

10 July 2025

Pepco Group N.V. Third Quarter FY25 Trading Update

Pepco Group, the variety discount retailer operating more than 3,900 stores under the Pepco brand across Europe, today reports a trading update for its third financial quarter of FY25 ended 30 June 2025.¹

HIGHLIGHTS

Following the completed sale of Poundland on 12 June 2025, the highlights below focus on New Pepco Group (Pepco and Dealz Poland), unless otherwise stated.

- Record Q3 'New Pepco Group' revenues of €1.1 billion with constant currency revenue growth of 7.7% versus last year
- 'New Pepco Group' like-for-like (LFL) revenues grew by +2.6% in the third quarter, with growth across both Pepco and Dealz brands
 - Pepco delivered Q3 LFL revenue up +2.4% – the brand's third consecutive quarter of LFL growth. Performance was driven by continued strategic execution, with benefits from better availability, a sharper price focus on our best-selling items and improved product ranges, which helped drive volume growth in the period. Reaffirming our stated strategy at the Capital Markets Day to exit FMCG by the end of FY25, Pepco's Q3 LFL performance excluding FMCG, grew even more strongly by +4.8%
 - Dealz reported a strong quarter, with LFL sales up by +5.8%, with positive demand in food and GM
- 'New Pepco Group' gross margin improved by 180 basis points year-on-year in Q3 FY25, with continued strong progress in Pepco
- Net new openings of 45 Pepco and Dealz stores in Q3 FY25, largely representing Pepco openings in the CEE region. Overall, 'New Pepco Group' operated 4,276 stores at the end of the third quarter
- Board announces today it will commence execution of an initial share buyback of up to €50 million

FINANCIAL PERFORMANCE

Q3 FY25 Summary

	Pepco	Dealz	New Pepco Group	Poundland	Total Group
Revenue €m ²	997	80	1,078	347	1,424
Revenue growth y-o-y at constant currency ³	7.4%	11.2%	7.7%	-10.3%	2.7%
LFL revenue growth ⁴	2.4%	5.8%	2.6%	-7.1%	0.1%
LFL revenue growth (excl Pepco FMCG) ⁵	4.8%	5.8%	4.8%	-7.1%	1.6%
Store numbers					
Total stores at start of period	3,887	344	4,231	818	5,049
New openings	48	2	50	-	50
Closures	(4)	(1)	(5)	(19)	(24)
Total stores at end of period	3,931	345	4,276	799	5,075
Net new stores in period	44	1	45	(19)	26

Note: Poundland constitutes financials from beginning of the third quarter to the sale of Poundland (12 June 2025). Growth calculations apply same logic to prior year.

Commenting on the results, Stephan Borchert, Chief Executive Officer of Pepco Group, said:

"Our results in Q3 reflect our continued strategic execution across 'New Pepco Group' and actions we have taken to drive more consistent performance. The Pepco brand delivered a strong performance in the third quarter, registering record revenue of over €1 billion, a third consecutive quarter of like-for-like sales growth and a further uplift in gross margin. This outstanding performance at Pepco – the engine of the Group's earnings potential – was driven by

improved availability, a focus on price leadership of its best-selling items and improved product ranges, which supported our continuous improvement of LFL sales and volume growth in the period. Dealz also reported a strong quarter, with LFL sales increasing by 5.8%, with positive demand in food and general merchandise.

"Our transformation and value creation programme is making good progress, and we are thankful that our customers are rewarding our efforts with increasing loyalty.

"The Group's continued momentum, its compelling underlying earnings potential, strong cash generation and the Board's belief that the current share price materially undervalues its future prospects underpins today's decision to commence a share buyback programme of up to €50 million, to further enhance shareholder returns.

"Having completed the sale of Poundland in June 2025, New Pepco Group now has a simpler structure and we look forward with confidence to capitalising on the numerous growth opportunities for the Pepco brand, as part of our ambition to become one of Europe's most successful discount retailers."

PRO-FORMA DISCLOSURE OF NEW PEPKO GROUP

On 12 June 2025, the Group announced that it had completed the sale of its Poundland business to Gordon Brothers, reflecting its strategy to simplify the Group's structure and drive shareholder value as outlined at the Capital Markets Day. By deconsolidating Poundland from the Group, the sale improves the Group's revenue growth and drives higher profitability and margins, with stronger cash generation.

In order to help guide analysts and investors on the remaining business, management will provide expanded disclosure, including full pro-forma numbers of 'New Pepco Group', consisting of the Pepco and Dealz brands, for fiscal year 2024 and the first 9 months of 2025, at the pre-close trading update on 25 September 2025.

SHARE BUYBACK – UPDATE

At the Capital Markets Day on 6 March 2025, the Board confirmed the authorisation of a share buyback capability of up to €200m to be available for use during FY25-FY27. This allowed the Board to consider the potential buyback of shares from time to time in accordance with the relevant authorisation from the General Meeting.

The Board today announces that it will initiate the first tranche of the share buyback programme of up to €50 million intended to commence on or around 17 July, due to the Board's belief that the current share price materially undervalues the Group's future prospects and its intrinsic earnings potential, to further enhance shareholder returns. Further details on the share buyback are set out in a separate announcement published today.

PEOPLE

During the quarter, there were several changes to the Board of Directors. Paul Soldatos, Andy Bond and Neil Brown stepped down from the Board as Non-Executive Directors. The Board announced the appointment of Dirk Van den Berghe as a Board Observer, who joins as a Director nominee of IBEX Group, the Company's majority shareholder, subject to formal confirmation at a future General Meeting of shareholders. Dirk brings deep experience to the Board through his prior senior leadership roles at multiple large retail businesses, including at Walmart and Delhaize Group. The Board is actively evaluating further candidates for potential appointment and will provide further updates as appropriate.

OUTLOOK

Our Pepco and Dealz businesses are continuing to deliver strong momentum in line with objectives. We previously outlined an expectation that the Pepco business would see FY25 revenues and underlying EBITDA (IFRS 16) year-on-year growth in the high single digits, which remains unchanged. Similarly, Dealz is also expected to deliver in line with previous disclosure, with FY25 EBITDA (IFRS 16) of around €30 million. In terms of store numbers, the Group continues to expect to open approximately 250 net new stores across FY25.

CONFERENCE CALL

Pepco Group will host a conference call for analysts and investors to discuss its Q3 FY25 trading update on Thursday 10 July 2025 at 8.30am BST (9.30am CEST). Investors and analysts who would like to participate in the Q&A session can dial in using the relevant number below and quote "**Pepco Q3**".

Alternatively, a live audio webcast of the call will be available via the following link:

https://brrmedia.news/PCO_Q3

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Poland	+48 22 397 9053
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United States	+1 786 697 3501

FORTHCOMING DATES

- Pre-close Trading Update + Pro-forma disclosure of Group (excluding Poundland): 25 September 2025
- FY25 Preliminary Results: 10 December 2025

SUPPLEMENTAL TABLE: 9-month FY25 performance

9M FY25 YTD summary

	Pepco	Dealz	New Pepco Group	Poundland	Total Group
Revenue €m ²	3,168	263	3,431	1,332	4,763
Revenue growth y-o-y at constant currency ³	8.5%	11.1%	8.7%	-9.8%	2.9%
LFL revenue growth ⁴	2.3%	3.8%	2.4%	-7.2%	-0.5%
LFL revenue growth (excl Pepco FMCG) ⁵	3.1%	3.8%	3.1%	-7.2%	-0.1%
Store numbers					
Total stores at start of period	3,781	331	4,112	836	4,948
New openings	176	18	194	2	196
Closures	(26)	(4)	(30)	(39)	(69)
Total stores at end of period	3,931	345	4,276	799	5,075
Net new stores in period	150	14	164	(37)	127

Note: Poundland constitutes financials from beginning of the 2025 financial year to the sale of Poundland (12 June 2025). Growth calculations apply same logic to prior year.

ENQUIRIES

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EXPLANATORY NOTES

1. Group financials are prepared on an unaudited basis for the nine-month period ended 30 June 2025, unless otherwise noted.
2. Revenues are unaudited with foreign currency revenues translated at the average rate for the month in which they are made.
3. Revenue growth is reported on a constant currency basis using the prior year actual rate applied to both current and prior years.
4. LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary and is reported on a constant currency basis.
5. Pepco LFL revenue growth excluding FMCG, consists of LFL of clothing and general merchandise only.

TRUE AND FAIR STATEMENT

The management of Pepco Group N.V. are responsible for preparing this update and state that, to the best of their knowledge, the information contained herein regarding Pepco Group N.V. is correct as of the date of publication of this document and that it fairly reflects the Group's financial situation and business activities.