

Supplementary Material for
FY2024 Financial Results

December 13, 2024



Securities code: 3038

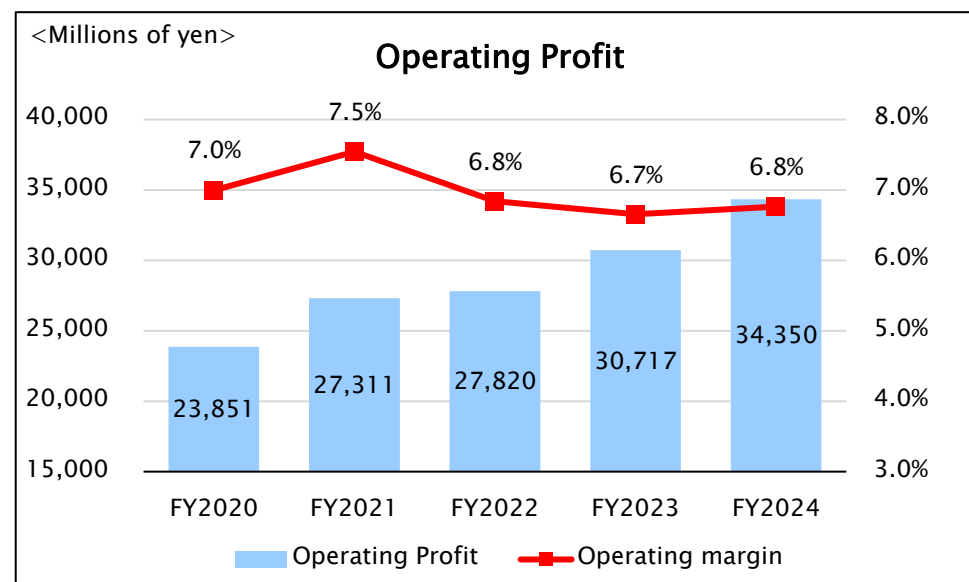
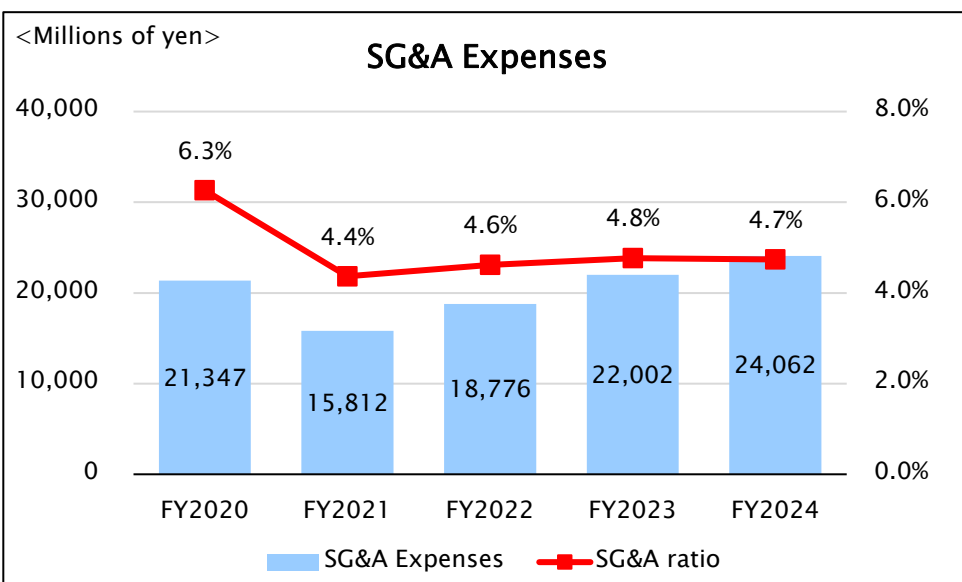
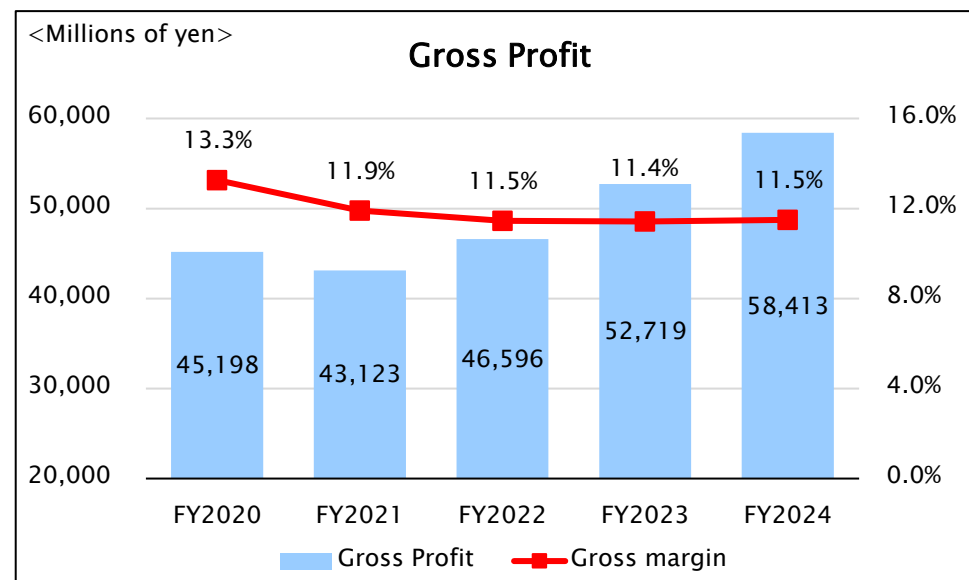
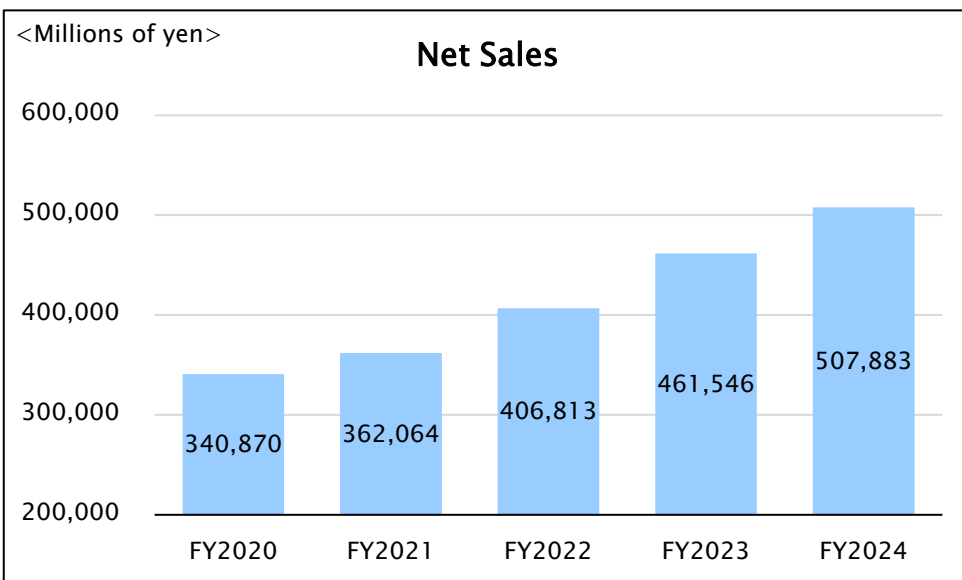
● Consolidated Financial Highlights	2
● Gyomu Super Business	5
● Outline of Gyomu Super Franchise Agreement	6
● Changes in Total Number of Gyomu Super Stores	7
● Year-on-year Changes in Product Shipments to Gyomu Super Stores	8
● Kobe Bussan’s Strengths: “Unique Products with Competitive Advantages”	9
● Restaurant & Delicatessen Business	10
● Eco Renewable Energy Business	14
● Action to Implement Management that is Conscious of Cost of Capital and Stock Price	16
● Shareholder Returns	17
● Consolidated Financial Forecast	18
● Medium-term Management Plan	20
● Status of the Exercise of Stock Options	23
● Status of Our Sustainability Initiatives	24

(Millions of yen)

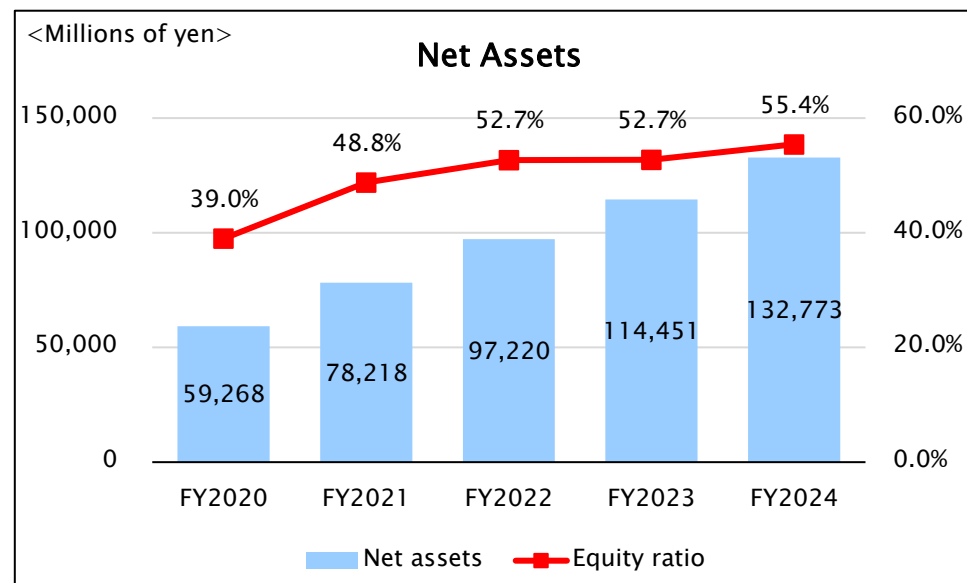
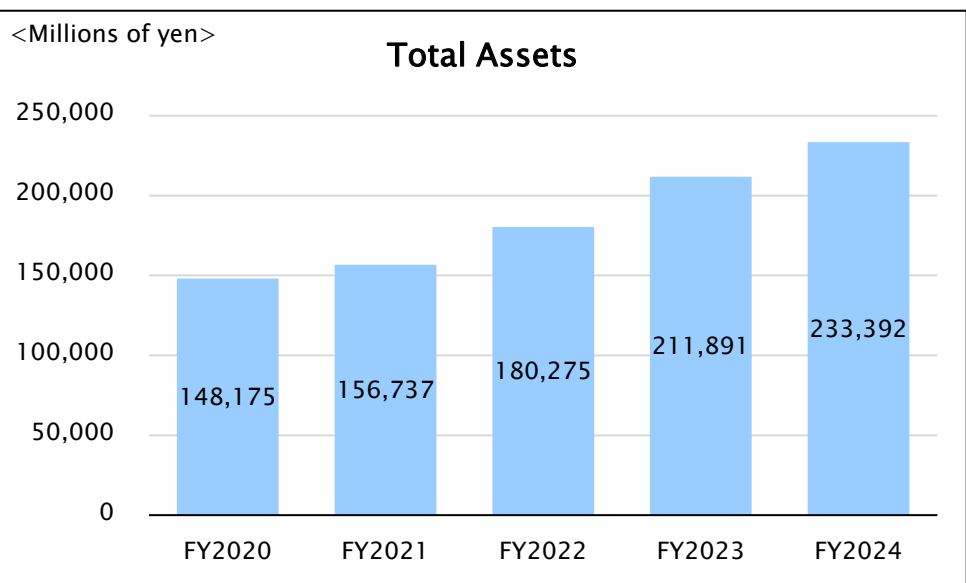
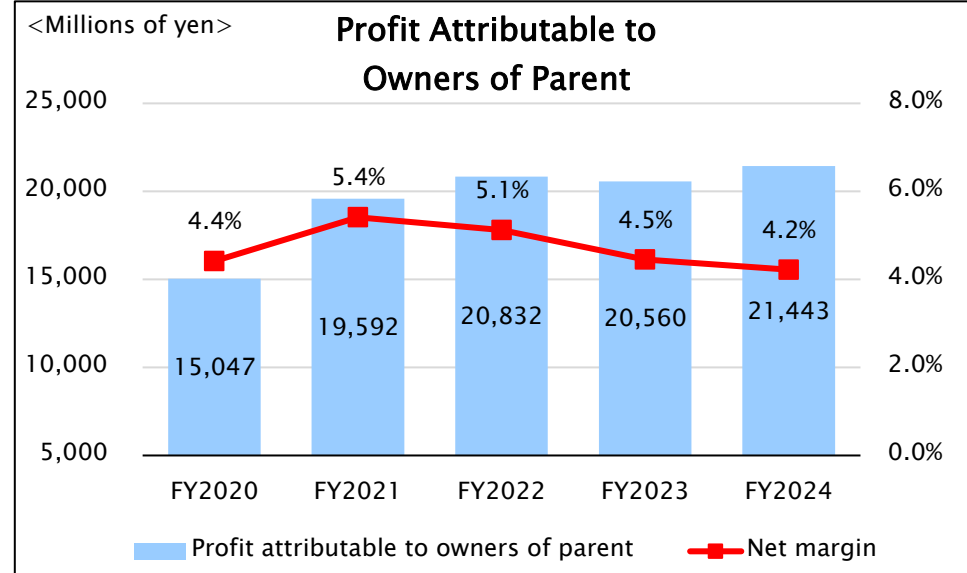
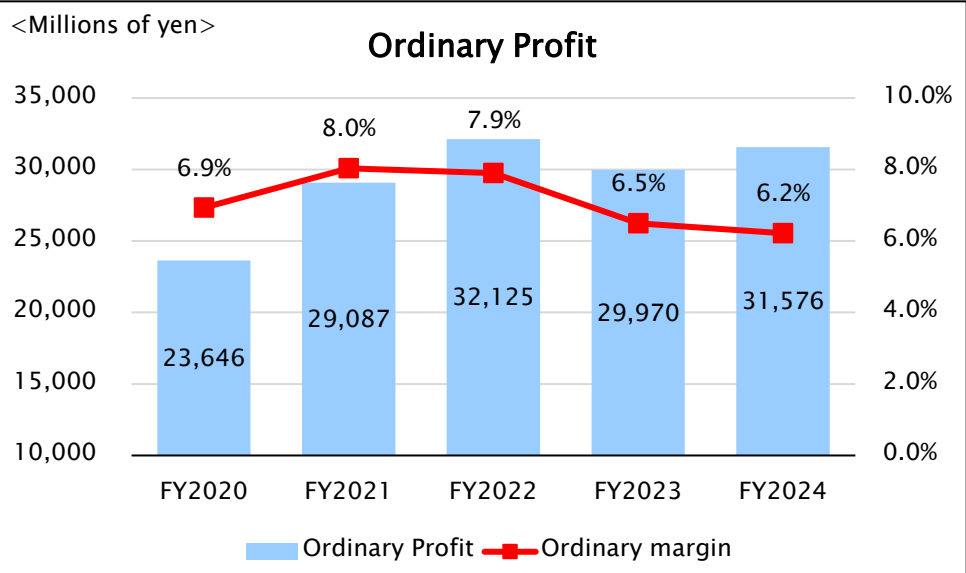
	FY23	FY24	Percentage change	FY23 Aug.-Oct.	FY24 Aug.-Oct.	Percentage change	FY24 forecast	Achievement rate to full-year forecast
Net sales	461,546	507,883	+10.0%	122,779	130,600	+6.4%	498,000	102.0%
Gross profit (Gross margin)	52,719 (11.4%)	58,413 (11.5%)	+10.8%	13,610	14,319	+5.2%	—	—
SG&A expenses (SG&A ratio)	22,002 (4.8%)	24,062 (4.7%)	+9.4%	6,171	6,609	+7.1%	—	—
Operating profit (Operating margin)	30,717 (6.7%)	34,350 (6.8%)	+11.8%	7,438	7,710	+3.7%	31,000	110.8%
Ordinary profit (Ordinary margin)	29,970 (6.5%)	31,576 (6.2%)	+5.4%	7,276	9,595	+31.9%	33,000	95.7%
Profit attributable to owners of parent (Net margin)	20,560 (4.5%)	21,443 (4.2%)	+4.3%	4,969	6,595	+32.7%	21,500	99.7%

[Financial Overview]

- Net sales**
 Net sales increased by ¥46,337 million (10.0%) year on year with robust new store openings and continued strong product shipments to existing stores.
- Gross profit**
 Gross profit increased by ¥5,693 million (10.8%) year on year due to the continued strong net sales despite the impact of the exchange rate fluctuations.
- SG&A expenses**
 SG&A expenses increased by ¥2,060 million (9.4%) year on year due to increases in freight costs along with increased net sales of the Gyomu Super Business and personnel and rent expenses resulting from the opening of directly operated restaurants. On the other hand, the SG&A ratio decreased by 0.1 percentage point due to the sales growth.
- Operating profit**
 As a result of the factors above, operating profit increased by ¥3,633 million (11.8%) year on year.
- Ordinary profit**
 Ordinary profit increased by ¥1,605 million (5.4%) year on year due to improvement in the mark-to-market valuation of forward exchange contracts entered into to hedge risks of exchange rate fluctuations.
- Profit attributable to owners of parent**
 As a result of the factors above, profit attributable to owners of parent increased by ¥883 million (4.3%) year on year.



Note: Fiscal year (FY) represents the one-year period from November 1 to October 31 of the following year.



Gyomu Super is our core business. Operating results of this business segment reflect wholesale sales to, and royalty fee from, Gyomu Super franchisees earned by Kobe Bussan, a franchisor (franchising headquarters), as well as earnings of Kobe Bussan Group's plants.

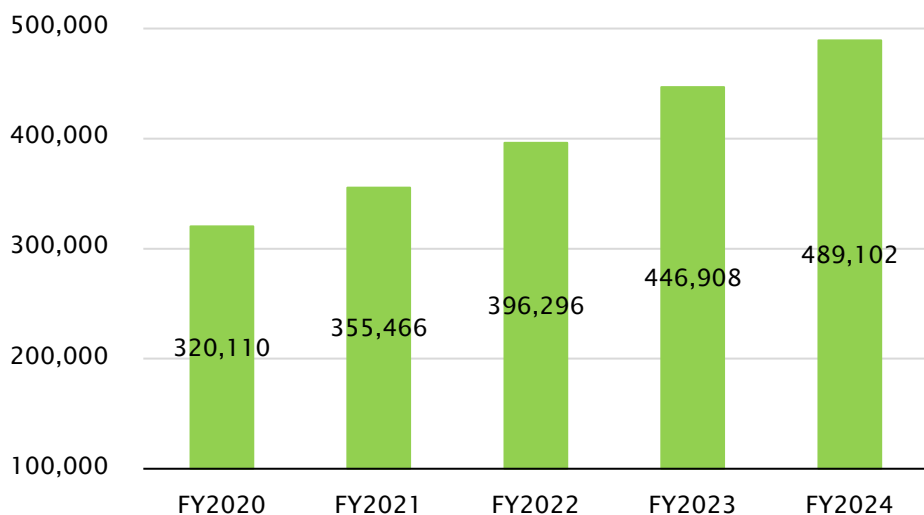
- Gyomu Super stores have expanded nationwide with 1,084 stores as of October 31, 2024.
- Net sales for FY2024 Q4 exceeded the planned amount due to strong performance of the existing stores.
- We have achieved 100 stores in Kyushu.



Inside the Gyomu Super Yokohama Izumi Store

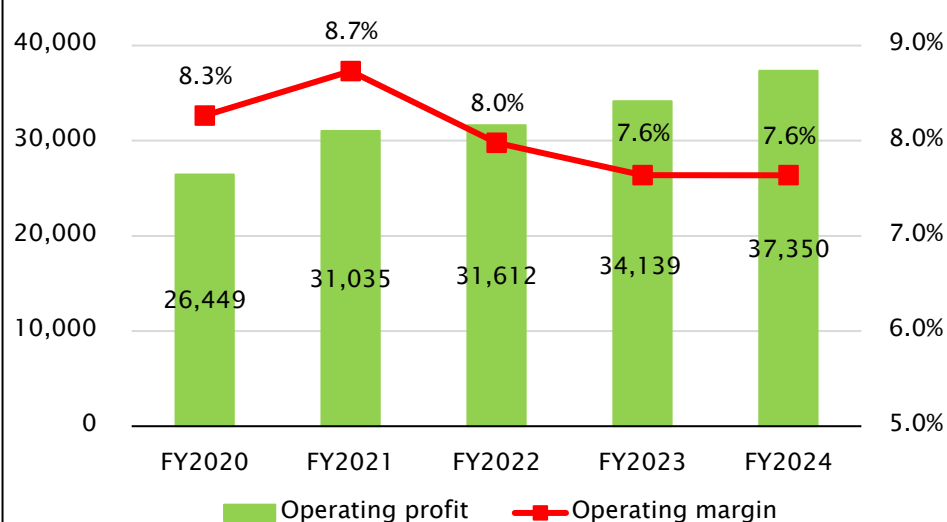
<Millions of yen>

Net Sales



<Millions of yen>

Operating Profit



Note: Due to a change in the reportable segment structure in FY2021, the figures for FY2020 are reclassified retrospectively to reflect the change.

We operate Gyomu Super stores under a franchise system except 4 stores of our own.

Our franchise agreement has 2 types as follows:

- General franchise contract, which allows a franchisee to open 1 store in our directly managed areas (*1).
- Area franchise contract, which allows a franchisee to open multiple stores in a defined prefecture in our indirectly managed areas (*2).

Also, we own 4 stores in Hyogo, Osaka and Kanagawa prefectures under direct operations.

*1 Directly managed areas

- Hokkaido area: Hokkaido prefecture
- Kanto area: Tokyo, Chiba, Kanagawa, and Saitama prefectures
- Kansai area: Osaka, Kyoto, Hyogo (excl. Awaji Island), Nara, Wakayama, and Shiga prefectures
- Kyushu area: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, and Kagoshima prefectures

*2 Indirectly managed areas

- Other areas: Prefectures other than those listed above

Outline of Franchise Contract & Requirements (as of October 31, 2024)

	Directly managed areas	Indirectly managed areas
Number of franchisees	91	14
Type of franchise agreement	Single-unit franchise (A general franchisee can open 1 store per contract.)	Multi-unit franchise (An area franchisee has an exclusive right to open multiple stores in a prefecture defined under the contract.)
Initial franchise fee (excl. consumption taxes)	¥2,000,000	Population in the prefecture x ¥2
Franchise deposit	¥10,000,000	Population in the prefecture x ¥5
Royalty fee	1% of total purchase of goods	1% of purchase of defined goods
Facility expenses	It costs between ¥32 million and ¥38 million to construct racks for shelf-stable foods and refrigeration equipment (the above construction cost is a rough estimate and varies depending on properties). Equipment, construction work, POS registers, and other funds for start-up are required separately.	
Distribution expenses	Principally paid by franchise headquarters	Negotiable

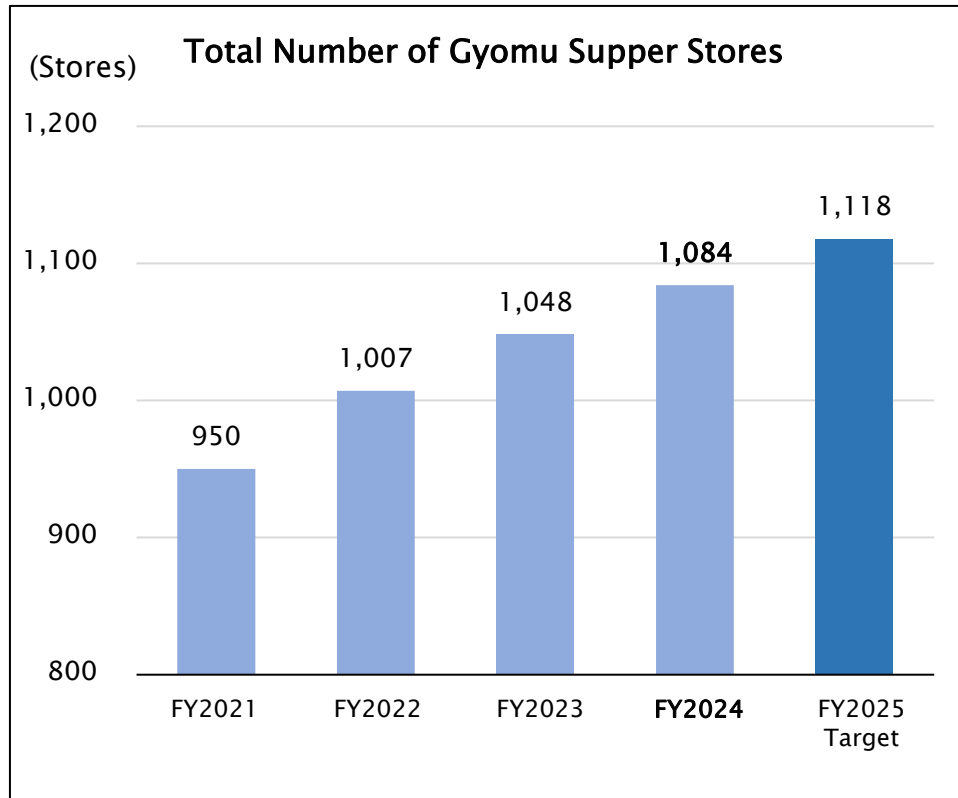
Simulated Earnings (Standard Store Franchisees)

P&L account	Monthly amount	Composition
Net sales	¥43,500,000	100.0%
Gross profit	¥7,395,000	17.0%
SG&A expenses	¥6,499,000	14.9%
(Rent expenses)	¥1,300,000	3.0%
(Personnel expenses)	¥2,393,000	5.5%
Operating profit	¥896,000	2.1%

* By purchasing items such as fresh food separately, many of franchisees operate more efficiently than the above simulation.

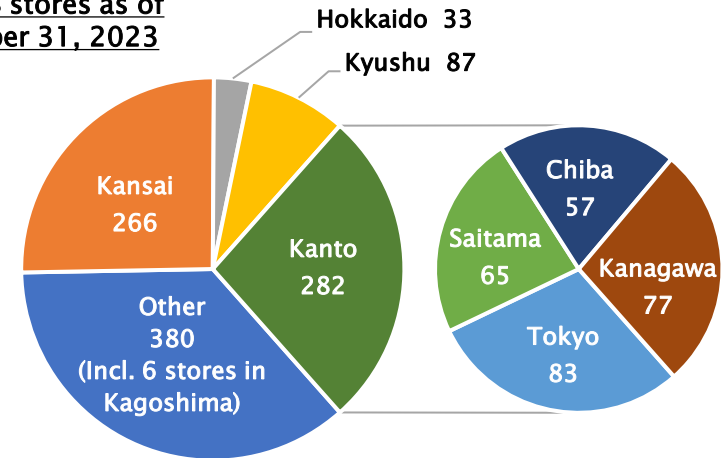
Gyomu Super opened 56 stores and closed 20, resulting in a net increase of 36 stores during FY2024, and opened 15 stores and closed 2 store during FY2024 Q4 alone.

The above result exceeded the full-year target (a net increase of 35 stores) by one.

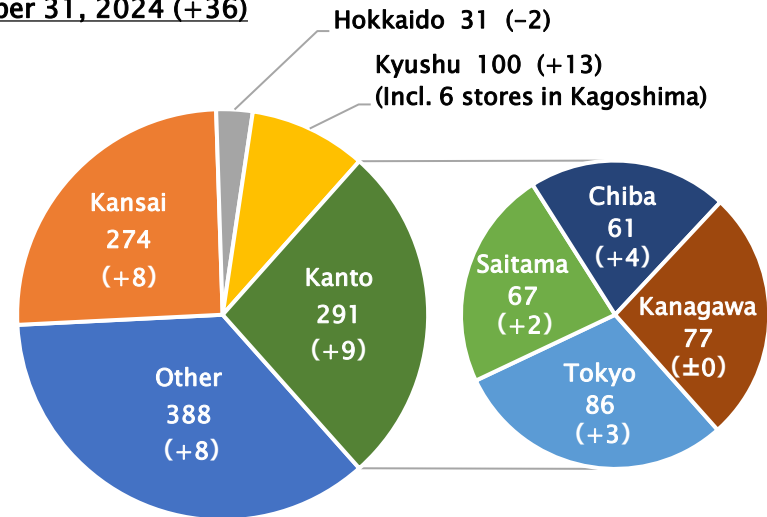


Number of Stores by Area

1,048 stores as of October 31, 2023



1,084 stores as of October 31, 2024 (+36)

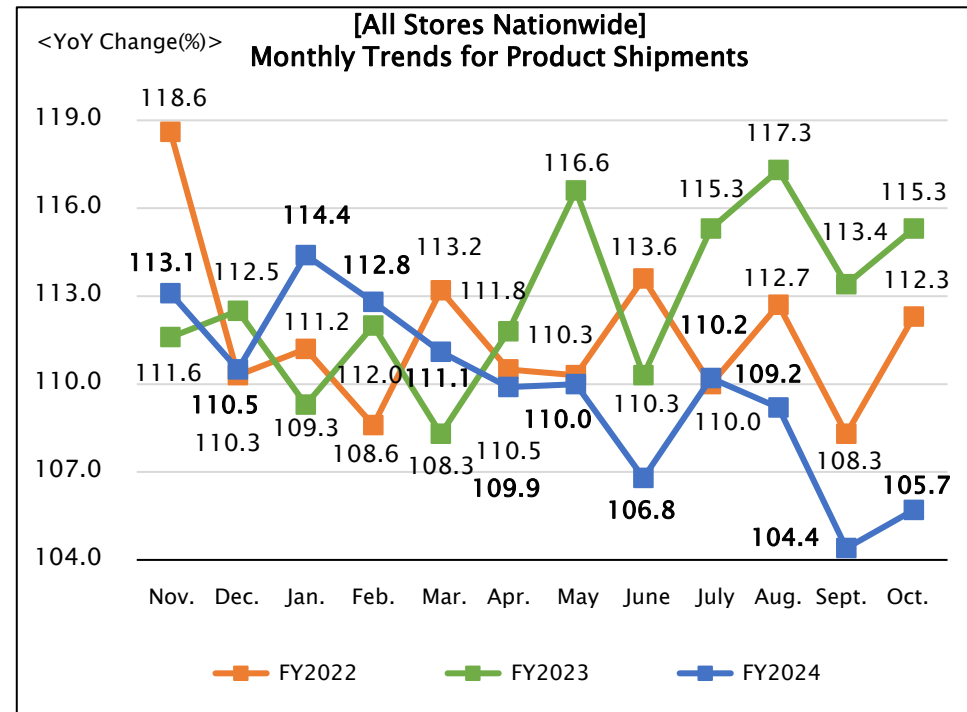
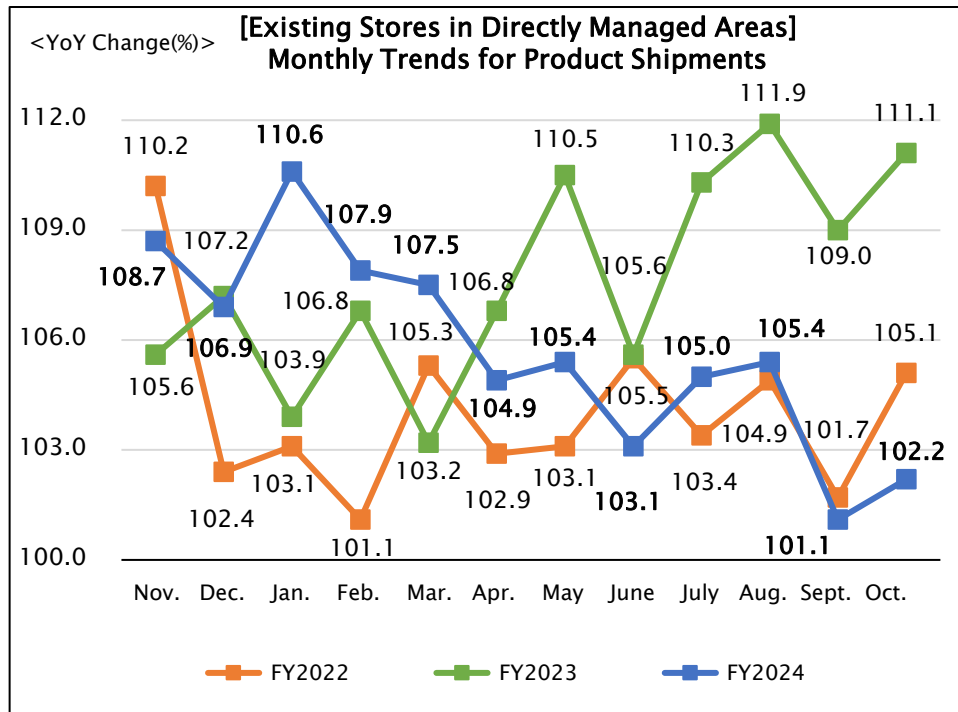


Directly managed areas: Hokkaido, Kanto, Kansai, and Kyushu
Indirectly managed areas: Other

Note: Effective April 1, 2024, the area category of Kagoshima prefecture was changed from indirectly managed areas to directly managed areas.

Year-on-year Changes in Product Shipments to Gyomu Super Stores

- Product shipments exceeded the previous year's level as customers became more thrifty and favored our relatively low prices compared to competitors.



[Year-on-year % Changes in Product Shipments to Gyomu Super Stores]

Products shipments to existing stores in directly managed areas for each quarter alone

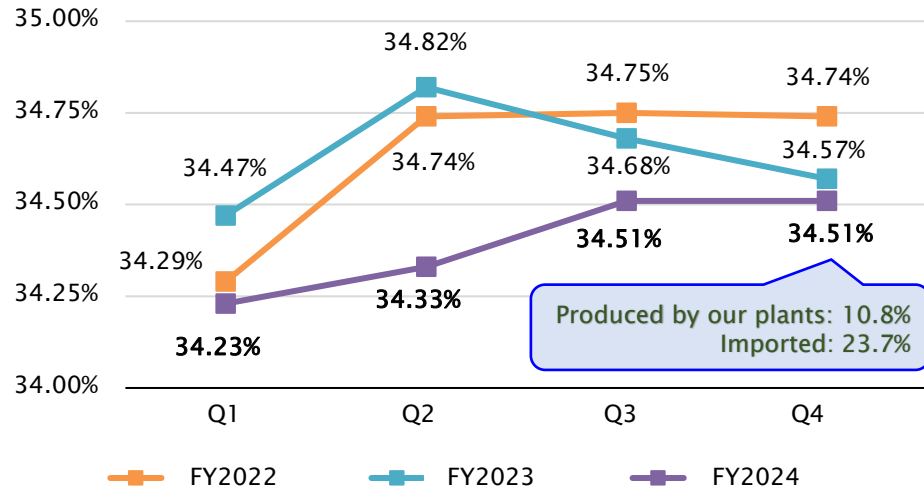
Q1: 108.6%
Q2: 106.7%
Q3: 104.5%
Q4: 102.9%

		FY2024														
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full
Directly Managed areas	Existing stores	108.7	106.9	110.6	107.9	107.5	104.9	107.7	105.4	103.1	105.0	105.4	101.1	102.2	103.7	105.6
	All Stores	112.7	110.2	113.8	111.7	111.0	109.1	111.3	109.8	107.4	109.7	109.5	105.1	105.7	107.8	109.5
Nationwide	All Stores	113.1	110.5	114.4	112.8	111.1	109.9	111.7	110.0	106.8	110.2	109.2	104.4	105.7	107.7	109.6

Note: "Nationwide" represents the product shipments to the stores in both directly and indirectly managed areas.

Enhancing Original Products

Ratio of Private Label Products



Private label products



Brazilian chicken thigh

¥1,056 (2kg)



Organic extra virgin olive oil

¥1,077/¥1,274 (500ml)



Chocolate Bavarian cream

¥332 (1kg)

New Plant Started Operations

The new plant increased Miyagi Seifun's production capacity by approx. 2.5 times.

Photo:
Exterior view of the new plant



- A new head factory of Miyagi Seifun in Watari-gun, Miyagi started its operations in April 2024.
- With the factory added to the Group, we have come to own 26 domestic food plants.

Products produced by the new plant of Miyagi Seifun



Medium-spicy, large-size curry for grown-ups

¥343 (220g x 4)



Tenderly braised pork

¥505 (550g)



Milk daifuku

¥321 (750g)

Note: All prices include tax.

Products and prices are different depending on stores and seasons.

The Restaurant & Delicatessen Business covers restaurants and delicatessen shops that we operate directly or as a franchisor (franchising headquarters). This business segment includes Kobe Cook World Buffet, a buffet-style restaurant chain; Premium Karubi, a served a-la-carte buffet style BBQ restaurant chain; and Chisouna, a delicatessen shop chain.

- All the three brands performed well.
- The restaurant business successfully attracted customers due to further exposure on TV programs.
- Chisouna steadily opened new shops.

As a result of the above, the segment performance improved significantly.



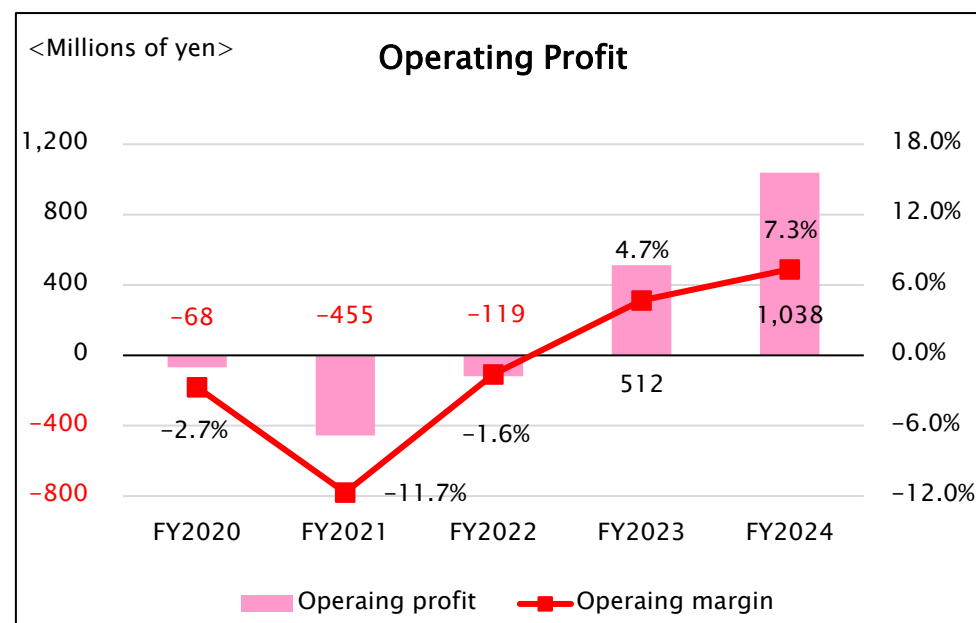
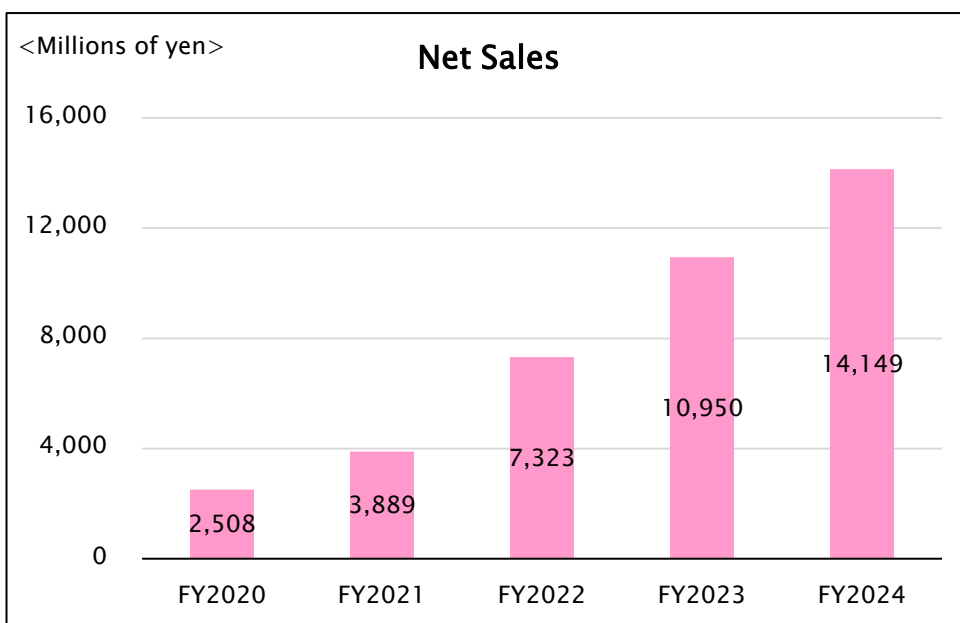
Kobe Cook World Buffet



Premium Karubi



Chisouna



Note: Due to a change in the reportable segment structure in FY2021, the figures for FY2020 are reclassified retrospectively to reflect the change.

Kobe Cook World Buffet

Kobe Cook World Buffet operates a network of 16 restaurants (as of October 31, 2024).

It opened 2 restaurants and closed none, resulting in a net increase of 2 restaurants during FY2024, and opened 1 restaurant and closed none during FY2024 Q4 alone.

We got increased exposure on TV programs and social media.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

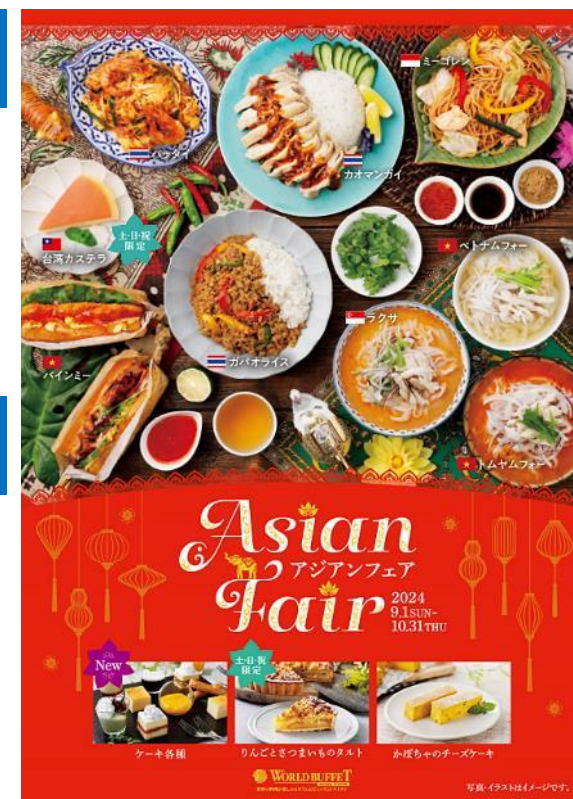


Overview of FY2024

We held the *Asian Fair* from September 1 to October 31. This series of *Fair* events has been raising its awareness from customers year by year, and the genuine Asian cuisine we served was well-received mainly by female guests. We continue to hold a fair that makes guests feel as if they were traveling the world by offering world cuisine for each fair period. As for FY2024 results, Harborland Restaurant reached record high annual sales. The sales of all other restaurants surpassed those in the previous year.

Business Strategy for FY2025

We will continuously develop and roll out menus targeted at female guests and families who continue supporting us. We also expect demand from large party guests such as tourists from home and abroad to remain strong. With the aim of consistently exceeding the previous year's sales and number of customers, we will encourage customers to visit the restaurant more frequently by offering services that satisfy customers with a dining experience unparalleled to any other restaurant chains in terms of the menu, volume of food, and price. While enhancing its own brand image with differentiation from competitors in mind, we will put more effort into the franchisee and store development for further franchise expansion.



Seasonal special offer in September and October: *Asian Fair*

Premium Karubi

We operate a network of 22 restaurants (as of October 31, 2024).

Premium Karubi opened 2 restaurants and closed none, resulting in a net increase of 2 restaurants during FY2024, and did not open or close any restaurants during FY2024 Q4 alone.

We plan to start franchising the brand.



Overview of FY2024 and Business Strategy for FY2025

Even after summer, the broadcast on television in June remained effective in attracting customers. For FY2024, annual sales of the existing stores exceeded those for the previous year due to further media coverage.

As one of the initiatives for FY2025, we have revised menus in November to tackle soaring purchase prices of meat. As for franchising this brand, we have received many inquiries from companies interested in joining its franchisees so far. We continue to work hard to franchise this brand.



Restaurants Opened during FY2024

Shonandai	7-37-9 Shonandai, Fujisawa-shi, Kanagawa
Shizuoka Magarikane 5-chome	5-5-10 Magarikane, Suruga-ku, Shizuoka-shi, Shizuoka



Premium Karubi Shonandai Store

Note: Menu may vary by restaurant and season.

Chisouna

Chisouna operates a network of 130 shops (as of October 31, 2024).

Chisouna opened 20 shops and closed 4, resulting in a net increase of 16 shops during FY2024, and opened 5 shops and closed 1 during FY2024 Q4 alone.

We expanded a variety of desserts during FY2024.



Factors behind Strong Performance

Despite continuous soaring prices of raw materials, Chisouna maintains a price advantage by working on menu changes and improvement in cooking operations efficiency. In addition, a strong synergy effect on attracting more customers to Gyomu Super stores is accelerating the willingness of franchisees to open new shops.

The store policy of providing freshly prepared dishes by in-store cooking staff with large serving size keeps attracting customers.

To create more attractive shop floor that satisfies customers, we continue to expand a variety of menu items while increasing the number of shops along with Gyomu Super store openings.



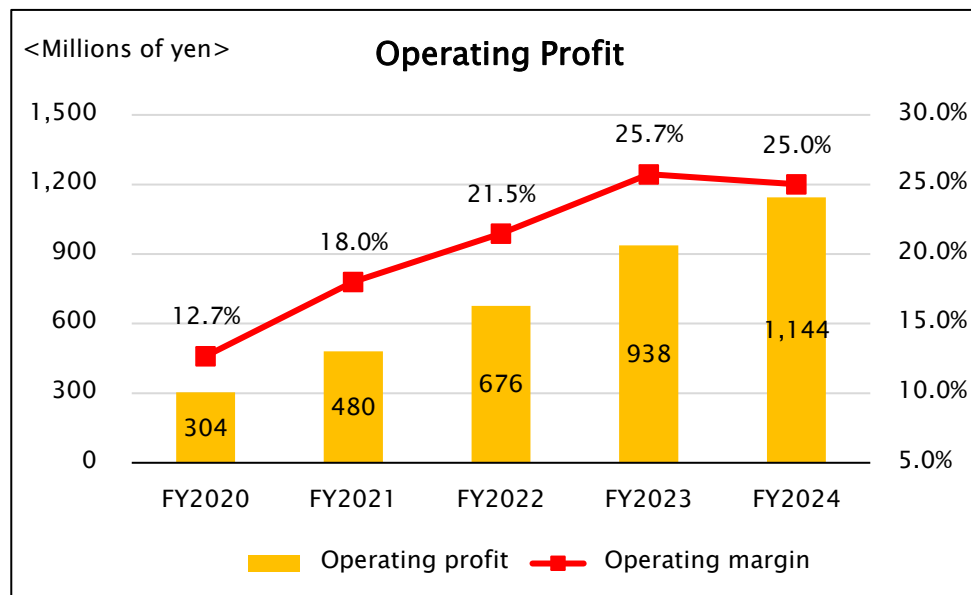
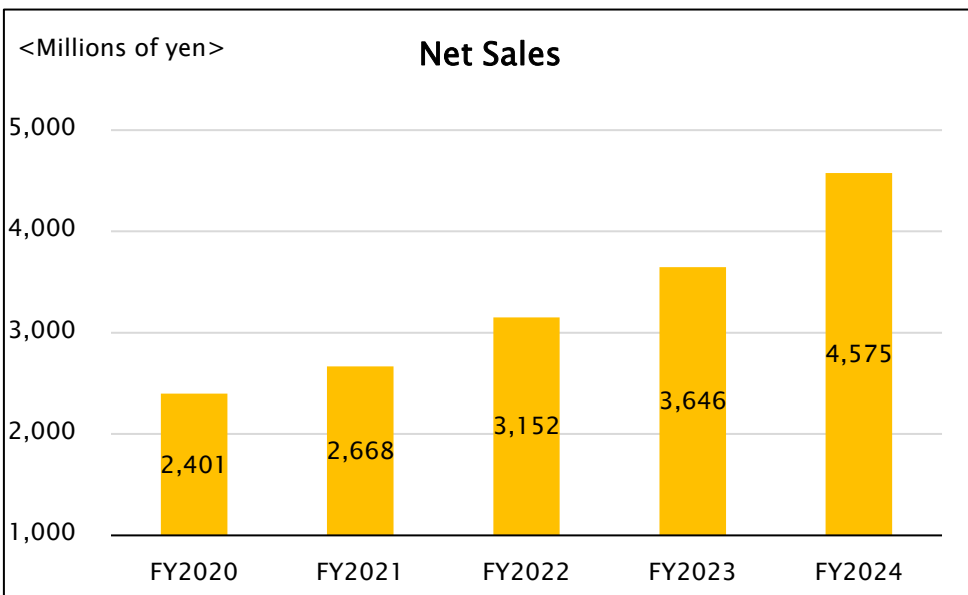
Note: Products and prices may vary by shop and season.

7 AFFORDABLE AND CLEAN ENERGY



We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

- A new plant in Higashimatsushima-shi, Miyagi with a generation capacity of 30 MW started operations on October 18, 2023, which results in all of our planned solar power plants in operation with a total capacity of 81 MW.
- Going forward, this business is estimated to improve operating profit and operating margin as depreciation is expected to decrease.

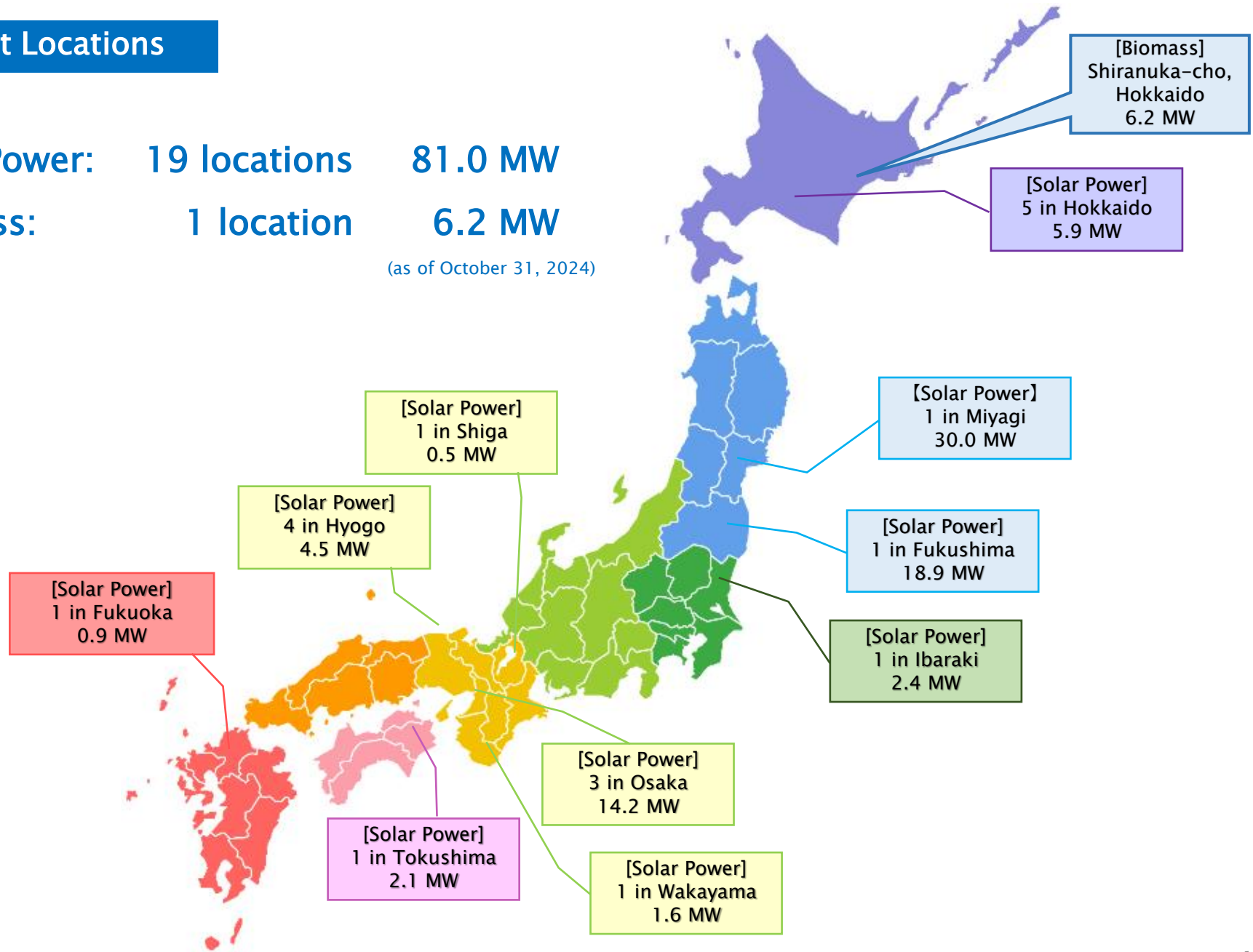


Plant Locations

Solar Power: 19 locations 81.0 MW

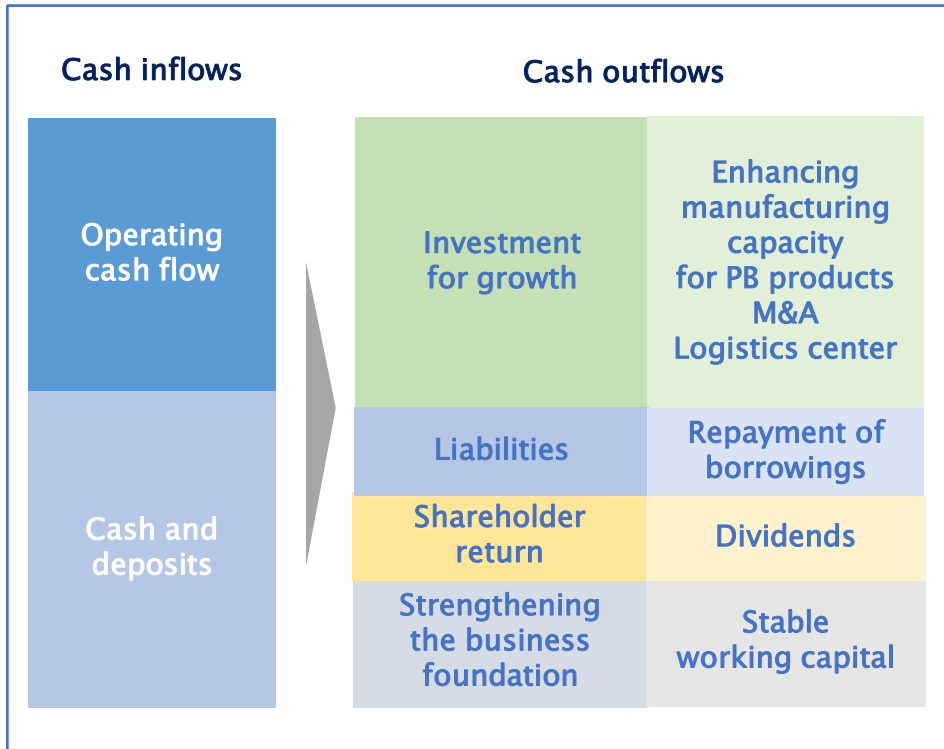
Biomass: 1 location 6.2 MW

(as of October 31, 2024)



We aim to grow our businesses consistently through resource allocation focusing on investment for growth and stable shareholder return.

Approach to Cash Allocation FY2024–FY2026



ROE
17.8%

ROIC
12.8%

Dividend Payout Ratio
23.7%

WACC
Recognized as approx.
4.7%

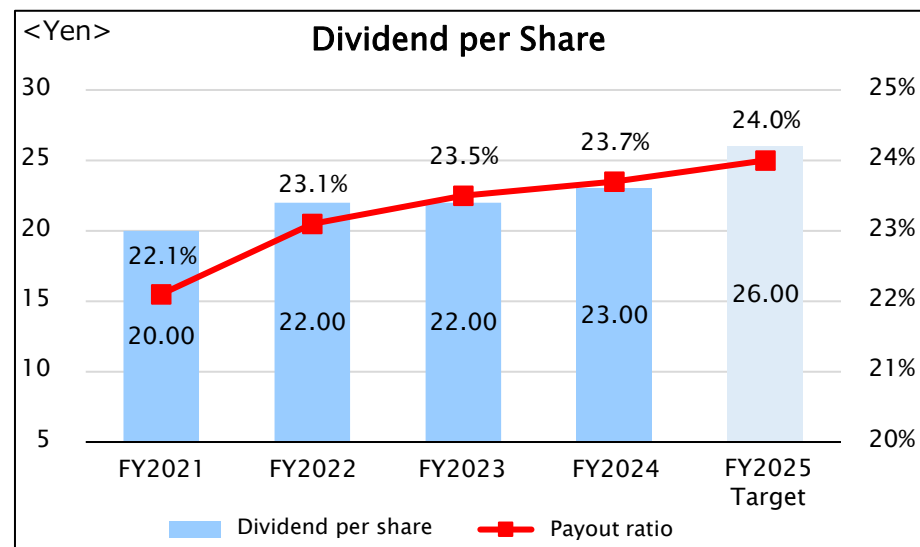
The three-year medium-term management plan starting from FY2024 has set the targets to annually make 10 billion yen or more capital investment and increase the ratio of private label products (PB ratio) to 37%. In addition, we have set a target figure of ROIC and improve capital efficiency by achieving it, thereby increasing our enterprise value over the medium to long term.

Dividends

Kobe Bussan regards returning profits to shareholders as one of key management issues. Our basic policy is to secure funds necessary for our business growth and distribute profits to shareholders according to the operating results.

For FY2024, we paid the annual year-end dividends of ¥23.00 per share according to the initial forecast.

For FY2025, we plan to pay the annual dividends of ¥26.00 per share.



Shareholder Benefit Program

The shareholder benefit program has been introduced to express Kobe Bussan's gratitude for the continuous support of its shareholders and to gain the deeper understanding of customers for its businesses. We will send JCB Gift Card to shareholders who hold 100 shares or more as of October 31 of each year, according to the number of years of ownership and the number of shares held.

Number of shares held	Shareholder incentives	
	Continuous ownership years Less than 3 years	Continuous ownership years 3 years or more
100-999	JCB Gift Card ¥1,000	JCB Gift Card ¥3,000
1,000-1,999	JCB Gift Card ¥10,000	JCB Gift Card ¥15,000
2,000 or more	JCB Gift Card ¥15,000	JCB Gift Card ¥20,000



Sample

Note: Shareholders may opt to exchange the gift cards for an assortment of private label products worth the face value.

FY2025 Forecast

(Millions of yen)

	FY2024 actual	FY2025 forecast	Year on year
Net sales	507,883	525,000	103.4%
Operating profit	34,350	37,700	109.8%
Profit attributable to owners of parent	21,443	24,000	111.9%

Gyomu Super Business Guideline towards FY2025 Forecast

	FY2025 target	Action plan
Target of store openings	Net increase of 34 stores	Open new stores focusing on the Kanto area and encourage relocating stores Strengthen property data-gathering capability driven by headquarters.
Growth in existing store sales	101-2% YoY or higher	Acquire more savings-oriented consumers Aim for sales growth through strengthening guidance on store operations by our supervisors
Product development	Rise in PB ratio	Focus on private label products developed by our group plants and those imported directly by ourselves.

Appendix

Seek to consistently grow our businesses
with a focus on the Gyomu Super Business by enhancing private label products.

■ Basic Policy and Strategy

1. Expand Restaurant & Delicatessen Business
2. Strengthen production capacity of private label items produced by our plants
3. Consistently grow Gyomu Super Business

■ Key Measures

1. Open new Gyomu Super stores consistently to exceed 1,130 stores.
2. Increase product shipments to existing Gyomu Super stores by 2% or higher year on year.
3. Increase the PB ratio to 37%.
4. Invest more than 10 billion yen in our group's plants annually to strengthen domestic PB products.
5. Encourage our franchisees to introduce energy-saving refrigeration equipment and automatic ordering systems to improve efficiency in store operations.
6. Open new shops consistently in the Restaurant & Delicatessen Business and start franchising Premium Karubi.

(Millions of yen)

	FY2024 actual	FY2025 forecast	FY2026 target
Net sales	507,883	525,000	562,000
Operating profit	34,350	37,700	41,000
ROIC	Maintain 10% or higher, aiming for growth every year		

**By serving a noble cause of offering more value with less price,
we, as an integrated food company,
are committed to improving customers' affluent life.**

■ Targets for Achievement of Long-term Vision

1. Expand the Gyomu Super chain to reach over 1,500 stores
2. Raise the PB ratio to 40% or higher
3. Achieve a total of over 500 shops for all brands of the Restaurant & Delicatessen Business
4. Reduce the SG&A ratio by investing in distribution centers
5. Raise the consolidated operating margin to 10% or higher

We have granted stock options to all directors and employees of the Kobe Bussan Group to increase our enterprise value by boosting their motivation and awareness of the need to improve our business performance.

Date of resolution at the annual general meeting of shareholders	January 30, 2019	January 28, 2021	January 27, 2023
Category and number of grantees	7 directors of Kobe Bussan 353 employees of Kobe Bussan 19 directors of our group companies 321 employees of our group companies	7 directors of Kobe Bussan 435 employees of Kobe Bussan 19 directors of our group companies 467 employees of our group companies	6 directors of Kobe Bussan 532 employees of Kobe Bussan 23 directors of our group companies 539 employees of our group companies
Total number of share acquisition rights	11,641 units	14,954 units	21,894 units
Class and number of shares for the purpose of share acquisition rights	Ordinary share 4,656,400 shares*	Ordinary share 1,495,400 shares	Ordinary share 2,189,400 shares
Ratio to number of shares issued	1.7%	0.5%	0.8%
Amount to be paid in upon the exercise of share acquisition rights	974 yen*	2,940 yen	3,525 yen
Exercise period	From April 1, 2021 to October 31, 2027	From April 1, 2023 to October 31, 2029	From April 1, 2025 to October 31, 2031
Cumulative number of units exercised	7,257 units	2,301 units	—

* The figures in the table reflect the effect of the 2-for-1 stock splits carried out on November 1, 2020 and November 1, 2019.

We continue to consider introducing an employee incentive plan utilizing treasury shares.

Measurement item	Period: From November 1, 2022 to October 31, 2023	Period: From November 1, 2023 to October 31, 2024	Percentage point change
Proportion of females in positions of chief or higher	20.3%	19.2%	-1.1 pt
Proportion of females in managerial positions	11.9%	10.1%	-1.8pt
Rate of females taking childcare leave	107.7%	72.7%	-35.0pt
Rate of males taking childcare leave	66.7%	76.9%	+10.2pt
Rate of paid leave taken	84.7%	83.8%	-0.9pt
Rate of life support and refreshment leave taken	96.7%	96.6%	-0.1 pt

Measures taken in FY2024

- Established the Kobe Bussan Group Human Rights Policy and Supply Chain Code of Conduct.
- Conducted a questionnaire survey about the status of our business partners' efforts as part of the Human Rights Due Diligence process.
- Set targets of a proportion of females newly employed and the number of males taking childcare leave, and established the action plan to achieve the targets.

- This material contains forward-looking statements based on assumptions, estimates, and plans as of December 13, 2024.
- Please note that actual results may differ significantly from these forward-looking statements due to uncertain factors arising from changes in the economic climate.
- This material is not intended to solicit and encourage purchase of shares.
- This material has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated material and the Japanese original, the original shall prevail.

For information regarding this material, please contact:

IR-Public Relations, Kobe Bussan Co., Ltd.
ir@kobebussan.co.jp