

21st April 2022

Pepco Group N.V. – First Half Pre-Close Trading Statement

Strong strategic progress and trading growth achieved despite a challenging trading environment

The fast-growing pan-European variety discount retailer, Pepco Group, owner of the PEPCO and Dealz brands in Europe and Poundland in the UK, today reports an update for the second trading quarter and first half ending 31st March 2022¹.

Summary Financial Performance

- First half Group revenue² of €2,371m, +17.5%³ year on year (“YoY”) led by PEPCO delivering +28.9% growth.
- Strong Group half year like-for-like (“LFL”)⁴ of 5.3% driven by accelerated LFL of +12.1% in the Second Quarter:
 - PEPCO: +18.5% LFL in Q2, +7.2% LFL growth in the half year.
 - Poundland Group: +5.9% LFL in Q2, +3.3% LFL growth in the half year.
- Half-year underlying EBITDA⁵ is anticipated to be within a range of €342m to €350m. Within this range, the Group remains on track to meet guidance for the full year in the absence of any further significant deterioration in the macro environment.

Growth Focused Strategic Progress.

- Significant new store expansion continues across all trading brands. Openings are ahead of guidance (historic run rate) with 235 net new stores opened in the half year, excluding the impact of 43 Fultons stores closed following acquisition:
 - PEPCO: a record 202 net new store openings, including 84 in the Western European markets of Austria, Italy and Spain, where initial performance remains strong.
 - Poundland Group: 33 net new stores, representing an increase of 6.7% YOY
- 586 store renewals completed YTD (534 PEPCO, 52 Poundland) upgrading stores layout and environment, driving LFL sales growth and positive customer perception (1,900 completed since 2019).

Trading Context & Performance

The first half continued to see the ongoing impact of Covid-19 restrictions on our stores. However, by the end of the half restrictions had eased, with the Group March exit LFL rate of 19.4% demonstrating the strong underlying customer demand for the Group’s offer supporting our confidence for the second half.

	Q2			H1		
	PEPCO (apparel-led multi-price)	Poundland Group (FMCG-led price-anchored)	Total Pepco Group	PEPCO (apparel-led multi-price)	Poundland Group (FMCG-led price-anchored)	Total Pepco Group
Total Revenue / €m	553	467	1,020	1,281	1,090	2,371
Total Stores #				2,666	1,030	3,696
Total Growth						
- Revenue YoY; Constant Currency	42.6%	8.6%	25.1%	28.9%	6.1%	17.5%
- Like-for-Like Revenue Growth	18.5%	5.9%	12.1%	7.2%	3.3%	5.3%
- New Stores YTD				8.2%	(1.0)%	5.5%
- New Stores YTD #				202	(10)	192
- New Stores YoY				19.6%	1.3%	13.9%

Leadership Changes

On the 31st March Andy Bond stood down as Group CEO and Trevor Masters assumed responsibility for the CEO role on an interim basis.

Commenting on the results, Trevor Masters, Interim CEO Pepco Group, said:

“We are very pleased with this set of results, considering the global disruption faced by our business. We have maintained our focus on our strategic priorities, in particular our new store growth and our continued re-fit programme, both of which continue to delight our customers and deliver strong financial performances. I would

also like to take this opportunity to thank the Pepco team for their resilience and commitment to serving our customers.

“Whilst the impact of Covid-19 progressively eased over the second quarter, the invasion of Ukraine, a country which borders three of our largest operating territories, created further volatility and unpredictability. In response, the Group and our colleagues have donated a generous amount of money to two charities who we have worked with over the past two years to provide relief directly to the people of Ukraine and those at the border of Poland. We have utilised our employee assistance schemes to support our impacted colleagues and introduced paid volunteering days for our staff based in the CEE.

“We will continue to drive our significant growth agenda whilst reducing our cost of doing business. This will enable us to offset the majority of our input inflation allowing us to protect prices for our cost conscious customers. The market within which we operate is likely to remain volatile in the near term, due to the situation in Ukraine and ongoing global inflationary pressures. However, we have a clear and successful strategy to deliver on our sizeable long-term growth opportunities. In the absence of any further significant deterioration in the macro environment, we remain confident of delivering in line with our profit guidance.”

Explanatory Notes:

1. The Group financials are prepared on an unaudited basis for the six-month (First Half) period ending 31st March 2022. Within this the ‘PEPCO (Apparel-led multi-price)’ segment operates on a calendar month basis with the six-month period ending on 31st March 2022, and the ‘Poundland Group (FMCG-led price-anchored)’ segment primarily operates on a trading week basis with the 26-week period ending on 27th March 2022.
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.
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. Absolute LFL revenue and LFL growth are each unadjusted for the impact of Covid in both financial years.
5. Underlying EBITDA is unaudited and quoted on an IFRS16 basis and does not yet include the potential impact of the IFRIC IAS38 pronouncement relating to accounting for SAAS implementation costs which will be communicated in the first half earnings statement.

Future Market Updates

1. First Half Interim Results including earnings call with management published: 9th June 2022
2. Third quarter revenue update: 14th July 2022
3. Pre-Close Trading Statement: 13th October 2022
4. Capital Markets Day: Autumn 2022

True and Fair Statement

The Executive Directors 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.