

Supplementary Material for  
FY2021 Q2 Financial Results

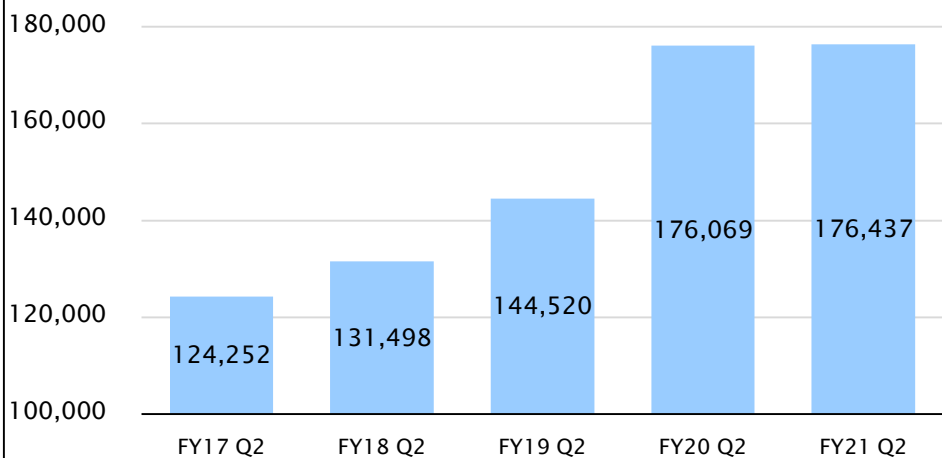
June 11, 2021



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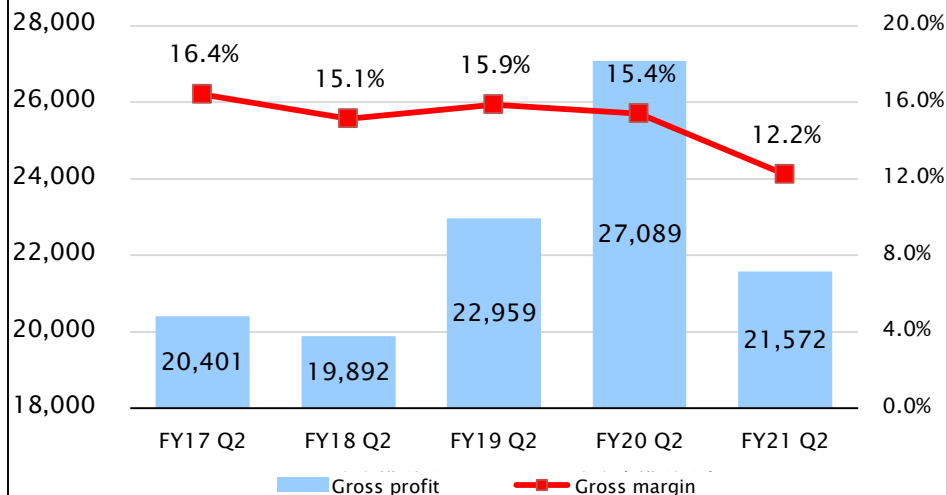
## Net Sales

<Millions of yen>



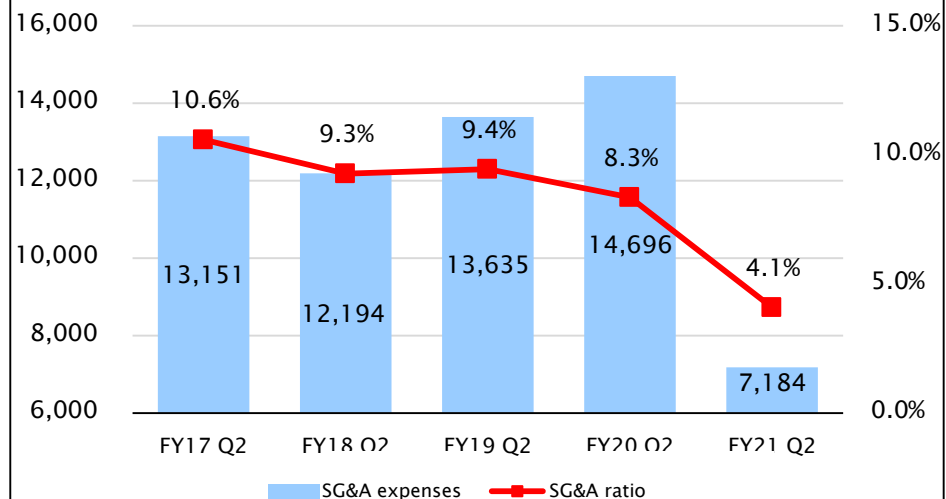
## Gross Profit

<Millions of yen>



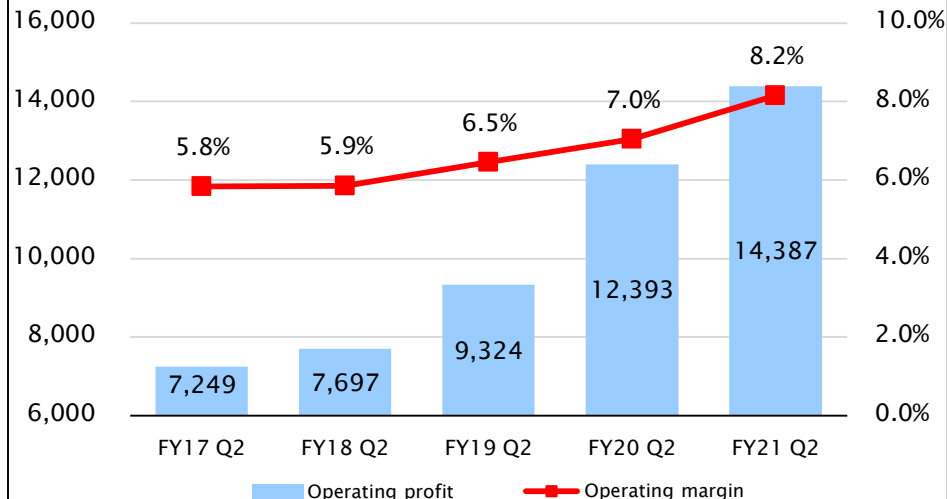
## SG&A Expenses

<Millions of yen>

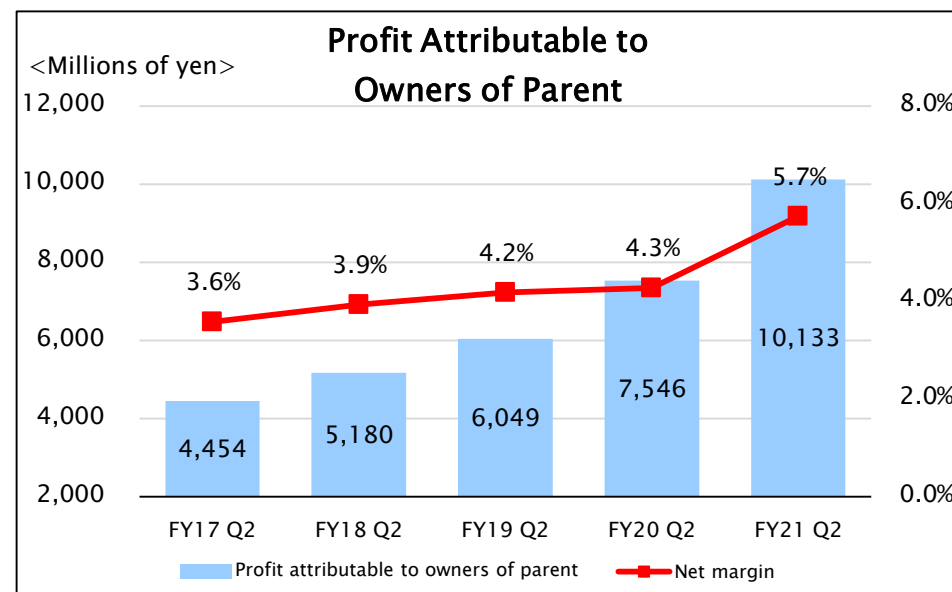
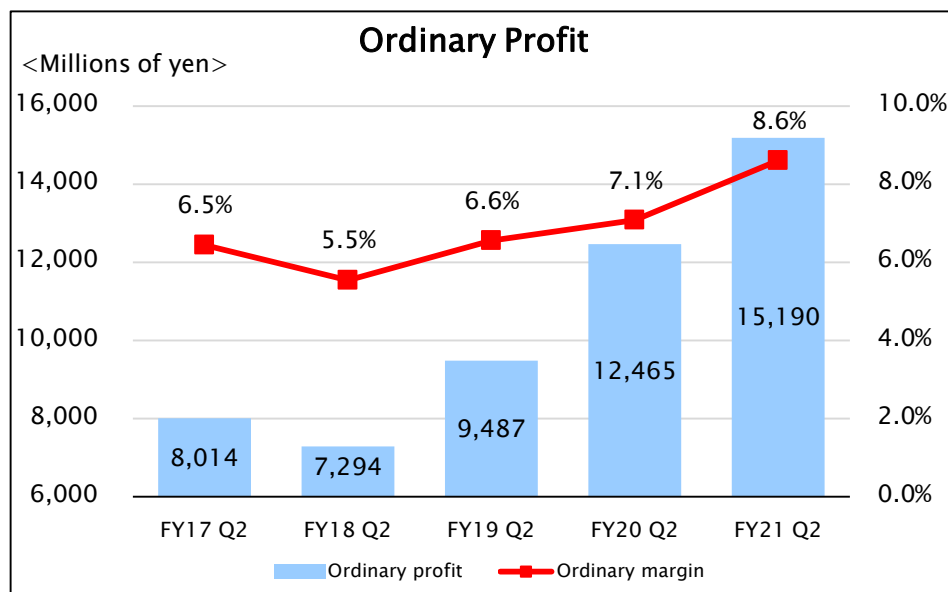


## Operating Profit

<Millions of yen>



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 368 million yen (0.2%) year on year because the Gyomu Super Business remained strong due to an ongoing increase in the demand for eating at home amid the COVID-19 crisis.

### ● Gross profit

Gross profit decreased by 5,517 million yen (20.4%) year on year because Cook Innoventure Co., Ltd., which mainly operates the restaurant business, was excluded from the scope of consolidation from FY2020 Q3.

### ● SG&A expenses

SG&A expenses decreased by 7,511 million yen (51.1%) year on year due to a decrease in personnel expenses and rent expenses caused by the exclusion mentioned above.

### ● Operating profit

As a result of the above, operating profit increased by 1,944 million yen (16.1%) year on year.

### ● Ordinary profit

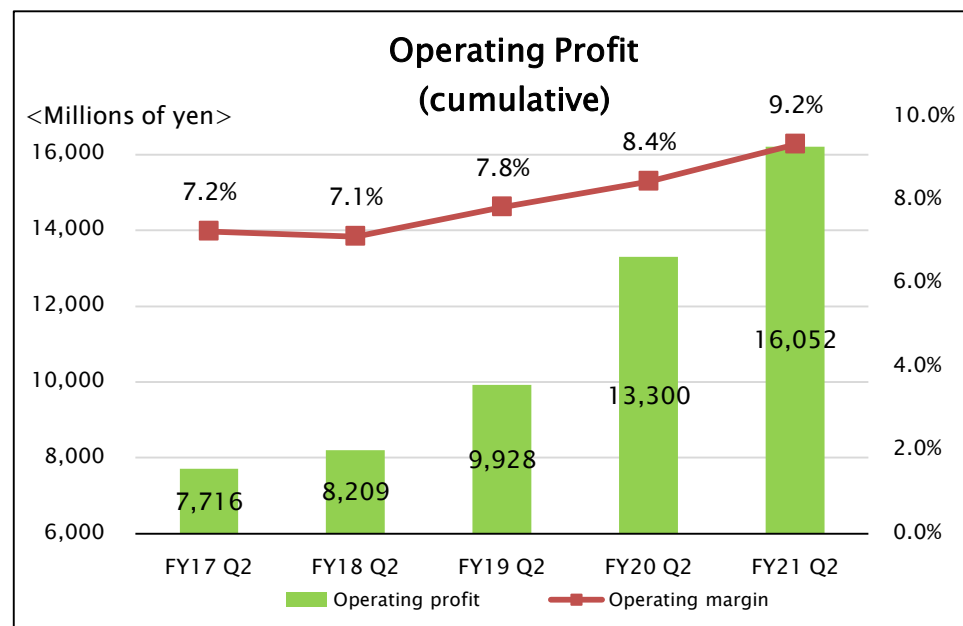
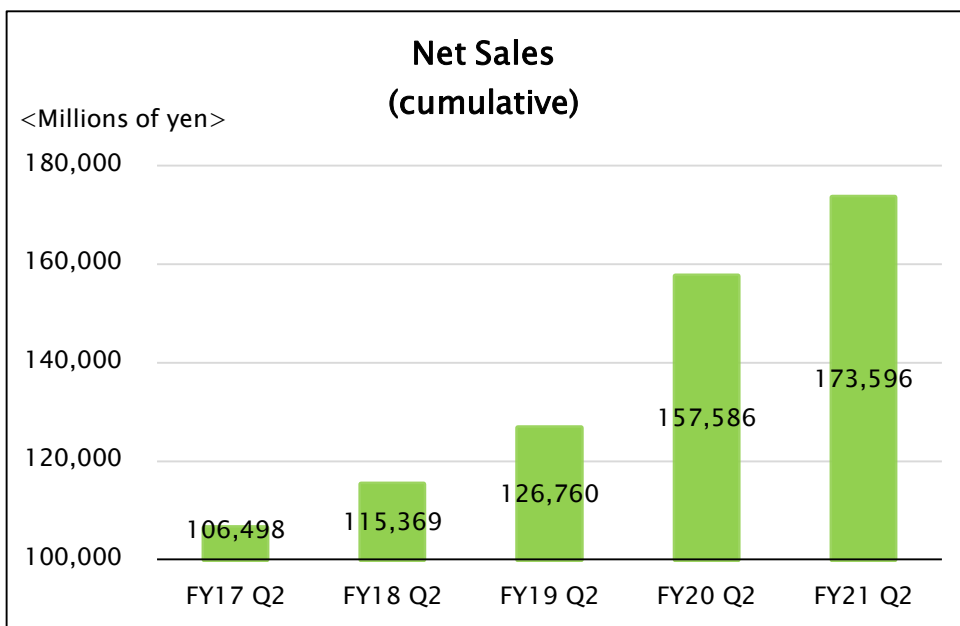
Ordinary profit increased by 2,724 million yen (21.9%) year on year primarily due to the recording of foreign exchange gains.

### ● Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent increased by 2,586 million yen (34.3%) 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.

- [We revised upward the targeted store openings for FY2021 from a net increase of 45 to 60 stores \(a total of 939 stores\).](#)
- Gyomu Super stores have expanded nationwide with 922 stores as of April 30, 2021.
- The ratio of private label products has continued to increase partly because of these products being featured on television, magazines, and newspapers.

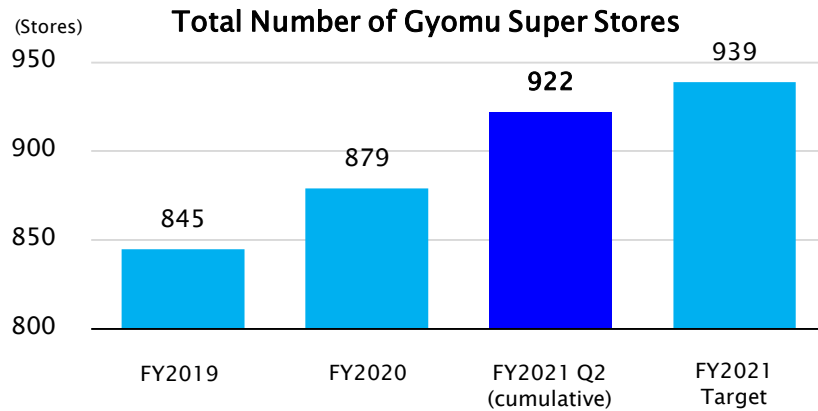


Note: Due to a change in the reportable segment structure in FY2021, the figures for FY2020 are reclassified retrospectively to reflect the change. Accordingly, the figures for these two years are not consistent with those for FY2019 or before.

FY2021 Q2 (alone): Net increase of 22 stores  
 Q2 (cumulative): Net increase of 43 stores

FY2021 Target: Net increase of 60 stores  
 (71.7% progress as of April 30, 2021)

Strong store openings in the Kyushu area under direct management: +12 stores for Q2 (cumulative)



### Outline of Franchise Contract & Requirements

Initial franchise fee (Consumption taxes not included)	¥2,000,000
Franchise deposit	¥10,000,000
Royalty fee	1% of purchase cost
Note: Equipment, construction work, POS registers, and other funds for start-up are required separately.	

### Simulated Average Earnings (Standard Store Franchisees)

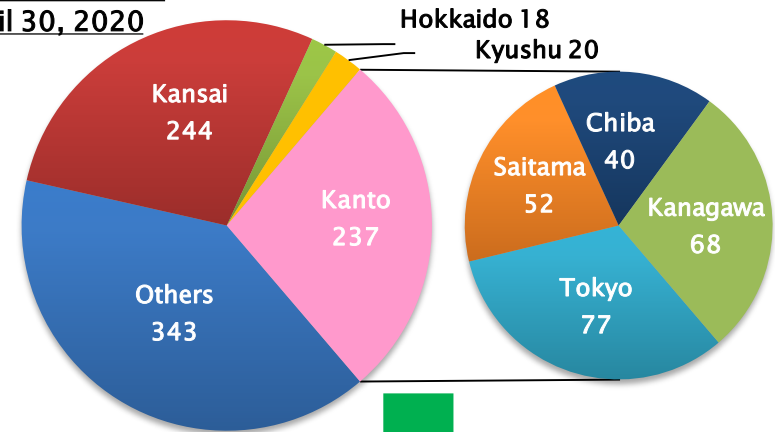
(Thousands of yen)

P&L account	Monthly amount	Composition
Net sales	32,000	100.0%
Gross profit	5,120	16.0%
SG&A expenses	4,480	14.0%
(Rent expenses)	1,300	4.1%
(Personnel expenses)	1,440	4.5%
Operating profit	640	2.0%

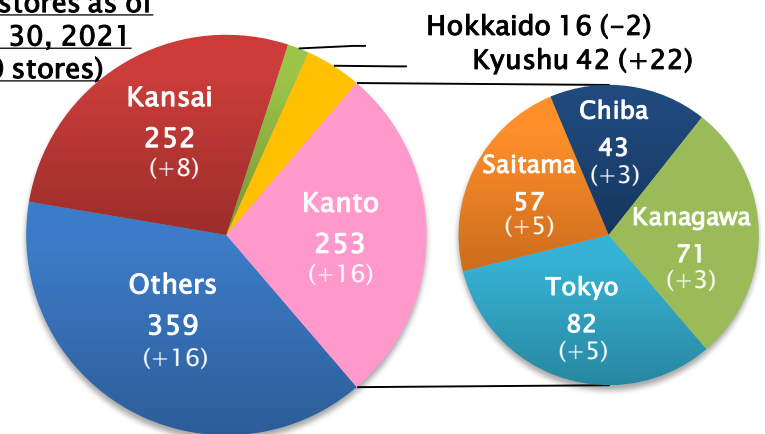
\* Separate requirements apply for indirectly managed areas.

### Number of Stores by Area

862 stores as of April 30, 2020

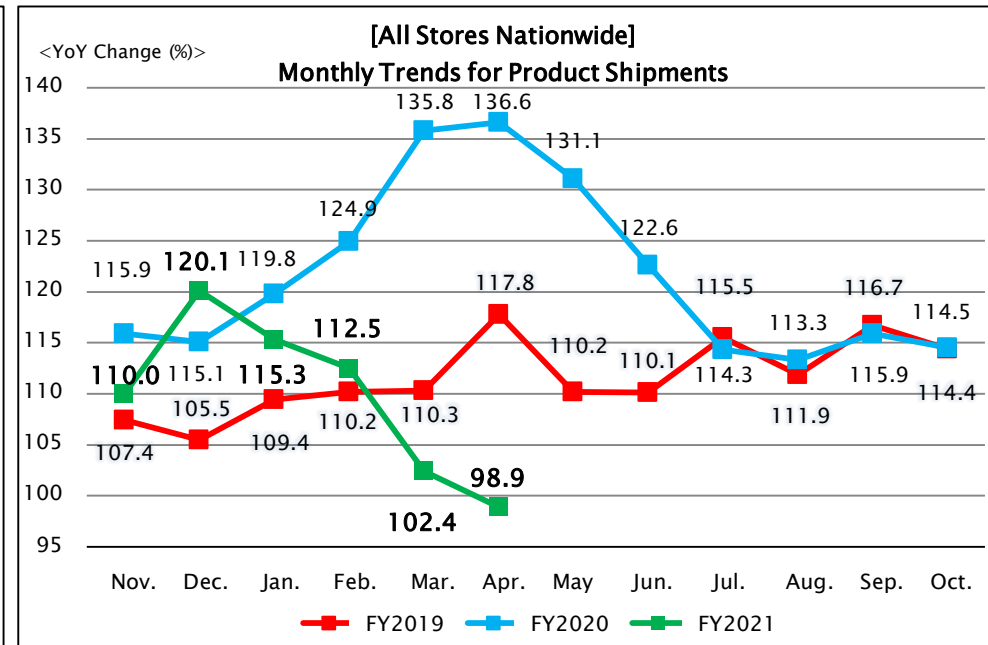
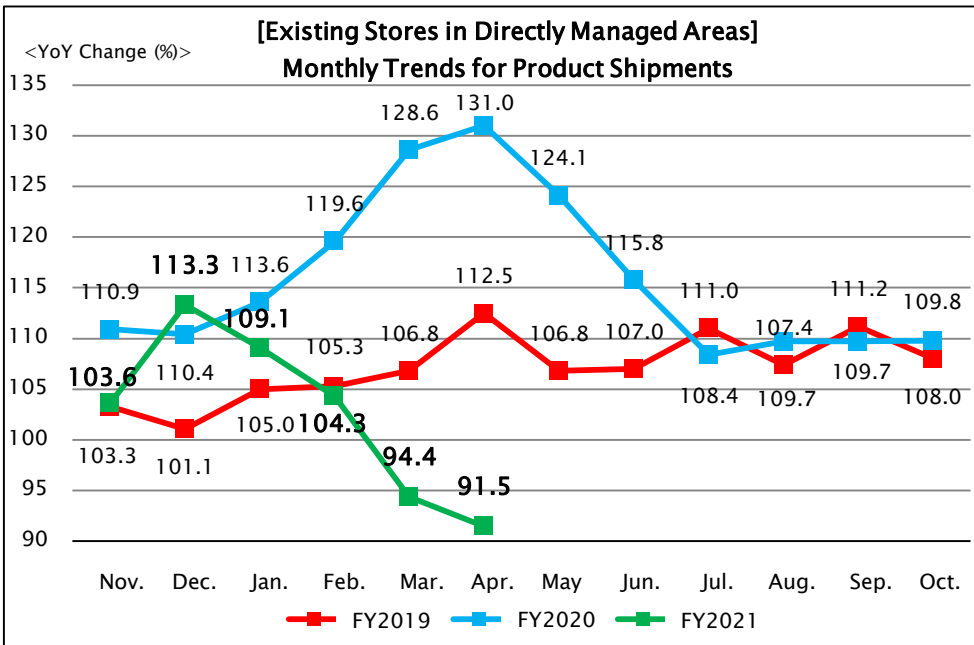


922 stores as of April 30, 2021 (+60 stores)



Kanto area (under direct management): Tokyo, Chiba, Kanagawa, and Saitama  
 Kansai area (under direct management): Osaka, Kyoto, Hyogo (excl. Awaji Island), Nara, Wakayama, and Shiga  
 Kyushu area (under direct management): Fukuoka, Saga, Nagasaki, Kumamoto, Oita, and Miyazaki  
 Hokkaido area (under direct management): Hokkaido  
 Others (under indirect management): Prefectures other than those listed above

- Despite the already high performance for FY2020, the product shipments for FY2021 H1 still remained strong with a year-on-year increase.



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

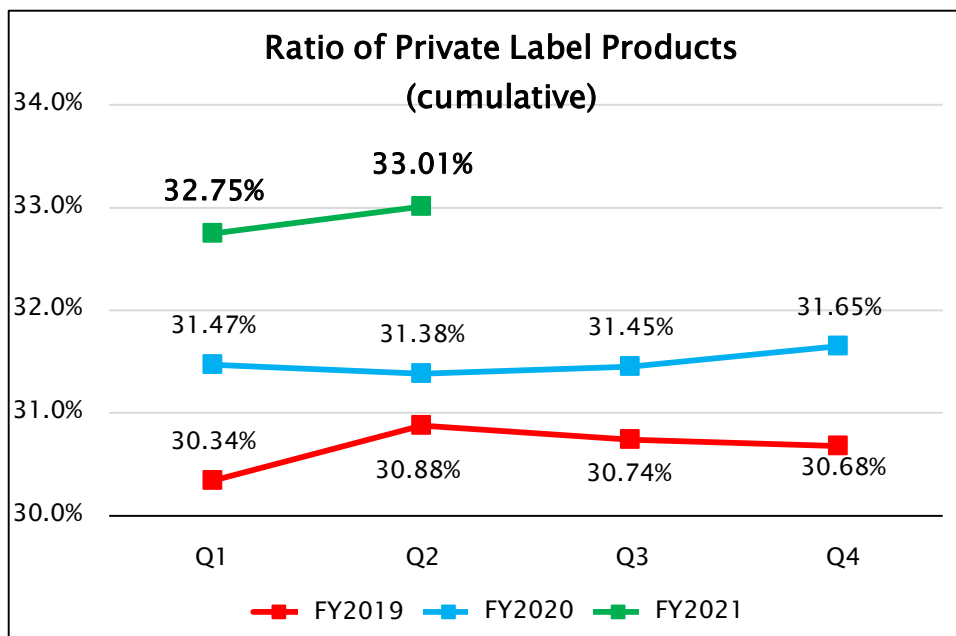
		FY2020															FY2021						
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	Jun.	Jul.	Aug.	Sep.	Oct.	H2	Full	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1
Directly managed areas	Existing stores	110.9	110.4	113.6	119.6	128.6	131.0	119.3	124.1	115.8	108.4	109.7	109.7	109.8	112.8	115.9	103.6	113.3	109.1	104.3	94.4	91.5	101.9
	All stores	115.4	114.1	117.7	124.4	135.0	137.7	124.3	130.9	121.1	113.0	113.6	114.3	114.4	117.8	120.9	109.0	119.7	116.1	111.0	100.5	98.0	108.3
Nationwide	All stores	115.9	115.1	119.8	124.9	135.8	136.6	125.0	131.1	122.6	114.3	113.3	115.9	114.5	118.5	121.6	110.0	120.1	115.3	112.5	102.4	98.9	109.1

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

## Enhancing Original Products

Today, we have come to own 25 plants with the food production plants in Miyagi and Okayama having started their operations in January and April 2021, respectively. The number is one of the largest in Japan's supermarket industry. Our original products produced at these plants are available only at Gyomu Super stores and enjoy strong consumer acceptance.

Also, food products directly imported from approximately 40 countries under the concept, "the flavors of the world, to Japan," are popular with consumers because they enjoy genuine taste of countries across the world at reasonable prices at home.



[Ratio of Private Label Products]  
Q1 (alone): 32.75% Q2 (alone): 33.24%

## Samples of Private Label Products

### Products produced by Kobe Bussan Group's plants



**Mont blanc  
mousse cake**  
375 yen (1 pack)



**Natural yeast  
bread**  
246 yen (1 loaf)



**Milk pack dessert  
(Mizu-yokan)**  
267 yen (1kg)

### Import products



**Frozen chicken  
boneless leg**  
699 yen (2kg)



**Frozen fried  
eggplant**  
159 yen (500g)



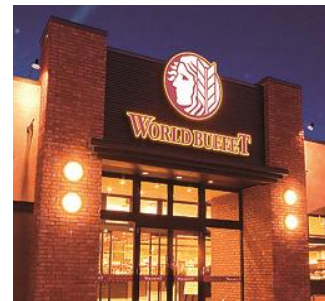
**Belgian sugar  
waffles**  
408 yen (Pack of 10)

Note: All prices exclude 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. 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.

- The Restaurant & Delicatessen Business, which was renamed from the Kobe Cook Business, has now incorporated the BBQ business, which was previously classified into the Other businesses.
- Kobe Cook World Buffet has reviewed its operations to improve the breakeven point amid the COVID-19 crisis.
- Premium Karubi and Chisouna recorded strong sales.



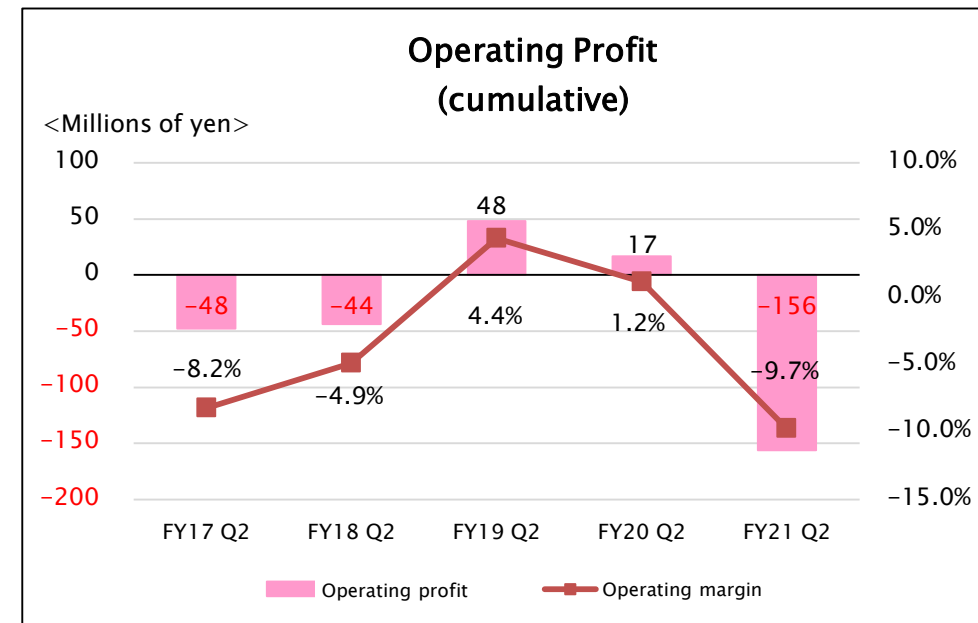
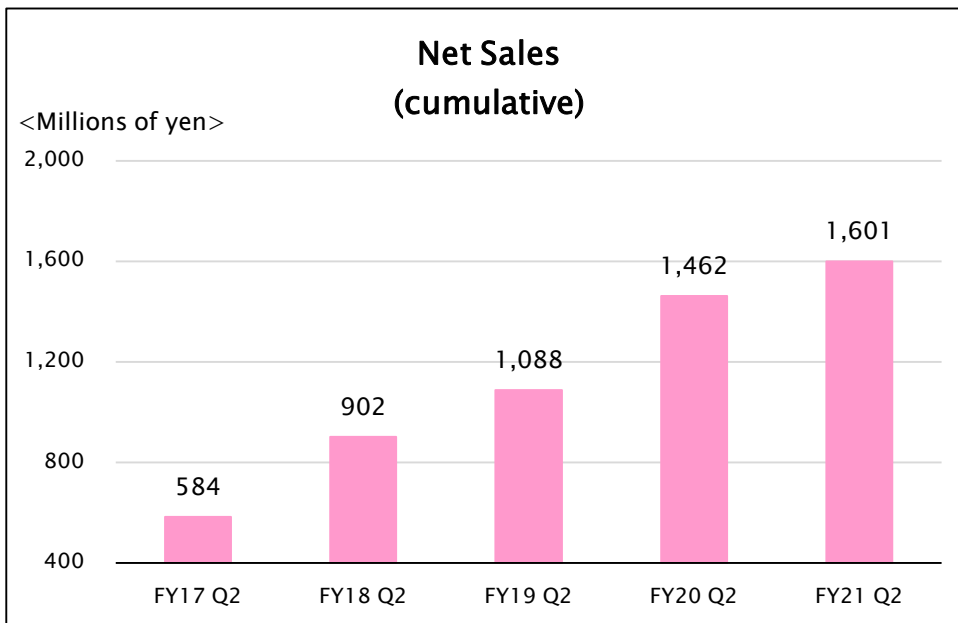
Kobe Cook World Buffet



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 two years are not consistent with those for FY2019 or before.

## Kobe Cook World Buffet

Total Number of Restaurants: 14 (as of April 30, 2021)

FY2021 Q2 (alone): Net decrease of 2 restaurants

Q2 (cumulative): Net decrease of 3 restaurants

Maintained ongoing efforts such as promoting a takeout service to cater for customer needs.

Opening a new restaurant in Koryo-cho, Kitakatsuragi-gun, Nara on June 16 even amid the COVID-19 crisis.



### Measures to Prevent COVID-19 Infections

Kobe Cook World Buffet has strengthened measures to prevent the COVID-19 infections so that customers can enjoy meals with peace of mind.

#### ■ Measures for employees

Wash and sanitize hands, and gargle; clean, sterilize and disinfect the restaurant; and check health condition before work.

#### ■ Measures to protect safety of customers

Provide alcohol spray in the restaurants; regularly exchange, wash, and sterilize tongs and other utensils shared and used for self-service in the restaurants; ventilate the restaurant with a supply and exhaust system; and wear disposable vinyl gloves for foodservice.

#### ■ Certain restaurants were temporarily closed or shortened opening hours due to the rebound of COVID-19.



Sample of takeout menu

## Premium Karubi

Total Number of Restaurants: 6 (as of April 30, 2021)

FY2021 Q2 (alone): Net increase of 2 restaurants  
 Q2 (cumulative): Net increase of 3 restaurants

Steadily increased the number of the restaurants even amid the COVID-19 crisis.



### What is Premium Karubi?

Premium Karubi is a BBQ restaurant chain directly operated by Kobe Bussan since 2018. We seek to differentiate it from other competitors by offering premium dishes such as the best selected meats and in-house made desserts and gelatos.

### Restaurant Locations

Miyamaedaira	2-6-14 Tsuchihashi, Miyamae-ku, Kawasaki-shi, Kanagawa
Kamiooka	1-9-24 Nakazato, Minami-ku, Yokohama-shi, Kanagawa
Nishitsuruma	2-1-3 Nishitsuruma, Yamato-shi, Kanagawa
Kasukabe	3-11-10 Yutaka-cho, Kasukabe-shi, Saitama
Tachikawa	1-5-8 Wakaba-cho, Tachikawa-shi, Tokyo <span style="color: blue; font-weight: bold;">Opened on March 16</span>
Fujimino	3-5-2 Tsurugamai, Fujimino-shi, Saitama <span style="color: blue; font-weight: bold;">Opened on April 13</span>
Kawaguchi Kita	2-43-10 Shibanakada, Kawaguchi-shi, Saitama <span style="color: blue; font-weight: bold;">Opened on June 10</span>



Note: Menus may vary by restaurant and season.



## Chisouna

Total Number of Shops: 37 (as of April 30, 2021)

FY2021 Q2 (alone): Net increase of 8 shops  
 Q2 (cumulative): Net increase of 12 shops

Remained strong due to an increase in Gyomu Super customers and menu changes.



### Measures to Prevent COVID-19 Infections

Chisouna strengthened measures to prevent the COVID-19 infections with the safety of customers and employees as the first priority.

- Sell pre-packaged fried foods, or otherwise cover foods with a clear lid.
- Always keep alcohol spray near tongs shared and used for self-service.

### Shops Opened during FY2021 Q2 (alone)

Otokoyama	2-2 Takezono, Otokoyama, Yawata-shi, Kyoto
Miyazaki Otsuka	1068-1 Ikenouchi, Otsuka-cho, Miyazaki-shi, Miyazaki
Honda	3-46-1 Honda-cho, Midori-ku, Chiba-shi, Chiba
Shino	1-12-1 Miyakodai, Higashitsutsujigaoka, Kameoka-shi, Kyoto
Joetsu Inter	1359-4 Azakubota, Tomioka, Joetsu-shi, Niigata
Einomaru	4-1-18 Einomaru, Yahatanishi-ku, Kitakyushu-shi, Fukuoka
Ogori	1111-1 Azatakada, Tsuko, Ogori-shi, Fukuoka
Hasama	26 Kitagata, Hasama-machi, Yufu-shi, Oita



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

7 AFFORDABLE AND CLEAN ENERGY

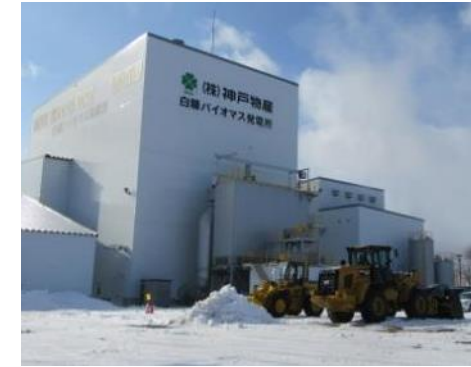


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

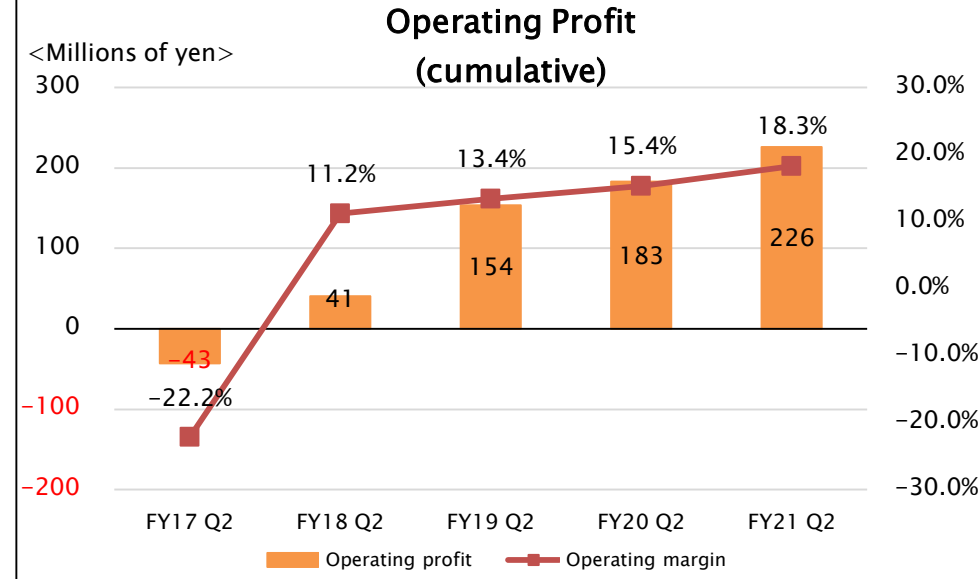
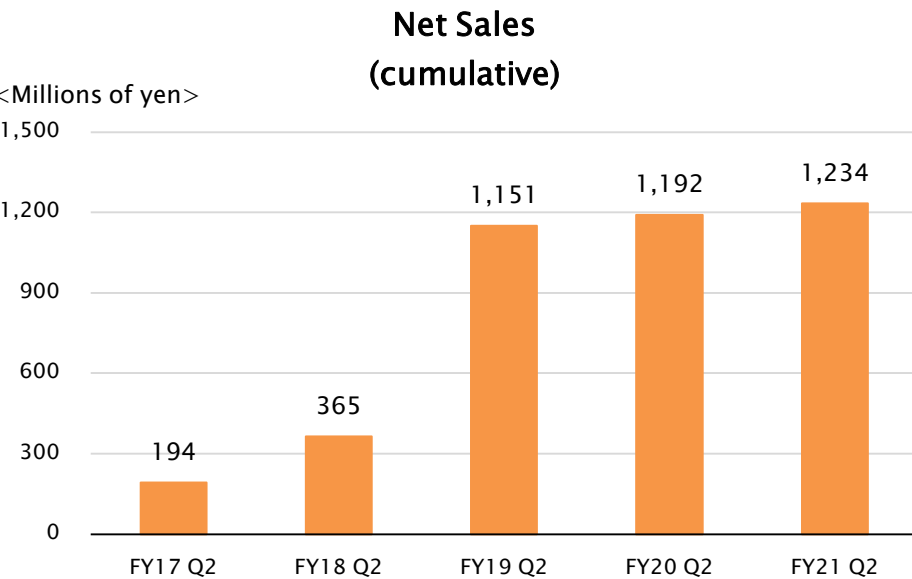
- This business segment deals with renewable energies centering on solar power generation.
- In May, a solar power plant (9.9 MW) started operating in Misaki-cho, Osaka.
- Going forward, we plan to gradually start operating solar power plants in Fukushima and Miyagi.



Kobe Bussan's Solar Power Plant



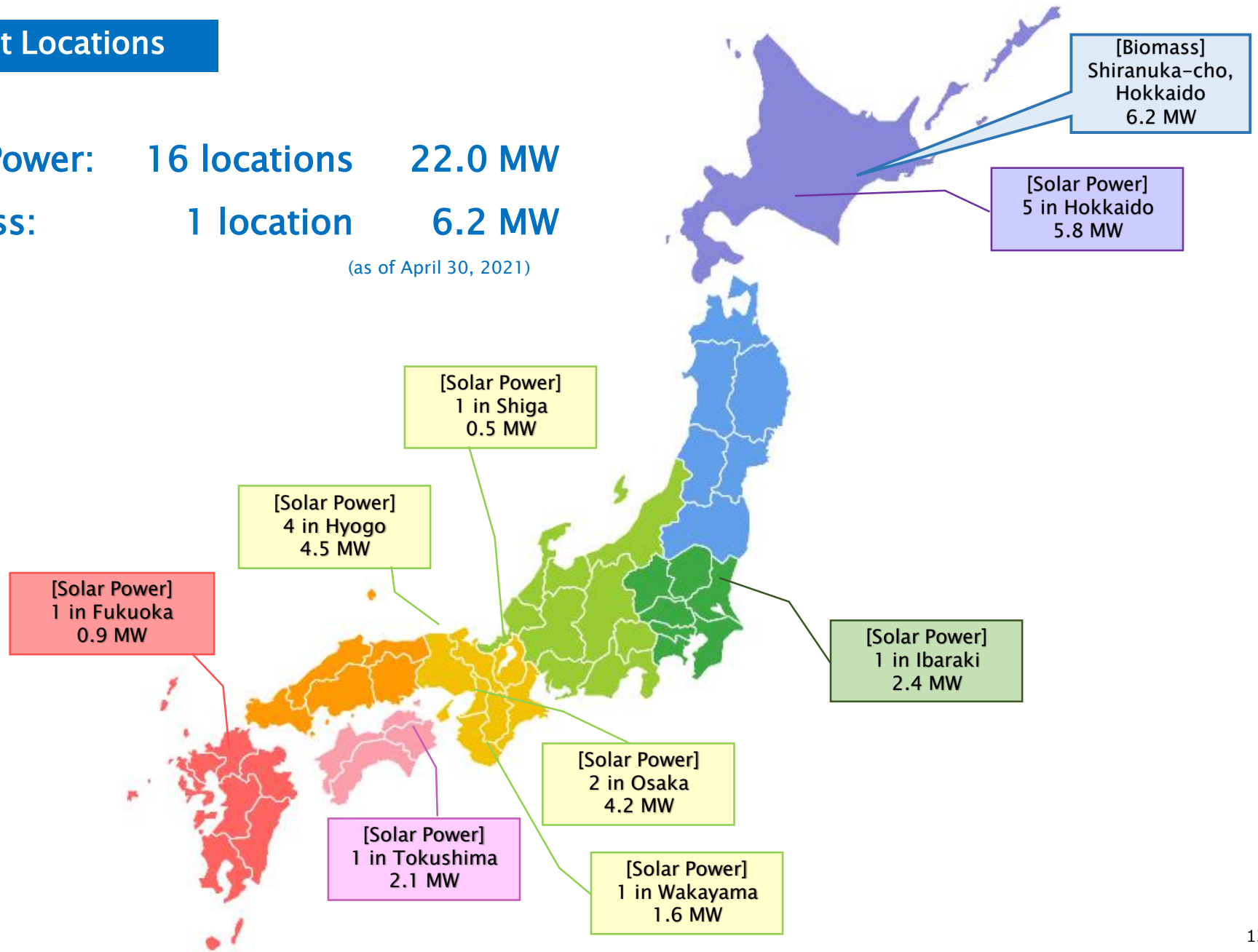
Kobe Bussan's Woody Biomass Power Plant



## Plant Locations

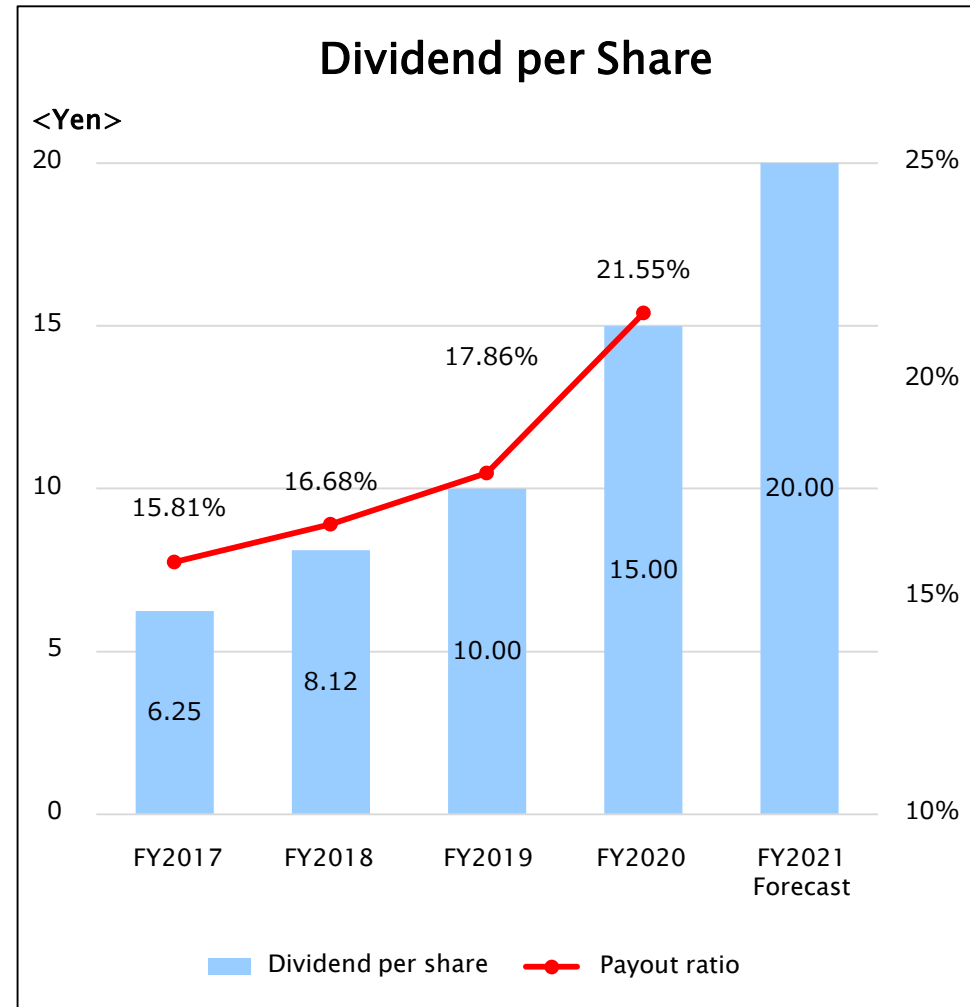
Solar Power: 16 locations 22.0 MW  
Biomass: 1 location 6.2 MW

(as of April 30, 2021)



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.

Having revised upward the consolidated financial forecast for FY2021, we plan to increase a year-end dividend for FY2021 from 15.00 to 20.00 yen per share (or from 30.00 to 40.00 yen had the stock split not been carried out).



Note: The figures in the graph above have been adjusted for the effect of the 2-for-1 stock splits carried out in November 2018, November 2019, and November 2020.

- We revised upward the financial forecast for FY2021 because the number of store openings of Gyomu Super will significantly be higher than that in the initial plan, and the profit margin has improved due to the increased ratio of private label products.

## Progress towards FY2021 Forecast

(Millions of yen)

	Q2 actual (cumulative)	YoY	Full-year forecast	Progress towards full-year forecast
			Before upward revision	Before upward revision
Net Sales	176,437	100.2%	358,000	49.3%
			341,000	51.7%
Operating profit	14,387	116.1%	29,400	48.9%
			24,800	58.0%
Ordinary profit	15,190	121.9%	30,000	50.6%
			24,800	61.3%
Profit attributable to owners of parent	10,133	134.3%	20,000	50.7%
			16,000	63.3%

## Gyomu Super Business Guideline towards FY2021 Forecast

	FY2021 target	Action plan
Target of store openings	Net increase of 60 stores (Revised upward from the net increase of 45 stores of the initial target for FY2021)	Open stores focusing on the Kanto and Kyushu areas under direct management. Strengthen property data-gathering capability driven by headquarters.
Product shipments to existing stores	Higher than FY2020 results	Prevent opportunity loss by increasing product supply capacity. Exceed FY2020 results, which were favorably impacted by the COVID-19 infections.



- This material contains forward-looking statements based on assumptions, estimates, and plans as of June 11, 2021.
- 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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