

August 19, 2020

AEON CO., LTD.

AEON Next Preparation Co., Ltd.

Getting ready for the launch of Aeon's next-generation online grocery with cutting-edge technology

A new company, Aeon Next Preparation Co., Ltd. concludes a reservation agreement for acquisition of construction site in Honda, Chiba.

Aeon Co., Ltd. (Chiba, President Akio Yoshida, "Aeon") and Ocado Solutions (London, CEO Luke Jensen), a subsidiary of UK online supermarket operator Ocado Group plc (London, CEO Tim Steiner, "Ocado") signed an exclusive partnership in November 2019.

Aeon Next Preparation Co., Ltd. (Chiba, President Bharat Rupani, "Aeon Next") was established in December 2019. Aeon Next is preparing for the full operations of its online grocery business, with the aim of launching Japan's first CFC[※] with cutting-edge AI and robotics functions in 2023.

Aeon Next plans to construct Japan's first CFC[※] in Honda-cho, Midori-ku, Chiba-city. The building site was confirmed earlier today, and a land reservation contract was concluded with M&K Co., Ltd.

CFC[※]...Customer Fulfilment Center



The CFC is characterized by its ability to hold a large range of approximately 50,000 products. It is enabled by 24 hours, highly efficient picking operations using robotics and AI. By utilizing Ocado's solution, the robots in the CFC can assemble a 50-item order within 6 minutes. Advanced AI algorithms are also used to constantly identify and update optimal routes for the most efficient home delivery.

The CFC in Honda is projected to have a footprint greater than 27,500 m², allowing Aeon to provide a large and scalable online grocery service to customers from the site. It will focus serving online customers in Chiba Prefecture and Tokyo Metropolitan Area to receive daily necessities, including fresh food, via home delivery.

- **The first CFC (Customer Fulfillment Center) in Japan**

With the recent impact of the Covid-19 outbreak and the changing consumer lifestyle, there is a growing need for online grocery shopping. Aeon Next will provide customers with a service that enables them to shop comfortably from anywhere for fresh food and daily necessities, and from a wide selection of products. These products will then be conveniently delivered to their doorsteps.

As the first large-scale automated warehouse in Japan leveraging Ocado's robotics and AI, the new CFC will be a key showcase for the company's domestic business. In order to achieve its mission of "Anytime, Anywhere" delivery, a network of similar facilities is planned for construction in the next few years.

- **Contribution to revitalize local economy**

The CFC operation launch in spring 2023 is slated to create about 700 jobs in Chiba prefecture. Aeon Next will promote their collaboration with Chiba City's Next Core Chiba Honda Project to excite local community and contribute to a revitalization of the economy in Chiba Prefecture.

- **About Ocado**

Ocado is a UK-based technology company and online grocery operator. Established in 2000 as a pure-play online grocery retailer it enabled UK customers to receive online grocery orders through home delivery without owning physical stores. Ocado has spent two decades innovating for online grocery, investing in a wide technology estate that includes the robotics and AI necessary to power their state-of-the-art CFCs, as well as cutting-edge web shop software, home-delivery routing technologies and more. Ocado provides its proprietary online grocery fulfilment solutions to some of the world's largest grocery retailers and holds a 50% share of Ocado Retail Ltd in the UK in a Joint Venture with Marks & Spencer. Ocado.com has regularly been the fastest growing supermarket in the UK.

Aeon is promoting digital shift as pillar of its mid-term business plan. Through collaboration with Ocado, we will build a new platform in line with our 'Customer First' philosophy, contributing to customer convenience and establishing the most compelling online grocery in Japan.

<About Aeon Next Preparation Co., Ltd.>

Company name: Aeon Next Preparation Co., Ltd.

Established: December 20, 2019

Address: 1-5-1 Nakase, Mihama-ku, Chiba-city, Chiba

President: Bharat Rupani

Business line: Online supermarket operation focusing on daily necessities, receiving online customer orders and delivering them from the centers to customer doorsteps.

Shareholders: 100% owned by Aeon Co., Ltd.

<About Honda site>

Location: 2-22-3 Honda-cho, Midori-ku, Chiba-city, Chiba

Area: CFC Footprint: 27,500 m² (≒8,318 tsubo)

Total floor area for the full site: 43,070 m² (≒13,027 tsubo)

Reservation contract concluded on August 19, 2020

Contact: M&K Co., Ltd.

*The Honda site is designated by the Chiba-city as the Industrial Land Development Support Project under which M&K has worked on the land development through public-private partnership.

CFC construction to start in spring 2021