



MOS REPORT

MOS Group Integrated Report 2023



MOS FOOD SERVICES, INC.

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

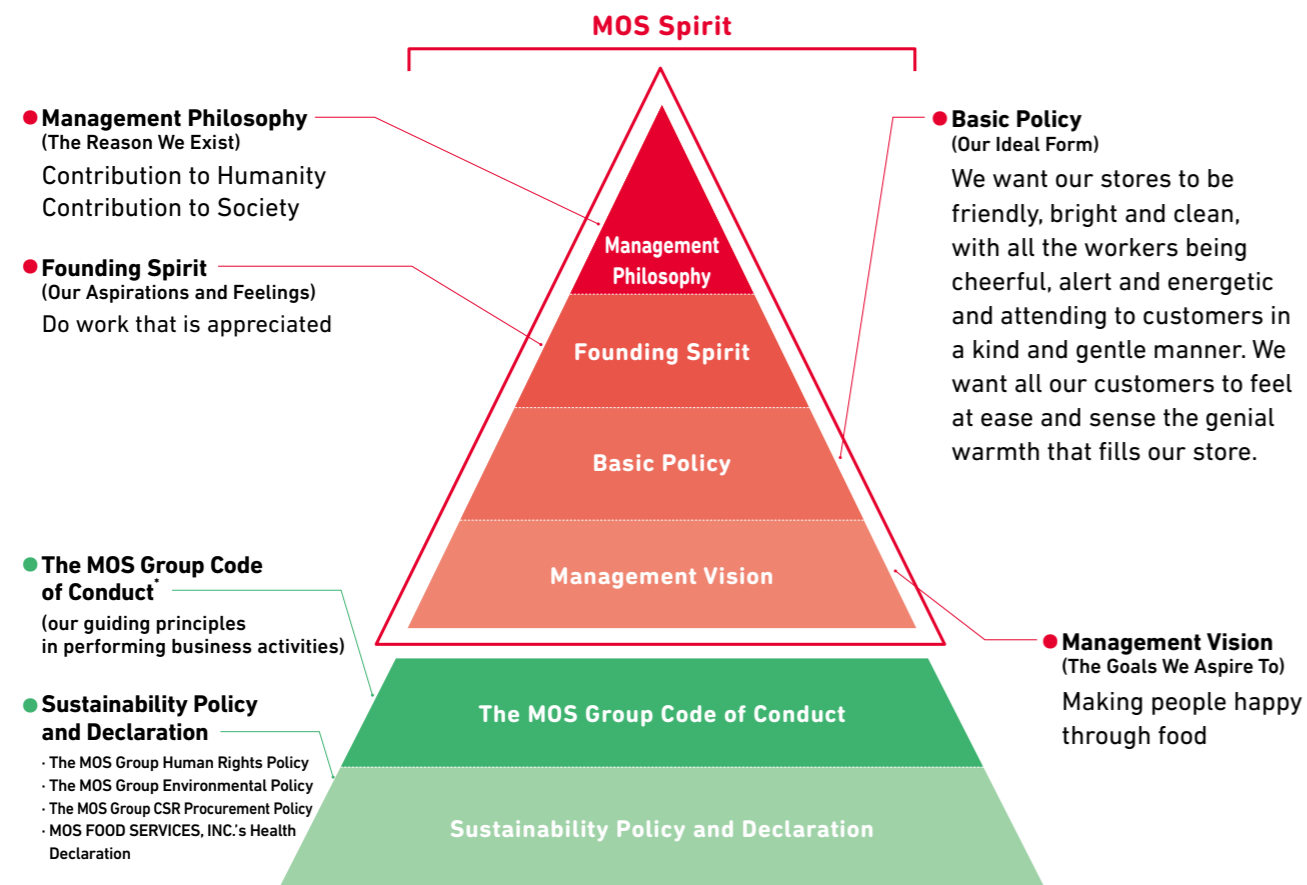
LilMos,
the corporate mascot

LilMos © 2022 MFS, INC.



The MOS Group's Starting Point (Philosophy and Conduct System)

The MOS Group has established a Philosophy System called "MOS Spirit" made up of four parts: "Contribution to Humanity, Contribution to Society," our Management Philosophy, our Founding Spirit, our Basic Policy, and our Management Vision. Moreover, the Group values its social responsibility and displays a willingness to promote management that aims to increase corporate value sustainably through both the "MOS Group Code of Conduct," its guiding principles in performing business activities, and the "Sustainability Policy and Declaration," which intends to facilitate the clear inclusion of the ESG perspective in management. These define the starting point that we must always remember.



* For more details, please visit: <https://www.mos.co.jp/company/csr/management/standard/>

Origin of the company name "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.



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Editorial Policy

The MOS REPORT (MOS Group Integrated Report 2023) 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 corporate 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. (Japanese only)



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

Reporting Period

This report primarily covers fiscal 2022 (April 1, 2022 to March 31, 2023). However, it also reports on ongoing activities and future targets for fiscal 2023 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

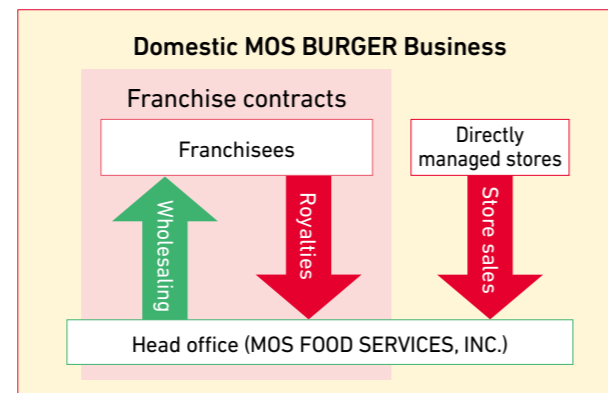
August 2023

The MOS Group of Today

“The MOS Group of Today” presents important data and information on the MOS Group’s business.

Business Model/Domestic MOS BURGER Business

The MOS Group develops restaurants mainly through the franchise system and is composed of four businesses: the Domestic MOS BURGER Business, the Overseas Business, Other Restaurant Businesses, and Other Businesses. Franchisees represent approximately 80% of MOS BURGER stores in Japan and the Group receives operating revenue in the form of royalties, in addition to earnings from the wholesaling of foodstuffs to franchisees.



Store Locations/Number of Stores

● Number of MOS BURGER Stores in Japan

47 prefectures

1,292 stores

● Other Restaurant Businesses **23** stores



● Number of Overseas Stores

455 stores

in **9** countries and regions



→ P62

Business Scale

● Net Sales for All Domestic Stores

¥ **120,738** million

● Number of Shareholders

45,025

● Net Sales (Consolidated)

¥ **85,059** million

● Number of MOS BURGER Customers in Japan

97.1 million groups*

* Number of payments in POS transaction count

Topics of 2022

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 2022.

Domestic MOS BURGER Business

New Product in the “MOS PLANT-BASED” Series a Fish-like Burger Named “Soy Sea Burger -Fried Fish Style Soy Patty-”

The Group launched “Soy Sea Burger -Fried Fish Style Soy Patty-,” a burger that uses a fish alternative with soy protein as



the main ingredient. The product is a plant-based recreation of the fish burger, one of the chain’s popular products. It does not contain ingredients of animal origin, from the green buns to the fish-like portion and the tartar sauce. As with this plant-based product, going forward, the Group will continue to offer food options to customers.

Merchandising Business

Launch of “MOS Online Shop -Life with MOS-,” MOS BURGER’s E-commerce Site

The Group launched the direct-sales website “MOS Online shop -Life with MOS-” in cooperation with YAMATO TRANSPORT CO., LTD. MOS BURGER’s nature-

loving original products can now be delivered to homes by making full use of YAMATO TRANSPORT’s network. More than ever, the Group will strive to expand the development of a wide range of products and distribution channels.



Overseas Business

ESG Initiatives in Thailand and Singapore

In an effort to elevate the MOS BURGER brand, the Group carries out local contributions that raise corporate value in each region and actively participates in award-giving contests. In Thailand, the Group partnered with the nursery school Universal Kids Bangkok, which focuses on dietary education-related activities, to open food trucks and implement initiatives related to dietary education, while in Singapore it entered a contest



aiming to encourage the improvement of customer service in retail stores, and 5 staff members received the Silver Award.

Sustainability

Introduction of the Alter-Ego Robot OriHime in the MOS BURGER Store Located in Harajuku Omote Sando

The Group has started testing the alter-ego robot OriHime in its flagship sustainability store “MOS BURGER Harajuku Omote Sando,” located in the Tokyo Metropolis. OriHime was used in pilot experiments with customers who have trouble leaving their home due to a social handicap and with challenge mates of the special purpose subsidiary MOS SHINE, INC. to perform customer service tasks.



* An alter-ego robot developed by Ory Lab Inc.

Other Restaurant Businesses

Sale of Black Tea-Based Drinks in MINISTOP Stores

“Mother Leaf” is a store chain that offers drinks containing genuine black tea selected from designated plantations in Sri Lanka.

These drinks are now sold in MINISTOP stores in Japan under the names “Curated by Mother Leaf, Lemonade Tea (with grapefruit flesh)” and “Curated by Mother Leaf, Milk Tea (with caramel sauce)” in order to simplify the enjoyment of these black-tea specialties only available in “Mother Leaf” stores.



Human resources

“Eruboshi” Certification Obtained with 3 Stars

MOS Group head office obtained the “Eruboshi” certification established by the Minister of Health, Labour and Welfare on March 2, 2023, as an outstanding company for promoting women’s active participation in the workplace. It was awarded 3 stars, the third level of the certification. The Group aims to create working environments where all the personnel can adopt flexible workstyles regardless of gender or age, and promotes the cultivation of workplaces where each person can shine and experience job satisfaction.



Message from the President

Deeply Instilling Entrepreneurship and Transforming into the MOS Group That Will Grow for the Next 50 Years



As trustees of the thoughts our founder left us in the form of the “MOS Spirit,” we constantly question ourselves on what the necessary components are for continuous growth in the next 50 years.

I humbly ask the stakeholders who have supported the MOS Group up to now that they warmly follow our development in the future.

NAKAMURA Eisuke

President & Representative Director,
MOS FOOD SERVICES, INC.

中村栄輔

For Sustainable Management to Create a 100-Year Company

During fiscal 2022, MOS FOOD SERVICES, INC. had to celebrate the 50th anniversary of its founding.

Since its establishment in 1972, the MOS Group has used the “MOS Spirit,” its Philosophy System, as a guiding principle, and has aimed to grow by sharing value with all the stakeholders who surround us. To all of those who have put their trust in our Company and supported us, I express my sincere gratitude for the opportunity to be the MOS Group’s Representative.

During the 50 years since our founding, the environment surrounding the MOS Group has changed greatly. When the group was founded, Japan was right in the midst of period of rapid growth, enjoying the prosperity that followed the 1964 Tokyo Olympics, the 1970 Expo '70 in Osaka and the development of various industries. It is said that the expression “food service industry” was also born during that time. Many food service chains were formed in that period, and MOS BURGER was one of them.

Afterwards, Japan went through an economic bubble burst and a period of economic stagnation known as the lost 30 years. Along with the decreasing birthrate and the demographic ageing, the population continues to decrease after reaching a peak in 2008. However, if we shift our attention to the world, the global population has doubled during these 50 years and now surpasses 8 billion people.

The MOS Group has developed its businesses from Japan, but I believe that there are still opportunities to bring the high-quality and delicious food we have pursued so far to unexplored markets such as Europe and North America, in addition to the Asian markets we are currently developing. My dream is for the Company to grow into a chain beloved by people throughout the world.

On the other hand, the world is struggling with various problems associated with population growth and economic development. Measures to deal with climate change, which is becoming more severe are now an urgent matter, and all companies and countries are asked to implement measures toward carbon neutrality via the reduction of CO₂ emissions generated by economic activities.

Then, the COVID-19 pandemic which has engulfed the world from 2020 onward has had a strong impact on the restaurant industry. Furthermore, the sharp rise in ingredient prices caused by cross-national conflicts and exchange factors is becoming an extremely serious issue.

Our responsibility as business operators who handle food is to continue to provide safe and delicious meals while keeping the health of customers in mind. In addition, for us to remain a chain supported by customers, I believe we need to grapple head on with the sustainability issues related to our business, such as the reduction of food waste, general waste matter,

plastic waste, and recycling.

In order to tackle these issues in a company-wide fashion, we established the Sustainability Committee with the members of the Management Meeting as its members during fiscal 2022. The Group defined the material issues (priority matters) in its businesses in fiscal 2019, but we regard the Committee as an important organization to monitor these issues, and deliberate and review company-wide policies related to sustainability. With respect to the material issues defined 3 years ago, we have recently implemented inspections and reestablished concrete goals (KPIs) through the Sustainability Committee.

The current four material issues are: “Food and Health,” “Stores and Local Communities,” “Human Resource Cultivation and Support,” and “The Environment.” We regard “Governance” as the foundation to advance their resolution. Going forward, the Sustainability Committee will monitor the progress of the KPIs related to material issues with an eye to 2030, as well as implement periodic inspections taking into account the impact on our businesses and environmental changes, under the supervision of the Board of Directors.

I will cite an example of our initiatives regarding “The Environment.” We recognize that climate change-related measures are an important management issue. In order to promote initiatives aiming to realize carbon neutrality by 2050, the Group has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and discloses information regarding corporate governance, strategy, risk management, and indicators and targets in line with its recommendations.

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.

We aim to further increase corporate value by seriously tackling these issues and implementing sustainability management. Contributing to the creation of a better society is the mission of the MOS Group, which sees “Contribution to Humanity and Contribution to Society” as its management philosophy, and it is also my wish.

For the MOS Group to remain beloved by customers in the next 50 years and last 100 years as a company, we plan to continue to grow while tackling the resolution of the social issues surrounding our businesses.

“MOS Spirit” and “Entrepreneurship”

A favorite phrase of our founder Sakurada Satoshi was, “If I’m going to work, I want to do work that is appreciated.” This very statement, which we still share from generation to generation as our “Founding Spirit,” is the idea behind our Company and the source of the MOS Group’s activities.

Since I was appointed Representative Director in 2016, I have placed great importance on the “MOS Spirit,” and entrepreneurship. The MOS Group has established a Philosophy System called “MOS Spirit,” composed of “Contribution to Humanity, Contribution to Society,” our Management Philosophy, the Founding Spirit, the MOS BURGER Basic Policy, and the Management Vision. These four parts make up what we advocate as a company and the guiding principles that our members who work at the MOS Group cherish.

The Management Philosophy, which is at the top of “MOS Spirit,” can be seen as the purpose of the MOS Group. It includes the following guideline: “Let’s contribute to society by providing services with devotion and deeply connecting with customers and local communities.” This means that people and societies cannot be separated from each other, and furthermore, that contributions should reach all stakeholders beyond our closest partners. This concept is also embodied by the MOS name whose

initials stand for MOUNTAIN, OCEAN and SUN (⇒ P1). As the person put in charge of management after a 50-year long history, I believe that maintaining the tradition of loving people and loving nature, inherited from our founder, is an important responsibility.

Another concept I cherish is entrepreneurship. The word “entrepreneurship” is often used to refer to “an enterprising spirit” and misunderstood as the characteristic disposition of business founders. It actually expresses the stance of starting new ventures, and taking risks and is a necessary attribute not only in business founders but in all workers. I interpret this concept as the process of engaging in hard thinking, making decisions by oneself, carrying the risks and making a step forward.

For example, during meetings, I encourage the attending members to firmly raise their hand and state their opinions. Rather than abdicating one’s responsibility, it is important to raise one’s hands oneself, expressing one’s opinions, and clearly one’s thoughts to the other attending members. Likewise, in order to create an environment where all workers can contribute jointly and evenly regardless of their position, I have consciously adopted an approach where all members share their favorite plan simultaneously, in a process I call the “rock-paper-scissors method.” As a result, the exchange of ideas turns lively and good suggestions can be adopted.

In an effort to continue growing going forward, it is essential for our Group to nurture human resources

What we must do now about entrepreneurship a critical factor in corporations’ growth

who can display this kind of entrepreneurship in great numbers. I want us to steadily train human resources who can think by themselves and take risks though the accumulation of such behaviors, although they might appear trivial.

stores. In order to improve the franchise package, we committed to raising the operational efficiency of stores by making full use of IT and DX (digital transformation). Our goal is to create a virtuous circle where the rise of earning power in individual stores encourages franchisee owners to open more stores, which should lead to a further improvement in our ability to open stores.

On the other hand, in fiscal 2022, operating income was ¥40 million and profit attributable to owners of parent ended in the red at a negative ¥300 million, due in part to the impairment impact from some overseas region. There are three main reasons behind the significant decrease in operating income. First, the substantial rise in purchasing costs in the Domestic MOS BURGER Business was impactful. Then, there was the effect of the rise in the SG&A ratio in the same business. Finally, the recovery from the impact of COVID-19 on the Overseas Business was delayed. These factors pushed the operating income downward by ¥3,900 million. As store sales remained strong, consolidated net sales reached a record high. However, the significant rise in purchasing costs after the price revisions enforced in July 2022, which surpassed our assumptions, and the impairment in the Overseas Business had severe consequences.

Among the measures we are taking this fiscal year to improve our performance, I can first cite the securing of gross income through the optimization of selling prices and wholesale prices. In Japan, MOS BURGER implemented price revisions on March 24. Secondly, we are striving to generate income through the curtailment of SG&A expenses. We aim to improve the profit ratio by reviewing the use of expenses in the entire Company and improve the cost-effectiveness of promotional activities, in addition to promoting DX. Furthermore, in the Overseas Business, we plan to identify unprofitable stores and focus our management on growth markets.

Looking Back on Fiscal 2022

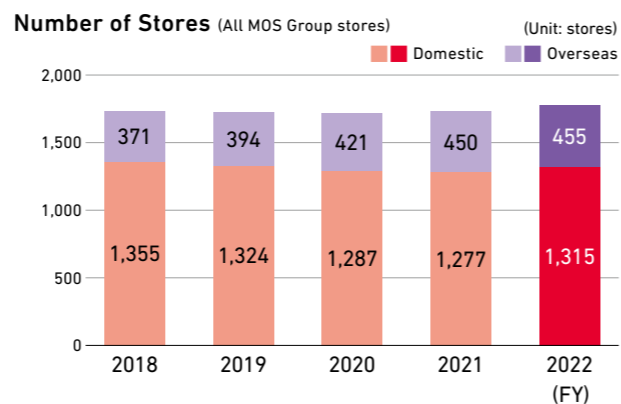
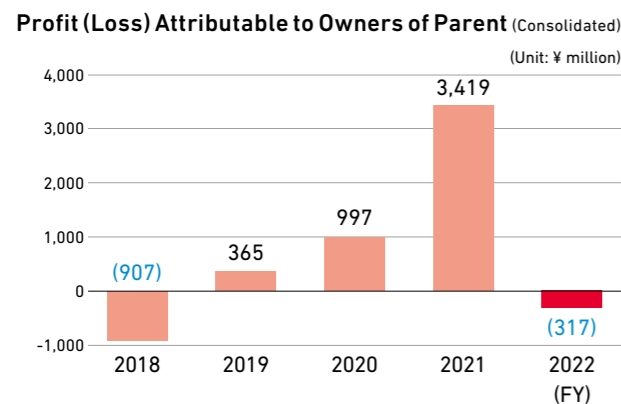
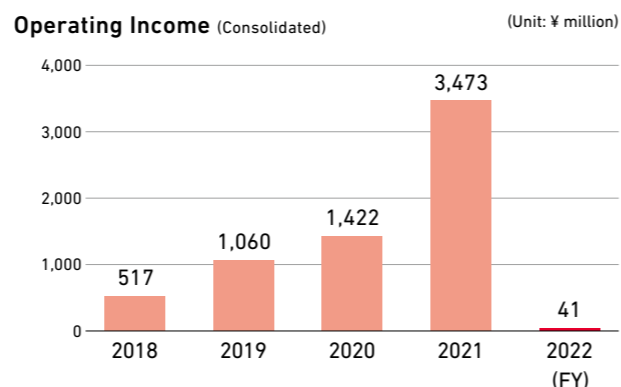
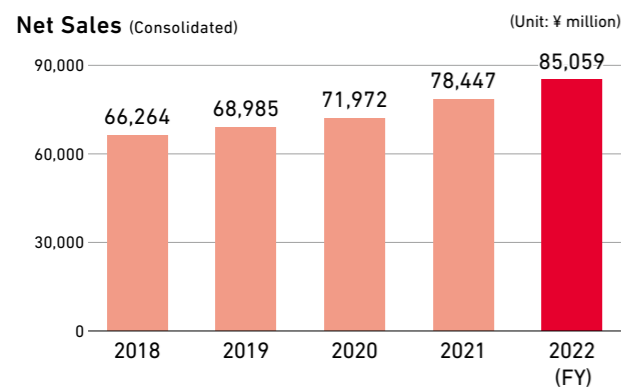
I will now provide a review of fiscal 2022, which was the first year of the Medium-Term Management Plan. In the Domestic MOS BURGER Business, consolidated net sales were ¥85,000 million, the highest on record. We are progressing favorably toward the medium-term management target of ¥100,000 million for fiscal 2024.

Regarding the progress by business, first, the Domestic MOS BURGER Business’s net sales from all stores were ¥118,900 million (105.2% of the previous fiscal year’s results), and net sales from existing stores, number of customers and average amount per customer all grew favorably year on year. More specifically, despite a slump in fiscal 2020 during the COVID-19 crisis, the number of customers immediately recovered the following year and is now superior to the pre-COVID-19 level. We believe the number of customers will further grow this fiscal year due to the rise of in-store consumption.

In addition, the number of stores grew by 41 to reach 1,292 due to aggressive store openings. Over several years, we have so far put emphasis on efficient store operations, prioritized the recovery of existing stores, and aimed to improve management efficiency by closing unprofitable stores for example. For this reason, the number of stores in the domestic MOS Group had been on a slightly declining trend. However, for the first time in 9 fiscal years, we have achieved a net increase in the number of stores. Since an increase in the number of stores is directly linked to an increase in net sales, we aim to continue on that trajectory and open 50 stores during fiscal year 2023.

During fiscal 2022, we prioritized the opening of stores in regions where MOS BURGER was present in the past but had to close for various reasons. When opening stores in these regions, we are constantly told by customers that they are glad a MOS BURGER store reopened. They also tell us they are happy to be able to eat MOS burgers again. This comments from customers are a great source of encouragement for our members involved in store openings.

In parallel with our aggressive store opening policy, we also engaged in the strengthening of existing



Resolution of Management Issues and Strengths of the MOS Group

The decreasing birthrate and ageing population in Japan is a challenge for all industries. When it comes to the restaurant industry in particular, the decrease in the number of customers and the shortage in labor, that is to say the stronger competition to acquire talent, form a big and double-sided issue. As individual and social views on workstyles evolve, simply raising wages is no longer a sure way to gather personnel.



Under these circumstances, in order to not only make work more pleasant but also improve store profitability, we are moving forward with digitalization in kitchen operations and administrative tasks in a bid to further increase efficiency and raise productivity. Moreover, the inclusion of self-service checkouts and the expansion of payment methods will offer more convenience to customers as well, and we can definitely expect an increase in demand. I believe that the provision of a better experience value by meticulously responding to customers' requests will be our challenge going forward.

In the Medium-Term Management Plan, the MOS Group sets DX as one of its company-wide transversal themes. Nonetheless, we also wish to promote CX

(experience value for the customer) and EX (job satisfaction of employees and store members) in order to support our Management Vision of "Making people happy through food" with IT.

Even so, we must not forget that the restaurant industry is a human service and the value obtained by the presence of humans remains definite. Regarding this point, one can wonder what customers seek from MOS BURGER. I personally believe they want to experience the taste and high quality of the freshly-made food we serve them. At MOS BURGER, hamburgers are prepared one at a time in the palm of the hand. We prefer using the palm of the hand because the goods end up in the mouths of customers. This is a detail but we are very attached to it.

Restaurants which develop with a multi-store approach usually concentrate menu production and processing in one central kitchen to optimize cooking tasks and reduce workload. Additionally, we receive "MOS BURGER's fresh vegetables" every day from producing areas under contract in the whole country. Members refrigerate lettuce leaves with ice water at a 4°C temperature, tear them up and harmonize their size, while tomatoes are carefully cut in round slices with a knife and refrigerated up until usage. We are able to deliver delicious fresh vegetables prepared diligently to customers at their tastiest, and a big reason for this is that these processes where the warmth of human hands can be felt are repeated several times each day. I think determining where human hands are necessary and where performance can be improved by mechanization and labor-saving measure will make a big difference in the restaurant industry going forward. The restaurant industry relies on human service. Along with the promotion of DX, I bear in mind the strengths and values that only MOS BURGER can provide.

The restaurant industry relies on human service. Along with the promotion of DX, I bear in mind the strengths and values that only MOS BURGER can provide.

MOS BURGER's Value System, Highly Rated Overseas

In the Overseas Business, the recovery from the impact of COVID-19 was delayed, but this fiscal year, considering the changes in population flows, the recovery of existing stores is prioritized over aggressive store openings, and profitability improvement is advancing notably through the closing of unprofitable stores.

In Taiwan, where we have the highest number of stores, store sales are making favorable progress and we continue to promote the creation of stores rooted in their local communities. Moreover, at MOS FOOD INDUSTRY CORP., the production subsidiary where earnings worsened due to a sharp rise in the cost of foodstuff purchasing, the Group is striving to improve earning power through a review of production control operations and selling price adjustments.

In Singapore and Hong Kong, the profit ratio decreased due to the sharp rise of ingredient prices and the increase in fixed costs such as utility costs, rents, and logistics costs. We are committed to improving our earning structure by improving the cost ratio through price revisions, raising store sales through the enhancement of the personnel structure and adopting measures to improve store productivity, as well as identifying unprofitable stores.

The store opening policy is focused on Asia and, in Singapore for example, we have been highly praised for maintaining a high level of cleanliness, a pleasant atmosphere, and quality in our stores. The quality that we, at MOS BURGER, see as a natural part of our service is highly regarded overseas. If we can promote our business with companies able to develop their operations together with us while cherishing this value delivered by MOS BURGER, the Overseas Business still has a lot of room to grow. Similarly to Japan, various challenges remain such as the sharp rise in ingredient prices and labor shortages, but we are determined to defend the features that the MOS Group must protect, such as our level of quality and our value system, without compromising.

MOS Group's Human Capital Management

The most important element for the growth of the MOS Group is human resources. After all, people are the ones who inherit the strengths and value system of us within the company and nurture them with care. We invest in human capital by engaging in business creation and transformation, recognizing the importance of investments in "people" who will then play a leading role in increasing corporate value, securing and nurturing talent, and improving working environments.



The MOS Group will need human resources with diverse abilities in order to continue growing in the future. For example, running an individual store and generating profit as a store manager and operating several stores require different abilities and experiences. Therefore, we must build systems to cultivate human resources which fully focus on this matter.

The opening and management of stores in Japan and overseas also requires completely different abilities. In Japan, a homogenous society so far, we tend to believe that we understand each other without the need to speak, as the word “telepathy” expresses. However, in the Overseas Business, it is first important to be able to communicate in such a way that operations can proceed despite differences in cultures and customs. Communicating clearly in simple English is necessary in order to be understood. In a society where cultures and customs differ, one must answer to a “Why?” by a “Because...,” explain oneself precisely and logically, and properly convey their thoughts and opinions. Otherwise, it becomes hard to reach a mutual understanding.

Many Japanese companies which choose to develop overseas stumble against communication barriers in a foreign culture. Regrettably, the truth is that, in our Company as well, we cannot currently say that we have many human resources ready to compete overseas. In order to respond to this issue, our Company has introduced an overseas internship program starting from 2022. In this program, interns spend a year working at an overseas site of the MOS Group. The goal is to create opportunities for further personal growth by gaining experience in all posts, from management to store operations, together with partners from various cultures and backgrounds. During fiscal 2022, we dispatched one employee at a time in three countries and regions. After concluding the program and receiving a great sense of achievement, employees can advance to the next steps.

We have also started dispatching employees to International University of Japan to take part in their one-year MBA program. Two employees were dispatched during fiscal 2022, in a bid to nurture human resources who have gained insights on management as a whole and are able to display practical communication skills and global leadership in a cross-cultural and multinational context.

The members selected this time both voluntarily expressed their interest. Watching these members who willingly decided to plunge into a different world continuously work hard and grow fills me with joy. I am convinced that these human resources will become the core of the Company in 10 or 20 years and spearhead the MOS Group.

Furthermore, “Challenging 01,” our internal suggestion system launched in fiscal 2021, is a business idea contest which aims to discover and nurture the next generation of leaders. We have accumulated 52 entries in two years and have had the opportunity to hear unique, dream-inspiring proposals. We then have to prepare to tackle the challenge of determining the ways in which said proposals can become viable businesses. Transforming an idea in a business is not a simple task,

Facing a new era by joining hands and becoming one with franchisees, our business partners

but we can expect that these human resources full of enthusiasm and eager to succeed will bring about the transformation of the MOS Group.

In addition, we are creating a Company able to retain capable talent over a long period of time by putting efforts into policies targeting the cultivation of human resources. The reform of the personnel system, which we previously undertook, has concluded and we now have the proper environment to put into practice the slogan of the Medium-Term Management Plan, “Challenge & Support.” We are striving to support the creation of nurturing environments through the expansion of systems which help form workstyles and careers and reskilling for all members, and through the enhancement of education and training structures for franchisees with MOS Academy.

One of our initiatives that takes into account overseas development is “Vietnam Kazoku,” which makes full use of the Specified Skilled Worker Program. The inaugural group was forced to postpone its arrival due to the pandemic but we were finally able to welcome participants in May 2022, and 21 workers are now employed in Japan. The second group, made up of 10 people, arrived during this fiscal year. We aim to earnestly promote the cultivation of human resources in the food business in all of Asia.

As external evaluations of our human resources performance, our Company was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the fourth year in a row since 2020. We also obtained the “Eruboshi” certification with three stars in March 2023, as an outstanding company for promoting women’s participation in the workplace.

Corporate Governance as Our Management Base and Kyo-ei-kai

The Board of Directors, which supports corporate governance as the base of our management, has undergone great changes in its composition during the past few years. MOS FOOD SERVICES, INC.’s Board of Directors comprises nine Directors (six men and three women) including three Outside Directors, and four Audit & Supervisory Board Members (four men) including two Outside Audit & Supervisory Board Members.

We regard the role of Outside Directors and Outside Audit & Supervisory Board Members’ role as important since they express themselves from an independent perspective separated from business

matters and accomplish their management supervision and monitoring role. We remain aware of their skills as we welcome them. We have published a so-called skill matrix to summarize their respective knowledge, experience and abilities.

Some days ago, we organized a discussion with three Outside Directors and received many opinions and ideas (P43-46). I believe our Board of Directors has gained in sophistication thanks to the active debates between internal Directors who carry out business activities and Outside Directors who have different fields of expertise and experience.

Finally, I would like to present an indispensable asset for the growth of the MOS Group growth, “MOS BURGER Kyo-ei-kai.” The structure and initiatives of Kyo-ei-kai are mentioned in this report (P47-50). Based on the philosophy that the head office and franchisees are equal business partners, Kyo-ei-kai aims to realize mutual growth and operates with franchisees as the main constituents. With Kyo-ei-kai at the center, various ideas take form such as a sales promotion plan for limited products which use local specialties, or a plan to gift carnations on Mother’s Day. I think these initiatives can take place precisely because owners in the entire country continue to protect the local roots of their stores. In the future, we will continue to cultivate relationships based on trust while maintaining communication between the head office and the stores, and between franchisees.

At the risk of repeating myself, the dining-out industry faces many challenges and the business environment is also growing in severity. However, as I have presented until now, the management base and business fundamentals fostered by the MOS Group over 50 years are extremely strong. From now on, we aim to continue on a trajectory of growth by increasing our solidarity as an organization while nurturing human resources that can display entrepreneurship qualities, and working as one to overcome hardships.

I would like to ask all of our stakeholders, who champion us as customers using our stores, as shareholders and in various other ways, to warmly follow our future endeavors and continue to support the MOS Group.

The MOS Group's Financial Policies and Strategies

Conducting Strategic Investments in Line with Our Growth Policy and Striving for Profitability Improvements in the Entire Business

KAWAKOSHI Tsutomu
Executive Officer, General Manager
Management Support Division



Fiscal 2022 Financial Results Overview

Fiscal 2022 saw a growth in net sales in all segments: the Domestic MOS BURGER Business, the Overseas Business, Other Restaurant Businesses and Other Businesses. However due to factors such as the sharp rise of purchase prices, operating income decreased significantly.

First of all, net sales reached ¥85,000 million, or 108.4% of the previous fiscal year's result. Of this, the Domestic MOS BURGER Business experienced a growth in net sales in all stores including existing stores, as a result of aggressive store openings and the effective enhancement of existing stores. If we compare our performance to that of the previous fiscal year, net sales grew by ¥3,300 million in the Domestic MOS BURGER Business, by ¥2,900 million in the Overseas Business, and by ¥300 million in Other Restaurant Businesses.

Operating income reached ¥40 million, or 1.2% of the previous fiscal year's result. Likewise, gross income grew by ¥3,100 million along with the growth in net sales. With respect to the breakdown, the main factors in the Domestic MOS BURGER Business are price revisions implemented in July 2022 which accounted for ¥1,100 million of the growth and store openings which accounted for ¥300 million. In the Overseas Business, the growth of net sales including profit on currency exchange was ¥1,400 million.

Regarding costs, the increase in the cost ratio caused by the sharp rise in purchase prices, and the increase in sales, general and administrative (SG&A) ratio caused by the inflationary climate had a strong impact. The cost of goods sold was the main factor behind a ¥2,200 million

decrease in gross income due to the increase in the cost ratio caused by the sharp rise in purchase prices.

SG&A expenses grew by ¥1,400 million when excluding the growth stemming from the rise in net sales, and by ¥4,300 million overall. A breakdown of this figure shows that the rise in personnel expenses, caused by the increase in personnel as a response to the increase in the number of stores and by the rise in the unit cost of hourly wages, accounted for ¥1,400 million of this growth. Expenses related to new stores and remodeling accounted for ¥900 million, expenses due to the rise in sales promotion costs and payment fees accounted for ¥800 million, and expenses related to energy costs, such as utility costs and freight rates, accounted for ¥700 million.

A by-segment analysis shows that, in the Domestic MOS BURGER Business, the rise of the cost ratio and the SG&A ratio were the main factors behind a ¥3,200 million decrease in operating income. Regarding net sales in the Overseas Business, Singapore, Hong Kong, and MOS FOOD INDUSTRY CORP., (a production subsidiary in Taiwan), which are the 3 main subsidiaries, all experienced net sales growth, but segment income decreased for the 3 companies. This is due to the rise in the cost ratio caused by the sharp rise in purchase prices overseas similarly to Japan, and the rise in the SG&A ratio caused by higher overhead costs. These factors resulted in an income decrease in both the Domestic MOS BURGER Business and the Overseas Business.

In Other Restaurant Businesses, net sales recovered in each business line and increased by ¥300 million. The environment remains challenging to increase profitability, but losses are on a declining trend compared to the previous fiscal year.

In an effort to respond to these circumstances, the Domestic MOS BURGER Business has improved the cost ratio by implementing price revisions in March 2023 and is working to improve the SG&A ratio as well through a

review of expenses. Thanks to these measures, the growth of existing stores and aggressive openings, a rise in net sales and operating income is expected for fiscal year 2023, with net sales reaching ¥90,000 million and operating income reaching ¥2,700 million. The Group is also carefully monitoring the progress of the impact of price revisions.

Progress and Future of the Medium-Term Management Plan's Strategic Investments

Sales in existing stores are on a favorable trend. Due to the impact of COVID-19, the sales composition changed as take-out demand increased. However, currently, the in-store consumption ratio is increasing while the sales level remains stable. The Group is committed to overcoming the COVID-19 crisis and restoring its performance through the assessment of insights and the development of appropriate products and promotional campaigns, while understanding changes in the social environment and economic conditions.

There are currently 1,292 MOS BURGER stores in Japan, as of March 31, 2023. Since the MOS Group's store portfolio covers needs such as in-store consumption and take-out, and a wide range of behaviors, customers can use stores according to their convenience. This strength leads to the ability to respond to lifestyle changes flexibly and leverage the collected data on customer behavior when implementing marketing strategies. Fiscal 2022 saw the opening of 54 new stores, the first net increase in nine fiscal years. The Group considers there is a strong latent demand and wide room for expansion and plans to open new establishments on a scale of 50 stores during fiscal year 2023. It expects the increase in sales sites to lead to further growth. Furthermore, it is striving to harmonize sales by time slot through the strengthening of the morning and night periods.

Along with new stores, improving the earning capabilities of existing stores is an important issue as well. The Group works toward the improvement of operational efficiency with measures such as the introduction of highly efficient equipment, and is committed to providing support in the formulation of a multi-store management model for franchisees. It is expanding services which offer more convenience and efficiency for both customers and stores, such as fully self-service checkout machines and "table orders" which allow the placement of orders after sitting down.

In the Overseas Business, considering the changes in population flows following COVID-19-related movement restrictions, the recovery of existing stores is prioritized over aggressive store openings, and profitability improvement is advancing notably through the closing of unprofitable stores. Taiwan's store sales are progressing favorably, and the creation of stores rooted in their local communities is advancing ongoingly. Moreover, at MOS FOOD INDUSTRY CORP., the production subsidiary where profitability worsened due to a sharp rise in the cost of foodstuff purchasing, the Group is striving to realize earnings improvements through a review of production control operations and

selling price adjustments. In Singapore and Hong Kong, similarly to Japan, the sharp rise of ingredient prices and the increase in fixed costs such as utility costs, rents, and logistics costs are impacting stores' profit ratio. Improvements in the earnings structure are progressing in consideration of stores' profitability.

Segment income in Other Restaurant Businesses is steadily improving. Going forward, the Group aims to firmly secure operating income by working toward the implementation of its multi-store strategy while determining businesses' growth potential, including indirect costs and research and development costs.

In July 2022, the Merchandising Business saw the opening of the online store "Life with MOS" which sells original nature- and environment-conscious lifestyle items. The online-exclusive sale of MOS Rice Burgers (frozen goods) has garnered favorable reviews and the response is enthusiastic.

Regarding procurement, the Group is proceeding with the dispersion and diversification of producing areas to avoid the effects of the recent sharp rise in buying prices and climate change-related risks. In this context, with respect to imported goods, the use of domestic foodstuffs is being discussed as an alternative, considering the exchange risks caused by yen depreciation.

Mid- to Long-Term Capital Allocation and Increase in Financial Value

With an equity ratio of 64.3%, MOS FOOD SERVICES, INC. has a sound balance sheet. Keeping in mind the need for emergency support for the domestic franchise business, which is the mainstay business, strong cash reserves are secured and cash and cash equivalents were ¥19,000 million at the end of the fiscal year.

Credit needs have increased with the advancement of aggressive store openings from fiscal year 2022. Cash flows from financing activities grew by ¥4,400 million to reach a positive ¥600 million. This is mainly explained by a ¥3,600 million loan to fund store openings and investments in fixed assets due to the switch to POS checkout registers. Fundamentally, the Group seeks to use bank loans when raising funds as a policy in order to utilize financial leverage and increase ROE.

The MOS Group's fundamental policy is to deliver stable dividends while linking with financial performance and management environment. With a target dividend payout ratio of 30%, the actual amount of the dividend should increase in line with improvements in financial results, while also taking into account the dividend on equity ratio (DOE).

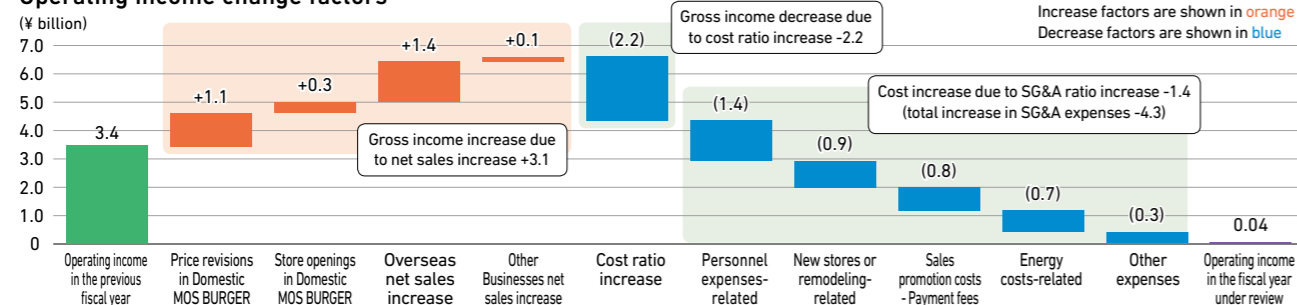
Although fiscal year 2022 ended with a loss, the forecast for the ROE (return on equity ratio) is 2.9% for fiscal year 2023. Regarding the PBR (price-book value ratio), the MOS Group understands the importance of carefully explaining its business investments and growth strategy to shareholders and investors in order to create anticipation for the Group's future.

It remains committed to steadily increasing its financial value while monitoring changes in the external environment.

Consolidated Financial Results (Unit: ¥ billion)

	FY2021	FY2022	Change	Year-on-Year Comparison
Net sales	78.4	85.0	6.6	108.4
Operating income	3.4	0.04	(3.4)	1.2
Profit attributable to owners of parent	3.4	0.3	(3.7)	-

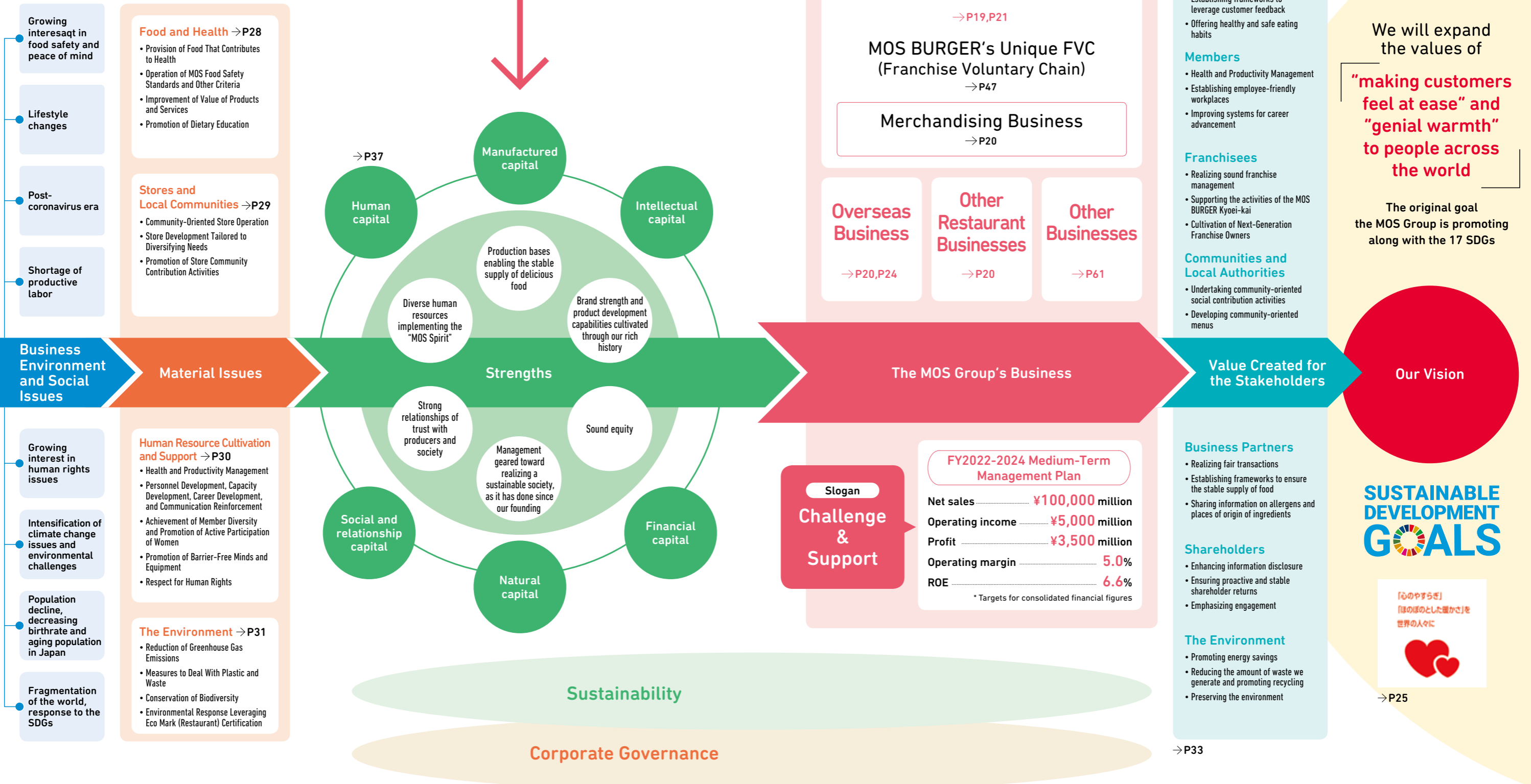
Operating income change factors



The MOS Group's Value Creation Model

The MOS Group develops a unique business model with the Domestic MOS BURGER Business at its core, using food to deliver "a feeling of ease" and "genial warmth" to people around the world. "MOS Spirit," the foundational concept for all the members working at the MOS Group, is the cornerstone that supports the Group's value creation.

*MOS Spirit: MOS Group's Philosophy System which consists of the Management Philosophy, the Founding Spirit, the Basic Policy, and the Management Vision (→ P1)



Promotion of Growth Strategies

The MOS Group has marshaled the state of progress and future issues with regard to the Medium-Term Management Plan. It continuously accelerates growth in efforts to reach the targets for fiscal year 2024, the final year of the plan, by developing the product and marketing strategies based on the approach to value creation and sustainability that the MOS Group is working on.

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

Progress in Fiscal Year 2022 (First Year of the Medium-Term Management Plan)

Despite the positive trend in store sales, profits did not meet our targets due to the sharp rise in ingredient prices. During fiscal year 2023, the second year of the Medium-Term Management Plan, the MOS Group is engaged in the recovery of its earning capabilities and striving to reach the targets of the final year of the plan.

In fiscal year 2022, the first year of the Medium-Term Management Plan, consolidated net sales reached a record high thanks to the promotion of new store openings and the strengthening of existing stores in the domestic MOS BURGER business. Net sales from all stores and net sales from existing stores both grew steadily year on year, amounting to 105.2% of the previous fiscal year, or ¥118,900 million, and 104.1%, respectively. The number of stores reached 1,292 which represents a net increase of 41 stores.

On the other hand, with respect to the profit forecast, operating income was ¥40 million, and net profit ended in the red at a negative ¥300 million. Although the Group implemented price revisions in July 2022 in an effort to

improve the profit ratio, the following significant rise in the purchasing prices of ingredients surpassed assumptions and, coupled with the impairment recorded in the Overseas Business, had severe consequences.

The MOS Group is promoting initiatives to recover its earning capabilities, in order to reach the targets of fiscal year 2024, the final year of the Medium-Term Management Plan, which are ¥100,000 million in net sales and ¥5,000 million in operating income. It remains dedicated to achieving these targets through efforts to improve the profit ratio by optimizing selling prices and wholesale prices, in addition to the curbing of SG&A expenses thanks to the promotion of DX and marketing mix-related measures.

(Unit: ¥ billion)

Consolidated Financial Figures	FY2021 Results	FY2022 Results	FY2023 Plan	FY2024 Medium-Term Management Targets
Net sales	78.4	85.0	90.0	100.0
Operating income	3.4	0.04	2.7	5.0
Profit attributable to owners of parent	3.4	(0.3)	1.4	3.5
Operating margin	4.4%	0.0%	3.0%	5.0%
ROE	7.3%	(0.7)%	2.9%	6.6%

Issues to Address over the Medium- to Long-Term and Progress

The MOS Group continues to strengthen its management base, the source of its growth in number of stores and net sales, and is responding to cost increases due to changes in the external environment, as well as changes in demand in the post-COVID-19 era.

Domestic MOS BURGER Business

The MOS Group is committed to improving its performance in the three following areas: store opening capabilities, franchise package capabilities and ability to respond to change. With regard to its store opening capabilities, it opened 54 stores in fiscal year 2022, thereby reaching its goal of 50 stores for the year and creating a net increase of 41 stores. The Group is working toward more store openings during fiscal year 2023 and furthers its efforts in the acquisition of excellent real estate property and in store creation.

Regarding its franchise package abilities, we are seeking to

improve the efficiency of store operations with the introduction of highly efficient equipment, which will contribute to the construction of a multi-store management model through franchise owners, in addition to the increase of individual store's earning capabilities. As for its ability to respond to change, the Group is flexibly adapting to changes in customers' lifestyles and needs and capturing take-out demand, which grew significantly due to COVID-19, and the post-COVID-19 demand for in-store consumption.

	Progress	Future actions
Store opening capabilities	<ul style="list-style-type: none"> 54 new store openings Promotion of openings of MOS BURGER&CAFE and small stores 	<ul style="list-style-type: none"> Acquisition of excellent real estate property and store creation Harmonization of net sales by time slot
Franchise package capabilities	<ul style="list-style-type: none"> Promotion of the introduction of highly efficient equipment Improvement in the efficiency of store operations 	<ul style="list-style-type: none"> Improvement of stores' earning capabilities Establishment of a multi-store management model for franchisees
Ability to respond to change	<ul style="list-style-type: none"> Response to changes in the needs for in-store consumption and take-out Promotion of the introduction of self-service checkouts 	<ul style="list-style-type: none"> Response to changes in lifestyles Response to the diversification of customers

Diversifying the MOS Group's Revenue

In the Overseas Business, the MOS Group is striving to recover its earning capabilities through selection and concentration based on changes in population flows, despite the impact of COVID-19-related cost increases such as that of ingredients. It is improving its profitability by prioritizing the recovery of existing stores over aggressive openings, and the closing of unprofitable stores. In Other Restaurant Businesses, net sales from existing stores are steadily recovering with the end

of the pandemic, and the newly launched business of imported black tea will promptly be put on track.

The Merchandising Business saw the opening of the online store "Life with MOS" in July 2022. The Group plans to enrich the website's offering of online-exclusive products and original goods. It is also developing remarkable products to expand royalty businesses which further leverage its brand power.

	Progress	Future actions
Overseas Business	<ul style="list-style-type: none"> Profit decrease due to the impact of COVID-19 Impairment recorded in some regions 	<ul style="list-style-type: none"> Recovery of earning capabilities through selection and concentration Cost adjustments and establishment of SCM
Other Restaurant Businesses	<ul style="list-style-type: none"> Smooth recovery of net sales from existing stores Launch of the imported black tea business 	<ul style="list-style-type: none"> Prompt return to profitability, development of test stores Expansion of sales channels
Merchandising Business	<ul style="list-style-type: none"> Opening of the online store in July 2022 Implementation of collaborations with other companies 	<ul style="list-style-type: none"> Increase in online customers and online net sales Remarkable product development and inventory control

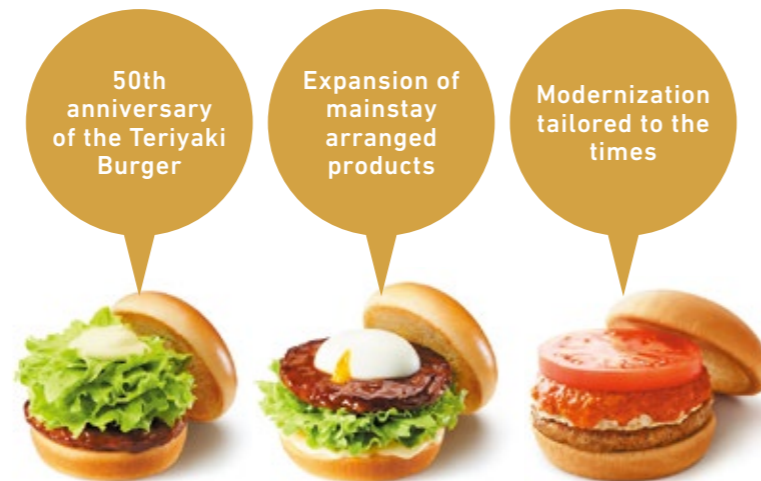
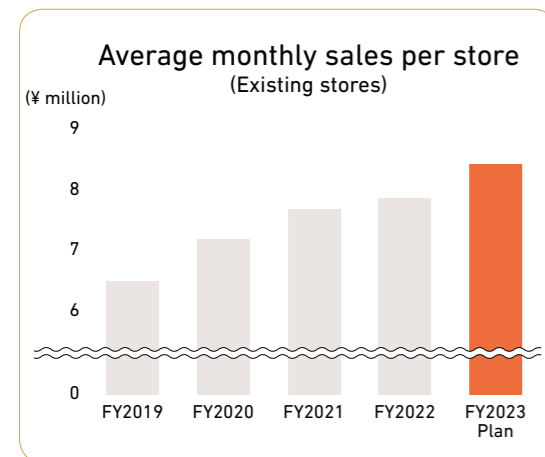
Initiatives in Each Business

The MOS Group presents the strategies it will concretely implement and the actions to be taken in the future in each of its businesses: the Domestic MOS BURGER Business, the Overseas Business, Other Restaurant Businesses, and the Merchandising Business.

Domestic MOS BURGER Business

Features of the growth strategy

- The Business will develop a product and marketing strategy under the theme of "providing an impressive experience typical of MOS BURGER that excites the whole family," which will lead to customer support and higher sales.
- It will thoroughly strengthen the quantity and quality of touchpoints with customers and promote aggressive store openings and the creation of stores with strong ties to their local communities.



In the Domestic MOS BURGER Business, the number of stores had been on a declining trend for many years due to the Group's previously prioritizing profitability and shutting down unprofitable stores. However, this trend reversed during fiscal year 2022 with a net increase of 41 stores.

MOS BURGER was able to capture not only the demand for in-store consumption but also the take-out and delivery demand and significantly grow sales even as restaurants suffered COVID-19-related setbacks. In addition, as take-out and delivery demand increased, small stores became more profitable than ever before and opportunities for store openings increased. The Group has received requests for MOS BURGER store openings from many regions and aims to open 50 stores in the fiscal year 2023. The number of customers temporarily declined in fiscal year 2020 with the start of the pandemic, but it has exceeded pre-pandemic levels since fiscal year 2021. Moreover, average monthly sales from existing stores increase annually, and they are also expected to grow year on year in fiscal year 2023.

To improve convenience for visiting customers, we are implementing services such as the introduction of

"fully self-service checkouts," "table orders" which allow customers to order while seated without waiting in line, and "parking orders" which allow customers to pick up products without lining up in drive-throughs. Furthermore, "number display boards," which document the state of orders, have enjoyed a favorable reception from visiting take-out customers, and the Group plans to continue their progressive development going forward. Regarding initiatives to ensure close relationships with local communities, we are collaborating with producers and organizations to sell products made with local specialties in limited areas, organizing events, and working together with local governments.

It is also seizing the cafe demand by creating relaxing spaces with full assortments of drinks and sweets, in response to customers' cafe needs. The Group is improving its customer experience in stores and implementing measures to capture a new customer base thanks to virtual reality (VR) food preparation experiences in stores virtually opened on the surface of the moon. It is also promoting the use of alter-ego robot OriHime, which aims to realize diversity, in customer service.

Overseas Business

Features of the growth strategy

- Due to the impact of COVID-19-related movement restrictions, the recovery of existing stores is prioritized over aggressive store openings, and profitability improvements are advancing notably through the closing of unprofitable stores.

Taiwan

In Taiwan, store sales grew steadily due to a swift recovery from the pandemic, and we continue to promote the creation of stores with strong ties to the local community. Moreover, at Magic Food, the production subsidiary where earnings worsened due to an increase in the cost ratio caused by a sharp rise in the cost of foodstuff purchasing, the Group is reviewing production control operations and adjusting selling prices.

Singapore and Hong Kong

In fiscal 2022, both Singapore and Hong Kong posted an increase in sales and a decrease in profit. The primary factor was a decline in the profit ratio caused by an increase in the break-even point, due to a sharp rise in ingredient prices and higher fixed costs such as utilities costs, rents and logistics costs. The somewhat late recovery from COVID-19 further pushed profits downward. Going forward, we will transform its earnings structure by working to identify unprofitable stores, improve the cost ratio with price revisions, and increase sales and store productivity through the enhancement of the personnel structure.

Other Restaurant Businesses

Features of the growth strategy

- The Group is committed to developing the business of direct imports of black tea leaves, as well as upgrading the operational strength of existing stores.

Mother Leaf, etc.

In addition to improving the level of service in its existing businesses, we plan to develop its activities by further increasing its operational strength with the expansion of take-outs and deliveries, as well as introducing high-value-added products. In the business of direct imports of black tea leaves used in Mother Leaf, a store specialized in black tea, and in domestic MOS BURGER stores, the Group plans to grow the wholesaling to other companies into a new source of earnings in the future. In March 2023, products curated by Mother leaf were introduced in convenience stores as private label drinks.



Merchandising Business

Features of the growth strategy

- The Group will proceed with the development of new businesses which fully use the MOS brand, notably through the online store.

Online store, etc.

The online store "Life with MOS," launched in July 2022, sells food products such as an online-exclusive Rice Burger, and original products conscious of nature and the environment. Through this online store, the MOS brand power, which is highly familiar to customers, is utilized fully to offer environmentally friendly lifestyle food and products, as well as safety, peace of mind, health and great taste. Furthermore, the Group will grow the website into a revenue-generating enterprise by selling original products in collaboration with companies and organizations.



Domestic MOS BURGER Business

Marketing and Product Development Strategy

In an effort to encourage visits from families and create future customers, the MOS Group wishes to communicate once more MOS's quality, achieved through the development of products whose taste delight customers.



We provide products and create stores with an understanding of consumers' diverse needs.

ANDO Yoshinori
Senior Executive Officer, General Manager,
Marketing Division

level of support, with the number of customers at 102.5% of the previous year's result and the unit price per customer at 101.6%.
With regard to the creation of fans of MOS BURGER, I believe that we were able to produce definite results by tackling the creation of future consumers, in a bid to increase the frequency of visits.

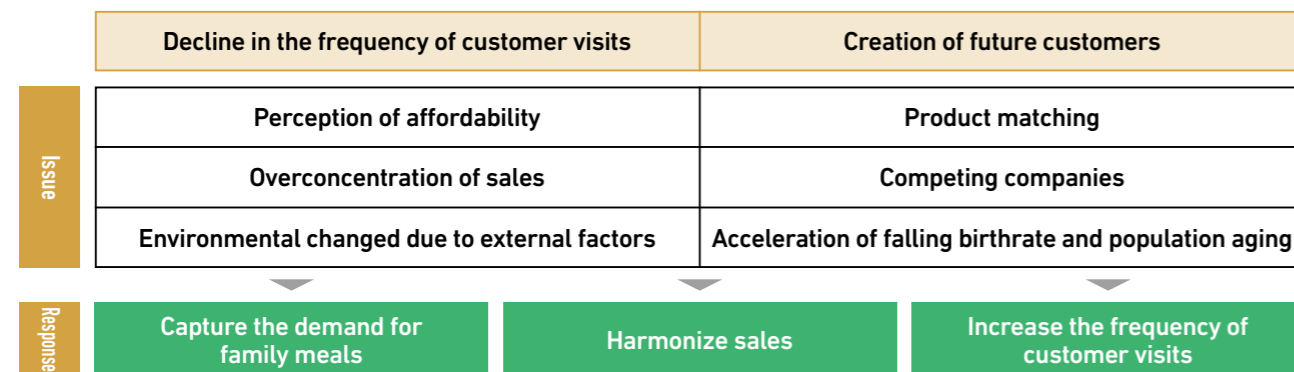
Using MOS's Quality Once Again to Appeal to Customers

During the fiscal year 2023, the Group is encouraging visits from families. In the domestic food service industry, the pandemic has participated in creating a decreasing trend in the number of consumers in some store formats. However, the dining-out demand itself has not decreased. Compared to other actors in the restaurant industry, MOS BURGER has few customers who come together with their family. Thus, there is still significant room to grow this demographic and the Group is engaged in capturing this demand for family meals.

Accordingly, we are working to convey once again "the MOS quality" that we have so treasured until now to our customers. The goal is to put forward the quality of MOS BURGER to the α generation, who was born

Definite Results in the Creation of Fans

In fiscal year 2022, the themes for the Domestic MOS BURGER Business were to "bring stores closer," and "Making stores more accessible, making stores more beloved." With "making stores more beloved," the theme assigned to the Marketing Division I am in charge of, we poured our energy into marketing and the development of remarkable products to create fans. In the Domestic MOS BURGER Business for fiscal year 2022, net sales for all stores amounted to 105.2% of the previous fiscal year's, net sales for existing stores were 104.1%. We did not charge ahead at full strength in the first year of the Medium-Term Management Plan. However, we remained on a promising trend and were able to receive a certain



between the 2010s and the 2020s, and to their parents' generation. With visits from the α generation, currently mainly made up of elementary schoolchildren up to 12 years old, together with their parents' generation, we will nurture a new customer base.

We carried out questionnaire surveys and hired an actor popular among that generation as the brand character for MOS BURGER. They help share "MOS's quality proclamation" which expresses our attachment to safe and secure products and taste.

Harmonization of Sales and Promotion of Digitalization

With respect to store operations, the MOS Group aims to harmonize sales. At MOS BURGER stores, customers visit tend to concentrate during lunchtime, but there is a limit to the number of hamburgers stores can prepare. We has developed set menus such as a morning menu, a nighttime menu and discounted weekdays lunch menu and is putting effort into lessening the concentration of visits in certain time slots and harmonizing sales. In addition to harmonizing sales within a day, we are also striving to extend the marketing of products which traditionally increase sales during the winter, such as Mos Chicken, to the rest of the year as well including the summer season, in order to stabilize sales over the year.

Until now, the focus was on preventing a drop in the frequency of customer visits due to COVID-19, but from now on the Group will also put emphasis on increasing customer visits. In order to continue to provide high-quality products which satisfy our customers, we are committed to once again rousing interest with our standard menus and to product improvement.

Furthermore, we are boosting convenience by promoting digitalization through online orders for example. The share of online orders was in the 8% range in fiscal year 2022, but our goal is to raise it up to 10% this fiscal year. We also continue to conduct fan-based marketing in the typical style of MOS BURGER, by collaborating with LINE or NTT DOCOMO and enforcing digital measures to acquire fans.

The MOS Group is steadily carrying out these measures to create the customers of tomorrow, and to increase the frequency of customer visits.

Developing Products with a Story That Justifies Their Popularity

Another pillar of the Marketing Division is product development. In this regard the MOS Group has adopted a "market-in" approach which consists in developing products after gaining an understanding of the diverse requests and needs of consumers. Story-telling is important for the customers who choose MOS BURGER among many other restaurants and is the key element when it comes to product development.

I think MOS BURGER has the image of a store which is a little expensive, but where people still want

Appealing to customers with the MOS quality



to eat sometimes to enjoy the great taste of the food it serves. We are working to evolve this perception into that of a MOS BURGER where customers always want to eat through a review of the quality of our products, in order to develop products which further satisfy our guests.

Going forward, the Group will also strive to create menus in limited quantities. In 2022, we sold "Red Sea Bream Cutlet Burgers from Ainan, Ehime Prefecture" in limited quantities in the western Japan area, as well as a limited quantity of one million meals of "Burgers Made with Entire Japanese Black Cattle -Special Teriyaki Sauce-." First, we are building systems able to reliably provide sophisticated products using valuable ingredients. Additionally, we want to prepare these products in MOS BURGER's characteristic fashion, with creative ways to serve the customers with just a little more effort in stores.

The MOS Group will roll out its aggressive growth strategy via both marketing and product development, with an eye to the final year of its Medium-Term Management Plan.

Domestic MOS BURGER Business

Store Development Strategy

The Group is accelerating the opening of new stores while listening to local communities and customers' requests, thereby promoting the creation of convenient stores.



We carefully study opportunities before opening stores, so as to improve convenience of stores.

UCHIDA Yuko
Director and Managing Executive Officer
General Manager, Development Division,
New Food-service Division

the in-store consumption rate. So far, net sales had grown proportionally to the number of seats in stores. However, demand increased not only for in-store consumption of freshly-made products, but also for take-out meals, which made possible the opening of stores in places with a limited seating capacity.

Moreover, store net sales also grew in line with the increase in uses other than in-store consumption, such as take-out and delivery, as a response to the expansion of online orders which enabled reception of many orders regardless of the number of checkout counters. As stores reached the break-even point, the Group was able to consider diverse store openings tailored to needs, even in places where it had previously given up due to high opening costs such as rent. We consider that there is still room for new store openings, since it receives a great number of customer requests for openings in various communities.

Toward the Improvement of Convenience for Customers

Regarding the improvement of convenience for customers, the MOS Group is committed to enhancing its procedures for ordering in order to fit customers' usage scenes, such as with the introduction of "self-checkout machines," "table orders" during which customers can order from their smartphones after sitting down without standing in line, and "parking orders" where customers order from their parking space without waiting in drive-through lines and receive their order delivered to their cars by the store staff. Furthermore, "number display boards," which confirm the order until service when waiting in stores, have enjoyed a favorable reception from take-out customers, and the Group plans to continue their progressive installations going forward.

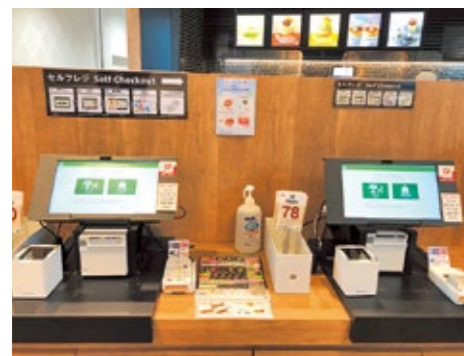
Striving to "Bring Stores Closer"

In an effort to successfully "bring stores closer," which is one of the themes for the Domestic MOS BURGER Business, the MOS Group aggressively opened 54 new stores during fiscal year 2022. The target is 50 new stores for fiscal year 2023.

Despite a context of setbacks for restaurants as a result of the COVID-19 crisis, MOS BURGER saw its net sales progress favorably as it captured take-out demand and opened stores in diverse locations, such as in urban and suburban areas, and in drive-throughs and food courts. We were able to respond to customers' needs by expanding procedures for ordering and payment methods, in addition to successfully tackling product improvement since before the pandemic with an awareness of take-out use.

Diverse Store Openings Tailored to Needs

The COVID-19 crisis caused a temporary 20% drop in



Self-checkout machines



Skipping lines with mobile orders!

Overseas Strategy

The MOS Group is taking on the challenge of breaking new ground in the European and North American market and in the Chinese market by analyzing each country and region's unique situation, including their recovery from COVID-19 and their cost structure, and improving their earnings structure with differentiated strategies.



We will assess the state of the post-coronavirus recovery and grow the Overseas Business.

TAKIFUKA Jun
Director and Managing Executive Officer
General Manager, International Division

the breakdown varies by country. We are working toward improving the earnings structure by drafting strategies based on country- and region-specific indicators, improving the cost ratio with price revisions, raising store sales with a stronger personnel system and increasing stores' productivity.

Improving the Earnings Structure by Country and Region

In fiscal year 2022, the environment surrounding the Overseas Business remained challenging. The pandemic had a more lasting impact than in Japan and measures close to city-wide lockdowns were still implemented in Taiwan, our main market, in Singapore and in Hong Kong due to the spread of COVID-19 infections. The assessment of the state of recovery that followed also required time and net sales fell as a result. Additionally, the simultaneous cost increases in ingredient prices, electricity bills and other items deteriorated profits.

MOS FOOD INDUSTRY CORP., the production subsidiary located in Taiwan, earnings worsened due an increase in the cost ratio caused by a sharp rise in the cost of foodstuff purchasing. In Taiwan, since store sales are favorable, we are aiming to improve earning capabilities and restore its performance notably through reviews of production control operations. In Singapore and Hong Kong, the profit ratio decreased due to the sharp rise of ingredient prices and the increase in fixed costs such as utility costs, rents, and logistics costs. With respect to store management, the main expenses were ingredient costs, personnel costs and rents, and

The Challenge of Entering New Markets

As of December 2022, the Group has 455 stores opened mainly in various Asian countries and regions, but it wishes to take on the challenge of expanding in North America and Europe in the future. When it comes to overseas expansion, we expect to open approximately 30 stores, and it is therefore necessary to simultaneously analyze whether the supply chain can sustain this scale of openings.

In the Asia bloc, one of the issues is the expansion in China, as the Group hasn't captured this market. In China, eating habits and the dining-out environment are rapidly changing, as the economy develops. China, and more generally countries and regions experiencing a remarkable development, might require a strategy consisting of not simply responding to market changes ex post, but waiting for local markets to accept us while protecting what must be.

The Japanese restaurant industry has a hard time succeeding overseas but, for example, the Group has successfully implemented its multi-store strategy in Taiwan through the joint-venture with its production subsidiary MOS FOOD INDUSTRY CORP. Suppressing procurement costs through the ownership of factories is another way to avoid a situation where the pursuit of quality leads to expensive purchasing expenses, high prices, and low sales as a result.

In the past, risks in Overseas Business were mostly human rights-related issues, but it is also necessary to take geopolitical risks into account.

Circumstances with respect to each country and market changes differ greatly from Japan, and the MOS Group will strive to understand these changes so as to grow the Overseas Business.



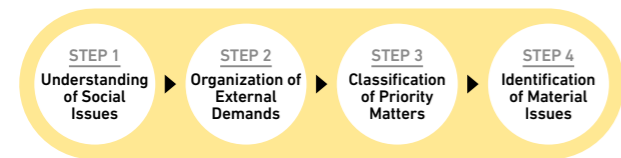
"紅鳥龍烤雞珍珠堡,"
a Taiwan-exclusive product

The MOS Group's Material Issues (Priority Matters)

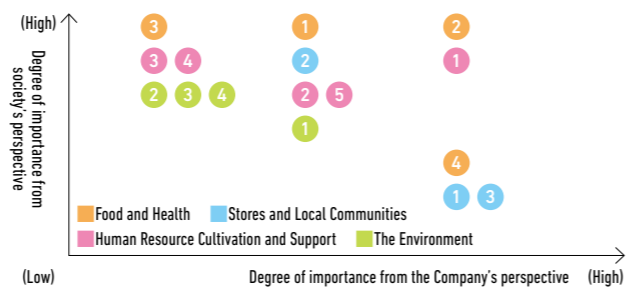
To contribute to the resolution of social issues through each of the MOS Group's businesses, we have defined four material issues (priority matters) from an environmental, social, and corporate governance (ESG) perspective. By contributing to the resolution of social issues, we will promote further corporate value improvement through sustainability management.

Process for Identifying Material Issues

The MOS Group has identified material issues with a high degree of importance to society (stakeholders) and to the Group's business by examining the relevance and degree of importance of the social issues related to external demands and the Group's business activities.



Organization of Material Issues (Priority Matters)



Theme	The MOS Group's Main Initiatives	Related SDGs	Related Pages
1. Food and Health	<ol style="list-style-type: none"> Provision of Food That Contributes to Health Operation of MOS Food Safety Standards and Other Criteria Improvement of Value of Products and Services Promotion of Dietary Education 		P28
2. Stores and Local Communities	<ol style="list-style-type: none"> Community-Oriented Store Operation Store Development Tailored to Diversifying Needs Promotion of Store Community Contribution Activities 		P29
3. Human Resource Cultivation and Support	<ol style="list-style-type: none"> Health and Productivity Management Personnel Development, Capacity Development, Career Development, and Communication Reinforcement Achievement of Member Diversity and Promotion of Active Participation of Women Promotion of Barrier-Free Minds and Equipment Respect for Human Rights 		P30
4. The Environment	<ol style="list-style-type: none"> Reduction of Greenhouse Gas Emissions Measures to Deal With Plastic and Waste Conservation of Biodiversity Environmental Response Leveraging Eco Mark (Restaurant) Certification 		P31

+

Governance (Foundation for the Promotion of Material Issues)

Material Issues 1. Food and Health

Understanding our business environment

- Higher awareness of health and hygiene among customers
- Strengthening of the legislation such as the obligation to abide by HACCP* principles for restaurants
- Surge in the price of main ingredients and logistics costs due to international tensions, repeated abnormal weather and climate change

* 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.

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
- Expansion of market scale due to the response to diversifying food needs

Theme	The MOS Group's Main Initiatives	Expected Changes (Our Vision)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2022 Results	Main Related SDGs
Food and Health	<ol style="list-style-type: none"> Provision of Food That Contributes to Health Operation of MOS Food Safety Standards and Other Criteria Improvement of Value of Products and Services Promotion of Dietary Education 	Contribution to customers' health through products and the provision of information	Contribution to achieving the target for the recommended vegetable intake (350g per day per adult) through the MOS BURGER's Fresh Vegetables effort	-	-	
		Provision of new value regarding food	Annual sales of products in the "green category (plant-based)"	5 million meals	1.83 million meals	

The MOS Group's Main Initiatives

Please see our website for details of our food and health. (Japanese only)



Provision of Food That Contributes to Health

The MOS Group is engaged in the development of products conscious of the recommended vegetable intake of 350g* per day, based on the idea that a healthy diet leads to a healthy body. The fresh vegetables used at MOS BURGER are all domestically-grown with the collaboration of producers from 112 producing regions and 7 MOS Farms across Japan to deliver MOS BURGER's delicious and safe Fresh Vegetables.



* Target for the average daily intake in vegetables per adult defined by Health Japan 21 (Ministry of Health, Labour and Welfare).

Operation of MOS Food Safety Standards and Other Criteria

We implement hygiene management which incorporate the HACCP approach, and have built and operate the MOS Food Safety Standards, our unique food safety management system. By complying with these standards and enforcing general hygiene inspections in all stores by instructors with HACCP training, we deliver delicious products with safety and security.

Improvement of Value of Products and Services

Since the launch of the low-allergen menu in 2002, the MOS Group has continued to develop products tailored to diverse customers. We have developed and sell on a nationwide basis the GREEN BURGER, which does not contain animal ingredients or gokun (the five pungent spices), and other products since 2020 as part of our "MOS PLANT-BASED" series.



Promotion of Dietary Education

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. Our wish is to pass on the importance of food to future generations by supporting the development of healthy minds and bodies as well as a rich sense of humanity.

Material Issues 2. Stores and Local Communities

Understanding our business environment

- Rise of home-meal replacement due to increase in take-out demand
- Lifestyle changes due to increase of dual-income and single-person households
- Impact of natural disasters on store operation
- Behavior changes and need diversification of consumers

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
- Stronger meaning of restaurants' existence as local communities
- Contribution to local economies through employment creation

Theme	The MOS Group's Main Initiatives	Expected Changes (Our Vision)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2022 Results	Main Related SDGs
Stores and Local Communities	<ol style="list-style-type: none"> Community-Oriented Store Operation Store Development Tailored to Diversifying Needs Promotion of Store Community Contribution Activities 	Improvement in store quality and sales	Increase of the customer satisfaction survey utilization score*	—	16.3 times	
		Revitalization of local communities and strengthening of engagement	Implementation of community-based activities in all 20 branches of the MOS BURGER Kyoei-kai	—	Implementation in all branches (68 activities achieved)	

* Number of actions to "Customer Satisfaction Survey Confirmation Site"

The MOS Group's Main Initiatives

Please see our website for details of our stores and local communities. (Japanese only)



Community-Oriented Store Operation

The Franchise Voluntary Chain (FVC)* at MOS BURGER is characterized by our respect for the independence of the franchise owners themselves. As such, the approximately 400 franchise owners throughout Japan aims to engage in community revitalization and community contribution, and to create stores that are supported by local people.



* MOS BURGER's unique franchise system which combines two kinds of connections: the "franchise chain," linking head office and franchisees, and the "voluntary chain" that links franchise stores with each other.

Store Development Tailored to Diversifying Needs

The MOS Group is pursuing the development of stores and business lines tailored to customers' motivations for use, in addition to the development of stores responding to various location needs: in business districts, roadside, or in food courts. We are making full use of store formats and growing business lines so that customers feel closer to us.



Promotion of Store Community Contribution Activities

The Group creates stores where customers can experience a feeling of ease while eating delicious products which are good for them. In order to fulfill this mission of MOS BURGER, MOS BURGER Kyoei-kai engages in HDC activities* and initiatives adapted to regional characteristics so that our stores are beloved by customers.

* Stands for Hospitality, Delicious, Cleanliness and refers to activities which aim to embody the "MOS Spirit."

Material Issues 3. Human Resource Cultivation and Support

Understanding our business environment

- Rise in society's requests concerning workstyles
- Response to flexible workstyles such as telecommuting
- Growing interest in the diversity of human resources
- Promotion of Health and Productivity Management
- Workforce decrease, shortage of human resources and sharp rise in personnel expenses due to decreasing birthrates and population aging

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 flexible workstyles
- Continuous growth of the Company thanks to securing outstanding human resources and increase in labor productivity

Theme	The MOS Group's Main Initiatives	Expected Changes (Our Vision)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2022 Results	Main Related SDGs
Human Resource Cultivation and Support	<ol style="list-style-type: none"> Health and Productivity Management Personnel Development, Capacity Development, Career Development, and Communication Reinforcement Achievement of Member Diversity and Promotion of Active Participation of Women Promotion of Barrier-Free Minds and Equipment Respect for Human Rights 	Achievement of the growth and active participation of each person	Increase of employee engagement*	Top 20%	—	
		Realization of diversity and inclusion	Erasure of the pay gap between male and female employees	—	60.1% (all employees)	
			Ratio of female managers	30%	20.5%	
		Percentage of male employees taking childcare leave	85%	50.0%		

* Compared to the industry standard of the overall score on the employee satisfaction survey (Wevox)

The MOS Group's Main Initiatives

Please see our website for details of our human resource cultivation and support. (Japanese only)



Health and Productivity Management

The MOS Group views health and productivity management as a strategic policy. It formulated and released the "MOS FOOD SERVICES, INC. Health Declaration," and a related promotion system and strategy map in fiscal 2022. The Group has made various efforts to promote the health of its members, such as the establishment of health consultation offices and mental health consultation services.

Personnel Development, Capacity Development, Career Development, and Communication Reinforcement

We have developed various education and training programs based on our hope that each person working at the MOS Group makes their own dream come true. We support our members' growth while working to nurture and retain active human resources through a wide range of training and educational activities such as group trainings, distance education, external courses.

Achievement of Member Diversity and Promotion of Active Participation of Women

In our head office and our stores, we proactively recruits a diverse array of human resources, such as women, seniors, non-Japanese people, and people with disabilities. We are increasing the number of Vietnamese employees with "Vietnam Kazoku," through the Specified Skilled Worker Program, and members from diverse backgrounds are now actively participating at various sites of the Company.

Promotion of Barrier-Free Minds and Equipment

At MOS Group head office, challenge mates (members with disabilities) of the special purpose subsidiary MOS SHINE, INC. and members of the head office work on the same floor. The Group aims to create an open barrier-free environment where people communicate as they work together and where everyone is full of energy.



Respect for human rights

The Group has historically expressed its consideration for human rights with the MOS Group Code of Conduct. In the context of a stronger interest for human rights issues globally, it formulated the MOS Group Human Rights Policy in fiscal 2021. As a company that engages in sustainable business activities, we are moving forward with initiatives related to the respect for human rights, based on international principles.

Material Issues 4. The Environment

Understanding our business environment







- Promotion of plastic reduction and decarbonization
- Growing consumer interest in food loss & waste
- Increased awareness of the sustainable development goals (SDGs) and changes in consumer behaviors
- An increase in the frequency and severity of abnormal weather

Risk

- Increase in procurement risks due to climate change
- Increase in costs due to strengthening of environment-related laws and regulations (such as the carbon tax)
- 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

Theme	The MOS Group's Main Initiatives	Expected Changes (Our Vision)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2022 Results	Main Related SDGs
The Environment	<ol style="list-style-type: none"> Reduction of Greenhouse Gas Emissions Measures to Deal With Plastic and Waste Conservation of Biodiversity Environmental Response Leveraging Eco Mark (Restaurant) Certification 	Realization of a decarbonized society	Reduction in CO ₂ emissions (compared to fiscal 2013, Scopes 1+2)	46%	35.7%	  
		Reduction in plastic use	Ratio of environment-friendly products among the disposable products provided to customers	100%	64.1%	  

The MOS Group's Main Initiatives

Please see our website for details on the environment. (Japanese only)



Reduction of Greenhouse Gas Emissions

Along with our endorsement of the TCFD recommendations, we have conducted a scenario analysis for climate change in accordance with them and have published our response on our corporate website. As a unique measure for our stores, we have established "green curtains," which serve to reduce energy consumption as well as to encourage communication with customers.

Measures to Deal With Plastic and Waste

The Group aims to increase the percentage of environment-friendly products among the disposable plastic goods which are critical to the restaurant industry. In MOS BURGER stores, it uses spoons and forks for take-out made out of biomass plastic RiceResin®, which contains 25% of non-edible domestically-grown rice.



Conservation of Biodiversity

The Group uses environmentally friendly paper for the paper-made packaging where MOS BURGER products are inserted, in an effort toward the conservation of biodiversity. It conducts MOS-GAP Inspections to examine farm management conditions at partner farms for MOS BURGER's Fresh Vegetables. These inspections include not only criteria related to food safety but to environmental preservation as well.

Environmental Response Leveraging Eco Mark (Restaurant) Certification

All domestic MOS BURGER stores have been awarded the Eco Mark (restaurant) certification in all six evaluation categories, as a result of their in-store environmentally friendly initiatives. Additionally, they are striving to realize sustainable business activities by operating our unique environmental management system "MOS-EMS."



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Response to Climate Change (Response to the TCFD)



Please see our website for details of our response to climate change. (Japanese only)

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 and 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 General Manager of the Risk Management Department and convenes once a month. 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 committee's conclusions are reported to the Board of Directors.

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 identified the environment as one of the material issues (priority matters) in our business. As measures toward the reduction of environmental impact, we have set indicators and targets for a cutback in greenhouse gas emissions and for measures to deal with plastic and waste.

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). Our goal is to be carbon neutral by fiscal 2050 and help achieve a decarbonized society.

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 100% 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 issues. (Japanese only)



Please see our website for details of our ESG data. (Japanese only)



Our Customers

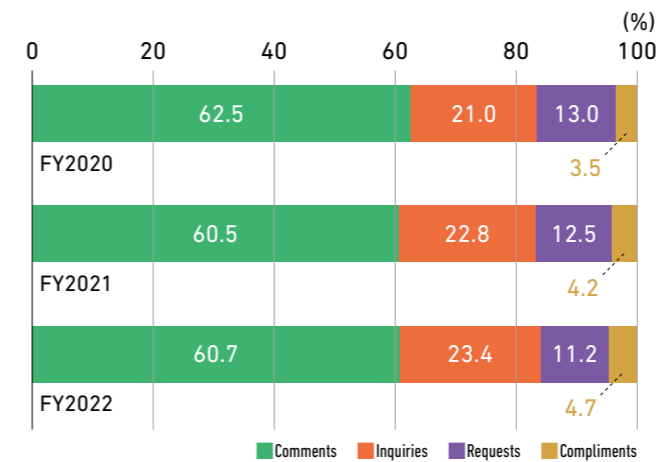
Create joy for customers through the HDC

PICK UP

We use customer feedback collected at the Customer Relations Office to further improve our service

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. Moreover, we enhanced the FAQ page on our official site to support customers in resolving their questions independently. We communicate customer feedback and comments to various relevant departments and stores. This information is also shared with store members in the monthly published "Customer Relations Office Newsletter," which leads to improvements in the entire Group and better service. In fiscal 2022, we worked on strengthening our response to customers' opinions by sharing a VOC conference video containing analyses of customer feedback with Group members, and conducting training sessions for telephone operators. Going forward, we will carefully handle customer feedback and tackle new initiatives while working toward even stronger service improvements.

Comments and Inquiries Received by the Customer Relations Office



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

PICK UP

Promotion of "Vietnam Kazoku" as an employment measure for a diverse workforce

We proactively recruits a diverse array of human resources, such as women, seniors, non-Japanese people, and people with disabilities. As part of our employment measures, we promote the "Vietnam Kazoku" program adopted in our Company and our subsidiaries. We welcome Vietnamese nationals who use the "Specified skills" status of residence to come to Japan after receiving a specialized education. In fiscal 2022, 23 workers from the "Vietnam Kazoku" program joined the Group as employees in total after obtaining the "Specified Skilled Worker (i)" status of residence. They participate in the management of domestic stores after attending classes at the MOS Food business College (MFC) to learn the tasks needed to work in a MOS BURGER store and improve their Japanese speaking abilities. In the future, we will closely support the growth of "Specified Skills" workers who have obtained an MFC completion certificate as human resources in the restaurant industry in a family-like manner. With such investments in personnel training jointly with various Asian countries, we aim to contribute to the cultivation of human resources for the food business in all of Asia.



"Vietnam Kazoku" employees participating in a training session

Other Initiatives

- The MOS Group Human Rights Policy
- Initiatives to promote health and productivity management
- Utilization of the alter-ego robot "OriHime"

Our Franchisees

Offer material and spiritual satisfaction

Other Initiatives

- The MOS BURGER Kyoei-kai and HDC Activities
- Installation of "MOS Box of Love" fund-raising boxes

Details on these initiatives are provided on **P47-50**
 "Toward the Creation of Beloved Stores and the Provision of High-Quality Services"



Presentation ceremony of "MOS Box of Love"

Communities and Local Authorities

PICK UP

Developing healthy minds and bodies and a rich sense of humanity in children with MOS BURGER's Shokuiku Program

Since 2005, we have developed the 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. We have implemented online remote lessons* to reduce the education gap affecting small sized-schools in local communities, and 11 schools (160 students) took the lesson in fiscal 2022. We also provide supplementary teaching materials for home economics to 5th and 6th-year elementary school students. Furthermore, we have concluded a cooperation agreement with Oomuta City, Fukuoka prefecture to promote dietary education, and have organized remote lessons and distributed supplementary materials. 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.

* 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.



Conclusion of a cooperation agreement with Oomuta City, Fukuoka prefecture to promote dietary education

Other Initiatives

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

"Become an indispensable presence in communities"
 "Establish open and transparent relationships"

PICK UP

Creation of opportunities to experience art with the "Niigata MOS-goto Art Museum 2022"

With the MOS-goto Art Museum, works of artists with disabilities are displayed in MOS BURGER stores. We started this initiative, which creates opportunities to come into contact with artworks, in 2016 after endorsing the Niigata Prefecture's project "Machigoto Art Museum cotocoto." Ever since, we have continued to participate, through art exhibitions in our stores, online exhibitions, and interior art decorations in the MOS BURGER store in Harajuku Omote Sando (Tokyo). In fiscal 2022, we launched the Niigata MOS-goto Art Museum 2022 in all MOS BURGER stores in Niigata Prefecture. 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.



Niigata MOS-goto Art Museum 2022

Our Business Partners

PICK UP

Delicious and safe MOS BURGER's Fresh Vegetables delivered by producers under contract and MOS Farms

The fresh vegetables used at our stores are grown in 112 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 jointly operate seven corporations qualified to own cropland (MOS Farms) with regional producers with the aim of strengthening the stable procurement of fresh vegetables.

- Other Initiatives • MOS Group CSR Procurement Policy • The MOS Library Project

Develop mutually through fair and open trade



Producers of MOS Farm Sun Grace.

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.

Our Shareholders

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

PICK UP

Informal Meetings with Shareholders to communicate with shareholders directly

The Company's executive officers and members have been holding Informal Meetings with Shareholders, an initiative for direct dialogue with shareholders, since fiscal 2009. Due to various circumstances, the meetings were held online during the previous fiscal year, but during fiscal 2022, meetings took place both in-person and online. The invaluable comments received from shareholders is referred to in each policy formulation.



Online Informal Meeting with Shareholders

Other Initiatives

- Shareholder benefit system
- Disclosures of investor relations information

The Environment

Contribute to the creation of a sustainable society

PICK UP

Eco Mark (Restaurant) Certification

All domestic MOS BURGER stores have been awarded the Eco Mark certification under Eco Mark product category No. 505 "Restaurant Version 1.2" established by the Japan Environment Association Eco Mark Secretariat. MOS BURGER was certified in all six evaluation categories, which evaluate initiatives for deepening consumer understanding in areas that include basic environmental countermeasures such as energy- and water-saving measures and environmentally friendly ingredient procurement. 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.



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Other Initiatives

- Installation of "Green curtains"

Enhancement of Human Capital and Value Creation

The MOS Group brings out the full value of its diverse human resources implementing the "MOS Spirit" and uses it to improve its mid- to long-term corporate value.

Message from the General Manager of the Management Support Division

We are enhancing various foundations for support to ensure the active participation of each person



MURAYAMA Atsushi
General Manager of the Management Support Division

The MOS Group has identified Human Resource Cultivation and Support as a material issue and tackles the cultivation of human resources, the promotion of diversity and the promotion of health and productivity management in the human

resources field.

In the cultivation of human resources, we aim to create spaces encouraging the growth and active participation of each person. We develop diverse careers paths, refine our new personnel system and enhance our educational system. With respect to members in the head office, after providing explanations on career paths and required abilities, we create conditions that allow workers to realize their career ambitions by carrying out training differentiated by level and post and developing and expanding systems for self-development.

Regarding the promotion of diversity, we are moving forward with the provision of systems to support the compatibility of work and childcare and caregiving. When it comes to the recruitment of new graduates

and experienced personnel, we are increasing our recruitment of overseas students and foreign nationals, and members from diverse backgrounds are actively engaged in their work within the Group.

The promotion of health and productivity management is also regarded as a strategic measure, and we have formulated and published our Health Declaration and our Strategy Map in fiscal 2022. All sorts of other initiatives are also carried out such as "MOS-Resh Gymnastics" in order to promote the health of all members.

While maintaining our focus on these three pillars, we continue to improve our personnel system daily with yearly surveys of our head office members and the collection of opinions during goal-setting and reviewer training. In an effort to strengthen the human capital responsible for the future of the MOS Group, we are striving to improve corporate value while enhancing various foundations for support.

Human Resources Securement and Foundation for Training

At MOS Group's head office, approximately 20 new graduates are recruited every year and, with respect to mid-career recruitment, we recruit aggressively in divisions requiring a high level of expertise.

Additionally, in order to nurture talent, we have set up learning systems to promote individual growth. The Group has introduced the "Support system for self-growth" as a system to assist in task-related learning. Applicants can receive ¥100,000 annually in study aid (22 employees applied in fiscal 2022). Finally, we published the Career Design Guidebook in April 2022 to provide career paths illustrations, explain support mechanisms for learning and relearning, and help in



career formation. The Group supports the growth and active participation of each and every person.

Diversity and Inclusion

We proactively recruits a diverse array of human resources, such as women, seniors, non-Japanese people, and people with disabilities. We are also creating personnel systems with the aim of establishing working environments facilitating flexible workstyles for all of our human resources.

As an initiative for diversity, we have formulated and announced a plan of action based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and are pressing ahead toward the achievement of our goals. In this context, we obtained the "Eruboshi" certification, a recognition established by the Minister of Health, Labour and Welfare on March 2, 2023. It was awarded 3 stars, the third level of the certification.

In addition, we are promoting the creation of fulfilling workplaces by providing a platform where members can thrive in accordance with their individual abilities and circumstances. Examples include the

upgrading of childcare 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.



Promotion of Health and Productivity Management

We have established the "MOS FOOD SERVICES, INC. Health Declaration" to signify its attachment to health and productivity management-promoting initiatives as a priority matter for management. "Health of the body," "health of the mind," "increase of health literacy" were chosen as important strategic matters, and the Group is



健康経営優良法人
Health and productivity

dedicated to create an environment where its members, the main party implementing the "MOS Spirit", can keep working energetically.

More specifically, we promote doctor visits for secondary physical

examinations, have opened health consultation offices with public health nurses, and support outpatient treatment for smoking cessation. In addition, we are making full use of the mental health consultation service provided by an outsourced partner, have implemented stress checks, and opened online mental health seminars. Thanks to these various measures, we are steadily raising awareness about the psychological and physical health of our members.

The praise we received for these initiatives led to our recognition as a "Certified Health & Productivity Management Outstanding Organizations" in 2023 by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi in the large enterprise category. This is the fourth successive certification we have received since 2020. Moving forward, we will tackle the promotion of health and productivity management with spreading awareness about the health of our members as a goal.

Measures to Increase Employee Engagement

We define engagement as "a situation of alignment between the achievement of an organization's goals and the direction of a person's growth." In a bid to improve corporate value and business performance, and taking into account the social context, we have conceived mechanisms and an organizational culture where head office members can remain engaged in their work. One of these initiatives is the introduction of the engagement measurement tool Wevox in fiscal 2023. We plan to grow into a company with a level of engagement above a certain level, and a pleasant and meaningful work environment.

Nurturing and Training Franchise Owners

In an effort to ensure a smooth business succession between franchise owners, we introduced the Next-Generation Owner Training approximately 20 years ago and have been implementing it since. The training was attended by 19 participants in fiscal 2022, and it has been completed by a cumulative total of 252 people so far. We have used this course as a support system toward self-reliance for head office and Group companies employees as well. Other training programs are also conducted for different target audiences such as owners and corporate managers. The MOS Group strives to improve awareness, knowledge and techniques through various systems, so as to nurture the owners in charge of its future.

Corporate Governance to Support Sound Growth of the MOS Group



Please see our website for details of our corporate governance. (Japanese only)

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.

We believe true corporate value is the sum of the value provided to all its stakeholders, including customers, all employees of the Group, 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

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

governance by fostering constructive engagement with its stakeholders based on appropriate information disclosure.

Board of Directors

The Board of Directors comprises nine directors including three outside directors and four Audit & Supervisory Board members 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.

Internal Control Committee

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.

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.

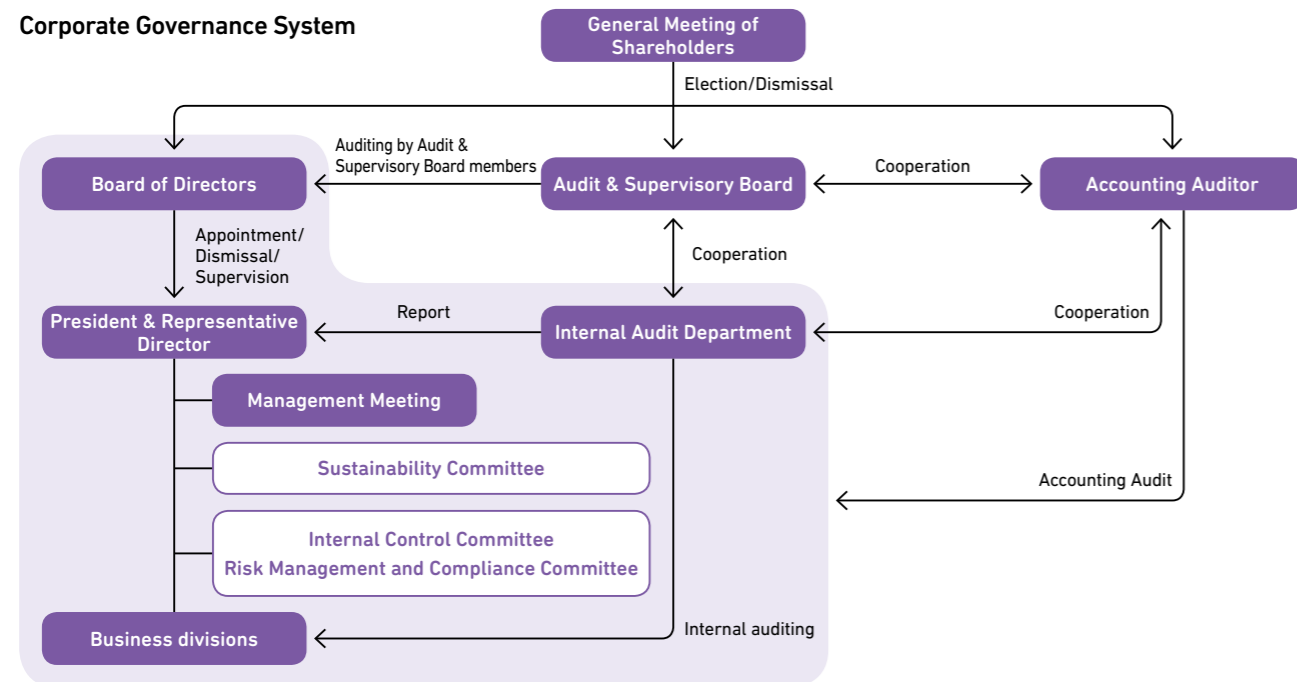
Risk Management and Compliance Committee

The Risk Management and Compliance Committee is chaired by the General Manager of the Risk Management Department and convenes once a month. 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 Committee's conclusions are reported to the Board of Directors.

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.

Corporate Governance System



Management Meeting

Management Meetings comprised of the President and the managing and senior executive officers are conducted with the goals of reviewing and sharing information on mid- to long-term management topics and important matters in business divisions, and sharing information between directors and executive officers.

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

Point-based evaluation / Open-ended responses

Response Type

Anonymous

Sustainability Committee

The company has established the Sustainability Committee presided by the President & Representative Director as a decision-making body on sustainability-related initiatives, under the supervision of the Board of Directors. This committee deliberates and reviews the status of efforts to promote sustainability in the entire Group by formulating company-wide policies and targets and monitoring material issues.

Based on the results of the analysis and evaluation, we identify future issues to further increase the effectiveness of the Board of Directors. The results of the evaluation are published on our website.

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.

Skill Matrix of the Management Team

		Overall management	Product development and marketing	Global business and M&A	ESG	Legal matters and risk management	Finance and accounting	Human resource management
NAKAMURA Eisuke	President & Representative Director	●		●		●		●
TAKIFUKA Jun	Director	●	●	●				
FUKUSHIMA Ryuhei	Director	●				●	●	
UCHIDA Yuko	Director	●	●					
OTA Tsuneari	Director	●	●					
KASAI Ko	Director	●		●				
TAKAOKA Mika	Outside Director	●	●		●			
NAKAYAMA Isamu	Outside Director	●	●	●	●			
ODAWARA Kana	Outside Director	●		●			●	●
NAGAI Masahiko	Audit & Supervisory Board Member	●					●	
USUI Tsukasa	Audit & Supervisory Board Member	●					●	
FUJINO Masafumi	Outside Audit & Supervisory Board Member				●		●	
MATSUMURA Takaharu	Outside Audit & Supervisory Board Member			●		●		

* 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.

Classification	Total amount of compensation (¥ million)	Amount by type of compensation (¥ million)			Number of officers
		Fixed compensation	Performance-related compensation		
			Monetary compensation	Nonmonetary compensation	
Directors (excluding outside directors)	145	65	75	4	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	27	27	-	-	2
Outside officers	29	29	-	-	5

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.

Risk Management and Promotion of Compliance

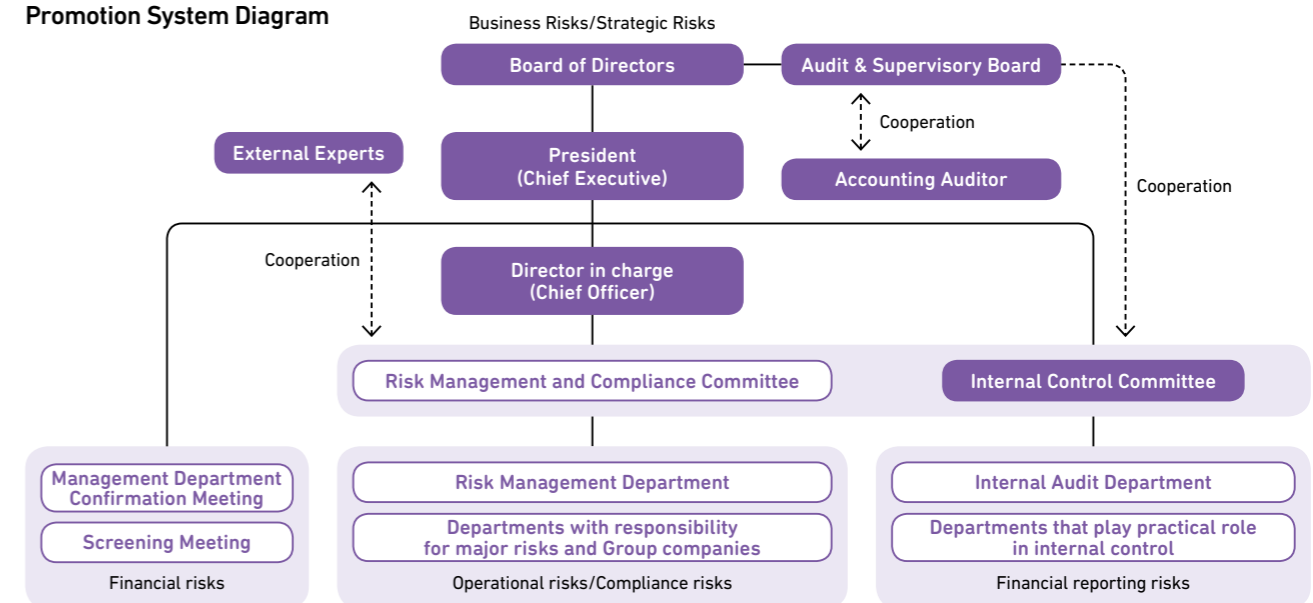
The Company's Board of Directors promotes the establishment of the internal control system on a Companywide basis and implements crisis response in emergencies (serious compliance incidents, serious food accidents, and disasters that cause severe damage, etc.).

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.

In addition, we have established an annual Reading Day of the MOS Group Code of Conduct for all Group members, including store staff, to spread awareness about its content. We have also implemented compliance training for executives and employees, and all relevant members attend lectures on topics such as harassment and insider trading prevention.

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.	Advancement of diversity by maintaining a 100% rate of return to work from childcare leave among female employee, promoting childcare leave among male employees, and welcoming workers from Vietnam through the "Specified Skills" system. Improvement of the environment based on MOS FOOD SERVICES, INC. Health Declaration
	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 members 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/yuho_pdf/S100R5K6/00.pdf



Symposium: Chairman of the Board of Directors and Outside Directors

With "MOS Spirit" as Our Cornerstone, We Will Keep Growing as a Strong Sustainable Food Service Company

The Board of Directors of MOS FOOD SERVICES, INC. comprises nine directors (six men and three women) including three outside directors and four Audit & Supervisory Board members (four men) including two outside Audit & Supervisory Board members.

NAKAMURA Eisuke, Chairman of the Board of Directors, and three outside directors discussed the role the Board of Directors must fulfill for the MOS Group to keep growing and the relevant issues.

NAKAMURA Thank you for joining me. First, I would like to explain the changes in the MOS Group's corporate governance. So far, the MOS Group has strengthened its corporate governance in three stages.

During the first stage, we invited outside directors and outside Audit & Supervisory Board members into the Board of Directors who could speak with a perspective detached from business execution and carry out their management supervision and monitoring functions. The addition of outside directors tremendously increased the frequency of observations and, in a positive way, this newfound

nervousness energized the Board of Directors.

In the second stage, we put emphasis on the background, gender, expertise and skills of the nominated outside directors, considering the overall composition of the Board of Directors.

During the third stage, we furthered that approach, and published the skill matrix of each director for the first time in the invitation to the General Meeting of Shareholders regarding the re-election of officers in 2022. We actually welcomed officers with a professional experience in foreign companies, and created an environment where they could offer

their insights into the Overseas Business and carry on more meaningful discussions from the investors' perspective.

When it comes to the nomination of outside directors, we choose officers who can identify with the MOS Group's Management Philosophy "Contribution to Humanity, Contribution to Society," Founding Spirit, its Basic Policy, and its Management Vision.

Well, I would like to ask the outside directors present today to share their background and their impression of the MOS Group.

TAKAOKA I have been participating as an outside director since 2014. In 2016, President NAKAMURA

was appointed and I have seen up close how corporate governance has been strengthened. I have directly experienced the proper implementation of the PDCA cycle under the leadership of President NAKAMURA and the progressive transformation of the Group into an organization where the evaluation of obtained results leads to the next action.

Before my appointment, the ratio of female directors of MOS FOOD SERVICES, INC. did not exceed 10%, but it has now risen to 23%. I feel that the participation of directors with diverse backgrounds has energized the Board of Directors' discussions.

With respect to business execution as well, the Board is now able to review and decide more accurately on business continuation and suspension, in accord with the recommendations of outside directors based on investment efficiency and capital efficiency.

NAKAYAMA I have served as outside director since 2020. I think the reason the MOS Group has been able to reach the 50 anniversary of its establishment in 2022 is that its Management Philosophy at the time of its founding had universal value.

I feel that, since the founding, the corporate governance of the MOS Group has acquired the systems and components critical to management in the modern era. No matter the external changes, it is important to abide by the philosophy of our founding, which represents our unyielding value system, and earnestly face and respond to the requests and issues of the times.

ODAWARA I was nominated in June 2022. My impression of the MOS Group was that the Company earnestly tackled various issues with an honest approach. I am the type of person who will say what needs to be said, but opportunities are arranged to hear opinions and there is always a response of some kind. I have noticed such characteristics after I started serving as an outside director. One year has passed since my nomination as outside director, and I believe the Company still has room for growth.

Features and issues of MOS FOOD SERVICES, INC.'s Board of Directors

NAKAMURA As an outside director, is there any aspect or issue you have noticed concerning corporate governance, or something you keep in mind regarding the administration of the Board of Directors?

TAKAOKA I feel that, since you, President NAKAMURA, assumed office, corporate governance has dramatically increased in sophistication. There are two dimensions to corporate governance: the defensive side dealing with risk response and the offensive side which aims to increase investment efficiency. President NAKAMURA has a talent for building a structure that can face society's requests as an organization and is aware of offensive corporate governance. On the other hand, the Company is not a company with an Audit and Supervisory Committee as defined by the Companies Act, so there is no separation between executive officers with a business execution function and the Board of Directors with a supervisory function, and that is an issue. A trait of B2C businesses is that performing supervisory duties is difficult if one doesn't understand the details of business execution so, going forward, we must enhance execution and supervision.

NAKAYAMA On that topic, I think we have grown into an organization where discussions to improve management quality can take place from a variety of perspectives, since the Company's outside directors and Audit & Supervisory Board members includes scholars, certified public accountants, attorneys, managers of business companies, and people with experience at global companies. I feel that the preparations have been made to increase the effectiveness of the Board of Directors.

ODAWARA I think the stance of MOS Group employees, who each value the corporate philosophy and tackle operational matters earnestly, is wonderful. This is an important



TAKAOKA Mika
Director (Outside Director)

NAKAYAMA Isamu
Director (Outside Director)





ODAWARA Kana
Director (Outside Director)

NAKAMURA Eisuke
President & Representative Director
Chairman of the Board of Directors



factor for growth as a corporation and also as an individual. It is a reflection of the culture and stance of an organization which has remained uncompromising in bringing delicious food to customers for over 50 years since its founding in 1972. The MOS Group is now proceeding with business transformation, as it heads towards new growth paths. It must change into an organization fit for these paths, so that each employee can change their mindset in line with this new direction. The management class must lead this organizational change and advance the development of human resources.

MOS BURGER's unique franchise system with horizontal ties

NAKAMURA As outside directors, how do you understand your mission and the issues faced by the Group?

NAKAYAMA I started my career in the procurement of food ingredients at a trading company, and have experience along the whole value chain in fields close to the consumers, including the management of convenience stores. I have also accumulated experience in M&A with North American foreign business companies and in the Corporate Planning Department of the head office. I value two things in order to engage in my work. The first one is that I want to give back to the food-related business by putting my more than 40 years of experience to good use. The other one is that I want to share a value system with the people I work with. Each time we face a complex issue, I want to remember the universal Management Philosophy, which is the origin of the MOS Group, and use my experience to the fullest to reach a good decision.

ODAWARA I have worked as Chief Financial Officer (CFO) at the subsidiaries of several European and North American companies and have long led the management of assigned business operations, alongside the Chief Executive Officer (CEO). I am aware that

I am expected to contribute to the improvement of corporate value through my counsel from a variety of perspectives not limited to financial affairs, based on my knowledge and experience. Regarding strategy implementation and problem resolution, Western corporations attach importance to speed, considering the hectic changes in the environment. However, in many Japanese corporations there is an established culture of spending time engaging in numerous discussions in order to make a decision and execute. Accordingly, in the Board of Directors of MOS FOOD SERVICES, INC. as well, I aim to suggest an emphasis on speed of execution.

TAKAOKA As an outside director, I am careful to speak on behalf of individual investors, who are minority shareholders, and supervise operations so as not to harm shareholders' interests. Shareholders regard investment effectiveness as important, and for this reason I also put emphasis on establishing what the right investment destinations are for our limited capital in order to maximize profit. In addition, I teach distribution and franchise systems at a university. I am aware that, consequently, I am expected to deliver opinions on the franchise business. I make sure to offer suggestions on issues pertaining to franchise management, in addition to the administration of directly managed stores, so that the Group can progress toward the achievement of its vision.

NAKAMURA Ms. TAKAOKA, how do you view the franchise business of the MOS Group as a scholar?

TAKAOKA As a franchise system, the structure that the Group has created is very good. More particularly, I feel that MOS BURGER Kyoei-kai, where franchisees manage operations as main constituents, is an extremely important organization for the MOS Group. This structure fosters relations of trust while enabling reciprocal communication between head office and stores and amongst franchisees, and one can say that its creation has supported the

growth of the MOS Group. Many other franchise businesses do not have these horizontal ties but, with the Kyoei-kai, there is a competitive relationship between franchisees, in a friendly, positive sense. In ordinary franchise systems, discord and conflicts of interest tend to occur between the head office and franchisees. In the MOS Group, the head office supports Kyoei-kai's activities and this unique structure sets up a positive relationship with franchisees. However, if the head office and franchisees become too soft on each other, growth might stop. I think we must maintain an intense codependent relationship in which these two groups are self-reliant, work hard together while aiming for growth.

NAKAMURA In my opinion, when franchise businesses enter their maturity stage, they typically have a hard time preserving the strengths they had previously displayed during their stages of growth and development. What is your stance on this statement?

TAKAOKA I agree with your remark. The restaurant industry is expected to shrink in the future along with the decreasing birthrates, population aging and population decline. Even when profits decrease, due to soaring ingredient prices for example, the head office and franchisees must be capable of preserving growth by collaborating to solve issues.

Aiming to further stimulate the Board of Directors of MOS FOOD SERVICES, INC.

NAKAMURA We receive assertive remarks from outside directors during Board of Directors' meetings. They exceed expectations in pointing out issues, and I exercise my business judgment to facilitate realistic management.

Depending on the new business or investment project, some outside directors vote against the proposals from the execution side. However, since these decisions take place after numerous discussions, I believe they prove that the Board of Directors functions properly. In cases of misconduct, outside directors are expected to perform their supervisory functions and act as a breakwater.

In your opinion, what is necessary to further energize the Board of Directors and produce more lively discussions?

TAKAOKA We may need broad discussions on whether the business model of the MOS Group should remain as is, in light of the changes in the social environment and from a long-term perspective. We also have to consider if the growth expected from our stakeholders, such as shareholders and investors, can be maintained with the existing business categories centered on the domestic restaurant industry.

NAKAYAMA In order to energize discussions during Board of Directors' meetings, it might be necessary to review the standards

to bring up a matter to the Board. In order to increase management speed, which is the advantage of an executive officer system, we have to carry forward timely measures that reflect the decisions made in management meetings, which are held more frequently than Board of Directors' meetings.

The Board of Directors must devote itself to discuss the framework of management, such as the growth strategy, including management policies and investment plans, and the accompanying balance sheet, organization and human resources plan. More specific content of discussion will inevitably determine which members to participate in the Board of Directors meetings, which would certainly live up to the debates.

ODAWARA Individual detailed performance reports and execution-related matters requiring approval must be addressed in management meetings. During Board of Directors' meetings, we should discuss fundamental business issues, such as the overall Group business strategy and investments, the progress and results of our strategies, the cultivation of human resources and compliance, from a mid- to long-term perspective.

NAKAMURA I feel that the meetings of the Board of Directors have become much more lively compared to the past, and that we are able to have animated discussions.

I will strive to use the knowledge and advice of outside directors to the fullest and focus my energy on working toward business growth. Thank you very much for your time today.

Post-symposium Remarks

I aim to raise the effectiveness of the Board of Directors using the knowledge and opinions of our outside directors.

By earnestly accepting the issues pointed out during this symposium, I will strive to realize improvements and further increase the effectiveness of the Board of Directors.

I felt that the monthly Board of Directors' meetings should focus on discussions pertaining to the direction of the Company, such as the

business and human resources strategies which contribute to long-term growth. They must also allow for management operations to be conducted with a sense of speed.

I plan to accelerate future growth, based on discussions held at Board of Directors' meetings.



Toward the Creation of Beloved Stores and the Provision of High-Quality Services

The MOS BURGER Chain is made up of MOS FOOD SERVICES, INC. (the head office), which develops MOS BURGER, and the franchisees.

We aim to provide the high quality of service requested by our customers and manage stores with the “MOS Spirit,” which we have valued since our founding, as a guiding principle.



Growing Together with Our Franchisees

OTA Tsuneari
Director and Senior Executive Officer
General Manager, Operation Division

which are appreciated by the local population and generate local support.

The MOS BURGER Chain is supported by a unique business model which can be called the Franchise Voluntary Chain (FVC). This concept, a characteristic of MOS BURGER, 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.

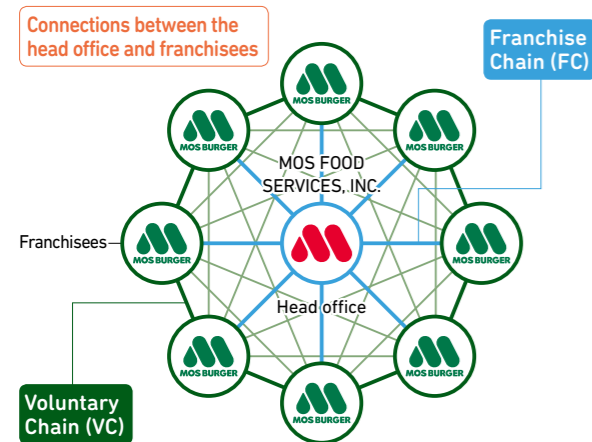
In the franchise system born in the United States, there is a strong connection between the head office and franchisees but not horizontal relationships between franchisees, and there is a general reluctance to create a structure for the franchisees. We at the MOS Group work to increase the brand value of Japanese-born MOS BURGER, and the head office and franchisees each consider the prosperity of the whole chain on an equal footing.

Structure of the MOS BURGER Kyo-ei-kai where head office and franchisees grow together

In 1980, MOS BURGER Kyo-ei-kai was formed as an organization to further link the MOS Group head office with franchisees as well as franchise stores with each other. It started HDC Activities based on the concepts of Hospitality (Cordial hospitality), Delicious (Safe, high-quality, and delicious products), and Cleanliness (Clean, polished stores) to create even better stores, embodying the “MOS Spirit.” Each store conducts operations in a healthy manner while preserving quality, and these initiatives aiming to achieve MOS BURGER’s Basic Policy are still carefully transmitted to this day.

A unique business model characteristic of MOS BURGER

The MOS BURGER Chain counts approximately 400 franchise owners throughout Japan who manage stores rooted in their communities. They not only manage MOS BURGER stores, but actively engage in activities that lead to community revitalization and community contributions. They strive to create stores



The head office works to resolve the issues faced by franchisees while supporting these activities, and our goal is for franchisees and the head office to grow together. In recent years, many restaurants have faced hardships due to the COVID-19 pandemic, including MOS BURGER. Customer behavior and demand are changing, as in-store consumption tends to decline while take-out demand grows. In order to respond to this situation, we are working on topics such as product development that matches take-out and new store management, with the head office and franchisees jointly contributing their ideas.

Tackling local issues with franchisees to become the world’s most respected chain

The food service industry is currently facing the challenges of labor shortages and soaring personnel costs due to decreasing birthrates and population aging. Additionally, restaurant management is turning

increasingly challenging due to geopolitical risks and the sharp rise of ingredient prices and utility costs due to the fragmentation of the supply chain. The role of the head office is also to create a new business model by carrying out the development of new concepts, and to support the transformation of franchisees’ business structure.

Looking toward the next 50 years, in order to reach our ambitious goal of becoming the most respected chain in the world, we have put forth the five following themes: “quality improvement,” “fulfill our social responsibility,” “nurturing of employees,” “technological innovations,” and “global expansion.”

There are opportunities for Kyo-ei-kai members to meet in 2023, and members from overseas stores are also invited. We strive to be able to grow together with franchisees, with the goal of becoming the most respected chain in the world.

Community-Oriented Activities to Be Loved by Local Populations

Consumers’ expectations when it comes to our stores and their troubles differ depending on the region. Franchise owners, who conduct management operations rooted in their local communities, understand these requests and issues the best. We aim to create connections with and revitalize local communities to become the number one store in each region and the most beloved by local populations through collaborations between head office and franchisees via Kyo-ei-kai and the expansion of community contribution activities and sales promotion activities in each region.

Community Contribution Activities

We implement initiatives rooted in local communities.

- Niigata branch: Opening of the Niigata “MOS-goto Art Exhibition”
- Gunma Tochigi branch: “Let’s make the thank-you flowers bloom” initiative
- Tokyo branch: Clean-up of local areas
- Hyogo branch: Fund-raising activities for Hyogo Guide Dog Association
- Chugoku Shikoku branch: SGD’s challenges during the summer holidays, etc.



Community Sales Promotion Activities

Sales promotion activities are also conceived with a region-specific approach.

- Tohoku branch: MOS BURGER’s Vegetables Direct from the Farm Festival
- Chiba Ibaraki branch: Smoothies with local ingredients
- Shizuoka branch: Prefectural citizens’ day of Shizuoka
- Koshin branch: Beverages with local ingredients
- Chukyo and Hokuriku branch: Radio promotion
- Okinawa branch: Project for the 50-year anniversary of Okinawa’s return

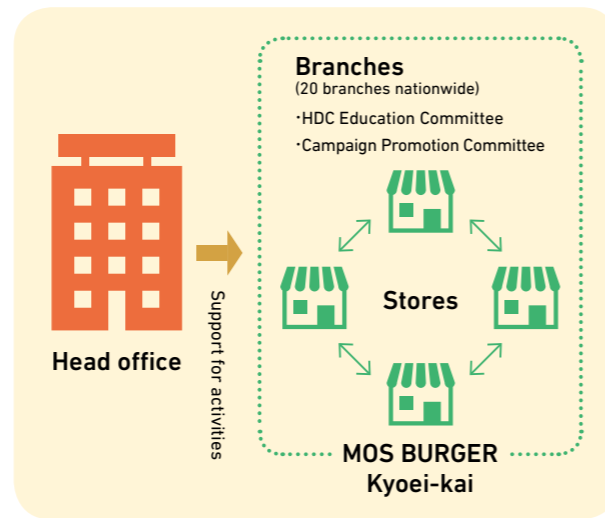


The Future of MOS BURGER Kyoiei-kai toward the Growth of Franchisees in Conjunction with the Head Office

The Purpose and Role of MOS BURGER Kyoiei-kai

The MOS BURGER Chain has set up a unique franchise system and aims for the head office and franchisees to grow together as equal business partners. In 1980, MOS BURGER Kyoiei-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," franchisees engage in activities based on their own initiative to enhance the MOS BURGER brand for the prosperity of the chain as a whole.

MOS BURGER Kyoiei-kai is divided into 20 region-specific branches all over Japan. Franchisees who share its philosophy exchange information amongst themselves, organize study groups on store management, and conduct community-oriented activities.



Status of the Activities of the MOS BURGER Kyoiei-kai

In Kyoiei-kai, franchisee owners learn store management from other owners and spread good ideas horizontally, so the organization assumes both a role similar to that of a benefit society and the role of a community for franchisees.

It doesn't simply organize gatherings between owners but also study meetings for store managers, and franchisees in the same region collaborate occasionally to conduct community contribution activities independently. Details of the activities are thus wide-ranging. One of these activities is the

establishment of the MOS Box of Love fundraising initiative at stores across Japan after the start of fundraising activities at the MOS BURGER Hakuraku Store (Kanagawa Prefecture) in 1979. We donate the funds raised to The Eye mate Inc. and to the Japan Foodservice Association's JF Ai-no-bokin campaign.

Furthermore, Kyoiei-kai has been tackling the issues of generational change and business succession for owners over more than 20 years so far. In addition to successions between parent and child, it provides support to offer opportunities to the younger generation,

such as internal successor training within franchisees or the possibility for employees to go into business for themselves.

We are proceeding with the creation of stores loved by customers and contribute to local development and problem resolution by not simply focusing on immediate profit but with a long-term perspective, in order to be able to expand our business rooted in local communities during the next 20 or 30 years.



Voices of Franchise Owners



MOS Group's head office and the franchisees collaborate to maintain our status as "stores indispensable to local communities"

CHOKI Shiori
Owner
MOS BURGER Fujimino Store (Saitama Prefecture)

Among the corporations which manage franchise systems, I think MOS BURGER definitely has the best understanding of franchisees and builds strong ties with them.

Fifty years have passed since the founding, and the needs of franchisees are growing more diverse. I don't think responding to every single request is an easy task but, in the future, as head office and franchisees continue to join forces, I would like to conduct store management in such a way that it receives a lot of praise.



Through food, I aim to create stores where the local population can have a pleasant time, without cutting corners and sparing no effort

YOKOE Yasushi
Owner
MOS BURGER Suita North Exit Store (Osaka Prefecture)

MOS BURGER is an extremely honest food chain. Each ingredient is picked after close examination. This is based on the view that food has to be of quality because it builds people's bodies.

I want to operate stores by considering what brings joy to customers, and my goal is to spread the "MOS Spirit" to the world by increasing the number of locals and the number of coworkers in stores as much as possible who respond to this approach.

Message from the Chairman of MOS BURGER Kyoiei-kai



INOUE Takeshi
Chairman
MOS BURGER Tokushima Hanoura Store (Tokushima Prefecture)

Kyoiei-kai is a gathering of people who meddle in the business of others like a family does.

When I joined Kyoiei-kai around 30 years ago, my seniors reprimanded me as if I was their child and taught me all sorts of things. I didn't listen to my parents' scolding but the advice of coworkers really sank in.

In my opinion, Kyoiei-kai is a big group of meddlers. In the past, as the MOS Group was growing, we could occasionally hear some owners wonder whether Kyoiei-kai was still necessary, but I thought we definitely needed it so that franchisees could protect and inherit the "MOS Spirit." I am now convinced that my thinking wasn't mistaken.

We will have to face many challenges similar to the COVID-19 pandemic in the future. Speaking on a topic I am familiar with, every franchise owner eventually runs into the issue of retirement and business succession. Kyoiei-kai is the one organization which provides advice and help with more warmth than a family. The good aspect of Kyoiei-kai is that it teaches about successful experiences as well as

experiences of failure, with no effort spared. The ability to know the risk of failure before making the first step is a very powerful weapon in store management.

As Chairman of Kyoiei-kai, I am deeply moved that we were able to celebrate the 50th anniversary of our founding in 2022. Until now, the MOS Group's head office and Kyoiei-kai have worked toward growth in a complementary fashion. With the concepts of "Cordial hospitality," "Safe, high-quality, and delicious products," and "Clean, polished stores," MOS BURGER aims to become the most respected chain in the world and create stores where workers can be joyful. In order to reach this goal, it is essential that the head office and Kyoiei-kai protect and keep propagating the "MOS Spirit." I hope that we can share our experiences of success but also of hardship with the younger generation, and grow together as MOS BURGER fellows.

A Management Team which Supports the Sustainable Growth of MOS FOOD SERVICES, INC.

Directors



NAKAMURA Eisuke

President & Representative Director

My Favorite MOS

MOS Cheese Burger



- 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)

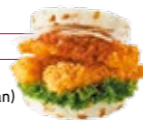


TAKIFUKA Jun

Director and Managing Executive Officer
General Manager, International Division

My Favorite MOS

Scallop and Shrimp Rice Burger with XO sauce (limited-time sales in Taiwan)



- 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)



FUKUSHIMA Ryuhei

Director and Managing Executive Officer,
Risk Management & Compliance Office

My Favorite MOS

Pork Cutlet Burger



- 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)



UCHIDA Yuko

Director and Managing Executive Officer
General Manager, Development Division,
New Food-service Division

My Favorite MOS

Shrimp Cutlet Burger



- 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)



OTA Tsuneari

Director and Senior Executive Officer
General Manager, Operation Division

My Favorite MOS

Teriyaki Chicken Burger



- 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)



KASAI Ko

Director and Senior Executive Officer
General Manager, Corporate Planning Division

My Favorite MOS

"Soy Sea Burger -Fish Style Soy Patty-"



- 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, General Planning Office
- 2021 Executive Officer, General Manager, Corporate Planning Division
- 2022 Director and Senior Executive Officer, General Manager, Corporate Planning Division (currently serving)



TAKAOKA Mika

Director (Outside Director)

My Favorite MOS

NATSUMI Pork Cutlet Burger



- 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.



NAKAYAMA Isamu

Director (Outside Director)

My Favorite MOS

Tobikiri Cheese Burger -with Hokkaido Gouda Cheese-



- 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)



ODAWARA Kana

Director (Outside Director)

My Favorite MOS

Soy Patty MOS Cheese Burger



- 1988 Joined Tohmatsu, Awoki & Sanwa (Deloitte Tohmatsu)
- 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)

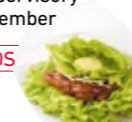


NAGAI Masahiko

Audit & Supervisory Board Member

My Favorite MOS

NATSUMI Teriyaki Chicken Burger



- 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)

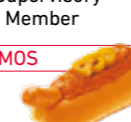


USUI Tsukasa

Audit & Supervisory Board Member

My Favorite MOS

Spicy Chili Dog



- 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)



FUJINO Masafumi

Outside Audit & Supervisory Board Member

My Favorite MOS

MOS Rice Burger
Kaisen Kakiage



- 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)



MATSUMURA Takaharu

Outside Audit & Supervisory Board Member

My Favorite MOS

Tobikiri Cheese Burger -with Hokkaido Gouda Cheese-



- 2000 Registered as an attorney-at-law (Tokyo Bar Association)
- 2002 Joined SHIN-TOKYO SOHGOH LAW OFFICE
- 2015 Partner, Anderson Mori & Tomotsune (currently serving)
- 2017 Outside Audit & Supervisory Board Member, PROPOLIFE GROUP INC. (currently serving)
- 2018 Outside Audit & Supervisory Board Member, TORII PHARMACEUTICAL CO., LTD. (currently serving)
- 2022 Audit & Supervisory Board Member, Nippon Cultural Broadcasting Inc. (currently serving)
- 2023 Outside Audit & Supervisory Board Member of the Company (currently serving)

History of the MOS Group as a Constant Provider of Value

Since the opening of the first MOS BURGER store in Narimasu, Tokyo in 1972, the Group has expanded its operations with love for people and nature as its foundation. Going forward, the MOS Group will continue to grow as a Japanese-born hamburger shop and strives to create new value that supports the lifestyle of customers.

● History of the business ● Initiatives toward the creation of social value or environmental value

1970s

- 1972 ● Open MOS BURGER Narimasu, the first MOS BURGER store, in Tokyo
- Launch sales of our flagship product, the MOS BURGER
- Serve hot drinks in ceramic cups (in the case of in-store consumption)
- 1973 ● Launch sales of the signature Japanese-style burger, the Teriyaki Burger, becoming the first chain store in Japan to do so
- 1979 ● Begin charity fundraising activities with the "MOS Box of Love," expand these activities to stores around Japan

1973

Launch of the Teriyaki Burger

We launched the Teriyaki Burger, a Japanese-style hamburger which contains a typical Japanese soy sauce and miso-based teriyaki sauce, in our second year of existence. We were the originators of the Teriyaki Burger, which many people around the world are familiar with.



1980s

- 1980 ● Establish the MOS BURGER Kyoei-kai, an organization encompassing connections between the MOS Group's head office and the franchise stores and among the franchisees themselves
- 1982 ● Launch the HDC activities to improve the quality of stores
- 1985 ● Register shares on the over-the-counter market
- 1986 ● Open MOS BURGER Makiminato Store (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 in a context of sluggish of rice consumption in Japan
- 1988 ● List shares on the Second Section of the Tokyo Stock Exchange

1983

Birth of the first MOS BURGER guide dog (La Salle)

Birth of La Salle, the first MOS BURGER guide dog at the Tokyo Guide Dog Association (current The Eye Mate Inc.), following the MOS Box of Love fundraising activities in stores. Fund-raising activities continue to the present day, leading to the birth of 49 Eye Mate (guide dog) pairs so far.



1990s

- 1991 ● Open first store in Taiwan and begin full-scale overseas expansion
- 1992 ● Launch sales of "MOS Chicken" and enter Christmas sales campaign
- 1995 ● Promote the introduction of reusable tableware in all stores
- 1996 ● Stock is listed on the First Section of the Tokyo Stock Exchange (reassignment), and with this milestone, the corporate website is launched
- 1997 ● Begin using MOS BURGER's fresh vegetables at all stores (New Value Declaration)
- Switch to batch deliveries in a 3-degree temperature zone, the first attempt to create a delivery system in the industry
- 1999 ● Open tea specialty store Mother Leaf and Japanese restaurant AEN

1993

Opening of a MOS BURGER store in Singapore

Our first store in Singapore, MOS BURGER Isetan Scotts Store, opened inside the Isetan department store located on Orchard Road. We have now opened 49 stores in Singapore, a flagship country in the growth strategy of the MOS Group overseas.



モスバーガーシンガポール1号店グランドオープン

5/20 イセタンスコッツ店大盛況!

* Quote from the 85th edition of "mossles," our company newsletter

2000s

- 2002 ● Launch sales of the "MOS Kids Menu" (sold now as "low-allergen menu items") which takes in consideration customers predisposed to allergies
- 2003 ● Establish a whistleblower assistance service for chain members
- 2004 ● 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
- Begin providing allergy/ingredient and place of origin information on receipts
- 2006 ● Establish MOS Farm Sun Grace (Shizuoka Prefecture), a corporation qualified to own cropland
- Create a Hamburger Shop at KidZania Tokyo
- Introduce paper bags as shopping bags for take-out food as a substitute for plastic bags
- 2008 ● Conclusion of an agreement formalizing a capital and business alliance with DUSKIN CO., LTD.
- 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 (Informal Meeting with Shareholders) to communicate directly with shareholders

2003

Opening of the online shopping store MOS-Batake

We opened MOS-Batake, an online shopping store, which sells high-quality vegetables and fruits on our website. The MOS BURGER's e-commerce site "MOS Online shop -Life with MOS-" launched in 2022 currently receives great reviews.



2010s

- 2010 ● Post stickers in stores to communicate our intention to support the promotion of helper dogs' acceptance
- The first MOSDO! store, a collaborative store with Mister Donut, opens
- 2015 ● Open mia cucina, a shop specialized in pasta meals oriented toward food courts
- Launch sales of the meat-free Soy Patty Burger series
- 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
- * We obtained the special purpose subsidiary certification in 2018
- Obtain Eco Mark (restaurant) certification for all MOS BURGER stores in Japan
- 2019 ● 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
- Open the Sakuragicho CROSS GATE Store, a combined store of MOS PREMIUM and Mother Leaf Tea Style

2013

Implementation of the "Asa-tori lettuce" project

Store members in Gunma Prefecture went to pick out lettuce in the morning at contracted farms in the same prefecture, and produced and sold hamburgers using this lettuce. We conduct the same activities nowadays as well under the name "MOS BURGER's Vegetables Direct from the Farm Festival."



2020s

- 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
- 2022 ● Operate "Kitchen Car - MOS50," a new business format to meet demand in the new normal era
- Change the name of Narimasu Station, the closest station to MOS BURGER's first store, to Narimosu (Nari-MOS) Station temporarily, as part of our 50th anniversary
- Launch "MOS Online shop -Life with MOS-," MOS BURGER's e-commerce site
- Launch mosh Grab'n Go, our new business category centered on cheese burgers and adapted to prime locations
- 2023 ● Launch sales of a fish-like burger named "Soycy Burger -Fried soy that tastes just like fish-" as a new product in our "MOS PLANT-BASED" series which does not use ingredients of animal origin

2023

Establishment of the Teriyaki Burger Day

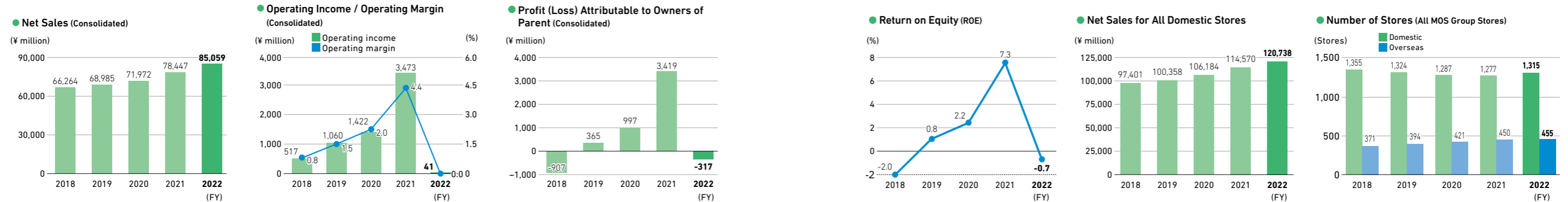
To celebrate the 50th anniversary of the Teriyaki Burger, May 15 each year was designated as the Teriyaki Burger Day, recognized by the Japan Anniversary Association. Since the launch of sales in 1973, the burger has been sold without any interruption, and cumulative sales total over 400 million meals.



11-Year Summary of Financial Highlights (Consolidated)

Financial Summary

Accounting Period (Fiscal Year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Profit and Loss (Unit: ¥ million)											
Net sales	62,371	65,329	66,310	71,113	70,929	71,387	66,264	68,985	71,972	78,447	85,059
Operating income	1,889	2,157	1,554	3,824	4,663	3,734	517	1,060	1,422	3,473	41
Ordinary income	2,124	2,378	1,523	4,011	4,892	3,911	724	1,232	1,427	3,634	356
Profit attributable to owners of parent	1,520	1,744	672	2,284	3,050	2,385	(907)	365	997	3,419	(317)
Financial Condition (Unit: ¥ million)											
Total assets	50,373	53,207	55,301	57,655	61,589	61,834	60,588	64,348	64,827	69,602	74,479
Net assets	39,781	41,350	42,376	43,803	46,140	47,950	45,460	45,100	45,338	48,576	48,091
Interest-bearing debt	1,082	1,000	1,159	977	2,590	1,894	2,968	5,757	5,271	3,993	7,607
Cash Flows (Unit: ¥ million)											
Cash flows from operating activities	4,038	4,648	4,103	5,069	5,379	5,096	837	5,661	4,399	10,449	1,422
Cash flows from investing activities	(12)	(3,612)	(4,938)	(3,514)	(4,579)	(3,387)	(2,217)	(401)	45	(798)	(2,974)
Cash flows from financing activities	(870)	(981)	(859)	(1,047)	731	(1,665)	184	(2,465)	(2,719)	(3,825)	611
Free cash flow	4,026	1,036	(835)	1,555	800	1,709	(1,380)	5,260	4,445	9,650	(1,552)
Per Share Information (Unit: ¥)											
Net income per share	49.33	56.58	21.82	74.12	98.94	77.39	(29.43)	11.84	32.34	110.91	(10.31)
Net assets per share	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	1,551.72
Annual dividends per share	20.00	22.00	22.00	24.00	26.00	28.00	28.00	28.00	22.00	28.00	28.00
Management Indicators (Unit: %)											
Equity ratio	78.8	77.5	76.5	75.8	74.6	77.3	74.8	69.8	69.6	69.4	64.3
Return on equity (ROE)	3.9	4.3	1.6	5.3	6.8	5.1	(2.0)	0.8	2.2	7.3	(0.7)
Return on assets (ROA)	4.3	4.6	2.8	7.1	8.2	6.3	1.2	2.0	2.2	5.4	0.5
Dividend payout ratio	40.5	38.9	100.8	32.4	26.3	36.2	—	236.5	68.0	25.2	—



Overview of Financial Results

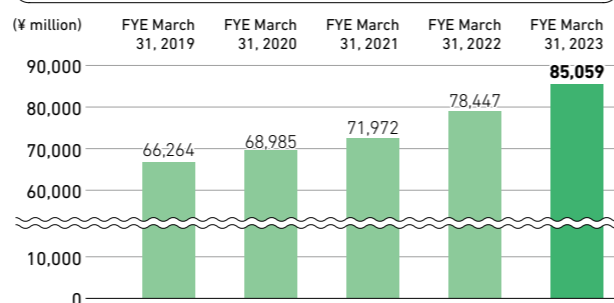
Financial Analysis of Fiscal 2023

Overview

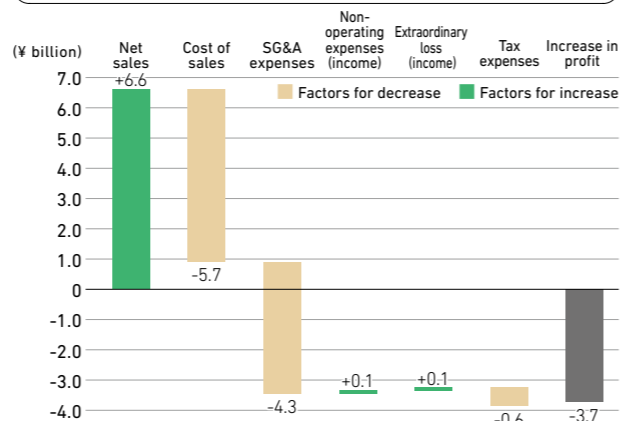
In the domestic MOS BURGER business, sales were healthy due to the successful promotion of various marketing measures taken in the fiscal year under review, in addition to the aggressive implementation of 54 store openings as well as the strengthening of take-out and delivery in existing stores. However, we had to implement necessary revisions of products prices twice over to maintain product and service quality, due to factors such as a rise in purchasing prices which surpassed our expectations and soaring logistics costs. In the Overseas Business, we did not meet our targets in Taiwan and Singapore, two main regions with a high level of sales, due to the continuously challenging environment stemming from the COVID-19 pandemic. As of December 31, the number of overseas stores grew by 5 year on year to reach 455 stores.

As a result, consolidated financial results for the fiscal year ended March 31, 2023 were net sales of ¥85,059 million (up 8.4% year on year) and an operating income of ¥41 million (down 98.8% year on year). Net sales grew due to a variety of policies and measures such as aggressive store openings, but operating income significantly decreased due to the increase of various costs which surpassed expectations. In terms of final profit and loss, net loss came to ¥317 million, notably due to impairment losses in the Overseas Business.

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



Factors for Change in Profit Attributable to Owners of Parent



Main items

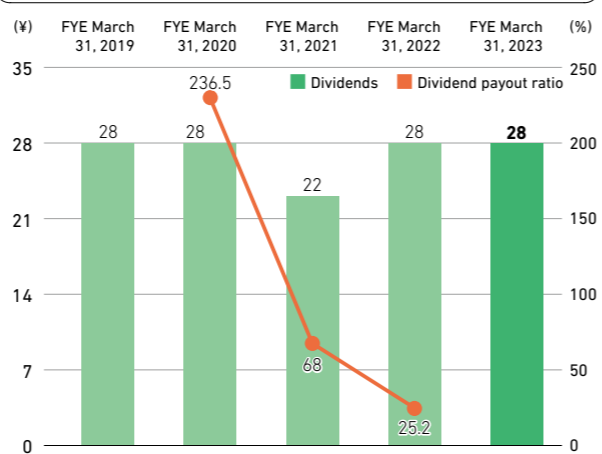
- Net sales: Domestic MOS BURGER business +3.3; Overseas business: +2.9; Other restaurant businesses: +0.3
- Cost of sales: Cost ratio +2.6%
- SG&A expenses: SG&A ratio +1.7%; Salaries and allowances: +1.3 Depreciation cost: +0.4 Freight: +0.4 Sales promotion cost: +0.4 Commission paid: +0.4 Utility cost: +0.3 Rent: +0.3
- Extraordinary income: Subsidy revenue -0.7
- Extraordinary loss: Impairment loss +0.4

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.

With respect to dividends during the fiscal year under review, we paid a dividend per share of ¥28 (of which the interim dividend was ¥14) based on the aforementioned policy.

Five-Year Comparison of Dividends and Dividend Payout Ratio



* The dividend payout ratio for the fiscal years ended March 31, 2019 and March 31, 2023 has been omitted as the Company recorded a net loss per share.

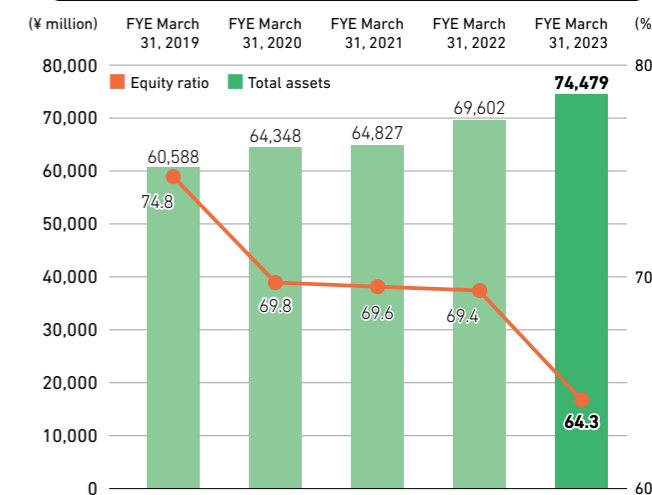
Financial Position

Assets Total assets as of March 31, 2023 were ¥74,479 million, an increase of ¥4,876 million from the end of the previous fiscal year. Current assets increased by ¥2,863 million from the end of the previous fiscal year while non-current assets increased by ¥2,012 million. The main reasons for the increase in current assets were an increase in trade receivables and inventory due to an increase in sales and stock purchasing, and an increase in accounts receivables due to an increase in cashless payments. The main reason for the increase in non-current assets was an increase in tangible fixed assets due notably to store openings.

Liabilities Total liabilities as of March 31, 2023 were ¥26,388 million, an increase of ¥5,361 million from the end of the previous fiscal year. The main reasons for the increase were an increase in long-term debt to finance capital expenditure and an increase in arrears related to repayments to franchisees due to the increase in cashless payments, despite a decrease in income taxes payable.

Net assets Net assets as of March 31, 2023 were ¥48,091 million, a decrease of ¥485 million from the end of the previous fiscal year. The equity ratio was 64.3% as of March 31, 2023, a decrease of 5.1% from 69.4% at the end of the previous fiscal year.

Five-Year Comparison of Total Assets and Equity Ratio



Cash Flows

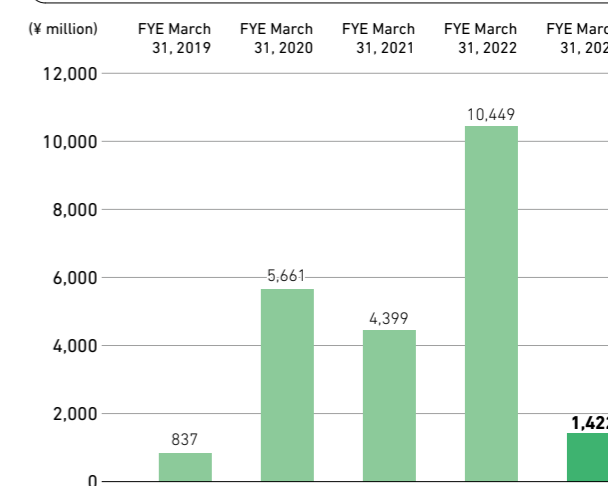
Cash and cash equivalents as of March 31, 2023 amounted to ¥19,031 million, a decrease of ¥714 million, or 3.6%, from the end of the previous fiscal year. This was the result of cash generated by operating activities of ¥1,422 million, cash used by investing activities of ¥2,974 million, and cash generated by financing activities of ¥611 million.

Cash flows from operating activities Cash generated by operating activities amounted to ¥1,422 million, a decrease of ¥9,026 million from the previous fiscal year. The main factors were a decrease in cash due to an increase in income taxes paid, in addition to a decrease in profit (loss) before income taxes and changes in working capital including trade receivables, inventory and trade payables.

Cash flows from investing activities Cash used by investing activities amounted to ¥2,974 million, a decrease of ¥2,176 million from the previous fiscal year. The main factor was a decrease in cash due to an increase in expenses caused by the acquisition of tangible fixed assets due notably to store openings, despite the increase in cash due to the increased sales and redemption of investment securities.

Cash flows from financing activities Cash generated by financing activities amounted to ¥611 million, an increase of ¥4,437 million from the previous fiscal year owing to an increase in cash due to long-term borrowings to finance capital expenditure, despite a decrease in cash due to an increase in repayments of lease obligations and an increase in dividends paid.

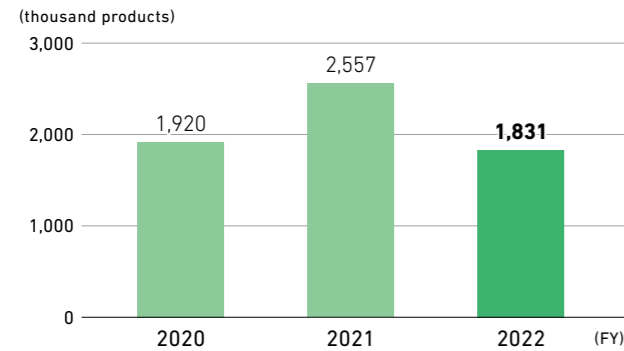
Five-Year Comparison of Cash Flows from Operating Activities



Non-Financial Highlights

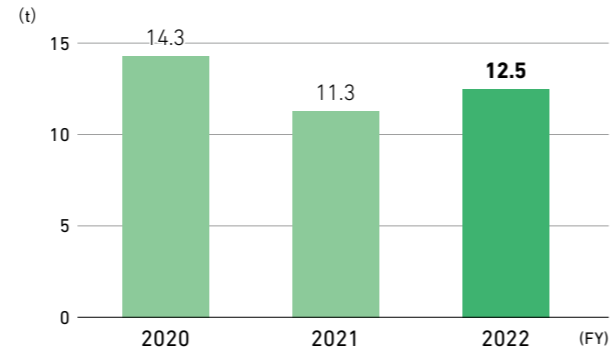
The Environment

Product sales in the Green category



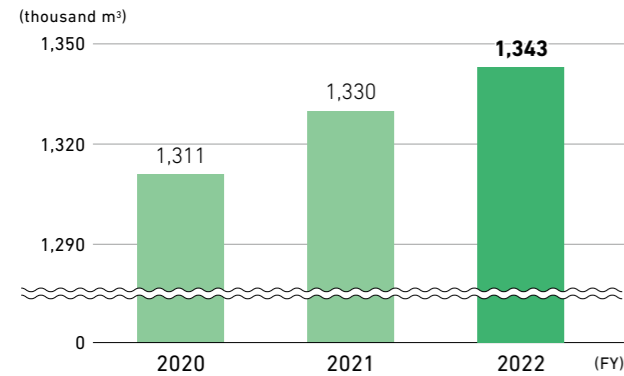
We are making progress in responding to more diverse food needs through the development of products classified in the Green category, such as the Soy Patty series which uses plant-based protein from soybeans, and the GREEN BURGER, which does not contain animal ingredients or gokun (the five pungent roots) among its ingredients.

Volume of food bank donations



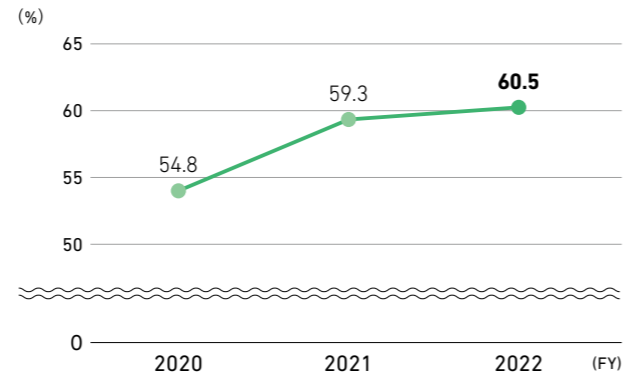
We are helping minimize food loss & waste by assisting food bank activities as a food supporter and providing free-of charge undamaged food that we are forced to discard.

Resource (water) use (stores)



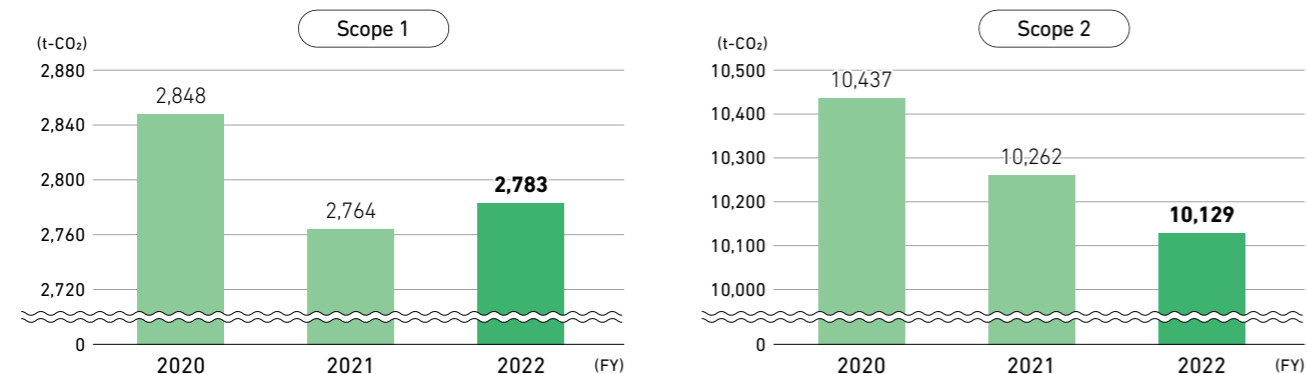
We provide education on environmental issues such as water conservation to our store members through the "SDGs Newsletter," an education tool aimed at stores, and other initiatives.

Recycling rate of food waste (MOS BURGER Chain)



We are furthering the recycling of a portion of cooking waste and of discarded cooking oil generated at stores into animal feed, compost, industrial ingredients (for discarded cooking oil only) and other uses.

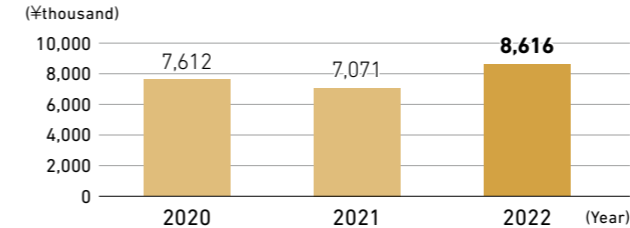
CO₂ emissions quantity



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). Moreover, our goal is to be carbon neutral by fiscal 2050 and help achieve a decarbonized society.

Social

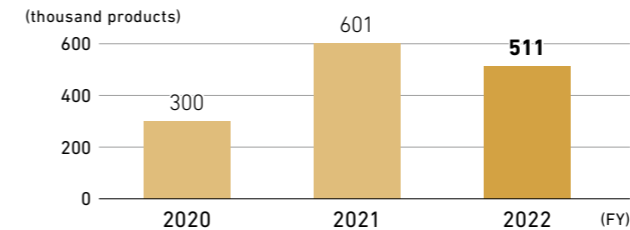
Total amount raised in stores*



We donate the funds received from customers to The Eye Mate Inc. and other organizations.

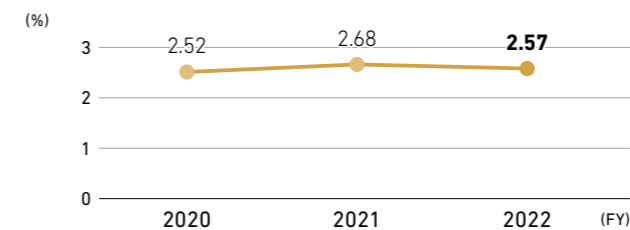
* MOS Box of Love and emergency support fundraising activities

Community-oriented products: Annual sales volume



As an initiative to assist various production regions and support regional revitalization, we use regional produce or produce connected to a region to launch products limited to particular regions that are prepared in our distinctive style.

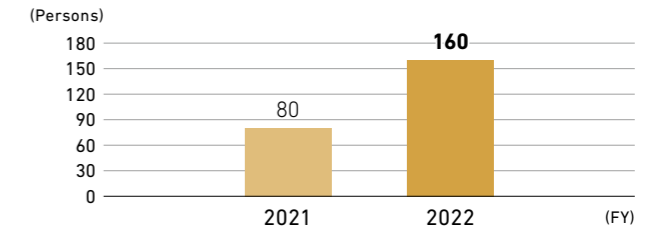
Ratio of employees with disabilities*



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

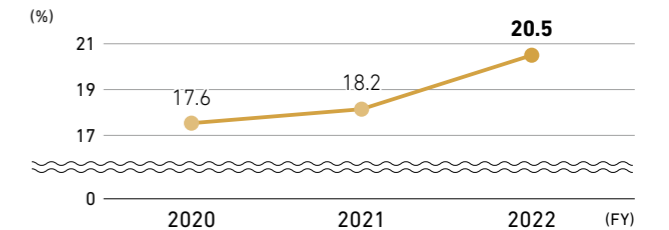
* MOS FOOD SERVICES, INC. and domestic Group companies

Number of participants in the MOS BURGER's Shokuiku Program (remote lessons)



We offer remote (online) lessons accessible from all regions and locations to reduce the education gap.

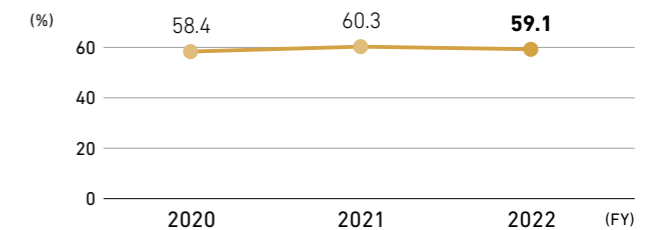
Ratio of female managers*



We maintain an environment where diverse members can work enthusiastically while supporting each other.

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

Annual paid vacation days taken*



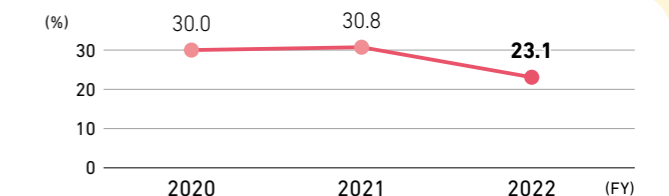
We are increasing the take-up rate for paid vacation days through initiatives that include recommending the taking of consecutive vacation days.

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

Corporate Governance

Ratio of female officers* (among members of the Board of Directors and the Audit & Supervisory Board)

We target a 30% rate of female officers by 2030 and as such select the appropriate personnel for executive positions and strive to secure diversity in the Board of Directors.



* Non-consolidated MOS FOOD SERVICES, INC. (as of the end of each period's General Meeting of Shareholders)

Company and Shareholder Information As of March 31, 2023

Company Information

Company Name MOS FOOD SERVICES, INC.
Established July 21, 1972
Capital ¥11,412,840,000
Head Office Address 4F ThinkPark Tower,
 2-1-1 Osaki, Shinagawa-ku,
 Tokyo 141-6004, Japan
Number of Employees 1,399
Stock Exchange Listing Tokyo Stock Exchange,
 Prime Market

Stock Code 8153
Initial Public Offering November 1985
Total Number of Authorized Shares 101,610,000 shares
Total Number of Issued Shares 32,009,910 shares
Number of Shares per Unit 100 shares
Number of Shareholders 45,025

Group Companies

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



Other Restaurant Businesses



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.

A special purpose subsidiary of MOS FOOD SERVICES, 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. Provides administrative support to the MOS Group's head office and supplies products to stores, among other duties.

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



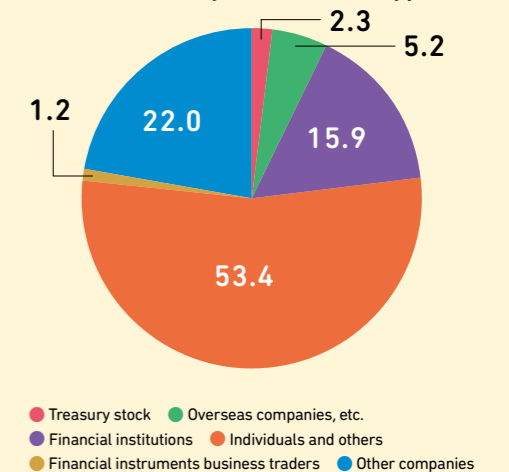
There is a growing trend for investors and consumers to value companies that are proactively addressing the SDGs as seen in the growth of ESG investing with an emphasis on the environment, society, and corporate governance and the changing attitudes of consumers. The survey evaluates companies that are 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.

Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	3,045	9.74
Kohbai Foods, Inc.	1,400	4.48
DUSKIN CO., LTD.	1,315	4.21
Nitto CO., LTD.	1,214	3.88
Nippon Life Insurance Company	1,209	3.87
Yamazaki Baking Co., Ltd.	718	2.30
Custody Bank of Japan, Ltd.	643	2.06
STATE STREET BANK WESTCLIENT-TREATY 505234	376	1.20
MOS FOOD SERVICES Partner Company Shareholding Association	318	1.02
NH Foods Ltd.	301	0.96

Note: Although the Company holds 730,000 shares of treasury stock, these are not included in the above list of major shareholders.

Distribution by Shareholder Type (%)



Number of Stores

Number of Stores (All MOS Group stores)

1,770

Number of Domestic Stores

MOS BURGER

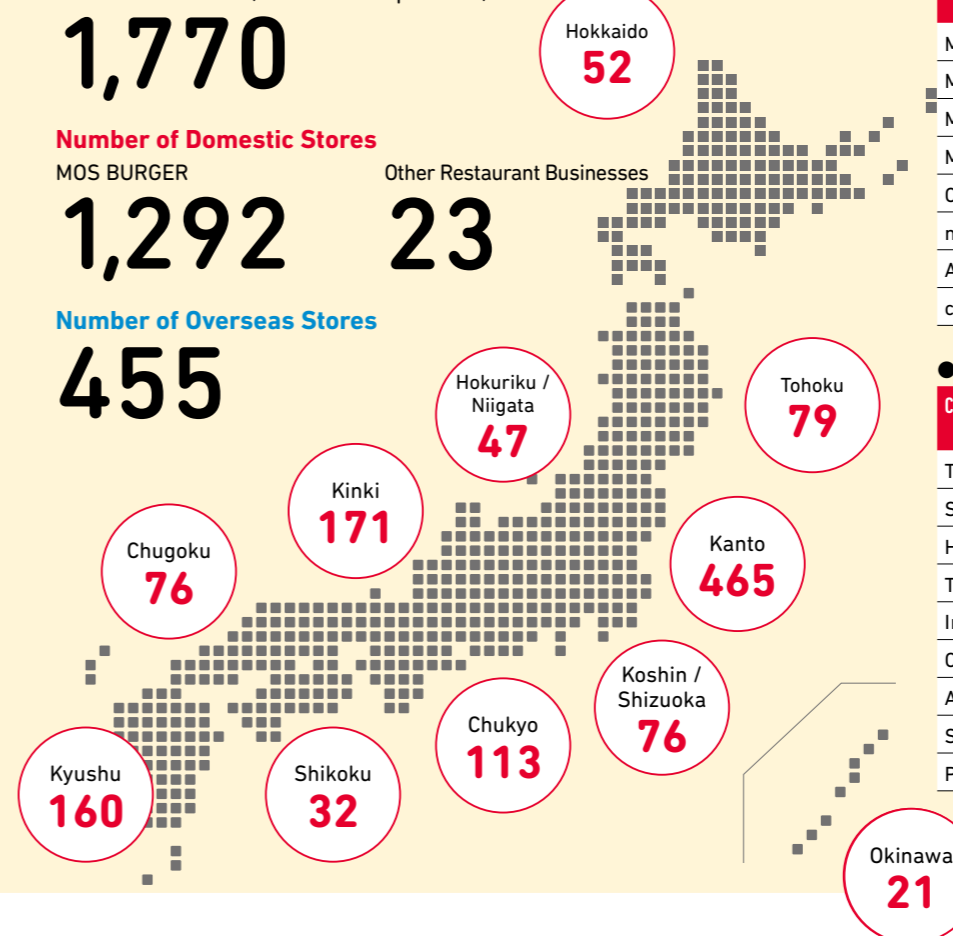
1,292

Other Restaurant Businesses

23

Number of Overseas Stores

455



Names of Stores in Other Restaurant Businesses

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

Number of Overseas Business Stores

Country/Region	Number of Stores
Taiwan	302
Singapore	49
Hong Kong	45
Thailand	26
Indonesia	2
China	6
Australia	3
South Korea	15
Philippines	7

Certified Health & Productivity Management Outstanding Organizations



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. Our head office was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2023 (large enterprise category). We received this certification for the fourth year in a row since 2020.

"Eruboshi" Certification from the Minister of Health, Labour and Welfare



This system reflects the acknowledgement by the Minister of Health, Labour and Welfare of companies which meet a fixed set of criteria and enjoy an outstanding status in their promotion of women's active participation, based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Our Company was awarded 3 stars, the third level of the certification.