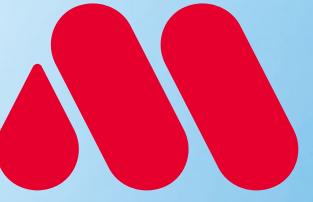




**MOS FOOD SERVICES, INC.**

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



# MOS REPORT

MOS Group Integrated Report 2024



**To those who are interested in our company**

This report presents the history, current state, and vision for MOS FOOD SERVICES, INC.

**To those who are interested in our sustainability- and SDGs-related initiatives**

An overview of the business model, societal value, key issues, and strategies for addressing these issues

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**To those who are interested in the message from the President**

President & Representative Director Nakamura gives an outlook of our businesses over the past year and explains our vision for the future.

**To those who are interested in our performance, our strategy going forward and the management structure of our organization**

We provide an overview of our businesses in fiscal 2023, the status of corporate governance and our financial situation.

**Greetings**

Thank you for taking the time to read the MOS REPORT (MOS Group Integrated Report 2024). In 1972, MOS BURGER started in a small store of around 9.3 square meters and has grown to a scale of about 1,300 stores in Japan and approximately 450 stores overseas, mainly in Asia. The Group has successfully developed its operations over more than 50 years thanks to the warm support of all its stakeholders.

We publish this report to provide clear explanations of both financial and non-financial information in a

comprehensive manner, such as the management strategy, the state of the business, activities focused on environmental preservation and society, and the corporate governance structure. Our goal is to demonstrate how the origins of the MOS Group, the ways we have created value in the past, our initiatives to address our material issues (priority matters) lead to business growth, so as to promote a mutual understanding with our stakeholders as well as create new value. We hope you will find this report useful.

**Origin of the company name "MOS"**

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

**Representation of our information disclosure system**

The MOS Group discloses financial and non-financial information on our corporate website and in various documents, as shown on the right, as well as in this MOS REPORT (MOS Group Integrated Report 2024).

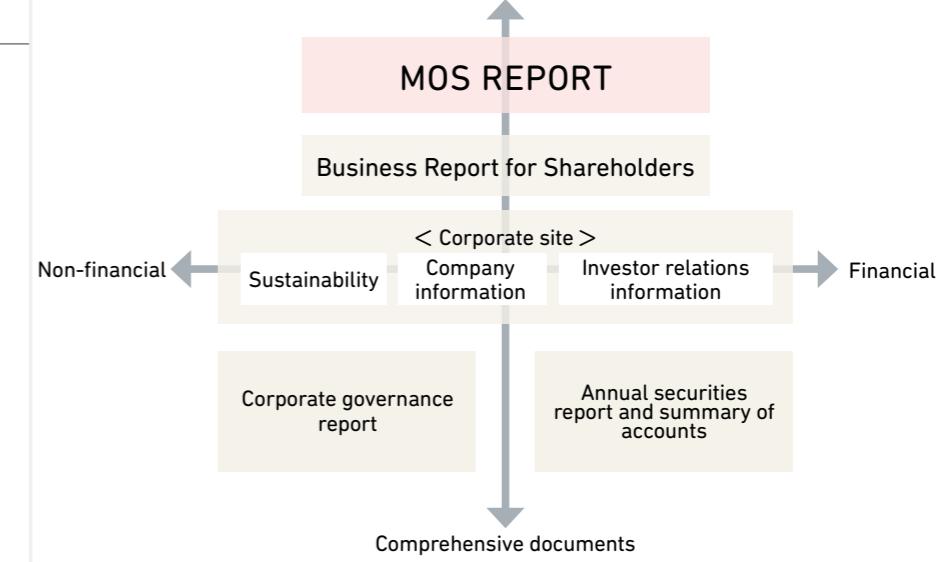


Scan the QR code to visit our corporate website. (Japanese only)

**The MOS Group's stance on SDGs**

In addition to the achievement of 17 SDG goals, we have set the provision of the calmness and warmth, two concepts present in our Basic Policy, to more and more people around the world as our own unique goal.

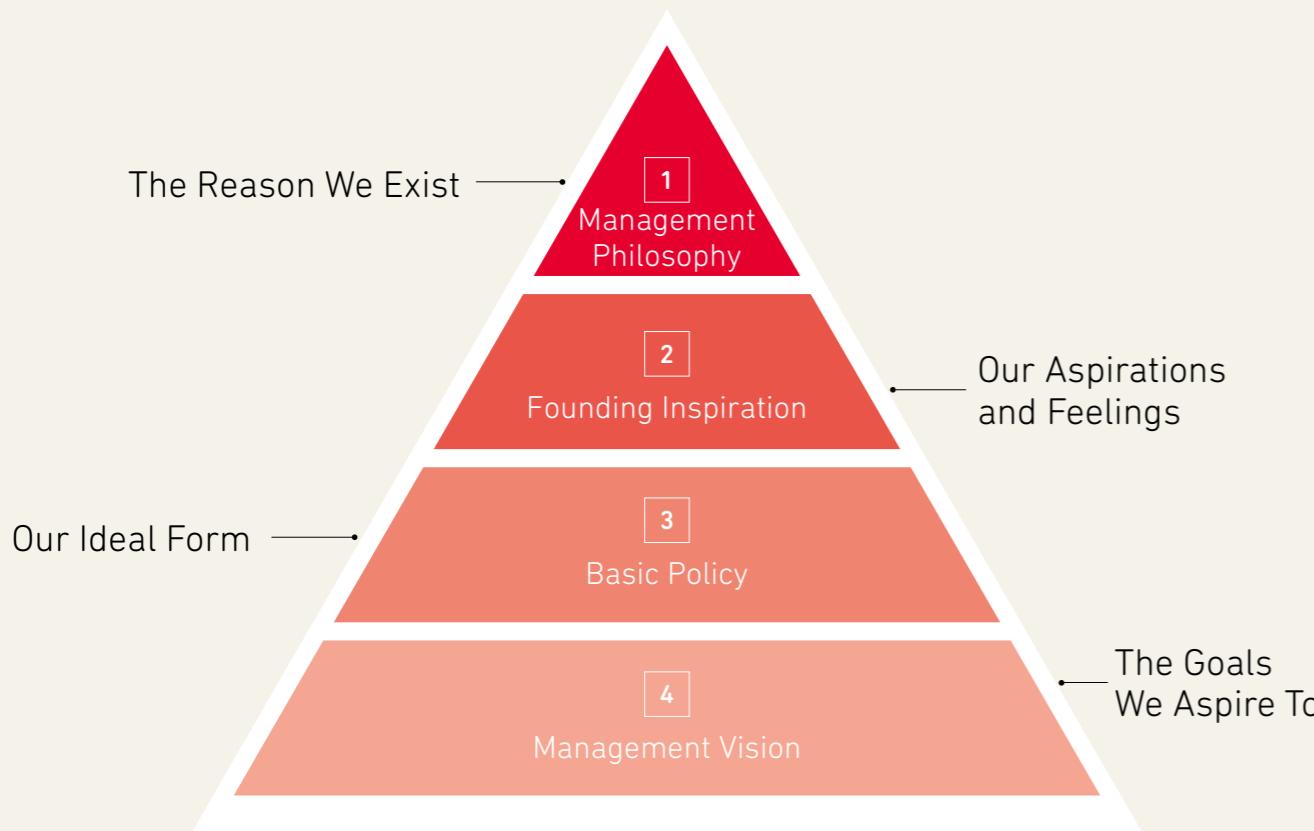
「心のやすらぎ」  
「ほのぼのとした暖かさ」を  
世界の人々に

**Relevance to our strategy / More specific examples**



# Management Policy

MOS FOOD SERVICES, INC. has formulated a value system consisting of four core components: the Management Philosophy, "Betterment of Humanity and Society," Founding Inspiration, Basic Policy, and Management Vision. These four components not only represent our company's goals but also reflect the MOS Spirit that every member of the MOS Group embraces.



## 1 Management Philosophy

### Betterment of Humanity and Society

Contributing to society through deep connections with customers and communities, while also providing sincere service.

Our Management Philosophy, "Betterment of Humanity and Society" embodies our commitment to creating a positive societal impact. We aim to achieve this by forging strong sincere bonds with our customers, local communities, and all stakeholders who play a role in our endeavors.

## 3 Basic Policy

We want our stores to be welcoming and pristine; with all the workers being caring, authentic and soulful while attending to customers in a vibrant and intuitive manner. We want our customers to experience the calmness and warmth that is our store.

The Basic Policy established by our founder, Satoshi Sakurada, paints and image of a role-model in order to realize the aims of our Management Philosophy. Through true implementation of this Basic Policy, we can achieve customer satisfaction and the will to sustain continuous effort and drive.

## 2 Founding Inspiration

Let's make sure your work is something widely appreciated.

"Let's make sure your work is something widely appreciated." This strong commitment made by our founder, Satoshi Sakurada, makes up the Founding Spirit of MOS FOOD SERVICES, INC. and is starting point of our aspirations and feelings. These words, which have been passed down since the establishment of the company in 1972, continue to provide support to our Management Philosophy of "Betterment of Humanity and Society" and serve as the source of all our thoughts and actions.

## 4 Management Vision

Happiness through food

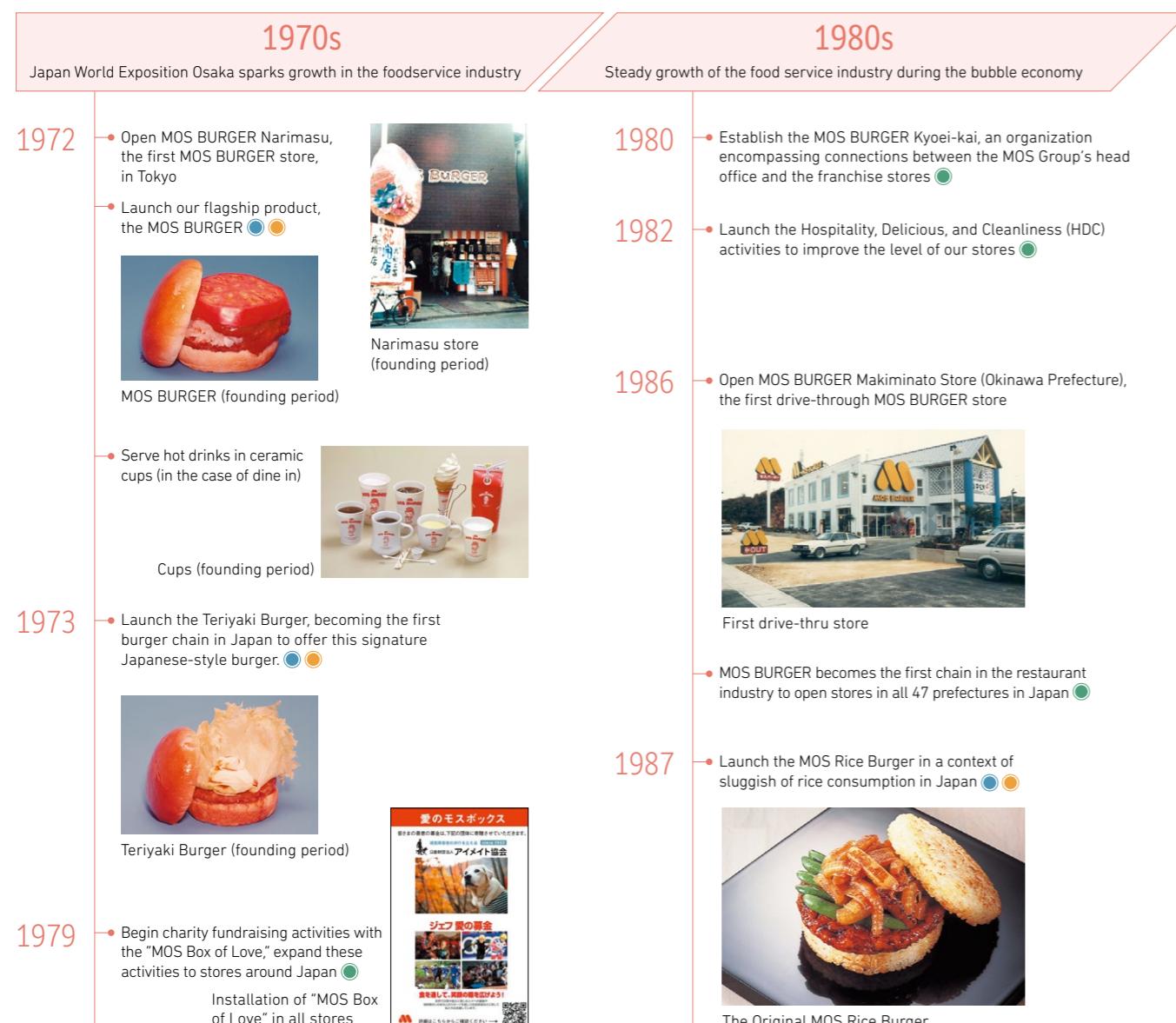
At MOS BURGER, we believe in delivering happiness through food. Our mission is to rejuvenate our customers with vitality, energy, and lust for life. Through our culinary endeavors, we aim to spread happiness worldwide. Our aspiration is that one day, people across the globe will say, "Did you know MOS BURGER is from Japan?!", as we work towards making this vision a reality.



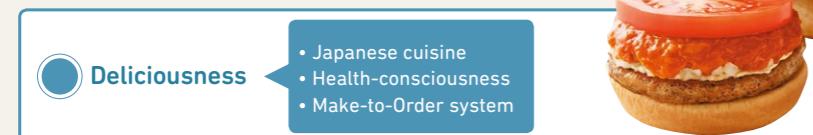
# Strengths of the MOS Group and the Path to Value Creation

Since its founding in 1972, the MOS Group has operated under the management philosophy of "Betterment of Humanity and Society." We highlight over 50 years of "value creation."

The three Strengths of the MOS Group that we have developed (● deliciousness, ● community-engagement, and ● innovation) will be categorized in colors.



## The Three Strengths of the MOS Group First strength



First, we have set a high value on deliciousness ever since our founding, and the deliciousness of MOS BURGER has three factors. As a burger chain originating from Japan, we stress the importance of Japanese ingredients and Japanese food culture when creating our products. Two

of our flagship products are MOS Burger and Teriyaki Burger, which incorporates Japanese fermented foods such as soy sauce and miso paste. Second, we value on the concept, deriving from ancient China, that the same principles underlie a normal diet and medical treatment. This concept

means that disease can be prevented or improved by eating a nutritionally balanced diet, and we consider the health of our customers in creating our products. MOS BURGER's fresh vegetables, which are safe and reflect the enthusiasm of farmers, are an important component of MOS BURGER's tastiness. The third factor is our make-to-order system, which means we make each individual product after reception of the order. Because we want our customers to enjoy the deliciousness of freshly made food, we have placed importance on this method since the time of our founding when pre-cooking was the norm for fast food.

## The Three Strengths of the MOS Group Second strength



More than 40 years ago, when it was common to avoid organizing franchisee networks, MOS BURGER took a different approach by emphasizing the importance of trusting people and actively building connections between franchisees. The company values the autonomy of the

franchise owners and fosters a cooperative rather than competitive relationship among them. This unique approach has become a key strength of MOS BURGER. Owners actively share information and engage in activities that contribute to regional revitalization and community support.

Initiatives include campaigns featuring local ingredients like the "Awaji Island Onion Festival," fundraising and donations for disaster-stricken areas, and community clean-up efforts. The focus is on creating stores that customers will love in the long term, rather than just pursuing short-term profits.

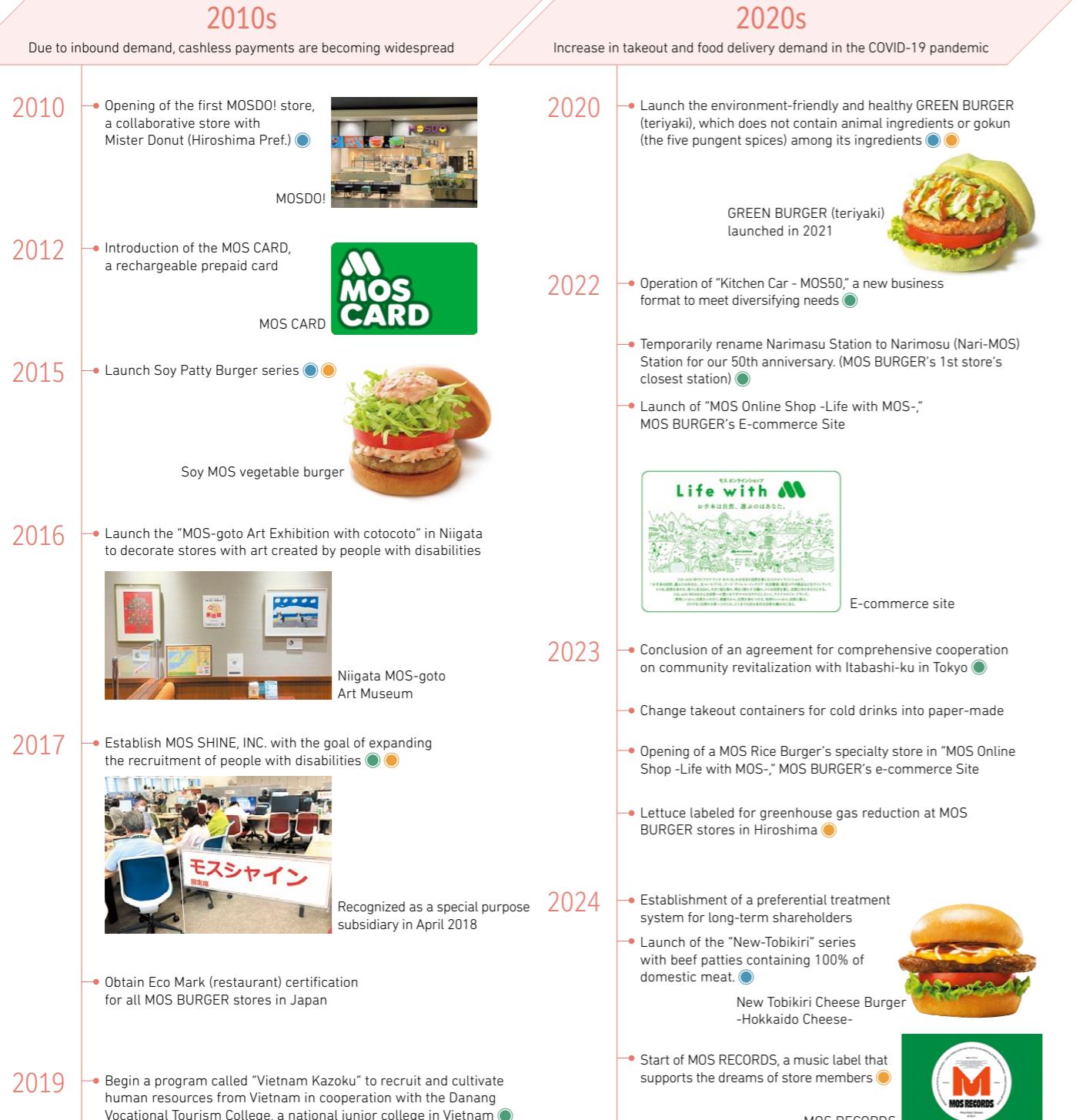
→ For details, please refer to p.31.



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## The Three Strengths of the MOS Group

Third strength

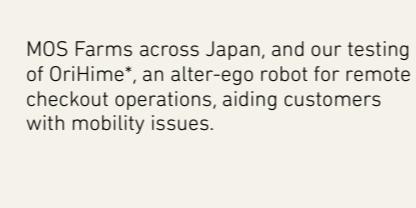
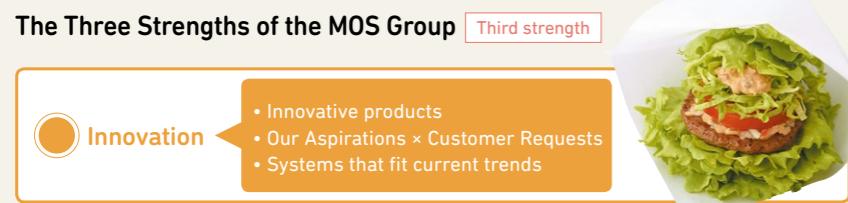
### Innovation

- Innovative products
- Our Aspirations × Customer Requests
- Systems that fit current trends

MOS BURGER has introduced several innovative products with significant impact. These include the Teriyaki Burger, the first burger chain in Japan to launch such a product; the MOS Rice Burger, designed to address Japan's rice surplus; and the MOS Natsumi Burger,

which uses lettuce wraps instead of buns. Recently, the GREEN BURGER, a plant-based option, has been well-received for supporting food diversity. Our innovation extends beyond product development, as seen in our involvement with farming to ensure a stable vegetable supply through

MOS Farms across Japan, and our testing of OriHime\*, an alter-ego robot for remote checkout operations, aiding customers with mobility issues.



## Topics of 2023

The MOS Group develops business activities throughout the year. In this section, we showcase topics related to our achievements in fiscal 2023.

### Collaboration agreement with Itabashi-ku Installation of information maps for tourists in stores within the city

In May 2023, MOS BURGER and Itabashi-ku in Tokyo, its birthplace, signed an agreement to comprehensively collaborate on the revitalization of local communities. The agreement confirms a common will to collaborate on topics such as child raising, the nurturing of next generations, and tourism promotion. We contribute to community development through the installation of guide maps for tourists in our 10 Itabashi stores, the dispatch of food trucks for city events, among other activities.



### Opening of a MOS Rice Burger store within the e-commerce site

To commemorate the first anniversary of the online store "Life with MOS", we opened a special MOS Rice Burger store within the general e-commerce store since August 2023. It offers specialized items that cannot be found in physical stores, such as limited foreign products like a gaprao-style MOS Rice Burger, relaunch of past popular products, and newly developed original products.



### Use of lettuce whose farming process reduced greenhouse gas emissions by over 5%

In September 2023, we started using labeled lettuce in all 30 Hiroshima stores to highlight reduced greenhouse gas emissions. This initiative is part of the "MIDORI Strategy for Sustainable Food Systems" Demonstration Project by the Japanese Ministry of Agriculture, Forestry, and Fisheries. We collect selected lettuce during spring and autumn harvests and display labels in our stores to inform customers about our environmental efforts.



### The Teriyaki Burger Day

To celebrate the 50th anniversary of the Teriyaki Burger, May 15 each year was designated as the Teriyaki Burger Day, recognized by the Japan Anniversary Association. Our Group was the first hamburger chain to offer Teriyaki Burgers in Japan, and this popular product, which we have continuously sold since its launch in 1973, now has been sold a total of 400 million servings.



### MOS BURGER x Ginza Mitsukoshi 'MOS-Koshi' Opens for a Limited Period

In September 2023, the pop-up store, MOS-Koshi, was opened for two weeks on the 9th floor of the new building of Ginza Mitsukoshi in Tokyo. MOS BURGER and Ginza Mitsukoshi's staff spent eight months experimenting to create special hamburgers featuring the flavors of seven famous long-established shops popular in the food halls of the Mitsukoshi department store. This collaborative project leverages the brand power of both companies, which have each introduced several "firsts in Japan."



### Reception of an award for outstanding performance by the 24th Green Purchasing Awards

The 24th Green Purchasing Awards celebrates organizations which work toward the popularization and expansion of green purchasing\*. We were honored to receive a prize for outstanding performance in the agriculture, forestry and fisheries special category. This award is a recognition of our long-standing efforts to positively contribute to the environment, with initiatives like the acquisition of an Eco Mark restaurant certification in all our domestic MOS BURGER stores.



\* Preferential purchase of environmentally friendly goods and services from businesses which strive to reduce their environmental impact

### Ranked first in Nikkei xTREND's customer happiness survey

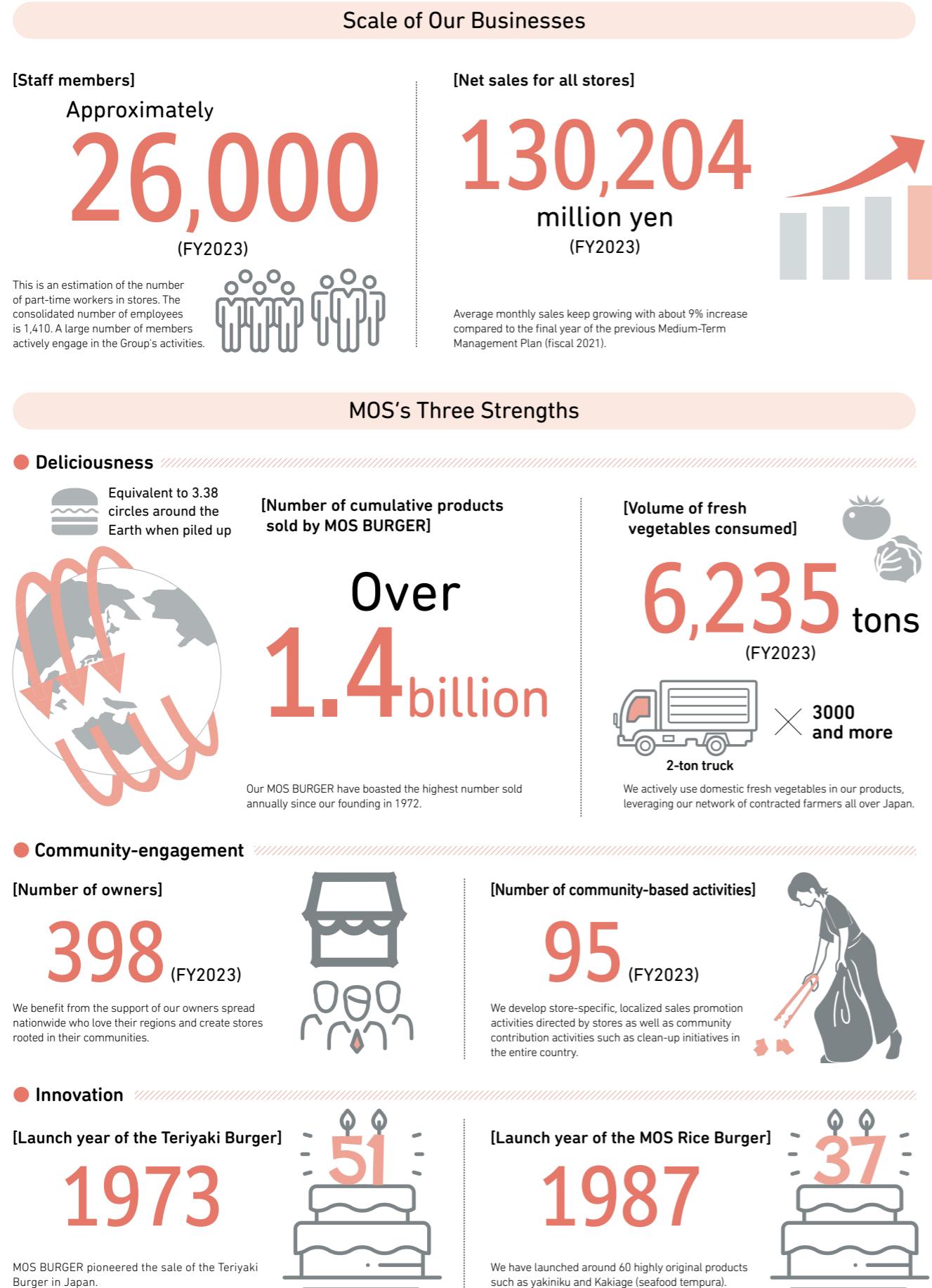
In March 2024, MOS BURGER was ranked first in a survey on customer happiness levels, a new marketing indicator, performed by Nikkei xTREND and fanbase company Inc. The two organizations collaborated to conduct hearings where participants were asked the question "how happy does the existence of this company make you?", targeting 82 brands from 11 different industries. They discovered that customers who reported a higher happiness level were more likely to recommend and consume the product, leading to a higher proportion of fans. With our Management Vision "Happiness through food" as our compass, we continue to achieve steady progress.







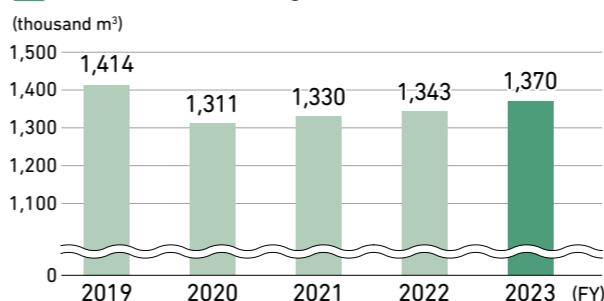
# Examining the MOS Group Through Data (Domestic Business)



## Non-Financial Highlights

E ... Environment S ... Social G ... Governance

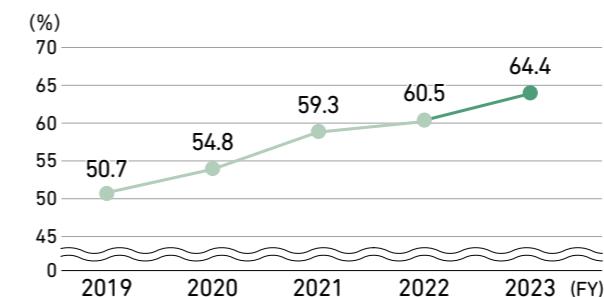
### E Resource (water) usage\*



Implementing environmental education through tools like the 'SDGs Communication' for stores. The advocacy campaign for water conservation, aligned with Eco Mark's 'Restaurant' certification standards, has also been recognized.

\* Domestic MOS Group stores

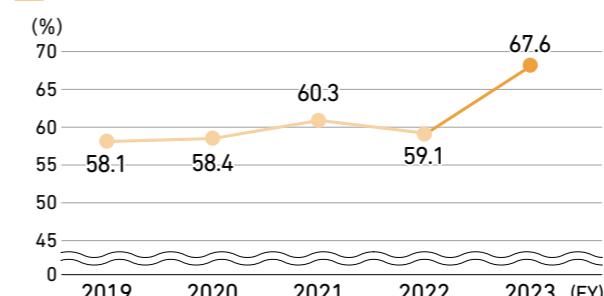
### E Recycling rate of food waste (MOS BURGER Chain)



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

\* In compliance with the format for periodical reporting outlined in the Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources

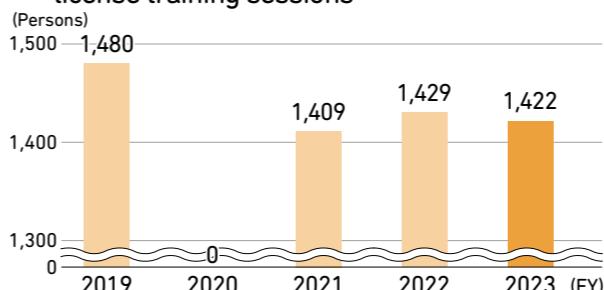
### S Annual paid leave records\*



In an effort to provide a better work-life balance, we are increasing paid leave usage by promoting continuous vacations.

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

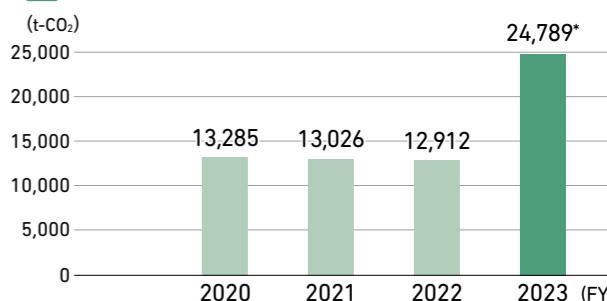
### S Number of attendees of master license training sessions



We offer a unique professional certification covering the basic skills required to manage our stores. At least one member in each store has obtained this certification and must undergo training every year to renew it.

\* Suspended in fiscal 2020 to prevent the spread of COVID-19. The content of the lectures was delivered on our internal web portal in video format.

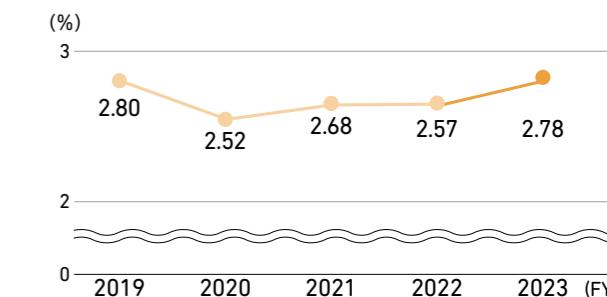
### E CO<sub>2</sub> emissions (Scope 1 and 2)\*



In our medium-term target for reducing greenhouse gas emissions, we will aim to reduce Scope 1 and 2 emissions by 46% by fiscal 2030 (compared with fiscal 2013).

\* Scope 1 and 2 emissions include overseas consolidated subsidiaries since fiscal 2023.

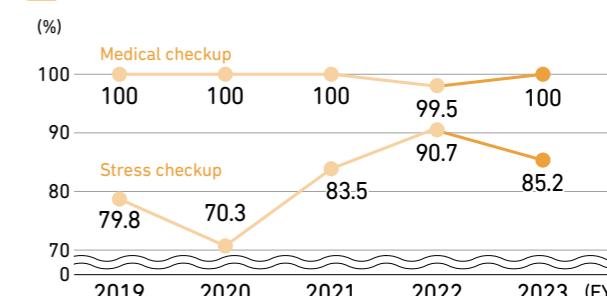
### S Disability employment rate\*



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

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

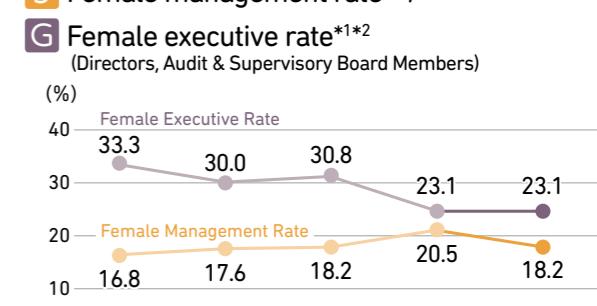
### S Medical checkup rate\*/Stress checkup rate\*



Our MOS FOOD SERVICES, INC. Health Declaration promotes reaching a rate 100% rate for medical checkup and implementing measures to support mental health as major strategic matters.

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

### S Female management rate\*<sup>1</sup> /



We have set a target of 30% for both female managers and female executive officers by 2030 with a view to provide an environment conducive to the active participation of a diverse workforce.

\*1 MOS FOOD SERVICES, INC. (non-consolidated)

\*2 At the end of the General Meeting of Shareholders of each fiscal period



## Message from the President

**Drawing strengths from our Japanese heritage and our unparalleled product development capabilities, we, a chain originating from Japan, will exercise entrepreneurship and grow together**

My mission is to guide MOS BURGER's growth trajectory and drive the necessary transformations for the future. I plan to leverage the established strength of the MOS BURGER brand, streamline operations, and enhance corporate value.

**Eisuke Nakamura**

President & Representative Director,  
MOS FOOD SERVICES, INC.



## What I Have Prioritized as President

I have been President of MOS FOOD SERVICES for eight years since 2016. Over these past eight years, the business environment has faced various challenges, including the three-year COVID-19 pandemic. As President, I have prioritized our unparalleled product development capabilities. This has led to the launch of a variety of innovative products, including Japanese-inspired burgers that reflect our heritage as a burger chain originating from Japan, along with exciting products featuring original concepts.

In this context, the most important aspect lies in deeply understanding our customers' true needs, by clearly defining the target customer and product positioning. In other words, it's about identifying our target audience, creating products that resonate with them, and delivering those products to them consistently. For years, we've been fixated on the notion that simply creating delicious products would appeal to all customers. Instead, I believe it's necessary to consider what customers expect. It is crucial to adopt a flexible mindset, take into account potential demand and challenge ourselves to create innovative products. This approach naturally leads to a strategic shift toward questions such as 'What promotional strategies should be implemented for this customer?' or 'What sales manner should we use to approach them in the store?' In general, this means shifting from a product-oriented to a market-oriented approach. While we remain committed to creating delicious products, we aim to balance this with market needs.

I will never forget the food poisoning incident that occurred in 2018, two years after I became President. I will like to extend my sincere apologies once again to the affected customers and their families. We reflected on the crisis since our founding and used it to review our internal structure and shift our corporate mindset. As part of this process, we eliminated the position of Executive Director, thereby flattening the board of directors and removing the previous hierarchical structure. Also, we defined the roles of executive officers and established a delegated authority system to enable swift business decisions.

We have made significant adjustment to the discussion process of our management meetings. By introducing the method where all members, including myself, simultaneously raise our hands to choose the best option. This approach ensures that everyone has an equal opportunity to voice their opinions, helping to thoroughly analyze the pros and cons of each option and reach a more logical conclusion. Meetings are meant to support crucial decision-making, like in management meetings, rather than letting strong opinions dominate. Ensuring that meetings serve their purpose is essential.

As a business leader, I always keep in mind our group's founder, Satoshi Sakurada's principles and his idea of entrepreneurship. The founder's five key principles are: Do not lie, do not break your promise, do not be irresponsible, do not deceit, and do not betray. I have rephrased them into simpler terms for our employees as: 'Be honest, keep promises, work diligently, be sincere, and honor trust.'

This approach aligns closely with our group's core philosophy and behavioral system, known as "MOS Spirit," (see pages 3-4). I consider these five key points as part of the DNA of MOS and keep them noted in my handbook, referring to them regularly. For a company, people are crucial, and that's why the founder repeatedly emphasized these principles to nurture individual character. These five points are essential not only for all members, whether at



The five expressions left by our founder



headquarters or in stores, but also as core elements of leadership. As a business leader, I will continue to uphold and instill MOS's DNA, ensuring it becomes deeply rooted within the company.

Regarding entrepreneurship, the founder taught me the principles of "Think your own thoughts," "Create your own path," and "Have the courage to take new challenges." I have learned the importance of always moving forward. This mindset led me to rethink our management meetings, focusing on their true purpose and improving how they're conducted. Our company now fosters a culture where participants are encouraged to think independently, make decisions, take risks, and speak up. Our group is currently holding an internal business idea competition called "Challenging01" to identify and nurture the next generation of leaders. This competition embodies the spirit of entrepreneurship. Additionally, we have a one-year MBA program at the International University of Japan and an overseas internship program. All these initiatives embody the spirit of entrepreneurship by being led by volunteers rather than company-appointed candidates.

## Competitive Advantage of MOS Group

The MOS Group has pursued its activities for more than 50 years based on its Management Philosophy "Betterment of Humanity and Society," supported by its various stakeholders. In this context, we identify the following three strengths as our unique competitive advantages that enhance corporate value, as we continuously deliver the calmness and warmth.

### 1 Incredible taste and strong product development capabilities

I believe the MOS Group possesses high product development capabilities that make the best use of our Japanese food heritage, which is reflected in our business development history. MOS BURGER has achieved growth as a burger chain originating from Japan. Therefore, we are incredibly proud of creating products with incomparable taste and widely distributing them to our customers in our stores. Our commitment to product quality and taste as well as our hospitality toward customers have led to the establishment of MOS BURGER as a unique brand that stands for trust and deliciousness.

### 2 The strength of alignment with the philosophy

Within the MOS Group, we align with our Philosophy System "MOS spirit" and use it to pursue our shared goals. For instance, our founder's words "Let's make sure your work is something widely appreciated" still live today as Founding Spirit and permeate the whole Group. We are a group of people who actively seek out ways to help others and find fulfillment in doing so. Our store members recite the Basic Policy before their shift begins to ensure that we provide customers the calmness and warmth. This commitment is evident in the high level of alignment with our values, as reflected in employee engagement surveys and the strong relationships with franchise owners. This commitment is evident in the high level of identification with our values as reflected in employee engagement surveys, the strong relationships with franchise owners, and the examples of our social contributions and local activities featured in our online content, "MOS no Mori."



(Japanese only)

### 3 A corporate culture that values free thinking

The MOS Group, including myself, embraces a mindset that values independent thinking and decision-making, even if it means taking on risks. This approach reflects the entrepreneurial spirit I mentioned earlier. In April 2024, we started "MOS RECORDS," a music label that supports the dreams of MOS BURGER's workers. Additionally, franchise owners have launched several creative initiatives. These include introducing products that support local farmers and hosting "dementia cafes" to encourage interactions between people with dementia, their families, and local customers. These unique and



A "dementia cafe," originated by a franchise owner

innovative efforts are a key part of MOS Group's vibrant corporate culture. We are committed to preserving and fostering this spirit of creativity and originality.

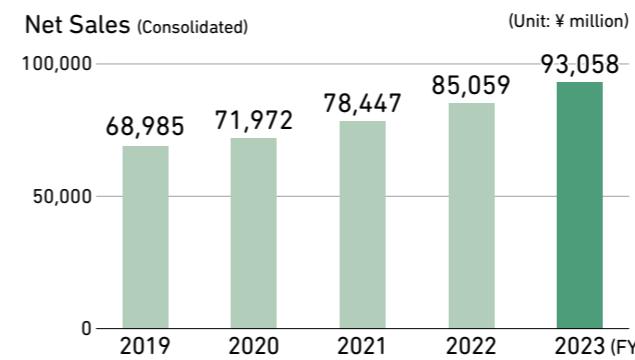
## Understanding the Business Environment and Achievements for 2023

In 2023, MOS Group faced several changes. With the reclassification of COVID-19 to Category 5, economic activities returned to normal, leading to increased foot traffic and a recovery in consumer spending, which boosted the demand for dining out. However, rising prices, the depreciation of the yen increasing procurement costs, and higher logistics and energy costs continued to create uncertainty in the market.

Under these circumstances, the domestic MOS BURGER business reached record-high consolidated net sales and operating profit growth. This success is due to the ongoing efforts of franchise owners and staff, the impact of the promotions we implemented throughout the year, the increase in the number of stores, the improved gross profit margin and reduced SG&A expenses from the price revision in 2023 March.

In the Overseas Business, we adapted to changes in the market and foot traffic post-pandemic by closing unprofitable stores, controlling management costs, and adjusting prices in Singapore and Hong Kong, to improve profitability. We have also focused on adapting our products to local tastes while maintaining the essence of classic Japanese cuisine. Regarding our store expansion strategy, while we reduced the number of stores in some areas due to the closure or renovation of unprofitable locations, the total number of stores increased by one, to 456 stores.

As dining demand recovers, Other Restaurant



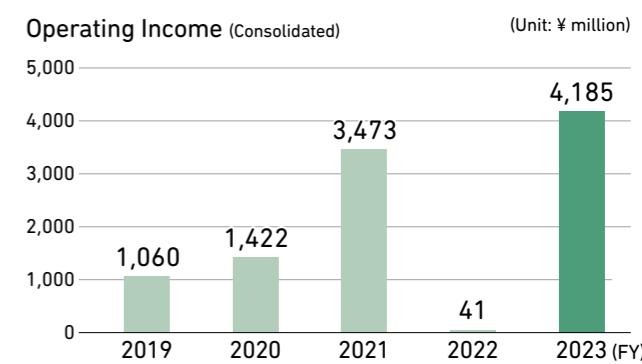
Businesses are returning to pre-pandemic levels. In June 2023, we opened our second Brown Rice Shokudo AEN, a restaurant specializing in brown rice set menu, a business category suited for shopping areas within train stations. We also strengthened the "Mother Leaf" tea shop brand, improved product and service quality, and focused on boosting profitability.

## Preparations for Further Business Expansion

The following information will be business environment for fiscal 2024, along with the action plan based on the achievements of fiscal 2023.

The domestic business environment faces challenges such as labor shortages due to population decline and consumer polarization driven by rising prices, there are also opportunities, such as the increase in inbound demand. Improving the profitability of the domestic MOS BURGER Business remains our top priority for future development. As President, my mission is to anticipate the changes by 2030 and 2040, define our current direction, and drive the necessary transformation. Likewise, in Other Restaurant Businesses, I will also focus on enhancing profitability at the store level, aiming to support further expansion. In 2024, we expect higher net sales but also worsening staff shortages. To address this, we need to enhance the MOS BURGER recruitment brand strength, improve work conditions, and boost productivity. Of our store expansion plans, we will evaluate potential locations and proceed meticulously, and aim for a third consecutive year of net growth. For product strategy, we plan to expand the price range and increase customer engagement by introducing new regular items and limited-time products.

We continue to actively pursue digital transformation (DX). Specifically, accelerate efforts to improve store efficiency by expanding the use of full





self-service kiosks and introducing a table ordering system to address staff shortages.

To meet the demand for cafes, we are transitioning to "MOS BURGER&CAFE," which offers a wide variety of drinks and sweets, and are renovating stores to create comfortable and relaxing spaces. By adopting efficient kitchen equipment and enhancing the skills of our staff, we aim to reduce customer wait times. Additionally, we will update our store-sign, which are the face of the store, to strengthen our brand and increase visibility, ultimately attracting more customers.

In addition to enhancing the management of our existing stores, we also need to consider the development of new stores with entirely fresh concepts. Moreover, to address the so-called 2024 logistics problem, which refers to a shortage of drivers and a decline in transportation capacity, we will further improve logistics efficiency by pivoting to early morning unattended deliveries at stores mainly in urban areas and by promoting collaboration with other companies in marine transport.

Key to future growth is 'human capital management.' Improving recruitment competitiveness through salary increases, building a workplace with job satisfaction, and boosting employee engagement through workforce development are key objectives.

In our Overseas Business, we will address challenges at our subsidiaries Singapore and Hong Kong by controlling management costs and closing

unprofitable stores. The focus will be on adapting marketing strategies to changes in the market and customer needs, while enhancing the sales capabilities and rebranding of each store. Additionally, there are plans to close or renovate unprofitable stores and open new ones in various countries and regions.

In May 2024, the final targets of the Medium-Term Management Plan were revised. Key factors for these changes included increased competition for labor and property, the need to reconsider the store opening strategy due to rising construction costs, and the slower recovery of the Overseas Business after the pandemic. The Overseas Business has shifted its strategy from aggressive expansion to prioritizing the recovery of existing store performance. Other plans have achieved some success, and increased revenue and profit are targeted for the final fiscal year, 2024. The focus is on effectively implementing the action plans established for each business unit and working towards achieving the revised targets.

### The MOS Group's Sustainability Management

The MOS Group strongly proceed our sustainability management, which is regarded as the fundamental part of our management strategy. As a food company, we are committed to delivering safe and delicious meals while prioritizing our customers' health. To



maintain their ongoing support, we also address sustainability issues, including environmental concerns and diversity, in our business practices. To reduce petroleum-based plastic usage, we have initiated large-scale rice production at Mos Farm Kumamoto for our "RiceResin®" biomass plastic. This plastic, which incorporates 25% domestic non-edible rice, is used in the production of our take-out cutlery. MOS BURGER locations in Hiroshima have started using lettuce from the MOS Farm Suzunari Hiroshima branch. This lettuce is produced with a reduction in greenhouse gas emissions of over 5%. These initiatives reflect our ongoing commitment to sustainability.

To advance sustainability management, a Sustainability Committee composed of members from the executive meeting takes the lead in monitoring and reviewing material issues. The Committee meetings are currently held four times a year to further strengthen its function, instead of once a year previously. The four material issues are: "Food and Health," "Stores and Local Communities," "Human Resource Cultivation and Support," and "The Environment." "Governance" is positioned as the foundation to advance their resolution. Furthermore, to incentivize Directors in their sustainability efforts, we have now linked the status of CO<sub>2</sub> emission reduction to executive compensation.

The Group also takes a particularly strong interest in human capital management and governance.

#### < Enhancement of human capital management >

People are the driving force behind every organization. We are committed to increasing employee engagement in a comprehensive way to drive our business to even more success, from human resource acquisition and the creation of better and more fulfilling working environments, to human resource cultivation. And while the current so-called VUCA\* period, marked by unpredictability, requires a defensive strategy, we must also take risks and implement reforms where needed. For this reason, the MOS Group is dedicated to nurturing human resources able to affect change independently when the occasion arises. An entrepreneurial mindset is absolutely essential for managerial positions in particular, and I insist on reiterating this point during meetings attended by managers.

Human capital management is further enhanced through specific personnel measures, including base salary increases and the introduction of the "Career Design Guidebook" (see p.37), along with



"Vietnam Kazoku," a human resource cultivation and hiring program, utilizing Specified Skilled Worker Visa

upgraded training and development for franchise owners. More specifically, we raised wages by 8% this spring, including the base salary, to prevent an outflow of staff and increase our competitive edge for recruiting. Also addressing employees' concerns about their lives and improving trust and engagement with the company is also a priority. We pursue diversity-related initiatives such as work environment improvement for women and employment of workers with disabilities or foreign nationals.

To maintain competitiveness, organizational strength is key. There's often debate between the "baseball-type" (top-down) and "soccer-type" (flexible) models. Personally, I prefer the "soccer-type," where individuals develop their strengths while mastering basics. However, in emergencies, a "baseball-type" approach may be needed for effective coordination.

Employees aspiring to leader roles should have a solid understanding of leading, accounting, and labor management basics, and also enhance their expertise in their chosen field. As a corporation, we aim to closely support the growth of members who are ambitious and work hard with an entrepreneurial approach.

#### < Enhancement of governance >

To enhance board effectiveness, three key issues are being addressed.

##### ■ Enhance management supervision

Enhance management supervision by improving reports on discussion topics for executive meetings and further stimulating discussions at Board of Directors meetings.

\* VUCA (Volatility, Uncertainty, Complexity, and Ambiguity): An era with unpredictable future



### ■ Expanding strategy discussions

To enhance strategy discussions, including business portfolio management and workforce strategy, adjust time for review as needed.

### ■ Supervision of the succession plan

Enhancement of supervision of the succession plan for management personnel including the President, while strengthening the cooperation with the Board of Independent Directors and the Board of Directors.

Alongside enhancing board effectiveness, a system to strengthen group governance and risk management has been established over the past year. In June 2024, the election process for Directors resulted in a decline of the proportion of women Directors. The selection was based on required qualifications outlined in the skill matrix, and does not harm the Board's role as a mechanism enabling exchange of diverse opinions. However, we are committed to work on raising the number of female directors as a means to ensure diversity and thus a stronger governance.

### To All Stakeholders

In the future management of the MOS Group, I will continue to uphold MOS's DNA that I have always cherished and ensure the spread of the MOS Spirit. I will also focus on fostering entrepreneurship within the team and the overall operation, while maintaining close relationships with all stakeholders.

To further promote the MOS Spirit, we held the "MOS BURGER Kyoei-Kai Gathering Fiesta" for the first time in six years, strengthening our connection with franchise owners. For franchise stores, it's

### ■ The message to convey

- During the eight-year presidency, MOS's DNA and entrepreneurial spirit led to impressive achievements.
- The MOS Group possess a clear vision, and a solid philosophy shared by employees and chain members.
- Fiscal 2023, domestic business is strong, but international business needs improvement.
- In fiscal 2024, we will continuously take measures as necessary and focus on new businesses with innovative concepts.
- We are devoted to sustainability management and will address the material issues to resolve social issues. We will particularly concentrate our efforts on building stronger governance mechanisms and improve our organizational capabilities through better human capital management.
- The MOS Group will achieve sustainable growth by reinforcing its cooperation with its diverse stakeholders.

crucial to maintain and boost employee motivation while strengthening customer relationships within their market. From the headquarters' perspective, the focus is on protecting and enhancing the MOS brand from a broad and long-term perspective. Because of our different roles, we need to understand each other's perspectives and work together to overcome challenges and grow together.

We have established a system to incorporate shareholder and investor feedback into management decisions through shareholder events and IR meetings. Thorough the research and the discussion, the new long-term shareholder benefits program was implemented. For our employees, we will analyze the results of the Employee Engagement Survey to enhance their satisfaction. Moreover, we will work with our partners to address issues such as logistics and rising raw material costs, with the goal of maintaining and strengthening mutual trust and relationships.

We will continue to strengthen relationships with stakeholders to achieve sustainable growth. Our management team, including myself, and every member of the MOS Group will continue to uphold the MOS Spirit and actively engage with an entrepreneurial mindset across various fields. We are dedicated to spreading calmness and warmth throughout Japan and around the world. We look forward to your continued engagement with MOS Group's forthcoming developments.

## Interact with Shareholders and Investors

To keep stable management, MOS Group have set up several opportunities for dialogue with our shareholders and investors. We utilize their feedback information to enforce discipline and improve the quality of our management.

### Implementation of a PDCA cycle that incorporates shareholders and investors' opinions



### Engagement activities toward shareholders and investors (results in fiscal 2023)

General Meeting of Shareholders	95 (at the venue)/ 64 (through streaming)
Company visits for shareholders	44 (22 x two times)
Informal Meeting with Shareholders	146 (one time)
Survey for shareholders (online)	10,308
Briefing sessions for individual investors (hosted by a securities company)	1 time
Financial results briefings (held online)	30 (May), 22 (November)
IR interviews with institutional investors	19 times
IR email news	Sent 12 times (1,000 subscribers)

### First company visits for shareholders



We held company visits for shareholders in August 2023 at our office in Shinagawa-ku, Tokyo for the first time. During the two sessions (one in the morning, one in the afternoon), we welcomed 44 visitors in total. These events included explanations on sustainability management, discussions on SDGs, visits in the office, and the tasting of some of our new products. President Nakamura, who showed up as a surprise guest, participated in the event to discuss face-to-face with shareholders.

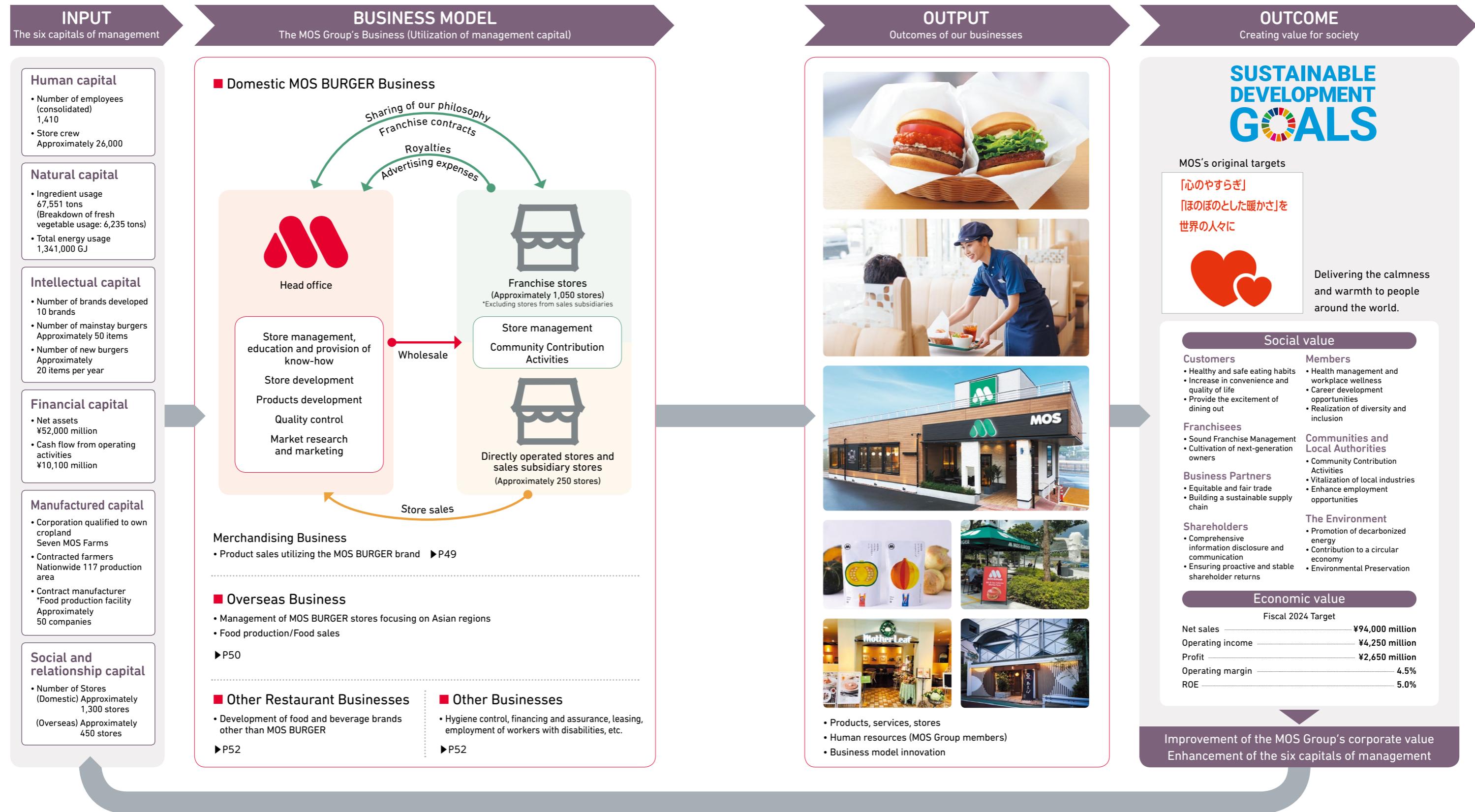
### Informal Meetings with Shareholders held in local regions for the first time in four years



We organized an Informal Meeting with Shareholders in Osaka in February 2024, a first in four years. We welcomed 146 shareholders. Directors and executive officers, including President Nakamura, attended the first session, provided information on the business and answered questions. Members of the head office joined the second session, an informal gathering around teatime, and had the opportunity to directly listen to shareholders' opinions and requests.



# The MOS Group's Value Creation Model



Material Issues ► P23

Food and Health

Governance (Foundation for Advancing Materiality) ► P60

Stores and Local Communities

Human Resource Cultivation and Support

The Environment



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

## Process and Background of Identifying Material Issues

In fiscal 2019, the MOS Group defined material issues (priority matters) to help resolve social issues through its main businesses from an environmental, social and governance (ESG) standpoint. As the importance of sustainable management continues to grow, we reviewed these material issues and set up KPIs after evaluating the impact on our businesses and environmental changes in fiscal 2022. Specific results are reported in Board of Directors meetings. Initiatives related to Corporate Governance, which is the foundation of business activities, are not included in material issues and dealt with separately.

## Process for Identifying Material Issues

### STEP1 Understanding of Social Issues

#### List social issues based on the following

- Requirements from various ESG research organizations
- ISO 26000
- Sustainable Development Goals (SDGs)
- The MOS Group Code of Conduct, Policies and Declarations
- "Main risks" defined in the risk management process

### STEP2 Organize External Requests

#### Based on stakeholder feedback, extract external requests and evaluate their relevance and importance in relation to social issues

- Feedback received by the Customer Service Center
- Feedback from MOS Group members
- Feedback from franchise owners
- Feedback from shareholders and investors (shareholders surveys, Informal Meetings with Shareholders, etc.)

### STEP3 Categorization of Priority Matters

Evaluate the importance of business issues, such as the medium-term management plan, by integrating the "importance from a societal (stakeholders) perspective" and the "importance from the company's perspective." Then, map these evaluations into a framework to prioritize them

### STEP4 Identification of Material Issues

Categorize the items into four themes and present them to the Sustainability Committee for materiality assessment

#### Organization of Material Issues (Priority Matters)



#### The MOS Group's Stakeholders

Management quality will be enhanced with all stakeholders alongside the MOS Group.



## The MOS Group's Material Issues

Theme	Persons in charge	Divisions in charge	The MOS Group's Main Initiatives	Expected Changes (Ideal State)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2023 Results	Mainly related SDGs
Food and Health	Yoshinori Ando Senior Director, Executive Officer, General Manager of Product Division	Product Development Division	① Providing Food That Contributes to Health ② Operating MOS Food Safety Standards ③ Improving Value of Products and Services ④ Promoting Nutrition and Food Literacy (or Shokuiku)	Contribution to customers' health through products and the provision of information	Contribution to achieving the target for the recommended vegetable intake (350g per day per adult) through the MOS BURGER's Fresh Vegetables	— <sup>*3</sup>	—	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
			Provision of new value regarding food	Annual sales of Green Category (plant-based) products	5 million meals	1.73 million meals		
Stores and Local Communities	Tsuneari Ota Senior Director, Executive Officer, General Manager of Operation Division	Operation Planning and Training Department	① Community-Oriented Store Operation ② Store Development Tailored to Diversifying Needs ③ Promotion of Store Community Contribution Activities	Improvement in store quality and sales	Increasing the customer satisfaction survey utilization score <sup>*1</sup>	— <sup>*3</sup>	32.3 times	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
				Revitalizing local communities and strengthening of engagement	Implementation of community-engagement activities in all 20 branches of the MOS BURGER Kyoei-Kai	— <sup>*3</sup>	Implemented across all branches (95 activities achieved)	
Human Resource Cultivation and Support	Tsutomu Kawakoshi Executive Officer, General Manager of Management Support Division	Management Support Division	① Health and Productivity Management ② Personnel Development, Capacity Development, Career Development, and Communication Reinforcement ③ Ensuring Diversity and Women's Empowerment ④ Removing Physical and Mental Barriers ⑤ Respect for Human Rights	Enhancing individual growth and maximizing potential	Achieving employee engagement	Top 20% (score 75) <sup>*2</sup>	Score 63	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCE INEQUALITIES
					Erasure of the pay gap between male and female employees	— <sup>*3</sup>	62.3% (all employees)	
				Achieving diversity and inclusion	Ratio of female managers	30%	18.2%	
The Environment	Yasuaki Kaneda Executive Officer, General Manager of the President's Office	PR, IR and SDGs Group	① Reduction of Greenhouse Gas Emissions ② Plastic and Waste Management ③ Conservation of Biodiversity ④ Adopt Environmental Measures that Meet Eco Mark 'Restaurant' Certification Standards	Realization of a decarbonized society	Reduction in CO <sub>2</sub> emissions (compared to fiscal 2013, Scopes 1+2)	46%	35.7%	7 INTERPLANETARY SPACE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLEAN ENERGY 14 LIFE BELOW WATER 15 LIFE ON LAND
					Reduction in plastic use	100%	83.1 %	

## Governance (Foundation for the Promotion of Material Issues)

\*1 Number of actions taken on verification site for customer satisfaction surveys  
 \*2 The top 20% in employee engagement surveys. (fiscal year 2030)  
 \*3 Not set as a numerical target, but defined as the expected changes



## Material Issues

# 1. Food and Health

### Reasons for Its Importance

Since MOS Group's founding, we have upheld the principle of Health-consciousness (Nutritional well-being), focusing on the importance of a balanced diet to prevent disease and improve health. The fresh vegetables at our stores are sourced from producers dedicated to minimizing the use of agrochemicals and chemical fertilizers. This stance is also the foundation for the numerous menu items containing fresh vegetables. Moreover, the Group develops original products to respond to a diversifying diet demand while keeping MOS's strengths, such as Green Category products (GREEN BURGERs, soy patties, etc.). Through our products, we not only deliver deliciousness, but also "Food and

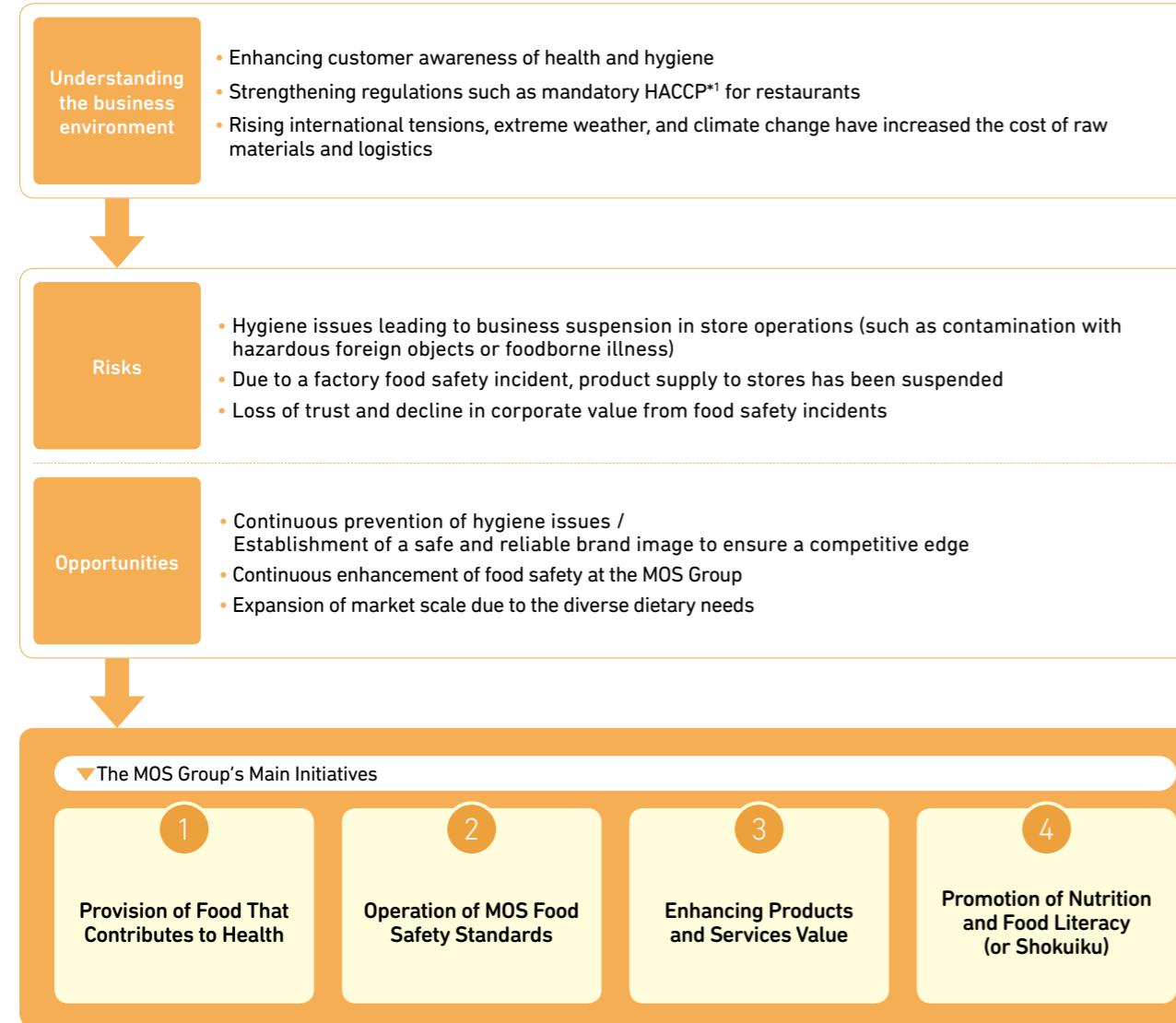


Health," with a sense of responsibility for food safety and the health of our customers.



**Material Issues**  
1. Food and Health  
Person in charge of operation  
**Yoshinori Ando**  
Senior Director, Executive Officer, General Manager of Product Division

We pinpoint risks and opportunities based on our understanding of the business environment and promote each initiative.



<sup>1</sup> Hazard Analysis and Critical Control Point (HACCP) is a method of hygiene management in which businesses identify hazards such as food poisoning and contamination and carry out continuous monitoring and recording of particularly important processes during the entire process from receiving ingredients through to the shipment of products.

### Material Issues 1. Food and Health

KPIs (fiscal 2030 indicators) and achievements, next plan and targets

Theme	Expected Changes (our Vision)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2023 Results	Initiatives in fiscal 2023	Action plan for fiscal 2024
Food and Health	Contribution to customers' health through products and the provision of information	Contribution to achieving the target for the recommended vegetable intake (350g per day per adult) through the MOS BURGER's Fresh Vegetables	— <sup>2</sup>	—	<ul style="list-style-type: none"> <li>Product development that conveys the appeal of vegetables</li> <li>Release of Salad Cup (Low Salt Japanese Dressing), a MOS BURGER&amp;CAFE's limited-edition product</li> </ul>	<ul style="list-style-type: none"> <li>Product development and information dissemination that conveys the appeal of vegetables</li> </ul>
	Provision of new value regarding food	Annual sales of Green Category (plant-based) products	5 million meals	1.73 million meals	<ul style="list-style-type: none"> <li>MOS &amp; CAFE Veggie Burger &lt;Tomato Sauce&gt;, a MOS BURGER&amp;CAFE's limited-edition product</li> <li>Release of the Kit Oisix "MOS Soy Sea Cutlet Curry with Colorful Tartar"</li> </ul>	<ul style="list-style-type: none"> <li>Continuous development of new products</li> <li>Information dissemination on the Green category</li> </ul>

<sup>2</sup> Not set as a numerical target. The targets are the expected changes.

### How We Determined KPIs and the Current State of Our Initiatives

Our Group aims to promote products made with MOS BURGER's Fresh Vegetables and highlight their health benefits, helping customers achieve the recommended daily vegetable intake of 350 g for adults. We have set annual sales targets for Green Category (plant-based) products as a KPI to continue delivering new food value.

In fiscal 2023, we started offering a MOS BURGER&CAFE limited-edition product "MOS & CAFÉ Veggie Burger <Tomato Sauce>" and product using soy substitute fish as part of our collaboration with food delivery service Oisix. These initiatives are evidence of our growing commitment to contribute to our customers' "Food and Health."

#### Comment from persons in charge

##### The pursuit of taste with GREEN BURGER

Our GREEN BURGER does not include any animal-based ingredient or gokun (the five pungent spices)<sup>3</sup>. We do not simply remove certain ingredients but also express our vision of deliciousness for the MOS BURGER brand. The soy patty has a meaty, loose texture, the bun is fluffy and moist without butter, and the sauce adds flavor and richness, respecting the balance of tastes found in a hamburger. The GREEN BURGER has become a symbol of the importance of environmental preservation and SDGs, as well as health considerations. While we continue to focus on delivering exceptional taste, we aim to reach a diverse range of consumers, ensuring that our food is enjoyed by more than just the health-conscious people.



**Yu Uemura**  
Product Development Group,  
Product Development Department,  
Product Division



Green Burger <Teriyaki>

<sup>3</sup> Five types of vegetables with a strong smell whose use is prohibited in Buddhism (garlic, onion, leek, Chinese chives and Chinese scallion).



# The MOS Group's Main Initiatives

## Contracted farmers and MOS Farm

The fresh vegetables used at our stores are grown in 117 production regions nationwide by local farmers with a commitment to continually reducing the use of agrochemicals and chemical fertilizers. Head office members certified as GAP trainers directly inspect the farms and review management practices. They also engage with the farming communities to share the MOS Group's philosophy. Our fresh vegetables reflect the care of our producers, along with essential information about them and their origins. To achieve the MOS Group's Management Vision "Happiness through food," we will continue to value our collaborative relationship with farmers to produce delicious, safe and reliable vegetables. Moreover, we contribute to vitalization of agriculture in Japan by increasing consumption of domestic agricultural products.



MOS BURGER's Fresh Vegetables: Vegetables that convey warmth and emotion

## MOS Farm Fresh Vegetables Festival

MOS BURGER holds the "MOS Farm Fresh Vegetables Festival," in which store members visit contracted farmers, bring harvested tomatoes or lettuce back to the stores and sell limited products using these vegetables. The Group also organizes the "Locally-Sourced Vegetable Festival," in which locally grown vegetables can be tasted for a limited time in a particular region. We started these initiatives in 2014 in various localities to express our deep gratitude toward our customers and the local communities and share the wonderful taste of fresh vegetables from these areas. In fiscal 2023, these events were held nine times in eight different prefectures, creating an opportunity for deep exchanges between contracted farmers and store members.



MOS Farm Fresh Vegetables Festival in Fukushima



Locally-Sourced Tomato Festival in Hiroshima

## MOS Food Safety Standards

The MOS Group aims to ensure the safety and reliability of its food products. To this end, it works to continuously improve the level of food safety, since any incident involving the endangerment of food safety can result in loss of confidence from society and the deterioration of corporate value. By implementing risk countermeasures and controlling the possibility of food accidents, we can establish a brand related to food safety and security and support the sustainable growth of the food and beverage business. In addition to hygiene management incorporating the HACCP approach, we created our own MOS Food Safety Standards, which comply with ISO 22000. These standards provide a framework for a management system covering the entire supply chain of food production and the sale, from ingredient farming to the end consumer. Our Group company MHS, INC. conducts highly-specialized store hygiene inspections twice a year and provides guidance based on inspections' results. Furthermore, Food Safety Meeting take place each week, involving monitoring from each specialized department.

## Green Category

At MOS BURGER, our Green Category includes products such as soy patties<sup>1</sup> using soy-derived vegetable protein as a meat substitute, the "Chilled Dolce Chocolaty Mousse Cake Cup" made without eggs, milk, wheat or animal-derived ingredients (applied to primary ingredients and sub-ingredients), and Green Burger <Teriyaki> that use no animal-derived meat, fish, eggs, or dairy products. Through these products, we are offering new ways to enjoy food as needs diversify. We have expanded such green initiatives. For example, the "Soy Patty Teriyaki Burger" was introduced for a limited time at the "Hamburger Shop" pavilion in KidZania Tokyo in fiscal 2023.

<sup>1</sup> For hamburgers with "Soy Patty" marks on a menu, you can change normal patties to soy patties for another 20 yen.

Soy Patty MOS Yasai Burger



Chilled Dolce Chocolaty Mousse Cake Cup

## Low-allergen menu items

In July 2002, MOS BURGER began selling allergy-conscious products at limited locations, and in December 2009, introduced low-allergen menu items at all stores (excluding a few stores), so that all families can enjoy our burgers safely. Low-allergen menu items are products that do not contain the eight specified ingredients which require labelling (eggs, milk, wheat, shrimp, crab, buckwheat, peanuts, and walnuts). The products are individually wrapped so that they can be heated in their bags and are served without store members directly touching them.



Pork Burger (Rice Flour)

## MOS BURGER's Nutrition and Food Literacy (or Shokuiku) Program

In the remote (online) lessons<sup>2</sup> conducted as part of the MOS BURGER's Nutrition and Food Literacy (or Shokuiku) Program, children use educational materials developed by MOS to imagine burgers that help solve social issues, and members of neighboring stores and the head office provide advice on their final presentations. In addition, parents and children can make burgers together in our stores with Food Education Program "Family DIY Burger." We hope that children acquire an awareness of importance of food and pass it on to future generations.

<sup>2</sup> Remote lessons are held in cooperation with General Incorporated Association "Professionals for All Schools," a venture company launched by the Faculty of Education, Shizuoka University to reduce regional career and educational disparities.

Remote (online) lessons



Food Education Program "Family DIY Burger"

## Material Issues

# 2. Stores and Local Communities



## Reasons for Its Importance

Japan is experiencing declining birth rates and urban migration, which reduce vitality in rural areas. Effective store management must address the varying needs, such as single-person households in cities and family households in the suburbs. Our Management Philosophy "Betterment of Humanity and Society" highlights "contributing to society through deep connections with customers and communities, while also providing sincere service" as a guiding principle. Stores are developed in partnership with owners who share the same philosophy, actively participating in activities that promote regional revitalization and community contribution. The goal is to create stores that are loved and supported by local residents. MOS Group, having grown from Japan into

overseas markets centered in Asia, will continue to focus on building stores that are closely connected to the local community.



**Material Issues**  
2. Stores and Local Communities  
Person in charge of operation  
**Tsuneari Ota**  
Senior Director, Executive Officer, General Manager of Operation Division

We pinpoint risks and opportunities based on our understanding of the business environment and promote each initiative.

Understanding the business environment

- Rise of home-meal replacement due to increase in take-out demand
- Lifestyle changes due to increase of dual-income and single-person households
- Impact of natural disasters on store operation
- Changes in consumer behavior and the diversification of demands

Risks

- Safety management issues for customers and store members and suspension of business due to incidents, accidents, and compliance violations at stores
- Shortened business hours or temporary closures have resulted in a loss of trust from the local community and customers
- Problems arising from the franchise system and the stagnation of business succession due to the aging of franchisees

Opportunities

- Establishment of trusted brand through rigorous safety management for customers and store members and proactive utilization of customer feedback
- Enhancing the Value of Restaurants as Community Assets
- Contribution to local economies through employment

### ▼ The MOS Group's Main Initiatives

1

Community-Focused Store Operation

2

Store Development Tailored to Diversifying Needs

3

Promotion of Store Community Contribution

## Material Issues 2. Stores and Local Communities

KPIs (fiscal 2030 indicators) and achievements, next plan and targets

Theme	Expected Changes (Ideal State)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2023 Results	Initiatives in fiscal 2023	Action plan for fiscal 2024
Stores and Local Communities	Improvement in store quality and sales	Increasing the customer satisfaction survey utilization score <sup>1</sup>	— <sup>2</sup>	32.3 times	<ul style="list-style-type: none"> <li>Implementation of study meetings for store managers to apply the results of customer satisfaction surveys</li> <li>Increase in usage rates of surveys in stores through system modifications</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of study meetings for store managers to apply the results of customer satisfaction surveys</li> <li>Application of customer satisfaction surveys in collaboration with MOS BURGER Kyoei-Kai's HDC Education Committee</li> </ul>
	Revitalization of local communities and strengthening of engagement	Implementation of community-engagement activities in all 20 branches of the MOS BURGER Kyoei-Kai	— <sup>2</sup>	Implemented across all branches (95 activities achieved)	<ul style="list-style-type: none"> <li>Development of the Nutrition and Food Literacy (or Shokuiku) program "Family Cooking Class" in stores</li> <li>Start of tests of measures for child-raising households in local communities</li> </ul>	<ul style="list-style-type: none"> <li>Testing measures for local families with children has begun nationwide</li> </ul>

<sup>1</sup> Number of actions taken on verification site for customer satisfaction surveys

<sup>2</sup> Not set as a numerical target. The targets are the expected changes.

## How We Determined KPIs and the Current State of Our Initiatives

MOS BURGER utilizes customer satisfaction surveys, or questionnaires, for the management of its restaurants. The feedback from customers who respond to the survey is accessible daily on a dedicated website. We take actions on the website to grasp store issues, which helps improvement of our management. We set the number of actions taken on verification site as a KPI, because the number is correlated with the level of customer

satisfaction. Another KPI is the MOS BURGER Kyoei-Kai's implementation of Local Community Activities Across All 20 Branches, and the head office and franchisees work together to promote these activities through the MOS BURGER Kyoei-Kai. With Food Education Program "Family DIY Burger" and several other projects that support families raising children, we aim to create stores that is loved by local customers.

### Comment from persons in charge

#### Turning customer feedback into improvement

Customer satisfaction surveys are a helpful tool to enhance the communication between stores and customers. Reflecting customers' opinions in observable changes can boost customer engagement. In addition, the relative number of complaints to the Customer Relations Office decreases as the number of responses to the customer satisfaction survey increases. The head office holds study sessions for store managers and sends out a monthly customer satisfaction survey newsletter to all stores in order to horizontally spread good practices from across the country. Two years after their introduction nationwide, surveys have led to improvements in stores, and overall satisfaction levels are rising. We will continue to utilize customer feedback to improve the quality of our stores.



**Shinnosuke Yoshimura**  
Group Manager, Operation Planning and Support Group Operation Planning and Training Department, Operation Division



## Creating Stores Loved by Communities with MOS BURGER Kyoei-Kai

MOS BURGER Kyoei-Kai, a unique organization, is part of the MOS BURGER Chain and connects MOS FOOD SERVICES, INC. (the head office) with franchisees, as well as franchisees together. These cooperative relationships among franchisees play an important role in the creation of stores that are loved by local communities and the promotion of community contribution activities.

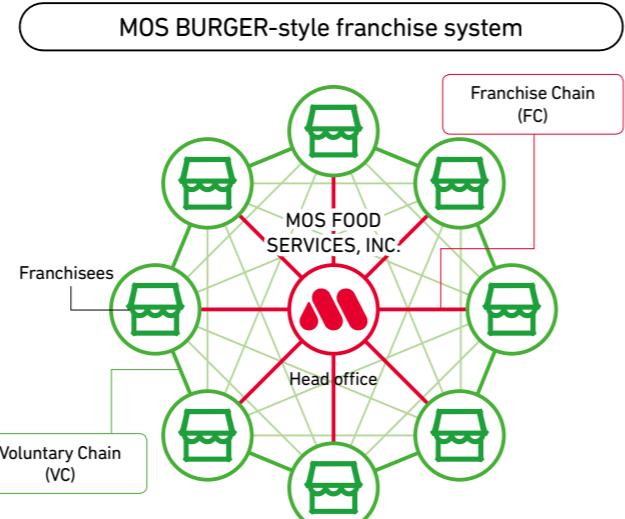
### MOS BURGER's Unique Business Model

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, and conducts activities supported by the head office with the goals of exchanging information, engaging in mutual learning, and boosting morale.

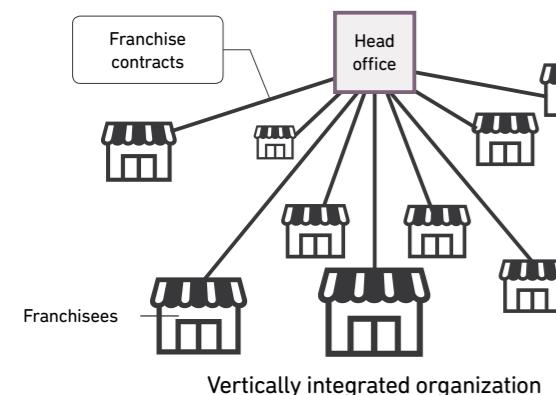
The MOS BURGER Chain is supported by a unique business model which can be called the Franchise Voluntary Chain (FVC). This concept, a characteristic of MOS BURGER, combines two kinds of connections,

which are the "franchise chain," linking head office and franchisees, and the "voluntary chain" that links franchise stores with each other.

In the franchise system born in the United States, there is a strong connection between the head office and franchisees but not horizontal relationships between franchisees, and there is a general reluctance to establish organizational structure for the franchisees. On the contrary, the head office and franchisees of MOS Group respectively consider the prosperity of the whole chain on an equal footing and work together for increasing the brand value of the Japanese-born MOS BURGER brand.

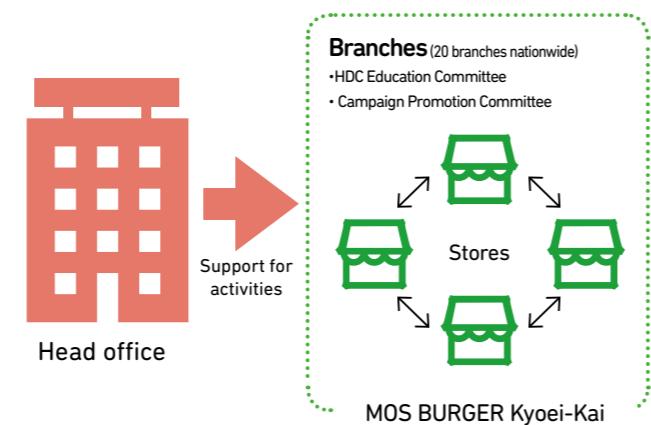


Typical franchise system



### Franchisee-headquarters cooperation "For the Customer"

"For the Customer." This common philosophy serves as the foundation for constructing collaborative relationships between the head office and franchisees, treating them as equal business partners. In MOS BURGER Kyoei-Kai, stores that hold the same philosophy share information with each other, and are actively involved in study sessions on store management and activities that revitalize and contribute to the local community. The head office works to resolve the issues faced by franchisees while supporting these activities, and our goal is for franchisees and the head office to grow together.



### Launch of HDC Activities to Improve the Quality of Stores

HDC activities are one of the main initiatives of MOS BURGER Kyoei-Kai and aim to realize MOS Spirit including our Management Philosophy. HDC stands for Hospitality, Delicious and Cleanliness (as shown in the graph on the right), and promotes the creation of even better stores without compromising quality. Two periods per year are designated as "HDC strengthening periods," where store managers and franchise owners verify the level of service and quality. Feedback is then shared between stores, contributing to improvement at the store level.

<b>H</b>	<b>Hospitality</b>	Heartfelt hospitality
<b>D</b>	<b>Delicious</b>	Safe, high-quality, and delicious products
<b>C</b>	<b>Cleanliness</b>	Clean, polished stores

HDC Activities

### The Role of Kyoei-Kai: The Mutual Improvement of Stores

Approximately 400 franchisee owners all over Japan are part of the MOS BURGER Chain. Franchisee owners learn store management from other owners and spread good ideas horizontally in Kyoei-Kai. Thus the organization works as a mutual support group and a community for franchisees.

It does not simply organize gatherings between owners but also study meetings for store managers, and franchisees in the same region collaborate occasionally to conduct community contribution activities independently. The activities are diverse and varied. One of these activities is the establishment of the MOS Box of Love fundraising initiative at stores across Japan after the start of fundraising activities at the MOS BURGER Hakuraku Store (Kanagawa Prefecture) in 1979. We donate the

funds raised to The Eye mate Inc. and to the Japan Foodservice Association's JF Ai-no-bokin campaign.

Furthermore, Kyoei-Kai has been addressing the issues of generational change and business succession for owners for more than 20 years. In addition to helping with successions for family business, it provides support to offer opportunities to the younger generation, such as successor trainings and employee trainings for becoming owners within franchisees. Rather than focusing on short-term profits, we promote the creation of stores that are loved by customers by contributing to local development and problem solving from a long-term perspective, so that we can develop businesses with strong community roots.

#### First MOS BURGER Kyoei-Kai Gathering Fiesta organized in six years



The MOS BURGER Kyoei-Kai Gathering Fiesta is held every three years to strengthen exchange, cooperation, and engagement across the entire MOS BURGER Kyoei-Kai. The 2023 Gathering Fiesta, the first in six years due to the spread of COVID-19, brought a total of 2,063 participants to the Tokyo Garden Theater. The event was attended by franchise owners from across the country, overseas members, contract farmers, suppliers, and employees with over 35 years of service. Awards for long-serving employees and commemorative speeches reaffirmed MOS's core values.

#### Message from the project leader

We build trusting relationships as Kyoei-Kai takes the lead and joins forces with the head office



MOS BURGER Kyoei-Kai  
Norihiro Koizumi  
Vice-Chairman  
(MOS BURGER Eifukucho store (Tokyo section))

The purpose of holding the Gathering Fiesta is to reaffirm the unwavering MOS Spirit of the MOS BURGER Chain for all those involved with MOS regardless of position. The theme of this year was "We are ONE. Let's continue to challenge ourselves for the future." We planned this event to provide an inspiring experience and get participants more motivated to work from the next day. Our individual challenges have only started. Kyoei-Kai will continue to aim higher for the future, united in spirit with all our companions including our head office and business partners.



## Expanding MOS Stores Rooted in Regions Overseas

Japan-born MOS BURGER has now opened around 450 stores overseas, mainly in Asian regions. As the Group expands globally, it remains committed to contributing to local communities, developing products that match the local food culture and creating stores that are loved locally.

### Taiwan

We have the longest overseas history with Taiwan, which also has the largest number of stores. In collaboration with local partners, we have incorporated local cuisine in addition to the qualities of "MOS from Japan" and are actively developing community contribution activities.

Our history with Taiwan dates back to 1991, when we opened our first store on Xin Sheng South Road in Taipei, celebrating its thirtieth anniversary in 2021. Taiwan has the highest number of stores, around 300, and enjoys strong brand recognition, as "MOS BURGER" is widely known. These achievements are the natural result of the trusting relationship shared with our local partners who have co-invested with us in AN-SHIN FOOD SERVICES, the joint-venture that develops MOS BURGER stores. In Taiwan, we also have a consolidated subsidiary, MOS FOOD INDUSTRY CORP, which produces sauces and other major food ingredients. It works together with AN-SHIN FOOD SERVICES to support our business. We are therefore able to come up with regional menu items that incorporate Taiwanese cuisine and dietary habits while keeping our strengths as a company originating in Japan.

One of those distinctive items is the MOS Rice Burger. Instead of offering Japanese seasoning as is, the flavors were adjusted to reflect local preferences by reducing saltiness and acidity. This approach, which involved adapting dishes like yakiniku, seafood tempura, and pork fried with ginger, resulted in the products becoming popular. Today, the MOS Rice Burger is known as a staple of the MOS BURGER and accounts for more than half of all burger sales. In response to this popularity, MOS offers more variety than in Japan, with six to ten options available at any given time. In this way, our products are tailored to fit local tastes and accepted by a wide range of generations.



**Akio Fukumitsu**  
Deputy General Manager,  
AN-SHIN FOOD SERVICES

In Taiwan, dining out is common, with many individuals consuming all their three meals at restaurants. Therefore, we have enriched our menu items for breakfast, lunch, and dinner. For example, we have developed egg sandwiches and bacon and eggs menus since many Taiwanese breakfast dishes include eggs. In terms of culture, Taiwanese people have a deep love for events and traditions, such as Lunar New Year and Dragon Boat Festival, which are essential parts of Taiwanese culture. Hence, there is a focus on developing direct-from-the-source fruits and merchandise for gifts.

In addition, as part of our efforts to create community-rooted stores, we are actively involved in dietary education and other community contribution activities. As a model for MOS Group's overseas expansion, our stores in Taiwan will continuously aim to be a beloved presence in the community.



First Taiwan store in Xin Sheng South Road (left)  
MOS Rice Burger Yakiniku with quinoa (center)  
(Morning Menu) Ham and Omelette Burger (right)



### Singapore

Opening of a flagship store near Merlion, a famous tourist attraction in Singapore. Promoting Japanese food culture globally in a multi-ethnic country.

The opportunity to develop business in the area is greatly appreciated. To respect the local food culture, popular dishes "Chili Crab" are featured as product. Additionally, to reinforce MOS BURGER is a Japanese-originated brand, the "Okonomiyaki Rice Burger," incorporating elements of Japanese food, is introduced. Previously, a "MOS Japan Festival" featured cherry blossom decorations for a hanami experience and staff in traditional Japanese happi coats while providing service. Unique Japanese hospitality will continue to be offered in the future.



**Kazuya Inukai**  
CEO,  
MOS FOODS SINGAPORE



The view from the terrace seats at the Merlion Park store, which opened in February 2021. The store is always bustling with locals and tourists.

### Hong Kong

Hong Kong has prospered as a free trade city for more than 150 years. The diverse food culture and high interest in Japanese food fuel the popularity in products reminiscent of Japan.

Many people in Hong Kong appreciate Japanese food, and we have developed products based on the high level of trust in Japanese brands. We offer the menu items featuring Japanese ingredients such as rice, mentaiko (salted cod's roe spiced with hot red pepper), and cheese from Hokkaido. To boost sales, posters use typical Japanese elements such as Mount Fuji, cherry blossoms, and sumo wrestling. As a chain originating from Japan, we will continue to share the deliciousness of MOS with the world.



**Hironobu Maehara**  
Managing Director,  
MOS FOOD HONG KONG



In the past, MOS Japan Festival has also been held in Hong Kong, selling the "Fujiyama Rice Burger" inspired by the emblematic Mount Fuji.

### Limited-Edition Menus Only Available Locally

Stores offer MOS BURGER's well-known Japanese staples such as the "MOS Burger" and the "Teriyaki Burger," as well as many local menu items tailored to local tastes and cuisine.

#### Thailand

##### Curry Tonkatsu Burger

Japanese-style curry, popular in Thailand, poured over pork cutlets (or tonkatsu). The pickles in soy sauce add a nice touch to the dish and stimulate the appetite.



#### South Korea

##### Wagyu Cheese Burger

Premium burger with Australian Wagyu beef patty, cheese, fried onions and a special soy sauce.



#### Philippines

##### Longga Rice Burger

MOS's take on the classic Filipino breakfast Longganisa, a sausage served with a fried egg.





## Material Issues

### 3. Human Resource Cultivation and Support

#### Reasons for Its Importance

Given the increasing demand for diversity and flexible work arrangements MOS FOOD SERVICES, INC.'s commitment to the growth of each member and enhancing the work environment will drive the group's sustainable development. For a business or organization to grow, everyone needs to keep evolving. Creating opportunities for members' growth and success through the development of diverse career paths and the enhancement of various HR systems and educational systems. Employee engagement surveys are conducted to foster a company where employees can thrive and find their work fulfilling. Efforts are also being made to enhance systems that support diverse backgrounds, including women, seniors, foreigners, and individuals with disabilities, while creating a vibrant workplace environment

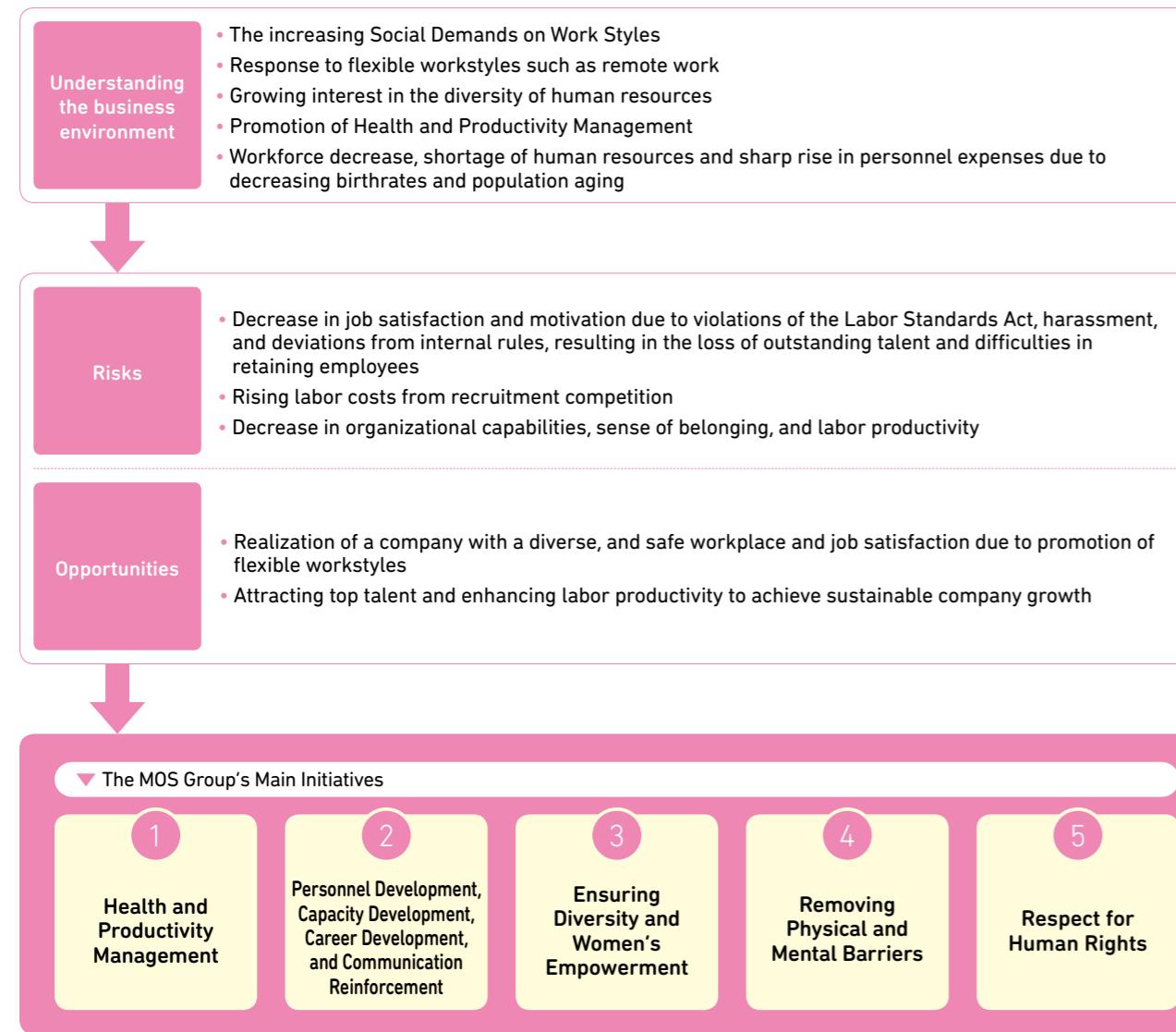


where all members can excel. Therefore, diverse personalities and values are respected, and support is offered to help individuals succeed in their challenges.



**Material Issues**  
3. Human Resource Cultivation and Support  
Person in charge of operation  
**Tsutomu Kawakoshi**  
Executive Officer, General Manager of Management Support Division

We pinpoint risks and opportunities based on our understanding of the business environment and promote each initiative.



#### Material Issues 3. Human Resource Cultivation and Support

KPIs (fiscal 2030 indicators) and achievements, next plan and targets

Theme	Expected Changes (Ideal State)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2023 Results	Initiatives in fiscal 2023	Action plan for fiscal 2024
Human Resource Cultivation and Support	Achievement of the growth and active participation of each person	Increase of employee engagement	Top 20% (score 75) <sup>1</sup>	Score 63	• Implement training based on the department heads' engagement survey results	• Improvement activities based on employee engagement's result data • Collection of examples of improvement activities and expansion of successful initiatives
	Realization of diversity and inclusion	Eliminating the pay gap between male and female employees	— <sup>2</sup>	62.3% (all employees)	• Developing training program for general female staff and program for both male and female managers	• Training on implementing growth and development measures for general female staff • Implementation of training to learn D&I
		Female Management Rate	30%	18.2%		
		Percentage of male employees taking childcare leave	85%	33.3%	• Share of voices from male workers who took childcare leave on the Company's intranet	• Implementation of training for all employees to raise awareness on the importance of childcare leave

<sup>1</sup> The top 20% in employee engagement surveys. (fiscal year 2030)

<sup>2</sup> Not set as a numerical target. The targets are the expected changes.

#### How We Determined KPIs and the Current State of Our Initiatives

Our KPIs regarding Human Resource Cultivation and Support are presented in the table above. Employee engagement surveys were initiated in fiscal 2023, accompanied by strengthened efforts to enhance the obtained scores. The high proportion of female part-time employees in stores and the high ratio of male managers effect to the gender wage gap. To reduce this disparity,

we are improving the workplace environment and HR policies to support women's continued employment. We are creating training programs to address the female management ratio. To encourage men to take childcare leave, we spread the voices of male workers who took childcare leave in our internal media.

#### Comment from persons in charge

##### Growth through employee engagement

Our initiatives for improving employee engagement are essential to maintain an organization where our members can earnestly apply MOS Spirit in their daily tasks, feel proud of our business and services and help each other, and feel growth and satisfaction.

Our engagement score shows a high level of identification with the Management Philosophy. In a context of diversifying values, having the company and employees look in the same direction is a competitive advantage. We need to make efforts to improve employee engagement. Moreover, our role as a member of human resources team is to improve our work environment where employees, including General Managers, work on their own initiatives. We continuously support them to help foster a genuine sense of improvement within the team and the organization as they work.



**Tsukie Tanimoto**  
Human Resources Development and Talent Acquisition Group, Management Support Department, Management Support Division





# The MOS Group's Main Initiatives

## Career training

At MOS FOOD SERVICES, INC., we review our career training every year to enhance educational training and diverse career paths, leading to the growth and active participation of our employees. Training programs are conducted by age group, job position, and specific themes. Additionally, the "MOS Seminar" supports self-improvement by offering assistance with self-study through correspondence courses and external organizations.

In diverse career paths, the "Self-declaration System for Transfer" allows individuals to express their preferences for internal transfers, providing an opportunity to concretize their career image. Broaden business management knowledge and develop practical communication skills in a multicultural and multinational environment through the "International University MBA 1-Year Program Dispatch System." The MOS Group provides an "Overseas Internship Dispatch Program" that allows participants to work with local colleagues at international offices for one year. Additionally, an "Employee Ownership Program" is available, which enables leveraging experience at MOS BURGER to become the owner of MOS BURGER shop.

Furthermore, we support employees at each stage of their lives with well-developed programs covering terms of pregnancy and child care. The rate of return from child care leave has stayed at 100% in recent years. We similarly encourage men to take childcare leave.

MOS Academy have set up training programs tailored to each position of various participants such as franchise owners and store managers. We help each member realize their professional dreams while supporting the growth of the MOS BURGER Chain through our support programs.

### MOS FOOD SERVICES, INC.'s education and training structures (excerpt)

	Training adapted to target audience	MOS Seminar
Head office staff	Training sessions are available by position, group, and theme.	Training by external organizations
Sales Division supervisor	Training for supervisor	Distance education, Online Course for Personal Growth, Support
Store managers	Training for store managers	Annual training (until the third year)
Employees	Training for new hires	

## HRSP to discuss employee cultivation plans with business divisions

MOS FOOD SERVICES, INC. has launched HRSP, a new personnel function that provides assistance with divisional operations and support for managers. Generally, HRBP stands for Human Resource Business Partner and is a personnel function that facilitates the growth of our business divisions from the perspective of human resources. MOS assigns members in charge called "Human Resource Support Partners," who work toward the resolution of organizational issues and promote the cultivation of human resources with General Managers. In fiscal 2023 they started supporting some divisions so that each division can promote self-sustained cultivation of human resource. For example, they conducted assimilation (Organizational development method) to deepen mutual understanding and build deeper relationships between supervisors and members. In the future, the team will further expand the target divisions and support the formulation and implementation of development plans tailored to each division's circumstances.

## Career Design Guidebook

At MOS FOOD SERVICES, INC., we believe the growth of employees leads to the growth of organizations. Based on this conviction, we aim to further expand the support structures for career enhancement. To do so, we clearly explain what paths are available and the skills they

require, and develop certifications for managerial roles, specialized positions and store managers. These initiatives are summarized in our Career Design Guidebook and encourage self-learning and desire to take on challenges.



## Promotion of Health and Productivity Management

We have established the "MOS FOOD SERVICES, INC. Health Management Declaration" to signify our attachment to initiatives promoting health and productivity management as a priority matter for management. "Physical Health," "Mental Health," "Enhancing Health Literacy" were chosen as three important strategic matters, and the Group is dedicated to creating an environment where employees can keep working energetically. More specifically, we are promoting secondary health checkups, and have established "Health Consultation Room" staffed with public health nurses. In addition, we have taken various measures such as stress checkups and mental health consultation

services offered by external partners, which have risen the health consciousness of MOS members regarding. These initiatives led to our recognition as a "Certified Health & Productivity Management Outstanding Organizations" (the large enterprise category) in 2024 by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This is the fifth successive certification we have received since 2020. Moving forward, we will tackle the promotion of health and productivity management with spreading awareness of health.



## Diversity and Inclusion

We proactively recruit a diverse array of human resources, such as women, seniors, foreign nationals, and people with disabilities. We are also creating a work environment that enables flexible working styles for all employees.

As part of our diversity efforts, we have formulated and announced an action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life, and are working hard to achieve our goals. As a result, we have obtained three stars, the highest grade, in the Eruboshi certification recognized by Japan's Minister of Health, Labour and Welfare. Other initiatives include enhancement of childcare and nursing care leave systems, promotion of reemployment after retirement age, training for employees to support male employees taking childcare leave, and roundtable discussions for employee members who are on childcare leave or raising children (from pre-schools to elementary schools). Moreover,

we are promoting MOS SHINE, INC., which utilizes a Special Subsidiary Company Program, and "Vietnam Kazoku," which leverages foreign national acceptance system for workers having status of residence called "Specified Skilled Worker," are examples of our efforts to create a rewarding workplace for everyone by providing opportunities to work according to individual abilities and circumstances.



Third cohort of Vietnam Kazoku

## MOS SHINE INC., a certified special purpose subsidiary

MOS SHINE is a special purpose subsidiary that aims to expand and stabilize employment for people with disabilities by creating work environments and responsibility areas suited to each individual's characteristics, abilities, and aptitudes. At the headquarters, team members with disabilities called "Challenge Mates," work alongside employees in the same space, fostering a vibrant, accessible, and open work environment.



Challenge mates and head office members work together on the same floor

## Formulation of the MOS Group Human Rights Policy

The MOS Group has traditionally included the consideration of human rights in its MOS Group Code of Conduct, which covers the guiding principles of the Group when conducting business activities. We went further in fiscal 2021 by formulating the MOS Group Human Rights Policy in the context of a stronger interest for human rights issues globally. To respect everyone's human rights, discrimination or harassment based on gender, age, nationality, religion, belief, social status, or disability is forbidden. All individuals should actively encourage the respect for human rights. The Human Rights Policy applies to all MOS members, and we ask our business partners to ensure the respect of human rights as well.



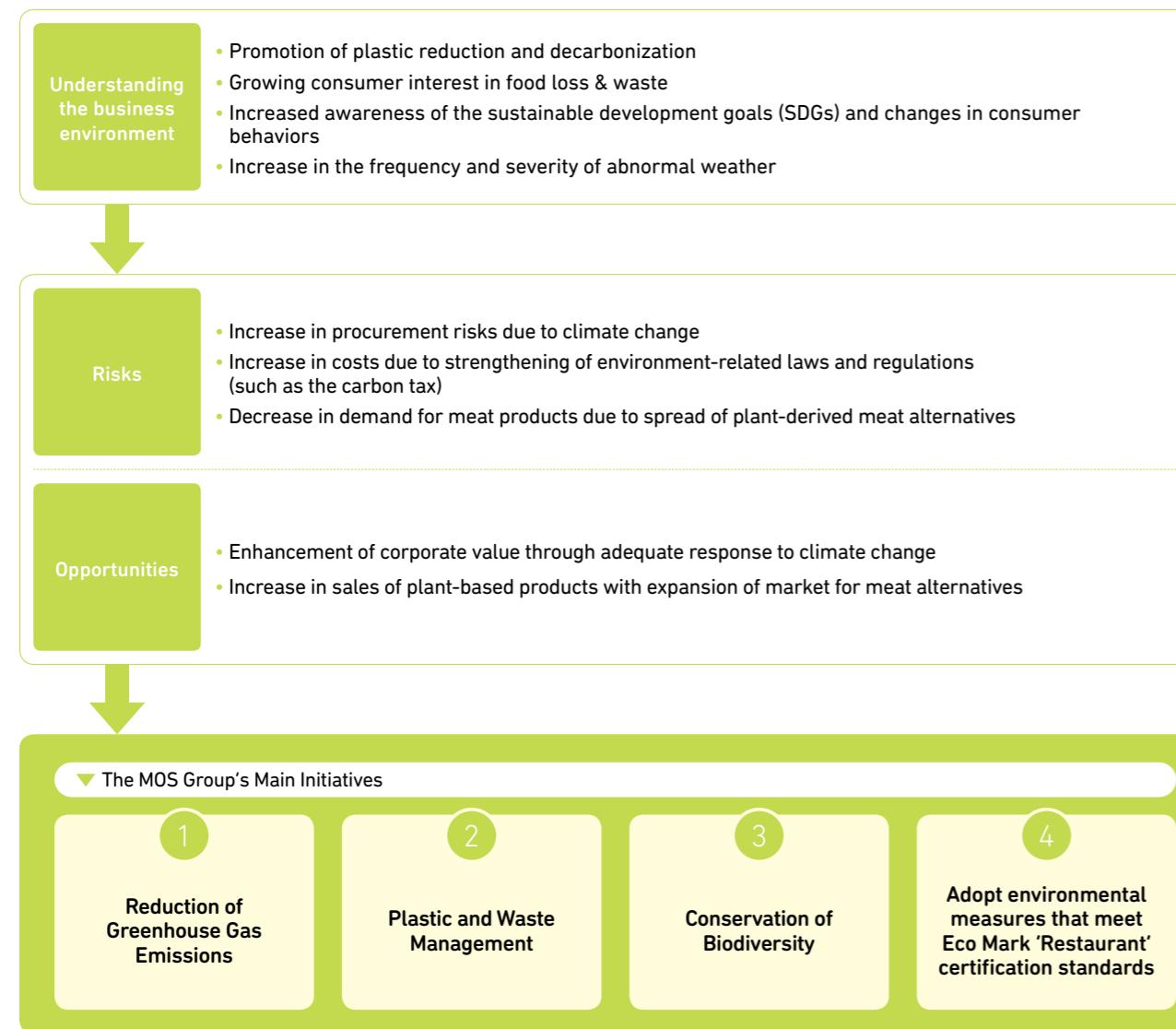
## Material Issues

# 4. The Environment

### Reasons for Its Importance

Due to rapid changes in external conditions, such as climate change, companies are increasingly required to address environmental issues. The commitment to environmental efforts aligns well with MOS's core values. The acronym MOS stands for MOUNTAIN, OCEAN, and SUN, reflecting a deep love for humanity and nature. MOS Group has been actively engaged in various environmental initiatives, including promoting energy conservation, minimizing waste, and introducing eco-friendly packaging. We continue to value the global environment and aim to realize a sustainable society. Recognizing the environmental impact of our business activities, we will pursue our efforts to achieve a recycling-oriented society and the sustainable development of our society.

**We pinpoint risks and opportunities based on our understanding of our business environment and promote each initiative.**



### Material Issues 4. The Environment

Reduction of CO<sub>2</sub> emissions      The ratio of eco-friendly disposable products offered to customers

Person in charge of operation



**Yasuaki Kaneda**

Executive Officer,  
General Manager of the President's Office

Person in charge of operation



**Yoshinori Ando**

Senior Director, Executive Officer,  
General Manager of Product Division

### Material Issues 4. The Environment

KPIs (fiscal 2030 indicators) and achievements, next plan and targets

Theme	Expected Changes (Ideal State)	KPI (Fiscal 2030 Indicators)	Fiscal 2030 Target	Fiscal 2023 Results	Initiatives in fiscal 2023	Action plan for fiscal 2024
The Environment	Realization of a decarbonized society	Reduction in CO <sub>2</sub> emissions (compared to fiscal 2013, Scopes 1+2)	46%	35.7%	<ul style="list-style-type: none"> <li>Purchase of renewable energy</li> <li>Purchase of FIT non-fossil fuel certificates</li> <li>Promotion of energy-saving activities</li> </ul>	<ul style="list-style-type: none"> <li>Purchase of FIT non-fossil fuel certificates</li> <li>Promotion of energy-saving activities</li> </ul>
	Reduction in plastic use	The ratio of eco-friendly disposable products offered to customers	100%	83.1%	<ul style="list-style-type: none"> <li>Switch from plastic to paper for cold drink cups</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of the reduction of plastic packaging</li> </ul>

### How We Determined KPIs and the Current State of Our Initiatives

The commitment to environmental efforts based on its commitment to the TCFD, MOS Group has established indicators and targets for reducing greenhouse gas emissions and addressing plastic waste. We aim to reduce Scope 1 and 2 emissions by 46% by fiscal 2030 (compared with fiscal 2013). In fiscal 2023, in parallel with the monitoring of energy consumption such as electricity and gas in stores and energy-saving measures, we purchased

non-fossil certificates for 350,000 kWh, roughly the same amount of electricity used in the head office. As a plastic countermeasure, we aim to raise the percentage of environmentally friendly products among the disposable products provided to customers to 100% by fiscal 2030. In fiscal 2023, we also promoted measures such as moving from plastic to paper containers for cold drinks.

### Comment from persons in charge

#### Packaging incorporating MOS' characteristics

When we changed our cold drink containers to paper cups, some initially expressed concern that the loss of visibility of the contents of the product would reduce the value of the product and affect sales. We carefully explained the chain's overall objective of reducing the amount of plastic used, and all stores ended up adopting the measure. On the other hand, cost increases due to the use of environmentally friendly containers and packaging materials are inevitable. We will continue to promote each of our measures while considering the balance between environment conservation and economic efficiency. We would also like to develop containers and packaging materials in a way that adopt ideas unique to MOS, leading to help to other people. One example is to showcase the works of aspiring artists on paper cups and paper bags.



**Hideyuki Sato**

Group Manager,  
Purchasing Group,  
Supply Chain Management Department,  
Product Division



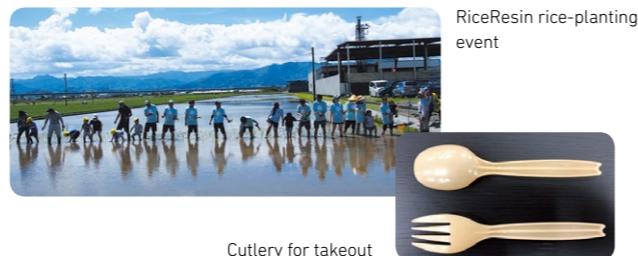


# The MOS Group's Main Initiatives

## Non-edible rice for eco-friendly cutlery produced at Mos Farm Kumamoto.

To reduce petroleum-based plastic usage, large-scale rice production has been initiated at Mos Farm Kumamoto for our "RiceResin®" biomass plastic. This plastic, which includes 25% domestic non-edible rice, is utilized for producing take-out cutlery such as spoons and forks. The non-edible rice is grown by MOS Farm Kumamoto (Yatsushiro City, Kumamoto Prefecture), a qualified agricultural corporation funded by the company, and helps in the effective use of idle farmland. They also held a "RiceResin® rice planting event" in which members of neighboring stores, nursery school children, and suppliers participated. The approximately 40 tons of inedible rice harvested in 2023 can cover the

entire amount of eco-friendly cutlery used by all MOS BURGER stores in one year.



## Use of forest- and eco-friendly FSC®-certified paper for paper packaging

MOS BURGER uses FSC®-certified paper for the paper packaging of MOS BURGER products, such as burgers and fries, in order to preserve biodiversity. FSC® certification allows products made from wood grown in forests that are recognized as being properly managed, as well as other low-risk wood products, to bear the FSC label and be sold with that certification. The use of FSC® certified products helps maintain proper forest management and protect the world's forests.



## Promotion of environmental preservation in agriculture through MOS-GAP inspections

Head office members certified as GAP trainers directly inspect the farms and review management practices for "MOS BURGER's Fresh Vegetables." They conduct a "MOS-GAP inspection" of approximately 200 items based on GAP\* principles. These MOS-GAP inspections include not only food safety, but also items related to environmental preservation, such as prevention of soil erosion and proper waste disposal according to the properties of materials. They are aimed at achieving the production of safe and delicious vegetables and the sustainable development of production areas.



\* 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.

## Response to Climate Change (Response to the TCFD)

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



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

The TCFD aims to encourage companies to view climate change as a long-term risk management and opportunity creation issue, and to promote the disclosure of information and engagement with investors and stakeholders.



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

## Disclosure Based on TCFD Recommendations

(corporate governance, strategy, risk management, indicators and targets)

### Governance

In response to major risks that may have a significant impact on our consolidated financial position, business results, and cash flows, we hold a meeting of the Board of Directors once a month in principle and convene Management Meetings led by directors on an as-needed basis to ensure that it can make accurate and swift decisions after sufficient deliberations on important management matters.

In response to MOS Group's material issues (priority matters), including climate change, the Group has established the Sustainability Committee with the members of the Management Meeting as its members to deliberate and review the status of initiatives to combat climate change risk. The details of these deliberations are reported to the Board of Directors, providing a mechanism for the Board to oversee climate change risks.

### Strategy

We have carried out scenario analysis for climate change to assess the importance of the risks and opportunities with an impact on our business activities. As a result, we determined that

- (1) An increase in the prices of ingredients due to the introduction of carbon taxes
- (2) An increase in costs due to a switch to plastic alternatives
- (3) Changes in consumer behavior
- (4) An increase in the frequency and severity of abnormal weather

are the four areas presenting the key risks and opportunities that could have a significant impact on our business.

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

< Risks, opportunities and business impact > (excerpt) \*Please see our website for details.

Risk and opportunity items		period of time	Impact on our Group	Impact Intensity
Major Categories	Subcategories			
Policy and legislation	Introduction of carbon taxes (increase in the prices of ingredients)	Medium-term to long-term	Risks If the event of tighter regulations on climate change and the introduction of a carbon tax on greenhouse gas emissions arise, the carbon tax could be passed on to procurement prices, increasing procurement and logistics costs.	Large
	Introduction of carbon taxes (increase in the logistics costs)		Medium	Medium
	Promotion of resource recycling	Short-term to long-term	Opportunities As part of efforts to achieve a recycling-oriented society, the utilization of recycling can decrease costs.	Medium
Acute	Increase in the frequency and severity of abnormal weather	Long-term	Risks The increased severity and frequency of natural disasters and extreme weather events could cause sales to decline as stores, warehouses, and sales offices are damaged or shut down.	Large

### Risk Management

The Company has established the Risk Management and Compliance Committee to manage Companywide Internal Control Systems, risk and crisis management, including that related to climate change, and a compliance system. The committee is chaired by the General Manager of the Risk Management Department and convenes once a month. The President acts as the committee's chief executive and the Directors in charge of risk management and compliance acts as chief officers. The members are the general managers of each department responsible for major risks and the presidents of subsidiaries in addition to the general managers of departments that manage risk information as observers. The committee's conclusions are reported to the Board of Directors.

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

### Indicators and Targets

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

In our medium-term target for reducing greenhouse gas emissions, we will aim to reduce Scope 1 and 2 emissions by 46% by fiscal 2030 (compared with fiscal 2013). Our goal is to be carbon neutral and the achievement of a decarbonized society by 2050.

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

The objective for plastic waste management is to ensure that by 2030, all disposable products offered to customers are environmentally friendly, reaching a 100% share of such products.



# The MOS Group's Sustainability Management and Initiatives to Address the SDGs

To advance sustainability management, MOS Group is evaluating and organizing its initiatives based on the seven core subjects of ISO 26000 and key ESG themes, and identifying materiality issues (priority matters). An overview has been prepared illustrating the alignment between the initiatives and the 17 Sustainable Development Goals (SDGs) and their 169 targets. Efforts are directed towards addressing social challenges through core business operations.



Please see our website for details of our material issue. (Japanese only)

ESG	Seven Core Subjects	Key ESG Themes	The MOS Group's Main Initiatives	Material Issues (Priority Matters)	Relationship to the 17 SDGs																
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
G	Organizational Governance	Corporate Governance	Corporate Governance																		● 16.4 ● 16.5 ● 17.16 ● 17.17
			Internal Control																		● 16.4 ● 16.5
			Promotion of Sustainability Management (Internal Dissemination)																		
		Risk Management	Risk Management for the Group as a Whole																	○ 11.2 ○ 11.5	● 13.1
			Data Security and Privacy Protection (Excluding Customers)																		
S	Social Responsibility	Fair Operating Practices	BCP Management																		● 16.4 ● 16.5
			Compliance	Management and Awareness Building of Philosophy System, Code of Conduct																	● 16.4 ● 16.5
			Adherence to Fair Trade	Compliance with Trade-Related Laws and Regulations														● 10.3			● 16.4 ● 16.5
		Supply Chain Management	Promotion of CSR Procurement			○ 1.1	● 2.4										● 8.4 ● 8.7	○ 10.2 ○ 10.3	● 12.2 ● 12.3 ● 12.4 ● 12.5 ● 12.8	○ 16.5	
			Support for Production Regions and Promotion of the MOS Farm Business				● 2.4										● 8.4			● 12.2 ● 12.3 ● 12.4 ● 12.5	● 17.17
		Human Rights	Human Rights	Respect for human rights	③ Human Resource Cultivation and Support												● 5.1 ● 5.5	● 8.5 ● 8.8	● 10.3		
		Labor Practices	Human Resources and Employee Benefits	Response to Legal System Reform					● 3.a	● 4.4 ● 4.7	● 5.5						● 8.5 ● 8.8	● 10.3 ● 10.4			
			Health and Safety of Employees	Optimization Enhancement of Benefit Packages Employee Benefits						● 3.a ● 3.d							● 8.8				
			Health and Productivity Management	Reduction of Long Working Hours and Promotion of Taking Vacation Days																	
C	Consumer Issues	Human Resource Development	Personnel Recruitment/Talent Acquisition and Retention Strategies	Personnel Development, Capacity Development, Career Development, and Communication Reinforcement	③ Human Resource Cultivation and Support					● 4.4 ● 4.7							● 8.5	● 10.3			
			Cultivation of Next-Generation Franchise Owners							● 4.4 ● 4.7							● 8.5				○ 17.17
			Ensuring Diversity and Women's Empowerment		③ Human Resource Cultivation and Support					● 4.5 ● 4.7	● 5.5						● 8.5 ● 8.8	● 10.3			○ 17.17
		Diversity	Removing Physical and Mental Barriers		③ Human Resource Cultivation and Support					● 4.5 ● 4.7							● 10.3	○ 11.7			
			Quality and Safety of Products	Operation of MOS Food Safety Standards and Other Criteria	① Food and Health					● 3.d										● 12.4	
		Health Value (Health and Nutrients)	Provision of Food That Contributes to Health	① Food and Health		○ 2.4	● 3.d										● 9.4				
		Appropriate Information Disclosure	Appropriate Product Information Indication and Disclosure					● 3.d											● 12.2 ● 12.4		
		Affordability of Products	Improvement of Value of Products and Services	① Food and Health													● 8.2	● 9.4			
			Improvement of Store Infrastructure to Enhance Convenience																		
		Fair Marketing and Advertising	Fair Marketing and Advertising																● 12.8		○ 16.10
		Protection of Personal Information	Data Security and Privacy Protection (Customers)																		○ 16.10
E	The Environment	Community Involvement and Development	Community and Community Activities	Promotion of Store Community Contribution Activities	② Stores and Local Communities													○ 11.a			● 17.17
			Community and Industrial Development	Store Development Tailored to Diversifying Needs	② Stores and Local Communities												● 8.2 ● 8.5	○ 9.4	● 11.7 ● 11.a	○ 12.5	● 17.17
			Community and the Environment and Culture	Community-Oriented Store Operation																	○ 17.17
		Conservation of Biodiversity	New Product Development Leveraging Local Specialty Products		● 2.4	● 3.d											● 8.9	○ 9.4			
			Promotion of Nutrition and Food Literacy	① Food and Health	○ 2.4					● 4.4 ● 4.5							● 8.9				
			Adopt environmental measures that meet Eco Mark 'Restaurant' certification standards	④ The Environment				○ 3.a									● 7.3			● 12.3 ● 12.5	○ 13.1
			Reduction of Greenhouse Gas Emissions														● 7.3			○ 12.2	● 13.1
		Promotion of Energy Savings	Promotion of Energy Savings at Head Office and Throughout the Entire the MOS Group														● 7.3			● 12.2	○ 13.1
		Waste and Recycling	Plastic and Waste Management	④ The Environment													○ 7.3	○ 9.4		● 12.2 ● 12.5	○ 13.1
			Promotion of Food Recycling														○ 7.3			● 12.3 ● 12.5	
		Conservation of Biodiversity	Conservation of Biodiversity	④ The Environment																● 14.1	● 15.4
		Water Management	Conservation of Water Quality														● 6.3				● 14.1

Note: This matrix was created under the supervision of Sasaya Hidemitsu. ● : Main related SDGs ○ : Related SDGs



# Revisions and Progress of the Medium-Term Management Plan Targets

The Medium-Term Management Plan implemented in 2022 was revised in May 2024 due to factors such as staff shortages, increased property competition during store openings, and rising construction costs.

## Implement measures in 2024 to enhance profitability

The main causes for the revision are "the revision of the store opening strategy" due to significant changes in the external environment since the formulation of the initial plan, and "delays in the recovery of the Overseas Business" due to our late response to the post-COVID-19 environment. By revising the store opening strategy to maintain service quality and preserve the positive work environment for our members. In the Overseas Business, priority is given to recovering existing stores rather than opening new store in some regions. Efforts are focused on improving profitability through measures such as closing unprofitable stores.

"Enhancing Profitability in the Domestic MOS BURGER Business," and "Revenue Diversification for MOS Group" were set as challenges in the Medium-Term Management Plan. To accomplish these goals, defined specific action plans around six themes and implemented the necessary measures. Although the review of 'Store Expansion Capability' and 'Overseas Business' was conducted in May, results have been delivered in four key themes. For example, in 'Franchise Package Strength,' average monthly sales have improved by about 9%. In fiscal 2024, the last year of the Plan, continuing to implement policies for sales and profit growth.

## Medium-Term Management Plan

Medium- to long-term vision	The medium- to long-term vision is to deliver the calmness and warmth, aiming to become a globally renowned, unique Asian food service company.
Medium-term slogan	Challenge & Support

Consolidated financial figures	Fiscal 2022 Results	Fiscal 2023 Results	[Revision] Medium-term management targets (FY2024)		[Initial] Medium-term management targets (FY2024)
			(Unit: ¥ million)	(Unit: ¥ million)	
Net sales	85,059	93,058	94,000	100,000	
Operating profit	41	4,185	4,250	5,000	
Profit attributable to owners of parent	(317)	2,573	2,650	3,500	
Operating margin	0.0%	4.5%	4.5%	5.0%	
ROE	(0.7)%	5.2%	5.0%	6.6%	

## Initial Plan and Progress

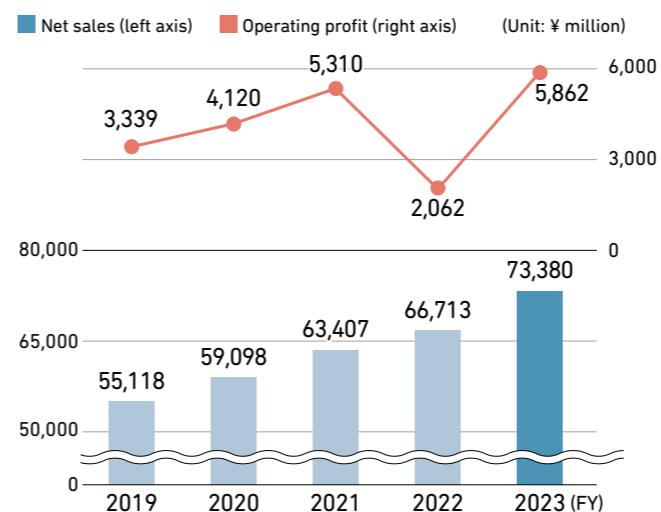
Issue	Theme	Plan		Progress
		Initial	Revised	
Enhancing Profitability in the Domestic MOS BURGER Business	Store Expansion Capability	• 50 new store openings per year		• Priority given to preserving working environments, review of store opening policy (30 to 40 stores)
	Franchise Package Strength	• Improvement of stores' earning capabilities		• Increase of about 9% in average monthly sales *Compared to fiscal 2021
	Adaptability to Change	• Improvement of convenience through digitalization		• Ratio of cashless settlements 37.1% ⇒ 46.3% • Ratio of online orders 7.0% ⇒ 8.5% *Progress since fiscal 2021
	Overseas Business	• Construction of an optimal network for the supply of ingredients on a global basis.		• Delays in the overall plan due to deterioration of store revenue after COVID-19 pandemic, priority given to revenue improvement
	Other Restaurant Businesses	• Return to business profitability		• Return to profitability at the store level
	Merchandising Business	• Development of new sales channels		• Launch of e-commerce site (The MOS Rice Burger specialty store)

# Domestic MOS BURGER Business

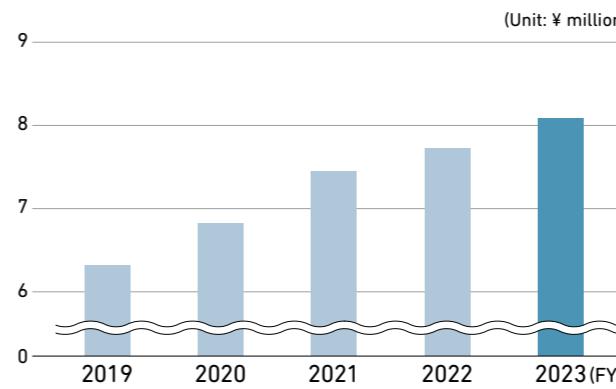
In the Domestic MOS BURGER Business, burger shops, primarily the MOS BURGER brand, are developed through franchises nationwide. Revenue is generated from royalties for store management and training, and

income from wholesale of food ingredients and packaging materials. The focus is on product development, marketing, and store-opening strategies that align with customer needs and foster community engagement.

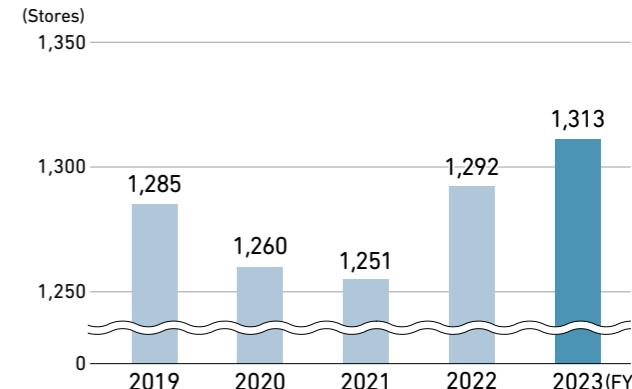
## Net Sales and Operating Profit



## Average Monthly Sales per Store



## Number of Stores



## Overview of Fiscal 2023

In the 2023 fiscal year, the opening of 21 new stores, the implementation of effective promotional products, and various marketing activities led to a significant increase in store sales. This growth was also driven by a price adjustment at the end of the previous year, which raised the average transaction value. Along with improved gross margin and reduced SG&A expenses, profit increase was achieved. In terms of store performance, adjusting products and marketing strategies based on customer needs, expanding cashless payment options for convenience, and enhancing engagement with the

local community have kept foot traffic consistent with last year. Existing store sales have also increased by 105.6% compared to the previous year, highlighting a strong overall performance. The business environment has changed since the pandemic. For example, although the proportion of delivery orders has decreased compared to 2022, it remains higher than pre-pandemic levels. Additionally, measures to enhance the dining experience and strengthen the store's value have been implemented. By adjusting customer touchpoints, the average monthly sales per store have significantly increased year by year.



## Business Environment and Initiatives in Fiscal 2024

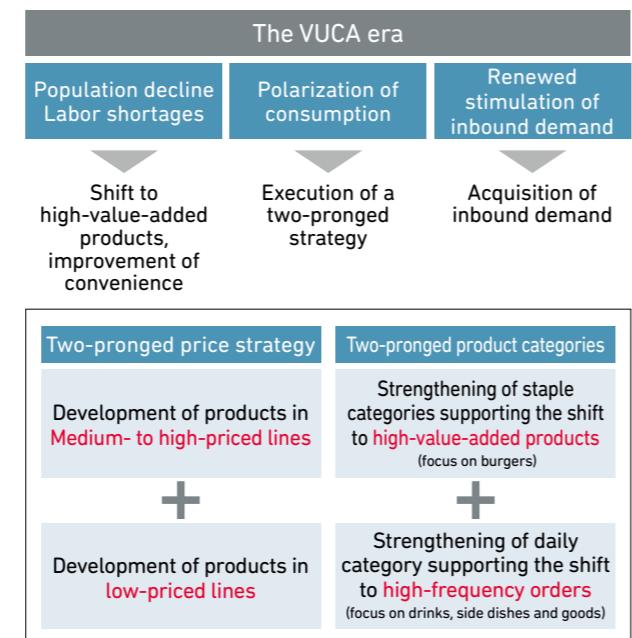
In this VUCA\* era, our business environment is transforming. In order to further grow the Domestic MOS BURGER Business, various action plans have been prepared for fiscal 2024.

To address the issues of declining population and staff shortages, upgrading store operations will create more time for enhancing customer service, thereby improving customer satisfaction. To enhance customer convenience, actively implement table self-ordering and fully self-service checkout systems to better meet customer needs.

The product strategy to address the "polarization of consumption," which indicates a fragmentation in the way people spend their money, is based on a two-pronged strategy based on both price and product assortment. Add premium and ultra-premium price range to the existing standard price range, creating a gradual price spectrum. This approach involves launching high-value products centered around burgers, along with beverages and side dishes that meet daily needs, to increase customer spending opportunities. One of the actions are the renewal of the "Tobikiri" using Japanese beef and the beverage line.

Moreover, in order to effectively promote such product strategies, the marketing strategy focused on improving the official website and application, which are the touch points between customers and MOS, to provide convenient and user-friendly services.

Our general marketing policy follows the theme "Enjoy Wagokoro - Experience the richness of seasonal colors and flavors through a delightful culinary experience that enhances everyone's spirit and time."



The "Enjoy Wagokoro" segment as consumers who love Japanese cuisine and culture. For this target audience, it is essential not only to strengthen product proposals but also to convey a sincere service attitude to attract more inbound demand. Moreover, stabilizing sales to ensure consistent revenue is crucial. Peak sales occur during lunch hours and throughout year-round promotional events, such as new product launches and TV ad broadcasts. For other times and periods, promotional and sales strategies will be adjusted to enhance performance.

\* VUCA (Volatility, Uncertainty, Complexity, and Ambiguity): An era with unpredictable future

### Increase in value of mainstay products/ Product development that values Japanese cuisine

Targeting of customers who enjoy Japanese culture (Enjoy Wagokoro) Expansion of mainstay menu items A gradual price spectrum

### Improvement of convenience for customers

Table self-ordering Fully self-service checkout systems Improvement of app usability

### Encouraging sales stabilization by boosting off-peak demand

Example on a per-day basis Example of campaign period

### Increase of customer experience value

Creation of comfortable spaces

### Communication of the brand slogan "Only MOS BURGER can make it happen."

Increase in brand value using Strengths of the MOS Group (deliciousness, community-engagement, and innovation)

### Community-engagement activities

Product development using local ingredients Collaborations with local communities Online classes on Nutrition and Food Literacy (or Shokukku)

## Originality is the strength of our flagship product 'MOS Burger'

Since its establishment in 1972, MOS Burger has sold over 1.4 billion units, making it one of the most popular signature products. Sales of MOS Burgers and similar items account for about 30% of total hamburger sales, demonstrating outstanding market competitiveness.

The meat sauce was created after more than 100 trials in search of the ideal flavor that would suit delicate Japanese palate, at a time when burgers themselves were a rarity. Since then, it has been renewed to meet the needs of the times and consumer tastes, and today, we have added richness and depth with Japanese elements such as liquid salted malted rice (kouji) and nigari (bittern). It is a one-of-a-kind product that is constantly evolving while preserving its original taste.



## Initiatives to Enhance the Appeal of MOS

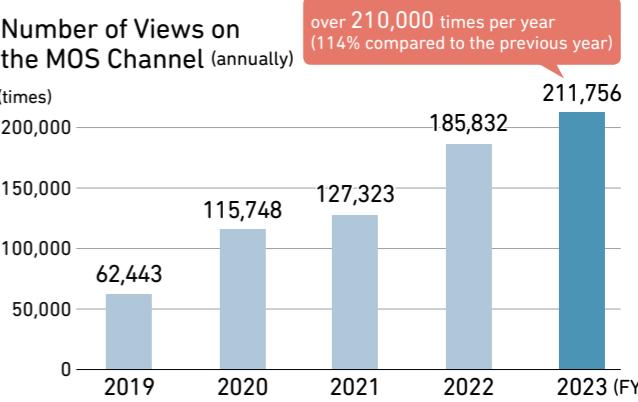
MOS BURGER is dedicated to enhancing its corporate appeal by focusing on building "popular chain stores." One key initiative is "MOS RECORDS," which aims to discover, support, and collaborate with next-generation artists and creators through MOS BURGER outlets nationwide. This project holds auditions for store staff members with plans to support them in debut activity. MOS RECORDS aims to revitalize stores and increase engagement throughout the chain by actively spreading our culture. Another project, "KodoMOS (Kids MOS)," supports families with children and aspires to bring satisfaction to local customers through, for example, the food education program "Family DIY Burger" where parents and children have the opportunity to cook burgers together. This plan was devised by MOS's members who are raising children,



and is intended to increase the value of our stores by contributing to local communities, as well as to increase staff satisfaction and retention.

## Further Promotion of the Spread of MOS's Philosophy

A variety of initiatives are underway to both help MOS BURGER store members promote our corporate philosophy, and improve employee engagement. Launched in 2017, "MOS Channel" is a video distribution platform designed exclusively for members to support each store and encourage information sharing. In addition to a monthly message from the president, the platform offers a wide variety of content, including manuals in video format and in-store case studies, and is used as a tool to spread information. Moreover, a-mossles!, a dedicated application for our chain, contributes to improving the engagement of chain members. It supports the establishment of stronger



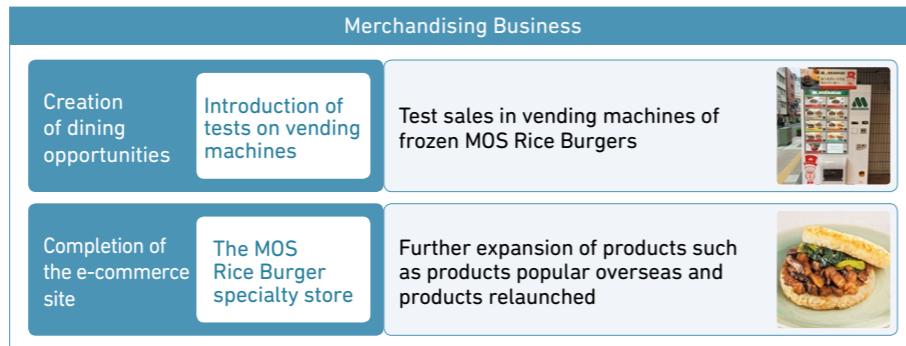
communication channels within the chain through the distribution of educational videos and awareness-raising initiatives of our Philosophy System.



## Regarding the Merchandising Business

In the Merchandising Business, which develops new businesses that capitalize on the MOS BURGER brand, the MOS Rice Burger specialty store opened in August 2023 within the Company's official online store, contributing significantly to the expansion of e-commerce sales. Frozen MOS Rice Burgers are also sold as catalogue gifts and through consumer cooperatives(CO-OP), contributing to the expansion of the goods sales. In addition, products launched in partnership with Oisix, a food delivery service, are gaining traction, with minced beef patties as the most popular item. Sales of T-shirts and can badges produced in collaboration with female idol groups as well as miniature charms of burgers and other Gashapon® items have created

daily opportunities for contact between customers and the MOS BURGER brand through merchandise. As we continue to strengthen the production system and optimize promotions, we aim to establish new revenue resources by focusing on frozen food sales through vending machines, the expansion of the official online store, collaborations using the MOS BURGER brand, goods sales and the wholesale business.



## Message from the General Managers

Our goal is to create "the most respected chain in the world" valued by customers and communities. We aim for all, owners, employees, and other stakeholders to take pride in their work. To achieve this, we will enhance quality, fulfill social responsibilities, develop employees, and drive innovation.



**Tsuneari Ota**  
Senior Director, Executive Officer, General Manager of Operation Division

I believe MOS BURGER continues to be popular in today's diverse food landscape because of our experience in developing vegetable-based products in partnership with contracted local farmers. By working closely with these local farmers to address issues like young people leaving farms and land abandonment, we are confident in moving closer to our goals.



**Yoshinori Ando**  
Senior Director, Executive Officer, General Manager of Product Division

To address the challenges of a shrinking population and staff shortage, the food industry must accelerate restructuring to survive. We need to become the "The Needed MOS BURGER" for our customers. By continuing to create high-value products, services, and locations, we will differentiate ourselves from the competition.



**Kazuaki Chihara**  
Senior Executive Officer, General Manager of Marketing Division & Marketing Department

Rising costs of raw materials and personnel expenses, along with staff shortages, are current challenges. From a store development perspective, our goal is to achieve high sales with drive-thru stores and labor-saving store designs. Additionally, by introducing self-checkout system, we aim to create a comfortable store environment where customers feel a personal touch.

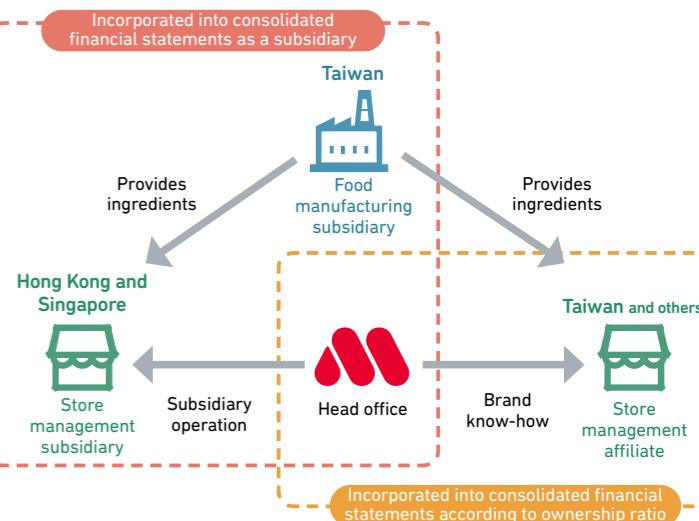


**Hiroshi Nishinoiri**  
Executive Officer, General Manager of Store Development Division & New Food-service Department

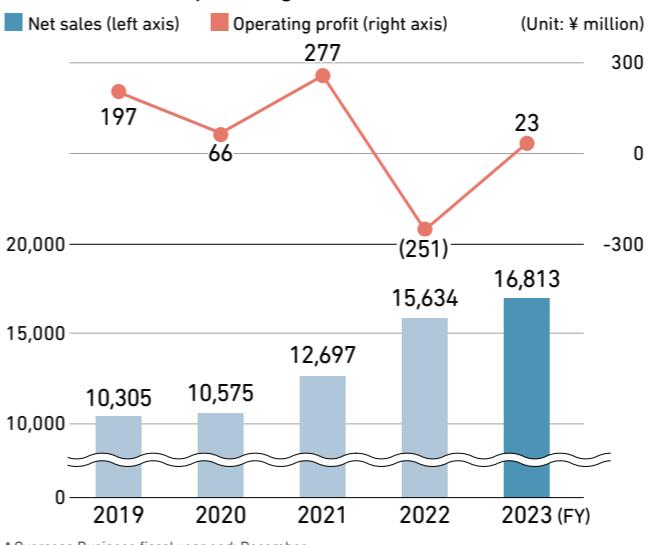
## Overseas Business

In Overseas Business, MOS Group focuses on expanding MOS BURGER stores and food production globally. Store expansion is primarily centered in Asia, with subsidiaries (in Hong Kong and Singapore) or joint ventures established in each country or region to manage operations. Food manufacturing companies primarily produce ingredients for overseas MOS BURGER outlets, offering Japanese staple menus and popular localized products reflecting local food culture. Some affiliated companies have been recorded in our consolidated accounts according to their shareholding ratio.

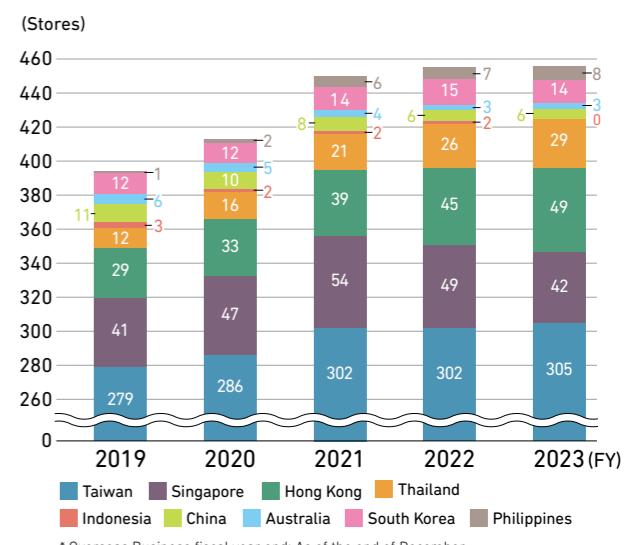
## Relationship Between Overseas Subsidiaries and Consolidated Financial Statements



### Net Sales and Operating Profit



### Number of Stores



## Overview of Fiscal 2023 and Initiatives for Fiscal 2024

In fiscal 2023, the focus was on enhancing profitability by reinforcing existing stores, closing unprofitable outlets, and managing head office expenses in response to shifts in customer traffic following the COVID-19 pandemic. The main subsidiaries increased sales and improved operating profit through price adjustments and yen depreciation. The store strategy of closure or renovation led to a net addition of 1 store, reaching a total of 456\*.

Last year, adjustments were made for subsidiaries in Singapore and Hong Kong. In Singapore, unprofitable stores were consolidated, reducing logistics and headquarters costs, and some product prices were adjusted. In Hong Kong, the focus was on lowering the cost of sales by reducing headquarters expenses and improving procurement, along with measures to enhance service quality and profitability of unprofitable stores. Additionally, Taiwan affiliate, while the demand for dining out has recovered, the rise in raw material

prices is prompting a review of cost structures.

In 2023, similar to 2022, there were significant impacts due to geopolitical factors. Specifically, rising raw material costs, changes in commercial areas, and labor shortages led to a decline in store foot traffic, affecting profits. In Hong Kong, the removal of entry and exit restrictions to China resulted in a drop in consumer spending. In Taiwan, the increase in international tourists and active domestic travel post-pandemic boosted dining demand, with consumer spending returning to pre-pandemic levels.

In 2024, profitability will be improved through continued cost reduction and the closure of unprofitable stores. Marketing activities will be implemented based on changes in commercial areas and demand. The pace of store relocations will be accelerated to promptly exit areas with lower-than-expected foot traffic, addressing shifts in commercial zones. In Singapore, a dynamic



pricing strategy will be introduced, adjusting based on trade areas and peak seasons. In 2023, holiday and regional packages were launched, resulting in some cases where operating profit increased by more than 160% compared to the previous year. Compared to past pricing methods, dynamic pricing has better balanced

demand and enhanced profitability.

In addition to continuing the sale of classic Japanese-themed products, new products incorporating local elements will be introduced, aiming to open stores with a stronger regional identity.

Future initiatives		
Main consolidated subsidiaries	Singapore	<ul style="list-style-type: none"> <li>· Increase of customer membership</li> <li>· Promotion of online orders</li> </ul>
	Hong Kong	<ul style="list-style-type: none"> <li>· Cost controls and IT infrastructure development</li> <li>· Improve field capabilities and strengthen advertising capabilities</li> </ul>
	MOS FOOD INDUSTRY CORP. * Taiwanese food manufacturing subsidiary	<ul style="list-style-type: none"> <li>· Price optimization</li> <li>· Develop new business partners</li> </ul>
Main affiliated companies	Taiwan	<ul style="list-style-type: none"> <li>· Strengthen sales of goods and sales on E-commerce sites</li> <li>· Cost ratio reduction by optimizing combination of menu items</li> </ul>

## Initiatives to Promote Management Philosophy

In overseas stores, the MS Card (MOS Spirit Card) has been introduced. Team members write down each other's positive attributes and exchange these messages. This practice is gradually fostering a culture of mutual recognition and enhancing employee engagement.

MOS BURGER has set March 12 as "MOS Day" to thank customers and the local community. This date also marks the anniversary of MOS BURGER's first experimental store in Japan. On "MOS Day," stores around the world will hold various activities. For example,

stores in Taiwan will post appreciation videos on social media and conduct community clean-up activities. These efforts help spread the "MOS Spirit" among international partners and local staff.



## Message from the General Manager

In our Overseas Business, our medium- to long-term goal is to establish an international supply management system that includes Japan. We aim to distinguish ourselves by offering superior products at lower prices and are developing strategic products and store packages with the future goal of expanding into North America and Europe.



**Jun Takifuka**

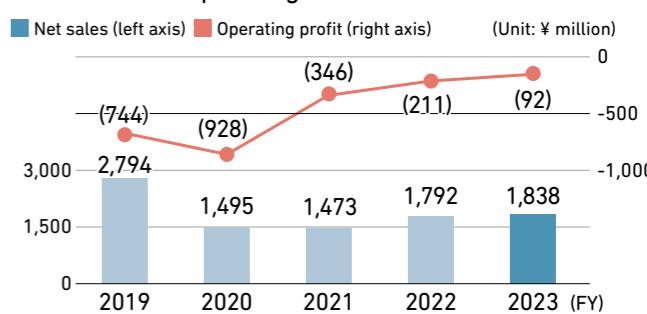
Managing Director,  
Executive Officer,  
General Manager of  
International Division

## Other Restaurant Businesses

### Other Restaurant Businesses

<b>Mother Leaf</b>	5 Stores Since 1999
A tea specialty store that serves authentic hand-picked black tea direct from tea plantations in Sri Lanka, as well as American waffles.	
<b>AEN</b>	4 Stores Since 1999
With the keyword, Blessings of Satoyama, this restaurant serves seasonal dishes, with a focus on carefully selected vegetable dishes.	
<b>MOSDO</b>	1 Store Since 2010
A collaboration store between MOS and Mister Donut that was created through a capital and business alliance with Duskin Co., Ltd. in 2018.	
<b>Mother Leaf Tea Style</b>	7 Stores Since 2011
A sister store to Mother Leaf, where customers can casually enjoy self-service tea at a reasonable price.	
<b>Brown Rice Shokudo AEN</b>	2 Stores Since 2015
A cafeteria-style restaurant that offers carefully crafted brown rice set meals with the keyword Bringing Japan's Delicacies to Dining Area within a Train Stations, using a low-investment, labor-saving model.	
<b>MOS PREMIUM</b>	2 Stores Since 2015
This store is positioned as a high-class store of the MOS BURGER chain, offering gourmet burgers and alcohol in relaxing and luxurious surroundings.	
<b>CAFE Mountain, Ocean &amp; Sun</b>	1 Store Since 2020
A cafe-style business open in small locations such as station buildings. Stores can be opened in places where space is limited without the need for a wide range of kitchen equipment.	

### Net Sales and Operating Profit

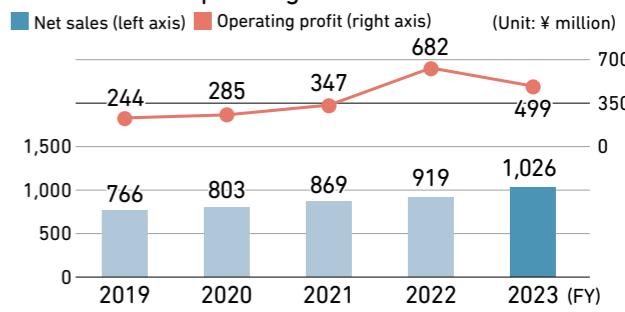


## Other Businesses

### Other Businesses

<b>MHS, INC.</b>	Food hygiene inspections	Hygiene inspection of hamburgers, etc., sales of hygiene-related products
<b>MOS CREDIT, INC.</b>	Rental Insurance Financing	Rental of POS-related equipment and signage to franchisees, property and casualty insurance and life insurance services, and business financing
<b>MOS SHINE INC., a certified special purpose subsidiary</b>	Outsourcing business within the Group	Outsourcing business within the Group (administrative assistance, store support)

### Net Sales and Operating Profit





## Message from the General Manager of the Management Support Division

### Aiming to increase corporate value by balancing profitability with financial soundness and focusing on capital costs in management



**Tsutomu Kawakoshi**

Executive Officer, General Manager of Management Support Division

#### Current Business Environment and Summary of Performance

In fiscal 2023, the MOS Group achieved revenue growth across all segments, with consolidated sales increasing by 9.4% year-over-year to reach ¥93,000 million, marking 5 consecutive years of growth and the highest revenue ever recorded. Operating profit also rose significantly year on year to ¥4,100 million.

The main factor is the strong performance of our core business in Domestic MOS BURGER. The price adjustments and net increase in stores at the end of 2022 led to sales growth for all stores, including existing stores. In particular, the strong demand for promotional products maintained customer volume after the price adjustments, significantly boosting performance. Although the cost increases posed challenges, by managing SG&A expenses effectively, revenue growth has successfully offset the rise in costs, leading to an increase in departmental profit.

Revenue in Overseas Business increased due to subsidiary price adjustments and yen depreciation. Operating profit improved by closing unprofitable stores, reducing cost rates, and controlling headquarters expenses. Following the reclassification

#### Summary of Business Performance in Fiscal 2023

Net sales + ¥7,900 million year-on-year +9.4%	<ul style="list-style-type: none"> <li>Increase in all segments</li> <li>The growth in Domestic MOS BURGER business results from price adjustments and an increase in store count.</li> <li>Customer numbers remain steady as campaign products continue to perform well following the price adjustment.</li> <li>Increase in the Overseas Business mainly due to yen depreciation</li> </ul>
Operating profit + ¥4,100 million year-on-year -%	<ul style="list-style-type: none"> <li>Domestic MOS BURGER business achieved significant profit growth primarily from price adjustments</li> <li>Overseas operations improved profitability mainly due to price adjustments</li> <li>Decrease of the deficit in Other Restaurant Businesses due to an increase in net sales</li> </ul>

### Medium- To Long-Term Financial Strategy

Prioritizing financial soundness while actively investing in new domestic and overseas store openings, brand development, and equipment and systems to enhance customer convenience and store productivity. Cash reserves are set to ensure stability during emergencies, supporting franchise chains as needed. The cash and cash equivalents balance at the end of fiscal year 2023 was ¥23,100 million, within the expected range. Fund management primarily relies on internally accumulated retained earnings and profits, with financial leverage used flexibly through bank loans as needed to enhance ROE.

In a capital-cost-oriented management approach, appropriate financial metrics, such as ROE, should be chosen to manage financial performance, and timely disclosure should be made to gain the trust of shareholders and investors. To measure the cost of capital, the weighted average cost of capital (WACC) is used as the hurdle rate and is determined by the Board of Directors. Key investments and financing decisions should be based on a prior analysis of capital, risks, and returns, with proposals submitted to the Board of Directors. The Board materials should clearly specify the investment amount, expected return under the cost of capital, recovery period, anticipated risks, and mitigation strategies. In addition, we periodically engage in meaningful discussions with our shareholders and investors, and are careful to apply

their advice in our management.

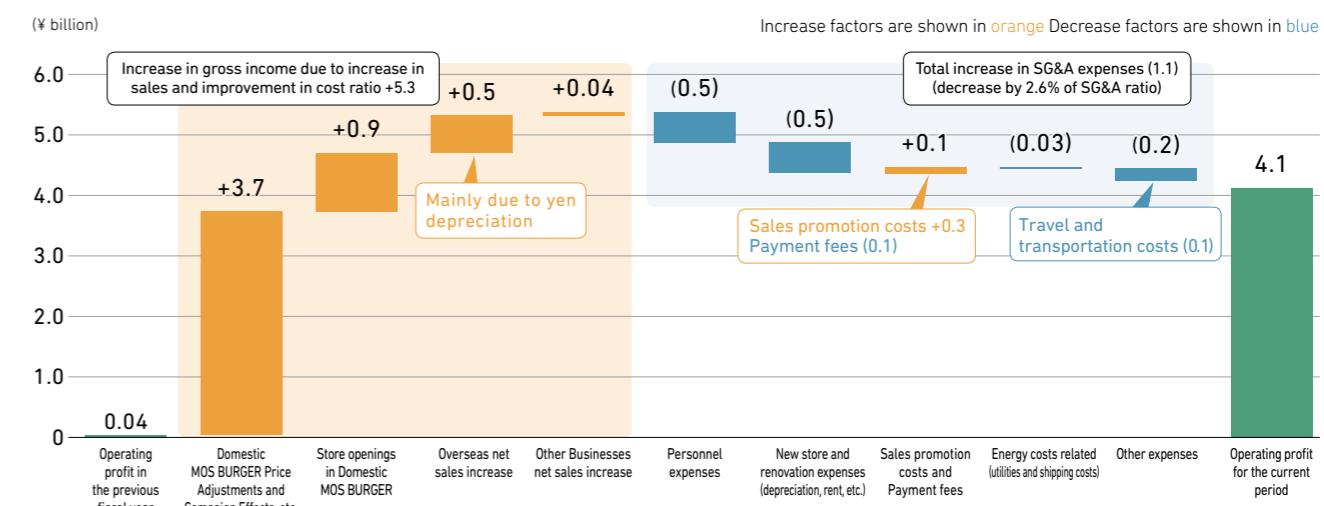
To maintain effective communication with stakeholders, the company emphasizes disclosing non-financial information on sustainability, talent management, and governance improvements. Management will continue to lead in addressing key issues to enhance corporate value.

### Dividend Policy and Shareholder Returns

For shareholder returns, the primary approach is to maintain stable dividends while aligning with business performance and the management environment. Moreover, the dividend payout ratio will be set at 30%, with the Dividend on Equity (DOE) also considered. As performance improves, the dividend amount will be increased to enhance shareholder returns. The year-end dividend for fiscal 2023 was set at ¥14 per share, with an annual dividend of ¥28 per share. In fiscal 2024, both interim and year-end dividends are planned at ¥15 per share for an annual dividend of ¥30 per share, a year-on-year increase of ¥2. In March 2024, we introduced the long-term shareholder benefits program. Business performance will continue to improve, with profits actively returned to shareholders through ongoing business development efforts.

Continued support from all involved is greatly appreciated.

### Factors of Operating Profit Changes



# A Management Team Which Supports the Sustainable Growth of MOS FOOD SERVICES, INC. (as of June 26, 2024)

## Directors



**Eisuke Nakamura**

President & Representative Director

My Favorite MOS	
<b>Spicy MOS Cheese Burger</b>	
1988 Joined the Company	
2010 Executive Officer, General Manager, Development Division, Director and Executive Officer, General Manager, Development Division	
2011 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Development Division	
2012 Director and Executive Officer, General Manager, Domestic MOS BURGER Business Operation Division	
2014 Managing Director and Executive Officer, Business Management	
2016 President & Representative Director, Manager, Store Business Development Division	
2020 President & Representative Director (current position)	



**Jun Takifuka**

Managing Director, Executive Officer, General Manager of International Division

My Favorite MOS	
<b>Seafood Rice Burger (Sakura Shrimp) (Limited-time offer in Taiwan)</b>	
1986 Joined the Company	
2009 General Manager, East Japan Operation Division, Operation Division	
2010 Executive Officer, General Manager, East Japan Operation Division	
2011 Executive Officer, General Manager, Overseas Product Division	
2018 Executive Officer, General Manager, International Division	
2020 Senior Executive Officer, General Manager, International Division	
2022 Managing Director, Executive Officer, General Manager of International Division (current position)	



**Ryuhei Fukushima**

Managing Director, Executive Officer, Risk Management & Compliance Office

My Favorite MOS	
<b>Pork Cutlet Burger</b>	
1986 Joined the Company	
2008 Director and Executive Officer, General Manager, General Planning Office, Group Leader, Corporate Planning Group	
2011 Director and Executive Officer, In Charge of Overseas MOS BURGER Business	
2016 Managing Director and Executive Officer, General Manager, Management Support Division, Manager, Product Division	
2020 Managing Director, Executive Officer, Risk Management & Compliance Office (current position)	



**Tsuneari Ota**

Senior Director, Executive Officer, General Manager of Operation Division

My Favorite MOS	
<b>Hot Chicken Burger (regional specialty/limited-time product)</b>	
1995 Joined the Company	
2014 General Manager, Product Development Department Division	
2018 Executive Officer, General Manager, Product Division	
2019 Executive Officer, General Manager, Operation Division	
2020 Senior Director, Executive Officer, General Manager of Operation Division (current position)	



**Ko Kasai**

Senior Director, Executive Officer, General Manager of Corporate Planning Division

My Favorite MOS	
<b>NATSUMI Shrimp Cutlet Burger</b>	
2008 Joined Nomura Research Institute, Ltd.	
2016 Joined BayCurrent Consulting, Inc.	
2018 Partner, BayCurrent Consulting, Inc.	
2018 Joined the Company, Executive Officer attached to General Planning Office	
2019 Executive Officer, General Manager, General Planning Office	
2021 Executive Officer, General Manager, Corporate Planning Division	
2022 Senior Director, Executive Officer, General Manager of Corporate Planning Division (current position)	



**Yoshinori Ando**

Senior Director, Executive Officer, General Manager of Product Division

My Favorite MOS	
<b>Green Burger &lt;Teriyaki&gt;</b>	
1985 Joined ITOCHU Corporation	
2010 General Manager of European Food Division, ITOCHU Corporation	
2013 Joined UCC Ueshima Coffee Co., Ltd.	
2014 Senior Managing Director, UCC Ueshima Coffee Co., Ltd.	
2018 Joined the Company, Executive Officer, Deputy General Manager, International Division	
2019 Executive Officer, General Manager, Marketing Division	
2020 Senior Executive Officer, General Manager, Marketing Division	
2024 Senior Director, Executive Officer, General Manager of Product Division (current position)	



**Isamu Nakayama**

Director (Outside Director)

My Favorite MOS	
<b>New Tobikiri Cheese Burger - Hokkaido Cheese-</b>	
1981 Joined ITOCHU Corporation	
2013 Representative Director and President, FamilyMart Co., Ltd.	
2016 Representative Director and Vice President, FamilyMart UNY Holdings Co., Ltd., Representative Director and Chairman, FamilyMart Co., Ltd.	
2019 Representative Director and Chairman, Kanemi Co., Ltd.	
2020 Outside Director of the Company (current position)	
2021 COO, The Japan Food Product Overseas Promotion Center (current position)	
2024 Outside Director, Up Garage Group Co., Ltd. (current position)	



**Kana Odawara**

Director (Outside Director)

My Favorite MOS	
<b>Soy Patty MOS Cheese Burger</b>	
1988 Joined Tohmatsu, Awoki & Sanwa (Deloitte Tohmatsu)	
1998 Joined Coopers & Lybrand, U.S. (PwC)	
2002 Joined General Electric Company	
2009 CFO, Stryker Japan K.K.	
2013 SVP Financial Controller, Coca-Cola (Japan) Company, Limited, Outside Audit & Supervisory Board Member, Coca-Cola (East Japan) Company, Limited	
2015 Director, General Manager and Chief Financial Officer, Management Division, The Adecco Group, Director, VSN, Inc.	
2022 Representative, Odawara Coaching & Consulting (current position), Outside Director of the Company (current position)	
2023 Employee, mc21 audit (non-standing) (current position)	
2024 Outside Audit & Supervisory Board Member, Marubeni Corporation (current position)	



**Kundo Koyama**

Director (Outside Director)

My Favorite MOS	
<b>Spicy MOS Burger</b>	
1985 Began working as a broadcast writer	
2001 President & Representative Director, N35 Limited (now N35 International Inc.) (current position)	
2006 Founder, President and CEO, Orange and Partners Co., Ltd. (current position)	
2009 Established the Department of Project Design at Tohoku University of Art & Design, serving as Head of Department	
2009 Regional Project Advisor, Kumamoto Prefecture (current position)	
2012 Owner, Shimogamo Saryo Co., Ltd. (current position)	
2017 Vice President, Kyoto University of the Arts (current position)	
2020 Project Producer for the 2025 World Expo in Japan (current position)	
2024 Director, Inclusive Inc. (current position), Outside Director of the Company (current position)	



**Masahiko Nagai**

Audit & Supervisory Board Member

My Favorite MOS	
<b>MOS Rice Burger Chili Shrimp (Online product)</b>	
1990 Joined the Company	
2013 General Manager, Operation Management Division	
2014 Executive Officer, General Manager, Management Support Division	
2016 Advisor, Management Support Division	
2018 Audit & Supervisory Board Member (current position)	



**Tsukasa Usui**

Audit & Supervisory Board Member

My Favorite MOS	
<b>Spicy Chili Dog</b>	
1987 Joined the Company	
2004 General Manager, Management Division	
2010 Executive Officer, General Manager, General Planning Office	
2014 Executive Officer, General Manager, Operation Strategy Division	
2018 Audit & Supervisory Board Member (current position)	



**Masafumi Fujino**

Outside Audit & Supervisory Board Member

My Favorite MOS	
<b>MOS Rice Burger Kaisen Kakigae (Salt seasoning sauce)</b>	
2000 Completed Master's Program, Graduate School of Business Administration, Senshu University	
2003 Completed Doctoral Program, Graduate School of Commerce and Management, Hitotsubashi University	
2015 Partner, Anderson Mori & Tomotsune (current position)	
2017 Outside Audit & Supervisory Board Member, LogPostyle Group Inc. (current position)	
2022 Audit & Supervisory Board Member, Nippon Cultural Broadcasting Inc. (current position)	
2023 Outside Audit & Supervisory Board Member of the Company (current position)	
2024 Outside Director, Audit and Supervisory Committee Member, Torii Pharmaceutical Co., Ltd. (current position)	



**Takaharu Matsumura**

Outside Audit & Supervisory Board



## Messages from the Outside Directors

### Cultivating Human Resources is the Key to Sustainable Growth

Isamu Nakayama

Director (Outside Director)



#### MOS Spirit, our guiding philosophy

After four years as an outside director, I reassessed the company and found that we have established a system to achieve governance by internalizing and practicing our business philosophy. The MOS Group's operations are centered on its Founding Inspiration, the idea of "Let's make sure your work is something widely appreciated."

"Let's make sure your work is something widely appreciated" is central to our company values, emphasizing our commitment to earning the gratitude of customers, partners, colleagues, and the community. With over 1,700 locations worldwide, MOS Group faces challenges requiring swift decisions in various environments. The "MOS Spirit" guides us in making the right choices, empowering us to act appropriately in any situation. This principal functions as a self-operating governance mechanism, ensuring MOS Group's continued excellence and growth despite future changes.

An attractive corporate culture attracts top talent. The next challenge is employee development. Establish a system where all employees, including headquarters and store staff, can align with the "MOS Spirit" values and experience growth as individuals and professionals. Providing excellent development programs is key to the company's sustained growth.

#### Accelerating management and strengthening governance

The Board of Directors makes various efforts to increase the quality of discussions. For example, "Board of Directors Discussion Meeting" are held separately from regular Board of Directors meetings to allow Outside Directors to have open discussions based on their deep understanding of issues related to the execution of the Company. This arrangement is commendable for improving the quality of discussions in the Board of Directors. However, the board's effectiveness is still developing. The focus should be on refining operational policies between the board and management meetings and thoroughly reviewing the board's composition. Accelerating business processes and strengthening governance will be key challenges ahead.

As an Outside Director, my role is to offer advice that supports the Company's development using the expertise I have developed. I will keep MOS Spirit in mind and collaborate with those who share our values to "do work that is widely appreciated."

## Messages from the Outside Directors

### We Expect the Management Team to Set Higher Goals and Push for Drive Reform

Kana Odawara

Director (Outside Director)



#### Encouraging a self-disciplined and proactive corporate culture

This is my third year as an Outside Director of the Company. I have a long history of working for global companies in the North America and Europe, including as CFO of corporate group. As an Outside Director, at Board of Directors' meetings, I offer strategic financial oversight and advice, leveraging my career experience, while also contributing insights from other perspectives.

In terms of talent development within the group, I have previously mentioned that management needs to exercise strong leadership to drive organizational change and talent development. Although the group is actively working on talent development by prioritizing training programs and educational institutions, this approach has slowed progress in building a sense of responsibility among supervisors and creating a supportive culture. While building systematic training frameworks and educational facilities is crucial, the focus should shift towards fostering a culture of self-driven talent development at the business level, ensuring that talent development progresses naturally in everyday work. DX strategy is an important measure being advanced. However, clearly presenting a specific roadmap both internally and externally, conducting effective evaluations, and visualizing results are challenges ahead. Despite improvements in investment decisions and monitoring, some external directors see investment as an end in itself. The true goal

should be to enhance the company's future value. To achieve this, investment decisions must be based on accurate information, and it is crucial to strengthen human resource allocation and monitoring systems to ensure that returns meet expectations. I appreciate your company's commitment to transparency on information disclosure, but it is important to address the needs of the information recipients. We should determine which information to disclose based on their needs.

#### The pace of board discussions should be enhanced and continually refined

Board Effectiveness Survey indicated that the company's governance structure is functioning well. According to the survey results, the ratings given by the Outside Directors are lower than the internal Directors in all categories. This indicates that Outside Directors are strictly supervising internal directors (or Executive Officers). Board discussions now focus more on efficiency. However, the frequent repetition of topics highlights the need to streamline discussions and improve focus. As an Outside Director, I will oversee the company's operations to ensure transparency and accountability while driving maximum corporate value and sustainability.



## Messages from the Outside Directors

**MOS's Biggest Fan and Occasionally its Most Discerning Evaluator****Kundo Koyama**

Director (Outside Director)

**My appointment as Outside Director**

I was appointed Outside Director of MOS FOOD SERVICES, INC. in June 2024.

I have been an admirer of MOS BURGER since my time as a student. As a long-time supporter of MOS FOOD SERVICES, INC., I am honored to contribute to the company's management in the role of Outside Director.

The MOS Group is known for its sincerity toward both society and stakeholders. In MOS BURGER's domestic business, it balances customer needs with those of its crucial franchisees, which can be challenging.

I have a background as a media writer, specializing in producing TV programs designed to bring joy and laughter to audiences. Recognizing that an individual media writer alone cannot effect societal change, I founded a media writer agency. Together with my partners, we are committed to advancing this initiative.

With my strong will to make society change for the better, I engage in university education with the desire to nurture human resources who can create a new future, and I also work as a project advisor for local governments with the hope of enriching local communities through the discovery and sharing of regional appeal.

I am optimistic about the potential of Japanese culinary arts. At the 2012 Davos Forum, I organized the "JAPAN NIGHT" event, which underscored Japanese cuisine's capacity for global recognition. Consequently, I am confident that MOS BURGER,

a brand originating from Japan, can also attain international acclaim.

**Increasing societal well-being through MOS BURGER**

As an Outside Director, my role extends beyond overseeing business operations and responding to stakeholder expectations. I aim to leverage my creativity and skills to propose innovative strategies that bring smiles to customers and franchisees. Through these efforts, I hope to attract more MOS fans, enhance the value of the MOS brand, and contribute to increasing societal well-being.

In the future, I hope to be both MOS BURGER's biggest fan and its most discerning evaluator, supporting President Nakamura and the company in enhancing MOS BURGER Group's value.

# Corporate Governance

**Basic Policy on Corporate Governance**

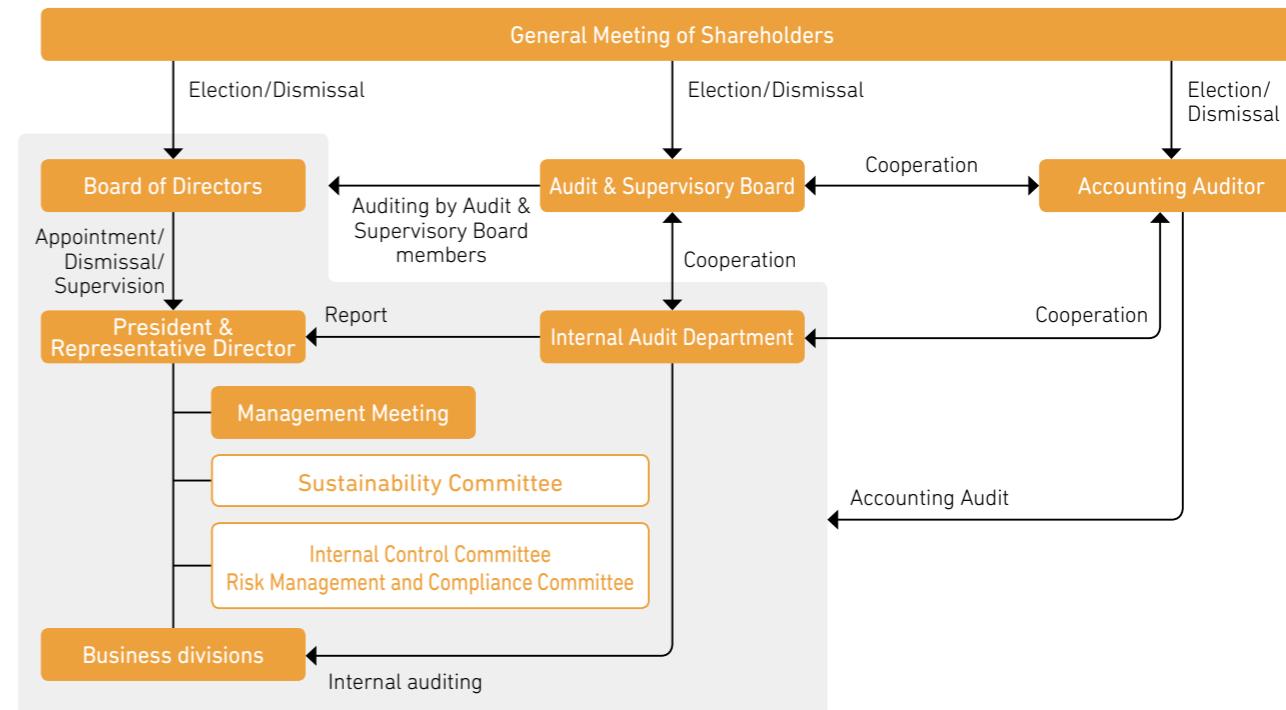
The corporate value of MOS Group stems from its Management Philosophy "Betterment of Humanity and Society," along with its Founding Inspiration and Basic Policy "Let's make sure your work is something widely appreciated." The Management Philosophy embodies our commitment to creating a positive societal impact. The term not only defines the inseparable relationship between humans and society but also signifies contributions to all stakeholders. The value of MOS lies in the overall value received by all stakeholders, including customers who deeply resonate with these principles, employees, franchisees, partners, and the community. The true value of MOS business lies in its ability to contribute to customers, employees, franchisees, partners, and the community who understand the company's philosophy. By fulfilling responsibilities to all stakeholders and continually earning support will help maximize shareholder value and establish the company as a "valuable company."

MOS Group will interact with stakeholders through appropriate information disclosure, aiming to enhance corporate governance and achieve long-term growth in both enterprise and shareholder value.

**Reason for Selecting the Present Corporate Governance System**

MOS Group has adopted a corporate governance system featuring an Audit & Supervisory Board. This system enhances the soundness and transparency of management by delegating the auditing function of the Board of Directors, the highest decision-making body, to the independent Audit & Supervisory Board. Additionally, outside directors with extensive experience are appointed. This robust system of checks and balances is designed to ensure appropriate decision-making by the Board of Directors and effective supervision of the business execution of directors.

Governance system	Company with an Audit & Supervisory Board
Number of Directors	9
Of which, Outside Directors	3
Term of office for Directors stipulated by the Articles of Incorporation	2 years
Number of Audit & Supervisory Board members	4
Of which, Outside Audit & Supervisory Board members	2
Accounting Auditor	KPMG AZSA LLC

**Overview of Corporate Governance System**

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





## Board of Directors

The Board of Directors comprises nine Directors including three Outside Directors and four Audit & Supervisory Board members including two Outside Audit & Supervisory Board members. To ensure that it can make accurate and swift decisions after conducting sufficient deliberations regarding important management matters, the Board of Directors holds a Board meeting once a month as well as additional meetings among Directors as and when required.

## Audit & Supervisory Board

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

## Management Meeting

Management Meetings comprised of the President and Managing and Senior Executive Officers are held at least once a week with the goals of reviewing and sharing information on medium- to long-term management topics and important matters in business divisions, and sharing information between Directors and Executive Officers.

## Sustainability Committee

Under the supervision of the Board of Directors, four annual sustainability meetings are held. The meetings are led by the President Director as the Representative Director and include five Directors: Executive Officers, Managing Executive Officers, and Senior Executive

Officers. The main agenda consists of discussing and reviewing the company's sustainability policies, goal-setting, and importance monitoring.

## Internal Control Committee

The Internal Control Committee leads the general manager of the Internal Audit Department, and its members are the heads of departments that in charge of a practical role in financial reporting. In order to conduct internal audits from an independent and objective standpoint, the Internal Audit Department has been organized as an independent department that is under the direct supervision of the President.

## Risk Management and Compliance Committee

The Risk Management and Compliance Committee leads the General Manager of the Risk Management Department and convenes once a month. The President acts as the Committee's chief executive and the Director in charge of risk management and compliance acts as its chief officer. The members are the general managers of each department responsible for major risks and the presidents of subsidiaries in addition to the general managers of departments that manage risk information as observers. The Committee's conclusions are reported to the Board of Directors.

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

To enhance the effectiveness of the Board of Directors, an annual self-evaluation is conducted by all directors and Audit & Supervisory Board members. The Board of Directors then deliberates on the analysis and assessment of the results, and subsequently discloses a summary of the findings.

In conducting the evaluation for fiscal 2023, to ensure transparency and objectively assess the corporate governance system, a third-party organization was utilized for designing the survey, aggregating responses, and compiling results. The analysis and evaluation results based on the aggregated data were reported to the Board of Directors, where they were discussed along with plans for future initiatives.

The survey results showed that the majority of responses were positive, particularly highlighting high evaluations for the functioning of outside directors and the supervision of the internal control system's operational status. Additionally, multiple opinions confirmed improvements in addressing previously

identified issues. Overall, the effectiveness of the Board of Directors, considering the current corporate governance structure, was assessed as being maintained and enhanced.

On the other hand, further improvements are needed for certain issues, including strengthening management oversight, expanding strategic discussions, enhancing supervision of succession planning, and addressing ongoing issues from the preceding fiscal year.

Addressing the issues identified from the analysis and evaluation results will lead to improvements through a PDCA (Plan-Do-Check-Act) cycle, further enhancing corporate governance.

## Reasons for Appointing Outside Directors

For the appointment of Outside Directors, candidates must meet independence standards and understand the company's management philosophy and the nature of its franchise business. They should also possess relevant knowledge and experience to provide professional and accurate advice.

Name	Reasons for appointment
Isamu Nakayama	Isamu Nakayama has extensive expertise in the food industry, substantial business experience, and a background in enterprise management. His insights are anticipated to strengthen the company's management and operations, resulting in the appointment as an outside director.
Kana Odawara	Kana Odawara has held the role of Chief Financial Officer and positions at several Japanese subsidiaries of global corporations. She is a certified Public Accountant (CPA) licensed in both Japan and the United States and has extensive experience in corporate management, including financial management, human resources development, and business transformation. Her appointment as an Outside Director is aimed at enhancing the Company's management structure and execution of its management strategy.
Kundo Koyama	Kundo Koyama has extensive experience and broad knowledge, including management of multiple companies, work as a media writer and screenwriter, consulting for local government projects, serving as a university vice president, and representing the Yudo (art of bathing) Cultural Promotion Association as its executive director. The company looks forward to leveraging this experience in practical applications, providing multi-faceted advice on management, and offering appropriate oversight on business operations. Therefore, the decision has been made to proceed with the appointment to this position.

## Executive Compensation

The total compensation by executive category, by type of

compensation, and the number of executives are as follows.

Classification	Total amount of compensation (¥ million)	Amount by type of compensation		Number of officers
		Fixed compensation	Performance-based compensation	
Directors (excluding Outside Directors)	139	77	61	-
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	27	27	-	-
Outside officers	31	31	-	-

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

## Overview of Performance-Based Compensation

Performance-based compensation consists of performance-based compensation (monetary compensation) and performance share units (non-monetary compensation).

Performance-based compensation is a monetary compensation that reflects key performance indicators (KPI) designed to raise awareness of improving business performance each fiscal year. The amount to be paid is determined by the Board of Directors, taking into account recommendations from the Board of Independent Directors, which serves as an advisory committee, and by evaluating the degree of achievement against consolidated net sales, consolidated operating profit, profit attributable to owners of parent, and individual goals of directors (for directors overseeing specific business divisions, including goals of their respective divisions). The performance indicators and their targets are set each fiscal year to align with the medium-term management plan and are reviewed and adjusted as needed based on changes in the environment, with recommendations from the Board of Independent Directors.

Performance share units are a form of share-based compensation to enhance awareness of contributing to medium- and long-term performance improvement and increasing corporate value. To strengthen alignment with shareholder value, directors are awarded points based on their responsibilities for each fiscal year. Additionally, to further align with company performance, a certain percentage of these points is adjusted after the medium-term management plan ends, based on the achievement of targets such as Return on Equity (ROE) and ESG\* criteria. The total number of points may be increased or

\* ESG targets include (1) reducing CO<sub>2</sub> emissions, and (2) reducing use of plastics



decreased accordingly. At the time of their departure, directors are provided with shares of the company equivalent to the accumulated number of points through a trust, at no cost.

#### Skill Matrix of the Management Team

	Name	Position in the Company	Expected Roles/Expertise						
			Overall management	Product development and marketing	Global business and M&A	ESG	Legal matters and risk management	Finance and accounting	Human resource management
Directors	Eisuke Nakamura	Representative Director	●		●	●	●		●
	Jun Takifuka	Managing Executive Officer	●	●	●				
	Ryuhei Fukushima	Managing Executive Officer	●				●	●	
	Tsuneari Ota	Senior Executive Officer	●	●					
	Ko Kasai	Senior Executive Officer	●		●				
	Yoshinori Ando	Senior Executive Officer	●	●	●				
	Isamu Nakayama	Outside Director	●	●	●	●			
	Kana Odawara	Outside Director	●		●			●	●
	Kundo Koyama	Outside Director	●	●		●			●
Audit & Supervisory Board Members	Masahiko Nagai	Audit & Supervisory Board Member	●					●	
	Tsukasa Usui	Audit & Supervisory Board Member	●					●	
	Masafumi Fujino	Outside Audit & Supervisory Board Member			●			●	
	Takaharu Matsumura	Outside Audit & Supervisory Board Member			●		●		

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

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

#### Risk Management and Promotion of Compliance

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

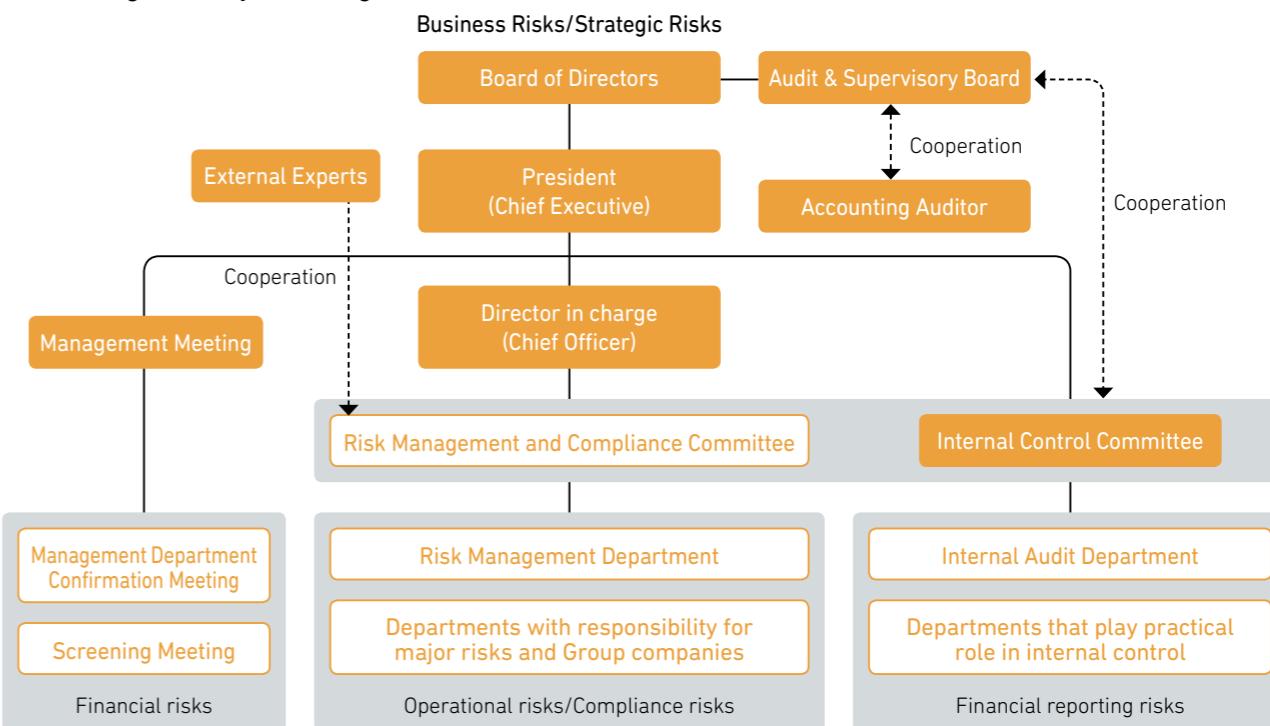
A management system for key investments and emerging business ventures has been established. This process involves a Management Department Confirmation meeting and a Screening meeting, which operate under the Management Meeting composed of the President and Managing and Senior Executive Officers. These meetings are used to analyze the balance of capital, risk, and returns before submitting proposals to the Board of Directors. More specifically, proposals submitted to the Board of Directors must detail the investment amount and its payback period compared to the cost of capital, as well as any anticipated risks and their mitigation strategies. The Board of Directors then manages business

and strategic risks by approving proposals after clarifying risk appetite and risk tolerance (defining and specifying acceptable risk areas and levels).

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

The MOS Group has established an annual Reading Day for the MOS Group Code of Conduct, ensuring that all members, including store staff, are fully aware of it. Compliance training is also carried out for executives and employees, and in fiscal 2023, everyone attended training focused on preventing harassment. At the same time, compliance-related awareness surveys are carried out to evaluate the effectiveness of these initiatives, reflecting the results to improve activities in the following fiscal year.

#### Risk Management System Diagram





# 11-Year Summary of Financial Highlights (Consolidated)

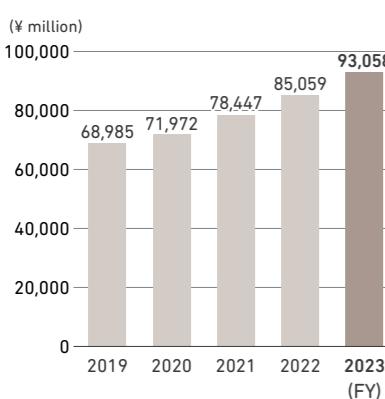
## Financial Summary

Accounting Period (Fiscal Year)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Profit and Loss (Unit: ¥ million)</b>											
Net sales <sup>1</sup>	65,329	66,310	71,113	70,929	71,387	66,264	68,985	71,972	78,447	85,059	93,058
Domestic MOS BURGER Business	—	—	—	—	—	—	55,118	59,098	63,407	66,713	73,380
Overseas Business <sup>2</sup>	—	—	—	—	—	—	10,305	10,575	12,697	15,634	16,813
Other Restaurant Businesses	—	—	—	—	—	—	2,794	1,495	1,473	1,792	1,838
Other Businesses	—	—	—	—	—	—	766	803	869	919	1,026
Operating profit	2,157	1,554	3,824	4,663	3,734	517	1,060	1,422	3,473	41	4,185
Ordinary profit	2,378	1,523	4,011	4,892	3,911	724	1,232	1,427	3,634	356	4,392
Profit attributable to owners of parent	1,744	672	2,284	3,050	2,385	(907)	365	997	3,419	(317)	2,573
<b>Financial Condition (Unit: ¥ million)</b>											
Total assets	53,207	55,301	57,655	61,589	61,834	60,588	64,348	64,827	69,602	74,479	79,711
Net assets	41,350	42,376	43,803	46,140	47,950	45,460	45,100	45,338	48,576	48,091	52,086
Interest-bearing debt	1,000	1,159	977	2,590	1,894	2,968	5,757	5,271	3,993	7,607	7,180
<b>Cash Flows (Unit: ¥ million)</b>											
Cash flows from operating activities	4,648	4,103	5,069	5,379	5,096	837	5,661	4,399	10,449	1,422	10,160
Cash flows from investing activities	(3,612)	(4,938)	(3,514)	(4,579)	(3,387)	(2,217)	(401)	45	(798)	(2,974)	(2,135)
Cash flows from financing activities	(981)	(859)	(1,047)	731	(1,665)	184	(2,465)	(2,719)	(3,825)	611	(3,944)
Free cash flow	1,036	(835)	1,555	800	1,709	(1,380)	5,260	4,445	9,650	(1,552)	8,024
<b>Per Share Information (Unit: ¥)</b>											
Net income per share	56.58	21.82	74.12	98.94	77.39	(29.43)	11.84	32.34	110.91	(10.31)	83.45
Net assets per share	1,337.79	1,372.00	1,418.05	1,491.22	1,549.55	1,469.23	1,456.61	1,463.64	1,567.14	1,551.72	1,680.16
Annual dividends per share	22.00	22.00	24.00	26.00	28.00	28.00	28.00	22.00	28.00	28.00	28.00
<b>Management Indicators (Unit: %)</b>											
Equity ratio	77.5	76.5	75.8	74.6	77.3	74.8	69.8	69.6	69.4	64.3	65.0
Return on Equity (ROE)	4.3	1.6	5.3	6.8	5.1	(2.0)	0.8	2.2	7.3	(0.7)	5.2
Return on assets (ROA)	4.6	2.8	7.1	8.2	6.3	1.2	2.0	2.2	5.4	0.5	5.7
Dividend payout ratio	38.9	100.8	32.4	26.3	36.2	—	236.5	68.0	25.2	—	33.6

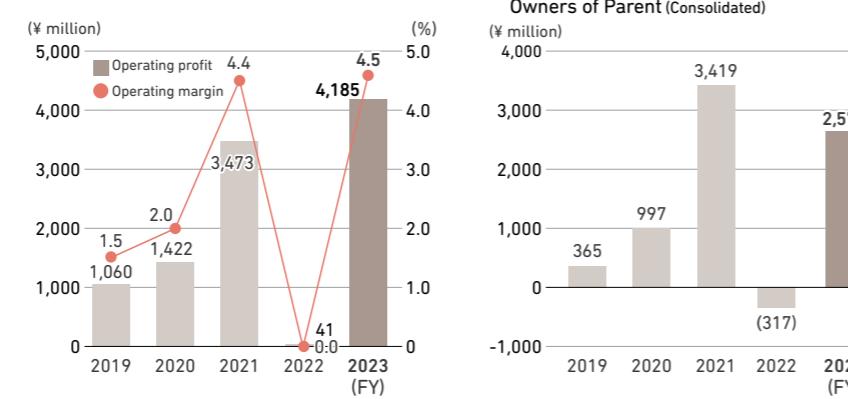
<sup>1</sup> Net sales per segment are indicated for the fiscal years where the current segment classification applies.

<sup>2</sup> Net sales and number of stores in the Overseas Business are indicated as of December 31 for each year, in line with the fiscal period of affiliated companies.

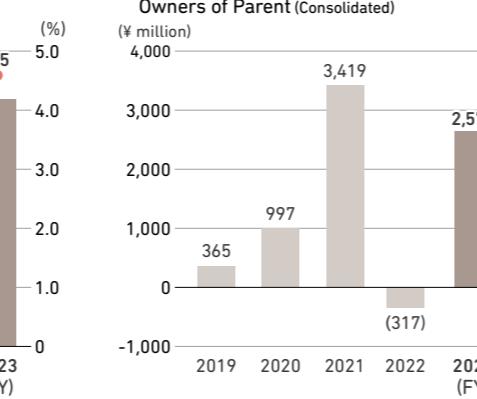
### Net Sales (Consolidated)



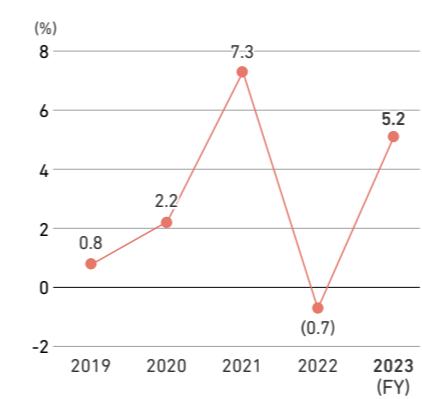
### Operating Profit / Operating Margin (Consolidated)



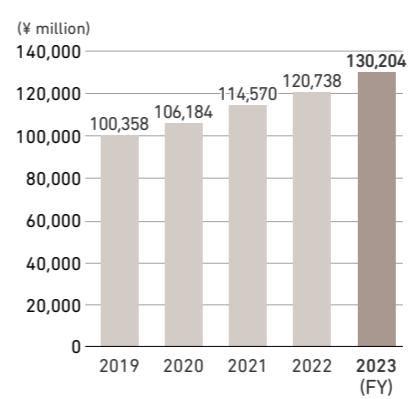
### Profit (Loss) Attributable to Owners of Parent (Consolidated)



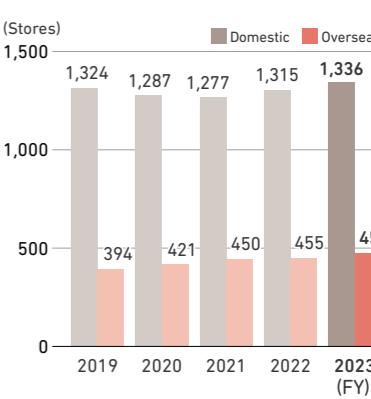
### Return on Equity (ROE)



### Net Sales for All Domestic Stores



### Number of Stores (All MOS Group stores)





# Overview of Financial Results

## Financial Analysis of Fiscal 2024

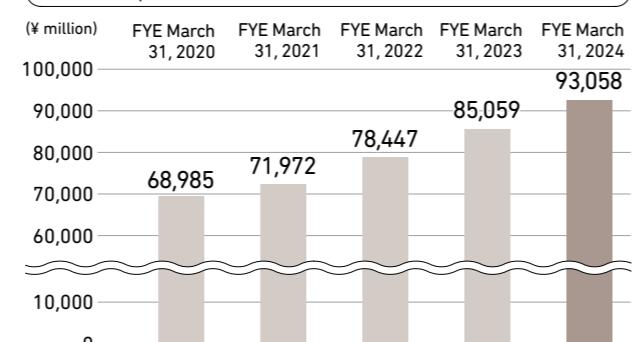
### Overview

Last year, Domestic MOS BURGER Business achieved growth in sales through price revision, increase of store numbers, and successful promotional products. This sales growth absorbed the rising costs. Also, the company focused on cost efficiency by controlling SG&A expenses to improving profitability. To address post-pandemic shifts in customer traffic, the Overseas Business are focusing on strengthening existing stores, closing unprofitable stores, and controlling head office expenses to improve profitability.

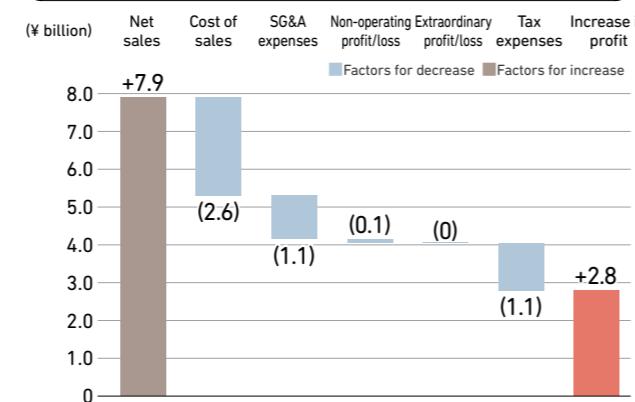
The Group identified four material issues from an ESG perspective: 1. Food and Health, 2. Stores and Local Communities, 3. Human Resource Cultivation and Support, 4. The Environment, and strives to create corporate value for society through our business activities.

For the fiscal year ending March 31, 2024, the consolidated performance showed sales of ¥93,058 million (increased by 9.4% year on year), operating profit of ¥4,185 million (increased by ¥4,144 million year on year), and ordinary profit of ¥4,392 million (increased by ¥4,036 million year on year). The final profit and loss primarily increased due to a gain on the sale of investment securities. However, the rise in impairment losses and higher tax expenses, which grew in line with the increased revenues, resulted in a net income of ¥2,573 million yen attributable to owners of parent for the current period (compared to a net loss of ¥317 million yen attributable to owners of parent in the previous fiscal year).

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



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



#### Breakdown of the main categories

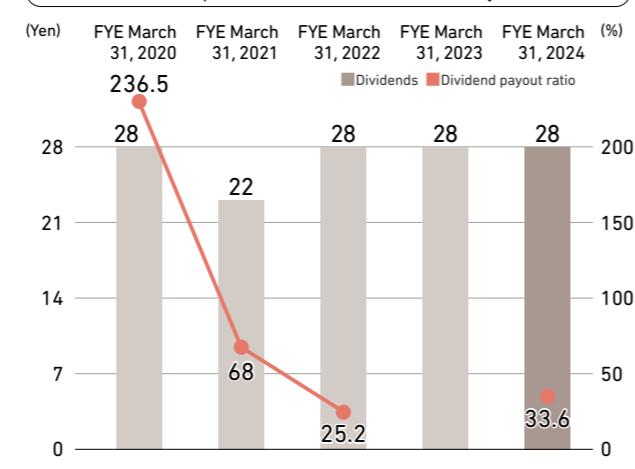
- Net sales: Domestic MOS BURGER Business +6.6; Overseas Business +1.1; Other Restaurant Businesses +0
- Cost of sales: Cost ratio -1.8%
- SG&A expenses: SG&A ratio -2.6%; Salaries and allowances +0.5; Depreciation cost +0.2; Sales promotion cost -0.3; Commission paid +0.1; Rent +0.2
- Non-operating expenses: Loss in equity-affiliated companies +0.03
- Extraordinary profit: Gains on sales of investment securities +0.7; Subsidy income -0.4
- Extraordinary loss: Impairment loss +0.6 (domestic: +0.2 overseas: +0.3)

### Shareholder Returns Policy and Dividends

The MOS Group views the active provision of shareholder returns as a key task for management. The basic policy is to continuously provide stable profit returns while linking with financial performance and management environment. The aim is to set the dividend payout ratio of 30%, and to improve shareholder returns by increasing the actual amount of the dividend in line with performance improvements, while also taking into account the dividend on equity ratio (DOE).

For the current fiscal year, a dividend of ¥28 per share (including an interim dividend of ¥14) was distributed in accordance with the policy mentioned above.

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

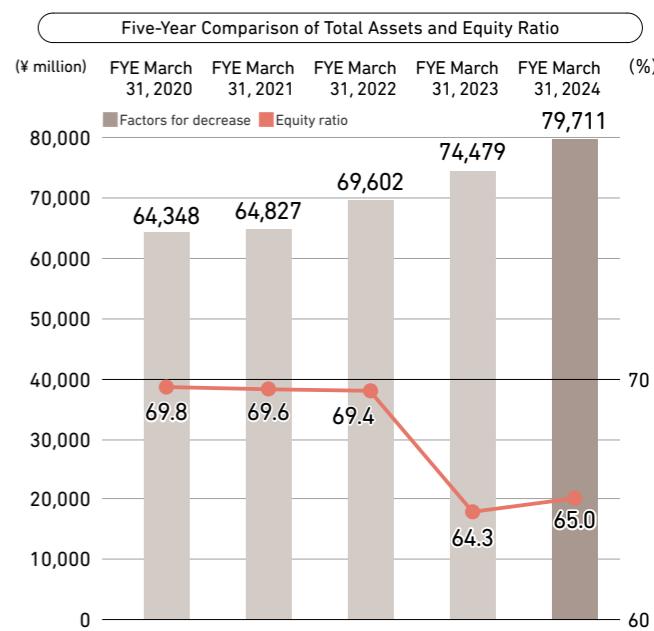


### Financial Position

**Assets** Total assets as of March 31, 2024 were ¥79,711 million, an increase of ¥5,232 million from the end of the previous fiscal year. Current assets increased by ¥4,002 million from the end of the previous fiscal year while non-current assets increased by ¥1,230 million. The main reasons behind the increase in current assets were an increase in cash and deposits and an increase in trade receivables due to higher sales. Non-current assets increased mainly due to the increase in gains on investment securities affected by fluctuations.

**Liabilities** Total liabilities as of March 31, 2024 were ¥27,625 million, an increase of ¥1,236 million from the end of the previous fiscal year. This increase was mainly due to a rise in accounts payable and income tax payable.

**Net assets** Total net assets as of March 31, 2024 were ¥52,086 million, an increase of ¥3,995 million from the end of the previous fiscal year. The equity ratio was 65.0% as of March 31, 2024, an increase of 0.7% from 64.3% at the end of the previous fiscal year.

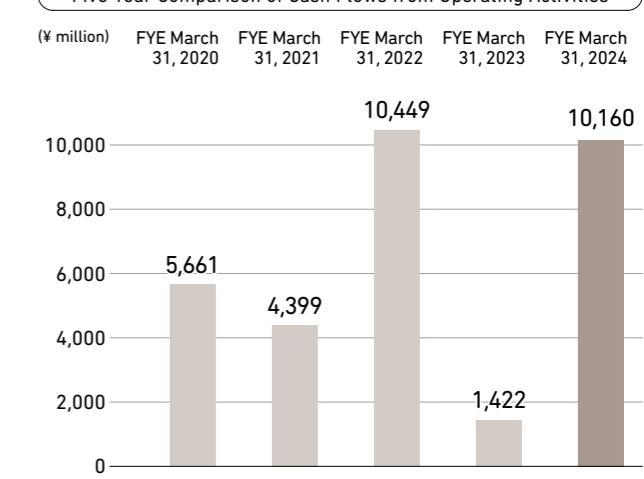


### Cash Flows

Cash and cash equivalents as of March 31, 2024 amounted to ¥23,155 million, an increase of ¥4,124 million, or 21.7%, from the end of the previous fiscal year. This was the result of cash generated by operating activities of ¥10,160 million, cash used by investing activities of ¥2,135 million, and cash used by financing activities of ¥3,944 million.

**Cash flows from financing activities** Cash used by financing activities amounted to ¥3,944 million, a decrease of ¥4,556 million from the previous fiscal year owing to a decrease in cash due to a decrease in revenue from the long-term borrowings made to finance capital expenditure in the previous fiscal year, and an increase in expenses due to repayments of long-term borrowings.

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



**Cash flows from investing activities** Cash used by investing activities amounted to ¥2,135 million, an increase of ¥838 million from the previous fiscal year. The main factor was an increase in cash due to an increase in revenue from the sale of tangible fixed assets and a decrease in expenses on acquisition of intangible fixed assets, despite a decrease in cash due to an increase in expenses caused by the acquisition of tangible fixed assets due notably to store openings.



# Company and Shareholder Information (As of March 31, 2024)

## Company Information

Company Name	MOS FOOD SERVICES, INC.
Established	July 21, 1972
Capital	¥11,412,840,000
Head Office Address	4F ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6004, Japan
Number of Employees (consolidated)	1,410
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market

## Third Party Evaluations



Received a 3-star rating in the 7th Nikkei Smart Work Management Survey, which recognizes leading companies that advance productivity and optimize human resources through reforms for diverse and flexible workstyles.



Recognized under the 2024 Certified Health & Productivity Management Outstanding Organization Recognition Program (large enterprise category), co-sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council), for five consecutive years since 2020, for our exceptional work in promoting health and productivity management.



Score for fiscal 2023 upgraded to B- in the climate change survey conducted by the UK-based international NGO, CDP, which evaluates companies and cities' efforts to combat climate change.

## About This Report

### Editorial Policy

The MOS REPORT (MOS Group Integrated Report 2024) integrates both financial and non-financial information, including management strategies, business highlights, environmental preservation efforts, social responsibility activities, and governance structures. The efforts had been made to ensure that the report is understandable for all stakeholders, including shareholders, investors, students looking for work, and MOS crew members (part-time and temporary staff), while also covering specialized information that investors seek. We hope this report will be valuable for all stakeholders who are the foundation of our Group's business.

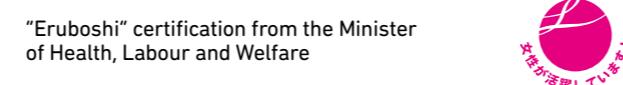


Reference Guidelines  
 - Value Reporting Foundation (VRF): The International <IR> Framework  
 - Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

Stock Code	8153
Initial Public Offering	November 1985
Total Number of Authorized Shares	101,610,000 shares
Total Number of Issued Shares	32,009,910 shares
Number of Shares per Unit	100 shares
Number of Shareholders	45,911



Awarded a 3-star rating in the Nikkei SDGs Management Survey, which evaluates companies that are working to resolve social, economic, and environmental issues through their business activities by linking management to the SDGs, thereby enhancing corporate value.



Received three stars, the highest grade in Eruboshi certification. This system reflects the acknowledgement by the Minister of Health, Labour and Welfare of companies which meet a fixed set of criteria and enjoy an outstanding status in their promotion of women's active participation, based on Promotion of Women's Active Engagement in Professional Life.



All domestic MOS BURGER stores have been awarded the Eco Mark certification under Eco Mark product category No. 505 "Restaurant Version 1.2" established by the Japan Environment Association Eco Mark Secretariat.

### Reporting Period

This report primarily covers fiscal 2023 (April 1, 2023 to March 31, 2024). However, it also reports on ongoing activities and future targets for fiscal 2024 and beyond.

\*Some parts of the report includes information outside of the reporting period.

### Caution Regarding Forward-Looking Statements

The report outlines MOS Group's future strategy and performance outlook based on available information. It includes forecasts, plans, and assessments. These forecasts and plans involve various potential risks, uncertainties, and assumptions, so actual results and performance may differ significantly from expectations.

### Scope of This Report

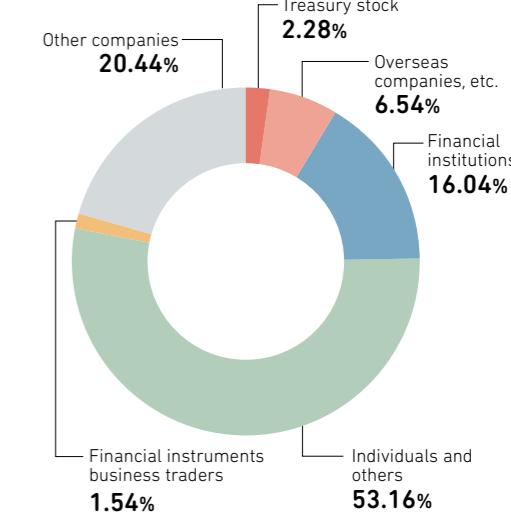
MOS FOOD SERVICES, INC. and the MOS BURGER Chain (head office, directly managed stores, and franchisees). Please note that it also includes information on businesses other than MOS BURGER and group companies.

## Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	2,836	9.07
KOHBAI FOODS INC.	1,400	4.48
Duskin Co., Ltd.	1,315	4.21
NITTO CO., LTD.	1,214	3.88
Nippon Life Insurance Company	1,209	3.87
Custody Bank of Japan, Ltd.	920	2.94
Yamazaki Baking Co., Ltd.	718	2.30
STATE STREET BANK WEST CLIENT-TREATY 505234	385	1.23
JP MORGAN CHASE BANK 385781	375	1.20
MOS FOOD SERVICES Partner Company Shareholding Association	319	1.02

Note: Although the Company holds 731,000 shares of treasury stock, these are not included in the above list of major shareholders.

## Distribution by Shareholder Type



## Three Benefits for Shareholders

### 1. Shareholder Gift Vouchers

Shareholders receive gift vouchers that can be used at MOS Group stores nationwide<sup>1</sup>, based on the number of shares held. These vouchers are issued twice a year.

Scan the QR code for MOS investor relations information



Scan the QR code for MOS investor relations information

### 2. Biannual Dividends

Shareholders receive dividends (both interim and year-end) twice a year, based on the number of shares held.

### 3. Participation in Management

Shareholders can attend the MOS Group's General Meeting of Shareholders (held in late June each year) to exercise their voting rights on important resolutions, thereby participating in the company's management. Additionally, to help shareholders understand the company's management stance and strategy, the company hosts initiatives like the Shareholder Discussion Meetings, where executives and members directly engage with shareholders.

Number of Shares Held	Less than 3 years of continuous holding	3 years or more of continuous holding <sup>2</sup> (Long-term shareholder benefits program)
100 to 299 shares	¥2,000 (¥500 x 2 vouchers, issued twice a year)	¥3,000 (¥500 x 3 vouchers, issued twice a year)
300 to 499 shares	¥6,000 (¥500 x 6 vouchers, issued twice a year)	¥8,000 (¥500 x 8 vouchers, issued twice a year)
500 to 999 shares	¥10,000 (¥500 x 10 vouchers, issued twice a year)	¥12,000 (¥500 x 12 vouchers, issued twice a year)
1,000 or more shares	¥20,000 (¥500 x 20 vouchers, issued twice a year)	¥22,000 (¥500 x 22 vouchers, issued twice a year)

### About Shareholder Gift Vouchers

- Shareholder gift vouchers can be used at Mister Donut stores (excluding some locations).
- Shareholder gift vouchers can be exchanged for MOS Card points<sup>3</sup> at the register of MOS BURGER stores (must be exchanged before voucher expiry date).

<sup>1</sup> 1 MOS Group Stores: MOS BURGER, MOS PREMIUM, MOSDO, Mother Leaf, CAFE Mountain, Ocean & Sun, AEN

<sup>2</sup> Shareholders who are listed or recorded with the same shareholder number for seven consecutive times as of March 31 and September 30 each year, and whose number of shares held remains 100 or more during the same periods

<sup>3</sup>

MOS Card Points can be used at MOS BURGER and Mother Leaf stores (excluding some locations). MOS Card Points cannot be used at other Group stores or Mister Donut stores.

### Feedback



(Japanese only)

Please share your feedback and comments with us.

Thank you for taking the time to review the MOS REPORT (MOS Group Integrated Report 2024). We value your feedback and suggestions, which will help us improve and enhance future activities.

