

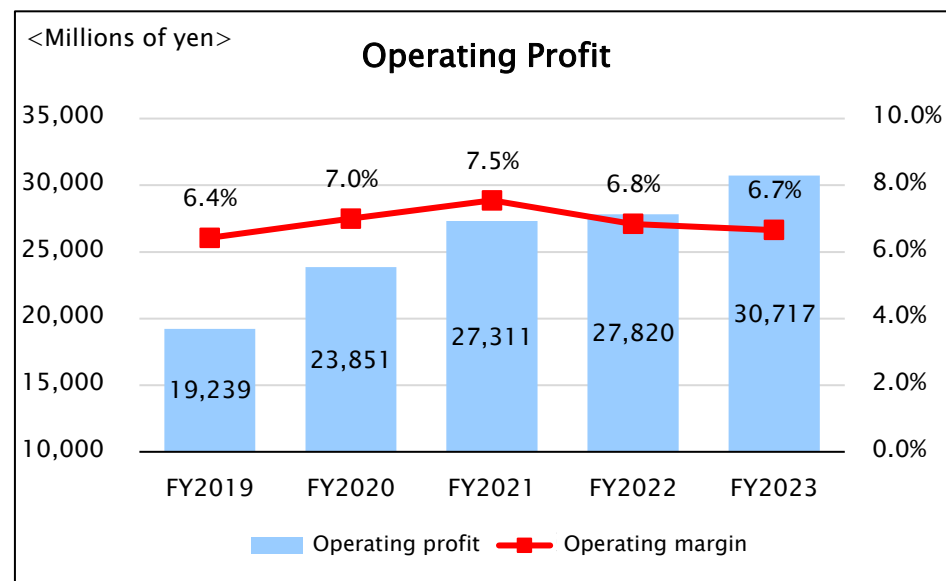
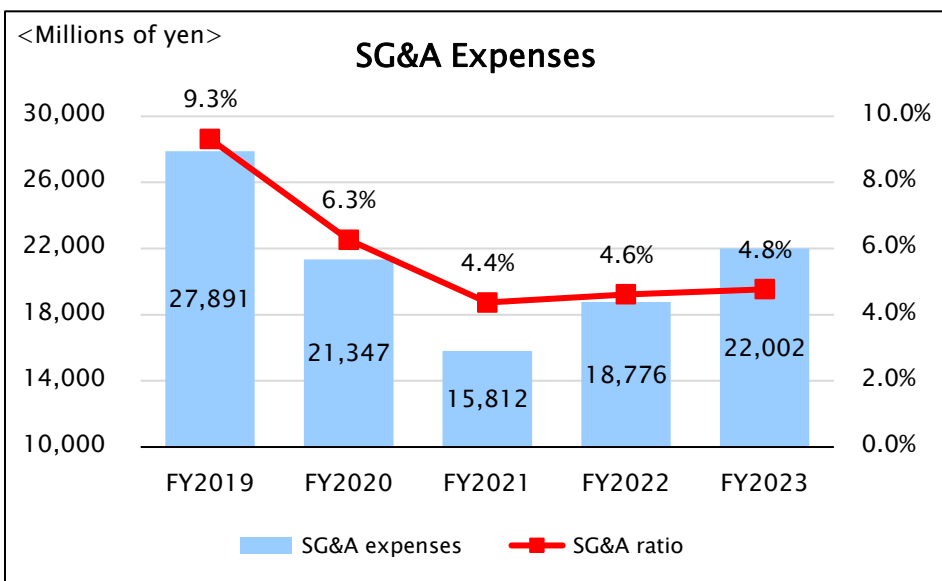
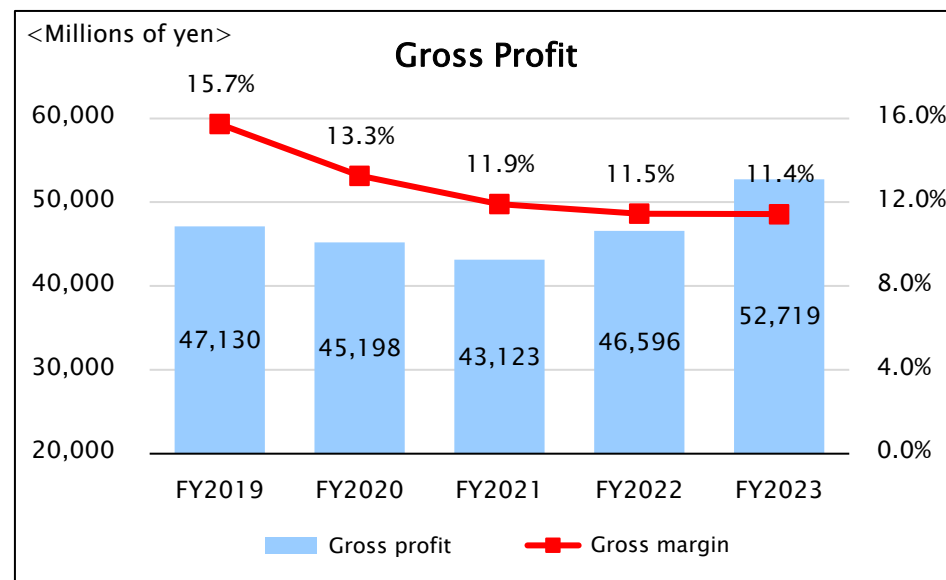
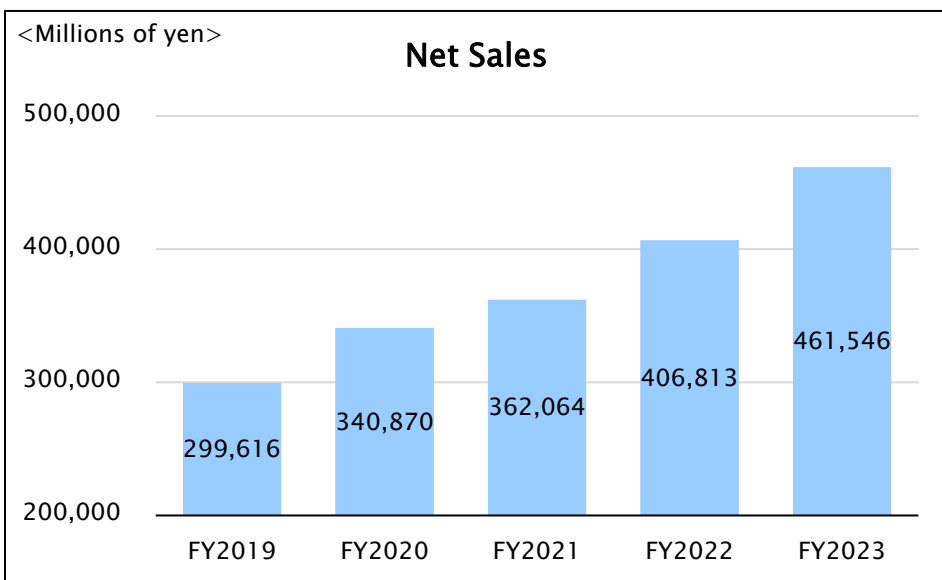
Supplementary Material for
FY2023 Financial Results

December 15, 2023

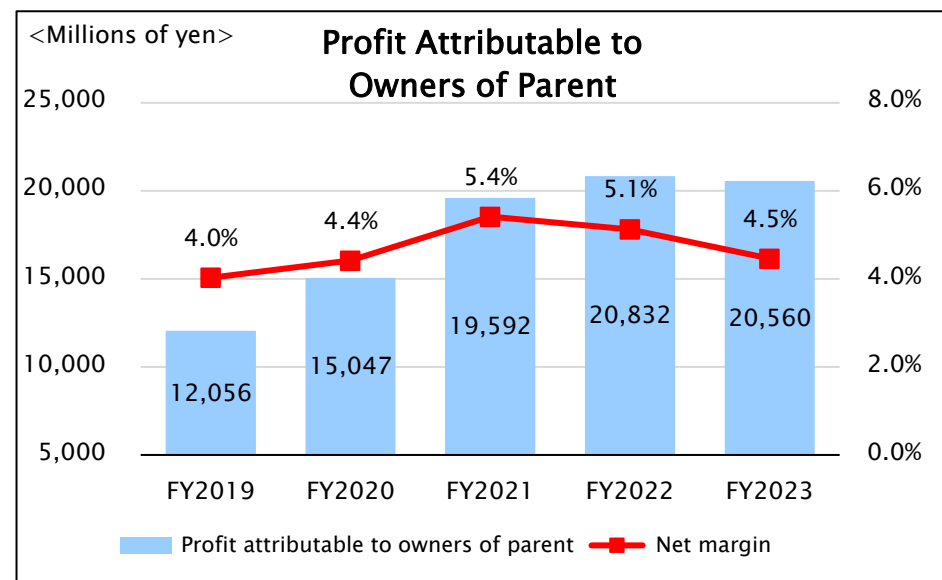
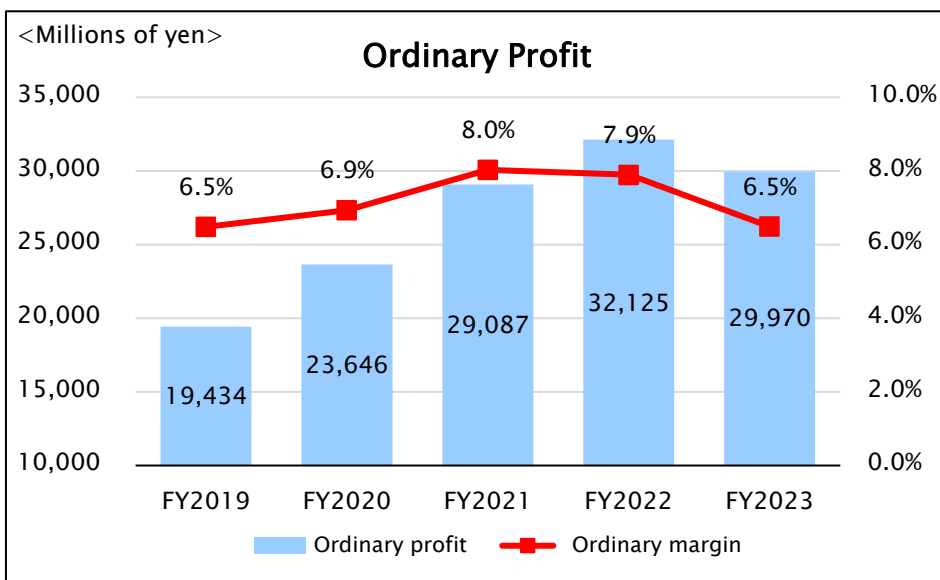


Securities code: 3038

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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]

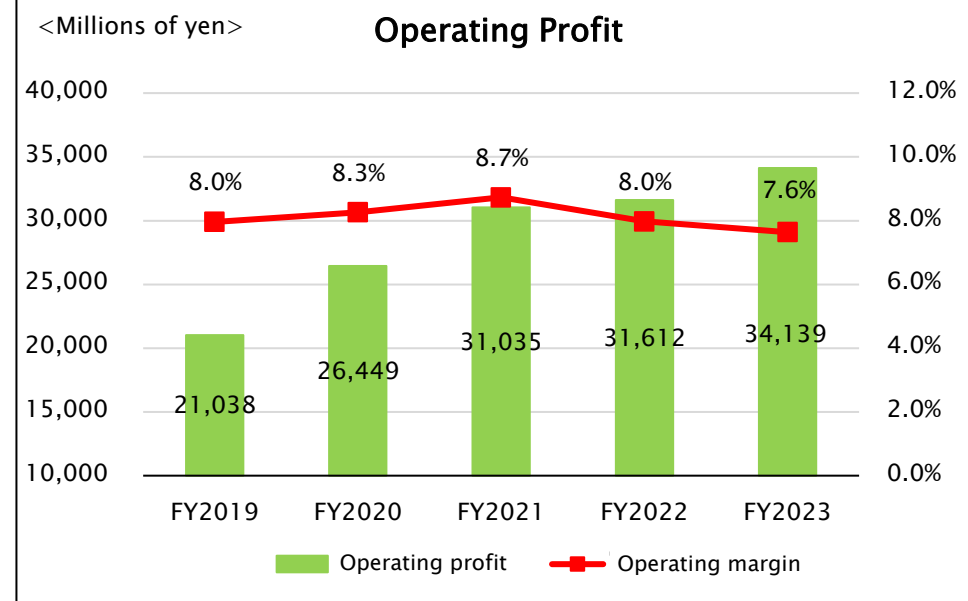
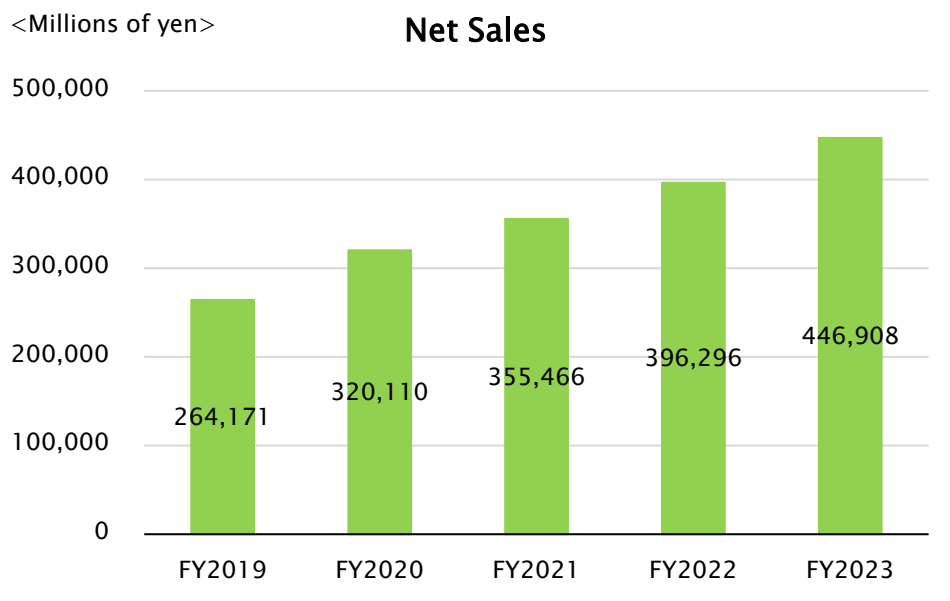
- Net sales**
 Net sales increased by ¥54,733 million (13.5%) year on year with robust new store openings and continued strong product shipments to existing stores.
- Gross profit**
 Gross profit increased by ¥6,123 million (13.1%) year on year due to the continued strong net sales despite the impact of the exchange rate fluctuations.
- SG&A expenses**
 SG&A expenses increased by ¥3,226 million (17.2%) 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 ¥2,897million (10.4%) year on year.
- Ordinary profit**
 Ordinary profit decreased by ¥2,154 million (6.7%) year on year due to a valuation loss on forward exchange contracts entered into to hedge the exchange rate fluctuation risk.
- Profit attributable to owners of parent**
 As a result of the factors above, profit attributable to owners of parent decreased by ¥272 million (1.3%) 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 1,048 stores as of October 31, 2023.
- Net sales for FY2023 exceeded the planned amount due to strong performance of the existing stores.
- On October 26, we opened Yokohama Izumi Store, a directly operated store with one of the largest store floor areas in the Kanto region.



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. Accordingly, the figures for these four years are not consistent with that for FY2019.

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 October 31, 2023)

	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

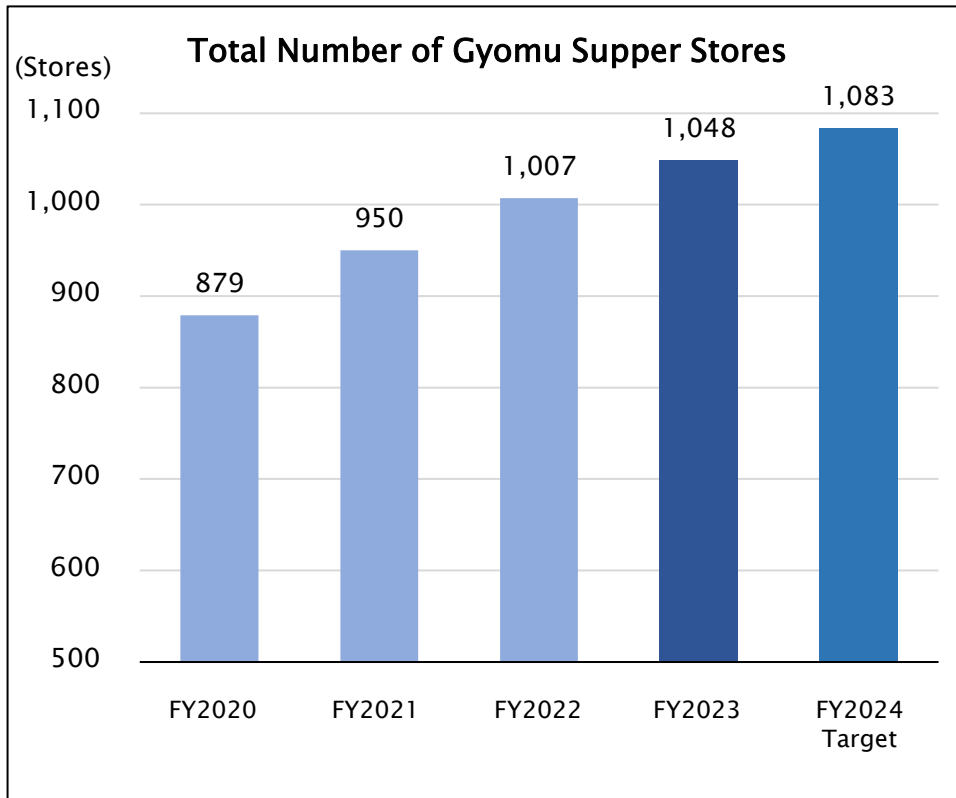
Simulated Earnings (Standard Store Franchisees)

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.

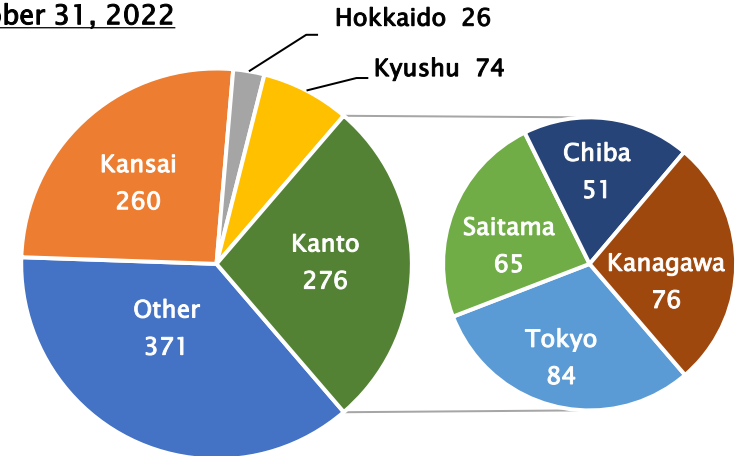
Gyomu Super opened 53 stores and closed 12, resulting in a net increase of 41 stores during FY2023, and opened 19 stores and closed 3 during FY2023 Q4 alone.

The above result exceeded the full-year target (a net increase of 40 stores) by one.

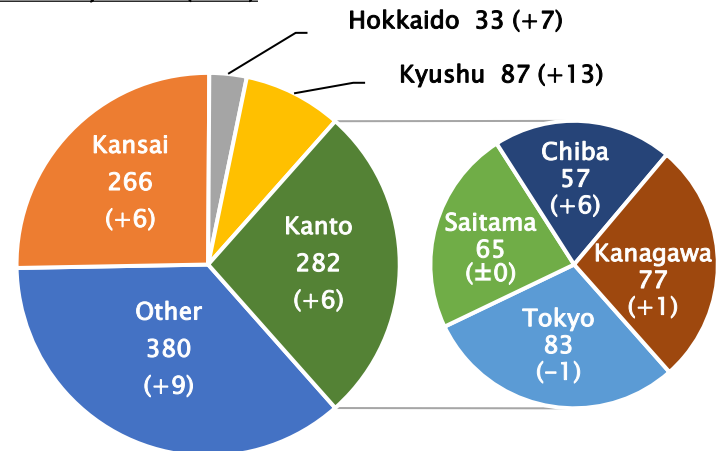


Number of Stores by Area

1,007 stores as of October 31, 2022



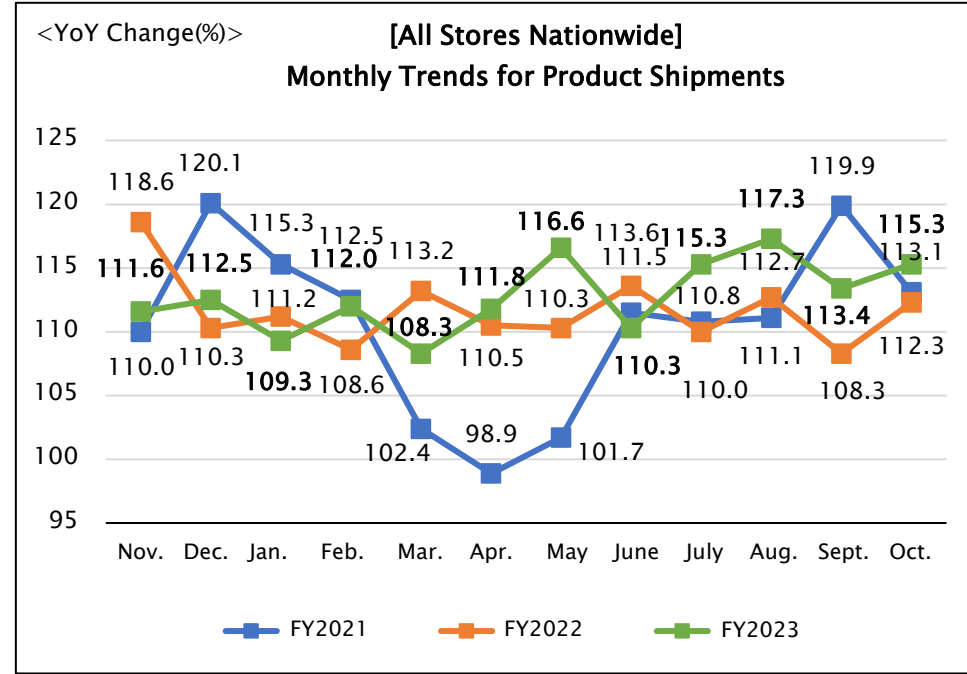
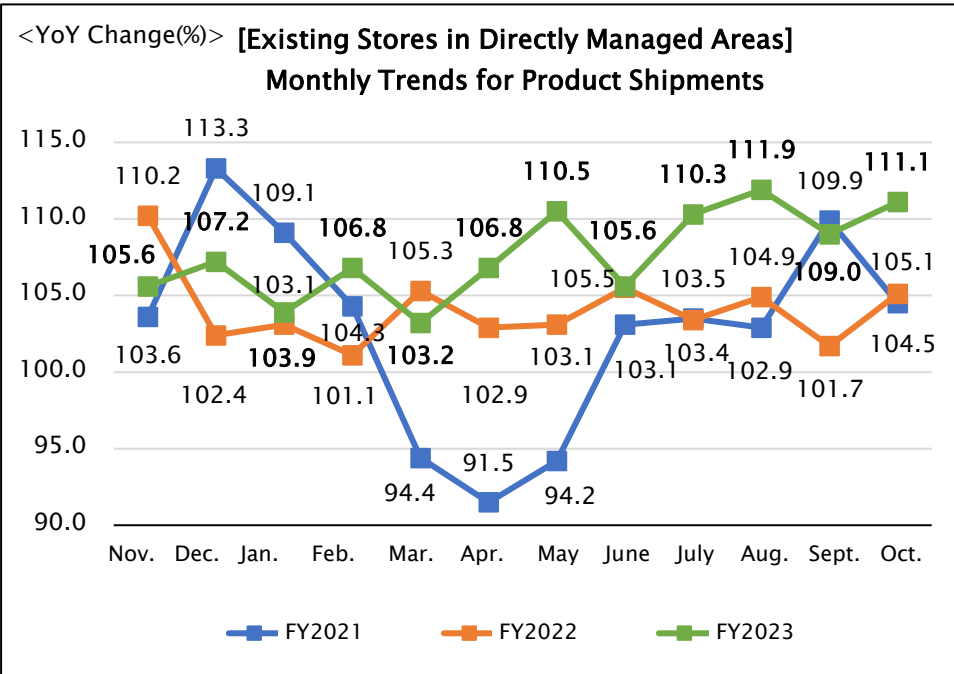
1,048 stores as of October 31, 2023 (+41)



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 FY2023 remained strong, along with recovering the number of customer visits nationwide.



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

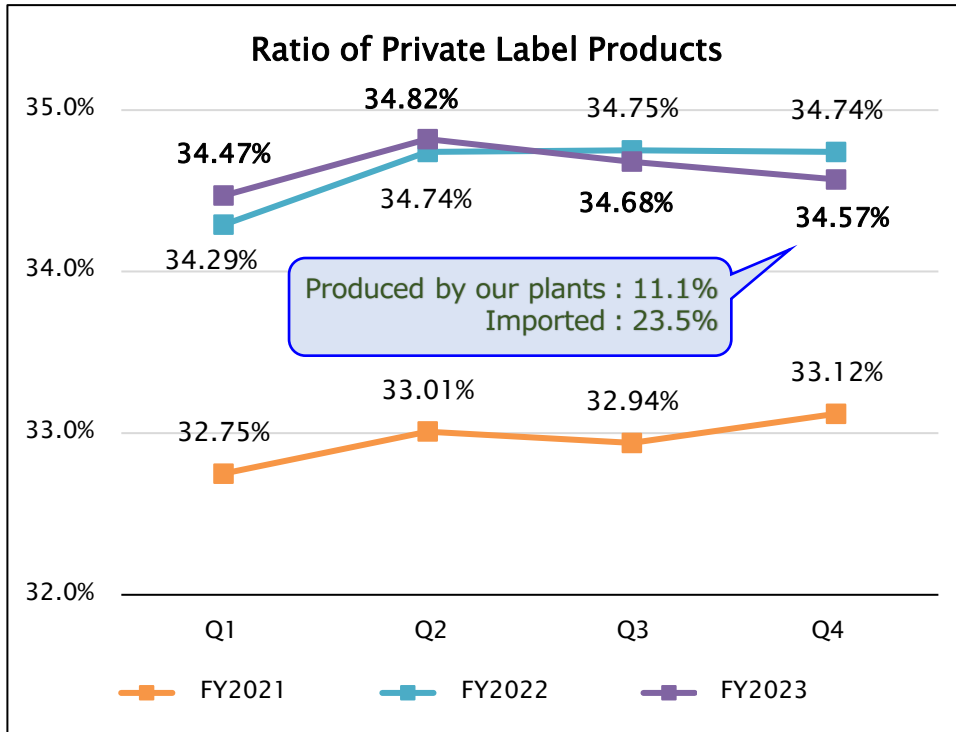
		FY2023														
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full
Directly Managed areas	Existing stores	105.6	107.2	103.9	106.8	103.2	106.8	105.6	110.5	105.6	110.3	111.9	109.0	111.1	109.4	107.7
	All Stores	112.1	112.6	109.5	112.5	108.5	112.7	111.4	116.5	111.1	115.5	117.1	113.4	114.7	114.7	113.1
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

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

Q1: 105.7%
 Q2: 105.5%
 Q3: 108.8%
 Q4: 110.7%

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

Enhancing Original Products



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

Samples of Private Label Products

Products produced by Kobe Bussan Group's plants



Chicken cutlet with salt and seaweed
¥559 (900 g)



Spicy curry-flavored chicken legs
¥365 (2 legs)



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

Import products



Tempe
¥375 (450 g)



Organic oat flakes
¥267 (500 g)



Grilled chicken thigh skewers
¥1,458
(22 g x 50 skewers)

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.



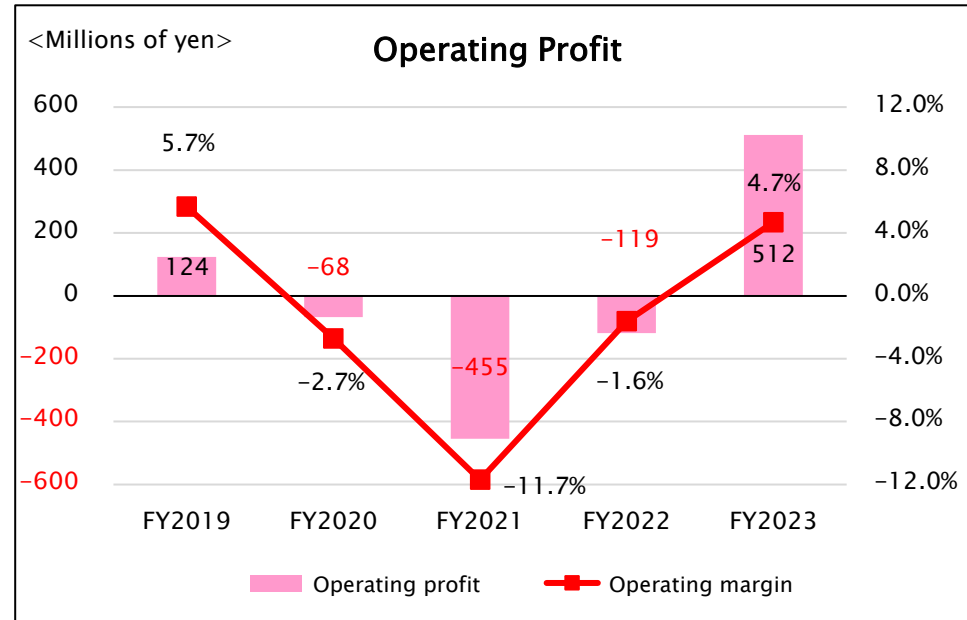
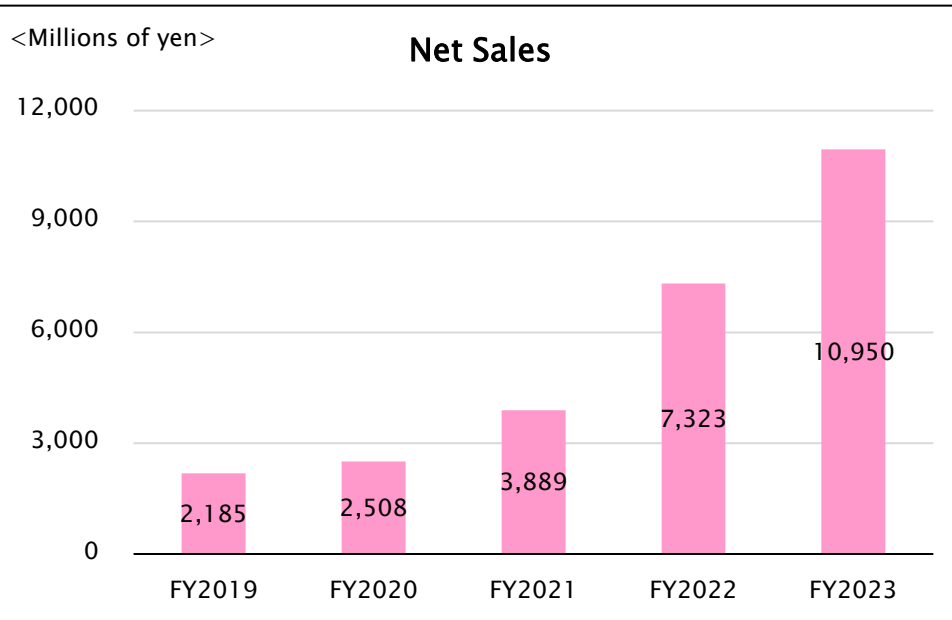
Kobe Cook World Buffet



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. Accordingly, the figures for these four years are not consistent with that for FY2019.

Kobe Cook World Buffet

Total Number of Restaurants: 14 (as of October 31, 2023)

Kobe Cook World Buffet opened 3 restaurants and closed none, resulting in a net increase of 3 restaurants during FY2023, and did not open or close any restaurants during FY2023 Q4 alone.

A new store is scheduled to open in Chiba in January 2024.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



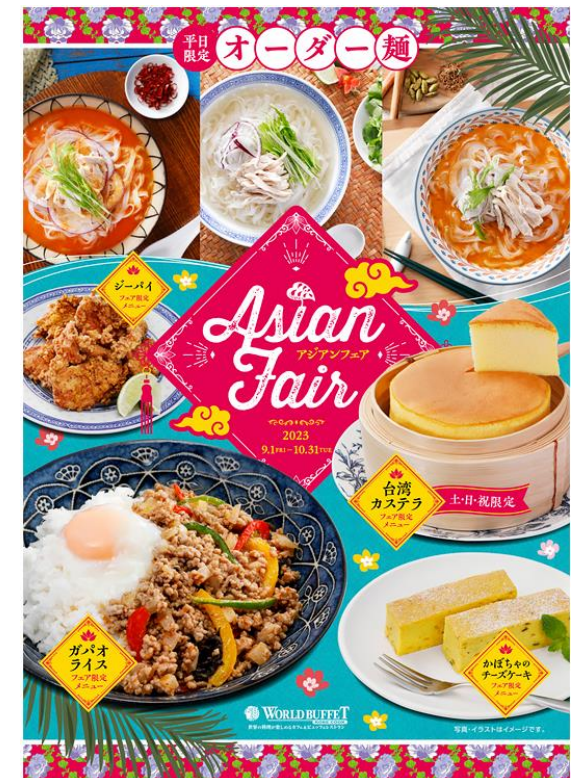
Getting back to the Founding Concept

A marketing campaign from July with a tagline of “Enjoy foods & drinks from around the World” was well received by numerous customers during the summer vacation period. The campaign helped them recall World Buffet’s founding concept: A restaurant offering more than 100 kinds of dishes from around the world in the spacious restaurant without worrying about time. In September and October, we held the “Asian Fair.” In this way going forward, we will continue to offer a world cuisine fair whose theme area changes every two months so that we provide a menu that satisfies many guests and a comfortable space that meets their needs.

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
in September and October: “Asian Fair”

Premium Karubi

Total Number of Restaurants: 20 (as of October 31, 2023)

Premium Karubi opened 4 restaurants and closed none, resulting in a net increase of 4 restaurants during FY2023, and opened 1 restaurant and closed none during FY2023 Q4 alone.

The performance remained strong despite soaring prices of raw materials and changes in foot traffic resulting from the resumption of events following the lifting of movement restrictions.



PREMIUM KARUBI

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 first half, the number of customer visits remained strong even in the face of the COVID-19 pandemic, though partly offset 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.

Restaurants Opened during FY2023

Lake Town	5-1-2 Lake Town, Koshigaya-shi, Saitama
Fuji	1 Takashima-cho, Fuji-shi, Shizuoka
Nakatomatsuri	828-18 Nakatomatsuri-cho, Utsunomiya-shi, Tochigi
Matsudo Kiyoshigaoka	3-11-1 Kogane Kiyoshigaoka, Matsudo-shi, Chiba

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

Grand Menu

厳選焼肉食べ放題100分

プレミアムデザート & ジェラートビュッフェ付き



Note: Menus may vary by restaurant and season.

Chisouna

Total Number of Shops: 114 (as of October 31, 2023)

Chisouna opened 29 shops and closed 2, resulting in a net increase of 27 shops during FY2023, and opened 12 shops and closed none during FY2023 Q4 alone.

We achieved 100 shops nationwide in May.



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

During FY2023, we developed and offered approximately 40 new dishes, of which desserts sold particularly well.

In FY2024, we will continue to significantly expand a variety of 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

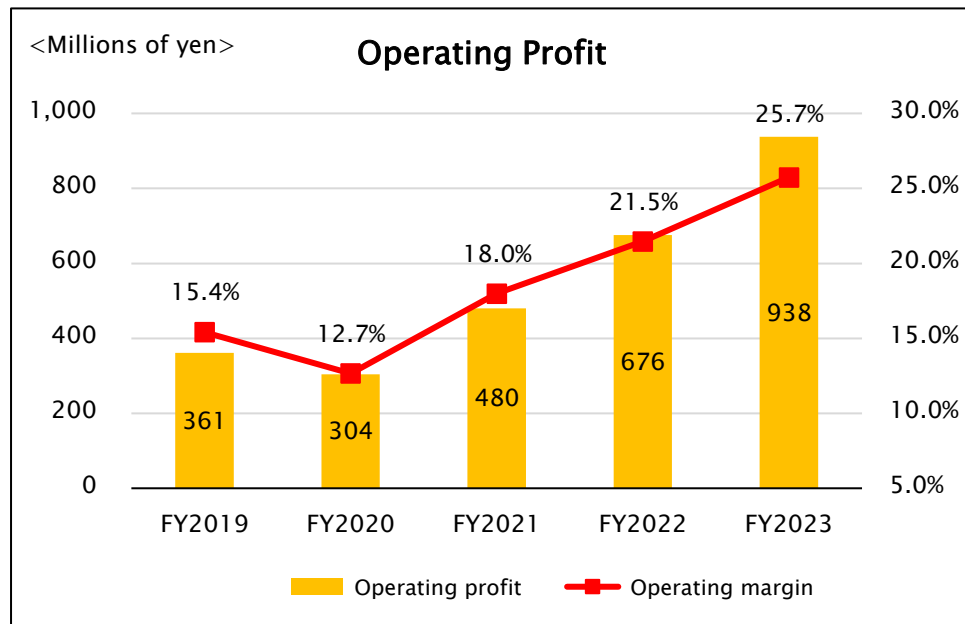
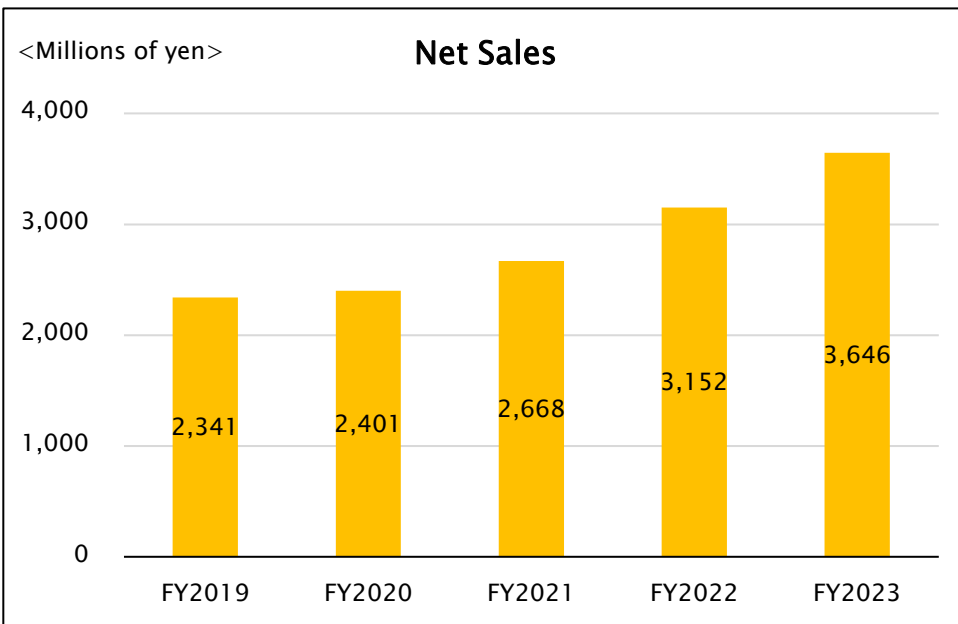


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

- The year-on-year increase in both net sales and operating profit was achieved thanks in part to a solar power plant in Nishigo-mura, Nishishirakawa-gun, Fukushima with a generation capacity of approx. 18.9 MW, which started operations in June 2022.
- A new plant in Higashimatsushima-shi, Miyagi with a generation capacity of approx. 30.0 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 81.0 MW.



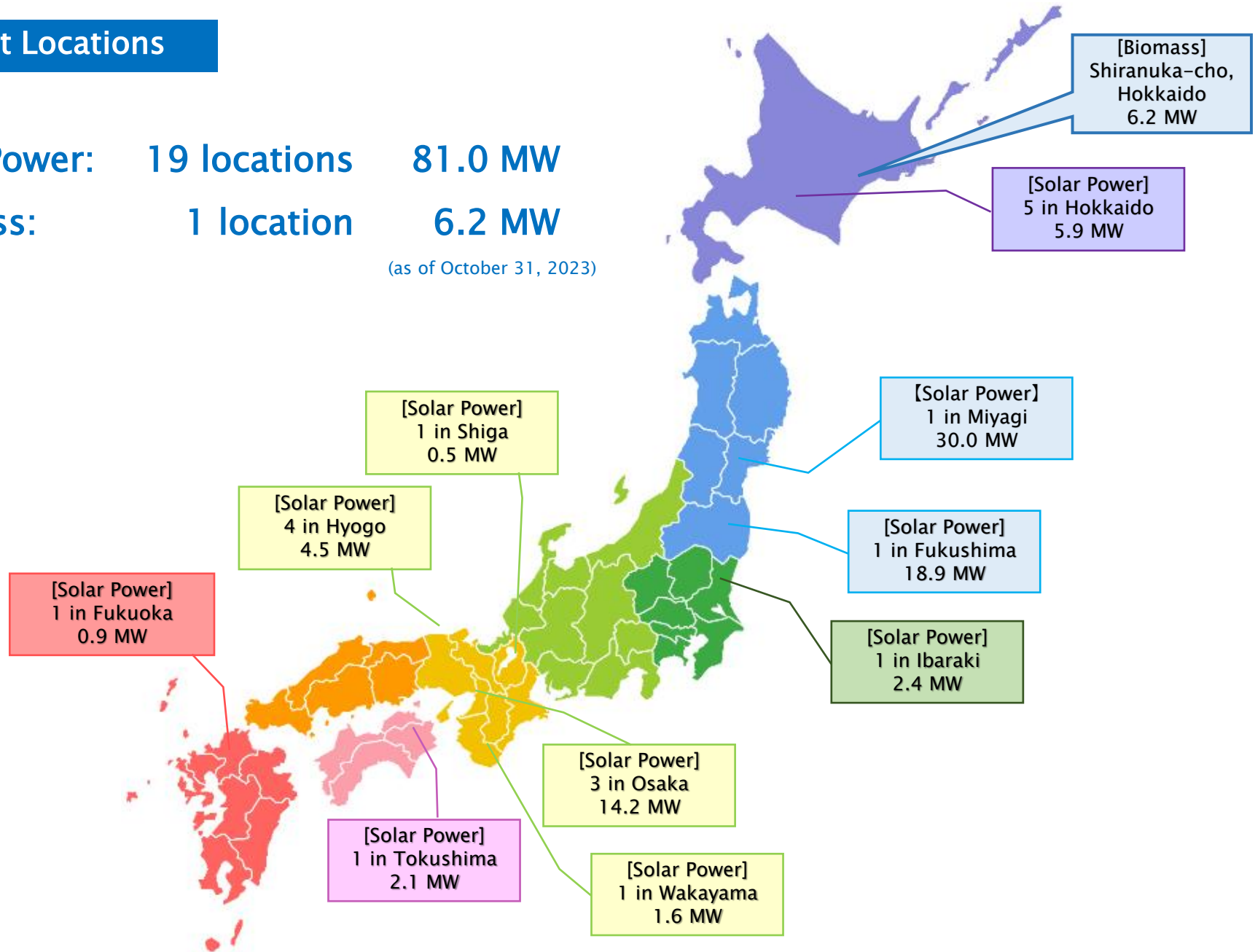
Kobe Bussan's Solar Power Plant
(Photo: Higashimatsushima Power Plant with a capacity of 30 MW, which started operations in October 2023)



Plant Locations

Solar Power: 19 locations 81.0 MW
Biomass: 1 location 6.2 MW

(as of October 31, 2023)



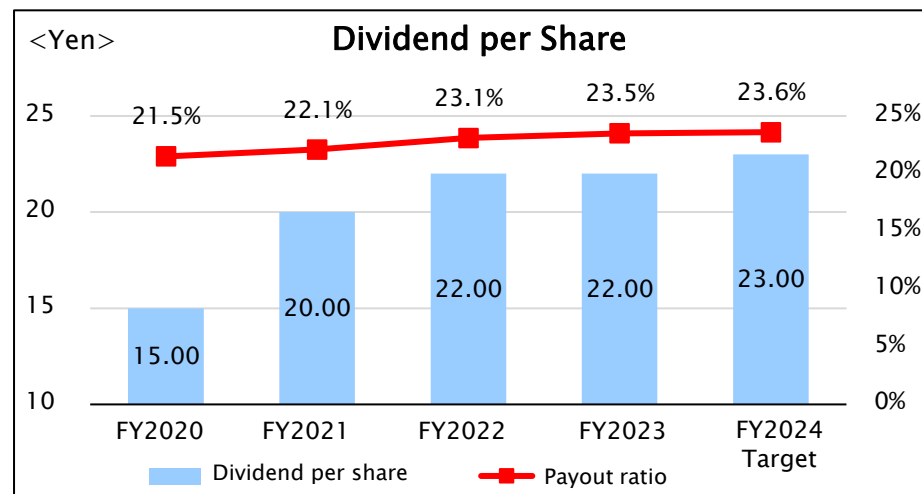
Dividends

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 2019, and 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)

	FY2023 actual	FY2024 forecast	Year on year
Net sales	461,546	498,000	107.9%
Operating profit	30,717	31,000	100.9%
Profit attributable to owners of parent	20,560	21,500	104.6%

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.

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.

Expand Restaurant & Delicatessen Business

Franchise
Premium Karubi

Reach total of 200
shops for all brands

Strengthen production capacity of private brand items produced by our plants

Start operation of
two or more new
plants

Invest in our group
plants to increase
production capacity

Raise PB ratio

Consistently grow Gyomu Super Business

Open new stores
consistently

Grow
existing store sales

Improve efficiency in store
operations

Mid-term vision

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

1st year

2nd year

3rd year

2024

2025

2026

(Millions of yen)

	FY2023 actual	FY2024 forecast	FY2026 target
Net sales	461,546	498,000	543,000
Operating profit	30,717	31,000	37,000
ROIC	Maintain 10% or higher, aiming for growth every year		

- This material contains forward-looking statements based on assumptions, estimates, and plans as of December 15, 2023.
- 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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