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**INSIDE INFORMATION
DECREASE IN LOSS**

This announcement is made by AEON Stores (Hong Kong) Co., Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Future Ordinance (Cap.571, Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited management accounts of the Group for the year ended 31 December 2022 and the information available for the time being, the Group recorded a loss attributable to shareholders of approximately HK\$230 million to HK\$270 million as compared with the loss attributable to shareholders of HK\$470 million in the corresponding period in 2021.

The Board considers that the decrease in loss was mainly due to the following factors:

1. In view of the overall weakness of retailing, the Group actively faced the challenges by adjusting the merchandise mix, optimizing the stores network, strengthening marketing and promotion, accelerating the progress of digitization to optimize the system and streamline the process, etc. to enhance the overall operational efficiency;
2. Gross profit margin improved as the Group continued to increase the sales share of its private brand merchandise (e.g. TOPVALU and HomeCoordy) and continued to increase the range of directly imported merchandise to optimize and enrich the merchandise mix;
3. Revenue of the Group’s Hong Kong operation has reached its second highest record as it actively expanded its store network during the period by opening different types of stores to meet different market needs, including AEON Style, Daiso Japan, Mono Mono Lifestyle Store and KOMEDA’s Coffee Shop; the Group also capitalized on market opportunities and took advantage of the Hong Kong Government’s issuance of consumer vouchers during the period to boost revenue; and
4. total amount of impairment losses recognised in respect of right-of-use assets, property, plant and equipment and goodwill in the year was less than the total amount of impairment losses recognised in the corresponding period in 2021.

The information contained in this announcement is only based on a preliminary assessment of the unaudited management accounts of the Group and the information available for the time being. Such information has not been audited or reviewed by the auditors of the Company and may be subject to

change. The unaudited results of the Group for the year ended 31 December 2022 are expected to be announced by the Company by end of March 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
AEON Stores (Hong Kong) Co., Limited
Isei NAKAGAWA
Chairman

Hong Kong, 7 February 2023

As at the date of this announcement, the Executive Directors are Mr. Isao Sugawara, Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Isei Nakagawa, Mr. Makoto Fukuda and Mr. Hiroyuki Inohara; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting.