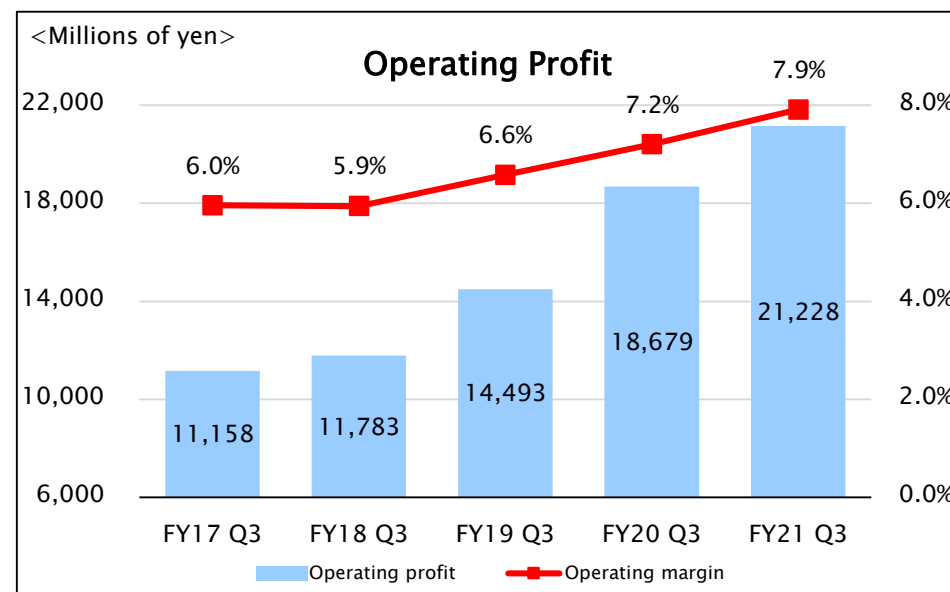
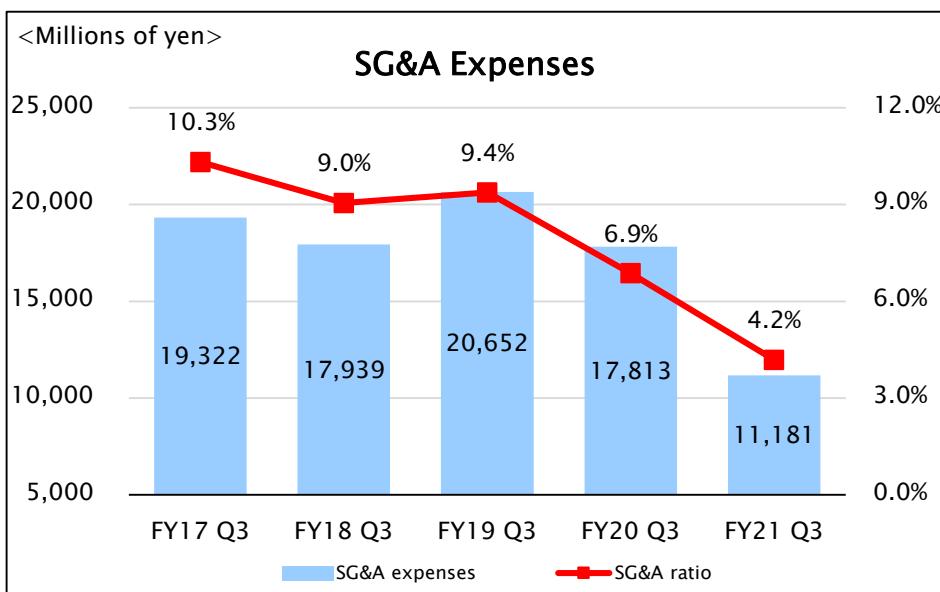
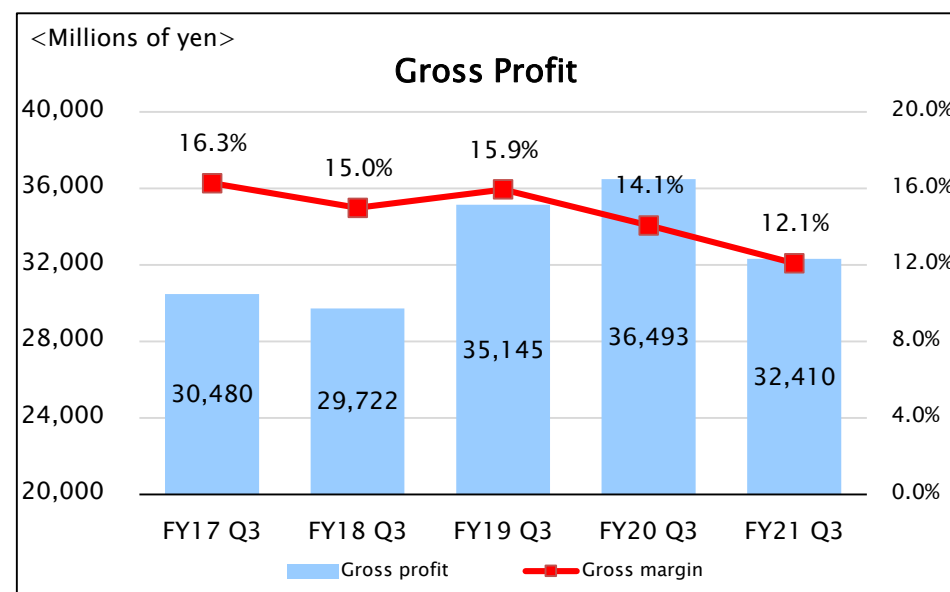
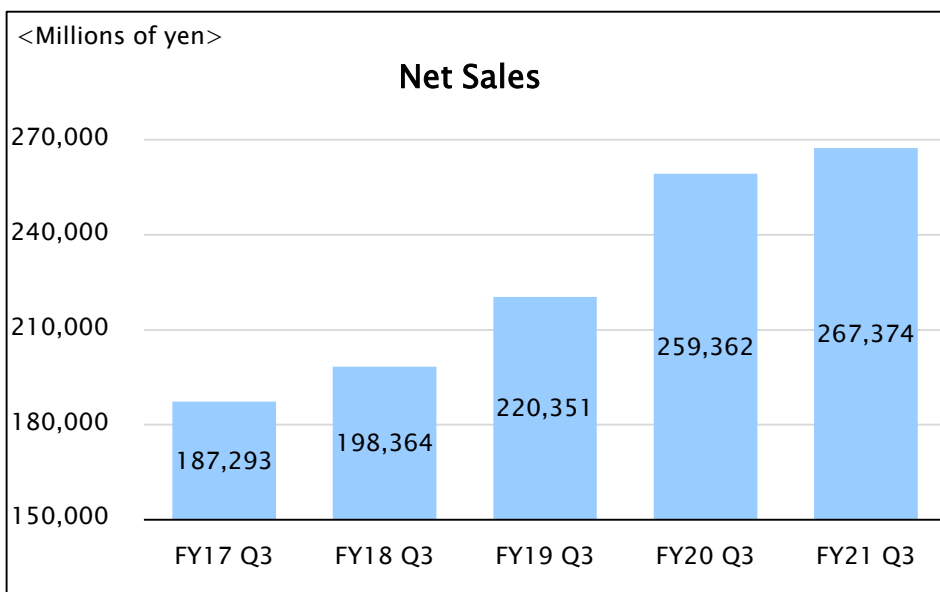


Supplementary Material for  
FY2021 Q3 Financial Results

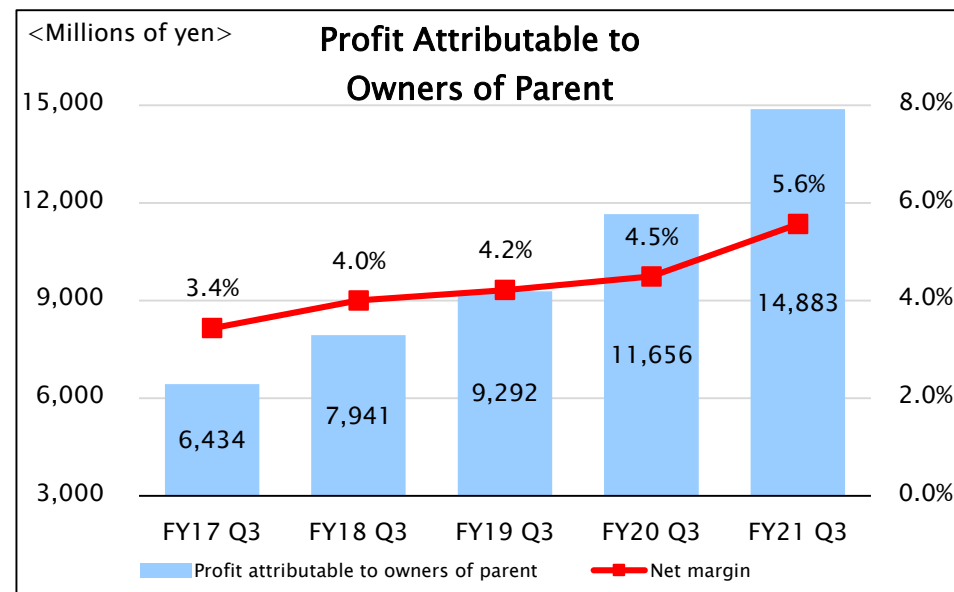
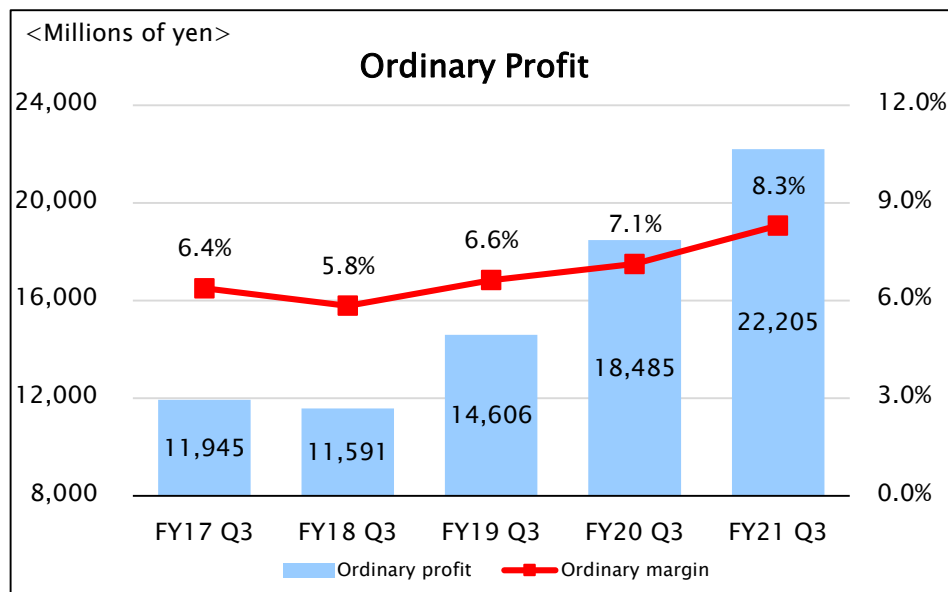
September 13, 2021



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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 ¥8,011 million (3.1%) year on year, driven by the Gyomu Super Business, which was grown by the accelerated store openings and the increased exposure on television, magazines, newspapers, and social media.

### ● Gross profit

Gross profit decreased by ¥4,082 million (11.2%) 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 ¥6,632 million (37.2%) year on year due to decreases in personnel expenses and rent expenses caused by the exclusion mentioned above.

### ● Operating profit

As a result of the above, operating profit increased by ¥2,549 million (13.7%) year on year.

### ● Ordinary profit

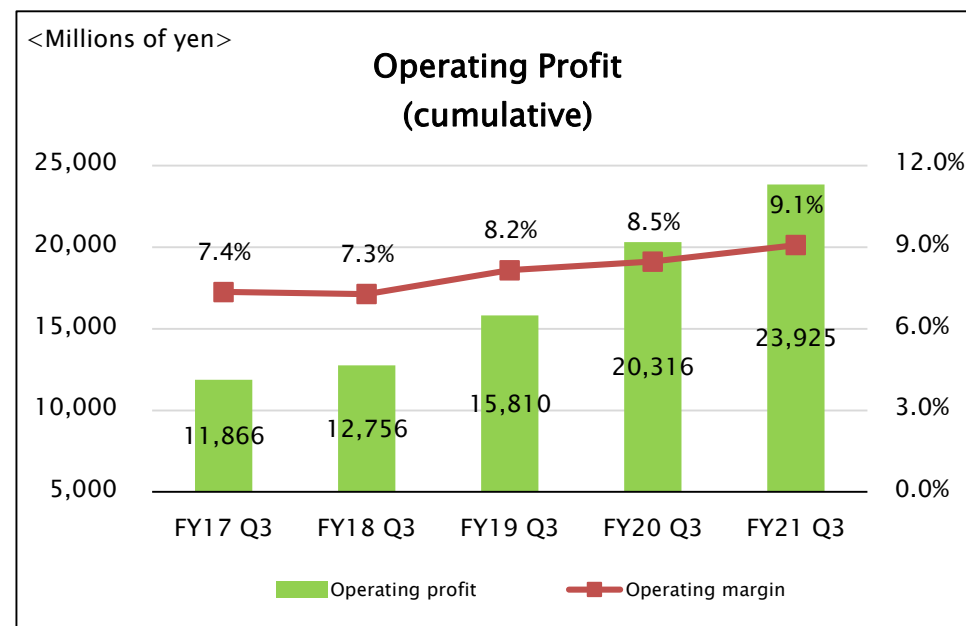
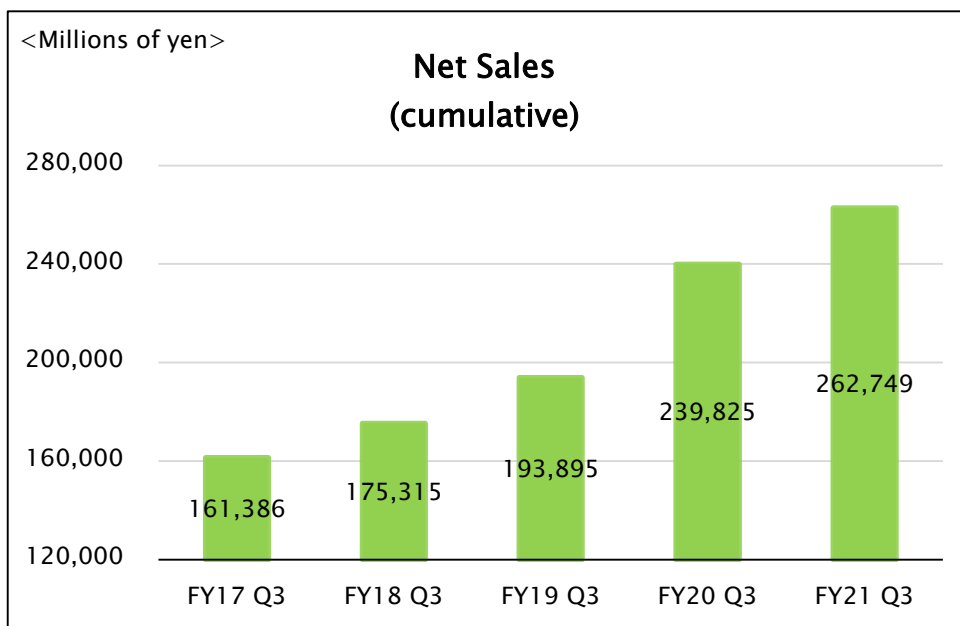
Ordinary profit increased by ¥3,720 million (20.1%) year on year primarily due to the recording of foreign exchange gains.

### ● Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent increased by ¥3,227 million (27.7%) 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 933 stores as of July 31, 2021.
- The ratio of private label products increased year on year partly because of these products being featured on television, magazines, newspapers, and social media.
- On August 26, we opened an experimental store under our direct operations in Nishinari-ku, Osaka-shi, using next generation technology such as AI camera.



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.

## We operate Gyomu Super stores under a franchise system except 2 stores of our own.

Our franchise agreement has 2 types as follows:

- General franchise contract, which allows a franchisee to open one 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 2 stores in Hyogo prefecture 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 July 31, 2021)

	Directly managed areas	Indirectly managed areas
Number of franchisees	88	15
Type of franchise agreement	Single-unit franchise (A general franchisee can open one 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 ¥20 million and ¥29 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	¥32,000,000	100.0%
Gross profit	¥5,120,000	16.0%
SG&A expenses	¥4,480,000	14.0%
(Rent expenses)	¥1,300,000	4.1%
(Personnel expenses)	¥1,440,000	4.5%
Operating profit	¥640,000	2.0%

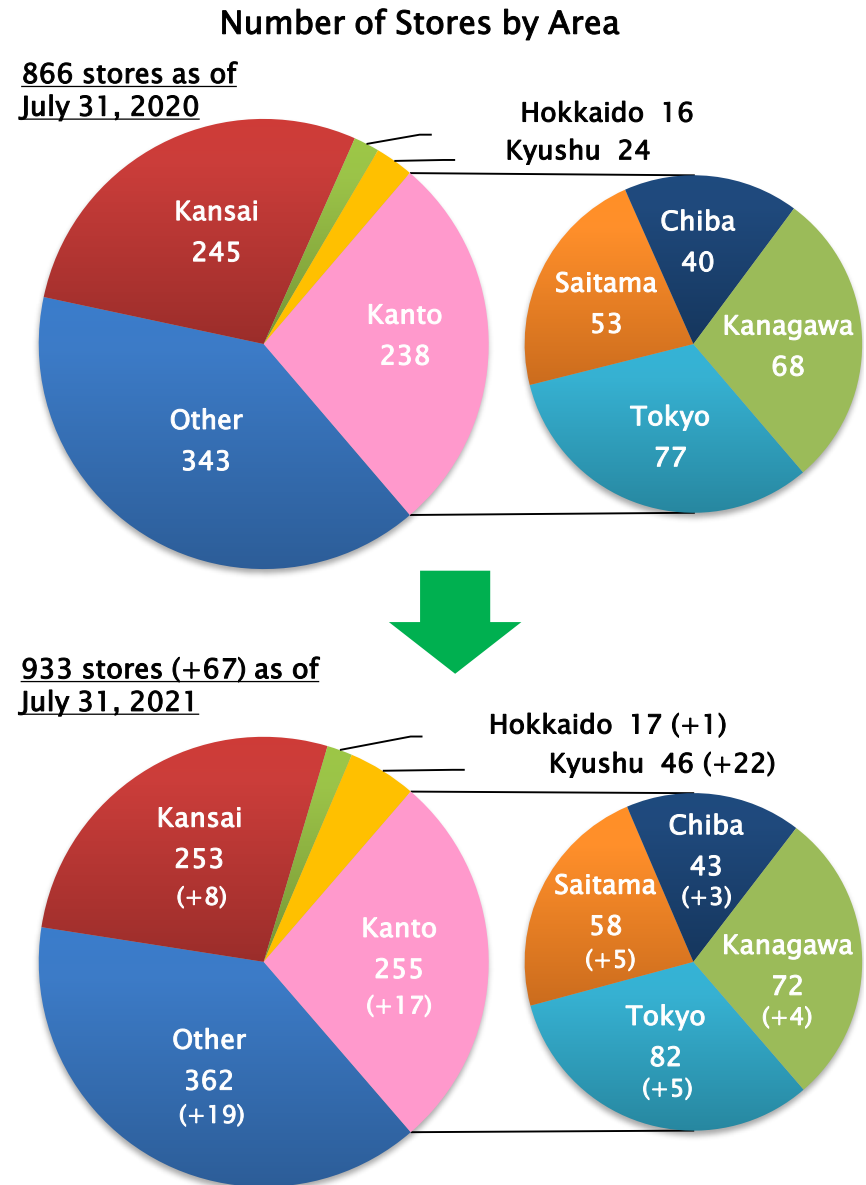
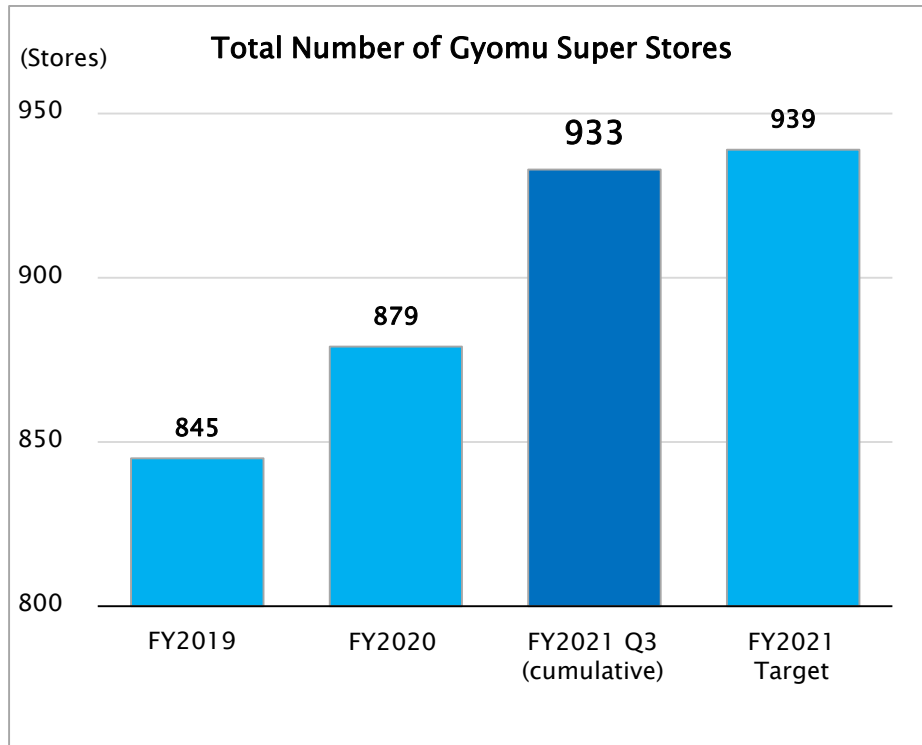
\*By purchasing items such as fresh food separately, many of franchisees operate more efficiently than the above simulation.

# Changes in Total Number of Gyomu Super Stores

FY2021 Q3 (alone):  
 Opened 13 stores  
 Closed 2 stores  
 Net increase of 11 stores

Q3 (cumulative): Net increase of 54 stores  
 (90.0% progress as of July 31, 2021)

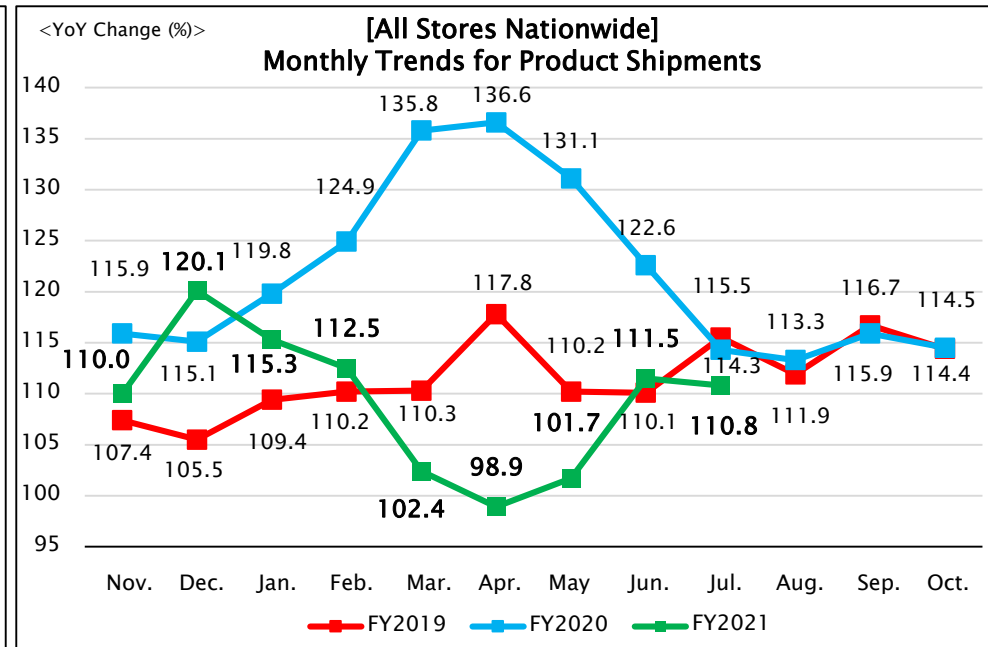
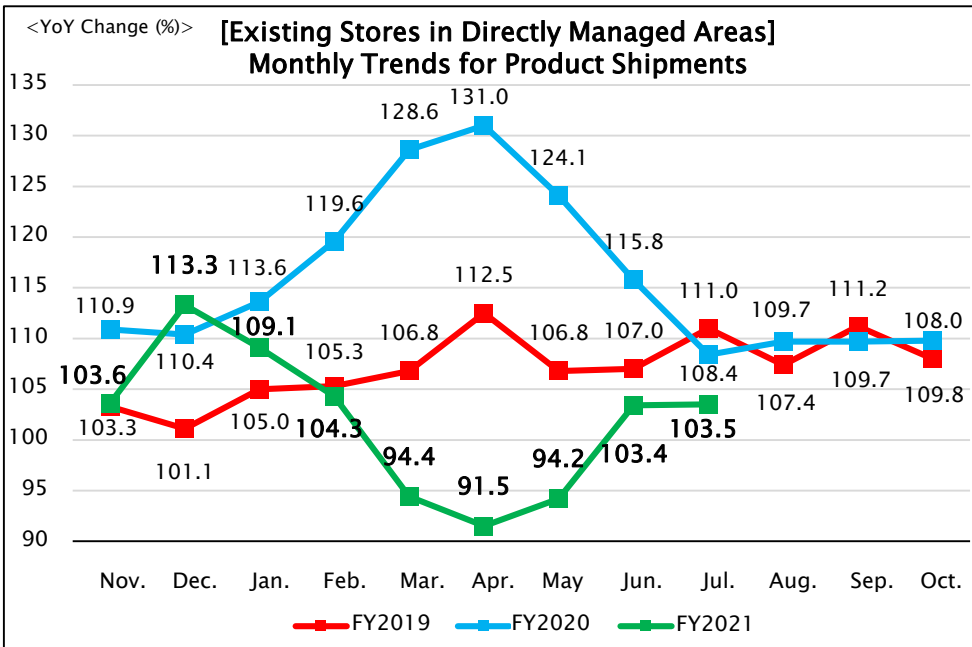
Strong store openings in the Kyushu area  
 under direct management: +16 stores for Q3 (cumulative)



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

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

- Despite the already high performance for FY2020 due to the increased demand for eating at home, the product shipments for FY2021 Q1-Q3 still remained strong with a year-on-year increase.



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

		FY2021									
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	Jun.	Jul.
Directly managed areas	Existing stores	103.6	113.3	109.1	104.3	94.4	91.5	101.9	94.2	103.4	103.5
	All stores	109.0	119.7	116.1	111.0	100.5	98.0	108.3	100.9	110.5	111.0
Nationwide	All stores	110.0	120.1	115.3	112.5	102.4	98.9	109.1	101.7	111.5	110.8

**Products Shipments to Existing Stores**

- Q1 (alone): 108.8%
- Q2 (alone): 96.1%
- Q3 (alone): 99.8%
- Q3 (cumulative): 101.3%

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

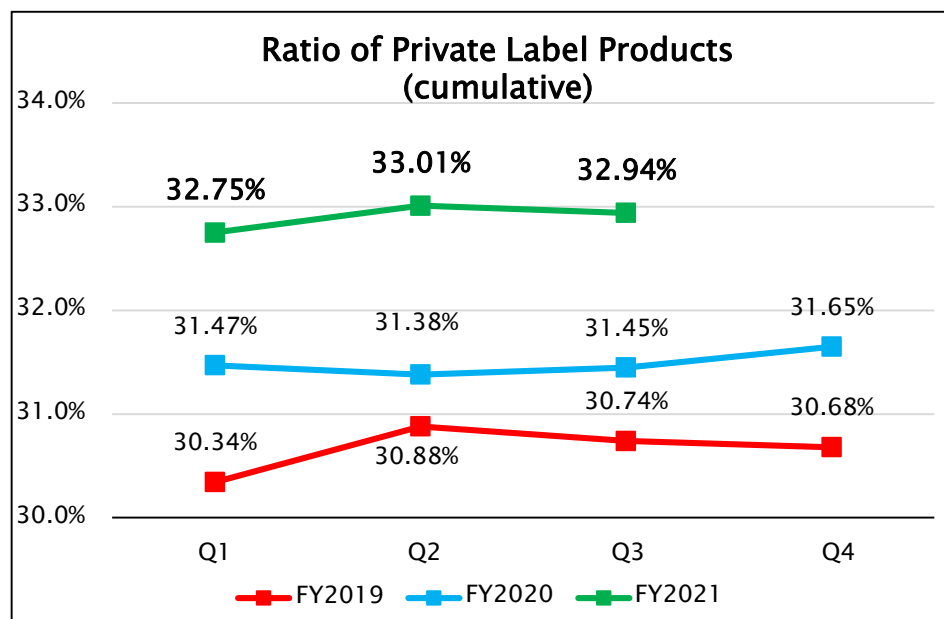


# Kobe Bussan's Strengths: "Unique Products with Competitive Advantages"

## 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%    Q3 (alone): 32.82%

## Samples of Private Label Products

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

Produced at our new plant in Miyagi



**Spicy chicken**

¥321 (6 pieces)

Produced at our new plant in Okayama



**Chicken cutlets**

¥537 (1 kg)



**Milk pack dessert (Mizu-yokan)**

¥267 (1 kg)

### Import products



**Frozen chicken boneless leg**

¥699 (2 kg)



**Frozen blueberries**

¥483 (500 g)



**Sunflower seeds**

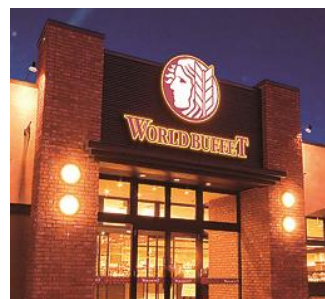
¥246 (260 g)

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 (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.

- 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



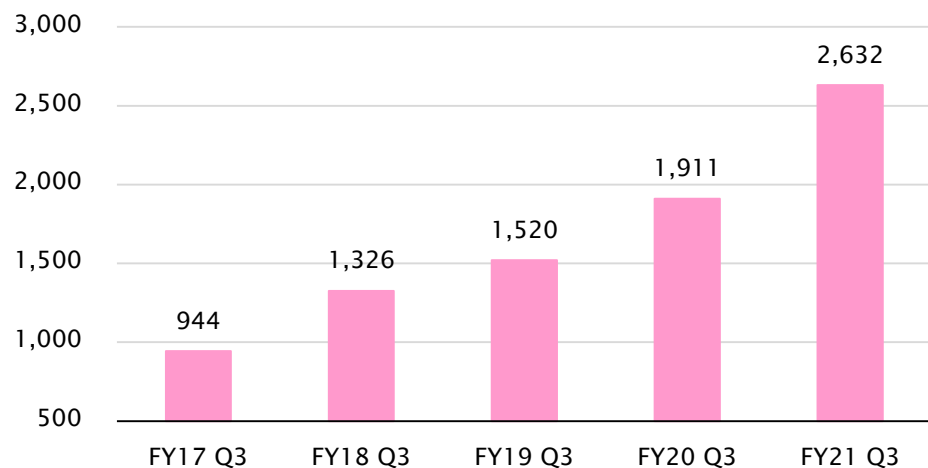
Premium Karubi



Chisouna

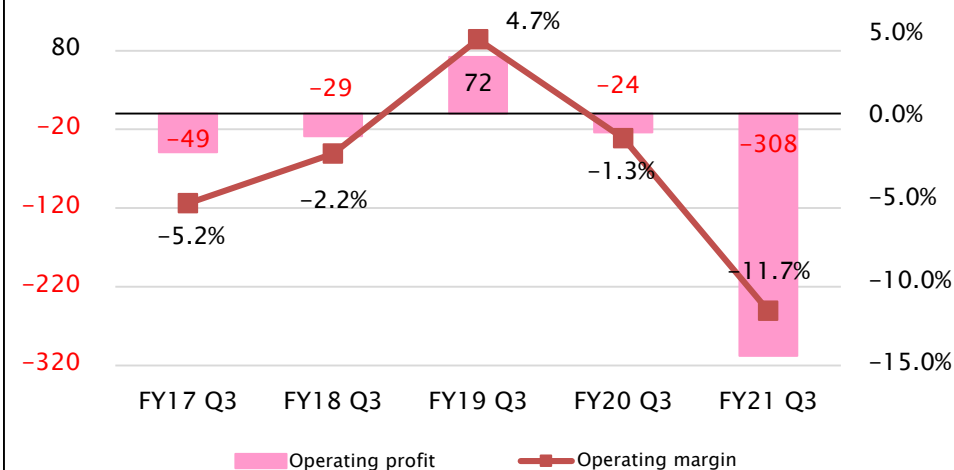
<Millions of yen>

## Net Sales (cumulative)



<Millions of yen>

## Operating Profit (cumulative)



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: 15 (as of July 31, 2021)

FY2021 Q3 (alone):       Opened 1 restaurant  
 Q3 (cumulative): Net decrease of 2 restaurants

Remained strong at Nara Koryo restaurant (located in Koryo-cho, Kitakatsuragi-gun, Nara) opened in June even amid the COVID-19 crisis.

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



### Harborland Restaurant Renovated to Reopen as Restaurant under Direct Operations

On July 12, Kobe Cook World Buffet reopened Harborland restaurant (located in Chuo-ku, Kobe-shi, Hyogo) under our direct operations. As a directly operated restaurant, we take on various initiatives to operate restaurants more efficiently including reducing labor cost by introducing self checkout; digitalizing manuals; and launching takeout, subscription (a flat-rate system for lunch box service), and delivery services.

### 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

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



## Premium Karubi

Total Number of Restaurants: 8 (as of July 31, 2021)

FY2021 Q3 (alone): Opened 2 restaurants  
Q3 (cumulative): Net increase of 5 restaurants

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

Captured more attention from media, resulting in increased exposure on television and websites.



### 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 a wide selection of 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
Fujimino	3-5-2 Tsurugamai, Fujimino-shi, Saitama
Kawaguchi Kita	2-43-10 Shibanakada, Kawaguchi-shi, Saitama <i>Opened on June 10</i>
Shinkoiwa	3-40-11 Matsushima, Edogawa-ku, Tokyo <i>Opened on July 21</i>



Note: Menu may vary by restaurant and season.

## Chisouna

Total Number of Shops: 42 (as of July 31, 2021)

FY2021 Q3 (alone): Opened 5 shops  
 Q3 (cumulative): Net increase of 17 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 Q3 (alone)

Endo	642- 1 Endo, Fujisawa-shi, Kanagawa
Minamiikoma	93 Kobirao-cho, Ikoma-shi, Nara
Meishinohama	2-4-1 Meishin-cho, Amagasaki-shi, Hyogo
Orio	2-20-10 Asakawa, Yahatanishi-ku, Kitakyushu-shi, Fukuoka
Kurume Higashikushihara	686- 1 Higashikushihara-machi, Kurume-shi, Fukuoka



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

7 AFFORDABLE AND CLEAN ENERGY

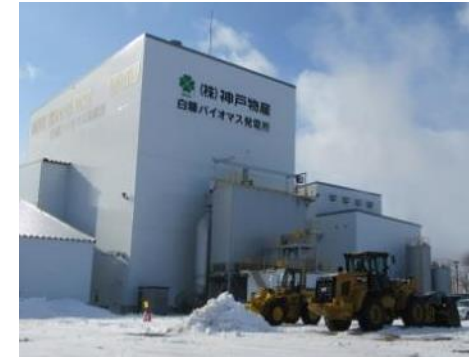


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

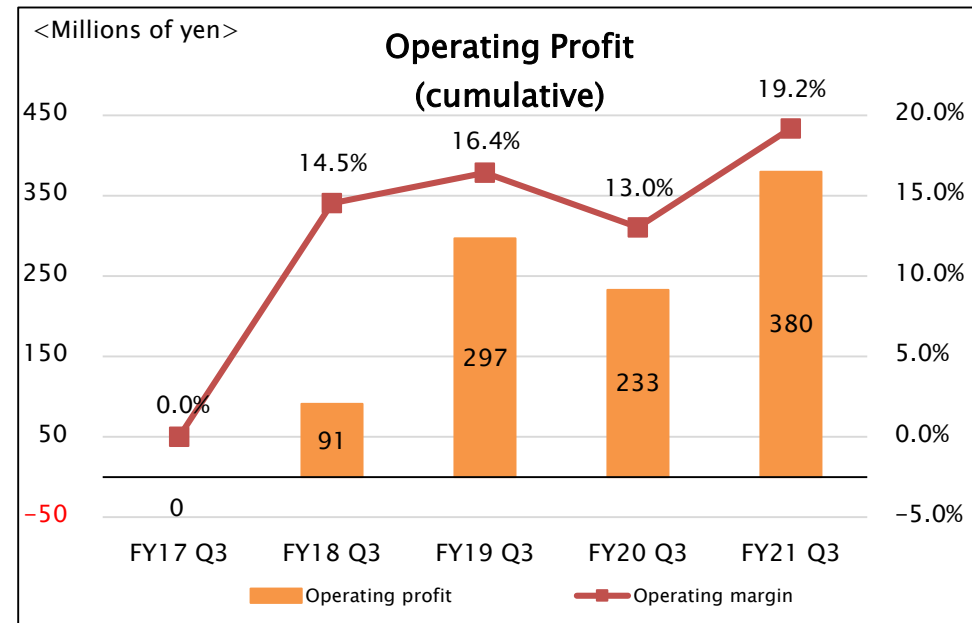
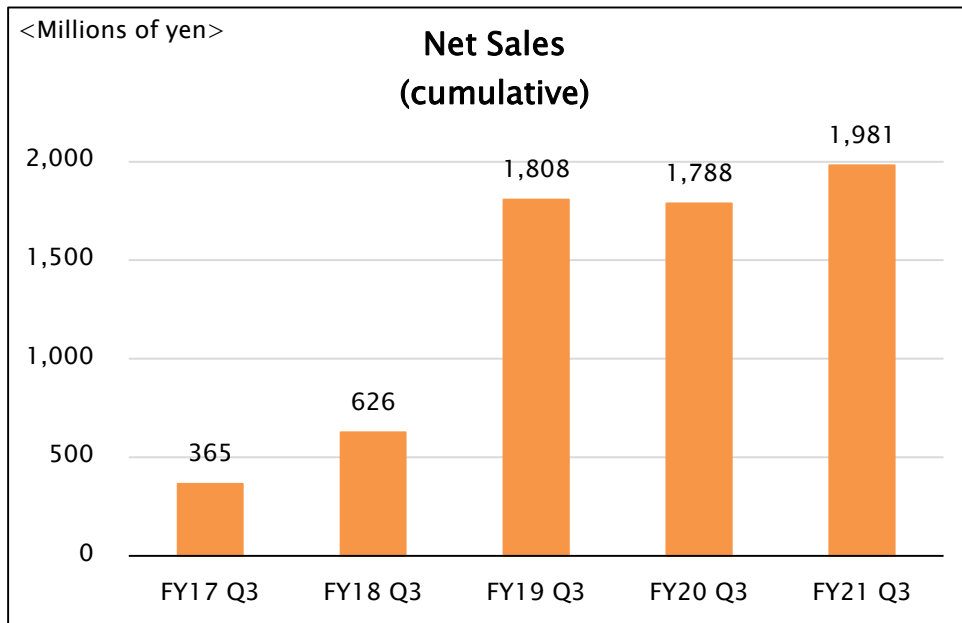
- In May, a solar power plant (9.9 MW) started operating in Misaki-cho, Osaka.
- We plan to gradually start operating solar power plants in Fukushima and Miyagi.



Kobe Bussan's Solar Power Plant  
(Photo: Solar Power Plant in Misaki-cho, Osaka)



Kobe Bussan's Woody Biomass Power Plant

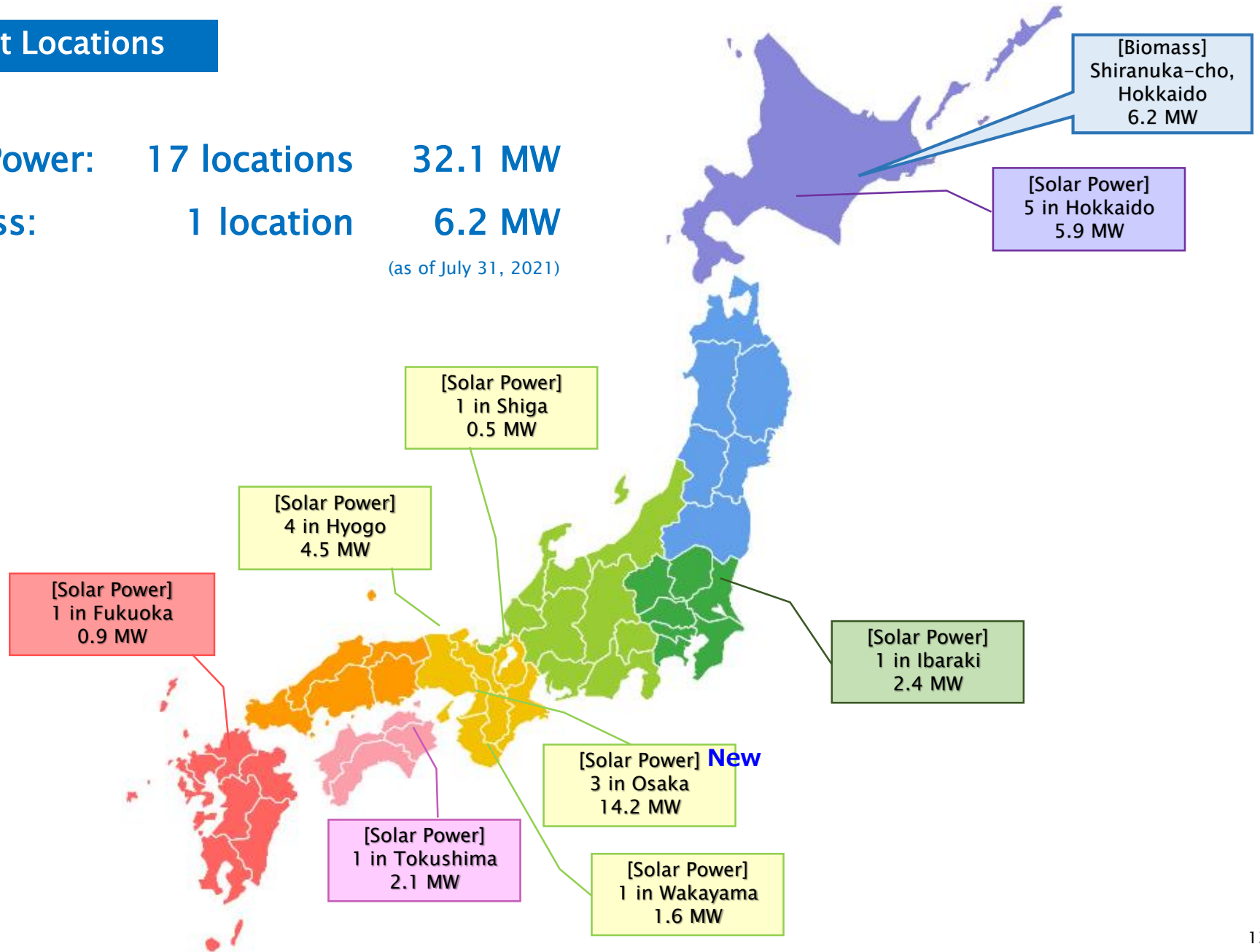




Plant Locations

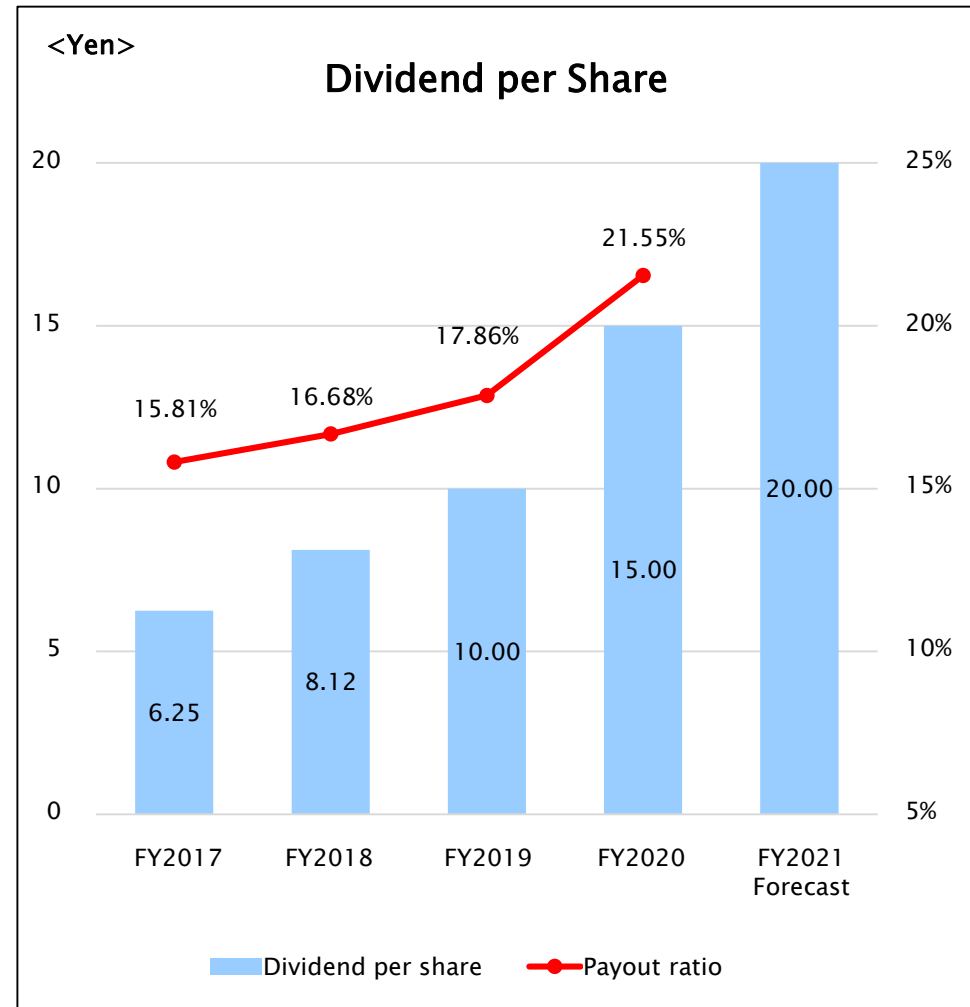
Solar Power: 17 locations 32.1 MW  
Biomass: 1 location 6.2 MW

(as of July 31, 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 per share (or from ¥30.00 to ¥40.00 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 in June.](#)

## Progress towards FY2021 Forecast

(Millions of yen)

	Q3 actual (cumulative)	YoY	Full-year forecast	Progress towards full-year forecast
			Before upward revision	Before upward revision
Net Sales	267,374	103.1%	358,000	74.7%
			341,000	78.4%
Operating profit	21,228	113.7%	29,400	72.2%
			24,800	85.6%
Ordinary profit	22,205	120.1%	30,000	74.0%
			24,800	89.5%
Profit attributable to owners of parent	14,883	127.7%	20,000	74.4%
			16,000	93.0%

## 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 September 13, 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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