

Securities CODE : 7421

The 47th
Annual General Meeting
of Shareholders

Notice of Convocation

Date and Time	June 20, 2025, Friday 2:00p.m.
Venue	4-42-1 Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa-ken Yokohama Citizens' Cultural Hall, Kannai Hall
Agenda	The proposal: Election of three directors (excluding 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 4, 2025
(Date of commencement of electronic provision measures) May 27, 2025
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 47th 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 47th 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/teiji/>



- 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 Thursday, June 19, 2025.

[If you are exercising your voting rights via the Internet.]

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

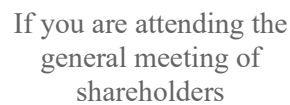
■ Date and Time	June 20, 2025 (Friday) 2:00 p.m.
■ Venue	4-42-1 Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa-ken Yokohama Citizens' Cultural Hall, Kannai Hall
■ Meeting Agenda	<p>Matters to be reported</p> <ol style="list-style-type: none"> 1. The business report and Consolidated Financial Statements for the company's 47th Fiscal Year (April 1, 2024 to March 31, 2025) 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 47th Fiscal Year (April 1, 2024 to March 31, 2025). <p>Proposals to be resolved</p> <p>Proposal : Election of three directors (who are not 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.



There are three ways to exercise your voting rights described as below.



Date and Time

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

Deadline for exercise

If you are exercising your
voting rights via the Internet,
etc.

Deadline for exercise

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.

*The voting rights exercise form is a sample image

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

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 at the company	
1	Tsuyoshi Yamakado	President and Representative Director	Reappoi ntment
2	Fumio Fukutani	General Manager, Corporate Strategy Division	New appoint ment
3	Takuya Koumoto	Outside director (audit and supervisory committee member)	New appoint mentOutsideIndepen dent

Reappoi ntment	Candidate for reappointment as a director	New appoint ment	Candidate for Newly appointed as a director	Outside	Candidate for an outside director	Independe nt	Candidate for an independent director
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(Note) Mr. Takuya Koumoto is a candidate for outside director.

Candidate number

1

Tsuyoshi Yamakado

Reappointment

Date of birth

August 23, 1978

Number of shares of the company owned

6,000 Shares

Number of years in office

3.0 Years

Board of directors meeting attendance

14/14 Times

Brief personal history, position and responsibilities at the company

May 2000	SKYLARK CO., LTD. [Currently SKYLARK HOLDINGS CO., LTD.]
June 2015	SKYLARK CO., LTD. Director of Store Development Initiative Group
May 2017	NILAX CO., LTD. Director
January 2018	DINAMIX Co., Ltd. CSO [Corporate Planning Office, Chief Strategy Officer & Head of Corporate Planning]
June 2018	SUZETTE Co., Ltd. External Sales Manager and Casaneo Sales Manager
May 2020	ATOM CORPORATION Advisor
June 2020	ATOM CORPORATION, President and Representative Director
June 2022	KAPPA-CREATE CO., LTD. Director
October 2022	KAPPA-CREATE CO., LTD. President and Representative Director [Current position]

Important concurrent positions

None

Reasons for nominating the candidate as a director

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.

Candidate number

2

Fumio Fukutani

New appointment

Date of birth

March 18, 1979

Number of shares of the company owned

400 shares

Number of years in office

—

Board of directors meeting attendance

—

Brief personal history, position and responsibilities at the company

April 2001

KAPPA-CREATE CO., LTD.

September 2021

KAPPA-CREATE CO., LTD. General Manager, Corporate Planning Department

March 2023

KAPPA-CREATE CO., LTD. General Manager, Administration Department

April 2024

KAPPA-CREATE CO., LTD. General Manager, Corporate Strategy Division [Current position]

Important concurrent positions

None

Reasons for nominating the candidate as a director

The reason for nominating Mr. Fumio Fukutani as a candidate for the position of director is that he has held the position of general manager in the company's Store Operation and Management Strategy fields, and has extensive experience and knowledge of the company's business activities, and we believe that we can expect him to provide contribution to the strengthening of management structures and promoting of growth strategy.

Candidate number

3

Takuya Koumoto

New appointment
Outside
Independent

Date of birth
October 2, 1965

Number of shares of the company owned
—

Number of years in office
2.0 years

Board of directors meeting attendance
14/14 times

Brief personal history, position and responsibilities at the company

April 1988	ASAHI BREWERIES, LTD.
September 2007	ASAHI BREWERIES, LTD. Product Development Division 2, Manager
September 2010	ASAHI BREWERIES, LTD. Director of the Customer Lifestyle and Culture Research Institute
July 2011	Asahi Group Holdings, Ltd. Director of the Customer Lifestyle and Culture Research Institute
September 2012	Wakodo Co., Ltd. Development Headquarters
September 2013	Wakodo Co., Ltd. Marketing Department, Manager
January 2016	Asahi Group Foods, Ltd. Wakodo Marketing Department, Manager
September 2017	ASAHI BREWERIES, LTD. Audit Department Manager
April 2018	ASAHI BREWERIES, LTD. Audit Department, Riji and General Manager
January 2022	Asahi Group Japan, Ltd. Audit Department, Riji
March 2022	Asahi Group Foods, Ltd. Corporate Audit & Supervisory Board Member
March 2023	ASAHI BREWERIES, LTD. Corporate Audit & Supervisory Board Member [Current position]
June 2023	KAPPA-CREATE CO., LTD. Outside Director [Current position]

Important concurrent position

ASAHI BREWERIES, LTD. Corporate Audit & Supervisory Board Member

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

The reason for nominating Mr. Takuya Koumoto as a candidate for the position of outside director is that he has worked for Asahi Breweries, Ltd. affiliates for many years, and has extensive experience and knowledge of food and beverage service business, and we can expect him that as an outside director, he will provide supervision and advice by leveraging his experience and knowledge in areas such as our marketing strategy.

(Note 1. There are no special interests between the company and each of the candidates for director.
s) 2. Mr. Takuya Koumoto is a candidate for outside director.
3. We have appointed Mr. Takuya Koumoto as an independent director in accordance with the rules of the Tokyo Stock Exchange and have notified the exchange accordingly. If he is reappointed, we plan to continue to appoint him as an independent director.
4. We have entered into an agreement with Mr. Takuya Koumoto pursuant to Article 427, Paragraph 1 of the Companies Act, limiting his liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is set as the minimum liability limit specified in Article 425, Paragraph 1 of the same Act. In the event that his reappointment is approved, we intend to continue this agreement.

<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 director who is an audit and supervisory committee member is as follows.

Name	Position	Attribute			Particularly expected knowledge/experience						
		Inside/outside	Gender	Independence	Overall management	Food business	International business	Finance/accounting	Marketing/IT	Legal/Risk management	Sustainability/ESG
Tsuyoshi Yamakado	President and Representative Director		Male		●	●	●	●	●	●	●
Fumio Fukutani	Director and General manager, Corporate Strategy Division		Male			●	●	●		●	●
Takuya Koumoto	Outside director	社外	Male	●		●			●	●	●
Akira Tsunoda	Director (audit and supervisory committee member)		Male			●	●			●	●
Asako Saimon	Outside director (audit and supervisory committee member)	Outside	Female	●	●	●	●		●		
Keiko Kimura	Outside director (audit and supervisory committee member)	Outside	Female	●			●	●	●		●
Mari Nakanishi	Outside director (audit and supervisory committee member)	Outside	Female	●	●			●		●	●

End.

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

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 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 consumption. However, the outlook remains uncertain due to global political instability, volatile exchange rates, and geopolitical risks.

In the food 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 current consolidated fiscal year.

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.

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, 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 1,467 million yen (down 16.0% 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).

Revenue	YoY		
73,208 Million yen	1.4 %Up	↗	
Operating profit	YoY		
1,433 Million yen	15.3 %Down	↘	
Ordinary profit	YoY		
1,467 Million yen	16.0 %Down	↘	
Profit attributable to owners of parent	YoY		
1,032 Million yen	26.0 %Down	↘	

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

<div>Conveyor belt Sushi business</div> <div>Revenue</div> <div>59,562 Million yen</div> <div>(YoY 2.1% Up)</div>	<div>1) Increase in frequency of visits to stores</div> <p>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.</p> <p>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.</p> <div>2) Acquisition of new customers</div> <p>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</p>	<div>売上高 (単位: 百万円)</div> <div>58,324 59,562</div> <div>第46期 (2024年3月期) 第47期 (2025年3月期)</div>
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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.

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.

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

Delicatessen business

Revenue
13,646 Million yen
(YoY 1.6%Down)

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 Status of capital investment

The total amount (including security and guarantee deposits) of capital investment in the group during the current consolidated fiscal year was 2,780 million yen, and main of which were as follows.

Main facilities completed during the current consolidated fiscal year

Conveyor belt Sushi business • Directly managed stores 22 stores renovated

③ Status of financing

No special notes.

④ Status of business transfer, absorption-type company split, or incorporation-type company split

No special notes.

⑤ Status of transfer of business from other companies

No special notes.

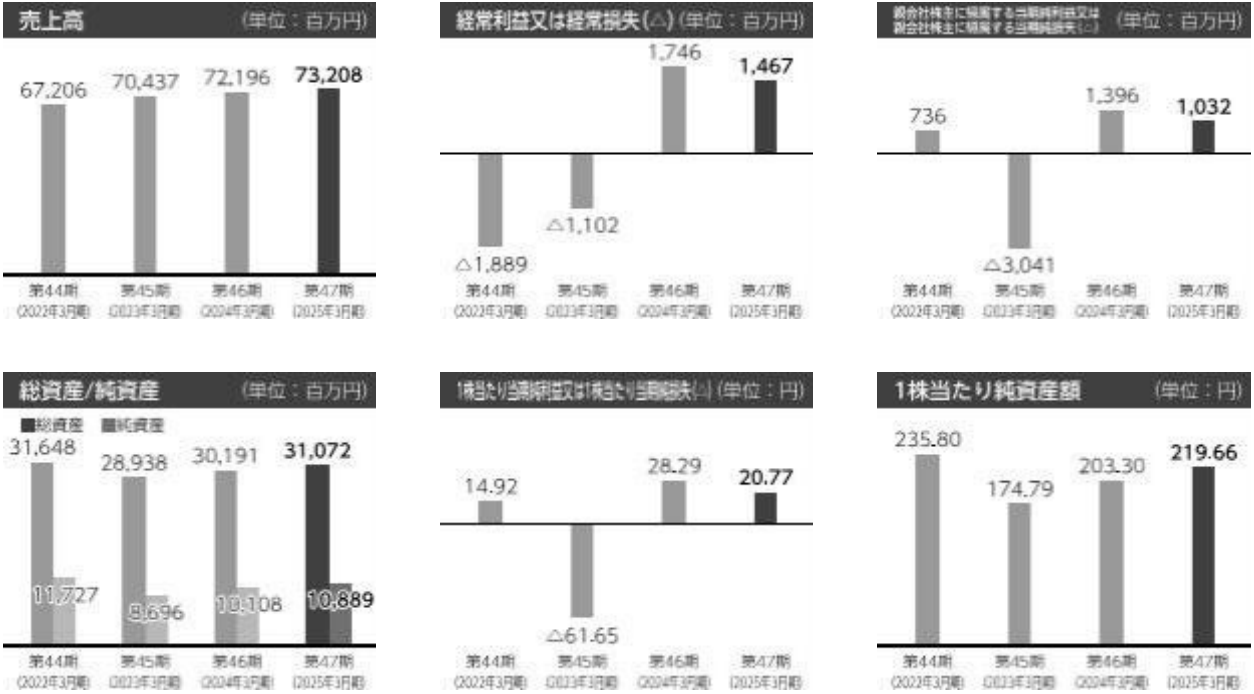
⑥ Status of succession to rights and obligations related to the business of other corporations, etc. through absorption-type mergers or absorption-type demergers

No special notes.

⑦ 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



		The44th term (March 2022)	The45th term (March 2023)	The46th term (March 2024)	The47th term (Current consolidated fiscal year) (March 2025)
Revenue	(Million yen)	67,206	70,437	72,196	73,208
Ordinary profit (loss)	(Million yen)	(1,889)	(1,102)	1,746	1,467
Profit (loss) attributable to owners of parent	(Million yen)	736	(3,041)	1,396	1,032
Basic earnings (loss) per share	(Yen)	14.92	(61.65)	28.29	20.77
Total assets	(Million yen)	31,648	28,938	30,191	31,072
Net assets	(Million yen)	11,727	8,696	10,108	10,889
Net assets per share	(Yen)	235.80	174.79	203.30	219.66

(3) Status of parent and important subsidiaries

① Status of parent

Our parent company is COLOWIDE Co., Ltd. and its wholly owned subsidiary SPCKAPPA 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	Business details
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

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 products 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.

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. As an example of our efforts toward “governance,” we are maintaining more than one-third of our board members as outside directors and have established a Nomination and Remuneration Advisory Committee to strengthen the functions of the board of 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.

(5) Principal business (As of March 31, 2025)

Business segment	Main details
Conveyor belt Sushi business	Management of Conveyor belt Sushi restaurants (Japan and overseas)
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, 2025)

① Principal office of the company

The company	Head office : Nishi-ku, Yokohama-shi, Kanagawa-ken
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② Principal office of the 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
KAPPA-CREATE KOREA CO., LTD.	Head office : 590-5, Yonsan-dong, Yeonje-gu, Busan, 3rd Floor.

③ Status of stores of the group

	Beginning	Fiscal year end	Increase/decrease
In Japan	296 stores	298 stores	2 stores increased
Overseas	— store	4 stores	4 stores increased

(7) Other important matters on status of the group

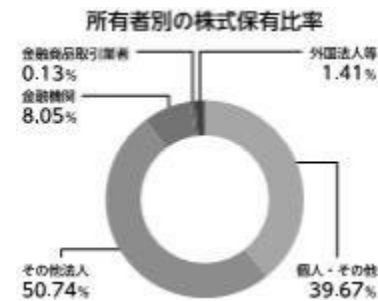
On October 21, 2022, the company was indicted together with former officer and employee under the joint penalty provisions of the Unfair Competition Prevention Act for alleged violations of the trade secrets of competitors by former officer and employee. The former officer was found guilty on May 31, 2023, and the sentence has been finalized. While the company and employee were found guilty by the Tokyo District Court, and appealed to the Tokyo High Court, but the appeal was declined on October 9, 2024 and the sentence has been finalized.

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. 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 our consolidated financial statements.

2 Status of the company

(1) Status of shares (As of March 31, 2025)

- ① Total number of shares authorized 100,000,000shares
- ③ Total number of shares issued 49,414,578shares
- ④ Number of shareholders 151,637persons
- ⑤ Major shareholders (Top 10)



Name	Number of holding shares (shares)	Shareholding ratio (%)
SPCKAPPA CO., LTD.	24,943,302	50.54
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,159,200	6.40
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	261,672	0.53
Japan Custody Bank, Ltd. (Trust Account)	236,100	0.48
JP MORGAN CHASE BANK 385781	217,061	0.44
THE BANK OF NEW YORK MELLON 140042	101,581	0.21
Japan Custody Bank, Ltd. (Trust Account 4)	96,900	0.20
BNP PARIBAS NEW YORK BRANCH—PRIME BROKERAGE CLEARANCE ACCOUNT	55,205	0.11
Nomura Trust and Banking Co., Ltd. (Trust Account)	34,900	0.07

(Notes) 1. The company holds 65,702 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 current fiscal year

	Number of shares	Number of people eligible for the grant
Director (excluding audit and supervisory committee member and outside director)	6,000 shares	3 persons
Outside director (excluding audit and supervisory committee member and limited to outside director)	— share	— person
Director who is audit and supervisory committee member	— share	— person

(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 as of the end of the current fiscal year.

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

Not applicable as of the end of the current fiscal year.

(4) Status of the company's officers

① Status of directors (As of March 31, 2025)

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	N Baton Company, Ltd. President and Representative Director, and Kuraya Co., Ltd. President and Representative Director, and Ecole Criollo Co., Ltd. Director
Director (audit and supervisory committee member • full time)	Akira Tsunoda	
Director (audit and supervisory committee member)	Asako Saimon	Classe de Classe Inc. President and Representative Director
Director (audit and supervisory committee member)	Takuya Koumoto	ASAHI BREWERIES, LTD. Corporate Audit & Supervisory Board Member
Director (audit and supervisory committee member)	Keiko Kimura	Monicle Inc., Executive Vice-President of Corporate Planning Division
Director (audit and supervisory committee member)	Mari Nakanishi	Mari Nakanishi Accounting Office, Managing Director, and Akahoshi Audit Corporation, Senior Partner, and Shimizu Private Reit,Inc., Supervisory Director

(Notes) 1. Directors Ms. Asako Saimon, Mr. Takuya Koumoto, Ms. Keiko Kimura and Ms. Mari Nakanishi are outside directors.
2. The company has designated Ms. Asako Saimon, Mr. Takuya Koumoto, Ms. Keiko Kimura and Ms. Mari Nakanishi as independent directors in accordance with the rules of the Tokyo Stock Exchange, and has notified the exchange to that effect.
3. In order to improve the effectiveness of information gathering and other audits, and to strengthen the audit and supervisory functions, Mr. Akira Tsunoda has been

selected as a full-time audit and supervisory committee member.

4. Outside Director Ms. Mari Nakanishi, 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. Mr. Takuya Koumoto, Ms. Keiko Kimura and Ms. Mari Nakanishi 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	Non-monetary remuneration, etc.	
Director (excluding directors who are audit and supervisory committee member) (of which, outside director)	61 (—)	51 (—)	—	10 (—)	3 (—)
Directors who are audit and supervisory committee member (of which, outside director)	27 (20)	27 (20)	—	—	7 (5)
Total (of which, outside director)	89 (20)	78 (20)	—	10 (—)	10 (5)

- (Notes) 1. As of the end of the current fiscal year, there are three directors (excluding audit and supervisory committee members) and five directors (audit and supervisory committee members) (including four 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 remuneration 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 policy

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 (エ) 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 26, 2024, 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. Tsuyoshi 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. Tsuyoshi 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, 2025)

(Unit : Millions of yen)

Subject	Amount	Subject	Amount
Assets		Liabilities	
Current assets	13,445	Current liabilities	11,655
Cash and deposits	7,940	Accounts @ayable	3,734
Accounts receivable	3,581	Long term borrowings due within one year	2,490
Goods and products	449	Bonds due within one year	100
Ral materials and supplies	434	Accounts payable-other	2,543
Others	1,041	Accrued expenses	1,610
Allowance for doubtful accounts	△0	Lease liabilities	2
Non-current assets	17,626	Income tax payable	181
Property, plant and equipment	12,299	Provision for bonuses	87
Buildings and structures	5,808	Provision for sales promotion expenses	138
Machinery and vehicles	2,367	Others	765
Tools, equipment and fixtures	2,441	Non-current liabilities	8,527
Land	1,645	Long term borrowings	4,650
Lease assets	5	Long term accounts payable-other	2,014
Construction in progress	29	Retirement benefit liabilities	75
Intangible assets	102	Lease liabilities	5
Software	97	Asset retirement obligations	1,677
Facility usage rights	1	Others	104
Others	3	Total liabilities	20,182
Investments and other assets	5,224	Net assets	
Investment securities	861	Shareholders' equity	10,846
Security and guarantee deposits	3,604	Share capital	100
Deferred tax assets	586	Capital surplus	8,591
Others	173	Retained earnings	2,211
Allowance for doubtful accounts	(2)	Treasury shares	(55)
Deferred assets	0	Accumulated other comprehensive income	0
Bond issuance costs	0	Unrealized gains (losses) on other securities	1
Total assets	31,072	Deferred gains (losses) on hedges	(11)
		Foreign currency translation adjustment	10
		Non-controlling interests	42
		Total net-assets	10,889
		Total liabilities and net-assets	31,072

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

Consolidated Statement of Income

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

(Unit : Millions of yen)

Subject	Amount
Revenue	73,208
Cost of sales	34,951
Gross profit	38,256
Selling, general and administrative expenses	36,822
Operating profit	1,433
Non-operating income	423
Interest income	18
Dividend income	75
Rent received	207
Vending machine revenue	27
Sponsorship income	23
Reversal of provision for store closing losses	13
Miscellaneous income	57
Non-operating expenses	390
Interest expenses	200
Interest expenses on bonds	3
Cost of rental revenue	150
Foreign exchange losses	12
Miscellaneous losses	23
Ordinary profit	1,467
Extraordinary profit	11
Gain on sales of non-current assets	1
Other extraordinary profit	9
Extraordinary losses	317
Loss on disposal of non-current assets	14
Impairment losses	273
Litigation related losses	30
Profit before taxes and other adjustment	1,161
Corporate, inhabitants and enterprise taxes	181
Corporate tax adjustment	(18)
Profit	998
Profit attributable to non-controlling interests	(34)
Profit attributable to owners of parent	1,032

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

Consolidated Statement of Changes in Net Assets (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
Opening 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
Changes in items other than shareholders' equity (net)					
Total changes during the period	—	5	785	4	796
End of period balance	100	8,591	2,211	(55)	10,846

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Opening 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
Changes in items other than shareholders' (net)	0	8	10	19	(34)	(14)
Total changes during the period	0	8	10	19	(34)	781
End of period balance	1	(11)	10	0	42	10,889

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

Non-consolidated Financial Statements

Balance sheet (As of March 31, 2025)

(Unit : Millions of yen)

Subject	Amount	Subject	Amount
Assets		Liabilities	
Current assets	11,418	Current liabilities	9,758
Cash and deposits	7,528	Accounts payable	2,478
Accounts receivable	2,139	Long term borrowings due within one year	2,490
Goods	375	Bonds due within one year	100
Raw materials and supplies	215	Accounts payable-other	2,272
Prepaid expenses	646	Accrued expenses	1,301
Accounts receivable-other	178	Lease liabilities	2
Others	427	Income tax payable	168
Allowance for doubtful accounts	(93)	Provision for bonuses	71
Non-current assets	17,330	Provision for sales promotion expenses	138
Property, plant and equipment	11,531	Others	733
Buildings and structures	5,644	Non-current liabilities	8,351
Machinery and vehicles	2,175	Long term borrowings	4,650
Tools, equipment and fixtures	2,426	Long term accounts payable-other	2,014
Land	1,251	Lease liabilities	2
Lease assets	3	Asset retirement obligation	1,581
Construction in progress	29	Others	102
Intangible assets	99	Total liabilities	18,109
Software	93	Net assets	
Facility usage rights	2	Shareholders' equity	10,649
Others	3	Share capital	100
Investment and other assets	5,699	Capital surplus	8,331
Investment securities	842	Capital reserve	1,312
Long term loans to affiliates	860	Other capital surplus	7,019
Security and guarantee deposits	3,336	Retained earnings	2,273
Deferred tax assets	565	Other retained earnings	2,273
Others	153	Retained earnings carried forward	2,273
Allowance for doubtful accounts	(57)	Treasury shares	(55)
Deferred assets	0	Valuation and translation adjustments, etc.	(8)
Bond issuance costs	0	Unrealized gains on other securities	3
		Deferred gains (losses) on hedges	(11)
Total assets	28,750	Total net assets	10,641
		Total liabilities and equity	28,750

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

Statement of Income (From April 1, 2024 to March 31, 2025) (Unit : Millions of yen)

Subject	Amount
Revenue	59,311
Cost of sales	23,262
Gross profit	36,048
Selling, general and administrative expenses	34,569
Operating profit	1,478
Non-operating income	485
Interest income	39
Interest income on bond	75
Rent received	272
Vending machine revenue	25
Sponsorship income	23
Reversal of provision for store closing losses	13
Miscellaneous income	36
Non-operating expenses	562
Interest expense	199
Interest expense on bond	3
Cost of rental revenue	231
Foreign exchange losses	10
Miscellaneous losses	116
Ordinary profit	1,401
Extraordinary profit	1
Gain on sale of non-current assets	1
Extraordinary losses	143
Loss on disposal of non-current assets	13
Impairment losses	100
Litigation related losses	30
Profit before taxes	1,259
Corporate, inhabitants and enterprise taxes	168
Corporate tax adjustments	(64)
Profit	1,155

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

Statement of Changes in Net Assets

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

(Unit : Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasur y shares	Total shareholder s' equity
		Capital reserve	Other capital surplus	Total capital surplus	Retained earnings carried forward	Total other retained earnings	Total retained earnings		
Opening balance	100	1,312	7,013	8,326	1,363	1,363	1,363	(60)	9,729
Changes during the period									
Distribution of surplus					△246	△246	△246		(246)
Disposal of treasury shares			5	5				4	10
Profit					1,155	1,155	1,155		1,155
Changes in items other than shareholders' equity (net)									—
Total changes during the period	—	—	5	5	909	909	909	4	919
End of period balance	100	1,312	7,019	8,331	2,273	2,273	2,273	(55)	10,649
	Valuation and translation adjustments, etc.						Total net assets		
	Unrealized gains on other securities		Deferred gains (losses) on hedges		Total valuation and translation, etc.				
Opening balance	2		(20)		(17)		9,711		
Changes during period									
Distribution of surplus							(246)		
Disposal of treasury shares							10		
Profit							1,155		
Changes in items other than shareholders' equity (net)	0		8		9		9		
Total changes during the period	0		8		9		929		
End of period balance	3		(11)		(8)		10,641		

(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 47th fiscal year, from April 1, 2024 to March 31, 2025. 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 ④ and ⑤ 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, etc. 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.
- (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.

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

Audit and Supervisory Committee Member (full time)	Akira Tsunoda	Ⓔ
Audit and supervisory Committee Member	Asako Saimon	Ⓔ
Audit and Supervisory Committee Member	Takuya Koumoto	Ⓔ
Audit and Supervisory Committee Member	Keiko Kimura	Ⓔ
Audit and Supervisory Committee Member	Mari Nakanishi	Ⓔ

May 16, 2025

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

End.