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May 9, 2025

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (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 20, 2025  
 Scheduled date to commence dividend payments: June 5, 2025  
 Scheduled date to file annual securities report: June 19, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions)

### 1. Consolidated financial results for the fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

#### (1) Consolidated operating results

(Percentage indicates year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	73,208	1.4	1,433	(15.3)	1,453	(15.3)	1,032	(26.0)
March 31, 2024	72,196	2.5	1,693	—	1,716	—	1,396	—

Note: Comprehensive income For the fiscal year ended March 31, 2025: 1,018 million yen [ (27.4) %]  
 For the fiscal year ended March 31, 2024: 1,401 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, 2025	20.77	—	9.9	4.7	2.0
March 31, 2024	28.29	—	15.0	5.8	2.3

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2025: — million yen  
 For the fiscal year ended March 31, 2024: — million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	31,072	10,889	34.9	219.66
March 31, 2024	30,191	10,108	33.2	203.30

Reference: Equity  
 As of March 31, 2025: 10,847 million yen  
 As of March 31, 2024: 10,031 million yen

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	3,842	(1,945)	(1,910)	7,940
March 31, 2024	3,554	(2,490)	(644)	7,937

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	0.00	—	5.00	5.00	246	17.7	2.6
Fiscal year ended March 31, 2025	—	0.00	—	5.00	5.00	246	24.1	2.4
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	—	—		—	

(Note) Dividends for the fiscal year ending March 31, 2026 have currently been undetermined.

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentage indicates year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Fiscal year ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	80,118	9.4	1,951	36.1	1,901	30.7	1,445	39.9	29.28

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies (Company name) KAPPA-CREATE KOREA CO., LTD.  
PT. Kappa Create Indonesia

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 reasons: 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, 2025	49,414,578 shares
As of March 31, 2024	49,414,578 shares

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

As of March 31, 2025	65,702 shares
As of March 31, 2024	71,597 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	49,346,855 shares
Fiscal year ended March 31, 2024	49,340,866 shares

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

**1. Non-consolidated financial results for the fiscal year ended March 31, 2025**

(From April 1, 2024 to March 31, 2025)

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

(Percentage indicates year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	59,311	1.7	1,478	(9.1)	1,388	(16.2)	1,155	(15.2)
March 31, 2024	58,324	3.5	1,627	—	1,656	—	1,363	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	23.27	—
March 31, 2024	27.64	—

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

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	28,750	10,641	37.0	215.47
March 31, 2024	28,255	9,711	34.4	196.82

Reference: Equity

As of March 31, 2025: 10,641 Million yen

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

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

※ Explanation of appropriate use of earnings forecast 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 Financial Results, etc. (4) Future Outlook" on page 5 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 Financial Results

### (1) Overview of Operating Results for the Current Fiscal Year

During the consolidated fiscal year under review, the Japanese economy showed signs of recovery, driven by an upward trend in consumer spending due to wage increases at various companies and the effects of various government policies, as well as an increase in inbound. However, the outlook remains uncertain due to global political instability, volatile exchange rates, and geopolitical risks.

In the meal service industry, although the economy is recovering due to upward trends in consumption, expansion of inbound consumption, and other factors, the business environment remains challenging due to continued cost increases caused by soaring raw material and energy prices and chronic labor shortages. In addition, rising prices are leading to a tendency among consumers to save money, and changes in lifestyles are giving rise to diverse values.

In this environment, we have been working to strengthen our existing stores, invest in growth, and promote sustainability as pillars of our management strategy, all under our corporate motto of “Our customers' happiness is our happiness.” We have also been working to enhance our brand to increase customer support. In response to the sharp rise in raw material prices, mainly for rice, we revised our menu and pricing in line with customer trends, resulting in a 0.3% increase in gross profit margin compared to the previous fiscal year.

In light of the impact of rising prices for raw materials, energy, and other factors on our business performance, we have reviewed the recoverability of certain non-current assets related to stores and other properties owned by our group in accordance with the “Accounting Standard for Impairment of Non-current Assets.” As a result, we have decided to recognize impairment losses of 273 million yen for 38 stores in Japan, 2 stores overseas, and 3 factories in the fourth quarter of the current consolidated fiscal year.

As a result, for the consolidated fiscal year under review, revenue was 73,208 million yen (up 1.4% from the previous fiscal year), operating profit was 1,433 million yen (down 15.3% from the previous fiscal year), ordinary profit was 1,453 million yen (down 15.3% from the previous fiscal year), and profit attributable to owners of parent was 1,032 million yen (down 26.0% from the previous fiscal year).

Next, we will report on the overview of segments by business type.

#### <Conveyor belt Sushi business>

##### • Management Strategy

In the face of a challenging business environment characterized by continued high inflation and diversifying values, we have established three pillars of management strategy to achieve our corporate mission, expand earnings, promote sustainable development of society, and enhance corporate value:

① Strengthening existing stores, ② Growth investment, and ③ Sustainability.

##### ① Strengthening existing stores

We recognize that strengthening the profitability of our existing stores is important for the sustainable enhancement of corporate value, and are promoting the following initiatives.

##### 1) Increase in frequency of visits to stores

We are working to meet diverse consumer needs through various initiatives, including seasonal product sales aligned with seasonal events, campaigns offering meal vouchers through lotteries, expanding our lineup of high-value-added products that offer a luxurious experience different from everyday use to create demand for special occasions, and enhancing our lunch sets priced from 690 yen (tax included) available at select stores. Additionally, we are promoting these initiatives through our app and LINE in select stores. Through the app, we are distributing coupons such as half-price “draft beer” and almost half-price “minami tuna medium fatty” to create diverse reasons for customers to visit our stores.

At our stores, we are focusing on training sashimi-cutting masters and service masters to improve sashimi-cutting and service skills, thereby working to continuously improve our NPS® (Net Promoter Score) rating and enhance the customer experience.

##### 2) Acquisition of new customers

We have been focusing on price appeal through various initiatives, including a fair offering premium

ingredients such as “uni” (sea urchin), “ikura” (salmon roe), and “nodoguro” (blackthroat seaperch) at 110 yen (tax included), a campaign doubling the portion of “tamago” (egg) amid rising egg prices, and a campaign offering children's menus at 39% off as support for families with young children amid rising living costs. Additionally, despite rising rice prices and shortages, we have implemented all-you-can-eat (Kappa Sushi's “Tabe-Ho”) at up to 200 stores, emphasizing the joy of eating rice to one's heart's content and the fun of piling plates high. We have communicated our company's challenging (ACTION) through TV commercials featuring celebrities and social media. In addition, as part of the “Authentic Ramen Series,” we offer “Sapporo Miso Ramen” supervised by Ohkami soup, a miso ramen specialty shop that gained attention after being featured on a TV program, and “Matcha Sweets” supervised by Nihonbashi Eitaro, we are selling new-style “Acai Sweets” made with acai, which is popular among young people centered around Generation Z, and conducting collaboration campaigns with popular content such as “Hypnosismic -Division Rap Battle-,” aiming to attract a diverse customer base with varied values.

In addition, during the current consolidated fiscal year, we installed new lead signs at 63 stores and confirmed the effect of increased revenue due to increased store recognition.

### 3) Capital investment

We renovated 22 stores during the current consolidated fiscal year. In the renovated stores, we introduced services that enhance customer convenience and streamline store operations, such as high-speed lanes for orders, automatic guidance systems, self-checkout registers, smartphone ordering that uses customers' own smartphones as touch panels, and lockers for takeout orders.

### ② Growth investment

We are working to grow our business by reviewing our store portfolio to better meet customer needs and investing in facilities and equipment to improve customer satisfaction and productivity.

#### 1) New store opening

Our company has traditionally focused on opening stores along roadsides. However, in response to changes in domestic demographics, we are optimizing our store layout by opening stores in locations near major urban areas and closing or relocating unprofitable stores. During the fourth quarter of the current consolidated fiscal year, we opened a store in Narita City, Chiba Prefecture, which has seen a recent increase in population, resulting in a total of eight new store openings and six store closures due to the expiration of lease agreements during the current consolidated fiscal year. As a result, the total number of stores as of the end of the current fiscal year stands at 295.

#### 2) DX and AI utilization

During the current consolidated fiscal year, we introduced an automated guidance system in seven stores (for a total of 282 stores) and self-checkout registers in five stores (for a total of 239 stores) to improve customer convenience and store productivity. In addition, we are developing multilingual support for the automated guidance system and more efficient guidance logic to attract customers.

### ③ Sustainability

Based on our corporate motto of “Our customers' happiness is our happiness,” we aim to contribute to the sustainable development of society and enhance our corporate value as a provider of food infrastructure.

#### 1) Contributing to the global environment, local communities, and society

As part of our “Sustainable Menu,” we have been offering products such as “Tottori Kotoura Grand Salmon,” a closed-loop land-based aquaculture system, Shizuoka-produced “Sachi Ebi” from land-based aquaculture, and “Acai Sweets” made with the highest concentration of acai berries from a collaborating company practicing agroforestry (forest-based agriculture).

In addition, we held a fair in collaboration with the “UMIUMA” website, operated by the Reconstruction Fisheries Processing Industry Sales Channel Revitalization Promotion Center, to support the recovery of the fisheries processing industry in the Sanriku and Joban regions affected by the Great East Japan Earthquake.

#### 2) Human capital investment

We are promoting the implementation of an action plan to conduct employee engagement surveys and continuously improve scores, with the aim of improving productivity through increased employee motivation. Additionally, we have established a Diversity, Equity, and Inclusion (DEI) Promotion Committee

to develop and implement a DEI roadmap. We are also promoting a flexible work environment that allows employees to choose work arrangements suited to their life stages, and we are sharing this information on our company website to attract and retain top talent and create an environment where they can thrive in the long term.

In addition, we have been recognized as a “Health Management Excellence Corporation 2025 (Large Corporation Division)” for the second consecutive year, and we will continue to promote the mental and physical health of all employees and improve employee engagement so that they can maximize their abilities.

As a result of the above, sales in the Conveyor belt Sushi business increased 2.1% year on year to 59,562 million yen.

#### <Delicatessen business>

In the Delicatessen business, we have promoted the expansion of existing customer areas and categories through our sales department. We have also focused on acquiring new customers, but revenue fell below the previous fiscal year's results. In the production department, we focused on employee training, which led to improved productivity and operational efficiency, resulting in higher product quality and cost reductions.

Due to the continuing severe business environment caused by soaring raw material prices, we will strive to improve profitability and enhance competitiveness through thorough cost management, development of new business partners, and support for employee skills enhancement, with the aim of achieving sustainable growth.

As a result of the above, revenue in the Delicatessen business were 13,646 million yen (down 1.6% year from the previous fiscal year).

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

#### (Assets)

Total assets at the end of the current consolidated fiscal year amounted to 31,072 million yen, an increase of 880 million yen compared to the end of the previous consolidated fiscal year. This increase was primarily due to an increase of 1,129 million yen in buildings and structures, an increase of 674 million yen in machinery and transportation equipment, and a decrease of 870 million yen in lease assets.

#### (Liabilities)

Total liabilities at the end of the current consolidated fiscal year amounted to 20,182 million yen, an increase of 99 million yen compared to the end of the previous consolidated fiscal year. This increase was primarily due to an increase of 455 million yen in accounts payable, an increase of 270 million yen in long-term borrowings and long-term borrowings due within one year, a decrease of 490 million yen in bonds and bonds due within one year, and a decrease of 201 million yen in accounts payable-other and long-term accounts payable-other.

#### (Net Assets)

Net assets at the end of the current consolidated fiscal year amounted to 10,889 million yen, an increase of 781 million yen compared to the end of the previous consolidated fiscal year. This increase was primarily due to an increase in retained earnings resulting from the payment of dividends of 246 million yen and net profit attributable to owners of parent of 1,032 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 were an increase of 3,842 million yen from operating activities, a decrease of 1,945 million yen from investing activities, and a decrease of 1,910 million yen from financing activities, resulting in an increase of 3 million yen from the end of the previous consolidated fiscal year, totaling 7,940 million yen (7,937 million yen at the end of the previous consolidated fiscal year).

#### (Cash flow from operating activities)

The funds obtained from operating activities amounted to 3,842 million yen. This was mainly due to profit before income taxes of 1,161 million yen, depreciation and amortization of 2,271 million yen, impairment losses of 273 million yen, an increase in accounts payable-trade of 428 million yen, interest payments of 231 million yen, and corporate income taxes paid of 172 million yen.

(Cash flow from investing activities)

Funds used in investing activities amounted to 1,945 million yen. This was mainly due to expenditures of 1,661 million yen for the acquisition of property, plant and equipment and expenditures of 105 million yen for the payment of security and guarantee deposits.

(Cash flow from financing activities)

The funds used in financing activities amounted to 1,910 million yen. This was mainly due to proceeds from long-term borrowings of 2,500 million yen, repayments of long-term borrowings of 2,230 million yen, repayments of bonds of 490 million yen, repayments of installment debts of 1,441 million yen, and payments of dividends of 245 million yen, among other items.

#### (4)Future Outlook

Our group's revenue recovered due to price increases reflecting rising prices and added value improvements through store renovations. However, against the backdrop of wage increases being outpaced by soaring prices, more consumers are becoming more selective about the products and services they purchase when dining out, and the business environment remains challenging.

Due to factors such as global political instability, volatile exchange rates, and geopolitical risks, there are concerns about rising raw material and energy prices, and the outlook is expected to remain uncertain.

At our company, we are committed to investing in human capital and continuously improving our NPS® (Net Promoter Score) ratings and employee engagement scores. Through initiatives such as health management and tiered training programs, we will maximize the potential of each individual. We will further refine our “100 yen per plate (110 yen including tax)” products and our “Gochi Sushi” menu, which features premium, luxurious ingredients, to enhance price appeal and value proposition, thereby expanding customer support.

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

Additionally, we will actively introduce equipment to improve productivity, enhance sashimi-cutting techniques to improve food yield, leverage the synergies of the COLOWIDE Group, and collaborate across business formats within the COLOWIDE Group to develop menus that reduce raw material costs and minimize food waste, thereby advancing our SDGs initiatives and maintaining cost control.

Going forward, we plan to actively expand overseas as well as domestically, accelerating our re-entry into South Korea through revenue model reforms and accelerating our expansion into Indonesia, focusing on commercial facilities.

As a result, we project consolidated financial results for the fiscal year ending March 31, 2026 as follows: revenue of 80,118 million yen, operating profit of 1,951 million yen, ordinary profit of 1,901 million yen, and profit attributable to owners of parent of 1,445 million yen.

Additionally, our company is committed to achieving long-term sustainable growth and is focusing our efforts on ESG (environmental, social, and governance) initiatives. Specifically, as part of our environmental initiatives, we are promoting measures to reduce environmental impact at our stores, such as reviewing delivery frequencies, ceasing the use of dry ice during deliveries, and switching to environmentally friendly packaging materials. As part of our "social" initiatives, we are accepting elementary and junior high school students for workplace experience programs as part of our community contribution activities, and we are promoting the employment of people with disabilities in light-duty roles at our stores based on the principle of “full participation and equality for people with disabilities in society.” Furthermore, from the perspective of promoting diversity, we are actively promoting the appointment of female managers, holding regular seminars through our Women's Empowerment Project, and promoting the employment of foreign nationals. From the perspective of strengthening the functions of the board of directors, we have appointed more than half of the directors as outside directors.

Through such initiatives, we have positioned the evolution of our corporate structure into one capable of driving sustainable growth as a key priority of our management.

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

Our group has decided to prepare its consolidated financial statements in accordance with Japanese standards for the time being, taking into consideration the comparability of periods and between companies.

We will continue to monitor developments in international accounting standards and will adopt them when appropriate, taking into consideration the circumstances in Japan and overseas.

### 3.Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance Sheet

(Unit : Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Current consolidated fiscal year (March 31, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	7,937	7,940
Accounts receivable	3,586	3,581
Goods and products	363	449
Raw materials and supplies	386	434
Others	931	1,041
Allowance of doubtful accounts	(1)	(0)
Total current assets	13,204	13,445
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,187	27,317
Machinery and vehicles	7,136	7,811
Tools, equipment and fixtures	9,187	9,707
Land	1,645	1,645
Lease assets	1,006	135
Construction in progress	25	29
Accumulated depreciation	(33,275)	(34,347)
Total property, plant and equipment	11,912	12,299
Intangible assets	143	102
Investments and other assets		
Investment securities	857	861
Security and guarantee deposits	3,436	3,604
Deferred tax assets	571	586
Others	60	173
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	4,923	5,224
Total non-current assets	16,979	17,626
Deferred assets		
Bond issuance costs	7	0
Total deferred assets	7	0
Total assets	30,191	31,072

(Unit : Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Current consolidated Fiscal year (March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	3,278	3,734
Long term borrowings due within one year	1,980	2,490
Bonds due within one year	490	100
Accounts payable-other	2,426	2,543
Accrued expenses	1,569	1,610
Lease liabilities	—	2
Income taxes payable	188	181
Provision for bonuses	103	87
Provision for sales promotion expenses	133	138
Store closing loss reserve	31	—
Others	946	765
Total current liabilities	11,148	11,655
Non-current liabilities		
Bonds	100	—
Long term borrowings	4,890	4,650
Long term accounts payable-other	2,334	2,014
Lease liabilities	—	5
Asset retirement obligations	1,496	1,677
Others	114	180
Total non-current liabilities	8,935	8,527
Total liabilities	20,083	20,182
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	8,585	8,591
Retained earnings	1,425	2,211
Treasury share	(60)	(55)
Total shareholders' equity	10,050	10,846
Accumulated other comprehensive income		
Unrealized gain on other securities	1	1
Deferred gains (losses) on hedges	(20)	(11)
Currency translation adjustment accounts	—	10
Total accumulated other comprehensive income	(18)	0
Non-controlling interests	76	42
Total net assets	10,108	10,889
Total liabilities and net assets	30,191	31,072

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

(Unit : Millions of yen)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Revenue	72,196	73,208
Cost of sales	34,664	34,951
Gross profit	37,531	38,256
Selling, general and administrative expenses		
Salary and allowances	15,959	16,237
Provision for bonuses	150	161
Retirement benefit expenses	79	83
Rent	4,425	4,522
Provision for sales promotion expenses	326	333
Others	14,897	15,485
Total selling, general and administrative expenses	35,838	36,822
Operating profit	1,693	1,433
Non-operating income		
Interest income	20	18
Dividend income	75	75
Rent received	223	207
Vending machine revenue	30	27
Sponsorship income	9	23
Miscellaneous income	56	57
Total non-operating income	415	410
Non-operating expenses		
Interest expenses	181	200
Interest expenses on bonds	8	3
Cost of rental revenue	175	150
Foreign exchange losses	—	12
Miscellaneous losses	26	23
Total non-operating expenses	392	390
Ordinary profit	1,716	1,453
Extraordinary profit		
Gain on sales of non-current assets	1	1
Reversal of provision for losses on store closing	30	13
Others	31	9
Total extraordinary profit	62	24
Extraordinary losses		
Loss on disposal of non-current assets	54	14
Impairment losses	118	273
Store closing loss reserve	27	—
Litigation-related losses	—	30
Total extraordinary losses	200	317
Profit before taxes and other adjustments	1,578	1,161
Corporate, inhabitants and enterprise taxes	188	181
Corporate tax adjustments	(8)	(18)
Total corporate taxes, etc.	179	162
Profit	1,399	998
Profit (loss) attributable to non-controlling interests	3	(34)
Profit attributable to owners of parent	1,396	1,032

## (Consolidated Statement of Comprehensive Income)

(Unit : Millions of yen)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Profit	1,399	998
Other comprehensive income		
Unrealized gain on other securities	4	0
Deferred gain (loss) on hedges	(1)	8
Currency translation adjustment accounts	—	10
Total other comprehensive income	2	19
Comprehensive income	1,401	1,018
(breakdown)		
Comprehensive income attributable to owners of parent	1,398	1,052
Comprehensive income attributable to non-controlling interests	3	(34)

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit : Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Fiscal year beginning balance	100	11,001	(2,391)	(65)	8,645
Changes during the period					
Deficiency compensation		(2,420)	2,420		-
Disposal of treasury shares		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
Fiscal year ending balance	100	8,585	1,425	(60)	10,050

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain on other securities	Deferred gain (loss) on hedges	Total non-controlling interests		
Fiscal year beginning balance	(2)	(18)	(21)	72	8,696
Changes during the period					
Deficiency Compensation					-
Disposal of treasury shares					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
Fiscal year ending balance	1	(20)	(18)	76	10,108

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit : Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Fiscal year beginning balance	100	8,585	1,425	(60)	10,050
Changes during the period					
Distribution of surplus			(246)		(246)
Disposal of treasury shares		5		4	10
Profit attributable to owners of parent			1,032		1,032
Net changes in items other than shareholders' equity					
Total changes during the period	—	5	785	4	796
Fiscal year ending balance	100	8,591	2,211	(55)	10,846

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on other securities	Deferred gain (loss) on hedges	Currency translation adjustment account	Total accumulated other comprehensive income		
Fiscal year beginning balance	1	(20)	-	(18)	76	10,108
Changes during the period						
Distribution of surplus						(246)
Disposal of treasury shares						10
Profit attributable to owners of parent						1,032
Net changes in items other than shareholders' equity	0	8	10	19	(34)	(14)
Total changes during the period	0	8	10	19	(34)	781
Fiscal year ending balance	1	(11)	10	0	42	10,889

## (4) Consolidated Statement of Cash Flows

(Unit : Millions of yen)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
<b>Cash flows from operating activities</b>		
Profit before taxes	1,578	1,161
Depreciation and amortization	2,208	2,271
Impairment losses	118	273
Increase (decrease) in bonus reserve	18	(15)
Increase (decrease) in provision for store closing losses	(79)	(31)
Interest and dividend income	(96)	(94)
Interest paid and bond interest	189	203
Loss on disposal of non-current assets	54	14
Loss (profit) on sale of non-current assets	(1)	(1)
Other extraordinary losses (profit)	(31)	—
Decrease (increase) in accounts receivable	(198)	20
Decrease (increase) in inventory	63	(117)
Increase (decrease) in trade accounts payable	(139)	428
Increase (decrease) in accounts payable-other	(33)	14
Increase (decrease) in accrued expenses	12	(8)
Increase (decrease) in accrued consumption tax	222	(142)
Others	(46)	177
Subtotal	3,840	4,151
Interest and dividend received	96	94
Interest payment	(192)	(231)
Refund (payment) in corporate tax, etc.	(189)	(172)
Cash flows from operating activities	3,554	3,842
<b>Cash flows from investing activities</b>		
Expenditures for acquisition of property, plant and equipment	(2,434)	(1,661)
Proceeds from sale of property, plant and equipment	1	1
Expenditures for acquisition of intangible assets	(49)	(18)
Expenditures for security and guarantee deposits	(70)	(105)
Proceeds from collection of security and guarantee deposits	117	37
Proceeds from acquisition of shares of subsidiaries	—	32
Decrease (increase) in short term lending	—	(163)
Others	(54)	(68)
Cash flows from investing activities	(2,490)	(1,945)
<b>Cash flows from financing activities</b>		
Expenditures for repayment of long term borrowings	(1,680)	(2,230)
Proceeds from long term borrowings	3,000	2,500
Payment of dividends	—	(245)
Expenditures for repayment of finance lease liabilities	(15)	(3)
Expenditures for redemption of bonds	(580)	(490)
Expenditures for repayment of installment debts	(1,369)	(1,441)
Cash flows from financing activities	(644)	(1,910)
Effect of exchange rate changes on cash and cash equivalents	—	16
Increase (decrease) in cash and cash equivalents	419	3
Cash and cash equivalents at the beginning of the period	7,518	7,937
Cash and cash equivalents at the end of the period	7,937	7,940

(5) Notes to Consolidated Financial Statements  
(Notes on Going Concern Assumption)  
Not applicable.

(Notes on Segment Information)

【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 which are subject to periodic review by the board of directors for the purpose of determining the allocation of management resources and evaluating performance.

The group has two reportable segments: “Conveyor belt Sushi business” and “Delicatessen business,” based on the products and services provided.

The “Conveyor belt Sushi business” operates the Conveyor belt Sushi chain “Kappa Sushi.” The “Delicatessen business” primarily manufactures and sells sushi and prepared bread products for convenience stores and supermarkets in the Honshu and Kyushu regions.

2. Methods for calculating the amounts of revenue, profit or loss, 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, 2023 to March 31, 2024)

(Unit : Millions of yen)

	Conveyor belt Sushi business	Delicatessen business	Total
Revenue			
External revenue	58,324	13,872	72,196
Internal revenue and transfers between segments	—	309	309
Total	58,324	14,182	72,506
Segment profit	1,572	55	1,627
Segment assets	28,064	3,127	31,191
Other items			
Depreciation and amortization	2,127	80	2,208
Increase of property, plant and equipment and intangible assets	3,151	61	3,212

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit : Millions of yen)

	Conveyor belt Sushi business	Delicatessen business	Total
Revenue			
External revenue	59,562	13,646	73,208
Internal revenue and transfers between segments	—	350	350
Total	59,562	13,997	73,559
Segment profit	1,395	(26)	1,369
Segment assets	28,891	3,081	31,972
Other items			
Depreciation and amortization	2,182	89	2,271
Increase of property, plant and equipment and intangible assets	2,668	158	2,826

4. Difference between the total amount reported by reportable segments and the amount recorded in the consolidated financial statements, and the main details of such difference (matters related to differences adjustments)

(Unit : Millions of yen)

Revenue	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	72,506	73,559
Elimination between segments	(309)	(350)
Revenue recorded on consolidated financial statements	72,196	73,208

(Unit : Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	1,627	1,369
Elimination between segments	65	64
Operating profit on consolidated financial statements	1,693	1,433

(Unit : Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	31,191	31,972
Elimination of assets and liabilities between segments	(1,000)	(900)
Total assets on consolidated financial statements	30,191	31,072

(Unit : Millions of yen)

Other items	Reportable segments total		Adjustments		Amounts recorded on consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	2,208	2,271	—	—	2,208	2,271
Increase in property, plant and equipment and intangible assets	3,212	2,826	—	—	3,212	2,826

**【Related Information】**

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

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, 2024 to March 31, 2025)

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.

**【Information on impairment losses on non-current assets by reportable segments】**

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

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 112 million yen for the "Conveyor belt Sushi business" and 6 million yen for the "Delicatessen business."

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

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 106 million yen for the "Conveyor belt Sushi business" and 167 million yen for the "Delicatessen business."

**【Information regarding amortization and unamortized balance of goodwill by reportable segments】**

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable.

**【Information on negative goodwill gains by reportable segments】**

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

In the Conveyor belt Sushi Business, we acquired the shares of KAPPA-CREATE KOREA CO., LTD. effective October 1, 2024, and made it a subsidiary. As a result, we have recognized negative goodwill of 9 million yen in the current consolidated fiscal year.

(Information on per share)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Net assets per share	203.30 yen	219.66 yen
Basic earnings per share	28.29 yen	20.77 yen

(Note) 1. The basis for calculating basic earnings per share is as follows.

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,396	1,032
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common share (Million yen)	1,396	1,032
Average number of shares during the period (thousand shares)	49,340	49,346

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

3. For the purposes of calculating basic earnings per share, the average number of treasury shares deducted during the period was 73,000 shares for the previous consolidated fiscal year and 67,000 shares for the current consolidated fiscal year. For the purposes of calculating net assets per shares, the average number of treasury shares deducted at the end of the period was 71,000 shares for the previous consolidated fiscal year and 65,000 shares for the current consolidated fiscal year.

(Significant Subsequent Events)

Not applicable.

(Contingent Liabilities)

(Litigation, etc.)

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. Future developments may affect our future consolidated earnings, but as it is difficult to reasonably estimate the amount of the impact at this time, it has not been reflected in the current consolidated financial statements.