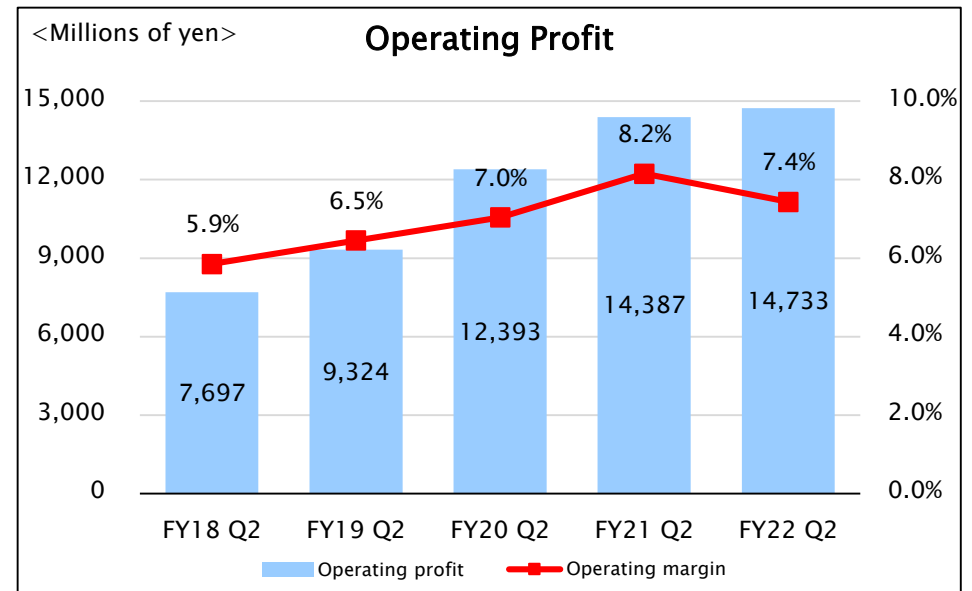
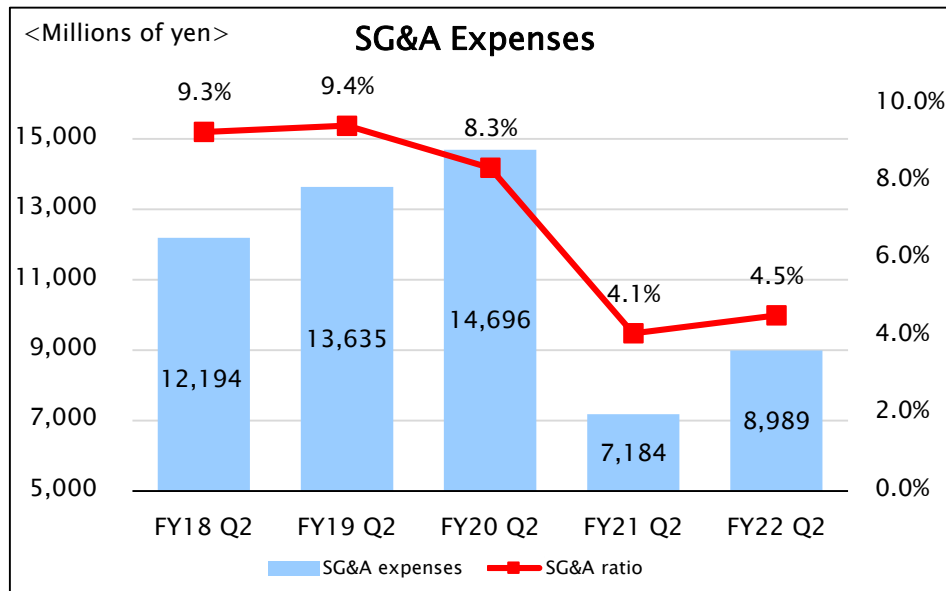
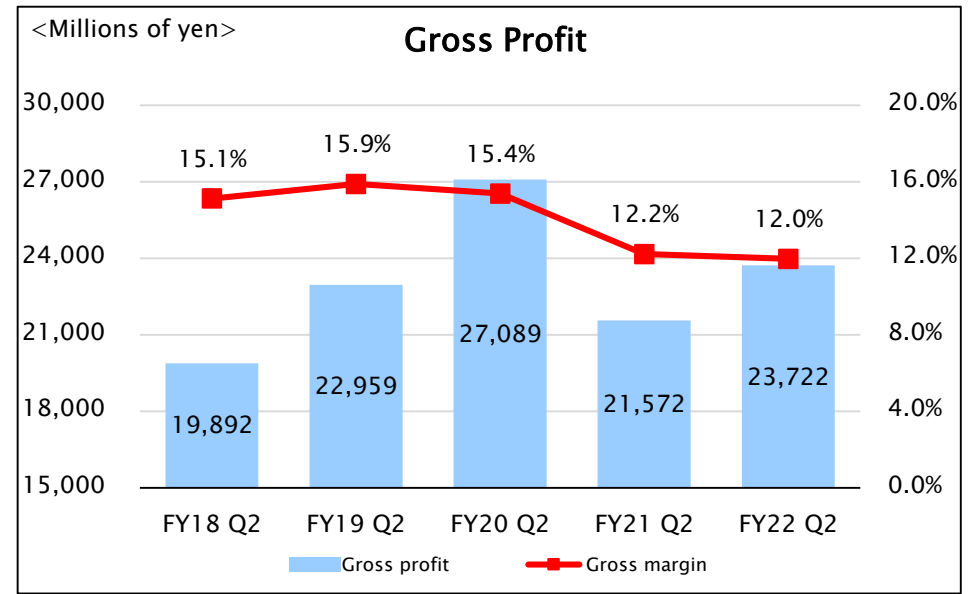
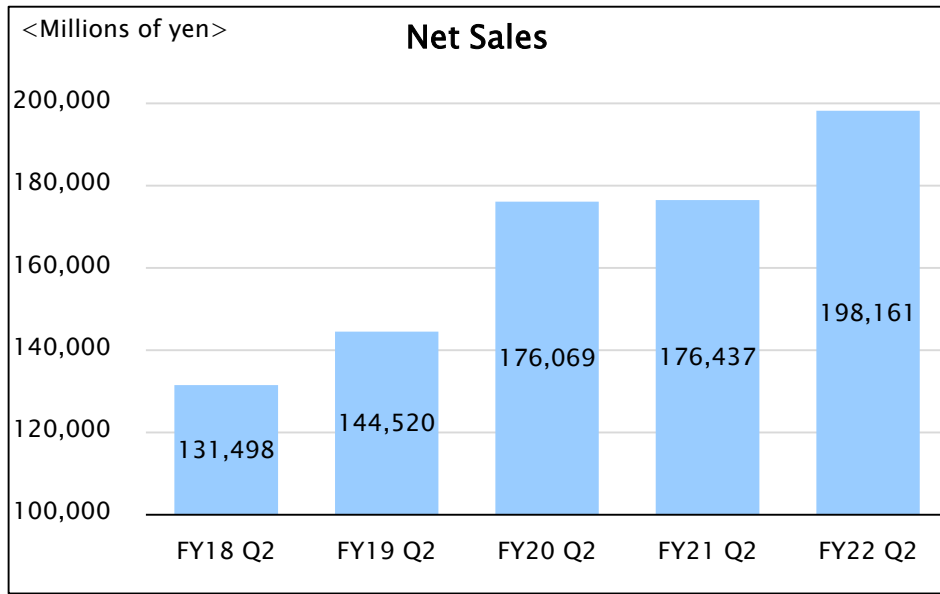


Supplementary Material for
FY2022 Q2 Financial Results

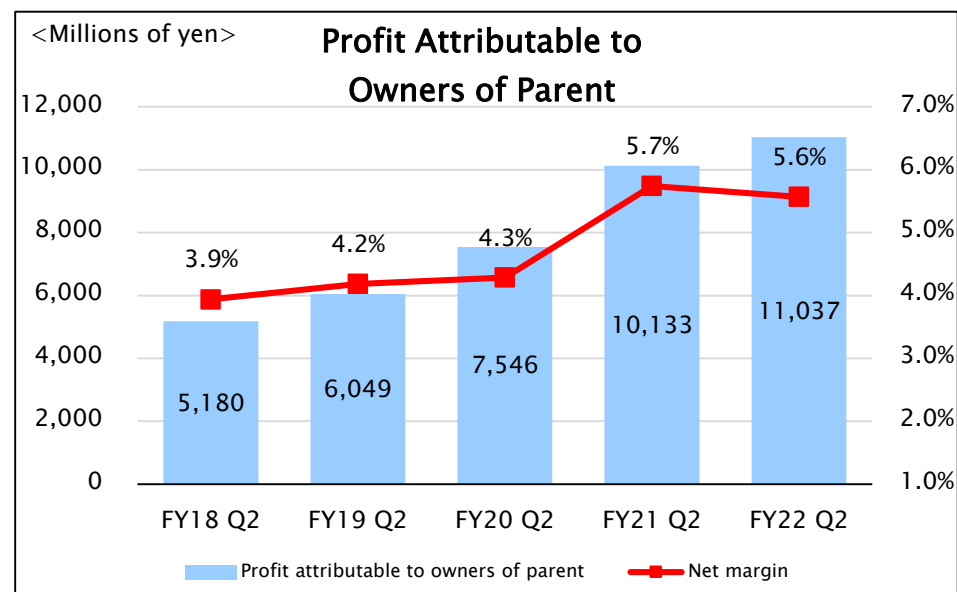
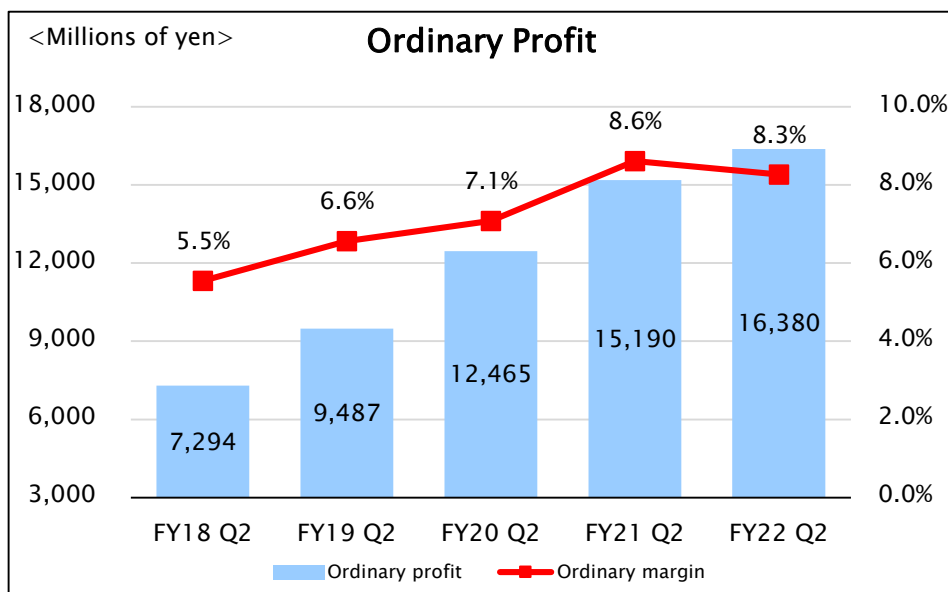
June 13, 2022



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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 ¥21,723 million (12.3%) year on year with successful pricing strategy in addition to the continued coverage on television, magazines, newspapers, and social media.

- **Gross profit**

Despite the continued rise in costs caused by the weakening of yen, as well as soaring prices of raw materials and ocean freights, gross profit increased by ¥2,150 million (10.0%) year on year because the price revision helped maintain the current gross margin level.

- **SG&A expenses**

SG&A expenses increased by ¥1,804 million (25.1%) year on year due to increases in freight costs for the Gyomu Super Business, and personnel expenses and rent expenses for our directly operated BBQ restaurants.

- **Operating profit**

Operating profit increased by ¥345 million (2.4%) year on year despite a drop in the operating margin due to increases in cost of sales and SG&A expenses.

- **Ordinary profit**

Ordinary profit increased by ¥1,189 million (7.8%) year on year by the recording of foreign exchange gains due to the weakening yen.

- **Profit attributable to owners of parent**

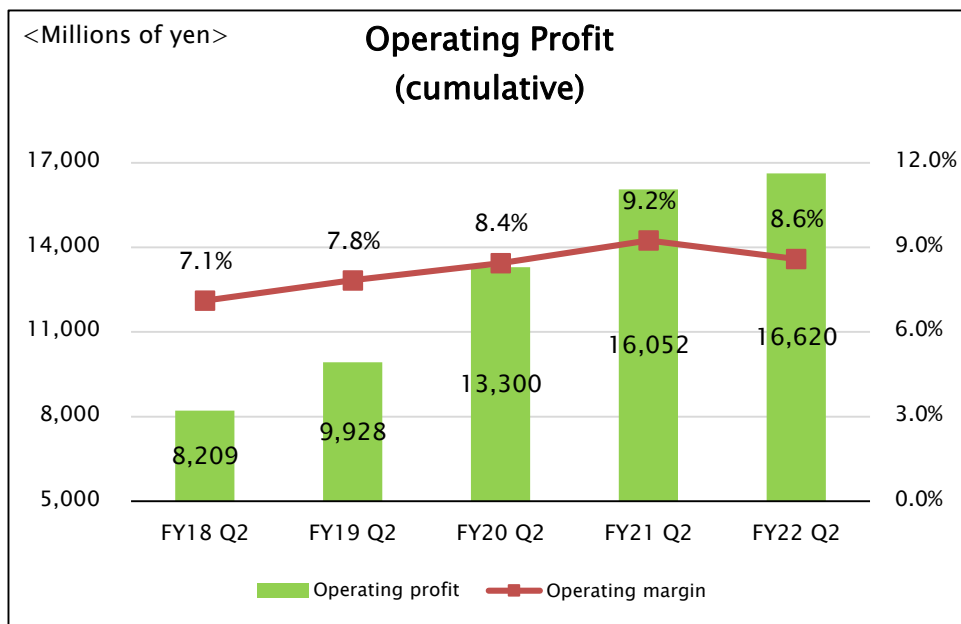
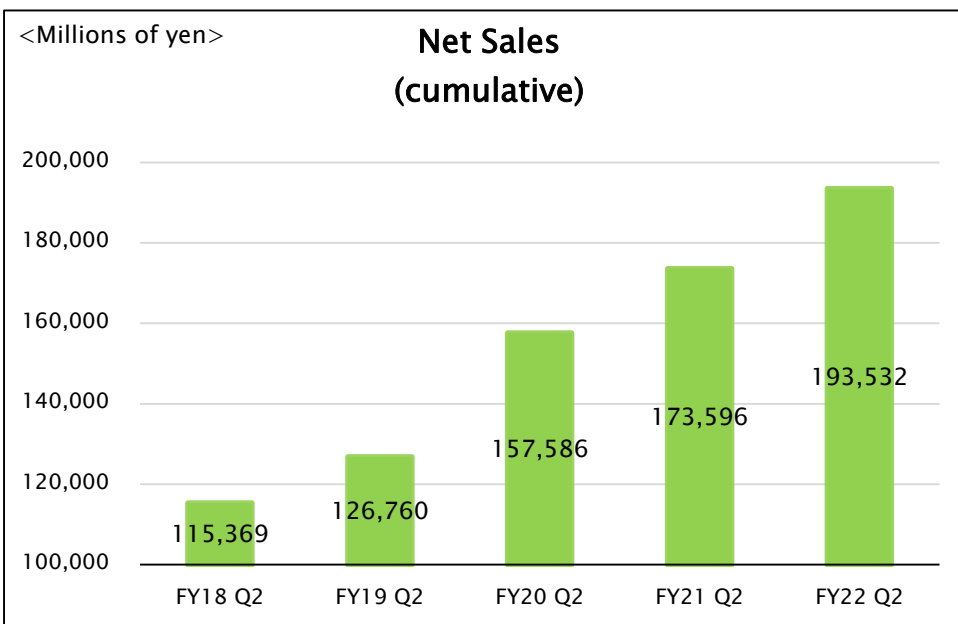
As there were no significant change in extraordinary losses (income), profit attributable to owners of parent increased by ¥904 million (8.9%) year on year.

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 969 stores as of April 30, 2022.
- We revised prices in phases to address cost rises caused primarily by the soaring prices of raw materials.
- We nevertheless maintained price difference between Gyomu Super and other supermarkets to keep attracting customers.



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 April 30, 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)

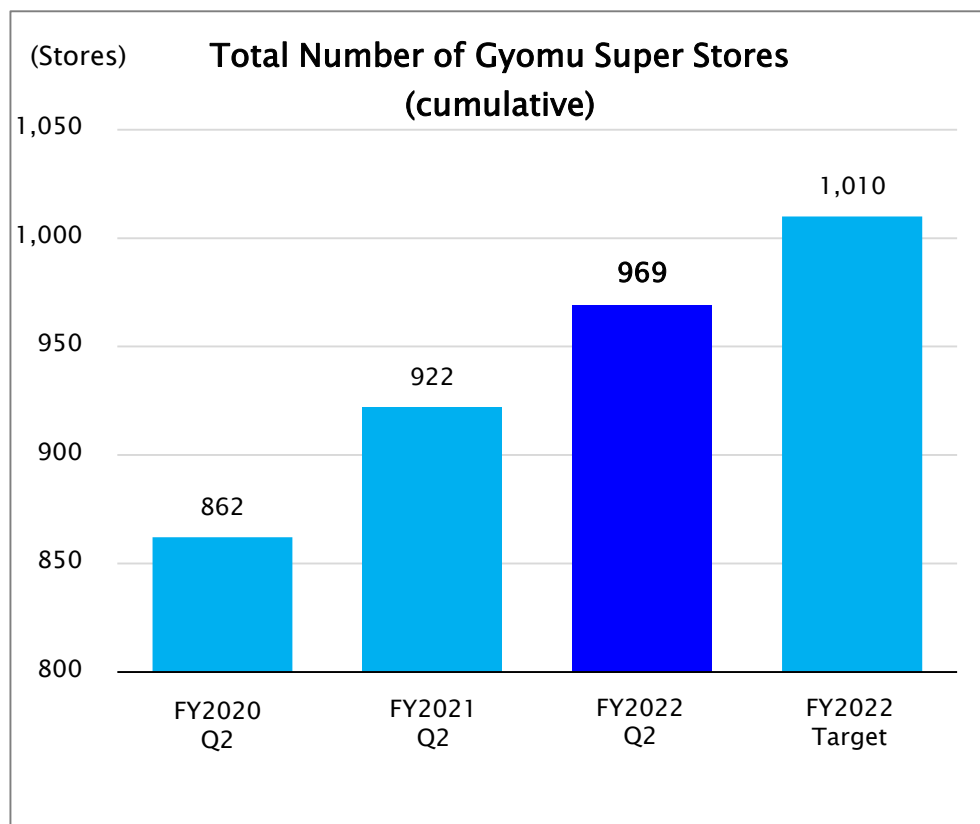
P&L account	Monthly amount	Composition
Net sales	¥32,000,000	100.0%
Gross profit	¥5,120,000	16.0%
SG&A expenses	¥4,480,000	14.0%
(Rent expenses)	¥1,300,000	4.1%
(Personnel expenses)	¥1,440,000	4.5%
Operating profit	¥640,000	2.0%

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

Gyomu Super opened 34 stores and closed 15, resulting in a net increase of 19 stores during FY2022 Q2 cumulative, and opened 15 stores and closed 2 during FY2022 Q2 alone.

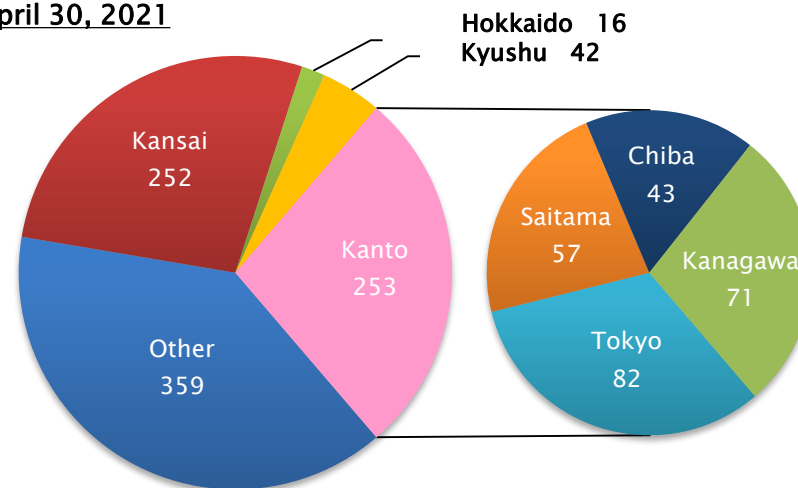
The progress rate of full-year target (a net increase of 60 stores per year) was 32% as of April 30, 2022.

We expect to achieve the target because the store openings tend to be concentrated in September and October.

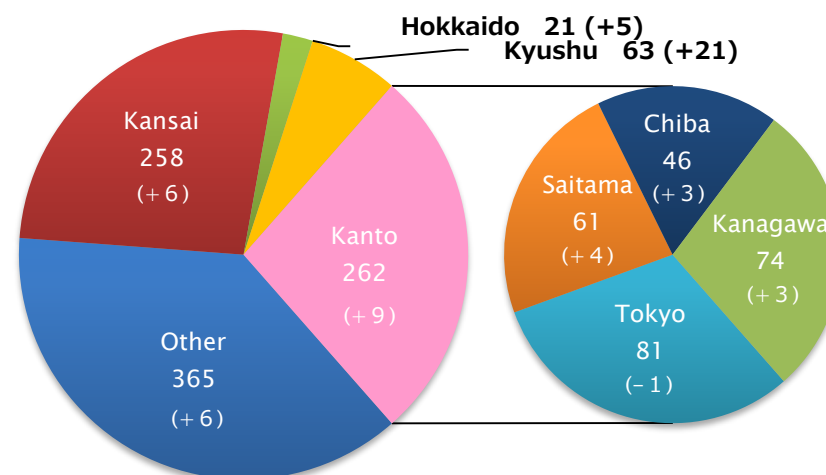


Number of Stores by Area

922 stores as of April 30, 2021



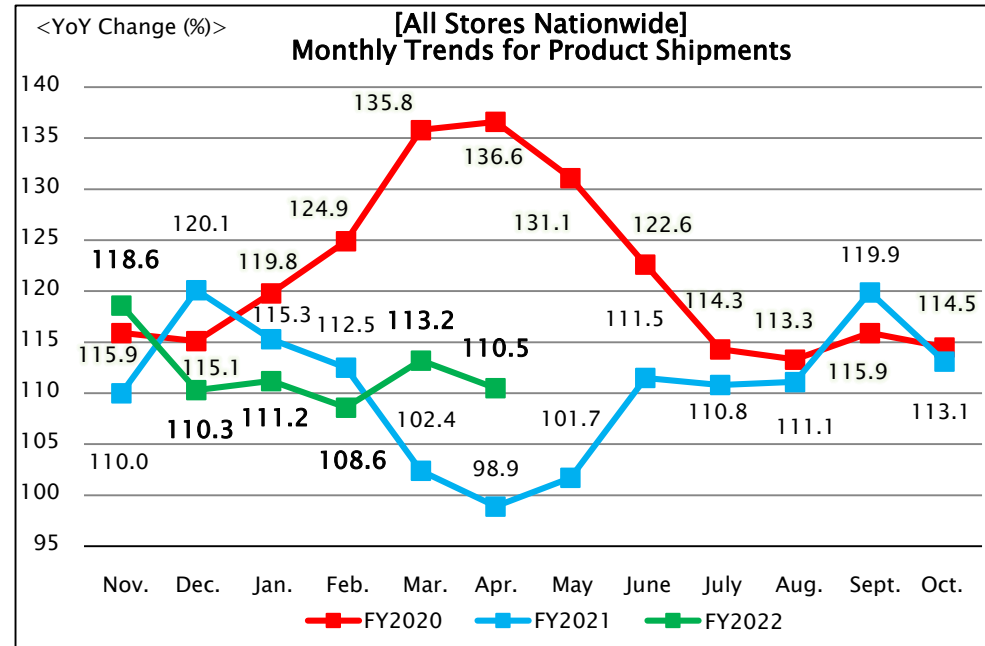
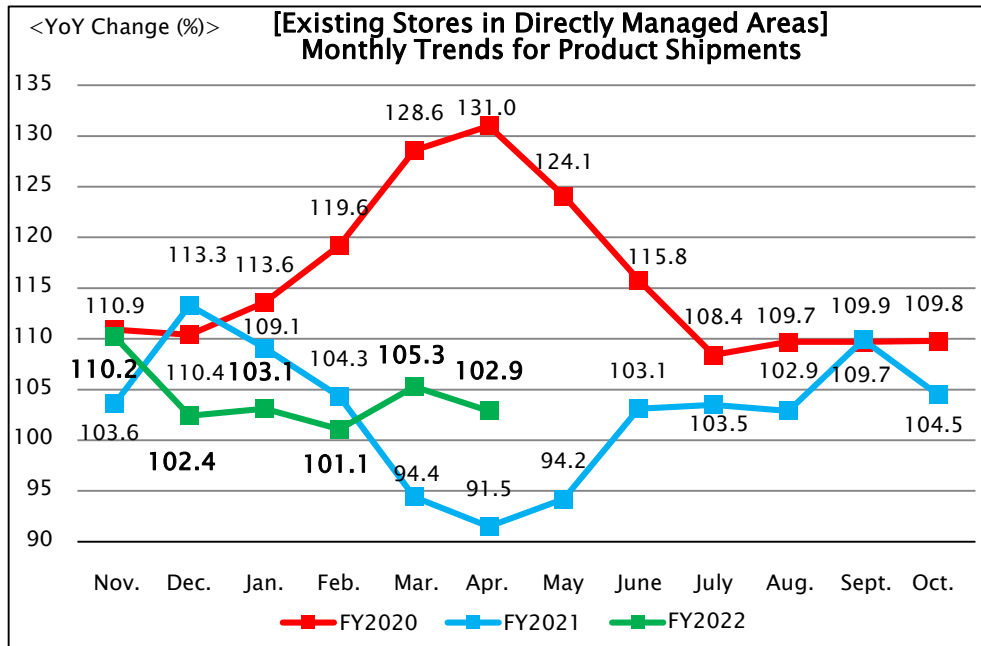
969 stores as of April 30, 2022 (+47)



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 remained better than our plan partly because of continuous exposure on television, magazines, newspapers, and social media.



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

		FY2022							H1
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
Directly managed areas	Existing Stores	110.2	102.4	103.1	101.1	105.3	102.9	104.1	
	All stores	116.6	108.8	109.3	107.5	111.9	108.6	110.4	
Nationwide	All stores	118.6	110.3	111.2	108.6	113.2	110.5	112.0	

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

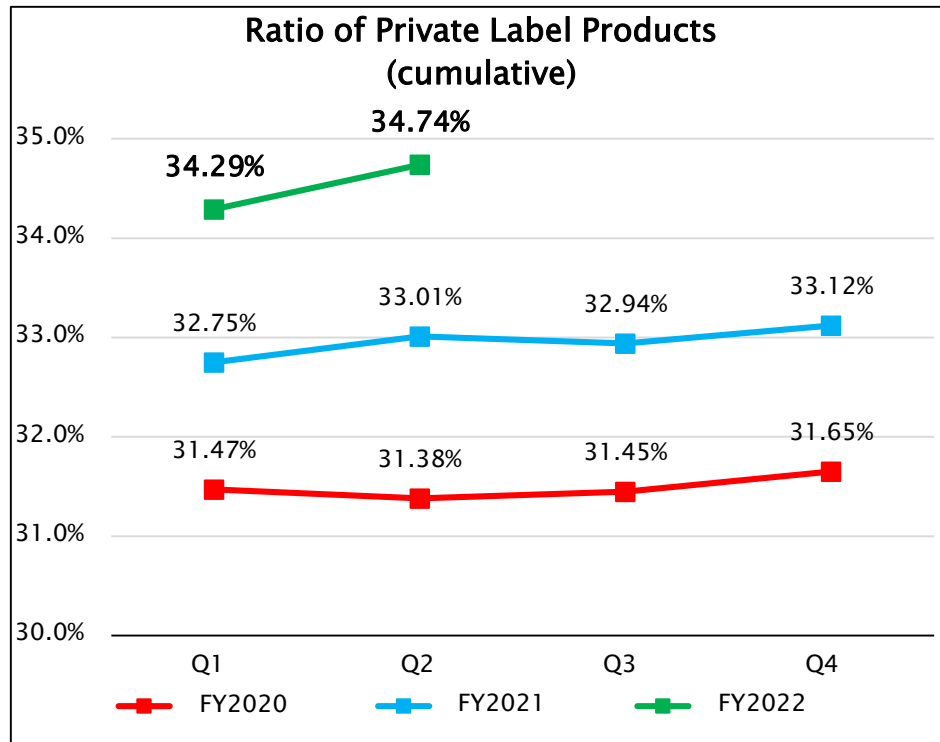
Q1: 105.1%
Q2: 103.1%

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 customer acceptance.

Also, food products directly imported from approximately 45 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.



Samples of Private Label Products

Products produced by Kobe Bussan Group's plants



Chicken cutlets
(Shiso plum flavor)
¥537 (1 kg)



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



Black pepper
dressing
¥354 (1 L)

Import products



Tempe
¥321 (450 g)



Oats
Porridge
¥159 (500 g)



Lightly-baked Yakimochi
Pancake (with Scallions)
¥408 (120 g x 5 pcs)

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.
- The number of Kobe Cook World Buffet customers is on a recovery trend.
- Premium Karubi and Chisouna have continued increasing the number of customers.



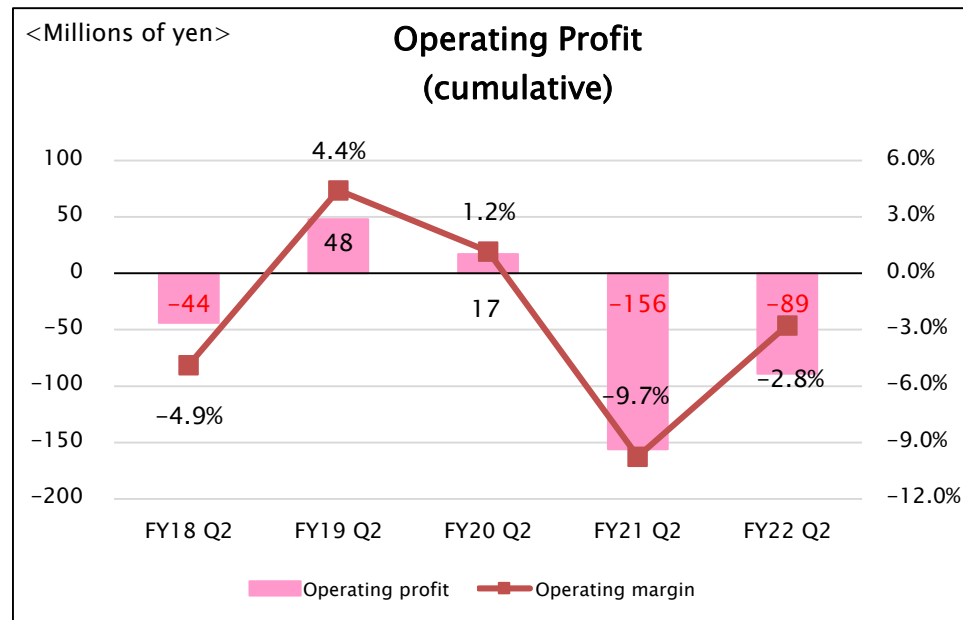
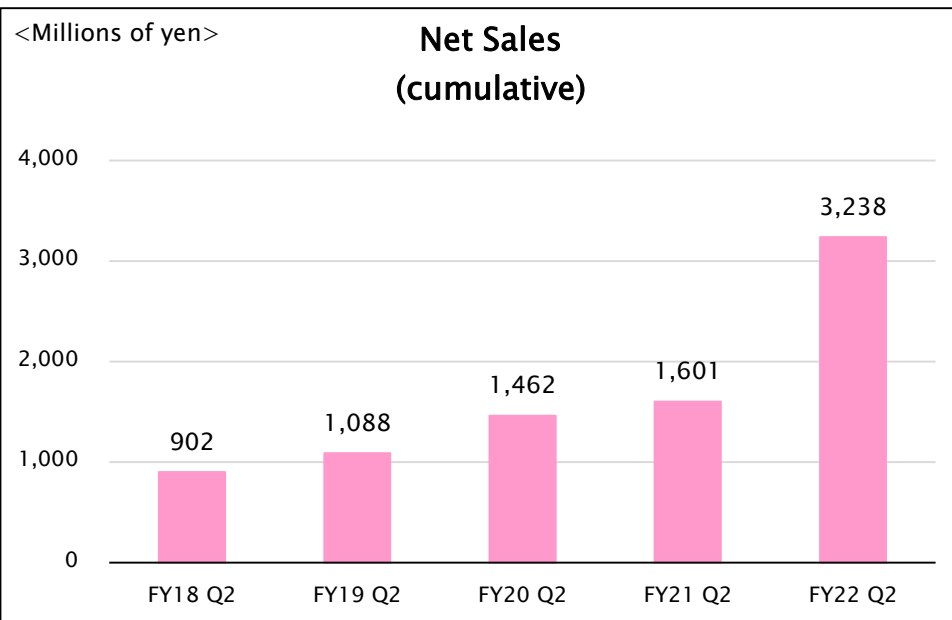
Kobe Cook World Buffet



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: 9 (as of April 30, 2022)

Kobe Cook World Buffet opened 1 restaurant and closed 7, resulting in a net decrease of 6 restaurants during FY2022 Q2 cumulative, and opened 1 restaurant, which was reopened after renovation at Isesaki-shi, Gunma, during FY2022 Q2 alone.

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 we directly operate, is an experimental restaurant to work on various initiatives to reduce food waste. Since November 2021, after the last order of lunch and dinner hours, the restaurant has offered 50% discount at a section in the restaurant designated for selling “by weight” at ¥1.00 (¥1.08 including taxes) per gram. Such initiatives enhance customer satisfaction of any age and are currently introduced into 8 restaurants.

Overview of FY2022 Q2 alone & Business Strategy

In Kobe Cook World Buffet, some restaurants temporarily closed or shortened opening hours to prevent the COVID-19 infections. However, the number of customers is on a moderate recovery trend after the pre-emergency measures were lifted nationwide in late March.

Under such circumstances, Harborland Restaurant changed menus to enrich alcohol menus. The new menus have been well received by customers and offered in all our restaurants since May.

We continue to offer services to satisfy customers with unparalleled menus and voluminous foods at affordable price.



当店はフードロス削減に取り組んでいます。

50%OFF

※一部、対象外のメニューがございます。
※店内のお料理が対象となります。新たに追加はいたしません。あらかじめご了承ください。



Initiatives to reduce food waste

Premium Karubi

Total Number of Restaurants: 13 (as of April 30, 2022)



Premium Karubi opened 1 restaurant during FY2022 Q2 alone, resulting in a net increase of 3 restaurants during FY2022 Q2 cumulative.

In April 2022, it increased the number of customers 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.

Also, we have regularly offered a limited-time menus, which includes those with the taste of cuisines from around the world. Since June 2022 all the restaurants have run a marketing campaign titled "Thailand Fair" to enhance customer satisfaction.

Restaurants Opened during FY2022

Kohoku Hiyoshi	6-1-15 Hiyoshi, Kohoku-ku, Yokohama-shi, Kanagawa
Shikinomori	720 Kamishirane-cho, Asahi-ku, Yokohama-shi, Kanagawa
Urawa	3-1-25 Tsuji, Minami-ku, Saitama-shi, Saitama * Opened on April 12.

* We plan to open new restaurants in May onwards in phases.



Note: Menus may vary by restaurant and season.

Chisouna

Total Number of Shops: 65 (as of April 30, 2022)

Chisouna opened 8 shops during FY2022 Q2 alone, resulting in a net increase of 16 shops during FY2022 Q2 cumulative.

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



Factors behind Strong Performance

Despite soaring prices of some raw materials, Chisouna maintains a price advantage by working on menu changes and cooking operations efficiency. The voluminous fresh homemade foods keep attracting customers.

Shops Opened during FY2022 Q2 alone

Yamato Takada	14-4 Tsukiyama, Yamatotakada-shi, Nara
Miyakonojo	28-gaiku 6-go Kitahara-cho, Miyakonojo-shi, Miyazaki
Kyuhoji-eki Minami	2-1-38 Taishido, Yao-shi, Osaka
Chikugo Kita	261-1 Otsubo, Kumano, Chikugo-shi, Fukuoka
Wakura	41 Koyodai, Nanao-shi, Ishikawa
Ranzan	208-1 Hirasawa, Ranzan-machi, Hiki-gun, Saitama
Nagamine	3-9-1 Nagamine Minami, Higashi-ku, Kumamoto-shi, Kumamoto
Bizen	1278-36 Nishikatakami, Bizen-shi, Okayama



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.
- The existing power plants operated steadily, contributing to year-on-year increases in sales and profit.
- We plan to gradually start operating solar power plants in Fukushima and Miyagi.



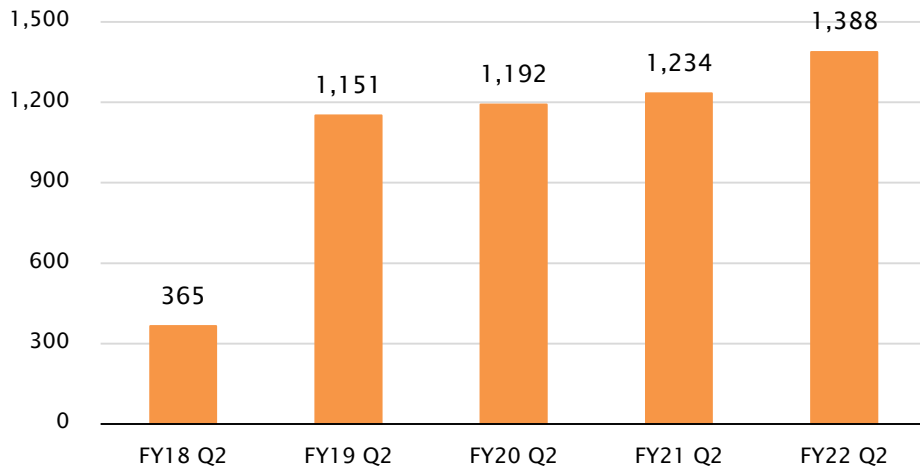
Kobe Bussan's Solar Power Plant
(Photo: The plant in Misaki-cho generates 9.9 MW.)



Kobe Bussan's Woody Biomass Power Plant

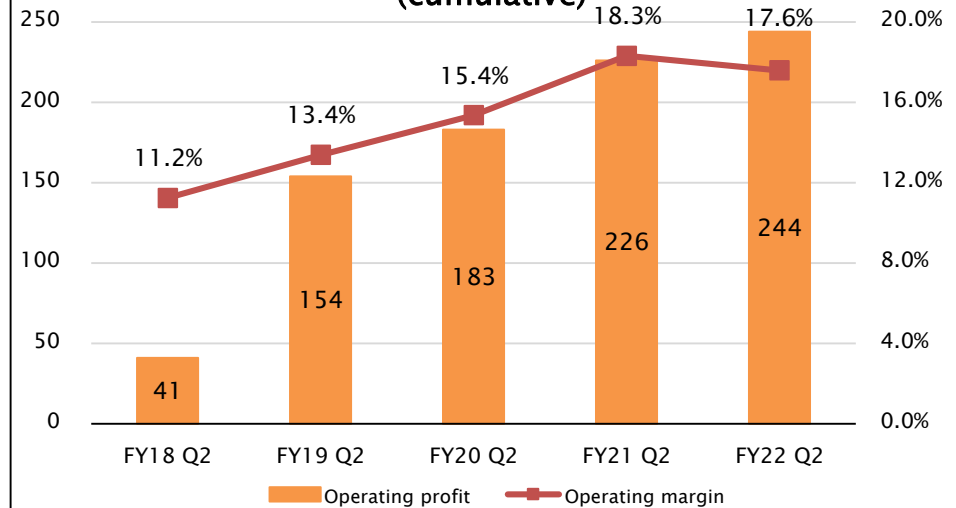
<Millions of yen>

Net Sales (cumulative)



<Millions of yen>

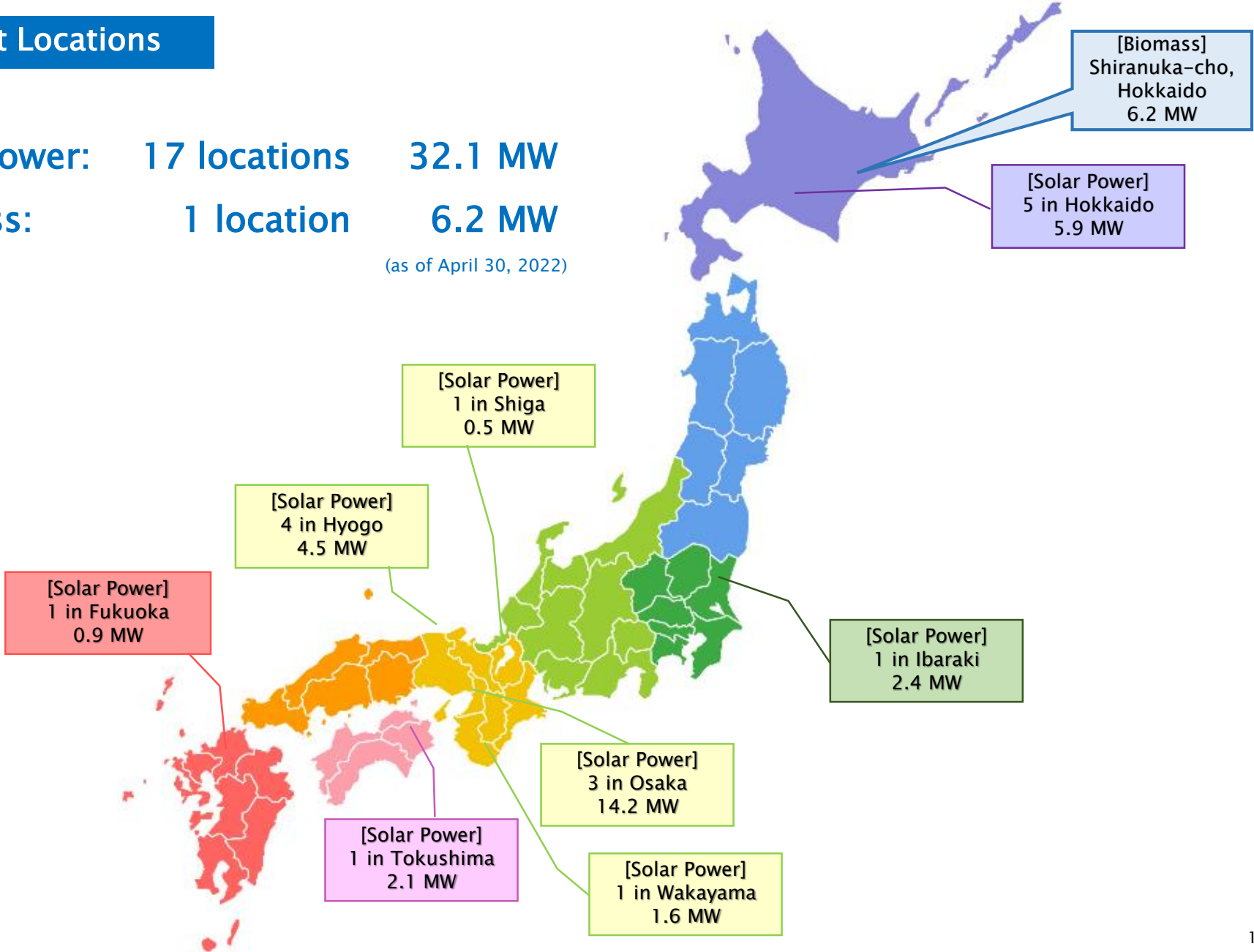
Operating Profit (cumulative)



Plant Locations

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

(as of April 30, 2022)



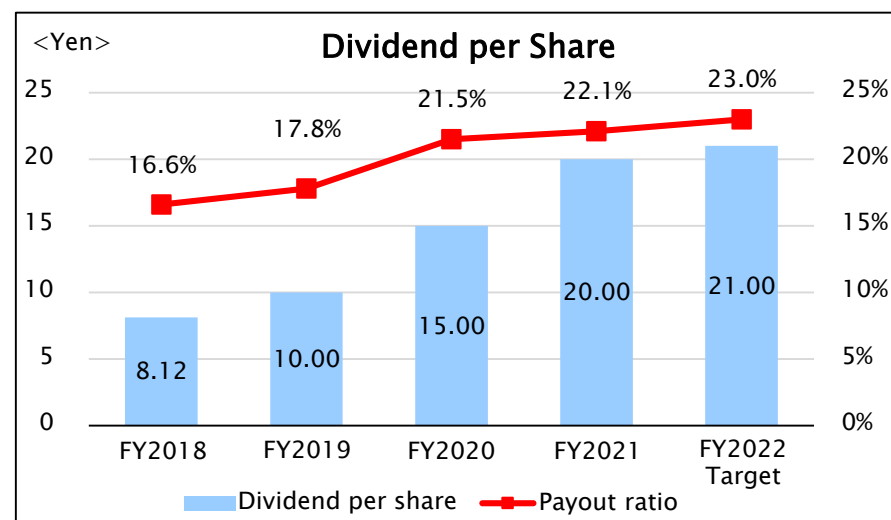
Dividends

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)

	Q2 actual	Full-year forecast	Year on year	Progress towards full-year forecast
Net sales	198,161	380,000	12.3%	52.1%
Operating profit	14,733	28,800	2.4%	51.2%
Profit attributable to owners of parent	11,037	19,800	8.9%	55.7%

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 June 13, 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.

For information regarding this material, please contact:

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