

Securities CODE : 7421

The 46th
Annual General Meeting
of Shareholders

Notice of Convocation

Date and Time	June 26, 2024, Wednesday 2:00p.m.
Venue	4-42-1 Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa-ken Yokohama Citizens' Cultural Hall, Kannai Hall
Agenda	The first proposal Election of three directors (excluding directors who are Audit and Supervisory Committee Members The second proposal Election of four directors who are Audit and Supervisory Committee Members

KAPPA-CREATE CO., LTD.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation. In addition, the independent auditor's audit reports attached to the Japanese original, which are the subject of this translation, are not included in the scope of this translation.

To All Shareholders,

Securities CODE 7421
(Date of shipment) June 5, 2024
(Date of commencement of electronic provision measures) June 1, 2014
2-2-1 Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa-ken
Landmark Tower 12 F

KAPPA-CREATE CO., LTD.

President and Representative Director

**Tsuyoshi
Yamakado**

Notice of Convocation of The 46th Annual General Meeting of Shareholders

Dear Sir or Madam, we would like to express our sincere gratitude for your continued support.
We would like to inform that our 46th Annual General Meeting of Shareholders will be held as follows.

In convening this General Meeting of Shareholders, we have taken measures to provide electronic access to the information contained in the reference documents for the General Meeting of Shareholders (electronic provision measures), and this information is available on the following websites.

- Our company WEBSITE <https://www.kappa-create.co.jp/>
(Please access the above website and select “Investor Relations” and “General Meeting of Shareholders: Notice of Convocation” from the menu in order to view the information.)
- Shareholders’ Meeting Material WEBSITE <https://d.sokai.jp/7421/teiiji/>
- Tokyo Stock Exchange WEBSITE (TSE Listed Company Information Service)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>
(Please access the TSE website above, enter “CAPPA-CREATE” in the “Company Name” box and our company’s securities code “7421” in the “Code” box, select “Basic Information” and “Public Documents/PR Information” in that order, and then check the “Notice of General Meeting of Shareholders/General Meeting of Shareholders Materials” section under “Public Documents”.)



If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. After reviewing the attached reference documents for the General Meeting of Shareholders, please exercise your voting rights by 18:00 on Tuesday, June 25, 2024.

Please access the voting website designated by the company (<https://www.web54.net>), enter the “voting right exercise code” and “password” displayed on the voting form sent with this notice of the General Meeting of Shareholders, and enter your vote for or against the proposals on the screen in accordance with the on-screen instructions by the above deadline.

[If you are exercising your voting rights in writing (by post)]

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it to us so that it should reach us by the above deadline.

Sincerely yours,

Record

■ Date and Time	June 26, 2024 (Wednesday) 2:00 p.m.
■ Venue	4-42-1 Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa-ken Yokohama Citizens' Cultural Hall, Kannai Hall
■ Meeting Agenda	<p>Matters to be reported</p> <ol style="list-style-type: none"> 1. The business report and Consolidated Financial Statements for the company's 46th Fiscal Year (April 1, 2023 to March 31, 2024) as well as results of audits by the accounting auditor and the audit and supervisory committee. 2. Non-consolidated Financial Statements for the company's 46th Fiscal Year (April 1, 2023 to March 31, 2024). <p>Proposals to be resolved</p> <p>Proposal 1 Election of three directors (who are not audit and supervisory committee members)</p> <p>Proposal 2 Election of four directors who are audit and supervisory committee members</p>
■ Guide to exercising your voting rights	<ol style="list-style-type: none"> 1. If you exercise your voting rights in writing (by post), and there is no indication of your approval or disapproval of the proposals on the voting form, we will treat this as an indication of approval. 2. If you exercise your voting rights multiple times via the Internet, the last time you do so will be treated as the valid exercise of your voting rights. 3. If you exercise your voting rights both online and in writing (by post), we will treat the online vote as the valid one, regardless of the date and time of arrival. 4. If you are exercising your voting rights by proxy, another shareholder with voting rights may attend the general meeting of shareholders as your proxy. However, he/she will need to submit a document proving your proxy's authority.




End

- ◎ If you are attending the meeting in person, please submit the voting form to the reception desk at the venue.
- ◎ If there are any revisions to the electronic provision measures, we will post the revisions and the measures before and after the revisions on the websites that have the electronic provision measures listed above.
- ◎ We will send a document containing the matters for Electronic Provision measures to shareholders who have requested a written copy, but this document omits the following items in accordance with the law and Article 16 of our Articles of Incorporation.
Among Business Report, a part of Status of employees, Status of the principal lenders, Status of the company officers (Matters on outside directors), Status of the accounting auditors, System to ensure the appropriateness of business activities, Outline of operating status of the system, Basic policy on control of the Company and Notes on Consolidated Financial Statements and Non-consolidated Financial Statements.
Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements contained in the relevant documents are a part of the documents audited by the Audit and Supervisory Committee and the accounting auditor when preparing the audit reports.
- ◎ Please note that we will not be providing any gifts for shareholders attending the meeting.
- ◎ Instead of sending written notice of the resolutions made at this General Meeting, the resolutions will be posted on our website after the General Meeting.



Information on exercising your voting rights

The voting rights at the general meeting of shareholders is an important right for all shareholders. Please exercise your voting rights after reviewing the reference documents for the general meeting of shareholders below. There are three ways to exercise your voting rights described as below.

 <p>If you are attending the general meeting of shareholders</p> <p>Please submit the enclosed voting form to the reception desk at the venue.</p> <p>Date and Time</p> <p>June 26, 2024 (Wednesday) 2:00 p.m.</p>	 <p>If you are exercising your voting rights in writing (by post)</p> <p>Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it to us.</p> <p>Deadline for exercise</p> <p>June 25, 2024 (Tuesday) Arrival by 6:00 p.m.</p>	 <p>If you are exercising your voting rights via the Internet, etc.</p> <p>Please enter your vote for or against the proposal, following the instructions on the next page.</p> <p>Deadline for exercise</p> <p>June 25, 2024 (Tuesday) Input completed by 6:00 p.m.</p>
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How to fill in the voting rights exercise form

Please indicate your vote for or against the proposals (with a circle) in the following columns.

Proposals	
* If you approve all candidates	>> Please mark the "Approve" column with a circle
* If you disapprove all candidates	>> Please mark the "Disapprove" column with a circle
* If you disapprove of some candidates	>> Please mark the "Approve" column with a circle and enter the number of the candidate you oppose.

*The voting rights exercise form is a sample image

If you exercise your voting rights in writing (by post), and there is no indication of your approval or disapproval of the proposals on the voting form, we will treat this as an indication of approval.

If you exercise your voting rights both online and in writing (by post), we will treat the online vote as the valid one.

If you exercise your voting rights multiple times via the Internet, the last time you do so will be treated as the valid one.

How to exercise your voting rights via the Internet

How to read a QR code 「Smart Voting」

You can log into the voting rights exercise website without entering the voting rights exercise code and password.

- 1 議決権行使書用紙右下に記載のQRコードを読み取ってください。



※「QRコード」は株式会社デンソーウェーブの登録商標です。

- 2 以降は画面の案内に従って賛否をご入力ください。



「スマート行使」での議決権行使は1回に限り可能です。

議決権行使後に行使内容を変更する場合は、お手数ですがPC向けサイトへアクセスし、議決権行使書用紙に記載の「議決権行使コード」・「パスワード」を入力してログイン、再度議決権行使をお願いいたします。

※QRコードを再度読み取っていただくと、PC向けサイトへ遷移できます。

If you have any questions about how to operate a computer, smartphone, or mobile phone for voting via the internet, please contact us at the right.

How to enter the voting rights exercise code and password.

Voting Rights Exercise Website <https://www.web54.net>

- 1 議決権行使ウェブサイトへアクセスしてください。



「次へすすむ」をクリック

- 2 議決権行使書用紙に記載された「議決権行使コード」をご入力ください。



「議決権行使コード」を入力
「ログイン」をクリック

- 3 議決権行使書用紙に記載された「パスワード」をご入力ください。



「初期パスワード」を入力
実際にご使用になる新しいパスワードを設定してください
「登録」をクリック

- 4 以降は画面の案内に従って賛否をご入力ください。

※操作画面はイメージです。

Sumitomo Mitsui Trust Bank, Limited
Web Support for Stock transfer Agents – Dedicated Dial
Phone number : 0120-652-031 (for Free)
(Reception 9:00~21:00)

Reference documents for the General Meeting of Shareholders

Proposal 1

Election of three directors
(excluding directors who are audit and supervisory committee members)

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all three directors (excluding directors who are audit and supervisory committee member; hereinafter the same shall apply in this proposal) will expire. Accordingly, we ask for the election of three directors.

Furthermore, the audit and supervisory committee of the company has determined that all of the candidates for director are suitable for the position.

The candidates for directors are as follows.

Candidate number	Name	Position	
1	Tsuyoshi Yamakado	President and Representative Director	Reappointment
2	Keisuke Ishikawa	Director, First Sales Division Manager	Reappointment
3	Ryo Kubota	Director, Second Sales Division Manager	Reappointment

Reappointment

Candidate for reappointment as a director

(Note) Mr. Ryo Kubota is also in charge of public relations and advertising.

<div> <div>Candidate number</div> <div>1</div> <div>Tsuyoshi Yamakado</div> </div> <div>Reappointment</div> <div> <div>Date of birth</div> <div>August 23, 1978</div> <div>Number of shares of the company owned</div> <div>3,000 Shares</div> <div>Number of years in office</div> <div>2.0 Years</div> <div>Board of directors meeting attendance</div> <div>14/14 Times</div> </div>	<div>Brief personal history, position and responsibilities at the company</div> <div> <div>May 2000</div> <div>SKYLARK CO., LTD. [Currently SKYLARK HOLDINGS CO., LTD.]</div> <div>June 2015</div> <div>SKYLARK HOLDINGS CO., LTD. Director of Store Development Initiative Group</div> <div>May 2017</div> <div>NILAX CO., LTD. Director</div> <div>January 2018</div> <div>DINAMIX Co., Ltd. CSO [Corporate Planning Office, Chief Strategy Officer & Head of Corporate Planning]</div> <div>June 2018</div> <div>SUZETTE Co., Ltd. External Sales Manager and Casaneo Sales Manager</div> <div>May 2020</div> <div>ATOM CORPORATION Advisor</div> <div>June 2020</div> <div>ATOM CORPORATION, President and Representative Director</div> <div>June 2022</div> <div>KAPPA-CREATE CO., LTD. Director</div> <div>October 2022</div> <div>KAPPA-CREATE CO., LTD. President and Representative Director [Current position]</div> </div>	
	<div>Important concurrent positions</div> <div>None</div>	
	<div>Reasons for nominating the candidate as a director</div> <div>The reason for nominating Mr. Tsuyoshi Yamakado as a candidate for the position of director is that, based on his experience of being involved in management, management strategy formulation and sales at a food service business company over many years, he has a wealth of experience and knowledge in all aspects of food business management, and we have judged that he can be expected to continue to utilize this experience and knowledge in all aspects of our company's management, and contribute to the strengthening of our management structure and the promotion of our growth strategy.</div>	

Candidate number

2

Keisuke Ishikawa

Reappointment

Date of birth

September 23, 1971

Number of shares of the company owned

2,000 Shares

Number of years in office

2.0 Years

Board of directors meeting attendance

14/14回 Times

Brief personal history, position and responsibilities at the company

June 2001	REINS international inc.
November 2015	REINS international inc. General Manager of the Izakaya Department, Business Headquarters
November 2016	KAPPA-CREATE CO., LTD. Deputy General Manager of Sales Division
June 2017	KAPPA-CREATE CO., LTD. Managing Director
June 2018	ATOM CORPORATION President and Representative Director
June 2020	REINS international inc.
July 2020	REINS international inc. Executive Officer, General Manager of Izakaya MK Headquarters
November 2021	KAPPA-CREATE CO., LTD. Executive Officer, Head of Sales Division
June 2022	KAPPA-CREATE CO., LTD. Director and Head of Sales Division
March 2023	KAPPA-CREATE CO., LTD. Director and General Manager, First Sales Division
	[Current position]

Important concurrent positions

None

Reasons for nominating the candidate as a director

The reason for nominating Mr. Keisuke Ishikawa as a candidate for the position of director is that he has a wealth of experience and knowledge gained through his many years of involvement in management and sales at food service companies, and we believe that he can continue to utilize this experience and knowledge in the overall management of our company, and that he can contribute to strengthening our management structure and promoting our growth strategy.

<div> <div>Candidate number</div> <div>3</div> <div>Ryo Kubota</div> </div> <div>Reappointment</div> <div> <div>Date of birth</div> <div>August 16, 1980</div> <div>Number of shares of the company owned</div> <div>4,000 Shares</div> <div>Number of years in office</div> <div>2.0 Years</div> <div>Board of directors meeting attendance</div> <div>14/14 Times</div> </div>	<div>Brief personal history, position and responsibilities at the company</div> <div> <div>April 2003</div> <div>Daiko Advertising Inc.</div> <div>October 2006</div> <div>Roland Berger Ltd.</div> <div>May 2011</div> <div>Samantha Thavasa Japan Ltd.</div> <div>August 2013</div> <div>G.U. CO., LTD.</div> <div>January 2016</div> <div>MARK STYLER Co., Ltd.</div> <div>April 2018</div> <div>Industrial Growth Platform, Inc. Manager</div> <div>April 2019</div> <div>Industrial Growth Platform, Inc. Director</div> <div>April 2022</div> <div>KAPPA-CREATE CO., LTD. Executive Officer, Head of Business Strategy Division</div> <div>June 2022</div> <div>KAPPA-CREATE CO., LTD. Director and General Manager, Corporate Strategy Division,</div> <div>March 2023</div> <div>KAPPA-CREATE CO., LTD. Director and General Manager, Corporate Strategy Division, and General Manager, Second Sales Division) [Current position]</div> </div>	
	<div>Important concurrent positions</div> <div>None</div> <div>Reasons for nominating the candidate as a director</div> <div>The reason for nominating Mr. Ryo Kubota as a candidate for the position of director is that he has extensive experience and knowledge in strategic planning and marketing, and we believe that he can continue to utilize this experience and knowledge in all aspects of our management, and contribute to strengthening our management structure and promoting our growth strategy.</div>	

(Note) There are no special interests between the company and each of the candidates for director.

Proposal 2

Election of four directors who are audit and supervisory committee members

The terms of office of the three directors who are audit and supervisory committee members will expire at the conclusion of this Annual General Meeting of Shareholders. In order to strengthen the auditing system, we would like to increase the number of directors who are audit and supervisory committee members by one, and we would like to ask for the election of four directors who are audit and supervisory committee members.

Furthermore, the audit and supervisory committee has given its consent to this proposal.

The candidates for the position of audit and supervisory committee member are as follows.

Candidate number	Name	Position			
1	Akira Tsunoda	Audit Department, General Manager	New appointment		
2	Asako Saimon	Outside director (audit and supervisory committee member)	Reappointment	Outside	Independent
3	Keiko Kimura	None	New appointment	Outside	Independent
4	Mari Nakanishi	None	New appointment	Outside	Independent

New appointment

Candidate as a director

Reappointment

Reappointment candidate as a director

Outside

Candidate as an outside director

Independent

Candidate as an independent director

Candidate number

1

Akira Tsunoda

New appointment

Date of birth

September 15, 1961

Number of shares of the company owned

1,311 Shares

Number of years in office

—

Board of directors meeting attendance

—

Brief personal history, position and responsibilities at the company	
March 1989	LOTTERIA Co., Ltd.
August 2006	KAPPA-CREATE CO., LTD. Assistant Director, Education Department
April 2011	KAPPA-CREATE CO., LTD. General Manager, General Affairs
January 2017	KAPPA-CREATE CO., LTD. General Manager, Internal Audit Department [Current position]
Important concurrent positions	
None	
Reasons for nominating the candidate as a director	
The reason for nominating Mr. Akira Tsunoda as a candidate for the position of director is that he has held the position of general manager in the company's General Affairs and Internal Audit departments, and has extensive experience and knowledge of the practices and systems of the company's business activities, and we believe that we can expect him to provide supervision and advice regarding management-related matters and risk management.	

Candidate number

2

Asako Saimon

Reappointment
Outside
Independent

Date of birth

June 22, 1960

Number of shares of the company owned

—

Number of years in office as an outside director

9.0 Years

Board of directors meeting attendance

13/14 Times

Audit and supervisory committee meeting attendance

11/12 Times

Brief personal history, position and responsibilities at the company

April 1984	Takashimaya Company, Limited
June 1993	Takashimaya Company, Limited Corporate Sales Division, Sales Planning Department, Manager
May 1995	Coca-Cola Japan Co., Ltd. Deputy General Manager of Retail Marketing Division
June 1997	Starbucks Coffee Japan,Limited Store Operations Department, Manager
December 2001	BP Castrol K.K. Senior M&A Project Manager
January 2003	American Express International, Inc. Vice President, Japan Branch
February 2008	Take And Give Needs Co., Ltd. Director and Head of Sales Division
August 2008	USJ LLC. General Manager of Food Service Department, Operations Division
December 2012	Classe de Classe Inc. President and Representative Director [Current position]
June 2015	ATOM CORPORATION Outside Director [Current position]
June 2015	KAPPA-CREATE CO., LTD. Outside Director
June 2018	KAPPA-CREATE CO., Outside Director [Audit & Supervisory Committee Member] [Current position]

Important concurrent positions

Classe de Classe Inc. President and Representative Director
ATOM CORPORATION Outside Director

Reasons for nominating the candidate as an outside director and an overview of the expected role

The reason for selecting Ms. Asako Saimon as a candidate for outside director is that she has a wealth of experience and knowledge as a company manager in a variety of industries, and we believe that as an outside director who is also an audit and supervisory committee member, she will be able to continue to utilize her experience and knowledge in auditing and supervising the overall management of our company.

Candidate number

3

Keiko Kimura

New appointment
Outside
Independent

date of birth

April 10, 1977

Number of shares of the company owned

—

Number of years in office as an outside director

—

Board of directors meeting attendance

—

Brief personal history, position and responsibilities at the company

April 2002

Nikko Salomon Smith Barney Limited [Currently Citigroup Global Markets Japan Inc.]

December 2005

Fidelity Investments (Japan) Limited, Research Analyst, Research Department

March 2013

Google Japan G.K. Advertising Sales Department, Industry Analyst

July 2018

Google Japan G.K. General Manager of Brand Solution Sales Division

April 2024

monicle inc. Executive Officer, Executive Vice-President of Corporate Planning Division [Current position]

Important concurrent positions

monicle inc. Executive Officer, Executive Vice-President of Corporate Planning Division

Reasons for nominating the candidate as an outside director and an overview of the expected role

The reason for nominating Ms. Keiko Kimura as a candidate for outside director is that, due to her advanced knowledge and experience in financial analysis, corporate value assessment, and digital marketing in the financial and internet-related industries, we believe that she can be expected to utilize her experience and knowledge in auditing and supervision of the overall management of our company as an outside director who is also an audit and supervisory committee member.

Candidate number

4

Mari Nakanishi

New appointment
Outside
Independent

Date of birth
June 13, 1980

Number of shares of the company owned
—

Number of years in office as an outside director
—

Board of directors meeting attendance
—

Brief personal history, position and responsibilities at the company

April 2005	Chuo Aoyama Audit Corporation
January 2006	Shin Nihon Audit Corporation [Currently Ernst & Young Shin Nihon LLC]
January 2009	HSK Consulting Co., Ltd. [Currently Reiwa Accounting Holdings Co., Ltd.]
August 2012	Mari Nakanishi Accounting Office, Managing Director [Current position]
July 2021	Akahoshi Audit Corporation, Senior Partner [Current position]
July 2022	Shimizu Private Reit,Inc., Supervisory Director [Current position]

Important concurrent positions

Mari Nakanishi Accounting Office, Managing Director
Akahoshi Audit Corporation, Senior Partner
Shimizu Private Reit,Inc., Supervisory Director

Reasons for nominating the candidate as an outside director and an overview of the expected role

The reason for nominating Ms. Mari Nakanishi as a candidate for outside director is that, as a certified public accountant and licensed tax accountant, she is engaged in corporate accounting audits and management guidance, and has advanced knowledge and experience in the fields of finance, accounting, and taxation. As an outside director who is also an audit and supervisory committee member, we believe that we can expect her to utilize her experience and knowledge in auditing and supervising the overall management of our company.

(Notes)

1

There are no special interests between the candidates for director and our company.

2

Ms. Asako Saimon, Ms. Keiko Kimura, and Ms. Mari Nakanishi are candidates for outside directors.

3

The company has designated Ms. Asako Saimon as an independent director in accordance with the rules of the Tokyo Stock Exchange, and has notified the exchange to this effect. If she is reappointed, she will continue to serve as an independent director.

4

Ms. Keiko Kimura and Ms. Mari Nakanishi meet the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and if their appointments are approved, they will be designated as independent directors.

5

The Company has entered into an agreement with Ms. Asako Saimon to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the same act. If her appointment is approved, the company plans to continue this agreement with her. The maximum amount of liability for damages under this agreement is limited to the amount stipulated by law.

6

If the appointments of Ms. Keiko Kimura and Ms. Mari Nakanishi are approved, the company plans to enter into agreements with them to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the same act. The maximum amount of liability for damages under such agreements shall be the amount stipulated by law.

7

ATOM CORPORATION is a company with a special relationship with the company.

8

With regard to the case of violation of the Unfair Competition Prevention Law described in “1 (7) Other important matters concerning the current status of the corporate group” of the Business Report, Ms. Asako Saimon was not aware of the actions of the former officers before the investigation was launched by the investigative authorities, but she had been providing advice and recommendations from the perspective of compliance on a daily basis, and even after the case was discovered, she continued to fulfill her responsibilities by, for example, calling for thorough compliance.

<For reference> Skills matrix (tentative) for directors and directors who are audit and supervisory committee members after this General Meeting of Shareholders

If the candidates listed in this notice of convocation are elected as proposed, the main knowledge and experience that the company particularly expects from each director and each audit and supervisory committee member is as follows.

Name	Position	Attribute			Particularly expected knowledge/experience					
		Inside/Outside	Gender	Independence	Overall management	Food business	Finance/Accounting	Marketing/IT	Legal/Risk management	Sustainability
Tsuyoshi Yamakado	President and Representative Director		Male		●	●	●	●	●	●
Keisuke Ishikawa	Director and First Sales Division		Male		●	●				
Ryo Kubota	Director and Second Sales Division		male		●		●	●	●	
Akira Tsunoda	Director (audit and supervisory committee member)		male			●			●	●
Asako Saimon	Director (audit and supervisory committee member)	Outside	Female	●	●	●		●		
Takuya Komoto	Director (audit and supervisory committee member)	Outside	Male	●		●		●	●	●
Keiko Kimura	Director (audit and supervisory committee member)	Outside	Female	●			●	●		●
Mari Nakanishi	Director (audit and supervisory committee member)	Outside	Female	●	●		●		●	

End.

Business Report (From April 1, 2023 to March 31, 2024)

1 Status of the corporate group

(1) Status of business for the current fiscal year

① Progress and results of business

During the consolidated fiscal year under review, the Japanese economy has been gradually recovering, with the normalization of economic activity accelerating since the classification of the new coronavirus infection under the Infectious Diseases Control Law was changed to a Category 5 infectious disease in May 2023, and with wage increases centered on large companies also providing a boost.

On the other hand, the outlook remains uncertain due to factors such as the depreciation of the yen, the sharp rise in prices of raw materials and energy, and the rapid rise in prices that is outpacing wage increases.

In the food service industry, although inbound consumption is increasing, the business environment remains challenging due to continued cost increases caused by rising raw material and energy prices and labor shortages. In addition, changes in lifestyle brought about by the new coronavirus infection have led to the emergence of diverse values.

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).

Revenue	Compared to the previous consolidated fiscal year	Operating profit	Compared to the previous consolidated fiscal year
72,196 Million yen	2.5 % 	1,693 Million yen	—
Ordinary profit	Compared to the previous consolidated fiscal year	Profit attributable to owner of parent	Compared to the previous consolidated fiscal year
1,716 Million yen	—	1,396 Million yen	—

Next, we will report on the business segments overview.

Conveyor belt Sushi

Revenue

58,324 Million yen

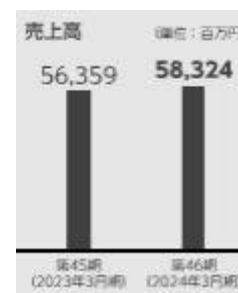
(Compared to the previous consolidated fiscal year 3.5% increased)

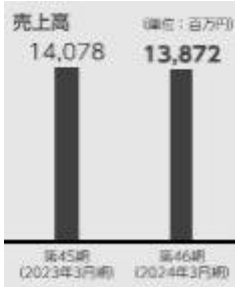
In the conveyor belt Sushi business, we have regularly held fairs such as the "Carefully Selected 100 yen (110 yen including tax) Festival," where we offer limited-edition toppings for 100 yen (110 yen including tax) per plate, and have worked to promote prices by selling lunch sets for as little as 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.	 <table><tr><th>売上高 (単位: 百万円)</th><th>第45期 (2023年3月期)</th><th>第46期 (2024年3月期)</th></tr><tr><td>14,078</td><td>13,872</td></tr></table>	売上高 (単位: 百万円)	第45期 (2023年3月期)	第46期 (2024年3月期)	14,078	13,872
売上高 (単位: 百万円)	第45期 (2023年3月期)		第46期 (2024年3月期)				
14,078	13,872						
Revenue 13,872 Million yen (Compared to the previous consolidated fiscal year 1.5% decreased)	As a result of the above, revenue for the Delicatessen business were 13,872 million yen (1.5% decreased from the previous period).						

① Status of capital investment

The total amount of capital investment (including security and guarantee deposits) made by the corporate group during the current consolidated fiscal year was 3,170 million yen, and the main items were as follows.

Major facilities completed during the current consolidated fiscal year

Conveyor belt Sushi ・ Directly managed stores by the company 50 stores renovated

② Status of financing

No special notes.

③ Status of business transfer, absorption-type company split, or incorporation-type company split

No special notes.

④ Status of transfer of business from other companies

No special notes.

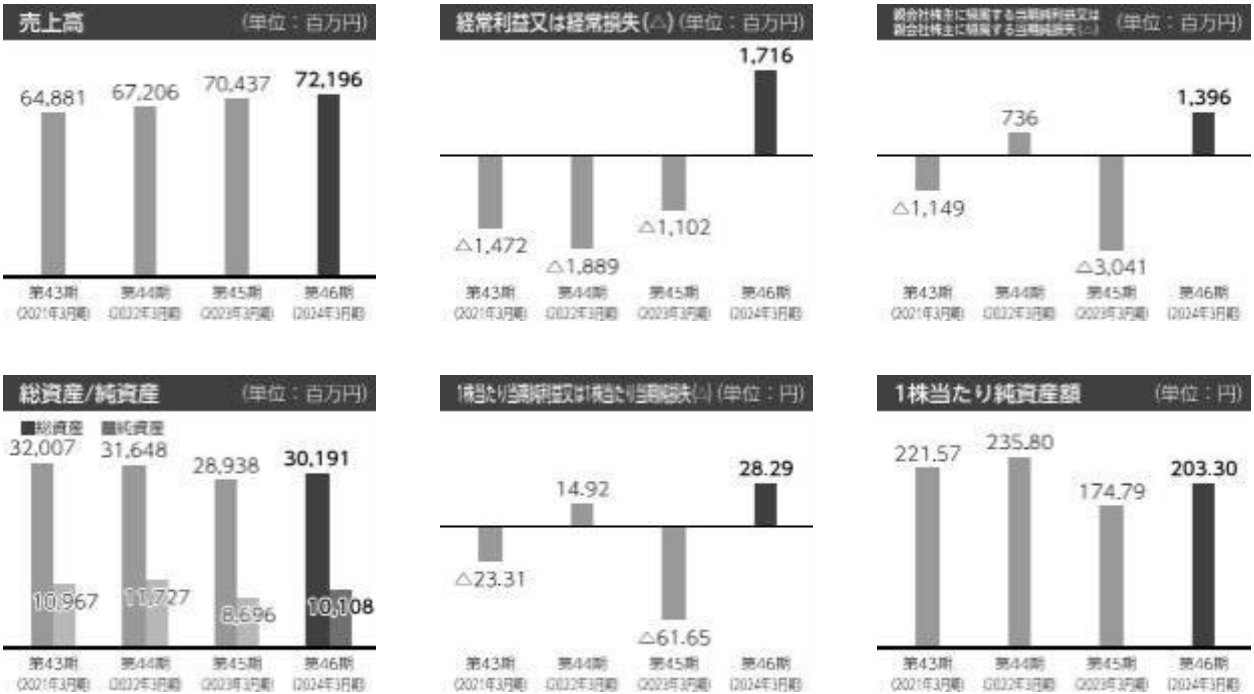
⑤ Status of succession to rights and obligations related to the business of other corporations, etc. through absorption-type mergers or absorption-type demergers

No special notes.

⑥ Status of acquisition or disposal of shares, other equity, or subscription rights to shares, etc. of other companies

No special notes.

(2) Status of assets and profits/losses for the three most recent fiscal years



		The 43 rd Term (March 2021)	The 44 th Term (March 2022)	The 45 th term (March 2023)	The 46 th Term (Current consolidated fiscal year) (March 2024)
Revenue	(Million yen)	64,881	67,206	70,437	72,196
Ordinary profit (loss)	(Million yen)	(1,472)	(1,889)	(1,102)	1,716
Profit (loss) attributable to owner of parent	(Million yen)	(1,149)	736	(3,041)	1,396
Earnings (losses) per share	(yen)	(23.31)	14.92	(61.65)	28.29
Gross assets	(Million yen)	32,007	31,648	28,938	30,191
Net assets	(Million yen)	10,967	11,727	8,696	10,108
Net assets per share	(yen)	221.57	235.80	174.79	203.30

(3) Status of parent and important subsidiaries

① Status of parent

Our parent company is COLOWIDE Co., Ltd. and its wholly owned subsidiary SPC KAPPA Co., Ltd., which holds 24,943,302 shares of our share (50.57% of the voting rights).

② Status of important subsidiaries

Name	Share capital	Voting rights ratio by the company	Contents of business
Japan Fresh Co., Ltd.	30 Million yen	86.56%	Manufacturing and sales of sushi and prepared bread for convenience stores, supermarkets and drugstores in the Honshu and Kyushu regions

(4) Matters to be addressed

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.

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.

(5) Principal business (As of March 31, 2024)

Business segment	Primary contents
Conveyor belt Sushi business	Management of Conveyor belt Sushi restaurants (in Japan)
Delicatessen business	Manufacturing and sales of sushi and prepared bread for convenience stores, supermarkets and drugstores

(6) Principal offices, factories and stores (As of March 31, 2024)

① Principal office of the company

The company	Head office: Nishi-ku, Yokohama-shi, Kanagawa-ken
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② Principal offices of subsidiaries

Japan Fresh Co., Ltd.	Head office: Nishi-ku, Yokohama-shi, Kanagawa-ken Factories: Atsuta-ku, Nagoya-shi, Kusatsu-shi, Shiga-ken, Fuji-shi, Shizuoka-ken, Amagasaki-shi, Hyogo-ken, Ageo-shi, Saitama-ken
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③ Status of stores of the group

	Beginning	End	Increase/decrease
In Japan	305 Stores	296 Stores	9 stores decreased

(7) Other important matters on status of the corporate group

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.

2 Status of the company

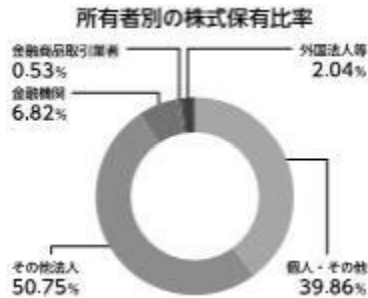
(1) Status of shares (As of March 31, 2024)

① Total number of shares authorized	100,000,000 Shares
② Total number of shares issued	49,414,578 Shares
③ Number of shareholders	153,629 Persons

④ Major shareholders (top 10)

Name	Number of holding shares (Shares)	Shareholding ratio (%)
SPC KAPPA Co., Ltd.	24,943,302	50.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,559,800	5.19
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account Mizuho Bank Re-trustee: Japan Custody Bank, Ltd.	383,600	0.78
Kappa-Create Employee Stock Ownership Plan	280,624	0.57
Japan Custody Bank, Ltd. (Trust Account)	261,600	0.53
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE－AC)	158,519	0.32
BNP PARIBAS FINANCIAL MARKETS	151,900	0.31
SMBC Nikko Securities Co., Ltd.	126,000	0.26
BofA Securities Co., Ltd.	100,000	0.20
Japan Custody Bank, Ltd. (Trust account 4)	96,100	0.19

(Notes) 1. The company holds 71,597 shares of treasury share.
2. Shareholding ratios are calculated after deducting treasury share.



⑤ Status of shares delivered to the company's officers as remuneration for the execution of their duties during the fiscal year

	Number of shares	Number of people eligible for the grant
Directors (excluding directors who are audit and supervisory committee members and outside directors)	6,000 Shares	3 Persons
Outside directors (excluding directors who are audit and supervisory committee members, and limited to outside directors)	— Shares	— Persons
Directors who are audit and supervisory committee members	— Shares	— Persons

(Note) 1. The shares delivered during the current fiscal year are the company's common shares (shares with transfer restrictions) that are subject to certain transfer restriction periods and provisions regarding the company's acquisition of shares without consideration.

(2) Other important items on shares

Not applicable.

(3) Status of share acquisition rights

① Status of share acquisition rights, etc. issued to our company's officers as remuneration for the execution of their duties

Not applicable.

② Status of share acquisition rights, etc. issued to our company's employees as remuneration for the execution of their duties

Not applicable.

(4) Status of the company’s officers

① Status of Directors (As of March 31, 2024)

Position	Name	Status of responsibilities and important concurrent positions
President and Representative Director	Tsuyoshi Yamakado	
Director	Keisuke Ishikawa	General Manager, First Sales Division
Director	Ryo Kubota	General Manager, Corporate Strategy Division, and General Manager, Second Sales Division
Director (audit and supervisory committee member and full-time)	Yasuhiro Tsutsui	
Director (audit and supervisory committee member)	Asako Saimon	Classe de Classe Inc. President and Representative Director ATOM CORPORATION Outside Director
Director (audit and supervisory committee member)	Hiroyuki Kawai	Director, KAWAI CPA OFFICE OOTOYA Holdings Co., Ltd., Outside Director H-ONE CO., LTD. Audit & Supervisory Board Member
Director (audit and supervisory committee member)	Takuya Komoto	ASAHI BREWERIES, LTD. Corporate Audit & Supervisory Board Member

(Notes) 1. Directors Ms. Asako Saimon, Mr. Hiroyuki Kawai, and Mr. Takuya Komoto are outside directors.
2. The company has designated Ms. Asako Saimon, Mr. Hiroyuki Kawai, and Mr. Takuya Komoto as independent directors in accordance with the rules of the Tokyo Stock Exchange, and has notified the exchange to that effect.
3. At the 45th Annual General Meeting of Shareholders held on June 22, 2023, Mr. Takeshi Yamakado, Mr. Keisuke Ishikawa, and Mr. Ryo Kubota were elected as directors.
4. Mr. Yasuaki Kadokura retired from the position of director at the conclusion of the 45th Annual General Meeting of Shareholders held on June 22, 2023, due to the expiration of his term of office.
5. In order to improve the effectiveness of information gathering and other audits, and to strengthen the audit and supervisory functions, Mr. Yasuhiro Tsutsui has been selected as a full-time audit and supervisory committee member.
6. Outside Director Mr. Hiroyuki Kawai, who is an audit and supervisory committee member, is a certified public accountant and licensed tax accountant, and has considerable knowledge of finance and accounting.

② Summary of the contents of the limited liability agreement

The company has entered into agreements with outside directors Ms. Asako Saimon, Mr. Hiroyuki Kawai, and Mr. Takuya Kawamoto to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under such agreements is the amount stipulated by law.

③ Amount of remuneration, etc. for directors for the current fiscal year

(A) Total amount of remuneration, etc. for directors

Category	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type (Million yen)			Number of eligible officers (persons)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Director (excluding audit and supervisory committee members) (of which, outside director)	58 (—)	50 (—)	—	7 (—)	3 (0)
Director (audit and supervisory committee members) (of which, outside director)	19 (14)	19 (14)	—	—	4 (3)
Total (of which, outside director)	77 (14)	69 (14)	—	7 (—)	7 (3)

(Notes) 1. As of the end of the current fiscal year, there are three directors (excluding audit and supervisory committee members) and four directors (audit and supervisory committee members) (including three outside directors).
2. The total amount of remuneration, etc. for directors does not include the employee salaries of directors who also serve as employees.
3. The non-monetary remuneration, etc., is the company's shares, and the conditions, etc., for the allocation are as described in “(ウ) Decision-making policy regarding the content of remuneration, etc., for individual directors”. The status of the allocation during the current fiscal year is described in “2. (1) ⑤ Status of shares allocated to the company's officers as remuneration for the execution of their duties during the current fiscal year”. The total amount of the above-mentioned restricted share remuneration, etc., is the amount recorded as an expense during the current fiscal year.

(B) Matters concerning resolutions of the general meeting of shareholders regarding the remuneration, etc. of directors

The amount of monetary remuneration for the company's directors (excluding directors who are audit and supervisory committee members) was resolved at the 40th Annual General Meeting of Shareholders held on June 18, 2018 to be within the annual amount of 300 million yen (excluding the employee portion of the salary for directors who also serve as employees).

As of the end of the relevant Annual General Meeting of Shareholders, there were four directors (excluding directors who are audit and supervisory committee members).

In addition to the above monetary remuneration, at the 43rd Annual General Meeting of Shareholders held on June 22, 2021, it was resolved that the amount of monetary claims to be paid for the grant of shares with transfer restrictions shall be within 60 million yen per year (excluding the employee portion of the salary of directors who concurrently serve as employees), that all of the monetary claims shall be paid in as payment in kind assets, and it has been resolved that the total number of the company's common shares issued or disposed of as a result of this shall be within 30,000

shares per year (excluding directors who are audit and supervisory committee members and outside directors). The number of directors (excluding directors who are audit and supervisory committee members) at the end of the relevant General Meeting of Shareholders is four (including one outside director).

The amount of monetary compensation for the company's audit and supervisory committee members was resolved at the 40th Annual General Meeting of Shareholders held on June 18, 2018 to be within the annual amount of 50 million yen. At the time of the conclusion of the Annual General Meeting of Shareholders, the number of audit and supervisory committee members was four.

(C) Decision-making policy regarding the content of remuneration, etc., for individual directors

(a) Method for determination for decision-making policy regarding the content of remuneration, etc., for individual directors

The company resolved the decision-making policy for determining the content of remuneration, etc. for each of the current directors (hereinafter referred to as the “decision-making policy”) at the board of directors meeting held on May 17, 2021. An outline of the content is as described in (b) below.

(b) Outline of decision-making policies

i. Basic policy

The company's remuneration, etc. for the directors (Excluding directors who are audit and supervisory committee members. The same applies below.) shall be based on a fixed remuneration system that allows them to devote themselves to their duties by ensuring a stable base for their livelihood, while at the same time improving performance by providing a certain amount of incentive remuneration through the partial introduction of performance-linked remuneration, etc. and share remuneration. The company's basic policy is to set an appropriate level of remuneration based on the responsibilities of each director.

Specifically, the remuneration, etc. for executive directors shall consist of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, etc. (short-term incentives), and share-based remuneration as non-monetary remuneration, etc. (long-term incentives). Outside directors, who are responsible for supervisory functions, shall be paid only the basic remuneration as fixed remuneration in consideration of their duties.

ii. Details of decision-making policy regarding the content of remuneration, etc., for individual directors

(i) Policy on determining the amount of monetary remuneration, etc. (other than performance-linked remuneration, etc.) by individual or the calculation method thereof

Monetary remuneration, etc. (other than performance-linked remuneration, etc.) shall be determined individually within the limit of remuneration by the representative director who has been entrusted with the responsibility by resolution of the board of directors as described in (v) below, after receiving a report from “the Nomination and Remuneration Advisory Committee,” taking into consideration the position, responsibilities, performance of the company, and the level of employee salaries, and shall be paid as a fixed basic remuneration at a certain period of time each month.

(ii) If there are performance-linked remuneration, etc., the policy regarding the determination of the details of the performance indicators and the method of calculation of the amount or number of such performance-linked remuneration, etc.

Performance-linked remuneration, etc., shall be monetary remuneration reflecting performance indicators (KPI) in order to raise awareness of the need to improve performance in each fiscal year and to ensure sustainable and reliable increase in financial value, and if the financial results exceed the predetermined index determined by “the Nomination and Remuneration Advisory Committee” based on the company's past performance, etc., and after receiving a report from “the Nomination and Remuneration Advisory Committee,” taking into consideration the performance and contribution of each director in the business year for which he/she is in charge, the representative director who has been entrusted with the responsibility by resolution of the board of directors, as described in (v) below, will individually determine the amount of remuneration within the limit and pay it as a bonus in a lump sum at a certain time each year. In addition, a bonus will not be paid in principle if the financial results are below the predetermined performance indicators (KPI).

- (iii) The details of non-monetary remuneration, if any, and the policy for determining the amount or number of such non-monetary remuneration or the method for calculating the amount or number of such non-monetary remuneration

Non-monetary remuneration, etc., is share-based remuneration (restricted share remuneration) that is intended to provide an incentive to continuously improve the corporate value of the company, secure excellent management personnel, and further promote the sharing of value with shareholders. After receiving a report from the “Nomination and Remuneration Advisory Committee”, the company will determine based on a resolution of the board of directors and pay the remuneration at a certain time each year.

The shares of common shares issued or disposed of as restricted share remuneration are subject to restrictions on transfer until the time of retirement or resignation from any position as a director, executive officer, or employee of the company or its group companies to which our company belongs (hereinafter referred to as "officer, etc."), and the restrictions on transfer shall be lifted upon expiration of term of office, retirement age, death, or other reasons deemed justifiable by the board of directors of the company (hereinafter referred to as "justifiable reasons"). In addition, the company may acquire at no cost any shares with transfer restrictions that have not been cancelled, such as in the event of retirement or resignation for reasons other than justifiable reasons.

- (iv) Policy on determination of the ratio of amounts of remuneration, etc. of individual directors

The ratio of base remuneration, bonuses (performance-linked remuneration, etc.) and share-based remuneration (non-monetary remuneration, etc.) is based on the basic policy of the remuneration system that allows directors to devote themselves to their duties by ensuring a stable livelihood based on base remuneration as fixed remuneration, while also improving business performance by partially introducing performance-linked and share-based remuneration and providing a certain amount of incentive remuneration. Based on this basic policy, bonuses (performance-linked remuneration, etc.) shall be within the ratio determined based on the base remuneration amount, and share-based remuneration (non-monetary remuneration, etc.) shall be determined in accordance with the position, responsibilities, etc., with the appropriate remuneration ratio determined by the board of directors after receiving reports from “the Nomination and Remuneration Advisory Committee”. The ratio for outside directors is 100% of base salary, since they are paid only base salary.

- (v) Details, etc., when decisions on the details of individual remuneration are delegated in whole or in part to directors or other third parties

With respect to the amount of remuneration, etc. for each individual director, the representative director shall be delegated the authority to determine the specific details thereof in accordance with the resolution of the board of directors, and such authority shall include the amount of base remuneration for each director and the allocation of bonuses for each director. The representative director, in order to exercise the authority appropriately, shall consult with “the Nomination and Remuneration Advisory Committee” and obtain its report on the amount of remuneration, etc. for each individual, and shall determine the amount of remuneration, etc. for each individual within the limit of remuneration, based on the content of the said report.

- (c) Reasons why the board of directors determined that the content of the remuneration, etc. for each director for the current fiscal year was in line with the decision-making policy

When determining the content of individual remuneration for directors, the “Nomination and Remuneration Advisory Committee” conducts a multifaceted review, including consistency with the decision-making policy, and then submits a report. The representative director, who has been delegated by the board of directors, determines the amount of remuneration for each director based on the content of the report, as described in (二) below, and the board of directors has determined that the content of individual remuneration for directors for the fiscal year under review is in line with the determination policy described in (b) above.

(D) Matters concerning delegation of authority to determine individual remuneration for directors

In the current fiscal year, a resolution was passed at the board of directors' meeting held on June 22, 2023, to delegate the determination of the specific details of the remuneration amount for each director (excluding directors who are audit and supervisory committee members) to Mr. Takeshi Yamakado, President and Representative Director. The content of these authorities is the amount of basic remuneration for each director, the evaluation and distribution of bonuses. The reason for delegating these authorities is that the representative director is judged to be the most suitable for evaluating the business in charge of each director while looking at the overall performance of the company. In addition, the representative directors, Mr. Takeshi Yamakado, President and Representative Director, has received a report from the “Nomination and Remuneration Advisory Committee” and has made decisions based on the content of the report.

(5) Policy on the determination of the distribution of surplus funds, etc.

In accordance with Article 459, Paragraph 1 of the Companies Act, our Articles of Incorporation stipulate that the company may pay dividends from retained earnings based on a resolution of the board of directors, with record dates of March 31 and September 30 each year. Fully aware of the basic principles of protecting shareholders and general investors, our basic policy is

to continue to pay stable dividends and shareholder benefits programs, while securing our management base and improving return on equity, and to actively return profits to shareholders in line with our business performance.

Although our company has introduced an interim dividend system, our basic policy is to pay a dividend of surplus funds once a year at the end of the fiscal year. The decision-making body for these dividend payments of surplus funds is the board of directors. Regarding internal reserves, we intend to invest them effectively in various measures to strengthen our management structure in order to respond to changes in the future business environment. Based on this policy, the year-end dividend for the current fiscal year will be 5 yen per share, as decided by the board of directors.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2024)

(Unit: Millions of yen)

Subject	Amount	Subject	Amount
Assets		Liabilities	
Current assets	13,204	Current liabilities	11,148
Cash and deposits	7,937	Accounts payable	3,278
Accounts receivable	3,586	Long-term borrowings due within one year	1,980
Goods and products	363	Bonds due within one year	490
Raw materials and supplies	386	Accounts payable - other	2,426
Others	931	Accrued expenses	1,569
Allowance for doubtful accounts	(1)	Income tax payable	188
Non-current assets	16,979	Provision for bonuses	103
Property, plant and equipment	11,912	Provision for sales promotion expenses	133
Buildings and structures	5,232	Store closing loss reserve	31
Machinery and vehicles	2,279	Others	946
Tools, equipment and fixtures	2,730	Non-current liabilities	8,935
Land	1,645	Bonds	100
Lease assets	0	Long-term borrowings	4,890
Construction in progress	25	Long-term accounts payable - other	2,334
Intangible assets	143	Asset retirement obligations	1,496
Investments and other assets	4,923	Others	114
Investment securities	857	Total liabilities	20,083
Security and guarantee deposits	3,436	Net assets	
Deferred tax assets	571	Shareholders' equity	10,050
Others	60	Share Capital	100
Allowance for doubtful assets	(2)	Capital Surplus	8,585
Deferred assets	7	Retained earnings	1,425
Bond issuance costs	7	Treasury shares	(60)
Total assets	30,191	Accumulated other comprehensive income	(18)
		Unrealized gains on other securities	1
		Deferred gains (losses) on hedges	(20)
		Non-controlling interests	76
		Total net assets	10,108
		Total liabilities and net assets	30,191

(Note) Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income (From April 1, 2023 to March 31, 2024)

(Unit:
Millions of
yen)

Subject	Amount
Revenue	72,196
Cost of sales	34,664
Gross profit	37,531
Selling, general and administrative expenses	35,838
Operating profit	1,693
Non-operating income	415
Interest income	20
Dividend income	75
Rent received	223
Vending machine revenue	30
Sponsorship income	9
Miscellaneous income	56
Non-operating expenses	392
Interest expense	181
Interest expense on bond	8
Cost of rental revenue	175
Miscellaneous losses	26
Ordinary profit	1,716
Extraordinary profit	62
gain on sales of non-current assets	1
Reversal of provision for loss on store closing	30
Other extra-ordinary profit	31
Extra-ordinary losses	200
Loss on disposal of non-current assets	54
Impairment losses	118
Provision for loss on store closing	27
Profit before taxes and other adjustment	1,578
Corporate, inhabitants and enterprise taxes	188
Corporate tax adjustments	(8)
Profit	1,399
Profit attributable to non-controlling interests	3
Profit attributable to owners of parent	1,396

(Note) Amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	100	11,001	(2,391)	(65)	8,645
Changes during the period					
Deficiency of 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
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 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
End of period balance	1	(20)	(18)	76	10,108

(Note) Amounts are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet (As of March 31, 2024)

Subject	Amount
Assts	
Current assets	11,376
Cash and deposits	7,736
Accounts receivable	2,062
Goods	295
Raw materials and supplies	212
Prepaid expenses	568
Accounts receivable - other	151
Others	350
Allowance for doubtful accounts	(1)
Non-current assets	16,870
Property, plant and equipment	11,122
Buildings and structures	5,051
Machinery and vehicles	2,089
Tools, equipment and fixtures	2,705
Land	1,251
Lease assets	0
Construction in progress	24
Intangible assets	138
Software	131
Facility use rights	1
Others	5
Investments and other assets	5,609
Investment securities	840
Long-term loans to affiliates	860
Security and guarantee deposits	3,408
Deferred tax assets	500
Others	55
Allowance for doubtful accounts	(56)
Deferred assets	7
Bond issuance costs	7
Total assets	28,255

(Unit: Millions of yen)

Subject	Amount
Liabilities	
Current liabilities	9,679
Accounts payable	2,383
Long-term borrowings due within one year	1,980
Bonds due within one year	490
Accounts payable - other	2,154
Accrued expenses	1,353
Income taxes payable	175
Provision for bonuses	88
Provision for sales promotion expenses	133
Store closing loss reserve	31
Others	907
Non-current liabilities	8,863
Bonds	100
Long-term borrowings	4,890
Long-term accounts payable - other	2,334
Asset retirement obligations	1,424
Others	114
Total liabilities	18,543
Net assets	
Shareholders' equity	9,729
Share capital	100
Capital surplus	8,326
Capital reserve	1,312
Other capital surplus	7,013
Retained earnings	1,363
Other retained earnings	1,363
Retained earnings carried forward	1,363
Treasury shares	(60)
Valuation and translation adjustments, etc.	(17)
Unrealized gains on other securities	2
Deferred gains (losses) on hedges	(20)
Total net assets	9,711
Total liabilities and net assets	28,255

(Note) Amounts are rounded down to the nearest million yen.

Statement of Income (From April 1, 2023 to March 31, 2024) (Unit: Millions of yen)

科目 Subject	金額 Amount
Revenue	58,324
Cost of sales	22,896
Gross profit	35,427
Selling, general and administrative expenses	33,800
Operating profit	1,627
Non-operating income	488
Interest income	41
Interest income on bond	75
Rent received	288
Vending machine revenue	28
Sponsorship income	9
Miscellaneous income	46
Non-operating expenses	459
Interest expense	181
Interest expense on bond	8
Cost of rental revenue	243
Miscellaneous losses	25
Ordinary profit	1,656
Extraordinary profit	31
Gain on sale of non-current assets	1
Reversal of provision for loss on store closing	30
Extraordinary losses	194
Loss on disposal of non-current assets	54
Impairment losses	112
Provision for loss on store closing	27
Profit before taxes	1,493
Corporate, inhabitants and enterprise taxes	175
Corporate tax adjustments	(45)
Profit	1,363

(Note) Amounts are rounded down to the nearest million yen.

Statement of Changes of Net Assets (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			Treasury shares
		Capital reserve	Other capital surplus	Total capital surplus	Retained earnings carried forward	Total other retained earnings	Total retained earnings	
Opening balance	100	1,312	9,430	10,742	(2,420)	(2,420)	(2,420)	(65)
Changes during the period								
Deficiency compensation			(2,420)	(2,420)	2,420	2,420	2,420	
Disposal of treasury shares			4	4				5
Profit					1,363	1,363	1,363	
Net changes in items other than shareholders' equity								
Total changes during the period	—	—	(2,416)	(2,416)	3,784	3,784	3,784	5
End of period balance	100	1,312	7,013	8,326	1,363	1,363	1,363	(60)
	Valuation and translation adjustments, etc.				Total net assets			
	Unrealized gains on other securities		Deferred gains (losses) on hedges		Total valuation and translation adjustments, etc.			
Opening balance	1		(18)		(17)		8,339	
Changes during the period								
Deficiency compensation							—	
Disposal of treasury shares							9	
Profit							1,363	
Net changes in items other than shareholders' equity	0		(1)		(0)		(0)	
Total changes during the period	0		(1)		(0)		1,372	
End of period balance	2		(20)		(17)		9,711	

(Note) Amounts are rounded down to the nearest million yen.

Audit Report by audit and supervisory committee

Audit Report

The audit and supervisory committee has audited the performance of duties by the directors during the 46th fiscal year, from April 1, 2023 to March 31, 2024. The methods and results of the audit are as follows.

1. The methods and contents of the audit

The audit and supervisory committee monitored and verified the content of the board of directors' resolutions regarding the matters listed in Article 399-13, Paragraph 1, Item 1, Subitems 2 and 3 of the Companies Act, as well as the status of the systems (internal control systems) established based on these resolutions, and conducted audits in the following manner.

- ① In accordance with the audit policy and division of duties, etc., established by the audit and supervisory committee, and in cooperation with the company's internal audit department, we attended meetings of the board of directors and other important meetings, received reports from directors and employees, etc., on the status of execution of their duties, requested explanations as necessary, inspected important documents for approval, etc., and investigated the status of operations and assets at the head office and major business locations. In addition, with regard to subsidiaries, we communicated and exchanged information with directors and corporate auditors, etc., of subsidiaries, and received reports on business from subsidiaries as necessary.
- ② We monitored and verified whether the accounting auditor maintained its independence and conducted appropriate audits, and received reports from the accounting auditor on the status of its execution of duties and requested explanations as necessary. We also received notice from the accounting auditor that "systems for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Corporate Calculation Regulations) were maintained in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), etc., and requested explanations as necessary.

Furthermore, with regard to internal controls related to financial reporting, we received reports from directors and other relevant parties, as well as from Deloitte Touche Tohmatsu LLC, regarding the status of evaluation and auditing of internal controls, and requested explanations as necessary.

Based on the above methods, we examined the business report and its supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), their supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the relevant fiscal year.

2. The results of the audit

(1) The results of the audit on business report, etc.

- ① We hereby certify that the business report and the supplementary schedules fairly represent the status of the company in accordance with the relevant laws and regulations and the Articles of Incorporation.
- ② No misconduct or material facts in violation of laws or the Articles of Incorporation have been found in the execution of duties by the directors.
- ③ We find that the content of the board of directors' resolution regarding the internal control system is appropriate. In addition, we find no matters to be pointed out regarding the content of the business report or the execution of duties by the directors regarding the internal control system. With regard to the violation of the Unfair Competition Prevention Law described in "1. (7) Other important matters concerning the current status of the corporate group" of the business report, the audit and supervisory committee has confirmed that efforts are being made to strengthen the compliance system to prevent the recurrence of similar cases.

(2) The results of the audit on the financial statements and the supplementary schedules

We find that the method and results of the audit by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) The results of the audit on consolidated financial statements

We find that the method and results of the audit by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 17, 2024

KAPPA-CREATE CO., LTD.
Audit and Supervisory Committee

Audit and
supervisory
committee member
(full-time)
Audit and
supervisory
committee member
Audit and
supervisory
committee member
Audit and
supervisory
committee member
Takuya Komoto

Yasuhiro Tsutsui
Asako Saimon
Hiroyuki Kawai
Takuya Komoto

(Note) Audit and supervisory committee members Ms. Asako Saimon, Mr. Hiroyuki Kawai and Mr. Takuya Kawamoto are outside directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

End.