29 September 2026

Pepco Group N.V.

FY26 Pre-Close Trading Update

Strong finish to a transformational year; new €400m buyback programme

Pepco Group N.V. ("Pepco Group"), a leading pan-European variety discount retailer, today announces a pre-close trading update ahead of the publication of its FY26 full year preliminary results on 9 December 2026.

HIGHLIGHTS

- **Trading and outlook**
  - Strong fourth quarter, with constant currency revenue growth of +15.6% and like-for-like ("LFL") revenue growth excluding FMCG of +9.5% in the quarter to date to 20 September 2026 (+9.4% including FMCG), representing the strongest quarterly LFL performance since the strategy reset
  - LFL revenue growth excluding FMCG was volume-led with positive transaction growth in every region: Western Europe up +14.9%, CEE North up +8.8% and CEE South up +8.2%
  - Strong underlying trading in the fourth quarter was boosted by planned clearance of older-season inventory, which correspondingly resulted in record stock freshness at year-end
  - For the 51 weeks to 20 September 2026, LFL revenue growth excluding FMCG was +5.9%, (+3.8% including FMCG)
  - Full year revenues are expected to exceed €4.5 billion, representing constant-currency growth of c. +8%, at the top of the 6–8% guidance range. Both FY26 gross margin of c. 51% and mid-teens underlying EBITDA (IFRS 16) growth are expected to be in line with guidance
  - FY26 underlying net earnings growth is now expected to exceed 60%, ahead of prior guidance of above 50% (FY25 restated base: €234m), with underlying EPS growth higher again reflecting the significant reduction in share count
  - FY26 unlevered free cash flow now expected to exceed €350m, ahead of guidance of c. €300m, after capital expenditure of c. €150m with c. 250 net new stores expected in FY26

- **Capital returns**
  - The Board has approved a new multi-year share buyback programme of up to €400m, in line with the capital allocation framework set out in May 2026
  - €400m tender buyback completed in August 2026, with pre-IFRS 16 leverage expected to end the year at c. 0.7x, below the mid-point of the Group's 0.5x–1.5x target range

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

"FY26 has been a defining year for Pepco Group. We have completed the transformation of our portfolio into a pure-play Pepco business, and the momentum behind the brand has built steadily through the year. The fourth quarter has been our strongest since we reset the strategy, and marks eight consecutive quarters of positive like-for-like sales growth. We now expect to deliver full year revenue growth at the top of our guidance range, together with mid-teens EBITDA growth and a step-change in net earnings.

"Much of what is driving this strong performance are the significant operational changes we have made over the last 18 months across the Group, as well as our relentless focus on the Pepco customer proposition. Price remains central to this. We will continue to selectively reinvest margin gains into product quality and attractive prices for customers, supporting our price leadership and driving volume growth.

"We enter the new financial year as a more focused and effective business, with an accelerating store opening programme in Western Europe and resilient growth in our core Polish market. I am confident in our ability to keep converting that momentum into profitable growth in the years ahead.

"Alongside the €550 million of share buybacks completed during the financial year, we are today setting out the next stage of our capital return plans, with the establishment of a new multi-year share buyback

programme. This reflects our confidence in the strong cash generation of the business and our commitment to delivering enhanced returns for shareholders."

CURRENT TRADING

Pepco revenues for the 51 weeks to 20 September 2026 grew by +8.3% on a constant-currency basis, driven by LFL revenue growth excluding FMCG of +5.9% (LFL including FMCG of +3.8%).

In the fourth quarter to date to 20 September 2026, constant currency revenues grew by +15.6%, with LFL revenues of +9.5% excluding FMCG (+9.4% including FMCG). This is ahead of the +5.4% LFL excluding FMCG (+4.2% including FMCG) delivered in Q3 FY26, and represents our strongest quarterly performance since the strategy reset, marking eight consecutive quarters of positive LFL growth. On a two-year basis, Q4 LFL revenue growth excluding FMCG was +17.7%.

Western Europe delivered the highest performance in Q4-to-date, with LFL revenues excluding FMCG up +14.9%, supported by Spain where LFL growth excluding FMCG has remained above 20% following the conversion of the Pepco Plus estate. CEE North LFL excluding FMCG grew +8.8% and CEE South by +8.2%, with Poland (the Group's largest market) delivering a materially improved rate of growth in the period with LFL excluding FMCG of +5.9%.

LFL revenue growth in Q4 also benefited from the planned clearance of older-season inventory, part of our strategy to refresh and improve our apparel ranges. This delivered record stock freshness at year-end, but resulted in a one-off gross margin impact in the final quarter of around 200 basis points versus the prior year. We estimate the clearance supported Q4 FY26 LFL growth by three to five percentage points and will continue to support LFL revenue in the coming quarters through improved stock freshness, albeit to a lesser extent. Going forward, LFL growth should also benefit from the rollout of our digital loyalty programme, the ongoing turnaround in CEE North, strong momentum in Western Europe, and improved clothing performance following work on ranges, availability and visual merchandising.

We expect to finish the year with c. 250 net new Pepco stores and a total estate of c. 4,260 stores at 30 September 2026, in line with our guidance. This precedes the accelerated Western European rollout of at least 600 new stores between FY27 and FY30 announced at our interim results in May 2026.

<u>Note:</u> During the year, the Group has reported like-for-like (LFL) revenue growth on both an including and excluding FMCG basis. This was to highlight a more transparent view of Pepco's underlying performance, following the exit of FMCG categories during the second half of FY25. This divergence in LFL was particularly evident in the first half of FY26, as expected, with no further impact as we exit the current financial year. Going forward, we will provide a single standard LFL revenue growth metric as there will be no difference between the two.

FY26 OUTLOOK

The Group expects to report FY26 revenue in excess of €4.5 billion, representing constant-currency growth of c. +8%, at the top of our guidance range of 6–8%. Full year gross margin is expected to be around 51%, in line with guidance and c. 200 basis points higher year-on-year (FY25 restated: 49.2%), driven by sourcing efficiencies, a favourable mix following the FMCG exit and FX tailwinds.

Underlying EBITDA (IFRS 16) growth is expected to be in the mid-teens, in line with guidance and against a restated FY25 base of €841m. As previously flagged, growth moderated in the second half as the business absorbed a step-up in transformation costs. Underlying net earnings growth is now expected to exceed 60%, ahead of our prior guidance of above 50% and against a restated FY25 base of €234m, reflecting improved EBITDA conversion, a lower effective tax rate and the previously communicated change to our depreciation policy. Underlying EPS growth is expected to exceed underlying net earnings growth, reflecting the accretive impact of the share buyback programme and the tender buyback.

Continued discipline around store expansion and capital investment is now expected to see unlevered free cash flow exceed €350m, ahead of previous guidance of c. €300m. Capital expenditure is expected to be c. €150m, which is below the €160m–€180m per annum mid-term range, with investment prioritised on new store openings and the store refit programme.

Metric	FY26 guidance	FY26 expected outturn
Revenue growth (constant currency)	6–8%	**c. +8%**
Gross margin	c. 51%	**c. 51%**
Underlying EBITDA (IFRS 16) growth	Mid-teens	**Mid-teens**
Underlying net earnings growth	Above 50%	**Above 60%**
Unlevered free cash flow	c. €300m	**Above €350m**
Capital expenditure	€160–180m	**c. €150m**
Net new stores	c. 250	**c. 250**

CAPITAL RETURNS AND BALANCE SHEET

The Group completed the settlement of its €400m pro-rata tender buyback on 17 August 2026, acquiring 36,462,201 ordinary shares at a fixed price of PLN 47.52 per share. Following the capital return, pre-IFRS 16 leverage is expected to end FY26 at approximately 0.7x underlying EBITDA, below the mid-point of the Group's 0.5x–1.5x target range.

Consistent with the capital allocation framework set out at our interim results in May 2026, from FY27 onwards the Group intends to return all prior-year levered free cash flow to shareholders after strategic investment in the business, through a combination of dividends and share buybacks, with the regular dividend payout ratio progressing towards 40% of underlying net profit over time. Two further developments in the Group's capital structure and returns are set out below.

<u>New multi-year share buyback programme</u>

The Board has approved a new multi-year share buyback programme of up to €400m, to be available for deployment from FY27 to FY29. This follows the early completion of the Group's previous €200m programme in May 2026 and the €400m special one-time tender buyback completed in August 2026.

The new programme sits within, and will be funded by, the capital allocation framework described above, and will be deployed alongside the regular dividend while maintaining pre-IFRS 16 leverage within the Group's target range of 0.5x to 1.5x. Further details, including the size and timing of the first tranche will be announced at the appropriate time.

<u>Cancellation of treasury shares</u>

The Group has initiated the statutory process to cancel 51,153,590 ordinary shares held in treasury, including the 36,462,201 shares acquired under the tender buyback. The required notice has been published and the cancellation is expected to complete on or around 13 November 2026, subject to expiry of the applicable creditor opposition period under Dutch law.

On completion, the Company's issued share capital will reduce from 577,451,935 to 526,298,345 ordinary shares, of which 16,725,809 will be held in treasury. The cancellation does not change the number of shares outstanding, which remains 509,572,536, nor shareholders' proportionate interests in the Company.

NOTES

Following completion of the sale of Dealz Poland on 10 July 2026, Pepco Group is a pure-play Pepco business. All figures in this update relate to the continuing Group excluding Dealz (the Pepco brand together with central functions), with FY25 comparatives restated on the same basis, unless otherwise stated.

Updated segmental disclosure

As the next step in the development of "New Pepco", we will provide updated segmental disclosure alongside our FY26 preliminary results in December 2026, reporting Central and Eastern Europe (CEE) as separate North CEE and South CEE regions alongside Western Europe. This builds on the regional detail introduced at our half year results and is intended to give investors clearer visibility of performance across the Group. It also reflects the new management organisational structure of the Group following the disposal of Poundland and Dealz.

FORTHCOMING DATES

- FY26 Preliminary Results (for the 12 months ending 30 September 2026): Wednesday 9 December 2026
- Q1 FY27 Trading Update: 14 January 2027
- 2027 Capital Markets Day (Warsaw): 9 March 2027

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

CAUTIONARY NOTICE

This press release is published by Pepco Group N.V. and contains inside information within the meaning of article 7(1) of Regulation (EU) No 596/2014 (Market Abuse Regulation).