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ADVERTISEMENT. This announcement is an advertisement for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”) relating to the intention of the Company (as defined below) to proceed with the Offering (as defined below) and Admission (as defined below). This announcement does not constitute a prospectus and does not constitute an offer of shares for sale in any jurisdiction, including in or into the United States, Canada, Australia, Japan or South Africa.

Neither this announcement, nor anything contained herein, shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not subscribe for or purchase any shares referred to in this announcement except solely on the basis of the information contained in the prospectus (together with any supplementary prospectus, if relevant, the “Prospectus”), including the risk factors set out therein, published by the Company on 5 May 2021 (as defined below) which has been inserted as the ultimate holding company of Pepco Group Limited and its subsidiaries undertakings in connection with the offer (the “Offering”) of ordinary shares in the capital of the Company (as defined below) (the “Shares”) and the proposed admission and introduction of such Shares to trading on the WSE (as defined below) (“Admission”). A copy of the Prospectus together with its summary translated in Polish, is available on the website of the Group (as defined below) at <https://www.pepcogroup.eu/> and, additionally, for information purposes only, on the websites of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział – Biuro Maklerskie w Warszawie ([www.bm.pkobp.pl](http://www.bm.pkobp.pl)), in each case subject to certain access restrictions. The approval of the Prospectus by the AFM should not be understood as an endorsement of the quality of the Shares and the Company. Potential investors should read the Prospectus prior to making an investment decision, in order to fully understand any potential risks and benefits related with investing in the Company’s shares.

## PEPCO Group

20 May 2021

### **Pepco Group N.V. announces the allocation of shares in its initial public offering**

Pepco Group N.V. a public company with limited liability (naamloze vennootschap) (the “Company” and, together with its consolidated subsidiaries, the “Pepco Group” or the “Group”) announces the allocation of its shares in its initial public offering in its planned admission to the regulated (main) market operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A., the “WSE”).

- Retail investors were allotted 2,500,000 Shares. Institutional investors were allotted 89,946,602 Shares (including Over-allotment Shares), as previously announced on 14 May 2021.
- The average reduction rate for purchase orders placed by retail investors was approximately 88%.
- Registration of the Shares on the accounts of retail investors is scheduled for 21 May 2021, and for institutional investors is expected to take place on 25 May 2021.

- The first day of listing and trading of the Company's Shares on the WSE is expected to be on 26 May 2021 (the "Listing Date")

### **About the Offering**

The Offering comprised of 92,446,602 existing Shares sold by the selling shareholders. The Company not issued any new Shares in connection with the Offering and Admission. The final offer price of shares in the initial public offering was PLN 40 per share. Based on the offer price, the implied market capitalisation of the Company will be PLN 23 billion (€5 billion). Immediately following the Admission the free float will be at 20.1% and free float market capitalization of approximately €1.0 billion.

The Company, Pepco Holdco Limited, and certain lenders under the debt facilities entered into by the Group's majority shareholder who purchased shares in the Offering have agreed not to issue or sell additional Shares (lock-up) until the date falling 180 days after the date of the Company's listing on the WSE. The lock-up restrictions are subject to certain customary exceptions and may otherwise only be waived with the prior written consent of the Joint Global Coordinators.

Goldman Sachs Bank Europe SE and J.P. Morgan A.G. are acting as joint global coordinators and joint bookrunners for the Offering (in such and any other capacity, the "**Joint Global Coordinators**"). Barclays Bank Ireland PLC, Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie and Santander Bank Polska S.A. – Santander Biuro Maklerskie are acting as joint bookrunners for the Offering (the "**Joint Bookrunners**" and together with the Joint Global Coordinators, the "**Underwriters**"). Pekao Investment Banking S.A. and Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao are acting as co-bookrunners for the Offering. ING Bank N.V. and Trigon Dom Maklerski S.A. are acting as co-lead managers. The Deal Team acted as IPO transaction managers.

To see previous announcements related to the transaction or for more information, please see [www.pepcogroup.eu](http://www.pepcogroup.eu)

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### **Basic information about Pepco Group**

Pepco Group owns and operates a multi-format, pan-European variety discount retail business under the PEPCO, Dealz and Poundland brands, with 3,246 stores located across 16 countries (as at 31 March 2021). The Group's stores offer apparel, homeware-led general merchandise, including seasonal products, and FMCG at market leading prices. Pepco Group also includes PGS, which sources goods for sale at the Group's stores.

In the financial year ended 30 September 2020, Pepco Group's revenues increased to EUR 3.5 billion. As Europe's pre-eminent discount variety retailer, the Group's financial ambition to deliver over EUR 1 billion in EBITDA\* within 5 to 7 years, by further strengthening its market-leading proposition and the plan to more than triple the size of the Group's current store portfolio.

The Group provides its core shoppers, a mum on a budget, with all of her regular shopping replenishment needs, delivered across two strong, high-growth brands, each representing a distinct operating segment:

- PEPCO: Central and Eastern Europe’s leading variety discount player, offering apparel for the whole family (with a particular strength in childrenswear), home decor, toys and seasonal products, at varied and affordable prices. As at 31 March 2021, PEPCO operated 2,229 stores across 13 countries in CEE, Italy and in April 2021 opened its first store in Spain
- Poundland/Dealz: an impulse grocery, hard lines general merchandise, seasonal and FMCG-led price-anchored brand. It has operated in the UK under the Poundland brand since 1990 and operated 818 stores as at 31 March 2021. Dealz, which was introduced in 2011 as part of Poundland’s international expansion, operated 199 stores in the Republic of Ireland, Spain and Poland as at 31 March 2021. Larger-footprint Poundland stores offer FMCG, general merchandise and apparel, with Dealz stores and smaller Poundland stores offering FMCG and general merchandise.

\* Underlying EBITDA is quoted on a pre-IFRS16 basis.

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*The information contained in this announcement is for background purposes only and does not purport to be full or complete. The information in this announcement is subject to change. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.*

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This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore. Investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the Prospectus which together with its summary translated in Polish, is available on the website of the Group (as defined below) at <https://www.pepcogroup.eu/> and, additionally, for information purposes only, on the websites of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział – Biuro Maklerskie w Warszawie ([www.bm.pkobp.pl](http://www.bm.pkobp.pl)), in each case subject to certain access restrictions. Before subscribing for or purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus .

This announcement does not contain or constitute an offer of, or the solicitor of an offer to buy, Shares or any other securities into the United States, Canada, Australia, Japan or South Africa or in any jurisdiction to whom in which such an offer or solicitation is unlawful. The Shares referred to herein may not be offered or sold in the United States unless registered under the U.S. Securities Act or offered in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The offer and sale of Shares referred to herein has not been and will not be registered under the U.S. Securities Act or under the applicable securities laws of Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Shares may not be offered or sold in Australia, Canada, Japan or South Africa or to, of for the account or benefit of any national, resident or citizen of Australia, Canada, Japan or South Africa. There will be no public offering of the securities described herein in the United States, Australia, Canada, Japan or South Africa.

This announcement is only addressed to and directed at persons in the Republic of Poland ("**Poland**") who are natural persons (individuals), corporate entities (legal persons) and non-corporate entities other than individuals (an organizational unit without legal personality) ("**Retail Investors**") and institutional investors ("**Institutional Investors**") in each case in accordance with Regulation S under the US Securities Act of 1933, as amended ("**US Securities Act**") and to persons in member states of the European Economic Area ("**Member States**"), other than Poland, who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ("**Qualified Investors**"). In the United Kingdom, the announcement is being distributed only to, and is directed only at, qualified investors within the meaning of Regulation 2(e) of the Prospectus Regulation, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended and supplemented (including by the UK Prospectus Amendment Regulations 2019 and Financial Services and Market Act 2000 (Prospectus) Regulation 2019), who are persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "**Order**") or who are high net worth bodies corporate, unincorporated associations and partnerships or the trustee of high value trusts falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). Any investment or investment activity to which this announcement relates is available only to Retail Investors and Institutional Investors in Poland, Qualified Investors in Member States, other than Poland, and Relevant Persons in the United Kingdom, and will only be engaged with such persons. Persons who are not Retail Investors or Institutional Investors (in Poland), Qualified Investors (in Member States, other than Poland) or Relevant Persons (in the United Kingdom) should not act or rely on this announcement or any of its contents.

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In addition, forward-looking statements may be identified by the use of forward-looking terminology, including the terms "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could", "is confident", or in each case, their negative or other variations or words of similar meaning, or comparable terminology, or by discussions of strategy plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and reflect Pepco's current view with respect to future events. Forward-looking statements are, by their very nature, subject to known and unknown risks relating to future events and

other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies and can be affected by other factors that could cause actual results, and Pepco's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Each of Goldman Sachs Bank Europe SE, J.P. Morgan A.G., Barclays Bank Ireland PLC, PKO Bank Polski S.A. and Santander Bank Polska S.A. – Santander Biuro Maklerskie (the "**Joint Bookrunners**") and each, a "**Joint Bookrunner**") and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Any purchase of Shares in the Offering should be made solely on the basis of the information contained in the Prospectus published by the Company in connection with the Offering. The information in this announcement is subject to change. The approval of the Prospectus should not be understood as an endorsement of the Company's shares that are being offered within the Offering and that are subject to Admission.

The Offering timetable, including the date of Admission, may be influenced by things such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on Pepco's intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the person concerned.

In connection with the Offering of the Shares, the Joint Bookrunners and any of their affiliates, may take up a portion of the Shares comprised in the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Shares and other securities of Pepco or related investments in connection with the Offering or otherwise. Accordingly, references in the Prospectus to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Joint Bookrunners and any of their affiliates acting in such capacity. In addition, the Joint Bookrunners and any of their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which the Joint Bookrunners and any of their affiliates may from time to time acquire, hold or dispose of shares. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Joint Bookrunners or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company or any member of the Group, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, Goldman Sachs Bank Europe SE as stabilisation manager (the "**Stabilisation Manager**"), may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Shares comprised in the Offering. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilisation period, the Stabilisation Manager will enter into over-allotment arrangements pursuant to which the Stabilisation Manager may purchase or procure purchasers for additional Shares up to a maximum of 15% of the total number of Shares comprised in the Offering (the "**Over-Allotment Shares**") at the offer price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilisation Manager, at any time on or before the 30th calendar day after the listing of the Shares on the WSE. Any Over-Allotment Shares made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offering and will form a single class for all purposes with the other Shares.

*For the avoidance of doubt, the contents of the Group's website are not incorporated by reference into, and does not form part of, this announcement.*

**Information to Distributors:** *Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming any and all liability, whether arising in tort, contract or otherwise, that any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares that are the subject of the Offering have been subject to a product approval process that has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining the appropriate distribution channels.*