

U.S.M.Holdings

Investors' Guide 2020



マックスバリュ関東株式会社

Outline of U.S.M. Holdings

Striving to be No.1 in the region, we develop store formats aimed at increasing customer satisfaction.

U.S.M.Holdings



The Maruetsu, Inc.
Maruetsu brand development

maruetsu
マルエツ

maruetsupetit
マルエツプチ

LINCOS

The three formats are: “Maruetsu,” an enjoyable place to shop daily for fresh food and other groceries; “Maruetsu Petit,” an urban-format supermarket tailored to city residents; and “Lincos,” a supermarket offering high-quality merchandise and service (includes two stores in China).



Kasumi Co., Ltd.
Kasumi brand development

カスミ

FOOD SQUARE

Food Market KASUMI

FOOD OFF ストック

The three supermarket formats are the flagship “Food Square” brand marketing new delights for mealtimes, the standard “Food Market” brand supplying groceries to suit local tastes and customs, and a discount format offering everyday low prices under the “Food Off Stocker” brand.



MaxValu Kanto Co., Ltd.
MaxValu Kanto brand development

MaxValu

MaxValu Express

Stores trading under the “MaxValu” format aim to maximize value for customers shopping for daily groceries in terms of quality, price, range and service, while the “MaxValu Express” format offers convenience, competitive prices and surprising variety that changes daily for those shopping for everyday necessities.

Business Philosophy of U.S.M.Holdings

Our core philosophy

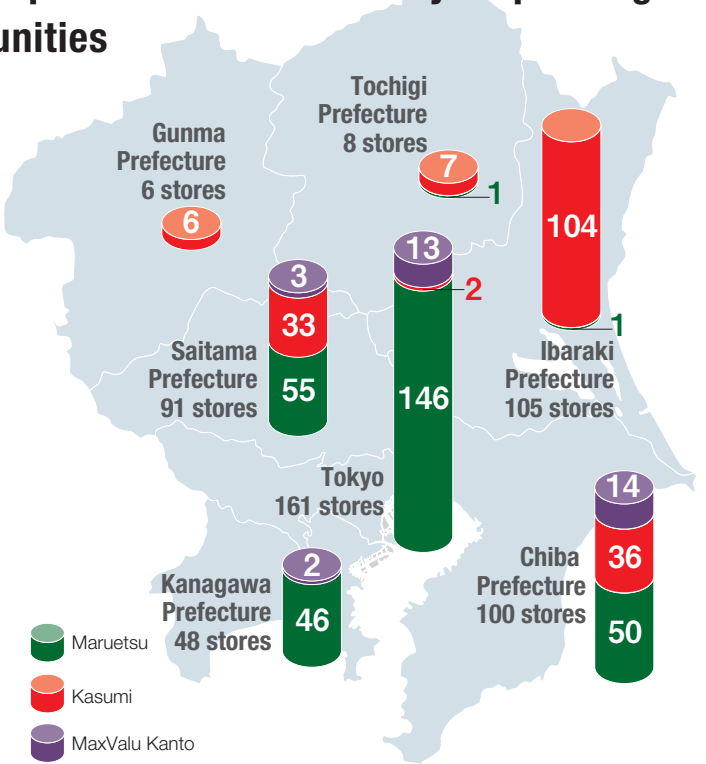
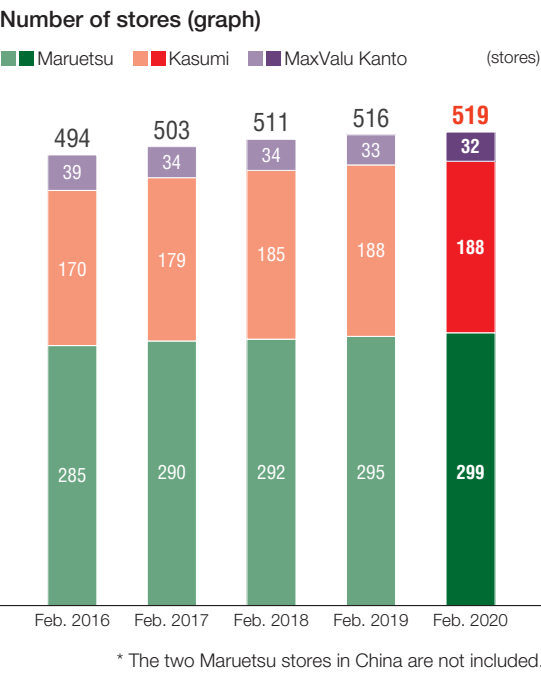
- We
- Offer customers healthy, valuable choices in food
 - Cultivate deep relationships to build prosperous local communities
 - Constantly pursue innovation and move with the times

Business Vision

- In our business, we aim to
- Offer products and services tailored to various lifestyle choices 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 enterprise value
 - Create new value based on fair dealings 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.

Network

Enhancing integration of three companies and continuously responding to customer needs in local communities



(As of February 29, 2020)

Targeting new supermarket store formats deeply connected with local communities

The U.S.M. Holdings Group develops business mainly in the Tokyo metropolitan area and the adjacent prefectures. In this region, a rich and promising retail market is continuously advancing and creating customer needs every day, while at the same time competition is increasingly intensifying across different business formats, escalated beyond conventional supermarket store formats. We have an overwhelming share of this affluent regional

market and operate 519 supermarkets in the region. We push through reforms to adapt to customers' lifestyle changes as well as environmental changes such as digitalization. While providing our customers with new values such as new customer experience through digitalization or unprecedented experience, we are targeting new supermarket store formats deeply connected with local communities.

Main new stores and refurbished stores

Maruetsu Edogawabashi Store
(Opened in June 2019)



- Location: Shinjuku-ku, Tokyo
 - Sales floor area: 370 tsubo
- Providing a variety of product lineups including Handmade Fresh Salad prepared on-site, market-fresh sushi with selected raw fish, and delicatessen using seasonal fresh ingredients

Food Square Kasumi Shintone Store
(Opened in February 2020)



- Location: Inashiki-city, Ibaraki Prefecture
 - Sales floor area: 564 tsubo
- Striving to create a store most beloved by the local community, proposing a rich and enjoyable food lifestyle which supports the lifeline of everyone in the community

MaxValu Noda Nanakodai Store
(Refurbished and opened in September 2019)



- Location: Noda-city, Chiba Prefecture
 - Sales floor area: 870 tsubo
- Aiming to create a store that values close relationships with customers by offering a variety of fresh produce choices and delicious deli products

We will become an essential part of the local community to "satisfy every need for food for everyone", by promoting structural reform based on digitalization and repeating cooperation and emergence.



— **Creating a synergistic effect through a shift from harmonization to integration of three operating companies in an intensely competitive environment**

United Super Markets Holdings Inc. (U.S.M. Holdings) was established in March 2015 as a joint holding company for The Maruetsu, Inc., Kasumi Co., Ltd., and MaxValu Kanto Co., Ltd. We have promoted various reforms under basic policies of "Maximization of synergy through sharing business infrastructure" and "Establishment of a new supermarket model adapted to consumer changes." Under the first medium-term business plan launched in fiscal 2017, aiming for the integration of three companies, we have worked towards continuous growth and the creation of a synergistic effect by the holding company structure.

As for the fiscal year under review, we were in a very severe business environment. In addition to multiple changes such as natural disasters, unseasonable weather, declining consumer sentiments due to the consumption tax increase, and social unrest and a stagnant economy due to the novel coronavirus, we faced intensified competition across different business formats. Under such circumstance, the synergy by the holding company structure was able to generate expected results by utilizing the economies of scale of three companies and venturing into fields where each company had

not been able to explore on a stand-alone basis. We also expanded the product lineup of "eatime", our private-label merchandise, to a total of 91 items, worked on initiatives such as system renewals for cashless payments, and the implementation of a smartphone payment system at stores using our own official mobile app.

On the other hand, the surrounding environment including customers' lifestyle and digitalization has changed faster than expected, which lead to the beginning of slowdown in continuous growth of operating companies. As selling, general and administrative expenses consisting mostly of labor costs increased, it has come to the point where the low-cost operation strategy alone could no longer fight off the pressure of rising cost. Furthermore, as the transformation and diversification of food purchase channels for consumers has become a reality, which has consequently revealed various issues of conventional supermarket store formats.

— **Addressing recognized issues by pushing through four reforms set forth in the second medium-term business plan to realize the structural reform across the entire business**

Summarizing the issues emerged through the implementation of the first medium-term business

plan, it has become evident that we could no longer foresee a future growth strategy only through improvement or correction of existing business models. Therefore, in the second medium-term business plan, it is necessary to rebuild everything from the ground up, including value proposition to our customers and cost structure, and fundamentally transform our business model into the one that can make us grow again as a supermarket. In order to return to the growth trend again, we will push through three reforms: "cost reform", "format reform", and "work style reform", as well as "digital reform" which underlies all the other three reforms.

The theme of the cost reform is a strategic resource allocation of human resources and cash. We believe the most significant issue is the strategic allocation of human resources. We will promote the work style reform that can create added value for our customers by reexamining concepts and structures of our operations. Specifically, works that give added value directly to our customers shall be positioned as a direct cost, and other costs such as corporate expenses and indirect expenses for in-store operations shall be drastically trimmed down.

We will restructure the decision-making system for strategic investment, to drive forward an investment shift from development of new stores to revitalization of existing stores, profitability improvements, and reinforcement of investment in innovation areas such as an investment in digital development.

— **Creating a new format that can provide four values amid changes in customers' lifestyles and expectations for food**

Customers' lifestyles are changing due to the progression of digitalization in addition to environmental changes such as population decline and intensified competition. In the 100-year life society, customers' expectation for food is changing not only to meet a simple physiological need for calorie consumption but also to spontaneously satisfy their emotional needs such as well-being. We also must change significantly to adapt to this change.

Returning to our customer-centric principle advocated in our corporate philosophy once again, we have set the central theme of the format reform to be a pure pursuit of values our customers are seeking in food now. After extensive consideration and discussions, we have reached four value propositions of unprecedented experience that we should aim for: (i) True Freshness, (ii) Serendipity, (iii) Enrich, and (iv) "New Home."

Although these are what we have already been pursuing, it has become difficult to achieve them with our existing approach in the changing environment. To this end, we will need a new way of thinking for open innovation such as collaboration beyond corporate boundaries, or a change in investment allocation.

At the same time, we will also work on the digital reform to establish the foundation of structural reforms, including a full automation of routine works, implementation of self-checkout systems, and development of online home delivery.

— **Project-based simple and flat implementation structure
To become an essential part of the local community**

These four reforms are related to various business processes and difficult to implement swiftly under the existing organizational structure, and therefore it is required to structurally change into a simple and flat organization without hierarchy. We will carry forward the reforms on a project basis in which the holding company and operating companies work as one, and generate results by open discussions and speedy actions.

It is our basic policy that 'promoting structural reform based on digitalization, we repeat collaboration and emergence to "satisfy every need for food for everyone" that is laying the foundation for the next generation', we will evolve into an essential part of the local community.

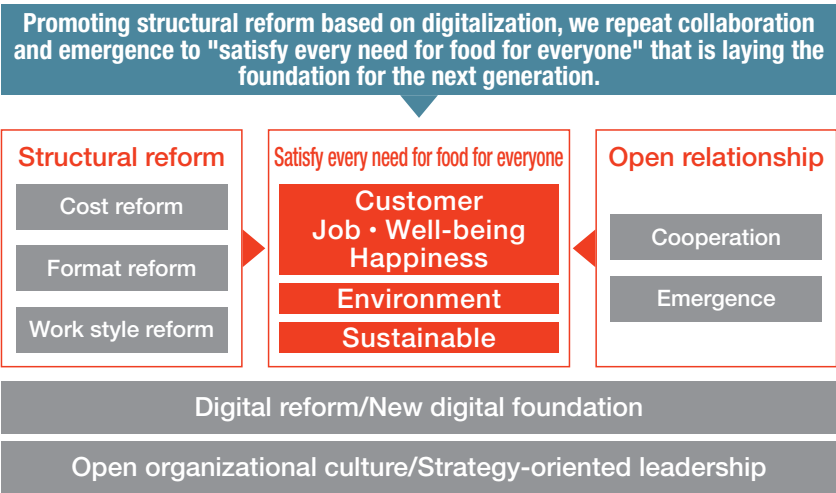
We request your continued support of the U.S.M. Holdings Group.

The second medium-term business plan (March 2020 - February 2023)

Transform into a corporate group with high growth potential that can meet the ever-changing needs in food

The U.S.M. Holdings Group announced the second medium-term business plan which extends until the fiscal year ending February 28, 2023.

In the light of issues emerged in the past three years of working on various initiative in the first medium-term business plan, we will speedily execute transformational reforms leading to solid future growth.

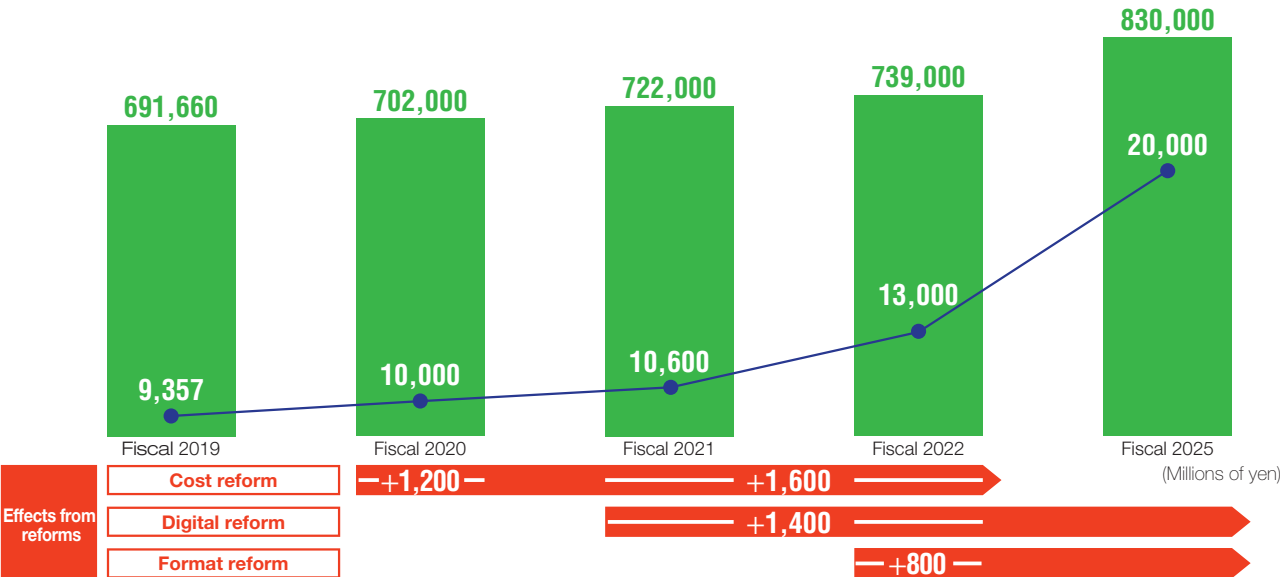


Basic policy Promoting structural reform based on digitalization, we repeat collaboration and emergence to "satisfy every need for food for everyone" that is laying the foundation for the next generation.

Numerical target plan for fiscal 2022

Operating revenue	Operating income	Operating income margin
739 billion yen	13 billion yen	1.8 %

■ Operating revenue ● Operating income
(Millions of yen)



Four pillars of reform

1

Cost reform

Reform the correlation between investment and return and cost structure to find a new growth model and establish a solid foundation of revenue

Details of reform initiatives

- Review direct to indirect allocation ratio (allocate human resources from headquarters to stores, consolidate administrative functions into the holding company)
- Shift focus on customer contact point from operations (work style reform)
- Reform check-out systems
- Retool in-store routine works utilizing digitalization
- Review investment allocation to reform and innovation areas (invest in remodeling and revitalization, reinforce investment in new digitalization development)

2

Format reform

Reform the existing formats and business model structures to capture changes in customers

Details of reform initiatives

- Transform into a new format to become people's destination through our four values based on know-our-customer and co-creation
Four values: True Freshness, Serendipity, Enrich, and "New Home"
- Create new customer experiences through digitalization
Establish a digital channel model (online smart supermarket, online home delivery, mobile payment, etc.)

3

Work style reform

Reform conventional workflow and operational system structures to adapt to changes in workers and work styles

Details of reform initiatives

- Workplace:
Focus on stores, reduce headquarters function with a selected few
- Work type:
Streamline routine works and concentrate more on customer contact points

4

Digital reform

Reform and renew the supermarket core system to adapt to new work styles and create new customer experiences through digitalization

Details of reform initiatives

- The supermarket core system for new work styles:
Routine works to be digitized, automated, standardized and integrated
- Creation of new customer experiences through digitalization:
Smart POS and online smart supermarket

Strengthening the structure to implement reforms

- The holding company to decide investment strategy as the key for growth strategy
Optimize investment overlooking across the entire business of the Group
- Restructure into a simple and flat organization for speedy decision-making

We will execute these reforms steadily going forward to obtain more customers, and evolve into an essential part of the local community to satisfy every need for food for everyone

Business Efforts

Proposing new supermarket store formats

Digital reform advancing at U.S.M. Holdings

Striving to improve satisfaction of both customers and employees through digitalization

U.S.M. Holdings has launched various business reforms through digital reform. Supermarkets, as with other industries, are facing a shortage in human resources because of the declining birthrate and aging population. Cashless payment and self-checkout systems through digitalization of operations can not only improve customers' convenience but also reduce the employees' burden through work- and labor-saving operations. The employees can spend more time than before with customers to offer value-added services, which leads to customer satisfaction improvement only possible at actual stores.

Together with our employees, we will create new supermarkets where customers can enjoy shopping comfortably, through various initiatives such as offering information using digital signage, enhancing data marketing, and digitalization of routine operations.



Cashless payment made possible by U.S.M.H official mobile app "Scan & Go"

Promoting digitalization, we are expanding the number of stores with check-out systems using the U.S.M.H official mobile app with which customers can add products to cart and pay with their smartphones. Using this app, customers can enjoy a smooth shopping experience without lining up at the cashier as they can register and pay for products using their smartphones.

We had a test-run of this system first to employees at Kasumi Tsukuba University Store. After verifying and improving the system's usability and functions, it was introduced to customers on October 21, 2019.

Going forward, we will roll out the application environment of this system to each Kasumi store in order, and are planning to expand it to each Group

company of U.S.M. Holdings this fiscal year.



Kasumi Tsukuba University Store, the first store with cashless payment



Please scan here for more details.

From your visit until payment



Office Smart Shop: Pursuing possibilities of a new store format with an unstaffed store

"KASUMI LABO," opened on the first floor of Kasumi head office on October 21, 2019, is an experimental unstaffed store utilizing a mobile app, in which we have been operating to analyze usage trends from various aspects. Based on its accumulated know-how, we opened an Office Smart Shop in the Ibaraki prefectural government

building in March 2020. The store also functions as a pick-up point for purchases from "VEGI-BUS (Ibaraki)," the new initiative under the comprehensive partnership agreement between Kasumi and Ibaraki Prefecture.

Going forward, we will work on expanding the number of unstaffed stores located in small office spaces.



"KASUMI LABO" on the first floor of Kasumi head office



Overview of financial closing by operating company on a non-consolidated basis (Fiscal year ended February 29, 2020)

Operating revenue

375,972 million yen (100.3% year-on-year)

Operating income

5,320 million yen (92.5% year-on-year)

Ordinary income

6,361 million yen (110.1% year-on-year)

Net income

2,365 million yen (89.2% year-on-year)

Operating revenue

268,146 million yen (98.7% year-on-year)

Operating income

3,903 million yen (65.1% year-on-year)

Ordinary income

4,202 million yen (66.0% year-on-year)

Net income

912 million yen (25.9% year-on-year)

Operating revenue

43,835 million yen (100.1% year-on-year)

Operating income

328 million yen (158.3% year-on-year)

Ordinary income

311 million yen (151.1% year-on-year)

Net income

206 million yen (204.6% year-on-year)

Maruetsu promoted three initiatives with a basic theme of "innovation and challenge." To achieve the expansion of "concentrated occupation rate in a small business area," Maruetsu undertook improvement of customer services and cleanliness as well as the realization of affordable prices. In September 2019, MARUETSU credit card with WAON was introduced in the effort to improve customer convenience by promoting new membership and its usage. As for the improvement of on-site capability at stores, an electronic shelf label system was employed at all Maruetsu Petit stores, and expanded the introduction of labor-efficient display shelves and more. To reinforce the delicatessen department, Maruetsu implemented new product development of deli items, renewal of long-sellers and price revisions, while also expanding a fresh food delicatessen featuring seasonal fresh meat and fish to 57 stores in total.

Striving to become the best local supermarket store connected deeply with the local community, Kasumi implemented several measures to offer products and services matching needs of the local community. In response to the rise in austerity among households due to the consumption tax hike, Kasumi expanded the promotion under the campaign named "Save Your Wallet," slashing the price of best-sellers to more affordable price to support household economy. In addition, more measures were implemented to take advantage of KASUMI credit card with WAON and KASUMI-WAON e-money card. Furthermore, to create a better workplace where employees can work comfortably with motivations, the company-led nursery school Kasumi line-no-Mori Nursery School was opened in July, and in September, the retirement at the age of 65 years old was introduced.

Inspired by its vision of creating the "pleasure of shopping" and with an aim to establish a new store model and shift to an organization that can accelerate investments for growth, MaxValu Kanto implemented the following measures: (i) large-scale revitalization anticipating new stores opening, (ii) realization of "MaxValu is a great value!" through reinforcement of pricing strategies, (iii) creation of attractive product line-up to entice customers, (iv) operation reforms to pursue efficiency, and (v) reforms to become a company where all the employees can work and grow energetically. Reforms will continue to be carried out by adapting swiftly to environmental changes and regularly reviewing the stores and products from the customers' perspective, so that customers can enjoy a more comfortable shopping experience.

eatime

THE U.S.M.H QUALITY

Encounter with carefully selected excellent “eatime” products makes every-day dining a more enjoyable experience



The Group’s private-label merchandise “eatime” has been available at all Maruetsu, Kasumi, and MaxValu Kanto stores since October 2017. Based on the concept of proposing new values to customers, “eatime” is the original products that the three supermarket companies in pursuit of deliciousness, with a focus on food cultures of various regions and specialties rooted in regions.

We will enhance the product lineup and develop it further.



More Delicious

No.018
Margherita Pizza with Water Buffalo Mozzarella and Tomatoes

The size and toppings are upgraded to satisfy more authentic pizza taste with a new package.

No.019
Quattro Formaggi Pizza with Honey

More Convenient

No.007
Premium Extra Virgin Olive Oil for Finishing

The premium ingredients, production methods and deliciousness are all still there but in the renewed bottle for easier use.

No.093
Aromatic Focaccia with Olive Oil

No.089
Rich and Aromatic Premium White Bread

No.080
Demi-glaze Sauce for All Recipes

No.081
White Sauce for All Recipes

At-Home Bistro by “eatime”

Salmon au Gratin with Mushrooms



Ingredients (Serves two)

- Salmon fillets 2 pieces
Sake, flour, salad oil, and butter as needed
Onion (sliced) 1/2
[A] Beech mushrooms (broken in pieces) ... 50g
King oyster mushrooms (cut in half length and sliced) 2 pieces
[B] eatime No.081 White sauce 1 can (290g)
Milk 100ml
Broccoli florets (cut in pieces and blanched) several
Salt, pepper, olive oil, and cheese for pizza to taste

Directions

- (1) Cut a salmon fillet into three pieces. Sprinkle sake, rest for about five minutes, and remove excess moisture using a paper towel. Coat the salmon pieces thinly with flour.
(2) Heat a frying pan and add salad oil. Place (1) on the pan and sear both sides of the salmon. Once it's cooked, remove from the pan.
(3) Melt butter in a saucepan over a low heat and sauté the onion. When the onion becomes transparent, add [A] and stir-fry them together. Add [B] and simmer. Adjust the flavor with salt and pepper.
(4) Coat the inside of a heat-resistant casserole dish thinly with olive oil. Place (2) and broccoli in the dish and pour (3) over it. Sprinkle on some cheese for pizza and place the dish in an oven toaster. Bake until the top turns golden brown.

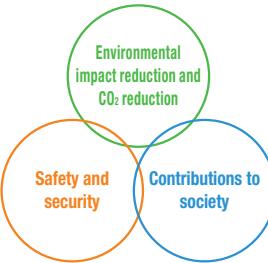
U.S.M. Holdings’ Basic Policy on the Environment

The United Super Markets Holdings Group recognizes that environmental problems constitute a critical global issue and makes concerted efforts to protect the global environment, helping to build a sustainable recycling society through sound business activities that foster social and economic development and harmonious coexistence with local communities.

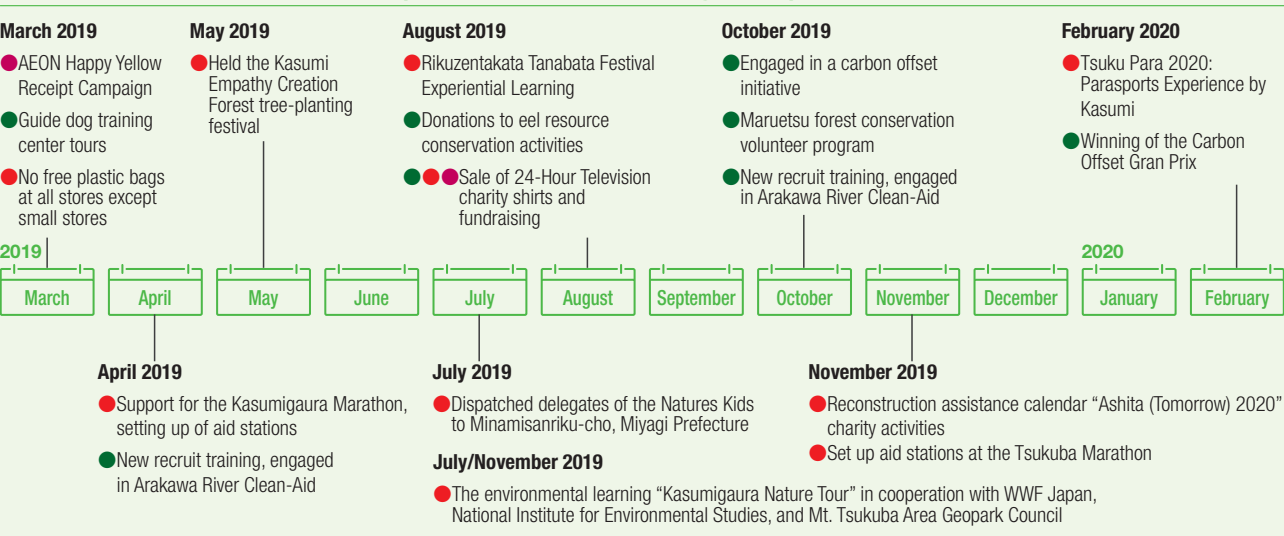
1. We actively work to conserve resources and energy through our business activities.
2. We work to develop and popularize environmentally friendly products and materials.
3. We promote waste reduction and The Three R's: reuse, reduce and recycling.
4. We contribute to local environmental protection activities and strive for harmony with local communities.
5. We familiarize employees with this policy, nurture a spirit of environmental protection in each individual, and engage in group-wide activities that involve all employees.
6. We announce this environmental policy to our employees and the public and strive to provide information on our activities proactively.

U.S.M. Holdings engages in CSR activities from three perspectives.

The U.S.M. Holdings Group engages in CSR activities from three perspectives: “Environmental Impact Reduction and CO₂ Reduction,” “Safety and Security,” and “Contributions to Society.” We contribute to local communities and our stakeholders through our CSR activities.



Main initiatives in fiscal 2019 (March 2019 - February 2020)



Year-round continuous initiatives

- Donations to the Japan Guide Dog Association
- Guide dog contact campaigns
- maruetsu365
- Donation of an amount equivalent to 1% of pet food sales to the Japan Guide Dog Association
- Guide Dog Friends Club
- Donation of an amount equivalent to 1% of drink vending machine sales to Japan National Council of Social Welfare
- Donation of the proceeds from the sale of bottle caps collected at stores for use in purchasing vaccines
- Bring your own shopping bag campaign
- Collection of recyclable resources
- Operation of a recycling center
- Promotion of waste visualization and reduction of food product waste through the introduction of a waste weighing and management system
- Reduction of food product waste and donations to a food bank that effectively utilizes food products with unexpired best-before dates and use-by dates
- Recycling of food leftovers
- Promoting “ISO14001” initiative
- Conduct of supermarket tours
- 5 a DAY hands-on harvest tours
- Dietary education classes for seniors at mobile sales centers
- Training of food educators and food instructors
- Cooking class by “Cooking Studio”
- Health support, including measurement of health data and provision of advice on nutrition
- Health consultation at the Okubo Ekimae Store eat-in corner
- Training of service care-fitters
- Promotion of employment of persons with disabilities
- Welcoming of social studies field trips
- Participation in community events that place importance on ties with local communities
- “Clean & Green Day” cleanup activities at stores and near the head office on the eleventh of each month
- Donations to the World Wildlife Fund (presentation of donations)
- Voluntary inspections for radioactive substances
- Litter picking and clean-up campaign at the shore of Lake Kasumigaura

Initiatives to Reduce Plastics

Undertaking the “no plastic bags for free” program at each company of U.S.M. Holdings

In March 2019, Kasumi implemented initiatives to stop offering free plastic shopping bags at all stores in Saitama, Chiba, Gunma, and Tokyo (excluding some of small stores.)

In 2020, this initiative of no plastic bags was launched at all MaxValu Kanto stores as of March 1, and at all Maruetsu, Maruetsu Petit, Lincos, and Uoetsu stores as of April 1.

Spontaneously with the termination of free plastic bags, the eco-point used to be given to customers as an incentive not to use plastic bags at Maruetsu has also been abolished, as the originally intended purpose of encouraging customers to bring their own bags has been fulfilled. As of June 30, 2020, Kasumi also stopped offering free plastic shopping bags at small stores, and its eco-stamp card program in which customers receive a stamp when they don't take a plastic bag has been terminated.

The U.S.M. Holdings Group stopped offering free plastic shopping bags at all stores, and will continue to reduce plastics.



Environmental Impact Reduction and CO2 Reduction

Environmental Protection

Kasumi has been engaged in a forest revitalization project at Kasumi Empathy Creation Forest located in Kasama City, Ibaraki Prefecture, since fiscal 2011. In fiscal 2018, Kasumi's employees together with local residents planted about 3,000 trees. Kasumi has also been engaged in a litter picking and clean-up campaign of the shore as part of environmental protection of Lake Kasumigaura, in collaboration with civic organizations and the local government, since fiscal 2017.

Maruetsu has been engaged in forest preservation since 2010 involving the planting of trees and brush clearing with volunteers at a forest in Yokote, Hidaka City, Saitama Prefecture, nicknamed "Maruetsu Forest."



“Visualization” of the amount of waste discharged

Maruetsu has introduced at more than 200 supermarkets, mainly its eponymous stores, a waste weighing and management system that quantifies the amount of waste discharged at each store. By “visualizing” waste discharged from its stores, Maruetsu is working to curtail waste emissions by increasing employee commitment to waste reduction.



Safety and Security Initiatives

Voluntary Inspections for Radioactive Substances

The Group has put in place an inspection system for radioactive substances to enable customers to purchase food products with confidence and peace of mind. Maruetsu and Kasumi conduct voluntary product inspections and disclose on their websites the results of sampling inspections of fresh produce, milk, tofu, and other products.



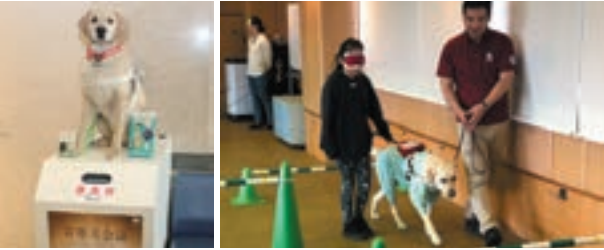
ISO 22000 and ISO 9001 Quality Management Certification

Maruetsu has obtained certification under the ISO 22000 international standard for food safety management systems at its fresh food processing centers for fresh meat and fresh fish and attests that it provides customers with safe, high-quality food products. Rose Corporation Co., Ltd., a Kasumi Group company that produces and processes boxed lunches and prepared foods, has obtained certification under the ISO 9001 international standard for quality management systems and engages in rigorous quality control that ensures customer peace of mind.

Contributions to Society

Support for Guide Dog Training

The Group supports guide dog training through monetary donations and is conducting activities to raise understanding and support for guide dogs. Maruetsu conducts events such as guide dog training center tours for customers. Maruetsu has continuously made donations to the Japan Guide Dog Association (JGDA) since 1993 through activities to raise funds for guide dog training, and the cumulative amount donated by fiscal 2019 was approximately 307.4 million yen. Kasumi periodically holds meetings of the Kasumi Guide Dog Friends Club (Kasumi Modoken Friend Club) with JGDA support.



Emergency assistance fundraising and donation to affected areas

The Group engaged in emergency assistance fundraising activities in the hope that victims of natural disasters that occurred in 2018 will be able to resume their normal lives as soon as possible, and donated the funds raised from customers and Group company contributions to municipalities in the affected area.

We donated a total of ¥2,335,989 to municipalities in Chiba Prefecture for those who were affected by Typhoon Faxai, and a total of ¥3,585,988 to municipalities in nine prefectures of Ibaraki, Tochigi, Saitama, Kanagawa, Iwate, Miyagi, Fukushima, Nagano, and Shizuoka for those who were affected by Typhoon Hagibis, etc.

Great East Japan Earthquake Reconstruction Assistance

Since the Great East Japan Earthquake of 2011, Kasumi has continuously engaged in activities to assist the city of Rikuzentakata, which was devastated in that disaster. Its companywide charity activities based on a reconstruction assistance calendar, “Ashita (Tomorrow) Calendar,” are in their ninth year, and the total amount of donations to the Rikuzentakata Elementary and Junior High School Reconstruction Fund and others amounted to ¥133.43 million. Rikuzentakata Tanabata Festival Experiential Learning (Rikuzentakata Tanabata Matsuri Taiken Gakushu) has been held since 2012. At the time of the Tanabata Festival, held on August 7 each year, elementary school students from areas where stores are located and new Kasumi employees visit Rikuzentakata for two nights and three days. By helping with the preparations for and joining in the Tanabata Festival, the participants deepen their interactions with others and learn the importance of bonds between people.



Happy Yellow Receipt Campaign

All MaxValu Kanto stores are continuing AEON's “Happy Yellow Receipt” initiative. Each year, during the three-day period from March 9 to 11 they participate in the “Happy Yellow Receipt Campaign” to support children in areas devastated by the Great East Japan Earthquake. During the campaign, customers who visit the stores send their wishes through their purchases.



 **The U.S.M. Holdings Group's dietary education activities**

Supermarket tours

Kasumi invites local children to its stores and provides opportunities for them to learn about an enjoyable well-balanced diet in fun study sessions conducted by Kasumi's national registered dietitians or dietary education instructors. In fiscal 2018, 15,347 children participated in study sessions.

EATPIA cooking and culture school

Among the many classes offered at EATPIA, a cooking and culture school Maruetsu has operated since 1991, Kid's Cooking classes have been continuously offered since the school first opened. Maruetsu's national registered dietitians and other dietitians serve as instructors for these classes, in which some 3,000 elementary school students in total have learned about cooking, nutrition, and table manners.







Corporate Governance

Basic Policy on Corporate Governance

- (1) Respect the autonomy and independence of the operating companies and ground corporate governance in the basic principles, vision, and mission formulated at the time the Company was established based on the common principles "Customer-first" and "Contribution to local communities."
- (2) Maintain transparency and fairness in decision-making to ensure appropriate cooperation with shareholders and other stakeholders.
- (3) Regard shareholders with whom appropriate cooperation can be achieved from a medium- and long-term perspective, particularly customer shareholders who provide opinions through their daily shopping, and other stakeholders as important partners. Create an environment that enables constructive dialogue with these stakeholders and develop a framework to reflect their feedback in management.
- (4) On the basis of (1) to (3) above, demonstrate a healthy entrepreneurial spirit by ensuring rationality in the management decision-making process and strive for the Company's sustained growth and enhancement of medium- and long-term corporate value by realizing prompt and decisive decision-making.

Board of Directors

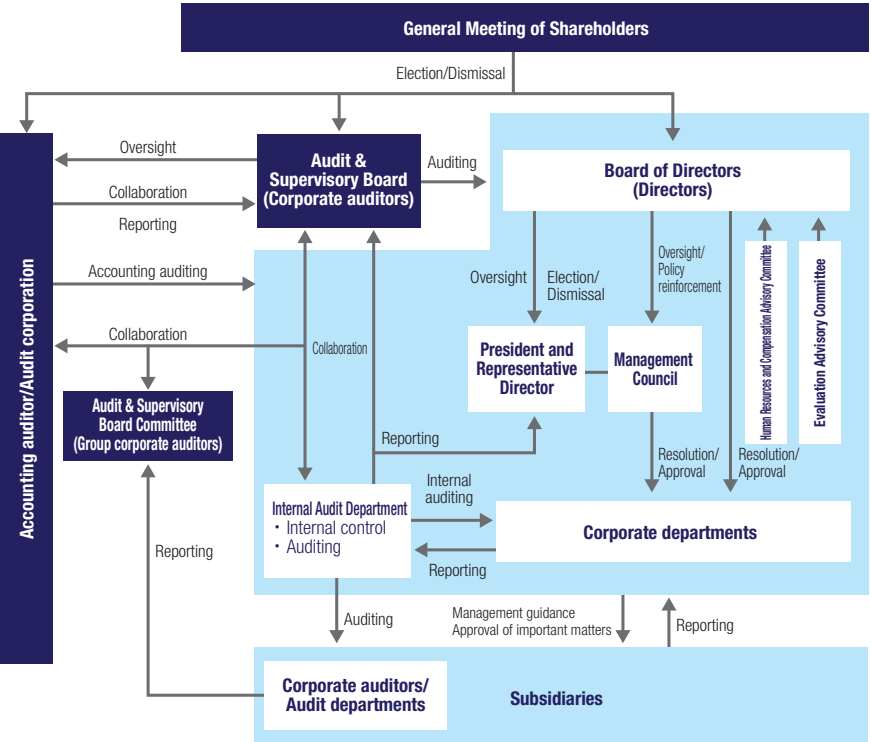
The Board of Directors consists of nine directors (including three outside directors). The Board meets once a month, in principle, and holds extraordinary meetings as necessary. The five Audit & Supervisory Board members attend Board of Directors meetings. At Board meetings, the directors deliberate and resolve matters prescribed by law and matters set forth in the Board of Directors Regulations and oversee the execution of business by the directors on the basis of regulatory compliance and appropriate risk management. As a pure holding company, the Company requires the operating companies to report to the Company important resolutions and governs the appropriate execution of business operations by the operating companies.

Audit & Supervisory Board

The Audit & Supervisory Board consists of five corporate auditors (including three outside corporate auditors). The Board meets once a month, in principle, and holds extraordinary meetings as necessary. At Board meetings, the corporate auditors receive reports on, discuss, and resolve important audit-related matters. The corporate auditors audit the legality of the execution of duties by the directors, the status of assets, and other matters in accordance with the audit policy and division of duties established by the Audit & Supervisory Board. The Audit & Supervisory Board convenes meetings of the Group Auditor & Supervisory Board Liaison Committee for the purpose of cooperating with the corporate auditors and internal audit departments of the operating companies, strives to ensure highly effective auditing, and works to reinforce the governance function and internal audit function.

(As of May 20, 2020)

Corporate Governance Structure



Directors and Corporate Auditors
(As of May 20, 2020)

President and Representative Director	Motohiro Fujita
Vice President and Representative Director	Daisuke Tezuka
Vice President and Representative Director	Ryota Furuse
Director	Shinichiro Yamamoto
Director	Taketoshi Kawada
Director and Advisor (part-time)	Motoya Okada
Outside Director (part-time)	Akira Terakawa
Independent Outside Director (part-time)	Shigekazu Torikai
Independent Outside Director (part-time)	Naoko Makino
Corporate Auditor (Standing)	Tadayoshi Yoyogi
Corporate Auditor (Standing)	Masami Sakamoto
Outside Corporate Auditor (part-time)	Koichi Ihara
Outside Corporate Auditor (part-time)	Shigeru Koyama
Independent Outside Corporate Auditor (part-time)	Shinobu Okamoto

Consolidated Financial Statements (As of February 29, 2020)

Consolidated Balance Sheet (Millions of yen)

Account	2019/2	2020/2
Assets		
Current assets		
Total current assets	65,462	66,659
Non-current assets		
Property, plant and equipment	129,317	130,201
Intangible assets	16,248	16,147
Investments and other assets	47,288	48,470
Total non-current assets	192,853	194,819
Total assets	258,315	261,478
Liabilities		
Current liabilities		
Total current liabilities	81,779	83,581
Non-current liabilities		
Total non-current liabilities	34,209	36,202
Total liabilities	115,988	119,783
Net assets		
Shareholders' equity		
Total shareholders' equity	141,423	141,012
Accumulated other comprehensive income		
Accumulated other comprehensive income	411	123
Share acquisition rights	111	161
Non-controlling interests	379	398
Total net assets	142,326	141,695
Total liabilities and net assets	258,315	261,478

Consolidated Statement of Income (Millions of yen)

Account	2019/2	2020/2
Net sales	679,276	676,336
Cost of sales	484,601	482,585
Gross profit	194,674	193,750
Operating revenue	15,047	15,324
Operating gross profit	209,721	209,075
Selling, general and administrative expenses	197,910	199,717
Operating income	11,811	9,357
Non-operating income	605	556
Non-operating expenses	163	286
Ordinary income	12,253	9,627
Extraordinary income	1,591	475
Extraordinary losses	5,667	6,049
Income before income taxes and minority interests	8,177	4,052
Income taxes – current	2,537	3,193
Total income taxes	2,845	2,392
Net income	5,331	1,660
Profit attributable to owners of parent	5,308	1,636

Consolidated Statement of Cash Flows (Millions of yen)

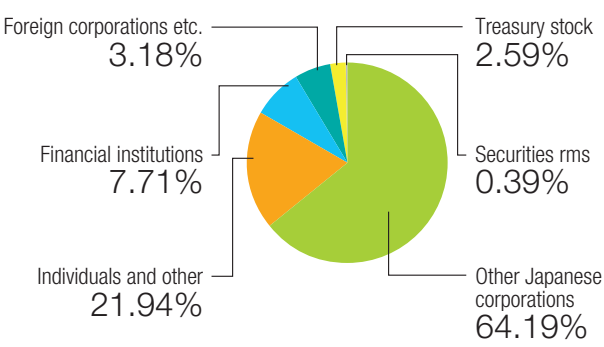
Account	2019/2	2020/2
Cash flows from operating activities	18,309	16,290
Cash flows from investing activities	(13,153)	(18,476)
Cash flows from financing activities	(4,561)	(4,007)
Effect of exchange rate change on cash and cash equivalents	(63)	(26)
Net decrease in cash and cash equivalents	530	(6,220)
Cash and cash equivalents at beginning of period	25,708	26,238
Cash and cash equivalents at end of period	26,238	20,018

Stock Information (As of February 29, 2020)

Stock Information

Number of shares authorized	500,000,000 shares
Number of shares issued	131,681,356 shares
Number of shareholders	83,910

Distribution of Shares by Shareholder Type



Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Percentage of shares held (%)
Aeon Market Investment Co., Ltd.	67,159	52.35
U.S.M.H. Group Business Partners Shareholding Association	3,014	2.35
The Kambayashi Scholarship Foundation	2,300	1.79
Aeon Co., Ltd.	1,629	1.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,614	1.25
Nippon Access Inc.	1,505	1.17
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,157	0.90
KOKUBU GROUP CORP.	1,099	0.85
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,088	0.84
Mitsubishi Shokuhin Co., Ltd.	1,082	0.84

Note: Percentages of shares held are calculated excluding 3,414,818 shares of treasury stock.

Corporate Data (As of February 29, 2020)

Corporate Profile

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

Group Companies

The Maruetsu, Inc.

Head office: 5-51-12 Higashi-Ikebukuro,
Toshima-ku, Tokyo

● Business:

Supermarket business for retail sales of foods,
household goods, apparel, etc.

 <https://www.maruetsu.co.jp/>

Kasumi Co., Ltd.

Head office: 599-1, Nishiohashi, Tsukuba-shi,
Ibaraki Prefecture

● Business:

Supermarket business for retail sales of foods,
household goods, apparel, etc.

 <https://www.kasumi.co.jp/>

MaxValu Kanto Co., Ltd.

Head office: 5-30-3 Kameido, Koto-ku, Tokyo

● Business:

Supermarket business for retail sales of foods,
household goods, apparel, etc.

 <https://www.mv-kanto.co.jp/>

Our Website

Visit U.S.M. Holdings Website and find out more about us. Our website offers a variety of content, including the latest news from us, introduction of our businesses, IR information, and financial information.

● United Super Markets Holdings Inc.



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

● eatime Website



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

United Super Markets Holdings Inc.

Stock Exchange Code: 3222

1 Kanda Aioi-cho, Chiyoda-ku, Tokyo 101-0029, Japan
TEL: +81-3-3526-4761 URL: <http://www.usmh.co.jp/>

