

To whom it may concern:

Company name Kitanotatsujin Corporation  
 Representative Katsuhisa Kinoshita  
 Representative Director & President  
 (Stock code 2930)  
 Inquiries Takahito Kudo, Director  
 (Phone number 050-2018-6578)

### Notice of Revision of Financial Results Forecast

Kitanotatsujin Corporation (the “Company”) provides notice that it revised as follows the full-year consolidated results forecast and full-year non-consolidated results forecast announced on October 14, 2022 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, 2023

(From March 1, 2022 to February 28, 2023)

	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)	9,064	1,241	1,260	834	6.00
Revised forecast (B)	9,825	773	795	514	3.70
Changes (B – A)	760	(468)	(465)	(319)	
Changes (%)	8.4	(37.7)	(36.9)	(38.3)	
(Reference) Results for the previous fiscal year ended February 28, 2022	9,510	2,082	2,102	1,342	9.66

Revisions in non-consolidated figures of the full-year forecast for the fiscal year ending February 28, 2023

(From March 1, 2022 to February 28, 2023)

	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)	8,007	1,278	1,309	891	6.41
Revised forecast (B)	8,735	796	846	574	4.13
Changes (B – A)	727	(482)	(462)	(317)	
Changes (%)	9.1	(37.7)	(35.4)	(35.6)	
(Reference) Results for the previous fiscal year ended February 28, 2022	8,739	2,086	2,127	1,388	9.99

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ending February 28, 2023. The results for the previous fiscal year ended February 28, 2022 stated in the revisions in consolidated figures of the full-year forecast for the fiscal year ending February 28, 2023 and the revisions in non-consolidated figures of the full-year forecast for the fiscal year ending February 28, 2023 represent the figures before applying the accounting standard, etc.

Reasons for revision

On October 14, 2022, the Company revised the financial results forecast in light of the number of new customer acquisitions having exceeded expectations, but the number of new customer acquisitions subsequently proceeded to exceed the revised expectations as a result of new measures launched in the third quarter of the fiscal year ending February 28, 2023. Of particular note, the number of new customer acquisitions per month hit a record high in December 2022, reaching the highest amount ever achieved since the Company was first founded.

In light of these circumstances, the Company has decided to further revise the consolidated figures of the full-year forecast for the fiscal year ending February 28, 2023 and the non-consolidated figures of the full-year forecast for the fiscal year ending February 28, 2023, thereby upwardly revising the previously announced forecasts. Meanwhile, operating profit, ordinary profit and profit attributable to owners of parent (profit) are projected to fall short of the figures announced in the previous forecast, as the Company is revising the investment plan for advertising expenses to acquire new customers that will bring in future sales and profits to ¥3,316 million (an increase in 43.4% from the previous plan).

(Factors contributing to increase in number of new customer acquisitions)

Under its new measures, the Company is providing first-time purchase discounts and strategically lowering hurdles for potential customers to buy, leading to higher first-time purchase rates and an increase in the number of new customer acquisitions. However, this will also result in lifetime net sales earned per new customer acquisition (LTV) decreasing due to the discounted amount and a decline in the repeat purchase rate after initial purchases. The Company predicts that it will be able to maintain profitability per new customer acquisition by reducing the CPO limit (the maximum amount of advertising expenses that can be used per order) in accordance with the decrease in LTV.

(Expected risk)

The figures for LTV used in composing these expectations are estimated based on projected amounts derived from simulations that take into account various conditions while referencing actual repeat purchase rates that resulted from similar measures, etc. implemented in the past. For this reason, the Company may find it necessary to revise these measures if LTV is lower than projected due to the repeat purchase rate falling below expectations as a result of these measures.

(The Company's business model)

The Company has adopted a subscription-based business model, and the ability to acquire new customers who will bring in future sales and profits is important in developing the business. Advertising expenses to acquire such new customers are positioned as upfront investments for companies engaged in e-commerce business. In order to secure the necessary profit, the Company sets the CPO limit and proactively invests in advertising expenses within that range to prevent opportunity loss.

The dividend forecast remains unchanged from the forecast announced on April 14, 2022 (year-end dividend of ¥0.60). Combined with an interim dividend of ¥0.90, which was already paid, the annual dividend is planned to be ¥1.50 per share.

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

End