

MOS FOOD SERVICES, INC.

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



MOS REPORT

MOS Group Integrated Report 2021



Based on the Universal Design concept, this report uses an easy-to-read Universal Design font to convey information properly to as many people as possible.

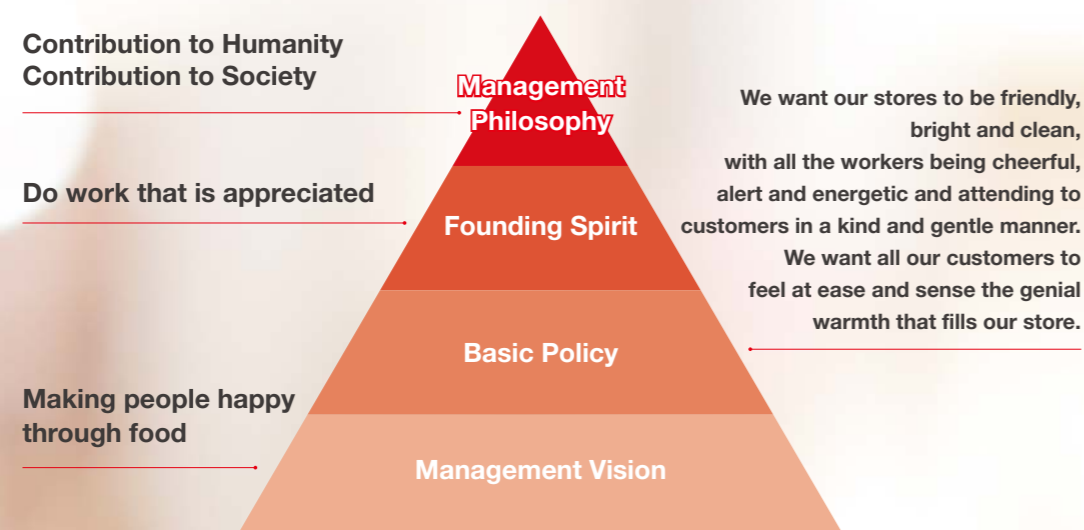
The Unchanging Starting Point of the MOS Group

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

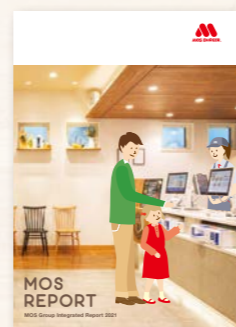
and encapsulate the MOS Spirit, which stays constant even as times change.



About the Cover

The cover photograph was taken with the cooperation of the MOS BURGER Hamadayama Station Store (Tokyo). Opened in March 2020, this is the "MOS BURGER & CAFE" type store with an enhanced cafe menu that includes original beverages and desserts, in addition to our mainstay varieties of burger. Throughout its history, MOS BURGER has promoted the creation of stores that make customers feel at ease. We also aim for our stores to be indispensable to communities. MOS BURGER was founded on this approach, which will continue unchanged as the basis for our business activities. We hope you will join us in looking forward to great things from MOS BURGER, where you can find an abundance of smiling faces from customers and working members.

Notes: 1. Photos of products on posters and other materials were available at the time this photograph was taken and include menus that have since been discontinued.
2. The actual store currently implements thorough COVID-19 countermeasures, including installation of alcohol-disinfectant dispensers and plexiglass partitions.



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Editorial Policy

The MOS REPORT (MOS Group Integrated Report 2021) is published as an integrated communication tool. It describes the MOS Group's growth story in an integrated report that includes information on its business strategies, environmental, social, and governance (ESG)-related policies, and activities with its stakeholders. In the making of this report, we have referenced the International Integrated Reporting Framework put forth by the International Integrated Reporting Council (IIRC), as well as the Guidance for Collaborative Value Creation issued by the Japanese Ministry of Economy, Trade and Industry. 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/>



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Scan the QR code to visit our corporate website.



Scope of This Report

The report is on MOS FOOD SERVICES, INC. and the MOS BURGER Chain (head office, directly managed stores, and franchisees). However, it also covers businesses other than MOS BURGER and certain Group companies. When reading this report, please refer to the chart on the right.
Note: Positions stated in this report are accurate at the time of writing.

Reporting Period

This report primarily covers fiscal 2020 (April 1, 2020 to March 31, 2021). However, it also reports on ongoing activities and future targets for fiscal 2021 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 2021

The MOS Group

MOS FOOD SERVICES, INC.

Group companies

Domestic and overseas subsidiaries and affiliates

MOS BURGER Chain



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

1,260 stores in **47** prefectures



Number of MOS BURGER stores overseas

421 stores in **9** countries and regions



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

Ratio of domestically produced fresh vegetables

100%

(For MOS BURGER and MOS CAFE stores in Japan)



Number of customers to visit domestic MOS BURGER stores

Aggregate total of **86,390,000** parties

(Fiscal 2020)



Net sales for all domestic chain stores

¥106,184 million

(Fiscal 2020)



MOS Online Orders

Growth rate **211%**

Fiscal 2020 (compared with fiscal 2019)



Ratio of employees with disabilities

2.52%

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



Varieties of Mix Shake and units sold annually

10 varieties, approximately **1.2** million units

(Fiscal 2020)



Delivering the deliciousness of fresh food

Providing food via an **after-order system**

since our founding



KidZania Tokyo Hamburger Shop

Aggregate number of participants since creating the shop in 2006



150,000

(Estimated figure)

Number of stores in other restaurant businesses

27

(MOS PREMIUM, MOSDOI, Mother Leaf, CAFE Mountain, Ocean & Sun, mia cucina, AEN, and chef's V)



Eco Mark (restaurant) certification

MOS BURGER and MOS CAFE **All domestic stores**



エコマーク認定店舗 (Certified in all six evaluation categories)

Number of artworks displayed online in 2020 in the "MOS-goto Art Exhibition"

114



From left: Hiroko Shirane (Untitled), Kiyoharu Kondo (Fish), Shingo Funasaki (Pug)



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.



Founder Satoshi Sakurada's Wish

MOS takes its name from the first letters of the words mountain, ocean, and sun. Founder Sakurada expressed his nature-loving values in the name, which encapsulates his wish for the Company to be a body of people as ideal as nature. The founder's wish to maintain business activities while taking good care of the environment is part of the DNA of all of us who work at MOS BURGER.

1972 (Founding)

Launch sales of our flagship product, the MOS BURGER, which remains our most popular product



1972 (Founding)

- The first MOS BURGER store opens in Narimasu, Tokyo
- 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

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

1996

- Stock is listed on the First Section of the Tokyo Stock Exchange, and with this milestone, the corporate website is launched

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



1997

- Redesign MOS BURGER website, disclosing nutritional information
- Begin using MOS BURGER's fresh vegetables grown at partner farms at all stores (New Value Declaration)

1999

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

2002

- Begin sales of the MOS Kids Menu that takes into consideration children with allergies (now sold as the low-allergen menu items)

2003

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

2004

- Publish *Environmental Report 2004* (now called the *MOS REPORT*)

2002

Introduce a limited run in the Southern Kinki area, including Wakayama Prefecture, of a citron beverage using citron produced in Kozagawa as the first local specialty menu product



2008

Launch sales of our distinctive new mainstay product line, the Tobikiri series, 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 GREEN BURGER, which does not contain animal ingredients or *gokun* (the five pungent spices) among its ingredients



2010

- The first MOSDO! store, a collaborative store with Mister Donut, opens

2011

- The first Mother Leaf Tea Style store opens
- Hold MOS BURGER Town Meetings to communicate directly with customers

2012

- Hold MOS BURGER Hatake (Farm) Meetings to communicate directly with partner farms

2015

- The first mia cucina, Genmai Shokudo AEN, and MOS CLASSIC (now MOS PREMIUM) stores open
- Introduce the MOS Online Orders service across Japan for ordering online

2016

- Launch the "MOS-goto Art Exhibition with cotocoto" in Niigata

2017

- Obtain Eco Mark (restaurant) certification for all MOS BURGER and MOS CAFE stores in Japan

2019

- The first store combining MOS PREMIUM and Mother Leaf Tea Style opens
- Begin a program called "Vietnam Kazoku" to recruit and cultivate human resources from Vietnam in cooperation with the Danang Vocational Tourism College, a national junior college in Vietnam

2020

- The first MOS BURGER store opens in the Philippines, becoming the ninth overseas country of operation
- Establish MOS Farm Hiroshima (Hiroshima Prefecture), a corporation qualified to own cropland
- MOS BURGER York Foods Tomihisa Store (Tokyo), a takeout-only store, opens



How the MOS Group's History Is Tied Together with Its Material Issues Toward a MOS Group That Is Good for People and Friendly to the Environment through Its Healthy Food and Stores That Make People Feel at Ease

In fiscal 2019, the MOS Group identified four material issues as initiatives that it has placed great importance on since its founding and business issues which are guided by its Philosophy System—the MOS Spirit. In this section, we introduce MOS BURGER's initiatives to date, which are tied together with its material issues. **P21**

Please see our website for more information on the MOS Group's history.



① Provision of Food That Contributes to Health

2004

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



② Community-Oriented Store Operation

1980

Establish the MOS BURGER Kyo-ei-kai, an organization comprising the head office, stores, and franchisees

1982

Begin Hospitality, Delicious, Cleanliness activities for improving store quality

③ Workstyle Reforms

2017

Establish MOS SHINE, INC. with the goal of expanding the recruiting of people with disabilities

2018

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

④ Reduction of Environmental Impact

1972

Reduce food waste at stores through an after-order system without any pre-cooking, carried out since our founding

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.

Based on its Philosophy System—the MOS Spirit (please see page 1 for details)—the MOS Group is working to address material issues (priority matters) in its business activities and create value for society. We have determined targets centered on six goals within the SDGs, an international framework, which are deeply related to the priority matters.



Message from the President

We will continue creating spaces loved by communities while reaffirming our mission to deliver the deliciousness and enjoyment of food.



中村 栄輔
Eisuke Nakamura
President & Representative Director,
MOS FOOD SERVICES, INC.

Looking Back on Fiscal 2020

In fiscal 2020, the spread of the COVID-19 pandemic had a substantial effect on both our store operations and business performance, which included the temporary suspension of operations and shortening of operating hours at many stores. Despite this operating environment, consolidated financial results for the fiscal year ended March 31, 2021 were net sales of ¥71,972 million (up 4.3% year on year), operating income of ¥1,422 million (up 34.1% year on year), and ordinary income of ¥1,427 million (up 15.8% year on year). Profit attributable to owners of parent came to ¥997 million (up 173.1% year on year), due primarily to the recording of subsidy income of ¥1,239 million associated with the spread of COVID-19 and impairment losses of ¥1,081 million.

Following the government-issued state of emergency declaration in April 2020, the Company established a Response Headquarters at its head office and decided on continuing or suspending store operations while adopting a variety of measures to prevent the spread of infection in accordance with national and local government requests.

Although net sales for existing stores in the domestic MOS BURGER business ultimately increased 8.8% year on year, certain stores were significantly affected depending on their location and store format. I believe we were able to fulfill our mission as part of food infrastructure through the efforts of stores in taking a variety of measures tailored to their respective regional circumstances and customer needs. Despite being forced to change operations in our overseas business according to the conditions in each country, we carried out sales promotion campaigns

in regions where we could and promoted deliveries. In other restaurant businesses, conditions were exceptionally severe as many stores are inside retail facilities centered on in-store dining.

The COVID-19 pandemic has engulfed countries around the world in an unprecedented state of affairs, with the restaurant industry facing a particularly challenging environment. These circumstances renewed my recognition that the MOS Group's vital role and mission is to deliver the unique deliciousness and enjoyment of food, distinct from home-prepared meals, having ensured the safety of all parties by implementing more thorough infection prevention measures. Accordingly, fiscal 2020 was a year in which we focused on providing support for stores so that they could continue operations as much as possible while carefully adhering to national and local government policies.

Fiscal 2020 Initiatives for Each Business

In the domestic MOS BURGER business, we sought to grow our existing stores, including by reforming marketing, promoting store diversification, and addressing takeout needs. We revamped the MOS BURGER, our flagship product, for the first time in three years and rolled out products featuring unique combinations, such as the MOS Rice Burger Shrimp Tempura Mentai Flavor, all of which were well received by a wide range of customers. In addition, we worked to strengthen takeout services, which had seen an increase in demand due to COVID-19, and expand deliveries, online orders, self-ordering kiosks, and cashless payments. Through these efforts, the net sales of

This section displays 20 individual employee commitments to various Sustainable Development Goals (SDGs). Each commitment is presented in a circular format with the following structure:

- Header:** Employee Name (e.g., 「川越 勉」 is SDGs17の目標のなかで)
- Goal:** A specific SDG goal (e.g., 「買の教育」)
- Commitment:** A short statement of how the employee plans to contribute (e.g., 「買の教育」)

The goals represented include:

- 目標 4 「買の教育」
- 目標 7 「エネルギーをみんなにそしてクリーンに」
- 目標 1 「貧困をなくそう」
- 目標 2 「飢餓をゼロに」
- 目標 17 「パートナーシップで目標を達成しよう」
- 目標 3 「すべての人に健康と福祉を」
- 目標 10 「人や国の不平等をなくそう」
- 目標 12 「つくる責任つかう責任」
- 目標 15 「陸の豊かさもまらそう」
- 目標 14 「海の豊かさも守ろう」
- 目標 6 「安全な水とトイレを世界中に」
- 目標 11 「住み続けられるまちづくりを」
- 目標 8 「働きがいも経済成長も」
- 目標 10 「人や国の不平等をなくそう」
- 目標 16 「平和と公正をすべての人に」
- 目標 13 「気候変動に具体的な対策を」
- 目標 9 「産業と技術革新の基盤をつくろう」

existing stores in the domestic MOS BURGER business exceeded those of the previous year for 21 consecutive months (as of March 2021).

In our overseas business, we achieved our store number target with the opening of 27 new stores. We also managed to offset a decline in sales resulting from COVID-19 by promoting deliveries, despite facing circumstances in which we had no option but to suspend operations in some countries, depending on the severity of lockdowns.

In our other restaurant businesses, we have many stores in categories centered on in-store dining, where we improved profitability by closing 14 stores in accordance with a new line for determining profitability, based on a revision of our operations that focused on the “with-COVID-19” era going forward. We prevented the outflow of human resources as much as possible within the MOS Group, by mediating in the transfer to other stores, including MOS BURGER, of members who had worked at stores that were closed down to maintain their employment. At the same time, we also worked to strengthen takeout services for boxed lunches and other products.

In other measures, we placed particular emphasis on developing businesses in channels other than restaurants in order to diversify our earning capabilities, including through collaborative products and merchandising while leveraging the MOS BURGER brand. To give an example, we launched sales by reservation of “Bread That Is So Rich It Makes You Want to Exclaim That It Doesn’t Even Need Butter,” which is designed for weekend breakfasts at home. Through such measures, we secured a foothold for sustainable growth while minimizing the impact of COVID-19.

Meanwhile, as cross-organizational themes, we worked on promoting the SDGs and reforming workstyles. To promote the SDGs, we have implemented measures based on the MOS Group’s four material issues. We continued to carry out initiatives pertaining to health awareness and our partnerships with franchisees, areas on which we have placed great importance since our founding, and for reducing our environmental impact while also implementing new initiatives, including the development of new products for supporting production regions and launching products catering to food diversity. We will continue working to address social issues through our business activities by promoting the SDGs. In terms of workstyle reforms, we saw an acceleration of working from home among employees at the MOS Group head office. We have created an environment to facilitate working from home by achieving the digitization of work processes ahead of schedule, such as abolishing the use of personal seals for internal procedures and eliminating the use of paper.

Withdrawal of Medium-Term Management Plan (Fiscal 2019 to Fiscal 2021) and Priority Measures Going Forward

While our consolidated financial results saw increased sales and profits, as I have already explained, we have decided to withdraw the current Medium-Term Management Plan given that it has become challenging for us to achieve our targets for the concluding year of the plan due to the significant impact on net sales and profits of COVID-19 since fiscal 2019, the current plan’s initial year. Nevertheless, we will accelerate our efforts to promote the plan’s measures, which pertain to issues that we have long identified as requiring attention, such as addressing takeout demand (please see page 14 for details).

Specifically, the domestic MOS BURGER business will respond to new lifestyles in the so-called “new normal.” In order to cater to changes in the patronage motivations of diversified customers for using our stores, we will continue to expand the “MOS BURGER & CAFE” type store featuring an abundant cafe menu and dessert lineup as a category offering the enjoyment that can only be experienced when dining out. At the same time, we plan to further increase the number of our takeout-only stores to function as a category tailored to the expansion of stay-at-home consumption while expanding the number of our small-scale stores. The MOS BURGER Koenji Pal Store, which opened in Tokyo’s Sugunami Ward in March 2020, has a floor area approximately 80% the size of a standard store. We will examine the viability of this business model, which keeps down initial investment and enables the opening of stores at locations of former convenience stores. In addition, we will also examine in Japan initiatives being carried out overseas for meeting diversifying needs, such as delivery-only stores and mobile catering vehicles.



MOS BURGER Koenji Pal Store, which opened in Tokyo’s Sugunami Ward in March 2020

As of March 31, 2021, the number of MOS BURGER stores to have introduced deliveries stood at 437, with delivery-based sales growing steadily. With the aim of expanding these sales, we will continue to leverage information technology and improve operations for deliveries as a field where we expect to establish sales through the provision of convenience. In addition, we will work to enhance payment convenience for customers by



increasing cashless payments, which have been boosted by the rise in demand for contactless services, and accommodate the expansion in online orders, for which demand is growing rapidly. Giving thought to precisely when customers will eat our products, we will also promote initiatives to sustain their delicious taste for as long as possible by developing takeout-oriented products and improving our packaging.

As part of our activities to promote sales in Japan, we will strengthen measures leveraging our digital media. Our Twitter followers number more than one million and we have approximately 4.2 million MOS web members (as of March 31, 2021). In addition, our smartphone app has been downloaded over 3.8 million times. Our comprehensive use of these digital media in sales promotions has seen them grow to such an extent that they now play a key role in expanding sales. We will continue working to promote marketing communication leveraging digital media and create synergies with mass media such as our television commercials.

In our overseas business, we are moving ahead with the opening of stores tailored to the “with-COVID-19” era. We are accelerating the opening of delivery-only and other stores and plan to increase our number of stores overseas by 37, to 450 from the end of December 2020. We are advancing initiatives that minimize infection risks, including the opening of a completely contactless store in the food court of Southeast Asia’s largest general hospital, located in Singapore. In addition, we will increase MOS BURGER’s brand recognition by opening stores in prime locations where rent levels fluctuate significantly.

In other restaurant businesses, we will strengthen takeout sales, deliveries, and merchandising in an effort to boost the earning capabilities of existing stores. Mother Leaf, our tea specialty store, is selling gift products such as leaf tea and baked goods while AEN, our Japanese restaurant, is offering boxed lunches for takeout.

The MOS Group’s Four Material Issues

We have also worked on a variety of measures in relation to the four material issues we identified in fiscal 2019. For

“Provision of food that contributes to health,” our first material issue, we launched the Mix Shake as a new initiative contributing to ethical consumption, such as revitalizing regions and providing support for regional specialties, in addition to the GREEN BURGER, which does not contain animal ingredients or *gokun* (the five pungent spices) among its ingredients. We sell these shakes throughout Japan using regional produce from Hokkaido in the north to Kyushu and Okinawa in the south. In Saitama Prefecture, we used strawberries to create products based on a franchisee’s desire to provide support for strawberry farmers who could no longer ship their products due to COVID-19. We aim to deliver the enjoyment of food to customers by making use of a broad spectrum of local ingredients.

As part of our efforts in terms of “Community-oriented store operation,” our second material issue, we are promoting initiatives in regard to the activities of supervisors (SVs), who act as a liaison between franchisees and the head office, while balancing the use of working from home to raise their efficiency with face-to-face activities such as store visits. We also increased the number of meetings held online in fiscal 2020, including the board meeting of the Kyo-ei-kai, which had previously been held with the in-person attendance of participants from across Japan. As we have come to understand that some meetings can be held adequately online without any restrictions on location or transport while others require in-person exchanges of opinion, we will leverage both types of meeting going forward.

Turning to “Workstyle reforms,” our third material issue, we began operating the new personnel system that we formulated in fiscal 2019. We are advancing reforms to facilitate workstyles emphasizing a work-life balance, including childcare and nursing care, by taking steps to eliminate the dependence on a particular employee to do a certain job and promoting working from home. We also proceeded with the digitization of head office work processes and worked to increase work process efficiency by working from home.

For “Reduction of environmental impact,” our fourth material issue, we advanced plastic countermeasures while commencing information disclosure, in March 2021, in accordance with the recommendations of the Task Force

on Climate-related Financial Disclosures (TCFD) as an element of our response to climate change. Additionally, while MOS BURGER had long promoted procurement activities with consideration for the environment using the Green Procurement Guidelines, we added consideration for labor and human rights to formulate the MOS Group CSR Procurement Policy. We will continue contributing to the achievement of a sustainable society while giving due consideration to the environment and human rights.

Promotion of Initiatives Toward Achieving the SDGs

While the MOS Group has set forth promotion of the SDGs as a cross-organizational theme since fiscal 2019, in fiscal 2020 the Group prioritized activities aimed at raising awareness of the SDGs internally. We held online study meetings for store members and brought together the 17 goals and the Group's responses to them while creating educational tools for stores and posting internal bulletins as ways to communicate information. Moreover, we implemented "My SDGs Challenge Declaration" at the MOS Group head office and Group companies as the culmination of these initiatives with the aim of creating an opportunity for each and every member to think more specifically about the SDGs and enhance their familiarity with them.

I also took part in "My SDGs Challenge Declaration," in which I declared my own target to "create workplaces and organizations that bring happiness to everybody connected with the MOS Group, enable those working for us to grow, and make them glad they work for us." Working at an organization allows us to tackle work on a greater scale than we could working alone. In our work, we can achieve great success by cooperating as a team while treasuring the spirit of consideration for others (respect for their efforts). We can take delight as a team that in attaining great success which cannot be achieved by individuals alone and that in undertaking work which brings happiness to others will in turn earn recognition. Ultimately, members who have shared the values of "Contribution to Humanity, Contribution to Society," our Management Philosophy, will be able to gain a sense of their own growth through their work at MOS BURGER. This sense of growth is of the greatest importance when working, and I am keenly aware that it is my role as president to develop a framework for facilitating its development.

Mission Brought to Light by COVID-19

With the aim of spreading our vision of the ideal store on a global basis, we have set forth expanding the values of

"making customers feel at ease" and "genial warmth" to people across the world as our original 18th SDG. Fiscal 2020 reaffirmed the significance of that goal. As a result of COVID-19, people have been forced to endure a variety of restrictions in their lives, such as spending greater time at home and no longer being able to meet with whomever they want. Such circumstances in particular give me a strong sense of the importance of our mission of delivering the enjoyment of food and relaxing times to customers.

We will also aim to realize our Management Philosophy of "Contribution to Humanity, Contribution to Society," which will in turn help to contribute to world peace, and to ensure that the MOS Group's stores are indispensable in every country and region by expanding stores that are rooted in the same values.

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「心のやすらぎ」「ほのぼのとした暖かさ」を世界の人々に

In addition to the 17 SDGs, we have set out spreading to people across the world the values of "making customers feel at ease" and "genial warmth" that form the foundation of our Basic Policy as our original 18th SDG.

To Our Stakeholders

In April 2020, following the state of emergency declaration, I sent out a message to our franchisees throughout Japan. In that message, I declared that the head office would protect franchisees so that they would not be forced to withdraw from the MOS Group. That commitment remains unchanged. Franchisees are the MOS Group's most important partners. Continuing to work hand in hand with franchisees, we will create a better MOS Group while placing the safety of our customers and store members as our top priority.

I sense that our social environment will continue to change at an increasing rate, with attendant changes in workstyles and customer preferences. Even amid such circumstances, we will put a special emphasis on providing delicious products and maintaining our ties with local communities while making concerted efforts to respond quickly to changes by firmly capitalizing on opportunities offered by new values to ensure that people think "MOS BURGER is always doing something interesting."

I would like to ask for your continued support to overcome this challenging era together with our stakeholders and help the MOS Group achieve further growth.

The MOS Group's Business Strategies



The MOS Group has decided to withdraw its Medium-Term Management Plan (Fiscal 2019 to Fiscal 2021), unveiled in May 2019, due to the impact of COVID-19. Although we will revise our numerical targets, we will continue to swiftly promote the measures we have been implementing.

Priority Measures for Fiscal 2021

Domestic MOS Burger Business

- Promotion of diversity
- Strengthening of takeout services
- Bolstering of digitization measures

Overseas Business

- Promotion of store openings tailored to the "with-COVID-19" era

Other Restaurant Businesses

- Improvement of earning capabilities through selection and concentration

Cross-Organization Measures

- Expansion of new businesses leveraging the MOS BURGER brand
- Further promotion of the SDGs

Response Strategies Looking Ahead to the "Post-COVID-19" Era

With the aim of further increasing its corporate value, the MOS Group will respond to changes in the external environment while looking ahead to the "post-COVID-19" era.

Outlook for Changes in the External Environment		The MOS Group's Response Strategies	
Society and lifestyles	SDGs and carbon neutrality	Increase in productivity	Improvement of head office division work processes, promotion of working from home, and reform of workstyles
	Absence of borders between industries	Invigoration of the MOS BURGER Chain	Expansion of new franchisees, provision of support for business succession, and promotion of store openings and renovations through store relocation
	Advances in digital technology	Development of store packages	Revision of store packages enabling diverse store openings by minimizing investment costs and operational burden
	Polarization of consumption	Resolution of social issues	Development of marketing and store creation with the aim of achieving the SDGs through business activities
	Mitigation of over-concentration in urban centers	Differentiation	Refinement of deliciousness and hospitality unique to MOS BURGER
Workstyles	Labor shortages	Improvement of convenience	Continuation of IT investments to facilitate the comfortable use of stores and services by customers, such as online orders and self-ordering kiosks
	Expansion of working from home	Expansion of delivery services	Establishment of a system for addressing the expansion of the delivery market
Consumer needs	Hygienic spaces	Accommodation of lunch and dinner	Introduction of products and equipment meeting lunch and dinner needs
	Smooth services	Promotion of merchandising	Proposition of categories in new products, such as processed foods and goods under the MOS BURGER brand
	Takeout and delivery services		
	Experiences only available in physical settings		

We will carry out investments to enable us to meet customer needs while looking ahead to the “post-COVID-19” era.

Ryuhei Fukushima

Director and Managing Executive Officer,
Risk Management & Compliance Office



Fiscal 2020 Financial Results Overview

In fiscal 2020, economic and social activities stalled due to the global spread of COVID-19. Factors including the state of emergency declarations by the Japanese government, requests for shortened operating hours from local governments, and changes in the lifestyles of customers as a result of stay-at-home measures have created a challenging environment for the restaurant industry. Although we were forced to suspend the operations and shorten the operating hours of some stores in the MOS Group, we continued operations as much as possible based on a recognition of our social role in providing lifestyle infrastructure while working to prevent the spread of infection with the safety of our customers and store members as our top priority.

The domestic MOS BURGER business saw healthy sales due to efforts that included measures to accommodate demand for stay-at-home consumption. In our overseas business, we promoted delivery services in addition to carrying out sales promotion campaigns. In other restaurant businesses, we worked to strengthen operations by closing unprofitable stores and relocating personnel. We also endeavored to improve profitability by reducing selling, general and administrative expenses by raising the efficiency of work processes on a Companywide basis.

As a result of these efforts, our consolidated financial results saw an increase in sales and profits in fiscal 2020 compared with the previous fiscal year, as shown in Table 1.

Table 1: Consolidated Financial Results (Unit: ¥ million)

	FY2019	FY2020	Year-on-Year Comparison
Net sales	68,985	71,972	4.3%
Operating income	1,060	1,422	34.1%
Ordinary income	1,232	1,427	15.8%
Profit attributable to owners of parent	365	997	173.1%

Fiscal 2021 Financial Targets

In May 2019, we unveiled our Medium-Term Management Plan, which concludes in fiscal 2021, and have been working hard to accomplish its various measures. However, we have decided to withdraw the current Medium-Term Management Plan given that it has become challenging for us to achieve our targets for the concluding year of the plan due to the significant impact on net sales and profits of COVID-19 since fiscal 2019. Nevertheless, we will continue to work on the measures outlined in the plan.

Our consolidated financial targets for the single year of fiscal 2021 are outlined in Table 2. While the impact of COVID-19 will remain in fiscal 2021, we have committed to these figures and will aim to achieve them by implementing a variety of measures. We will disclose our Medium-Term Management Plan for the three years from fiscal 2022 to fiscal 2024 as soon as it is formulated.

Table 2: Fiscal 2021 Consolidated Financial Targets (Unit: ¥ million)

	Fiscal 2020 Results	Fiscal 2021 Plan
Net sales	71,972	73,000
Operating income	1,422	1,700
Ordinary income	1,427	1,800
Profit attributable to owners of parent	997	1,100
Operating margin	2.0%	2.3%
Return on equity (ROE)	2.2%	2.4%

Awareness of the Post-COVID-19 Business Environment and Investment Strategies in Response

The functions and values required of restaurants are forecast to change in the post-COVID-19 environment.

In the domestic MOS BURGER business, I believe that the need for takeout, drive-through, and delivery services will continue to emerge while the importance of enabling customers to conveniently order and receive products and make payments without feeling stress will further increase. To meet these needs, we will invest in improving store equipment and in systems that will serve as contact points with customers in conjunction with investment in store openings.

In fiscal 2019, we developed packages for different formats tailored to location and customer needs and improved sales at existing stores by innovating our marketing with the aim of motivating franchisees to open new stores. We have achieved a certain degree of success with these measures and will actively promote a variety of measures to increase store numbers going forward, including the transfer of stores operated by subsidiaries and the horizontal expansion of successful examples of employees going into business for themselves.

The severity of the impact of COVID-19 differs by country of operation in our overseas business. We will make preparations for future growth while carefully assessing conditions in respective countries and regions.

In other restaurant businesses, I believe that the results of the measures implemented in fiscal 2020 will help improve the profitability of existing stores.

Shareholder Returns and Financial Foundation

Our basic policy is to pay stable dividends linked to business performance in a way that allows us to share profits from a medium- to long-term perspective with those shareholders who hold our shares as fans of MOS BURGER. Our dividend plans for fiscal 2021 are

presented in Table 3. As for our financial foundation, while we have maintained an equity ratio of approximately 70% thanks to the accumulation of profits thus far, the domestic MOS BURGER business—the MOS Group's core business—is a business that operates in concert with its franchisees. In times of emergency, such as natural disasters, I believe it is vital that we take swift and decisive action in a comprehensive manner to protect the chain in combination with financial and other measures.

Table 3: Dividends

	Fiscal 2020	Fiscal 2021 (Plan)
Dividends per share (interim)	¥11	¥12
Dividends per share (year-end)	¥11	¥12
Dividends per share (annual)	¥22	¥24

Important Financial Indicators for the “Post-COVID-19” Era

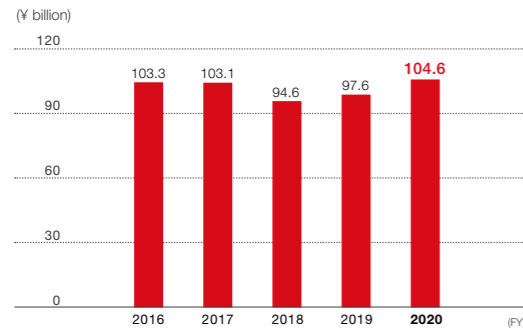
We believe that operating margin (the ratio of operating income to net sales), which indicates the earnings of our core business; net income taking into account the evaluation of past investments; and return on equity (ROE), which indicates efficiency of use of the capital entrusted to us by shareholders, are important financial indicators. We achieved ROE of 2.2% in fiscal 2020. With the aim of achieving ROE of 5% in the near term, and 8% in the future, we will be more conscious of improving both our operating margin and our investment efficiency.

To Our Stakeholders

Experiencing the COVID-19 pandemic has again reminded me of the importance of creating stores that are loved by customers and indispensable to communities. We will establish an environment that provides customers who are prompted to visit our stores as a result of campaigns, sales promotions, or other measures with experiences that leave them feeling “That was delicious. I’m glad I went to MOS Burger. I’ll be sure to go again.” To that end, we will make the next leap forward by achieving our fiscal 2021 financial targets. I would like to ask our stakeholders for their continued understanding, support, and encouragement for all of our endeavors.

Domestic MOS BURGER Business

Net Sales for All Domestic MOS BURGER Stores



Fiscal 2020 Financial Results Overview

While the sales activities of some of its stores were restricted by the state of emergency declaration in April 2020, the domestic MOS BURGER business continued store operations by promptly implementing measures to prevent the spread of infection while placing the safety of its customers and store members as its top priority. Sales remained firm throughout the year owing to marketing

reform, promotion of diversity through store renovations, implementation of a wide range of measures to accommodate stay-at-home consumption, and other steps taken by the Company. As a result, the domestic MOS BURGER business recorded net sales of ¥59,098 million (up 7.2% year on year) and operating income of ¥4,120 million (up 23.4% year on year).

Product Measures

With “unique and surprising” as our annual marketing theme, we sold the Cream Cheese Teriyaki Burger, a spring mainstay, and in May, the MOS Rice Burger Shrimp Tempura Mentai Flavor, a unique combination, under the MOS JAPAN PRIDE product measures, in continuation from fiscal 2019. In July, we revamped the MOS BURGER, our flagship product, for the first time in three years, and in September, we rolled out sales of the Manhattan Clam Chili Cutlet Burger, specially prepared for women. For the year-end and New Year period, we successively launched two products ideally suited to moments of luxury, the Tobikiri Red Wine and Vinegar Burger Made of Smoked Domestic Pork Cutlet and Cheese ~with Hokkaido Gouda Cheese~ and the Tobikiri Spice and Demi-Glace Sauce Burger Made of Smoked Domestic Pork Cutlet and Cheese ~with Hokkaido Gouda Cheese~. In February 2021, we released the Mac and Cheese Croquette Burger, based on a cheese dish still unknown to 88% of Japanese people, winning over a wide range of customers.

Meanwhile, the MOS PLANT-BASED GREEN BURGER, which does not contain animal ingredients and uses vegetables and grains as its primary ingredients, and the Mix Shake DASSAI, using sweet half sake made by DASSAI, a renowned sake brand, became a hot topic on social media as a unique and surprising product and attained popularity. In addition, we helped attract families through a collaboration using characters that are popular with adults as well as children in toys that come with set meals for children and in the designs for MOS Cards.

We also conducted sales of products arranged in the distinctive style of MOS BURGER that were limited to particular regions by making use of local specialties and food cultures, our greatest strength as a chain originating in Japan. On the theme of love for the community, we launched eight varieties of the Mix Shake limited to particular regions, including Mix Shake Shonan Gold, made using Shonan Gold, Kanagawa Prefecture’s brand of citrus fruit, with the goal of providing support for various production regions and assistance to communities suffering from a decline in consumption due to COVID-19. We earned considerable acclaim for the Mix Shake from local customers while also receiving requests from those in other parts of Japan wishing to taste specialty products from various regions. In response, we have commenced an initiative to steadily launch throughout Japan a total of eight varieties of Mix Shake using local ingredients from eight regions nationwide as part of our efforts to make local specialties

from various regions known to people throughout Japan while providing support for production regions and producers in regions where shipment numbers have been on a downward trend due to COVID-19.

Responding to Diversifying Needs

As a measure in relation to stores, we promoted initiatives to flexibly change products, services, and store formats tailored to commercial area and location, clientele, and the diversification of customer patronage motives, rather than pursuing a nationally uniform, one-size-fits-all approach. We have opened new takeout-only stores as a format geared to new lifestyles while increasing the number of “MOS BURGER & CAFE” type stores to 28, which feature an enhanced cafe menu and leverage the inherent strengths of restaurants to offer a relaxing dining space.

In addition, we also worked to expand and promote such services as deliveries, online orders, self-ordering kiosks, and cashless payments, demand for which has increased due to the impact of COVID-19. By widening the range of options to suit a variety of customer patronage motives, we enhanced convenience while helping to raise the efficiency of stores.



Initiatives for the “With-COVID-19” Era



In light of customer needs for takeout, delivery, and contactless services, we opened MOS BURGER York Foods Tomihisa Store (Tokyo) in August 2020, our first takeout-only store. We are verifying how best to operate new stores, including focusing on simple menus to make selections easy for customers and adopting a non-contact board to call out customer order numbers. In 2019, we began full-scale deployment of the Uber Eats food delivery service, which is becoming an increasingly important infrastructure for connecting customers and stores. We have introduced Uber Eats in 29 prefectures, with 437 stores offering delivery services. In addition, our MOS Online Orders, whereby

customers can order products using a smartphone or other device and collect them without waiting at a store, and cashless payments, including the newly introduced barcode payment services (d Payment, au PAY, and PayPay), have garnered high praise from customers as safe and secure contactless services.

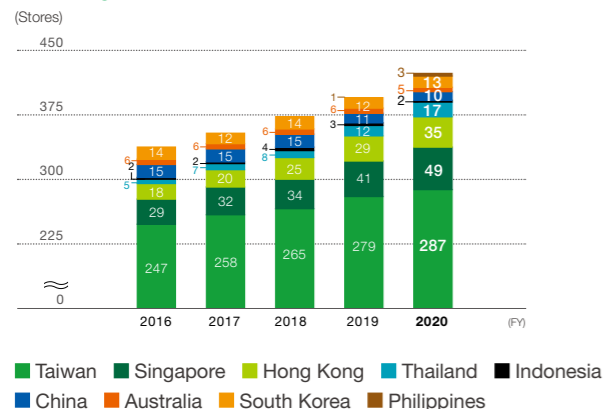


MOS BURGER York Foods Tomihisa Store (Tokyo), a takeout-only store

TOPIC

Overseas Business

Changes in Store Numbers



Fiscal 2020 Initiatives and Financial Results Overview

In our overseas business, we carried out measures in accordance with the economic conditions and business environments in each of our countries and regions of operation. In Taiwan, despite the initial impact of COVID-19, we contributed to sales in ways that included launching new

products using promotional campaigns and conducting collaborative projects with other companies and an animation character. We also expanded our sales channels by starting a delivery business in partnership with a local transportation company in October 2020.

In Singapore, although government demands since December 2020 to halve the number of seats in stores and shorten operating hours have affected financial results, we are expanding our delivery service areas and preparing for a post-COVID-19 recovery by increasing store numbers. In Hong Kong, our collaboration projects with other companies were well received.

In Indonesia, Australia, China, and South Korea, we investigated market needs in each country and are working on the testing, verification, and improvement of a range of measures with the goal of establishing store formats rooted in their respective local markets.

In Thailand, while financial results have been impacted by a decline in tourism and intensifying anti-government protests, we have bolstered sales by focusing our efforts on renovating existing stores and promoting deliveries. Although we are operating amid restrictions on our activities in the Philippines, we opened our second store in the country in December. As a result, the overseas business posted net sales of ¥10,575 million (up 2.6% year on year) and operating income of ¥66 million (down 66.2% year on year).

Store Opening Strategy Amid COVID-19 (Singapore)

In the overseas MOS BURGER business, we shortened store operating hours and took other steps in compliance with requests in each of our countries of operation concerning infection countermeasures. Meanwhile, in Singapore, we worked on the opening of a flagship store in a sightseeing district and a store offering contactless services. The impact of COVID-19 has brought down rents for properties in prime locations such as sightseeing districts. Capitalizing on this opportunity, we opened the flagship store of our overseas business within the close vicinity of Merlion, a famous tourist spot. Continuing our efforts, we also opened a completely contactless store in the food court of Southeast Asia's largest general hospital. Viewing changes in the business environment triggered by COVID-19 as opportunities, we are helping to raise recognition of the MOS BURGER brand and examine the viability of business models by advancing store openings in a variety of formats and regions.

MOS BURGER's History of Overseas Store Expansion

- 1991 First store opens in Taiwan
- 1993 First store opens in Singapore
- 2006 First store opens in Hong Kong
- 2007 First store opens in Thailand
- 2008 First store opens in Indonesia
- 2010 First store opens in China
- 2011 First store opens in Australia
- 2012 First store opens in South Korea
- 2020 First store opens in the Philippines



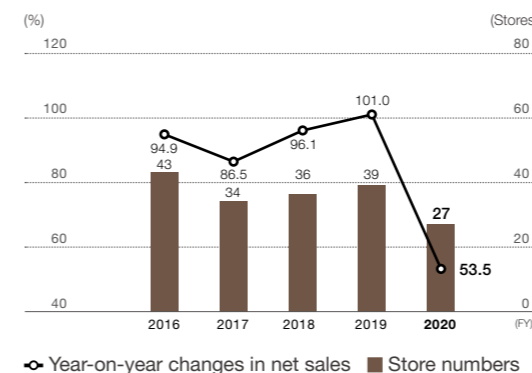
The MOS BURGER Merlion Store (Singapore), opened in February 2021



TOPIC

Other Restaurant Businesses

Year-on-Year Changes in Net Sales and Store Numbers in Other Restaurant Businesses



Fiscal 2020 Initiatives and Financial Results Overview

Many stores in our other restaurant businesses are located in retail facilities centered on in-store dining. Despite a temporary recovery in sales thanks to government economic measures, challenging conditions continue to persist due to the latest uptick in COVID-19 infections.

Under such conditions, we are advancing the closure of unprofitable stores that are not projected to see a recovery in demand going forward, given that recovery in demand for in-store dining has been delayed. At the same time, we are endeavoring to improve profitability by relocating personnel and strengthening takeout services and merchandising. In addition, we carefully assessed growth fields to open cafes that enable quick service and new stores inside bookstores.

As of March 31, 2021, the total number of stores in other restaurant businesses came to 27 (down 12 stores year on year). The various store categories were Mother Leaf, with 14 stores; MOSDO!, a collaborative store with DUSKIN CO., LTD., with one store; MOS PREMIUM, with two stores; mia cucina, with three stores; CAFE Mountain, Ocean & Sun, with one store; AEN, with five stores; and chef's V, with one store.

As a result, other restaurant businesses recorded net sales of ¥1,495 million (down 46.5% year on year) and an operating loss of ¥928 million (widening by ¥184 million year on year).

Column

Other Measures — Development of New Businesses Leveraging the MOS BURGER Brand



As part of the Other Measures set out in our Medium-Term Management Plan, we worked to diversify revenue sources through the development of businesses other than restaurants, leveraging the MOS BURGER brand. To that end, we developed a succession of original products not only to sell at MOS BURGER stores but also at retail stores and via online shopping websites. Examples of these products include Tsumu MOS Gummy, gummy candies created in collaboration with UHA Mikakuto Co., Ltd.; Timeless and Enchanting Bolognese, a meal kit developed jointly with Oisix, a food delivery company operated by Oisix ra daichi Inc.; and MOS BURGER French Fries (Teriyaki Burger Flavor), a snack food made in collaboration with AJIGEN Co., Ltd. In addition, we launched sales of "Bread That Is So Rich It Makes You Want to Exclaim That It Doesn't Even Need Butter," garnering a strong customer response (please see page 36 for details). While MOS BURGER products are ready-to-eat food items, this bread is a takeout-only product designed for weekend breakfasts at home as an additional item to be enjoyed at leisure from the day following its purchase.





The MOS Group's Material Issues

Improvement of Corporate Value through Sustainability Management

The MOS Group has aimed to enhance its management quality through the sharing of value with all its stakeholders, with its Philosophy System—the MOS Spirit—as a guideline. To contribute to the resolution of social issues through our core business, we have compared these efforts with societal demands and defined material issues (priority matters) in our business from an environmental, social, and governance (ESG) perspective. By contributing to the resolution of social issues, we will promote further corporate value improvement through sustainability management.

Process for Identifying Material Issues

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

Please see our website for details on our process for identifying material issues.

Organization of Material Issues (Priority Matters)



The MOS Group's Initiatives and Their Relationship to the SDGs

The MOS Group offers a variety of products and services and conducts sustainability initiatives related to the SDGs. In order to further promote these products, services, and initiatives, we have organized our main targets by key ESG themes, identified material issues, and verified them by comparing the MOS Group's initiatives with the 17 goals and 169 targets of the SDGs.

Please see the MOS Group's website for details of its initiatives and their relationship with the SDGs.

KPIs for Our Four Material Issues and Related SDGs

Material Issues	Themes of MOS Group Initiatives	KPIs (Vision)	Fiscal 2030 Target	Related SDGs	
1 Provision of Food That Contributes to Health P23	• Health Awareness	Contribute to achieving the target for the recommended vegetable intake per person (350g per day)	—	3 GOOD HEALTH AND WELL-BEING	
	• Food Safety	Enhance the operation and quality of the MOS Food Safety Standards	Comprehensive store hygiene audits (twice yearly)		Maintain compliance at all stores
	• Provision of the Enjoyment of Food	Offer a space where customers with a variety of circumstances and preferences can enjoy meals together	Provision of products tailored to diverse needs (such as low-allergen items and the Soy Patty Burger series and GREEN BURGER)		Continue to provide 2 million or more meals per year
2 Community-Oriented Store Operation P25	• Sound Franchise Management	Raise the capabilities of Supervisors	Percentage of Supervisors completing SV School (those serving as an SV for at least four years)	100%	11 COMMUNITY LEVelling AND ECONOMIC GROWTH
	• Kyoei-kai Activities	Create community-oriented stores through the franchisee-led MOS BURGER Kyoei-kai	—	—	17 PARTNERSHIPS FOR THE GOALS
	• Format Development	Develop stores and formats tailored to diversifying customer patronage motives	—	—	—
3 Workstyle Reforms P27	• Health and Productivity Management	Promote health and productivity management	Frequency of health literacy implementation	Implement four times a year 70% participation rate each time	8 DECENT WORK AND ECONOMIC GROWTH
	• Cultivation of Human Resources	Provide educational opportunities (enhance human resource training)	—	—	10 REDUCED INEQUALITIES
	• Promoting Diversity	Promote diversity	Percentage of male employees taking childcare leave (compared with fiscal 2020)	200%	—
4 Reduction of Environmental Impact P29	• Energy Savings	Advance energy savings on a Groupwide basis	CO ₂ emissions (compared with fiscal 2013)	Reduce by 26%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	• Food Loss & Waste and Plastic Ocean Waste Countermeasures	Reduce food loss & waste and promote food recycling	Recycling rate (based on the Food Recycling Law)	65%	
	• Environmental Preservation	Enhance the operation and quality of our Environmental Management System (MOS-EMS)	Eco Mark (restaurant) certification	Maintain certification	

Initiatives to Raise Awareness of the SDGs

The MOS Group head office and Group companies conduct a host of activities with the objective of enhancing the understanding and internal dissemination of the United Nations Sustainable Development Goals (SDGs) in order to promote Groupwide initiatives designed to achieve these goals. As a first step, we carried out online study meetings for store members, subsequent to the meetings held for upper management and management in fiscal 2019. We followed these meetings by grouping the 17 SDGs with the necessary initiatives the Group implemented to achieve these goals. As a means to communicate information related to the SDGs, we posted internal bulletins at the MOS Group head office. For store members, we also published the "SDGs Newsletter," an educational tool explaining the relationship between stores and the SDGs and introducing the Group's initiatives, on six occasions, as well as issuing a publication summarizing the initiatives.



In addition, we implemented the "My SDGs Challenge Declaration," an initiative for all head office members to set out their own targets in relation to the SDGs. The aim of this initiative was to create an opportunity for each and every member to think more specifically about the SDGs and enhance their familiarity with them. We also worked to establish an environment where all members who work at the MOS Group can learn more about them, such as through the streaming of videos providing explanations on each of the 17 SDGs via "a-mossles!," a dedicated smartphone app for internal use.

Related SDGs



Material Issues
1

Provision of Food That Contributes to Health

Throughout our history, we have 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 or improve illnesses. We take responsibility for great taste and the health of our customers in the products we develop while also delivering the enjoyment of food.

Please see our website for details of our first material issue.



Understanding Our Business Environment

We are seeing a further acceleration of the sharper awareness of health, including the rise of well-balanced meals and lifestyles that take a fresh look at food. Meanwhile, the implementation of Hazard Analysis and Critical Control Point*¹ (HACCP) principles has become completely mandatory for restaurants since June 2021 due to a revision of the Food Sanitation Act. Social demands and customer awareness of food sanitation is changing, partly as a result of the impact of COVID-19.

In addition, the achievement of sustainable procurement has become an important task, given that frequent abnormal weather and climate change may bring about a reduction in the production volume of our primary ingredients.

*¹ Hazard Analysis and Critical Control Point is a method of hygiene management primarily implemented in the manufacturing process at food processing plants.

Risks

- Intensifying competition for procuring primary ingredients
- Suspension of store operations due to violations of the Food Sanitation Act
- Avoidance and customer estrangement resulting from an image that our food inhibits good health (such as being high in calories and having excessive salt content)
- Diminished trust from customers and society and a decline in corporate value stemming from food accidents
- Loss of opportunities in the event of not being able to accommodate new customer lifestyles and values

Opportunities

- Expansion of products that contribute to healthy diets
- Increase in demand from customers and society through the provision of safe and reliable products
- Improvement of corporate value thanks to differentiated products



The MOS Group's Initiatives

Health Awareness

Guided by the concept that food and medicine are one and the same, we are working to develop products with a focus on achieving the daily intake of 350g*² of vegetables that is deemed necessary. All of the vegetables used at MOS BURGER are produced in Japan and the chain offers its delicious and safe fresh vegetables to customers in cooperation with seven MOS Farms in addition to producers in approximately 100 production regions throughout Japan. In fiscal 2020, we established MOS Farm Hiroshima, a new addition. We also provided planning and sales promotion support for the "Help the Farmers Vegetable Set," an initiative to sell fruits and vegetables online as part of our efforts to support MOS BURGER's partner farmers during the COVID-19 pandemic. To strengthen our stable procurement of fresh vegetables, we will continue to work together with producers nationwide to deliver health-oriented products that make abundant use of carefully selected MOS BURGER's fresh vegetables.

*² Target value for the adult average daily intake of vegetables stipulated in "Healthy Japan 21" (Ministry of Health, Labour and Welfare)

Food Safety

In addition to conducting HACCP-compliant hygiene management, we have created the MOS Food Safety Standards, our own food safety management system. These standards serve as 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 deliver safe, reliable, and delicious products by adhering to these standards and implementing comprehensive store hygiene audits by instructors who have undergone HACCP training, thereby maintaining compliance at all stores.

Provision of the Enjoyment of Food

MOS BURGER began sales of low-allergen menu items in 2002 and has consistently developed products aimed at a broad spectrum of customers, such as the MOS Natsumi Burger and the Soy Patty Burger series. In fiscal 2020, we rolled out sales on a nationwide basis, with the exception of certain stores, of the environment-friendly and healthy GREEN BURGER, which does not contain animal ingredients or *gokun**³ (the five pungent spices) among its ingredients. Total sales of these products tailored to diverse needs came to ¥0.8 billion and the total number of units sold stood at two million. We will continue delivering products tailored to diverse needs with the aim of offering a space where customers with a variety of circumstances and preferences, such as food allergies and health awareness, can enjoy dining together.

*³ *Gokun* refers to the five types of vegetable (green onion, scallion, leek, garlic, and onion) in Buddhism that have strong odors.

KPIs (Vision)

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

Enhance the operation and quality of the MOS Food Safety Standards

Comprehensive store hygiene audits (twice yearly)
Maintain compliance at all stores

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

Provision of products tailored to diverse needs
Continue to provide 2 million or more meals per year

Management Message

Under its Management Vision of "Making people happy through food," the MOS Group is strengthening initiatives pertaining to food safety and reliability to prepare for such risks as food accidents. We have established the MOS Food Safety Standards, our own criteria, and are promoting measures that include ensuring traceability in our procurement of ingredients and strengthening our system for auditing partner plants and our supply chain management.

Addressing food safety as well as the sharper awareness of health and food diversity is absolutely imperative, and I view these areas as ones where we can harness our greatest strengths. MOS BURGER sells low-allergen menu items, such as the meat-free Soy Patty Burger series, and the environment-friendly and healthy GREEN BURGER. Going forward, we will bolster promotional activities to raise awareness of the GREEN BURGER and increase the number of stores where it is available, in addition to further enhancing its great taste. MOS BURGER will continue to offer the enjoyment of choosing what to order in a way that transcends food customs and other factors.



Yoshinori Ando
Senior Executive Officer
General Manager, Marketing
Headquarters

Community-Oriented Store Operation

In the MOS BURGER Chain, 90% of the stores are franchises, which allow owners throughout the country to have an affiliation with their community. Community-oriented store operation that is based on a desire to contribute to communities is one of our distinctive features and a major strength.

Related SDGs



Please see our website for details of our second material issue.



Understanding Our Business Environment

While there had been fears in Japan that the concentration of the population in urban areas would lead to a waning of regional vitality, COVID-19 has prompted a change in that trend, including by encouraging people to migrate from cities to outlying regions. Meanwhile, we expect to see continuing intensifying competition in the restaurant industry as the increase in takeout demand leads to greater home-meal replacement. In addition, as lifestyles change rapidly due to the increase in dual-income and single-person households, it will become increasingly important to operate stores tailored to regional conditions.

In addition, we must prepare for and address any risks, such as the impact on store operation of natural disasters and infectious diseases, which have increased in frequency in recent years.



Risks

- Store closures resulting from the breakdown of the franchise system, the foundation of which is the relationships of trust based on the franchise contract
- Suspension of store operations due to natural disasters and human casualties
- Decrease in customer traffic due to population decline in Japan
- Diminishment of customer patronage motives following a late response to addressing diversifying store needs
- Deterioration of trust from communities resulting from a decline in community contribution activities



Opportunities

- Enhancement of management quality through sound partnerships between franchisees and the head office and among fellow franchisees
- Rise in recognition of the MOS BURGER brand and in corporate value through the establishment and expansion of the store network
- Development of relationships of trust with local communities and improvement of store value by invigorating community contribution and Kyoei-kai activities
- Expansion in customer demand for takeout and delivery services and for merchandising



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 called the Franchise Voluntary Chain. Supervisors (SVs), who aim for better store operation and serve as a bridge between the head office and franchisees while carrying out activities including training, play a very important role in the MOS BURGER Chain, which seeks to develop with franchisees as partners with the same goals, rather than simply being in a contractual relationship with them. To enhance the quality of their abilities, we focus on development training in the first and second years of their appointment. In fiscal 2020, we held such training on eight occasions and with the participation of 24 individuals. In addition, we require SVs to complete SV School, which is held by the Japan Franchise Association, within three years of their appointment. In these ways, we are working to solidify the building of relationships with franchisees.

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. Unable to assemble directly in fiscal 2020, store owners and managers from various regions interacted through online meetings, improved store quality via training and other activities, and cooperated and shared information on sales promotion activities. In particular, for the sale of the Mix Shake utilizing local specialties, the Kyoei-kai introduced initiatives that highlighted the features of each region on the theme of love for the community, garnering a strong reception from local customers.

* Activities with the goal of embodying the MOS Spirit

Format Development

Besides store development matched to a variety of locations, such as office districts, roadsides, and food courts, we are advancing the development of stores and categories tailored to the patronage motives of diversifying customers. Leveraging the inherent strengths of restaurants to offer a relaxing dining space, we are developing the "MOS BURGER & CAFE" type store featuring an enhanced cafe menu. At the same time, issues including response to takeout demand and enhancement of contactless services were major themes in fiscal 2020, a year marked by the significant impact of COVID-19. Despite a challenging business environment, other restaurant businesses opened new stores, including inside bookstores.

KPIs (Vision)

Raise the capabilities of Supervisors (SVs)

Percentage of Supervisors completing SV School (those serving as an SV for at least four years)
100%

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

Develop stores and formats tailored to diversifying customer patronage motives

Management Message



Tsuneari Ota

Director,
Senior Executive Officer
General Manager, Operation Headquarters

While experts had long sounded warnings about the potential global spread of infectious diseases, experiencing COVID-19 reminded me of the importance of risk management. Visualizing risks and understanding the gap between risks and reality while preparing measures to address them is vital. To do so requires a great deal of up-to-date information. In this regard, the MOS BURGER Chain comprises franchisees throughout Japan who have detailed knowledge of their communities and who are connected with each other through the MOS BURGER Kyoei-kai. We will address a variety of risks concerning stores while leveraging the strengths of MOS BURGER, which is deeply connected with local communities.

Although store visits by SVs in fiscal 2020 were restricted due to the spread of COVID-19, establishing an environment for holding meetings online helped us discover the advantages of such meetings, including time efficiency. We will continue to raise the service quality of SV activities by combining working from home with in-person meetings as a workstyle catering to the new era. In this way, we will achieve the development of the MOS BURGER Chain, pursue the happiness of our franchisees, and contribute to local communities while sharing the MOS Spirit now more than ever amid a changing society.

Material Issues

3

Workstyle Reforms

In 2019, the MOS Group set “Workstyle reforms that realize the happiness of MOS Group employees” as a Companywide, cross-organizational theme. To be a company where members can continue working energetically and in good health, we will continue to promote a host of initiatives related to health and productivity management.

Related SDGs



Please see our website for details of our third material issue.



Understanding Our Business Environment

The steady implementation of laws related to workstyle reforms since April 2019 has in turn triggered increasing societal requirements in respect to such reforms. We are seeing calls to accommodate flexible workstyles such as working from home, due in particular to the impact of COVID-19. Realizing that human resources are our most important management resource, we are conscious of the importance of respecting diversity, including in regard to non-Japanese people and people with disabilities, and of promoting health and productivity management.

Meanwhile, we expect labor shortages and the rise in personnel expenses to accelerate going forward amid the declining working population in Japan brought about by the falling birthrate and aging population.

Risks

- Increase in costs stemming from intensifying competition for securing human resources
- Decline in labor productivity resulting from a delay in implementing health and productivity management measures
- Decrease in member engagement
- Challenges to maintaining business continuity due to the outflow of outstanding human resources
- Diminished job satisfaction and motivation caused by a lack of training opportunities
- Wane in corporate competitiveness through a failure to establish a personnel system and workplace environment matching the changing times

Opportunities

- Enhancement of corporate image and promotion of human resource acquisition as a result of pursuing health and productivity management
- Reinforcement of member engagement
- Continuous growth of the Company thanks to securing outstanding human resources
- Improvement of job satisfaction, labor productivity, and motivation due to the provision of training opportunities
- Expansion of business scale and creation of innovation through the empowerment of diverse human resources

Diversification of workers



Labor shortages



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 days off, and prohibiting smoking during working hours. As part of our efforts on mental health care during COVID-19, we have conducted stress checks and established a mental health care helpline. In fiscal 2020, we promoted a host of health and productivity management-related measures and teleworking while establishing a pilot office with the aim of creating workplaces where members can work enthusiastically. Going forward, we plan to enhance education and training regarding health in order to improve the health literacy of members.

Cultivation of Human Resources

Guided by a desire to help members working at the MOS Group realize their dreams, we are upgrading a variety of education and training programs. Through a wide range of education and training activities, including group training, correspondence courses, and lectures from external instructors, we provide support for the growth of members while achieving the retention of active human resources. At the MOS Group head office in fiscal 2020, we revised evaluations and ratings systems to commence a new personnel system offering abundant opportunities for members to take on challenges. In addition, we began the release of online seminar videos as a way to support the provision of learning opportunities for store members during the COVID-19 pandemic.

Promoting Diversity

The MOS Group head office proactively recruits a diverse array of human resources at its head office and stores, such as women, seniors, non-Japanese people, and people with disabilities. We are promoting the creation of fulfilling and appealing workplaces by providing a platform where members can thrive in accordance with their individual abilities. Specific examples include the upgrading of childcare and nursing care leave systems and the leveraging of MOS SHINE, INC., a special purpose subsidiary. In fiscal 2020, the rate of female members returning to work following childcare leave stood at 100%. Going forward, we will enhance diversity awareness education with a view to further promoting the active participation of diverse human resources while aiming to raise the percentage of male members taking childcare leave.

KPIs (Vision)

Promote health and productivity management

Frequency of health literacy education and training implementation by fiscal 2030
Implement four times a year
70% participation rate each time

Provide educational opportunities (enhance human resource training)

Promote diversity

Percentage of male employees taking childcare leave by fiscal 2030 (compared with fiscal 2020)
200%

Management Message



Tsutomu Kawakoshi
Executive Officer
General Manager,
Management Support
Headquarters

The MOS Group head office has been recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for two years in succession. Nevertheless, we will continue stepping up our efforts to promote a variety of health and productivity management measures in order to address risks that include a declining working population and intensifying competition for the acquisition of human resources. In fiscal 2020, the impact of COVID-19 accelerated the introduction of working from home throughout the Company, which we had already been advancing, thereby helping to improve the work-life balance of members. As we move forward, we will also bolster their health literacy.

The recruitment of a diverse body of human resources is one of our strengths. In addition to rehiring retirees and recruiting people with disabilities, we continue to operate the “Vietnam Kazoku”^{*} program through the Technical Intern Training Program and plan to welcome its inaugural participants to Japan after the pandemic comes to an end. Going forward, in an effort to promote further diversity, we will raise the percentage of male employees taking childcare leave. To realize that goal, we will encourage the understanding of work colleagues and advance the standardization of work processes to enable male employees to take such leave.

In fiscal 2020, alongside the introduction of a new personnel system, we expanded our program offering support for members to obtain qualifications. We will transfer responsibility for the education of head office employees to the Human Resources Development Division in fiscal 2021 and are in the process of planning educational measures for creating a more professional organization. Looking ahead, we will integrate the best aspects of recruiting personnel for specific assignments and membership-based recruitment to design an educational system in which each individual's motivation for self-growth overlaps with achieving the organization's vision.

^{*} Utilizing the “specified skills” residency status, “Vietnam Kazoku” is a program to employ at MOS FOOD SERVICES, INC. Vietnamese members who come to Japan after completing specialized education in their home country. We are looking to employ program participants in our overseas stores, including in Vietnam, after their residency status expires.

Related SDGs



Material Issues
4

Reduction of Environmental Impact

MOS takes its name from the first letters of the words mountain, ocean, and sun, and this name expresses a boundless love for humankind and nature. The MOS Group, which has carried out a range of environmental initiatives since its founding, including the promotion of energy savings, the control of waste, and the introduction of environment-friendly packaging and containers, will continue working to reduce its environmental impact.

Please see our website for details of our fourth material issue.



Understanding Our Business Environment

With updates to the Paris Agreement in January 2020, Japan saw the simultaneous nationwide introduction of a charge for shopping bags in July of the same year. Amid these developments, companies are being urged to address environmental problems to achieve the elimination of the use of plastic, carbon neutrality, and other goals. Meanwhile, as changes in consumer behavior have brought about a keener interest in and awareness of food loss & waste, initiatives aimed at reducing such loss and waste are imperative.

Additionally, we expect customers to increasingly wish to consume products that are good for the environment due to the growing awareness of the SDGs.

The MOS Group's Initiatives

Energy Savings

To promote energy savings, we monitor store energy consumption and carry out periodic cleaning and inspections of kitchen equipment and other appliances. Moreover, as an initiative unique to MOS BURGER, we have implemented the "green curtains" initiative (living plants that serve as curtains) outside stores. These curtains are useful in saving energy while also fostering communication with customers. In fiscal 2020, our CO₂ emissions stood at 67,290 t-CO₂, representing a reduction of 33.3% compared with emissions in fiscal 2013. We have also begun a climate change scenario analysis in accordance with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) (please see page 34 for details) and announced our response on our corporate website. We will continue aiming to further reduce our CO₂ emissions by promoting measures that include proactively installing energy-saving equipment. Furthermore, we are now considering our response to the Japanese government's April 2021 revision of its CO₂ reduction targets (46% reduction compared with fiscal 2013).

Food Loss & Waste and Plastic Ocean Waste Countermeasures

The after-order system that we have pursued since our founding and the marketing of our products in diverse sizes helps contribute to a reduction in food loss & waste. In fiscal 2020, our recycling rate under the Food Recycling Law came to 54.8% (up 3.9% year on year). As a way to conserve petroleum resources, reduce CO₂ emissions, and address the problem of ocean plastic, we are working to reduce our use of petroleum-derived plastics in the disposable products that we provide to customers. In fiscal 2020, we reduced the amount of plastic used in our plastic straws by changing the material and shortening straw length. We are aiming to increase the percentage of such environment-friendly products to 70% by fiscal 2030 and to 100% in the future.

Environmental Preservation

All MOS BURGER and MOS CAFE stores in Japan have been in receipt of Eco Mark (restaurant) certification since 2017 thanks to environment-friendly initiatives at stores. In fiscal 2020, we communicated information in the "SDGs Newsletter," an educational tool for stores, on our initiatives that earned Eco Mark (restaurant) certification. We are also working to achieve sustainable business activities through the operation of our Environmental Management System (MOS-EMS). We will continue striving to raise the environmental performance of all MOS Group stores by continuously improving this system.

KPIs (Vision)

Advance energy savings on a Groupwide basis
Reduction in CO₂ emissions of 26%
(compared with fiscal 2013) by fiscal 2030

Reduce food loss & waste and promote food recycling
Recycling rate of 65%
(based on the Food Recycling Law) by fiscal 2030

Promote the introduction of environment-friendly products for the disposable products provided to customers
Ratio of 70% for environment-friendly products by fiscal 2030

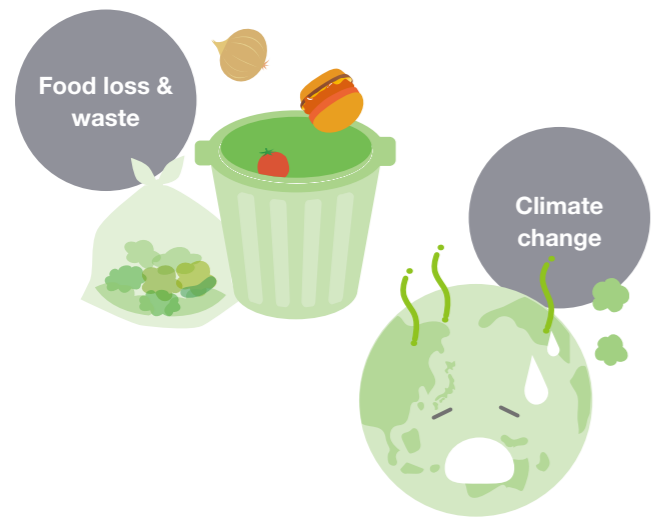
Enhance the operation and quality of our Environmental Management System (MOS-EMS)
Maintenance of Eco Mark (restaurant) certification

Risks

- Pressure on business operations resulting from an increase in climate change risks
- Rise in energy costs accompanying business expansion
- Increase in costs incurred as a result of food loss & waste
- Decrease in corporate value because of a delay in implementing 3R (reduce, reuse, and recycle) activities

Opportunities

- Decrease in energy costs resulting from the utilization of energy-saving equipment
- Achievement of stable procurement of ingredients owing to a thorough response to climate change
- Reduction in costs through control of food loss & waste
- Mitigation of environmental impact due to promotion of the 3Rs
- Improvement in corporate value by adopting new, environment-friendly materials



Management Message

Throughout our history, we have continuously conducted initiatives that help reduce our environmental impact. Although we worked to promote the installation of energy-saving equipment in fiscal 2020, I believe that the reduction in CO₂ emissions we achieved partly reflected the impact of shortened operating hours and the rise in takeout orders brought about by COVID-19. As a new initiative, we have begun disclosing information based on the TCFD framework. Going forward, we will advance research on renewable energy in an effort to further reduce our CO₂ emissions.

While the after-order system that we have pursued since our founding has helped control the volume of food loss & waste from stores, we will enhance the accuracy of sales forecasts to prevent the loss and waste of leftover products in our warehouse, such as ingredients for limited-period products, with the aim of striking a balance between reducing costs and mitigating our environmental impact. As a plastic countermeasure, we use environment-friendly products such as polyethylene bags with a biomass ratio of 90% or more and paper bags for the bags we use for takeout orders. We changed our straws in fiscal 2020 and followed that up in May 2021 with replacing plastic stirrers with those made of wood.

Our Eco Mark (restaurant) certification is the outcome of such long-standing activities. We will continue to be a company that is good for people and friendly to the environment so that we can continue to be chosen by customers who wish to consume products that are good for the environment.



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

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.



Environment

Environment P33 Contribute to the creation of a sustainable society

Social

Customers P35 Generate the happiness of our customers through HDC

Members P37 Grow together by sharing our values

Franchisees P39 Provide material and psychological satisfaction

Communities P41 Become an indispensable presence in communities

Local Authorities P41 Establish fair and transparent relationships

Business Partners P43 Promote mutual development through open and fair trade

Shareholders P44 Improve medium- to long-term corporate and shareholder value

Governance

Governance P45 Comply with laws and regulations and behave in an ethical manner



Close-Up P38

Close-Up P40

Close-Up P36

Close-Up P42



Together with the Environment

In tandem with engaging in environmental activities that include the promotion of energy savings 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.



Use of 90% or more biomass plastic in material for polyethylene bags for takeout orders

Plastic Countermeasures

To reduce as much as possible its use of petroleum resources, which is said to be a cause of global warming, the MOS Group is continuing to reduce plastic packaging, containers, and other items—environmental efforts it has long promoted. The Japanese government implemented a mandatory charge for plastic shopping bags on a nationwide basis in July 2020. MOS BURGER had already abolished the use of petroleum-derived plastics in its shopping bags in 2006 and continues using paper bags and products containing 90% or more plant-derived biomass plastic material. We have also sought to reduce the amount of plastic we use in our plastic straws by switching to a material containing 30% biomass plastic while shortening the length by 10mm in December 2020.



Eco Mark (restaurant) certificate

Eco Mark (Restaurant) Certification

In October 2017, all domestic MOS BURGER and MOS CAFE stores were awarded the Eco Mark (restaurant) certification.

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 foodstuffs 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. In fiscal 2020, we raised awareness of the Eco Mark among members by communicating information on our initiatives that satisfied the certification criteria in the "SDGs Newsletter," an educational tool for stores.

The areas covered by the Eco Mark certification are representative of the very activities that we have developed to date. We will continue to promote environment-friendly store operations throughout our entire restaurant chain.



Initiatives Addressing Biodiversity / Use of Green Electricity



The MOS Group has adhered to its policy on the environment since its formulation in 2004. In fiscal 2020, we revised the MOS Group Environmental Policy by adding a section on biodiversity in light of societal demands (<https://www.mos.co.jp/company/csr/environment/system/> [Japanese only]).

One of our specific initiatives with the goal of conserving biodiversity is to support the activities of "Office Chonai-Kai," an environmental NPO. We purchase "Morino Chonai-Kai's Forest Thinning Support Paper" and cooperate in the effective use of thinned wood and sound forest management by using it in our printed materials.

In the coffee beans for our blended coffee, which we updated in fiscal 2020, we use 30% Rainforest Alliance* certified coffee, thereby contributing to conserving biodiversity and maintaining the sustainable livelihoods of producers.

We also contribute to the popularization of renewable energy by purchasing green electricity generated at biomass power generation facilities. Such electricity produces minimal greenhouse or other harmful gas emissions and has low environmental impact.

* The Rainforest Alliance is an international nonprofit organization (NPO) working at the intersection of business, agriculture, and forests. The organization aims to create better futures for people and nature by making responsible business the new normal.



Display of a green electricity certificate

Our Response to Climate Change

The MOS Group recognizes that addressing risks and opportunities related to climate change is an important management task. Based on this recognition, the Group has begun disclosing information regarding corporate governance, strategy, risk management, and indicators and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).*

We examined business impacts using the 2°C and 4°C scenario and taking into account social changes through 2030. The results confirmed that matters related to the procurement of ingredients constituted a physical risk and that stagnation in business activities resulting from major natural disasters represented an important management issue. Going forward, we will further explore medium- to long-term impacts through 2050.

* The TCFD, created by the Financial Stability Board, aims to promote disclosure and engagement with investors and other stakeholders on the part of companies by encouraging them to view response to climate change as a way to address long-term business risks and create opportunities.

Information Disclosure from Four Perspectives Based on TCFD Recommendations

Corporate Governance	In response to major risks that may have a significant impact on the Company's financial position, business results, and cash flows, the MOS Group holds a meeting of the Board of Directors once a month in principle and convenes the Management Meeting led by directors on an as-needed basis to ensure that it can make accurate and swift decisions after conducting sufficient deliberations on important management matters. In addition, based on the Group's view that addressing climate change is an important management task, the progress of this issue is monitored at the Management Meeting and reported to the Board of Directors.
Strategy	The MOS Group implemented a scenario analysis to examine the impact of climate change on its businesses. The results confirmed that matters related to the procurement of ingredients constituted a physical risk and that stagnation in business activities resulting from major natural disasters represented an important management issue. The primary ingredients used at the MOS Group are meat (beef, pork, and chicken), flour (bread), fats and oils (vegetable oil), and vegetables. The Group's businesses, financial position, and business results could be affected by a rise in purchase prices, a tightening of supply and demand, depreciation of the yen, and other negative consequences in the event of significant fluctuations in food prices for ingredients used at the MOS Group due to a variety of factors. These factors include a decline in production quantities resulting from abnormal weather, a rise in freight costs associated with an escalation in crude oil prices, an increase in grain prices brought about by an expansion in demand for biofuels as part of environmental measures, and perceived global food shortages. The MOS Group's businesses, financial position, and business results could also be affected in the event that store operations were impeded for a certain period of time or if there were human casualties due to a natural disaster occurring in a region where its stores are concentrated.
Risk Management	In respect to the procurement of ingredients and materials, we carry out information gathering from suppliers regarding price fluctuations in trading markets for our primary ingredients and continuously engage in risk hedging by developing new production regions for ingredients and dispersing procurement. In order to quickly make decisions that place the highest priority on human life and safety in times of emergency, such as natural disasters, we have in place criteria for determining whether to suspend or continue store operations and have formulated the Guidelines on Store Operations in the Event of a Natural Disaster, which we disseminate and thoroughly implement, to enable relevant departments to respond on the basis of a common understanding. At the same time, we are maintaining and reinforcing risk response systems for keeping damage to a minimum in times of emergency, such as implementing disaster preparedness drills that anticipate large-scale earthquakes and other disasters.
Indicators and Targets	In our energy-saving initiatives, we monitor store energy consumption, such as electricity and gas, and carry out periodic cleaning and inspections of lighting, air conditioning, freezers, refrigerators, and other appliances. Moreover, as an initiative unique to MOS BURGER stores, we have implemented the "green curtains" initiative (living plants that serve as curtains) outside stores. These curtains promote energy savings as well as fostering communication with customers. Going forward, we will aim for a 26% reduction in our CO ₂ emissions by 2030 (compared with fiscal 2013) by installing energy-saving equipment and making use of renewable energy. We will also aim to raise the ratio of our environment-friendly products to 70% by fiscal 2030 as a plastic countermeasure and expand the number of corporations qualified to own cropland (MOS Farms) to secure a stable supply of high-quality, fresh vegetables.

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

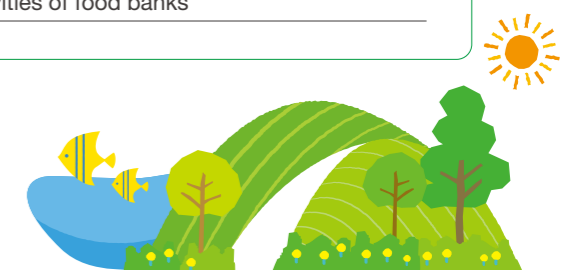


Scan the QR code for ESG data regarding the environment.



Other Initiatives

- Energy-saving activities
- Environment-friendly deliveries
- Eco-Leaf Environmental Label
- "Green curtains" initiative
- Reduce, reuse, and recycle (3R) activities
- Support for the activities of food banks



Customers



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.



Expansion of contactless payments

Expansion of Cashless Payment Options



MOS BURGER has introduced payments via the MOS Card, a prepaid card, electronic money such as transportation IC and iD, and international brand credit cards including Visa and Mastercard with the aim of improving convenience for customers when taking orders. In conjunction with these moves, we have installed self-payment machines and are conducting trials of self-ordering kiosks that simplify cash transactions and the taking of orders.

In fiscal 2020, we introduced the touch payment services of international brand credit cards and barcode payment services (d Payment, au PAY, and PayPay) in order to expand cashless payment options and enhance convenience for customers. We are seeing a growing demand for simple and quick contactless payments as a measure to prevent the spread of COVID-19. We will continue to introduce convenient services that are safe and secure for customers.



Delivery partner delivering products

Promotion 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. MOS BURGER began a trial introduction of Uber Eats at certain stores in Kyoto, Osaka, Nagoya, and Fukuoka in 2018 before expanding it to other stores. In fiscal 2020, the addition of Nagasaki and Saga prefectures took the number of regions where we have introduced Uber Eats to 29 prefectures and the number of stores offering this service to 437 (as of March 31, 2021). Amid restrictions on outings resulting from state of emergency declarations due to the spread of COVID-19, Uber Eats has allowed us to address the

needs of customers who would like to casually enjoy restaurant food at home or elsewhere, thereby becoming an important infrastructure for connecting customers and stores. We plan to continue introducing Uber Eats to a greater number of regions and making it available at more stores as it expands its service area.

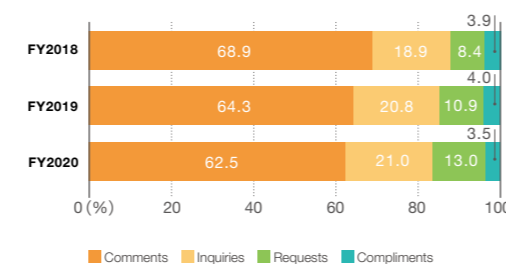
Role of the Customer Relations Office



The Customer Relations Office receives comments and inquiries from customers by phone, email, 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 have seen an increase in the number of comments and questions regarding product quality and service hours due to the rise in takeout demand precipitated by COVID-19. We share such up-to-date customer feedback and comments with store members by including them in the "Customer Relations Office Newsletter," which we publish on a monthly basis.

Comments and Inquiries Received by the Customer Relations Office



Moscohol NV, our original alcohol-based disinfectant

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. In the hygiene audits, health inspectors well-versed in actual restaurant conditions and who have obtained Hazard Analysis and Critical Control Point (HACCP) coordinator certification venture directly to stores to carry out improvement proposals and give other advice. In fiscal 2020, we seamlessly implemented periodic audits by also conducting them remotely.

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, and the holding of training sessions. Besides these activities, MHS, INC. develops and sells various hygiene products, such as alcohol preparations, the demand for which has increased due to the spread of COVID-19, thereby contributing to the field of hygiene in a wide-ranging manner.



Kit Oisix Timeless and Enchanting Bolognese

New Business Development Leveraging the MOS BURGER Brand



We are promoting measures to expand new sales channels and strengthen merchandising that leverages the MOS BURGER brand. In fiscal 2020, we collaborated with Oisix, a company operated by Oisix ra daichi Inc., a major player in the food delivery industry, to develop Kit Oisix Timeless and Enchanting Bolognese, a meal kit adapting MOS BURGER's meat sauce as a sauce for pasta to sell on the Oisix website for a limited period. This meal kit, an easy-to-prepare dish enabling the enjoyment of authentic Bolognese sauce, garnered customer acclaim for offering a

new culinary experience to enjoy time at home. We also introduced a succession of other products for sale, such as Tsumu MOS Gummy, gummy candies created in collaboration with UHA Mikakuto Co., Ltd., and an original mask with Nishikawa Co., Ltd. (a manufacturer of bedding). We will continue to proactively propose products developed through collaborations with companies in other industries as well as MOS BURGER's own original lifestyle products.



Launch of Takeout-Only Rich-Tasting Bread

In response to growing takeout demand brought about by the impact of COVID-19, we launched sales in fiscal 2020 of "Bread That Is So Rich It Makes You Want to Exclaim That It Doesn't Even Need Butter," a takeout-only product that is available by reservation at more than 1,000 MOS BURGER stores on the second and fourth Fridays of each month. We introduced this bread, which features a soft texture and rich buttery taste, to allow customers to enjoy a little luxury for their weekend breakfasts at home amid conditions that make it challenging to go to restaurants. The excessively long name we gave this bread reflects our wish to thoroughly communicate its product features and make an impression by creating an impact using a name so long it cannot be remembered. We have been greatly encouraged by the reaction of customers, with sales of approximately 140,000 loaves in the first two rounds of reservations following the launch.



Hiroaki Yoshino
Group Leader,
Operation Headquarters



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, and primary places of origin
- MOS Online Orders
- MOS Card
- Free Wi-Fi



Scan the QR code for ESG data regarding customers.





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.

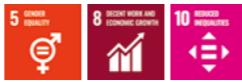


Advancing the creation of an attractive workplace

Although we have set out our respect for human rights and diversity in the MOS Group Code of Conduct, we have formulated the MOS Group Human Rights Policy (<https://www.mos.co.jp/company/csr/society/member/> [Japanese only]) in light of growing global interest in human rights issues. We are also creating a variety of personnel systems with the aim of establishing working environments facilitating diverse and flexible workstyles. To that end, 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. As we have established an environment in which members can look forward to childbirth and returning to work with peace of mind, the ratio of members returning to work after childcare leave is almost 100% and the number of male members taking such leave is increasing. Working from home, a measure introduced in fiscal 2019 to prevent the spread of COVID-19, also helps members achieve a good work-life balance.

In fiscal 2020, we introduced new personnel systems comprising simple and easy-to-understand frameworks and a framework that fairly evaluates those who have worked hard. We will continue to maintain an environment where a wide range of members can work enthusiastically.

Promotion of Diverse Workstyles



Promotion of Health and Productivity Management

The MOS Group head office positions health and productivity management as one part of its strategic measures. We are implementing activities encouraging working members to undergo medical checkups and secondary examinations to promote their health. We also provide a health consultation office under a public health nurse on a monthly basis to offer specialist advice on leading healthy lifestyles. Meanwhile, we provide support for smoking cessation outpatient services, which have enjoyed some success. The impact of COVID-19 has prompted significant changes in workstyles. With this in mind, we made use of the outsourced mental health care consultation service that we had previously established and continued carrying out stress checks and other forms of support. By maintaining a variety of measures, we are helping members to raise their awareness of mental and physical health.

These initiatives have been highly commended and the MOS Group head office was recognized under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)* by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, the second straight year it was honored under this program. We will continue to advance a host of initiatives as we seek to raise the health awareness of employees.

* 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.



Office space at the MOS Group head office, where employees are free to change their desk and choose their own work space

Promotion of Office Reform

Guided by the target in our Medium-Term Management Plan of "creating open workplaces where members can work enthusiastically," we have long advanced the establishment of a next-generation office with the aim of improving employee engagement and catering to diverse workstyles. In January 2020, we set up a pilot office while implementing measures to prevent the spread of COVID-19. Specifically, we are designing an office space tailored to the objectives of those who use it, such as encouraging communication between departments by introducing a system where employees are free to change their desk and establishing respective spaces for concentration and interaction. At the same time, we have taken such steps as digitizing the affixing of seals on contract documents, which was previously conducted face-to-face using paper, in order to accommodate workstyles that promote

working from home. We will continue to advance office reform as we strive to encourage the autonomous workstyles of members.



"OriHime," an alter-ego robot

"Your Pace" Kiosk

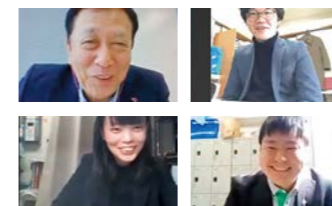
MOS BURGER continues to investigate customer service that provides a warmth that only people can offer while leveraging technology and working to address labor shortages at the same time.

In cooperation with Ory Laboratories Inc., we carried out the trial introduction of a "Your Pace" Kiosk utilizing "OriHime," an alter-ego robot, at the MOS BURGER Osaka Store (Tokyo) in July 2020. The trial targeted those with serious illnesses and other conditions for whom going outdoors is challenging. "OriHime," which can be installed in stores and operated remotely, takes orders from customers inside stores, allowing them

to order unhurriedly while having a conversation with them. This initiative has been well received by customers, who have commented that they felt the warmth of a human being via the robot and that they were able to take their time in considering their order. Encouraged by this positive response, we will develop "OriHime"'s activities by installing it beside self-ordering kiosks to act as a kiosk assistant offering support to customers making orders. We will contribute to society by strengthening this initiative to create a store environment that facilitates remote participation.



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



Sakurada Academy Online Employee Meeting

The Sakurada Academy serves as a platform for Chairman Sakurada to personally convey passion and entertainment to the next generation as Honorary Principal of the MOS Academy. Although we began a camp-style format for the academy in 2019, we switched to holding the Sakurada Academy Online Employee Meeting in fiscal 2020 in consideration of the COVID-19 pandemic.

Chairman Sakurada turned the meeting into an opportunity for dialogue as a campaigner for MOS BURGER, recounting stories from the Company's early days and discussing his own experiences as a store manager while taking questions and exchanging opinions directly online. The meetings were held on six occasions with the participation

of a total of 108 employees, including MOS Group head office store members and members from Group companies. We will continue to pass on the approaches and behaviors that form the cornerstone of the MOS BURGER chain by imparting and preserving our past, including our history and anecdotes from earlier times, through the Sakurada Academy.



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. In fiscal 2020, challenge mates placed on standby at home during the COVID-19 pandemic tackled tasks in an experiment in working from home. After their return to the workplace, a new system was put in place dividing the challenge mates into two groups with different working hours to enable them to do the work outsourced to them while avoiding crowded settings. We also enthusiastically took on the challenge of trying a variety of new endeavors, such as implementing online interviews, training, and gatherings. We are expanding the opportunities for active participation of challenge mates, not only at the head office but also at MOS Group stores and a cake factory, where five mates currently work. We will continue to promote the recruitment of people with disabilities in a variety of ways, such as proactively accepting candidates for workplace training and guided visits.



Makiko Akiyama
Specialist,
MOS SHINE, INC.



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



Other Initiatives

- Promotion of opportunities for diverse human resources
- Operation of a whistleblower system
- MOS Academy



Scan the QR code for ESG data regarding members.



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 Kyoei-kai, whose operations are led by the MOS BURGER store, and our backing for the recruitment of store crew to work at our stores.



Hospitality, Delicious, and Cleanliness (HDC) Activities

At MOS BURGER, we conduct operations every day with 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 2020, we set the themes of “learning from customer feedback to increase the number of MOS BURGER fans” and “aiming to raise the satisfaction levels of store crew.” Based on these two themes, and while giving due consideration to preventing the spread of COVID-19, we aimed to operate stores in a way that would encourage customers to visit again and to create stores where store crew would like to work.

What is HDC?

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



Handmade poster for the Mix Shake

Launch of Local Specialty Shakes on the Theme of Love for the Community

As a hamburger chain originating in Japan, MOS BURGER is working to develop local specialty menus utilizing the foods and features of various parts of the country. On the theme of love for the community, in fiscal 2020 we launched eight varieties limited to particular regions of the Mix Shake to provide support for various production regions as part of regional revitalization efforts and to utilize the local specialties of communities suffering from a decline in consumption due to COVID-19. In undertaking sales, we listened to the views of producers and shared these with store members, with each region implementing its own initiatives, such as adding handwritten messages. Sales were boosted by the commitment of MOS BURGER stores throughout Japan to invigorate regions with love for the community.



Cultivation of Franchise Owners Who Will Lead the Future

At MOS BURGER, which is marking its 49th 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 2020, seven people participated in Next-Generation Owner Training as we took a variety of steps to adapt flexibly to the COVID-19 situation, including enabling online participation. We have been implementing this training since 2004 for individuals aiming to manage a MOS BURGER store, such as through business succession or through employees wishing to go into business for themselves. In addition, two individuals recruited under the Sunrise System—a program for persons who desire to go into business for themselves that supports their development as business owners over the short period of three to five years—also participated in Next-Generation Owner Training. These individuals aim to go into business for themselves in fiscal 2023. We will continue to improve the growth potential of the chain by increasing the number of partners through such initiatives.



Next-Generation Owner Training



“a-mossles!” app for supporting stores

Operation of the “Recruit MOS” Recruitment Support Website and the “a-mossles!” App for Supporting Stores



The MOS Group head office communicates information on topics that include recruitment support and education to all of its stores, including franchisees. “Recruit MOS” is a website we 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. We have also enabled applications by phone through our dedicated call center as well as applications using LINE ID.*1

“a-mossles!” is a dedicated smartphone app for internal use that we launched in December 2019 with the goal of enhancing the engagement of chain members.*2 This app provides support for the education of staff recruited via “Recruit MOS” and improves communication within the chain by streaming content including educational videos, promoting awareness of the MOS Spirit, and disseminating information.

*1 LINE is a social networking service developed by LINE Corporation, and LINE ID is a key used to identify users on LINE services.
*2 For internal use only (not available in app stores)

Horizontal Expansion of Activities Promoting Love for the Community Using a Collection of Case Studies



Since fiscal 2013, we have created and distributed to all stores in the MOS Group a collection of case studies featuring initiatives that have been carried out at various MOS BURGER stores, such as the “green curtains” initiative, in order to promote the horizontal expansion of our environmental and social contribution activities. In fiscal 2020, we featured activities promoting love for the community and other efforts undertaken by various branch offices on the theme of compassion. The title of this publication, *The MOS BURGER Book for Sharing Compassion*, expresses our wish to share the environmental and social contribution activities of various stores and communities, which were borne out of compassion, with colleagues throughout the country. We hope that this book will help stimulate the expansion of a wide variety of activities.



Cover of *The MOS BURGER Book for Sharing Compassion*

Close-Up MOS BURGER Kyoei-kai

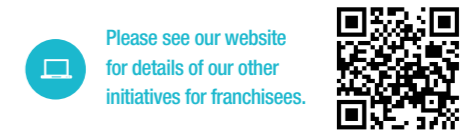
The MOS BURGER Kyoei-kai is a unique organization established in 1980 to nurture relationships of trust and cooperation while facilitating mutual communication between the head office of the MOS BURGER Chain and franchisees and between fellow franchisees. The organization is divided nationwide by region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

In fiscal 2020, the spread of COVID-19 had a significant impact on the activities of the Kyoei-kai, such as bringing about the cancellation of the MOS BURGER Kyoei-kai National Convention, an event held every three years.

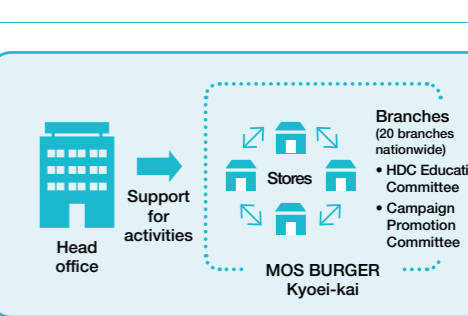
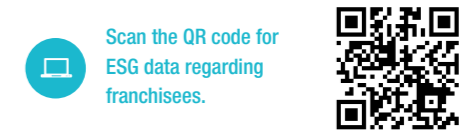
Nevertheless, amid travel restrictions, we managed to hold a variety of meetings on 15 occasions by introducing an online format in order to maintain communication with members across Japan. We will continue to provide support to enable the MOS BURGER Kyoei-kai and the head office to prosper together.



Chisato Nagasaki
Group Leader,
Operation Headquarters
Kyoei-kai Secretariat Division



Other Initiatives
• Kyoei-kai activities



Communities and Local Authorities

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 using famous foods and specialties from various regions.



Support for the Kodomo Shokudo



Hygiene training session

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 Moscohol NV, our original alcohol-based disinfectant to 26 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). In fiscal 2020, we held these sessions while incorporating remote participation for part of the training.

We will continue to provide ongoing support so that children can take their meals with peace of mind.



Launch of Region-specific Products

As an initiative to assist various production regions and support regional revitalization and local production for local consumption, MOS BURGER uses regional produce or produce connected to a region to launch products limited to particular regions that are prepared in their distinctive style.

In fiscal 2020, we launched eight varieties of the Mix Shake limited to particular regions, beginning with Mix Shake Shonan Gold. We also held the Made in Awajishima Onion Festival, an event at which we sold a type of hamburger for a limited period and limited to a particular region using new onions from Awajishima that were grown at a partner farm. We have held this event every year since its inception in 2016, as the hamburger using onions is a favorite among local customers as a product that can only be enjoyed in particular regions when onions are in season.



Onion Burger with Japanese Style Soy Sauce (available for a limited period), using onions grown by Awajishima farmers with a commitment to quality



A poster for "MOS-goto Art Exhibition 2020"

Holding the "MOS-goto Art Exhibition"

MOS BURGER has supported and participated in Niigata Prefecture's town and museum cotocoto business since fiscal 2016. Under the name of "MOS-goto Art Exhibition with cotocoto," we have displayed artworks drawn by people with disabilities at MOS BURGER stores (only in Niigata Prefecture through fiscal 2018, expanding to Tokyo in fiscal 2019). In fiscal 2020, we made preparations with a view to displaying such artworks at stores in Tokyo and Yokohama as a measure to further expand this initiative and invited and selected artworks from local facilities. However, we reluctantly gave up on holding exhibitions at physical stores from the viewpoint of preventing the spread of COVID-19, instead deciding to unveil all 114 artworks through an online display via a specially created website. We also displayed a selection of the artworks in the reception area of the MOS Group head office and in meeting rooms and other locations and invited people from the facilities that provided the head office with the artworks to deepen interactions with them. In a survey of head office employees, 92.6% answered that this initiative inspired them to think about the participation of people with disabilities in society while we received a number of comments, such as that this was an opportunity for them to experience art in their daily lives and that it was good to be able to see all the artworks online.

We will continue to expand the "MOS-goto Art Exhibition" initiative with the aim of creating opportunities to engage with artworks and opportunities for people with disabilities to participate in society.



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-no-bokin" campaign.

In fiscal 2020, executives from the MOS BURGER Kyoeikai visited The Eye mate on behalf of MOS BURGER and gained firsthand experience of walking with an "eye mate" (guide dog). The Eye mate has to date trained some 46 such eye mates thanks to donations from MOS BURGER, assisting the social participation and self-mobility of visually impaired people as a way for them to adapt to society.



Presentation ceremony and firsthand experience of walking with a guide dog at the headquarters of The Eye mate



Participation in the "beyond2020" Program



Tray mat for towns hosting German athletes

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

In fiscal 2020, MOS BURGER stores communicated information on host towns through horizontal cooperation with local authorities sharing the same partner countries and regions, and MOS BURGER made menus in 42 languages available on its website. We will continue to promote these efforts in fiscal 2021.



Beginning Provision of New Versions of MOS BURGER's Shokuiku Program

MOS BURGER has been promoting a community-oriented Shokuiku (food education) program that sees local communities and stores interact through lessons in which store members visit neighborhood elementary schools to carry out such activities as making a Teriyaki Burger together with children. However, the spread of COVID-19 has resulted in the suspension of these activities. In response to these circumstances, we have developed and introduced remote lessons (lessons held online) and supplementary materials (booklets) to create two new contactless programs that do not involve the direct handling of food. These new versions continue to put a special emphasis on connections between stores across Japan and their local communities while adopting problem solving to be tackled by the children themselves as a key theme. We aim to continue communicating the importance of food to children and have them pass this knowledge down to the next generation.



Tomoko Iida
Chief Leader,
Chairman's & President's Office
Social Value Creation (SDGs) Group



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

MOS BURGER's Shokuiku Program

<https://www.mos.co.jp/company/csr/society/syokuiku/>



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



Business Partners

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.



Formulation of the MOS Group CSR Procurement Policy

We have conducted procurement with consideration for the environment using the MOS BURGER Green Procurement Guidelines. In fiscal 2020, we added content on consideration for human rights in labor relations based on the MOS Group Human Rights Policy along with fair trade and environmental protection to formulate the MOS Group CSR Procurement Policy (<https://www.mos.co.jp/company/csr/society/suppliers/> [Japanese only]), which addresses the various issues that the supply chain faces. We will continue endeavoring to raise awareness and observance of the CSR Procurement Policy throughout the supply chain through requests for cooperation and surveys targeting our business partners.



MOS Farm Initiative



Ceremony marking the establishment of MOS Farm Hiroshima

Since 2006, we have been jointly establishing and operating corporations qualified to own cropland (MOS Farms) with regional producers with the aim of strengthening the stable procurement of fresh vegetables used at stores. The seven MOS Farm corporations in locations from Hokkaido to Kumamoto primarily grow tomatoes and lettuce. In cooperation with partner farms in surrounding regions, the farms tackle issues faced by Japanese agriculture through efforts including the holding of study meetings to improve production techniques, the effective use of abandoned farmland, and the provision of support for new farmers.

At MOS Farm Hiroshima, newly established in June 2020, we plan to create new employment in mountainous areas and proactively recruit and develop young personnel who aim to become farm operators while making use of our long-cultivated know-how on operating farms.

Procurement of MOS BURGER's Fresh Vegetables and Implementation of Support Measures for Partner Farmers



The fresh vegetables used at our stores are grown at 102 production regions nationwide. Based on the Good Agricultural Practice (GAP)* approach, we are continuing initiatives to grow delicious and safe vegetables, including by sending head office members holding GAP trainer certification to production regions to assess farm management conditions (MOS-GAP Inspection).



Meanwhile, COVID-19 has brought about a drastic reduction in the shipment volumes of MOS BURGER's partner farms. To provide assistance, we are maintaining our online sales support for the "Support the Farmers Vegetable Set" containing fruits and vegetables. In addition, as a second assistance measure, we carried out sales support for the "mitasu x MOS BURGER Set," a semi-cooked, boil-in-the-bag product for home use that features vegetables from partner farms. We will continue to examine and implement measures to assist partner farmers, who are valued business partners together with whom we hope to grow.

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

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



Other Initiatives

- MOS Library Project



Scan the QR code for ESG data regarding business partners.



Shareholders

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

General Meeting of Shareholders / Informal Meeting with Shareholders



On June 24, 2020, we held the 48th Annual General Meeting of Shareholders. To prevent the spread of COVID-19, we asked shareholders to refrain as much as possible from attending the meeting and implemented measures at the venue that included the use of masks and face shields by attendants and the assignment of spaced seating. President Nakamura carried out presentations on the Fiscal 2019 Business Report and "Matters to Be Addressed in Fiscal 2020." Aside from the General Meeting of Shareholders, the Company had planned to hold the Informal Meeting with Shareholders, an initiative to facilitate direct dialogue between its executive officers and members and shareholders, in Tokyo, Osaka, and other cities. However, we decided to cancel the meetings in fiscal 2020 in consideration of various circumstances. Going forward, we aim to maintain opportunities for direct dialogue with shareholders by exploring options such as holding meetings online.

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. We attach great importance to the opinions and requests of shareholders as we aim to create a more attractive benefit system. To reflect such opinions, we enabled shareholders to exchange shareholder vouchers for MOS Points on MOS Cards (one ¥500 voucher is equivalent to 500 points) and added the benefit category of "300 to 499 shares" to the shareholder benefit system. These moves garnered high praise from shareholders, who commented that the changes had increased their opportunities to visit our stores.

In fiscal 2020, we paid a full-year dividend of ¥22 per share, consisting of an ¥11 interim dividend and an ¥11 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



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

Other Initiatives

- Investor relations information



Corporate Governance

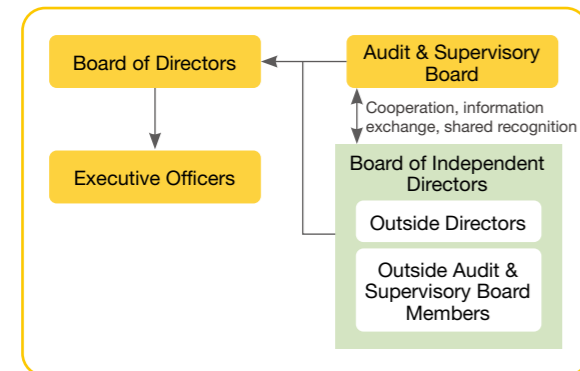
Basic Policy on Corporate Governance

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

We have adopted a Company with Audit & Supervisory Board system of corporate governance. The Company ensures the soundness and transparency of management by delegating the function of auditing the Board of Directors, management's highest decision-making

body, to the Audit & Supervisory Board, which is independent of the Board of Directors, and by appointing outside directors with a wealth of experience. Under such ample checks and balances, we believe this system enables appropriate decision-making on the part of the Board of Directors and supervision of the business execution of directors.

Governance system	Company with Audit & Supervisory Board
Number of directors	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 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	
			Monetary compensation	
Directors (excluding outside directors)	111	70	41	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	26	26	-	2
Outside officers	24	24	-	6

Notes: 1. The salaries of directors and Audit & Supervisory Board members serving concurrently as employees are not included in the above amounts.
2. The number of directors, Audit & Supervisory Board members, and outside officers includes three directors, one outside director, and one outside Audit & Supervisory Board member who retired at the conclusion of the 48th Annual General Meeting of Shareholders held on June 24, 2020.

Overview of Performance-related Compensation

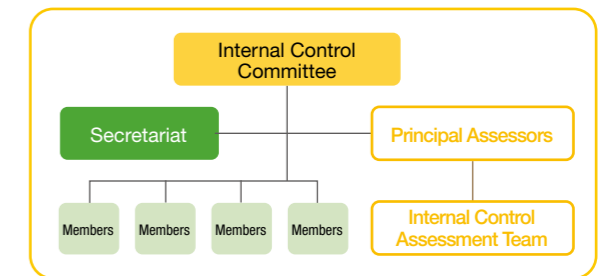
Performance-related compensation comprises executive compensation and executive bonuses, which is monetary compensation that varies depending on business performance and other factors, and performance-related share compensation, which is non-monetary compensation. The Company utilizes a combination of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

Internal Control System over Financial Reporting

Membered by those in charge of departments including the Corporate Planning Department, the Accounting & Finance Department, and the Information Systems Department, the Internal Control Committee was created 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.



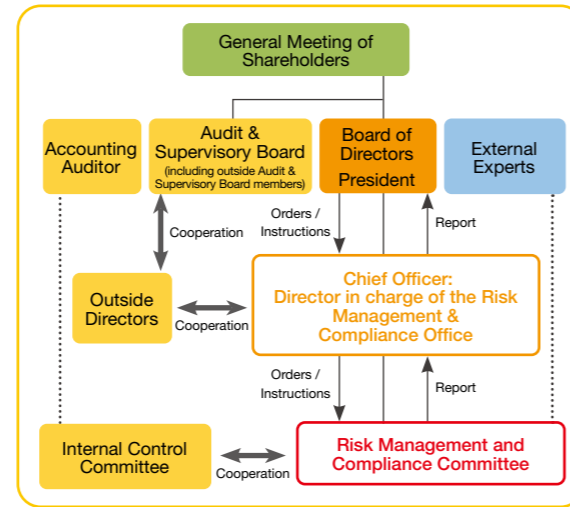
Risk Management and Promotion of Compliance

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 of risks, depending on the details. The details of consultations by the committee are reported at the monthly Board of Directors' meetings.

In fiscal 2020, we carried out compliance training for employees who are general managers or higher of departments and divisions on the theme of harassment prevention.

Going forward, we plan to implement e-learning on the same theme for other members, including those at stores.

Promotion System



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

Risk type	Risk area	Overview of risks	Response measures
Business and operational risks	Responsibility for supplying food packaging materials to franchisee stores	Circumstances in which we are unable to supply foodstuffs to franchisee stores due to factors including suspension of the supply of foodstuffs from business partners	Establish multiple supply routes and secure inventory levels for a portion of the Company's main food supply sufficient to enable the stable supply of such food to franchisee stores for a period of several months
	Procurement of ingredients and materials	Significant fluctuations in food prices for our main ingredients (meat, flour, fats and oils, and vegetables) because of a decline in production quantities resulting from abnormal weather and other related factors, a rise in freight costs associated with an escalation in crude oil prices, an increase in grain prices brought about by an expansion in demand for biofuels as part of environmental measures, and perceived global food shortages	Carry out information gathering from suppliers regarding price fluctuations and other changes in trading markets for our primary ingredients and continuously engage in risk hedging by developing new production regions for ingredients and dispersing procurement
	Safety management of stores	Problems with management of the safety of customers and members may occur, and continuation of store operations may become difficult in the event of an accident such as carbon monoxide poisoning due to the malfunction or inappropriate use of store equipment or cooking appliances	Conduct simultaneous inspections of aging equipment, including through the installation of carbon monoxide detectors at all stores, and implement thorough management of customer and member safety by conducting regular safety management inspections and crisis management training for members
Legal and quality risks	Legal and other restrictions	The Company is subject to a range of legal and regulatory restrictions, including food hygiene-related laws such as the Food Sanitation Act as well as laws related to the environment, plant and equipment, and labor. In the event of revision and strengthening of these laws and regulations, we may see an increase in new expenses in order to comply with them	Undertake information gathering in relevant departments on revisions to laws and regulations
	Safety management of food	Punishment, including suspension of business, in the event of a violation of the Food Sanitation Act, such as the outbreak of food poisoning at a store	Implement thorough hygiene management in order to provide customers with safe products by conducting regular store hygiene audits confirming the health status of members, and strictly enforcing hand washing and other measures, in addition to statutory audits
	Country risks in expanding overseas	Country-specific risks, including political, economic, and legal and regulatory risks, in various countries and regions where overseas subsidiaries operate and in peripheral regions	Proactively carry out information gathering from parties such as relevant organizations and employees on overseas assignments on the state of affairs in countries where overseas subsidiaries operate and in peripheral regions
	Personal information	Decline in brand image and diminished social credibility in the event of an external leak of the personal information of customers held at our head office or stores due to an unforeseen accident or incident	Operate management of personal information in accordance with legal obligations while strictly enforcing rules based on internal regulations, management manuals, operational guidelines, and thorough training of members

For more detailed information, please refer to the Business and Other Risks section in our securities report. (Japanese only)
https://ssl4.eir-parts.net/doc/8153/yuho_pdf/S100LL8D/00.pdf

The MOS Group's Business Continuity

As disaster countermeasures forming part of the MOS Group's Business Continuity, we conduct confirmation drills (drills confirming safety and the status of store damage) that assume the occurrence of a major earthquake or other disaster. In fiscal 2020, we carried out confirmation drills four times in total for MOS FOOD SERVICES, INC., members of Group companies, and all stores in the MOS BURGER Chain. We will continue to restructure our systems including those for confirming safety and conditions and our internal response in times of emergency as we aim to achieve the continuity of our business.

The MOS Group Code of Conduct

The MOS Group Code of Conduct provides guidelines for the conducting of business activities by the MOS Group. These guidelines are our pledge to society and our stakeholders and set out universal values for each Group company and franchisee in conducting business activities.

We believe the sustainable management of the MOS Group is demonstrated by each and every person working at the MOS Group, who is conscious of how they should act on a daily basis in order to realize the Group's philosophy on management and conduct, who takes notice of problems at their own workplace, and who acts on their own initiative in order to prevent problems from occurring or rectify a situation should a problem arise.

The MOS Group Code of Conduct

Promises to society

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

Promises to stakeholders

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

Messages from the Outside Directors



Mika Takaoka
Outside Director

Making Good Use of Governance Functions and Taking Swift Action, Even Amid COVID-19. We Have Much to Look Forward to in the MOS Group's Future.

The Management Philosophy and Founding Spirit of the MOS Group are deeply ingrained in the people who work there, and its governance system, underpinned by diligent implementation, is functioning well. Such corporate governance is a distinctive feature of the MOS Group. I believe the MOS Group has been able to maintain the business continuity of the entire chain while delivering safe and reliable products to its customers even in a year such as 2020, which was marked by the COVID-19 pandemic, because it has built frameworks as an organization to make its corporate governance work appropriately.

In addition to an atmosphere that is conducive to speaking out, a key feature of the meetings of the Board of Directors is that there is a system in place for executing swift decision-making based on frontline conditions thanks to the participation of senior executive officers as observers, which began in fiscal 2020. I feel that the excellent balance of knowledge and experience possessed by directors and Audit & Supervisory Board members is reflected in the high degree of the Board's effectiveness. The meetings of the Board are not a mere formality—which is often the case with Japanese companies—as demonstrated by the fact that proposals that come before it after their approval at the Management Meeting are sometimes rejected.

Last year I asserted my hope for an acceleration in management speed, which had long been an issue. I was therefore pleased to see the Company act quickly to revise the organizational system of MOS Dining Co., Ltd., a Group company, and determine the closure of unprofitable stores. Although it had tended to be cautious about withdrawing from businesses in the past, I feel the MOS Group made its decisions objectively and swiftly in these cases, including by deciding on closures after establishing a very strict line for judging whether or not to maintain individual stores. Turning to the utilization of MOS BURGER's brand strength, which had been another issue, the launch of a range of collaboration-based products in fiscal 2020 has provided a foothold for the creation of a retailing business. Going forward, I hope the MOS Group can build this business into a pillar of future revenue in a way that benefits franchisees.

Anticipating the future of the consumer market in the "with-COVID-19" and "post-COVID-19" eras is not easy. In such times, companies need an adaptable approach and a system that allows them to act speedily while maintaining contingency plans so that they can respond swiftly to any business environment. With returns to stakeholders as my top priority, I will continue providing advice and proposals as an outside director and I hope you will join me in looking forward to the MOS Group's future.



In an Era of Great Uncertainty, I Will Provide Input to Help the MOS Group Steadily Seize Opportunities While Remaining Mindful of Risk Management.

A year has passed since I took up my position as an outside director at MOS FOOD SERVICES, INC. in fiscal 2020. Looking back at the activities of the Board of Directors over the past year, I feel that we carried out free and open discussions under the leadership of the chairman of the Board. I particularly appreciate that the Board of Directors is pursuing the expansion of management resources, such as core technologies and know-how, in order to further increase sales and establish an even more dominant presence in the business domain in which the Company is based.

As part of its efforts to enhance the effectiveness of the Board of Directors, the Company has established Discussion Meetings of the Board of Directors and the outside board of directors with the goal of bridging the gap as much as possible between those with responsibility for monitoring management, led by outside officers, and those in charge of business execution. I feel that ensuring these forums function at a quality level will help improve the effectiveness of the Board of Directors.

In last year's report, I touched upon the importance of risk management and my approach to this subject remains unchanged, even after living through the COVID-19 pandemic. During this pandemic, which has brought about irreversible changes to social systems, we have witnessed renewed questions as to how to provide the new functions, products, and services needed by society. As an outside director, I will promote risk management while aiming to forecast the kind of social systems that will emerge under the "new normal."

At a time when COVID-19 is spreading throughout the world and affecting a myriad of industries, we must *ganbaru* (a Japanese word generally meaning "to try hard") to simultaneously resolve social issues through our business activities and increase corporate value, including improving business performance. *Ganbaru* can seem to be a vague and ineffectual word in Japanese, but strictly translated into English, it means "to exert all one's power." The restaurant industry today is exposed to an extremely severe external environment. However, looking at it another way, this environment can be viewed as providing a golden opportunity to further raise the level of our corporate culture. The MOS Group must take a positive perspective on such an opportunity without sparing any effort.



Isamu Nakayama
Outside Director



Eisuke Nakamura
President & Representative Director

1988 Joined the Company
2011 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Development Headquarters
2014 Managing Director and Executive Officer, Business Management
2016 President & Representative Director, Manager, Store Business Development Division
2020 President & Representative Director (currently serving)



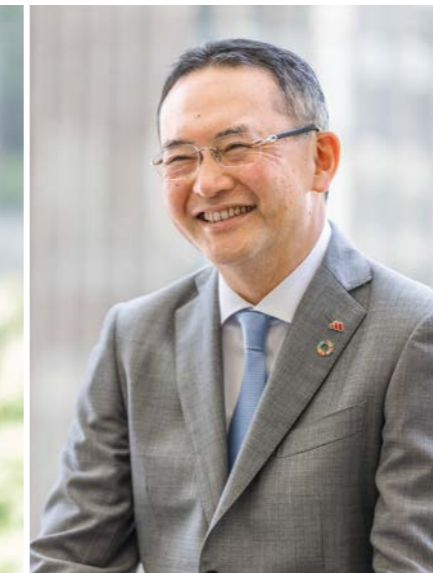
Ryuhei Fukushima
Director and Managing Executive Officer, Risk Management & Compliance Office

1986 Joined the Company
2008 Director and Executive Officer, General Manager, General Planning Office, Group Leader, Corporate Planning Group
2016 Managing Director and Executive Officer, General Manager, Management Support Headquarters, Manager, Product Headquarters
2020 Director and Managing Executive Officer, Risk Management & Compliance Office (currently serving)



Mika Takaoka
Director (Outside Director)

2009 Professor of the College of Business, Rikkyo University (currently serving)
2014 Outside Director of the Company (currently serving)
2015 Outside Director, Kyodo Printing Co., Ltd. (currently serving)
2018 Outside Director, SG HOLDINGS CO., LTD. (currently serving)



Isamu Nakayama
Director (Outside Director)

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.
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
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
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
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
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

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)
2020 Outside Audit & Supervisory Board Member, YAMAICHI ELECTRONICS CO., LTD. (currently serving)



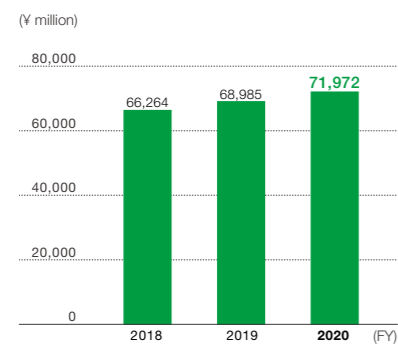
Masafumi Fujino
Outside Audit & Supervisory Board Member

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)

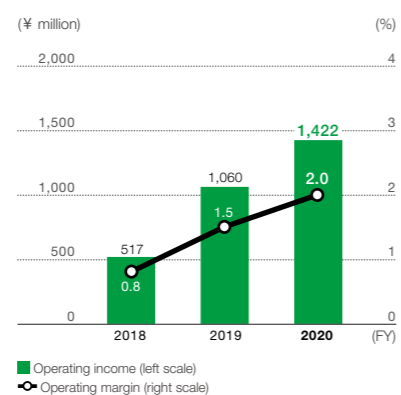
11-Year Summary of Financial Highlights (Consolidated)

Accounting Period (Fiscal Year)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Profit and Loss (Unit: million yen)											
Net sales	63,175	62,672	62,371	65,329	66,310	71,113	70,929	71,387	66,264	68,985	71,972
Operating income	3,223	2,087	1,889	2,157	1,554	3,824	4,663	3,734	517	1,060	1,422
Ordinary income	3,602	2,366	2,124	2,378	1,523	4,011	4,892	3,911	724	1,232	1,427
Profit (loss) attributable to owners of parent	1,854	1,823	1,520	1,744	672	2,284	3,050	2,385	(907)	365	997
Financial Condition (Unit: million yen)											
Total assets	48,686	48,447	50,373	53,207	55,301	57,655	61,589	61,834	60,588	64,348	64,827
Net assets	37,182	38,240	39,781	41,350	42,376	43,803	46,140	47,950	45,460	45,100	45,338
Interest-bearing debt	1,639	1,328	1,082	1,000	1,159	977	2,590	1,894	2,968	5,757	5,271
Cash Flows (Unit: million yen)											
Cash flows from operating activities	4,561	2,049	4,038	4,648	4,103	5,069	5,379	5,096	837	5,661	4,399
Cash flows from investing activities	(5,098)	(1,438)	(12)	(3,612)	(4,938)	(3,514)	(4,579)	(3,387)	(2,217)	(401)	45
Cash flows from financing activities	(507)	(1,165)	(870)	(981)	(859)	(1,047)	731	(1,665)	184	(2,465)	(2,719)
Free cash flow	(537)	611	4,026	1,036	(835)	1,555	800	1,709	(1,380)	5,260	4,445
Per Share Information (Unit: yen)											
Net income per share	60.14	59.14	49.33	56.58	21.82	74.12	98.94	77.39	(29.43)	11.84	32.34
Net assets per share	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	1,463.64
Annual dividends per share	20.00	20.00	20.00	22.00	22.00	24.00	26.00	28.00	28.00	28.00	22.00
Management Indicators (Unit: %)											
Equity ratio	75.9	78.7	78.8	77.5	76.5	75.8	74.6	77.3	74.8	69.8	69.6
Return on equity (ROE)	5.1	4.9	3.9	4.3	1.6	5.3	6.8	5.1	(2.0)	0.8	2.2
Return on assets (ROA)	7.6	4.9	4.3	4.6	2.8	7.1	8.2	6.3	1.2	2.0	2.2
Dividend payout ratio	33.3	33.8	40.5	38.9	100.8	32.4	26.3	36.2	-	236.5	68.0

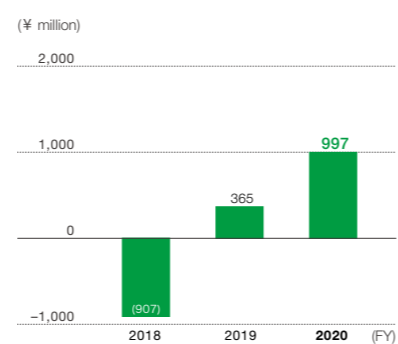
Net Sales (Consolidated)



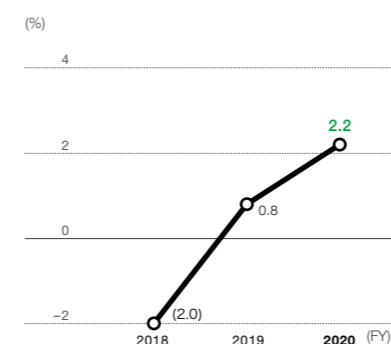
Operating Income / Operating Margin (Consolidated)



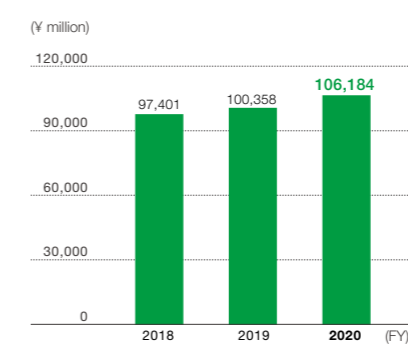
Profit (Loss) Attributable to Owners of Parent (Consolidated)



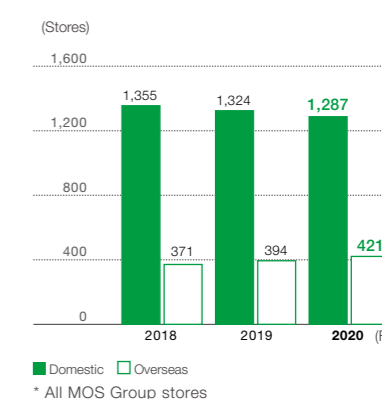
Return on Equity (ROE)



Net Sales for All Domestic Stores



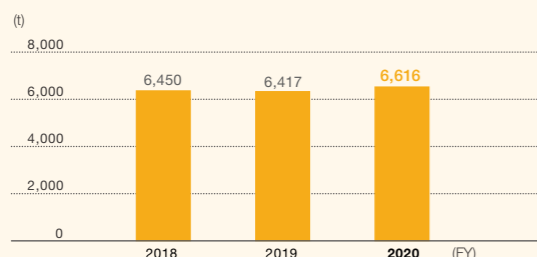
Number of Stores*



Theme:
Food and Health



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



The fresh vegetables used at our stores are grown in 102 production regions throughout Japan. We are working to grow delicious and safe vegetables, including by sending head office members holding Good Agricultural Practice (GAP) trainer certification to production regions to confirm farm management conditions. [P43](#)

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

4 times in 4 prefectures

For "MOS BURGER's Vegetables Direct from the Farm Festival," store members experience harvesting MOS BURGER's fresh vegetables at local partner farms and subsequently offer limited-edition products using local vegetables. Although we were not able to hold festivals as planned in some regions in fiscal 2020, it continues to be an initiative connecting local customers with production regions.

Annual sales volume of Mix Shake

(10 varieties) **1,191,156 units**

As a hamburger chain originating in Japan, we are working to develop local specialty menus utilizing the foods and features of various parts of the country.

In fiscal 2020, we launched two varieties nationwide and eight varieties limited to particular regions of Mix Shake, a drink using local specialty products. On the theme of love for the community, the launch of this drink was an initiative to provide support for various production regions and assistance to communities suffering from a decline in consumption due to COVID-19. [P39](#)

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 audits of hygiene management standards based on the Hazard Analysis and Critical Control Point (HACCP) approach at MOS Group stores. [P36](#)

Theme:
Stores and Local Communities



Donations collected in fiscal 2020

Total amount raised

¥7,612,813

[P41](#)

● MOS Box of Love

¥4,698,368

(Collected between August 1 and September 27, 2019, and December 2, 2019 and July 31, 2020)

● Disaster relief donations in response to Typhoon #15 and Typhoon #19 in 2019

¥2,914,445

(Collected between September 28 and December 1, 2019)

Number of stores registered as emergency shelters for children

1,100 stores nationwide

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

1,208 stores in 42 prefectures

Number of stores participating in child-rearing support passport business

636 stores in 27 prefectures

Numbers of applications and crew members recruited using "Recruit MOS" in fiscal 2020

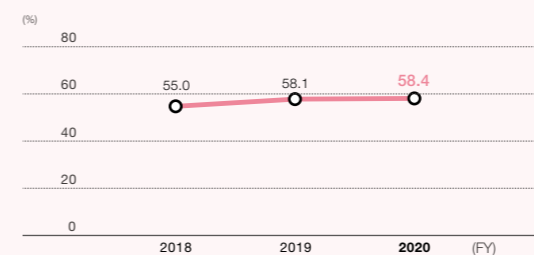
Approx. **38,900 applications**

Approx. **6,250 crew members recruited** [P40](#)

Theme:
Human Resource Cultivation and Support



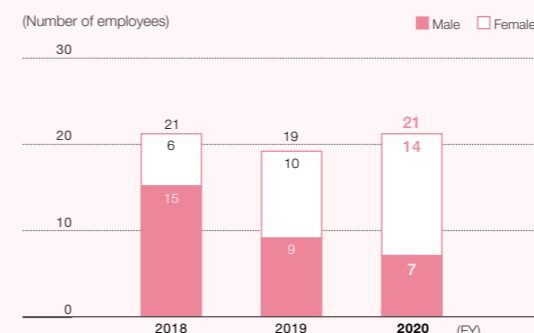
Changes in annual paid vacation days taken*



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

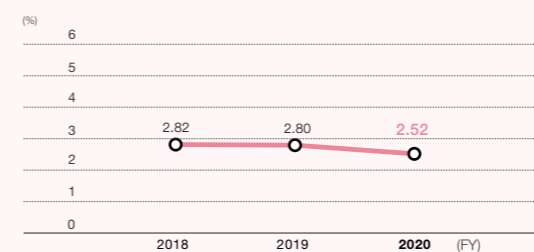
* MOS FOOD SERVICES, INC. (non-consolidated)

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](#)

* MOS FOOD SERVICES, INC. and Group companies in Japan

Medical checkup rate in 2020*

100%

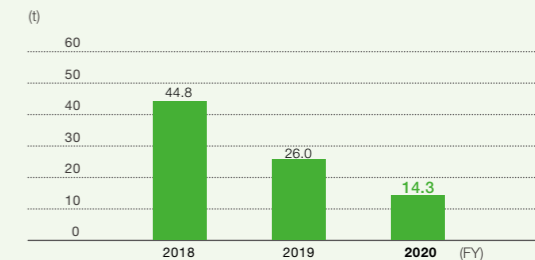
In addition to medical checkups, we are offering advice and other assistance for leading healthy lifestyles by establishing a health consultation office under a public health nurse.

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

Theme:
The Environment

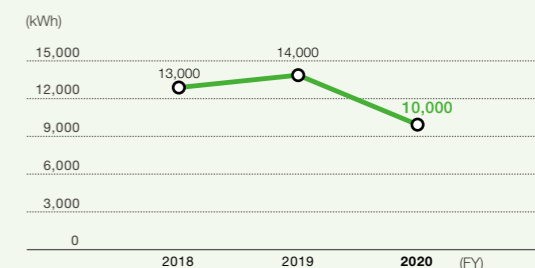


Changes in volume of food bank donations



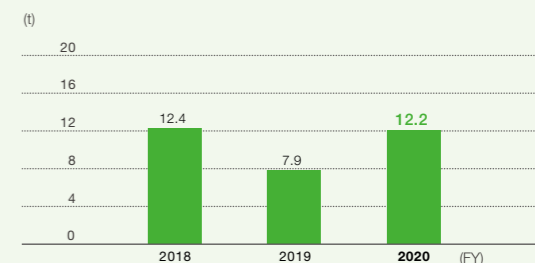
We are helping minimize food loss & waste by assisting food bank activities as a food supporter and providing free-of-charge undamaged food that we are forced to discard.

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

Environmental education

Number of times "SDGs Newsletter" published

7 times

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

Note: Unless otherwise stated, figures are accurate as of March 31, 2021.

Company Information

Company Name	MOS FOOD SERVICES, INC.	Initial Public Offering	November 1985
Established	July 21, 1972	Total Number of Authorized Shares	101,610,000 shares
Capital	¥11,413 million	Total Number of Issued Shares	32,009,910 shares
Head Office Address	4F ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6004, Japan	Number of Shares per Unit	100 shares
Number of Employees	1,377	Number of Shareholders	37,234
Stock Exchange Listing	Tokyo Stock Exchange, First Section		
Stock Code	8153		

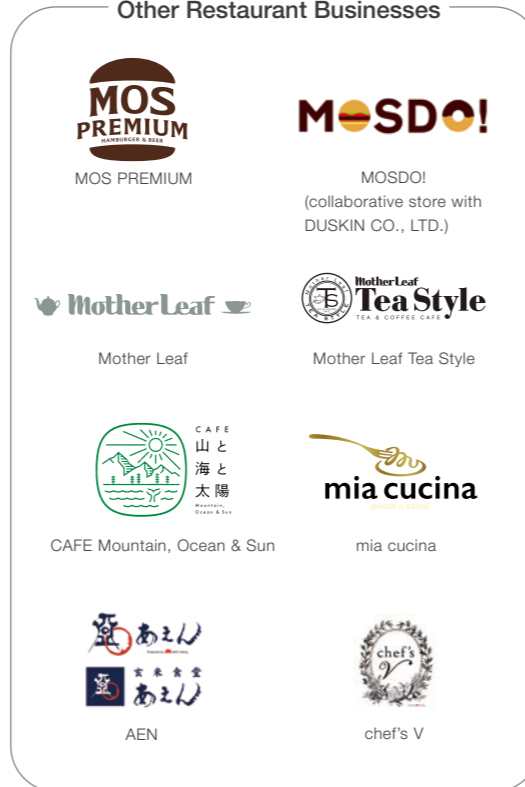
Group Companies

MOS FOOD SERVICES, INC.

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



Other Restaurant Businesses



MOS STORE COMPANY, INC.

Operates MOS BURGER



MHS, INC.

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

MOS CREDIT, INC.

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

MOS SHINE, INC.

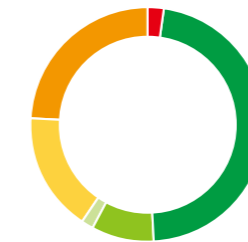
Established to develop a workplace environment matching individual characteristics, abilities, and aptitudes with the goal of achieving the expansion and stabilization of the employment of people with disabilities at the MOS Group

Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
Custody Bank of Japan, Ltd.	2,230	7.14
Kohbai Foods, Inc.	1,400	4.48
DUSKIN CO., LTD.	1,315	4.21
The Master Trust Bank of Japan, Ltd.	1,231	3.94
Nitto CO., LTD.	1,214	3.89
Nippon Life Insurance Company	1,209	3.87
MLI FOR CLIENT GENERAL NON TREATY-PB	735	2.35
Yamazaki Baking Co., Ltd.	718	2.30
MUFG Bank, Ltd.	435	1.39
NH Foods Ltd.	431	1.38

Note: Although the Company holds 756,000 shares of treasury stock, these are not included in the above list of major shareholders.

Distribution by Shareholder Type



Treasury stock	2.4%
Individuals and others	46.8%
Overseas companies, etc.	8.7%
Financial instruments business traders	1.7%
Financial institutions	16.5%
Other companies	23.9%

Number of Stores

Total number of MOS Group stores: 1,708

Number of domestic stores:

MOS BURGER	1,260
Other restaurant businesses	27

Names of Stores in Other Restaurant Businesses	Number of Stores
MOS PREMIUM	2
MOSDO!	1
Mother Leaf	7
Mother Leaf Tea Style	7
CAFE Mountain, Ocean & Sun	1
mia cucina	3
AEN	5
chef's V	1

Number of overseas stores:

MOS BURGER	421
Taiwan	287
Singapore	49
Hong Kong	35
Thailand	17
Indonesia	2
China	10
Australia	5
South Korea	13
Philippines	3

