

**JFTC’s Review Results Concerning Management Integration of AEON Co., LTD. and  
TSURUHA HOLDINGS INC.  
(Overview)**

## **I. Parties**

AEON is a holding company with group companies engaged in the supermarket, drugstore, and dispensing pharmacy businesses. TSURUHA HD is a holding company with group companies engaged in the drugstore and dispensing pharmacy businesses.

The abbreviations of the Parties, etc. are shown in the Appendix.

## **II. Overview of the Case and Relevant Provisions of Law**

The Parties plan to integrate the management of AEON and TSURUHA HD through share acquisitions of TSURUHA HD by AEON, etc. (hereinafter referred to as the “Transaction”). The relevant provision is Article 10 of the Antimonopoly Act.

## **III. Reviewing Process**

- March 31, 2025: The JFTC received the notifications regarding the Transaction (the commencement of the primary review).
- April 30, 2025: The JFTC notified the Parties that it would not issue a cease and desist order.

## **IV. Definition of a Particular Field of Trade, etc.**

### **1. Service range**

Drugstores are retail stores that sell a wide variety of products to consumers, including cosmetics, daily necessities, and food, in addition to a wide range of over-the-counter (OTC) drugs. Since the substitutability of demand and supply between drugstores and other categories of retail storers such as dispensing pharmacies and supermarkets is often limited, “drugstore business” was defined as the service range in this case. However, for retail stores that sell a wide range of OTC drugs even classified in other business categories, the JFTC decided to examine whether or not they would be competitive pressure on the stores of the Parties Group.

### **2. Geographic range**

It is considered that the competition among companies engaged in drugstore business occurs not only between companies but also at the individual store level. In this case, based on the scope, etc. of shopping trips by consumers of the Parties Groups’ stores, the geographic range was defined as the area “within a 2km radius of each store” (hereinafter referred to as “trading area”). However, the JFTC also took into account the stores operated by Competitors as competitive pressure on the stores of the Parties Group, which are recognized to be in a competitive relationship, even though they are located more than 2km away.

### **3. Type of business combination**

The Transaction constitutes a horizontal business combination in the drugstore business<sup>1</sup>.

## **V. Assessment of Substantial Restraints on Competition**

### **1. Results of economic analysis of competition in the drugstore business**

The JFTC conducted an economic analysis on how the number of companies operating the drugstore business within the trading area as well as the presence of certain companies<sup>2</sup> affects the gross profit margin of the Parties Group's stores. These analyses led to several findings, including the following:

- (i) Stores of AEON Group and TSURUHA Group within the trading area are in a competitive relationship.
- (ii) The smaller the number of Competitor Groups in the trading area, the more likely competition concerns are to arise.
- (iii) It should be evaluated on a case-by-case basis whether stores operated by the Competitors outside the trading area would exert competitive pressure.

### **2. Examination of each trading area**

#### **(1) Identification of trading areas to be considered**

There are 1,330 trading areas in Japan where both AEON Group stores and TSURUHA Group stores are located.

Of these, 157 trading areas have only one Competitor Group (109 trading areas) or no Competitor Groups (48 trading areas). In these 157 trade areas, there would be only 2 or 1 Business Groups operating drugstores after the Transaction, which is likely to cause competition concerns.

Therefore, for each of these 157 trading areas, the JFTC carefully examined whether the Transaction would substantially restrain competition in a particular field of trade by confirming individually the existence of competitive pressures, etc.

#### **(2) Results of examination of 157 trading areas**

The results of the examination for the 157 trading areas are shown in the table below.

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<sup>1</sup> While there are several competitive businesses operated by the Parties Group, we focused on a horizontal business combination in the drugstore business, where the Parties Group holds a high market status and the Transaction is considered to have a relatively large impact on competition.

<sup>2</sup> Certain companies include companies engaged in the drugstore business (the Parties Group and the Competitor Groups), as well as some other business categories.

[Table] Results of examination of the 157 trading areas

Areas where one Competitor Group is located or no Competitor Groups exist	157
(i) Areas where competitive pressure is exerted from Competitors' stores within or outside the trading area.	101
(ii) Areas where competition between stores within the Parties Group has conventionally been inactive and competitive pressure is exerted from Competitors' stores within or outside the trading area.	13
(iii) Areas where competitive pressure is exerted from Competitors' stores outside the trading area.	16
(iv) Areas where competitive pressure is exerted from stores in other business categories within the trading area.	12
(v) Areas where a store opening plan by Competitors within the trading area are recognized.	6
(vi) Areas where competitive pressure, etc. could not be confirmed	10

Note: One of the 16 trading areas in (iii) and the 6 trading areas in (v) is duplicated.

With respect to the 147 trading areas categorized under (i) through (v), it is not found that the Transaction would substantially restrain competition in a particular field of trade. On the other hand, there were 10 trading areas that did not fall under (i) through (v) and for which competitive pressures could not be confirmed.

In the evaluation of competitive pressure from Competitors' stores outside the trading area, etc. in (iii) above, the JFTC also utilized the mobility data<sup>3</sup> provided by cell phone operators to estimate whether consumers are shopping around at the Parties' Group stores within the trading area and at Competitors' stores outside of it.

### (3) Summary

With respect to the 10 trading areas where competitive pressure, etc. (as described in (2) above) could not be confirmed, the Transaction would substantially restrict competition in a particular field of trade.

## VI. Proposed Remedies

### 1. Overview of remedies

The Parties offered to take the following measures.

- (1) For each of the 10 trading areas where competitive pressure, etc. could not be

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<sup>3</sup> The mobility data is data collected from cell phone service users who have been authorized by cell phone operators to provide location information, which is provided to third parties for a fee. This enables to estimate the flow of people between specific points.

confirmed as described in V2(2) above (hereinafter referred to as the “10 Areas”)<sup>4</sup>, the Parties shall agree to sell one of the Parties Group’s stores located in each area to a third party (excluding companies belonging to the Parties Group and companies which have no intention of operating drugstores in such stores) (hereinafter referred to as “Store Transfer”). The Parties shall conclude Store Transfer contracts by October 31, 2025. The draft of the Store Transfer agreement, specifying the transferee and the date of transfer, must obtain the JFTC’s approval prior to the execution of the agreement.

- (2) Until the Store Transfers are executed, the Parties shall make commercially reasonable efforts to preserve the business value of each store in the 10 Areas would not be damaged.
- (3) Until the Store Transfers are executed, the Parties shall not impose unduly unfavorable prices on consumers for products sold in each of the stores within the 10 Areas, and shall report the prices of products sold in each of the stores in the 10 Areas to the monitoring trustee in (4) below once a month.
- (4) Before executing the Transaction, the Parties shall appoint an independent third party as a monitoring trustee. Until the Store Transfers are completed, the Parties have the trustee monitor the Store Transfer and the implementation of the measures described in (2) and (3) above, and have it report periodically the status of implementation, with opinions to the JFTC.

## **2. Assessment of the proposed remedies**

The JFTC concluded that the remedies proposed by the Parties would create a new independent competitor by Store Transfer to a third party, thereby restoring the competition that would be lost due to the Transaction.

## **VII. Conclusion**

As a result of the review, based on the premise that the Parties would implement their proposed remedies, the JFTC concluded that the Transaction would not substantially restrain competition in any particular fields of trade.

\* This announcement is a tentative translation.

Please refer to the original text written in Japanese for more details.

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<sup>4</sup> The 10 Areas are: 2 areas in Aomori Prefecture, 1 area in Ibaraki Prefecture, 1 area in Tochigi Prefecture, 2 areas in Shizuoka Prefecture, 2 areas in Tottori Prefecture, 1 area in Shimane Prefecture and 1 area in Ehime Prefecture.

**Appendix- The Abbreviations of the Parties, etc.**

AEON Co., LTD.	AEON
A group of companies that have already formed an integral relationship with AEON as the ultimate parent company	AEON Group
TSURUHA HOLDINGS, INC.	TSURUHA HD
Group of companies that have already formed an integral relationship with TSURUHA HD as the ultimate parent company	TSURUHA Group
A group of companies comprised of AEON and TSURUHA HD	Parties
A group of companies comprised of AEON Group and the TSURUHA Group	Parties Group
Companies engaged in the drugstore business and not belonging to any of the companies in Parties Group	Competitor
A group of competitors with the same operator as the ultimate parent company	Competitor Group
A group of companies comprised of Parties Group and Competitor Group	Business Group