

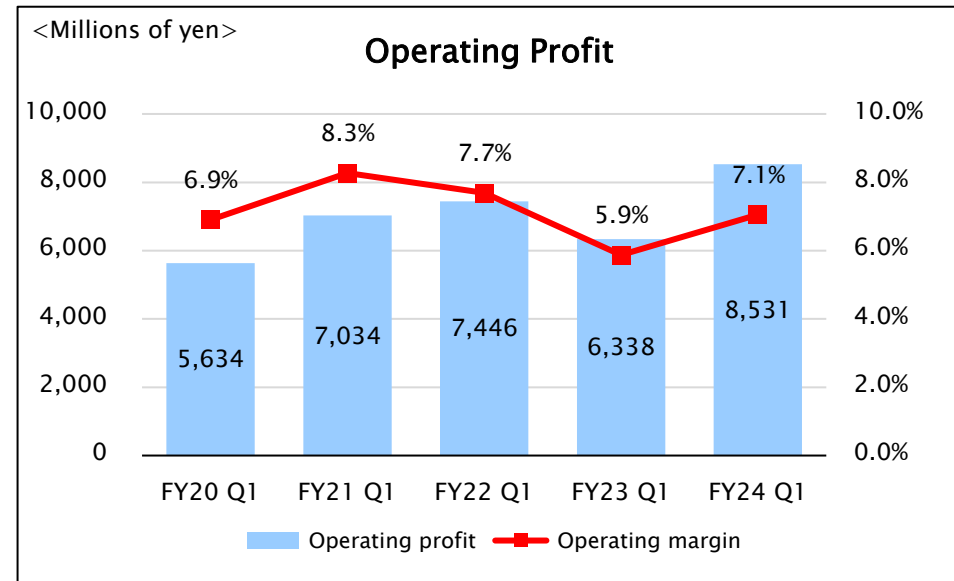
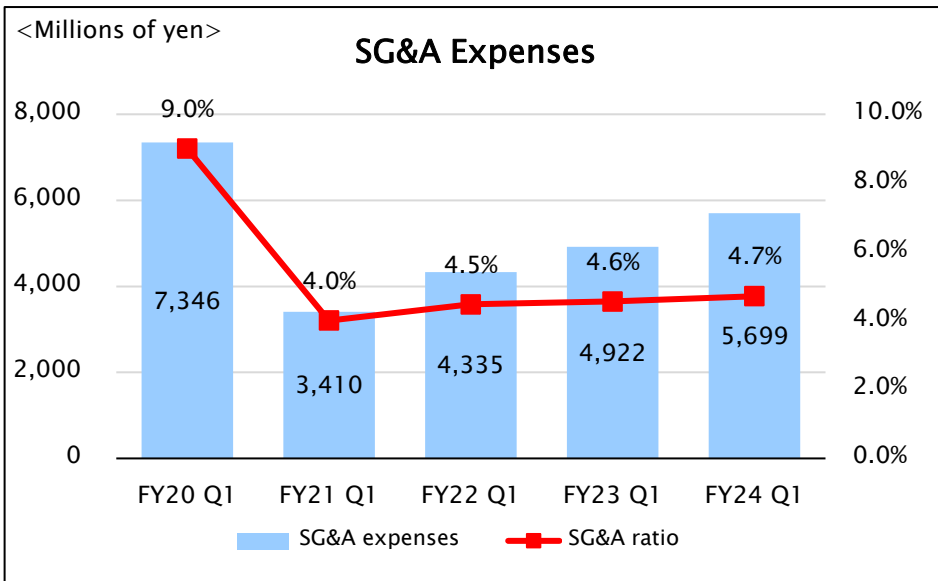
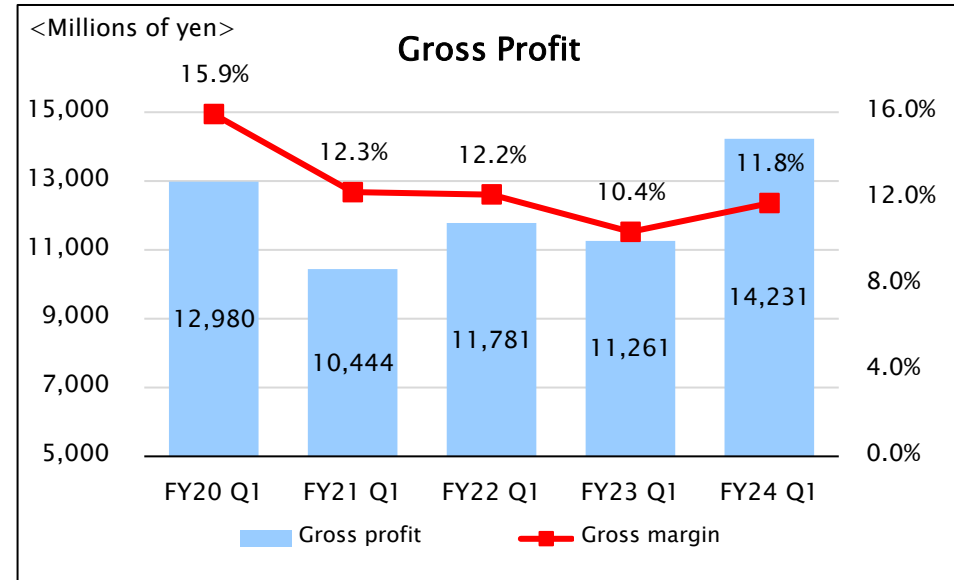
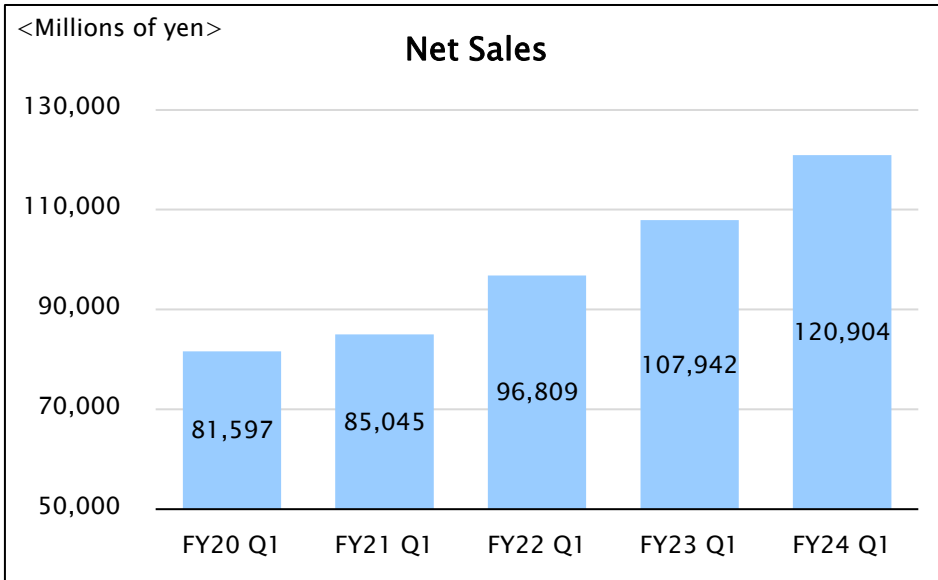
Supplementary Material for
FY2024 Q1 Financial Results

March 14, 2024

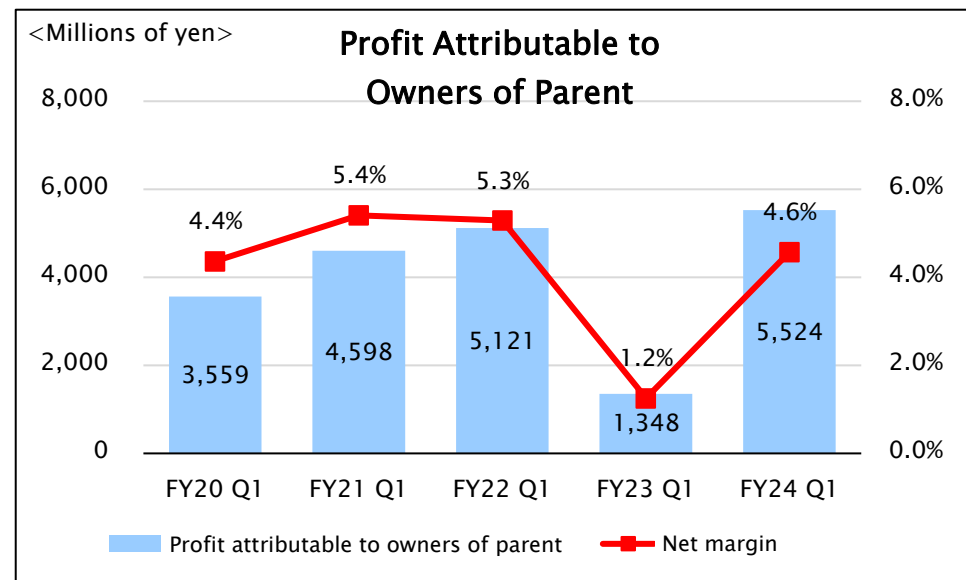
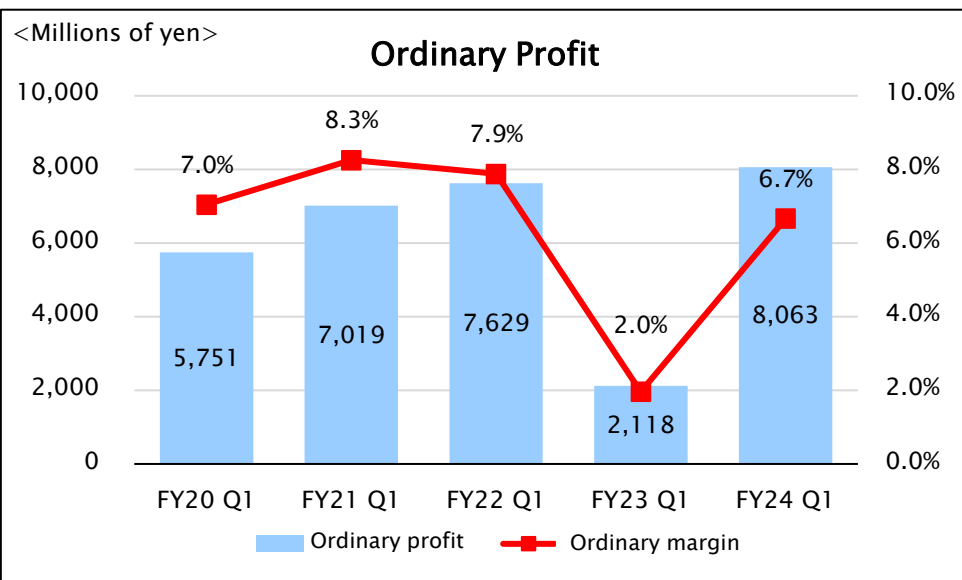


Securities code: 3038

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



[Financial Overview]

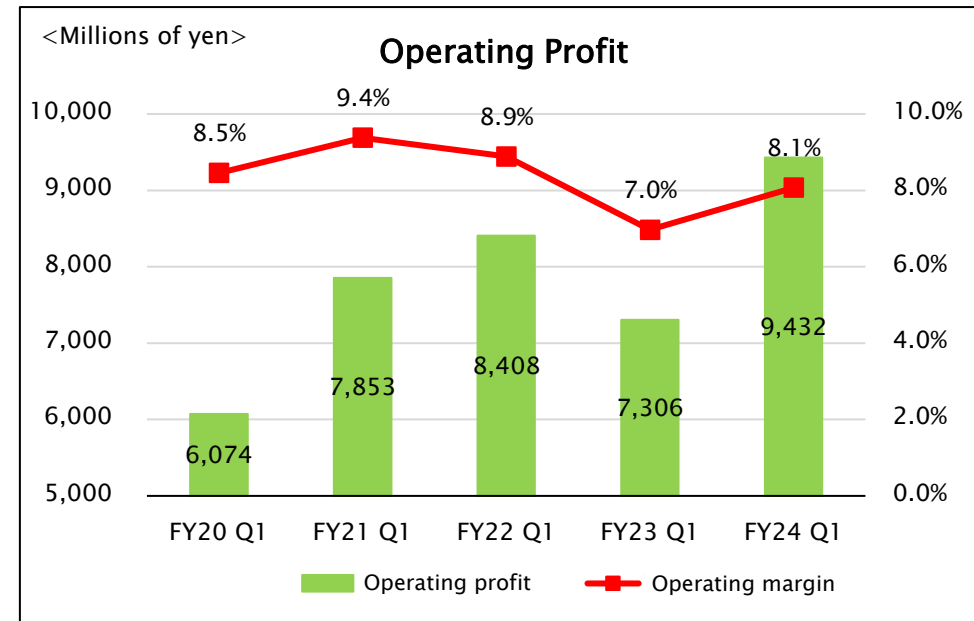
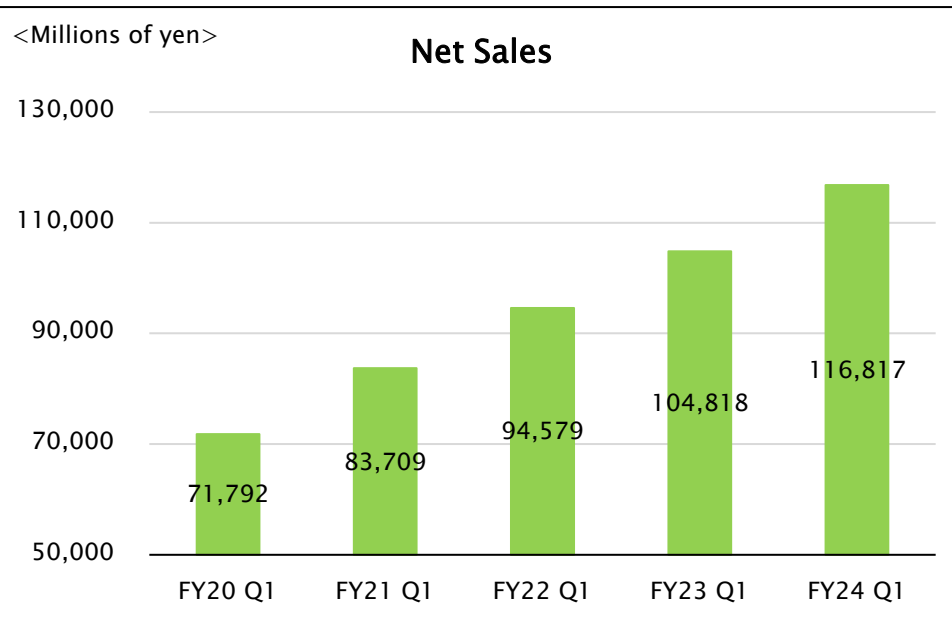
- Net sales**
 Net sales increased by ¥12,961 million (12.0%) year on year with robust new store openings and continued strong product shipments to existing stores.
- Gross profit**
 Gross profit increased by ¥2,969 million (26.4%) year on year due to the continued strong net sales despite the impact of the exchange rate fluctuations.
- SG&A expenses**
 SG&A expenses increased by ¥776 million (15.8%) year on year due to increases in freight costs for the Gyomu Super Business and personnel and rent expenses resulting from the opening of our directly operated BBQ restaurants.
- Operating profit**
 As a result of the factors above, operating profit increased by ¥2,193million (34.6%) year on year.
- Ordinary profit**
 Ordinary profit increased by ¥5,944 million (280.6%) year on year due to the impact of the exchange rate fluctuations in FY2024 being smaller than in FY2023, when the significant valuation loss on forward exchange contracts was recorded by rapid appreciation of the yen at the beginning of the fiscal year.
- Profit attributable to owners of parent**
 As a result of the factors above, profit attributable to owners of parent increased by ¥4,175 million (309.7%) year on 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 1,051 stores as of January 31, 2024.
- Net sales for FY2024 Q1 exceeded the planned amount due to strong performance of the existing stores.
- The number of customer visits improved across the country thanks to a rise in a savings-oriented attitude of consumers.



Inside the Gyomu Super Yokohama Izumi Store



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, and Miyazaki prefectures

*2 Indirectly managed areas

- Other areas: Prefectures other than those listed above

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

	Directly managed areas	Indirectly managed areas
Number of franchisees	90	15
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)

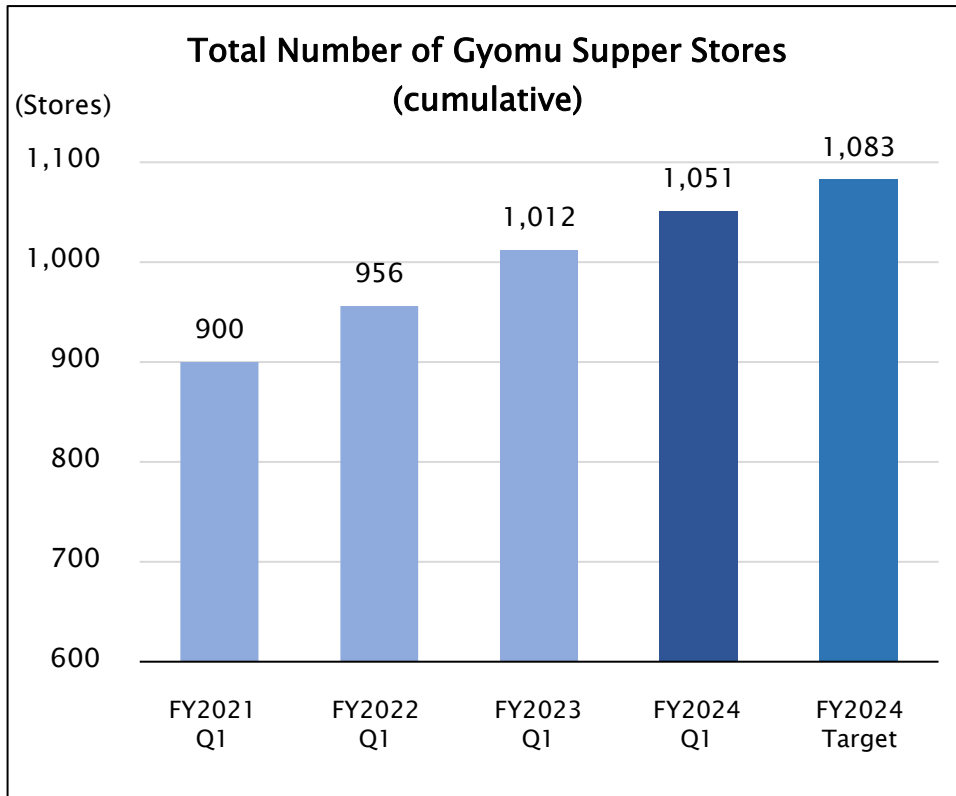
P&L account	Monthly amount	Composition
Net sales	¥43,500,000	100.0%
Gross profit	¥7,395,000	17.0%
SG&A expenses	¥6,499,000	14.9%
(Rent expenses)	¥1,300,000	3.0%
(Personnel expenses)	¥2,393,000	5.5%
Operating profit	¥896,000	2.1%

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

Gyomu Super opened 3 stores and closed none during FY2024 Q1.

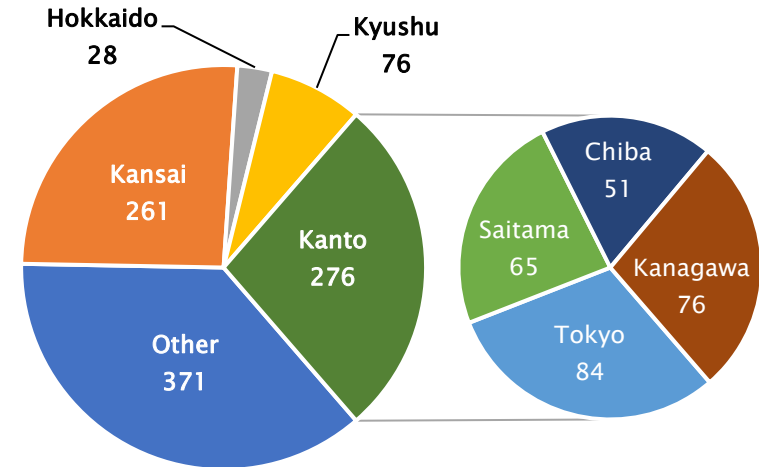
The progress at the end of FY2024 Q1 was 9% toward the full-year target of a net increase of 35 stores.

During FY2024 Q1, we expanded store openings in “Other” indirectly managed area.

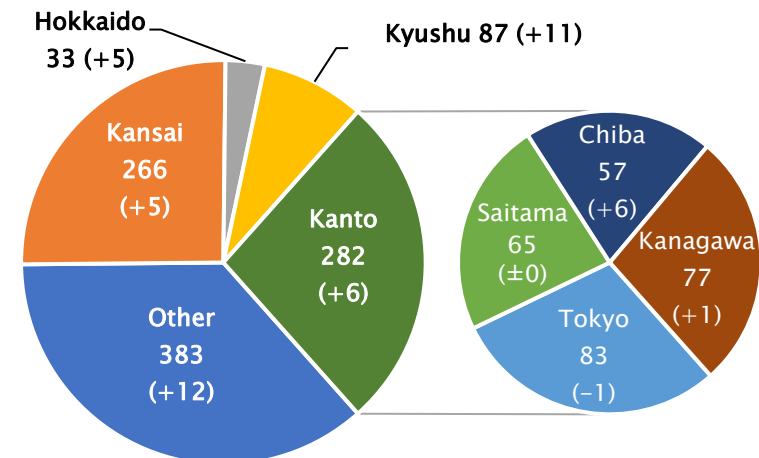


Number of Stores by Area

1,012 stores as of January 31, 2023



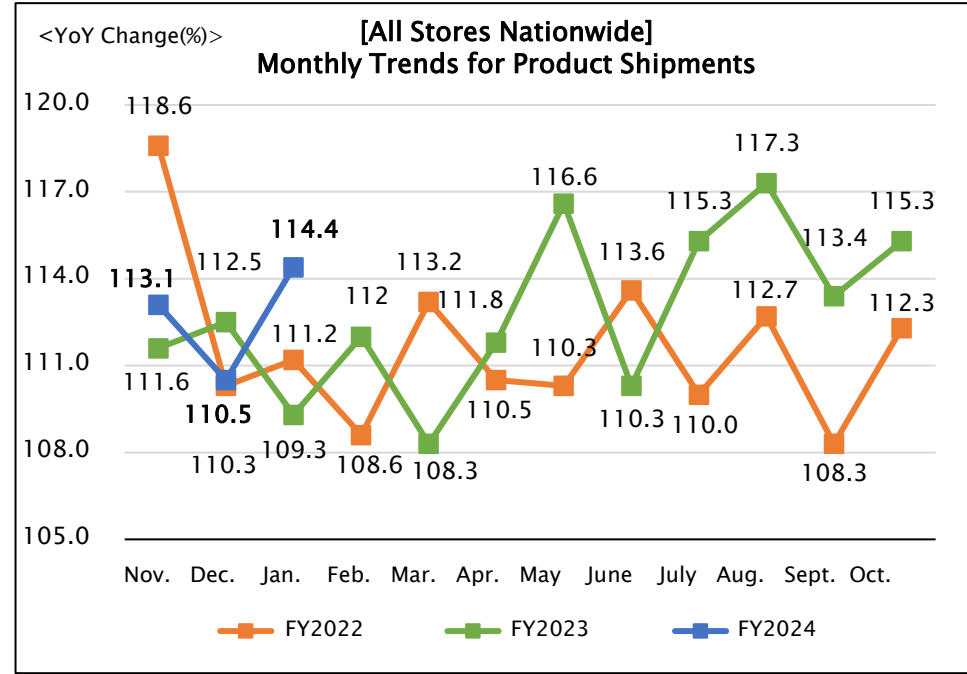
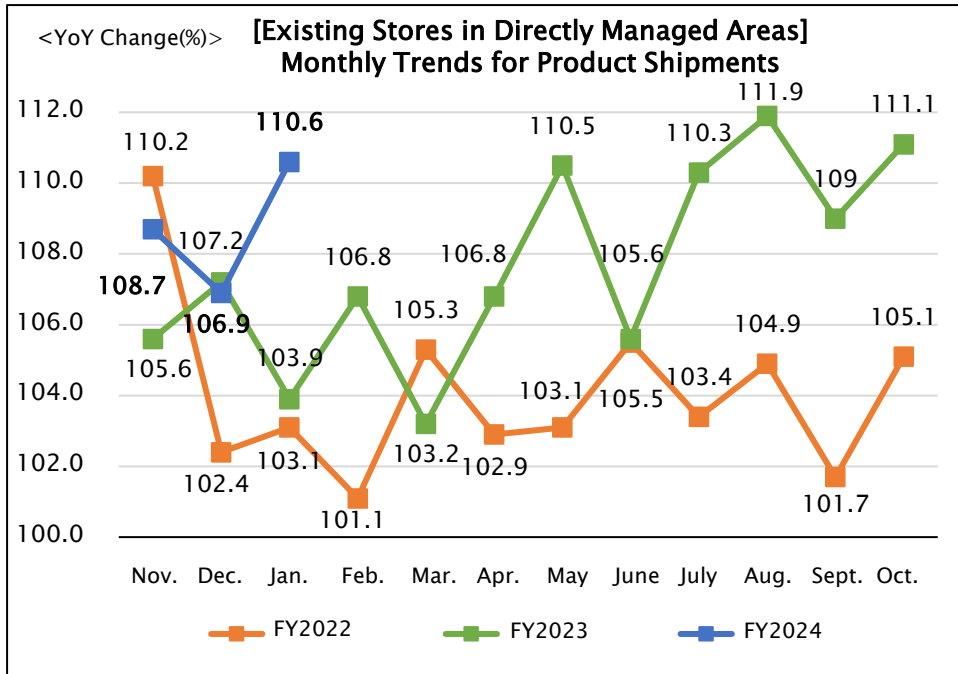
1,051 stores as of January 31, 2024 (+39)



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

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

- Product shipments to existing stores during FY2024 Q1 remained strong, along with recovering the number of customer visits nationwide.



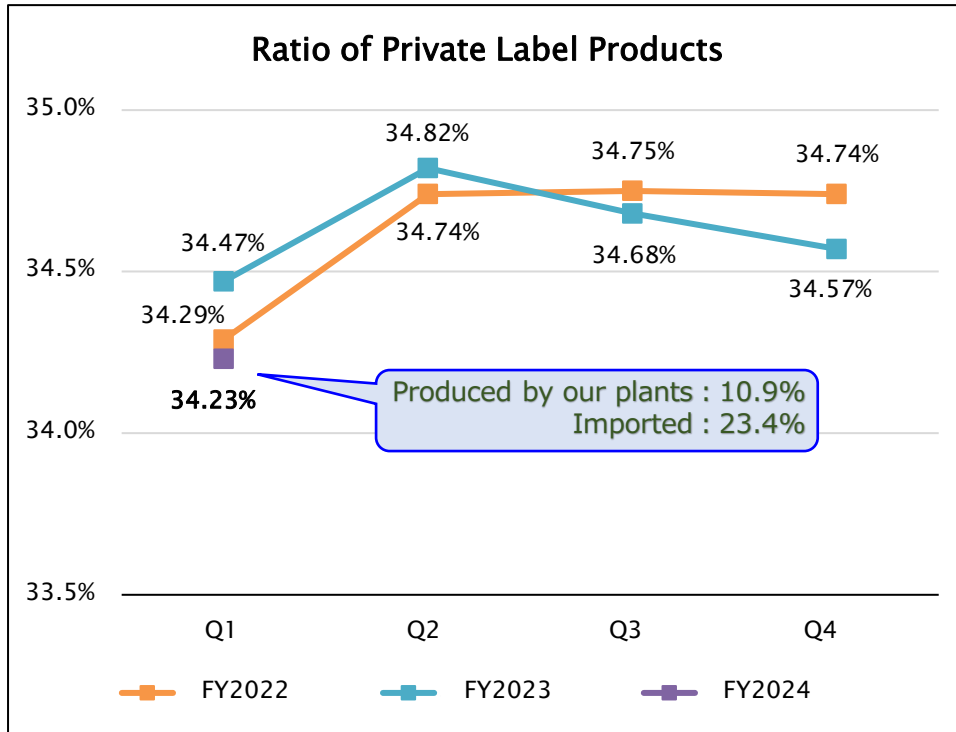
[Year-on-year % Changes in Product Shipments to Gyomu Super Stores]

		FY2023															FY2024		
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full	Nov.	Dec.	Jan.
Directly managed areas	Existing stores	105.6	107.2	103.9	106.8	103.2	106.8	105.6	110.5	105.6	110.3	111.9	109.0	111.1	109.4	107.7	108.7	106.9	110.6
	All stores	112.1	112.6	109.5	112.5	108.5	112.7	111.4	116.5	111.1	115.5	117.1	113.4	114.7	114.7	113.1	112.7	110.2	113.8
Nationwide	All stores	111.6	112.5	109.3	112.0	108.3	111.8	111.0	116.6	110.3	115.3	117.3	113.4	115.3	114.7	112.9	113.1	110.5	114.4

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

Enhancing Original Products

Ratio of Private Label Products



- While shipments of private label products were on the rise, national brand products remained even stronger.
- The price revision of national brand products continued to lower the ratio of private label products.

Samples of Private Label Products

Products produced by Kobe Bussan Group's plants



Thick pork cutlet
¥645 (700 g)



Curry with melted
vegetables and fruits
¥321 (200g x 5)



Frozen Sanuki
udon noodles
¥178 (250 g x 5)

Import products



Tempe
¥375 (450 g)



Organic
oat flakes
¥267 (500 g)



Frozen jackfruit
¥494 (500g)

Note: All prices include tax.
Products and prices are different depending on stores and seasons.

Restaurant & Delicatessen Business

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.
- Each brand increased its media exposure as we successfully differentiated ourselves from competitors in terms of prices and menu items.

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



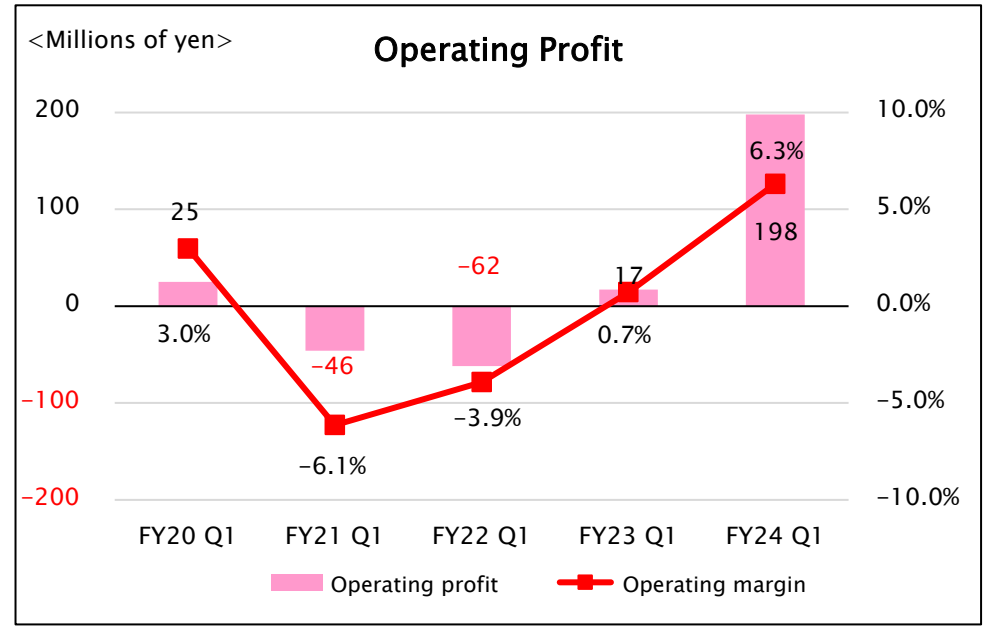
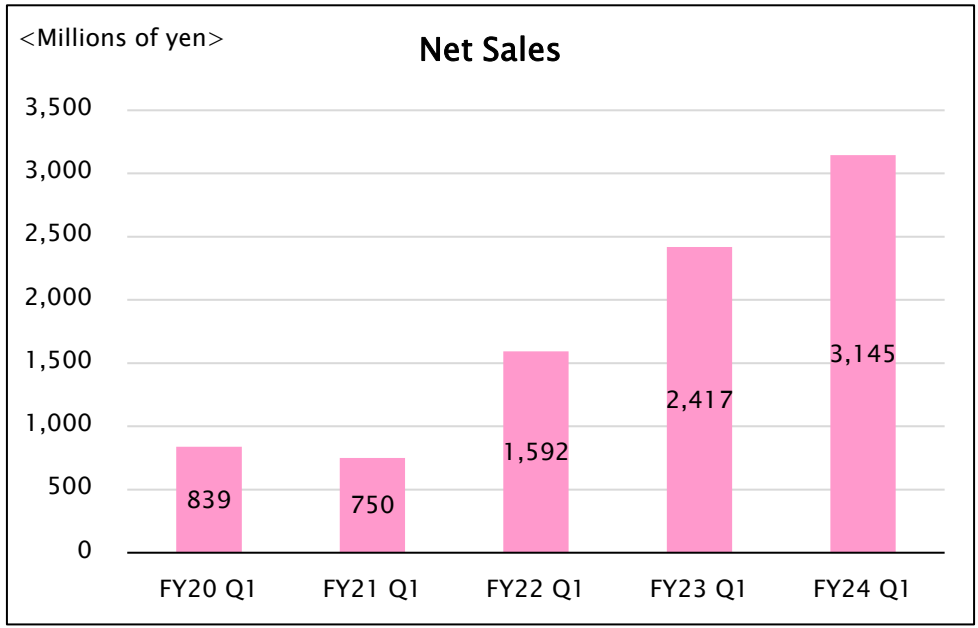
Kobe Cook World Buffet



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

Total Number of Restaurants: 15 (as of January 31, 2024)

Kobe Cook World Buffet opened 1 restaurant and closed none, resulting in a net increase of 1 restaurant during FY2024 Q1.

Chiba Port Town Store opened in Chuo-ku, Chiba-shi, Chiba on January 8, 2024.

This is the first store in the Greater Tokyo Area (consisting of Tokyo and three surrounding prefectures), which attracts attention in the media.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Measures to Attract Customers

We offer a world cuisine fair whose theme area changes every two months. In FY2024, we held the "Europe Fair" from November 1 to December 25 and then the "South Korea Fair" from December 26 to February 29. Each fair introduces 10 to 20 new menu items to meet needs from our guests. At the South Korea Fair, we had enormous visitors partly thanks to the winter vacation included in its period.

Since March, we have offered a kids menu and a play area on weekends and holidays to create an environment enabling guests to eat with their small children without worrying.

Business Strategy for FY2024

We expect to continue enjoying demand from large party guests such as tourists from home and abroad. Also, we may capture group demand for dining events including year-end parties, new year parties, and parties after a sports day or cultural festival in school as well as demand from families during holiday seasons.

Going forward, we will encourage customers to visit the restaurant more frequently by continuing to offer services that satisfy customers with a dining experience unparalleled to any other restaurant chains in terms of the menu, volume of food, and price. In doing so, we will recover sales to their pre-pandemic levels in all our restaurants.



Seasonal special offer
from December 26 to February 29:
"South Korea Fair"

Premium Karubi

Total Number of Restaurants: 21 (as of January 31, 2024)



Premium Karubi opened 1 restaurant and closed none, resulting in a net increase of 1 restaurants during FY2024 Q1.

Shonandai Store opened in Fujisawa-shi, Kanagawa on December 5, 2023.

We plan to start franchising the brand.

Overview of FY2023

The business throughout FY2023 was significantly impacted by a number of persistent adverse factors such as precarious fluctuations in foreign exchange rates, increased prices of raw materials, and a rise of personal and utilities costs. In the second half by a shift of foot traffic to events and travels following the lifting of movement restrictions along with the reclassification of COVID-19 into Category V infectious disease. To overcome these challenges and gain a profit, we took measures such as introducing the Premium Course menu, changing menu, and running seasonal special fairs while focusing on customer satisfaction and customer visits. This is how we successfully expanded the number of restaurants in the ongoing game of survival of the fittest in the BBQ restaurant business.



Business Strategy for FY2024

At the Shonandai Store, which opened in January, installation of express lanes has significantly shortened waiting time for ordered items and reduced operating costs through labor saving. In terms of desserts as a specialty of Premium Karubi, we offer baked sweets such as raw butter financiers using fermented butter and canelés as well as homemade gelatos with more flavors than the existing restaurants, which were well received by customers. We are aiming to franchise this brand by developing services that meet customer needs.



Premium Karubi Shonandai Store

Note: Menus may vary by restaurant and season.

Chisouna

Total Number of Shops: 117 (as of January 31, 2024)

Chisouna opened 3 shops and closed none, resulting in a net increase of 3 shops during FY2024 Q1.

The number of shops has been expanding since we started establishing them in Gyomu Super stores while our franchisees remained eager to open new shops.



Factors behind Strong Performance

Despite continuous soaring prices of raw materials, Chisouna maintains a price advantage by working on price revisions, 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 voluminous fresh homemade foods keep attracting customers.

Business Strategy for FY2024

We will continue to expand a variety of menu items such as desserts, striving to create more attractive shops to satisfy customers.



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

7 AFFORDABLE AND CLEAN ENERGY

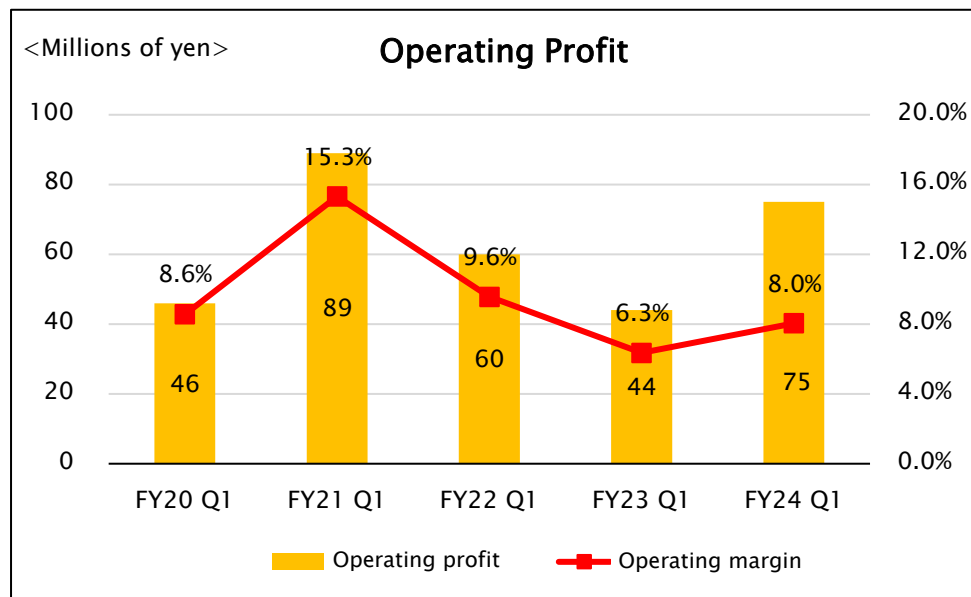
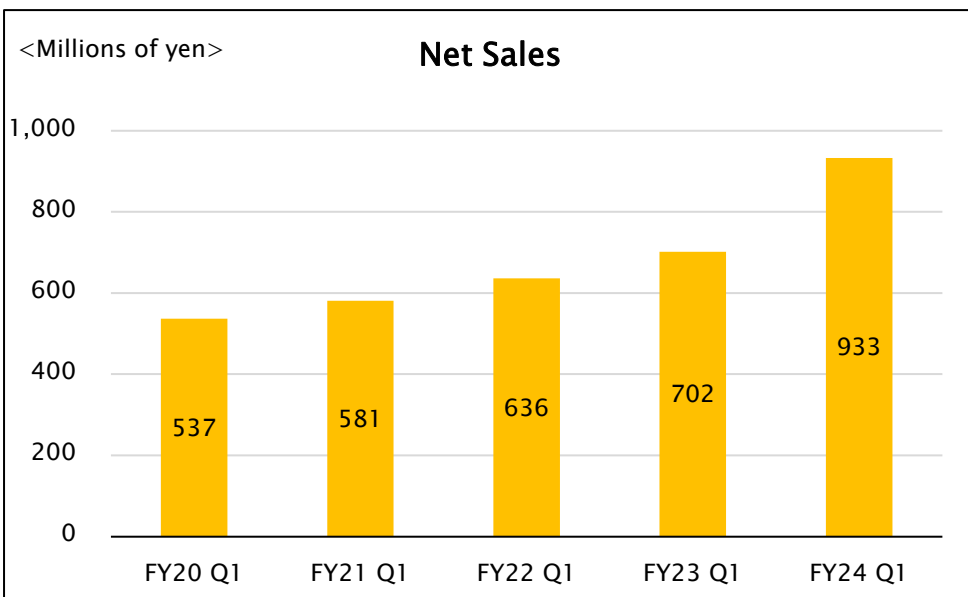


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

- A new plant in Higashimatsushima-shi, Miyagi with a generation capacity of 30 MW started operations on October 18, 2023.
- As a result of the above, all of our planned solar power plants are now in operation with a total capacity of 81 MW.



(Photo: Higashimatsushima Solar Power Plant with a capacity of 30 MW, which started operations in October 18, 2023)

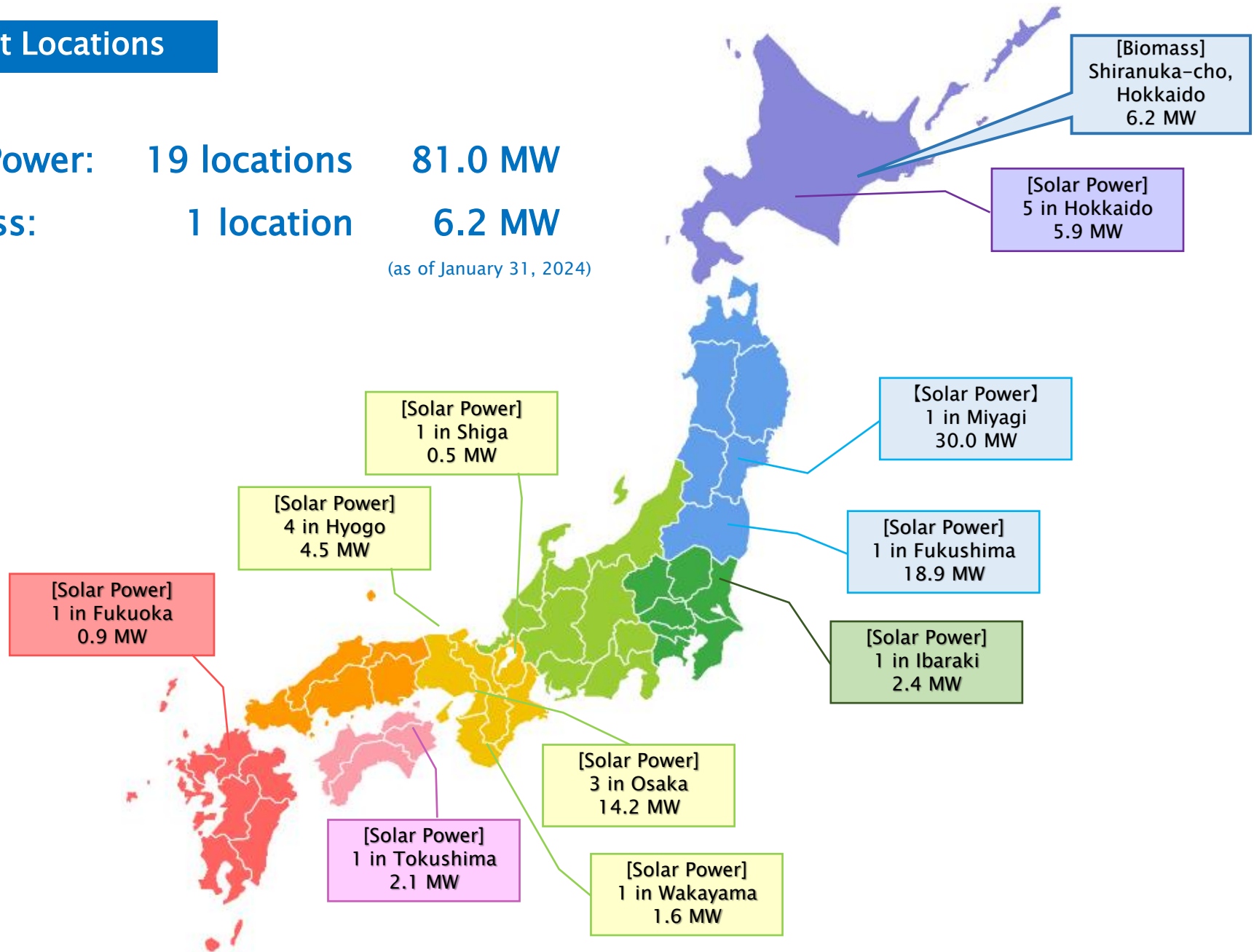


Plant Locations

Solar Power: 19 locations 81.0 MW

Biomass: 1 location 6.2 MW

(as of January 31, 2024)



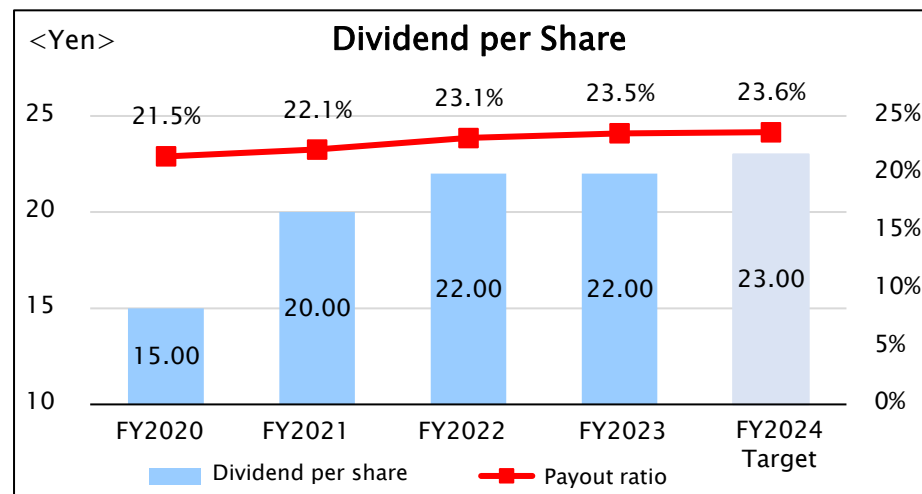
Dividends

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 FY2023, we paid the annual year-end dividends of ¥22.00 per share as in previous years.

For FY2024, we plan to pay the annual dividends of ¥23.00 per share.

Note: The figures in the graph on the right have been adjusted for the effect of the 2-for-1 stock splits carried out in November 2020.



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.

FY2024 Forecast

(Millions of yen)

	FY2024 Q1 actual	FY2024 forecast	Progress towards Full-year forecast
Net sales	120,904	498,000	24.3%
Operating profit	8,531	31,000	27.5%
Profit attributable to owners of parent	5,524	21,500	25.7%

The above forecast reflects the assumption that the weak yen against US dollar will continually increase the cost of imported products as well as the costs of raw materials and infrastructure.

Gyomu Super Business Guideline towards FY2024 Forecast

	FY2024 target	Action plan
Target of store openings	Net increase of 35 stores	Open stores focusing on the Kanto and Kyushu areas under direct management. Strengthen property data-gathering capability driven by headquarters.
Growth in existing store sales	102% YoY or higher	Acquire more savings-oriented consumers Improve efficiency in store operations
Product development	Rise in PB ratio	Focus on private label products developed by our group plants and those imported directly by ourselves.

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)

	FY2023 Q1 actual	FY2024 forecast	FY2026 target
Net sales	120,904	498,000	543,000
Operating profit	8,531	31,000	37,000
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

- This material contains forward-looking statements based on assumptions, estimates, and plans as of March 14, 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.

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