



**LilMos, the new corporate mascot for our 50th year**

I treasure my red silk hat and love things that are new and interesting. Please see our website for LilMos' profile.



LilMos © 2022 MFS, INC.

# MOS REPORT

MOS Group Integrated Report 2022

**MOS FOOD SERVICES, INC.**

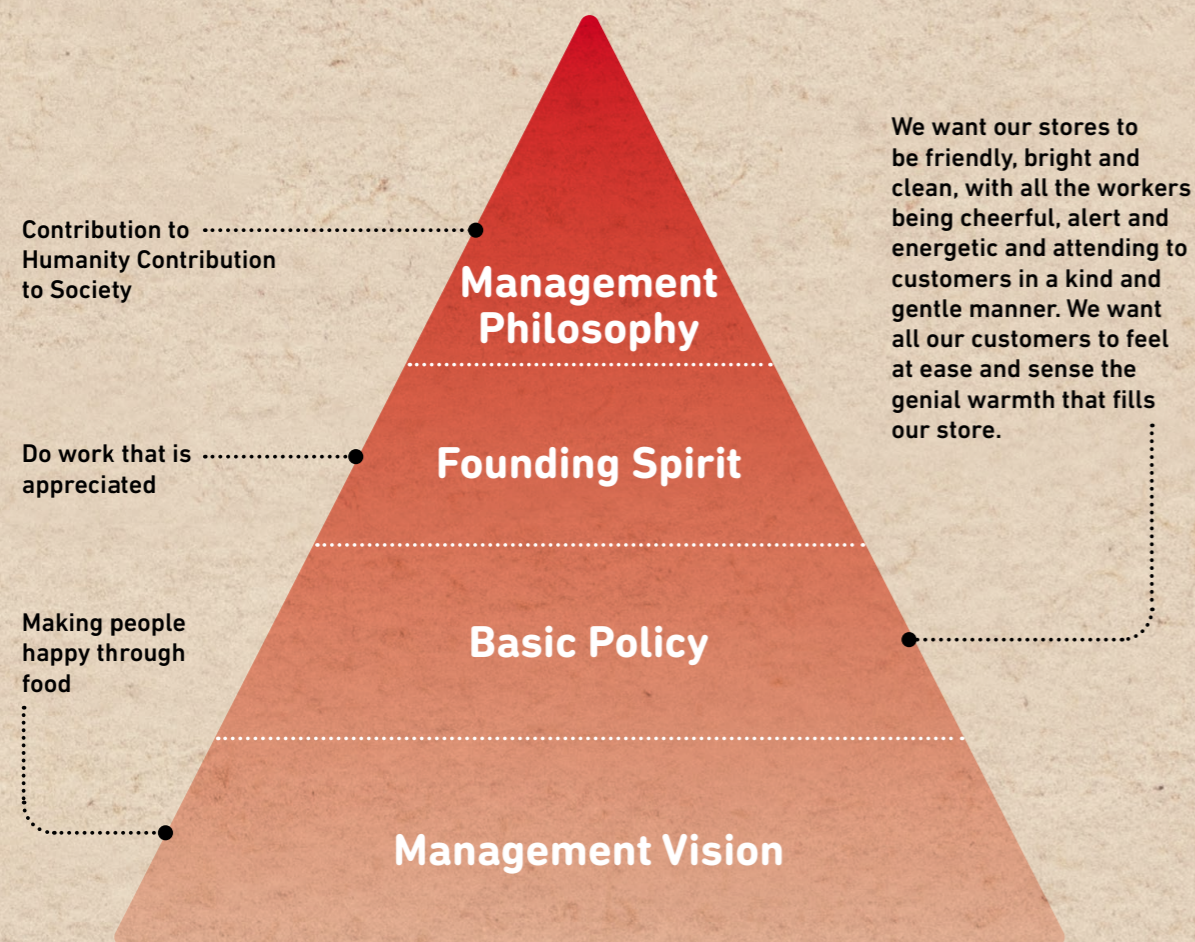
<https://www.mos.co.jp/global/>



## The Unchanging Starting Point of the MOS Group

# MOS Spirit

The MOS Group has beliefs that it has valued since its founding. These beliefs serve as a guideline for all who work at the MOS Group and encapsulate the MOS Spirit, which stays constant even as times change.



## CONTENTS

### The MOS Group Value Creation Story

- 01 MOS Spirit
- 03 Fifty Years of the MOS Group
- 05 Topics of 2021
- 07 Message from the President
- 15 The MOS Group's Financial Policies and Strategies
- 17 The MOS Group's Value Creation Model

### The MOS Group's Business Strategies

- 19 **What Does the MOS Group Value?**

### The MOS Group's Medium-Term Management Plan

- 23 **Where is the MOS Group Headed in the Future?**

### The MOS Group's Foundation

- 29 **What are the MOS Group Ideals?**
- The MOS Group's Starting Point and Sustainability Management Management Team to Support Sustainable Growth of MOS FOOD SERVICES, INC.
- Corporate Governance to Support Sound Growth of the MOS Group
- Messages from the Outside Directors

### The MOS Group's Material Issues

- 39 The MOS Group's Sustainability Management and Initiatives to Address the SDGs
- 41 The MOS Group's Material Issues (Priority Matters)
- 42 Material Issues 1: Provision of Food That Contributes to Health
- 43 Material Issues 2: Community-Oriented Store Operation
- 44 Material Issues 3: Workstyle Reforms
- 45 Material Issues 4: Reduction of Environmental Impact
- 46 Response to Climate Change

### The MOS Group's Stakeholders

- 47 The MOS Group's Stakeholders
- Our Customers / Our Members / Our Franchisees /
- Communities and Local Authorities / Our Business Partners /
- Our Shareholders / The Environment

### Financial and Non-Financial Data

- 51 Overview of Financial Results
- 53 11-Year Summary of Financial Highlights (Consolidated)
- 55 Non-Financial Highlights
- 57 Company and Shareholder Information

### Editorial Policy

The MOS REPORT (MOS Group Integrated Report 2022) is positioned as the integrated report of the MOS Group. It integrates the MOS Group's non-financial information, including management strategies, business highlights, activities that consider environmental preservation and society, and the governance structure with financial information in an easy-to-understand manner.

In the making of this report, we have referenced the International Integrated Reporting Framework put forth by the Value Reporting Foundation (VRF), as well as the Guidance for Collaborative Value Creation issued by the Japanese Ministry of Economy, Trade and Industry.

We hope that stakeholders, who comprise the Group's business base, will use it to enhance their understanding of the Group.

Additional comprehensive and detailed information can be viewed on our website. Please refer to the website in conjunction with this report. <https://www.mos.co.jp/company/> (Japanese only)

Scan the QR code to visit our corporate website.



### Scope of This Report

The report is on MOS FOOD SERVICES, INC. and the MOS BURGER Chain (head office, directly managed stores, and franchisees).

However, it also covers businesses other than MOS BURGER and certain Group companies.

When reading this report, please refer to the chart below.

Note: Positions stated in this report are accurate at the time of writing.

### The MOS Group



### Reporting Period

This report primarily covers fiscal 2021 (April 1, 2021 to March 31, 2022). However, it also reports on ongoing activities and future targets for fiscal 2022 and beyond.

### Caution Regarding Forward-Looking Statements

This integrated report contains forward-looking statements regarding the MOS Group's future strategies and business performance, including forecasts, plans, and judgments based on information available at the time of writing.

Forecasts, plans, and judgments involve potential risks, uncertainties, and assumptions. Changes in these factors may cause actual results and business performance to differ significantly from those anticipated by the Group.

Issued August 2022

# Fifty Years of the MOS Group

The dream that started in 1972 in a small ten-square meter store, "We want to make really delicious hamburgers in Japan." We are continuing to make history today even after 50 years.

## Founding

1972-1985



- ▶ Hamburgers for Japanese tastes
- ▶ Irresistible deliciousness and non-prime location strategy
- ▶ A voluntary franchise chain connected by shared values

- 1972** Open MOS BURGER Narimasu, the first MOS BURGER store, in Tokyo (Founding)  
Launch sales of our flagship product, the MOS BURGER
- 1973** Launch sales of the signature Japanese-style burger, the Teriyaki Burger, becoming the first chain store in Japan to do so  
Open MOS BURGER Aratama, the first franchise store, in Aichi Prefecture
- 1979** Begin charity fundraising activities with the "MOS Box of Love"
- 1980** Establish the MOS BURGER Kyoei-kai, an organization comprising the franchisees
- 1982** Begin Hospitality, Delicious, and Cleanliness (HDC) Activities to realize the MOS BURGER Basic Policy
- 1984** Launch sales of the Teriyaki Chicken Burger combining chargrilled chicken with a Japanese-style sauce
- 1985** Register shares on over-the-counter market in a first for a franchise chain in the restaurant industry

## Growth and maturity

1986-1997



- ▶ Create products that preserve Japanese food culture
- ▶ Drive expansion and growth of the restaurant industry
- ▶ Pursue "new values" in addition to deliciousness
- ▶ Overseas expansion of stores
- ▶ Sudden death of our founder

- 1986** Open MOS BURGER Makiminato in Okinawa Prefecture, the first drive-through MOS BURGER store  
MOS BURGER becomes the first chain in the restaurant industry to open stores in all 47 prefectures in Japan
- 1987** Launch sales of the MOS Rice Burger, the first of its kind in the world
- 1988** List shares on the Second Section of the Tokyo Stock Exchange
- 1991** Open first store in Taiwan and begin full-scale overseas expansion  
Open MOS BURGER Ekoda-Asahigaoka in Tokyo, the 1000th MOS BURGER store
- 1992** Launch sales of Japanese-style "MOS Chicken" with rice flour batter and enter Christmas sales campaign
- 1996** Stock is listed on the First Section of the Tokyo Stock Exchange (reassignment), and with this milestone, the corporate website is launched
- 1997** Representative Director & Chairman Sakurada Satoshi, the founder, passed away  
Begin using MOS BURGER's fresh vegetables at all stores (New Value Declaration)



## Transition and restructuring

1998-2015



- ▶ Pursue stores and services that match the times
- ▶ Promote direct dialogue with stakeholders
- ▶ Focus on developing the next generation and successors
- ▶ Respond to CSR

- 1999** Open tea specialty store Mother Leaf and Japanese restaurant AEN
- 2002** Begin sales of MOS Kids Menu with consideration for allergies
- 2004** Progressive transition to new measures commonly known as Green MOS BURGER to improve store value  
Launch sales of the NATSUMI Burger series, which sandwiches its filling with lettuce wrap instead of a bun  
Publish Environmental Report 2004 (now called the MOS REPORT)
- 2005** Prompted by the enactment of the Basic Act on Shokuiku, we begin our own MOS BURGER's Shokuiku Program
- 2006** Establish MOS Farm Sun Grace, a corporation qualified to own cropland  
Create a Hamburger Shop at KidZania Tokyo
- 2008** Launch sales of our distinctive new mainstay product line, the Tobikiri series, which is made of 100% domestic minced beef and pork
- 2009** Hold explanatory forums on investor relations for shareholders (now Informal Meeting with Shareholders) to communicate directly with shareholders
- 2010** The first MOSDO! store, a collaborative store with Mister Donut, opens
- 2011** Started MOS BURGER Town Meetings to communicate directly with customers
- 2015** Introduce MOS Online Orders service nationwide  
Launch sales of the meat-free Soy Patty Burger series

## Structural reform - the present

2016-2022



- ▶ Promote the SDGs
- ▶ Expand stores overseas
- ▶ Respond to expansion of home delivery market
- ▶ Revamp marketing strategy
- 2016** Launch the "MOS-goto Art Exhibition with cotocoto" in Niigata to decorate stores with art created by people with disabilities
- 2017** Establish MOS SHINE, INC. with the goal of expanding the recruitment of people with disabilities  
Obtain Eco Mark (restaurant) certification for all MOS BURGER stores in Japan
- 2019** Renew buns to maintain deliciousness in anticipation of growth in demand for take out  
Begin a program called "Vietnam Kazoku" to recruit and cultivate human resources from Vietnam in cooperation with the Danang Vocational Tourism College, a national junior college in Vietnam
- 2020** The first MOS BURGER store opens in the Philippines, becoming the ninth overseas country of operation  
Launch sales of the environment-friendly and healthy GREEN BURGER, which does not contain animal ingredients or gokun (the five pungent spices) among its ingredients
- 2021** Launch limited volume sales of the "Red Sea Bream Cutlet Burger in Support of Japanese Production Areas" (Ainan-cho, Ehime Prefecture)
- 2022** Operate "Kitchen Car - MOSSO," a new business format to meet demand in the new normal era  
50th anniversary of founding of MOS BURGER  
Transfer to the Prime Market, a new market segment of the Tokyo Stock Exchange

# Topics of 2021

## Domestic MOS BURGER Business

### "Red Sea Bream Cutlet Burger in Support of Japanese Production Areas (Ainan-cho, Ehime Prefecture)"



In order to support fishery cooperatives which are experiencing falling shipment volumes due to the impact of the COVID-19 pandemic, MOS BURGER sold limited volumes of the "Red Sea Bream Cutlet Burger in Support of Japanese Production Areas (Ainan-cho, Ehime Prefecture)" on a nationwide basis for a limited period. The red sea bream from Ainan-cho in Ehime Prefecture

used in the product has a characteristically refined fattiness and a delicate texture. Red sea bream, which is firm enough to be used for sashimi, is seasoned to bring out the flavor and great taste of the white fish and then fried in-store to create a fluffy texture. The product was so popular that it sold out early in many stores.

## Domestic MOS BURGER Business

### Environment-friendly and healthy GREEN BURGER (TERIYAKI)



The GREEN BURGER meets diversifying needs, and does not contain any animal ingredients or gokun\* among its ingredients. As the second product in the series, MOS BURGER rolled out sales of the GREEN BURGER (TERIYAKI), which uses vegetables and grains as its primary ingredients as a variation on our popular Teriyaki Burger. MOS

BURGER provides the animal ingredient-free sauce developed for the product separately. This provides a new way to enjoy the product in terms of how it is eaten because customers can customize the amount of sauce to suit their own taste.

\*Gokun refers to the five types of vegetable with strong odors for which there are prohibitions on eating in Buddhism, etc.

## Domestic MOS BURGER Business

### Operation of Kitchen Car MOS50, a New Business Format



MOS BURGER began operating Kitchen Car MOS50, the first Kitchen Car, in the parking lot of Yofuku-no-Aoyama Ota Kugahara Store (Tokyo) as a new business format to mark the 50th anniversary of its founding and to meet demand in the new normal era. It has proved popular with the development of a limited menu, which

incorporates specials unique to Kitchen Car, with upgraded products that include the mainstay MOS BURGER and premium hamburgers using American Angus beef patties.

## Merchandising Business

### Sale of Eco-Friendly Items MOS LIFESTYLE GOODS

Sales were launched of a limited number of MOS LIFESTYLE GOODS in limited stores. It is a series of everyday eco-friendly items with an original design using illustrations of Mountain, Ocean, Sun from which MOS takes its name. The lineup consists of five items, which include

a double-walled tumbler, an original eco-friendly bag, and a bamboo cutlery set. These practical goods can all be used over and over again, helping to reduce disposable plastic items.



## Overseas Business

### Sale of DASSAI Collaboration Products in Three Countries and Regions Overseas

We rolled out products overseas in collaboration with DASSAI, a renowned Japanese sake brand, in MOS BURGER stores in Taiwan, Singapore, and Hong Kong. We developed five collaboration products using DASSAI sweet half sake, including the Shirayaki Unagi Rice Burger (Plain Grilled Eel Rice Burger) and the Konjac Drink Grapefruit Flavor, to gain publicity for products made using Japanese sake for which demand is rising around

the world. We developed menus to suit the taste characteristics in each of the countries and regions.



## Merchandising Business

### Three Types of MOS Rice Burger for Home Preparation

We rolled out sales of three types of MOS Rice Burger (Oisix versions) exclusively for subscribers to Oisix operated by Oisix ra daiichi Inc. The product was created to meet the needs of Oisix customers who want to

lift their mood when spending lunch time at home, which tends to be rather monotonous. This original product allows the MOS Rice Burger, a popular MOS BURGER offering, to be prepared and eaten at home.



Based on our Management Philosophy of "Contribution to Humanity, Contribution to Society," we engage in a variety of initiatives in each business and theme. In this section, we showcase our achievements in fiscal 2021.

## Related to 50th anniversary

### Debut of LilMos, the New Corporate Mascot

The new corporate mascot nicknamed LilMos made his debut for our 50th anniversary. LilMos has inherited a similar appearance to MOS Boy, the corporate mascot at the time of our founding (1974 - 1987). We will use the adorable appearance of LilMos to create stores that reach out to customers.



## Related to 50th anniversary

### Narimasu Station, Closest to the First MOS BURGER Store, Became Narimosu (Nari-MOS) Station

We ran a project in collaboration with Tobu Railway Co., Ltd. at Narimasu Station on the Tobu Tojo Line in Itabashi-ku in Tokyo where the very first MOS BURGER store is located. For a limited time from March 8, 2022, the station name signs on the platforms and at the south exit of Narimasu Station were



changed to Narimosu (Nari-MOS) Station. MOS trains with original name plates operated on the Tobu Tojo Line. Flags were also set up in the Narimasu Skip Village shopping arcade to express gratitude to Narimasu, the birthplace of MOS BURGER, and to revitalize the area.

## Financial

### Onto the Prime Market, a New Market Segment of the Tokyo Stock Exchange

On July 9, 2021, MOS FOOD SERVICES, INC. received the result of preliminary judgement on compliance with the listing maintenance criteria for the new market segments from the Tokyo Stock Exchange, confirming we had met the criteria for the Prime Market. On April 4, 2022, we transferred to the Prime Market in the new market seg-



ments of the Tokyo Stock Exchange. We will keep striving to enhance corporate value to continue being a company worthy of a market oriented to companies which center their business on constructive dialogue with global investors.

## Sustainability

### Introduction of Coffee Roasted with Biocoke at Some Stores

We commenced sales of three products, including blended coffee, containing coffee beans roasted using biocoke from coffee grounds at MOS BURGER & CAFE stores nationwide. Biocoke is an environmentally-friendly solid fuel that uses coffee grounds and other biomass as raw materials. In addition, the coffee beans are blended with Diversity Coffee, which is grown on a farm where people with disabilities work in Bra-



\*Image of biocoke.

zil's premier production area. This will lead to a sustainable environment in which anyone can work as an equal, in addition to the communication of value.

## Sustainability

### Presentation of Arigato Blue Tickets to Red Cross Hospitals Nationwide

We presented Arigato Blue Tickets that can be exchanged for hamburgers to medical professionals, who have been supporting local healthcare on the front-line of the COVID-19 response. We wanted to communicate our gratitude in way that is unique to

MOS BURGER and hope that medical professionals can relax with a warm hamburger even in the midst of a constantly tense situation. We had delivered tickets to 85 Red Cross hospitals all over Japan by the end of July.



## Sustainability

### Establishment of MOS no Mori to Communicate Our Social and Environmental Activities

We established MOS no Mori, a new section for content on the MOS BURGER official website, to communicate various Group-wide initiatives, including environmental and social activities, to more people. The name of the section is based on the idea that small individual social activities will put out shoots like the fruit on a tree and will come together and eventually grow into a large

and diverse forest. We disseminate information on the environment, food education programs, and community contribution activities by our stores roughly twice a month.



Please see our website for details of MOS no Mori.



Message from the President

**Nakamura Eisuke**

President & Representative Director,  
MOS FOOD SERVICES, INC.

中村 栄輔



## Aiming to be a Unique Restaurant Company in Asia

The MOS Group will aggressively open stores with the themes of “bringing stores closer and creating stores that are loved even more,” to become the MOS Group loved around the world.

hearing customers say after eating that their meal was delicious or that they will come again.

Trusting relationships with our work colleagues are essential for realizing this aspiration. I have rephrased some of the words our founder used to say about ways of working in my own way in order to share them more easily with colleagues. “Speak honestly,” “Keep our promises,” “Do our jobs in a courteous manner,” “Work with integrity,” and “Fulfill the trust placed in us” are the five phrases. I hold these words dear regarding them as part of the MOS Group’s DNA.

The DNA we have cultivated since our founding cannot be preserved by MOS BURGER’s head office alone. It is important that all the members working in stores, including franchise owners who are in accord with our philosophy, share this DNA and fulfill the expectations of customers who look forward to meals at MOS BURGER. I feel proud that the MOS Group has built a corporate culture that inherits and develops these aspirations.

### Toward the Next 50 Years

As the President, my mission is to carry on nurturing the seeds of new businesses for the next 50 years and establish a solid foundation as a company capable of continuing business for 100 years. We will develop stores that can meet customers’ diverse requests and needs and implement a new growth strategy so that customers can experience the MOS BURGER taste and service overseas as well as in Japan.

The restaurant industry around the world has suffered a severe blow from the COVID-19 pandemic, and people have continued to be anxious about health. In addition,

### Greetings on the 50th Anniversary of our Founding

This year MOS FOOD SERVICES, INC. celebrates the 50th anniversary of its founding.

MOS BURGER started in a small, ten-square meter store in Itabashi-ku, Tokyo. It is entirely thanks to the support of our stakeholders that we have grown to operate approximately 1,250 stores in Japan and 450 stores overseas.

A favorite phrase of our founder Sakurada Satoshi was, “If I’m going to work, I want to do work that is appreciated.” These words,

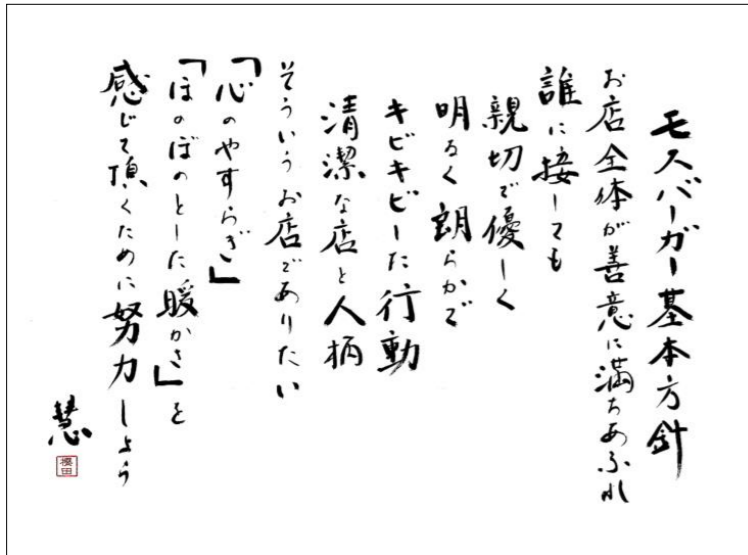
passed down since our founding in 1972, serve as our philosophy and the source for our action.

The MOS Group has established Philosophy System composed of “Contribution to Humanity, Contribution to Society,” our Management Philosophy, the Founding Spirit, the Basic Policy, and the Management Vision. These four parts make up what we advocate as a company while also encapsulating the MOS Spirit ideals that each and every member holds dear.

As a part of the MOS Spirit, the MOS BURGER Basic Policy expresses a vision of

our ideal store. Using the Basic Policy as a guideline for doing our work, we want to provide products and services that satisfy customers by implementing it on a daily basis.

We are not only required to provide meals that are readily available. We must provide the experience of happy dining spaces in which customers can enjoy meals with a focus on taste and quality in-store or takeout to enjoy eating at home, the office, or wherever they like. These spaces must also enable customers to relax by themselves or to dine together with family or friends. Our greatest happiness and pride is

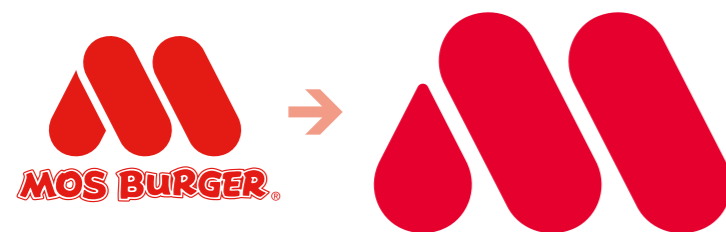


The MOS Group promotes business activities using the MOS BURGER Basic Policy as a guideline in which our founder Sakurada Satoshi indicated what we should do every day to realize the ideal store.

tion, the international situation has become increasingly tense recently, and security could be undermined. Environmental problems, including climate change and biodiversity, have also become more serious due to the impact of global warming. Thus, we are facing a triple challenge.

I believe it is precisely in this situation that the value we provide will be very important. It might be idealistic, but we want to increase the number of stores that provide the kind of spaces where customers can feel relaxed when they go to a MOS BURGER.

Under the new FY2022-2024 Medium-Term Management Plan that we recently formulated, we have set a medium- to long-term vision of delivering the values of "making customers feel at ease" and "genial warmth" to be a unique restaurant company in Asia that attracts global attention. Our



Our new corporate logo expresses our aspiration to move into new business domains beyond eating and drinking.

three-year medium-term slogan for achieving our vision is Challenge & Support. To realize our ideal, we will strive to enhance corporate value in our domestic MOS BURGER business, our overseas business, and our other restaurant businesses. Going forward, we will shift from the structural reform phase to the regrowth phase. Therefore, we will aim to be a company that is fully committed to executing the plan completely while retaining the positive culture we already have.

We have also renewed our corporate logo to express our aspirations for the next 50 years. As the M logo has come to be recognized by itself, we removed the words



MOS BURGER and increased the logo's visibility. The new corporate logo is inspired by the image of Mountain, Ocean, Sun, which is the corporate identity our founder incorporated into the MOS name. The silhouette of the logo represents the mountains while the water-drop shape stands for the ocean and the color red represents the sun.

### Looking Back on Fiscal 2021

We look back on fiscal 2021 as we promote our new Medium-Term Management Plan. The challenging management environment continued for the restaurant industry. This included voluntary restraint on going out

and about due to measures to combat COVID-19 and a growing awareness of the need for contactless services. We withdrew our previous Medium-Term Management Plan in May 2021 because of the uncertain outlook due to the COVID-19 pandemic. However, I believe we achieved a certain degree of success, including the growth of our existing Domestic MOS Burger business and the acceleration of overseas store openings.

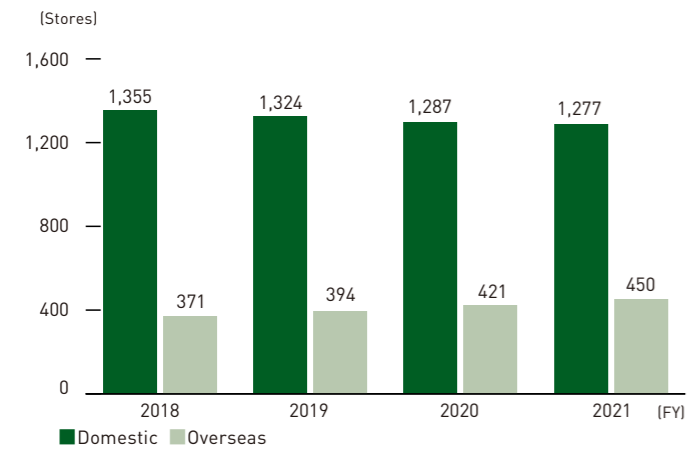
There are numerous concerns, including changes in the international political situation and the soaring cost of ingredients. However, we recognize the importance of implementing business strategies for the future with a priority on the safety of ingre-

Consolidated Financial Results

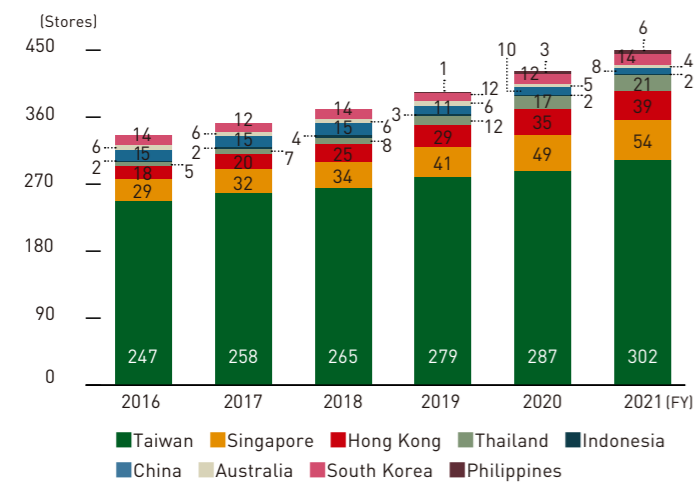
(Unit: ¥ million)

	FY2020	FY2021	Year-on-Year Comparison
Net sales	71,972	78,474	109.0
Operating income	1,422	3,473	244.2
Ordinary income	1,427	3,634	254.6
Profit attributable to owners of parent	997	3,419	343.0

Change in the number of all MOS Group stores



Change in the number of MOS Group stores overseas



dients and based on careful assessments of the environment in countries and regions where we operate overseas and building supply chains in Japan and overseas.

In the domestic MOS BURGER business, to respond to diversifying needs, we promoted initiatives to change products, services, and store formats tailored to com-

mercial area and location, clientele, and a variety of customer patronage motives, rather than pursuing a nationally uniform or one-size-fits-all approach.

On average, takeout, including drive-through, accounted for around 60% of sales before COVID-19, but reached over 80% at its height during the pandemic. In these circumstances, we promoted further development of takeout-oriented products, which we had been addressing since before the pandemic. We made a number of improvements to our buns and sauces so the deliciousness of fresh food can be enjoyed even after being taken home.

We also further improved customer convenience, including delivery, online orders, self-service checkouts, and cashless payments. At the same time, we used various digital technologies to balance customer experience (CX) with employee experience (EX: job satisfaction for employees and store members) to realize "Making people happy through food."

In the overseas business, we accelerated store openings, including delivery-only stores, increasing the number of stores to 450. In Taiwan, Singapore, and Hong Kong, in collaboration with Asahi Shuzo Co., Ltd., we launched sales of products using DASSAI (sweet half sake), a renowned Japanese sake. In Hong Kong, we also expanded MOS Cucina, a specialty pasta store operating inside MOS BURGER, and sales significantly exceeded projections.

In other restaurant businesses, we worked to strengthen product appeal, improve service, and boost takeout and delivery sales. Despite being affected by shorter operating hours as a COVID-19 countermeasure, sales have been recovering since the measures were lifted.

As a result of these efforts, our consolidated financial results in 2021 recorded an increase in sales and profits. By business, compared with the previous fiscal year, sales were up ¥4,300 million in the domestic MOS BURGER business and ¥2,100 million in the overseas business, achieving all-time high consolidated net sales.

Priority Measures of FY2022-2024 Medium-Term Management Plan

Under the new FY2022-2024 Medium-Term Management Plan, we have set financial targets for fiscal 2024 of ¥100,000 million in net sales, ¥5,000 million in operating income, and ¥3,500 million in profit with an operating margin of 5.0% and ROE of 6.6%. To achieve the plan, first of all, we will invest aggressively in the domestic MOS BURGER business with the aim to improve profitability. Our medium-term theme is "thoroughly enhance the quantity and quality of customer contact." In terms of the quantity of contact, namely our store opening strategy, although we previously closed

unprofitable stores to improve management efficiency, we will aim for a net increase in the number of stores from this fiscal year. We will actively open stores tailored for diverse locations, including MOS BURGER & CAFE, Kitchen Car MOS50, small stores, and takeout-only stores. We aim to open 50 stores a year by accelerating the opening of stores directly managed by Group companies as well as by franchisees. This is part of our effort to "bring stores closer" which will increase the quantity of customer contact.

We will also develop menus to create scenarios that will make customers want to visit a store and encourage patronage through the use of cafes and merchandising. In addition, we will aim to expand our fan



The MOS Spirit and the words of our founder stuck into a notebook



The Career Design Guidebook, released in April 2022, summarizes the career path from joining MOS FOOD SERVICES, INC. through to retirement.

base by winning new customers through fan based marketing using characters and social media. This is part of our efforts to “create stores that are loved even more,” which will increase the quality of customer contact.

To implement these measures, we plan to invest ¥13,000 million in store openings and renovations and ¥5,000 million in IT and productivity improvements over the three years of the Medium-Term Management Plan.

In the merchandising business, which is a retailing business leveraging the MOS BURGER brand, we hope to promote sales through our e-commerce site. In developing these businesses, we will promote M&A and alliances with other companies as needed rather than always being focused on in-house development and operation.

Next, in our overseas business, we have developed a growth strategy with two approaches, consisting of the BtoC field centered on expansion of stores and the BtoB field which is responsible for procurement and supply on a global basis. In the BtoC field, in order to concentrate management resources in growth markets, we will formulate strategy and implement optimal allocation of resources by assessing future growth potential in countries where we already operate. We will continue to take on various challenges by also actively promoting new businesses and store openings in new countries. In the BtoB field, we will build the optimal networks for supply of foodstuffs in Japan and overseas. We will establish a trading department at the Tokyo head office, which will reduce costs and increase quality with joint procurement between Japan and various other countries. We will also expand our production sites to match business growth, with plans to invest some ¥5,000 million in the overseas business.

The development of the group management structure in line with business segment growth is another key theme. For sustainable business growth in the future, both a global perspective and a local perspective that considers regional features and characteristics are important. In other words, we need a “glocal” perspective.

We will build a glocal business platform to support the MOS Group’s diverse businesses, and improve the profitability of existing businesses while realizing business expansion through development of new businesses, as well as M&A and alliances. We will work on a daily basis to enhance the corporate value of the MOS Group across all countries and businesses, building a strong and unique brand that represents Asia.

### Supporting Diverse Human Resources to Grow and Thrive

Developing the human resources to support existing our businesses and expand our new businesses is very important for the future of the MOS Group. We constantly consider how to balance our management strategy and human resources strategy.

We say that a company is its people. For a company to keep growing, it is necessary to develop human resources, and for each and every member to be motivated and reform their thinking. Challenge & Support, which is the slogan for the new Medium-Term Management Plan I mentioned earlier, expresses the desire to “create a corporate culture that encourages the members to take on challenges and develop systems that fully support them.” We have always developed ways of encouraging challenges that lead to personal growth for members and created diverse career paths, but there was previously no tool for listing them. Therefore, we released a booklet called the Career Design Guidebook within the company in April 2022. The guidebook provides an overview of career paths for playing an active role as a member of MOS FOOD SERVICES, INC. as well as the knowledge and skills required for each stage.

In addition, the MOS Group is working to realize an employee-friendly workplace, giving consideration to diversity, equality, and inclusion (DE&I) to enable members with diverse backgrounds to thrive, regardless of age, nationality, gender, and academic background. In 2021, our Overseas

Internship Program was launched to develop our next generation of leaders with one year of overseas training for head office members.

In addition to education for head office members, we also provide support for smooth business succession by providing Next-Generation Owner Training for the franchise owners who underpin the MOS Group.

### To Our Stakeholders

Modeled on the vision of the future for 2030 in the SDGs, while achieving the 17 goals, we have set spreading to people across the world the values of “making customers feel at ease” and “genial warmth” as the ideals of the MOS Group we will aim to realize. To realize this as well as to solve various social issues and further promote sustainable management, we established the Sustainability Committee in May 2022. I serve as committee chair and, together with the committee members, who are members of our management team, I will promote sustainability throughout the Group by formulating company-wide policies and targets and monitoring material issues. I will strive to ensure ESG management as well as business growth, to provide value to our many stakeholders, and to continue being a corporate group that is loved and chosen by customers with the idea that “MOS BURGER is always good.”

I am committed to creating an even better MOS Group while holding dear the invaluable assets of trust and connection with stakeholders left to us by our predecessors, including our founder.

On April 4, 2022, MOS FOOD SERVICES, INC. transferred to the Prime Market of the Tokyo Stock Exchange. We will strive for sustainable growth and further enhancement of corporate value to be recognized as a company worthy of the market for leaders of the global economy. I would like to ask all of our stakeholders for their continued support and encouragement for all of our endeavors.



Modeled on the vision of the future for 2030 in the SDGs, in addition to achieving the 17 goals, the MOS Group has set spreading to people across the world the values of “making customers feel at ease” and “genial warmth.”



The MOS Group's Financial Policies and Strategies

# We will invest in growth businesses in Japan and overseas.



## Kawakoshi Tsutomu

Executive Officer, General Manager  
Management Support Division

### Fiscal 2021 Financial Results Overview

Fiscal 2021 was a challenging year during which the COVID-19 pandemic continued in Japan and overseas. However, reaffirming our mission to deliver the deliciousness and enjoyment of food, the entire Group worked to create and operate safe stores where customers can go to eat meals with peace of mind.

The domestic MOS BURGER business saw an increase in both net sales and operating income in fiscal 2021 compared with the previous fiscal year as sales at franchisees, many of which are suburban drive-throughs, remained strong, and sales at directly managed stores, many of which are city center stores, also recovered.

In our overseas business, net sales increased slightly more than 20% and operating income also improved significantly. We carefully assessed the different impacts of COVID-19 in each region in allocating resources and aggressively opened stores in regions where conditions had improved. As a result, store numbers steadily increased by 37 (450 stores as of December 31, 2021).

In other restaurant businesses, sales have been recovering, and we managed to significantly reduce the operating loss as we had already closed unprofitable stores and increased operating efficiency in fiscal 2020 and requests to shorten operating hours as a measure to combat COVID-19 were gradually lifted.

In addition, other businesses that support these mainstay businesses also saw growth in sales and profits.

In all business segments, we focused our efforts on responding to the dramatic changes in the external environment due to COVID-19, which included strengthening takeout and delivery services. At the same time, we also initiated new measures in anticipation of the period after COVID-19. As a result of these efforts, our consolidated financial results saw an increase in sales and profits in fiscal 2021 com-

#### Consolidated Financial Results

(Unit: ¥ billion)

	FY2020	FY2021	Change	Year-on-Year Comparison
Net sales	71.9	78.4	6.4	109.0
Operating income	1.4	3.4	2.0	244.2
Profit attributable to owners of parent	0.9	3.4	2.4	343.0

pared with the previous fiscal year.

### FY2022-2024 Medium-Term Management Plan

The Group recently formulated a three-year Medium-Term Management Plan with its first year in fiscal 2022.

While the details of the plan are also described on pages 23 through 28 of this report, we set ¥100,000 million in net sales, ¥5,000 million in operating income, and ¥3,500 million in profit, with an operating margin of 5.0% and ROE of 6.6% as the targets for fiscal 2024, the final year of the plan.

The issues we need to address over the medium- to long-term in order to achieve the plan are improving earning capabilities in the domestic MOS BURGER business, diversifying revenue across the MOS GROUP as a whole, and establishing a Group management structure. To this end, we will implement aggressive investment starting in fiscal 2022, the first year of the plan.

First of all, for domestic stores, we will promote aggressive investment in store openings and renovations, including a net increase in store numbers and the creation of comfortable stores. Moreover, in terms of increasing the productivity of stores, we will invest in IT, taking a two-pronged approach of increasing sales by developing the payments infrastructure and strengthening online ordering, while reducing costs by introducing labor saving measures in store operations.

As for diversifying revenue, a major role will be played by developing and generating earnings from businesses other than the domestic MOS BURGER business, including the overseas business and other restaurant businesses. In particular, we plan to invest some ¥5,000 million in the overseas business, with plans for joint procurement to cover stores in Japan and overseas, and expansion of manufacturing sites. We believe that building a robust supply chain is also a pressing issue for addressing the soaring cost of ingredients we are facing. We will also seek to establish a revenue base through new business domains, such as a retailing business leveraging the MOS BURGER brand as a merchandising business in Japan.

#### Management Indicators

(Unit: %)

Accounting Period (Fiscal Year)	2019	2020	2021
Equity ratio	69.8	69.6	69.4
Return on Equity (ROE)	0.8	2.2	7.3
Dividend payout ratio	236.5	68.0	25.2

### Stable Financial Management and Shareholder Returns

We have maintained sound financial management with low borrowings and an equity ratio of approximately 70%. Our core domestic MOS BURGER business is a business that operates in concert with our franchisees. In times of emergency, such as natural disasters, it is vital that we take swift and decisive action in a comprehensive manner to protect the chain with both financial and other measures. On the other hand, there is also a view that borrowing for investment is better in terms of ROE. We will also be conscious of using borrowing for investment in growth to utilize financial leverage and increase ROE.

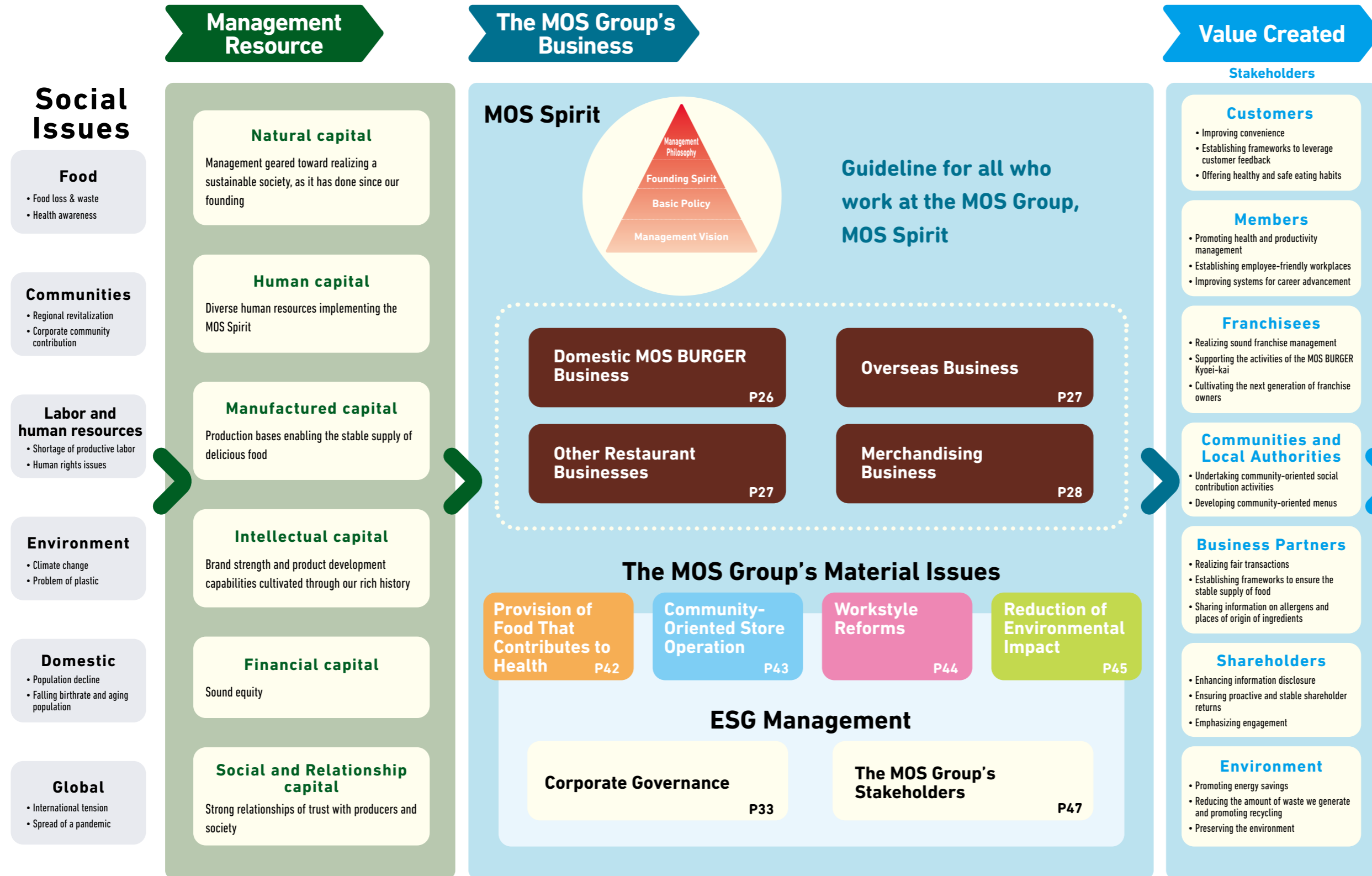
We regard stable shareholder returns as a key task for management. With a target payout ratio of 30%, we also hope to increase the actual amount of the dividend in line with improvements in financial results, while also referring to dividend on equity ratio (DOE).

### To Our Stakeholders

Changes in the external environment will continue to be unpredictable. However, under our new Medium-Term Management Plan, we will invest in human resources, support franchisees, and provide financial support for new store openings and the development of new businesses in order to realize sustainable growth into the future fifty years after our founding. I would like to ask our stakeholders for their continued understanding and support for all of our endeavors.

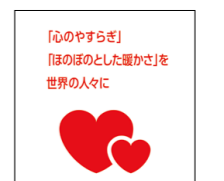
# The MOS Group's Value Creation Model

How will we create value by facing social issues and anticipating the social significance of the MOS Group?  
 This section shows the significance and continuity of the value we provide to all of our stakeholders and society through our business activities in the form of a model.



## The MOS Group Vision

We will expand the values of "making customers feel at ease" and "genial warmth" to people across the world



The United Nations (UN) Sustainable Development Goals (SDGs) were adopted at the UN Sustainable Development Summit in September 2015 and comprise 17 SDGs and 169 targets to be achieved on a global basis by 2030.  
 Based on its Philosophy System—the MOS Spirit (please see page 1 for details)—the MOS Group is working to address material issues (priority matters) in its business activities and create value for society.  
 We have determined targets centered on seven goals within the SDGs, an international framework, which are deeply related to the priority matters.

P47

P39

Q What does the MOS Group Value?



Deliciousness, community-oriented, and something new for the world are the keywords for making people happy through food.

A.

# Our Strengths Cultivated Based on Management Philosophy "Contribution to Humanity, Contribution to Society"

Since its founding, the MOS Group has operated its business under the Management Philosophy of "Contribution to Humanity, Contribution to Society" based on our Management Vision "Making people happy through food." The values of deliciousness, community-oriented, and something new for the world that we hold dear have been cultivated as our strengths during our fifty-year history.



## Pursuing irresistible deliciousness

One of the things that we have held most dear since our founding is the irresistible deliciousness of our products. We want customers who use MOS BURGER to have smiles on their faces. This aspiration and commitment underpins the MOS BURGER deliciousness.

There are three important points for developing products with deliciousness. The first point is that as a hamburger chain originating in Japan we create products that place importance on Japanese ingredients and food culture. We have developed hamburgers and other products making use of Japanese food culture, including the Teriyaki Burger, which contains Japanese ingredients such as soy sauce and miso. The second point is that we place importance on the concept that food and medicine are one and the same. This is the concept that disease can be prevented or improved by eating a nutritionally balanced diet, and we consider the health of our customers in creating our products.

The third point is our after-order system, which means we make each individual product after receiving the order for it. Because we want our customers to enjoy the deliciousness of fresh food, we have placed importance on this method since the time of our founding when pre-cooking was the norm for fast food.

## Delivering Vegetables that Express our Aspirations

MOS Fresh Vegetables show the faces of our producers and are essential for realizing deliciousness. Initially, each store purchased vegetables from a local grocer, so the taste of the actual product was affected by the quality of the vegetables. To resolve this issue, we initiated research into the best ways to grow suitable vegetables for MOS BURGER products. We increased our interaction with farms in Japan to establish a network, leading to our present-day partner farms as well as the MOS Farm (a corporation qualified to own cropland) Initiative.

We want to grow vegetables with vitality. We want to make delicious and healthy products that we ourselves can have faith in over the long term. This commitment has produced the MOS Fresh Vegetables grown by our partner farms. Vegetables that express our aspirations and are grown by producers who share our Management Vision of "Making people happy through food" and continually produce safe and delicious vegetable are a key element in creating the MOS BURGER deliciousness.



A MOS BURGER, the starting point for deliciousness



A producer growing MOS Fresh Vegetables (left) and a MOS member (right)



MOS BURGER Aratama (Aichi Prefecture), the first franchisee

## Community-oriented

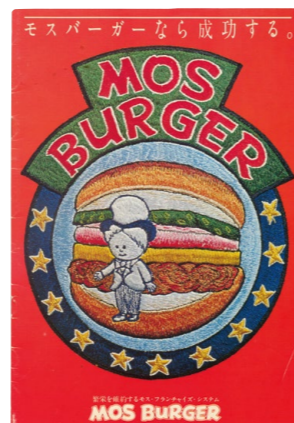


### MOS BURGER Kyoei-kai Connected by a Philosophy

In 1980, MOS BURGER Kyoei-kai was formed as an organization to link MOS Group head office with franchisees as well as franchise stores with each other. Based on a shared philosophy that "Stores exist For the Customer," it engages in activities based on its own initiative to enhance the MOS brand for the prosperity of the chain as a whole. Two years later in 1982, with momentum growing among franchisees to make better stores, it also began Hospitality (Cordial hospitality), Delicious (Safe, high-quality, and delicious products), and Cleanliness (Clean, polished stores) (HDC) activities. This initiative, aimed at maintaining the quality of stores, supporting sound operations, and embodying the MOS BURGER Basic Policy, has handed down its aims and continues to this day.

Through the MOS BURGER Kyoei-kai, franchise stores with a common philosophy share information with each other while undertaking community-oriented activities. Franchisees have taken the lead in undertaking various activities, including the MOS Box of Love charity fundraising initiative inspired by a gallon bottle of cola collection box placed next to the cash register at the MOS BURGER Hakuraku Store (Kanagawa Prefecture) in 1979, as well as participation in community cleanup activities, activities to watch out for customers as a dementia cafe, and the sale of products using local ingredients to protect Japanese industry.

Head office provides support for these activities while placing importance on working and growing together with franchise stores. We will continue to promote Kyoei-kai activities alongside sound franchise management to become the top local store chosen by the community.



A franchise store information pamphlet from around 1977

### Creating Stores Supported by Local People

Approximately 400 franchisee owners all over Japan are part of the MOS BURGER Chain. This means we have stores that are rooted in the community throughout the country. This means our goal is not only to expand the MOS BURGER Chain, but also to create stores that are supported by local people by cooperating and contributing to regional revitalization.

### MOS BURGER-style Franchisee System to Support Community-Oriented Stores

MOS BURGER's unique franchise system supports these community-oriented stores. MOS BURGER's unique Franchise Voluntary Chain (FVC) combines two kinds of connections, which are the "franchise chain," linking head office and franchisees, and the "voluntary chain" that links franchise stores with each other. In an era when avoiding organization of franchisees was the norm, we deliberately built horizontal connections based on the concept that the franchise business begins with trusting people.

This system is also characterized by our respect for the independence of the franchise owners themselves. This enables our system go above and beyond existing mechanisms and manuals to respond promptly to a variety of issues. The Mix Shake Saitama Strawberry, created to support local strawberry farmers on the suggestion of a franchisee owner is a perfect example of how this system works. After being sold for a limited time in 2020, sales were revived again in 2021.



GREEN BURGER (TERIYAKI), a Plant-Based Product

## Something new for the world



### From Innovative Products to New Mainstays

In the past, MOS BURGER has given the world numerous innovative products. These product development capabilities are also one of the foundations that support us.

MOS BURGER has many mainstay products that have been loved by generations of customers. Although we have revamped our products repeatedly in response to changing times, our original concept of tailoring products to Japanese tastes has been consistently handed down to the present day.

Since our founding in 1972, we have created products with a powerful impact on the world. These include the MOS BURGER, our flagship product, with cumulative sales of over 1.3 billion units, the Teriyaki Burger, the first to be launched by a Japanese chain, the MOS Rice Burger, created with a desire to do something about Japan's surplus rice problem, and the MOS Natsumi Burger, which sandwiches its filling with lettuce wrap instead of a bun. Recently, the GREEN BURGER, a plant-based product, has been highly rated as a product that supports food diversity.

### Our Aspirations × Customer Requests

In addition, since our founding, we have been working to develop products that help customers lead healthy lifestyles with safety and peace of mind, based on our responsibility to provide products that customers eat. One example developed out of this concept and consideration of the environment is the Soy Patty, which uses plant protein from soy beans instead of meat. This product came about from customer feedback requesting a meat-free hamburger received during the MOS BURGER Town Meetings conducted at the time with in-person visits all over Japan by former President Sakurada Atsushi. We will continue to promote product development that matches our thoughts with customer requests, while creating opportunities to communicate directly with customers.



The Soy Patty came about from requests for development of meat-free menus

### Mechanisms and Systems that Match the World

Our innovative initiatives go further than product development. In addition to ensuring a stable supply of vegetables, we became involved in agriculture with a desire to play even a small part in solving issues such as the aging of producers and shortage of successors, the increase in abandoned farmland, and the decrease in the food self-sufficiency rate, and we have established MOS Farms all over Japan. We have also continued to hold the "MOS BURGER's Vegetables Direct from the Farm Festival" in various locations in which store members experience harvesting at local partner farms and subsequently offer limited-edition products using local vegetables.

We also responded promptly to legal revision of the Technical Intern Training Program, a scheme for foreigners to work in Japan, establishing the "Vietnam Kazoku" program as a new mechanism to support the acquisition of specified skills visas for food service. We have also carried out the trial introduction of "OriHime\*," an alter-ego robot, which provides remote checkout and customer service support for people for whom going outdoors is a challenge due to illness or disability, and conducted research into new workstyles.

Our founder left us with the words, "Work with entrepreneurship." We move forward by thinking hard, making our own decisions, and taking our own risks. Carrying on this way of thinking, we will continue to take on diverse challenges in order to create many new things for the world, not just something new for us.

"OriHime," an alter-ego robot



\*An alter-ego robot developed by Ory Laboratories, Inc.

# Q

● Where is the MOS Group Headed in the Future?



# A

● Deliver the values of "making customers feel at ease" and "genial warmth" to be a unique restaurant company in Asia that attracts global attention.

FY2022-2024 Medium-Term Management Plan Medium- to long-term vision

## "Challenge & Support" Aiming to be a Unique Global Company

The MOS Group recently formulated the FY2022-2024 Medium-Term Management Plan.

In addition to the medium-term management targets for the Group as a whole, we established themes for each business and will build a strong and unique brand that represents Asia.

Under the Medium-Term Management Plan which began in fiscal 2022, we established a medium- to long-term vision to become "a unique restaurant company in Asia that attracts global attention by delivering the values of 'making customers feel at ease' and 'genial warmth.'" We also set Challenge & Support as our medium-term slogan over the three years of FY2022-2024.

In order to achieve the Medium-Term Management Plan, we will invest aggressively in the domestic MOS BURGER business to improve profitability. To boost our store opening capabilities, franchise package capabilities, and ability to respond to change, we plan to invest ¥13,000 million in store openings and renovations and ¥5,000 million in IT and productivity improvements over the medium-term three-year period.

It is also necessary to promote business development and generate earnings in the overseas business

and other restaurant businesses to diversify Group revenue. We plan to invest some ¥5,000 million in the overseas business. In the merchandising business, which sells goods leveraging the MOS BURGER brand, we will also promote sales through our direct e-commerce site.

In promoting business, rather than exclusively concentrating on in-house or independent development, we will also utilize M&A and alliances with other companies as necessary with the emphasis on speed, scale and profitability.

Moreover, corporate growth is not possible without cultivation of human resources. It is vital that each and every member working at the MOS Group continues to transform their awareness to work in our business as if it were their own. We will create a corporate culture that encourages employees to take on challenges and establish systems that fully support them to do so.

### FY2022-2024 Medium-Term Management Plan

Medium- to long-term vision

Deliver the values of "making customers feel at ease" and "genial warmth" to be a unique restaurant company in Asia that attracts global attention

Medium-term slogan

Challenge & Support

#### Consolidated financial figures

(Unit: ¥ billion)

	FY2019-2021 Medium-Term Management Plan "Nothing is impossible"			FY2022-2024 Medium-Term Management Plan "Challenge & Support"	
	FY2019	FY2020	FY2021	FY2022 Business performance forecast	FY2024 Medium-term management targets
Net sales	68.9	71.9	78.4	85.0	100
Operating income	1.0	1.4	3.4	3.3	5.0
Profit	0.3	0.9	3.4	2.0	3.5
Operating margin	1.5%	2.0%	4.4%	3.9%	5.0%
ROE	0.8%	2.2%	7.3%	4.1%	6.6%

## Issues to Address over the Medium- to Long-Term

Improving earning capabilities through aggressive investment in the domestic MOS BURGER business and diversifying the MOS Group's revenue

### Improving earning capabilities in the domestic MOS BURGER business

Boost three areas of capability in the domestic MOS BURGER business

Store opening capabilities

Franchise package capabilities

Ability to respond to change

Investment in store openings and renovations: **¥13,000 million**

(Compared to three years of previous plan: 450%)

Investment in IT and increasing productivity: **¥5,000 million**

(Compared to three years of previous plan: 147%)

### Diversifying the MOS Group's revenue

Develop and generate earnings from businesses other than the domestic MOS BURGER business

Overseas Business

Other Restaurant Businesses

Merchandising Business

Other Businesses

Investment in overseas business: **¥5,000 million**

(Compared to three years of previous plan: 251%)

Establish direct e-commerce sites  
Utilize M&A and alliances as appropriate

## Establishing a Group management structure

Developing a glocal business platform to match growth of business segments



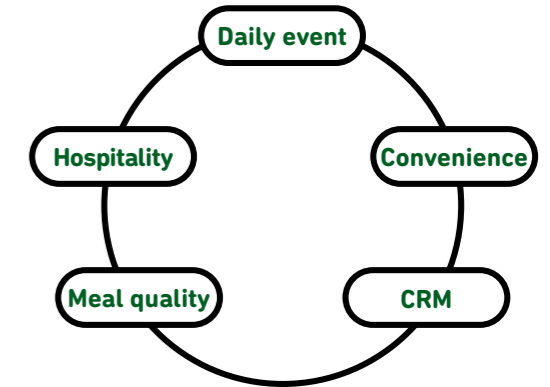
### Glocal Business Platform

<b>Operation</b>	Restaurant chain head office functions	Global standardization + local adaptations in each country
<b>Delicious food</b>	Supply chain (deliciousness, safety, peace of mind, health)	Joint global procurement + use of regional produce
<b>Brands</b>	MOS Group brands (MOS, safety, peace of mind, health)	Initiatives to enhance the value of the MOS brand

\*The merchandising business is included in the domestic MOS BURGER business segment.

## Domestic MOS BURGER Business

Thoroughly enhancing the quantity and quality of contact with customers



Bring stores closer

Create stores that are loved much more

Stores matched to a variety of locations

Create scenarios for patronage

Aggressive store openings

Expand fan base

Promote more diverse MOS BURGER business formats matched to a variety of locations  
Develop menus to create scenarios for patronage and expand fan base

In order to bring stores closer to make it easy for customers to visit a store, we will promote more diverse MOS BURGER business formats matched to a variety of locations. This will make it possible to open stores in niche location using MOS BURGER & MOS CAFE to meet demand for cafes in residential and downtown areas and small stores which can be opened in urban and station-front sites of around 60 square meters. In residential areas, event venues, and other locations where there are no stores, we will exploit the mobility of Kitchen Car MOS50. We will utilize these store formats to increase store numbers, which had been

decreasing, and aim to open 50 stores a year. We will also promote the opening of directly managed stores using Group companies, in addition to store openings by franchisees. We will develop menus to create scenarios assuming customer patronage motives that will make customers want to visit a store and promote merchandising to create stores that are loved even more. To increase our fan base, we will encourage customer traffic through fan-based marketing using characters with a firmly established audience and analysis of customer preferences to propose recommendations that motivate them to make purchases.

Through the cross-organizational project activities for which I am in charge of the Secretariat, we will promote increases in productivity and the development of diverse business formats at MOS BURGER stores to help expand store numbers and achieve the medium-term management targets.



**Itaba Tomoko**

Senior Leader,  
Business Planning Group,  
Corporate Planning Department,  
Corporate Planning Division

## Overseas Business

### Creating an International Franchise Business Model

BtoC business

BtoB business

**Aggressively promote new businesses and store openings in new countries**  
**Realize cost reductions and an increase in quality through establishment of new trading department.**

The creation of an international franchise business model is the key in the overseas business. In the BtoC business, we will concentrate management resources in growth markets and areas by formulating strategy and implementing optimal allocation of resources based on assessment of future growth potential in countries where we already operate. We will also aggressively promote new businesses and store openings in new countries. As specialty pasta store MOS Cucina has been very popular in Hong Kong,

there are plans to expand into other countries as well and open many stores. In the BtoB business, we will develop an optimal network for the supply of ingredients on a global basis. We will establish a trading department within the head office, which will reduce costs and increase quality with joint procurement between Japan and various other countries. We will also strive to expand manufacturing sites to match growth in the overseas business.

I will realize improvements in profitability and value added by optimizing procurement of ingredients and packaging materials across the entire MOS Group through the development of a global supply chain!



**Hondo Hiroyuki**  
 Group Manager,  
 International Purchasing Group,  
 International Strategy Department,  
 International Division

## Merchandising Business

### Expansion of new businesses leveraging the MOS BURGER brand

Products development

Channels development

**Products leveraging commitment to food, product development capabilities, and brand strength**  
**Develop sales channels that include mass retailers and e-commerce sites in addition to MOS BURGER stores**

The products and household items leveraging the MOS BURGER brand that we have sold in collaboration with other companies so far, including snacks, confectionary, food, and lifestyle goods, have been very popular.

We will continue to develop products that make MOS BURGER more familiar, leveraging the strength of the MOS BURGER brand, which is recognized by customers, in

addition to our commitment to food and our product development capabilities.

Rather than only selling these products at MOS BURGER stores, we will develop new sales channels, including mass retailers, convenience stores, and our direct e-commerce site as well as those of other companies, with the aim of expanding earnings in the merchandising business.

I will contribute to enhancing the value and image of the MOS brand by establishing the merchandising business and strengthening our branding with the main focus on store merchandising, the e-commerce business, and collaboration-based business.



**Iokawa Tomohisa**  
 Group Manager,  
 Merchandising Group,  
 Digital Marketing Department,  
 Marketing Division

## Other Restaurant Businesses

### Improving profitability and creating new value added in existing business

Upgrade and grow existing business

Build the tea business

**Focus on enhancing service levels and expanding takeout sales**  
**Begin direct import of tea leaves and develop into a profitable business**

Our other restaurant businesses are mainly restaurants focused on in-store dining, including Mother Leaf, a specialty tea store where customers can enjoy fresh tea and American waffles, and MOS PREMIUM, a hamburger restaurant for adults.

We expect takeout and delivery demand will continue to rise, and will further upgrade our operational capabilities, including introduction of online reservations, to develop this segment into a growth business.

We have also begun direct imports of the tea leaves used at tea specialty store Mother Leaf and MOS BURGER stores in Japan. We plan to grow the import of tea leaves into a profitable business through reduction of our product costs, development of an education business, and wholesale sales to other companies.

My goal is to achieve continuous profitability in store operations as well as head office profitability, including expenses, through cooperation among various new restaurant business units. I will also increase brand value through independent operation of the tea business and creation of new value added.



**Tousen Kentaro**  
 Group Manager,  
 Mother Leaf Group,  
 New Food-service Department,  
 Store Development Division

## Cross-organizational Themes

**DX** (digital transformation)

Utilize digital technology to promote CX and EX and support "Making people happy through food" with IT

**SDGs**

Exhibit the progressive characteristics unique to MOS Burger to co-create with society

**Cultivation of Human Resources**

Support diverse individuals to grow and thrive

**Address DX, SDGs and cultivation of human resources on a cross-organizational basis to enhance customer experience and the job satisfaction of members**

Through DX, we aim to enhance customer experience (CX) and employee experience (EX: job satisfaction for employees and store members), by utilizing digital technology. We will provide new experience value for customers and reduce the workload for working members.

In terms of the SDGs, we have set seven goals aligned with our material issues as particular priorities, and we will respond to social issues such as decarbonization, as we strive to create value through our business activities. We will also engage in communication and social contri-

bution activities tailored to local characteristics and features with timely messaging via social media and other means to broaden the circle of our activities.

In the cultivation of human resources, we will develop systems to support the growth and success of diverse human resources from a variety of social backgrounds, including new graduates and experienced professionals, store and head office employees, generalist and specialist employees, and re-employed retirees.

# Q. What are the MOS Group Ideals?



# A.

**We will continue creating new value while loving nature and people and embracing communities.**

## The MOS Group's Starting Point and Sustainability Management

Our founder Sakurada Satoshi had a sustainable approach, wishing to carry on business activities while looking after nature and communities, long before the terms CSR and sustainability management came into widespread use. Taking to heart the passion and words of our founder, which are the starting point for the MOS Group, we envision our ideals for the future to promote sustainability management for the sustainable enhancement of corporate value.

### The Passion of Our Founder Encapsulated in MOS

MOS stands for the first letters of the words mountain, ocean, and sun. MOS means being majestic and noble as a mountain, having a heart that is as broad and deep as the ocean, and passion like the sun that never burns out. Our founder Sakurada Satoshi named MOS to encapsulate his never-ending love for human beings and nature as well as his wish for the Company to be a body of people as ideal as nature.

The goal of the MOS BURGER Chain is to become a store that delivers deliciousness, health, and happiness to our customers and communities and a place to recharge for tomorrow.



### Our Founder's Words Support the MOS Group Sustainability Management

"The true meaning of service is serving the community."

I have learned from experience that true service is very profound.

The important point is having something that draws customers in more strongly than serving customers with words alone.

At first, I had no understanding of this at all.

After a year of struggle, I finally learned that the true meaning of service is serving the community.

From "Fostering Stores that Provide Sincere Service," Restaurant Management, Autumn 1975 issue

"Do your best to act with love."

I believe the restaurant industry is basically an industry that allows us to shower others with love with heartfelt warmth.

The history of MOS BURGER has been built through love. Wishing for the whole chain to get better and wanting to provide customers with really delicious food came from a place of kindness and gentleness, namely love. Doing your best to act with love touches the hearts of customers.

From the Preamble to the MOS BURGER Chain Franchise Contract





# Management Team to Support Sustainable Growth of MOS FOOD SERVICES, INC.

\* The skill matrix does not show all the knowledge and experience possessed by each individual.

\* For Outside Directors and Outside Audit & Supervisory Board Members, the areas in which they are expected to make a particular contribution to the Company's management are shown.

<b>Name</b>	<b>Nakamura Eisuke</b>	<b>Takifuka Jun</b>	<b>Fukushima Ryuhei</b>	<b>Uchida Yuko</b>	<b>Ota Tsuneari</b>	<b>Kasai Ko</b>	<b>Takaoka Mika</b>	<b>Nakayama Isamu</b>	<b>Odawara Kana</b>	<b>Nagai Masahiko</b>	<b>Usui Tsukasa</b>	<b>Murase Takako</b>	<b>Fujino Masafumi</b>																																																																																																		
<b>Position</b>	President & Representative Director	Director and Managing Executive Officer, General Manager, International Division	Director and Managing Executive Officer, Risk Management & Compliance Office	Director and Managing Executive Officer, General Manager, Development Division, New Food-service Division	Director and Senior Executive Officer, General Manager, Operation Division	Director and Senior Executive Officer, General Manager, Corporate Planning Division	Director (Outside Director)	Director (Outside Director)	Director (Outside Director)	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member																																																																																																		
<b>Experience</b>	1988 Joined the Company 2010 Executive Officer, General Manager, Development Division, Director and Executive Officer, General Manager, Development Division 2011 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Development Division 2012 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Operation Division 2014 Managing Director and Executive Officer, Business Management 2016 President & Representative Director, Manager, Store Business Development Division 2020 President & Representative Director (currently serving)	1986 Joined the Company 2009 General Manager, East Japan Operation Division, Operation Division 2010 Executive Officer, General Manager, East Japan Operation Division 2011 Executive Officer, General Manager, Overseas Product Division 2018 Executive Officer, General Manager, International Division 2020 Senior Executive Officer, General Manager, International Division 2022 Director and Managing Executive Officer, General Manager, International Division (currently serving)	1986 Joined the Company 2008 Director and Executive Officer, General Manager, General Planning Office, Group Leader, Corporate Planning Group 2011 Director and Executive Officer, In Charge of Overseas MOS BURGER Business 2016 Managing Director and Executive Officer, General Manager, Management Support Division, Manager, Product Division 2020 Director and Managing Executive Officer, Risk Management & Compliance Office (currently serving)	1985 Joined the Company 2007 General Manager, Mother Leaf Business 2014 Executive Officer, General Manager, Development Division 2016 Director and Managing Executive Officer, General Manager, Development Division, Manager, New Food-service Division 2020 Director and Managing Executive Officer, General Manager, Development Division, New Food-service Division (currently serving)	1995 Joined the Company 2014 General Manager, Product Development Department Division 2018 Executive Officer, General Manager, Product Division 2019 Executive Officer, General Manager, Operation Division 2020 Director and Senior Executive Officer, General Manager, Operation Division (currently serving)	2008 Joined Nomura Research Institute, Ltd. 2016 Joined BayCurrent Consulting, Inc. 2018 Partner, BayCurrent Consulting, Inc. 2018 Joined the Company, Executive Officer attached to General Planning Office 2019 Executive Officer, General Manager, Corporate Planning Division 2022 Director and Senior Executive Officer, General Manager, Corporate Planning Division (currently serving)	2009 Professor of the College of Business, Rikkyo University (currently serving) 2014 Outside Director of the Company (currently serving) 2015 Outside Director, Kyodo Printing Co., Ltd. (currently serving) 2018 Outside Director, SG HOLDINGS CO., LTD. (currently serving) 2019 Outside Director, FamilyMart Co., Ltd.	1981 Joined ITOCHU Corporation 2013 Representative Director and President, FamilyMart Co., Ltd. 2016 Representative Director and Vice President, FamilyMart UNY Holdings Co., Ltd., Representative Director and Chairman, FamilyMart Co., Ltd. 2019 Representative Director and Chairman, Kanemi Co., Ltd. 2020 Outside Director of the Company (currently serving)	1988 Joined Tohatsu, Awoki & Sanwa (Deloitte Tohatsu) 1998 Joined Coopers & Lybrand, U.S. (PwC) 2002 Joined General Electric Company 2009 CFO, Stryker Japan K.K. 2013 SVP Financial Controller, Coca-Cola (Japan) Company, Limited, Outside Audit & Supervisory Board Member, Coca-Cola (East Japan) Company, Limited 2015 Director, General Manager and Chief Financial Officer, Management Division, The Adecco Group, Director, VSN, Inc. 2022 Outside Director of the Company (currently serving)	1990 Joined the Company 2013 General Manager, Operation Management Division 2014 Executive Officer, General Manager, Management Support Division 2016 Advisor, Management Support Division 2018 Audit & Supervisory Board Member (currently serving)	1987 Joined the Company 2004 General Manager, Management Division 2010 Executive Officer, General Manager, General Planning Office 2014 Executive Officer, General Manager, Operation Strategy Division 2019 Audit & Supervisory Board Member (currently serving)	1994 Registered as an attorney-at-law. Joined Torikai Law Office 2005 Partner, Torikai Law Office (currently serving) 2015 Outside Audit & Supervisory Board Member, NIKKO COMPANY (currently serving), Outside Audit & Supervisory Board Member, the Company (currently serving) 2020 Outside Audit & Supervisory Board Member, YAMAICHI ELECTRONICS CO., LTD.	2000 Completed Master's Program, Graduate School of Business Administration, Senshu University 2003 Completed Doctoral Program, Graduate School of Commerce and Management, Hitotsubashi University 2017 Professor, College of Economics, Nihon University (currently serving) 2018 Managing Director, NIHON KEIEI KAIKEI SENMONKA KYOKAI (currently serving) 2020 Outside Audit & Supervisory Board Member of the Company (currently serving)																																																																																																		
<b>Skill Matrix</b>	<table border="1"> <tr> <td>Overall management</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Product development and marketing</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Global business and M&amp;A</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ESG</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Legal matters and risk management</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Finance and accounting</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Human resource management</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Overall management														Product development and marketing														Global business and M&A														ESG														Legal matters and risk management														Finance and accounting														Human resource management													
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<b>My Favorite MOS</b>																																																																																																															
	MOS Cheese Burger	FUJIYAMA Wasabi Rice Burger (limited-time sales in Hong Kong)	Pork Cutlet Burger	MOS Burger	Teriyaki Chicken Burger	Spicy MOS Cheese Burger	NATSUMI MOS Yasai Burger	Tobikiri Cheese Burger -with Hokkaido Gouda Cheese-	Soy Patty MOS Cheese Burger	NATSUMI Shrimp Cutlet Burger	Chili Dog	Spicy MOS Burger	MOS Rice Burger Kaisen Kakiage																																																																																																		

# Corporate Governance to Support Sound Growth of the MOS Group

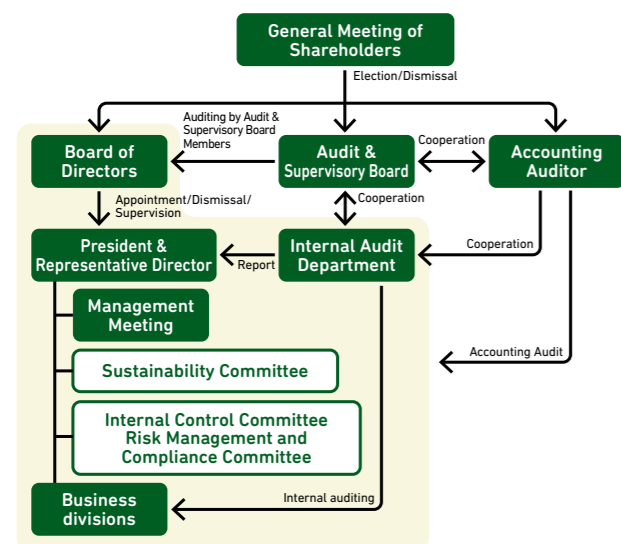
## Basic Policy on Corporate Governance

The source of the MOS Group's corporate value lies in its Management Philosophy of "Contribution to Humanity, Contribution to Society" and its Founding Spirit and Basic Policy of "Do work that is appreciated. Our Management Philosophy points to our desire to "contribute to society by forming deep connections with customers and communities and providing sincere service." The words of our Management Philosophy define our belief that humanity and society are inseparable to our business. Additionally, these words demonstrate our ambition to contribute to all stakeholders.

The Company believes true corporate value is the sum of the value provided to its stakeholders, including members, franchisees, business partners, and communities, who deeply share and support its Management Philosophy and other principles. Furthermore, we also believe if we fulfill our responsibilities to our stakeholders and continue to enjoy their support as a "company of value," we will also be able to fulfill our responsibilities to our shareholders, leading to the maximization of shareholder value.

In order to improve its corporate value and shareholder value over the medium to long term, the MOS Group will pursue an advanced level of corporate governance by fostering constructive engagement with its stakeholders based on appropriate information disclosure.

### Corporate Governance System



### Reason for Selecting the Present Corporate Governance System

We have adopted a Company with Audit & Supervisory Board system of corporate governance. The Company ensures the soundness and transparency of management by delegating the function of auditing the Board of Directors, management's highest decision-making body, to the Audit & Supervisory Board, which is independent of the Board of Directors, and by appointing outside directors with a wealth of experience. Under such ample checks and balances, we believe this system enables appropriate decision-making on the part of the Board of Directors and supervision of the business execution of directors.

Governance system	Company with Audit & Supervisory Board
Number of directors	9
Number of directors who are outside directors	3
Term of office for directors stipulated by the Articles of Incorporation	2 years
Number of Audit & Supervisory Board members	4
Number of Audit & Supervisory Board members who are outside Audit & Supervisory Board members	2
Accounting Auditor	KPMG AZSA LLC

## Board of Directors

The Board of Directors comprises nine directors (six men and three women) including three outside directors and four Audit & Supervisory Board members (three men and one woman) including two outside Audit & Supervisory Board members. To ensure that it can make accurate and swift decisions after conducting sufficient deliberations regarding important management matters, the Board of Directors holds a Board meeting once a month as well as directors' meetings on an as-needed basis.

## Audit & Supervisory Board

The Audit & Supervisory Board comprises two standing Audit & Supervisory Board members and two non-standing (outside) Audit & Supervisory Board members. In accordance with the audit policies and plans determined by the Audit & Supervisory Board, each Audit & Supervisory Board member attends Board of Directors' meetings and conducts audits by carefully monitoring the status of management and business execution through periodic meetings and exchanging information as needed with the Accounting Auditor regarding the formulation and implementation of annual auditing plans. In addition, each Audit & Supervisory Board member endeavors to secure the Company's corporate governance system by attending meetings of the Risk Management and Compliance Committee and the Internal Control Committee. Furthermore, the Company secures the independence of its two outside Audit & Supervisory Board members, each of whom possesses practical and specialized knowledge on matters including finance, accounting, taxation, and legal affairs.

## Reasons for Appointing Outside Directors

The Company appoints outside directors from a diverse range of human resources who satisfy its criteria for independence, who understand both the characteristics of the Group's Management Philosophy and franchise business and the uniqueness of the Group's business, and who are able to provide sound advice leveraging their knowledge, experience, and activities in specialized fields.

Name	Reasons for appointment
Takaoka Mika	Takaoka Mika is a university professor specializing in distribution system theory and retail management theory. She was appointed so that her advice and recommendations leveraging extensive knowledge and deep insights regarding corporate management may be applied to the Company's management and to supervise management from an independent standpoint.
Nakayama Isamu	Nakayama Isamu combines a high level of expertise and a wealth of business experience in a wide range of food-related fields with a track record and deep knowledge as a corporate manager. He was appointed as the Company believes he will provide advice in a wide range of fields and contribute significantly to the strengthening of its management structure and operational system.
Odawara Kana	Odawara Kana has served as chief financial officer and in other positions at a number of the Japanese subsidiaries of global corporations. In addition to a high level of expertise as a certified public accountant in Japan and the U.S., she possesses extensive knowledge and experience of corporate management in general, particularly financial management, human resources development, and business transformation. She was appointed as the Company expects she can contribute to strengthening the Company's management structure and execution of management strategy as an Outside Director.

## Executive Compensation

The total amount of compensation for each category of executive officer and the total amount of compensation by type of compensation and the number of officers eligible are as follows.

Classification	Total amount of compensation (Millions of yen)	Amount by type of compensation (Millions of yen)			Number of eligible officers (Persons)
		Fixed compensation	Performance-related compensation	Nonmonetary compensation	
Directors (excluding outside directors)	108	53	55	-	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	27	27	-	-	2
Outside officers	25	25	-	-	4

Note: The salaries of directors and Audit & Supervisory Board members serving concurrently as employees are not included in the above amounts.

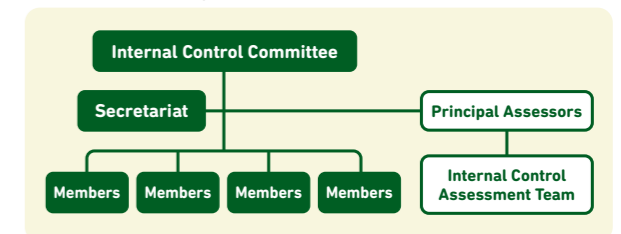
## Overview of Performance-related Compensation

Performance-related compensation comprises executive compensation and executive bonuses, which is monetary compensation that varies depending on business performance and other factors, and performance-related share compensation, which is non-monetary compensation. The Company utilizes a combination of quantitative aspects, such as its published business performance forecast of consolidated net sales and profit attributable to owners of parent, and qualitative aspects, such as business management, as indicators for performance-related compensation.

## Internal Control System over Financial Reporting

In accordance with the provisions of Japan's Financial Instruments and Exchange Act, the MOS Group has established Internal Control and Management Rules for Financial Reporting and Guidelines for Implementation of Internal Control over Financial Reporting. The Internal Control Committee establishes and operates internal control over financial reporting, and the Internal Control Assessment Team centered on the Internal Audit Department assesses the establishment and operational status of the control system. Through this system, the MOS Group strives to establish a well governed internal environment and implement sound management of work processes to develop a system for internal control over financial reporting that facilitates effective and fair assessment of the reliability and appropriateness of financial reporting.

### Internal Control System



## Method, Results, and Policies for Improvement of the Evaluation of the Effectiveness of the Board of Directors

In order to enhance the effectiveness of the Board of Directors, all directors and Audit & Supervisory Board members conduct annual self-evaluations. We disclose an overview of the results after analyzing and assessing the self-evaluations by the Board of Directors.

### Method of Effectiveness Evaluation

A questionnaire regarding the effectiveness of the Board of Directors is distributed to all directors and Audit & Supervisory Board members and then collected upon completion. The effectiveness of the Board of Directors is analyzed and evaluated based on the aggregated results of the responses.

Response Method	Response Type
Point-based evaluation/ Open-ended responses	Anonymous

Based on the results of the analysis and evaluation, we identify future issues and endeavor to further increase effectiveness of the Board of Directors. Evaluation results are disclosed on the Company's website.



Please see our website for details of corporate governance.

## Risk Management and Promotion of Compliance

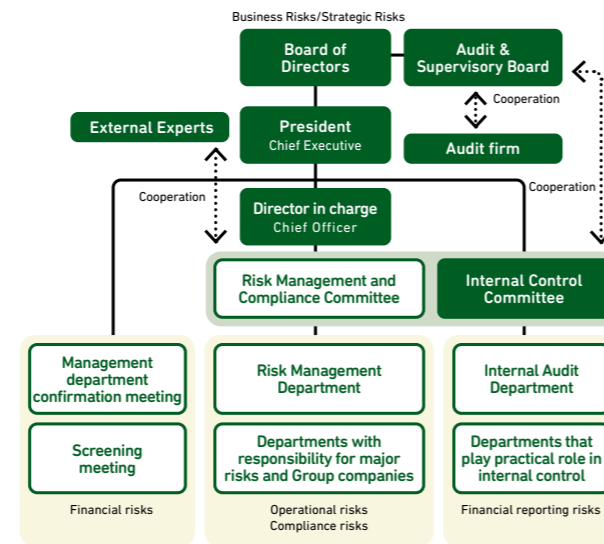
The Company's Board of Directors promotes the establishment of the internal control system on a Company-wide basis and implements crisis response in emergencies (serious compliance incidents, serious food accidents, and disasters that cause severe damage, etc.).

The Company has also established a system for managing financial risk related to important investments, loans, and investments in new businesses. A management department confirmation meeting and a screening meeting, established under the supervision of the Management Meeting composed of the President and the managing and senior executive officers, analyzes the balance between capital, risk, and earnings in advance, and submits the analysis for discussion by the Board of Directors. More specifically, the submission to the Board of Directors clearly states the amount of the investment in comparison to the cost of capital, the payback period, any anticipated risks, and how they will be handled. The Board of Directors manages business and strategic risks by clarifying risk appetite and tolerance (identifying risks that can be tolerated and their level) before approving items on the agenda at its meetings.

The Company has established the Risk Management and Compliance Committee to promote systems for operational risks, crisis management, and compliance, and the Internal Control Committee to manage disclosure reliability risks (financial reporting risks). Both committees cooperate closely in addressing these themes on a cross-organizational basis.

The Risk Management and Compliance Committee is chaired by the General Manager of the Risk Management Department. The President acts as the committee's chief executive and the Director in charge of risk management and compliance acts as its chief officer. The members are the general managers of each department responsible for major risks and the presidents of subsidiaries in addition to the general managers of departments that manage risk information as observers. The Internal Control Committee is chaired by the general manager of the Internal Audit Department and its members are the heads of departments that play a practical role in financial reporting. In order to conduct internal audits from an independent and objective standpoint, the Internal Audit Department has been organized as an independent department that is under the direct supervision of the President.

Promotion System Diagram



The MOS Group's Risks and Risk Response Measures\* (excerpt from Securities Report)

Risk classification	Risk area	Details	Response measures
Major risks	Food accident risks	Contamination with hazardous foreign matter, food poisoning, inability to supply food to stores due to food accidents at plants, etc.	In addition to hygiene management incorporating the HACCP approach, establishment of our own MOS Food Safety Standards, which comply with ISO 22000. Implementation of annual reviews to develop systems capable of responding to business diversification, social conditions, and changes in customer values
	Store management risks	Accidents caused by equipment, traffic accidents, leaks of customer and employee personal information, other incidents, accidents, issues, violations of laws, regulations, and bylaws, manuals, and internal rules, and natural disasters at stores, etc.	Rigorous management of safety for customers and employees by carrying out regular safety management inspections at all stores and risk management education for store members. Establishment and reinforcement of emergency systems for natural disasters, etc.
	Personnel and labor risks	Violations of laws, regulations, and bylaws, such as the Labor Standards Act, harassment, deviations from employment rules and internal rules, labor shortages, mental health issues, loss of human resources, decline in work quality, decline in productivity, etc.	Introduction of system in which employees are free to change desks and continuation of 50% telecommuting rate at head office, maintenance of 100% rate of return to work from childcare leave among female employees. Promotion of health and productivity management initiatives and creation of a fulfilling work environment
	Legal violation risks	Misconduct by managers or employees, violations of laws, regulations and bylaws, response in the event of revision or tightening of laws and regulations related to food hygiene, particularly the Food Sanitation Act, the environment, equipment, and labor	Establishment of an annual Reading Day to ensure all Group employees are fully aware of The MOS Group Code of Conduct. Implementation of compliance training on themes such as harassment prevention for officers and employees
	Supply chain risks	Inability to provide franchisees with food and packaging materials and sundry supplies, etc. due to natural disasters, pandemics, political instability, soaring prices or shortages of ingredients or parts, and cyberattacks, etc.	Promotion of multiple supply routes, including purchasing from multiple companies and production at multiple sites, and optimization of logistics, etc. in addition to ensuring several months' worth of inventory for some key food ingredients

\*For more detailed information, please refer to the Business and Other Risks section in our securities report. (Japanese only)  
[https://ssl4.eir-parts.net/doc/8153/yo\\_ho\\_pdf/S1000J57/00.pdf](https://ssl4.eir-parts.net/doc/8153/yo_ho_pdf/S1000J57/00.pdf)

## The MOS Group's Business Continuity

As disaster countermeasures forming part of the MOS Group's Business Continuity, we conduct confirmation drills (drills confirming safety and the status of store damage) that assume the occurrence of a major earthquake or other disaster. In fiscal 2021, we carried out confirmation drills four times in total for MOS FOOD SERVICES, INC., members of Group companies, and all stores in the MOS BURGER Chain. We will continue to restructure our systems including those for confirming safety and conditions and our internal response in times of emergency as we aim to achieve the continuity of our business.

## The MOS Group Code of Conduct

The MOS Group Code of Conduct provides guidelines for the conducting of business activities by the MOS Group. These guidelines are our pledge to society and our stakeholders and set out universal values for each Group company and franchisee in conducting business activities. We believe the sustainable management of the MOS Group is demonstrated by each and every person working at the MOS Group, who is conscious of how they should act on a daily basis in order to realize the Group's philosophy on management and conduct, who takes notice of problems at their own workplace, and who acts on their own initiative in order to prevent problems from occurring or rectify a situation should a problem arise.

### The MOS Group Code of Conduct

#### Promises to society

Observance of laws and regulations.....	Observe laws and regulations and act ethically
Respect for human rights.....	Respect human rights and diversity and eliminate discrimination
Resistance to Anti-Social Forces.....	Steadfastly refuse to have any relationship with Anti-Social Forces
Promotion of the internal compliance system.....	Diligently promote a risk management and compliance system

#### Promises to stakeholders

Achievement of management based on its Philosophy System with MOS Group members.....	Share values and grow together
Coexistence and mutual prosperity with franchisees.....	Offer material and spiritual satisfaction
Mutual development with business partners.....	Develop mutually through fair and open trade
Improvement of shared value with shareholders.....	Increase corporate value and shareholder value over the medium to long term
Share joy with customers.....	Create joy for customers through the HDC
Co-creation with communities.....	Become an indispensable presence in communities
Sound relationships with local authorities.....	Establish open and transparent relationships
Veneration of the environment.....	Contribute to the creation of a sustainable society

# Messages from the Outside Directors

## Leveraging the Progressive Spirit of the MOS Group Highlighted by a Focus on Well-being



**Takaoka Mika**  
Director  
(Outside Director)

The Company's Board of Directors has made and applied decisions based on company circumstances with an understanding of the objectives in each of the principles in the Corporate Governance Code established by the Financial Services Agency and the Tokyo Stock Exchange. The Company has now implemented all the principles. In that sense, it could be said that the systems are in place for the appropriate operation and development of the company to enhance corporate value. I provide advice at meetings of the Board

of Directors from the standpoint of my specialized fields (distribution, marketing, and retail management, etc.) As an Outside Director in a position that is independent from the management team, I have also commented on capital efficiency as it relates to the business portfolio and investment projects on a case-by-case basis with a commitment to maximum return of profit to stakeholders, including minority shareholders. Finally, The COVID-19 pandemic has caused people around the world to reconsider well-being. In addition to the impor-

tance of being physically healthy, there has also been a focus on mental health through communication between people. I feel that this has something in common with the values the Company has always held dear. Looking to the future, I will continue to pursue corporate governance at the MOS Group to realize its Management Philosophy and Basic Policy and strive to enhance corporate value over the medium- to long-term.

## Being Constantly Aware of Discrepancies between the Norms of Society and the MOS Group

Under the leadership of President Nakamura, at each of the Company's meetings that I attend, we go beyond sharing management information, and the outside officers, who have diverse expertise, take part in open discussions, striving to raise the quality of management decision-making. The Board of Directors engages in free and open discussions based on a diverse mix of expertise, supported by the chairman's spirit of fairness. The senior executive officers participate as observers, so there is a system in place for executing swift decision-making based on frontline conditions.

As an outside director, I try to make sure there are no discrepancies between the norms of society and the Company. I believe this is an important perspective in risk management because as an organization becomes bigger, inward-looking thinking becomes more prevalent. It has been half a century since the first MOS BURGER store opened. These years could be described as a turbulent period, with the oil crisis, the sharp appreciation of the yen, the prolonged low growth and deflation following the collapse of Japan's economic

bubble, the global financial crisis, the Great East Japan Earthquake, and the COVID-19 pandemic. Looking back on this journey and giving serious consideration to why the Company was able to not just survive but also develop during this period will provide the wisdom for further improving business management in the future. Continue to value the Founding Spirit and provide products and services that make customers happy. That sums up everything.



**Nakayama Isamu**  
Director  
(Outside Director)

## Expecting Further Enhancement of Presence in Japan and Overseas



**Odawara Kana**  
Director  
(Outside Director)

I have become a member of the MOS Group as an Outside Director. I hope to contribute in line with the expectations of stakeholders based on my broad-ranging and extensive knowledge and experience of corporate management in general obtained through serving at global European and American corporations. I myself have a great deal of empathy with the Management Philosophy, Founding Spirit, Basic Policy, and Management Vision of the Company, and the focus on people is particularly aligned with my values. Whenever

I visit a store as a customer, I receive very kind and pleasant service, and have a great customer experience. It is difficult to instill a philosophy even after establishing it, but I am impressed that store management is permeated with the MOS Spirit. The launch of a series of unique and appealing limited-time products is also impressive. I still remember my excitement when MOS BURGER opened in my neighborhood when I was an elementary school student and the sense of elation the first time I set foot in the store. I hope the Company will

continue to provide more customers with an amazing experience that leaves this kind of memory. Also, while many Japanese companies have lost the energy they had in the past, I hope that the MOS Group, which was born in Japan, will continuously provide products and services that only Japan can offer in Japan and overseas and establish a presence that makes Japan proud.



# The MOS Group's Material Issues (Priority Matters)

To contribute to the resolution of social issues through each of the MOS Group's businesses, we have four material issues (priority matters) defined from an environmental, social, and governance (ESG) perspective.

In this section, we will focus on the seven goals of the SDGs related to the material issues, our understanding of our business environment and the challenges, KPIs (Vision) and our targets for 2030, as well as our concrete initiatives.

Material Issues	Understanding of our business environment and the challenges	The MOS Group's initiatives	KPIs (Vision)	Fiscal 2030 Target	
<b>1 Provision of Food That Contributes to Health</b>  Related SDGs 	While sharper awareness of health among customers is accelerating, there have also been changes in awareness of food hygiene. In addition, the achievement of sustainable procurement has become an important task, given that the cost of our primary ingredients and distribution have continued to soar due to frequent abnormal weather and climate change.	Health Awareness	Contribute to achieving the target for the recommended vegetable intake per person (350g per day)	-	
		Food Safety	Enhance the operation and quality of the MOS Food Safety Standards	Comprehensive store hygiene audits (twice yearly)	Maintain compliance at all stores
		Provision of the Enjoyment of Food	Offer a space where customers with a variety of circumstances and preferences can enjoy meals together	Provision of products tailored to diverse needs (such as low-allergen items and the Soy Patty Burger series and GREEN BURGER)	Continue to provide 2 million or more meals a year
<b>2 Community-Oriented Store Operation</b>  Related SDGs  	Due to the COVID-19 pandemic, the length of time customers stay in-store is on a downward trend, while competition in the restaurant industry is forecasted to intensify in the future with the rise of home-meal replacement due to increasing takeout demand. In addition, we must prepare for any risks, such as the impact on store operation of natural disasters and responding to the need for a more diverse range of stores.	Sound Franchise Management	Raise the capabilities of Supervisors (SVs)	Percentage of Supervisors completing SV School (those serving as an SV for at least four years)	100%
		Kyoei-kai activities	Create community-oriented stores through the franchisee-led MOS BURGER Kyoei-kai	-	-
		Format Development	Develop stores and formats tailored to diversifying customer patronage motives	-	-
<b>3 Workstyle Reforms</b>  Related SDGs  	The laws related to workstyle reforms has in turn triggered increasing societal requirements in respect to such reforms. We are seeing calls to accommodate flexible workstyles such as working from home in particular. Realizing that human resources are our most important management resource, we are conscious of the importance of respecting diversity, including in regard to non-Japanese people and people with disabilities, and of promoting health and productivity management.	Health and Productivity Management	Promotion of Health and Productivity Management	Frequency of health literacy implementation	Implement four times a year 70% participation rate each time
		Cultivation of Human Resources	Provide educational opportunities (enhance human resource training)	-	-
		Promoting Diversity	Promote diversity	Percentage of male employees taking childcare leave (compared with fiscal 2020)	200%
<b>4 Reduction of Environmental Impact</b>  Related SDGs  	In April 2022, the Act on Promotion of Resource Circulation for Plastics came into force, and corporate action is required to realize a circular economy on a global scale, in addition to reducing use of plastic and decarbonization. In addition, there is increasing customer awareness about environmentally-friendly consumer behavior due to dissemination of the SDGs.	Response to climate change	Advance energy savings on a Groupwide basis	CO <sub>2</sub> emissions (compared with fiscal 2013)	Reduce by 46%
		Resource circulation	Reduce food loss & waste and promote food recycling	Recycling rate (based on the Food Recycling Law)	65%
			Promote the introduction of environment-friendly products for the disposable products provided to customers	Percentage of environment-friendly products	70%
Environmental Preservation	Enhance the operation and quality of our Environmental Management System (MOS-EMS)	Eco Mark (restaurant) certification	Maintain certification	-	

## Material Issues 1. Provision of Food That Contributes to Health

### Risks and Opportunities

- Risk**
  - Suspension of business because of hygiene issues (contamination with hazardous foreign matter, food poisoning) in store operations
  - Suspension of product supply to stores due to food accidents at plants
  - Diminished trust from society and a decline in corporate value stemming from food accidents
- Opportunities**
  - Continuous control of hygiene and other issues through priority risk countermeasures, establishment of brand associated with food safety and peace of mind, and securing of competitive advantage
  - Continuous enhancement of food safety at the MOS Group

### Specific MOS Group Initiatives

**Health Awareness**

Contribute to achieving the target for the recommended vegetable intake per person (350g per day)

↓

**Implementation of MOS-GAP Inspection to examine farm management conditions**

As an initiative to grow delicious and safe vegetables and realize sustainable production regions, head office members holding GAP trainer certification implement the MOS-GAP Inspection to examine farm management conditions based on the Good Agricultural Practice (GAP)\*1 approach at partner farms for MOS BURGER's Fresh Vegetables.

**Food Safety**

Enhance the operation and quality of the MOS Food Safety Standards

↓

**Operation of MOS Food Safety Standards incorporating HACCP\*2**

We operate MOS Food Safety Standards, which incorporate the HACCP approach. The MOS BURGER Food Safety Standards (For Stores), which is the MOS BURGER store hygiene manual, includes explanations of HACCP terminology and a column for recording education. We will continue to promote compliance with the MOS BURGER Food Safety Standards at all stores.

**Provision of the Enjoyment of Food**

Offer a space where customers with a variety of circumstances and preferences can enjoy meals together

↓

**Provide products that cater for diversity Continue to provide 2 million or more meals per year**

In fiscal 2021, we exceeded the KPI and achieved more than 2.6 million meals, with total sales of approximately 1.0 billion yen. We rolled out sales of the GREEN BURGER (Teriyaki), which does not contain animal ingredients, and the Hinyari Dolce Cup Strawberry, which contains rice flour, processed soymilk, and sugar beet.



### Offering the enjoyment of dining together and choosing what to order

At MOS BURGER, we believe it is essential to respond to awareness of health among customers which has become sharper recently. In particular, we will promote enhancement of value for MOS BURGER's Fresh Vegetables themselves while continuing to work with production regions to hold study sessions to upgrade production technology and other initiatives.

With regards to the enjoyment of food, we will enhance our lineup with a focus on prod-

ucts that cater to diversity (low allergen, soy patties, green burgers, etc.), leveraging the strengths of MOS BURGER. In addition to pursuing deliciousness, we will boost promotion to increase recognition of our products that cater to diversity. We will continue to offer the enjoyment of dining together and choosing what to order in a way that transcends food customs and other factors to all customers.

**Ando Yoshinori**  
Senior Executive Officer,  
General Manager,  
Marketing Division



\*1 Good Agricultural Practice (GAP) is a production process management initiative for ensuring the sustainability aspects of farming, including food safety, environmental conservation, and occupational safety in agriculture.  
\*2 Hazard Analysis and Critical Control Point (HACCP) is a method of hygiene management in which businesses identify hazards such as food poisoning and contamination and carry out continuous monitoring and recording of particularly important processes during the entire process from receiving ingredients through to the shipment of products.

## 2. Community-Oriented Store Operation



### Risks and Opportunities

**Risk**

- Safety management issues for customers and store members and suspension of business due to incidents, accidents, and compliance violations at stores
- Deterioration of trust from communities and customers resulting from reduction or suspension of store operations
- Issues in the franchise system and slowdown in business succession due to aging of franchise owners

**Opportunities**

- Establishment of trusted brand through rigorous safety management for customers and store members and proactive utilization of customer feedback
- Establishment of stable business foundation by developing relationships of trust with communities

### Specific MOS Group Initiatives

**Sound Franchise Management**

Raise the capabilities of Supervisors (SVs)

Launching a program to train SVs to deal with corporations

At MOS BURGER, which is a franchise voluntary chain (FVC), SVs play an important role as a conduit between head office and franchisees. To improve the qualifications of SVs, we focus on education and training in the first and second year after their appointment, and we launched a program to train SVs to be capable of dealing with corporations in fiscal 2021.

**Kyoei-kai Activities**

Create community-oriented stores through the franchisee-led MOS BURGER Kyoei-kai

Working with MOS BURGER Kyoei-kai to become a store that is loved

We are working to create better stores in cooperation with MOS BURGER Kyoei-kai in order to embody the MOS BURGER Basic Policy. We aim to become a store that is loved by local customers by conducting customer satisfaction surveys, particularly Hospitality, Delicious, and Cleanliness (HDC) Activities, and local marketing.

**Format Development**

Develop stores and formats tailored to diversifying customer patronage motives

Promoting diversification and bringing stores closer to customers

We are using store formats such as MOS BURGER & CAFE to meet demand for cafes in downtown areas, small stores and take-out-only stores located in front of stations, and the Kitchen Car, which can be opened in niche locations to promote diversification of store formats that will make customers feel MOS BURGER is closer.



### Solving customer inconvenience with agility and versatility

Ota Tsuneari

Director and Senior Executive Officer, General Manager, Operation Division

We will thoroughly ensure differentiation from our competitors by pursuing the unique characteristics of MOS BURGER, which are our strengths, while thoroughly adapting to the aging society with a declining population of recent years.

The unique characteristics of MOS BURGER we are referring to are community-oriented and something new for the world. While being a national chain, we will promote community-oriented

operations through the development of prefecture-specific menus and ethical consumption activities at the same time as working with the MOS BURGER Kyoei-kai to provide the value of something new for the world, making tomorrow a better place than today and life more exciting.

Today is a time of uncertainty, instability, complexity, and ambiguity. However, we will resolve inconvenience for customers and create MOS BURGER stores that are loved much more.



## 3. Workstyle Reforms



### Risks and Opportunities

**Risk**

- Decrease in job satisfaction and motivation caused by violation of the Labor Standards Act, harassment, and deviations from internal rules, and the loss of outstanding human resources and the difficulty of securing human resources caused by it
- Soaring personnel expenses due to fiercer competition in recruitment
- Decrease in organizational capabilities, sense of belonging, and labor productivity

**Opportunities**

- Realization of a company with a diverse, healthy, and safe workplace and job satisfaction due to promotion of workstyle reforms
- Continuous growth of the Company thanks to securing outstanding human resources and increase in labor productivity

### Specific MOS Group Initiatives

**Health and Productivity Management**

Promotion of Health and Productivity Management

Recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for third year in a row Holding mental health seminars

MOS FOOD SERVICES, INC. was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) for the third year in a row. In the past few years, we have been working to create a workplace that facilitates the mental and physical health of employees, including by holding mental health seminars as a response to the rapid changes in the working environment due to the COVID-19 pandemic.

**Cultivation of Human Resources**

Provide educational opportunities (enhance human resource training)

Establishing the environment for educational support and career assistance programs

In fiscal 2021, we transferred employee education to the Human Resource Development Department and established a variety of educational support and career assistance programs. We have created an environment that enables employees to give concrete shape to their image for their own career by presenting career paths and the skills required of employees and establishing and enhancing grade-specific and occupation-specific training and self-development programs.

**Promoting Diversity**

Promote diversity

Percentage of male employees taking childcare leave up 75% year on year in fiscal 2021

We have established an environment that allows employees to choose a flexible working system in accordance with their individual circumstances by revising the extended childcare reduced working hours program and promoting telecommuting, and the percentage of male employees taking childcare leave is increasing year by year. We welcomed the first 16 participants under our "Vietnam Kazoku" program that utilizes the "specified skills" system.



### We will respond to changes in the working environment, looking ahead to after the pandemic

In terms of the employment environment, workstyles have been changing. Human resources with the ability to independently manage their own careers are expected to participate actively, and there has been a shift from Japan's previous employment practices, marked by low mobility based on membership-based employment, to a different one marked by job-based employment. Among the younger generation, a workplace that guarantees ease of work and job satisfaction is now a benchmark when selecting a company to work for. We believe it is necessary to respond to changes in the environment, looking ahead to digital transformation, the falling birthrate and

aging population, the further social empowerment of women, and post-pandemic shortages of human resources in the future.

We are also making concerted company-wide efforts to develop the working environment, including the renovation of office space at the MOS Group head office, the expansion of the system where employees are free to change their desk and choose their own work space throughout the Group, encouragement for male employees to take childcare leave, and the introduction of programs to dispatch employees to International University of Japan and overseas internships.

Murayama Atsushi

General Manager, Human Resource Development Department



## 4. Reduction of Environmental Impact



### Risks and Opportunities

#### Risk

- Increase in procurement risks due to climate change
- Increase in costs due to strengthening of environment-related laws and regulations
- Decrease in demand for meat products due to spread of plant-derived meat alternatives

#### Opportunities

- Enhancement of corporate value through adequate response to climate change
- Increase in sales of plant-based products with expansion of market for meat alternatives

### Specific MOS Group Initiatives



#### Response to Climate Change

Advance energy savings on a Groupwide basis



**Partial introduction of renewable energy**  
**Promotion of climate-related information disclosure**

In addition to proactively installing energy-saving equipment, we have switched over to biomass power generation for the electricity used at three directly managed stores. We have also revised our target for reductions in CO<sub>2</sub> emissions to 46% by fiscal 2030 (compared with 2013) in line with Japanese government policy. We endorse the TCFD framework, and we are promoting the disclosure of information.

#### Resource Circulation

Promote reduction of food loss and food recycling/promote the introduction of environment-friendly products for the disposable products provided to customers



**Implementing steady review of materials to reduce plastic use**

We are steadily replacing plastic shopping bags, straws, and stirrers with materials that include biomass plastic, and wood. For shopping bags, we have continued providing paper bags and polyethylene bags using plant-derived biomass plastic free of charge for some time.

#### Environmental Preservation

Enhance the operation and quality of our Environmental Management System (MOS-EMS)



**Confirming the status of CSR at each company to promote CSR procurement across the Group**

In order to promote the supply chains CSR procurement in the supply chain across the Group, we formulated the MOS Group CSR Procurement Policy and the MOS Group Human Rights Policy in fiscal 2020. In fiscal 2021, we conducted questionnaires targeting our major business partners for food ingredients and containers and packaging materials to confirm the status of CSR at each company.

### We will contribute to reducing environmental impact while sharing information with stakeholders

#### Kaneda Yasuaki

Executive Officer,  
Chairman's & President's Officer

Impacted by the turbulent state of the world, both power producer and supplier (PPS) and conventional power company electricity rates are on a rapid upward trend. In conjunction with further energy-saving measures, the MOS Group will select the best way to reduce its environmental impact by continuing to verify data and conducting research into a variety of power generation methods, including solar power and offshore wind power.

In the area of resource circulation, in accor-

dance with the Act on Promotion of Resource Circulation for Plastics which came into force this year, we will ask customers whether they need disposable cutlery for takeout orders to reduce its use as much, as well as introducing new materials using non-edible rice.

The MOS Group is committed to helping reduce environmental impact together with stakeholders by disclosing appropriate information about these activities.



## Response to Climate Change

The MOS Group recognizes that addressing risks and opportunities related to climate change is an important management task. Based on this recognition, the Group endorses the TCFD\* and discloses information regarding corporate governance, strategy, risk management, and indicators and targets in line with its recommendations.

#### \*TCFD (Task Force on Climate-related Financial Disclosures)

The aim of the TCFD is for companies to treat their response to climate change in terms of management countermeasures to long-term risks and creation of opportunities, thereby promoting disclosure of information and dialogue with shareholders.



### Corporate Governance

In response to major risks that may have a significant impact on the Company's financial position, business results, and cash flows, we hold a meeting of the Board of Directors once a month in principle and convenes the Management Meeting led by directors on an as-needed basis to ensure that it can make accurate and swift decisions after conducting sufficient deliberations on important management matters. In response to the MOS Group's material issues (priority matters), including climate change, the Group has established the Sustainability Committee with the members of the Management Meeting as its members to deliberate and review the status of initiatives to combat climate change risk. The details of these deliberations are reported to the Board of Directors, providing a mechanism for the Board to oversee climate change risks.

### Strategy

We have carried out scenario analysis for climate change to assess the importance of the risks and opportunities with an impact on our business activities. As a result, we determined that (1) An increase in the prices of ingredients due to the introduction of carbon taxes; (2) An increase in costs due to a switch to plastic alternatives; (3) Changes in consumer behavior; and (4) An increase in the frequency and severity of abnormal weather are the four areas presenting the key risks and opportunities that could have a significant impact on our business.

As these key risks and opportunities of climate change affect business strategy and finance, we are working toward strategic resilience.

\*See our corporate website for details of scenario analysis and the assessment of impact on business.

### Risk Management

The Company has established the Risk Management & Compliance Committee as an organization to promote the establishment of Companywide Internal Control Systems, and risk and crisis management, including that related to climate change, and the compliance system. The committee is chaired by the head of the Risk Management & Compliance Office and membered by those in charge of the principal internal departments. In addition to reporting results of monitoring regarding internal risks at the monthly committee meeting, the committee carries out activities including consultations on measures to prevent recurrence of risks, depending on the details. The details of consultations by the committee are reported at the monthly Board of Directors' meetings.

In addition, we have defined our material issues (priority matters) from our business perspective of the environment, society, and governance (ESG). By contributing to the resolution of social issues, we will promote further corporate value improvement through sustainability management.

### Indicators and Targets

We have defined one of the material issues (priority matters) in our business as reduction of environmental impact.

As measures to address reduction of environmental impact, we have set indicators and targets for reducing greenhouse gas emissions and plastic countermeasures. In our medium-term target for reducing greenhouse gas emissions, we will aim to reduce Scope 1 and 2 emissions by 46% by fiscal 2030 (compared with fiscal 2013).

In terms of initiatives to reduce greenhouse gas emissions, we will trial the introduction of renewable power at directly managed stores and install more CFC-free kitchen equipment, in addition to ascertaining store energy consumption, including electricity and gas, and regularly cleaning and inspecting lighting, air conditioning, and refrigerators and freezers. Moreover, as an initiative unique to MOS BURGER, we have continuously encouraged the establishment of "green curtains" (living plants that serve as curtains) outside stores.

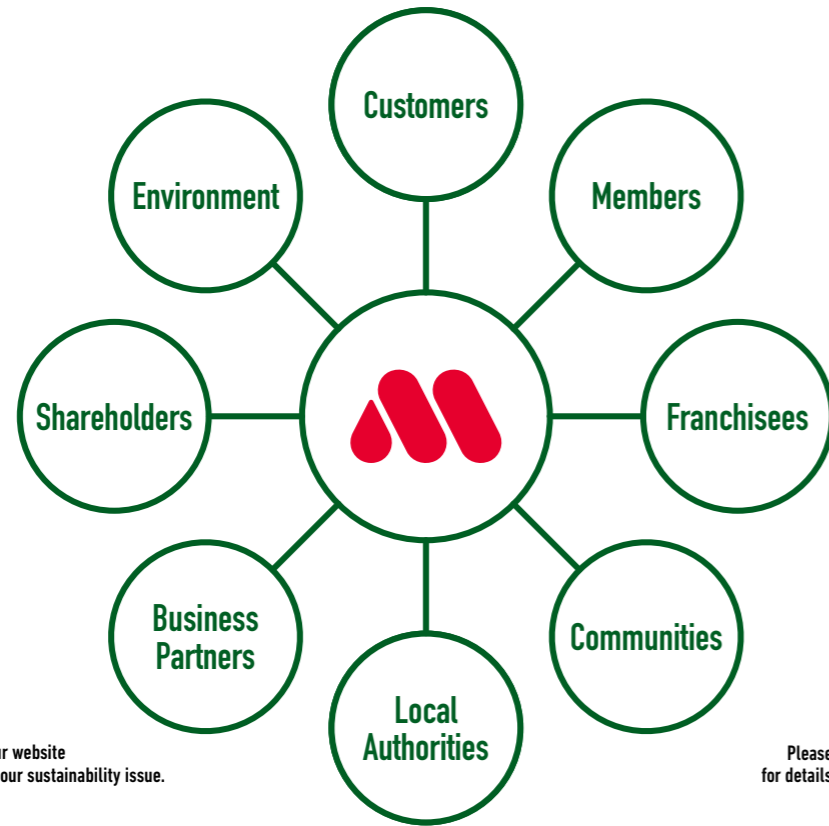
As a plastic countermeasure, we aim to raise the percentage of environmentally-friendly products among the disposable products provided to customers to 70% by fiscal 2030.





# The MOS Group's Stakeholders

The MOS Group operates its business together with its stakeholders while receiving their support. With our Management Philosophy of "Contribution to Humanity, Contribution to Society" as our bedrock, we will continue to improve corporate value and seek to resolve social issues through our business.



Please see our website for details of our sustainability issue.

Please see our website for details of our ESG data.

## Our Customers Create joy for customers through the HDC

### > New Business Development Leveraging the MOS BURGER Brand

We are promoting measures to expand new sales channels and strengthen merchandising that leverage the MOS BURGER brand. In fiscal 2021, we once again rolled out sales of various food and apparel products in collaboration with other companies. We successfully developed kids' T-shirts with a GREEN BURGER motif in collaboration with UNITED

ARROWS LTD., Chilled Dolce Baked Cheese for home delivery by Consumers' co-operative, and MOS BURGER and YAMAZAKI BAKING's Rich Chocolate Bread, a takeout-only product, thereby creating new needs. We will continue to actively propose merchandising products and online-only products to make customers feel familiar with MOS BURGER.

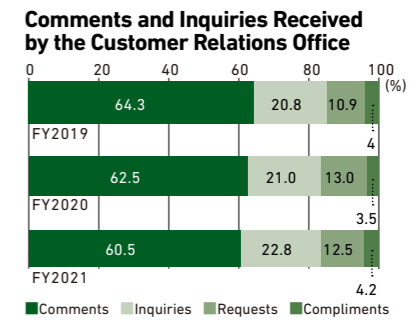


Chilled Dolce Baked Cheese

### > Role of the Customer Relations Office

The Customer Relations Office receives comments and inquiries from customers by phone, email, letter, and other methods, and endeavors to respond in a manner that is prompt and to the point. We communicate customer feedback and comments to stores and various relevant departments and use them to make improvements and enhance services. We include customer feedback and

comments in the "Customer Relations Office Newsletter," which we publish on a monthly basis, to share the information with store members. In fiscal 2021, we enhanced the FAQ page on our official site to support customers in resolving their questions for themselves. We will continue to further improve the services of the Customer Relations Office while tackling new initiatives.



**Other Initiatives** MOS Food Safety Standards/store hygiene audits | Provision of information on nutritional content, allergens, and primary places of origin | MOS Online Orders

## Our Members Share values and grow together

### > Promotion of opportunities for diverse human resources

We proactively recruits a diverse array of human resources, such as women, seniors, non-Japanese people, and people with disabilities. We are also creating a variety of personnel systems with the aim of establishing working environments facilitating flexible workstyles for all of our human resources. We are promoting the creation of fulfilling workplaces by providing a platform where members can thrive in accordance with their individual abilities and circumstances. Specific examples include the upgrading of child-

care and nursing care leave systems, the promotion of reemployment after retirement age, the leveraging of MOS SHINE, INC., a special purpose subsidiary, and the introduction of an overseas work internship program. In fiscal 2021, the rate of return to work from childcare leave was 100%, and the rate of male employees taking childcare leave increased 75% from the previous year. We will continue to maintain an environment where diverse members can work enthusiastically while supporting each other.



Promoting a workplace where members can work enthusiastically

### > Sakurada Academy "Talks by Atsushi" for MOS Group Members

Chairman Sakurada Atsushi had been personally conveying passion and entertainment to the next generation as Honorary Principal of the MOS Academy in a camp-style through Sakurada Academy. However, Sakurada Academy shifted to an online format in fiscal 2020 and was held a total of 16 times for store members of Group companies in fiscal 2021. In addition, Sakurada Academy "Talks by Atsushi," a new online platform for MOS

Group head office and store members, was held a total of five times. The themes of the talks included the origins of the company and the founder with some behind-the-scenes anecdotes that only Chairman Sakurada could tell. We will continue to pass on the approaches and behaviors that form the cornerstone of the MOS BURGER chain by imparting our history and aspirations to members through the Sakurada Academy.



Mentoring activities to impart the history and aspirations of us

**Other Initiatives** The MOS Group Human Rights Policy | Operation of a whistleblower system | MOS Academy



## Our Franchisees

Offer material and spiritual satisfaction

### > HDC Activities and the MOS BURGER Kyoei-kai

At MOS BURGER, we conduct operations every day with HDC (Hospitality, Delicious, Cleanliness) as our guide in order to embody the MOS Spirit, including our Management Philosophy. Furthermore, we have established a twice-yearly HDC Reinforcement Period to engage in activities for upgrading stores. The MOS BURGER Kyoei-kai, which supports HDC activities and campaigns, is a unique organization established in 1980 to

nurture relationships of trust and cooperation while facilitating mutual communication between the head office of the MOS BURGER Chain and stores and between fellow stores. The organization is divided nationwide by region into 20 branches, which conduct activities supported by the head office with the goals of exchanging information, engaging in mutual learning, and boosting morale.



Head office, stores, and fellow stores cooperate and interact

### > Cultivation of Franchise Owners Who Will Lead the Future

At the MOS BURGER chain, which is marking its 50th anniversary this year, we have always promoted rejuvenation of franchise owners through smooth business succession. In fiscal 2021, 15 people participated in Next-Generation Owner Training, and a cumulative total of 233 people have completed the training. We have been implementing this training since 2003 for individuals aiming to manage a MOS BURGER

store, such as through business succession or through employees wishing to go into business for themselves. We also launched the "Athlete Manager Training Program" to recruit retired athletes and train them to be independent as franchise owners one year after joining MOS FOOD SERVICES, INC. We will continue to improve the growth potential of the chain by increasing the number of partners.



Holding Next-Generation Owner Training

**Other Initiatives** Kyoei-kai activities | MOS Box of Love

## Communities and Local Authorities

Become an indispensable presence in communities  
Establish open and transparent relationships

### > MOS BURGER's Shokuiku Program

We have developed MOS BURGER's Shokuiku Program, a wide-ranging program for children to learn and think about the enjoyment and importance of food from a variety of perspectives. In response to the post-pandemic period, starting in fiscal 2021 we have introduced remote lessons held online\* and provision of supplementary materials to create two new contactless programs "Shokuiku program" that do not involve the direct han-

dling of food. In a remote lesson which aims to eliminate the educational disparities for small schools depending on the region, we ask children to come up with a local burger using local ingredients. In 2021, we held this remote lesson in five schools (80 pupils). Our wish is to pass on the importance of food to future generations by helping children develop healthy minds and bodies as well as a rich sense of humanity.



Connecting with communities through food education

\*Remote lessons are held in cooperation with Professionals for All Schools, a venture company launched by the Faculty of Education, Shizuoka University to reduce regional career and educational disparities.

### > Holding the "MOS-goto Art Exhibition" at the Flagship Store

In December 2021, we opened MOS BURGER Harajuku Omote Sando (Tokyo) as our flagship store for disseminating the MOS Group's diversity initiatives. The interior of the store uses the works of artists with disabilities as design elements to create a space like an art gallery. This is part of the "MOS-goto Art Exhibition with cotocoto" initiative launched in 2016. At the same time, 46 employees, in-

cluding store members, have obtained Level 3 of the Universal Manners Test, which teaches how to provide the appropriate support to a wide range of people, including the elderly. Our aim is to serve as a bridge that makes connections between people with disabilities and society by creating opportunities to come into contact with artworks by many people.



MOS BURGER Harajuku Omote Sando (Tokyo)

**Other Initiatives** MOS BURGER emergency shelter for children | Child-rearing support passport business | Support for the Kodomo Shokudo

## Our Business Partners

Develop mutually through fair and open trade

### > MOS BURGER's Fresh Vegetables and MOS Farm

The fresh vegetables used at our stores are grown in 106 production regions nationwide by producers with a commitment to continually reducing the use of agrochemicals and chemical fertilizers. Head office members holding GAP trainer certification check farm management conditions as part of our initiatives to grow delicious and safe vegetables, which include emphasizing dialogue with producers to convey the MOS Group's philosophy. In addition, we have jointly established

and operate seven corporations qualified to own cropland (MOS Farms) with regional producers with the aim of strengthening the stable procurement of fresh vegetables. In cooperation with partner farms in surrounding regions, the farms tackle issues faced by Japanese agriculture through efforts including the holding of study meetings to improve production techniques, the effective use of abandoned farmland, and the provision of support for new farmers.



Producers working at MOS Farm

### > Promoting CSR Procurement Activities

The MOS Group promotes CSR procurement in the supply chain across the Group. Backed by the MOS Group CSR Procurement Policy, formulated in fiscal 2020, we implemented a questionnaire for 25 companies that account for 70% or more of our total transaction volume related to food ingredients, containers, and packaging materials in fiscal 2021. 25 companies (100%) responded to the questionnaire, confirming the status of CSR promotion at each company.

We will reduce CSR risk in the Group-wide supply chain efficiently and effectively by sharing the status of CSR promotion with our business partners. We will also continue to strengthen cooperation with suppliers to promote the safety of our products and services and responsible procurement giving consideration to social and environmental issues.

**Other Initiatives** MOS Group CSR Procurement Policy | MOS Library

## Our Shareholders

Increase corporate value and shareholder value over the medium to long term

### > Informal Meeting with Shareholders

The Company's executive officers and members have been holding the Informal Meeting with Shareholders, an initiative for direct dialogue with shareholders, since 2009. In fiscal 2020, the meeting was cancelled in view of various circumstances. However, we held the Informal Meeting with Shareholders online in 2021. In the first part of the meeting, President Nakamura discussed the shared values of the MOS Group and the progress of the measures for fiscal 2021, as well as making the first attempt to give a tour of the President's office. In the second part, shareholders were divided into groups for roundtable discussions, and the Company's executive officers and members spoke directly with them. The invaluable comments received from shareholders will be referred to in future product and management policies.



Online Informal Meeting with Shareholders

**Other Initiatives** Shareholder Benefit System | Investor relations information

## The Environment

Contribute to the creation of a sustainable society

### > Eco Mark (Restaurant) Certification

All domestic MOS BURGER stores have been awarded the Eco Mark (restaurant) certification under Eco Mark product category No. 505 "Restaurant Version 1" established by the Japan Environment Association Eco Mark Secretariat. MOS BURGER was certified in all six evaluation categories, which evaluate initiatives for deepening consumer awareness in areas that include basic environmental countermeasures such as energy- and water-saving measures and consideration for the environment in foodstuffs. In fiscal 2021, we raised awareness of the Eco Mark among store members by communicating information on our initiatives that satisfied the certification criteria in the "SDGs Newsletter," an educational tool. The areas covered by the Eco Mark certification are representative of the very activities that we have developed to date. We will continue to promote environment-friendly store operations throughout our entire restaurant chain.



エコマーク認定店舗  
国内モスバーガー全店

**Other Initiatives** Energy-saving activities | "Green curtains" initiative | Support for the activities of food banks

# Overview of Financial Results

Financial Analysis of Fiscal 2022

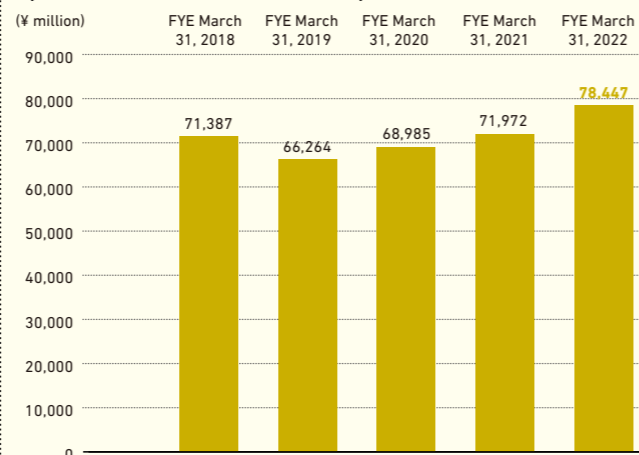
## Overview

In the domestic MOS BURGER business, sales were healthy due to efforts that included measures to accommodate stay-at-home consumption. In our overseas business, we steadily increased the number of stores despite the COVID-19 pandemic. In other restaurant businesses, we worked to improve profitability through greater operational efficiency, having closed unprofitable stores in the previous fiscal year.

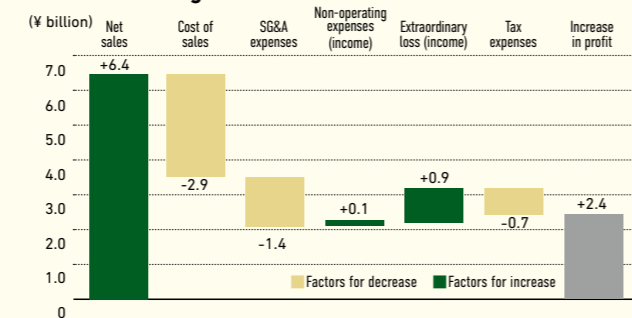
As a result of these efforts, consolidated financial results for the fiscal year ended March 31, 2022 were net sales of ¥78,447 million (up 9.0% year on year), operating income of ¥3,473 million (up 144.2% year on year), and ordinary income of ¥3,634 million (up 154.6% year on year). In terms of final profit and loss, profit attributable to owners of parent came to ¥3,419 million (up 243.0% year on year), due primarily to the recording of subsidy income of ¥1,216 million associated with the spread of COVID-19, impairment losses of ¥241 million, and tax expenses of ¥1,153 million.

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022. As a result, net sales and selling, general and administrative expenses for the fiscal year ended March 31, 2022 decreased ¥520 million respectively, but there was no impact on operating income, ordinary income, or profit attributable to owners of parent.

### Five-Year Comparison of Consolidated Net Sales (Net Sales to External Customers)



### Factors for Change in Profit Attributable to Owners of Parent



- Net sales: Domestic MOS BURGER business +43; Overseas business: +21; Other restaurant businesses: -2
- Cost of sales: Increased largely in line with sales (cost ratio declined slightly)
- SG&A expenses: Amount increased, but SG&A ratio decreased (-1.9% due to sales growth)
- Commission paid -4 (increase in home delivery and cashless payments); Salaries and allowances -3 (increase in overseas personnel expenses); Freight -2 (sales growth)
- Non-operating expenses (income): Decrease in cancellation penalty +1
- Extraordinary loss (income): Decrease in impairment losses +8 (domestic MOS BURGER business +4; Overseas business -0; Other restaurant business: +3); Loss on retirement of non-current assets +1

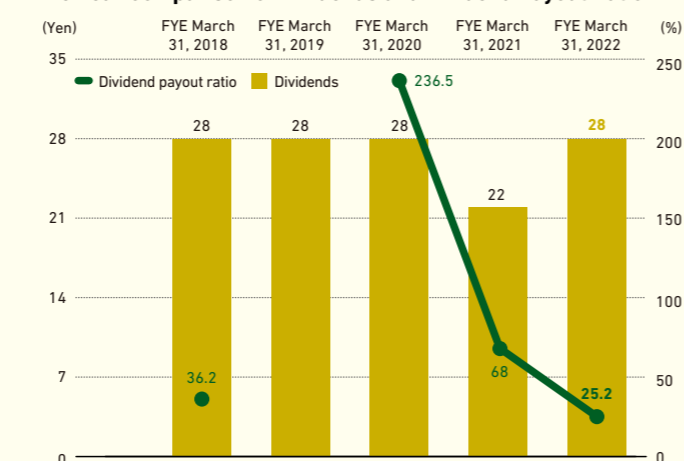
FYE March 31, 2022

## Shareholder Returns Policy and Dividends

We regard active shareholder returns as a key task for management. Our basic policy is to continuously provide stable profit returns linked to business performance and the management environment.

In view of this basic policy and current business performance, in fiscal 2022, we paid a dividend of ¥28 per share (of which the interim dividend was ¥12), which included a 50th anniversary commemorative dividend of ¥2.

### Five-Year Comparison of Dividends and Dividend Payout Ratio



\*The dividend payout ratio for the fiscal year ended March 31, 2019 has been omitted as the Company recorded a net loss per share.

## Financial Position

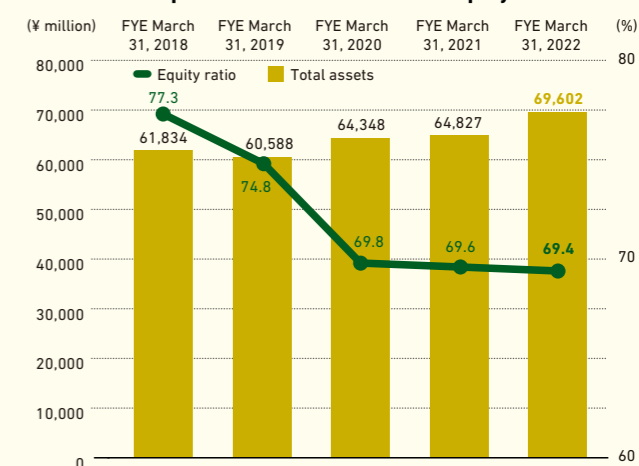
**Assets** Total assets as of March 31, 2022 were ¥69,602 million, an increase of ¥4,774 million from the end of the previous fiscal year. Current assets increased ¥6,626 million from the end of the previous fiscal year while non-current assets decreased ¥1,851 million. The main reason for the increase in current assets was an increase in cash and deposits, largely due to the recording of profit, the receipt of subsidies, and the redemption of investment securities. The main reasons for the decrease in non-current assets were the redemption of investment securities and the collection of long-term loans receivable.

**Liabilities** Total liabilities as of March 31, 2022 were ¥21,026 million, an increase of ¥1,536 million from the end of the previous fiscal year. The main reasons for the increase were an increase in income taxes payable, largely due to the increase in profit, and increases in trade payable, and accounts payable - other, despite a decrease due to repayment of short-term and long-term borrowings.

**Net assets** Net assets as of March 31, 2022 were ¥48,576 million, an increase of ¥3,238 million from the end of the previous fiscal year.

The equity ratio was 69.4% as of March 31, 2022, a decrease of 0.2% from 69.6% at the end of the previous fiscal year.

### Five-Year Comparison of Total Assets and Equity Ratio



## Cash Flows

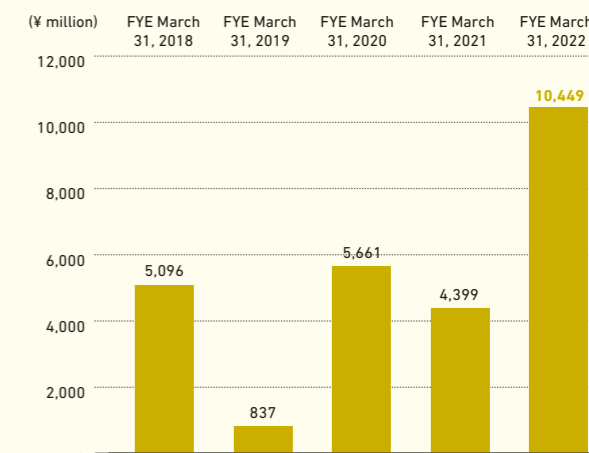
Cash and cash equivalents as of March 31, 2022 amounted to ¥19,746 million, an increase of ¥6,001 million, or 43.7%, from the end of the previous fiscal year. This was the result of cash generated by operating activities of ¥10,449 million, cash used by investing activities of ¥798 million, and cash used by financing activities of ¥3,825 million.

**Cash flows from operating activities** Cash generated by operating activities amounted to ¥10,449 million, an increase of ¥6,049 million from the previous fiscal year. The main factors were an increase in cash resulting from changes in working capital, including trade receivables, inventories, and trade payables, in addition to the increase in profit (loss) before income taxes and subsidy received.

**Cash flows from investing activities** Cash used by investing activities amounted to ¥798 million, a decrease of ¥844 million in cash used from the previous fiscal year. The main factors were an increase in cash due to decreases in payments of loans receivable and purchase of investment securities, while cash decreased due to an increase in purchase of property, plant and equipment, and a decrease in proceeds from sales and redemption of investment securities.

**Cash flows from financing activities** Cash used by financing activities amounted to ¥3,825 million, a decrease of ¥1,106 million in cash used from the previous fiscal year owing to a decrease in cash due to a decrease in short-term borrowings and an increase in repayments of lease obligations.

### Five-Year Comparison of Cash Flows from Operating Activities

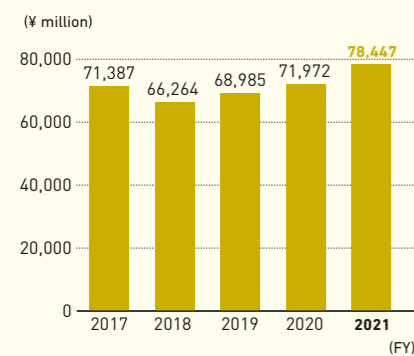


# 11-Year Summary of Financial Highlights (Consolidated)

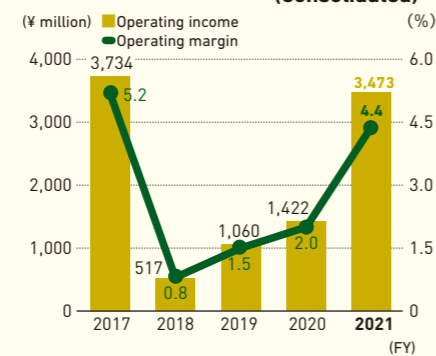
Financial Summary

Accounting Period (Fiscal Year)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Profit and Loss</b> (Unit: million yen)											
Net sales	62,672	62,371	65,329	66,310	71,113	70,929	71,387	66,264	68,985	71,972	78,447
Operating income	2,087	1,889	2,157	1,554	3,824	4,663	3,734	517	1,060	1,422	3,473
Ordinary income	2,366	2,124	2,378	1,523	4,011	4,892	3,911	724	1,232	1,427	3,634
Profit attributable to owners of parent	1,823	1,520	1,744	672	2,284	3,050	2,385	(907)	365	997	3,419
<b>Financial Condition</b> (Unit: million yen)											
Total assets	48,447	50,373	53,207	55,301	57,655	61,589	61,834	60,588	64,348	64,827	69,602
Net assets	38,240	39,781	41,350	42,376	43,803	46,140	47,950	45,460	45,100	45,338	48,576
Interest-bearing debt	1,328	1,082	1,000	1,159	977	2,590	1,894	2,968	5,757	5,271	3,993
<b>Cash Flows</b> (Unit: million yen)											
Cash flows from operating activities	2,049	4,038	4,648	4,103	5,069	5,379	5,096	837	5,661	4,399	10,449
Cash flows from investing activities	(1,438)	(12)	(3,612)	(4,938)	(3,514)	(4,579)	(3,387)	(2,217)	(401)	45	(798)
Cash flows from financing activities	(1,165)	(870)	(981)	(859)	(1,047)	731	(1,665)	184	(2,465)	(2,719)	(3,825)
Free cash flow	611	4,026	1,036	(835)	1,555	800	1,709	(1,380)	5,260	4,445	9,650
<b>Per Share Information</b> (Unit: yen)											
Net income per share	59.14	49.33	56.58	21.82	74.12	98.94	77.39	(29.43)	11.84	32.34	110.91
Net assets per share	1,237.52	1,287.45	1,337.79	1,372.00	1,418.05	1,491.22	1,549.55	1,469.23	1,456.61	1,463.64	1,567.14
Annual dividends per share	20.00	20.00	22.00	22.00	24.00	26.00	28.00	28.00	28.00	22.00	28.00
<b>Management Indicators</b> (Unit: %)											
Equity ratio	78.7	78.8	77.5	76.5	75.8	74.6	77.3	74.8	69.8	69.6	69.4
Return on equity (ROE)	4.9	3.9	4.3	1.6	5.3	6.8	5.1	(2.0)	0.8	2.2	7.3
Return on assets (ROA)	4.9	4.3	4.6	2.8	7.1	8.2	6.3	1.2	2.0	2.2	5.4
Dividend payout ratio	33.8	40.5	38.9	100.8	32.4	26.3	36.2	—	236.5	68.0	25.2

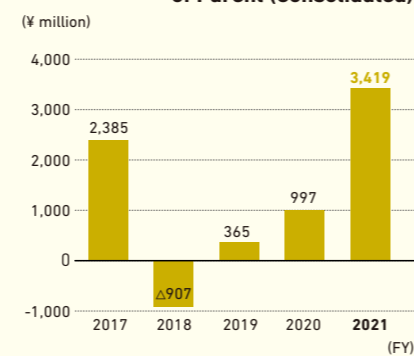
Net Sales (Consolidated)



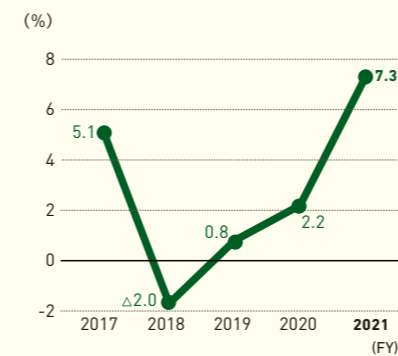
Operating Income / Operating Margin (Consolidated)



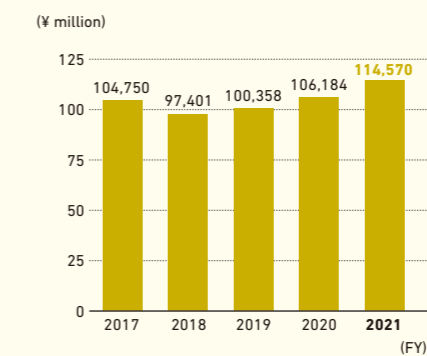
Profit (Loss) Attributable to Owners of Parent (Consolidated)



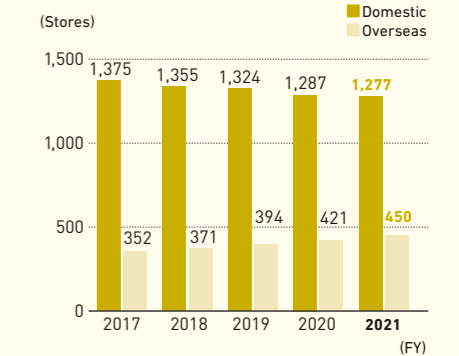
Return on Equity (ROE)



Net Sales for All Domestic Stores



Number of Stores (All MOS Group stores)

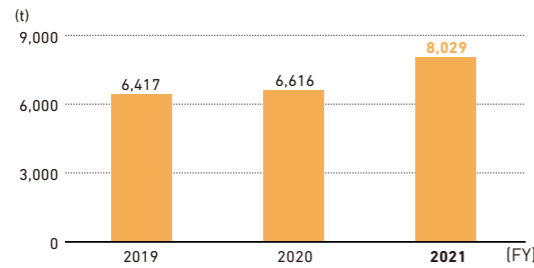


# Non-Financial Highlights

Theme

## Food and Health

### MOS BURGER's fresh vegetables: Annual shipment volumes



The fresh vegetables used at our stores are grown in 106 production regions throughout Japan. →P50

### Number of times "MOS BURGER's (Locally Grown) Vegetables Direct from the Farm Festival" held

10 prefectures **10 times**

For "MOS BURGER's Vegetables Direct from the Farm Festival," store members experience harvesting MOS BURGER's fresh vegetables at local partner farms and subsequently offer limited-edition products using local vegetables. Meanwhile, we have maintained the connections between local customers and production regions even during restrictions by holding "MOS BURGER's Prefecture Grown Vegetables Festival" to sell limited-edition products using vegetables delivered by partner farmers in the prefecture. →P22

### Community-oriented products: Annual sales volume

17 varieties **601,594 units**

As an initiative to assist various production regions and support regional revitalization, MOS BURGER uses regional produce or produce connected to a region to launch products limited to particular regions that are prepared in our distinctive style. In fiscal 2021, we rolled out eight varieties of the Mix Shake limited to particular regions, beginning with Mix Shake Tokyo Kodaira Blueberry.

### Products tailored to diverse needs: Annual sales volume

13 varieties **2,679,222 units**

We have been working to provide a variety of products tailored to diverse needs, including low allergen menu items, the Soy Patty series which does not contain meat, and the GREEN BURGER, which does not contain animal ingredients or gokun (the five pungent spices) among its ingredients, to offer a space where customers with a variety of circumstances and preferences can enjoy dining together. →P42

Theme

## Stores and Local Communities

### Donations collected in fiscal 2021

• 40th MOS Box of Love Fund Raising Campaign  
**¥7,071,764**

Collected between August 1, 2020 and July 31, 2021

We have set up MOS Box of Love fund raising boxes in stores nationwide. We donate the funds raised to The Eye mate Inc. and the Japan Foodservice Association's "JF Ai-no-bokin" campaign. To date, 48 "eye mate" guide dogs have been trained using funds raised by MOS BURGER.

• Ukraine Humanitarian Crisis Relief Fund  
**¥174,839**

At the MOS Group head office, we raised relief funds for the Ukraine humanitarian crisis (between March 9 and March 25, 2022). We matched the donations collected and donated the funds to the Japanese Red Cross Society.

### Number of stores registered as emergency shelters for children

**1,105 stores nationwide**

### Number of stores signed up in agreement offering shelter to disaster-stranded commuters

42 prefectures **1,213 stores**

### Number of stores participating in childrearing support passport business

29 prefectures **666 stores**

### Number of times MOS BURGER's Shokuiku Program implemented

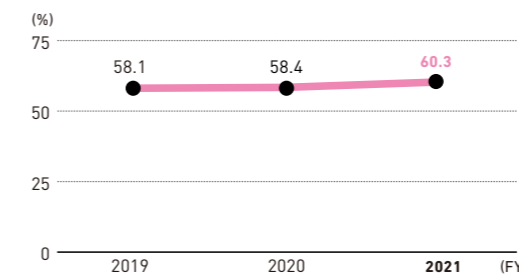
Remote lessons  
**5 schools 80 students**  
Distribution of supplementary materials  
**69 schools 10,000 booklets**

Number of children who experienced  
KidZania Tokyo Hamburger Shop  
**50,659 children** →P49

Theme

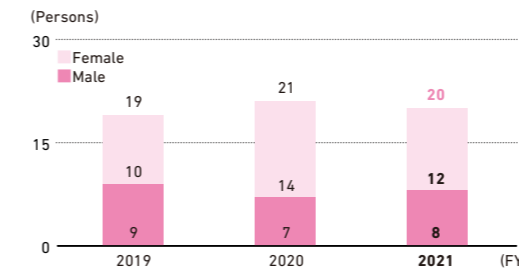
## Human Resource Cultivation and Support

### Annual paid vacation days taken\*



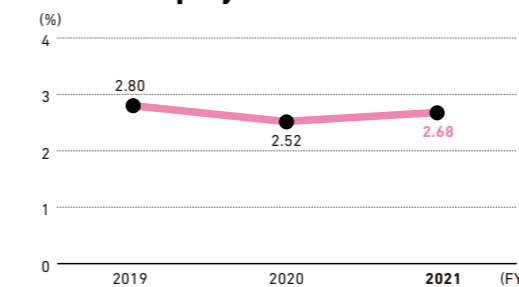
We are increasing the take-up rate for paid vacation days through initiatives that include recommending the taking of consecutive vacation days.  
\* MOS FOOD SERVICES, INC. (non-consolidated)

### Recruitment numbers of new graduates\*



\* MOS FOOD SERVICES, INC. (non-consolidated)

### Ratio of employees with disabilities\*



We are supporting the stable employment of people with disabilities through MOS SHINE INC., a certified special purpose subsidiary.

\* (MOS FOOD SERVICES, INC. and domestic Group companies)

### Medical checkup rate\*

**100%**

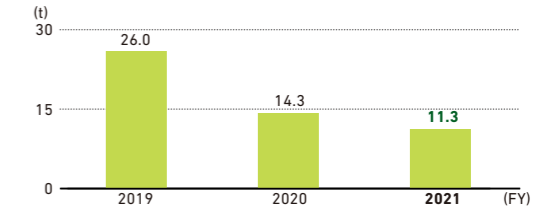
In addition to medical checkups, we are offering advice and other assistance for leading healthy lifestyles by establishing a health consultation office under a public health nurse.

\* For regular employees of MOS FOOD SERVICES, INC. (non-consolidated)

Theme

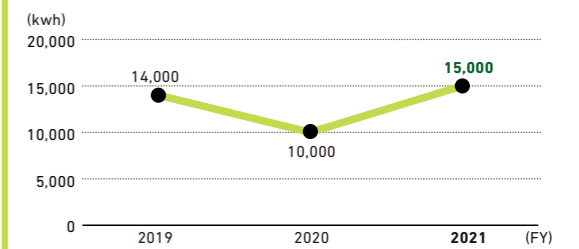
## The Environment

### Volume of food bank donations



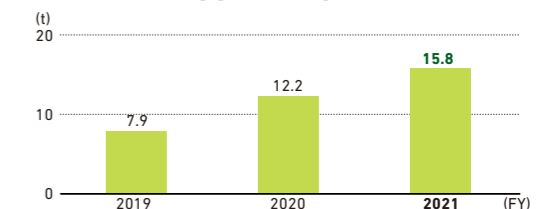
We are helping minimize food loss & waste by assisting food bank activities as a food supporter and providing free-of-charge undamaged food that we are forced to discard.

### Volume of green electricity usage



We are contributing to the popularization of renewable energy by purchasing green electricity that has a low environmental impact and using it to offset the electricity used for operating events and printing brochures.

### Volume of usage of "Morino Chonai-Kai's Forest Thinning Support Paper"



A system whereby funds for forest thinning, which is necessary for sound forest management, are generated by companies purchasing paper that uses thinned wood. We use this paper primarily in our printed materials.

### Environmental education

Number of times "SDGs Newsletter"\*  
**published 6 times**

An educational tool for the SDGs, as well as environmental issues, for crew members at all stores

Master license renewal training sessions  
**Held 93**

Holding of environmental courses in training to share the necessary knowledge and information with store managers

# Company and Shareholder Information

<b>Company Information</b>	<b>Company Name</b> ..... MOS FOOD SERVICES, INC.	<b>Stock Exchange Listing</b> ..... Tokyo Stock Exchange, Prime Market*
	<b>Established</b> ..... July 21, 1972	<b>Stock Code</b> ..... 8153
	<b>Capital</b> ..... ¥11,413 million	<b>Initial Public Offering</b> ..... November 1985
	<b>Head Office Address</b> ..... 4F ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6004, Japan	<b>Total Number of Authorized Shares</b> ..... 101,610,000 shares
	<b>Number of Employees</b> ..... 1,370	<b>Total Number of Issued Shares</b> ..... 32,009,910 shares
		<b>Number of Shares per Unit</b> ..... 100 shares
		<b>Number of Shareholders</b> ..... 42,969

\*Transferred on April 4, 2022

**Group Companies**

**MOS FOOD SERVICES, INC.**  
Operation of MOS BURGER hamburger franchise, other food service businesses, etc.



**Other Restaurant Businesses**

  
MOS PREMIUM

  
MOSDO!  
(collaborative store with DUSKIN CO., LTD.)

  
Mother Leaf

  
Mother Leaf Tea Style


  
CAFE Mountain, Ocean & Sun

  
mia cucina

  
AEN

  
chef's V

**MOS STORE COMPANY, INC.**  
Operates MOS BURGER




**MHS, INC.**  
Conducts all aspects of work regarding hygiene management, such as facility and equipment inspections and microorganism inspection to ensure the safe provision of food

**MOS CREDIT, INC.**  
Conducts financing and insurance agency business, machinery leasing and rental, and financial data management for MOS Group franchisees


**MOS SHINE, INC.**  
Established to develop a workplace environment matching individual characteristics, abilities, and aptitudes with the goal of achieving the expansion and stabilization of the employment of people with disabilities at the MOS Group

**Third Party Evaluations**


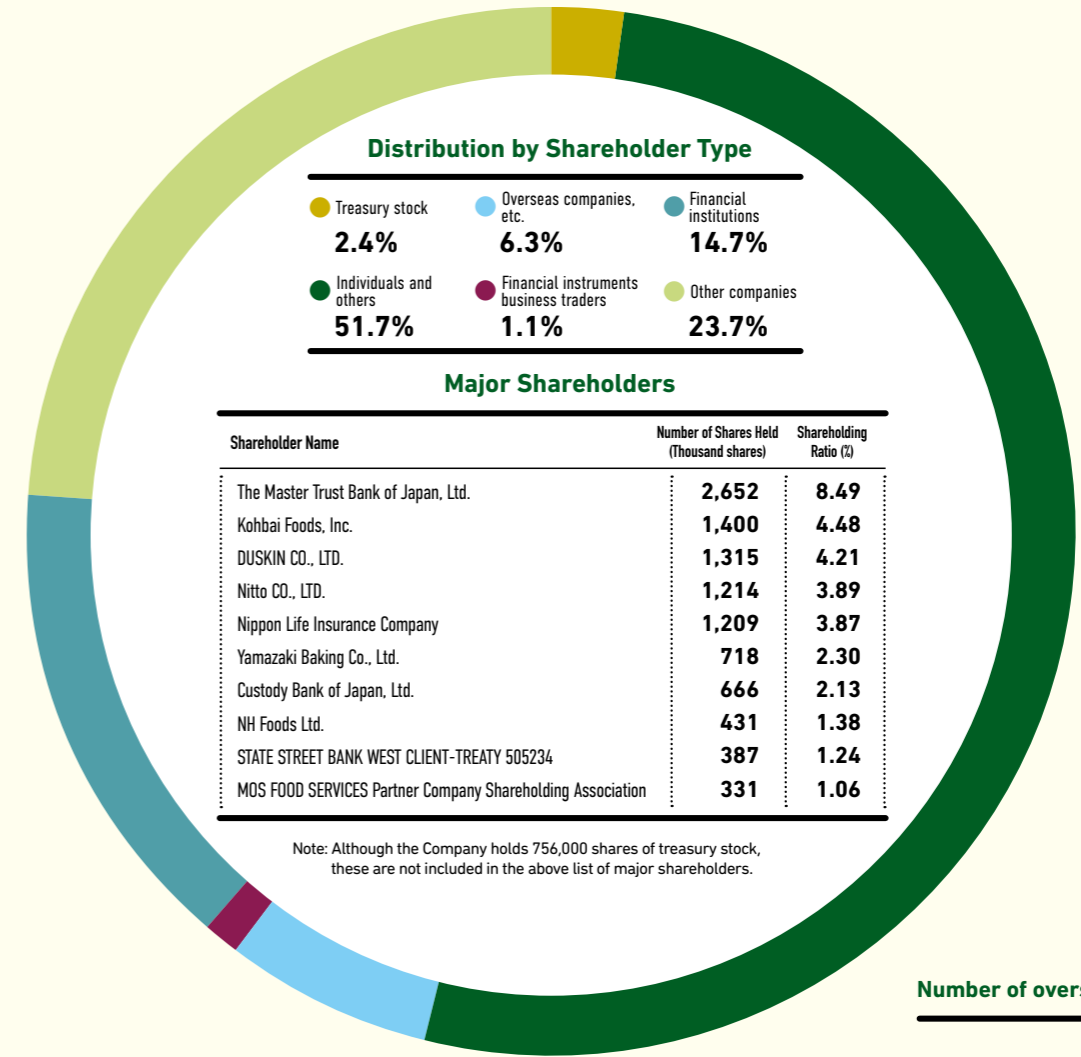
**NIKKEI Smart Work Management Survey**  
Smart work management is a management strategy that aims to maximize human resources through the realization of diverse and flexible workstyles, in addition to maximizing organizational performance by creating a virtuous cycle that continues to produce innovation and develop new markets, including productivity. We received a 3-star rating.



**Nikkei SDGs Management Survey**  
There is a growing trend for investors and consumers to value companies that are proactively addressing the SDGs as seen in the growth of ESG investing with an emphasis on the environment, society, and corporate governance and the changing attitudes of consumers. The survey evaluates companies that are working to solve social, economic, and environmental issues through their business activities by linking management to the SDGs, thereby enhancing corporate value. We received a 3-star rating.



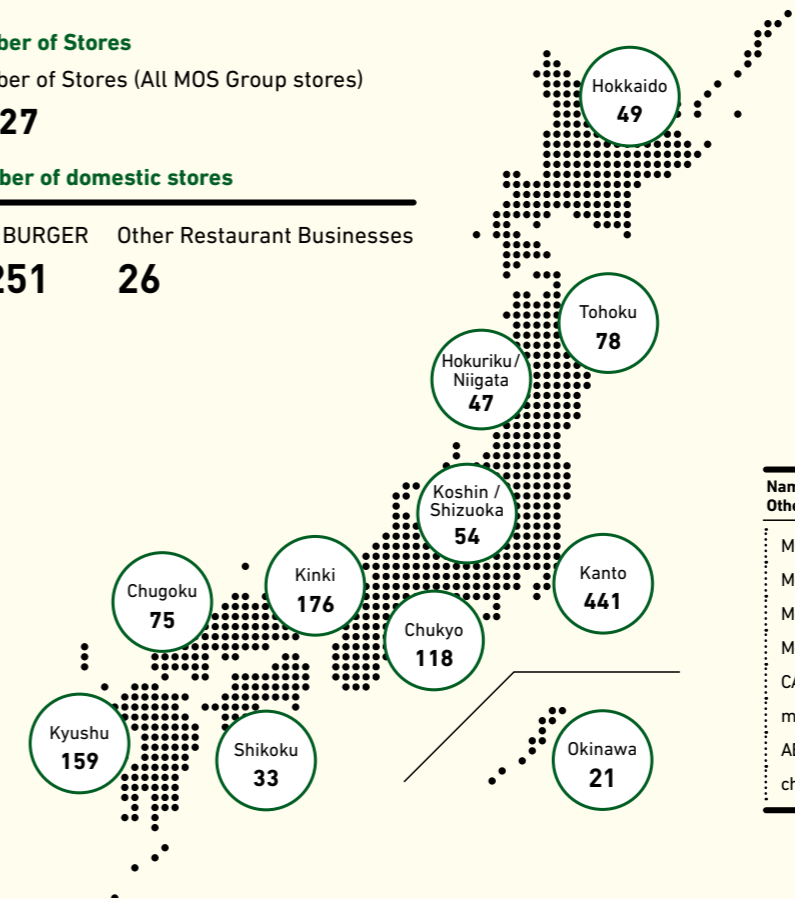
**Certified Health & Productivity Management Outstanding Organization**  
This is a program that recognizes outstanding organizations, such as large enterprises and small and medium-sized enterprises, engaging in initiatives adapted to local health issues and health-promotion initiatives advanced by the Nippon Kenko Kaigi. MOS FOOD SERVICES, INC. was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2022 (large enterprise category) following on from 2020 and 2021.

**Number of overseas stores**  
**450**

**Number of Stores**  
Number of Stores (All MOS Group stores)  
**1,727**

**Number of domestic stores**  
MOS BURGER    Other Restaurant Businesses  
**1,251    26**



Country/Region	Number of Stores
Taiwan	302
Singapore	54
Hong Kong	39
Thailand	21
Indonesia	2
China	8
Australia	4
South Korea	14
Philippines	6

Names of Stores in Other Restaurant Businesses	Number of Stores
MOS PREMIUM	2
MOSDO!	1
Mother Leaf	7
Mother Leaf Tea Style	7
CAFE Mountain, Ocean & Sun	1
mia cucina	2
AEN	5
chef's V	1