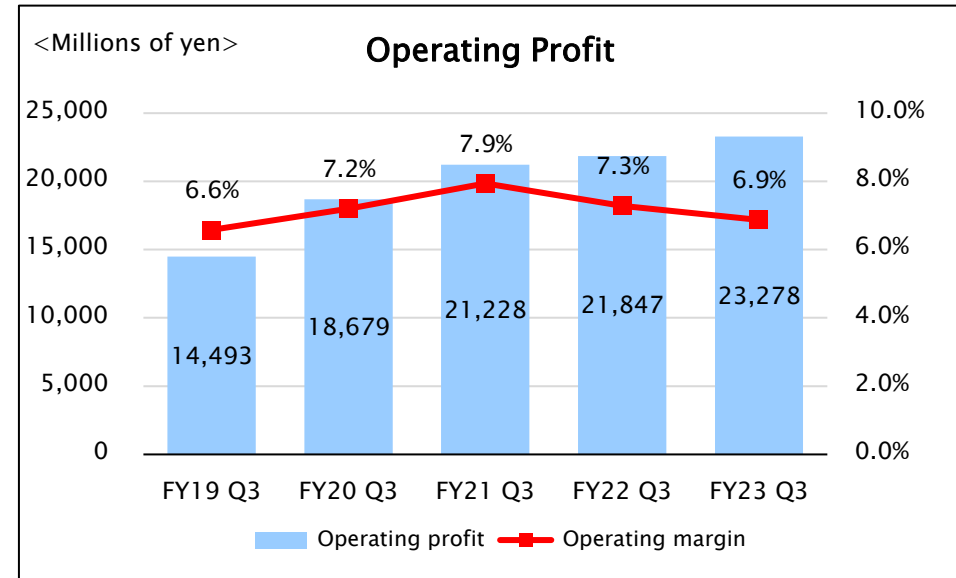
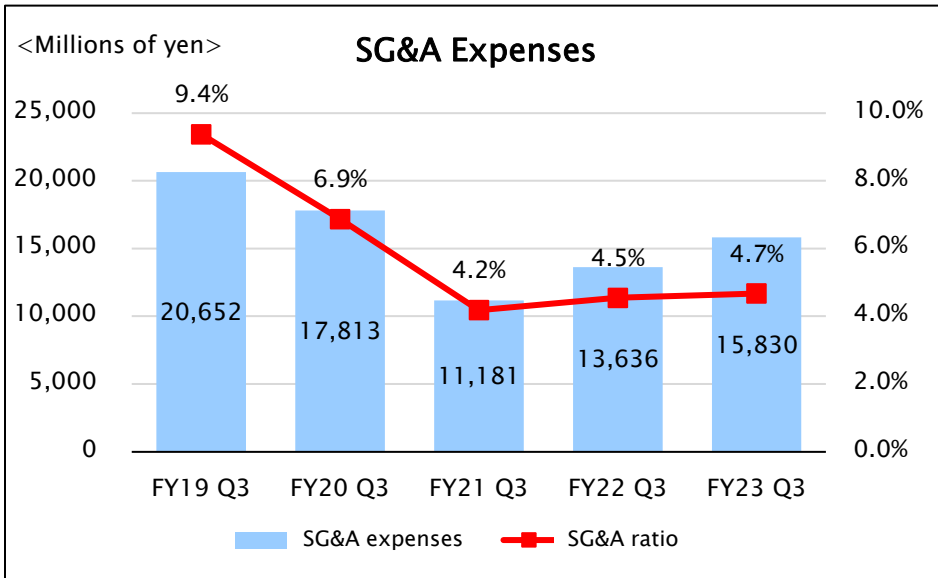
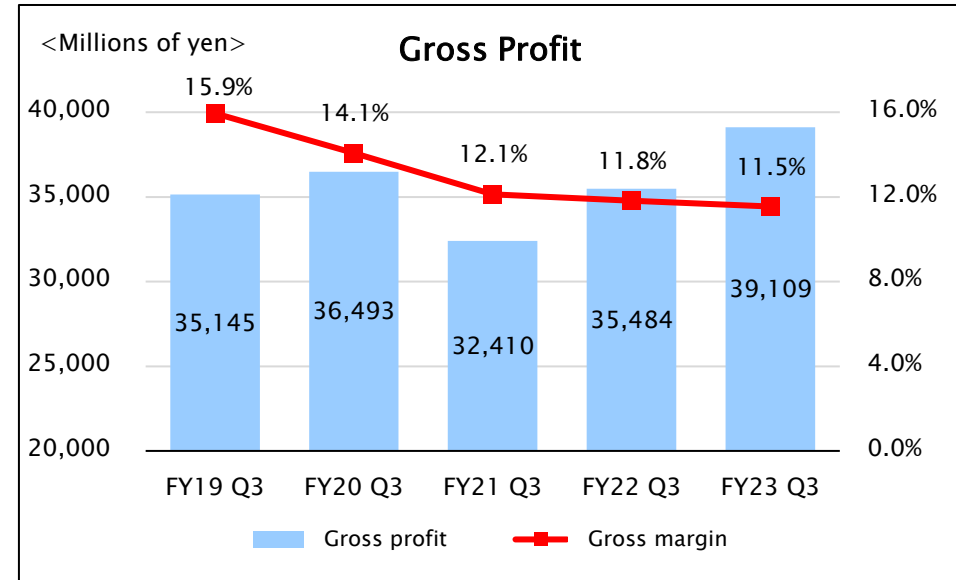
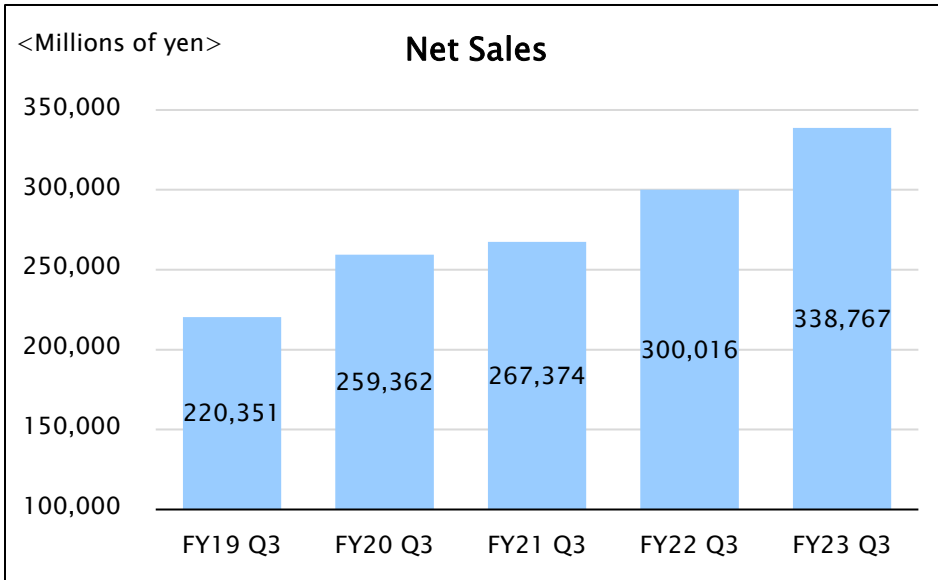


Supplementary Material for
FY2023 Q3 Financial Results

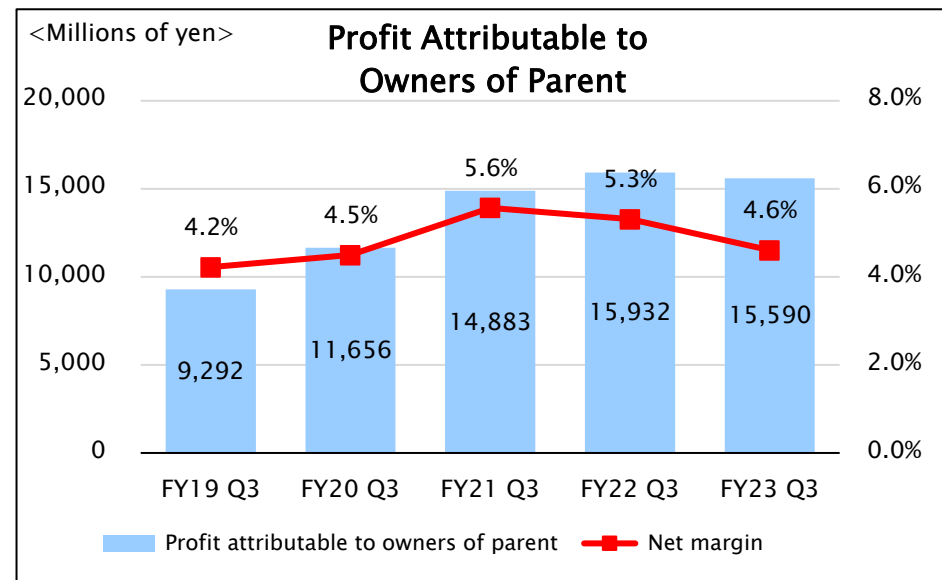
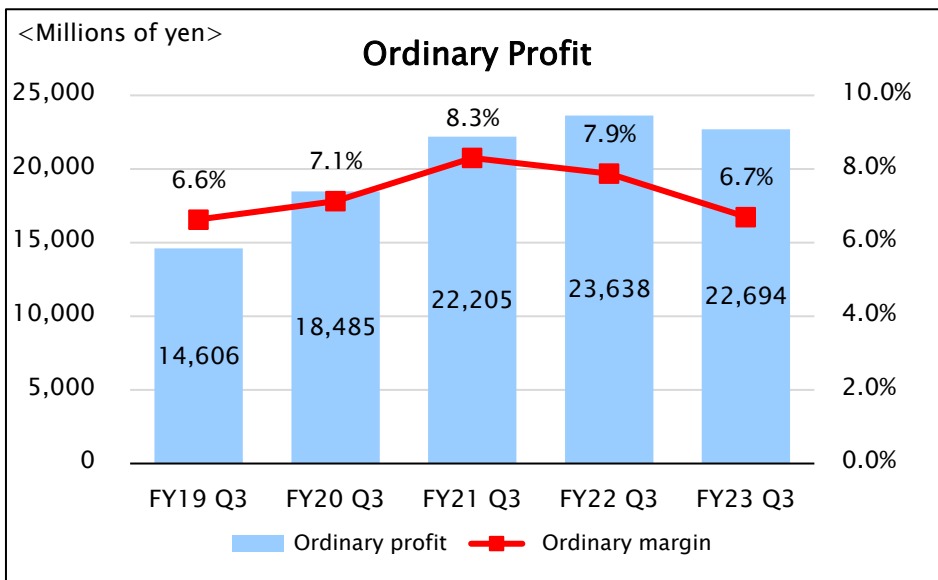
September 12, 2023



● Consolidated Financial Highlights	2
● Gyomu Super Business	4
● Outline of Gyomu Super Franchise Agreement	5
● Changes in Total Number of Gyomu Super Stores	6
● Year-on-year Changes in Product Shipments to Gyomu Super Stores	7
● Kobe Bussan’s Strengths: “Unique Products with Competitive Advantages”	8
● Restaurant & Delicatessen Business	9
● Eco Renewable Energy Business	13
● Shareholder Returns	15
● Consolidated Financial Forecast	16



Note: Fiscal year (FY) represents the one-year period from November 1 to October 31 of the following year.

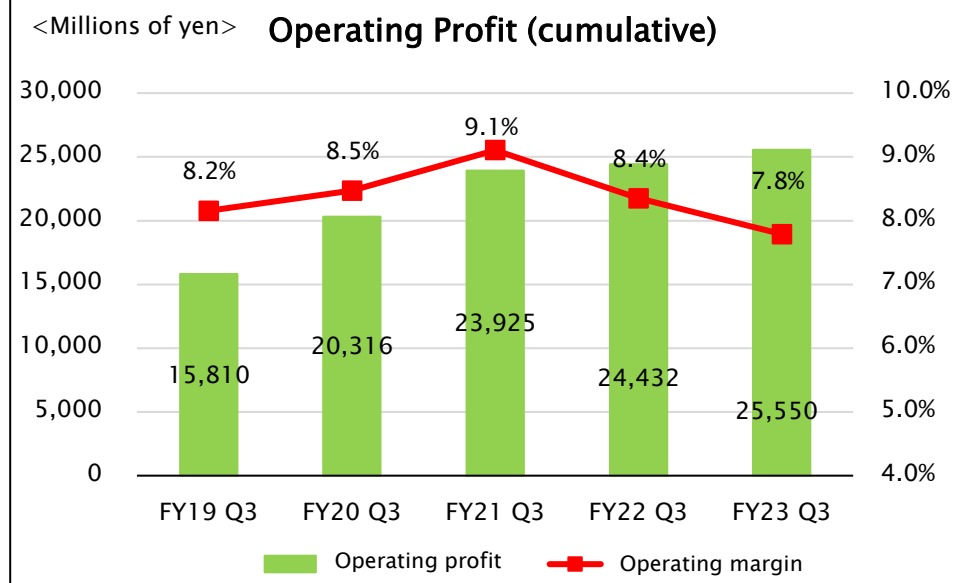
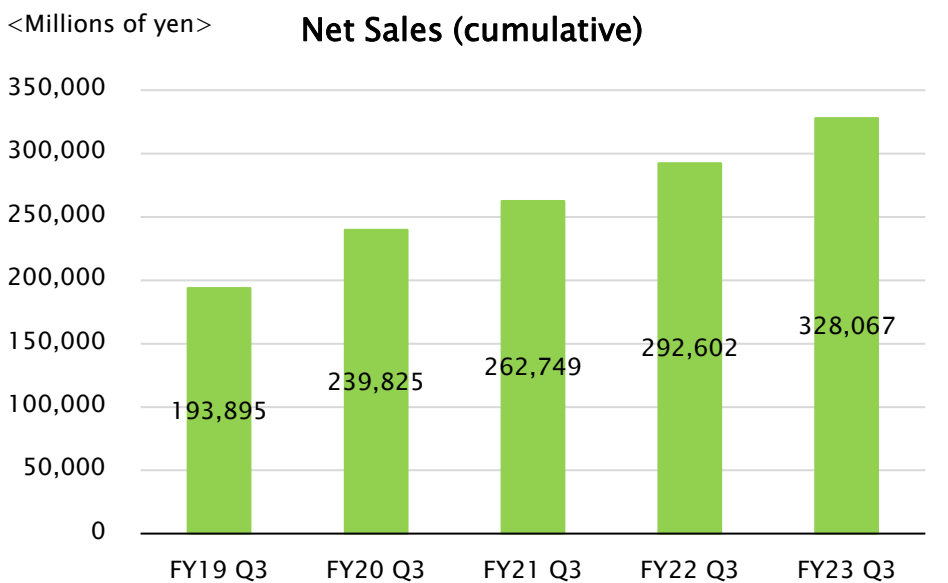


[Financial Overview]

- Net sales**
 Net sales increased by ¥38,750 million (12.9%) year on year with robust new store openings and continued strong product shipments to existing stores.
- Gross profit**
 Gross profit increased by ¥ 3,625 million (10.2%) year on year due to the continued strong net sales despite the impact of the exchange rate fluctuations.
- SG&A expenses**
 SG&A expenses increased by ¥2,193 million (16.1%) year on year due to increases in freight costs for the Gyomu Super Business and personnel and rent expenses resulting from the opening of our directly operated BBQ restaurants.
- Operating profit**
 As a result of the factors above, operating profit increased by ¥1,431 million (6.6%) year on year
- Ordinary profit**
 Ordinary profit decreased by ¥944 million (4.0%) year on year due to a valuation loss on forward exchange contracts entered into to hedge the exchange rate fluctuation risk. While the valuation loss varies depending on the exchange rates at quarter-end, we expect the loss to be reduced by the end of FY2023.
- Profit attributable to owners of parent**
 As a result of the factors above, profit attributable to owners of parent decreased by ¥342 million (2.1%) 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 1,032 stores as of July 31, 2023.
- Net sales for FY2023 Q3 exceeded the planned amount due to strong performance of the existing stores.
- We have also revised prices for some of the imported private label items, given the weakening yen since this spring.



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 four years are not consistent with that for FY2019.

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 1 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 July 31, 2023)

	Directly managed areas	Indirectly managed areas
Number of franchisees	89	15
Type of franchise agreement	Single-unit franchise (A general franchisee can open 1 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 ¥32 million and ¥38 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)

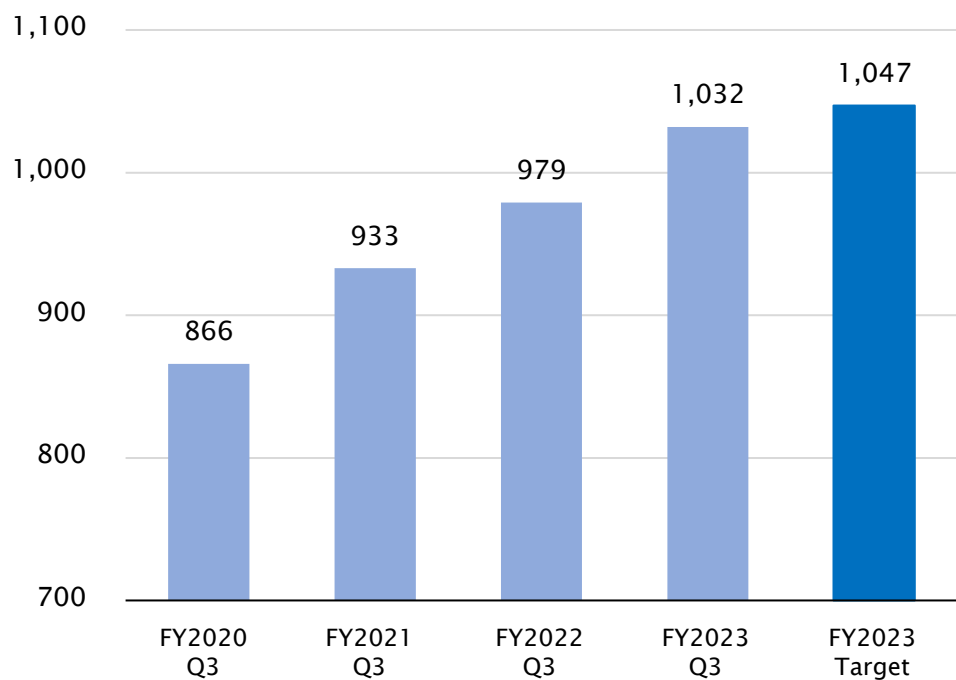
P&L account	Monthly amount	Composition
Net sales	¥43,500,000	100.0%
Gross profit	¥7,395,000	17.0%
SG&A expenses	¥6,499,000	14.9%
(Rent expenses)	¥1,300,000	3.0%
(Personnel expenses)	¥2,393,000	5.5%
Operating profit	¥896,000	2.1%

* 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 9, resulting in a net increase of 25 stores during FY2023 Q3 cumulative, and opened 10 stores and closed 1 during FY2023 Q3 alone.

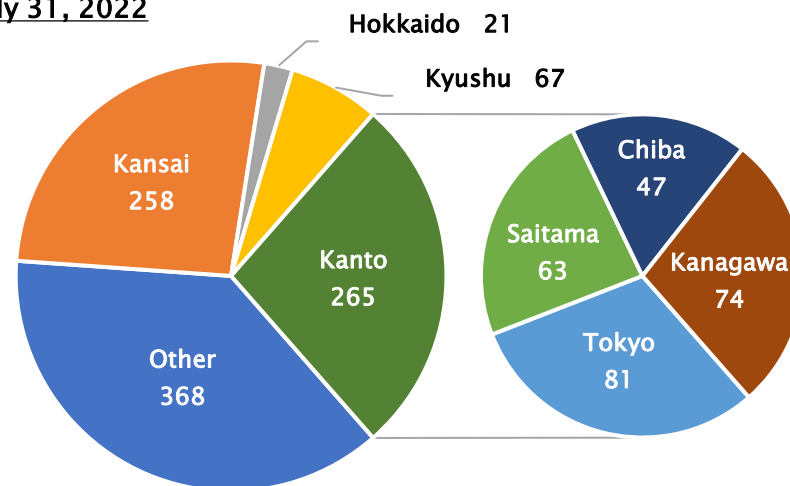
The progress at the end of FY2023 Q3 was 63% toward the full-year target of a net increase of 40 stores.

Total Number of Gyomu Super Stores (cumulative)

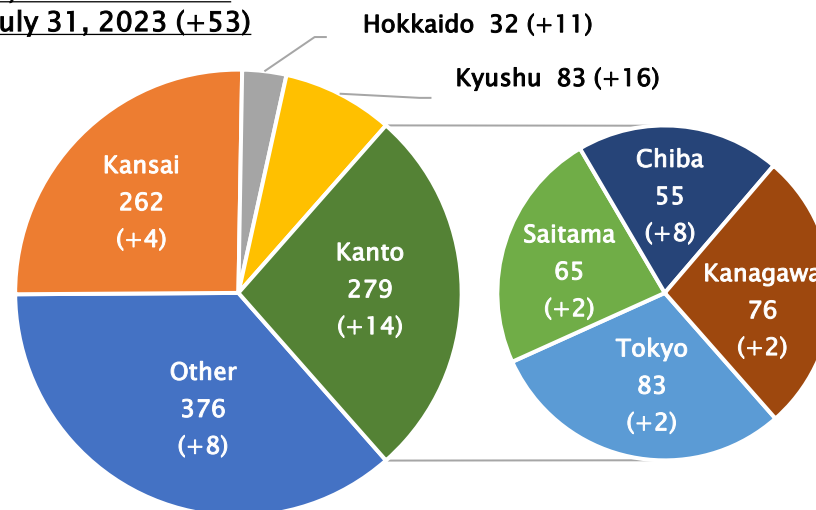


Number of Stores by Area

979 stores as of July 31, 2022



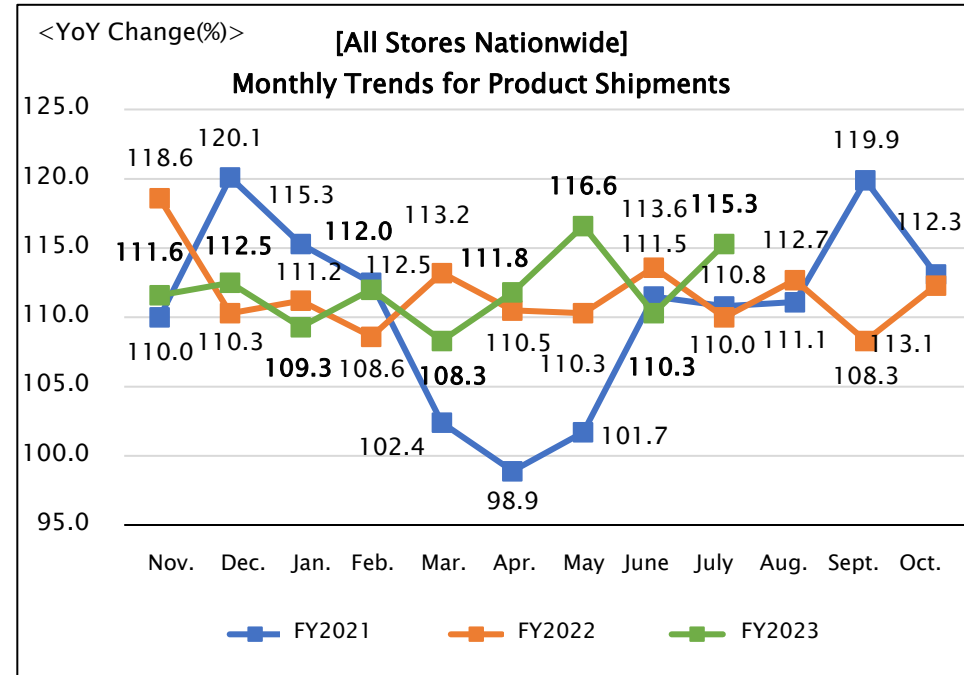
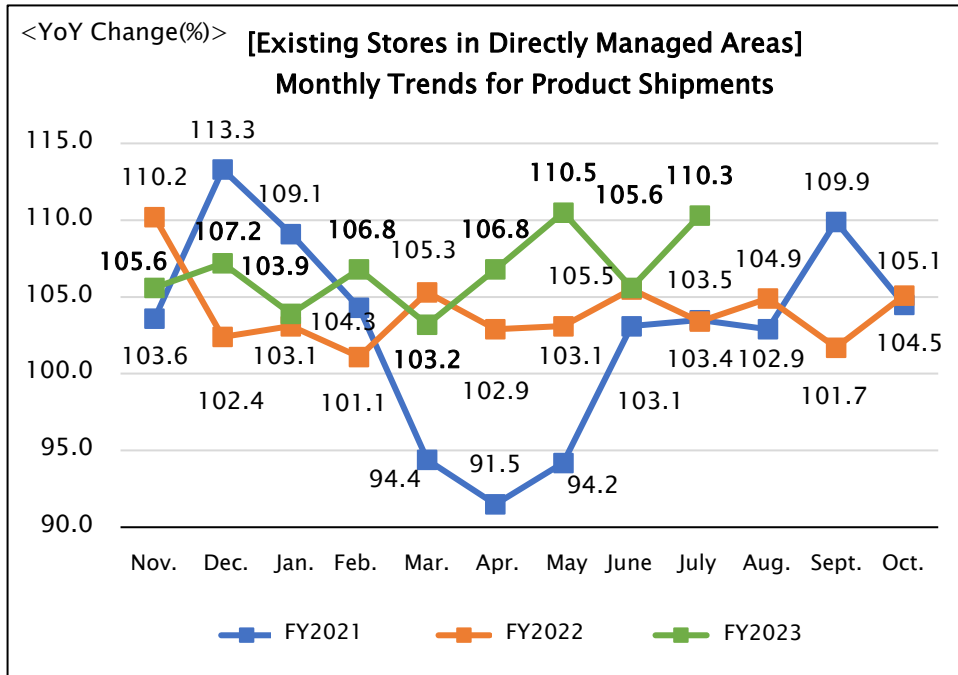
1,032 stores as of July 31, 2023 (+53)



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 the existing stores remained strong with the number of customer visits on the rise.



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

		FY2023									
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July
Directly managed areas	Existing stores	105.6	107.2	103.9	106.8	103.2	106.8	105.6	110.5	105.6	110.3
	All stores	112.1	112.6	109.5	112.5	108.5	112.7	111.4	116.5	111.1	115.5
Nationwide	All stores	111.6	112.5	109.3	112.0	108.3	111.8	111.0	116.6	110.3	115.3

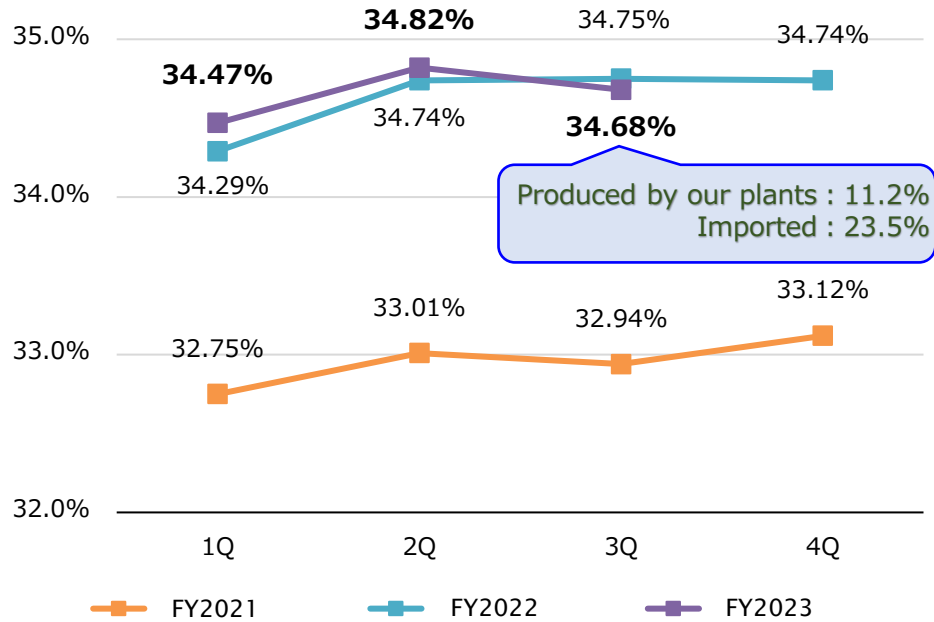
Products shipments to existing stores in directly managed areas for each quarter alone

Q1 : 105.7%
Q2 : 105.5%
Q3 : 108.8%

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

Enhancing Original Products

Ratio of Private Label Products



- While shipments of private label products were on the rise, national brand products continued to perform even stronger.
- Notably, the extreme heat has driven a surge in demand for beverages and other summer season items.

Samples of Private Label Products

- Products produced by Kobe Bussan Group's plants



Potato Salad

¥429 (500 g x 2)



Mackerel Flakes with Spicy Cod Roe

¥257 (1 bottle)



Natural Yeast White Bread

¥284 (1 loaf)

- Import products



Tempe

¥375 (450 g)



French Mini Croissants

¥429 (240 g)



Broccoli

¥181 (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.

- All the three brands performed well.
- Various events held during the Golden Week holidays and summer vacation helped attract more customers.

As a result of the above, the segment performance improved significantly.



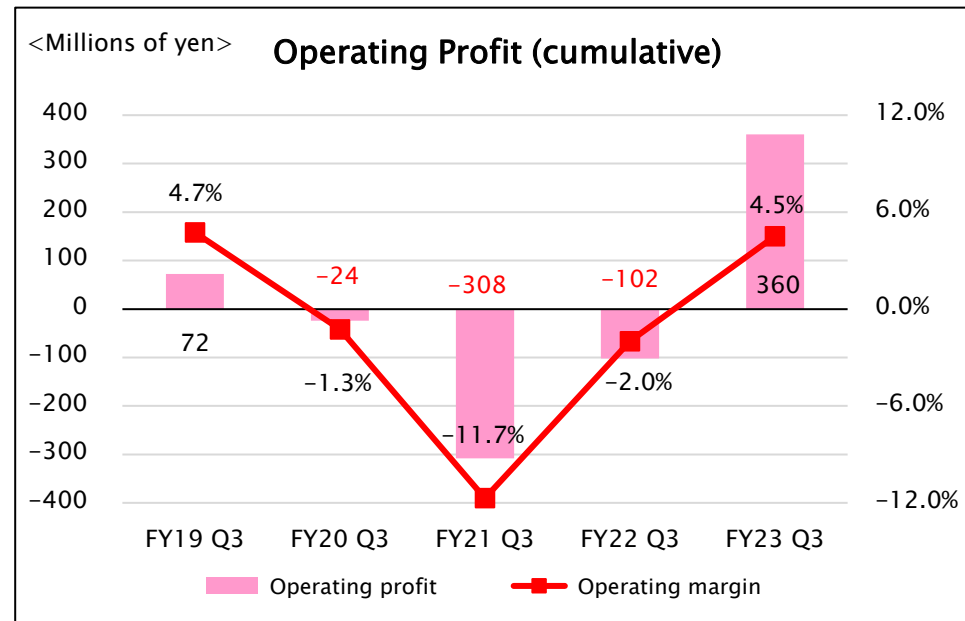
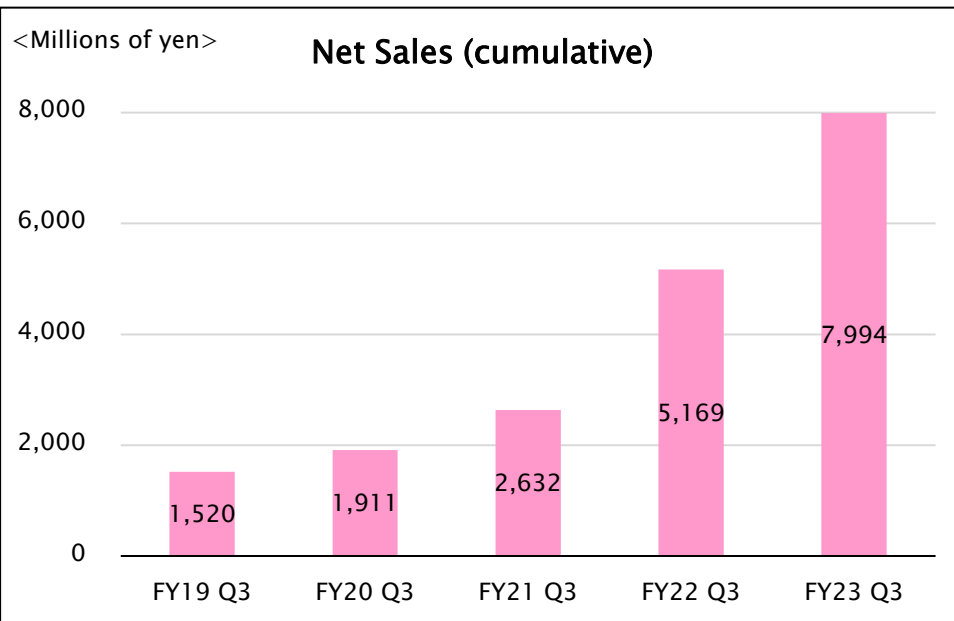
Kobe Cook World Buffet



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 four years are not consistent with that for FY2019.

Kobe Cook World Buffet

Total Number of Restaurants: 14 (as of July 31, 2023)

Kobe Cook World Buffet opened 3 restaurants and closed none, resulting in a net increase of 3 restaurants during FY2023 Q3 cumulative, and opened 1 restaurant and closed none during FY2023 Q3 alone.

We enjoyed strong sales due to the growing demand from large party guests such as tourist groups from abroad.



Getting back to the Founding Concept

July and August featured a marketing campaign with a tagline of “Enjoy foods & drinks from around the World.”

Taking advantage of a summer vacation season with no movement restrictions imposed for the first time in three years, the campaign was intended to remind customers of World Buffet’s founding concept: A restaurant offering more than 100 kinds of dishes from around the world in the spacious restaurant without worrying about time. The campaign was well accepted, with the highest number of customer visits during the summer vacation period since the outbreak of the COVID-19.

Overview of FY2023 & Business Strategy

All our restaurants continue to see an increase in group demand thanks to a recovery in the number of tourists from home and abroad, recovering the number of customer visits steadily. Sales, especially in Harborland Restaurant, are expected to exceed the pre-COVID-19 level.

Going forward, we continue to offer services that satisfy customers with the menu, volume of food and price unparalleled to any other restaurant chains.



Seasonal limited offer: “Enjoy foods & drinks from around the world”

Premium Karubi

Total Number of Restaurants: 19 (as of July 31, 2023)

Premium Karubi opened 3 restaurants and closed none, resulting in a net increase of 3 restaurants during FY2023 Q3 cumulative, and did not open or close any restaurants during FY2023 Q3 alone.

The number of customer visits remained strong during the summer vacation despite a high traffic of people to event venues following the lifting of movement restrictions.



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 offer new menus for each season so that repeat customers can enjoy our meals. We ran a marketing campaign titled “Italy Fair” from June to August.

Also, our dessert buffet uses seasonal ingredients every season. In July and August, we offered summery gelatos featuring *ramune* soda (Japanese lemonade) and watermelon flavors with popping candy, which were well received by customers.

Grand Menu

厳選焼肉食べ放題100分

プレミアムデザート & ジェラートビュッフェ付き

Restaurants Opened during FY2023

Lake Town	5-1-2 Lake Town, Koshigaya-shi, Saitama
Fuji	1 Takashima-cho, Fuji-shi, Shizuoka
Nakatomatic	828-18 Nakatomatic-cho, Utsunomiya-shi, Tochigi

A new store is scheduled to open in Matsudo-shi, Chiba in September.



Note: Menus may vary by restaurant and season.

Chisouna

Total Number of Shops: 102 (as of July 31, 2023)

Chisouna opened 17 shops and closed 2, resulting in a net increase of 15 shops during FY2023 Q3 cumulative, and opened 4 shops and closed none during FY2023 Q3 alone.

We achieved 100 shops nationwide in May.



Factors behind Strong Performance

Despite continuous soaring prices of raw materials, Chisouna maintains a price advantage by working on price revisions, menu changes, and improvement in cooking operations efficiency. In addition, a strong synergy effect on attracting more customers to Gyomu Super stores is accelerating the willingness of franchisees to open new shops. The voluminous fresh homemade foods keep attracting customers.



Recent Development

We introduced a new format in which a Chisouna section was established in a drugstore in December 2022 with favorable responses from franchisees and customers.

We are focusing on new dish development to satisfy diverse customers.

As such, we continue to expand the number of shops without limiting those established in Gyomu Super stores.



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

7 AFFORDABLE AND CLEAN ENERGY

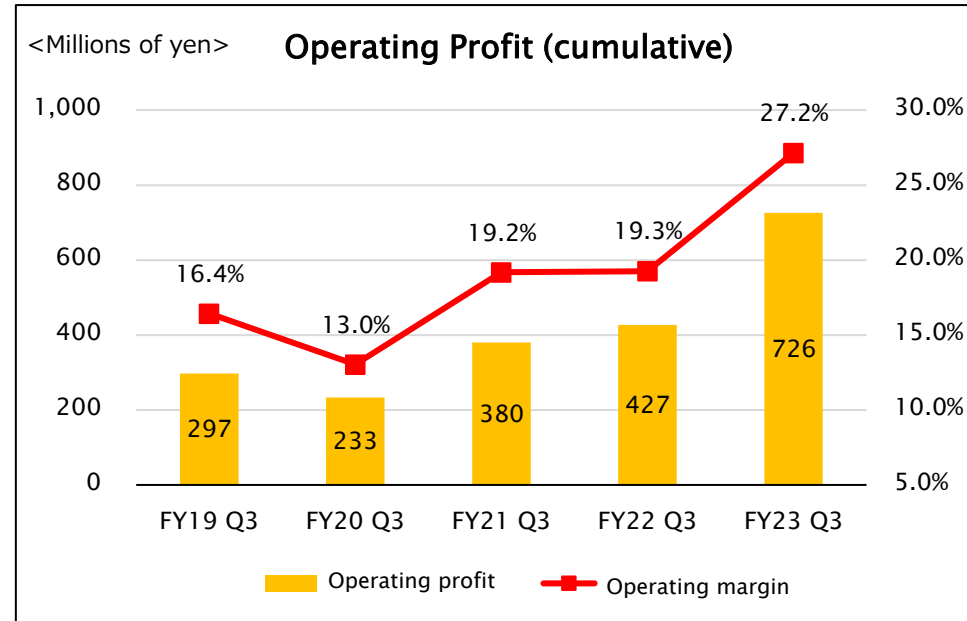
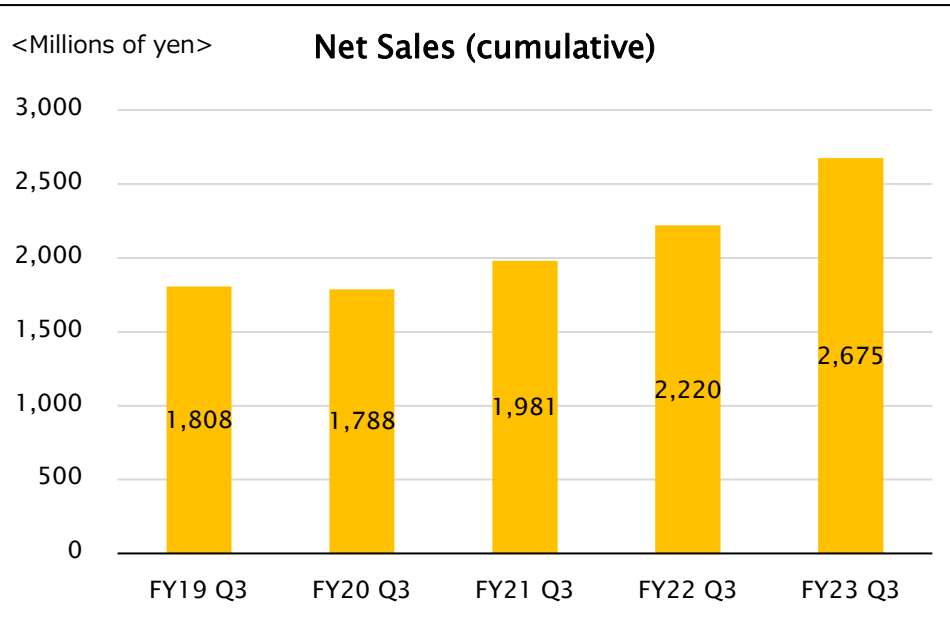


We provide eco-friendly, safe, and reliable renewable energy by operating solar and woody biomass power plants.

- The year-on-year increase in both net sales and operating profit was achieved in part by the addition of a solar power plant in Nishigo-mura, Nishishirakawa-gun, Fukushima with a generation capacity of approx. 18.9 MW, which started operations in June 2022.
- Our solar power plants are going to generate a total of 80 MW after a new plant in Miyagi with a generation capacity of approx. 30 MW will start operations in the fall of 2023.



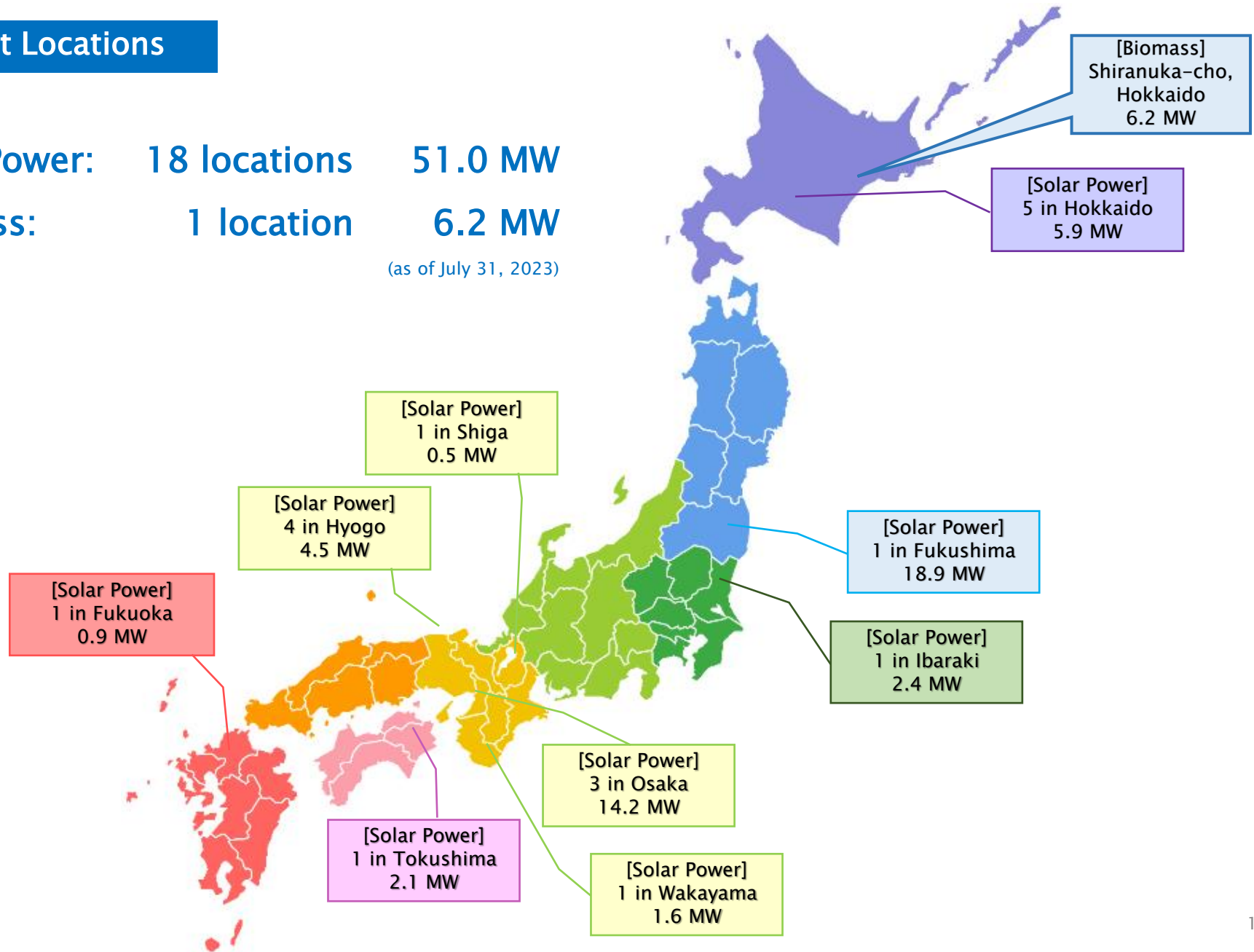
Kobe Bussan's Solar Power Plant
(Photo: Higashimatsushima Power Plant with a capacity of 30 MW, which will start operations this fall)



Plant Locations

Solar Power: 18 locations 51.0 MW
Biomass: 1 location 6.2 MW

(as of July 31, 2023)



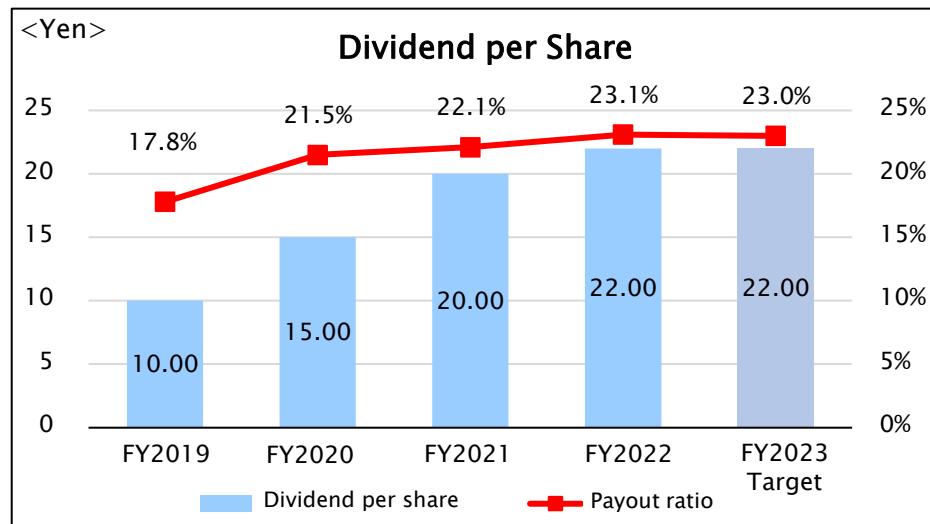
Dividends

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 FY2022, we paid the annual year-end dividends of ¥22.00 per share, up ¥1.00 from the initial forecast of ¥21.00.

For FY2023, we plan to pay the annual dividends of ¥22.00 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 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. We will send JCB Gift Card to shareholders who hold 100 shares or more as of October 31 of each year, according to the number of years of ownership and the number of shares held.

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.

FY2023 Forecast

(Millions of yen)

	Q3 actual	Full-year forecast	Progress towards Full-year forecast
Net sales	338,767	440,000	77.0%
Operating profit	23,278	29,700	78.4%
Profit attributable to owners of parent	15,590	21,200	73.5%

[Note]

The above forecast reflects the assumption that the weak yen against US dollar will continually increase the cost of imported products as well as the costs of raw materials and infrastructure.

Gyomu Super Business Guideline towards FY2023 Forecast

	FY2023 target	Action plan
Target of store openings	Net increase of 40 stores	Open stores focusing on the Kanto and Kyushu areas under direct management. Strengthen property data-gathering capability driven by headquarters.
Product development	Rise in PB ratio	Focus on private label products developed by our group plants and those imported directly by ourselves.

- This material contains forward-looking statements based on assumptions, estimates, and plans as of September 12, 2023.
- 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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