

To whom it may concern:

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Notice of Revision of Financial Results Forecast

Kitanotatsujin Corporation (the “Company”) provides notice that it revised as follows the full-year consolidated results forecast announced on April 14, 2021 and the full-year non-consolidated results forecast announced on July 15, 2021, in light of the recent performance trends.

● Revision of financial results forecast

Revisions in consolidated figures of the full-year forecast for the fiscal year ending February 28, 2022

(From March 1, 2021 to February 28, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	10,657	1,871	1,873	1,262	9.09
Revised forecast (B)	9,486	2,036	2,054	1,404	10.10
Changes (B – A)	(1,170)	165	181	141	
Changes (%)	(11.0)	8.8	9.7	11.2	
(Reference) Results for the previous fiscal year ended February 28, 2021	—	—	—	—	—

Revisions in non-consolidated figures of the full-year forecast for the fiscal year ending February 28, 2022

(From March 1, 2021 to February 28, 2022)

	Net sales	Operating profit	Ordinary profit	Profit	Profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	9,847	1,812	1,815	1,232	8.87
Revised forecast (B)	8,699	2,051	2,090	1,415	10.18
Changes (B – A)	(1,148)	239	274	182	
Changes (%)	(11.7)	13.2	15.1	14.8	
(Reference) Results for the previous fiscal year ended February 28, 2021	9,270	2,031	2,048	1,387	9.99

The Company transitioned to consolidated accounting from the fiscal year ending February 28, 2022. As no consolidated financial statements were prepared for the fiscal year ended February 28, 2021, consolidated results for the previous fiscal year are not provided in the revised forecast for the fiscal year ending February 28, 2022.

Reasons for revision

In the nine months ended November 30, 2021, the number of new customer acquisitions was lower than expected as a result of decreased advertising placement volume due to the factors below. For this reason, net sales are projected to fall short of that in the previous forecast. Meanwhile, operating profit, ordinary profit and profit attributable to owners of parent (profit) are projected to exceed the figures announced in the previous forecast because advertising expenses were significantly lower than the plan and gross profit margin improved more than expected due to a higher proportion of sales from low cost rate products.

Factors for decreased advertising placement volume

The Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceuticals and Medical Devices Act) was partially revised in August 2021 and an administrative monetary penalty system, etc., was newly introduced. The Company had strictly controlled descriptions pertaining to the Pharmaceuticals and Medical Devices Act based on internal standards and therefore it is unlikely that the current revision will increase risk. However, as monetary penalties will be imposed not only on advertisers but also on advertising media, etc., various advertising media have tightened internal standards for publishing advertisements. As a result, even advertisements without issues in descriptions according to the Pharmaceuticals and Medical Devices Act failed to pass screenings, making it impossible for the Company to publish advertisements and many cases occurred in which advertisements were published only after the Company requested reexamination upon conveying its opinion. Thus, the Company was unable to publish advertisements in a timely and appropriate manner, resulting in a significant decrease in advertising placement volume.

The dividend forecast remains unchanged from the forecast announced on April 14, 2021 (year-end dividend of ¥1.40). Combined with an interim dividend of ¥1.30, which was already paid, the annual dividend is planned to be ¥2.70 per share.

(Note) The financial results forecast above was prepared based on information currently available as of the date of disclosure of this material. Actual results may differ materially from the forecast due to a variety of factors.

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