Securities CODE：7421

The 48 th

Annual General Meeting

of Shareholders

Notice of Convocation

KAPPA-CREATE CO., LTD.

Date and Time	June 24, 2026, Wednesday 2:00 p.m.
Venue	5-1-1 Minato-Mirai, Nishi-ku, Yokohama-shi, Kanagawa-ken Yokohama Grand Gate 2nd Floor TKP Garden City PREMIUM Yokohama Station Shin-Takashima A Hall (Registration: B Hall) 【Please note that the venue is different from last year.】
Agenda	Proposal 1 Election of three Directors (excluding Directors who are Audit and Supervisory Committee Members) Proposal 2 Election of four Directors who are Audit and Supervisory Committee Members

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 3, 2026
(Date of commencement of electronic provision measures) May 29, 2026

2-2-1 Minato-Mirai, Nishi-ku, Yokohama-shi, Kanagawa-ken
Landmark Tower 12F

KAPPA-CREATE CO., LTD.

President and representative Director Tsuyoshi Yamakado

Notice of Convocation of The 48th 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 The 48th 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 "KAPPA-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 6:00 p.m. on Tuesday, June 23,2026.

[If you are excising 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 24, 2026（Wednesday）2:00 p.m.
Venue	5-1-1 Minato-Mirai, Nishi-ku, Yokohama-shi, Kanagawa-ken Yokohama Grand Gate 2nd Floor TKP Garden City PREMIUM Yokohama Station Shin-Takashima A Hall (Registration: B Hall) 【Please note that the venue is different from last year.】
Meeting Agenda	Matters to be reported: 1. The business report and Consolidated Financial Statements for the company's 48th Fiscal Year (April 1, 2025 to March 31, 2026) 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 48th Fiscal Year (April 1, 2025 to March 31, 2026). Proposals to be resolved: Proposal 1 Election of three Directors (excluding Directors who are Audit and Supervisory Committee Members) Proposal 2 Election of four Directors who are audit and Supervisory Committee Members
Guide to exercising your voting rights	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.

If you are attending the general meeting of shareholders

Please submit the enclosed voting form to the reception desk at the venue.

Date and Time

June 24, 2026 (Wednesday)
2:00 p.m.

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.

Deadline for exercise

June 23, 2026 (Tuesday)
Arrival by 6:00 p.m.

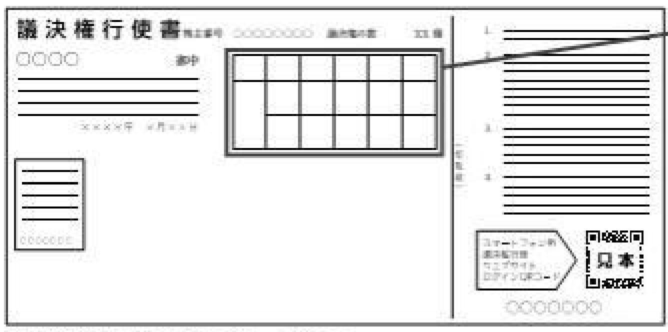
If you are exercising your voting rights via the Internet, etc.

Please enter your vote for or against the proposal, following the instructions on the next page.

Deadline for exercise

June 23, 2026 (Tuesday)
Input completed by 6:00 p.m.

How to fill in the voting rights exercise form



※議決権行使書用紙はイメージです。

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.**

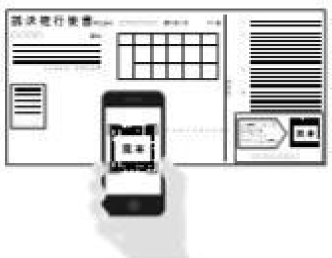
If you exercise your voting rights in writing (by post), and there is no indication of your approval or disapproval of the proposals on the voting form, we will treat this as an indication of approval.If you exercise your voting rights both online and in writing (by post), we will treat the online vote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

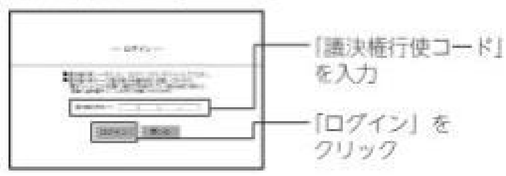
If you have any questions about how to operate a computer, smartphone, or mobile phone for voting via internet, please contact us at the right.

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にアクセスしてください。

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。



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。

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）

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ Co., Ltd.

Reference documents for the General Meeting of Shareholders

Proposal 1 Election of three Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of three Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies throughout this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we request the election of three new Directors.

Please note that with regard to this proposal, the company's Audit and Supervisory Committee has determined that all Director candidates are suitable for the position.

The Director candidates are as follows:

Candidate number	Name	Position at the company	
1	Tsuyoshi Yamakado	President and Representative Director	Reappointment
2	Fumio Fukutani	Director and Chief of Corporate Strategy Department	Reappointment
3	Keiko Kimura	Outside Director（Audit and Supervisory Committee Member）	New appointment Outside Independent

Reappointment	Candidate for reappointment as a director	New appointment	Candidate for Newly appointed as a director	Outside	Candidate for an outside director	Independent	Candidate for an independent director

(Note) Keiko Kimura is a candidate for an outside director.

Candidate number 1

Tsuyoshi Yamakado

Reappointment

Date of birth
August 23, 1978

Number of shares of the company owned
9,000 Shares

Number of years in office
4.0 years

Board of Directors meeting attendance
14/14 times

Biography and position/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

Reappointment

Date of birth
March 18, 1979

Number of shares of the company owned
1,498 shares

Number of years in office
1.0 year

Board of Directors meeting attendance
11/11 times

Biography and position/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]
June 2025	KAPPA-CREATE CO., LTD. Director [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

Keiko Kimura

New appointment
Outside
Independent

Date of birth
April 10, 1977

Number of shares of the company owned
—

Number of year as an outside director
2.0 years

Board of Directors meeting attendance
14/14 times

Biography and position/responsibilities at the company

April 2002	Nikko Solomon Smith Barney Securities Co., Ltd. (currently Citigroup Securities Co., Ltd.) Research Department, Research Analyst
December 2005	Fidelity Investments Japan Co., Ltd. Research Department, Research Analyst
March 2013	Google LLC, Advertising Sales Department, Industry Analyst
July 2018	Google LLC, General Manager, Brand Solutions Sales Division
April 2024	Monicle Inc., Executive Vice-President of Corporate Planning Division [Current position]
June 2024	KAPPA-CREATE CO., LTD., Outside Director (Audit and Supervisory Committee Member) [Current position]

Important concurrent positions

Monicle Inc., Executive Vice-President of Corporate Planning Division

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

We nominated Keiko Kimura as a candidate for outside director because she possesses advanced knowledge and experience in financial analysis, corporate valuation, and digital marketing within the financial and internet industries. Although she has no direct experience in company management, we believe that, as an outside director, she will be able to provide oversight and advice that leverages her experience and expertise across all aspects of our company's management.

(Notes)
1. There are no special conflicts of interest between any of the director candidates and the company.
2. Keiko Kimura is a candidate for outside director.
3. The company has designated Keiko Kimura as an independent director under Tokyo Stock Exchange regulations and has filed this designation with the Exchange. If she is elected, she is expected to continue serving as an independent director.
4. The company has entered into an agreement with Keiko Kimura, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, to limit her liability for damages under Article 423, Paragraph 1 of the same Act. The maximum limit of liability under this agreement is set at the minimum liability limit specified in Article 425, Paragraph 1 of the same Act. Furthermore, if her appointment is approved, the company intends to continue this agreement.

Proposal 2

Election of four Directors who are Audit and Supervisory Committee Members

The terms of office for the four directors who serve as Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we request your approval for the election of these four directors as the Audit and Supervisory Committee Members.

Please note that this proposal has been approved by the Audit and Supervisory Committee.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate number	Name	Position at the company	
1	Akira Tsunoda	Director（Audit and Supervisory Committee Member）	Reappointment
2	Mari Nakanishi	Outside Director（Audit and Supervisory Committee Member）	Reappointment Outside Independent
3	Setsuko Takahashi	None	New appointment Outside Independent
4	Asako Kurebe	None	New appointment Outside Independent

New appointment	Candidate for Newly appointed as a director	Reappointment	Candidate for reappointment as a director	Outside	Candidate for an outside director	Independent	Candidate for an independent director

Candidate number 1

Akira Tsunoda

Reappointment

Date of birth
September 15, 1961

Number of shares of the company owned
1,311 Shares

Number of years in office
2.0 years

Board of directors meeting attendance
14/14 times

Audit and Supervisory Committee meeting attendance
13/13 times

Biography and position/responsibilities at the company

March 1989	LOTTERIA Co., ltd.
August 2006	KAPPA-CREATE CO., LTD., Deputy Manager, Education Department
April 2011	KAPPA-CREATE CO., LTD. General Manager, Administration Department
January 2017	KAPPA-CREATE CO., LTD. General manager, Internal Audit Desk
June 2024	KAPPA-CREATE CO., LTD., Director (Audit and Supervisory Committee Member)[Current position]

Important concurrent positions

None

Reasons for nominating the candidate as a director

We nominated Akira Tsunoda as a candidate for the Director position because he has served as head of both the General Affairs and Internal Audit functions within our company, possesses extensive experience and insight into our business practices and systems, and we believe he can provide effective oversight and advice regarding administration and risk management.

Candidate number 2

Mari Nakanishi

Reappointment

Outside

Independent

Date of birth
June13, 1980

Number of shares of the company owned
—

Number of years in office as an outside director
2.0 years

Board of Directors meeting attendance
14/14 times

Audit and Supervisory Committee meeting attendance
13/13 times

Biography and position/responsibilities at the company

April 2005	Chuo Aoyama Audit Corporation
January 2006	Shin Nihon Audit Corporation (currently EY Shin Nihon Limited Liability Audit Corporation)
January 2009	HSK Consulting Co., Ltd. (currently Reiwa Accounting Holdings Co., Ltd.)
August 2012	Mari Nakanishi Accounting Office, Representative [Current position]
July 2021	Akahoshi Audit Corporation, Senior Partner [Current position]
July 2022	Shimizu Private Reit, Inc., Supervisory Director [Current position]
June 2024	KAPPA-CREATE CO., LTD. Director (Audit and Supervisory Committee Member) [Current position]
August 2025	ERI HOLDINGS CO.,LTD., Outside corporate auditor [Current position]
August 2025	JAPAN ERI CO.,LTD., Corporate auditor [Current position]

Important concurrent positions

Mari Nakanishi Accounting Office, Representative
Akahoshi Audit Corporation, Senior Partner
Shimizu Private Reit, Inc., Supervisory Director
ERI HOLDINGS CO.,LTD., Outside corporate auditor
JAPAN ERI CO.,LTD., Corporate auditor

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

The reason we have nominated Mari Nakanishi as a candidate for outside director is that, as a certified public accountant and tax accountant engaged in corporate accounting audits and management consulting, she possesses advanced knowledge and experience in finance, accounting, and taxation. Although she has no direct experience in corporate management, we believe that, as an outside director who is also Audit and Supervisory Committee Member, she will be able to apply her experience and expertise to provide oversight and supervision that benefits the company's overall management.

Candidate number 3

Setsuko Takahashi

New appointment

Outside

Independent

Date of birth
April 13, 1967

Number of shares of the company owned
—

Number of years in office as an outside director
—

Board of Directors meeting attendance
—

Biography and position/responsibilities at the company

April 1988	Konica Co., Ltd. (Currently Konica Minolta, Inc.)
January 2018	EY Japan Co., Ltd.
July 2019	EY Japan Co., Ltd. Director of Brand Marketing & Communications and Regional Chief Brand Officer, EY Japan
September 2024	Coachul Office established
March 2026	Coachul CO., LTD. Representative Director[Current position]

Important concurrent position

Coachul CO., LTD. Representative Director

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

We nominated Setsuko Takahashi as a candidate for outside director because she possesses extensive experience and expertise in corporate management across multiple industries. We believe that, as an outside director who is also the Audit and Supervisory Committee Member, she will be able to apply that experience and expertise to provide oversight and supervision that benefits the Company’s overall management.

Candidate number 4

Asako Kurebe

New appointment

Outside

Independent

Date of birth
August 10, 1971

Number of shares of the Company owned
—

Number of years in office as an outside director
—

Board of Directors meeting attendance
—

Biography and position/responsibilities at the company

June 2002	Watabe Wedding Co., Ltd.
May 2015	NAC CO.,LTD.
April 2022	Shonan Institute of Technology, Board Member
April 2022	Japan Food Management, President and Representative Director
September 2025	Tokyo University of the Arts, Chairman of the Board [Current position]

Important concurrent positions

Tokyo University of the Arts, Chairman of the Board (Current position)

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

We nominated Asako Kurebe as a candidate for outside director because she possesses advanced knowledge and experience in marketing within the service, retail, food service, and wedding industries. We believe that, as an outside director who is also Audit and Supervisory Committee Members, she will be able to apply her experience and expertise to provide oversight and supervision that benefits the company's overall management.

(Notes)
1. There are no special conflicts of interest between the director candidates and the company.
2. Mari Nakanishi, Setsuko Takahashi, and Asako Kurebe are candidates for outside directors.
3. We have designated Mari Nakanishi as an independent director in accordance with the rules of the Tokyo Stock Exchange and have filed this designation with the Exchange. If she is reappointed, we intend to continue designating her as an independent director.
4. Setsuko Takahashi and Asako Kurebe meet the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and if their appointments are approved, we plan to designate them as independent directors.
5. The company has entered into an agreement with Mari Nakanishi pursuant to Article 427, Paragraph 1 of the Companies Act to limit liability for damages under Article 423, Paragraph 1 of the same Act. If her appointment is approved, the company intends to continue this agreement with her. The maximum amount of liability for damages under this agreement is limited to the amount prescribed by law.
6. If the appointments of Setsuko Takahashi and Asako Kurebe are approved, the company plans to enter into agreements with both individuals, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under these agreements shall be limited to the amount prescribed by law.

＜Reference＞Skill Matrix (Tentative) for Directors and Directors who are Audit and Supervisory Committee Members after the Conclusion of this General Meeting

If the candidates listed in this notice of convocation are elected as proposed, the company's primary expectations regarding the knowledge and experience of each director and each director who is an Audit and Supervisory Committee Member are as follows.

Name	Position	Attribute			Particularly expected knowledge/experience						
		Inside/outside	Gender		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 Chief of Corporate Strategy Department		Male			●	●	●		●	●
Keiko Kimura	Outside Director	Outside	Female	●			●	●	●		●
Akira Tsunoda	Director (Audit and Supervisory Committee Member)		Male			●	●			●	●
Mari Nakanishi	Outside Director (Audit and Supervisory Committee Member)	Outside	Female	●	●			●		●	●
Setsuko Takahashi	Outside Director (Audit and Supervisory Committee Member)	Outside	Female	●	●		●		●		●
Asako Kurebe	Outside Director (Audit and Supervisory Committee Member)	Outside	Female	●	●	●			●		●

End

Business Report (From April 1, 2025 to March 31, 2026)

1 Status of the corporate group

(1) Status of business for the current fiscal year

① Progress and results of business

During the current consolidated fiscal year, the Japanese economy continued on a moderate recovery trend, driven by factors such as increased inbound tourism spending, improvements in employment and income, and the effects of various government policies. At the same time, however, the outlook remains uncertain due to persistently high raw material and energy prices caused by geopolitical risks, rising oil prices resulting from the recent escalation of tensions in the Middle East, uncertainty surrounding global trade policies, and inflation outpacing wage growth.

In the food service industry, while signs of recovery have emerged due to increased inbound tourism demand and a rebound in consumer spending, the business environment remains challenging. This is due to persistently high raw material and energy prices, a growing tendency toward thriftiness amid escalating tensions in the Middle East, and rising labor costs caused by labor shortages. Furthermore, the diversification of values is accelerating in response to the rise of various dining options and changes in lifestyles.

Amid these circumstances, guided by our corporate philosophy that “our customers’ happiness is our happiness,” we have focused on the pillars of our business strategy—strengthening existing stores, growth investments, sustainability, and expanding related businesses—while promoting brand development to enhance customer loyalty. We also revised our main menu and pricing in response to customer trends; however, due to the impact of rising raw material prices, our gross profit margin decreased by 0.6 percentage points compared to the same period last year.

In light of the impact on our business results from soaring prices of raw materials, energy, and other factors, and after carefully assessing future profitability while advancing initiatives to enhance profitability, we reviewed the recoverability of certain non-current assets related to stores and other properties owned by our group based on the “Accounting Standard for Impairment of Non-current Assets.” As a result, we have decided to recognize an impairment loss in the current consolidated fiscal year for 85 domestic stores, 2 overseas stores and 1 domestic factory, and recorded an impairment loss of 715 million yen.

As a result of the above, revenue for the current consolidated fiscal year was 73,193 million yen (down 0.0% year-on-year), operating profit was 532 million yen (down 62.9% year-on-year), ordinary profit was 592 million yen (down 59.6% year-on-year), and the loss attributable to owners of parent was (394) million yen (compared to profit attributable to owners of parent of 1,032 million yen in the same period of the previous fiscal year).

		YoY
Revenue	73,193 Million yen	0.0 % Down
Operating profit	532 Million yen	62.9 % Down
Ordinary profit	592 Million yen	59.6 % Down
Loss attributable to owners of parent	(394) Million yen	—

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

Conveyor-belt Sushi business

Revenue

59,245 Million yen

(0.5%Down YoY)

１）Increasing customer traffic

We worked to enhance customer loyalty by revising the specifications of certain strategic products, distributing discount cards for active seniors, and expanding the all-you-can-eat option—previously available at select locations—to all stores. Additionally, we addressed diverse consumer needs by bringing forward opening hours at some stores to accommodate brunch customers and by updating our takeout menu to offer three distinct options tailored to different preferences.

To build brand awareness and enhance brand preference, we have been running TV commercials across various media platforms and disseminating information via social media and insert advertisements. Additionally, during the current fiscal year, we installed lead signs at 39 stores and have confirmed their effectiveness in boosting revenue.

At our stores, we are focusing on training Kitchen Masters and Service Masters to enhance the customer experience by refining cooking and customer service skills.

For our limited-time promotions, we offered menus featuring winter specialties like “crab”, “blackthroat seaperch”, and “oysters” for 110 yen (tax included), appealing to customers on both price and value.

In addition, we are selling items such as the “Karashibi Miso Ramen” developed in collaboration with the renowned restaurant “Kikanbo,” which always has a long line of customers; the “Rumando Premium Pudding” developed in collaboration with Bourbon Co., Ltd.; and the chocolate dessert “Sure to be a melt-in-your-mouth Premium Pudding made with KitKat®,” created in collaboration with Nestlé Japan Ltd.'s “KitKat®.” We are also running collaboration campaigns with members of the popular VTuber group “774inc.,” the popular picture book “Nekoiru!,” the 2.5-dimensional idol group “Ireisu,” and the game-based English learning app “Risdom,” aiming to attract a diverse customer base with varied values.

２）Store renovation

During the current consolidated fiscal year, we renovated 22 stores. In these renovated stores, we have introduced dedicated high-speed order lanes, automated guidance systems, self-checkout registers, smartphone ordering (which allows customers to use their own smartphones as touch panels), and takeout lockers—all aimed at enhancing productivity. These initiatives strengthen services that increase customer convenience and streamline store operations. Additionally, we are conducting pilot tests of new equipment designed to enhance the customer experience and improve working conditions for employees.

Furthermore, at some of the renovated stores, we are creating a welcoming environment for local customers and refreshing our brand image by providing opportunities for them to interact with Kappa Sushi's popular characters, "Kaa-kun" and "Paa-ko-chan."

３）Pricing

In response to a business environment where cost-consciousness is on the rise due to rising prices, we have revised the prices of certain products—including price reductions—to provide more customers with delicious food and a satisfying dining experience.

In addition, we have implemented various price-focused initiatives, such as offering items like "Kake Udon" and "Roasted Onigiri" at a "daily life support price" of 90 yen (tax included), as well as various all-you-can-eat discounts, a 39% discount on children's menus, and a special offer for app members featuring "Chutoro" for 100 yen (tax included)—all available exclusively on weekdays or for limited periods.

Regarding delivery, we have begun offering products at the same prices as in-store at all 235 stores registered with Uber Eats. Through this initiative, we aim to reduce the financial burden on customers when ordering delivery, while also working to enhance convenience and expand opportunities for use.

4）New store openings

We are expanding our store network based on three key strategies: "major city station areas," "suburban shopping centers and roadside locations," and "establishing a presence in new trade areas." As a result of opening four new stores during the current consolidated fiscal year, the total number of stores stood at 299 at the end of the current consolidated fiscal year.

5）DX・AI

During the current consolidated fiscal year, we introduced automated guidance systems at five new stores (bringing the total to 287) and self-checkout registers at 10 new stores (bringing the total to 249), with the aim of enhancing customer convenience and store productivity. Furthermore, we are striving to increase customer satisfaction by advancing multilingual support for the automated guidance systems and developing more efficient guidance logic.

We are also continuing pilot operations for the digital transformation (DX) of work schedules, shift creation, and training manuals using AI, with the aim of optimizing staffing.

6）Strengthening business management foundation

In addition to conducting employee engagement surveys, we are implementing action plans aimed at raising scores to boost employee motivation and productivity. We have also established a system to listen to employee feedback and incorporate it into various initiatives and problem-solving efforts, thereby promoting DEI (Diversity, Equity, and Inclusion) to ensure that employees with diverse backgrounds and values can thrive. Furthermore, we are working to create a work environment that is comfortable for everyone, including increasing the proportion of female employees, increasing the rate at which male full-time employees take parental leave, and increasing the proportion of women and foreign nationals in management positions.

In addition, based on the results of health checkups, we actively encourage employees to undergo secondary health screenings and utilize our remote in-house clinic to connect them with medical care early on via the internet. Through these efforts, we are working to create an environment where all employees can thrive over the long term. As a result, we have been certified for the third consecutive year as a “KENKO

Investment for Health 2026 (Large Corporation Category)" and have newly received the "YOKOHAMA HEALTH AND PRODUCTIVITY 2026 (Class AA)." We will continue to strive to enhance both "mental" and "physical" health as well as "employee engagement" so that all employees can perform to the best of their abilities.

We are also working to enhance our employee training programs and are striving to develop our in-house training to cultivate the next generation of business and management leaders.

7） Food safety and security

Our top priority is to provide a safe and secure dining experience for all our customers. We are working to create safe and secure stores by maintaining our store environments, while also establishing an organizational structure capable of responding swiftly and accurately in emergencies, thereby strengthening our safety measures. Furthermore, we are advancing product development with a focus on health and nutrition, and by offering menus with excellent nutritional balance, we aim to build a brand where customers of all generations can enjoy the "joy of food" for years to come. In addition, we are committed to creating an environment where customers can choose products with confidence by accurately and clearly disclosing information on allergens, nutritional content, and other details.

8） Contribution to the our community, society, and the global environment

We view contribution to our community/society and the global environment as a critical responsibility and continue to pursue sustainable initiatives. During this consolidated fiscal year, we have continued to promote activities that create opportunities for children to engage with food and various professions. We sponsored the work experience theme park "Kandu Dainichi" and offered the "Kappa Sushi Sushi Chef Experience," providing opportunities for simulated social and vocational experiences that allow participants to learn about the background of food and consider the future of sustainable food. Additionally, we are implementing initiatives for a sustainable society and food through activities such as hosting “FURUSATO job seminar” at junior high schools in Nagano-ken, where our company was founded, and conducting outreach food education classes at the “Environmental Fair” in Natori-shi, Miyagi-ken.

At our stores, we are implementing capital investments aimed at improving the efficiency of our air conditioning systems and replacing equipment to conserve energy, thereby reducing CO_2 emissions through lower electricity consumption. We will continue to make investments that contribute to reducing water, electricity, and gas usage in order to minimize our environmental impact.

Additionally, we are working to reduce food waste by developing and selling products that make full use of sushi toppings and rice, and we are collaborating with the food waste reduction app “Too Good To Go” to minimize food loss and promote the effective use of resources.

Furthermore, based on a management system that incorporates customer feedback, we aim to coexist with society by providing products and services that meet local needs.

9) Strengthening collaboration with the Delicatessen business

We are further strengthening our collaboration to maximize synergies with our domestic Conveyor-belt Sushi business and driving the expansion of the Delicatessen business. By featuring Delicatessen desserts in campaigns and other promotions at our domestic Conveyor-belt Sushi stores, we aim to boost revenue for the Delicatessen business and increase customer traffic for the Conveyor-belt Sushi business.

In addition, we are working to develop new market demand through initiatives such as the development of frozen boxed lunches and health-conscious products, while continuing to make proposals to industries with which we have not previously done business, thereby striving to expand our business scope.

10) Overseas business

In our Conveyor-belt Sushi business in South Korea, we are working to enhance our revenue model through pricing adjustments and the optimization of various costs in response to rising raw material prices, with the aim of establishing a stable profit structure.

In our Conveyor-belt Sushi business in Indonesia, various marketing initiatives have proven effective, and revenue is growing steadily. During the current consolidated fiscal year, we renovated one store and opened two new stores, driving investment toward further growth.

Furthermore, we plan to further expand our overseas Conveyor-belt Sushi business by continuing to research potential third target countries for overseas expansion and strengthening relationships with local partners and real estate developers.

As a result, revenue from the Conveyor-belt Sushi business totaled 59,245 million yen (down 0.5% year-on-year), and segment profit was 515 million yen (down 63.1% year-on-year).

Delicatessen business

Revenue

13,948 Million yen

(2.2%Up YoY)

In the Delicatessen business, we steadily passed on the cost increases resulting from the sharp rise in rice prices, thereby stabilizing our profit and loss structure.

Although the sharp rise in rice prices temporarily affected sales of rice-based products, sales rebounded in the second half of the fiscal year, and the recovery trend has become increasingly clear. Furthermore, by shifting the focus of our sales strategy to prepared bread and room-temperature bread and implementing aggressive promotional campaigns, revenue in both categories has grown significantly.

In our dessert business, revenue exceeded that of the previous fiscal year due to the acquisition of new clients as well as increased demand from existing clients and for products within the Group, further strengthening our growth momentum.

On the production side, ongoing enhancement activities aimed at increasing productivity have yielded steady results, contributing to enhanced manufacturing efficiency and cost control.

Going forward, we will continue to promote product development that accurately captures market needs while ensuring profitability, and we will work to strengthen the foundation for stable and sustainable growth.

As a result, the Delicatessen business posted revenue of 13,948 million yen (up 2.2% year-on-year) and a segment loss of 46 million yen (compared to a segment loss of 26 million yen in the same period of the previous year).

② Capital investment

Total capital expenditures by the corporate group during the current consolidated fiscal year (including security and guarantee deposits) amounted to 2,675 million yen. The main items are as follows:

Major facilities completed during the current consolidated fiscal year

Conveyor-belt Sushi business: ・Directly managed stores: Renovation of 22 stores

③ Financing

There are no special notes.

④ Business transfers, absorption-type splits, or incorporation-type splits

There are no special notes.

⑤ Acquisition of other companies' businesses

There are no special notes.

⑥ Succession to the rights and obligations relating to the business of another corporation or entity through merger by absorption or absorption-type splits

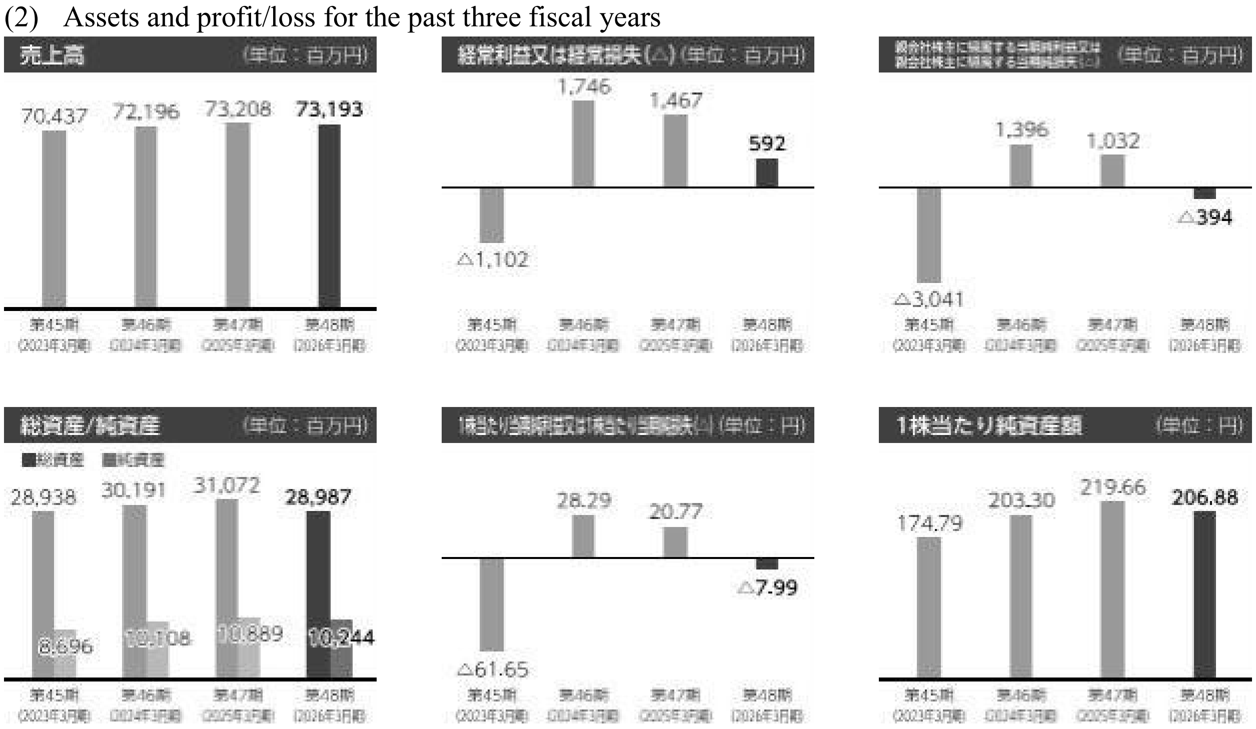
There are no special notes.

⑦ Acquisition or disposal of shares or other equity interests in other companies, or stock options, etc.

There are no special notes.

Assets and profit/loss for the past three fiscal years

(2) Assets and profit/loss for the past three fiscal years



		The 45th (FY2023/3)	The 46th (FY2024/3)	The 47th (FY2025/3)	The 48th (Current consolidated fiscal year) (FY2026/3)
Revenue	(Million yen)	70,437	72,196	73,208	73,193
Ordinary profit (loss)	(Million yen)	(1,102)	1,746	1,467	592
Profit (loss) attributable to owners of parent	(Million yen)	(3,041)	1,396	1,032	(394)
Basic earnings (losses) per share	(Yen)	(61.65)	28.29	20.77	(7.99)
Total assets	(Million yen)	28,938	30,191	31,072	28,987
Net assets	(Million yen)	8,696	10,108	10,889	10,244
Net assets per share	(Yen)	174.79	203.30	219.66	206.88

(3) Status of parent and important subsidiaries

① Status of parent

Our parent companies are COLOWIDE Co., Ltd. and its wholly owned subsidiary, SPCKAPPA CO., LTD., which holds 24,943,302 shares of our stock (representing 50.57% of the voting rights).

② Status of important subsidiaries

Company 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

Through measures such as flexible pricing in response to rising prices and consumer trends, enhancing value through store renovations, increasing customer experience value through employee development, and opening new stores, our group's revenue maintained the same level as the previous fiscal year. However, in an environment of persistent inflation and stagnant real wages, we anticipate that consumers will become even more selective about their dining-out expenditures, and the business environment is expected to remain challenging.

Globally, concerns persist that prices for raw materials, energy, and logistics costs will remain elevated due to a combination of factors, including rising oil prices driven by tensions in the Middle East, monetary policy trends in major economies, exchange rate fluctuations, and geopolitical risks. As a result, the outlook is expected to remain uncertain.

In our domestic Conveyor-belt Sushi business, we will focus on investing in human capital and work to continuously increase our NPS® (Net Promoter Score) and employee engagement scores, while also strengthening the competitiveness of our stores by prioritizing enhancements in QSC (Quality, Service, and Cleanliness). At the same time, we will promote digital transformation (DX) and the use of AI to standardize store operations, aiming to expand revenue through stable growth in customer numbers. Furthermore, by promoting health-conscious management and enhancing tiered training programs, we will maximize the potential of each individual and strive to build an organizational structure that remains competitive over the long term.

With regard to our products, we will focus on enhancing customer satisfaction and expanding our loyal customer base by pursuing both price competitiveness and value appeal. We will also continue to refine our strategic products with the aim of building a revenue base that is resilient to changes in the business environment.

At the same time, as part of our customer acquisition efforts, we will expand our campaigns for app members and collaborations with characters popular among children, in addition to our mass media exposure, to encourage store visits. We will also proceed with a planned expansion of our store network.

In terms of costs, we will continue to make capital investments that contribute to increased productivity, while also working to enhance ingredient yield through improvements in cutting techniques and other measures. Furthermore, by fully leveraging the synergies of the COLOWIDE Group and promoting menu development and joint procurement through collaboration across Group formats, we will mitigate the impact of rising raw material prices. At the same time, we will advance our SDGs initiatives by reducing food waste, thereby achieving comprehensive cost control.

Regarding our overseas Conveyor-belt Sushi business, we will proceed with opening stores in South Korea through reforms to our revenue model, while in Indonesia we will continue our opening store expansion strategy focused on commercial facilities to strengthen our revenue base for future growth. Additionally, we will expand into third-party foreign markets to establish new revenue streams.

Furthermore, to achieve long-term sustainable growth, we continue to prioritize our ESG (Environmental, Social, and Governance) initiatives.

In the area of environment, in addition to initiatives to reduce our environmental impact—such as improving delivery efficiency and expanding the introduction of energy-saving equipment—we are promoting efforts to provide sustainable food, including participating in “Too Good To Go Japan” with the aim of reducing food waste.

In the area of society, as part of our investment in human capital, we have promoted health management and have newly obtained certification as a “KENKO Investment for Health 2026” (Large Corporation Category) and the “YOKOHAMA HEALTH AND PRODUCTIVITY 2026” (Class AA). Additionally, we are working to promote employee health through the use of “Smart One Health for Business.” Furthermore, as part of our efforts to develop the next generation and contribute to the local community, we are conducting activities to convey the appeal of food and careers through initiatives such as hosting school visits and being featured in career guidebooks for junior high school students in Nagano-ken, where the company was founded. We will continue to deepen our ties with the local community and contribute to the revitalization of the regional economy. Furthermore, by continuing our efforts to promote the appointment of female managers, hire foreign nationals, and expand the use of flexible work arrangements, and by advancing DEI (Diversity, Equity, and Inclusion), we aim to address labor shortages and revitalize our organization.

In terms of governance, we regard enhancing the effectiveness of the Board of Directors as a key priority. We strive to maintain and increase the proportion of outside directors, and through the operation of various committees related to nominations and remuneration, we endeavor to ensure management transparency and objectivity. Furthermore, we will continue to strengthen our risk management and compliance frameworks, enhance the effectiveness of our internal controls, and ensure strict compliance with laws and regulations as well as the proper execution of business operations. Through these initiatives, we aim to further strengthen the soundness of our management and our oversight functions.

Through these initiatives, we will make it a key priority of our management to evolve into a corporate structure capable of flexibly adapting to changes in the external environment while achieving sustainable growth in corporate value.

(5) Principal business (As of March 31, 2026)

Business segment	Main business
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, 2026）

① Principal office of the company

The company	Head office：Nishi-ku, Yokohama-shi, Kanagawa-ken

② Principal offices of subsidiaries

Japan Fresh Co., Ltd.	Head office：Nishi-ku, Yokohama-shi, Kanagawa-ken Factories：Atsuta-ku, Nagoya-shi, Aichi-ken; Kusatsu-shi, Shiga-ken; Fuji-shi, Shizuoka-ken;Amagasaki-shi, Hyogo-ken;Ageo-shi, Saitama-ken
KAPPA-CREATE KOREA CO., LTD.	Head office：3rd Floor, 44 Bansong-ro, Yeonje-gu, Busan, South Korea
PT.KAPPA CREATE INDONESIA	本社：Jl. Bendungan Hilir Gg. V No.8C, RT.12/RW.1, Bend. Hilir, Kecamatan Tanah Abang, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10210

③ Stores of the group

	Beginning	Fiscal year end	Change
Japan	298 stores	302 stores	+4 stores
Overseas	4 stores	10 stores	+6 stores

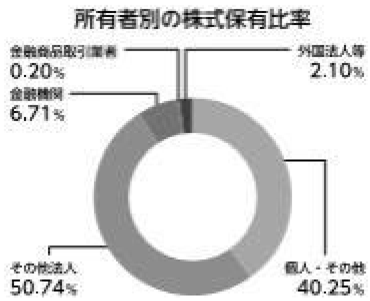
(7) Other important matters on the group

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) Shares （As of March 31, 2026）



① Total number of shares authorized 100,000,000 Shares

② Total number of shares issued 49,414,578 Shares

③ Number of shareholders 156,775 Persons

④ Major shareholders（Top10）

Name of shareholder	Number of holding shares（shares）	Shareholding ratio（%）
SPCKAPPA CO., LTD.	24,943,302	50.54
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,557,300	5.18
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account Mizuho Bank Re-trustee: Japan Custody Bank, Ltd. 383,600 0.78	383,600	0.78
Kappa-Create Employee Stock Ownership Plan	256,695	0.52
UBS AG LONDON A/CIPB SEGREGATED CLIENT ACCOUNT	237,719	0.48
Japan Custody Bank, Ltd. (Trust Account)	209,700	0.42
J PMSLLCC J PY	154,795	0.31
Japan Custody Bank, Ltd. (Trust Account 4)	107,400	0.22
STATE STREET BANK ANDTRUST COMPANY 510372	104,200	0.21
BNP PARIBAS NEWYORK BRANCH-PRIME BROKERAGE CLEARANCE ACCOUNT	86,510	0.18

(Notes) 1. The company holds 62,202 shares of treasury share.
2. Shareholding ratios are calculated after deducting treasury share.

⑤ Shares delivered to the company's directors as remuneration for the execution of their duties during the current fiscal year

	Number of shares	Number of directors eligible for the grant
Director（excluding audit and supervisory committee member and outside director）	4,000 shares	2 directors
Outside director（excluding audit and supervisory committee member and limited to outside director）	－shares	－directors
Director who is audit and supervisory committee member	－shares	－directors

(Note) 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) Share acquisition rights

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

Not applicable as of the current fiscal year end.

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

Not applicable as of the current fiscal year end.

(4) Directors

① Directors

（As of March 31, 2026）

Position	Name	Responsibilities and important concurrent positions
President Representative Director	Tsuyoshi Yamakado	
Director	Fumio Fukutani	Chief of Corporate Strategy Department
Director	Takuya Koumoto	ASAHI BREWERIES, LTD. Corporate Auditor (Full-time)
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）	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 ERI HOLDINGS CO.,LTD., Outside corporate auditor JAPAN ERI CO.,LTD., Corporate auditor

(Notes) 1. Directors Takuya Koumoto, Asako Saimon, Keiko Kimura, and Mari Nakanishi are outside directors.

2. The company has designated Takuya Koumoto, Asako Saimon, Keiko Kimura, and Mari Nakanishi as independent directors in accordance with the rules of the Tokyo Stock Exchange and has filed this designation with the Exchange.

3. To enhance the effectiveness of information gathering and other audit activities, and to strengthen our audit and oversight functions, we have appointed Akira Tsunoda as a full-time member of Audit and Supervisory Committee.

4. Mari Nakanishi, an outside director and member of Audit and Supervisory Committee, is a certified public accountant and tax accountant and possesses substantial expertise in finance and accounting.

② Summary of the contents of the limited liability agreement

The company has entered into agreements with outside directors Takuya Koumoto, Asako Saimon, Keiko Kimura and 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 for directors for the current fiscal year

（A）　Total amount of remuneration for directors

Category	Total amount of remuneration (million yen)	Total amount by type of remuneration (million yen)			Number of eligible directors (persons)
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (excluding directors who are audit and supervisory committee member) (of which, outside director)	47 (4)	39 (4)	–	7 (―)	4 (1)
Directors who are audit and supervisory committee member (of which, outside director)	27 (19)	27 (19)	–	–	5 (4)
Total (of which, outside director)	75 (24)	67 (24)	–	7 (―)	9 (5)

(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.

4. With regard to Takuya Koumoto, who retired as a Director and Audit and Supervisory Committee Member upon the conclusion of the 47th Annual General Meeting of Shareholders on June 20, 2025, and assumed the position of Director, the total number and total amount stated above are broken down as follows: the period during which he served as a Director and Audit and Supervisory Committee Member is included under "Directors (Audit and Supervisory Committee Members)," and the period during which he served as a Director (excluding Audit and Supervisory Committee Members) is included under "Directors (excluding Audit and Supervisory Committee Members)."

5. The number of directors subject to this report does not include the one director who retired upon the conclusion of the 47th Annual General Meeting of Shareholders on June 20, 2025.

（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 20, 2025, 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.

In accordance with this policy, we regret to inform our shareholders that we will not be paying a year-end dividend for the current fiscal year.

Consolidated Financial Statements

Consolidated Balance Sheet （As of March 31, 2026）

（Unit：Millions of yen）

Account	Amount
Assets	
Current assets	11,846
Cash and deposits	6,034
Accounts receivable	3,437
Goods and products	369
Raw materials and supplies	464
Others	1,542
Allowance for doubtful accounts	(1)
Non-current assets	17,140
Property, plant and equipment	12,103
Buildings and structures	5,727
Machinery and vehicles	2,257
Tools, equipment and fixtures	2,191
land	1,644
Lease assets	190
Construction in progress	93
Intangible assets	98
Software	51
Right to use facilities	2
Others	45
Investments and other assets	4,938
Investment securities	871
Security and guarantee deposits	3,492
Deferred tax assets	489
Others	87
Allowance for doubtful accounts	(2)
Total assets	28,987

Account	Amount
Liabilities	
Current liabilities	11,333
Accounts payable	3,835
Long-term borrowings due within one year	2,500
Accounts payable-other	2,202
Accrued expenses	1,671
Lease liabilities	61
Income tax payable	177
Provision for bonuses	91
Provision for sales promotion expenses	137
Others	657
Non-current liabilities	7,409
Long-term borrowings	3,950
Long-term accounts payable-other	1,444
Retirement benefit liabilities	75
Lease liabilities	105
Asset retirement obligations	1,731
Others	102
Total liabilities	18,743
Net assets	
Shareholders’ equity	10,211
Share capital	100
Capital surplus	8,593
Retained earnings	1,570
Treasury shares	(52)
Accumulated other comprehensive income	(1)
Unrealized gain on other securities	8
Deferred gains (losses) on hedges	(14)
Currency translation adjustment accounts	4
Non-controlling interests	33
Total net assets	10,244
Total liabilities and net assets	28,987

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

Consolidated Statement of Income

(From April 1, 2025 to March 31, 2026)

(Unit：Millions of yen)

Account	Amount
Revenue	73,193
Cost of sales	35,412
Gross profit	37,780
Selling, general and administrative expenses	37,248
Operating profit	532
Non-operating income	423
Interest income	17
Dividend income	85
Rental revenue	205
Vending machines revenue	23
Sponsorship income	20
Foreign exchange gains	11
Miscellaneous income	58
Non-operating expenses	363
Interest expenses	199
Interest expenses on bonds	0
Cost of rental revenue	146
Miscellaneous losses	16
Ordinary profit	592
Extraordinary losses	722
Loss on disposal of non-current assets	6
Impairment losses	715
Profit (loss) before taxes and other adjustments	△130
Corporate income tax, resident tax, and business tax	178
Adjustments to corporate income tax, etc.	94
(Loss)	(403)
(Loss) attributable to non-controlling interests	(9)
(Loss) attributable to owners of parent	(394)

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

Consolidated Statement of Changes in Net Assets （From April 1, 2025 to March 31, 2026）

（Unit：Millions of yen）

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	8,591	2,211	(55)	10,846
Changes during period					
Dividend			(246)		(246)
Disposal of treasury shares		2		3	5
(Loss) attributable to owners of parent			(394)		(394)
Net changes in items other than shareholders' equity					
Total changes during period	―	2	(640)	3	(635)
Balance at end of period	100	8,593	1,570	(52)	10,211

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on other securities	Deferred gains (losses) on hedges	Currency translation adjustment account	Total accumulated other comprehensive income		
Balance at beginning of period	1	(11)	10	0	42	10,889
Changes during period						
Dividend						(246)
Disposal of treasury shares						5
(Loss) attributable to owners of parent						(394)
Net changes in items other than shareholders' equity	6	(2)	(5)	(2)	(8)	(10)
Total changes during period	6	(2)	(5)	(2)	(8)	(645)
End of period balance	8	(14)	4	(1)	33	10,244

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

Non-consolidated Financial Statements

Balance Sheet （As of March 31, 2026）

（Unit：Millions of yen）

Account	amount
Assets	
Current assets	9,628
Cash and deposits	5,544
Accounts receivable	2,032
Goods	295
Raw materials and supplies	229
Prepaid expenses	623
Accounts receivable-other	627
Others	283
Allowance for doubtful accounts	(8)
Non-current assets	16,683
Property, plant and equipment	10,837
Buildings and structures	5,414
Machinery and Vehicles	1,996
Tools, equipment and fixtures	2,099
Land	1,250
Lease assets	1
Construction in progress	75
Intangible assets	54
Software	48
Right to use facilities	3
Others	2
Investment and other assets	5,790
Investment securities	937
Long-term loans to affiliates	1,362
Security and guarantee deposits	3,206
Deferred tax assets	469
Others	74
Allowance for doubtful accounts	(258)
Total assets	26,312

Account	Amount
Liabilities	
Current liabilities	9,169
Accounts payable	2,414
Long-term borrowings due within one year	2,500
Accounts payable-other	1,926
Accrued expenses	1,357
Lease liabilities	2
Income tax payable	164
Provision for bonuses	73
Provision for sales promotion expenses	137
Others	593
Non-current liabilities	7,124
Long-term borrowings	3,950
Long-term accounts payable-other	1,444
Asset retirement obligation	1,629
Others	99
Total liabilities	16,293
Net assets	
Shareholders' equity	10,027
Share capital	100
Capital surplus	8,334
Capital reserve	1,312
Other capital surplus	7,022
Retained earnings	1,645
Other retained earnings	1,645
Retained earnings carried forward	1,645
Treasury shares	(52)
Valuation and translation adjustments, etc.	(9)
Unrealized gain on other securities	5
Deferred gains (losses) on hedges	(14)
Total net assets	10,018
Total liabilities and net assets	26,312

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

Statement of Income

(From April 1, 2025 to March 31, 2026) (Unit：Millions of yen)

Account	Amount
Revenue	57,805
Cost of sale	22,759
Gross profit	35,045
Selling, general and administrative expenses	34,406
Operating profit	639
Non-operating income	502
Interest income	51
Dividend income	85
Rental revenue	269
Vending machine revenue	22
Sponsorship income	20
Foreign exchange gain	10
Miscellaneous income	43
Non-operating expenses	550
Interest expense	191
Interest expense on bond	0
Cost of rental revenue	227
Miscellaneous losses	131
Ordinary profit	591
Extraordinary losses	711
Loss on disposal of non-current assets	6
Impairment losses	704
Profit (loss) before tax	(120)
Corporate income tax, resident tax and business tax	165
Adjustment to corporate income tax, etc.	94
(Loss)	(380)

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

Statement of Changes in Net Assets (From April 1, 2025 to March 31, 2026)

(Unit：Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' 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	7,019	8,331	2,273	2,273	2,273	(55)	10,649
Changes during period									
Dividend					(246)	(246)	(246)		(246)
Disposal of treasury shares			2	2				3	5
(Loss)					(380)	(380)	(380)		(380)
Changes in items other than shareholders' equity (net)									―
Total changes during period	―	―	2	2	(627)	(627)	(627)	3	(621)
Fiscal year end balance	100	1,312	7,022	8,334	1,645	1,645	1,645	(52)	10,027

	Valuation and translation adjustments, etc.			Total net assets
	Unrealized gain on other securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments, etc.	
Opening balance	3	(11)	(8)	10,641
Changes during period				
Dividend				(246)
Disposal of treasury shares				5
(Loss)				(380)
Changes in items other than shareholders' equity (net)	1	(2)	(1)	(1)
Total changes during period	1	(2)	(1)	(622)
Fiscal year end balance	5	(14)	(9)	10,018

（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 48th fiscal year, from April 1, 2025 to March 31, 2026. 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 ロ and ハ 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.

①In 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.

②We 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.

May 18, 2026

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	㊞

(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.