

U.S.M. Holdings
United Super Markets Holdings Inc.

Integrated Report 2023

Integrated Report for the Year Ended
February 29, 2024



Core Philosophy, Business Vision and Mission

Core Philosophy

We:

- Offer customers healthy, valuable choices in food
- Cultivate deep relationships to build prosperous local communities
- Constantly pursue innovation and move with the times

Business Vision

In our business, we aim to:

- Offer products and services tailored to various lifestyles that give customers access to a range of healthy, valuable foods
- Create a corporate culture that supports employee self-fulfillment by providing skills training and encouraging people to achieve their potential
- Continually develop and grow over time while seeking to maximize the enterprise value of member companies
- Create new value by dealing fairly with our business partners for customer benefit
- Welcome new companies into the Group to help us meet the needs of local communities and engage in fair, transparent corporate governance while respecting the management of each member company of U.S.M.Holdings

Mission

We will:

- Create new value by mobilizing the collective strength of the Group across company and business categories, while respecting the managerial autonomy of our operating companies
- Live up to the trust and expectations of our customers and maximize corporate value by constantly pursuing improved scale and quality
- Pledge to remain an open Group that welcomes new member companies

Integrated Report 2023

CONTENTS

Introduction

Core Philosophy, Business Vision and Mission	01
Contents and Editorial Policy	02
U.S.M.Holdings at a Glance.....	03
Our Path to Value Creation	04

Our Value Creation Story

Message from the President.....	05
Realization of the “Concept of Supermarket with ¥1 Trillion in Sales in Kanto”	09
Value Creation Model.....	10
Source of Value Creation	11

Value Creation Strategy

“Third Medium-Term Business Plan: Challenge for ‘Beyond Supermarket!’” and Future Vision	12
Third Medium-Term Business Plan (FY2023–FY2025) ...	13
Strategies for Executing the Value Creation Story	
Maruetsu	15
Kasumi	17
MaxValu Kanto	19
Infrastructure Strategy	
Product Strategy	21
Logistics	22
Digital Strategy.....	23
Financial Strategy	24

Sustainability Strategy

Basic Sustainability Policy (formulated in April 2023)	25
Material Issues.....	26
Environmental	
Environmental Management	27
Decarbonization and a Circular Economy.....	28
Social	
Pursuit of Diverse Human Resources and Job Satisfaction	30
Food Safety and Security	34
Sustainable Food Value Chain	35
Creation of Healthy, Valuable Lives through Our Foods and Services	36
Governance	
Enhancing Corporate Governance	
Corporate Governance	38
Roundtable Discussion by Independent Outside Directors.....	41
Directors and Corporate Auditors	43
Group Governance / Compliance.....	45
Risk Management	46

Data

9-Year Highlights	47
Company Data / Stock Information	48

Editorial Policy

Integrated Report 2023 has been produced by referencing the value creation process in the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework, and the pursuit of corporate sustainability and social sustainability as proposed by the Ministry of Economy, Trade and Industry's Study Group on Approaches to Making More Substantial the Dialogues for Creation of Sustainable Corporate Value. It also acts as a communication tool that systematically summarizes our Basic Sustainability Policy, which sets out our goals of maximizing medium- to long-term corporate value and achieving lasting growth.

We will work to enhance the content of future Integrated Reports to give a wide range of readers, from shareholders and other investors to residents of local communities, including our employees, a deeper understanding of the U.S.M.H Group.

Reporting Period

March 1, 2023 to February 29, 2024

Note: Some information is from outside the reporting period.

Scope

United Super Markets Holdings Inc. (hereinafter, "the Company" or "U.S.M.H") and its operating companies (hereinafter, "the Company" or collectively "the Group" or "the U.S.M.H Group") and its operating companies

Figures in this document (such as monetary values) are rounded down to the unit of measurement shown, and percentages are rounded to one decimal place.

Forward-Looking Statements

The Company's current plans, forecasts, strategies and other statements in this report include forward-looking statements based on management's judgment in light of information available at the time the report was prepared. Various factors could cause actual results in the future to differ significantly from these forward-looking statements. Risks and uncertainties that could affect results include, but are not limited to, the economic conditions in the Company's business environment, market competition, foreign exchange rates, and tax and other systems.

U.S.M.Holdings at a Glance

The U.S.M.H Group will create and provide new value by refining and integrating operational know-how at our three operating companies.

U.S.M.Holdings

United Super Markets Holdings Inc.

United Super Markets Holdings Inc. (U.S.M.H) is a joint holding company for three supermarkets—Maruetsu, Kasumi and MaxValu—operating in the greater Tokyo area.

The “United” in our company name represents the “unity” of our supermarket businesses, our hope for the development and prosperity of the regions we operate in, and our commitment to continue cultivating deep relationships to build prosperous communities.



maruetsu
マルエツ

Established in 1945. Operates Maruetsu, which focuses on fresh food; Maruetsu Petit, an urban-format supermarket; and Lincos, a supermarket that offers high-quality products and services, in Tokyo and five prefectures.



KASUMI

Established in 1946. Operates BLANDE, a new type of supermarket where people, food, lifestyles and culture interact through the products and services offered; Food Square, a specialty food store; Food Market, a store that mainly offers fresh food; and Food Off Stocker, a store that appeals to customers with low prices, in Tokyo and five prefectures.



MaxValu
マックスバリュ関東株式会社

Established in 2009. Operates MaxValu, which offers customers maximum value in daily groceries, and MaxValu Express, which is based on the concept of offering everyday convenience, competitive prices and surprising variety, in Tokyo and three prefectures.

Results for Fiscal 2023 (Year ended February 29, 2024) (Consolidated Results of U.S.M.H)

Net sales 690.4 billion yen	Operating income 6.9 billion yen	Profit attributable to owners of parent 1.0 billion yen
Total investments 24.8 billion yen	GHG emissions reduction (CO ₂ equivalent) Approx. 70,000 tons	Gender proportion of employees Male 33.7% Female 66.3%

Over 520 Stores in the Greater Tokyo Area

The greater Tokyo area market, where the U.S.M.H Group primarily operates, is Japan's most populous region. The U.S.M.H Group operates over 520 stores in this market.

Store Network

■ Maruetsu	304
■ Kasumi	195
■ MaxValu Kanto	30

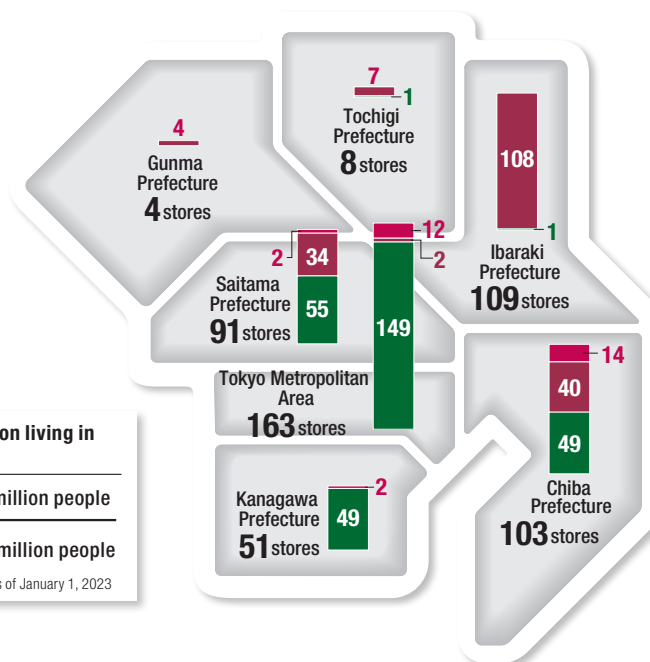
Group total: **529 stores**

Note: As of February 29, 2024

Percentage of Japan's population living in the greater Tokyo area*

$$34.7\% = \frac{43.48 \text{ million people}}{125.41 \text{ million people}}$$

*Data taken from the Basic Resident Register as of January 1, 2023



Number of Employees

Group total 27,905		
■ Maruetsu 15,572	■ Kasumi 10,418	■ MaxValu Kanto 1,772

Notes: 1.The number of employees is calculated as of February 29, 2024.

2.Part-time employees are calculated based on an 8-hour work day and the average number of employees during the period.

3.The Group total includes employees of U.S.M.Holdings.

Our Path to Value Creation

In an era where people can live to more than 100, customer lifestyles and their expectations for food are changing drastically and more quickly than anticipated. This is due to various changes in the operating environment, including the declining population, climate change issues and international events, in addition to the advance of DX.

In the midst of changes in business environment, U.S.M.H will work to create new value that meets the needs of customers now and in the future.

U.S.M.Holdings

A new supermarket alliance in the greater Tokyo area

On March 2, 2015, United Super Markets Holdings Inc. (U.S.M.H) was established as a joint holding company of The Maruetsu Inc., Kasumi Co., Ltd. and MaxValu Kanto Co., Ltd., in response to intense competition within and beyond the supermarket industry.

eatime

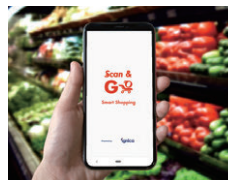
THE U.S.M.H QUALITY

Rollout of private label brand *eatime* products



ignica

Release of original mobile app Scan&Go *ignica*



THE TERRABASE

Start of operations at our plant factory The TERRABASE



greengrowers

Launch of plant-based products BEYOND BEEF® under the *Green Growers* private label



U.S.M.H values connections

The vision of U.S.M.H is to achieve community development and prosperity through healthy, valuable choices in food (wellbeing). U.S.M.H will continue to further expand in scale in the future. In order to go "Beyond Supermarket" to fulfill greater social responsibilities and achieve the wellbeing of people in local communities, our employees, and their families, we will continue to deepen our connections with all stakeholders and evolve into a group that attracts many people.

2015/3

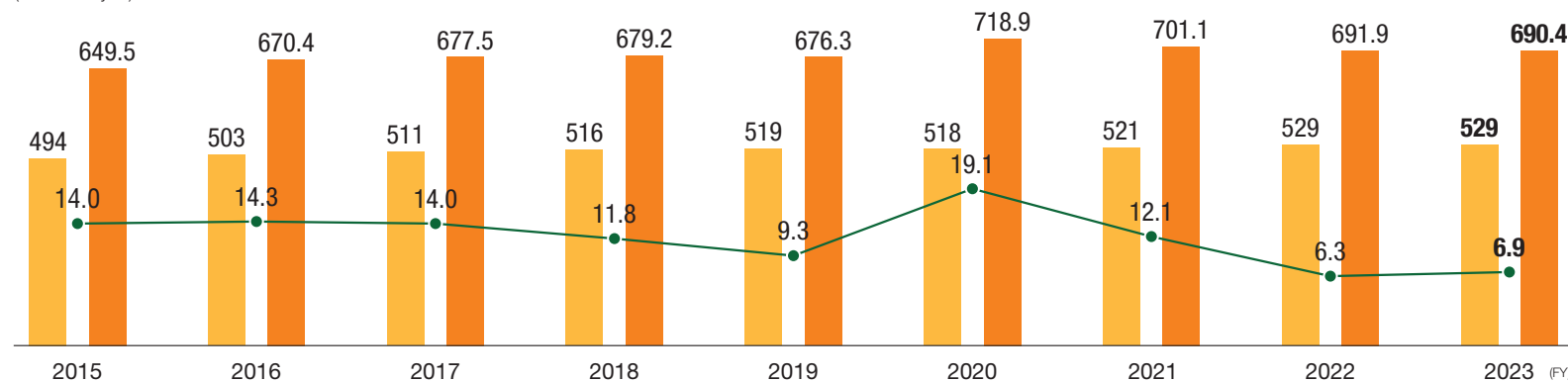
2017/10

2019/10

2022/6

2022/11

■ Number of stores ■ Consolidated net sales ● Consolidated operating income
(Billions of yen)



Message from the President

In addition to the expansion of our business scale, we will establish our supermarkets as a presence that supports the local community by providing unique value.

With the slogan of “Beyond Supermarket,” the U.S.M.H Group continues to drive its engines to pursue sustainable growth through the Third Medium-Term Business Plan. In the second half of fiscal 2024, we will realize the “Concept of Supermarket with ¥1 Trillion sales in Kanto” through our business integration with Inageya. Here, I will present the Group’s future vision and explain our future directions.

Motohiro Fujita

President and
Representative Director



1

Recognition of External Environment and Outlook

The Japanese Economy Has Shifted from Deflation to Inflation, and the Cost of Living Continues to Rise. A Year That Called for the Acceleration of Structural Reforms

To sum up the business environment surrounding the distribution and retail industries, the progression of the decline in the birthrate and aging of the population has become a long-term market trend, as has the diversification of consumer awareness. Under these circumstances, in recent years, following the social changes brought about by the COVID-19 pandemic, the cost of living has increased against a backdrop of soaring raw materials and energy prices and the depreciation of the yen. Individual companies in the supermarket industry are now being called on to further accelerate their structural reforms for the survival of their businesses.

In the U.S.M.H Group, we have addressed the fundamental question of “What role do we want to play in society?” After thoroughly considering our vision for a sustainable future, we formulated and launched the Third Medium-Term Business Plan (FY2023 – FY2025). The Plan is a three-year initiative for the reform of products, stores, and revenue in order to advance alongside all our stakeholders. It aims for the wellbeing of local communities, particularly their residents, and that of the Group’s employees and their families.

In fiscal 2023, the first year of the Plan, compared with the previous fiscal year, when the effects of the COVID-19 pandemic still lingered, social and economic activities showed an overall recovery as people started to move around the community more and spending by inbound foreign tourists exceeded pre-pandemic levels. On the other hand, raw materials procurement costs remained high due to soaring energy prices and the depreciation of the yen, and logistics and personnel costs continued to rise, resulting in a significant deterioration in the cost environment during the year. Prices of food

Message from the President

and lifestyle-related products also rose, and there was a marked tendency to economize among consumers.

Under these circumstances, the Group's consolidated financial results fell significantly short of the projections set out in the Third Medium-Term Business Plan. I view this as the result of our inability to adequately withstand the various rises in costs and prices in our responses to this harsh external environment.

In other words, at a time when the Japanese economy was shifting from deflation to inflation, when we considered what we should look at and how we should respond, we needed to gauge what was happening with customers' household finances and what customers' concerns were, and to take a more refined approach to those concerns. Our inability to do this thoroughly is a major point of reflection for fiscal 2023.

Looking ahead, we expect this external environment to continue for the immediate future, and our challenge will be to ask ourselves what initiatives we need to undertake to pursue the sustainability of our business in such an environment. Seeking efficiency and profitability at a level quite different from what we have previously taken for granted will be of immense importance for the Group. This will require us to transform our conventional business models. To reform our existing infrastructure and change the way our employees work and how they

think about and pursue their work. The need for such changes has become clear.

The reforms of products, stores, and revenue that we will advance through the Third Medium-Term Business Plan ("Beyond Supermarket") are based on this recognition of the external environment. I am hopeful that the progress of these reforms will be steady, that we will start to achieve concrete results in the second year of the plan, and that they will lead to the sustainability of the Group.

2 Review of Fiscal 2023

In a Harsh Cost Environment, Although Maruetsu and MaxValu Kanto Performed Strongly, Kasumi Struggled, Recording Declines in Revenue and Income.

Looking back on the sales situation over the past year, Maruetsu, which operates mainly in inner-city areas, worked to revitalize its existing stores, including large-scale renovations, while strengthening its delicatessen and fresh food delicatessen items and its private label brand, maruetsu365, to offer unique value to customers. At the same time, as part of its "last mile" initiatives to respond to customer convenience, Maruetsu expanded the number of stores that offer online delivery, quick commerce, and home delivery services. Meanwhile, it also promoted low-cost operations through measures such as the introduction of full self-checkout and the use of digital technologies for stock-taking and ordering operations. These initiatives achieved results, with Maruetsu's operating revenue increasing steadily, and it was able to secure profits well in excess of the previous fiscal year. Maruetsu today has overcome the harsh business environment of the past two years and is accomplishing company-wide reforms, including its organizational culture, under the leadership of its new President, Masaharu Homma

Kasumi, which is based in Ibaraki Prefecture, focused on increasing the number of Scan & Go Cards

issued, a loyalty point card with prepaid functionality, and increasing the rate of their use, with a view to expanding the digital brand ignica, which it has positioned as a priority. As a result of efforts to expand the card's services and increase convenience with initiatives such as the introduction of a new loyalty points program, special offers, and promotional campaigns, the number of Scan & Go Cards issued reached 1.2 million as of the end of fiscal 2023, and the usage rate, including the app, reached 55%. However, as it has taken time for new sales promotion measures to reach through to customers, customer numbers fell below the previous fiscal year's level. In addition, upfront investments in facilities and the costs associated with those measures increased, and the result for fiscal 2023 was a decline in revenue and income. Kasumi appears to have had problems identifying customer needs as it aimed to shift into new domains using digital technologies, which is something that needs to be reflected on. To achieve an early recovery in business performance, Kasumi will need to return to the first principles of its business.

MaxValu Kanto launched initiatives to strengthen its products and services tailored to the lifestyles of the region's customers and implemented store revitalization measures that made the best of the voices of each and every employee working on the ground. While working to increase the value that it offers as a supermarket that focuses on the shopping experience, MaxValu Kanto strived to expand its online delivery service and worked to further enhance customer convenience. As a result, in fiscal 2023, it was able to achieve favorable results in the form of increased revenue and income. However, it will need to further enhance the soundness of the company while envisioning future growth to further expand the scale of its earnings and increase its profit margins.

As a result of the above, the Group's consolidated financial results for fiscal 2023 were as follows: operating revenue of 706.6 billion yen (down 0.3% year on year), operating income of 6.9 billion yen (up 8.2% year on year), ordinary income of 6.9 billion yen (up 6.0% year on year), and profit attributable to owners of parent of 1.0 billion yen (down 24.6% year on year).



Message from the President

3 Where the U.S.M.H Group Is Today

Driving Three Growth “Engines” to Pursue Value Creation and Sustainable Business Growth Beyond the Conventional Supermarket Model

Although the quantitative targets for the first fiscal year fell behind the performance targets of the Third Medium-Term Business Plan, we have made some progress from a qualitative perspective, and I believe that we can make a comeback in the future.

Under the Plan, with the slogan of “Beyond Supermarket,” we will pursue a strategy that comprises three growth “engines” to pursue value creation and sustainable business growth that goes beyond the conventional supermarket model. Of these, “Engine 1: Expand earnings through store and product reforms” is a growth strategy centered on existing businesses. It aims to strengthen our business foundation with initiatives such as differentiation through product development, the provision of services that leverage digital technologies, and the development of new store formats.

So far, the progress of Engine 1 has seen Kasumi take the lead in store reform in particular, with the roll-out of Scan & Go services and the launch of a restaurant delivery service from its new-format BLANDE stores. In addition, each of our operating companies is expanding the introduction of self-checkout systems. In terms of product reforms, each operating company is focusing efforts on private label brand development, such as Maruetsu’s maruetsu365 brand, and sales are growing steadily. A sense of urgency that we will not be able to survive unless we change our working styles and cost perceptions and quickly promote new initiatives is beginning to permeate among each and every employee of the Group, and I believe that this will be put to good use in the roll-out of the Plan from the second year onward.

In “Engine 2: Expand out-of-store revenues through OMO (fusion of offline and online commerce),” we will integrate and expand channels such as online delivery,

quick commerce, marketplaces, mobile supermarkets, and unstaffed stores, and look for revenue outside of stores by implementing OMO. In other words, we will expand the roles expected of local supermarkets and respond to the needs of more customers.

In fiscal 2023, OMO-related sales amounted to approximately 7.0 billion yen, compared with our target of 10.0 billion yen. Although this was a steady increase from the approximately 5.0 billion yen of the previous fiscal year, our view is that progress is about six months behind our original target. With ample expectations of market growth, we anticipate being able to catch up to that original target level by the final year of the Plan.

“Engine 3: Expansion of business areas” is an initiative to develop new business areas that leverage the Group’s intellectual property and know-how to generate revenues.

At present, the seeds of our business include the provision of smartphone payment apps and DX service tools, the utilization of know-how in plant factory operations, and the development of sales channels for plant-based food. In fiscal 2023, while promoting the launch of a consortium and other initiatives, we attracted attention from people in other industries, and we have recently started entering into business talks with them. With the expectation of needs related to environmental considerations and responses to social issues, plant factories and plant-based food offer opportunities for the Group to make a wide range of proposals, including exit strategies and business development. We hope to achieve concrete results in fiscal 2024.

In this way, the growth strategy of the Third Medium-Term Business Plan is a challenge to broaden the scope of value provision, from “Engine 1” products and stores to building relationships with local communities through “Engine 2,” and further to solving social issues as targeted by “Engine 3.” Although some initiatives have made more progress than others, we were able to make a good start overall, and we will strengthen cooperation within the Group to produce results from now on.

4 Toward the Realization of the “Concept of Supermarket with ¥1 Trillion Sales in Kanto”

We Will Work Closely with Residents, Instill an Awareness of Community Support in Our Expanded Organization, and Embody It Through the Actions of Each Individual.

In April 2023, the Company entered into a basic agreement with AEON Co., Ltd. and Inageya Co., Ltd. and began moving toward realizing the “Concept of Supermarket with ¥1 Trillion Sales in Kanto.” Based on the conclusion of a share exchange agreement to make Inageya Co., Ltd. a wholly-owned subsidiary of the Company and a business integration agreement, the Company plans to implement a business integration in which Inageya will become a wholly owned subsidiary by around November 2024 and have Inageya join the U.S.M.H Group. With this integration, the three companies will deepen their business alliance and work together to introduce and expand AEON’s TOPVALU private label brand products, conduct joint procurement of merchandise, open stores tailored to local customer segments, revitalize each company’s business formats, reorganize and make use of their logistics centers and processing centers, and effect joint use of each other’s cards.

As the Group aims to build a structure of ¥1 trillion in sales and 1,000 stores and become the top supermarket company in the Kanto region, its efforts to expand corporate value will change significantly. The Third Medium-Term Business Plan currently underway will need to be revised, the details of which will be announced in due course, based on discussions for the business integration.

We will gradually convey our vision for the future after the business integration. What I can say at this point is that each company places importance on its stance of being close to residents and shares the desire to contribute to local communities and resolve social issues. Key to the business integration will be initiatives to instill this awareness in every corner of the expanded

Message from the President

Toward the realization of the “Concept of Supermarket with ¥1 Trillion in Sales in Kanto”

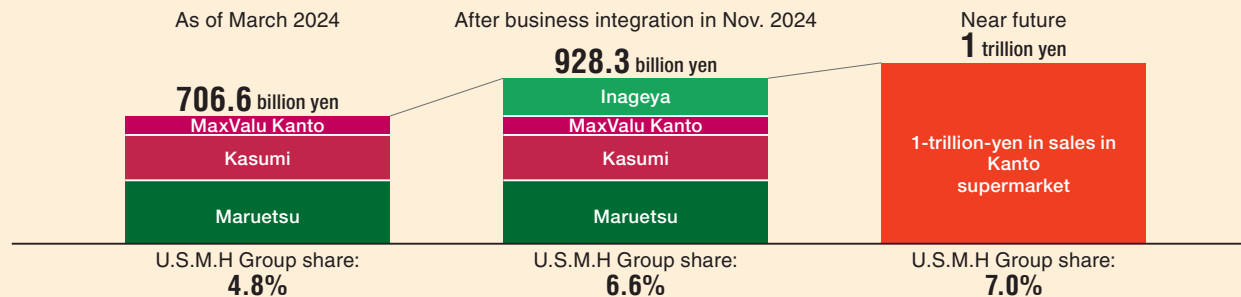
The Group currently holds a market share of approximately 4.8% in the Kanto region, and once Inageya Co., Ltd. has joined the Group, we anticipate total net sales of 1 trillion yen and a market share of 7% in the near future. Furthermore, by welcoming a new operating company into the Group, further expanding the scale of sales, and assuming the central role among Kanto food supermarkets in the AEON Group, we will continue to contribute to local customers, business partners, employees, and stakeholders in local communities through our stores and products.

under the Company’s Board of Directors and Management Committee as its executive structure for the promotion of sustainability and established a cooperation and monitoring structure with the Group companies, centered on the Company’s General Administrative Division. Under these structures, the practice of sustainability management based on material issues is being shared throughout the entire group and initiatives are being strengthened.

As we transform our business toward the realization of “Beyond Supermarket” and challenge ourselves to become the top supermarket company in the Kanto region, we will deepen our connections with all our stakeholders, evolve into a group where many people gather, and make even greater contributions to society.

I hope our stakeholders will continue to watch and anticipate the progress that the U.S.M.H Group will make in the years ahead, and I would like to thank them for their continued support.

Share of Sales in Supermarkets in Kanto Region



organization and embody it through the actions of each individual. There is no doubt that value propositions from the customer’s perspective will be the foundation for linking the economies of scale and strengths resulting from business integration to sustainable business growth. It will be even more important to take full advantage of human capital, and I hope to realize a free and open-minded corporate group by creating an open organization from the employees’ perspective.

The Group’s business integration is not the only move to ensure survival in the distribution and retail industries. Other similar moves are being accelerated throughout these industries. Under these circumstances, companies below a certain size faced not being able to survive without a unique identity that would set them apart from the rest. However, as more business entities merge over and over again, even a corporate group with sales of 1 trillion yen may face elimination unless it also has a unique identity. It is not a matter of expansion of scale bringing security; our aim is to become the kind of supermarket that will establish a foothold in its commercial area as a presence that responds to

the different needs of each area through unique value propositions and that supports the local communities.

5 To Our Valued Stakeholders

We Will Deepen Our Connections to Make Greater Social Contributions and Evolve into a Group Where Many People Gather.

As I have described here, building relationships with local communities from products and stores through the growth strategies of the Third Medium-Term Business Plan, making value propositions that expand into the solution of social issues, adopting a corporate attitude premised on the “Concept of Supermarket with ¥1 Trillion in Sales in Kanto, and implementing initiatives undertaken from the perspective of customers and employees are all connected to the themes identified as the Group’s material issues.

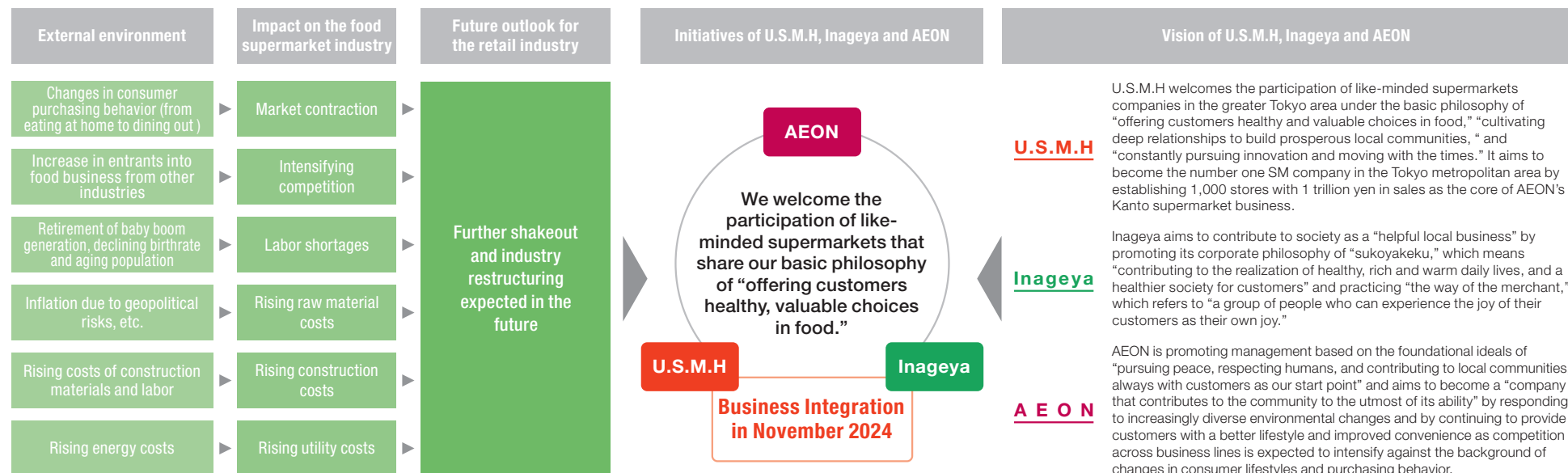
In March 2023, the Group placed a person in charge of sustainability in the General Administrative Division



Realization of the “Concept of Supermarket with ¥1 Trillion in Sales in Kanto”

On April 25, 2023, U.S.M.H, Inageya Co., Ltd., and AEON, Co., Ltd. entered into a Basic Agreement after reaching the conclusion that, in order to continue to respond to customers’ needs with a sense of speed, to coexist and grow together with local communities, and to build a sustainable future for local communities in the Kanto region, where competition is expected to intensify further in the future, it would be most appropriate for AEON and Inageya, which already have an alliance, to further strengthen their relationship, for Inageya to join the AEON Group as a consolidated subsidiary of AEON, and for U.S.M.H and Inageya to realize a business integration, and in so doing, proceed with the realization of the “Concept of Supermarket with ¥1 trillion in Sales in Kanto.” With the aim of maximizing corporate value through the strengthening of capital relationships and business integration by making the most of the various assets of the AEON Group, including digital, products, human resources, and payment infrastructure, and by evolving into a new business model as a 1 trillion-yen supermarket group in sales, we resolved the “Execution of a Share Exchange Agreement and a Business Integration Agreement with Inageya Co., Ltd.” on April 18, 2024.

A New Business Model Based on Economies of Scale



Sustained Contribution to the Lifestyles and Healthy and Valuable Choices in Food of Local Customers

The business integration of the Company and Inageya is centered on offering customers healthy and valuable choices in food, as declared in the corporate philosophies of both companies.

Amid the increasing diversity of our customers’ lifestyles and awareness, we will help them in terms of “price” through joint purchasing of products and contribute to their time with digital services.

We also believe that, in addition to improving the convenience of loyalty points programs that are essential for day-to-day grocery shopping, the ongoing refinement of stores that customers will continue to choose for their shopping represents a sustainable contribution to local communities that will ultimately contribute to the enhancement of corporate value.

Better value for money

- Expand sales of TOPVALU products
- Reduce prices of national brand products
- Roll out products directly imported from abroad



Better use of time

- Expand introduction of self-check-out machines
- Improve convenience of Scan & Go payment system
- Evolution of online delivery



Better ways to earn and use loyalty points

- Credit cards, electronic money
- Joint use of loyalty points cards

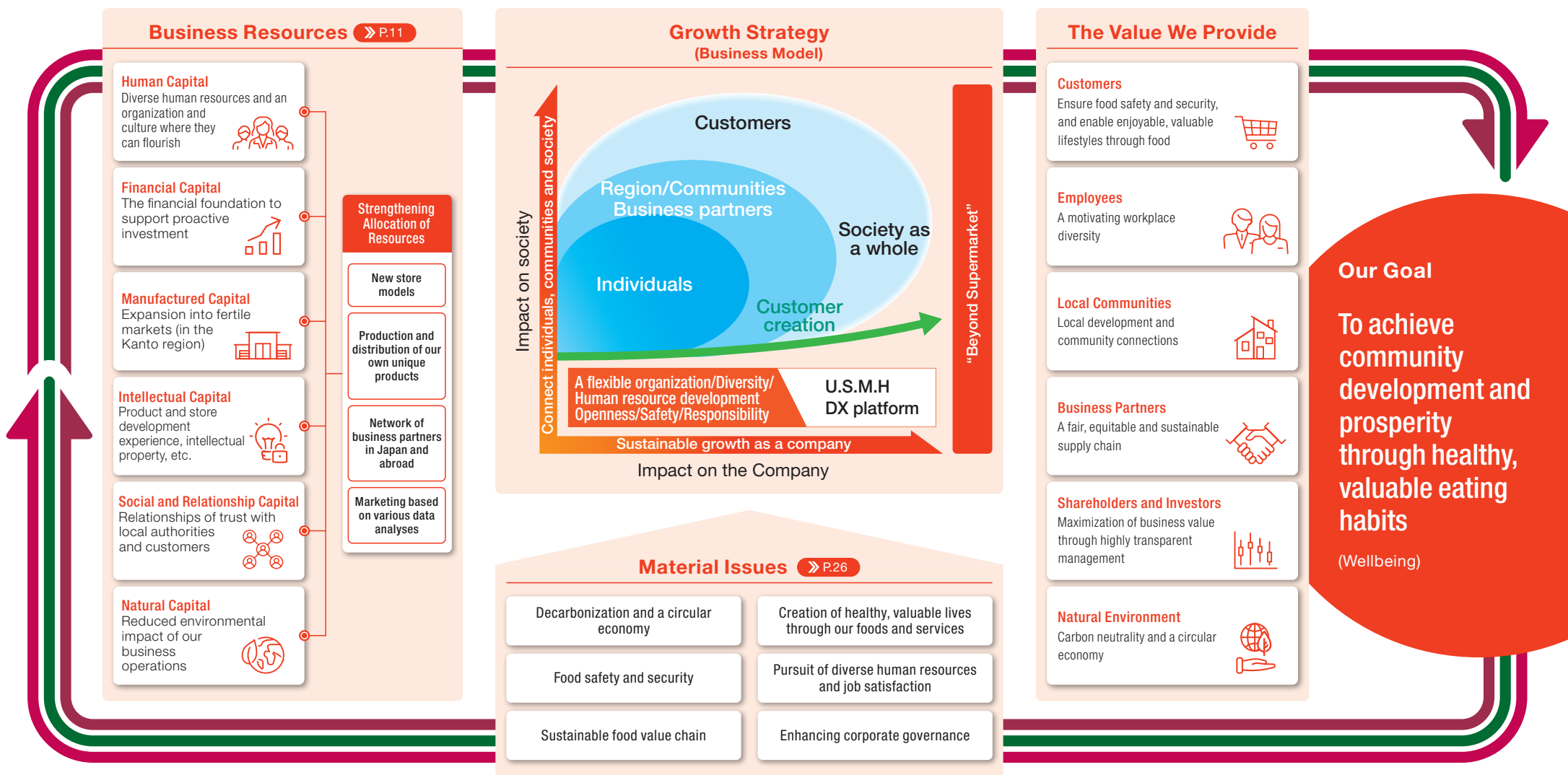


Better shopping

- Mutual revitalization of food supermarkets
- Development of stores tailored to local customer bases
- Diverse store formats



Value Creation Model



External Environment Societal Changes

Analysis of risks and opportunities we face in light of changes in the external environment

- Changes in consumer awareness and behavior
Generational changes in taking initiative with products
- Declining population and aging society
- Intensifying competition in the retail sector
- Technological advancements
- Human rights issues
- Rising import costs

Sources of Value Creation

We will take on the challenge of creating new value by making the most of our accumulated business resources.

Human Capital >> P.30



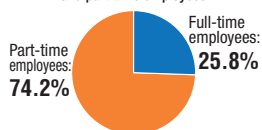
Diverse human resources and an organization and culture where they can flourish

- Employees (calculated based on an 8-hour work day): **27,905**

- ▶ Full-time employees: 7,192
- ▶ Part-time employees: 20,713

- Ratio of female managers: **7.9%**

Proportion of full-time U.S.M.H employees and part-time employees

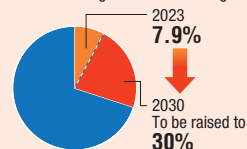


For further capital evolution

Gender composition of all Group employees (including part-time employees)



Ratio of female managers—actual and target



Intellectual Capital >> P.23



Product and store development experience, intellectual property, etc.

- Expansion of original brands

eatime (194 SKUs)
Total SKU count of original brands of operating companies: approximately 7,000 SKUs (as of February 29, 2024)

Digital brand *ignica*



ignica Scan&Go

For further capital evolution

- Expand range of in-house-produced products
- Expand in-house knowledge to outside companies



Retort-packaged food products using plant-based meat alternative BEYOND MEAT® (vegetable curry, Bolognese sauce)

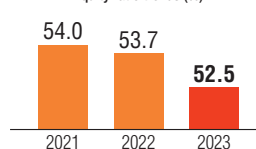
Financial Capital >> P.24



The financial foundation to support proactive investment

- Net sales: **690.4 billion yen**
- Total assets: **285.5 billion yen**
- Operating cash flow: **21.4 billion yen**
- Equity ratio: **52.5%**

Equity ratio trends (%)



For further capital evolution

- ROE target of 6%
- Continued investment in new stores and for revitalizing existing stores



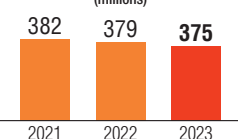
Social and Relationship Capital >> P.37



Relationships of trust with local authorities and customers

- Total number of customers in FY2023: **380 million**
- Number of stores conducting food drive: **94 stores**
- Number of partner local authorities for Regional Comprehensive Cooperation Agreements: **28**
- Number of partner local authorities for Disaster Relief Supply Agreements: **58**

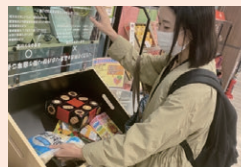
Total number of customers per year (millions)



For further capital evolution

- Boosting recognition through cooperation with local governments and organizations
- Strengthening cooperation with food bank organizations and *Kodomo Shokudos* (children's cafeterias)

Food drive activities of Maruetsu



Manufactured Capital >> P.15 >> P.22



Expansion into fertile markets (in the Kanto region)

- Stores: **More than 520 stores in Tokyo and six prefectures in the Kanto region**
- **Unstaffed stores in offices, mobile super-markets**
- **Expansion and enhancement of Green Growers plant factory and processing center (PC)**



U.S.M.H plant factory

For further capital evolution

- Vitalization of sales floors through the pursuit of product development, including the use of deli food processing centers
- Building a stable distribution network for in-house production



Natural Capital >> P.27



Reduced environmental impact of our business operations

- Advancement of in-store collection and recycling of resources: **approx. 4,300 tons in FY2023**
- Percentage of renewable energy in Group electricity: **approximately 78%**
- Expected reduction of CO₂ emissions with the use of renewable energy in FY2024: **165,000 tons**



Installed solar panels at the Group's 34 stores

For further capital evolution

- Establishment of stores implementing energy-saving measures
- Expand resource collection at stores
- Boost reduction of food loss

MaxValu Kanto
Sale of meat of pigs that were raised on food residue recycled as feed

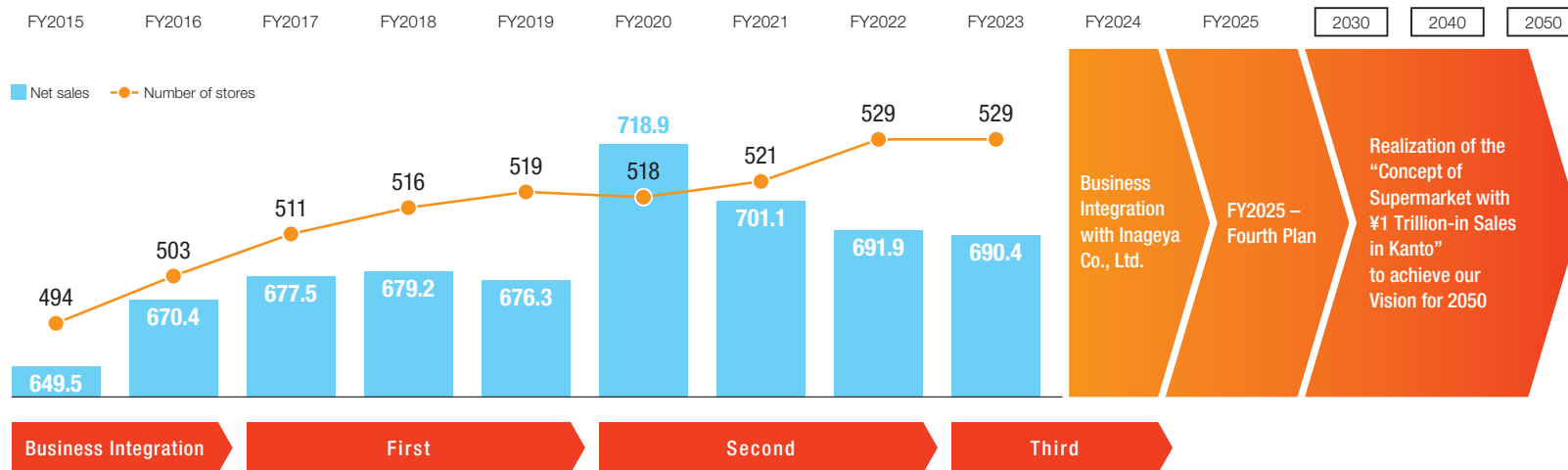


“Third Medium-Term Business Plan: Challenge for ‘Beyond Supermarket’” and Future Vision

United Super Markets Holdings Inc. was established in 2015. Amid the ongoing decline in the birthrate and aging of the population, the greater Tokyo area is the only fertile market in Japan. The competitive environment in that market grows more intense every year, with competition with other supermarket operators and food retailers from different industries. Faced with changes in customers’ lifestyles and increasingly diverse purchasing behavior, our three operating companies have evolved from harmonization to integration and promoted transformation toward growth. To continue to contribute to the rich and healthy dietary lifestyles of our customers in the region, to preserve the global environment, and to realize the wellbeing of all our stakeholders, we will continue to deepen our connections and evolve into a group where many people gather in order to make an even greater social contribution in the future.

Transition of Medium-Term Business Plans

(Billions of yen)



Establishment of U.S.M.H

U.S.M.H was established through the business integration that was realized to form a coalition to provide appropriate products and services in terms of both quality and quantity and in relation to the size of the market and to pursue innovation by combining the strengths and resources of each company, aiming to become the number one supermarket company in the greater Tokyo area.

From harmonization to integration

Entering a new stage for growth over the next 10 years, we aimed to reach our goals through synergies between the growth strategies envisaged by the operating companies in their autonomous management and U.S.M.H’s growth strategies through the demonstration of its functions as a holding company. To this end, we strived to maximize those synergies through the sharing of business infrastructure.

Transformation for growth

To reboot our existing business model, we worked on transformation for growth. While promoting reforms in cost structures, formats, workstyles, and digital technologies respectively, amid the diversification of lifestyles, inflation caused by cost pressures left us with challenges in the improvement of profitability and operational efficiency.

To “Beyond Supermarket”

By upholding a strong belief in wellbeing and continuing to create unique value, we will contribute to our communities and use all our strengths to become a company that will grow together with those communities.

■ Vision of Value Provided to Customers Based on the Business Integration with Inageya Co., Ltd.

- ① Expansion of private label brand products with reasonable prices and quality, such as TOPVALU
- ② Increase product value through joint procurement of products, including national brand products, regional products, and imported products
- ③ Use of each other’s expertise in the revitalization of food supermarkets to develop stores tailored to local customer bases and lifestyles
- ④ Development of new business formats through the organization and utilization of the functions of distribution centers, processing centers, etc.
- ⑤ Converting cost savings from joint procurement of materials and integration of back-office operations into services
- ⑥ Joint use of credit cards, electronic money, apps, etc. and return to points
- ⑦ Improve convenience through joint development of and initiatives in online business and e-commerce
- ⑧ Revitalize human capital through the utilization of AEON Group’s training system and personnel exchanges
- ⑨ Improve convenience of shopping through analysis and use of customer information and POS data

Third Medium-Term Business Plan (FY2023–FY2025)

In the Third Medium-Term Business Plan, we have addressed the fundamental question, “What role do we want to play in society?” and designed a basic strategy, taking into consideration factors such as changes in customers’ lifestyles and consumer sentiment and forecasts of market trends. With that basic strategy as a foundation, we considered the strategies for each operating company and worked on the integration and crossover of the operating companies’ own medium-term business plans and that of U.S.M.H. We then launched the Plan in fiscal 2023.

Background to Formulation of Medium-term Strategy

For the Third Medium-Term Business Plan, which started in fiscal 2023, we spent more than a year dealing with the fundamental question, “What role do we want to play in society?” We thoroughly considered our vision for a sustainable future, taking into account factors such as changes in customers’ lifestyles and forecasts of market trends, including the skyrocketing of everyday living costs such as food prices and household utility costs, as well as discussions with each operating company.

In addition, in response to the expansion of ecologically conscious consumer behavior to conserve the global environment and the growing number of customers who place importance on respect for human rights and diversity, we have thoroughly considered what kind of company we want to be to respond to the demands of the global environment and society and formulated the Third Medium-Term Business Plan for the sustainable development of the Group, local communities and society in general.

Strengths

- More than 520 stores in the greater Tokyo area, a fertile market
- Digital technology development and expertise
- Food factory and logistics infrastructure

Opportunities

- Positioning as essential infrastructure*
- Encouragement and development of internal human resources
- Creation of originality and contribution to communities

Challenges

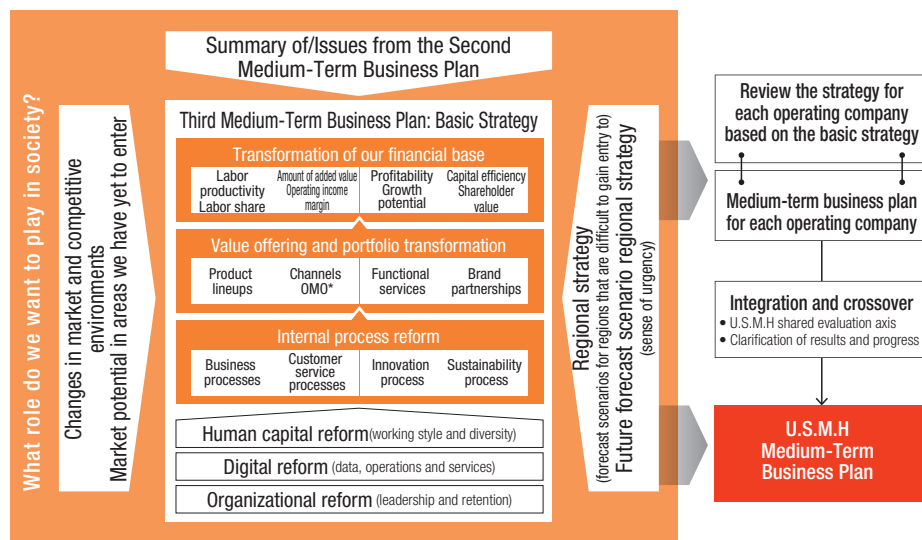
- Obsolescence of products and services
- Cooperation with new partners
- Implementation of profit structure reform

Risks

- Rising energy costs
- Rising product raw material prices

*Essential infrastructure: Foundation that supports life in society

Overall Structure of the Third Medium-Term Business Plan



*OMO: Abbreviation for “Online Merges with Offline” (fusion of offline and online commerce)

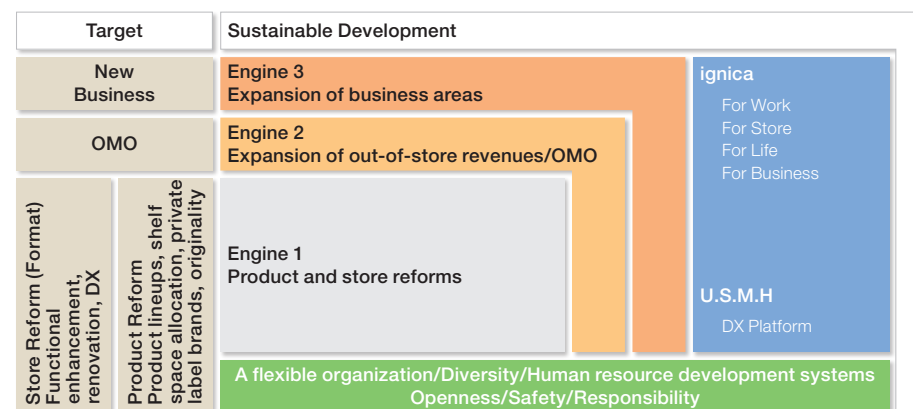
Priorities of the Third Medium-Term Business Plan

Revenue Reform	Development of Engine 3 and new business areas
Revenue Reform	Outside Digital*
Store Reform	Functional enhancement, renovation, DX
Product Reform	Product lineups, shelf space allocation, private label brands, originality

New Format

*Outside Digital: Out-of-Store digital services

Outline of Initiatives for Business Structural Reform



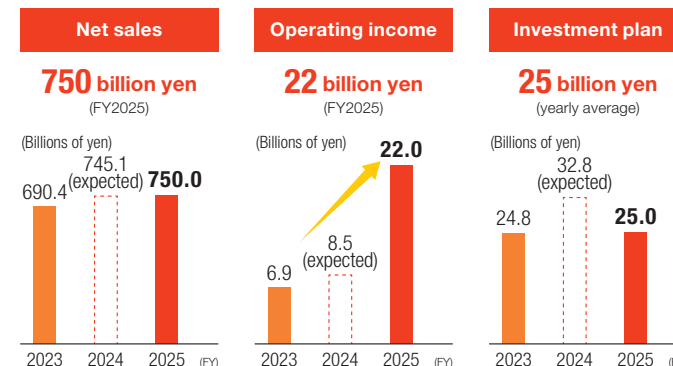
Results and Plans for Net Sales, Operating Income and Investment Plan ▶ P.24

Starting points for setting target figures

- Unexpected exchange rate fluctuations
- Rising energy costs
- Rising prices






* Sales targets for 2025 ⇒ Total figures for the three existing companies

* Investment results and plans include the establishment of processing centers



Initiatives in Fiscal 2023 in the Third Medium-Term Business Plan

At the U.S.M.H Group, the four reforms for resolving management issues set out in the Third Medium-Term Business Plan and the three execution resources that support those reforms are linked to each other, and initiatives span a wide range of areas. We have divided the three initiatives in products, stores, and revenues into 20 projects and integrated them into six units based on the links between each project. More than 200 people from the four companies—United Super Markets Holdings, Maruetsu, Kasumi, and MaxValu Kanto—participated in the overall project, and we will work to speed up activities, conduct trials at the operating companies, and disseminate the results to each company.

	Background of Strategy Execution	Initiatives and Results in Fiscal 2023	Third Mid-term Business Plan Targets									
 <p>Engine 1 (Product and Store Reforms)</p>	<p>In the greater Tokyo area, where many of the Company's shareholders, customers, and employees reside, we have more than 520 stores tailored to each region and living area. We will promote the reform of products and stores with the aim of ensuring that our stores, which attract more than 380 million customers per year, are chosen and used by all stakeholders living in each region.</p>	<p>Product Reform (example of initiatives)</p> <p>In addition to the development of delicatessen and meat products described below, we made efforts to promote the development and introduction of original products and to promote direct import trading of wine from overseas.</p> <ul style="list-style-type: none"> ● BEYOND MEAT® products developed Delicatessen/Meat: 22 SKUs Frozen: 5 SKUs Retort pouches: 3 SKUs Sales channels developed: 8-10 ● Meal Kits: 8 SKUs  <p>Store Reform (example of initiatives)</p> <p>With a primary focus on improving customer service, we have worked to create a video-viewing environment as a means of employee education that is not limited by time or location.</p> <ul style="list-style-type: none"> ● Completion of U.S.M.H common training content for online delivery ● Establishment of the original e-learning environment Approx. 38,000 views per year ● Production of approx. 850 original videos 	<p>Net sales 750 billion yen (FY2025)</p> <p>Operating income 22 billion yen (FY2025)</p> <p>Investment plan 25 billion yen (FY2025)</p>									
 <p>Engine 2 (Expansion of Out-of-Store Revenues)</p>	<p>We will work on initiatives in earnest to integrate the online shopping experience with shopping in physical stores. We will promote home delivery after shopping in-store, online delivery, the roll-out of mobile supermarkets to areas where access to shopping is difficult or impractical, and the expansion of unstaffed stores.</p>	<p>Revenue Reform</p> <p>We strived to strengthen initiatives at existing stores, including expanding the number of members and frequency of use and increasing the number of items purchased per shop.</p> <ul style="list-style-type: none"> ● Online delivery (OD/Q-commerce) Up 24% year-on-year ● E-commerce (<i>ignica</i> / other companies' e-commerce) Up 22% year-on-year ● Beyond Store (home delivery after shopping in-store / mobile stores and unstaffed stores) Up 20% year-on-year <p>Net sales Total 6.9 billion yen</p>	<p>Net sales (FY2025) Around 40 billion yen</p>									
 <p>Engine 3 (Expansion of Business Areas)</p>	<p>Using the digital services that we have accumulated to date as intellectual property, we will work to expand not only to general customers but also to the B-to-B business domain.</p>	<p>Revenue Reform</p> <p>We organized the respective functions and roles of each business, including the <i>ignica</i> digital services business, plant factory business model business and BEYOND MEAT® businesses, developed commercialization plans, formulated plans to identify marketing domains, and started rolling out these businesses.</p> <table border="1"> <thead> <tr> <th></th> <th><i>ignica</i> digital services business</th> <th>Plant factory business model business</th> </tr> </thead> <tbody> <tr> <td>Companies using the service</td> <td>2</td> <td>—</td> </tr> <tr> <td>Companies in negotiation</td> <td>9</td> <td>6</td> </tr> </tbody> </table>		<i>ignica</i> digital services business	Plant factory business model business	Companies using the service	2	—	Companies in negotiation	9	6	<p><i>ignica</i> TERRABASE BEYOND MEAT® Development of new business fields</p>
	<i>ignica</i> digital services business	Plant factory business model business										
Companies using the service	2	—										
Companies in negotiation	9	6										

Strategies for Executing the Value Creation Story



With a brand message of “Shiawaseikatsu (Happy Life),” we deliver a little happiness to our customers in their everyday lives.

Message from the President

Masaharu Homma

President and Representative Director, The Maruetsu, Inc.



As a food supermarket company that has been in business for 79 years, Maruetsu enjoys the trust of its customers backed by employee education, service and quality. Our assets include a location strategy of operating 149 stores, including Maruetsu Petit stores, in the fertile market of Tokyo.

In the formulation of the Medium-term Management Plan, which began in fiscal 2023, we stated explicitly that we are a supermarket that brings a little happiness

to customers in their everyday lives, based on the brand message of “Shiawaseikatsu (Happy Life),” and we shared our determination to realize this as our vision within the company.

Fiscal 2023 ended with increases in revenue and income, and customer numbers, which had fallen below the previous fiscal year for six consecutive years, improved to an increase of 2.9% over fiscal 2022.

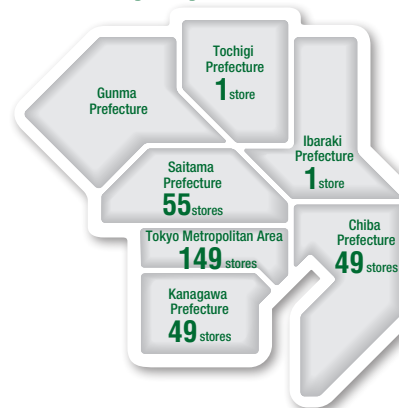
Our challenges were our ability to develop products that would win overwhelming support and a failure to achieve product lineups and shelf space allocation that would appeal to customers. I view the solutions to these issues as (1) the revitalization of products and stores and (2) productivity reforms.

The main theme of (1) product revitalization is delicatessen products, which could be described as the ultimate private label brand for a food supermarket. Although customers who eat our delicatessen items tell us that they taste good, unless those delicatessen items look delicious in the store, the customers will not choose them. In fiscal 2024, with the launch of operations of our first delicatessen center, the Maruetsu Soka Delicatessen Center in Soka, Saitama Prefecture, we will develop products with Maruetsu-original sauces and seasonings, with our aim to communicate the originality of Maruetsu delicatessen items that customers will want to select for both their appearance and taste. We will improve profitability by promoting a delicatessen shift, in which all fresh food divisions, namely fruits and vegetables, meat, fresh fish, and pre-prepared foods, will focus on delicatessen items. At the same time, in the revitalization of stores, we will decide on an order of priority and work on the revitalization of all stores in principle in a five-year plan, starting in fiscal 2024.

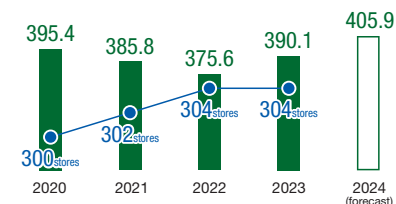
Meanwhile, digital initiatives, which are the main focus of (2) productivity reforms, initiatives across the entire U.S.M.H, such as self-checkout machines and Scan & Go, are producing results, and with the ability to conduct inventory management in real-time, we have achieved the expansion of our online delivery product line-up.

We have also continued to position the Handy Bear Home Delivery service that delivers products you buy in stores to your home, as a core of our OMO strategy going forward. At Maruetsu, our stores are always the stars of the show. To ensure that our stores remain a place where customers can come, look with their own eyes, and enjoy shopping through conversations with staff, my own role, as a management executive with experience as a store manager, will be to provide full support to store managers. I will strive to create an environment in which the store managers can watch over the customers and employees and demonstrate their capabilities without stress.

We will also aim for further growth as a driving force of the U.S.M.H Group.



■ Operating revenue ● Number of stores (Billions of yen)



Strengths and Challenges



Strengths

- Approximately 300 stores in Tokyo and three other prefectures with large populations, purchase data for 2.6 million customers
- Education system and human resources established over 79 years of business
- Abundant infrastructure: Ambient, cold, and fresh food processing centers, delicatessen center, and personnel dispatch company
- Diverse store formats



Challenges

- Investment in store revitalization
- Active participation by diverse human resources

Vision and Strategies for Fiscal 2025

Store-opening strategy for Maruetsu Petit, small, urban-format supermarkets

To offer a shopping environment suited to urban areas, we are rolling out a store opening strategy of area dominance with an emphasis on convenience.

We aim to differentiate these stores as small-scale supermarkets in urban areas that, despite their compact size, offer the strengths of an extensive range of fresh produce and delicatessen products.



Provision of new value through productivity improvements

We are working to improve the productivity of store operations by expanding the introduction of ordering based on demand-forecasting and electronic shelf labels.

We will respond to customer needs by shifting front-line labor to value-added services such as expansion of delicatessen products.



Strategies for Executing the Value Creation Story

Priority Strategy

Delicatessen Reform

Establishment of Delicatessen Center: Making Maruetsu's Delicatessen Range the Ultimate Private Label Brand

In the three-year Medium-Term Management Plan, Maruetsu has declared the reform of products, productivity, and OMO. In terms of product reform, which is the core of these initiatives, we have placed the highest priority on further strengthening the appeal of delicatessen products and maximizing the value they provide, and we have been preparing for the launch of the Maruetsu Soka Delicatessen Center. With state-of-the-art facilities, the Center is the core of efforts to develop original products that are on a par with specialty stores and supply them to over 500 stores in the U.S.M.H Group. These efforts will lead to the improvement of in-store processing productivity.



Overview of the Maruetsu Soka Delicatessen Center

- Operating company: Maruetsu Fresh Foods Co., Ltd. (wholly owned subsidiary of Maruetsu)
- Address: 1338-11 Takara, Kakinoki-cho, Soka, Saitama Prefecture
- Building structure: Steel construction, 2 floors
- Total floor area: 12,205 m²
- Products supplied: Cooked rice products and other bento products, seasonings, processed raw materials, etc.
- Commenced operations: March 2024

Objectives of establishment of Maruetsu Soka Delicatessen Center

1. Development of original products

Develop products in line with customer needs and develop, manufacture, and supply delicious products that are on a par with specialty stores, incorporating the knowledge of culinary experts.

2. Reduction of cooking work for store employees and strengthening of store competitiveness

Reduce in-store tasks by conducting primary processing at the Center. Provide freshly prepared products by streamlining store operations.

3. Supply of products to Group companies

Supply products to just over 500 stores, including all Maruetsu stores and Kasumi and MaxValu Kanto stores.



Products Developed at Maruetsu Soka Delicatessen Center New Maruetsu Original Brands, Maigokoro and Umagokoro

At the Maruetsu Soka Delicatessen Center, products developed and manufactured with particular attention to ingredients and cooking methods were given the name of Maruetsu's original brands, Maigokoro (cooked rice products as rice balls and sushi rolls) and Umagokoro (deli items such as pre-prepared foods). The first product launched from the Center was Deep-fried Chicken with House-made Stock and Three Kinds of Soy Sauce.



Store Introduction

Itabashi-minami store

Opened in September 2022, Inheriting the Area of Former "Ikebukuro store," Maruetsu's First Tokyo Store

Store overview

- Address: 21-1 Minamicho, Itabashi-ku, Tokyo
- Opened in September 2022
- Opening hours: 9:00 a.m. to 11:00 p.m.
- Sales floor area: 1,319m²
- Parking spaces: 226 (shared facilities)
- Annual sales target: 2.12 billion yen

Commercial area characteristics

- Customer base: With many schools, from elementary schools to universities, scattered around the area, the store is frequented by a wide variety of customers, including many families, students, and commuters on their way home from work, in an area where 64.7% of households are single-person households.



Concept / vision

In its second year since opening on the site of the former Ikebukuro store (closed in March 2020), which had been patronized for 45 years, the Itabashi-minami store has inherited the previous store's ties with the local community and, by responding to increasingly diverse needs and market environment, continues to increase its sales.

By providing the four values of Freshness, Encounter with products, Stress-free, and Connection, it aims to bring smiles to customers' faces, contribute to the realization of a sustainable society, and deliver "Shiawaseikatsu (Happy Life)."

It has an abundant variety of fresh fish delivered directly from Toyosu Market. Pre-prepared side dishes cooked in store with fresh ingredients, such as fresh salt-grilled whole fish, are also popular with customers.



Events in collaboration with manufacturers are held regularly in the store's eat-in space. These events, which include sandwich-making classes, candy house-making, and other projects connected to food and nutrition education, are highly popular with local residents.



Hisashi Goto

Store manager,
Itabashi-minami store

VOICE

At the Itabashi-minami store, to respond to the characteristics of our commercial area and the diverse needs of our customers, we offer products in a range of sizes, from loose items to volume packs. One conspicuous trend is that both the average spends per customer and the number of purchased items per customer are higher than the average for the entire Maruetsu Group.

In our second year, we have had many opportunities to receive orders for school events, so I feel that we are gradually being accepted by the community. In addition, the facts that many people who used to work at our former Ikebukuro store waited for two and a half years before applying again and those customers who used to shop at the former store are coming to the new store give me a sense of how well loved this location has been for so many years. I am a local myself, and with the opening of the new store, I applied for the position of store manager. The 160 or so employees work together as a united team, like a family, to build up the store.

In our second year, we will set higher targets, aiming to make the sales floor more friendly for women and elderly customers by improving the height and visibility of displays, and also place efforts into sales promotions that appeal to all five senses, particularly the sense of smell, so that we can welcome customers into our exciting store.

Strategies for Executing the Value Creation Story

KASUMI

With the corporate message of “Where people encounter delicious taste, we at Kasumi are there,” we will contribute to a happy society centered on food while adapting to the changes of the times.

Message from the President

Hideaki Tsukada

President and Representative Director, Kasumi Co., Ltd.

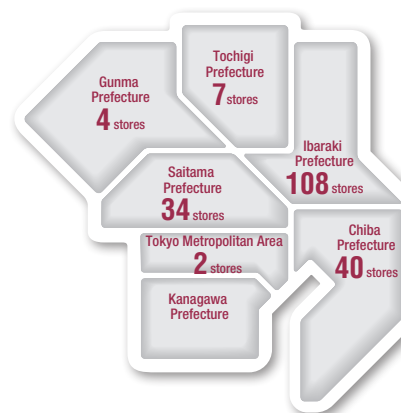


In its 63 years of business, as a community-based food supermarket company centered in Ibaraki Prefecture, Kasumi has aimed to contribute to society through food, with BLANDE, a new type of store that pursues our food expertise, Food Square, our flagship stores that offer an extensive range of products from the affordable to premium products, and Food Market stores for everyday shopping that customers can use in place of their refrigerators.

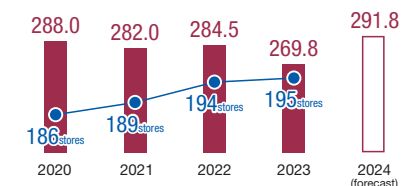
In fiscal 2023, anticipating the diversification of shopping options and the contraction of the market due to the declining birthrate and aging population, we expanded our new service offerings, focusing on Scan & Go, and made a dynamic shift in our sales promotion measures. This shift is taking time to penetrate, which has caused a decline in the number of items purchased per customer and the number of customer visits. Because supermarkets are so closely connected to daily life, they have a high level of liquidity, and it has struck me anew that customers' purchasing behaviors are linked to the prices of the products themselves.

These results made me realize that, as the new president, I needed to address a return to our mission of providing abundance through food and the enhancement of visible, functional value. To that end, I first conducted a review of prices, which are the most important element of value. As a result of our efforts to offer approximately one-third of the Company's merchandise as consistent price range, primarily day-to-day items that are consumed frequently, as good-buy products, the number of items purchased has increased, albeit as a short-term achievement. Going forward, in addition to those products, emphasizing the need to roll out products that are unique to Kasumi, we will promote the development of original products, primarily delicatessen items.

Further, given our dominant position in Ibaraki and Chiba Prefectures, which are major producers of marine products and farm produce, we are close to the producers. For this reason, our aim is to connect our customers with producers and local restaurants and contribute to the region from a stance of servant leadership (supporting others). In addition, I hope to work with local communities to develop products in line with changes in the living environment. In the process of gathering, making, and delivering products, adding value in the form of safety and peace of mind and delivering not only food products, but food culture, are emotional values that we, as a company dedicated to serving local communities, cherish. I also see this as the role expected of us within the U.S.M.H Group. Making the most of the individuality of each store and each employee, we will convey the appeal of our products and the intentions of the producers. At the same time, with BLANDE as a model, we will lead the challenge of the development of stores and services that create special food and contribute to food abundance.



■ Operating revenue ● Number of stores (Billions of yen)



Strengths and Challenges



Strengths

- The community's trust, built up over 63 years of doing business
- Abundant human resources and stores, diverse contact points with customers
- Brand power in store and product development
- Relationships with suppliers and producers
- Responsiveness to changes in the external environment



Challenges

- Revitalization of stores, assets, and sales floors
- Development of workplaces where employees can demonstrate their initiative

Vision and Strategies for Fiscal 2025

Co-creation of value with the community. Sustainable regional contributions

At our BLANDE and Food Square stores, collaboration products with restaurants and other businesses operating in Ibaraki Prefecture have been very well received. During the COVID-19 pandemic, amid the harsh business conditions faced by the restaurant industry, we wanted to deliver a taste that locals are proud of, so we developed products in collaboration with local restaurants and commercialized them under the Miil KASUMI brand. These products are available as frozen products, as well as in the delicatessen section. We are expanding initiatives to co-create new value with local communities by carefully discovering the appeal of the region and using methods that are unique to Kasumi, as a company that contributes to those communities.



Strategies for Executing the Value Creation Story

Priority Strategy

Branding Strategy

Appealing to Diverse Values with the KASUMI Brand as a Touchpoint

With our variety of store formats, including BLANDE, and products, while valuing every individual store in each area, we believe that, for our stores to become shoppers' super-markets of choice, the necessary strategy is to create branding that does not waver from the value provided by Kasumi in all aspects. We will continue to pursue the Kasumi brand from the three perspectives of products, stores, and inner communication to build our unique branding and appeal to customers' diverse lifestyles and values.

Products (Miil KASUMI)

Based on the theme of "A good everyday lifestyle starts with a good diet," we have developed three categories of products that emphasize Kasumi's trademark originality and discernment. We cherish our ties with local communities and have rolled out approximately 1,700 SKUs under the Miil KASUMI brand.

Online, five mascot characters that represent the brand communicate the appeal of the products in website columns and social media posts, and the number of followers and page views is growing, primarily in Ibaraki Prefecture. Looking ahead, we plan to roll out the worldview that we have built online to physical stores as well.



Inner communication

In the belief that drawing out our employees' smiles and motivation, which are directly linked to our stores' image, is also part of our branding, we are working on inner communication to deepen understanding of and increase empathy with the Kasumi brand.



Stores

We have defined color schemes and worldviews for each of our store formats and are working on the formulation of guidelines. From the development stage of new and revitalized stores, we will develop ambiance designs that include sounds and scents and deploy them in a unified manner.

VOICE



Jun Mardian Sugandhi

Executive Officer and CBO, in charge of Corporate Planning, Management Strategy Division, U.S.M.H

With store development centered on Ibaraki Prefecture, Kasumi aims to become a company deeply rooted in the local community through food. Compared with the days when customers would come without us having to do anything, the competition has become increasingly intense, and unless we promote our appeal not only in stores, that is, offline, but online as well, we will not be able to create new points of contact. While safeguarding the Kasumi DNA that we have inherited, we continue to build the online worldview with fresh designs to suit the times, in our efforts to motivate customers to visit our physical stores. We are also working to strengthen our total branding so that customers who visit our stores can interact with our employees and encounter our products, and we can provide service for these three elements in a consistent manner both online and offline.

Store Introduction

Food Square Kasumi Tsukuba Style Store

New Flagship Store Re-opened After Renovations in October 2023

Store overview

- Address: 5-19 Kenkyugakuen, Tsukuba, Ibaraki Prefecture
- Opened in October 2008 Renovated and re-opened in October 2023
- Opening hours: 9:00 a.m. to 10:00 p.m. ● Sales floor area: 2,790 m²
- Parking spaces: 4,300 (shared facilities)
- Annual sales target: Approx. 3.0 billion yen



Commercial area characteristics

- Customer base: This region has a high percentage of people who have relocated there from other prefectures, particularly those of the child-rearing generation.
- With rich natural surroundings, the region has an abundance of farm produce and products that are unique to the region.

Concept / vision

We are taking on the challenge of horizontally expanding the new product value propositions that we have been working on in the BLANDE business to our Food Square format stores, and we are working to develop operations that will also be possible at existing Kasumi stores. In terms of product composition, we set out to differentiate ourselves with *Miil KASUMI*, one of Kasumi's largest products roll-outs. We have also broadened our product lineups of national brands, with a primary focus on commodities. Further, we have introduced a wide range of products that leverage Group purchasing, such as our private label brand, *eatime*, and we are rolling out local-brand products. All our registers are self-checkouts (27 machines), and we also recommend the use of the Scan & Go app.

Cooking communication that creates interaction

This initiative includes cooking demonstrations using seasonal ingredients that are sold in the store, menu suggestions, and the provision of specialized information to assist shoppers with product selection.

When the store was renovated, this space was moved to a more central location on the sales floor, making it easier for customers to stop by while shopping. The space also holds regular events such as food education and lunch classes that parents and children can enjoy together, providing a relaxing time. It has proved popular with customers, with comments such as "It's a great help because I can shop for everything I need here," and "I always look forward to the events."



VOICE



Tetsutaro Kambayashi

Store manager, Food Square Kasumi Tsukuba Style Store

At our store, our many cheerful, energetic, and diverse staff work hard to create more fans of the store by coming up with products and experiences that can be found nowhere else. When we test out new sales sections, we incorporate feedback from customers and staff to make them better, and we continue to expand those successes to other stores. When we renovated the store, we introduced large numbers of BLANDE products, as well as a large variety of products that are particular to Tsukuba and Ibaraki Prefecture and products that had not been available before. We also worked on branding in the store's interiors to create the kind of Kasumi sales floor that has never been seen before, and customers tell us they find it fun to shop here. By continuing with these kinds of initiatives, we hope to establish our position as a Food Square flagship store.

Strategies for Executing the Value Creation Story



マックスバリュ関東株式会社

With a vision of “Creating a shopping experience overflowing with deliciousness and gratitude, “we will deliver a variety of discoveries, surprises, fun, and excitement to day-to-day shopping.”

Message from the President

Satoshi Shimada

President and Representative Director, MaxValu Kanto Co., Ltd.



MaxValu Kanto declared the shift to a shopping experience-oriented supermarket in our previous Medium-Term Business Plan (2020-2022), and we have aimed to enhance the value that we provide as we upscaled and revitalized our stores. We have been able to leverage the economies of scale and expertise in products and services that are available in the U.S.M.H Group to the maximum extent possible, and, with our characteristic nimble footwork, we have also

promoted our own unique initiatives with a sense of speed. As a way to realize our vision, we undertook significant renovations of the MaxValu Oyumino Store in October 2020, positioning it as our first shopping experience-oriented store. We are now reflecting the knowledge and expertise obtained from that renovation in subsequent revitalization efforts and in the development of sales floors of new stores.

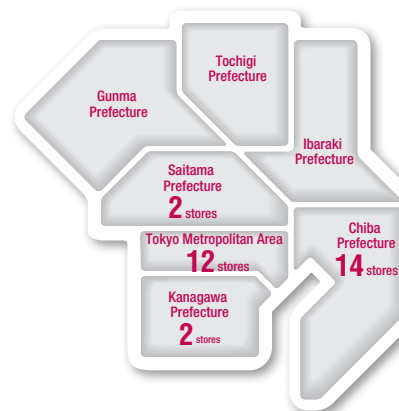
Fiscal 2023 was the first year of the new Medium-Term Business Plan (2023-2025), and it ended with increases in both revenue and income. For the realization of our vision, we worked on products, stores, and digital transformation, and I feel that those efforts are beginning to produce results.

The aspect that we took the most care with when formulating the Plan was the message that our employees are just as important as our customers. With efforts to make the most of our employees' individuality and ideas on the shop floor, store revitalization has been carried out at 12 stores, and results are being seen in all stores.

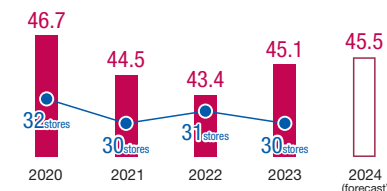
With regard to product development, in fiscal 2023, we established a dedicated organization for product development and for expanding into new fresh food production areas in the Merchandise Division, with the objective of realizing a product range that is characteristic of MaxValu Kanto. Developing pipelines to production areas all over Japan, we have discovered a variety of new products, which has allowed us to demonstrate our originality with products offered at the monthly Local Good Food Fair. In addition, through collaborations with AEON Group companies around Japan, we are able to roll out merchandise that is more popular with locals, which is making both customers and producers happy. For products that we particularly want to recommend to customers, we created the Meets Valu original brand in September 2023 (P. 20), and we are expanding its product lineup and roll-out to stores. Also, as a means of opening up new sales channels, we collaborated with Chiba City in January 2024 to launch our first-ever mobile supermarket. While collaborating closely with U.S.M.H companies, including the collaborations mentioned above, we will aim for further growth through the active participation of our young and energetic workforce, which is one of our strengths.

The four value that shopping experience-oriented supermarkets aim to provide

- ① Enjoy time spent in the store
 - ② Stimulate customers' five senses
 - ③ Customer preferences
 - ④ Visit the store for reasons other than shopping
- Supermarket



■ Operating revenue ● Number of stores (Billions of yen)



Strengths and Challenges



Strengths

- The mobility and speed that only a small organization can achieve
- A corporate culture where young employees play an active role supported by veterans
- Diverse human resources
- Use of the expertise and infrastructure of the AEON and U.S.M.H Group
- Location in the promising Kanto area



Challenges

- Investment in store revitalization
- Acceleration of new store openings

Vision and Strategies for Fiscal 2025

Evolution of the values provided by shopping experience-oriented supermarkets

By leveraging the expertise we have worked on to date and continuing to evolve the four values we offer, we will promote the creation of stores that overflow with products with improved freshness, appealing pre-prepared foods, and specialty products. In addition, we will work to put the ideas of employees on the sales floor to use and implement DX.



MaxValu Warabi Store, re-opened after renovations in February 2024

Taking on the challenge of creating stores that attract customers of all ages

Aiming to become the store of choice for young customers, we are developing sales promotion plans from various angles. In fiscal 2023, we launched the New Trend Project to reflect the ideas of young employees on our sales floors. We hold unique events such as Heisei Retro and #Oshiiri Friday (fav's theme color) to motivate customers to visit our stores.



Strategies for Executing the Value Creation Story

Priority Strategy

Release of *Meets Valu*, a Range of Products Carefully Selected by Buyers

■ We Will Take on the Intentions of the Producers and Deliver Them to Customers

In September 2023, the MaxValu Kanto-original brand, Meets Valu, was launched, based on the concepts of local produce and products, regional specialty products, and MaxValu original. Our role has always been to provide customers with encounters with new products and the fun of choosing by making more attractive proposals of products that we have discovered at local food fairs in various parts of Japan, as well as unique products that we have uncovered through relationships with companies and producers in the local area of Chiba. Net sales and gross profit are both progressing as planned, and we have set targets of 3,500 items in the Meets Valu range, accounting for 7% of sales, in fiscal 2025.

In addition, we also stock the AEON Group's TOPVALU private label brand on our shelves, and through merchandise procurement that takes advantage of economies of scale, we are working to create a product range that offers a wide variety of value.



Concept / vision

We place unique point-of-purchase displays on the sales floor and clearly promote the Meets Valu concept through innovations in each store, such as by region and by category. The Oden (Japanese fishcake stew) Corner set up at the Oyumino Store featured regional oden items gathered from all over Japan. This initiative was extremely popular with shoppers, with comments such as "This made me happy because I've only ever eaten Kanto-style oden until now" and "I bought some to try, and they were delicious." In spring and summer, we will set up a regional cool and refreshing flavors corner.

VOICE



Ryo Kagota

Staple Merchandise Development Group Manager in charge of *Meets Valu* Development, Merchandise Division

Previously, we had featured products that focused on ingredients, production methods, and producers exclusively as fair products, but we sensed a challenge in proposing products that could only be encountered here in more appealing ways. For this reason, we redefined what we truly wanted to recommend in terms of product value and came up with the brand name Meets Valu to embody that value. In addition, as a result of the organizational changes that were made at the same time, buyers dedicated to product development were deployed, creating a structure that enabled us to strengthen our ability to discover new products with a focus on local produce and products and regional specialty products. Our third focus, the development of MaxValu original products, is our challenge for fiscal 2024, and the development of multiple products is currently underway.

From their introduction until now, the response from customers has been even better than we expected, and we feel that customers are sensing value that exceeds the price. We will continue to roll out appealing products and grow Meets Valu into a trusted brand, one that customers will know that, if they see that POP display, they cannot go wrong.

Store Introduction

MaxValu Oyumino Store

■ Progressing Challenges as the First Shopping Experience-oriented Supermarket

Store overview

- Address: 5-37-1 Oyuminominami, Midori-ku, Chiba, Chiba Prefecture (inside AEON Town Oyumino)
- Opened in May 2008. Renovated and re-opened in October 2020
- Opening hours: 8:00 a.m. to midnight
- Sales floor area: 3,006 m²
- Parking spaces: 1,549 (shared facilities)
- Annual sales target: 4.0 billion yen

Commercial area characteristics

- Customer base: On weekdays, the store attracts young families and middle-aged people in their 50s and 60s from neighboring areas. On weekends, the store is lively with a wide range of customers, many of whom drive long distances to visit.



Concept / vision

Despite our location in an area packed with competing stores, we continue to grow our sales by adhering to the value we offer as a shopping experience-oriented supermarket. Our aim is to create a store that is the much-loved choice of the local community.

We emphasize face-to-face sales in the fruit and vegetables and fresh fish sections in our efforts to communicate actively with customers. The fresh fish section regularly holds events such as tuna butchery shows. The fruit and vegetables section uses face-to-face sales to point customers toward freshly harvested vegetables that have arrived that day by Shinkansen (bullet train).



The eat-in space, Café & Dine, is used as a community space where local customers gather naturally. Events are also held there regularly, making it a lively part of the store. At the café corner, original lattes featuring generous portions of seasonal fruits are popular with customers.



VOICE



Norikiyo Ishii

Store manager, MaxValu Oyumino Store

Our store attracts customers who live nearby on weekdays and customers who come from further away by car on weekends. For this reason, on weekdays, we offer everyday goods at reasonable prices, and on weekends, we offer slightly more extravagant products and special fairs, in an effort to create a sales floor that customers can enjoy anytime they visit.

We enhanced product freshness when we re-opened after renovations in 2020, but in a survey conducted when we undertook refurbishments in 2023, we received feedback that staff wanted to deliver fresher products to customers, so we introduced face-to-face sales in our fresh fish and fruit and vegetables sections. We recommend products to customers with the intention of selling out on the day that they are delivered. As freshness has improved, our products have become the favorite choice for social events.

The store's employees take pride in their own work and enjoy selling to customers. Our staff loves our customers, the community, and the store, and those feelings are conveyed to customers, creating a wonderful cycle. We will continue to listen to the voices of our customers and employees, and when things do not go well, we will stop and make improvements, aiming to achieve our annual sales target of ¥4.0 billion.

Infrastructure Strategy

Product Strategy: Roll Out Original Brands That Appeal to Diverse Needs

The Group's Vision and Approach

To address social issues such as the diversification of customers' lifestyles and preferences, the high cost of living, and product shortages, the Group has developed a number of original products in a wide range of prices tailored to quality and preferences.

Strengths and Challenges

Leveraging our strengths as the AEON Group company, we are rolling out AEON's original brand, **TOPVALU**, and other products at all of our stores. Going forward, we will strive to increase the ratio of original brands that further reflect customer feedback and enhance the communication of those brands to gain customer recognition.

New Value Offering Aimed at by Expanding Original Label Brands

The Group will continue to further promote the creation of original brands that are accessible to customers by insisting on products that are of high quality, delicious, made with local ingredients, and environmentally friendly.



List of Original Brands Handled by U.S.M.H

	<i>eatime</i>	A private label brand of U.S.M.H that offers new value, aiming for high quality and affordable prices
	<i>eatime chef</i>	Meal kit series under <i>eatime</i> brand. Convenient kits that contain all the necessary ingredients and a recipe
	<i>Green Growers</i>	U.S.M.H's sustainable private label brand of sustainability-conscious products
	<i>GREEN GROWERS Meal</i>	<i>Green Growers</i> meal products. Three varieties of retort-pouch food products made with BEYOND MEAT®
	<i>INNER COLOR DELI</i>	Frozen deli items jointly developed with ORBIS Inc., a marketer of beauty brands focusing on skin care
	<i>maruetsu365</i>	Maruetsu's original brand that features a wide range of products recommended by Maruetsu with confidence
	<i>MiiL KASUMI</i>	Kasumi's original brand that features products in Original, Special, and Community Connection categories
	<i>Meets Valu</i>	MaxValu Kanto's original brand with the concept of local produce and products, regional specialty products, and MaxValu original
	<i>TOPVALU</i>	A private label brand of AEON Group
	<i>BESTPRICE</i>	A private label brand of AEON Group, <i>TOPVALU</i> 's price-appealing brand
	<i>Cordon Vert</i>	Imported wines from a specialized trading company jointly owned by AEON and liquor retailer, Yamaya



TOPVALU



eatime

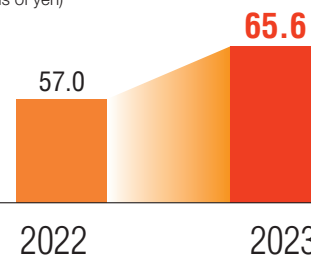


maruetsu365

Original Brands Over Time

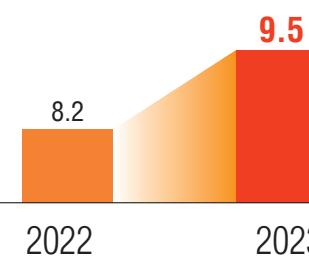
Net Sales of Original Brands

(Billions of yen)



Share of Net Sales from Original Brands

(%)



Infrastructure Strategy

Logistics

U.S.M.H's Approach

To address issues such as labor shortages and rising costs at logistics sites, we will promote streamlining of operations, including on-site work and joint deliveries to stores. We will also undertake initiatives to build a sustainable logistics system across the entire U.S.M.H Group.

» See P.35: Sustainable Food Value Chain

U.S.M.H's Initiatives

By establishing a joint delivery system within the Group, we will work to make efficient use of the logistics fleet. We will promote the optimization of on-site work, deliveries to stores, and store operations and the visualization of operational processes in our efforts to advance the analysis of logistics information and initiatives for logistics DX.



In September 2023, U.S.M.H Yachiyo Grocery Center, the pioneer of U.S.M.H's approach and initiatives, commenced operations.

U.S.M.H's logistics network, including Yachiyo Grocery Center

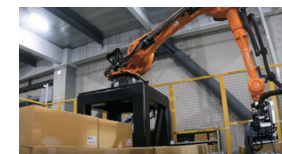
- 1 Kasumi Iwase Distribution Center
- 2 Kasumi Chuo Distribution Center
- 3 Kasumi Sakura Distribution Center
- 4 AEON Saitama XD
- 5 AEON Kita-Kanto RDC
- 6 AEON Food Supply Minami-Kanto Center
- 7 AEON Kanto RDC Center
- 8 Maruetsu Yashio Ambient Temperature Distribution Center
- 9 Maruetsu Misato Combined Center
- 10 Maruetsu Misato Small Store Distribution Center
- 11 Maruetsu Yokohama Ambient Temperature Distribution Center
- 12 Maruetsu Kawasaki Combined Center
- 13 U.S.M.H Yachiyo Grocery Center

Example of labor-saving and automation at Yachiyo Grocery Center

We are promoting the establishment of sustainable operational systems with the active use of labor-saving and automation tools, which have made it possible to address labor shortages.



Automated guided forklift



Product picking by robotic depalletizing system



Automatic sorting and transportation

Name: U.S.M.H Yachiyo Grocery Center
 Address: 3F Prologis Park Yachiyo 1, 1809-1 Hoshina, Yachiyo, Chiba Prefecture
 Leased area: 20,397 m²
 Center operation: KOKUBU SHUTOKEN CORP.
 Handled goods (stock distribution): 8,500 SKUs (planned), mainly processed foods, confectionery, beverages, and alcoholic beverages
 Handled goods (cross-docking): Rice, daily necessities, clothing, office supplies, etc.
 Operation commencement dates: September 7, 2023 (Maruetsu), September 21, 2023 (Kasumi)
 Operating hours: 24 hours
 Number of stores covered: 74 (36 Maruetsu, 38 Kasumi) * As of September 2023

Overview of U.S.M.H Yachiyo Grocery Center

Response to the So-called 2024 Problem

To address various problems arising from the imposition of upper limits on logistics drivers' working hours from 2024, U.S.M.H is promoting initiatives from various angles, including the responses to be taken by the individual operating companies.



Collaboration with other companies on logistics issues

In an effort to resolve logistics issues, the retail industry launched the Greater Tokyo Area Supermarket Distribution Study Group and is conducting research to improve the efficiency of logistics. It is also working to establish sustainable logistics for food products in collaboration with government authorities, related bodies, manufacturers, and wholesalers. U.S.M.H's contributions to these efforts include participation by Maruetsu and Kasumi in Study Group workshops and engagement alongside other companies in the retail industry.



Specific issues to be addressed

- ① Review of standard ordering times for processed food products
- ② Securing lead times for ordering and delivery of special-sale products and new products
- ③ Easing of delivery deadlines (adoption and standardization of the 1/2 Rule)
- ④ Operational efficiency improvement, etc. through distribution BMS

*Distribution BMS: Abbreviation for Business Message Standards in Distribution, a new standard for electronic data exchange promoted by the Ministry of Economy, Trade and Industry

Infrastructure Strategy

Digital Strategy

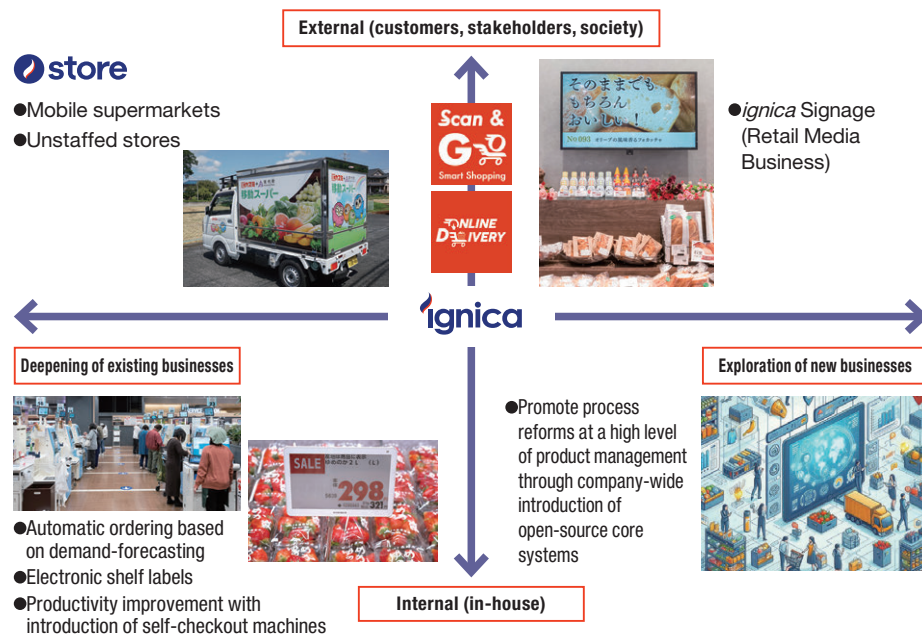
Using Technology to Make Customers and Employees Smile Through Food

In our aim to be a supermarket group that provides food for all and is indispensable to the local community, we are working to create unique value based on digital technology.

Centered on *ignica*, the digital brand that we developed ourselves, we will build services that offer value to all stakeholders, including new services that allow customers to enjoy their shopping, productivity that enables employees to sense their growth, and data-driven* services that enable business partners to take their next leap forward. In doing so, as well as proposing diverse options, we will pursue the further potential of "Beyond Supermarket."

*Marketing based on the analysis of various data

Creating new value through digital technologies



Business alliance with Vietnam-based offshore development company, VTI

In December 2023, we entered into a business alliance agreement with VTI JOINT STOCK COMPANY (headquarters: Hanoi, Vietnam), whose business focuses on IT services. The aim of this alliance is to realize the provision of speedy and stable digital services, including *ignica*, for the enhancement of customer value and the expansion of the RaaS (retail-as-a-service) business.

Customers

Scan & Go, the payment service that turns your smartphone into your own personal checkout machine, Online Delivery and *ignica* Store, for shopping whenever you want

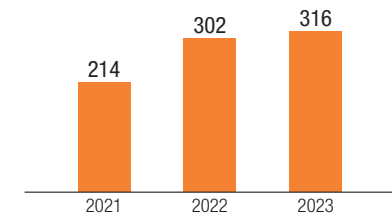
Since the launch of the Scan & Go service in 2019, we have progressively expanded the user environment, and we continue to take on various challenges aimed at creating new shopping experiences. Today, Scan & Go has been introduced in 525 stores across the three companies, and Online Delivery is available at 137 stores across the three companies. Twenty specialty stores have opened stores in the *ignica* Store, offering a wide variety of merchandise.



ignica Signage, an advertising streaming service that uses AI digital signage in stores

Since its launch in 2020, we have expanded the number of stores where we have installed the signage and currently, there are more than 2,500 *ignica* Signage displays installed at 319 stores across the three companies. In addition to the promotion of the store's own company products, these signs stream advertising content submitted by advertisers and use AI to provide reports on sophisticated analysis of viewing effectiveness.

Number of Stores Using *ignica* Signage



Business Partners, Stores, and Employees

We will achieve labor savings in product replenishment and respond to logistics issues by enhancing supply chain management
We will improve employee satisfaction through automation and labor-saving and cultivate a workplace environment full of smiles

In stores, which are the first point of contact with customers, we are promoting the creation of stores that are overflowing with smiles by establishing environments where employees can converse with customers. In the digital shift in our stores, which will help to increase employee productivity, we will work on the automation and optimization of product replenishment with real-time inventory management across the entire company. In addition to demand-forecasting in stores, we will promote a system covering the process from order placement to delivery that aims to optimize the entire logistics network through collaboration between manufacturing, wholesale, and retail. This will include the relocation of distribution centers.

In pursuit of usability from the user's perspective, *ignica* POS has a simple, intuitive design that is easy for anyone to use and that supports multiple languages. We have installed this system at 424 stores of the Group, and we are continuing with the development of convenient, no-wait checkout systems that are also worker-friendly. We will realize sales floors that are convenient and easy to shop in by conducting promotions and making product recommendations tailored to individual customers based on customer purchase data obtained with *ignica*.

Financial Strategy

External Environment

As a supermarket group based in the Kanto region, we enjoy a favorable operating environment. However, it is also a fiercely competitive environment, one in which we will lose support from customers and market share if we do not keep up with the diversification of consumer values and changes in the market (such as changes in our operating area and the competition, including from other industries).

Given this situation, in order to achieve sustainable growth as a supermarket group, we will continue to strengthen investments in our growth and enhance the corporate value of Group companies. At the same time, we will work toward an optimized capital structure to realize these goals.

Financial Policy

Since U.S.M.H was established, it has maintained financial stability based on its ability to firmly maintain an equity ratio of at least 50%, and by taking a medium- to long-term perspective in financing our operations. We will continue to strengthen investments in new fields in addition to organic investments (in our stores, etc.), while taking into consideration the safety of our financial base. With this approach, we will achieve our return on equity (ROE) target of 6% by maintaining our financial soundness while balancing investments for growth with shareholder returns.

Key Indicators for the Third Medium-Term Business Plan

3-year average (Millions of yen, %)	Second Medium-Term Business Plan	Third Medium-Term Business Plan	
	Results	Initial plan	Results + Plans*
Operating revenue	714,079	729,114	724,455
Operating income	12,554	17,249	15,397
Debt/Equity ratio	0.3	0.3	0.3
Payout ratio	79.1	37.2	89.8
ROE	3.5	6.0	3.2

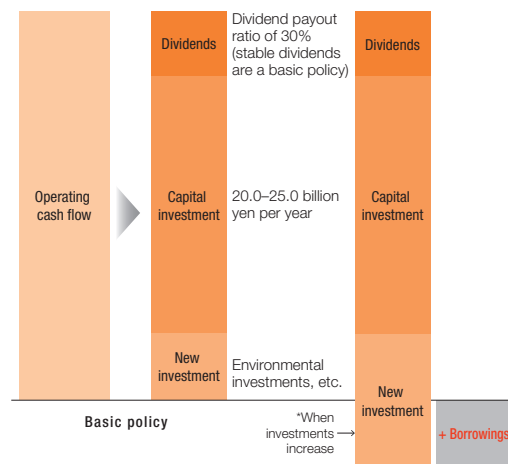
*Results for FY2023 + Plans for FY2024 and 2025

Cash Allocation

We allocate generated operating cash flow to investment for growth such as in new stores and the revitalization of existing stores, which are our business domains, as well as to shareholder returns. As we also need to make upfront investments in the development of the DX platform for business reform and new businesses, if the amount for such investments exceeds our operating cash flows, we appropriate the shortfall through borrowing and other means.

Going forward, while making investments funded from operating cash flows in principle, we will consider the balance between growth investments and shareholder returns in our efforts toward cash allocation for investments for the enhancement of corporate value.

Cash Allocation Plan

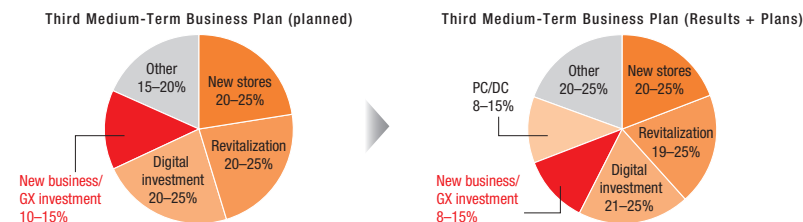


Growth Investment Strategy

In the Third Medium-Term Business Plan, which starts in fiscal 2023, our goal is to create new value propositions for customers. To that end, we will allocate increased investment to developing new store formats, to our supply chain, to DX, and to providing OMO services to customers by making full use of product developments and digital technology. By adapting to customer needs and values that changed significantly during the COVID-19 pandemic, we will achieve new customer creation.

In addition, as medium- to long-term strategies, we will transform our investment portfolio by expanding our 1) IT and digital investment, 2) new business investment (including in the supply chain, etc.), and 3) green transformation (GX) investment.

Allocation of Operating Cash Flow

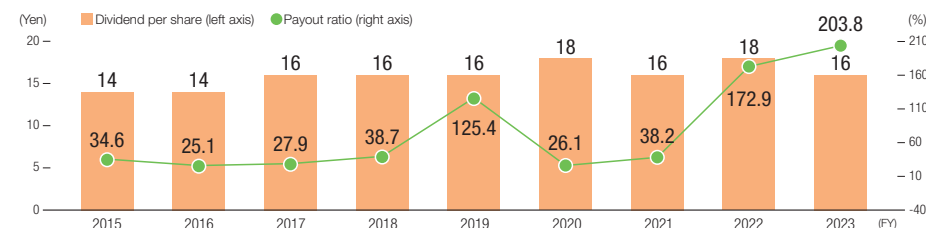


Shareholder Return Policy

Returning profits to shareholders is one of our key policies. Taking future business development and our operating environment into consideration, we seek to maintain stable dividends based on a payout ratio of 30%, at the same time strengthening our financial base by increasing profitability and enhancing retained earnings.

We will continue working to enhance our corporate value and strengthen our dividend policy.

Dividend Chart



Policy for Dialogue with Investors and Shareholders

We place importance on dialogue with shareholders and investors and seek it out through regular initiatives. This includes dialogue with shareholders at the General Meeting of Shareholders, semi-annual financial results briefings, informal gatherings for shareholders, etc.

We will continue to strengthen these initiatives and increase opportunities for such dialogue with shareholders and investors. In this way, we will build a framework to ensure that feedback received will be put to use in management.

Basic Sustainability Policy (Established in April 2023)

The Group recognizes the need to innovate the concept of supermarkets and their business models, and believes that it is tasked to pursue sustainability both for business and society. In order to maximize long-term corporate value and achieve lasting growth, we have formulated the Basic Sustainability Policy, which organizes the basic views as the first step to responding to global environmental issues and regional issues, developing relationships with stakeholders, and creating new value.

Basic Approach

As a key element of our Core Philosophy, we are committed to contributing to “healthy, valuable choices in food” and “prosperous local communities.” As a company that moves with the times, we strive for both corporate and social sustainability through our businesses, with the aim of maximizing medium- to long-term corporate value and achieving lasting growth.

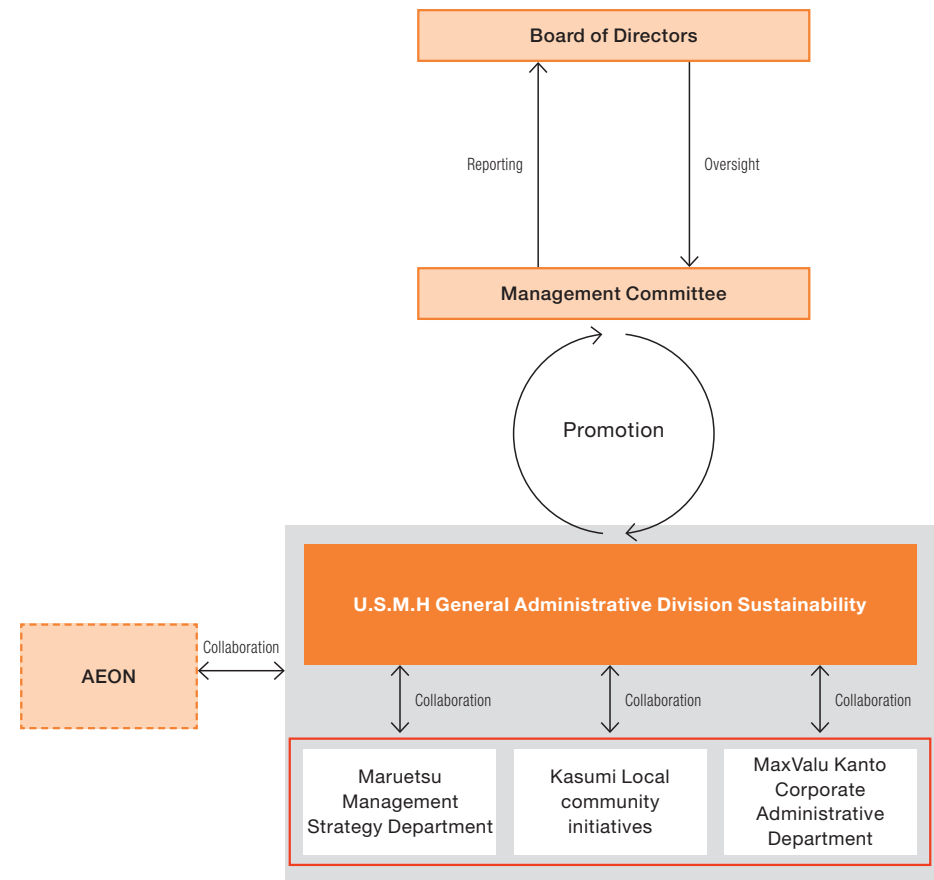
To that end, we will deepen our connections with all of our stakeholders, including customers, local communities, employees and business partners, and thoroughly satisfy their expectations and confidence in us. We will also contribute to a sustainable, recycling-oriented society, and unify our Group strengths for the creation and innovation of food-related businesses that can offer wellbeing, enjoyment, health and other new value.

Relationship Between Our Core Philosophy, Vision and Basic Sustainability Policy



Sustainability Promotion System

In order to manage the progress of sustainability promotion, a person in charge of sustainability has been assigned within the General Administrative Division. The person in charge of sustainability collaborates with Group companies to promote initiatives and conduct monitoring activities. Details of the activities are shared with the Management Committee and important matters are reported to the Board of Directors. We will collaborate with departments responsible for sustainability at AEON Co., Ltd. to effectively drive each initiative forward.



Material Issues

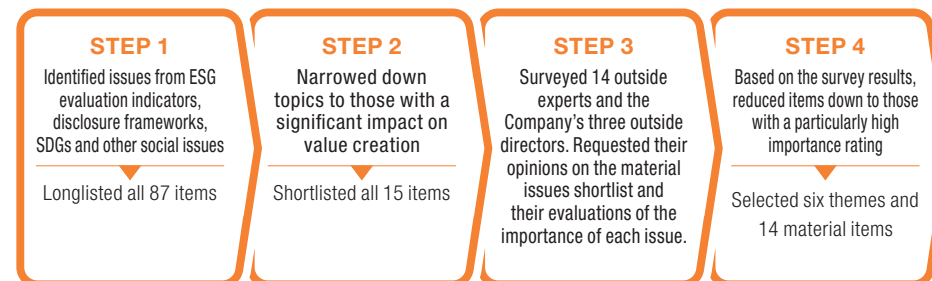
Material Issues for the U.S.M.H Group

The Company believes that resolving material issues is the most important aspect of its goal of achieving wellbeing.

Positioning of Material Issues

We position material issues as the issues directly connected to management and the initiatives for creating new value. They form the foundation for our value creation model. We have selected material issues in six themes and 14 items, which form the basis for the initiatives to be carried out for the present and will be updated to reflect changes in circumstances and to meet societal demands.

Material Issue Selection Process



Our Material Issues and Progress Made

Note: ○ denotes items that are on track; △ denotes items having difficulty in progress; — denotes items to be addressed later on

Theme	Material items	Main Initiatives	Self-evaluation and progress in FY2023	Initiatives scheduled for FY2024 onward	
E (Environment)	① Carbon neutrality	• Introduction of renewable energy and prevention of CFC refrigerant leakage	○ Introduced renewable energy (30%) and started replacing refrigerants	• Consistent implementation of energy-saving operations and promotion of switching from CFCs to natural alternatives	
	② Waste reduction and promotion of reuse and recycling	• Reduction of food waste and expansion of resource collection at stores	○ Expecting a 2,200-ton reduction in waste	• Promotion of reduction of food waste and plastics	
S (Social)	③ Food safety and security	• Establishment of management system	— Strengthening of existing management system	• Establishment of a new management system	
		④ Responsible marketing and labeling	• Establishment of management system	— Strengthening of existing management system	• Establishment of a new management system
	⑤ Sustainable food value chain	• Expand SPF product ranges	○ Launched BEYOND BEEF®	• Further expansion of SPF product ranges	
		⑥ Respect for human rights	• Formulation of basic policy on human rights	— Currently discussing the formulation of basic policy on human rights	• Formulation of basic policy on human rights and ensuring its understanding among all employees
	⑦ Creation of healthy, valuable lives through our food and services	• Expansion of the range of value-added products at stores	— Turn seafood items, etc. into delicatessen products at some stores	• Strengthening of delicatessen and other production departments	
		⑧ Contributions to people's health	• Develop health-related products	△ Developed 3 retort-packaged food products using plant-based food	• Constant development and sales of health-related products
		⑨ Coexistence with communities	• Expansion of food drive activities	○ Expanded the number of stores conducting food drives to 94	• Further expansion of food bank and food drive activities
		⑩ Connections with customers	• Build recognition as a regional infrastructure hub	○ Started and expanded the operation of mobile supermarkets at each operating company	• Expansion of points of contact with customers such as mobile supermarkets and home delivery services
	⑪ Pursuit of diverse human resources and job satisfaction	• Improve workplace environments	△ Room for improvement in the rate of consecutive leave taken, etc.	• Development of schemes for acquiring new skills and knowledge	
		⑫ Diversity and Inclusion	• Improvement in the ratio of female managers	— Set a 2030 target for the ratio of female managers	• Active appointment of female managers
G (Governance)	⑬ Corporate governance and risk management	• Promotion of diversity on the Board of Directors	— Maintaining status quo	• Management of governance risks and continuous improvement in effectiveness	
	⑭ Privacy protection and data security	• Strengthening of IT management system	△ Conducting regular checks at Management Committee meetings, etc.	• Establishment of the Group's information security policy	

Environment

Environmental Management

Basic Approach

In line with our Basic Environmental Policy, we have identified two environment-related material issues. We are committed to resolving both issues, with the aim of reducing the environmental impact of our business activities and leaving a sustainable, recycling-oriented society for the next generation.

Our Six Basic Environmental Policies

Conserve resources and energy

Develop environmentally friendly products and materials

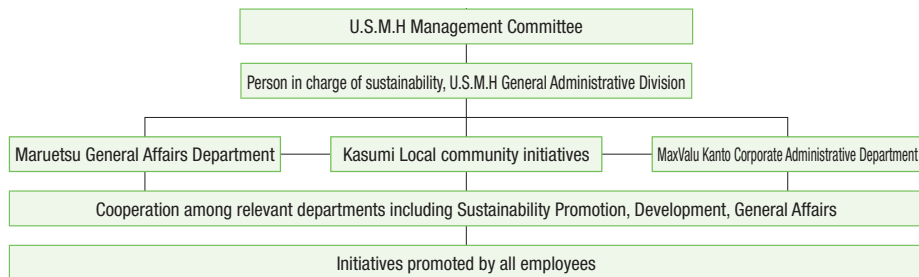
Promote waste reduction and the 3Rs (reduce, reuse, recycle)

Contribute to local environmental conservation activities

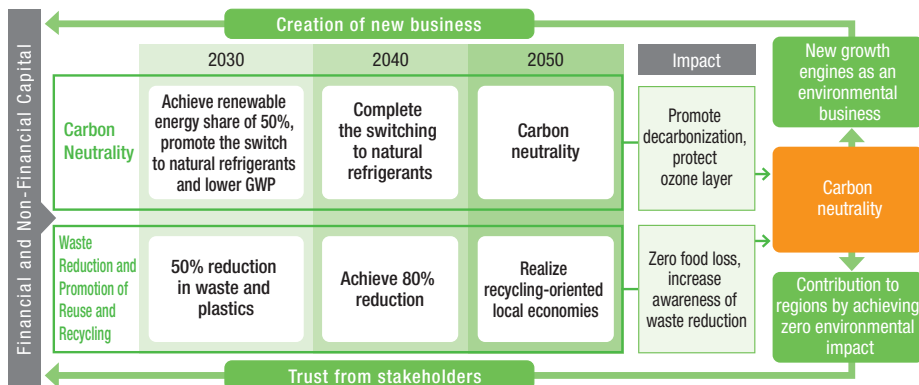
All employees to participate and engage in environmental activities

Publicize our efforts in environmental activities

Environmental Management Structure



Cycle of Impacts Created by Solving Our Environmental Material Issues

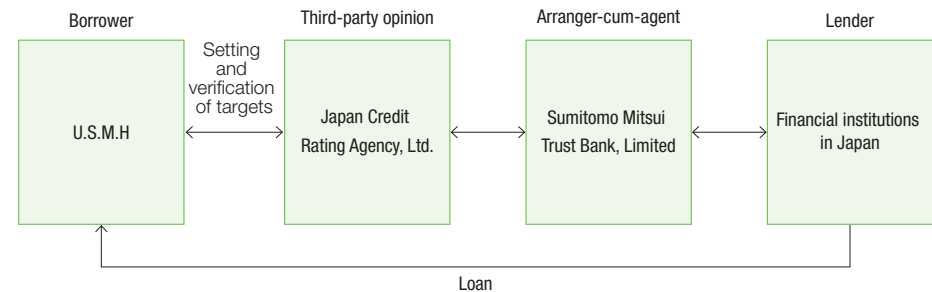


Singing of a Sustainability Linked Loan Agreement

The Company signed a syndicated loan agreement with the Sumitomo Mitsui Trust Bank, Limited. We have obtained a third-party opinion from the Japan Credit Rating Agency, Ltd. on the agreement's compliance with the Sustainability Linked Loan Principles and the rationality of the KPIs and sustainability performance targets (SPTs). We will use the loan funds for the sustainability of local communities, including activities to reduce CO₂ emissions.

For details, please see the News Release (in Japanese only) ► https://www.usmh.co.jp/wp-content/uploads/2023/11/us_20231128_153.pdf

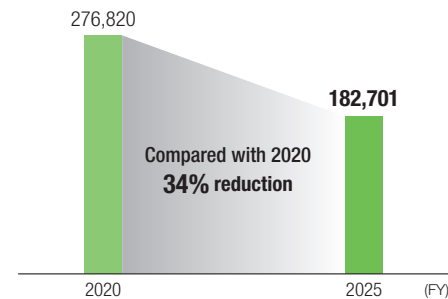
Outline of the Sustainability Linked Loan



Overview of KPIs and SPTs

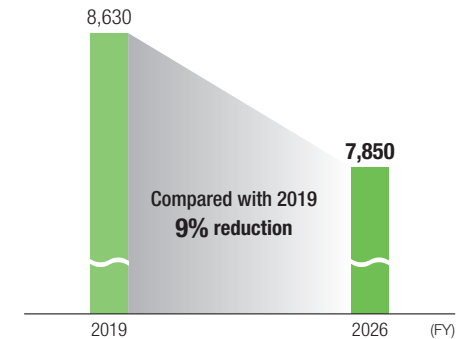
SPT (1): By FY2025, reduce CO₂ emissions from electricity use by 34% or more from the FY2020 level

(Tons of CO₂)



SPT (2): By FY2026, reduce the amount of food waste disposal by 9% from the FY2019 level


(Tons)



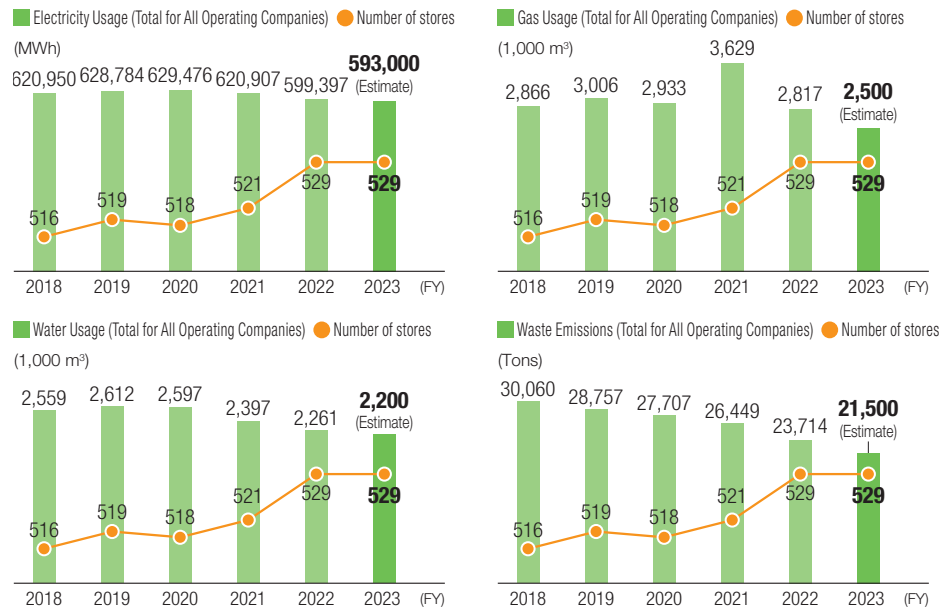
Environment

Decarbonization and a Circular Economy

Material Issues and Long-term Targets

Theme	Decarbonization and a circular economy	
Material Issues	Carbon neutrality	Waste reduction and promotion of reuse and recycling
Our Approach	2030: Switch to renewable energy sources for electricity used at stores (achievement rate of 50%) and reach the CO ₂ emissions reduction target of 46% set by the Japanese government 2040: Achieve net zero CO ₂ emissions from stores 2050: Continue efforts toward achieving zero CO ₂ emissions throughout the supply chain	Continue to strengthen waste reduction, resource collection and recycling initiatives 
Goals	2030: Achieve a 150,000-ton reduction in CO ₂ emissions from stores, compared with 2013 levels 2050: Carbon neutrality	2030: Reduce waste and use of plastics by 50% compared with FY2020 levels 2050: Realize recycling-oriented local economies

Environmental Performance due to Business Activities (Past Trends)



Carbon Neutrality (Response to Climate Change)

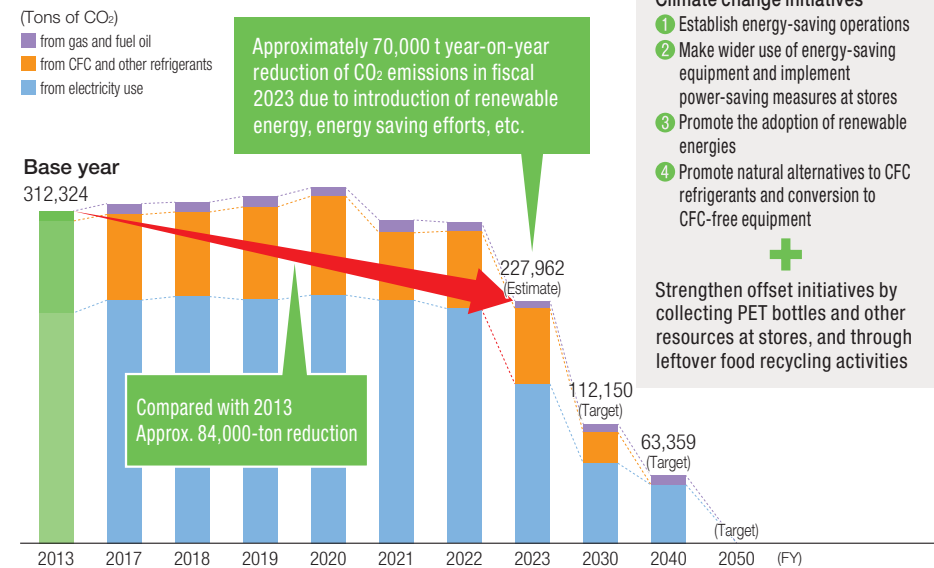
The Group's business activities (providing products and services to customers) produce greenhouse gas emissions of 312,000 tons per year as of 2013, due to its use of electricity, gas and CFC refrigerants.

In Japan, the government has announced policies to reduce greenhouse gas emissions by 46% (compared with 2013 levels) by 2030 and to reach carbon neutrality by 2050, as a response to climate change. The AEON Group has also set the target of reducing CO₂ emissions from stores to zero by 2040.

Taking such circumstances into account, the Company will match the government's efforts toward carbon neutrality by reducing its energy usage and switching energy sources, further reducing CO₂ emissions in the process. In fiscal 2023, Kasumi and MaxValu Kanto introduced renewable energy in September, followed by Maruetsu in November, which, together with the effects of energy-saving efforts, resulted in a reduction in CO₂ emissions of approximately 70,000 tons. The Company will continue working towards carbon neutrality through its efforts to save energy, create energy, and prevent CFC refrigerant leaks.

GHG Emissions and Reduction Targets (Scope 1 and Scope 2)

Actual Emissions up to Fiscal 2023 and Forecasts for 2030 and Beyond



Environment

Waste Reduction and Promotion of Reuse and Recycling

Basic Approach

Our vision of a circular economy is based on: 1) reducing the amount of waste we generate, and 2) recycling any waste generated (representing the “reduce” and “recycle” aspects of the 3Rs, respectively). Using these two points as the foundation of our approach, and working together with customers, we will reduce the amount of CO₂ produced when incinerating waste and prevent environmental pollution.

Targets and Initiatives

1. Plastic waste reduction initiatives together with customers

Targets

FY2030: Reduce waste and use of plastics by 50% compared with FY2020 levels
FY2050: Realize recycling-oriented local economies

Results

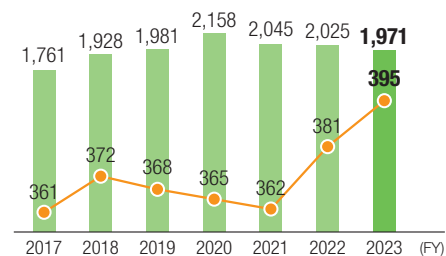
Recycling activities promoted together with customers

Kasumi Co., Ltd., one of our operating companies, promotes recycling by collecting used PET bottles, aluminum cans, foam trays and other disposable items that customers bring to stores. These items are transported to Kasumi's recycling center to be compressed and bundled, and are then forwarded to a recycling contractor.

The recycling center can also handle cardboard, polystyrene foam packaging for fish and other items, printer paper and other waste produced by stores. Through these initiatives, our employees and our customers work together as one to reduce waste.



PET Bottles Collected (Tons) ● Number of stores with collection points



PET bottles collected from our customers are compressed and bundled at the recycling center, and are later reborn as packaging for fruits and other items. Meanwhile, Maruetsu is introducing automated PET bottle collection equipment.

2. Food loss reduction initiatives

Reducing food loss has become a pressing issue for the food retail industry. We recognize food loss initiatives as being linked to both a circular economy and carbon neutrality. Our employees are united in driving these initiatives forward.

Targets

FY2030: Increase the food waste recycling rate to 50%
FY2050: Achieve a food waste recycling rate of 100%

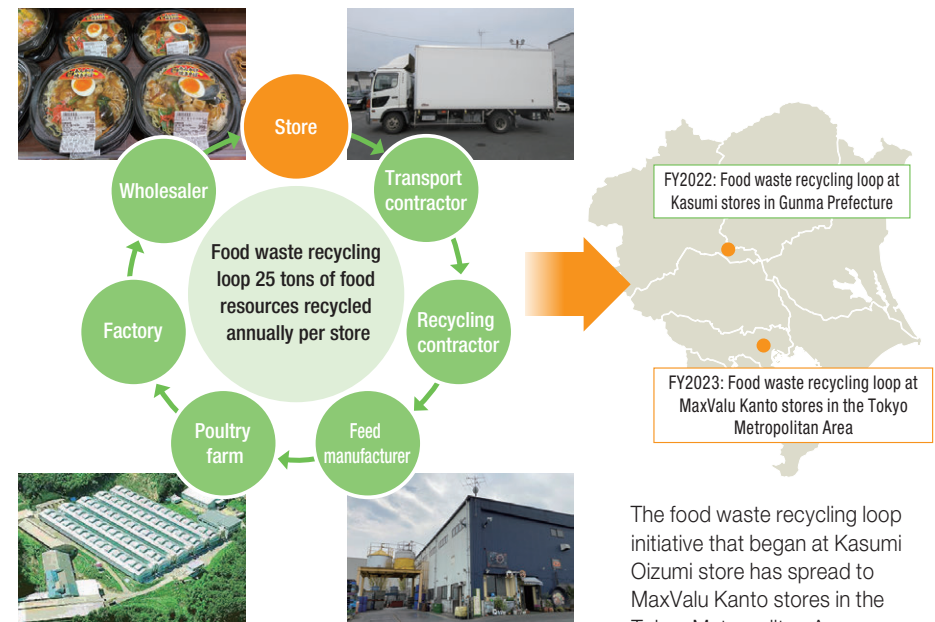
Main Initiatives

- 1 Reduce food waste during sales and manufacturing
- 2 Increase the number of stores that are certified to implement a food waste recycling loop (system built at Kasumi stores in Gunma Prefecture in fiscal 2021)
- 3 Expand food bank and food drive initiatives

Results

Recyclable food resources sorted at MaxValu Express Matsushima store and MaxValu Express Funabori Ekimae store (Edogawa-ku, Tokyo) are converted into feed for livestock. This is then used as feed at pig farms and the meat from those pigs raised with the feed is sold at our stores.

An example of our in-store initiatives



The food waste recycling loop initiative that began at Kasumi Oizumi store has spread to MaxValu Kanto stores in the Tokyo Metropolitan Area.

Social

Pursuit of Diverse Human Resources and Job Satisfaction

Human Capital Strategy

Basic Approach

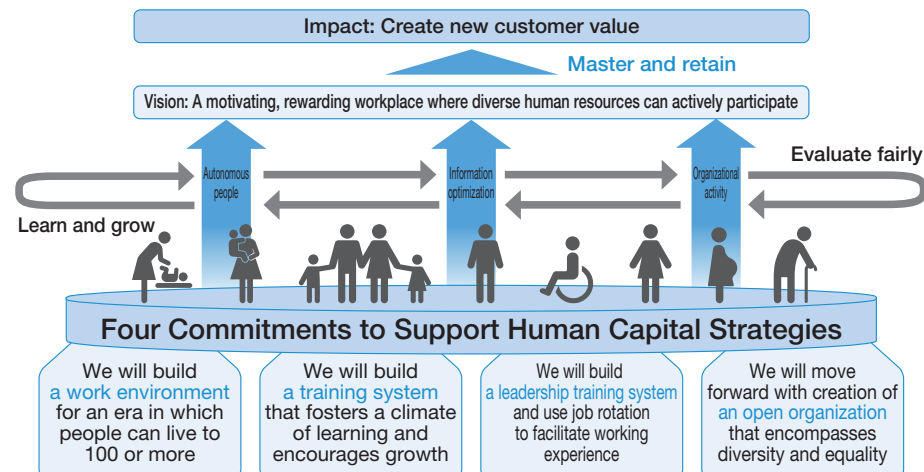
As the corporate value of the Group is greatly influenced by the mindset and actions of each individual, we consider our human resources as capital. Our basic approach is to respect each employee's individuality, rather than treating them as one group. In this way, we aim to become an organization composed of a group of individuals who work autonomously.

Human Capital Strategy for Reaching "Beyond Supermarket"

The employees who work for the Group are consumers who are living their daily lives in the community, each of them at a stage of life such as attending school, getting married, giving birth, raising children, and providing nursing care. We are working to create a motivating and rewarding workplace where members of diverse human resources can actively participate while balancing their daily lives and work.

The "Beyond Supermarket" that our group is aiming for means becoming beyond a conventional supermarket. Stores that embody the discovery and production of valuable products from regions and production areas that other companies do not handle, as well as the greetings, interactions and customer services that make us the customers' favorite choice, will be our means to realize Beyond Supermarket.

Therefore, we will promote the retention of employees by creating an environment in which each and every employee can continue to work for a long time, and work to develop people who master their work and become capable of providing new value.

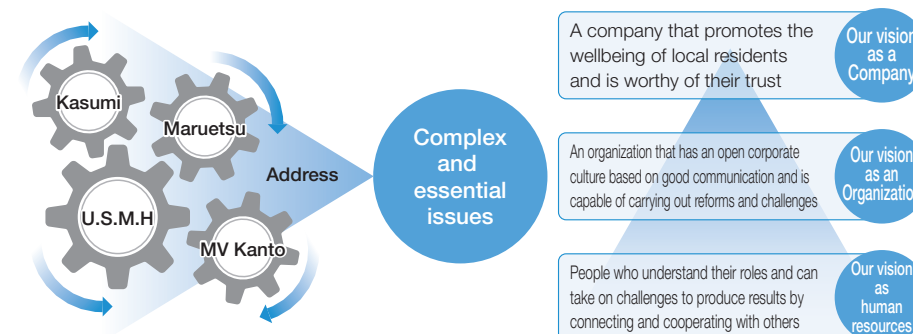


Fiscal 2023 Initiatives Based on Human Capital Strategy

		Our vision	Specific actions
Diversity and inclusion in human capital	Motivating and rewarding work	Securing and developing human capital	<ul style="list-style-type: none"> Developed a definition of human capital for implementing strategies who should lead the strategies of medium-term plan, and pushed on with projects to build a foundation on which to boost the achievement rate of management strategies and constantly implement strategies. Formulated a definition of human capital for implementing strategies, compiled a list of personnel information and a list of qualifications, and promoted the creation of a framework for visualizing personnel data
	+	Open organization	<ul style="list-style-type: none"> Regarding our target of achieving a female manager ratio of 30% at the earliest possible time, established an interim target of 20% by FY2025 Created and shared a roadmap to FY2025 for each operating company, and built a system to manage its progress across the Group
		Workplace environments	<ul style="list-style-type: none"> Reaffirmed links between human resources investment, management strategy, capital efficiency, and corporate value, and reaffirmed human resources investment initiatives to date Having reaffirmed the importance of improving employee engagement, we plan to conduct an engagement survey of all Group employees by 2025.

U.S.M.H Group's Human Capital Management System

As a basic rule, each operating company autonomously operates its own unique personnel management system based on human resources and organizational issues, and promotes the resolution of issues through projects within the operating company. On the other hand, for complex and essential issues common to the Group, a human capital management system is in place to handle them as Group-wide projects under the leadership of the Company.



Social

Securing and Developing Human Resources

Policy on Securing and Developing Human Resources

Since its founding, the Group has been managing supermarkets that function as regional food infrastructure, with Maruetsu and Kasumi at the core. In particular, as a foundation for constantly supplying products and services to customers, the Group has strength in that it provides training programs and also support systems to ensure that what is learned is practiced at facilities and stores, and the Company intends to continue refining such systems in the future.

On the other hand, in this time when customers' values and lifestyles are diversifying, we are required to provide new value (stores, products, services, etc.) in addition to the training that have mostly been carried out by operating companies to date. To this end, the Company has planned and designed skills training programs to implement management strategies, growth business development programs, promotion of project work, etc. that do not overlap with the human resources development programs of each operating company, and promotes the development of next-generation human resources across the Group.

Initiatives to Develop Human Resources for New Value Creation at the Academies

Under the Second Medium-Term Business Plan, we promoted initiatives based on the policy of "promoting structural reform based on DX, we repeat a cycle of cooperation and creation with the aim of 'providing food for all' and to lay the foundation for the next generation." In order to capture changes in customers and provide new value, we had to urgently provide new skills training programs and develop new businesses. Therefore, the Company planned and considered offering a Retail Chef Academy for Acquiring a Cooking Perspective and Techniques, which was launched in 2021 and a Business Academy as a Place to Develop Entrepreneurial and Executive Human Resources, which was launched in 2022, and began full-fledged human resources development to create new value.

Initiatives to Develop Next-generation Human Resources through Group-wide Projects

The Company's 20 projects, which were attended by 200 members from operating companies who took back their knowledge from the project activities to their companies, are serving to promote innovation activities and providing growth opportunities for the individuals who participate.

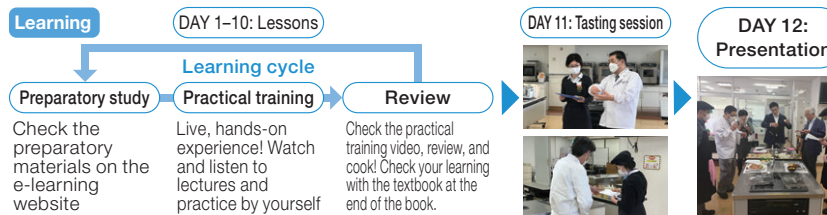
	<Product Reform> Product lineups, shelf space allocation, private label brands, uniqueness in category	<Store Reform> Functional enhancement, renovation, digital services	<Revenue Reform> Outside Digital, expansion of out-of-store retail revenues	<Revenue Reform> Development of Engine 3, new business areas
Program Manager	Product Reform Unit	Store Reform Unit	Beyond Store Unit	
	Product development, transaction policy, logistics, etc. 5 projects	Store design, customer analysis, services, etc. 4 projects	Online delivery, mobile supermarkets, etc. 3 projects	
	Engine 3 Unit	Human Resource Strategy Unit	Digital Development Unit	
	New business development, sales development, etc. 2 projects	Ability evaluation, visualization of personnel information, etc. 2 projects	Digital services, productivity improvement, etc. 4 projects	

PICK UP

Human resource development initiatives that lead to the provision of new value to customers

U.S.M.H Retail Chef Academy

Objective ● Develop human resources capable of developing products and building sales floors by learning cooking techniques and knowledge from cookery school instructors, culinary experts, and owner-chefs beyond the framework of the retail industry.

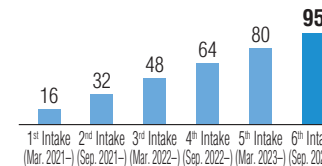


Presentation

Each participant decides on a theme and creates a menu of staple food, main dish, and side dish, and serves them to external lecturers and the management team.



Number of participants (cumulative total)



U.S.M.H Business Academy

Objective ● From each company, select young employees with five years or more of practical experience to discover executive talents necessary to build the pillars of the next growth business and strengthen their management skills.
● To nurture executive personnel who perform their assigned missions while demonstrating leadership

Learning <An internal training program specializing in training core management personnel taught by internal instructors>



Presentation

Using Harvard Business School case studies, organize the business characteristics, issues and strengths of major global companies and plan and formulate their future growth strategies.

➔ Work together in teams of three or four members to make presentations to the management team.

Number of participants (cumulative total)



Social

Creating an Open Organization in Which Diverse Talents Can Actively Participate

Policy on Diversity, Equity, and Inclusion

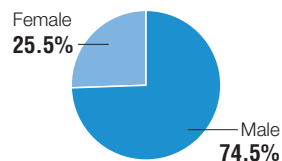
We view the promotion of diversity not only as a response to social issues, but also as part of our management strategy. The Company's basic approach to personnel affairs is to rule out discrimination based on nationality, gender, age, physical or mental disabilities, sexual orientation, etc., and to thoroughly implement personnel management based on capabilities and performance. The Company aims to fully utilize the capabilities of a diverse range of talents, respond to changes in the social environment, and become an organization that constantly and flexibly renews itself to meet customer needs.

Initiatives to Ensure Diversity of Human Resources

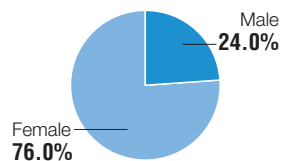
At each of the operating companies, efforts are being made to develop support systems for employees with childcare or nursing care responsibilities, etc., from the perspective of work-life balance, and to thoroughly familiarize employees with these systems. In particular, efforts are being made to develop an environment in which female employees can work cheerfully, and to actively promote female employees to management positions, with a target of a 30% ratio of female managers.

In addition, at stores and processing centers, in consideration of non-Japanese employees, efforts are being made to develop a workplace environment that is comfortable for non-Japanese employees to work in, including preparing manuals and internal documents in multiple languages.

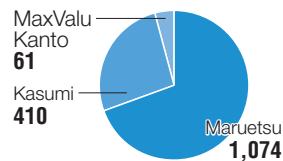
Gender Composition of Employees on Monthly Wage Schedule



Gender Composition of Employees on Hourly Wage Schedule



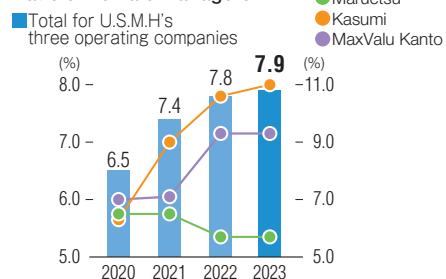
Non-Japanese Employees



Trends in the Ratio of Female Managers

As of February 29, 2024, the ratio of women among managers was 7.9%, with a total of 59 female managers playing active roles at the Group's three operating companies.

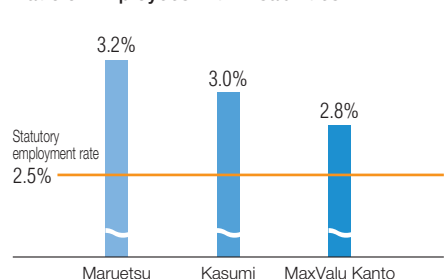
Ratio of Female Managers



Trends in the Ratio of Employees with Disabilities

As of June 1, 2023, the ratio of employees with disabilities at all three operating companies exceeded the statutory employment rate. A large number of people with disabilities are working at the companies.

Ratio of Employees with Disabilities



PICK UP

Initiatives to Develop Work Environment in Which Diverse Talents Can Actively Participate

Initiatives for a workplace that enables women to play more active roles

Hiring and Retention

- Active recruitment of external human resources
- Increase in the ratio of women in regular recruits
- Promotion of hourly wage employees to permanent status



Support for Working Styles

- Establishment of a support system for female managers
- Utilization of short working hour scheme for childcare and nursing care purposes
- Support for female employees to continue working

Earned a Platinum Kurumin certification

A label of certification granted by the Ministry of Health, Labour and Welfare to companies that provide a high level of childcare support to their employees

- Kasumi Co., Ltd.



Earned an Eruboshi certification

A label of certification granted by the Ministry of Health, Labour and Welfare based on the Act on the Promotion of Female Participation

- The Maruetsu, Inc.: Earned Stage 2 certification
- Kasumi Co., Ltd.: Earned Stage 3 certification

Awareness and Motivation

- Candidates for store managers: Motivation training
- Young employees: Career design training
- Introduction of knowledge/experience mentorship program



Initiatives in the workplace that make non-Japanese employees feel rewarded

Foreign Technical Intern Trainees

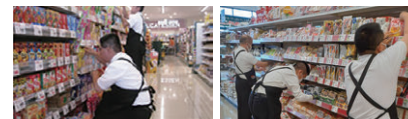
- Started hosting trainees in 2018 (Maruetsu, Kasumi)
- Vietnamese personnel were assigned to the training department to work as interpreter, respond to emergencies and assist the trainees
- Working in delicatessens, seafood and bakery departments

To cope with the shortage of workers, the Group has been hosting a large number of technical intern trainees from Vietnam. To remove the anxiety of working away from their home country, we have strengthened the support system to deal with their daily life, in addition to helping them learn the Japanese language and providing technical training. The fresh and pleasant working attitude of technical intern trainees in their early twenties is adding vitality to the stores and processing centers.

Initiatives in the workplace that make employees with disabilities feel motivated

Marno Co., Ltd.

- Special subsidiary of The Maruetsu, Inc.
- Established in March 1992



KASUMI MIRAI Co., Ltd.

- Special subsidiary of Kasumi Co., Ltd.
- Established in September 2018



Social

Creating a Healthy Work Environment that is Motivating and Rewarding

Basic Approach

We believe that it is important for everyone to be fulfilled in both their work and personal lives so that each person, regardless of position or employment status, can tell their family that they are proud of their job. In order to create time for them to balance childcare or nursing care with work, we promote the improvement of work productivity that leads to increasing their private life time.

For each worker to feel motivated and be keen to grow, they need such experience as success at work, collaboration with diverse members, and demonstrating team work. Towards this, we let each and every employee expand their experience.

The Group aims for a work environment where employees can continue to work in good health for a longer period of time, thereby fostering their mastery of work and retention at the workplace. To this end, we will continue working to improve work environments by promoting initiatives to enhance the physical and mental fitness of each and every employee and nurturing a corporate culture of mutual support and cooperation.

Working Style Innovation, Initiatives for Health-oriented Management

Each operating company is making company-wide efforts to achieve a healthy life for its employees, their family members and local communities by proposing food choices, offering support for their health, and innovating working styles, in cooperation with health insurance association, personnel department, as well as departments in charge of dietary education and personnel training, and a labor union.

Specifically, we are promoting initiatives for improving health habits, health management, participation in fitness events, and education and sharing of information on health. We are utilizing portal sites and apps for health and fitness and also social media, which are closely connected to employees' daily life, so that each and every employee will be able to grasp and be conscious of his/her own health condition.

Working Style Data

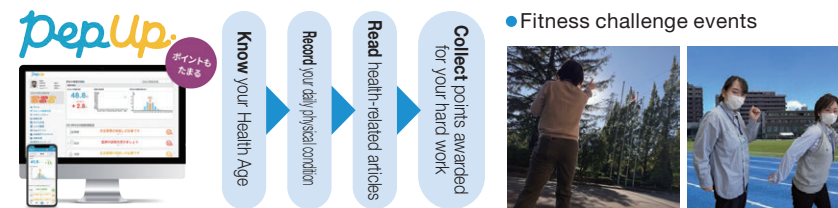
	Maruetsu	Kasumi	MaxValu Kanto	
Net Sales per Work-Hour (Year-on-Year Comparison)	14,322 yen (up 803 yen)	14,035 yen (down 242 yen)	12,693 yen (up 615 yen)	
Gender Wage Gap (employees on monthly wage schedule)	79.1%	82.2%	81.2%	
Paternity Leave	Utilization rate	7.8%	26.5%	100.0%
	Average number of leave days taken	110.8 days	77.7 days	9.8 days
Ratio of Employees Undergoing Regular Health Checks	100.0%	98.7%	98.4%	

» PICK UP

Initiatives that Lead to Physical and Mental Health Promotion

Initiatives to improve health habits

U.S.M.H, Kasumi Co., Ltd., and MaxValu Kanto Co., Ltd. have adopted the use of Pep Up, a wellness portal that visualizes users' health conditions and helps them improve their lifestyles. Utilizing the portal's personal advice tailored according to the regular health check results of each employee and tools for keeping track of exercise and lifestyle habits, employees are changing their health habits and improving their health literacy.



● Fitness challenge events

Company-wide initiatives for health-oriented management

Health management

- 100% participation in regular health checks
- Improvement in the rate of secondary examination visits those with findings

<Regular Health Check>

Must undergo an annual check up	Must be examined every year! Make it your chance to reflect on your lifestyle!
Review the results and make improvements!	Be careful even when your values are within normal limits. Check if there is a value that is close to the abnormal level!
Be sure to go if your result is "exam required" or "detailed exam required"	Receive the exam even when you have no obvious symptoms! Having accurate results leads you to an early treatment!

Participation in fitness events

- Growing number of participants in fitness events
- Inter-departmental Walking Rallies

Inter-store & Inter-departmental Walking Rally, 2023

Entry period	October 10–31
Rally period	November 1–30
Targets	As a team: 6,000 steps per day in average
Team members	Three or more (no upper limit) Allowed to form teams with members from different stores or departments
Achievement points	300 points for all members of the team Chance to win a Fitbit in a lottery

Education and sharing of information on health

The Group promotes health education for employees and their families by holding seminars on personal health management, women-specific health issues, nursing care, and childcare.

In addition, Kasumi, an operating company, invited its employees to make posts on health-conscious lunches on an internal Facebook group, which has earned them points from a health portal site, and carried out other initiatives to share information.



Social

Food Safety and Security

Basic Approach

The Group believes that, as a food provider, it has a duty to deliver on product safety and security for customers. Every employee keeps food safety and security in mind as they work to provide safe, high-quality products in accordance with laws, regulations and standards.

Material Issues and Vision

Theme	Food safety and security	
Material Issues	Food safety compliance	Responsible marketing and labeling
Approach and Vision	<ol style="list-style-type: none"> Upgrade Groupwide quality management and safety management systems Ensure food safety and security throughout the supply chain 	<ol style="list-style-type: none"> Build a marketing and labeling management system Promote the disclosure and communication of useful information to customers

The Group is working on two material issues related to food safety and security. The first is “food safety compliance,” which we will achieve by enhancing our own safety management systems. The second is “responsible marketing and labeling” as a retailer, which will ensure that we always deliver safe products to customers.

Food Safety Compliance

Internal Quality and Safety Management Systems

Each operating company strives to ensure uncompromising quality management based on our certification in international management systems, and to maintain and improve quality and safety management on a daily basis.

Main Food Safety Initiatives

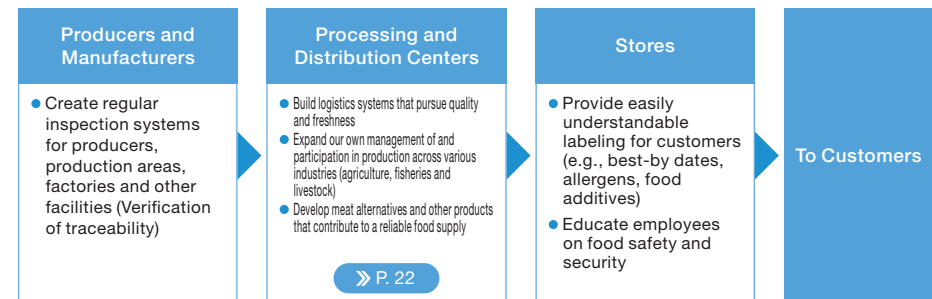
- Implementation of the ISO 22000 standard for food safety management systems (The Maruetsu, Inc.)
- Implementation of the ISO 9001 standard for quality management systems (Kasumi Co., Ltd.)
- Disclosure of independent radiation inspection results



Toward the Future

System for providing safe and secure products throughout the supply chain

Going forward, the Group aims to solidify our system for providing safe and secure products throughout the supply chain, from raw materials and product procurement to sales.



Responsible Marketing and Labeling

Promotion of Responsible Marketing and Labeling

As a food provider, the Group believes that the provision of safe products and services that consumers can use with confidence is its highest priority. In our marketing and communication efforts, we work to share useful information with consumers in an easily understandable way and in accordance with laws and regulations. We also work to provide accurate labeling based on factual information.

Main initiatives

- Establish a marketing and research department
- Create labeling management standards and training systems
- Build on marketing that reflects customer and employee feedback
- Develop labeling that is easy for customers to understand (e.g., Food for Specified Health Uses, the benefits of various products and ingredients)
- Expand product offerings for ethnic and minority groups (e.g., halal and vegan)
- Share accurate information with partner companies

Social

Sustainable Food Value Chain

Basic Approach

The impact of geopolitical risks, environmental issues and other global problems on food is increasing. Forecasts predict it will become difficult to continually provide a stable food supply to consumers in the future. U.S.M.H believes it is vital to pursue and maintain reliability and efficiency throughout the supply chain, by not only procuring products from producers and manufacturers but also by expanding its own production and private label brands. Alongside these activities, our response to human rights issues throughout the supply chain is just as important.

Material Issues and Vision

Theme	Sustainable food value chain	
Material Issue	Safe procurement and supply of food	Respect for human rights
Approach and Vision	(1) Stable supply of products by transitioning into an SPA* and restructuring our logistics network (2) Move forward with procurement and sales of sustainable products	Respect for human rights through cooperation between U.S.M.H and the entire supply chain

The Group views safe delivery of food to customers and respect for the human rights of everyone involved in the product supply chain as priorities. Therefore, we have identified “safe procurement and supply of food” and “respect for human rights” as material issues. * SPA: Specialty store retailer of Private Label Apparel

Safe Procurement and Supply of Food

» P. 21-23

Initiatives toward a Safe and Sustainable Food Supply

Standpoint on new procurement methods

- (1) Cultivate new partnerships with global raw material suppliers
- (2) Expand new product ranges through our private label brands
- (3) Expand SPF* product ranges

Standpoint on logistics innovations

- (1) Collaborate with primary industry
- (2) Build new supply chains
- (3) Establish new procurement routes
- (4) Update freezing and refrigeration technologies

* SPF (Specialty store retailer of Private label Foods): A business model that integrates the production, distribution and sale of food products



U.S.M.H plant factory The TERRABASE



U.S.M.H Yachiyo Grocery Center

Respect for Human Rights

Formulating Our Human Rights Policy and Building an Internal Human Rights Risk Management System

The Group recognizes the importance of respecting human rights. We will build a system to deepen each employee's understanding. The management team of U.S.M.H is also deepening discussions on human rights by inviting external lecturers to learn about human rights.

Basic approach to human rights

The Group abides by human rights and labor laws as well as the AEON Group Human Rights Policy. We will always respect the diverse values, character, and privacy of each individual, and will never discriminate based on race, nationality, ethnic group, gender, age, birthplace, religion, education, physical or mental disabilities, sexual orientation, gender identity or any other reason. In our supply chain, we will strive to engage in commercial transactions that respect the human rights of every producer that we do business with.

An ideal future of respect for human rights, as promoted by U.S.M.H

- (1) Respect for the values, character, privacy and diversity of all people
- (2) Equality and fairness for all people
- (3) Fair transactions with all business partners
- (4) Respect for the human rights of employees
- (5) Business development that respects human rights



In March 2024, MaxValu Kanto adopted new rules on personal appearance with the aim of creating an environment in which employees can work more enthusiastically and be themselves, filled with smiles and energy, by respecting each other's character and diversity.

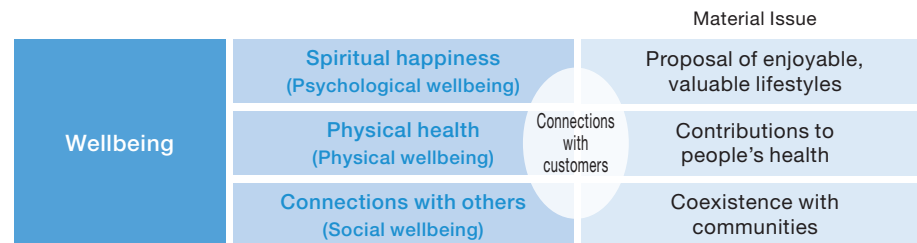
Social

Creation of Healthy, Valuable Lives through Our Food and Services

Basic Approach

The Group's aims to "offer customers healthy, valuable choices in food" and "cultivate deep relationships to build prosperous local communities" are championed in our Core Philosophy. As well as bringing both food and value to customers' dining tables, we aim for their satisfaction, smiling faces, and even better health through the enjoyment of food. Our goal is to become an established creator of the wellbeing that is essential to daily life in local communities.

Our Approach to Wellbeing and Material Issues

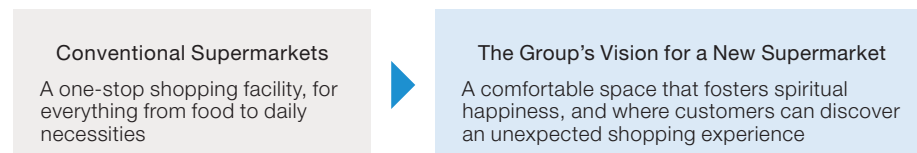


- In relation to "wellbeing": "Health is a state of complete physical, mental and social well-being" (Constitution of the World Health Organization)
- To achieve the wellbeing the Group strives for, it has established "proposal of enjoyable, valuable lifestyles," "contributions to people's health" and "coexistence with communities" as material issues. In addition to promoting these initiatives, we have positioned "connections with customers" as a material issue, making it our foundation for delivering new value.

Proposal of Enjoyable, Valuable Lifestyles

Creating Stores as Places to Enjoy the Shopping Experience

In line with a dramatically changing society, customer needs for shopping are also changing. The Group is driving the transformation of stores and products as vital consumer touchpoints, to improve shopping experiences and move toward the new supermarket it aims to become.



Our Vision of a Supermarket That Fosters Spiritual Happiness

Through the development of our original products, the Group will continue proposing new value offerings so as to bring value to customers' dining tables.



eatime chef

"Let's make today's meal a masterpiece." *eatime chef* is a range of 20-minute meal kits that enable you to prepare a set menu of main and side dishes devised by famous chefs, culinary experts and nutritionists. This product was developed for those who are busy every day to spend less time preparing meals and enjoy more spiritual happiness.

INNER COLOR DELI

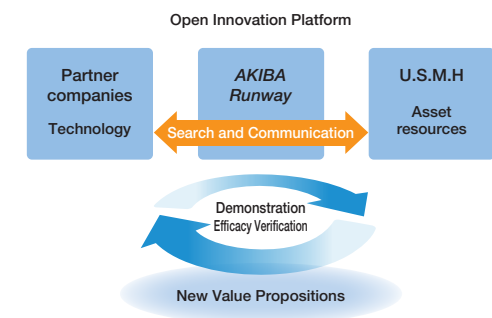
The Company started the production and sale of *INNER COLOR DELI*, a line of frozen deli products produced by ORBIS Inc. based on the concept of "enriching the interior with color, making it more fun and easier." With voluminous products prepared using abundant ingredients, mainly vegetables, we deliver healthy eating habits and delicious happiness.



AKIBA Runway Open Innovation Platform

(Launched in March 2022)

A dedicated U.S.M.H team seeks out partner companies that possess original and unique technologies, and builds collaborative relationships with them with the aim of creating new value propositions in the retail industry. In the future, we will further accelerate this initiative to provide new value to customers.



Social

Contributions to People's Health

Basic Approach

Japanese society is rapidly aging, and the era in which people can live to 100 or more is said to be upon us. Amid this social landscape, the need for health management, prevention of lifestyle diseases, and for addressing other health issues is growing more pressing. U.S.M.H aims to realize healthy customer and employee lifestyles, as well as a healthy business presence in local community life. By providing food as a source of health alongside food-related services, we will contribute to energetic lifestyles.



Maruetsu cooking classes taught by registered nutritionists and nutritionists



Developed retort-packaged food products (keema curry, vegetable curry, Bolognese sauce) that use plant-based meat alternatives and contain only about 200 kcal per serving

Main initiatives

- (1) Train human resources to be health experts
- (2) Develop health-related products
- (3) Expand health support services
- (4) Collaborate with health-related companies

Coexistence with Communities and Connections with Consumers

Basic Approach

As a way to achieve wellbeing, U.S.M.H will contribute to regional revitalization and solving problems faced by local communities, as a company with roots in those communities. We also believe it is important for us to live up to expectations by transforming various products and services based on our understanding of our connections with customers and their needs. U.S.M.H acts as a mediator to deepen the connections customers have with their community and with society at large. We believe these connections will lead to wellbeing in the lifestyles of customers and a vibrant, sustainable society.

Contributions to the Happiness of Communities and Society

Main initiatives

- (1) Build an organization that considers ways to solve issues in local communities
- (2) Expand food bank and food drive activities
- (3) Consider the use of local resources (e.g., abandoned farmland)
- (4) Build recognition as part of the regional infrastructure
- (5) Share information about food culture and other traditions

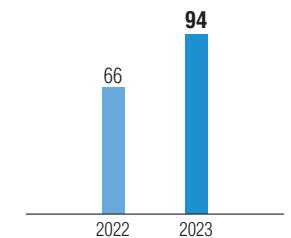
Food bank and food drive initiatives

Coexistence with communities Connections with customers

Our operating companies engage in food drive initiatives, collecting from customers surplus food products that are well before expiry dates to donate to local food banks, social welfare councils and other organizations. As of February 29, 2024, a total of 94 stores were conducting this program across the Group, and we plan to further expand the program in the future.



Number of Stores Conducting Food Drive



Joint initiatives with local communities

Coexistence with communities

Kasumi launched the AEON Cheers Club Kasumi Tsukuba, which provides fun, hands-on learning opportunities on the environment and social contribution activities. Under the theme of "Food Cycle," we have conducted community-based activities for elementary school students in Tsukuba City. In the farming experience program, participants learned how to grow rice through hands-on experience of planting, harvesting, and threshing rice, with the cooperation of the University of Tsukuba's T-PIRC Farm, at a field on the campus. The harvested rice, *Niji no Kirameki*, was sold in an original illustrated package at the BLANDE Kenkyugakuen store.



* AEON Cheers Club is one of the activities under the Healthy Development of Children program of the AEON1% Club Foundation. The Club members, mainly elementary school children, engage in a range of hands-on learning activities on such themes as the environment and social contribution. Through the activities that take place in the vicinity of AEON stores and with the support of employees at AEON stores, members learn and think about the themes in a fun way. [● AEON Cheers Club website](#)



Initiatives to improve customer convenience

Connections with customers

Maruetsu's Handy Bear Home Delivery is a service that delivers products purchased by customers at the store to their homes within three hours.

In particular, those who are pregnant, have children up to the age of three, are 70 years of age or older, have disabilities, or those in need of nursing care, their families and helpers are issued a Daily Life Support Passport, which entitles them to an even more affordable delivery fee.



Governance

Enhancing Corporate Governance

Corporate Governance

Basic Approach

- (1) We respect the independence and autonomy of our operating companies, based on each company offering customers healthy, valuable choices in food and contributing to the development and prosperity of local communities, as stated in our Core Philosophy.
- (2) We will ensure transparency and fairness in our decision-making in order to facilitate appropriate cooperation with shareholders and other stakeholders.
- (3) We will build a structure that enables us to incorporate the feedback we receive from customers in the course of their day-to-day shopping and from constructive dialogue with shareholders and other stakeholders into our operations.
- (4) We will ensure the rationality of management's decision-making process, demonstrate a sound entrepreneurial spirit, and make prompt, bold decisions to enable the Company to achieve sustainable growth and increase medium- to long-term corporate value.

Corporate Governance Guidelines (Japanese only)

https://cdn.usmh.co.jp/wp-content/themes/usmh/files/20211220/US_governanceguide_20211213.pdf



More details

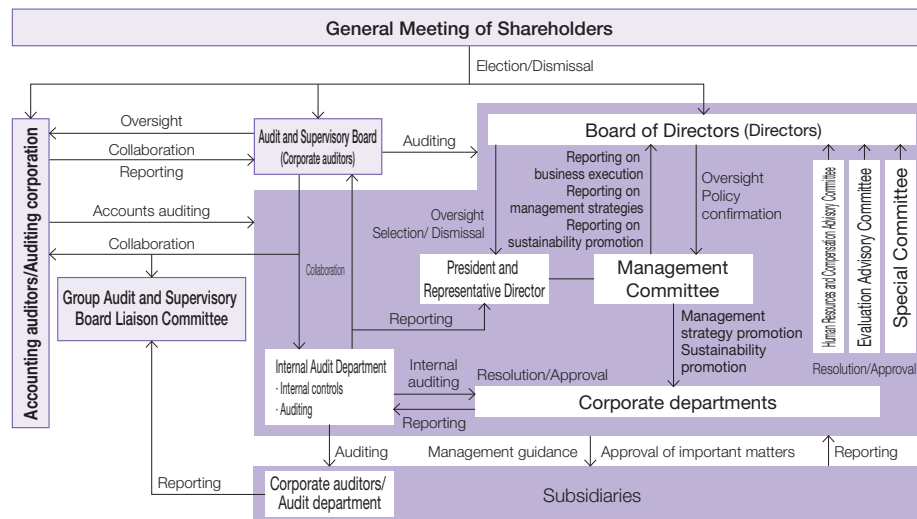
Corporate Governance Report (Japanese only)

https://cdn.usmh.co.jp/wp-content/themes/usmh/files/20230526/US_20230526-1.pdf



Corporate Governance Structure

We are structured as a company with a Board of Directors and an Audit and Supervisory Board, and we are working to enhance our corporate governance through each of these bodies.

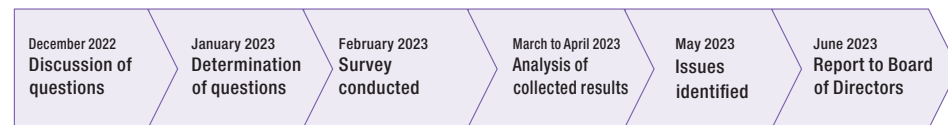


Body	Board of Directors	Human Resources and Compensation Advisory Committee	Board of Directors Effectiveness Evaluation Advisory Committee
Composition	Outside: 6 Inside: 8	Outside: 3 Inside: 2	Outside: 3 Inside: 3
Board/Committee Chair	Motohiro Fujita, President and Representative Director	Shigekazu Torikai, Independent Outside Director	Shigekazu Torikai, Independent Outside Director
Purpose/Function	The basic policy of the Board of Directors is to increase management efficiency and transparency, and to maximize the Company's sustainable growth and medium- to long-term corporate value. Since the Annual General Meeting of Shareholders held in May 2016, the composition of Outside Directors and Corporate Auditors has been revised to ensure the diversity of the Board of Directors and the effectiveness of corporate governance.	In order to allow the Board of Directors to appropriately fulfill its required responsibilities, the committee, which is positioned under the Board of Directors and comprised mainly of independent outside directors, considers the election of Directors and a medium- to long-term performance-linked compensation system. In addition, the committee discusses and reports to the Board of Directors on the appropriateness of matters such as the verification of the performance achievement rate and the compensation standards for Directors based on the performance-linked payment rate.	In order to allow the Board of Directors to appropriately fulfill its required responsibilities, the committee, which is positioned under the Board of Directors and comprised mainly of independent outside directors, discusses ways to enhance the effectiveness of the Board of Directors. The committee conducts questionnaire surveys to evaluate the effectiveness of the Board of Directors, identifies issues using third-party analyses, and reports back to the Board of Directors to solve such issues.
Meetings held	12 meetings	7 meetings	3 meetings
Attendance rate	100%	100%	100%

Governance

Board of Directors Effectiveness Evaluation

Evaluation process



Evaluation items and results

(Rated with 3 being the highest score)

	Scores (Past 3 Years)				FY2022	Deviation From 3-Year Average
	FY2019	FY2020	FY2021	Average		
1. Roles and functions of Board of Directors	2.5	2.6	2.6	2.6	2.7	0.1
2. Composition and size of Board of Directors	2.7	2.8	2.6	2.8	2.8	0
3. Operation of Board of Directors	2.6	2.8	2.7	2.7	2.8	0
4. Cooperation with auditing organizations	2.7	2.8	2.8	2.8	2.7	-0.1
5. Communication with managers	2.9	2.8	2.8	2.8	2.6	-0.1
6. Relationships with shareholders and investors	2.8	2.7	2.8	2.8	2.6	-0.1

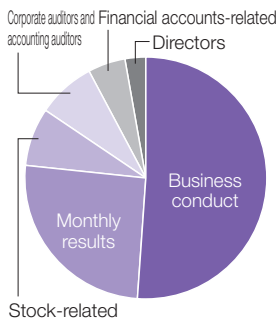
Proposals Submitted Between March 2022 and February 2023



Number of Matters To Be Resolved



Number of Matters To Be Reported



Issues concerning the Board of Directors based on the results of FY2022 survey and course of action for FY2023

Issues

(Proposals from the Board of Directors Effectiveness Evaluation Advisory Committee)

- (1) Measures to build strong relationships with shareholders
- (2) Provision of training opportunities to directors and corporate auditors
- (3) Formulation of successor development plans for U.S.M.H and operating companies

Course of Action

(Report from the Board of Directors Effectiveness Evaluation Advisory Committee)

- (1) Strengthen dialogue and communication with individual shareholders
 - Engage in dialogue with individual shareholders who are also customers, and consider easily understandable ways to communicate information to individual shareholders
 - Improve convenience of benefit programs for individual shareholders
- (2) Provide training opportunities to directors and corporate auditors
 - Consider providing training opportunities, including lectures by outside directors to other officers and corporate auditors
- (3) The Board of Directors to receive reports on and continue following up on the progress of succession plans

Actions taken in fiscal 2023

Measures to build relationships with shareholders

- **Hosted a face-to-face social gathering with shareholders**
In November 2023, we hosted a face-to-face social gathering for shareholders for the first time in four years, which was attended by 114 shareholders. At the meeting, we offered a visual report on the Company's initiatives and time to socialize with the Company's officers while tasting the Company's private label brand products, through which we were able to receive opinions and comments directly from shareholders.

Training for directors and corporate auditors

- **Outside directors' understanding of business and training for internal directors**
Outside directors visited the Yachiyo Grocery Center, a facility that has achieved significant labor savings, and deepened understanding of our business. Meanwhile, an outside director gave a lecture on risk management from a stakeholder's perspective at the compliance training for Group officers.

Progress of succession plans

- **Began essential discussions involving the presidents of U.S.M.H and each company**
As a premise for formulating a successor development plan, efforts were made to understand the actual situation of human capital and organizations within the Company, and to share issues. In particular, we are continuing discussions on the promotion of women's active participation and improvement of employee engagement.

Governance

Officer Nomination and Compensation

Nomination policies and procedures for Director and Corporate Auditor candidates

At present, the Company has not established policies and procedures for the nomination of director and corporate auditor candidates in its internal rules and regulations. However, it makes a comprehensive assessment from the viewpoint of whether the candidate can be expected to contribute to the Company's Core Philosophy and the further development of the Group as a whole.

(For further details, please see "Principle 3-1. Full Disclosure" in the Corporate Governance Report.) (Japanese only) For dismissal proposals submitted to the General Meeting of Shareholders, if the person's behavior violates, or may violate, the law or the Articles of Incorporation, or if the person is deemed unable to perform their duties for any reason, the Human Resources and Compensation Advisory Committee deliberates on whether the dismissal criteria apply, and then reports its findings to the Board of Directors.

Policy on officer compensation

The Company's basic policy is to reflect medium- to long-term business performance in compensation and facilitate the Company's sustainable growth and increase corporate value by having its directors demonstrate a sound entrepreneurial spirit. As such, officer compensation is structured so that a higher percentage is linked to business performance.

Process of determining officer compensation

The Company sets compensation amounts according to role, as shown in the tables on the right. The Company maintains a Human Resource and Compensation Advisory Committee, comprised mainly of independent outside directors and meets constantly, under the Board of Directors. This committee works with objectivity and transparency when confirming the previous year's business results for each operating company (in April every year), and when verifying the appropriateness of compensation levels.

Calculation of compensation for individual Directors

As defined in the table of criteria for compensation by position, compensation consists of fixed cash compensation, performance-based cash compensation and performance-based non-cash stock compensation (restricted stock unit compensation and stock options).

Establishment of Special Committee

In preparation for the conclusion of a share exchange agreement between the Company and Inageya Co., Ltd., in order to ensure fairness and appropriateness in deciding the share exchange ratio, a system was put in place in which each party takes measures to ensure fairness of negotiation by each selecting a third-party financial advisor and a legal advisor who are independent of the parties.

Composition of the Special Committee	Committee Chair: Shigekazu Torikai (Independent Outside Director) Naoko Makino (Independent Outside Director) Shinobu Okamoto (Independent Outside Corporate Auditor)
Legal advisor	Yodoyabashi & Yamagami LPC
Financial advisor	Mizuho Securities Co., Ltd.

Overview of Compensation System for Directors (Excluding Outside Directors)

Board Member Type	Summary
Directors	Determined by resolution of the Board of Directors, within the compensation limits set by resolution of the General Meeting of Shareholders, based on reports by the Human Resources and Compensation Advisory Committee.
Outside Directors	Consists solely of monthly compensation. The level of compensation is determined by resolution of the Board of Directors, within the compensation limits set by resolution of the General Meeting of Shareholders, based on reports by the Human Resources and Compensation Advisory Committee, using compensation levels at other companies in Japan (according to an independent third party) as reference.
Corporate Auditors	Consists solely of monthly compensation. The level of compensation is set through deliberations by the Audit and Supervisory Board, within the compensation limits approved by the General Meeting of Shareholders, using compensation levels at other companies in Japan (according to an independent third party) as reference.

Compensation	Plan	Description	Compensation Type	Deliverables	Scope of Evaluation
Monthly compensation	Per-month compensation Basic compensation Position-based compensation	Cash compensation paid monthly as a fixed amount set according to the director's position	Fixed	Cash	—
	Annual performance-based compensation (updated monthly)	Performance-based compensation with the payment amount determined by the business performance achievement rate in the previous fiscal year and evaluation of each individual director			
Equity compensation	Restricted stock unit compensation (RSU)	Predetermined stock compensation linked to the medium-term business plan and granted for each year of the period covered by the plan	Performance-based	Stock	Medium to long term
	Stock-based compensation Stock options (SO)	Company stock compensation granted according to the business performance achievement rate in the previous fiscal year			

Compensation by Position	Ratio (%)				Total
	Fixed Compensation	Performance-based Compensation			
	Cash Compensation	Stock-based Compensation Stock Options (SO)	Restricted Stock Unit Compensation (RSU)		
(Representative directors) Chairman and president	45	40	10	5	100
(Representative director) Vice president	45	40	10	5	
(No right of representation) Chairman and vice president	50	35	10	5	
Senior managing director	55	30	10	5	
Managing director	58	27	10	5	
Concurrent director	60	25	10	5	

Governance

Roundtable Discussion by Independent Outside Officers



Shinobu Okamoto,
Independent Outside
Corporate Auditor

Naoko Makino,
Independent Outside
Director

Shigekazu Torikai,
Independent Outside
Director

Management Oversight to Support the Creation of the Group's Future

The U.S.M.H Group invites the Outside Directors and Outside Corporate Auditors, who have diverse experience and knowledge, to discuss the achievement of sustainable growth and contributions to local communities. Three of these officers, who check the Company's management from external perspectives, expressed their opinions on what kinds of reforms and issues the Company should address in the lead-up to the milestone tenth anniversary of its establishment and in light of the upcoming business integration with Inageya.

U.S.M.H's Management as Seen from External Perspectives

Torikai: This is my tenth year as an Outside Director, and when I take a fresh look at the Board of Directors and Management Committee from an external perspective, my sense is that these meetings are distinctive for their extremely open exchanges of opinion, and the contents of those discussions are becoming more in-depth every year. As forums for constructive discussions, an open and flat relationship has been established, with Mr. Okada, Advisor of the Company, offering frank opinions to the business execution side. Because

the Company's executive directors are the top executives of the Group's operating companies, you could say that these forums are also an excellent opportunity for the development of management executives.

In those meetings, I hope to be of assistance by using my insights as a tax lawyer to give advice, particularly on my own areas of expertise, namely IT operations and business model patents.

Okamoto: When there was a discussion in the Board of Directors last year about the use of digital signage, you made some pertinent comments and gave advice about the registration of intellectual property rights, didn't you, Mr. Torikai?

I worked for many years in the National Tax Agency and Regional Taxation Bureaus, where I was involved in the development of legislation and worked in various positions, such as Chief Internal Inspector, for the prevention of crimes by public servants in the course of their duties. I intend to fulfill my role as an Outside Corporate Auditor based on the knowledge and experience in tax accounting and compliance that I gained in those positions.

Makino: In Board of Directors meetings, I am asked for my opinion as a national registered dietician and culinary expert, and I sometimes provide information in the form of presentations. Meanwhile, as I have checked the "Consumer perspective" column on the skills matrix, in my position, I am expected to give effective advice to management from the perspective of homemakers, who are the main customers of supermarkets. Through my association with various media, such as information magazines that target women, cookbooks, and cooking programs, I have gained an understanding of the food-related needs of various households, and I intend to leverage that understanding as that "Consumer Perspective."

Torikai: In the future, supermarkets will need to come up with new ideas that focus on topics such as health and wellness, which are your areas of expertise, Ms. Makino, the kind of ideas that will provide the potential for growth.



Governance



Okamoto: In the Board of Directors meetings in fiscal 2023, consideration of the business integration with Inageya was a major theme of discussion. We were faced with a decision that would mean an extremely significant change for the Group. When we considered the appropriateness of that integration itself, it was in line with the founding objectives of the Group, namely, to become the top supermarket company in the Greater Tokyo area by building sales of 1 trillion yen and a network of 1,000 stores, so no particular objections arose.

Makino: We, the outside officers, were given ample briefing, which allowed us to be satisfied with the proposal. The next question is how it will be received by customers and what kind of benefits it will create for them. I will monitor these points closely going forward.

Responses for Strengthening the Effectiveness of the Board of Directors

Okamoto: Regarding the effectiveness of the Board of Directors, the Company has established an Evaluation Advisory Committee, which conducts evaluations and identifies issues through an effectiveness evaluation survey of all Directors and Corporate Auditors. Upon receipt of that Committee's reports, the Board of Directors works to strengthen its effectiveness by the executive side taking action to solve issues. The results of the fiscal 2022 survey highlighted the exchange of information between outside officers and the senior executives of the operating companies as one issue for improvement.

Makino: In this regard, we have had several opportunities to exchange information with the senior executives of the operating companies since fiscal 2023. For our part, this has enabled us to give advice after deepening our understanding of the actual circumstances of the operating companies and obtaining more detailed information, so I commend the Company for implementing such a highly effective and useful solution.

Torikai: The open-minded corporate culture that emphasizes communication is a strength, in that it makes our discussions meaningful and that it seeks to share awareness within the Group. That openness may also lead to the strengthening of corporate governance by serving a kind of check-and-balance function. I hope we can build similarly close relationships with Inageya as well when it joins the Group.

Okamoto: In terms of the monitoring systems of the holding company in its management of the group, the development of mechanisms for understanding the actual conditions of operating companies is critical. We outside officers have previously conducted on-site inspections of facilities such as the new-format stores, distribution centers, and the plant factory, and we have gathered information from sources such as the in-house magazines published by the operating companies. Looking ahead, I believe that timely coordination for the sharing of information about business performance will be an issue.

Skills Matrix Demanded of U.S.M.H

Torikai: With respect to nomination and compensation functions, the Human Resources Advisory Committee met three times and the Compensation Advisory Committee met four times in fiscal 2023. Prior to consulting with these two committees, there is an opportunity for us three outside officers and the management side to exchange opinions and consider what issues will be addressed by each committee.

Okamoto: Regarding compensation, how to deal with restricted stock in stock compensation became a major issue. However, given the harsh situation with business performance, we will need to keep deliberating on design that will provide an effective incentive.

Regarding human resources, based on the effectiveness evaluation that was mentioned earlier, the formula-

tion of successor development plans for U.S.M.H and the operating companies was raised as an issue. Currently, having received a response from the Human Resources Advisory Committee, the executive is proceeding with the development of succession plans, including for the operating companies. However, when Inageya joins the Group, those plans will probably need to be reviewed. Further, the selection of candidates for Director is discussed based on the skills matrix, but when executives of the operating companies become candidates, their skills tend to be concentrated on the "Corporate management" and "Human resources/Organizational development" columns. At present, this is balanced out by supplementation with the skills of the Outside Directors. This is an area that will probably change little by little over time.

Torikai: My personal opinion of the skills matrix is that, given the scale of the Group's business, the areas of "Finances and accounting/Investment strategy" and "Business transformation" should be strengthened. I also believe that we will need a structure for executing management strategies with animal spirits, with an emphasis on the role of the CFO. This is sure to lead to the generation of new ideas that will open up the future of the Group.

Makino: For myself as well, while my main role as a member of the Board of Directors is to supplement the Board's skills from the "Consumer perspective," I also want to expand the range of the skills so that I can contribute further, and I want to support the Group in the creation of its future.



Governance

Directors and Corporate Auditors



Name	Motohiro Fujita	Shinichiro Yamamoto	Masaharu Homma	Satoshi Shimada	Hiroshi Saito	Motoya Okada	Tomonobu Miki
Position	President and Representative Director	Vice President and Representative Director	Vice President and Representative Director	Vice President and Director	Director	Director and Advisor	Outside Director
Career summary	<p>Mar. 1978 Joined Kasumi Co., Ltd. May 2000 Director, Kasumi Co., Ltd. May 2004 Managing Director, Kasumi Co., Ltd. Mar. 2005 Senior Executive Officer, Manager, Business Services Division, Manager, Compliance Control Office, Kasumi Co., Ltd. May 2006 Manager, Development Division, Kasumi Co., Ltd. May 2007 Senior Managing Director, Kasumi Co., Ltd. Feb. 2009 Manager, Store Development and Service Division, Kasumi Co., Ltd. Sep. 2010 Manager, Sales Managing Division; Manager, Food Market Managing Division, Kasumi Co., Ltd. Sep. 2011 Manager, Sales Control Division; Manager, Food Market Managing Division, Kasumi Co., Ltd. Mar. 2012 President and Representative Director, Kasumi Co., Ltd. Mar. 2015 Executive Vice-President, the Company Mar. 2017 President and Representative Director, the Company (to present) Executive Officer responsible for the Supermarket Business, AEON Co., Ltd. Director, Kasumi Co., Ltd. May 2017 Director, MaxValu Kanto Co., Ltd. (to present) Mar. 2019 Vice President and Representative Executive Officer responsible for the Supermarket Business, AEON Co., Ltd. Mar. 2020 Vice President and Representative Executive Officer responsible for the Supermarket Business and Merchandise/Logistics, AEON Co., Ltd. Mar. 2021 Vice President and Representative Executive Officer responsible for the Supermarket Business, AEON Co., Ltd. Mar. 2022 Executive Officer and Vice Chairman, AEON Co., Ltd. Mar. 2024 Chairman and Director, Kasumi Co., Ltd.</p>	<p>Mar. 2013 Joined Kasumi Co., Ltd. as Advisor May 2014 Managing Director, Senior Executive Officer, Manager, Logistics Division, Kasumi Co., Ltd. Mar. 2017 Senior Managing Director and Senior Executive Officer, Kasumi Co., Ltd. Mar. 2018 General Manager, ICT Division, the Company Mar. 2019 Senior Managing Director and Senior Executive Officer; Manager, Business Reform Office; Manager, Business Remodeling, Kasumi Co., Ltd. Mar. 2020 President and Representative Director, Kasumi Co., Ltd. General Manager, Digital Division, the Company May 2020 Director; General Manager, Digital Division, the Company Mar. 2022 Vice President and Representative Director; General Manager, Digital Division, the Company Mar. 2024 Director, Kasumi Co., Ltd. (to present) Vice President and Representative Director; General Manager, Digital Division; General Manager, Management Strategy Division, the Company (to present)</p>	<p>Mar. 1992 Joined The Maruetsu, Inc. Mar. 2010 Manager, Corporate Planning Department, Corporate Planning Division, The Maruetsu, Inc. May 2013 Executive Officer; Manager, Corporate Planning Department, Corporate Planning Division, The Maruetsu, Inc. May 2015 Director, MaxValu Kanto Co., Ltd. Mar. 2017 Executive Officer responsible for administration; General Manager, Corporate Planning Division, The Maruetsu, Inc. Mar. 2019 Executive Officer; General Manager, Corporate Planning Division, The Maruetsu, Inc. May 2019 Managing Executive Officer; General Manager, Corporate Planning Division, The Maruetsu, Inc. May 2020 Director and Managing Executive Officer, General Manager, Corporate Planning Division, The Maruetsu, Inc. May 2021 Director, the Company Mar. 2023 President and Representative Director, The Maruetsu, Inc. (to present) May 2023 Vice President and Representative Director, the Company (to present)</p>	<p>Apr. 1995 Joined JUSCO Co., Ltd. (currently AEON Co., Ltd.) Sep. 2002 Agricultural Merchandise Division, JUSCO Co., Ltd. Mar. 2011 Strategic Division, AEON Co., Ltd. Apr. 2015 Assistant to Group COO, AEON Co., Ltd. May 2019 President and Representative Director, AEON LIFE Co., Ltd. Feb. 2021 Director, MaxValu Kanto Co., Ltd. Mar. 2021 President and Representative Director, MaxValu Kanto Co., Ltd. (to present) May 2022 Vice President and Director, the Company (to present)</p>	<p>Apr. 1985 Joined The Maruetsu, Inc. Oct. 2008 General Manager, Western Tokyo Area Department, Tokyo Sales Division, The Maruetsu, Inc. Mar. 2009 General Manager, Sales Supervisory Trainers Department, The Maruetsu, Inc. Mar. 2010 General Manager, Training Department, LCO Promotion Division, The Maruetsu, Inc. Sep. 2011 General Manager, Sales Supervision Small Shop Business Department, The Maruetsu, Inc. Sep. 2012 General Manager, Department Responsible for Sales Supervision of Eastern Kanagawa Area, The Maruetsu, Inc. Apr. 2013 General Manager, Department Supervising Small Shops and Urban Shops, Store Operation Division (Treated as Deputy Division Manager), The Maruetsu, Inc. Mar. 2015 General Manager, Department Supervising Standard Shops, Store Operation Division (Treated as Deputy Division Manager), The Maruetsu, Inc. May 2016 Executive Officer; General Manager, Department Supervising Large Shops, Store Operation Division (Treated as Deputy Division Manager), The Maruetsu, Inc. Mar. 2017 Executive Officer; General Manager, Division for Management and Supervision of Sales Reform, The Maruetsu, Inc. May 2019 Director; Executive Officer; General Manager, Store Operation Division, The Maruetsu, Inc. Mar. 2022 Director; Executive Officer; General Manager, Education and Personnel Affairs Division, The Maruetsu, Inc. May 2022 Director; Managing Executive Officer; General Manager, Education and Personnel Affairs Division, The Maruetsu, Inc. Mar. 2023 Director; Managing Executive Officer; General Manager, Education and Personnel Affairs Division; in charge of Business Design and in charge of Corporate Planning, The Maruetsu, Inc. (to present) May 2023 Director, the Company (to present)</p>	<p>Mar. 1979 Joined JUSCO Co., Ltd. (currently AEON Co., Ltd.) May 1990 Director, JUSCO Co., Ltd. Feb. 1992 Managing Director, JUSCO Co., Ltd. May 1995 Senior Managing Director, JUSCO Co., Ltd. Jun. 1997 President and Representative Director, JUSCO Co., Ltd. May 2002 Director and Advisor, AEON Mall Co., Ltd. (to present) May 2003 Director, President and Representative Executive Officer, AEON Co., Ltd. May 2004 Director and Advisor, Kasumi Co., Ltd. Nov. 2005 Outside Director and Advisor, TSURUHA HOLDINGS Inc. Mar. 2012 Director, President and Representative Executive Officer, and Group CEO, AEON Co., Ltd. Aug. 2014 Director, KUSURI NO AOKI HOLDINGS CO., LTD. (to present) Nov. 2014 Director, Welcia Holdings Co., Ltd. (to present) Mar. 2015 Director and Advisor, the Company (to present) Mar. 2020 Director, Chairman and Representative Executive Officer, AEON Co., Ltd. (to present)</p>	<p>Apr. 1988 Joined Marubeni Corporation Apr. 2013 General Manager, Marine Product Department, Marubeni Corporation Apr. 2016 General Manager, Food Distribution Department, Marubeni Corporation Aug. 2017 Chairman & CEO, Eastern Fish Company LLC (seconded) Apr. 2020 Deputy Chief Operating Officer, Food Division, Marubeni Corporation Apr. 2021 Chief Operating Officer, Food Division - I, Marubeni Corporation Apr. 2022 Executive Officer; Chief Operating Officer, Food Division - I, Marubeni Corporation May 2023 Director, the Company (to present) Apr. 2024 Director, Marubeni Corporation (to present)</p>
Term of office	One year	One year	One year	One year	One year	One year	One year
Attendance at Board of Directors meetings	12/12	12/12	12/12	12/12	10/10	12/12	10/10
Committee to which the director/corporate auditor belongs							
Skills matrix	Corporate management	●	●	●	●	●	●
	Human resources/Organizational development	●	●	●	●	●	
	Finances and accounting/Investment strategy			●			
	Legal/Governance					●	
	Business transformation	●	●				
	Global perspective						
Consumer perspective							●

* The number of attendances at the Board of Directors meetings for Directors and Corporate Auditors whose election was approved at the General Meeting of Shareholders held in May 2023 was 10.

Governance



Name	Shigekazu Torikai	Naoko Makino	Tadayoshi Yoyogi	Takeshi Nemoto	Chiharu Takeshima	Hirofumi Ishimoto	Shinobu Okamoto
Position	Independent Outside Director	Independent Outside Director	Corporate Auditor (Standing)	Corporate Auditor (Standing)	Outside Corporate Auditor	Outside Corporate Auditor	Independent Outside Corporate Auditor
Career summary	<p>Apr. 1975 Joined a tax accountant office</p> <p>Apr. 1990 Registered as Attorney</p> <p>Apr. 1994 Representative, Torikai Management and Law Office (currently Torikai Law Office) (to present)</p> <p>Mar. 2015 Independent Outside Director, the Company (to present)</p> <p>Jun. 2017 External Member of the Audit & Supervisory Board, Kurita Water Industries Ltd.</p> <p>Jun. 2018 Outside Director, Riso Kagaku Corporation</p> <p>Jan. 2023 Outside Director, Murakoshi Holdings (to present)</p>	<p>Apr. 1990 Joined Asako Aramaki Office Co., Ltd.</p> <p>Dec. 1995 Resigned from Asako Aramaki Office Co., Ltd.</p> <p>Jan. 1996 Freelance (Member of Association of Freelance Dietitians in Nakano Ward)</p> <p>Mar. 2004 Representative Director, Studio Ku Ltd. (to present)</p> <p>May 2007 Councilor and Member of Editorial Committee, Japanese Society of Shokuiku</p> <p>Apr. 2013 Councilor, Japanese Society of Shokuiku; Member of Editorial Committee, Japanese Society of Shokuiku</p> <p>Jan. 2016 Member of Planning Committee, Japanese Society of Shokuiku (to present)</p> <p>May 2016 Independent Outside Director, the Company (to present)</p> <p>Jan. 2022 Councilor, Japanese Society of Shokuiku (to present)</p>	<p>Mar. 1981 Joined Kasumi Co., Ltd.</p> <p>Sep. 2002 Manager, Sales Department No. 10, Kasumi Co., Ltd.</p> <p>Mar. 2005 Manager, Food Market Sales Division No. 3, Kasumi Co., Ltd.</p> <p>May 2007 Executive Officer, Kasumi Co., Ltd.</p> <p>Jun. 2007 Deputy Manager, Compliance Control Office, Manager, Audit operation, Kasumi Co., Ltd.</p> <p>Mar. 2013 Manager, Compliance Control Office; Manager, Audit operation, Kasumi Co., Ltd.</p> <p>May 2014 Full-time Corporate Auditor, Kasumi Co., Ltd.</p> <p>May 2019 Corporate Auditor, Kasumi Co., Ltd. (to present); Standing Corporate Auditor, the Company (to present)</p>	<p>Apr. 1984 Joined The Maruetsu, Inc.</p> <p>Mar. 2008 General Manager, Eastern Kanagawa Area Department, Kanagawa Sales Division, The Maruetsu, Inc.</p> <p>Mar. 2009 General Manager, Urban Stores Supporting Department, Urban Sales Division, The Maruetsu, Inc.</p> <p>Mar. 2010 General Manager, Department Supervising Western Kanagawa Area, Sales Supervision Division, The Maruetsu, Inc.</p> <p>Mar. 2011 General Manager, Sales Supervision Training Department, The Maruetsu, Inc.</p> <p>Apr. 2013 General Manager, Human Resources Development and Education Department, Education and Personnel Affairs Division, The Maruetsu, Inc.</p> <p>Mar. 2014 Store Profit Improvement Project Leader, Corporate Planning Division (Treated as Department Manager), The Maruetsu, Inc.</p> <p>Mar. 2015 General Manager, Training Department, Sales Supporting Division, The Maruetsu, Inc.</p> <p>Mar. 2019 General Manager of Training Department, Low-Cost Operation Promotion Division, The Maruetsu, Inc.</p> <p>Mar. 2020 General Manager Assisting President, The Maruetsu, Inc.</p> <p>May 2020 Full-time Corporate Auditor, The Maruetsu, Inc.</p> <p>May 2023 Standing Corporate Auditor, the Company (to present)</p>	<p>Apr. 1992 Joined Marubeni Corporation</p> <p>Apr. 2013 Vice President, Marubeni Thailand Co., Ltd., and General Manager, Food Department, Marubeni Corporation</p> <p>Apr. 2018 General Manager, Food Products Materials Department, Marubeni Corporation</p> <p>Apr. 2022 General Manager, Food Strategy Planning Office I and General Manager, Food Strategy Planning Office II, Marubeni Corporation</p> <p>Apr. 2023 Deputy Chief Operating Officer, Food Division - I; General Manager, Food Strategy Planning Office I; and General Manager, Food Strategy Planning Office II, Marubeni Corporation (to present)</p> <p>May 2023 Outside Corporate Auditor, the Company (to present)</p> <p>Apr. 2024 Deputy Chief Operating Officer, Food Division - I; General Manager, Food-Related Business Office, Marubeni Corporation (to present)</p>	<p>Aug. 1986 Joined JUSCO Co., Ltd. (currently AEON Co., Ltd.)</p> <p>Feb. 2002 Manager, Corporate Branding Division, AEON Co., Ltd.</p> <p>Mar. 2005 Strategic Division, AEON Co., Ltd.</p> <p>May 2011 Director, General Manager, Marketing Division, General Manager, New Business Development Division, AEON Eaheart Co., Ltd.</p> <p>Mar. 2015 Manager, Corporate Planning Division, AEON Retail Co., Ltd.</p> <p>Sep. 2016 Manager, Affiliated Companies Division, AEON Retail Co., Ltd.</p> <p>May 2020 Full-time Corporate Auditor, AEON Big Co., Ltd. (to present)</p> <p>May 2021 Outside Corporate Auditor, the Company (to present)</p>	<p>Apr. 1977 Co-ordination Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2005 Special Officer (Planning and Co-ordination), First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2006 District Director, Kawashima Tax Office, Takamatsu Regional Taxation Bureau (Tokushima Prefecture)</p> <p>Jul. 2007 Chief Examiner, Third Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2008 Director, Planning Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2009 Director, First Personnel Division, Management and Coordination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2012 Chief Internal Inspector, Commissioner's Secretariat, National Tax Agency</p> <p>Jun. 2013 Assistant Regional Commissioner (Management and Co-ordination), Nagoya Regional Taxation Bureau</p> <p>Jul. 2014 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>Oct. 2015 Representative, Shinobu Okamoto Tax Accountant Office (to present)</p> <p>May 2016 Independent Outside Corporate Auditor, the Company (to present)</p> <p>Jun. 2016 Corporate Auditor, RIKENGREEN Co., Ltd.</p> <p>Jun. 2019 Outside Audit & Supervisory Board Member, Yamaichi Electronics Co., Ltd.</p> <p>Jun. 2022 Outside Director (Audit and Supervisory Board Member), Yamaichi Electronics Co., Ltd. (to present)</p>
Term of office	One year	One year	Four years	Four years	Four years	Four years	Four years
Attendance at Board of Directors meetings	12/12	12/12	12/12	10/10	10/10	12/12	12/12
Committee to which the director/corporate auditor belongs	Nomination and Compensation, Board of Directors' Advisory, Human Resources Advisory	Nomination and Compensation, Board of Directors' Advisory, Human Resources Advisory					Nomination and Compensation, Board of Directors' Advisory, Human Resources Advisory
Skills matrix	Corporate management	●				●	
	Human resources/Organizational development				●		●
	Finances and accounting/Investment strategy	●					●
	Legal/Governance	●		●	●		●
	Business transformation						
	Global perspective					●	
Consumer perspective		●					

* The number of attendances at the Board of Directors meetings for Directors and Corporate Auditors whose election was approved at the General Meeting of Shareholders held in May 2023 was 10.

Governance

Group Governance

Policy on Group Governance

With the perspective of maximizing the corporate value of the Group as a whole, the Company is working to continuously strengthen group governance, and has been applying the Regulations on the Management of Subsidiaries and Affiliates it has established as the basic guidelines. The aim of the regulations is for the Company to appropriately manage its subsidiaries and affiliates, which will allow the Company to smoothly provide guidance and support to the subsidiaries and affiliates, and contribute to the stable growth of the Group, the efficiency of management, and internal control. Some of the Company's directors concurrently serve as officers of major Group companies to ensure effective governance and smooth collaboration.

Relationship with the Parent Company

Two directors of AEON Co., Ltd., the parent company of U.S.M.H, concurrently serve as Company directors. However, U.S.M.H's business operations are based on independent management. In addition, U.S.M.H has a corporate governance system that places importance on sustainable growth, development and improvement of business performance. U.S.M.H maintains a collaborative relationship with AEON Co., Ltd. based on mutual respect for each other's autonomy, and has secured independence from AEON Co., Ltd.

With this in mind, we, as one of the AEON Group companies, believe that collaborating and maximizing our synergy with AEON Group companies will benefit minority shareholders.

Please also refer to AEON Co., Ltd.'s "Policy on Governance of Listed Subsidiaries."

●Corporate Governance of AEON Co., Ltd.



Exercise of Group Governance

The Company's three major Group operating companies, namely, The Maruetsu, Inc., Kasumi Co., Ltd., and MaxValu Kanto Co., Ltd., have adopted the following systems and measures to ensure autonomy and speed in the execution of management by each Group company, smooth cooperation as a Group, and the establishment of effective internal controls and supervisory systems.

- (1) **Ownership ratio:** U.S.M.H holds all shares of the three companies, and the holding company holds all voting rights.
- (2) **Interlocking officers:** Some officers and employees of U.S.M.H. concurrently serve as officers of operating companies, and monitor and supervise the management of each company. [The Maruetsu, Inc.: 3 out of 7 persons, 42.8%; Kasumi, Co., Ltd.: 2 out of 6 persons, 33.3%; MaxValu Kanto Co., Ltd.: 2 out of 6 persons, 33.3%]
- (3) **Management based on subsidiary management regulations:** These regulations require the consolidated subsidiaries and affiliated companies to report to the Company, on a regular basis, on their business performance, financial position, and other important information.
- (4) **Loan of funds:** U.S.M.H provides loans for the business funds, etc. of the three major Group companies.

Compliance

Basic Approach to Compliance

The Company's Core Philosophy is to offer customers healthy, valuable choices in food, and to cultivate deep relationships to build prosperous local communities. The Company is working to ensure that the U.S.M.H Code of Conduct is fully understood across the Group and to continuously educate people in positions of responsibility through various training programs to enhance awareness of compliance, and share our Core Philosophy.

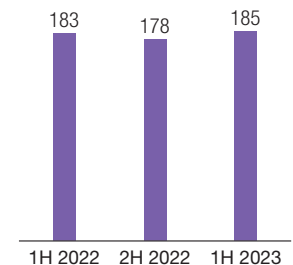
From the perspective of human rights protection, the AEON Compliance Hotline is available as an internal reporting contact point. Our subsidiaries have also established helplines in line with the Group's structure, and provide a consultation service for contacting the department primarily responsible for HR. We ensure that users of these systems are aware that they will not be treated unfavorably. In the event of a violation, we take necessary measures based on internal regulations, formulate measures to prevent a recurrence, or have the department where the violation occurred formulate such measures by themselves, and implement them Groupwide.

Internal Reporting System

To let the internal reporting system work effectively, we have established the Whistleblower Protection Regulations. These regulations prohibit any unfavorable treatment of whistleblowers as a result of reporting acts such as those that violate laws or regulations, acts that violate corporate ethics, or acts that infringe on the interests of customers. We are also working on a regular basis, through training and other means, to let the Group's executives and employees know and understand this system.

Internal reporting results are shared semi-annually with the Management Committee, which includes the presidents and representative directors of each operating company, and the number of reports, most frequently reported categories, and the specific details of reports and results of responses are confirmed.

Number of Internal Reports



Initiatives to Prevent Wrongdoing and Misconduct

In accordance with the U.S.M.H Code of Conduct, all executives and employees of the Group share the position that they shall not seek to benefit from bribery or other improper means under any circumstances. To this end, we distribute handbooks, have the employees submit consent letters, and provide other opportunities to know and understand the matter on a regular basis.

<Examples of activities to inform and educate the executives and employees>

- **Compliance training for Group officers (fiscal 2023; 61 participants):** Using specific cases of wrongdoing and misconduct, participants investigated the causes of those incidents and considered measures to prevent recurrence. They learned the importance of thinking, making judgments and acting on their own initiative.
- **Training for Group managers (fiscal 2023; 600 participants):** Through this training, which was designed by the General Administrative Division and conducted in cooperation with outside experts including certified public accountants, participants learned about the importance of being aware of and complying with laws and regulations, in light of the gravity of the impact financial reports can have on the Company's credibility.

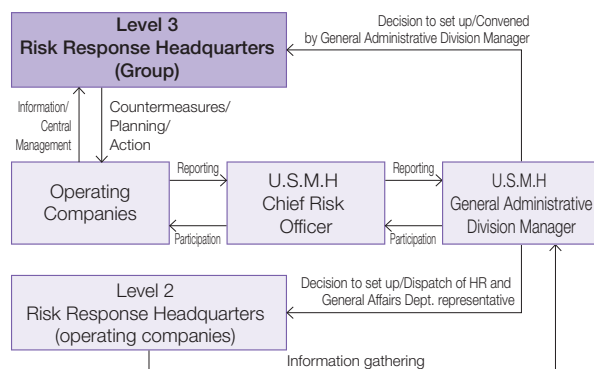
Governance

Risk Management

Risk Management System and Initiatives

The Group has positioned risk management as a material issue, and we will protect our business resources by understanding, assessing and considering countermeasures for risks. In the event of a natural disaster or other emergency, we will fulfill our social and humanitarian responsibilities by giving due consideration to maintaining the safety and health of our customers, employees and their families. We have also established systems to minimize the risk of business interruption in case of accidents or other incidents, and we ensure that all employees are fully aware of these systems. In addition, we familiarize everyone concerned with the U.S.M.H Code of Conduct, and we regularly report the status of internal audits and internal controls to the Management Committee.

Risk Management System



Principal Risks

Risk Classification	Main Risk Items
Product incidents, defective products	Food poisoning, mislabeling, expiry date falsification, violation of labeling requirements, product tampering or foreign objects, expired products
In-store incidents	In-store accidents, robberies, customer falls
Human issues	Crime by or arrest of an executive/employee, executive/employee wrongdoing, executive/employee drunk-driving incidents
Labor issues	Sexual harassment, abuse of power, employee suicide, work-related accidents, death from overwork
Corporate negligence	Fire, food poisoning, product tampering or foreign objects, discovery of insider trading, leaks of personal information, serious environmental pollution
Corporate crime	Misrepresentation, cover-ups, tax evasion, fraudulent accounting, illegal acts (violation of the Antimonopoly Act, fair trade laws, insider trading or waste disposal regulations), bribery, online accusations
Threats or crimes against the Company	Threats of needle contamination, etc., threats from malicious claims and complaints, product contamination, robbery/theft, blackmail from antisocial forces, etc., trespassing by suspicious persons, bomb threats, inappropriate use of social media, ransom demands made through ransomware
Natural disasters	Earthquakes, typhoons/floods, tornados, sudden downpours, river flooding due to heavy rain, water supply outages, delay of product deliveries due to heavy snow, inability to trade merchandise in markets due to typhoons or heavy rain, power outages due to damaged power lines
Credit uncertainty or bankruptcy of business partners	Bankruptcy of developers, business partners or tenants
Litigation or disputes	Accusations, criminal cases, damage claim cases, shareholder derivative lawsuits

Business Continuity Plan to Respond to Disaster Risks

In the event of the occurrence of a large-scale earthquake or other natural disaster in the greater Tokyo area, we will act in accordance with the business continuity plan that we have developed to cooperate with each operating company, ensuring the safety and security of customers and employees our highest priority, and take measures to quickly resume business at affected stores and prevent any impact on unaffected stores. We will also cooperate with local authorities to support people unable to return home due to mass transit disruptions in the greater Tokyo area or other issues.

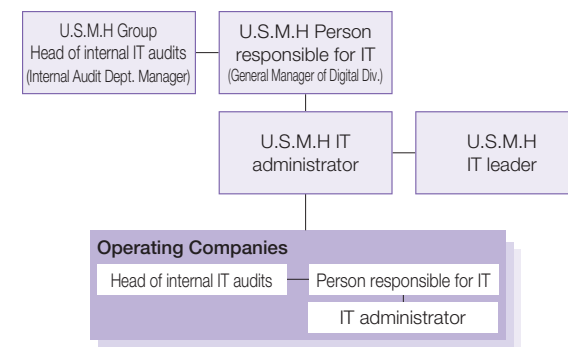
Agreements with Local Authorities for Cooperation Regarding Measures Against Disasters

The Group has signed Comprehensive Cooperation Agreements with local governments in Tokyo and other prefectures that cover a wide range of fields of cooperation, including regional revitalization. In addition, the Company has a system in place that enables it to cooperate with local governments in a prompt and appropriate manner in the event of a large-scale disaster that affects the region's residents, having concluded agreements with local governments and other entities to provide food and daily necessities on a priority basis at the request of the authorities in case of such disasters.

IT Governance and Information Security

In addition to promoting DX at various levels, the Group has established IT governance guidelines as a shared policy with the AEON Group, and is working to strengthen management. In managing our IT investments, procurement, and other matters, we identify audit items through self-checks and regularly monitor and report on those items to the Management Committee.

IT Governance Management System



9-Year Highlights

(Millions of yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Profit and Loss									
Operating revenue	663,799	684,806	692,248	694,323	691,660	733,850	716,407	708,690	706,657
Operating income	14,024	14,320	14,068	11,811	9,357	19,124	12,155	6,384	6,907
Ordinary income	13,862	14,185	14,188	12,253	9,627	19,433	12,474	6,536	6,929
Profit attributable to owners of parent	5,329	7,350	7,452	5,308	1,636	8,845	5,374	1,336	1,008
Financial Position									
Net assets	131,664	137,518	139,539	142,326	141,695	148,797	152,238	150,022	150,250
Total assets	254,006	256,043	262,047	258,315	261,478	285,090	280,741	278,729	285,505
Total equity ratio (%)	51.6	53.6	53.1	54.9	54.0	52.0	54.0	53.7	52.5
Interest-bearing debt	30,814	32,036	33,727	31,163	29,635	35,828	40,564	43,246	44,876
Cash Flows									
Cash flows from operating activities	16,107	16,682	21,060	18,309	16,290	29,919	16,016	15,210	21,496
Cash flows from investing activities	(16,897)	(20,294)	(16,238)	(13,153)	(18,476)	(15,935)	(24,324)	(22,805)	(25,552)
Cash flows from financing activities	(3,910)	(608)	(4,270)	(4,561)	(4,007)	4,137	2,391	495	(442)
Cash and cash equivalents at end of period	29,470	25,169	25,708	26,238	20,018	38,118	32,498	25,632	21,134
Share Information									
Basic net income per share (Yen)	40.47	55.82	57.32	41.38	12.76	68.97	41.89	10.41	7.85
Net assets per share (Yen)	996.17	1,041.49	1,084.53	1,105.74	1,100.33	1,155.18	1,180.56	1,167.15	1,168.73
Cash dividends per share (Yen)	14	14	16	16	16	18	16	18	16
Dividend payout ratio (%)	34.6	25.1	27.9	38.7	125.4	26.1	38.2	172.9	203.8
Price earnings ratio (PER) (Times)	23.6	18.2	19.2	28.7	67.0	15.4	25.3	107.6	127.3
Closing share price (Yen)	956	1,014	1,100	1,187	855	1,064	1,060	1,120	999
Price book-value ratio (PBR) (Times)	0.96	0.97	1.01	1.07	0.78	0.92	0.90	0.96	0.85
Financial Indicators									
Return on equity (ROE) (%)	4.1	5.5	5.4	3.8	1.2	6.1	3.6	0.9	0.7
Return on assets (ROA) (%)	5.5	5.6	5.5	4.7	3.7	7.1	4.4	2.3	2.5
Return on invested capital (ROIC) (%)	5.61	5.49	5.28	4.43	3.55	6.73	4.10	2.15	2.30
Other									
Total number of shares issued at end of period (thousands)	131,681	131,681	131,681	131,681	131,681	131,681	131,681	131,681	131,681
Total number of employees*	27,864	29,192	29,597	29,237	28,905	29,184	29,527	28,375	27,905
Number of new stores opened during the period	30	22	15	13	10	9	8	15	5
Number of stores at end of period	494	503	511	516	519	518	521	529	529

* Part-time employees are calculated based on an 8-hour work day and the average number of employees during the period.

Company Data / Stock Information (As of February 29, 2024)

Corporate Profile

Established: March 2015
 Capital: 10 billion yen
 Business: Management of supermarket business
 Head office: 1 Kanda-Aioicho, Chiyoda-ku, Tokyo

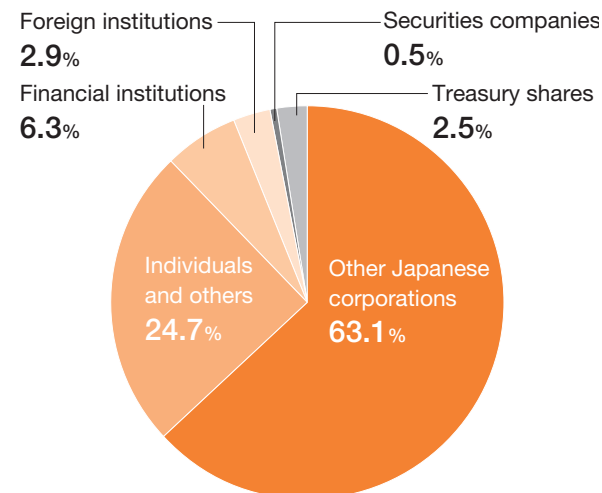
Share Information

Number of shares authorized: 500,000,000 shares

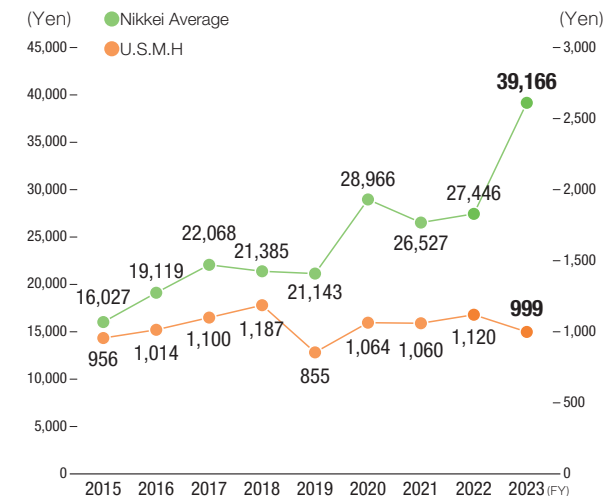
Number of shares issued: 131,681,356 shares

Number of shareholders: 119,390

Share Ownership by Shareholder Type



Stock Chart

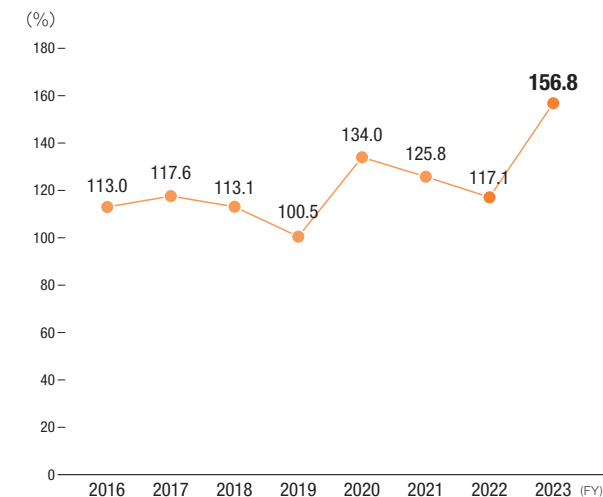


Major Shareholders

Name	Number of Shares Held (Thousands)	Ratio of Shares Held (%)
Aeon Market Investment Inc.	67,159	52.31
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,673	4.41
U.S.M.H Group Business Partners Shareholding Association	2,854	2.22
The Kambayashi Scholarship Foundation	2,300	1.79
AEON Co., Ltd.	1,629	1.26
NIPPON ACCESS, INC.	1,528	1.19
KOKUBU GROUP CORP.	1,099	0.85
Mitsubishi Shokuhin Co., Ltd.	1,091	0.84
Kowa Company, Ltd.	1,010	0.78
Custody Bank of Japan, Ltd. (Trust Account)	846	0.65

Note: Ratio of shares held is calculated excluding treasury shares (3,311,059 shares).

Total Shareholder Returns (Including Dividends)



U.S.M.Holdings

United Super Markets Holdings Inc.

United Super Markets Holdings Inc.

1 Kanda-Aioicho, Chiyoda-ku, Tokyo, 101-0029, Japan

TEL: (+81)3-3526-4761 (Representative)

<https://www.usmh.co.jp/en>

