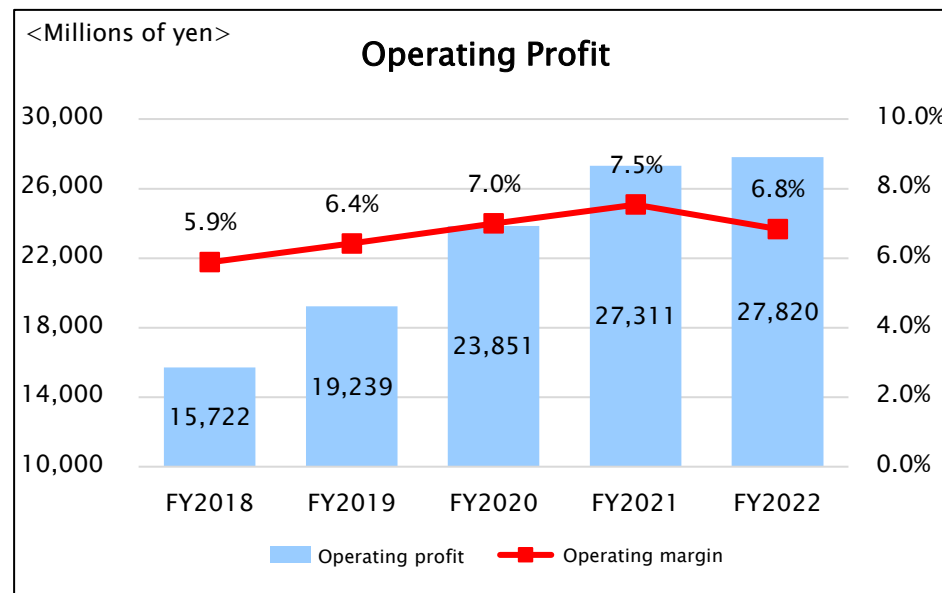
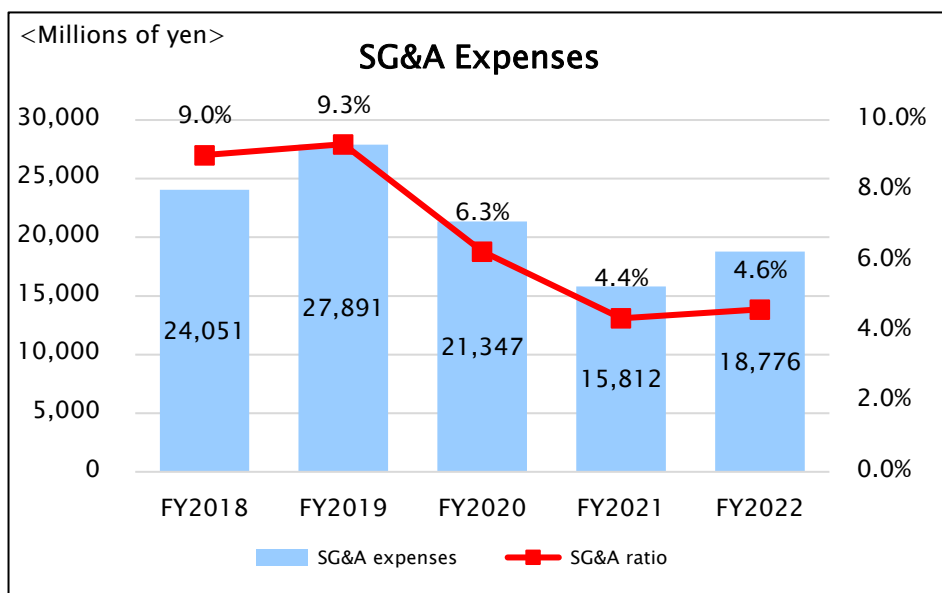
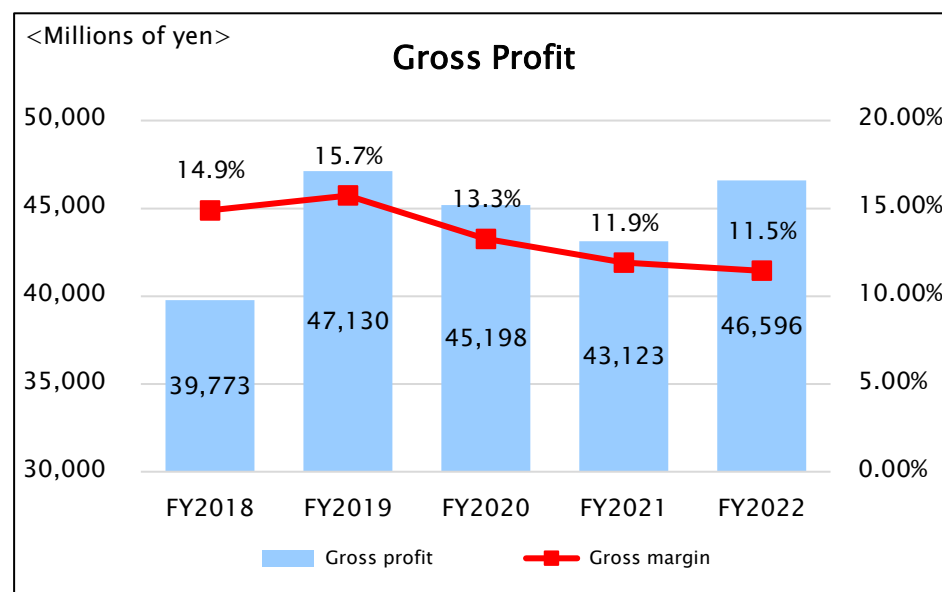
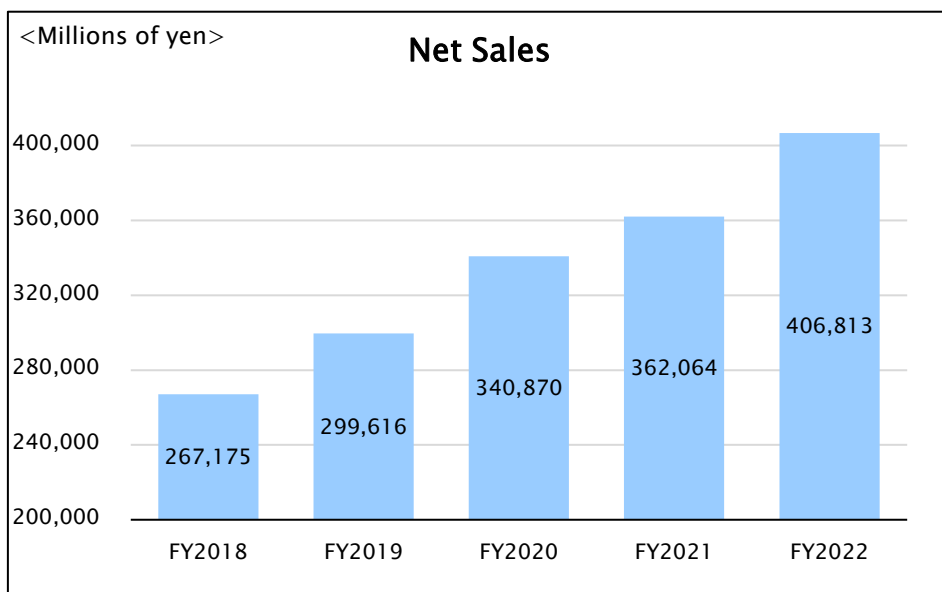


Supplementary Material for
FY2022 Financial Results

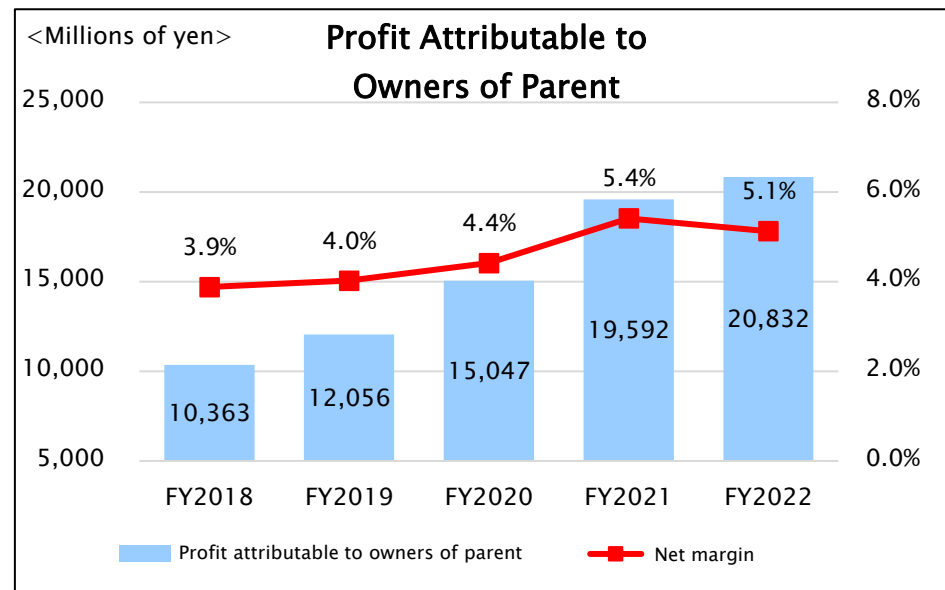
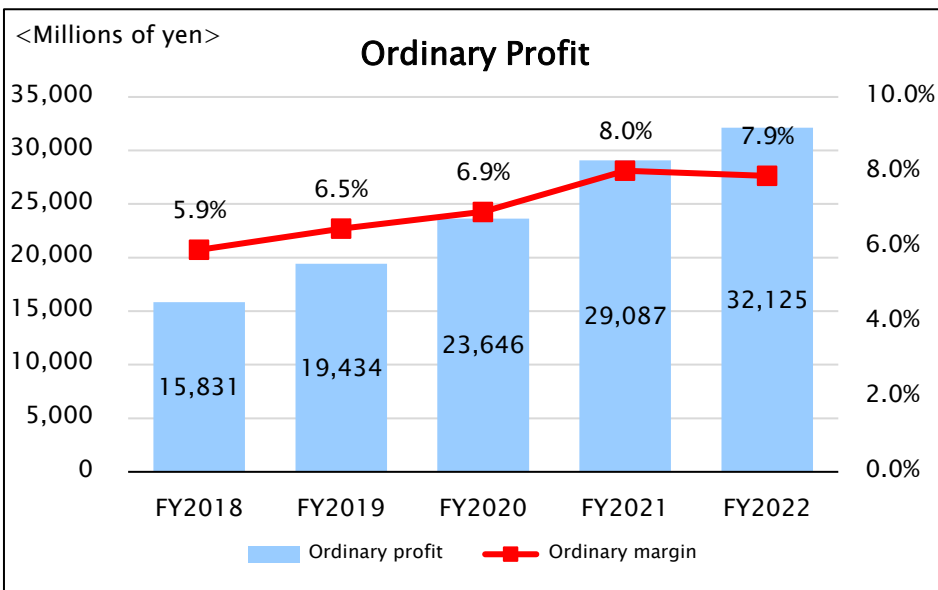
December 15, 2022



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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 ¥44,748 million (12.4%) year on year with a significant increase in the number of stores and continued strong product shipments to existing stores.

- **Gross profit**

Gross profit increased by ¥3,472 million (8.1%) year on year despite a drop in the gross margin due to the rise in costs caused primarily by soaring prices of raw materials and the weakening of yen. To mitigate the impact of such high costs, we reduced production costs partly by adjusting the formulation of raw materials and increased the hedge ratio by entering into new forward exchange contracts.

- **SG&A expenses**

SG&A expenses increased by ¥2,963 million (18.7%) year on year due to increases in freight costs for the Gyomu Super Business, and personnel expenses and rent expenses for the opening of our directly operated BBQ restaurants.

- **Operating profit**

Despite a drop in the operating margin due to increases in cost of sales and SG&A expenses, operating profit increased by ¥508 million (1.9%) year on year thanks to the net sales growth.

- **Ordinary profit**

We entered into new forward exchange contracts to mitigate the impact of the rise in costs caused by the weakening of yen. As a result of the further weakening of yen, ordinary profit increased by ¥3,037 million (10.4%) year on year by the recording of a gain on valuation of foreign exchange contracts.

- **Profit attributable to owners of parent**

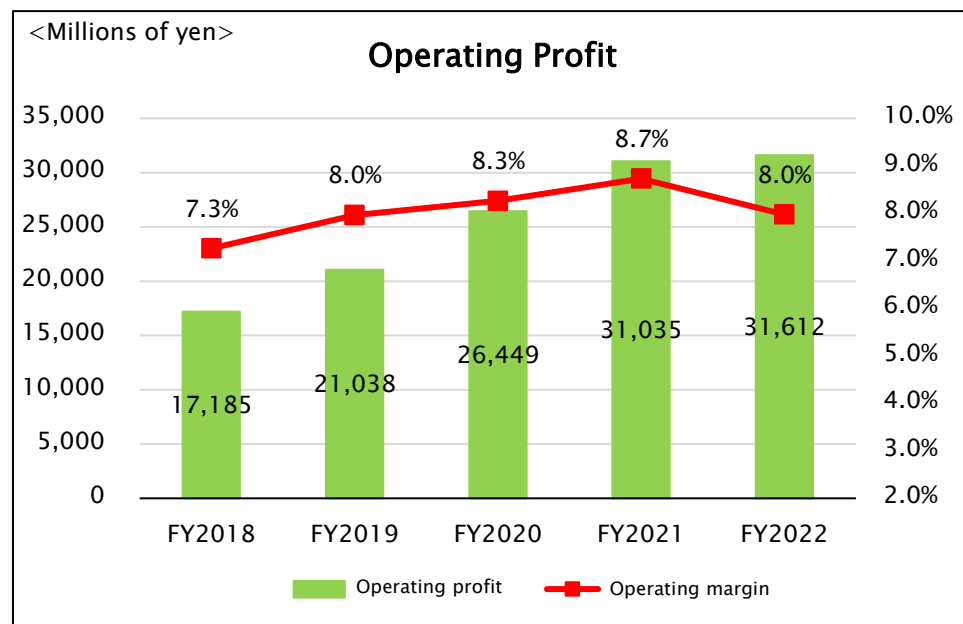
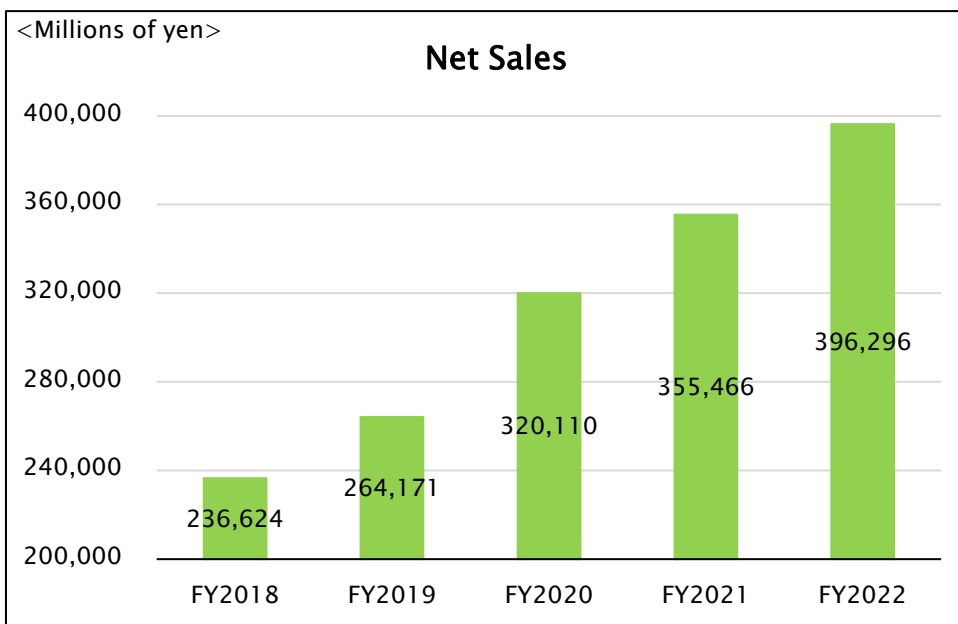
Profit attributable to owners of parent increased by ¥1,240 million (6.3%) year on year reaching over ¥20,000 million for the first time since our foundation thanks to a continued strong sales and a successfully implemented strategy to deal with exchange rate fluctuations despite the recording of an impairment loss.

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 1,007 stores as of October 31, 2022.
- We revised prices in phases to address cost rises caused primarily by the soaring prices of raw materials.
- Our strong business performance led to a revision of our profit/loss simulation per store.



Gyomu Super Hakodate Taya Store (Our 1000th 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 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 October 31, 2022)

	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

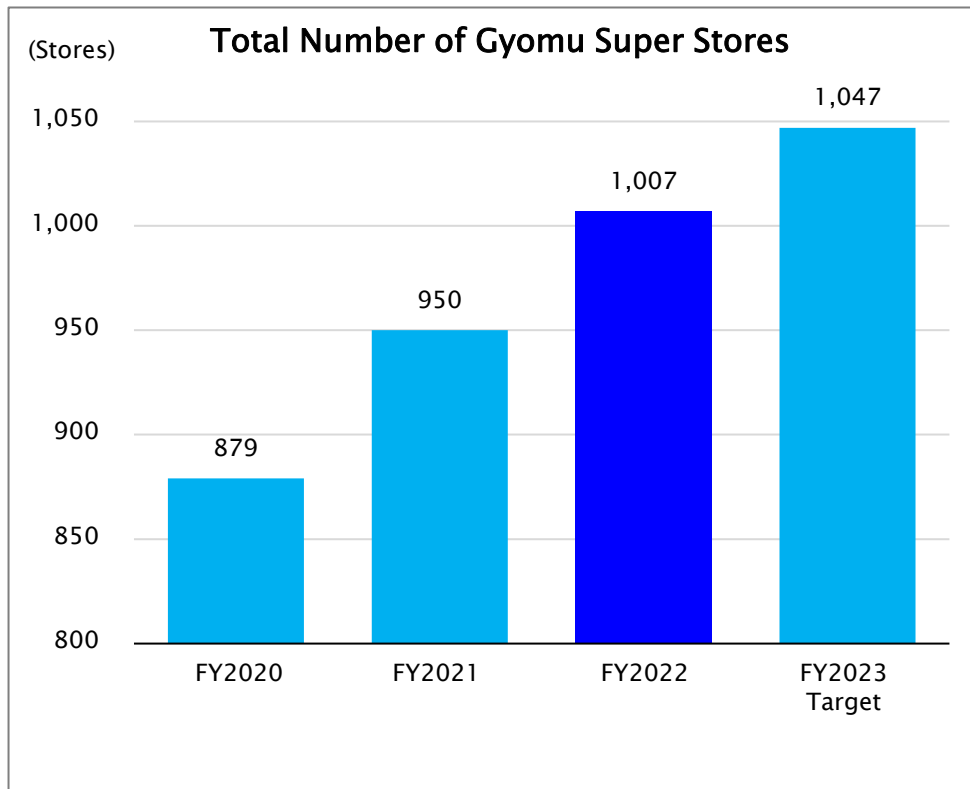
Simulated Earnings (Standard Store Franchisees)

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.

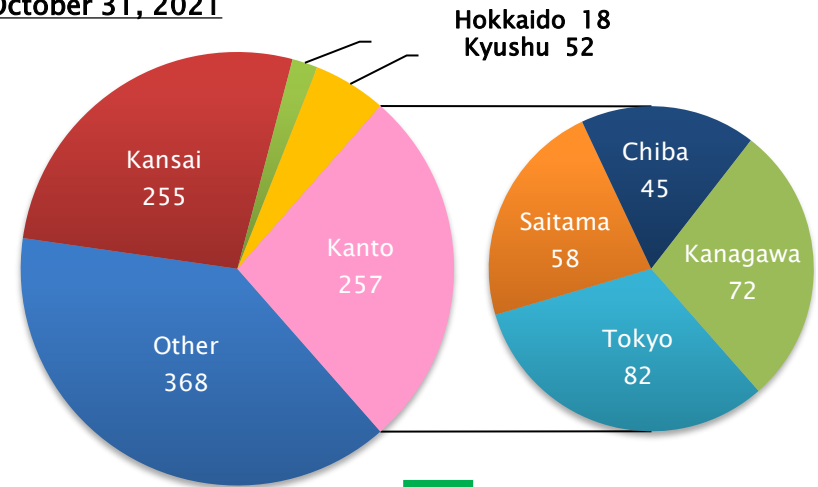
Gyomu Super opened 79 stores and closed 22, resulting in a net increase of 57 stores during FY2022, and opened 31 stores and closed 3 during FY2022 Q4 alone.

Our franchisees remain keen to open new stores, although we missed our store opening target partly due to a delay in arrival of refrigeration equipment caused by the semiconductor shortage.

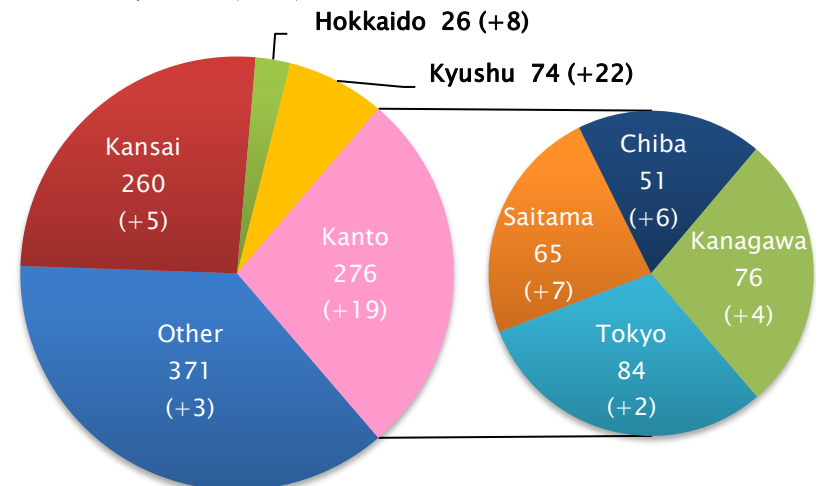


Number of Stores by Area

950 stores as of October 31, 2021



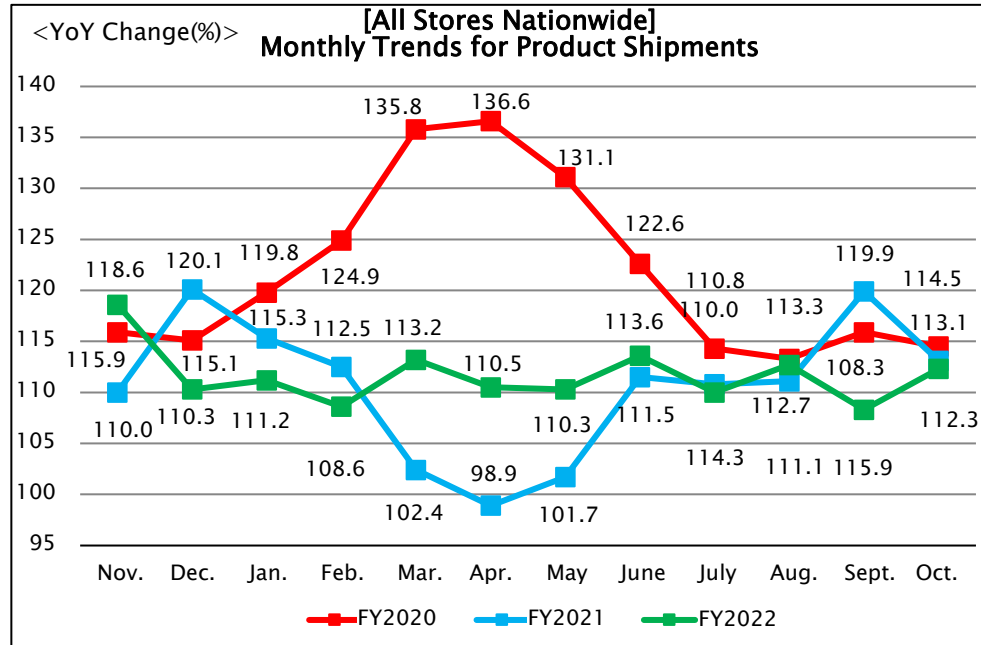
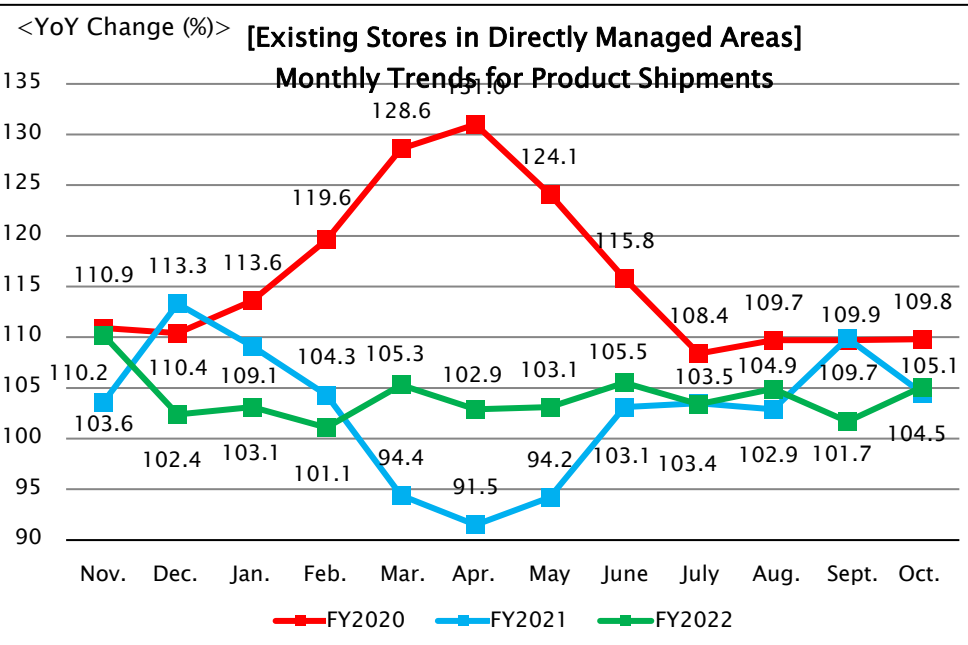
1,007 stores as of October 31, 2022 (+57)



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 during FY2022 exceeded the planned amount even in the face of the slowing food retail industry in Japan due to the resumption of business as usual at restaurants and the lifting of movement restrictions.



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

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

1 Q : 105.1%
 2 Q : 103.1%
 3 Q : 104.0%
 4 Q : 103.9%

		FY2022														
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1	May	June	July	Aug.	Sept.	Oct.	H2	Full
Directly managed areas	Existing stores	110.2	102.4	103.1	101.1	105.3	102.9	104.1	103.1	105.5	103.4	104.9	101.7	105.1	103.9	104.0
	All stores	116.6	108.8	109.3	107.5	111.9	108.6	110.4	108.5	111.7	108.8	110.5	107.9	112.6	110.0	110.2
Nationwide	All stores	118.6	110.3	111.2	108.6	113.2	110.5	112.0	110.3	113.6	110.0	112.7	108.3	112.3	111.2	111.6

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

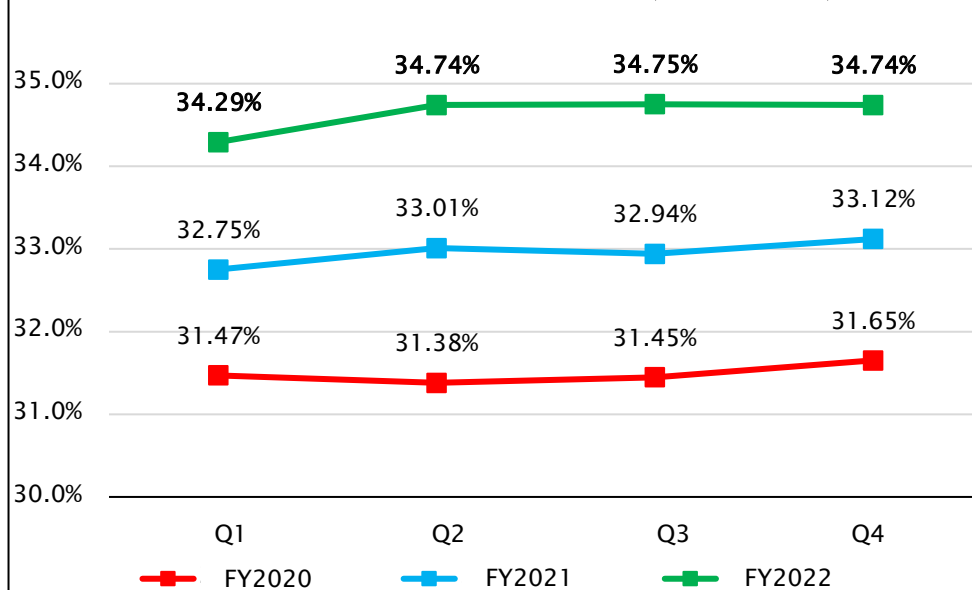
Kobe Bussan's Strengths: "Unique Products with Competitive Advantages"

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 50 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 (cumulative)



Samples of Private Label Products

Products produced by Kobe Bussan Group's plants

Comes in two separate packs for ease of use



Potato salad

¥429 (500 g x 2)



Spicy curry-flavored brown rice risotto

¥253 (220 g x 3)



Milk pack dessert (Caramel pudding)

¥321 (1 kg)

Import products



Tempe

¥375 (450 g)



Taiwanese castella

¥203 (130 g)



Sichuan pepper chili sauce

¥267 (180 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.

- The existing restaurants of Premium Karubi remained strong.
- Kobe Cook World Buffet has strived to recover the number of restaurants and customers partly by menu changes.
- Chisouna continued opening new shops.

As a result of the above, the segment performance is on a trend toward improvement.



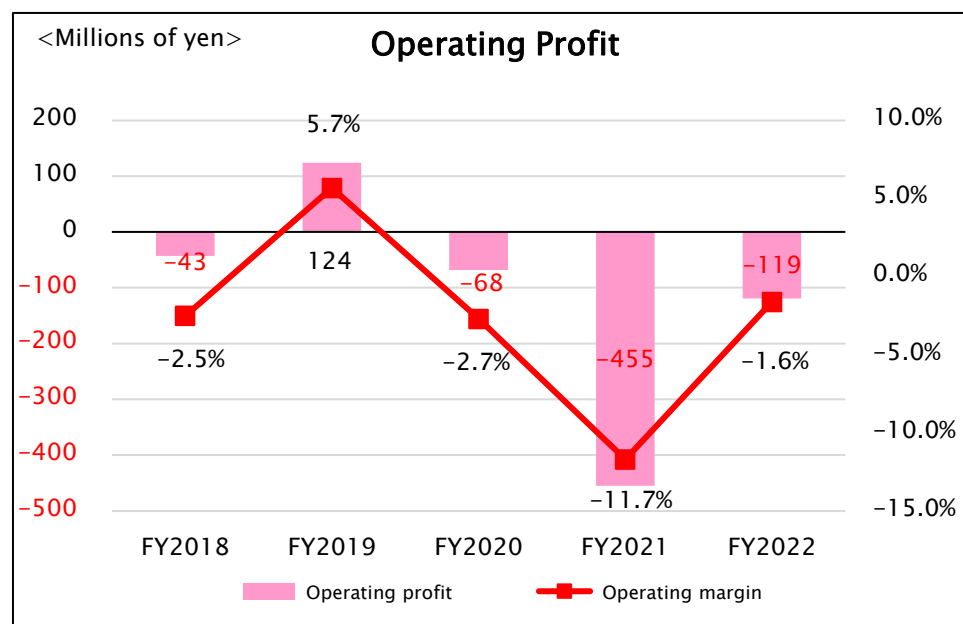
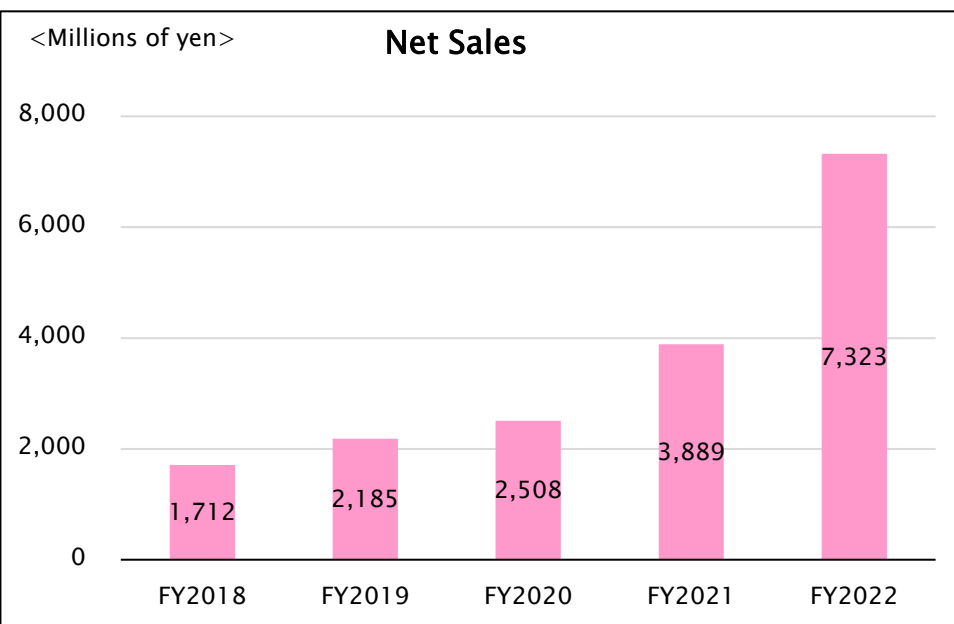
Kobe Cook World Buffet



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: 11 (as of October 31, 2022)

Kobe Cook World Buffet opened 3 restaurants and closed 7, resulting in a net decrease of 4 restaurants during FY2022.

It reopened two restaurants after renovation at Kagamigahara-shi, Gifu in September, and at Fukui-shi, Fukui in October.

We aim to raise its awareness by further exposure to local media.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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 ¥1.30 (¥1.404 including taxes)* per gram. Such initiatives enhance customer satisfaction of any age and are currently introduced into 11 restaurants.

*The price increased in December.

Overview of FY2022 & Business Strategy

In May, Kobe Cook World Buffet changed prices and menus at Harborland Restaurant ahead of the rest of the restaurants to enrich menus of alcohol and dessert. As the new process and menus have been well received by customers, they have been offered by the rest of the restaurants since July. As the number of tourists from home and abroad is gradually recovering, group demand is also on the rise.

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



Initiatives to reduce food waste

Premium Karubi

Total Number of Restaurants: 16 (as of October 31, 2022)

Premium Karubi opened 1 restaurants during FY2022 Q4 alone, resulting in a net increase of 6 restaurants during FY2022.

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

It is actively posting information on Instagram (@premiumkarubi).



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, our dessert buffet uses seasonal ingredients every season. From December, we are offering desserts featuring strawberries, apples, and chocolates, which make customers appreciate the menu.



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
Funabashi Kaijin	6-7-11 Kaijin, Funabashi-shi, Chiba
Fuchinobe	4-7-11 Kyowa, Chuo-ku, Sagami-hara-shi, Kanagawa
Shakuji	2-3-2 Shimoshakuji, Nerima-ku, Tokyo



Note: Menu may vary by restaurant and season.

* We plan to open new restaurants onwards in phases.

Chisouna

Total Number of Shops: 87 (as of October 31, 2022)

Chisouna opened 14 shops during FY2022 Q4 alone, resulting in a net increase of 38 shops during FY2022.

The significantly increased number of shops led to net sales growth.

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



Factors behind Strong Performance

Despite continuous soaring prices of raw materials, Chisouna maintains a price advantage by working on partial 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.



Initiatives Going Forward

Approximately half of Gyomu Super stores that opened during FY2022 had a Chisouna section.

In December, we will introduce a new format in which a Chisouna section is established in a drugstore. 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.

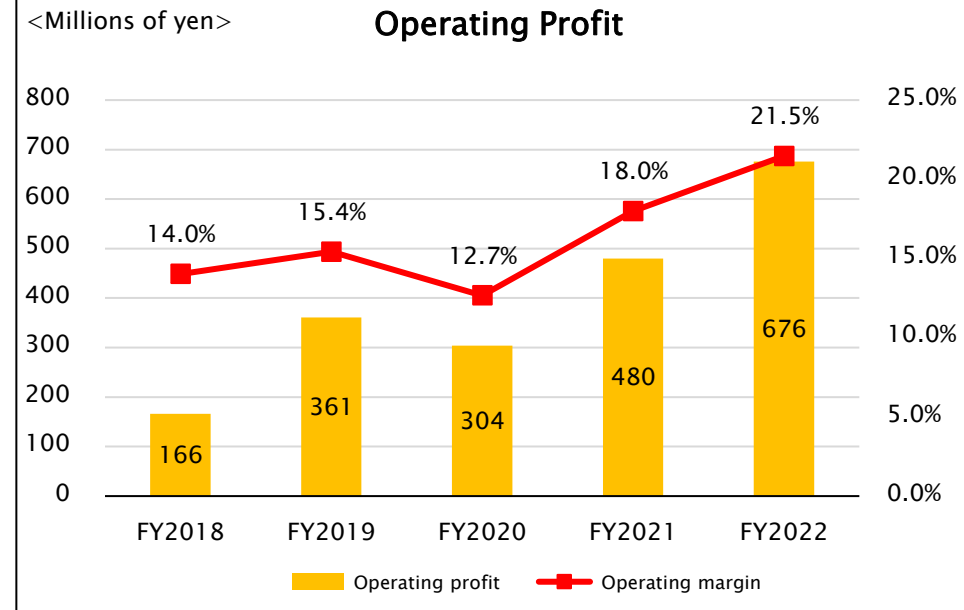
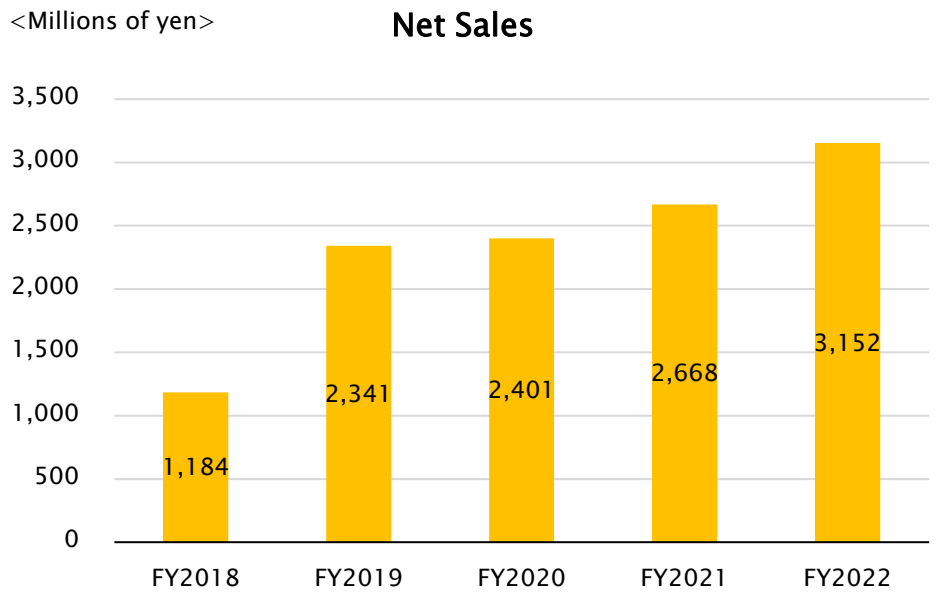
- A solar power plant in Nishigo-mura, Nishishirakawa-gun, Fukushima, started operations in June 2022.
- Efficient generation at our woody biomass power plant contributed to operating profit.
- In spring 2024, we plan to start operating a solar power plant in Miyagi.



Kobe Bussan's Solar Power Plant
(Photo: Nishishirakawa Power Plant with the capacity of 18.9 MW, which started operations in June 2022)



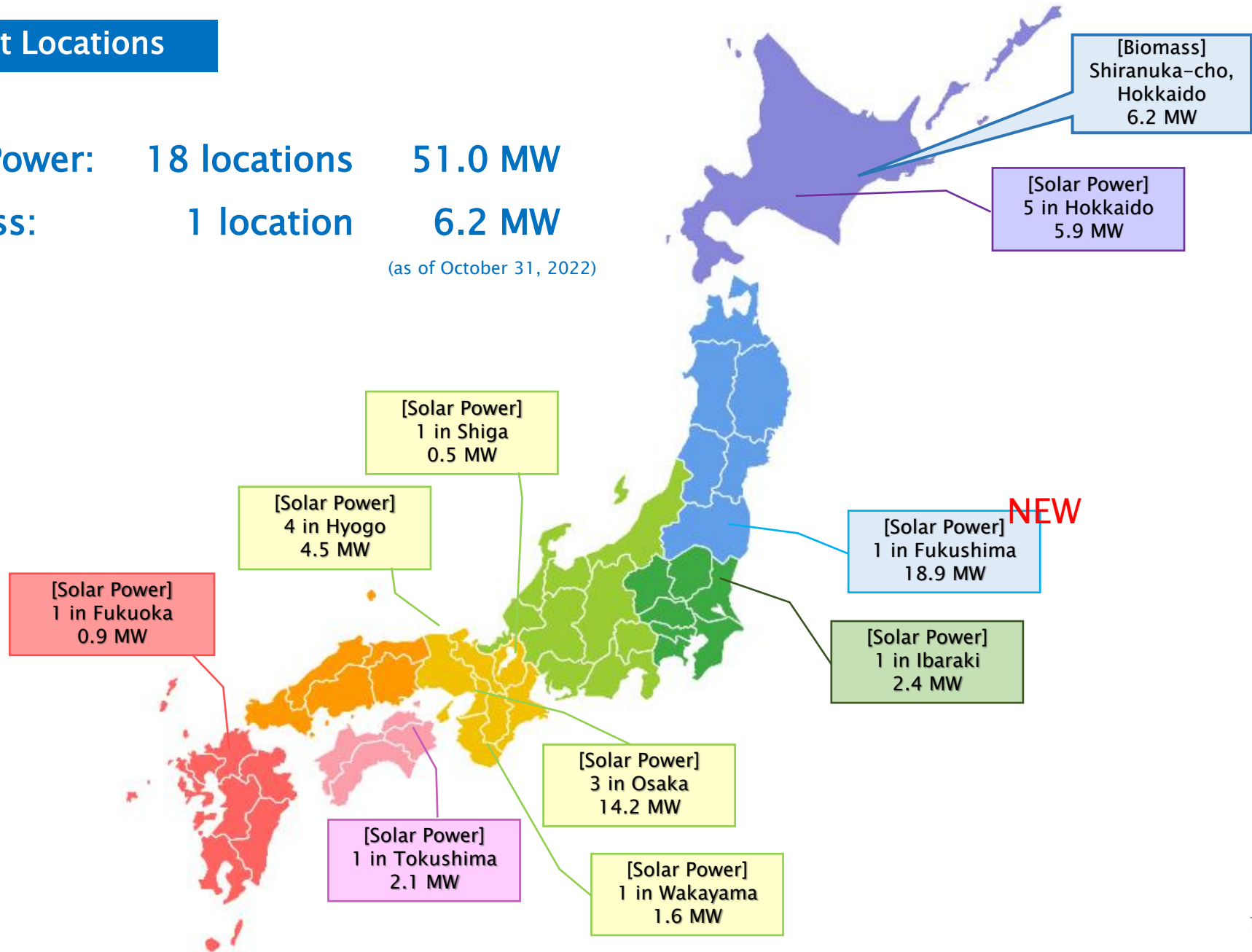
Kobe Bussan's Woody Biomass Power Plant



Plant Locations

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

(as of October 31, 2022)



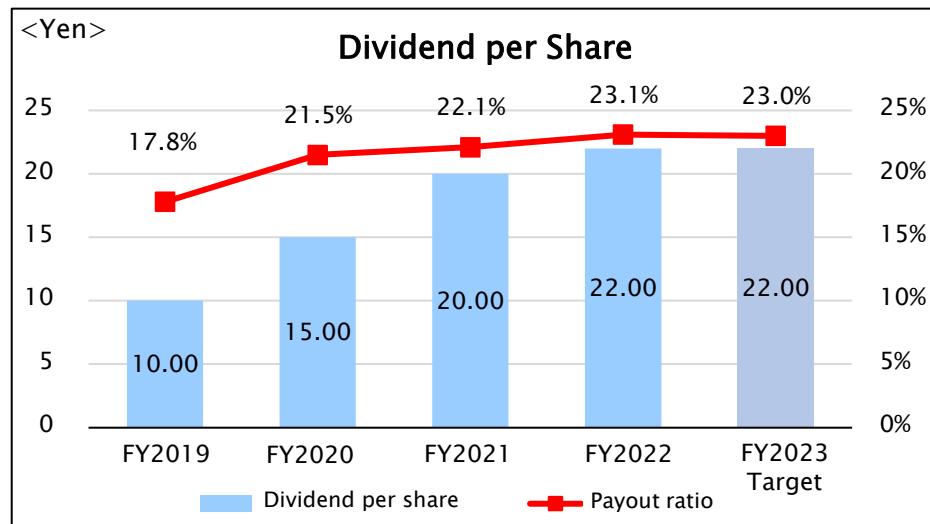
Dividends

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 FY2022, we plan to pay 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)

	FY2022 actual	FY2023 forecast	Year on year
Net sales	406,813	440,000	108.2%
Operating profit	27,820	29,700	106.8%
Profit attributable to owners of parent	20,832	21,200	101.8%

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.

Medium-term Management Plan FY2022–FY2024

Although net sales are trending above the Medium-term Management Plan, we have left it unchanged as the future economic situation is unclear.

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)

	FY2022 actual	FY2023 forecast	FY2024 target
Net sales	406,813	440,000	410,000
Operating profit	27,820	29,700	32,000
ROE	24.3%	20% or higher for each fiscal year of the plan	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 15, 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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