This exchange offer is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

This document has been translated from the Japanese-language original for reference purposes only. While this English translation is believed to be generally accurate, it is subject to, and qualified by, in its entirety, the Japanese-language original. Such Japanese-language original shall be the controlling document for all purposes.

Securities code: 8182
June 7, 2024

To Shareholders with Voting Rights:

Yoshikazu Motosugi
Representative Director and
President
Inageya Co., Ltd.
6-1-1 Sakae-cho, Tachikawa City,
Tokyo, Japan

NOTICE OF CONVOCATION OF THE 76th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 76th Annual General Meeting of Shareholders of Inageya Co., Ltd. (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures to provide the information contained in the Reference Documents for the General Meeting of Shareholders (Items for Electronic Provision) electronically. Please access each website below to view this information.

The Company's website
https://www.inageya.co.jp/ir/holder/ (Japanese only)

Tokyo Stock Exchange website (TSE Listed Company Information service)
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the above, enter "Inageya" in the issue name (company name) or "8182" in the securities code field, select "Basic Information," "Documents for Public Inspection" from "Documents for Public Inspection/PR Information," then "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" to view.

Please review the attached Reference Documents for the General Meeting of Shareholders listed in the items for electronic provision, and exercise your voting rights.

1. **Date and Time:** Wednesday, June 26, 2024 at 10:00 a.m. Japan time
   Reception will start at 9:00 a.m.

2. **Place:** Carlo, 4th floor, HOTEL emisia TOKYO TACHIKAWA
   2-14-16 Akebono-cho, Tachikawa City, Tokyo, Japan

3. **Meeting Agenda:**

   Matters to be reported:
   1. The Business Report and Consolidated Financial Statements for the Company's 76th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
   2. Non-consolidated Financial Statements for the Company's 76th Fiscal Year (April 1, 2023 - March 31, 2024)

   Proposals to be resolved:

   Proposal 1: Appropriation of Surplus
   Proposal 2: Approval of Share Exchange Agreement between the Company and United Super Markets Holdings Inc.
   Proposal 3: Election of Nine (9) Directors

Proposal 4: Election of One (1) Audit & Supervisory Board Member
Proposal 5: Appointment of an Accounting Auditor

- In the event of any modifications to the items for electronic provision, the Company will post the modifications on the respective websites.
- In accordance with provisions of laws and regulations as well as Article 16 of the Company's Articles of Incorporation the following items for electronic provision are not provided in the documents attached to this Convocation Notice. Accordingly, a portion of the Business Report that was audited by the Audit & Supervisory Board Members and the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing the Auditor's Report is included in this Convocation Notice.

  "Matters Regarding Accounting Auditors," "Matters Regarding Establishment of Systems to Ensure the Properness of Operations" and the "Policy on Determining the Dividends of Surplus, etc." in the Business Report; "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" of the consolidated financial statements; "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" of the non-consolidated financial statements; "Accounting Auditor's Audit Report on Consolidated Financial Statements," "Accounting Auditor's Audit Report on Non-consolidated Financial Statements," and "Audit Report by the Audit & Supervisory Board" in the Audit Reports; and "Contents of Non-consolidated Financial Statements for the final fiscal year of United Super Markets Holdings Inc." in Proposal 2 "Approval of Share Exchange Agreement between the Company and United Super Markets Holdings Inc."

How to exercise your voting rights

■ If you exercise your voting rights by mail

- Please indicate your approval or disapproval for each proposed resolution on the enclosed voting right exercise sheet and return the sheet to us before the deadline. If approval or disapproval is not indicated on the sheet, it will be treated as indicating your approval.
- Deadline: The sheet must arrive by 6:00 p.m. on Tuesday, June 25, 2024.

■ If you exercise your voting rights via the Internet

- Please access the below-listed voting right exercise website, follow the instructions on the screen, and register your approval or disapproval for each proposed resolution.
- If voting rights are exercised both in writing and via the Internet, the indication of approval or disapproval via the Internet will be considered as effective.
- If voting rights are exercised more than once via the Internet, the last indication of approval or disapproval will be considered as effective.
- Voting right exercise website: https://evote.tr.mufg.jp/
  For details, please see the next page.
- Deadline: Voting rights must be exercised by 6:00 p.m. on Tuesday, June 25, 2024.

■ Attendance at the General Meeting of Shareholders

- The General Meeting of Shareholders will be held from 10:00 a.m. on Wednesday, June 26, 2024.
- Please bring the enclosed voting right exercise sheet with you and submit it to the reception at the meeting site. Please do not rip the right part of the sheet.
- If your agent is attending the meeting, the agent needs to bring the voting right exercise sheet and your power of attorney. Only one agent per shareholder having a voting right of the Company may attend the meeting.

*Any changes to the details and operations of the General Meeting of Shareholders will be announced on our website at https://www.inageya.co.jp/ir/holder/.

*Photography, video recording and audio recording of the meeting, as well as storing thereof and posting thereof on SNS are strictly prohibited.

Information on the exercise of voting rights via the Internet

Deadline: Voting rights must be exercised by 6:00 p.m. on Tuesday, June 25, 2024.

■ By reading the QR code

You can log in to the voting right exercise website without entering the voting right exercise code or password.

1. Please read the QR code printed on the lower right part of the voting right exercise sheet.
   （The "QR code" is a registered trademark of Denso Wave Inc.）
2. Please enter your approval or disapproval according to instructions on the screen afterward.

■ By entering the voting right exercise code and password

1. Please access the voting right exercise website.
   https://evote.tr/mufg.jp/
2. Please enter the login ID and temporary password written on the voting right exercise sheet.
3. Please enter your approval or disapproval according to the instructions on the screen afterward.

Any cost incurred in connection with accessing the voting website (e.g. Internet connection fees) should be borne by the shareholder.

If you have any questions on how to vote via Internet, please call Stock Transfer Agency Department (helpdesk) of Mitsubishi UFJ Trust and Banking Corporation at 0120-173-027 (between 9:00 – 21:00)

[For institutional investors]

You may also exercise your voting rights via the electronic voting right exercise platform operated by Investor Communications Japan, Inc. (ICJ).

Live Streaming

We will broadcast the General Meeting of Shareholders live over the Internet, allowing shareholders to watch from the comfort of their homes as detailed below. We will take privacy into consideration during the filming at the venue, but please be aware that shareholders may unavoidably appear in the video. Please understand this in advance.

Date and Time: From June 26 (Wed.), 2024, at 10:00 AM until the end of the General Meeting of Shareholders

Viewing method:

(1) Please access the designated website at https://engagement-portal.tr.mufg.jp/

(2) Please enter your login ID and password

-Login ID (12 digits): 3252- XXXX-XXXX - XXX

(8-digit shareholder number) (leave them blank)

***Please make a note of your shareholder number before submitting the voting right exercise sheet.**

-Password (11 digits): XXXXXXX2024

(7-digit postal code of your registered address (as of March 2024)

(3) Once you have logged in, please click "live streaming" button.

Please accept terms and conditions of the live streaming by ticking the "accept" box before accessing the live streaming.

Important notes regarding viewing the live streaming

(1) Watching the live streaming does not constitute attendance at the General Meeting of Shareholders under the Companies Act, and we will not be able to accept any statements, including exercising voting rights or asking questions. Voting rights must be exercised in advance either in writing or via Internet.

(2) Due to unavoidable circumstances, it may become impossible to conduct the live streaming. In such case, we will notify you on our website (https://www.inageya.co.jp/ir/holder/).

(3) Viewing is limited to the shareholder themselves.

(4) It is strictly prohibited to film, record, save, or share the live streaming on social media or any other platforms.

(5) Please be aware that issues with the video or audio may occur depending on your computer environment (model, performance, etc.) or Internet connection (line condition, speed, etc.).

(6) Any costs associated with viewing (Internet connection fees, communication charges, etc.) will be borne by the shareholder.

[Questions on how the designated website, login method, login ID or password]

Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation

Tel: 120-676-808 (Accept calls: (1) between 9:00 – 17:00 on weekdays until June 25 (Tue.); and (2) between 9:00 and the end of the General Meeting of Shareholders on June 26 (Wed.))

[Questions relating to live streaming]

V-cube, Inc.

Tel: 03-6833-6879 (Accept calls between 9:00 and the end of the General Meeting of Shareholders on June 26 (Wed.))

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

We would like to appropriate our surplus as follows.

Matters concerning year-end dividend
We regard the return of profits to our shareholders to be an important management policy. While upholding a basic policy of paying out stable dividends on an ongoing basis, we comprehensively considered our consolidated business performance and future business development as well as internal reserves for increasing our earning power and strengthening our financial strength, and decided that we would like to pay a year-end dividend as follows.

(1) Type of dividend property
Cash

(2) Matters concerning the allotment of dividend property and the total amount thereof
7.50 yen per share of common stock of the Company for a total amount of 348,257,213 yen
The annual dividend for the fiscal year under review, including interim dividends, will be 15.00 yen per share.

(3) Effective date of distribution of surplus
June 27, 2024

Proposal 2: Approval of Share Exchange Agreement between the Company and United Super Markets Holdings Inc.

The Company and United Super Markets Holdings Inc. ("U.S.M.H") decided at their respective Board of Directors meetings held on April 18, 2024 to implement a share exchange effective November 30, 2024 in which U.S.M.H will become the wholly owning parent company in the share exchange and the Company will become the wholly owned subsidiary in the share exchange (the "Share Exchange"), and U.S.M.H will make the Company a wholly owned subsidiary of U.S.M.H ("make Inageya a wholly owned subsidiary"). On the same date, the Company and U.S.M.H concluded a share exchange agreement (the "Share Exchange Agreement") regarding the Share Exchange.

This proposal requests our shareholders to approve the Share Exchange Agreement. The reasons for conducting the Share Exchange, the details of the Share Exchange, and other matters related to this Proposal are described below.

If this proposal is approved, prior to the effective date of the Share Exchange, the common stock of the Company ("Inageya Stock") is scheduled to be delisted from the Prime Market of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") (the last trading date of the shares will be November 27, 2024).

1. Reasons for Conducting the Share Exchange

U.S.M.H was established on March 2, 2015 through a joint share transfer by The Maruetsu, Inc. ("Maruetsu"), Kasumi Co., Ltd. ("Kasumi"), and MaxValu Kanto Co., Ltd. ("MV Kanto"; hereinafter, U.S.M.H, Maruetsu, Kasumi, and MV Kanto are collectively referred to as "U.S.M.H Group Companies"). U.S.M.H is comprised of twelve (12) consolidated subsidiaries and three (3) affiliated companies (as of June 2024). U.S.M.H welcomes the participation of like-minded supermarket companies in the Tokyo metropolitan area under the basic philosophy to "offer customers healthy and valuable choices in food, cultivate deep relationships to build prosperous local communities, and constantly pursue innovation and move with the times." U.S.M.H aims to become the number one supermarket company in the Tokyo metropolitan area by establishing 1,000 stores with one (1) trillion yen in sales as the core of AEON CO., LTD. ("AEON")'s Kanto supermarket business.

Inageya was founded in 1900 in Tachikawa City, Tokyo, and operates supermarket and drug store businesses in one (1) metropolitan area and three (3) prefectures in the Kanto region (Tokyo, Kanagawa, Saitama, and Chiba). Inageya aims to contribute to society as a "helpful local business" by promoting "sukoyakeku," which means "contributing to the realization of healthy, rich and warm daily lives, and a healthier society for customers" and practicing "the way of the merchant" which refers to "a group of people who can experience the joy of their customers as their own joy."

AEON is promoting management based on the basic philosophy of "pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point" and aims to become a "company that contributes to local communities to the upmost of its ability" by responding to increasingly diverse environmental changes and by continuing to provide customers with a better lifestyle and improved convenience as competition across business lines is expected to intensify against the background of changes in consumer lifestyles and purchasing behavior.

In the food supermarket industry, demand for home meals increased due to the spread of COVID-19, which increased the number of people spending time at home and working from home. The industry as a whole performed well and was temporarily greatly affected by this "stay-at-home demand." However, the business environment has become increasingly severe, as consumer behavior has shifted away from stay-at-home meals to eating out due to the normalization of economic and social activities. Further, operating costs have increased due to rising raw material prices, rising wages, and rising water and utility costs. In addition, the handling of food products by other industries, such as e-commerce operators and drug stores has increased due to Japan's declining birthrate and aging population, as well as due to changes in consumer lifestyles and purchasing behavior. As a result, competition across industries has become more intense. Consequently, further shakeout and industry restructuring is expected in the future.

Based on this recognition of the environment, AEON, the Company, and U.S.M.H have continued to share information and discuss issues and have strived to realize their respective principles and increase corporate value. As announced in the press release dated April 25, 2023 "AEON CO., LTD., Inageya Co., Ltd., and United Super Markets Holdings Inc. Announce the Execution of a Memorandum of Understanding Regarding the Business Integration for Realization of a JPY1 trillion Supermarket in Kanto" (the "25 April 2023 Press Release") AEON, the Company, and U.S.M.H have come to the conclusion that, in order to continue to respond to customers' needs with a sense of speed, and to

coexist with local communities and grow together in the Tokyo metropolitan area, where competition is expected to intensify further in the future, it is most appropriate to further deepen the relationship through strengthening capital relationships and management integration. This will allow AEON, the Company and U.S.M.H to make the most of the AEON Group's various assets such as digital, products, human resources, and payment infrastructure. The goal being to evolve into a new business model that utilizes economies of scale as a combined one (1) trillion yen supermarket group. The Company and U.S.M.H will set aside sufficient time for discussions following the execution of the memorandum of understanding with a view to determining how to maximize synergies by around November 2024. AEON and the Company, which have already formed an alliance, will further strengthen their capital and business alliance relationship. AEON and the Company determined that they can promptly realize synergies by utilizing various assets of the AEON Group. AEON conducted a tender offer to the Company (the "Tender Offer"), as announced in the "Notice of Commencement of Tender Offer to Inageya Co., Ltd. (Securities Code: 8182)" dated October 6, 2023, and now holds 51.0% of shares of the Company, as announced in the "Notice of Results of Tender Offer for Shares of Inageya Co., Ltd. and Change of Subsidiary" dated November 30, 2023.

The preparatory committee for integration, which was jointly established on June 19, 2023, by the Company and U.S.M.H Group Companies, discussed and reviewed the realization and effect of the synergies envisaged following the execution of the memorandum of understanding. As a result of discussions, it has been determined that, in addition to contributing to the enhancement of corporate value through the synergies described below, in an increasingly competitive environment, strengthening the dominance of the Company and U.S.M.H in the Tokyo metropolitan area, where stable demand is expected to continue, will lead to the creation of various economies of scale.

In response to a proposal from U.S.M.H, the Company commenced consideration of whether to proceed with the transactions that would make Inageya a wholly owned subsidiary of U.S.M.H, including the Share Exchange (the "Transactions"). After thorough consideration of the potential disadvantages associated with the delisting of the Company, such as its corporate creditworthiness and the impact on current shareholders, the Company concluded that it would benefit from becoming a wholly owned subsidiary of U.S.M.H. This is because the Company considered that it will be able to maintain its corporate creditworthiness as a major group company of U.S.M.H even following the Share Exchange, and that it is possible to provide the shareholders of the Company with the value and benefits that can be generated by the Share Exchange through the delivery of shares of U.S.M.H as consideration for the Share Exchange. The Company considered that the Share Exchange will be beneficial not only for U.S.M.H but also for the shareholders of Inageya. AEON agreed with the Company's plans and approved the Share Exchange. Further, as described in "Notice Regarding 100% Acquisition of Welpark Co., Ltd. by WELCIA HOLDINGS CO., LTD., Changes in Subsidiary at Inageya Co., Ltd. (share transfer) and receipt of special dividend from such Subsidiary, as well as Recognition of Extraordinary Income" dated April 18, 2024, the Company has reached an agreement with WELCIA HOLDINGS CO., LTD. ("Welcia HD"), a subsidiary of AEON, to transfer the shares of Welpark Co., Ltd. ("Welpark"), which is a subsidiary of the Company and operates a drug store business, to Welcia HD prior to the execution of the Transactions. The consideration of the Share Exchange by U.S.M.H and the Company is subject to the transfer of the shares of Welpark to Welcia HD.

As a result of the above, both Boards of Directors resolved to implement the Share Exchange as of April 18, 2024. Specifically, the two (2) companies expect the following synergies to arise, which will result in the improvement of corporate value:

(i) Increase in sales and gross margin by expanding the use of TOPVALU private label products;
(ii) Cost reduction through joint product procurement (national brand products, regional products, and imported products);
(iii) Promotion of mutual efforts to revitalize food supermarkets, develop stores tailored to local customers, etc.;
(iv) Cost reduction by organizing and utilizing the functions of distribution centers, and process centers, etc.;
(v) Cost reduction through joint procurement of materials, fixtures and equipment, and integration of back-office operations;
(vi) Joint use of credit cards, e-money and loyalty cards;
(vii) E-commerce initiatives such as joint research and development of online businesses;
(viii) Utilization of AEON Group's education system and personnel exchange;
(ix) Provision of analysis services combining membership information and POS information; and
(x) Cost reduction through system sharing, and DX promotion.

2. Contents of the Share Exchange Agreement

The contents of the Share Exchange Agreement are as stated in the Share Exchange Agreement (copy) as follows.

Share Exchange Agreement (copy)

United Super Markets Holdings Inc. (hereinafter "U.S.M.H") and Inageya Co., Ltd. (hereinafter "Inageya") will enter into a share exchange agreement (hereinafter the "Agreement") as follows on April 18, 2024 (hereinafter the "Agreement Conclusion Date").

Article 1 (The Share Exchange)
Pursuant to the provisions of the Agreement, U.S.M.H and Inageya shall conduct a share exchange (hereinafter the "Share Exchange") in which U.S.M.H will become the wholly-owning parent company in the share exchange and Inageya will become the wholly-owned subsidiary in the share exchange. Through the Share Exchange, U.S.M.H shall acquire all of Inageya's outstanding shares.

Article 2 (Trade names and addresses of the wholly-owning parent company in the share exchange and the wholly-owned subsidiary in the share exchange)
The trade names and addresses of U.S.M.H and Inageya are as follows.

(1) U.S.M.H (the wholly-owning parent company in the share exchange)
Trade name: United Super Markets Holdings Inc.
Address: 1 Kanda Aioi-cho, Chiyoda-ku, Tokyo

(2) Inageya (the wholly-owned subsidiary in the share exchange)
Trade name: Inageya Co., Ltd.
Address: 6-1-1 Sakae-cho, Tachikawa-shi, Tokyo

Article 3 (Matters regarding shares to be delivered at the time of the Share Exchange and their allotment)

1. At the time of the Share Exchange, immediately before the time when U.S.M.H acquires all of the outstanding shares of Inageya through the Share Exchange (hereinafter the "Reference Time"), U.S.M.H shall provide each shareholder listed or recorded in the shareholder register of Inageya (excluding U.S.M.H; hereinafter the "Shareholders Eligible for Allotment") with a number of shares of U.S.M.H common stock equal to the total number of shares of Inageya common stock owned by each multiplied by 1.46 (hereinafter the "Exchange Share Ratio").
2. Regarding the allotment of consideration in the preceding paragraph, U.S.M.H shall allot to each of the Shareholders Eligible for Allotment the number of U.S.M.H common shares obtained by multiplying each share of Inageya common stock owned by each said shareholder by the Exchange Share Ratio.
3. If there is a fraction less than one share in the number of U.S.M.H common shares to be delivered to each of the Shareholders Eligible for Allotment pursuant to the provisions of the preceding two paragraphs, it shall be handled in accordance with the provisions of Article 234 of the Companies Act and other related laws and regulations.

Article 4 (U.S.M.H's amount of capital and reserves)
U.S.M.H's amount of capital and reserves to be increased through the Share Exchange shall be the amount separately determined by U.S.M.H in accordance with Article 39 of the Regulations on Corporate Accounting.

Article 5 (Effective date)
The date on which the Share Exchange shall become effective (hereinafter the "Effective Date") shall be November 30, 2024. However, if necessary due to the necessity of proceeding with the procedures for the Share Exchange or for any other reason, U.S.M.H and Inageya may change this upon consultation and agreement.

Article 6 (Approval at the general meeting of shareholders)

1. By the day before the Effective Date, U.S.M.H shall seek approval at its general meeting of shareholders for the matters necessary for the Agreement and the Share Exchange, and shall endeavor to the extent reasonably practical to obtain such approval by resolution at said general meeting of

shareholders.

2. By the day before the Effective Date, Inageya shall seek approval at its general meeting of shareholders for the matters necessary for the Agreement and the Share Exchange, and shall endeavor to the extent reasonably practical to obtain such approval by resolution at said general meeting of shareholders.

Article 7 (Cancellation of treasury shares)
By resolution at a Board of Directors meeting held by the day before the Effective Date, Inageya shall, at the Reference Time, cancel all treasury shares (including treasury shares acquired in response to a share purchase request from a dissenting shareholder as stipulated in Article 785, Paragraph 1 of the Companies Act, exercised at the time of the Share Exchange) held at the Reference Time.

Article 8 (Operation of business, etc.)
From the Agreement Conclusion Date until the Effective Date, U.S.M.H and Inageya will each carry out their own business operations and manage and operate their assets within the scope of normal business and with the care of prudent managers, as well as have their respective subsidiaries carry out their own business operations and manage and operate their assets with the care of prudent managers. Except with the prior written consent of the other party, neither company shall commit itself or its subsidiaries to any act that could result in a significant change in its financial status or that could have a material impact on the Share Exchange.

Article 9 (Changes to and termination of the Agreement)
If there are any significant changes in the financial status or management status of U.S.M.H or Inageya between the Agreement Conclusion Date and the day before the Effective Date, or in the event of a situation arising or showing signs of arising that will seriously impede the execution of the Share Exchange, making it difficult to achieve the purpose of the Share Exchange, U.S.M.H and Inageya may, through consultation, change the contents of the Agreement including the terms and conditions of the Share Exchange, or terminate the Agreement.

Article 10 (Validity of the Agreement)
The Agreement shall lose its validity if, by the day before the Effective Date, (i) approval by U.S.M.H and Inageya's general meetings of shareholders as specified in Article 6 cannot not obtained, if (ii) the necessary approvals from relevant government agencies, etc. for the execution of the Share Exchange as stipulated by laws and regulations cannot be obtained, or if (iii) the Agreement is terminated in accordance with the preceding Article.

Article 11 (Governing law and jurisdiction)
The Agreement shall be governed by and interpreted in accordance with Japanese law, and all disputes regarding the performance or interpretation of the Agreement shall be under the exclusive jurisdiction of the Tokyo District Court at the first instance.

Article 12 (Good faith consultation)
If any questions arise regarding matters not stipulated in or the interpretation of the Agreement, U.S.M.H and Inageya shall consult in good faith and endeavor to resolve the issue.

(Remainder of page intentionally left blank.)

As proof of completion of the Agreement, two copies of this document shall be prepared, and each party shall retain one copy with their names and seals affixed.

April 18, 2024

U.S.M.H: 1 Kanda Aioi-cho, Chiyoda-ku, Tokyo
United Super Markets Holdings Inc.
President and Representative Director: Motohiro Fujita
Seal:

Inageya: 6-1-1 Sakae-cho, Tachikawa-shi
Tokyo
Inageya Co., Ltd.
Representative Director and President: Yoshikazu Motosugi
Seal:

3. Matters Related to the Appropriateness of the Consideration for the Exchange

(1) Matters related to the appropriateness of the total number of considerations for the Share Exchange

1) Details of the ownership ratio for the Share Exchange

	U.S.M.H (to become the parent company resulting from the share exchange)	Inageya (wholly owned subsidiary resulting from the share exchange)
Allotment ratio related to the Share Exchange	1	1.46
Number of shares to be delivered as a result of the Share Exchange	U.S.M.H ordinary shares (planned) 67,794,529 shares	

(Note 1) Allotment ratio of shares

For each share of Inageya Stock, 1.46 shares of U.S.M.H stock (the "U.S.M.H Stock") shall be allocated and delivered. However, no shares will be allotted through the Share Exchange for the Inageya Stock that U.S.M.H holds as at the Reference Time (as defined below). The above allotment ratio related to the Share Exchange (the "Share Exchange Ratio") is subject to change upon consultation and agreement between the companies in the event of any material change to the terms and conditions on which the calculation is based. As of June, 2024, U.S.M.H does not hold any Inageya Stock. However, as of the end of March 2024, Kasumi, a subsidiary of U.S.M.H, held 96,000 shares of Inageya Stock. As part of the Share Exchange, shares of the U.S.M.H Stock will be allotted and delivered in accordance with the number of shares of the Inageya Stock held by Kasumi as at the Reference Time. Such shares will then be disposed of at a reasonable time in accordance with the provisions of Article 135, Paragraph 3 of the Companies Act.

(Note 2) Number of shares of U.S.M.H Stock to be delivered in the Share Exchange

In connection with the Share Exchange, U.S.M.H shall deliver the number of shares of the U.S.M.H Stock that is calculated by multiplying the total number of outstanding shares of the Company that U.S.M.H holds by 1.46 to the shareholders of the Company (however, meaning the shareholders after the cancellation of the treasury shares described below, excluding U.S.M.H) at the time immediately prior to the time when U.S.M.H acquires all Inageya Stock (the "Reference Time") (except for the Inageya Stock held by U.S.M.H) through the Share Exchange, in exchange for the Inageya Stock they hold.

In addition, the shares to be delivered by U.S.M.H will be allocated as newly issued shares. Furthermore, pursuant to the resolution of the board of directors' meeting of the Company to be held no later than the day prior to the effective date of the Share Exchange, the Company will cancel at the Reference Time all of the treasury shares it held as at the Reference Time (including the treasury shares

to be acquired through the purchase of shares pertaining to the dissenting shareholders' appraisal rights as provided in Article 785, Paragraph 1 of the Companies Act that will be exercised in connection with the Share Exchange).

(Note 3) Handling of shares less than one (1) unit

Pursuant to the provisions of the articles of incorporation and share handling regulations of U.S.M.H, shareholders who will hold shares less than one (1) unit (less than one hundred (100) shares) of U.S.M.H as a result of the Share Exchange will be entitled to use the following system. Shares less than one (1) unit cannot be sold on the financial instruments exchange market.

1. System requiring additional purchase for shares less than one (1) unit (additional purchase to constitute one hundred (100) shares)
   Pursuant to the provisions of Article 194, Paragraph 1 of the Companies Act and the Articles of Incorporation of U.S.M.H, a shareholder who holds less than one (1) unit of U.S.M.H shares may purchase from U.S.M.H the additional number of shares that when combined together with the number of shares less than one (1) unit the shareholder already holds will collectively constitute one (1) unit.

2. System for requesting purchase of shares less than one (1) unit (sale of shares less than one (1) unit)
   Pursuant to Article 192, Paragraph 1 of the Companies Act, shareholders who hold shares less than one (1) unit of U.S.M.H may make a request to U.S.M.H requesting that U.S.M.H purchase their shares that constitute less than one (1) unit.

(Note 4) Handling of fractions of less than one (1) share

Pursuant to Article 234 of the Companies Act and other relevant laws and regulations, the Company's shareholders that will receive fractional U.S.M.H shares less than one (1) share as a result of the Share Exchange shall be entitled to the number of U.S.M.H shares sold by U.S.M.H equivalent to the total whole number of shares that such fraction represents (any fraction less than one (1) in the total number shall be rounded down), and U.S.M.H shall pay the fractional percentage of such sale proceeds to such shareholders.

2) Basis for the Share Exchange allocation

a. Basis and reasons for the allocation

U.S.M.H and the Company have separately appointed third-party valuation institutions and legal advisors that are independent of U.S.M.H, the Company and AEON to ensure that the Share Exchange Ratio is determined in a fair and appropriate manner. U.S.M.H appointed Mizuho Securities Co., Ltd. ("Mizuho Securities") and the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its respective third-party valuation institutions. U.S.M.H appointed Yodoyabashi & Yamagami LPC and the Company appointed Nagashima Ohno & Tsunematsu as its respective legal advisors. The third-party valuation institutions and legal advisors commenced thorough examinations.

As described in 1) "Measures to Ensure Fairness" and 2) "Measures to Avoid Conflicts of Interest" in (3) "Matters Taken into Consideration to Avoid Conflicts of Interest with the Company's Shareholders Other than U.S.M.H" below, U.S.M.H conducted careful examination and discussion upon taking into account the share exchange ratio calculation report received from Mizuho Securities on April 17 2024, as well as advice from Yodoyabashi & Yamagami LPC, and the results of due diligence that U.S.M.H conducted on the Company. U.S.M.H also considered instructions and advice from the U.S.M.H Special Committee, which consists solely of independent members who have no interest in the Company and AEON, and the contents of the report received on April 18, 2024. As a result, U.S.M.H concluded that the Share Exchange Ratio is appropriate and will benefit the shareholders of U.S.M.H Therefore, U.S.M.H determined that it is appropriate to implement the Share Exchange based on the Share Exchange Ratio.

As described in 1) "Measures to Ensure Fairness" and 2) "Measures to Avoid Conflicts of Interest" in (3) "Matters Taken into Consideration to Avoid Conflicts of Interest with the Company's Shareholders Other than U.S.M.H" below, the Company conducted a careful examination and discussion upon taking into account the share exchange ratio calculation report obtained from Nomura Securities on April 18, 2024, as well as advice from Nagashima Ohno & Tsunematsu, and the results of the due diligence that the Company conducted on U.S.M.H. The Company also took into account instructions and advice from the Company's Special Committee,

which consists solely of independent members who have no interest in U.S.M.H and AEON, and the contents of the report received on April 18, 2024. As a result, the Company concluded that the Share Exchange Ratio is appropriate and will benefit the shareholders of the Company. Therefore, the Company determined that it is appropriate to implement the Share Exchange based on the Share Exchange Ratio.

As stated above, both U.S.M.H and the Company carefully considered the results of their respective due diligence reviews of the other party by reference to the calculation results of the share exchange ratio submitted by their respective third-party valuation institutions, and repeatedly conducted negotiations and consultations by comprehensively taking into account factors, such as their financial condition, asset status and future prospects. As a result, U.S.M.H and the Company have concluded that the Share Exchange Ratio is appropriate and will contribute to the interests of their respective shareholders, and, therefore, they have determined that it is appropriate to conduct the Share Exchange based on the Share Exchange Ratio.

The Share Exchange Ratio may be amended by consultation and agreement between the two (2) companies in the event of any material change to the terms and conditions that serve as the basis for calculation of the Share Exchange Ratio pursuant to the Share Exchange Agreement.

b. Matters relating to calculation

(i) Name of the valuation institution and its relationship with the listed company and other companies

Mizuho Securities, U.S.M.H's third-party valuation institution, and Nomura Securities, the Company's third-party valuation institution, are both valuation institutions that are independent from U.S.M.H, the Company, and AEON, and are not related parties of U.S.M.H, the Company, or AEON.

Mizuho Bank, Ltd. ("Mizuho Bank"), a group company of Mizuho Securities, is a shareholder in the Company and AEON. Mizuho Trust Bank Co., Ltd. ("Mizuho Trust Bank") is a shareholder in U.S.M.H and AEON. Mizuho Bank does not have any significant interest in connection with the Share Exchange, although it is involved in financing transactions with U.S.M.H, the Company and AEON as part of their ordinary banking transactions. Mizuho Securities stated that it has established and implemented an appropriate conflict of interest management system, including information barrier measures between Mizuho Securities, Mizuho Bank and Mizuho Trust Bank in accordance with the applicable laws and regulations as set forth in Article 36, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended) and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business. Through these measures, the department in charge of financial advisory at Mizuho Securities valued the shares of the two (2) companies independently in connection with the Share Exchange without being affected by any conflict of interest and without considering the status of Mizuho Bank and Mizuho Trust Bank as shareholders and the status of Mizuho Bank as lender. An appropriate conflict of interest management system has been established and implemented at Mizuho Securities, the independence of Mizuho Securities as a third-party valuation institution has been secured because U.S.M.H and Mizuho Securities conduct transactions under the same terms and conditions as general trading partners, and Mizuho Securities has a track record of acting as a third-party valuation institution in similar cases in the past. For these reasons, U.S.M.H has judged that Mizuho Securities' independence has been secured and accordingly selected Mizuho Securities as its third party valuation institution.

(ii) Overview of calculation

Mizuho Securities calculated the exchange ratio by using the market price standard method because U.S.M.H is listed on the Tokyo Stock Exchange Standard Market and the Company on the Tokyo Stock Exchange Prime Market, and therefore market share prices for both companies exist (using April 25, 2023 as the calculation base date, Mizuho Securities analyzed the closing price of the market share prices by reference to the calculation base date on the Tokyo Stock Exchange Standard Market and the Tokyo Stock Exchange Prime Market based on the simple average closing price for the past one (1) month, the simple average closing price for the past three (3) months, and the simple average closing price for the past six (6) months.). Mizuho Securities also utilized the comparable multiple valuation method because there are several similar listed companies which are comparable to both companies and it is possible to infer share values by comparing similar companies. Finally, Mizuho Securities utilized the discounted cash flow method (the "DCF Method") to reflect the expected value of the future business activities of both

companies in the calculation. The valuation ranges for each of the valuation methods where the value per share for U.S.M.H is set at one (1) is as follows.

Method used	Calculation range of share exchange ratio
Market price standard method	1.13 to 1.17
Comparable multiple valuation method	0.78 to 1.22
DCF method	0.53 to 1.78

Under the market price standard method, using April 25, 2023, which is the date of the announcement of the 25 April 2023 Press Release, as the calculation base date, the closing price on that date and the simple average of the closing prices for each period of the past one (1) month, the past three (3) months, and the past six (6) months ended on April 25, 2023 were used for both U.S.M.H and the Company.

The financial forecasts for U.S.M.H and Inageya, which Mizuho Securities used as a base in calculating the DCF Method, include fiscal years in which significant increases and decreases in profits are expected. Specifically, operating income is expected to increase significantly from the previous fiscal year in the fiscal years ending February 2025 and February 2026, mainly due to an increase in same-store sales and the implementation of various measures to reduce SG&A expenses. Net income is expected to increase significantly from the previous fiscal year in the fiscal years ending February 2026 and February 2027. In addition, the Company's financial forecasts also includes fiscal years in which significant changes in profit are expected. Specifically, in terms of operating profit, we expect a significant increase in profit from the previous fiscal year in the fiscal years ending March 2024 and 2025, mainly due to improvements in the gross profit margin at each store, and in terms of net income, we expect a return to profitability in the fiscal year ending March 2024 because there will be no impact from the reversal of deferred tax assets recorded in the fiscal year ending March 2023, and we expect a significant increase in profit from the previous fiscal year in the fiscal year ending March 2025, due to the aforementioned increase in operating profit. The synergies expected to be realized through the execution of the Share Exchange are not reflected in the financial forecasts of the two (2) companies because it is difficult to estimate the impact on earnings in detail at present. Therefore, such synergies are not reflected in the valuation using the DCF Method. The financial forecasts of the two (2) companies are not based on the implementation of the Share Exchange.

In calculating the share exchange ratio, Mizuho Securities assumed that prior to the effective date of the Share Exchange, the Company will receive a special dividend of JPY 1,263 million from Welpark and transfer its Welpark shares to Welcia HD for JPY 6,989 million, as described in "Notice Regarding 100% Acquisition of Welpark Co., Ltd. by WELCIA HOLDINGS CO., LTD., Changes in Subsidiary at Inageya Co., Ltd. (share transfer) and receipt of special dividend from such Subsidiary, as well as Recognition of Extraordinary Income" announced by Welcia HD, the Company and AEON as of April 18, 2024. In addition, in principle, the information provided by U.S.M.H and the Company, as well as publicly available information has been adopted as is (i.e., without modification). All such materials and information are assumed to be accurate and complete, and Mizuho Securities has not independently verified their accuracy and completeness. In addition, Mizuho Securities has not conducted any independent evaluation or assessment of assets and liabilities (including unrecorded assets, liabilities and other contingent liabilities) of U.S.M.H and the Company and their affiliates, nor has it requested a third party to conduct an evaluation or assessment. Mizuho Securities has relied on such information without independently verifying the accuracy, adequacy or feasibility of the companies' business plans. Mizuho Securities' calculations reflect the above information up to April 17, 2024.

Nomura Securities calculated the share exchange ratio between the two (2) companies by using the market price average method because U.S.M.H is listed on the Standard Market of the Tokyo Stock Exchange and the Company is listed on the Prime Market of the Tokyo Stock Exchange, and therefore market share prices for both companies exist. Nomura Securities also utilized the comparable valuation method because there are several similar listed companies which are comparable to both companies, and it is possible to infer share values by comparing similar companies. Finally, Nomura Securities utilized the DCF Method to reflect the expected value of the future business activities of both companies in the calculation. In calculating the share exchange ratio, Nomura Securities assumed that prior to the effective date of the Share Exchange, the Company will receive a special dividend of JPY 1,263 million from Welpark and transfer its Welpark shares to Welcia HD for JPY 6,989 million, as described in "Notice Regarding 100%

Acquisition of Welpark Co., Ltd. by WELCIA HOLDINGS CO., LTD., Changes in Subsidiary at Inageya Co., Ltd. (share transfer) and receipt of special dividend from such Subsidiary, as well as Recognition of Extraordinary Income" announced by Welcia HD, the Company and AEON as of April 18, 2024.

The valuation range for the Company under each of the valuation methods when the value per share for U.S.M.H is set at one (1) is as follows.

Calculation method	Calculation range of share exchange ratio
Market price average method	1.34 to 1.50
Comparable multiple valuation method	1.16 to 1.20
DCF method	0.96 to 1.68

Under the market price average method, using April 17, 2024 as the calculation base date, the closing price of U.S.M.H shares on the Tokyo Stock Exchange Standard Market on the calculation base date and the simple average of the closing prices on the last five (5) business days, one (1) month, three (3) months, and six (6) months up to the calculation base date were used for U.S.M.H shares, and, using April 17, 2024 as the calculation base date, the closing price of Inageya Stock on the Tokyo Stock Exchange Prime Market on the calculation base date and the simple average of the closing prices on the last five (5) business days, one (1) month, three (3) months, and six (6) months up to the calculation base date were used for the Company's shares.

Under the comparable multiple valuation method, JM Holdings Co., Ltd., Ecos Co., Ltd., Life Corporation Co., Ltd., Yaoko Co., Ltd., Mammy Mart Co., Ltd., and Belc Co., Ltd. were selected as listed companies deemed to be similar to the supermarket business, which is the main business of the two (2) companies, U.S.M.H and the Company, and the calculation was made using the multiple ("EBITDA Multiple") of operating income before depreciation and amortization ("EBITDA").

Under the DCF Method, the share value of U.S.M.H is evaluated by discounting the free cash flow that U.S.M.H is expected to generate in and after the fiscal period ending February 2025 to present value at a certain discount rate, based on various factors, including earnings and investment plans in business plans from the fiscal period ending February 2025 to the fiscal period ending February 2027 prepared by U.S.M.H, and public information. The discount rate for U.S.M.H is between 3.25% and 3.75%, and the perpetual growth rate is between −0.25% and 0.25%, and the EBITDA multiple is between 5.0 times and 7.0 times, using the perpetual growth rate method and the multiple method. Meanwhile, regarding the valuation of shares in the Company, the free cash flow that the Company is expected to generate in and after the fourth quarter of the fiscal year ending March 2024 is discounted to present value at a certain discount rate, based on various factors including earnings forecasts and investment plans in the Company's business plans from the fiscal period ending March 2024 to the fiscal period ending March 2027 and public information. Discount rates ranging from 3.25% to 4.25% are used, and the perpetual growth rate and the multiple method are used to calculate the continuing value, with the perpetual growth rate ranging from −0.25% to 0.25% and the EBITDA multiple ranging from 5.0 times to 7.0 times, respectively.

The financial projections of U.S.M.H and the Company used by Nomura Securities for the calculation using the DCF Method refer to the fiscal years in which significant increases and decreases in profit are expected. Specifically, for the fiscal years ending February 2025, February 2026 and February 2027, U.S.M.H expects a significant increase in profit from the previous fiscal year mainly due to an increase in same-store sales and the implementation of various measures to reduce SG&A expenses. In particular, operating income is expected to increase by more than 30% compared to the previous year for the fiscal year ending February 2025 and by more than 30% compared to the previous year for the fiscal year ending February 2026. Net income is expected to increase by more than 70 compared to the previous year in the fiscal year ending February 2027. The financial forecasts for U.S.M.H are not based on the implementation of the Share Exchange. For Inageya, the company expects a significant increase in profit from the previous fiscal year in the fiscal years ending March 2024, March 2026 and March 2027, mainly due to improvement in profit by revitalization through renovation of existing stores and expansion of new stores, and introduction and expansion of private brand products. In particular, operating income is expected to increase by more than 70% compared to the previous year in the fiscal year ending March 2024 and by more than 30% compared to the previous year in the fiscal year ending March 2026. Net income is expected to increase by more than 40% compared to the previous year in the fiscal year ending March 2027. In addition, in the fiscal year ending March 2025, due to increases in corporation tax and corporation tax adjustments, the Company expects net income to decrease by

more than 60% from the previous fiscal year. The financial forecasts for the Company are not based on the implementation of the Share Exchange.

The calculation of the share exchange ratio by Nomura Securities is based on financial, economic, market, business environment and other conditions as of calculation base date, and Nomura Securities relies on information available to it as of that date. Nomura Securities assumes the accuracy and completeness of public information reviewed by Nomura Securities and financial, legal, regulatory, tax, accounting and other information provided to Nomura Securities, and has not independently verified the accuracy and completeness thereof. In addition, Nomura Securities has not conducted any independent evaluation, appraisal or valuation of the assets or liabilities of the two (2) companies and their affiliates (including financial derivatives, off-balance sheet assets and liabilities and other contingent liabilities), including analysis and valuation of individual assets and liabilities, and has not requested any third-party institution to conduct any evaluation, appraisal or valuation. Nomura Securities assumes that the financial forecasts and other forward-looking information of the two (2) companies have been reasonably prepared or considered by the management of the companies based on the best and good faith forecasts and judgments currently possible, and that the financial condition of the companies will vary in accordance with such forecasts, and relies on such financial forecasts and other forward-looking information without conducting any independent investigation.

(2) Reasons for selecting U.S.M.H ordinary shares as consideration for the Share Exchange

The Company and U.S.M.H selected the ordinary shares of U.S.M.H, the wholly owning parent company in the Share Exchange, as consideration for the Share Exchange. Since U.S.M.H is listed on the Tokyo Stock Exchange and has a high level of liquidity, which will ensure trading opportunities, and taking into consideration the fact that it will be possible for shareholders who hold Inageya Stock to enjoy the benefits of the integration resulting from the Share Exchange by receiving the ordinary shares of U.S.M.H, which will become the wholly owning parent company in the Share Exchange, it was determined that it is appropriate to use U.S.M.H's ordinary shares as consideration for the Share Exchange.

(3) Matters Taken into Consideration to Avoid Conflicts of Interest with the Company's Shareholders Other than U.S.M.H

1) Measures to ensure fairness

In the Share Exchange, AEON is the parent company of U.S.M.H and the Company, and there is a structure through which mutual conflicts of interest may arise through AEON. Therefore, U.S.M.H and the Company have determined that it is necessary to ensure the fairness of the Share Exchange and have implemented the following measures.

a. Valuation reports from independent third-party institutions

In order to ensure fairness in the calculation of the share exchange ratio to be used for the Share Exchange, U.S.M.H selected Mizuho Securities, a third-party institution that is independent of U.S.M.H, the Company and AEON, and obtained a valuation report on the share exchange ratio as of April 17, 2024, and the Company selected Nomura Securities, a third-party institution that is independent of U.S.M.H, the Company and AEON, and obtained a valuation report on the share exchange ratio as of April 18, 2024. For an overview of each evaluation, please see 2) "Basis for the Share Exchange allocation" "b. Matters relating to calculation" in (1) Matters related to the appropriateness of the total number of considerations for the Share Exchange above. Neither of the companies obtained any written opinions (fairness opinions) from any third-party valuation institution to the effect that the share exchange ratio for the Share Exchange is fair from a financial viewpoint for the shareholders of U.S.M.H and the Company.

b. Advice from independent law firms

U.S.M.H has appointed Yodoyabashi & Yamagami LPC to act as its legal advisor for the Share Exchange and has received legal advice regarding the procedures for the Share Exchange, and the decision-making methods and processes of the board of directors. Yodoyabashi & Yamagami LPC has no significant conflict of interest with U.S.M.H, the Company or AEON. The Company, on the other hand, has appointed Nagashima Ohno & Tsunematsu as its legal advisor for the Share Exchange, and has received their legal advice regarding the procedures for the Share Exchange, the decision-making methods and processes of the board of directors, and other matters.

Nagashima Ohno & Tsunematsu does not have any significant conflict of interest with U.S.M.H, the Company or AEON.

Although Yodoyabashi & Yamagami LPC has legal advisory agreements in place with U.S.M.H and AEON, they are an outside law firm that provides legal services to several clients and not limited to these two (2) companies. The firm's independence from U.S.M.H and AEON is not impaired by the existing legal advisory agreements. Since the firm provides legal advice regarding the Share Exchange as a legal advisor independent of U.S.M.H, the Company and AEON, U.S.M.H has determined that the firm's independence is secured.

2) Measures to avoid conflicts of interest

In the Share Exchange, AEON is the parent company of U.S.M.H and the Company, and there is a structure through which mutual conflicts of interest may arise through AEON. Therefore, the following measures have been implemented to avoid conflicts of interest.

a. Acquisition by U.S.M.H of a report from a special committee with no interest

In an effort of being careful with the decision making in connection with the Share Exchange and for the purpose of confirming that eliminating the possibility of arbitrariness and conflicts of interest arising from the decision-making process of the board of directors of U.S.M.H, ensuring the fairness of such process, and causing the board of directors of U.S.M.H to approve the Share Exchange is not disadvantageous to minority shareholders of U.S.M.H, the company has established a special committee consisting of three (3) members: Mr. Shigekazu Torikai (Torikai Law Office) and Ms. Naoko Makino have no conflict of interest with AEON or the Company, are outside directors of U.S.M.H and have filed with the Tokyo Stock Exchange that they are independent officers; and Mr. Shinobu Okamoto, an outside auditor of U.S.M.H and for whom U.S.M.H has filed with the Tokyo Stock Exchange as an independent officer ("U.S.M.H Special Committee"). In considering the Share Exchange, U.S.M.H has consulted with the U.S.M.H Special Committee on whether the Share Exchange would be disadvantageous to the minority shareholders of U.S.M.H ("U.S.M.H Matters for Consultation").

The U.S.M.H Special Committee held a total of 8 meetings between January 31, 2024, and April 15, 2024. In addition, it carefully considered the U.S.M.H Matters for Consultation by expressing opinions and collecting information via email and other means outside the meetings and by holding consultations as necessary. Specifically, the U.S.M.H Special Committee confirmed at its first meeting that there were no problems with the independence and expertise of the financial advisor, Mizuho Securities, a third-party appraiser, and the legal advisor, Yodoyabashi & Yamagami LPC, both of which were appointed by the U.S.M.H, and approved their appointment.

Afterwards, we received an explanation from and conducted a question-and-answer session with U.S.M.H on the purpose of the Share Exchange, pros and cons of the implementation of the Share Exchange, expected synergies to be realized from the Share Exchange, and the process and summary of the preparation of the business plan of U.S.M.H that serves as a precondition for the share exchange ratio. From Yodoyabashi & Yamagami LPC, a legal advisor of U.S.M.H, we received an explanation on the measures taken to ensure fairness of the operation of U.S.M.H Special Committee and other procedures in connection with the Share Exchange, including the decision-making methods and processes of the board of directors, and to avoid conflicts of interest, as well as the results of legal due diligence on the Company, followed by a question-and-answer session. Furthermore, upon U.S.M.H's request, we received an explanation from and conducted a question-and-answer session with PwC Advisory G.K. on the results of financial and tax due diligence on the Company. We also received an explanation from and conducted a question-and-answer session with Mizuho Securities, a financial advisor of U.S.M.H and a third-party valuation institution, on the methods and results of the calculation of the Share Exchange Ratio, in order to verify their reasonableness. Moreover, U.S.M.H Special Committee received advice from Mizuho Securities and Yodoyabashi & Yamagami LPC for setting our negotiation policy on the Share Exchange Ratio, received updates on the negotiation periodically, gave instructions as needed, and took other actions to substantially involve in the negotiation process with the Company.

Under these circumstances, the U.S.M.H Special Committee carefully discussed and considered the U.S.M.H Matters for Consultation and submitted a report to the board of directors of U.S.M.H on April 18, 2024, to the effect that the Share Exchange is not disadvantageous to minority shareholders of U.S.M.H.

b. Approval of all directors of U.S.M.H excluding those who have a conflict of interest, and supportive opinions of all auditors excluding those who have a conflict of interest

All seven (7) of the nine (9) directors of U.S.M.H, excluding Mr. Motohiro Fujita and Mr. Motoya Okada, attended the meeting of the board of directors of U.S.M.H held on April 18, 2024 and resolved to approve the Share Exchange with the support of all the directors present. In addition, all auditors of U.S.M.H participated in the above meeting, and they expressed no objection to the above resolution.

Mr. Motohiro Fujita is concurrently serving as Advisor to AEON, and Mr. Motoya Okada is concurrently serving as Director, Chairperson and Representative Executive Officer of AEON. Considering their possible conflict of interest in connection with the Share Exchange, neither of them participated in the deliberation or resolution regarding the Share Exchange at the board of directors' meeting of U.S.M.H, nor participated in the discussion or negotiation with the Company regarding the Share Exchange in the capacity of U.S.M.H.

c. Receipt of a report from a special committee with no conflict of interest with the Company

In an effort of being careful with the decision making in connection with the Share Exchange and the purpose of eliminating the possibility of arbitrariness and conflicts of interest which may arise from a decision-making process of its board of directors, ensuring the fairness thereof, and confirming that the decision to implement the Share Exchange by the board of directors will not be disadvantageous to the minority shareholders of the Company, the Company established a special committee ("Inageya Special Committee"), consisting of Mr. Shuichi Otani and Ms. Yaeko Ishida (Kitadai), who have no conflict of interest in AEON or U.S.M.H and are independent outside directors of the Company, for whom the Company has filed with the Tokyo Stock Exchange that they are independent officers, and Mr. Koji Makino, who is an outside corporate auditor of the Company and for whom the Company has filed with the Tokyo Stock Exchange that the auditor is an independent officer. In considering the Share Exchange, the Inageya Special Committee was consulted with matters, including: (i) the reasonableness of the purpose of the Share Exchange (including whether it will contribute to increasing corporate value); (ii) the appropriateness of the terms and conditions of the Share Exchange; (iii) the fairness of the procedures for the Share Exchange; and (iv) based on the above (i) to (iii), whether the Share Exchange would be considered disadvantageous to the minority shareholders (collectively, (i) through (iv) below, the "Inageya Matters for Consultation"). In deciding the matters in connection with the Share Exchange at the board of directors meeting, the board of directors of the Company resolved that the Special Committee's judgment should be respected to the extent possible, and that in considering the above matters for consultation, the Inageya Special Committee shall (1) have the authority to collect information necessary for considering the matters for consultation (authority to request necessary information from the executing side of the Company and other parties); (2) have the authority to seek professional advice from Nomura Securities, which is a financial advisor appointed by the Company and a third-party valuation institution, and Nagashima Ohno & Tsunematsu, which is a legal advisor; (3) have the authority to designate or appoint, as necessary, an independent advisor of the Inageya Special Committee; and (4) have the authority to negotiate, as necessary, the terms and conditions of the Share Exchange with other parties (expenses related to (1) through (3) above shall be borne by the Company).

In addition to holding a total of 13 meetings between January 12, 2024, and April 18, 2024, the Inageya Special Committee also expressed its opinions and collected information via email and other means outside the meetings, held ad hoc discussions, and carefully considered the Inageya Matters for Consultation. Specifically, the Inageya Special Committee first confirmed the independence and expertise of Nomura Securities, which is the financial advisor appointed by the Company and a third-party valuation institution, and Nagashima Ohno & Tsunematsu, which is a legal advisor, and approved their appointment. Subsequently, the Inageya Special Committee sent a questionnaire to U.S.M.H regarding the purpose, etc. of the Share Exchange, and received from and conducted a question-and-answer session with U.S.M.H on the purpose of the Share Exchange, background to the Share Exchange, reason for selecting the Share Exchange, policy behind the management policy and approach to the treatment of employees after the Share Exchange, and treatment of Shareholder Yutai Plan. The Company also received advice from Nagashima Ohno & Tsunematsu, the Company's legal advisor, regarding the decision making methods of the board of directors of the Company relating to the Share Exchange, the operation of the Special Committee, and other measures to ensure the fairness of the procedures relating to the Share Exchange and measures to avoid conflicts of interest, as well as the results of legal due diligence, and conducted

a question-and-answer session. In addition, the Inageya Special Committee received the results of financial and tax due diligence conducted on U.S.M.H by EY Strategy & Consulting Co., Ltd. and Ernst & Young Tax Co. pursuant to a request from the Company, and conducted a question-and-answer session. Furthermore, the Inageya Special Committee received explanations from Nomura Securities, the Company's financial advisor and a third-party valuation institution, on the method and results of the calculation of the consideration for the Transactions (e.g., the Share Exchange Ratio), and conducted a question-and-answer session to verify their reasonableness. Finally, based on advice from Nomura Securities and Nagashima Ohno & Tsunematsu, the Inageya Special Committee was substantially involved in the negotiations with U.S.M.H, such as by setting the negotiation policy for the consideration for the Transactions (e.g., the Share Exchange Ratio), receiving updates on the negotiations periodically, and giving instructions as needed.

Under such circumstances, the Inageya Special Committee carefully discussed and considered the Inageya Matters for Consultation, and submitted a report to the board of directors of the Company on April 18, 2024, to the effect that the Share Exchange was considered not disadvantageous to the minority shareholders of the Company.

d. Unanimous approval of all directors of the Company excluding directors who have a conflict of interest

At the meeting of the board of directors of the Company held on April 18, 2024, which resolved the proposal regarding the Share Exchange, eight (8) of the nine (9) directors, excluding Mr. Hiroyuki Watanabe to avoid a potential conflict of interest due to his position of Executive Vice President of AEON and the positions of directors of AEON Financial Service Co., Ltd. and AEON DELIGHT CO., LTD., which are included in the AEON Group, resolved the Share Exchange by unanimous vote. In order to avoid a conflict of interest, Mr. Hiroyuki Watanabe did not participate in the discussions or negotiations regarding the Share Exchange in his capacity of the Company, nor did he participate in the deliberations regarding the Share Exchange at the aforementioned meeting of the board of directors of the Company.

(4) Matters related to amounts of U.S.M.H's capital and reserves

U.S.M.H's amount of capital and reserves to be increased through the Share Exchange shall be the amount separately determined by U.S.M.H in accordance with Article 39 of the Regulations on Corporate Accounting. Such handling was decided within the scope of laws and regulations after comprehensive consideration of U.S.M.H's capital policy and other circumstances, and was determined to be appropriate.

4. Matters for Referral in Regard to Consideration

(1) Provisions of the Articles of Incorporation of U.S.M.H

The provisions of the Articles of Incorporation of U.S.M.H are as stated in the Attachment.

(2) Matters related to the conversion method of the exchange consideration

1) Market for trading exchange consideration

U.S.M.H's common stock is traded on the Tokyo Stock Exchange Standard Market

2) Persons acting as an intermediary, agent or proxy for transactions of exchange consideration

The common stock of U.S.M.H is handled by intermediaries and agents at securities companies, etc. nationwide.

3) Details of restrictions on transfer and other disposition of exchange consideration.

This item is not applicable.

(3) Matters related to the market price of exchange consideration

The trends in share price of the common stock of U.S.M.H on the Tokyo Stock Exchange Standard Market over the past six months are as follows.

By month	Nov. 2023	Dec.	Jan. 2024	Feb.	Mar.	Apr.
Highest price ¥	1,076	1,021	1,042	1,017	1,011	1,009
Lowest price ¥	1,004	981	1,004	983	949	869

The market price of the common stock of U.S.M.H and trends thereof can be viewed by means of stock price information and charts, etc. disclosed by the Japan Exchange Group at the URL below.
https://www.jpx.co.jp/english/

(4) Details of balance sheets for U.S.H.M. for each fiscal year ended in the past five years
U.S.M.H submits a securities report for each fiscal year pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act.

5. Matters Related to the Appropriateness of Provisions Regarding Stock Acquisition Rights Related to the Share Exchange
This item is not applicable.

6. Matters Related to Non-consolidated Financial Statements, etc.
(1) Details of non-consolidated financial statements, etc. for the most recent business year of U.S.M.H
Non-consolidated financial statements for U.S.M.H's most recent business year (March 1, 2023 to February 29, 2024) are posted on the Company's website（https://www.inageya.co.jp/ir/holder/）(Japanese only) and the Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search (https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show).

(2) Details of events occurring after the last day of the most recent business year that have a significant impact on the status of company assets of the Company and U.S.M.H

1) The Company
a. The Company concluded the Share Exchange Agreement with U.S.M.H on April 18, 2024. The contents of the Share Exchange Agreement are described in "2. Contents of the Share Exchange Agreement" above.
b. In light of the drugstore industry's ongoing shakeouts and industry restructuring, the Company determined that Welpark, a consolidated subsidiary of the Company, will achieve the further improvement and growth of its corporate value in what is a severely competitive environment by acquiring the support of Welcia HD, which operates a nationwide drugstore business, rather than aiming to grow independently as the Group's drugstore business. At the Board of Directors meeting held on April 18, 2024, the Company resolved to transfer all of Welpark's shares to Welcia HD after receiving a special dividend of 1,263 million yen with an effective date of August 30, 2024 (scheduled), and concluded a Share Transfer Agreement with Welcia HD. The overview of the share transfer is as follows.

Transferee:	Welcia HD
Number of shares to be transferred:	16,000,000 shares
Transfer date:	September 2, 2024 (scheduled)
Transfer price:	6,989 million yen

2) U.S.M.H
U.S.M.H concluded the Share Exchange Agreement with the Company on April 18, 2024. The contents of the Share Exchange Agreement are described in "2. Contents of the Share Exchange Agreement" above.

Attachment: Articles of Incorporation of United Super Markets Holdings Inc. (copy)

Articles of Incorporation of United Super Markets Holdings Inc.

CHAPTER I GENERAL PROVISIONS

(Trade Name)
Article 1. The name of the Company shall be United Supermarket Holdings Kabushiki Kaisha in Japanese, and United Super Markets Holdings Inc. in English.

(Purposes)
Article 2. The purposes of the Company shall be to operate the following businesses, and to control or manage the business activities of companies that operate those businesses by holding shares or equity in said companies.

(1) Retail of apparel, foodstuffs, household goods, daily necessities, electrical products, furniture products, cosmetics, accessories, and other various goods, as well as the manufacture, processing, wholesale, and import/export of related goods
(2) Sale of rice and grains, salt, tobacco products, postage stamps, revenue stamps, firearms and swords, and secondhand goods, as well as the sale and distribution of lottery tickets
(3) Retail, wholesale, and import/export of alcoholic beverages
(4) Sale and import/export of pharmaceuticals, quasi-pharmaceuticals, industrial chemical products, veterinary drugs, pesticides, poisonous substances, deleterious substances, petroleum, gases, fertilizers, feedstuffs, and measuring instruments
(5) Sale, import/export, and leasing of vehicles such as automobiles, bicycles, light vehicles and other transport vehicles, yachts, motorboats, and their parts and accessories, and the automobile maintenance business
(6) Production, sale, import/export, and leasing of movies, records, compact discs, videotapes, and video discs, etc.
(7) Sale, import/export, and leasing of paintings and other works of art, sports equipment, medical equipment, kitchen equipment, and store equipment
(8) Raising of livestock and pets, cultivation of plants, and their sale, import/export, and lease
(9) Mail-order sales through catalogs
(10) Sale of communication equipment, and agency business related to the solicitation for use of telecommunication lines and promotion of those usage rights
(11) Entrustment with data entry using computer systems and related administrative processing services, and undertaking of filing and classification of documents and magnetic tapes, etc., photocopying of office documents, document preparation and shipping agency services, and accounting and accounting processing works, including cost accounting, journal entries, and financial statements
(12) Development, production, sales, rental, installation support, and maintenance of video equipment, communications equipment, information equipment, educational equipment, computers and related system software, and related service business
(13) Information processing services, information provision services, and personnel placement services, as well as telecommunications services and agency business thereof
(14) Management of pharmacies, clinics, restaurants, entertainment facilities, amusement centers, public baths, sports facilities, private nursing homes, movie theaters and other theaters, and parking facilities
(15) Management of wedding venues, exhibition venues, and ticketing agencies
(16) Planning and operation of cram schools, cooking classes, and other culture classes
(17) Management of nursery schools and childcare centers
(18) Management guidance for affiliated stores using the franchise chain system
(19) Building maintenance, building security, cleaning business, and hotel business
(20) Automobile transportation, freight forwarding, port freight forwarding agency, and warehousing business
(21) Entrustment with management and operation of logistics centers and logistics operations, and collection and processing of logistics information
(22) Business related to photography, hairdressing, beauty, travel agency, printing, publishing, and advertising
(23) Information provision and mediation services for marriage counseling and ceremonial occasions

(24) Sale, purchase, lease, brokerage, management and appraisal of real estate, as well as undertaking of civil construction work, landscaping work, and interior decorating work
(25) Management consulting business
(26) Research, planning, design, and supervision related to regional development, urban development, and environmental improvement, as well as agency services for tenant recruitment, planning, research, and design services related to the effective use of land and buildings, and entrustment therewith
(27) Agency services related to intermediation, guarantee, collection and payment of money lending and money borrowing, business related to investment, operation, purchase, sale, management, and brokerage of investment securities, credit card handling, and general leasing business
(28) Issuance, sale, and management of electronic money, electronic points, and other electronic value-related information and pre-paid payment instruments, and provision of electronic payment systems
(29) Non-life insurance agency business and life insurance solicitation business, as well as mediation and support for the entrustment of specified financial product transaction services with non-life insurance companies
(30) Brokerage business for financial products
(31) Sale of specified welfare equipment, lending of specified welfare equipment, sale of specified preventive long-term care equipment, and lending of specified preventive long-term care equipment pursuant to the Long-Term Care Insurance Act
(32) Power generation business and management and operation thereof, as well as business related to the purchase and sale of electricity
(33) Collection, transportation, and treatment of general industrial waste, and the effective utilization of related useful resources, including recovery, recycling, and regeneration
(34) All other operations related to the items mentioned above

(Location of Head Office)
Article 3: The head office of the Company shall be located in Chiyoda-ku, Tokyo.

(Organizational Bodies)
Article 4: The Company shall have the following organizational bodies in addition to the General Meeting of Shareholders and Directors
(1) Board of Directors
(2) Corporate Auditors
(3) Board of Corporate Auditors
(4) Accounting Auditor

(Method of Public Notices)
Article 5: Public notices by the Company shall be by method of electronic notifications; provided, however, that if electronic notification is not possible due to an incident or other unavoidable circumstance, public notice shall be by publication in the Nihon Keizai Shimbun.

CHAPTER II. SHARES

(Total Number of Authorized Shares)
Article 6: The total number of shares authorized to be issued by the Company shall be five hundred million (500,000,000) shares.

(Acquisition of Treasury Stock)
Article 7: The Company may acquire treasury stock through market transactions or tender offer by resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.

(Unit of Shares)
Article 8: The number of shares constituting one unit of shares of the Company shall be one hundred (100) shares.

(Rights Regarding Fractional Shares)
Article 9: A shareholder of the Company may not exercise rights regarding fractional shares other than the rights stated below.
(1) The rights stated in each item of Article 189, Paragraph 2 of the Companies Act
(2) The right of demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act
(3) The right to allocations of offered shares and offered stock acquisition rights proportionally to the number of shares held by the shareholder
(4) The right of demand stipulated in the following Article

(Additional Purchase of Fractional Shares)
Article 10: A shareholder of the Company may request the Company to sell a number of shares that, together with the number of fractional shares held by the shareholder, would constitute one unit of shares, pursuant to the provisions of the Share Handling Regulations.

(Shareholder Register Administrator)
Article 11: The Company shall have a Shareholder Register Administrator.
2. The Shareholder Register Administrator and its business office shall be determined by resolution of the Board of Directors, and public notice thereof shall be issued by the Company.
3. The preparation and retention of the Company's Shareholder Register and Share Option Register, as well as other administrative matters related to the Shareholder Register and Share Option Register shall be entrusted to the Shareholder Register Administrator and shall not be handled by the Company.

(Share Handling Regulations)
Article 12: The handling of procedures for exercising the rights of shareholders of the Company and other matters related to shareholders shall be in accordance with laws and regulations, the Articles of Incorporation, and the Share Handling Regulations established by the Board of Directors.

CHAPTER III. GENERAL MEETING OF SHAREHOLDERS

(Convocation)
Article 13: An Ordinary General Meeting of Shareholders of the Company shall be convened within three (3) months following the last day of each fiscal year, and an Extraordinary General Meeting of Shareholders shall be convened whenever necessary.

(Record Date for Ordinary General Meeting of Shareholders)
Article 14: The record date for the Ordinary General Meeting of Shareholders of the Company shall be the last day of February each year.

(Convener and Chairperson)
Article 15: A General Meeting of Shareholders of the Company shall be convened and chaired by the President by resolution of the Board of Directors, unless otherwise provided by laws and regulations.
2. In the event that the President is incapacitated, a General Meeting of Shareholders shall be convened and chaired by another Director determined in an order previously determined by the Board of Directors.

(Measures for Electronic Provision, etc.)
Article 16: The Company shall, when convening a General Meeting of Shareholders, provide information contained in the Reference Documents for the General Meeting of Shareholders, etc. electronically.
2. Among the matters to be provided electronically, the Company may omit all or part of the matters specified in the Ordinance of the Ministry of Justice from the written documents delivered to shareholders who have requested a paper copy by the record date for voting rights.

(Method of Resolutions)
Article 17: Resolutions of a General Meeting of Shareholders require the majority vote of attending shareholders who are eligible to exercise voting rights, unless otherwise provided by laws, regulations and the Articles of Incorporation.
2. Resolutions stipulated in Article 309, Paragraph 2 of the Companies Act require no less than two-thirds of the voting rights of attending shareholders who hold one-third or more of the voting rights of shareholders eligible to exercise voting rights.

(Exercise of Voting Rights by Proxy)
Article 18: A shareholder may exercise voting rights through one (1) proxy who has voting rights in the Company.
2. A shareholder or proxy must submit a document certifying the proxy right to the Company for each General Meeting of Shareholders.

CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS

(Number of Directors)
Article 19: The number of Directors of the Company shall be no more than sixteen (16).

(Election of Directors)
Article 20: Directors shall be elected at a General Meeting of Shareholders.
2. Resolutions for the election of Directors require the majority vote of attending shareholders who hold one-third or more of the voting rights of shareholders eligible to exercise voting rights.
3. Resolutions for the election of Directors shall not be conducted by cumulative voting.

(Term of Office of Directors)
Article 21: The term of office of each Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the most recent business year ending within one (1) year from assumption of office.

(Representative Directors and Directors with Special Titles)
Article 22: The Board of Directors shall, by resolution, appoint Representative Directors.
2. The Board of Directors may, by resolution, appoint one (1) Chairman of the Board of Directors, one (1) President, and one or more Executive Vice Presidents, Senior Managing Directors, Managing Directors, and Directors & Advisors.

(Persons with the Right to Convene a Board of Directors Meeting, and Chairperson)
Article 23: A Board of Directors meeting shall be convened and chaired by the President, unless otherwise provided by laws and regulations.
2. In the event that the President is incapacitated, the Board of Directors meeting shall be convened and chaired by another Director determined in an order previously determined by the Board of Directors.

(Convocation of a Board of Directors Meeting)
Article 24: A notice of convocation of a Board of Directors meeting shall be sent to each Director and Corporate Auditor no later than three (3) days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.
2. When the consent of all Directors and Corporate Auditors is obtained, a Board of Directors meeting may be held without following the convocation procedures.

(Omission of Resolution by the Board of Directors)
Article 25: The Company shall deem that a resolution of the Board of Directors has been adopted when the conditions provided in Article 370 of the Companies Act have been fulfilled.

(Regulations of the Board of Directors)

Article 26: Matters relating to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors, in addition to laws, regulations, and the Articles of Incorporation.

(Remuneration, etc. for Directors)
Article 27: Directors' remuneration, bonuses, and other financial benefits received from the Company as consideration for the execution of duties (hereinafter, "Remuneration, etc.") shall be determined by resolution of the General Meeting of Shareholders.

(Exemption from Liabilities of Directors)
Article 28: The Company may, by resolution of the Board of Directors, waive the liability for damages of Directors (including former Directors) for negligence of duties to the limit prescribed in laws and regulations pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act.

2. The Company may enter into agreements with Outside Directors to limit their liability for damages due to the neglect of duties pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of liability under such agreements shall be the amount stipulated by laws and regulations.

CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS

(Number of Corporate Auditors)
Article 29: The number of Corporate Auditors of the Company shall be no more than five (5).

(Election of Corporate Auditors)
Article 30: Corporate Auditors shall be elected at a General Meeting of Shareholders.

2. Resolutions for the election of Corporate Auditors require a majority vote of attending shareholders who hold one-third or more of the voting rights of shareholders eligible to exercise voting rights.

(Term of Office of Corporate Auditors)
Article 31: The term of office of each Corporate Auditor shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the most recent business year ending within four (4) years from assumption of office.

2. The term of office of a Corporate Auditor who is appointed as a substitute for a Corporate Auditor who retires prior to the expiration of term of office shall continue until the expiration of the term of office of the retired Corporate Auditor.

(Standing Corporate Auditors)
Article 32: The Board of Corporate Auditors shall appoint Standing Corporate Auditors by resolution.

(Convocation of a Board of Corporate Auditors Meeting)
Article 33: A notice of convocation of a Board of Corporate Auditors Meeting shall be sent to each Corporate Auditor no later than three (3) days prior to the meeting; provided, however, that in the case of urgency, such period may be shortened.

2. When the consent of all Corporate Auditors is obtained, a Board of Corporate Auditors Meeting may be held without following the convocation procedures.

(Regulations of the Board of Corporate Auditors)
Article 34: Matters relating to the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors, in addition to laws, regulations, and the Articles of Incorporation.

(Remuneration, etc. for Corporate Auditors)
Article 35: Remuneration, etc. for Corporate Auditors shall be determined by resolution of the General Meeting of Shareholders.

(Exemption from Liabilities of Corporate Auditors)

Article 36: The Company may, by resolution of the Board of Directors, waive the liability for damages of Corporate Auditors (including former Corporate Auditors) for negligence of duties to the limit prescribed in laws and regulations pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act.

2. The Company may enter into agreements with Outside Corporate Auditors to limit their liability for damages due to the neglect of duties pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of liability under such agreements shall be the amount stipulated by laws and regulations.

CHAPTER VI. ACCOUNTS

(Fiscal Year)

Article 37: The fiscal year of the Company shall begin on March 1 of each year and end on the last day of February the following year.

(Decision-making Body with Respect to Distribution of Surplus, etc.)

Article 38: The Company shall determine the distribution of surplus and other matters stipulated in each item of Article 459, Article 1 of the Companies Act by resolution of the Board of Directors, and not by resolution of the General Meeting of Shareholders, unless otherwise provided by laws and regulations.

(Record Date for Distribution of Surplus)

Article 39: The record date for distribution of year-end dividends of the Company shall be the last day of February each year.

2. The record date for distribution of interim dividends of the Company shall be August 31 each year.
3. In addition to the preceding two paragraphs, the Company may distribute dividends of surplus by stipulating a record date.

(Exclusion Period for Distribution of Surplus)

Article 40: The Company shall be released from its obligation to pay any cash dividends that remain unclaimed after the lapse of three (3) years from the date of commencement of payment.

2. Interest shall not accrue on unpaid dividends.

Date of establishment:	March 2, 2015
Date of implementation:	March 2, 2015
Date of amendment:	May 1, 2015
Date of amendment:	May 21, 2018
Date of amendment:	May 21, 2021
Date of amendment:	May 20, 2022

<Supplementary Explanation>

Please refer to the following list of Frequently Asked Questions regarding Proposal 2 (Approval of Share Exchange Agreement between the Company and United Super Markets Holdings Inc.).

Q1. Why did you choose a share exchange method using U.S.M.H shares as consideration?

The Share Exchange is one that uses U.S.M.H shares as consideration and is not a cash-out involving cash consideration. Following the Share Exchange, through which U.S.M.H shares, which are the consideration for the Share Exchange, will be delivered to shareholders of the Company, the shareholders of the Company will become shareholders of U.S.M.H, which will be the Company's wholly owning parent company, and it will be possible to provide the value and benefits that can be generated by the Share Exchange. In addition, U.S.M.H's shares are listed shares with a high level of liquidity, making it possible to secure trading opportunities for our shareholders. Therefore, we have adopted the share exchange method as we believe it will be beneficial for shareholders of the Company.

Q2. Does the Share Exchange constitute a tax-qualified reorganization? Or does it incur tax for the shareholders of the Company?

We believe that the Share Exchange will be recognized as a tax-qualified reorganization.
Although we understand that the tax-qualified reorganization itself will not result in any tax liability for our shareholders, it is possible that tax liability may arise if U.S.M.H shares are sold after the Share Exchange. Please consult a tax professional for more information.

Q3. Until when can the Company's shares be sold on the market?

As a result of the Share Exchange, the Company will become a wholly owned subsidiary of U.S.M.H as of the effective date (November 30, 2024) (scheduled). The Company's shares can be traded on the market until the final trading day of November 27 (scheduled).

Q4. What will happen to the Company's shares in the Share Exchange?

On the effective date of the Share Exchange (November 30, 2024) (scheduled), 1.46 shares of U.S.M.H shall be allocated and delivered for each share of the Company's stock, and the Company's shareholders will hold U.S.M.H shares in exchange for the shares they hold in the Company.

Q5. What will happen to fractional shares less than one share in the Share Exchange?

In accordance with the provisions of Article 234 of the Companies Act and other related laws and regulations, for the Company's shareholders who will receive fractions of U.S.M.H shares less than one share as a result of the Share Exchange, U.S.M.H will sell a number of U.S.M.H shares equivalent to the total number of such fractions (if there is a fraction less than 1 in the total number, it will be rounded down), and the sale proceeds will be distributed to the Company's shareholders in proportion to the fractions thereof.

Q6. How was the allotment ratio for the Share Exchange determined?

The Company appointed Nomura Securities Co., Ltd. and Nagashima Ohno & Tsunematsu as its respective third-party valuation institution and legal advisor independent of AEON, and U.S.M.H appointed Mizuho Securities Co., Ltd. and Yodoyabashi & Yamagami LPC as its respective third-party valuation institution and legal advisor independent of AEON, and both companies conducted thorough examinations.
Both companies obtained share exchange ratio calculation reports submitted by their respective third-party valuation institution, and carefully discussed and considered the advice from their respective legal advisor, and the results of their respective due diligence review conducted on the other party, and repeatedly conducted negotiations and consultations by comprehensively taking into account factors, such as their financial condition, asset status and future prospects. In addition, both companies established a Special Committee, which consists solely of independent members with no conflict of

interest in the other party or AEON, and carefully discussed and considered in light of the instructions, advice, and content of the report from the committee.
As a result, the Company and U.S.M.H concluded that the allotment ratio for this Share Exchange is appropriate and will benefit the respective shareholders, and therefore determined that it is appropriate to implement the Share Exchange based on the Share Exchange Ratio.

Q7. Is the allotment ratio for the Share Exchange appropriate?

As stated in the response to Q6., the Company obtained a share exchange ratio calculation report from Nomura Securities, our third-party valuation institution, and carefully discussed and considered the matters, taking into account the advice received from Nagashima Ohno & Tsunematsu, our legal advisor, the results of the due diligence review of U.S.M.H by the Company, the instructions and advice received from the Company's Special Committee, which consists solely of independent members with no conflict of interest in U.S.M.H or AEON, as well as the content of the report received from the Committee. As a result, the Company determined that the Share Exchange Ratio allotting 1.46 shares of U.S.M.H for each share of the Company's stock is appropriate and will contribute to the interests of the Company's shareholders, and has therefore determined that it is appropriate to implement the Share Exchange based on the Share Exchange Ratio.
The valuation range of the Share Exchange Ratio by Nomura Securities is as follows.

Calculation method	Calculation range of share exchange ratio
Market price average method	1.34 to 1.50
Comparable multiple valuation method	1.16 to 1.20
DCF method	0.96 to 1.68

Q8. What will happen to U.S.M.H shares constituting less than one unit that will be held as a result of the Share Exchange?

Pursuant to the provisions of the Articles of Incorporation and the Share Handling Regulations of U.S.M.H, the shareholders of the Company who will hold less than one unit (less than 100 shares) of U.S.M.H shares as a result of the Share Exchange will be eligible to use the following systems with regard to U.S.M.H shares: (1) System for requiring additional purchase of shares less than one unit (additional purchase to constitute 100 shares); (2) System for requesting purchase of shares less than one unit (sale of shares less than one unit). (Please refer to (Note 3) on page 9 of the Notice of Convocation of the Ordinary General Meeting of Shareholders.) Shares less than one (1) unit cannot be sold on the financial instruments exchange market.

Proposal 3: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company requests the election of nine (9) Directors.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Yoshikazu Motosugi [Reappointment]	Representative Director and President	25/25 (100%)
2	Kazushige Hamura [Reappointment]	Senior Managing Director Responsible for Compliance and Administration	24/25 (96.0%)
3	Kazuhiko Shimamoto [Reappointment]	Managing Director Responsible for Group Management Strategy, Sales Strategy, and IR	19/19 (100%)
4	Makoto Sugaya [Reappointment]	Director Responsible for Store Operations; General Manager of Sales Division	25/25 (100%)
5	Masato Moriya [Reappointment]	Director Responsible for Merchandise and Logistics; General Manager of Perishable Foods and Prepared Meals Strategy Division	19/19 (100%)
6	Shigeru Nakabayashi [Reappointment]	Director Responsible for Information Systems	19/19 (100%)
7	Hiroyuki Watanabe [Reappointment]	Director	14/19 (93.3%*)
8	Shuichi Otani [Reappointment] [Outside] [Independent]	Outside Director	25/25 (100%)
9	Yaeko Ishida [Reappointment] [Outside] [Independent]	Outside Director	25/25 (100%)

[Reappointment] Candidate for reappointment as Director
[Outside] Candidate for Outside Director
[Independent] Independent director stipulated by the rules of stock exchanges, etc.

* Attendance record of Mr. Hiroyuki Watanabe
Since Mr. Hiroyuki Watanabe's assumption of office as Director, 19 Board of Directors meetings were held during the fiscal year under review. Of these meetings, four were dedicated to deliberations on management integration. He did not attend these four meetings as he was an interested party with respect to the subject matter of these meetings, and therefore, his attendance rate was calculated, taking such circumstances into consideration.

Note: The Company's decision policy on nominations and the distribution of Directors' major knowledge, experience, ability, etc. of Directors after the General Meeting are stated on pages 44 to 46.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 Yoshikazu Motosugi (March 20, 1964) [Reappointment] [Attendance at the Board of Directors meetings] 25/25 (100%)	April 1986 Joined the Company June 2011 Executive Officer October 2012 General Manager of Sales & Marketing Planning Headquarters September 2014 General Manager of Group Human Resources Headquarters June 2016 Director General Manager of Sales Headquarters July 2018 General Manager of Merchandise Headquarters October 2019 General Manager of Sales & Marketing Headquarters April 2020 Representative Director and President (to present) [Significant concurrent positions] None	5,800
	[Reason for nomination as a candidate for Director] Mr. Yoshikazu Motosugi has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. He is well versed in all aspects of businesses and, as the Company's Representative Director and President, committed to transformation and challenge, he has been responsible for management to resolve various important issues through the initiatives for key strategies based on the Inageya Group Sustainability Policy. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 Kazushige Hamura (January 16, 1964) [Reappointment] [Attendance at the Board of Directors meetings] 24/25 (96.0%)	April 1988 Joined the Kyowa Bank, Ltd. (currently Resona Bank, Limited) April 2008 General Manager of Customer Service Division, Akishima Branch, Resona Bank, Limited January 2011 Senior Auditor of Internal Audit Division October 2011 General Manager of Sales Division III, Shinjuku Branch January 2015 Compliance Officer of Compliance Division and Advisor of Sales Support Division August 2017 Seconded to the Company August 2019 Joined the Company October 2019 Executive Officer of the Company; In charge of IR; in charge of Finance; and General Manager of Finance Division June 2020 Director General Manager of Administrative Headquarters; in charge of IR; in charge of Finance; and General Manager of Finance Division December 2020 General Manager of Administrative Headquarters; in charge of IR; in charge of Finance; in charge of Compliance; and General Manager of Finance Division June 2021 Managing Director General Manager of Administrative Headquarters; in charge of Compliance; and General Manager of Inageya Group Life Service Center April 2022 General Manager of Administrative Headquarters; in charge of Compliance October 2022 In charge of Compliance; Human Resources; General Affairs; Finance; Store Development; Information Systems June 2023 Senior Managing Director (to present) Responsible for Compliance and Administration (to present) [Significant concurrent positions] None	5,680
	[Reason for nomination as a candidate for Director] Mr. Kazushige Hamura has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. Leveraging his abundant experience and a high level of insight in financial institution operations, as Senior Managing Director, he has been focusing on raising awareness of and providing guidance on compliance, and managing risks, and has exercised leadership in the cultivation of a sound working environment and corporate culture, as well as the restructuring of the organization, systems, and functions. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 Kazuhiko Shimamoto (April 16, 1961) [Reappointment] [Attendance at the Board of Directors meetings] 19/19 (100%)	July 1981 Joined the Company July 2009 Executive Officer General Manager of FM Headquarters June 2011 Director General Manager of FM Headquarters October 2012 General Manager of Sales Headquarters; General Manager of FM Headquarters August 2013 General Manager of Sales Headquarters June 2016 Managing Director In charge of President's Office and Diversity; General Manager of Human Resources Headquarters June 2017 Senior Executive Director, Welpark Co., Ltd. November 2019 Representative Director and President June 2023 Managing Director of the Company (to present) Responsible for Group Management Strategy, Sales Strategy, and IR (to present) [Significant concurrent positions] None	9,000
	[Reason for nomination as a candidate for Director] Mr. Kazuhiko Shimamoto has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. Leveraging his abundant business experience in the sales divisions of the Company and management experience at a subsidiary of the Company, etc., as a Managing Director, he has promoted strengthening of the sales plan, strengthening of the new businesses, operational improvement, etc. and has exercised leadership concerning the management strategy and the sales strategy. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 Makoto Sugaya (December 6, 1969) [Reappointment] [Attendance at the Board of Directors meetings] 25/25 (100%)	March 1993 Joined the Company July 2011 General Manager of Ageo-shonan Store October 2012 General Manager of Noda-mizuki Store August 2013 Manager of Grocery SV Group September 2014 Manager of No.7 Sales Group March 2016 General Manager of No.6 Sales Group March 2019 General Manager in charge of Model Stores and Division PL June 2019 Executive Officer October 2019 In charge of Human Resources and Division PL June 2020 In charge of Human Resources and General Affairs; and General Manager of General Affairs Division June 2021 Director (to present) General Manager of Sales Strategy Headquarters October 2022 In charge of Store Reform; General Manager of Sales Division June 2023 Responsible for Store Operations; General Manager of Sales Division (to present) [Significant concurrent positions] None	3,468
	[Reason for nomination as a candidate for Director] Mr. Makoto Sugaya has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. Leveraging his abundant experience in the operations of the Company's sales divisions, he has promoted initiatives to improve store competitiveness and exercised leadership concerning store operation. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 Masato Moriya (February 24, 1966) [Reappointment] [Attendance at the Board of Directors meetings] 19/19 (100%)	April 1988 Joined the Company August 2006 General Manager of Processed Meat Division July 2009 General Manager of Sales & Marketing Headquarters July 2010 General Manager of Tachikawa-saiwai Store February 2012 General Manager of Fresh Fruit & Vegetables June 2013 Executive Officer August 2013 Deputy General Manager of Merchandise Headquarters, General Manager of Perishables; Group Manager of Fresh Fruit & Vegetables April 2014 General Manager of Sales & Marketing Planning Headquarters June 2018 Senior Executive Officer General Manager of Sales & Marketing Planning Headquarters; General Manager of Sales & Marketing Planning Division; in charge of ESBI Operations July 2018 General Manager of Sales Headquarters June 2020 Senior Executive Director, SAVIA Corporation April 2021 Representative Director and President June 2023 Director of the Company (to present) Responsible for Merchandise and Logistics; General Manager of Perishable Foods and Prepared Meals Strategy Division (to present) [Significant concurrent positions] None	2,000
	[Reason for nomination as a candidate for Director] Mr. Masato Moriya has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. Leveraging his extensive experience in the Company's merchandise, sales planning, and sales divisions of the Company and management experience at a subsidiary of the Company, he has promoted strengthening of private-brand products and enhancement of logistics efficiency and exercised leadership concerning the merchandise and logistics strategies. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	 Shigeru Nakabayashi (January 17, 1966) [Reappointment] [Attendance at the Board of Directors meetings] 19/19 (100%)	April 1988 Joined Fujitsu Limited February 2003 General Manager of the Project Section, No. 1 Logistics Solutions Dept 1 October 2009 General Manager of Retail Solution Dept. 3, Fujitsu System Solutions Limited April 2015 General Manager of the Information Service Department, Fujitsu Systems East Limited November 2016 General Manager of the Information Service Department, Fujitsu Limited June 2021 Representative Director and President of AB System Solutions Limited April 2023 Joined the Company System Advisor, Information Systems Division June 2023 Director (to present) Responsible for Information Systems (to present) [Significant concurrent positions] None	0
	[Reason for nomination as a candidate for Director] Mr. Shigeru Nakabayashi has fulfilled an appropriate role in decision-making on important matters, supervising business execution, etc. with the aim of contributing to society as a useful business to the region. Leveraging his extensive business experience as a system engineer engaged in information system construction services mainly for the retail industry, he has promoted strengthening of the Information Systems Division and improvement of efficiency of field operations by promoting digitalization and exercised leadership concerning information systems. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	 Hiroyuki Watanabe (July 17, 1958) [Reappointment] [Attendance at the Board of Directors meetings] 14/19 (93.3%) Since his assumption of office as Director, 19 Board of Directors meetings were held during the fiscal year under review. Of these meetings, four were dedicated to deliberations on management integration. He did not attend these four meetings as he was an interested party with respect to the subject matter of these meetings, and therefore, his attendance rate was calculated, taking such circumstances into consideration.	April 1982 Joined Isejin Jusco Co., Ltd. (currently AEON CO., LTD.) September 2003 General Manager, Administration Department, Kanto Company, Jusco Co., Ltd. May 2006 Representative Director, AEON Financial Project Co., Ltd. (currently AEON Bank, Ltd.) September 2006 Director, Head of Personnel & General Affairs and Public Relations April 2008 Director and Managing Executive Officer; in charge of Personnel Department and General Affairs Department June 2012 Director and Managing Executive Officer; General Manager of Administrative Headquarters November 2012 Director, AEON CREDIT SERVICE CO., LTD. (currently AEON Financial Service Co., Ltd.) April 2013 Director; in charge of Personnel & General Affairs, Legal & Compliance April 2014 Representative Director; Senior Managing Executive Officer and General Manager of Sales Division, AEON Bank Co., Ltd April 2015 President & CEO June 2016 Director, AEON CREDIT SERVICE CO., LTD. (currently AEON Financial Service Co., Ltd.) June 2017 Executive Vice President, AEON Financial Service Co., Ltd. September 2018 Executive Officer, in charge of Human Resources & Administration; Risk Management, AEON CO., LTD. October 2018 Director, AEON Financial Service Co., Ltd. (to present) May 2021 Director, AEON DELIGHT CO., LTD. (to present) March 2022 Executive Vice President, in charge of Human Resources & Administration; Risk Management, AEON CO., LTD. June 2023 Outside Director of the Company November 2023 Director (to present) March 2024 Executive Vice President and Executive Officer Chief Human Resources and AEON Living Zone Promotion Officer, Supervisor of Risk Management, AEON CO., LTD. (to present) [Significant concurrent positions] Executive Vice President, AEON CO., LTD. Director, AEON Financial Service Co., Ltd. Director, AEON DELIGHT CO., LTD.	0
	[Reason for nomination as a candidate for Director] Mr. Hiroyuki Watanabe has been engaged in management of AEON Group companies for many years and has abundant experience and a high level of insight as a corporate manager. He has actively voiced his opinion at Board of Directors meetings, and has fulfilled an appropriates role in decision-making on important matters, supervising business execution, etc. The Company has renominated him as a Director candidate because it considers him to be an appropriate talented person to achieve sustainable growth and medium- to long-term increase of the Group's corporate value by reflecting in the Company's management the synergy with the AEON Group to be achieved through the management integration.		

Special interests between the candidate and the Company.

Mr. Hiroyuki Watanabe is concurrently Executive Vice President and Executive Officer, AEON CO., LTD., which is the parent of the Company and with which the Company deposits funds for management.

Mr. Hiroyuki Watanabe is concurrently Director of AEON Financial Service Co., Ltd., which is a business alliance partner of the Company.

Mr. Hiroyuki Watanabe is concurrently Director of AEON DELIGHT CO., LTD., which is a business alliance partner of the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	 Shuichi Otani (April 9, 1954) [Reappointment] [Outside] [Independent] [Term of Office as Director] 4 years at the conclusion of this General Meeting [Attendance at the Board of Directors meetings] 25/25 (100%)	April 1977 Joined Nissan Motor Co., Ltd. April 2002 General Manager of Materials Division April 2004 Corporate Officer April 2009 Senior Vice President, NISSAN SHATAI CO., LTD. June 2009 Director and Senior Vice President June 2011 Representative Director and President, NISSAN SHATAI COMPUTER SERVICE Co., Ltd. April 2018 Advisor June 2020 Outside Director of the Company (to present) [Significant concurrent positions] None	100
	[Reason for nomination as a candidate for Outside Director and summary of expected roles] Mr. Shuichi Otani has been engaged in corporate management for many years and has abundant experience and a high level of insight as a corporate manager. He has actively voiced his opinion at Board of Directors meetings, provided helpful advice and supervision, and fulfilled an appropriate role as Outside Director of the Company. He has also contributed to more transparent and fair management as Chairman of the Nomination and Compensation Committee. To achieve sustainable growth and medium- to long-term increase of the Company's corporate value, his expected role will be to utilize his experience and insight to provide supervision and advice. The Company has therefore renominated him as an Outside Director candidate. [Matters concerning independence] The Company has designated him as an independent director, who does not violate the independence standards stipulated by the Tokyo Stock Exchange nor represent risks of conflicts of interest with general shareholders.		

There is no special interest between the candidate and the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	 Yaeko Ishida (August 18, 1970) [Reappointment] [Outside] [Independent] [Term of Office as Director] 3 years at the conclusion of this General Meeting [Attendance at the Board of Directors meetings] 25/25 (100%)	October 2000 Registered as an attorney-at-law October 2000 Joined Yamazaki General Law Office October 2005 Partner, Yamazaki General Law Office January 2007 Judicial Commissioner of Tokyo Summary Court April 2016 Conciliation Commissioner of Tachikawa Branch of Tokyo Family Court June 2019 Outside Audit & Supervisory Board Member of Citizen Watch Co., Ltd. (to present) November 2019 Partner of Midorikawa-Kitadai Law Office (to present) June 2021 Outside Director of the Company (to present) April 2022 Vice-president of Dai-Ichi Tokyo Bar Association June 2023 Outside Director of Shindengen Electric Manufacturing Co., Ltd. (to present) [Significant concurrent positions] Partner of Midorikawa-Kitadai Law Office Outside Audit & Supervisory Board Member of Citizen Watch Co., Ltd. Outside Director of Shindengen Electric Manufacturing Co., Ltd.	0
	[Reason for nomination as a candidate for Outside Director and summary of expected roles] Ms. Yaeko Ishida has abundant experience and a high level of insight as an attorney-at-law. Although she has never been involved in corporate management other than as an outside officer, she has actively voiced her opinion at Board of Directors meetings, provided helpful advice and supervision, and fulfilled an appropriate role as Outside Director of the Company. She has also contributed to more transparent and fair management as Nomination and Compensation Committee Member. To achieve sustainable growth and medium- to long-term increase of the Company's corporate value, her expected role will be to utilize her experience and insight to provide supervision and advice. The Company has therefore renominated her as an Outside Director candidate. [Matters concerning independence] The Company has designated her as an independent director, who does not violate the independence standards stipulated by the Tokyo Stock Exchange nor represent risks of conflicts of interest with general shareholders.		

There is no special interest between the candidate and the Company.

Notes:

1. Mr. Shuichi Otani and Ms. Yaeko Ishida are candidates for Outside Director.
2. Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has concluded liability limitation agreements with Mr. Hiroyuki Watanabe, who is a non-executive Director, and Mr. Shuichi Otani and Ms. Yaeko Ishida, who are Outside Directors, which limit their liability for damages stipulated in Article 423, Paragraph 1 of the said Act. If they are reelected and assume their positions, the Company plans to continue the same liability limitation agreements with them. The maximum amount of liability for damages under these agreements is the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act.
3. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has concluded a directors and officers liability insurance contract with an insurance company, to cover losses arising from damages claims related to the execution of his or her duties (except in cases corresponding to exemptions under the insurance contract) to be borne by the insured parties. If the candidates are elected and assume their positions, they will be covered under this insurance contract. The term of the insurance contract is one year, and the Company intends to renew the contract before this term expires, by resolution of the Board of Directors.
4. Ms. Yaeko Ishida's name in her capacity as an attorney-at-law is Yaeko Kitadai.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Masakazu Yamamoto will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed.

The consent of the Audit & Supervisory Board has been obtained with regard to the submission of this Proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions		Number of shares of the Company held
 Masakazu Yamamoto (August 25, 1955) [Reappointment] [Outside] [Independent] [Term of Office as Audit & Supervisory Board Member] 8 years at the conclusion of this General Meeting [Attendance at the Board of Directors meetings] 25/25 (100%) [Attendance at the Audit & Supervisory Board meetings] 20/20 (100%)	April 1978	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)	0
	December 1987	Assistant to General Manager, International Business Planning Division	
	July 1992	Senior Assistant to General Manager, Business Promotion Section, International Treasury Division	
	January 1994	Deputy Manager, Foreign Currency Treasury Section, International Treasury Division	
	May 1994	Deputy General Manager, Customer Relations Section, International Treasury Division	
	October 1997	Deputy Councilor, International Business Planning Division	
	December 1997	General Manager, Hong Kong Dealing Office, International Treasury Division	
	April 2002	Councilor, Hong Kong Treasury Office, Market Planning Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)	
	August 2002	General Manager, Hanoi Branch	
	March 2005	General Manager, Singapore Branch	
	April 2007	Deputy Director-General, Assistant to Osaka Sales Division II, Seconded to Sharp Corporation	
	March 2008	Deputy General Manager, Accounting Headquarters; General Manager, Treasury Department, Sharp Corporation	
	April 2013	General Manager, Finance Department; Chief, Treasury Group, Corporate Headquarters	
	April 2015	Director, Finance Department, Corporate Headquarters	
	April 2016	Senior Counselor, Finance Department, Accounting & Finance Headquarters	
	June 2016	Outside Audit & Supervisory Board Member of the Company (to present)	
	[Significant concurrent positions] None		

[Reason for nomination as a candidate for Audit & Supervisory Board Member]
Mr. Masakazu Yamamoto was engaged in financial affairs at financial institutions and business companies for many years. The Company has renominated him as an Audit & Supervisory Board Member candidate so that his abundant experience and a high level of insight will be reflected in the Company's audit.
Although he has never been involved in the management of a company other than as an outside officer, the Company believes that he will be able to appropriately fulfill his duties as Outside Audit & Supervisory Board Member based on the reasons above.
[Matters concerning independence]
The Company has designated him as an independent auditor, who does not violate the independence standards stipulated by the Tokyo Stock Exchange nor represent risks of conflicts of interest with general shareholders. Although he used to work for Mizuho Bank, Ltd., from which the Company borrows money, he retired from it more than 10 years ago.

There is no special interest between the candidate and the Company.

Notes:

1. Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has concluded a liability limitation agreement with Mr. Masakazu Yamamoto, which limits his liability for damages stipulated in Article 423, Paragraph 1 of the said Act. If Mr. Masakazu Yamamoto is reelected and assumes his position, the Company plans to continue the same liability limitation agreement with him. The maximum amount of liability for damages under these agreements is the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act.
2. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has concluded a directors and officers liability insurance contract with an insurance company, to cover losses arising from damages claims related to the execution of his or her duties (except in cases corresponding to exemptions under the insurance contract) to be borne by the insured parties. If the candidate is elected and assumes his positions, he will be covered under this insurance contract. The term of the insurance contract is one year, and the Company intends to renew the contract before this term expires, by resolution of the Board of Directors.

Proposal 5: Appointment of an Accounting Auditor

The term of appointment of the current Accounting Auditor, GYOSEI & CO., will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, it is proposed to appoint Deloitte Touche Tohmatsu LLC as Accounting Auditor.

Deloitte Touche Tohmatsu LLC is engaged in accounting audits of all domestic operating companies of AEON CO., LTD., the parent of the Company. Therefore, based on the decision of the Audit & Supervisory Board, it is proposed to appoint the same Accounting Auditor as the parent company's.

The candidate for Accounting Auditor is as follows:

Name	Deloitte Touche Tohmatsu LLC
Principal Office	Marunouchi Nijubashi Building 3-2-3 Marunouchi, Chiyoda-ku, Tokyo
History	May 1968 Tohmatsu Awoki & Co. established May 1975 Joined Touche Ross International (TRI) alliance (currently Deloitte Touche Tohmatsu Limited (DTTL)) February 1990 Changed the company name to Tohmatsu & Co. July 2009 Converted to a limited liability company and changed the company name in English to Deloitte Touche Tohmatsu LLC
Overview	Share capital: 1,173 million yen Members: Employees: Certified public accountants: 480 Specified employees: 61 Staff: Certified public accountants: 2,514 Persons who passed the certified public accountant examination (including assistant accountants): 1,236 Other professionals: 3,610 Clerical staff: 89 Total: 7,990 Number of companies audited: 3,162

(Reference)
[Decision Policy on Nominations]

Prerequisites for all officers:

- Strongly empathize with the Group Management Philosophy of realizing *Sukoyakeku* (to contribute to realizing our customers' healthy, prosperous, warm daily lives and a healthier society) and practicing a customer-first approach to business
- Possess the ability to contribute to the Group's sustainable growth and the enhancement of corporate value
- Possess an abundant awareness of compliance with laws, regulations, social and other rules
- Possess outstanding character, dignity, knowledge and insight, and a high standard of ethics
- Be capable of constructing optimal management systems and structures, and engaging in appropriate and proper corporate management through the establishment of high corporate ethics
- Be able to engage in constructive dialogue with shareholders, and reflecting in management the insights obtained through this dialogue

Configuration of the Board of Directors

- The Company selects and nominates members of the Board of Directors with consideration to the balance of knowledge, experience, ability, diversity, etc. for the Board of Directors overall.

Policy on the selection of internal Directors

- Deeply comprehend the Group Code of Conduct, and are able to serve as a model for employees
- Possess outstanding management sense, management and leadership qualities, etc.
- Possess abundant knowledge, ability, expertise, experience and achievements related to business operations
- Possess the ability to take a high-level, comprehensive view of company-wide business operations, execute business and supervise business execution accordingly
- Be able to promote achievement of the Sustainable Development Goals (SDGs), to continue to be a company that enjoys the support of its customers

Policy on the nomination of Outside Directors

- Possess the ability to supervise the execution of business, and provide advice and recommendations regarding the Company's sustainable growth from an independent and objective perspective
- Possess a high degree of specialized knowledge and abundant experience in fields such as corporate management, industry knowledge, financial accounting, legal affairs, finance, DX, etc.
- Can be expected to voice opinions and act from a stance independent to the execution of business, and contribute to constructive deliberation at Board of Directors meetings
- Are able to engage in effective supervision of management, through important decision-making regarding Directors, including their appointment and dismissal

Policy and process for the appointment of Audit & Supervisory Board Members

- Audit & Supervisory Board Members candidates are nominated after consideration whether they possess sufficient knowledge and insight in fields such as finance, accounting and legal affairs, and after obtaining the consent of the Audit & Supervisory Board

The distribution of Directors' major knowledge, experience, ability, etc.

Name	Corporate management	Industry experience & insight	Finance & accounting	Legal & risk management	HR & personnel development	Information systems & DX	Sustainability & ESG
Yoshikazu Motosugi	○	○			○		○
Kazushige Hamura			○	○	○		
Kazuhiko Shimamoto	○	○			○		○
Makoto Sugaya		○			○		
Masato Moriya	○	○					○
Shigeru Nakabayashi	○					○	○
Hiroyuki Watanabe	○	○	○	○	○		○
Shuichi Otani	○					○	○
Yaeko Ishida				○			

(Note) The above table does not indicate all knowledge, experience, ability, etc. possessed by each candidate.

Reason for selecting the various knowledge, experience, ability, etc. categories

Skill type	Reason
Corporate management	Corporate management skill is selected as a necessary requirement in order to appropriately formulate strategies, allocate management resources and make important decisions based on changes in the business environment.
Industry experience & insight	Industry experience & insight skills are selected as necessary requirements in order to meet the diversified needs of our clients in the retail industry.
Finance & accounting	Finance & accounting skills are selected as necessary requirements to enable accurate and timely disclosure of information and appropriate business decisions.
Legal & risk management	Legal and risk management skills are selected as necessary requirements to strengthen the governance and compliance of the Group.
HR & personnel development	HR & personnel development skills are selected as necessary requirements to develop human resources to support the growth of the Group.
Information systems & DX	Information systems and DX skills are selected as a necessary requirement to promote operational reforms to cope with the digitalized society and to achieve growth.
Sustainability & ESG	Sustainability and ESG skills are selected as necessary requirements to promote measures for the realization of a sustainable society and the medium- to long-term growth of the Group.

(Appendix)

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year ended March 31, 2024, the Japanese economy witnessed an upswing in socioeconomic activity and a recovery in inbound tourism demand, due in part to COVID-19 being downgraded to a Class 5 Infectious Disease under the Infectious Diseases Act. On the other hand, prices of raw materials and services continue to rise, due to various factors such as the weak yen, rising energy prices and labor shortages, and defensive sentiment remains high among consumers. As such, the future outlook of the economy remains uncertain.

In the food supermarket industry to which the Group belongs, increasingly diverse buying patterns among consumers, particularly in online sales, among other factors, are contributing to the ongoing severity of the environment surrounding sales.

Under these circumstances, in the spirit of "the customer comes first," the Group has engaged in its business activities with the aim of providing safe and reliable food and contributing to the enrichment of local communities as a useful business to the region.

In operating results for the fiscal year under review, operating revenue increased by 5.2% year on year to 261,486 million yen, due to a recovery in customer traffic at existing stores, which increased by 2.6% year on year, achieved by strengthening "sale of the day" and point card measures. Operating gross profit was 80,642 million yen, up 4.8% year on year, and selling, general and administrative expenses increased by 3.6% to 77,710 million yen due to efforts to improve efficiency, including self-checkout systems and electronic shelf labels.

As a result, operating profit amounted to 2,931 million yen (up 54.3% year on year), ordinary profit amounted to 2,892 million yen (up 32.4% year on year), and net profit attributable to owners of the parent amounted to 1,728 million yen (net loss attributable to owners of the parent of 2,105 million yen in the previous fiscal year).

The Group became a consolidated subsidiary of the AEON Group on December 6, 2023.

The status by reportable segment of the Group was as follows:

Supermarket Business	Net sales **203, 925** million yen (year-on-year difference: up 5.4%)		Operating profit **2,037** million yen (year-on-year difference: up 145.1%)	
Share of net sales **81.4%**	Net sales	(million yen)	Operating profit	(million yen)
	FY ended March 31, 2023	193,470	FY ended March 31, 2023	831
	FY ended March 31, 2024	203,925	FY ended March 31, 2024	2,037

With the management goal of "delivering freshness at reasonable prices and with heart" and the aim of giving customers a sense of enjoyment, delicious taste, and freshness, the Company has promoted policies based on a theme of increasing the frequency of customer visits through the development of products that offer value, the provision of goods at reasonable prices, and the creation of places for shopping from the customers' viewpoint.

In terms of goods, we worked to strengthen our fresh foods, prepared meals, and in-store bakery items in our efforts to differentiate ourselves from our competitors. In January 2024, our "*Chokotto Tabetai Katsuo-don*," a snack-size bonito rice bowl developed by our young buyers, received an award for excellence in the sushi category of the Bento and Prepared Meal Awards hosted by the National Supermarket Association of Japan. In such ways, we have been able to convey the deliciousness and appeal of our goods and deliver discerning products to our customers. For grocery items, to counter price rises of many products caused by soaring raw material costs, we periodically implemented discount sales by category in our efforts to expand the number of customers.

In sales promotions, we implemented a sale-of-the day approach for commodity goods as an incentive for customers to visit our stores, and strengthened point card measures for member customers. We also worked to expand contact points with customers with the use of digital content, including a LINE mini app and native apps, as well as paper leaflets.

To respond to changes in lifestyle, we strengthened the development of online supermarkets, reaching 18 stores as of March 31, 2024. We will further pursue initiatives in quick commerce as a response to last-mile delivery (from receipt of order from customer to delivery).

To allay the concerns of customers in regional areas, we expanded the service area of the Tokushimaru mobile supermarket service, launching operations at the Yokohama Sakonyama store (Asahi-ku, Yokohama City) in February. We have steadily increased the number of the fleet, which stood at 25 vehicles as of March 31, 2024.

With the aims of mitigating customers' stress when waiting in checkout lines, responding to increasingly diverse payment methods, and eliminating labor shortages, we are accelerating the introduction of semi and full self-checkout systems.

In terms of capital investment, we opened one new store, the Nerima Nakamura-Minami Store (Nerima-ku, Tokyo) through a scrap-and-replace scheme and closed four stores, namely ina21

Nerima Nakamura-Minami Store (Nerima-ku, Tokyo), ina21 Machida Aihara-Ekimae Store (Machida City, Tokyo), Tachikawa Minamiguchi Store (Tachikawa City, Tokyo), and Kawasaki Nakanoshima Store (Tama-ku, Kawasaki City), the last for scrap-and-build purposes. We also continued to promote the revitalization of existing stores with the refurbishment of 16 stores, including Yokohama Sakonyama Store (Asahi-ku, Yokohama City), Moro Store (Moroyama-machi, Iruma-gun, Saitama), and Chofu Sengawa Store (Chofu City, Tokyo). The number of stores as of March 31, 2024 stood at 130, a decrease of three stores from the end of the previous fiscal year.

In the third quarter, the Company became a subsidiary of AEON CO., LTD., making it a member of AEON Group. Currently, the Company is working to gradually expand TOPVALU private brand products, an asset of the AEON Group, to differentiate itself from its competitors. We are also working to improve customer convenience by introducing AEON Pay, a payment method of the AEON Group.

As a result of the above, net sales at existing stores increased 5.4% year on year, with segment sales (external customers) of 203,925 million yen (up 5.4%) and segment profit of 2,037 million yen (up 145.1%) in the fiscal year under review.

Drugstore Business	Net sales **46,196** million yen (year-on-year difference: up 5.8%)		Operating profit **589** million yen (year-on-year difference: down 22.3%)	
Share of net sales **18.4%**	Net sales	(million yen)	Operating profit	(million yen)
	FY ended March 31, 2023	43,676	FY ended March 31, 2023	758
	FY ended March 31, 2024	46,196	FY ended March 31, 2024	589

Under the basic policy of "Enhancing growth capacity and profitability by deepening chain store management," Welpark Co., Ltd. is working on new drugstore openings and the refurbishment of existing drugstores, promoting drugstores with dispensing pharmacies attached, and striving to increase its growth capacity through the expansion of e-commerce channels. Welpark is also engaging in sales activities with the aim of maximizing the benefits of chain store management, such as improving sales per employee hour with the full transition to a new distribution center to reduce receiving operations at stores, thus enhancing the appeal of individual stores and increasing customer satisfaction.

In terms of capital investment, a new store with attached dispensing pharmacy, Higashimurayama Fujimi-cho 3-chome Store (Higashimurayama City, Tokyo) was opened, while four stores, including Niiza Katayama Store (Niiza City, Saitama), Futamatagawa Kitaguchi Store (Asahi-ku, Yokohama City), Fujimino Store (Fujimino City, Saitama), and Koshigaya Store (Koshigaya City, Saitama) were closed. In addition, 23 stores, including Hanakoganei Ekimae Store (Kodaira City, Tokyo) were refurbished, and a dispensing pharmacy was newly added to the Kunitachi Yagawa Store (Kunitachi City, Tokyo), as part of the revitalization of existing stores. The number of stores as of March 31,

2024 stood at 140.

As a result of the above, net sales at existing stores increased 4.9% year on year, with segment sales (external customers) of 46,196 million yen (up 5.8%) and segment profit of 589 million yen (down 22.3%) in the fiscal year under review.

Retail Support Business	Net sales **471** million yen (year-on-year difference: down 41.6%)		Operating profit **320** million yen (year-on-year difference: up 10.5%)	
Share of net sales **0.2%**	Net sales	(million yen)	Operating profit	(million yen)
	FY ended March 31, 2023	806	FY ended March 31, 2023	289
	FY ended March 31, 2024	471	FY ended March 31, 2024	320

SUN FOOD JAPAN CO., LTD., a wholesaler of daily food products and manufacturer of prepared meals, is engaged in the provision of goods that are safe, reliable and delicious and that offer value. The company's prepared meals manufacturing business has concentrated its efforts in providing backup for the strengthening of this business within the Group, such as the joint development of proprietary products with Inageya Co., Ltd., and in-house manufacturing.

SAVIA Corporation is engaged in the planning, design, security, and cleaning of buildings and facilities, with a particular focus on commercial facilities. To assist the enhancement of the Inageya Group's corporate value as a useful business to the region, the company works on cost reductions and risk mitigations in the development and management of stores through its involvement in deliberations from the planning stage. It has also provided non-Group clients with safe, reliable, and comfortable functions and services that it has accumulated in its operations within the Group.

Inageya Wing Co., Ltd., a special subsidiary that aims to promote the employment of people with disabilities, is engaged in support for the employment of people with disabilities at Group companies, as well as developing employees' skills and supporting their independence. The company also plays a role in deepening understanding of people with disabilities among Group companies through such efforts as assisting people with disabilities to become settled in their workplaces.

INAGEYA DREAM FARM CO. LTD. is engaged in agricultural management, such as open-field cultivation and hydroponic cultivation, and works to improve quality and promote local production and local consumption, with the aim of creating wellbeing and smiles with "safety," "reliability," and "deliciousness." The company also plays a role in human resources development in the Group, including conducting agricultural training as a learning opportunity for fresh fruit and vegetables staff at Inageya Co., Ltd.

As a result of the above, segment sales (external customers) amounted to 471 million yen (down 41.6% year on year), and segment profit was 320 million yen (up 10.5%) in the fiscal year under review.

The status of environmental and community contribution activities of the Group is as follows:

As a useful business to the region that offers customers in local communities a daily life that is centered on safe and reliable food, the Inageya Group has formulated a Sustainability Policy based on its corporate creed, management philosophy, and Group Vision and is engaged in the promotion of sustainable management.

In our environmental initiatives, to realize a carbon-free society, we will work on the introduction of energy-saving equipment and more installation of solar power facilities, with the aim of achieving a 46% reduction in carbon emissions by 2030 and carbon neutrality by 2050. We will also continue to engage in the reduction of food loss, food recycling, and PET bottle recycling (bottle-to-bottle) for the realization of a recycling-oriented society.

With respect to social contribution activities, the Group has implemented various initiatives, such as promoting the employment of people with disabilities (Inageya Wing Co., Ltd.), promoting local production and local consumption (INAGEYA DREAM FARM CO. LTD.), responses to customers who have difficulties shopping at physical stores (mobile supermarket Tokushimaru), and fund-raising activities at stores (support for guide dog training).

The Inageya Group was recognized again in the fiscal year under review in the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, in recognition of our efforts toward health and productivity management under the Group's Health Management Declaration.

Going forward, we will continue to cherish our connections with local communities and contribute to the realization of a healthy society.

(2) Status of Capital Investment

The total amount spent by the Group on capital investment in the fiscal year under review was approximately 4,300 million yen, the main use of which are as follows:

(i) Major facilities completed in the consolidated fiscal year under review

Segment	Store	Location	Opening date	Sales floor area (m^2)
Supermarket Business	Nerima Nakamura-Minami Store *1	Nerima-ku, Tokyo	Nov. 10, 2023	1,385
Drugstore Business	Higashimurayama Fujimi-cho 3-chome Store *2	Higashimurayama City, Tokyo	Oct. 18, 2023	825

*1. New store through scrap and replacement
*2. Store with dispensing pharmacy

(ii) Ongoing construction and expansion of major facilities during the consolidated fiscal year under review

Segment	Store	Location	Scheduled opening date	Sales floor area (m^2)
Drugstore Business	Cross Mukogaoka store	Tama-ku, Kawasaki City	Apr. 5, 2024	434
	Other (3 stores)	Tokyo, other	1st half of 2024	-

(3) Status of Financing

The Group conducts financing that it deems most favorable and appropriate at each point in time, taking the prevailing business climate and financial situation into comprehensive consideration.

There was no capital increase in the consolidated fiscal year under review.

(4) Issues to Be Addressed

Management policy, etc.

Establishing the management policy, ultimate vision, and raison d'être of the Group in the form of the Group Corporate Creed, Group Management Philosophy, and Group Vision, we will conduct our business that is strongly committed to a "customer first" approach.

(i) Group Corporate Creed (management policy)

Inageya Group's Corporate Creed is to broadly serve society through sales and to ensure that the company's development is always aligned with the happiness of its employees.

(ii) Group Management Philosophy (ultimate vision)

The realization of Sukoyakeku

Contribute to the creation of healthy, fulfilling, and warm daily lives for customers and a healthier society

The implementation of the Merchant's Way

A group of people who can feel the joy of customers as their own joy

(iii) Group Vision (raison d'etre)

To contribute to society as a useful business to the region

Inageya Group Sustainability Policy

With pride in the patronage of its customers since its foundation in 1900, the Inageya Group strives to promote sustainable management based on the Group Corporate Creed, Group Management Philosophy, and Group Vision. While pursuing the satisfaction of both customers and employees, we will continue to contribute to the realization of a healthier and sustainable society as an eternal enterprise that is of useful to the region.

	Materiality	Promise
Growth strategy	(i) Creation of business competitiveness	"We will continue to grow" We will pursue customer satisfaction by continuously creating new competitiveness and providing customers in local communities with safe, reliable, and high-quality goods and services.
	(i) Co-prosperity with local communities	"We will be useful to the region" As a useful business to the region, we will grow and prosper together with local communities by contributing to solutions for those communities' concerns through our business activities.
	(iii) Promotion of partnerships	"We will work together" We will work together to solve issues by boosting the comprehensive strengths of the Inageya Group and promoting cooperation with suppliers.

ESG strategy	(iv) Human resources development that connects to the future along with the growth of the Group	"We will value people" We will respect the character and values of every individual, establish an environment in which diverse human resources can demonstrate their abilities so that we can make the most of each other's strengths, and thereby pursue employee satisfaction.
	(v) Sustainable mitigation of environmental impact	"We will protect the global environment" So that people may continue to enjoy their daily lives with peace of mind, we will strive to protect the global environment with responses to climate change and the efficient use of resources throughout our business activities.
	(vi) Building of a strong governance structure	"We will establish safety and security" We will conduct fair and highly transparent business activities in compliance with laws, regulations, and social norms and build a governance structure for the reinforcement of risk management.

Inageya Group Key Strategies

Supermarket Business

[Growth strategy] (for next development and convenience)

1. Creation of business competitiveness
    - Strengthen existing business
      (Create appealing shopping spaces, streamline store operations and logistics, improve customer service levels, etc.)
    - Develop and venture into new businesses
    - Strengthen information systems and leverage digital technologies
2. Coexistence with local communities
    - Solve concerns of local communities
      (e.g., dilution of local community, people with difficulties accessing shopping)
    - Promote customers' health
3. Formulation of partnerships
    - Boost Group's comprehensive strengths
    - Promote cooperation with external parties

[ESG strategy] (for sustainable growth)

4. Development of human resources that connects to future along with growth of the Group
    - Develop next-generation and professional human resources
    - Active participation of diverse human resources
    - Establish employee-friendly environment
    - Promote employees' health
5. Sustainable mitigation of environmental impact
    - Reduce waste including food loss
    - Promote conservation of resources

    - Respond to climate change
6. Building of a strong governance structure
    - Strengthen compliance
    - Thorough information security
    - Strengthen responses to disaster risks
    - Promote dialogue with stakeholders

Drugstore Business

1. Expansion of new store openings and development of type-based format strategy
    - Enhance growth capacity by expanding market share
2. Building of a profit scheme by strengthening health-related products and services and promoting the reduction of merchandise losses and costs
    - Enhance profitability by improving efficiency
3. Establishment of life-support drugstores
    - Promote differentiation from competitors by enhancing human capabilities

(5) Trends in Assets and Income

[Consolidated]

(In millions of yen, unless otherwise specified.)

Item	73rd fiscal year ended March 31, 2021	74th fiscal year ended March 31, 2022	75th fiscal year ended March 31, 2023	76th fiscal year ended March 31, 2024 (Fiscal year under review)
Operating revenue	265,917	251,417	248,546	261,486
Net sales	255,637	240,877	237,953	250,594
Operating profit	6,982	3,525	1,899	2,931
Ordinary profit	7,290	3,880	2,184	2,892
Profit (loss) attributable to owners of parent	4,124	2,399	(2,105)	1,728
Profit (loss) per share (yen)	88.98	51.77	(45.43)	37.30
Total net assets	55,533	56,886	54,980	57,247
Total assets	99,064	98,698	97,451	102,320
Net assets per share (yen)	1,174.24	1,202.24	1,160.26	1,208.12

Note: In the previous fiscal year, there were errors in the reversal of deferred tax assets in the accounts of the filing company, Inageya Co., Ltd. Those errors have been corrected retrospectively, and the corrected figures are presented here.

[Non-consolidated]

(In millions of yen, unless otherwise specified.)

Item	73rd fiscal year ended March 31, 2021	74th fiscal year ended March 31, 2022	75th fiscal year ended March 31, 2023	76th fiscal year ended March 31, 2024 (Fiscal year under review)
Operating revenue	213,918	205,064	203,841	214,607
Net sales	203,739	194,617	193,472	203,928
Operating profit	5,272	2,142	831	2,037
Ordinary profit	5,561	2,436	1,259	2,133
Profit (loss)	3,023	1,919	(2,414)	1,416
Profit (loss) per share (yen)	65.22	41.42	(52.09)	30.56
Total net assets	42,709	43,728	41,869	43,455
Total assets	81,541	82,351	81,505	85,119
Net assets per share (yen)	921.24	943.59	903.38	937.58

Note: In the previous fiscal year, there were errors in the reversal of deferred tax assets. Those errors have been corrected retrospectively, and the corrected figures are presented here.

(6) Principal Business

Inageya Group consists of the Company and five consolidated subsidiaries and is engaged in retail business and retail support business with supermarket businesses and drugstore business as its pillars.

(7) Significant Parent Company and Subsidiaries (as of March 31, 2024)

(i) Relationship with the parent company

AEON CO., LTD. is the parent company of the Company and holds 50.80% of the voting rights in the Company.

(ii) Matters concerning transaction with the parent company, etc.

a. Matters considered to ensure the Company's interests are not harmed in these transactions

Regarding the deposits for investment transactions with the parent company presented under "Notes Regarding Transactions with Related Parties" in the Notes to Non-Consolidated Financial Statements, for surplus funds arising in the timely preparation and updating of financing plans, the Company compared these transactions with relatively safe financial instruments, and conducted these transactions if it was determined that the transactions would be able to ensure higher investment benefits and liquidity.

b. Judgment of the Board of Directors regarding whether or not these transactions would harm the interests of the Company and the reasons therefor

The Company makes decisions on whether to conduct these transactions after multifaceted deliberations in the Board of Directors, while also obtaining appropriate opinions about the Company's management from the Independent Outside Directors, based on the perspective of securing the Company's independence from the parent company. Business operations are executed based on the Company's own decisions, centered on the Board of Directors, and appropriate management and business activities are conducted while ensuring the independence of management, respecting our mutual positions as listed companies.

c. Opinions of the Outside Directors if such opinions differed from the determination of the Board of Directors

Not applicable.

(iii) Status of significant subsidiaries

Business division		Company name	Capital (million yen)	Ownership of the Company (%)	Description of main businesses
Retail business	Drugstore business	Welpark Co., Ltd.	950	84.2	Sales of pharmaceuticals, cosmetics, daily necessities, and food products
Retail support business	Wholesale of foods/Manufacture of prepared foods	SUN FOOD JAPAN CO., LTD.	100	100.0	Purchase and sales of daily foods and processed marine products, manufacturing of prepared foods
	Facilities management	SAVIA Corporation	300	100.0	Planning, design, maintenance, repair, security, and cleaning of stores

	Special subsidiary (Employment of people with disabilities)	Inageya Wing Co., Ltd.	10	100.0	Subcontracting of store support operation
	Agricultural management	INAGEYA DREAM FARM CO. LTD.	95	100.0	Cultivation and production of agricultural products

Note: The consolidated subsidiaries of the Company are those five companies in the above table.

(8) **Principal Business Locations** (as of March 31, 2024)

Company name		Category		Name, location, etc. of principle businesses
The Company	Inageya Co., Ltd.	Head office		6-1-1 Sakae-cho, Tachikawa City, Tokyo
		Logistics center		Tachikawa Fruit and Vegetables and Perishables Center (Tachikawa City, Tokyo) Musashimurayama Center (Musashimurayama City, Tokyo)
		Retail stores (130 stores)	Tokyo (70 stores)	Chofu Sengawa Store, Hanakoganei Ekimae Store, Nerima Kamishakujii Minami Store
			Saitama (29 stores)	Oizumi-Gakuen Store, Matsubushi Store, Tokorozawa Sayamagaoka Store
			Kanagawa (25 stores)	Atsugi Sanda Store, Yokohama Hoshikawaeki-Mae Store, Kawasaki Kyomachi Store
			Chiba (6 stores)	Kimitsu Store, Noda Mizuki Store, Otaki Store
Subsidiaries	Welpark Co., Ltd.	Head office		6-1-1 Sakae-cho, Tachikawa City, Tokyo
		Retail stores	(140 stores)	Ikegami Store, Nishitachikawa Store, Musashimurayama Store
	SUN FOOD JAPAN CO., LTD.	Head office		1st floor, Tachihi 204, 935-27 Izumi-cho, Tachikawa City, Tokyo
	SAVIA Corporation	Head office		6-1-1 Sakae-cho, Tachikawa City, Tokyo
	Inageya Wing Co., Ltd.	Head office		6-1-1 Sakae-cho, Tachikawa City, Tokyo
	INAGEYA DREAM FARM CO. LTD.	Head office		6-1-1 Sakae-cho, Tachikawa City, Tokyo

(9) Employees (as of March 31, 2024)

Category	Number of employees	Change from end of previous fiscal year	Average age	Average length of service
The Group	2,623 (6,273)	Down 54 (Down 25)	—	—
The Company	2,002 (5,359)	Down 64 (Down 26)	46.5 years old	21.6 years

Notes:
1. Numbers in parenthesis ( ) show the annual average number of part-time and casual workers (converted to 8 hours per day)
2. Temporary employees are not included in part-time and casual workers.
3. Number of employees excludes employees who have been temporarily assigned to outside the Group from the Group and includes employees who have been temporarily assigned to the Group from outside the Group.

(10) Major lenders (as of March 31, 2024)

Lenders	Outstanding borrowings (Millions of yen)
Resona Bank, Limited	2,328
MUFG Bank, Ltd.	1,500
Aioi Nissay Dowa Insurance Co., Ltd.	465
Sumitomo Mitsui Banking Corporation	464
Mizuho Bank, Ltd.	464
Nippon Life Insurance Company	440
Sumitomo Mitsui Trust Bank, Limited	101
The Norinchukin Bank	81
Meiji Yasuda Life Insurance Company	70
Development Bank of Japan Inc.	60

Note: The outstanding borrowings of Resona Bank, Ltd., MUFG Bank, Ltd., and Mizuho Bank, Ltd. include the unredeemed amount of bonds (private placement bonds) totaling 2,212 million yen).

(11) Other significant matters concerning the current status of the corporate group

The Company and United Super Markets Holdings Inc. (hereinafter "U.S.M.H") have decided to implement a share exchange (hereinafter the "Share Exchange") in which U.S.M.H will become the wholly-owning parent company in the share exchange and the Company the wholly-owned subsidiary in the share exchange, based on resolutions of the Boards of Directors of both companies on April 18, 2024. On the same date, a share exchange agreement (hereinafter the "Share Exchange Agreement") was concluded between the two companies, and a business integration agreement (hereinafter the "Business Integration Agreement") regarding the business integration of the Company by U.S.M.H was concluded between U.S.M.H, The Maruetsu, Inc. (hereinafter "Maruetsu"), KASUMI CO., LTD. (hereinafter "KASUMI"), MAXVALU KANTO CO., LTD. (hereinafter "MV KANTO"; hereinafter U.S.M.H, Maruetsu, KASUMI, and MV KANTO are collectively referred to as "U.S.M.H Group Companies"), the Company and AEON CO., LTD. (hereinafter "AEON").

The Share Exchange is scheduled to take effect on November 30, 2024, after obtaining approval of the Share Exchange Agreement by resolution at U.S.M.H's annual general meeting of shareholders scheduled to be held on May 24, 2024 and the Company's annual general meeting of shareholders scheduled to be held on June 26, 2024. Prior to the effective date of the Share Exchange, the Company's common shares (hereinafter the "Company Shares") will be delisted from the Prime Market of the Tokyo Stock Exchange (the last trading date will be November 27, 2024).

As a result of execution of the Share Exchange, the Company will become a wholly owned subsidiary of U.S.M.H.

Purpose of becoming a wholly-owned company through the Share Exchange

The Company, AEON, and U.S.M.H have come to the conclusion that, in order to continue to respond to customers' needs with a sense of speed, and to coexist with local communities and grow together in the Tokyo metropolitan area, where competition is expected to intensify further in the future, it is most appropriate to further deepen the relationship through strengthening capital relationships and management integration. This will allow the Company, AEON and U.S.M.H to make the most of the AEON Group's various assets such as digital, products, human resources, and payment infrastructure. The goal being to evolve into a new business model that utilizes economies of scale as a combined one (1) trillion yen supermarket group. Based on this conclusion, on April 25, 2023, the Company, AEON, and U.S.M.H concluded a Memorandum of Understanding Regarding the Business Integration for Realization of a JPY1 trillion Supermarket in Kanto. The Company and U.S.M.H will set aside sufficient time for discussions following the execution of the memorandum of understanding with a view to determining how to maximize synergies by around November 2024. The Company and AEON, which have already formed an alliance, will further strengthen their capital and business alliance relationship. The Company and AEON determined that they can promptly realize synergies by utilizing various assets of the AEON Group. AEON conducted a tender offer to the Company (the "Tender Offer") dated October 6, 2023, and now holds 51.0% of shares of Inageya,

as announced in the "Notice of Results of Tender Offer for Shares of Inageya Co., Ltd. and Change of Subsidiary" dated November 30, 2023.

The preparatory committee for integration, which was jointly established on June 19, 2023, by the Company and U.S.M.H Group Companies, discussed and reviewed the realization and effect of the synergies envisaged following the execution of the memorandum of understanding. As a result of discussions, it has been determined that, in addition to contributing to the enhancement of corporate value, in an increasingly competitive environment, strengthening the dominance of the Company and U.S.M.H in the Tokyo metropolitan area, where stable demand is expected to continue, will lead to the creation of various economies of scale.

In response to a proposal from U.S.M.H, the Company commenced consideration of whether to proceed with the transactions that would make Inageya a wholly owned subsidiary of U.S.M.H, including the Share Exchange (the "Transactions"). After thorough consideration of the potential disadvantages associated with the delisting of the Company, such as its corporate creditworthiness and the impact on current shareholders, the Company concluded that it would benefit from becoming a wholly owned subsidiary of U.S.M.H. This is because the Company considered that it will be able to maintain its corporate creditworthiness as a major group company of U.S.M.H even following the Share Exchange, and that it is possible to provide the shareholders of the Company with the value and benefits that can be generated by the Share Exchange through the delivery of shares of U.S.M.H as consideration for the Share Exchange. The Company considered that the Share Exchange will be beneficial not only for U.S.M.H but also for the shareholders of the Company. AEON agreed with the plans of the Company and U.S.M.H and approved the Share Exchange. Further, as described in "Notice Regarding 100% Acquisition of Welpark Co., Ltd. by WELCIA HOLDINGS CO., LTD., Changes in Subsidiary at Inageya Co., Ltd. (share transfer) and receipt of special dividend from such Subsidiary, as well as Recognition of Extraordinary Income" dated April 18, 2024, the Company has reached an agreement with WELCIA HOLDINGS CO., LTD. ("Welcia HD"), a subsidiary of AEON, to transfer the shares of Welpark Co., Ltd. ("Welpark"), which is a subsidiary of the Company and operates a drug store business, to Welcia HD prior to the execution of the Transactions. The consideration of the Share Exchange by the Company and U.S.M.H is subject to the transfer of the shares of Welpark to Welcia HD.

As a result of the above, the Company decided to implement the Share Exchange by resolution of the Board of Directors on April 18, 2024.

For details, please refer to the Notes to Consolidated Financial Statements (Notes Regarding Significant Subsequent Events).

2. **Status of Shares** (as of March 31, 2024)

(1) Total number of shares authorized to be issued 200,000,000 shares

(2) Total number of shares outstanding 52,381,447 shares
(including 5,947,152 treasury shares)

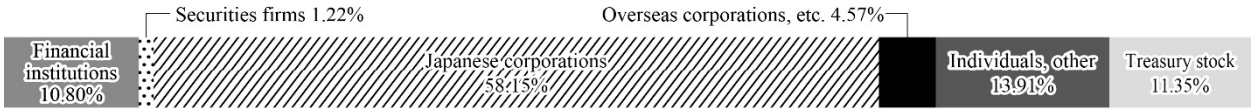
(3) Number of shareholders 8,702 persons

(4) 10 Major shareholders

Name	Number of shares held (Thousand shares)	Ratio of shareholding (%)
AEON CO., LTD.	23,586	50.80
The Master Trust Bank of Japan, Ltd. (trust account)	1,972	4.25
Wakagikai Shareholders Association	1,216	2.62
Custody Bank of Japan, Ltd. (trust account)	887	1.91
Resona Bank, Limited	791	1.71
NIPPON ACCESS,INC.	679	1.46
Mitsubishi Shokuhin Co., Ltd.	436	0.94
KOKUBU GROUP CORP.	419	0.90
Inageya Employee Shareholders Association	379	0.82
Nippon Life Insurance Company	365	0.79

Notes:
1. The Company holds 5,947,000 shares of treasury shares, which are not included in the above list of major shareholders.
2. Ratio of shareholding is calculated after deducting the number of treasury shares (5,947,000 shares).
3. 84,000 shares of the Company held as trust assets in the stock benefit trust for officers and the stock benefit trust for employees are not included in the number of treasury shares stated above.

Ratio of shareholding by owner type



3. Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2024)

Name	Positions and Responsibilities	Important concurrent positions
Yoshikazu Motosugi	Representative Director and President	
Kazushige Hamura	Senior Managing Director Responsible for Compliance and Administration	
Kazuhiko Shimamoto	Managing Director Responsible for Group Management Strategy, Sales Strategy, and IR	
Makoto Sugaya	Director Responsible for Store Operations; General Manager of Sales Division	
Masato Moriya	Director Responsible for Merchandise and Logistics; General Manager of Perishable Foods and Prepared Meals Strategy Division	
Shigeru Nakabayashi	Director Responsible for Information Systems	
Hiroyuki Watanabe	Director	Executive Vice President, AEON CO., LTD. Director, AEON Financial Service Co., Ltd. Director, AEON DELIGHT CO., LTD.
Shuichi Otani	Outside Director	
Yaeko Ishida	Outside Director	Partner of Midorikawa-Kitadai Law Office Outside Audit & Supervisory Board Member of Citizen Watch Co., Ltd. Outside Director of Shindengen Electric Manufacturing Co., Ltd.
Masakazu Yamamoto	Full-time Outside Audit & Supervisory Board Member	
Kenichiro Takayanagi	Full-time Audit & Supervisory Board Member	
Masami Shinozaki	Outside Audit & Supervisory Board Member	Representative of Shinozaki & Partners Outside Audit & Supervisory Board Member of MarkLines Co., Ltd. Outside Audit & Supervisory Board Member of Maezawa Kasei Industries Co., Ltd.
Koji Makino	Outside Audit & Supervisory Board Member	Representative Director, BE1 & Co. Outside Director, Audit and Supervisory Committee Member of Digital Garage, Inc. Outside Director of Obara Group Inc.

Notes:

1. At the conclusion of the 75th Annual General Meeting of Shareholders held on June 22, 2023, Directors Mr. Shintaro Kakui, Mr. Mikio Uehara, and Mr. Yoshitomo Suzuki retired from their positions due to the expiration of their terms of office.
2. At the 75th Annual General Meeting of Shareholders held on June 22, 2023, Mr. Kazuhiko Shimamoto, Mr. Masato Moriya, Mr. Shigeru Nakabayashi, and Mr. Hiroyuki Watanabe were newly elected as Directors and assumed office.
3. Outside Director Shinya Watanabe passed away on September 13, 2023 and retired from his position on the same day.
4. Outside Directors Mr. Shuichi Otani and Ms. Yaeko Ishida have been notified to the Tokyo Stock Exchange as independent officers with no risk of conflicts of interest with general shareholders.
5. Full-time Outside Audit & Supervisory Board Member Mr. Masakazu Yamamoto and Outside Audit & Supervisory Board Members Mr. Masami Shinozaki and Mr. Koji Makino have been notified to the Tokyo Stock Exchange as independent officers with no risk of conflicts of interest with general shareholders.

6. Full-time Outside Audit & Supervisory Board Member Mr. Masakazu Yamamoto and Outside Audit & Supervisory Board Members Mr. Masami Shinozaki and Mr. Koji Makino have considerable knowledge of finance and accounting as follows.
   - Mr. Masakazu Yamamoto has many years of experience engaging in financial operations at financial institutions and operating companies.
   - Mr. Masami Shinozaki is a certified public tax accountant.
   - Mr. Koji Makino is a certified public accountant and a certified public tax accountant.
7. Mr. Wataru Higuchi was elected as a substitute Outside Audit & Supervisory Board Member at the 72nd Annual General Meeting of Shareholders held on June 25, 2020, in anticipation of the event where the number of Audit & Supervisory Board Members falls short of the statutory number.
8. Changes in positions and responsibilities of directors during the fiscal year under review are as follows.

Name	Now	Before	Date of change
Kazushige Hamura	Senior Managing Director Responsible for Compliance and Administration	Managing Director In charge of Compliance; Human Resources; General Affairs; Finance; Store Development; Information Systems	June 22, 2023
Kazuhiko Shimamoto	Managing Director Responsible for Group Management Strategy, Sales Strategy, and IR	Representative Director and President, Welpark Co., Ltd.	June 22, 2023
Makoto Sugaya	Director Responsible for Store Operations; General Manager of Sales Division	Director In charge of Store Reform; General Manager of Sales Division	June 22, 2023
Masato Moriya	Director Responsible for Merchandise and Logistics; General Manager of Perishable Foods and Prepared Meals Strategy Division	Representative Director and President, SAVIA Corporation	June 22, 2023
Shigeru Nakabayashi	Director Responsible for Information Systems	System Advisor, Information Systems Division	June 22, 2023

(2) Outline of Limited Liability Agreement

The Company has concluded a limited liability agreement with Non-executive Directors, Outside Directors, and Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph (1) of the Companies Act, in accordance with Article 427, Paragraph (1) of the same Act.

The maximum amount of liability for damages under the Agreement shall be the minimum amount of liability stipulated in Article 425, Paragraph (1) of the same Act.

(3) Outline of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, under which Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and its subsidiaries are the insured, and renews this agreement every year.

Pursuant to this agreement, damage arising from a claim for damages in connection with the performance of his/her duties that the insured would bear (excluding those that fall under the grounds for exemption specified in the insurance agreement) shall be indemnified under the insurance agreement.

Payment of the total amount of the insurance premiums is shared between the Company and

its subsidiaries.

(4) Compensation, etc. of Directors and Audit & Supervisory Board Members for the fiscal year under review

(i) Outline of policy for the determination of compensation, etc. of Officers

The Company has set forth a Policy Concerning the Determination of Compensation, Etc. of Officers (hereinafter the "Determination Policy") in the Board of Directors as follows. For the resolution by the Board of Directors, the Company has submitted the details of the matters to be resolved to the Nomination and Compensation Committee, the majority of whose members are independent Outside Directors, and received the Committee's response in advance.

In addition, with respect to compensation, etc. for individual Directors for the fiscal year under review, the Board of Directors has confirmed the details and determination method of compensation, etc. and that the details of the determined compensation, etc. are in conformity with the Determination Policy and respect the response from the Nomination and Compensation Committee, and has judged that the compensation, etc. for individual Directors is in line with the Determination Policy.

a. Basic Policy

I. Compensation shall place emphasis on links with performance and long-term corporate value, and value will be shared with shareholders, with the aim of profit growth and appropriate shareholder returns through sound business activities.

II. Compensation shall maintain transparency of management that is able to be accountable.

b. Compensation Structure

Directors' compensation comprises "Basic Compensation," which is fixed compensation, and "Short-term Performance-linked Compensation" and "Medium- to Long-term Performance-linked Compensation (Performance-linked Stock Compensation," which will vary depending on financial performance. From the perspectives of their role and independence, compensation of Outside Directors and Audit & Supervisory Board Members comprises Basic Compensation only.

I. Basic Compensation

Taking economic circumstances and societal standards into consideration, Basic Compensation is paid in cash every month as fixed compensation according to roles and responsibilities.

II. Short-term Performance-linked Compensation

Short-term Performance-linked Compensation is paid to Directors, excluding Outside Directors, and is calculated by multiplying Basic Compensation by a co-efficient corresponding to the single fiscal year's financial performance. It is paid in cash and comprises a portion paid in monthly installments and a

portion paid as a lump sum. The monthly installment portion is calculated by multiplying the Basic Compensation amount, as the basis for calculation, by a co-efficient (0% - 75%) that corresponds to the rate of achievement of the previous fiscal year's consolidated operating profit target. Meanwhile, a prerequisite for payment of the lump-sum portion is that consolidated operating profit, consolidated ordinary profit, and consolidated profit have each exceeded the actual results for the previous fiscal year. It is calculated by multiplying the monthly amount of Basic Compensation by a co-efficient (25% - 400%) corresponding to the amount by which consolidated operating profit exceeded the target amount.

III. Medium- to Long-term Performance-linked Compensation

Directors, excluding Outside Directors, are paid shares and cash in a lump sum on retirement from their positions due to their beneficiary rights in monetary trusts (stock benefit trusts) that are not cash trusts. Directors who meet the requirements for retirement, etc. as Director are granted Company shares and cash according to the number of points granted according to their Director's position and degree of achievement of performance targets. Share-based compensation varies within a range of 0% to 200%, according to the degree of achievement of numerical targets for consolidated net sales in each fiscal year set on the basis of the Medium-term Management Plan together with the Company's subsidiaries from the perspective of "Group management" and, as an evaluation of sustainability, according to the reduction of the consolidated inventory loss ratio.

A system has been established whereby, if an eligible Director is involved in serious misconduct or illegal act, etc., the Company may forfeit (malus clause) the Director's beneficiary rights to shares scheduled to be delivered according to the number of points awarded.

IV. Component percentages of compensation

Although the percentage of total compensation that each compensation component comprises will change according to the degree of achievement of performance targets, the compensation structure has been designed so that the ratio of Basic Compensation, Short-term Performance-linked Compensation, and Medium- to Long-term Performance-linked Compensation will be around 5:4:1 in the event that the targets are achieved. Compensation for Outside Directors and Audit & Supervisory Board Members comprises Basic Compensation only, in light of their roles and independence.

(ii) Resolutions at the general meeting of shareholders regarding the compensation, etc. of Directors and Audit & Supervisory Board Members

The amount of monetary compensation for Directors was resolved to be no more than 350 million yen per year (not including the portion of employee's salary for Directors who concurrently serve as employees) at the 43rd Annual General Meeting of Shareholders held on June 27, 1991. The number of Directors at the close of that Annual General Meeting of Shareholders was fourteen (14).

In addition, separately from this monetary compensation, a scheme for share-based compensation was introduced upon resolution at the 70th Annual General Meeting of Shareholders held on June 21, 2018 and was partially revised at the 73rd Annual General Meeting of Shareholders held on June 24, 2021. Based on the Stock Award Regulations set forth in this scheme, share compensation amounts are contributed to a trust with an upper limit of 198 million yen (including 60 million yen for the Company's Directors) over three fiscal years. With respect to this scheme, the upper limit for delivery of shares for the relevant three-year period shall be 90,000 points (including 27,000 points for the Company's Directors) for each relevant three-year period according to the position and degree of achievement of performance targets in each year of the relevant period (excluding Outside Directors). The number of Directors of the Company eligible under this scheme at the conclusion of that Annual General Meeting of Shareholders was five (5).

The amount of monetary compensation for Audit & Supervisory Board Members was resolved to be no more than 60 million yen per year at the 47th Annual General Meeting of Shareholders held on June 29, 1995. The number of Audit & Supervisory Board Members at the close of that Annual General Meeting of Shareholders was four (4).

(iii) Total Amount of Compensation, etc. of Directors and Audit & Supervisory Board Member

Category	Total amount (Millions of yen)	Total amount by compensation type (Millions of yen)			Number of eligible Officers
		Basic Compensation	Short-term Performance-linked Compensation	Medium- to Long-term Performance-linked Compensation (Stock Compensation)	
Directors (excluding Outside Directors)	61	48	8	4	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members	15	15	-	-	1
Outside Directors	14	14	-	-	4
Outside Audit & Supervisory Board Member	25	25	-	-	3

Notes:

1. The amount of 35 million yen in the employee's salary portion of Directors who concurrently serve as employees is not included.
2. The number of officers on the last day of the fiscal year under review was nine (9) Directors (including four (2) Outside Directors) and four (4) Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members).
3. The conditions, etc. for calculation of Short-term Performance-linked Compensation are as described in "(i) Outline of policy for the determination of compensation, etc. of Officers." The performance indicator that provides the basis for calculation of the installment portion is the rate of achievement of the target for consolidated operating profit in the previous fiscal year. As the actual result was 52.8%, the Company paid 8 million yen in Short-term Performance-linked Compensation. As the prerequisite conditions for the lump-sum portion were not met, no payments were made for this portion.
4. The details and conditions, etc. for calculation of Medium- to Long-term Performance-linked Compensation (Stock Compensation) are as described in "(i) Outline of policy for the determination of compensation, etc. of Officers." This compensation comprises a portion pertaining to the degree of achievement in each fiscal year of the numerical target for consolidated net sales based on the Medium-term Management Plan, in accordance with the performance indicators that provide the basis for calculation, and a portion pertaining to the reduction of consolidated inventory loss, as an evaluation of sustainability. Regarding the portion pertaining to the degree of achievement in each fiscal year of the numerical target for consolidated net sales, as the actual result was 103.3%, the Company posted provision for share awards of 4 million yen. Regarding the portion pertaining to the reduction of consolidated inventory loss, no amount was recorded for this portion as the results did not meet the requirements.

(5) Outside Officers

(i) Relationships with the other corporations, etc. at which Outside Officers hold significant concurrent positions.

There are no special relationships between the other corporations, etc. at which Outside Officers hold concurrent positions and the Company.

(ii) Main activities of the Outside Officers

Category	Name	Attendance and Comments
Director	Shuichi Otani	Mr. Otani attended all 25 meetings of the Board of Directors held in the fiscal year under review and made comments based on his abundant experience and high degree of insight as a corporate manager.
Director	Yaeko Ishida	Ms. Ishida attended all 25 meetings of the Board of Directors held in the fiscal year under review and made comments based on her expert knowledge and high degree of insight as an attorney.
Full-time Audit & Supervisory Board Member	Masakazu Yamamoto	Mr. Yamamoto attended all 25 meetings of the Board of Directors and all 20 meetings of the Audit & Supervisory Board held in the fiscal year under review and made comments from an objective standpoint based on his abundant experience and high degree of insight, mainly from his involvement in finance-related operations.
Audit & Supervisory Board Member	Masami Shinozaki	Mr. Shinozaki attended 21 of the 25 meetings of the Board of Directors and all 20 meetings of the Audit & Supervisory Board held in the fiscal year under review and made comments from an objective standpoint based on his expert knowledge and high degree of insight as an attorney and certified public tax accountant.
Audit & Supervisory Board Member	Koji Makino	Mr. Makino attended 24 of the 25 meetings of the Board of Directors and all 20 meetings of the Audit & Supervisory Board held in the fiscal year under review and made comments from an objective standpoint based on his expert knowledge and high degree of insight as a certified public accountant and certified public tax accountant.

(iii) Outline of duties executed by the Outside Directors relating to their expected roles

Category	Name	Outline of duties executed by the Outside Directors relating to their expected roles
Director	Shuichi Otani	As described in (ii) above, Mr. Otani contributed to the improvement of the effectiveness of the Company's Board of Directors by actively commenting in Board of Directors meetings.

Category	Name	Outline of duties executed by the Outside Directors relating to their expected roles
Director	Yaeko Ishida	As described in (ii) above, Ms. Ishida contributed to the improvement of the effectiveness of the Company's Board of Directors by actively commenting in Board of Directors meetings.

Consolidated Financial Statements

(April 1, 2023 - March 31, 2024)

Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**44,119**	**Current liabilities**	**34,490**
Cash and deposits	6,482	Accounts payable-trade	19,332
Accounts receivable-trade	9,518	Electronically recorded obligations - operating	233
Securities	8,600	Current portion of bonds payable	523
Merchandise and finished goods	9,990	Current portion of long-term borrowings	1,548
Work in process	7	Lease liabilities	450
Raw materials and supplies	177	Income taxes payable	802
Deposits paid to subsidiaries and associates	5,000	Accrued consumption taxes	409
Other	4,344	Provision for bonuses	2,114
Non-current assets	**58,152**	Provision for bonuses for directors (and other officers)	18
Property, plant and equipment	**33,410**	Provision for point card certificates	96
Buildings and structures	12,266	Contract liabilities	2,524
Land	16,455	Asset retirement obligations	154
Leased assets	1,160	Other	6,280
Construction in progress	263	**Non-current liabilities**	**10,582**
Other	3,264	Bonds payable	1,689
Intangible assets	**1,871**	Long-term borrowings	2,214
Investments and other assets	**22,870**	Lease liabilities	1,077
Investment securities	10,273	Deferred tax liabilities	42
Long-term loans receivable	10	Provision for share awards	19
Deferred tax assets	945	Provision for share awards for directors (and other officers)	39
Retirement benefit asset	1,747	Retirement benefit liability	656
Guarantee deposits	9,378	Asset retirement obligations	3,793
Other	532	Other	1,049
Allowance for doubtful accounts	(16)	**Total liabilities**	**45,073**
Deferred assets	**48**	**(Net Assets)**	
Bond issuance costs	48	**Shareholders' equity**	**50,298**
		Share capital	**8,981**
		Capital surplus	**13,598**
		Retained earnings	**33,981**
		Treasury shares	**(6,263)**
		Accumulated other comprehensive income	**5,697**
		Valuation difference on available-for-sale securities	5,076
		Remeasurements of defined benefit plans	620
		Non-controlling interests	**1,251**
		Total net assets	**57,247**
Total assets	**102,320**	**Total liabilities and net assets**	**102,320**

Consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(In millions of yen)

Description	Amount	
[Operating revenue]		**[261,486]**
Net sales		250,594
Cost of sales		180,844
Gross profit		**69,749**
Operating revenue		10,892
Operating gross profit		**80,642**
Selling, general and administrative expenses		77,710
Operating profit		**2,931**
Non-operating income		
Interest income	26	
Dividend income	184	
Subsidy income	37	
Commission income	107	
Gain on receipt of donated non-current assets	7	
Other	54	417
Non-operating expenses		
Interest expenses	55	
Amortization of bond issuance costs	11	
Commission expenses	365	
Provision of allowance for doubtful accounts	16	
Other	7	456
Ordinary profit		**2,892**
Extraordinary income		
Gain on sale of investment securities	440	
Compensation income	117	558
Extraordinary losses		
Loss on disposal of non-current assets	25	
Impairment losses	722	
Other	39	787
Profit before income taxes		**2,663**
Income taxes - current	694	
Income taxes - deferred	192	887
Profit		**1,776**
Profit attributable to non-controlling interests		47
Profit attributable to owners of parent		**1,728**

Non-Consolidated Financial Statements

(April 1, 2023 - March 31, 2024)

Non-Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**34,458**	**Current liabilities**	**32,168**
Cash and deposits	5,626	Accounts payable-trade	11,883
Accounts receivable-trade	7,533	Electronically recorded obligations-operating	233
Securities	8,600	Short-term borrowings from subsidiaries and associates	7,223
Merchandise and finished goods	4,219	Current portion of bonds payable	523
Raw materials and supplies	146	Current portion of long-term borrowings	1,508
Prepaid expenses	1,183	Lease liabilities	400
Short-term loans receivable	2	Accounts payable-other	3,621
Short-term loans receivable from subsidiaries and associates	109	Accrued expenses	1,456
Deposits paid to subsidiaries and associates	5,000	Income taxes payable	605
Accounts receivable-other	1,884	Accrued consumption taxes	361
Current portion of guarantee deposits	215	Deposits received	558
Other	33	Provision for bonuses	1,797
Allowance for doubtful accounts	(96)	Provision for executive bonuses	13
Non-current assets	**50,612**	Provision for point card certificates	73
Property, plant and equipment	**28,476**	Contract liabilities	1,795
Buildings	10,365	Asset retirement obligations	112
Structures	496	**Non-current liabilities**	**9,494**
Machinery, equipment and vehicles	362	Bonds payable	1,689
Tools, furniture and fixtures	2,530	Long-term borrowings	2,134
Land	13,521	Lease liabilities	864
Leased assets	1,066	Provision for share awards	17
Construction in progress	133	Provision for share awards for directors (and other officers)	23
Intangible assets	**1,662**	Provision for retirement benefits	652
Leasehold interests in land	18	Asset retirement obligations	3,089
Software	1,419	Long-term guarantee deposits	1,023
Other	224	**Total liabilities**	**41,663**
Investments and other assets	**20,473**	**(Net assets)**	
Investment securities	10,272	**Shareholders' equity**	**38,379**
Shares of subsidiaries and associates	946	**Share capital**	**8,981**
Long-term loans receivable	10	**Capital surplus**	**13,598**

Prepaid pension costs	752	Legal capital surplus	13,598
Deferred tax assets	209	**Retained earnings**	**22,062**
Guarantee deposits	7,926	Legal retained earnings	1,544
Other	354	Other retained earnings	20,518
		Reserve for tax purpose reduction entry of non-current assets	366
Deferred assets	**48**	General reserve	17,300
Bond issuance costs	48	Retained earnings brought forward	2,852
		Treasury shares	**(6,263)**
		Valuation and translation adjustments	**5,076**
		Valuation difference on available-for-sale securities	5,076
		Total net assets	**43,455**
Total assets	**85,119**	**Total liabilities and net assets**	**85,119**

Non-Consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(In millions of yen)

Description	Amount	
[Operating revenue]		**[214,607]**
Net sales		203,928
Cost of sales		147,805
Gross profit		**56,122**
Operating revenue		10,679
Operating gross profit		**66,802**
Selling, general and administrative expenses		64,764
Operating profit		**2,037**
Non-operating income		
Interest income	11	
Interest on securities	9	
Dividend income	368	
Commission income	91	
Other	55	536
Non-operating expenses		
Interest expenses	55	
Amortization of bond issuance costs	11	
Commission expenses	365	
Other	7	439
Ordinary profit		**2,133**
Extraordinary income		
Gain on sale of investment securities	440	
Compensation income	117	558
Extraordinary losses		
Loss on disposal of non-current assets	41	
Impairment losses	595	
Other	43	680
Profit before income taxes		**2,011**
Income taxes - current	397	
Income taxes - deferred	197	595
Profit		**1,416**

Matters Regarding Accounting Auditors

(1) Accounting Auditor's Name
GYOSEI & CO.

(2) Accounting Auditor's Compensation, etc.

(In millions of yen)

Category	Amount of compensation
Amount of compensation, etc. to be paid by the Company for the fiscal year under review:	49
Total amount of money or other economic benefits to be paid by the Company and the Company's subsidiaries:	62

Notes:
1. In the audit agreement concluded between the Company and the Accounting Auditor, no distinction is made between audit compensation for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act, and such distinction cannot be substantively made. For this reason, the above amount of compensation, etc. to be paid by the Company for the fiscal year under review represents the total amount of compensation, etc., for audits based on the two Acts.
2. As a result of deliberation of the number of scheduled audit hours, the appropriateness of the compensation amount, and other matters contained in the audit plan for the fiscal year under review after comparison of the audit plan and audit results for the previous fiscal year and confirmation of trends in audit hours and compensation amounts based on the Practical Guidelines for Cooperation with Accounting Auditors published by Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has given its consent to the Accounting Auditor's compensation, etc.
3. Accounting Auditor's compensation, etc. includes 0 million yen in compensation for audits of the non-consolidated financial statements related to the corrected report based on the Financial Instruments and Exchange Act.

(3) Policy for determination of dismissal or non-reappointment of Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph (1) of the Companies Act, the Accounting Auditor shall be dismissed by the Audit & Supervisory Board with the unanimous consent of all Audit & Supervisory Board Members.

In addition, the Audit and Supervisory Board comprehensively evaluates the Accounting Auditor based on its competence, expertise, independence from the Company, and other criteria, and if it is found necessary to change the Accounting Auditor, the Audit and Supervisory Board shall decide the contents of a proposal concerning the dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors shall submit the proposal to the General Meeting of Shareholders based on that decision.

Matters Regarding Establishment of Systems to Ensure the Properness of Operations

(1) Systems for Ensuring the Properness of Business Operations

The basic policy regarding systems to ensure the properness of operations (internal control system) resolved by the Board of Directors of the Company is as follows:

(i) Systems to ensure that the execution of duties by Directors and employees (hereinafter "Officers and Employees") of the Company complies with laws, regulations, and the Articles of Incorporation

(a) We have established the "Inageya Group Philosophy" to describe the laws, regulations and social norms, etc. that Officers and Employees must comply with (hereinafter "compliance") regarding our management stance and response to customers that the Company and the Group aim to achieve. To ensure that the Inageya Group Philosophy is thoroughly implemented, we will establish the Inageya Group Compliance Committee to supervise compliance activities across the Group. The Committee will conduct its activities in a planned manner and report the situation to the Board of Directors and the Audit & Supervisory Board as necessary.

(b) We will establish helplines both within and outside of the Company as contact points for consultation and whistleblowing regarding compliance for Officers and Employees of the Company and individual Group companies. We will establish a system in which, if any

compliance-related problems arise, details of and countermeasures against such problems will be immediately reported to the Board of Directors and the Audit and Supervisory Board through the Inageya Group Compliance Committee.

(c) Audit & Supervisory Board Members will audit the execution of duties by Directors from an independent standpoint. As the department responsible for internal audits, we will establish an audit office that will conduct auditing of the day-to-day operations of each department.

(d) We will have no involvement whatsoever with anti-social forces or groups that threaten social order and security, and we will cooperate with attorneys, the police, and others in dealing with unreasonable demands in a resolute manner.

(ii) Systems regarding the retention and management of information pertaining to the execution of the duties of Directors of the Company

(a) We will establish a system in which information pertaining to matters resolved at and reported to the Board of Directors, Management Meetings, and other meetings is recorded, retained, and managed in accordance with laws, regulations, and internal regulations and made available for inspection by Directors and Audit & Supervisory Board Members as necessary.

(b) We will retain and manage documents and electronic data in accordance with regulations such as the Confidential Information Management Rules and Basic Rules for the Protection of Personal Information and various manuals, and we will revise these regulations as necessary.

(iii) Rules and other systems related to management of the risk of loss of the Company

(a) In accordance with the Risk Management Committee Regulations, we will identify, analyze, and evaluate risks of the Company and its subsidiaries and build effective risk management systems.

(b) We will establish a system in which, if the risk of loss is found by internal audit, this fact will immediately be reported to the general administration division and responsible department(s).

(iv) Systems to ensure that the execution of the duties of Directors of the Company is performed efficiently

(a) The Board of Directors will set forth company-wide management goals to be shared by Officers and Employees. Executive Directors will then determine specific and individual targets to achieve such goals and regularly assess whether the execution of these targets is progressing as initially planned and revise them through situation reports.

We will establish a Nomination and Compensation Committee whose membership will include independent Outside Directors as a voluntary advisory body to the Board of Directors to strengthen its supervisory functions by ensuring objectivity and transparency of procedures regarding nomination and compensation.

(b) The Management Meeting, which will be held twice a month in principle, will make swift decisions on important matters other than matters for resolution by the Board of Directors and will share information after receiving reports from its members regarding the execution of duties.

(v) Systems to ensure the properness of business operations in a group of enterprises comprised of the Company and its subsidiaries

(a) We will establish a system to monitor the business operations of its subsidiaries, such as establishing Company approval and reporting procedures regarding important matters of subsidiaries and a system for regular reporting to the Company.

(b) We will establish a system in which the status of subsidiaries' business operations and the execution of duties by their Directors, etc. will be reported at the Group Presidents Meeting.

(c) The Group will identify, analyze, and evaluate risks in accordance with the Risk Management Committee Regulations.

(d) We will establish a department responsible for the administration of subsidiaries and strive to improve the soundness and efficiency of management across the Group through deliberation of and information exchanges on important matters by the responsible department with the relevant subsidiaries.

(e) We will establish a system that will enable the Company to monitor the properness of subsidiaries' business operations, while respecting the autonomy of subsidiaries, by means such as Officers and Employees of the Company assuming Director or Audit & Supervisory Board Member posts at the subsidiaries and receiving reports from subsidiaries on a regular basis.

(f) We will appoint members of the Inageya Group Compliance Committee from the subsidiaries as well and promote Group compliance activities together with the subsidiaries.

(vi) Matters related to such employees if the Company's Audit & Supervisory Board Members request that an employee be appointed to assist with the Audit & Supervisory Board Members duties, matters related to such employees' independence from Directors; and matters related to ensuring the effectiveness of instructions to such employees

(a) Audit & Supervisory Board Members may direct the staff of the audit office to assist with auditing work as assistants to the Audit & Supervisory Board Members. Staff members who receive such directions will not receive directions or supervision from Directors or the head of the audit office in relation to such directions given by the Audit & Supervisory Board Members.

(b) The prior consent of the Audit & Supervisory Board is required for transfers and disciplinary action of the staff of the audit office.

(vii) Systems for Officers and Employees of the Company to report to the Audit & Supervisory Board Members and systems for those who have received reports from Officers and Employees of subsidiaries and Audit & Supervisory Board Members of such subsidiaries or any of these persons to report to the Audit & Supervisory Board Members of the Company

Any person who receives a report from Officers and Employees of the Company and its subsidiaries and Audit & Supervisory Board Members of subsidiaries or any of these persons will promptly report to an Audit & Supervisory Board Member of the Company if he or she finds any facts, etc. such as matters that may violate laws and regulations or others, whistleblowing, and other facts that may cause significant damage to the Company and the Group. The Audit & Supervisory Board Members of the Company may seek explanations directly from the person who made the report as necessary.

(viii) Systems to ensure that persons who have made reports as set forth in the preceding item will not be treated unfavorably on the grounds of having made such reports

In the Internal Reporting Regulations, the Company prohibits the unfair treatment of any person on the grounds of having made such reports, as well as any search for such whistleblower. It is also strictly prohibited to treat any person who has made an internal report to an Audit & Supervisory Board Member unfavorably on the grounds of having made such reports.

(ix) Matters related to policies for the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members of the Company and for the treatment of other expenses or obligations incurred in the execution of duties

When Audit & Supervisory Board Members request advance payments or reimbursement, etc. for expenses necessary for the execution of his/her duties, the Company will promptly address said expenses or obligations.

(x) Other systems to ensure effective execution of audits by Audit & Supervisory Board Members of the Company

(a) We will hold regular meetings to exchange opinions with the Audit and Supervisory Board, Accounting Auditor, and the Representative Director.

(b) The Board of Directors and individual Directors will fully respect the opinions of each Audit & Supervisory Board Member with regard to ensuring the effectiveness of audits.

(c) Audit & Supervisory Board Members may attend important meetings and committees, including the Board of Directors meetings and Management Meetings in order to understand the status of important decision-making and business execution.

(xi) Systems to ensure the credibility of financial reporting

To ensure the credibility of financial reporting of the Group, including subsidiaries, the Company

will build and maintain sufficient systems throughout the Group and operate internal control systems in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations and the Inageya Group Philosophy. In addition, we will appoint an internal control promotion officer under the direction of the President and Representative Director, who is the responsible officer for internal control, and we will regularly verify and evaluate whether the internal control system is functioning properly and how effective it is and make correction as necessary.

(2) Status of operation of systems for ensuring the properness of business operations

Pursuant to the basic policy described above, the Company will strive for maintenance and appropriate operation of internal control system. Major initiatives conducted in the fiscal year under review are as follows:

(i) Status of initiatives for compliance and risk management

We held six meetings of the Inageya Group Compliance Committee, which supervises compliance activities across the Group to check the initiatives taken by individual Group companies and share information. The Company is engaged in various initiatives such as implementation of grade-based training and the strengthening of store inspections by Compliance Committee members, in our efforts to verify measures to prevent the recurrence of incident and check the implementation status of such measures, as well as to encourage deeper understanding and penetration of compliance on the frontlines. We also conducted a compliance awareness survey of all employees of the Group to clarify workplaces' current issues. By sharing priorities for the recognition and solution of issues and linking them to the next compliance activity measures, we are striving for early detection and remedy of issues.

In terms of initiatives for risk management, we held four meetings of the Risk Management Committee to work on the identification, analysis, and evaluation of risks across the Group. We are also striving to identify problems related to risk events that have occurred and to strengthen and improve management systems, such as implementing risk management measures for the prevention of recurrences.

(ii) Status of initiatives for ensuring the properness and efficiency of the execution of duties

The Board of Directors met 25 times during the fiscal year under review. At these meetings, in addition to deliberation of individual proposals and the supervision of the status of execution of duties, etc., we confirmed the status of the establishment and implementation of the internal control system for each business year. Further, we set up a Nomination and Compensation Committee as a voluntary advisory body for the Board of Directors. This Committee's membership comprises one internal Director and two Outside Directors and is run with an Outside Director elected and serving as chair. It exchanges opinions on the nomination of Directors and on the structure of compensation and deliberates and provides responses to matters that have been submitted to it by the Board of Directors. In addition, the Outside Directors and Audit & Supervisory Board Members exchange information about important issues when necessary and appropriate.

(iii) Status of initiatives for ensuring the properness of business operations in the Group

The Group regularly holds meetings of the Group Presidents Meeting, whose members are the Presidents of the Company and its subsidiaries. These meetings were held six times in the fiscal year under review, in which the members received reports and shared information on matters such as financial performance, the state of progress of management plans and policies, and the status of execution of operations.

(iv) Status of initiatives for ensuring that the system for reporting to Audit & Supervisory Board Members and audits by the Audit & Supervisory Board Members are conducted effectively

The Audit & Supervisory Board met 20 times during the fiscal year under review, at which discussions were held on important matters concerning audits and advice and proposals regarding management were made as necessary. The Audit & Supervisory Board also holds regular exchanges of opinion with the Representative Directors, Accounting Auditor, and staff of the audit office. The Full-time Audit & Supervisory Board Member attends Management Meetings and other important meetings, obtains necessary information from Directors and employees, etc., and shares information

with Outside Audit & Supervisory Board Members, in his/her efforts to improve the effectiveness of audits.

Policy on Determining the Dividends of Surplus, etc.

The Company considers returning profits to shareholders a key management policy, and it has adopted a basic dividend policy of continuing stable dividends while taking into comprehensive account matters such as the status of consolidated financial performance, future business outlook, improvement of profitability, and internal reserves for strengthening the Company's financial condition.

The Company has established provisions in the Articles of Incorporation that allow the dividend of surplus, etc. by resolution of the Board of Directors, and has a policy of issuing dividends twice a year, namely an interim dividend and a year-end dividend.

Consolidated Statement of Changes in Equity

(April 1, 2023 – March 31, 2024)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	8,981	13,598	33,898	(6,266)	50,211
Cumulative effects of correction of errors			(948)		(948)
Balance as of April 1, 2023 reflecting correction of errors	8,981	13,598	32,949	(6,266)	49,262
Changes during period					
Dividends of surplus			(696)		(696)
Profit attributable to owners of parent			1,728		1,728
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			0	3	3
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,032	3	1,035
Balance as of March 31, 2024	8,981	13,598	33,981	(6,263)	50,298

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2023	4,213	299	4,512	1,205	55,929
Cumulative effect of correction of errors					(948)
Balance as of April 1, 2023 reflecting correction of errors	4,213	299	4,512	1,205	54,980
Changes during period					
Dividends of surplus					(696)
Profit attributable to owners of parent					1,728
Purchase of treasury shares					(0)
Disposal of treasury shares					3
Net changes in items other than shareholders' equity	863	321	1,184	46	1,231
Total changes during period	863	321	1,184	46	2,266
Balance as of March 31, 2024	5,076	620	5,697	1,251	57,247

Notes to the Consolidated Financial Statements

Notes Regarding the Basis for Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries	5
Names of consolidated subsidiaries	SAVIA Corporation SUN FOOD JAPAN CO., LTD. Welpark Co., Ltd. Inageya Wing Co., Ltd. INAGEYA DREAM FARM CO. LTD.

2. Application of the equity method
   Not applicable.

3. Fiscal years of consolidated subsidiaries
   The fiscal year end of the consolidated subsidiaries is the same as the consolidated fiscal year end.

4. Accounting policies
   (1) Basis and methods for valuation of assets

   (i) Securities
   Available-for-sale securities

Securities other than shares that do not have a market value	…	Fair value method (with the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)
Shares that do not have a market value	…	Cost method based on the moving average method

(ii) Inventories	…	Primarily, the cost method based on the retail method (the amount stated in the balance sheet is calculated by writing down the book value of assets based on declines in profitability) is applied. For perishable foods, center merchandise, and dispensary division merchandise, etc., the last purchase cost method (the amount stated in the balance sheet is calculated by writing down the book value of assets based on declines in profitability) is applied.

   (2) Depreciation methods for non-current assets

(i) Property, plant and equipment (excluding leased assets)	…	The straight-line method is applied. However, the retail support business subsidiary applies the declining balance method. For buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is applied. The principal periods of useful life are as follows.

Buildings and structures	3 to 50 years
Tools, furniture and fixtures	3 to 20 years

(ii) Intangible assets … The straight-line method is applied. For software for internal use, the straight-line method is used based on the expected useful life period (5 years).

(iii) Leased assets … The straight-line method is applied using the lease term as service life and a residual value of zero.

(3) Treatment of deferred assets

Bond issuance costs … The amount is amortized using the straight-line method over the term of the bonds.

(4) Recognition criteria for provisions

(i) Provision for bonuses … To provide for bonuses for employees, an amount is recorded based on the estimated amount of payment.

(ii) Provision for bonuses for directors (and other officers) … To provide for bonuses for directors (and other officers), an amount is recorded based on the estimated amount of payment.

(iii) Provision for point card certificates … To provide for the use of points other than those resulting from sales granted to point card members for the purpose of sales promotion, an amount estimated to be used in future at the end of the fiscal year under review is recorded.

(iv) Provision for share awards … To provide for the awarding of shares of the Company to eligible senior managers of the Group pursuant to the Stock Award Regulations, an amount is recorded based on the expected amount of share award liabilities at the end of the fiscal year under review.

(v) Provision for share awards for directors (and other officers) … To provide for the awarding of shares of the Company to eligible Directors, etc. of the Group pursuant to the Stock Award Regulations, an amount is recorded based on the expected amount of share award liabilities at the end of the fiscal year under review.

(5) Accounting of retirement benefits … When calculating pension benefit liabilities, the method for attributing expected benefit payments for the period to the fiscal year under review is based on the benefit calculation criteria.
Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (7 years) that is within the average number of years of remaining service of employees at the time those gains and losses emerge each fiscal year.
In addition, for the calculation of retirement benefit liabilities

and retirement benefit costs for part-time workers, a simplified method is applied that uses a method of treating estimated retirement benefit payments based on voluntary termination at the end of the fiscal year as retirement benefit liabilities.

(6) Recognition criteria for revenue and expenses

(i) Revenue recognition pertaining to sale of goods	…	Revenue that accrues from contracts with the Group's customers are primarily based on the sale of goods in the retail business, which centers on the Supermarket Business and Drugstore Business. Revenue from these sales of goods are recognized at the time the goods are delivered to the customer. Regarding goods sales in which the Group considers itself to be an agent, revenue is recognized in the net amount obtained by subtracting the amount paid to the supplier from the total amount of consideration received by the customer.
(ii) Revenue recognition pertaining to company points program	…	Recognizing points awarded to point card members for sales in the Supermarket Business and Drugstore Business as performance obligations, the Group distributes transaction prices on the basis of independent sale prices calculated with consideration of future expected loss of validity and other factors, and recognizes revenue at the time that the points are used.

Notes Regarding Important Accounting Estimates

(Impairment of non-current assets)

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Impairment losses	722 million yen
Property, plant and equipment	33,410 million yen

(2) Other information to aid in understanding changes in accounting estimates

Regarding the identification, recognition, and measurement of signs of impairment losses of non-current assets, future performance forecasts and future cash flow estimates are made based on future business plans and past cash flow results.

These estimates, etc. may be affected by future uncertain market developments and other factors, and if the actual amounts accrued differ from the estimates, there is a possibility of significant impact on the impairment of non-current assets in the consolidated financial statements of the following fiscal year.

Notes Regarding Correction of Errors

At Inageya Co., Ltd., there were errors in some of the amounts recorded in deferred tax assets for the fiscal year ended March 31, 2023. For this reason, correction of errors from previous years has been made.

The cumulative impact of the correction of these errors is reflected in the book value of net assets at the beginning of the fiscal year under review. As a result, the opening balance for the fiscal year under review decreased by 948 million yen, reflecting the correction of errors in retained earnings in the Consolidated Statement of Changes in Equity.

Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment	45,967 million yen

Notes to the Consolidated Statement of Changes in Equity

1. Total number of outstanding shares as of March 31, 2024
   Common shares: 52,381,447 shares

2. Dividends
   (1) Dividend amount

Resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders on June 22, 2023	Common shares	348 million yen	7.50 yen	March 31, 2023	June 23, 2023
Board of Directors meeting on November 14, 2023	Common shares	348 million yen	7.50 yen	September 30, 2023	November 24, 2023

*1 The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 22, 2023 includes 0 million yen in dividends for treasury shares held as trust assets in the officers' share-based remuneration scheme and the employees' share-based incentive scheme.

*2 The total amount of dividends resolved at the Board of Directors meeting held on November 14, 2023 includes 0 million yen in dividends for treasury shares held as trust assets in the officers' share-based remuneration scheme and the employees' share-based incentive scheme.

(2) Dividends whose record date falls in the fiscal year under review, but whose effective date is after the end of the fiscal year under review

Resolution	Class of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders on June 26, 2024 (scheduled)	Common shares	348 million yen	Retained earnings	7.50 yen	March 31, 2024	June 27, 2024

* The total amount of dividends to be resolved at the Annual General Meeting of Shareholders to be held on June 26, 2024 includes 0 million yen in dividends for treasury shares held as trust assets in the officers' share-based remuneration scheme and the employees' share-based incentive scheme.

Notes Regarding Financial Instruments

1. Status of financial instruments

(1) Policy of Initiatives for Financial Instruments

The Group raises the necessary funds mainly through bank loans and bond issues in light of its capital investment plans. Temporary surplus funds are invested only in short-term, highly secure financial assets and funds deposited with AEON CO., LTD., and short-term working capital is raised through bank loans.

(2) Details of financial instruments and their risks

Although accounts receivable-trade are exposed to customer credit risk, most of these are settled in a short period of time.

Securities are mainly joint-investment monetary trusts and beneficial interests in trusts, which have the same nature as deposits held for surplus investment. Most of these are settled in a short period of time.

Deposits paid to subsidiaries and associates are investment deposits entrusted with AEON CO., LTD., a parent company of the Company, pursuant to a contract of deposit for consumption concluded with that company.

Investment securities, which are shares related to business with partner companies and correspondent financial institutions, are exposed to the risk of market price fluctuations.

Guarantee deposits are mainly deposits paid to the owners of stores in which the Company and Welpark Co., Ltd., a consolidated subsidiary of the Company, open stores, and are exposed to the owner's credit risk.

Most accounts payable-trade and electronically recorded obligations-operating, which are trade payables, are due within one month. Long-term borrowings and bonds are mainly for capital investment financing purposes and have repayment dates or maturity dates of up to five years after the closing date. Borrowings and bonds are mainly borrowed at fixed interest rates.

(3) Risk management system pertaining to financial instruments

(i) Management of credit risk (risk of default, etc., of business partners)

In accordance with the Claims Management Rules, the individual divisions of the Group regularly monitor the status of major business partners regarding trade receivables and guarantee deposits and manage due dates for each partner. In addition, the Group is also making efforts to quickly identify and mitigate concerns about collection due to the deterioration of the financial status, etc. of business partners.

(ii) Management of market risk (foreign exchange and interest rate fluctuation risk)

Market value of investment securities, all of which are listed shares, is checked at the end of each month and reported quarterly to the Board of Directors.

The financial status, etc. of the issuers of securities is periodically monitored in accordance with the Investment Rules.

With regard to borrowings, although there is risk of fluctuation of interest rates payable on borrowings and bonds, they are primarily borrowed at fixed interest rates.

(iii) Management of liquidity risk related to financing (risk of inability to make payments on due date)

Trade payables, borrowings, and bonds are exposed to liquidity risk, but the Group has adopted a cash management system (CMS) for the purpose of efficient fund management and financing. Individual Group companies also manage liquidity risk by methods such as preparing monthly cash flow plans.

(iv) Supplementary explanation of matters concerning the fair value, etc. of financial instruments

As variable factors are incorporated in the calculation of market value of financial instruments, that value is subject to change by adopting different assumptions.

2. Fair value, etc. of financial instruments

The carrying amounts, fair values, and differences between them as of March 31, 2024 (the consolidated account closing date of the fiscal year under review) are as follows. Note that shares that do not have market prices (please refer to (Note 2)) are not included in "available-for-sale securities." Also, notes for cash are omitted, and for deposits, accounts receivable-trade, deposits paid to subsidiaries and associates, accounts payable-trade, electronically recorded obligations-operating, and income taxes payable, notes are omitted because the fair values approach the book values since they are settled in the short term.

(In millions of yen)

	Carrying amounts	Fair value	Differences
(1) Securities and investment securities			
Available-for-sale securities			
Shares	10,272	10,272	—
Other	8,600	8,600	—
(2) Guarantee deposits (including current portion of guarantee deposits)	9,650	8,816	(834)
Total assets	28,523	27,689	(834)
(1) Bonds (including current portion of bonds payable)	2,212	2,175	(37)
(2) Long-term borrowings (including current portion of long-term borrowings)	3,762	3,720	(42)
Total liabilities	5,975	5,895	(80)

Note 1: Matters concerning securities

Securities and investment securities

The carrying amount, acquisition cost or amortization cost, and the differences between them for each type of for available-for-sale securities, are as follows.

(In millions of yen)

	Type	Carrying amount	Acquisition cost or amortization cost	Differences
Carrying amount exceeds acquisition cost or amortization cost	(i) Shares	10,272	2,955	7,317
	(ii) Debentures	—	—	—
	(iii) Other	—	—	—
	Subtotal	10,272	2,955	7,317
Carrying amount does not exceed acquisition cost or amortization cost	(i) Shares	—	—	—
	(ii) Debentures	—	—	—
	(iii) Other	8,600	8,600	—
	Subtotal	8,600	8,600	—
Total		18,872	11,555	7,317

Note 2: Shares, etc. that do not have a market value

(In millions of yen)

Category	Carrying amount
Unlisted shares	0

Shares, etc. that do not have a market price are not included in "available-for-sale securities."

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	10,272	—	—	10,272

(2) Financial instruments other than those measured at fair value

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Other	—	8,600	—	8,600
Guarantee deposits	—	8,816	—	8,816
Total assets	—	17,416	—	17,416
Bonds	—	2,175	—	2,175
Long-term borrowings	—	3,720	—	3,720
Total liabilities	—	5,895	—	5,895

(3) A description of the valuation technique(s) and inputs used in the fair value measurements

Securities and investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. On the other hand, securities ("other" under available-for-sale securities) held by the Company are investment instruments (beneficial interests in trust, joint monetary trusts, etc.) with an investment period of three months or less that have been acquired as temporary surplus investments of cash and deposits and are considered to be of the same nature as cash and deposits, hence they are recorded at their acquisition costs. It is classified as Level 2 because they are not traded frequently in the public market and are not considered to have quoted prices in active markets.

Guarantee deposits

The fair value of guarantee deposits is measured using the present value of future cash flows, which are calculated based on the term of contract, discounted by appropriate indicators such as yields on government bonds. It is classified as Level 2.

Bonds (including current portion of bonds payable)

The fair value of bonds issued by the Company is measured using the discounted cash flow method, based on the total amount of the sum of principal and interest, the remaining period to maturity of those bonds, and an interest rate reflecting credit risk. It is classified as Level 2.

Long-term borrowings (including current portion of long-term borrowings)

The fair value of long-term borrowings is measured by discounting the total amount of the sum of principal and interest at the interest rate assumed for similar new borrowings. It is classified as Level 2.

Notes on Real Estate Such as Leases

The Company and some of its subsidiaries own commercial facilities for lease in Tokyo, Saitama Prefecture, and other areas within the Kanto region. As some of such facilities are used by the Company and its consolidated subsidiaries, they are recognized as real estate that includes portions used as real estate such as leases.

The carrying amounts, changes during the fiscal year under review, and fair values of real estate such as leases and real estate that includes portions used as real estate such as leases are as follows:

(In millions of yen)

	Carrying amount			Fair value as of March 31, 2024
	Carrying amount as of April 1, 2023	Changes during the fiscal year under review	Carrying amount as of March 31, 2024	
Real estate such as leases	3,157	23	3,181	3,356
Real estate that includes portions used as real estate such as leases	3,499	235	3,735	4,509

Notes:

1. Carrying amounts are the amounts obtained by subtracting accumulated depreciation and accumulated impairment loss from the acquisition cost.
2. Major increases during the fiscal year under review include acquisition and the like (547 million yen), and major decreases include depreciation (182 million yen).
3. The fair values as of March 31, 2024 represent the amounts calculated by the Company mainly based on the Japan Real Estate Appraisal Standards (including those adjusted using indices).

Profit or loss on real estate such as leases and real estate that includes portions used as real estate such as leases for the fiscal year under review were as follows:

(In millions of yen)

	Rental income	Rental expenses	Difference	Other (gain or loss on sale, etc.)
Real estate such as leases	123	159	(36)	(81)
Real estate that includes portions used as real estate such as leases	380	941	(560)	(24)

Note: As real estate that includes portions used as real estate such as leases includes parts used by the Company and some of its consolidated subsidiaries to provide services and to conduct business administration, rental income from those parts is not recorded.
Expenses related to such real estate (depreciation, repair expenses, insurance premiums, taxes and dues, etc.) are included in rental expenses.

Notes Regarding Revenue Recognition

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

(In millions of yen)

	Reportable segments				Operating revenue (*)	Total
	Supermarket Business	Drugstore Business	Retail Support Business	Total		
Net sales						
Retail sales	203,925	41,797	—	245,723	—	245,723
Dispensing	—	4,399	—	4,399	—	4,399
Other	—	—	471	471	9,285	9,757
Revenue generated from contracts with customers	203,925	46,196	471	250,594	9,285	259,879
Other revenue	—	—	—	—	1,607	1,607
Operating revenue from external customers	203,925	46,196	471	250,594	10,892	261,486

(*) "Other" in operating revenue consists mainly of delivery agency income from supplying goods to stores on behalf of suppliers and revenue from consignment sales, and "other revenue" is real estate rental income from attracting tenants to the Group's stores and other facilities.

2. Information that provides the basis for the understanding of revenue generated from contracts with customers

The Group conducts retail businesses with Supermarket Business and Drugstore Business as its core, and business with subsidiaries that conduct retail business. The Group's primary revenue comes from sales of goods to customers at individual retail stores, and we recognize revenue at the point of sale to customers, as we believe that our performance obligations are satisfied at the time of such sales. The consideration for the goods is received within approximately one month from the time of delivery.

Operating revenue consists primarily of delivery agency income from supplying goods to stores on behalf of suppliers, commission fees from consignment sales, and real estate rental income from attracting tenants to the Group's stores, etc. We recognize revenue at the point of delivery of services because we believe that our performance obligations will be satisfied in accordance with use. Consideration for these services is received within approximately one month based on contracts with business partners.

3. Reconciliation of satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from contracts with customers existing at the end of the fiscal year under review expected to be recognized in and after the following fiscal year

(1) Balance of contract liabilities, etc.

	Fiscal year under review
Contract liabilities (opening balance)	2,553 million yen
Contract liabilities (closing balance)	2,524 million yen

Contract liabilities are mainly related to points granted to customers at the time of sales, and are reversed upon recognition of revenue at the time when customers use their own available points at the time of sales of products.

Of revenue recognized in the fiscal year under review, 1,486 million yen was included in the opening balance of contract liabilities.

(2) Transaction prices allocated to the remaining performance obligations

For contracts with an expected initial term of one year or less, descriptions are omitted in accordance with practical expedient.

Notes on Per Share Information

Net assets per share	1,208.12 yen
Profit per share	37.30 yen

Notes Regarding Significant Subsequent Events

Exchange of a Share Exchange Agreement and a Business Integration Agreement

The Company and United Super Markets Holdings Inc. ("U.S.M.H") have decided, by resolution of Boards of Directors of respective companies on April 18, 2024, to enter into a share exchange agreement (the "Share Exchange Agreement") to implement a share exchange (the "Share Exchange") wherein U.S.M.H will become the parent company of the Company and the Company will become U.S.M.H's wholly owned subsidiary. In addition, U.S.M.H, Maruetsu Co., Ltd. ("Maruetsu"), Kasumi Co., Ltd. ("Kasumi"), MaxValu Kanto Co., Ltd. ("MV Kanto"; U.S.M.H, Maruetsu, Kasumi and MV Kanto are collectively hereinafter referred to as the "U.S.M.H Group Companies"), the Company, and AEON CO., LTD. ("AEON") have entered into a business integration agreement concerning U.S.M.H's business integration with the Company (the "Business Integration Agreement").

The Share Exchange is scheduled to take effect on November 30, 2024, upon approval by resolutions of the annual general meeting of shareholders of U.S.M.H to be held on May 24, 2024 and the Annual General Meeting of Shareholders of the Company to be held on June 26, 2024. Prior to the effective date of the Share Exchange, the common stock of the Company (the "Company Stock") is scheduled to be delisted from the Prime Market of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") (the last trading date of the shares will be November 27, 2024).

The Company will become a wholly owned subsidiary of U.S.M.H upon implementation of the Share Exchange. The details are as follows.

1. Purpose of the Share Exchange to make the company a wholly owned subsidiary

   U.S.M.H was established on March 2, 2015, through a joint stock transfer by Maruetsu, Kasumi, and MV Kanto. As of April 18, 2024, U.S.M.H is comprised of twelve consolidated subsidiaries and three affiliated companies. U.S.M.H welcomes the participation of like-minded supermarket companies in the Tokyo metropolitan area under the basic philosophy of "contributing to the rich and healthy diet of our customers, wishing for the development and prosperity of the region, being deeply rooted in the region, constantly innovating and taking on challenges, and remaining a company that adapts to the times." U.S.M.H aims to become the number one supermarket company in the Tokyo metropolitan area by establishing 1,000 stores with one trillion yen in sales as the core of AEON's Kanto supermarket business.

   The Company was founded in 1900 in Tachikawa City, Tokyo, and operates supermarket and drug store businesses in one metropolitan area and three prefectures in the Kanto region (Tokyo, Kanagawa, Saitama and Chiba). The Company aims to contribute to society as a "helpful local business" by promoting "sukoyakeku," which means "contributing to the realization of healthy, rich and warm daily lives, and a healthier society for customers" and practicing "the way of the merchant" which refers to "a group of people who can experience the joy of their customers as their own joy."

   AEON is promoting management based on the basic philosophy of "pursuing peace with customers, respecting people and contributing to local communities" and aims to become a "company that contributes to the community to the upmost of its ability" by responding to increasingly diverse environmental changes and by continuing to provide customers with a better lifestyle and improved convenience as competition across business lines is expected to intensify against the background of changes in consumer lifestyles and purchasing behavior.

   In the food supermarket industry, demand for home meals increased due to the spread of COVID-19, which increased the number of people spending time at home and working from home. The industry as a whole performed well and was temporarily yet greatly affected by this "stay-at-home demand." However, the business environment has become increasingly severe, as consumer behavior has shifted away from stay-at-home meals to eating out due to the normalization of economic and social activities. Further, operating

costs have increased due to rising raw material prices, rising wages, and rising water and utility costs. In addition, the handling of food products by other industries, such as e-commerce operators and drug stores has increased due to Japan's declining birthrate and aging population, as well as due to changes in consumer lifestyles and purchasing behavior. As a result, competition across industries has become more intense. Consequently, further shakeout and industry restructuring is expected in the future.

Based on this recognition of the environment, the Company, AEON, and U.S.M.H have continued to share information and discuss issues and have strived to realize their respective principles and increase corporate value. As announced in the press release dated April 25, 2023 "AEON CO., LTD., Inageya Co., Ltd., and United Super Markets Holdings Inc. Announce the Execution of a Memorandum of Understanding Regarding the Business Integration for Realization of a JPY1 trillion Supermarket in Kanto," the Company, AEON, and U.S.M.H have come to the conclusion that, in order to continue to respond to customers' needs with a sense of speed, and to coexist with local communities and grow together in the Tokyo metropolitan area, where competition is expected to intensify further in the future, it is most appropriate to further deepen the relationship through strengthening capital relationships and management integration. This will allow the Company, AEON, and U.S.M.H to make the most of the AEON Group's various assets such as digital, products, human resources, and payment infrastructure. The goal being to evolve into a new business model that utilizes economies of scale as a combined one trillion yen supermarket group. The Company and U.S.M.H will set aside sufficient time for discussions following the execution of the memorandum of understanding with a view to determining how to maximize synergies by around November 2024. The Company and AEON, which have already formed an alliance, will further strengthen their capital and business alliance relationship. AEON and the Company determined that they can promptly realize synergies by utilizing various assets of the AEON Group. AEON conducted a tender offer to the Company (the "Tender Offer"), as announced in the "Notice of Commencement of Tender Offer to Inageya Co., Ltd. (Securities Code: 8182)" dated October 6, 2023, and now holds 51.0% of shares of the Company, as announced in the "Notice of Results of Tender Offer for Shares of Inageya Co., Ltd. and Change of Subsidiary" dated November 30, 2023.

The preparatory committee for integration, which was jointly established on June 19, 2023, by the Company and U.S.M.H Group Companies, discussed and reviewed the realization and effect of the synergies envisaged following the execution of the memorandum of understanding. As a result of discussions, it has been determined that, in addition to contributing to the enhancement of corporate value through the synergies described below, in an increasingly competitive environment, strengthening the dominance of the Company and U.S.M.H in the Tokyo metropolitan area, where stable demand is expected to continue, will lead to the creation of various economies of scale.

In response to a proposal from U.S.M.H, the Company commenced consideration of whether to proceed with the transactions that would make the Company a wholly owned subsidiary of U.S.M.H, including the Share Exchange (the "Transactions"). After thorough consideration of the potential disadvantages associated with the delisting of the Company, such as its corporate creditworthiness and the impact on current shareholders, the Company concluded that it would benefit from becoming a wholly owned subsidiary of U.S.M.H. This is because the Company considered that it will be able to maintain its corporate creditworthiness as a major group company of U.S.M.H even following the Share Exchange, and that it is possible to provide the shareholders of the Company with the value and benefits that can be generated by the Share Exchange through the delivery of shares of U.S.M.H as consideration for the Share Exchange. The Company considered that the Share Exchange will be beneficial not only for U.S.M.H but also for the shareholders of the Company. AEON agreed with such plans of the Company and U.S.M.H, and approved the Share Exchange. Further, as described in "Notice Concerning Making Welpark Co., Ltd. a Wholly Owned Subsidiary Company of WELCIA HOLDINGS CO., LTD., Change of Subsidiary Company in Inageya Co., Ltd. (Share Transfer), Receipt of Special Dividends from Subsidiary and Recording of Extraordinary Profit" dated April 18, 2024, the Company has reached an agreement with WELCIA HOLDINGS CO., LTD. ("Welcia HD"), a subsidiary of AEON, to transfer the shares of Welpark Co., Ltd. ("Welpark"), which is a subsidiary of the Company and operates a drug store business, to Welcia HD prior to the execution of the Transactions. The consideration of the Share Exchange by the Company and U.S.M.H is subject to the

transfer of the shares of Welpark to Welcia HD.

As a result of the above, Boards of Directors of both companies resolved to implement the Share Exchange on April 18, 2024. Specifically, the two companies expect the following synergies to arise, which will result in the improvement of corporate value:

(i) Increase in sales and gross margin by expanding the use of TOPVALU private label products;
(ii) Cost reduction through joint product procurement (national brand products, regional products, and imported products);
(iii) Promotion of mutual efforts to revitalize food supermarkets, develop stores tailored to local customers, etc.;
(iv) Cost reduction by organizing and utilizing the functions of distribution centers, and process centers, etc.;
(v) Cost reduction through joint procurement of materials, fixtures and equipment, and integration of back-office operations;
(vi) Joint use of credit cards, e-money and loyalty cards;
(vii) E-commerce initiatives such as joint research and development of online businesses;
(viii) Utilization of AEON Group's education system and personnel exchange;
(ix) Provision of analysis services combining membership information and POS information; and
(x) Cost reduction through system sharing, and DX promotion.

2. Overview of the Share Exchange

(1) Schedule for the Share Exchange

Date of resolution by the board of directors of both companies on the execution of the Share Exchange Agreement	April 18, 2024
Execution date of the Share Exchange Agreement (both companies)	April 18, 2024
Annual general meeting of shareholders to approve the Share Exchange Agreement (U.S.M.H)	May 24, 2024
Annual general meeting of shareholders to approve the Share Exchange Agreement (the Company)	June 26, 2024 (to be confirmed)
Final trading date (the Company)	November 27, 2024 (to be confirmed)
Delisting date (the Company)	November 28, 2024 (to be confirmed)
Effective date of the Share Exchange	November 30, 2024 (to be confirmed)

Note: The schedule of the Share Exchange may be changed by agreement between the two companies if it becomes necessary to satisfy the procedures of the Share Exchange or for other reasons. Any changes to the above schedule will be announced promptly.

(2) Method of the Share Exchange

The Share Exchange is a share exchange wherein U.S.M.H will become the parent company of the Company, and the Company will become U.S.M.H's wholly owned subsidiary. The Share Exchange is scheduled to take effect on November 30, 2024, subject to approval of the Share Exchange Agreement by resolution at the annual general meeting of shareholders of U.S.M.H held on May 24, 2024 and at the Annual General Meeting of Shareholders of the Company scheduled to be held on June 26, 2024.

(3) Details of the ownership ratio for the Share Exchange

	U.S.M.H (to become the parent company resulting from the share exchange)	The Company (wholly owned subsidiary resulting from the share exchange)
Ownership ratio of shares for the Share Exchange	1	1.46
Number of shares to be delivered as a result of the Share Exchange	U.S.M.H ordinary shares (planned) 67,794,529 shares	

(4) Overview of the Business Integration Agreement

Under the Business Integration Agreement, the Company, the U.S.M.H Group Companies, and AEON have agreed to implement the business integration through a share exchange, whereby U.S.M.H will become the parent company of the Company, and the Company will become U.S.M.H's wholly owned subsidiary. In addition to the matters related to the Share Exchange described above, the two companies have agreed that with respect to the management structure following the Share Exchange, U.S.M.H shall have an appropriate number of representative director(s), directors and auditors that will contribute to resolving relevant issues with the aim of realizing the basic principles of U.S.M.H and achieving management goals. The Company, the U.S.M.H Group Companies, and AEON will cooperate with each other to create new value beyond the scope of each company while maintaining their existing corporate brands and maintaining the independent management of each company.

(5) Outline of the wholly owning parent company in the Share Exchange

Trade name	United Super Markets Holdings Inc.
Head office address	1 Kanda Aioi-cho, Chiyoda-ku, Tokyo
Representative name	Motohiro Fujita, President and Representative Director
Paid-in capital	10,000 million yen (as of February 29, 2024)
Net assets	150,250 million yen (as of February 29, 2024)
Total assets	285,505 million yen (as of February 29, 2024)
Business description	Management of supermarket businesses

Share Transfer Agreement

The Company (together with its subsidiaries, "the Group"), AEON CO., LTD. ("AEON" and, together with its subsidiaries, "AEON Group"), and WELCIA HOLDINGS CO., LTD. ("Welcia" and, together with its subsidiaries, "Welcia Group") have entered into a share transfer agreement ("Share Transfer Agreement") on April 18, 2024, whereby Welcia will acquire 16 million shares (84.21%) and 3 million shares (15.79%) of the Company's consolidated subsidiary Welpark Co., Ltd. ("Welpark") from the Company and AEON, respectively ("Transaction"). As a result, Welpark will become a wholly owned subsidiary of Welcia.

As a result of the above, the Company is expected to record extraordinary income of approximately 1,623 million yen during the second quarter of the fiscal year ending March 31, 2025.

Also, as a result of the Transaction, Welpark will cease to be a consolidated subsidiary of the Company.

1. Reason for the transfer of shares

Welcia's corporate slogan is "To promote higher quality of life and healthy lifestyles for our customers." Based on this slogan, Welcia has been evolving its business model ("Welcia Model") centered on "In-store pharmacy," "Counselling," "Late night operations" and "Nursing," aiming to become a "Lifestyle platform" offering value-added products and services on the theme of health and "Specialized General

Store." We aim to build stores that support a rich lifestyle, health and beauty of nearby residents by expanding our service offering to be more convenient, to have a selection of goods that reflects the regional nature, and to provide counselling and polite customer service that leverages the specialized knowledge of our employees. We operate stores from Hokkaido to Okinawa.

The Company operates supermarket and drug store businesses in the Kanto region (Tokyo, Kanagawa, Saitama and Chiba). The Company aims to contribute to society as a "helpful local business" by promoting "sukoyakeku," which means "contributing to the realization of healthy, rich and warm daily lives, and a healthier society for customers" and practicing "the way of the merchant" which refers to "a group of people who can experience the joy of their customers as their own joy."

Welpark, which handles the drugstore business of the Group, has a corporate slogan of "helping with a healthy and rich everyday." Welpark has a total of 140 stores (as of March 2024, 21 of these stores include pharmacies and seven stores are exclusively pharmacies) in good locations such as residential areas, train station areas, and next to major roads, in the Kanto region (Tokyo, Kanagawa, Saitama and Chiba). In recent years, Welpark has been promoting its status as a "lifestyle support drugstore" by improving its customer interaction capabilities and its employment of personnel with qualifications, and by strengthening its e-commerce business and stores that combine sales of products together with a pharmacy.

AEON is promoting management based on the basic philosophy of "pursuing peace with customers, respecting people and contributing to local communities." AEON has made the evolution of health and wellness to respond to the new era an important strategy. The extension of healthy lifespan is a social issue, and customers' desire for improved health is at an all-time high. In this environment, AEON aims to continue to provide convenience and a richer lifestyle to customers through evolving its health and wellness business to provide holistic products and services.

The drugstore business to date has expanded steadily in market size based on aggressive expansion in number of stores, expanded product selection and increases in the demand for health. On the other hand, consumers have become more cost-conscious as a result of price increases, and personnel and logistics costs have been increasing, among other changes in the business environment. Also, the room for new store openings in the domestic market is shrinking, and the opportunities for restructuring are increasing as we approach a mature stage of growth as an industry.

Through the Transaction, Welcia will be able to further strengthen its dominance of Welcia's mother markets by Welpark joining the Welcia Group, as Welpark has a strong management base in the Tokyo metropolitan area, where the population continues to grow despite the overall aging population and decreases in birth rate. We believe Welcia will be able to increase its business operations' efficiency through optimized logistics and marketing. Welpark, we believe, will be able to improve its ability to attract revenues and customers by increasing stores with in-store pharmacies and joining forces with Welcia on its private brand products, procurement and marketing.

Welcia determined that it would be most effective for Welpark to join the Welcia Group in order to advance its crosscutting development of the "Welcia Model" in the Tokyo metropolitan area by building an operation that can make maximum use of both companies' management resources. This is why we have decided to proceed with the acquisition of shares. Welcia would like to achieve its vision of providing healthy living and a rich lifestyle to local customers by proactively giving back to customers the new value created.

On the other hand, the Company also determined, taking into account the changes taking place within the drugstore industry, it would be appropriate to leverage the synergies that would be created by utilizing both companies' management resources after the Transaction resulting in Welpark becoming a wholly owned subsidiary of Welcia, rather than keeping Welpark as the Company's subsidiary, in order to provide better products and services to customers, and to maximize the motivation of the employees who work at Welpark and also Welpark's corporate value. This is why the Company determined to transfer its Welpark shares to Welcia.

AEON agrees with Welcia's and the Company's thoughts stated above, and that it is possible to increase Welpark's and Welcia's corporate value through the Transaction. This is why AEON decided

to transfer its Welpark shares to Welcia.

2. Overview of the subsidiary experiencing the change (Welpark)

Name	Welpark Co., Ltd.	
Address	1-1 Sakae-cho 6-chome, Tachikawa City, Tokyo	
Name and title of representative	Ichiro Sugano, Representative Director	
Business overview	Operation of drugstores and dispensing pharmacies in the greater Tokyo area	
Paid-in capital	950 million yen (as of March 31, 2024)	
Date of establishment	September 17, 1990	
Major shareholders and shareholding ratios	Inageya Co., Ltd. 84.21% AEON CO., LTD. 15.79%	
Relationships between the listed company	Capital relationship	There is no relevant relationship with Welcia. However, Welpark is a subsidiary of Inageya, which is a subsidiary of AEON, which is Welcia's parent company. Also, Welpark is a subsidiary of AEON.
	Personnel relationship	There is no relevant relationship with Welcia. However, WELCIA YAKKYOKU CO., LTD., a subsidiary of Welcia, has a director named Hiroyuki Namba, and he services as a director of Welpark. With respect to Inageya, its Director Kazuhiko Shimamoto concurrently serves as a director of Welpark. Further, Kenichiro Takayanagi, a Full-time Audit & Supervisory Board Member of Inageya, also serves as an auditor of Welpark.
	Business relationship	There is no relevant relationship with WELCIA. Inageya has business relationships with Welpark by leasing a portion of its stores and purchasing some products. Also, Inageya and Welpark have entered into an "Agreement on Cash Management."

Consolidated operating results and consolidated financial position of the company for the past three years

Fiscal year ended	March 31, 2022	March 31, 2023	March 31, 2024
Net assets	7,357 million yen	7,603 million yen	7,872 million yen
Total assets	15,545 million yen	15,752 million yen	18,359 million yen
Net assets per share	387.3 yen	400.2 yen	414.3 yen
Net sales	42,638 million yen	43,676 million yen	46,196 million yen
Operating profit	1,000 million yen	770 million yen	605 million yen
Ordinary profit	1,059 million yen	801 million yen	609 million yen
Profit	567 million yen	302 million yen	298 million yen
Profit per share	29.9 yen	15.9 yen	15.7 yen
Dividend per share	2.99 yen	1.60 yen	1.60 yen

3. Overview of the wholly owning company acquiring the shares (WELCIA HOLDINGS)

Name	WELCIA HOLDINGS CO., LTD.	
Address	2-15 Sotokanda 2-chome, Chiyoda-ku, Tokyo	
Name and title of representative	Takamitsu Ikeno, Representative Director, Chairman and President	
Business overview	Management and operation of subsidiaries and group companies which operate a chain of drugstores with in-store pharmacies	
Paid-in capital	7,748 million yen (as of February 29, 2024)	
Date of establishment	September 1, 2008	
Net assets	244,367 million yen (as of February 29, 2024)	
Total assets	551,860 million yen (as of February 29, 2024)	
Major shareholders and shareholding ratios (as of August 31, 2023)	AEON	50.54%
	The Master Trust Bank of Japan, Ltd. (trust account)	7.81%
	Custody Bank of Japan, Ltd. (trust account)	3.40%
	WELCIA HOLDINGS Employee Stockownership Plan	1.88%
	Tsuruha Holdings, Inc.	1.60%
	Custody Bank of Japan, Ltd. (trust account E)	1.39%
	STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.36%
	SMBC Nikko Securities Inc.	1.14%
	Ishida Co., Ltd.	0.77%
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.71%
Relationships between the listed company	Capital relationship	There is no relevant relationship with Inageya. AEON holds 105,950,600 ordinary shares of Welcia (approximately 50.54%* of the total)
	Personnel relationship	There is no relevant relationship with Inageya. Motoya Okada, Director, Chairman and Representative Executive Officer of AEON, serves as a Director of Welcia.
	Trading relationship	There is no relevant relationship with Inageya. The AEON Group and the Welcia Group have a relationship that includes payment of royalties, consumption bailment, financial services and purchases of products.
	Relevant status with respect to related parties	As Inageya is a subsidiary of AEON, it constitutes a related party of WELCIA. AEON is Welcia's parent company.

Note: "Shareholding ratios" refers to the percentages of the number of shares obtained by subtracting the treasury shares (13,634 shares) held by Welcia on August 31, 2023 (however, this excludes the 3,425,219 shares of the Company held in the stock benefit trust for officers and employees as of August 31, 2023) from the total number of outstanding shares as of August 31, 2023 (209,656,076 shares) stated in the "Consolidated Financial Results for the Six Months Ended August 31, 2023" submitted by Welcia on October 10, 2023. Percentages have been rounded off to the nearest second decimal place.

4. Status of share ownership before and after the acquisition of shares (transfer), acquisition (transfer) price and number of shares acquired (transferred)

(1) WELCIA

(1) Share ownership before change	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.0%)
(2) Number of shares to be acquired	19,000,000 shares (Number of voting rights: 19,000)
(3) Acquisition price	Common shares of Welpark 8,300 million yen Advisory fees, etc. (estimate) 105 million yen Total (estimate) 8,405 million yen
(4) Share ownership after change	19,000,000 shares (Number of voting rights: 19,000) (Percentage of voting rights: 100%)

(2) Inageya

(1) Share ownership before transfer	16,000,000 shares (Number of voting rights: 84.21%)
(2) Number of shares to be transferred	16,000,000 shares (Percentage of voting rights: 84.21%)
(3) Transfer price	6,989 million yen
(4) Share ownership after transfer	0 shares (Percentage of voting rights: 0.0%)

(3) AEON

(1) Share ownership before transfer	3,000,000 shares (Number of voting rights: 15.79%)
(2) Number of shares to be transferred	3,000,000 shares (Percentage of voting rights: 15.79%)
(3) Transfer price	1,311 million yen
(4) Share ownership after transfer	0 shares (Percentage of voting rights: 0.0%)

5. Schedule

(1) Date of Board of Directors resolution and Representative Executive Officer's decision	April 18, 2024
(2) Date of agreement	April 18, 2024
(3) Date of execution of share transfer	September 2, 2024 (to be confirmed)

6. Receipt of dividends by Inageya

(1) Dividend amount	1,263 million yen
(2) Date of determination	April 18, 2024
(3) Effective date	August 30, 2024 (to be confirmed)
(4) Impact on financial results	Non-operating income of 1,263 million yen in dividend income will be recorded in Inageya's non-consolidated financial results for the fiscal year ending March 31, 2025. As these are dividends received from a consolidated subsidiary, there will be no impact on the consolidated financial results.

7. Recording of extraordinary income by Inageya

Once the share transfer has been executed upon satisfaction of the preconditions of the Share Transfer Agreement, extraordinary income of 1,623 million yen will be recorded as gain on sale of shares of subsidiaries and associates in Inageya's consolidated financial results for the six months ending September 30, 2024.

Non-Consolidated Statement of Changes in Equity

(April 1, 2023 - March 31, 2024)

(In millions of yen)

	Shareholders' equity						
		Capital surplus	Retained earnings				
				Other retained earnings			
	Share capital	Legal capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2023	8,981	13,598	1,544	367	17,300	3,080	22,291
Cumulative effects of correction of errors						(948)	(948)
Balance as of April 1, 2023 reflecting correction of errors	8,981	13,598	1,544	367	17,300	2,131	21,343
Changes during period							
Dividends of surplus						(696)	(696)
Reversal of reserve for tax purpose reduction entry of non-current assets				(1)		1	–
Profit						1,416	1,416
Purchase of treasury shares							
Disposal of treasury shares						0	0
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	(1)	–	721	719
Balance as of March 31, 2024	8,981	13,598	1,544	366	17,300	2,852	22,062

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance as of April 1, 2023	(6,266)	38,604	4,213	42,818
Cumulative effects of correction of errors		(948)		(948)
Balance as of April 1, 2023 reflecting correction of errors	(6,266)	37,655	4,213	41,869
Changes during period				
Dividends of surplus		(696)		(696)
Reversal of reserve for tax purpose reduction entry of non-current assets				–
Profit		1,416		1,416
Purchase of treasury shares	(0)	(0)		(0)
Disposal of treasury shares	3	3		3
Net changes in items other than shareholders' equity			863	863
Total changes during period	3	723	863	1,586
Balance as of March 31, 2024	(6,263)	38,379	5,076	43,455

Notes to Non-Consolidated Financial Statements

Notes Regarding Significant Accounting Policies

1. Basis and methods for valuation of assets

(1) Securities

(i) Shares of subsidiaries … Cost method based on the moving average method

(ii) Available-for-sale securities

Securities other than shares that do not have a market value … Fair value method (with the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)

Shares that do not have a market value … Cost method based on the moving average method

(2) Inventories … Primarily, the cost method based on the retail method (the amount stated in the balance sheet is calculated by writing down the book value of assets based on declines in profitability) is applied. For perishable foods and center merchandise, the last purchase cost method (the amount stated in the balance sheet is calculated by writing down the book value of assets based on declines in profitability) is applied.

2. Depreciation methods for non-current assets

(1) Property, plant and equipment (excluding leased assets) … The straight-line method is applied.
The principal periods of useful life are as follows.

Buildings and structures	3 to 50 years
Tools, furniture and fixtures	3 to 20 years

(2) Intangible assets … The straight-line method is applied. For software for internal use, the straight-line method is used based on the expected useful life period (5 years).

(3) Leased assets … The straight-line method is applied using the lease term as service life and a residual value of zero.

3. Treatment of deferred assets

Bond issuance costs … The amount is amortized using the straight-line method over the term of the bonds.

4. Recognition criteria for provisions

(1) Allowance for doubtful accounts … To provide for bad debt expenses in the allowance for accounts receivable – trade, loans receivable, etc., estimated uncollectible receivables are recorded based on the actual rate of bad debts for general receivables and on the estimated recoverability for specific doubtful receivables.

(2) Provision for bonuses … To provide for bonuses for employees, an amount is recorded based on the estimated amount of payment.

(3) Provision for bonuses for directors (and other officers) … To provide for bonuses for directors (and other officers), an amount is recorded based on the estimated amount of payment.

(4) Provision for point card certificates … To provide for the use of points other than those resulting from sales granted to point card members for the purpose of sales promotion, an amount estimated to be used in future at the end of the fiscal year under review is recorded.

(5) Provision for share awards … To provide for the awarding of shares of the Company to eligible senior managers pursuant to the Stock Award Regulations, an amount is recorded based on the expected amount of share award liabilities at the end of the fiscal year under review.

(6) Provision for share awards for directors (and other officers) … To provide for the awarding of shares of the Company to eligible Directors, etc. of the Company pursuant to the Stock Award Regulations, an amount is recorded based on the expected amount of share award liabilities at the end of the fiscal year under review.

(7) Provision for retirement benefits To provide for retirement benefits for employees, an amount is recorded based on the estimated amounts of retirement benefit liabilities and pension assets at the end of the fiscal year under review. When calculating pension benefit liabilities, the method for attributing expected benefit payments for the period to the fiscal year under review is based on the benefit calculation criteria.

Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (7 years) that is within the average number of years of remaining service of employees at the time those gains and losses emerge each fiscal year.

In addition, for the calculation of provision for retirement benefits and retirement benefit costs for part-time workers, a simplified method is applied that uses a method of treating estimated retirement benefit payments based on voluntary termination at the end of the fiscal year as retirement benefit liabilities.

5. Recognition criteria for revenue and expenses

(1) Revenue recognition pertaining to sale of goods … Revenue that accrues from contracts with the Company's customers are primarily based on the sale of goods. Revenue from these sales of goods are recognized at the time the goods are delivered to the customer.

Regarding goods sales in which the Company considers itself to be an agent, revenue is recognized in the net amount obtained by subtracting the amount paid to the supplier from the total amount of consideration received by the customer.

(2) Revenue recognition pertaining to company points program … Recognizing points awarded to point card members for sales in the Supermarket Business as performance obligations, the Company distributes transaction prices on the basis of independent sale prices calculated with consideration of future expected loss of validity and other factors, and recognizes revenue at the time that the points are used.

6. Other important matters that form the basis of the preparation of the financial statements

Accounting of retirement benefits … The accounting method for unrecognized actuarial gains and losses pertaining to retirement benefits differs from the accounting method used in the consolidated financial statements.

Notes Regarding Important Accounting Estimates

(Impairment of non-current assets)

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Impairment losses	595 million yen
Property, plant and equipment	28,476 million yen

(2) Other information to aid in understanding changes in accounting estimates

Regarding the identification, recognition, and measurement of signs of impairment losses of non-current assets, future performance forecasts and future cash flow estimates are made based on future business plans and past cash flow results.

These estimates, etc. may be affected by future uncertain market developments and other factors, and if the actual amounts accrued differ from the estimates, there is a possibility of significant impact on the impairment of non-current assets in the non-consolidated financial statements of the following fiscal year.

Notes Regarding Correction of Errors

There were errors in some of the amounts recorded in deferred tax assets for the fiscal year ended March 31, 2023. For this reason, correction of errors from previous years has been made.

The cumulative impact of the correction of these errors is reflected in the book value of net assets at the beginning of the fiscal year under review. As a result, the balance at the beginning of the fiscal year under review decreased by 948 million yen, reflecting the correction of errors in retained earnings in the Non-consolidated Statement of Changes in Equity.

Notes to the Non-Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 42,295million yen

2. Monetary claims and debts related to subsidiaries and associates (excluding claims and debts presented separately)

Short-term monetary claims	3,548million yen
Long-term monetary claims	270million yen
Short-term monetary debts	1,562million yen
Long-term monetary debts	17million yen

* Short-term borrowings from subsidiaries and associates presented separately are short-term monetary debts for the purpose of efficient fund management and procurement within the Group through the Cash Management System (CMS).

Notes to the Non-Consolidated Statement of Income

Turnover of business transactions with subsidiaries and associates

Turnover of sales transactions

Net sales	2 million yen
Operating revenue	1,009 million yen
Purchases	6,587 million yen
Selling, general and administrative expenses	3,997 million yen
Turnover of business transactions other than sales transactions	962 million yen

Notes to the Non-Consolidated Statement of Changes in Equity

Class and number of treasury shares on March 31, 2024

Common shares	6,032,108 shares

* The number of treasury shares on March 31, 2024 includes 84,956 shares held as trust assets in the stock benefit trust for officers and the stock benefit trust for employees.

Notes on Tax Effect Accounting

Breakdown of major factors that caused deferred tax assets and liabilities

Deferred tax assets	
Impairment losses	2,101 million yen
Asset retirement obligations	980 million yen
Provision for retirement benefits	199 million yen
Bonuses payable, etc.	643 million yen
Provision for point card certificates	22 million yen
Contract liabilities	549 million yen
Loss on valuation of shares of subsidiaries and associates	363 million yen
Loss on valuation of goods	211 million yen
Accrued business taxes	94 million yen
Tax losses carried forward	371 million yen
Other	183 million yen
Deferred tax assets sub-total	5,722 million yen
Valuation allowance for tax losses carried forward	- million yen
Valuation allowance for total deductible temporary differences	(2,727) million yen
Valuation allowances sub-total	(2,727) million yen
Total deferred tax assets	2,995 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(2,240) million yen
Prepaid pension costs	(230) million yen
Reserve for tax purpose reduction entry of non-current assets	(161) million yen
Retirement costs for meeting asset retirement obligations	(152) million yen
Total deferred tax liabilities	(2,785) million yen
Net deferred tax assets	209 million yen

Notes Regarding Transactions with Related Parties

1. Parent company

(In millions of yen)

Type	Name of company, etc.	Percentage of voting rights held	Relationship	Summary of transactions	Transaction amount	Account	Balance at end of period
Parent company	AEON CO., LTD.	Holds Direct 50.8% Indirect 0.2%	Deposits for investment	Deposits for investment (Note)	6,716	Deposits paid to subsidiaries and associates	5,000
				Receipt of interest (Note)	0	-	-

Transaction terms and policy for determination of transaction terms, etc.

Note: The transaction amount of deposits for investment indicates the average balance between February 2024, when the basic contract on deposits for consumption was concluded, and March 2024. The interest rate is calculated reasonably, taking TIBOR into account.

2. Subsidiaries

(In millions of yen)

Type	Name of company, etc.	Percentage of voting rights held	Relationship	Summary of transactions	Transaction amount	Account	Balance at end of period
Subsidiary	Welpark Co., Ltd.	Holds Direct 84.2%	CMS Concurrent officers	Interest expenses	0	Short-term borrowings from subsidiaries and associates	4,228
	SAVIA Corporation	Holds Direct 100%	CMS Concurrent officers	Interest expenses	0	Short-term borrowings from subsidiaries and associates	2,117

Transaction terms and policy for determination of transaction terms, etc.

Notes:

1. CMS refers to the Cash Management System consisting of short-term loan transactions for the purpose of efficient fund management and procurement within the Group. Interest pertaining to these transactions is decided with reference to market interest rates.
2. Transaction amounts do not include consumption taxes, etc.

3. Sister company

(In millions of yen)

Type	Name of company, etc.	Percentage of voting rights held	Relationship	Summary of transactions	Transaction amount	Account	Balance at end of period
Subsidiary of the parent company	AEON Financial Service Co., Ltd.	-	Outsourcing of credit and electronic money services	Fees for credit and electronic money services (Note)	570	Accounts receivable-trade	3,498

Transaction terms and policy for determination of transaction terms, etc.

Fees are determined in the same way as general terms and conditions.

Notes Regarding Per Share Information

Net assets per share	937.58 yen
Profit per share	30.56 yen

Notes Regarding Significant Subsequent Events

Notes are omitted as the same information is included in the Notes Regarding Significant Subsequent Events in the Notes to the Consolidated Financial Statements.

This exchange offer is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

This document has been translated from the Japanese-language original for reference purposes only. While this English translation is believed to be generally accurate, it is subject to, and qualified by, in its entirety, the Japanese-language original. Such Japanese-language original shall be the controlling document for all purposes.

(Stock Exchange Code 3222)
May 8, 2024
(Date of commencement of measures for electronic provision: May 1, 2024)

To Shareholders with Voting Rights:

Motohiro Fujita
President and Representative Director
United Super Markets Holdings Inc.
1 Kanda Aioi-cho, Chiyoda-ku, Tokyo

NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation to you for your continued support and patronage.

Please be informed that the 9th Annual General Meeting of Shareholders of United Super Markets Holdings Inc. (the "Company") will be held for the purposes as described below.

The Company has taken measures for electronic provision in convening this General Meeting of Shareholders and posted matters subject to measures for electronic provision as the "NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS" on the following websites on the Internet.

[The Company's website]
https://www.usmh.co.jp/ir/shareholders (Japanese only)

- Please access the above website and review the "NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS" in the "Notice of Annual General Meetings of Shareholders and Related Materials" section.

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

- Please access the website of the TSE above, perform a search by inputting the name or securities code of the Company, and select "Basic information" and then "Documents for public inspection/PR information."

If you are unable to attend the meeting in person, you can exercise your voting rights by mail (voting rights exercise form) or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders contained in the matters subject to measures for electronic provision and exercise your voting rights in accordance with the guidance on pages 3 to 4 of the Japanese original by 6 p.m. Japan time on Thursday, May 23, 2024.

1. **Date and Time:** Friday, May 24, 2024 at 10:00 a.m. Japan time

2. **Place:** Banquet Room "Hisho" (4th floor)
Asakusa View Hotel
3-17-1 Nishiasakusa, Taito-ku, Tokyo, Japan

3. **Meeting Agenda:**
Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company's 9th Fiscal Year (March 1, 2023 - February 29, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 9th Fiscal Year (March 1, 2023 - February 29, 2024)

Proposals to be resolved:

Proposal 1: Election of Six (6) Directors
Proposal 2: Election of One (1) Corporate Auditor
Proposal 3: Approval of Share Exchange Agreement Between the Company and Inageya

Co., Ltd.

■ Pursuant to the provisions of laws and regulations and Article 16, Paragraph 2 of the Articles of Incorporation of the Company, the following matters are not contained in the paper copy sent to shareholders who have requested it. The Corporate Auditors and the Accounting Auditor audit the documents subject to audit, including the following matters.

- "Part of Matters Concerning the Current Situations of the Group," "Matters Concerning Shares of the Company," "Part of Matters Concerning Company Officers," "Matters Concerning the Accounting Auditor," and "Systems and Policies of the Company" in the Business Report
- Consolidated Financial Statements
- Non-Consolidated Financial Statements
- Accounting Audit Report on the Consolidated Financial Statements
- Accounting Audit Report on the Non-Consolidated Financial Statements
- Audit Report of the Audit & Supervisory Board
- Contents of the non-consolidated financial statements, etc. for the most recent business year of Inageya Co., Ltd. in "Proposal 3: Approval of Share Exchange Agreement Between the Company and Inageya Co., Ltd." in the Reference Documents for the General Meeting of Shareholders

*If any revisions are made to the matters subject to measures for electronic provision, the revised content will be posted on the websites listed on page 1.

◎ Video shooting and video/audio recording/keeping of the venue on the day of the meeting, as well as posting them on social media, are strictly prohibited.

◎ The meeting will be live-streamed and questions from investors are accepted in advance. Shareholders who desire to watch the livestream or send a question are asked to review pages 5 to 6 of the Japanese original of this NOTICE.

◎ Notice of Resolution of the Annual General Meeting of Shareholders will be posted on the abovementioned Company's website in lieu of mailing the notice.

Requests for the exercise of voting rights

■ If you exercise your voting rights by mail

- Please indicate your approval or disapproval for each proposed resolution on the enclosed voting right exercise sheet and return the sheet to us. If approval or disapproval is not indicated on the sheet, it will be treated as indicating your approval.
- Please cut off the left part and return it to us.
- Request for early mailing:
  Many voting right exercise sheets arrive after the deadline for the exercise of voting rights. Please mail the sheet early.
- Deadline:
  The sheet must arrive by 6:00 p.m. on Thursday, May 23, 2024.

■ If you exercise your voting rights via the Internet

- Please access the below-listed voting right exercise website via your personal computer or smartphone, follow the instructions on the screen, and register your approval or disapproval for each proposed resolution by the deadline for the exercise of voting rights.
- If voting rights are exercised two or more times via the Internet, the last indication of approval or disapproval will be considered as effective.
- Internet connection fees should be borne by the shareholder.
- Voting right exercise website:
  https://soukai.mizuho-tb.co.jp/
  For details, please see the next page.
- Deadline:
  Voting rights must be exercised by 6:00 p.m. on Thursday, May 23, 2024.
- If voting rights are exercised both in writing and via the Internet, the indication of approval or disapproval via the Internet will be considered as effective.

■ Attendance at the General Meeting of Shareholders

- Please bring the enclosed voting right exercise sheet with you and submit it to the reception at the meeting site.
- The General Meeting of Shareholders will be held from 10:00 a.m. on Friday, May 24, 2024.
- If voting rights are exercised both in writing and via the Internet, the indication of approval or disapproval via the Internet will be considered as effective.

For institutional investors
In addition to exercising voting rights via the Internet, etc., if you apply in advance, you can use the electronic voting right exercise platform operated by Investor Communications Japan, Inc. (ICJ), funded by the Tokyo Stock Exchange and other organizations.

Information on the exercise of voting rights via the Internet

If voting rights are exercised two or more times via the Internet, the last indication of approval or disapproval will be considered as effective.

■ "Smart exercise" by reading the QR code

You can log in to the voting right exercise website without entering the voting right exercise code or password.

1. Please read the QR code printed on the lower right part of the voting right exercise sheet.
   (The "QR code" is a registered trademark of Denso Wave Inc.)
2. Please enter your approval or disapproval according to instructions on the screen afterward.

"Smart exercise" allows you to exercise voting rights only once. If you wish to change the voting rights exercised after exercising them, please access the voting right exercise website by entering the voting right exercise code and password as instructed to the right and exercise your voting rights again. *If you read the QR code again, you can move to the voting right exercise website.

■ How to enter the voting right exercise code and password

1. Please access the voting right exercise website.
   https://soukai.mizuho-tb.co.jp/
2. Please enter the voting right exercise code written on the voting right exercise sheet.
3. Please enter the password written on the voting right exercise sheet. You need to change the password at the first log-in.
   Please enter the password and set a new password that you will use in the second blank.
   Please click the "Register" (「登録」) button.
4. Please enter your approval or disapproval according to the instructions on the screen afterward.

If you make mistakes a certain number of times or more when entering the password, the screen will be locked. If the screen is locked, please follow the instructions shown on the screen.
If you have any questions on how to vote via Internet, please call Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. at 0120-768-524 (between 9:00 – 21:00)

Notice of live streaming and pre-submitted questions

1. About live streaming

We will broadcast the General Meeting of Shareholders live over the Internet, allowing shareholders to watch from the comfort of their homes as detailed below. To view the live streaming, pre-registration is required. Please check the following details.

We will take privacy into consideration during the filming at the venue, but please be aware that shareholders may unavoidably appear in the video. Please understand this in advance.

Dedicated website

URL: https://us06web.zoom.us/webinar/register/WN_UnekrpVoSpmFP0IBbV2ucA

*We will send a confirmation email to shareholders who have registered.

After logging in to the dedicated website, please register the necessary information (shareholder number and email address). We will send you the URL (streaming address) via email at a later date, so please prepare accordingly.

Registration period	From May 1, 2024 (Wed) at 10:00 AM to May 19, 2024 (Sun) at 6:00 PM
Viewing method	On the day of the general meeting, you can watch via the dedicated website for shareholders. *Note: The broadcast will be open about 15 minutes before the start, around 9:45 AM on the day. *After receiving the email, please test your viewing environment on the viewing website in advance.

<Important notes regarding viewing the live streaming>

(1) Due to unavoidable circumstances, it may not be possible to conduct the live streaming. In such cases, we will notify you on our website (https://www.usmh.co.jp).

(2) Watching the live streaming does not constitute attendance at the General Meeting of Shareholders under the Companies Act, and we will not be able to accept any statements, including exercising voting rights or asking questions. Voting rights must be exercised in advance either in writing or via Internet.

(3) Viewing is limited to the shareholder themselves.

(4) It is strictly prohibited to film, record, save, or share the live streaming on social media or any other platforms.

(5) Please be aware that issues with the video or audio may occur depending on your computer environment (model, performance, etc.) or Internet connection (line condition, speed, etc.).

(6) Depending on your device or network environment, it may not be possible to view the live streaming, so please use an alternative access method in such cases.

(7) Any costs associated with viewing (Internet connection fees, communication charges, etc.) will be borne by the shareholder.

2. About receiving pre-submitted questions

The general meeting will accept pre-submitted questions through the dedicated website. After logging in to the dedicated website (shareholder number and email address), please make use of it. We plan to respond to the questions received on the day of the general meeting. Please note that the content of the questions will be related to the agenda of the general meeting.

■Dedicated website
URL: https://usmh.iqform.jp/form/sokai_9/
*We will send a confirmation email to shareholders who have registered.

Registration period	From May 1, 2024 (Wed) at 10:00 AM to May 19, 2024 (Sun) at 6:00 PM
How to enter questions	You may submit one question per person, and only once.

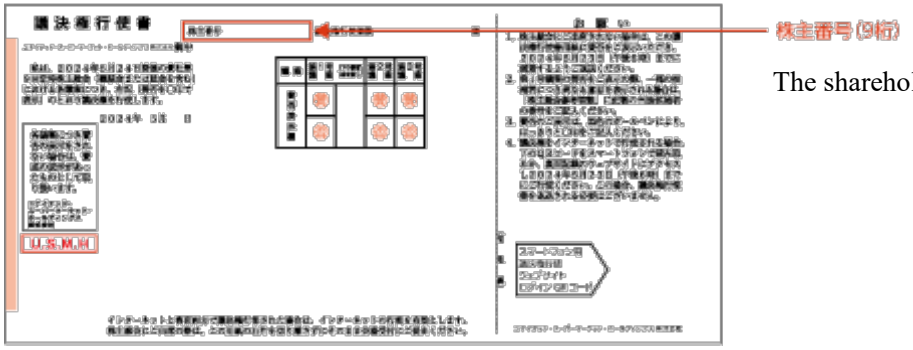
Contact information for the dedicated website

United Super Markets Holdings Inc.

Human Resources and General Affairs, TEL 03-3526-4761

Reception hours: Weekdays from 10:00 AM to 6:00 PM (excluding Saturdays, Sundays, and public holidays)

Location to enter the shareholder number



The shareholder number

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Six (6) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. In order to strengthen the supervisory function of Directors and further clarify the business execution structure of Executive Officers, the Company has decided to introduce an Executive Officer System. Accordingly, the Company proposes that the number of Directors be reduced by three (3) and that six (6) Directors be elected, including three (3) Outside Directors. The three (3) Outside Directors satisfy the requirements for Independent Director prescribed by the Tokyo Stock Exchange and the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company as described on page 11. The Company has determined the matters on page 11 as the policy for nomination of candidates for Director and all the candidates for Director satisfy these requirements.

■List of candidates for Director

No.	Name		Position at the Company	Attendance at the Board of Directors meeting
1	Motohiro Fujita	Re-appointed	President and Representative Director	100.0% (12/12)
2	Masaharu Homma	Re-appointed	Vice President and Representative Director	100.0% (12/12)
3	Motoya Okada	Re-appointed	Director and Advisor	100.0% (12/12)
4	Shigekazu Torikai	Re-appointed Outside Director Independent Director	Director	100.0% (12/12)
5	Naoko Makino	Re-appointed Outside Director Independent Director	Director	100.0% (12/12)
6	Shinobu Okamoto	Newly appointed Outside Director Independent Director	Corporate Auditor	100.0% (12/12)

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
1	Motohiro Fujita (July 11, 1955) Re-appointed	March 1978 Joined KASUMI CO., LTD. May 2000 Director, KASUMI CO., LTD. May 2004 Managing Director, KASUMI CO., LTD. March 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. February 2009 Manager, Store Development and Service Division, KASUMI CO., LTD. September 2010 Manager, Sales Managing Division; Manager, Food Market Managing Division, KASUMI CO., LTD. September 2011 Manager, Sales Control Division; Manager, Food Market Managing Division, KASUMI CO., LTD. March 2012 President and Representative Director, KASUMI CO., LTD. March 2015 Executive Vice-President, the Company March 2017 President and Representative Director, the Company (to present) Executive Officer responsible for the Supermarket Business, AEON CO., LTD. Director, KASUMI CO., LTD. May 2017 Director, MAXVALU KANTO CO., LTD. (to present) March 2019 Vice President and Representative Executive Officer responsible for the Supermarket Business, AEON CO., LTD. March 2020 Vice President and Representative Executive Officer responsible for the Supermarket Business and Merchandise/Logistics, AEON CO., LTD. March 2021 Vice President and Representative Executive Officer responsible for the Supermarket Business, AEON CO., LTD. March 2022 Executive Officer and Vice Chairman, AEON CO., LTD. March 2024 Chairman and Director, KASUMI CO., LTD. (to present) [Reasons to be nominated as candidate for Director] Mr. Motohiro Fujita is the President and Representative Director of the Company and has abundant experience and an excellent track record as a corporate manager in the formulation of medium- and long-term strategies, implementation of structural reforms, etc. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director. [Special interests] There are no special interests between Mr. Motohiro Fujita and the Company.	142,900

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
2	Masaharu Homma (October 11, 1969) Re-appointed	March 1992 Joined The Maruetsu, Inc. March 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. March 2017 Executive Officer responsible for administration; General Manager, Corporate Planning Division, The Maruetsu, Inc. March 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 March 2023 President and Representative Director, The Maruetsu, Inc. (to present) May 2023 Vice President and Representative Director, the Company (to present) [Reasons to be nominated as candidate for Director] Mr. Masaharu Homma is the President and Representative Director of a subsidiary of the Company and has experience and an excellent track record as a corporate manager in finance, accounting, investment strategies, etc. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director. [Special interests] There are no special interests between Mr. Masaharu Homma and the Company.	12,550
3	Motoya Okada (June 17, 1951) Re-appointed	March 1979 Joined JUSCO Co., Ltd. (currently AEON CO., LTD.) May 1990 Director, JUSCO Co., Ltd. February 1992 Managing Director, JUSCO Co., Ltd. May 1995 Senior Managing Director, JUSCO Co., Ltd. June 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. November 2005 Outside Director and Advisor, TSURUHA HOLDINGS Inc. March 2012 Director, President and Representative Executive Officer, and Group CEO, AEON CO., LTD. August 2014 Outside Director, KUSURI NO AOKI HOLDINGS CO., LTD. (to present) November 2014 Director, WELCIA HOLDINGS CO., LTD. (to present) March 2015 Director and Advisor, the Company (to present) March 2020 Director, Chairman and Representative Executive Officer, AEON CO., LTD. (to present) [Reasons to be nominated as candidate for Director] Mr. Motoya Okada is Director, Chairman and Representative Executive Officer of AEON CO., LTD. and has abundant experience and an excellent track record as a corporate manager who leads the AEON Group. The Company nominated him as a candidate for Director based on the judgment that his experience and insight make him a suitable person to serve as the Company's Director. [Special interests] Mr. Motoya Okada is Director, Chairman and Representative Executive Officer of AEON CO., LTD. Transactions between the AEON Group and the Company's subsidiaries The Maruetsu, Inc., KASUMI CO., LTD. and MAXVALU KANTO CO., LTD. include procurement of merchandise, store leasing, contracted credit operations, purchase of facilities, and member store contracts.	0

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
4	Shigekazu Torikai (March 12, 1947) [Outside Director] [Independent Director] Re-appointed	April 1975 Joined a tax accountant office April 1990 Registered as Attorney April 1994 Representative, Torikai Management and Law Office (currently Torikai Law Office) (to present) March 2015 Director, the Company (to present) June 2017 External Member of the Audit & Supervisory Board, Kurita Water Industries Ltd. June 2018 Outside Director, RISO KAGAKU CORPORATION January 2023 Outside Director, Murakoshi Holdings (to present) [Reasons to be nominated as candidate for Outside Director and his expected roles] Mr. Shigekazu Torikai has abundant experience of corporate legal affairs as an attorney-at-law and extensive knowledge of tax affairs and accounting. The Company considers that he can fulfill his duties as Outside Director appropriately and serve as Chairman of the Advisory Committee to supervise management in a highly effective way from an independent and objective standpoint by utilizing his experience and knowledge. [Special interests] There are no special interests between Mr. Shigekazu Torikai and the Company. [Years of service as Outside Director] Mr. Shigekazu Torikai will have served as Outside Director for nine years and two months at the conclusion of this General Meeting of Shareholders.	0
5	Naoko Makino (January 28, 1968) [Outside Director] [Independent Director] Re-appointed	April 1990 Joined Asako Aramaki Office Co., Ltd. January 1996 Freelance (Member of Association of Freelance Dieticians in Nakano Ward) March 2004 Representative Director, Studio Ku Ltd. (to present) May 2007 Council and Member of Editorial Committee, Japan Society of Food Science Education April 2013 Councilor, General Incorporated Association Japan Society of Food Science Education; Member of Editorial Committee, General Incorporated Association Japan Society of Food Science Education January 2016 Member of Planning Committee, General Incorporated Association Japan Society of Food Science Education (to present) May 2016 Director, the Company (to present) January 2022 Councilor, General Incorporated Association Japan Society of Food Science Education (to present); Member of Award Nomination Committee, General Incorporated Association Japan Society of Food Science Education [Reasons to be nominated as candidate for Outside Director and her expected roles] Ms. Naoko Makino started her career as a managerial dietician and currently is a member of the Japan Society for the Study of Obesity and serves as a lecturer for the lifelong education program of Kagawa Nutrition University and as a lecturer of Kagawa Nutrition University. The Company considers that she can leverage her abundant experience of food as a culinary expert and extensive knowledge about nutrition and cookery for management of the Company and also serve as a member of the Advisory Committee to supervise management in a highly effective way from an independent and objective standpoint. [Special interests] There are no special interests between Ms. Naoko Makino and the Company. [Years of service as Outside Director] Ms. Naoko Makino will have served as Outside Director for eight years at the conclusion of this General Meeting of Shareholders.	0

No.	Name (Date of birth)	Career summary, positions and assignment in the Company and significant concurrent positions	Number of shares of the Company held
6	Shinobu Okamoto (June 18, 1954) [Outside Director] [Independent Director] Newly appointed	April 1977 Co-ordination Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau July 2005 Special Officer (Planning and Co-ordination), First Taxation Department, Tokyo Regional Taxation Bureau July 2006 District Director, Kawashima Tax Office (Tokushima Prefecture), Takamatsu Regional Taxation Bureau July 2007 Chief Examiner, Third Taxation Department, Tokyo Regional Taxation Bureau July 2008 Director, Planning Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau July 2009 Director, First Personnel Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau July 2012 Chief Internal Inspector, Commissioner's Secretariat, National Tax Agency June 2013 Assistant Regional Commissioner (Management and Co-ordination), Nagoya Regional Taxation Bureau July 2014 Regional Commissioner, Kumamoto Regional Taxation Bureau October 2015 Representative Partner, Shinobu Okamoto Certified Tax Accountant Office (to present) May 2016 Corporate Auditor, the Company (to present) June 2019 Outside Audit & Supervisory Board Member, YAMAICHI ELECTRONICS CO., LTD. June 2022 Outside Director (Audit and Supervisory Committee Member), YAMAICHI ELECTRONICS CO., LTD. (to present)	0
		[Reasons to be nominated as candidate for Outside Director and his expected roles] Mr. Shinobu Okamoto has abundant experience of corporate accounting as a tax accountant and extensive knowledge of tax affairs and accounting. He has appropriately performed his duties as an Outside Corporate Auditor of the Company from an independent and objective standpoint by utilizing his abundant experience and knowledge. The Company considers that he can also fulfill his duties as Outside Director appropriately and continue to serve as a member of the Advisory Committee to supervise management in a highly effective way from an independent and objective standpoint.	
		[Special interests] There are no special interests between Mr. Shinobu Okamoto and the Company.	
		[Years of service as Outside Corporate Auditor] Mr. Shinobu Okamoto will have served as Outside Corporate Auditor for eight years at the conclusion of this General Meeting of Shareholders.	

(Notes)

1. The Company has entered into agreements with Mr. Shigekazu Torikai and Ms. Naoko Makino to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425 of the said Act. Subject to approval of their reelection, the Company intends to continue the said agreements with them. In addition, subject to approval of election of Mr. Shinobu Okamoto, the Company intends to enter into a similar agreement with him.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company, which covers any loss or damage that may arise due to the insured assuming responsibilities for the execution of their duties or receiving a claim pertaining to the pursuit of such responsibilities. All candidates for Director will be covered as the insured under the said insurance contract. The Company plans to renew the said contract with the same contents the next time it expires.
3. Of the candidates for Director, Mr. Shigekazu Torikai, Ms. Naoko Makino, and Mr. Shinobu Okamoto are candidates for Outside Director.
4. Mr. Shigekazu Torikai, Ms. Naoko Makino, and Mr. Shinobu Okamoto satisfy the requirements for

Independent Director prescribed by the Tokyo Stock Exchange and the Company designated Mr. Shigekazu Torikai, Ms. Naoko Makino, and Mr. Shinobu Okamoto as Independent Directors prescribed by the Tokyo Stock Exchange on which the Company's shares are listed and submitted a notification of the designation to the said Exchange. The Company considers that they satisfy the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company.

5. The number of shares of the Company held is the number of shares of the Company held as of February 29, 2024. It does not include the number of shares of the Company held through the Executives' Shareholding Association.

Proposal 2: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Mr. Shinobu Okamoto will expire at the conclusion of this year's Annual General Meeting of Shareholders, and Corporate Auditor Mr. Chiharu Takeshima will resign. Accordingly, the election of one (1) Corporate Auditor is proposed.

If this proposal is approved, the number of Corporate Auditors of the Company will be reduced by one (1) to four (4), but considering the current status of the Company's audit system, the Company believes that it will be able to continuously ensure the effectiveness of audits.

The Company has specified the following matters as a policy for nomination of candidates for Corporate Auditor and the candidates for Corporate Auditor satisfy these requirements. The Audit & Supervisory Board has previously given its approval to this proposal.

■Candidate for Corporate Auditor

Name		Attendance at the Board of Directors meeting	Attendance at Audit & Supervisory Board meeting
Satoshi Mitsui	Newly appointed Outside Corporate Auditor Independent Corporate Auditor	—	—

"Policy for Nomination of Candidates for Corporate Auditor"

Based on the management philosophy of the Company, the person shall audit execution of duties of Directors and prevent violation of laws and regulations or the Articles of Incorporation and also be capable of contributing to maintenance and improvement of sound management and social credibility of the Company. The person shall be capable of contributing to securing soundness of management by auditing execution of duties of Directors audits from a neutral and objective perspective.

Name (Date of birth)	Career summary, positions in the Company and significant concurrent positions		Number of shares of the Company held
Satoshi Mitsui (January 31, 1977) [Outside Corporate Auditor] [Independent Corporate Auditor] Newly appointed	December 2004	Joined ChuoAoyama Audit Corporation	0
	July 2007	Joined Ernst & Young ShinNihon	
	November 2010	Joined Hongo Tsuji Tax & Consulting	
	January 2014	Established Mitsui CPA and Tax Accountant Office (currently Mitsui CPA Office) Director (to present)	
	January 2014	Established Gentle Partners Co., Ltd. Representative Director (to present)	
	December 2017	Outside Corporate Auditor, NITCHO CORPORATION	
	September 2018	Established Futaba Tax Accountant Corporation, Representative Partner (to present)	
	December 2018	Outside Director (Audit and Supervisory Committee Member), NITCHO CORPORATION (to present)	
	[Reasons to be nominated as candidate for Outside Corporate Auditor] Mr. Satoshi Mitsui has abundant experience of corporate accounting as a tax accountant and deep insight cultivated through his experience as a corporate manager. The Company considers that he can fulfill his duties as Outside Corporate Auditor appropriately by utilizing his extensive knowledge of tax affairs and accounting in management.		
	[Special interests] There are no special interests between Mr. Satoshi Mitsui and the Company.		

(Notes)

1. The candidate for Corporate Auditor Mr. Satoshi Mitsui is a candidate for Outside Corporate Auditor.
2. Mr. Satoshi Mitsui satisfies the requirements for Independent Auditor prescribed by the Tokyo Stock Exchange and the Company designated Mr. Satoshi Mitsui as an Independent Auditor prescribed by the Tokyo Stock Exchange on which the Company's shares are listed and submitted a notification of the designation to the said Exchange. The Company considers that he satisfies the Criteria for Independence of Independent Outside Directors/Corporate Auditors specified by the Company.
3. Subject to approval of election of Mr. Satoshi Mitsui, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425 of the said Act.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company, which covers any loss or damage that may arise due to the insured assuming responsibilities for the execution of their duties or receiving a claim pertaining to the pursuit of such responsibilities. Corporate Auditor candidate Mr. Satoshi Mitsui will be covered as the insured under the said insurance contract. The Company plans to renew the said contract with the same contents the next time it expires.
5. The number of shares of the Company held is the number of shares of the Company held as of February 29, 2024. It does not include the number of shares of the Company held through the Executives' Shareholding Association.

<Reference>

"Policy for Nomination of Candidates for Director"

In nominating candidates for Director, the Company sees whether the person is capable of contributing to further development of the entire group, based on the management philosophy of the Company. In addition, the Company comprehensively takes into consideration whether the person is capable of precisely identifying the issues of the divisions he or she is responsible for and solving the problems in cooperation with other managers and employees, has insights concerning compliance with laws and regulations and corporate ethics, and has other necessary qualities. The table below shows Directors' skills and expertise that are expected to enhance the effectiveness of the Board of Directors.

Name	Title	Corporate Management	HR / Organizational Development	Financial/Accounting Investment Strategy	Legal / Governance	Business Transformation	Global Perspective	Consumer Perspective
Motohiro Fujita	Director Candidate	●	●			●		
Masaharu Homma		●	●	●				
Motoya Okada		●				●	●	
Shigekazu Torikai	Director Candidate (Outside/Independent)	●		●	●			
Naoko Makino								●
Shinobu Okamoto			●	●	●			
Takeshi Nemoto	Corporate Auditor		●		●			
Tadayoshi Yoyogi					●			
Hirofumi Ishimoto	Corporate Auditor (Outside)			●	●			
Satoshi Mitsui	Corporate Auditor Candidate (Outside/Independent)			●	●			

"Criteria for Independence of Independent Outside Directors/Corporate Auditors"

1. He/she does not currently serve as Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Executive Officer, or employee of the Company or the Company's subsidiaries (hereinafter the "U.S.M.H Group") and he/she has not served as Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Executive Officer, or employee of the U.S.M.H Group in the past.
2. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of the Company's parent company (*1) in any of the past five business years.
3. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of the Company's fellow subsidiaries (*2) in any of the past five business years.
4. He/she has not served as Director, Corporate Auditor, Executive Officer, or employee of any of the Company's major shareholders (*3) or of a company of which the U.S.M.H Group has been a major shareholder in any of the past five business years.
5. He/she does not serve as Director, Corporate Auditor, Executive Officer, or employee of any of the major suppliers/customers of the U.S.M.H Group (*4).
6. He/she does not serve as Director, Corporate Auditor, Executive Officer, or employee of any of the corporations, organizations, etc. that are recipients of a large amount of donations from the U.S.M.H Group (*5).

7. He/she has not served as Representative Partner, Senior Partner, Partner, or employee of the accounting auditor of the U.S.M.H Group in any of the past five business years.
8. He/she is not an attorney-at-law, certified public accountant, consultant or other professional who receives a large amount of money (*6) or other property from the U.S.M.H Group other than remuneration for Directors/Corporate Auditors.
9. He/she is not a spouse, a relative in the second degree of kinship, a relative residing together with the person specified below, or he/she is not in the same household as the person specified below:
   (1) Director, Corporate Auditor, Executive Officer, or important employee of the U.S.M.H Group (*7)
   (2) Person who has served as Director, Corporate Auditor, Executive Officer, or important employee of the U.S.M.H Group in any of the past five business years.
   (3) Person who comes under the restrictions specified in the above Items 2.-8.
10. There is no doubt about his/her independence in fulfilling his/her duties as Independent Director/Corporate Auditor.

(*1) The "parent company" means a company that has control over the organ (General Meeting of Shareholders or the like) that decides the Company's financial, sales or business policies.
(*2) "Fellow subsidiary" means a company that has the same parent company (including a person controlling the Company's management) as the Company.
(*3) "Major shareholder" means a company that own 10% or more of the total voting rights.
(*4) "Major supplier/customer" means a company whose transactions with the U.S.M.H Group (amount paid or received) are equal to 2% or more of consolidated sales of the Company or of such company (including its parent company and significant subsidiaries) in the most recent business year and in any of the preceding three business years.
(*5) "A large amount of donations" means donations exceeding ¥10 million per year on average in the past three business years, or 2% of consolidated sales or total revenues of the donation recipient, whichever the larger.
(*6) A large amount of money means an amount exceeding ¥10 million per year on average in the past three business years in the case of an individual and, in the case of an organization, an amount exceeding ¥10 million per year on average for the past three business years or 2% of consolidated sales of the organization, whichever the larger.
(*7) "Important employee" means an employee whose position is department manager or higher.

Proposal 3: Approval of Share Exchange Agreement Between the Company and Inageya Co., Ltd.

The Company and Inageya Co., Ltd. (hereinafter "Inageya") have decided to implement a share exchange (hereinafter the "Share Exchange") in which the Company will become the wholly-owning parent company in the share exchange and Inageya the wholly-owned subsidiary in the share exchange, based on resolutions of the Boards of Directors of both companies on April 18, 2024. On the same date, a share exchange agreement (hereinafter the "Share Exchange Agreement") was concluded between the two companies, and a business integration agreement (hereinafter the "Business Integration Agreement") regarding the business integration of Inageya by the Company was concluded between the Company, The Maruetsu, Inc. (hereinafter "Maruetsu"), KASUMI CO., LTD. (hereinafter "KASUMI"), MAXVALU KANTO CO., LTD. (hereinafter "MV KANTO"), Inageya and AEON CO., LTD. (hereinafter "AEON").

Accordingly, the Company proposes approval of the Share Exchange Agreement.

The Share Exchange is scheduled to take effect on November 30, 2024, after obtaining approval of the Share Exchange Agreement by resolution at this year's Annual General Meeting of Shareholders and Inageya's annual general meeting of shareholders scheduled to be held on June 26, 2024.

The reasons for conducting the Share Exchange, the overview of the contents of the Share Exchange Agreement, and other matters related to this proposal are as follows.

1. Reasons for Conducting the Share Exchange

The Company was established on March 2, 2015 through a joint share transfer between Maruetsu, KASUMI and MV KANTO. The Company consists of 12 consolidated subsidiaries and 3 affiliated companies (as of April 18, 2024), and its basic philosophy is to "offer customers healthy and valuable choices in food, cultivate deep relationships to build prosperous local communities, and constantly pursue innovation and move with the times." Based on this basic philosophy, the Company welcomes the participation of like-minded supermarket (hereinafter "SM") companies in the Tokyo metropolitan area, and as the core of AEON's Supermarket Business in Kanto, the Company aims to become the number one SM company in the Tokyo metropolitan area by achieving net sales of ¥1 trillion and building a network of 1,000 stores.

Inageya was founded in 1900 in Tachikawa City, Tokyo, and operates supermarket and drugstore businesses in the metropolitan area and three prefectures in Kanto (Tokyo and Kanagawa, Saitama, and Chiba prefectures). Inageya strives for the realization of Sukoyakeku: "Contributing to the creation of healthy, fulfilling, and warm daily lives for customers and a healthier society," and the implementation of the Merchant's Way: "A group of people who can feel the joy of customers as their own joy." Moreover, Inageya aims to contribute to society as a "helpful business for local communities."

AEON promotes management based on the foundational ideals of "pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point." While competition across business categories is expected to intensify due to changes in consumer lifestyles and purchasing behavior, AEON is responding to increasingly diverse environmental changes and continuing to provide customers with fulfilling lifestyles and convenience, aiming to become the company that contributes most to local communities.

Recently, the food supermarket industry tapped strong demand for home-cooked meals due to the rise in people who refrained from going out and started working from home during the COVID-19 pandemic, and while the industry as a whole is performing well, for a time, it was significantly affected by "stay-at-home demand." However, with the normalization of economic and social activities, consumer behavior has shifted from eating in to eating out. In addition, the business environment surrounding the industry is becoming increasingly difficult, with operating costs increasing due to soaring raw material prices, rising wages, and rising utility costs. Moreover, against the backdrop of the declining birthrate and aging population, as well as changes in consumer lifestyles and purchasing behavior, the volume of food products handled by other industries, such as e-commerce businesses and drug stores, is increasing, and competition across business categories is intensifying. It is likely that the industry and businesses will undergo more shakeouts.

Recognizing this environment, AEON, Inageya, and the Company have continuously shared information and issue recognition, striving to realize the philosophies of each company and improve corporate value. On April 25, 2023, the companies announced the "Announcement on the Conclusion of a Basic Agreement between AEON CO., LTD., Inageya Co., Ltd., and United Super Market Holdings Inc. for Business Integration to Realize the 'Concept of SM with ¥1 Trillion in Sales in Kanto'" (hereinafter the "Press Release dated April 25, 2023"). In this press release, it was announced that, in order to continue to speedily respond to customer needs, coexist with local communities, and grow together in the Tokyo metropolitan area, where competition is expected to intensify, AEON, Inageya, and the Company would further deepen their relationship through strengthened capital ties and business integration, and make full use of the various assets of the AEON Group, including digital assets, products, human resources, and payment infrastructure. Moreover, AEON, Inageya, and the Company came to the conclusion that as a SM Group with ¥1 trillion in sales, it would be best to evolve into a new business model that takes advantage of economies of scale. After signing this agreement, Inageya and the Company agreed to secure sufficient time for discussions to maximize synergies by November 2024. AEON and Inageya, who already had a partnership, further strengthened their capital and business alliance and determined that they would be able to quickly create synergies if Inageya leveraged the various assets of the AEON Group. AEON carried out a tender offer for Inageya as stated in the "Notice Regarding Commencement of Tender Offer for Inageya Co., Ltd. (Securities Code: 8182)" dated October 6, 2023. AEON came to hold 51.0% of Inageya's shares, as stated in the "Notice Regarding the Results of Tender Offer for Shares of Inageya Co., Ltd. and Changes in Subsidiaries" dated November 30, 2023.

Inageya and the Company jointly established an Integration Preparation Committee on June 19, 2023, and the Committee discussed and examined the realization and effects of synergies that were envisioned at the time of the basic agreement's conclusion. As a result of this consideration, it was determined that the synergies described below would not only contribute to increasing corporate value, but also, in an increasingly competitive environment, strengthen the dominance of the Company and Inageya, as the same corporate entity, in the Tokyo metropolitan area, where stable demand is expected to continue in the future, which would lead to the enjoyment of various economies of scale.

In response to a proposal from the Company, Inageya undertook concrete consideration of a transaction (hereinafter the "Transaction"), including the Share Exchange, by the Company to make Inageya into a wholly-owned subsidiary. Inageya carefully considered the possible disadvantages of Inageya's delisting, such as the impact on corporate creditworthiness and current shareholders, and came to the conclusion that even after the Share Exchange, Inageya, as a major Group company of the Company, would be able to maintain the same level of corporate creditworthiness as before. Moreover, Inageya believed that it would be possible to provide value and benefits arising from the Share Exchange to Inageya's shareholders through the delivery of the Company's shares as consideration for the Share Exchange, and that carrying out the Share Exchange would benefit not only the Company' shareholders but also Inageya's. In light of this, Inageya came to the conclusion that it would benefit from becoming a wholly-owned subsidiary of the

Company. AEON also agreed with these opinions of the Company and Inageya and approved the Share Exchange. Furthermore, as stated in the "Notice Regarding Welpark's Becoming a Wholly-Owned Subsidiary of WELCIA HOLDINGS CO., LTD., the Changes to a Subsidiary of Inageya Co., Ltd. (Share Transfer), and the Receipt of Special Dividends from Said Subsidiary and Recording of Extraordinary Profit" dated April 18, 2024, Inageya reached an agreement with WELCIA HOLDINGS CO., LTD. (hereinafter "WELCIA HD"), a subsidiary of AEON, to transfer the shares of Welpark, which operates a drugstore business and was a subsidiary of Inageya before the execution of the Transaction, to WELCIA HD. The Company and Inageya's consideration of the Share Exchange was based on the assumption that the shares of Welpark would be transferred to WELCIA HD.

As a result of the above, both companies decided to implement the Share Exchange by resolution of their respective Boards of Directors on April 18, 2024. Specifically, both companies envision the following synergies as measures to increase corporate value.

(i) Increased sales and gross profit by expanding the introduction of private brand products such as TOPVALU
(ii) Cost reduction through joint procurement of products (national brand products, regional products, imported products)
(iii) Promotion of initiatives to revitalize mutual food supermarkets and development of stores tailored to local customer bases, etc.
(iv) Cost reduction through the organization and utilization of functions of distribution centers, process centers, etc.
(v) Cost reduction through joint procurement of materials, fixtures, equipment, etc., and integration of back office operations
(vi) Initiatives for joint use of credit cards, electronic money, and point cards
(vii) Initiatives in e-commerce, such as joint research and development of online businesses
(viii) Utilization of AEON Group's training system and personnel exchanges
(ix) Provision of analysis services that combine member information and POS information
(x) Cost reduction and DX promotion through system sharing

2. Overview of the Contents of the Share Exchange Agreement
   The contents of the Share Exchange Agreement are as follows.

Share Exchange Agreement (copy)

United Super Markets Holdings Inc. (hereinafter "U.S.M.H") and Inageya Co., Ltd. (hereinafter "Inageya") will enter into a share exchange agreement (hereinafter the "Agreement") as follows on April 18, 2024 (hereinafter the "Agreement Conclusion Date").

Article 1 (The Share Exchange)
Pursuant to the provisions of the Agreement, U.S.M.H and Inageya shall conduct a share exchange (hereinafter the "Share Exchange") in which U.S.M.H will become the wholly-owning parent company in the share exchange and Inageya will become the wholly-owned subsidiary in the share exchange. Through the Share Exchange, U.S.M.H shall acquire all of Inageya's outstanding shares.

Article 2 (Trade names and addresses of the wholly-owning parent company in the share exchange and the wholly-owned subsidiary in the share exchange)
The trade names and addresses of U.S.M.H and Inageya are as follows.

(1) U.S.M.H (the wholly-owning parent company in the share exchange)
    Trade name: United Super Markets Holdings Inc.
    Address: 1 Kanda Aioi-cho, Chiyoda-ku, Tokyo
(2) Inageya (the wholly-owned subsidiary in the share exchange)
    Trade name: Inageya Co., Ltd.
    Address: 6-1-1 Sakae-cho, Tachikawa-shi, Tokyo

Article 3 (Matters regarding shares to be delivered at the time of the Share Exchange and their allotment)

1. At the time of the Share Exchange, immediately before the time when U.S.M.H acquires all of the outstanding shares of Inageya through the Share Exchange (hereinafter the "Reference Time"), U.S.M.H shall provide each shareholder listed or recorded in the shareholder register of Inageya (excluding U.S.M.H; hereinafter the "Shareholders Eligible for Allotment") with a number of shares of U.S.M.H common stock equal to the total number of shares of Inageya common stock owned by each multiplied by 1.46 (hereinafter the "Exchange Share Ratio").
2. Regarding the allotment of consideration in the preceding paragraph, U.S.M.H shall allot to each of the Shareholders Eligible for Allotment the number of U.S.M.H common shares obtained by multiplying each share of Inageya common stock owned by each said shareholder by the Exchange Share Ratio.
3. If there is a fraction less than one share in the number of U.S.M.H common shares to be delivered to each of the Shareholders Eligible for Allotment pursuant to the provisions of the preceding two paragraphs, it shall be handled in accordance with the provisions of Article 234 of the Companies Act and other related laws and regulations.

Article 4 (U.S.M.H's amount of capital and reserves)
U.S.M.H's amount of capital and reserves to be increased through the Share Exchange shall be the amount separately determined by U.S.M.H in accordance with Article 39 of the Regulations on Corporate Accounting.

Article 5 (Effective date)
The date on which the Share Exchange shall become effective (hereinafter the "Effective Date") shall be November 30, 2024. However, if necessary due to the necessity of proceeding with the procedures for the Share Exchange or for any other reason, U.S.M.H and Inageya may change this upon consultation and agreement.

Article 6 (Approval at the general meeting of shareholders)

1. By the day before the Effective Date, U.S.M.H shall seek approval at its general meeting of shareholders for the matters necessary for the Agreement and the Share Exchange, and shall endeavor to the extent reasonably practical to obtain such approval by resolution at said general meeting of shareholders.
2. By the day before the Effective Date, Inageya shall seek approval at its general meeting of shareholders for the matters necessary for the Agreement and the Share Exchange, and shall endeavor to the extent reasonably practical to obtain such approval by resolution at said general meeting of shareholders.

Article 7 (Cancellation of treasury shares)

By resolution at a Board of Directors meeting held by the day before the Effective Date, Inageya shall, at the Reference Time, cancel all treasury shares (including treasury shares acquired in response to a share purchase request from a dissenting shareholder as stipulated in Article 785, Paragraph 1 of the Companies Act, exercised at the time of the Share Exchange) held at the Reference Time.

Article 8 (Operation of business, etc.)
From the Agreement Conclusion Date until the Effective Date, U.S.M.H and Inageya will each carry out their own business operations and manage and operate their assets within the scope of normal business and with the care of prudent managers, as well as have their respective subsidiaries carry out their own business operations and manage and operate their assets with the care of prudent managers. Except with the prior written consent of the other party, neither company shall commit itself or its subsidiaries to any act that could result in a significant change in its financial status or that could have a material impact on the Share Exchange.

Article 9 (Changes to and termination of the Agreement)
If there are any significant changes in the financial status or management status of U.S.M.H or Inageya between the Agreement Conclusion Date and the day before the Effective Date, or in the event of a situation arising or showing signs of arising that will seriously impede the execution of the Share Exchange, making it difficult to achieve the purpose of the Share Exchange, U.S.M.H and Inageya may, through consultation, change the contents of the Agreement including the terms and conditions of the Share Exchange, or terminate the Agreement.

Article 10 (Validity of the Agreement)
The Agreement shall lose its validity if, by the day before the Effective Date, (i) approval by U.S.M.H and Inageya's general meetings of shareholders as specified in Article 6 cannot not obtained, if (ii) the necessary approvals from relevant government agencies, etc. for the execution of the Share Exchange as stipulated by laws and regulations cannot be obtained, or if (iii) the Agreement is terminated in accordance with the preceding Article.

Article 11 (Governing law and jurisdiction)
The Agreement shall be governed by and interpreted in accordance with Japanese law, and all disputes regarding the performance or interpretation of the Agreement shall be under the exclusive jurisdiction of the Tokyo District Court at the first instance.

Article 12 (Good faith consultation)
If any questions arise regarding matters not stipulated in or the interpretation of the Agreement, U.S.M.H and Inageya shall consult in good faith and endeavor to resolve the issue.

As proof of completion of the Agreement, two copies of this document shall be prepared, and each party shall retain one copy with their names and seals affixed.

April 18, 2024

U.S.M.H: 1 Kanda Aioi-cho, Chiyoda-ku, Tokyo
United Super Markets Holdings Inc.
President and Representative Director: Motohiro Fujita

Inageya: 6-1-1 Sakae-cho, Tachikawa-shi, Tokyo
Inageya Co., Ltd.
Representative Director and President: Yoshikazu Motosugi

3. Overview of the Content of Matters Listed in Article 193 (Excluding Items 5 and 6) of the Ordinance for Enforcement of the Companies Act

(1) Matters related to the appropriateness of the consideration for the exchange

1) Contents of allotment related to the Share Exchange

	The Company (wholly-owning parent company in the stock exchange)	Inageya (wholly-owned subsidiary in the stock exchange)
Allotment ratio related to the Share Exchange	1	1.46
Number of shares to be delivered through the Share Exchange	The Company's common shares: 67,794,529 shares (scheduled)	

(Note 1) Share allotment ratio

1.46 shares of the Company's stock will be allotted and delivered for each share of Inageya's stock. However, no shares will be allotted through the Share Exchange for Inageya shares held by the Company at the Reference Time (defined below; the same applies hereinafter). The above allotment ratio for the Share Exchange (hereinafter the "Share Exchange Ratio") may be changed upon consultation and agreement between both companies if there are any significant changes in the terms and conditions on which the calculation are based. As of April 18, 2024, the Company does not own any Inageya shares, but as of the end of March 2024, KASUMI, a subsidiary of the Company, holds 96,000 Inageya shares. Regarding Inageya shares held by KASUMI at the Reference Time, the Company shares will be allotted and delivered through the Share Exchange, but they are scheduled to be disposed of at an appropriate time in accordance with the provisions of Article 135, Paragraph 3 of the Companies Act.

(Note 2) Number of the Company shares to be delivered through the Share Exchange

At the time of the Share Exchange, the Company shall deliver to each Inageya shareholder immediately before the time when the Company acquires all of the outstanding shares of Inageya through the Share Exchange (hereinafter the "Reference Time") (however, this refers to a shareholder after the treasury shares below have been canceled, and excludes the Company), in place of Inageya shares held by such shareholders, the number of the Company shares obtained by multiplying the total number of Inageya shares each held by 1.46.

In addition, the shares to be delivered by the Company are scheduled to be allocated with newly issued shares. Inageya intends to cancel all treasury shares held at the Reference Time (including treasury shares acquired by Inageya through the purchase of shares related to the share purchase request of dissenting shareholders as stipulated in Article 785, Paragraph 1 of the Companies Act, exercised in connection with the Share Exchange) at the Reference Time through resolution at an Inageya Board of Directors' meeting to be held by the day before the effective date of the Share Exchange.

(Note 3) Handling of shares less than one unit

Inageya shareholders who will come to hold shares less than one unit (less than 100 shares) of the Company as a result of the Share Exchange may use the following system regarding the Company's shares, as stipulated by the Company's Articles of Incorporation and Share Handling Regulations. Furthermore, it is not possible to sell shares less than one unit on the financial instruments trading market.

(i) Additional purchase system for shares less than one unit (additional purchase to reach 100 shares)

This is a system in which shareholders who hold shares of the Company that constitute less than one unit can purchase additional shares from the Company to constitute one unit by combining with their shares less than one unit, based on the provisions of Article 194, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation.

(ii) Purchase request system for shares less than one unit (sale of shares less than one unit)

This is a system in which shareholders who hold shares of the Company that constitute less than one unit can request that the Company purchase their shares less than one unit, based on the provisions of Article 192, Paragraph 1 of the Companies Act.

(Note 4) Handling of fractions less than one share

In accordance with the provisions of Article 234 of the Companies Act and other related laws and regulations, for Inageya shareholders who will receive fractions of the Company shares less than one share as a result of the Share Exchange, the Company will sell a number of the Company shares equivalent to the total number of such fractions (if there is a fraction less than 1 in the total number, it will be rounded down), and the sale proceeds will be distributed to such Inageya shareholders in proportion to the fractions thereof.

2) Basis, etc. for the contents of the allotment related to the Share Exchange

(a) Basis and reasons for allotment contents

In order to ensure fairness and validity in determining the Share Exchange Ratio, the Company and Inageya individually selected third-party calculation institutions and legal advisors that are independent from the Company, Inageya, and AEON. The Company appointed Mizuho Securities Co., Ltd. (hereinafter "Mizuho Securities") and Inageya selected Nomura Securities Co., Ltd. (hereinafter "Nomura Securities")

as third-party calculation institutions. The Company selected Yodoyabashi & Yamagami LPC and Inageya selected Nagashima Ohno & Tsunematsu as legal advisors. With that, full-scale consideration began.

As stated in 3) "Measures to ensure fairness" and 4) "Measures to avoid conflicts of interest" below, the Company carefully discussed and considered matters based on the share exchange ratio calculation report obtained from the Company's third-party calculation institution Mizuho Securities on April 17, 2024, advice from the Company's legal advisor Yodoyabashi & Yamagami LPC, and the results of due diligence conducted by the Company on Inageya, as well as based on instructions and advice from a special committee consisting only of independent members who have no interest with Inageya or AEON, and the contents of the report received from said committee on April 18, 2024. As a result, it was concluded that the Share Exchange Ratio was appropriate and would contribute to the interests of the Company's shareholders. Accordingly, the Company determined that it was appropriate to conduct the Share Exchange based on the Share Exchange Ratio.

As stated in 3) "Measures to ensure fairness" and 4) "Measures to avoid conflicts of interest" below, Inageya carefully discussed and considered matters based on the share exchange ratio calculation report obtained from Inageya's third-party calculation institution Nomura Securities on April 18, 2024, advice from Inageya's legal advisor Nagashima Ohno & Tsunematsu, and the results of due diligence conducted by the Inageya on the Company, as well as based on instructions and advice from a special committee consisting only of independent members who have no interest with the Company or AEON, and the contents of the report received from said committee on April 18, 2024. As a result, it was concluded that the Share Exchange Ratio was appropriate and would contribute to the interests of Inageya's shareholders. Accordingly, Inageya determined that it was appropriate to conduct the Share Exchange based on the Share Exchange Ratio.

As stated above, the Company and Inageya referenced the calculation results for the share exchange ratio that both companies received from their respective third-party calculation institutions, carefully considered the results of due diligence conducted on the other party, and, after comprehensively considering factors such as the financial situations, asset situations, future outlooks, etc. of both companies, held numerous negotiations and discussions. As a result, the Company and Inageya concluded that the Share Exchange Ratio was appropriate and would contribute to the interests of their respective shareholders. Accordingly, the Company and Inageya determined that it was appropriate to conduct the Share Exchange based on the Share Exchange Ratio.

In accordance with the Share Exchange Agreement, the Share Exchange Ratio may be changed upon consultation and agreement between both companies in the event that there are any significant changes in the terms and conditions on which the calculation is based.

(b) Matters related to calculation

(i) Names of calculation institutions and relationships with listed companies and partner companies

Both Mizuho Securities, the Company's third-party calculation institution, and Nomura Securities, Inageya's third-party calculation institution, are calculation institutions independent from the Company, Inageya, and AEON, and they are not related parties of the Company, Inageya, and AEON.

Mizuho Bank, Ltd. (hereinafter "Mizuho Bank"), a group company of Mizuho Securities, holds the position of shareholder of Inageya and AEON, and Mizuho Trust & Banking Co., Ltd. (hereinafter "Mizuho Trust & Banking"), also a group company of Mizuho Securities, holds the position of shareholder of the Company and AEON. While Mizuho Bank has made financing transactions with the Company, Inageya and AEON as part of normal banking transactions, the Bank has no material conflict of interest with the Company, Inageya, or AEON regarding the Share Exchange. According to Mizuho Securities, the Securities has established and implemented an appropriate conflict of interest management system, including information barrier measures between Mizuho Securities, Mizuho Bank, and Mizuho Trust & Banking, in accordance with Article 36, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; including subsequent amendments) and Article 70-4 of the Cabinet Office Order on Financial Instruments Business, etc., which are applicable laws and regulations. As a result of these measures, Mizuho Securities' department in charge of financial advisory services remains unaffected by any conflicts of interest regarding the Share Exchange, and calculates the stock value of both companies from a standpoint independent from its status as Mizuho Bank and Mizuho Trust & Banking's shareholder as well as its status as Mizuho Bank's lender. Considering that Mizuho Securities has established and implemented an appropriate conflict of interest management system, that the Company and Mizuho Securities conduct transactions on the same terms and conditions as general business partners, which ensures Mizuho Securities' independence as a third-party calculation institution, and that Mizuho Securities has a track record as a third-party calculation institution for similar cases in the past, the Company concluded that Mizuho Securities' independence as a third-party calculation institution could be ensured, and therefore selected it as the third-party calculation institution.

(ii) Overview of calculation

For calculation, Mizuho Securities used the market price standard method (with April 25, 2023 as the calculation reference date, the analysis was based on the simple average closing price for the past month up to the same date on the Tokyo Stock Exchange Prime Market, the simple average closing price for the past three months up to the same date, and the simple average closing price for the past six months up to the same date) because the Company is listed on the Tokyo Stock Exchange Standard Market and Inageya is listed on the Tokyo Stock Exchange Prime Market, and both companies have market stock prices. Mizuho Securities also used the comparable multiple valuation method because there are multiple similar listed companies that can be compared to both companies, and it is possible to infer stock value by comparing similar companies, as well as the discounted cash flow method (hereinafter "DCF method") to reflect the future business activities of both companies in the evaluation. Inageya's evaluation range for each evaluation method is as follows, assuming the stock value per share of the Company is 1.

Method used	Calculation range of share exchange ratio
Market price standard method	1.13 to 1.17
Comparable multiple valuation method	0.78 to 1.22
DCF method	0.53 to 1.78

Under the market price standard method, the calculation reference date for both the Company and Inageya was April 25, 2023, which is the publication date of the Press Release dated April 25, 2023, and the closing price on the same date, as well as the simple average closing prices for the past one month up to the same date, the past three months up to the same date, and the past six months up to the same date, were used.

The financial forecasts for the Company that Mizuho Securities used as a basis for calculation under the DCF method included business years in which significant increases and decreases in profits are expected. Specifically, mainly due to increased net sales at existing stores and the implementation of various SG&A expenses reduction measures, significant year-on-year increases in operating income are expected for the fiscal year ending February 28, 2025 and the fiscal year ending February 28, 2026. Moreover, significant year-on-year increases in profit attributable to owners of parent are expected for the fiscal year ending February 28, 2026 and the fiscal year ending February 28, 2027. Inageya's financial forecasts also include business years in which significant increases and decreases in profits are expected. Specifically, significant year-on-year increases in operating income are expected for the fiscal year ended March 31, 2024 and the fiscal year ending March 31, 2025, mainly as a result of improvements in the gross profit margin at stores. Profit attributable to owners of parent is expected to become profitable in the fiscal year ended March 31, 2024, as there was no impact from the reversal of deferred tax assets recorded in the fiscal year ended March 31, 2023. In addition, due to the contribution of the increases in operating income mentioned above, significant year-on-year increases in earnings are expected for the fiscal year ending March 31, 2025. As it is difficult to specifically estimate the impact the synergies that are expected to be realized through the execution of the Share Exchange will have on revenues at this point, it is not reflected in the financial forecasts of the two companies, which are the basis for calculation using the DCF method. Moreover, the financial forecasts of both companies do not assume the implementation of the Share Exchange.

When calculating the share exchange ratio, Mizuho Securities assumed that Inageya would receive special dividends of ¥1,263 million from Welpark and that the shares of Welpark would be transferred to WELCIA HD for ¥6,989 million before the effective date of the Share Exchange, as stated in the "Notice Regarding Welpark's Becoming a Wholly-Owned Subsidiary of WELCIA HOLDINGS CO., LTD., the Changes to a Subsidiary of Inageya Co., Ltd. (Share Transfer), and the Receipt of Special Dividends from Said Subsidiary and Recording of Extraordinary Profit" announced by WELCIA HD, Inageya, and AEON on April 18, 2024. In addition, as a general rule, Mizuho Securities used information provided by the Company and Inageya as well as publicly available information, etc., as is, assuming that all such materials and information were accurate and complete. Mizuho Securities did not independently verify their accuracy and completeness. Moreover, Mizuho Securities did not conduct any independent evaluation or assessment of the assets and liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of the Company, Inageya, or their affiliated companies, nor did they request that any third-party organizations make an appraisal or assessment. Mizuho Securities relied on this information without independently verifying the accuracy, validity and feasibility of the business plans of both companies. Mizuho Securities' calculation reflects the above information up to April 17, 2024.

Nomura Securities used the market price average method to calculate the share exchange ratio for the two companies because the Company is listed on the Tokyo Stock Exchange Standard Market and Inageya is listed on the Tokyo Stock Exchange Prime Market, and they have market stock prices. Nomura Securities also used the comparable multiple valuation method because there are multiple similar listed companies that can be compared to both companies, and it is possible to infer stock value by comparing similar companies, as well as the DCF method to reflect future business activities in the evaluation.

When calculating the share exchange ratio, Nomura Securities assumed that Inageya would receive

special dividends of ¥1,263 million from Welpark and that the shares of Welpark would be transferred to WELCIA HD for ¥6,989 million before the effective date of the Share Exchange, as stated in the "Notice Regarding Welpark's Becoming a Wholly-Owned Subsidiary of WELCIA HOLDINGS CO., LTD., the Changes to a Subsidiary of Inageya Co., Ltd. (Share Transfer), and the Receipt of Special Dividends from Said Subsidiary and Recording of Extraordinary Profit" announced by WELCIA HD, Inageya, and AEON on April 18, 2024.

Inageya's evaluation range is as follows, assuming the stock value per share of the Company' stock based on each evaluation method is 1.

Calculation method	Calculation range of share exchange ratio
Market price average method	1.34 to 1.50
Comparable multiple valuation method	1.16 to 1.20
DCF method	0.96 to 1.68

Under the market price average method, for the Company, April 17, 2024 was the calculation reference date, and the closing price of the Company's shares on the Tokyo Stock Exchange Standard Market on the calculation reference date, as well as the simple average closing prices for the most recent five business days, one month, three months, and six months up to the calculation reference date were used. For Inageya, April 17, 2024 was the calculation reference date, and the closing price of Inageya's shares on the Tokyo Stock Exchange Prime Market on the calculation reference date, as well as the simple average closing prices for the most recent five business days, one month, three months, and six months up to the calculation reference date were used.

Under the comparable multiple valuation method, for the Company and Inageya, JM-Holdings CO., LTD., Eco's Co., Ltd., LIFE CORPORATION, YAOKO Co., Ltd., Mammy Mart Corporation, and Belc CO., LTD. were selected as comparable listed companies judged to have businesses similar to the SM business, which is the main business of both companies. After selecting these companies, calculations were performed using a multiple (hereinafter the "EBITDA multiple") of earnings before interest, taxes, depreciation and amortization (hereinafter "EBITDA").

Under the DCF method, for the Company, the Company's stock value was evaluated by discounting the free cash flows that are expected to be generated as of the fiscal year ending February 28, 2025 onwards to their present value using a fixed discount rate, based on factors such as revenue and investment plans in the Company's business plan for the period from the fiscal year ending February 28, 2025 to the fiscal year ending February 28, 2027, information disclosed to the public, and more. The Company's discount rate was 3.25% to 3.75%, and in calculating the terminal value, the perpetual growth rate method and comparable multiple valuation method were used, with the perpetual growth rate being -0.25% to 0.25%, and the EBITDA multiple being 5.0x to 7.0x. For Inageya, Inageya's stock value was evaluated by discounting the free cash flows that are expected to be generated as of the fourth quarter of the fiscal year ended March 31, 2024 onwards to their present value using a fixed discount rate, based on factors such as revenue forecasts and investment plans in Inageya's business plan for the period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2027, information disclosed to the public, and more. The discount rate was 3.25% to 4.25%, and in calculating the terminal value, the perpetual growth rate method and comparable multiple valuation method were used, with the perpetual growth rate being -0.25% to 0.25%, and the EBITDA multiple being 5.0x to 7.0x.

The financial forecasts for the Company and Inageya that Nomura Securities used for calculations under the DCF method included business years in which significant increases and decreases in profits are expected. Specifically, for the Company, operating income is expected to increase by over 30% year-on-year in the fiscal year ending February 28, 2025, and by over 30% year-on-year in the fiscal year ending February 28, 2026, and profit attributable to owners of parent is expected to increase by over 70% year-on-year in the fiscal year ending February 28, 2027, mainly due to increased net sales at existing stores and the implementation of various SG&A expenses reduction measures in the fiscal year ending February 28, 2025, the fiscal year ending February 28, 2026, and the fiscal year ending February 28, 2027. The Company's financial forecasts do not assume the implementation of the Share Exchange. For Inageya, operating income is expected to increase by over 70% year-on-year in the fiscal year ended March 31, 2024, and by over 30% year-on-year in the fiscal year ending March 31, 2026, due to an increase in net sales caused by revitalization through the renovation of existing stores and the expansion of new store openings, as well as improved profits due to the introduction and expansion of private brand products in the fiscal year ended March 31, 2024, the fiscal year ending March 31, 2026, and the fiscal year ending March 31, 2027. Profit attributable to owners of parent is expected to increase by over 40% year-on-year in the fiscal year ending March 31, 2027. Moreover, for the fiscal year ending March 31, 2025, profit attributable to owners of parent is expected to decrease by more than 60% year-on-year due to an increase in income taxes and income taxes - deferred. Inageya's financial forecasts do not assume the implementation of the Share Exchange.

Nomura Securities' calculation of the share exchange ratio was based on financial, economic, market, business environment, and other conditions as of the calculation reference date, and relied on information obtained by Nomura Securities as of said date. Nomura Securities assumed that all public information considered by Nomura Securities as well as financial, legal, regulatory, tax, accounting, and other information provided to Nomura Securities was accurate and complete, and therefore did not independently verify accuracy and completeness. Moreover, Nomura Securities did not conduct any independent evaluation, assessment, or appraisal of the assets and liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the two companies or their affiliated companies, including analysis and evaluation of individual assets and liabilities, nor did Nomura Securities request that any third-party organizations make an evaluation, assessment or appraisal. Based on the assumption that the financial forecasts and other forward-looking information of both companies had been reasonably prepared and considered by the management teams of both companies based on the best currently available and honest forecasts and judgments, as well as the assumption that the financial conditions of both companies will change in accordance with those forecasts, Nomura Securities relied on such financial forecasts and other forward-looking information without conducting any independent research.

3) Measures to ensure fairness

As AEON is the parent company of both the Company and Inageya, and because there is a structure in which conflicts of interest may arise with each other through AEON, the Company and Inageya have determined that it is necessary to ensure the fairness of the Share Exchange and have implemented the following measures to ensure fairness.

(a) Obtaining calculation reports from independent third-party calculation institutions

In order to ensure fairness in calculating the share exchange ratio used in the Share Exchange, the Company selected Mizuho Securities, a third-party calculation institution independent from the Company, Inageya and AEON, and obtained a calculation report on the share exchange ratio on April 17, 2024, while Inageya selected Nomura Securities, a third-party calculation institution independent from the Company, Inageya and AEON, and obtained a calculation report on the share exchange ratio on April 18, 2024. For an overview of each calculation report, please refer to (b) "Matters related to calculation" above. Neither company obtained a written opinion (fairness opinion) from the third-party calculation institutions stating that the share exchange ratio of the Share Exchange is fair from a financial standpoint for shareholders of the Company and Inageya.

(b) Advice from independent law firms

The Company appointed Yodoyabashi & Yamagami LPC as its legal advisor for the Share Exchange and received advice from a legal perspective concerning the procedures for the Share Exchange and the decision-making methods and processes of the Board of Directors. Yodoyabashi & Yamagami LPC has no material interests in the Company, Inageya, or AEON. Inageya appointed Nagashima Ohno & Tsunematsu as its legal advisor for the Share Exchange and received advice from a legal perspective concerning the procedures for the Share Exchange and the decision-making methods and processes of the Board of Directors. Nagashima Ohno & Tsunematsu has no material interests in the Company, Inageya, or AEON.

Yodoyabashi & Yamagami LPC has concluded legal advisory agreements with the Company and AEON, respectively, but the firm is an external law firm that provides legal services to a large number of clients, not just the two companies, and its independence from both companies is not compromised by the fact that it has concluded legal advisory agreements with them. The firm can therefore provide legal advice regarding the Share Exchange as a legal advisor independent from the Company, Inageya, and AEON. Given this, the Company determined that there were no problems with the independence of this firm.

4) Measures to avoid conflicts of interest

Regarding the Share Exchange, AEON is the parent company of both the Company and Inageya, creating a structure in which conflicts of interest may arise with each other through AEON. Therefore, the following measures have been implemented to avoid conflicts of interest.

(a) Obtaining a report from a special committee that has no interests in the Company

For the purpose of exercising caution in making decisions regarding the Share Exchange, eliminating the possibility of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Company and ensuring its fairness, as well as confirming that the decision of the Board of Directors of the Company to carry out the Share Exchange would not be disadvantageous to the Company's minority shareholders, the Company established a special committee (hereinafter the "Company's Special Committee"), consisting of three members, all of whom have no interests in Inageya or AEON. The members are Mr. Shigekazu Torikai (Torikai Law Office) and Ms. Naoko Makino, who are Outside

Directors of the Company and have been registered as Independent Directors with the Tokyo Stock Exchange, as well as Mr. Shinobu Okamoto, who is an Outside Corporate Auditor of the Company and has been registered as an Independent Auditor with the Tokyo Stock Exchange. In considering the Share Exchange, the Company's Special Committee was consulted on whether or not the Share Exchange could be considered disadvantageous to the Company's minority shareholders (hereinafter the "Company's Consultation Matters").

The Company's Special Committee held a total of eight meetings between January 31, 2024 and April 15, 2024, and even outside the meetings, expressed opinions and gathered information via e-mail, etc., in addition to holding discussions as necessary to carefully consider the Company's Consultation Matters. Specifically, at the first meeting of the Company's Special Committee, it was confirmed that there were no problems with the independence and expertise of Mizuho Securities, the financial advisor and third-party calculation institution appointed by the Company, and Yodoyabashi & Yamagami LPC, the legal advisor appointed by the Company, and their appointment was approved.

In addition, the Committee received an explanation from the Company on the purpose of the Share Exchange, the advantages and disadvantages of implementing the Share Exchange, the specific details of the synergies expected to be realized through the Share Exchange, as well as an explanation on the Company's business plan formulation procedure and its outline, which form the basis for the share exchange ratio, and then conducted a question-and-answer session. In addition, Yodoyabashi & Yamagami LPC, the Company's legal advisor, provided an explanation on measures to ensure fairness in the operation of the Company's Special Committee and other procedural aspects related to the Share Exchange, including the decision-making method and process of the Company's Board of Directors regarding the Share Exchange, as well as an explanation on measures to avoid conflicts of interest. Moreover, the Committee received an explanation on the results of legal due diligence regarding Inageya, and conducted a question-and-answer session. Furthermore, based on the Company's request, the Committee received an explanation on the results of financial and tax due diligence on Inageya from PwC Advisory LLC and PwC Tax Japan, who conducted the financial and tax due diligence on Inageya, and then conducted a question-and-answer session. In addition, the Committee received an explanation from Mizuho Securities, the Company's financial advisor and third-party calculation institution, regarding the evaluation method and results of the Share Exchange Ratio, conducted a question-and-answer session, and verified its rationality. The Company's Special Committee received advice from Mizuho Securities and Yodoyabashi & Yamagami LPC, determined a negotiation policy for the Share Exchange Ratio, and participated substantially in the negotiation process with Inageya, receiving reports on the content of the negotiations and providing instructions as necessary.

Based on this background, the Company's Special Committee carefully discussed and considered the Company's Consultation Matters, and submitted a report to the Company's Board of Directors on April 18, 2024 stating that the Share Exchange had not been deemed disadvantageous to the Company's minority shareholders.

(b) Approval from all Directors of the Company, excluding those with interests, and opinion stating that there are no objections from all Corporate Auditors, excluding those with interests

All seven of the nine Directors of the Company, excluding Mr. Motohiro Fujita and Mr. Motoya Okada, attended the meeting of the Board of Directors of the Company held on April 18, 2024, and a resolution was passed to approve the Share Exchange, with the unanimous approval of all Directors in attendance. In addition, all of the Company's Corporate Auditors participated in the above Board of Directors meeting, and all of them expressed the opinion of having no objections to the above resolution.

Given that Mr. Motohiro Fujita concurrently serves as Advisor at AEON, and Mr. Motoya Okada concurrently serves as Director, Chairman and Representative Executive Officer of AEON, there is a risk of a conflict of interest arising concerning the Share Exchange, therefore neither of them participated in the deliberations and resolutions regarding the Share Exchange at the Board of Directors meeting of the Company. Furthermore, neither of them, as being in the position of representing the Company, participated in discussions and negotiations with Inageya regarding the Share Exchange.

(c) Obtaining a report from a special committee that has no interests in Inageya

For the purpose of exercising caution in making decisions regarding the Share Exchange, eliminating the possibility of arbitrariness and conflicts of interest in the decision-making process of Inageya's Board of Directors and ensuring its fairness, as well as confirming that Inageya's Board of Directors' decision to carry out the Share Exchange would not be disadvantageous to Inageya's minority shareholders, Inageya established a special committee (hereinafter "Inageya's Special Committee"), consisting of members who have no interests in AEON or the Company. The members are Mr. Shuichi Ohtani and Ms. Yaeko Ishida (Kitashiro), who are Independent Outside Directors of Inageya and have been registered as Independent

Directors with the Tokyo Stock Exchange, as well as Mr. Koji Makino, who is an Outside Auditor of Inageya and has been registered as an Independent Auditor with the Tokyo Stock Exchange. In considering the Share Exchange, Inageya's Special Committee was consulted on: (i) the rationality of the purpose of the Share Exchange (including whether or not it contributes to the improvement of corporate value), (ii) the validity of the terms and conditions of the Share Exchange, (iii) the fairness of the procedures of the Share Exchange, and (iv) based on (i) to (iii) above, whether or not the Share Exchange could be considered disadvantageous to Inageya's minority shareholders (hereinafter, (i) to (iv) will be collectively referred to as "Inageya's Consultation Matters"). In addition, Inageya's Board of Directors resolved that decisions by the Board of Directors regarding the Share Exchange should be made with the utmost respect for the decisions of Inageya's Special Committee, and in considering the aforementioned consultation matters, the Board of Directors granted the Committee the authority to 1) collect information necessary for considering consultation matters stated above (authority to request that Inageya's execution side and other parties provide necessary information), 2) seek professional advice from Nomura Securities, the financial advisor and third-party calculation institution appointed by Inageya, and Nagashima Ohno & Tsunematsu, the legal advisor appointed by Inageya, 3) nominate and appoint advisors unique to Inageya's Special Committee as necessary, and 4) negotiate the terms and conditions of the Share Exchange with other parties as necessary (expenses related to 1) to 3) will be borne by Inageya).

Inageya's Special Committee held a total of thirteen meetings between January 12, 2024 and April 18, 2024, and even outside the meetings, expressed opinions and gathered information via e-mail, etc., in addition to holding discussions as necessary to carefully consider Inageya's Consultation Matters. Specifically, Inageya's Special Committee first confirmed that there were no problems with the independence and expertise of Nomura Securities, the financial advisor and third-party calculation institution appointed by Inageya, and Nagashima Ohno & Tsunematsu, the legal advisor appointed by Inageya, and approved their appointment. Then, after sending a letter of inquiry to the Company regarding the purpose, etc. of the Share Exchange, Inageya's Special Committee received an explanation from the Company regarding the purpose of the Share Exchange, the background and circumstances leading up to the Share Exchange, the reasons for choosing a share exchange, the management policy and approach to the treatment of employees after the Share Exchange, the handling of the shareholder benefit system, and more. Following this, Inageya's Special Committee conducted a question-and-answer session. In addition, Nagashima Ohno & Tsunematsu, Inageya's legal advisor, provided advice on measures to ensure fairness in the procedural aspects related to the Share Exchange, including the decision-making method of Inageya's Board of Directors regarding the Share Exchange, the operation of Inageya's Special Committee, as well as on measures to avoid conflicts of interest. Moreover, the Committee received an explanation on the results of legal due diligence regarding the Company, and conducted a question-and-answer session. Furthermore, based on Inageya's request, the Committee received a report on the results of financial and tax due diligence on the Company from EY Strategy and Consulting Co., Ltd. and Ernst & Young Tax Co., who conducted said financial and tax due diligence, and then conducted a question-and-answer session. In addition, the Committee received an explanation from Nomura Securities, Inageya's financial advisor and third-party calculation institution, regarding the calculation method and results of consideration for the Transaction (Share Exchange Ratio, etc.), conducted a question-and-answer session, and verified its rationality. Inageya's Special Committee received advice from Nomura Securities and Nagashima Ohno & Tsunematsu, determined a negotiation policy for consideration for the Transaction (Share Exchange Ratio, etc.), and participated substantially in the negotiation process with the Company, receiving reports on the content of the negotiations and providing instructions as necessary.

Based on this background, Inageya's Special Committee carefully discussed and considered Inageya's Consultation Matters, and submitted a report to Inageya's Board of Directors on April 18, 2024 stating that the Share Exchange had not been deemed disadvantageous to Inageya's minority shareholders.

(d) Approval from all Directors of Inageya, excluding those with interests

Mr. Hiroyuki Watanabe serves as Executive Vice President and Executive Officer of AEON, as well as Director of AEON Financial Service Co., Ltd. and AEON DELIGHT CO., LTD., both of which are members of the AEON Group. Accordingly, from the perspective of avoiding conflicts of interest, at Inageya's Board of Directors meeting held on April 18, 2024, at which the proposal regarding the Share Exchange was resolved, eight out nine Directors of Inageya, excluding Mr. Hiroyuki Watanabe, deliberated, and the resolution was passed with unanimous approval. Furthermore, from the perspective of avoiding conflicts of interest, Mr. Hiroyuki Watanabe did not participate in discussions and negotiations regarding the Share Exchange, as being in the position of representing Inageya, nor did he participate in the deliberations regarding the Share Exchange at Inageya's Board of Directors' meeting mentioned above.

(2) Matters regarding the appropriateness of the Company's amount of capital and reserves

The Company's amount of capital and reserves to be increased through the Share Exchange shall be the amount separately determined by the Company in accordance with Article 39 of the Regulations on Corporate Accounting. Such handling was decided within the scope of laws and regulations after comprehensive consideration of the Company's capital policy and other circumstances, and was determined to be appropriate.

4. Matters regarding the Appropriateness of Provisions regarding Stock Acquisition Rights related to the Share Exchange
   Not applicable.

5. Matters regarding Inageya
   1) Non-consolidated financial statements, etc. for the most recent business year
      In accordance with laws and regulations and Article 16 of the Company's Articles of Incorporation, this information is posted on the Company's website (https://www.usmh.co.jp/ir/shareholders) (Japanese only).
   2) Details of events occurring after the last day of the most recent business year that have a significant impact on the status of company assets, such as disposal of important assets, burden of significant debts, etc.
      (a) Inageya resolved to implement the Share Exchange, with the Company becoming the wholly owning parent company in the share exchange and Inageya the wholly-owned subsidiary in the share exchange, by a resolution of the Board of Directors on April 18, 2024, and on the same date, the Share Exchange Agreement was concluded. The contents of the Share Exchange Agreement are as described in "2. Overview of the Contents of the Share Exchange Agreement" above.

      (b) By a resolution of the Board of Directors on April 18, 2024, Inageya resolved to receive special dividends of ¥1,263 million from Welpark, a subsidiary that operates a drugstore business, with August 30, 2024 as the effective date (scheduled), and to transfer the shares of Welpark to WELCIA HD for ¥6,989 million, with September 2, 2024 as the share transfer execution date (scheduled). On April 18, 2024, Inageya concluded a share transfer agreement (hereinafter the "Share Transfer Agreement") with WELCIA HD.

6. Details of Events Occurring after the Last Day of the Company's Most Recent Business Year that Have a Significant Impact on the Status of Company Assets, such as Disposal of Important Assets, Burden of Significant Debts, etc.
   The Company resolved to implement the Share Exchange, with the Company becoming the wholly-owning parent company in the share exchange and Inageya the wholly-owned subsidiary in the share exchange, by a resolution of the Board of Directors on April 18, 2024, and on the same date, the Share Exchange Agreement was concluded. The contents of the Share Exchange Agreement are as described in "2. Overview of the Contents of the Share Exchange Agreement" above.

Business report(From March 1, 2023 to February 29, 2024)

1. Matters related to the current situation of the Group

(1) Progress and results of the business

In this consolidated fiscal year, the management environment faced significant challenges due to a sharp depreciation of the yen, which continued to drive up energy and raw material prices, causing a surge in prices for food and household goods and posing a strong headwind to consumer spending. Additionally, wage increases due to employment expansion and cost increases due to responses to the logistics 2024 issue have led to price pass-through moves primarily in the manufacturing sector, accelerating the transition to inflation. Consumers are economizing more in this environment, increasingly choosing products and prices that align with their values from various channels, further driven by the trend of digitalization.

Under these conditions, the Group has taken measures to swiftly transition to a different structure by implementing supply chain reforms, logistics to reduce labor costs, and digital investments to mitigate the pressure on profits from rising costs, such as logistics costs, material prices, and utilities.

Specifically, in terms of supply chain reform and focusing on the logistics challenges of 2024, we have launched the "U.S.M.H. Yachiyo Grocery Center," a joint logistics center introducing facilities and material handling equipment that contribute to automation and labor-saving, and it has been in full operation since September 2023. Additionally, as a practical example of a new model of integrated manufacturing and retail, we have developed "INNER COLOR DELI" as part of the "Green Growers" sustainable product line in collaboration with Orbis Inc. It has been manufactured by our consolidated subsidiary, Rose Corp., and went on sale in October 2023.

In digital initiatives, in December 2023, we signed a business partnership with Vietnam's VTI JOINT STOCK COMPANY to focus on IT services and accelerate the development of various products and services including "ignica," aiming to enhance customer value and expand our product deployment business.

The main subsidiaries during this consolidated fiscal year, such as The Maruetsu, Inc. and MaxValu Kanto Co., Ltd., saw a recovery in the number of store visitors and average spend per customer, resulting in improved operating revenue, and gross profit.

On the other hand, Kasumi Co., Ltd. launched a new card in July 2023, shifting from flyer-based price appeals to a new initiative aimed at providing tailored deals based on individual customer preferences and needs, as well as digital experiences and services for customers paying in cash. However, due to a required initial penetration period, operating revenue decreased to 94.8% compared to the previous term, resulting in decreased revenue and profit. Nevertheless, the trends in operating revenue and gross profit are showing a clear recovery.

Across the Group, the gross profit margin improved by 0.4% compared to the previous term, leading to a 101.0% increase in total operating profit. Regarding SG&A, while we managed to reduce electricity costs through reduced power usage and changes in power procurement contracts, increased labor costs and the need to respond to diversifying shopping styles led to increased investments in EC convenience enhancements, diversified payment functions including self-checkouts, and labor-saving devices, which in turn caused an increase in depreciation expenses and promotional expenses due to strategies to expand customer visits, ultimately increasing costs by 0.7% over the previous term. As a result, the consolidated financial results for this consolidated fiscal year included operating revenue of 706.657 billion yen (a 0.3% decrease from the previous term), operating income of 6.907 billion yen (an 8.2% increase), ordinary income of 6.929 billion yen (a 6.0% increase), and net profit attributable to the owners of the parent of 1.008 billion yen (a 24.6% decrease).

During this consolidated fiscal year, The Maruetsu, Inc. opened four new stores, and Kasumi Co., Ltd. opened one new store. On the other hand, to optimize management resources, The Maruetsu, Inc. closed four stores, and MaxValu Kanto Co., Ltd. closed one store, bringing the total number of stores in the Group at the end of the consolidated fiscal year to 529.

The Maruetsu, Inc., a major subsidiary, expanded its "online delivery" to 44 stores and increased the number of stores offering "Uber Eats" service to 119 stores to enhance customer convenience. Furthermore, as a new customer touchpoint and to address shopping challenges in difficult areas, sales have begun with two "mobile supermarkets." Additionally, self-checkout was expanded to 214 stores, and smartphone payments became available in all stores. As a productivity improvement measure, electronic shelf labels were expanded to 107 stores, and demand-forecasting ordering systems were initiated in all stores. Regarding new store openings, starting with the Lincos Shirokane The Sky store, four stores were opened. Additionally, we started "food drive" activities in 10 new stores to address local community problems and contribute to food loss reduction, expanding to 77 stores.

Kasumi Co., Ltd. focused on increasing the utilization of the ignica brand prepaid point card "Scan&Go Card"

as a key strategy. The number of cards issued exceeded 1.19 million by the end of February 2024, and we continuously offered point programs to seniors and parents while implementing various sales strategies that included point rewards, thereby expanding convenience. In December 2023, a new food market model store aimed at making daily food shopping richer and more enjoyable was opened in Kamisato, Saitama at Aeon Town Kamisato.

MaxValu Kanto Co., Ltd. implemented store revitalization in two stores during this consolidated fiscal year based on individual employee input, enhancing products and services tailored to the local customers' lifestyles. Particularly in February 2024, the revitalization at MaxValu Warabi store focused on enhancing face-to-face sales, strengthening fresh prepared foods, expanding proprietary products, enhancing OMO, and creating new Cafe & Dine spaces, thus enhancing the shopping experience as an experiential supermarket. Additionally, in February 2024, in collaboration with the city of Chiba, a "mobile supermarket" began operations in the Hanamigawa district of Chiba city.

The Group operates the supermarket business as a single segment and omits segment information for other businesses due to their lack of importance.

(Reference Information)

Regarding the major consolidated subsidiaries during this consolidated fiscal year, the operating revenue of The Maruetsu, Inc. was 390.138 billion yen (a 3.8% increase from the previous term), Kasumi Co., Ltd. was 269.891 billion yen (a 5.2% decrease), and MaxValu Kanto Co., Ltd. was 45.183 billion yen (a 4.0% increase).

(2) ESG (Environmental, Social, and Corporate Governance) Initiatives

① Initiatives towards environmental and social contributions

The Group is committed to creating a carbon-neutral society by reducing electricity usage, promoting renewable energy, minimizing food waste and other waste materials through recycling, and transitioning to environmentally conscious materials that eliminate plastic use (e.g., plant-based biomass composite cutlery and shopping bags). Furthermore, starting with our exclusive sales contract with Beyond Meat, we focus on developing and selling products that reduce environmental impact (Green Growers), aiming to realize a sustainable society.

Additionally, based on the "Integrated Report 2022," we have formulated a specific roadmap for the key issues identified and have started initiatives to achieve these goals while setting performance targets. During this consolidated fiscal year, each business entity within the Group implemented renewable energy solutions, exceeding Group-wide CO2 reduction targets significantly.

Furthermore, each company within the Group is committed to strengthening connections with local communities by engaging in social contribution activities tailored to local characteristics and needs, food support activities together with customers, fundraising efforts, comprehensive cooperation agreements with local governments, and operating mobile supermarkets in areas with shopping difficulties to address local issues.

In response to the Noto Peninsula earthquake in January 2024, The Maruetsu, Inc. held the "Hokuriku Support Fair," allocating a portion of the sales revenue from well-known Hokuriku products and confections for reconstruction efforts, and the Group also conducted a fundraising campaign and donated the collected funds.

Going forward, the Group will continue to engage in activities that address local community issues.

② Initiatives for strengthening corporate governance

Based on our core philosophy, vision, and mission that form the backbone of our business activities, we have established a basic policy on corporate governance and disclosed it on our website. Our main initiatives include the establishment of a Human Resources and Compensation Advisory Committee and an Evaluation Advisory Committee, composed mainly of independent outside executives, following the Regular General Meeting of Shareholders in May 2016. The Human Resources and Compensation Advisory Committee provides recommendations on compensation systems and amounts for our directors and subsidiary directors, while the Evaluation Advisory Committee continuously works on improving the effectiveness of the Board of Directors based on analyses and evaluations of its effectiveness.

(3) Challenges to be addressed

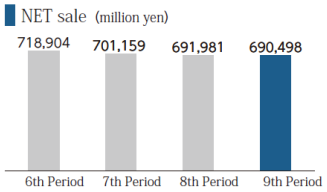
The environment of cost-push inflation due to wage increases and rising costs of many imported resources and raw materials is expected to continue, requiring more rigorous cost-benefit analysis, and concerns over interest rate increases due to the lifting of the Bank of Japan's negative interest rate policy, necessitating more precise investments. Furthermore, given the intensifying competition across business formats and the anticipated effects of an aging and declining population, it is urgent to redefine business domains and markets by transitioning to a business that integrates digital and physical elements, such as OMO. In response, the Group

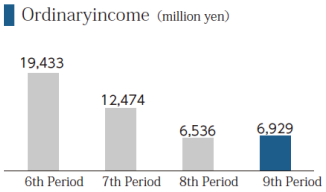
has formulated and is implementing various measures under the third medium-term business plan, covering three fiscal years from FY2023 (February 2024 term to February 2026 term). Specifically, the plan includes ① redefining and revitalizing our existing supermarket business through transformation of products and stores (the first engine), ② expanding out-of-store revenue through the implementation of OMO (the second engine), and ③ developing businesses targeting new areas leveraging our accumulated digital intellectual property (the third engine). These three engines are being driven concurrently to realize the vision set forth in our third medium-term business plan, "Beyond Supermarket," which aims to transcend traditional supermarket business structures.

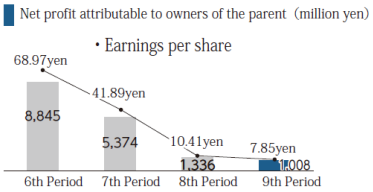
(4) Financial and Profit and Loss Situation of the Group

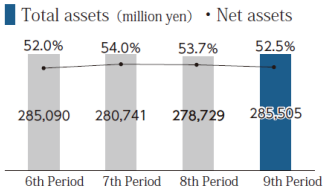
Category / By fiscal year	Sixth Period (FY 2020)	Seventh Period (FY 2021)	Eighth Period (FY 2022)	Ninth Period (FY 2023)
Net sales	718,904 million yen	701,159 million yen	691,981 million yen	690,498 million yen
Ordinary income	19,433 million yen	12,474 million yen	6,536 million yen	6,929 million yen
Net profit attributable to owners of the parent	8,845 million yen	5,374 million yen	1,336 million yen	1,008 million yen
Earnings per share	68.97 yen	41.89 yen	10.41 yen	7.85 yen
Total assets	285,090 million yen	280,741 million yen	278,729 million yen	285,505 million yen
Net assets	148,797 million yen	152,238 million yen	150,022 million yen	150,250 million yen
Equity ratio	52.0%	54.0%	53.7%	52.5%
Net assets per share	1,155.18 yen	1,180.56 yen	1,167.15 yen	1,168.73 yen

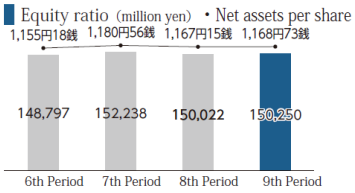
(Notes) 1. Earnings per share for the current term are calculated based on the average total number of shares issued during the period, while net assets per share are calculated based on the number of shares issued at the end of the period.
2. "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, issued March 31, 2020) has been applied since the beginning of the eighth period.

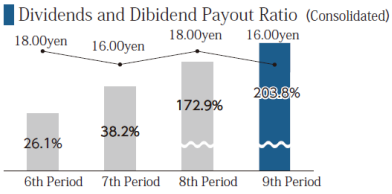












(5) Situation of parent company and important subsidiaries

① Situation of the parent company

Company name	Capital stock	Capital contribution ratio	Main business content	Business relationship
Aeon Co., Ltd.	220,007 million yen	52.20% (51.0%)	Pure holding company	—
Aeon Market Investment Inc.	100 million yen	51.0%	Pure holding company	—

(Notes) 1. The numbers in parentheses under the capital contribution ratio column represent the percentage of indirect ownership.
2. Aeon Market Investment Inc. owns 52.4% of voting rights in the Company and has a capital contribution ratio of 51.0%. Aeon Co., Ltd. owns 100.0% of the voting rights in Aeon Market Investment Inc.

② Issues related to transactions with the parent company and related entities

a. Matters taken into account to ensure that these transactions do not harm our profits

The Group purchases private brand products such as "Top Valu" and other items from Aeon Co., Ltd., a Group company. Additionally, the Group engages in real estate leasing transactions with the same Group for our store facilities, among other properties. In conducting these transactions, to protect minority shareholders, we ensure that the necessity and terms of the transactions are not significantly different from those with third parties, and decisions are made fairly and properly based on rational judgment.

b. Regarding the decision by the Board of Directors on whether these transactions harm our profit and the reasons for their decision

United Super Markets Holdings (hereinafter "The Company"), considering the independence from the parent company and appropriate opinions from independent outside directors, makes decisions on whether to conduct these transactions after multifaceted discussions in the Board of Directors. In terms of business operations, we execute our duties based on decisions made primarily by our Board of Directors, maintaining our independence as a listed company and conducting our management and business activities appropriately while respecting each other's positions.

③ Situation of important subsidiaries

Company name	Capital stock	Our capital contribution ratio	Main business content
The Maruetsu, Inc.	100 million yen	100.0%	Supermarket business
Kasumi Co., Ltd.	100 million yen	100.0%	Supermarket business
MaxValu Kanto Co., Ltd.	100 million yen	100.0%	Supermarket business

(Notes) 1. The Company has 12 subsidiaries.
2. Kyoei A&I Co., Ltd., previously a consolidated subsidiary, has been excluded from the consolidated fiscal year since we divested our equity interest.

④ Situation of important affiliated companies

Company name	Capital stock	Our capital contribution ratio	Main business content
Seibu Co., Ltd.	50 million yen	27.7% (27.7)%	Supermarket business

(Notes) 1. We have three affiliated companies, including the important affiliated company mentioned above.
2. The numbers in parentheses under the capital contribution ratio column represent the percentage of indirect ownership.

⑤ Status of specified wholly owned subsidiaries at the end of the business year

Company name	Address	Total book value	Our total assets
The Maruetsu, Inc.	5-51-12 Higashi-Ikebukuro, Toshima, Tokyo	62,179 million yen	160,479 million yen
Kasumi Co., Ltd.	599-1 Nishi-Ohashi, Tsukuba, Ibaraki	64,257 million yen	

(6) Capital investment and funding status

The Group's capital investments focused on expanding the supermarket business, including opening five new stores and revitalizing existing stores.

As a result, capital investment expenditures for this consolidated fiscal year amounted to 24.275 billion yen.

Furthermore, the funds required for capital investments made during this consolidated fiscal year were covered by internal funds, etc., and interest-bearing debt increased by 1.63 billion yen compared to the end of the previous consolidated fiscal year, totaling 44.876 billion yen.

(7) Main business content (as of February 29, 2024)

The Group consists of the Company, 12 subsidiaries, and 3 affiliated companies, operating in the supermarket business, related product supply business, and other businesses including real estate.

The business content and the role of the Company and related companies in these businesses are as follows.

① Supermarket business

Company name	Category
The Company	Manages the supermarket business
The Maruetsu, Inc. Kasumi Co., Ltd. MaxValu Kanto Co., Ltd. Seibu Co., Ltd.	Mainly engaged in supermarket business including groceries, household goods, and apparel
Maruetsu Fresh Foods Co., Ltd.	Fresh food processing business
ROSE CORPORATION Co.,Ltd. Kasumi Green Co., Ltd.	Involved in the processing, manufacturing, and sales of food products.
Kasumi Mirai Co., Ltd.	Vegetable processing and packaging, etc.

② Other businesses

Company name	Category
Maruetsu-Kaihatsu CO., LTD.	Real estate business
Clover CO.,Ltd.	Product development business
Food Quality Management Center Co., Ltd.	Quality control and inspection services
Marno Co., Ltd.	Business outsourcing services
Asubiz Support Co., Ltd.	Human resources outsourcing services
Nippon Ryutsu Mirai Kyoiku Center Co., Ltd.	Education services
ESUO CORPORATION	Retail operations including cashier and store management

(8) Major bases of the corporate group (as of February 29, 2024)

① The Company

Business location	Address
Head office	Chiyoda, Tokyo
Warabi office	Warabi, Saitama
THE TERRABASE Tsuchiura	Tsuchiura, Ibaraki
U. S. M. H Yachiyo Grocery Center	Yachiyo, Chiba

② Subsidiary

Company name	Head office, stores, and business sites
The Maruetsu, Inc.	[Head office] Toshima, Tokyo
	[Stores and business sites] 149 stores in Tokyo, 55 in Saitama, 49 in Chiba, 49 in Kanagawa, 1 in Ibaraki, 1 in Tochigi, totaling 304 stores Kawasaki Complex Center (Kawasaki, Kanagawa), Misato Complex Center (Misato, Saitama)
Kasumi Co., Ltd.	[Head office] Tsukuba, Ibaraki
	[Stores and business sites] 108 stores in Ibaraki, 40 in Chiba, 34 in Saitama, 7 in Tochigi, 4 in Gunma, 2 in Tokyo, totaling 195 stores Central Distribution Center (Kasumigaura, Ibaraki), Sakura Distribution Center (Sakura, Chiba), Meat Processing Center (Tsuchiura, Ibaraki)
MaxValu Kanto Co., Ltd.	[Head office] Koto, Tokyo
	[Stores and business sites] 14 stores in Chiba, 12 in Tokyo, 2 in Saitama, 2 in Kanagawa, totaling 30 stores

(9) Employee situation of the corporate group (as of February 29, 2024)

Category	Number of employees	
Supermarket business	7,121 employees	(18,945 employees)
Other businesses	71 employees	(1,768 employees)
Total	7,192 employees	(20,713 employees)

(Notes) 1. The number of employees is based on the number of working personnel.
2. The numbers in parentheses indicate the annual average number of part-time and temporary workers (converted to 8-hour days)

(10) Major lenders and borrowing balances (as of February 29, 2024)

Lender	Borrowing balance
The Joyo Bank, Ltd.	5,890 million yen
The Norinchukin Bank	4,020 million yen
Development Bank of Japan Inc.	4,000 million yen
Saitama Resona Bank, Ltd.	3,950 million yen
Shinkin Central Bank	3,000 million yen

2. Matters related to the Company's shares (as of February 29, 2024)

(1) Total number of authorized shares 500,000,000 shares

(2) Total number of outstanding shares 131,681,356 shares

(3) Number of shareholders 119,390 persons

(4) Major shareholders (top 10)

Shareholder name	Number of shares held	Shareholding percentage
Aeon Market Investment Inc.	67,159 thousand shares	52.31%
The Master Trust Bank of Japan, Ltd. (trust account)	5,673 thousand shares	4.41%
U.S.M.H. Group Business Partners Shareholding Association	2,854 thousand shares	2.22%
Public Interest Incorporated Foundation Kambayashi International Student Scholarship Foundation	2,300 thousand shares	1.79%
Aeon Co., Ltd.	1,629 thousand shares	1.26%
Nippon Access, Inc.	1,528 thousand shares	1.19%
Kokubu Group Corp.	1,099 thousand shares	0.85%
Mitsubishi Shokuhin Co., Ltd.	1,091 thousand shares	0.84%
Kowa Company, Ltd.	1,010 thousand shares	0.78%
Custody Bank of Japan, Ltd. (trust account)	846 thousand shares	0.65%

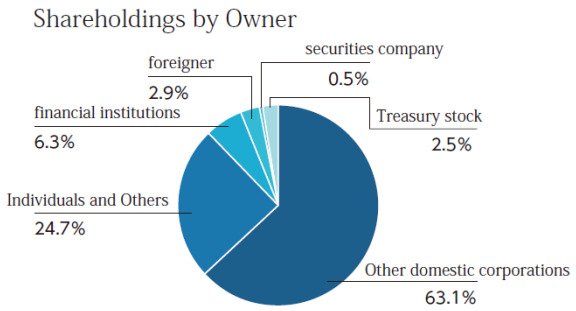
(Notes) 1. Treasury stock (3,311,059 shares) is not included in the major shareholders' list.
2. Shareholding percentages are calculated excluding treasury stock (3,311,059 shares) and are displayed rounding down to the third decimal place.
3. Share counts are displayed rounding down to the nearest thousand.

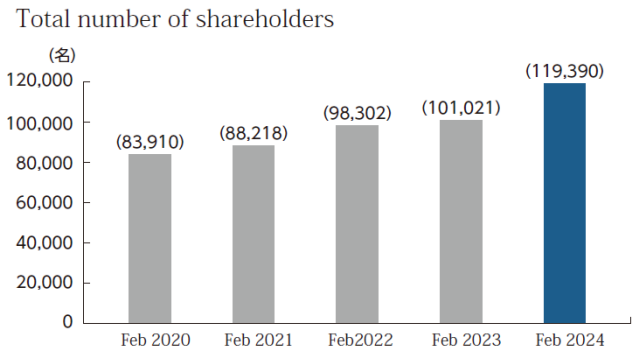
(5) Status of shares issued to executives as compensation for execution of duties during this business year

Category	Number of shares (shares)	Number of recipients (persons)
Director (excluding outside directors)	8,900 shares	4 persons

Note: The above includes shares issued to directors who have resigned.

(For reference)





(6) Matters related to stock acquisition rights, etc.

① Summary of stock acquisition rights issued as compensation for the execution of duties held by executives at the end of the business year

Category	Name (Date of resolution)	Number of holders and quantity	Type and number of shares targeted	Issue price (per unit)	Exercise price (per share)	Exercise period
Director	First stock acquisition right (May 29, 2017)	5 persons 245 units	Common shares: 24,500 shares	113,800 yen	1 yen	June 27, 2017 to June 26, 2047
Director	Second stock acquisition right (May 21, 2018)	5 persons 169 units	Common shares: 16,900 shares	138,600 yen	1 yen	June 11, 2018 to June 10, 2048
Director	Third stock acquisition right (May 24, 2019)	5 persons 216 units	Common shares: 21,600 shares	89,200 yen	1 yen	June 10, 2019 to June 9, 2049
Director	Fourth stock acquisition right (May 20, 2020)	5 persons 200 units	Common shares: 20,000 shares	106,300 yen	1 yen	June 8, 2020 to June 7, 2050
Director	Fifth stock acquisition right (May 21, 2021)	5 persons 226 units	Common shares: 22,600 shares	101,600 yen	1 yen	June 14, 2021 to June 13, 2051
Director	Sixth stock acquisition right (May 20, 2022)	5 persons 219 units	Common shares: 21,900 shares	98,600 yen	1 yen	June 13, 2022 to June 12, 2052
Director	Seventh stock acquisition right (May 19, 2023)	5 persons 116 units	Common shares: 11,600 shares	103,100 yen	1 yen	June 19, 2023 to June 18, 2053

(Notes) 1. Directors referred to here exclude outside directors and part-time directors.
2. The exercise of stock acquisition rights is conditional on the holder not being an active director or corporate auditor of the Company or any consolidated subsidiary. Rights can only be exercised in a lump sum within ten days following the loss of their position as a director or auditor of the Company or any consolidated subsidiary.
3. Transfer of stock acquisition rights requires the approval of our Board of Directors.

② Summary of stock acquisition rights issued as compensation for execution of duties to our employees during this business year

Category	Name (Date of resolution)	Number of recipients and units	Type and number of shares targeted	Issue price (per unit)	Exercise price (per share)	Exercise period
Subsidiary Director	Seventh stock acquisition right (May 19, 2023)	8 persons 107 units	Common shares: 10,700 shares	103,100 yen	1 yen	June 19, 2023 to June 18, 2053

(Notes) 1. The exercise of stock acquisition rights is conditional on the holder not being an active director or corporate auditor of the Company or any consolidated subsidiary. Rights can only be exercised in a lump sum within ten days following the loss of their position as a director or auditor of the Company or any consolidated subsidiary.
2. Transfer of stock acquisition rights requires the approval of our Board of Directors.

3. Matters concerning company executives

(1) Names, etc. of directors and corporate auditors (as of February 29, 2024)

Position	Name	Responsibilities and important concurrent positions
Representative Director and President	Motohiro Fujita	Vice Chairman at Aeon Co., Ltd., Director at Kasumi Co., Ltd., Director at MaxValu Kanto Co., Ltd.
Representative Director Vice President	Shinichiro Yamamoto	Head of Digital Division, Representative Director and President at Kasumi Co., Ltd.
Representative Director Vice President	Masaharu Honma	Representative Director and President at The Maruetsu, Inc.,
Director Vice President	Satoshi Shimada	President at MaxValu Kanto Co., Ltd., Director
Director	Hiroshi Saito	The Maruetsu, Inc. Director, Executive Officer, Head of Education Human Resources Department, also in charge of Business Design and Management Planning.
Director Counselor	Motoya Okada	Director and Representative Executive Chairman at Aeon Co., Ltd. Aeon Mall Corp. Director Counselor Welcia Holdings Co., Ltd. Director Kusuri no Aoki Holdings Co., Ltd. Director at Aoki Holdings Inc.
Director	Tomonobu Miki	Executive officer and head of the first food division at Marubeni Corp.
Director	Shigekazu Torikai	Representative of Torikai General Law Office Outside Director at Murakoshi Holdings Co., Ltd.
Director	Naoko Makino	Representative Director of Limited Company Studio Ku Delegate of the Japanese Society of Food Education and member of the Planning Committee
Full-time Corporate Auditor	Takeshi Nemoto	Corporate Auditor at The Maruetsu, Inc.
Full-time Corporate Auditor	Tadayoshi Yoyogi	Corporate Auditor at Kasumi Co., Ltd.
Corporate Auditor	Chiharu Takeshima	Deputy head of the first food division and head of the first and second strategic planning offices of the food division at Marubeni Corp.
Corporate Auditor	Hirofumi Ishimoto	Full-time Corporate Auditor at Aeon Big Co., Ltd.
Corporate Auditor	Shinobu Okamoto	Representative of Okamoto Shinobu Tax Accountant Office Outside Director at Yamaichi Electronics Co., Ltd. (Audit and Supervisory Board Member)

(Notes) 1. Changes in directors and corporate auditors during the business year
Directors Ryota Furuse and Akira Terakawa, and Corporate Auditors Masami Sakamoto and Koichi Ihara retired upon the conclusion of their terms at the 8th Regular General Meeting of Shareholders held on May 19, 2023.

2. At the 8th Regular General Meeting of Shareholders held on May 19, 2023, Hiroshi Saito and Tomonobu Miki were newly appointed as directors, and Takeshi Nemoto and Chiharu Takeshima were newly appointed as corporate auditors.

3. Directors Tomonobu Miki, Shigekazu Torikai, and Naoko Makino qualify as outside directors under Article 2, Paragraph 15 of the Companies Act. Additionally, Directors Shigekazu Torikai and Naoko Makino are registered as independent executives with the Tokyo Stock Exchange, where the Company is listed.

4. Corporate Auditors Chiharu Takeshima, Hirofumi Ishimoto, and Shinobu Okamoto qualify as outside corporate auditors under Article 2, Paragraph 16 of the Companies Act. Additionally, Corporate Auditor Shinobu Okamoto is registered as an independent executive with the Tokyo Stock Exchange where the Company is listed.

5. Corporate Auditor Shinobu Okamoto primarily has extensive experience in corporate accounting and a broad understanding of taxation and accounting as a certified public accountant.

(2) Matters concerning the compensation of directors and corporate auditors

In response to the amendments to the Companies Act enacted on March 1, 2021, the Company adopted a resolution at the Board of Directors meeting held on February 26, 2021, regarding policies for the individual compensation of directors, based on our corporate governance guidelines.

Excluding our outside executives, our officer compensation policy reflects a commitment to "enhancing medium- to long-term financial results and fostering a healthy entrepreneurial spirit among directors to drive sustainable growth and enhance corporate value" as a basic policy. This executive compensation system increases the proportion linked to performance, and the amounts paid to directors are determined within the limits set by the resolution of the General Meeting of Shareholders, based on recommendations from the Human Resources and Compensation Advisory Committee.

The compensation for outside directors and corporate auditors consists solely of a monthly salary. The level of compensation is determined based on third-party benchmarks for compensation levels at domestic companies. The amount of compensation for corporate auditors is decided through discussions among the auditors, within the limits set by a resolution at the General Meeting of Shareholders.

Additionally, a "Human Resources and Compensation Advisory Committee" primarily composed of independent outside executives is continuously positioned under the Board of Directors. Each April, the committee reviews the previous year's financial results for each operating company to verify the appropriateness of compensation levels, ensuring objectivity and transparency.

① Overview of the compensation system for directors (excluding outside executives)

<table>
<tr><th>Type</th><th colspan="2">Plan</th><th>Content</th><th>Performance-linked</th><th>Deliverable</th><th>Evaluation Target</th></tr>
<tr><td rowspan="2">Monthly Compensation</td><td rowspan="2">Monthly compensation</td><td>Basic compensation</td><td rowspan="2">Monetary compensation paid monthly, fixed according to the director's position</td><td rowspan="2">Fixed</td><td rowspan="3">Monetary</td><td rowspan="2">–</td></tr>
<tr><td>Role-based compensation</td></tr>
<tr><td colspan="2">Annual performance compensation (reflected monthly)</td><td>Amounts are determined based on the previous fiscal year's performance achievement rate and the individual director's evaluation, consisting of performance-linked monetary compensation</td><td rowspan="4">Performance Linked</td><td>Short-term</td></tr>
<tr><td rowspan="2">Equity Compensation</td><td colspan="2">Restricted stock compensation (RS)</td><td>Linked to the medium-term business plan, stock compensation pre-determined annually for the target period</td><td>Stock</td><td rowspan="2">Medium- to long-term</td></tr>
<tr><td colspan="2">Stock compensation
Stock option (SO)</td><td>Granted based on the achievement rate of the previous fiscal year's performance, it is a form of the Company's stock compensation</td><td>New share Reservation rights</td></tr>
</table>

② Overview of position-specific compensation, performance-linked compensation, and non-monetary compensation distribution ratios

Based on the table below, individual compensation is calculated based on the performance achievement points, which are derived from the completion rate of the budget for consolidated operating revenue and consolidated ordinary income. Within the range of the payout rate predetermined according to each director's role, the payout rate is determined by each director's performance evaluation. The compensation amount is then determined by multiplying the payout rate by the standard value. The Company uses the following performance indicators to consistently realize improvements in corporate value. In this business year, consolidated operating revenue was 706.6 billion yen, and consolidated ordinary income was 6.9 billion yen, with a performance achievement rate of 69.3%.

Position-specific compensation	Ratio (composition %)				Total (%)
	Fixed compensation	Performance-linked compensation			
	Monetary compensation		Stock-based compensation (SO)	Restricted stock compensation (RS)	
(Representative Director) Chairman & President	45	40	10	5	100
(Representative Director) Vice President	45	40	10	5	
(Non-representative) Chairman & Vice President	50	35	10	5	
Senior Managing Director	55	30	10	5	
Managing Director	58	27	10	5	
Concurrent Director	60	25	10	5	

Note: The composition ratio percentages are calculated based on the total compensation amount as 100%, and listed as average values (%) for each type of compensation.

③ Procedures for determining compensation

To ensure the appropriateness and transparency of the compensation decision process for targeted directors, the Company has established a Human Resources & Compensation Advisory Committee as an advisory body to the Board of Directors, with a majority of its members being independent outside executives. The structure of directors' compensation, the appropriateness of the design of performance-linked compensation systems, the setting of targets, and performance evaluations are deliberated within the Human Resources & Compensation Advisory Committee, then reported to the Board of Directors for decision.

In determining individual directors' compensation for this business year, the Human Resources & Compensation Advisory Committee conducts a comprehensive review, including consistency with the officer compensation policy, before making a recommendation. The Board of Directors respects the content of these recommendations, judging them to be in line with the officer compensation policy.

④ Total amount and number of directors and corporate auditors' compensation for the current term

Executive classification	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)			Number of executives involved (persons)
		Monthly compensation	Stock options	Restricted stock compensation	
Directors (excluding outside directors)	66	41	12	10	7
Corporate Auditors (excluding outside corporate auditors)	18	18	—	—	3
Outside Directors	23	23	—	—	4
Outside Corporate Auditors	11	11	—	—	4

(Notes) 1. The total number of directors and corporate auditors compensated includes payments to two directors and two corporate auditors who retired upon the conclusion of the 8th Regular General Meeting of Shareholders held on May 19, 2023.

2. The annual limit for directors' compensation was set at the 1st Regular General Meeting of Shareholders held on May 19, 2016, at up to 150 million yen annually (of which up to 35 million yen is for outside directors), with nine directors at the time of this resolution (including three outside directors). At the 2nd Regular General Meeting of Shareholders held on May 19, 2017, it was resolved to continue providing monetary compensation for stock-based compensation (assigning stock acquisition rights with an exercise price of 1 yen per share) within the annual limit of 150 million yen established for directors (excluding outside directors and part-time directors) at the 1st Regular General Meeting of Shareholders held on May 19, 2016. At the time of this resolution, the target number of directors was nine (including three outside directors).

3. At the 2nd Regular General Meeting of Shareholders held on May 19, 2017, it was resolved to introduce a restricted stock compensation system for targeted directors to provide incentives for sustained enhancement of corporate value and to further share value with shareholders. Additionally, separate from the directors' compensation, the upper limit of the monetary remuneration claim for restricted stock paid to the directors was set at 150 million yen annually, with the total number of company shares granted not exceeding 200,000 per year. Furthermore, at the 5th Regular General Meeting of Shareholders held on May 20, 2020, part of the restricted stock compensation system was revised. For the first, second, and third years of the medium-term business plan, stocks with a one-year restriction period were granted, with all restrictions lifted if the previous business year's achievement points reached 100% or higher, and all forfeited if less than 100%. However, the monetary remuneration claim related to the restricted stock compensation system for targeted directors is intended to be paid in a lump sum as compensation for one year of execution of duties, effectively within an annual limit of 50 million yen and up to 66,667 shares, following the previous system. At the time of this resolution, the number of targeted directors was five.

4. The annual limit for corporate auditors' compensation was set at the 1st Regular General Meeting of Shareholders held on May 19, 2016 at up to 50 million yen, with five corporate auditors at the time of the resolution (including three outside corporate auditors).

5. The above payments include the cost of stock acquisition rights granted to five directors by a resolution of the Board of Directors held on May 19, 2023 for the current term, amounting to 14 million yen.

6. In addition to the above compensation, the total amount of officer compensation received by outside corporate auditors from the parent company and its subsidiaries, etc. (excluding the Company) is 11 million yen, paid to one person.

7. The amounts for stock options and restricted stock compensation represent the expense recorded for the current business year.

8. The monthly compensation of 41 million yen for directors (excluding outside directors) consists of a fixed monthly compensation of 36 million yen and performance-linked monetary compensation of 5 million yen based on annual financial results. The total amount for performance-linked compensation is 28 million yen, and the total for non-monetary compensation is 23 million yen.

9. Monthly compensation for corporate auditors (excluding outside corporate auditors), outside directors, and outside corporate auditors consists entirely of fixed monetary compensation.

(3) Directors and corporate auditors who retired during this business year

Name	Date of retirement	Reason for retirement	Position at the time of retirement, and important concurrent positions
Ryota Furuse	May 19, 2023	Term expired	Director of the Company Representative Director and Chairman of The Maruetsu, Inc.
Akira Terakawa	May 19, 2023	Term expired	Director of the Company Representative Director and Senior Executive Vice President; CEO of the Consumer Products Group at Marubeni Corp.
Masami Sakamoto	May 19, 2023	Term expired	Corporate Auditor of the Company
Koichi Ihara	May 19, 2023	Term expired	Corporate Auditor of the Company Manager of the Consumer Products Group at Marubeni Corp.

(4) Major changes in the positions of directors and corporate auditors after the end of this business year

Name	New position	Previous position	Date of change
Motohiro Fujita	Chairman of Kasumi Co., Ltd.	Vice Chairman at Aeon Co., Ltd., Director at Kasumi Co., Ltd.,	March 1, 2024
Shinichiro Yamamoto	Director at Kasumi Co., Ltd., Head of Digital Division and Management Strategy Division at the Company	Representative Director and President at Kasumi Co., Ltd. Head of Digital Division at the Company	March 1, 2024
Tomonobu Miki	Director at Marubeni Corp.	Executive officer and head of the first food division at Marubeni Corp.	April 1, 2024
Chiharu Takeshima	Deputy head of the first food division and head of the first and second strategic planning offices of the food division at Marubeni Corp.	Deputy head of the first food division and head of the first and second strategic planning offices of the food division at Marubeni Corp.	April 1, 2024

(5) Matters concerning outside executives

① Important concurrent positions and relations with the Group

- Important concurrent positions of outside directors and outside corporate auditors are as listed in "3. Matters concerning company executives (1) Names, etc. of directors and corporate auditors (as of February 29, 2024)."
- Tomonobu Miki and Chiharu Takeshima, who hold concurrent positions at Marubeni Corporation, are involved in transactions such as the procurement of goods between the Group and the Marubeni group.
- There are no special relationships with the concurrent positions of other outside directors and outside corporate auditors.

② Attendance at the Board of Directors and Audit and Supervisory Board during this business year (number of attendances/number of meetings)

Category	Name	Board of Directors	Audit and Supervisory Board
Director	* Tomonobu Miki	10 times/10 times(Attendance rates 100.0%)	—
Director	Shigekazu Torikai	12 times/12 times(Attendance rates 100.0%)	—
Director	Naoko Makino	12 times/12 times(Attendance rates 100.0%)	—
Corporate Auditor	* Chiharu Takeshima	10 times/10 times(Attendance rates 100.0%)	10 times/10 times (Attendance rate 100.0%)
Corporate Auditor	Hirofumi Ishimoto	12 times/12 times(Attendance rates 100.0%)	13 times/13 times (Attendance rate 100.0%)
Corporate Auditor	Shinobu Okamoto	12 times/12 times(Attendance rates 100.0%)	13 times/13 times (Attendance rate 100.0%)

Note: The * indicates the status after appointment on May 19, 2023.

③ Main activities during this business year

- Tomonobu Miki has played a proper role in ensuring the appropriateness and correctness of decision-making due to his deep insight gained from experience as an overseas corporate manager, contributing objective perspectives and active participation in strategic corporate management.
- Shigekazu Torikai, as an outside director, has played a proper role in ensuring the appropriateness and correctness of decision-making by providing an objective, independent perspective primarily from his professional standpoint as a lawyer and actively participating in discussions. He also serves as the chairperson of the Human Resources & Compensation Advisory Committee, performing a supervisory function in the selection of executive candidates and decision-making processes concerning officer compensation from a neutral standpoint.
- Naoko Makino, as an outside director, has played a proper role in ensuring the appropriateness and correctness of decision-making by bringing a consumer's objective and independent perspective to discussions, enriched by her extensive experience and knowledge in nutrition and cooking. She also serves as a member of the Human Resources & Compensation Advisory Committee, performing a supervisory function in the selection of executive candidates and decision-making processes concerning officer compensation from a neutral standpoint.
- Chiharu Takeshima, as an outside corporate auditor, has played a proper role in ensuring the appropriateness and correctness of decision-making by contributing his adequate knowledge and experience in mainly business administration from an audit perspective and actively participating in discussions. He also serves as a member of the advisory committee evaluating the effectiveness of the Board of Directors, contributing as needed to problem-solving efforts.
- Hirofumi Ishimoto, as an outside corporate auditor, has played a proper role in ensuring the appropriateness and correctness of decision-making, actively contributing his views based on the extensive management experience and knowledge gained from his long involvement with other companies.

- Shinobu Okamoto, as an outside corporate auditor, has played a proper role in ensuring the appropriateness and correctness of decision-making by providing an objective, independent perspective as a tax accountant with rich experience in corporate accounting and a broad understanding of taxation and accounting, actively participating in discussions. He also serves as a member of the Human Resources & Compensation Advisory Committee, performing a supervisory function in the selection of executive candidates and decision-making processes concerning officer compensation from a neutral standpoint.

(6) Summary of the liability limitation agreement

The Company has provisions in the articles of incorporation allowing for the limitation of compensation liability under Article 427, Paragraph 1 of the Companies Act for outside executives.

Accordingly, all outside executives have entered into contracts that limit the amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided they perform their duties in good faith and without gross negligence.

(7) Summary of the directors and officers liability insurance contract

We have entered into a directors and officers liability insurance contract with an insurance firm as provided under Article 430-3, Paragraph 1 of the Companies Act, which covers damages or costs associated with litigation arising from the execution of their duties. The insured under this insurance contract includes the Company's directors and corporate auditors, as well as those of subsidiaries, and all premiums are entirely borne by the Company.

4. Matters related to the accounts auditor

(1) Name of the accounts auditor: Deloitte Touche Tohmatsu LLC

(2) Amount of compensation

① Amount of compensation for the accounts auditor for this business year 31 million yen

② Total amount of monetary and other property benefits payable to the accounts auditor by the Company and its subsidiaries 110 million yen

(Notes) 1. Reason the Audit and Supervisory Board agreed to the compensation of the accounts auditor
Our Audit and Supervisory Board, after obtaining necessary documents and reports from the Board of Directors, internal departments, and the accounts auditor, reviewed the previous accounts auditor's execution of duties, the current term's audit plan, audit hours, and the basis for estimating compensation. Consequently, they consented to the amount of compensation for the accounts auditor as per Article 399, Paragraph 1 of the Companies Act.

2. The Company pays the accounts auditor for advisory and guidance services related to the application of revenue recognition standards, which are tasks other than those specified under Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. In our audit contract with the accounts auditor, the compensation amount for the audit under the Companies Act and the Financial Instruments and Exchange Act is not distinguished, and effectively, these amounts cannot be separated; thus, ① includes these total amounts.

(3) Policy on dismissal or non-reappointment

If deemed necessary, such as when there is an impediment to the execution of duties by the accounts auditor, the Audit and Supervisory Board will decide on a proposal for dismissal or non-reappointment of the accounts auditor, and the Board of Directors will submit this proposal to the General Meeting of Shareholders based on that decision.

Furthermore, if the accounts auditor is deemed to meet the criteria specified under Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Board, with the consent of all corporate auditors, will dismiss the accounts auditor. In this case, the corporate auditor selected by the Audit and Supervisory Board will report the dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal.

5. Company Structure and Policy

(1) Basic policy on the Company's corporate governance

① Basic policy on corporate governance

- Respect the autonomy of operating companies and base operations on the core philosophy, vision, and mission established at the founding, which focus on "customer-first" and "contributing to the local community".
- Ensure transparency and fairness in decision-making to achieve proper collaboration with shareholders and other stakeholders.
- Treat shareholders, especially those who provide feedback through their daily shopping, and other stakeholders who can collaborate effectively from a medium- to long-term perspective as important partners. Create an environment conducive to constructive dialogue and establish a system that incorporates their input into our management.
- Based on the above three principles, ensure rationality in the management decision-making process to demonstrate healthy entrepreneurial spirit and make rapid and decisive decisions, striving for the Company's sustainable growth and medium- to long-term increase in corporate value.

② Overall structure of the corporate governance system

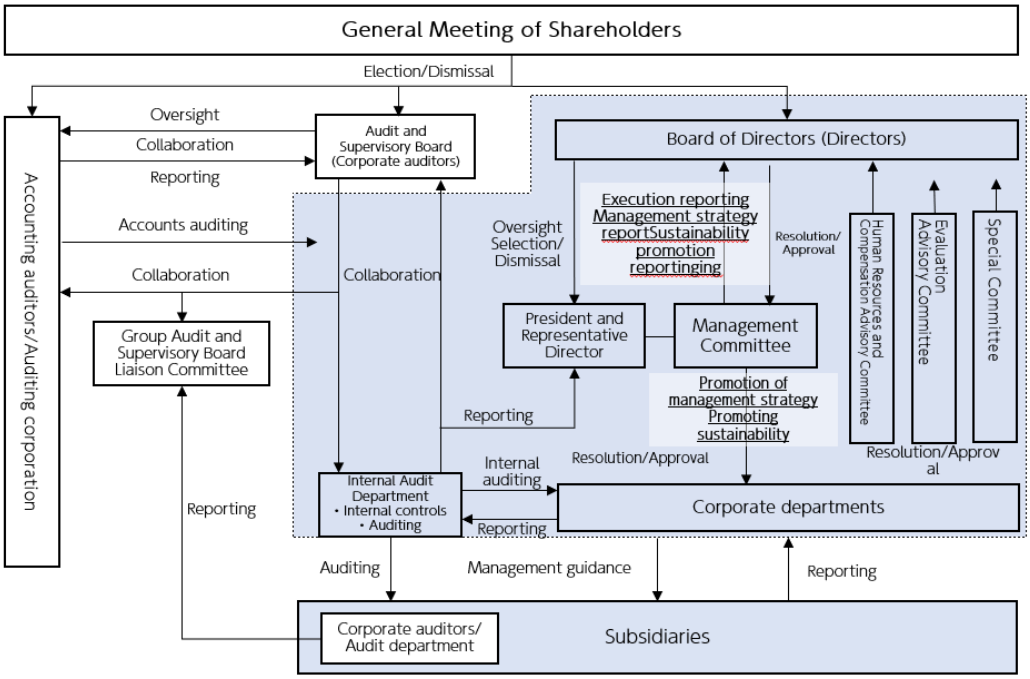
- The Board of Directors makes significant management decisions, and as a company with an audit and supervisory board, independent corporate auditors and the Audit and Supervisory Board audit the execution of duties by the directors.
- Enhance the independence of the Board of Directors and the effectiveness of supervision over the management team and directors by maintaining a system with two independent outside directors and appointing one independent outside corporate auditor.
- Establish a special committee with enhanced independence to deliberate and report on significant transactions that may conflict with the interests of minority shareholders.
- Establish the "Human Resources & Compensation Advisory Committee," consisting mainly of independent outside executives under the Board of Directors, to ensure the appropriateness and transparency of executive compensation levels and performance evaluations, and to set procedures and compensation systems for the appointment of directors through fair and transparent processes.

③ Role and responsibilities of the Board of Directors

- The Board of Directors establishes the direction of management strategies and other important matters in accordance with laws, articles of incorporation, and Board regulations.
- Clarify and thoroughly communicate the duties and responsibilities of directors and each department through the Management Committee Regulations, job authority regulations, decision-making standards, and job responsibilities chart, thereby supporting appropriate risk-taking by executive management.
- The Board of Directors recognizes the medium-term business plan as a commitment to shareholders and strives to realize it. If significant deviations from target figures occur, they analyze the causes, set up opportunities to explain it to shareholders and investors, and reflect it in plans for the next period and beyond.
- In nominating the next representative director or new directors, the Board of Directors works in coordination with the operating company to properly evaluate candidates, ensuring a highly transparent and fair succession planning system.

④ Role, responsibilities, and enhancement of functions of the Audit and Supervisory Board

- The Audit and Supervisory Board, as an independent institution entrusted by shareholders, defines its roles and responsibilities according to the corporate auditor audit standards.
- In performing their duties, corporate auditors strive to maintain their independence, always uphold an impartial and unbiased attitude, and make appropriate judgments independently and objectively based on their own convictions.
- Appoint one independent outside corporate auditor to strengthen the independence and enhance the functions of the Audit and Supervisory Board.
- Facilitate information exchange with outside directors and establish the "Group Audit and Supervisory Board Liaison Committee" to coordinate with the corporate auditors and internal audit department of the operating company, striving for effective auditing.



(2) Overview of the effectiveness evaluation of the Board of Directors

Annually in March, the Company conducts a self-evaluation by directors and corporate auditors through a survey to analyze and identify issues. By addressing these issues with targeted measures, we enhance the effectiveness of our Board of Directors. The creation, collection, and partial analysis of the survey are performed using external agencies to enhance transparency and ensure effectiveness.

- The Evaluation Advisory Committee, consisting of two outside directors (including the chairperson) and two outside corporate auditors, continuously works on enhancing the effectiveness of the Board of Directors based on these evaluations.

① Survey Overview

Respondents	14 members including directors and corporate auditors (including outside executives)
Evaluation Items 20 questions plus open-ended responses	① Role and functions of the Board of Directors ② Size and composition of the Board of Directors ③ Operation of the Board of Directors ④ Collaboration with auditing bodies ⑤ Communication with management ⑥ Communication with shareholders and investors
Response Method	Anonymous scoring from 3 (satisfied) to 1 (dissatisfied) and open-ended responses
Evaluation Method	Analysis by a third party and reporting and verification to the Board of Directors

② Identifying Issues from Survey Results

a. Operational Improvement Items

- Enhancing discussions within the Board of Directors (strategy, results, review)
- Information exchange between outside directors and operating company executives
- Reporting internal audit status in the Board of Directors

b. Items for Reporting to the Board of Directors

- Dialogue and information transmission with individual shareholders
- Training opportunities for directors and corporate auditors
- Successor training plan

③ Future Proposals (Report to the Board of Directors)

a. Measures to build strong relationships with shareholders

b. Providing training opportunities for directors and corporate auditors

c. Developing a successor training plan for the Company and its operating units

The Board of Directors will address these issues based on reports from the Evaluation Advisory Committee. By utilizing the functions of the Evaluation Advisory Committee and coordination with the Board of Directors, we strive to continuously strengthen corporate governance.

(3) Policy concerning shares held by the U.S.M.H. Group

The U.S.M.H. Group has established policies regarding cross-shareholdings and standards for exercising voting rights associated with such shareholdings. According to the basic policy, since January 2016, the Company has sold shares in 16 companies with a total acquisition cost of 502 million yen. The remaining shares held at the end of the business year are regularly verified by the Board of Directors to assess whether maintaining and strengthening business relations with corporate clients and information gathering are beneficial in the medium- to long-term for both the U.S.M.H. Group and the corporate clients, as well as to evaluate the health and risks of the companies held, and to decide the rationality of continuing to hold these shares. - In exercising voting rights related to held shares, decisions are made according to guidelines with the aim of enhancing the U.S.M.H. Group's shareholder value and the medium- to long-term corporate value of the investment targets, and are exercised appropriately.

(4) Policy on the distribution of surplus funds such as dividends

Regarding profit distribution, returning profits to shareholders is considered a key policy. Taking into account future business development and the management environment, our basic policy is to provide stable dividends while aiming to enhance revenue capabilities and strengthen our corporate constitution through ample retained earnings.

Retained earnings are intended for investment in future business developments.

[Regarding the distribution of surplus for the current term]

The end-of-term surplus distribution, decided by the Board of Directors on April 9, 2024, is 8 yen per share (combined with the interim dividend for an annual total of 16 yen per share).

(5) System to ensure the appropriateness of operations

The Company has resolved a basic policy regarding systems to ensure the appropriateness of operations in accordance with relevant laws and ordinances. The content at the end of this business year is as follows.

[Overview of the Board of Directors' Resolution]

① Compliance Management System

- Ensure that the duties of directors and employees of the Company and its subsidiaries are performed in accordance with laws, ordinances, and the articles of incorporation, and that everyone is thoroughly familiarized with the "U.S.M.H. Code of Conduct," which is set as a guideline for action.
- The management division will work with external experts such as lawyers and certified public accountants to implement measures for compliance and thorough familiarization with laws and ordinances and for education and risk management for the Company and its subsidiaries.
- The Internal Audit Department will conduct audits of the Company and its subsidiaries in cooperation with the Company's corporate auditors and accounts auditors, independently and objectively, and report regularly on the internal audit and internal control status to the "Management Committee."
- In case of misconduct or similar issues within the Company or subsidiaries, "internal reporting channels" are established at the Company and its subsidiaries where executives, employees, and business partners can directly provide information, and this is made known to all employees of the Company and its subsidiaries. The information reported is kept confidential in accordance with laws, ordinances, and internal regulations, and no adverse treatment is given to the informant. Furthermore,

a summary of the reports and the number of reports are presented to the "Management Committee."
- The "U.S.M.H. Code of Conduct" dictates a resolute stance against anti-social forces that threaten the order and safety of civic life, cutting off all relations.

② Information Preservation System
- Information related to decisions made at the Board of Directors, Management Committee, and other important meetings is stored and managed according to the document management regulations, and a system is in place to allow relevant parties to access this information.
- Information that must be managed as confidential according to the Companies Act, Financial Instruments and Exchange Act, and other laws and ordinances, such as management information and personal information of customers and shareholders, is protected and managed according to the "Insider Trading Management Regulations," "Personal Information Protection Regulations," and other such regulations.

③ Risk Management System
- The basic matters concerning risk management for the Company and its subsidiaries are stipulated in the "Risk Management Regulations," and their thorough implementation is ensured.
- The Company has formulated a business continuity plan (BCP) assuming a major disaster (earthquake directly beneath the capital) and regularly conducts training to enhance the effectiveness of the plan.
- We will work on building internal controls related to financial reporting (compliance with the "J-SOX Act"), including subsidiaries.

④ Efficient Execution of Duties System
- To clarify the responsibilities associated with the execution of duties, the Company and its subsidiaries have set the term of office for directors at one year.
- Significant matters related to the management of the Company and its subsidiaries are decided by the Company's Board of Directors after deliberation by the Management Committee, from the perspectives of effectiveness and efficiency of duties.
- Duties based on decisions made by the Board of Directors and other bodies are delegated according to "Duty Authority" and "Business Responsibilities," ensuring the maintenance and improvement of an efficient and appropriate execution of duties system.
- We will promote organizational streamlining and the appropriate use of IT to enhance work efficiency.

⑤ System to Ensure the Appropriateness of Operations within the Corporate Group Consisting of the Company and Its Subsidiaries
- The Company has established "Affiliated Company Management Regulations" aimed at appropriately managing affiliated companies, smoothly providing guidance and support to affiliated companies, and contributing to the stable growth, efficiency of management, and internal controls of the U.S.M.H. Group.
- The Company mandates its subsidiaries, through the Affiliated Company Management Regulations, to regularly report to the Company on business performance, financial conditions, and other significant management matters.
- Respecting the independence of subsidiaries while regularly receiving reports on their management situations and discussing management policies and close cooperation between companies.
- Ensures close coordination with subsidiaries to promote efficient business execution by leveraging management know-how and other resources effectively.
- The Internal Audit Department assists in auditing the establishment of the internal control system within subsidiaries, conducts monitoring and necessary audits of subsidiaries, and verifies the appropriateness and effectiveness of their internal management and audit systems.

⑥ System for Employees Assisting the Corporate Auditor
- Directors will place suitable personnel as dedicated employees to assist the corporate auditor in their duties upon request.
- If the corporate auditor requests assistance for their duties from employees of the Internal Audit Department, directors will command such assistance.
- Employees tasked with assisting the corporate auditor will follow the instructions of the corporate auditor and have the authority to conduct investigations necessary for the audit.

⑦ Ensuring the Independence and Effectiveness of Instructions to Employees Assisting the Corporate

Auditor

- To ensure the proper performance of their duties, personnel considerations and changes involving employees assisting the corporate auditor will be done with prior consent and in consideration of the opinions of the Audit and Supervisory Board.
- Employees assisting the corporate auditor will follow the command and instructions of the corporate auditor, and the Company ensures that this is thoroughly communicated to directors and employees.

⑧ System for Directors and Employees to Report to the Corporate Auditor

- Directors and employees of the Company, as well as those of subsidiaries, will report to the corporate auditor on significant matters related to management and business operations, as well as the status and results of business execution.
- Directors and employees of the Company and affiliated companies (hereafter referred to as "Group executives and employees") will immediately report to the corporate auditor if they recognize the potential occurrence of losses or compliance violations that could affect performance forecasts.
- Group executives and employees will report promptly and honestly on relevant matters when requested by the corporate auditor concerning business execution.

⑨ System to Ensure that Persons Reporting to the Corporate Auditor are not Treated Unfavorably for Making Such Reports

- The Company prohibits unfavorable treatment of directors and employees of the Company and its subsidiaries who report to the corporate auditor based on the fact that they have made such reports, and ensures thorough communication of this prohibition to directors and employees of the Company and its subsidiaries.

⑩ Policies related to the advance payment or reimbursement of costs incurred in the execution of duties by the corporate auditor

- When the corporate auditor requests an advance payment of expenses based on Article 388 of the Companies Act, the responsible department deliberates and, unless it is determined that the expenses or liabilities are not necessary for the execution of the corporate auditor's duties, will promptly comply with such requests.

⑪ Other systems to ensure effective auditing by the corporate auditor

- The representative director and the corporate auditor will hold meetings as needed to facilitate mutual communication and exchange opinions.
- Directors will assist the corporate auditor in performing their duties by facilitating communication and information collection and exchange with outside directors and directors of subsidiaries, among others.
- Directors will invite the corporate auditor to attend meetings related to significant business execution to ensure effective auditing.
- The Internal Audit Department will report to the full-time corporate auditor in a timely manner on the implementation of internal audits at the Company and its subsidiaries and build a coordination system for exchanging opinions and information to ensure the effectiveness of audits.

(6) Operational status of the system to ensure the appropriateness of business operations

The following is an overview of the operational status of the system to ensure the appropriateness of business operations during this business year.

① Compliance system

- Ensure that the duties of directors and employees of the Company and its subsidiaries are performed in accordance with laws, ordinances, and the articles of incorporation, and that everyone is thoroughly familiarized with the "U.S.M.H. Code of Conduct," which is set as a guideline for action. Furthermore, continuously conduct various training sessions aimed at enhancing compliance awareness and sharing our core philosophy, specifically targeting those in positions of responsibility. In addition, the management department continues to collaborate with external experts such as certified public accountants this business year, considering the importance of the impact on the reliability of financial reporting, to implement education on compliance with laws and ordinances and thorough communication for management personnel of subsidiaries.
- The Company and its subsidiaries have expanded the provisions of the internal reporting system

related to the Revised Whistleblower Protection Act enacted in June 2022, and through awareness campaigns using posters and training, they strive to improve the effectiveness and proper operation of the system.

- The Internal Audit Department will conduct audits of the Company and its subsidiaries in cooperation with the Company's corporate auditors and accounts auditors, independently and objectively, and report regularly on the internal audit and internal control status to the "Management Committee."
- In case of misconduct or similar issues within the Company or its subsidiaries, “internal reporting channels” are established at the Company and its subsidiaries where executives, employees, and business partners can directly provide information. The Company makes this known among the executives and employees of the Company and its subsidiaries, reporting the summary and number of reports to the “Management Committee.”
- The "U.S.M.H. Code of Conduct" dictates a resolute stance against anti-social forces that threaten the order and safety of civic life, cutting off all relations.

② Information Preservation System

- As part of information security measures, the Company has established regulations aimed at preventing the leakage of confidential company information, including personal information, and further strengthens the management and disposal of documents and data to strive for improved information management and prevention of confidential information leakage.
- In this business year, we have conducted training to prevent email virus infections and the like, aiming to raise individual awareness and enhance information security. In response to amendments to the Act on the Protection of Personal Information, related departments are collaborating to examine policy content to further enhance and strengthen our measures.

③ Risk Management System

- The basic matters concerning risk management for the Company and its subsidiaries are stipulated in the "Risk Management Regulations," and their thorough dissemination is ensured. To support these initiatives, our Human Resources and General Affairs report significant risks from subsidiaries to the Audit and Supervisory Board monthly, and as important risks arise, they are promptly reported to the Management Committee and Board of Directors for swift resolution.
- The Company has formulated a business continuity plan (BCP) assuming a major disaster (earthquake directly beneath the capital) and regularly conducts training to enhance the effectiveness of the plan.
- The Company has prepared an "Internal Control Evaluation Plan" related to financial reporting, which also includes details on the internal controls of subsidiaries. The Internal Audit Department regularly reports on the status of internal controls to the Management Committee.

④ Director's Execution of Duties System

- Based on the Company’s core philosophy, our policy since the first Regular General Meeting of Shareholders in May 2016 has been to ensure that directors contribute to the further development of the entire Group, accurately understand the issues of their departments, collaborate with other executives and employees to resolve problems, and possess insight into compliance with laws and ordinances and corporate ethics. We have also increased the number of independent outside directors by one to enhance these capabilities.
- The Board of Directors ensures the legality and adherence to the articles of incorporation in the execution of duties by directors and holds regular meetings to enrich deliberations. Additionally, directors participate in surveys conducted by third-party organizations to evaluate the effectiveness of the Board of Directors, share the findings within the board, create action plans from the identified issues, and work to enhance effectiveness.

⑤ Subsidiary Management System

- The Company’s Representative Director and President concurrently serves as a director for two subsidiaries, Kasumi Co., Ltd. and MaxValu Kanto Co., Ltd., and attends their board meetings regularly. Additionally, two of the Company’s Representative Director Vice Presidents and one Director Vice President serve as Presidents of The Maruetsu, Inc., Kasumi Co., Ltd., and MaxValu Kanto Co., Ltd., respectively, convening and holding board meetings regularly for these subsidiaries.
- In this business year, we have conducted online training sessions aimed at strengthening the supervision and functionality of the internal control systems, focusing on compliance education,

adherence to laws and ordinances, risk management systems, and internal reporting for directors and executive officers of all Group subsidiaries.

- The Internal Audit Department reports to the full-time corporate auditor in a timely manner on the implementation of internal audits at the Company and its subsidiaries and build a coordination system for exchanging opinions and information to ensure the effectiveness of audits. We have also conducted business audits of subsidiaries in this business year, striving to enhance reliability.

⑥ System for Reporting to the Corporate Auditor and Ensuring Effective Auditing

- Since the first Regular General Meeting of Shareholders in May 2016, we have enhanced the independence and functionality of the Audit and Supervisory Board by adding one independent outside corporate auditor who makes judgments from an independent and objective standpoint according to their convictions.
- In this business year, five corporate auditors (including three outside corporate auditors), newly appointed at the eighth Regular General Meeting of Shareholders, have been reported on the execution and results of various projects formed based on the fiscal year policy by four department heads and responsible parties of each department. Furthermore, these five corporate auditors (including three outside corporate auditors) participated in a survey conducted by a third party for the effectiveness evaluation of the Board of Directors and have shared the identified issues.
- Directors invite corporate auditors to attend meetings related to significant business executions to ensure the effectiveness of the audits. The representative director and the corporate auditors regularly exchange opinions to facilitate mutual communication, and the directors assist in ensuring effective communication and information exchange between the corporate auditors and outside directors, as well as directors of subsidiaries, to support the performance of the corporate auditors' duties.
- In this business year, in addition to exchanging information with outside directors, we have held the “Group Audit and Supervisory Board Liaison Committee” to coordinate with the corporate auditors and internal audit departments of subsidiaries, striving for audits of high effectiveness.

Consolidated financial statements

Consolidated Balance Sheet

(as of February 29, 2024)

(In millions of yen)

Items	Amounts	Items	Amounts
(Assets)		(Liabilities)	
Current assets	74,709	Current liabilities	82,657
Cash and deposits	21,135	Notes payable and accounts payable	48,671
Accounts receivable-trade	375	Current portion of long-term borrowings	5,300
Inventory assets	17,039	Accrued income taxes, etc.	2,462
Accounts receivable-other	30,027	Reserve for bonuses	2,254
Other	6,152	Reserve for store closure losses	295
Allowance for doubtful accounts	△21	Reserve for shareholder benefits	387
Fixed assets	210,795	Other	23,285
Tangible fixed assets	146,758	Fixed liabilities	52,597
Buildings and structures	60,292	Long-term borrowings	39,125
Machinery, equipment, and vehicles	6,111	Reserve for sublease losses	45
Tools, equipment, and fixtures	14,054	Reserve for store closure losses	714
Land	55,364	Retirement benefit liabilities	23
Construction in progress	10,705	Asset retirement obligations	5,900
Other	229	Other	6,787
Intangible fixed assets	16,391	Total liabilities	135,254
Goodwill	8,944	(Net assets)	
Other	7,446	Shareholders' equity	149,029
Investments and other assets	47,646	Capital	10,000
Investment securities	2,339	Capital surplus	104,325
Deferred tax assets	11,017	Retained earnings	38,226
Retirement benefit assets	2,915	Treasury stock	△3,522
Guarantee deposits	30,313	Other accumulated comprehensive income	1,000
Other	1,104	Valuation difference on other securities	△95
Allowance for doubtful accounts	△43	Accumulated retirement benefit adjustments	1,095
		Stock acquisition rights	220
		Total net assets	150,250
Total assets	285,505	Total liabilities and net assets	285,505

Consolidated Income Statement

(From March 1, 2023 to February 29, 2024)

(In millions of yen)

Items	Amounts	
Net sales		690,498
Cost of sales		492,146
Gross profit		198,351
Operating revenue		16,159
Gross operating income		214,510
Selling, general, and administrative expenses		207,603
Operating income		6,907
Non-operating income		
Interest income	24	
Dividend income	37	
Investment gain on equity method	36	
Subsidy income	162	
Insurance money received	92	
Other	48	401
Non-operating expenses		
Interest expenses	176	
Commissions paid	45	
Restoration costs	40	
Disaster losses	51	
Other	64	379
Ordinary income		6,929
Extraordinary income		
Gain on sale of investment securities	203	
Gain on sale of shares of subsidiaries and affiliates	80	
Compensation income	262	545
Extraordinary losses		
Impairment losses	2,679	
Provision of reserve for store closure losses	1,010	
Store closure losses	131	3,820
Net income before income taxes		3,654
Corporate, resident, and business taxes	3,176	
Income taxes-deferred	△530	2,646
Net income		1,008
Net income attributable to owners of parent		1,008

Consolidated Statement of Changes in Shareholders' Equity

(From March 1, 2023 to February 29, 2024)

(In millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current term	10,000	104,323	39,272	△3,574	150,021
Changes during the term					
Dividend of surplus			△2,053		△2,053
Net income attributable to owners of parent			1,008		1,008
Acquisition of treasury stock				△1	△1
Disposal of treasury stock		1		52	54
Changes in items other than shareholders' equity during the term (net)					
Total changes during the term	–	1	△1,045	51	△992
Balance at the end of the current term	10,000	104,325	38,226	△3,522	149,029

	Other accumulated comprehensive income			Stock acquisition rights	Total net assets
	Valuation difference on other securities	Accumulated retirement benefit adjustments	Total of other accumulated comprehensive income		
Balance at the beginning of the current term	15	△241	△226	226	150,022
Changes during the term					
Dividend of surplus					△2,053
Net income attributable to owners of parent					1,008
Acquisition of treasury stock					△1
Disposal of treasury stock					54
Changes in items other than shareholders' equity during the term (net)	△110	1,337	1,227	△6	1,221
Total changes during the term	△110	1,337	1,227	△6	228
Balance at the end of the current term	△95	1,095	1,000	220	150,250

Consolidated notes

1. Important matters that provide the basis for the preparation of consolidated financial statements

(1) Matters related to the scope of consolidation

Number of consolidated subsidiaries 12

Name of consolidated subsidiaries

The Maruetsu, Inc., Kasumi Co., Ltd., MaxValu Kanto Co., Ltd.,
Maruetsu Fresh Foods Co., Ltd., Rose Corp.,
Kasumi Green Co., Ltd., Maruetsu Development Co., Ltd., Clover Shoji Co., Ltd.,
Food Quality Control Center Co., Ltd., Marco Co., Ltd., AsuBiz Support Co., Ltd.,
and Kasumi Mirai Co., Ltd.

Kyoei A&I Co., Ltd. is no longer our consolidated subsidiary because we transferred all its shares we had held.

(2) Matters related to the application of the equity method

Number of affiliated companies 3

Name of affiliated companies

Seibu Co., Ltd., Japan Logistics Future Education Center Co., Ltd., and SO Co., Ltd.－

(3) Matters related to the business year, etc. of consolidated subsidiaries

The settlement date of consolidated subsidiaries corresponds with the consolidated settlement date.

(4) Matters related to accounting policy

① Important asset valuation standards and valuation methods

a. Securities

Other securities

Securities other than shares, etc. which do not have market prices

Market value method (Valuation differences are recognized as a component of shareholders' equity, and selling prices are calculated using the moving average method)

Shares, etc. which do not have market prices

Cost method based on the moving average method

b. Inventory assets

i. Merchandise

Mainly the cost method based on the retail method (Amounts valued in the Consolidated Balance Sheet are calculated by devaluing the book value based on the decline in profitability)

The last cost method is used for part of the merchandise, however.

ii. Stored goods

Last cost method

② Depreciation method for important depreciable assets

a. Tangible fixed assets (excluding lease assets)

Straight line method

The service life of major assets is as listed below.

Buildings and structures 8-39 years

b. Intangible fixed assets (excluding lease assets)

Straight line method

For software we use internally, the straight line method based on the period of time during which it can be used internally (five years) is used.

c. Lease assets

Lease assets involved in finance leases exempt from passage of title

The straight line method with the lease period as the service life and the residual value at zero (If there is an agreement on residual value guarantee in the lease contract, the amount of residual value guaranteed applies) is used.

③ Standards for recognition of significant allowances and reserves

a. Allowance for doubtful accounts

To prepare for losses incurred from bad debts, for general accounts receivable, we recognize the amount of accounts receivable not expected to be collected based on the bad debt record rate, and for particular accounts receivable such as those feared to become uncollectible, we do so taking into consideration the collectability of each account.

b. Reserve for bonuses

To prepare for the payment of bonuses to employees, we recognize those of amounts expected to be paid in the future which have to be done so during the current consolidated fiscal year.

c. Reserve for store closure losses

To prepare for losses incurred from store closures, we recognize the expected amount of losses associated with store closures such as reasonably expected penalties for cancellations made halfway through contracts.

d. Reserve for shareholder benefits

To prepare for the defraying of expenses based on the shareholder benefit program, we recognize the amount of benefits expected at the end of the current consolidated fiscal year to be used in the future, based on the past record of use of the program.

e. Reserve for sublease losses

To prepare for losses incurred from store closures during the rest of the term of lease contracts, we recognize the amount obtained by deducting the expected total amount of rent income through subleases from the total amount of rents and other expenses we are required to pay.

④ Standards for recognition of revenues and expenses

The U.S.M.H. Group is mainly engaged in supermarket business centered on food. Since we determine that in this business, we fulfill our duty we should perform to customers when we deliver merchandise to them, we recognize revenues when we do so.

If we consider that the Group acts as an agency in merchandise sales, we recognize as revenue the net amount of sales obtained by deducting the amount paid to suppliers from the total amount of compensation received by customers.

⑤ Accounting method for retirement benefits

a. How to attribute the period for the expected amount of retirement benefits

When retirement benefit obligations are calculated, the method to attribute the expected amount of retirement benefits to the period up to the end of the current consolidated fiscal year is based on the benefit calculation standards.

b. How to treat mathematical calculation differences and past service costs

Differences in mathematical calculations are distributed using the straight line method based on a certain number of years (ten years) within the average remaining service period of employees in each consolidated fiscal year when such differences arise, and the result thus obtained is treated as expenses from the consolidated fiscal year following the one when such differences arise.

Past service costs are treated as expenses using the straight line method based on a certain number of years (ten years) within the average remaining service period of employees when such costs arise.

Unrecognized mathematical calculation differences and unrecognized past service costs are recognized as part of the accumulated adjustments related to retirement benefits in the other accumulated comprehensive income in the section of net assets after tax effect adjustments.

⑥ Goodwill amortization method and amortization period

Goodwill is amortized equally over 20 years.

⑦ Other important matters to prepare consolidated financial statements

Amounts are indicated by discarding fractions less than one million yen.

2. Notes on changes in presentation methods

Consolidated Income Statement

Restoration costs included in “Other” of “Non-operating expenses” in the previous consolidated fiscal year are recognized as a separate item in the current consolidated fiscal year and thereafter because they have gained importance.

Restoration costs included in “Other” of “Non-operating expenses” in the previous consolidated fiscal year were eleven million yen.

3. Notes on changes in accounting estimates

Those of items recognized in the current consolidated fiscal year based on accounting estimates which may have significant effects on consolidated financial statements in the following consolidated fiscal year are as listed below.

Impairment of fixed assets

(1) Amounts recognized in the current consolidated fiscal year

Tangible fixed assets	146,758	million yen
Impairment loss	2,656	million yen

(2) Information on important accounting estimates

If, in particular, the recoverable amount of stores’ fixed assets is smaller than their book value, the book value is decreased to the recoverable amount, and the decrease is considered as impairment loss and recognized as extraordinary loss.

When the recoverable amount is calculated, future cash flows are estimated using as major assumptions the actual operating income and loss of each store and the company in the current consolidated fiscal year as well as increases and decreases in sales, cost rates, personnel expenses, and other various expenses expected when measures are taken in the future.

If amounts that actually arise due to unexpected changes such as changes in the competitive environment that surrounds stores and trends in consumer spending differ from these estimates, new impairment losses may arise in the following consolidated fiscal year.

4. Notes on the Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 184,711 million yen

(2) Assets put up as security and obligations on security

① Assets put up as security

Cash and deposits	1 million yen
Buildings and structures	1,466 million yen
Land	2,229 million yen
Total	3,696 million yen

② Obligations related to the above

Bills payable and accounts payable	1 million yen
Other (deposits received)	235 million yen
Total	237 million yen

③ Other assets deposited in accordance with the Real Estate Brokerage Act

Guarantee deposits	10 million yen

(3) Guarantee obligations

Guarantee for the purchasing debts of affiliated companies	21 million yen

5. Notes on the Consolidated Statement of Changes in Shareholders' Equity, etc.

(1) Matters related to the total number of shares issued

Common shares 131,681,356 shares

(2) Matters related to dividends of surplus

① Dividends paid

Resolution	Type of shares	Source of dividends	Total dividends (in millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors, April 11, 2023	Common shares	Retained earnings	1,026	8.00	February 28, 2023	May 2, 2023
Board of Directors, October 10, 2023	Common shares	Retained earnings	1,026	8.00	August 31, 2023	October 16, 2023

② Dividends whose record date belongs to the current consolidated fiscal year but whose effective date belongs to the following consolidated fiscal year are as listed below.

Resolution	Type of shares	Source of dividends	Total dividends (in millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors, April 9, 2024	Common shares	Retained earnings	1,026	8.00	February 29, 2024	May 9, 2024

(3) Type and number of shares for which stock acquisition rights were granted at the end of the current consolidated fiscal year (excluding stock acquisition rights which have not seen the arrival of the first day of the period during which they can be exercised)

Common shares 215,200 shares

6. Notes on financial instruments

(1) Matters related to the status of financial instruments

① Policy for working on financial instruments

The U.S.M.H. Group manages its funds using short-term, highly safe deposits, etc. It procures working and other funds necessary for capital investments and other purposes mainly through borrowings from banks.

② Details of financial instruments and their risks as well as the risk management system

Accounts receivable-trade and accounts receivable-other constitute short-term trade claims for business partners. Guarantee deposits are paid chiefly to lease real estate for stores. Accounts receivable-trade, accounts receivable-other, and guarantee deposits are exposed to the credit risks of business partners.

We have put in place a system to analyze concerns about collectability due to worsening financial conditions and other factors early by monitoring the status of business partners concerning the credit risks of accounts receivable-trade, accounts receivable-other, and guarantee deposits.

Of the investment securities, shares consist mainly of shares in businesses with which we have business relationships, and listed shares are exposed to risks of fluctuation in market prices. Unlisted shares are exposed to the credit risks of their issuers. Risks involved in shares are managed by analyzing market prices and the financial condition of their issuers periodically.

Bills payable and accounts payable constitute short-term trade claims for suppliers.

Of the borrowings, short-term borrowings consist mainly of funds procured chiefly for business transactions, and long-term ones comprise funds procured primarily for capital investments. Borrowings with variable interest rates are exposed to risks of fluctuations in interest rate.

Bills payable, accounts payable, and borrowings are exposed to liquidity risks (the risk of becoming unable to pay on the day of payment), but the U.S.M.H. Group manages them using methods such as the preparation by each company of monthly fund management plans.

③ Supplementary explanations about matters related to the market prices, etc. of financial instruments

In addition to prices based on market prices, the market prices of financial instruments include reasonably calculated prices if market prices are not available. Variable factors are included in the calculation of such prices, and therefore, such prices may fluctuate depending on the different prior conditions and other factors used.

(2) Matters related to the market prices, etc. of financial instruments

The amounts recognized in the Consolidated Balance Sheet, market prices, and differences between the two are as listed below. Shares and other instruments without market prices are not in the table below (Please see the notes). Notes are omitted for cash, and they are also omitted for deposits, accounts receivable-trade, and accounts receivable-other, bills payable and accounts payable, short-term borrowings, and accrued corporate taxes, etc. because their market prices are very close to their book value as they are settled in a short period of time.

(In millions of yen)

	Amounts recognized in the Consolidated Balance Sheet	Market prices	Differences
① Investment securities			
Other securities	975	975	−
② Guarantee deposits	30,313		
Allowance for doubtful accounts (*1)	△8		
	30,304	29,054	△1,250
Total assets	31,280	30,030	△1,250
Long-term borrowings (*2)	44,425	43,495	△929
Total liabilities	44,425	43,495	△929

(*1) The allowance for doubtful accounts provided for guarantee deposits is deducted.
(*2) The current portion of long-term borrowings is included.

(Note) Shares, etc. without market prices

(In millions of yen)

Category	Amounts recognized in the Consolidated Balance Sheet
Shares in affiliated companies	210
Unlisted shares	1,153

These shares are not included in "Other securities" in the above table.

(3) Matters related to the breakdown, etc. of financial instruments by the appropriate category of market prices

The market prices of financial instruments are classified into the three levels specified below according to the observability and importance of inputs used to calculate them.

Market Price Level 1: Market price calculated based on (unadjusted) market prices in the active market for the same assets or liabilities

Market Price Level 2: Market price calculated using directly or indirectly observable inputs other than Level 1 inputs

Market Price Level 3: Market price calculated using important yet unobservable inputs

If two or more inputs that may have significant effects on the calculation of market prices are used, market prices are classified into that of levels associated with such inputs which the lowest priority is given to in the calculation of market prices.

① Financial instruments recognized in market price in the Consolidated Balance Sheet

Category	Market prices (in millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	975	–	–	975
Total assets	975	–	–	975

② Financial instruments other than those recognized in market price in the Consolidated Balance Sheet

Category	Market prices (in millions of yen)			
	Level 1	Level 2	Level 1	Total
Guarantee deposits	–	29,054	–	29,054
Total assets	–	29,054	–	29,054
Long-term borrowings	–	43,495	–	43,495
Total liabilities	–	43,495	–	43,495

(Note) Explanations about the valuation method used to calculate market prices and inputs used to calculate market prices

Assets

Investment securities

Listed shares are valued using market prices. Since listed shares are traded in active markets, their market prices are classified into Level 1.

Guarantee deposits

The market price of guarantee deposits is calculated using the price obtained by deducting the estimated amount of accounts that become irrecoverable from the present value discounted by the risk-free rate that corresponds to the future cash flow calculated based on the term of contract, and the market prices thus obtained are classified into Level 2.

Liabilities

Long-term borrowings

Long-term borrowings are based on fixed interest rates, and the total amount of principals and interest divided into certain periods of time is calculated using the present value that is discounted by the interest rate obtained by adding credit risks to the risk-free rate. The market prices thus obtained are classified into Level 2.

7. Note on real estate such as leases

(1) Matters related to the status of real estate such as leases

Some of the subsidiaries own commercial facilities, etc. for rent in the capital area.

Since some of such facilities are used by some of the consolidated subsidiaries in the U.S.M.H. Group, they are recognized as real estate that includes portions used as real estate such as leases.

Rent revenues from such real estate during the term ended February 2024 were 1,998 million yen (rent revenues recognized as operating revenues and major rent expenses recognized as selling, general, and administrative expenses), and impairment losses were 219 million yen (recognized as extraordinary loss).

(2) Matters related to the market prices, etc. of real estate such as leases

(In millions of yen)

	Amounts recognized in the Consolidated Balance Sheet			Market prices at the end of the current consolidated fiscal year
	Balance at the beginning of the current consolidated fiscal year	Increases/decreases during the current consolidated fiscal year	Balance at the end of the current consolidated fiscal year	
Real estate such as leases	12,367	△1	12,366	10,338
Real estate that includes portions used as real estate such as leases	10,260	△564	9,696	10,425

(Notes)1. The amounts recognized in the Consolidated Balance Sheet represent the amount obtained by deducting the accumulated depreciation expenses and accumulated impairment losses from the acquisition prices.

2. Major increases during the current consolidated fiscal year include 349 million yen for the acquisition of real estate and two million yen for changes of use of real estate such as leases, and major decreases include 699 million yen for depreciation expenses and 219 million yen for impairment losses.

3. The market prices at the current consolidated fiscal year represent the amounts calculated by us mainly based on the Japan Real Estate Appraisal Standards (including those adjusted using indicators, etc.) or those calculated by obtaining appraisal reports from appraisal agencies.

8. Notes on revenue recognition

(1) Information on the dissolution of revenues arising from contracts with customers

The U.S.M.H. Group consists of a single segment that is engaged in supermarket business, and the information on the dissolution of revenues arising from contracts with major customers is as listed below.

(In millions of yen)

Category	Current consolidated fiscal year
Sale of merchandise (sales)	690,498
Other (operating revenue)	5,720
Total	696,219

(Note) In the current consolidated fiscal year, revenues other than those arising from contracts with customers which were included in the operating revenues in the Consolidated Income Statement were 10,438 million yen.

(2) Information that provides the basis for the understanding of revenues

The sale of merchandise (sales) consists mainly of the sale of merchandise such as food, daily necessities, and other items at supermarkets. Determining that we fulfill our performance obligations when we deliver merchandise to customers, we recognize these revenues when we do so. In general, we collect payments for merchandise within one month, mainly at the time of merchandise delivery.

"Other (operating revenue)" mainly comprises revenues from commissions associated with purchasing for internal consumption. Determining that performance obligations are fulfilled according to use, we recognize these revenues when services are provided. In general, we collect payments within one month in accordance with contracts with business partners.

(3) Information to understand amounts in the current consolidated fiscal year and the following consolidated fiscal year and thereafter

① Balance of contract liabilities, etc.

The balance of contract liabilities arising from contracts with customers at the beginning and end of the term is as listed below.

(In millions of yen)

	Current consolidated fiscal year
Balance at the beginning of the term	1,862
Balance at the end of the term	2,910

In the Consolidated Balance Sheet, contract liabilities are recognized as part of the "Other current liabilities." Contract liabilities consist mainly of the balance of points and gift certificates issued by us for which we have not fulfilled our performance obligations by the end of the term.

Those of revenues recognized in the current consolidated fiscal year which were included in the balance of contract liabilities at the beginning of the term were 789 million yen.

② Transaction prices distributed to residual performance obligations

At the end of the current consolidated fiscal year, the total transaction prices distributed to residual performance obligations associated with gift certificates, etc. were 1,758 million yen. We expect to recognize revenues for these residual performance obligations during the next one to ten years as gift certificates, etc. are used.

The reporting of contracts whose initial expected term is one year or less is omitted by applying practical expedients.

9. Notes on per-share information

(1) Net assets per share	1,168.73 yen
(2) Net income per share	7.85 yen
(3) Diluted net income per share	7.84 yen

10. Notes on important subsequent events

Not applicable

Financial statements

Balance Sheet

(as of February 29, 2024)

(In millions of yen)

Items	Amounts	Items	Amounts
(Assets)		(Liabilities)	
Current assets	7,898	Current liabilities	2,436
Cash and deposits	2,106	Current portion of long-term borrowings	300
Accounts receivable-trade	4	Reserve for shareholder benefits	96
Inventory assets	30	Other	2,040
Other	5,755	Fixed liabilities	31,272
Fixed assets	152,581	Long-term borrowings	31,250
(Tangible fixed assets)	1,287	Asset retirement obligations	22
Buildings	503		
Structures	19	Total liabilities	33,709
Machierby and equipment	641	(Net assets)	
Vehicles	5	Shareholders' equity	126,549
Tools, equipment, and fixtures	78	Capital	10,000
Construction in progress	38	Capital surplus	117,315
(Intangible fixed assets)	3,643	Capital reserve金	2,500
Trademark rights	3	Other capital surplus	114,815
Software	3,257	Retained earnings	2,756
Software in progress	382	Other retained earnings	2,756
Other	0	Retained earnings carried forward	2,756
(Investments and other assets)	147,650	Treasury stock	△3,522
Shares in affiliated companies	127,126	Stock acquisition rights	220
Long-term loans for affiliated companies	20,300		
Other	223	Total net assets	126,770
Total assets	160,479	Total liabilities and net assets	160,479

Income Statement

(From March 1, 2023 to February 29, 2024)

(In millions of yen)

Items	Amounts	
Operating revenue		7,589
Operating expenses		
Cost of sales	337	
Selling, general, and administrative expenses	4,579	4,917
Operating income		2,672
Non-operating income		
Interest income	70	
Other	5	75
Non-operating expenses		
Interest expenses	109	
Other	52	161
Ordinary income		2,586
Net income before tax		2,586
Corporate, resident, and business taxes		6
Net income		2,580

Statement of Changes in Shareholders' Equity

(From March 1, 2023 to February 29, 2024)

(In millions of yen)

	Shareholders' equity			
	Capital	Capital surplus		
		Capital surplus	Other capital surplus	Total capital suyplus
Balance at the beginning of the current term	10,000	2,500	114,813	117,313
Changes during the term				
Dividend of surplus				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			1	1
Changes in items other than shareholders' equity during the term (net)				
Total changes during the term	–	–	1	1
Balance at the end of the current term	10,000	2,500	114,815	117,315

	Shareholders' equity				Stock acquisition rights	Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings carried forward					
Balance at the beginning of the current term	2,229	2,229	△3,574	125,969	226	126,196
Changes during the term						
Dividend of surplus	△2,053	△2,053		△2,053		△2,053
Net income	2,580	2,580		2,580		2,580
Acquisition of treasury stock			△1	△1		△1
Disposal of treasury stock			52	54		54
Changes in items other than shareholders' equity during the term (net)					△6	△6
Total changes during the term	526	526	51	580	△6	574
Balance at the end of the current term	2,756	2,756	△3,522	126,549	220	126,770

Notes to non-consolidated financial statements

1. Notes on matters related to important accounting policy

(1) Asset valuation standards and methods

Shares in affiliated companies

Cost method based on the moving average method

(2) Depreciation methods for fixed assets

① Tangible fixed assets

Straight line method

The service life of major assets is as listed below.

Buildings	8-31 years
Machinery and equipment	10-12 years
Tools, equipment, and fixtures	3-20 years

② Intangible fixed assets

Straight line method

The depreciation of software used internally is based on the period during which it can be used internally (five years).

(3) Valuation standards and methods for inventory assets

The valuation standards are based on the cost method (depreciating book value according to decline in profitability).

① Products and work in progress

General average method

② Raw materials and stored goods

Last purchase cost method

(4) Standards for recognizing reserves

Reserve for shareholder benefits

To prepare for the incurrence of expenses based on the shareholder benefit program, we recognize those of amounts expected to be used in the future at the end of the current fiscal year which we should pay, based on the results of use of the program.

(5) Standards for recognizing revenues and expenses

Revenues arising from contracts between the U.S.M.H. Group, a holding company, and customers consist mainly of management fees from its subsidiaries. The obligation we should perform is to provide services on contract to subsidiaries in accordance with the content of contracts, and we recognize management fees as revenues according to the progress in the performance of the obligation.

(6) Other important matters that provide the basis for the preparation of financial statements

Amounts are indicated by discarding fractions less than one million yen

2. Notes on the Balance Sheet

(1) Accumulated depreciation of tangible fixed assets	239	million yen
(2) Short-term monetary claims for affiliated companies	5,056	million yen
(3) Short-term monetary liabilities for affiliated companies	503	million yen
(4) Monetary liabilities for directors and corporate auditors	6	million yen

3. Notes on the Income Statement

Transactions with affiliated companies

① Business transactions

Operating revenue

Dividend income	3,984	million yen
Management fees	1,955	million yen
Service revenue	1,467	million yen
Sales	78	million yen

Operating expenses

Selling, general, and administrative expenses	903	million yen
Cost of sales	5	million yen
② Transactions other than business transactions	71	million yen

4. Notes on the Statement of Changes in Shareholders' Equity

Matters related to the number of treasury stock

Common shares	3,311,059 shares

5. Notes on tax effect accounting

Breakdown of deferred tax assets and deferred tax liabilities by cause

Deferred tax assets		
Losses carried forward	1,515	million yen
Stock compensation expenses	33	million yen
Shares in affiliated companies	17	million yen
Other	1	million yen
Subtotal of deferred tax assets	1,567	million yen
Valuation reserve for tax losses carried forward	△1,515	million yen
Valuation reserve for the total of deductible temporary differences, etc.	△52	million yen
Total deferred tax assets	−	million yen

6. Notes on transactions with the parties concerned

Parent company of the U.S.M.H. Group

(In millions of yen)

Type	Name of companies, etc.	Percentage of voting rights, etc. owned (Note)	Relationship with the persons concerned	Details of transactions	Amount of transactions	Item	Balance at the end of the term
Parent company	Aeon Co., Ltd.	Owned by the parent Direct: 53.7% Indirect: 52.4%	Holding offices concurrently	Sales commissions	782	Other (current liabilities)	430
				Deposit of funds	10,000	Other (current liabilities)	3,000
				Recovery of funds	7,000		

Terms and conditions of transactions and policy to decide them

(Note) Aeon Co., Ltd. holds 100% of voting rights at Aeon Market Investment Inc., which holds 52.4% of voting rights at the U.S.M.H. Group (The capital contribution ratio is 51.0%).

Subsidiaries of the U.S.M.H. Group

(In millions of yen)

Type	Name of companies, etc.	Percentage of voting rights, etc. owned	Relationship with the persons concerned	Details of transactions	Amount of transactions	Item	Balance at the end of the term
Subsidiary	The Maruetsu, Inc.	Ownership Direct: 100.0%	Business administration Holding offices concurrently	Management fee	999	Other (current liabilities)	274
				Loan of funds (Note)	7,500	Long-term loans for affiliated companies	15,000
				Receipt of interest	44	–	–
Subsidiary	Kasumi Co., Ltd.	Ownership Direct: 100.0%	Business administration Holding offices concurrently	Management fee	850	Other (current liabilities)	233
				Loan of funds (Note)	2,000	Long-term loans for affiliated companies	4,000
				Receipt of interest	11	–	–
Subsidiary	MaxValu Kanto Co., Ltd.	Ownership Direct: 100.0%	Business administration Holding offices concurrently	Loan of funds (Note)	6,500	Other (current liabilities)	1,300
				Collection of funds	7,050		
				Loan of funds (Note)	–	Long-term loans for affiliated companies	1,300
				Collection of funds	200		
				Receipt of interest	14	Other (current liabilities)	1

Terms and conditions of transactions and policy to decide them
(Note) The loan of funds is decided taking market interest rates into consideration.

7. Notes on revenue recognition

Information that provides the basis for the understanding of revenue

The information that provides the basis for the understanding of revenue is as described in (5) "Standards for recognizing revenues and expenses in the "1. Notes on matters related to important accounting policy."

8. Notes on per-share information

(1) Net assets per share 985.82 yen
(2) Net income per share 20.10 yen
(3) Diluted net income per share 20.7 yen

9. Notes on important subsequent events

Not applicable