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PEPCO
Group

26 April 2021

**PEPCO GROUP B.V.**

## ANNOUNCEMENT OF INTENTION TO FLOAT ON THE WARSAW STOCK EXCHANGE

Pepco, Europe's pre-eminent discount variety retailer serving over 50 million customers a month from more than 3,200 stores across 16 countries, today announces its intention to undertake an initial public offering to institutional and retail investors, including a public offering in Poland and an offering to certain institutional investors in and outside of the United States of America (based on a registration requirement exception).

Pepco intends to apply for listing and admission of the Company's ordinary shares to trade on the regulated market of the Warsaw Stock Exchange. The planned Offering will consist of the sale of its existing shares by current shareholders.

Commenting on today's announcement, Andy Bond, Chief Executive Officer, said:

*"Today's announcement of our intention to float on the Warsaw Stock Exchange marks an important milestone for the Group. We are strongly positioned to deliver significant long-term growth, given our market leading customer proposition in the most attractive sector of retail, the scale of opportunity ahead of us as we expand across the entirety of Europe and the investment in strengthening the infrastructure of the business over recent years.*

*"We have a track record of delivering consistent, market-leading sales and profit growth over the past three years, the foundation for which is a relentless focus on how we provide our customers with the lowest prices on their regular shopping needs across apparel, homewares-led general merchandise and fast-moving consumer goods (FMCG) week in week out.*

*"Each of our retail businesses has a clear strategy for continued growth. Our PEPCO brand has consistently opened more than 300 stores and entered one new territory per year. Following the brand's successful launch in Italy and Serbia and its scheduled opening in Spain later this Spring, we now have the opportunity to target the whole of Europe for PEPCO, leading to even greater growth and scale. Our Poundland and Dealz business is also now clearly in roll-out mode with about 100 stores anticipated to be opened each year, initially focused in Spain and Poland.*

*"Our business is even stronger than it was a year ago, including an expanded capability within our dedicated sourcing operation, Pepco Group Sourcing (PGS), a significantly improved working capital profile agreed with our key suppliers and an ongoing focus on constantly improving our ESG capability across the Group.*

*"To further strengthen our executive team and governance at listing, we will appoint five new non-executive directors including Richard Burrows as Chair. Their combined experience, counsel and insight in financial, operational and governance matters, will be invaluable as we continue to make good progress to meet our ambition to become Europe's pre-eminent discount variety retailer.*

*"Today is a proud moment for all of our colleagues across the business and I thank them for their passion for our brands, hard work and dedication. Our proposed listing in Warsaw – home to our PEPCO brand since 2004 and the largest operating territory in the Group, is a natural step and I look forward to delivering further on our successful growth strategy."*

## ABOUT PEPCO

The Group owns and operates a multi-format, pan-European variety discount retail business, with 3,246 stores located across 16 countries as at 31 March 2021. The Group's stores are local and therefore convenient and offer a combination of apparel, homeware-led general merchandise, including toys and seasonal products, and FMCG at market leading prices. The majority of these products are sourced responsibly via the Group's integrated sourcing business, PGS, which serves to maximise buying scale and operating efficiencies across the Group's operations.

The Group provides its core shopper, 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: an apparel-led multi-price brand and Central and Eastern Europe's (CEE's) leading variety discount player, which offers apparel for the whole family (with a particular strength in childrenswear), home décor, toys and seasonal products, and operated 2,229 stores across 13 countries in CEE and Italy as at 31 March 2021.
- Poundland/Dealz: an impulse grocery, hard lines general merchandise, seasonal and FMCG-led price-anchored brand, which 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 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.

The Group's store roll-out programme has increased its PEPCO store portfolio by approximately 300 net new stores per year in the three years ended 30 September 2020 and with the success of Dealz in Poland and Spain from FY21 will begin a store roll out programme that will target at least 70 store openings per year. The Group has a clear low-risk store expansion programme and plans to accelerate footprint expansion in the medium-term, both in existing and new geographies, as demonstrated by the initial success of its entry into Italy and Serbia.

The Group's strong growth has been delivered under its experienced senior management team, led by Andy Bond as Group CEO and Nick Wharton as Group CFO. The team includes seasoned retail industry professionals in all key roles across the Group's trading businesses with over 200 years of retail experience.

## REASONS FOR THE OFFERING

Pepco believes that the Offering and Admission is a natural step at this point in its growth and maturity, giving it access to a wider range of capital-raising options which may be of use in the future. It is intended to diversify the Group's shareholder base and further the Group's separation from the Steinhoff group, improve the ability of the Group to recruit, retain and incentivise its key management and colleagues, and create a liquid market in the Shares for existing and future shareholders.

The Offer will also provide the selling shareholders with an opportunity to partially monetise their shareholdings in Pepco and, with respect to Pepco Holdco Limited (which, following the completion of a reorganisation prior to Admission, will hold the majority of the Shares at Admission) (the "Principal Selling Shareholder") is in line with the publicly stated objectives of Steinhoff International Holdings N.V.

## STRATEGY

The Group's well-defined mission is to provide its core customer, which is consistent across all its trading formats, with her regular shopping needs at the lowest price within apparel, homewares-led general merchandise and FMCG.

The Group's ambition is to become Europe's pre-eminent discount variety retailer with a clear financial ambition to deliver over €1 billion in EBITDA within 5 to 7 years[1]. It will achieve this ambition by further strengthening its market-leading proposition and capitalising on the long-term opportunity to more than treble the size of the Group's current store portfolio.

The Group's strategy centres on the following four value levers;

1. **Like-for-like revenue growth and market share expansion**

   Build on the existing market leading customer propositions to:
   - Provide a choice, price and convenience advantage versus the competition.
   - Provide multi-category assortment as it offers differentiation versus the Group's key competitors within the discount sector, which tend to focus on a single category.
   - Continue to leverage the Group's category strength in childrenswear and homewares, designed and produced in house.
   - Develop the core customer proposition to provide more of the products that its customers wish to buy, and for scale and capability-led operating efficiencies across the Group.

2. **Significantly expand the operating footprint of the Group across Europe**

   - Concentrate on continued store roll-out in existing markets together with disciplined, organic expansion into new markets that feature similarly supportive economic and demographic characteristics, that will provide substantial low-risk, long-term growth.

3. **Improve operating efficiency across the Group**

   - Utilise the established capability in PGS to reduce the cost of sourced products allowing the Group to expand its gross margin while continually re-investing in maintaining its price leadership position.
   - Expand operating margins in each retail brand through targeted end-to-end efficiency initiatives, including through reduction of rents in its existing Poundland stores by renegotiating lease renewals.
   - Continue to invest in high quality infrastructure to enable further growth while enhancing operating margins.

[1] Underlying EBITDA is quoted on a pre-IFRS16 basis

4. **Acting responsibly**
   - While already active in minimising the Group's environmental impact and maximising the benefit this reduction has on its communities, the Group has a long-term agenda to deliver further progress each year. This is important to the Group as a quality, reputable business and is equally important to its customers.

## COMPETITIVE STRENGTHS

The Group believes its success is attributable to the following key strengths:

***Operating in the structurally attractive discount sector***

<u>*Discount Variety physical retail in strong long-term growth*</u>

- All of the Group's brands participate in the discount sector, which represents a €130 billion addressable market, and is structurally attractive offering substantial scale, forecast growth in the medium term and delivering above retail-average operating margins.
- In 2019, the European discount apparel and general merchandise had sales of €96 billion (of which existing PEPCO markets comprised €26 billion). Strategy consultants OC&C have forecast this market to grow to €117 billion by 2025 (of which PEPCO's current existing markets would comprise €34 billion), representing a CAGR of 2.8% and 4.4%, respectively, from FY19 to FY25.
- The nascent discount and variety channel comprise 1% of the €1.3 trillion total European grocery market. In its most mature geographies, the channel has grown to 2.5% of the grocery addressable market implying growth to €34 billion in 2019. This is combined with the structural growth of the 'grocery top up mission' which is estimated to grow at 3% CAGR as consumers seek value in their top up trips.

<u>*Combined first mover and scale advantage a significant barrier to competition*</u>

- The Group operates relatively small footprint stores which, given the strength of the store returns at on average 19 months in PEPCO, allows stores to be successful in relatively small catchments. As a consequence approximately 35% of PEPCO stores are located in catchments of fewer than 20,000 inhabitants.
- The Group therefore faces limited competition from organised retailers in the majority of its CEE markets and catchments, which are generally served by local independent retailers where PEPCO's customer offer advantage would be significant. Furthermore, the potential for future competitor entry is limited due to PEPCO's established presence and high market share.
- Through this strategy, PEPCO has more stores in Poland than the next three largest store portfolios operating in the discount channel combined. In its core central and eastern Europe (Czechia, Slovakia, Hungary and Romania) markets, PEPCO has twice the number of stores as the next largest competitor.
- In Western Europe there are comparatively more established discount sectors with a sizeable opportunity to take share from this market (discount apparel represents c.23% of the market).

***Sizeable addressable markets with attractive macro fundamentals***

- The Group's addressable market is considered to be the entirety of Europe for each of its expansion brands – PEPCO and Dealz – with propositions that credibly translate across both Central, Eastern and Western Europe with a total population of more than 525 million.
- The Group's variety offering through its PEPCO and Dealz stores across CEE currently competes in sizeable CEE markets with a total population of more than 100 million with strong forecast real GDP growth of 2.0% and disposable real income growth of 1.8% between 2019 to 2025, which will help drive retail sales.

***Winning customer proposition***

*PEPCO's winning proposition*

- Independent research has confirmed that PEPCO performed strongly on all of the criteria that are key to a discount consumer selecting a retailer, ranking first on three of the most important selection criteria – low prices, value for money and great deals – and ranking first on a further three of the seven highest-ranked criteria.
- Importantly, PEPCO was also the most trusted retailer with over 78% of customers reporting strong trust.
- Understanding that the primary 'win' criterion is price, PEPCO has a clear price advantage in apparel and homewares against competition.
- Delivers sector leading customer net promoter score (NPS) results which translates strongly across markets both in CEE and Western Europe.

*Poundland and Dealz – Europe's Largest Dollar Store Concept*

- Poundland and Dealz offer FMCG and hard lines general merchandise categories. They are focused on convenience, strong seasonal relevance and offering a wide range of branded FMCG products offering breadth in convenient locations at market leading prices.
- These brands have been engaged in a transformative category expansion programme to widen their product offering to the approximately more than 7 million customers who visit stores every week, including apparel through the PEP&CO brand and frozen food in Poundland.
- The addition of discount apparel provides a unique point of difference to the Poundland variety discount proposition.
- Through the increased allocation of space to apparel and by leveraging existing footfall, the PEP&CO brand has grown since it was established in 2016 to become the UK's 18th largest clothing brand by volume, according to Kantar Fashion as at the 12 weeks ending 30 September 2020.
- Dealz benefits from a differentiated category focus, with a greater emphasis on FMCG than other retailers in Poland (77% in 2020, compared with 24% at Action and 16% at TEDi).
- A clear price advantage versus other FMCG operators. For example, in Spain, Dealz's average discount to established retailers ranges from 28% (Carrefour) to 9% (PrimaPrix), while maintaining considerably higher net promoter scores than the competition in both markets.

***Defendable business model with significant Group synergy***

- Achieved through a business model and prevailing culture that enables the Group's brands to "sell for less" by leveraging buying scale and direct sourcing capability to "buy for less" and a simple, consistent trading model to "operate for less".
- The Group has two strategies to achieve lowest cost sourcing:
  - leveraging PGS, its in-house direct sourcing operation, through hubs across Asia for its own-brand apparel and general merchandise ranges, and
  - utilising Poundland's relationships with pan-European suppliers for branded FMCG products.
- This capability enables the Group to maintain price leadership as a key element of its winning proposition, while delivering a stronger gross margin relative to its competitors which place higher reliance on an indirect sourcing model, buying through intermediaries such as agents, wholesalers and distributors.
- The direct sourcing model also enables greater control and transparency across the supply chain to drive compliance to our clearly defined ethical standards alongside margin advantage.

***Store expansion expertise and opportunity***

*Proven roll-out capability at best-in-class paybacks and returns on investment*

- Management uses well-established catchment and other econometric analysis to identify specific pan-European expansion opportunities by targeted catchment and a proven capability to efficiently convert expansion opportunities into attractive store economics once trading.

- Across all countries of its operation, in the year ended 30 September 2019 (as the last full year before the impact of the Covid-19 pandemic) average store contribution[1] for PEPCO was €235,000 with only one store which was open for more than 12 months being contribution negative due to disruption in the adjacent food anchor.
- Highly attractive financial returns are achieved on store investments. PEPCO delivers an average post tax payback of 17 months on its stores in Poland, which due to the homogenous nature of the customer offer and store operation, has been matched or bettered in export territories such as Czechia, Hungary and Slovakia.

*Validated expansion strategy of Italy and Serbia for PEPCO*

- PEPCO has recently opened its first stores in Western Europe (Italy) and the first stores to operate outside the EU (Serbia).
- Each of these new territories has traded significantly ahead of internal sales expectation before Covid-19 restrictions were introduced.
- Italy clearly demonstrated the effectiveness of the Group's customer proposition in Western Europe, rapidly establishing brand equity through the strength of its childrenswear range and demonstrable price advantage, achieving a significantly higher (80%) average transaction value than the PEPCO groupwide historic average.
- Serbia demonstrated the Group's ability to expand PEPCO outside of the EU, showing significant volume and basket size premiums to the PEPCO historic average.

*Existing and prioritised new markets provide 20 years of growth for PEPCO and Dealz*

- Based on externally validated catchment analysis, opportunity exists for substantial, long-term and low risk growth in its PEPCO and Dealz store portfolios, with an initial 8,000 new store opportunities identified. At current rates of expansion, these opportunities represent approximately 20 years of future growth.
- More than 4,300 new store opportunities are in markets in which these brands are already present.
- The Group sees the opportunity to open approximately 6,000 PEPCO stores, blended between current and new expansion markets, particularly in Western Europe.
- The Group has identified the opportunity to open a further 2,000 additional Dealz stores primarily in existing territories plus priority adjacent territories with significant white space opportunity in the balance of CEE.
- Management believe that with an addressable market equal in size to the USA, considerable further store expansion opportunity exists beyond the current prioritised plan. As an example Dollar General in the US currently operates c. 17,000 stores with a targeted number of 30,000.

***Outstanding financial profile and strong track record***

- Compound annual growth rates in the 29 months immediately preceding the impact of the Covid-19 pandemic in March 2020 were 12% and 22% for revenue and underlying EBITDA[2], respectively.
- Consistent greater than 6% LFL delivered by PEPCO over each of the past 3 years.
- Revenue growth reflected a compound annual growth rate of 13% for store numbers together with consistent delivery of LFL Revenue expansion – led by PEPCO.
- High growth achieved after strategic investment in infrastructure with underlying EBITDA growing by over 22% from FY2019 to last twelve months to Feb-20 with Group level underlying EBITDA margin expanding by 185 bps led by sector-leading margin of over 16% in PEPCO.
- Free cash flow conversion ratio is a further strength of the Group's business model with average conversion, after funding significant capital investment, approaching 60% prior to the impact of the Covid-19 pandemic.
- The Group also sees itself as a clear long-term beneficiary of the customer shift to the discount channel, a trend which will accelerate as a result of post Covid-19 prolonged economic uncertainty. Over the short term, whilst the impact of Covid-19 has been disruptive. the Group believes its diverse customer offer creates resilience to the Covid-19 pandemic trading conditions.

[1] Defined as average store profit before central costs not directly attributable to a store, depreciation, amortisation, interest and tax.
[2] Underlying EBITDA is quoted on a pre-IFRS16 basis.

***Highly experienced leadership team***

- The Group's strong growth has been delivered by its core central management team, supported by a strong executive leadership team across the Group's business units, which together bring more than 200 years of direct retail experience including a deep knowledge and understanding of the local markets in which the Group operates.
- The high calibre performance of the Group's central and local leadership teams is demonstrated by the success of its strategy of organic growth through consistent store openings, as well as leveraging its sourcing expertise and strong supplier relationships in seeking to deliver market-leading value to its customers.
- The Group plans to adopt rigorous and high standards of governance and will appoint five new non-executive directors including a new Chair who bring significant and relevant business and corporate experience gained internationally in both developed and emerging markets, as well as exposure to government policy, regulation and wider public affairs.

## CURRENT TRADING

For the six months to 31 March 2021, the Group delivered overall revenue growth of 4.4%, reflecting the opening of 225 net new stores in H1 – 129 in PEPCO, 27 in Dealz and 69 in Poundland (including additional stores from the acquisition of Fultons Foods in October 2020).

This overall store growth was offset by like-for-like revenue decline of 2.1%, reflecting the short-term impact of Covid-19 pandemic store closure profile outlined above. LFL growth in Trading Stores[2] totalled approximately 5% across the half year with positive growth achieved in each segment and led by a particularly strong performance in PEPCO where stores continue to recover quickly after re-opening.

## OFFERING HIGHLIGHTS

Should the Group proceed with the offering, it is expected to have the following features:

- The planned Offering will consist of the sale of its existing shares by current shareholders.
- It is the intention of the Group and its shareholders to create a meaningful free float in the Shares on Admission, of at least 15%.
- No proceeds will be received by the Company pursuant to Offering.
- An application is expected to be made for the Admission of the Shares to trading on the regulated (main) market of the Warsaw StockExchange.
- The Offering consists of (i) a public offering in the territory of Poland (the "**Polish Public Offering**"), including (a) a retail offering and (b) an institutional offering; (ii) the offering in the United States to certain qualified institutional buyers, as defined in and in reliance on Rule 144A, or another exemption from, or in a transaction not subject to, theregistration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"); and (iii) an offering to certain other institutional investors outsideof the United States and Poland in accordance with Regulation S under the U.S. Securities Act. The Polish Public Offering is being conducted exclusively within the territory of Poland.
- The Company and the Principal Selling Shareholder intend to allocate to Polish retail investors up to 5% of the aggregate number of the Shares comprised in the Offering.

Corporate governance and other board-related matters will be described in the Prospectus, when published. A list of proposed board members is included at the bottom of this announcement which includes 5 new Non-Executives and a new Chair to ensure credible and rigorous governance standards.

Additionally, the Group has entered into a new senior facilities agreement with lenders for new €550 million senior secured term loans and a €190 million (equivalent) multi-currency revolving credit facility that will be

[2] Trading Stores are stores (i) open beyond their 12-month trading anniversary at the commencement of the comparison period and (ii) that traded during each individual accounting week or the relevant period, irrespective of other restrictions such as part week closures, limitations on customer numbers and reduced customer offer.

used to refinance all of the Group's indebtedness under its existing external credit facility and shareholder loan at Admission.

The Group has engaged Goldman Sachs Bank Europe and J.P. Morgan as global coordinators and joint bookrunners; Barclays Bank Ireland PLC, BM PKO BP and Santander Bank Polska S.A as joint bookrunners; Pekao Investment Banking S.A. and Bank Polska Kasa Opieki S.A. - Biuro Maklerskie Pekao as co-bookrunners and ING Bank N.V and Trigon Dom Maklerski S.A as co-lead managers.

The Group has engaged The Deal Team as IPO Transaction Manger.

## Enquiries

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## SUMMARY FINANCIAL HIGHLIGHTS

With regard to the below financial information as of and for the financial years ended 30 September 2018, 2019 and 2020 and as of and for the three month periods ended 31 December 2019 and 2020 presented in this announcement, including references to the company within the below table, refer to Pepco Group Limited, unless otherwise indicated.

| **€ million, unless otherwise indicated** | **Year ended 30 September** | | | **LTM 29 February[4]** | **Three months ended 31 December** | |
|---|---|---|---|---|---|---|
| | **2018** | **2019** | **2020** | **2020** | **2019** | **2020** |
| **Operating profit** ................................ | **107.2** | **257.8** | **120.0** | **274.4** | **152.3** | **160.2** |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets......... | 67.3 | 78.0 | 90.6 | 78.2 | 20.2 | 25.6 |
| Amortisation of right-of-use asset[(3)].... | - | - | 199.8 | 85.4 | 48.6 | 53.2 |
| Impairment of other intangibles ......... | 2.6 | - | - | - | - | - |
| Non-underlying impairment of goodwill.............................................. | 112.8 | - | - | - | - | - |
| Loss on disposal of property, plant and equipment and intangible fixed assets.................................................. | 2.1 | 2.3 | 0.2 | - | - | - |
| Other expenses .................................. | - | - | 12.1 | 11.3 | 0.6 | 0.1 |
| Amortisation of capital contributions in respect of property leases.............. | (7.4) | (5.3) | - | - | - | - |
| Discontinued operations[(1)] ................. | (7.3) | - | - | - | - | - |
| **EBITDA**.............................................. | **277.3** | **332.8** | **422.6** | **449.3** | **221.6** | **239.1** |
| Non-underlying items | - | - | 19.7 | 5.5 | 3.3 | 3.3 |
| IFRS 16 adjustments[(2,3)] ...................... | - | - | (213.4) | (100.7) | (56.4) | (58.9) |
| **Underlying EBITDA**............................ | **277.3** | **332.8** | **228.9** | **354.1** | **168.5** | **183.6** |
| Revenue.............................................. | 3,038.1 | 3,415.1 | 3,517.9 | 3,658.9 | 1,142.7 | 1,187.8 |
| **Underlying EBITDA Margin *(%)*** ........... | **9.1** | **9.7** | **6.5** | **9.7%** | **14.7** | **15.5** |

**Note:**

(1) Items presented in the reconciliation between operating profit and EBITDA include discontinued operations. As the operating profit and EBITDA presented are for continuing operations only, the depreciation, amortisation and impairment related to discontinued operations are then excluded in a single line.

(2) IFRS 16 adjustments represent the inclusion of occupation costs classified as lease repayments under IFRS 16. This adjustment is made to enable comparability to prior periods which have been presented on an IAS 17 basis.

(3) In the LTM to 29 February 2020 includes only 5 months of IFRS 16 impact due to IFRS 16 being adopted for the first time by the Group from 1 October 2019.

(4) LTM represents the Last Twelve Months to 29 February 2020 and are unaudited.

## BOARD STRUCTURE

The following individuals will form the Board of Pepco Group at the listing date:

**Richard Burrows** – **Chair of the Board** has been Chairman of British American Tobacco (BAT), the global tobacco group, since 2009 and brings huge experience of business, board and consumer industries. He is also currently a director of Carlsberg, where he is chairman of the remuneration committee and a member of the audit and nomination committees. His executive career has principally been in the branded drinks sector where one of his many achievements was establishing the foundations and early growth of Jameson Irish Whiskey. Richard was chief executive and later chairman of Irish Distillers and then co-chief executive of Pernod Ricard, based in Paris. He was also the Governor of Bank of Ireland from 2006 to 2009.

**Andy Bond – CEO** Andy acted as an advisor to the legacy Pepkor SA group since 2012, before jointly setting up Pepkor Europe as a founder investor in 2015 and becoming chief executive. Andy has an extensive retail career, focused on the discount sector, having been chief operating officer and then chief executive officer of Asda between 2005 and 2010 becoming chair in 2010. Earlier in his 16-year career at Asda, Andy acted as corporate marketing director and managing director of George clothing. Andy is also currently the non-executive chair at Missguided Ltd.

**Nick Wharton – CFO** Nick joined the Group as Group Chief Financial Officer in 2018. He has 20 years' experience within the retail sector, both within the UK and internationally, and significant experience in public companies, having served as the chief financial officer at each of Superdry and Halfords Group and chief executive officer of Dunelm Group. Nick is also currently a non-executive director and the chair of audit committee at AG Barr Plc. Nick is a qualified Chartered Accountant and earlier in his career held finance and international positions within The Boots Company and Cadbury Schweppes.

**Grazyna Piotrowska-Oliwa – Independent Non-Executive** has strong experience across government and business both in Poland and Central and Eastern Europe. At the start of her career, Grazyna spent four years at the Polish Ministry of the State Treasury, where she headed two different divisions. With a proven track record in some of Poland's WIG20 companies, Grazyna brings 20 years' experience working for Telekomunikacja Polska and PTK Centertel (now Orange Polska); PZU (on the Supervisory Board); PKN Orlen; and PGNiG. Most recently, Grazyna was CEO and President of the Management Board of Virgin Mobile Poland for five years, following a period advising private companies and private equity funds.

**María Fernanda Mejía – Independent Non-Executive** has deep experience and expertise in general management, including strategy development, operations, supply chain and talent development. Until February 2020, she served for more than eight years as Corporate Officer and Executive Committee member at the Kellogg Company, with her final roles being Senior Vice-President and President of Kellogg Latin America. Prior to this, María Fernanda spent 23 years at the Colgate-Palmolive Company in global marketing and senior management roles within developed and emerging markets. Additionally, María Fernanda is also non-executive director of Bunzl, where she is a member of the audit, remuneration and nomination committees. In addition, she joined Grocery Outlet, a US discount retailer, in January 2021 as a non-executive director and member of the audit and risk committee.

**Pierre Bouchut – Independent Non-Executive and Chair of the Audit & Risk Committee**, the former CEO of Casino, the French multi-national grocery group, has extensive international experience in both senior executive and non-executive roles within finance, European retail and property businesses. Pierre's experience of managing large, listed companies gives him a deep insight into how strategic changes may affect the retail and property sectors. He is currently a non-executive director and chairman of the audit committee at Firmenich; independent director and chairman of the audit committee at Entain (formerly GVC Holdings); a director and chairman of the audit, accounts and risks committee of Albioma; and non-executive director of GeoPost.

**Brendan Connolly – Independent Non-Executive and Chair of the Remuneration Committee** brings extensive operational, commercial and strategic expertise and insights to Pepco Group. He is a non-executive director at Victrex and Synthomer, where he is also Senior Independent Director and Chair of the Remuneration committee, respectively. Brendan has more than 30 years' experience in the oil and gas and the testing and inspection industries. He was a senior executive at Intertek Group having been CEO of Moody International, which was acquired by Intertek in 2011. Brendan was Managing Director of Atos in the UK after spending more than 25 years with Schlumberger in senior international roles.

**Neil Brown – Non-Executive** Neil has extensive global experience in corporate restructurings, private equity and dispute resolution and wide international commercial board experience. He has held a number of chairman, director and committee positions in international organisations including Magma Fincorp India, gategroup, Iceland Foods and Islandsbanki. Earlier in his career Neil helped to build the successful financial services arm of Apax Partners. He acted as a special advisor to the Senior Oversight Committee of the Asset Protection Scheme, operated by an executive arm of HM Treasury. Neil is a qualified Chartered Accountant and a former corporate finance partner at PwC and Deloitte.

**Helen Bouygues – Non-Executive** Helen started her career in 1995 at J.P. Morgan in the M&A group in New York and in Hong Kong. From 2000 until 2004, she worked at Cogent Communications Inc. as chief operating officer, chief financial officer and treasurer before becoming a partner at Alvarez & Marsal Paris. In 2010, she launched her own consulting firm specialising in corporate turnaround and transformations. From 2014 to 2017 she was partner responsible for the Recovery and Transformation Services division at McKinsey & Company in Paris before leaving to progress her career, providing strategic board level advice for multiple companies.

**Paul Soldatos – Non-Executive** Paul is a board member and senior advisor in the industrial, service and consumer/retail sectors. He has international experience in M&A, strategic assessment, organisational transformation and financial restructuring with a focus on the US and Europe. He is currently Chair and member of the Audit and Compensation committees of Stripes Holdings, Inc (Mattress Firm), non-executive director and member of both the governance and compensation committees of McDermott International, Ltd. Paul is also Chair of Tailored Brands, Inc. Prior boards include Gucci Group N.V., Saks Holdings, Inc., Convenience Food Systems BV and Evoca S.p.A. Additionally, Paul was previously a partner and member of the management committee of AEA Investors LP in AEA's London office.

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*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, once published, 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.*

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*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.*

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