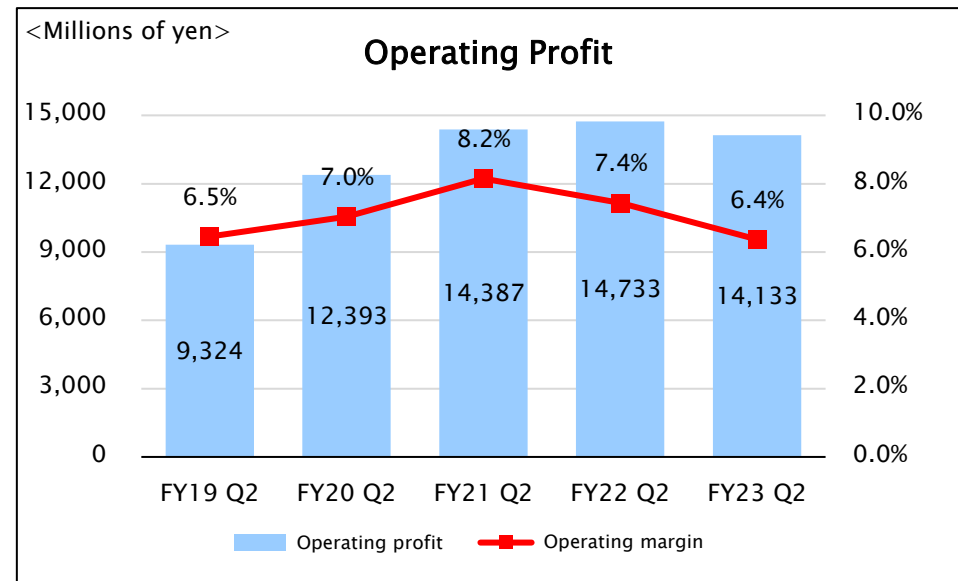
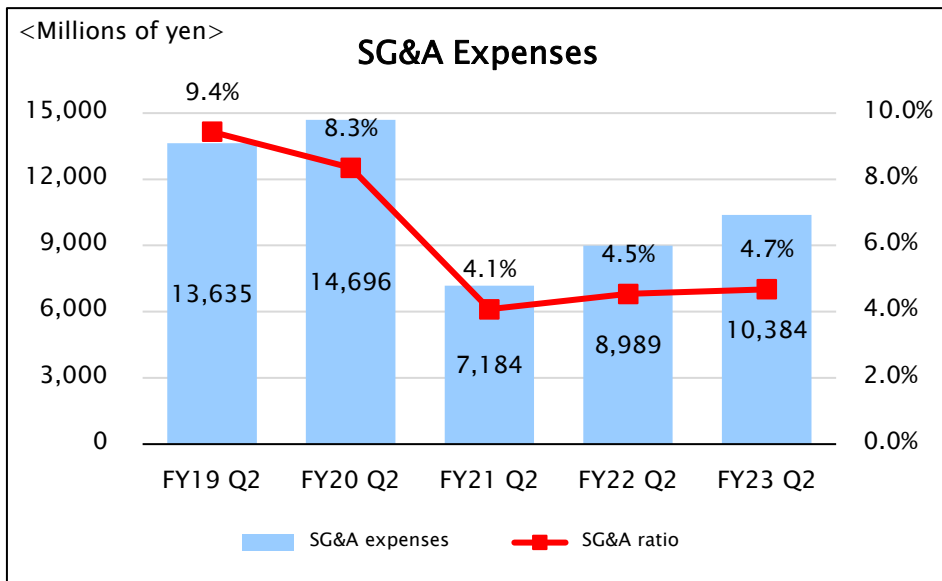
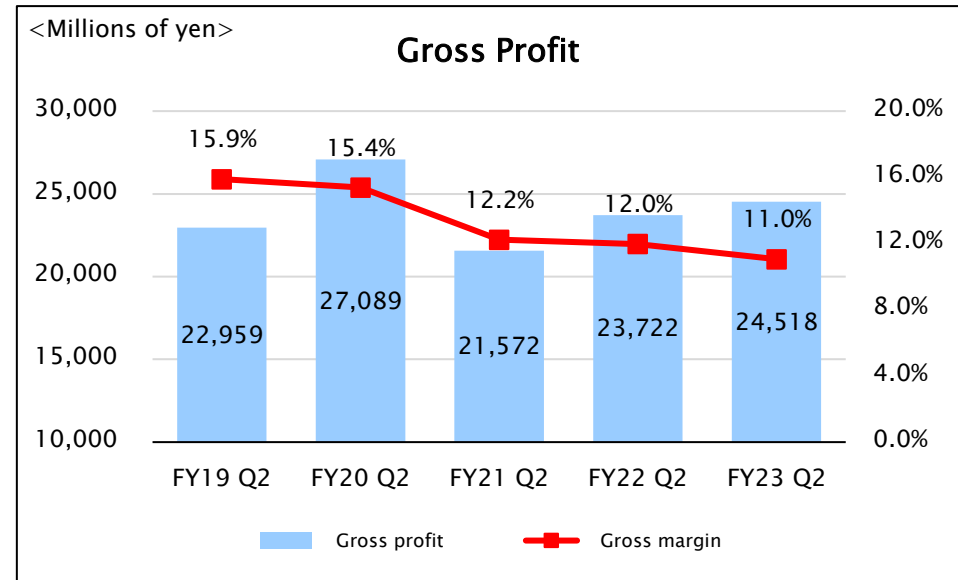
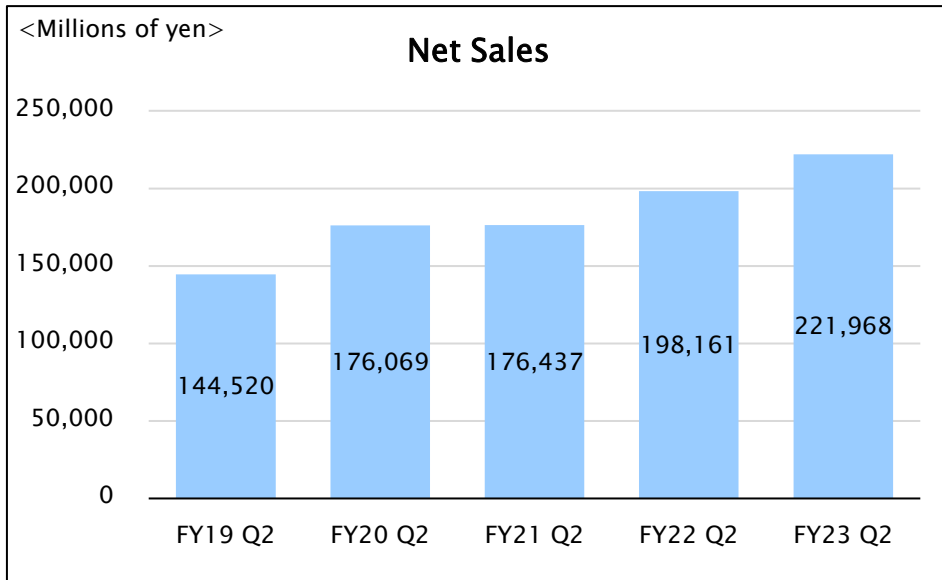


Supplementary Material for  
FY2023 Q2 Financial Results

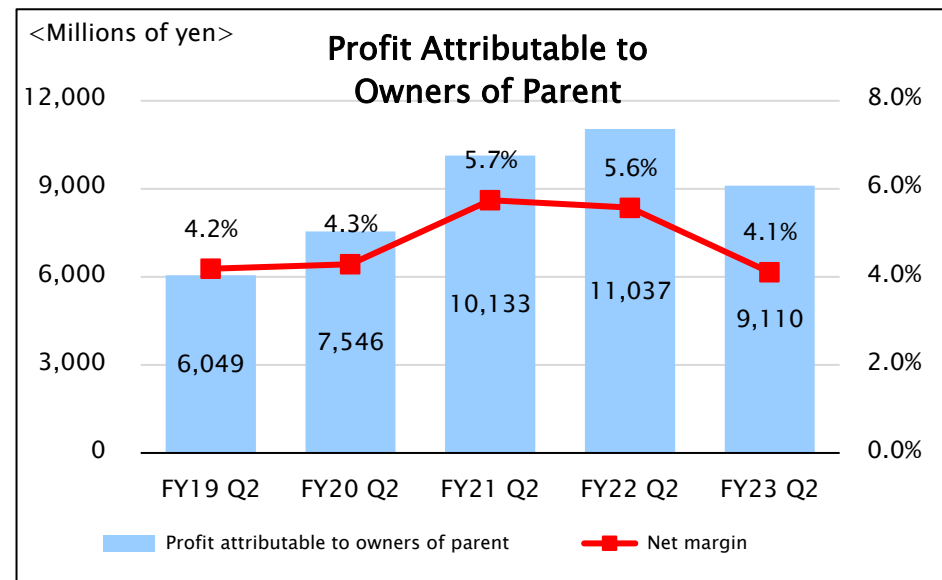
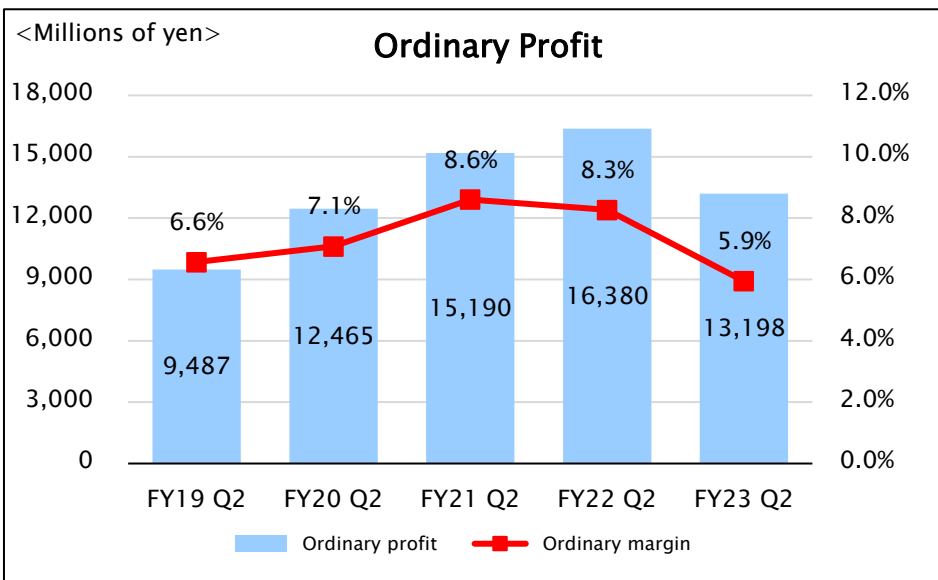
June 13, 2023



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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]

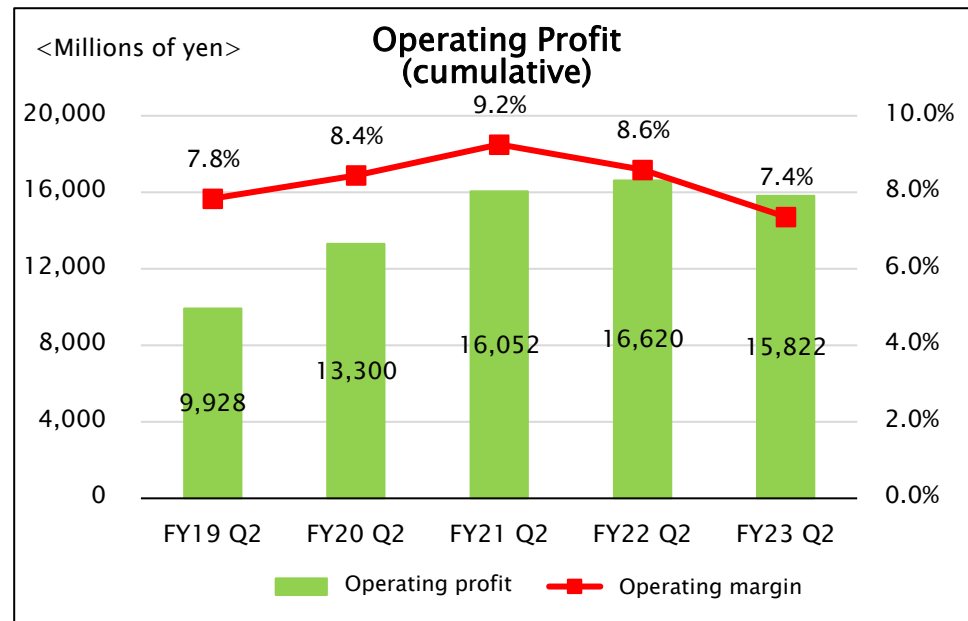
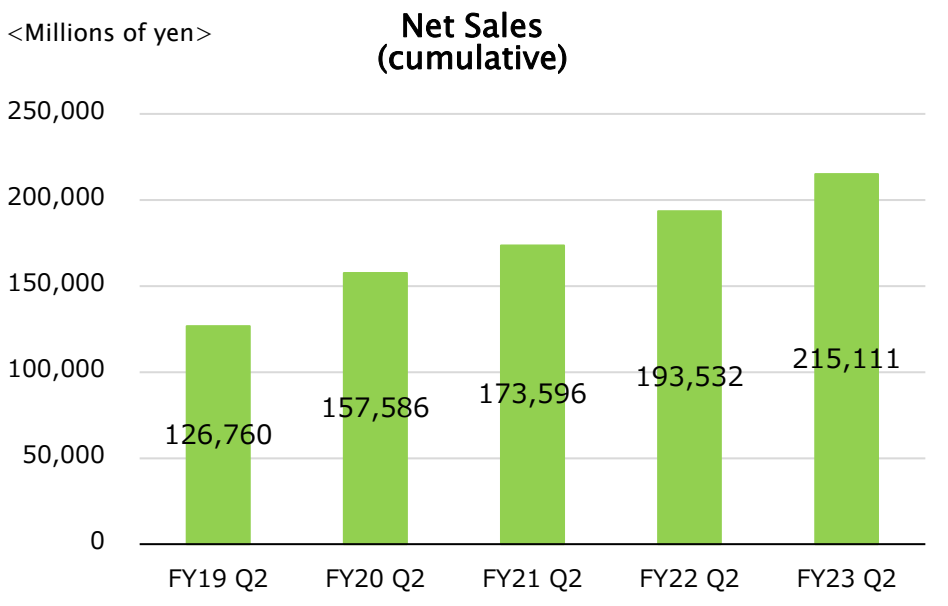
- Net sales**  
 Net sales increased by ¥23,807 million (12.0%) year on year with robust new store openings and continued strong product shipments to existing stores.
- Gross profit**  
 Gross profit increased by ¥795 million (3.4%) year on year due to the yen being weaker and raw material prices being higher than a year ago despite the continued strong net sales.
- SG&A expenses**  
 SG&A expenses increased by ¥1,395 million (15.5%) 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 decreased by ¥599 million (4.1%) year on year
- Ordinary profit**  
 Ordinary profit decreased by ¥3,182 million (19.4%) year on year due to the recording of a foreign exchange loss on U.S. dollar-denominated deposits and a valuation loss on forward exchange contracts resulting from the ongoing appreciation of the yen since the beginning of Q1. While the valuation loss varies depending on the exchange rates at quarter-end, we expect the loss to be reversed 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 ¥1,927 million (17.5%) 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 1,023 stores as of April 30, 2023.
- Net sales for FY2023 Q2 exceeded the planned amount.
- We have changed specifications of private label items produced by our group's domestic plants and revised prices for national brand items to address continuously rising costs caused primarily by the soaring prices of raw materials.



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 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 April 30, 2023)

	Directly managed areas	Indirectly managed areas
Number of franchisees	88	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

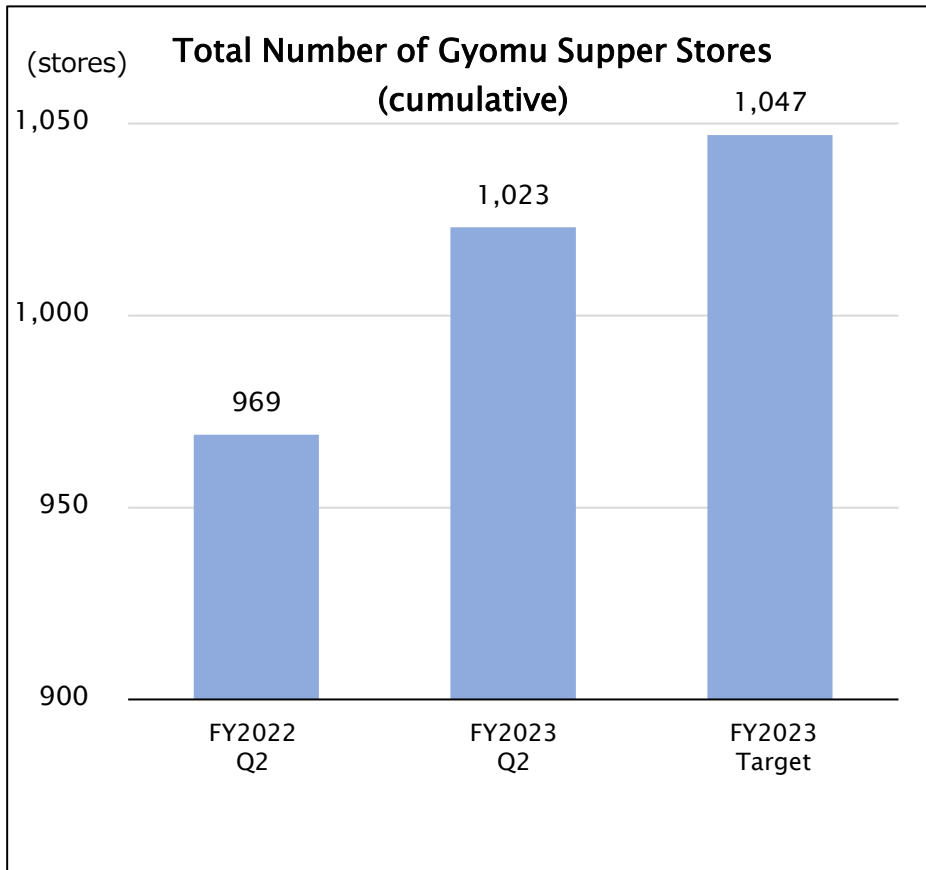
### Simulated Earnings (Standard Store Franchisees)

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.

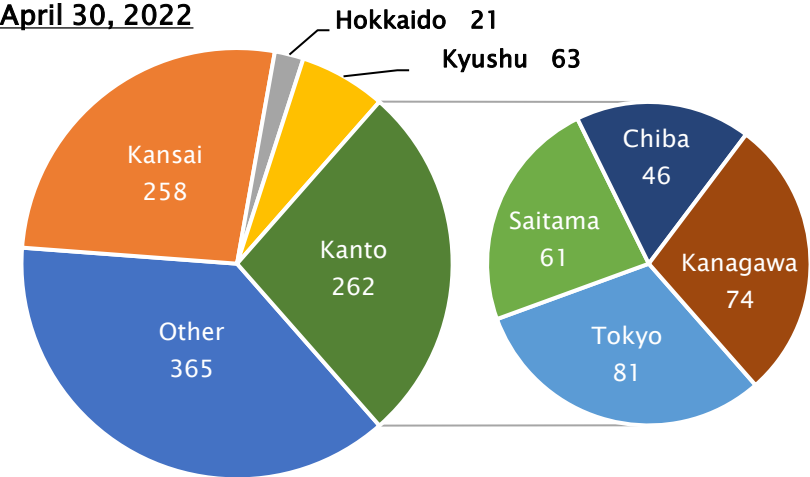
Gyomu Super opened 24 stores and closed 8, resulting in a net increase of 16 stores during FY2023 Q2 cumulative, and opened 17 stores and closed 6 during FY2023 Q2 alone.

The progress at the end of FY2023 Q2 was 40% toward the full-year target of a net increase of 40 stores.

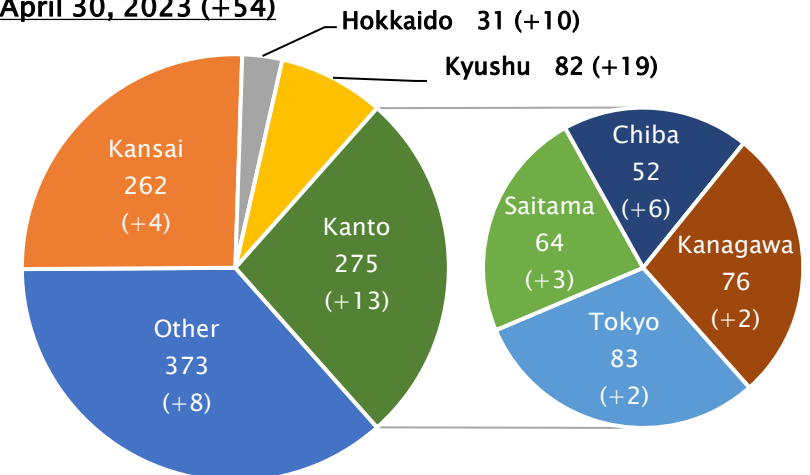


## Number of Stores by Area

969 stores as of April 30, 2022



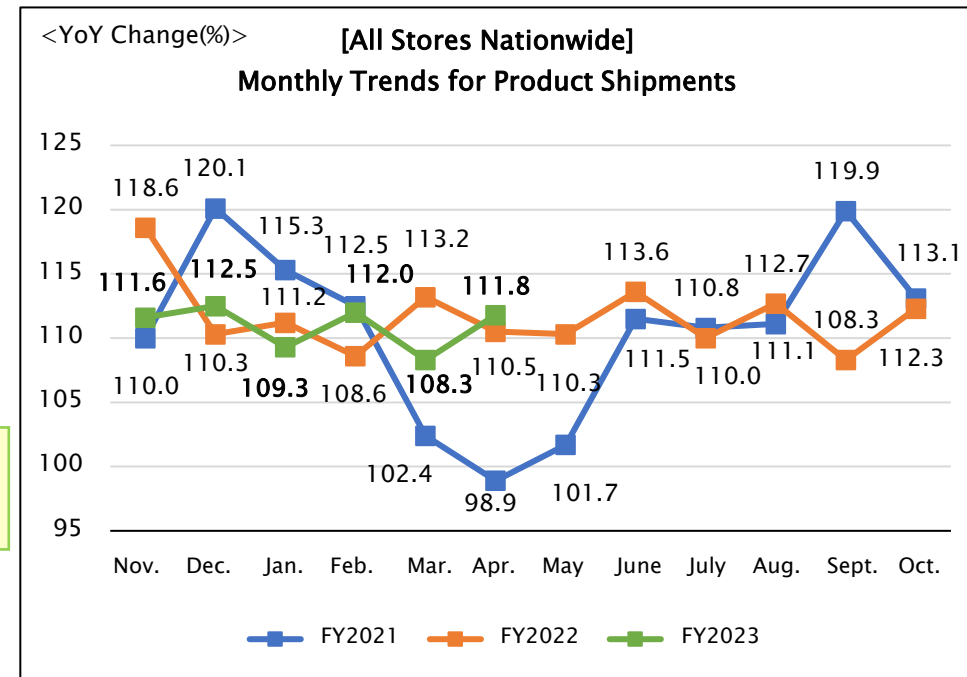
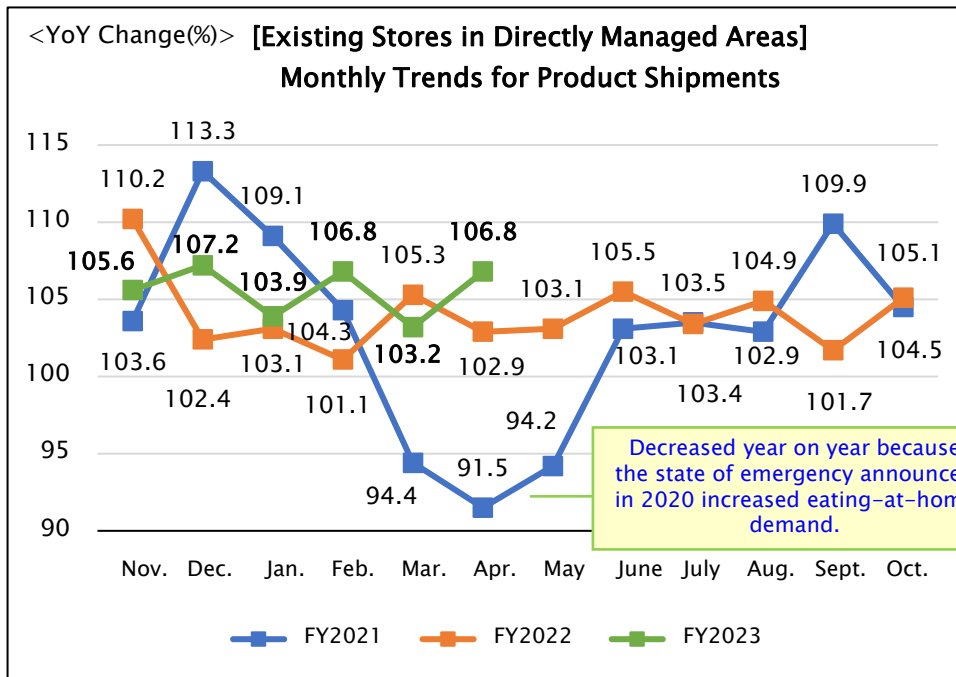
1,023 stores as of April 30, 2023 (+54)



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 each month of FY2023 Q2 increased year on year even after 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]

		FY2023						
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	H1
Directly managed areas	Existing stores	105.6	107.2	103.9	106.8	103.2	106.8	105.6
	All stores	112.1	112.6	109.5	112.5	108.5	112.7	111.4
Nationwide	All stores	111.6	112.5	109.3	112.0	108.3	111.8	111.0

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

Q1 : 105.7%

Q2 : 105.5%

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



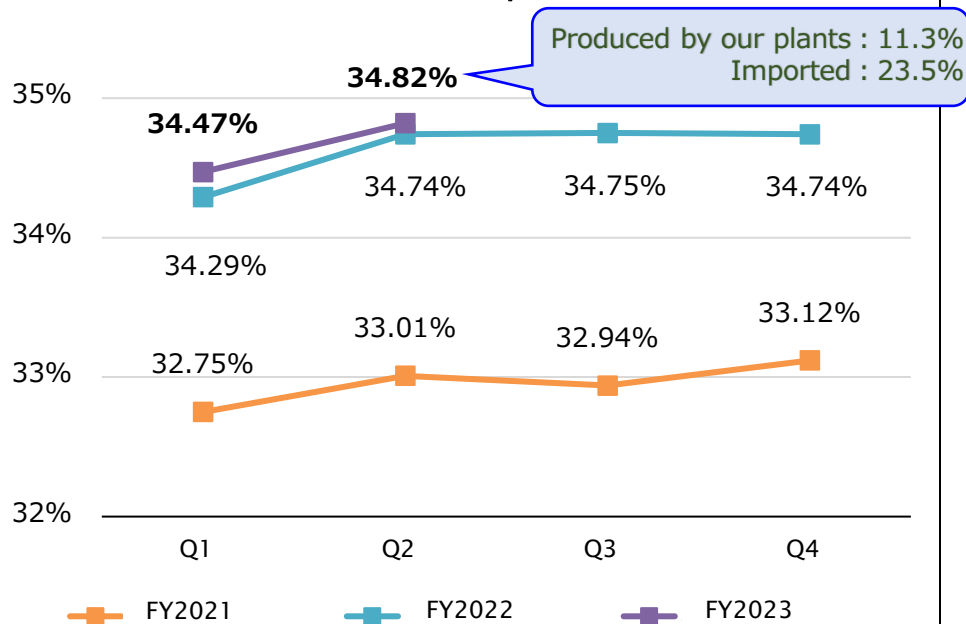
# Kobe Bussan's Strengths: "Unique Products with Competitive Advantages"

## Enhancing Original Products

We own 25 food production plants located from Hokkaido to Yamaguchi (as of April 30, 2023). 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 period)



## Samples of Private Label Products

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



Potato salad

¥429 (500 g x 2)



Japanese Souffle Cheesecake

¥429 (1 pack)



Natural Yeast White Bread

¥278 (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.

- The existing restaurants of Premium Karubi remained strong.
- Kobe Cook World Buffet is now back on track with the increased numbers of restaurants and customers.
- Chisouna continued opening new shops.

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



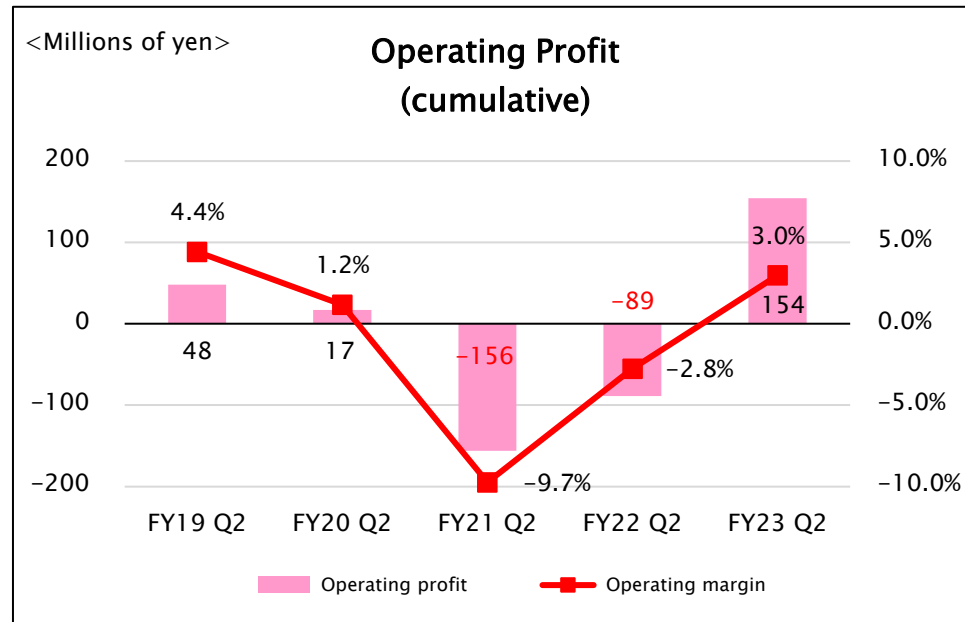
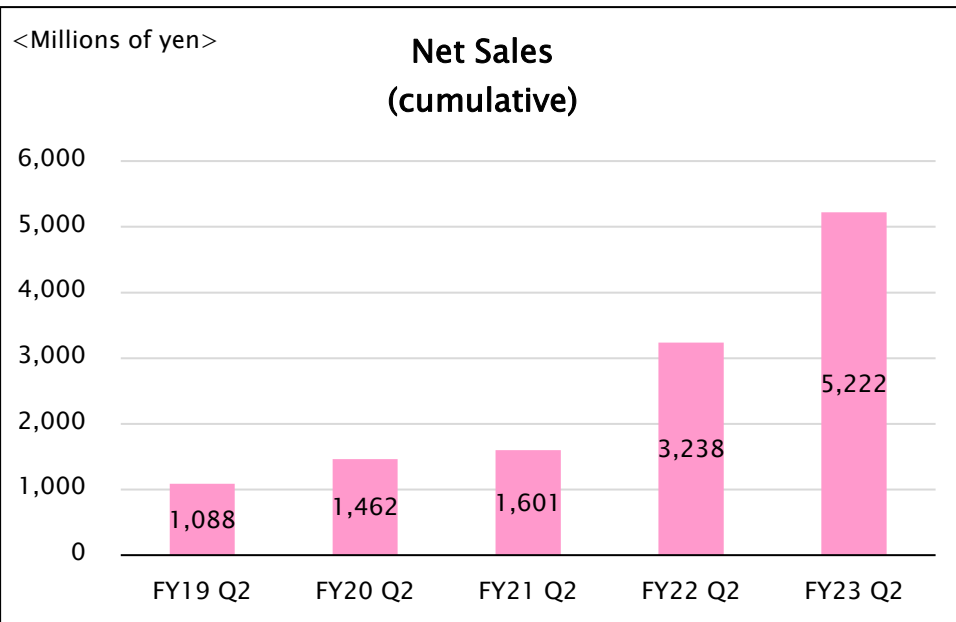
Kobe Cook World Buffet



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: 13 (as of April 30, 2023)

Kobe Cook World Buffet opened 2 restaurants and closed none, resulting in a net increase of 2 restaurants during FY2023 Q2 cumulative, and opened 1 restaurant and closed none during FY2023 Q2 alone.

We successfully acquired larger parties of guests during the season of welcome and farewell parties.



### 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 all the 13 restaurants.

### 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. Sales, especially in Harborland Restaurant, are approaching the level before the COVID-19 pandemic.

Every season, we run marketing campaigns featuring cuisine of a selected country. In May and June, we hold the “China Fair” to offer elaborate Chinese dishes such as happosai (Chinese vegetable stir fry like chop suey) and shumai.

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: “China Fair”



## Premium Karubi

Total Number of Restaurants: 19 (as of April 30, 2023)

Premium Karubi opened 3 restaurants and closed none, resulting in a net increase of 3 restaurants during FY2023 Q2 cumulative, and opened 2 restaurant and closed none during FY2023 Q2 alone.

Despite the price revision as a measure against soaring purchase prices, a higher price range menu is also well received.



# PREMIUM KARUBI

### 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 “South Korea Fair” from March 7 to May 31.

Also, our dessert buffet uses seasonal ingredients every season. From May, we are offering desserts such as mint chocolate chip and white peach gelatos, which are 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

The first store in the Tokai area opened, which got a lot of exposure to local media.

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



Note: Menus may vary by restaurant and season.

## Chisouna

Total Number of Shops: 98 (as of April 30, 2023)

Chisouna opened 13 shops and closed 2, resulting in a net increase of 11 shops during FY2023 Q2 cumulative, and opened 8 shops and closed 2 during FY2023 Q2 alone.

A significantly increased number of shops helped improve its profitability.



### 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

In May, we opened the 100th shop thanks to the steady progress with new store openings. We achieved this in just six months since we introduced this new format in a drugstore in December 2022 with favorable responses from franchisees and 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.

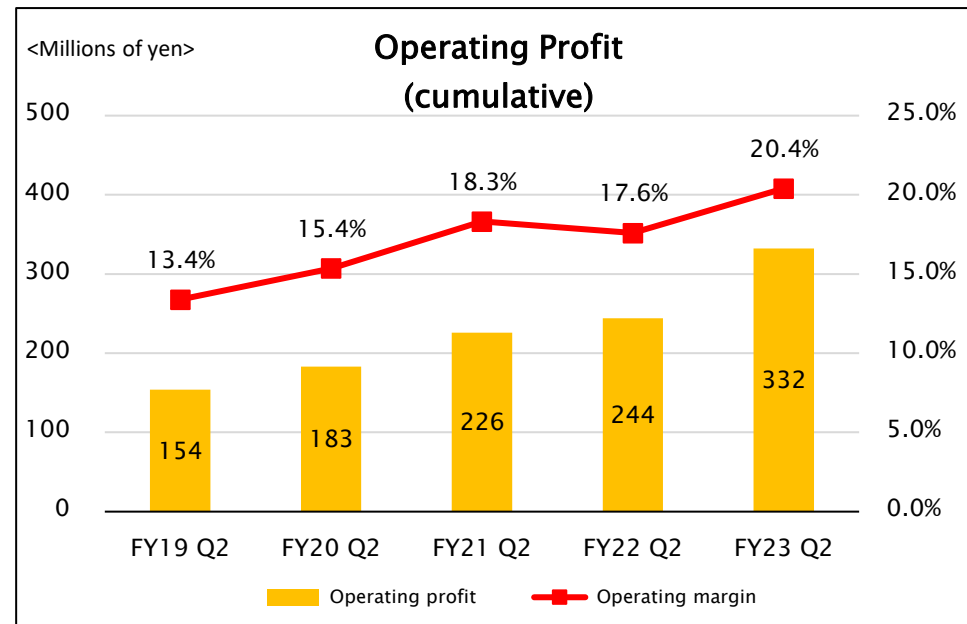
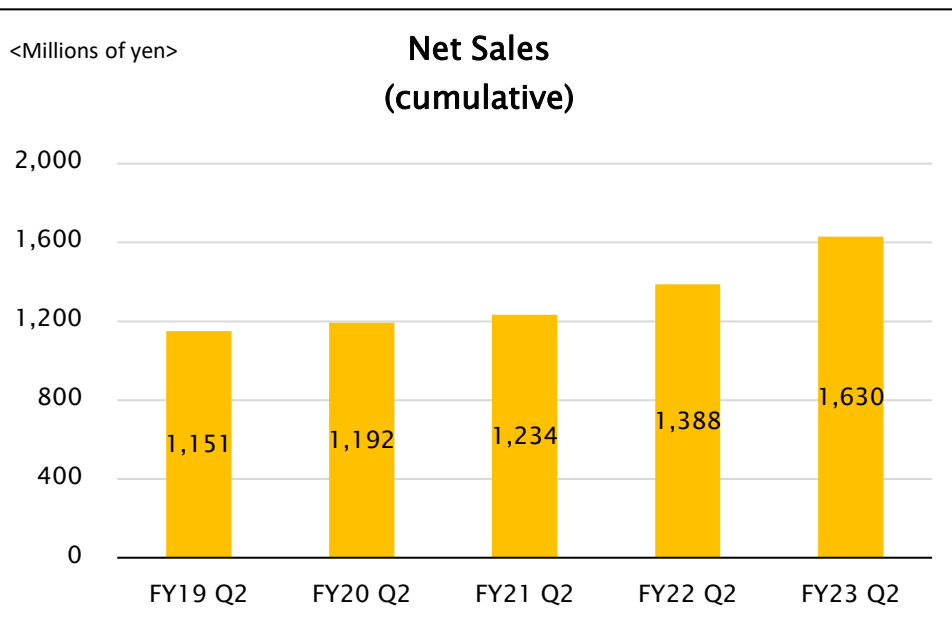
- Net sales and operating profit for FY2023 Q2 increased year on year due in part to a solar power plant in Nishigo-mura, Nishishirakawa-gun, Fukushima, which started operations in June 2022.
- We plan to move up the schedule to start the operations of a solar power plant in Miyagi with a generation capacity of approximately 30 MW in November.



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

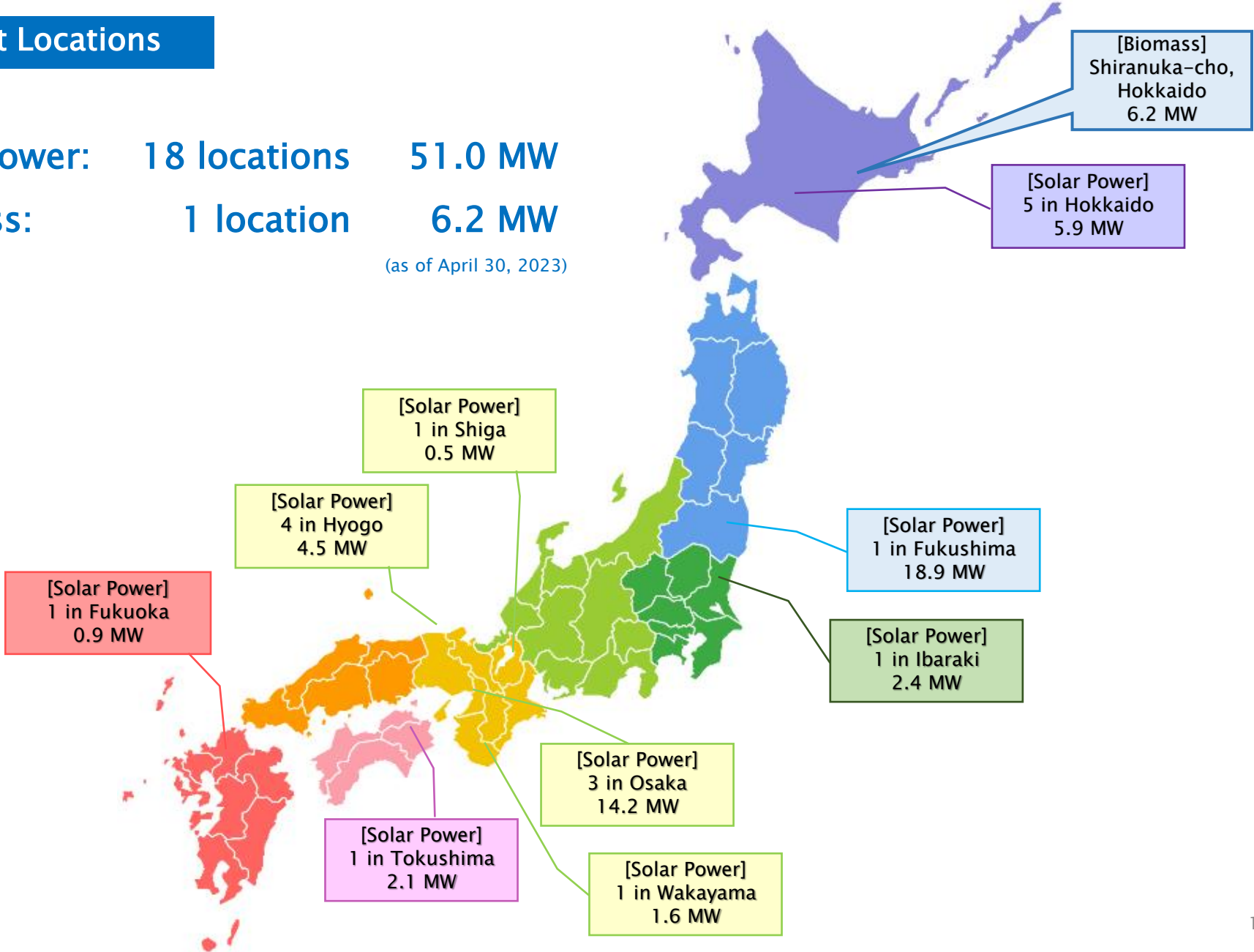




## Plant Locations

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

(as of April 30, 2023)



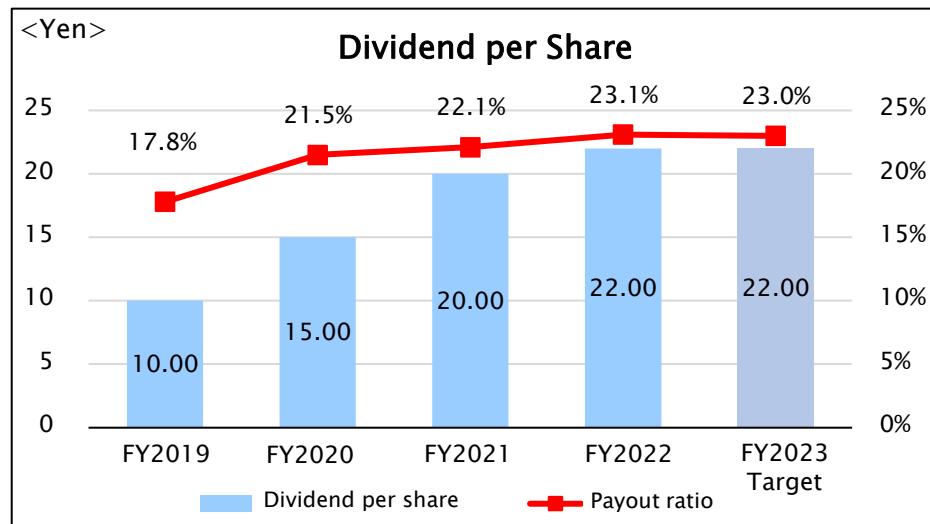
## Dividends

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)

	Q2 actual	Full-year forecast	Progress towards Full-year forecast
Net sales	221,968	440,000	50.4%
Operating profit	14,133	29,700	47.6%
Profit attributable to owners of parent	9,110	21,200	43.0%

[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.
- The full-year forecast has been determined to remain unchanged at the moment, considering the recent currency movement.

## 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 June 13, 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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