

Capital Markets Day

18 October 2023

Disclaimer

This presentation includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as latest estimate, FY23, continue, expects, outlook, leading, transition, planned or other similar words or expressions are typically used to identify forward-looking statements, 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 are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Pepco Group N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements.

Forward-looking statements reflect the current views of the Company’s management and assumptions based on information currently available to the Company’s management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements.

This presentation contains certain financial measures that are not defined or recognised under IFRS, including EBITDA, underlying EBITDA, underlying EBITDA margin, capex or capital expenditure, free cash flow conversion, like-for-like (LFL) revenue, gross margin and net debt. Information regarding these measures are sometimes used to evaluate the efficiency of a company’s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Company’s performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Company does not regard these non-IFRS financial measures as a substitute for, or superior to, the equivalent measures that are calculated in accordance with IFRS. The non-IFRS financial measures in this presentation may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company’s operating results as reported under IFRS.

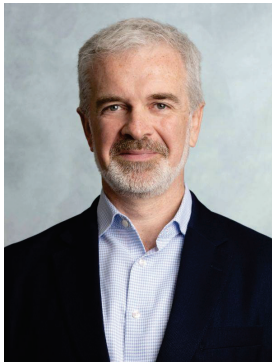
This presentation contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company’s business and markets. Unless the source is otherwise stated, this market, economic and industry data constitute the Company’s own estimates, sourced from third-party market data and industry forecasts and publicly available information and industry publications. The industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy or completeness of market data contained in this presentation that were extracted or derived from these industry publications. Estimations and forecasts are subject to inherent risks and uncertainties. The availability of market information differs significantly between countries. In particular, actual results could be impacted by future events which cannot be predicted or controlled, including, without limitation, changes in business strategies, the development of future products and services, changes in market and industry conditions, the outcome of contingencies, changes in management, changes in law, regulations or individual countries’ policies. Although management believes its estimates regarding markets, market sizes, market shares, market positions and other industry data to be reasonable, these estimates have not been verified by any independent sources, and the Company cannot assure prospective investors as to the accuracy of these estimates or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. Management’s estimates are subject to risks and uncertainties and are subject to change based on various factors. The Company does not intend, and does not assume any obligation, to update the industry or market data set forth herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what countries and geographies should be included in the relevant market. As a result, statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this presentation and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors.

Today's presenting team



Andy Bond

Executive
Chair



Neil Galloway

Group
CFO



Barry Williams

Pepco MD
(previously
Poundland MD)



Marcin Langowski

Dealz
MD



Agnieszka Jaworska

Commercial
Director



Mark Elliott

Transformation
Director

Agenda

Time	Subject	Speaker
8.00am	Introduction & key priorities	Andy Bond
8.30am	Competitive position	Mark Elliott
8.45am	Poundland	Barry Williams
9.15am	Commercial business model and sourcing	Agnieszka Jaworska
9.40am	Dealz	Marcin Langowski
10.00am	BREAK	
10.15am	Modelling	Neil Galloway
11.45am	Update	Neil Brown
11.55am	Close	Andy Bond
12.00pm	Q&A	

Introduction & key priorities

Andy Bond – Executive Chair

Pepco Group is well positioned for future success

- We have a clear, compelling and exciting future, but we need to do less to achieve more and re-earn the right to grow
- Our vision to be Europe's biggest and best discount variety business remains intact, serving families on a budget across our core FMCG, clothing and general merchandise (GM) categories
- We are confident we can deliver this ambition
- The opportunities remain significant – we will leverage them in a more targeted and measured way



What is not working

- **Tough external environment:** Core consumer under pressure, greater competition and unpredictable weather patterns
- **Weak 4-wall EBITDA performance:** Insufficient time has been spent on rebuilding health of the core business post-Covid
- **Growth too ambitious:** Ill-discipline around project management and transformation, overstressing colleague and systems capability
- **Speed:** Too slow in the transformation plans towards one business
- **Lack of data analytics:** Not enough focus on data sitting behind business decisions
- **H2 performance shape:** A lack of transparency and poor communication

Our competitive advantages must be maintained and leveraged

- Our direct sourcing model through PGS (Pepco Global Sourcing)
- Our in-house designed clothing and GM offer, alongside the scale and growth we offer FMCG brands
- Our conveniently located stores and format size, offering broad customer appeal
- Our proven, profitable and scalable store model
- Our strong brand equity and market share in our core CEE markets

Our consumer, market and internal insight support the strength of our offer

Resetting the business – our immediate priorities

- Refocus on the Group's core CEE business and bring it back to customer and financial health
- Exploit the significant growth opportunities that remain in our core markets
- Progressively grow into our existing Western European territories
- Execute in a more disciplined manner with an enhanced emphasis on capital, returns and free cash flow



Rebuilding a healthy core

- A healthy core is the essence of any good business. Lower 4-wall EBITDA performance versus pre-Covid must be addressed
- Growing our gross margin is *the* key focus within our P&L
- Our plan to deliver 4-wall profit growth includes:
 - Reaffirm price and promotional leadership, alongside continuous product improvement, to generate sustainable levels of LFL growth
 - Line of sight over the medium-term to rebuild margins back to pre-Covid levels
 - Focus on the productivity loop to keep operating costs flat

Significant opportunities in our core markets remain

- Significant headroom in most of our existing markets to open profitable shops generating high returns
- New look refit programme is not delivering required level of returns. Programme paused to evaluate direction
- Readjusting our vision for the UK business:
 - One of Europe's largest retail markets
 - Strong topline performance and highly profitable at store level
 - Poundland stores will be a Pepco 'Plus' in all but name within 12 months, using Pepco clothing and general merchandise
 - Keep and grow the UK business to become its most profitable market

Focused growth

- **Western Europe** - Significant progress in Western Europe has been made, but we need to be disciplined about the pace and conditions of accelerated growth in each market. Italy and Spain will remain key growth markets, while we continue to learn about Germany
- **Non-core projects/markets** - We will be focused on when we need to stop, change or exit projects that either don't work or are peripheral to our core vision
- **Dealz** - Questions on Dealz strategic fit with the rest of the Group remain. The team has been challenged to improve core economics focused on Poland over the next 12 months



FY24 will be a year of rebuilding

- We will reset and rebuild our capability and plans for the future
- We will rebuild the health and profitability of our core stores - I'm confident we can get back to pre-Covid levels over the next 12 months
- We will have a more disciplined approach to growth, capex and risk. We will open at least 400 net new stores across the Group in FY24
- We will commit to the UK as the Group's largest market
- We will continue the progress we've made in growing scale in Italy and Spain
- We will deliver much stronger cash generation and better capital allocation focus
- We will act with speed to move towards a single customer offer and business model
- We will review underperforming markets and non-core projects
- We will continue to work on the economic and strategic positioning of Dealz

Pepco Group is well positioned for future success

- We have a clear, compelling and exciting future, but we need to do less to achieve more and re-earn the right to grow
- Our vision to be Europe's biggest and best discount variety business remains intact, serving families on a budget across our core FMCG, clothing and general merchandise (GM) categories
- We are confident we can deliver this ambition
- The opportunities remain significant – we will leverage them in a more targeted and measured way



Competitive position

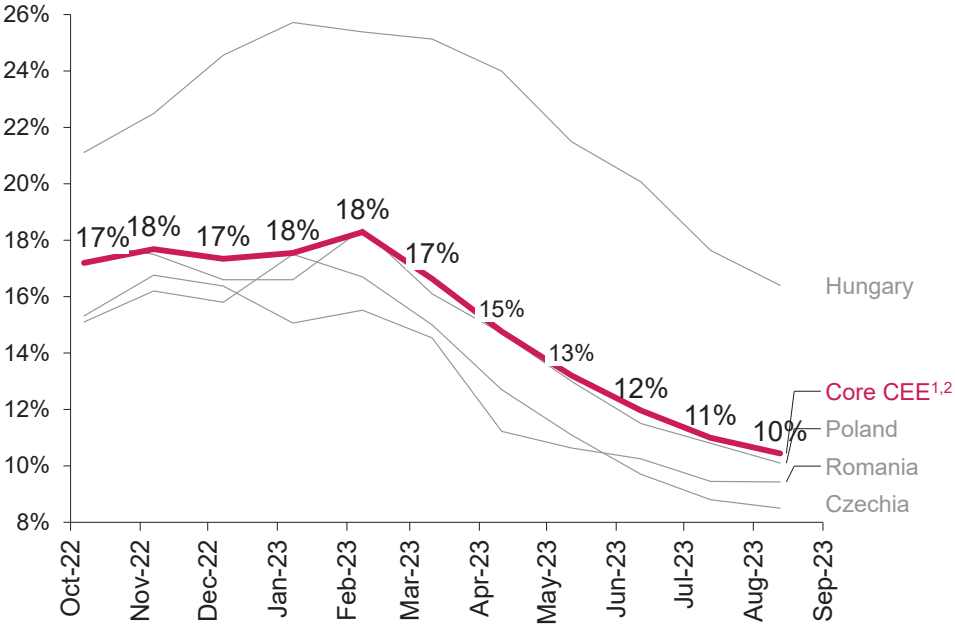
Mark Elliott – Transformation Director

Aggressive inflation has materially impacted household consumption in our core CEE markets

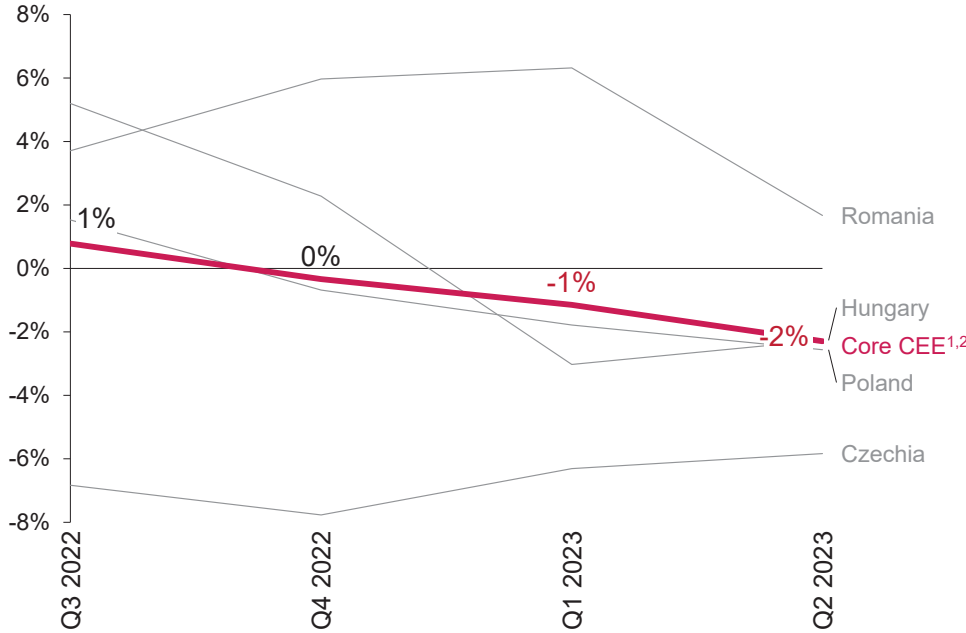
Key macroeconomic indicators: July 2022 – September 2023

% YoY

Monthly CPI



Quarterly real household consumption expenditure per capita growth



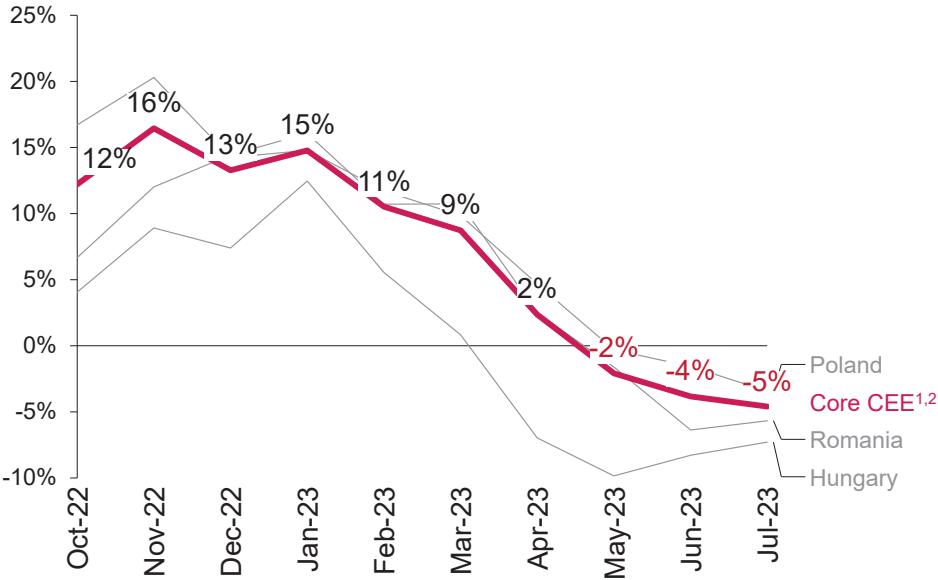
1. Weighted by quarterly nominal GDP
 2. Core CEE includes Poland, Romania, Czechia and Hungary
 Source: INSS, KSH, CZSO, GUS, Statistical Office SR, OC&C analysis

This has driven a significant decline in the volume growth of clothing and homeware

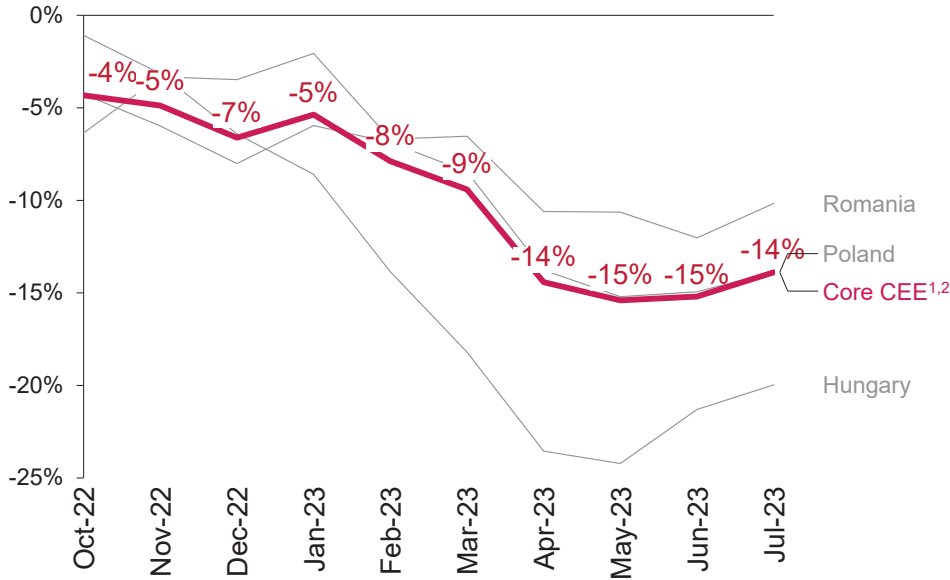
Drivers of market growth – Volume: October 2022 to July 2023

3-month rolling YoY % growth

Clothing



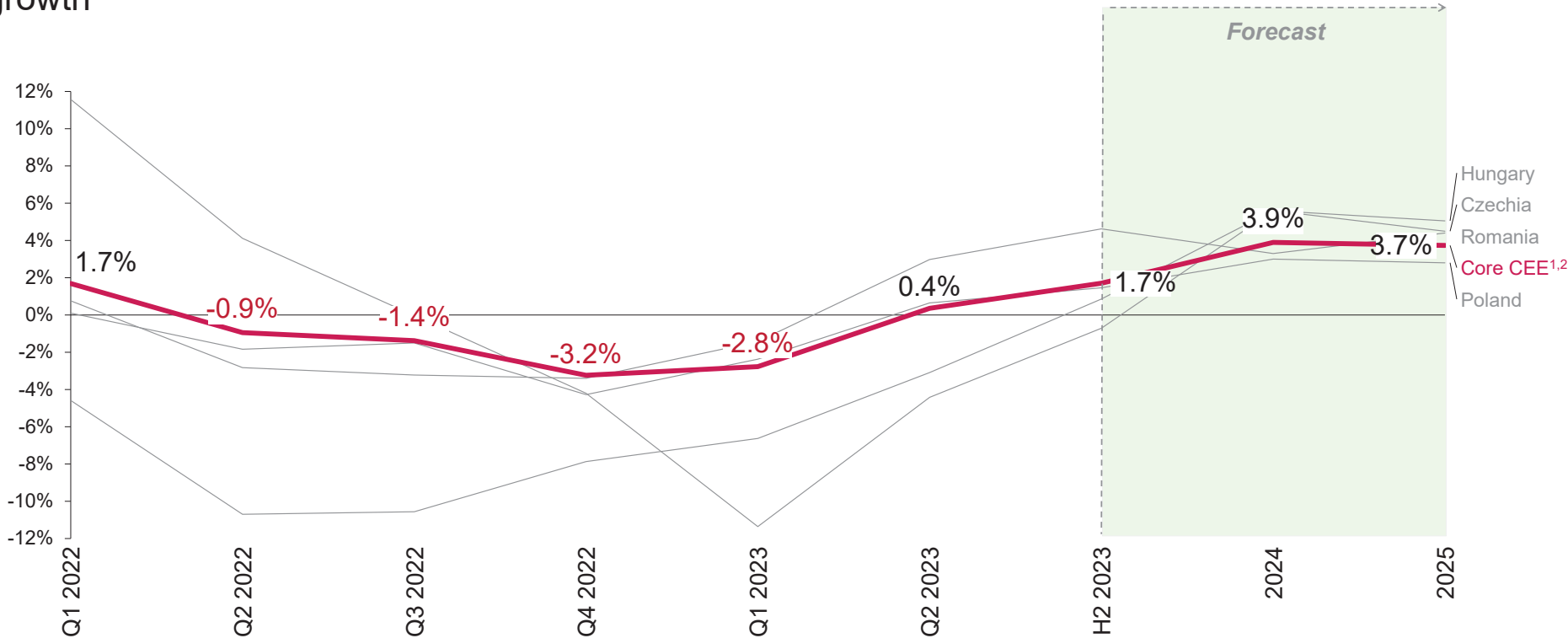
Homewares



1. Weighted by quarterly nominal GDP 2. Core CEE includes Poland, Romania and Hungary
 Source: Institutul Național de Statistică (INSEE), Central Statistical Office (GUS), Hungarian Central Statistics Office, Czech Statistics Office, OC&C analysis

There are tentative signs of recovery as real wage growth returns to positive territory

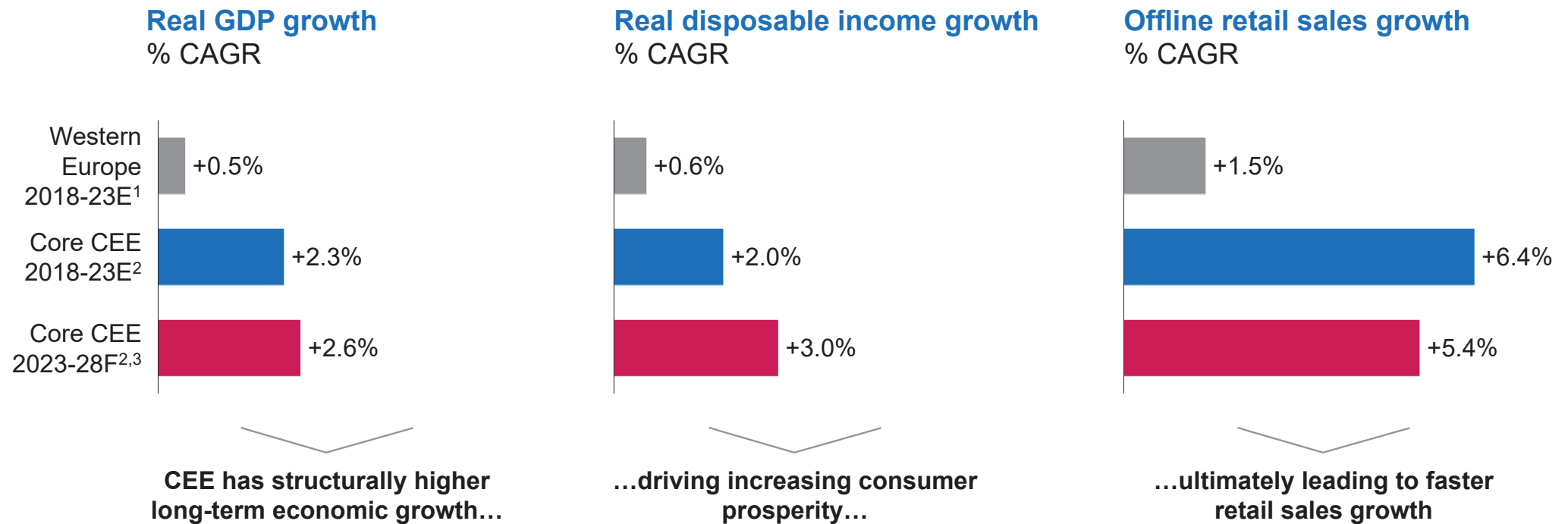
Quarterly average real wage growth: January 2022 – 2025F % YoY growth



1. Forecasts weighted by quarterly nominal GDP of each country as of Q2 2023
 2. Core CEE includes Poland, Romania, Czechia and Hungary
 Source: INSS, KSH, CZSO, GUS, Ministerstwo Finansow, The Central Bank of Hungary (MNB), Oxford Economics, OC&C analysis

The long-term market dynamics across CEE remain structurally favourable

Key retail market dynamics in Europe: 2018 - 2028F

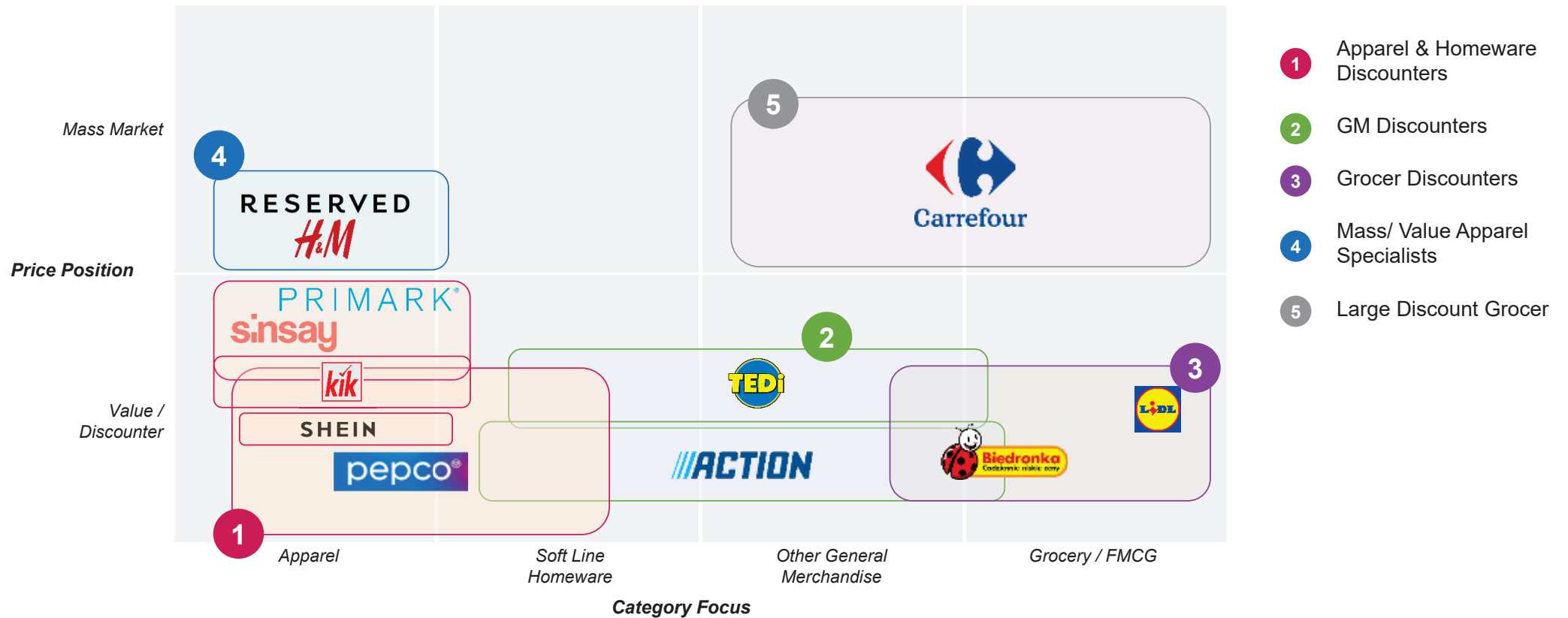


1. Western Europe includes UK, France and Germany 2. Core CEE includes Poland, Romania, Hungary and Czechia 3. Weighted based on Nominal GDP forecasts
Source: Oxford Economics, Euromonitor, OC&C analysis

Pepco has a differentiated position as an apparel-led variety discounter

Pepco competitor landscape

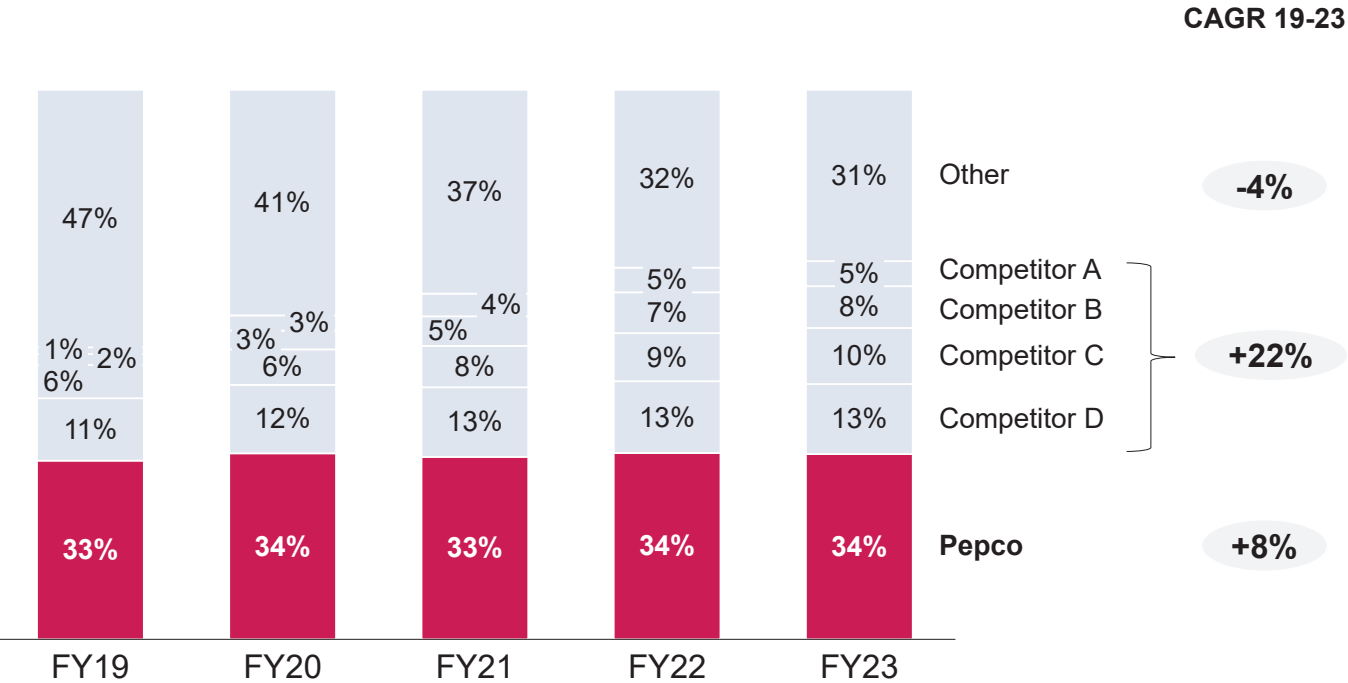
ILLUSTRATIVE



Source: OC&C analysis

Competitor intensity has increased in Poland in the last five years as the market matures

Number of stores – Polish non-food value market¹
% share



Key competitors have added over 700 stores in Poland over the last 5 years (vs. 300+ in Pepco)

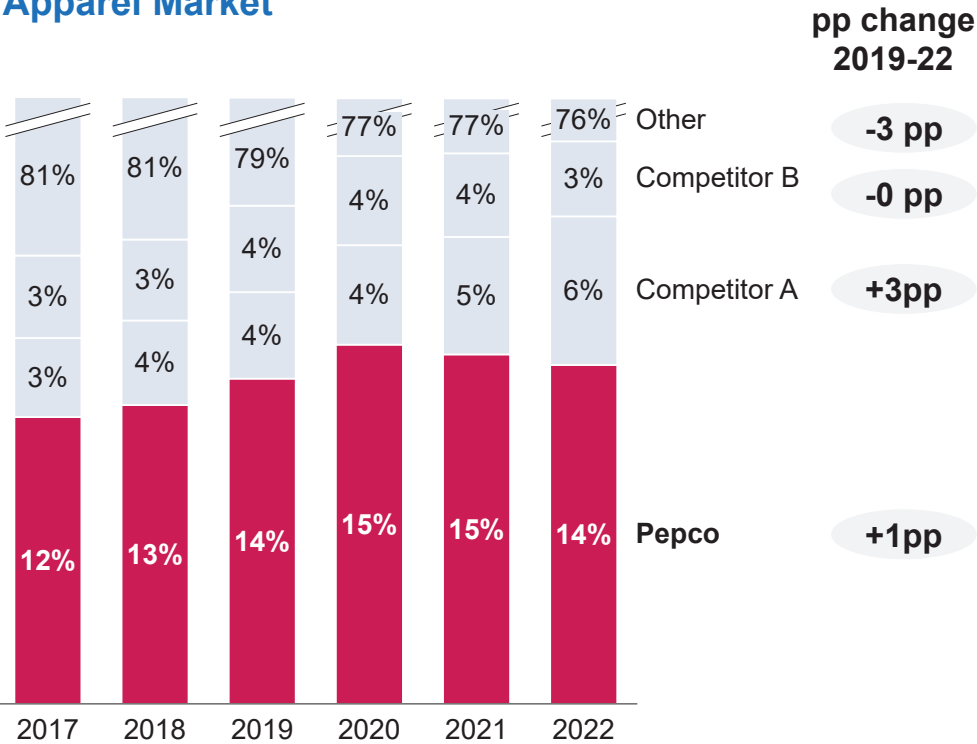
1. Data as of 3 October, 2023
Source: Euromonitor, Primark Website, Internal Data, Desk research, OC&C analysis

Pepco has maintained share despite accelerated growth by key competitors

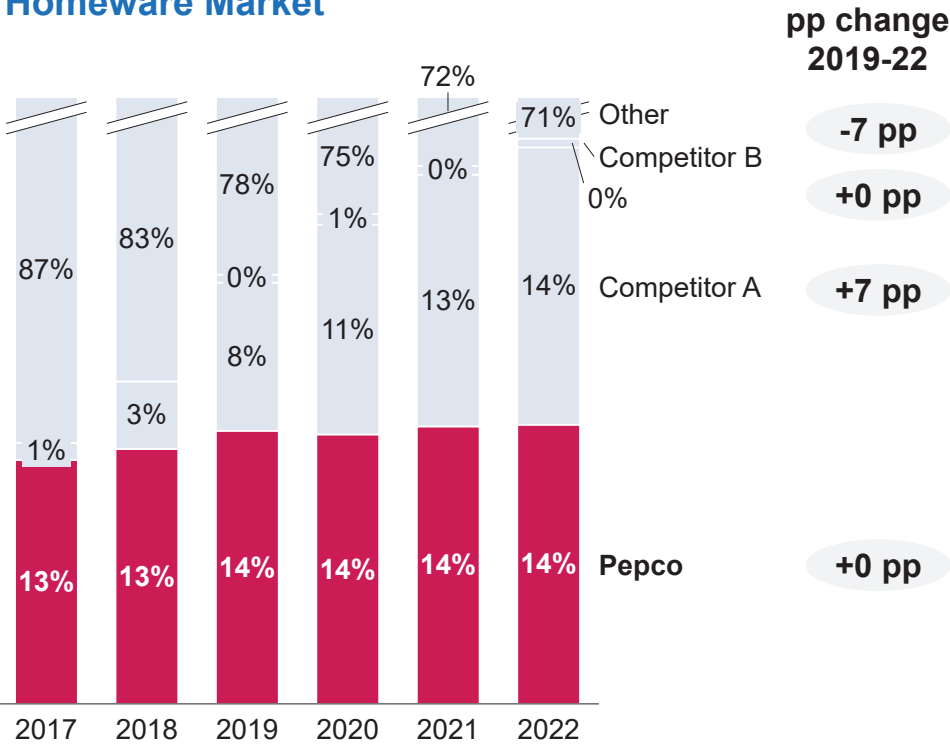
Total Polish apparel & homeware discount market shares: 2017 - 2022

%

Apparel Market



Homeware Market

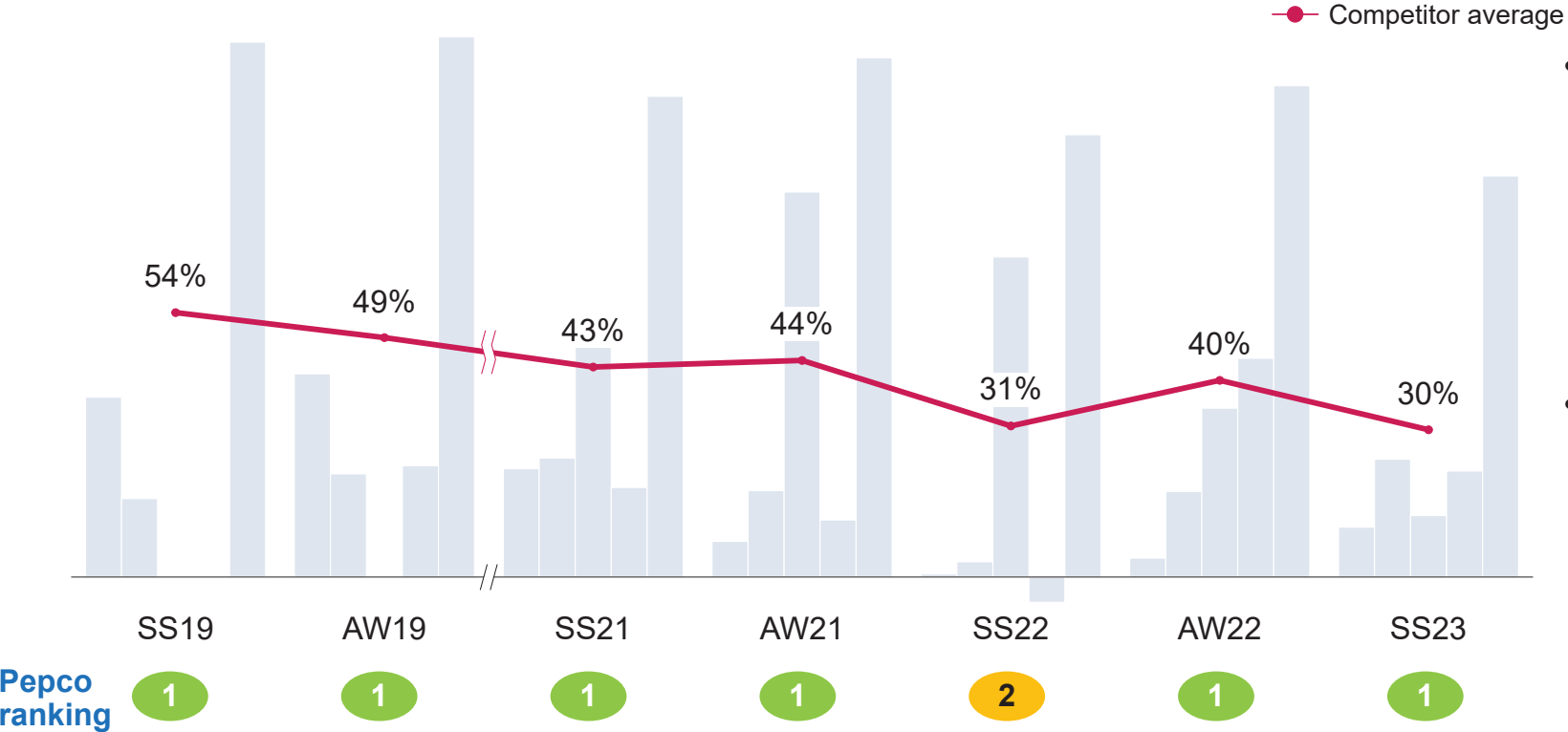


pp change – please mind rounding
Source: Euromonitor, Globaldata, OC&C analysis

Pepco retains clear entry price leadership in clothing...

Key competitor price difference vs Pepco Poland¹ on entry price basket

CLOTHING



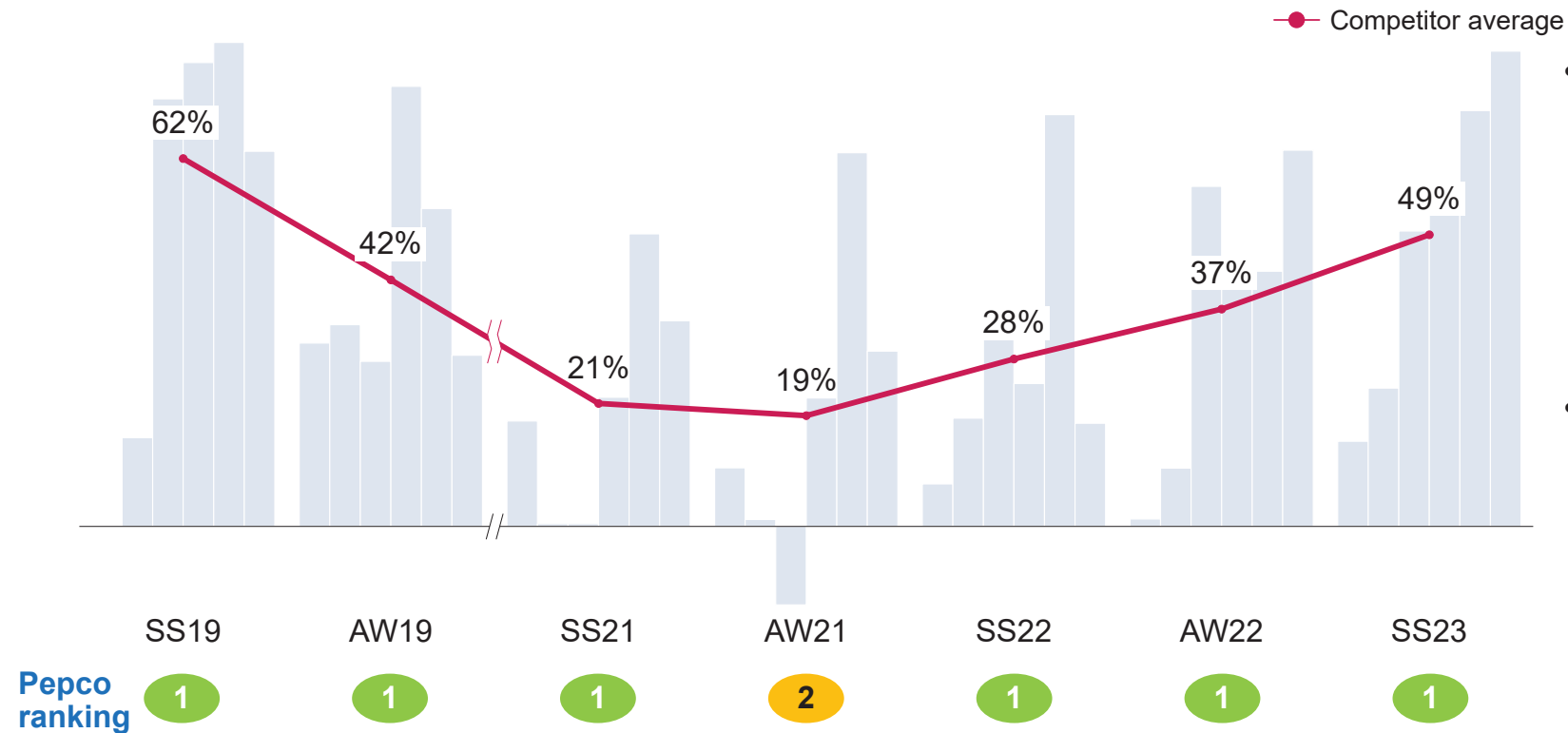
- **Pepco continues to maintain its entry price leadership in Clothing (30% cheaper on average than competitors)**
- **However, there is some relative erosion of price gap since 2019**

1. Includes selected 5 direct competitors. In 2020 the research was not conducted due to covid-19
Source: Pepco Group internal analysis based on the data input provided by external market research companies

... and clear entry price leadership in home categories

Key competitor price difference vs Pepco in Poland¹ on entry price basket

HOME



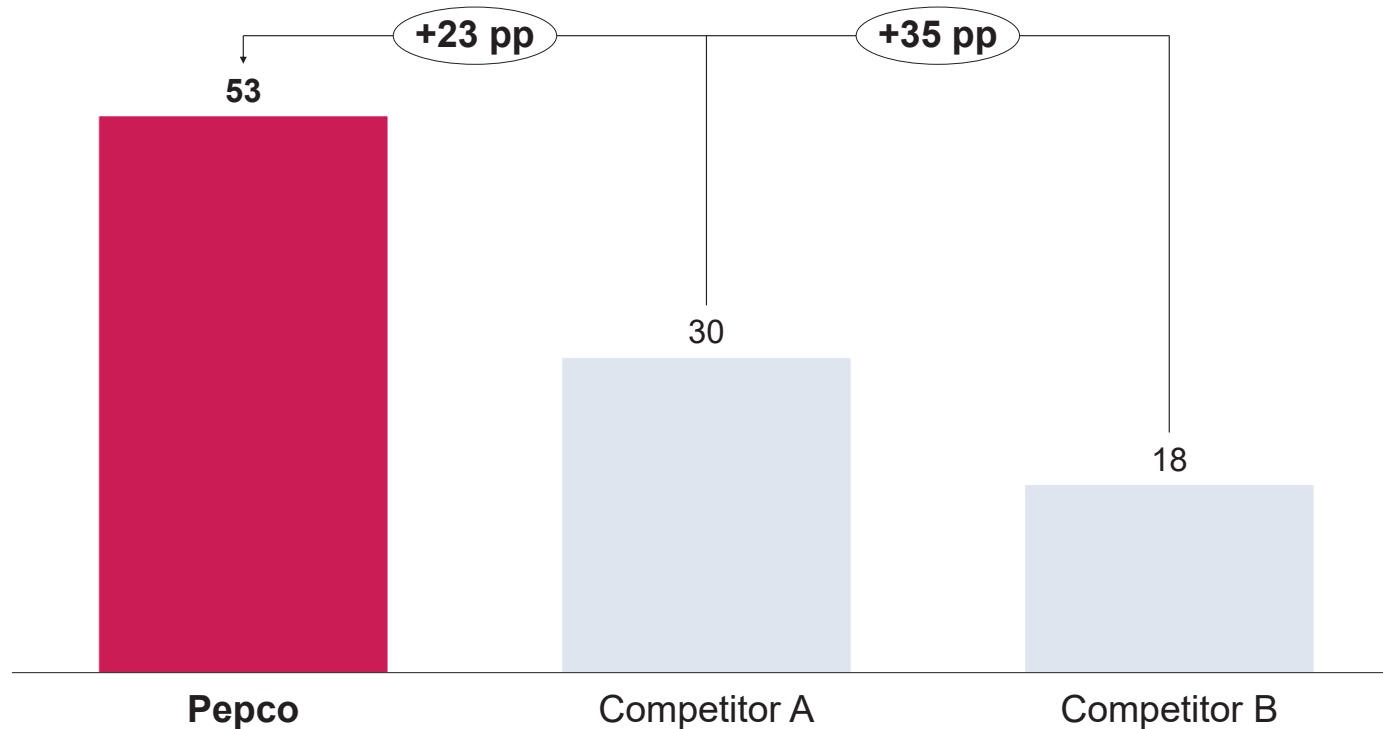
- **Pepco** continues to **maintain its entry price leadership** in Home (~50% cheaper than competitors)
- However, there is **some relative erosion** of price gap since 2019

1. Includes selected 6 direct competitors. In 2020 the research was not conducted due to covid-19
Source: Pepco Group internal analysis based on the data input provided by external market research companies

This price leadership is also reflected in customer perception with Pepco the clear winner

Pepco Customers Perception on Price Leaders¹

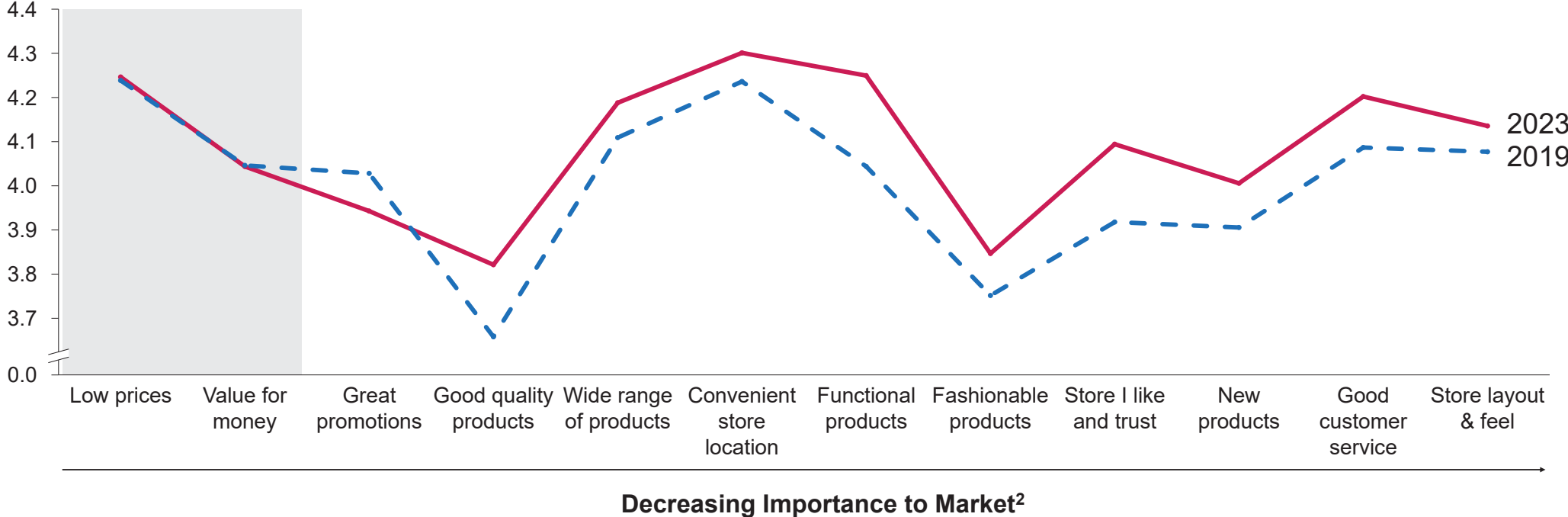
% of Respondents who are Aware of all Brands



1. Q52 – Which of the retailers prices are the best today?
Source: OC&C Pepco Strategy Review Survey, OC&C analysis

Pepco has sustained this low price perception with customers since 2019 while improving in other areas of the proposition

Key Purchase Criteria Rating – Pepco, 2019 vs 2023¹
Average Rating out of 5

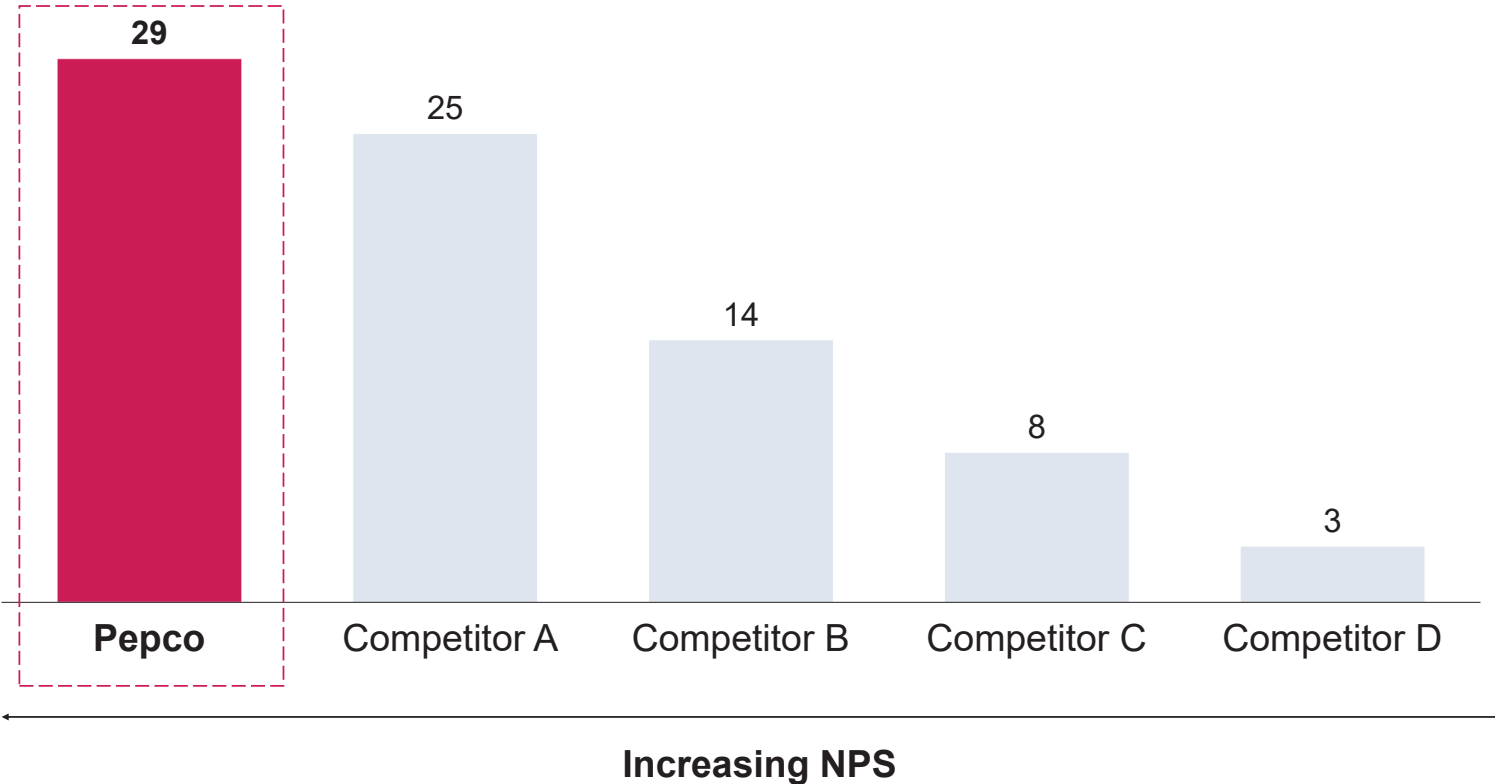


1. Q:Thinking specifically about your last visit, how do you rate <selected retailer> against the following criteria?
2. Q:How important are the following criteria to you when shopping in Value Retailers for [Apparel or Homewares]?

Source: OC&C Consumer Survey (May 2023, 2019), OC&C analysis

Pepco has the best NPS in the market

Net Promoter Scores 2023¹



1. Q: Overall, how likely are you to recommend [Selected Retailer] to a friend on a scale of 1-10?
Source: OC&C Consumer Survey, OC&C analysis

Closing thoughts





- Despite short-term macro pressures in 2023, the **long-term retail outlook in CEE** is favourable
- **The underlying fundamentals** of Pepco's customer proposition also **remain strong**:
 - Despite increasing competition in Poland, Pepco has **maintained market share**
 - **Price leader** with average entry price basket **30-50% cheaper** than competitors
 - Validated by **customers** who **recognise Pepco's leading price position** and **superior NPS**
- We do not underestimate the increasing competition in our core markets and will look to defensively **reaffirm our price leadership credentials** in the next 12 months
- While we have focused on our core CEE markets, the insights on our **competitive position** show a similar trend in **Spain and Italy**



Poundland

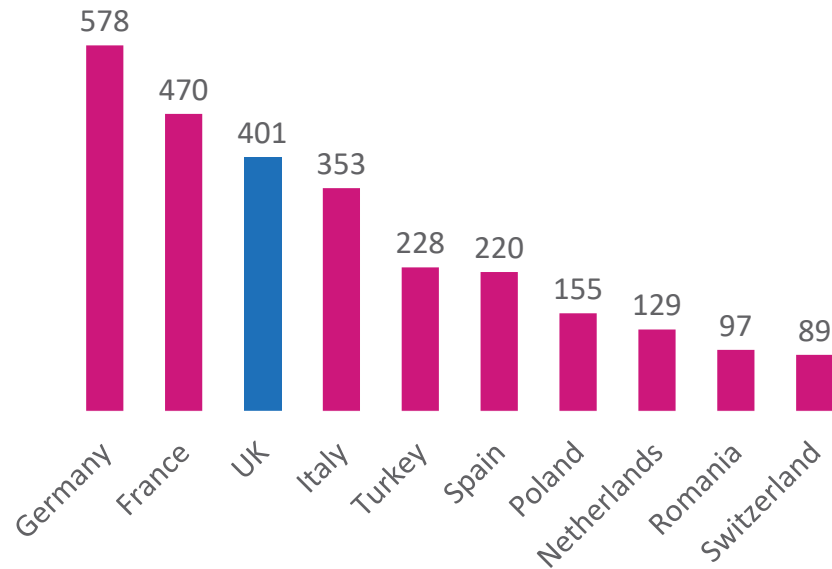
Barry Williams – Managing Director of Pepco (previously
Poundland)

Agenda

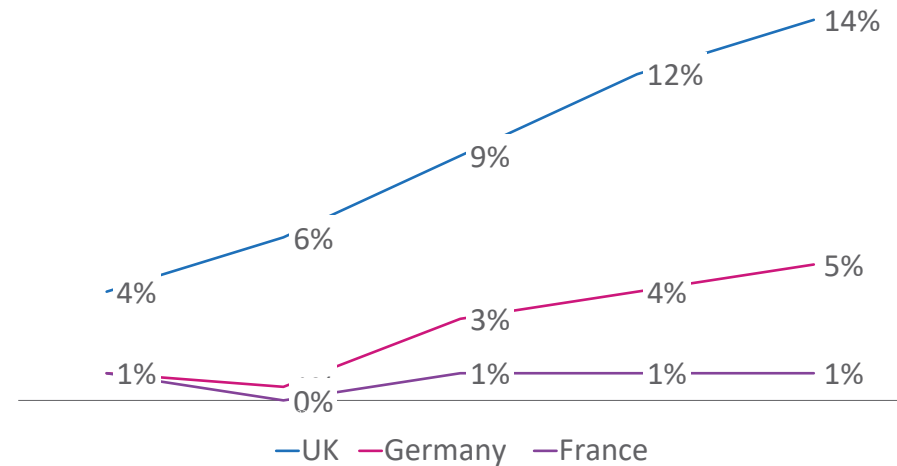
-  UK market dynamics
-  Poundland proposition
-  Poundland opportunity
-  Further strengthening our offer

UK is a significant and attractive retail market

Size of retail market in Europe in 2023 (£bn)



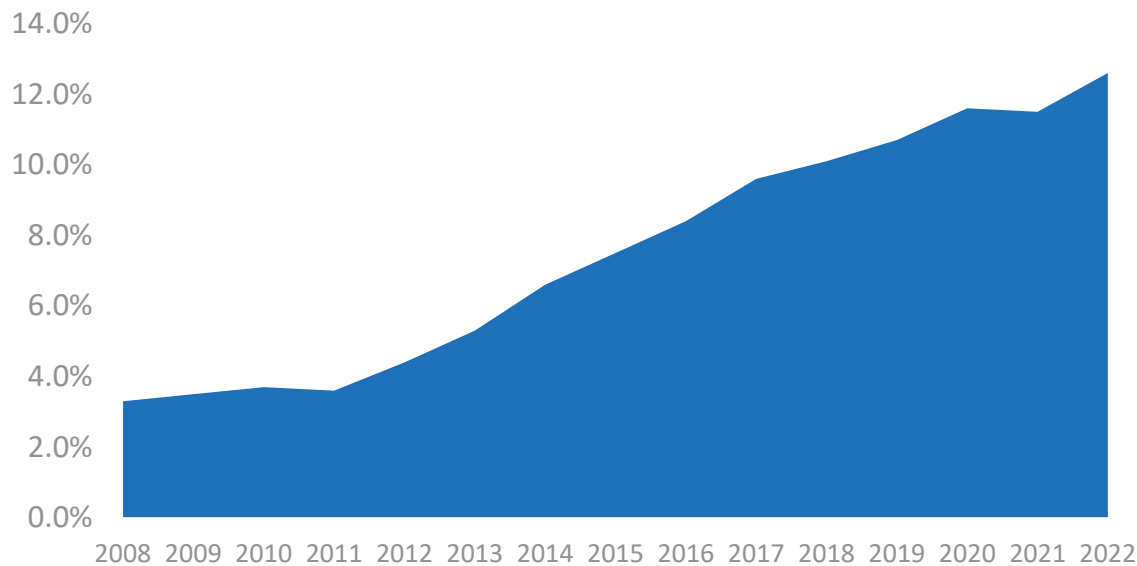
Cumulative retail market growth over next 5 years



UK is one of the largest retail markets in Europe and is forecast to grow quicker than Germany and France

Customers continue to switch to discounters

Discounters UK market share in grocery



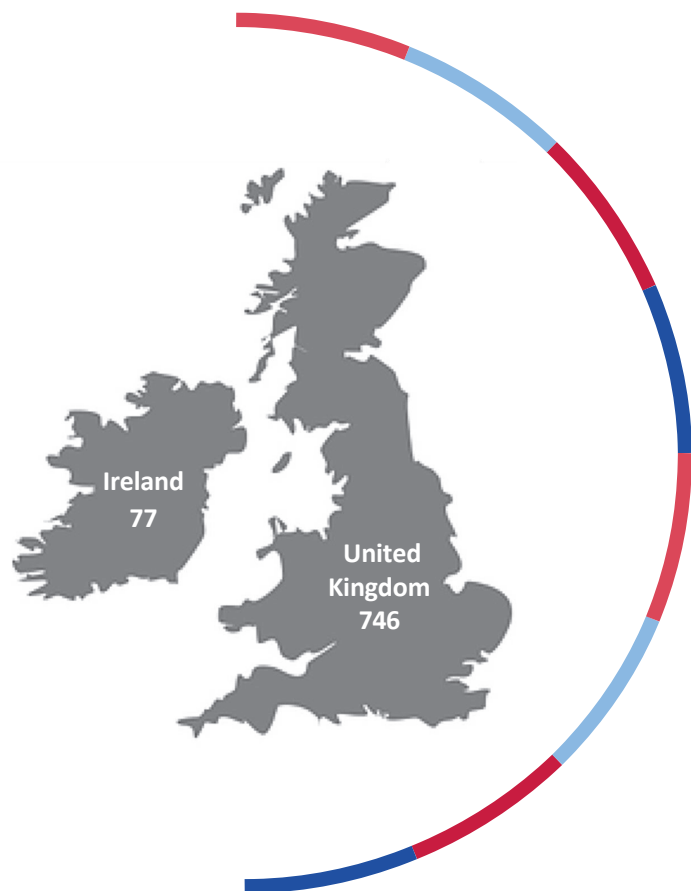
**+9.3
ppts**

Increase in UK share of Discount market from 2008 to 2022

Discount channel continues to take share, within which we are a winner

Source: OC&C June 2022 Customer Survey, OC&C analysis, IGD, RetailSee, Reuters, Home Bargains Website, Desk Research, OC & C analysis.; ¹ June 2022

Poundland proposition: Amazing value every day



Poundland *Unique three-category proposition in convenient locations*

Proposition strength	FMCG, GM and Clothing	Growth	<ul style="list-style-type: none"> Core LFL New space
Offering	<p>Apparel 13% GM 26% FMCG 61%</p>	Format size	<ul style="list-style-type: none"> 300 - 1200 sq m
Products	Grocery, H&B, Impulse, Household, GM and Clothing	# of stores	823

Product Offering

Stores

Source: Company information. Note: Store numbers as at 30 September 2023

Market consolidation remains a clear opportunity



Poundland

Wilko deal announced 12 September 2023
Lease assignment of up to 71 stores
First stores opened 30 September 2023
Further opportunities ahead
Accelerating new store space pipeline
Bringing our offer to new markets
Protecting jobs

Poundland – The opportunity

The Poundland logo is displayed in white lowercase letters on a teal rectangular background.

poundland

	Now*	Opportunity
Stores	823	1,200
Turnover	~£1.7bn	~£3bn
EBITDA	~£70m	~£200m

* Numbers are unaudited and based on an estimated full year outturn for FY23. EBITDA based on IAS 17

Strengthening the proposition further – one range

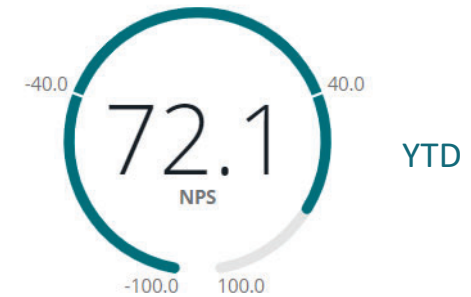


Centrally sourced in-house designed clothing and GM brings new, exciting ranges into the UK



Opportunity with new general merchandise offer as we focus more on higher average unit price

NPS improved following Pepco clothing & general merchandise Ireland trial



Leveraging Pepco's capabilities in clothing and general merchandise

Source: Poundland, Dealz, Pepco Online Customer Survey Data

New Pepco clothing range in stores with positive feedback



"Perfect price for a quality of product. I just love this shop"

"Prices are very good and affordable compared to other shops and they have loads of things"

"I love the new things that I can find in the store, every time I go there is something new, the quality is great, and the price is amazing"

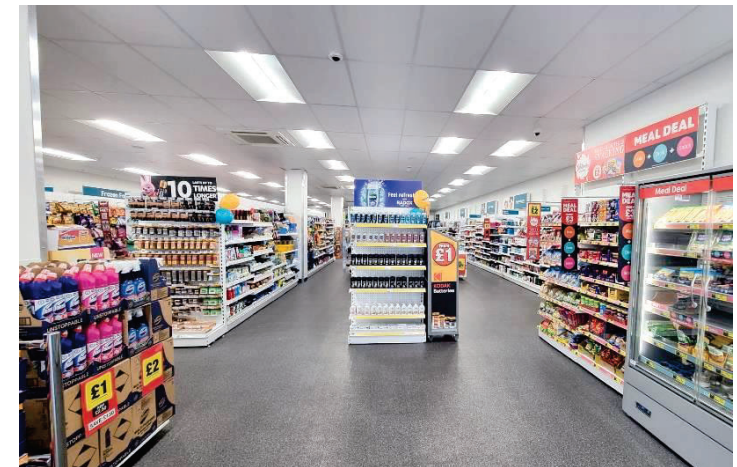
Creating a simpler business with greater leverage...

- One range, one buy and one customer offer
- One sourcing strategy via PGS
- Sales and margin growth through buying leverage
- Lower operating costs supported by less operational complexity
- Implementation of shared KPIs on a Group level
- Complements our plans to create a single product offer for FMCG



... presented in an expanded and refreshed estate

- Well-designed stores and extending our ranges allow us to drive existing store profitability
- Delivering incremental store space growth of c.20% across Clothing, GM and FMCG
- Consistent deployment aligned to a pre-defined space matrix



Store development programme delivering modern look and feel



External signage



New flooring
Internal signage upgraded
Replace / upgrade lighting



New ranges for clothing & GM
Security solutions



Colleague areas upgraded

Summary

- UK is an attractive market of scale for a winning discount formula
- Poundland has a differentiated proposition with clothing
- This will be enhanced further through one range and leveraging Group scale
- Significant future growth opportunity

The Poundland logo is displayed in white lowercase letters on a teal rectangular background. The word "poundland" is centered within the rectangle.

poundland

Commercial business model and sourcing

Agnieszka Jaworska – Commercial Director

Buying Cycle: Time to market

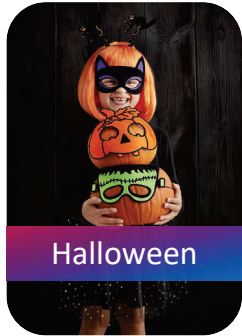
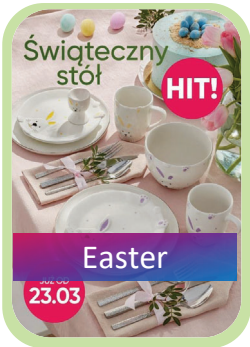
FMCG

4-8 weeks

Clothing / General merchandise

10 months

Buying calendar for Spring/Summer 2024 (SS24) collection



Licensed promo's drive incremental sales and margin

Barbie
July 2023



Warner 100 Years
August 2023



Harry Potter
August 2023



Selling ratio 2x vs regular range - 10% incremental margin delivered

Total transactions lifted by 5% - 1 in 10 baskets contain licenced items

Our collection is always aligned with key trends

Exclusive ranges through brand collaborations



Lilly + Sid
Organic Collection



Own-brand ranges



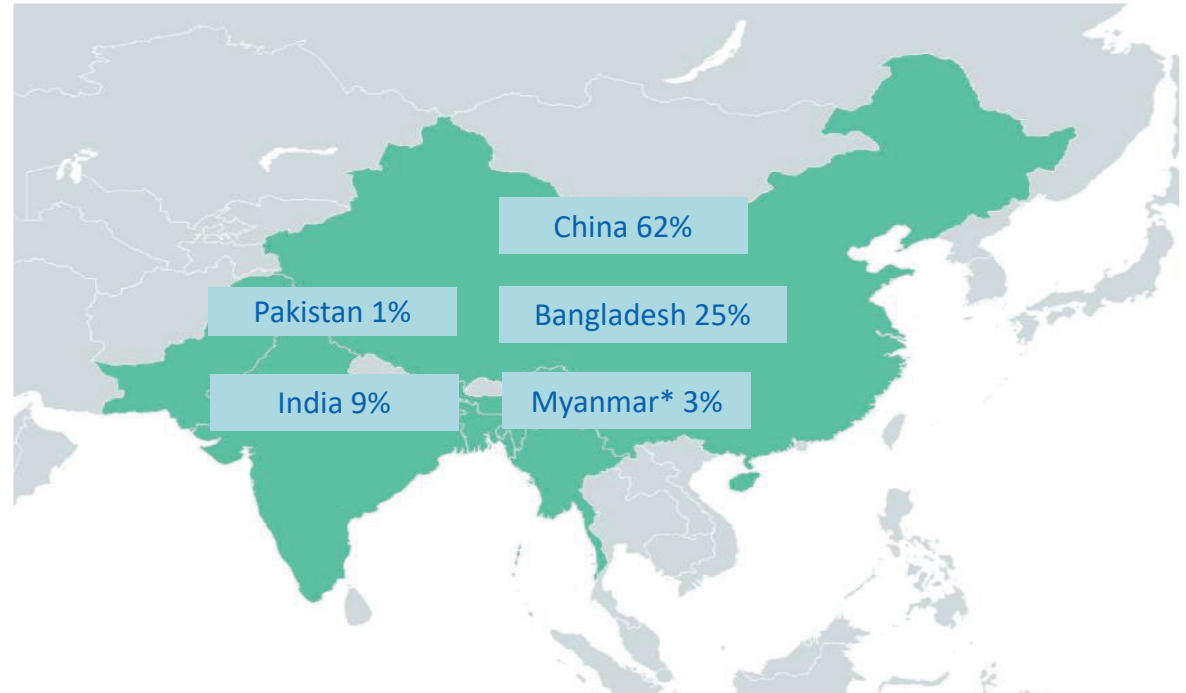
bekkin



250 new products every week - 80 new collections every season - 12 new collaborations every year

PGS provides a significant competitive advantage

- PGS (Pepco Global Sourcing) provides an exclusive sourcing capability across clothing and general merchandise through its operations in mainland China, Hong Kong, Bangladesh, Pakistan, India & Europe
- Very few discount retailers have an integrated sourcing entity, instead relying on third-party agents



€1.5bn

Shipment
value



350+

Suppliers



700+

Factories



1.4bn

Units



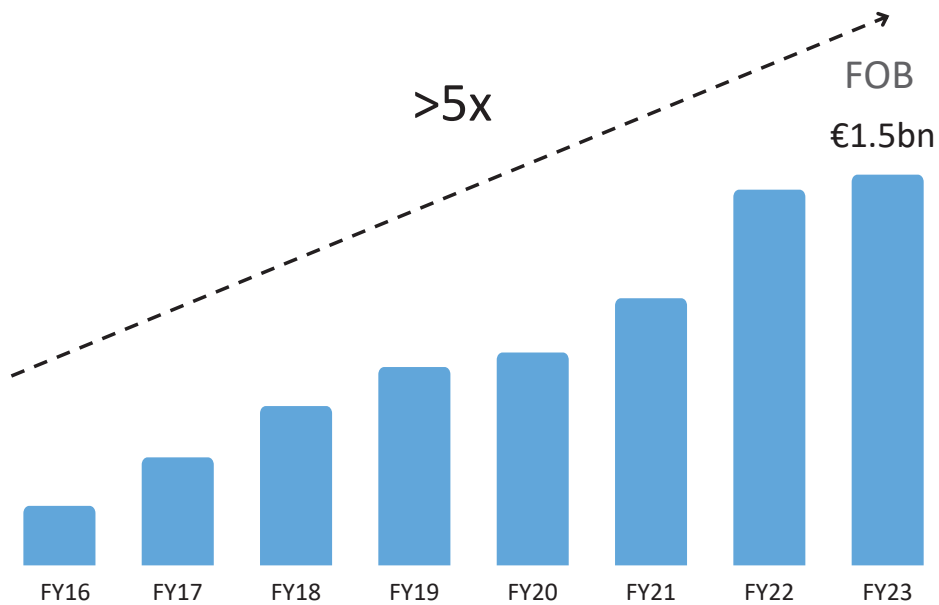
€1.1

AUP

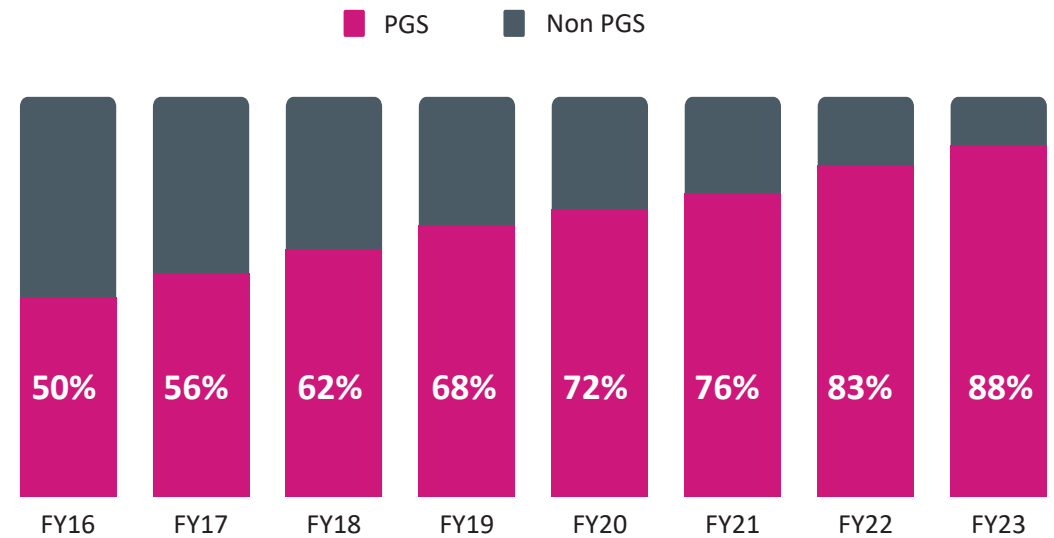
* Myanmar exit in early FY24 planned

PGS has become one of Asia's largest sourcing operations

PGS has scaled >5x over the last 8 years



Own-label Group buy has increased to 88%



Near-shore sourcing established in FY24, complementing Asia operations

Near-shore sourcing



- ✓ Launched in FY23; first orders ship in FY24
- ✓ EU-based sourcing office in Poznan, Poland
- ✓ Regions such as Poland, Romania, Bulgaria, Turkey
- ✓ General merchandise focus
- ✓ Will account for \$35m of FY24 purchase volume

Asia expansion



- ✓ Grow emerging markets: Cambodia & Pakistan
- ✓ Will expand to include Sri Lanka & Indonesia in FY24
- ✓ Will continue to scale

A seven-point plan to maximise sourcing margin

PGS & Pepco teams working shoulder to shoulder to develop sourcing strategy

Economies of scale

Leveraging the Group to negotiate scale benefits on FOB pricing

Sourcing optimisation

Sourcing from the right locations geographically to secure best price

Strategic vendor partnerships

Agreeing long term partnerships with strategic vendors

Vendor consolidation

Reducing our supplier tail to maximise growth with the biggest and best vendors

Fabric at source

Simplify fabric composition across our ranges

Vendor performance

PGS & Pepco partnering to manage vendor performance

Supplier development programme

In-house team for vendor production efficiency improvement

Summary

- 10-month buying calendar for clothing and general merchandise
- Attractive customer ranges through brand partnerships and growing own-brand labels
- In-house competitive advantage through PGS
- One range underpinning our plan to maximise margins



Dealz

Marcin Langowski – Managing Director

Make a dealz!

- Dealz offers unique international FMCG and general merchandise products at the lowest prices
- The best deals and brands are sourced from Poland, Europe and Asia, offering thousands of branded products for the whole family
- Every shopper choosing to shop in Dealz 'makes a deal'
- 3,000 products across 15 categories
- Our vision is to become the largest value discounter in Poland



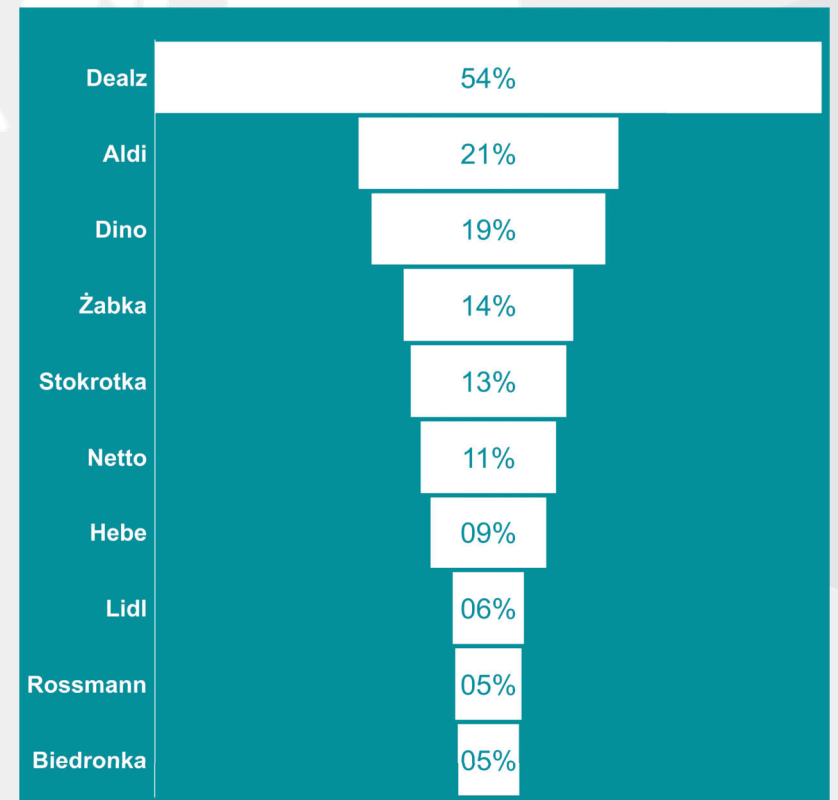
Market opportunity

- First store opened in Poland in February 2018
- Dealz had 283 stores at end of September 2023
- Opportunity to open 1,000 stores in Poland

Dealz store growth (#)



Dealz is one of the fastest growing FMCG retailers in Poland



Source: NielsenIQ, Poland, September 2023 – Represents YTD store growth 2023 vs 2022

Refreshed brand identity and store layout



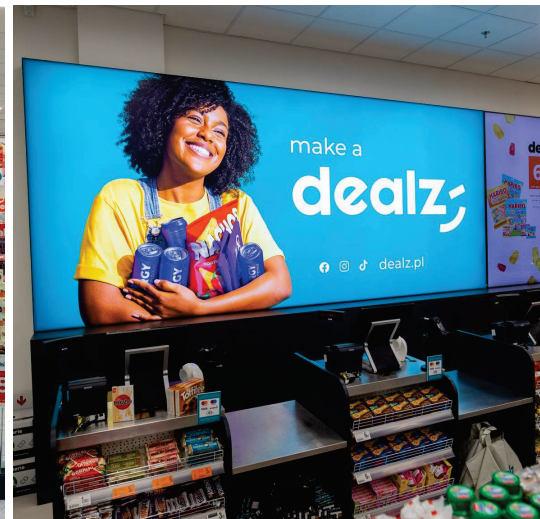
Navigation

Clearer store layout making it easier for customers to navigate



Digital signage

The latest offers displayed on store screens



New cash area

A modern and convenient checkout



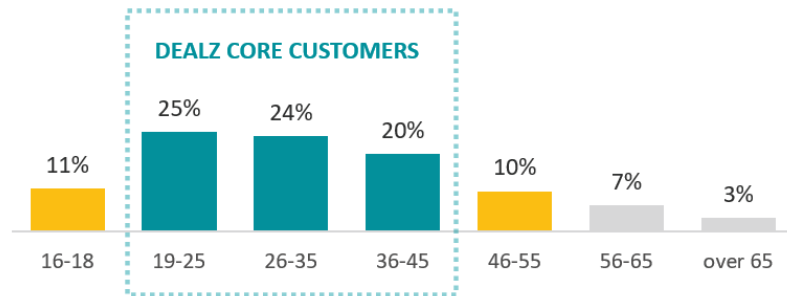
New POS

Modern pricing system making it easier for the customer



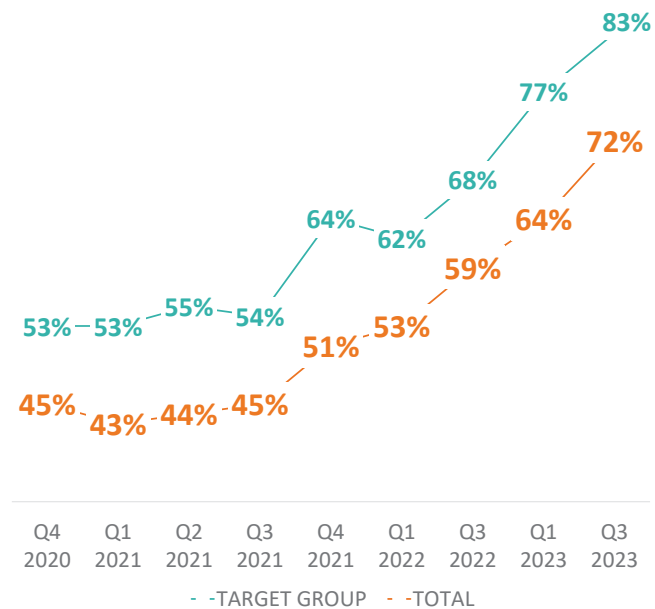
Brand awareness is growing quickly

- Dealz welcomes 600k customers every week
- Dealz has 4 million unique customers
- Dealz customers are young at heart - 70% are between 19 to 45 years old



Source: 4P Agency, Dealz Store research, Poland, September 2021

Brand awareness for our target customers is increasing quickly

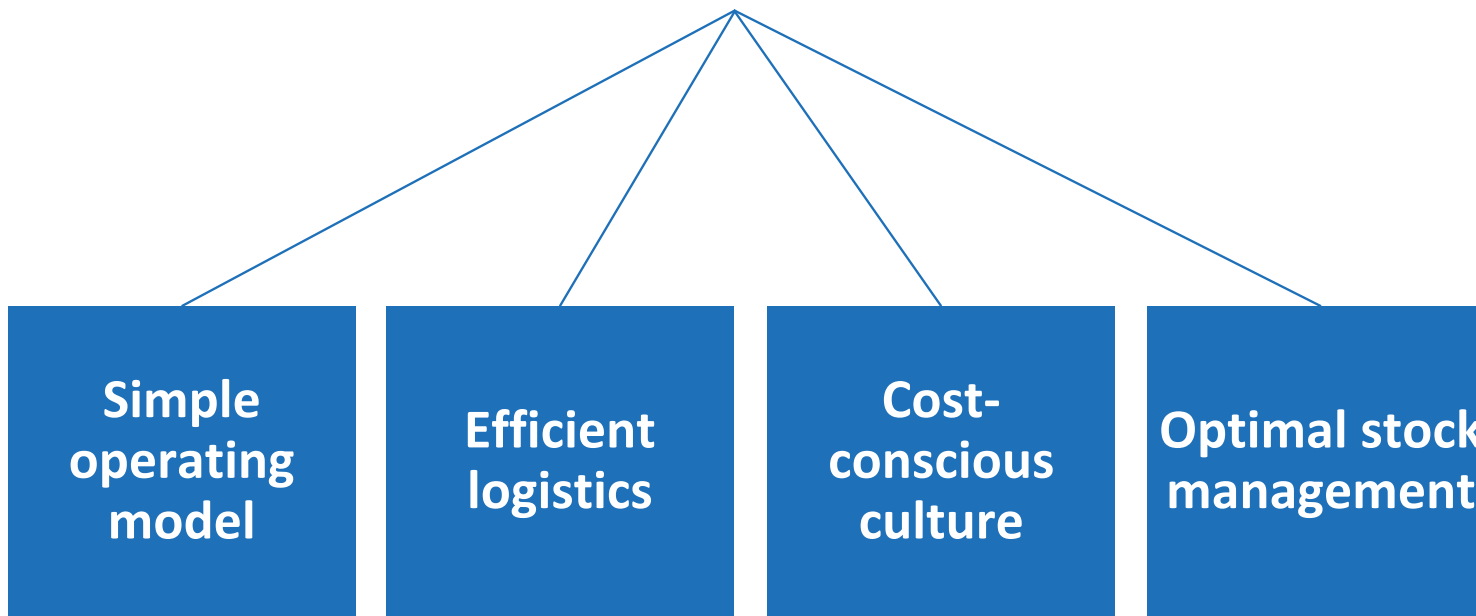


Source: Kantar Brand Awareness, September 2023



Efficient model will drive targets

Best value for customers and low prices



35%
GROSS MARGIN

25%
OPERATING COSTS

10%
EBITDA

Summary

- Dealz complements the Pepco business in Poland
- Offers unique international FMCG brands and general merchandise
- Brand awareness for our key target customers is growing quickly
- Simple and efficient model will drive targets
- Significant opportunity for growth



Modelling

Neil Galloway – Chief Financial Officer

Context and assumptions

- Context

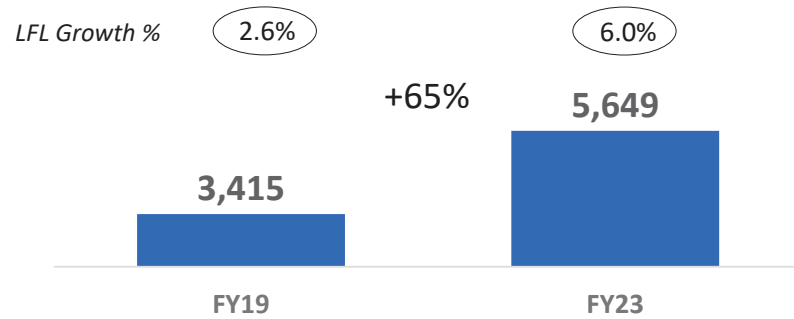
- Evolution over last 5 years
- Key business and cost levers
- Store performance review

- Assumptions

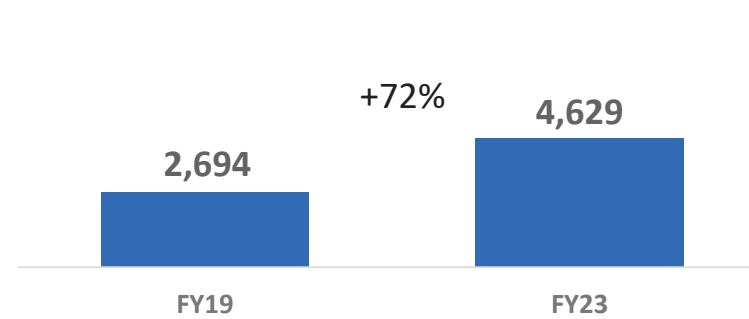
- All FY23 numbers are unaudited, either as per management accounts or a full year estimate and subject to change as part of year end close
- Where not yet available FY23 P11 year to date numbers have been used as referenced accordingly
- Unless otherwise stated EBITDA is on an IAS 17 basis
- Store contribution is defined as IAS 17 EBITDA excluding central overheads & pre-opening costs

1 Summary: Pepco Group evolution

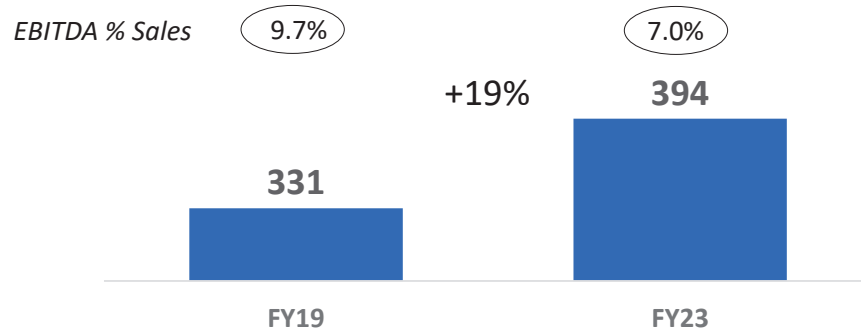
Revenue & LFL



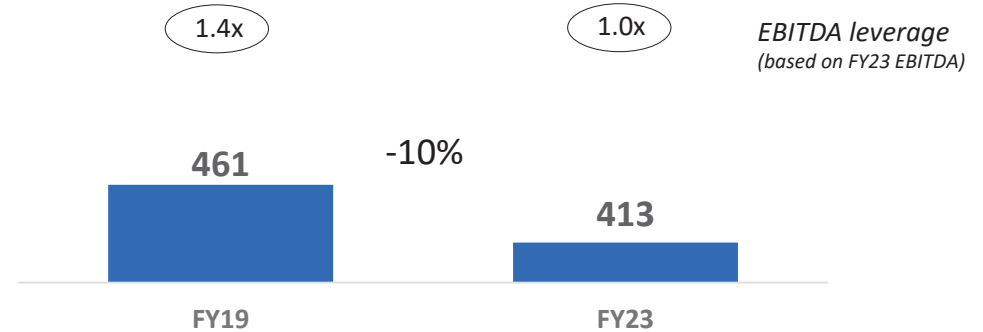
Store Numbers



EBITDA



Net Debt

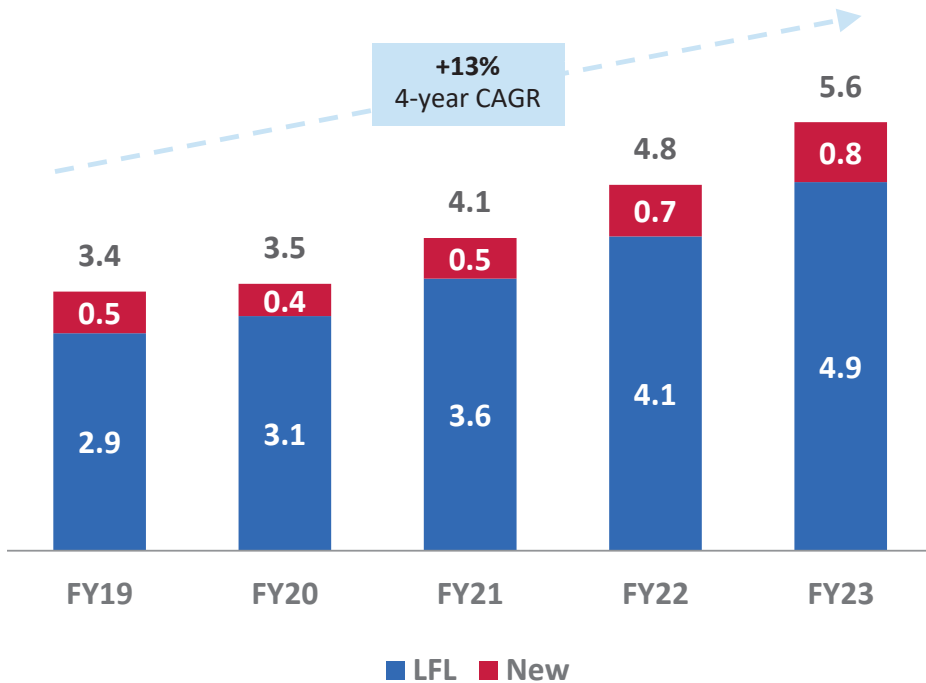


FY23 figures are unaudited, based on latest Outturn information and subject to change

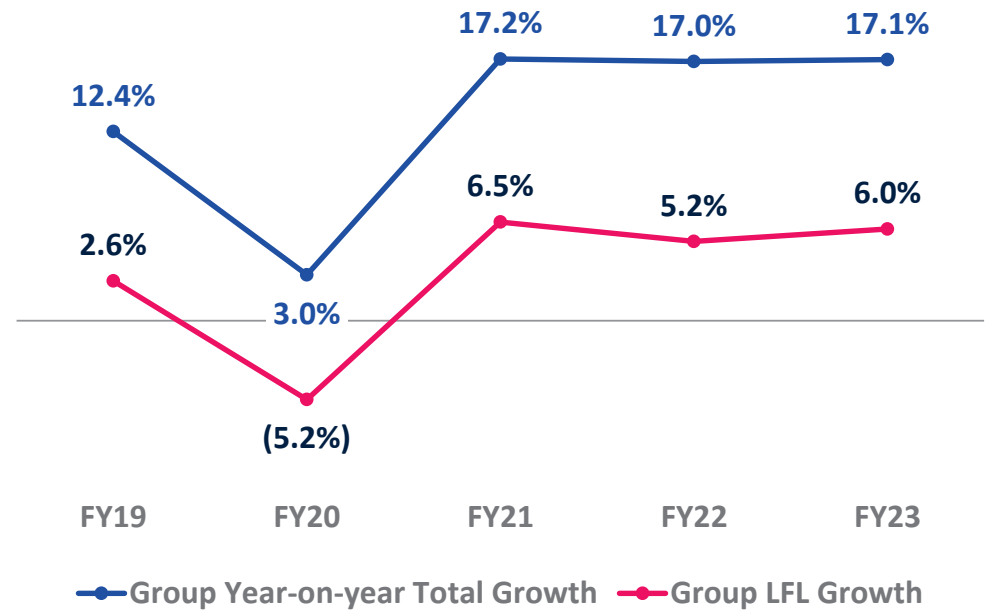
1 Sales: Growth evolution

+13% revenue CAGR since FY19 driven by LFL growth & increasing Pepco store openings

Revenue By Type (€bn)



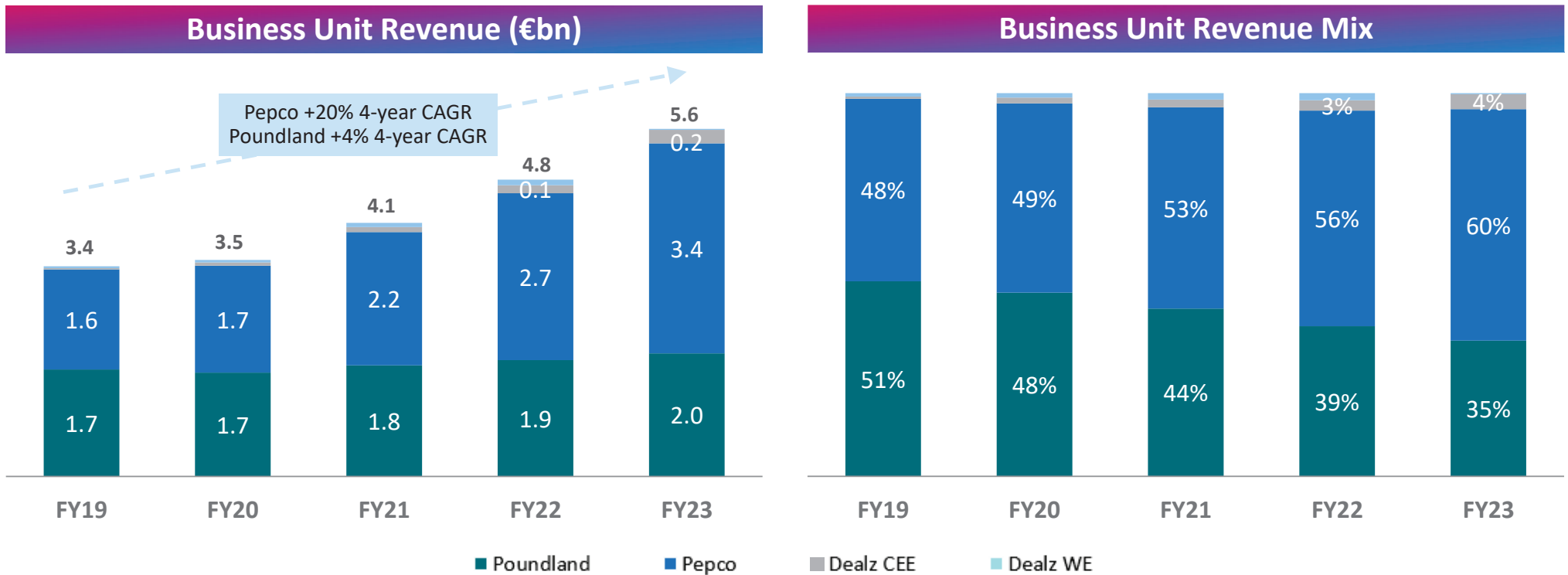
Year-on-year Growth (%)



Year-on-year total growth figures are at actual fx rates rather than constant currency basis.

1 Sales: By brand

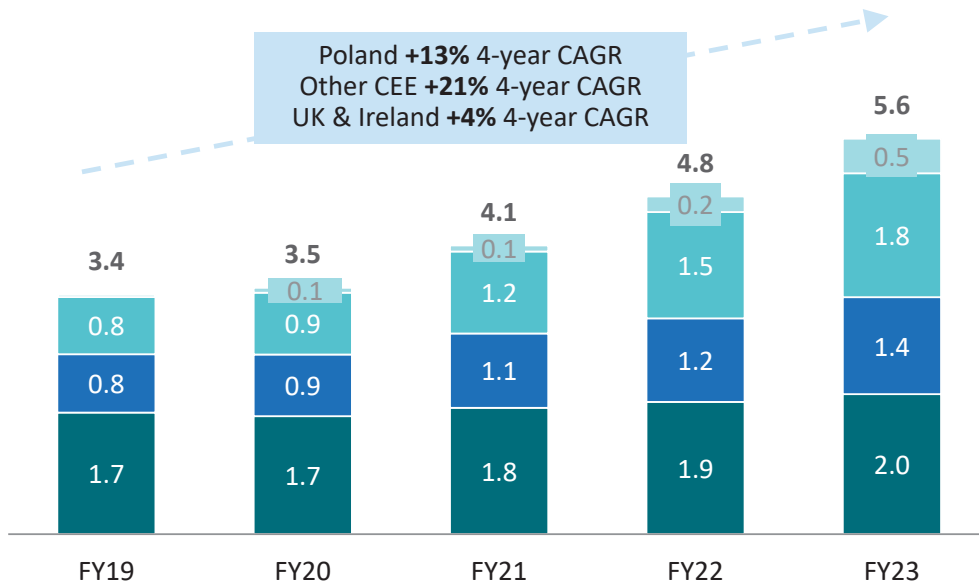
Pepco driving growth with network expansion – from 50% to 60% of Group Revenue



1 Sales: By location

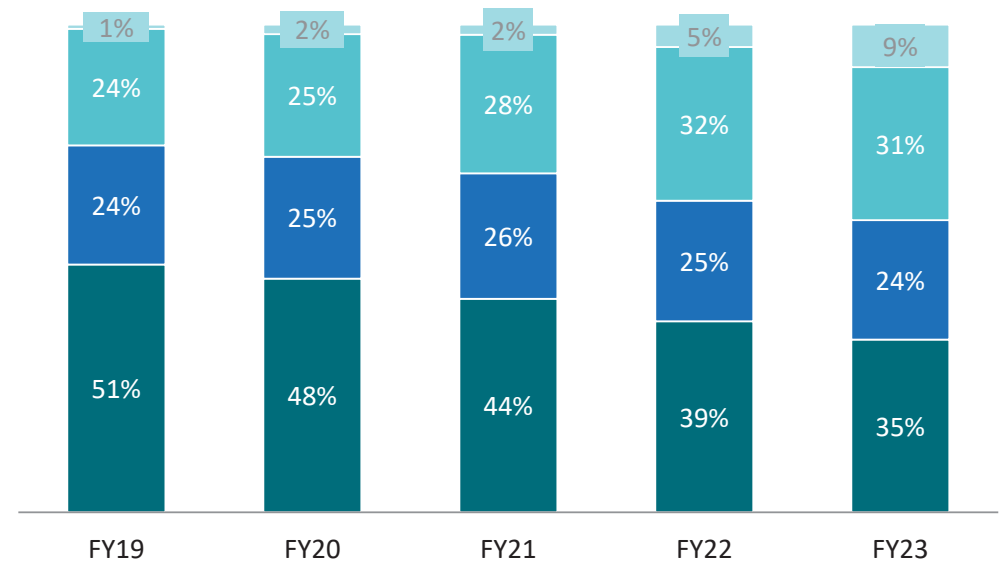
Revenue continuing to diversify over time through CEE and W Europe expansion

Geographic Location Revenue (€bn)



Poland **+13%** 4-year CAGR
 Other CEE **+21%** 4-year CAGR
 UK & Ireland **+4%** 4-year CAGR

Geographic Location Revenue Mix



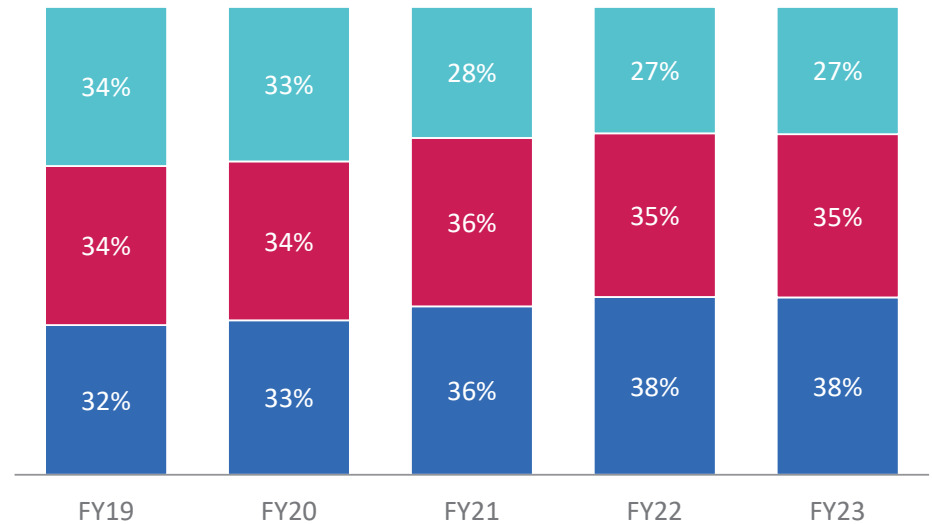
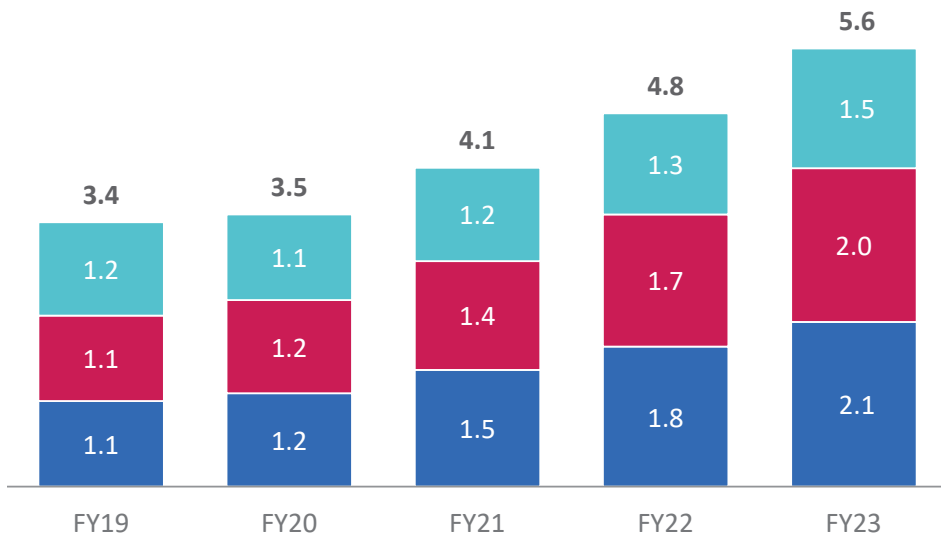
■ UK & Ireland ■ Poland ■ Other CEE ■ Other WE

1 Sales: Category mix

Pepco growth has driven an increased share of Clothing & General Merchandise revenue

Revenue By Category (€bn)

Revenue Mix By Category

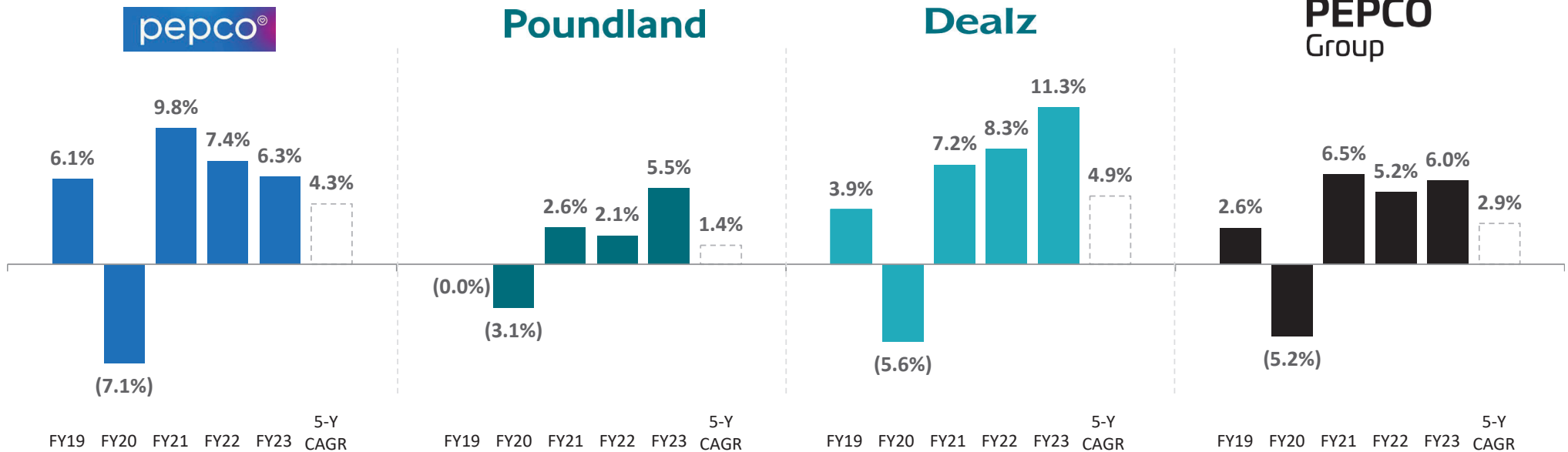


■ Clothing ■ General Merchandise ■ FMCG

1 Sales: LFL overview

LFL normalising following Covid years and Ukraine impact, with short term inflationary headwind

Business Unit LFL%

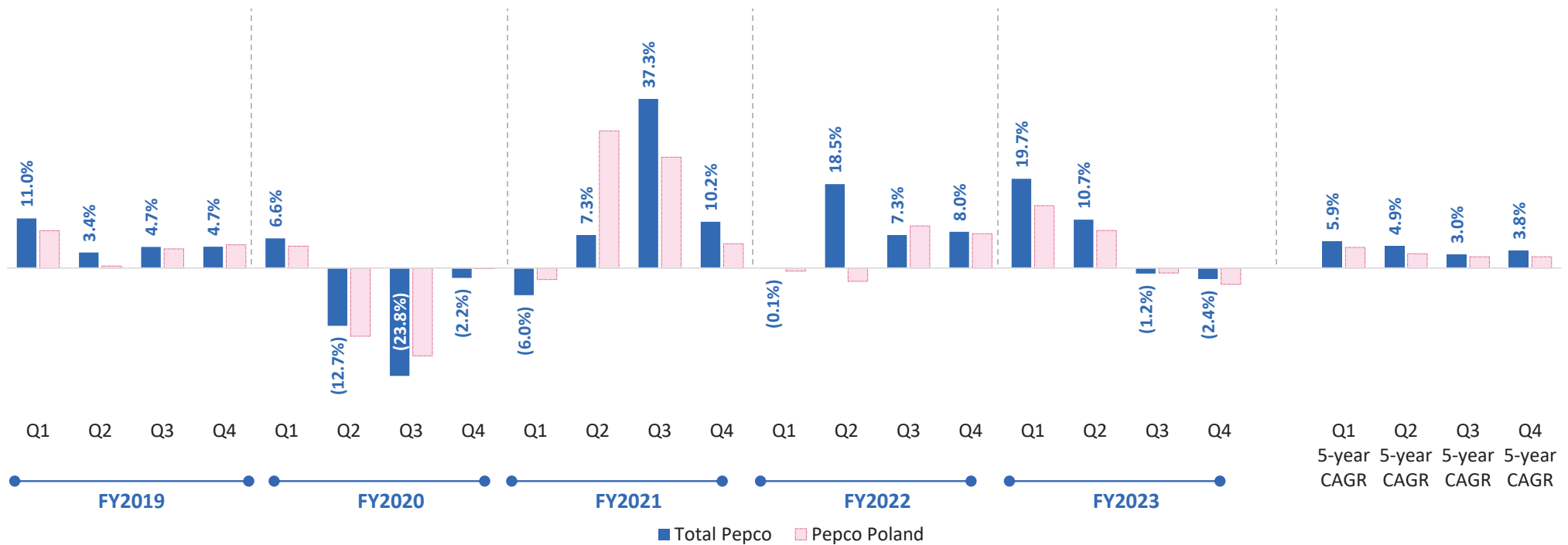


1 Sales: Pepco LFL



Challenging environment for forecasting LFL performance & Poland underperforming

Total Pepco (& Pepco Poland) Quarterly LFL%

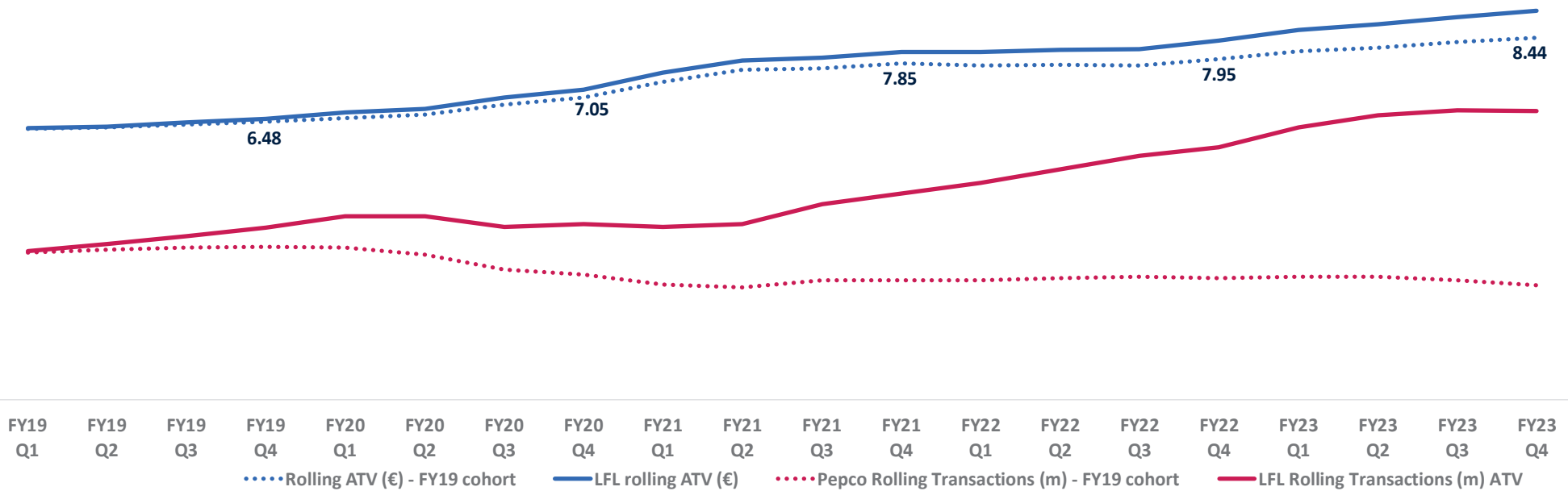


1 Sales: Pepco LFL



Pepco LFL principally driven through volume growth retaining price leadership

ATV & Transaction Evolution - Pepco



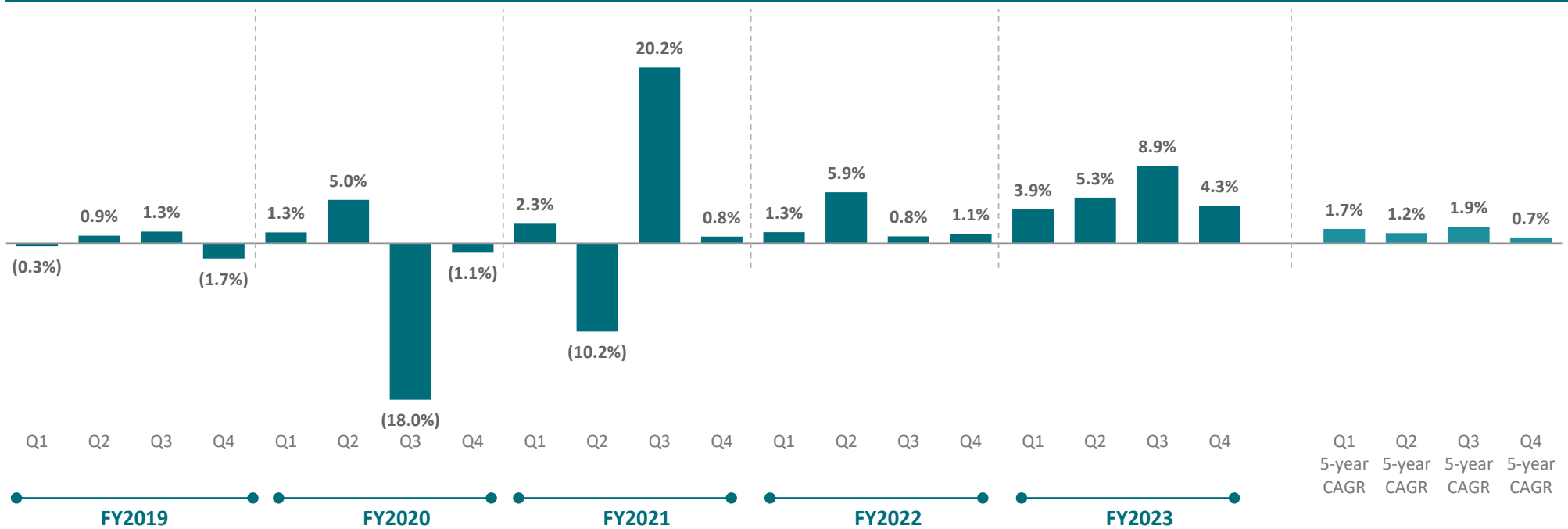
ATV is net of VAT at constant currency

1 Sales: Poundland LFL

Poundland

Challenging environment for forecasting LFL performance, highly correlated to FMCG

Poundland Quarterly LFL%

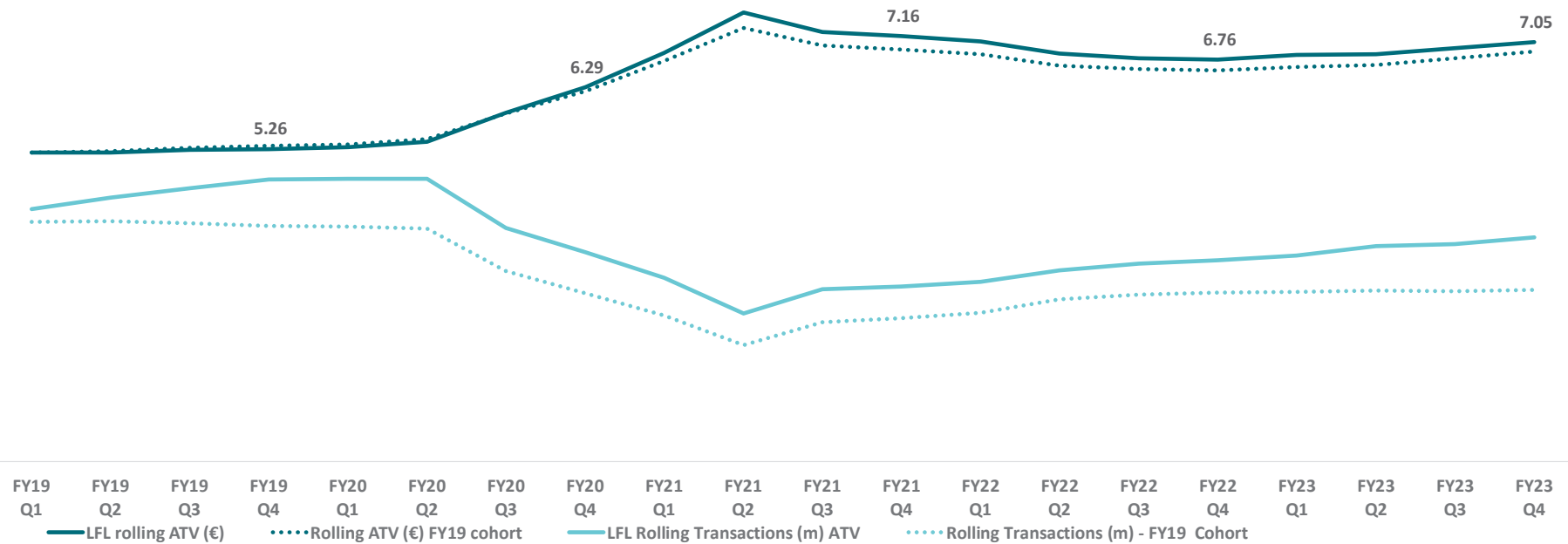


1 Sales: Poundland LFL

Poundland

ATV increased during Covid as consumers shopped less often with higher spend

ATV & Transaction Evolution - Poundland

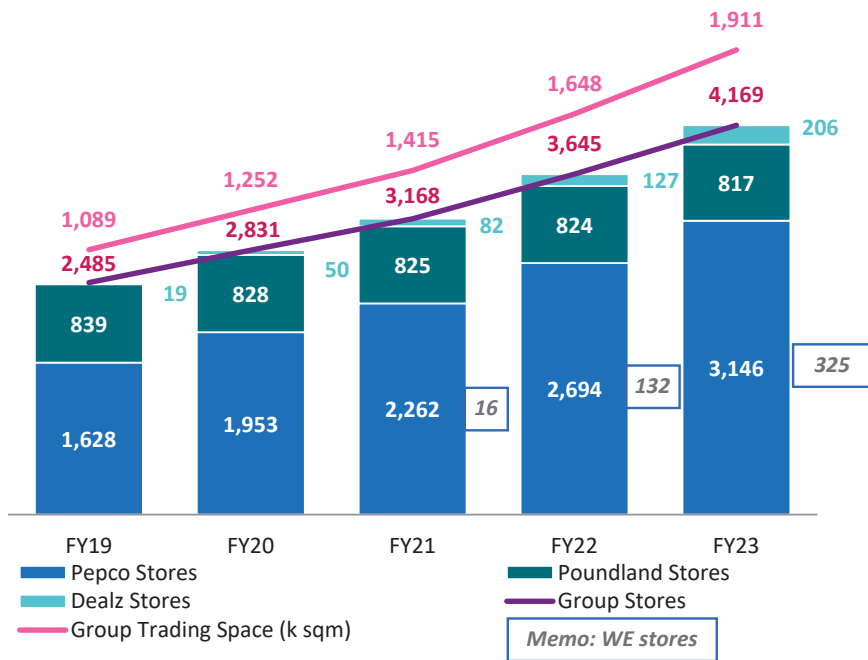


ATV is net of VAT at constant currency

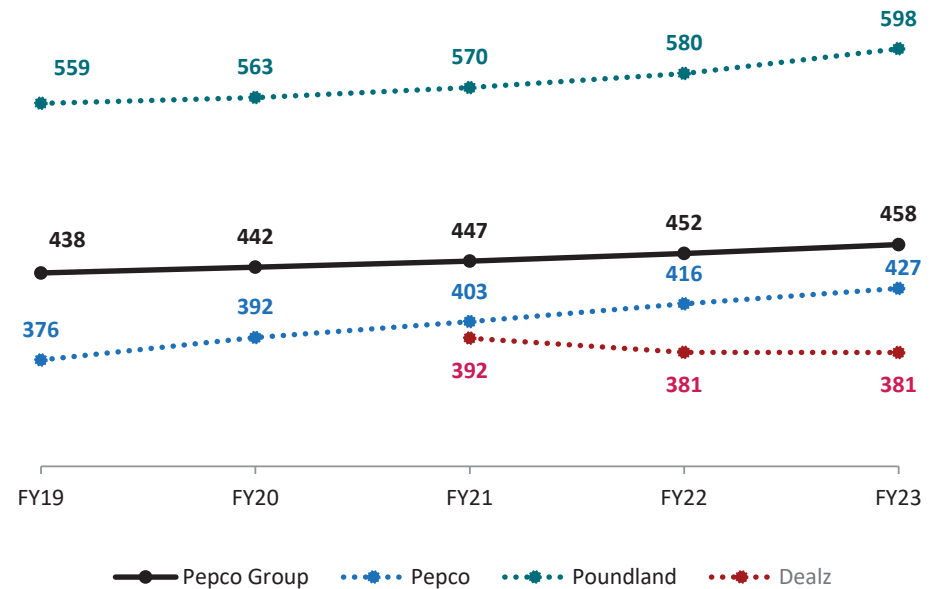
1 Stores and space

75% space growth ahead of 68% store increase over 5 years, with larger average store size, accelerating revenues

Average Stores & Trading Space¹ (k sqm)²



Average Store Size (trading sqm)

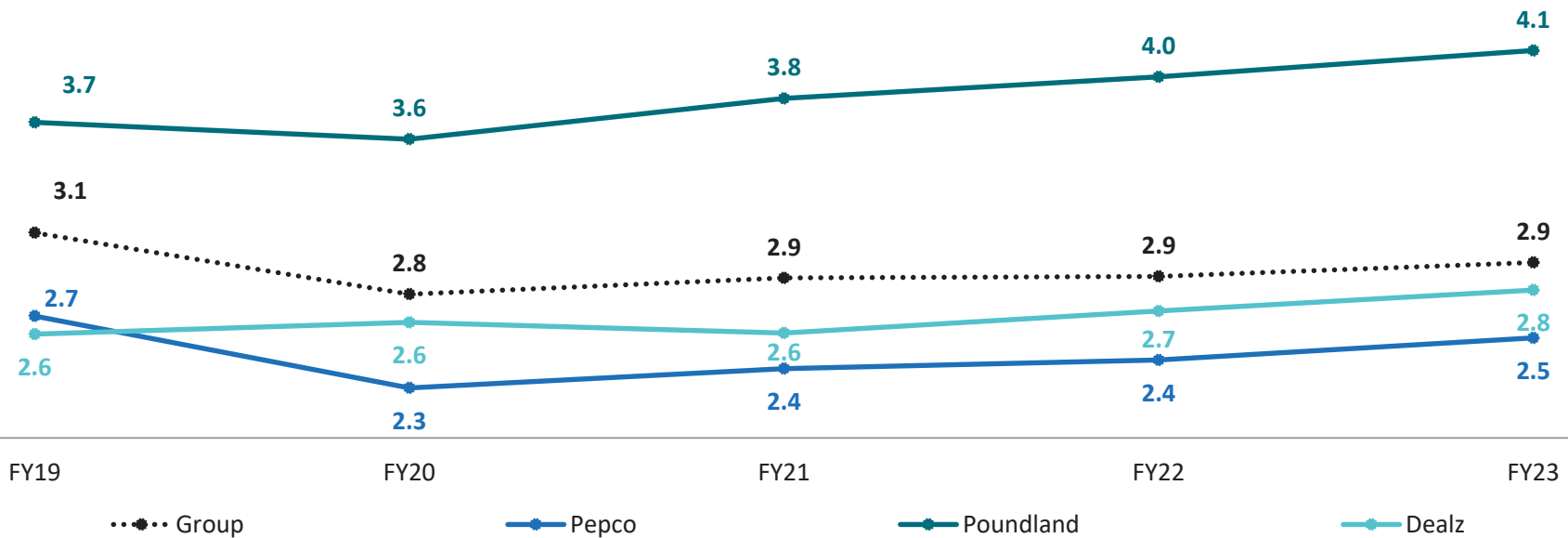


¹ Trading space is defined as Retail Trading Space including tills, excluding back-of-house
² Excludes Fulton's stores which were not converted Poundland stores but closed. Excludes Dealz Spain
 Dealz average store on right included from FY21 as only a handful of stores prior to that

1 Sales density

Consistent improvement in Poundland sales densities while Pepco remains behind 2019 levels

Net Sales Density (€k / sqm)

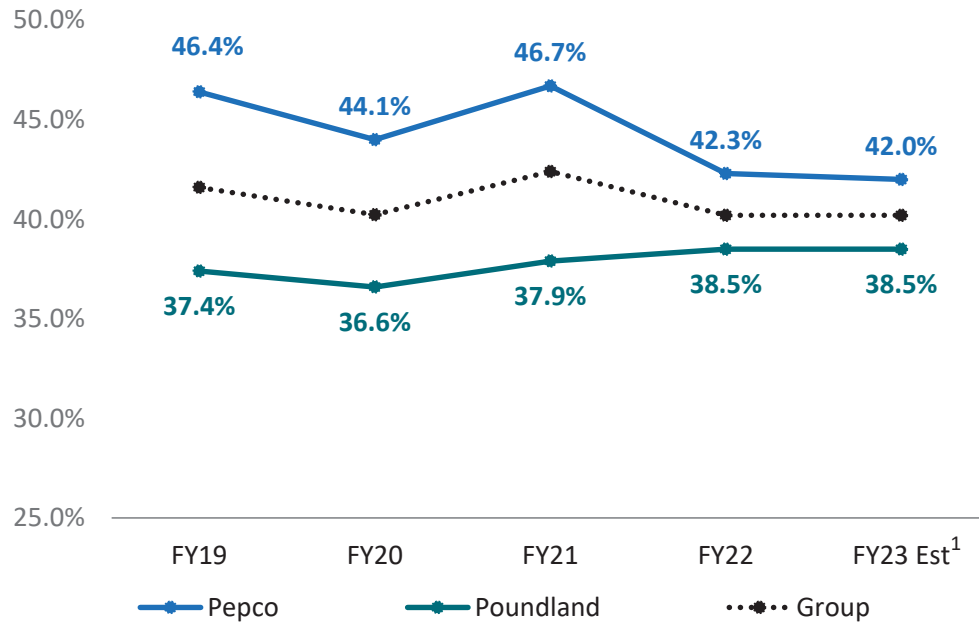


Excludes Dealz Spain

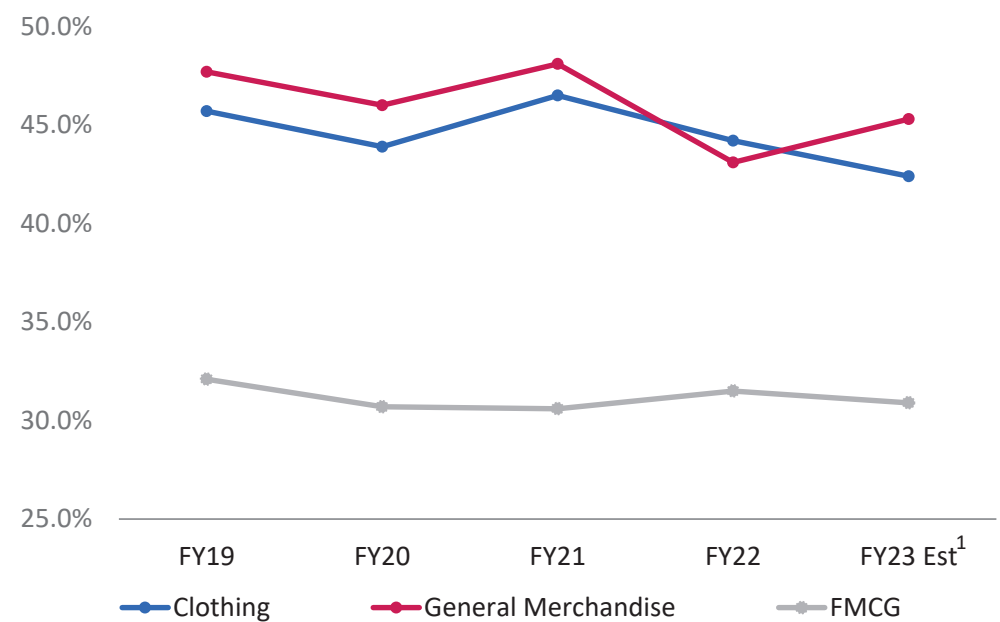
2 Gross margin

Overall margin decline driven by Pepco, particularly clothing

Business Unit Gross Margins



Category Product Margins – Group

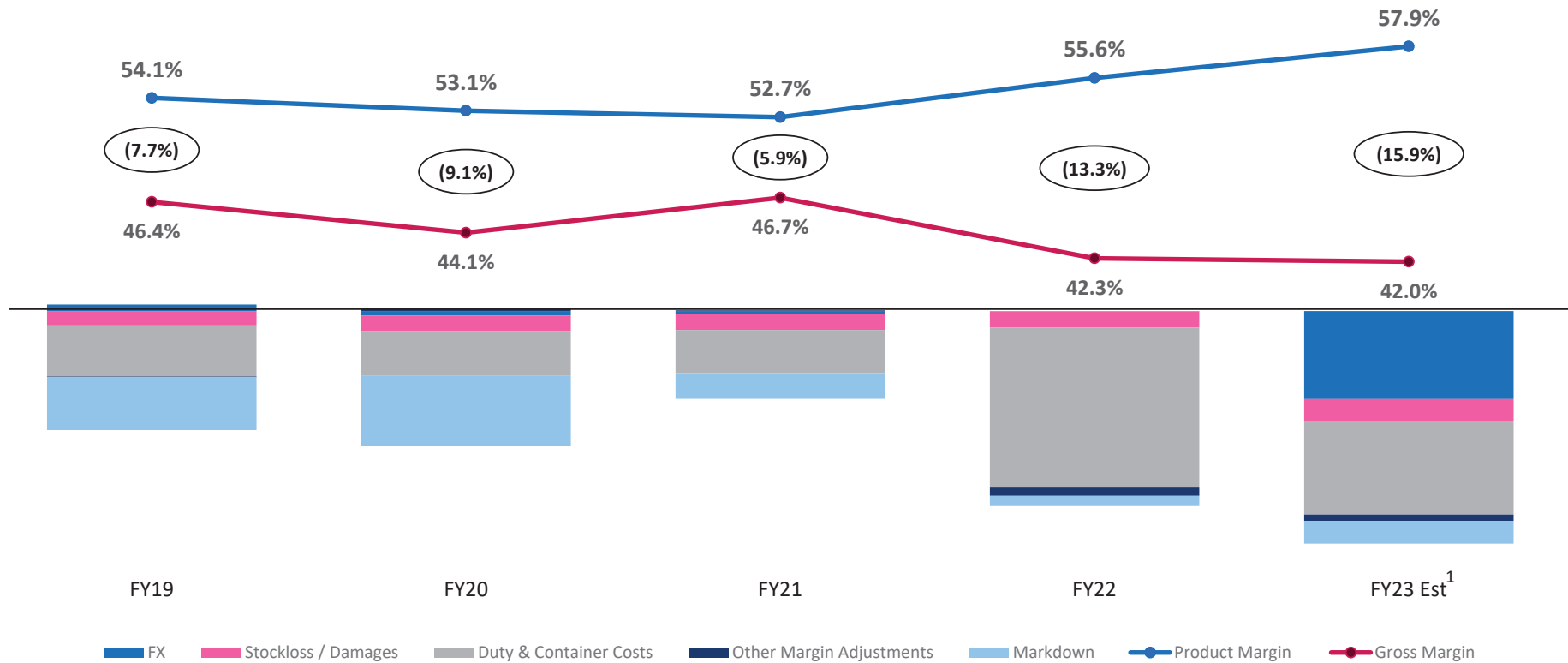


¹ Unaudited estimate for FY23

2 Gross margin: Pepco evolution



Positive outlook for margin as we cycle through FX and freight headwinds



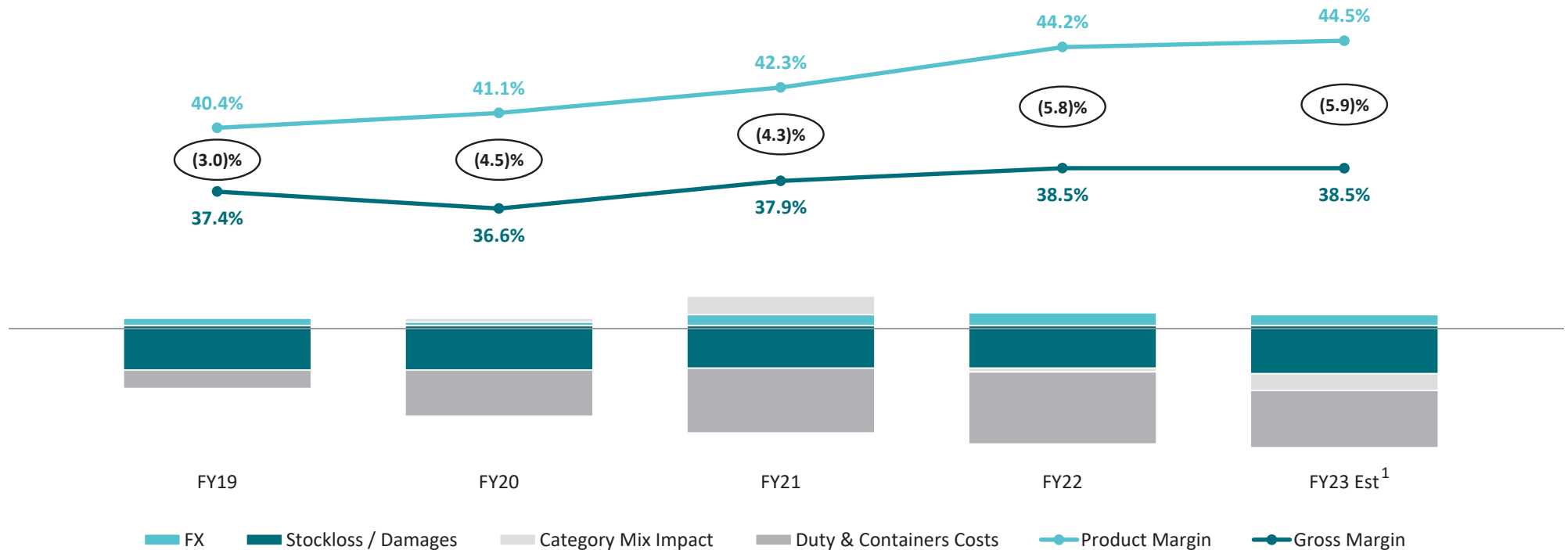
Note: Product Margin is defined as the Gross Margin prior to the items noted above e.g. Duty & Container

¹ Unaudited estimate for FY23

2 Gross margin: Poundland evolution

Poundland

Consistent improvement in product margin through variety of both buy side and sell side initiatives

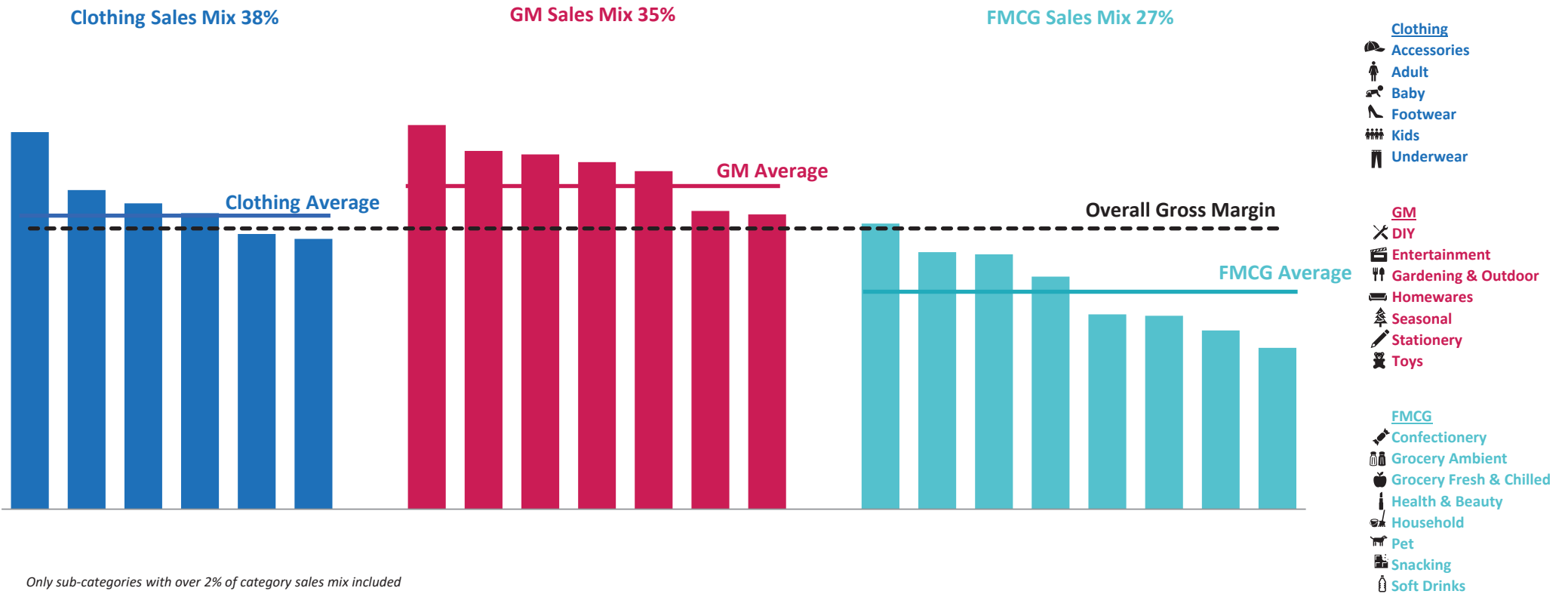


Note: Product Margin is defined as the Gross Margin prior to the items noted above e.g. Duty and container costs

¹ Unaudited estimate for FY23

2 Gross margin: Categories

Category mix is a key driver of the total Gross Margin



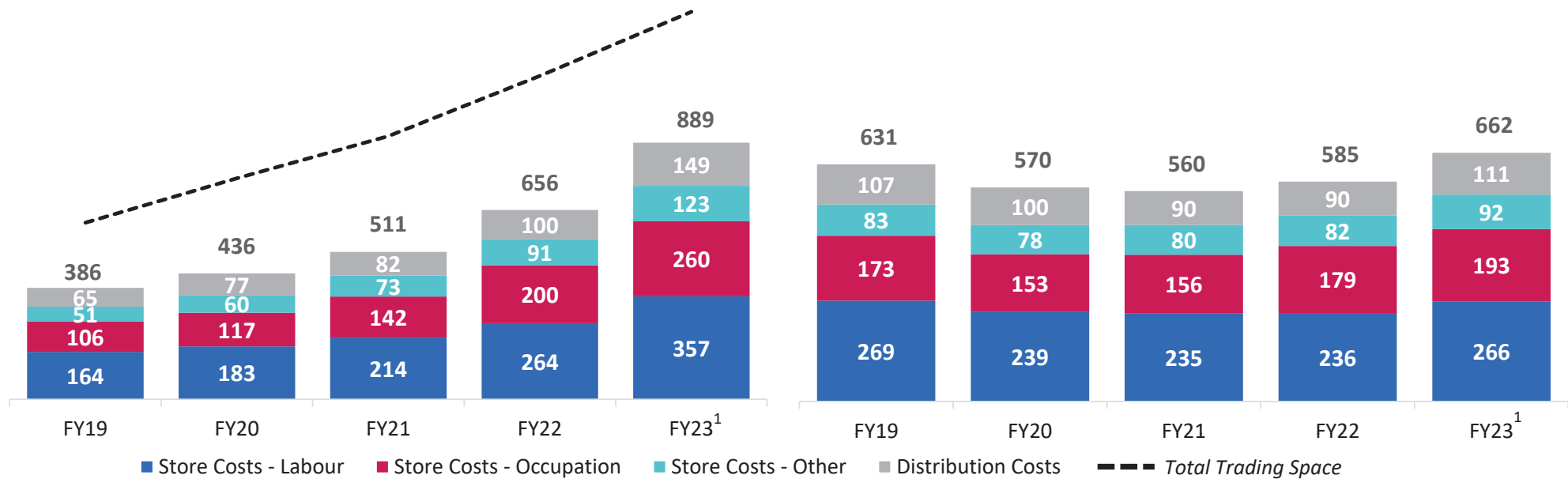
3 Operating costs: Pepco



Structural cost challenges compounded by inflation headwinds and growth

Pepco Operating Costs FY19-FY23 (€m)

Pepco Operating Costs Per Trading Sqm FY19-FY23 (€/sqm)



Operating costs presented on IAS17 basis and include rental expenses
 Operating costs exclude central costs
¹ FY23 costs reflect unaudited estimates for the year

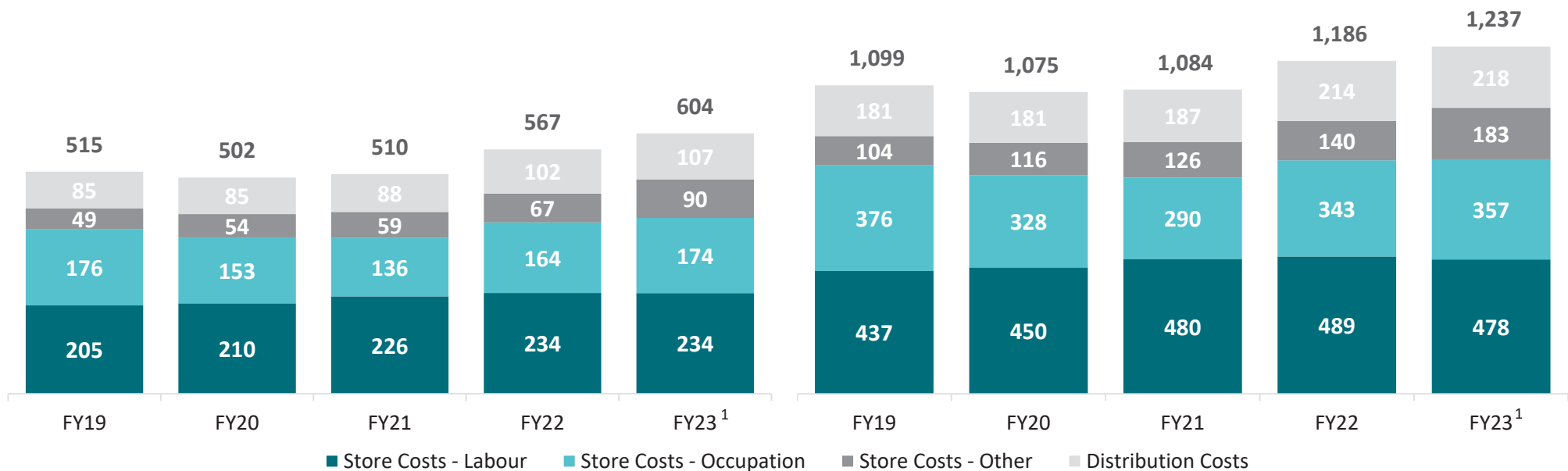
3 Operating costs: Poundland

Poundland

Rent cost in line with FY19, inflationary headwinds on energy

Poundland Operating Costs FY19-FY23 (€m)

Poundland Operating Costs Per Trading Sqm FY19-FY23 (€/sqm)



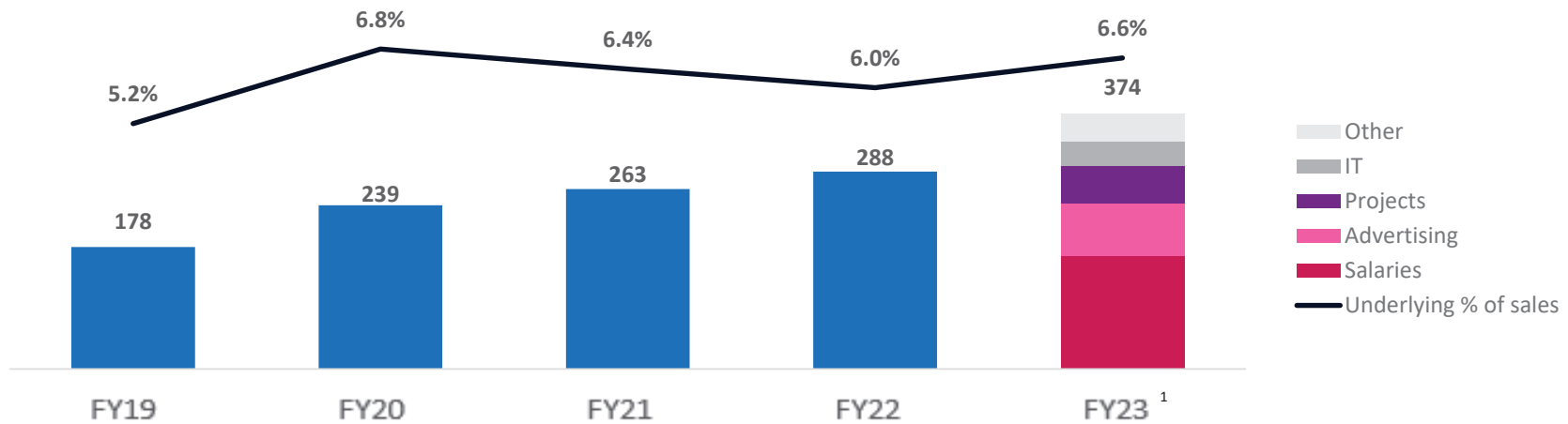
Operating costs presented on IAS17 basis and include rental expenses. Operating costs exclude central costs

¹ FY23 costs reflect unaudited estimates for the year

3 Central costs

Central costs around 6-7% of sales with requirement to reduce in absolute terms

Central Costs absolute (€m) and % of sales

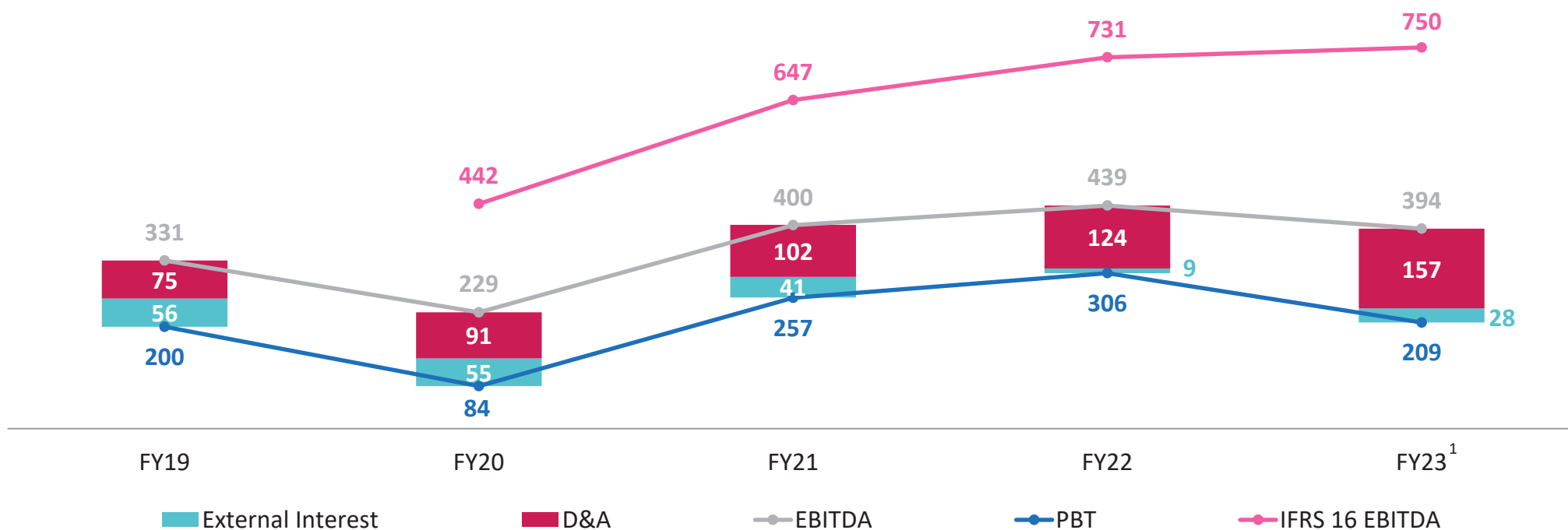


Underlying central costs normalises for the impact of one-off provision adjustments across FY21-FY23

¹ FY23 costs reflect unaudited estimates for the year and also normalised for one off adjustments

4 IAS17 EBITDA to PBT

YoY D&A cost increase driven by store growth and refit programme, with interest costs increase reflecting the higher interest rate environment

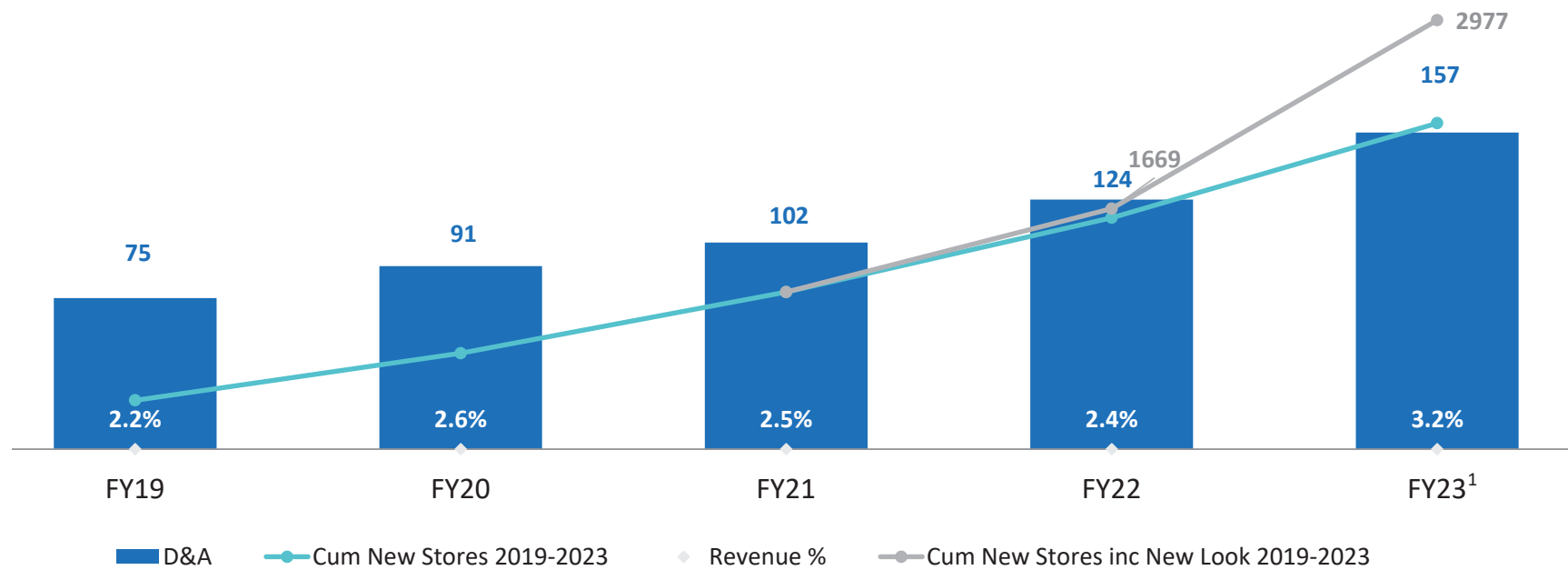


EBITDA and PBT presented on IAS17 basis and include rental expenses

¹ FY23 costs reflect unaudited estimates for the year

4 New store additions impacting D&A

D&A profile reflects WE driven store growth acceleration and New Look investment

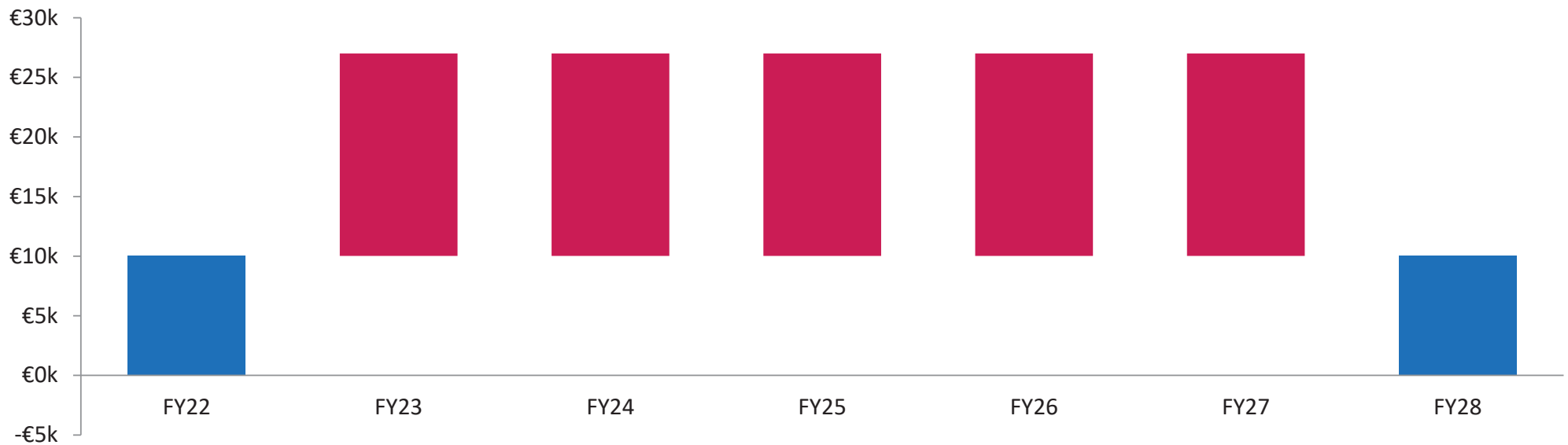


¹ FY23 costs reflect unaudited estimates for the year

4 'New Look' D&A impact

'New Look' conversion drives higher D&A for c5 years, being the depreciation period for stores

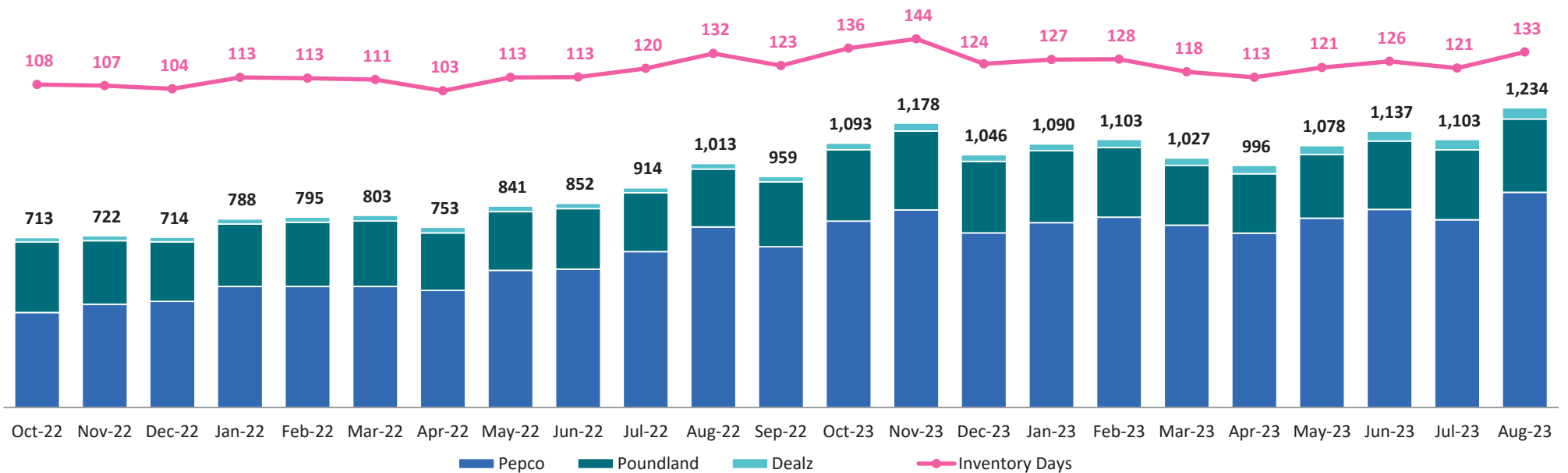
New Look D&A impact on a per store basis



5 Stock

Miss in expected sales (LFL and new store) leading to higher stock build

Group Stock Holding (€m) FY22-FY23

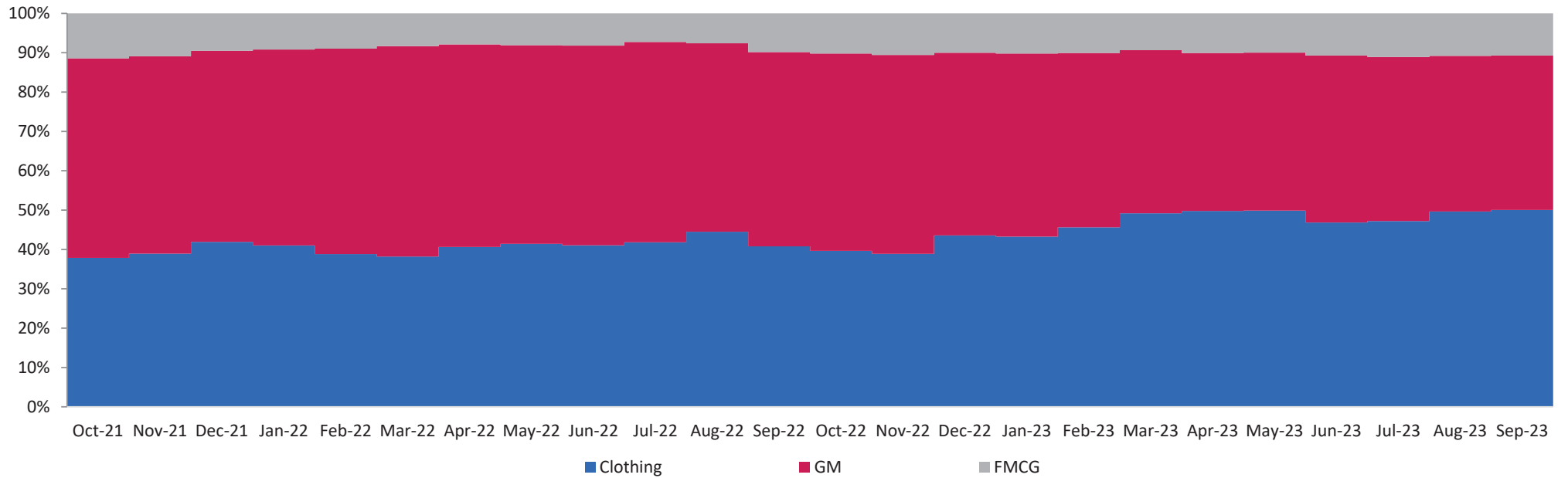


Stock at cost

5 Stock

Shorter supply chain for FMCG driving lower share of mix vs revenues

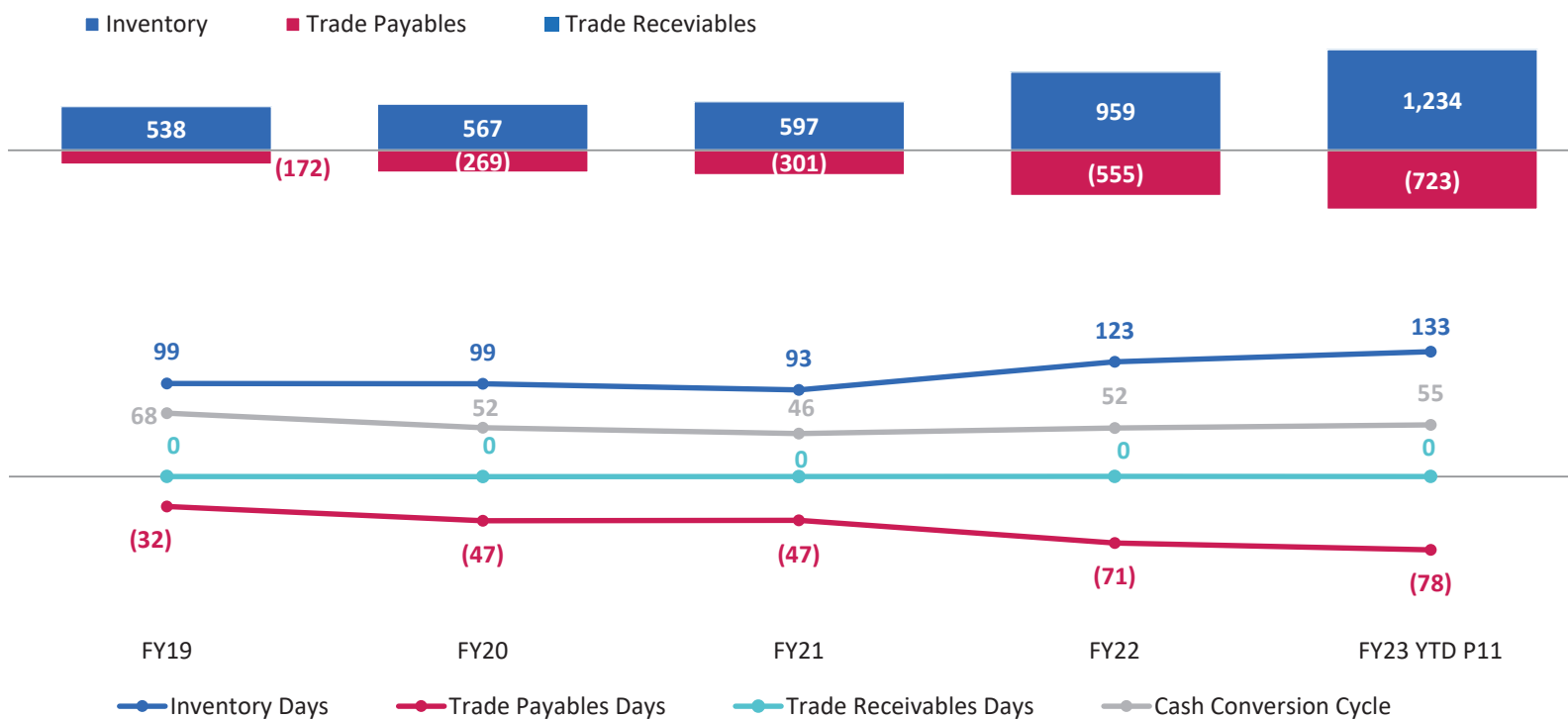
Pepco Group Stock Category Mix FY22-FY23



Stock at cost

5 Working capital

Significant opportunity to improve cash conversion cycle through stock management



*Inventory Days = Inventory / Last 12 Months COGS * 365*

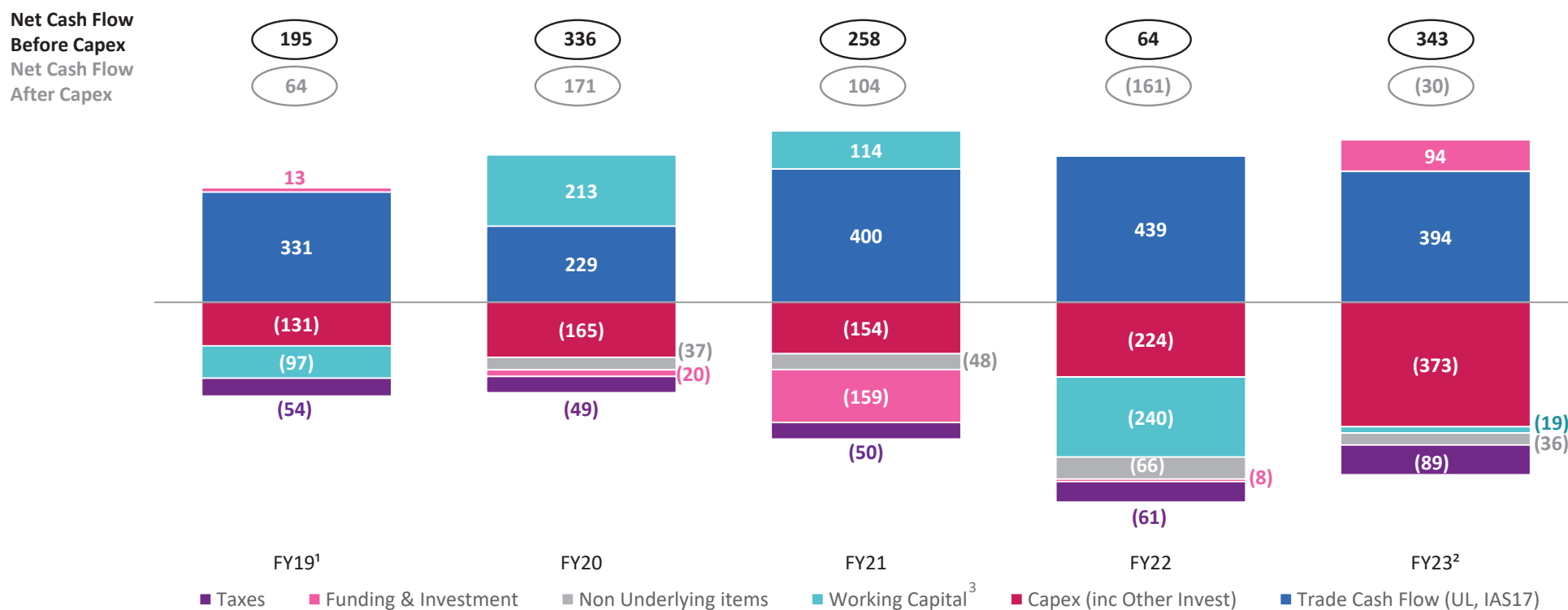
*Trade Payables Days = Trade Payables / Last 12 Months COGS * 365*

*Trade Receivables Days = Trade Receivables / Last 12 Months Revenue * 365*

FY23 is YTD to P11 only and remains unaudited at the time of publication

5 Cash flow by year

Operating cash flow covers capex spend



1 FY19 has not been restated due to IAS 38 adjustment in FY22 (restatements apply to FY20 onwards only)

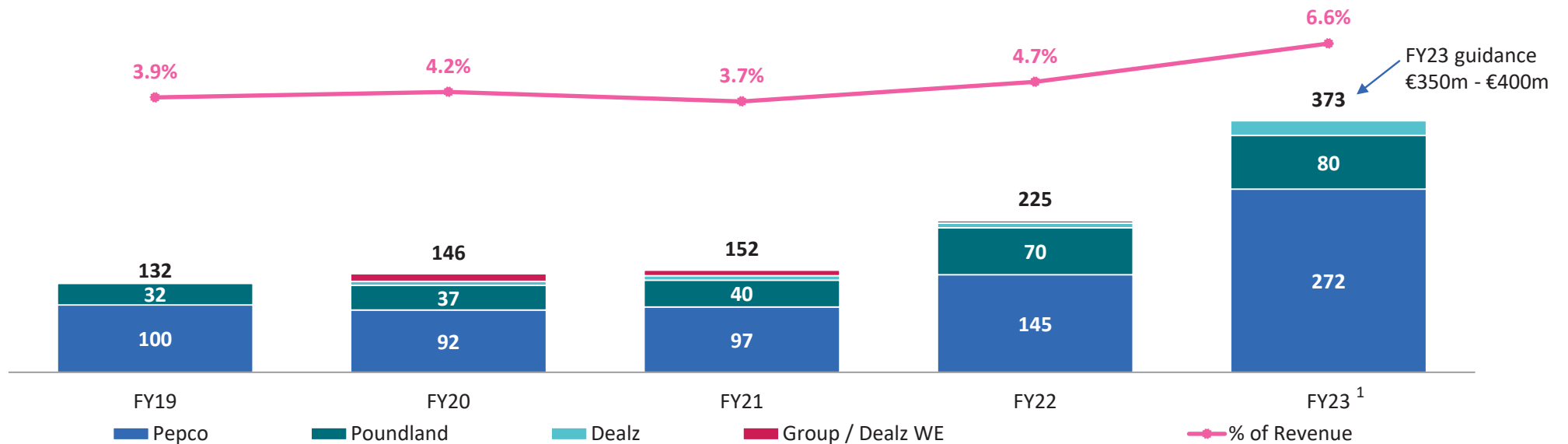
2 FY23 is an estimate only and remains unaudited and subject to change

3 Working Capital includes Trade Payables, Trade Receivables and Inventories as per previous slide but also accruals/prepayments, provisions and other non-cash adjustments to derive Cash EBITDA

6 Capex

Significant investment in capital expenditure each year with the majority of spend relating to New Stores to support the Group's store rollout plans

Business Unit Capex Spend FY19-FY23 YTD (€m)

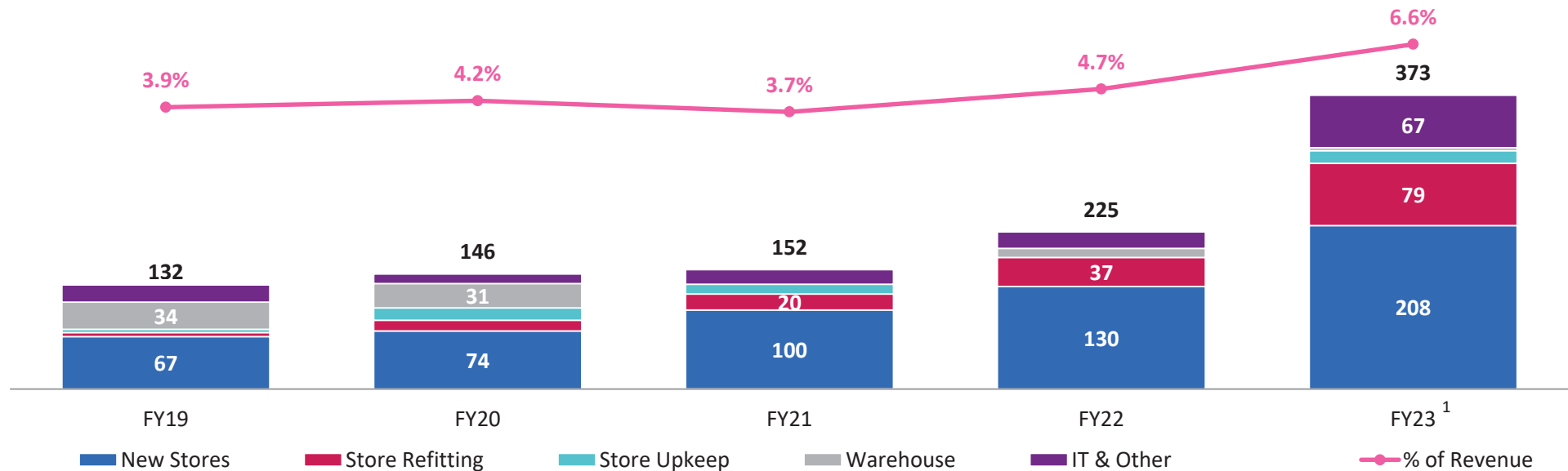


¹ FY23 costs reflect unaudited estimates for the year

6 Capex

Significant investment in capital expenditure each year with the majority of spend relating to New Stores to support the Group's store rollout plans

Capex Spend Type FY19-FY23 YTD (€m)



FY23 guidance estimates full year Capex spend of €350m to €400m

Pepco & Poundland Store Economics

Pepco and Poundland store economics

- 4,346 trading stores at the end of FY23 with 558 net new openings in the year.
- Pepco CEE: Strongest region with average store level EBITDA margin of c16% with 57 loss making stores¹ representing a cash drag of less than €1m.
- Pepco WE: Italy and Spain have an average store level EBITDA margin of c5-6% with a total of 20 loss making stores¹ representing cash drag of less than €1m.
- Poundland UK & ROI has an average store level EBITDA Margin of c9% with fewer than 100 loss making stores¹ representing a cash drag of c€8m.

¹LFL stores

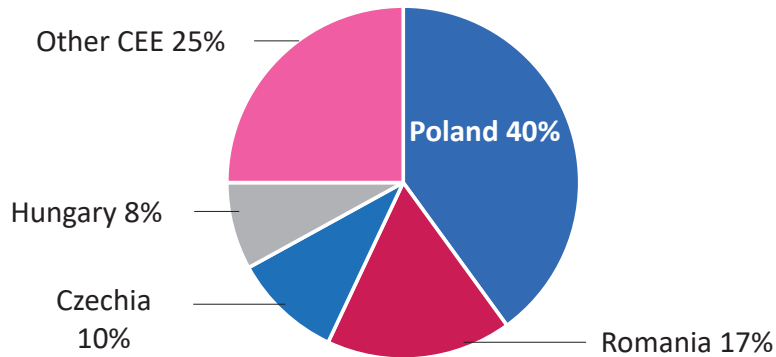
Store economics: Pepco Central & Eastern Europe



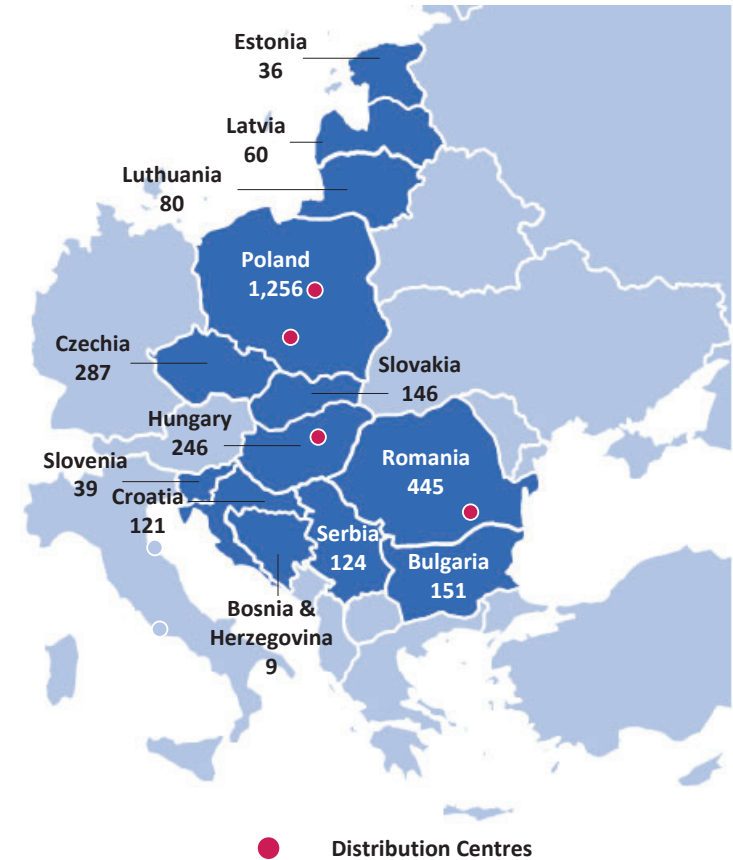
FY23 Key Figures

3,000 stores trading at the end of FY23	+6.5% LFL revenue growth
+294 net new openings in the year	+17% Overall year-on-year revenue growth
1 new market - Bosnia & Herzegovina	4 distribution centres

FY23 Revenue Mix



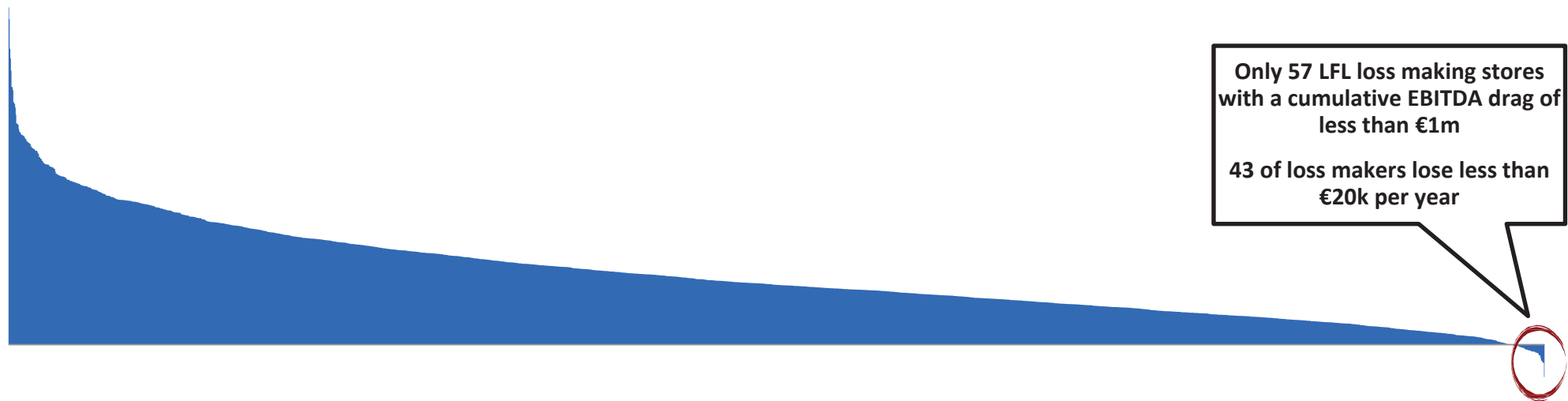
Note: Revenue mix closely aligned with store numbers mix



Store economics: Solid profitability across CEE stores



98%+ of PEPCO LFL stores Profitable & >75% Stores with 10%+ Profitability Margin



Focus is to improve profitability of existing core CEE estate

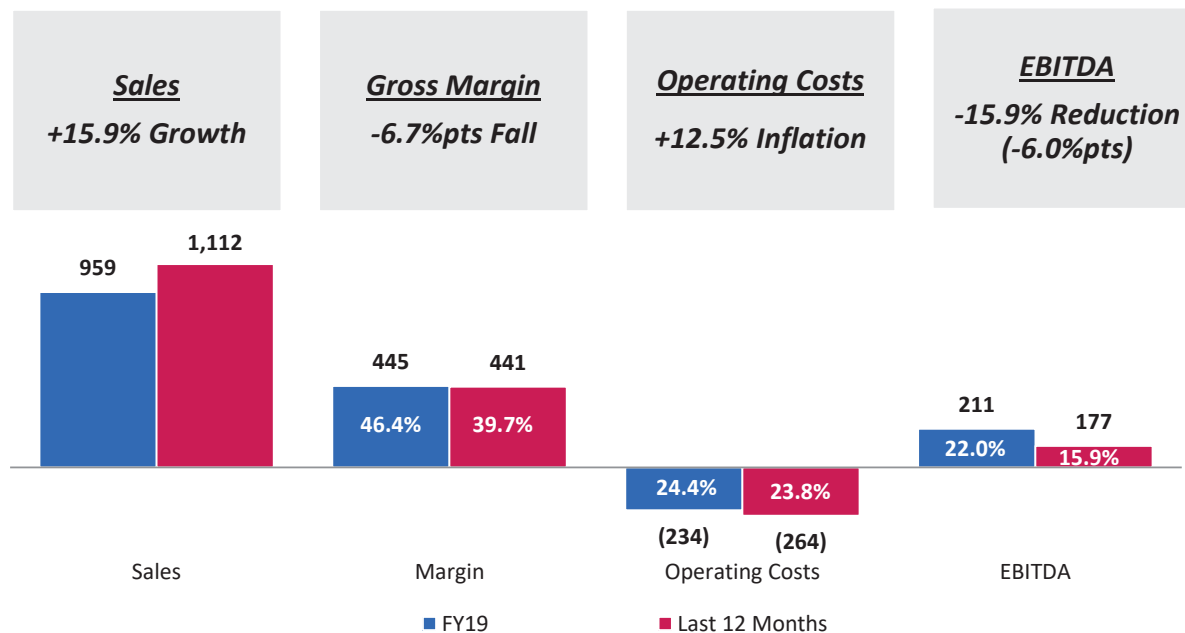
Note: LFL stores 4-wall IAS 17 EBITDA excluding pre-opening costs

Store economics: Pepco CEE



Target is to move EBITDA contribution back to Pre Covid levels

FY19 Cohort – Then and Now (c.1,300 Stores)



All CEE Stores

Current Performance

Typical Store Annual Performance (€000s)	Standard CEE
Profit & Loss	
Net Revenue	1,050
Sales Density	2.6
Gross Margin	425
Underlying IAS17 EBITDA ^[1]	175
Investments	
Store opening costs ^[2]	205
Working capital	25
Return Metrics	
Payback months ^[3] (post tax)	20

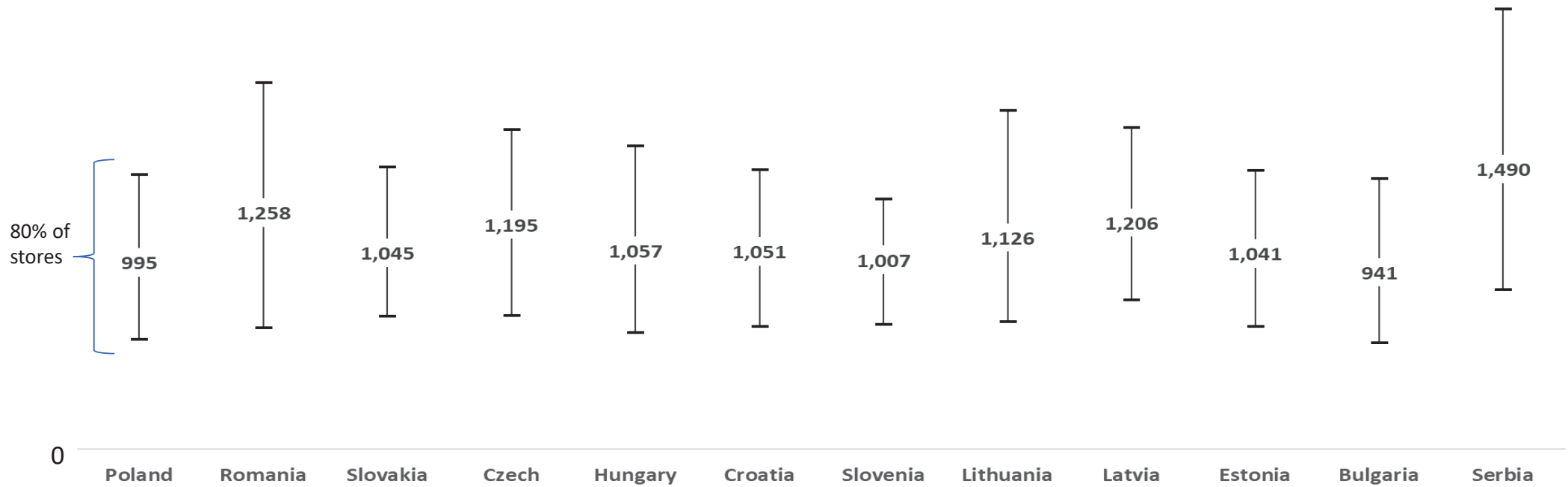
¹ Includes distribution costs but excludes central costs; ² Includes capex and pre opening costs ³ Payback is defined as the length of time (in months from store opening) for investment outflows (capital expenditure, opex and working capital investment) to be matched by cumulative pre-discounted investment inflows (store contribution after tax. Tax rate of 20% assumed)

Store economics: Pepco CEE revenue



Consistent performance across all markets

CEE Store Sales Range (€k)

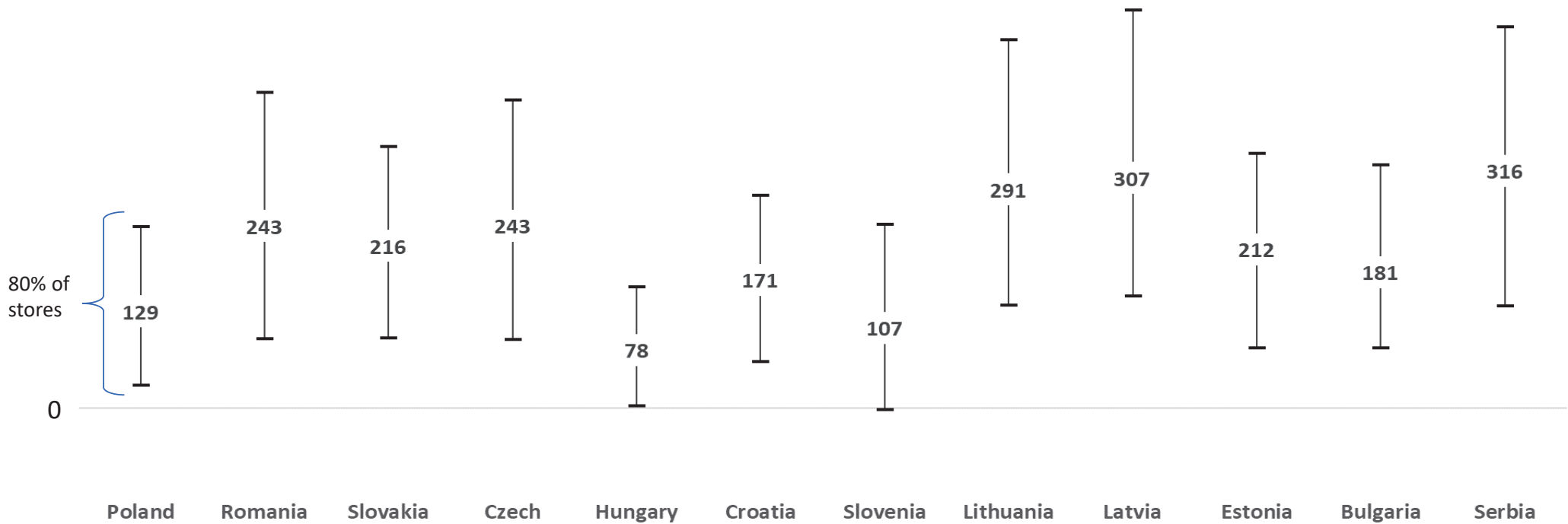


Store economics: Pepco CEE EBITDA



Good Profitability with further opportunities in certain markets

CEE Store EBITDA Range (€k)



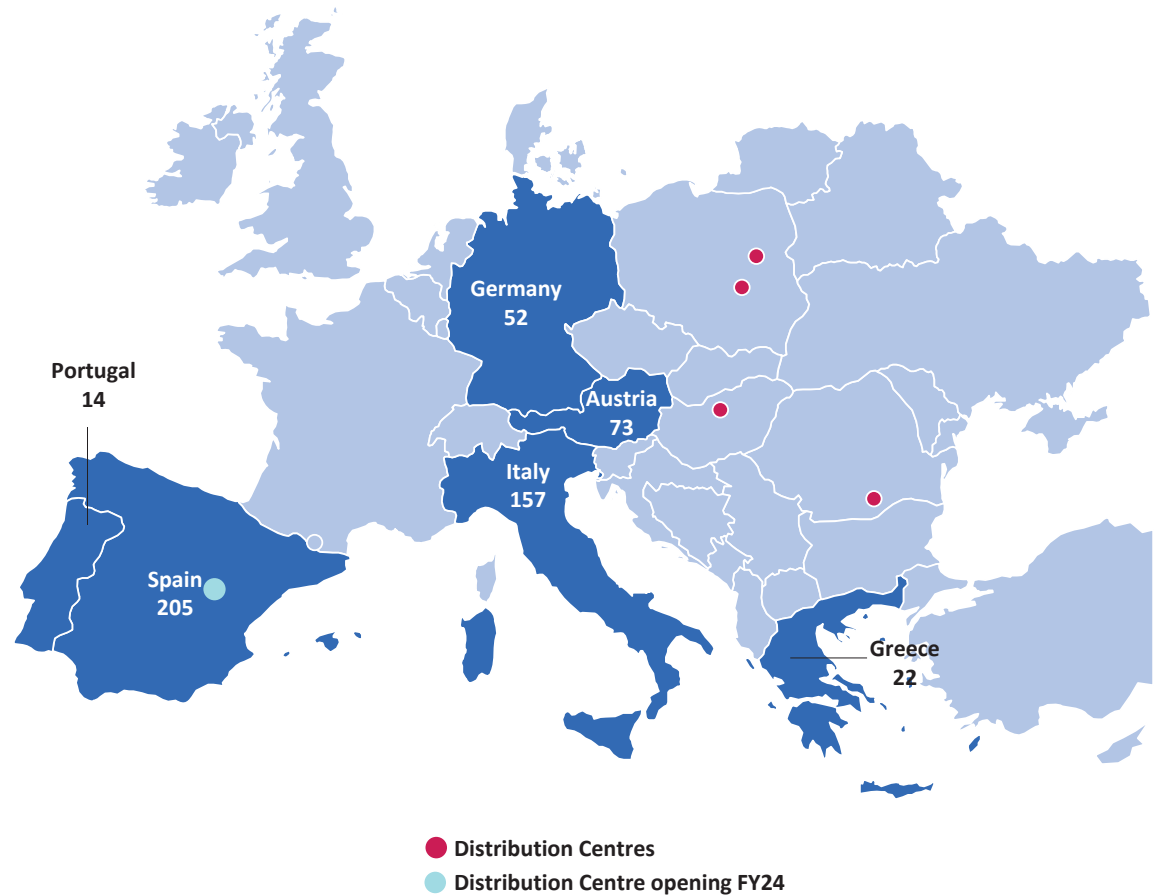
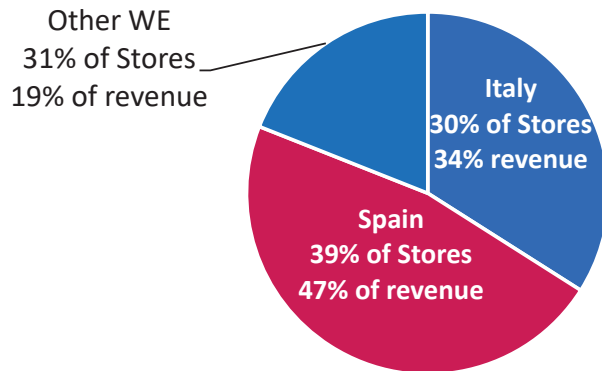
Store economics: Western Europe



Key Figures

523 trading stores at the end of FY23	+2.0% LFL revenue growth
+262 net new openings in the year	2 new markets – Greece & Portugal

FY23 Market Revenue & Stores Mix

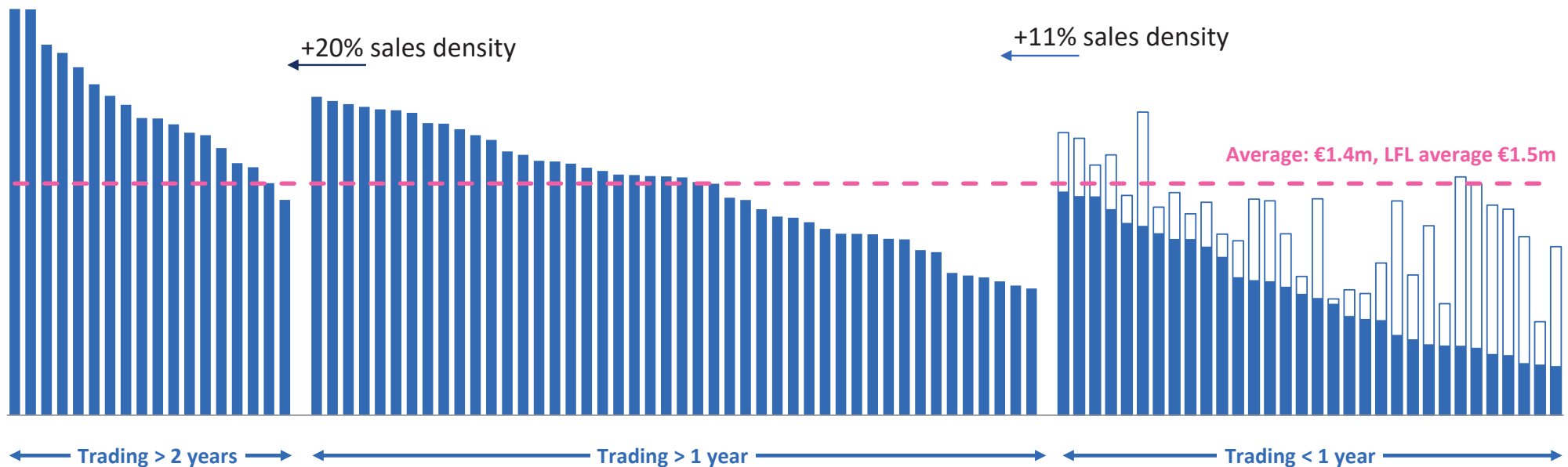


Store economics: Italy



Clear evolution in sales performance as store matures

Last 12 Months Sales By Store (€m)



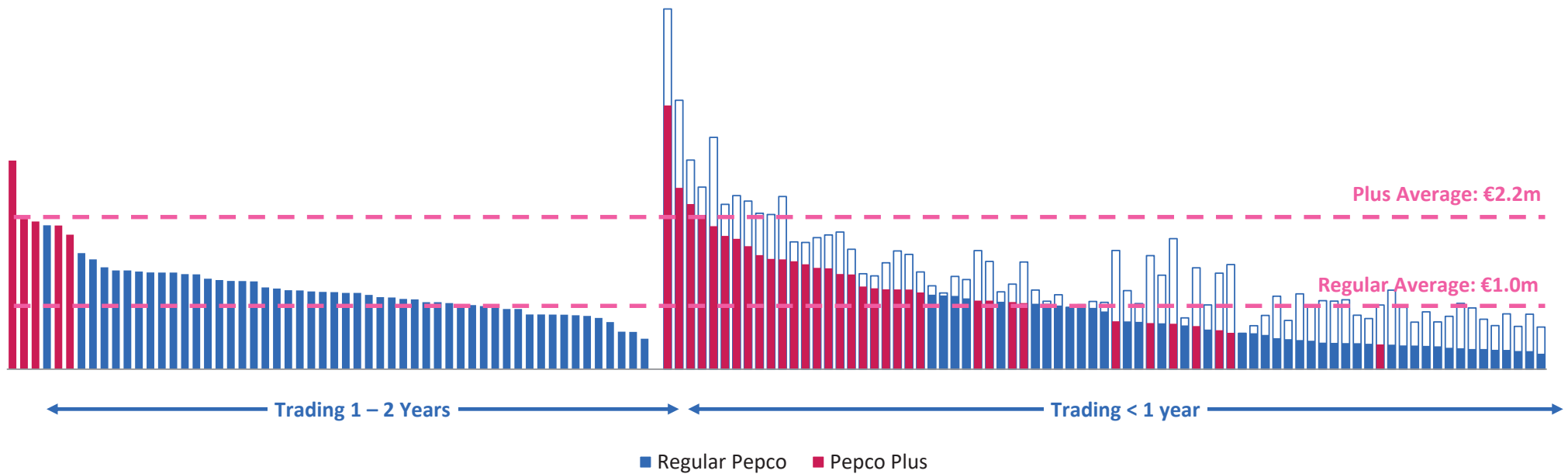
Note: Includes stores more than 3 months old. Stores less than 1 year are prorated up to a full year equivalent

Store economics: Spain



Significantly higher sales and footfall in the Pepco Plus stores

Last 12 Months Sales By Store (€m)



Note: Includes stores more than 3 months old. Stores less than 1 year are prorated up to a full year equivalent

Store economics: Italy Pepco Regular



Average WE store is c23% bigger than a CEE store, however, revenue is c43% greater

Standard Pepco

Typical Store Annual Performance (€'000)

	Standard WE ⁴	Standard WE Go Forward
Profit & Loss		
Net Revenue	1,500	1,535
Net Sales Density	2.9	3.0
Gross Margin	705	755
Underlying EBITDA ¹	92	157
Investments		
Store opening costs ²	365	300
Working capital	30	30
Return Metrics		
Payback months ³ (post tax)	64	32

Change in assumption on go forward approach is Gross Margin and Distribution costs normalisation.

Challenge being set to the business to improve

Current performance decline against last CMD; c€300k of revenue and c€200k EBITDA, reflects reduced revenue expectations in short term, lower gross margin and resulting lost operating leverage.

¹ LFL stores, includes distribution costs, excludes central; ² Includes capex and pre-opening costs; ³ Payback is defined as the length of time (in months from store opening) for investment outflows (capital expenditure, opex and working capital investment) to be matched by cumulative pre-discounted investment inflows (store contribution after tax. Tax rate of 20% assumed); ⁴ Using Italy as a proxy

Store economics: Spain Pepco Plus



Continuous format monitoring to optimise unit economics and enhance brand perception

Pepco Plus

Typical Store Annual Performance (€'000)

	Pepco Plus ⁴	Pepco Plus Go Forward
Profit & Loss		
Net Revenue	2,200	2,280
Net Sales Density	3.3	3.4
Gross Margin	810	914
Underlying EBITDA ¹	40	178
Investments		
Store opening costs ²	530	420
Working capital	50	50
Return Metrics		
Payback months ³ (post tax)	>180	40

Format resonates with customers. Pepco Plus and Hybrid stores account for 17% of WE revenue in FY23.

Viable route to strong economics. Supply chain issues have impacted sales and costs. Current performance decline against last CMD; c€500k of revenue and resulting EBITDA.

¹ LFL stores, includes distribution costs, excludes central; ² Includes capex and pre-opening costs; ³ Payback is defined as the length of time (in months from store opening) for investment outflows (capital expenditure, opex and working capital investment) to be matched by cumulative pre-discounted investment inflows (store contribution after tax); ⁴ Using Spain as a proxy

Store economics: Poundland UK & ROI

Poundland

Loss making stores will reduce as legacy store leases expire



Note: LFL stores 4-wall IAS 17 EBITDA excluding pre-opening costs

Store economics: Poundland UK & ROI

Poundland

Average UK & ROI delivers >20% more EBITDA than typical Pepco CEE store

UK & ROI

Typical Store Annual Performance (€'000)

	UK&ROI current	UK & ROI go forward
Profit & Loss		
Net Revenue	2,492	2,500
Net Sales Density	4.1	4.1
Gross Margin	960	988
Underlying EBITDA ¹	213	240
Investments		
Store opening costs ²	500	430
Working capital	150	150
Return Metrics		
Payback months ³ (post tax)	48	38

Wilko lease option provides Revenue opportunity with no incremental central overheads. New store capex lower than typical store

Run off and closure of loss-making stores has increased average store profitability

Opportunity to improve paybacks through reduction of working capital

¹ Includes distribution costs but excludes central costs; ² Includes capex and pre-opening costs; ³ Payback is defined as the length of time (in months from store opening) for investment outflows (capital expenditure, opex and working capital investment) to be matched by cumulative pre-discounted investment inflows (store contribution after tax. Tax rate of 25% assumed)

Summary

- We have a healthy store base across our markets
- Margin recovery coming through
- Identifiable cost opportunities to attack
- Stronger cash generation through improved stock and lower capex
- Successful business model with good growth prospects

Update

Neil Brown – Vice Chair

Ibex: successor to the Steinhoff group

Ibex governance structure

- At the time of the Pepco Group IPO, the ultimate holder of the residual c.78.9% Pepco Group stake was Steinhoff International Holdings NV (SIHNV)
- As a result of an equity and financial restructuring of SIHNV and its subsidiaries in June 2023 (Project Purple):
 - substantially all of SIHNV’s assets, liabilities and contracts were transferred to Ibex RSA Holdco Limited – a company which is part of a new holding structure, the topco of which is Ibex Topco BV
 - this includes the principal financing liabilities of the SIHNV group (now the Ibex group), the maturities of which have been extended to 30 June 2026 (with two one-year extension options being available)
 - SIHNV has been subsequently de-listed
- Prior to Project Purple, SIHNV’s interest in the residual Pepco shares was held in the “ring-fenced” Newco 3 group (as described in the IPO prospectus), and specifically by Ibex Retail Investments (Europe) Limited (Ibex Europe). This sub-group holding structure was not amended by Project Purple
- Notwithstanding this, the principal financing liabilities of the “ring-fenced” Newco 3 group were also extended to 30 June 2026 (with two one-year extension options being available) as part of Project Purple
- Project Purple was strongly supported by SIHNV’s creditors, including the creditors of the Newco 3 sub-group

Ibex as a shareholder of Pepco Group

A stable platform for considered disposals

The stated aim of Ibex is to provide a stable platform to optimise the orderly monetisation of its assets for distribution to its relevant creditors and for the repayment of relevant debt

Continuing lender support

Project Purple is a meaningful and public demonstration of the continued support that the Ibex group enjoys from its lenders to pursue its stated aim

Track record as a Pepco Group shareholder

The Ibex group currently holds c.72.15% of Pepco. This represents a modest reduction from c.78.9% at the time of the IPO in May 2021

Close

Andy Bond – Executive Chair

Pepco Group is well positioned for future success

- We have a clear, compelling and exciting future, but we need to do less to achieve more and re-earn the right to grow
- Our vision to be Europe's biggest and best discount variety business remains intact, serving families on a budget across our core FMCG, clothing and general merchandise (GM) categories
- We are confident we can deliver this ambition
- The opportunities remain significant – we will leverage them in a more targeted and measured way



Q&A