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May 9, 2024

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: KAPPA-CREATE CO., LTD.  
 Listing: Tokyo Stock Exchange PRIME  
 Securities code: 7421  
 URL: <https://www.kappa-create.co.jp>  
 Representative: Tsuyoshi Yamakado, President and Representative Director  
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 Scheduled date of annual general meeting of shareholders: June 26, 2024  
 Scheduled date to commence dividend payments: June 6, 2024  
 Scheduled date to file annual securities report: June 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

|                   | Revenue         |     | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   |
|-------------------|-----------------|-----|------------------|---|-----------------|---|---|---|
| Fiscal year ended | Millions of yen | %   | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % |
| March 31, 2024    | 72,196          | 2.5 | 1,693            | — | 1,716           | — | 1,396                                   | — |
| March 31, 2023    | 70,437          | 4.8 | (1,102)          | — | (1,102)         | — | (3,041)                                 | — |

Note: Comprehensive income For the fiscal year ended March 31, 2024: 1,401 million yen [ — %]  
 For the fiscal year ended March 31, 2023: (3,039) million yen [ — %]

|                   | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to revenue |
|-------------------|--------------------------|----------------------------|------------------|--|--------------------------------------|
| Fiscal year ended | Yen                      | Yen                        | %                | %  | %                                    |
| March 31, 2024    | 28.29                    | —                          | 15.0             | 5.8                                      | 2.3                                  |
| March 31, 2023    | (61.65)                  | —                          | (30.0)           | (3.6)                                    | (1.6)                                |

Reference: Equity method profit and loss  
 For the fiscal year ended March 31, 2024: — millions of yen  
 For the fiscal year ended March 31, 2023: — millions of yen

#### (2) Consolidated financial position

|                | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of          | Millions of yen | Millions of yen | %                     | Yen                  |
| March 31, 2024 | 30,191          | 10,108          | 33.2                  | 203.30               |
| March 31, 2023 | 28,938          | 8,696           | 29.8                  | 174.79               |

Reference: Equity  
 As of March 31, 2024: 10,031 million yen  
 As of March 31, 2023: 8,623 million yen

### (3) Consolidated cash flows

|                   | Cash flows from<br>operating activities | Cash flows from<br>investing activities | Cash flows from<br>financing activities | Cash and cash<br>equivalents at end of<br>period |
|-------------------|---|---|---|--|
| Fiscal year ended | Millions of yen                         | Millions of yen                         | Millions of yen                         | Millions of yen                                  |
| March 31, 2024    | 3,554                                   | (2,490)                                 | (644)                                   | 7,937  |
| March 31, 2023    | 2,522                                   | (1,146)                                 | (3,265)                                 | 7,518  |

### 2. Cash dividends

|  | Annual dividends per share |                           |                          |                    |       | Total cash<br>dividends<br>(Total) | Payout ratio<br>(Consolidated) | Ratio of<br>dividends to net<br>assets<br>(Consolidated) |
|--|----------------------------|---------------------------|--------------------------|--------------------|-------|------------------------------------|--------------------------------|--|
|  | First<br>quarter-<br>end   | Second<br>quarter-<br>end | Third<br>quarter-<br>end | Fiscal<br>year-end | Total |                                    |                                |  |
|  | Yen                        | Yen                       | Yen                      | Yen                | Yen   | Millions of<br>yen                 | %                              | %  |
| Fiscal year ended<br>March 31, 2023                | —                          | 0.00                      | —                        | 0.00               | 0.00  | 0                                  | 0.0                            | 0.0  |
| Fiscal year ended<br>March 31, 2024                | —                          | 0.00                      | —                        | 5.00               | 5.00  | 246                                | 17.7                           | 2.6  |
| Fiscal year ending<br>March 31, 2025<br>(Forecast) | —                          | —                         | —                        | —                  | —     |                                    | —                              |  |

Note: Dividends for the fiscal year ending March 31, 2025 have currently been undecided.

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

|                                      | Revenue         |     | Operating profit |     | Ordinary profit |     | Profit attributable to<br>owners of parent |     | Earnings per<br>share |
|--------------------------------------|-----------------|-----|------------------|-----|-----------------|-----|--|-----|-----------------------|
|                                      | Millions of yen | %   | Millions of yen  | %   | Millions of yen | %   | Millions of yen                            | %   | Yen                   |
| Fiscal year ending<br>March 31, 2025 | 74,061          | 2.6 | 1,832            | 8.2 | 1,872           | 6.4 | 1,410                                      | 1.0 | 25.58                 |

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: None companies (-)

Excluded: None companies (-)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

|                      |                   |
|----------------------|-------------------|
| As of March 31, 2024 | 49,414,578 shares |
| As of March 31, 2023 | 49,414,578 shares |

(ii) Number of treasury shares at the end of the period

|                      |               |
|----------------------|---------------|
| As of March 31, 2024 | 71,597 shares |
| As of March 31, 2023 | 77,597 shares |

(iii) Average number of shares outstanding during the period

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 49,340,866 shares |
| Fiscal year ended March 31, 2023 | 49,338,115 shares |

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2024**

**(From April 1, 2023 to March 31, 2024)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes)

|                   | Revenue         |     | Operating profit |   | Ordinary profit |   | Profit          |   |
|-------------------|-----------------|-----|------------------|---|-----------------|---|-----------------|---|
| Fiscal year ended | Millions of yen | %   | Millions of yen  | % | Millions of yen | % | Millions of yen | % |
| March 31, 2024    | 58,324          | 3.5 | 1,627            | — | 1,656           | — | 1,363           | — |
| March 31, 2023    | 56,369          | 6.4 | (1,106)          | — | (1,115)         | — | (2,722)         | — |

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen                      | Yen                        |
| March 31, 2024    | 27.64                    | —                          |
| March 31, 2023    | (55.18)                  | —                          |

**(2) Non-consolidated financial position**

|                | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of          | Millions of yen | Millions of yen | %                     | Yen                  |
| March 31, 2024 | 28,255          | 9,711           | 34.4                  | 196.82               |
| March 31, 2023 | 26,950          | 8,339           | 30.9                  | 169.03               |

Reference: Equity

As of March 31, 2024: 9,711 million yen

As of March 31, 2023: 8,339 million yen

<Reasons for differences non-consolidated performance from the previous fiscal year>

In the fiscal year ended March 31, 2024, we regularly held fairs offering limited items that appealed to price and value, and promoted them through TV commercials featuring celebrities, which led to an increase in revenue compared to the previous fiscal year. In terms of profits, although costs continued to rise due to rising raw material and energy prices and labor shortages, we not only increased profits due to increased revenue but also improved productivity through active capital investment, and reduced raw material prices and food waste through menu development through collaboration between the COLOWIDE Group's business formats, resulting in an increase in operating profit, ordinary profit, and net profit compared to the previous fiscal year.

\* Consolidated financial results are not subject to audits by certified public accountants or auditing corporations.

\* Explanation of appropriate use of earnings forecasts and other special notes  
(Caution regarding future statement, etc.)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the company and certain assumptions that the company considers reasonable, and actual results may differ significantly due to various factors. Please see "1. Overview of Business Performance, etc. (4) Future Outlook" on page 4 of the attached document for precautions regarding the use of earnings forecasts and the conditions that are the premise of the earnings forecasts.

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## 1. Overview of Business Performance, etc.

### (1) Overview of Operating Results for the current fiscal year

In the current consolidated fiscal year, the Japanese economy has been recovering gradually, with the movement to normalize economic activity accelerating since the classification of the novel coronavirus under the Infectious Diseases Act was changed to Class 5 infectious disease in May 2023, and wage increases, mainly at large companies, also supporting the economy. On the other hand, the future remains uncertain due to the weak yen, soaring raw material and energy prices, and price hikes that exceed wage increases.

In the food service industry, although inbound consumption is expanding, the business environment remains severe due to rising raw material and energy prices and labor shortages, which continue to increase costs. In addition, diverse values are emerging due to lifestyle changes triggered by the coronavirus pandemic.

In this environment, under our company motto of "our customers' joy is our joy," we have been working to appeal to customers by expanding our range of "100 yen per plate (110 yen including tax)" products to more than 100 types. We are also promoting value by holding fairs where carefully selected ingredients are sold, and focusing on improving sashimi-cutting and customer service skills (sashimi-cutting meister system and customer service meister system) and developing leadership talent.

In terms of capital investment, we made investments in the renovation of 50 existing stores during this consolidated fiscal year. In the renovated stores, we have introduced high-speed ordering lanes, automated information systems, self-checkouts, "smartphone ordering" where customers can use their own smartphones as touch panels, and lockers for takeout orders, thereby strengthening services that improve customer convenience and reduce store labor.

We have responded to the continuing rise in costs by proactively introducing equipment that improves productivity and by improving food yields through improved sashimi-cutting, etc. We have also reduced raw material prices and food waste by leveraging the synergy effects of the COLOWIDE Group and developing menus through collaboration between the various business formats of the COLOWIDE Group.

As part of our sustainability efforts, we have contributed to the global environment, local communities and society by selling products using soy meat, an ingredient that reduces environmental impact, and scallops landed at Oshamanbe Fishing Port as a response to promoting the consumption of Japanese marine products. In addition, we have been recognized as a "2024 Health and Productivity Management Excellent Corporation (Large Corporation Division)" in the "Health and Productivity Management Excellent Corporation Certification System" selected by the Ministry of Economy, Trade and Industry and the Japan Health Conference, and we are promoting the creation of an environment where all employees can play an active role for the long term. Going forward, the purpose of implementing health and productivity management will be "realization of the company motto," and we will strive to improve "physical" and "mental" health and "employee engagement" so that employees who embody this can maximize their capabilities.

Furthermore, from the perspective of promoting diversity, we actively promote the appointment of female managers, hold regular seminars through the Women's Empowerment Project, and promote the employment of foreigners, thereby promoting the creation of an environment where diverse employees can play an active role for the long term.

In light of the impact of rising prices of raw materials, energy, etc. on our business performance, we considered the recoverability of some of property, plant and equipment related to our stores and other assets held by our group in accordance with the "Accounting Standard for Impairment of Fixed Assets." As a result, we decided to carry out impairment treatment for 46 stores and 2 factories in this fourth quarter consolidated accounting period, recording an impairment loss of 118 million yen.

As a result, consolidated revenue for the fiscal year under review were 72,196 million yen (up 2.5% from the previous fiscal year), operating profit was 1,693 million yen (previous fiscal year: operating loss of 1,102 million yen), ordinary profit was 1,716 million yen (previous fiscal year: ordinary loss of 1,102 million yen), and profit attributable to owners of parent was 1,396 million yen (previous fiscal year: losses attributable to owners of parent of 3,041 million yen).

Next, we would like to report an overview of each business segment.

<Conveyor belt Sushi business>

In the conveyor belt Sushi business, we have regularly held fairs such as the "Carefully Selected 100 yen (110 yen including tax) Festival," where we offer limited-edition toppings for 100 yen (110 yen including tax) per plate, and have worked to promote prices by selling lunch sets for as little as 500 yen (550 yen including tax) at some stores. We have also promoted value through the limited-time sale of various collaboration products, including "famous restaurant recipes" supervised by artisans from long-established and famous restaurants, such as "Gochi-Sushi," where you can enjoy luxurious toppings of the finest quality, and five "Sushi using Kyoto pickles" products supervised by Kyoto Tsukemono NISHIRI, a long-established Kyoto pickle store. Furthermore, we have held fairs that appeal to both value and price, selling high-end toppings such as "sea urchin," "salmon roe from Hokkaido," and "medium fatty tuna" for 100 yen (110 yen including tax) per plate. We have disseminated information about this through TV commercials featuring celebrities.

The sweets brand "Gochi CAFE" sold "Japanese sweets inspired by Kikyo Shingen Mochi" supervised by "Kikyoya". In addition, as part of the "Authentic Ramen Series", the 28th product, "Yokohama Iekei Ramen" supervised by "Iekei Sohonzan Yoshimura-ya", and the 29th product, "Sapporo Miso Ramen" supervised by "Oshima" were sold. In addition, we are responding to diverse consumer needs by holding a campaign to give away original goods to app members in collaboration with popular children's characters such as "Crayon Shin-chan" and "Wonderful Precure!", and by holding a limited-time "Half-price Draft Beer (Medium) Campaign" exclusive to app members.

In terms of stores, we opened a store in front of Chiba Station in March 2024. In addition, we closed 10 stores due to the expiration of lease agreement, resulting in a total store count of 293 stores at the end of this consolidated fiscal year.

As a result of the above, revenue for the conveyor belt Sushi business amounted to 58,324 million yen (up 3.5% from the previous period).

<Delicatessen Business>

In the Delicatessen business, revenue in the fourth quarter were lower than the same quarter last year due to the impact of a change in products handled by business partners. On the other hand, in terms of profits, ordinary profit in the fourth quarter was higher than the same quarter last year due to continued efforts to improve factory productivity. In terms of product development, we will work with business partners to respond to diversifying consumer needs and increase sales.

We will also develop new business partners for frozen foods, a new category, and continue our efforts toward further growth.

As a result of the above, revenue for the Delicatessen business were 13,872 million yen (down 1.5% from the previous fiscal year).

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Total assets at the end of this consolidated fiscal year were 30,191 million yen, an increase of 1,253 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 419 million yen in cash and deposits, an increase of 198 million yen in accounts receivable, an increase of 1,082 million yen in tools, furniture and fixtures, a decrease of 276 million yen in lease assets, and a decrease of 224 million yen in security and guarantee deposits.

(Liabilities)

Total liabilities at the end of this consolidated fiscal year were 20,083 million yen, a decrease of 157 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 139

million yen in accounts payable, an increase of 1,320 million yen in long-term borrowings and long-term borrowings due within one year, a decrease of 580 million yen in bonds and bonds due within one year, and a decrease of 696 million yen in accounts payable-other, and long-term accounts payable-other.

(Net assets)

Net assets at the end of this consolidated fiscal year were 10,108 million yen, up 1,411 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings resulting from profit attributable to owners of parent of 1,396 million yen.

### (3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year increased by 3,554 million yen due to cash flows from operating activities, decreased by 2,490 million yen due to cash flows from investing activities, and decreased by 644 million yen due to cash flows from financing activities, resulting in an increase of 419 million yen from the end of the previous consolidated fiscal year to 7,937 million yen (7,518 million yen at the end of the previous consolidated fiscal year).

(Cash flows from operating activities)

Funds obtained as a result of operating activities were 3,554 million yen. This was mainly due to profit before taxes and other adjustments of 1,578 million yen, depreciation expenses of 2,208 million yen, impairment losses of 118 million yen, an increase in accounts receivable of 198 million yen, and a decrease in accounts payable of 139 million yen, etc.

(Cash flows from investing activities)

Net cash used in investing activities was 2,490 million yen, mainly due to expenditures of 2,434 million yen for the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Funds used in financing activities were 644 million yen. This was mainly due to proceeds from long-term borrowings of 2,400 million yen, expenditures for repayment of long-term borrowings of 1,080 million yen, expenditures for redemption of bonds of 580 million yen, and expenditures for repayment of installment payables of 1,369 million yen.

### (4) Future Outlook

Since the coronavirus pandemic was classified as a Class 5 infectious disease under the Infectious Diseases Control Act, our group's revenue has recovered. However, against a backdrop of rising prices that outpace wage increases, an increasing number of consumers are becoming more selective about the products and services they eat out, and lifestyle changes triggered by the coronavirus have led to the use of takeout and delivery services for purposes other than eating out.

Raw material and energy prices continue to rise due to the longer-than-expected depreciation of the yen and geopolitical risks due to the situation in Ukraine and the situation in Israel and Palestine. However, in the future, wage increases are expected to progress not only for large companies but also for small and medium-sized enterprises, and a shift to a demand-pull inflationary environment due to increased demand is expected.

We will continue to invest in human capital and strive to continuously improve our NPS® (Net Promoter Score) and employee engagement scores. We will maximize the capabilities of each individual through health management and hierarchical training, and improve our "100 yen per plate (110 yen including tax)" products and "Gochi-Sushi" where you can enjoy luxurious toppings to evolve our price and value appeal, and work to expand customer support.



At the same time, we will promote store visits by expanding our exposure in the mass media, campaigns for app members, and tie-ups with characters popular with children, and accelerating store openings.

In addition, we will actively introduce equipment to improve productivity, improve food yield by improving sashimi-cutting techniques, and take advantage of the synergy effects of the COLOWIDE Group to develop menus through collaboration between the COLOWIDE Group's business formats, thereby reducing raw material prices and promoting SDGs activities to reduce food waste, thereby controlling costs.

As a result of the above, our consolidated financial forecasts for the fiscal year ending March 2025 are as follows: revenue of 74,061 million yen, operating profit of 1,832 million yen, ordinary profit of 1,827 million yen, and profit attributable to owners of parent of 1,410 million yen.

In addition, we are focusing on ESG (environment, society, governance) initiatives with the aim of long-term sustainable growth. Specifically, as an example of our "environment" initiatives, we are promoting the reduction of environmental impact at our stores, such as reviewing delivery frequency, ceasing the use of dry ice during delivery, and switching to environmentally friendly packaging. As an example of our "society" initiatives, we are accepting elementary and junior high school students for "workplace experience" as part of our community contribution activities, and promoting the employment of people with disabilities in light work at our stores based on the philosophy of "full participation and equality of people with disabilities in society." Furthermore, from the perspective of promoting diversity, we are actively promoting female managers, holding regular seminars through the Women's Empowerment Project, and promoting the employment of foreigners. As an example of our "governance" initiatives, we are maintaining more than one-third of our directors as outside directors and establishing a nomination and remuneration advisory committee in order to strengthen the functions of the board of directors.

Through these efforts, we have positioned evolving into a corporate structure that can drive sustainable growth as an important management priority.

## 2. Basic Principles Regarding the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and between companies, our group's policy for the time being is to prepare consolidated financial statements in accordance with Japanese accounting standards.

Regarding the application of international accounting standards, our group intends to respond appropriately, taking into consideration various circumstances both at home and abroad.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheet

(Unit: millions of yen)

|                                     | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal year<br>(From April 1, 2023 to<br>March 31, 2024) |
|-------------------------------------|---|--|
| <b>Assets</b>                       |   |  |
| Current assets                      |   |  |
| Cash and deposits                   | 7,518   | 7,937  |
| Accounts receivable                 | 3,387   | 3,586  |
| Goods and Products                  | 421   | 363  |
| Raw materials and supplies          | 391   | 386  |
| Others                              | 796   | 931  |
| Allowance for doubtful accounts     | (1)   | (1)  |
| Total current assets                | 12,514  | 13,204   |
| Non-current asset                   |   |  |
| Property, plant and equipment       |   |  |
| Buildings and structures            | 26,014  | 26,187   |
| Machinery and vehicles              | 6,334   | 7,136  |
| Tools, equipment and fixtures       | 8,104   | 9,187  |
| land                                | 1,645   | 1,645  |
| Leased asset                        | 1,283   | 1,006  |
| Construction in progress            | —   | 25   |
| Accumulated depreciation            | (32,332)  | (33,275)   |
| Total property, plant and equipment | 11,049  | 11,912   |
| Intangible assets                   | 172   | 143  |
| Investments and other assets        |   |  |
| Investment securities               | 851   | 857  |
| Security and Guarantee Deposits     | 3,660   | 3,436  |
| Deferred tax asset                  | 563   | 571  |
| Others                              | 110   | 60   |
| Allowance for doubtful accounts     | (2)   | (2)  |
| Total investments and other assets  | 5,184   | 4,923  |
| Total non-current assets            | 16,406  | 16,979   |
| Deferred Assets                     |   |  |
| Bond issuance costs                 | 17  | 7  |
| Total deferred assets               | 17  | 7  |
| Total assets                        | 28,938  | 30,191   |

|  | (Unit: millions of yen)   |  |
|--|---|--|
|  | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal year<br>(From April 1, 2023 to<br>March 31, 2024) |
| <b>Liabilities</b>                           |   |  |
| Current Liabilities                          |   |  |
| Accounts payable                             | 3,418   | 3,278  |
| Long-term borrowings due within one year     | 1,380   | 1,980  |
| Bonds due within one year                    | 580   | 490  |
| Accounts payable - other                     | 2,449   | 2,426  |
| Accrued expenses                             | 1,556   | 1,569  |
| Lease obligations                            | 15  | —  |
| Income taxes payable                         | 189   | 188  |
| Provision for bonuses                        | 84  | 103  |
| Provision for sales promotion expenses       | 135   | 133  |
| Store closing loss reserve                   | 111   | 31   |
| Others                                       | 944   | 946  |
| Total current liabilities                    | 10,865  | 11,148   |
| Non-current Liabilities                      |   |  |
| Corporate bonds                              | 590   | 100  |
| Long-term borrowings                         | 4,170   | 4,890  |
| Long-term accounts payable - other           | 3,007   | 2,334  |
| Asset Retirement Obligations                 | 1,506   | 1,496  |
| Others                                       | 102   | 114  |
| Total non-current liabilities                | 9,375   | 8,935  |
| Total Liabilities                            | 20,241  | 20,083   |
| <b>Net assets</b>                            |   |  |
| Shareholders' equity                         |   |  |
| Share capital                                | 100   | 100  |
| Capital Surplus                              | 11,001  | 8,585  |
| Retained earnings                            | (2,391)   | 1,425  |
| Treasury Share                               | (65)  | (60)   |
| Total shareholders' equity                   | 8,645   | 10,050   |
| Accumulated other comprehensive income       |   |  |
| Unrealized gains on other securities         | (2)   | 1  |
| Deferred gains (losses) on hedges            | (18)  | (20)   |
| Total accumulated other comprehensive income | (21)  | (18)   |
| Non-controlling interests                    | 72  | 76   |
| Total net assets                             | 8,696   | 10,108   |
| Total liabilities and net assets             | 28,938  | 30,191   |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

(Unit: Millions of yen)

|   | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal year<br>(From April 1, 2023 to<br>March 31, 2024) |
|---|---|--|
| Revenue   | 70,437  | 72,196   |
| Cost of sales   | 34,714  | 34,664   |
| Gross Profit  | 35,723  | 37,531   |
| Selling, general and administrative expenses            |   |  |
| Salary and allowances                                   | 16,563  | 15,959   |
| Provision for bonuses                                   | 114   | 150  |
| Retirement benefit expenses                             | 85  | 79   |
| Rent expenses   | 4,711   | 4,425  |
| Provision for sales promotion expenses                  | 330   | 326  |
| Others  | 15,020  | 14,897   |
| Total selling, general and administrative<br>expenses   | 36,826  | 35,838   |
| Operating profit (loss)                                 | (1,102)   | 1,693  |
| Non-operating income                                    |   |  |
| Interest income   | 30  | 20   |
| Dividend income   | 50  | 75   |
| Rent received   | 234   | 223  |
| Vending machine revenue                                 | 34  | 30   |
| Sponsorship income                                      | 14  | 9  |
| Miscellaneous income                                    | 71  | 56   |
| Total non-operating income                              | 435   | 415  |
| Non-operating expenses                                  |   |  |
| Interest expense  | 154   | 181  |
| Interest expense on bond                                | 14  | 8  |
| Cost of rental revenue                                  | 208   | 175  |
| Miscellaneous losses                                    | 58  | 26   |
| Total non-operating expenses                            | 435   | 392  |
| Ordinary profit (loss)                                  | (1,102)   | 1,716  |
| Extraordinary profit                                    |   |  |
| Gain on sales of property, plant and equipment          | 2   | 1  |
| Reversal of provision for loss on store closings        | —   | 30   |
| Compensation received                                   | 95  | —  |
| Others  | —   | 31   |
| Total extraordinary profit                              | 97  | 62   |
| Extraordinary losses                                    |   |  |
| Loss on disposal of property plant and<br>equipment     | 166   | 54   |
| Impairment loss   | 1,545   | 118  |
| Provision for loss on store closings                    | 111   | 27   |
| Total extraordinary losses                              | 1,824   | 200  |
| Profit(loss) before taxes and other adjustments         | (2,829)   | 1,578  |
| Corporate, inhabitants and enterprise taxes             | 189   | 188  |
| Corporate tax adjustments                               | 43  | (8)  |
| Total corporate tax, etc.                               | 232   | 179  |
| Profit (loss)   | (3,062)   | 1,399  |
| Profit (loss) attributable to non-controlling interests | (20)  | 3  |
| Profit (loss) attributable to owners of parent          | (3,041)   | 1,396  |

## (Consolidated Statement of Comprehensive Income)

(Unit: Millions of yen)

|  | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal year<br>(From April 1, 2023 to<br>March 31, 2024) |
|--|---|--|
| Profit (loss)  | (3,062)   | 1,399  |
| Other comprehensive income   |   |  |
| Unrealized gains on other securities                               | 0   | 4  |
| Deferred gains (losses) on hedges                                  | 22  | (1)  |
| Total other comprehensive income                                   | 23  | 2  |
| Comprehensive Income   | (3,039)   | 1,401  |
| (breakdown)  |   |  |
| Comprehensive income attributable to owners of<br>parent           | (3,018)   | 1,398  |
| Comprehensive income attributable to non-<br>controlling interests | (20)  | 3  |

## (3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share Capital        | Capital Surplus | Retained Earnings | Treasury Shares | Total Shareholders' equity |
| Opening balance                                      | 100                  | 10,998          | 650               | (71)            | 11,678                     |
| Changes during the period                            |                      |                 |                   |                 |                            |
| Disposal of treasury share                           |                      | 3               |                   | 5               | 8                          |
| Profit attributable to owners of parent              |                      |                 | (3,041)           |                 | (3,041)                    |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during the period                      | -                    | 3               | (3,041)           | 5               | (3,033)                    |
| End of period balance                                | 100                  | 11,001          | (2,391)           | (65)            | 8,645                      |

|  | Accumulated other comprehensive income |                                   |  | Non-controlling interests | Total net assets |
|--|--|-----------------------------------|--|---------------------------|------------------|
|  | Unrealized gains on other securities   | Deferred gains (losses) on hedges | Total accumulated other comprehensive income |                           |                  |
| Opening balance                                      | (3)                                    | (41)                              | (44)   | 93                        | 11,727           |
| Changes during the period                            |  |                                   |  |                           |                  |
| Disposal of treasury share                           |  |                                   |  |                           | 8                |
| Profit attributable to owners of parent              |  |                                   |  |                           | (3,041)          |
| Net changes in items other than shareholders' equity | 0                                      | 22                                | 23   | (20)                      | 2                |
| Total changes during the period                      | 0                                      | 22                                | 23   | (20)                      | (3,030)          |
| End of period balance                                | (2)                                    | (18)                              | (21)   | 72                        | 8,696            |

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Share Capital        | Capital Surplus | Retained Earnings | Treasury Share | Total shareholders' equity |
| Opening balance                                      | 100                  | 11,001          | (2,391)           | (65)           | 8,645                      |
| Changes during the period                            |                      |                 |                   |                |                            |
| Deficiency Compensation                              |                      | (2,420)         | 2,420             |                | -                          |
| Disposal of treasury share                           |                      | 4               |                   | 5              | 9                          |
| Profit attributable to owners of parent              |                      |                 | 1,396             |                | 1,396                      |
| Net changes in items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes during the period                      | -                    | (2,416)         | 3,816             | 5              | 1,405                      |
| End of period balance                                | 100                  | 8,585           | 1,425             | (60)           | 10,050                     |

|  | Accumulated other comprehensive income |                                   |  | Non-controlling interests | Total net assets |
|--|--|-----------------------------------|--|---------------------------|------------------|
|  | Unrealized gains on other securities   | Deferred gains (losses) on hedges | Total accumulated other comprehensive income |                           |                  |
| Opening balance                                      | (2)                                    | (18)                              | (21)   | 72                        | 8,696            |
| Changes during the period                            |  |                                   |  |                           |                  |
| Deficiency Compensation                              |  |                                   |  |                           | -                |
| Disposal of treasury share                           |  |                                   |  |                           | 9                |
| Profit attributable to owners of parent              |  |                                   |  |                           | 1,396            |
| Net changes in items other than shareholders' equity | 4                                      | (1)                               | 2  | 3                         | 6                |
| Total changes during the period                      | 4                                      | (1)                               | 2  | 3                         | 1,411            |
| End of period balance                                | 1                                      | (20)                              | (18)   | 76                        | 10,108           |

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

|   | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal year<br>(From April 1, 2023 to<br>March 31, 2024) |
|---|---|--|
| Cash flows from operating activities                          |   |  |
| Profit (loss) before taxes and other adjustments              | (2,829)   | 1,578  |
| Depreciation  | 2,111   | 2,208  |
| Impairment loss   | 1,545   | 118  |
| Increase (decrease) in bonus reserve                          | (25)  | 18   |
| Increase (decrease) in provision for store closing losses     | 111   | (79)   |
| Interest and dividend income                                  | (80)  | (96)   |
| Interest paid and bond interest                               | 169   | 189  |
| Loss on disposal of property, plant and equipment             | 166   | 54   |
| Loss (profit) on sale of property, plant and equipment        | (2)   | (1)  |
| Compensation received   | (95)  | —  |
| Other extraordinary losses (profit)                           | —   | (31)   |
| Decrease (increase) in accounts receivable                    | (356)   | (198)  |
| Decrease (increase) in inventory assets                       | (131)   | 63   |
| Increase (decrease) in trade accounts payable                 | 566   | (139)  |
| Increase (decrease) in accounts payable - other               | 91  | (33)   |
| Increase (decrease) in accrued expenses                       | 55  | 12   |
| Increase (decrease) in accrued consumption tax, etc.          | 95  | 222  |
| Others  | 607   | (46)   |
| Subtotal  | 2,000   | 3,840  |
| Interest and dividends received                               | 80  | 96   |
| Interest payment  | (165)   | (192)  |
| Grant amount received   | 777   | —  |
| Refund (payment) of corporate tax, etc.                       | (171)   | (189)  |
| Cash flows from operating activities                          | 2,522   | 3,554  |
| Cash flows from investing activities                          |   |  |
| Expenditures for acquisition of property, plant and equipment | (1,174)   | (2,434)  |
| Proceeds from sales of property, plant and equipment          | 2   | 1  |
| Expenditures for acquisition of intangible assets             | (24)  | (49)   |
| Expenditures for security and guarantee deposits              | (25)  | (70)   |
| Revenue from collection of security and guarantee deposits    | 110   | 117  |
| Others  | (35)  | (54)   |
| Cash flows from investing activities                          | (1,146)   | (2,490)  |
| Cash flows from financing activities                          |   |  |
| Repayment of long-term borrowings                             | (980)   | (1,080)  |
| Proceeds from long-term borrowings                            | —   | 2,400  |
| Dividend payment  | (0)   | —  |
| Repayment of finance lease obligations                        | (66)  | (15)   |
| Expenditures for redemption of bonds                          | (1,015)   | (580)  |
| Repayment of installment debt                                 | (1,204)   | (1,369)  |
| Cash flows from financing activities                          | (3,265)   | (644)  |
| Effect of exchange rate changes on cash and cash equivalents  | —   | —  |
| Increase (decrease) in cash and cash equivalents              | (1,889)   | 419  |
| Cash and cash equivalents at beginning of period              | 9,407   | 7,518  |
| Cash and cash equivalents at end of period                    | 7,518   | 7,937  |



(5) Notes on Consolidated Financial Statement  
(Notes Regarding Going Concern Assumption)  
Not applicable.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The reportable segments of our group are the constituent units of our group for which separate financial information is available, and are subject to regular review by the board of directors in order to determine the allocation of management resources and evaluate business performance.

Our group has two reportable segments based on the products and services we provide: "Conveyor belt sushi business" and "Delicatessen business."

The "Conveyor belt sushi business" operates the conveyor belt sushi chain "Kappa Sushi." The "Deli business" manufactures and sells sushi and prepared bread primarily to convenience stores and supermarkets in the Honshu and Kyushu regions.

2. Methods for calculating the amounts of revenue, profits or losses, assets, liabilities, and other items for each  
The accounting methods for the reported business segments are the same as those used to prepare the consolidated financial statements.

Reportable segment profits are based on operating profit.

Internal revenue and transfers between segments are based on prevailing market prices.

3. Information on the amounts of revenue, profit or loss, assets, liabilities and other items by reportable segments.

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

| Revenue   | Conveyor belt<br>Sushi business | Delicatessen<br>business | total   |
|---|---------------------------------|--------------------------|---------|
| Revenue to external customers                       | 56,359                          | 14,078                   | 70,437  |
| Internal revenue or transfers<br>between segments   | 10                              | 233                      | 243     |
| Total   | 56,369                          | 14,311                   | 70,680  |
| Segment profit (loss)                               | (1,190)                         | (4)                      | (1,194) |
| Segment Assets                                      | 26,648                          | 3,289                    | 29,938  |
| Other items   |                                 |                          |         |
| depreciation expense                                | 1,981                           | 130                      | 2,111   |
| Increase in tangible and<br>intangible fixed assets | 3,779                           | 51                       | 3,830   |

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

| Revenue   | Conveyor belt<br>Sushi business | Delicatessen<br>business | total  |
|---|---------------------------------|--------------------------|--------|
| Revenue to external customers                       | 58,324                          | 13,872                   | 72,196 |
| Internal revenue or transfers<br>between segments   | -                               | 309                      | 309    |
| Total   | 58,324                          | 14,182                   | 72,506 |
| Segment profit (loss)                               | 1,572                           | 55                       | 1,627  |
| Segment Assets                                      | 28,064                          | 3,127                    | 31,191 |
| Other items   |                                 |                          |        |
| depreciation expense                                | 2,127                           | 80                       | 2,208  |
| Increase in tangible and<br>intangible fixed assets | 3,151                           | 61                       | 3,212  |

4. Differences between the total amounts of reportable segments and the amounts recorded in the consolidated financial statements and the main details of such differences (items related to difference adjustments)

(Unit: Millions of yen)

| Revenue   | Previous consolidated<br>fiscal year | Current consolidated<br>fiscal year |
|---|--------------------------------------|-------------------------------------|
| Reportable segments total                       | 70,680                               | 72,506                              |
| Elimination of inter-segment transactions       | (243)                                | (309)                               |
| Revenue in consolidated financial<br>statements | 70,437                               | 72,196                              |

(Unit: Millions of yen)

| Profit   | Previous consolidated<br>fiscal year | Current consolidated<br>fiscal year |
|--|--------------------------------------|-------------------------------------|
| Reportable segments total                                | (1,194)                              | 1,627                               |
| Elimination of inter-segment transactions                | 92                                   | 65                                  |
| Operating profit in consolidated financial<br>statements | (1,102)                              | 1,693                               |

(Unit: Millions of yen)

| assets   | Previous consolidated<br>fiscal year | Current consolidated<br>fiscal year |
|--|--------------------------------------|-------------------------------------|
| Reportable segments total                                | 29,938                               | 31,191                              |
| Elimination of inter-segment receivables<br>and payables | (1,000)                              | (1,000)                             |
| Total assets in the consolidated financial<br>statements | 28,938                               | 30,191                              |

(Unit: Millions of yen)

| Other items  | Reportable segments<br>total                |  | Adjustment amount                           |  | Amount recorded in<br>consolidated financial<br>statements |  |
|--|---|--|---|--|--|--|
|  | Previous<br>consolida<br>ted fiscal<br>year | Current<br>consolida<br>ted fiscal<br>year | Previous<br>consolida<br>ted fiscal<br>year | Current<br>consolida<br>ted fiscal<br>year | Previous<br>consolida<br>ted fiscal<br>year                | Current<br>consolida<br>ted fiscal<br>year |
| depreciation expense   | 2,111                                       | 2,208                                      | —   | —  | 2,111  | 2,208                                      |
| Increase in property, plant<br>and equipment, and<br>intangible assets | 3,830                                       | 3,212                                      | —   | —  | 3,830  | 3,212                                      |

[Related Information]

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

1. Information by product and service

Similar information is disclosed in the segment information, so it is omitted here.

2. Information by region

(1) Revenue

As revenue to external customers in Japan exceeds 90% of the revenue on the consolidated statements of income, this information has been omitted.

(2) Property, plant and equipment

Description is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment shown on the consolidated balance sheet.

3. Information for each major customer

Revenue to external customers is omitted as there are no customers that account for 10% or more of revenue in the consolidated statements of income.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

1. Information for each product and service

As similar information is disclosed in the segment information, it has been omitted.

2. Information by region

(1) Revenue

As revenue to external customers in Japan exceeds 90% of the revenue on the consolidated statements of income, this information has been omitted.

(2) Property, plant and equipment

Description is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment shown on the consolidated balance sheet.

3. Information for each major customer

Revenue to external customers is omitted as there are no customers that account for 10% or more of revenue in the consolidated statements of income.

[Information regarding impairment losses on property, plant and equipment by reportable segment]

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

Impairment losses were recognized in the "Conveyor belt sushi business" and the "Delicatessen business." The amounts of the impairment losses recorded for this consolidated fiscal year were 1,255 million yen for the "Conveyor belt sushi business" and 290 million yen for the "Delicatessen business."

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

Impairment losses were recognized in the "Conveyor belt sushi business" and the "Deli business." The amounts of the impairment losses recorded for this consolidated fiscal year were 112 million yen for the "Conveyor belt sushi business" and 6 million yen for the "Deli business."

[Information regarding amortization and unamortized balance of goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

Not applicable.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

Not applicable.

[Information regarding gains on negative goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

Not applicable.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per Share Information)

|                           | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal years<br>(From April 1, 2023 to<br>March 31, 2024) |
|---------------------------|---|---|
| Net assets per share      | 174.79 yen  | 203.30 yen  |
| Earnings (loss) per share | (61.65) yen   | 28.29yen  |

(Notes) 1. The basis for calculating earnings (loss) per share is as follows:

|  | Previous consolidated<br>fiscal year<br>(From April 1, 2022 to<br>March 31, 2023) | Current consolidated<br>fiscal years<br>(From April 1, 2023 to<br>March 31, 2024) |
|--|---|---|
| Earnings (loss) per share  |   |   |
| Profit (loss) attributable to owners of parent<br>(millions of yen)                          | (3,041)   | 1,396   |
| Amount not attributable to common shareholders<br>(millions of yen)                          | —   | —   |
| Profit (loss) attributable to owners of parent<br>relating to common share (millions of yen) | (3,041)   | 1,396   |
| Average number of shares during the period<br>(thousands of shares)                          | 49,338  | 49,340  |

2. Diluted earnings per share is not stated as there are no dilutive shares.

3. For the purposes of calculating earnings (losses) per share or net loss per share, the average number of treasury stocks deducted during the period was 76,000 shares for the previous consolidated fiscal year and 73,000 shares for the current consolidated fiscal year. For the purposes of calculating net assets per shares, the average number of treasury stocks deducted at the end of the period was 77,000 shares for the previous consolidated fiscal year and 77,000 shares for the current consolidated fiscal year.

(Significant Subsequent Events)

Not applicable.

(Contingent Liabilities)

(Litigation, etc.)

On October 21, 2022, the Company was indicted together with former officers and employees under the double penalty provisions of the Unfair Competition Prevention Act for alleged violations of the trade secrets of competitors by former officers and employees. The former officers were found guilty on May 31, 2023, and the sentence has been finalized. The Company and employees were found guilty by the Tokyo District Court on February 26, 2024 (fine of 30 million yen for the Company and 2 million yen for the employees), but appealed to the Tokyo High Court. The Company believes that its claims are based on solid grounds, and is working with outside lawyers to establish a system for responding to the lawsuit and respond appropriately. Future developments may affect the Company's future consolidated performance, but since it is impossible to predict the outcome of the final judgment at this point and it is difficult to reasonably estimate the amount of impact, it is not reflected in the consolidated financial statements.

In addition, a lawsuit was filed against us by Hama Sushi Co., Ltd. on December 27, 2023 in the Tokyo District Court seeking payment of 511 million yen in damages related to trade secrets. We will work with outside lawyers to prepare a defense system and deal with this matter appropriately. Future developments may affect our future consolidated performance, but as it is difficult to reasonably estimate the amount of the impact at this time, it has not been reflected in our consolidated financial statements.

In addition, our company has always focused on compliance in areas such as food hygiene, menu labeling, harassment, insider information management, personal information protection, and social media risks. Following the indictment on October 21, 2021, we have made it our constant effort to provide compliance education, including trade secret management, and have further strengthened and thorough our compliance efforts.