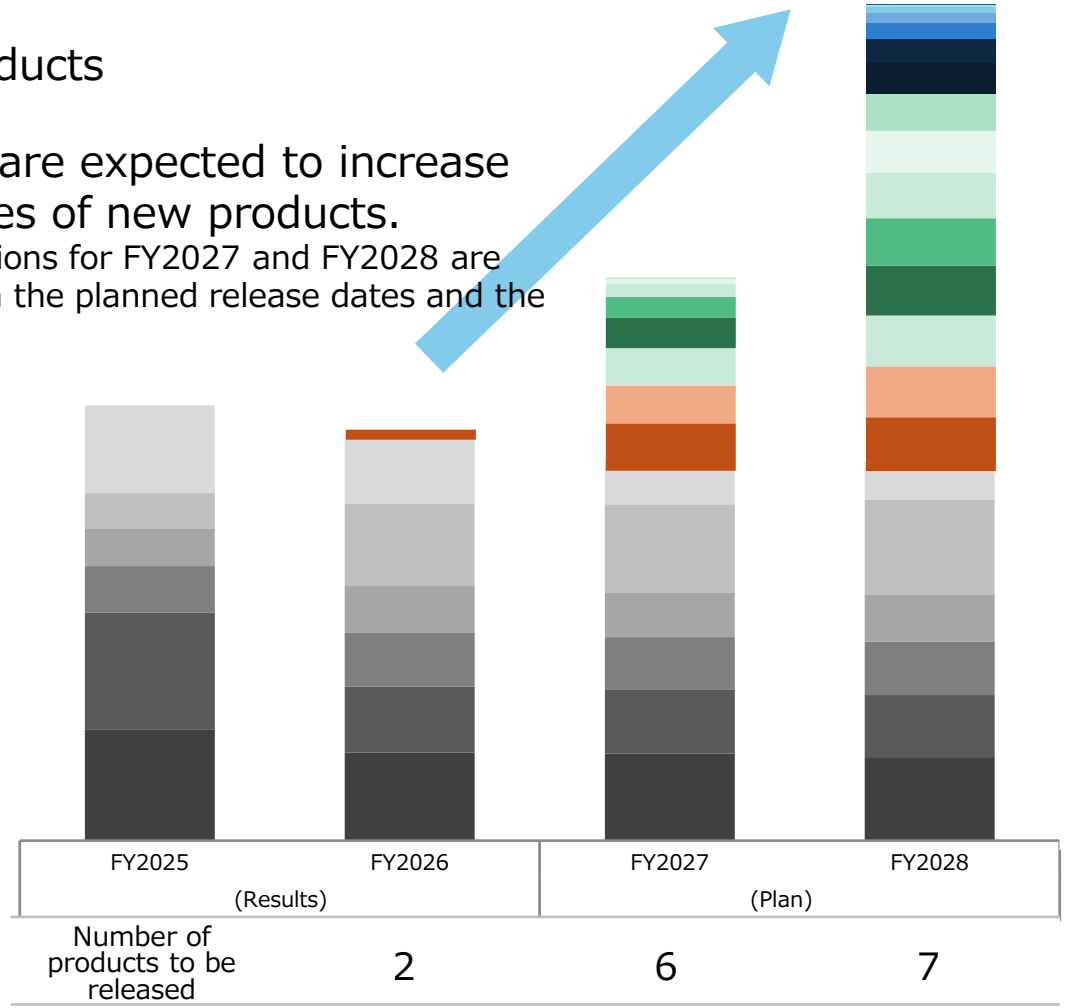
Released in FY2026

To be released in FY2027

To be released in FY2028

Net sales in total are expected to increase by adding net sales of new products.

*The product compositions for FY2027 and FY2028 are assumptions based on the planned release dates and the number of products.



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

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New Strategy: Brand Strategy

Promote a brand strategy through the launch of “HACKTICK,” a new brand

“HACKTICK,” the new brand

- Launched as an age-care beauty brand on October 1, 2026, after the end of the second quarter of FY2027
- Positioned “HACKTICK,” an existing product, as its mainstay item
- Operates as a separate brand from “J NORTH FARM”
- Launched with a certain number of existing customers

Background

- One of the Company's strengths is its know-how in steadily acquiring new customers through direct-response advertising that communicates the appeal of the products themselves.
- In addition to investing in advertising for individual products, the Company has introduced a brand strategy designed to create synergies among its products and improve investment efficiency, with the aim of further increasing new customer acquisitions with limited resources as it expands its product lineup going forward.

Policies

- Continue using the existing direct-response advertising approach to sales
- Build a brand that itself becomes a reason for purchase
- Seek to increase branded searches, organic traffic, repeat purchases, and cross-selling

Expected benefits

- Establishment of a sales base not solely dependent on advertising investment
- Improved efficiency in ramping up sales at the time of new product releases
- Maintaining our ability to acquire new customers while building brand assets

Accumulate brand awareness and brand value while maintaining our strength in direct-response advertising to establish a sales base not solely dependent on advertising investment

Direct-response advertising → First purchases → Accumulation of brand awareness → Branded searches, repeat purchases, and cross-selling → Sales base less dependent on advertising

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* Approach to the Brand Strategy

Item	Brand PR	Direct-response PR
Analogy	Advertising that promotes the “store”	Advertising that promotes “product features”
Role	Improvement of awareness and image	Directly linked to sales (reaching consumers who are ready to buy)
Weakness	Consumers will not make a purchase if the brand does not offer a product they want, regardless of how well recognized the brand is or how positive its image is.	Consumers tend to forget where they purchased a product, making it difficult to generate repeat orders.

Strategy by phase

1 Business launch phase: Prioritize direct-response PR

Firstly, communicate the appeal of the products to steadily generate sales.

2 Growth phase: “Piggyback” brand PR on direct-response PR

Integrate efforts to build brand awareness with communication of the products’ appeal to avoid opportunity loss when customers try to make a repeat purchase.
(Shift to a strategy that integrates promotion of brand awareness with product advertising.)

With direct-response PR alone, opportunity loss may occur because customers may forget the “product name” or “where they purchased it” when they want to make a repeat purchase.

Change in the purchase process

Aim to reduce reliance on advertising and build customer loyalty by combining brand PR with direct-response PR.

Process up to now Direct-response PR only

Discover the product through an ad → Purchase the product → Forget about the product → Rediscover the product through an ad → Purchase the product

→ Advertising expenses are incurred constantly and continuously.

Desired process Direct-response + brand PR

Discover the product through an ad → Purchase the product → Search for the product by the brand name → Visit the official website → Purchase the product

→ Create an environment where customers return on their own through increased brand awareness.

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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	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
FUREN ONE
Kaiteki: Skin care

October 2026
SHIROAWA Gray Hair Color Shampoo
Beauty
(HACKTICK brand)

4Q

December 2026
Beauty
(HACKTICK brand)

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

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Major 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

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Major Products

Released after FY2027 2Q

FUREN ONE

Released on September 24, 2026

Category: Kaiteki: Skin care

Overview/Feature: An all-in-one*1 underarm odor care product for people with axillary osmidrosis

- Delivers five benefits in one bottle: antibacterial protection*2, perspiration control, quick drying*3, pleasant fragrance, and a refreshing feel

SHIROAWA Gray Hair Color Shampoo

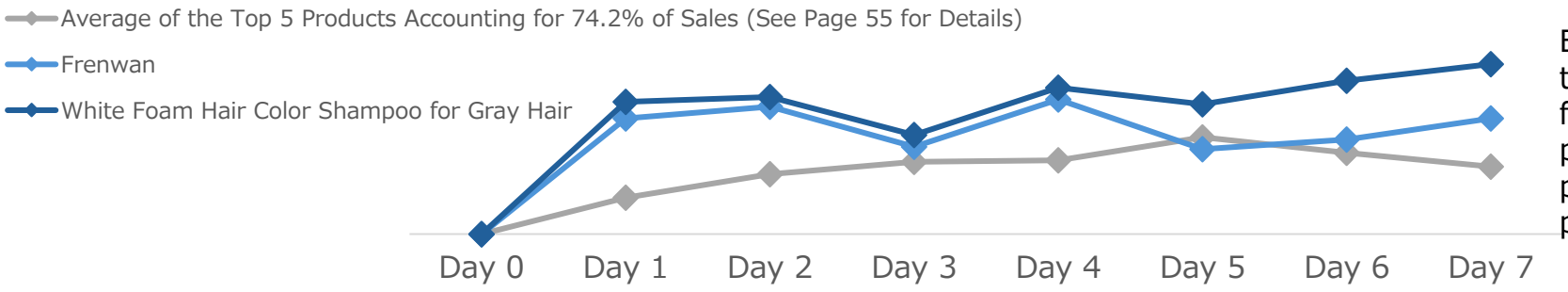
Released on October 1, 2026

Category: Beauty

Overview/Feature:

- A new option for coloring gray hair with “white foam”
  Rather than dyeing gray hair dark all at once, it gradually colors gray hair with each use, producing a natural-looking shade that blends in with the rest of the hair
- Released as the second product under the HACKTICK brand

<New customer acquisitions after the product releases>



By incorporating the key success factors of the existing top five best-selling products from the product planning stage, these two products have shown strong initial sales performance, outperforming the existing hit products from launch.

*1 Five benefits the product is designed to deliver are combined in a single product.
*2 Presented as the mechanism of action for preventing underarm odor associated with axillary osmidrosis.
*3 It does not suppress secretion of sebum but provides a smooth, non-greasy feel by absorbing excess sebum from the skin’s surface.

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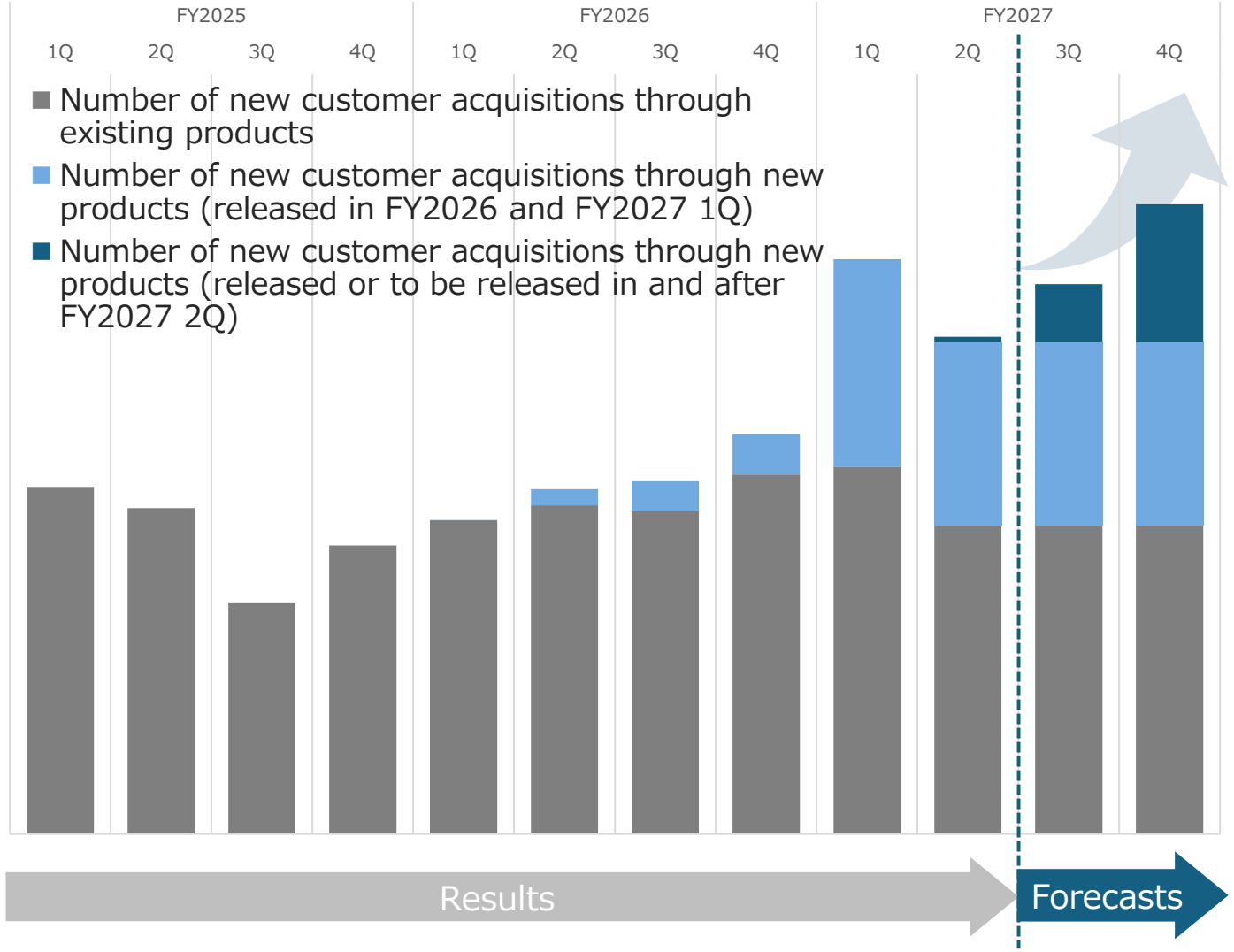
Number of new customer acquisitions through new products to be released



- 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)

- One more product is 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.

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

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System that Enables us to Boost Performance

Product planning

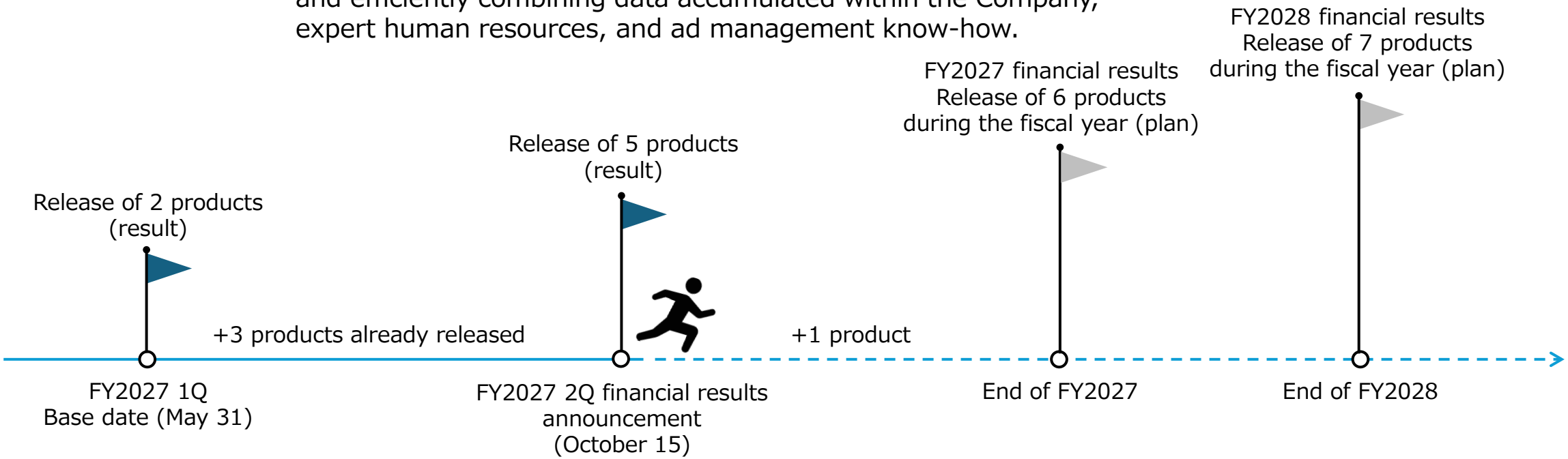
Moving to product development for “good-selling products” decided upon based on objective numerical criteria

- 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)

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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.

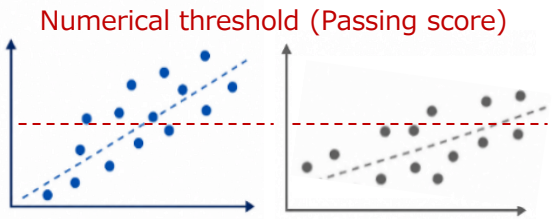
Step 2

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.

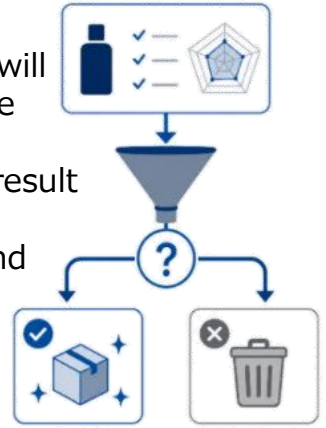
For such items, come up with a numerical threshold (passing score) indicated by "good-selling products."



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 137 product plans: 20 met the criteria and 117 were decided not to be released.
- Plans selected for possible release accounted for 14.6% of the total. The accuracy of identifying plans that are likely to pass the test has improved by leveraging past test results and patterns observed in products that passed the test.
- A wide variety of plans are considered without restricting product categories. Plans that meet the objective evaluation criteria are prioritized for advancement to the development phase based on the product scale and release timing required to achieve the Medium-term Management Plan. By narrowing down plans at the proposal stage while maintaining the evaluation criteria, the number of plans advanced to the development phase was kept at three. The percentage of plans that advanced from the proposal stage to the development phase has risen from 11.5% to 23.1%.

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

Sales promotion

2. Enhancement of customer attraction structure to support increases in the number of new products

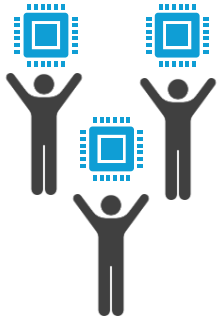
Structure up to now

Enhancement of the customer attraction structure

- Utilization of generative AI
- Review of the verification method
- Division of roles in the production process

Creative Directors

Generative AI



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

- Improve the efficiency of advertising verification by reviewing the verification method
- Carve out parts of the production process to allow creative directors to focus on planning and verification
- Utilize generative AI to improve the quantity and quality of creative content produced by leveraging data from past successful cases and know-how.

A structure was established that enables us to launch new products and acquire customers for existing products in parallel.

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Expected Questions and Answers

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Expected Questions and Answers

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

We view them positively.
Although the forecast for the current fiscal year was set at levels above those announced in the “Medium-term Management Plan 2028,” performance remains strong relative to the forecast.
In implementing various measures and initiatives to achieve the Medium-term Management Plan, there may be quarterly fluctuations in the timing for recording sales, the sales performance of individual products, and the number of new customer acquisitions. However, we believe that the foundation for growth over the medium to long term, on which the Company places particular emphasis, is being steadily strengthened.

Q2 The number of new customer acquisitions decreased for the first time in some time. What were the factors behind this decline?

The main factor behind the decrease in the number of new customer acquisitions compared with the first quarter of FY2027 was a rebound effect following the exceptionally positive initial response to the new products released from the end of the fourth quarter of FY2026 through the beginning of the first quarter of FY2027.
Another factor was that we allocated human resources to preparations for planned new product launches as part of our efforts to develop a customer attraction structure to support the future expansion of our product lineup.
However, the quarterly result was at the second-highest level since FY2025, second only to the first quarter of FY2027, indicating that our ability to acquire new customers remains strong.

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Expected Questions and Answers

Q3 Regarding the recently announced launch of a new brand, why did you decide to adopt a brand strategy at this point, given that you had not pursued such a strategy before?

The Company had long been studying brand strategies and came to believe that implementing a brand strategy would require certain foundations, such as hit products that can serve as symbols and know-how in creating pathways that connect brand image to purchases.
Now that we have accumulated a track record with our products and know-how in creating pathways from advertising to sales, and the necessary foundations are taking shape to a certain extent, we decided that this was the right time to launch the new brand.
Going forward, we will seek to build brand awareness and increase branded searches, organic traffic, and repeat purchases by incorporating a brand strategy while maintaining our existing ability to acquire new customers, thereby strengthening the foundation for growth over the medium to long term.

Q4 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, particularly regarding the impact of the naphtha shortage.
For existing products, we are securing necessary materials, components, and supplies for at least one year, and there is currently no significant impact on FY2027 financial results.
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.
For logistics, a stable structure has been maintained through collaboration with multiple logistics partners, and there has been no significant increase in logistics costs.
Impacts in and after FY2028 are under examination.

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Accounting Numerical Data

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Quarterly changes and comparisons of results

(Millions of yen)

	Results						Forecast	Changes (vs. the current period)		
	FY2026						FY2027	Compared with forecast	Quarter on quarter	Year on year
	1Q	2Q	3Q	4Q	1Q	2Q	2Q			
Net sales	2,384	2,440	2,541	2,707	2,716	3,385	3,391	-5	+669	+944
Gross profit	1,895	1,929	1,999	2,145	2,149	2,535	2,529	+6	+386	+606
Sales promotion expenses, etc.	925	966	1,004	1,090	1,469	1,333	1,452	-119	-135	+366
Sales profit	969	962	995	1,054	679	1,202	1,076	+125	+522	+239
Operating profit	234	269	270	233	-104	425	326	+98	+529	+155

<Compared with forecast> For the second quarter on a three-month basis, net sales fell below the forecast by ¥5 million, while operating profit exceeded the forecast by ¥98 million. Sales promotion expenses, etc. were lower than planned by ¥119 million.

<Compared quarter on quarter> The number of new customer acquisitions decreased by 14% quarter on quarter but was still the second-highest since FY2025, second only to the first quarter of FY2027. Net sales increased by ¥669 million quarter on quarter, including sales recorded in the second quarter for products ordered in the first quarter but shipped in the second quarter due to shipping delays. Sales promotion expenses, etc. decreased by ¥135 million. Operating profit, which was negative ¥104 million in the first quarter, increased to ¥425 million in the second quarter.

<Compared year on year> Net sales and operating profit increased year on year by ¥944 million and ¥155 million, respectively, due to increases in new sales and regular and other sales. Operating profit includes profit related to sales recorded in the second quarter for products ordered in the first quarter but shipped in the second quarter due to shipping delays. See page 22 for the comparison based on the figures adjusted for the impact of the shipping delays.

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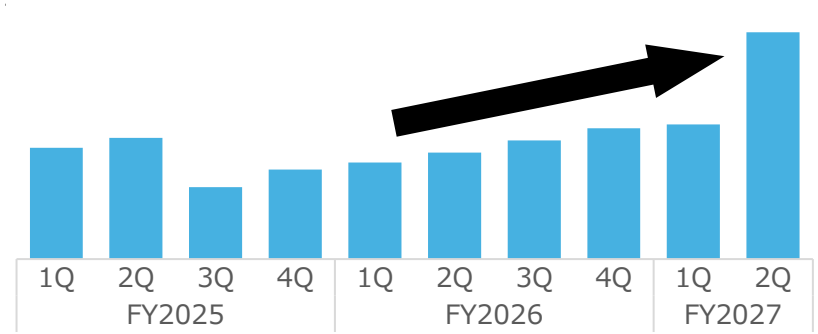
(J NORTH FARM) Change in net sales and sales profit by sales category

(Millions of yen)

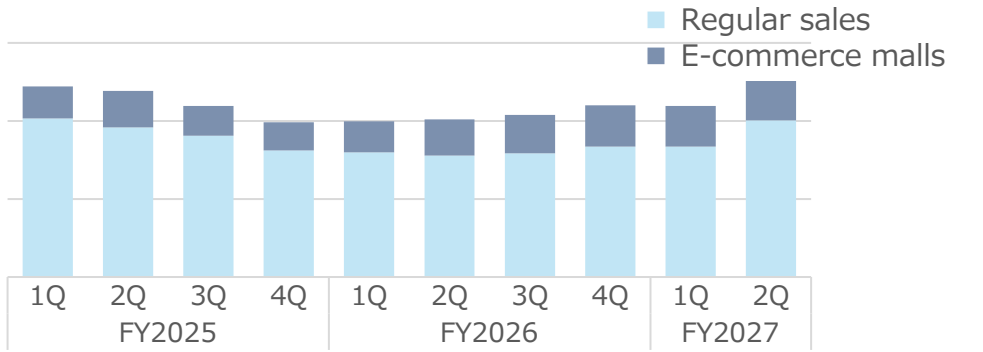
	FY2025				FY2026				FY2027	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	2,873	2,851	2,467	2,325	2,366	2,427	2,533	2,701	2,711	3,381
(1) New sales										
Net sales	427	464	275	343	370	408	455	501	516	869
Sales profit	-573	-485	-328	-392	-463	-461	-456	-475	-830	-495
(2) Regular and other sales										
Net sales	2,031	1,918	1,811	1,622	1,596	1,555	1,587	1,671	1,670	2,007
Sales profit	1,506	1,431	1,371	1,204	1,200	1,157	1,184	1,239	1,233	1,422
(3) E-commerce mall sales										
Net sales	413	468	379	359	398	464	489	528	523	504
Sales profit	233	273	219	201	223	257	260	277	274	269
Sales profit	1,166	1,219	1,261	1,013	960	953	988	1,041	677	1,196

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>



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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			
	FY2027 1Q	FY2027 2Q	Changes	Changes (%)	FY2026 2Q	FY2027 2Q	Changes	Changes (%)
Net sales	2,711	3,381	+669	+24.7%	2,427	3,381	+953	+39.3%
(1) New sales								
Net sales	516	869	+352	+68.2%	408	869	+461	+113.0%
Sales promotion expenses, etc.	1,199	1,052	-146	-12.2%	751	1,052	+301	+40.0%
Sales profit	-830	-495	+334	–	-461	-495	-34	–
(2) Regular and other sales								
Net sales	1,670	2,007	+337	+20.2%	1,555	2,007	+452	+29.1%
Sales promotion expenses, etc.	102	124	+22	+21.6%	74	124	+49	+66.7%
Sales profit	1,233	1,422	+189	+15.3%	1,157	1,422	+265	+23.0%
(3) E-commerce mall sales								
Net sales	523	504	-19	-3.8%	464	504	+39	+8.6%
Sales promotion expenses, etc.	166	155	-11	-6.8%	139	155	+16	+11.8%
Sales profit	274	269	-4	-1.7%	257	269	+12	+4.8%
Sales profit	677	1,196	+519	+76.6%	953	1,196	+243	+25.5%

<Compared quarter on quarter>

- New sales increased significantly by 68.2% compared with the first quarter.
- The deficit in profit from new sales narrowed from ¥830 million to ¥495 million. This was due to an increase in gross profit resulting from higher new sales, including sales recorded for products whose shipments had been delayed from the first quarter, as well as a decrease in sales promotion expenses, etc.
- Regular sales also increased by 20.2% and sales profit increased by 15.3% compared with the first quarter.

<Compared year on year>

- New sales increased significantly by 113.0% year on year.
- Although sales promotion expenses, etc. increased as new customer acquisitions grew, the deficit in profit from new sales remained largely unchanged year on year.
- Both regular sales and sales profit increased due to the accumulation of past new customer acquisitions.
- E-commerce malls also performed well, exceeding the level recorded in the same period of the previous fiscal year.

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(J NORTH FARM) Factors behind change in sales profit

<Compared with financial results forecast for FY2027 1H>

(Millions of yen)

	Forecast	Results	Changes	Changes (%)
Net sales	6,202	6,092	-109	-1.8%
(1) New sales				
Net sales	1,522	1,386	-136	-9.0%
Gross profit	1,009	925	-84	-8.3%
Sales promotion expenses, etc.	2,389	2,252	-137	-5.7%
Sales profit	-1,379	-1,326	+53	–
Initial ROAS*	70.9%	68.6%	-2.3pt	–
(2) Regular and other sales				
Net sales	3,749	3,678	-71	-1.9%
Gross profit	2,939	2,883	-55	-1.9%
Sales promotion expenses, etc.	199	227	+28	+14.3%
Sales profit	2,740	2,656	-84	-3.1%
(3) E-commerce mall sales				
Net sales	930	1,027	+97	+10.5%
Gross profit	773	866	+92	+12.0%
Sales promotion expenses, etc.	299	322	+22	+7.7%
Sales profit	473	543	+70	+14.8%
Sales profit	1,834	1,873	+38	+2.1%

◆ While new sales fell below the plan, sales profit exceeded the plan

- Although new customer acquisitions remained strong, average sales per first purchase were lower than expected because the actual mix of purchase courses selected by customers differed from the assumed mix for certain products. New sales fell below the plan by ¥136 million mainly due to delays in the timing for clearing the order backlog.
- Meanwhile, sales promotion expenses, etc. were also lower than planned by ¥137 million. As a result, profit from new sales exceeded the plan by ¥53 million.

◆ Regular and other sales fell below the plan

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.

◆ Performance of e-commerce malls exceeded the plan

Net sales and sales profit exceeded the plan by ¥97 million and ¥70 million, respectively.

However, loss of sales opportunities occurred due to the prioritization of promotional activities for strong-selling products and customer acquisition efforts on our own website, as well as inventory shortages of certain products.

* 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.

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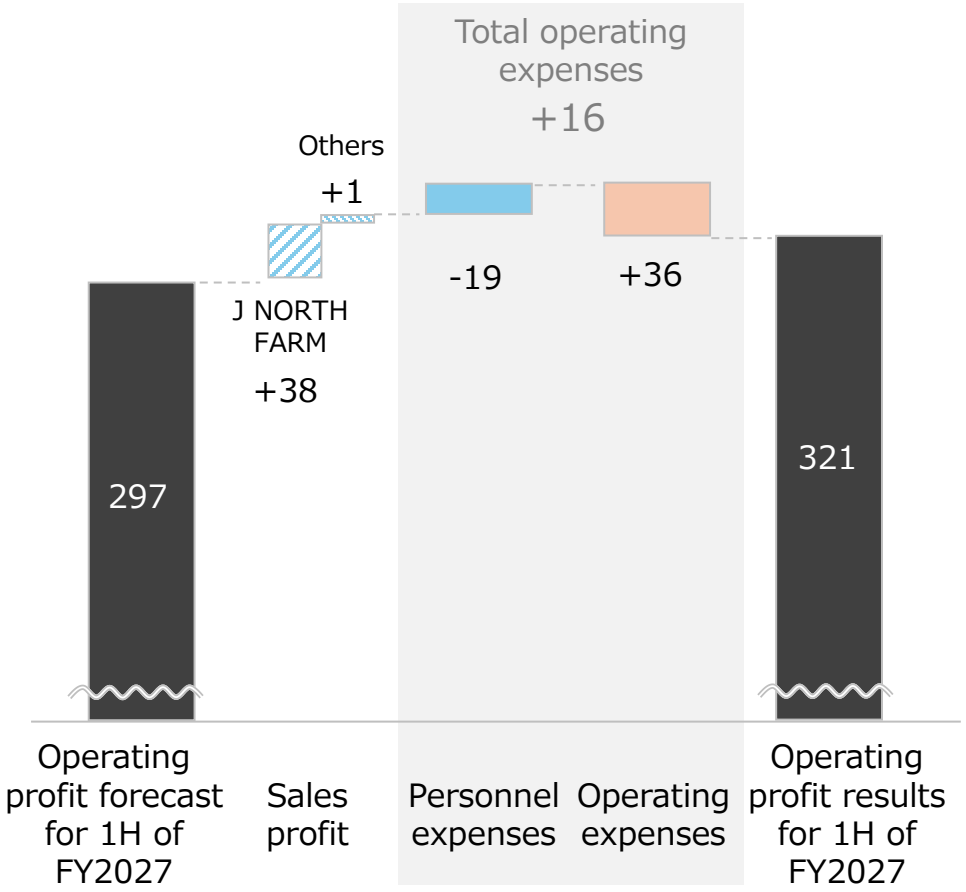
Factors behind change in operating profit

[Compared with financial results forecast: +23]

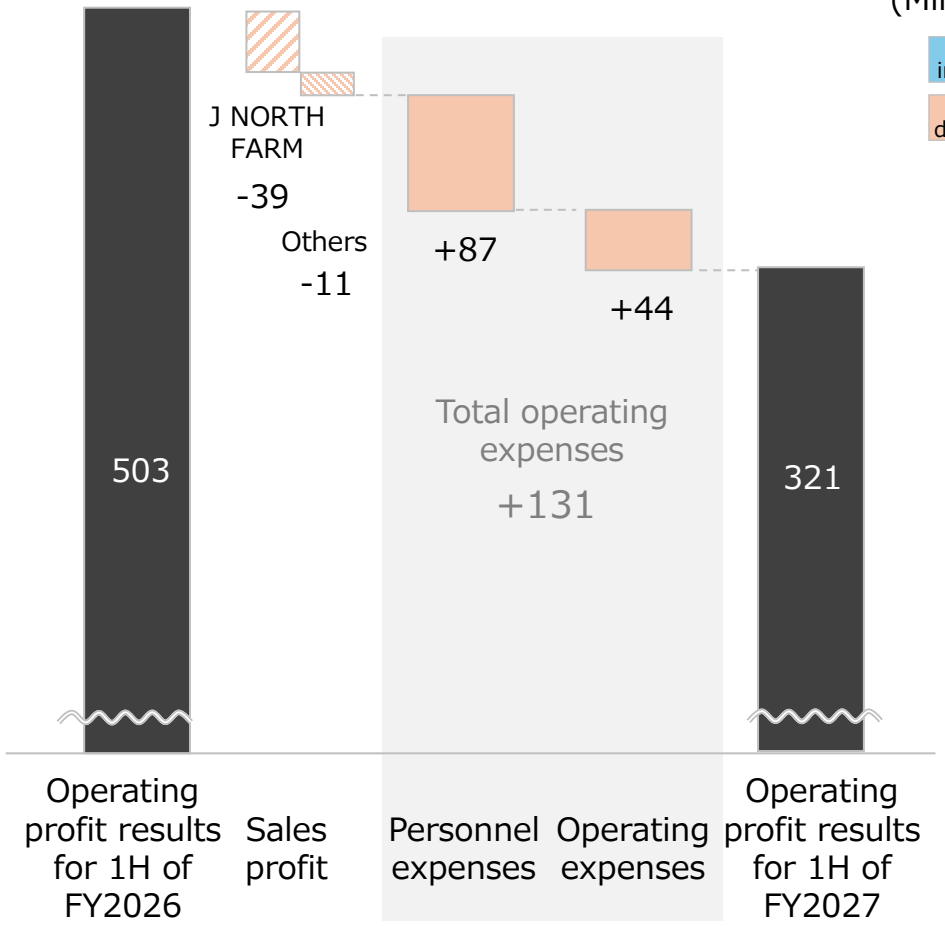


[Compared year on year: -182]

(Millions of yen)

Factors for increase in profit

Factors for decrease in profit



(Compared with financial results forecast) Increase in operating expenses due to costs associated with customer service systems

(Compared year on year) Increase in personnel expenses related to customer services and increase in operating expenses due to costs associated with a customer service system

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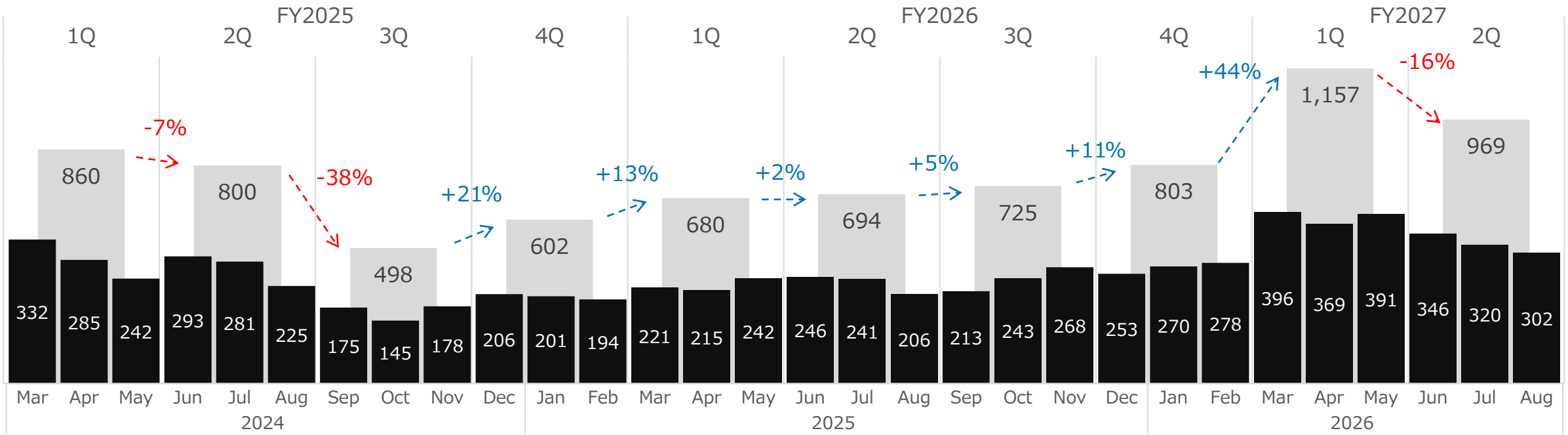
Changes in advertising expenses

(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.
    - Customer acquisitions from our own ads
      - 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.
    - Other
      - Through affiliates, etc.
  - E-commerce malls
    - Amazon, Rakuten Ichiba, etc.

* "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

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(Programmatic advertising) Change in advertising investment balance

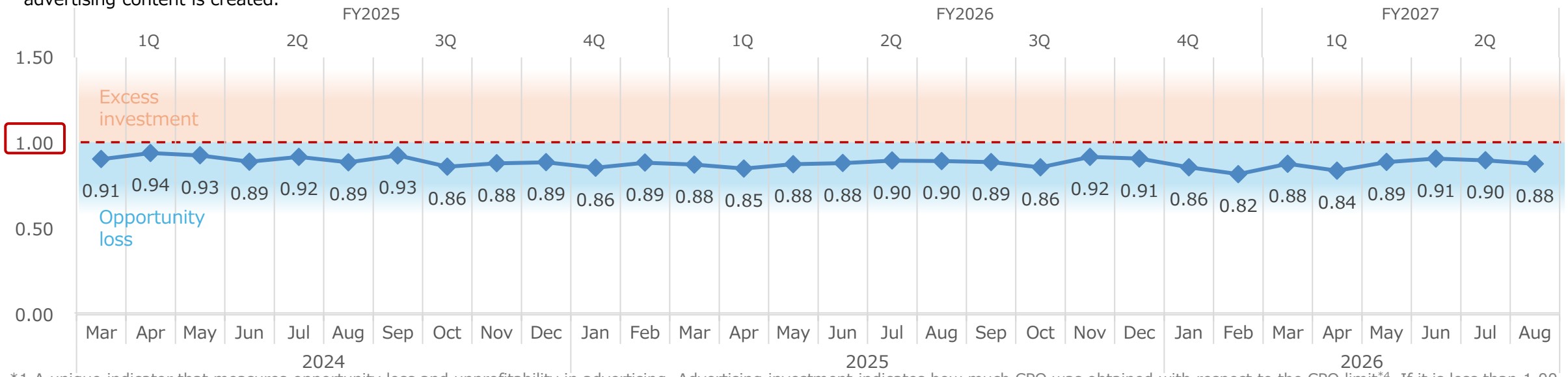
◆ Advertising investment balance*1

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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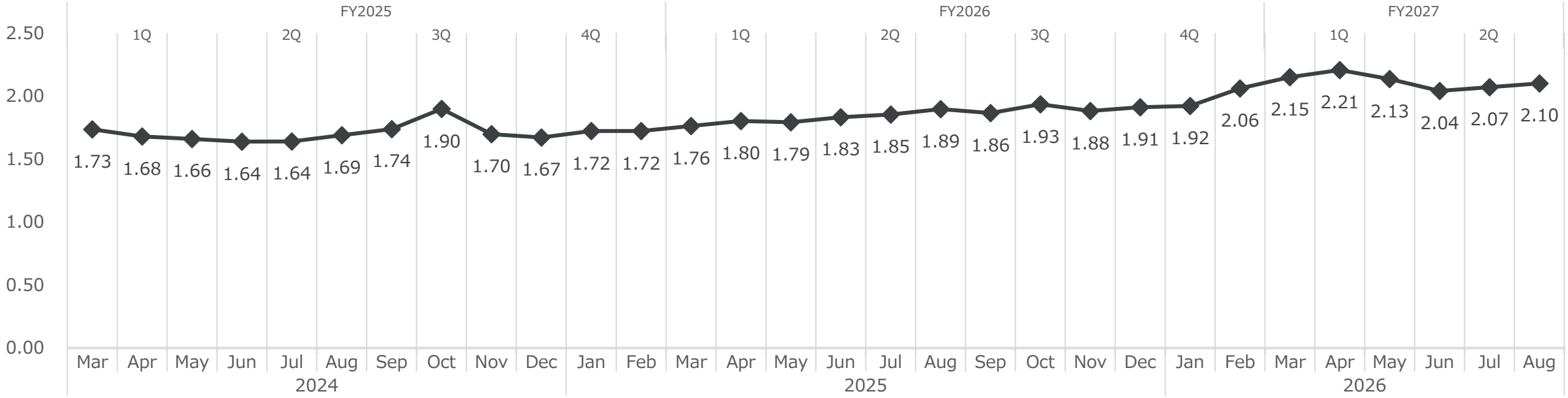
Change in 1-year ROAS

◆ 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.

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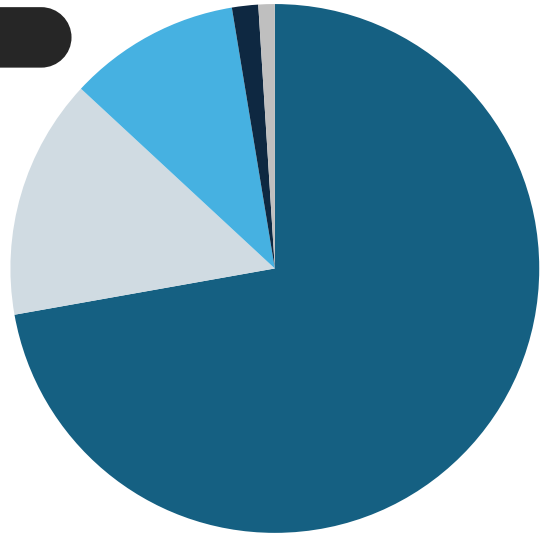
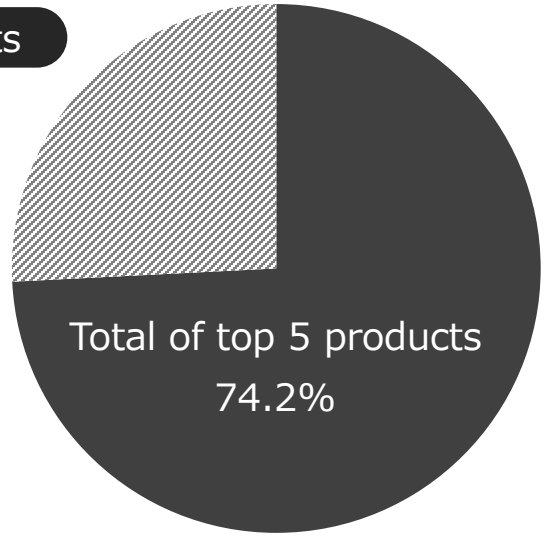
Breakdown of Net Sales

Six months ended August 31, 2026 (FY2027 1H)

By category



Top 5 products



Category Reference: https://www.kaitekikobo.jp/shopping/ https://www.hack-tick.com/products/	Number of products as of the end of 2Q (kinds)	Percentage of net sales for FY2027 1H
■ Beauty	21	74.8%
■ Kaiteki: Skin care	7	13.5%
■ Kaiteki: Healthcare	9	9.2%
■ Men's	4	1.3%
■ Other*	3	1.1%
Total	44	100%

<By category>

- Beauty is the highest at 74.8%, followed by Kaiteki: Skin care at 13.5%
- 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. 74.2%

* 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.

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Returns to Shareholders

◆ Dividends

Dividends for FY2027

Interim dividend	¥1.7
Year-end dividend (Forecast)	¥1.8
Cash dividends per share (Forecast)	¥3.5

◆ Shareholder Benefit Program (FY2026 Results)

The Company's products

One package of "YOIPEEL" soft peeling booster serum

(Provided as a shareholder benefit item before the product release)

Vouchers*

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> Shipped on August 17, 2026

Yield based on holding 100 shares
(based on the closing price on October 7, 2026, continuous holding for less than one year)

Dividend yield: 2.6%　Shareholder benefit yield: 77.4%　Total yield: 80.0%

* The vouchers can only be used for our products listed on the online store exclusively for our shareholders.

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Consolidated

BS / CF

Consolidated Balance Sheets

(Millions of yen)

Subject/Section	FY2026/4Q end As of February 28, 2026	FY2027/2Q end As of August 31, 2026
Current assets	8,109	7,979
(Cash and deposits)	5,701	4,454
Non-current assets	1,381	1,327
Total assets	9,490	9,306
Current liabilities	1,385	1,196
Non-current liabilities	57	57
Total liabilities	1,442	1,254
Total net assets	8,047	8,052
Total liabilities and net assets	9,490	9,306

Consolidated Statements of Cash Flows

(Millions of yen)

Subject/Section	FY2026 1H March 1, 2025 to August 31, 2025	FY2027 1H March 1, 2026 to August 31, 2026
Cash flows from operating activities	205	-992
Cash flows from investing activities	-1	-4
Cash flows from financing activities	-305	-250
Effect of exchange rate change on cash and cash equivalents	1	—
Net increase (decrease) in cash and cash equivalents	-100	-1,247
Cash and cash equivalents at beginning of period	5,698	5,701
Cash and cash equivalents at end of period	5,598	4,454

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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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