MATTERS TO BE PROVIDED ELECTRONICALLY AT THE TIME OF CONVOCATION OF THE 54th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notes to Consolidated Financial Statements

Notes to Non-consolidated Financial Statements

The 54th (from January 1, 2024 to December 31, 2024)

McDonald's Holdings Company (Japan), Ltd.

With regard to the above matters, in accordance with laws and regulations and Article 14 of our Articles of Incorporation, we omit the description in the document to be delivered to shareholders who have requested delivery of the document (the document stating the matters to be provided electronically).

Explanatory Notes to Consolidated Financial Statements

1. Assumptions underlying preparation of consolidated financial statements

(1) Item relating to scope of consolidation

Consolidated subsidiaries

Number of consolidated subsidiaries:	1
Name of consolidated subsidiaries:	McDonald's Company (Japan), Ltd.
Number of nonconsolidated subsidiaries:	2
Name of nonconsolidated subsidiaries:	Yamazen Co., Ltd. Red and White Co., Ltd.

(Main reason for exclusion of subsidiaries from consolidation)
Non-consolidated subsidiaries are small in scale and the Company's interests in their respective amounts of total assets, net sales and net income as well as retained earnings do not prevent a reasonable judgement on the Group's asset and profit or loss.

(2) Application of equity method

Non-consolidated subsidiaries (Yamazen Co., Ltd. and Red and White Co., Ltd.) are excluded from the scope of the equity method application, as their profit or loss, retained earnings, etc., do not have material impact on the consolidated financial statements and do not have significance as a whole.

(3) Fiscal years of consolidated subsidiaries

The fiscal year-end of all consolidated subsidiaries is December 31.

(4) Items related to accounting standards

(a) Standards and methods of valuation for significant assets

Marketable and investment securities

Shares of subsidiaries:	Valued at cost using the periodic average method.
Held-to-maturity securities:	Valued at cost.
Other securities:	
Unquoted securities:	Valued at cost using the periodic average method.

Inventories

Raw materials and supplies	Inventories are valued principally at cost using the periodic average method (carrying amount of inventories is determined by write-down method based on decreased profitability)

(b) Major depreciable assets and methods of depreciation

Property and equipment: (excluding lease assets)	Straight-line method
Intangible assets: (excluding lease assets)	Straight-line method (For software used internally, the straight-line method is applied based on the period of expected use by the Company (5 -10 years))
Lease assets:	Lease assets related to finance lease transactions where there is no transfer of ownership: Straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(c) Allowances and provisions

Allowance for doubtful accounts:	To provide for potential losses from doubtful accounts, the Company recognizes an amount calculated on the basis of a statutory deduction ratio for general accounts receivable plus an amount for specific accounts for which collection appears doubtful.

Provision for bonuses: Provision for bonuses has been recorded for future bonus payments to employees for this consolidated fiscal year. As some employees are entitled to stock-price-linked bonuses, such amount is estimated at the fair market value of each fiscal closing date for the period from the grant date to payment date calculated using the Black Scholes option model, multiplied by the proportion of the elapsed period over the total vested period. This calculation only reflects market conditions.

Provision for directors’ bonuses: Provision for directors’ bonuses has been recorded for future bonus payments to directors for this consolidated fiscal year. As directors are entitled to stock-price-linked bonuses, such an amount is estimated at the fair market value of each fiscal closing date for the period from the grant date to payment date calculated using the Black Scholes option model, multiplied by the proportion of the elapsed period over the total vested period. This calculation only reflects market conditions.

Provision for directors' retirement benefits:

In order to prepare for the payment of retirement benefits to directors, a provision is made for the estimated amount to be paid as of the end of the fiscal year based on the regulations of retirement allowance to retiring directors.

Provision for loss on disposal of inventories:

A reasonably estimated amount is recorded in provision for inventories to be purchased from suppliers as loss expected to occur from disposal in future.

(d) Accounting treatment for retirement benefit obligations

The attribution method for projected retirement benefits:

For the purpose of retirement benefit obligation, the straight-line method is used in attributing the current term retirement benefits estimated value through the end of this fiscal year.

Amortization method of actuarial gain and loss:

Actuarial gain and loss is expensed from the following fiscal year of occurrence by allocating in the straight-line method over a certain time period (six years) within the average remaining working period of employees at the time of occurrence in each fiscal year.

(e) Standards for recognition of significant revenues and expenses

(Revenue recognition related to hamburger restaurant business)

In store operations, sales transactions occur daily based on orders from customers, including sales transactions for orders received in stores, sales transactions for orders received via mobile ordering, and sales transactions through delivery services by the company and using outside contractors. For mobile orders and delivery services, order data from the customer is transferred to the POS system via the order receipt server and converted into sales transaction data.

(1) Company-operated store sales

For sales at company-operated stores, the performance obligation is satisfied when the goods are provided to customers, and therefore, revenue is recognized at that point. Company-operated store sales are recorded when sales transactions at company-operated stores are recorded in the POS system and automatically transferred to the accounting system via the sales management system.

(2) Franchise revenue

Royalty income received from franchise corporations based on franchise agreements is calculated based on the net sales of the franchise corporations, as they are promises to grant licenses to the franchise corporations, and revenue is recognized when such net sales are generated. Sales transactions at franchised stores are recorded in the POS system, automatically transferred to the accounting system via the sales management system, calculated based on the recorded sales transaction data and the rate stipulated in the franchise agreement, and recorded in the accounting system. For initial franchise fees received from franchise corporations based on franchise agreements, the Company recognizes the consideration as a contract liability when the franchise agreement is entered into and then recognizes it as revenue over some time in accordance with the satisfaction of performance obligations.

(f) Goodwill

Amortization of goodwill is computed by using the straight-line method over 5 years.

2. Notes on Accounting Estimates

Impairment of non-current assets

(1). Amount recorded in the consolidated financial statements for the current fiscal year

Impairment loss 944 million yen

(2). Information of significant accounting estimates for identified items

For groups of assets that are on the verge of impairment, the Group assesses whether an impairment loss should be recognized. In the event that the total amount of undiscounted future cash flow is less than the book value of the assets, the carrying value of each asset group is reduced to its respective recoverable amount, and the amount of the reduction is recognized as an impairment loss. The undiscounted future cash flow is estimated based on the past sales, cost of sales and expenses of head office, and so on, and we take into account the expected sales growth rate after the following fiscal year. The key assumption used in the estimates is the sales growth rate in groups after the following fiscal year.Since there are many uncertainties over the key assumptions, actual cash flows may deviate from the estimated amount more than expected.

3. Notes on Changes in Accounting Estimates

Asset Retirement Obligations

Our group changed its estimate of asset retirement obligations, which were recorded as restoration obligations based on real estate lease contracts for stores and other properties, in accordance with new information obtained, including the most recent actual restoration costs. The increase of 1,306 million yen due to the change in estimate was added to the balance of asset retirement obligations before the change.

4. Notes to consolidated balance sheets

(1) Accumulated depreciation on property and equipment 83,701 million yen.

(2) Due to selling the restaurant business to franchisees by entering franchise contracts, the amount of non-current assets transferred to other accounts was 2,704 million yen in book value (Buildings and Structures 1,362 million yen, Machinery and Equipment 847 million yen, Tools, Furniture and Fixtures 410 million yen and Lease Assets 13 million yen and Goodwill 70 million yen.)

(3) Revaluation of land

As per the Act on Revaluation of Land (Public Law No. 34, March 31, 1998), land used for business purposes is revalued and any valuation differential is recorded under shareholders' equity

Revaluation method:

As per Article 2-3 of the Order for Enforcement of the Act on Revaluation of Land (Public Ordinance No. 119, March 31, 1998), the calculation was carried out using a rational adjustment based on the valuation amount for property tax

Date of revaluation: December 31, 2001
Difference between book value and post-revaluation market value of revalued land at end of term: 237million yen

(4) Reductions of Property and Equipment from gains on insurance claims were 22 million yen.

(5) “Other” assets in investments and other assets in the amount of 2,000 million yen are provided as guarantee deposits for the issuing of gift certificates (McCards), as per the relevant laws regulating prepaid gift certificates. Liabilities collateralized by these guarantee deposits are contract liabilities from customers in the amount of 4,182 million yen. (The balance presented in the consolidated balance sheets is 2,308 million yen by deducting unredeemed McCards that are expected to ultimately end up remaining unused.)

5. Notes to consolidated statement of income

A total of 707 million yen of gain on sales of restaurant businesses from entering franchising contracts is included in sales. The sales price to the franchisee is based on the cash flows expected to be generated in the future by the store operation business to be sold and is the amount agreed upon with the buyer, the franchisee.

6. Notes to consolidated statement of changes in net assets

(1) Number of outstanding shares

	Beginning of term	Increase	Decrease	End of term
Common Stock	132,960,000	-	-	132,960,000

(2) Dividend

Amount of dividend paid
Resolution: The 53rd annual general shareholders’ meeting held on March 26, 2024
Total dividend amount 5,584 million yen
Dividend per share 42 yen
Record date 2023/12/31
Effective date 2024/3/27

Amount which reference date is in the current year but effective date is in the following year
Resolution (estimate): The 54th annual general shareholders’ meeting scheduled on March 25, 2025
Total dividend amount 6,514 million yen
Dividend per share 49 yen
Record date 2024/12/31
Effective date 2025/3/26
Dividend resource Retained earnings

7. Notes to financial instruments

(1) Status of financial instruments

(a) Policies for financial instruments
The Company considers excess cash as a standby fund for the business investment therefore it is invested only to short-term financial instruments with relatively low risk.

(b) Contents and risks of financial instruments and risk management structure
Receivables are exposed to the credit risks of our business partners. Major business partners’ credit information is captured, and due dates and balances are controlled for each business partner, based on our Franchisees Credit Control Policy and Real Estate Receivables Rules, etc.
Investment securities are mainly held-to-maturity debt securities. The credit risk is minimal because only highly rated bonds are used in accordance with the Company's Cash and Asset Management Policy, and the credit risk is minimal.
Lease and guarantee deposits mainly consist of security deposits for lease contracts of the restaurants and are exposed to the credit risk of landlords. This risk is managed through monitoring the balance by the landlord as well as capturing credit information, based on our Real Estate Receivables Rules.

Due dates of the majority of account payables and accrued liabilities are within one year.
Lease obligations for finance lease transactions is mainly for capital investment, and the latest redemption date is five years from the consolidated balance sheet date.

(c) Additional note to fair market value of financial instruments
The fair market price of financial instruments includes reasonably estimated value when the market price does not exist. As this estimation includes variables, it is subject to change as the assumptions of the calculation change.

(2) Fair market value of financial instruments
The amount recorded on the consolidated balance sheet as of December 31, 2024, the fair market value, and differences are as follows. Items whose fair market value is extremely difficult to capture are not included in the following chart.

(Millions of yen)

	Amount recorded on consolidated balance sheet	Fair market value	Difference
(1) Cash and deposits	67,327	67,327	-
(2) Accounts receivable-trade	25,229		
Allowance for doubtful accounts(*1)	(6)		
	25,223	25,223	-
(3) Securities and Investment securities			
Held-to-maturity securities	16,000	15,917	(82)
(4) Long-term deferred accounts receivable(Including items scheduled for collection within one year)	5,335	5,335	-
(5) Lease and guarantee deposits	40,944		
Allowance for doubtful accounts(*2)	(488)		
	40,455	39,351	(1,104)
Total assets	154,342	153,156	(1,186)
(6) Accounts payable-other	35,532	35,532	-
Total liabilities	35,532	35,532	-

*1. Allowance for doubtful receivable-trade is deducted.
*2. Allowance for doubtful accounts for lease and guarantee deposits is deducted.
*3. Nonmarketable equity securities (equities of non-consolidated subsidiaries) are not listed above. The amount recorded in the consolidated balance sheet is summarized as follows.

(Millions of yen)

	Current Consolidated Fiscal Year December 31, 2024
Others Investments and other assets	1,506

Notes: Calculation method for fair market value of financial instruments and securities

1. Assets
(1) Cash and deposits and (2) accounts receivable-trade
As this account is settled in the short-term and the fair market value is close to the book value, the book value is employed.
(3) Securities and Investment securities
Bonds are calculated based on prices quoted by correspondent financial institutions.
(4) Long-term deferred accounts receivable
The estimated bad debt amount is calculated based on the estimated amount of collection, and the fair value approximates the balance sheet amount on the closing date, and such an amount is used as the fair value.
(5) Lease and guarantee deposits
This is categorized by period, and present value is calculated by discounting future cash flow with an

appropriate discount rate, which is based on the yield of government bonds.

2. Liability
(6) Accounts payable-other
As this account is settled in the short-term and the fair market value is close to the book value, the book value is employed.

(3) Matters concerning the breakdown of the fair value level of financial instruments
The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 market value: The fair value is calculated based on quoted market prices for the assets or liabilities for which such fair value is estimated that are formed in an active market among the inputs to the calculation of observable fair value
Level 2 market value: The fair value is calculated using inputs related to the calculation of observable fair value other than Level 1 inputs
Level 3 market value: The fair value is calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of the fair value are used, the fair value is classified to the level with the lowest priority in the calculation of the fair value among the levels to which each of those inputs belongs.

Financial instruments other than those recorded on the consolidated balance sheet at the fair value

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and Investment Securities				
Held-to-maturity securities	-	15,917	-	15,917
Lease and guarantee deposits	-	39,351	-	39,351
Total asset	-	55,269	-	55,269

Notes: Explanation of valuation techniques used in the calculation of the fair value and inputs related to the calculation of the fair market value

Securities and Investment Securities:
Held-to-maturity securities
Held-to-maturity debt securities are classified as Level 2 fair value based on prices quoted by correspondent financial institutions.

Lease and guarantee deposits:
The fair value of security deposits and guarantee money is determined by the discounted present value method based on the interest rate using an appropriate index such as the yield of government bonds for future cash flows, classified by a certain period, and classified as Level 2 fair value.

8. Notes to real estate for rent

(1) Status of real estate for rent
The Group has facilities for restaurants, including land, in Chiba, Saitama and other areas.

(2) Fair market value of real estate for rent

(Millions of yen)

Amount recorded on consolidated balance sheet	Fair market value on the closing date
60,057	54,795

Notes:
1. The amount recorded on the consolidated balance sheet is the acquisition costs less the accumulated depreciation.
2. Calculation method for fair market value
In accordance with Paragraph 33 of the “Guidance on Accounting Standard for Disclosures about Fair Value of

Investment and Rental Property" (ASBJ Guidance No.23), the fair value of land is mainly calculated based on the "assessed value for property tax purposes" (including those adjusted using indices and other methods). For depreciable assets such as buildings, the fair value is deemed to be the appropriate book value.

9. Notes to revenue recognition

(1). Information on the breakdown of revenue from contracts with customers

Current consolidated fiscal year (from Jan 1st to Dec 31st, 2024)

The Group's only business is the hamburger restaurant business, and the breakdown of revenue from contracts with customers is as follows.

(Millions of yen)

	Current Consolidated Fiscal Year (From Jan 1st to Dec 31st, 2024)
Company-operated store sales	273,459
Franchise revenue	131,310
Revenue from contracts with customers	404,770
Other revenue	707
Sales to external customers	405,477

(2). Information that provides a basis for understanding revenue arising from contracts with customers

Information that provides a basis for understanding revenues from contracts with customers is included in "1.Assumptions underlying preparation of consolidated financial statements (4) Items related to accounting standards (e) Standards for recognition of significant revenues and expenses".

(3). Information to understand the amount of revenue in the current and subsequent fiscal years

(a) Balance of receivables from contracts with customers and contract liabilities, etc.

(Millions of yen)

	Current Consolidated Fiscal Year	
	Beginning Balance	Ending Balance
Receivables from contracts with customers Accounts Receivable	27,362	25,229
Contract Liabilities	5,021	5,644

Contract liabilities consist mainly of deferred revenue related to franchise fees received in advance from owners when franchise agreements are entered into, and advances received from customers when McCards are sold. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized in the current fiscal year that was included in contract liabilities at the beginning of the period was 1,874 million yen. No revenue was recognized in the current period from performance obligations that were satisfied or partially satisfied in prior periods due to changes in transaction prices or other factors.

(b) Transaction price allocated to remaining performance obligations

The aggregate transaction price allocated to the remaining performance obligations and the period over which revenue is expected to be recognized as follows.

(Millions of yen)

	Current Consolidated Fiscal Year
Within 1 year	1,776
More than 1 year less than 2 years	954
More than 2 years less than 3 years	721
More than 3 years less than 4 years	588
More than 4 years less than 5 years	394
More than 5 years	1,208
Total	5,644

Transactions with an initial expected term of one year or less and variable consideration such as royalties based on sales or royalties are not included above.
Royalties based on sales or usage are mainly royalties received from franchisees, and the remaining contract terms range from 1 to 20 years for each individual contract.

10. Notes to Business Combinations

(Business Divestiture)

Our group resolved to transfer the restaurant operation business of 39 hamburger restaurants (hereinafter referred to as “the Business”) to a new company established through an incorporation-type company split (hereinafter referred to as “the New Company”), effective as of July 31, 2024. Additionally, after transferring 54 franchised stores operated by four franchise companies to the New Company, it was resolved to transfer all shares of the New Company to Koyo Co., Ltd., and a share transfer agreement was concluded.
Based on this agreement, the shares were transferred as of August 1, 2024.

(1) Overview of the business divestiture

(a) Name of the company receiving the business through the company split and the name of the company receiving the share transfer.

A.Name of the company receiving the business through the company split.
FFFJ Co., Ltd.

B. Name of the company receiving the share transfer
Koyo Co., Ltd.

(b) Details of the divested business
The restaurant operation business covers a total of 93 restaurants, including the Isezakicho location.

(c) Reason for business divestiture
As part of efforts to enhance corporate value through continuous growth and improved profitability, our group transferred the shares of the New Company to Koyo Co., Ltd., signed a franchise agreement with the company, and transferred the operation of hamburger restaurant businesses.

(d) Date of company split and share transfer.
A. Date of company split : July 31, 2024
B. Date of share transfer : August 1, 2024

(e) Other transaction details, including legal format.

A. Company split.
A company split (simplified incorporation-type split) will be executed with FFFJ Co., Ltd. as the splitting company, transferring the rights and obligations related to the target business to the newly established company.

B. Share transfer.
A share transfer where the consideration received consists solely of cash.

(2) Summary of accounting procedures implemented.

(a) Amount of gain and loss on transfer
Gain on sales of subsidiary shares: 1,209 million yen.

(b) Accurate book value and breakdown of assets and liabilities related to the transferred business.

Current assets	3,875 million yen
Fixed assets	2,193 million yen
Total assets	6,069 million yen
Current liabilities	- million yen
Fixed liabilities	45 million yen
Total liabilities	45 million yen

(c) Accounting procedure

This transaction is processed in accordance with the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019). The difference between the fair value of the assets received as consideration for the transfer and the book value of the transferred business, as well as any related expenses, is recognized as a gain or loss on transfer.

(3) The name of the reporting segment that included the divested business.

Our group operates in a single segment: the hamburger restaurant business.

(4) The estimated amount of profit or loss pertaining to the divested business recorded in the consolidated income statement for the current fiscal year.

Sales	6,886 million yen
Gross Profit on Sales	371 million yen

(5) Overview of ongoing involvement

A franchise agreement for the operation of McDonald's restaurants has been signed with Koyo Co., Ltd.

11. Per share information

Net assets per share	1,903.18 yen
Net income per share	240.39 yen

Explanatory Notes to Non-consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Standards and methods of valuation for marketable and investment securities

Shares in subsidiaries and affiliated companies:	Valued at cost using the periodic average method
Held-to-maturity securities:	Valued at cost.
Other securities:	
Unquoted securities:	Valued at cost using the periodic average method

(2) Major depreciable assets and methods of depreciation

Property and equipment:	Straight-line method
Intangible assets:	Straight-line method (For software used internally, the straight-line method is applied based on the period of expected use by the Company (5 to 10 years).

(3) Allowances and provisions

Allowance for doubtful accounts:	To provide for potential losses from doubtful accounts, the Company recognizes an amount calculated on the basis of a statutory deduction ratio for general accounts receivable plus an amount for specific accounts for which collection appears doubtful.
Provision for bonuses:	Provision for bonuses has been recorded for future bonus payments to employees for this fiscal year. As some employees are entitled to stock-price-linked bonuses, such amount is estimated at the fair market value of each fiscal closing date for the period from the grant date to the payment date calculated using the Black Scholes option model, multiplied by the proportion of the elapsed period over the total vested period. This calculation only reflects market conditions
Provision for directors' bonuses:	Provision for directors' bonuses has been recorded for future bonus payments to directors for this fiscal year. As directors are entitled to stock-price-linked bonuses, such amount is estimated at the fair market value of each fiscal closing date for the period from the grant date to the payment date calculated using the Black Scholes option model, multiplied by the proportion of the elapsed period over the total vested period. This calculation only reflects market conditions.
Provision for directors' retirement benefits:	In order to prepare for the payment of retirement benefits to directors, a provision is made for the estimated amount to be paid as of the end of the fiscal year based on the regulations of retirement allowance to retiring directors.

(4) Standards for recognition of significant revenues and expenses

The Company's revenues consist of dividends received from subsidiaries and real estate rent.For dividends received, revenue is recognized as of the effective date of the dividends. For real estate rent, the Company recognizes revenue corresponding to the elapsed period based on the rental income to be received under the contract based on the terms of the rental agreement.

2. Notes to balance sheets

(1) Accumulated depreciation on property and equipment: 12,303 million yen

(2) Receivables from and payables to affiliates

Short-term receivables:	5,914 million yen
Long-term receivables:	19,784 million yen
Short-term payables:	11,643 million yen

(3) As per the Act on Revaluation of Land (Public Law No. 34, March 31, 1998), land used for business purposes is revalued and any valuation differential is recorded under shareholders' equity.
Method of revaluation
As per Article 2-3 of the Order for Enforcement of the Act on Revaluation of Land (Public Ordinance No. 119, March 31, 1998), the calculation was carried out using a rational adjustment based on the valuation amount for property tax.
Date of revaluation: December 31, 2001
Difference between book value and post-revaluation market value of revalued land at end of term: 175 million yen

(4) Reductions of property and equipment from gains on insurance claims were 22 million yen.

(5) "Other" asset in investments and other assets in the amount of 2,000 million yen is provided as guarantee deposits for the issuing of gift certificates (McCards), as per the relevant laws regulating prepaid gift certificates. Liabilities collateralized by these guarantee deposits are contract liabilities from customers in the amount of 4,182 million yen. (The balance presented in the balance sheetss is 2,308 million yen by deducting unredeemed McCards that are expected to ultimately end up remaining unused.)

3. Notes to statement of income

Transactions between the Company and its affiliates

Transactions related to operation	
Revenue	61,061 million yen
Dividend from affiliated company	5,600 million yen
Other	569 million yen
Transactions not related to operation	420 million yen

4. Notes to statement of changes in net assets

Treasury stock

	Beginning of term	Increase	Decrease	End of term
Common stock(Note)	1,096	77	-	1,173

Note: Increase in 77 treasury stocks is due to the acquisition of fractional shares.

5. Deferred taxes

	(Millions of yen)
Deferred tax assets	
Allowance for doubtful accounts	159
Asset retirement obligations	247
Loss from write-down of investments in affiliated companies	220
Construction assistance fund	296
Loss carried forward	603
Business taxes payable	56
Depreciation expenses	8
Provision for directors' retirement benefits	43
Other	217
Subtotal	1,852
Valuation allowance	(1,555)
Total deferred tax assets	297
Deferred tax liabilities	
Long-term prepaid expenses	(315)
Asset retirement obligations	(1)
Total deferred tax liabilities	(316)
Total deferred tax assets – net	(19)

In addition to the above, there are deferred tax assets and liabilities for "revaluation for land" as follows:

Deferred tax assets	
Deferred tax assets for revaluation for land	1,613
Valuation allowance	(1,613)
Total deferred tax assets	-
Deferred tax liabilities	
Deferred tax liabilities for revaluation for land	(314)
Total deferred tax liabilities	(314)
Total deferred tax liabilities – net	(314)

6. Related party transactions

Subsidiaries (Millions of yen)

Relationship	Name	Capital	Type of business	% of voting rights held (held by others)	Nature/Scope	Type of transaction	Transaction amount	Account	Ending balance
Subsidiary	McDonald's Company (Japan), Ltd.	100	Hamburger restaurant chain	Owned direct 100.0	Interlocking directors Leasing restaurants and offices	Real estate rental income (Note 2)	61,061	Accounts receivable to affiliated companies	5,719
						Management service fee income (Note 3)	225	-	-
						Collection of loan (Note 4)	19,364	Long-term loan receivable	19,784
						Interest income (Note 4)	195	Accrued interest	195
						Dividend from affiliated company	5,600	-	-

Notes:

1. Consumption tax is included in the year-end balances but not in the transaction amounts listed above.
2. Amount of fees and condition of business are decided based on the market trades.
3. Management service fee income is determined based on the nature of such services.
4. The interest rate applied in the loan receivable to McDonald's Company (Japan), Ltd. is based on the market interest rates. The amount of loan receivable is recorded at a net amount because the borrowing transaction is short-term.

7. Notes to revenue recognition

Information that provides a basis for understanding revenues from contracts with customers is included in “1.Summary of significant Accounting Policies(4)Standards for recognition of significant revenues and expenses”.

8. Per share information

Net assets per share	1,040.12 yen
Net income per share	42.91 yen