

# (Translation)



## Consolidated Financial Results for the Six Months Ended June 30, 2024

August 9, 2024

### McDonald's Holdings Company (Japan), Ltd.

Company code number: 2702 (URL <https://www.mcd-holdings.co.jp/>)  
Stock market: Tokyo Securities Exchange, Standard  
Representative: Tamotsu Hiiro  
Representative Director, President and CEO  
Contact: Shuko Yoshida  
McDonald's Company (Japan), Ltd.  
Director, Chief Financial Officer  
Phone: +81-3-6911-6000  
Schedule of dividends payment: —  
Schedule of interim securities report submission: August 13, 2024  
Preparation of supplementary materials for interim financial results: Yes  
Interim results briefing: Yes (For analysts)

### 1. Consolidated operating results (From January 1, 2024 to June 30, 2024)

#### (1) Consolidated financial results

(In millions of yen, with fractional amounts discarded)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2024	200,996	10.2	23,748	31.9	24,278	35.0	14,893	31.0
June 30, 2023	182,460	8.5	18,011	3.0	17,980	3.8	11,370	3.2

(Note) Comprehensive income:

Six months ended June 30, 2024: 14,881 million yen <31.0%>

Six months ended June 30, 2023: 11,357 million yen <3.2%>

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
June 30, 2024	112.02	-
June 30, 2023	85.52	-

#### (2) Consolidated financial position

(In millions of yen, with fractional amounts discarded)

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	%
As of June 30, 2024	303,470	235,969	77.8
As of December 31, 2023	311,393	226,673	72.8

(Note) Owner's equity:

As of June 30, 2024: 235,969 million yen.

As of December 31, 2023: 226,673 million yen

## 2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
December 31, 2023	-	0.00	-	42.00	42.00
December 31, 2024	-	0.00	-	-	-
December 31, 2024 (Forecast)	-	-	-	42.00	42.00

(Note) Changes to the dividend forecast from the most recently announced figures: None

## 3. Consolidated earnings forecasts for the year ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Annual	406,000	6.3	45,500	11.3	44,500	9.2	27,000	7.3	203.07

(Note) Change to the earnings forecast from the most recently announced figures: None

## 4. Others

### (1) Changes in significant subsidiaries (Changes in scope of consolidation): None

Newly consolidated: — Excluded: —

### (2) Application of accounting procedures specific to preparation of interim consolidated financial statements: Yes

### (3) Changes in accounting policies and accounting estimates

- Changes caused by revision of accounting standards: None
- Changes other than (3) - 1. above: None
- Changes in accounting estimates: None
- Restatements: None

### (4) Number of shares outstanding (common stock)

- Number of shares outstanding (including treasury stock)
 

As of June 30, 2024: 132,960,000 shares	As of December 31, 2023: 132,960,000 shares
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- Number of treasury stock
 

As of June 30, 2024: 1,129 shares	As of December 31, 2023: 1,096 shares
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- Average number of common shares outstanding
 

As of June 30, 2024: 132,958,888 shares	As of June 30, 2023: 132,958,906 shares
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(Indication of interim review procedure implementation status)

This interim earnings report is not subject to interim review procedures based upon the Financial Instruments and Exchange Act.

(Forward - looking statements)

The financial forecasts and estimates in this release are based on information available at the time of disclosure and certain assumptions judged to be reasonable by the Company. Actual results may differ materially from expectations due to various factors.

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

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## 1. Qualitative Information on Interim Financial Results Ended June 30, 2024

### (1) Qualitative information on consolidated operating 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 will strengthen the foundation of the McDonald's business and actively invest in areas for the future to realize steady growth and meet the increasingly diverse and growing expectations of our customers. As for our financial targets for an average annual growth rate of around 5% for all store sales, 3-5% for average annual operating income, and 10% or more for operating income ratio and ROE over the next three years, we could achieve these in 2023, the second year of the 3-year plan. We will continue to focus on the three strategic pillars for future growth in the areas of "Brand," "Menu & Value," and "Restaurant, Digital, and People.

In the current interim consolidated accounting period, we continued to listen to our customers, and in addition to our efforts to improve the restaurant experience for customers through store hygiene management and improved QSC and convenience, we also strengthened various menu strategies, marketing activities, and investments in hiring and training of human resources. Amid a continuously changing business environment 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 this year in order to keep our business healthy for both franchise owners, who operate around 2,100 restaurants, slightly above 70% of McDonald's restaurants in Japan, and suppliers. As a result, sales increased on a year-over-year basis, and comparable restaurant sales increased for 35 consecutive quarters from 2015 Q4 to 2024 Q2. Profit increased year-on-year as a result of relatively lower raw material prices and utility costs, which soared significantly in the first 6 months of 2023, in addition to the effects of increased sales, cost management such as global-scale raw material procurement, and corporate efforts such as effective marketing activities and efficient restaurant operations. The earning results are generally in line with the forecasts for the year ending December 2024, which was announced on February 8, 2024.

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

##### (1) 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 live our Purpose, we are committed to engaging in the focus areas we have identified, Food Quality & Sourcing, Our Planet, Community Connection, and Job, Inclusion and 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 and sanitation management system established 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 disclose information such as the country of final processing, primary country of origin for key raw materials, food allergies, and nutrition facts 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 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 to Ronald McDonald House Charities Japan, a public interest incorporated foundation, to realize a society where people help each other and support kids' sports, education, and the creation of safe and secure neighborhoods for the growth and safety of children and the smiles of everyone living in the community.

**“Jobs, Inclusion & Empowerment”:** For approximately 200,000 crew members and employees working nationwide, we provide growth opportunities and continue to develop a safe 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 strength and feel proud and rewarded.

In the current interim consolidated accounting period, in addition to continued brand communication through TV commercials, websites, and social media, we enhanced the restaurant experience through QSC improvements, which has further increased 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.

## (2) 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 day part and meet customers' expectations. As for limited-time products, we offered “Chicken Tatsuta®” series, 3 types of new sandwiches based on the popular “Teriyaki Mac Burger” and “Teriyaki Chicken Filet-O,” and “Europe Burgers” served with 3 different flavors of beef, chicken, and shrimp inspired by European cuisine, and these were well received by many customers. At “McCafé®,” a café brand where delicious and high-quality cafe menu items are served, many more customers are enjoying a casual and easy café experience that only McDonald's can deliver. Under the “Honki Cafe Sengen (Serious Café Declaration)” in 2024, we revamped Cafe Latte and Caramel Latte in January for the first time in about 3 years, and also revamped Premium Roast Iced Coffee in May after 4 years. We also offered “Choi-Set®” starting from 500 yen and “Chicken McNuggets® (15 pcs)” at a special price. McDonald's serves products that offer value to our customers through “deliciousness,” “value,” and “convenience.”

## (3) Restaurant, Digital, and People

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

In the current interim consolidated accounting period, we opened 39 and closed 50 restaurants, and the total number of restaurants at the end of this period was 2,971. With regards to capacity expansion, we are introducing kitchen systems with enhanced production capacity and restaurants with increased product delivery outlets as appropriate. To effectively utilize management resources, we will optimize our restaurant portfolio to improve customer satisfaction and business performance by flexibly allocating investments to new restaurant openings, reimages, and rebuilds.

Classification	Previous year-end	Newly opened	Closed	Classification change		Current reporting period
				Increase	Decrease	
Company-operated	878	11	(17)	5	(20)	857
Franchised	2,104	28	(33)	20	(5)	2,114
Total	2,982	39	(50)	25	(25)	2,971

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, with the installment of a barcode payment system, customers can conveniently choose from a variety of e-money. We will continue to provide convenient services to our customers by utilizing digital.

Delivery is a marketable area with great potential for growth moving forward. We offer delivery services through McDelivery Service (MDS) by McDonald’s crew and external delivery partners such as UberEats, Demaeacan, and others. As of June 2024, MDS is available in 1,034 restaurants, UberEats in 1,985, Demaeacan in 1,969, making the total number of restaurants that offer delivery service to 2,243. We will continue to expand the number of restaurants that offer 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 and Pay” in the parking lot. As of the end of June 2024, “Park & Go®” is available at 1,179 restaurants. “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 200,000 crew members and restaurant employees. As such, we believe that hiring and training excellent human resources is the most important factor for business development, and we will continue to expand our investment in human resources. In order to recruit talented people, we organized campaigns such as the “Crew Experience” event. Digital CDP, training material that leverages digital devices, is available in Japanese and five 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.

As a result of the above initiatives, same-store sales grew by 7.1% during the current interim consolidated accounting period of this year. System-wide sales were 403,985 million yen (a 31,837 million yen increase from the same period last year), revenue was 200,996 million yen (a 18,536 million yen increase from the same period last year), and operating income was 23,748 million yen (a 5,737 million yen increase from the same period last year), ordinary income was 24,278 million yen (a 6,297 million yen increase from the same period last year). Net income attributable to owners of the parent was 14,893 million yen (a 3,523 million yen increase from the same period last year).

- (\*) 1. Same-store sales are the total sales of restaurants operating for 13 months or longer.
2. System-wide sales are the combined net sales of company-operated and franchised restaurants; the amount does not equal to net sales presented in the interim consolidated statements of income.
3. Operating results are not presented in relation to the segment information as the business of our Group is based solely on operations of hamburger restaurants.

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.”

## **(2) Qualitative information on consolidated financial position**

### **1) Analysis of financial position**

At the end of the first half of the fiscal year, current assets totaled 91,758 million yen, a 15,155 million yen decrease from the end of the previous fiscal year. This was mainly due to a 8,452 million yen decrease in cash and deposits, a 5,078 million yen decrease in accounts receivable-trade and a 702 million yen decrease in current portion of long-term deferred accounts receivable.

Non-current assets totaled 211,711 million yen, a 7,231 million yen increase from the end of the previous fiscal year. This was mainly due to a 5,109 million yen increase in property and equipment, a 5,000 million yen increase in investment securities and a 2,865 million yen decrease in long-term deferred accounts receivable.

Current liabilities were 60,414 million yen, a 16,609 million yen decrease from the end of the previous fiscal year. This was mainly due to a 5,661 million yen decrease in other and a 4,183 million yen decrease in accounts payable-other.

Non-current liabilities totaled 7,085 million yen, a 610 million yen decrease from the end of the previous fiscal year. This was mainly due to a 196 million yen decrease in asset retirement obligations, a 193 million yen decrease in provision for directors' bonuses and a 106 million yen decrease in provision for bonuses.

### **2) Cash flow summary**

Cash and cash equivalent at the end of the first half of the fiscal year was 56,788 million yen, decrease 8,452 million yen from the end of the previous fiscal year.

#### **(Cash flow from operating activities)**

A total of 22,418 million yen was provided by operating activities. (Increase of 6,299 million yen from the same period previous last year) This was primarily due to a pre-tax income of 23,552 million yen.

#### **(Cash flow from investing activities)**

A total of 25,166 million yen was provided in investing activities. (Proceeds of 4,580 million yen was reported for the same period last year) This was mainly due to purchases of property and equipment of 19,498 million yen and a purchase of investment securities of 5,000 million yen.

(Cash flow from financing activities)

A total of 5,704 million yen was used in financing activities. (Increase of 416 million yen from the same period last year) This was primarily due to dividend payments of 5,584 million yen.

**(3) Qualitative information on consolidated earnings forecasts**

No change has been made to the forecast on the consolidated operating results for the fiscal year ending December 31, 2024, announced on February 8, 2024.



## 2. Interim consolidated financial statements

### (1) Interim consolidated balance sheets

Millions of yen	December 31, 2023	June 30, 2024
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	65,240	56,788
Accounts receivable - trade	27,362	22,283
Current portion of long-term deferred accounts receivable	6,305	5,603
Raw materials and supplies	1,581	1,239
Other	6,429	5,849
Allowance for doubtful accounts	(6)	(6)
Total current assets	106,913	91,758
<b>Non-current assets</b>		
<b>Property and equipment</b>		
Buildings and structures, net	80,940	82,381
Machinery and equipment, net	15,938	16,216
Tools, furniture and fixtures, net	8,176	8,162
Land	23,909	26,976
Lease assets, net	304	268
Construction in progress	838	1,212
Total property and equipment	130,108	135,218
<b>Intangible assets</b>		
Goodwill	435	409
Software	10,045	9,785
Other	694	694
Total intangible assets	11,175	10,888
<b>Investments and other assets</b>		
Investment securities	8,056	13,056
Long-term loans receivable	9	9
Long-term deferred accounts receivable	5,497	2,631
Deferred tax assets	7,762	7,429
Lease and guarantee deposits	39,630	40,124
Other	3,456	3,568
Allowance for doubtful accounts	(1,216)	(1,215)
Total investments and other assets	63,196	65,604
Total non-current assets	204,480	211,711
<b>Total assets</b>	<b>311,393</b>	<b>303,470</b>

Millions of yen	December 31, 2023	June 30, 2024
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,694	35
Lease obligations	224	198
Accounts payable-other	34,570	30,386
Accrued expenses	9,230	8,007
Income taxes payable	9,630	8,341
Consumption taxes payable	3,760	2,679
Contract liabilities	5,021	5,022
Provision for bonuses	2,796	1,359
Provision for loss on disposal of inventories	4	0
Asset retirement obligations	252	205
Other	9,838	4,176
Total current liabilities	77,024	60,414
<b>Non-current liabilities</b>		
Lease obligations	168	145
Provision for bonuses	205	98
Provision for directors' bonuses	243	49
Provision for directors' retirement benefits	262	197
Liabilities for retirement benefits	1,300	1,282
Asset retirement obligations	4,987	4,790
Deferred tax liabilities	33	27
Deferred tax liabilities due to land revaluation	289	289
Other	204	203
Total non-current liabilities	7,695	7,085
<b>Total liabilities</b>	84,720	67,500
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Common stock	24,113	24,113
Capital surplus	42,124	42,124
Retained earnings	164,558	173,868
Treasury stock	(3)	(3)
Total shareholders' equity	230,794	240,103
<b>Accumulated other comprehensive income</b>		
Revaluation reserve for land	(4,202)	(4,202)
Remeasurements of retirement benefits	81	68
Total accumulated other comprehensive income	(4,120)	(4,133)
Total net assets	226,673	235,969
<b>Total liabilities and net assets</b>	311,393	303,470

**(2) Interim consolidated statements of income and comprehensive income**

Interim consolidated statements of income for the Six months ended June 30, 2023 and 2024

Millions of yen	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>Net sales</b>	182,460	200,996
<b>Cost of sales</b>	149,331	160,659
<b>Gross profit</b>	33,128	40,337
<b>Selling, general and administrative expenses</b>	15,117	16,588
<b>Operating income</b>	18,011	23,748
<b>Non-operating income</b>		
Interest income	73	67
Reversal of allowance for doubtful accounts	-	0
Compensation income	157	154
Insurance income	68	267
Subsidy income	163	343
Other	326	208
Total non-operating income	790	1,042
<b>Non-operating expenses</b>		
Interest expenses	4	4
Provision of allowance for doubtful accounts	7	-
Loss on disposals of company-operated restaurants	683	178
Loss on cancellation of leasehold contracts	49	219
Other	75	109
Total non-operating expenses	820	512
<b>Ordinary income</b>	17,980	24,278
<b>Special income</b>		
Gain on sales of non-current assets	72	156
Total special income	72	156
<b>Special loss</b>		
Loss on sale of non-current assets	3	-
Loss on disposals of non-current assets	153	454
Impairment loss	208	427
Total special loss	365	882
<b>Income before income taxes</b>	17,687	23,552
Income taxes	8,323	8,658
Income taxes refund	(2,006)	-
Total provision for income taxes	6,316	8,658
<b>Net income</b>	11,370	14,893
<b>Net income attributable to owners of parent</b>	11,370	14,893

**Interim consolidated statements of comprehensive income**

For the six months ended June 30, 2023 and 2024

<b>Millions of yen</b>	<b>Six months ended June 30, 2023</b>	<b>Six months ended June 30, 2024</b>
<b>Net income</b>	11,370	14,893
<b>Other comprehensive income</b>		
Remeasurements of defined benefit plans	(12)	(12)
Total accumulated other comprehensive loss	(12)	(12)
<b>Comprehensive income</b>	11,357	14,881
<b>Comprehensive income attributable to:</b>		
Owners of parent	11,357	14,881

**(3) Interim consolidated statements of cash flows**

For the six months ended June 30, 2023 and 2024

Millions of yen	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>Net cash provided by operating activities</b>		
Income before income taxes	17,687	23,552
Depreciation and amortization	7,516	8,533
Impairment loss	208	427
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in other provisions	(369)	(1,805)
Increase (decrease) in pension liabilities	10	(18)
Interest income	(73)	(67)
Interest expenses	4	4
Gain on sales of non-current assets	(72)	(156)
Loss on disposals of non-current assets	587	188
Decrease (increase) in accounts receivable - trade	(1,455)	5,078
Decrease (increase) in raw materials and supplies	82	342
Increase in goodwill from acquisition of franchised restaurants	(455)	(189)
Increase in Long-term deferred accounts receivable	124	3,567
Decrease (increase) in other assets	(38)	(471)
Increase (decrease) in accounts payable-trade	(1,019)	(1,659)
Increase (decrease) in accounts payable-other	(4,047)	(3,883)
Increase (decrease) in accrued expenses	(1,014)	(1,222)
Increase (decrease) in other liabilities	1,015	(1,259)
Other, net	(240)	297
Subtotal	18,451	31,258
Interest income received	26	44
Interest expenses paid	(4)	(4)
Proceeds from commercial agreement fund	327	-
Income taxes paid	(5,423)	(9,955)
Income taxes refunded	2,740	1,075
Net cash provided by operating activities	16,119	22,418

Millions of yen	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>Net cash used in investing activities</b>		
Proceeds from withdrawal of time deposits	25,000	-
Purchase of investment securities	(2,000)	(5,000)
Purchases of property and equipment	(15,397)	(19,498)
Proceeds from sales of property and equipment	753	2,110
Payments for lease and guarantee deposits	(2,776)	(1,735)
Refunds of lease and guarantee deposits	656	1,128
Purchases of software	(1,606)	(1,736)
Payments for assets retirement obligations	(57)	(442)
Other, net	8	7
Net cash used in investing activities	4,580	(25,166)
<b>Net cash used in financing activities</b>		
Repayments of lease obligations	(103)	(120)
Repurchase of treasury stock	-	(0)
Dividends paid	(5,185)	(5,584)
Net cash used in financing activities	(5,288)	(5,704)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	0	0
<b>Net increase in cash and cash equivalents</b>	15,411	(8,452)
<b>Cash and cash equivalents at beginning of period</b>	36,362	65,240
<b>Cash and cash equivalents at end of period</b>	51,774	56,788

**(4) Notes to interim consolidated financial statements**

**(Notes for assumption of going concern)**

None

**(Notes for significant changes in the amount of shareholders' equity)**

None

**(Application of accounting procedures specific to preparation of interim consolidated financial statements)**

Income taxes:

Income taxes are determined based on an effective tax rate, multiplied by the estimated annual pre-tax income.

Income tax adjustments are included in income taxes.

**(Segment information)**

Business segment of the Group is only hamburger restaurant operation therefore business segment information is omitted.