

9 July 2026

Pepco Group N.V. Third Quarter FY26 Trading Update

Pepco Group N.V. (“Pepco Group”), a leading pan-European variety discount retailer, today reports a trading update for its third financial quarter of FY26 ended 30 June 2026.¹

On 3 June 2026, the Group announced that it had agreed the sale of its Dealz Poland business, completing its strategic exit from fast-moving consumer goods (FMCG) retail and creating a pure-play Pepco business. Accordingly, the highlights below focus on the Group excluding Dealz (the Pepco brand together with central functions), unless otherwise stated.

HIGHLIGHTS

- Pepco delivered another quarter of strong, broad-based growth, with Q3 FY26 revenue up +8.5%
- Like-for-like (LFL) revenue growth excluding FMCG of +5.4% (LFL including FMCG of +4.2%), supported by positive customer reaction to our new product ranges and a sharper price focus
- Growth led by Western Europe, where LFL revenues excluding FMCG grew +15.0% in the quarter, with CEE South delivering LFL growth excluding FMCG of +3.6% and CEE North LFL excluding FMCG +3.6% against strong prior-year comparatives
- On a two-year basis, Q3 FY26 LFL revenue growth excluding FMCG was +10.2%, underscoring the sustained improvement in the underlying business
- Continued progress on gross margin, up 290 basis points year-on-year to 51.9% in 9M FY26, driven by sourcing efficiencies and FX tailwinds
- Net new openings of 74 Pepco stores in Q3 FY26 (YTD 136); with a total of 4,151 Pepco stores in operation at the end of the quarter. On target to open approximately 250 net new stores in FY26
- FY26 outlook upgraded following Dealz sale. Now expect gross margin of ~51% (previously >49.4%), mid-teens EBITDA growth (previously low-teens), and ~€300m of unlevered FCF (previously >€250m)
- The previously announced tender buyback of up to €400m remains on track to complete during FY26

FINANCIAL PERFORMANCE (3 months to 30 June 2026)

Q3 FY26 Summary	Group excl. Dealz	Dealz	Total Group
Revenue €m ²	1,089	67	1,156
% y-o-y growth at constant currency ³	8.5%	(17.0%)	6.6%
LFL revenue growth ⁴	4.2%	(16.6%)	2.7%
LFL revenue growth (excl Pepco FMCG) ⁴	5.4%	(16.6%)	3.8%
Store numbers			
Total stores at start of period	4,077	343	4,420
New openings	84	0	84
Closures	(10)	(1)	(11)
Total stores at end of period	4,151	342	4,493
Net new stores in period	74	(1)	73

¹ All references to footnotes can be found in the Explanatory Notes on page 9

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

“Our impressive third-quarter performance reflects continued execution against our New Pepco strategy, the strength of the Pepco brand and the consistency we are building across the business. Pepco like-for-like revenues grew by +5.4% excluding FMCG and double-digit on a two-year basis, demonstrating that the improvements made in availability, price leadership and product ranges are resonating with customers. Our Western European business delivered an exceptional quarter, with like-for-like revenues up 15.0% excluding FMCG, underpinning our confidence to accelerate growth in the region.

“On 3 June 2026, we agreed the sale of our Dealz Poland business, marking the final step in the strategic transformation of our portfolio into a pure-play Pepco business, and completing our exit from FMCG retail following the sale of Poundland in June 2025.

“With a simpler structure, strong cash generation and clear momentum behind the Pepco brand, we look forward with confidence to delivering further profitable growth and enhanced returns for shareholders.”

€400M TENDER BUYBACK

At its H1 FY26 interim results on 21 May 2026, the Group confirmed its intention to make a special, one-time capital return to shareholders of up to €400m during FY26, by way of a pro-rata tender buyback in which Ibex, the Group’s majority shareholder, is expected to participate. The return will be funded through a combination of the Group’s existing internal cash reserves and a modest amount of new external debt, increasing pre-IFRS 16 leverage to approximately 1.0x EBITDA — the middle of the Group’s target range of 0.5x to 1.5x — representing a prudent and efficient use of the balance sheet. This followed the early completion of the Group’s previous €200m share buyback programme (FY25–FY27), with the final €52.9m tranche completed on 15 May 2026.

We expect the tender buyback of up to €400m to complete during the current financial year, with further details to be announced in due course.

SALE OF DEALZ POLAND

On 3 June 2026, the Group announced that it had agreed the sale of its Dealz Poland business — comprising 100% of the share capital of Dealz Poland sp. z o.o. — to Modella Capital, a specialist European retail investor, for nominal consideration (PLN 1). The sale will create a pure-play Pepco business and is the final step in executing the Group’s strategy to simplify its structure and focus on its higher-growth, higher-margin Pepco clothing and general merchandise business, as set out at the 2025 Capital Markets Day. It completes the Group’s exit from FMCG retail following the sale of Poundland in June 2025.

Antitrust approval for the transaction has now been received by Modella, with completion expected imminently. On closing, the Group will provide an 18-month, asset-backed vendor financing facility of up to GBP 20m equivalent, secured over inventory, and will enter into an Exit Participation Agreement entitling Pepco Group to 35% of the net cash proceeds of any future onward sale of Dealz (with no time limit), together with transitional services agreements for a finite transition period.

Following completion, Dealz will be reclassified into discontinued operations in the Group Income Statement and fully deconsolidated from the Group’s FY26 year-end financial statements. To assist analysts and investors, management provides the unaudited pro-forma financials for the Group whereby Dealz’s results have been reclassified to discontinued operations for FY25, H1 FY25 and H1 FY26 set out on page 5.

OUTLOOK

Following the agreed sale of Dealz Poland, the Group is upgrading its forward-looking guidance for FY26 to a basis that excludes Dealz, in order to provide investors with a clearer view of the continuing, pure-play Pepco business. The previous FY26 guidance, set out at the H1 FY26 interim results on 21 May 2026, was provided on a Group-including-Dealz basis. The revised guidance below reflects the higher-growth, higher-margin profile of the Group excluding Dealz.

On this revised basis, the Group continues to expect FY26 revenue growth of 6–8%. However, gross margin is now expected to be around 51% (previously at least 49.4% on a Group-including-Dealz basis), reflecting strong trading to date. As a result, underlying EBITDA (IFRS 16) growth is now expected to be in the mid-teens (previously low-teens), measured against a restated FY25 underlying EBITDA base for the Group excluding Dealz of €841m.

Full-year underlying net earnings for the Group excluding Dealz is expected to be above 50%, against a restated FY25 underlying net earnings base of €234m. Unlevered free cash flow is now expected to be around €300m (previously in excess of €250m). The Group continues to expect to open around 250 net new stores in FY26.

FY26 guidance	Prior (incl Dealz)	Revised (excl Dealz)
Revenue growth	6–8%	6–8%
Gross margin	At least 49.4%	~51%
Underlying EBITDA (IFRS 16) growth	Low teens	Mid teens
Underlying net earnings growth*	At least 50%	Above 50%
- <i>Reference to FY25 underlying net earnings</i>	€219m	€234m
Unlevered free cash flow	>€250m	~€300m
Net new stores	~250	~250

*Underlying EPS (earnings per share) growth is expected to exceed underlying net earnings growth reflecting the accretive impact of our share buyback programme and upcoming tender buyback

CONFERENCE CALL

Pepco Group will host a conference call for analysts and investors to discuss its Q3 FY26 trading update on Thursday 9 July 2026 at 8.30am BST (9.30am CEST). Investors and analysts who would like to participate in the Q&A session can dial the following number (+44 (0) 33 0551 0200) and quote "**Pepco Q3**".

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

https://brrmedia.news/PCO_Q3_26

FORTHCOMING DATES

- Full Year Pre-Close Trading Update: 29 September 2026
- FY26 Preliminary Results (for the 12 months ending 30 September 2026): 9 December 2026

ENQUIRIES

Investors and analysts

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

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SUPPLEMENTAL TABLE: Cumulative 9M FY26 performance (9 months to 30 June 2026)

9M FY26 Summary	Group excl. Dealz	Dealz	Total Group
Revenue €m ²	3,389	237	3,626
% y-o-y growth at constant currency ³	6.4%	(10.3%)	5.1%
LFL revenue growth ⁴	2.2%	(10.8%)	1.2%
LFL revenue growth (excl Pepco FMCG) ⁴	4.9%	(10.8%)	3.7%
Store numbers			
Total stores at start of period	4,015	344	4,359
New openings	221	1	222
Closures	(85)	(3)	(88)
Total stores at end of period	4,151	342	4,493
Net new stores in period	136	(2)	134

Note: Group excluding Dealz comprises Pepco plus central functions. Dealz constitutes financials for the full third quarter to 30 June 2026.

PRO-FORMA DISCLOSURE OF GROUP (EXCLUDING DEALZ)

On 3 June 2026, the Group announced the agreed sale of its Dealz Poland business to Modella Capital, a specialist European retail investor. In order to help analysts and investors analyse the continuing business, management provides the special-case disclosure below for the Group excluding Dealz (the Pepco brand together with PGS and central costs), highlighting unaudited pro-forma numbers for FY25, the first half of FY25, and the first half of FY26.⁵ All financials provided in this release are based on previously published financial information, however the results of Dealz have been reclassified to “*loss from discontinued operations*” in the Income statement, and to “*assets / liabilities held for sale*” in the Balance Sheet.

Group excluding Dealz pro-forma: Profit and loss account⁶

Profit and Loss (€m)	H1 FY26 (6M)	H1 FY25 (6M)	FY25 (12M)
Revenue	2,301	2,171	4,184
Like-for-like revenues (%) including FMCG	1.2%	2.3%	2.7%
Like-for-like revenues (%) excluding FMCG	4.6%	2.3%	4.1%
Gross profit	1,181	1,048	2,060
Gross profit margin (%) ⁷	51.3%	48.3%	49.2%
Operating costs	(666)	(624)	(1,219)
Operating costs (%)	28.9%	28.7%	29.1%
Underlying EBITDA (IFRS 16)	515	425	841
Underlying EBITDA margin (%)	22.4%	19.6%	20.1%
Underlying EBITDA (pre-IFRS 16)	352	271	532
Underlying EBITDA margin (pre-IFRS 16) (%)	15.3%	12.5%	12.7%
Depreciation, amortisation & impairment	(178)	(211)	(453)
Underlying EBIT (IFRS 16)	337	214	388
Net financial expense	(57)	(37)	(70)
Underlying PBT	280	177	318
Underlying PAT	214	132	234
Underlying effective tax rate (%)	23.6%	25.4%	26.4%
Underlying EPS (cents)	38.3	22.9	40.7
Non-underlying items	(11)	(13)	(44)
Reported PBT	269	164	273
Tax	(65)	(43)	(80)
Reported PAT	204	121	193
Reported EPS (cents)	36.5	21.0	33.5
Loss from discontinued operations (Poundland and Dealz)	(35)	(314)	(369)
Total Reported PAT (after discontinued operations)	169	(193)	(176)

Notes: Group excluding Dealz includes Pepco, PGS and corporate costs. The 12M period ends in September; the H1 period ends in March. Numbers are based on continuing operations and prepared under IFRS 16 unless stated otherwise. Underlying figures exclude exceptional items. FY25 has been restated to reclassify Dealz as a discontinued operation; the loss from discontinued operations comprises Poundland (FY25: €347m) and Dealz (FY25: €23m; H1 FY26: €32m of the €35m total).

IFRS 16 impact

A summary of the impact of IFRS 16 on key financial metrics for H1 FY26 and FY25 is provided below:

	H1 FY26			12M FY25		
	H1 FY26	IFRS 16 Impact	Pre-IFRS 16	FY25	IFRS 16 Impact	Pre-IFRS 16
Underlying EBITDA	515	(163)	352	841	(309)	532
Depreciation & amortisation	(179)	140	(39)	(421)	278	(143)
Impairment	2	(3)	(1)	(33)	22	(11)
Underlying EBIT	337	(25)	312	388	(10)	378
Underlying PBT	280	9	289	318	27	345
Underlying PAT	214	7	221	234	23	257
Net Debt at period end	1,781	(1,633)	148	1,182	(1,011)	171

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 in the annual financial statements. The Group's underlying effective tax rate in respect of the pro-forma business is 23.6% for H1 FY26 (FY25: 26.4%), which compares to 25.0% for the full Group including Dealz in the same period.

Discontinued operations

On 3 June 2026, Pepco Group announced the agreed sale of Dealz Poland for nominal consideration (PLN 1). Following completion, Dealz will be reclassified into discontinued operations in the Group Income Statement and fully deconsolidated from the Group's FY26 year-end financial statements. The loss recognised from discontinued operations is €35m for H1 FY26 (of which Dealz: €32m). The re-presented FY25 loss from discontinued operations of €369m principally reflects Poundland (€347m), together with a €22m Dealz-related adjustment.

Net debt and liquidity

As of 31 March 2026, the Group's total funded gross debt (excluding lease liabilities) was €602m. Group net debt (pre IFRS 16) was €148m (leverage of 0.2x LTM EBITDA pre-IFRS 16) as shown below:

Refinancing summary (€m)	31 Mar 2026	Maturity
Polish FRN (4.4% coupon through cross-currency swaps)	140	Oct-30
Polish FRN subtotal	140	
3-year Term Loan (margin of 1.55% over Euribor)	235	Nov-28
5-year Term Loan (margin of 1.70% over Euribor)	235	Nov-30
Term Loans subtotal	470	
Funded Borrowings from credit institutions	610	
Capitalised costs and redemption premium	(8)	
Total Funded Borrowings	602	
Less: Total Cash and Cash Equivalents	(454)	
Total Net Debt	148	

As of 31 March 2026, the Group had total available liquidity of €784m, comprising €454m of cash and cash equivalents and €330m of an undrawn revolving credit facility.

Group excluding Dealz pro-forma: Summary cash flow statement

The pro-forma cash flow statement below presents cash flows from continuing operations only. Accordingly, it excludes all cash flows and cash balances relating to Poundland (FY25) and Dealz (FY25 and H1 FY26). Any cash funding provided by the Group to these businesses has been presented separately as "Net financing to discontinued operations" and is therefore not included within operating, investing or financing cash flows from continuing operations.

Summary cash flow (€m)	H1 FY26	H1 FY25	12M FY25
Underlying EBITDA pre-IFRS 16	352	271	532
Working capital	(12)	(129)	8
Tax paid	(88)	(43)	(77)
Operating Cash Flow	252	99	463
Non-underlying items	(11)	(9)	(19)
Capex	(48)	(35)	(91)
Free Cash Flow (unlevered)	193	55	353
Net interest paid	(25)	(20)	(31)
Free Cash Flow (levered)	168	35	322
External Borrowing	(35)	-	-
External Dividends	-	-	(36)
Purchase of own shares	(115)	-	(50)
Proceeds on sale of PPE	-	-	1
Net financing to discontinued operations	(15)	(36)	(81)
Net cash flow	3	(1)	156
Effect of exchange rate fluctuations on cash held	(4)	12	4
Cash and cash equivalents at the beginning of the period	455	295	295
Cash and cash equivalents at the end of the period	454	306	455
Net debt: IFRS 16	1,781	1,364	1,182
Leverage: IFRS 16 (x EBITDA LTM)	1.9x	1.7x	1.4x
Net debt: pre-IFRS 16	148	309	171
Leverage: pre-IFRS 16 (x EBITDA LTM)	0.2x	0.6x	0.3x

Group excluding Dealz pro-forma: Balance sheet statement

The pro forma balance sheet below assumes that both Poundland and Dealz are classified as subsidiaries held for sale for the relevant periods. Accordingly, their assets and liabilities (including cash and cash equivalents) below have been removed from the individual balance sheet line items and presented within “Assets / Liabilities Held for Sale”. Apart from this reclassification, no further adjustments have been made to reflect the detailed requirements of IFRS 5.

Balance sheet (€m)	31 March 2026 (H1 FY26)	31 March 2025 (H1 FY25)	30 September 2025 (FY25)
Assets			
Property, plant and equipment	454	485	455
Right of Use Asset	1,537	1,012	933
Intangible assets	21	29	18
Assets / Liabilities Held for Sale	23	66	42
Trade and other receivables	54	62	58
External loan receivable	4	-	3
Derivative financial instruments (assets)	58	30	17
Deferred tax asset	100	88	113
Inventories	722	809	837
Cash and cash equivalents	454	306	455
Total assets	3,427	2,887	2,931
Liabilities			
Trade and other payables	890	871	960
Lease liabilities	1,633	1,055	1,011
Borrowings	602	615	627
Provisions	78	66	84
Derivative financial instruments (liabilities)	22	46	86
Total liabilities	3,225	2,653	2,768
Net assets	202	234	163
Equity			
Share capital	6	6	6
Treasury shares	(165)	-	(50)
Other reserves	110	76	71
Retained earnings	251	152	136
Total Equity	202	234	163

EXPLANATORY NOTES

1. All of the financials presented in this release are unaudited as they are pro-forma statements. Whilst they have been based on previously provided financial information, pro-forma adjustments have been made in order to show the impact of continuing operations only.
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. Pro-forma disclosure for the Group excluding Dealz is provided for H1 FY25 (six months to 31 March 2025), FY25 (12 months to 30 September 2025) and H1 FY26 (six months to 31 March 2026).
6. Numbers are based on continuing operations and prepared under IFRS 16 unless stated otherwise.
7. FY25 quarterly gross margin for the Pepco operating company has been restated to reflect a reclassification of PGS fees from gross margin to Pepco SG&A costs, and includes a rephasing of certain costs across the financial year (previously only captured in the final quarter). This reclassification has no impact on full year Group or 'Group excluding Dealz' gross margin.

NOTE: Our geographic segments are separated as follows:

- North CEE consists of: Poland, Czechia, Hungary, Estonia, Lithuania, Latvia, Slovakia
- South CEE consists of: Romania, Serbia, Bulgaria, Croatia, Bosnia, N. Macedonia, Slovenia
- Western Europe consists of: Spain, Portugal, Italy, Germany, Greece

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.