



Superdrug is one of the largest beauty and health retailers in the UK, operating over 770 stores across the UK and Ireland.

Retail



1. In the Netherlands, Kruidvat marks its 50th anniversary, celebrating half a century as the leading health and beauty retailer in the region.
2. Watsons Philippines operates over 1,200 stores nationwide.
3. Rossmann operates over 5,100 stores in Germany, Poland, Hungary, the Czech Republic, Türkiye, Albania, Kosovo, Spain and Switzerland.
4. Savers offers competitively priced health and beauty products in over 530 stores across the UK.
5. Watsons Malaysia unveils its Pink store concept, with innovative experiential zones, delivering an aesthetic and immersive shopping experience for customers.

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Operations Review – Retail

The Retail division consists of the AS Watson (“ASW”) group of companies, the world’s largest international Health and Beauty (“H&B”) retailer with a 183 million loyalty member base.

Group Performance

ASW operated 12 retail brands with 17,114 stores in 31 markets worldwide as of 31 December 2025, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and Chinese Mainland.

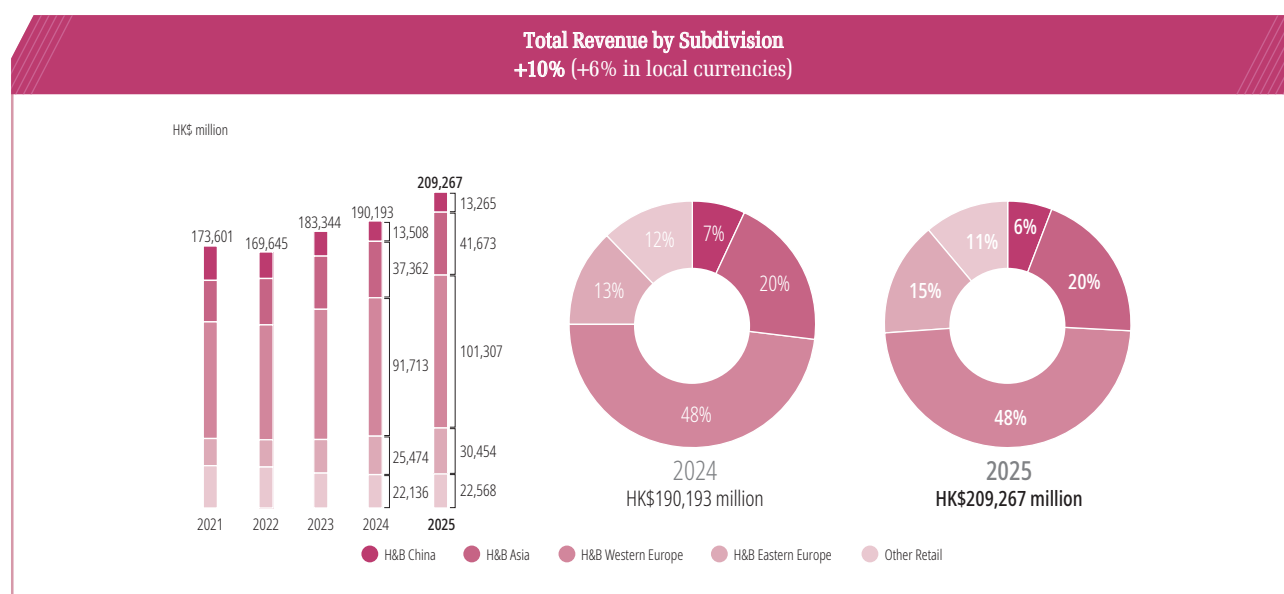
	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
Total Revenue	209,267	190,193	+10%	+6%
EBITDA ⁽¹⁾	18,238	16,395	+11%	+5%
EBIT ⁽¹⁾	14,553	13,018	+12%	+5%
Store Numbers ⁽²⁾	17,114	16,820	+2%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$27,909 million (2024: HK\$25,594 million); EBIT was HK\$15,841 million (2024: HK\$14,099 million).

Note 2: Store number excludes dark stores in H&B China (which commence operations in 2H 2024). On this basis, the store numbers as at 31 December 2024 has been restated to 16,820. Dark stores are small fulfilment centres solely to fulfil online orders and are strategically located to enable delivery services.

Total reported revenue increased by 10% and 6% against last year in reported and local currencies respectively. The higher revenue was driven by improvement in both offline and online channels for majority of businesses, partly offset by challenging business environment in the H&B China segment.

H&B loyalty members’ participation & exclusives sales contribution	2025	2024
Total loyalty members in H&B segment (million)	181	168
Loyalty members’ sales participation in H&B segment (%)	64%	65%
Exclusives sales contribution to total H&B sales (%)	36%	36%



Total Revenue	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
H&B China	13,265	13,508	-2%	-2%
H&B Asia	41,673	37,362	+12%	+11%
H&B China & Asia Subtotal	54,938	50,870	+8%	+7%
H&B Western Europe	101,307	91,713	+10%	+5%
H&B Eastern Europe	30,454	25,474	+20%	+12%
H&B Europe Subtotal	131,761	117,187	+12%	+7%
H&B Subtotal	186,699	168,057	+11%	+7%
Other Retail ⁽³⁾	22,568	22,136	+2%	+2%
Total Retail	209,267	190,193	+10%	+6%

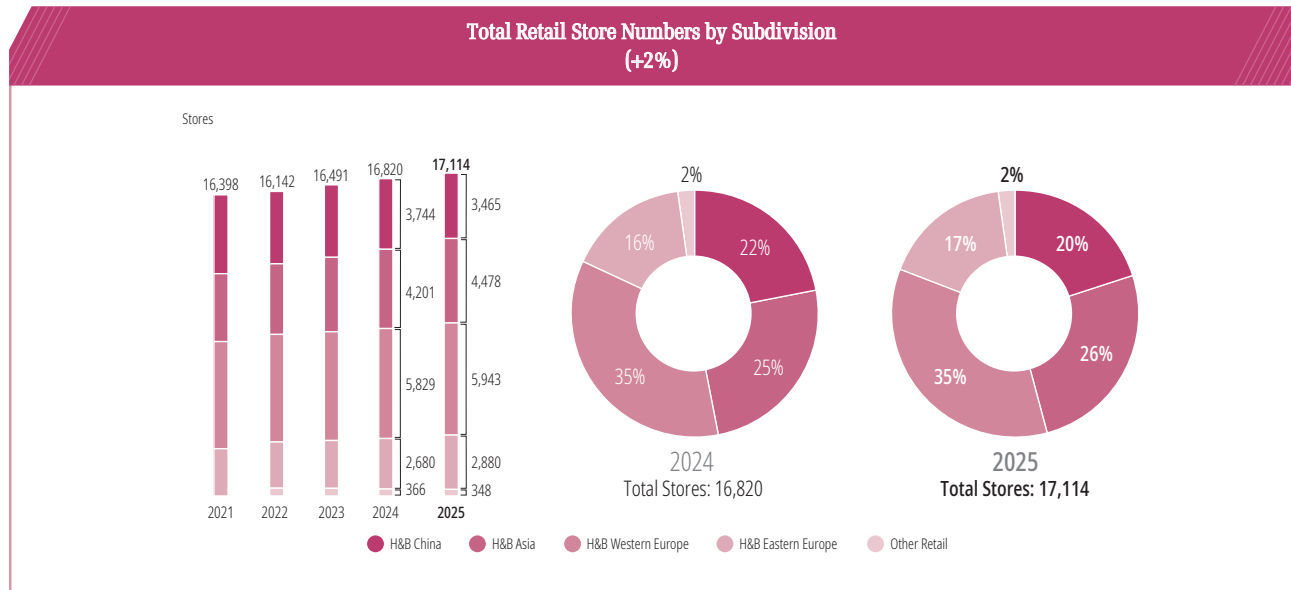
Comparable Stores Sales Growth (%) ⁽⁴⁾	2025	2024
H&B China	-1.8%	-15.3%
H&B Asia	+5.6%	+6.5%
H&B China & Asia Subtotal	+3.8%	-0.1%
H&B Western Europe	+3.9%	+5.7%
H&B Eastern Europe	+4.1%	+5.9%
H&B Europe Subtotal	+3.9%	+5.7%
H&B Subtotal	+3.9%	+3.9%
Other Retail ⁽³⁾	+3.9%	-3.6%
Total Retail	+3.9%	+3.1%

Note 3: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

Note 4: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Operations Review – Retail

Group Performance (continued)

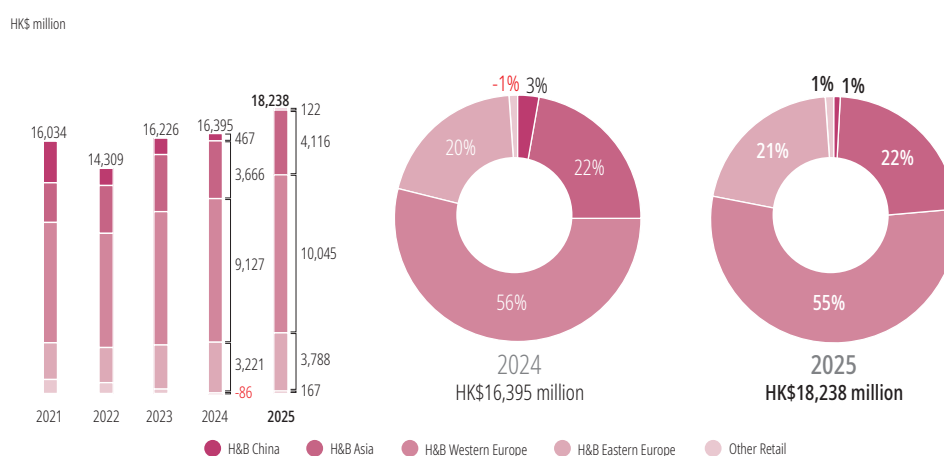


Store Numbers	2025	2024 ⁽⁶⁾	Change
H&B China	3,465	3,744	-7%
H&B Asia	4,478	4,201	+7%
H&B China & Asia Subtotal	7,943	7,945	-
H&B Western Europe	5,943	5,829	+2%
H&B Eastern Europe	2,880	2,680	+7%
H&B Europe Subtotal	8,823	8,509	+4%
H&B Subtotal	16,766	16,454	+2%
Other Retail ⁽⁵⁾	348	366	-5%
Total Retail	17,114	16,820	+2%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

Note 6: Store number excludes dark stores in H&B China (which commence operations in 2H 2024). On this basis, the store numbers as at 31 December 2024 has been restated to 16,820. Dark stores are small fulfilment centres solely to fulfil online orders and are strategically located to enable delivery services.

EBITDA by Subdivision +11% (+5% in local currencies)



EBITDA/(LBITDA)	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
H&B China	122	467	-74%	-73%
H&B Asia	4,116	3,666	+12%	+8%
H&B China & Asia Subtotal	4,238	4,133	+3%	-1%
H&B Western Europe	10,045	9,127	+10%	+4%
H&B Eastern Europe	3,788	3,221	+18%	+9%
H&B Europe Subtotal	13,833	12,348	+12%	+5%
H&B Subtotal	18,071	16,481	+10%	+4%
Other Retail ⁽⁷⁾	167	(86)	+294%	+294%
Total Retail	18,238	16,395	+11%	+5%

Note 7: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

The Retail division's EBITDA and EBIT increased by 11% and 12% respectively in reported currency against 2024. Excluding favourable foreign exchange impact, this division's EBITDA and EBIT both increased by 5% in local currencies against last year. Favourable performance were recorded in most operations in Asia and Europe, partly offset by adverse results of H&B China as comparable stores sales continues to decline. The H&B segment reported EBITDA growth of 4% and EBIT growth of 3% in local currencies against 2024, which was attributable to strong trading performance in various markets, in particular the UK, the Benelux countries, the Philippines, Malaysia and the Rossmann joint venture in Poland. In local currencies, H&B Europe's EBITDA and EBIT both increased by 5% against last year, while EBITDA and EBIT of H&B Asia grew by 8% and 7% respectively year-on-year. Excluding H&B China, the division reported EBITDA growth of 8% and EBIT growth of 7% in local currencies against 2024.

In 2025, the Retail division advanced its sustainability progress by using more renewable energy than in previous years through the procurement of approximately 759 GWh of renewable energy using Energy Attribute Certificates across Chinese Mainland, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, Türkiye, the UK and Benelux markets, covering close to 100% of annual electricity consumption in these markets. Although the combined scopes 1 and 2 greenhouse gas emissions for the division increased by 1% year-on-year mainly due to an increase in refrigerants in the food retail, it still achieved over 77% reduction as compared to the 2018 baseline.

Additionally, over 12,000 products have been listed under Watsons' Sustainable Choices campaign by the end of 2025, which allow customers to make informed decisions by offering products with improved ingredients or packaging. The initiative spans across multiple Asian markets, including Chinese Mainland, Hong Kong, Taiwan, Thailand, Malaysia, Indonesia, the Philippines, and Türkiye, reinforcing Watsons' dedication to expanding access to more sustainable products and meeting evolving consumer preferences.

Operations Review – Retail

Segment Performance

Health and Beauty China

	2025 HK\$ million	2024 HK\$ million	Change	Local currency change
Total Revenue	13,265	13,508	-2%	-2%
EBITDA	122	467	-74%	-73%
<i>EBITDA Margin %</i>	1%	3%		
EBIT	(378)	(104)	-263%	-256%
<i>EBIT Margin %</i>	N/A	N/A		
Store Numbers ⁽⁸⁾	3,465	3,744	-7%	
Comparable Stores Sales Growth (%)	-1.8%	-15.3%		

Note 8: Store number excludes dark stores (which commenced operation in 2H 2024).

H&B China's EBITDA and EBIT decreased by 73% and 256% respectively in local currencies against last year driven by comparable stores sales decline of 1.8% as well as margin pressure, as trading conditions continued to be challenging. This adverse variance was partly offset by various cost savings initiatives in order to maintain a positive EBITDA contribution for the year.

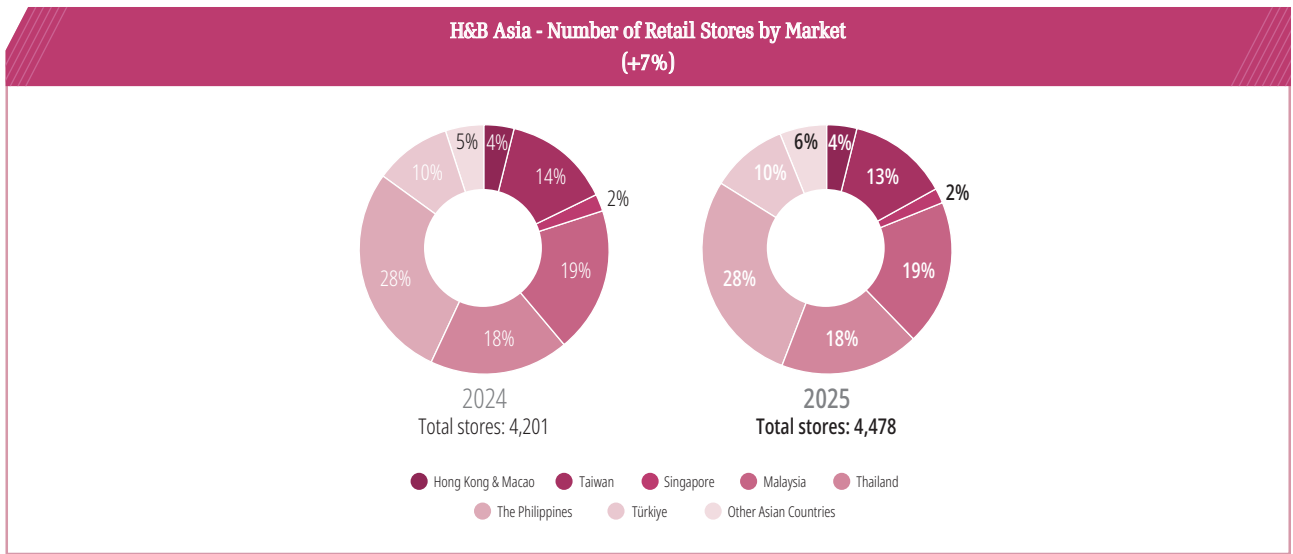
As part of an ongoing focus to enhance the quality and productivity of store portfolio, the business has streamlined the store network. As of 31 December 2025, the division operated 3,465 stores across over 500 cities in Chinese Mainland.

Health and Beauty Asia

	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
Total Revenue	41,673	37,362	+12%	+11%
EBITDA	4,116	3,666	+12%	+8%
<i>EBITDA Margin %</i>	10%	10%		
EBIT	3,411	3,045	+12%	+7%
<i>EBIT Margin %</i>	8%	8%		
Store Numbers	4,478	4,201	+7%	
Comparable Stores Sales Growth (%)	+5.6%	+6.5%		

H&B Asia reported robust EBITDA and EBIT growth of 8% and 7% respectively in local currencies against 2024. The favourable results were primarily from solid comparable stores sales growth of 5.6% and incremental margin from store network expansion, with strong trading performance reported in the Philippines, Malaysia and Türkiye, partly offset by adverse performance in Thailand and Hong Kong from softer consumer sentiment.

H&B Asia added net 277 stores during the year and had over 4,400 stores in 14 markets as of 31 December 2025, including the division's franchise business which expanded from three stores to 37 stores in UAE, Qatar, Saudi Arabia and Bahrain since market entry into the Middle East in 2020.

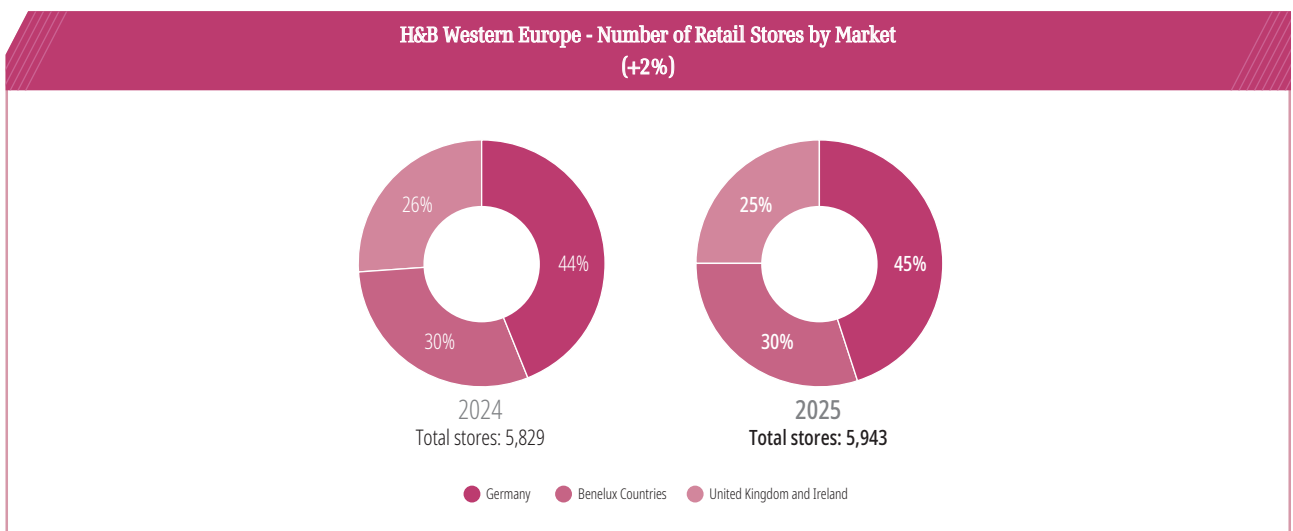


Health and Beauty Western Europe

	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
Total Revenue	101,307	91,713	+10%	+5%
EBITDA	10,045	9,127	+10%	+4%
<i>EBITDA Margin %</i>	10%	10%		
EBIT	8,499	7,701	+10%	+4%
<i>EBIT Margin %</i>	8%	8%		
Store Numbers	5,943	5,829	+2%	
Comparable Stores Sales Growth (%)	+3.9%	+5.7%		

H&B Western Europe reported EBITDA and EBIT growth of 10% in reported currency and 4% in local currencies against 2024, mainly driven by favourable performance from H&B operations in the UK and the Benelux countries, with comparable stores sales growth of 3.9% arising from higher store traffic as well as margin optimisation amid rising labour costs. The favourable results were partly offset by adverse performance of the luxury retail businesses from intense market competition.

H&B Western Europe added net 114 stores during the year and had more than 5,900 stores as of 31 December 2025.



Operations Review – Retail

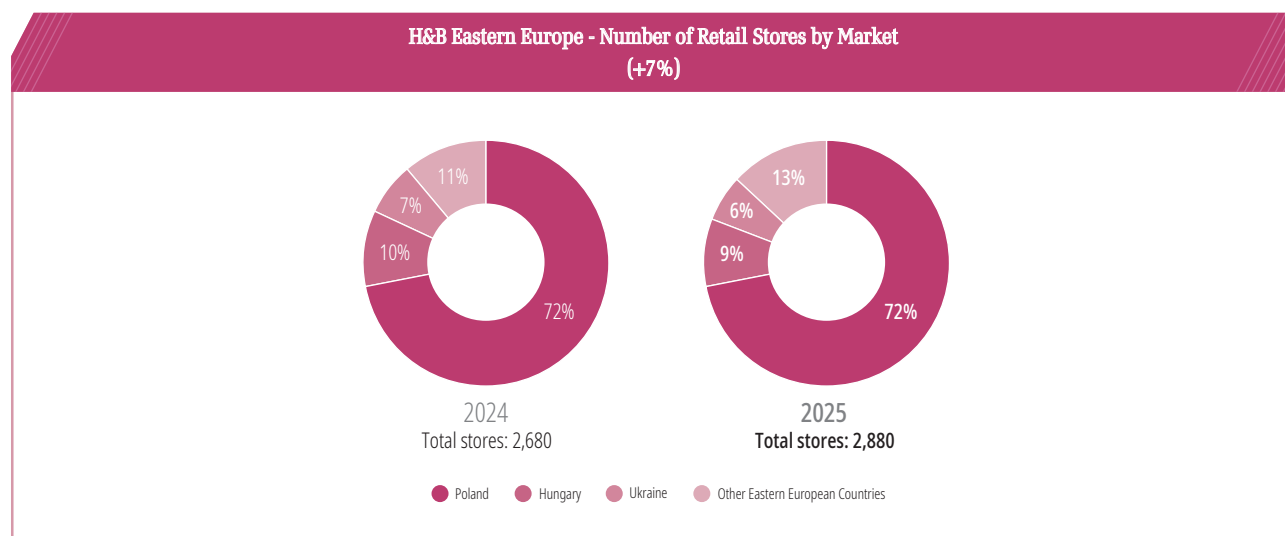
Segment Performance (continued)

Health and Beauty Eastern Europe

	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
Total Revenue	30,454	25,474	+20%	+12%
EBITDA	3,788	3,221	+18%	+9%
<i>EBITDA Margin %</i>	<i>12%</i>	<i>13%</i>		
EBIT	3,181	2,784	+14%	+6%
<i>EBIT Margin %</i>	<i>10%</i>	<i>11%</i>		
Store Numbers	2,880	2,680	+7%	
Comparable Stores Sales Growth (%)	+4.1%	+5.9%		

H&B Eastern Europe reported strong EBITDA growth of 9% and EBIT growth of 6% in local currencies against 2024 with solid comparable stores sales growth of 4.1%. The favourable performance was predominantly attributable to the Rossmann joint venture in Poland as a result of sales growth and continued store portfolio expansion in 2025.

H&B Eastern Europe had more than 2,800 stores as of 31 December 2025, an increase of 7% mainly due to new store additions in Poland, partly offset by fewer stores in Ukraine.



Other Retail

	2025 HK\$ million	2024 HK\$ million	Change	Local currencies change
Total Revenue	22,568	22,136	+2%	+2%
EBITDA/(LBITDA)	167	(86)	+294%	+294%
<i>EBITDA Margin %</i>	1%	<i>N/A</i>		
LBIT	(160)	(408)	+61%	+61%
<i>EBIT Margin %</i>	N/A	<i>N/A</i>		
Store Numbers	348	366	-5%	
Comparable Stores Sales Growth (%)	+3.9%	-3.6%		

The Other Retail segment turnaround from LBITDA to positive EBITDA in 2025, and LBIT was reduced by 61% against 2024. The improvements were mainly due to favourable sales performance alongside with disciplined cost control management in PARKnSHOP and the beverage businesses, partly offset by adverse results from PARKnSHOP Yonghui.

Other Retail had 348 retail stores in three markets as of 31 December 2025, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and Chinese Mainland.

