

Interim results for the half-year to 31 March 2022

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Thursday 9th June 2022

PEPCO
Group

Highlights

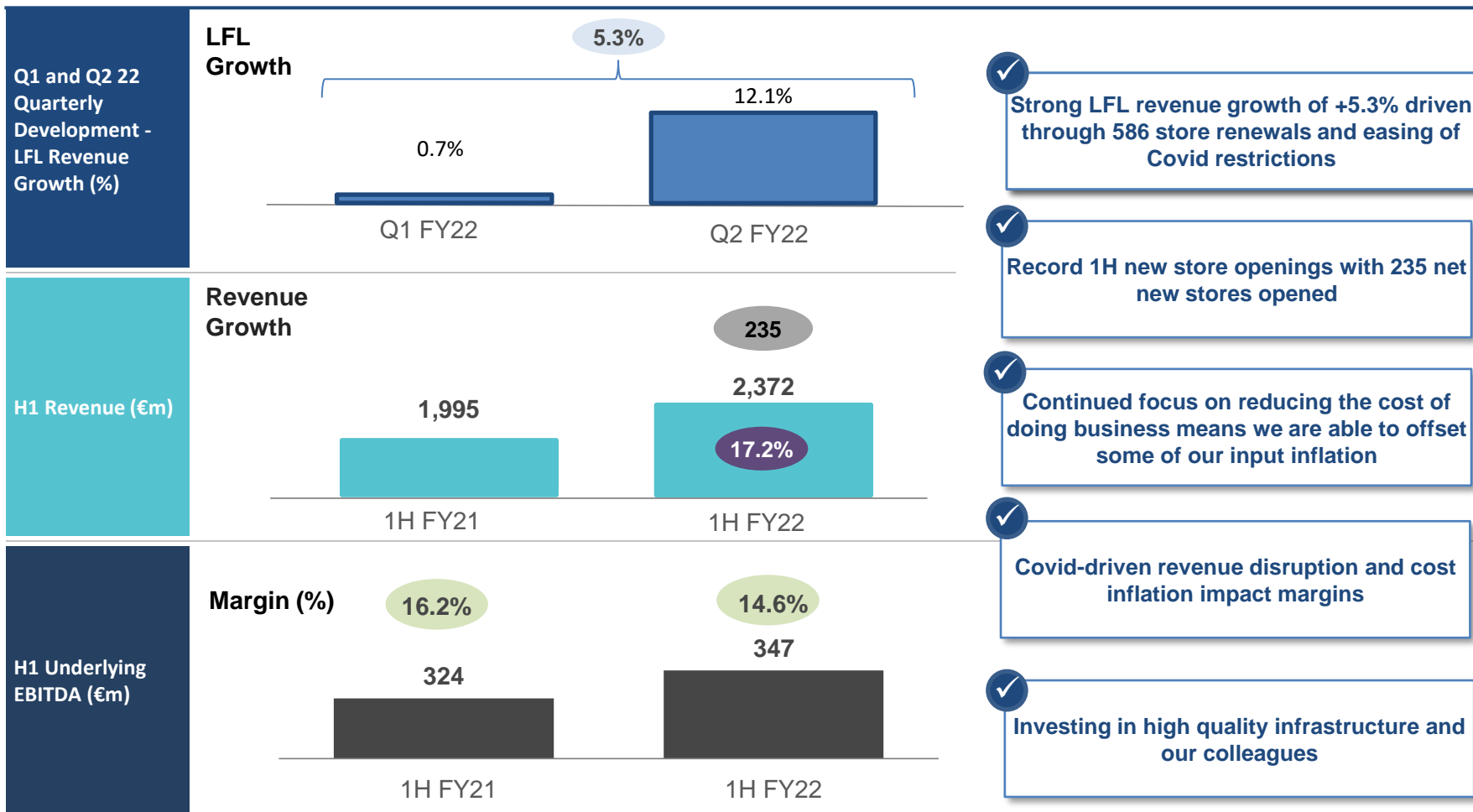
01



- 1 Strong financial performance despite volatile market conditions which were further exacerbated by the invasion of Ukraine
- 2 Acceleration of our strategy around our key pillars including record first half new store openings
- 3 Proposition renewal driving growth with 586 stores renewals completed in the first half
- 4 We remain confident and excited about both our long term growth ambitions and delivering €1bn EBITDA (IAS 17) in 5-7 years post IPO
- 5 On track to meet guidance for the full year

Financial Highlights for 1H FY22

PEPCO Group



● YoY Constant Currency Growth
 ● LFL Growth
 ● New Stores
 ● Margin %

Source: Company filings and documentation. Note: LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary with stores relocated in a catchment and/or upsized included within LFL provided the enlarged store footprint is less than 50% bigger than the existing store.

New Stores numbers exclude the impact of 43 loss-making Fultons stores closed following the acquisition of Fultons by Poundland.

Financial Review

02



Key Financial Highlights

Strong Revenue Growth

- ✓ Strong revenue growth through store expansion and progressive easing of Covid restrictions.
- ✓ Average Weekly Sales +13.7% at PEPCO and +4.3% at Poundland for the same cohort of stores on the equivalent period vs FY19 (pre-Covid).
- ✓ Upgrading our target opening of new stores to around 500 for FY22 (450 net).

Operating margin pressure improving into 2H

- ✓ EBITDA margin pressure driven by compression of gross margins due increased freight and other input costs.
- ✓ Operating cost ratios remain steady at 34% against sales disruption and SG&A inflation
- ✓ Anticipating some margin improvement in 2H and for the FY through operational action and increased scale efficiencies as top-line volumes continue to improve

Cash investments into stock and stores

- ✓ Decrease in closing cash driven through a combination of acceleration of investments in stores and;
- ✓ Concurrent investment in stock to support store growth and sales without Covid disruption.
- ✓ Some working capital inefficiency through supply chain disruption and carry over stock to Christmas 2022.

PEPCO
Group

Pepco Group	1H FY22	1H FY21	YoY Growth
Revenue (€m)	2,372	1,995	18.9%
Gross Profit (€m)	973	846	15.0%
<i>Gross Profit Margin (%)</i>	<i>41.0%</i>	<i>42.4%</i>	<i>(137bps)</i>
Underlying EBITDA (€m)	347	324	7.3%
<i>Underlying EBITDA Margin (%)</i>	<i>14.6%</i>	<i>16.2%</i>	<i>(158bps)</i>
Depreciation and Amortisation (€m)	(185)	(164)	(12.8%)
Interest and other (€m)	(19)	(48)	60.4%
Underlying PBT (€m)	144	112	28.5%
Non-Underlying Items ¹ (€m)	(21)	(24)	-
Reported PBT (€m)	123	88	39.6%
Taxes (€m)	(28)	(20)	-
Net Income (€m)	95	68	40.5%
Underlying EPS (€)	0.202	0.161	25.5%

+17.2 % YoY revenue growth in constant currency;

LFL sales growth +5.3% with Q2 over +12%.

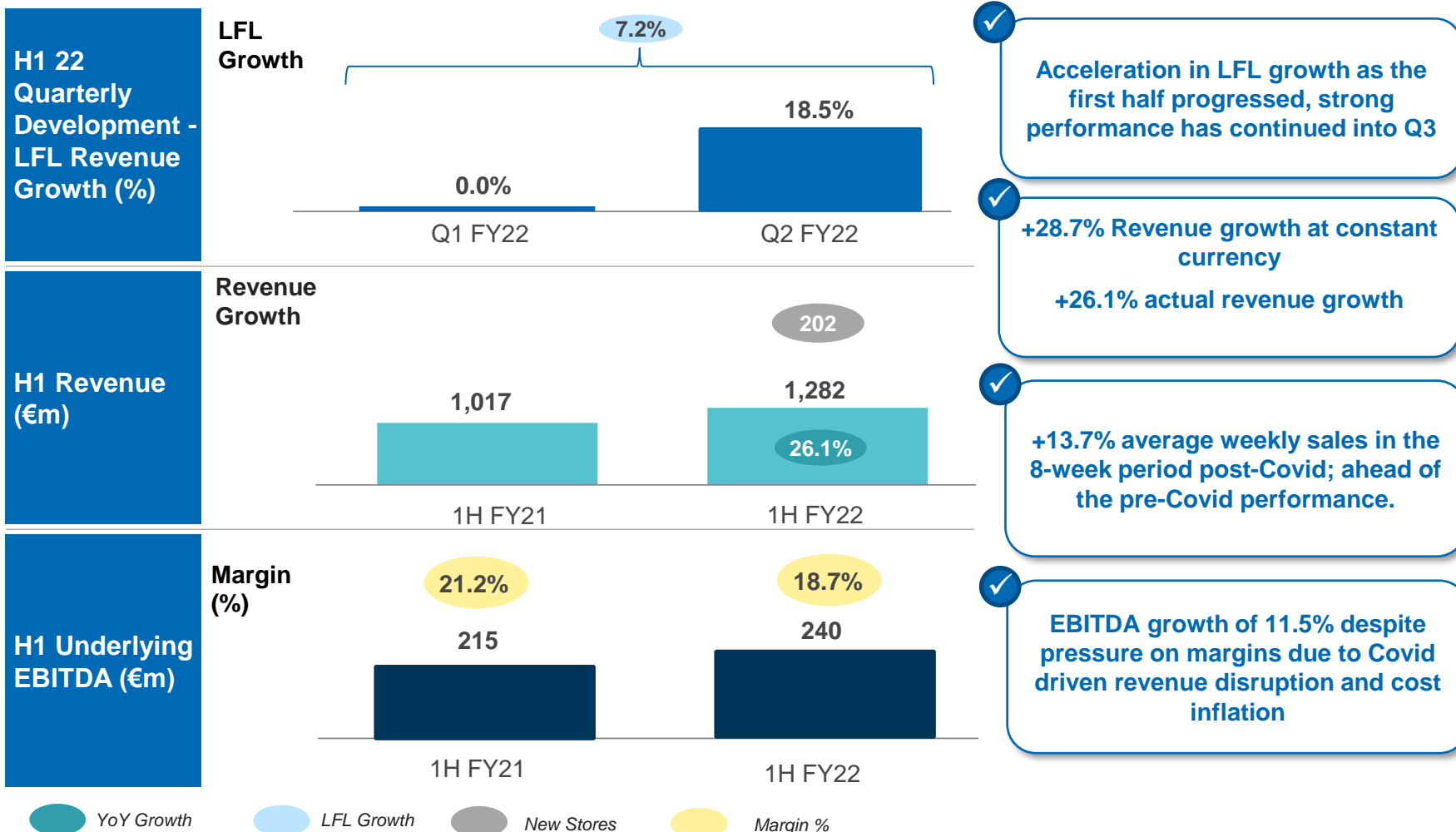
Gross margin pressure due to higher input costs, partially offset by stronger markdown management.

Acceleration of the operating cost efficiency programme mean operating cost ratios remain at 34% despite inflation and store closures.

Lower interest costs following the IPO-linked refinancing in May 2021 at a significantly more favourable coupon.

Source: Company filings and documentation. Note: Financials represent post-IFRS 16 figures and on a continuing operations basis unless otherwise stated.

¹ Non-underlying items defined as material, one-off and unusual in nature and include Fees associated with the IPO, the IPO related refinancing and VCP scheme.

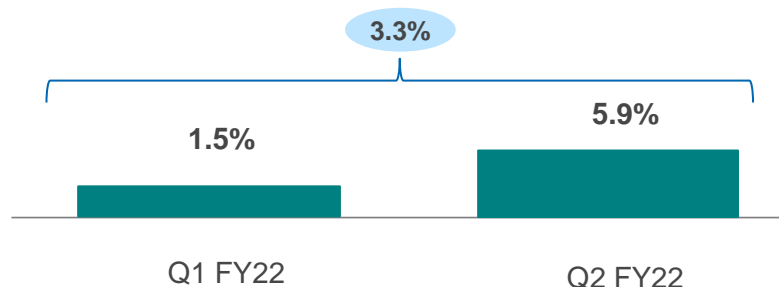


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Poundland Dealz

H1 22 Quarterly Development - LFL Revenue Growth (%)

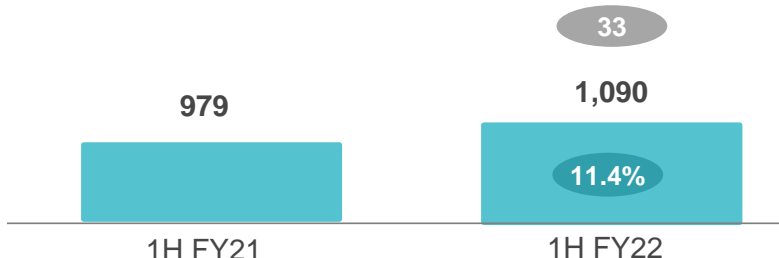
LFL Growth



✓ Acceleration in LFL growth as the first half progressed as Covid impacts receded.

H1 Revenue (€m)

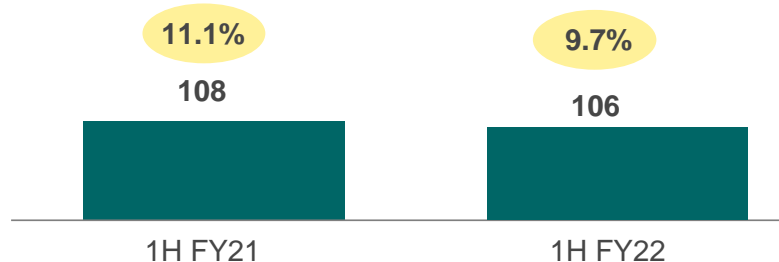
Revenue Growth



✓ +6.0% revenue growth in constant currency
+11.4% growth in actual revenue.

H1 Underlying EBITDA (€m)

Margin (%)



✓ +4.3% average weekly sales in the 8-week post-Covid period; ahead of the pre-Covid performance

✓ Flat EBITDA as Covid driven revenue disruption and cost inflation impact margins. Acceleration of operational initiatives in 2H will lead some recovery.

Legend: ● YoY Growth ● LFL Growth ● New Stores ● Margin %

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Pepco Group (€m)	1H FY22	1H FY21	YoY Growth
EBITDA	326	308	18
Movement in working capital	(245)	11	(256)
Share based payment expense	7	6	1
Other expenses	-	(9)	9
Cash Generated by Operations (Reported)	88	316	(228)
IFRS 16 lease payments	(154)	(114)	(40)
Cash Generated by Operations (pre-IFRS16)	(66)	202	268
Capex	(114)	(71)	(43)
Tax paid	(37)	(27)	(10)
Funding and Investment activities	(3)	(22)	(19)
Net Cash Flow	(220)	83	(303)
Effect of exchange rate fluctuations	6	(1)	7
Cash and cash equivalents at start of the period	508	400	108
Cash and Cash Equivalents at end of the Period	294	482	(188)

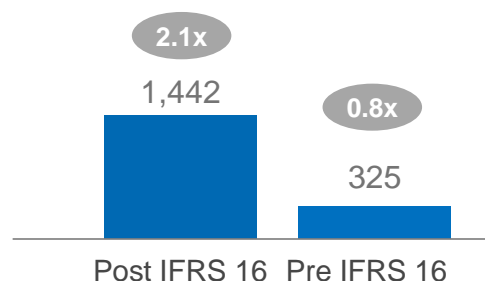
Capex driven through store expansion investment in PEPCO and the Poundland Group

Stock investments to support store growth and sales without Covid disruption

Further exacerbated by Christmas carry over stock (to be sold in FY23), supply disruptions and partial unwind of creditor days.

Capex spend also reflects continued investment in store maintenance and ongoing investment in IT infrastructure

Net Debt¹



Leverage

Strategic Update

03



Continuing to deliver on our core strategic levers to drive long term value creation



1

BIGGER

Accelerating Store Expansion



2

BETTER

Driving LFL Sales



3

CHEAPER

Reducing Cost of Operations

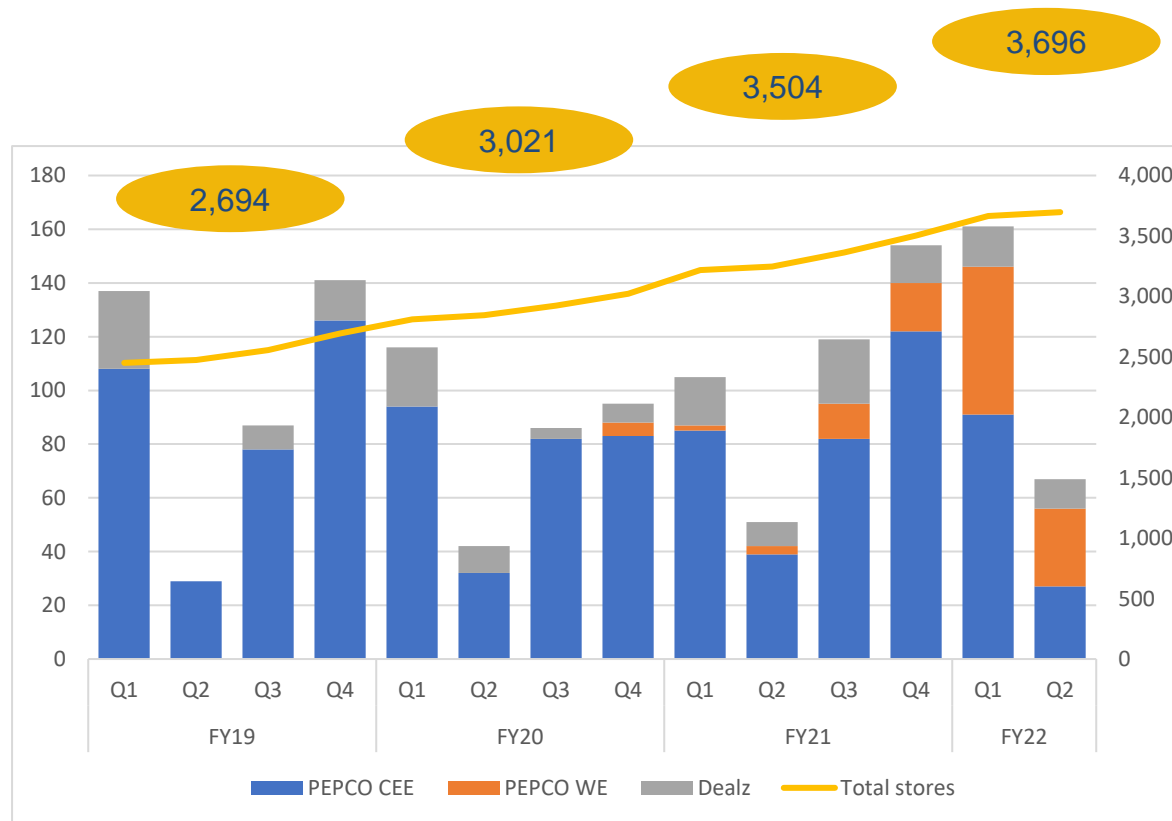
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Simpler: Investing in Infrastructure & Colleagues

1 Sustained growth in store openings

Record new store openings in 1H of 235 net new stores

Store Openings By Quarter Split By Type



Commentary

Upgrading our guidance on store openings to target opening around 500 new stores for the full year (450 net)

Significant increase in WE store openings with 84 new stores in 1H

Doubled our store footprint in Italy to 49 stores; now have 40 stores in Spain and 36 stores in Austria

Opened our first store in Germany in April 2022 where initial trading is positive

New stores in FY22 excludes closure of 43 Fulton's stores

Total closing stores

2 Development of the Customer Proposition

Continued testing of proposition options to renew estate and add further growth opportunities

- 1 Completed 1,900 store renewals of our stores since Nov 2019, including 586 in H1



- 3 In H1 completed 534 store renewals in Pepco; including trialling a new format in Wroclaw



- 2 Refreshed 52 Poundland stores with chilled and frozen food at the heart of our extended offering



- 4 Good / Better / Best





Poundland operating cost efficiencies

- Labour-saving initiatives have kept labour costs level YoY
- Re-negotiated 43 store leases
- Reducing passing rent by an average of 37%
- On track to exceed €20m of savings within three years committed at IPO



PEPCO end-to-end supply chain transformation underway

- Reducing the amount of stock held across the business
- Reducing the double handling of stock
- DC picking operations have increased throughput by +16%
- Savings across the supply chain

PEPCO Group

1

Systems Infrastructure

ERP implementation programme continues

Warehouse Management System rollout in PEPCO



2

Physical Infrastructure

Installing self-scan tills at our new stores in Western Europe

Enables faster throughput of customers

Enhancing customer satisfaction and improving efficiency



3

Colleagues

Continued development of our colleagues

Evidenced by being voted second best employer in Poland in the Forbes' ranking, improving our rating by two places



Outlook and Current Trading Environment



Current Trading and Outlook

- Since the easing of Covid restrictions, group performance has improved through the Half and has continued into Q3
- While the absolute levels of inflationary pressure are greater in CEE markets, wage inflation is substantially offsetting this
- However in WEU, the acute spike in inflation in a stagnant wage growth environment has resulted in absolute lower spending
- The invasion of Ukraine continues to create volatility, albeit with some trading upside driven by the influx of displaced people to core PEPCO markets.
- Despite this, we are on track to meet full year guidance

We continue to focus on getting Bigger and Better as we accelerate our strategy around our four key pillars

We are maintaining and improving our price leadership position, as we continue to focus on serving our customers

This is not just about addressing the challenging conditions of today, but about building a stronger business for tomorrow

We have emerged as a more resilient operator from this unprecedented period

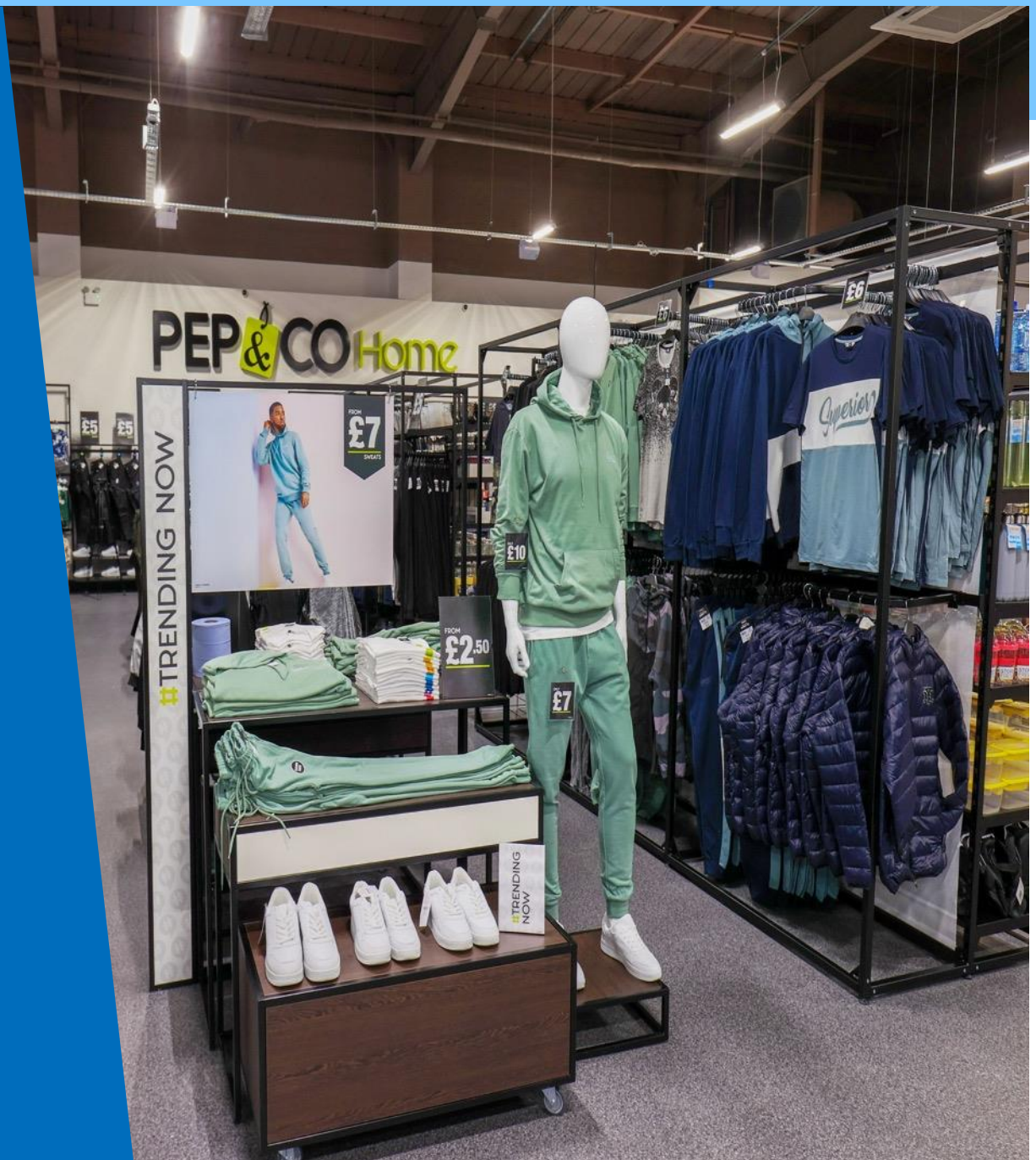
Remain on track to meet guidance for the full year and to deliver on our long-term growth expectations

PEPCO
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Q&A

05

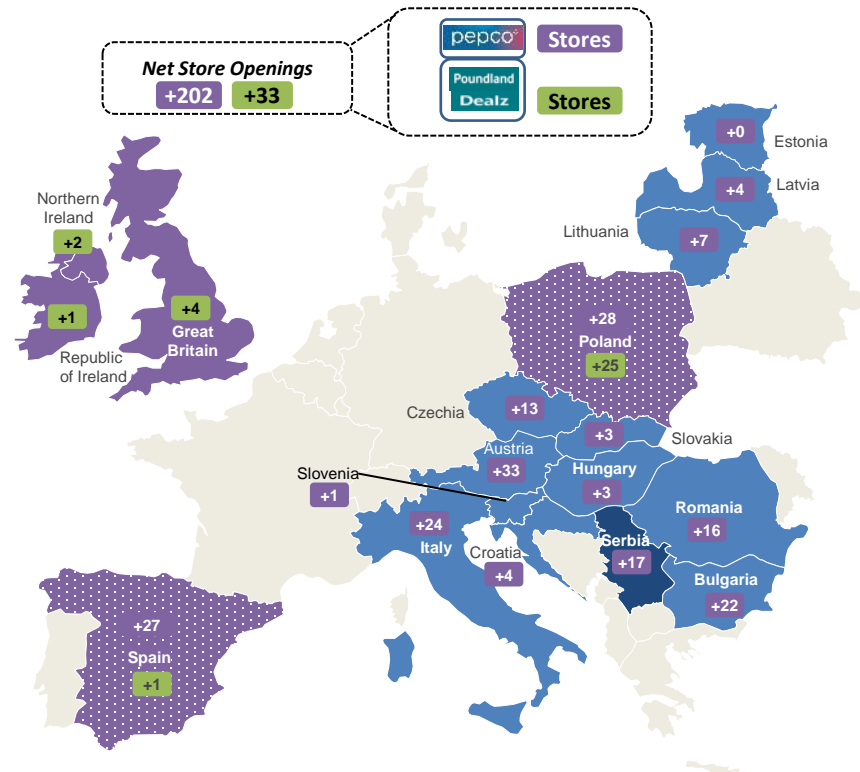




Store Coverage

Pepco Group Continues Successful Expansion Across Europe

Net New Store Openings in H1 FY22



3,696
Total Stores

pepco®

Poundland
Dealz

2,666

1,030