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MOS REPORT

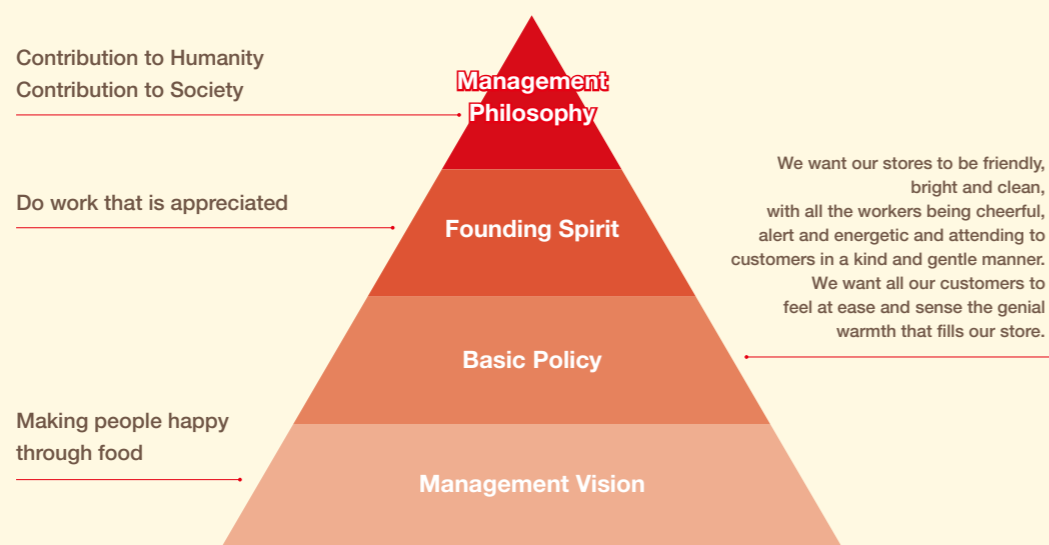
MOS Group Integrated Report 2020

The Unchanging Starting Point of the MOS Group

MOS Spirit

The MOS Group has beliefs that it has valued since its founding.

These beliefs serve as a guideline for all who work at the MOS Group and encapsulate the MOS Spirit, which stays constant even as times change.



About the Cover

The cover photograph was taken with the cooperation of the MOS BURGER Karasuyama Store (Tokyo). The featured paintings are artworks from the town and museum cotocoto. The town and museum cotocoto is a voluntary organization that conducts activities aiming to establish kinder relationships between people and society and people and people, and fill communities with a vibrantly colored sensibility through the business of renting out artwork of people with disabilities. MOS BURGER has been supporting this business since 2016 and holds the "Niigata MOS-goto Art Exhibition" at MOS BURGER stores in Niigata Prefecture on an annual basis. In fiscal 2019, we also held "Tokyo MOS-goto Art Exhibition 2019" (please see page 41 for details). The MOS Group will continue to conduct its business with the aim of creating a society conducive to establishing relationships of kindness among people.

Featured artworks

- Front cover from the left: Ginji Horii (*Tuba 2*), Jun Oda (*Hamburger*), Natsuko Saisu (Untitled), Risa Arai (*Persimmon, Orange, Apple*), Shuji Tsukada (*Sunflower*)
- Back cover from the left: Jun Oda (*HARD OFF ECO STADIUM*), Shunsuke (*Sun-Dried Fish and Friends*)



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Editorial Policy

The MOS REPORT (MOS Group Integrated Report 2020) is published as an integrated communication tool. Building upon our traditional Communication Report, which introduces activities with our stakeholders, it describes the MOS Group's growth story in an integrated report that includes information on our financial and environmental, social, and governance (ESG)-related policies and business strategies. We hope that all stakeholders, who comprise the Group's business base, will use it to enhance their understanding of the Group. Additional comprehensive and detailed information can be viewed on our website. Please refer to the website in conjunction with this report. <https://www.mos.co.jp/global/>

Scope of This Report

The report is on MOS FOOD SERVICES, INC. and the MOS BURGER Chain (head office, directly managed stores, and franchisees). However, it also covers businesses other than MOS BURGER and certain Group companies. When reading this report, please refer to the chart on the right.

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

Reporting Period

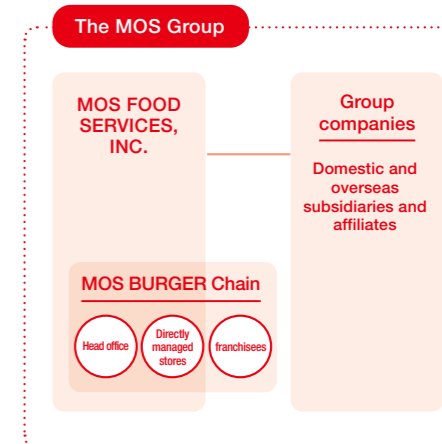
This report primarily covers fiscal 2019 (April 1, 2019 to March 31, 2020). However, it also reports on ongoing activities and future targets for fiscal 2020 and beyond.

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 2020

Scan the QR code to visit our corporate website.



The MOS Group of Today

Since its founding, the MOS Group has operated its business under the Management Philosophy of "Contribution to Humanity, Contribution to Society." In "The MOS Group of Today," we introduce our initiatives to date and a variety of data and information that is related to our current performance.

Number of MOS BURGER stores in Japan

1,285 stores in 47 prefectures



Number of MOS BURGER stores overseas

394 stores in 9 countries and regions

(Taiwan, Singapore, Hong Kong, Thailand, Indonesia, China, Australia, South Korea, and the Philippines)



Number of store crew

Approximately 25,000

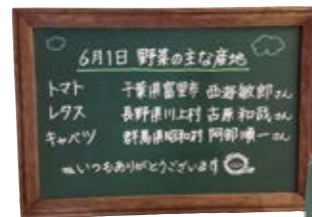
(All domestic stores, estimated figure)



Ratio of domestically produced fresh vegetables

100%

(For MOS BURGER and MOS CAFE stores in Japan)



Delivering the deliciousness of fresh food

Providing food via an after-order system since our founding



Number of MOS BURGER's Shokuiku Program participants

Aggregate total of 46,295 participants

(Fiscal 2005 to fiscal 2019)



Number of customers to visit domestic MOS BURGER stores

Aggregate total of 92,560,000 parties

(Fiscal 2019)



Net sales for all domestic chain stores

¥100,358 million

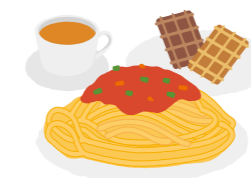
(Fiscal 2019)



Number of stores in other restaurant businesses

39

(MOS CLASSIC, MOS PREMIUM, MOSDO!, Mother Leaf, mia cucina, AEN, chef's V, and GREEN GRILL)



Eco Mark (restaurant) certification

MOS BURGER and MOS CAFE All domestic stores

(Certified in all six evaluation categories)



エコマーク認定店舗

Aggregate sales volume of the MOS BURGER, our most popular product, since our founding

1,289,000,000 MOS BURGERS

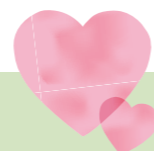
(Estimated figure)



Ratio of employees with disabilities

2.80%

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



Ratio of completely smoke-free stores

100% of domestic MOS BURGER stores



Number of local authorities from host towns cooperating with MOS BURGER

122 local authorities in the "beyond2020" program*



* The Secretariat of the Headquarters for the Tokyo 2020 Olympic and Paralympic Games certifies projects under the "beyond2020" program. This initiative aims to create a legacy of which future generations can be proud by communicating the appeal of Japanese culture both domestically and internationally and contributing to an inclusive society and internationalization.

Note: Unless otherwise stated, figures are accurate as of March 31, 2020.

History of the MOS Group

Since opening the first MOS BURGER store in Narimasu, Tokyo in 1972, we have operated our business based on boundless love for humanity and nature. The MOS Group will continue to improve its corporate value as a restaurant chain established in Japan.

History of Our Business



1972 (Founding)

- The first MOS BURGER store opens in Narimasu, Tokyo

1973

- The first MOS BURGER franchise store opens in Aratama, Aichi Prefecture

1986

- MOS BURGER becomes the first chain in the restaurant industry to open stores in all 47 prefectures in Japan

1991

- The first MOS BURGER store opens in Taiwan

1993

- The first MOS BURGER store opens in Singapore

1996

- Stock is listed on the First Section of the Tokyo Stock Exchange

1999

- The first Mother Leaf store and seasonal vegetable restaurant, AEN, opens

2006

- The first MOS BURGER store opens in Hong Kong

2007

- The first MOS BURGER store opens in Thailand

2008

- Conclude a capital and business alliance with DUSKIN CO., LTD.
- The first MOS BURGER store opens in Indonesia

2010

- The first MOS BURGER store in China opens in Fujian
- The first MOSDO! store, a collaborative store with Mister Donut, opens
- The first MOS CAFE, a cafe-style store, opens

2011

- The first MOS BURGER store opens in Australia
- The first Mother Leaf Tea Style store opens

2012

- The first MOS BURGER store opens in South Korea

2015

- The first mia cucina, Genmai Shokudo AEN, and MOS CLASSIC (now MOS PREMIUM) stores open

2019

- The first store combining MOS PREMIUM and Mother Leaf Tea Style opens

2020

- The first MOS BURGER store opens in the Philippines



Foundations underpinning the MOS Group



1972 (Founding)

- Begin serving hot beverages in ceramic cups for dine-in customers

1979

- Begin charity fundraising activities with the "MOS Box of Love" activities at the MOS BURGER Hakuraku store (Kanagawa Prefecture), inspiring the expansion of such fundraising to stores around Japan

1980

- Establish the MOS BURGER Kyoei-kai

1995

- Begin promoting the introduction of reusable tableware at all domestic stores

1996

- Launch the MOS BURGER website, disclosing nutritional information

1997

- Switch delivery system to combined deliveries at three different temperatures, a first in the industry
- Begin using MOS BURGER's fresh vegetables grown at partner farms at all stores (New Value Declaration)

2002

- Begin sales of the MOS Kids Menu that takes into consideration children with allergies (now sold as the Low-Allergen Menu)

2003

- Establish a whistleblower helpline (now the MOS Helpline) for members at chain stores

2004

- 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
- Begin promoting the registration of MOS BURGER stores across Japan as emergency shelters for children

2006

- Establish MOS Farm Sun Grace (Shizuoka Prefecture), an agricultural production company. Subsequently steadily establish MOS Farms across Japan
- Introduce paper bags for takeout orders to replace plastic bags
- Begin using "Morino Chonai-Kai" (Forest Neighborhood Association) paper that contributes to forest thinning
- Begin using health-oriented frying oil at all stores

- Create a Hamburger Shop at KidZania Tokyo

2010

- Begin displaying stickers at store entrances as a gesture to promote the acceptance of guide dogs

2012

- Become the first restaurant chain in Japan to obtain ISO 22000 certification in order to establish a food safety management system for Group stores, including those overseas. Certification scope covers related head office divisions, MHS, INC., and five directly managed stores

2013

- Introduce new LED signage at all stores

2015

- Introduce the MOS Online Orders service across Japan for ordering online

2017

- Establish MOS SHINE, INC. with the goal of expanding the recruitment of people with disabilities
- Obtain Eco Mark (restaurant) certification for all MOS BURGER and MOS CAFE stores in Japan

2018

- MOS SHINE, INC. is certified as a special purpose subsidiary

2019

- Endorse and begin participation in the "beyond2020" program promoted by the Tokyo 2020 Olympic and Paralympic Games Promotion Office
- 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

Founder Satoshi Sakurada's Passion

Driven by the ideal "if I'm going to work, I want to do work that is appreciated," Satoshi Sakurada left his job at a securities company to devote himself to making hamburgers. Calling products "works of art" and making them with great care, Founder Sakurada was of the belief that those who make these works of art at MOS stores imbue them with their souls, and this belief still lives on in the hearts of each and every person who works at the MOS Group today.



History of MOS BURGER Works of Art

1972 (Founding)

Launch sales of our flagship product, the MOS BURGER, which was and still is our most popular product



1973

Launch sales of the signature Japanese-style burger, the Teriyaki Burger, becoming the first chain store in Japan to do so



1987

Launch sales of the product that saved Japan's rice culture, the MOS Rice Burger, the first of its kind in the world



2004

Launch sales of the MOS Natsumi Burger, which sandwiches its filling with lettuce wrap instead of a bun



2008

Launch sales of our distinctive new mainstay product, the Tobikiri Hamburger Patty, which is made of 100% domestic minced beef and pork



2015

Launch sales of the meat-free Soy Patty Burger series, a first for MOS BURGER



2020

Launch sales of the environment-friendly and healthy MOS PLANT-BASED GREEN BURGER, which does not contain animal ingredients or gokun (the five pungent spices) among its ingredients



MOS Group's Direct Communication

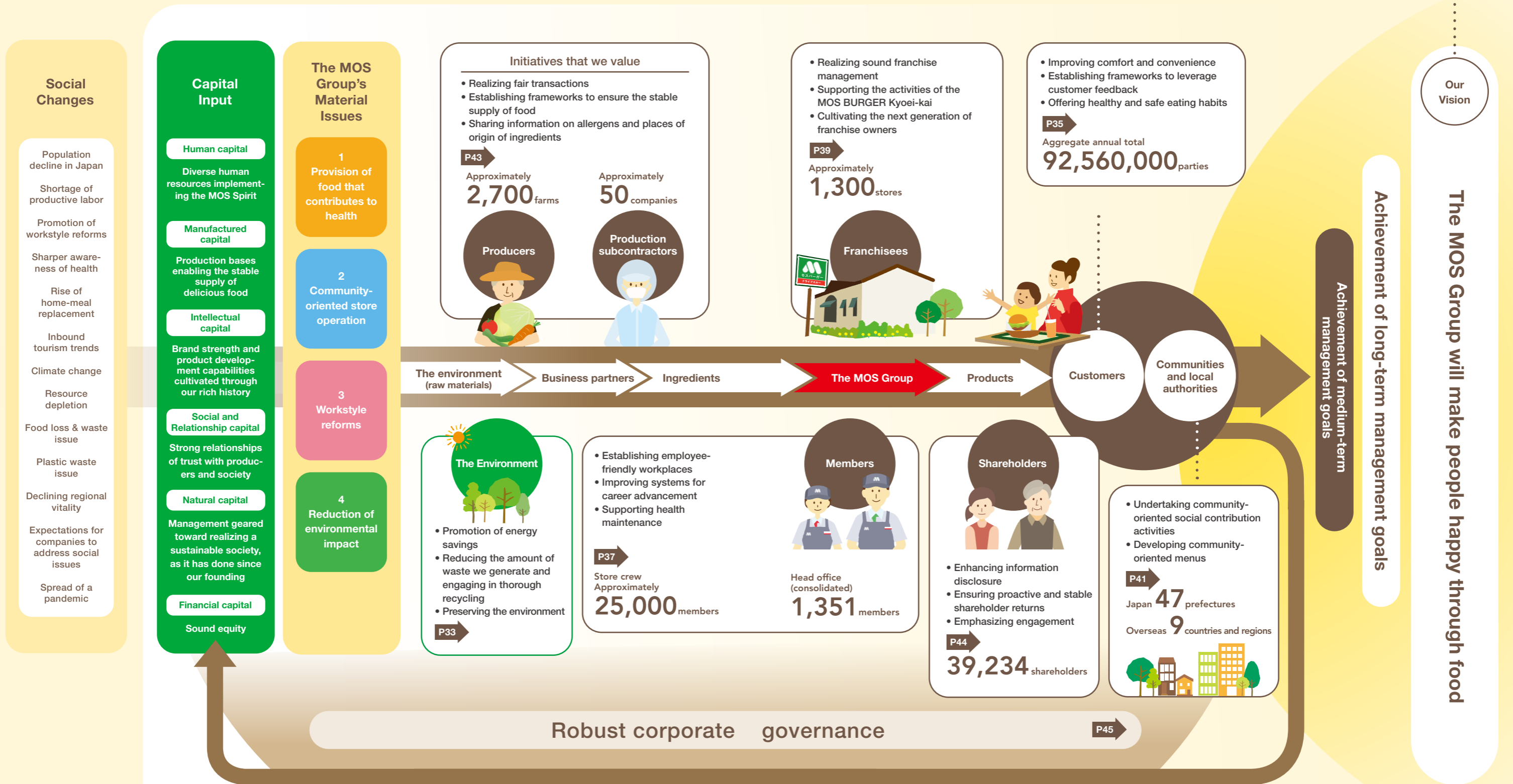
We value direct communication with our stakeholders. Senior management listens to and takes seriously the views of each and every stakeholder and incorporates those views in its business activities as resources for growth.

- 2009** Hold explanatory forums on investor relations for shareholders (Informal Meeting with Shareholders) to communicate directly with shareholders
- 2010** Hold Lunch Meetings to communicate directly with employees from the head office
- 2011** Hold MOS BURGER Town Meetings to communicate directly with customers
- 2012** Hold MOS BURGER Hatake (Farm) Meetings to communicate directly with partner farmers
- 2015** Hold MOS BURGER Cast Meetings to communicate directly with store crew
- 2017** Hold MOS BURGER Campus Meetings to communicate directly with college students

Creating Together with Our Stakeholders

The MOS Group's Value Creation Model

The United Nations (UN) Sustainable Development Goals (SDGs) were adopted at the UN Sustainable Development Summit in September 2015 and comprise 17 SDGs and 169 targets to be achieved on a global basis by 2030. Governments of countries around the world have agreed to these goals and all companies have been identified as important partners in achieving the SDGs. Accordingly, the MOS Group will contribute to the achievement of the SDGs through its business activities.



Message from the President

We will develop our business as a company supporting **food**, which is indispensable to people's lives. In turn, we will contribute to **the creation of a better future.**

中村栄輔

Eisuke Nakamura

MOS FOOD SERVICES, INC.
President & Representative Director



Looking Back on Fiscal 2019

The consolidated financial results for the fiscal year ended March 31, 2020, the first year of the current Medium-Term Management Plan, are net sales of ¥68,985 million (up 4.1% year on year), operating income of ¥1,060 million (up 104.9% year on year), and ordinary income of ¥1,232 million (up 70.1% year on year), achieving both increased sales and profit. However, net sales were lower than projected, due primarily to a greater-than-planned reduction in the number of domestic stores. In addition, although we reduced selling, general and administrative expenses to below that of our plan, profits at each stage fell short of our forecast due to the impact of lower-than-projected net sales and the recording of unplanned impairment losses.

The restaurant market in fiscal 2019 faced extremely challenging conditions, including successive natural disasters such as major typhoons, a consumption tax hike, and the spread of the COVID-19 pandemic. In such an environment, we took on the challenge of a variety of measures in the first year of the current Medium-Term Management Plan under the slogan of “Nothing is impossible,” as we aimed to realize our Companywide mission of “Establishing world-renowned Japanese deliciousness and hospitality.”

Implementation of a Range of Measures Designed to Achieve the Medium-Term Management Plan

Under the current three-year Medium-Term Management Plan that commenced in fiscal 2019, we aim to make concerted Companywide efforts to take on the challenge of accomplishing robust growth in net sales and structural reforms. While giving top priority to improving the profitability of the MOS BURGER business (domestic), our main strategies comprise investments at a high level geared toward growth in the MOS BURGER business (overseas) and other restaurant businesses in conjunction with the promotion of workstyle reforms and the leveraging of digital technologies.

In the MOS BURGER business (domestic), the growth of existing stores is our biggest task. In April 2019, we newly established the Marketing

Headquarters integrating the Product Development Division and the Brand Strategy Division, which had previously been separate entities, with the goal of transitioning from a “product-out” to a “market-in” approach. We also proactively took on new endeavors, placing customer needs as the starting point, such as introducing the MOS JAPAN PRIDE series promoting the unique style of MOS BURGER, which originated and developed in Japan. In addition, we commenced initiatives to enhance product appeal itself, such as revamping our buns and introducing distinctive new products, as well as developing products tailored to store formats, including cafes and food courts. In fiscal 2020, we will expand the number of pilot stores and plan to conduct further ongoing verification. Moreover, we will accelerate the increase in the number of stores offering delivery services, such as Uber Eats, to strengthen deliveries, in addition to proactively reforming store operations, including the installation of self-ordering kiosks and new kitchen equipment that will realize faster serving of orders and labor savings.

In the MOS BURGER business (overseas), we are continuing to accelerate new store openings. We are steadily expanding overseas, such as opening our first store in the Philippines in February 2020, and the number of overseas stores now stands at 394, an increase of 23 stores from the end of fiscal 2018. We will advance building out our store network in regions where we have already opened stores, such as Taiwan, Singapore, and Hong Kong, while in Vietnam we plan to open our first store in fiscal 2020. Meanwhile, we have commenced an initiative in Vietnam—“Vietnam Kazoku”—to recruit as regular employees at MOS BURGER and other stores in Japan, local students who participate in an original training program and pass an exam.

In other restaurant businesses, we will advance the broad expansion of stores in each business category, such as Mother Leaf and mia cucina, as franchise packages to follow MOS BURGER, under a policy of establishing the autonomous operation of existing stores and creating new added value. At the same time, as business development leveraging the MOS BURGER brand, we are diversifying revenues by proactively entering new business domains, such as our collaboration with Japan Airlines Co., Ltd., AIR MOS, and our collaboration with NISSIN HEALTHCARE FOOD SERVICE CO., LTD., “Minna no Nichiyobi.”

The MOS Group Value Creation Story

On the other hand, in terms of tasks, we must strengthen our efforts to create stores that match their locations in the MOS BURGER business (domestic). In order to accelerate generational change in this trading area, we will reorganize our plans as a Companywide project in concert with our franchisees. In any case, for the second year of the Medium-Term Management Plan, we will continue with the originally planned measures, a major prerequisite for fiscal 2020. In regard to delays in individual measures due to the impact of the outbreak of the COVID-19 pandemic at the end of fiscal 2019, we will address these setbacks within each business unit.

Our Response to the COVID-19 Pandemic

The COVID-19 pandemic has brought about an unprecedented state of affairs. The Company established a Response Committee (later upgraded to the Response Headquarters) on February 20, 2020 after carrying out information gathering and monitoring through the Risk Management & Compliance Group and sharing information with the Executive Committee and other bodies. Under the MOS Group's basic response policy of "everyone taking all steps possible to avoid becoming infected with or spreading COVID-19," we adopted a variety of measures. We are continuing our business activities while giving the highest priority to the safety and health of all individuals, including franchisees, store crew and their families, business partners, and, of course, customers. In our stores, we made the wearing of masks compulsory during the period covered by the national state of emergency declaration, in addition to our usual hygiene measures such as management of the health conditions of crew members and thorough hand-washing and alcohol disinfection. We established a policy of complying with the requests of local authorities on shortened business hours and other matters while stores took care to respond flexibly in accordance with conditions in their communities. For members at the head office, we implemented workstyles focusing on prevention of the spread of the pandemic, such as making working from home, which we had been pursuing as part of our workstyle reforms, applicable to all members in principle following the national state of emergency declaration. We will continue to examine and implement measures in accordance with changes in conditions.

As for the impact of COVID-19 on our financial results in

fiscal 2019, net sales surpassed those of the previous fiscal year. The increase in net sales was due to the incorporation of takeout demand, including drive-through and online orders and deliveries, by the MOS BURGER business (domestic) as a whole, despite a decrease in customer numbers as a result of the impact of shortened business hours, a decline in in-store dining in March, when the COVID-19 pandemic spread, and other factors. However, conditions were challenging in the cafe and restaurant categories, which are based on in-store dining and drinking, as the majority of stores were forced to suspend operations.

Looking at the impact on our financial results in fiscal 2020, we anticipate a decline in sales due to school closures and self-restraint in going out in addition to closures and shortened business hours at retail facilities. In what has been referred to as the "with- and post-COVID-19 world," we expect to see increasing changes in lifestyles and new consumer behavior in dining out. Conducting management decisions that correctly identify changes in that environment, we plan to develop measures to convert risks into opportunities.

Specifically, we will constantly address changes in the external environment through strengthening our delivery and takeout services, revising store operations, leveraging IT, embracing challenges in new channels, and ensuring revenue sources other than from dining out. At the same time, I would like MOS BURGER to continue to be an indispensable chain that is loved and needed by communities.

Identification of ESG Material Issues for Implementing Sustainable Management

Valuing its Management Philosophy from the time of its founding, the MOS Group has focused its efforts on operating its business with consideration for the environment, health, and communities. However, in light of the recent global growth of interest in environmental, social, and governance (ESG)-related issues on the part of companies, we have decided to communicate our clear vision internally and externally for being a sustainable company by referencing anew our initiatives thus far for meeting societal demands, identifying material issues from an ESG perspective, and drawing up a clear vision for the MOS Group of the future.

The four themes we have identified are all crucial to the sustainable growth of the Group, which is engaged in the provision of food. "The provision of food that contributes to

health" is an indispensable theme for the Company, which lays out "Making people happy through food" in its Management Vision. In addition, we value our links with communities and entrust our franchisees, who understand communities the best, to communicate the MOS Group's values to members of communities on our behalf. In that sense, "Community-oriented store operation" is a theme that we must further strengthen. Also, as suggested by the phrase "human business" when referring to the restaurant industry, human resources are everything. We must advance workstyle reforms for members to be cheerful and healthy, to work with a sense of fulfillment, and to grow. Lastly, turning to "Reduction of environmental impact," MOS takes its name from the first letters of the words mountain, ocean, and sun. Conducting business activities while caring for the environment has been part of our DNA since our founding. We will continue to be a sustainable company by making concerted efforts in regard to these four themes.

Contributing to the SDGs with the MOS Spirit as a Guideline

Endorsing the concepts of the SDGs, which were adopted at the UN Sustainable Development Summit in 2015, the MOS Group aims to further contribute to the SDGs through its business activities. The Group's business activities have a bearing on all 17 of the SDGs. Rather than engaging in issues related to the goals simply because the goals were set, the Group has been engaging with almost all of them throughout its history. With a focus on the newly identified material issues, we will contribute to the achievement of the SDGs by steadily working on each issue. For example, our "Vietnam Kazoku" measure, which I mentioned earlier, can contribute to the achievement of goals 4 (education) and 8 (employment promotion).

Although there are 17 SDGs, I would like to add as the MOS Group's original 18th "SDG," the spreading of our values to people across the world. These values, which originated and developed in Japan, include "making customers feel at ease" and "genial warmth," which are highlighted in our basic policy and form the foundation of the MOS Spirit. We will cherish this kind of uniquely MOS Group approach that is embodied in our efforts to contribute to the goals of the world, which are in unison with our own original SDG. Throughout our history, we have worked to realize our Management Philosophy of "Contribution to



Humanity, Contribution to Society." Viewing that as a philosophy that also contributes to world peace, I would like my day-to-day work to contribute to the smiles on the faces of our customers.

To Our Stakeholders

Lastly, the MOS Group's greatest strength is its robust value chain that creates value together with our shareholders. The MOS Group is underpinned by stakeholders who share the MOS Spirit, including franchisees who chose the MOS Group from among many franchise chains, producers and production subcontractors, and business partners and shareholders, not to mention employees and Group members. As we continue to share value together with our stakeholders, I would like us to be considered a chain that stakeholders want to work hand-in-hand with, not only for corporate and economic activities, but also for ultimately creating a better future.

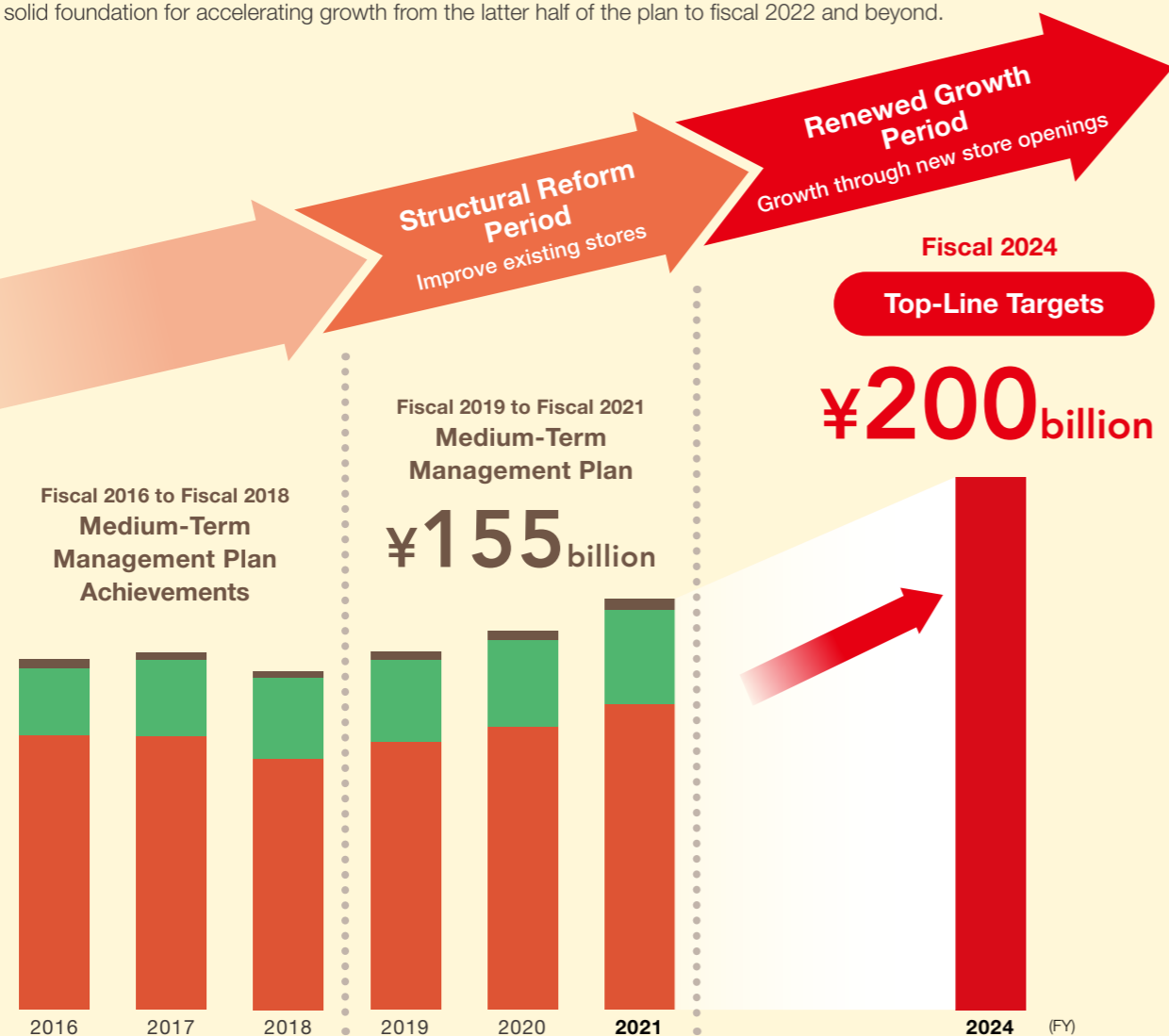
The COVID-19 crisis can be described as a test for humankind that transcends individual companies or countries. Amid calls for new values, I will once again reexamine the meaning of the MOS Group's existence and our mission. I would like to leave no stone unturned in order to continue to protect that which we hold dear, while quickly addressing changes in the business environment. I hope to deepen the understanding of all stakeholders through this report, and I would like to ask for your continued support and encouragement.

Medium-Term Management Plan for Fiscal 2019 to Fiscal 2021

The MOS Group's Future

Structural Reform Period for Accelerating Growth

During the three years of the Medium-Term Management Plan that began in fiscal 2019, we will boldly implement investments with a focus on medium- to long-term growth while steadily increasing net sales. Specifically, we will aim to improve the performance of existing stores by revising and strengthening marketing while offsetting the negative impact on sales of shortened business hours and the consumption tax hike. At the same time, we will engage in structural reform in Japan and overseas to create a solid foundation for accelerating growth from the latter half of the plan to fiscal 2022 and beyond.



Fiscal 2021 Targets

Net sales	¥78.5 billion
Operating income	¥3.7 billion
Profit attributable to owners of parent	¥2.5 billion
Operating margin	4.7%
ROE	5.2%

Medium-Term Management Policy

- Give top priority to improving profitability in the domestic MOS BURGER business
- Establish a framework for accelerating growth in overseas markets
- Invest proactively in new businesses
- Promote workstyle reforms and the leveraging of digital technologies

Cross-Organizational Theme

Workstyle reforms to realize the happiness of MOS Group employees

Workstyle reforms

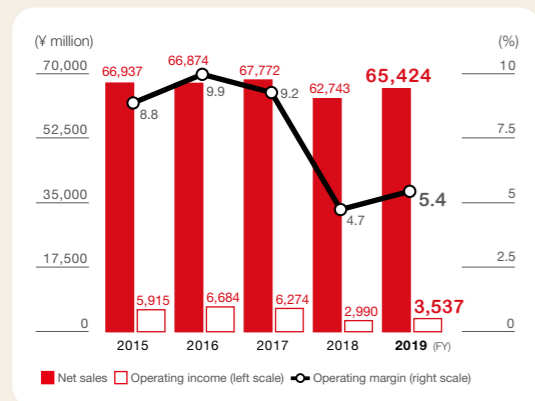
Promotion of the SDGs

MOS BURGER Business

(Domestic)



▶ MOS BURGER Business (Domestic & Overseas)



Fiscal 2019 Financial Results Overview

Under the current Medium-Term Management Plan that started in fiscal 2019, we are promoting reform of our marketing strategies and product development and store creation tailored to location, clientele, and diversifying customer needs, with improving the profitability of the MOS BURGER business (domestic) as our top priority. In fiscal 2019, the MOS BURGER business (domestic and overseas) recorded net sales of ¥65,424 million (up 4.3% year on year) and operating income of ¥3,537 million (up 18.3% year on year), thanks to capturing takeout demand including drive-through, to-go orders, delivery services, and online orders, despite a decrease in in-store dining due to shortened business hours and calls for restraint in going

out following the spread of the COVID-19 pandemic (please see page 17 for details of the overseas business).

A Range of Measures Designed to Grow Existing Stores

With the goal of more accurately identifying diversifying customer needs, we promoted cooperation between marketing-led product development and promotional and digital measures by newly establishing the Marketing Headquarters in April 2019. We stimulated repeat store visits by strengthening our mainstay products, while the sale of the Super Spicy Teriyaki Chicken Burger, the Black Death Spicy Sauce, and a tapioca drink, which is popular with the younger demographic, in addition to collaborations with individuals with specific fan bases, including Shigesato Itoi's *Hobonichi* and Yuko Higuchi, the illustrated book author known for artworks with a unique take on the world, contributed to new customer patronage. Since September 2019, MOS BURGER has been rolling out the MOS JAPAN PRIDE series, which expresses the originality it is capable of precisely because we originated and developed it in Japan. We are also selling the Shrimp Tempura with Shichimi Mayo (seven spices mayonnaise) Burger and the Jumbo Menchi (minced meat cutlet) Burger for a limited period targeting younger customers. Through these efforts, we have earned support from a broad spectrum of customers. As an initiative valuing community-oriented store operation, we have been selling limited-edition products leveraging local

ingredients and specialties, such as the Onion Burger with Japanese Style Soy Sauce (in the Kansai, Chugoku, and Shikoku areas) and the Shinshu Ueda Oidare Teriyaki Chicken Burger (Nagano Prefecture), receiving recognition from people in these parts of the country.

In response to the introduction of a reduced tax rate following the consumption tax hike that was implemented in October 2019, we have strengthened our takeout services. We made our burger buns bigger, improved them to sustain their delicious taste by increasing their water-retention characteristics, and adjusted our takeout packages to prevent them from becoming soggy. Moreover, to make our stores more customer-friendly, we introduced cashless payments, revamped MOS Net Order, and promoted the introduction of delivery services utilizing Uber Eats. In these and other ways, we increased customer convenience.

Promotion of Flexible Store Openings and Remodeling Tailored to Customer Needs

In regard to store openings, we are promoting initiatives to flexibly change products, services, and store formats tailored to commercial area and location, clientele, and the diversification of customer patronage motives. We plan to steadily expand initiatives for which we have obtained verification by carrying out test sales, such as strengthening our family menu in the food court category and introducing new beverages and desserts in the cafe category. As for remodeling, although we have steadily increased the number of smoke-free stores thus far, we

completed store remodeling at the end of March 2020 and decided to make all stores completely smoke free.

Furthermore, the number of stores in the MOS BURGER (domestic) business at the end of fiscal 2019 stood at 1,285, a decrease of 34 stores compared with the end of fiscal 2018.

Reinforcing Our Foundations by Improving Productivity and Increasing Personnel Retention

In response to social issues such as labor shortages and rising labor costs, we are working to improve productivity and increase personnel retention.

To improve productivity, we are advancing the utilization of self-payment machines that do not require cash transactions and steadily expanding the introduction of self-ordering kiosks at stores. We aim to increase customer satisfaction by focusing on personal services while saving labor and reducing the burden of work processes for store members.

To secure personnel and increase their retention, we have been promoting recruitment by renewing the "Recruit MOS" website that the head office used by franchisees to recruit store crews. In addition, we developed an app for members working at the MOS Group, including franchise staff, to view internal information at any time via smartphone. We are invigorating organizations at stores and sharing values by enhancing the app's attractive content, thereby contributing to the retention of personnel.

TOPIC

Rolling Out the MOS JAPAN PRIDE Series, Products That Only Japan-Born MOS BURGER Can Create

At MOS BURGER stores in Japan, we have been rolling out the MOS JAPAN PRIDE series, selling original products that we are capable of creating precisely because we are a hamburger chain that originated and developed in Japan. We delivered new Japanese hamburgers in three installments using the innovative mindset and spirit of hospitality that we have cultivated since our founding.

In the first installment, we launched the Shrimp Tempura with Shichimi Mayo (seven spices mayonnaise), a burger mainly featuring shrimp tempura, a classic Japanese cuisine, and the Jumbo Menchi (minced meat cutlet) burger, featuring a Western-style minced meat cutlet, which originated in Japan and is said to have first appeared in the Meiji Era. The second installment saw the sale of the Tobikiri Bacon & Cheese—made with Hokkaido Gouda cheese—a hamburger sandwich featuring a patty made of 100% domestic minced beef and pork and domestically produced original cheese. In the third installment, we revived the Chicken with Mayonnaise-type Sauce Burger from the local specialties menu, which was chosen by store members as a product they would like to have customers enjoy again, launching it concurrently with the Chicken with Sour Cream Sauce BURGER, an innovative burger suited to the new Reiwa Era. These products, which are unique to MOS BURGER, were rolled out over a one-year period, winning over a wide range of customers.

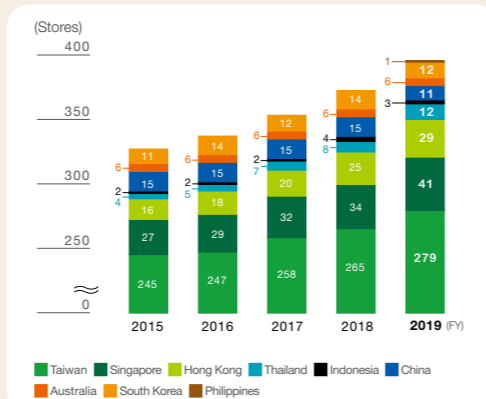


MOS BURGER Business (Overseas)



First store in the Philippines, which opened in February 2020 (Robinsons Galleria store)

Changes in Store Numbers



Overview of Fiscal 2019 Financial Results

In fiscal 2019, net sales at MOS BURGER stores in the overseas exceeded those of the previous fiscal year due to a greater-than-planned increase in the number of stores, primarily in Hong Kong and Singapore, and strong sales at existing stores. However, operating income was lower than planned as the business was unable to absorb personnel costs and rents following system investment and the increase in store numbers (please see page 15 for financial results, including those for overseas).

Although the COVID-19 pandemic did not have any impact on fiscal 2019 financial results since overseas affiliates have a fiscal year-end of December 31, we expect the pandemic to have a certain impact on results in fiscal 2020 as we continue to shorten business hours and suspend operations at stores based on government requests in various countries.

Toward Achieving Our Medium-Term Management Plan

Under our Medium-Term Management Plan, we have positioned the MOS BURGER business (overseas) as the Group's medium- to long-term growth domain and aim to aggressively expand the business while precisely allocating management resources to it.

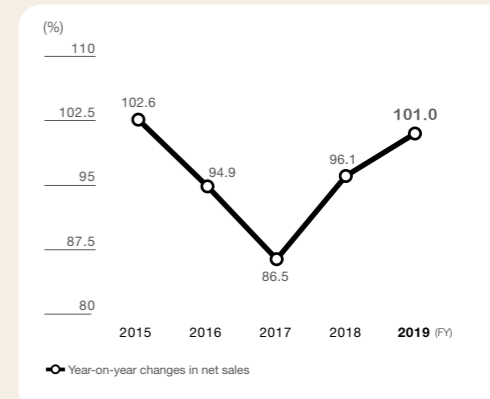
Although the number of overseas stores in fiscal 2019 stood at 394, versus our target of 400, sales at existing stores were favorable thanks to "Made in Japan" products and store modeling and the expansion of deliveries. In addition, we are accelerating store openings in new countries, including the conclusion of partnership contracts in the Philippines and Vietnam. Looking ahead, in order to achieve our medium-term policy of "creating an international franchise business model," we will establish standards and rules and further increase store numbers in regions where we have existing stores while creating a business model geared toward opening stores in new countries.

Other Restaurant Businesses



MOS PREMIUM Sendagaya store (Tokyo)

Year-on-Year Changes in Net Sales in Other Restaurant Businesses



Overview of Fiscal 2019 Financial Results

In other restaurant businesses, we are developing new formats tailored to diversifying food needs by leveraging the food business expertise that we have cultivated to date. In fiscal 2019, in addition to our existing stores such as the tea specialty store, Mother Leaf; the self-service store, Mother Leaf Tea Style; the authentic pasta store for food courts, mia cucina; and the Japanese restaurant serving seasonal cooking, AEN, we opened a store integrating MOS PREMIUM, our adult-oriented gourmet burger store, with Mother Leaf Tea Style. Although proactively entering new business domains, other restaurant businesses recorded net sales of ¥2,794 million (up 1.0% year on year) and an operating loss of ¥744 million (widening by ¥142 million year on year), partly due to the closure of retail facilities following the spread of the COVID-19 pandemic.

Toward Achieving Our Medium-Term Management Plan

Adopting a medium-term policy of "establishing the autonomous operation of existing stores and creating new added value," we plan to develop franchise packages conforming to the MOS Group's Management Vision for other restaurant businesses to become the core of our business, second only to MOS BURGER. Although the number of stores in fiscal 2019 stood at 39, falling short of our target of 43, we are diversifying head office revenues by proactively entering new business domains. Specifically, we developed new businesses leveraging our brand, such as our collaboration with Japan Airlines Co., Ltd., AIR MOS, and our collaboration with NISSIN HEALTHCARE FOOD SERVICE CO., LTD., "Minna no Nichiyobi."

TOPIC

Expanding New Sales Channels Leveraging the MOS BURGER Brand

In other restaurant businesses, we are advancing the expansion of new sales channels leveraging the MOS BURGER brand. The AIR MOS series—a collaborative effort with Japan Airlines Co., Ltd. for international flights that began in 2011 and has now marked its ninth installment—has gained great popularity by allowing passengers to enjoy familiar MOS-made hamburgers on board. In addition, we developed a hamburger with approximately 35% of the salt content of existing MOS BURGERS in July 2019, as a menu item that we offer at hospitals, nursing homes, and other facilities with NISSIN HEALTHCARE FOOD SERVICE CO., LTD. (please see page 35 for details).

Furthermore, we joined the Future Food Fund, a corporate venture capital fund specializing in the food innovation domain that was established by Oisix ra daichi Inc., a food delivery company. Collaborative product development between MOS BURGER and Oisix, operated by Oisix ra daichi, is underway and we plan to launch the products in fall 2020. We will continue with initiatives to further expand sales channels going forward.



AIR MOS Teriyaki Burger

TOPIC

Rolling Out Made in Japan Products

In the overseas MOS BURGER business, we are carrying out a range of initiatives with the goal of further instilling the image of MOS BURGER as a Japanese brand in all overseas regions. Between January and April 2019, we implemented the Shared Overseas Japan Campaign. We planned a variety of products on the themes of "integrating Japanese and local styles," "Japan as seen from overseas," and "introducing Japanese culture." In this campaign, we offered various products related to Japanese culture, including the Fujiyama Set combining a Yakiniiku Burger and flavored French fries with Matcha Latte, and the Sakura Set combining a Ten-Don Rice Burger and Sakura Pearl Milk Tea, earning acclaim from overseas customers. We will continue to strengthen measures aimed at further instilling the image of MOS BURGER as a Japanese brand.



Store remodeling with an emphasis on Japanese style

Material Issues
1

Provision of Food That Contributes to Health

Related SDGs



For the Sake of Healthy and Safe Eating Habits

We identified "Provision of food that contributes to health" as our first material issue.

Throughout its history, MOS BURGER has set great store by the concept that food and medicine are one and the same. This concept posits that taking nutritionally well-balanced meals helps to prevent and improve illnesses. Based on this approach, we use vegetables in our products that, as much as possible, are not produced using agrichemicals or chemical fertilizer and we have an abundant range of menu items using vegetables that contain minerals. In this way, we have developed products while not only taking responsibility for great taste but also the health of our customers. An expansion in demand is predicted for well-balanced meals and healthy meals with fewer calories because of the spread of the COVID-19 pandemic, and I feel that this era will allow people to reaffirm the meaning of our existence.

In addition to these efforts, we have also focused on providing the enjoyment of food. We have confidence in our product creation that values originality, such as the development of a low allergen menu that allows people with restricted diets to enjoy our food and

the development of new products that utilize local ingredients.

The restaurant industry is predicted to see ever-intensifying competition as a result of the rise of home-meal replacement and the expansion in takeout demand. However, we will continue to market products brimming with originality unique to MOS BURGER by offering products oriented to our customers' health.



Yoshinori Ando
Senior Executive Officer
General Manager, Marketing
Headquarters

The MOS Group's Initiatives

Health Awareness

We launched sales of the MOS PLANT-BASED GREEN BURGER—which does not contain animal ingredients and uses vegetables and grains as its primary ingredients—in selected stores in March 2020 and expanded sales to all stores as of May. Food diversity, from the perspective of diverse dietary habits, religions, and other factors, is progressing globally, and people in Japan are also beginning to incorporate lifestyles that take a fresh look at food, as demonstrated by health awareness and the reappraisal of the environmental impact of food choices. We will continue to development products in line with sustainable management while meeting diversifying needs.

Food Safety

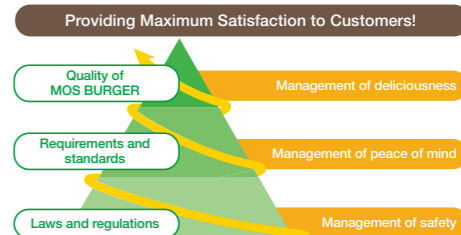
The MOS BURGER Chain has established the MOS Food Safety Standards as its own criteria on food safety. These standards, which are compliant with ISO 22000, are a framework established to strike a balance between great taste and safety by leveraging the commitment and expertise that MOS BURGER has cultivated over a period of 40 years. We will continue to thoroughly implement food safety by adhering to the MOS Food Safety Standards. P36

Provision of the Enjoyment of Food

In the MOS JAPAN PRIDE campaign, we are developing products leveraging Japanese culture and technology based on the creation of products brimming with originality, which we have cultivated from the time of our founding. In addition, we are focusing on the development of local specialty menus that feature specialty products from various regions. Furthermore, we are also continuing to devise ways to enable customers with a variety of circumstances, including food allergies, health awareness, dietary habits, and ideologies, to enjoy dining out with peace of mind.

Our Vision

Delicious, healthy products that can address a wide range of demand



We provide a place for people with allergies to enjoy dining out with peace of mind.

- Development of low-allergen menus
- Provision of product allergy information

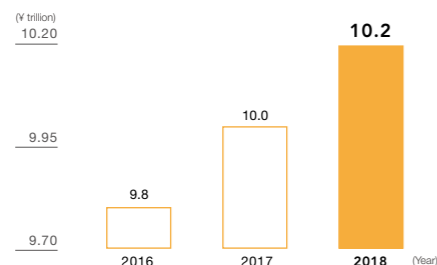


Changes in Society

Sharper awareness of health and intensifying competition in the restaurant industry

The spread of the COVID-19 pandemic is expected to further sharpen awareness of health. In addition, competition in the restaurant industry is expected to continue to intensify due to home-meal replacement and other changes arising from reduced time for housework on the part of working women and decreased opportunities for dining out in a society in which women take active roles.

Home-meal Replacement (Ready-made Meal) Market Size



Note: Produced with reference to the 2019 Ready-made Meal White Paper (Japan Ready-made Meal Association)

The MOS Group's Response

Products that contribute to health and our original products

MOS BURGER markets many products that use fresh vegetables, the ultimate example of which is the Natsumi Burger, which sandwiches its filling with lettuce wrap. We are also promoting the development of products that respond to the awareness of health, such as introducing a low-salt dressing (reducing the salt content by 25% compared with the previous dressing). In addition, we will provide enjoyment of food while differentiating ourselves from our competitors through products that value originality, such as the development of products that utilize local ingredients.



Comment from a Staff Member



Taketoshi Ogawa

Group Leader,
Risk Management & Compliance Group
Quality Assurance Group

For the Sake of Delivering Peace of Mind to Customers

The primary task of the Quality Assurance Group is the safety management of the products we supply. In order to provide safe products to customers, we conduct a variety of checks, including pre-audits of new plants, on-site manufacturing inspections, incoming inspections of finished products, and safety assessments of new products. In addition, as the Secretariat for the MOS Food Safety Standards, we promote thorough adherence to these standards.

Under the MOS Food Safety Standards, we analyze food safety risks at various head office divisions (including the Product Development Division, the Product Logistic Division, and the Quality Assurance Group) and stores, and formulate operational rules to lower those risks. The number of food accidents*1 in fiscal 2019 declined 17% compared with fiscal 2018 due to adherence to these standards. In particular, we saw a decline in cases originating at stores, the result of exhaustive hygiene management by members working at stores. On the other hand, food accidents where the origins are unclear remain an issue.

In order to resolve this problem, we will continue our commitment to food safety while advancing preparations for addressing the mandatory implementation of the Hazard Analysis and Critical Control Point*2 (HACCP) principles for restaurants in 2021.

*1 Cases where there is a high likelihood of causing damage to customers' health, as defined in the MOS Food Safety Standards

*2 Hazard Analysis and Critical Control Point is a method of hygiene management primarily implemented in the manufacturing process at food factories.



Material Issues
2

Community-Oriented Store Operation



Setting Our Sights on Becoming a Corporate Group That Flourishes Together with Communities

Today, waning regional vitality is an issue in Japan that is caused by the falling birthrate and aging population. Moreover, as dual-income and single-person households increase, going forward it will be important to operate stores that capture demand in each region. We identified "Community-oriented store operation" as our second material issue in part to address these matters. Some 90% of MOS BURGER stores are franchises and many franchisees in each region wish to give something back through MOS BURGER to the hometowns in which they were born and raised. The fact that MOS BURGER stores are operated in each region with the idea of creating stores where local people can gather, of being of use to local people, and of conducting community-oriented store operation, is one of our distinctive features and a strength.

The MOS BURGER Chain has its own unique organization, the MOS BURGER Kyoei-kai, which connects the chain's head office with franchises and franchisees with each other. Through this organization, franchises share information for carrying out community-oriented activities. Franchisees take the lead in conducting a variety of activities, such as participating in community cleanups, conducting activities watching over the community by serving as a cafe for people with dementia, and selling products using local ingredients to protect Japan's industries.

Aiming to become community leader stores chosen by local people, we will continue to promote Kyoei-kai activities on the assumption of sound franchise management.



Tsuneari Ota

Director, Senior Executive Officer
General Manager, Operation
Headquarters

Changes in Society

Declining population in Japan and waning regional vitality

In Japan, concurrent with the decline in the working-age population as a result of the falling birthrate and aging population, there are fears for a wane in regional vitality due to the outflow of population to urban areas. In addition, as lifestyles change rapidly due to the increase in dual-income and single-person households, going forward it will be important to operate stores that are tailored to regional conditions.

The MOS Group's Response

Community-oriented store operation

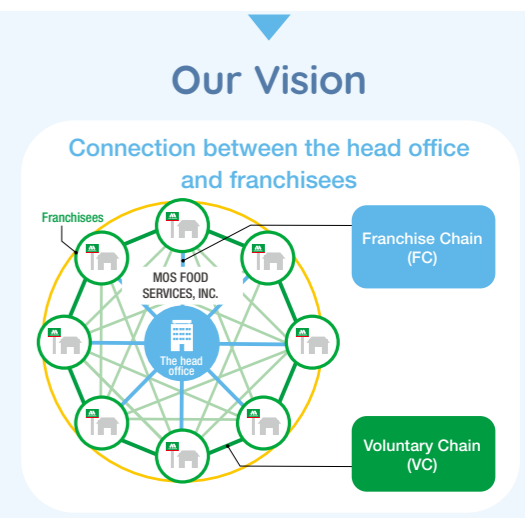
In the MOS BURGER Chain, 90% of which are franchises, there are owners who have an affiliation with their communities throughout the country. Community-oriented store creation is a strength that is unique to MOS BURGER, with owners who not only operate stores but also conduct activities such as community cleanups and cooperation in holding events, based on a desire to contribute to their communities.



The MOS Group's Initiatives

Sound Franchise Management

In addition to the franchise contract concluded between the head office and franchisees, MOS BURGER also operates a "voluntary chain" that links franchise stores with each other. This is the original Franchise Voluntary Chain from MOS BURGER, which has been referred to as a Japanese-style franchise. Besides the connection between the head office and franchisees, franchisees interact with each other through chapter activities and study meetings and aim to create good stores while engaging in friendly competition. In a time where the sustainability of corporate management is valued, we will aim to grow together by continuing to promote sound franchise management while strengthening relationships between the head office and franchisees. P39



Kyoei-kai Activities

Our mission is to create stores that allow customers to feel at ease while enjoying healthy products. The MOS BURGER Kyoei-kai conducts Hospitality, Delicious, and Cleanliness (HDC)* activities with the goal of embodying that mission. Franchisees constantly give advice to each other to verify if they are successfully delivering heartfelt hospitality, the safe provision of delicious products, and other services. We will continue to aim to create stores that are deemed necessary by the people of communities while sharing through the MOS BURGER Kyoei-kai our founder's teaching, "Do work that is appreciated." P39



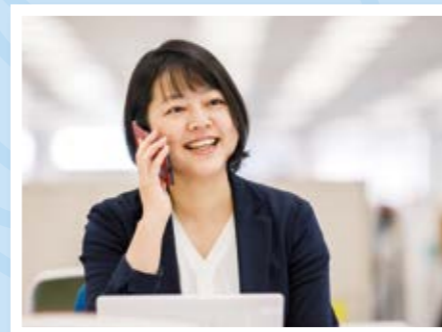
* Activities with the goal of embodying the MOS Spirit

Format Development

We operate eight MOS CAFE stores under a cafe format throughout Japan, primarily targeting adult customers. We are also currently researching aspects of regular MOS BURGER stores, particularly on how to create stores that are in tune with customer attributes, regional characteristics, and store locations. In addition, we will address diversifying food needs through a pasta restaurant format as well as premium burger and Japanese- and Western-style restaurants, which we are developing as new businesses.



Comment from a Staff Member



Hanako Tashiro

Area Leader,
Operation Headquarters, Area 1

Toward the Creation of Stores Deemed Necessary by Communities

I believe one of the roles of our stores is to conduct store operation that allows local customers to feel that they are glad there is a MOS BURGER store in their community. Our stores contribute to the creation of employment and invigoration in their communities, serving as places for revitalizing communities rather than simply for enjoying safe and delicious products.

In order to support franchisees that undertake many of these functions, Operation Headquarters provides instruction for safe and reliable store maintenance and response in times of disaster, serving as a bridge between the head office and franchisees. Moreover, as an initiative unique to MOS BURGER, we conduct social contribution activities and sales promotion activities in cooperation with franchisees. With these activities as a foundation, we will promote local marketing going forward and plan to market products limited to particular regions, collaborate with local companies, and leverage local media.

We will continue to promote initiatives that foster and communicate love for the community with our stores themselves acting as a kind of advertisement.



Material Issues

3



Tsutomu Kawakoshi

Executive Officer
General Manager,
Management Support Headquarters

Workstyle Reforms

Aiming to Create a Pleasant and Fulfilling Workplace

In the Medium-Term Management Plan that runs from fiscal 2019 to fiscal 2021, we have established “Workstyle reforms that realize the happiness of MOS Group employees” as a Companywide, cross-organizational theme. Since April 2019, following the partial enactment of a workstyle reform bill in Japan, there have been growing social demands for diverse and flexible workstyles. Concurrent with these demands, we defined “Workstyle reforms” as our third material issue, given that improving the working environments of each and every member contributes to the sustainability of the MOS Group.

We have been promoting for some time the creation of environments where members can work enthusiastically, and we were recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) (please see page 37 for details). As a food services company that provides products that contribute to the health of customers, we must first be a company where employees can continue to work healthily. We will continue to promote various health and productivity management initiatives.

In addition, we are proactively recruiting women, non-Japanese people, and people with disabilities to promote diversity. With the goal of further expanding and stabilizing the recruitment of people with disabilities, we established MOS SHINE, INC. in 2017, obtaining special purpose subsidiary certification for the company in 2018. Further, as a measure to increase the promotion of non-Japanese people, we introduced the “Vietnam Kazoku” program through the Technical Intern Training Program.

These efforts are initiatives that are a half step ahead of our peers in the restaurant industry. Going forward, however, we will evolve into a company that continues to be chosen not only by customers but also members as we aim to become a company that leads Japan, not just the restaurant industry.



The MOS Group's Initiatives

Health and Productivity Management

We are promoting a range of initiatives for health and productivity management, such as reducing long working hours, encouraging the taking of consecutive holidays, and prohibiting smoking during working hours. In particular, we are improving work-life balance by promoting working from home and our flex-time system. Going forward, we will incorporate new lifestyle habits in the “with-COVID-19” and “post-COVID-19” society into workstyles. P37

Cultivation of Human Resources

Based on a desire for each and every member working at our company to realize their own dreams, we are upgrading a variety of education and training programs. With the MOS Academy playing a central role, we support the growth of participants through a wide range of training and education activities, including group training, correspondence courses, and lectures from external instructors, while achieving the cultivation and retention of active human resources. In addition, as of fiscal 2020 we introduced a new personnel system brimming with opportunities to take on challenges by changing evaluation indices and ratings systems.

Promoting Diversity

We proactively recruit women, seniors, and people with disabilities at our MOS Group head office and stores. From fiscal 2020, we will begin the full-scale operation of the “Vietnam Kazoku” program and step up our efforts to promote non-Japanese people. At our MOS Group head office, we are providing a place where members can thrive in accordance with individual abilities through efforts including the upgrading of childcare and nursing care leave systems and the leveraging of MOS SHINE, INC., which is a special purpose subsidiary. In these ways, we are advancing the creation of fulfilling and appealing workplaces. P38

Our Vision

Percentage of Members Working from Home as of Fiscal 2020

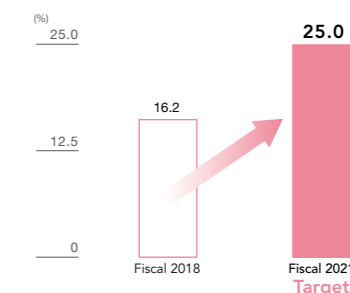
1:1

(office based : working from home)

Introduction of New Personnel System from April 2020

- Simple and easy-to-understand framework
- A framework that fairly evaluates those who have worked hard

Percentage of Women in Management



Changes in Society

Demands for workstyle reforms and diversity

We are seeing demands for the promotion of well-modulated workstyles following the partial enactment of a workstyle reform bill in April 2019. Viewing human resources as the most important management resource, there are growing efforts to promote diversity and growing awareness of health and productivity management.

The MOS Group's Response

Creation of environments where members can work enthusiastically

At the MOS Group head office, we are promoting a variety of initiatives for health and productivity management, such as providing the opportunity to undergo medical checkups, establishing a health consultation office under a public health nurse, and reducing long working hours. We are also promoting diversity through steps that include the proactive recruitment of members with disabilities at the MOS Group head office and at stores and the promotion of female managers and non-Japanese people.

Active role of diverse human resources



Diversification of workers



Comment from Staff Members



Members in charge of the Workstyle Reforms Promotion Project, from left:

Mari Kajita

Chief Leader, Human Resource Development Division, HR Planning & Payroll Group

Chie Kamijo

Chief Leader, Human Resource Development Division, HR Planning & Payroll Group

Tsukie Tanimoto

Leader, Human Resource Development Division, HR Planning & Payroll Group

Workstyle Reforms Promotion Project

We launched the Workstyle Reforms Promotion Project at the end of fiscal 2018 to achieve “Workstyle reforms that realize the happiness of MOS Group employees,” as stated in our current Medium-Term Management Plan. As the project is based on the theme of the creation of open workplaces brimming with opportunities to take on challenges, where those who work hard are fairly evaluated and employees work enthusiastically, it is characterized by an emphasis on realizing fulfillment.

In fiscal 2019, we made preparations for reform of the personnel system, introduced working from home, and expanded the flex-time system. With particular regard to working from home, we implemented a test operation for management from July 2019 in preparation for a full-scale introduction, including for regular employees, from April 2020. Although we carried out the full-scale introduction a month ahead of schedule to prevent the spread of the COVID-19 pandemic, we were able to do so smoothly and without any major disruption.

These system reforms represent a start rather than a goal. MOS will continue to verify and improve operational aspects and advance workstyle reforms that match the Company while ensuring that the new personnel system gains traction.

Material Issues
4

Reduction of Environmental Impact



For the Sake of a Sustainable Society

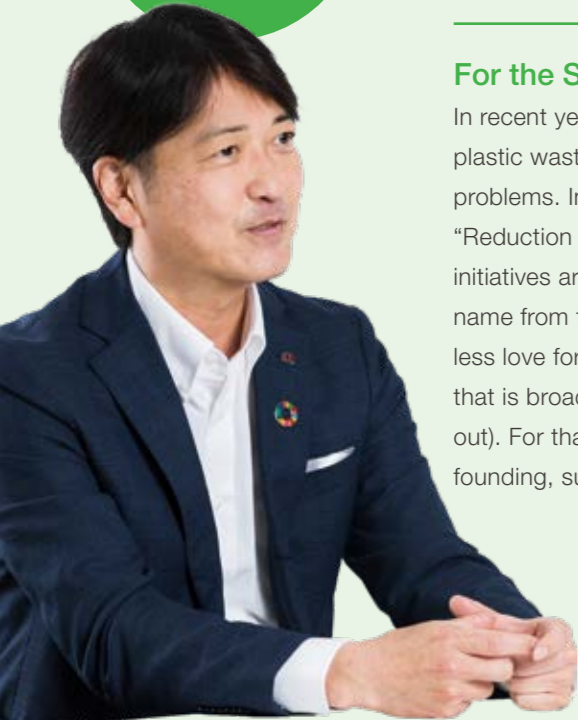
In recent years, rapid changes in the external environment, such as the pressing issue of plastic waste, have prompted calls for further action from companies on environmental problems. In light of these changes in the external environment, we have defined "Reduction of environmental impact" as our fourth material issue. However, environmental initiatives are an area with which MOS BURGER has long had a high affinity. MOS takes its name from the first letters of the words mountain, ocean, and sun, and expresses a boundless love for humankind and nature (to stand tall and firm like a mountain; to have a heart that is broad and deep as the ocean; and to have passion like the sun that never burns out). For that reason, we have carried out a range of environmental initiatives since our founding, such as the promotion of energy savings, control of waste, and the introduction of environment-friendly packaging and containers.

As a result of these initiatives, in October 2017 all MOS BURGER and MOS CAFE stores in Japan became the first restaurants to receive Eco Mark certification. Moreover, in 2018 we were awarded Eco of the Year at Eco Mark Awards 2018. Although these certifications and awards represent a certain level of recognition, we are not necessarily satisfied with our efforts.

Amid growing interest in ESG investment and SDG promotion, we will continue to pursue environmental activities to continue to be chosen by all our stakeholders, beginning with our customers, and so that we can raise everyone's awareness of environmental problems in some small way through our initiatives.

Yasuaki Kaneda

Executive Officer
General Manager, Chairman's &
President's Office



Changes in Society

Growth in awareness of environmental problems

Companies are being urged to address environmental problems, as evidenced by developments including the signing of the Paris Agreement—an international framework for global warming countermeasures—in January 2020 and the introduction of a charge for shopping bags in July 2020 in Japan. In addition, we expect customers to increasingly wish to consume products that are good for the environment.

Charging a fee for shopping bags



The MOS Group's Response

Resolution of environmental problems through store operation

We have contributed to the resolution of environmental problems through store operation in ways that include using reusable tableware for dine-in customers and introducing paper bags for takeout orders in 2006. We will continue to step up our response to environmental problems.



The MOS Group's Initiatives

Promotion of Energy Savings

As energy-saving initiatives, we monitor store energy consumption, including electricity and gas, and carry out periodic cleaning and inspections of lighting, air-conditioning, refrigerators, freezers, and other equipment. Moreover, as an initiative unique to MOS BURGER, we have planted "green curtains" (living plants that serve as curtains) outside stores. These curtains are useful in saving energy while also fostering communication with customers. Looking ahead, we will aim to reduce CO₂ emissions by 26% by fiscal 2030 (compared with fiscal 2013) by introducing energy-saving equipment and leveraging renewable energies.

P34

Reduction in Food Loss & Waste

The after-order system that we have pursued since our founding and the marketing of our products in diverse sizes leads to a reduction in food loss & waste as customers can order only the amount they want. Going forward, we will enhance our accuracy of sales forecasts and orders while expanding food recycling from store waste, and using food banks. By doing so, we will aim to increase the recycling rate as defined in the Food Recycling Law.

P34

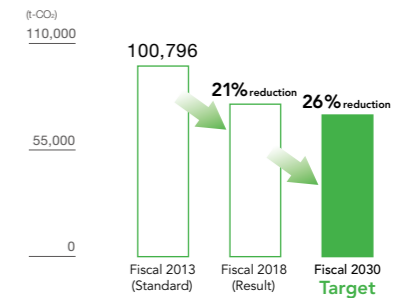
Plastic Countermeasures

As measures to conserve petroleum resources, reduce CO₂ emissions, and address the problem of ocean plastic, we are advancing a policy of not using petroleum-derived plastics in the disposable products that we provide to customers. We have set goals of increasing the percentage of environment-friendly products to 70% by fiscal 2030 and to 100% in the future.

P33

Our Vision

CO₂ Emissions



Reduction in Food Loss & Waste

65%
recycling rate
(Fiscal 2030)

Plastic Countermeasures

Percentage of environment-friendly products
70%
(Fiscal 2030)

Comment from a Staff Member



Kazuko Yoshida

Senior Leader,
Purchasing Group,
Product Logistic Division



Promotion of Environment-Friendly Packaging and Containers

We have laid out the "promotion of the SDGs" as a Companywide, cross-organizational theme in our current Medium-Term Management Plan and promote the resolution of social issues through the realization of "Contribution to Humanity, Contribution to Society," which is our Management Philosophy. The introduction of environment-friendly packaging and containers in stores is a part of these efforts as well as being an initiative that is in line with our basic approach.

Today, we use paper or biomass plastics in our bags for takeout orders and recycled polyethylene terephthalate (PET) material in our takeout salad containers. We are also looking at gradually shifting to environment-friendly materials for other products. While it is of course important to adopt materials with consideration for their environmental impact, it is also important to choose materials that do not inconvenience customers. As we deal with many products that come into contact with the mouth, we primarily choose materials that do not adversely affect texture or product taste, with safety as our top priority.

As global environmental problems increase in their severity, we expect a further acceleration in the introduction of environment-friendly packaging and containers in Japan. Going forward, to be a people- and environment-friendly MOS BURGER, we will work to reduce the total volume of disposable products in our stores.



The MOS Group's ESG

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.



1 2 MOS BURGER Hatake (Farm) Meetings

We have been holding MOS BURGER Hatake (Farm) Meetings since 2012 to enable MOS BURGER, which takes an uncompromising approach to vegetables, to share its Management Philosophy with partner farmers and to promote mutual learning. The photo on the right was taken at the 2019 Chiba Convention, a highly productive gathering that took place with the participation of approximately 100 partner farmers from around the country.



3 4 Fan Gathering for Child-Rearing Mothers

In July 2019, MOS FOOD SERVICES, INC., which operates MOS BURGER, and DUSKIN CO., LTD., which operates Mister Donut, jointly held a meeting between customers and the presidents of both companies—the Fan Gathering for Child-Rearing Mothers—at the first MOSDO! store in Hiroshima Prefecture. The meeting was attended by child-rearing mothers, who constitute an important demographic for both brands, and we received a great deal of valuable input.



Together with the Environment

In tandem with engaging in environmental activities that include the promotion of energy saving and proper disposal of waste, we are also implementing environmental education for MOS Group members. In these ways, we are continuing to take action to realize a sustainable recycling society.



Plastic Reduction Initiatives



To reduce as much as possible its use of petroleum resources, which is said to be a cause of global warming, MOS BURGER is continuing to work to reduce its plastic packaging and containers, efforts it has long implemented. We already abolished petroleum-derived plastic products in our bags for takeout orders in 2006, which has today become a social issue, and have switched to paper bags or polyethylene bags containing over 90% plant-derived biomass plastic material. As these bags are designated as environment-friendly products, the charge for shopping bags that took effect uniformly nationwide from July 2020 does not apply to them.

We are also taking part in the Plastics Smart Campaign operated by the Ministry of the Environment while supporting the Ministry of Agriculture, Forestry and Fisheries' Plastic Resource Recycling Action Declaration, and disclosing environment-related information.



A poster promoting the use of paper bags

Eco Mark (Restaurant) Certification



On October 20, 2017, all domestic MOS BURGER and MOS CAFE stores were awarded Eco Mark certification under Eco Mark Product Category No. 505 "Restaurants," established by the Japan Environment Association.

The certification criterion for the restaurants' Eco Mark is divided into six evaluation categories. These categories evaluate initiatives deepening consumer understanding in areas that include consideration for the environment in food-stuffs and awareness raising and action to reduce leftover food aimed at reducing food loss & waste, in addition to basic environmental countermeasures, such as energy- and water-saving measures. MOS BURGER was certified in all six evaluation categories.

The contents 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 operation throughout our entire restaurant chain.



"Morino Chonai-Kai's Forest Thinning Support Paper"/ Use of Green Electricity



We support the activities of the environmental NPO "Office Chonai-Kai" with the aim of conserving biodiversity. We purchase "Morino Chonai-Kai's Forest Thinning Support Paper" to help promote the effective use of thinned wood and sound forest management by using it in a variety of our printed materials.

In addition, we purchase green electricity that produces minimal greenhouse or other harmful gas emissions and has low environmental impact, such as that which is derived from wind power, solar power, medium and small hydro power, biomass, and thermal power. We use green electricity to offset the electricity used for the General Meeting of Shareholders, which is held externally, and the printing of brochures, thereby contributing to the popularization of renewable energies.



Display of a green electricity certificate

Energy-Saving Initiatives

We aspire to energy-saving activities that use energy efficiently while taking into consideration the comfort of customers and the working environment of members. By publishing educational tools* for stores and the Energy-Saving Operational Guide, we are improving awareness of energy saving through the monitoring of energy use and the proper maintenance and management of facilities and equipment.

In addition, we encourage energy-saving activities on the part of store members and communication with customers by holding a "Green Curtain" (living plants that serve as curtains) Contest. Furthermore, we are fostering energy saving throughout the entire restaurant chain by sharing information on the environmental best practices of various stores.

* Educational tools for the store crew of all stores, including franchisees. We published the "MSR Newsletter" (a term coined to describe the MOS Group's corporate social responsibility) in fiscal 2019 and the "SDGs Newsletter," a publication on the United Nations Sustainable Development Goals (SDGs) to explain the relationship between MOS BURGER stores and society in an easy-to-understand manner, in fiscal 2020.



MOS BURGER store "green curtains." From left, Nishiwaki store (Hyogo Prefecture), Yachiyo-chuo store (Chiba Prefecture), and Sasebo Hirota store (Nagasaki Prefecture).

Close-up

Please see our website for details of our other environmental initiatives.



Other Initiatives

- MOS Group Environmental Policy
- Green Procurement Guidelines
- Eco-Leaf Environmental Label
- Environment-friendly deliveries
- Reduce, reuse, and recycle (3R) activities

Scan the QR code for ESG data regarding the environment.



Waste Control and Recycling

MOS BURGER has been carrying out store operations that generate minimal waste through efforts including the after-order system it has pursued since its founding and the use of reusable tableware. We are also promoting the recycling of used cooking oil from stores in fodder and other products. Meanwhile, the MOS Group head office assists the food bank activities of Second Harvest Japan* as a food supporter. We are helping to minimize food loss & waste by providing free of charge undamaged food that we are forced to discard.

* The first food bank to be incorporated in Japan in 2002. Second Harvest Japan conducts activities providing food that is safe for consumption to a variety of welfare facilities and those in need.



Recycling used cooking oil

Together with Our Customers

Based on the core principles of sincere service, delicious products of the highest quality, and bright and clean stores and characters, we are paying close attention to feedback calling for greater convenience and healthiness.



Trial Introduction of Self-ordering Kiosk

We are conducting a range of initiatives to improve the quality of our service when taking orders, an important contact point with customers. As one such initiative, we began introducing a self-payment machine in fiscal 2018 to allow customers to make payments by themselves and we have since rolled out these checkouts to approximately 100 stores. In addition, in fiscal 2019 we began the introduction of self-ordering kiosks that enable customers to independently carry out everything from ordering through to payment. By using these kiosks, customers can place orders at their own pace and make quick, cashless payments without waiting in line at a manned checkout. Going forward, we will advance improvements to these checkouts, such as providing multilingual support for overseas visitors and bolstering product recommendation functions.



Commencing the introduction of a self-ordering kiosk

Introduction of Uber Eats

Uber Eats is a food delivery service through which customers can order food easily anytime and anywhere using a dedicated app while delivery partners deliver products on behalf of stores. Among the benefits of introducing this service are that it enables stores to easily launch a delivery service to meet diversified customer needs. We have begun a trial introduction in Kyoto, Osaka, Nagoya, and Fukuoka, and are steadily expanding it to Tokyo, Kanagawa, Saitama, and Chiba prefectures. As of March 31, 2020, over 240 of our stores were offering Uber Eats deliveries. The value of Uber Eats as a vital infrastructure connecting customers and stores has been reconfirmed in terms of a countermeasure for preventing the spread of COVID-19. We plan to increase the number of stores offering this delivery service in line with the expansion of the Uber Eats service area.



Delivery partner delivering products

Provision of a Hamburger Aimed at Hospitals and Care Facilities

As part of our efforts to expand provision of products to new sales channels leveraging the MOS BURGER brand, we developed MOS-made hamburgers with approximately 35% of the salt content of existing MOS BURGERS for hospitals and care facilities and began provision in July 2019. We made the buns and patty tender so that the elderly would also be able to enjoy this hamburger. For those with an aversion to meat, we also offer a burger using a "soy patty" made mainly from soy protein. We carried out product development for these menu items in collaboration with NISSIN HEALTHCARE FOOD SERVICE CO., LTD., and provided approximately 200,000 meals for a special menu—"Minna no Nichiyobi"—in its food provision service.

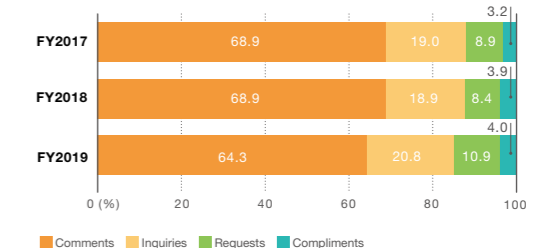


Role of the Customer Relations Office

The Customer Relations Office receives comments and inquiries from customers by telephone, e-mail, letter, and other methods. We strive to respond quickly and accurately to the comments and inquiries that we receive.

In addition, we communicate customer feedback to stores and various relevant departments and endeavor to make improvements and enhance services. Of late, we are seeing an increase in comments and inquiries regarding food safety and reliability and hygiene. In response, we are sharing recent customer feedback and opinions with stores by periodically publishing the "Customer Relations Office Newsletter."

Comments and Requests to the Customer Relations Office



Hygiene Audits by MHS, INC.

MHS, INC., one of our Group companies, engages in hygiene audits of MOS Group stores with the goal of delivering safety and peace of mind to customers. The hygiene audits use methods conforming to ISO 22000, and health inspectors well-versed in actual restaurant conditions who have undergone Hazard Analysis and Critical Control Point (HACCP) training venture directly to stores to carry out improvement proposals and give other advice.

Leveraging the expertise it has cultivated, MHS, INC. also conducts a variety of services, such as hygiene inspections of restaurants outside the Group and food service facilities, the production of manuals, training sessions, and assisting with preparations for the mandatory implementation of HACCP. In addition, MHS, INC. develops and sells various hygiene products, such as alcohol preparations, thereby contributing to the field of hygiene in a wide-ranging manner.

Please see our website for details of our other initiatives for customers.



Other Initiatives

- MOS Food Safety Standards
- Provision of information on nutritional content, allergens, places of origin of ingredients
- MOS Card
- MOS Net Order
- Free Wi-Fi

Scan the QR code for ESG data regarding customers.



Response to Takeout Demand

In order to respond to an increase in takeout demand due to the introduction of a reduced tax rate in October 2019, we updated the buns we use in our hamburger products for the first time in two years. By using levain, a leavening agent, in the bread dough we raised the water-retention characteristics of the buns, making them rounder and with a softer texture while increasing their weight by an average of 3%. Thanks to this improvement, the buns do not become dried out, even for takeout orders, their delicious taste lasts longer, and they are more filling. Accordingly, our new buns have been well received by customers.

Close-up



Regarding the Issue of Erroneously Numbered MOS Cards

From June 2019, an incident occurred in which MOS Cards, a rechargeable prepaid card, were issued with duplicate card numbers. The same numbers were issued to plastic and digital cards and card holders were able to recharge, use, and use points on both types of card. We would like to offer our sincere apologies to MOS Card members, MOS BURGER customers across the country, and all parties concerned for any inconvenience and concern we may have caused, and we will endeavor to prevent a recurrence of this incident. Please visit our website for details of the cause of this incident (Japanese only).

https://www.mos.jp/topics/20200110_1/

Together with Our Members

We are working to create workplace environments where members (all those who work at the MOS Group) can work enthusiastically in accordance with their own life stage and to cultivate human resources who are able to flexibly accept diverse values.



Systems to Support the Balancing of Work, Childcare, and Nursing Care



We have put in place childcare and nursing care support systems exceeding statutory requirements in order to support the balancing of work and family life. For example, we have a shortened working-hours system for members with preschoolers to perform childcare, and an internal understanding of those who use this system is well advanced. We have also developed an environment that allows members contemplating pregnancy to look forward to childbirth and returning to work with peace of mind. As a result, the ratio of members returning to work after childcare leave is at a high level. Further, as a concessionary endeavor, we introduced working from home for management in fiscal 2019. As a measure to prevent the spread of the COVID-19 pandemic, we also implemented the introduction of working from home for regular employees, including those working shortened hours due to childcare or nursing care, ahead of schedule in February 2020. We will continue to establish a more flexible and comfortable working environment tailored to social conditions.



Advancing the creation of an attractive workplace

Promotion of Health and Productivity Management



As part of our health promotion measures, we implement initiatives such as an original three-minute exercise program and awareness-raising activities that include speed walking in the office and while commuting. In fiscal 2019, we installed blood pressure meters at the head office, our Osaka office, and MHS, INC. The meters are popular with members, who are able to casually take their own blood pressure in spare moments at work. In addition, every year the smoking cessation outpatient services that we launched with the goal of protecting health see members taking on the challenge of giving up smoking, and our activities to promote smoking cessation have enjoyed some success. The "Non-Smoking Time" initiative that we introduced in 2018 has become firmly established internally.



These initiatives have been highly commended and the MOS Group head office was recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)* by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Aiming to raise the health awareness of employees, we will continue to advance a host of initiatives.

* The Certified Health & Productivity Management Outstanding Organizations Recognition Program 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.

Examination of a Next-Generation Office



Given the Companywide, cross-organizational target in our Medium-Term Management Plan of "creating open workplaces where members can work enthusiastically," we are advancing the establishment of a next-generation office as we aim to improve employee engagement through an attractive office, realize health and productivity management, and promote diverse workstyles. The target for completing the office is the end of fiscal 2020.

As a first step toward achieving our aim, we liberalized the dress code for members during working hours. We also advanced preparations for the establishment of a pilot office in certain departments as a trial-run for the next-generation office. Specifically, we are designing an office space tailored to objectives, such as increasing communication between departments by introducing a system where employees are free to change their desk and establishing concentration and interaction spaces. We will acquire expertise on establishing a next-generation office by verifying the effect of the pilot office as we aim to create an office environment that is distinctive to us.



Design plans for a next-generation office

Launch of a Program to Recruit and Cultivate Vietnamese Human Resources



With the goal of recruiting and cultivating Vietnamese human resources, we concluded an agreement to cooperate on the education of young Vietnamese human resources with the Danang Vocational Tourism College, a national junior college in Vietnam. This program is designed to help participating students acquire a specified skills visa for the restaurant industry by implementing the MOS FOODS Business College curriculum for them to learn MOS BURGER store processes over a period of approximately one year.

We will recruit Vietnamese students at MOS BURGER stores in Japan who take the program and acquire residency status. We have called this initiative "Vietnam Kazoku (Family)." Under the initiative, we will guide and grow together with employees who come to Japan and we aim to employ them as our colleagues in Asian countries after their residency status expires (after five years in Japan).



An MFC lecture

Holding the Sakurada Academy—Cultivation of Human Resources Expressing Passion and Entertainment



To cultivate our next generation of leaders, Chairman Sakurada personally held the camp-style Sakurada Academy to educate and enlighten as Honorary Principal of the MOS Academy. The Sakurada Academy was held three times in fiscal 2019, with the participation of 37 members. In lively interactive lectures, Chairman Sakurada shared many of his own personal experiences, such as working with passion and being able to communicate a feeling akin to live entertainment and inspiration through work.

Based on the keywords of passion and entertainment, participating members look back on their own experiences and draw up a vision for their future. Through the Sakurada Academy, we will continue to cultivate human resources who can consider the skills and mindset needed for their current roles and transform that into action.



An interactive lecture with Chairman Sakurada and members

Operation of a Whistleblower System



With the goal of preventing illegal activity and misconduct or detecting it early and taking corrective measures, we have established a whistleblower system—the MOS Helpline—as a contact point to facilitate reporting by members working at the MOS Group. There are two MOS Helpline locations: an internal contact point established within the MOS Group head office and an external contact point at a contracted law firm. Whistleblowers are protected from being subjected to unfair treatment as a result of reporting a problem.

Please see our website for details of our other initiatives for members.

Other Initiatives

- Health and productivity management system
- Promotion of diverse workstyles
- MOS Academy

Scan the QR code for ESG data regarding members.

Special Purpose Subsidiary MOS SHINE, INC.

MOS SHINE, INC., a Group company to which "challenge mates" (a designation for members with disabilities) belong, was certified as a special purpose subsidiary in April 2018. Three years have passed since its establishment and operations were outsourced to MOS SHINE, INC., which initially numbered about 10 challenge mates and currently stand at more than 200 for the entire Group, as it expands its range of activities.

Moreover, the workplace environment where members with disabilities work on the same floor as head office members has won extensive praise as an inclusive initiative from external parties



who visited the head office for inspections. We will continue to aim to further advance the recruitment of people with disabilities.



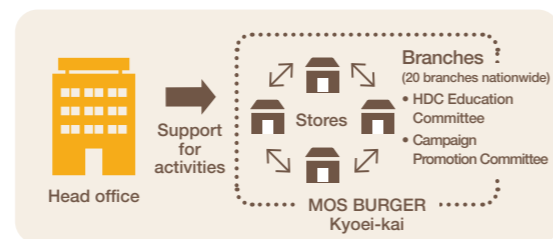
Together with Our Franchisees

We are working to create relationships of mutual trust whereby the head office, franchisees, and fellow franchisees cooperate with each other. These efforts are exemplified by our support for the activities of the MOS BURGER Kyoiei-kai, whose operations are led by the MOS BURGER store, and our backing for the recruitment of store crew to work at our stores.



MOS BURGER Kyoiei-kai

The MOS BURGER Kyoiei-kai is a unique organization established in 1980 to nurture relationships of trust and cooperation while facilitating mutual communication between the head office of the MOS BURGER Chain and franchisees and between fellow franchisees. The organization is divided nationwide by region into 20 branches, which conduct activities in cooperation with the head office with the goal of exchanging information, engaging in mutual learning, and boosting morale.



Hospitality, Delicious, and Cleanliness (HDC) Activities

At MOS BURGER, we conduct operations every day with the words of the HDC as our guide in order to embody the MOS Spirit, including our Management Philosophy. Further, we have established the twice-yearly HDC Reinforcement Period as an opportunity to take a fresh look at our daily HDC activities. In fiscal 2019, all store members engaged in activities to improve issues that had been highlighted on the theme of "learning from customer feedback." We also conducted an employee satisfaction survey for the purpose of raising employee satisfaction levels. Understanding the findings of the survey helped us to improve and enhance the workplace environment.

What is HDC?

- H Hospitality** | Cordial hospitality
- D Delicious** | Safe, high-quality, and delicious products
- C Cleanliness** | Clean, polished stores

Holding "General Election 2020—Delicious Japan as Chosen by the MOS BURGER Store Crew"



As a hamburger chain originating in Japan, MOS BURGER is working on the development of local specialty menus based on a desire to deliver delicious food rooted in various regions across Japan in the form of hamburgers. In fiscal 2019, we conducted a questionnaire entitled "General Election 2020—Delicious Japan as Chosen by the MOS BURGER Store Crew," whereby store members nationwide chose a MOS BURGER product to revive for customers to enjoy again from a lineup of eight products with the most revival requests. As a result, we decided to relaunch the Chicken with Mayonnaise-type Sauce BURGER, which received the most votes, and confidently delivered it to customers in conjunction with the Chicken with Sour Cream Sauce BURGER, a new burger suited to the new Reiwa Era.



From left, the Chicken with Sour Cream Sauce BURGER and Chicken with Mayonnaise-type Sauce BURGER (limited sales period)

System for Cultivating Franchise Owners Who Will Lead the Future



At MOS BURGER, which is marking its 48th anniversary, bringing down the age of owners through smooth business succession has become an important management task, as the aging of owners who joined the franchise at the time of the Company's founding progresses. In fiscal 2019, 16 people participated in the Next-Generation Owner Training that we have been implementing since 2004 for individuals aiming to manage a MOS BURGER store, such as through business succession or employees wishing to go into business for themselves.



Next-Generation Owner Training

In addition, we recruited one individual under the Sunrise System (introduced in fiscal 2018), which hires persons who desire to go into business for themselves in the future and supports their cultivation into owners over the short period of three years. We will continue to improve the growth potential of the chain by increasing the number of MOS BURGER partners.

Operation of the "Recruit MOS" Recruitment Support Website



"Recruit MOS" is a website established in 2015 to support the recruitment of store crew members (part-time staff) at franchisees and MOS Group stores. Job seekers can search store locations and working hours via a smartphone and other methods and apply 24 hours a day, 365 days a year using an online form. In addition, we have opened a dedicated call center to enable applications by phone.



Home page of "Recruit MOS"

In fiscal 2019, we added functions for receiving applications and sending recorded interview invitations using LINE ID* as a measure to improve convenience for applicants and support store recruitment activities. We also supported recruitment activities through a multilingual function that automatically translates job information and a Recruitment Media Ordering System to which stores can easily apply to have job listings published.

* LINE is a social networking service developed by LINE Corporation, and LINE ID is a key used to identify users on LINE services.

Please see our website for details of our other initiatives for franchisees.

Other Initiatives
Kyoiei-kai activities

Scan the QR code for ESG data regarding franchisees.

Introduction of a New Uniform

In April 2020, we changed the uniform worn at MOS BURGER stores for the first time in five years. We adopted a traditional Japanese checkered pattern for polo shirts and used a denim-style fabric for aprons that is suitable for anyone, regardless of gender or nationality, in order to respect diversity. Moreover, taking into consideration comfort and ease of movement, we used fabrics with outstanding functionality such as highly stretchable materials and materials that do not need to be ironed. The uniform is popular with store members, who report that it makes it easier for them to do their job.



Close-up

Together with Communities and Local Authorities

As a community member, we are proactively engaging in social contribution activities with close ties to communities while working on the development of community-oriented menus based on the use of famous foods and specialties from various regions.



MOS BURGER's Shokuiku Program

Under the MOS BURGER's Shokuiku Program, members from neighborhood stores have been visiting local elementary schools since 2005 to give lessons to students with the goal of interacting with community members and proposing rich and varied dietary habits. The lessons allow students to learn the importance of food from a variety of perspectives in lectures and to experience making a Teriyaki Burger in hands-on activities. Through the lessons, the program teaches the fun of cooking while proactively encouraging students to think about food, such as the importance of hygiene and making an extra effort to draw out a great taste. We would like to communicate the importance of food to children and have them pass it down to the next generation.



MOS BURGER's Shokuiku Program



Holding the "MOS-goto Art Exhibition" in Niigata and Tokyo

Aiming to create opportunities for customers to become acquainted with artworks by people with disabilities, we held "Niigata MOS-goto Art Exhibition 2019 with cotocoto" at MOS BURGER stores in Niigata Prefecture to display artworks drawn by people with disabilities who live in the prefecture. We launched this initiative in 2016 in support of the town and museum cotocoto, a business conducting activities in Niigata Prefecture, and the 2019 exhibition was the fourth we have held. Based on these experiences, we held "Tokyo MOS-goto Art Exhibition 2019" at 10 MOS BURGER stores in fiscal 2019. In conjunction with displaying artworks, we also requested artworks throughout the duration of the exhibition by people with disabilities in the Kanto area, as we aim to hold another exhibition from fiscal 2020 onward.

We will continue to expand opportunities for hospitality that cherishes new interactions and connections as the "MOS-goto Art Exhibition made by all."



MOS Box of Love Activities

Inspired by fundraising activities at the MOS BURGER Hakuraku store (Kanagawa Prefecture) in 1979, we have placed MOS Box of Love coin collection boxes at stores nationwide. We donate collections to The Eye mate Inc. and the Japan FoodService Association's "JF Ai-nobokin" campaign.

The Eye mate Inc. has to date trained some 43 guide dogs as a result of donations from MOS BURGER, assisting the social participation and self-mobility of visually impaired people as a way for them to adapt to society.



Donating MOS Box of Love collections

Participation in the "beyond2020" program

MOS BURGER supports the "beyond2020" program promoted by the Secretariat of the Headquarters for the Tokyo 2020 Olympic and Paralympic Games, and its activities as a business showcasing Japanese food culture have been recognized by the program. We are implementing initiatives centered on offering multilingual support.

As part of these initiatives, we created menus in the 42 languages of the partner countries and regions of host towns where local authorities cooperated with MOS BURGER, and placed the menus in relevant stores in each host town. Further, we are boosting activities in concert with local communities by offering local authority host towns cooperating with MOS BURGER a platform to communicate information. We will advance these efforts until the close of the games in 2021.



Offering local authority host towns a platform to communicate information



Support for the Kodomo Shokudo

We support the activities of the Kodomo Shokudo (Children's Cafeteria), which aims to offer children taking meals alone at home the enjoyment and warmth of eating together with other people. To that end, we donate alcohol (MOSCOHOL NV) for hygiene management purposes to 22 Kodomo Shokudo locations within Shinagawa Ward (Tokyo), where the MOS Group head office is situated. In addition, with the goal of deepening understanding of food hygiene, food poisoning, and food management and assisting in operation efforts, we conduct hygiene training sessions for the operators of the Kodomo Shokudo using MHS, INC. (please see page 36 for details). We will continue to provide ongoing support so that children can take their meals with peace of mind.



Hygiene training session

Please see our website for details of our other initiatives for communities and local authorities.



- Other Initiatives
 - Store-led cleanup activities (morning routine)
 - MOS BURGER emergency shelter for children
 - Aid station disaster return home
 - Guide dog accompaniment
 - Child-rearing support passport business

Scan the QR code for ESG data regarding communities and local authorities.



Launch of Region-specific Products

As a hamburger chain originating in Japan with stores throughout the country, MOS BURGER conducts product development that values Japanese food and food culture. By using regional produce or produce connected to a region and launching products that arrange such produce in our distinctive style, we are invigorating regions and creating opportunities for customers to savor the great taste of Japan.

In fiscal 2019, we launched limited-availability products rooted in specific regions in various parts of the country. For example, in Shizuoka Prefecture, we launched region-specific products in collaboration with a local television program. The Shizuoka Yaiduko Mince Cutlet Burger and the FuruFuru Salad made with Surugawan Dried Whitebait use produce from Shizuoka Prefecture and enable customers to rediscover the delicious tastes of their region.



Close-up



Together with Our Business Partners

In addition to fair trading, we are also cooperating to establish frameworks for the stable supply of delicious and safe ingredients. Further, with the cooperation of various business partners, we are also disclosing information on allergens and the places of origin of ingredients.



Procurement of MOS BURGER's Fresh Vegetables

The fresh vegetables used at our stores are grown at 106 production regions (approximately 2,700 farms) under methods relying as little as possible on agrichemicals and chemical fertilizer.

In fiscal 2019, we adopted the Good Agricultural Practice (GAP)* approach, under which members from the head office holding Japan GAP Foundation (JGAP) trainer certification visit production regions on a yearly basis to confirm farm management conditions. In this way, we are carrying out initiatives aimed at even more delicious and safer vegetable production. Furthermore, we introduce information on various production regions in the "Production Region Newsletter" featured on the official MOS BURGER website.



A member from the head office confirming management conditions at a farm

Official MOS BURGER Website: "Production Region Newsletter"
<https://www.mos.jp/quality/vegetables/report/> (Japanese only)

* Good Agricultural Practice is a production process management initiative for ensuring the sustainability aspects of farming, including food safety, environmental conservation, and occupational safety in agriculture.



MOS Farm Initiative

Aiming to strengthen the stable procurement of fresh vegetables used at stores, we jointly established and have been jointly operating agricultural production corporations (MOS Farms) with regional producers. The seven MOS Farm corporations in locations from Hokkaido to Kumamoto primarily grow tomatoes and lettuce. In cooperation with local producers, 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.

In fiscal 2019, delegates from each MOS Farm assembled in Nagano Prefecture, where MOS Farm Shinshu is located, to hold the MOS Farm Delegates Meeting. At the meeting, delegates toured the farm and discussed each corporation's vision for 10 years into the future.



Farm tour at the MOS Farm Delegates Meeting

Holding the National Logistics Conference and the Chiba Convention of the MOS BURGER Hatake (Farm) Meeting

To promote coordination with logistics-related companies, we held the first National Logistics Conference in fiscal 2019. Some 49 people from 23 logistics-related companies took part in the conference, at which we explained vegetable handling, logistics audits, and our policies going forward.

We also held the Chiba Convention of the MOS BURGER Hatake (Farm) Meeting to facilitate direct communication with partner farmers. With the launch of MOS-GAP, the MOS Group's version of the GAP inspection, approximately 100 partner farmers from around the country took part in what was a magnificent event.

Close-up

Please see our website for details of our other initiatives for business partners.



Other Initiatives

MOS Library Project

Operation of the MOS Food Safety Standards

Scan the QR code for ESG data regarding business partners.



Together with Our Shareholders

In addition to holding the Informal Meeting with Shareholders as a platform for dialogue to promote understanding of our management stance and strategies, we also endeavor to disclose information in an easy-to-understand and timely manner by enhancing information through our "Shareholders' Newsletter" and the investor relations section of our website.



General Meeting of Shareholders / Informal Meeting with Shareholders

On June 26, 2019, we held the 47th Annual General Meeting of Shareholders. President Nakamura carried out presentations on *Fiscal 2018 Business Report* and the Medium-Term Management Plan Overview and Matters to Be Addressed.

Moreover, aside from the General Meeting of Shareholders, the Company held the Informal Meeting with Shareholders, an initiative to facilitate direct dialogue between its executive officers and members and shareholders. Meetings were held on one occasion each in Tokyo, Sendai, Fukuoka, Osaka, and Nagoya, with the participation of a total of 796 people. In the first part of these meetings, President Nakamura gave a presentation on MOS Group Management in terms of topics including the Group's values and the progress of fiscal 2019 measures. In the second part, members joined in to hear directly from shareholders. We are making use of this feedback in product development and management measures going forward.



Informal Meeting with Shareholders

Shareholder Benefit System / Dividend Payments

In accordance with the number of shares held, we offer shareholder vouchers twice yearly for use at MOS Group stores and Mister Donut stores (excluding certain stores) nationwide. After careful consideration, taking into account the opinions and requests of shareholders, and to create a more attractive benefit system, from June 2019 shareholders have been able to exchange shareholder vouchers for MOS Points on MOS Cards (one ¥500 voucher is equivalent to 500 points).

Also, as of the base date of March 31, 2020, we added the benefit category of "300 to 499 shares" to the shareholder benefit system.

In fiscal 2019, we paid a full-year dividend of ¥28 per share, consisting of a ¥14 interim dividend and a ¥14 year-end dividend. It is our basic policy to continuously provide stable profit returns to shareholders.

Shareholder Benefits

Month of issuance	June and November (planned)	
Eligibility criteria	Persons holding shares totaling at least one share unit (100 shares) are eligible. Those registered in the shareholders registry as of March 31 are eligible for benefits issued in June. Those registered in the shareholders registry as of September 30 are eligible for benefits issued in November.	
	Benefit details	
	100 to 299 shares	¥2,000 per year (two ¥500 vouchers, twice yearly)
300 to 499 shares	¥6,000 per year (six ¥500 vouchers, twice yearly)	
500 to 999 shares	¥10,000 per year (10 ¥500 vouchers, twice yearly)	
1,000 or more shares	¥20,000 per year (20 ¥500 vouchers, twice yearly)	
Validity period	Vouchers issued in June	Valid until March 31 of the following year
	Vouchers issued in November	Valid until September 30 of the following year

Note: We newly added the benefit category "300 to 499 shares."

Please see our website for details of our other initiatives for shareholders.



Other Initiatives

Investor relations information

Corporate Governance

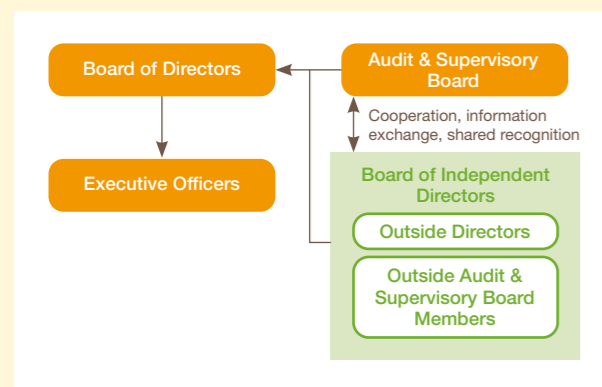
Basic Policy on Corporate Governance

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

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

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

Corporate Governance System



Note: The Board of Independent Directors serves as an advisory body to the Representative Director on the nomination of Directors and Audit & Supervisory Board Members and the compensation of Directors, and acts concurrently as a non-statutory Nomination and Compensation Committee.

Reason for Selecting the Present Corporate Governance System

The Company's present system comprises business execution by directors and executive officers and supervision through cooperation between Audit & Supervisory Board members and outside directors. We believe this system falls under the "Appointment of Outside Directors and Cooperation of a Board of Auditors" type of corporate governance model, one of the three presented in the Report by the Financial System Council's Study Group on the Internationalization of Japanese Financial and Capital Markets (June 17, 2009) that are regarded as suitable for securing the confidence of shareholders and investors.

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

Board of Directors

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

Audit & Supervisory Board

The Audit & Supervisory Board comprises two standing Audit & Supervisory Board members and two non-standing (outside) Audit & Supervisory Board members. In accordance with the audit policies and plans determined by the Audit & Supervisory Board, each Audit & Supervisory Board member attends Board of Directors' meetings and conducts audits by carefully monitoring the status of management and business execution through periodic meetings and exchanging information as needed with the Accounting Auditor regarding the formulation and implementation of annual auditing plans. In addition, each standing Audit & Supervisory Board member endeavors to secure the Company's corporate governance system by attending meetings of the Risk Management and Compliance

Committee and the Internal Control Committee. Furthermore, the Company secures the independence of its two outside Audit & Supervisory Board members, each of whom possesses practical and specialized knowledge on matters including finance, accounting, taxation, and legal affairs.

Reasons for Appointing Outside Directors

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

Name	Reasons for appointment
Mika Takaoka	Mika Takaoka 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. Although Ms. Takaoka has no experience to date of being involved in corporate management in any capacity other than as an outside officer, the Company believes that she can accomplish her duties appropriately as an outside director. Moreover, as there is no potential conflict of interest occurring between Ms. Takaoka and general shareholders, we have designated her as an independent outside member of the Board.
Isamu Nakayama	Isamu Nakayama 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. In addition, as he neither comes from nor is related to anyone who comes from a major shareholder of the Company or one of its principal trading partners, the Company believes that he sufficiently satisfies the requirement for supervision from an independent standpoint.

Executive Compensation

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

Classification	Total amount of compensation (Millions of yen)	Amount by type of compensation (Millions of yen)		Number of eligible officers (Persons)
		Fixed compensation	Performance-related compensation	
Directors (excluding outside directors)	156	89	67	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	28	28	-	3
Outside officers	25	25	-	4
Total	210	143	67	13

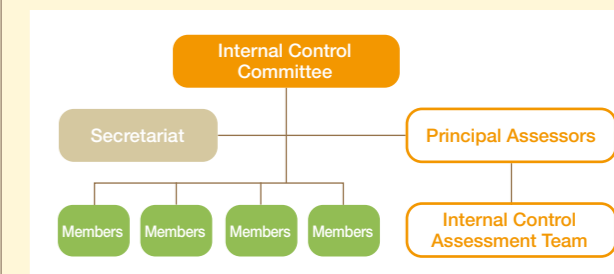
Notes: 1. The salaries of directors and Audit & Supervisory Board members serving concurrently as employees are not included in the above amounts.
2. In addition to the above amounts, lump-sum payments accompanying the abolition of the Executive Officers' Retirement Benefits System were approved at the 31st Annual General Meeting of Shareholders held on June 27, 2003, and are paid on the actual day of retirement. As a result, the Company plans to pay ¥124 million to one director who retired at the conclusion of the 48th Annual General Meeting of Shareholders held on June 24, 2020 and who is eligible for this lump-sum payment.

Internal Control System over Financial Reporting

Membered by those in charge of departments including the Corporate Planning Department, the Accounting & Finance Department, and the Information Systems Department, the Group has established the Internal Control Committee to establish and operate internal control for the entire Group.

In conjunction with these efforts, the committee has formed an Internal Control Assessment Team centered on the Internal Audit Department, and establishes an internal control system for the entire Group by conducting assessments of its operation. Through this system, the Group promotes a well governed internal environment and sound management of work processes.

Internal Control System



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

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

• Method of Effectiveness Evaluation

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

• Response Method

Point-based evaluation/Open-ended responses

• Response Type

Anonymous

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

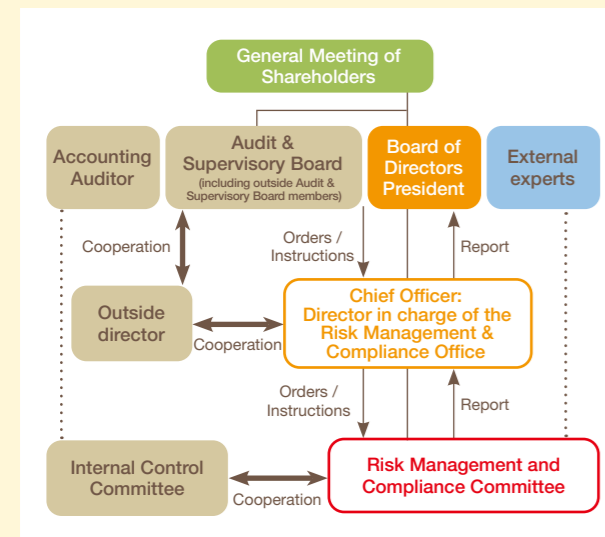
Please see our website for details of our corporate governance.

The MOS Group's ESG

Risk Management and Promotion of Compliance

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

Promotion System



The MOS Group's Business Continuity

In terms of the disaster preparedness measures that constitute the foundation of the MOS Group's Business Continuity, we are carrying out confirmation drills (drills confirming safety and the status of store damage) that assume the occurrence of a major earthquake or other disaster. In fiscal 2019, we carried out confirmation drills six times in total at all MOS Group stores. We will continue to restructure our systems including those for confirming safety and conditions and our internal response in times of emergency as we aim to achieve the continuity of our business.

The MOS Group Code of Conduct

The MOS Group Code of Conduct provides guidelines for the conducting of business activities by the MOS Group and sets out universal values for each Group company and franchisee in pursuing business activities.

To ensure the sustainable management of the MOS Group, we believe it is necessary for each and every person working at the MOS Group to be conscious of how they should act in order to realize the MOS Group's philosophy on management and conduct, to take notice of problems at their own workplace, and to act on their own initiative in order to prevent problems from occurring or rectify a situation should a problem arise.

The MOS Group Code of Conduct

Promises to society

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

Promises to stakeholders

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

Messages from the Outside Directors

The MOS Group has in place a management system that provides its stakeholders with peace of mind, given the permeation of its Philosophy System among its employees and its establishment of an appropriate corporate governance framework. Ensuring that a management philosophy and the meaning of a company's existence is deeply instilled among those working for it is the basis of management—and I believe that the MOS Group is robust in this regard.

On the other hand, I have high hopes that the Company will accelerate its management speed. In recent years, although net sales have remained at almost the same level, operating profit has been decreasing due to the impact of social factors such as increasing cost rates and personnel expenses. If personnel expenses continue to rise, conditions will become severe for the restaurant industry, a labor-intensive industry; therefore, a revision of our business structure is an urgent task. Meanwhile, as net sales equals the number of customers multiplied by average spending per customer, we must enable more customers to purchase more products in order to achieve ongoing growth. Although a brand survey of Japanese companies found MOS BURGER to be a company that enjoys a high degree of recognition, I feel that the Company is not yet making fully effective use of that brand strength. For example, I think it would be quite possible to develop a product that could be taken home along with a takeout hamburger and eaten, say, a week later. The COVID-19 pandemic is a major turning point for the restaurant industry. Although it will still take time for dining-in to recover, as takeout, delivery, and other forms of off-premises dining may further increase, we must flexibly change products, sales methods, and store formats themselves in line with these developments. I recognize that I am able to make these frank recommendations because of my standpoint as an outside director.

The most important aspect of our response to the COVID-19 pandemic is our response to the business continuity risks of franchisees. MOS BURGER owes its survival to the franchisees that continue operating their businesses. In general, under our franchise system franchisees operate their businesses at their own risk while the role of the franchise head office is to offer support. However, the current situation goes beyond the scope of self-help efforts by franchisees. By leveraging MOS BURGER's management style, which has been described as "Japanese-style franchise management," whereby franchisees and the head office aim to grow by working hand in hand, and further strengthening partnerships throughout our restaurant chain, I am certain that we can recover from the impact thus far of COVID-19.

The past year has seen the heightening of the difficulty of management in the restaurant industry, which was already a fiercely competitive environment, with the spread of the COVID-19 pandemic from early 2020 in addition to the consumption tax hike of October 2019. As social systems change irreversibly amid the COVID-19 pandemic, our ability to provide the new functions, products, and services that society requires is now being called into question. One difference between a recession and a depression is that value sets and systems can revert to their previous state once the crisis of a recession passes, but a depression destroys those sets and systems and new ones must be created. The COVID-19 pandemic is a depression. Looking ahead, we must act by using our imaginations to the fullest to consider what kind of social systems will emerge. We must also be prepared to do that with regard to risk management.

Amid these social changes, I have been newly appointed as an outside director. To fulfill my duties, there are two principles I wish to uphold. The first is concurrence with our Management Philosophy. I believe that the purpose of a company is to make high-quality products that consumers want to buy. This belief is perfectly in line with MOS BURGER's Management Philosophy, its Founding Spirit, and the Company's Basic Policy and Management Vision. The trust that MOS BURGER has built up by offering high-quality products with genial service is its greatest strength. My personal mantra is to keep improving every day; the trust built up by MOS BURGER is a major resource obtained through new efforts repeated every day.

The second principle I wish to uphold is to leverage my experience to date. I have been engaged in the food industry for 40 years since my first position as a member of society in trading food ingredients. The food industry entails multi-layered involvement with a variety of specialized fields, from the seeds and genes of plants and animals to the wine and steaks on dinner tables. Leveraging my career experiencing almost all aspects of the industry, I will contribute to promotion of the management that the MOS Group aspires to as well as the Company's growth and improvement in corporate value.



Mika Takaoka
Outside Director



Isamu Nakayama
Outside Director

The MOS Group's Management Team



Eisuke Nakamura

President & Representative Director

- 1988 Joined the Company
- 2010 Executive Officer, General Manager, Development Headquarters
- 2010 Director and Executive Officer, General Manager, Development Headquarters
- 2011 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Development Headquarters
- 2012 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Operation Headquarters
- 2014 Managing Director and Executive Officer, Business Management
- 2015 Managing Director and Executive Officer, General Planning Office, Brand Strategy Office, Manager, Development Headquarters
- 2016 President & Representative Director, Manager, Store Business Development Division
- 2017 President & Representative Director
- 2019 President & Representative Director, Manager, Operation Headquarters, Store Business Headquarters
- 2020 President & Representative Director (currently serving)

Ryuhei Fukushima

Director and Managing Executive Officer, Risk Management & Compliance Office

- 1986 Joined the Company
- 2008 Executive Officer, General Manager, General Planning Office
- 2008 Director and Executive Officer, General Manager, General Planning Office, Group Leader, Corporate Planning Group
- 2010 Director and Executive Officer, General Manager, Product Headquarters
- 2011 Director and Executive Officer, in charge of Overseas MOS BURGER Business
- 2014 Director and Executive Officer, General Manager, Management Support Headquarters
- 2015 Director and Executive Officer, General Manager, Management Support Headquarters, Manager, Product Headquarters
- 2016 Managing Director and Executive Officer, General Manager, Management Support Headquarters, Manager, Product Headquarters
- 2018 Managing Director and Executive Officer, General Manager, Management Support Headquarters, Manager, Product Headquarters, General Planning Office, International Headquarters, CSR Promotion Office
- 2019 Managing Director and Executive Officer, Manager, Marketing Headquarters, Management Support Headquarters, Risk Management & Compliance Office, General Planning Office
- 2020 Director and Managing Executive Officer, Risk Management & Compliance Office (currently serving)

Mika Takaoka

Director (Outside Director)

- 2001 Assistant Professor, Institute for Economic Research, Osaka City University
- 2002 Assistant Professor, College of Economics, Rikkyo University
- 2006 Assistant Professor, College of Business, Rikkyo University
- 2007 Associate Professor, College of Business, Rikkyo University
- 2009 Professor of the College of Business, Rikkyo University (currently serving)
- 2011 Outside Corporate Auditor, FamilyMart Co., Ltd.
- 2014 Outside Director, TSI HOLDINGS CO., LTD.
- 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. (currently serving)

Isamu Nakayama

Director (Outside Director)

- 1981 Joined ITOCHU Corporation
- 2012 Managing Executive Officer and Vice President of Food Company, ITOCHU Corporation
- 2013 Executive Officer and President, FamilyMart Co., Ltd., 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.
- 2017 Chairperson, Japan Franchise Association
- 2019 Representative Director and Chairman, Kanemi Co., Ltd.
- 2020 Outside Director of the Company (currently serving)

Masahiko Nagai

Audit & Supervisory Board Member

- 1990 Joined the Company
- 2013 General Manager, Operation Management Division
- 2014 Executive Officer, General Manager, Management Support Division
- 2016 Secretary, Management Support Headquarters
- 2018 Audit & Supervisory Board Member (currently serving)

Yuko Uchida

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

- 1985 Joined the Company
- 2007 General Manager, Mother Leaf Business
- 2014 Executive Officer, General Manager, Development Headquarters
- 2016 Director and Executive Officer, General Manager, Development Headquarters, Manager, New Business Headquarters
- 2018 Director and Executive Officer, General Manager, New Business Headquarters, Manager, Development Headquarters, Brand Strategy Office
- 2019 Director and Executive Officer, General Manager, Development Headquarters
- 2020 Director and Managing Executive Officer, General Manager, Development Headquarters, New Food-service Division (currently serving)

Tsuneari Ota

Director and Senior Executive Officer, General Manager, Operation Headquarters

- 1995 Joined the Company
- 2009 Area 3 Leader, Operation Headquarters
- 2014 General Manager, Product Development Division
- 2018 Executive Officer, General Manager, Product Headquarters
- 2019 Executive Officer, General Manager, Operation Headquarters
- 2020 Director and Senior Executive Officer, General Manager, Operation Headquarters (currently serving)

Tsukasa Usui

Audit & Supervisory Board Member

- 1987 Joined the Company
- 1997 Assistant General Manager, Accounting & Finance Division
- 2004 General Manager, Accounting & Finance Headquarters
- 2007 General Manager, Operation Strategy Division
- 2010 Executive Officer, General Manager, General Planning Office
- 2014 Executive Officer, General Manager, Operation Strategy Division
- 2019 Audit & Supervisory Board Member (currently serving)

Takako Murase

Outside Audit & Supervisory Board Member

- 1997 Registered as attorney, joined Torikai Tada Moriama Law Office (now Torikai Law Office)
- 2005 Partner, Torikai Law Office (currently serving)
- 2015 Outside Audit & Supervisory Board Member, NIKKO COMPANY (currently serving)
- 2015 Outside Audit & Supervisory Board Member of the Company (currently serving)

Masafumi Fujino

Outside Audit & Supervisory Board Member

- 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)
- 2020 Outside Audit & Supervisory Board Member of the Company (currently serving)

Financial and Non-Financial Data

Financial Policies

Addressing customer needs, we will make sufficient investments in domains that promise high growth into the future.

Ryuhei Fukushima

Director and Managing Executive Officer,
Risk Management & Compliance Office



We believe that operating margin (the ratio of operating profit to net sales), which indicates the earnings of our core business; net income taking into account the evaluation of past investments; and return on equity (ROE), which indicates efficiency of use of the capital entrusted to us by shareholders, are important financial indicators. The reasons for this are the decrease in operating margin due to stagnant net sales and rising costs as a result of the decline in our store numbers over the past 10 years and our recognition that increasing the degree of contribution of investment projects to future revenue are priority matters to be addressed.

In fiscal 2019, we focused on (1) improving the profitability of the MOS BURGER business (domestic), (2) establishing frameworks to accelerate our growth in overseas markets, (3) investing proactively in new businesses, and (4) implementing workstyle reforms and leveraging digital technologies. In the MOS BURGER business (domestic), we transferred the product development and sales promotion departments to the newly established Marketing Headquarters while in our communication with customers, which previously tended to place a disproportionate emphasis solely on product appeal, I felt our proposal of a variety of measures from a “market-in” perspective was popular with customers and well received. In the MOS BURGER business (overseas), we opened our first store in the Philippines and determined to expand into Vietnam. In other restaurant businesses, we opened mia cucina in diverse locations while, in regard to workstyle reforms and the leveraging of digital technologies, we were encouraged to a certain extent by the impact of a range of measures, including development of the workplace environment and reduction in overtime hours as well as the introduction of an electronic decision-making system. As for our financial condition, we maintained an equity ratio at the 70% level thanks to past accumulation, and we used this to make contingencies for supporting franchisees in the event of an emergency while investing proactively in our overseas business and new businesses as we aim to break away from our dependence on the MOS BURGER (domestic) business. However, we were not able to reach our initial targets for any of the aforementioned three financial indicators, partly due to the impact of the out-

break of the COVID-19 pandemic at the end of fiscal 2019.

Our ability to overcome the impact of the COVID-19 pandemic is our number one priority, and in fiscal 2020, we will continue our business with ensuring the safety of our customers and members as our primary consideration. Under the conditions resulting from COVID-19, customer needs have changed significantly from in-store dining to drive-through, takeout, delivery services, and online orders and I feel that these sales channels hold major business opportunities. As lifestyle patterns change in the era of the “new normal,” we will step up our efforts to refine and expand these diverse customer contact points to enhance added value and increase the efficiency of indirect processes with a sense of speed.

In order to achieve the targets of our Medium-Term Management Plan, we will make sufficient investments in domains that promise high growth into the future, such as the MOS BURGER business (overseas) and other restaurant businesses, while continuing to prioritize improving the profitability of the MOS BURGER business (domestic). In the MOS BURGER business (domestic), we will prepare several packages tailored to location and customer needs and innovate our marketing strategies. By doing so, we will increase sales and profits per store and motivate franchisees to invest in opening new stores. In addition, as part of our efforts to increase store numbers, we will promote the broad horizontal expansion of successful examples of employees going into business for themselves and proactively transfer stores operated by subsidiaries to those wishing to become owners. We will then reinvest the funds we recover. In the MOS BURGER business (overseas), we will accelerate new store openings in developing countries such as the Philippines and Vietnam and strengthen our revenue base in existing countries. In other restaurant businesses, we will conduct well-focused investments including in operating collaboration stores where we can expect synergistic effects with other formats, taking into account the impact of COVID-19. We will conduct these investments in our businesses while constantly verifying that they are in accord with the social issues laid out in the Sustainable Development Goals (SDGs) and the priority matters (material issues) we have defined.

Evaluations by External Agencies

• Nikkei Smart Work Management Survey

Smart Work Management is defined as a management strategy for making optimal use of human resources by introducing diverse and flexible workstyles while spurring innovation and creating a virtuous cycle of continuously developing new markets, thereby maximizing the productivity and other performance parameters of organizations. The Company was awarded three stars in the survey.

Evaluation
★★★

• Certified Health & Productivity Management Outstanding Organizations Recognition Program

The Certified Health & Productivity Management Outstanding Organizations Recognition Program 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. The MOS Group head office was recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category).



• Nikkei SDGs Management Survey

As can be seen in the expansion of ESG investment that emphasizes the environment, society, and corporate governance and the changes in consumer consciousness, the trend for investors and consumers to commend companies that engage proactively in the SDGs is becoming increasingly marked. The survey commends companies that have successfully enhanced their corporate value by tackling social, economic, and environmental issues through their business by linking the SDGs to management. The Company received two stars in the evaluation.

Evaluation
★★

• Mitsui Sumitomo Banking Corporation ESG/SDGs Assessment Loans

The Company was judged to be at a high level in regard to “initiatives on environment-friendly products and services,” “local, global, and community consideration,” and “commitment to a corporate philosophy and sustainability.” The Company was also commended for its high degree of motivation in its efforts to contribute to the achievement of the SDGs.

The MOS Group’s COVID-19 Countermeasures

In light of the spread of the COVID-19 pandemic, we established a basic response policy of “everyone taking all steps possible to avoid becoming infected with or spreading COVID-19,” and are carrying out a range of measures at the head office and in stores. In addition, we are conducting social contribution activities for our stakeholders.

Store and Head Office Initiatives

In terms of work systems, we are conducting measures that include the strict implementation of staying home for those feeling unwell, the suspension from work of those who have had close contact with an infected person, and the cancellation of overseas business trips for the foreseeable future. As for head office members, we stipulated working from home, in principle, under the state of emergency declaration that was in place until the end of May and adopted a “work from home” system for half of the week after the lifting of the declaration, thereby thoroughly implementing a workplace environment avoiding closed spaces, crowded places, and close-contact settings.



In regard to store operations, directly managed stores and franchisee stores are conducting operations after implementing infection prevention measures with reference to the Japan FoodService Association’s Guidelines for Business Continuity of the Restaurant Industry. At MOS BURGER stores, although we have long thoroughly carried out confirmation of the physical condition of crew members when working, rigorously enforced correct hand-washing, and disinfected using alcohol, we strictly implemented the wearing of gloves by those in charge of manufacturing in addition to the wearing of masks by members. In these ways, we are further increasing our hygiene management efforts. Moreover, inside stores we are securing spaces between customer seating, providing alcohol disinfectant, and installing transparent protective sheets at order counters.

Social Contribution Initiatives

Offering “Chilled Dolce Smooth Chocolat” Free of Charge

In light of the temporary school closures due to measures to prevent the spread of the COVID-19 pandemic, we conducted food support for children. We offered “Chilled Dolce Smooth Chocolat” free of charge to customers who ordered the MOS Y-Y Set, a set menu for children, at MOS BURGER stores nationwide (excluding certain stores) between March 18 and 31, 2020.



Implementation of Emergency New Graduate Recruitment Screening

Aside from the 21 prospective employees given provisional job offers who planned to join the MOS Group in April 2020, the Company implemented new graduate recruitment screening for students in April 2020 whose job offers from other companies had been withdrawn because of the impact of COVID-19.

Implementation of Vegetable Sales Support for Partner Farmers

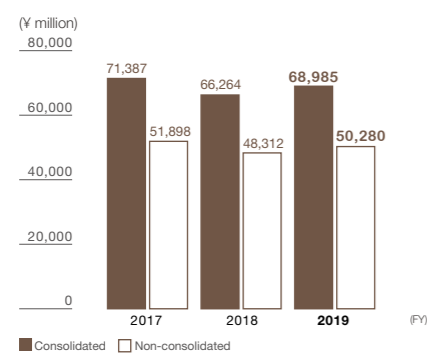
Vegetable shipments decreased due to the closure and shortened operating hours of restaurants that accompanied the state of emergency declaration. Given these circumstances, and as part of MOS BURGER’s support for partner production regions, in early May 2020 the Company began supporting sales of the “Help the Farmers Vegetable Set—MOS BURGER Version,” containing around 13 types of fruit and vegetables. MATSUNO, which works in partnership with the MOS BURGER Chain in vegetable procurement and sorting, is conducting online sales of the set while MOS BURGER is carrying out planning and sales support (including in-store notification). By increasing sales volumes of this product, the Company is helping the operations of MOS BURGER’s partner farmers and proposing a reduction in the burden of shopping to customers.



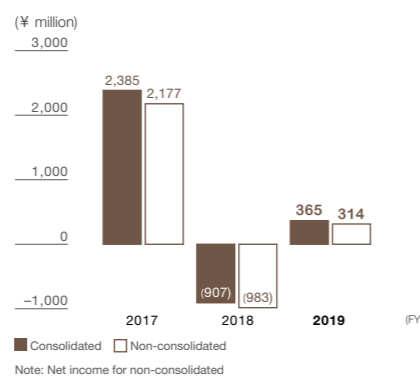
11-Year Summary of Financial Highlights

Accounting Period (Fiscal Year)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Profit and Loss (Unit: million yen)											
Net sales	60,009	63,175	62,672	62,371	65,329	66,310	71,113	70,929	71,387	66,264	68,985
Operating income	2,282	3,223	2,087	1,889	2,157	1,554	3,824	4,663	3,734	517	1,060
Ordinary income	2,523	3,602	2,366	2,124	2,378	1,523	4,011	4,892	3,911	724	1,232
Profit (loss) attributable to owners of parent	1,634	1,854	1,823	1,520	1,744	672	2,284	3,050	2,385	(907)	365
Financial Condition (Unit: million yen)											
Total assets	46,522	48,686	48,447	50,373	53,207	55,301	57,655	61,589	61,834	60,588	64,348
Net assets	36,072	37,182	38,240	39,781	41,350	42,376	43,803	46,140	47,950	45,460	45,100
Interest-bearing debt	1,388	1,639	1,328	1,082	1,000	1,159	977	2,590	1,894	2,968	5,757
Cash Flows (Unit: million yen)											
Cash flows from operating activities	4,562	4,561	2,049	4,038	4,648	4,103	5,069	5,379	5,096	837	5,661
Cash flows from investing activities	(3,344)	(5,098)	(1,438)	(12)	(3,612)	(4,938)	(3,514)	(4,579)	(3,387)	(2,217)	(401)
Cash flows from financing activities	(685)	(507)	(1,165)	(870)	(981)	(859)	(1,047)	731	(1,665)	184	(2,465)
Free cash flow	1,218	(537)	611	4,026	1,036	(835)	1,555	800	1,709	(1,380)	5,260
Per Share Information (Unit: yen)											
Net income per share	53.02	60.14	59.14	49.33	56.58	21.82	74.12	98.94	77.39	(29.43)	11.84
Net assets per share	1,163.29	1,199.28	1,237.52	1,287.45	1,337.79	1,372.00	1,418.05	1,491.22	1,549.55	1,469.23	1,456.61
Annual dividends per share	16.00	20.00	20.00	20.00	22.00	22.00	24.00	26.00	28.00	28.00	28.00
Management Indicators (Unit: %)											
Equity ratio	77.1	75.9	78.7	78.8	77.5	76.5	75.8	74.6	77.3	74.8	69.8
Return on equity (ROE)	4.7	5.1	4.9	3.9	4.3	1.6	5.3	6.8	5.1	(2.0)	0.8
Return on assets (ROA)	5.5	7.6	4.9	4.3	4.6	2.8	7.1	8.2	6.3	1.2	2.0
Dividend payout ratio	30.2	33.3	33.8	40.5	38.9	100.8	32.4	26.3	36.2	-	236.5

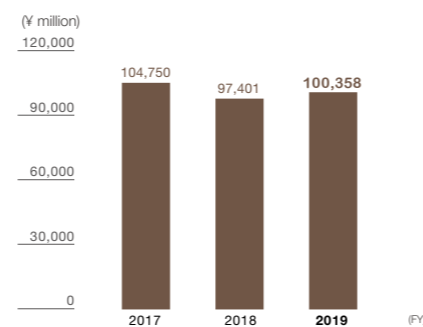
Net Sales



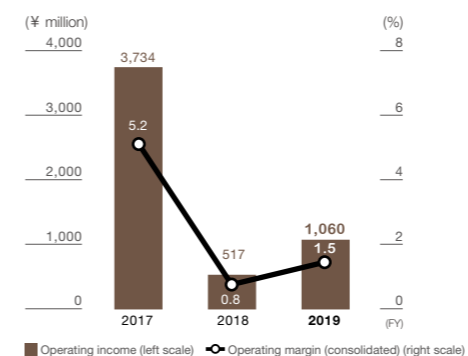
Profit (Loss) Attributable to Owners of Parent



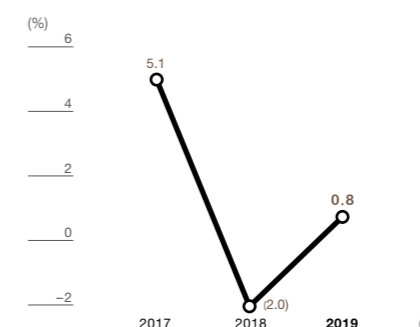
Net Sales for All Domestic Stores



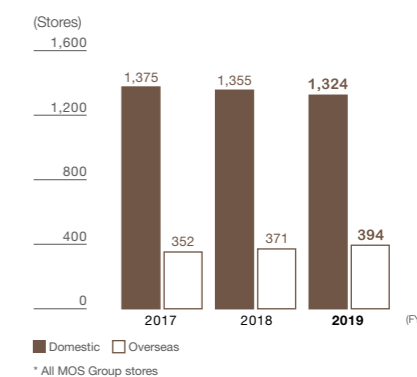
Operating Income / Operating Margin (Consolidated)



ROE



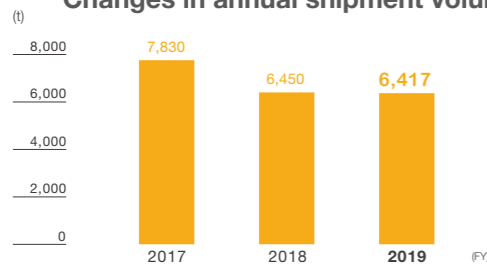
Number of Stores*





Theme:
Food and Health

**MOS BURGER's fresh vegetables:
Changes in annual shipment volumes**



The fresh vegetables used at our stores are grown at 106 production regions (approximately 2,700 farms) under methods relying as little as possible on agrichemicals and chemical fertilizer. [P43](#)

**Number of times "MOS BURGER's Vegetables
Direct from the Farm Festival" held**

14 times in 12 prefectures

In a relay-style format, we hold "MOS BURGER's Vegetables Direct from the Farm Festival" nationwide, whereby store members experience harvesting MOS BURGER's fresh vegetables at local partner farms and offer limited-edition products using local vegetables in line with the seasons of production regions.

**Annual sales volume of low-allergen
menu items**

(Two types)

266,688 meals

We are advancing the development of low-allergen menus to offer at our stores from a desire to allow people with allergies to enjoy dining out with peace of mind.

Currently, we offer two items: the Pork Burger (Rice Flour) and the Pork Roll (Rice Flour), both of which use rice flour in their buns.

Number of store hygiene audits

(Per store)

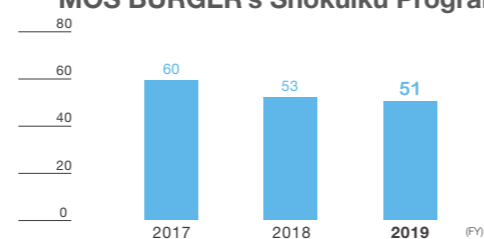
Twice annually

In order to deliver safety and peace of mind to customers, MHS, INC., one of our Group companies, carries out hygiene audits of MOS Group stores using methods conforming to ISO 22000. [P36](#)

Theme:
Stores and Local Communities



**Changes in the number of times
MOS BURGER's Shokuiku Program held**



Under MOS BURGER's Shokuiku Program, members from neighborhood stores have been visiting local elementary schools since 2005 to give lessons to students with the goal of interacting with community members and proposing rich and varied dietary habits. [P41](#)

Donations collected in fiscal 2019

MOS Box of Love

¥6,742,949

(Collected between August 1 and September 11, 2018, and November 1, 2018 and July 31, 2019)

Hokkaido Eastern Iburi earthquake donation

¥2,051,666

(Collected between September 12 and October 31, 2018) [P41](#)

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

1,125 stores nationwide

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

1,211 stores in 42 prefectures

**Number of stores participating in child-rearing
support passport business**

637 stores in 25 prefectures

**Numbers of applications and crew members
recruited using "Recruit MOS" in fiscal 2019**

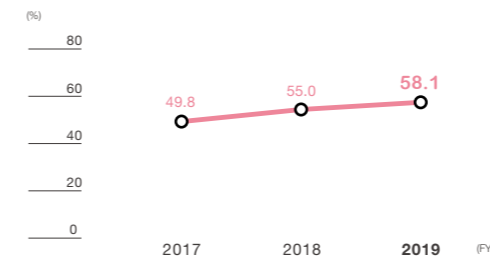
Approx. **27,400 applications**

Approx. **6,200 crew members recruited** [P40](#)

Theme:
**Human Resource
Cultivation and Support**



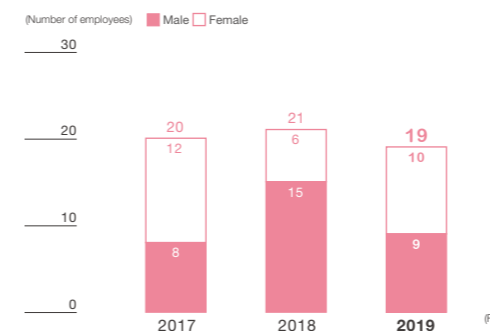
Changes in annual paid vacation days taken*



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

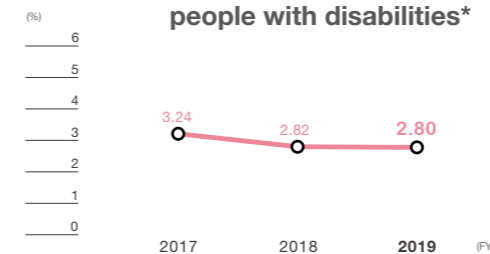
* MOS FOOD SERVICES, INC. (non-consolidated)

**Changes in recruitment numbers of
new graduates***



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

**Changes in recruitment numbers of
people with disabilities***



We are supporting the stable employment of people with disabilities through MOS SHINE, INC., a certified special purpose subsidiary. [P38](#)

* For MOS FOOD SERVICES, INC. (non-consolidated) in fiscal 2017
For MOS FOOD SERVICES, INC. and Group companies in Japan from fiscal 2018 onward

Medical checkup rate in 2019*

100%

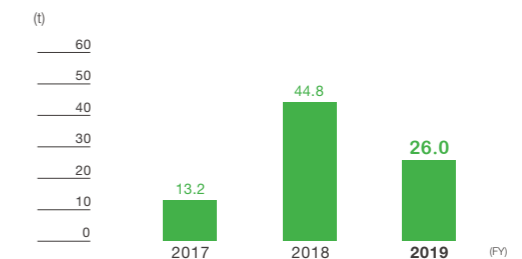
In addition to medical checkups, we are offering advice and other assistance for leading healthy lifestyles by establishing a health consultation office under a public health nurse.

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

Theme:
The Environment

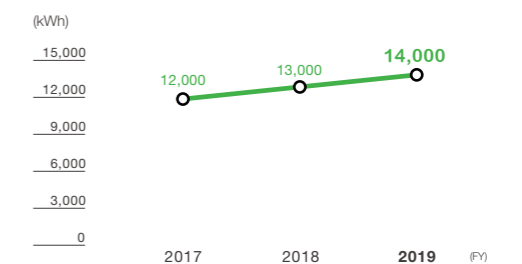


Changes in volume of food bank donations



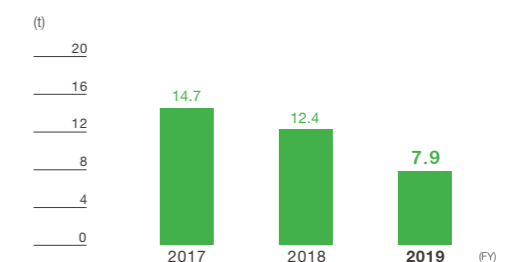
We are helping minimize food loss & waste by assisting food bank activities as a food supporter and providing free of charge undamaged food that we are forced to discard. [P34](#)

Changes in volume of green electricity usage



We are contributing to the popularization of renewable energy by purchasing green electricity that has a low environmental impact and using it to offset the electricity used for operating events and printing brochures. [P33](#)

**Changes in volume of usage of "Morino
Chonai-Kai's Forest Thinning Support Paper"**



A system whereby funds for forest thinning that is necessary for sound forest management are generated by companies purchasing paper that uses thinned wood. We use this paper primarily in our printed materials. [P33](#)

Environmental education

**Number of times "MSR
Newsletter" published**

12 times

*An educational tool for crew members at all stores

**Training for
Master License
renewal***

Held 78 times

* We hold environmental seminars at training sessions for sharing knowledge and information required of responsible persons at stores.

Financial and Non-Financial Data

Company and Shareholder Information (Accurate as of March 31, 2020)

Company Information

Company Name	MOS FOOD SERVICES, INC.	Stock Exchange Listing	Tokyo Stock Exchange, First Section
Established	July 21, 1972	Stock Code	8153
Capital	¥11,413 million	Initial Public Offering	November 1985
Head Office Address	4F ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6004, Japan	Total Number of Authorized Shares	101,610,000 shares
Number of Employees	1,351	Total Number of Issued Shares	32,009,910 shares
		Number of Shares per Unit	100 shares
		Number of Shareholders	39,234

Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
Japan Trustee Services Bank	2,325	7.44
Kohbai Foods, Inc.	1,400	4.48
DUSKIN CO., LTD.	1,315	4.21
Nitto CO., LTD.	1,214	3.89
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,209	3.87
The Master Trust Bank of Japan, Ltd.	822	2.63
Yamazaki Baking Co., Ltd.	718	2.30
MUFG Bank, Ltd.	528	1.69
NH Foods Ltd.	431	1.38
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	392	1.26

Note: The Company holds 755,000 shares of treasury stock, but these are excluded from the above major shareholders.

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



MOS Dining Co., Ltd.

Operates the chef's V, GREEN GRILL, and AEN (seasonal cooking) restaurants



MHS, INC.

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

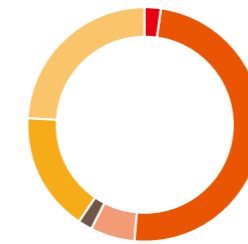
MOS CREDIT, INC.

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

MOS SHINE, INC.

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

Distribution by Shareholder Type



Treasury stock	2.4%
Individuals and others	49.2%
Overseas companies, etc.	6.1%
Financial instruments business traders	2.0%
Financial institutions	16.4%
Other companies	23.9%

Number of Stores

Total number of MOS Group stores: 1,718

Number of domestic stores:	
MOS BURGER	1,285
Other restaurant businesses	39

Names of Stores in Other Restaurant Businesses	Number of Stores
MOS CLASSIC / MOS PREMIUM	2
MOSDO!	2
Mother Leaf	10
Mother Leaf Tea Style	9
mia cucina	6
AEN	7
GREEN GRILL	2
chef's V	1

Number of overseas stores:
MOS BURGER 394

Taiwan	279
Singapore	41
Hong Kong	29
Thailand	12
Indonesia	3
China	11
Australia	6
South Korea	12
Philippines	1

