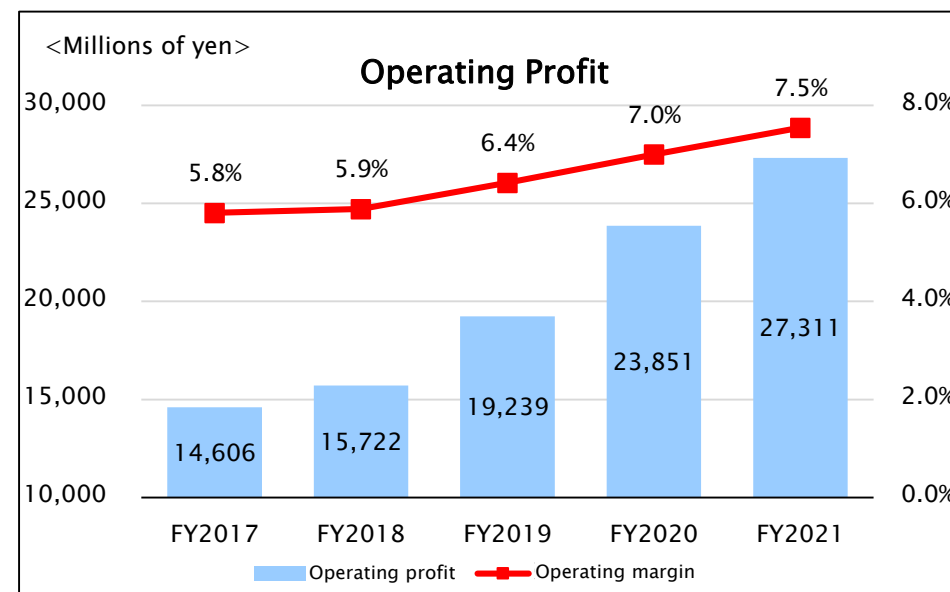
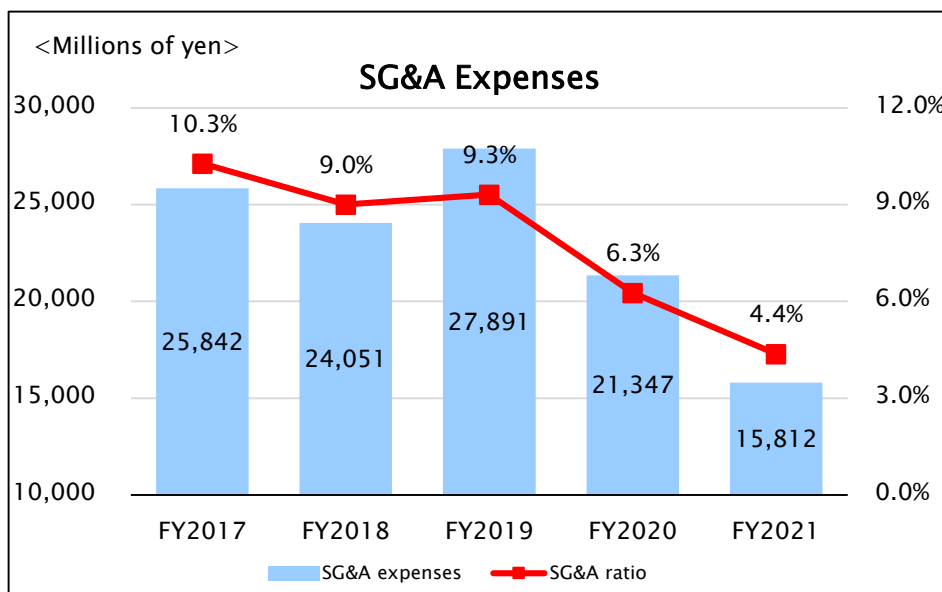
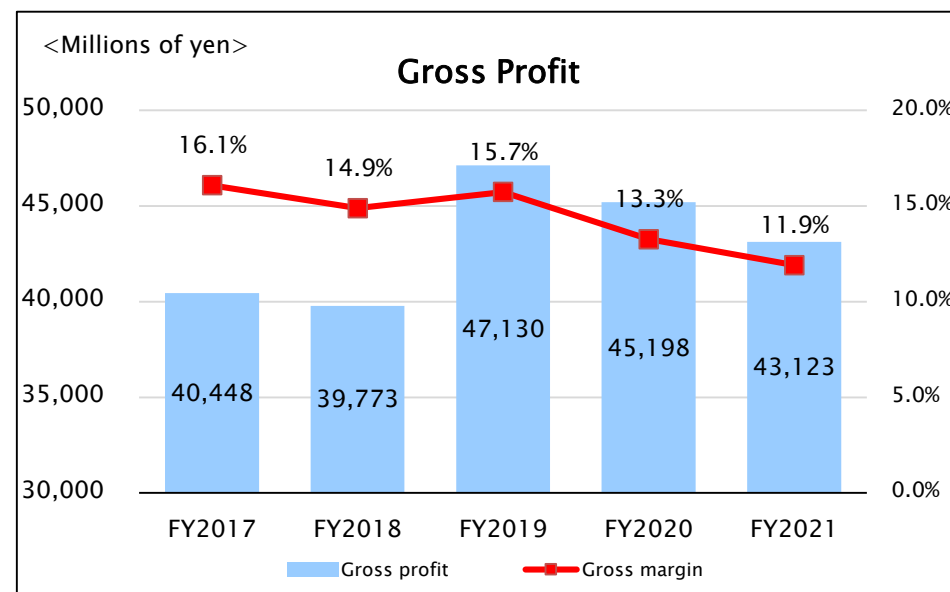
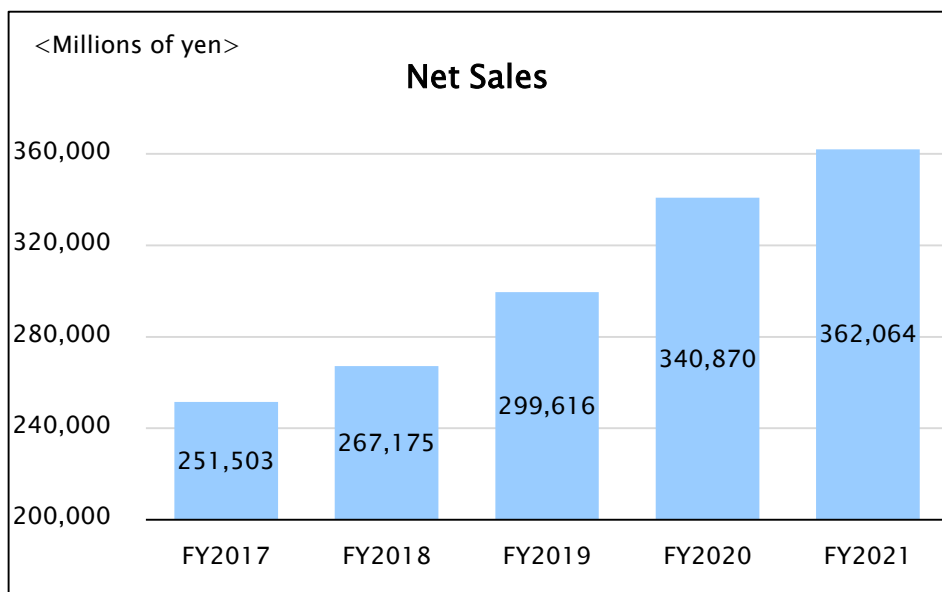


Supplementary Material for
FY2021 Financial Results

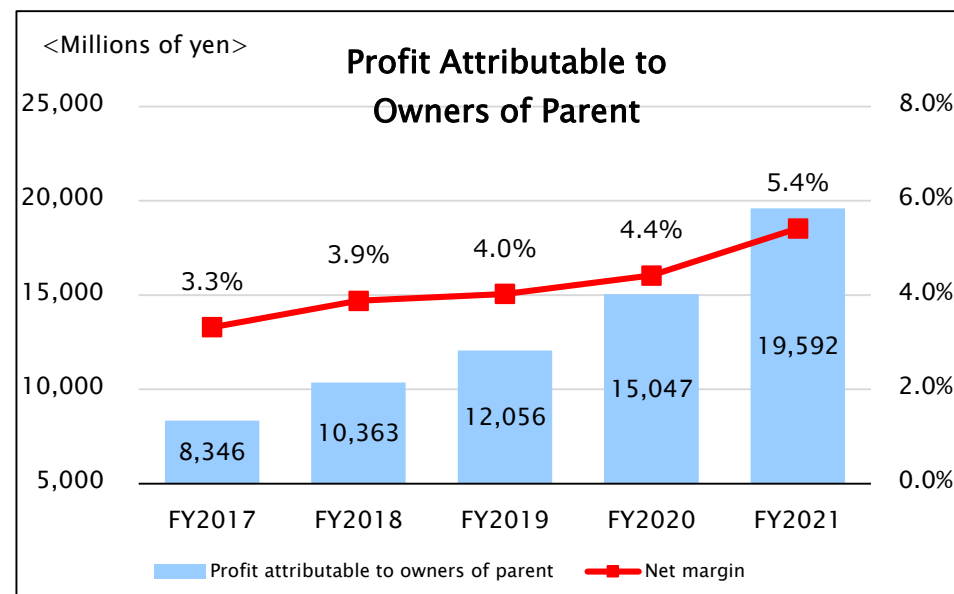
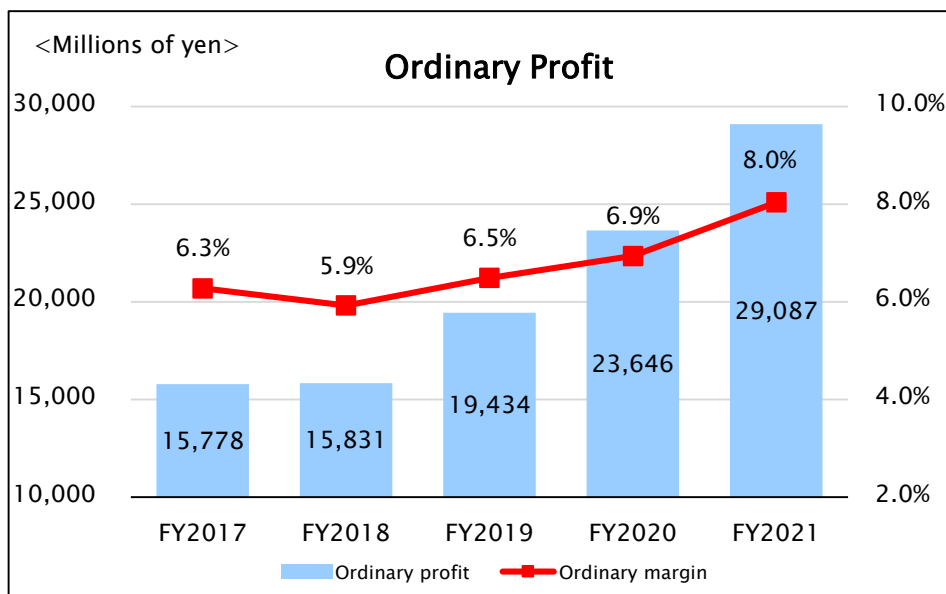
December 14, 2021



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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 ¥21,194 million (6.2%) 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 ¥2,075 million (4.6%) year on year. This was due to significant cost rises such as unfavorable foreign exchange rates as well as soaring prices of raw materials and ocean freights from FY2021 Q2, in addition to the exclusion of Cook Innoventure Co., Ltd., which mainly operates the restaurant business, from the scope of consolidation from FY2020 Q3.

- **SG&A expenses**

SG&A expenses decreased by ¥5,535 million (25.9%) 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 ¥3,459 million (14.5%) year on year.

- **Ordinary profit**

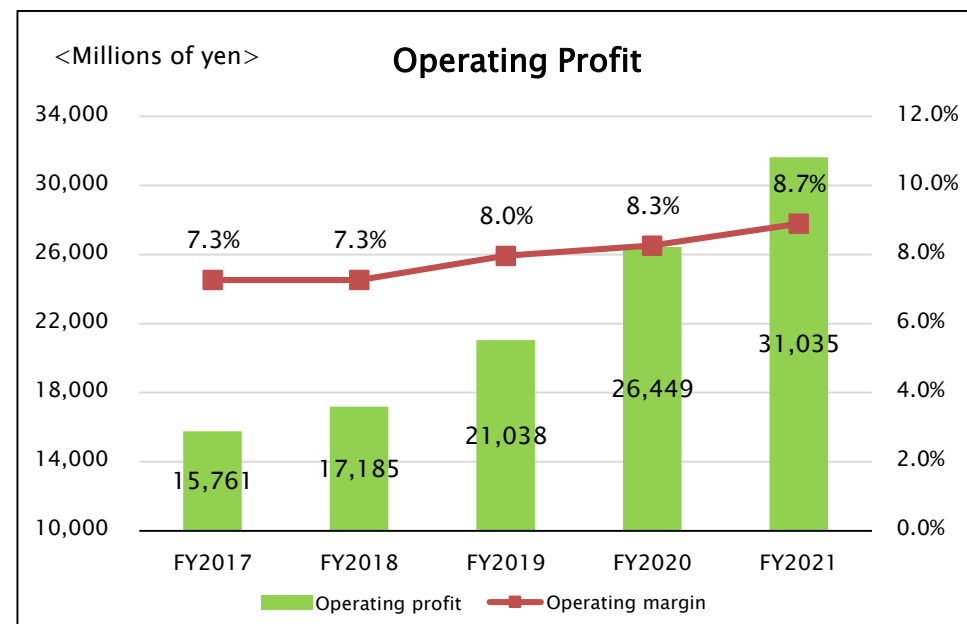
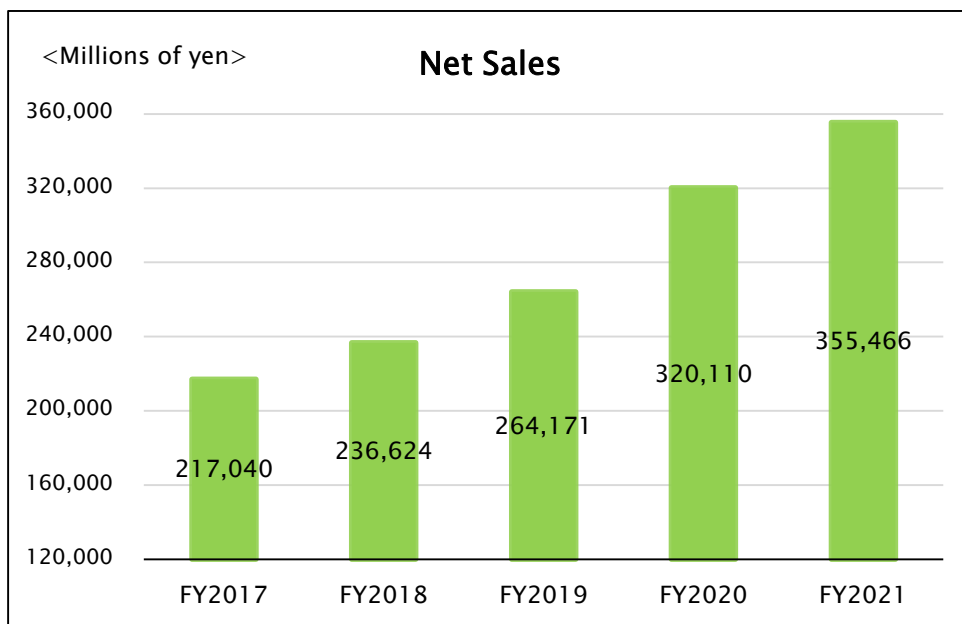
Ordinary profit increased by ¥5,441 million (23.0%) year on year primarily due to the recording of foreign exchange gains.

- **Profit attributable to owners of parent**

As a result of the above, profit attributable to owners of parent increased by ¥4,544 million (30.2%) 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 950 stores as of October 31, 2021.
- We achieved store openings in all 47 prefectures in Japan.
- Introducing digital transformation (DX) into store operations, we further grow the Gyomu Super Business.



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 3 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 3 stores in Hyogo and Osaka 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, 2021)

	Directly managed areas	Indirectly managed areas
Number of franchisees	89	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)

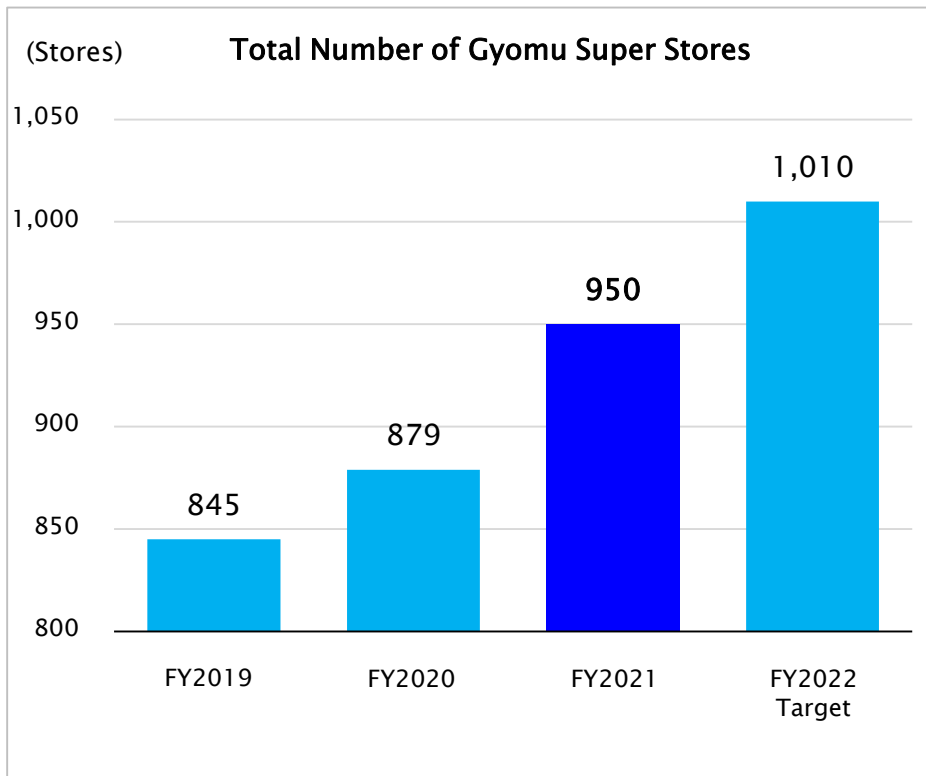
P&L account	Monthly amount	Composition
Net sales	¥32,000,000	100.0%
Gross profit	¥5,120,000	16.0%
SG&A expenses	¥4,480,000	14.0%
(Rent expenses)	¥1,300,000	4.1%
(Personnel expenses)	¥1,440,000	4.5%
Operating profit	¥640,000	2.0%

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

During the full year of FY2021, we achieved a net increase of 71 stores (opened 77 and closed 6), resulting in a total of 950 stores as of October 31, 2021.

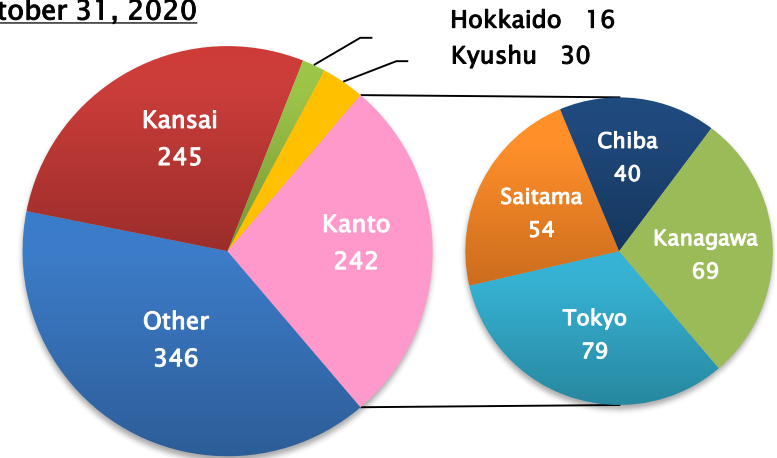
The above result has even exceeded our upward revised target: a net increase of 60 stores and a total of 939 stores.

Among others, we saw strong store openings (a net increase of 22 stores) in the Kyushu area under direct management.

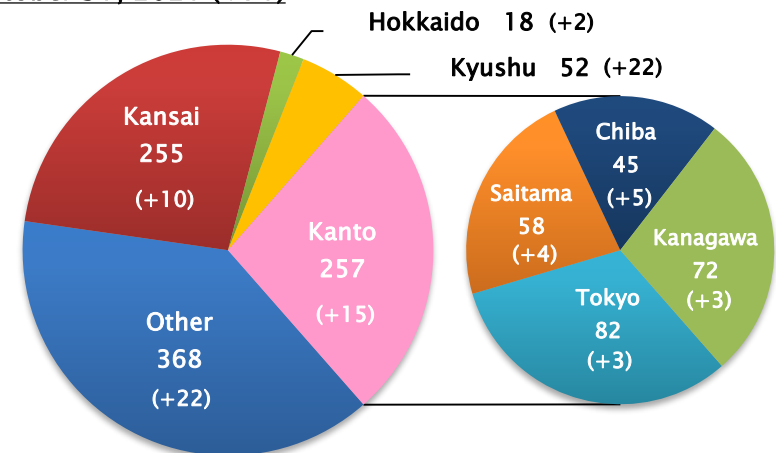


Number of Stores by Area

879 stores as of October 31, 2020



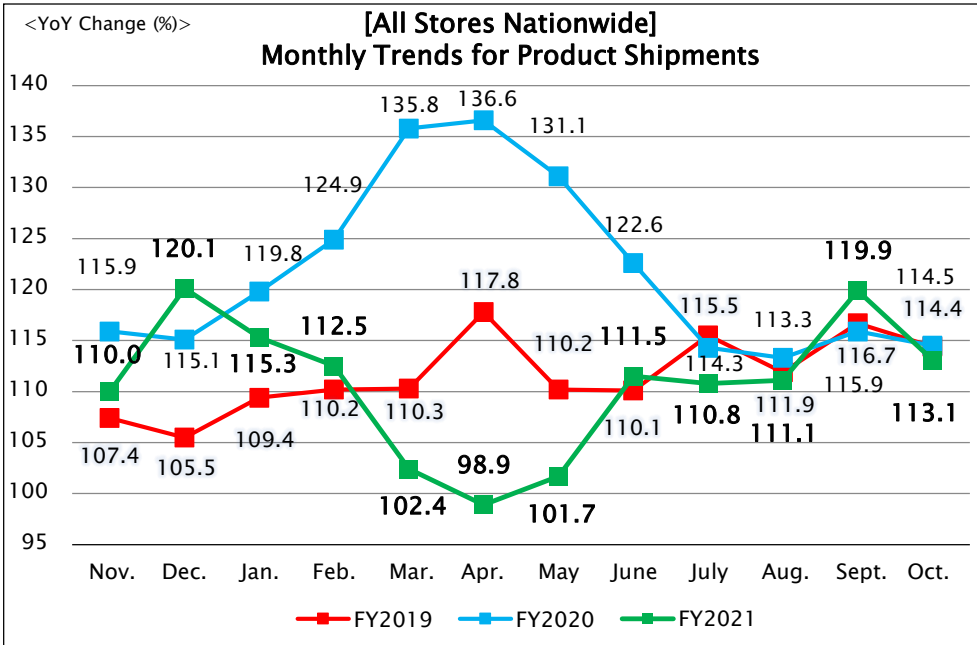
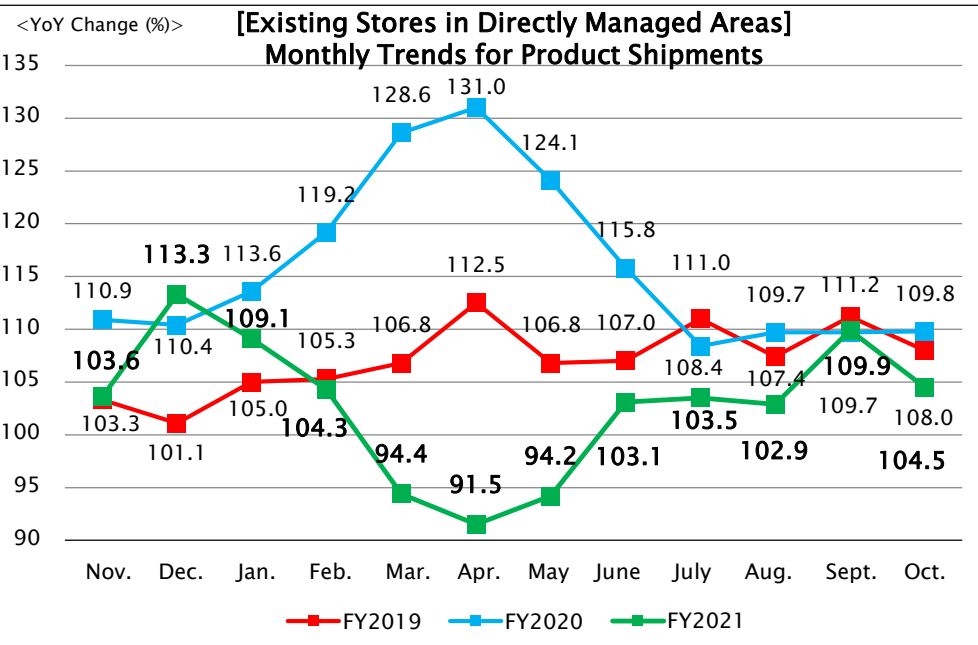
950 stores as of October 31, 2021 (+71)



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 to existing stores in directly managed areas for FY2021 increased by 2.4% year on year, which has exceeded the FY2021 target of “maintaining” the FY2020 level.



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

		FY2021														
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full
Directly managed areas	Existing stores	103.6	113.3	109.1	104.3	94.4	91.5	101.9	94.2	103.1	103.5	102.9	109.9	104.5	102.8	102.4
	All stores	109.0	119.7	116.1	111.0	100.5	98.0	108.3	100.9	110.5	111.0	111.1	118.1	111.9	110.4	109.3
Nationwide	All stores	110.0	120.1	115.3	112.5	102.4	98.9	109.1	101.7	111.5	110.8	111.1	119.9	113.1	111.2	110.2

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

Q1: 108.8%
Q2: 96.1%
Q3: 100.0%
Q4: 105.7%

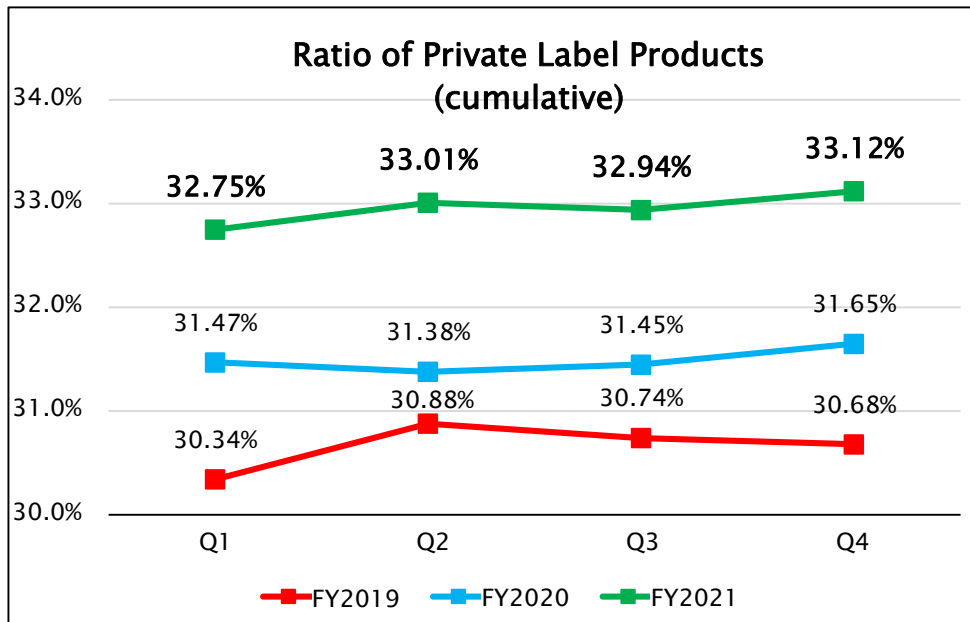
Note: “Nationwide” represents the product shipments to the stores in both directly and indirectly managed areas.

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 customer 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 for each quarter alone]

Q1: 32.75% Q2: 33.24% Q3: 32.82% Q4: 33.63%

Samples of Private Label Products

Products produced by Kobe Bussan Group's plants



Braised pork belly
¥537 (600 g)



Frozen Sanuki udon
¥158 (200 g x 5 pcs)



Milk pack dessert (Mizu-yokan)
¥267 (1 kg)

Import products



Frozen broccoli
¥181 (500 g)



Ginger scallion sauce
¥246 (180 g)

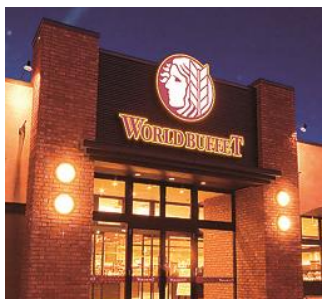


Sunflower seeds
¥246 (260 g)

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 faced difficult times amid the COVID-19 crisis.
- Premium Karubi and Chisouna increased the number of customers.



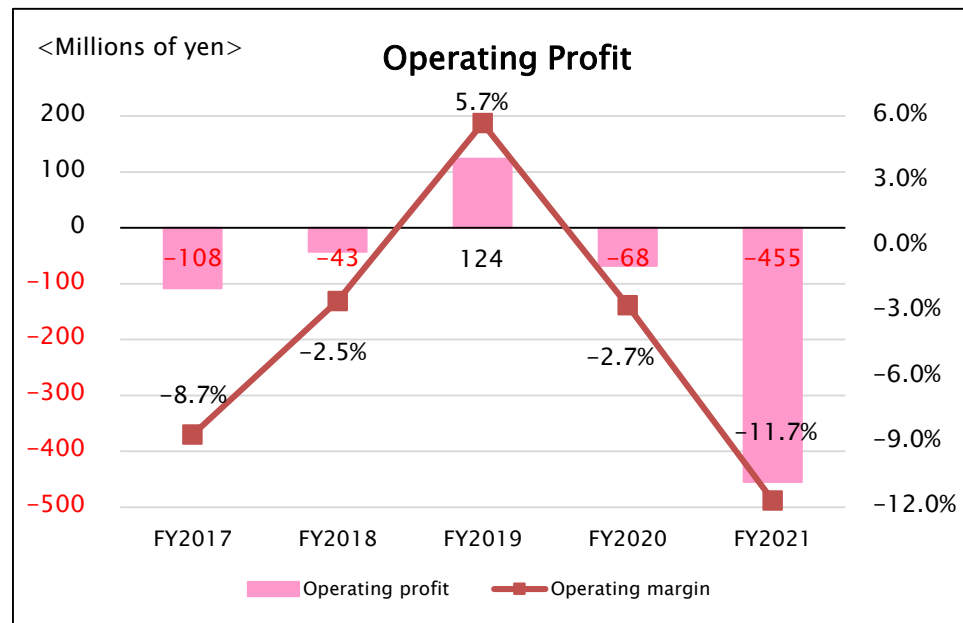
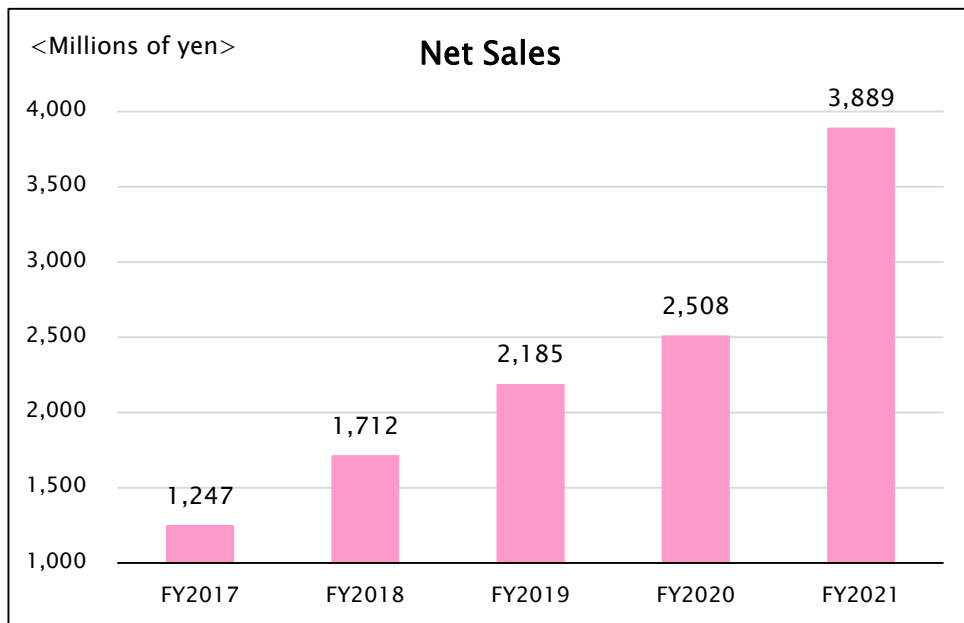
Kobe Cook World Buffet



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: 15 (as of October 31, 2021)

During FY2021, Kobe Cook World Buffet experienced a net decrease of 2 restaurants (opened 1 and closed 3).

It continued to make efforts such as promoting a takeout service to cater for customer needs.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Initiatives to Reduce Food Waste

Harborland Restaurant (located in Chuo-ku, Kobe-shi, Hyogo), which Kobe Cook World Buffet reopened as a directly operated restaurant on July 12, strengthened initiatives to reduce food waste. For example, after the last order of lunch and dinner hours, the restaurant offers 50% discount at a section in the restaurant designated for selling “by weight” at ¥1.00 (¥1.08 including taxes) per gram.

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.



Initiatives to reduce food waste

Premium Karubi

Total Number of Restaurants: 10 (as of October 31, 2021)



During FY2021 Q4 alone, Premium Karubi opened 2 restaurants, resulting in a net increase of 7 restaurants for the full year of FY2021.

It is increasing the number of customers even though the restaurants have shortened opening hours amid the COVID-19 crisis.

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

Differentiation from Other Competitors

What makes Premium Karubi different from other BBQ restaurants is the best selected, perfectly aged meat and in-house made desserts and gelatos. The restaurants are increasing the number of customers, primarily women, by offering new menus for each season so that repeat customers can enjoy our meals.

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
Shinkoiwa	3-40-11 Matsushima, Edogawa-ku, Tokyo
Yono	3-8-9 Honmachinishi, Chuo-ku, Saitama-shi, Saitama
Yokosuka Sahara	1-9-1 Iwato, Yokosuka-shi, Kanagawa

Opened on August 10

Opened on September 21



Note: Menus may vary by restaurant and season.

Chisouna

Total Number of Shops: 49 (as of October 31, 2021)

During FY2021 Q4 alone, Chisouna opened 7 shops, resulting in a net increase of 24 shops for the full year of FY2021.

Franchisees are eager to establish a Chisouna section in newly opened Gyomu Super stores.



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 Q4 (alone)

Kushiro Showa	4-10-14 Showachuo, Kushiro-shi, Hokkaido
Taku	464 Kosamura, Kitataku-machi, Taku-shi, Saga
Tengachaya Ekimae	1-3-4 Kishinosato, Nishinari-ku, Osaka-shi, Osaka
Otsu Jinryo	2-618-6 Jinryo, Otsu-shi, Shiga
Natori Masuda	9-3-36 Masuda, Natori-shi, Miyagi
Enoshima	1-6-5 Katasekaigan, Fujisawa-shi, Kanagawa
Arao Haramanda	618-3 Haramanda, Arao-shi, Kumamoto



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

7 AFFORDABLE AND CLEAN ENERGY

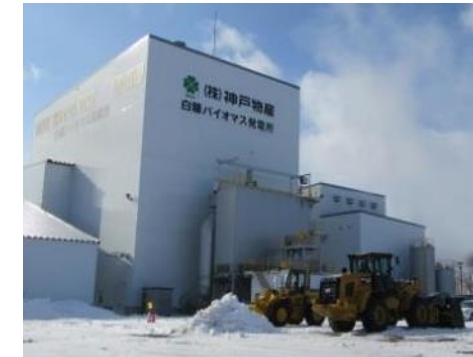


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

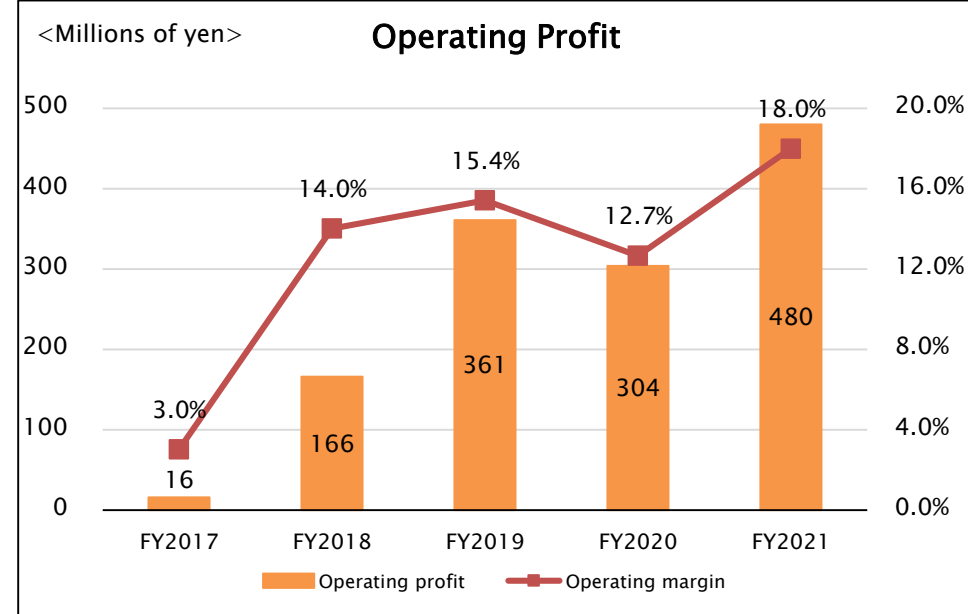
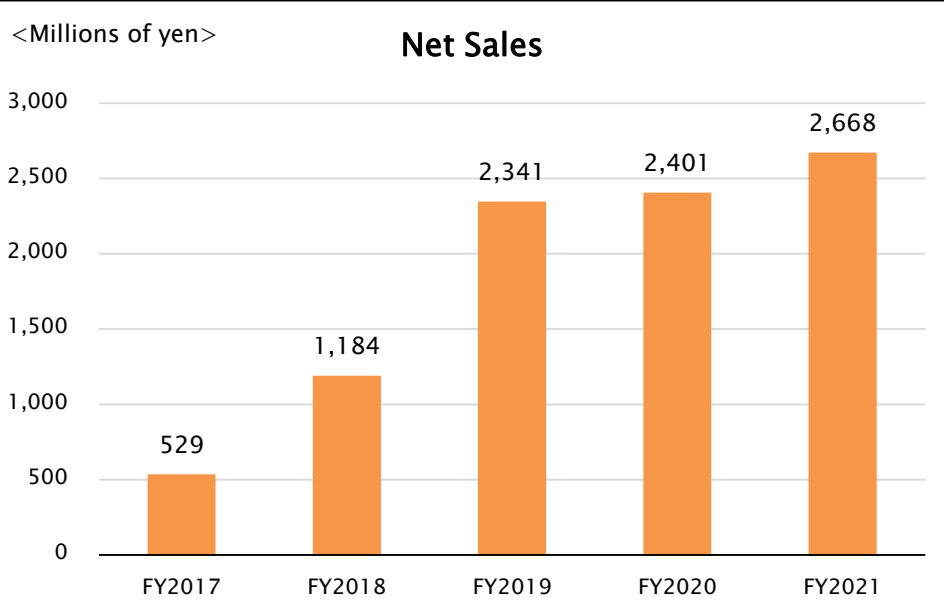
- A solar power plant in Misaki-cho, Osaka, which started operations in May, contributed to net sales.
- The biomass power generation business improved operating costs from the previous year.
- We plan to gradually start operating solar power plants in Fukushima and Miyagi.



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



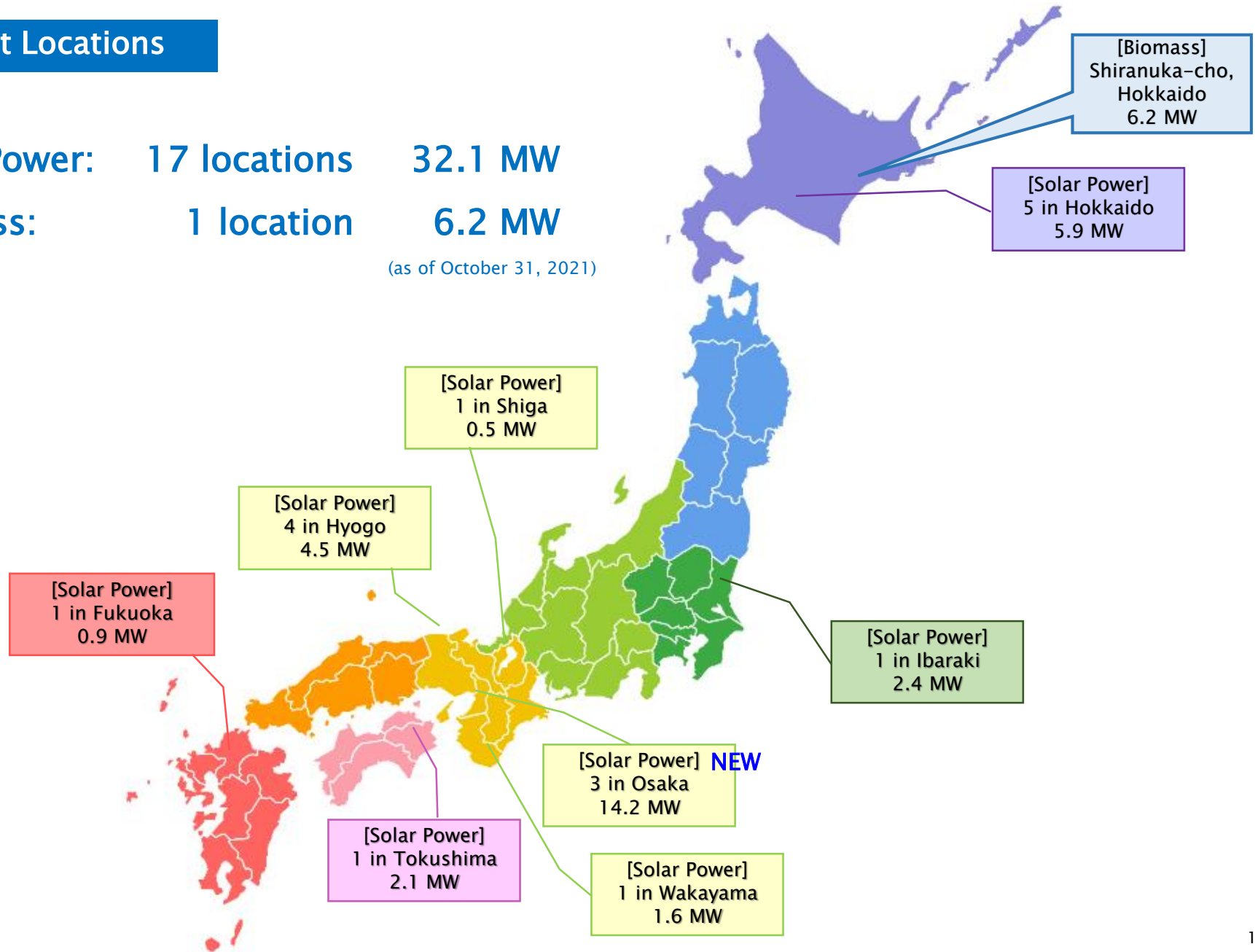
Kobe Bussan's Woody Biomass Power Plant



Plant Locations

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

(as of October 31, 2021)



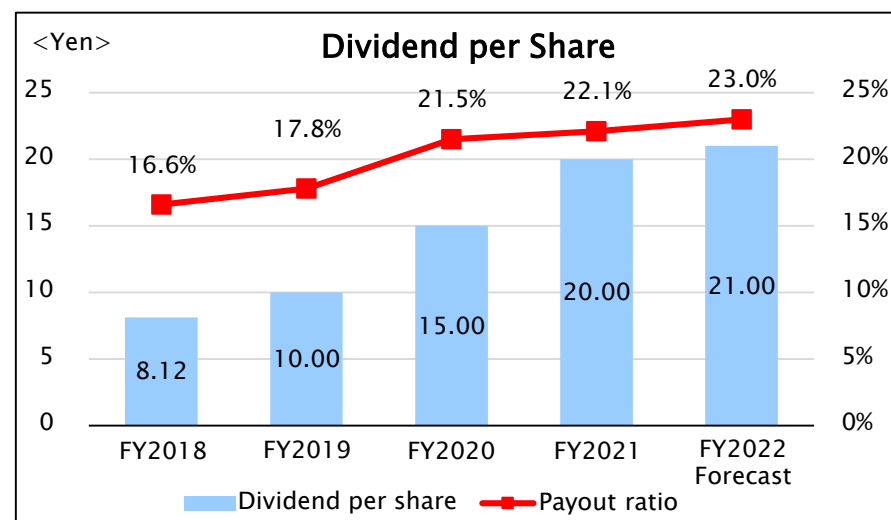
Dividends

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 FY2021, we plan to pay the annual dividends of ¥20.00 per share according to the initial forecast.

For FY2022, we plan to pay the annual dividends of ¥21.00 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 2018, 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. Subject to shareholders who hold 100 shares or more as of October 31, 2021, we will send JCB Gift Card, which was changed from conventional incentives, Gyomu Super Gift Certificate.

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.

FY2022 Forecast

(Millions of yen)

	FY2021 actual	FY2022 forecast	Year-on-year
Net sales	362,064	380,000	105.0%
Operating profit	27,311	28,800	105.5%
Profit attributable to owners of parent	19,592	19,800	101.1%

While considering risks of continuous cost rises such as unfavorable foreign exchange rates as well as soaring prices of raw materials and ocean freights, we strive to achieve the above target through adopting our sales strategy flexibly to business environment and making cost reduction efforts.

Gyomu Super Business Guideline towards FY2022 Forecast

	FY2022 target	Action plan
Target of store openings	Net increase of 60 stores	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 FY2021 results	Prevent opportunity loss by increasing product supply capacity. Exceed FY2021 results, which have been favorably impacted by the COVID-19 infections.

Medium-term Management Plan FY2022–FY2024

Basic policy

1. Grow our mainstay Gyomu Super Business by enhancing private label products.
2. Grow the delicatessen business in response to changes in Japan's social and economic circumstances, represented by a lower birthrate and aging population, and the promotion of women's participation in the workplace.
3. Grow the restaurant business to meet the diversified food needs.
4. Promote social contribution activities and eco-friendly businesses through food.
5. Improve productivity by enhancing employee satisfaction as well as focusing on securing and developing talented personnel.
6. Strive to increase the corporate value by strengthening initiatives for ESG issues and SDGs.

Consolidated Numerical Targets

(Millions of yen)

	FY2021 actual	FY2024 target
Net sales	362,064	410,000
Operating profit	27,311	32,000
ROE	29.2%	20% or higher for each fiscal year of the plan

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