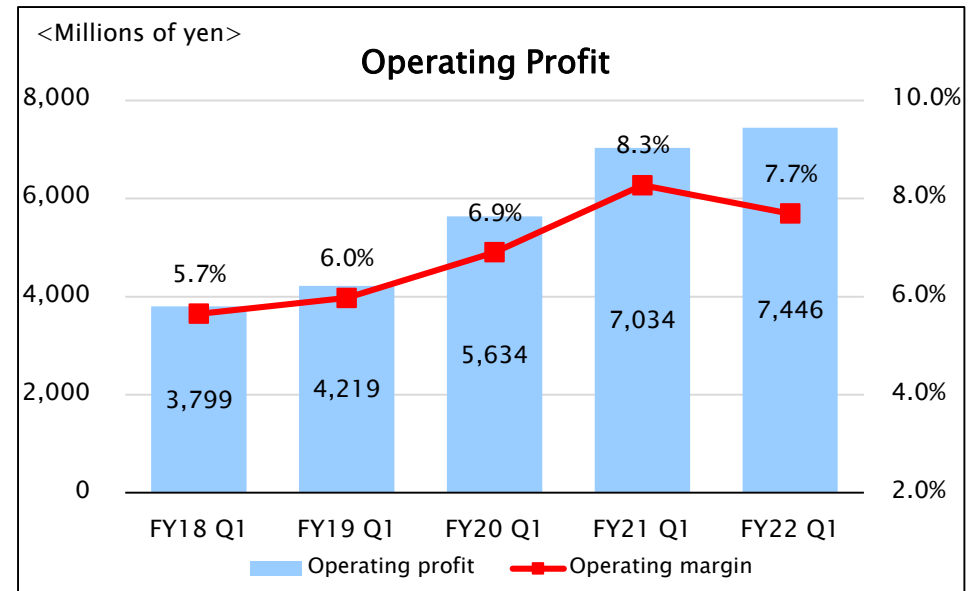
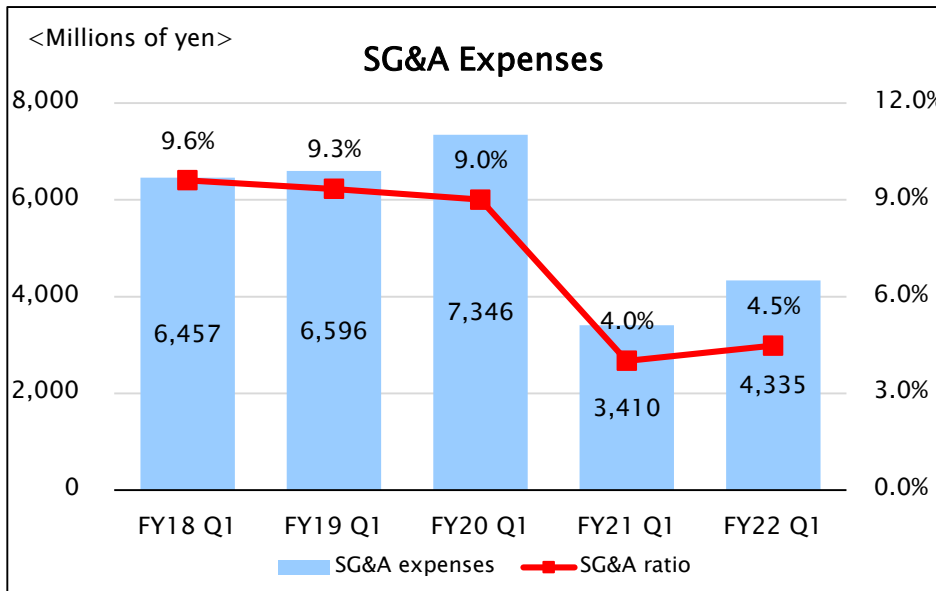
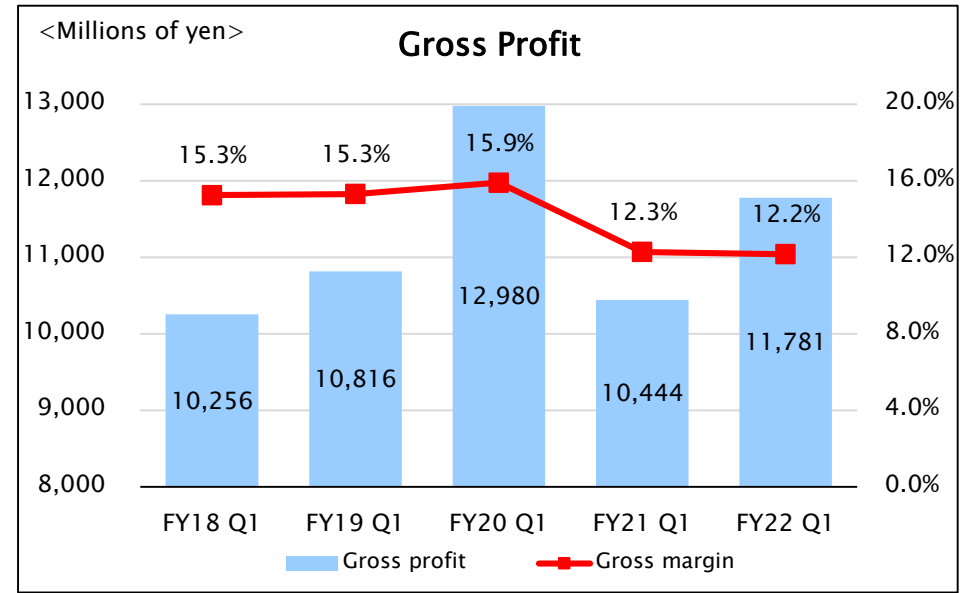
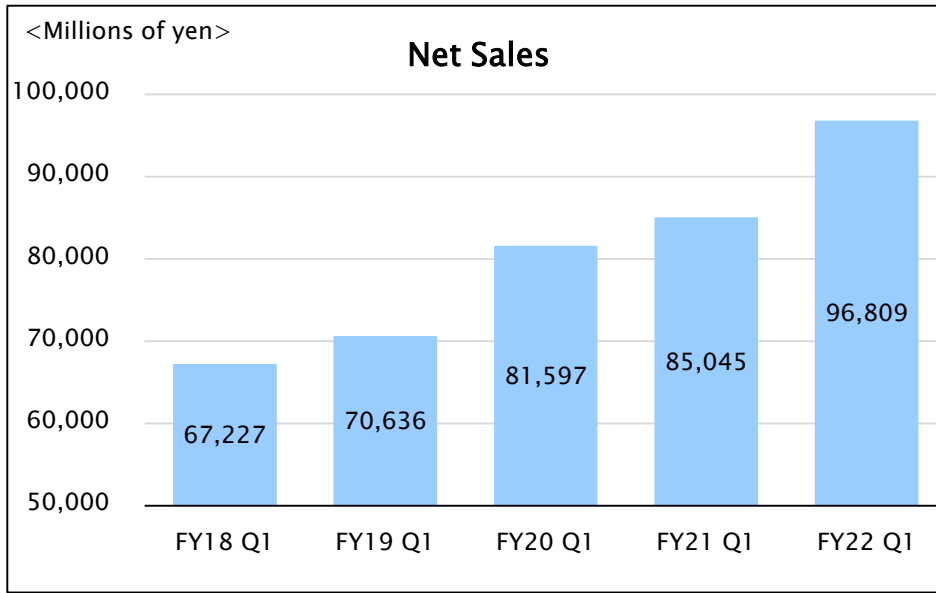


Supplementary Material for  
FY2022 Q1 Financial Results

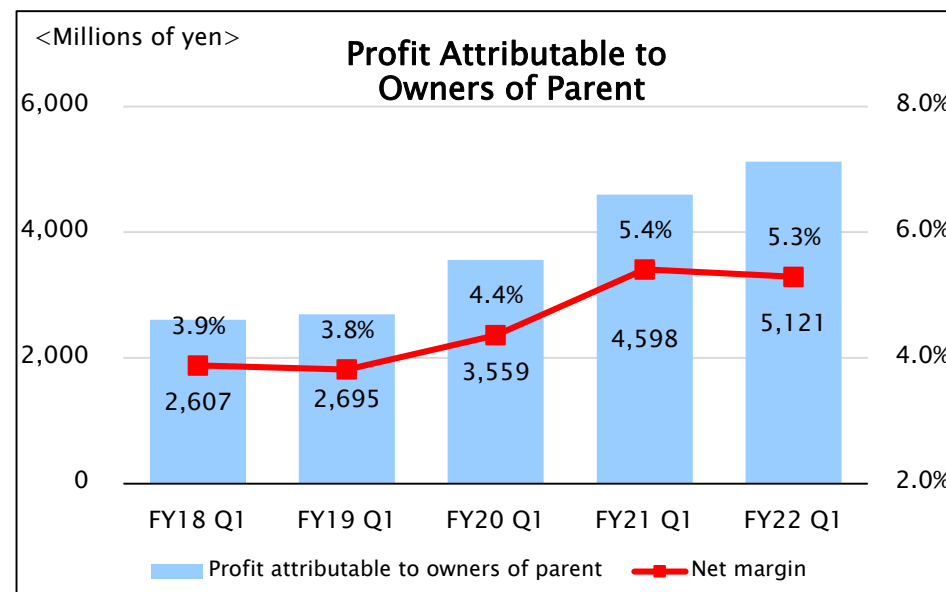
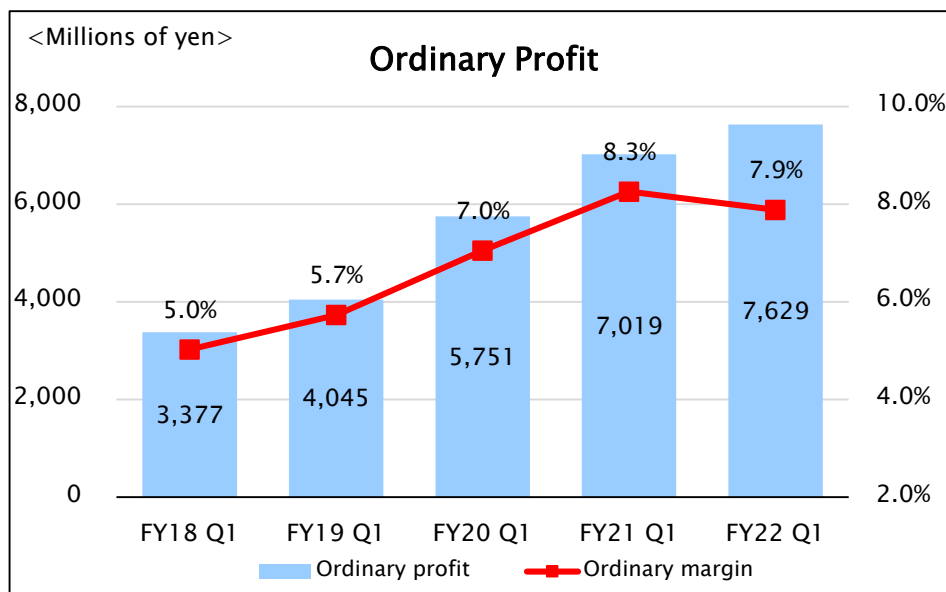
March 14, 2022



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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 ¥11,764 million (13.8%) year on year, driven by the Gyomu Super Business, whose growth was fueled by a significant year-on-year increase in store openings and continuous exposure to television, magazines, newspapers, and social media.

- **Gross profit**

Gross profit increased by ¥1,336 million (12.8%) year on year in line with an increase in net sales with the gross margin down slightly by 0.1% due to significant cost rises such as unfavorable foreign exchange rates as well as soaring prices of raw materials and ocean freights, which continued from FY2021 Q2.

- **SG&A expenses**

SG&A expenses increased by ¥924 million (27.1%) year on year due to increases in freight costs, and personnel expenses for our directly operated BBQ restaurants.

- **Operating profit**

As a result of the above, operating profit increased by ¥411 million (5.9%) year on year with the operating margin down slightly by 0.6%.

- **Ordinary profit**

As there were no significant non-operating items, ordinary profit increased by ¥610 million (8.7%) year on year.

- **Profit attributable to owners of parent**

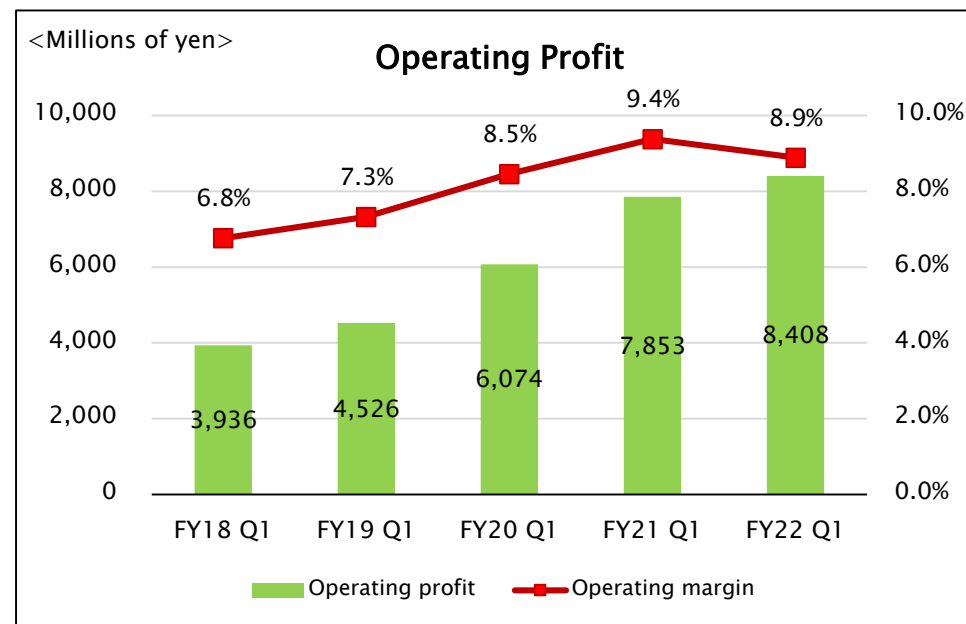
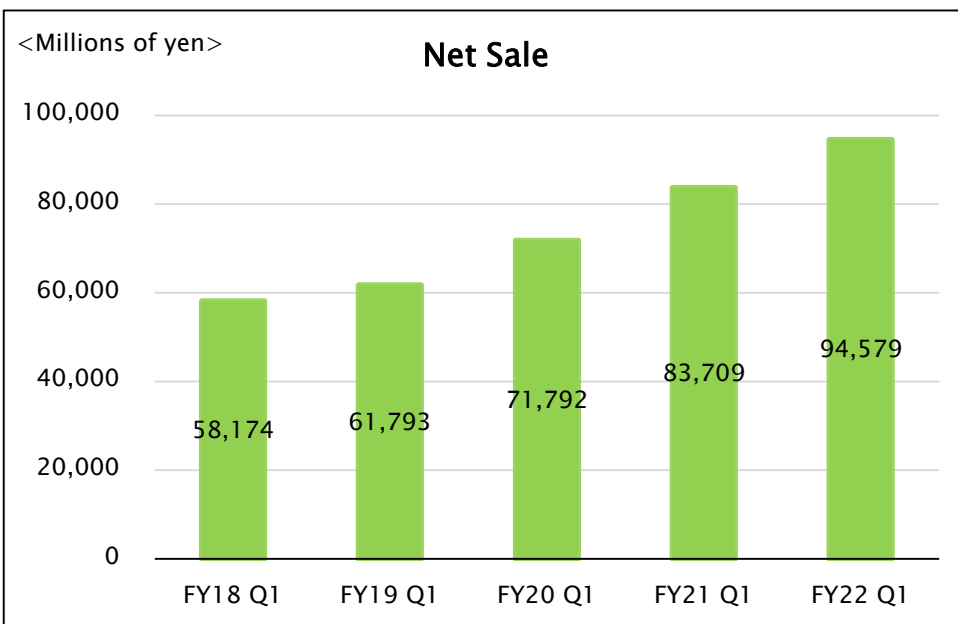
As a result of the above, profit attributable to owners of parent increased by ¥522 million (11.4%) year on year.

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 956 stores as of January 31, 2022.
- The ratio of private label products continued increasing because of continuous exposure to television, magazines, newspapers, and social media.
- The number of commercial customers was on a recovery trend due to the reopening of restaurants.



Gyomu Super Tengachaya Ekimae 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 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 January 31, 2022)

	Directly managed areas	Indirectly managed areas
Number of franchisees	87	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)

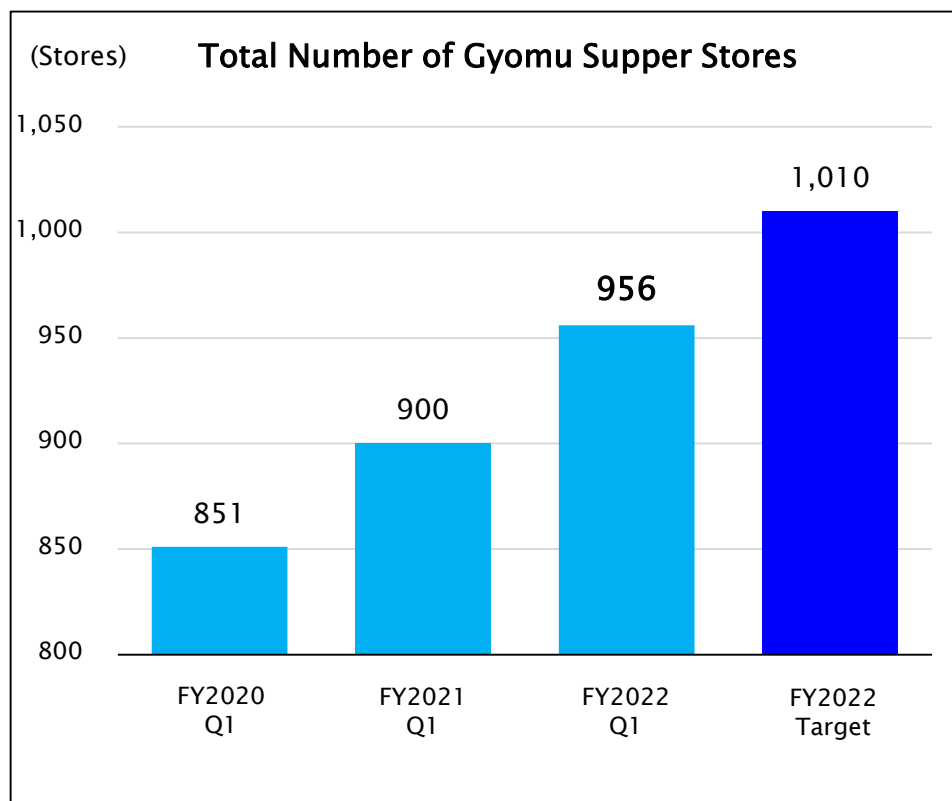
P&L account	Monthly amount	Composition
Net sales	¥32,000,000	100.0%
Gross profit	¥5,120,000	16.0%
SG&A expenses	¥4,480,000	14.0%
(Rent expenses)	¥1,300,000	4.1%
(Personnel expenses)	¥1,440,000	4.5%
Operating profit	¥640,000	2.0%

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

During FY2022 Q1, we achieved a net increase of 6 stores (opened 19 and closed 13).

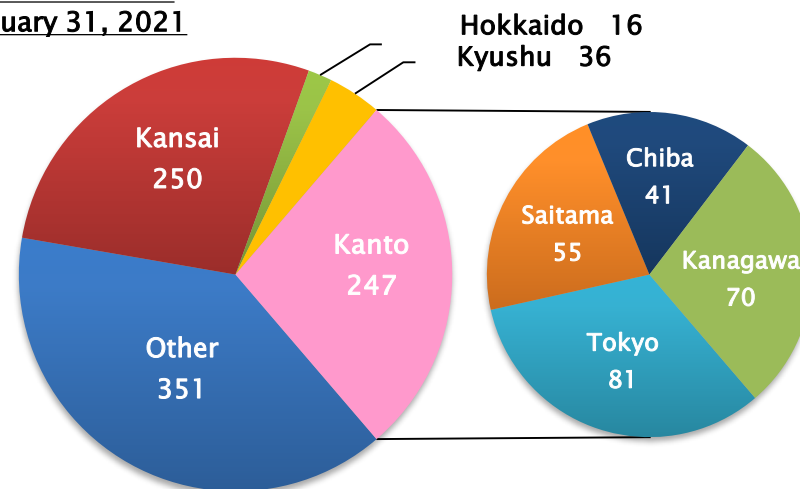
Although in November 2021, store closings increased because a certain franchisee cancelled the franchise contract due to management change, this has already been incorporated into our plan (net increase of 60 stores per year).

We saw strong store openings in the Kyushu and Hokkaido areas.

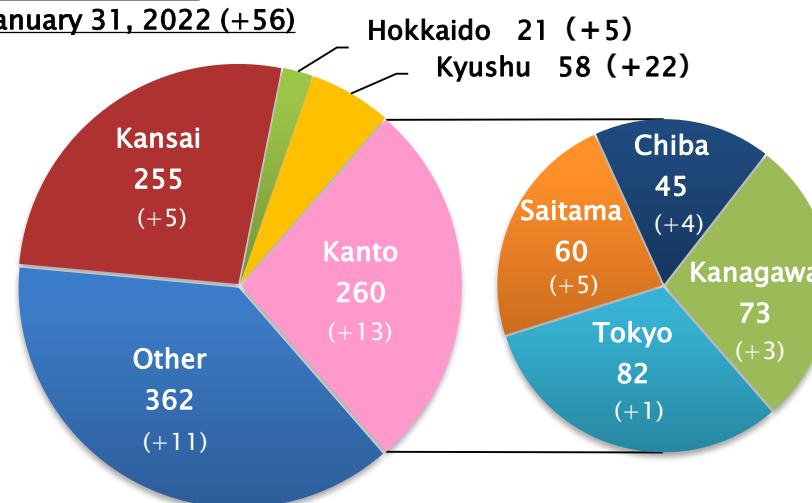


## Number of Stores by Area

900 stores as of January 31, 2021



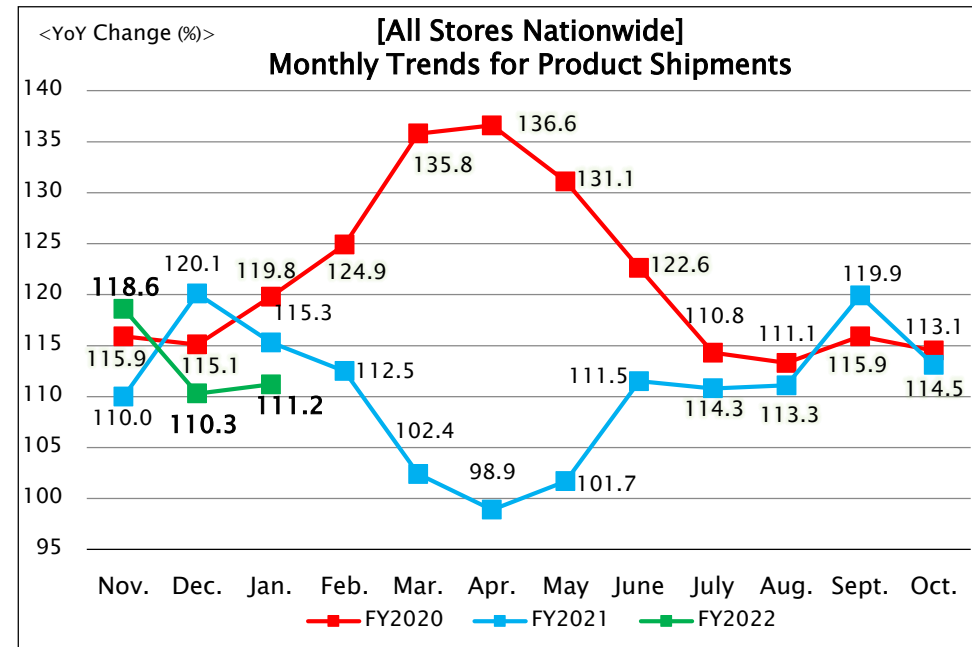
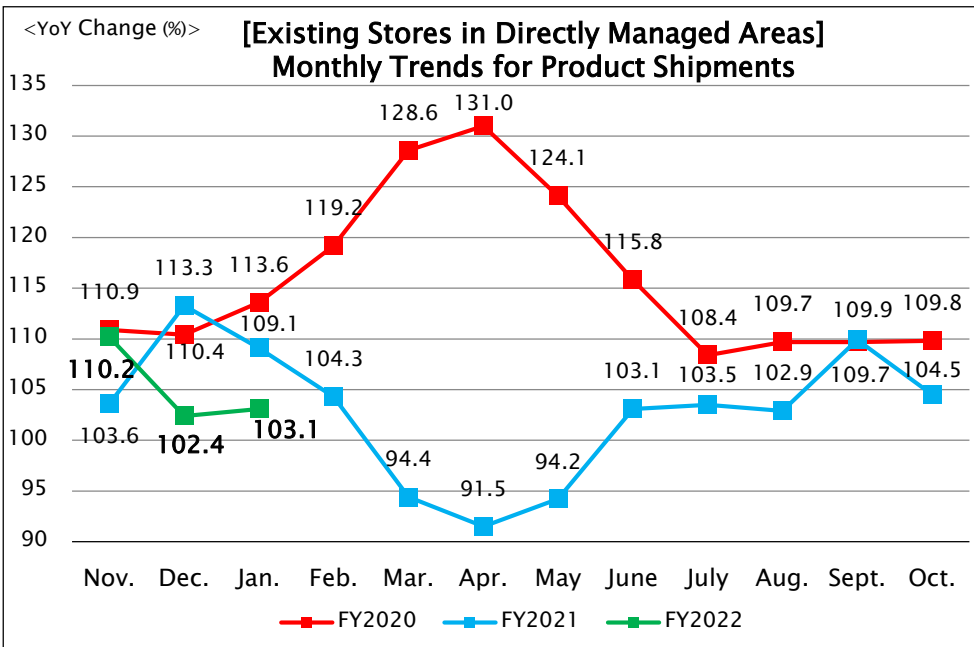
956 stores as of January 31, 2022 (+56)



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 for FY2022 Q1 remained strong with a year-on-year increase partly because of continuous exposure on television, magazines, newspapers, and social media.



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

		FY2021															FY2022		
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full	Nov.	Dec.	Jan.
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	110.2	102.4	103.1
	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	116.6	108.8	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	118.6	110.3	111.2

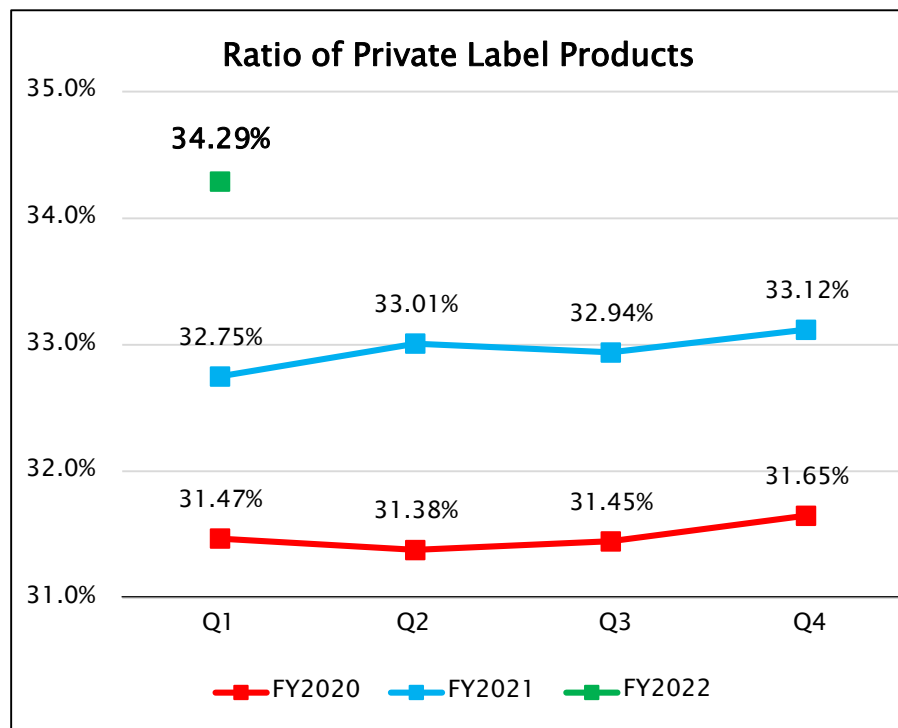
Note: "Nationwide" represents the product shipments to the stores in both directly and indirectly managed areas.



## 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 45 countries under the concept, "the flavors of the world, to Japan," are popular with customers because they enjoy genuine taste of countries across the world at reasonable prices at home.



## Samples of Private Label Products

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



**Chicken legs with spicy curry sauce**  
¥321 (2 pieces)



**Frozen Sanuki udon**  
¥169 (200 g x 5 pcs)



**Milk pack dessert (Mizu-yokan)**  
¥278 (1 kg)

### ■ Import products



**Frozen fried eggplants**  
¥192 (500 g)



**Shoestring Fries**  
¥278 (1 kg)

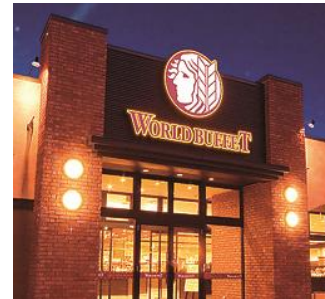


**Oats Porridge**  
¥159 (500 g)

Note: All prices include 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.

- We strengthen the Restaurant & Delicatessen Business as a food infrastructure company.
- Kobe Cook World Buffet has yet to get customers fully back.
- Premium Karubi and Chisouna have continued increasing the number of customers.



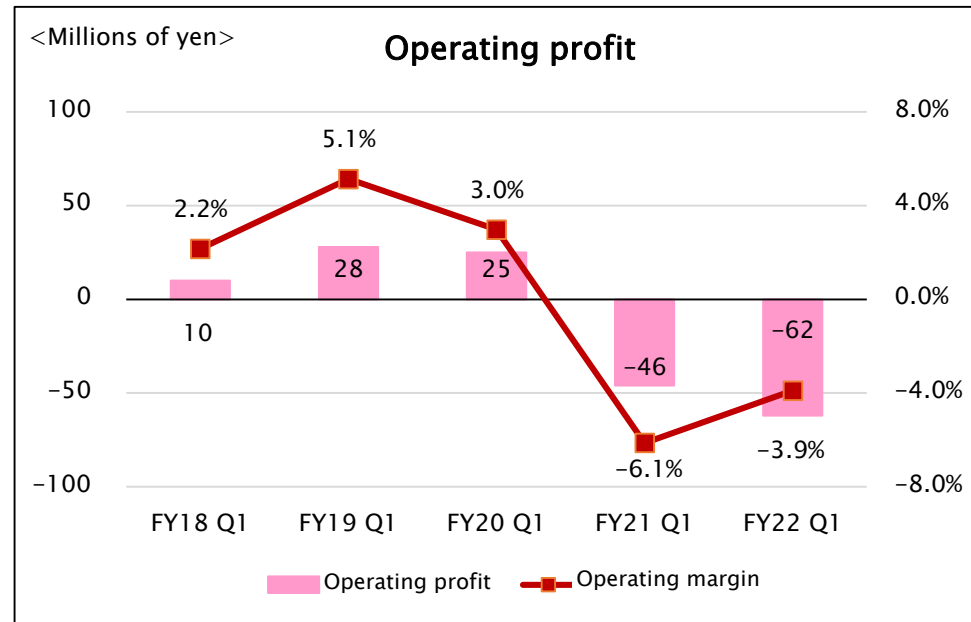
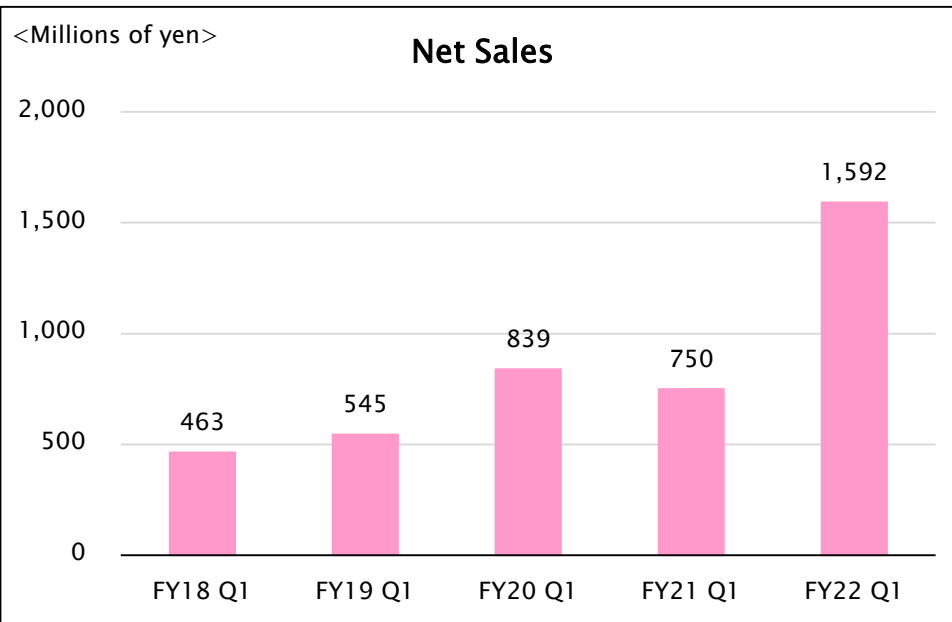
Kobe Cook World Buffet



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: 8 (as of January 31, 2022)

During FY2022 Q1, Kobe Cook World Buffet experienced a net decrease of 7 restaurants (closed 7).

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



### 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 2021, 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: 12 (as of January 31, 2022)



During FY2022 Q1, Premium Karubi achieved a net increase of 2 restaurants.

In November and December 2021, it was allowed to serve alcohol under normal operating hours.

It took some necessary measures including menu changes because of soaring purchase prices of meat.

### 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.

Since December 2021, all the restaurants have run a marketing campaign titled "Italy Fair." Through this fair, we have offered a limited-time menu to enhance customer satisfaction.

### Restaurants Opened during FY2022 Q1

Kohoku Hiyoshi	6-1-15 Hiyoshi, Kohoku-ku, Yokohama-shi, Kanagawa
Shikinomori	720 Kamishirane-cho, Asahi-ku, Yokohama-shi, Kanagawa

\* We plan to open new restaurants in April onwards in series.



Note: Menus may vary by restaurant and season.

## Chisouna

Total Number of Shops: 57 (as of January 31, 2022)

During FY2022 Q1, Chisouna achieved a net increase of 8 shops.

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 FY2022 Q1

Chiyo	3-1-2 Chiyo, Yahatanishi-ku, Kitakyushu-shi, Fukuoka
Oita Mie	1518 Akamine, Mie-cho, Bungoono-shi, Oita
Kanoya	2-3683-6 Fudamoto, Kanoya-shi, Kagoshima
Yamashina Higashino	7 Higashino Katasagari-cho, Yamashina-ku, Kyoto-shi, Kyoto
Shinjo Takada	195 Soone, Yamatotakada-shi, Nara
Matsuyama Hirata	27-1 Hirata-cho, Matsuyama-shi, Ehime
Hayama	1-28-15 Hayama, Nagasaki-shi, Nagasaki
Saga Kita	4-8-2 Takakise-nishi, Saga-shi, Saga



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.

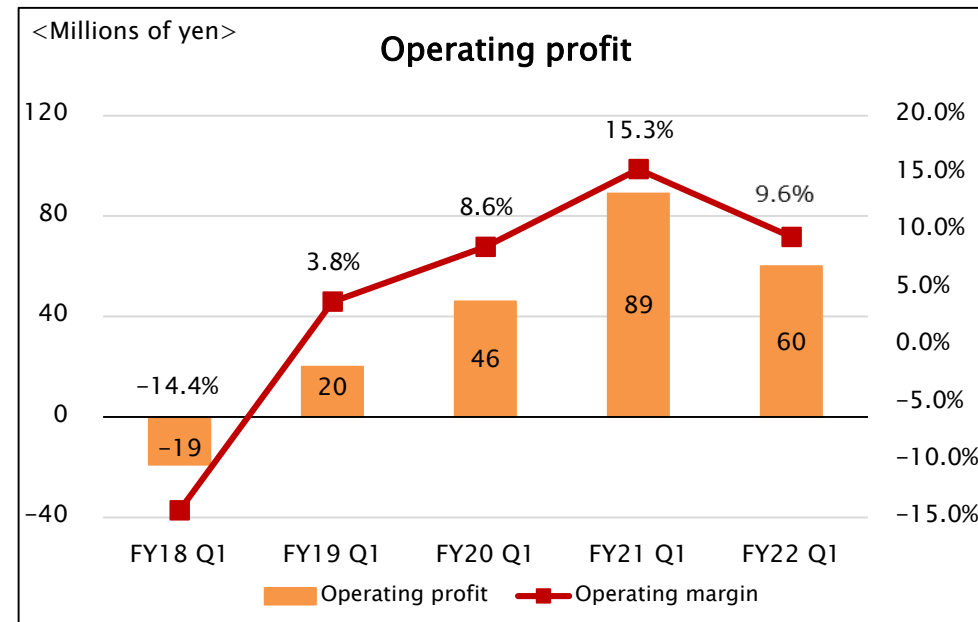
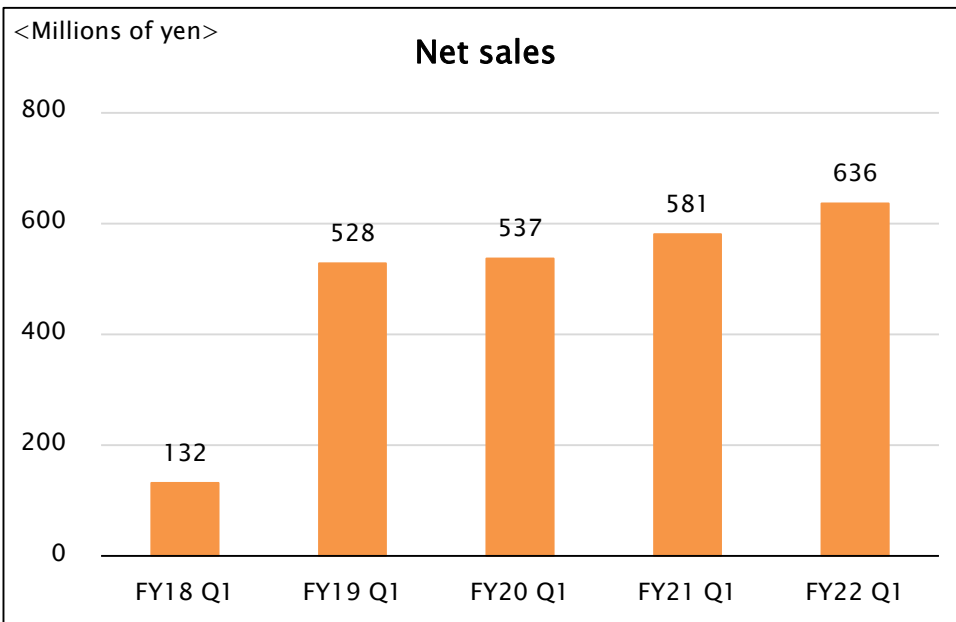
- A solar power plant in Misaki-cho, Osaka, started operations in May 2021, resulting in a year-on-year increase by 1 solar power plant.
- Although profit declined due to the recording of depreciation of the above solar power plant, net sales increased by 9.5% year on year.
- We plan to gradually start 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

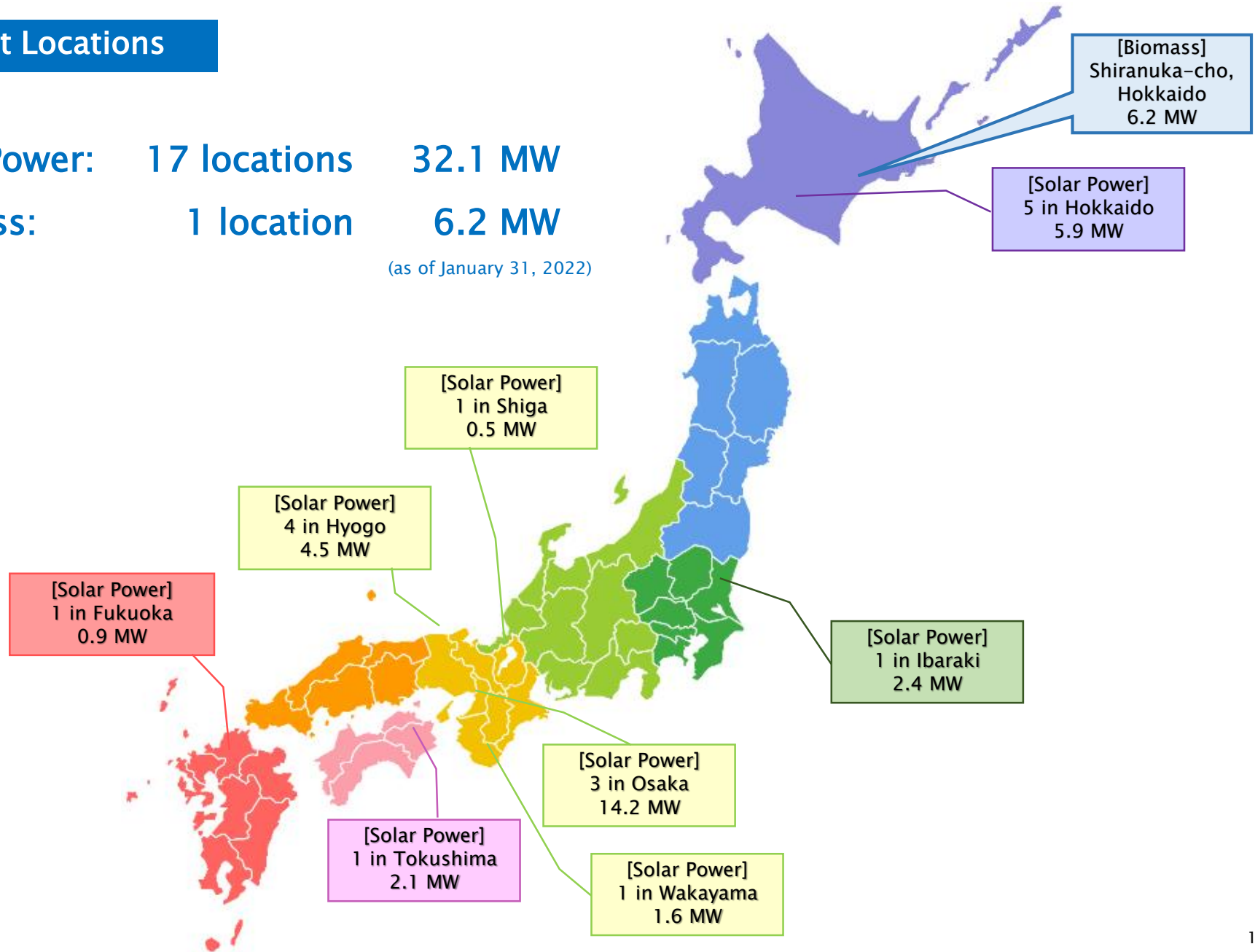




Plant Locations

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

(as of January 31, 2022)



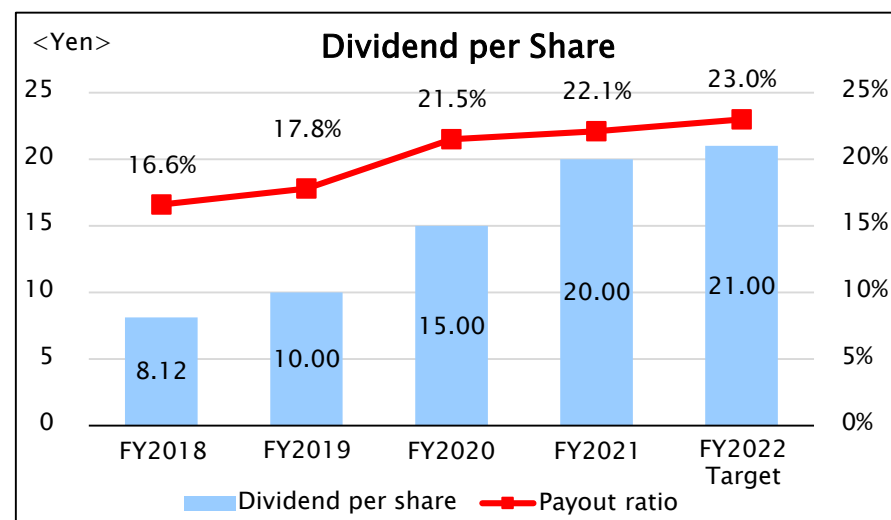
## Dividends

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 had paid 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.



## Progress towards FY2022 Forecast

(Millions of yen)

	Q1 actual	Full-year forecast	Year on year	Progress towards full-year forecast
Net sales	96,809	380,000	13.8%	25.5%
Operating profit	7,446	28,800	5.9%	25.9%
Profit attributable to owners of parent	5,121	19,800	11.4%	25.9%

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 were 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 March 14, 2022.
- 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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