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To Shareholders:

NOTICE OF CONVOCAATION OF
THE 54th ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
McDONALD'S HOLDINGS COMPANY (JAPAN), LTD.

The 54th 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/



【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 24, 2025 (JST).

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

1. Date & Time: 1:00 p.m., Tuesday, March 25, 2025
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 54th Fiscal Term (January 1, 2024 through December 31, 2024)
 2. Report of the Non-Consolidated Financial Statements of the Company for the 54th Fiscal Term (January 1, 2024 through December 31, 2024)

Items for Resolution

Item No.1: Proposed Disposition of Retained Earnings

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

Item No.3: Payment of Retirement Allowances to Retiring or Retired Directors

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 the 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 the 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 this time is allowed.
- For visitors in wheelchairs, there is a special space in the venue. Please take the elevator that stops at each floor and go to the 9th floor (further information will be provided at the entrance reception desk).
- 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 the Accounting Auditor in preparing the Audit Report.

March 7, 2025

(Start Date of Electronic Provision Measures : February 26, 2025)

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 25, 2025 (The reception desk will open 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 24, 2025

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 24, 2025

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, etc.

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

You can log into the website to exercise voting rights by scanning the QR code without entering your voting rights exercise code and password.

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

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

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

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

1. Please access the website to exercise voting rights.
2. Please enter your “voting rights exercise 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, please contact the following:

Internet Help Dial: Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd.
0120-768-524 (toll-free only from Japan)
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54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

reCAPTCHA
プライバシー・利用規約

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25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 25, 2025.

Notes:

- Every effort will be made to provide a smooth live-streaming experience. However, video and/or audio disruptions may occur temporarily due to the internet connection. Please be informed that the Company assumes no responsibility for any disadvantages to 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) Microsoft Edge(Chromium) 132.0.2957.115 Google Chrome 132.0.0.0 Mozilla Firefox 134.0.2	○Mac (Sequoia 15.3) Safari 18.3 Google Chrome 132.0.0.0 Mozilla Firefox 134.0.2
○Android (14) Google Chrome 132.0.0.0 Mozilla Firefox 134.0.2	○iOS18.3 / iPadOS18.3 Safari 18.3

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, while also taking into consideration business factors such as business performance trends, our capital needs, and retained earnings for further strengthening corporate competitiveness in a comprehensive manner. However, at the Board of Directors meeting held on February 6, 2025, the Board decided to change the dividend policy and newly adopt the dividend on equity (DOE) ratio as a shareholder return indicator in order to strengthen shareholder returns based on return on capital while emphasizing the existing policy of the continuous payment of stable dividends.

As a result, starting with the year-end dividend for the fiscal year ended December 2024, we have decided to apply a "basic policy to maintain stable and continuous implementation of appropriate profit distribution with a target DOE ratio of 3% for the fiscal year ending December 2027, based on a comprehensive review of business performance trends, cash flow balance, equity ratio and other financial indicators."

As a result of comprehensively taking into consideration the new policy mentioned above, for the current fiscal year, the Company proposes to increase dividends by 7 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-nine (49) yen per common share and the total amount of dividends to shareholders is 6,514,982,523 yen, provided that treasury stocks of 1,173 shares shall be excluded from the allocation.

iii) Effective date of allocation of retained earnings:

March 26, 2025

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

The term of office of five (5) Directors, Mr. Tamotsu Hiiro, Ms. Fusako Znaiden, Mr. Andrew Gregory, Mr. Akira Kawamura and Ms. Yuko Tashiro will expire upon the conclusion of the Meeting.

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

The selection of candidates 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 Fusako Znaiden	Director	
2	Newly appointed Yukiko Saito	—	
3	Reappointed Andrew Gregory	Outside Director	
4	Newly appointed Nikolaus Piza	—	
5	Reappointed Yuko Tashiro	Outside Director	Outside Independent

Notes:

1. The 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 18, 2025)
2. Until now, the Company has not required candidates to be qualified as independent when appointing Outside Directors. However, the Company has decided not to elect any Directors as Outside Directors after the Meeting who cannot be deemed substantially independent, from the perspective of ensuring the transparency and objectivity of management. In accordance with this change, we request the appointment of Mr. Andrew Gregory as a Director who is not an Outside Director.

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)
1	<p>Fusako Znaiden (September 9, 1964)</p> <p>Reappointed</p> <p>Holding Shares of the Company 157</p>	<p>Apr. 1987 Joined Shiseido Company, Limited.</p> <p>Apr. 1994 Brand Manager, Unilever Japan Company, Ltd.</p> <p>Apr. 1997 Marketing Manager, Unilever Japan Company, Ltd.</p> <p>Oct. 2000 Asia Regional Brand Director, Unilever Japan Company, Ltd.</p> <p>Jul. 2002 Marketing Director, Parfums Christian Dior (Japon) k. k</p> <p>Nov. 2003 General Manager – Lancôme, Nihon L'Oréal</p> <p>Mar. 2006 Board Director and Executive Marketing Director, Avon Products Co Ltd (currently, Fmg & Mission Co., Ltd)</p> <p>Apr. 2007 General Manager – Hair Care Brand Strategy Business Unit (“SBU”), Shiseido Company, Limited</p> <p>Apr. 2008 General Manager – Hair Care, Men’s, and Body Care Brand SBU, Shiseido Company, Limited</p> <p>Apr. 2010 General Manager – Mass and Masstige Brand Marketing SBU, Shiseido Company, Limited</p> <p>Apr. 2012 Brand Planning Manager, Shiseido Company, Limited</p> <p>Oct. 2013 Marketing Manager, Shiseido Company, Limited</p> <p>Jun. 2014 Director and Marketing Manager, Nissin Food Products Co., Ltd</p> <p>Apr. 2015 General Manager, Global Brand Strategy Office, Corporate Strategy Department; Chairperson of Diversity Promotion Committee, Nissin Foods Holdings Co., Ltd.</p> <p>Jun. 2016 Executive Officer and Global CMO and Chairperson of Diversity Promotion Committee, Nissin Foods Holdings Co., Ltd.</p> <p>Jun. 2018 Assume the office of the STEM Girls Ambassadors (Current)</p> <p>Oct. 2018 Senior Vice President and Chief Marketing Officer (CMO), McDonald’s Company (Japan), Ltd.</p> <p>Dec. 2021 Part-time Director, Orion Breweries, Ltd. (Current)</p> <p>Mar. 2022 Director, Senior Vice President and CMO, McDonald’s Company (Japan), Ltd. (Current)</p> <p>Mar. 2023 Director, the Company (Current)</p> <p>(Important Office Title/Position in Other Corporations) Director, Senior Vice President and Chief Marketing Officer (CMO), McDonald’s Company (Japan), Ltd. Part-time Director, Orion Breweries, Ltd. STEM Girls Ambassadors</p>
(Reasons for the nomination of the candidate for Director)		<p>Ms. Fusako Znaiden, after serving as brand manager and head of marketing of several companies, has served as the Chief Marketing Officer of the subsidiary of the Company since 2018, and in addition, as a Director of the Company (since 2023) and its subsidiary (since 2022), and she has been instrumental in improving the value of the McDonald's brand, driving marketing activities, and contributing significantly to the Company's growth. Based on her past performance in these positions and her extensive knowledge of marketing and McDonald's business, we have judged that she can continue to contribute to the enhancement of the corporate value of the Company and have nominated her as a candidate for Director.</p>

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)
2	<p data-bbox="268 479 475 539">Yukiko Saito (October 30, 1971)</p> <p data-bbox="277 568 466 607">Newly appointed</p> <p data-bbox="272 636 470 730">Holding Shares of the Company 113</p>	<p data-bbox="507 304 1437 701"> Apr. 1994 Joined ANA Business Create Co., Ltd. Aug. 1999 Joined Yahoo Japan Corporation (currently, LY Corporation) Jan. 2012 Director of Group HR Office, Yahoo Japan Corporation Apr. 2014 Vice President in People Development Group, Yahoo Japan Corporation Apr. 2017 Vice President in Creator Strategy Office, Yahoo Japan Corporation Apr. 2018 Vice President in Corporate PD Division, Yahoo Japan Corporation Nov. 2018 Joined Anderson Mori & Tomotsune Sep. 2019 Chief of Secretariat and Chief Human Resources Officer, Anderson Mori & Tomotsune Aug. 2021 Vice President and Chief People Officer (CPO), McDonald's Company (Japan), Ltd. Mar. 2023 Director, Vice President and Chief People Officer (CPO), McDonald's Company (Japan), Ltd. (Current) </p> <p data-bbox="507 819 1374 909"> (Important Office Title/Position in Other Corporations) Director, Vice President and Chief People Officer (CPO), McDonald's Company (Japan), Ltd. </p>
<p data-bbox="264 925 890 954">(Reasons for the nomination of the candidate for Director)</p> <p data-bbox="264 958 1449 1137"> Ms. Yukiko Saito, after serving as the head of human resources of other companies, has served as the Chief People Officer of the subsidiary of the Company since 2021 and a Director of the subsidiary since 2023, and has contributed significantly to the deepening and development of the people business, which is the foundation of McDonald's. Based on her past performance in these positions and her extensive knowledge of HR and McDonald's business, we have judged that she will be able to contribute to the enhancement of the corporate value of the Company and have nominated her as a candidate for Director. </p>		

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)
3	Andrew Gregory (October 5, 1972) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> Holding Shares of the Company 0	<p>Oct. 1996 Joined McDonald's Australia, Regional Controller</p> <p>Jan. 2002 Development Director, McDonald's Australia</p> <p>Jan. 2006 Vice President, Regional Manager, McDonald's Australia</p> <p>Feb. 2010 Vice President, Restaurant Development, McDonald's Company (Japan), Ltd.</p> <p>Jan. 2011 Senior Vice President, Chief Support Officer, McDonald's Company (Japan) Ltd.</p> <p>Jan. 2013 CFO and Chief Development Officer, McDonald's Australia</p> <p>May 2014 Managing Director / CEO, McDonald's Australia (and New Zealand)</p> <p>May 2022 Senior Vice President, Global Franchising Officer, McDonald's Corporation</p> <p>Feb. 2023 Senior Vice President, Global Franchising & Development Officer, McDonald's Corporation (Current)</p> <p>Mar. 2023 Outside Director, the Company (Current)</p> <hr/> <p>(Important Office Title/Position in Other Corporations)</p> <p>Senior Vice President, Global Franchising & Development Officer, McDonald's Corporation</p>
<p>(Reasons for the nomination of the candidate for Director)</p> <p>Mr. Andrew Gregory has served as Chief Financial Officer, Managing Director, CEO, and other positions at McDonald's overseas, and has abundant experience as a business manager as well as extensive knowledge of finance and McDonald's business. Based on his wealth of experience and knowledge, he has been making useful comments from an objective perspective as a Director of the Company since 2023 and, therefore we have judged that he can continue to contribute to the enhancement of decision-making functions of the Board of Directors of the Company and nominated him as a candidate for Director.</p>		

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)
4	<p data-bbox="280 421 478 481">Nikolaus Piza (February 1, 1974)</p> <p data-bbox="280 521 475 560">Newly appointed</p> <p data-bbox="280 600 478 694">Holding Shares of the Company 0</p>	<p data-bbox="515 309 1445 616"> Jan.2000 Senior Analyst, Stern Stewart & Co. Jan. 2004 Finance Manager, Mondi Corrugated CE Feb. 2007 Regional Controller, Heineken CEE Jan. 2010 CFO, Supply Chain & IT Director, Heineken Germany Mar. 2013 Global Strategic Control Director, Heineken N.V. Feb. 2016 Finance Director, Lego A/S Aug. 2018 CFO, Supply Chain & Franchising Director, McDonald's Austria Feb. 2020 Managing Director and Corporate Vice President, McDonald's Austria Oct. 2024 CFO, International Developmental Licensed Markets Segment, McDonald's Corporation (Current) </p> <p data-bbox="515 723 1332 813"> (Important Office Title/Position in Other Corporations) CFO, International Developmental Licensed Markets Segment, McDonald's Corporation </p>
	<p data-bbox="272 828 898 857">(Reasons for the nomination of the candidate for Director)</p> <p data-bbox="272 860 1449 1005"> Mr. Nikolaus Piza has served as Chief Financial Officer, Managing Director and other positions at McDonald's overseas or other companies, and has abundant experience and achievements as CFO as well as extensive insight into finance and McDonald's business. Based on his wealth of experience and knowledge in these positions, we have judged that he will be able to contribute to the enhancement of the corporate value of the Company and have nominated him as a candidate for Director. </p>	

No	Name (Date of Birth)	Brief Personal History, and Position in the Company (Important Position(s) concurrently held)
5	<p data-bbox="284 524 475 584">Yuko Tashiro (March 14, 1954)</p> <p data-bbox="312 622 448 656">Reappointed</p> <p data-bbox="336 685 424 719">Outside</p> <p data-bbox="312 741 448 775">Independent</p> <p data-bbox="284 813 480 909">Holding Shares of the Company 0</p>	<p data-bbox="515 300 1452 936"> Jun.1986 Joined KPMG LLP Jul. 1995 Audit Partner, KPMG LLP Nov. 2000 Sourcing Leader, GE Corporate Japan of GE Japan Jul. 2003 CFO, PHOENIX RESORT CO., Ltd. Apr. 2005 Director, COO & CFO, Aon Holdings Japan Ltd. Apr. 2010 Representative Director, TS Associates, Ltd. Sep. 2011 Representative Director, GI Chiiki Kaihatsu Kenkyujo K.K Jun. 2012 Outside Director, Accordia Golf Co. Ltd. Sep.2014 Chairperson, NPO Mirai Kaihatsu Kenkyujo Mar. 2016 Audit & Supervisory Board Member, the Company Jun.2016 Representative Director and President, Accordia Golf Co., Ltd. Director, NPO Mirai Kaihatsu Kenkyujo (Current) Dec. 2017 Director, NPO The First Tee of Japan Jan. 2018 Director and Chairman of the Board, Accordia Golf Co., Ltd. Apr. 2018 Representative Director, Chairman of the Board and President, CEO of Accordia Golf Co., Ltd. Mar. 2019 Outside Director, Yamaha Motor Co., Ltd. (Current) Apr. 2021 Director and Chairman of the Board, Accordia Golf Co., Ltd. Mar. 2023 Outside Director, the Company (Current) Director, the specified nonprofit organization FTJ (Current) </p> <p data-bbox="515 1016 1106 1137"> (Important Office Title/Position in Other Corporations) Outside Director, Yamaha Motor Co., Ltd. Director, NPO Mirai Kaihatsu Kenkyujo Director, the specified nonprofit organization FTJ </p>
<p data-bbox="272 1151 1452 1514"> (Reasons for the nomination of the candidate for Outside Director and expected roles) Ms. Yuko Tashiro is a U.S. certified public accountant who has served as a partner of an auditing firm, Chief Financial Officer and Representative Director of several companies, and has abundant experience as an accountant and business manager, as well as a wealth of knowledge of finance and others. Based on her wealth of experience and knowledge, she has been making useful comments from an independent and objective perspective as an Outside Director of the Company since 2023 and therefore we have judged that she can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and nominated her as a candidate for Outside Director. If she is appointed, we expect that she will provide advice on the overall management and finance of the Company based on her extensive knowledge 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. Yukiko Saito's name in the family register is Yukiko Nozaki.
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 candidates, Mr. Andrew Gregory and Mr. Nikolaus Piza, belong. Ms. Fusako Znaiden concurrently holds the office of Director, Senior Vice President and Chief Marketing Officer (CMO) of McDonald's Company (Japan), Ltd. and Ms. Yukiko Saito concurrently holds the office of Director, Vice President and Chief People Officer (CPO) of McDonald's Company (Japan), Ltd. Since McDonald's Company (Japan), Ltd. is wholly-owned subsidiary of the Company, there are no special interests between the Company and them. There are no special interests between any other director candidates and the Company.
3. Ms. Yuko Tashiro is a candidate for Outside Director.
4. Ms. Yuko Tashiro is currently Outside Director of the Company, and she will have held the office of Outside Director for two (2) years at the conclusion of the Meeting.
5. Independent Outside Director
As Ms. Yuko Tashiro is qualified as an Independent Director in the regulations of the Tokyo Stock Exchange and the Company, the Company has appointed her as an Independent Director and submitted this to the Tokyo Stock Exchange.
6. 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. Andrew Gregory and Ms. Yuko Tashiro, 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 Directors, the Company shall continue the agreement with them.
In addition, if the appointment of Mr. Nikolaus Piza 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.
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 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.
8. In June 2024, while Ms. Yuko Tashiro has served as an Outside Director of Yamaha Motor Co., Ltd., Yamaha Motor Co., Ltd. was instructed by the Ministry of Land, Infrastructure, Transport and Tourism to prevent the recurrence of alleged misconduct in the application for type designation of motorcycles. Although she was unaware of the misconduct until it was discovered by the company's investigation conducted from February to May 2024, she had been reminding the Board of Directors about the importance of compliance with laws and risk management. After becoming aware of the misconduct, she fulfilled her responsibilities by advising and supervising efforts to prevent its recurrence.

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

The main knowledge and experience 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, President and CEO Thomas Ko	●				●	●	●		●
Director Fusako Znaiden	●	●					●	●	●
Director Yukiko Saito	●		●			●			●
Outside Director Jo Sempels	●				●	●	●		●
Director Andrew Gregory	●				●	●	●		●
Director Nikolaus Piza	●		●		●	●	●		●
Independent Outside Director Masataka Ueda	●	●			●	●	●	●	
Independent Outside Director Tetsu Takahashi	●			●				●	
Independent Outside Director Yuko Tashiro	●				●	●	●	●	
Full-time Independent Outside Audit & Supervisory Board Member Sonoko Kajiyama	●				●		●	●	
Outside Audit & Supervisory Board Member Ellen Caya	●				●		●		●
Independent Outside Audit & Supervisory Board Member Yoshiyuki Honda	●		●		●		●		
Independent Outside Audit & Supervisory Board Member Makiko Hamabe	●		●		●			●	

Notes:

1. This skills matrix does not represent all knowledge and experience.
2. Mr. Thomas Ko will be appointed as Representative Director, President and CEO of the Company at the Board of Directors meeting after the Meeting.

Item No.3: Payment of Retirement Allowances to Retiring or Retired Directors

In order to reward Ms. Sarah L. Casanova, who retired as Director as of March 26, 2024 due to the expiration of her term of office, and Mr. Tamotsu Hiiro, who will retire as Director at the conclusion of the Meeting due to the expiration of his term of office, the Company would like to pay a retirement allowance within a reasonable amount in accordance with the standards prescribed by the Company for their services during their term of office as Directors.

Please entrust the Board of Directors to decide the amount, timing and method of the payment.

In addition, this item has been decided by the Board of Directors in accordance with policy and internal rules for determining the contents of remuneration for Directors which have been determined in advance by the Board of Directors, and has been judged to be appropriate.

The policy for determining the contents of remuneration for Directors of the Company is as stated in the 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
Sarah L. Casanova	Mar. 2014 Representative Director, President and CEO, the Company Mar. 2021 Representative Director, Chairperson, the Company Mar. 2024 Retired as Representative Director, Chairperson, the Company
Tamotsu Hiiro	Mar. 2019 Director, the Company Mar. 2021 Representative Director, President and CEO, the Company (Current)

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

For the 54th term Business Report for the Fiscal Year January 1 - December 31, 2024

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 strengthened the foundation of the McDonald's business and actively invested in areas for the future with focus on the three strategic pillars of "Brand", "Menu & Value" and "Restaurants, Digital and People" to realize steady growth and meet the increasingly diverse and growing expectations of our customers. As a result, we achieved all of our financial targets, an average annual growth rate of around 5% for all-store sales and 3-5% for operating income, and 10% or more for the operating income ratio and ROE over the three years.

In the consolidated fiscal year, we continued to listen to our customers, and in addition to our efforts to improve the restaurant experience for our customers through strict 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 challenging business environment due to the weak yen, sustained high prices of raw materials, and rising energy, labor, and logistics costs, we revised the over-the-counter prices of some products in January 2024 in order to keep our business healthy as well as franchise owners, who operate 2,100 or more restaurants, slightly above 70% of all the McDonald's restaurants in Japan, and suppliers. As a result, our comparable restaurant sales increased for 37 consecutive quarters from 2015 Q4 to 2024 Q4 and our sales also rose on a year on year basis. Profit rose on a year on year basis as a result of the optimization of restaurants' running costs and government subsidies for utility expenses, which were not planned at the beginning of the fiscal year, in addition to the effects of increased sales, global-scale raw material procurement, effective marketing activities and efficient restaurant operations.

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

(a) Brand

Our purpose is to Feed and Foster Communities, bringing a smile to the faces of our staff and people in communities as well as our customers. To realize our purpose, we are committed to engaging in the focus areas we have identified, Food Quality & Sourcing, Our Planet, Community Connection, and Job, Inclusion & Empowerment. The McDonald's group's philosophy and approach to sustainability are summarized and disclosed in the Sustainability Report on our website.

Food Quality & Sourcing: As a company that provides food, Food Safety is our top priority. We are committed to the accurate operation of the food management system to ensure our customers can enjoy safe high-quality meals with peace of mind. We have a strict quality control and hygiene management system established and maintained in compliance with not only relevant laws and regulations but also the Global Food Safety Initiative (GFSI) and McDonald's Quality Standards, and we conduct audits to ensure we meet the necessary standards. We also strive for responsible sourcing of sustainable food ingredients and materials and continue to disclose information such as the country of final processing, primary country of origin for key raw materials, allergens and nutrition to enhance customer trust in our products with peace of mind.

Our Planet: To achieve Net Zero Emissions by 2050 and our interim goal of 50.4% reduction of greenhouse gas emissions at restaurants and offices from the 2018 level by 2030, we will continue to focus on strengthening energy conservation, improving logistics efficiency, introducing renewable energy, and reducing and recycling

food waste. We also plan to switch to renewable, recycled, or certified materials for all customer packaging and Happy Meal® toys by the end of 2025 to reduce the use of plastic and promote other initiatives.

Community Connection: As a member of the community, we are committed to charity activities through support of the Ronald McDonald House Charities Japan, a public interest incorporated foundation, to realize a society where people help each other and support kids' sports, support education, and create safe and secure neighborhoods for the growth and safety of children and help to bring a smile to everyone living in the community.

Jobs, Inclusion & Empowerment: For approximately 210,000 crew members and employees working at McDonald's nationwide, we provide growth opportunities and continue to develop a safe and inclusive workplace where everyone can play an active role. We are committed to employing a workforce with diverse personalities and backgrounds, such as gender, age, and nationality, and creating a work environment where they can demonstrate their strengths and feel proud and motivated.

In the consolidated fiscal year, in addition to continued brand communication through TV commercials, websites, and social media, we enhanced the restaurant experience through QSC improvements, which has maintained and further elevated customers' favorable impression of and trust in our brand. We will continue to strengthen our ties and engagement with customers by continuing and reinforcing our current efforts.

(b) Menu and Value

We have implemented various initiatives that provide value to our customers (in line with the “value-for-money” strategy) by enhancing our menu lineup to match the demand of each part of the day and meet customers' expectations. As for limited-time products, we launched Teritama, Tsukimi Burger and Gracoro®, etc., which were well received by many customers as a seasonal tradition. We also offered the weekday lunch set lineup Hiru Mac, Value Sets® starting from 500 yen with a wide choice of products, Chicken McNuggets® (15 pcs) and McFry M/L Size for a special price. We served products that offer McDonald's value to our customers through “deliciousness,” “value,” and “convenience.”

(c) Restaurant, Digital and People

Restaurant development: For further growth, we actively invested 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 also provided a more convenient and comfortable environment for our customers by increasing the production capacity of our kitchens, adding drive-through lanes, and optimizing our delivery services.

In 2024, we opened 106 and closed 100 restaurants, and the total number of restaurants as of the end of the year was 2,988.

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 are in the process of installing touchscreen kiosks near the front counter, enabling customers to place orders by themselves. As of the end of 2024, the kiosks have been introduced to more than 1,300 restaurants and we plan to expand this service in line with the needs of customers and restaurants.

Delivery is a marketable area with great potential for growth moving forward. We offer delivery services through McDelivery Service (MDS), UberEats, Demaacan and Wolt. As of the end of 2024, delivery services are available in more than 2,200 restaurants. We will strengthen delivery services to improve customer convenience.

With drive-thru, we are increasing its capacity and introducing “Park & Go®,” which allows customers to receive their orders placed through “Mobile Order & Pay” in the restaurant's parking lot. As of the end of 2024, “Park & Go®” is available in more than 1,200 restaurants. In addition, “Drive-Thru Mobile Order” is now available at drive-thru restaurants nationwide (excluding some restaurants).

People: We believe that we are able to meet our customers' expectations despite the rapidly changing business environment because of our people, or human resources, including approximately 210,000 crew members and restaurant employees. As such, to provide superb restaurant experience to our customers, we will continue to expand our investment in hiring and training excellent human resources. In order to recruit talented people, we organized campaigns such as the "Crew Experience" event. Digital CDP, training material that leverages digital devices, is available in Japanese and other languages, contributing to improved understanding and reduced training hours for our crew. Hamburger University offers online and in-person training. In addition, we have introduced a regional employee system to provide our diverse workforce with a flexible career path as full-time 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 leverage their strengths and work and grow in their own way, 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, working to realize a sustainable society and "Feeding and Fostering Communities."

<System-wide Sales and Revenue>

In the consolidated fiscal year, same store sales increased by +5.0% 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 customers first. Systemwide sales were 829,140 million yen (a 51,387 million yen increase from the same period last year) and revenue was 405,477 million yen (a 23,487 million yen increase from the same period last year).

<Cost of Sales>

The cost-of-sales ratio for company-operated restaurants dropped 1.3 percentage points, mainly due to higher sales and improved store profitability. Also, occupancy expenses for franchised restaurants decreased 0.1 percentage points mainly due to an increase in franchise revenue resulting from an increase in sales.

(Breakdown of Cost of Sales)

(Unit: Million Yen)

	Year ended December 31, 2023		Year ended December 31, 2024		Year-on-year change	
	Amount	%	Amount	%	Amount	%
Company-operated restaurant's cost of sales	234,367	90.2%	243,315	89.0%	8,948	(1.3)%
(Breakdown)						
Raw material	98,877	38.1%	101,134	37.0%	2,257	(1.1)%
Labor	68,884	26.5%	72,702	26.6%	3,818	0.1%
Other	66,606	25.6%	69,478	25.4%	2,871	(0.2)%
Franchise restaurants-occupancy expenses	75,330	61.6%	81,173	61.5%	5,843	(0.1)%
Total	309,698	81.1%	324,489	80.0%	14,791	(1.0)%

<Selling, General and Administrative Expenses>

Regarding selling, general and administrative expenses, we made investments for further growth. The net sales ratio dropped 0.1 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 December 31, 2023		Year ended December 31, 2024		Year-on-year change		
	Amount	%	Amount	%	Amount	%	
	Selling, general & administrative expenses	31,413	8.2%	32,966	8.1%	1,552	(0.1)%
(Breakdown)	Advertising & selling	8,385	2.2%	8,477	2.1%	92	(0.1)%
	Other	23,028	6.0%	24,488	6.0%	1,460	0.0%

<Operating Income and Ordinary Income>

Operating income was 48,021 million yen (a 7,144 million yen increase from the same period last year), Ordinary income was 47,389 million yen (a 6,654 million yen increase from the same period last year), reflecting a sales increase.

<Net Income Attributable to Owners of the Parent>

Net income attributable to owners of the parent was 31,961 million yen (a 6,798 million yen increase from the same period last year) after 15,264 million yen of tax provision due to 47,389 million yen of ordinary income, plus a special loss of 1,822 million yen for impairment loss and loss on disposals 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 net sales presented in the consolidated statements of income.

(2) Investment activities

During the fiscal year ended December 2024, 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	26,978	12	26,990
Machinery and equipment	7,406	10	7,416
Tools, furniture and fixtures	4,931	71	5,002
Land	3,443	-	3,443
Lease assets	137	-	137
Software	-	1,960	1,960
Total	42,897	2,054	44,952

(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)

	2021	2022	2023	2024
System-wide sales	652,047	717,589	777,752	829,140
Revenues	317,695	352,300	381,989	405,477
Operating income	34,518	33,807	40,877	48,021
Ordinary income	33,618	32,813	40,734	47,389
Net income	23,945	19,937	25,163	31,961
Net income per share (Yen)	180.10	149.96	189.26	240.39
Total assets	260,113	277,365	311,393	337,094
Net assets	194,222	206,724	226,673	253,044
Net assets per share (Yen)	1,460.77	1,554.80	1,704.84	1,903.18

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of 2022, and the figures for 2022 onwards 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 (Millions of yen)	Voting rights percentage of the Company	Principal business
McDonald's Company (Japan), Ltd.	100	100%	Hamburger restaurant

4. Issues to be addressed

To continue our Journey to becoming the most beloved restaurant brand in Japan, we will strive to grow further through the enhancement and expansion of the community-based franchise business. To deliver on this goal, we have established the new three-year medium-term management plan (from 2025 to 2027), seeking continuous sales growth and improved restaurant profitability.

<Areas of Focus>

To deliver a better restaurant experience to our customers, we will focus on the areas of Menu & Value, Restaurant Portfolio & Digital, and Sustainability & People.

Menu & Value

We will roll out appealing and delicious menu items that meet the needs of our customers during all parts of the day. In addition to the standard menu items unique to McDonald's, limited-time offers will be made available to help bring a sense of seasonality and fun to our customers for each of the Japan's four seasons. In addition, we will also develop menus tailored to each of the non-lunch parts of the day such as Breakfast Menu, Yoru Mac, and Snack Time for a broader range of customers and dining occasions.

We believe that Value felt by our customers amounts to Restaurant Experience divided by Price. To help our customers constantly appreciate Value beyond Price, we will strive to enhance the restaurant experience through active restaurant investments and high-level QSC. We will deliver Value beyond Price by offering menu items that continue to be affordable and strengthening marketing promotions to deliver excitement to our customers.

Restaurant Portfolio & Digital

We will continue to aggressively develop new restaurants and close those facing challenges (e.g., limited capacity), to increase the number of restaurants that can deliver a better restaurant experience to our customers. For restaurant numbers, we aim to achieve a net increase of more than 100 over the three-year period starting in 2025, and we

will continue to optimize our restaurant portfolio to improve sales and profitability per restaurant.

We will continue to strengthen and expand our franchise business to provide better restaurant experiences to our customers by staying close to each community and delivering QSC with high-level standards. Restaurant portfolio optimization and franchise business expansion are closely correlated, as they are part of our essential strategies for the further growth of McDonald's Japan. By steadily advancing these two strategies and creating maximum synergies, we will establish a business foundation with high capital efficiency.

We have greatly improved customer convenience through “Mobile Order & Pay”, delivery services, and the introduction of touchscreen kiosks enabling customers to place orders by themselves. Making effective use of such digital capabilities has made it possible for our restaurant staff to serve customers with greater hospitality and conduct more efficient operations even in the kitchen. We will continue to accelerate the fusion of Digital and People at all our restaurants and remodel more than 1,000 restaurants over the next three years from 2025 to seek improved restaurant experience for our customers and employees.

Sustainability & People

McDonald's will continue to engage in activities focused on four key areas to Feed and Foster Communities, namely: Food Quality & Sourcing; Our Planet; Community Connection; and Job, Inclusion & Empowerment.

Food Quality & Sourcing

As a restaurant business, food safety comes before everything; and we take a thorough approach to quality control and hygiene management. Furthermore, together with our suppliers, we will not only ensure stable supply but also promote initiatives to help solve environmental and social issues; and by sourcing sustainable food ingredients and resources, we will continue to provide safe, secure, and delicious meals at all times.

Our Planet

To achieve our goal of Net Zero Emissions by 2050, we will continue to introduce renewable energy, advance energy-conservation efforts, reduce and recycle waste, and make effective use of sustainable materials.

Community Connection

As a member of the community, we will continue to undertake various social contribution activities. We are committed to moving forward with the community in many different ways, as exemplified by our support for the Ronald McDonald House Charities Japan, which offers lodging for sick children and their families, and for the kids sports and other educational programs.

Job, Inclusion & Empowerment

McDonald's is a People business, and People are one of our most important assets. Engagement of everyone in the McDonald's System, starting with the 210,000 crew people nationwide, will be essential to firmly grasping the ever-changing needs of our customers and delivering a better restaurant experience. We will continue to build a workplace that allows diverse people to work in their own way, while accommodating a variety of work styles. And by continuing to actively invest in talent development in relation to hiring, training, and retention, we will increase the level of engagement.

5. Business results and financial standing (as of December 31, 2024)

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)	2021	2022	2023	2024
Company-operated restaurants	214,249	238,131	260,103	273,458
Franchised restaurants	437,798	479,458	517,649	555,681
System-wide sales	652,047	717,589	777,752	829,140

6. Office and restaurant information (as of December 31, 2024)

(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:

	2023	2024	Increase (Decrease)
Company-operated restaurants	878	787	(91)
Franchised restaurants	2,104	2,201	97
Total	2,982	2,988	6

Number of restaurants opened in the current term	106
Number of restaurants closed in the current term	(100)
Net increase	6

7. Condition of the Company's employees (as of December 31, 2024)

(1) Headcounts for McDonald's Japan group

	Number	Year-on-year increase (decrease)
Restaurants	1,883[15,991]	(57) [159]
Headquarters	634 [43]	8 [(4)]
Total	2,517[16,034]	(49) [155]

Note:

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

The number of employees does not include employees seconded to other companies or dispatched overseas (106), employees on leave (78), and advisors (2).

(2) Condition of the Company's employees

There are no employees in the Company as of December 31, 2024.

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, 2024)

Not applicable.

9. Other material issues for the Group

Not applicable.

II. Status of the Company

1. Status of shares (as of December 31, 2024)

(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:	358,992
(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
THE MASTER TRUST BANK OF JAPAN, LTD. (ACCOUNT IN TRUST)	17,141	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	14,775	1.11
BNYM AS AGT/CLTS NON TREATY JASDEC	13,126	0.99
SMBC NIKKO SECURITIES INC.	10,476	0.79
RAKUTEN SECURITIES, INC	9,378	0.71
CUSTODY BANK OF JAPAN, LTD. (ACCOUNT IN TRUST)	7,384	0.56
MCDONALD'S GROUP STOCKS SOCIETY	6,710	0.50
BNYMSANV RE ARBEJD SMARKEDETS TILLAEG SPENSION	5,074	0.38

Notes:

1. Percentage of total shares issued is calculated by deducting treasury stocks (1,173 shares) .
2. Number of shares owned less than 100 is rounded down and percentage of total shares issued is 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, 2024)

Position in the Company	Name	Position in the Subsidiary and status of significant concurrent position in other entities
Representative Director, President and CEO	Tamotsu Hiiro	Representative Director, Chairperson, McDonald's Company (Japan), Ltd. Deputy Chairmanship, the Japan Association of Corporate Executives (Keizai Doyu Kai)
Director	Thomas Ko	Representative Director, President and CEO, McDonald's Company (Japan), Ltd.
Director	Fusako Znaiden	Director, Senior Vice President and CMO, McDonald's Company (Japan), Ltd. Part-time Director, Orion Breweries, Ltd. STEM Girls Ambassadors
Director	Jo Sempels	Senior Vice President and President International Developmental Licensed Markets, and Senior Leadership Team, McDonald's Corporation 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 Disciplinary Tribunal Committee Member, World Athletics Advisor, Japan Association of Arbitrators
Director	Masataka Ueda	Director, the Board Director Training Institute of Japan, Public Interest Incorporated Association Outside Director, Higashi-Nippon Bank, Ltd. Chairperson, the specified nonprofit organization FTJ
Director	Tetsu Takahashi	Representative Lawyer, ITN Law Office Outside Director (Audit & Supervisory Committee Member), Nomura Real Estate Holdings, Inc.
Director	Yuko Tashiro	Director, Chairperson of the Board, Accordia Golf Co., Ltd. Outside Director, Yamaha Motor Co., Ltd. Director, NPO Mirai Kaihatsu Kenkyujo 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	Sonoko Kajiyama	Statutory Auditor, McDonald's Company (Japan), Ltd. Outside Audit & Supervisory Board Member, Itochu Enex Co., 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	Director, Sumida Corporation
Audit & Supervisory Board Member	Makiko Hamabe	Representative, Makiko Hamabe Office Outside Director, Otsuka Corporation

Notes:

1. The name of Makiko Hamabe, Audit & Supervisory Board Member, in her family register is Makiko Yasui.
2. Mr. Jo Sempels, Mr. Andrew Gregory, Mr. Akira Kawamura, Mr. Masataka Ueda, Mr. Tetsu Takahashi and Ms. Yuko Tashiro are Outside Directors.
3. Ms. Sonoko Kajiyama, Ms. Ellen Caya, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe are Outside Audit & Supervisory Board Members.
4. 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, Ms. Sonoko Kajiyama, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe as independent officers at the Tokyo Stock Exchange.
5. Full-time Audit & Supervisory Board Member, Ms. Sonoko Kajiyama, is a Certified Public Accountant in Japan and has many years of experience as a certified public accountant and an auditor in internal audit, and has considerable financial and accounting knowledge.
6. 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.
7. Audit & Supervisory Board Member, Mr. Yoshiyuki Honda, a Certified Public Accountant in Japan and the U.S., has many years of experience as a certified public accountant and a head of finance and executive of many private companies, and has considerable financial and accounting knowledge.
8. 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.
9. At the conclusion of the 53rd Annual General Meeting of Shareholders held on March 26, 2024, Ms. Sarah L. Casanova and Mr. Arosha Wijemuni retired from the position of Director due to the expiration of their term of office.
10. At the conclusion of the 53rd Annual General Meeting of Shareholders held on March 26, 2024, Mr. Takaaki Ishii retired from the position of Audit & Supervisory Board Member 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 Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with each Director (excluding executive directors, etc.) and each Audit & Supervisory Board Member to limit their liability for damages pursuant to Article 423, Paragraph 1 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	7	355 million yen
(Outside members)	(4)	(44 million yen)
Audit & Supervisory Board Member	4	31 million yen
(Outside members)	(3)	(29 million yen)
Total	11	387 million yen
(Outside members)	(7)	(73 million yen)

Notes:

1. The above excludes the 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 limit of remuneration 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 the 47th annual general shareholders' meeting is 8, including 2 outside directors.
4. The Company set up directors' remuneration based on the limitation of Article 361, Paragraph-1 of the Companies Act: 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 solid 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:
 - Directors' remuneration (stock-price-linked): 186 million yen (186 million yen for 3 directors);
 - Directors' remuneration (business-performance-linked): 38 million yen (38 million yen for 3 directors)
 - Provision of reserve for retirement benefits for directors: 14 million yen (14 million yen for 7 directors and 0 million yen for 3 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 the 46th annual general shareholders' meeting is 4.

8. Audit & Supervisory Board Members' remuneration consists of monthly remuneration and retirement benefits for auditors based on Article 387 of the Companies Act.
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.

(a) 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, the compensation level is set at a competitive and effective level which attracts diverse outstanding talents as board members from inside and outside 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 in consideration of their duties.

(b) 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 a comprehensive manner based on 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. 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, and the amount is determined by it. Retirement allowance will be paid at the time of the final retirement from all positions as a director and employee of the Company and its subsidiary.

(c) 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.

- (d) 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 (1) Single year	Performance-based compensation (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 are reasonable grounds, performance based compensation can be granted exceeding the above.
4. Percentage will not be set for the amount of retirement allowance.

- (e) 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.

- (f) 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 6 members: Mr. Tamotsu Hiiro, Representative Director, President and CEO; 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
		Higashi-Nippon Bank, Ltd.	Outside Director	
		The specified nonprofit organization FTJ	Chairperson	
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	
Full-time Outside Audit & Supervisory Board Member	Sonoko Kajiyama	McDonald's Company (Japan), Ltd	Statutory Auditor	Consolidated subsidiary
		Itochu Enex Co., Ltd.	Outside Audit & Supervisory Board Member	None in particular
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	Director	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 (Total: 13 times)		Audit & Supervisory Board meeting (Total: 14 times)	
	# of Attendance	Percentage	# of Attendance	Percentage
Director, Jo Sempels	11	84.6%	—	—
Director, Andrew Gregory	13	100%	—	—
Director, Akira Kawamura	13	100%	—	—
Director, Masataka Ueda	13	100%	—	—
Director, Tetsu Takahashi	13	100%	—	—
Director, Yuko Tashiro	13	100%	—	—
Audit & Supervisory Board Member, Sonoko Kajiyama	10	100%	10	100%
Audit & Supervisory Board Member, Ellen Caya	10	76.9%	12	85.7%
Audit & Supervisory Board Member, Yoshiyuki Honda	13	100%	14	100%
Audit & Supervisory Board Member, Makiko Hamabe	13	100%	14	100%

Note:

Ms. Sonoko Kajiyama was elected and assumed the position of Audit & Supervisory Board Member at the 53rd Annual General Meeting of Shareholders held on March 26, 2024, and therefore was not obliged to attend the Board of Directors meetings (3 meetings) and Audit & Supervisory Board meetings (4 meetings) prior to her appointment.

● Major activities of Outside Directors

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 business manager. In particular, he provided a number of useful pieces of advice and suggestions on McDonald's business 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 business manager. In particular, he provided a number of useful pieces of advice and suggestions on store development and franchising 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 pieces of advice and suggestions on corporate management, corporate legal and corporate governance, and contributed to improving 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 business manager. In particular, he provided a number of useful pieces of advice and suggestions on corporate management and risk management, and contributed to improving 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, he provided a number of useful pieces of advice and suggestions on corporate management, corporate legal and corporate governance, and contributed 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 a number of useful pieces of advice and suggestions on corporate management, and contributed to improving 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 Members

Name	Major activities
Sonoko Kajiyama	At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments from an independent and objective perspective based on her extensive experience and insight as a certified public accountant. In particular, she provided a number of useful pieces of advice and suggestions on risk management and audits, and contributed to the implementation of effective operational and accounting audits.
Ellen Caya	At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments based on her extensive experience in audits and her rich insight into McDonald's business and audits. In particular, she provided a number of useful pieces of advice and suggestions regarding audits 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, he provided a number of useful pieces of advice and suggestions on finance and internal controls 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 from an independent and objective perspective based on her extensive experience and insight regarding investor relations and ESG and sustainability issues. In particular, she provided a number of useful pieces of advice and suggestions on investor relations and ESG and sustainability issues and contributed to the implementation of effective operational and accounting audits.

(c) Amount of remuneration, etc. received from subsidiaries of the Company

The amount of remuneration, etc. received by Outside Director and Audit & Supervisory Board Members from subsidiaries of the Company in the current fiscal year was 8 million yen.

4. Status of the Accounting Auditors

(1) Name of public accounting firm

Ernst & Young ShinNihon LLC.

(2) Audit fee

(Millions of yen)	Amount
Audit fee pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Act	126 million yen
Total audit fee incurred by the Company and its consolidated subsidiaries	141 million yen

Notes:

- 1 The Audit & Supervisory Board, based upon the Practical Guidelines for Cooperation with Accounting Auditors released by the Japan Audit & Supervisory Board Members Association, and through obtaining necessary materials and receiving reports from internal related departments and the accounting auditor, conducts review of the contents of the auditing plan, status of the execution of duties in the previous fiscal year, the grounds for calculation of the fee estimates and other matters of the accounting auditor, and gives consent to the fee, etc., for the accounting auditor in accordance with Article 399, Paragraph 1 of the Companies Act.
- 2 Since the audit agreement between the Company and the accounting auditor does not specify respective amount of fees for auditing under the Companies Act and auditing under the Financial Instruments and Exchange Act, it is hardly practicable to do so, the above payment to show the total of such amount of fees.

(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 Audit & Supervisory Board will dismiss the Accounting Auditor by a unanimous resolution. In such case, the Audit & Supervisory Board Members designated by the Audit & Supervisory Board shall report to the General Meeting of Shareholders to be first held after the dismissal of the Accounting Auditor on such dismissal and the reason thereof.

The Audit & Supervisory Board will make a comprehensive judgment regarding the status of execution of duties and other performance of the Accounting Auditor. When Audit & Supervisory Board 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 dismissal or rejection of reappointment 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 Audit & Supervisory Board to include the dismissal or rejection of reappointment 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 the execution of duties of the Directors is in accordance with the laws and regulations and the Articles of Association of the Company, and to ensure appropriateness of the operations 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 statements 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 & Supervisory Board, documents relating to activities of Audit & Supervisory Board members, and other documents designated by the Board of Directors and Audit & 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 business execution 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 major accidents, 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 structure to the management team by setting up the Emergency Hotline system 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 level of emergencies and the methods of how to deal with emergencies by setting the Rules on Emergency Level

Management and Stock Recovery of Restaurant Commodities' and Products' Quality with regard to the methods of 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 execution 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 the consolidated subsidiary 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, 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 business execution of the Company Group based on their positions and responsibilities, and to specify the necessity of prior approval of relevant departments or EMT and of resolutions or reporting at meetings of the Board of Directors. In addition, the EMT Rules shall be formulated to ensure EMT will examine important business execution 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 audit business processes of each department and find and prevent misconduct and improve business processes.
- (f) The above initiatives shall be actively disclosed to shareholders, investors, and society as well as to Directors and employees in order to raise their awareness of the compliance system and secure its transparency.

(5) System to ensure appropriateness of operations in the Group

To maintain the appropriateness of operations performed throughout 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 Regulations, 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 work for the Audit & Supervisory Board Member as assistants 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 the 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 damage to the Company that they find in their respective business execution.
- (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 the whistle-blower hotline or by any other means, and as a result of the fact-finding investigation such material fact that violates 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 items regarding business execution 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 execution 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 execution 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 important business execution (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 operations performed throughout 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 Regulations, and shall maintain a reporting system to ensure that any matter deemed important for maintaining appropriateness of operations is reported to the Company.

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 with the assistants to the Audit & Supervisory Board Members, and processing of expenses arising from execution of auditing 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 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 9 Directors including 4 Independent Outside Directors and 4 Audit & Supervisory Board Members including 3 Independent Outside Audit & Supervisory Board Members who also attend the Board meetings. The Board of Directors meetings were held 13 times to discuss and actively exchange opinions on important matters including matters prescribed in laws and regulations, the Articles of Association of the Company and other rules, and business policies from the perspectives of compliance with laws and regulations, the Articles of Association of the Company and other rules, and appropriateness of operations.

The Audit & Supervisory Board meetings were held 14 times to share information and exchange opinions on important matters discovered during the audit, as well as 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 investigations, 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) Status of efforts concerning the management of 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 main theme of the training for the fiscal year ended December 2024 was harassment, and the content was designed for participants to think about opinions from various perspectives and how they would feel if they were in a harassment-related situation, based on specific examples of situations that may occur in the workplace. The content was also designed to deepen participants' understanding of "Speak Up" so that they would not hesitate to consult with their supervisors or the Compliance Hotline (CHL) if they had any questions or concerns. A total of 28,117 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, 2024

(Millions of yen, with fractional amounts discarded)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	67,327	Accounts payable-trade	354
Accounts receivable-trade	25,229	Lease obligations	147
Current portion of long-term deferred accounts receivable	5,142	Accounts payable-other	35,532
Securities	4,000	Accrued expenses	8,738
Raw materials and supplies	1,660	Income taxes payable	7,633
Other	8,323	Consumption tax payable	3,614
Allowance for doubtful accounts	(6)	Contract liabilities	5,644
Total current assets	111,677	Provision for bonuses	2,228
		Provision for loss on disposal of inventories	17
Non-current assets		Asset retirement obligations	84
Property and equipment		Other	12,074
Buildings and structures	93,483	Total current liabilities	76,069
Machinery and equipment	17,754	Non-current liabilities	
Tools, furniture and fixtures	9,170	Lease obligations	116
Land	27,352	Provision for bonuses	89
Lease assets	218	Provision for directors' bonuses	34
Construction in progress	1,532	Provision for director's retirement benefits	214
Total property and equipment	149,512	Liabilities for retirement benefits	1,174
Intangible assets		Asset retirement obligations	5,832
Goodwill	640	Deferred tax liabilities	37
Software	9,515	Deferred tax liabilities due to land revaluation	289
Other	694	Other	191
Total intangible assets	10,850	Total non-current liabilities	7,981
Investments and other assets		Total liabilities	84,050
Investment securities	12,056	(Net Assets)	
Long-term loans receivable	9	Shareholders' equity	
Long-term deferred accounts Receivable	192	Common stock	24,113
Deferred tax	7,669	Capital surplus	42,124
Lease and guarantee deposits	40,944	Retained earnings	190,936
Other	5,380	Treasury stock	(3)
Allowance for doubtful accounts	(1,198)	Total shareholders' equity	257,171
Total investments and other assets	65,054	Accumulated other comprehensive loss	
Total non-current assets	225,416	Revaluation reserve for land	(4,202)
		Remeasurements of retirement benefits	75
Total assets	337,094	Total accumulated other comprehensive loss	(4,126)
		Total net assets	253,044
		Total liabilities and net assets	337,094

Consolidated Statement of Income

For the Year Ended December 31, 2024

(Millions of yen, with fractional amounts discarded)

Account	Amount	
Net sales		
Sales by company-operated restaurants	273,459	
Revenue from franchised restaurants	132,018	405,477
Cost of sales		
Product cost	243,315	
Franchised restaurants' occupancy expenses	81,173	324,489
Gross profit		80,987
Selling, general and administrative expenses		32,966
Operating income		48,021
Non-operating income		
Interest income	154	
Compensation income	323	
Insurance income	319	
Reversal of allowance for doubtful accounts	18	
Subsidy income	343	
Other	547	1,706
Non-operating expenses		
Interest expenses	9	
Loss on disposals for company-operated restaurants	1,949	
Loss on cancellation of leasehold contracts	233	
Other	146	2,338
Ordinary income		47,389
Special income		
Gain on sales of shares of subsidiaries	1,209	
Gain on sales of non-current assets	451	1,660
Special loss		
Loss on disposals of non-current assets	877	
Impairment loss	944	1,822
Income before income taxes		47,226
Income taxes-current	15,090	
Income taxes-deferred	174	15,264
Net income		31,961
Net income attributable to owners of parent		31,961

Consolidated Statement of Changes in Net Assets

For the Year Ended December 31, 2024

(Millions of yen, with fractional amounts discarded)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Subtotal
Beginning balance	24,113	42,124	164,558	(3)	230,794
Changes during the year					
Dividends			(5,584)		(5,584)
Net income			31,961		31,961
Purchase of treasury shares				(0)	(0)
Changes in items other than shareholders' equity (net)					
Total changes	-	-	26,377	(0)	26,377
Ending balance	24,113	42,124	190,936	(3)	257,171

	Accumulated other comprehensive Income/(Loss)			Total
	Revaluation reserve for land	Remeasurements of defined benefit plans	Subtotal	
Beginning balance	(4,202)	81	(4,120)	226,673
Changes during the year				
Dividends				(5,584)
Net income				31,961
Purchase of treasury shares				(0)
Changes in items other than shareholders' equity (net)		(6)	(6)	(6)
Total changes	-	(6)	(6)	26,370
Ending balance	(4,202)	75	(4,126)	253,044

Balance Sheets

As of December 31, 2024

(Millions of yen, with fractional amounts discarded)

Account (Assets)	Amount	Account (Liabilities)	Amount
Current assets		Current liabilities	
Cash and deposits	4,201	Accounts payable - trade	1,453
Accounts receivable to affiliated companies	5,719	Accounts payable - other	243
Securities	4,000	Accounts payable to affiliated companies	11,643
Prepaid expenses	3,398	Accounts payable- property and equipment	2,540
Accounts receivable - other	1,183	Accrued expenses	203
Other	206	Income taxes payable	211
Total current assets	18,708	Asset retirement obligations	15
		Other	67
Non-current assets		Total current liabilities	16,377
Property and equipment		Non-current liabilities	
Buildings	18,524	Provision for directors' bonuses	22
Structures	4,440	Provision for directors' retirement benefits	141
Machinery and equipment	40	Asset retirement obligations	792
Tools, furniture and fixtures	33	Deferred tax liabilities	19
Land	27,414	Deferred tax liabilities for land revaluation	314
Construction in progress	1,266	Other	191
Total property and equipment	51,721	Total non-current liabilities	1,480
Intangible assets		Total liabilities	17,858
Land lease right	718		
Software	9,515	(Net assets)	
Telephone subscription rights	37	Shareholders' equity	
Total intangible assets	10,271	Common stock	24,113
Investments and other assets		Capital surplus	42,124
Investment securities	12,056	Legal capital surplus	42,124
Long-term loan receivable	9	Retained earnings	76,577
Long-term loan receivable to affiliated companies	19,784	Legal retained earnings	253
Claims provable in bankruptcy, claims provable in rehabilitation and other	54	Other retained earnings	76,324
Long-term prepaid expenses	1,121	Retained earnings carried forward	76,324
Lease and guarantee deposits	40,944	Treasury stock	(3)
Other	2,001	Total shareholders' equity	142,812
Allowance for doubtful accounts	(520)	Valuation and translation adjustments	
Total investments and other assets	75,450	Revaluation reserve for land	(4,518)
Total non-current assets	137,443	Total valuation and translation adjustments	(4,518)
Total assets	156,152	Total net assets	138,293
		Total liabilities and net assets	156,152

Statement of Income
For the Year Ended December 31, 2024

(Millions of yen, with fractional amounts discarded)

Account	Amount	
Revenue		
Real estate rental income	61,341	
Dividends from subsidiaries and affiliates	5,600	66,941
Cost of sales		
Cost of real estate rent	58,124	58,124
Gross profit		8,816
Selling, general and administrative expenses		3,787
Operating income		5,028
Non-operating income		
Interest income	323	
Management service fee income	225	
Compensation income	319	
Other	73	942
Non-operating expenses		
Provision of allowance for doubtful accounts	6	
Loss on disposals for company-operated restaurants	7	
Other	27	41
Ordinary income		5,930
Special loss		
Loss on disposal of non-current assets	174	174
Income before income taxes		5,755
Income taxes-current	43	
Income taxes-deferred	7	50
Net income		5,704

Statement of changes in net assets

For the Year Ended December 31, 2024

(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	76,204	76,457	(3)	142,692
Changes during the year								
Dividends					(5,584)	(5,584)		(5,584)
Net income					5,704	5,704		5,704
Purchase of treasury shares							(0)	(0)
Total changes	-	-	-	-	120	120	(0)	119
Ending Balance	24,113	42,124	42,124	253	76,324	76,577	(3)	142,812

	Valuation and translation adjustment		Total
	Revaluation reserve for land	subtotal	
Beginning Balance	(4,518)	(4,518)	138,173
Changes during the year			
Dividends			(5,584)
Net income			5,704
Purchase of treasury shares			(0)
Total changes	-	-	119
Ending Balance	(4,518)	(4,518)	138,293