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**To Shareholders :**

**NOTICE OF CONVOCAATION OF**  
**THE 53<sup>rd</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS OF**  
**McDONALD'S HOLDINGS COMPANY (JAPAN), LTD.**

The 53<sup>rd</sup> Annual General Meeting of Shareholders of McDonald's Holdings Company (Japan), Ltd. (the "Company") will be held as stated below.

In convening this Annual General Meeting of Shareholders (the "Meeting"), the Company has taken measures to provide the information including the reference materials for the Meeting ("Matters to be Provided in an Electronic Format") in an electronic format and uploaded them on each of the following websites on the Internet.

**【 The Company Website 】**

[https://www.mcd-holdings.co.jp/ir/individual/shareholder\\_meeting/](https://www.mcd-holdings.co.jp/ir/individual/shareholder_meeting/)



**【 The Website for the Meeting Materials 】**

<https://d.sokai.jp/2702/teiji>



**【 Tokyo Stock Exchange (TSE) Website (TSE Listed Company Search) 】**

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



(Please access the above TSE website, enter "McDonald's Holdings Company (Japan), Ltd." in the "Issue Name (Company Name)" field or our securities code "2702" in the "Code" field, select "Basic Information" and "Documents for public inspection/PR information" in that order, and check the "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" field in the "Filed information available for public inspection.")

No souvenirs will be provided for shareholders attending the General Meeting of Shareholders.

**If you do not attend the Meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the reference material for the Meeting below and exercise your voting rights by 6:00 p.m. on Monday, March 25, 2024 (JST).**

The Meeting will live stream via the Internet. Please see 6 page and below in detail.

1. Date & Time: 1:00 p.m., Tuesday, March 26, 2024

2. Venue: Hikarie Hall, Shibuya Hikarie (9th floor)  
21-1, Shibuya 2 -chome, Shibuya-ku, Tokyo, Japan

3. Agenda: Reporting Items

1. Business Report, Consolidated Financial Statements, and Accounting Auditor's Report and Audit & Supervisory Board's Report on Consolidated Financial Statements of the Company for the 53<sup>rd</sup> Fiscal Term (January 1, 2023 through December 31, 2023)
2. Report of the Non-Consolidated Financial Statements of the Company for the 53<sup>rd</sup> Fiscal Term (January 1, 2023 through December 31, 2023)

Items for Resolution

Item No.1: Proposed Disposition of Retained Earnings

Item No.2: Appointment of Five (5) Directors

Item No.3: Appointment of Three (3) Audit & Supervisory Board Members

Item No.4: Payment of Retirement Allowances to Retiring or Retired Audit & Supervisory Board Members, and Final Payment of Retirement Allowances to Outside Directors and Outside Audit & Supervisory Board Members due to the Abolition of the Retirement Allowance System.

4. Matters decided for the convocation of the Meeting

- (1) If you exercise your voting rights in writing (by mail) and neither approval nor disapproval is indicated in Voting Rights Exercise Form, the vote will be deemed to be approval.
- (2) If you exercise your voting rights in duplicate both via the Internet and in writing (by mail), the vote exercised via the Internet will be deemed to be the effective vote.
- (3) If you exercise your voting rights multiple times via the Internet, the last exercise will be deemed to be the effective vote.

Notes:

- If you attend the Meeting in person, please submit Voting Rights Exercise Form that will be sent together with this Notice at the entrance reception desk. The gates will open at noon and no admission before the time is allowed.
- In the event of any modifications to the Matters to be Provided in an Electronic Format, a notice of the modification, as well as the information before and after the modification will be posted on each of the above Internet websites.
- Of the Matters to be Provided in an Electronic Format, the following items are not included in the documents to be delivered to the shareholders who have requested delivery of the documents, in accordance with laws and regulations and Article 14 of the Articles of Association of the Company.
  - (1) Explanatory Notes to Consolidated Financial Statements
  - (2) Explanatory Notes to Non-Consolidated Financial Statements

Therefore, the documents to be delivered to the shareholders who have requested the delivery of the documents are part of the documents that were audited by Audit & Supervisory Board Members and Accounting Auditor in preparing the Audit Report.

March 8, 2024

McDonald's Holdings Company (Japan), Ltd.

Tamotsu Hiiro

Representative Director, President

### **Smart Convocation**

You can view major contents of the convocation notice via your smartphone or computer.

We have introduced a service that makes it easier to browse the main contents of the convocation notices on smartphones and other devices.

Please access the website below or use the QR code below.

\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

<https://p.sokai.jp/2702/>



## Guide to Exercise of Voting Rights

Voting rights at the Meeting are important rights for shareholders. Please consider the following reference material for the Meeting and exercise your voting rights. There are three ways to exercise your voting rights.

- Attending the Meeting

**Date and time of the meeting: 1:00 p.m., Tuesday, March 26, 2024** (The reception desk will start at noon)

Please bring and present the Voting Rights Exercise Form that will be sent together with this Notice at the entrance reception desk.

- Exercise Voting Rights in Writing (by Mail)

**Exercise deadline: Vote to be received by 6:00 p.m., Monday, March 25, 2024**

Please indicate your approval or disapproval of each of the agenda items on the Voting Rights Exercise Form that will be sent together with this Notice, and return it to us by the deadline.

- Exercise Voting Rights via the Internet

**Exercise deadline: Vote to be given by 6:00 p.m., Monday, March 25, 2024**

Please enter your approval or disapproval of each of the agenda items following the guidance on the next page.

## Exercise of Voting Rights via the Internet

- Method of exercise of voting rights by scanning QR code: “Smart Vote”

You can log in the website for exercising voting rights by scanning the QR code without entering your exercise of voting rights code and password.

1. Please scan QR code provided at the bottom right of the Voting Rights Exercise Form.
  - \* QR code is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to vote “approval” or “disapproval” of each of the agenda items.

Note: Exercising voting rights by using “Smart Vote” method is available only once. If you need to change your votes after exercising your voting rights, please log in the voting website for a personal computer by using your voting rights exercise code and password which is provided on the Voting Rights Exercise Form and exercise your voting rights again.

\*If you rescan the QR code, you can access the website for exercising voting rights for a personal computer.

- Method of exercise of voting rights by entering exercise of voting rights code and password

The website for exercising voting rights: <https://soukai.mizuho-tb.co.jp/>

1. Please access the website for exercising voting rights.
2. Please enter your “exercise of voting rights code” provided on the Voting Rights Exercise Form.
3. Please enter your “password” provided on the Voting Rights Exercise Form.
4. Please follow the directions that appear on the screen to vote “approval” or “disapproval” of each of the agenda items.

|                                                                                                                                                                       |                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| If you have any inquiries about the operation of a personal computer or a smartphone regarding the exercise of voting rights via the Internet, contact the following: | Internet Help Dial: Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd.<br>0120-768-524 (toll-free only from Japan)<br>Business hours: 9 a.m. to 9 p.m. except year-end and New Year holidays |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Note: Institutional investors may use the “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd.

## How to view a live stream session of the Meeting



### 日本マクドナルド ホールディングス株式会社 第53回定時株主総会

株主番号

パスワード

私はロボットではありません



本システムにご入力いただいた情報は、株主総会の運営及び当社における今後の株主施策の分析・検討の目的にのみ利用いたします。  同意する  
[利用規約を読む](#)

株主様が株主総会の議事の模様を同時中継でご視聴いただくためのシステムです。議決権行使やご質問等はできません。

ログイン

ログインができない場合は、下記の番号にお電話をください。  
ライブ配信サポート事務局：03-3238-1182  
3月26日(火)午後0時よりオープンいたします

[推奨環境](#) [よくあるご質問](#)

Live stream is scheduled to start at around 12:40 p.m. on Tuesday, March 26, 2024.

#### Notes:

- Best efforts will be made to provide smooth live streaming experience. However, video and/or audio disruptions may occur temporarily due to internet connection. Please be informed that the company assumes no responsibility for any disadvantages of live stream viewers caused by the above internet connection failure.
- Also, on the day of the Meeting, we are unable to provide support for audio and/or video lag and other issues possibly due to the viewer's internet connection.
- Live streaming of the Meeting is “participative”, and therefore shareholders in the above live streaming session will not be considered to be in attendance under the Companies Act and exercise of voting rights and/or questions will not be accepted on the day of the Meeting. Therefore, please exercise your voting rights in advance via the Internet or in writing (by mail).
- When voting via the Internet, you may also send questions through the website for exercising voting rights. Please note that matters of strong interest to shareholders are scheduled to be explained on the day of the Meeting.

**【Recommended viewing environment】**

|                                                                                                                                       |                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| ○Windows(10/11)<br>Latest version of Microsoft Edge(Chromium)<br>Latest version of Google Chrome<br>Latest version of Mozilla Firefox | ○Mac<br>Latest version of Safari<br>Latest version of Google Chrome<br>Latest version of Mozilla Firefox |
| ○Android<br>Latest version of Google Chrome<br>Latest version of Mozilla Firefox                                                      | ○iOS(iPadOS)<br>Latest version of Safari                                                                 |

## Shareholders' Meeting Reference Material

### **Item No.1: Proposed Disposition of Retained Earnings**

The Company has set its policy for disposition of retained earnings based on the continuous payment of stable dividends also taking into consideration business factors such as business performance trends, our capital needs, retained earnings for further strengthening corporate competitiveness in a comprehensive manner.

For the current fiscal year, based on the basic policy for disposition of retained earnings described above, taking into consideration of the business results, cash flows, and financial indicator such as ROE, the Company proposes to increase dividends by 3 yen per share from the prior fiscal year as follows:

i) Type of dividend assets:

Cash

ii) Allocation of dividend assets and total amount thereof:

The Company pays forty two (42) yen per common share and the total amount of dividends to shareholders is 5,584,273,968 yen, provided that treasury stocks of 1,096 shares shall be excluded from the allocation.

iii) Effective date of allocation of retained earnings:

March 27, 2024



**Item No.2: Appointment of Five (5) Directors**

The term of office of Director Ms. Sarah L. Casanova, Mr. Arosha Wijemuni, Mr. Jo Sempels, Mr. Masataka Ueda and Mr. Tetsu Takahashi will expire upon the conclusion of the Meeting.

Accordingly, the Company proposes the appointment of five (5) Directors.

This agenda item was resolved by the Board of Directors after deliberation of the Nomination Committee, chaired by an independent Outside Director and the majority of whose members are independent Outside Directors.

The candidates are as follows:

(Reference) List of Candidates for Directors

| Candidate No. | Name                          | Position/Responsibilities in the Company | Candidate Attributes   |
|---------------|-------------------------------|------------------------------------------|------------------------|
| 1             | Reappointed Sarah L. Casanova | Representative Director, Chairperson     |                        |
| 2             | Newly appointed Thomas Ko     | —                                        |                        |
| 3             | Reappointed Jo Sempels        | Outside Director                         | Outside                |
| 4             | Reappointed Masataka Ueda     | Outside Director                         | Outside<br>Independent |
| 5             | Reappointed Tetsu Takahashi   | Outside Director                         | Outside<br>Independent |

Notes:

Position of the Company are at the time of the resolution at the Board of Directors meeting held in relation to the convocation of the meeting (as of February 20, 2024)

Newly appointed ..... Candidate for new Director

Reappointed ..... Candidate for reappointment as Director

Outside ..... Candidate for Outside Director

Independent ..... Independent Director to be registered at the Tokyo Stock Exchange

| No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of Birth)                                                                                                                                                                   | Brief Personal History, and Position/Responsibilities in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
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| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Sarah L. Casanova<br>(April 6, 1965)<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div><br><br>Holding Shares of<br>the Company<br>2,026 | <table border="0"> <tr> <td style="padding-right: 10px;">Jan. 1991</td> <td>Joined McDonald's in Canada</td> </tr> <tr> <td>Jan. 1997</td> <td>Senior Director, Marketing, McDonald's Russia/Ukraine</td> </tr> <tr> <td>Jul. 2001</td> <td>Senior Director, Marketing, McDonald's Canada</td> </tr> <tr> <td>Oct. 2004</td> <td>Vice President, Marketing, McDonald's Company (Japan), Ltd.</td> </tr> <tr> <td>Apr. 2007</td> <td>Senior Vice President, Business Development, McDonald's Company (Japan), Ltd</td> </tr> <tr> <td>Jul. 2009</td> <td>Managing Director, McDonald's Malaysia</td> </tr> <tr> <td>May. 2012</td> <td>Managing Director, McDonald's Malaysia and Regional Manager, McDonald's Singapore and McDonald's Malaysia</td> </tr> <tr> <td>Aug. 2013</td> <td>Representative Director, President and CEO, McDonald's Company (Japan), Ltd.</td> </tr> <tr> <td>Mar. 2014</td> <td>Representative Director, President and CEO, the Company</td> </tr> <tr> <td>Mar. 2019</td> <td>Representative Director, Chairperson, McDonald's Company (Japan), Ltd. (Current)</td> </tr> <tr> <td>Mar. 2021</td> <td>Representative Director, Chairperson, the Company. (Current)</td> </tr> <tr> <td>Jun. 2023</td> <td>Outside Director, Mitsui &amp; Co., Ltd. (Current)</td> </tr> </table><br>(Important Office Title/Position in Other Corporations)<br>Representative Director, Chairperson, McDonald's Company (Japan), Ltd.<br>Outside Director, Mitsui & Co., Ltd. | Jan. 1991 | Joined McDonald's in Canada | Jan. 1997 | Senior Director, Marketing, McDonald's Russia/Ukraine | Jul. 2001 | Senior Director, Marketing, McDonald's Canada | Oct. 2004 | Vice President, Marketing, McDonald's Company (Japan), Ltd. | Apr. 2007 | Senior Vice President, Business Development, McDonald's Company (Japan), Ltd | Jul. 2009 | Managing Director, McDonald's Malaysia | May. 2012 | Managing Director, McDonald's Malaysia and Regional Manager, McDonald's Singapore and McDonald's Malaysia | Aug. 2013 | Representative Director, President and CEO, McDonald's Company (Japan), Ltd. | Mar. 2014 | Representative Director, President and CEO, the Company | Mar. 2019 | Representative Director, Chairperson, McDonald's Company (Japan), Ltd. (Current) | Mar. 2021 | Representative Director, Chairperson, the Company. (Current) | Jun. 2023 | Outside Director, Mitsui & Co., Ltd. (Current) |
| Jan. 1991                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Joined McDonald's in Canada                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Jan. 1997                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Senior Director, Marketing, McDonald's Russia/Ukraine                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Jul. 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Senior Director, Marketing, McDonald's Canada                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Oct. 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Marketing, McDonald's Company (Japan), Ltd.                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Apr. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Senior Vice President, Business Development, McDonald's Company (Japan), Ltd                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Jul. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Managing Director, McDonald's Malaysia                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| May. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Managing Director, McDonald's Malaysia and Regional Manager, McDonald's Singapore and McDonald's Malaysia                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Aug. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Representative Director, President and CEO, McDonald's Company (Japan), Ltd.                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Mar. 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Representative Director, President and CEO, the Company                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Mar. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Representative Director, Chairperson, McDonald's Company (Japan), Ltd. (Current)                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Mar. 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Representative Director, Chairperson, the Company. (Current)                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| Jun. 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Outside Director, Mitsui & Co., Ltd. (Current)                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |
| (Reasons for the nomination of the candidate for Director)<br>Ms. Sara L. Casanova has served as the Representative Director and Chief Executive Officer, the Company (since 2014) and its subsidiary (since 2013) and as the Representative Director, Chairperson, the Company (since 2021) and its subsidiary (since 2019), and she has made significant contribute to the enhancement of corporate value of the Company. Based on her past achievements and extensive insight, we have judged that she can continue to contribute to the enhancement of the corporate value of the Company and nominated her as a candidate for Director. |                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                             |           |                                                       |           |                                               |           |                                                             |           |                                                                              |           |                                        |           |                                                                                                           |           |                                                                              |           |                                                         |           |                                                                                  |           |                                                              |           |                                                |

| No | Name<br>(Date of Birth)                                                                                    | Brief Personal History, and Position/Responsibilities in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2  | <p>Thomas Ko<br/>(July 16, 1975)</p> <p>Newly appointed</p> <p>Holding Shares of<br/>the Company<br/>0</p> | <p>Feb. 2000    Joined Carl Zeiss Vision Inc.</p> <p>Jul. 2007    Consultant, the Boston Consulting Group</p> <p>Jul. 2009    Project Leader, the Boston Consulting Group</p> <p>Oct. 2010    Director, Strategy &amp; Insights, McDonald's APMEA Region</p> <p>Apr. 2012    Senior Director, Strategy &amp; Insights, McDonald's APMEA Region.</p> <p>Apr. 2013    Vice President, Strategy &amp; Insights, McDonald's Korea</p> <p>Jul. 2015    Vice President, Strategy &amp; Insights, McDonald's Company (Japan), Ltd</p> <p>Jan. 2017    Chief Financial Officer, High Growth Markets Segment, McDonald's Corporation</p> <p>Sep. 2018    Managing Director, McDonald's Portugal</p> <p>Nov. 2020    Asia Business Unit Lead, International DL Markets, McDonald's Corporation (Current)</p>                                                                        |
|    |                                                                                                            | <p>(Important Office Title/Position in Other Corporations)</p> <p>Asia Business Unit Lead, International DL Markets, McDonald's Corporation</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|    |                                                                                                            | <p>(Reasons for the nomination of the candidate for Director)</p> <p>Mr. Thomas Ko has served as director or vice president of strategy &amp; insights, CFO, managing director of several McDonald's companies or markets overseas for many years, and has led the Asia business of International DL markets of McDonald's Corporations as the Business Unit Lead since 2020. He has a wealth of experience and extensive insight into the McDonald's business strategy. He contributed to the improvement in performance of the McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company, through strategic planning as a Vice President in the past. Based on his wealth of experience and insight, we have judged that he can contribute to the enhancement of the corporate value of the Company and nominated him as a candidate for director.</p> |

| No | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                                                                                                                              | Brief Personal History, and Position/Responsibilities in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3  | <p data-bbox="260 454 483 517">Jo Sempels<br/>(December 21, 1967)</p> <div data-bbox="276 555 467 589" style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div><br><div data-bbox="323 600 419 633" style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div><br><p data-bbox="276 678 467 779">Holding Shares of<br/>the Company<br/>0</p> | <p data-bbox="499 304 1452 768"> Aug. 1992    Joined McDonald’s Belgium<br/> Sep. 1996    Financial Controller McDonald’s Belgium<br/> Jan. 1998    Finance and HR Director, McDonald’s Belgium<br/> Mar. 2001    Managing Director, McDonald’s Belgium<br/> Mar. 2005    Managing Director, McDonald’s Netherlands<br/> Jul. 2015    Vice President, Foundational Markets Europe, McDonald’s Corporation<br/> Jan. 2019    Vice President, Business Unit Lead Europe International Developmental<br/> Licensed Markets, McDonald’s Corporation<br/> Dec. 2019    Senior Vice President, International Developmental Licensed Markets,<br/> McDonald’s Corporation<br/> Mar. 2022    Outside Director, the Company (Current)<br/> Jul. 2022    Senior Vice President and President, International Developmental<br/> Licensed Markets, and Senior Leadership Team, McDonald’s<br/> Corporation (Current)<br/> Sep. 2022    Board Member, Grand Foods Holdings Limited (Current) </p>                                                                  |
|    |                                                                                                                                                                                                                                                                                                                                                                                                      | <p data-bbox="499 813 1452 925"> (Important Office Title/Position in Other Corporations)<br/> Senior Vice President and President International Developmental Licensed Markets,<br/> and Senior Leadership Team, McDonald’s Corporation<br/> Board Member, Grand Foods Holdings Limited </p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|    |                                                                                                                                                                                                                                                                                                                                                                                                      | <p data-bbox="260 947 1452 1234"> (Reasons for the nomination of the candidate for Outside Director and expected roles)<br/> Mr. Jo Sempels has served as the head of finance and human resources and the managing Director of several McDonald's overseas for many years and has a wealth of experience and extensive insight into finance, human resources and McDonald's business. Based on his wealth of experience and insight, he has been making useful comments from an independent and objective perspective as an Outside Director of the Company since 2022 and, therefore we have judged that he can contribute to the enhancement of the corporate value of the Company and nominated him as a candidate for Outside Director.<br/> If he is appointed, we expect that he will provide advice on the Company's business and other matters based on his extensive insight and experience, and strength the decision-making functions of the Board of Directors of the Company and contributing to the further growth of the Company. </p> |

| No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                    | Brief Personal History, and Position/Responsibilities in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p data-bbox="292 775 459 837">Masataka Ueda<br/>(Apr. 5, 1955)</p> <p data-bbox="304 875 448 913">Reappointed</p> <p data-bbox="331 927 421 965">Outside</p> <p data-bbox="304 972 448 1010">Independent</p> <p data-bbox="277 1048 475 1144">Holding Shares of<br/>the Company<br/>0</p> | <p data-bbox="507 309 1444 365">Apr. 1979 Joined The Bank of Mitsubishi, Ltd (Currently MUFG Bank, Ltd. )<br/>Ueno Branch and Shinbashi Branch</p> <p data-bbox="507 371 1444 427">Aug.1983 Manager/Director, Business Planning and Financial Analysis Finance<br/>and Administration Group, American Express International Inc. (Japan)</p> <p data-bbox="507 434 1444 490">Jan. 1987 Director, Marketing and Planning Financial Services Institutions (FSI)<br/>Group, American Express International Inc. (Japan)</p> <p data-bbox="507 497 1444 553">Jan. 1989 Director, Service Establishment Marketing Card Services Group,<br/>American Express International Inc. (Japan)</p> <p data-bbox="507 560 1444 616">Apr. 1990 Vice President, Marketing &amp;Planning Consumer Financial Services<br/>(CFS) Group, American Express International Inc. (Japan)</p> <p data-bbox="507 622 1444 678">Aug. 1992 Vice President, Business Development Card Services, American<br/>Express International Inc. (Japan)</p> <p data-bbox="507 685 1444 741">May. 1994 Vice President, Consumer Services Group Travel Related Services,<br/>Japan, American Express International Inc. (Japan)</p> <p data-bbox="507 748 1444 804">Sep. 1996 Regional Business Leader, Korea/ Japan Group Network Services,<br/>American Express International Inc. (Japan)</p> <p data-bbox="507 810 1444 866">Sep. 2000 Vice Chairperson, American Home Assurance Company</p> <p data-bbox="507 873 1444 929">Dec. 2001 Chairperson &amp; CEO, Representative, American Home Assurance<br/>Company</p> <p data-bbox="507 936 1444 992">Jan. 2007 Executive Advisor, ING Direct Services</p> <p data-bbox="507 999 1444 1055">Mar. 2007 Chief Executive Officer and Representative Director, Dinos Cecile Co.,<br/>Ltd.</p> <p data-bbox="507 1061 1444 1117">Jul. 2013 Chairperson, the Board of Dinos Cecile Co., Ltd.</p> <p data-bbox="507 1124 1444 1180">May. 2014 Executive Advisor, KCJ Group Ltd</p> <p data-bbox="507 1187 1444 1243">Jun. 2014 Director, The Board Director Training Institute of Japan, Public Interest<br/>Incorporated Association (Current)</p> <p data-bbox="507 1249 1444 1305">Jun. 2015 Advisor, Dinos Cecile Co., Ltd.</p> <p data-bbox="507 1312 1444 1368">Mar. 2016 Outside Director, the Company (Current)</p> <p data-bbox="507 1375 1444 1431">Oct. 2016 Adviser, Hikari Tsushin, Inc.</p> <p data-bbox="507 1438 1444 1494">Feb. 2017 Chairperson, NPO Eggshell Membrane Association</p> <p data-bbox="507 1500 1444 1556">Jul. 2017 Adviser, Scala, Inc. (Current)</p> <p data-bbox="507 1563 1444 1619">Jun. 2018 Outside Director, Higashi-Nippon Bank, Ltd. (Current)</p> <p data-bbox="507 1626 1444 1682">Sep. 2018 Senior Director, Japan Golf Tour Organization (Current)</p> <p data-bbox="507 1688 1444 1744">Mar. 2023 Chairperson, the specified nonprofit organization FTJ (Current)</p> <p data-bbox="507 1406 1444 1619">(Important Office Title/Position in Other Corporations)<br/>Director, the Board Director Training Institute of Japan, Public Interest Incorporated<br/>Association<br/>Adviser, Scala, Inc<br/>Outside Director, Higashi-Nippon Bank, Ltd.<br/>Senior Director, Japan Golf Tour Organization<br/>Chairperson, the specified nonprofit organization FTJ</p> |
| <p data-bbox="272 1637 1444 1843">(Reasons for the nomination of the candidate for Outside Director and expected roles)<br/>Mr. Masataka Ueda has served as a Representative Director of several companies and has abundant<br/>experience and extensive insight into finance, marketing, human resources, etc. Based on his wealth of<br/>experience and insight, he has been making useful comments from an independent and objective perspective<br/>as an Outside Director of the Company since 2016 and therefore we have judged that he can contribute to<br/>strengthen the effectiveness of the supervisory function of the Board of Directors of the Company and<br/>nominated him as a candidate for Outside Director.</p> <p data-bbox="272 1850 1444 1966">If he is appointed, we expect that he will provide advice on the overall management of the Company based<br/>on his extensive insight and experience, and supervise the management of the Company from an independent<br/>and objective standpoint, thereby strengthening the supervisory and decision-making functions of the Board<br/>of Directors of the Company and contributing to the further growth of the Company.</p> |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Name<br>(Date of Birth)                                                                                                                        | Brief Personal History, and Position in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Tetsu Takahashi<br/>(Oct. 24, 1956)</p> <p>Reappointed</p> <p>Outside</p> <p>Independent</p> <p>Holding Shares of<br/>the Company<br/>0</p> | <p>Apr. 1986 Admitted to the Japan Bar (Tokyo Bar Association)<br/>Joined Miyakezaka Law Offices, Partner</p> <p>Apr. 1989 Vice Chairperson, Legal System Committee, Tokyo Bar Association</p> <p>Feb. 1996 Vice Chairperson, Legal Apprentice Training Committee of Tokyo Bar Association</p> <p>Apr. 2002 Legal System Research Committee (Commercial Code Panel), Japan Federation of Bar Association</p> <p>Jul. 2003 Joined Kasumigaseki Partners Law Office, Representative Partner</p> <p>Mar. 2006 Outside Statutory Auditor, Apple Japan, Inc.</p> <p>Mar. 2007 Outside Director, McDonald's Company (Japan), Ltd. (Current)<br/>Outside Director, the Company</p> <p>Jun. 2007 Outside Statutory Auditor, GRO-BELS Co., Ltd.</p> <p>Oct. 2007 Outside Statutory Auditor, Bit-isle Inc.</p> <p>Jan. 2012 Outside Statutory Auditor, ZOOM Inc.</p> <p>Jun. 2015 Outside Director (Audit &amp; Supervisory Committee Member), ZOOM Inc.</p> <p>Oct. 2016 Outside Statutory Auditor, eBook Initiative Japan Co., Ltd</p> <p>Jun. 2020 Outside Director (Audit &amp; Supervisory Committee Member), Nomura Real Estate Holdings, Inc. (Current)</p> <p>Dec.2020 Representative Lawyer, ITN Law Office, (Current)</p> <p>Mar. 2022 Outside Director, the Company (Current)</p> <p>(Important Office Title/Position in Other Corporations)<br/>Representative Lawyer, ITN Law Office<br/>Outside Director (Audit &amp; Supervisory Committee Member), Nomura Real Estate Holdings, Inc.</p> |
| <p>(Reasons for the nomination of the candidate for Outside Director and expected roles)</p> <p>Mr. Tetsu Takahashi, as a lawyer, has served as a partner of a law firm and as an Outside Director and Outside Audit &amp; Supervisory Board member of several companies, and has a wealth of experience as a lawyer and as an outside director, as well as extensive insight into legal, compliance and corporate governance etc. Based on his wealth of experience and insight, he has been making useful comments from an independent and objective perspective as an Outside Director of the Company since 2022 and therefore we have judged that he can contribute to strengthen the effectiveness of the supervisory function of the Board of Directors of the Company and nominated him as a candidate for Outside Director. Although he has no experience of being involved in the management of a company other than as an Outside Director, the Company judges that he can appropriately perform his duties as an Outside Director for the reasons stated above.</p> <p>If he is appointed, we expect that he will provide advice on the governance and legal affairs of the Company based on his extensive insight and experience, and supervise the management of the Company from an independent and objective standpoint, thereby strengthening the supervisory and decision-making functions of the Board of Directors of the Company and contributing to the further growth of the Company.</p> |                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

Notes:

1. Ms. Sarah L. Casanova will be appointed as Representative Director, Chairperson of the Company by the Board of Director's Meeting after the Meeting in the event this Resolution Item is approved and passed in the Meeting.
2. The Company and its consolidated subsidiary, McDonald's Company (Japan), Ltd., have contracted import agency services, etc. to Mitsui & Co., Ltd., for which Ms. Sarah L. Casanova serves as an Outside Director, and its consolidated subsidiaries. In addition, Ms. Sarah L. Casanova concurrently holds the office of Representative Director, Chairperson of McDonald's Company (Japan), Ltd., but has no special interest with the Company since McDonald's Company (Japan), Ltd. is wholly-owned subsidiary of the Company.
  - . There are business transactions such as royalty payments etc. based on the license agreement between McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company, and McDonald's Corporation, to which the candidates, Mr. Thomas Ko and Mr. Jo Sempels, belong.There are no special interests between any other director candidates and the Company.
3. Mr. Jo Sempels, Mr. Masataka Ueda and Mr. Tetsu Takahashi are candidates for Outside Directors.
4. Mr. Jo Sempels, Mr. Masataka Ueda and Mr. Tetsu Takahashi are currently Outside Directors of the Company, and Mr. Jo Sempels and Mr. Tetsu Takahashi will have held the office of Outside Director for two (2) years and Mr. Masataka Ueda will have held the office of Outside Director for eight (8) years at the conclusion of the Meeting.
5. Mr. Thomas Ko was a person who executes business of McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company in the past. Mr. Tetsu Takahashi was an Outside Director of the Company and McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company in the past.
6. Independent Outside Director
  - As Mr. Masataka Ueda and Mr. Tetsu Takahashi are qualified as Independent Directors in the regulations of Tokyo Stock Exchange and the Company, the Company will appoint them as an Independent Director and submit this to Tokyo Stock Exchange.
7. Agreements limiting the liability
  - The Company, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act and the Articles of Association of the Company, has executed the agreements with Mr. Jo Sempels, Mr. Masataka Ueda and Mr. Tetsu Takahashi, which shall limit the liability of such Outside Directors under Article 423, Paragraph 1 of the Companies Act. The limit of liability under such agreement shall be the amount prescribed by laws and regulations. Subject to the approval of the agenda to re-appoint the candidates as Outside Directors, the Company shall continue the agreement with them.
  - In addition, if the appointment of Mr. Thomas Ko is approved in this item, the Company will enter into a new agreement with him with the same terms and conditions as the above said agreement.
8. Directors and Officers liability insurance contract
  - The Company has entered into a liability insurance contract with an insurance company for Directors and Audit & Supervisory Board Members, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract will cover legal damages and dispute costs in the event of a claim for damages arising from an act (including an omission) based on his / her position. If each candidate for Director is appointed and assumes office as Director, they will be included in the insured of the insurance contract. The Company will renew the insurance contract with the same terms and conditions at the next renewal.

**Item No.3: Appointment of Three (3) Audit & Supervisory Board Members**

The terms of office of Audit & Supervisory Board Members, Mr. Takaaki Ishii, Ms. Ellen Caya and Mr. Yoshiyuki Honda will expire at the conclusion of the Meeting.

Accordingly, the Company proposes the appointment of three (3) Audit & Supervisory Board Members. This agenda item was resolved by the Board of Directors after deliberation of the Nomination Committee, chaired by an Independent Outside Director and the majority of whose members are Independent Outside Directors.

Please note that the Audit & Supervisory Board of the Company has duly consented to these candidates determined by the Board of Directors.

The candidates are as follows:

(Reference) List of Candidates for Audit & Supervisory Board Members

| Candidate No. | Name                            | Position in the Company                  | Candidate Attributes   |
|---------------|---------------------------------|------------------------------------------|------------------------|
| 1             | Newly appointed Sonoko Kajiyama | —                                        | Outside<br>Independent |
| 2             | Reappointed Ellen Caya          | Outside Audit & Supervisory Board Member | Outside                |
| 3             | Reappointed Yoshiyuki Honda     | Outside Audit & Supervisory Board Member | Outside<br>Independent |

Notes:

Position in the Company is at the time of the resolution at the Board of Directors meeting held in relation to the convocation of the Meeting (as of February 20, 2024)

Newly appointed ..... Candidate for new Audit & Supervisory Board Member

Reappointed ..... Candidate for reappointment as Audit & Supervisory Board Member

Outside ..... Candidate for Outside Audit & Supervisory Board Member

Independent ..... Independent Audit & Supervisory Board Member to be registered at the Tokyo Stock Exchange



| No | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Brief Personal History, and Position in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| 1  | <p data-bbox="284 488 480 555">Sonoko Kajiyama<br/>(May. 3, 1968)</p> <div data-bbox="288 591 475 629" style="border: 1px solid black; padding: 2px; display: inline-block;">Newly appointed</div><br><div data-bbox="336 640 427 678" style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div><br><div data-bbox="312 689 451 728" style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div><br><br><p data-bbox="284 763 480 864">Holding Shares of<br/>the Company<br/>0</p> | <p data-bbox="515 342 1437 813"> Apr. 1991    Joined Fujitsu Limited<br/> Oct. 2002    Joined KPMG AZSA LLC<br/> Mar. 2013    Joined LIXIL Corporation<br/> Jan. 2018    General Manager, Quality Assurance Division, Internal Audit<br/> Department, LIXIL Corporation<br/> Jul. 2019    Secretary General, LIXIL Group Audit Committee<br/> Audit &amp; Supervisory Board Member, LIXIL TEPCO Smart Partners Inc.<br/> Apr. 2020    Vice President, Planning &amp; Quality Global, Internal Audit Department,<br/> Olympus Corporation (Current)<br/> Jun. 2020    Senior Director, Internal Audit China, Internal Audit Department,<br/> Olympus Corporation (Current)<br/> Audit &amp; Supervisory Board Member, Sony Olympus Medical Solutions<br/> Inc. (Current)<br/> Dec.2023    Senior Vice President, Deputy Chief Internal Audit Officer, Olympus<br/> Corporation (Current) </p> |
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p data-bbox="515 864 1426 1016"> (Important Office Title/Position in Other Corporations)<br/> Senior Vice President, Deputy Chief Internal Audit Officer and Vice President,<br/> Planning &amp; Quality Global, Internal Audit Department, and Senior Director, Internal<br/> Audit China, Internal Audit Department, Olympus Corporation<br/> Audit &amp; Supervisory Board Member, Sony Olympus Medical Solutions Inc. </p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p data-bbox="272 1028 1449 1240"> (Reasons for the nomination of the candidate for Outside Audit &amp; Supervisory Board Member)<br/> Ms. Sonoko Kajiyama is a certified public accountant who has worked for a big accounting firm and internal<br/> audit teams of global companies, and has led an internal audit department of a global corporation as senior<br/> vice president, and has abundant experience as an accountant and auditor, as well as a wealth of insight<br/> regarding finance, accounting and auditing. Based on her wealth of experience and insight, we have judged<br/> that it is appropriate to nominate her as a candidate for Outside Audit &amp; Supervisory Board member in order<br/> to further strengthen auditing function of the Audit &amp; Supervisory Board of the Company. </p>                                                                  |

| No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of Birth)                                                                                                                                                                                                                                                    | Brief Personal History, and Position in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
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| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ellen Caya<br>(Jun. 15, 1959)<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div><br><div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div><br><br>Holding Shares of<br>the Company<br>0 | <table border="0"> <tr> <td style="vertical-align: top;">Jan 1982</td> <td>Staff Accountant, Price Waterhouse (current PricewaterhouseCoopers)</td> </tr> <tr> <td style="vertical-align: top;">Jan 1984</td> <td>Senior Accountant, KPMG</td> </tr> <tr> <td style="vertical-align: top;">Aug. 1985</td> <td>Senior Tax Accountant, Resorts International</td> </tr> <tr> <td style="vertical-align: top;">Sep. 1987</td> <td>Senior Auditor and Manager, Florida Power &amp; Light</td> </tr> <tr> <td style="vertical-align: top;">Aug. 1997</td> <td>Director, the Internal Audit, PricewaterhouseCoopers</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2001</td> <td>Director, Internal Audit, Exelon Corporation</td> </tr> <tr> <td style="vertical-align: top;">Feb. 2002</td> <td>Vice President, Internal Audit and Chief Audit Executive, Exelon Corporation</td> </tr> <tr> <td style="vertical-align: top;">Sep. 2010</td> <td>Vice President, Internal Audit and Chief Audit Executive, Office Max, Inc.</td> </tr> <tr> <td style="vertical-align: top;">Nov. 2013</td> <td>Vice President, Internal Audit and Chief Audit Executive, Office Depot, Inc.</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2015</td> <td>Vice President, Internal Audit and Chief Audit Executive, Walgreens Boots Alliance</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2017</td> <td>Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation (Current)</td> </tr> <tr> <td style="vertical-align: top;">Mar. 2020</td> <td>Audit &amp; Supervisory Board Member, the Company (Current)</td> </tr> </table><br>(Important Office Title/Position in Other Corporations)<br>Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation | Jan 1982 | Staff Accountant, Price Waterhouse (current PricewaterhouseCoopers) | Jan 1984 | Senior Accountant, KPMG | Aug. 1985 | Senior Tax Accountant, Resorts International | Sep. 1987 | Senior Auditor and Manager, Florida Power & Light | Aug. 1997 | Director, the Internal Audit, PricewaterhouseCoopers | Apr. 2001 | Director, Internal Audit, Exelon Corporation | Feb. 2002 | Vice President, Internal Audit and Chief Audit Executive, Exelon Corporation | Sep. 2010 | Vice President, Internal Audit and Chief Audit Executive, Office Max, Inc. | Nov. 2013 | Vice President, Internal Audit and Chief Audit Executive, Office Depot, Inc. | Aug. 2015 | Vice President, Internal Audit and Chief Audit Executive, Walgreens Boots Alliance | Apr. 2017 | Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation (Current) | Mar. 2020 | Audit & Supervisory Board Member, the Company (Current) |
| Jan 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Staff Accountant, Price Waterhouse (current PricewaterhouseCoopers)                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Jan 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Senior Accountant, KPMG                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Aug. 1985                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Senior Tax Accountant, Resorts International                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Sep. 1987                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Senior Auditor and Manager, Florida Power & Light                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Aug. 1997                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Director, the Internal Audit, PricewaterhouseCoopers                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Apr. 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Director, Internal Audit, Exelon Corporation                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Feb. 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Internal Audit and Chief Audit Executive, Exelon Corporation                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Sep. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Internal Audit and Chief Audit Executive, Office Max, Inc.                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Nov. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Internal Audit and Chief Audit Executive, Office Depot, Inc.                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Aug. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Internal Audit and Chief Audit Executive, Walgreens Boots Alliance                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Apr. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation (Current)                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| Mar. 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Audit & Supervisory Board Member, the Company (Current)                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |
| (Reasons for the nomination of the candidate for Outside Audit & Supervisory Board Member)<br>Ms. Ellen Caya has taken charge of internal audit for years in other companies and McDonald's Corporation, and has extensive knowledge and experiences in auditing, corporate governance and accounting. Based on her wealth of experience and insight, she has given valuable advice and opinions from an objective standpoint as an outside Audit & Supervisory Board member of the Company since 2020. Based on this and other factors, we have judged that it is appropriate to nominate her as a candidate for outside Audit & Supervisory Board member in order to further strengthen auditing function of the Audit & Supervisory Board of the Company. |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |                                                                     |          |                         |           |                                              |           |                                                   |           |                                                      |           |                                              |           |                                                                              |           |                                                                            |           |                                                                              |           |                                                                                    |           |                                                                                                      |           |                                                         |

| No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                               | Brief Personal History, and Position in the Company<br>(Important Position(s) concurrently held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Yoshiyuki Honda<br>(Jan. 8, 1956)<br><br><div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Reappointed</div><br><div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Outside</div><br><div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Independent</div><br><br>Holding Shares of<br>the Company<br>0 | Nov. 1980 Joined Tokyo Office, Coopers & Lybrand (current PricewaterhouseCoopers)<br>Sep. 1985 Chicago Office of Coopers& Lybrand<br>Jan. 1991 Director, Japanese companies, Middle West of the same office<br>Jul. 1992 Joined Business Planning, New York Head Office, PepsiCo Inc.<br>Nov. 1993 Director, Business Planning, PepsiCo Japan<br>Jul. 1995 Senior Vice President, Finance Division, PepsiCo Japan<br>Feb. 1998 Senior Vice President of Finance Division, Cisco Systems, Inc.<br>Sep. 1998 Executive Director, Cisco Systems, Inc.<br>Sep. 1999 Director and Senior Vice President of Control Division, Cisco Systems, Inc.<br>Aug. 2002 CFO, D&M Holdings Co.<br>Jun. 2003 Executive Director, D&M Holdings Co.<br>Feb. 2005 CFO, RHJ International Japan<br>Jun. 2005 Representative Director, RHJ International Japan<br>Director, D&M Holdings Co.<br>Director, Columbia Music Entertainment<br>Director, Phoenix Resort Co.<br>Statutory Auditor, U-shin Ltd.<br>Statutory Auditor, SIGMAXYZ Inc.<br>Statutory Auditor, AlphaPurchase Co., Ltd.<br>Oct. 2007 CFO, D&M Holdings Co.<br>Jun. 2009 Representative Director, Vice President, D&M Holdings Co.<br>Feb. 2010 Executive Advisor, SIGMAXYZ Inc.<br>Mar. 2011 Joined Sumida Corporation<br>Aug. 2011 Executive Officer, Sumida Corporation<br>Feb. 2012 Representative Executive Officer and CFO, Sumida Corporation (Current)<br>Mar.2016 Audit & Supervisory Board Member, the Company (Current) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | (Important Office Title/Position in Other Corporations)<br>Representative Executive Officer and CFO, Sumida Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (Reasons for the nomination of the candidate for Outside Audit & Supervisory Board Member)<br>Mr. Yoshiyuki Honda is a certified public accountant and a U.S. certified public accountant who has been engaged in auditing business, and has also served as CFO and representative director and representative executive officer of several companies, and has abundant experience as CFO and manager, as well as expert knowledge on corporate accounting and finance, and extensive insight on corporate management. Based on his experience and insight, he has given valuable advice and opinions from an independent and objective standpoint as an outside Audit & Supervisory Board member of the Company since 2016. Based on this and other factors, we have judged that it is appropriate to nominate him as a candidate for outside Audit & Supervisory Board member in order to further strengthen auditing function of the Audit & Supervisory Board of the Company. |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

Notes:

1. Ms. Sonoko Kajiyama, Ms. Ellen Caya and Mr. Yoshiyuki Honda are the candidates for Outside Audit & Supervisory Board Member.
2. There are business transactions such as royalty payments etc. based on the license agreement between McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company, and McDonald's Corporation, to which the candidate, Ms. Ellen Caya belongs.  
There are no special interests between any other candidates for Audit & Supervisory Board Member and the Company.
3. Ms. Ellen Caya and Mr. Yoshiyuki Honda are currently Audit & Supervisory Board Members of the Company, and Ms. Ellen Caya will have held the office of Outside Audit & Supervisory Board Member for four (4) years and Mr. Yoshiyuki Honda will have held the office of Outside Audit & Supervisory Board Member for eight (8) years at the conclusion of the Meeting.
4. Ms. Sonoko Kajiyama will retire as Senior Vice President, Deputy Chief Internal Audit Officer and Vice President, Planning & Quality Global, Internal Audit Department and Senior Director, Internal Audit China, Internal Audit Department, Olympus Corporation and Audit & Supervisory Board Member, Sony Olympus Medical Solutions Inc. on March 25, 2024. Ms. Sonoko Kajiyama will be appointed as a full-time Audit & Supervisory Board Member of the Company by the Audit & Supervisory Board Meeting after the Meeting in the event this Resolution Item is approved and passed in the Meeting.
5. Independent Audit & Supervisory Board Member  
As Ms. Sonoko Kajiyama and Mr. Yoshiyuki Honda are qualified as Independent Audit & Supervisory Board Members in the regulations of Tokyo Stock Exchange and the Company, the Company will appoint them as Independent Audit & Supervisory Board Members and submit this to Tokyo Stock Exchange.
6. The Agreement limiting the liability  
The Company, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act and the Articles of Association of the Company, executed the agreements with Ms. Ellen Caya and Mr. Yoshiyuki Honda which shall limit the liability of such Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act. The limit of liability under such agreement shall be the amount prescribed by laws and regulations. Subject to the approval of the agenda to re-appoint the candidates as Outside Audit & Supervisory Board Members, the Company shall continue the agreement with them.  
In addition, if the appointment of Ms. Sonoko Kajiyama is approved in this item, the Company will enter into a new agreement with her with the same terms and conditions as the above said agreement.
7. Directors and Officers liability insurance contract  
The Company has entered into a liability insurance contract with an insurance company for Directors and Audit & Supervisory Board Members, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract will cover legal damages and dispute costs in the event of a claim for damages arising from an act (including an omission) based on his / her position. If each candidate for Audit & Supervisory Board Member is appointed and assumes office as Audit & Supervisory Board Member, they will be included in the insured of the insurance contract. The Company will renew the insurance contract with the same terms and conditions at the next renewal.

**(Reference) Skill matrix of Directors and Audit & Supervisory Board Member after the end of the Meeting  
(tentative)**

The main knowledge and experiences that the Company expects from each Director and each Audit & Supervisory Board Member when the candidates listed in this convocation notice are appointed as originally proposed are as follows:

| Position in the Company Name                                                      | Corporate Management | Marketing | IT | Law/ Compliance | Finance/ Accounting | Human Resources | Global Business | Society/ Environment | McDonald's Business |
|-----------------------------------------------------------------------------------|----------------------|-----------|----|-----------------|---------------------|-----------------|-----------------|----------------------|---------------------|
| Representative Director, Chairperson<br>Sarah L. Casanova                         | •                    | •         |    |                 |                     | •               | •               |                      | •                   |
| Representative Director, President and CEO<br>Tamotsu Hiro                        | •                    | •         |    |                 |                     | •               | •               | •                    | •                   |
| Director<br>Fusako Znaiden                                                        | •                    | •         |    |                 |                     |                 | •               | •                    | •                   |
| Director<br>Thomas Ko                                                             | •                    |           |    |                 | •                   | •               | •               |                      | •                   |
| Outside Director<br>Jo Sempels                                                    | •                    |           |    |                 | •                   | •               | •               |                      | •                   |
| Outside Director<br>Andrew Gregory                                                | •                    |           |    |                 | •                   | •               | •               |                      | •                   |
| Independent Outside Director<br>Akira Kawamura                                    |                      |           |    | •               |                     |                 | •               | •                    |                     |
| Independent Outside Director<br>Masataka Ueda                                     | •                    | •         |    |                 | •                   | •               | •               | •                    |                     |
| Independent Outside Director<br>Tetsu Takahashi                                   | •                    |           |    | •               |                     |                 |                 | •                    |                     |
| Independent Outside Director<br>Yuko Tashiro                                      | •                    |           |    |                 | •                   | •               | •               | •                    |                     |
| Full-time Independent Outside Audit & Supervisory Board Member<br>Sonoko Kajiyama |                      |           |    |                 | •                   |                 | •               | •                    |                     |
| Outside Audit & Supervisory Board Member<br>Ellen Caya                            | •                    |           |    |                 | •                   |                 | •               |                      | •                   |
| Independent Outside Audit & Supervisory Board Member<br>Yoshiyuki Honda           | •                    |           | •  |                 | •                   |                 | •               |                      |                     |
| Independent Outside Audit & Supervisory Board Member<br>Makiko Hamabe             | •                    |           | •  |                 | •                   |                 |                 | •                    |                     |

Note: This skills matrix does not represent all knowledge and experience.

**Item No.4: Payment of Retirement Allowances to Retiring or Retired Audit & Supervisory Board Members, and Final Payment of Retirement Allowances to Outside Directors and Outside Audit & Supervisory Board Members due to the Abolition of the Retirement Allowance System.**

In order to reward the retiring Audit & Supervisory Board Member, Mr. Takaaki Ishii who will retire as Audit & Supervisory Board Member at the conclusion of the Meeting due to the expiration of his term of office, the Company proposes to pay retirement allowance within a reasonable amount in accordance with the standards prescribed by the Company for his service during his term of office as Audit & Supervisory Board Member.

In addition, as part of the review of the executive compensation system, the Company resolved at the Board of Directors meeting held on January 11, 2024 to abolish the retirement allowances system for Outside Directors and Outside Audit & Supervisory Board Members as of March 31, 2024.

Accordingly, the Company proposes making final payments of retirement allowance within a reasonable amount in accordance with the standards prescribed by the Company to Mr. Masataka Ueda and Mr. Tetsu Takahashi, both Outside Directors, and Mr. Yoshiyuki Honda, Outside Audit & Supervisory Board Member, provided that Item No. 2 "Appointment of Five (5) Directors" and Item No. 3 "Appointment of Three (3) Audit & Supervisory Board Members" are approved and adopted in their original proposals, and Mr. Akira Kawamura and Ms. Yuko Tashiro, both Outside Directors in office, and Ms. Makiko Hamabe, Audit & Supervisory Board Member in office, in order to reward them for their services from the time of their assumption of office until March 31, 2024.

In addition, as Ms. Yuko Tashiro resigned from the position of Audit & Supervisory Board Member on March 28, 2023, the Company proposes to pay retirement allowance within a reasonable amount in accordance with the standards prescribed by the Company in order to reward her service during her term of office as Audit & Supervisory Board Member.

The timing of these payment shall be upon the retirement of each person from all of the positions of Director, Audit & Supervisory Board Member, and Vice President of the Company and its subsidiary, McDonald’s Company (Japan), Ltd., and the specific amount and method of payment shall be left to the discretion of the Board of Directors for Directors and to the discussion by the Audit & Supervisory Board Members for Audit & Supervisory Board Members.

The portion of this proposal that pertains to Directors have been decided by the Board of Directors in accordance with policy and internal rules for determining the contents of remuneration for Director which has been determined in advance by the Board of Directors, and is judged to be appropriate.

The policy for determining the contents of remuneration for Directors of the Company is as stated in Business Report of “II.Status of the Company, 3. Matter concerning Directors and Audit & Supervisory Board Members of the Company, (5) Policy for determining the content of remuneration for Directors”

The brief history of each person is as follows:

| Name            | Brief Personal History |                                                                                                                                                                      |
|-----------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Akira Kawamura  | Mar. 2002              | Outside Director, the Company (Current)                                                                                                                              |
| Masataka Ueda   | Mar. 2016              | Outside Director, the Company (Current)                                                                                                                              |
| Tetsu Takahashi | Mar. 2022              | Outside Director, the Company (Current)                                                                                                                              |
| Yuko Tashiro    | Mar. 2016<br>Mar. 2023 | Outside Audit & Supervisory Board Member, the Company<br>Retired as Outside Audit & Supervisory Board Member, the Company<br>Outside Director, the Company (Current) |
| Takaaki Ishii   | Mar. 2012              | Full-time Audit & Supervisory Board Member, the Company (Current)                                                                                                    |
| Yoshiyuki Honda | Mar. 2016              | Outside Audit & Supervisory Board Member, the Company (Current)                                                                                                      |
| Makiko Hamabe   | Mar. 2023              | Outside Audit & Supervisory Board Member, the Company (Current)                                                                                                      |

Note: Mr. Jo Sempels, Outside Director and Ms. Ellen Caya, Outside Audit & Supervisory Board Member, who

will continue in office, subject to the approval of Item No. 2 "Appointment of Five (5) Directors" and Item No. 3 "Appointment of Three (3) Audit & Supervisory Board Members," as originally proposed, and Mr. Andrew Gregory, Outside Director, who is in office, are not eligible to receive the retirement allowance. Therefore, they are not subject to final payments to Outside Directors and Outside Audit & Supervisory Board Members in connection with the abolition of the retirement allowances system for Outside Directors and Outside Audit & Supervisory Board Members.

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The governing language of this report is Japanese.  
An English translation hereof is provided for reference purpose only.

## **For the 53<sup>rd</sup> term Business Report for the Fiscal Year January 1 - December 31, 2023**

### **I. Condition of the Company group**

#### **1. Overview of business results for the term**

##### **(1) Business Progress and Results**

In February 2022, McDonald's Holdings Company (Japan) Ltd. and its subsidiary (the "Group" or "we") announced its medium-term management plan (from 2022 to 2024) with the aim of sustainable growth, stronger profitability, and further enhancement of the corporate value of the Group. We are strengthening the foundation of the McDonald's business and actively invest in areas for the future to realize steady growth and meet the increasingly diverse and growing expectations of our customers. As for our financial targets for an average annual growth rate of around 5% for all store sales, 3-5% for operating income, and 10% or more for operating income ratio and ROE over the next three years, we could achieve these in this fiscal year, second year of the 3-year plan. We will continue to focus on the three strategic pillars for future growth in the areas of "Brand," "Menu & Value," and "Restaurant, Digital, and People,"

In the consolidated cumulative fourth quarter, we continued to listen to our customers, and in addition to our efforts to improve the restaurant experience for customers through store hygiene management and improved QSC and convenience, we also strengthened various menu strategies, marketing activities, and investments in hiring and training of human resources. Amid a continuously changing business environment from the previous year due to the weak yen, soaring raw material prices, and rising energy, labor, and logistics costs, we revised the over-the-counter prices of some products in order to keep our business healthy for both franchise owners, who operate around 2,100 restaurants, slightly above 70% of McDonald's restaurants in Japan, and suppliers.

As a result, sales increased on a year-over-year basis, and comparable restaurant sales increased for 33 consecutive quarters from 2015 Q4 to 2023 Q4.

Profit increased year-on-year as a result of the effects of increased sales, as well as cost management such as global-scale raw material procurement and more efficient logistics network, currency hedging and cost reduction efforts, and maximum corporate efforts such as more efficient marketing activities.

<Three Strategic Pillars for the Medium-term Management Plan>

##### **(a) Brand**

As a member of the local community, we have positioned sustainability as an essential issue to be addressed proactively and have designated "Food Quality & Sourcing," "Our Planet," "Community Connection," and "Jobs, Inclusion & Empowerment" as the four areas to be focused on. We have been publishing McDonald's concept and initiatives as Sustainability Reports on our website.

"Food Quality & Sourcing": As a company that provides food, we prioritize ensuring "food safety" and are committed to the accurate operation of its food management system so that customers can enjoy safe meals. In addition to complying with relevant laws and regulations, we have established a strict quality control system that is compliant with the Global Food Safety Initiative (GFSI) and consists of McDonald's own standards. In addition, to enhance customer trust in our products, we are building and strengthening a thorough quality control system by disclosing information on the country of final processing and the main country of origin of major raw materials, as well as conducting audits of targeted suppliers.

"Our Planet": With de-plasticization, we plan to switch 100% of customer packaging to renewable, recycled, or certified materials by the end of 2025. To achieve net zero emissions by 2050, we will implement various initiatives, including energy conservation, improved logistics efficiency, and the introduction of environmentally friendly electricity.



“Community Connection”: We will strive to contribute to the local community through support to the Ronald McDonald House Charities Japan, sports support, education support, and the provision of safety whistles.

“Jobs, Inclusion & Empowerment”: As an employer of around 200,000 crew members nationwide, we are going to create a work environment in which a diverse range of people with different personalities and backgrounds, including gender, age, and nationality, can leverage their strengths and feel motivated to work.

In the consolidated cumulative fourth quarter, in addition to continued brand communication through TV commercials, websites, and social media, we have further enhanced the store experience through QSC improvements, which has further increased customers’ favorable impression of the trust in our brand. We will continue to strengthen our ties with customers by continuing and reinforcing our current efforts.

#### (b) Menu and Value

To meet our customers’ expectations, we have strengthened our menu lineup for each time zone and implemented various initiatives to provide customers with a sense of value for their money which is in line with the “value-for-money” strategy. As for limited products, we launched “Teritama,” “Tsukimi Burger,” and “Gracoro®,” etc., which were well received by many customers as a seasonal tradition. In addition, the popular regular items “Oreo Cookie Choco Frappe” and “Mango Smoothie,” and three types of French macarons, which have been sold exclusively at “McCafé by Barista®,” a café corner attached to McDonald’s, are now available at over 2,000 McDonald’s restaurants, or approximately 70% of all restaurants nationwide, and well received by our customers. We also continue to offer “Hiru-Mac,” a weekday lunch set menu, and value sets starting from 500 yen which allow customers to easily choose from a variety of items, to deliver products that allow customers to experience the value of McDonald’s through “taste,” “value” and “convenience.”

#### (c) Restaurant, Digital and People

Restaurant development: For future growth, we will actively invest in new restaurant openings, including relocations, reimages, and rebuilds to evolve our restaurant portfolio to better meet the needs of our customers and local communities. We will provide a more convenient and comfortable environment for our customers by increasing the preparation capacity of our kitchens, adding drive-through lanes, and optimizing our delivery services.

In the cumulative fourth quarter of the current consolidated accounting period, we opened 86 and closed 71 restaurants, and the total number of restaurants at the end of this period is 2,982. With regards to capacity expansion, we are gradually introducing kitchen systems with enhanced preparation capacity and stores with increased product delivery outlets. In order to effectively utilize management resources, we will optimize our restaurant portfolio to improve customer satisfaction and business performance by flexibly allocating investments to new store openings, reimages and rebuilds.

Digital: We have introduced “Mobile Order & Pay” as a measure to provide better services through the fusion of digital and people. By integrating our mobile ordering and delivery apps into our official app, we aim to provide our customers with seamless service and further convenience to continue to meet their needs and increase the number of users. In addition, we installed devices near the front counter which allow customers to place orders without the help of staff at our restaurants. In addition, with the installment of barcode payment system, customers can choose conveniently from a variety of e-money. We will continue to provide convenient services to our customers by utilizing digital.

Delivery is a marketable area with great potential for growth moving forward. We offer delivery services through McDelivery Service (MDS) by McDonald’s crew and external delivery partners such as UberEats, Demaecon, and others. As of December 2023, MDS is available in 998 restaurants, UberEats in 1,973, Demaecon in 1,961, making the total number of restaurants that offer delivery service to 2,239. We will continue to expand the number of stores that can offer delivery services to improve customer convenience. With drive-thru, we are increasing its capacity and introducing “Park & Go” to even more restaurants, allowing customers to receive items at their parking spot using “Mobile Order & Pay,” which is available at 1,153 restaurants as of December 2023. In addition, the “Drive-Thru Mobile Order” function, which enables

drive-thru pickup, has been added to the mobile ordering function of the official McDonald's app, and is now available at drive-thru restaurants nationwide (excluding some restaurants).

People: We believe that we have been able to meet our customers' expectations despite the rapidly changing business environment because of our people, or human resources, including approximately 200,000 crew members and restaurant employees. As such, we believe that hiring and training excellent human resources is the most important factor for business development, and we will continue to expand our investment in human resources. In order to recruit talented people, we organized campaigns such as the "Crew Experience" event, which was the first time in four years that the store held such an event. Digital CDP, training material that leverages digital devices, is available in 5 languages in addition to Japanese, contributing to improved understanding and reduced training hours of our crew. Hamburger University offers online and in-person training. In addition, we have introduced a regional employee system to provide a flexible career path for our diverse workforce as employees to suit their various lifestyles. We will continue to provide an environment where people with diverse personalities and backgrounds, regardless of gender, nationality, age, or other attributes, can work and grow in their own way by utilizing their strengths, leading to human resource development and retention.

We will continue to evolve so that we can always be close to our customers and flexibly respond to changing society and customer needs, while placing the highest priority on the safety and health of our customers, employees, and all other people. We are committed to providing delicious menu items, value for money, convincing value, and a convenient and comfortable restaurant experience on a daily basis, while working toward the realization of a sustainable society and providing "Feed and Foster Communities".

#### <System-wide Sales and Revenue>

During the twelve months ended December 31, 2023, same store sales increased by +7.0% and average monthly sales per restaurant hit a record high in our history as a listed company as a result of synergy effects from various initiatives that put customer first and based on our medium-term management plan. Systemwide sales were 777,752 million yen (a 60,163 million yen increase from the same period last year) and revenue was 381,989 million yen (a 29,688 million yen increase from the same period last year).

#### <Cost of Sales>

The cost-of-sales ratio for company-operated restaurants dropped 1.4 percentage points, mainly due to higher sales and improved store profitability with continuing soaring raw material prices, etc. Also, occupancy expenses for franchised restaurants increased 0.4 percentage points mainly due to larger depreciation expenses and a decrease in gains on the sale of restaurant operations business.

#### (Breakdown of Cost of Sales)

(Unit: Million Yen)

|                                                | Year ended<br>December 31, 2022 |       | Year ended<br>December 31, 2023 |       | Year-on-year change |        |
|------------------------------------------------|---------------------------------|-------|---------------------------------|-------|---------------------|--------|
|                                                | Amount                          | %     | Amount                          | %     | Amount              | %      |
| Company-operated restaurant's<br>cost of sales | 217,887                         | 91.6% | 234,367                         | 90.2% | 16,480              | (1.4)% |
| (Breakdown)                                    |                                 |       |                                 |       |                     |        |
| Raw material                                   | 94,130                          | 39.6% | 98,877                          | 38.1% | 4,746               | (1.5)% |
| Labor                                          | 63,862                          | 26.9% | 68,884                          | 26.5% | 5,021               | (0.3)% |
| Other                                          | 59,894                          | 25.2% | 66,606                          | 25.6% | 6,712               | 0.5%   |
| Franchise restaurants-occupancy<br>expenses    | 70,082                          | 61.2% | 75,330                          | 61.6% | 5,247               | 0.4%   |
| Total                                          | 287,969                         | 81.7% | 309,698                         | 81.1% | 21,728              | (0.7)% |

<Selling, General and Administrative Expenses>

Regarding selling, general and administrative expenses, we made investments for further growth. Net sales ratio dropped 0.4 percentage points due to an increase in net sales and optimization of general and administrative expenses.

(Breakdown of Selling, General and Administrative Expenses)

(Unit: Million Yen)

|             | Year ended<br>December 31, 2022            |        | Year ended<br>December 31, 2023 |        | Year-on-year change |     |        |
|-------------|--------------------------------------------|--------|---------------------------------|--------|---------------------|-----|--------|
|             | Amount                                     | %      | Amount                          | %      | Amount              | %   |        |
|             | Selling, general & administrative expenses | 30,523 | 8.7%                            | 31,413 | 8.2%                | 890 | (0.4)% |
| (Breakdown) |                                            |        |                                 |        |                     |     |        |
|             | Advertising & selling                      | 7,723  | 2.2%                            | 8,385  | 2.2%                | 662 | 0.0%   |
|             | Other                                      | 22,799 | 6.5%                            | 23,028 | 6.0%                | 228 | (0.4)% |

<Operating Income and Ordinary Income>

Operating income was 40,877 million yen (a 7,069 million yen increase from the same period last year), Ordinary income was 40,734 million yen (a 7,921 million yen increase from the same period last year), reflecting sales increase.

<Net Income Attributable to Owners of the Parent>

Net income attributable to owners of the parent was 25,163 million yen (a 5,225 million yen increase from the same period last year) after 13,605 million yen of tax provision due to 40,734 million yen of ordinary income, plus special loss of 2,042 million yen for impairment loss, loss on disposals of non-current assets and loss on sales of non-current assets.

(\*).1. Same-store sales are the total sales of restaurants operating for 13 months or longer.

2. System-wide sales are the combined net sales of company-operated and franchised restaurants; the amount does not equal to net sales presented in the consolidated statements of income.

**(2) Investment activities**

During the fiscal year ended December 2023, we took a flexible approach in reviewing the allocation of funds among new openings, remodel and rebuild and continuing to invest for business growth.

| (Millions of yen)             | Restaurants | Offices | Total  |
|-------------------------------|-------------|---------|--------|
| Buildings and structures      | 19,708      | 79      | 19,788 |
| Machinery and equipment       | 6,750       | 29      | 6,780  |
| Tools, furniture and fixtures | 3,365       | 163     | 3,529  |
| Land                          | 2,410       | -       | 2,410  |
| Lease assets                  | 144         | -       | 144    |
| Software                      | -           | 1,547   | 1,547  |
| Total                         | 32,381      | 1,819   | 34,201 |

**(3) Funding of McDonald's Japan Group**

During the current consolidated fiscal year, the Company did not raise specific funding.

**(4) Acquisition or disposition of other company's share and share warrant**

Not applicable.

## 2. Business Results and Financial Standing of McDonald's Japan Group

(Millions of yen, except for per share information)

|                            | 2020     | 2021     | 2022     | 2023     |
|----------------------------|----------|----------|----------|----------|
| System-wide sales          | 589,228  | 652,047  | 717,589  | 777,752  |
| Revenues                   | 288,332  | 317,695  | 352,300  | 381,989  |
| Operating income           | 31,290   | 34,518   | 33,807   | 40,877   |
| Ordinary income            | 31,425   | 33,618   | 32,813   | 40,734   |
| Net income                 | 20,186   | 23,945   | 19,937   | 25,163   |
| Net income per share (Yen) | 151.83   | 180.10   | 149.96   | 189.26   |
| Total assets               | 232,984  | 260,113  | 277,365  | 311,393  |
| Net assets                 | 175,081  | 194,222  | 206,724  | 226,673  |
| Net assets per share (Yen) | 1,316.81 | 1,460.77 | 1,554.80 | 1,704.84 |

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the previous fiscal year, and the figures for the previous fiscal year are the indicators after the application of the said accounting standard and others.

## 3. Significant parent company and subsidiaries

### (1) Relationship with parent company

Not applicable.

### (2) Significant subsidiaries

|                                  | Capital<br>(Millions of yen) | Voting rights<br>percentage of<br>the Company | Principal business   |
|----------------------------------|------------------------------|-----------------------------------------------|----------------------|
| McDonald's Company (Japan), Ltd. | 100                          | 100%                                          | Hamburger restaurant |

## 4. Issues to be addressed

We will focus on the three pillars of the medium-term management plan, "Brand," "Menu and Value," and "Restaurant, Digital and People" for future growth. Please refer to "I. Condition of the Company group 1. Overview of business results for the term (1) Business Progress and Results <Three Strategic Pillars of the Medium-term Management plan>" for the challenges to these three pillars and how they are being addressed.

In the business environment surrounding our group business, there have been prolonged impacts of soaring raw material prices, rising labor cost, real property rents, and currency exchange fluctuations amid continuous changes in customers' behaviors and expectations. Our group will continue to strive for higher customers satisfaction through QSC improvement and the provision of convenient services and also to invest in sustainable growth in order to increase our corporate value.

## 5. Business Results and Financial Standing (as of December 31, 2023)

The principal business of the McDonald's Japan group is the hamburger restaurant business with both company-operated restaurants and franchised restaurants. The trends in sales are shown as below.

| (Millions of yen)            | 2020    | 2021    | 2022    | 2023    |
|------------------------------|---------|---------|---------|---------|
| Company-operated restaurants | 193,109 | 214,249 | 238,131 | 260,103 |
| Franchised restaurants       | 396,118 | 437,798 | 479,458 | 517,649 |
| System-wide sales            | 589,228 | 652,047 | 717,589 | 777,752 |

## 6. Office and Restaurant information (as of December 31, 2023)

### (1) Main Office:

|                                                        |                                 |
|--------------------------------------------------------|---------------------------------|
| McDonald's Holdings Company (Japan), Ltd.: the Company | Head office: Shinjuku-ku, Tokyo |
| (Subsidiaries)                                         |                                 |
| McDonald's Company (Japan), Ltd.: subsidiary           | Head office: Shinjuku-ku, Tokyo |

**(2) Number of restaurants:**

|                              | 2022  | 2023  | Increase<br>(Decrease) |
|------------------------------|-------|-------|------------------------|
| Company-operated restaurants | 859   | 878   | 19                     |
| Franchised restaurants       | 2,108 | 2,104 | (4)                    |
| Total                        | 2,967 | 2,982 | 15                     |

|                                                  |      |
|--------------------------------------------------|------|
| Number of restaurants opened in the current term | 86   |
| Number of restaurants closed in the current term | (71) |
| Net increase                                     | 15   |

**7. Condition of the Company's employees (as of December 31, 2023)****(1) Headcounts for McDonald's Japan Group**

|              | Number        | Year-on-year increase (decrease) |
|--------------|---------------|----------------------------------|
| Restaurants  | 1,940[15,832] | 72 [510]                         |
| Headquarters | 626 [47]      | 19 [0]                           |
| Total        | 2,566[15,879] | 91 [510]                         |

Note:

The number of employees does not include part-time and temporary staff; the number of part-time and temporary staff is shown in parentheses (yearly average number).

The number of employees does not include employees seconded to other companies or dispatched to overseas (2) , employees on leave (74) , and advisors (2) .

**(2) Condition of the Company's employees**

There are no employees in the Company as of December 31, 2023.

Note:

The Company is a holdings company and its administrative/accounting work is outsourced to McDonald's Company (Japan), Ltd.

**8. Principal Lenders (as of December 31, 2023)**

Not applicable.

**9. Other material issues for the Group**

Not applicable.

## II. Status of the Company

### 1. Status of Share (as of December 31, 2023)

|                                                                    |                    |
|--------------------------------------------------------------------|--------------------|
| (1) Total number of shares authorized to be issued by the Company: | 480,840,000 shares |
| (2) Total number of shares issued:                                 | 132,960,000 shares |
| (3) Number of shareholders:                                        | 344,953            |
| (4) Stock trading unit:                                            | 100                |
| (5) Major shareholders (Top 10)                                    |                    |

| Name                                                    | Company ownership by shareholders |                                   |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                         | Number of shares owned (hundreds) | Percentage of total shares issued |
| MCDONALD'S RESTAURANTS OF CANADA LIMITED                | 335,750                           | 25.25                             |
| MCD APMEA SINGAPORE INVESTMENTS PTE.LTD.                | 133,850                           | 10.07                             |
| STATE STREET BANK WEST CLIENT - TREATY 505234           | 22,019                            | 1.66                              |
| THE MASTER TRUST BANK OF JAPAN, LTD. (ACCOUNT IN TRUST) | 14,721                            | 1.11                              |
| BNYM AS AGT/CLTS NON TREATY JASDEC                      | 11,044                            | 0.83                              |
| CUSTODY BANK OF JAPAN, LTD. (ACCOUNT IN TRUST)          | 9,082                             | 0.68                              |
| MCDONALD'S GROUP STOCKS SOCIETY                         | 7,168                             | 0.54                              |
| STATE STREET BANK AND TRUST COMPANY 505103              | 6,541                             | 0.49                              |
| JP MORGAN CHASE BANK 385794                             | 6,364                             | 0.48                              |
| SMBC NIKKO SECURITIES INC.                              | 5,317                             | 0.40                              |

#### Notes:

1. Percentage of total shares issued is calculated by deducting treasury stocks (1,096 shares) .
  2. Number of shares owned less than 100 are rounded down and percentage of total shares issued are rounded to the third decimal place.
- (6) Status of shares allotted to Directors or Audit & Supervisory Board Members of the Company as remuneration for the execution of their duties during the fiscal year  
Not applicable.

### 2. Status of share warrant

Not applicable.

### 3. Matter concerning Directors and Audit & Supervisory Board Members of the Company

#### (1) Status of Directors and Audit & Supervisory Board Members (as of December 31, 2023)

| Position in the Company                    | Name              | Position in the Subsidiary and status of significant concurrent position in other entities                                                                                                                                                                                        |
|--------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative Director, Chairperson       | Sarah L. Casanova | Representative Director, Chairperson, McDonald's Company (Japan), Ltd<br>Outside Director, MITSUI & CO., LTD                                                                                                                                                                      |
| Representative Director, President and CEO | Tamotsu Hiiro     | Representative Director, President and CEO, McDonald's Company (Japan), Ltd<br>Deputy Chairmanship, the Japan Association of Corporate Executives (Keizai Doyu Kai)                                                                                                               |
| Director                                   | Fusako Znaiden    | Director, Senior Vice President and CMO, McDonald's Company (Japan), Ltd<br>Part-time Director, Orion Breweries, Ltd<br>STEM Girls Ambassadors                                                                                                                                    |
| Director                                   | Arosha Wijemuni   | Vice President, Business Unit Lead Middle East & Africa, McDonald's Middle East Development Co. Ltd                                                                                                                                                                               |
| Director                                   | Jo Sempels        | Senior Vice President and President International Developmental Licensed Markets, and Senior Leadership Team, McDonald's Corporation<br>Director, Grand Foods Holdings Limited                                                                                                    |
| Director                                   | Andrew Gregory    | Senior Vice President, Global Franchising & Development Officer, McDonald's Corporation                                                                                                                                                                                           |
| Director                                   | Akira Kawamura    | Of Counsel, Lawyer, Anderson Mori & Tomotsune<br>Disciplinary Tribunal Committee Member, World Athletics<br>Adviser, Japan Association of Arbitrators                                                                                                                             |
| Director                                   | Masataka Ueda     | Director, the Board Director Training Institute of Japan, Public Interest Incorporated Association<br>Adviser, Scala, Inc<br>Outside Director, Higashi-Nippon Bank, Ltd<br>Senior Director, Japan Golf Tour Organization<br>Chairperson, the specified nonprofit organization FTJ |
| Director                                   | Tetsu Takahashi   | Representative Lawyer, ITN Law Office<br>Outside Director (Audit & Supervisory Committee Member), Nomura Real Estate Holdings, Inc                                                                                                                                                |
| Director                                   | Yuko Tashiro      | Director, Chairperson of the Board, Accordia Golf Co., Ltd<br>Outside Director, Yamaha Motor Co., Ltd<br>Director, NPO Mirai Kaihatsu Kenkyujo<br>Director, the specified nonprofit organization FTJ                                                                              |

| Position in the Company                    | Name            | Position in the Subsidiary and status of significant concurrent position in other entities |
|--------------------------------------------|-----------------|--------------------------------------------------------------------------------------------|
| Full-time Audit & Supervisory Board Member | Takaaki Ishii   | Full-time Statutory Auditor, McDonald's Company (Japan), Ltd                               |
| Audit & Supervisory Board Member           | Ellen Caya      | Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation |
| Audit & Supervisory Board Member           | Yoshiyuki Honda | Representative Executive Officer and CFO, Sumida Corporation                               |
| Audit & Supervisory Board Member           | Makiko Hamabe   | Representative, Makiko Hamabe Office<br>Outside Director, Otsuka Corporation               |

Notes:

1. Mr. Jo Sempels, Mr. Andrew Gregory, Mr. Akira Kawamura, Mr. Masataka Ueda, Mr. Tetsu Takahashi and Ms. Yuko Tashiro are Outside Directors.
2. Ms. Ellen Caya, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe are Outside Audit & Supervisory Board Members.
3. The Company has registered Outside Directors, Mr. Akira Kawamura, Mr. Masataka Ueda, Mr. Tetsu Takahashi and Ms. Yuko Tashiro and Outside Audit & Supervisory Board Members, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe as independent officers at the Tokyo Stock Exchange.  
Outside Audit & Supervisory Board Members, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe are independent auditors stipulated by the Tokyo Stock Exchange.
4. Full-time Audit & Supervisory Board Member, Mr. Takaaki Ishii has many years of experience in finance at the Company and its subsidiary and considerable financial and accounting knowledge.
5. Audit & Supervisory Board Member, Ms. Ellen Caya has taken charge of internal audit for many years in McDonald's Corporation, an American corporation, and in other companies and has considerable auditing, corporate governance and accounting knowledge.
6. Audit & Supervisory Board Member, Mr. Yoshiyuki Honda, a Certified Public Accountant in Japan and US, has many years of experience as a head of finance and executive of many private companies, and has considerable financial and accounting knowledge.
7. Audit & Supervisory Board Member, Ms. Makiko Hamabe has been engaged in corporate communications and investor relations at several companies for many years and has considerable knowledge of stakeholder dialogue and ESG and sustainability issues.
8. At the conclusion of the 52nd Annual General Meeting of Shareholders held on March 28, 2023, Ms. Yuko Tashiro retired from the position of Audit & Supervisory Board Member due to resignation and was newly appointed as Director.
9. At the conclusion of the 52nd Annual General Meeting of Shareholders held on March 28, 2023, Mr. Robert D. Larson retired from the position of Director due to the expiration of his term of office.



## (2) Overview of liability limitation contract

Based on the Articles of Association of the Company and Paragraph 1, Article 427 of the Companies Act, the Company entered into a contract with Director Mr. Arosha Wijemuni, Outside Director Mr. Jo Sempels, Outside Director Mr. Andrew Gregory, Outside Director Mr. Akira Kawamura, Outside Director Mr. Masataka Ueda, Outside Director Mr. Tetsu Takahashi, Outside Director Ms. Yuko Tashiro, Full-time Audit & Supervisory Board Member Mr. Takaaki Ishii, Outside Audit & Supervisory Board Member Ms. Ellen Caya, Outside Audit & Supervisory Board Member Mr. Yoshiyuki Honda and Outside Audit & Supervisory Board Member Ms. Makiko Hamabe to limit their liability for damages pursuant to Paragraph 1, Article 423 of the Companies Act to the extent of the amount set forth in the law.

## (3) Overview of Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers Liability Insurance Agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming the Directors, Audit & Supervisory Board Members and officers of the Company and its subsidiaries (hereinafter collectively referred to as "Officers" in this item) as insureds. The insurance contract covers legal damages and litigation expenses in the event of a claim for damages arising from an act (including an omission) committed by the insured as Officers of the Company. However, in the event of willful negligence of duty, illegal provision of profits or favors, or criminal acts, the insurance contract does not cover such claims, so that the appropriateness of the execution of duties by Officers are not impaired. The Company bears all insurance premiums.

## (4) Remunerations for Directors and Audit & Supervisory Board Members

| Position                                                 | Number    | Amount                              |
|----------------------------------------------------------|-----------|-------------------------------------|
| Director<br>(Outside members)                            | 9<br>(4)  | 423 million yen<br>(39 million yen) |
| Audit & Supervisory<br>Board Member<br>(Outside members) | 4<br>(3)  | 40 million yen<br>(19 million yen)  |
| Total<br>(Outside members)                               | 13<br>(7) | 463 million yen<br>(59 million yen) |

### Notes:

1. The above excludes director and auditor who serves without remuneration.
2. The amount for directors excludes the portion of compensation as an employee for those who serve concurrently as an employee and remuneration for directors paid by a subsidiary of the Company of which the Directors concurrently hold the office of director.
3. As per the resolution adopted at the 47th annual general shareholders' meeting held on March 28, 2018, the amount of remuneration limit to be paid to directors is 1,200 million yen per year (including 60 million yen for outside directors, but excluding the portion of compensation as an employee and remuneration for directors paid by a subsidiary of the Company of which the directors concurrently hold the office of director) The number of eligible directors as of the close of this General Meeting of Shareholders is 8, including 2 outside directors.
4. The Company set up directors' remuneration based on the limitation of Article 361-1 of the The Companies Act of Japan: monthly remuneration, stock-price-linked remuneration, business-performance-linked remuneration and retirement benefits.
5. The main performance indicator for performance-based remuneration is consolidated ordinary income for the fiscal year, while indicators such as business enhancement measures for each fiscal year are set as supplementary indicators. This is because the Company Group believes that consolidated ordinary income will continue to have unshakeable importance as an indicator that most clearly shows the status of the Group's corporate activities and as a source of funds for investment in growth and shareholder returns. Please refer to "I. Condition of the Company group 2. Business Results and Financial Standing of McDonald's Japan Group" for consolidated ordinary income for the current fiscal year.
6. The above amounts include the following:
  - Director's remuneration (stock-price-linked): 143 million yen (143 million yen for 9 directors);
  - Director's remuneration (business-performance-linked): 60 million yen (60 million yen for 9 directors)

- Provision of reserve for retirement benefits for directors: 55 million yen (53 million yen for 9 directors and 2 million yen for 4 auditors)
- 7. As per the resolution adopted at the 46th annual general shareholders' meeting held on March 24, 2017, the amount of remuneration to be paid to Audit & Supervisory Board Members is limited to 50 million yen per year. The number of eligible Audit & Supervisory Board Members as of the close of this General Meeting of Shareholders is 4.
- 8. Audit & Supervisory Board Member's remuneration consists of monthly remuneration and retirement benefits for auditors based on Article 387 of the The Companies Act of Japan.
- 9. The above amounts include the retirement benefit for officers paid to retired directors.

**(5) Policy for determining the content of remuneration for Directors**

The Board of Directors resolves the policy for determining the content of remuneration for each Director.

Also, the Board of Directors has determined that the individual remuneration of Directors for the fiscal year is in line with the policy, as the content of the remuneration determined is consistent with the policy and the decision was made by the Compensation Committee chaired by an Independent Outside Director.

The details of the policy for determining the content of remuneration for Directors are as follows.

1. Basic policy

Compensation for board members of the Company shall be linked to the company's business performance so as to function sufficiently as an incentive for sustainable enhancement of corporate value. The basic policy is as follows.

- To determine compensation of individual members at a level that is appropriate in light of their respective responsibilities and competitive in comparison with other companies in the same industry and companies of the same size in other industries.

- While developing excellent talents within the Company, compensation level is set at competitive and effective level which enables to attract diverse outstanding talents as board members from in and out of the country.

Specifically, compensation for executive Directors shall consist of basic compensation and retirement allowance as fixed compensation and performance-based compensation including stock price linked compensation, etc. Outside board members who are responsible for supervisory functions shall be paid basic compensation and retirement allowance in consideration of their duties.

2. Policy to determine the compensation amount, etc. for each individual as basic

compensation (including policies to determine the timing or conditions for offering compensation, etc.)

Basic compensation (monetary) for board members of the Company shall be fixed monthly compensation which shall be determined in accordance with their roles, responsibilities, years of service and other factors, taking into consideration the level of other companies, business performance of the Company, the level of employee salaries and evaluations in a comprehensive manner. The basic compensation shall be paid at a fixed time every month, and no special conditions shall be set for payment.

The standard for retirement allowance is regulated by retirement allowance regulations based on compensation, period, title, and contributions as a board member. It will be determined and paid at the time of retirement based on the regulations.

3. Policy to determine details of performance-based compensation, etc. and the method for calculating the amount (including policies to determine the timing or conditions for offering compensation, etc.)

Performance-based compensation, etc. consists of (i) compensation reflecting performance indicators (KPI) to raise awareness towards the improvement of business performance for each fiscal year and (ii) compensation using a pseudo-share format of the Company's shares to raise awareness towards the improvement of corporate value over the medium-to-long term. (i) The amount calculated in accordance with the degree of achievement against the target value and evaluations shall be paid at a certain time every year. Target performance indicators and their values shall be set so that they are consistent with the targets for the relevant fiscal year. (ii) The number of pseudo-shares determined in accordance with the roles, responsibilities and evaluations shall be granted at a certain time each year. When exercising the right, the amount calculated in accordance with the company's stock price shall be paid as monetary compensation at the time rights are exercised.

4. Policy to determine the ratio of the amount of monetary compensation or the amount of performance-based compensation, etc. to the amount of compensation, etc., of individual board members

The ratio of compensation for each type of executive Director shall be determined within the range of the following percentage table based on the level of compensation benchmarked against companies of a similar business scale or in a related industry or business category, and shall be composed by comprehensively taking into account the role and responsibilities of each individual by the Compensation Committee.

Table of percentages for each role (When each individual's basic compensation is set at 100)

|                         | Basic compensation | Performance-based compensation<br>(1) Single year | Performance-based compensation<br>(2) Medium- to long-term |
|-------------------------|--------------------|---------------------------------------------------|------------------------------------------------------------|
| Representative Director | 100                | 40-80                                             | 20-100                                                     |
| Inside Director         | 100                | 30-70                                             | 15-100                                                     |
| Outside Director        | 100                | 0                                                 | 0                                                          |

Notes:

1. The ratio of performance-based compensation ( (1) and (2) ) is when the target is 100% achieved (the standard amount is applied).
2. Even within the same job title, the percentage of compensation by type will be determined for each individual.
3. When the Compensation Committee decides that there is a reasonable grounds, performance based compensation can be granted exceeding the above.
4. Percentage will not be set for the amount of retirement allowance.

5. Matters relating to the determining of details of individual compensation, etc. of board members

The amount of compensation for each individual (including retirement allowance) shall be determined by the Compensation Committee in accordance with the above policy based on the delegation from the Board of Directors.

6. Matters relating to the Compensation Committee, which is delegated the task of determining the details of individual compensation for Directors

The Compensation Committee consists of six members: Ms. Sarah L. Casanova, Representative Director and Chairperson; Mr. Andrew Gregory, Outside Director; Mr. Akira Kawamura, Outside Director; Mr. Masataka Ueda, Outside Director; Mr. Tetsu Takahashi, Outside Director, and Ms. Yuko Tashiro, Outside Director.

The Committee is chaired by Mr. Akira Kawamura, Outside Director.

The reason for delegating the decision to the Compensation Committee is that the Board of Directors judged that the Compensation Committee is suitable to evaluate the duties of each Director, taking into consideration the Company's overall performance and other factors, while ensuring the transparency and objectivity of the procedures for determining individual compensation etc.

**(6) Matters for Outside Directors and Outside Audit & Supervisory Board Members**

**(a) Holding significant concurrent position in other entity and relationship with the Company**

| Position                                 | Name            | Name of other entity                                                                     | Position in other entity                                                                                     | Relationship with the Company                                         |
|------------------------------------------|-----------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Outside Director                         | Jo Sempels      | McDonald's Corporation                                                                   | Senior Vice President and President International Developmental Licensed Markets, and Senior Leadership Team | Licensor of consolidated subsidiary, McDonald's Company (Japan), Ltd. |
|                                          |                 | Grand Foods Holdings Limited                                                             | Director                                                                                                     | None in particular                                                    |
| Outside Director                         | Andrew Gregory  | McDonald's Corporation                                                                   | Senior Vice President, Global Franchising & Development Officer                                              | Licensor of consolidated subsidiary, McDonald's Company (Japan), Ltd. |
| Outside Director                         | Akira Kawamura  | Anderson Mori & Tomotsune                                                                | Of Counsel, Lawyer                                                                                           | None in particular                                                    |
|                                          |                 | World Athletics                                                                          | Disciplinary Tribunal Committee Member                                                                       |                                                                       |
|                                          |                 | Japan Association of Arbitrators (JAA)                                                   | Advisor                                                                                                      |                                                                       |
| Outside Director                         | Masataka Ueda   | The Board Director Training Institute of Japan, Public Interest Incorporated Association | Director                                                                                                     | None in particular                                                    |
|                                          |                 | Scala, Inc.                                                                              | Advisor                                                                                                      |                                                                       |
|                                          |                 | Higashi-Nippon Bank, Ltd.                                                                | Outside Director                                                                                             |                                                                       |
|                                          |                 | Japan Golf Tour Organization                                                             | Senior Director                                                                                              |                                                                       |
| Outside Director                         | Tetsu Takahashi | ITN Law Office,                                                                          | Representative Lawyer                                                                                        | None in particular                                                    |
|                                          |                 | Nomura Real Estate Holdings, Inc.                                                        | Outside Director (Audit & Supervisory Committee Member)                                                      |                                                                       |
| Outside Director                         | Yuko Tashiro    | Accordia Golf Co., Ltd.                                                                  | Director, Chairperson of the Board                                                                           | None in particular                                                    |
|                                          |                 | Yamaha Motor Co., Ltd                                                                    | Outside Director                                                                                             |                                                                       |
|                                          |                 | NPO Mirai Kaihatsu Kenkyujo                                                              | Director                                                                                                     |                                                                       |
|                                          |                 | The specified nonprofit organization FTJ                                                 | Director                                                                                                     |                                                                       |
| Outside Audit & Supervisory Board Member | Ellen Caya      | McDonald's Corporation                                                                   | Vice President, Internal Audit and Controls, Chief Audit Executive                                           | Licensor of consolidated subsidiary, McDonald's Company (Japan), Ltd. |
| Outside Audit & Supervisory Board Member | Yoshiyuki Honda | Sumida Corporation                                                                       | Representative Executive Officer and CFO                                                                     | None in particular                                                    |
| Outside Audit & Supervisory Board Member | Makiko Hamabe   | Makiko Hamabe Office                                                                     | Representative                                                                                               | None in particular                                                    |
|                                          |                 | Otsuka Corporation                                                                       | Outside Director                                                                                             |                                                                       |

(b) Major activities during the fiscal year

● Attendance at Board of Directors meeting and Audit & Supervisory Board meeting

|                                                      | Board of Directors meeting<br>(Total: 13 times) |            | Audit & Supervisory Board meeting<br>(Total: 12 times) |            |
|------------------------------------------------------|-------------------------------------------------|------------|--------------------------------------------------------|------------|
|                                                      | # of Attendance                                 | Percentage | # of Attendance                                        | Percentage |
| Director, Jo Sempels                                 | 8                                               | 61.5%      | —                                                      | —          |
| Director, Andrew Gregory                             | 9                                               | 90%        | —                                                      | —          |
| Director, Akira Kawamura                             | 13                                              | 100%       | —                                                      | —          |
| Director, Masataka Ueda                              | 13                                              | 100%       | —                                                      | —          |
| Director, Tetsu Takahashi                            | 13                                              | 100%       | —                                                      | —          |
| Director, Yuko Tashiro                               | 10                                              | 100%       | —                                                      | —          |
| Audit & Supervisory Board<br>Member, Ellen Caya      | 11                                              | 84.6%      | 10                                                     | 83.3%      |
| Audit & Supervisory Board<br>Member, Yoshiyuki Honda | 13                                              | 100%       | 12                                                     | 100%       |
| Audit & Supervisory Board<br>Member, Makiko Hamabe   | 10                                              | 100%       | 8                                                      | 100%       |

Note:

1. Mr. Andrew Gregory was elected and assumed the position of Director at the 52nd Annual General Meeting of Shareholders held on March 28, 2023, and therefore was not obliged to attend the Board of Directors meetings (3 meetings) prior to his appointment.
2. Ms. Yuko Tashiro resigned from Audit & Supervisory Board Member and was elected and assumed the position of Director at the 52nd Annual General Meeting of Shareholders held on March 28, 2023. During her term of office as Audit & Supervisory Board Member, she attended all of the Board of Directors meetings (3 meetings) and all of the Audit & Supervisory Board meetings (4 meetings).
3. Ms. Makiko Hamabe was elected and assumed the position of Audit & Supervisory Board Member at the 52nd Annual General Meeting of Shareholders held on March 28, 2023, and therefore was not obliged to attend the Board of Directors meetings (3 meetings) and Audit & Supervisory Board meetings (4 meeting) prior to her appointment.

- Major activities of Outside Director

| Name            | Major activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jo Sempels      | At the meetings of the Board of Directors, he has made comments from an objective perspective based on his extensive experience and insight as a manager. In particular, he provided a number of useful advice and suggestions on McDonald's business, based on his overseas experience, etc., and contributed to improving the decision-making function of the Board of Directors and the revitalization of discussions in the Board of Directors meetings.                                                                                               |
| Andrew Gregory  | At the meetings of the Board of Directors, he has made comments from an objective perspective based on his extensive experience and insight as a manager. In particular, he provided a number of useful advice and suggestions on store development and franchising, based on his experience in Japan and overseas, and contributed to improving the decision-making function of the Board of Directors and the revitalization of discussions in the Board of Directors meetings.                                                                          |
| Akira Kawamura  | At the meetings of the Board of Directors, he has made comments from an independent and objective perspective based on his extensive experience and insight in Japan and overseas as a lawyer. In particular, he provided a number of useful advice and suggestions in the areas of corporate legal, compliance and corporate governance, contributing to the improvement of the supervisory and decision-making functions of the Board of Directors and the establishment of a highly transparent governance system.                                      |
| Masataka Ueda   | At the meetings of the Board of Directors, he has made comments from an independent and objective perspective based on his extensive experience and insight as a manager. In particular, he provided a number of useful advice and suggestions in the areas of corporate management, human resources and finance, contributing to the improvement of the supervisory and decision-making functions of the Board of Directors and the revitalization of discussions at Board of Directors meetings.                                                         |
| Tetsu Takahashi | At the meetings of the Board of Directors, he has made comments from an independent and objective perspective based on his extensive experience and insight as a lawyer and outside director. In particular, in the areas of corporate legal, compliance and corporate governance, he provided a number of useful advice and suggestion, contributing to improving the supervisory and decision-making functions of the Board of Directors and the establishment of a highly transparent governance system.                                                |
| Yuko Tashiro    | At the meetings of the Board of Directors, she made comments from an independent and objective perspective based on her extensive experience and insight as a U.S. certified public accountant and a business manager. In particular, she provided many useful advice and suggestions based on her experience and knowledge from the perspective of a business manager and contributed to the improvement of the supervisory and decision-making functions of the Board of Directors and the revitalization of discussions at Board of Directors meetings. |

● Major activities of Outside Audit & Supervisory Board Member

| Name            | Major activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ellen Caya      | At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments based on her extensive experience in auditing operations and her rich insight on McDonald's business and auditing operations. In particular, she provided a number of useful advice and suggestions regarding auditing in general, based on her experience at McDonald's overseas, and contributed to the implementation of effective operational and accounting audits.                                            |
| Yoshiyuki Honda | At the meetings of the Board of Directors and the Audit & Supervisory Board, he made comments from an independent and objective perspective based on his extensive experience and insight as a Japanese and U.S. certified public accountant and business manager. In particular, from the perspective of CFO of a listed company, he provided a number of useful advice and suggestions, mainly in the field of accounting, and contributed to the implementation of effective operational and accounting audits. |
| Makiko Hamabe   | At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments based on her extensive experience in investor relations and ESG and sustainability issues. In particular, she provided a number of useful advice and suggestions based on her experience and knowledge and the viewpoints of various stakeholders and contributed to the implementation of effective operational and accounting audits.                                                                             |

(c) Amount of remuneration, etc. received from subsidiaries of the Company  
Not applicable.

**4. Fees for Independent Auditors**

**(1) Name of public accounting firm**

Ernst & Young ShinNihon LLC.

**(2) Audit fee**

| (Millions of yen)                                                          | Amount          |
|----------------------------------------------------------------------------|-----------------|
| Audit fee in pursuant to Article 2-1of the Certified Public Accountant Law | 131 million yen |
| Total audit fee incurred by the Company and its consolidated subsidiaries. | 146 million yen |

Note:

- 1 The Board of Audit & Supervisory Board Members, based upon the Practical Guidelines for Cooperation with Financial Auditors released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from accounting-related departments and the financial auditor regarding auditing performance in the previous fiscal year, conducts confirmation of auditing time and staff allocation plans concerning the auditing plans of the financial auditor, the status of execution of duties by the financial auditor, the grounds for calculation of compensation estimates and other matters, and having investigated these, gives consent to compensation, etc. for the financial auditor in accordance with Article 399, Paragraph 1 of the Companies Act.
- 2 Since the audit agreement between the Company and the independent auditor does not specify respective remuneration amounts for auditing under the Corporate Law of Japan and auditing under the Securities and Exchange Law, it is hardly practicable to do so, the above payment to show the total of such remuneration amounts.

**(3) Non-audit services**

Not applicable.



#### **(4) Dismissal and rejection of reappointment for Accounting Auditor**

When any one of the matters prescribed in the items in Article 340, Paragraph 1 of the Companies Act has occurred with respect to the Accounting Auditor, the Board of Audit & Supervisory Board Members will remove the Accounting Auditor by a unanimous resolution. In such case, the Audit & Supervisory Board Members designated by the Board of Auditors shall report to the General Meeting of Shareholders to be first held after the removal of the Accounting Auditor on such removal and the reason thereof.

The Board of Audit & Supervisory Board Members will make a comprehensive judgment regarding the performance of the Accounting Auditor. When Audit & Supervisory Board Members recognizes that it is not possible to ensure the appropriateness and reliability of accounting audits, it will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the removal or nonrenewal of appointment of the Accounting Auditor.

In addition, when the Board of Directors determines that there is an obstacle to the execution of duties by the Accounting Auditor or when otherwise it deems necessary, it will request the Board of Audit & Supervisory Board Members to include the removal or nonrenewal of appointment of the Accounting Auditor in the agenda for the General Meeting of Shareholders. The Audit & Supervisory Board will then judge the appropriateness of the request and determine the content of an agenda to be proposed to the General Meeting of Shareholders.

#### **5. Systems to ensure appropriateness of the operations**

Systems of the Company Group to ensure Directors' operations are performed appropriately in accordance with the laws and regulations and the Articles of Association of the Company are as follows:

##### **(1) System for preservation and management of information relating to the execution of duties by Directors**

- (a) Minutes of meetings of the Board of Directors and minutes of general shareholders' meetings, financial documents and business reports, minutes of meetings of the Executive Management Team (hereinafter referred to as "EMT") of the consolidated subsidiary, records of preliminary examination and approval based on Delegation of Authority Guidelines, minutes of meetings of the Audit and Supervisory Board, documents relating to activities of Audit and Supervisory Board members, and other documents designated by the Board of Directors and Audit and Supervisory Board (including those in an electromagnetic form) shall be preserved and managed for 10 years together with their pertinent materials.
- (b) The "Document Preservation and Management Rules" shall be developed to prescribe periods and methods to preserve documents regarding performance of operations according to the importance of documents. All employees must be familiarized with the rules and each division shall establish its daily document management criteria and implement necessary training and education regarding the rules and criteria.

##### **(2) Rules and Other Systems for Management of Risks of Losses**

- (a) The Enterprise Risk Management Committee is responsible for securing risk management in accordance with Enterprise Risk Management Committee Regulations, which stipulate the details of risk management for the Company Group, and a member or members in charge of compliance and risk management in each division shall ensure risk management, including the development and implementation of action plans in the division. To assure preliminary risk assessment procedures will be conducted properly, the Delegation of Authority Guidelines shall specify whether preliminary assessment of individual departments or EMT is needed and all employees shall receive education and training on the guidelines to ensure their sufficient understanding of the guidelines.
- (b) An internal auditing department shall be established as a function independent from business execution departments to audit business processes in individual departments for risk identification and prevention as well as for business process improvement.
- (c) When necessary, an emergency task force shall be formed with a necessary number of members to address and deal with massive such risks as casualties, disasters and scandals. Risks that should be addressed by and specific tasks and authorities of the task force shall be defined in Crisis Management Regulations and Large-Scale Disaster Response Headquarters Regulations.



(d) According to Crisis Management Regulations , considering the nature of the Company’s business, the Company shall (1) enhance the reporting system to the management by setting up the Emergency Hotline in accordance with Emergency Hotline Regulations to establish the risk management system to deal with emergencies in restaurants and (2) specifically set forth the roles of each department for each accident level and the methods how to deal with the accident by setting “the Rules on Emergency Level Management and Stock Recovery of Restaurant Commodities and Products” with regard to the methods how to deal with emergencies in restaurants.

**(3) System to Ensure the Efficiency of Directors in the Execution of their Duties**

The “Rules for the Board of Directors” and “Detailed Regulations for the Board of Directors” shall define the matters to be resolved and to be reported at meetings of the Board of Directors. Each member of the Board shall ensure appropriate allocation of authorities and proper decision making in accordance with the “Rules on Segregation of Duties” and “Delegation of Authority Guidelines” for efficient and proper performance of his/her duties. Each member of the Board shall also make proposals as needed to the Board and the Representative Director in order to establish the system to assure efficient reporting to the Board of Directors concerning the decision of the Company’s managerial policies, consideration and decision of important matters, and the enhancement and operation of the Company’s compliance system and risk management system.

**(4) System to Ensure that the Directors and Employees Execute their Duties in Compliance with Laws and Regulations and Articles of Association of the Company**

- (a) The Enterprise Risk Management Committee shall be established with the Representative Director and CEO of the consolidated subsidiary as its chairman and vice president in charge of legal, vice president in charge of human resources, Chief Restaurant Officer (CRO) and Chief Financial Officer (CFO) of consolidated subsidiary company as committee members. The Enterprise Risk Management Committee shall have authority to conduct the surveys and to provide guidance necessary to maintain that the Directors and employees execute their duties in compliance with laws and regulations and the Articles of Association. Authorities and activities of the Enterprise Risk Management Committee shall be specified in the “Enterprise Risk Management Committee Regulations”.
- (b) A handbook of “Standards of Business Conduct” shall be developed to describe compliance in plain language and distributed to all employees. Each employee will be required to submit a written oath to assure their compliance with the standards.
- (c) Training needed to secure compliance shall be provided to Directors, vice presidents, staff members and other relevant employees and contents of training shall be decided depending on their positions and responsibilities.
- (d) The “Delegation of Authority Guidelines” shall be developed to specify approval authorities of Directors and employees concerning performance of operations in the Company Group based on their positions and responsibilities, and to specify the necessity of prior approval of relevant departments or EMT and of resolution or reporting at meetings of the Board of Directors. In addition, the “EMT Rules” shall be formulated to ensure EMT will examine important operating decisions in advance. All employees shall be familiarized with the above guidelines and rules.
- (e) An internal auditing department shall be established as a function independent from business execution departments to find and prevent misconducts and improve business processes.
- (f) The above initiatives shall be actively disclosed to shareholders, investors, and the society as well as to Directors and employees in order to raise their awareness for the compliance system and secure its transparency.

**(5) System to Ensure Appropriateness of Operations in the Group**

To maintain the appropriateness of operations performed in our entire group including the Company, McDonald’s Company (Japan), Ltd. Which is a member of the Company group shall implement procedures to ensure appropriateness of operations, equivalent to those stipulated in the “Internal Control Rules”, and shall maintain a reporting system to ensure that any matter deemed important for maintaining appropriateness of operations is reported to the Company.

**(6) Matters related to Assistants to Audit & Supervisory Board Member Appointed by the Audit & Supervisory Board Member**

The Board of Directors shall appoint employees who have sufficient expertise and knowledge to perform

assistant works for the Audit & Supervisory Board Member as assistant to the Audit & Supervisory Board Member as soon as practically possible upon the request of the Audit & Supervisory Board Member. Directors and employees shall extend equal assistance and cooperation to the assistants in conducting investigation, auditing and other relevant activities to those they would extend to the Audit & Supervisory Board Member.

**(7) Matters related to Securement of Independence of Assistants to Audit & Supervisory Board Member from Board of Directors**

The assistants to the Audit & Supervisory Board Member will not belong to the Board of Directors' chain of command and order and assist the Audit & Supervisory Board Members independently from the Board. Reassignment of and disciplinary actions and other measures against the assistants shall be reported to and approved by Audit & Supervisory Board prior to their implementation.

**(8) System for Directors, Employees and Others to report to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members**

- (a) Internal Auditing, Treasury and Legal Services departments shall immediately report to the Audit & Supervisory Board Members on any violation of laws or regulations or potential serious damages to the Company that they find in performing their duties.
- (b) Directors shall disseminate the reporting obligations described above in the Company.
- (c) In the event that the Enterprise Risk Management Committee is notified of a fact which allegedly violates laws and regulations, corporate ethics, etc., or is likely to cause significant damage to the Company through whistleblower hotline or by any other means, and as a result of the fact-finding investigation such material fact as violate laws and regulations or is likely to cause significant damage to the Company is found, the Enterprise Risk Management Committee shall report such fact to the Audit & Supervisory Board Members.
- (d) Directors and employees must promptly report on their performance of operations upon the request of the Audit & Supervisory Board Members.
- (e) The Audit & Supervisory Board Members will receive a report as needed on audits conducted by the Internal Auditing department and may request additional auditing or improvement of operations or other measures that they determine necessary.

**(9) System to ensure that those who reported to the Audit & Supervisory Board Members do not receive any disadvantageous treatment due to the report**

According to the "Internal Control Regulations", the Company shall not give any disadvantageous treatment to the Group's officer/employee who has reported to the Audit & Supervisory Board Members of the Group on the basis of the fact that such officer/employee has so reported.

**(10) Policy concerning the processing of expenses or debt arising from Performance of Duties of the Audit & Supervisory Board Member**

According to the "Internal Control Regulations", the Company shall quickly process the expense or debt when the Audit & Supervisory Board Member requests for advance payment of expenses arising from its performance of duties.

**(11) Other Procedures to Ensure Effective Auditing by the Audit & Supervisory Board Member**

- (a) The Audit & Supervisory Board may work together with the consolidated subsidiary's Internal Auditing department and the Accounting Auditor in conducting audit. The Full-time Audit & Supervisory Board Member and a person designated by the Full-Time Audit & Supervisory Board Member may attend any meeting that discusses about important operations (regardless of the type of the meeting), express their views and ask for explanation at the meeting.
- (b) The Audit & Supervisory Board Members shall supervise the Accounting Auditor and may receive separate reports on audits conducted by the Accounting Auditor to secure independence of the Accounting Auditor from Directors.
- (c) To maintain the appropriateness of the performance of business of the Group, the Company shall have McDonald's Company (Japan), Ltd., which forms the Company Group, establish the same system for work optimization as the system defined in "Internal Control Regulations", and report to the Company with regard to the matters to be considered important to ensure appropriate performance of the business of the Group. The Internal Control Regulations stipulate that the internal audit department and each division in charge of the consolidated subsidiary can directly report to the Audit & Supervisory Board Members of the Company and the

prohibition of disadvantageous treatments, obligations to cooperate the assistants to the Audit & Supervisory Board Members, and processing of expense arising from the Audit & Supervisory Board Members' performance of duties etc.

#### **6. Summary of the management status of a system to ensure appropriateness of operations**

Based on a basic policy regarding the above system designed to ensure the operations are conducted appropriately, the Company has strived to improve and manage the system properly.

How the system was managed in the fiscal year is summarized below:

##### **(1) Status of Efforts for Appropriate and Efficient Execution of Duties**

The Board of Directors consists of 10 Directors including 6 Outside Directors and 4 Audit & Supervisory Board Members including 3 Outside Audit & Supervisory Board Members also attend the Board meetings. 13 meetings of the Board of Directors were held to discuss important matters including matters prescribed in laws and regulations, the articles of Association of the Company, and other rules, business policies and other subjects from the perspectives of compliance with laws and regulations, the Articles of Association of the Company, and other rules, and exchanged their opinions actively.

12 meetings of Audit & Supervisory Board were held to audit the execution by Directors of their duties and compliance with laws and regulations, the Articles of Association, and other rules.

In addition, the Internal Audit department with independence and expertise periodically reported to and cooperated with the Audit & Supervisory Board Members in investigation, auditing, etc.

By attending Board of Directors' meetings and interviewing the Directors and employees, the Audit & Supervisory Board Members confirmed the status of the Company's internal control system and its operation. They also provided advice to achieve a healthier business structure and more effective management of internal control. The Audit & Supervisory Board Members worked closely with the Accounting Auditor and the Internal Audit Department and exchanged information as appropriate to improve the effectiveness of the audit.

##### **(2) Regulations Concerning the Management of the Internal Control and the Risk of Loss**

The Enterprise Risk Management Committee strived to identify internal risks promptly based on reports provided by telephone, e-mail and letter to the whistle-blower hotline. The committee also provided compliance training to employees through an e-learning system. The theme of the training for FY 2023 was to have participants think about the causes of misconduct and how to prevent it based on familiar examples, and to provide an opportunity to understand the background of misconduct and to be aware of how to act while always thinking about what is right. The program also included the theme of "Speak Up", which means to speak up without hesitation when they find situations that seems inappropriate. 26,256 people including employees and part-time workers of the Company Group and franchisee organizations attended such training course.

#### **7. Basic policy for controlling the Company**

Not applicable.

#### **8. Item about specific wholly owned subsidiary**

Not applicable.

## Consolidated Balance Sheet

As of December 31, 2023

(Millions of yen, with fractional amounts discarded)

| Account                                                   | Amount         | Account                                          | Amount         |
|-----------------------------------------------------------|----------------|--------------------------------------------------|----------------|
| <b>(Assets)</b>                                           |                | <b>(Liabilities)</b>                             |                |
| <b>Current assets</b>                                     |                | <b>Current liabilities</b>                       |                |
| Cash and deposits                                         | 65,240         | Accounts payable-trade                           | 1,694          |
| Accounts receivable-trade                                 | 27,362         | Lease obligations                                | 224            |
| Current portion of long-term deferred accounts receivable | 6,305          | Accounts payable-other                           | 34,570         |
| Raw materials and supplies                                | 1,581          | Accrued expenses                                 | 9,230          |
| Other                                                     | 6,429          | Income taxes payable                             | 9,630          |
| Allowance for doubtful accounts                           | (6)            | Consumption tax payable                          | 3,760          |
| Total current assets                                      | <b>106,913</b> | Contract liabilities                             | 5,021          |
|                                                           |                | Provision for bonuses                            | 2,796          |
| <b>Non-current assets</b>                                 |                | Provision for loss on disposal of inventories    | 4              |
| <b>Property and equipment</b>                             |                | Asset retirement obligations                     | 252            |
| Buildings and structures                                  | 80,940         | Other                                            | 9,838          |
| Machinery and equipment                                   | 15,938         | Total current liabilities                        | <b>77,024</b>  |
| Tools, furniture and fixtures                             | 8,176          | <b>Non-current liabilities</b>                   |                |
| Land                                                      | 23,909         | Lease obligations                                | 168            |
| Lease assets                                              | 304            | Provision for bonuses                            | 205            |
| Construction in progress                                  | 838            | Provision for directors' bonuses                 | 243            |
| Total property and equipment                              | <b>130,108</b> | Provision for director's retirement benefits     | 262            |
| <b>Intangible assets</b>                                  |                | Liabilities for retirement benefits              | 1,300          |
| Goodwill                                                  | 435            | Asset retirement obligations                     | 4,987          |
| Software                                                  | 10,045         | Deferred tax liabilities                         | 33             |
| Other                                                     | 694            | Deferred tax liabilities due to land revaluation | 289            |
| Total intangible assets                                   | <b>11,175</b>  | Other                                            | 204            |
| <b>Investments and other assets</b>                       |                | Total non-current liabilities                    | <b>7,695</b>   |
| Investment securities                                     | 8,056          | <b>Total liabilities</b>                         | <b>84,720</b>  |
| Long-term loans receivable                                | 9              |                                                  |                |
| Long-term deferred accounts Receivable                    | 5,497          | <b>(Net Assets)</b>                              |                |
| Deferred tax                                              | 7,762          | <b>Shareholders' equity</b>                      |                |
| Lease and guarantee deposits                              | 39,630         | Common stock                                     | 24,113         |
| Other                                                     | 3,456          | Capital surplus                                  | 42,124         |
| Allowance for doubtful accounts                           | (1,216)        | Retained earnings                                | 164,558        |
| Total investments and other assets                        | <b>63,196</b>  | Treasury stock                                   | (3)            |
| <b>Total non-current assets</b>                           | <b>204,480</b> | Total shareholders' equity                       | 230,794        |
| <b>Total assets</b>                                       | <b>311,393</b> | <b>Accumulated other comprehensive loss</b>      |                |
|                                                           |                | Revaluation reserve for land                     | (4,202)        |
|                                                           |                | Remeasurements of retirement benefits            | 81             |
|                                                           |                | Total accumulated other comprehensive loss       | (4,120)        |
|                                                           |                | <b>Total net assets</b>                          | <b>226,673</b> |
|                                                           |                | <b>Total liabilities and net assets</b>          | <b>311,393</b> |

## Consolidated Statement of Income

For the Year Ended December 31, 2023

(Millions of yen, with fractional amounts discarded)

|                                                     |         |               |
|-----------------------------------------------------|---------|---------------|
| <b>Net sales</b>                                    |         |               |
| Sales by company-operated restaurants               | 259,692 |               |
| Revenue from franchised restaurants                 | 122,297 | 381,989       |
| <b>Cost of sales</b>                                |         |               |
| Product cost                                        | 234,367 |               |
| Franchised restaurants occupancy expenses           | 75,330  | 309,698       |
| <b>Gross profit</b>                                 |         | <b>72,291</b> |
| <b>Selling, general and administrative expenses</b> |         | <b>31,413</b> |
| <b>Operating income</b>                             |         | <b>40,877</b> |
| <b>Non-operating income</b>                         |         |               |
| Interest income                                     | 144     |               |
| Compensation income                                 | 344     |               |
| Insurance income                                    | 133     |               |
| Subsidy income                                      | 163     |               |
| Received incentive                                  | 250     |               |
| Other                                               | 595     | 1,631         |
| <b>Non-operating expenses</b>                       |         |               |
| Interest expenses                                   | 8       |               |
| Provision of allowance for doubtful accounts        | 14      |               |
| Loss on disposals for company-operated restaurants  | 1,349   |               |
| Loss on cancellation of leasehold contracts         | 193     |               |
| Other                                               | 208     | 1,774         |
| <b>Ordinary income</b>                              |         | <b>40,734</b> |
| <b>Special income</b>                               |         |               |
| Gain on sales of non-current assets                 | 76      | 76            |
| <b>Special loss</b>                                 |         |               |
| Loss on sale of non-current assets                  | 1       |               |
| Loss on disposals of non-current assets             | 696     |               |
| Impairment loss                                     | 1,344   | 2,042         |
| <b>Income before income taxes</b>                   |         | <b>38,768</b> |
| Income taxes-current                                | 12,683  |               |
| Income taxes-deferred                               | 2,928   |               |
| Income taxes refund                                 | (2,006) | 13,605        |
| <b>Net income</b>                                   |         | <b>25,163</b> |
| <b>Net income attributable to owners of parent</b>  |         | <b>25,163</b> |

## Consolidated Statement of Changes in Net Assets

For the Year Ended December 31, 2023

(Millions of yen, with fractional amounts discarded)

|                                                        | Shareholders' equity |                 |                   |                |          |
|--------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------|
|                                                        | Common stock         | Capital surplus | Retained earnings | Treasury stock | Subtotal |
| Beginning balance                                      | 24,113               | 42,124          | 144,580           | (3)            | 210,815  |
| Changes in during the year                             |                      |                 |                   |                |          |
| Dividends                                              |                      |                 | (5,185)           |                | (5,185)  |
| Net income                                             |                      |                 | 25,163            |                | 25,163   |
| Purchase of treasury shares                            |                      |                 |                   | (0)            | (0)      |
| Changes in items other than shareholders' equity (net) |                      |                 |                   |                |          |
| Total changes                                          | -                    | -               | 19,978            | (0)            | 19,978   |
| Ending balance                                         | 24,113               | 42,124          | 164,558           | (3)            | 230,794  |

|                                                        | Accumulated other comprehensive<br>Income/(Loss) |                                         |          | Total   |
|--------------------------------------------------------|--------------------------------------------------|-----------------------------------------|----------|---------|
|                                                        | Revaluation reserve for land                     | Remeasurements of defined benefit plans | Subtotal |         |
| Beginning balance                                      | (4,202)                                          | 111                                     | (4,091)  | 206,724 |
| Changes in during the year                             |                                                  |                                         |          |         |
| Dividends                                              |                                                  |                                         |          | (5,185) |
| Net income                                             |                                                  |                                         |          | 25,163  |
| Purchase of treasury shares                            |                                                  |                                         |          | (0)     |
| Changes in items other than shareholders' equity (net) |                                                  | (29)                                    | (29)     | (29)    |
| Total changes                                          | -                                                | (29)                                    | (29)     | 19,948  |
| Ending balance                                         | (4,202)                                          | 81                                      | (4,120)  | 226,673 |

## Balance Sheets

As of December 31, 2023

(Millions of yen, with fractional amounts discarded)

| Account                                                                    | Amount         | Account                                       | Amount         |
|----------------------------------------------------------------------------|----------------|-----------------------------------------------|----------------|
| <b>(Assets)</b>                                                            |                | <b>(Liabilities)</b>                          |                |
| <b>Current assets</b>                                                      |                | <b>Current liabilities</b>                    |                |
| Cash and deposits                                                          | 11,532         | Accounts payable - trade                      | 1,513          |
| Accounts receivable to affiliated companies                                | 5,358          | Accounts payable - other                      | 210            |
| Prepaid expenses                                                           | 2,787          | Accounts payable to affiliated companies      | 9,249          |
| Accounts receivable - other                                                | 39             | Accounts payable- property and equipment      | 1,393          |
| Income taxes refund receivable                                             | 1,066          | Accrued expenses                              | 337            |
| Other                                                                      | 244            | Income taxes payable                          | 173            |
| Total current assets                                                       | <b>21,029</b>  | Consumption tax payable                       | 787            |
|                                                                            |                | Provision for bonuses                         | 14             |
|                                                                            |                | Other                                         | 20             |
| <b>Non-current assets</b>                                                  |                | Total current liabilities                     | <b>13,700</b>  |
| <b>Property and equipment</b>                                              |                | <b>Non-current liabilities</b>                |                |
| Buildings                                                                  | 7,205          | Provision for bonuses                         | 16             |
| Structures                                                                 | 1,387          | Provision for directors' bonuses              | 242            |
| Machinery and equipment                                                    | 13             | Provision for directors' retirement benefits  | 136            |
| Tools, furniture and fixtures                                              | 17             | Asset retirement obligations                  | 1,054          |
| Land                                                                       | 23,971         | Deferred tax liabilities                      | 12             |
| Construction in progress                                                   | 371            | Deferred tax liabilities for land revaluation | 314            |
| Total property and equipment                                               | <b>32,966</b>  | Other                                         | 204            |
| <b>Intangible assets</b>                                                   |                | Total non-current liabilities                 | <b>1,980</b>   |
| Land lease right                                                           | 718            | <b>Total liabilities</b>                      | <b>15,680</b>  |
| Software                                                                   | 10,045         |                                               |                |
| Telephone subscription rights                                              | 37             | <b>(Net assets)</b>                           |                |
| Total intangible assets                                                    | <b>10,801</b>  | <b>Shareholders' equity</b>                   |                |
| <b>Investments and other assets</b>                                        |                | <b>Common stock</b>                           | <b>24,113</b>  |
| Investment securities                                                      | 8,056          | <b>Capital surplus</b>                        | <b>42,124</b>  |
| Long-term loan receivable                                                  | 9              | Legal capital surplus                         | 42,124         |
| Long-term loan receivable to affiliated companies                          | 39,148         | <b>Retained earnings</b>                      | <b>76,457</b>  |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 54             | Legal retained earnings                       | 253            |
| Long-term prepaid expenses                                                 | 670            | Other retained earnings                       | 76,204         |
| Lease and guarantee deposits                                               | 39,630         | Retained earnings carried forward             | 76,204         |
| Other                                                                      | 2,001          | <b>Treasury stock</b>                         | <b>(3)</b>     |
| Allowance for doubtful accounts                                            | (514)          | <b>Total shareholders' equity</b>             | <b>142,692</b> |
| Total investments and other assets                                         | <b>89,056</b>  | Valuation and translation adjustments         | (4,518)        |
| <b>Total non-current assets</b>                                            | <b>132,824</b> | Revaluation reserve for land                  |                |
| <b>Total assets</b>                                                        | <b>153,854</b> | Total valuation and translation adjustments   | <b>(4,518)</b> |
|                                                                            |                | <b>Total net assets</b>                       | <b>138,173</b> |
|                                                                            |                | <b>Total liabilities and net assets</b>       | <b>153,854</b> |

**Statement of Income**  
For the Year Ended December 31, 2023

(Millions of yen, with fractional amounts discarded)

|                                                     |        |              |
|-----------------------------------------------------|--------|--------------|
| <b>Revenue</b>                                      |        |              |
| Real estate rental income                           | 56,319 |              |
| Dividends from subsidiaries and affiliates          | 5,200  | 61,519       |
| <b>Cost of sales</b>                                |        |              |
| Cost of real estate rent                            | 54,092 | 54,092       |
| <b>Gross profit</b>                                 |        | <b>7,426</b> |
| <b>Selling, general and administrative expenses</b> |        | <b>3,967</b> |
| <b>Operating income</b>                             |        | <b>3,459</b> |
| <b>Non-operating income</b>                         |        |              |
| Interest income                                     | 310    |              |
| Management service fee income                       | 317    |              |
| Compensation income                                 | 304    |              |
| Other                                               | 19     | 951          |
| <b>Non-operating expenses</b>                       |        |              |
| Provision of allowance for doubtful accounts        | 14     |              |
| Loss on disposals for company-operated restaurants  | 46     |              |
| Other                                               | 13     | 74           |
| <b>Ordinary income</b>                              |        | <b>4,337</b> |
| <b>Special loss</b>                                 |        |              |
| Loss on disposal of non-current assets              | 71     | 71           |
| <b>Income before income taxes</b>                   |        | <b>4,265</b> |
| Income taxes-current                                | 1      |              |
| Income taxes-deferred                               | 5      | 6            |
| <b>Net income</b>                                   |        | <b>4,258</b> |



## **Statement of changes in net assets**

For the Year Ended December 31, 2023

(Millions of yen, with fractional amounts discarded)

|                             | Shareholders' equity |                 |        |                      |                         |          |                |         |
|-----------------------------|----------------------|-----------------|--------|----------------------|-------------------------|----------|----------------|---------|
|                             | Common stock         | Capital surplus |        | Retained earnings    |                         |          | Treasury stock | Total   |
|                             |                      | Capital surplus | Total  | Legal income reserve | Other retained earnings | Subtotal |                |         |
| Beginning Balance           | 24,113               | 42,124          | 42,124 | 253                  | 77,130                  | 77,383   | (3)            | 143,618 |
| Changes during the year     |                      |                 |        |                      |                         |          |                |         |
| Dividends                   |                      |                 |        |                      | (5,185)                 | (5,185)  |                | (5,185) |
| Net income                  |                      |                 |        |                      | 4,258                   | 4,258    |                | 4,258   |
| Purchase of treasury shares |                      |                 |        |                      |                         |          | (0)            | (0)     |
| Total changes               | -                    | -               | -      | -                    | (926)                   | (926)    | (0)            | (926)   |
| Ending Balance              | 24,113               | 42,124          | 42,124 | 253                  | 76,204                  | 76,457   | (3)            | 142,692 |

|                             | Valuation and translation adjustment |          | Total   |
|-----------------------------|--------------------------------------|----------|---------|
|                             | Revaluation reserve for land         | subtotal |         |
| Beginning Balance           | (4,518)                              | (4,518)  | 139,100 |
| Changes during the year     |                                      |          |         |
| Dividends                   |                                      |          | (5,185) |
| Net income                  |                                      |          | 4,258   |
| Purchase of treasury shares |                                      |          | (0)     |
| Total changes               | -                                    | -        | (926)   |
| Ending Balance              | (4,518)                              | (4,518)  | 138,173 |