

25 September 2025

Pepco Group N.V.

## FY25 pre-close trading update and pro-forma Group disclosure (excluding Poundland)

### Executing at pace on our 'New Pepco' strategy

Pepco Group, a leading pan-European variety discount retailer, today announces a pre-close trading update ahead of the publication of its FY25 full year preliminary results on 10 December 2025. As a special case disclosure, the Group also provides unaudited historical pro-forma financials for the Group excluding Poundland, which was sold on 12 June 2025.

#### Highlights

- Full year results for the Group (excluding Poundland) in line with prior guidance
  - Revenues expected to exceed €4.5 billion (2024: €4.2 billion)
  - Underlying EBITDA (IFRS 16) y-o-y growth towards the top-end of the high single digit range
- Strong FY25 underlying net earnings delivery expected; with 9M FY25 underlying net earnings of €196m already at the full year FY24 level (€199m)
- Continue to see encouraging momentum in Pepco LFL revenues, with 51-week performance up +2.7%, led by a strong fourth quarter-to-date where LFL revenues grew +3.9%
  - Poland – Robust performance delivering positive LFL growth of +2.6% in H2 FY25 to date
  - Western Europe – LFL revenue growth of +3.2% in H2 FY25 to date; excluding FMCG, LFL up +15.6%
  - Excluding FMCG, Pepco has seen overall LFL revenue growth of +6.1% in H2 FY25 to date
- FMCG exit on track and in line with strategy outlined at the CMD in March
  - Sale of Poundland business to Gordon Brothers completed in June 2025
  - All Pepco Plus stores in Iberia now converted to standard store format, with positive initial results
- New share buyback announced, with second tranche of €50m to commence from October. This follows the completion of the first €50m tranche in August 2025 reflecting strong ongoing free cash generation
- Group called €175m of its €375 million 7.25% July 2028 senior secured notes to be settled in early October, as part of a review of external funding to extend the Group's debt maturity profile and optimise debt pricing

**Stephan Borchert, Chief Executive Officer, commented:** *"The last twelve months have been a transformational year for the business, as we reset our strategy and set about delivering, at pace. I'm delighted with the progress we have made, achieving key milestones this year in line with the strategy we outlined at our Capital Markets Day in March 2025. We divested Poundland and removed FMCG from the Pepco brand, enabling us to better drive growth and take tactical decisions to maximise value creation for shareholders. Our results demonstrate these were the right actions to deliver future profitable growth for Pepco. We expect to report strong FY25 revenue and underlying EBITDA, driven by significant improvements in gross margin year-on-year.*

*"A renewed focus on our price leadership position and product offer is resonating with customers and leading to increasing momentum in like-for-like revenue growth. Pepco's fourth quarter trading to date has been particularly strong, with LFL revenue growing by +3.9% – our best quarterly performance for two and a half years. Our focus on driving an improved performance in Poland has resulted in an overall recovery in LFL during the second half of the year, while our Western European stores have delivered +6.7% LFL growth through the year.*

*"Our business is reshaped and simplified, focused on our core Pepco brand in key regions across CEE and Western Europe. The Group is now more agile to take advantage of the opportunities ahead, drive higher customer satisfaction through digital engagement and ultimately increase market share. As we finish the year in a strong position. I am confident that this solid foundation of strategic progress, combined with a focus on free cash generation and further capital returns, will drive shareholder value during the next financial year."*

## Share buyback

The Group today announces that it will commence a second €50m tranche of the share buyback programme in October 2025. This follows on from the completion of the first €50m tranche in August 2025. These tranches are part of the overall €200m share buyback capability authorised for use during FY25-FY27 that was announced at the Group's Capital Markets Day.

Priorities include a sharp focus on optimising free cash flow and thoughtful allocation of capital over time, including returns to shareholders to enhance value creation for the Group's stock. Today's announcement underscores the Board's conviction that the Group's current share price materially undervalues the Group's future prospects and its intrinsic earnings potential. Further details on the second tranche will be published on commencement of the share buyback in October 2025.

As of 30 June 2025, the Group had leverage (pre-IFRS 16) of 0.5x, reflecting total cash of €355m and total debt of €616m. Total available liquidity as of 30 June 2025 exceeds €700m. The Group continues to target a net leverage (pre-IFRS 16) ratio of between 0.5x to 1.5x, ensuring financial flexibility while maintaining a strong balance sheet.

## Current trading

New Pepco Group revenues for the 51 weeks to 21 September 2025 are up 8.8% on a constant currency basis, driven by store expansion and Pepco-banner like-for-like revenue growth over the same period of +2.7%. This performance accelerated during the fourth quarter with Pepco banner LFLs for Q4-to-date running at +3.9%. We expect to open 84 net new stores during the fourth quarter, planning to finish the year with 248 net new stores overall, in line with prior guidance.

The Pepco banner FMCG exit has been successfully completed, with only minor planned short-term disruption in stores. This is part of our strategy to focus on our core categories of clothing and general merchandise where we generate stronger returns and higher margins and where Pepco has a competitive advantage. This includes the conversion of Pepco Plus stores in Spain and Portugal to our standard store format, as well as removing FMCG products from the 'snake' checkout queue in all stores across the Pepco estate. LFL revenues excluding FMCG saw growth of +7.6% in Q4-to-date, up from +4.8% in Q3 FY25. On this basis, LFL saw progressive improvement through each quarter in FY25.

Dealz LFL revenue growth in the 51 weeks to 21 September 2025 was up by +1.9%, following a tough Q4-to-date where LFL's fell by -4.4% during the period. These weak Q4 LFL sales were primarily driven by a challenging performance in health & beauty ranges due to elevated promotional intensity across the market, alongside a weak result in soft drink sales due to unseasonably cold weather in Poland during the summer.

## FY25 outlook

'New Pepco Group' represents the continuing Group business excluding Poundland. On this basis, the Group expects to report revenues for the full year in excess of €4.5 billion. The business has continued to benefit from strong year-on-year improvements in gross margin, driven by Pepco, continuing from the first half. As a result, the Group expects to deliver FY25 underlying EBITDA (IFRS 16) towards the top-end of our guidance (growth y-o-y in the high single digits). We expect full year underlying net earnings growth y-o-y to significantly exceed EBITDA growth, reflecting lower interest and tax charges compared to FY24, despite absorbing, amongst other items, a one-off refinancing charge in the fourth quarter. This is underpinned by 9M FY25 underlying net income of €196m, which is already at the full year FY24 level (€199m).

Sustained discipline around store expansion and capital investment will also result in strong free cash generation, even after including the cost of various strategic transformation programmes during FY25, including the sale of Poundland, reshaping our store estate in Pepco Germany and the conversion of Pepco Plus stores in Iberia.

## CONFERENCE CALL

Pepco Group will host a conference call for analysts and investors to discuss its pre-close trading update on Thursday 25 September 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**".

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

[https://brrmedia.news/PCO\\_TU](https://brrmedia.news/PCO_TU)

Location	Phone Number
Poland	+48 22 397 9053
United Kingdom	+44 (0) 33 0551 0200 / +44 (0) 808 109 0700
United States	+1 786 697 3501

## FORTHCOMING DATES

- FY25 Preliminary Results (for 12 months ending 30 September 2025): Wednesday 10 December 2025
- Q1 FY26 Trading Update: Thursday 15 January 2026

## ENQUIRIES

### Investors and analysts

Tej Randhawa, Investor Relations	+44 (0) 203 735 9210
Rebecca Jamieson, Investor Relations	+44 (0) 203 735 9210

### Media

Rollo Head, FGS Global	+44 (0) 7768 994 987
James Thompson, FGS Global	+44 (0) 7947 796 965
Blake Gray, FGS Global	+44 (0) 7842 631 475

## Pro-forma disclosure of Group (excluding Poundland)

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 analysts and investors analyse the continuing post-Poundland business, management provides the special case disclosure below for 'New Pepco Group'<sup>1</sup> (Pepco and Dealz brands) highlighting unaudited pro-forma numbers for FY24 and the first 9 months of FY25<sup>2</sup>. The FY24 numbers presented in this release are based on previously published financial information. In these statements, where relevant, Poundland is shown as discontinued operations.

### 'New Pepco Group' pro-forma: Profit and loss account<sup>3</sup>

Profit and Loss (€m)	9M FY25	12M FY24
<i>y/e 30 September</i>		
<b>Revenue</b>	<b>3,431</b>	4,160
<i>Like-for-like revenues (%)</i>	<b>2.5%</b>	-3.0%
<b>Gross profit</b>	<b>1,632</b>	1,934
<i>Gross profit margin (%)</i>	<b>47.6%</b>	46.5%
Operating costs	<b>(985)</b>	(1,146)
<i>Operating costs %</i>	<b>28.7%</b>	27.6%
<b>Underlying EBITDA</b>	<b>647</b>	787
<i>Underlying EBITDA margin (%)</i>	<b>18.9%</b>	18.9%
<b>Underlying EBITDA (pre-IFRS 16)</b>	<b>398</b>	483
<i>Underlying EBITDA margin (pre-IFRS 16) (%)</i>	<b>11.6%</b>	11.6%
Depreciation, amortisation & impairment	<b>(327)</b>	(408)
<b>Underlying EBIT (IFRS 16)</b>	<b>320</b>	379
Net financial expense	<b>(48)</b>	(86)
Underlying PBT	<b>272</b>	294
<b>Underlying PAT</b>	<b>196</b>	199
Underlying Effective Tax Rate %	<b>27.9%</b>	32.2%
Underlying EPS (cents)	<b>34.0</b>	34.6
Non-underlying items	<b>(26)</b>	(44)
Reported PBT	<b>246</b>	250
Tax	<b>(75)</b>	(95)
Reported PAT	<b>171</b>	155
Reported EPS (cents)	<b>29.8</b>	26.9
Gain/(loss) from discontinued operations	<b>(314)</b>	(865)
	<b>9M FY25</b>	<b>12M FY24</b>
Net debt (IFRS 16)	<b>1,304</b>	1,363
Leverage (IFRS 16): Net debt to LTM EBITDA	<b>1.5x</b>	1.7x
<b>Net debt (pre-IFRS 16)</b>	<b>261</b>	307
<b>Leverage (pre-IFRS 16): Net debt to LTM EBITDA</b>	<b>0.5x</b>	0.6x

#### NOTE:

(1) New Pepco Group includes Pepco, Dealz, PGS and corporate costs

(2) The 9M period ends in June; the 12M period ends in September

(3) Numbers based on continuing operations and according to IFRS 16 unless stated otherwise.

## IFRS impact

The following table provides a summary of the impact of IFRS16 on key financial metrics:

	9M FY25			12M FY24		
	9M FY25	IFRS16 Impact	Pre-IFRS16	FY24	IFRS16 Impact	Pre-IFRS16
Underlying EBITDA	647	(249)	398	787	(304)	483
Underlying PBT	272	(3)	269	294	1	294
Non-Underlying Items	(26)	0	(26)	(44)	0	(44)
Reported PBT	246	(3)	243	250	1	250
Net Debt	1,304	(1,043)	261	1,363	(1,056)	307

## Financing

As of 30 June 2025, the Group's total gross external debt (excluding lease liabilities) was €616m, comprising:

- €375m 7.25% bond due 2028
- €250m Term Loan B due 2026
- Zero drawn on the Company RCF
- Less €9m of debt issuance costs which have been capitalised

In the fourth quarter, the Group initiated a debt-refinancing strategy to reduce the Group's average interest rate and to extend debt maturities. On 24 September, the Group called €175m of its €375m corporate bond. We remain in discussions with our banking partners regarding the remaining €200m portion of our corporate bond, in the context of our overall financial strategy. A new Senior Facility Agreement to repay the €250m Term Loan B is also expected to be completed in October 2025.

## Tax

Tax for the pro-forma results has been determined as the best estimate of the weighted-average annual income tax rate expected for the full financial year (adjusted for the tax effect of permanent items and temporary differences recognised in full in the period). As a result, the effective tax rate in the pro-forma numbers may differ from the effective tax rate for the annual financial statements.

The Group's underlying effective tax rate in respect of the pro-forma business for 9M FY25 is 27.9% (FY24: 32.2%).

## Discontinued operations

On 12 June 2025, Pepco Group announced the sale of Poundland for a consideration of £1. As of that date, Poundland was deconsolidated, with the Group's results now re-presented in the income statement to reclassify all Poundland results as a discontinued operation (as required under IFRS 5).

A pro-forma profit and loss account has been included within this release to highlight the impact of the sale of Poundland on the Group's results. As of 30 June 2025, the loss recognised from discontinued operations for the nine-month period in FY25 is €314m. The comparative results for FY24 have also been represented highlighting a loss from discontinued operation of €865m.

**'New Pepco Group' pro-forma: Summary cash flow statement**  
*(Numbers restated to exclude Poundland).*

<b>Summary cash flow (€m)</b>	<b>9M FY25</b>	<b>12M FY24</b>
<b>Underlying EBITDA pre-IFRS 16</b>	<b>398</b>	483
Working capital	(95)	68
Tax paid	(57)	(84)
<b>Operating Cash Flow</b>	<b>246</b>	466
Non-underlying items	(14)	(46)
Capex	(65)	(149)
<b>Free Cash Flow (unlevered)</b>	<b>167</b>	271
Net interest paid	(25)	(34)
External Borrowing	-	(120)
External Dividends	(36)	-
Net financing to Poundland	(63)	(109)
Proceeds on sale of PPE	-	2
Cashflows from discontinued operations (Pepco Austria)	-	(13)
<b>Net cash flow</b>	<b>43</b>	(3)
Effect of exchange rate fluctuations on cash held	5	29
Cash and cash equivalents at the beginning of the period	307	282
<b>Cash and cash equivalents at the end of the period</b>	<b>355</b>	307
Net debt: IFRS 16	1,304	1,363
Leverage: IFRS 16 (x EBITDA LTM)	1.5x	1.7x
Net debt: pre-IFRS 16	261	307
Leverage: pre-IFRS 16 (x EBITDA LTM)	0.5x	0.6x
Impact of IFRS 16 on leverage	1.0x	1.1x
Current ratio	0.9	1.0

## **'NEW PEPCO GROUP' SEGMENTAL REPORTING – DIVISIONAL SEGMENTS**

*(The numbers below do not include Poundland as this is treated as a discontinued operation in FY24 and FY25).*

€m	9M FY25	12M FY24
<b>REVENUE</b>		
GROUP	<b>3,431</b>	<b>4,160</b>
- Pepco	3,169	3,853
- Dealz	263	307
<b>LIKE-FOR-LIKE SALES GROWTH (%)</b>		
GROUP	<b>2.4%</b>	<b>-3.0%</b>
- Pepco	2.3%	-2.8%
- Dealz	3.8%	-4.8%
<b>GROSS MARGIN</b>		
GROUP	<b>47.6%</b>	<b>46.5%</b>
- Pepco	48.0%	46.9%
- Dealz	33.9%	33.4%
<b>UNDERLYING EBITDA (IFRS 16)</b>		
GROUP	<b>647</b>	<b>787</b>
- Pepco	655	786
- Dealz	21	24
- Central costs	(29)	(23)
<b>UNDERLYING EBITDA (pre-IFRS 16)</b>		
GROUP	<b>398</b>	<b>483</b>
- Pepco	426	505
- Dealz	2	3
- Central costs	(30)	(24)
<b>UNDERLYING EBIT (IFRS 16)</b>		
GROUP	<b>320</b>	<b>(379)</b>
- Pepco	355	413
- Dealz	(5)	(8)
- Central costs	(30)	(25)
<b>STORE NUMBERS (#)</b>		
GROUP	<b>4,276</b>	<b>4,112</b>
- Pepco	3,931	3,781
- Dealz	345	331

**'New Pepco Group' pro-forma: Balance sheet statement**

(FY24 numbers have been represented to exclude Poundland).

Balance sheet (€m)	30 June 2025 (9M FY25)	30 September 2024 (FY24)
<b>Assets</b>		
Property, plant and equipment	511	553
Right of Use Asset	995	1,007
Intangible assets	16	30
Trade and other receivables	41	51
External loan receivable	18	258
Derivative financial instruments (assets)	27	31
Deferred tax asset	98	83
Inventories	863	959
Cash and cash equivalents	355	307
<b>Total assets</b>	<b>2,924</b>	<b>3,278</b>
<b>Liabilities</b>		
Trade and other payables	869	1,067
Lease liabilities	1,043	1,057
Borrowings	616	613
Provisions	26	28
Derivative financial instruments (liabilities)	127	46
<b>Total liabilities</b>	<b>2,681</b>	<b>2,811</b>
<b>Net assets</b>	<b>243</b>	<b>467</b>