

FROM THE DESK OF THE MANAGING DIRECTOR

DEAR VALUED SHAREHOLDERS,

As we celebrate AEON's 40 incredible years in Malaysia, I am proud to reflect on our journey of growth, resilience, and innovation, culminating in a strong FY2024 financial performance. This achievement underscores our commitment to driving innovation, delivering exceptional customer experiences, and ensuring sustainable growth. With a clear strategy, we are confident in strengthening our core and future-proofing AEON for the years ahead.

RETAIL

Revenue

RM3,524.6m

FY2023: 3,454.3m

PROPERTY MANAGEMENT SERVICES

Revenue

RM737.0m

FY2023: 674.7m

Mr. Naoya Okada
Managing Director



FROM THE DESK OF THE MANAGING DIRECTOR

Q&A AEON celebrates its 40th anniversary in Malaysia this year. Can you provide an overview of AEON's history, growth, and contributions in Malaysia over the past four decades?

Since we first set foot in Malaysia in 1984, AEON has grown from modest beginnings into one of the country's most trusted and well-loved retail brand – a recognition cemented by our recent victory at the Putra Brand Awards 2024. Jaya Jusco Stores Sdn Bhd opened its first AEON Store in Kuala Lumpur, introducing Malaysians to a fresh and unique Japanese retail concept that combined a department store and supermarket under one roof.

Over the last 40 years, we have worked hard to expand our presence across Malaysia, transforming the retail scene with innovative offerings and a strong commitment to quality. From our rebranding as AEON in 2004 to the launch of specialty outlets like AEON MaxValu, AEON Wellness, and DAISO, our focus has always been on meeting the changing needs of our customers.

As one of the first retailers to blend retail with lifestyle experiences, AEON has become synonymous with convenience, reliability, and great service. Today, our network spans shopping malls, department stores, supermarkets, and specialty outlets across Malaysia, making AEON a key lifestyle destination for millions of Malaysians.

But AEON is about more than just retail. Sustainability and community care are at the heart of everything we do. Guided by our 'Customers First' philosophy, we implemented green initiatives, supported local communities, and embraced digital transformation to make shopping easier and more seamless for everyone.

As we celebrate 40 incredible years in Malaysia, we take pride in how far we have come – enriching lives, supporting the economy, and delivering value to our customers, employees, and business partners. While we honour our past, we are also excited about the future ahead. With a commitment to innovation, sustainability, and shaping the future of retail in Malaysia, we look forward to continuing this journey together.



Q&A How would you describe the operating and business landscape for AEON CO. (M) BHD. in FY2024?

Reflecting on the year, it's evident that AEON has demonstrated resilience throughout FY2024, despite challenges stemming from the macroeconomic environment. Globally, declining economic activity, escalating geopolitical tensions, and instability in international markets have disrupted supply chains and impacted currency values. AEON's ability to navigate these complexities highlights its adaptability and strategic focus. On the domestic front, Malaysia economy grew by 5.1% in 2024 due to continued expansion in domestic demand and rebound in exports.

AEON operates within Malaysia's dynamic and competitive retail industry, which has been directly and indirectly impacted by ongoing macroeconomic challenges. Despite these obstacles, AEON emerged stronger in FY2024, thanks to the successful execution of our strategic priorities across the retail and property management services segments, creating sustainable long-term value for our shareholders.

FROM THE DESK OF THE MANAGING DIRECTOR

Q&A Despite the challenges facing the industry, AEON successfully delivered resilient results. How did AEON do it?

First and foremost, we focused on understanding and adapting to the changing needs of our customers. As financial pressures from macroeconomic challenges grew, we noticed a shift in spending priorities. Consumers began to prioritise essentials like food and necessities while holding back on big-ticket and discretionary items.

Let me take a step back to provide a clearer picture of the year. In the early months, consumer sentiment was marked by caution, driven by concerns over a potential economic slowdown, subsidy rationalisation, fears of a recession, and escalating geopolitical tensions. However, as the year unfolded, several key developments helped shift the mood. The introduction of EPF Account 3 in June 2024, along with the announcement of a civil servant salary hike and an increase in the minimum wage, alleviated some financial concerns and provided Malaysians with greater financial flexibility. Additionally, the recovery of the Ringgit Malaysia further bolstered overall consumer confidence. Together, these factors contributed to a noticeable uptick in consumers' willingness to spend.

In response to the changing times, we fine-tuned our approach, tailoring our marketing and promotional campaigns to meet these shifting demands. Initiatives like Everyday Fresh, Everyday Low Price, Thursday is Better than Friday and Time Out Day were designed to offer greater value to our customers, particularly for Foodline items. These efforts not only resonated with consumers but also reinforced our commitment to providing quality and affordable products in challenging times. In conjunction with our 40th Anniversary celebrations, we also offered special promotions to reward our loyal customers throughout the year.

Moreover, the expansion of our Private Brands – namely TOPVALU, HÔME CÔORDY, alongside our newly introduced Softline brands, have contributed to improving our margins. By ensuring these brands deliver both quality and value, they have helped us stand out in the market, build stronger brand loyalty, and offer more competitive pricing. Additionally, these Private Brands allow us greater control over quality and our overall product portfolio, further enhancing our ability to meet customer expectations effectively.



We understand the importance of being close to where our customers are. One of the initiatives to grow our customer base will be to explore potential areas to expand our presence in Malaysia. In FY2024, we opened new outlets across Malaysia, including an AEON Store in Setia Alam, three AEON Wellness outlets, six DAISO outlets, and one Petemo outlet to reach more customers. We also expanded our portfolio with the opening of our first Tsutaya Bookstore in AEON Mall Tebrau City this year. Tsutaya is Japan's largest retail bookstore, and we are honoured to debut this lifestyle

FROM THE DESK OF THE MANAGING DIRECTOR



bookstore, spanning an impressive 27,000 square feet in Johor Bahru.

Building a deep connection with and understanding our customers is also a key driver for expanding and retaining our customer base. With over 2.8 million AEON Member Plus members to date, we continue to strengthen this loyalty programme with exclusive, specially curated products at discounted prices to drive higher sales.

Q&A AEON has been actively renovating its malls, has this initiative contributed in any way to achieving the resilient results?

Yes. AEON's competitive advantage comes from having both its retail and property management services under one roof. This setup allows the two to complement one another, creating positive synergies as we expand our footprint to better serve Malaysians.

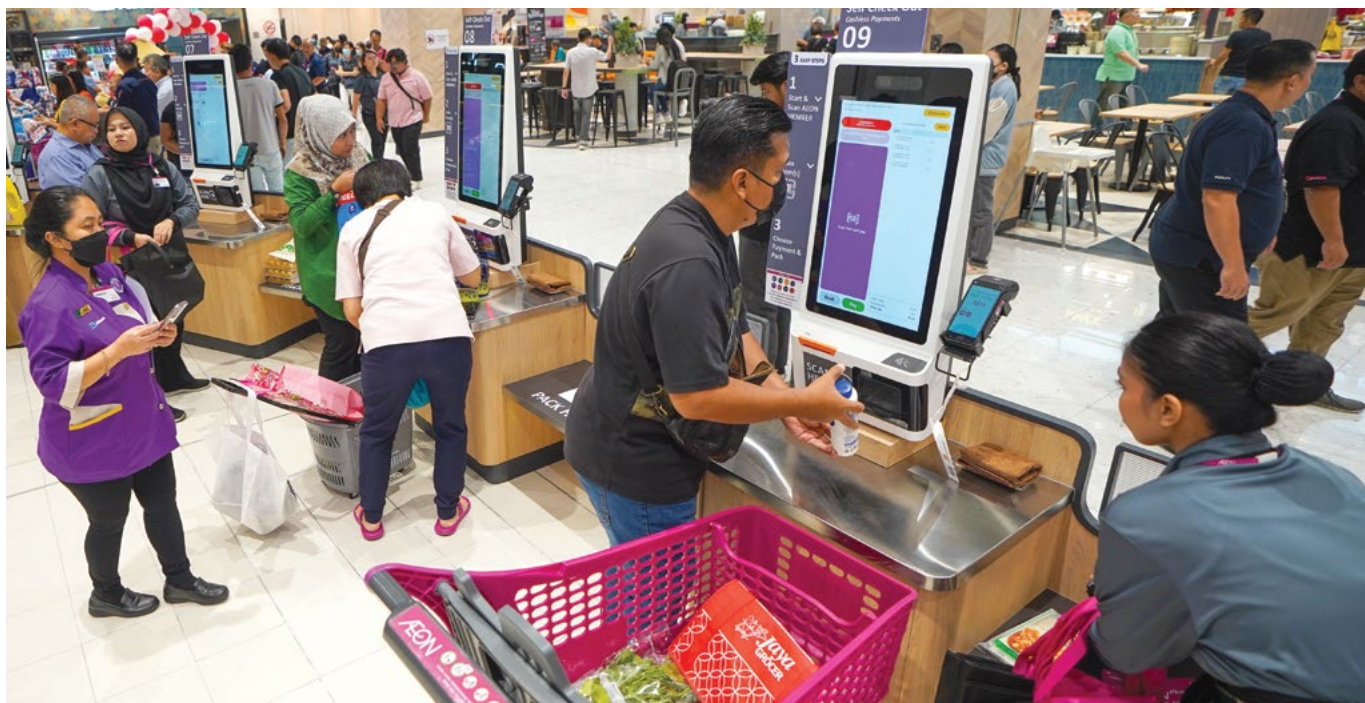
Based on the sustained positive outcomes observed from earlier mall rejuvenations at AEON Mall Cheras Selatan and AEON Melaka Shopping Centre, we have completed all renovation and facelift projects earmarked for FY2024 including AEON Bandar Puchong, supermarket floors at AEON Bukit Indah and AEON Ipoh Station 18, among others. These projects have not only enhanced the shopping experience for our customers but also attracted more visitors to our malls, creating a ripple effect of benefits for our tenant partners as well.

Underpinned by completed mall renovations, tenant space rezoning, and ongoing tenant mix optimisation, overall occupancy rate has increased to 96.9% in FY2024. We also achieved a rental renewal rate of 96%, bolstered by the addition of new tenants and popular brands joining our malls this year. We are pleased to share that we recorded a rent reversion of 8% in FY2024, thanks largely to the positive impact of these renovation projects.

We are also delighted to see that our ongoing stores and mall upgrades are driving sales growth for our tenants, with an 8.5% increase recorded in FY2024. Additionally, we onboarded over 390 new tenants in FY2024 and expanded F&B and Entertainment offerings across our malls, which have contributed to a steady increase in car visits, further highlighting the appeal and vibrancy of our malls.

As we progress, we remain committed to enhancing the retail experience through continuous innovation. We plan to introduce more experiential retail concepts, and digital integration to meet evolving consumer preferences. By leveraging technology and data analytics, we aim to optimise foot traffic and enhance overall shopper satisfaction. These initiatives will ensure that our stores and malls remain top destinations for both retailers and shoppers.

FROM THE DESK OF THE MANAGING DIRECTOR



Can you elaborate on how AEON plans to build upon its digital transformation efforts to drive business growth and enhance customer experiences?

In FY2024, we made notable progress in advancing our digital transformation, building on previous achievements to provide a more seamless shopping experience and improve operational efficiency.

The myAEON2go platform has become an integral part of our customers' shopping journey, seamlessly bridging online and in-store experiences. We also expanded the product range to include offerings from AEON Wellness and DAISO at in-store prices, with same-day delivery in as fast as 30 minutes. This strategy, coupled with unique online discounts, has fuelled double-digit growth as we continue to expand our SKUs.

On the retail front, we continue to prioritise efficiency and convenience by expanding self-checkout counters (SCO). With more SCOs now available across AEON Stores, AEON MaxValu, AEON Wellness and DAISO, we managed to reduce wait times and enhance the overall shopping experience, a significant improvement from last year, with utilisation rates rising from 28% to 40%.

We also rolled out vehicle licence plate recognition system in selected malls for greater customers' convenience. To date, seven AEON Malls are equipped with licence plate recognition system with plans to expand to other Malls gradually.

Looking ahead, AEON plans to accelerate its digital transformation by leveraging advanced technologies to streamline operations, improve efficiency, and deliver personalised customer experiences. This includes enhancing our myAEON2go e-commerce platform, adopting AI-driven analytics for deeper customer insights, and integrating omnichannel solutions to provide seamless online and in-store experiences.

Additionally, AEON will continue investing into automation, and supply chain optimisation to ensure scalability and agility, ultimately driving business growth and strengthening customer engagement. These efforts underscore our dedication to meeting customer needs, enhancing convenience, and fostering trust and loyalty as we continue to grow.

FROM THE DESK OF THE MANAGING DIRECTOR



Shifting our focus to financials, can you provide insights into the key drivers behind AEON's financial performance this year, particularly regarding revenue growth, profitability, and cost management?

Despite a challenging landscape, we delivered strong financial results in FY2024. Our revenue climbed to RM4,262 million, reflecting a 3% growth compared to RM4,129 million in FY2023. What is even more encouraging is that our profit after tax rose by 11% to RM128 million. You might wonder, what fuelled these positive outcomes?

I spoke about Private Brands expansion earlier which has strengthened the overall margin for our retail business. Having expanded product assortment of our Private Brands in FY2024, we are able to diversify our product assortment and offerings to improve margin, while also catering to a wider range of customer preferences and needs. Having a larger Private Brand portfolio decreases reliance on national brands, builds brand loyalty and allows more control over production cost, pricing and profitability.

Products and services at each AEON Store and specialty outlet are also carefully tailored to meet the unique needs of the surrounding community. By segmenting and customising our offerings based on the unique demands of each community where we operate, we are able to deliver a personalised yet diverse shopping experience. This approach helps us cater to a wide range of customers, addressing their unique preferences and needs effectively.

On top of that, effective marketing campaigns also contributed towards driving profitability by boosting sales, customer loyalty, and brand differentiation. We continue to capitalise on peak shopping periods by offering great deals during festivities such as Chinese New Year, Hari Raya, Deepavali and Christmas, drawing large crowds and boosting sales. Special promotions such as Time Out Day and A-Day were also penned-in especially during low seasons to attract foot traffic to our

stores and malls. Collectively, these contributed towards an increase in retail business revenue to RM3,525 million with segmental profit of RM76 million, up 10% in FY2024.

Fuelled by the combination of internal operational efficiency and external market conditions, our property management services revenue grew 9% reaching RM737 million in FY2024. While this growth was primarily driven by higher occupancy rates, positive rent reversions and successful tenancy renewals, it also underscores the strength of our management and our ongoing strategy to revitalise older malls and stores.

Maintaining strict cost discipline remained a key priority. In FY2024, we implemented tighter cost control measures to manage the impact of rising operating costs. One significant step was supplementing our electricity use with renewable energy sources, such as installing solar PV panels in our malls. Furthermore, we have rolled out close to 500 self-checkout counters by the end of FY2024 across our stores to ease the checkout process, reducing wait times for customers while redeploying valuable manpower to other areas of the business, successfully reducing reliance on temporary and casual workers, especially during peak seasons.

Beyond cost control, AEON remains committed to financial sustainability by leveraging innovative financing solutions to strengthen our balance sheet. In FY2024, AEON rolled out its Sukuk Wakalah programme to put in place a stable and cost-effective financing structure. The programme allowed AEON to secure funding in compliance with Shariah principles, ensuring access to a diverse pool of investors.

The proceeds from our first issuance was strategically used to optimise AEON's capital structure while building a stronger foundation to support long-term growth.

FROM THE DESK OF THE MANAGING DIRECTOR

Q&A Can you elaborate on AEON's key sustainability initiatives and plans ahead?

Certainly. At AEON, we view sustainability as an evolving journey of progress and resilience. In 2024, we conducted a thorough review of AEON sustainability and climate strategy to align with global standards and address emerging ESG challenges. This led to the enhancement of the AEON Sustainability Charter, sharpening our focus on measurable targets and actionable goals into our business strategy. Guided by the four core pillars of the AEON Sustainability Charter, our commitment is reflected across our operations, from adopting energy-efficient measures, improving waste and water management to implementing community-impact initiatives and upholding robust governance practices.

On the Environmental front, we continue assessing energy efficiency strategies across our operations to ensure we adopt a more comprehensive approach to conservation. We have been ramping up our efforts to power our malls more sustainably. To date, 11 of our malls are equipped with energised Solar PV, supplementing our electricity use. Additionally, we expanded EV charging facilities to 18 malls to provide added convenience to our customers, encouraging the adoption of electric vehicles while supporting Malaysia's transition to sustainable mobility.

In 2024, we also launched the #AEONResponsible Suppliers Program, becoming Malaysia's first retailer to introduce an ESG-focused supplier initiative which empowers our suppliers to enhance their ESG practices while strengthening trust with our customers by

cultivating a supply chain rooted in responsible and ethical practices. As we implement the programme's workplan, we will focus on tailored capacity-building sessions, facilitating access to sustainability-linked financing, and adopting innovative tools to improve ESG disclosures.

A key highlight of our community effort was our Tree Planting Programme, 'Planting Seeds of Growth for the Future: Creating Gardens in Schools.' AEON has planted more than 7,000 saplings across 28 schools located near AEON Malls, demonstrating our dedication to environmental conservation while fostering community development. This initiative also strengthens our connection with the communities surrounding our malls, reflecting our commitment to building lasting relationships with the people we serve while contributing to greener and healthier environments.

Looking ahead, sustainability will remain central to AEON's strategy. We aim to deepen our environmental initiatives, including the expansion of renewable energy and sustainable supply chain programs, while fostering strong community relationships through impactful social and governance practices. Guided by the AEON Sustainability Charter and aligned with our net-zero ambition for 2050, we are committed to driving meaningful change, delivering innovative solutions and creating long-term value, to meet the evolving needs of our customers and stakeholders.



FROM THE DESK OF THE MANAGING DIRECTOR

Q&A What can we anticipate from AEON in the future?

As we celebrate AEON's 40th anniversary in Malaysia this year, we reflect on our incredible journey—from the opening of our first store four decades ago to our current footprint of 28 malls, 35 stores, and 121 specialty outlets across the country. AEON remains dedicated to growing and solidifying our position as one of Malaysia's leading retailers and mall operators, with a continued commitment to expanding our presence and serving customers nationwide.

We are excited about the opportunities that lie ahead. As we look toward FY2025, AEON is committed to strengthen the AEON Living Zone ecosystem while driving growth by deepening our focus into our strategic pillars of growing our customer base, increasing foot traffic to our stores and malls, and accelerating sustainability initiatives. These priorities are underpinned by an emphasis on product innovation and technology development, aimed at enhancing the overall customer experience and making shopping more seamless and enjoyable.

In addition to expanding the product assortments of our Private Brands, we will also prioritise upgrading our existing malls and stores. This includes improving tenant management through effective tenancy renewals, rent reversions, and maintaining a diversified tenant mix to ensure the continued success of our malls.

By leveraging technology and data, we aim to deliver more personalised and seamless shopping experiences for our customers.

AEON is also set to expand its retail footprint with a robust pipeline of mall and store expansions in the medium term.

AEON Mall KL MidTown, strategically located near the affluent neighborhoods of Mont Kiara and Hartamas in Kuala Lumpur, is slated to open in FY2026. Meanwhile, AEON Mall Seremban 2 will undergo a major expansion, with a new two-storey shopping mall seamlessly linked to the existing structure. Once completed in FY2027/2028, the expansion will double the mall's size.

Additionally, AEON Mall Kinta City in Ipoh, Perak, will see an estimated 50% increase in retail space as part of an expansion project beginning in FY2025 and set for completion by FY2027. These developments underscore AEON's commitment to enhancing its retail offerings and meeting evolving consumer needs.

Operationally, we remain focused on enhancing efficiency. As we continue to grow our footprint in Malaysia, we plan to roll out more self-checkout counters and electronic shelf labels, adopt greener practices as well as optimise our supply chain across our business.

Q&A Any concluding remarks or acknowledgements?

On behalf of the Company, I would like to extend our deepest gratitude to our Chairman, Board members, and the AEON Leadership Council for their unwavering guidance, support, and strategic insights, which have been instrumental in driving our continued success. We also sincerely appreciate our valued customers, business partners, tenants, suppliers, regulators, and financiers for their trust, patronage, and confidence in AEON — key drivers of our growth and achievements.

A special thank you goes to our dedicated team of AEON People, whose commitment, resilience, and loyalty ensure that we consistently elevate the customer

experience, bringing joy and happiness to everyone who visits our stores.

Last but not least, to our esteemed shareholders, we are deeply grateful for your continued confidence in our vision. Your trust is the foundation of our resilience, and we remain committed to delivering value and excellence, driven by your unwavering support.

Together, let us continue creating smiles and connecting hearts, making every AEON experience meaningful for our customers and communities.