

26 March 2026

Pepco Group N.V.
H1 FY26 Pre-Close Trading Update

Positive trading momentum continues; Strong start for digital loyalty programme

Pepco Group N.V. (“Pepco Group”), a leading pan-European variety discount retailer, today reports a pre-close trading update for the first six months of its 2026 financial year, ahead of the publication of its H1 FY26 interim results on 21 May 2026.

Stephan Borchert, Chief Executive Officer of Pepco Group, said: *“We have delivered another period of solid trading, with Pepco continuing to grow both revenue and gross margin, including in Poland, our largest market. Pepco delivered its fifth consecutive quarter of like-for-like revenue growth. For the year-to-date, Pepco like-for-like revenue growth was +4.2% excluding FMCG (fast moving consumer goods), reflecting our value proposition, enhanced product lines and pricing discipline, which continue to work effectively, despite a mixed consumer environment.*

“We remain on track with our new store opening plan, with 31 net new stores opened in the financial year so far. In June, we will enter North Macedonia, further strengthening our presence in Central and Eastern Europe and taking Pepco to 19 countries overall. In addition, strong performance and operational execution in Iberia and Italy is driving consistent, profitable store growth, giving us increasing confidence in the potential future growth opportunity for this region. We will provide a fuller update on this key strategic area with our half-year results in May 2026.

“We have made a successful start to our digital ambitions with the recent launch of our new Pepco customer website and mobile loyalty app in Poland, with plans to expand the rollout to several other markets by the end of this year. After just a few weeks, we are pleased to already have over 800,000 mobile app downloads, ahead of expectations, demonstrating the traction our brand and proposition have with our growing customer base.

“Our full-year guidance remains unchanged and we are set to complete our €200 million share buyback programme this financial year. With our store opening plan on track and our customer proposition continuing to strengthen, Pepco Group is well positioned to deliver on its commitments for the current year and beyond.”

CURRENT TRADING

For the 25 weeks to 22 March 2026, Pepco revenue was up +4.8% on a constant currency basis, with like-for-like (LFL) revenue growth of +4.2% excluding FMCG (+0.7% including FMCG over the same period). This included positive LFL performance in Poland and continued double-digit LFL growth in Western Europe. We are seeing encouraging LFL performance of our first stores in Iberia that were converted to exit FMCG over a year ago. Since lapping the anniversary of their conversion, these stores continue to trade on a double-digit LFL, in line with the regular non-converted stores in the region, resulting in a gradual uplift in reported revenue.

Our Pepco trading performance over recent weeks has accelerated, following a strong customer response to the start of our Spring/Summer and Easter collections, with LFL revenue growth of +9.6% excluding FMCG in the last four weeks (+6.6% including FMCG). Pepco has continued to see robust gross margin improvements year-on-year, while delivering price leadership and the best value for customers.

On a Group basis, total revenues was up +3.7% on a constant currency basis for the 25 weeks to 22 March 2026, negatively impacted by continued weaker trading in Dealz. Over the same period, Group LFL revenues was up +3.1% excluding FMCG (flat including FMCG), while Dealz LFL revenues declined by -9.8%. The process of divesting Dealz is progressing well and we remain on track for completion during the current financial year.

At the end of February 2026, Pepco operated 4,046 stores with 31 net new stores opened in the H1 FY26 period to date. This lower number of net new stores largely reflects the impact of store closures in Germany, related to our

strategic restructuring in that market, as previously highlighted. The Group continues to expect to open around 250 net new stores across FY26, all focused on the Pepco brand. Dealz operated an unchanged 344 number of stores.

SUPPLY CHAIN

Pepco Group is currently experiencing a minimal impact from developments in the Middle East – and we believe we are well positioned to manage the evolving situation, having invested in the resilience of our supply chain in recent years. Around 95% of our imported product volume is routed via the Cape of Good Hope through regular sea freight under contracted rates and capacity, and there has been little disruption to these routes. The business has a healthy availability of stock across our distribution centres, partly reflecting a higher level of shipped inventory compared to the same period last year due to an earlier Chinese New Year and Easter period. The Group also has structurally lower exposure to short-term demand volatility and fast-fashion cycles, supported by longer-term sourcing and planning horizons. We continue to monitor the situation on a daily basis and are ready to take proactive steps to further protect product availability and manage costs, if required.

SHARE BUYBACK - UPDATE

A fourth share buyback tranche of €52.9 million commenced on 12 March 2026 and is due to conclude no later than 22 May 2026. This fourth tranche will complete our initial €200 million share buyback programme, as announced at our 2025 Capital Markets Day. As of 20 March 2026, the Group had purchased a total of 1,333,482 ordinary shares at an average price of PLN 26.53 as part of the fourth tranche. Prior to the commencement of the fourth tranche, there were a total of 553,918,650 total shares outstanding, excluding a total of 23,533,285 shares held in treasury.

OUTLOOK

The Group expects to report a strong first half profit performance. For the full year, despite an uncertain consumer and geopolitical backdrop, we remain confident on delivering FY26 results in line with the guidance set out last December. This includes expected FY26 reported revenue growth of 6% to 8%, including the negative impact of exiting FMCG, as expected, which we estimate will adversely impact full-year revenue growth by around two percentage points in FY26, while positively impacting margins and profitability. This revenue impact will be particularly evident in the first half of the financial year.

As previously disclosed, FY26 underlying EBITDA (IFRS 16) growth is expected to increase by at least 9% y-o-y, despite absorbing a step-up in transformation costs of €25m to €35m. We expect underlying net earnings growth to exceed 25% y-o-y, benefitting from an improved effective tax rate, significantly lower interest costs achieved through our recent successful debt refinancing, as well as an alignment of our depreciation policy to more closely match the actual lease periods in our store base.

FORTHCOMING DATES

- H1 FY26 Interim Results: 21 May 2026
- Q3 FY26 Trading Update: 9 July 2026

ENQUIRIES

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