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Consolidated Financial Results for the Three Months Ended January 31, 2025 (Under Japanese GAAP)

March 14, 2025

Company name: Kobe Bussan Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 3038 URL: <https://www.kobebussan.co.jp/english/>
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Scheduled date to commence payment of dividends: —
Preparation of supplementary material on quarterly financial results: Yes (<https://www.kobebussan.co.jp/english/ir/news.php>)
Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts less than one million yen have been omitted.)

1. Consolidated financial results for the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

(1) Consolidated operating results

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended January 31, 2025	132,425	9.5	9,154	7.3	15,510	92.3	10,588	91.7
January 31, 2024	120,904	12.0	8,531	34.6	8,063	280.6	5,524	309.7

Note: Comprehensive income

For the three months ended January 31, 2025: ¥10,726 million [87.1%]

For the three months ended January 31, 2024: ¥5,732 million [333.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended January 31, 2025	47.86	47.61
January 31, 2024	25.03	24.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2025	229,805	138,692	58.8	610.72
October 31, 2024	233,392	132,773	55.4	584.81

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of January 31, 2025: ¥135,148 million

As of October 31, 2024: ¥129,376 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended October 31, 2024	—	0.00	—	23.00	23.00
Ending October 31, 2025	—	—	—	—	—
Ending October 31, 2025 (Forecast)	—	0.00	—	26.00	26.00

Note: Revisions to cash dividend forecast published most recently: None

3. Consolidated financial forecast for the fiscal year ending October 31, 2025 (from November 1, 2024 to October 31, 2025)

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	525,000	3.4	37,700	9.8	37,800	19.7	24,000	11.9	108.35

Note: Revisions to earnings forecast published most recently: None

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of accounting methods used specifically for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
- (i) Changes in accounting policies due to application of new or revised accounting standards: Yes
 - (ii) Changes in accounting policies due to reasons other than above (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatements of prior period financial statements: None
- Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to quarterly consolidated financial statements (Changes in accounting policies)” on page 8 of the Attached Materials.

- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of the period (including treasury shares)
 - As of January 31, 2025: 273,600,000 shares
 - As of October 31, 2024: 273,600,000 shares
 - (ii) Number of shares of treasury shares at the end of the period
 - As of January 31, 2025: 52,305,948 shares
 - As of October 31, 2024: 52,371,306 shares
 - (iii) Average number of shares of common shares outstanding during the period
 - Three months ended January 31, 2025: 221,264,183 shares
 - Three months ended January 31, 2024: 220,684,153 shares

Note: 275,200 shares of Kobe Bussan held by Custody Bank of Japan, Ltd. (the “Trust Account”) as trust property for a Board Benefit Trust were included in the number of shares of treasury shares as of January 31, 2025 and as of October 31, 2024. Also, the number of shares of Kobe Bussan held by the Trust Account was included in the number of shares of treasury shares to be deducted from the calculation of the average number of shares of common shares outstanding during the period (275,200 shares for the three months ended January 31, 2025 and 275,200 shares for the three months ended October 31, 2024).

* Review procedures for the attached quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earning forecast, and other special notes

The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, actual results may differ significantly from the results anticipated in these forward-looking statements due to a variety of factors. For more information on the assumptions and disclaimers with respect to earnings and other forecasts, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Results (3) Overview of forward-looking statements including consolidated financial forecast” on page 3 of the Attached Materials.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Overview of quarterly operating results

During the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025) (hereinafter the “period under review”), Japan’s economy was on a moderate recovery trend, with the pickup in personal consumption due to the improvement in income environments and the continued increase in the demand of inbound tourists. Nevertheless, the economic outlook has still remained unclear due to factors such as the prolonged Russia-Ukraine conflict, the intensified situation in the Middle East, precarious fluctuations in foreign exchange rates, soaring energy costs, and concerns about the future movement of U.S. policies.

Players in the food retail industry have continued to face severe circumstances, including a rise in a savings-oriented attitude of consumers caused by the galloping inflations and an increase in various costs.

Under such circumstances, in line with the Group’s goal of further strengthening “Integrated Food Production & Distribution Operations,” the Kobe Bussan Group has enhanced its competitiveness through increased production capacity and proactive product development. Also, we have been engaged in a business that is attentive and responsive to customers’ needs by enhancing our strength to provide them with high-quality and attractive products at best prices.

Consequently, in terms of operating results for the period under review, we reported net sales of ¥132,425 million (up 9.5% year on year), operating profit of ¥9,154 million (up 7.3%), ordinary profit of ¥15,510 million (up 92.3%), and profit attributable to owners of parent of ¥10,588 million (up 91.7%).

The operating results by business segment are as follows:

(i) Gyomu Super Business

This business segment covers Gyomu Super stores, which mainly sell products at best prices including those originally produced by our group’s domestic plants or those with attractive private labels directly imported by ourselves under the concept of providing authentic food products from around the world. In the period under review, Gyomu Super stores have expanded nationwide with 1,094 stores as a result of a net increase of 10 stores after opening 11 stores and closing one.

The breakdown of new store openings was six stores in directly managed areas and five stores in indirectly managed areas. Our franchisees remain keen to open new stores, and some of them are strongly encouraged to relocate stores whose facilities have deteriorated over many years in service.

In terms of operating results, we have continued expanding business performance. This is because we have overcome a rise in purchase costs caused by precarious fluctuations in foreign exchange rates and price hikes through a successfully implemented pricing strategy as well as a great deal of media coverage of our private label products, which represent Gyomu Super’s attractiveness.

Consequently, net sales of the Gyomu Super Business for the period under review stood at ¥127,609 million (up 9.2% year on year).

(ii) Restaurant & Delicatessen Business

This business segment covers Kobe Cook World Buffet, one of the largest buffet-style restaurant chains in Japan; Premium Karubi, a served a-la-carte buffet style BBQ restaurant chain where customers enjoy the best selected premium meats and in-house made desserts; and Chisouna, a delicatessen shop chain under the concept of offering everyday dining with a focus on foods made in-house and available at affordable prices.

In the period under review, Kobe Cook World Buffet opened one restaurant and closed none, resulting in 17 restaurants nationwide. We maintained demand from women and families by improving customer satisfaction through measures such as menu changes, and we also expect to acquire further demand from tourists from abroad. In addition, we opened our first small-sized restaurant under our own management in the period under review, which will expand the possibilities of opening stores in new locations. Premium Karubi did not open or close any restaurants, remaining at 22 restaurants nationwide. Past media coverage helped raise both awareness from customers and its sales base. Going forward, we will continue to offer services that satisfy many customers to enhance its brand power. Chisouna opened four shops and closed none, resulting in 134 shops nationwide. It maintains a price advantage through efficient cooking operations and will continue to expand menu offerings to meet customer needs. Additionally, a strong synergistic effect with the Gyomu Super business has boosted the willingness of franchisees to open new shops, which has led to increased net sales backed by steady new store openings.

Consequently, net sales of the Restaurant & Delicatessen Business for the period under review stood at ¥3,859 million (up 22.7% year on year).

(iii) Eco Renewable Energy Business

This business segment covers renewable energies generated by our own solar and woody biomass power plants. Currently, we operate 19 solar power plants collectively generating approximately 81.0 MW and one woody biomass power plant generating approximately 6.2 MW, all of which are generating electricity steadily. We continue supplying safe and environmentally friendly electricity using renewable energy.

Consequently, net sales of the Eco Renewable Energy Business for the period under review stood at ¥946 million (up 1.5% year on year).

(2) Overview of quarterly financial position

(Assets)

Total assets as of January 31, 2025 decreased by ¥3,587 million from the end of the previous fiscal year to ¥229,805 million. This was mainly due to a decrease in current assets of ¥2,525 million. Current assets amounted to ¥158,564 million. This decrease was mostly attributable to a decrease in merchandise and finished goods of ¥2,321 million.

(Liabilities)

Total liabilities as of January 31, 2025 decreased by ¥9,505 million from the end of the previous fiscal year to ¥91,113 million. This was mainly due to a decrease in current liabilities of ¥6,853 million.

Current liabilities amounted to ¥50,076 million. This was mainly attributable to decreases in accounts payables - trade of ¥3,727 million and income taxes payable of ¥1,254 million.

(Net assets)

Total net assets as of January 31, 2025 increased by ¥5,918 million from the end of the previous fiscal year to ¥138,692 million. This was mainly due to an increase in retained earnings of ¥5,494 million.

(3) Overview of forward-looking statements including consolidated financial forecast

It remains unchanged from our financial forecast published on December 13, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of October 31, 2024)	Current quarter (As of January 31, 2025)
Assets		
Current assets:		
Cash and deposits	107,272	109,793
Accounts receivable - trade	27,954	25,932
Merchandise and finished goods	19,645	17,323
Work in process	358	379
Raw materials and supplies	1,825	1,892
Other	4,050	3,246
Allowance for doubtful accounts	(17)	(3)
Total current assets	161,089	158,564
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	19,332	19,145
Machinery, equipment and vehicles, net	23,630	22,874
Land	19,864	19,861
Other, net	1,986	2,060
Total property, plant and equipment	64,814	63,941
Intangible assets	1,504	1,457
Investments and other assets	5,983	5,842
Total non-current assets	72,302	71,241
Total assets	233,392	229,805
Liabilities		
Current liabilities:		
Accounts payable - trade	34,665	30,937
Short-term borrowings	6,865	7,490
Income taxes payable	5,543	4,289
Provision for bonuses	516	302
Other	9,338	7,056
Total current liabilities	56,929	50,076
Non-current liabilities:		
Long-term borrowings	30,135	29,356
Retirement benefit liability	734	753
Guarantee deposits received	8,006	8,059
Asset retirement obligations	1,736	1,763
Provision for share awards for directors (and other officers)	138	146
Other	2,938	957
Total non-current liabilities	43,689	41,037
Total liabilities	100,618	91,113

	(Millions of yen)	
	Previous fiscal year (As of October 31, 2024)	Current quarter (As of January 31, 2025)
Net assets		
Shareholders' equity:		
Share capital	500	500
Capital surplus	13,214	13,344
Retained earnings	125,381	130,875
Treasury shares	(8,990)	(8,979)
Total shareholders' equity	130,105	135,740
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2	7
Foreign currency translation adjustment	(731)	(598)
Total accumulated other comprehensive income	(728)	(591)
Share acquisition rights	3,397	3,543
Total net assets	132,773	138,692
Total liabilities and net assets	233,392	229,805

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	For the three months ended January 31, 2024 (From November 1, 2023 to January 31, 2024)	For the three months ended January 31, 2025 (From November 1, 2024 to January 31, 2025)
Net sales	120,904	132,425
Cost of sales	106,673	117,109
Gross profit	14,231	15,315
Selling, general and administrative expenses	5,699	6,161
Operating profit	8,531	9,154
Non-operating income:		
Interest income	37	20
Dividend income	0	—
Rental income	78	52
Subsidy income	22	1,809
Gain on valuation of derivatives	—	4,938
Other	97	127
Total non-operating income	235	6,949
Non-operating expenses:		
Interest expenses	6	7
Foreign exchange losses	13	558
Rental costs	7	7
Fuel sale costs	21	24
Loss on valuation of derivatives	635	—
Provision of allowance for doubtful accounts	9	(7)
Other	8	2
Total non-operating expenses	703	593
Ordinary profit	8,063	15,510
Extraordinary income:		
Gain on sale of non-current assets	0	—
Gain on reversal of share acquisition rights	11	9
Total extraordinary income	12	9
Extraordinary losses:		
Loss on retirement of non-current assets	8	1
Total extraordinary losses	8	1
Profit before income taxes	8,066	15,518
Income taxes - current	2,497	4,111
Income taxes - deferred	45	817
Total income taxes	2,542	4,929
Profit	5,524	10,588
Profit attributable to owners of parent	5,524	10,588

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended January 31, 2024 (From November 1, 2023 to January 31, 2024)	For the three months ended January 31, 2025 (From November 1, 2024 to January 31, 2025)
Profit	5,524	10,588
Other comprehensive income:		
Valuation difference on available-for-sale securities	40	4
Foreign currency translation adjustment	167	133
Total other comprehensive income	207	137
Comprehensive income	5,732	10,726
Comprehensive income attributable to:		
Owners of parent	5,732	10,726

(3) Notes to quarterly consolidated financial statements

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27; October 28, 2022; hereinafter, the “Revised Accounting Standard 2022”) since the beginning of the first quarter of this fiscal year. Revisions concerning categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter, the “Revised Guidance 2022”). There is no effect on the quarterly consolidated financial statements resulting from the change in accounting policies.

Regarding amendments related to the revised accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 since the beginning of the first quarter of this fiscal year. The change in accounting policies is applied retrospectively to the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year. The change in the accounting policies had no effect on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Significant changes in shareholders' equity)

Not applicable.

(Going concern assumption)

Not applicable.

(Notes to quarterly consolidated statements of cash flows)

The quarterly consolidated statements of cash flows for the period under review are not prepared. The amounts of depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the period under review are as follows.

	(Millions of yen)	
	For the three months ended January, 31 2024 (From November 1, 2023 to January, 31 2024)	For the three months ended January, 31 2025 (From November 1, 2024 to January, 31 2025)
Depreciation	1,426	1,560
Amortization of goodwill	1	15

(Segment information)

I. For the three months ended January 31, 2024 (from November 1, 2023 to January 31, 2024)

1. Information on amounts of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated *3
	Gyomu Super Business	Restaurant & Delicatessen Business	Eco Renewable Energy Business	Total				
Timing of revenue recognition								
Goods or services transferred at a point in time	115,795	3,118	—	118,913	8	118,922	—	118,922
Goods or services transferred over time	1,022	27	933	1,982	—	1,982	—	1,982
Revenue from contracts with customers	116,817	3,145	933	120,895	8	120,904	—	120,904
Net sales								
Sales to external customers	116,817	3,145	933	120,895	8	120,904	—	120,904
Intersegment sales or transfers	1,458	120	—	1,579	—	1,579	(1,579)	—
Total	118,276	3,265	933	122,475	8	122,483	(1,579)	120,904
Segment profit (loss)	9,432	198	75	9,706	(8)	9,697	(1,166)	8,531

*1 The Other businesses are those not classified into any reportable segment, including the tourism business.

*2 Details of adjustment are as follows:

(1) The amount of adjustment for net sales represents eliminations of intersegment transactions.

(2) The amount of adjustment for segment profit (loss) of ¥(1,166) million is corporate expenses unallocated to each reportable segment. The expenses are general and administrative expenses unattributable to any reportable segments.

*3 Segment profit (loss) is adjusted with operating income reported on quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets, goodwill, and other information by reportable segment.

Not applicable.

II. For the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

1. Information on amounts of net sales and profit (loss) and disaggregated revenue by reportable segment

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated *3
	Gyomu Super Business	Restaurant & Delicatessen Business	Eco Renewable Energy Business	Total				
Timing of revenue recognition								
Goods or services transferred at a point in time	126,510	3,824	—	130,335	9	130,344	—	130,344
Goods or services transferred over time	1,099	34	946	2,080	—	2,080	—	2,080
Revenue from contracts with customers	127,609	3,859	946	132,416	9	132,425	—	132,425
Net sales								
Sales to external customers	127,609	3,859	946	132,416	9	132,425	—	132,425
Intersegment sales or transfers	1,705	156	—	1,862	—	1,862	(1,862)	—
Total	129,315	4,016	946	134,278	9	134,287	(1,862)	132,425
Segment profit (loss)	10,345	240	(178)	10,408	(5)	10,402	△1,247	9,154

*1 The Other businesses are those not classified into any reportable segment, including the tourism business.

*2 Details of adjustment are as follows:

(1) The amount of adjustment for net sales represents eliminations of intersegment transactions.

(2) The amount of adjustment for segment profit (loss) of ¥(1,247) million is corporate expenses unallocated to each reportable segment. The expenses are general and administrative expenses unattributable to any reportable segments.

*3 Segment profit (loss) is adjusted with operating income reported on quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets, goodwill, and other information by reportable segment.

Not applicable.