

## **VIETNAM CONTINUES TO BE A KEY MARKET FOR AEON'S INVESTMENT EXPANSION**

*In the long-term vision, AEON still identifies Vietnam as the second most important market after Japan in its investment strategy. In 2024, the group will continue to accelerate expansion with a variety of business formats, while also boosting its e-commerce channel and enhancing products under its private brand products produced in Vietnam according to AEON standards. This will continue to contribute to the socio-economic development of the community for shared prosperity.*

### **Overcoming challenges**

In 2023, several factors affected the Vietnamese economy in general and the retail sector in particular, such as global inflation and rising raw material prices, which increased living costs. This has impacted consumer buying behavior, most noticeably in the way consumers tightened their spending, prioritizing only essential items, thus leading to a decrease in the value of their shopping baskets...

In a challenging environment, AEON has made efforts to "sail against the wind, steady the oars" to achieve growth objectives in Vietnam. Specifically in the retail segment, AEON Vietnam has still recorded growth with sales increasing by 4-5% compared to the previous year and the number of customers has increased by 3-4%.



*In a tough economic context, consumers primarily choose food and essential products to meet their daily needs.*

To achieve these results, AEON has made continuous efforts to innovate in response to market changes and customer needs, while also stabilizing prices through various initiatives. Specifically, AEON Vietnam has collaborated with suppliers to adjust the purchase prices of products;

managed transportation and delivery activities effectively; and improved the efficiency of operations to maintain product prices for customers, thereby creating value for all three parties: customers, suppliers, and the business.

Concurrently, 2023 is also seen as a pivotal year for AEON Vietnam to concentrate resources and prepare for a breakthrough plan for 2024. *"In 2023, we continued to intensify our business activities according to the Mid-Term Strategy, and we have made quite comprehensive preparations in all aspects, which can be seen as a stepping stone to accelerate market expansion in 2024,"* said Mr. Furusawa Yasuyuki – Member of the Board of Executive Directors at AEON Group (Japan) in charge of the Vietnamese market and General Director of AEON Vietnam.

### **Ready to break through with the strategy for 2024**

Affected by the global economic context, the trend of consumer spending thriftiness is expected to continue into 2024. Although the retail market still has room for growth in 2024, a sudden increase in figures is unlikely. However, in the long-term vision, AEON still views Vietnam as one of the two key markets alongside Japan in its investment strategy, with many advantages and favorable conditions for continued growth.

Therefore, AEON will continue to increase its investment in Vietnam to build an ecosystem that delivers value to stakeholders, contributing to the creation of a sustainable and prosperous life for people in the areas where AEON is present, through the integration of the three core business pillars of AEON Group in Vietnam: Shopping Mall Development, General Retail Business, and Financial Services Business.

To realize this goal, AEON aims to increase its touchpoints with Vietnamese consumers through the accelerated opening of new business locations, maximizing the use of digital technology, developing private label products such as TOPVALU, HÓME CÓORDY, My Closet, and continuing to collaborate with the community for sustainable development.



*In 2024, AEON Vietnam continues to open new stores with various models*

### **Accelerating the opening of many centers and supermarkets in 2024**

By the end of 2024, the total number of business locations of the member companies within the AEON Group in Vietnam is expected to exceed 160 sites, including shopping malls, supermarkets, specialty stores, general merchandise stores and supermarkets (GMS & SM), convenience stores, children's play areas, etc. Among them, AEON Hue Shopping Mall will officially commence operations by the end of the year, marking AEON's first venture into the Central region after conquering the North and South; three other GMS & SM along with AEON MaxValu supermarkets will continue to open throughout this year. The business will also simultaneously upgrade the Citimart supermarkets in the Southern region to provide a more convenient and economical shopping experience for customers.

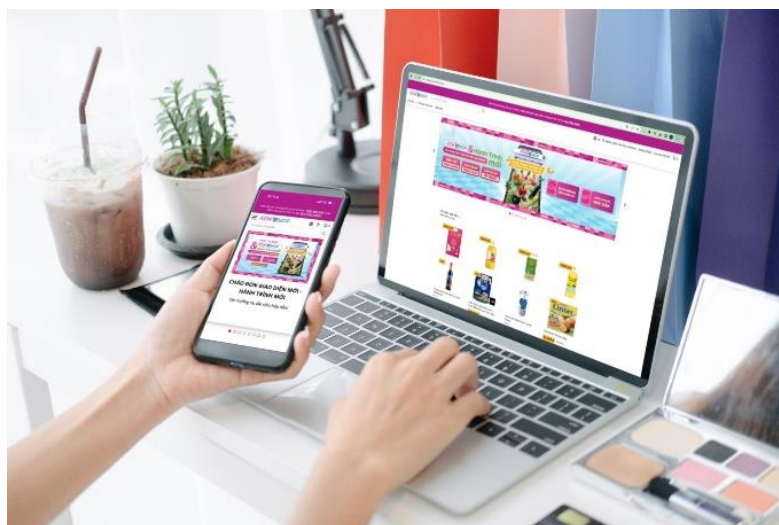
*"In 2024, AEON Vietnam plans to open a variety of stores with different models and scales. Not only located within AEON shopping malls, but we will also expand and develop further at the shopping centers of other partners. Although the areas vary, all AEON Vietnam touch points fully meet customer needs from food, household goods, mother and baby products, fashion..." - Mr. Furusawa Yasuyuki stated.*

### **Enhancing AEON Eshop e-commerce**

Alongside increasing direct customer contact points, AEON will continue to refine its e-commerce system to prioritize customer convenience while helping to boost business operations. This includes deploying a unified points system across all AEON group companies in Vietnam to provide convenience and the best experience for customers.

Previously, in October 2023, this Japanese retailer officially launched a new look and many new features for the AEON Eshop e-commerce site. With these improvements, AEON Vietnam expects the growth of AEON Eshop to reach about 20% in 2024 and 50% in the following years.

*"We hope that customers shopping directly or online will have the same experience. With online shopping, AEON always strives to improve utilities and functions, such as buyers being able to schedule delivery times, or for fresh or perishable food items, the company will have a dedicated delivery team to ensure the freshness of the products reaches customers as quickly as possible", Mr. Furusawa Yasuyuki emphasized.*



*AEON continues to improve its e-commerce channel and common point accumulation system to bring convenience to customers*

## Boosting private brand products made in Vietnam - serving domestic needs and aiming for export

Regarding product strategy, AEON will continue to enhance the development of its private brand products manufactured in Vietnam, aiming to serve the domestic market and look towards exporting, thereby supporting local suppliers in improving production capacity and promoting Vietnamese products to other markets.

In 2023, AEON tested the export of some private brand products made in Vietnam such as noodles and vermicelli to markets in Malaysia and Hong Kong, which were highly rated. This demonstrates the significant export potential of private brand products. Therefore, increasing the production of domestically manufactured private brand products for domestic consumption and export will bring profits to local manufacturers and contribute to the economic development of Vietnam.



*AEON continues to promote the development of private brand products made in Vietnam, serving the domestic market and aiming for export*

In 2024, AEON Vietnam will add to its catalog new product groups; specialize sales areas with specialty stores, focusing on selling a group of products/serving specific needs such as My Closet, Sport & Activity, HÓME CÓORDY (furniture, household items...) to increase convenience and enhance the shopping experience for customers when searching for product groups that meet specific needs.

## Joining hands to realize Vietnam's sustainable development goals

In addition to the business expansion strategy, AEON Vietnam continuously strives for sustainable development activities, based on three pillars: Economic - Social - Environmental.

At AEON Vietnam, sustainable development is not just individual initiatives, but a desire to contribute to the realization of Vietnam's Sustainable Development Goals as a retailer.



*AEON Vietnam implements many sustainable activities regarding the environment, including the Plastic free community project*

In 2024, the companies within the AEON Group in Vietnam will continue to work closely to deploy AEON's sustainable development activities. In addition, they will enhance activities connected with the local community, such as launching the AEON Cheers Club - an activity long implemented in Japan to provide children with educational programs and real-life experiences at AEON's general merchandise stores and supermarkets, giving them opportunities to play and learn about environmental issues around them.

Furthermore, AEON will continue to promote activities that encourage awareness of environmental protection. This year, AEON Delight Vietnam (a company specializing in building management and environmental cleaning services), AEON Mall Vietnam (a company specializing in developing shopping centers), and AEON Vietnam will coordinate to implement activities related to the environment and waste management.

*"Vietnam is the second most important market after Japan. AEON Group not only focuses on business expansion plans but also wishes to grow alongside Vietnamese society. We have and will continue to accelerate sustainable development activities and strive to enhance coordination more with stakeholders in building an advanced sustainable business in Vietnam," Mr. Furusawa Yasuyuki emphasized.*

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