

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

Integrated Report 2024

Integrated Report for the Year Ended
February 28, 2025





Core Philosophy, Business Vision and Mission

BASIC PHILOSOPHY

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

VISION

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

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



Contents

Integrated Report 2024

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 Chairman	05
Message from the President	09
Value Creation Model	11
Sources of Value Creation	12

Value Creation Strategy

Review of the Third Medium-Term Business Plan and Future Vision	13
Overview of the Fourth Medium-Term Business Plan (FY2025–FY2027)	14
Strategies for Creating Synergies as a Group under the Fourth Medium-Term Business Plan.....	15
Financial Strategy	16

Strategies for Executing the Value Creation Story

Maruetsu	17
Kasumi	19
MaxValu Kanto	21
Inageya	23
Infrastructure Strategy	
Product Strategy	25
Logistics Strategy	26
Digital Strategy	27

Sustainability Strategy

Basic Sustainability Policy (formulated in April 2023)	28
Material Issues	29
Environmental	
Environmental Management, Strategic Response to Climate Change and Guidelines for Creating Value for a Sustainable Future	30
Climate Change Risks/Opportunities, Impact Assessment and Targets for U.S.M.H in Accordance with the TCFD Framework	31
Circular Economy	32

Social

Pursuit of Diverse Human Resources and Job Satisfaction ...	33
Food Safety Compliance / Responsible Marketing and Labeling ...	37
Sustainable Food Value Chain	38
Creation of Healthy, Valuable Lives through Our Food and Services.....	39

Governance

Enhancing Corporate Governance	
Corporate Governance	41
Effectiveness Evaluation	42
Officer Nomination and Compensation	43
Group Governance / Compliance	44
Roundtable Discussion by Independent Outside Directors	45
Directors and Corporate Auditors	47
Risk Management	49

Data

10-Year Highlights	50
Non-Financial Data	51
Company Data / Stock Information.....	54

Editorial Policy

Integrated Report 2024 has been produced by referencing the value creation process in the Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC, now IFRS Foundation), 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, 2024 to February 28, 2025

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 collectively, "the Group" or "the U.S.M.H Group") and its operating companies

Note: 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 four operating companies.

U.S.M.Holdings

United Super Markets Holdings Inc.

United Super Markets Holdings Inc. (U.S.M.H) was established in March 2015 as a joint holding company for three supermarkets—Maruetsu, Kasumi and MaxValu Kanto—operating in the greater Tokyo area. In November 2024, the Group took another step forward as the new U.S.M.Holdings by welcoming Inageya, a supermarket that shares its aspirations. We will continue to take on challenges in order to make improvements in such aspects as offering our customers healthy, valuable choices in food, cultivating deep relationships with local communities, and being a company that moves with the times.



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.



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.



KASUMI

Established in 1961. 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.



Established in 1900. Operates Inageya, which has an extensive product lineup centered on fresh food and prepared foods; ina21, a small-store format that offers fun and convenient everyday shopping experience; and bloomingbloom, situated in commercial facilities around train stations where customers can experience fun and richness of food, in Tokyo and three prefectures.



Results for Fiscal 2024 (Year ended February 28, 2025) (Consolidated Results of U.S.M.H)

Net sales 811.2 billion yen	Operating income 5.9 billion yen	Profit attributable to owners of parent 0.81 billion yen
Total investments 38.1 billion yen	GHG emissions reduction (CO ₂ equivalent) from FY2013, our base year Approx. 267,000 tons	Gender proportion of employees Male 32.3% Female 67.7%

*Includes Inageya's results for the period from October 2024 to February 2025.

Number of Employees

Group total 35,510			
Maruetsu 15,926	Kasumi 10,346		
MaxValu Kanto 1,769	Inageya 7,322		

Notes: 1. The number of employees is calculated as of February 28, 2025.
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.

Store Network

■ Maruetsu	306
■ Kasumi	196
■ MaxValu Kanto	30
■ Inageya	128

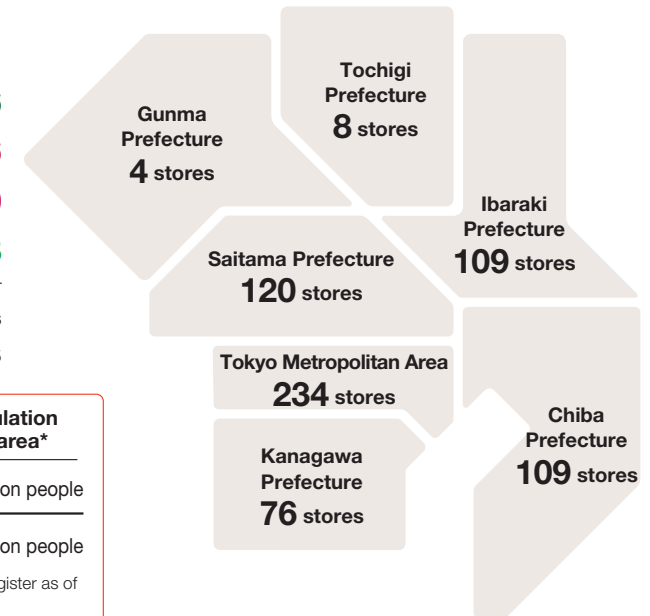
Group total: **660 stores**

Note: As of February 28, 2025

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

$$34.8\% = \frac{43.51 \text{ million people}}{124.89 \text{ million people}}$$

*Data taken from the Basic Resident Register as of January 1, 2024



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 **660 stores** in this market.

Our Path to Value Creation

U.S.M.H was established in 2015 through the business integration of Maruetsu, Kasumi, and MaxValu Kanto. Joined by Inageya on November 30, 2024, the new U.S.M.H comprises four companies. We will further advance the value that the four operating companies have generated to date, and create new value by taking advantage of economies of scale represented by our net sales of one trillion yen in the greater Tokyo area.

External environment Historical context

① Post-war period of chain store development and expansion
Influx of imports, motorization, oil crises, self-serve retail system, Large-Scale Retail Store Law, Large-Scale Retail Store Location Law

② Before U.S.M.H integration

Hollowing-out of cities, opening of stores in the suburbs, outbound and inbound marketing

③ After establishment of U.S.M.H

Increased geopolitical risks, increased demand for eating at home and delivery due to the COVID-19 crisis, changes in working styles, the 2024 Problem in logistics

④ Future (from 2030 onwards)

Increase in disasters due to climate change, response to decarbonization, continued inflation, soaring energy prices

1900

2015

2024



1945
Founding

1986
Introduction of
POS system

2007
Business alliance with
AEON and Marubeni

**Establishment of U.S.M.H, a supermarket alliance
of three companies in the greater Tokyo area**

2024
Launch of Maruetsu
Soka Delicatessen Center



2022
Opened BL/NDE, Kasumi's
new business format



2020
Opened MaxValu Oyumino
Store, a shopping
experience-oriented store



KASUMI



1961
Founding

2000
Opened
the first Food
Square store

2003
Business and
capital alliance
with AEON

2013
Launched mobile
supermarket
service



マックスバリュ関東株式会社



2009
Establishment



1900
Start of
business

1975
Development of
cold boxes for
keeping perishable
foods

2004
Business
alliance with
AEON

2005
Launched
Syokutaku-ohen
(perk up the table),
a private label brand

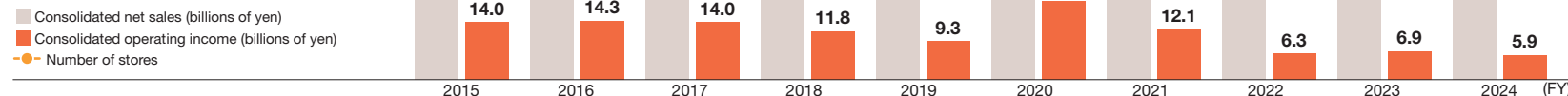
2010
Opened
*Sukoyakeku no
Mori*, a corporate
forest



2021
Health and
Productivity
Management
Declaration



Consolidated net sales, consolidated
operating income and number of stores
since the establishment of
U.S.M.H in March 2015



Take advantage of
the economies of scale
achieved by four companies
to create new value

Joined by Inageya to become New U.S.M.H!
To achieve community
development and prosperity through healthy,
valuable eating habits (wellbeing)

Message from the Chairman



Pursuing customer experience (CX) from a truly customer-oriented perspective, we will build a solid earnings base by concentrating on developing stores that will be chosen by customers and implementing structural reforms.

With the Inageya integration, we have at last realized the “Concept of Supermarket with ¥1 Trillion Sales in Kanto.” The key to achieving the newly formulated and launched Medium-Term Business Plan is the decisive implementation of structural reforms in group management.

Here, I will present our vision of the future for the new U.S.M.H Group and explain our future growth strategies.

Motohiro Fujita Chairman

Developments over the Past Year Surrounding the Business Integration

We reviewed the Group’s management structure and executed functional consolidation and organizational restructuring to realize and maximize synergies from the integration.

With completion of a share exchange to make Inageya a wholly owned subsidiary of U.S.M.H on November 30, 2024, the new U.S.M.H Group that will realize the “Concept of Supermarket with ¥1 Trillion Sales in Kanto” was launched, and the Group took its first step toward the future. Looking back on the

initiatives taken in fiscal 2024, I would like to mention the developments surrounding the business integration with Inageya, which was the biggest topic of discussion throughout the year.

Following approval at the 9th Annual General Meeting of Shareholders held on May 24, 2024, the Company entered into a share exchange agreement with Inageya and proceeded with the integration of the two companies over a period of approximately six months. At the same time, we deliberated on the introduction of an executive officer system, clarified the division of duties between management decision-making and business execution, and held many discussions aimed at further strengthening governance and consolidating Group functions.

Message from the Chairman

In particular, with regard to the integration of functions in areas such as merchandise, IT, development, and logistics, the “Functional Integration Study Project” played a central role in promoting the integration of common functions across the Group, going beyond the conventional self-decentralized structure. Through these efforts, we have been building a new group management structure aimed at improving productivity, optimizing operational costs, and improving quality.

Further, to enhance our sense of unity as a Group and accelerate growth, we began formulating the Fourth Medium-Term Business Plan (FY2025-FY2027) in November 2023. With the aim of realizing and maximizing synergies from the integration, in addition to launching a policy of functional consolidation and organizational restructuring, we formulated the New Medium-Term Business Plan that sets out the growth strategies of the individual operating companies based on our future vision.

Through these changes, fiscal 2024 became an extremely busy year for us in our efforts to establish our presence as one of the largest supermarket companies in the Tokyo metropolitan area. We will continue those efforts to build a solid business foundation.

● Major Initiatives Implemented in FY2024

November 2023 February 2025	Started formulating the Fourth Medium-Term Business Plan <ul style="list-style-type: none"> Changes in the external environment and intensifying competitive environment Decisive implementation of structural reforms in group management
May 2024	9th Annual General Meeting of Shareholders <ul style="list-style-type: none"> Approval of share exchange between U.S.M.H and Inageya Board of Directors <ul style="list-style-type: none"> Introduction of executive officer system
November 2024 February 2025	Business integration with Inageya to become the new U.S.M.H <ul style="list-style-type: none"> Realization and maximization of integration synergies Functional consolidation and organizational restructuring

Changes in the Business Environment and Overview of Fiscal 2024

Profit Decreased Due to an Increase in SG&A expenses, Despite Growth at Maruetsu, Recovery at Kasumi, and the Effects of the Integration.

The Group has been estimating changes in the business environment over the medium-to long-term since around 2018. At that time, we feared that the hurdles to profit growth would become higher in three to five years. In fact, increases in personnel, logistics, and energy costs exceeded expectations, and consumers became markedly more frugal due to high commodity prices.

In response to such changes in the business environment, it was necessary to delve deeper into business structure reforms. However, we do recognize as a concern that the speed and depth of our reforms proved insufficient.

In fiscal 2024, operating revenue increased 14.8% year on year to 811.2 billion yen, and gross profit increased 15.9% to 229.9 billion yen, owing to an increase in the number of customers at existing Maruetsu stores, a recovery in the number of customers at Kasumi stores, and a contribution to the numbers (for five months) from the integration of Inageya Co., Ltd. On the other hand, selling, general and administrative expenses increased 16.2% to 241.2 billion yen due to factors such as rising labor costs and investment in Maruetsu's delicatessen center. Operating income decreased 13.4% to 5.9 billion yen, ordinary income decreased 11.4% to 6.1 billion yen, and profit attributable to owners of parent decreased 19.6% to 800 million yen.

By operating company, Maruetsu saw increases in both revenue and income, mainly due to the success of original merchandise developed at its delicatessen center, a store revitalization measure, which led to year-on-year increases in both the number of customers and the average spend per customer. At Kasumi, the number of customers recovered and average spend per customer increased as a result of measures to sales strengthening measures to increase the frequency of store visits, which in turn led to an increase in revenue. However, income decreased due to the impact of changes in the tax rate and taxation system. At MaxValu Kanto, despite

efforts to strengthen merchandise, including the delivery of fruits and vegetables and fresh fish directly from production areas and the provision of perishables and pre-prepared foods, both revenue and income decreased due to the impact of store closures. Inageya recorded increases in both revenue and income in the five months after the business integration.

In light of these circumstances, we formulated the Fourth Medium-Term Business Plan, launching it in fiscal 2025 without waiting for the final year of the Third Medium-Term Business Plan.

Goal of the New Medium-Term Business Plan

We will strengthen the earnings base and achieve growth through the synergies generated by store development and structural reforms at the operating companies, based on the concept of “customer experience (CX).”

In the Fourth Medium-Term Business Plan, at the start of the four-company structure with the addition of Inageya, we declared a slogan of “We will continue the challenge of transforming our management structure with a truly customer-oriented perspective as our absolute core value.” Each operating company has set the strategic goal of “developing stores that customers will choose for their superior CX,” and are emphasizing the provision of value from the customer's perspective.

For us, customer experience (CX) is the provision of value from the customer's perspective and the foundation for building relationships of trust between stores and customers. It is a concept that the Group has long held dear. By leveraging their respective strengths, the individual companies will strengthen their earnings bases and realize growth through store operations rooted in CX. The holding company will strengthen its function of control and support of the entire Group based on our value of customer-oriented perspective.

In formulating the plan, we reaffirmed the significance of realizing the growth of the Group by “continuing the challenge of transforming our management structure with a truly customer-oriented perspective as our absolute core value,” and set this as the basic approach of the plan. By “customer-oriented perspective,” we mean making what customers think and want the starting point of all our endeavors. The addition of

Message from the Chairman

the word “truly” embodies our commitment to being sincere, earnest, and genuine. This indicates our determination and stance to respond sincerely to customers’ expectations by accurately understanding their needs based on objective data, rather than our own convenience.

As priority areas, we will thoroughly investigate and analyze product freshness, the prices of mainstay products, and the range of delicatessen products, and the stores, store managers, and executive management team will work together to make improvements. We will also reinforce close communication not only with employees, who are responsible for providing value to customers, but also to producers and suppliers.

Under the Plan, we aim to achieve operating revenue of 1.08 trillion yen and operating income of 21.5 billion yen in fiscal 2027. The success or failure of these initiatives will depend on the initiatives taken in fiscal 2025, the first year of the plan. First,

as a cost structure reform, we will integrate the indirect divisions of each company into the holding company and strengthen frontline capabilities by shifting human resources to stores.

Further, we aim to create synergies of 15 billion yen by leveraging economies of scale resulting from the integrated purchasing and the standardization of middle- and back-office functions to improve operational quality and efficiency. In addition, by streamlining headquarters functions, we will allocate a cumulative total of 28.5 billion yen in new store openings and 20 billion yen in investment to revitalize existing stores in our efforts to differentiate ourselves from our competitors.

Concurrently with the structural reforms, we will continue our initiatives without changing the foundation of the Group’s corporate culture. This will include building ties with local communities, addressing social issues, enhancing the

capabilities of each and every employee, and creating a workplace that supports growth and performance. CX in supermarkets is a service delivered from people to people. No matter how much the scale of the business may expand, its essence will remain fundamentally supported by its people.

The Group’s sustainable growth depends entirely on the happiness of local residents and the coexistence and co-prosperity of society. Going forward, we will return to our customer-oriented perspective and fulfill our corporate mission.

Growth story through expansion of scale

We Will Move Beyond a Collection of Food Supermarkets to Enhance Our Presence and Evolve into the Presence of Choice of Customers.

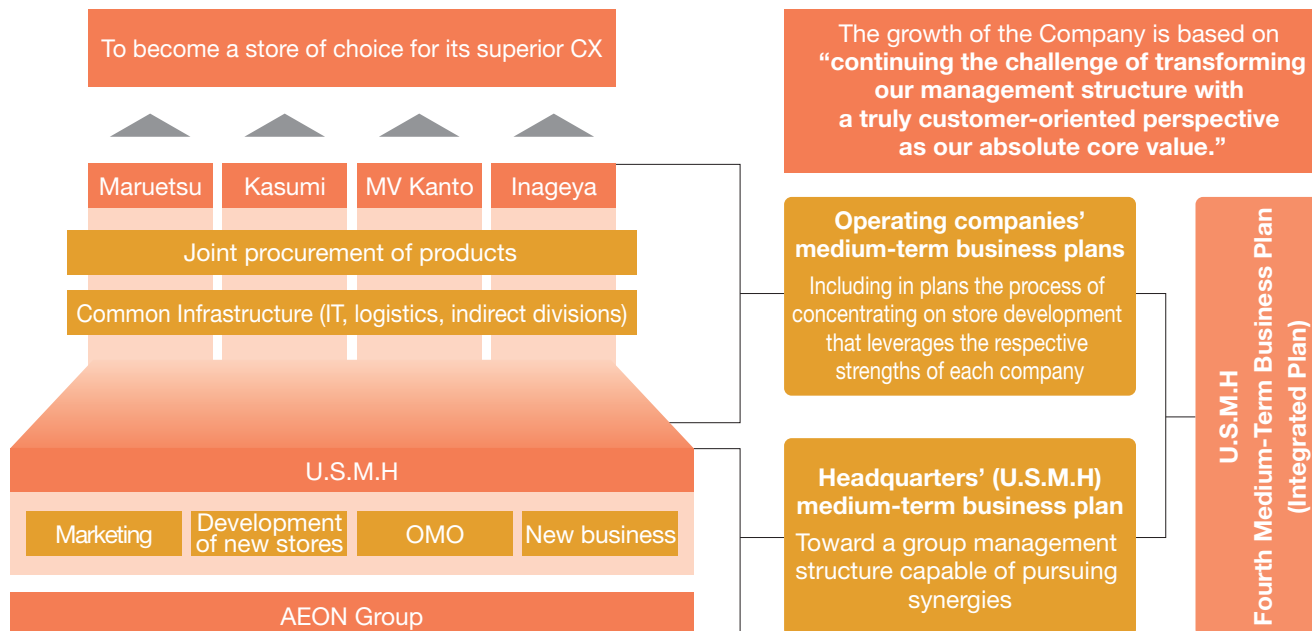
As a result of the business integration, the U.S.M.H Group will further enhance its presence as one of the core companies of the AEON Group, as a supermarket company with sales of 1 trillion yen in the greater Tokyo area. In the future, we will evolve from a group of operating companies with annual revenues of 200-300 billion yen each to a presence that is the choice of more customers.

As part of the structural reforms associated with the business integration, we will consolidate some of the merchandise purchasing functions within the Group. In the past, similar processes, from negotiations to delivery, took place separately at each operating company. By unifying these processes, we will not only improve the efficiency of the Group as a whole, but also provide cost benefits to our suppliers, ultimately leading to increased value for customers.

In addition, with regard to the integration of Inageya, we will not simply expand the scale of operations, but aim to broaden support across the entire Group by avoiding in-house competition through the development of unique stores in each commercial area. As a result, we will achieve a “multiplication” based growth.

On the other hand, with regard to new store openings, in light of soaring construction costs, we will respond flexibly while assessing profitability, including making use of existing properties with all their furnishings and forming partnerships

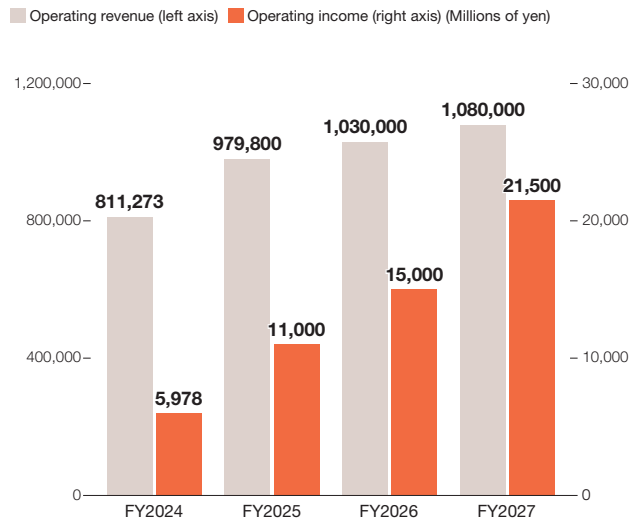
• The U.S.M.H Group’s Management Structure to Realize its Vision



Message from the Chairman

with industry peers. In the future, we will strive to maximize the value that we provide to customers by strengthening the food supermarket business in cooperation with the AEON Group and by considering M&As upstream in the supply chain.

• Fourth Medium-Term Business Plan: Numerical Plan



Management conscious of capital cost and share price

We Will Improve Capital Efficiency Through Aggressive Growth Investments, Effective Use of Assets Held, and Reduction of Interest-bearing Debt

In response to a request from the Tokyo Stock Exchange, the Group is taking measures to realize management that is conscious of capital cost and share price. Our current P/B ratio is only 0.75 (as of February 28, 2025), and as the market's evaluation of the effects of the integration with Inageya is

limited, the need for accountability based on performance is increasing.

As a listed company, we view securing a P/B ratio of 1 or more as a key management issue, and we will focus on the early recovery of business performance. With regard to shareholder returns, our basic policy is to maintain and enhance stable dividends with a payout ratio of 30% or more in parallel with the improvement of business performance.

During the period of the Fourth Medium-term Business Plan, we plan to make investments totaling over 100 billion yen, which will exceed our cumulative operating cash flow. These investments will be allocated mainly to store revitalization, the advancement of digitalization, and the reduction of environmental impact. On the other hand, we aim to secure a ROIC level of 6% as a capital efficiency indicator by promoting the effective utilization of assets held and the reduction of interest-bearing debt.

In addition, as the total number of shares outstanding has doubled as a result of the integration with Inageya, the Company is also considering a capital policy response.

To Our Valued Stakeholders

We Will Acquire a Platform That Will Have a Significant Positive Effect on the Future of the Group and Expand Opportunities for Employees to Grow and Play an Active Role

The Group marked the 10th anniversary of the establishment of U.S.M.H in 2015. In recent years, the environment surrounding the supermarket industry has become increasingly harsh, as rising costs and price increases have heightened awareness of the need to protect people's livelihoods.

Under these circumstances, by welcoming Inageya to the Group and carrying out structural reforms, the U.S.M.H Group is poised to advance to a new stage. We believe that expanding the scale of our business will mitigate the impact of changes in the external environment and lead to sustainable growth and stable employment.

The establishment of a supermarket platform worth 1 trillion yen in the Tokyo metropolitan area is a major step forward for the Group's future. We also believe that business expansion will



create opportunities for our employees to take on challenges and grow through new work, expand their opportunities to play active roles, and make it possible for them to advance their careers through their own efforts.

In fiscal 2025, a new management team was launched with the appointment of former Advisor, Takemi Ide, as President and Representative Director. As Chairman, I will support Mr. Ide's leadership and continue to work hard for the advancement of the Group.

I hope our stakeholders will look forward to the future that the new U.S.M.H Group envisions, and I would like to thank them for their continued support.

Message from the President



We will execute our growth strategy with a strong focus on our execution capabilities to expand our share of the Kanto market.

While the AEON Group as a whole aims to expand its food supermarket business, under its new management team, the U.S.M.H Group will promote a growth strategy that takes advantage of its business scale, as well as cost structure reforms, and play a leading role in expanding market share in the Kanto region. Here, I will present my views on how we will realize the directions set out in the Medium-Term Business Plan and our future initiatives.

Takemi Ide President and Representative Director

Goals as the New President and Previous Experience

Believing in People's Potential and Accepting of Diversity, We Will Realize Store Reforms with Leadership That Builds Understanding and Empathy on the Frontlines Through Direct Dialogue

My name is Takemi Ide, the new President and Representative Director. On the 10th anniversary of U.S.M.H's foundation I have taken the helm of management at a critical time for the new U.S.M.H Group as it takes its first steps toward major structural reform in anticipation of the future. Drawing on my past experience, I will join all our officers and employees and work as a united team to drive the advancement of our business and its contribution to society.

I joined JUSCO (now AEON) 40 years ago, in 1985. Amid the rapid growth of the AEON Group, I was involved in new store openings throughout Japan, working on purchasing of food products. I was also able to gain a variety of experience in the seafood products and delicatessen products development departments. Subsequently, after becoming Director and Manager of the Product Division of Group company MaxValu Tohoku, I joined forces with store managers and area managers to work on revitalizing many stores. Next, in my position as President of Sanyo Marunaka, which had newly joined the AEON Group at that time, I worked together with people

working on the frontlines, where I learned the importance of connecting day-to-day operations to the achievement of targets.

That ability to enjoy the process and the confidence to produce results while holding the responsibility for making changes on the ground are, I believe, the foundation for what I am today. As a leader of an organization, there are three core principles that I value. The first is to put aside any preconceived notions and assumptions and believe in people's potential. The second is to accept the diversity and individuality of people and organizations and to leverage their respective strengths. The third is to emphasize direct dialogue and gain the understanding and empathy of others. My own personal code of conduct is to make objective decisions by seeing the actual places, products, and facts for myself, while valuing these principles.

When I became President of AEON Retail in 2019, in an effort to practice customer-oriented management, I visited all 400 or so stores and promoted on-site improvement initiatives such as "5S (Sort, Set in Order, Shine, Standardize, and Sustain)" activities. In addition, in the belief that customer satisfaction is underpinned by the staff working in the stores, I gave consideration to increasing employee satisfaction. I believe that the accumulation of these kinds of efforts on the ground enabled us to increase the effectiveness of the AEON Retail Revival Plan, which aimed for further growth.

At AEON Retail, we rolled out a "New Combination" model that emphasized "strong food" and "strong specialization" for the establishment of a new general supermarket. Further, in addition to offering functional value such as convenience and lower

Message from the President

prices, we pursued research of store design that would deliver emotional value, allowing customers to experience the fun and happiness of shopping with all five senses. I intend to bring these experiences and perspectives to the structural reforms of the food supermarkets being promoted by the U.S.M.H Group.

Requirements for Executing the Medium-Term Business Plan

Leveraging the Economies of Scale of the “U.S.M.H Group’s ¥1 Trillion Scale” and the Strengths of the AEON Group, I Will Implement Reforms to Create “Stores of Choice That Offer a Superior Customer Experience”

In the food supermarket industry today, consumers are becoming increasingly aware of the need to protect their livelihoods in the face of rising commodity prices, and there is growing competition from companies from other industries. At the same time, the business environment is becoming increasingly harsh as we contend with not only soaring purchase prices, but also rises in all manner of costs, including energy, labor, and logistics. Under these circumstances, the U.S.M.H Group launched its Fourth Medium-Term Business Plan (FY2025-2027), with the aim of delivering value that truly anticipates customer needs. Through this plan, we will aim to differentiate ourselves by implementing reforms in the three areas of merchandise, stores, and productivity. We intend to overcome the changes in the business environment by creating synergies that leverage our business scale.

The integration of Inageya has ensured the business scale needed to realize the “Concept of Supermarket with ¥1 Trillion Sales in Kanto.” We are now able to make growth investments at unprecedented levels in areas such as new store openings, store renovations, merchandise development, the use of digital technologies in back-office operations, and the development of procurement and logistics infrastructure, as well as investments in human resources to support these initiatives. I recognize that my biggest job will be to steadily implement strategies and measures while providing concrete indications of the economies of scale to be gained by the integration of the four operating companies.

A further mission of mine is to support and achieve, as the holding company, new store formats that will realize the direction of **“stores of choice that offer a superior customer experience”** that we have clearly indicated as the common direction that all four operating companies should pursue. We will work on the creation of new value and the reform of cost structures, including the delivery of the emotional store experience that I mentioned earlier. Having recently set up a Group-wide project team, we intend to start verification testing at trial stores from the second half of the fiscal year.

In the implementation of such strategies and measures, I believe that, in addition to my own personal experience, it will be effective to take advantage of the extensive insights and expertise accumulated in the AEON Group. As the supermarket division of the AEON Group, U.S.M.H has been positioned as a key driver of the AEON Group’s market share expansion strategy in the fertile Kanto region alongside My Basket, which operates small supermarkets in urban areas, and the online supermarket, AEON Next. In addition, by restoring and reusing existing assets in store development, we will pursue our differentiation strategy advantageously and effectively even in the highly competitive greater Tokyo area.

In advancing these initiatives, I intend to play a central role in closely communicating with the top management of the four operating companies and fully demonstrate execution capabilities, in order to eliminate bottlenecks that tend to occur between organizations and strengthen mutual cooperation within the U.S.M.H Group.

A Message For Our Valued Stakeholders

A relationship in which employees and the Company grow together and share both material and spiritual richness with stakeholders

In an era of rapid change, I believe that one of the basic elements for the success of business development by chain stores is to instill an awareness of team management and management by all employees. The retail industry is a human industry based on people-to-people relationships, one that involves interacting with customers on a daily basis. As such,

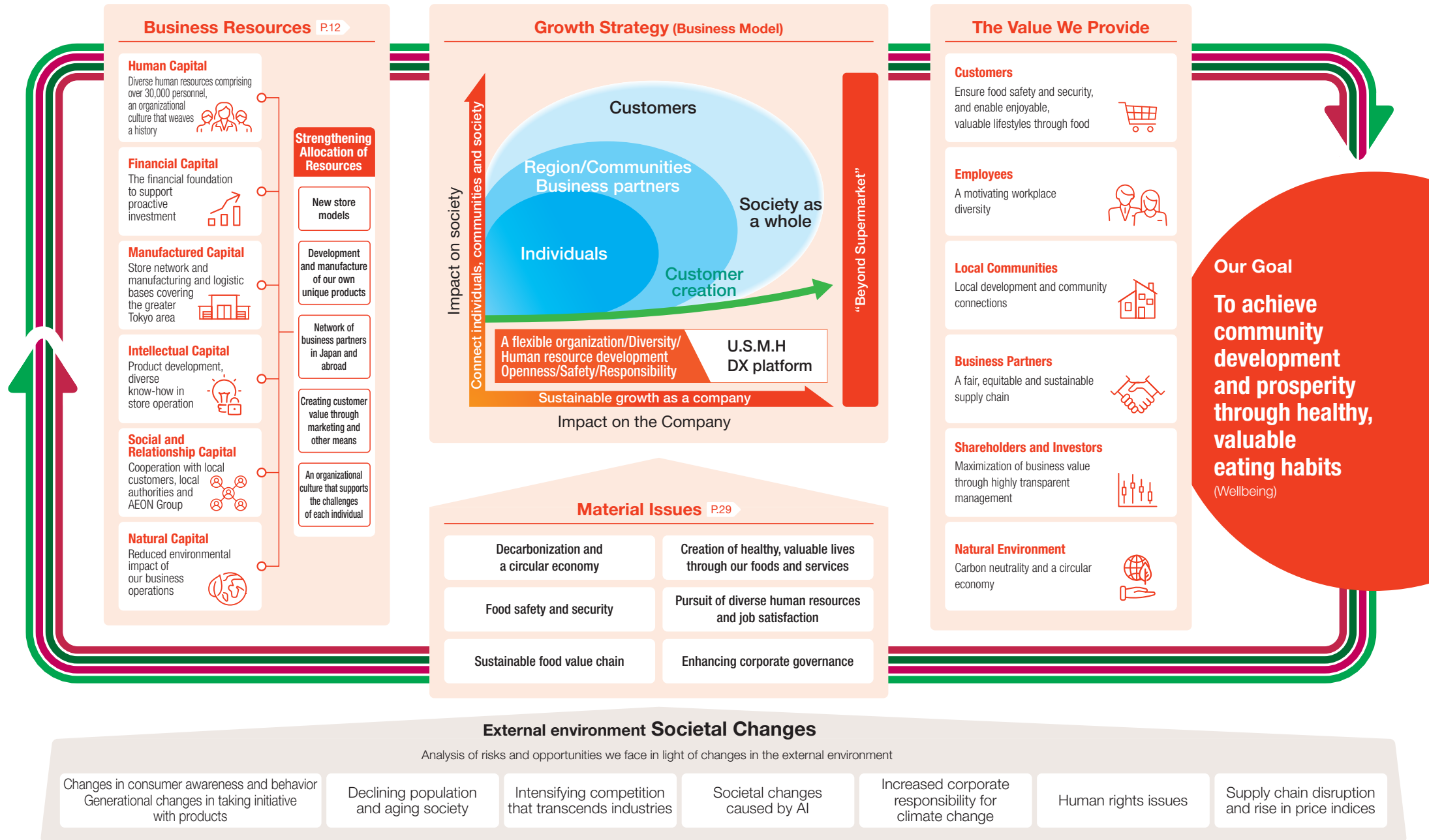
people are a major asset, just like stores and merchandise. Maximizing the strengths of each and every one of our employees and supporting their activities will be a prerequisite for the enhancement of corporate value.

As the President of the U.S.M.H Group, I will strive, together with our employees, to realize a virtuous cycle in which the growth of each individual employee will lead to the growth of the company, and the growth of the company will encourage the further growth of our employees, so that we can share both material and spiritual richness with all our stakeholders. And just as, in my own work, I have been able to stand on the foundations of the assets accumulated by those who came before me, I will focus on building a foundation on which the next generation may grow, and on developing human resources to whom we can firmly pass on our knowledge and assets.

I hope you will look forward to the ongoing challenge of the U.S.M.H Group as it strives toward further advancement.



Value Creation Model



Sources of Value Creation

We will take on the challenge of creating new value by making the most of our accumulated business resources. (Results for FY2024)

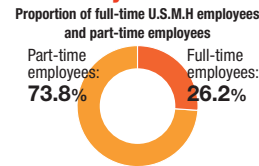


Human Capital

P.33

Diverse human resources comprising over 30,000 personnel, an organizational culture that weaves a history

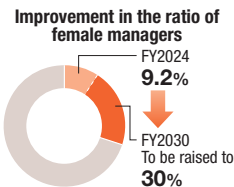
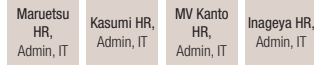
- Employees (calculated based on an 8-hour work day): **35,510**
 - Full-time employees: 9,300
 - Part-time employees: 26,210
- Ratio of female managers: **9.2%**



For further capital evolution

Integration of back-office functions

U.S.M.H HR, Admin, IT



Financial Capital

P.16

The financial foundation to support proactive investment

- Net sales: **811.2 billion yen**
- Total assets: **382.6 billion yen**
- Operating cash flow: **14.4 billion yen**
- Equity ratio: **53.1%**

For further capital evolution

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



Manufactured Capital

P.25

P.26

Store network and manufacturing and logistic bases covering the greater Tokyo area

- Stores: **660**
- Unstaffed stores in offices: **310**
- Mobile supermarket vehicles: **112**
- Green Growers plant factory and processing center (PC)**
- Joint delivery center**

For further capital evolution

- Revitalize the sales floors of the four companies by providing merchandise from delicatessen PCs, plant factory, and joint delivery centers, and build a stable distribution network

Maruetsu Soka Delicatessen Center



Intellectual Capital

P.25

Product development, diverse know-how in store operation

- Expansion of original U.S.M.H brands
 - eatime* (210 SKUs)
 - Original brands of each operating company
 - ➔ **9,300 SKUs**

Note: +2,300 SKUs year-on-year

For further capital evolution

- Joint procurement of high-value products that rivals cannot handle and strengthening of private label brands of each operating company



Social and Relationship Capital

P.40

Cooperation with local customers, local authorities and AEON Group

- Total number of customers per year: **410 million**
- Number of stores conducting food drive: **184 stores**
- Number of partner local authorities for Regional Comprehensive Cooperation Agreements: **31**
- Number of partner local authorities for Disaster Relief Supply Agreements: **83**

For further capital evolution

- Expand each operating company's own activities for regional contribution (proactive cooperation towards solving issues in local communities)
- Social contribution activities in cooperation with AEON Cheers Club

Signing ceremony of Regional Comprehensive Cooperation Agreement with Sugito Town



Natural Capital

P.30

Reduced environmental impact of our business operations

- 4,300 tons of recyclable resources collected in-store by three companies in FY2023
 - ➔ **5,300 tons by four companies in FY2024**
- Percentage of renewable energy in Group electricity
 - ➔ **approximately 73%***
- Reduction of CO₂ emissions with the use of renewable energy in FY2024
 - ➔ **198,000 tons**
- Stores conducting food waste recycling **322 stores**

For further capital evolution

- Expand resource collection at stores
- Improve accuracy of demand prediction, expand food waste recycling to more stores
- Increase stores with food waste recycling loop certification



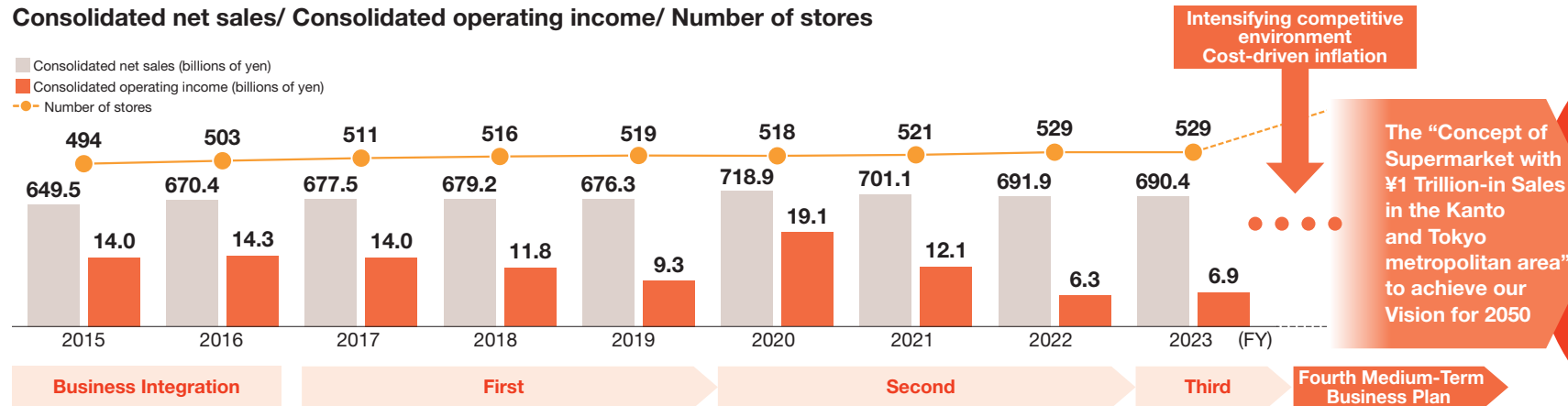
*Reason for the 5-point decline in the percentage of renewable energy from the previous year: The calculation included the semi-annual figure for Inageya, which introduced the use of renewable energy in August 2024. As the full-year figure will be used for FY2025, the percentage of the entire U.S.M.H is expected to rise.

Review of the Third Medium-Term Business Plan and Future Vision

During the period of the Third Medium-Term Business Plan, which began in fiscal 2023, the business environment surrounding supermarkets became increasingly harsh, with rising purchasing costs due to soaring prices of raw materials and energy such as electricity rates. As a result, in fiscal 2023, we were not able to escape from recent performance trends, which increased the severity of the situation and cast a shadow over the Company's sustainable growth.

For this reason, we realized that we needed to cease the existing Group management structure, which had leveraged cooperation between U.S.M.H and the individual operating companies and the autonomy of those individual companies since U.S.M.H was first established, and to implement fundamental structural reforms that will unite U.S.M.H and the operating companies together as one. Returning to our core philosophy of "offering customers healthy, valuable choices in food" and working on the integration of the medium-term business plans of U.S.M.H and the operating companies, we took advantage of the business integration with Inageya Co., Ltd. in November 2024 to formulate the Fourth Medium-Term Business Plan, starting from fiscal 2025. The new plan will help the operating companies to advance changes to become "the stores of choice for their superior CX," and U.S.M.H to transition to a group management structure that will enable it to pursue synergies. The aim is to transform into a group with a solid management foundation that is recognized as the largest supermarket company in the greater Tokyo area.

Consolidated net sales/ Consolidated operating income/ Number of stores

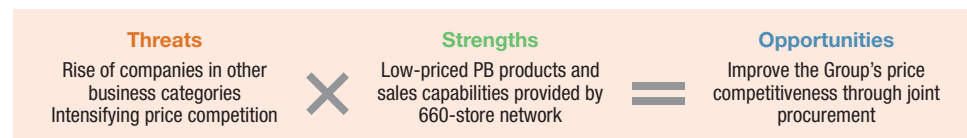


Our vision
To achieve community development and prosperity through healthy, valuable eating habits
(Wellbeing)

External Environment

2024 was a year in which household budgets were pressured by higher electricity and gasoline prices, as well as rising raw materials and labor costs that were passed on to the prices of goods. In particular, consumers are increasingly seeking lower prices for purchases such as processed foods and confectionery items. Under such circumstances, not only food supermarkets but also discount stores and drugstores are expanding their processed food and confectionery sections. This is making the competitive environment surrounding the Company even more severe, situation that we consider as a threat.

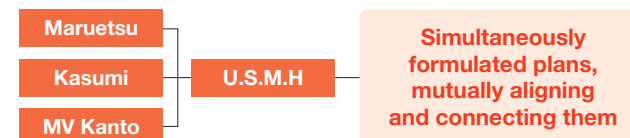
On the other hand, the Group believes that its strengths lie in its ability to sell the AEON Group's private-label brand (PB) products that have quality and price advantages, such as TOPVALU and BESTPRICE, and in its sales capabilities with 660 stores in the greater Tokyo area.



Review of the Medium-Term Business Plan to Date

In the previous Medium-Term Business Plan, we endeavored to be conscious of the medium-term business plans of the U.S.M.H Group as a whole and those of the individual operating companies and to align them simultaneously to strengthen mutual understanding and collaboration. However, in terms of leveraging corporate scale and promoting initiatives, we failed to secure a position of competitive advantage compared with other companies, and we recognize that this failure is evident in our business performance in recent years.

Formulation Process of the Medium-Term Business Plan



Awareness of Issues

- Understanding of collaboration within the Group
- Sharing of histories of each operating company
- Duplicated functions and unclarified roles of operating companies and U.S.M.H

Failure to take advantage of economies of scale, casting shadow on advancement of businesses

Overview of the Fourth Medium-Term Business Plan (FY2025 – FY2027)

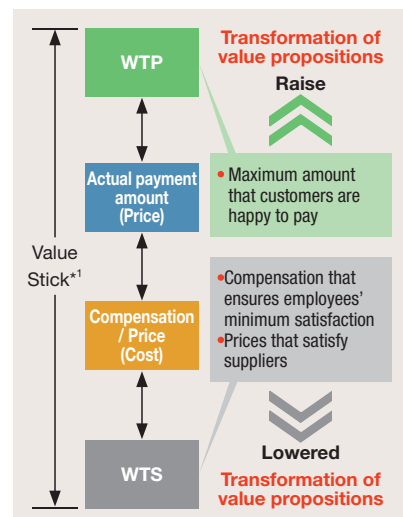
Looking back on the previous Medium-Term Business Plan, initiatives to leverage the respective roles and corporate strengths of U.S.M.H and the operating companies did not work smoothly, which we recognize as an issue. Therefore, resolving this issue became one of the goals of the Fourth Medium-Term Business Plan. Assuming an increasingly competitive environment, we formulated a plan that prioritizes the expansion of store earnings, which we have considered as Engine 1, and strengthening initiatives based on the needs and preferences of customers. While the main priority measures are centered on the plans of the operating companies, U.S.M.H headquarters has incorporated elements to ensure the effectiveness of those plans and also what needs to be done to further advance our competitive advantage. In doing so, we have formulated a Medium-Term Business Plan that unites both the operating companies and U.S.M.H as one.

Background to Formulation of Medium-Term Strategy

We spent over a year in preparation for the Fourth Medium-Term Business Plan, which will start in fiscal 2025, deciding that we would aim to win the support and satisfaction of our customers, without deviating from our commitment to customer needs and preferences. The Plan calls for us to return to the fundamental principles of the retail business and to thoroughly implement approaches and actions based on our core philosophy, never straying from a truly customer-oriented perspective for the sake of corporate convenience or internal rationale.



Basic Philosophy for the Formulation of the Medium-Term Strategy



We shared our approach to organizing the relationship between our customers, employees, and suppliers in terms of value provided. Customers instinctively sense a price level that they feel is acceptable for the value that we offer, or feel that the price is too high. On the other hand, employees and suppliers evaluate the level of compensation and unit prices based on the value that they provide, such as their motivation and responsibility in their work and the indirect benefits of doing business with us. If the compensation or price exceeds these levels, they will be willing to belong to or trade with us.

Based on this approach, we set as our basic policy to work on the transformation of value propositions, such as by raising customers' willingness to pay (WTP^{*2}) and lowering employees' and suppliers' willingness to sell (WTS^{*3}).

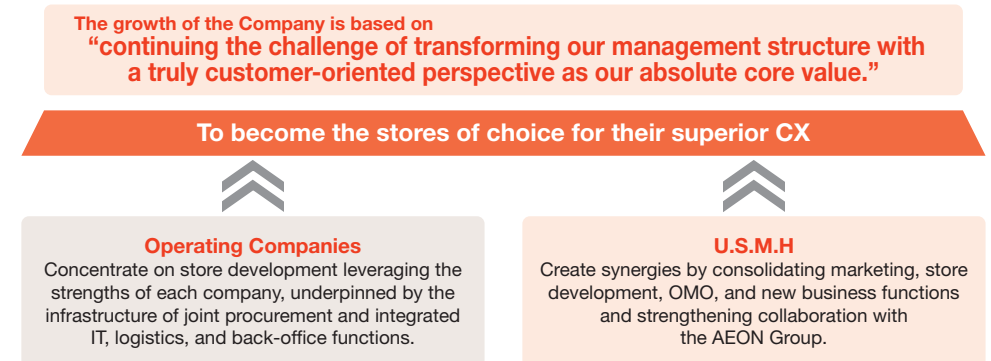
^{*1} Value Stick: A visual representation of how a company creates and distributes value.

^{*2} WTP: Willingness to pay

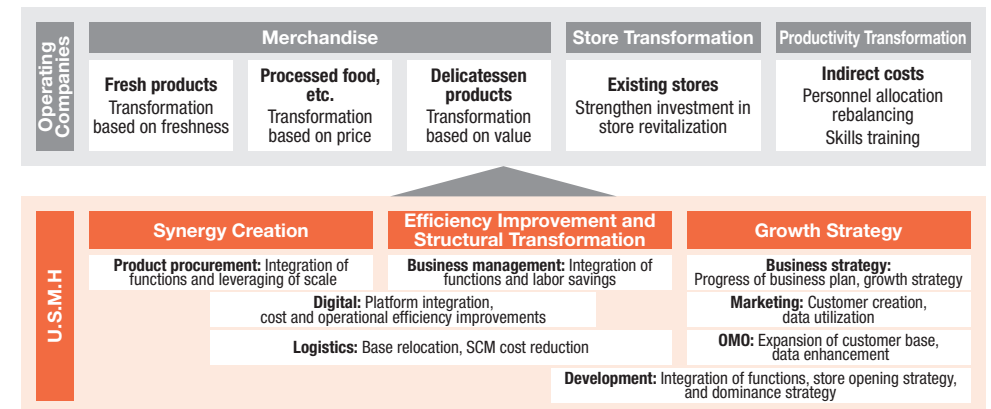
^{*3} WTS: Willingness to sell

Fourth Medium-Term Business Plan: Basic Policy

In response to the results of surveys of customers, markets, and competitors, we have positioned "continuing the challenge of transforming our management structure with a truly customer-oriented perspective as our absolute core value" as the Company's basic policy. On that basis, we identified issues on which U.S.M.H should take the initiative and formulated the Medium-Term Business Plan that integrates and unites the medium-term business plans of the operating companies and U.S.M.H.



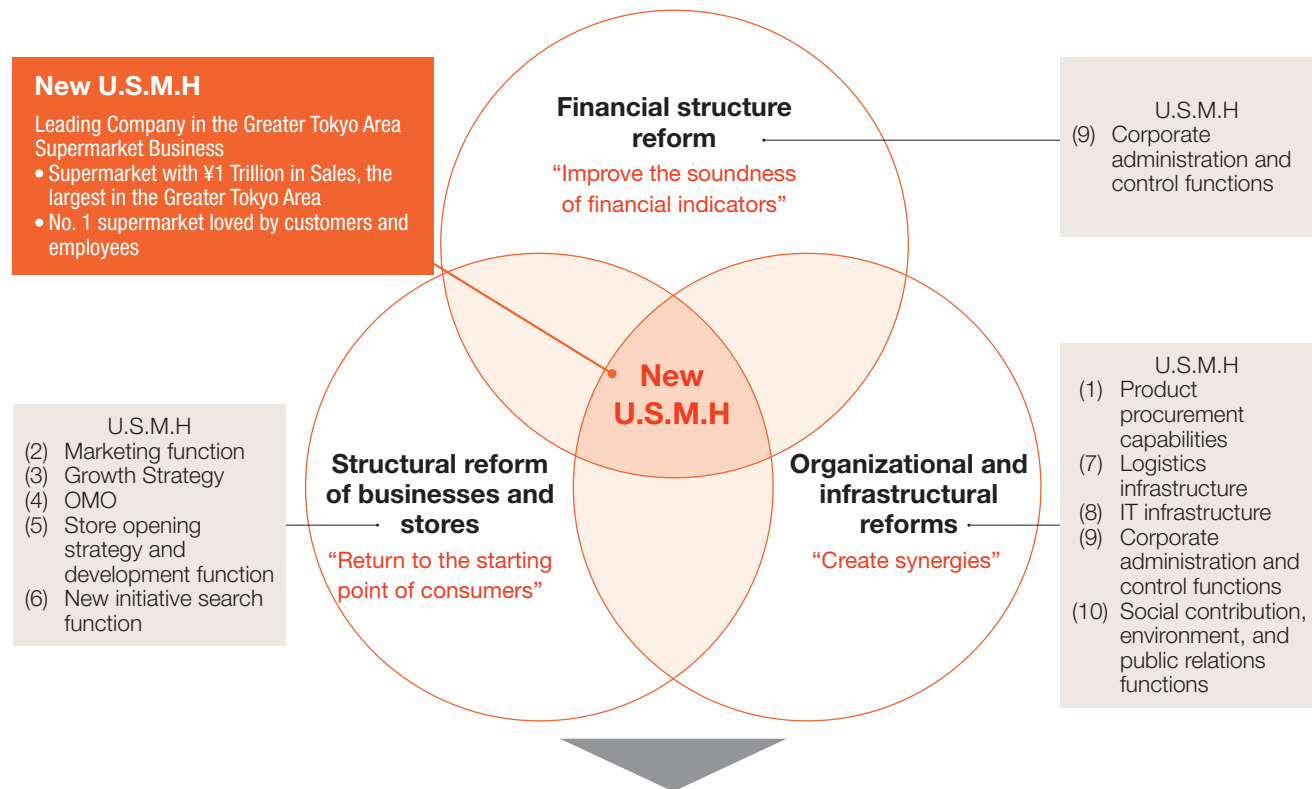
Priorities of the Fourth Medium-Term Business Plan



The Fourth Medium-Term Business Plan: Group Synergy Creation Strategy

If it is to steadily advance the individual operating companies' medium-term business plans and support their effectiveness, U.S.M.H, as a holding company, must strengthen its existing functions and establish new ones. For this reason, we conducted customer and market analysis that integrated demographic data and data on customers' shopping behavior and values, targeting residents in the commercial areas where the Group's stores operate. We also considered an organizational structure that would underpin the operating companies' efforts to continuously provide the value sought by their customers, based on the results of surveys of competitors and marketing research targeting the Greater Tokyo Area. Based on that, we formulated strategies to create synergies within the Group. Through these strategies, we will integrate and unite the medium-term business plans of the individual operating companies with that of U.S.M.H and steadily promote the Fourth Medium-Term Business Plan.

Three Structural Reforms to Become the Leading Company in the Greater Tokyo Area Supermarket Business



Our Vision for the Next Three Years

For customers

Evolve into stores where customers can feel satisfied with freshness, quality, price, and product range, and become the choice of customers through merchandise and customer service

For employees

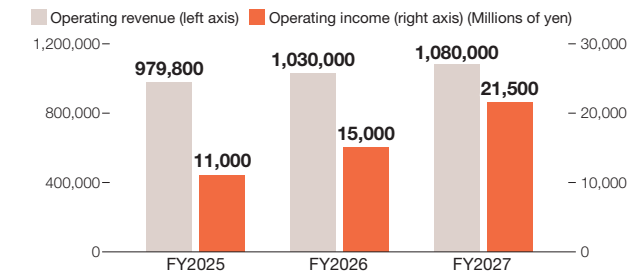
Establish challenging and rewarding work environments and evaluation and compensation systems that meet employees' satisfaction

For suppliers

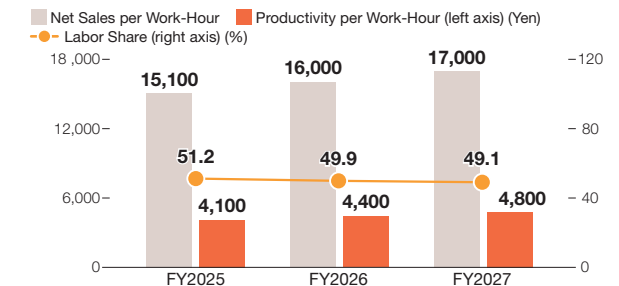
Realize strong partnerships with suppliers through the expansion of business that leverages social credibility and scale through transactions and collaboration

Fourth Medium-Term Business Plan: Numerical Plan

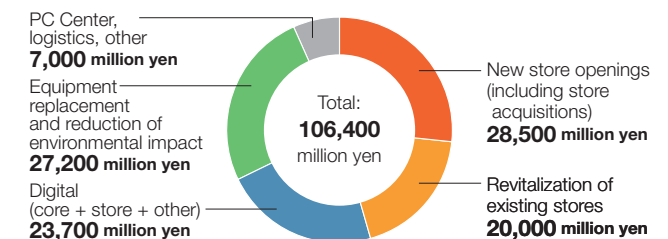
• Operating Revenue / Operating Income Plan



• Net Sales per Work-Hour/ Productivity per Work-Hour/ Labor Share Plan



• Investment Plan (FY2025-FY2027)



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 the diversification of consumer values and changes in the market (such as changes in our operating area and the competition, including from other industries) are progressing. If we fail to keep up with those changes, we will lose both customer support and market share.

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

Averages for relevant years (millions of yen, %)

	Third Medium-Term Business Plan Results	Fourth Medium-Term Business Plan Projections
Operating revenue	750,886	1,029,933
Operating income	6,443	15,867
Debt/Equity ratio	0.3	0.3
Payout ratio	255.4	53.7
ROE	0.5	6.0

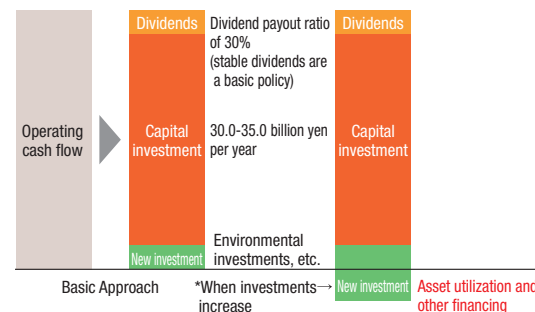
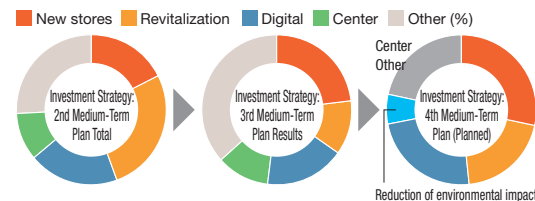
*Third Medium-Term Plan figures are results for FY2023 and FY2024

Cash Allocation

We allocate generated operating cash flow to investment for the maintenance of infrastructure, including the revitalization of existing stores, as well as investment for sustainable growth infrastructure, such as new stores and the supply chain. In addition, with an emphasis on management indicators centered on ROIC (return on invested capital), we are working to improve the effectiveness and efficiency of our investments from both a profitability and capital-efficiency perspective.

Fundamentally, we allocate funds within the scope of cash flow allocation, set those allocations after categorizing them by investment purpose, and determine the investment amount for the entire Group. If the amount exceeds our operating cash flows, we make efforts to improve capital cost efficiency, such as making use of existing assets.

Investment Strategy

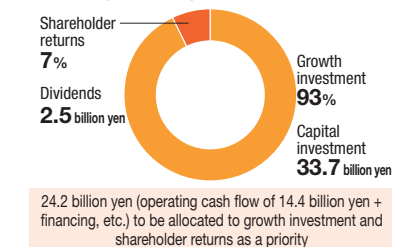


Growth Investment Strategy

Under the policy of "Realizing true growth by continuing the challenge of transforming our management structure with a customer-oriented perspective as our absolute core value" set forth in the Fourth Medium-Term Business Plan that starts from FY2025, we will make investments to realize medium- to long-term initiatives such as the following:

- 1 Store-related investments: Improve store age, consider new-concept store formats, and reform efficiency and productivity
 - 2 Logistics-related investments: Relocate Group bases and streamline supply chains
 - 3 Digital-related investments: Increase the number of customers and enhance services using OMO in stores
- Such investments will lead to the next stage of growth.

Allocation of Operating Cash Flow (Results)

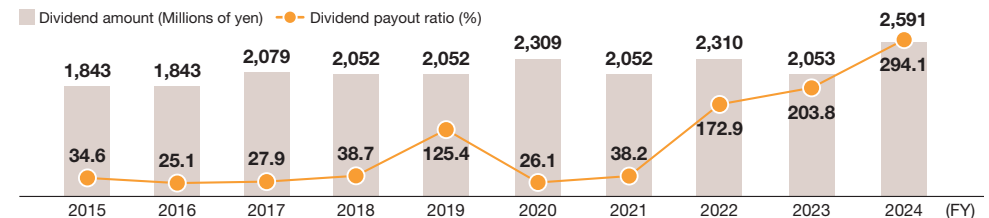


Shareholder Return Policy

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 also work to enhance our dividend policy in combination with dividends, such as the shareholder benefit scheme. We will continue working to strengthen our returns to shareholders while enhancing corporate value.

Dividend Chart



Policy for Dialogue with Shareholders and Investors

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.

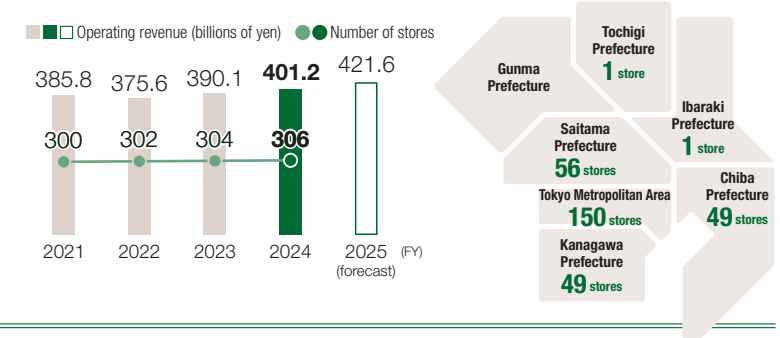
Strategies for Executing the Value Creation Story



FY2024
Financial Results
Reference Materials



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



Message from the President

I would like to express my sincere appreciation for the fact that Maruetsu, which has continued its business activities for the realization of our vision of “Shiawaseikatsu (Happy Life),” has been able to celebrate the 80th anniversary of its founding this year. In fiscal 2024, customer numbers and average spending per customer increased year on year, thanks to which, net sales have grown for 24 consecutive months. On the other hand, amid the increasingly severe business environment, total sales volume on an existing stores basis fell below the previous year’s level, a situation that we strongly recognize as a serious concern. With this recognition and with what customers want to buy as our starting point, we will enhance our product and sales floor proposal capabilities.

In fiscal 2025, the 80th anniversary of our founding, we have declared a theme of “Succession and Metamorphosis*.” “Succession” refers to our determination to firmly carry on the history and the spirit of the company’s purpose that has continued since its foundation. “Metamorphosis” expresses our strong belief that it is time for Maruetsu to change in every way—organization, personnel, and profit structure. In particular, I have explained carefully to our employees that the revision of our personnel system, the first in 20 years, is a path that we must take for the next stage of Maruetsu’s growth. By accelerating investments in productivity improvement and making all those changes starting in fiscal 2025, we will aim to be in a different position two or three years from now.

In the Medium-Term Business Plan, which starts in fiscal 2025, in order to become the store of choice for customers, we have set out a policy that puts the stores front and center, underpinned by price, freshness, and product range. In terms of price, we will foster a sense of reasonable pricing of everyday goods, including the expansion of the AEON Group’s “BESTPRICE” private-label brand. In terms of freshness, we will make changes to store operations and restructure our systems to ensure that fresh foods are sold out on the same day as they are delivered. At ten of our stores, we are conducting a trial review of our product mix to attract new customers as well as our existing customers. After evaluation of the results, we plan to extend this initiative to all of our stores. With regard to product range, while taking advantage of the AEON Group’s systems, we will analyze what merchandise our customers truly want and work to create product ranges from the customer’s perspective, rather than our own convenience. It is none other than the positive engagement of our employees that will make these initiatives a reality and create new value. I will continue to encourage our employees to take on the challenge of doing what they want to do themselves, to transform into a company where they can find even more pride and joy in working. In this milestone year of our 80th anniversary, all of our employees will reaffirm our purpose and embrace the challenge of creating stores that will make them smile more alongside our customers. I hope that you will look forward to the results of our efforts.

*Metamorphosis: The state of repeatedly shedding old skin and taking on new forms. This word represents our vision of adapting to the environment and growing ourselves with our own will.



Masaharu Homma
The Maruetsu, Inc.
President and
Representative Director

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 80 years of business
- Abundant infrastructure: Ambient, cold, and fresh food processing centers, delicatessen center, and personnel dispatch company
- Diverse store formats

Challenges

- Rising labor costs in urban areas, the main area in which our stores are located
- Intensifying competition in urban areas

Vision and Strategies for Fiscal 2025

Improvement of store performance through an area store structure

Centered on the Maruetsu Petit stores that we will open in urban areas, we are promoting an area store structure, in which store managers manage and operate multiple stores. By integrating the management of multiple nearby stores and making the most of human capital, we are improving operational efficiency and realizing the creation of stores that respond to the area’s needs.



Maruetsu Petit

Promotion of revitalization through store renovations

We are actively working on the revitalization of our existing stores through major renovations and renewals. We are working to transform our stores into spaces that are convenient for customers and easy for employees to work in. This includes creating sales floors that reflect customer feedback, expanding convenience through the introduction of fully self-service cash registers, and the replacement of aging facilities.



Strategies for Executing the Value Creation Story

Priority Strategies

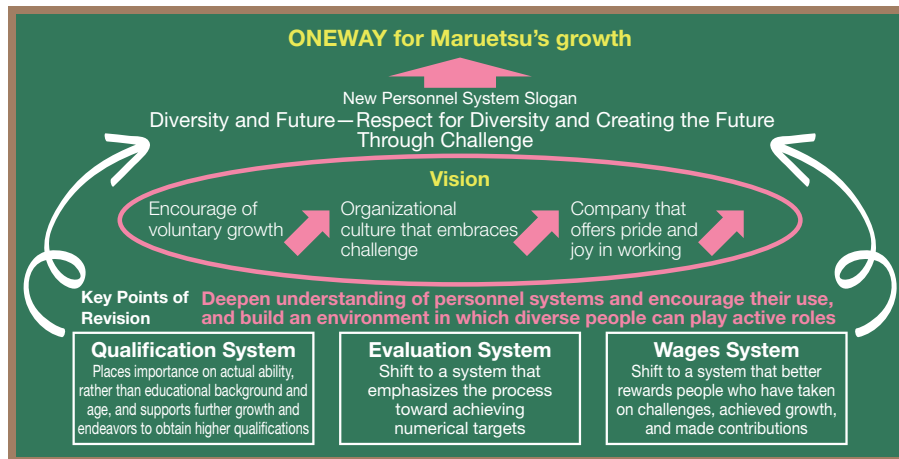
Creation of a Corporate Culture in Which Each Individual Can Play a Leading Role

In our 80th anniversary year, our people will take center stage. We are revising our personnel system for the first time in 28 years to maximize the potential of each individual.

As the functional integration of the U.S.M.H Group proceeds and careers become more diverse, we will work hard on measures to create a corporate culture that will help people to shine more than ever, so that Maruetsu's people can aspire to the same future and that the growth of individuals will lead to the growth of Maruetsu.

Create an environment where diverse people can flourish

To achieve sustainable development amid rapidly changing social and labor environments, we will respect diversity of lifestyles and working styles, and introduce a new personnel system that will allow our employees to take even greater pride and joy in their work.



Gratitude for 80th Anniversary and Ongoing Challenges

The 80th Anniversary Commemoration Project has two missions. One is to convey our gratitude for the past 80 years to our customers, employees, and suppliers, and the other is to transform our corporate culture into something better. As part of these efforts, we planned "Arigato Radio," in which messages of appreciation received from customers are read out over the in-store broadcasting system, and an "Employee Cultural Festival," the first in-house event since the company was founded.



Shizuka Kaiho
Corporate Administrative
Department, Corporate
Administrative Division

As I have worked together with various sections, including the stores, I have gained a renewed sense that Maruetsu possesses both diversity of employees and a sense of unity toward a common goal. We intend to make 2025 a special year, so that people both within and outside the company will discover the appeal of Maruetsu and employees and their families will feel glad that they work for Maruetsu. We hope you will look forward to what we have planned.



Arigato Radio Employee
Recording Society

Store Introduction

Kawaguchi JU-MALL PLAZA Store

Emphasizes emotional value with a store space that expresses the unique qualities of Maruetsu. New store opened in May 2023.

Store overview

- Location: 3-13-1 Sakaecho, Kawaguchi, Saitama Prefecture
- Opening hours: 9:00 a.m. to 1:00 a.m.
- Parking spaces: 68 (shared facilities)
- Opened in May 2023
- Sales floor area: 1,041 m²
- Annual sales target: 1.91 billion yen

Commercial area characteristics

- Region with a growing population, currently around 22,000 in a 500 m radius.
- Located along a shopping street four minutes' walk from Kawaguchi Station, it has formed a dominant position with the Kawaguchi Cupola store in front of the station. Frequenting by many single- and two-person households in their 30s to 50s, as well as families and elderly customers.

Concept / vision

With a different customer flow from the Kawaguchi Cupola store, it captures needs that emphasize quality, carefully selecting well-known brands and high-quality merchandise. There is strong demand for Japan-grown fruit among non-Japanese customers, who account for 12% of the commercial area's population. The store's active focus on fresh fruit and vegetables from the beginning has earned it a reputation for the freshness of its produce, and sales have increased by 50% in the past eighteen months. Taking advantage of its compact sales floor, the store will maintain this high degree of freshness and continue to be a store that is trusted for its freshness and its product range.



The store has reinforced its range of ready meals and convenience foods for single- and two-person households, which account for 70% of the commercial area. As well as the delicatessen offerings, its popular "otsumami" snacks range consistently ranks among the store's top selling products.



In a first for Maruetsu, the store's interior and exterior design expresses the brand concept by depicting a "Road to Well-being" of local residents. The design tone of each section of the sales floor varies in an effort to create a warm store atmosphere.



VOICE



Yasuhiro Uchibori
Store manager,
Kawaguchi JU-MALL
PLAZA Store

Given the high expectations for fresh foods and staple products, our store has focused its efforts on maintaining a high degree of freshness and ensuring a fully stocked sales floor. Further, as a result of careful approaches tailored to the variations in customer segments on different days of the week and at different times of the day, we have continued to grow sales beyond projections, particularly on Sundays, when the store is busy with families.

In addition to the outcomes of such initiatives, the store's interior and exterior design has been well received by customers, which has helped us to differentiate our store from our nearby competitors. We are also actively working to improve the efficiency of store operations, including the introduction of electronic shelf labels and sliding shelves.

We will continue our efforts to create a store that will be loved by the local community for many years to come, by responding to the trust placed in us by our customers and aiming for the same direction as our employees.

Strategies for Executing the Value Creation Story



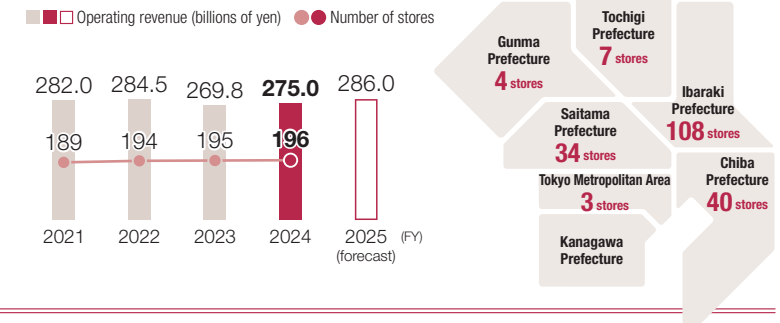
KASUMI

FY2024
Financial Results
Reference Materials



Aiming to Remain a Company that Stays Close to and Contributes to the Community

We will stay close to our customers and support their better lives by offering new value.



Message from the President

Celebrating the 65th anniversary of its foundation this year, Kasumi Mirai operates 196 stores across the Kanto region as a supermarket that supports everyday life in the community. We enjoy particular support from customers in Ibaraki Prefecture, where our market share exceeds 30%. In fiscal 2024, revenue started to recover due to the dynamic shifts we made in sales promotion, product range, and other aspects in light of the challenges recognized in fiscal 2023. However, this was not enough to offset the various costs that continued to rise beyond expectations, and we finished the fiscal year with an increase in revenue and decrease in profit. Under these circumstances, in the Medium-Term Business Plan starting in fiscal 2025, our policy is to take the challenges of creating value for customers and implementing internal structural reforms, with an absolute focus on the customer perspective.

Specifically, we plan to improve gross profit margin and labor share by taking on three challenges. The first is the creation of sales floors centered on price, freshness, and product range, the second is customer service from the customer's perspective, based on communication, and the third is a shift to sustainable working styles.

In U.S.M.H's Group function integration and synergy creation strategies as well, we will pursue the "true customer perspective" as the role of an operating company. In the process of providing merchandise to customers, I believe that working together with suppliers to create emotional value that goes beyond price is the path to being "truly customer-oriented." For this reason, we will demonstrate leadership, address customers' essential needs in terms of goods and value, and lead the supply chain into its optimal form as a regional industry.

In the face of an aging society, food is taking on an even more important role in supporting health. This has renewed my recognition of our role as a company that is dedicated to serving local communities and of the great expectations placed on us by those communities. For example, in the area of farm produce, we are responding to customers' desire to purchase vegetables that they can eat with peace of mind by strengthening our "locally grown vegetables" corners. At some stores, local producers bring their freshly picked produce directly to the store, where they price them and sell them personally, an initiative that has been well received by customers. In addition, with the aim of communicating local information and revitalizing local industry, we have started a trial program in which we deliver fresh fish, fruit and vegetables, and other products of excellent freshness directly to stores by shinkansen or airplane on the same day as they are caught or harvested. I am confident that, by continuing our challenge of providing products of value while deepening our connections to the local community, we will definitely be able to meet performance expectations. We will sincerely face customers who visit our stores today, adapt to the changes of the times, and support the lives of local residents for many years to come.



Hideaki Tsukada

Kasumi Co., Ltd.
President and
Representative Director

Strengths and Challenges

Strengths

- The community's trust, built up over 64 years of doing business
- Abundant human resources and stores, diverse contact points with customers
- Brand power in store and product development
- Strong relationships with local stakeholders
- Completion of upfront investments to improve productivity

Challenges

- Responses to population forecasts in our major trading areas
- Optimization of store operations through employee multi-skilling

Vision and Strategies for Fiscal 2025

Creation of provided value from a true customer's perspective

Aiming to create stores that will be supported by our customers, we will pursue superior pricing to realize everyday low prices, better freshness and quality for products that customers will want to buy many times over, and uniqueness of product range, which can only be achieved by local stores. At the same time, through improved communication among employees, we will work to hone our customer-oriented approach to customer service and maximize the value provided to customers.



For the improvement of store productivity and customer service

To improve customer service skills at our stores and enhance the acquisition of product manufacturing skills, we have shifted the focus of staff education from group training at company headquarters to the stores themselves and changed to a wide-ranging supported education system for both full-time and part-time employees. This initiative will speed up work skill acquisition that transcends divisions and roles and accelerate the solution of store issues, leading to improvements in the level of service and multi-skilling in operations.

Strategies for Executing the Value Creation Story

Priority Strategies

On-site Challenges from the Customer's Perspective

Challenges for Continuing to Offer the Ideal Sales Floors for Customers

Challenge of value creation to maximize the joy of shopping

To create value based on a true customer perspective, we are working to create more attractive sales floors centered on superior pricing, improved freshness and quality, and uniqueness of product range.

In terms of improved freshness and quality, we will form a new store support team, establish model stores in each area, and roll out new standards horizontally across the company. Also, in terms of uniqueness of product range, we are focusing on the development of original products in addition to regional products that contribute to local production for local consumption, and strengthening product ranges that are unique to Kasumi.



(Left) Fruit Danish, the flagship product of in-store bakery, DELY BREAD Pastry as crisp and flaky as a specialist bakery, filled with plenty of Kasumi's signature custard cream and fresh fruit sold in store. (Right) Fresh whole fish caught in local waters that morning brought straight to the store. To deliver fruit and vegetables and fresh fish directly to stores in their freshest state, we are expanding our challenge of adopting the most appropriate method on a store-by-store basis. We will also contribute to the communication of local information and the revitalization of local industries.

Challenge of Education to Ensure Customer Service from the Customer's Perspective

We are restructuring our employee education to achieve customer service that will make us our customers' store of choice. This includes rewriting the manuals for store managers and deepening shared understanding of the kind of store operations that we are aiming to achieve. In addition, we have shifted the location of employee education from group training to on-site training. Store guidance and education divisions have been placed directly under the supervision of the sales division, and we are working on the speedier acquisition of skills and knowledge through practical application.

Examples of Initiatives

- We will review store managers' manuals and provide re-education of roles and tasks.
- We will hold area meetings to share within the company the knowledge and skills that have been cultivated in the course of engagement with customers.
- We are writing an operations manual and developing a structure whereby anyone is able to provide the same services. We will stream videos on know-how and skills and create equal opportunities for all employees to acquire them.



Educational video about in-season foods. These videos will also be used to communicate with customers.

Working Style Challenge for Sustainable Store Operations

We will create sales floor systems to solve adaptation issues and technical problems and that will enable employees to work comfortably and sustainably.

First, we will work on the re-allocation of store work-hours. We will calculate the required working hours of the entire store by time of day and, with the aim of improving productivity, change from the previous method of staff allocation by department to one of allocation to tasks that have a higher priority.

Next, we will work on the introduction of workload reductions. In addition to supporting work efficiency by expanding automatic order placement, sliding shelves, and electronic shelf labels, we will develop flexible store operations through a scheme that will have company headquarters staff work in stores and by scrapping the allocation of specific tasks by employee category.



Store Introduction

Food Square Kasumi By_U Edogawa Matsue Store

New store opened in November 2024, the third in the Tokyo Metropolitan Area Day-to-Day Challenge of Increasing Awareness of the Kasumi Brand in Tokyo

Store overview

- Location: 1-13-2 Matsue, Edogawa-ku, Tokyo
- Opened in November 2024
- Opening hours: 9:00 a.m. to 9:45 p.m.
- Sales floor area: 1,408 m²
- Parking spaces: 109 (shared facilities)
- Annual sales target: 2.4 billion yen



Commercial area characteristics

- Located away from the hustle and bustle of the area in front of the railway station, in an environment where public transport and bicycles are the primary forms of transport.
- Elderly households account for the highest proportion of the 24,117 households in the 1-km commercial area, followed by families in their thirties to fifties and single-person households.
- In addition to a Maruetsu store in walking distance, there are several competing stores with long histories dispersed throughout the area.

Concept / vision

Under the banner of "a store where you can buy the products you want, when you want them, and only in the quantity that you want," we are conscious of providing a range of products that meet the diverse needs of a wide range of customers. In terms of price, by clearly communicating the value of our products to customers, we have been successful in encouraging customers to buy our products at reasonable prices. Our aim continues to be a store where people will want to shop every day by maintaining sales floors that feel fresh, while also holding events and other special activities.

We are working to differentiate our store from its competitors by being the only supermarket in the commercial area to sell whole fish caught in coastal waters. We also hold regular promotional fairs. These efforts have been well received, earning customer feedback such as "I've never seen a product range like it around here," and "I ate it and it was delicious."



We are narrowing down the key points and strengthening the categories with the most appeal. To meet the demand for home cooking, we have rolled out an extensive range of dressings and spices, which we have placed right next to the perishables section. We have one of Kasumi's largest assortments of seasonings.



VOICE



Yoshikazu Takagi
Food Square Kasumi
By_U Edogawa
Matsue Store
Store manager

Our store is the third to be opened in the Tokyo Metropolitan Area, and as such, our role is to make people in Tokyo aware of the Kasumi brand and to be a place that addresses the challenge of realizing supermarkets that offer value based on the customer's perspective, which is Kasumi's aim. To be chosen from among other stores with long-standing roots in the area, we are underpinning our everyday low prices with the TOPVALU range. In terms of value that will motivate customers to come to our store, we are demonstrating our strengths in fresh fish caught in coastal waters and Kasumi's signature tarts. The perishables and delicatessen sections are particularly well supported, accounting for over 56% of total sales.

Our next aim is to build a system in which our employees, including part-timers, will be able to play a central role and participate actively on the sales floor. I believe that, if we are a store that appeals to our employees, who are also consumers in our trading area, we will be able to win even further support within the area. For this reason, we are making major changes to store operations and building the optimal workforce, so that our employees can work together as one. And in doing so, we will also aim to be a store that continues to provide the kind of value that the local community needs.

Strategies for Executing the Value Creation Story



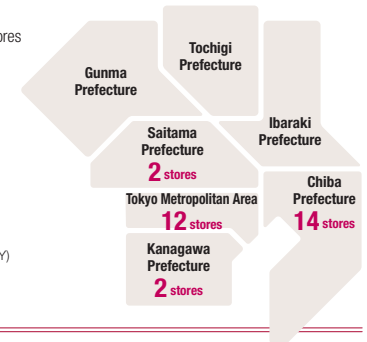
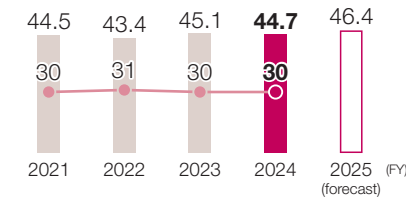
マックスバリュ関東株式会社

FY2024
Financial Results
Reference Materials



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.

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



Message from the President

In our pursuit of shopping experience-oriented supermarkets, with the aim of being customers' supermarket of choice, MaxValu takes maximum advantage of the economies of scale of the respective merchandise and services of the AEON and U.S.M.H Groups, as well as their know-how, and operates 30 stores in Tokyo and three other prefectures.

In fiscal 2024, although unit prices per item increased, net sales declined due to store closures and sluggish growth in the number of items sold at existing stores. The impact of cost increases, including labor, logistics, and utility costs, also resulted in a decrease in profit. In addition to other companies in the same industry, competition from other quarters, including e-commerce and discounters, is intensifying, and my view is that the challenges that we must address to win the support of customers have become clear. In the FY2025 Medium-Term Business Plan, we newly declared four priority initiatives based on four perspectives.



Atsushi Hirata

MaxValu Kanto Co., Ltd.
President and
Representative Director

- Four perspectives —
- Customer's perspective
 - On-site perspective
 - Competition-winning perspective
 - Data perspective

- Four priority initiatives —
- Evolution of value propositions
 - Reform of gross profit structure
 - Improvement of productivity
 - Promotion of human capital management

**Further pursuit
of shopping
experience-
oriented
supermarkets**

The starting point for advancing the above initiatives will be the key evaluation criteria used by customers, namely freshness, product range, price, and customer service.

The MaxValu Shinfunabashi Store, one of the first of our stores to work on store development with high standards for these evaluation criteria, continues with the challenge of changing all aspects of store operation systems. In terms of freshness, the floor area dedicated to direct-from-the-farm produce has been quadrupled, while customer service has been enhanced by tripling the size of the face-to-face fresh fish sales corner. The store has also increased the number of processing staff and strengthened communication with customers.

To gauge customers' evaluation of these kinds of measures, it is also focusing efforts on marketing based on data analysis. For data on customer purchases, a process for store-by-store analysis of data from the WAON point card, which can be categorized into eight value criteria (⇒ P. 22, bottom left), will be built to establish a system for leveraging the data for product range and sales floor development.

I believe that MaxValu's strengths in U.S.M.H, which aims to be a supermarket company with ¥1 trillion in sales, are its experience of taking advantage of AEON's infrastructure for many years and our attitude of challenge that is only possible for a company as agile and flexible as ours. To combine MaxValu's strengths with the AEON and U.S.M.H Groups' market volume and merchandise procurement capabilities and enable us to contribute to the Group's success, we will harness the capabilities of individuals and continue our challenge so that we can provide new value to our customers.

Strengths and Challenges

Strengths

- The agility, speed, and organizational penetration that only a compact organization can achieve
- Use of the expertise and infrastructure of the AEON and U.S.M.H Groups
- Purchasing data analysis using payment data of AEON Card members
- A corporate culture where young employees play an active role supported by veterans

Challenges

- Acceleration of new store openings
- Specific initiatives in a harsh area environment with many competing stores

Vision and Strategies for Fiscal 2025

To improve the four key customer evaluation criteria, namely freshness, product range, price, and customer service, we have categorized “evolution of value propositions,” one of our four priority initiatives, into “thorough implementation of the basics” and “winning strategies” and translated them into concrete actions. By providing new value to customers, we aim to be a presence that is chosen and trusted by local residents.



Target	Examples of “thorough implementation of the basics”	Examples of “winning strategies”
Freshness	<ul style="list-style-type: none"> • Enhance the ability to sell and the ability to sell out • Strengthen purchasing capabilities (markets and direct-from-farm) • Enhance the merchandising level of the perishables sales floor 	<ul style="list-style-type: none"> • Realize a farmers' market-style section inspired by roadside stations (agricultural products) • Realize face-to-face fresh fish sales to rival that of specialist fishmongers (seafood)
Customer service	<ul style="list-style-type: none"> • Encourage acquisition of internal qualifications <ul style="list-style-type: none"> • CS Master • Acquisition of Level 3 Salesperson Certification (all customer-facing employees) 	<ul style="list-style-type: none"> • Through conversations with customers, provide information such as serving suggestions and product characteristics

Strategies for Executing the Value Creation Story

Priority Strategies

① Provision of Outstanding Freshness ② Store Support Through Use of Data

Key Customer Evaluation Criteria x Data-based Marketing = Become the Most Supported Store in the Region

The results of a questionnaire survey conducted in the course of formulating the Medium-Term Business Plan showed that freshness was the most important factor for customers when choosing a supermarket. For this reason, we started with the improvement of the freshness criterion. The initiatives implemented ahead of other stores at MaxValu Shinfunabashi Store are starting to show an effect, and we are currently planning their horizontal deployment to all stores. Further, we have started a trial involving combining these key evaluation criteria and data marketing to deepen our own original customer analysis. We will base the design of our merchandise on scientific approaches to maximize their effectiveness.

Thorough analysis of successful stores and changes to purchasing systems to improve the freshness of perishables

Recognizing that we are not adequately communicating the value of our perishables sections, we are analyzing successful stores that embody our ideal vision of “freshness.” In the seafood department, where our own approach has centered on pre-packaged sales, we have set as a common goal the sales floors of competitors that generate profit by adding value to through face-to-face sales of whole fish procured on the same day. Because achieving this goal required making changes to the purchasing structure, we established new dedicated market buyers in Toyosu and Tateyama and shortened the lead time by a day by shipping the purchased fish on direct flights by a day. In doing so, we are achieving a high degree of freshness by purchasing and selling out on the same day. Meanwhile, in the agricultural products department, based on the roadside station model, we have launched Shunsen Ichiba (Fresh Vegetables Market), to which 200 local farmers bring in their freshly harvested produce. We have also established a new “local buyer” system to manage all aspects of purchasing, talking to farmers, and coordinating with stores, and we are achieving our gross profit targets. Going forward, we will place greater emphasis on improving the expertise and techniques required for face-to-face sales and work to be able to create further added value.

Visualization of target customers with data marketing Leveraging data for merchandise and sales floor proposals

Until now, our approach to merchandising has been to classify customers by certain attributes and rely on our experience and frontline intuition. However, we face a serious challenge in the decline in the number of customers in their forties and younger. Recognizing this as a serious concern, we have included marketing for understanding customers' purchasing behavior as a key measure in the Medium-Term Business Plan. As WAON Point Card members account for around 70% of all our customers, we will apply the data from that scheme to the AEON Group's marketing scheme to visualize the eight value criteria that we have set on a store-by-store basis. Our plan is for the Merchandise Department and Sales Department to work together to deploy optimal merchandising. To avoid inconsistencies between stores, we have developed a shared internal language for understanding customers based on these value criteria, and we have begun working on the understanding and penetration of store structures. Through a repeated process of “try and learn,” we will delve deeper into customer needs and build a customer-oriented business model.

• MaxValu Kanto (Four Aspirations and Eight Customer Value Criteria)

Quality Aspirations			Convenience Aspirations	Self Aspirations		Price Aspirations	
① Freshness/Quality	② Health/Peace of Mind	③ Consistency/Stability	④ Ready Meals/Convenience Foods	⑤ Self-Improvement	⑥ Active Lifestyle	⑦ Family Economizing	⑧ Price-oriented



Jun Terasawa

Perishables
Merchandising Group,
Merchandise Department



Before renovation
Fresh fish department primarily
selling pre-packaged fish



After renovation
Communicating freshness by
displaying fish whole



Yuka Koudai

in charge of Strategy
Promotion

Store Introduction

MaxValu Shinfunabashi Store

Renovated and re-opened in October 2024 as a model store that embodies the improvement of key customer evaluation criteria

Store overview

- Location: 1-19-50 Kitahoncho, Funabashi, Chiba Prefecture
- Operating hours: 24 hours
- Parking spaces: 140
- Opened in April 2013
- Sales floor area: Approx. 1,900 m²
- Annual sales target: 2.4 billion yen



Commercial area characteristics

- Located close to the railway station, just three minutes walk from Shin-funabashi Station, with many competing stores also located nearby.
- There are many condominiums in the vicinity, and the 1-km commercial area has 16,000 households.
- Although families with children account for the majority of customers, there are also many elderly customers, creating high demand for fresh foods.

Concept / vision

Renovated and re-opened in a commercial area crowded with competing stores, it has strengthened the freshness and customer service criteria ahead of other MaxValu stores. It maintains freshness by selling out products purchased that day, and promotes the excellence of its products through twice-a-day tasting-based sales every day. Continuing its challenge of improving key customer evaluation criteria and accumulating successful examples, it aims to be a store that demonstrates unique characteristics not only in the commercial area but in MaxValu Kanto.



(Left) Display of agricultural products purchased that day with display fixtures in a roadside station style (Middle) Fresh fish department promoting excellent freshness in a face-to-face sales floor three times the size of other stores. Whole fish of outstanding freshness are prepared and processed according to customers' requests. (Right) Tasting-based sale of bananas grown locally in Chiba Prefecture. This style creates opportunities to communicate with customers as they experience the delicious taste.

VOICE



Tomoyuki Harada

MaxValu
Shinfunabashi Store
Store manager

In a harsh environment surrounded by competitors, we have strengthened our freshness and customer service. Since our renovation, seafood sales have increased by 28% year on year and agricultural products sales by 17%. In the seafood department, staff recommend fish purchased that day from the markets in Toyosu and Tateyama in our expanded face-to-face sales floor. They also process them in their highly fresh state into pre-prepared dishes and sushi, and aim to sell out by the end of the day. In the agricultural products department, produce from local farmers and other producers with which the company has close relationships and highly fresh produce purchased at the market that day are displayed in the roadside station-style fixtures that we introduced in the recent renovations, conveying the excellent freshness of the produce at a glance.

We are also putting efforts into customer service training. In addition to the thorough implementation of a “greetings in passing” policy store wide, we conduct greeting drills three times a day. These are some of the ways we have increased opportunities for actions that will improve our customer service. We have also more than doubled our fresh food tastings in store to allow customers to experience the excellent freshness of our produce for themselves. Through such quiet, steady efforts, we will expand our freshness and customer service initiatives in our aim to be customers' store of choice.

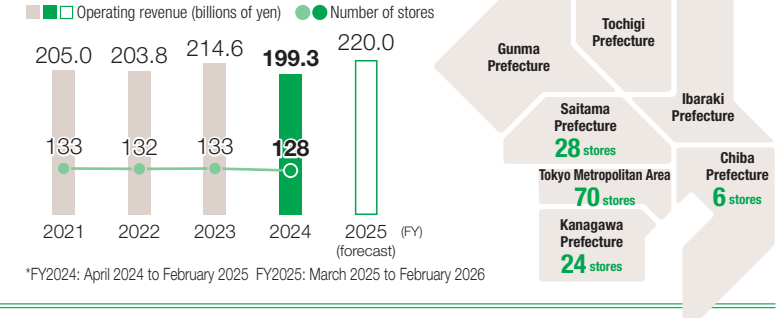
Strategies for Executing the Value Creation Story



FY2024
Financial Results
Reference Materials



Freshness at low prices and with heart
With a vision of contributing to society as a
“community service provider,” we will contribute to
the healthy, rich, and warm lifestyles of our customers
and to the realization of a sounder society.



Message from the President

Founded in 1900, Inageya has the longest history in the Group. It has built a dominant position primarily in the Tama area of Tokyo, which has a fertile commercial area, and now operates 128 stores in Tokyo and three other prefectures under the store names of “Inageya,” “bloomingbloomy,” and “ina21.” “Realizing *Sukoyakeku*” and “Practicing the Way of Merchants,” the management philosophies of our founder, who, having experienced the war, dedicated himself to the service of customers in the community in a devastated environment, are still alive in our employees today. We are a community-based supermarket that has been patronized for many years by our customers, who refer to us affectionately as “Inageya-san.” In addition to our unique characteristic of opening stores in areas with stable population demographics, we have long had our own in-house factories and take advantage of our own distribution network that we have built up. With these advantages, we believe that our product range and the quality of the three perishables categories and pre-prepared foods, which could be described as supermarkets’ private-label brands, are strengths that set us apart from our competitors.

With the “food-and-drug” format being described as a growth strategy, we were also pursuing diversified management. However, given the increasingly competitive consumer environment in the Kanto region, we determined that we should focus exclusively on the supermarket business as food professionals, and we joined the AEON Group in 2023 and the U.S.M.H Group in 2024. Going forward, we believe that strategies that take advantage of economies of scale will be a major pillar of our growth strategy.

In the area of “price response,” one of the value drivers declared by U.S.M.H, by making use of the AEON Group’s “BEST PRICE by TOPVALU” brand, we believe that we will be able to provide a product range that better meets customer needs. We also feel that U.S.M.H’s plans to consolidate the lowest prices of each of its operating companies and restructure its commercial and logistics flows will also generate economies of scale brought by the integration.

Another major pillar of our own growth strategy will be the revitalization of our existing stores. With the aging of store facilities becoming an issue, to address environmental problems, we have been pursuing store revitalization at a pace of around ten stores every year, centered on our flagship stores, since 2021. Those stores that have been revitalized are growing in terms of both sales and customer traffic. Although this strategy will incur investment costs, if the revitalization is carried out on such a scale that customers will notice the change, we will be able to generate ample return on that investment.

To meet the expectations of local customers who have supported us over many years and safeguard the management philosophies that generations of employees have held dear, I talk to our employees about “upholding brand and pride.” Further refining the brand, which we have built up through pride in our work, as part of the U.S.M.H Group, we will aim to be a company that customers will say has become even better since joining the Group. We will also support U.S.M.H’s growth by serving as a catalyst and bringing fresh energy to the Group.



Yoshikazu Motosugi
President and
Representative Director,
Inageya Co., Ltd.

Strengths and Challenges

Strengths

- Relationships of trust with local customers rooted in 124 years of history
- 128 stores in Tokyo and three other prefectures that have stable population demographics
- Product range with strong brand power, including frozen tuna that is defrosted in warm water with proprietary technology
- Proprietary cold chain developed through operation of our own centers, for strong supply of fresh foods.
- Marketing strategy that leverages the “ing-fan Card,” which has over 1.1 million members

Challenges

- Investment costs of revitalizing aging existing stores
- Development of an environment that enables diverse talent to flourish

Vision and Strategies for Fiscal 2026

Enhancement of customer value through productivity improvement

In anticipation of an era of severe labor shortages, we are actively investing in digital technologies that will lead to productivity improvements and working to ensure that we are able to provide services of value to customers. Electronic shelf labels, which we adopted at all stores over ten years ago, have been repeatedly customized and made more convenient so they are easier for employees to use, and we continue to pursue an environment in which customers can shop in comfort.



Talent development and system reforms to support Inageya

Believing that the strength of our people is the true strength of the company, we listen to our employees and embrace the challenge of talent development and system reforms that respond to their motivation. With regard to the promotion of women’s active participation in the workplace, we aim to build a framework that will lead to growth by nurturing aspiring managers over a one- to two-year period, working with them to create new systems.



In product development training for second year employees in the bakery and pre-prepared foods departments, the trainees sell the products that they have developed.

*Realizing *Sukoyakeku*: Contribute to the healthy, rich, and warm lifestyles of our customers and to the realization of a sounder society

Strategies for Executing the Value Creation Story

Priority Strategies

Revitalization of existing stores

Creation of Business Competitiveness by “Promoting a Dominance Strategy”

Background to revitalization of existing stores

In the environment of the areas where Inageya has a dominant position, the costs of opening new stores have risen sharply, due to reduced availability of potential sites, rising land prices, and soaring prices of building materials. The increase in competition, including from e-commerce and drugstores and other industries, is another factor that is further raising the hurdles to investment in new store openings.

Under such circumstances, we are investing in the revitalization of our stores as a means of strengthening our existing businesses to increase our business competitiveness. From a CSR perspective as well, we are working on the replacement of equipment that uses CFC refrigerants, which have a significant impact on the environment. As our most important growth strategy, we are concentrating our efforts on revitalization investment as a dominance strategy.

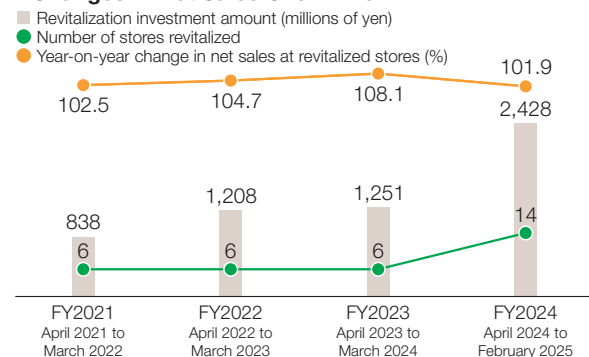
Initiatives for revitalization of existing stores

Diverse customers patronize stores depending on their location, and as our stores' facilities have aged and the appeal of sales floors and merchandise have declined, their target customers have been narrowed down to customers who are motivated by the store being close to home. On the other hand, a common challenge in response to changing lifestyles, including the aging of the population and the increase in double-income households, is the expansion of demand for ready-to-eat meals.

With the store renovations, as well as strengthening our fresh food and pre-prepared food offerings, we are also significantly expanding the floor area and number of items in the frozen food section, which is growing every year, in conjunction with the replacement of refrigeration equipment.

Through these revitalization investments, our stores have become more environmentally friendly and places that offer the latest sales floors and merchandise, where customers can enjoy shopping in comfort. These efforts have also helped attract previously the untapped young family demographic, and the revitalization has been well received by many customers.

Revitalization Investment Amounts and Year-on-Year Changes in Net Sales Over Time

Existing Store
Revitalization Plan

FY2025	11 stores
FY2026	14 stores
FY2027	11 stores

As it takes a certain amount of time for the revitalization effects to penetrate the region, they tend to appear not in the first year, but in the second year after completion and after. Continuing to invest in store revitalization consistently in the years ahead will lead to sustainable growth.

Store Introduction

Nerima Nakamura-Minami Store

Opened in November 2023 after a scrap-and-replace project due to the need to address aging equipment and improve hardware at the old store

Store overview

- Location: 3-20-20 Nakamuraminami, Nerima-ku, Tokyo
- Opened in November 2023
- Opening hours: 9:30 a.m. to 10:00 p.m.
- Sales floor area: 1,408 m²
- Parking spaces: 46
- Annual sales target: 1.8 billion yen



Commercial area characteristics

- This is the second year since the new store was opened across the street from the location of the previous store, ina21 Nerima Nakamura-Minami Store, which had been in operation for 44 years.
- The number of households (77,558) in the 1.5-km commercial area is around twice the average of all our stores. Young families in their thirties to fifties are the largest demographic in the commercial area.

Concept / vision

Characteristics are the strengthening of ready meals tailored to the commercial area and a layout that is easy for busy customers to navigate. The main sales floor is designed to integrate the fresh produce, delicatessen, and in-store bakery sections so that customers can shop while considering the balance of staples, main dishes, and side dishes that make up their meals as they shop. The sense of freshness of perishables and the “freshly made” feeling of pre-prepared foods have a synergy effect that stimulates motivation to purchase, which has led to continued growth in sales.

The back-of-house areas for the bakery, delicatessen, and fresh fish sections are designed to be completely see-through, conveying the energy of the kitchen while delivering freshly prepared products to the sales floor as quickly as possible.



(Left) The store's “Fresh Fish Sushi” range, made with seasonal fish and other raw toppings, is one of the largest among our stores.

(Right) “Sendai Beef” is popular even on weekdays. This range attracts customers who used to purchase high-priced, high-quality products in the city.



VOICE



Ryuta Suzuki
Nerima Nakamura-
Minami Store
Store manager

Our store, which made a fresh start after re-analyzing the needs of customers in our commercial area, has been achieving three times the sales of the old store right from when it first opened, which is highly encouraging for all our employees. We promote daily specials on a specially installed platform in the fruit and vegetables department, and in the fresh fish department, we have newly adopted a “Fresh Fish Sushi” range, in addition to focusing on tuna and salmon. In the fresh meat department, we have steadily expanded our Sendai Beef offerings since the store first opened, and this line is selling well even on weekdays.

Inheriting the ties with the local community forged by the old store, we are grateful for those unwavering connections, which include receiving new special orders for local festivals and other events, and actively welcoming social studies field trips from nearby elementary schools and work experience students from junior high schools. Our entire staff will continue to work diligently to live up to those expectations and ensure that we remain a “community service provider” for the area for many years to come.

Infrastructure Strategy

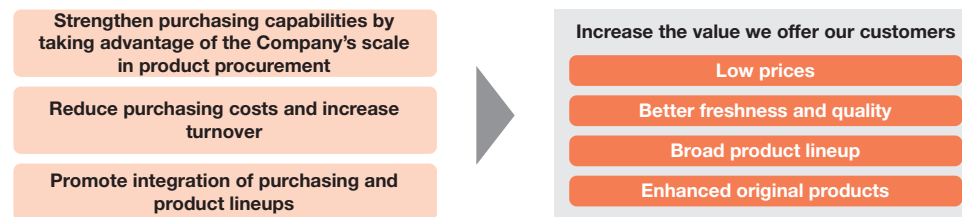
Product Strategy

We will take advantage of the scale achieved by four companies to promote joint procurement and expand original products.

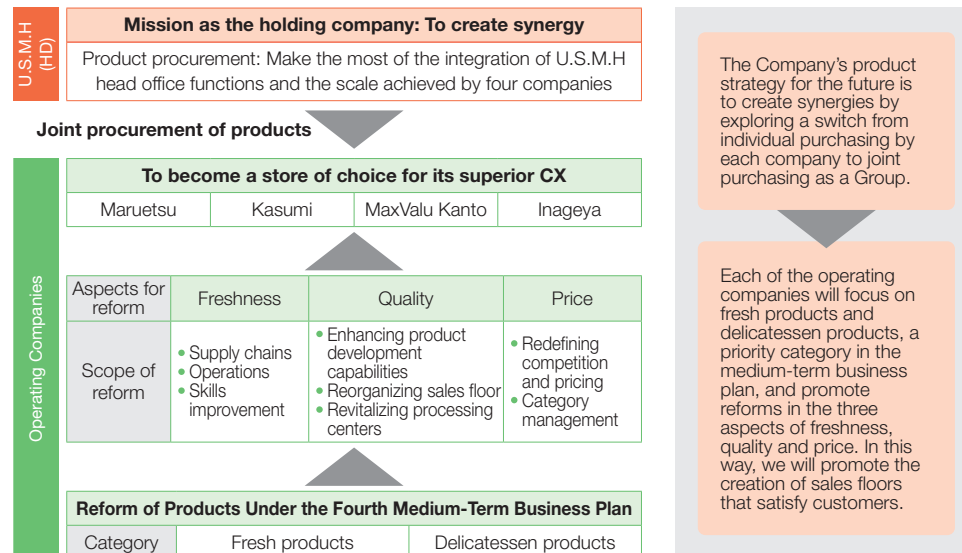
U.S.M.H's Approach and Initiatives Regarding Product Procurement

We will work to satisfy our customers with our product procurement by consolidating the procurement of frequently purchased items under U.S.M.H so as to strengthen pricing and product ranges, while letting each operating company decide its own shelving allocations, development of original products that suit the regional features, and store formats, with regard to fresh foods and delicatessen items.

• Our Vision Under the Product Strategy



• Initiatives Concerning Products Under the Company's Fourth Medium-Term Business Plan



Our Initiatives to Strengthen Fresh Foods and Delicatessen Products

The Group saw the opening of Maruetsu Soka Delicatessen Center in March 2024 and has since been selling products developed and produced at the Center with particular attention to ingredients and cooking methods under Maruetsu's original brands, *Maigokoro* (cooked rice products) and *Umagokoro* (pre-prepared food products). The Group is working to strengthen its delicatessen products by supplying products prepared at Maruetsu Soka Delicatessen Center also to the Group's Kasumi and MaxValu Kanto stores.

Each operating company is making the most of its characteristics to strengthen freshness. Inageya has named a group of 15 items that meet sales performance and other requirements as "Inageya *Meibutsuhin* (Inageya Specialty Goods)," which include delicatessen products such as deep fried pork, Chinese spring rolls, and melon bread, in its effort to increase original items that can draw customers to their stores. BLANDE stores, a new business format developed by Kasumi with the aim of providing new value to customers, sell live fish delivered directly from the Toyosu Market on a regular basis, in addition to face-to-face sales of seasonal fish from across Japan. MaxValu Kanto also conducts face-to-face sales that emphasize conversation with customers at its fresh fish section.



Maruetsu Soka Delicatessen Center and *Umagokoro* deep-fried chicken product developed at the center



Potato salad, an Inageya *Meibutsuhin* product

Our Approach to Original Products

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. Leveraging our strengths as an AEON Group company, we also carry products of AEON's original brand, TOPVALU, and its low-price version, BEST PRICE.



Infrastructure Strategy

Logistics Strategy

We will build a logistics system that supports various strategies of U.S.M.H and lets these strategies work.

U.S.M.H's Approach to Logistics

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.

Response to Changes in the Logistics Environment and Various Issues

To address various problems arising from the imposition of upper limits on logistics drivers' working hours (so-called 2024 Problem, including observance of limits on hours on duty, reduction of standby times, etc.), U.S.M.H is promoting initiatives from various angles, including the responses to be taken by the individual operating companies. In response to issues such as extended delivery distances arising from expansion of areas where we locate stores and rising fuel costs, we are working to improve delivery efficiency by using joint delivery centers and addressing issues including declining loading rates resulting from frequent delivery.

We are also working to respond to environmental issues such as exploring measures to reduce CO₂ emissions from the use of diesel fuel by improving delivery routes and reducing the number of delivery rounds.

Response to the so-called 2024 Problem

Rising energy costs

Response to environmental issues

Driver shortages and personnel costs

Reduce logistics costs and build logistics systems with competitive advantages



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 own joint logistics center, the first among its logistics bases

Please use the QR code on the right to watch a video on the initiatives of the U.S.M.H Yachiyo Grocery Center.

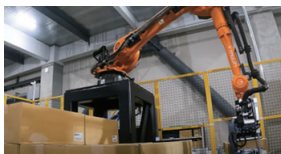


Examples of labor-saving efforts at Yachiyo Grocery Center

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



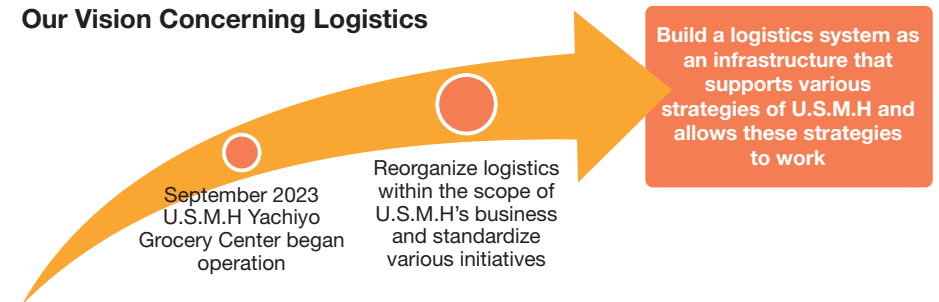
Automatic sorting and transportation

Response to Logistics Costs

Logistics costs of the Company increased by about 6% year on year in fiscal 2024.

An increase in the number of stores resulting from new store openings and business integration will directly lead to a rise in expenses for facilities, vehicles, and personnel. In addition, cost increases in the entire supply chain end up at our touchpoints with consumers. Therefore, we will take into view the upstream of the supply chain in examining this matter, and aim to keep the ratio of logistics cost to sales below industry norm.

Our Vision Concerning Logistics



• The Group's Logistics Initiatives for the Future

- Increase delivery efficiency at each operating company, including Inageya
- Labor-saving of on-site logistics operations, introduction of material handling equipment, joint utilization of logistics facilities
- Training of logistics specialists
- Better and wide-spread understanding of logistics operations among employees

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, Kasumi, and Inageya in Study Group workshops and engagement in solving the problems shown below alongside other companies in the retail industry.

- 1 Effective utilization of unoccupied vehicles at distribution centers (companies are already sharing the use of their distribution centers)
- 2 Joint delivery
- 3 Research on transportation equipment

Infrastructure Strategy

Digital Strategy

We will promote the development of an environment for creating new value in our digital strategy.

In integrating functions as set out in the Fourth Medium-Term Business Plan (hereinafter, the “Medium-Term Plan”), the Company, as a member of the AEON Group, recognizes that promoting business innovation through the use of digital technologies and creating synergies are the most important issues in its digital strategy. Toward this end, we are integrating information systems that had previously been run separately by each operating company, in order to develop a framework for creating new value.

There are three main policies for integrating information systems. Firstly, we aim to build information systems that allow us to incorporate customers’ perspective into our business activities. We will maximize the convenience of touchpoints, including through self-checkout, online delivery, and other OMO services, and build a system for optimizing product lineups and prices, with the securing of quality and freshness as a prerequisite.

Secondly, we will work to build new information systems that enable us to achieve the management targets of the Medium-Term Plan. We will continue to create information systems that connect fragments of information from both inside and outside the Company, visualize all information necessary for management activities, automate processes through the use of AI and robotics, and help improve effectiveness and efficiency through business process innovation.

Thirdly, we will modernize legacy information systems as referred to in the context of the “2025 wall.*” We will revamp our batch processing and systems that have become information silos to create a system configuration that is open and highly instantaneous. In order to accomplish the company-wide Medium-Term Plan that the U.S.M.H is aiming for, we will propel the initiatives of each department while working in close collaboration with the digital driving force of the AEON Group as a whole.

*An annual economic loss of up to 12 trillion yen is predicted in 2025 and onward if Japanese companies are late in solving IT system problems or carrying out management reforms.

AS IS

In FY2024, we created a common inventory information platform for operating companies using an open-source cloud-based ERP system, and achieved real-time inventory visibility at each company's stores. Our efforts included automation of ordering based on highly accurate inventory information. With regard to points of contact with customers, we have been preparing for a steady realization of the Medium-Term Business Plan beginning in 2025 with focus on providing a comfortable and convenient shopping experience by promoting the development of customer applications and POS cash register systems.

2024

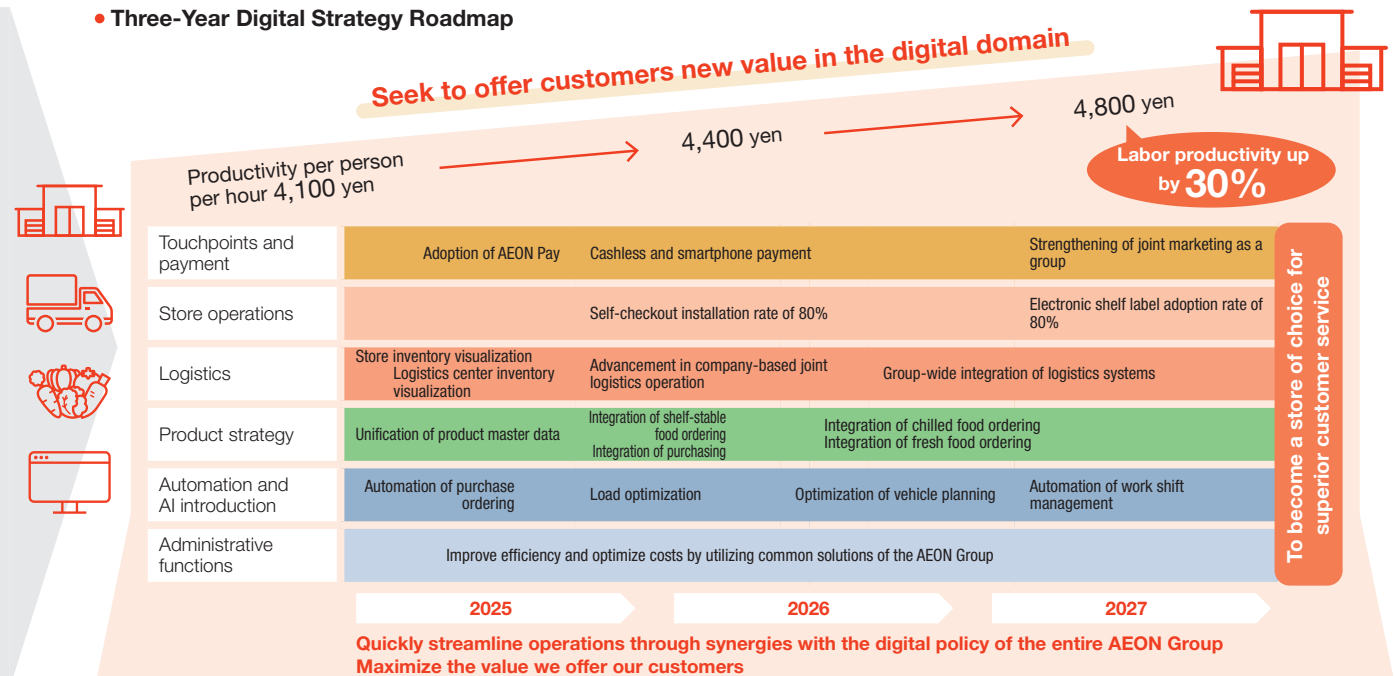
Productivity per person per hour 3,707 yen

	Maruetsu	Kasumi	MV Kanto	Inageya	U.S.M.H
Touchpoints and payment					
Store operations					
Logistics					
Product strategy					
Automation and AI introduction					
Administrative functions					

- Separate systems for each operating company**
- Departmental control of product classification (supplier's perspective)
 - Vertical division & supplier-dependent product management
 - Merchandise mix and gross margin management where contribution of each merchandise is unclear
 - System dependent on human labor even for simple tasks
 - Lack of customer-oriented marketing

TO BE

• Three-Year Digital Strategy Roadmap



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.

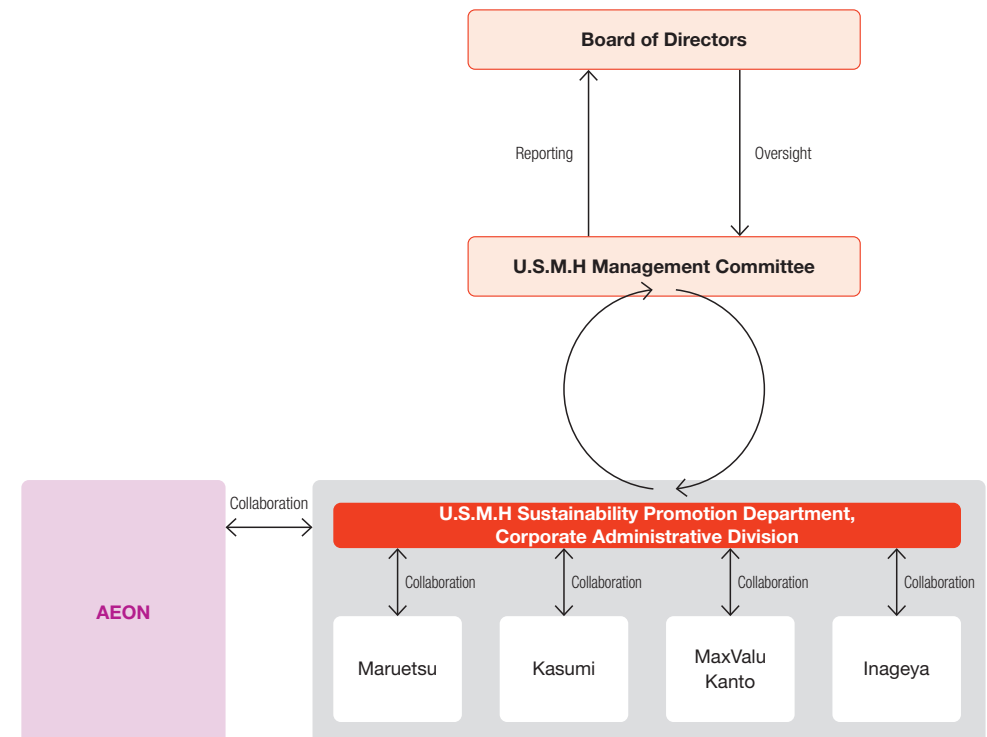
To that end, we will deepen our connections with all of our stakeholders, including customers, local communities, employees and business partners, and thoroughly satisfy their expectations and confidence in us. We will also contribute to a sustainable, recycling-oriented society, and unify our Group 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, we established the Sustainability Promotion Department within the Corporate Administrative Division. Through the integration of back-office functions, the Company will strengthen cooperation among such departments as general affairs, human resources, accounting and finance, and public relations and IR. In addition, through the integration of Inageya, the Company will incorporate Inageya's sustainability initiatives to spur the drive in the Group's initiatives, and repeat monitoring. Details of the activities are shared at meetings of the Management Committee and progress on 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.



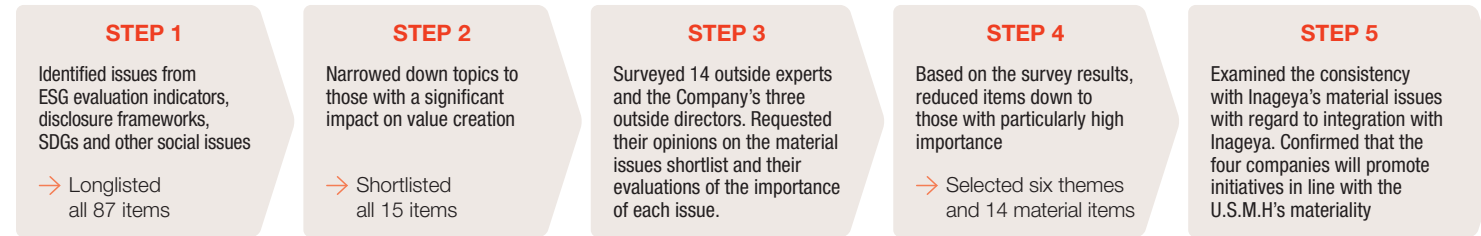
Material Issues

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 and Their Progress

We recognize 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. U.S.M.H, as the holding company, selected issues material to the Group, the details of which were discussed at the Board of Directors meetings of each operating company, and initiatives have been carried out.

• 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 Issues	Main Initiatives	Self-evaluation and progress in FY2024		Initiatives scheduled for FY2025 onward
E (Environment)	Decarbonization and a circular economy	① Carbon neutrality	Introduction of renewable energy and prevention of CFC refrigerant leakage	○	Introduced renewable energy at operating companies (approx. 73%) and continued conversion to low-GWP refrigerant	Expansion of energy creation facilities 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	○	Reduction of food waste by approx. 450 tons, increase in the number of stores collecting aluminum cans (14 stores) and paper cartons (16 stores)	Creation of new food waste recycling loops and expansion of recycle collection at stores
S (Social)	Food safety and security	③ Food safety compliance	Establishment of management system	—	Maintained the current status of food safety	Establishment of a new management system
		④ Responsible marketing and labeling	Establishment of management system	△	Began strengthening measures to prevent allergen labeling failure	Establishment of a new management system
	Sustainable food value chain	⑤ Safe procurement and supply of food	Expand range of our original products	○	Expanded the line of original delicatessen products and items produced at the plant factory	Enhancement of items produced at processing centers and items processed in-store for delicatessen
		⑥ Respect for human rights	Formulation of basic policy on human rights	△	Conducted human rights trainings and participated in group-wide committee meetings. Yet to formulate basic policy on human rights	Foster awareness of human rights issues and promote formulation of basic policy on human rights
	Creation of healthy, valuable lives through our food and services	⑦ Proposal of enjoyable, valuable lifestyles	Expansion of the range of value-added products at stores	○	Expanded delicatessen supply network (Maruetsu Soka Delicatessen Center supplying to Kasumi and MaxValu Kanto)	Further expansion of supply network of our own processing centers
		⑧ Contributions to people's health	Develop and propose health-related products	○	Developed and sold two types of frozen pasta meals using plant-based meat alternatives	Constant development and sales of health-related products
		⑨ Coexistence with communities	Expansion of food drive activities, etc.	○	Expanded the number of stores conducting food drives from 94 to 184	Consider expanding food donation items (cold storages products, ready-prepared foods, etc.)
		⑩ Connections with customers	Build recognition as part of the regional infrastructure	○	Increased the number of mobile supermarket vehicles to 112	Further expansion of market share using mobile supermarkets
	Pursuit of diverse human resources and job satisfaction	⑪ Motivating and rewarding work	Improve workplace environments	△	Conducted an engagement survey of all employees	Promotion of workplace environment improvement based on engagement survey results
		⑫ Diversity and inclusion	Improvement in the ratio of female managers	○	Set a target for the ratio of female managers (20% by the end of FY2025)	Active appointment of female managers (at stores and head office)
G (Governance)	Enhancing corporate governance	⑬ Corporate governance and risk management	Strengthening of the effectiveness of the Board of Directors	○	Introduced executive officer system	Management of governance risks and continuous improvement in effectiveness
		⑭ Privacy protection and data security	Strengthening of IT governance	—	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

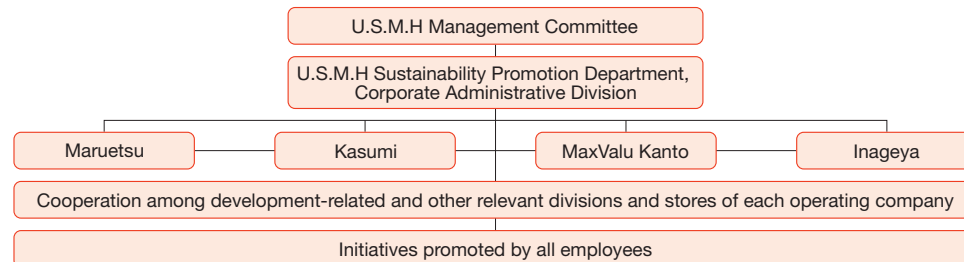
Promote waste reduction and the 3Rs (reduce, reuse, recycle)

Contribute to local environmental conservation activities

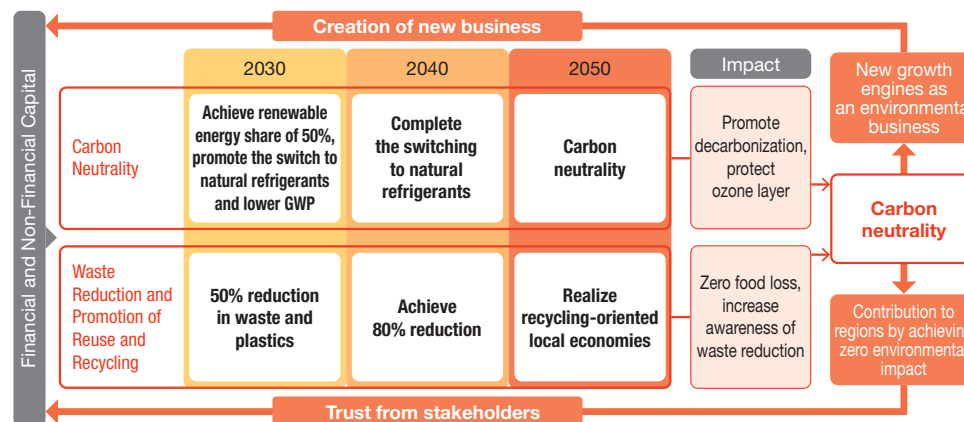
All employees to participate and engage in environmental activities

Publicize our efforts in environmental activities

• Environmental Management Structure



• Cycle of Impacts Created by Solving Our Environmental Material Issues



Strategic Response to Climate Change and Guidelines for Creating Value for a Sustainable Future

Basic Approach

The Company regards climate change as an important issue that has a significant impact on economic activities and people's lives, and is also related to the future survival of humankind. Recognizing that responding to climate change is an important element in resolving issues, we are committed to disclosing the impact of climate change in line with the TCFD framework and working toward achieving carbon neutrality.

Governance

Progress of TCFD-compliant disclosure is managed mainly by the Company's Sustainability Promotion Department. The status is shared at the Management Committee, while important matters are reported to the Board of Directors.

*Please see P.28 for the structure chart.

Strategy (Scenario Analysis)

We examined the impact of climate change using the future temperature increase scenarios of 1.5°C and 4°C. Under the 1.5°C scenario, we assumed that the impact of policies and regulations will be significant, and under the scenario of 4°C or more, we assumed that physical risks will become greater.

Temperature rise of 1.5°C or less	<p>Strengthening of policies and regulations toward carbon neutrality</p> <ul style="list-style-type: none"> Progress in global climate change countermeasures ▶ Rise in costs of climate change measures Customers' preference for low or zero carbon products and services Increase in reputation risk due to delay in response to government policies and laws and regulations Customer loss due to delay in rolling out environmentally friendly products <p>We estimate that increase in the severity of natural disaster will be contained to some extent, and physical risks to business activities will be relatively low.</p>
Temperature rise of 4°C or more	<p>Increase in abnormal weather events</p> <ul style="list-style-type: none"> Increase in physical risks such as rising sea levels and greater severity of natural disasters ▶ Suspension of store operations, increase in repair and renovation costs Concern for cost and equipment failure of air conditioning Concern for decline in production capacity due to water shortages <p>We estimate that policies and regulations aimed at greenhouse gas reduction will make little progress, and transition risks will be low.</p>

Identification of Risks / Opportunities (Financial Impact Assessment)

We narrowed down risks and opportunities to be identified from the perspective of "stores," "products and logistics," and "customers," and examined the impacts based on scenario analysis according to the level of temperature increases.

Environment

Climate Change Risks/Opportunities, Impact Assessment and Targets for U.S.M.H in Accordance with the TCFD Framework

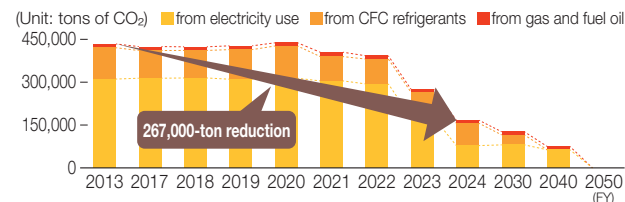
● Climate Change Impact Assessment

	Risk Items	Risk category	Details of risks	Stores	Products	Customers	Financial impact (100 million yen)	Materials used to calculate the degree/ value of impacts
Transition risks	Cost of achieving carbon neutrality	Policy/regulations	Rise in carbon prices	○	○	—	Carbon tax 26.7 0.37	● Estimated based on IEA WEO 2022, carbon price of US\$140/CO ₂ tons, US\$=¥150, and the Company's estimated remaining CO ₂ emissions of 127,000 tons in 2030
			Increase in capital investment costs	○	—	—	Emissions trading 5.1 4.1	● Based on the status of J-Credit trading from October 2023 to December 2024. Assuming 4,000 yen/ton: 127,000/ton CO ₂ × 4,000 yen
			Refrigerant replacement cost	○	○	—	130 130	● IEA WEO 2022
	Regulation of CFC substitutes	Market	Refrigerant replacement cost	○	○	—	130 130	● Ministry of the Environment "Global Environment and CFC" "Estimation assuming that the Company's remaining R-22 refrigerant is replaced with natural refrigerant"
	Recycling regulations		Increase in waste disposal and recycling costs	○	○	○	11 11	● Waste disposal: 22,000 tons of combustibles × 10 yen/kg rise in disposal costs by 2030
	Energy prices		Rise in energy price per unit	○	○	—	39.1 39.1	● Assuming an increase of 5 yen/kwh in unit price from the current level in 2030.
Physical risks	Logistics costs	Reputation	Increase in costs of trucks in logistics, switch to electric vehicles	○	○	—	Large Large	● IEA WEO 2022 ● DENA "Towards climate neutrality"
	Changes in customer behavior and investor reputations		Deterioration of reputation due to lack of expansion of environmentally friendly products	○	○	○	Large Small	● Based on Boston Consulting Group's "Consumer Survey on the Realization of a Sustainable Society"
	Worsening of abnormal weather events (typhoons, floods, etc.)		Suspension of operations, inability to operate, increase in repair and renovation costs	○	○	○	8.33 100	● IPCC AR6 WG1 FAQ12.2
	Water shortage due to drought	Acute	Concern for cost increase and breakdown of air conditioning	○	○	○	Small Large	● IPCC AR6 WG1 FAQ12.2
Opportunities	CFC regulations	Policy/regulations	Ozone layer protection, prevention of global warming, improvement in corporate valuation	○	○	—	Small Large	● Ministry of the Environment "Global Environment and CFC"
	Recycling regulations	Policy/regulations	Improvement of corporate valuation through appropriate disposal and recycling	○	○	○	Small Large	● Clean Authority of TOKYO "Waste disposal of TOKYO 23 cities"
	Changes in customer behavior and investor reputations	Reputation	Increase in the number of environmentally friendly products sold	○	○	○	Large Large	● Boston Consulting Group "Consumer Survey on the Realization of a Sustainable Society"
	Spread of energy saving and renewable energy technologies	Technology	Decline in prices for equipment installation due to the spread of energy saving equipment	○	—	—	Large Large	● IEA WEO 2022
	Environmentally friendly products		Increase in investor evaluation due to sales of environmentally friendly products	○	○	○	Large Large	● Based on Boston Consulting Group's "Consumer Survey on the Realization of a Sustainable Society"

CO₂ Emissions and the Company's Initiatives for Decarbonization

The Group's business activities (providing products and services to customers) produce greenhouse gas emissions (GHG emissions in CO₂ equivalent) from its use of electricity, gas and CFC refrigerants. AEON Group has set a target of reducing CO₂ emissions from stores to zero by 2040. Based on this and the government's target, the Group will work to reduce its CO₂ emissions by introducing renewable energy, replacing CFC refrigerants, and other means. In August 2024, Inageya also began introducing renewable energy. As a result, in FY2024, we achieved a reduction of 267,000 tons of CO₂ emissions compared to FY2013 level.

The Company will continue working towards carbon neutrality through its efforts to save energy, create energy, and prevent CFC refrigerant leaks.

● CO₂ Emissions

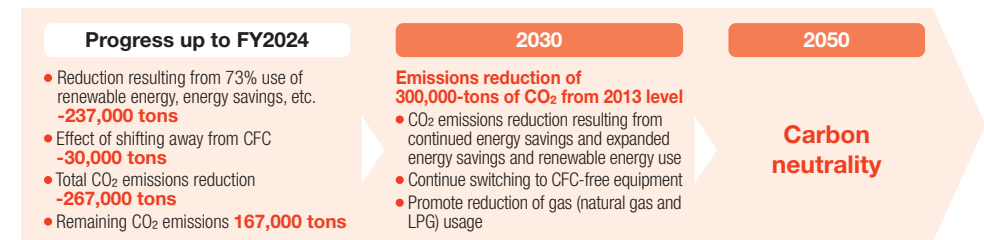
Our Metrics and Targets in Accordance with TCFD Recommendations

Initiatives to Reduce Environmental Burdens (CO₂ Reduction)

- **Energy savings and renewable energy**
 - Energy-saving operations at stores
 - Switch to energy-saving equipment
 - Increase solar power generation, switch to green power
- **Shift away from CFC**
 - Switch to natural refrigerants, CFC substitutes and CFC-free equipment and facilities
- **Reduce burden by resource collection, food recycling and other offsetting efforts**



● Environmental Targets and Progress up to FY2024

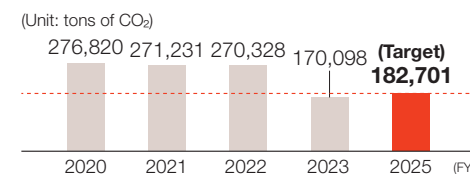
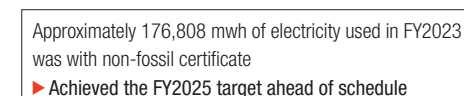


Our Initiatives in Sustainability Linked Loan

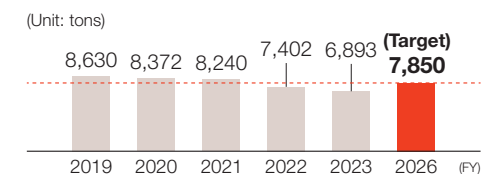
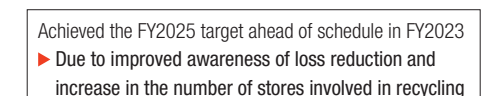
The Company has signed a syndicated loan agreement with the Sumitomo Mitsui Trust Bank, Limited, and obtained a third-party opinion from the Japan Credit Rating Agency, Ltd. on the agreement's compliance with the Sustainability Linked Loan Principles and the rationality of the KPIs and sustainability performance targets (SPTs).

● Overview of KPIs and SPTs

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



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



Environment

Circular Economy

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

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 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.
In fiscal 2024, the Group as a whole collected about 5,300 tons of resources from customers through in-store collection.



In the backrooms, our employees organize and store recyclable items such as cardboard boxes that contained merchandise, polystyrene foam packaging used for fresh food items and used paper, which are passed on to recyclers via the recycling center or collectors. A total of approximately 55,000 tons of resources are recycled annually from the backrooms of all U.S.M.H Group stores.



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.

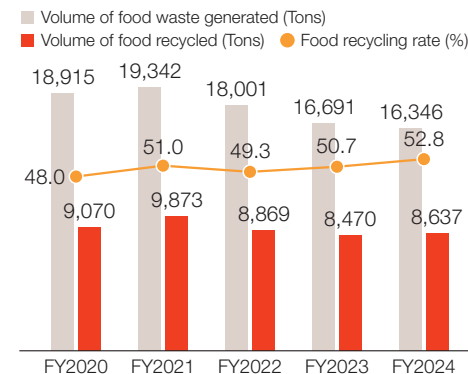
Targets FY2030: Increase the food waste recycling rate to 50%
FY2050: Achieve a food waste recycling rate of 100%

Main Initiatives ① Reduce food waste during sales and manufacturing
② Increase stores with food waste recycling loop certification
③ Expand food bank and food drive initiatives

Results Food recycling rate (volume of total food waste generated / volume of food recycled) of 52.8% in FY2024
Expanded the number of stores conducting food drive to 184 stores in FY2024
A total of 14 stores with food waste recycling loop certification

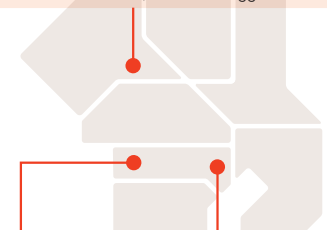
Towards reducing food waste, we will continue expanding the number of stores that recycle food waste generated by stores and the number of those conducting food drive in cooperation with customers. The number of stores with food recycling loop certification under the Ministry of Agriculture, Forestry and Fisheries' program has increased to 14. We will continuously strive to increase the number of certified stores and reduce food waste.

• U.S.M.H Group: Food recycling rate



We plan to apply the know-how held by Inageya, which has a high food recycling rate, to other operating companies in order to further expand these efforts.

2022: Food waste recycling loop at Kasumi stores in Gunma Prefecture
▶ Approx. 76 tons/year of food waste was translated into more than 100,000 boiled eggs for box lunches



2023: Food waste recycling loop at MaxValu Kanto stores in the Tokyo Metropolitan Area
▶ Approx. 32 tons/year of food waste produced about 110,000 packs of pork meat

2014: Food waste recycling loop at Inageya
▶ Approx. 232 tons/year of food waste was partially used to produce pork meat

Social

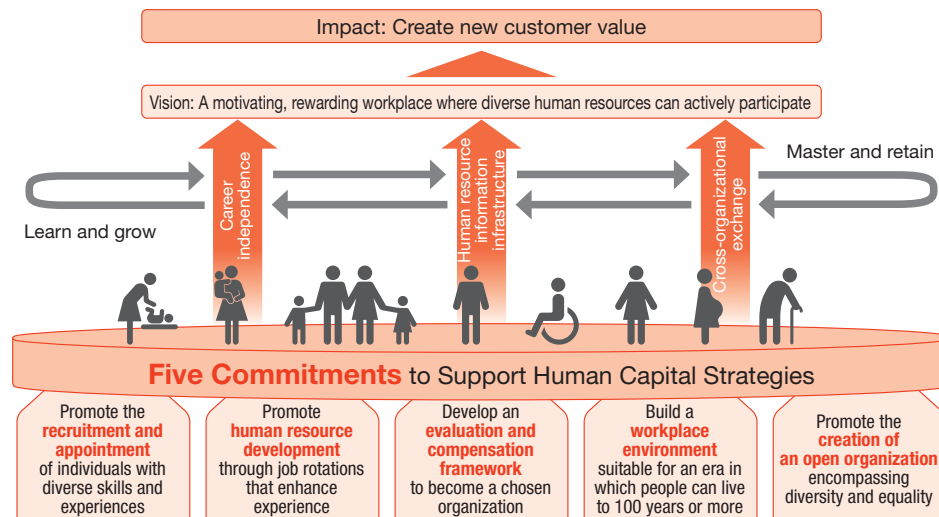
Pursuit of Diverse Human Resources and Job Satisfaction

U.S.M.H Group 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. Based on our basic approach to respecting each employee's individuality rather than treating them as one group, we continue to strive to establish an organization that brings together individuals who independently take initiative in their work.

Our employees are also consumers who are living their daily lives in the community, each of them at a stage of life such as getting married, giving birth, raising children, or 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 external and competitive environment surrounding supermarkets is becoming increasingly intense. To evolve beyond the conventional supermarket model, it is essential to discover and produce valuable products from regions and production areas that other companies do not handle, and to create stores that embody customer service through greetings, interactions, and hospitality that make us the customers' favorite choice. 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.



HR and Organizational Restructuring to Address Management Issues: “Organizational Function Integration”

Since the business integration in 2015, discussions and implementation of functional integration among operating companies have taken place, but only to a limited extent. As a result, integration effects have not been realized, leading to a decline in both motivation for integration and recognition of its necessity. Amid these circumstances, the management team recognized a sense of urgency that, without reallocating existing human capital, the company would be unable to establish competitive advantage in the evolving business environment, where enhancing cost competitiveness and improving customer experience at stores are both essential. Therefore, taking the business integration with Inageya Co., Ltd. as a turning point, we initiated reforms in our HR and organizational structure, and began more strategic communication toward “organizational function integration,” effective from the new fiscal year beginning in March 2025.

Purpose of the Organizational Function Integration

- Streamlining workforce size through the integration of head office functions, primarily back-office operations, and the standardization of business processes
- Enhancing the competitiveness of front-end store operations by reviewing personnel allocation

Initiatives in FY2024

- Shared the objectives of organizational function integration within the HR subcommittee, comprising HR department heads from operating companies
- Visualized the current state of operations by function and formulated new business processes that do not rely on infrastructure integration
- Identified opportunities to reduce workload as part of efforts to standardize and streamline operations
- Discussed potential challenges associated with functional consolidation and clarified the direction of possible solutions

• Vision of the Group's HR System in Line with the Organizational Function Integration

As Is (Current Status)

To Be (Future Vision)

	Maintaining individual company systems within the Group	Unifying concepts and business integration among Group companies	Integrating Group-Wide HR Systems
HR System	<ul style="list-style-type: none"> • Operation of grade and evaluation systems tailored to each company • Definition of desired human resources 	<ul style="list-style-type: none"> • Unification of basic HR system policies • Review of evaluation criteria and content 	<ul style="list-style-type: none"> • Operation of unified group HR system • Initial rollout of the system for U.S.M.H secondees
HR Strategies and Functions	<ul style="list-style-type: none"> • Different HR strategies of each company • Duplication of HR functions across companies 	<ul style="list-style-type: none"> • HR strategic alignment across companies • Operational efficiency through business integration 	<ul style="list-style-type: none"> • Enhanced productivity through linkage between management and HR strategies • Higher productivity through integration of functions
HR Development	<ul style="list-style-type: none"> • Internal personnel exchanges and career paths • Personnel transfers limited to U.S.M.H 	<ul style="list-style-type: none"> • Cross-career paths with the holding company • Integration of Head Office functions and vitalization of exchanges 	<ul style="list-style-type: none"> • Realize a flexible career path • Expansion and growth of human networks

Vision: A motivating, rewarding workplace where diverse human resources can actively participate

Social

Acquisition and Development of Human Resources

Policy on Acquisition and Development of Human Resources

The Group plays an essential role in the regional food infrastructure through its supermarket operations. We consider our employee development framework including training in product knowledge and merchandising skills and our support system for store operations to be key strengths, which we are committed to further refining going forward. On the other hand, in this time when customers' values and mindsets toward daily life are diversifying, we are required to provide new value such as stores, products, and services. To this end, the Company promotes programs across the Group, such as those for learning business development and management strategies that do not overlap with the human resources development programs of each operating company, as well as training programs for acquiring culinary skills used in preparing everyday meals.

With 660 stores in the greater Tokyo area, the Company is required to secure a large workforce to support store operations. We actively promote employment not only for store employees, but also for staff at our process centers and headquarters. Amid growing concerns over the declining

labor population, Japanese companies have traditionally focused on securing talent through mass recruitment of new graduates. In recent years, however, hiring practices have diversified to include year-round recruitment of mid-career professionals, promotion of part-time and temporary staff to full-time positions, and the employment of foreign nationals through programs such as Technical Intern Training and Specified Skilled Worker schemes. We recognize that competition with other companies for talent acquisition remains an ongoing challenge.

Accordingly, beginning in fiscal 2025, we have started consolidating certain human resources functions, including recruitment, talent development, and labor and payroll operations, within U.S.M.H. This initiative aims to streamline overlapping tasks and make more effective use of accumulated expertise, moving beyond the talent acquisition and development efforts traditionally led by individual operating companies. In addition, by leveraging AEON Group's talent development programs and promoting inter-company personnel exchanges, we aim to expand opportunities for individual growth and contribution among our employees. Through these initiatives, we seek to build a unified U.S.M.H Group approach to sustainable talent acquisition and development.

PICK UP Human resource development initiatives that drive the creation of new value for customers

U.S.M.H Business Academy

Development of next-generation core management personnel

To cultivate talent capable of driving future growth businesses, we have implemented a proprietary in-house training program specifically designed for the development of next-generation core management personnel. To date, a total of 42 employees have participated in the program, which not only includes younger staff but also serves as a reskilling opportunity for self-motivated managers in their fifties.

- An internal training program specializing in the development of next-generation core management personnel, taught by internal instructors

DAY1	DAY2	DAY3	DAY4	DAY5	DAY6	DAY7	DAY8	DAY9	DAY10
Business strategy planning	Marketing strategy	Branding	Data marketing	Data science	Project management	Managerial accounting			

Trainee's Comments

I work in the areas of points initiatives for the Group's "Scan & Go" self-service payment system, sales promotions using flyers and other measures, and sales initiatives. After becoming a manager two years ago, I realized I needed a broader perspective and deeper knowledge about how to work in a team and in customer analysis, which is why I applied for this training program. In the classroom sessions, I systematically acquired knowledge that is directly tied to business strategy development, while the group work sessions gave me a real sense of how communication enhances the completeness of outcomes.

In addition to practical skills, I was able to gain strategic business thinking abilities. I hope to apply what I have learned to create, through marketing, value propositions that will motivate customers to visit our stores and to contribute to the company's growth.



Yumiko Seki
3rd Graduating Class
Manager, Planning and Sales
Promotion, Sales Planning,
Sales Division, Kasumi

U.S.M.H Retail Chef Academy

Culinary skill training program to enhance sales and product competitiveness

Participants acquire fundamental culinary skills, including knowledge of ingredients and the proper use of kitchen tools, while cultivating the ability to creatively adapt menus through hands-on experience. To date, 125 individuals have completed the program across eight sessions. Through the curriculum, they have gained practical skills to generate ideas from the perspective of consumers, taking into account customers' lifestyles and dining situations, and proposing menu concepts that bring color and richness to the dining table.

- Award-winning menu from the 8th session presentation



• Fluffy Hanpen fish cake sausage
• Spring vegetable salad



• Sweet and sour pork with spring vegetables
• Bang Bang Chicken



• Relaxing aroma: Celery dumplings in kombu and bonito broth

The presentation and use of color were carefully arranged, with thoughtful attention to the overall composition. The selection of tableware, placemats, and small decorative items contributed to a refined and visually attractive dish.

Mr. Majima, Lecturer
(Nakagawa Cooking Art College)

- "Advanced Cooking Course RCA 2," newly established in FY2024

RCA1 Basic Cooking Course

- Sensory experience of flavors
- Fundamental techniques for handling ingredients
- Practical exercises with assigned recipes

Presentation

To acquire fundamental cooking skills

RCA2 Advanced Cooking Course

- Discovery of new flavors
- Techniques for enhancing the natural qualities of ingredients
- Practical exercises in meal presentation and service

Retail Chef Restaurant

To deepen understanding of flavor and ingredients through specialized lectures, and to gain practical experience by serving meals to guests.

U.S.M.H employees participated as one-day chefs.

Six employees who learned cooking and table presentation formed three two-person teams and served full-course meals to 20 guests.

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. Efforts are also underway to increase the number of female managers, with a mid-term target set for FY2025 toward achieving the Group's goal of a 30% ratio of female managers by 2030. In promoting the appointment and development of female managerial talent, each operating company has formulated its own roadmap based on its unique history and past initiatives. These roadmaps are being shared with management team to accelerate progress.

In FY2024, we established a DE&I Promotion Meeting for the persons in charge of diversity, equity, and inclusion at each operating company, providing a forum to share the status of initiatives and challenges, and to engage in dialogue on fundamental organizational issues. In addition to sharing within our Group, we visited AEON Fantasy Co., Ltd., a company recognized for its advanced DE&I initiatives within the AEON Group, to learn about the development of promotion frameworks and the cultivation of an inclusive corporate culture. We aim to apply these insights to further enhance DE&I efforts across the Group.

PICK UP Initiatives to Create Work Environment in Which Diverse Talents Can Actively Participate

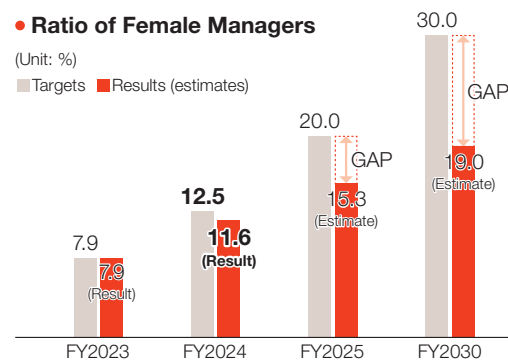
Initiatives to Promote Active Participation of Women

The proportion of women in managerial positions was 7.9% in fiscal 2023. Through the formulation of a concrete roadmap and the sharing of progress, this figure increased to 11.6% by the end of fiscal 2024. A total of 30 women were newly appointed to managerial roles across the three companies, Maruetsu, Kasumi, and MaxValu Kanto. However, estimates indicate that a gap remains between the current status and the target, and we will continue to actively promote initiatives to close this gap.

• Ratio of Female Managers

(Unit: %)

■ Targets ■ Results (estimates)



My Career: Embracing both life events and work with no compromises
— Everyone is encouraged to be their true selves — (Kasumi)



Instructor-led training on numerical skills (Maruetsu)
— Supporting women's career development and fostering motivation to grow —

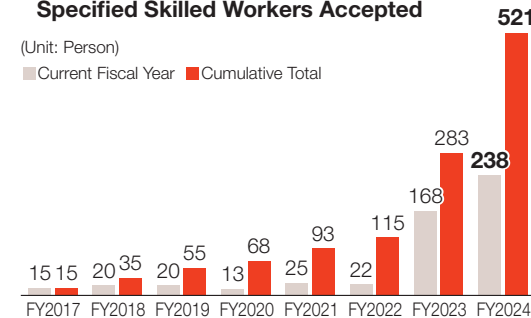
Creating Environment in Which Foreign Technical Intern Trainees Can Thrive

The Group began accepting Foreign Technical Intern Trainees and Specified Skilled Workers in 2017, and has welcomed a cumulative total of 521 individuals to date. After being recruited locally, they enter Japan, participate in an official induction ceremony, and complete in-house technical training before being assigned to our stores or processing centers. Today, they play a vital role in supporting our operations, and we also provide opportunities for cultural exchange with local communities and for learning about Japanese culture beyond their work responsibilities.

• Number of Technical Intern Trainees and Specified Skilled Workers Accepted

(Unit: Person)

■ Current Fiscal Year ■ Cumulative Total



A will to understand breaks down barriers
— Valued members who support our company — (Kasumi)



Dependable teammates, working with a smile
— driven by family hopes and personal dreams (Maruetsu)

Social

Creating Healthy Work Environment that is Motivating and Rewarding

Approach to Creating Motivation and Rewarding Work

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 time. We believe that for each worker to feel motivated and be keen to grow, they need such experience as success at work, collaboration with diverse members, and demonstration of teamwork, and we actively encourage each individual to gain these experiences.

The Group aims for a work environment where employees can continue to work in their own way and in good health over 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, respecting diverse personalities and values, and nurturing a corporate culture of mutual support.

• Human Capital, Workplace Environment, and Well-being Data

Item		Maruetsu	Kasumi	MaxValu Kanto	Inageya
Net Sales per Work-Hour (Year-on-Year Comparison)		13,600 yen (up 1,600 yen)	15,200 yen (up 1,600 yen)	13,500 yen (up 800 yen)	15,100 yen (up 400 yen)
Ratio of Female Managers		10.2%	13.3%	12.3%	3.1%
Paternity Leave	Utilization rate	100.0%	58.3%	100.0%	35.3%
	Average number of leave days taken	32.7 days	97.7 days	8.8 days	133.8 days
Gender Wage Gap (employees on monthly wage schedule)		79.9%	77.0%	82.4%	76.0%
Employee Engagement Survey Results	Rating	B	B	B	B
	Overall score	50.3	48.1	51.1	50.9

Note: Ratings are based on an 11-point scale from AAA to DD. The overall score is calculated on a 100-point scale, with the cross-industry average set at 50.

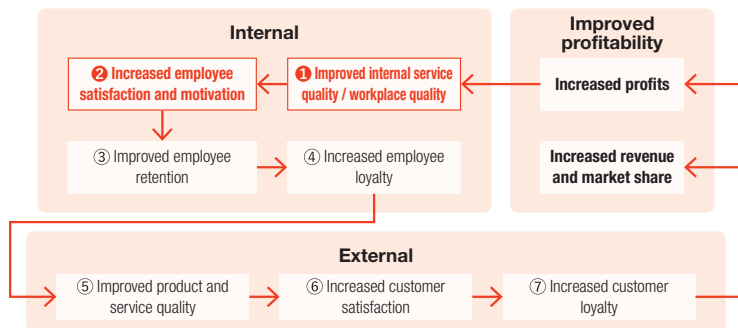
PICK UP Initiatives to Create Motivation and Rewarding Work

Enhancing Employee Engagement

As a member of the AEON Group, we consider our employees, who are key contributors to customer value creation, to be our most important management capital. Reflecting this perspective, we utilize the AEON Group Engagement Survey.

By enhancing employee satisfaction, we aim to improve the quality of our services and products. This leads to greater customer satisfaction and ultimately contributes to increased corporate earnings. We are committed to improving employee engagement as the starting point of this positive cycle.

• Enhancing Employee Engagement: The Starting Point of the Service-Profit Chain



Source: Harvard Business Review, 1994. James L. Heskett, Professor Emeritus, Harvard Business School

The overall engagement score for our corporate group stands at 50.0 points, which is aligned with the cross-industry average of 50.0 points. A common trend observed across the Group operating companies is that while employees have high expectations regarding the clarity of strategy and goals, as well as the fairness of evaluations and compensation, their level of satisfaction in these areas remains low. Recognizing this as a Group-wide issue, we will move forward with initiatives centered on fostering dialogue between management and employees.

Valuing Employees' Individuality and Diverse Perspectives

In fiscal 2024, each operating company revised and relaxed its grooming standards, including hair color, hairstyle, and accessories. These changes were made based on the principles of maintaining cleanliness and hygiene, avoiding discomfort for customers, and ensuring workability and safety without compromising operational efficiency. By respecting the individuality and values of each employee, we are fostering a workplace culture that embraces diverse perspectives.



Social

Food Safety Compliance / Responsible Marketing and Labeling

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

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.

Theme	Food Safety and Security	
Material Issue	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

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

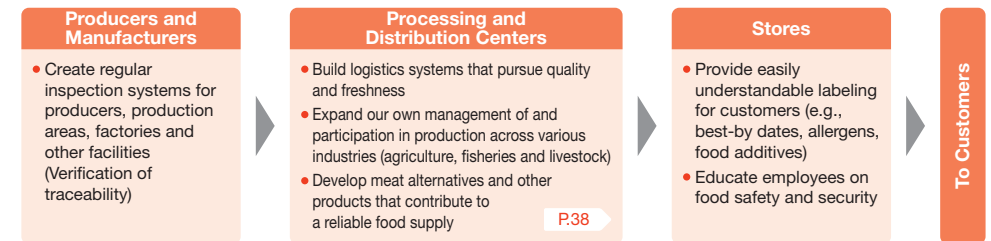
- Implementation of the ISO 22000 standard for food safety management systems (The Maruetsu, Inc.)
- Implementation of the ISO 9001 standard for quality management systems (Kasumi Co., Ltd.)
- Monthly HACCP Committee Meetings (Inageya)
- Disclosure of independent radiation inspection results



Toward the Future

System for providing safe and secure products throughout the supply chain

Going forward, the Group is working 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.

The Company regards marketing as a series of processes for creating, communicating, and delivering valuable offerings to customers, partners, and society at large, and is advancing initiatives through multifaceted approaches.

Marketing approaches

Relationship marketing	Building an effective network with stakeholders
Integrated marketing	Creating, communicating, and delivering consistent value and messaging to customers
Internal marketing	Recruitment and training for marketing
Performance marketing	Profit-oriented activities and research on markets, customer trends, and products

Main initiatives

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

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

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.

Theme	Sustainable Food Value Chain	
Material Issue	Safe Procurement and Supply of Food	Respect for Human Rights
Approach and Vision	<ol style="list-style-type: none"> 1 Stable supply of products by transitioning into an SPA* and restructuring our logistics network 2 Promote procurement and sales of sustainable products 	Respect for human rights through cooperation between U.S.M.H and the entire supply chain

Safe Procurement and Supply of Food

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*
- 4 Integrate purchasing operations and implement joint procurement of products

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 Tsuchiura



Lettuce grown at The TERRABASE Tsuchiura, on display

In addition to producing and selling Green Growers lettuce, THE TERRABASE Tsuchiura has begun cultivating basil and arugula for use in deli products.



Our deli items featuring newly cultivated basil and arugula: “Potato Salad with House-Made Basil Sauce” and “Green Growers Arugula Salad to Refresh Your Mind”

Respect for Human Rights

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. Along with each operating company conducting human rights training for employees, including managers, U.S.M.H participates in the Aeon Group's Human Rights Due Diligence Committee, held four times a year with external experts, to deepen understanding of human rights risks.

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

Social

Creation of Healthy, Valuable Lives through Our Food and Services

Proposal of Enjoyable, Valuable Lifestyles

Creating S That Attracts Customers

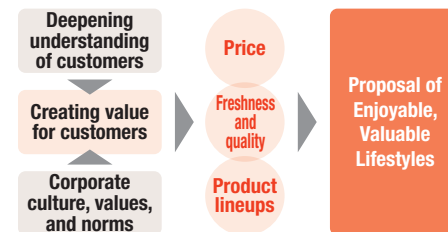
As a foundation for proposing a richer and more enjoyable lifestyle to our customers, we are working to create stores that customers choose to visit among many options. Internally, we have examined the standards such stores should meet, placing particular emphasis on three key elements: (1) price, (2) freshness and quality, and (3) product lineups.

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.

Aiming to enhance both emotional fulfillment and everyday efficiency for our customers, our Group is advancing initiatives under the theme of “Proposal of Enjoyable, Valuable Lifestyles,” with the goal of delivering experiences that bring genuine satisfaction.

• Definition of our customer-oriented approach



Conventional Supermarkets

A one-stop shopping facility, for everything from food to daily necessities

The Group's Vision for a New Supermarket

A comfortable space that fosters spiritual happiness, and where customers can discover an unexpected shopping experience

To Elevate Our Customers' Culinary Experience

Development of Original Products

In addition to private brand products, each operating company is committed to helping customers create enjoyable dining experiences by developing original offerings, such as ready-to-eat meals, roast beef, and desserts, leveraging the capabilities of processing centers and individual stores.

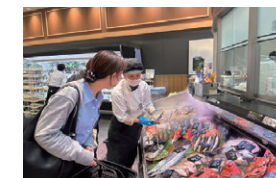
The Maruetsu, Inc. has established the Soka Delicatessen Center to supply original delicatessen products to Group companies. Within just one year of its launch in 2024, the Maruetsu Soka Delicatessen Center successfully expanded its lineup of original delicatessen items to 119 SKUs by the end of February 2025.



Price, Freshness and Quality, and Product Lineups + Communication

In-person sales and cooking communication

Through face-to-face sales conducted by employees and communication via menu suggestions, we convey the value of our products to customers through both words and tastings.



Creating Enjoyment Beyond Shopping

Our stores aim to provide enjoyment beyond shopping by utilizing eat-in areas and other spaces to offer customers a variety of engaging events. Regularly scheduled events include flower arrangement workshops and exercise classes, among others.



Creating value for customers through freshness, quality, and product lineup

Proposing rich and enjoyable dining experience through our products

The stores operated by each operating company feature a rich lineup of locally sourced and direct-from-producer items, and work to enhance freshness on the sales floor by shortening delivery times through high-speed transport such as the Shinkansen.



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 lifestyles for customers and employees by providing food as a source of health and offering food-related services, thereby contributing to energetic lifestyles.

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

Initiatives for Customers

We are working to create store environments that promote customer health, such as designing stores with in-store drugstores and health consultation counters, and establishing dedicated sections for health-related products including Foods for Specified Health Uses (FOSHU).

Some stores have installed walking distance markers on the sidewalks in front of the store to encourage customers to engage in health-promoting activities.



Initiatives for Employees

Kasumi and Inageya, our operating companies, have been certified as "2025 Outstanding Organizations of KENKO Investment for Health (large enterprise category)" under the recognition program jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

Kasumi prohibits smoking on the premises of its headquarters and stores, while Inageya also implemented a complete on-site smoking ban at its headquarters and stores starting in March 2025.

U.S.M.H headquarters hosted four health promotion events during the year. These events have been well received as opportunities to visualize employees' current health status through measurements such as vegetable intake, bone density, cerebrovascular condition, and grip strength, and to support improvements in their future dietary habits.



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

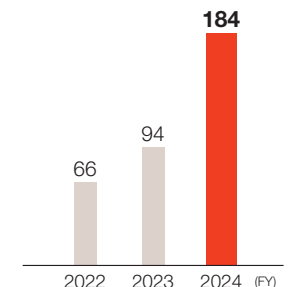
Food bank and food drive initiatives

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 28, 2025, a total of 184 stores were conducting this program across the Group, and we plan to further expand the program in the future.



Trend in the Number of Stores Conducting Food Drives



Initiatives involving mobile supermarkets

Since 2013, each operating company has been conducting mobile sales to deliver products to areas with limited access to shopping. As of February 2025, in collaboration with local governments and other partners, a fleet of 112 vehicles delivers fresh produce, prepared foods, and daily groceries.



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.

- For details of the Corporate Governance Guidelines and the Corporate Governance Report, please refer to the website below.



More details

- Corporate Governance Guidelines (Japanese only)

https://www.usmh.co.jp/wp-content/themes/usmh/files/20241202/USg1_20241202_150.pdf



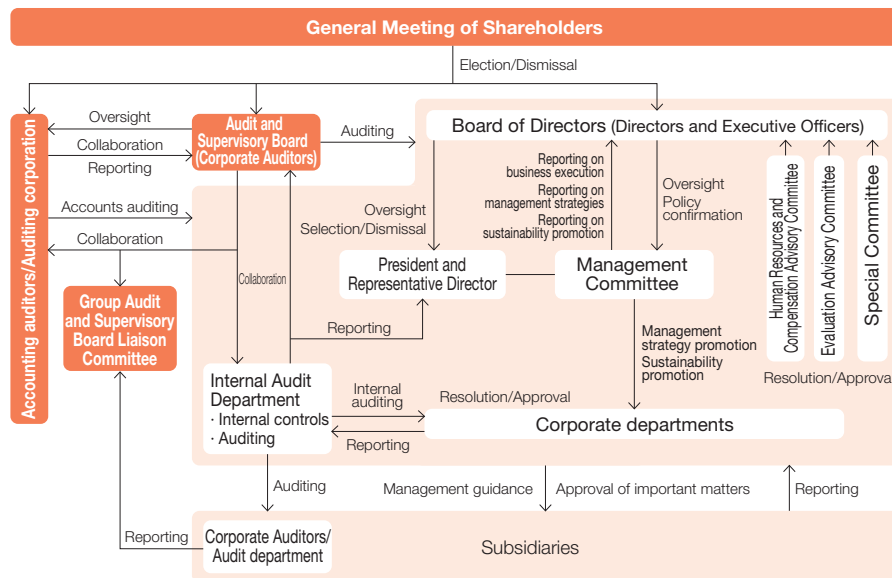
- Corporate Governance Report (Japanese only)

https://www.usmh.co.jp/wp-content/uploads/2025/05/US_governancehoukoku_20250529.pdf



Changes in Corporate Governance

Since fiscal 2024, we have introduced an Executive Officer system to strengthen the supervisory function of the Board of Directors and to clarify the operational execution structure under Executive Officers. In line with this change, the Board of Directors has transitioned to a seven-member structure including three Outside Directors. The Executive Officers consist of nine individuals. Four are responsible for execution at each operating company, and five are responsible for execution within the respective divisions of the U.S.M.Holdings. This structure enhances clarity in operational execution and accountability for performance.



Body	Board of Directors	Audit and Supervisory Board	Human Resources and Compensation Advisory Committee	Board of Directors Effectiveness Evaluation Advisory Committee
Composition Male Female	Outside: 3 Inside: 4	Outside: 2 Inside: 2	Outside: 4 Inside: 4	Outside: 4 Inside: 1
Board/ Committee Chair	Takemi Ide President and Representative Director	Takeshi Nemoto Chair	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. At the Annual General Meeting of Shareholders held in May 2025, the composition of Directors was revised to further promote the diversity and the effectiveness of corporate governance.	The Audit and Supervisory Board receives reports, holds discussions, and makes decisions on important matters related to audits. The Audit and Supervisory Board provides timely explanations to the Representative Director and the Board of Directors regarding the audit policy, audit plan, and the status and results of audits.	In the fiscal year ended February 2025, the Human Resources and Compensation Advisory Committee reviewed and discussed the proposed revisions to the Officer Compensation System submitted by management, and issued a report on the revisions from an independent standpoint. The Committee examines candidates' career histories and skills in connection with executive appointments, including changes in the Representative Director, and submits recommendations regarding nominations.	The Board of Directors Effectiveness Evaluation Advisory Committee conducts annual questionnaire surveys to evaluate the effectiveness of the Board of Directors. Drawing on third-party analyses and past evaluations of board effectiveness, the Committee appropriately deliberates on identifying further issues and improving operational aspects, and reports its findings to the Board of Directors.
Meetings held	14 meetings	13 meetings	Human Resources: 5 meetings Compensation: 5 meetings	2 meetings
Attendance rate	99.1%	100%	100%	100%

Governance

Effectiveness Evaluation

Board of Directors Effectiveness Evaluation

• Evaluation process

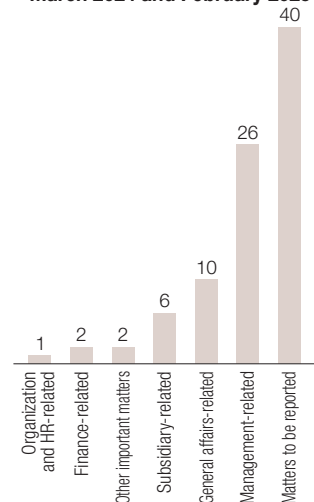


• Evaluation items and results

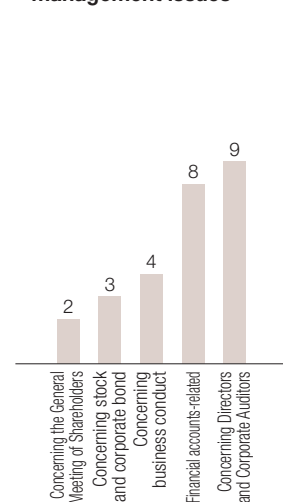
(Rated with 3 being the highest score)

	Scores (Past 3 Years)				FY2023	Deviation From 3-Year Average
	FY2020	FY2021	FY2022	Average		
1. Roles and functions of Board of Directors	2.6	2.6	2.7	2.6	2.7	0.1
2. Composition and size of Board of Directors	2.8	2.6	2.8	2.8	2.9	0.1
3. Operation of Board of Directors	2.8	2.7	2.8	2.8	2.9	0.1
4. Cooperation with auditing organizations	2.8	2.8	2.7	2.8	3.0	0.2
5. Communication with managers	2.8	2.8	2.6	2.7	2.8	0.1
6. Relationships with shareholders and investors	2.7	2.8	2.6	2.7	2.9	0.2

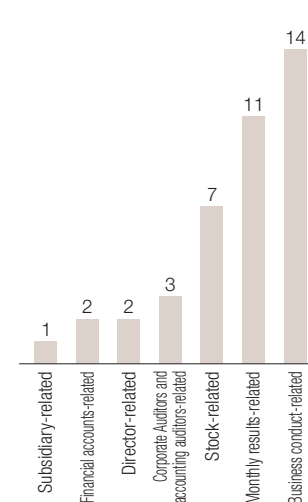
• Proposals Submitted Between March 2024 and February 2025



• Deliberations concerning management issues



• Matters to be reported



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

Issues

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

• **Response to material issues**

- 1 Formulation of a succession plan
- 2 Insufficient explanation off the compensation system for directors
- 3 Composition of independent outside officers and female officers

• **Sharing important matters**

- 1 Relationship and functions between U.S.M.H and operating companies
- 2 Discussion on long-term strategy

• Course of Action for fiscal 2024

Course of Action

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

• **Development of a promotion framework for material issues**

- 1 Formulation of a succession plan
- 2 Revision and explanation of the compensation system for directors
- 3 Examination of the composition of independent outside officers and female officers

• **Establishment of a system for sharing important matters appropriately**

- 1 Examination of the relationship and functions between the holding company and operating companies
- 2 Long-term strategic discussions and information sharing

• Actions taken in fiscal 2024

Issues	Evaluation	Initiatives
Compensation System for Directors	◎	<ul style="list-style-type: none"> Revision of the compensation system was promoted in light of the addition of new operating companies. A group-wide standardized compensation framework was established. Reasonable compensation levels tailored to each operating company were defined. Following review by the Human Resources and Compensation Advisory Committee, the system revision was approved in April 2025.
Composition of independent outside officers and female managers	○	<ul style="list-style-type: none"> Roadmaps tailored to each operating company's target achievement were developed and shared internally. A DE&I Promotion Meeting was established to facilitate sharing opportunities among DE&I leads from each operating company. Monthly appointment status of female managers and female management candidates has been visualized. The Group's FY2024 targets were not achieved, but the effectiveness of promotion efforts has improved.
Relationship and functions between the holding company and operating companies	◎	<ul style="list-style-type: none"> In June, a policy was announced to reorganize the organizational functions of four operating companies starting in FY2025. Functional subcommittees (Human Resources, General Affairs, and IT) were established to advance discussions toward integration. Discussions were held to identify tasks subject to integration and to address issues and solutions related to operational consolidation. The newly consolidated structure was launched in March 2025, as planned
Strategic discussions from a long-term perspective	◎	<ul style="list-style-type: none"> An Executive Officer System was introduced to clarify the distinction between oversight and execution in management. Efforts to reduce CO₂ emissions are being advanced in pursuit of carbon neutrality. Enhanced corporate governance is being pursued through ongoing improvements in Board effectiveness. A Group-wide employee survey was conducted to enhance 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 Resources 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.

Partial Revision of Officer Compensation System (April 2025)

In response to the addition of new operating companies to the Group, we have established unified Group-wide standards for the compensation. Under these standards, basic compensation shall be the same amount regardless of position, while compensation by position shall be paid to representative directors in title (Managing Directors and above). In addition, with regard to compensation levels across the operating companies, the Company revised the system to ensure fairness by adopting indicators that reflect socially recognized and economically reasonable measures of corporate scale.

• Overview of Compensation System for Directors (Excluding Outside Directors)

Board Member Type	Corporate Profile
Director	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	Cash compensation paid monthly as a fixed amount set according to the director's position	Fixed	Cash	—
		Position-based compensation				Short term
Equity compensation	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	Performance-based	Stock	Medium term
	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			
	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	Composition (%)				Total
	Fixed Compensation		Performance-based Compensation		
	Cash Compensation		Stock-based Compensation Stock Options (SO)	Restricted stock unit compensation (RSU)	
(Representative directors) Chairman and president	55	35	5	5	100
(Representative director) Vice president	59	31	5	5	
(No right of representation) Chairman and vice president	63	27	5	5	
Senior managing director	65	25	5	5	
Managing director	69	21	5	5	
Concurrent director	73	19	4	4	

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

One director of AEON Co., Ltd., the parent company of U.S.M.H, concurrently serve as a Company director. 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.



• Corporate Governance of AEON Co., Ltd.

Exercise of Group Governance

The Company's four major Group operating companies, namely, The Maruetsu, Inc., Kasumi Co., Ltd., MaxValu Kanto Co., Ltd., and Inageya 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 four companies, and the holding company holds all voting rights.
- ② **Interlocking officers:** 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.: 4 out of 8 persons, 50.0%; Kasumi Co., Ltd.: 3 out of 12 persons, 25.0%; MaxValu Kanto Co., Ltd.: 3 out of 6 persons, 50.0%; Inageya Co., Ltd.: 5 out of 11 persons, 45.4%]
- 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 four 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.

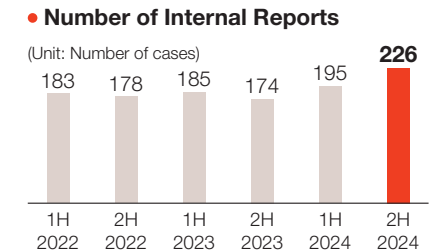
From the perspective of human rights protection, the AEON Compliance Hotline is available as an internal reporting contact point. Our subsidiaries have also established helplines in line with the Group's structure, and provide consultation services through their respective HR departments. We ensure that 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.

Upon receiving a report, the relevant departments promptly take action to identify the root cause, ensure understanding, and prevent recurrence, with the involvement of all concerned parties, thereby working to improve the workplace environment.

Internal reporting results are presented semiannually at the Management Committee. The trend in the number of reports, the details and trends of reports, and response outcomes are reviewed to share insights into the effectiveness and challenges of the compliance system. As for the second half of the fiscal year 2024, the figures have increased due to the inclusion of three months' data for Inageya Co., Ltd. following the merger.



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 improper means under any circumstances. To this end, we distribute handbooks, have the employees submit consent letters, and continue to provide opportunities for regular awareness-raising and education.

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

• **Compliance training for Group officers (fiscal 2024; 65 participants)**
Inviting Mr. Shigekazu Torikai, attorney and Outside Director of the Group, as the guest speaker, participants learned about the role of the Board of Directors in pursuing sustainable and effective enhancement of corporate value through sustainability management.

• **Compliance training for Group managers (fiscal 2024; 696 participants)**

Inviting an external attorney as the guest speaker, participants learned about the impact of misconduct, the fraud triangle (motivation, opportunity, and rationalization), and case studies of misconduct at other companies.

Governance

Roundtable Discussion by the Independent Outside Directors



Building Group Governance for the Next Ten Years

With the launch of the Fourth Medium-Term Business Plan, which presents a new vision for growth through business integration, the U.S.M.H Group is taking a leap toward the next ten years. As a preparatory stage, fiscal 2024 was a year in which various systems were developed. We asked the three independent Outside Directors to reflect on the year and discuss the future outlook.

“A tumultuous year” from the perspective of the Outside Directors

Okamoto: For the Board of Directors of U.S.M.H, fiscal 2024 could certainly be described as a “tumultuous year” involving a succession of important themes requiring consideration. Of course, the focus was on the move toward business integration with Inageya, but we also had many discussions on other topics, including the review of governance and overall executive systems, the redefinition of the functions of the Board of Directors, revision of the compensation system, and the consolidation of functions as the U.S.M.H Group. In the process, the decision was made to discontinue the Third Medium-Term Business Plan, and we began working on the formulation of the Fourth Medium-Term Business Plan around in summer of 2024.

Torikai: The Board of Directors itself has undergone significant changes over the past year. The number of members was reduced from nine directors and five corporate auditors to six directors and four corporate auditors, and the presidents of the individual operating companies, who had been serving as internal directors, became executive officers. These changes have strengthened the structure on the executive side, and created a clear division of roles and functions between business execution and supervision. Previously, Board of Directors meetings tended to focus primarily on sharing of information about operations and approvals, but it is starting to change into a forum for holding discussions from more high-level, big-picture perspectives.

Okamoto: However, in terms of the current situation, the business environment was more severe than expected, and there was undeniably much debate about the improvement of business

performance. I would like to view that aspect in a positive light in terms of there being room for further improvement. On the other hand, I do commend the fact that we were able to discuss the future directions of the new U.S.M.H Group looking ahead to after the business integration with Inageya. We delved deeply into the topic of how best to embody a frontlines-centered approach while integrating the various divisions of the individual operating companies as a group, and I feel that this is starting to take shape to a certain extent.

Makino: Precisely because it was such a tumultuous year with so many topics to discuss, we were able to consider the issues closely in a logical manner, which allowed us to properly share our recognition of the future. From my perspective as an Outside Director, my impression was that the issues concerning management became easier to understand and that the points for improvement and future directions became clearer.

Greater Sophistication of Governance Required of U.S.M.H

Torikai: The business integration with Inageya is premised on the “Concept of Supermarket with ¥1 Trillion in Sales in Kanto,” and the expansion of the corporate group’s scale will likely



Governance

Roundtable Discussion by the Independent Outside Directors



increase the weight of future decision-making. To demonstrate the presence with 1 trillion yen in sales and make even further progress, the Board of Directors must evolve into an institution that can discuss daring management reforms from a higher perspective. From such perspectives, the inclusion of Mr. Okada, Advisor and representative of the AEON Group, as a member of the Board of Directors is a unique and important point. From his standpoint of management of one of Japan's leading comprehensive distribution groups, he has given us suggestions and shared his perceptions from broad perspectives.

Okamoto: One thing that I found impressive in Mr. Okada's stance as a corporate manager is his focus on "voices from the frontlines." He frequently talks about what the people on the frontlines are thinking about the operating companies' operations and about what kinds of opinions are being incorporated.

Torikai: There has been an increase in the earnestness of the top-down approach, which is rooted in the same sense of crisis that Japan as a whole and the entire company are at a crossroads, and in the sense of tension in the atmosphere of the Board of Directors.

Okamoto: It is important that the top management of the individual operating companies share that sense of crisis and instill it throughout their companies and front lines, and the methods for making that happen are starting to change. For

example, at Maruetsu, heads of departments and sections have been visiting stores to explain the Group's and their own company's policies to the employees working on the frontlines, based on the new Medium-Term Business Plan.

Torikai: The senior managers of the individual operating companies have worked hard in this regard, but significant reforms will be needed to achieve further sales growth of 10% or 15%. To advance daring initiatives with a strong will, the governance structure needs to be strengthened to be able to support those decisions.

Makino: As part of our governance strengthening efforts, we undertook a revision of the officer compensation system in fiscal 2024. We reviewed the previous system, which took into account the respective individual circumstances of each operating company, and I am proud that it has turned into a highly transparent, fair system that will be able to accommodate future expansion of Group members. I have great expectations that this will serve as the foundation for fostering a shared awareness of the Group's objectives for medium- to long-term growth, while ensuring a sense of satisfaction among the four operating companies with the inclusion of Inageya.

Support for the Leap Toward the Future Through Governance Reform

Makino: At meetings of the Board of Directors, I made remarks from the viewpoint of consumers, asking questions from the perspectives of what kinds of benefits the U.S.M.H Group will bring to customers and how the Group will be evaluated by customers. In organizing the growth challenges to be addressed through the Fourth Medium-Term Business Plan, I believe that we need to return to the Group's starting point of being close to customers and to renew our awareness of the importance of marketing.

Okamoto: Having reached the milestone of its 10th anniversary, U.S.M.H has positioned the Fourth Medium-Term Business Plan as a period for a "major shedding" of the old for the sake of growth, and it will pursue discussions toward proactive reform. Recognizing as a concern that previous Medium-Term Business Plans did not have sufficient functions for fixed-point checks of progress, a framework has been established for this to be monitored and supervised at the director level. As Ms. Makino said, it will be important to

understand business execution from the perspectives of consumers and customers and to implement measures that are always close to customers.

Makino: The current U.S.M.H Group is in a situation where a new foundation is in place for the shift from a performance recovery phase to a growth trajectory. I hope that the Group will adopt a stance of promptly reflecting the information obtained from the frontlines in its decision-making and taking the initiative in responses.

Okamoto: Recognize the harsh eye that shareholders and investors are turning toward current performance, I sense that the meaning of the Group's name "United" has changed from its previous sense of a loose "alliance" to a more robust "solidarity." I believe that the ideal form of Group governance for the realization of growth will be to link that awareness to reforms in the stores and other front lines through the mid-ranking executives who support the individual operating companies. I sincerely hope that the shareholders and investors will watch future developments closely.

Torikai: How to demonstrate the Group's presence as the No. 1 supermarket in the Kanto region for the next ten years? The U.S.M.H Group has entered a crucial time of reform. We, the independent Outside Directors, will firmly support the company's efforts to take that next leap from the perspective of governance.



Governance

Directors and Corporate Auditors



Name		Motohiro Fujita	Takemi Ide	Masaharu Homma	Motoya Okada	Shigekazu Torikai	Naoko Makino
Position		Chairman	President and Representative Director	Vice President and Representative Director	Director and Advisor	Independent Outside Director	Independent Outside Director
Career summary		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 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. (to present) May 2025 Chairman, the Company (to present)	Mar. 1985 Joined JUSCO Co., Ltd. (currently AEON Co., Ltd.) Sep. 2001 General Manager of Fishery Product Development Department, SSM Merchandising Division, JUSCO Co., Ltd. Feb. 2003 General Manager of Sales Floor Development, Delicatessen Merchandising Division, JUSCO Co., Ltd. Mar. 2004 General Manager of Fishery Products Department, SSM Merchandising Division, JUSCO Co., Ltd. Sep. 2008 General Manager of Delicatessen Products Department, Food Merchandising Division, AEON Retail Co., Ltd. May 2011 Director and Manager of Product Division, MaxValu Tohoku Co., Ltd. May 2014 President and Representative Director, Sanyo Marunaka Co., Ltd. Apr. 2016 Director, Managing Executive Officer, and Food Product Planning Division Manager, AEON Retail Co., Ltd. Mar. 2017 Senior Managing Executive Officer and Minamikanto Company Branch President, AEON Retail Co., Ltd. Mar. 2018 Executive Officer, Director, Vice President and Chief Officer of Sales, AEON Retail Co., Ltd. Mar. 2019 President and Representative Director, AEON Retail Co., Ltd. Mar. 2024 Executive Officer and Chief Officer of GMS, AEON Co., Ltd. Mar. 2025 Executive Officer and Chief Supermarket Business Officer, AEON Co., Ltd. (to present) Advisor, the Company May 2025 President and Representative Director, the Company (to present)	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)	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 Outside 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)	Apr. 1975 Joined a tax accountant office Apr. 1990 Registered as Attorney Apr. 1994 Representative, Torikai Management and Law Office (currently Torikai Law Office) (to present) Mar. 2015 Independent Outside Director, the Company (to present) Jun. 2017 External Member of the Audit & Supervisory Board, Kurita Water Industries Ltd. Jun. 2018 Outside Director, Riso Kagaku Corporation Jan. 2023 Outside Director, Murakoshi Holdings (to present)	Apr. 1990 Joined Asako Aramaki Office Co., Ltd. Dec. 1995 Resigned from Asako Aramaki Office Co., Ltd. Jan. 1996 Freelance (Member of Association of Freelance Dietitians in Nakano Ward) Mar. 2004 Representative Director, Studio Ku Ltd. (to present) May 2007 Councilor and Member of Editorial Committee, Japanese Society of Shokuiku Apr. 2013 Councilor, Japanese Society of Shokuiku; Member of Editorial Committee, Japanese Society of Shokuiku Jan. 2016 Member of Planning Committee, Japanese Society of Shokuiku (to present) May 2016 Independent Outside Director, the Company (to present) Jan. 2022 Councilor, Japanese Society of Shokuiku (to present)
	Term of office	One year	One year	One year	One year	One year	One year
	Attendance at Board of Directors meetings	14/14	—	14/14	13/14	14/14	14/14
	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
	Skills matrix	Corporate management	●	●	●	●	
		Human resources/Organizational development	●	●	●		
		Finances and accounting/Investment strategy		●		●	
		Legal/ Governance				●	
		Business transformation	●	●	●		
		Global perspective			●		
		Consumer perspective		●			●

Governance

Directors and Corporate Auditors



Name		Shinobu Okamoto	Takeshi Nemoto	Tadayoshi Yoyogi	Hirofumi Ishimoto	Satoshi Mitsui
Position		Independent Outside Director	Corporate Auditor (Standing)	Corporate Auditor (Standing)	Outside Corporate Auditor	Independent Outside Corporate Auditor
Career summary		<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 Co-ordination 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</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> <p>May 2024 Independent Outside Director, 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>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. (to present);</p> <p>May 2019 Standing Corporate Auditor, the Company (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 Easheart 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>Dec. 2004 Joined ChuoAoyama Audit Corporation</p> <p>Jul. 2007 Joined Ernst & Young ShinNihon</p> <p>Nov. 2010 Joined Hongo Tsuji Tax & Consulting</p> <p>Jan. 2014 Established Mitsui CPA and Tax Accountant Office (currently Mitsui CPA Office), Director (to present)</p> <p>Jan. 2014 Established Gentle Partners Co., Ltd., Representative Director (to present)</p> <p>Dec. 2017 Outside Corporate Auditor, NITCHO CORPORATION</p> <p>Sep. 2018 Established Futaba Tax Accountant Corporation, Representative Partner (to present)</p> <p>Dec. 2018 Outside Director (Audit and Supervisory Committee Member), NITCHO CORPORATION (to present)</p> <p>May 2024 Independent Outside Corporate Auditor, the Company (to present)</p>
Term of office		One year	Four years	Four years	Four years	Four years
Attendance at Board of Directors meetings		14/14	14/14	14/14	14/14	11/11
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
Skills matrix	Corporate management					
	Human resources/Organizational development	●	●			
	Finances and accounting/Investment strategy	●			●	●
	Legal/ Governance	●	●	●	●	●
	Business transformation					
	Global perspective					
	Consumer perspective					

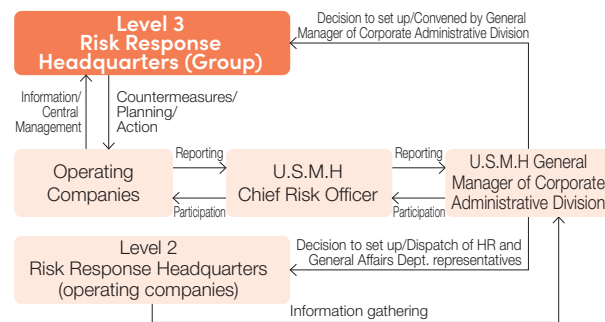
Governance

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 examining 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 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, give the safety 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.

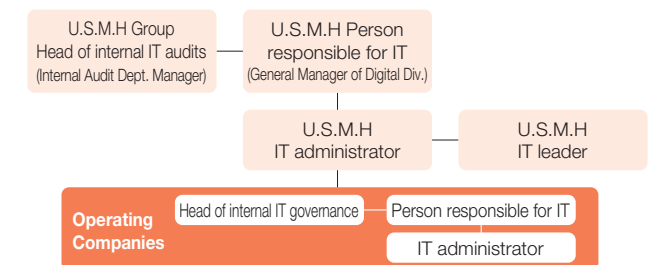
Agreements with Local Authorities for Cooperation Regarding Measures Against Disasters

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



10-Year Highlights

(Millions of yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Profit and Loss										
Operating revenue	663,799	684,806	692,248	694,323	691,660	733,850	716,407	708,690	706,657	811,273
Operating income	14,024	14,320	14,068	11,811	9,357	19,124	12,155	6,384	6,907	5,978
Ordinary income	13,862	14,185	14,188	12,253	9,627	19,433	12,474	6,536	6,929	6,142
Profit attributable to owners of parent	5,329	7,350	7,452	5,308	1,636	8,845	5,374	1,336	1,008	810
Financial Position										
Net assets	131,664	137,518	139,539	142,326	141,695	148,797	152,238	150,022	150,250	203,328
Total assets	254,006	256,043	262,047	258,315	261,478	285,090	280,741	278,729	285,505	382,604
Total equity ratio (%)	51.6	53.6	53.1	54.9	54.0	52.0	54.0	53.7	52.5	53.1
Interest-bearing debt	30,814	32,036	33,727	31,163	29,635	35,828	40,564	43,246	44,876	63,315
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	14,485
Cash flows from investing activities	(16,897)	(20,294)	(16,238)	(13,153)	(18,476)	(15,935)	(24,324)	(22,805)	(25,552)	(16,256)
Cash flows from financing activities	(3,910)	(608)	(4,270)	(4,561)	(4,007)	4,137	2,391	495	(442)	6,943
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	35,736
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	5.44
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	1,038.62
Cash dividends per share (Yen)	14	14	16	16	16	18	16	18	16	16
Dividend payout ratio (%)	34.6	25.1	27.9	38.7	125.4	26.1	38.2	172.9	203.8	294.1
Price earnings ratio (PER) (Times)	23.6	18.2	19.2	28.7	67.0	15.4	25.3	107.6	127.3	143.4
Closing share price (Yen)	956	1,014	1,100	1,187	855	1,064	1,060	1,120	999	780
Price book-value ratio (PBR) (Times)	0.96	0.97	1.01	1.07	0.78	0.92	0.90	0.96	0.85	0.75
Financial Indicators										
Return on equity (ROE) (%)	4.1	5.5	5.4	3.8	1.2	6.1	3.6	0.9	0.7	0.5
Return on assets (ROA) (%)	5.5	5.6	5.5	4.7	3.7	7.1	4.4	2.3	2.5	1.8
Return on invested capital (ROIC) (%)	5.61	5.49	5.28	4.43	3.55	6.73	4.10	2.15	2.30	1.46
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	199,100
Total number of employees*	27,864	29,192	29,597	29,237	28,905	29,184	29,527	28,375	27,905	35,510
Number of new stores opened during the period	30	22	15	13	10	9	8	15	5	8
Number of stores at end of period	494	503	511	516	519	518	521	529	529	660

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

Non-Financial Data

Environment

Major item	Sub-item	Non-consolidated / Consolidated	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
GHG emissions	Scope 1 emissions	Consolidated	t-CO ₂ e	124,217	100,368	101,261	98,635	87,960
	Of which: Emissions from leakage of refrigerant fluorocarbons	Consolidated	t-CO ₂ e	113,090	85,087	89,750	88,089	77,974* ⁴
	Of which: Emissions from city gas and LP gas	Consolidated	t-CO ₂ e	11,127	15,281	11,511	10,546	9,986
	Scope 2 emissions (market-based)	Consolidated	t-CO ₂ e	357,070	347,206	343,777	249,347	78,503
	Scope 1 + 2 (market-based) total	Consolidated	t-CO ₂ e	481,287	447,574	445,038	347,982	166,463
	GHG emissions reduction rate [Base year: FY2020]	Consolidated	%	—	7.0	7.5	27.7	65.4
	Scope 1 + 2 emissions per unit of net sales	Consolidated	t-CO ₂ e / million yen	0.656	0.625	0.628	0.492	0.205
Energy	Total energy consumption	Consolidated	GJ	8,325,496	8,222,458	7,981,957	6,439,904	6,883,910
	Gas (City gas, LPG)	Consolidated	Thousand m ³	3,729	4,425	3,554	3,211	3,329
	Heavy oil	Consolidated	Kl	0	0	0	0	0
	Electric power	Consolidated	MWh	803,234	786,967	754,252	737,505	756,531
	Of which: Renewable energy obtained by private power generation (including on-site PPA)	Consolidated	MWh	816	1,791	5,221	6,790	8,100* ⁴
	Of which: Renewable energy procured through off-site PPA	Consolidated	MWh	—	—	—	—	—
	Of which: Electricity purchased with non-fossil certificate* ²	Consolidated	MWh	—	—	—	179,193	543,068
	Percentage of stores introducing renewable energy power	Consolidated	%	—	—	—	25.2	72.9
Resource recycling	Total amount of waste	Consolidated	t	34,678	31,558	30,068	26,961	25,673
	Of which: Hazardous waste* ³	Consolidated	t	0	0	0	0	0
	Of which: Industrial waste	Consolidated	t	4,585	5,868	5,103	4,207	4,168
	Of which: General waste	Consolidated	t	30,093	25,690	24,965	22,754	21,505
	Waste reduction rate: Base year = FY2020	Consolidated	%	—	9.0	13.3	22.3	26.0
	Use of plastic containers and packaging, etc.	Consolidated	t	8,501	8,755	8,363	8,077	8,378
	Volume of recycled resources collected at stores	Consolidated	t	4,959	4,607	4,489	4,357	5,347
	Volume of food waste generated	Consolidated	t	18,915	19,342	18,001	16,691	16,346
	Volume of food recycled	Consolidated	t	9,070	9,873	8,869	8,470	8,637
	Volume of food not recycled	Consolidated	t	9,845	9,469	9,132	8,221	7,709
	Food recycling rate	Consolidated	%	48.0	51.0	49.3	50.7	52.8
	Number of stores with food waste recycling loop certification	Consolidated	Store	0	1	4	4	14
Resource recycling	Water consumption (intake from water supply and groundwater)	Consolidated	Thousand m ³	3,285	3,059	2,920	2,882	2,871
	Number of business sites with environmental management system certification	Consolidated	Business site	298	299	299	303	303
	Number of cases of violation of environmental laws and regulations	Consolidated	Case	0	0	0	0	0

*1 The above environmental data includes figures from the previous fiscal years from FY2020 for Inageya, which was integrated into the Company in November 2024. The use of plastic containers and packaging, etc. and the volume of food recycled were calculated based on figures reported to the national government on a regular basis (administrative year period). *2 Non-fossil certificate refers to a certificate that certifies the environmental value of electricity generated without using fossil fuels. *3 Specially controlled general waste and specially controlled industrial waste under the Waste Management and Public Cleansing Act, which have the potential to cause harm to human health and the living environment. *4 Figures for FY2024 are estimates because some calculations are in progress.

Non-Financial Data

Social

Major item	Sub-item	Non-consolidated / Consolidated	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Human capital	Total number of employees	Male	Consolidated Person	17,430	17,082	16,534	16,449	16,336
		Female	Consolidated Person	36,684	36,242	35,052	34,615	34,238
		Total	Consolidated Person	54,114	53,324	51,586	51,064	50,574
	Number of regular employees	Male	Consolidated Person	6,519	6,444	6,444	6,318	6,192
		Female	Consolidated Person	1,716	1,823	1,935	1,925	1,951
		Total	Consolidated Person	8,235	8,267	8,379	8,243	8,143
	Number of managers ^{*5}	Male	Consolidated Person	1,069	1,038	1,038	1,009	1,008
		Female	Consolidated Person	57	70	70	75	107
		Total	Consolidated Person	1,126	1,108	1,108	1,084	1,115
	Ratio of female employees	Consolidated	%	67.8	68.0	67.9	67.8	67.7
	Ratio of female managers	Consolidated	%	5.1	6.3	6.3	6.9	9.6
	Number of new graduates hired (annual)	Male	Consolidated Person	178	175	169	143	124
		Female	Consolidated Person	120	176	193	105	100
		Ratio of women	Consolidated %	40.3	50.1	53.3	42.3	44.6
	Number of mid-career hires (annual)	Male	Consolidated Person	38	34	28	65	121
		Female	Consolidated Person	4	43	13	16	42
		Ratio of women	Consolidated %	9.5	55.8	31.7	19.8	25.8
	Ratio of mid-career hires to regular employees	Consolidated	%	0.5	0.9	0.5	1.0	2.0
	Number of persons appointed as regular employees	Consolidated	Person	14	13	12	9	19
	Average years of service (regular employees)	Male	Consolidated Year	16	17	16	17	18
		Female	Consolidated Year	10	11	11	11	11
	Ratio of employees with disabilities	Maruetsu	Non-consolidated %	2.9	3.0	3.0	3.3	3.3
		Kasumi	Non-consolidated %	3.1	3.3	3.6	3.6	3.9
		MaxValu Kanto	Non-consolidated %	2.6	2.6	2.4	2.5	3.5
		Inageya	Non-consolidated %	3.8	3.7	3.7	3.8	4.1
		U.S.M.H	Non-consolidated %	0.0	0.0	0.0	0.0	0.0
	Average annual income (all employees)	Male	Consolidated Yen	—	—	—	—	4,394,173
		Female	Consolidated Yen	—	—	—	—	2,665,100
		Average	Consolidated Yen	—	—	—	—	3,529,637
	Average annual income (regular employees)	Male	Consolidated Yen	—	—	—	—	5,988,844
		Female	Consolidated Yen	—	—	—	—	4,712,860
		Average	Consolidated Yen	—	—	—	—	5,350,852

*5 A manager is defined as a person who holds a position equivalent to a store manager at a store or a chief merchandiser, section manager, or general manager at the head office.

Non-Financial Data

Major item	Sub-item		Non-consolidated / Consolidated	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Human capital	Average annual income (non-regular employees)	Male	Consolidated	Yen	—	—	—	—	2,607,353
		Female	Consolidated	Yen	—	—	—	—	2,460,096
		Average	Consolidated	Yen	—	—	—	—	2,533,725
	Gender wage gap	All employees	Consolidated	%	—	—	—	—	60.7
		Regular employees	Consolidated	%	—	—	—	—	78.7
		Non-regular employees	Consolidated	%	—	—	—	—	94.4
	Percentage of male employees taking childcare leave (including leave for childcare purposes)	Maruetsu		%	—	—	—	7.8	100.0
		Kasumi		%	—	—	—	26.5	58.3
		MaxValu Kanto		%	—	—	—	100.0	100.0
		Inageya		%	—	—	—	—	35.3
	Ratio of employees undergoing health checks	Maruetsu		%	100.0	100.0	100.0	100.0	100.0
		Kasumi		%	99.2	97.8	99.1	98.7	98.8
		MaxValu Kanto		%	95.7	97.6	97.0	98.4	82.6
		Inageya		%	80.2	97.3	99.0	98.0	97.5
		U.S.M.H		%	100.0	100.0	100.0	100.0	100.0

Governance

Major item	Sub-item	Non-consolidated / Consolidated	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Directors (U.S.M.H)	Number of Directors	Male	Person	8	8	8	8	8
		Female	Person	1	1	1	1	1
		Total	Person	9	9	9	9	9
	Number of Independent Directors		Person	3	3	3	3	3
	Ratio of Independent Directors		%	33.3	33.3	33.3	33.3	33.3
	Ratio of female Directors		%	12.5	12.5	12.5	12.5	12.5
	Number of Corporate Auditors		Person	5	5	5	5	4
	Number of Executive Officers	Male	Person	—	—	—	—	7
		Female	Person	—	—	—	—	0
	Number of Board of Directors meetings held		Meeting	13	12	12	12	14
Compliance	Attendance at Board of Directors meetings		%	99.6	99.5	98.2	100	99.3
	Number of cases of legal violation resulting in fines, etc.	Consolidated	Case	0	0	0	0	0
	Number of information security accidents and incidents such as data leakage	Consolidated	Case	0	0	0	0	0
	Number of internal reports	Consolidated	Case	263	267	361	360	Under calculation

Company Data / Stock Information (As of February 28, 2025)

Corporate Profile

Established: March 2015

Capital: 10 billion yen

Business: Management of supermarket business

Head office: 1 Kanda-Aioicho, Chiyoda-ku, Tokyo

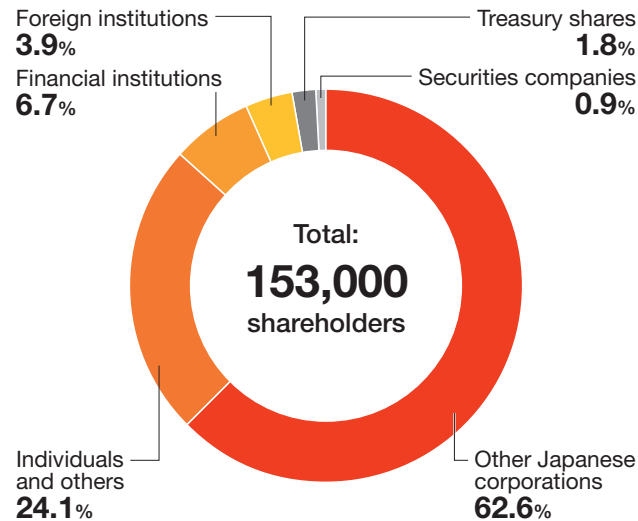
Share Information

Number of shares authorized: 500,000,000 shares

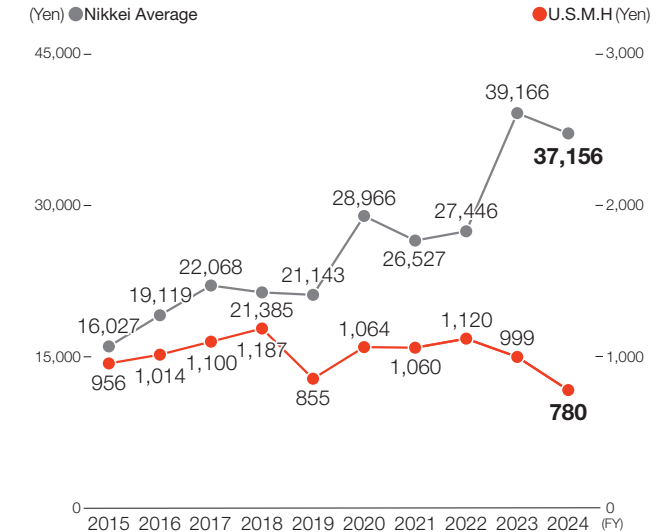
Number of shares issued: 195,528,304 shares

Number of shareholders: 153,828

Share Ownership by Shareholder Type



Stock Chart

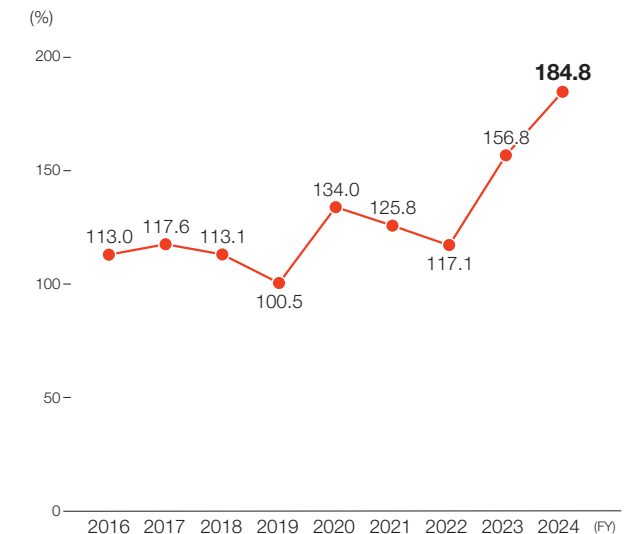


Major Shareholders

Name	Number of Shares Held (Thousands)	Ratio of Shares Held (%)
Aeon Market Investment Inc.	67,159	34.34
AEON Co., Ltd.	36,065	18.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,285	4.74
U.S.M.H Group Business Partners Shareholding Association	2,914	1.49
The Kambayashi Scholarship Foundation	2,300	1.17
Mitsubishi Shokuhin Co., Ltd.	1,730	0.88
KOKUBU GROUP CORP.	1,717	0.87
NIPPON ACCESS, INC.	1,534	0.78
Custody Bank of Japan, Ltd. (Trust Account)	1,492	0.76
U.S.M.H Employee Stock Ownership Association	1,276	0.65

Note: Ratio of shares held is calculated excluding treasury shares (3,572,387 shares).

Total Shareholder Returns (Including Dividends)



U.S.M.Holdings

United Super Markets Holdings Inc.

United Super Markets Holdings Inc.

Head Office address: 1 Kanda-Aioicho, Chiyoda-ku, Tokyo, 101-0029, Japan

Office: 2-9-17 Kanda-Surugadai, Chiyoda-ku, Tokyo 101-0062, Japan

TEL: (+81)3-5577-3011 (Representative)

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

