17 December 2025

Pepco Group N.V.

Preliminary results for 12 months ended 30 September 2025

Significant strategic execution delivers transformational year with strong financial performance

Pepco Group N.V. ("Pepco Group"), a leading pan-European variety discount retailer, today reports its preliminary unaudited results of the continuing operations (excluding Poundland) for the 12 months ended 30 September 2025[1].

SUMMARY

- Implementation of new strategic framework well on track, with strong focus on sustainable value creation, as Pepco's enhanced proposition and market-leading prices continue to resonate strongly with customers
- Strategic return to core Pepco model of clothing and general merchandise during FY25. Fully exited FMCG within Pepco, as well as disposing of Poundland. Dealz divestment process expected to commence in 2026
- FY25 revenue growth of 8.7% to €4,523m, with return to positive LFL sales of 2.6% (excluding FMCG +4.0%)
- FY25 underlying EBITDA growth of 10.3% to €865m, reflecting a 100 basis point y-o-y gross margin improvement
- FY25 underlying net earnings growth of 19.7% to €219m reflecting focus on improving EBITDA conversion. This is despite a one-off pre-tax IFRS impairment charge of €38m
- Successful refinancing & bond issuance enhanced Group's financial flexibility and extended maturity profile
- Focus on shareholder returns – strong free cash generation of €334m facilitates an increase in dividend payout ratio to 25% (from 20%) leading to a 57% growth in FY25 dividend to 9.6 cents (FY24: 6.2 cents), in addition to the €50m shares repurchased in Q4 FY25 and a second tranche of €50m currently being executed
- Confirm FY26 underlying EBITDA expected to grow at least 9% y-o-y; underlying net earnings to exceed 25%
- Mid-term guidance reconfirmed on revenue and EBITDA, with upgraded targets for gross margin and unlevered free cash flow. Expect at least 15% underlying net earnings CAGR

Financial performance (€m)	**FY25 (unaudited)**	FY24 (restated)	*Growth (reported)*
Revenue[2]	**4,523**	4,160	*8.7%*
LFL revenue growth[3]	**2.6%**	(3.0)%	*560 bps*
Gross profit margin	**48.0%**	47.0%	*100bps*
Underlying EBITDA (IFRS 16)[4]	**865**	784	*10.3%*
Underlying EBITDA (pre-IFRS 16)[4]	**531**	480	*10.6%*
Underlying profit after tax[5]	**219**	183	*19.7%*
Underlying EPS (€ cents)	**38.0**	27.7	*37.2%*
Reported EPS (€ cents)	**29.8**	22.1	*34.8%*
Net debt (pre-IFRS16)[6]	**161**	257	-
Free cash flow (unlevered)	**334**	**287**	*16.4%*
Dividend per share (DPS) (€ cents)	**9.6**	6.2	*54.8%*

Note: Numbers based on continuing operations. All numbers above (including P&L comparatives) exclude Poundland.

- *All references to footnotes can be found in the Explanatory Notes on page 6*

STRATEGIC HIGHLIGHTS

- Sale of Poundland successfully completed on 12 June 2025, significantly simplifying the Group structure
- Pepco FMCG exit completed, including conversion of most Pepco Plus stores in Iberia, generating encouraging results
- Improved performance in Poland through targeted initiatives; Western Europe's strong y-o-y store growth further validated
- Acceleration of our digital journey with new website, app and loyalty scheme ready for launch in calendar Q1 2026

[1] Refer to Explanatory Notes on page 6

- Dealz now fully independent; divestment process intended to commence in 2026 as we explore strategic options for the business

FINANCIAL HIGHLIGHTS

- FY25 Group revenue of €4.5bn, up 8.7%, driven by LFL growth of 2.6% and new store expansion
    - Pepco revenue of €4,184m, +8.6%; Dealz Poland revenue of €339m, +10.4%
    - Pepco LFL rose +2.7% (excluding FMCG +4.1%), with a positive performance in all quarters
    - Dealz Poland LFL growth of 1.9%
- The Group opened 247 net new stores in FY25 (FY24: 379) leading to a total of 4,359 stores at year-end
- Group gross margin improved 100 bps to 48.0%, driven by enhanced operational efficiency and FMCG exit
    - Pepco gross margin of 48.6% (FY24: 47.7%); Dealz Poland 33.1% (FY24: 30.4%)
- Underlying EBITDA (IFRS 16) growth of 10.3% to €865m, driven by gross margin, despite absorbing higher store costs as volumes grew materially faster than revenues given our focus on delivering more competitive prices for our customers
    - Strong Pepco EBITDA growth of 10.1% to €874m; Dealz EBITDA up 92.3% to €25m
- Reduction of interest expense and a notably lower effective tax rate have contributed to a sharp improvement in underlying PAT to €219m, up 19.7%. This includes a one-off pre-tax impairment charge of €38m reflecting store impairments and prior year restatements following the implementation of an enhanced accounting tool
- Strong balance sheet and liquidity profile with €464m cash at year end; pre-IFRS 16 net debt reduced to €161m (0.3x net leverage ratio). A full refinancing of the Group's borrowings was executed in Q4 FY25 and Q1 FY26 materially extending the maturity profile of debt, as well as reducing the average paid interest cost from 6.4% to 3.9%

Commenting on the results, Stephan Borchert, Chief Executive Officer, said:

"2025 was a real turning point for the Group. Having outlined our new strategic framework in March, the Group has executed at exceptional pace, delivering significant progress in a short timeframe. The decision to refocus on Pepco and exclusively on our core categories of clothing and general merchandise has been validated by these strong results, in particular our gross margin and free cash performance which were both ahead of expectations.

"We opened 247 net new stores with strengthened store economics and returns on capital for Pepco across our geographies, as we progressed our disciplined opening plans in both Western Europe, and Central and Eastern Europe. The performance of Western Europe has become a clear growth engine, exceeding our initial expectations. It is clear this region is now prepared for future accelerated growth.

"In parallel, we focused on the continuous improvement of our customer value proposition, which includes upgrading our product quality across numerous categories and further ensuring market-leading prices across our estate. We also made significant improvements to our end-to-end supply chain facilitating more consistent availability and improved operating efficiency. The development of our digital capabilities is progressing as per plan, and we are on track for launch during calendar Q1 2026.

"Across the Group, we have a revitalised leadership team, the right strategy in place and good early momentum for Pepco. Given this, we are today upgrading our mid-term guidance for certain parameters based on increasing confidence on our outlook. With our ongoing strong cash generation, we are resolutely focused on driving further shareholder value, evidenced by a substantial 55% increase in our FY25 dividend and over €75m of shares we have repurchased this calendar year to date.

"I would like to thank all our employees for their hard work and dedication in delivering such transformation across the business this year. We are still early in our journey, but have a large opportunity ahead."

CURRENT TRADING

In the first financial quarter-to-date (1 October to 13 December 2025), Pepco LFL revenues were +3.9% excluding FMCG (LFL of +0.3% including FMCG). Pepco saw a solid start to the quarter in October in terms of like-for-like revenues, which were partially offset by a weaker November in line with the broader market, before returning to growth in December, with a strong uptick in LFL performance over the last three weeks of +7.0% excluding FMCG (+3.5% including FMCG). Gross margin improvement has also continued in the quarter.

Group LFL revenues (including Dealz) were +3.0% excluding FMCG (LFL -0.3% including FMCG). The Group LFL performance reflects a drag from Dealz, with the weak trading exhibited in Q4 FY25 continuing into the new financial year, reflecting challenging trading conditions across all categories, particularly in health and beauty.

OUTLOOK

FY26 guidance

The Group expects to generate FY26 revenue growth of 6% to 8%, with our topline being impacted by the exit of FMCG, which we estimate will impact full year revenue growth by around two percentage points in FY26. This impact will be particularly evident in the first half of the financial year and therefore we expect our topline performance to build throughout the year. For gross margin, we expect to achieve at least 48% in FY26, before the positive impact of FMCG exit, reflecting a more favourable foreign exchange rate, offset by a focus on maintaining market-leading prices for customers. The exit of FMCG is expected to further improve gross margin by around 40 basis points at Group level.

We are targeting approximately 250 net new stores across the Group in FY26, focused in the CEE region but with an acceleration of store openings in Western Europe where we will open 75 new stores, in particular in Iberia and Italy. We do not expect to open new Dealz stores in FY26, prior to exiting the business.

Full year underlying EBITDA (IFRS 16) growth is expected to increase by at least 9% y-o-y, driven by further operational improvements and enhancement of the core customer proposition, despite absorbing a step-up in transformation costs of €25m to €35m which includes, amongst others, accelerating our digital and data capabilities, establishing a technology hub in Porto, enhancing our IT platform and bringing further efficiencies to our operating, finance and supply chain processes.

Underlying net earnings growth will continue the strong momentum from FY25 and is expected to exceed 25% y-o-y, reflecting the above factors and work undertaken to lower our effective tax rate, a refinancing of our indebtedness at lower interest rates and aligning our depreciation policy to more closely match actual store lease lengths.

We expect FY26 unlevered free cash flow generation to exceed €200m, after capital expenditure at the top end of our €160m to €180m per annum mid-term guidance range, mostly reflecting the timing of technology spend and store investments in FY26.

For Dealz, the work to re-platform the business as a standalone entity, following the Poundland sale, has now been successfully completed. This will allow the Dealz management team to fully focus on recovering trading performance, as well as commencing the process for divestment at the start of calendar 2026.

Mid-term guidance

Management is today upgrading certain parameters of its mid-term guidance based on increasing confidence on our outlook. For the period to 2030, we expect revenues to grow by at least 7% CAGR (unchanged), gross margin of at least 48.5% (previously 48.0%). We expect profits to grow faster than revenues as the costs of transformation investments diminish over time. We therefore expect EBITDA growth of at least 9% CAGR (unchanged), while net earnings are expected to grow by at least 15% CAGR over the period – a new mid-term financial target for the Group. This is expected to lead to sustained unlevered free cash generation of at least €250m per annum (previously €200m), with capital expenditure in line with our previous target of €160m to €180m per annum.

Management's priority is to deliver continuing progress on like-for-like revenues, deliver further improvements in our supply chain, as well as continue investment in digital & data to drive customer engagement. With these foundations, as well as a continued focus on disciplined capex to drive free cash generation, we expect to deliver further strategic and financial progress over the coming years.

CAPITAL ALLOCATION

The overriding objective of the Group's capital allocation framework is to enhance shareholder value, including maintaining a strong balance sheet and ensuring the business operates with an ample level of liquidity. Central to this strategy is the generation of robust free cash flow (FCF), which the Group aims to achieve through operational improvements, including stronger LFL sales performance, gross margin expansion, and tighter control over operating costs. Additionally, a rigorous focus on net working capital efficiency and optimised cash taxes should further bolster FCF.

Where the Group generates excess cash, we will continue to prioritise investment to grow its business, consistent with attractive returns on capital. However, any surplus capital identified over time may be returned to shareholders by regular, special dividends and/or share buybacks, subject to the Board's discretion and (as applicable) shareholder approvals. Pepco Group's mid-term ambition is to generate at least €250m in annual FCF. The Group will continue to target a maximum net leverage (pre-IFRS 16) ratio of up to 1.5x, ensuring financial flexibility while maintaining a strong balance sheet.

Greater focus on disciplined capital investment has improved cash generation during FY25. Capital expenditure was €108 million (FY24: €149 million). Free cash flow for the Group was €334 million (FY24: €287 million). Financial leverage (net debt pre IFRS 16) at the end of FY25 stood at 0.3x, highlighting a continued robust balance sheet position.

Dividend

The Group introduced an inaugural dividend last year, based at a payout ratio of 20% of full-year underlying net profit. Given the focus to enhance capital returns to shareholders, and following a successful refinancing and strengthened balance sheet, the dividend payout ratio is being increased to 25% of full-year underlying net profit. The Board's expectation remains that the absolute amount of dividend will remain stable or progressively increase on a full-year basis, subject to any significant internal or external factors.

As a result, the Board intends to, subject to final and audited results being available, recommend a full year dividend of 9.6 Euro cents per share (FY24: 6.2 Euro cents), subject to the approval of shareholders at the Annual General Meeting that will be held on 11 March 2026. Further detail, including payout dates, will be provided in due course.

Share buyback programme

At the Capital Markets Day in March 2025, the Board authorised a share buyback capability of up to €200m to be available for use during FY25 - FY27. Priorities include a sharp focus on optimising free cash flow and thoughtful allocation of capital over time, including returns to shareholders to enhance value creation. The Group completed a first €50 million tranche of its share buyback programme from July to August 2025, while subsequently commencing a second €50 million tranche from October 2025, which is expected to complete by mid-January 2026. The Board will continue to evaluate opportunities for future capital returns to drive shareholder value.

REFINANCING

In November 2025, Pepco Group completed a significant refinancing, of €770 million in committed credit facilities provided by a syndicate of 10 relationship banks. The new financing comprises a 3-year term loan of €235 million maturing November 2028, a 5-year term loan of €235 million maturing November 2030, and a 5-year multicurrency revolving credit facility of €300 million. Opening margins for the three new facilities range from 1.35% to 1.70% over EURIBOR.

These facilities refinanced existing indebtedness including the April 2026 term loan (€250 million), the April 2027 revolving credit facility (€390 million), and the remaining 7.25% July 2028 senior secured notes (€200 million). The facilities were coordinated by Citibank, ING Bank and J.P. Morgan Securities. Complementing this, the Group completed a PLN 600 million (approximately €141 million) bond issuance under its PLN 2 billion programme, converted to fixed rate EUR at 4.4% through cross-currency swaps.

This dual-track refinancing strengthened the Group's capital structure and enhanced financial flexibility while significantly lowering financing costs.

IBEX GROUP EXTENDS INVESTMENT OPERATIONS FOR MULTI-YEAR PERIOD

Pepco Group's majority shareholder, Ibex Group, has today made an announcement to confirm the extension of the operational period for the IBEX investments platform through to December 2028, with flexibility to further extend through to December 2030. This extension reaffirms Ibex's active support for Pepco's transformation strategy and for the multi-year value creation opportunity at Pepco Group. The full text of today's Ibex Group announcement can be found on their website: https://www.ibexholdings.co.za/index.php

CONFERENCE CALL

Pepco Group will host a conference call for analysts and investors to discuss its FY25 preliminary results on Wednesday 17 December 2025 at 8.30am GMT / 9.30am CET. Investors and analysts who would like to participate in the Q&A session can dial the following number (+44 (0) 33 0551 0200) and quote "**Pepco**".

Alternatively, a live audio webcast of the call will be available via the following link:
https://brrmedia.news/PCO_FY_25

FORTHCOMING DATES

The Group intends to issue the following updates in the near future:

- Q1 FY26 trading update – 15 January 2026
- FY25 Annual Report publication – 15 January 2026

ENQUIRIES

Investors and analysts

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EXPLANATORY NOTES

1. The Group financials are prepared on an unaudited basis for the 12-month period ending 30 September 2025. The 'Pepco' and 'Dealz Poland' segments operate on a calendar month basis with the 12-month period ending on 30 September 2025.
2. Constant Currency variances re-translate the current year figures at prior year FX rates so that the year-on-year FX impact is negated (all other figures including Actual Currency variances are translated at the average FX rate for the month in which they are made).
3. LFL revenue growth is translated at constant currency and defined as year-on-year ("y-o-y") revenue growth for stores open beyond their trading anniversary.
4. Underlying EBITDA is defined as profit on ordinary activities (excluding exceptional items) excluding depreciation, amortisation, finance costs and taxation. Note that pre-IFRS 16 EBITDA differs to IFRS 16 EBITDA to reflect rental costs included in EBITDA.
5. Underlying profit before tax ("PBT") excludes exceptional items.
6. Net debt (pre-IFRS 16) represents borrowings from credit institutions and finance lease liabilities (pre-IFRS 16) net of cash and bank balances.

FY25 BUSINESS REVIEW

Strong Pepco performance drove FY Group profitability

- Pepco FY25 revenue grew +8.6% to €4.2bn, driven by LFL of 2.7% and new store openings
- 234 net new stores, with 200 opened in CEE and 34 in Western Europe
- Delivered turnaround in Poland, restoring LFL growth in H2 FY25 (+4.0% excluding FMCG)
- Strong progress in Western Europe with FY LFL of 6.8% including FMCG and 14.1% excluding FMCG
- Pepco gross margin of 48.6%, up 90bps y-o-y, driven by focus on higher margin clothing and general merchandise
- Pepco FY25 underlying EBITDA (IFRS 16) grew 10.1% y-o-y to €874m

Dealz Poland made strong progress, but trading was softer in Q4

- Dealz revenues up 10.4% to €339m, driven by store expansion
- FY25 Dealz LFL revenues grew by 1.9%, with growth across FMCG and GM categories
- Stores grew by 13 net new openings, with 344 across overall Polish estate
- Dealz underlying EBITDA (IFRS 16) growth of 92.3% to €25m, with gross margin improvement to 33.1% (up 270bps y-o-y)
- Dealz weak fourth quarter performance reflected a challenging health & beauty performance and weaker soft drink sales during an unseasonably cold summer in Poland

New store openings by brand:

	Pepco	**Dealz**	**Total**
Store numbers at end of FY24	3,781	331	4,112
New openings	260	19	279
Relocations	16	-	16
Closures	(42)	(6)	(48)
Store numbers at end of FY25	4,015	344	4,359
Net new openings	234	13	247

Sale of Poundland

On 12 June 2025, the Group announced it had completed the sale of its Poundland business to Gordon Brothers, reflecting its strategy to simplify the Group's structure and drive shareholder value, as outlined at the Capital Markets Day in March 2025. Deconsolidating Poundland from the Group improves the Group's revenue growth and margins, driving higher profitability and stronger cash generation.

As a result of the sale, Poundland is now treated as a discontinued operation and is therefore stripped out of all numbers in this results announcement, which focuses on our continuing 'New Pepco Group' operations only. Full disclosure on the impact of Poundland to discontinued operations will be available in our FY25 Annual Report which will be published on Thursday 15 January 2026.

Segment performance by brand

€m	FY25	FY24	YoY (reported)	YoY (constant)
REVENUE				
GROUP	**4,523**	4,160	8.7%	8.4%
- Pepco	4,184	3,853	8.6%	8.4%
- Dealz	339	307	10.4%	8.5%
LIKE-FOR-LIKE SALES GROWTH (%)				
GROUP	**2.6%**	(3.0%)	560 bps	
- Pepco	**2.7%**	(2.8%)	550 bps	
- Dealz	**1.9%**	(4.8%)	670 bps	
LIKE-FOR-LIKE SALES GROWTH (%) – EXCL. FMCG				
GROUP	**4.0%**	n/a	n/a	
- Pepco	**4.1%**	n/a	n/a	
- Dealz	**n/a**	n/a	n/a	
GROSS MARGIN (%)				
GROUP	**48.0%**	47.0%	100 bps	
- Pepco	**48.6%**	47.7%	90 bps	
- Dealz	**33.1%**	30.4%	270 bps	
UNDERLYING EBITDA (IFRS 16)				
GROUP	**865**	784	10.3%	10.4%
- Pepco	**874**	794	10.1%	10.1%
- Dealz	**25**	13	92.3%	85.0%
- Central costs	**(34)**	(23)		
UNDERLYING EBITDA (pre-IFRS 16)				
GROUP	**531**	480	10.6%	11.0%
- Pepco	**567**	513	10.5%	10.9%
- Dealz	**(1)**	(8)	87.5%	91.7%
- Central costs	**(35)**	(24)		
UNDERLYING EBIT (IFRS 16)				
GROUP	**371**	367	1.1%	1.7%
- Pepco	**423**	412	2.7%	3.1%
- Dealz	**(17)**	(20)	15.0%	19.0%
- Central costs	**(35)**	(25)		

STRATEGIC FRAMEWORK

Our strategic framework for Pepco is centred around five strategic pillars which are discussed in further detail below:

1. Simplify and streamline the Group portfolio
2. Topline growth through measured expansion in Central and Eastern Europe (CEE)
3. Win in Western Europe
4. Refocus and digitise Pepco's customer proposition
5. Upgrade our core operating platform

1) Simplify and streamline the Group portfolio

Entering FY25, we operated three brands: Pepco, Poundland and Dealz. Pepco specialises in clothing and general merchandise (GM), while Poundland and Dealz are fast-moving consumer goods (FMCG) led. In our recent past, and under previous leadership, the Group sought to integrate the operations of Pepco, Poundland and Dealz, with the aim of creating a unified customer offer and a single sourcing strategy. The expectation was that this would bring both scale and efficiency benefits. However, it became clear this was not the case and integrating our brands was not delivering for customers or shareholders.

The FMCG-led businesses were hindering the Group's financial performance, with lower revenue growth, lower gross margins, higher costs to operate and, consequently, lower profitability. Following a strategic review in early FY25, we determined that it was in the best interests of each brand, the Group, our customers and our shareholders to separate the three brands and streamline the Group by exiting FMCG, through the divestment of Poundland and Dealz, and move forward with Pepco as our sole brand. We acted quickly, securing the sale of Poundland just a few months later in June 2025, taking the Group a significant step closer to its goal of exiting FMCG.

Pepco is clearly the core growth engine of the Group, generating strong LFL performance at consistently high margins. Pepco also has a clear and unique proposition as a price-leading discount variety retailer and over 90% brand recognition, making it the obvious focal point for the Group. Progressing with one, unified brand ensures the Group is more agile and dynamic, supporting faster and more profitable growth.

Poundland sale

The sale of Poundland on 12 June 2025 was a significant step towards our strategic goal of solely operating the Pepco brand and exiting FMCG to focus on our higher margin clothing and GM ranges. By divesting Poundland, we benefit from improved revenue growth, higher margins and stronger cash generation. The sale demonstrates our clear focus on driving shareholder value, our commitment to the turnaround of the Group and it significantly advances our strategy and growth momentum.

Terms of the deal - The shares in Poundland were sold to Gordon Brothers for a nominal consideration, with Pepco providing a secured loan of £30m. Certain unsecured loans initially remained in place between Pepco Group and Poundland, including an overdraft facility of up to £30m. However, following the approval of the proposed restructuring plan by the UK High Court on 26 August 2025, these unsecured loans transitioned into a minority equity stake in Poundland Limited that will enable Pepco Group to share in the upside potential of Poundland's turnaround.

Dealz update

Following a strong result in the first nine months of the financial year, Dealz' performance weakened during the fourth quarter. This reflected challenging trading in health & beauty due to elevated promotional intensity, together with weaker soft drink sales during an unseasonably cold summer in Poland. Despite this, underlying EBITDA (IFRS 16) nearly doubled in the year, up €12 million to €25 million (FY24: €13 million), driven by gross margin expansion of 270 basis points to 33.1%. Dealz opened 13 net new stores during the period to date, reaching 344 stores in total that now operate across Poland.

Dealz continues to carve a strong reputation for international branded FMCG goods at the best prices. It offers 3,000 products across 18 categories and has growing brand awareness among the younger 18-45 age group. The business is now fully independent across its management team and supply chain.

At the Capital Markets Day in March 2025, the Group announced that it would manage Dealz for value while exploring strategic options for the business, including a potential divestment, over the medium term, as part of its strategic intention to exit FMCG. We expect to commence our divestment plans in 2026 and are aiming for a divestment to take place during the calendar year.

2) Topline growth through measured expansion in Central and Eastern Europe

Central Eastern Europe (CEE) is the heartland of the Group, with near 100% brand recognition in the region. In recent years, our performance was impacted as we scaled too quickly, lost focus on operational discipline and allowed our market-leading pricing to erode. However, the market remains attractive and continues to offer strong opportunities. Our established regional presence gives us a robust platform with multiple levers available for us to drive growth and gain market share.

Our Pepco CEE business remains the key engine driver for the Group, delivering the highest returns across the estate. Pepco operates in 13 CEE countries, with our largest store presence in Poland. Pepco opened 234 net new stores during the period, with just over 80% opened in the CEE region and the balance in Western European countries. We opened 58 net new stores in Poland, totalling 1,397 stores at the year end. Outside of Poland, the majority of new openings in the CEE took place in Bosnia, Romania, Serbia and Bulgaria.

A key priority in FY25 was to restore LFL growth in CEE as a whole, but also specifically in Poland. To achieve this, we focused on restoring our market-leading price proposition to ensure customers always find the great value prices they expect when they visit our stores. We also improved our supply chain and restocking strategy to ensure reliable product and size availability, and we turned our attention to the weakest 20% of stores in Poland which were dragging country LFL performance. Our strong portfolio of stores is strategically located in close proximity to our customers, maximising convenience. This, combined with a renewed focus on price leadership and product quality, creates a compelling proposition that underpins both revenue and market share growth. Our strategic efforts restored LFL growth in Poland in Q3 and Q4, up 2.4% in H2 FY25, with CEE returning to LFL growth in Q1 and continuing for the entirety of FY25, up 1.9% for the FY.

However, there remains significant opportunity to further grow our LFL and topline performance. While our stores are already a compelling destination for great-value kidswear, we can drive additional growth by attracting new customers, increasing basket size and encouraging more frequent visits through effective cross-selling across clothing and general merchandise categories. To achieve this, we are renewing our focus on design, quality, availability, and freshness to ensure our products consistently meet customer expectations. Strengthening our adultwear offer represents a straightforward opportunity to enhance the overall customer experience, add convenience and drive further growth. We have made encouraging early progress this year, but the full impact of these initiatives is expected to be realised next year.

We see substantial potential for further store expansion with capacity for c.850 additional Pepco stores across the CEE markets in the long term. Our approach remains measured and disciplined, guided by a calibrated rollout plan that prioritises established markets such as Poland. These stores have seen strong footfall and attractive returns on capital, performing in line with our 30% IRR threshold. Over time, we will extend this growth into newer markets such as North Macedonia, capturing additional opportunities across the region. With our renewed focus on operational leverage and our refocused strategy, we are well placed to execute our expansion plans. Finally, we are actively improving our existing store portfolio. Refits, relocations, enlargements and closures began in FY25 and will continue into FY26, optimising our network to deliver the best customer experience and enhanced operational efficiency. By driving thoughtful growth in the CEE region — a market we know well — we have renewed confidence in delivering consistent, profitable growth with attractive returns.

3) Winning in Western Europe

Western Europe (WE), in particular Iberia (Spain/Portugal) and Italy, presents an exciting opportunity. With a growing market, limited competition, and a large whitespace opportunity for expansion, there is significant opportunity for the Pepco brand.

During our initial Western European rollout, we made some missteps which hindered our success. Fundamentally, we didn't appropriately consider the varying dynamics between WE and CEE customers. To ensure our future success, we now have a new and more localised approach, a more measured expansion plan and a revitalised team with the experience and expertise required to deliver. Under new regional management, the business has shown a marked turnaround, with double-digit LFL growth in Iberia and Italy and enhanced store profitability.

During the year, we opened 34 net new Pepco stores in Western Europe with a focus on Greece (+15 net new stores), and Italy (+9 net new stores). Pepco operated 583 stores across Western Europe at the end of FY25, generating revenue of €695 million (15% of Group sales). The opening of a new distribution centre ("DC") in Madrid, Spain in September 2024 marked an important step in realising an appropriate economic model for our Iberian operations. Previously goods were travelling over 3,000km from our DC in Hungary. The new DC therefore structurally reduced high transport and distribution costs, while also reducing lead times, improving availability in stores.

A key step in FY25 was our FMCG exit, realised through the reformatting of our "Pepco Plus" stores. On entering FY25, we operated 123 Pepco Plus stores, all based in Spain and Portugal. The "Pepco Plus" format was launched in 2023 as a set of larger stores that included a range of FMCG products in addition to our core clothing and GM ranges. The focus on FMCG meant these stores were delivering significantly lower margins and clearly not aligned with our focused strategy. However, their locations were good, with strong demographics and footfall providing a compelling opportunity for reformatting.

We successfully completed the reformatting of 117 of our "Pepco Plus" to our core Pepco stores, as well as exiting the six that were unsuitable for reformatting by August 2025, in line with our plan. The capital expenditure required to reformat these stores was low at c.€40k/store and the resulting uplift in performance exceeded initial expectations, with increase in EBITDA margin of 12.1ppts across our converted stores on an annualised basis.

Across Western Europe, as with all Pepco stores, we are focused on putting the customer experience first. This includes prioritising our market-leading price proposition and standardising our store formats, so customers know what to expect when they visit our stores. This will also help build brand awareness and customer confidence as we work to grow our brand towards the level of recognition and satisfaction already established in CEE, delivering LFL improvements as we do so. In FY25, we delivered strong LFL growth of 6.2% including FMCG and 14.3% excluding FCMG.

In FY25, brand awareness increased 6ppts in Spain to 59%, and 6ppts in Italy to 38%. We are also focused on our operating model, turning attention to our distribution and supply chain to ensure stock availability and enhance efficiency as we progress with our controlled store expansion plan.

Strategic review of Pepco Germany

The strategic review of our Pepco Germany business, as announced at the CMD, is now complete. Pepco currently operates 64 stores in Germany, but we have made the strategic decision to exit 28 stores. There remains a solid opportunity in Germany, but the business has lower revenue densities, as well as the highest operating costs across the Pepco store portfolio. By rationalising our footprint to focus on our most profitable stores in the country, we will preserve optionality for future growth.

4) Refocus and digitise Pepco's customer proposition

When we think about enhancing our customer proposition, step one is to hone in on what makes Pepco unique and compelling for customers and that is providing quality products at market-leading prices across our close-proximity, convenient store network. Step two is to digitise our proposition, using technology and data to improve our customer experience.

In FY25, we consistently focused on maintaining our market-leading pricing strategy, while also improving our product availability and quality, ensuring the products customers want and need are always available in the sizes they are looking for and at the quality they expect. This is integral to our success, which means supply chain logistics and careful stock control are essential. We also optimised our store layouts, rationalised our product SKUs and upped our marketing efforts to drive repeat visits and new customer growth.

For example, in July, we launched a pilot of our new "Coupon at Till" programme across 20 stores in Poland, with customers receiving a coupon after their purchase based on their basket size. Following initial strong results, with redemption rates and sales uplifts beyond our target plan, the pilot was then extended to 350 Polish stores by the end of September and across all stores in Poland by the end of November. It is still early, but the momentum is encouraging.

We also significantly expanded our efforts on digital this year, an area we had historically under-invested in but one that has the potential to be transformational for our business. Pepco has always been a solely bricks and mortar retailer with a limited online presence. It will therefore take time to implement as we are building from the ground up, but the opportunity ahead of us is significant and we have a clear roadmap in place. For customers, a key development will be the launch of our mobile app in 2026. The app will provide a slick user experience with enhanced functionality that will allow customers to view our product ranges and locate a store near them, driving our digitally influenced store sales. The app will also feature an in-built loyalty programme that will enable customers to earn rewards and, at the same time, allow us to push tailored offers directly to customers.

Digitising our proposition will allow us to draw in more customers, increase the frequency of their visits and encourage them to spend more with us through greater use of technology and data. It will enable us to leverage our unique insights as we accumulate more personalised, attributable purchase data, which we will use to better understand our customers and their individual spending behaviour.

5) Upgrade our core operating platform

Investing in and implementing a modern operating platform is pivotal for our long-term success and underpins all our strategic pillars. Our model centres on planning, buying, transporting and selling products efficiently. However, our operations have been affected by a period of significant under-investment in certain core operating platforms. As a result, our processes are unstandardised and often manual, which can create inefficiencies.

Our initial focus centres on upgrading two key areas: our supply chain and our digital customer experience. This will allow us to operate more efficiently, a key enabler in maintaining our market-leading price proposition and driving free cash flow generation.

We already have an integrated supply chain through Pepco Global Sourcing (PGS), our product sourcing, development and technical services business. This is a real differentiator which allows us to offer greater value to our customers. However, we are also working to upskill our overall distribution network through partnerships that enable us to operate more quickly, flexibly and efficiently. We have a long-standing agreement with DHL, a leader in supply chain logistics, for three of our facilities, and we have now added Rawa Mazowiecka, Poland this year and will add Gyal, Hungary in January 2026. Partnering with DHL allows us to streamline our operations, reduce headcount and drive greater efficiencies. As well as this, we are focused on implementing a two-speed supply chain with two de-consolidation centres by FY27, alongside new distribution centres (DCs) to reduce lead times and improve inventory allocation.

We will also deploy new IT systems that will allow for better planning and steering accuracy and increased automation, enhancing operational efficiency. We will implement a new ERP system, integrated supply planning and a global POS technology platform, as well as enhanced data management and digital tools that will enable significant improvements in our customer engagement initiatives.

Our investment in digital this year has created the essential infrastructure needed to operate modern digital channels - web, mobile app, loyalty, and personalised customer experiences – delivered at exceptional pace. We have implemented a strong and robust architecture, integrating key platforms such as our Product Information Management (PIM) system, Content Management System (CMS), Loyalty engine, Mobile app, and new Website. These components are now connected through a robust integration layer, allowing us to deliver digital services faster, more reliably, and with the flexibility to scale with our ambition.

A major part of the investment has been establishing the foundations of our new Data Lake, which will enable Pepco to unlock far greater value from data. This includes improved accuracy of product and customer information, better insights for decision-making, and the ability to deliver more personalised and relevant experiences to customers. This foundational work is critical: it provides the digital "plumbing" that underpins future growth.

Although we are starting from a relatively low digital base, this is also a significant strategic advantage. Starting from a greenfield position allows us to adopt the latest technology, apply industry lessons learned, and create a cleaner, more intuitive, and more scalable foundation that will serve the business well for many years to come. With these building blocks now in place, Pepco is ready to activate digital channels in 2026 with confidence driving customer engagement, sales, operational efficiency, and long-term value for shareholders.

Upgrading our core platform goes beyond new technologies. It is equally important to align our organisation and empower our people to unlock its full potential. By aligning roles, processes and skills, we ensure that teams can fully leverage the capabilities to drive efficiency, collaboration and innovation. This people-focused approach transforms the use of these new technologies into a true enabler of business outcomes, allowing us to deliver greater value to our customers. Our investment in both technology and organisation design underscores our commitment to sustainable growth and operational excellence.

PEOPLE

During the period, there were several changes to the Board of Directors. In June 2025, Paul Soldatos, Andy Bond and Neil Brown stepped down from the Board as Non-Executive Directors. The Board expresses its gratitude to all three for their service, including for Andy's service in both an executive and non-executive capacity over 13 years with the Group.

Following this, the Board announced the appointment of three Board Observers, subject to formal confirmation as Pepco Group Directors at our Annual General Meeting in March 2026. This included two who join as a Director nominee of IBEX Group: Dirk Van den Berghe joined in July 2025 and Sander van der Laan joined in September 2025. Dirk brings deep experience to the Board through his prior senior roles at multiple large retail businesses, including CEO of Walmart Asia, Head of Walmart Global Sourcing, and key leadership roles at Delhaize Group. Sander brings exceptional expertise in discount-retail operations, strategy and value creation through his current and prior senior-leadership roles at three large pan-European retail businesses, including his previous CEO role at Action.

In November 2025, the Board announced the appointment of Nicolò Galante as an Independent Director nominee. Nicolò brings deep expertise in retail strategy and operations, customer data and analytics, and business and digital transformation. Nicolò was CEO of Arcaplanet (Italy) and Central Department Stores, and previously a senior partner at McKinsey leading the firm's European Retail and Digital Excellence practices.

There were also several changes to the management team during the year. Willem Eelman was appointed as Group CFO in February 2025, succeeding Neil Galloway. Willem is a highly experienced European CFO, having spent 11 years at GrandVision, with some of that time working alongside CEO Stephan Borchert, as well as previous roles at C&A Europe and Unilever. In addition, we strengthened our leadership team during the year to ensure we are best positioned to action our strategy. This included new roles filled for the Pepco CFO, Chief Human Resources Officer, Chief Information Officer and COO Western Europe.

SUSTAINABILITY UPDATE

In 2025, we advanced our sustainability strategy, 'Where Growth Meets Care', reflecting our belief that growth and care are mutually reinforcing – care makes our growth sustainable and growth expands our capacity to care. Guided by our values – *Care for our people, Be at our best and Love our customers* – the strategy builds on our 2025 double materiality assessment to focus on key ESG topics across three pillars: People, Value Chain and Customers. Supported by strong governance and our sustainability, it embeds care and responsibility across our business: from supply chain and renewable energy transition to employee engagement.

In 2025, we made solid progress, expanding the use of renewable energy. We are pleased to announce that all our operations in Pepco Poland are now 100% renewable energy powered, including all stores, distribution centres and offices. We have achieved this through our renewable energy power purchase agreement which provides 5,000 Megawatt hours of solar-generated electricity, and through the further purchase of renewable energy guarantees of origin. As our Poland operations represent the largest single part of our Scope 1 and 2 carbon emissions, this renewable energy purchase marks a significant step forward in our goal to reduce our carbon emissions by 50% by 2030. Reducing carbon emissions is a key part of slowing down climate change and protecting the planet.

Through our Future at Heart programme, we have collaborated with trusted NGOs to invest over €3 million annually into children's education, reaching more than 90,000 young people each year.

CONTINUING OPERATIONS FINANCIAL REVIEW

Pepco Group continuing operations unaudited condensed financial statements for the 12-month period ending 30 September 2025 are shown on page 25 onwards.

On 12 June 2025, the Group completed the sale of its entire shareholding in Poundland to Gordon Brothers, reflecting our strategy to simplify the Group's structure, focus on its core Pepco-branded operations and drive shareholder value, as outlined at the Capital Markets Day. In the FY25 financial statements, Poundland will be presented as a discontinued operation in line with IFRS 5 in the consolidated income statement, and comparative figures have been restated accordingly. Full discontinued operations disclosures to the financial statements will be available in the Annual Report.

Profit and Loss (€m)	**FY25**	**FY24 (restated)**	***YoY (reported)***	***YoY (constant)***
Revenue	**4,523**	4,160	8.7%	8.4%
Like-for-like revenues (%)	**2.6%**	-3.0%	-	-
Gross profit	**2,172**	1,953	11.2%	10.9%
Gross profit margin (%)	**48.0%**	47.0%	100 bps	110 bps
Operating costs	**(1,307)**	(1,170)	11.7%	11.3%
Operating costs %	**28.9%**	28.1%	80 bps	70 bps
Underlying EBITDA	**865**	784	10.3%	10.4%
Underlying EBITDA margin	**19.1%**	18.8%	30 bps	30 bps
Underlying EBITDA (pre-IFRS 16)	**531**	480	10.6%	11.0%
Underlying EBITDA margin (pre-IFRS 16)	**11.7%**	11.5%	20 bps	30 bps
Depreciation, amortisation & impairment	**(494)**	(417)	18.5%	18.1%
Underlying EBIT (IFRS 16)	**371**	367	1.1%	1.7%
Net financial expense	**(68)**	(89)	(23.6%)	(22.6%)
Underlying profit before tax	**303**	278	9.0%	9.4%
Underlying profit after tax	**219**	183	19.7%	20.3%
Underlying EPS (cents)	**38.0**	27.7	37.2%	
Exceptional items	**(51)**	(44)	15.9%	15.4%
Reported profit before tax	**251**	234	7.3%	8.3%
Tax	**(80)**	(107)	25.2%	24.5%
Reported profit after tax	**171**	127	34.6%	35.8%
Reported EPS (cents)	**29.8**	22.1	34.8%	

NOTE:

- *Numbers above based on continuing operations and according to IFRS 16 unless stated otherwise.*
- *Poundland is classified as a discontinued operation, therefore all numbers above (including comparatives) exclude Poundland.*
- *All foreign currency revenues and costs are translated at the average rate for the month in which they are made.*
- *The Directors assess the performance of the Group using a variety of performance measures; some are IFRS Accounting Standards and some are adjusted and therefore termed 'non-GAAP' measures or Alternative Performance Measures (APMs). The Directors principally discuss the Group's results on an underlying basis excluding exceptional material, unusual or other items, and for some measures (such as Underlying EBITDA and net debt) on a 'pre-IFRS' basis given this is how financial performance is measured by management and reported to the Board. A reconciliation of these non-GAAP measures to the nearest measure prepared in accordance with IFRS Accounting Standards will be provided in the Annual Report.*

Revenue

Revenue grew by 8.4% on a constant currency basis to €4,523 million (FY24 restated €4,160 million), supported by 247 net new store openings (an increase of 6%), a return to growth in Poland and resilient demand in core markets such as Romania.

Revenue growth % (reported)	Pepco	Dealz	Continuing operations
Q1 Total	8.5%	18.9%	9.2%
Q2 Total	10.5%	8.0%	10.3%
Q3 Total	7.4%	12.2%	7.7%
Q4 Total	8.3%	1.0%	7.7%
FY Total	**8.6%**	**10.4%**	**8.7%**

The Group delivered positive trading momentum throughout the year, with like for like growth accelerating from 2.3% in the first half to 2.9% in the second half, resulting in full year like for like growth of 2.6% (FY24 down 3.0%).

Positive like for like growth was achieved by both Pepco (up 2.7%) and Dealz (up 1.9%) largely driven by volume reflecting improved availability and a renewed focus on price leadership of the best-selling items and investments in stock freshness and price.

LFL growth %	Pepco	Dealz	Continuing operations
Q1	1.4%	6.6%	1.8%
Q2	3.6%	-1.7%	3.2%
Q3	2.4%	5.8%	2.6%
Q4	3.8%	-3.8%	3.2%
FY LFL	**2.7%**	**1.9%**	**2.6%**

Gross Margin %

Gross margin increased by 100bps to 48.0% (FY24 restated: 47.0%), driven by expansion in Pepco of 90bps and supported by Dealz up 270bps. In Pepco, gross margin progression was driven by improved category mix reflecting our exit from FMCG categories during the year, with sales shifting into higher margin clothing and homewares.

Margin also benefited from improved buying negotiations which offset an increased level of markdown to clear older stock. As part of strengthening our operating platform, during the year we outsourced all our distribution centre management to DHL which will deliver efficiency savings going forward.

Gross margin %	Pepco	Dealz	Continuing operations
Q1	46.2%	33.7%	45.8%
Q2	48.9%	33.8%	48.6%
Q3	49.5%	34.3%	49.0%
Q4	49.3%	30.4%	48.2%
FY25	**48.6%**	**33.1%**	**48.0%**
YoY improvement	***90bps***	***270bps***	***100bps***

Operating costs

Store costs

Store operating costs as a percentage of revenue increased by 150bps to 20.7% of sales (FY24 restated 19.2% of sales). Despite the improvement momentum in like-for-like growth, store labour costs increased on account of ongoing elevated wage inflation in the Group's operating territories, particularly in Central and Eastern Europe, along with the need to service a higher volume of sales. We expect this increase to moderate in the future through exiting FMCG, which is more costly to serve and replenish, and seeking further in-store operating efficiencies.

SG&A costs

Group SG&A costs remained flat year on year, at €370 million in FY25 (FY24 restated €370 million).

Underlying EBITDA

Underlying EBITDA (IFRS 16) was €865 million for FY25, up 10.3% on the prior year (FY24 restated €784 million), largely driven by sales growth and continued improvement in gross margin (up 100bps) as a result of better contracting with suppliers and sales mix shifting towards higher margin categories following the exit of FMCG ranges during the year. Despite continuing inflationary pressures on costs, underlying EBITDA margin increased 30bps to 19.1% (FY24 restated 18.8%).

On a pre-IFRS basis, FY25 underlying EBITDA was €531m, an increase of 10.6% versus the prior year (FY24: €480m).

Underlying EBIT

Underlying EBIT (IFRS 16) was €371 million in FY25, up 1.1% on FY24 (restated) €367 million.

Significant non-cash impairments of €38 million were booked in FY25, up €33 million on FY24 (restated) of €5 million. As part of the focus on upgrading financial processes, we have revised our approach to the allocation of central costs in the impairment review of store assets, and this resulted in an incremental €10m impairment charge in the year. In Pepco, an additional €10 million right of use impairment was recognised reflecting more unprofitable stores and €8 million of PPE impairments were booked (which included writing off assets for closed stores). A further €5 million of the increase reflected Dealz stores reaching sufficient maturity to be included in the assessment.

Excluding the non-cash impairments booked in both years, Underlying EBIT (IFRS 16) would have increased by 9.9% rather than 1.1%.

Continuing operations (€m)	FY25	IFRS16 Impact	FY25 (pre-IFRS 16)	FY24 (restated)	IFRS16 Impact	FY24 (restated) (pre-IFRS 16)
Underlying EBITDA	865	(334)	531	784	(304)	480
Underlying EBIT	371	(9)	362	367	(36)	331
Underlying profit before tax	303	30	333	278	8	285
Reported profit after tax	171	34	206	127	7	134
Exceptional items	48	(9)	39	55	0	55
Underlying profit after tax	219	26	245	183	7	190
Net Debt/(cash)	1,227	(1,066)	161	1,679	(1,422)	257

Taxation

The Group's statutory profit before tax increased by 7.3% year on year, to €251 million (FY24 restated: €234 million). On an underlying basis, profit before tax increased by 9.0% to €303 million (FY24 restated: €278 million).

Our effective tax rate is significantly distorted by exceptional items and the residual consolidation of intercompany trade with Poundland up to the date of disposal. On an underlying basis, the ETR was 27.6% which was a 6.6 ppt improvement on the prior year (FY24 restated of 34.2%).

In the medium term, our expectation is that the underlying effective tax rate will be between 22% and 24% as a result of initiatives to optimise the Group's capital structure.

	FY25			FY24 (restated)		
	Underlying	Exceptional	Reported	Underlying	Exceptional	Reported
Profit/ (loss) before taxation	303	(51)	251	278	(44)	234
Taxation	(84)	4	(80)	(95)	(12)	(107)
Profit/ (loss) after taxation	219	(48)	171	183	(55)	127
Effective tax rate%	27.6%	6.9%	31.8%	34.2%	-26.5%	45.6%

Exceptional items

Exceptional items constitute material, infrequent, unusual and other items. In determining whether events or transactions are treated as exceptional items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

In FY25 exceptional items totalled €25 million at EBITDA (FY24: €46m), including:

- Restructuring costs of €17 million relating to
  - Pepco's exit from the FMCG category, which involved the closure of stores in Iberia and the conversion of 'Pepco Plus' stores to the standard Pepco format;
  - Pepco Germany insolvency costs, as part of plans to reorganise the store network and better meet customer demand;
  - Redundancy costs associated with the new target operating model; and
- €8 million relating to ERP Software-as-a-Service (SaaS) costs which is considered to be an unusual and material cost by nature

In addition to the above, we incurred exceptional impairment costs of €17 million across fixed assets and right of use assets, of which

- €14 million related to the Pepco Germany insolvency and closure of stores; and
- €3.0 million as a result of the announced exit of the FMCG category in Pepco and the closure and conversion of stores in Iberia

Exceptional costs impacting EBITDA in FY24 (restated) were €46 million. Additional categories not present in FY25 were:

- €16 million relating to the fraudulent phishing attack in Hungary in February 2024; and
- €1million relating to the Value Creation Plan (VCP) scheme that has now ceased.

The prior year reported results included the non-cash impairment of Poundland (primarily goodwill), which has now been reclassified to discontinued operations in both FY24 (restated) and FY25.

Prior Year adjustments

As part of setting up efficient infrastructure and a solid platform to support future growth, we are focusing on upgrading the core financial systems and internal control processes within Finance. During the year this has included:

- appointing EY as the external auditor for the Group to bring a fresh perspective and enhance the robustness of our assurance process;
- implementing a new lease management software tool in Pepco to streamline lease administration and ensure compliance with IFRS 16 reporting requirements;
- performing a deep dive on the balance sheet for each operating company to ensure compliance with the Group accounting policy manual, with special focus on aged items, the approach to store impairments, and provisions for dilapidations and stock; and
- establishing tax efficient financing across the Group and assessing the Group's legal structure and balance sheet structure to actively manage the effective tax rate going forward.

As a result, we identified a number of restatements to the financial statements for FY24, which primarily relate to correcting errors in accounting for leases under IFRS 16 identified by the new tool, the revised approach to the allocation of central costs in the impairment review of store assets (as explained above) and establishing dilapidations provisions for restoration or dismantling obligations. These are set out in Note 7 to the Consolidated Condensed Financial Statements (Restatement note).

SEGMENTAL REPORTING

Geographic segments

In our core Poland and Central European (CEE) markets, energy price shocks and food supply disruptions resulting from the conflict in Ukraine have driven up inflation in recent years. However, this is now easing, with the exception of Romania and Hungary which still face elevated rates, partly linked to these shocks.

In Poland, revenue grew by 4.1% on a constant currency basis to €1.7 billion, driven by new store openings (71 net new stores covering both Pepco and Dealz, an increase of 4.3%). Like-for-like (LFL) revenue growth was flat for the full year; however Pepco Poland returned to growth in the second half, with LFL growth of 2.4% (versus a decline of 3.1% in H1) driven by strong growth of 4.8% in Q4. Excluding the impact of the exit of FMCG, LFL growth improved to 6.6% in Q4. The turnaround in Pepco Poland was delivered through enhanced frontline sales execution, more local and intensified marketing campaigns to strengthen our competitive position, improved stock freshness and more targeted promotions.

Revenue growth in CEE excluding Poland was strong at 9.3% (on a constant currency basis), reaching €2.1 billion, driven by the expansion of the store estate (store numbers up 7.5%) and supported by LFL growth of 3.6%. Like for like growth was driven by Pepco's second-largest market of Romania (up 7.6%), where Pepco marked a decade of operations with the opening of its 500th store.

Western Europe delivered particularly strong revenue growth of 17.3%, with like for like growth of 6.8% (cycling a decline of 6.5% in the prior year) driven by Spain and Italy, and store numbers increasing by 6.2% (with the majority of openings in Greece and Italy). In line with the strategy to simplify the business and move away from the FMCG category, all 'Pepco Plus' stores (which operated across Iberia) were either closed or converted to the standard Pepco format by the end of the year. Performance has been strong on an underlying basis (excluding FMCG from the base) with LFL growth of 14.1% for the region and 19.3% in Spain where momentum accelerated quarter on quarter, to LFL growth of 24.2% in Q4.

With consumers still under pressure to manage their spend, our markets were highly competitive throughout the period, with the trading environment in Germany particularly challenging. This contributed to our decision to restructure our business in Germany and in July we filed for a company-led insolvency process in order to realign the store network for the German market, with a smaller store portfolio, focused on more profitable locations where Pepco's proposition is most attractive to local shoppers.

Revenue (€m)	FY25	FY24 (restated)	*YoY (reported)*	*YoY (constant)*
Poland	1,713	1,618	*5.9%*	*4.1%*
CEE excluding Poland	2,116	1,950	*8.5%*	*9.3%*
Western Europe	695	592	*17.3%*	*17.3%*
Total Continuing Operations	**4,523**	**4,160**	***8.7%***	***8.4%***

Like-for-like revenue	FY25	FY24 (restated)
Poland	**0.0%**	-3.6%
CEE excluding Poland	**3.6%**	-1.7%
Western Europe	**6.8%**	-6.5%
Total Continuing Operations	**2.6%**	**-3.0%**
Memo: Western Europe excluding FMCG	**14.1%**	**n/a**

The Group opened 247 net new stores, a 6.0% increase in store numbers, in line with guidance. Store expansion continued, but at a slower pace reflecting increased financial governance to focus on locations that generate the highest returns. As a result, Pepco opened 234 net new stores during the year, down from 331 in FY24. These were focused in the CEE region, concentrated in Poland (64), Serbia (30), Romania (28) and Bosnia and Czechia (15 each), together with 34 in Western Europe reflecting our growth strategy in select Western European markets. In September, Pepco opened its milestone 4,000th store in Europe, located in Madrid, and ended the year with a total network of 4,015 stores (FY24: 3,781). The 26 store closures included 11 in Spain, in line with the strategy to exit the 'Pepco Plus' format, and 6 in Poland.

Store numbers (#)	Pepco	Dealz	Continuing Operations
Store numbers at start of FY25	3,781	331	4,112
New Openings	260	19	279
Relocations	16	0	16
Closures	(42)	(6)	(48)
Store numbers at end of FY25	**4,015**	**344**	**4,359**
Net new stores	234	13	247
YoY	*6.2%*	*3.9%*	*6.0%*

Store numbers (#)	Poland	CEE excl. Poland	Western Europe	Continuing Operations
Store numbers at start of FY25	1,670	1,893	549	4,112
New Openings	84	150	45	279
Relocations	8	7	1	16
Closures	(21)	(15)	(12)	(48)
Store numbers at end of FY25	**1,741**	**2,035**	**583**	**4,359**
Net new stores	71	142	34	247
YoY	*4.3%*	*7.5%*	*6.2%*	*6.0%*

Trading segments

Segmental performance is reported after the apportionment of attributable head office services costs. Following the disposal of Poundland, Pepco now represents c.93% of Group revenue and over 100% of Group operating profit.

Underlying EBIT (€m)	FY25	FY24	YoY (reported)	YoY (constant)
Pepco	423	412	2.7%	3.1%
Dealz	(17)	(20)	15.0%	19.0%
Corporate & central entities	(35)	(25)	(40.0%)	(47.2%)
Total Continuing Operations	371	367	1.1%	1.7%

Pepco

Pepco's FY25 sales increased by 8.6% to €4,184 million (FY24: €3,853 million), driven by new store openings (net 234 stores) and supported by LFL growth of 2.7% on a reported basis (with growth of 3.8% in the fourth quarter).

LFL revenues excluding the impact of the FMCG exit grew 4.1% for the year, with sequential improvement quarter on quarter to 7.5% in Q4, resulting in strong growth of 6.1% in the second half. LFL momentum was driven by improved availability, a renewed focus on price leadership of the best-selling items, and an enhanced product offer. Investments in stock freshness and price supported LFL growth of 2.5% in the Clothing category (FY24: down 4.5%), and General Merchandise (GM) rebounded to 6.6% LFL growth (FY24: down 2.5%).

FY25 gross margin was 48.6% (FY24 restated: 47.7%), an increase of 90 bps. The exit of lower-margin FMCG products benefitted profitability, partly offset by increased markdown to exit FMCG stock and improved freshness in other categories. Despite a reduction in average unit prices from targeted investments in pricing, our focus on better buying and positive foreign exchange movements, maintained margins.

Underlying operating costs (IFRS 16) increased by 11.2% year-on-year and were 27.7% of sales, up 60bps on prior year (FY24: 27.1% of sales) driven by store costs increasing by 16.1%. Wage inflation in stores and DCs reached high single digits to remain competitive and attract and retain staff. Pepco continued to invest in process efficiencies and customer experience improvements, increasing the use of self-checkouts and rolling out the 'Full Potential' programme to standardise and streamline store processes across Western Europe.

FY25 underlying EBITDA (IFRS 16) grew by 10.1% to €874 million (FY24: €794 million). The underlying EBITDA margin increased to 20.9% (FY24: 20.6%), with gross margin improvements partly offset by operating cost headwinds. On a pre-IFRS 16 basis, FY25 underlying EBITDA was €567 million, up by 10.5% year on year (FY24: €513 million).

Pepco (Underlying)	FY25	FY24 (restated)	*YoY (reported)*	*YoY (constant)*
Revenue (€m)	4,184	3,853	*8.6%*	*8.4%*
LFL (%)	**2.7%**	-2.8%	-	-
Gross Profit (€m)	2,034	1,837	*10.7%*	*10.6%*
Gross Profit (%)	**48.6%**	47.7%	*90 bps*	*100 bps*
Operating Costs (€m)	(1,160)	(1,043)	*11.2%*	*10.9%*
Operating Costs (%)	**27.7%**	27.1%	*60 bps*	*60 bps*
EBITDA IFRS 16 (€m)	874	794	*10.1%*	*10.1%*
EBITDA IFRS 16 (%)	**20.9%**	20.6%	*30 bps*	*30 bps*
Underlying EBIT (€m)	423	412	*2.7%*	*3.1%*
Underlying EBIT (%)	**10.1%**	10.7%	*(60) bps*	*(50) bps*
Store numbers	4,015	3,781	*234*	
EBITDA pre-IFRS 16 (€m)	567	513	*10.5%*	*10.9%*
EBITDA pre-IFRS 16 (%)	**13.5%**	13.3%	*20 bps*	*30 bps*

Dealz

Dealz delivered revenue growth of 10.4% in FY25, driven predominantly by continued store expansion in Poland (net 13 new stores). Like-for-like sales increased 1.9%. Trading was strong across the first three quarters, but softened in Q4, reflecting a challenging performance in health & beauty due to elevated promotional intensity, weaker soft drink sales during an unseasonably cool summer in Poland, and underperformance of 'back to school' ranges.

Gross margin expanded by 270bps to 33.1% (FY24: 30.4%), supported by better supplier management for perishable goods, and change in mix towards higher margin FMCG products. Efficiencies from shifting supply away from Poundland-sourced ranges towards more local sourcing and helped reduce UK-related import costs, including duties and labelling. Margin in Q4 was impacted by an increased level of markdown as sales volumes weakened.

Operating costs grew broadly in line with revenue, with the ratio to sales improving 30bps to 25.8% (FY24: 26.1%), reflecting inflation and additional operating costs from new stores, partially offset by central cost savings.

At an IFRS 16 level, underlying EBITDA increased to €25m (FY24: €13m) as gross margin gains outpaced operating cost growth. EBITDA margin increased by 300bps to 7.3% (FY24: 4.3%).

Dealz (Underlying) (€m)	FY25	FY24 (restated)	*YoY (reported)*	*YoY (constant)*
Revenue (€m)	339	307	*10.4%*	*8.5%*
LFL (%)	**1.9%**	-4.8%	*670 bps*	
Gross Profit (€m)	112	93	*20.4%*	*18.2%*
Gross Profit (%)	**33.1%**	30.4%	*270 bps*	*270 bps*
Operating Costs (€m)	(88)	(80)	*10.0%*	*7.3%*
Operating Costs (%)	**25.8%**	26.1%	*(30) bps*	*(30) bps*
EBITDA IFRS 16 (€m)	25	13	*92.3%*	*85.0%*
EBITDA IFRS 16 (%)	**7.3%**	4.3%	*300 bps*	*300 bps*
Underlying EBIT	(17)	(20)	*-15.0%*	*-19.0%*
Underlying EBIT (%)	**-4.9%**	-6.6%	*170 bps*	*170 bps*
Store numbers (#)	344	331	*13*	
EBITDA pre-IFRS (€m)	(1)	(8)	*91.6%*	*91.7%*
EBITDA pre-IFRS (%)	**-0.2%**	-2.7%	*250 bps*	*250 bps*

CONTINUING OPERATIONS CASH FLOW

Operating cash flow and working capital

Operating cash flow was €773 million, up €33 million (4.5%) on the prior year, with strong operating cash conversion of 89.4% of Underlying IFRS 16 EBITDA.

Cash flow from working capital was a small net outflow of €2 million in the year. Markdown and sell-through of old inventory helped to improve stock freshness and drive stock days for the continuing business down to 137 at the year end from 147 in FY24. Trade payable days declined by 11 days to 99 at year end, from 110 in the prior year owing to delays in shipments through the Red Sea in FY24, as a result of conflict in the Middle East, and supported by the normalised payment schedule with partner suppliers in the current year.

Pepco Group (€m)	**FY25**	**FY24 (restated)**	***YoY (reported)***
Underlying EBITDA IFRS 16	865	784	*81*
Exceptional items	(25)	(46)	*21*
Reported EBITDA IFRS 16	840	738	*102*
Share based payments (non-cash)	12	7	*5*
Working capital	(2)	80	*(82)*
Cash generated by Operations	850	825	*25*
Tax paid	(77)	(85)	*8*
Operating cash flow	773	740	*33*
Capex	(108)	(149)	*41*
Rent paid	(332)	(304)	*(28)*
Free cash flow (unlevered)	334	287	*47*
Net debt: IFRS 16	1,227	1,679	*(26.9%)*
Leverage: IFRS 16	**1.4x**	2.1x	*(0.7)x*
Net debt: pre-IFRS 16	161	257	*(37.4%)*
Leverage: pre-IFRS 16	**0.3x**	0.5x	*(0.2)x*
Impact of IFRS 16 on leverage	**1.1x**	1.6x	

Capital expenditure

In FY25, capital expenditure ("capex") represented 2.6% of revenues (FY24 restated 3.4%). We continued to take a more considered approach to investment spending, with store openings reduced versus previous years and more focus on operational improvements. As a result, capex was down to €108 million for the FY25, 27.5% lower than the €149 million invested in FY24, with the principal areas of expenditure as follows:

- €59m was invested in opening 295 gross new stores (FY24: 425 gross new stores)
- €14m was invested in store refits and enlargements, including the conversion of the remaining 'Pepco Plus' stores in Iberia to the standard format
- €14m was invested in IT, including the digital transformation of our operations; and
- the remaining €7m investment relates to other projects, including existing DCs, our Poznan Head Office and additional store hardware.

Capital investments are considered in alignment with our ESG strategy, to deliver its objectives and commitments, for example in energy efficiency and decarbonisation, as well as meeting financial thresholds.

Free cash flow

We delivered strong free cash flow conversion of 152% of Underlying PAT. Free cash flow was €334 million in FY25 (FY24 restated: €287 million), above our mid-term ambition for free cash flow of over €200 million per annum.

CAPITAL STRUCTURE AND FINANCING

Net debt

Net financial debt (i.e. pre IFRS 16 right of use lease liabilities) reduced by €87 million to €161 million at 30 September 2025 (FY24 restated: €257 million) with cash and cash equivalents increasing €101 million to €464 million (FY24 restated €363 million). Including the impact of right of use lease liabilities, IFRS 16 net debt stood at €1,227 million a reduction of €452 million on prior year (FY24 restated: €1,679 million), broken down as follows:

Pepco Group (€m)	**FY25**	FY24 (restated)	*YoY (reported)*
Borrowings	625	625	-
Capitalised costs	(5)	(12)	*7*
Redemption premium	6	-	*6*
Finance leases	1	7	*(6)*
Gross debt	**625**	**620**	*5*
Cash and cash equivalents (net of overdrafts)	(464)	(363)	*(101)*
Net debt (pre IFRS 16)	**161**	**257**	***(96)***
IFRS 16 lease liabilities	1,066	1,422	*(356)*
Net debt (IFRS 16)	**1,227**	**1,679**	***(452)***
Maturity of gross debt:			
Within one year	*425**	-	*250*
Between one and two years	-	*250*	*(250)*
Between two and five years	*200*	*375*	-

*As outlined on page 5, subsequent to the year end the Group completed a significant refinancing in November 2025, which extended maturities to November 2028 and beyond. The €425m shown as due within one year comprised the April 2026 term loan (€250 million) and the impact of calling €175 million of the senior secured notes prior to the year end (as part of the refinancing process).

Leverage ratios and liquidity headroom

The Term Loans and Polish Floating Rate Note contain a maximum leverage and a minimum interest cover covenant relative to EBITDA, which are both calculated on a pre-IFRS 16 basis and are assessed half-yearly.

Our pre-IFRS 16 leverage was only 0.3x as at 30 September 2025 (FY24 restated: 0.5x). This remains well within the debt covenants which are for a maximum leverage of 2.8x (Term Loans) up to 3.5x (Floating Rate Notes).

Pepco Group (€m)	**FY25**	FY24 (restated)	*YoY (reported)*
Net debt IFRS 16	1,227	1,679	*-26.9%*
Leverage IFRS 16: Net debt to EBITDA	**1.4x**	2.1x	*(0.7)x*
Net debt (pre IFRS 16)	161	257	*-37.4%*
Leverage (pre-IFRS 16): Net debt to EBITDA	**0.3x**	0.5x	*(0.2)x*
Impact of IFRS 16 on leverage	**1.1x**	1.6x	

Finance costs

Reported net financial expense decreased from €89 million in FY24 to €68 million in FY25. Net finance costs in the year included €12 million relating to the refinancing, with a further €10 million expense incurred after the year end. The full cash impact of €22 million will be reflected in Q1 FY26. Excluding the impact of the refinancing costs, net financial expense in FY25 would have been €55 million, a year-on-year reduction of €34 million.

The effective interest rate being charged on borrowings by credit institutions decreased to 6.4% (FY24: 6.9%), reflecting a fall in the EURIBOR rate. The post year-end refinancing of our bond and term loan, which achieved significantly lower interest rates (3.9% weighted average interest cost for total funded debt), will enhance financial flexibility and improve profit conversion going forward.

Interest cover increased to 18.3x times from 10.6 times in the prior year. There is significant headroom versus the debt covenant for a minimum interest cover of 3.5x on a pre-IFRS 16 basis.

Pepco Group (€m)	FY25	FY24 (restated)	*YoY (reported)*
Financial income	57	20	*-185.0%*
Financial expense	(126)	(109)	*-15.6%*
Net financial expense	**(68)**	**(89)**	***23.6%***
Exclude interest in lease liabilities	(41)	(44)	6.8%
FX monetary items revaluation	2	(0)	0.0%
Net financial expense pre-IFRS 16	**(29)**	**(45)**	***35.6%***
Interest cover ratio (pre-IFRS 16)	**18.3x**	**10.6x**	*7.7x*
Effective interest rate	*6.3%*	*6.9%*	*-60bps*

Credit Ratings

Our credit ratings have remained stable and similar to our key peers. At 30 September 2025, the rating agencies rated us as shown below. Post year end, Moody's have upgraded Pepco Group to Ba2.

Agency	Rating @30 Sept 2025
Fitch	BB
Moody's	Ba3
S&P Global	BB-

Hedging and foreign exchange

The Group does not hedge the translation impact of profits generated in non-Euro countries. Currency movements during the period resulted in a negligible impact of FX translation to FY25 underlying EBITDA. The average and period end exchange rates relative to the Group were as follows:

	Average rate		Period-end rate	
	FY25	FY24	FY25	FY24
EUR/PLN	**4.257**	4.354	**4.270**	4.279
CNY/PLN	**0.534**	0.557	**0.511**	0.545
USD/PLN	**3.849**	4.020	**3.637**	3.822

The Group hedges the transactional FX Risk for inventory purchased in Asia, and paid for in US Dollars (USD) and Chinese Yuan (CNY), against Pepco's own operating currencies, in order to reduce the volatility on gross margin. The majority of the Group's FX Contracts are accounted for in Cash Flow Hedge Relationships. During FY25 there has been general depreciation of USD and CNY against the Polish Zloty (PLN) in particular which is reflected in an increase in the net liability balance sheet position for the Group's Derivative Financial Instruments against FY24.

Consolidated unaudited income statement

for the year ended 30 September 2025

	Note	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
Continuing operations			
Revenue	2	4,523,463	4,160,416
Cost of sales		(2,356,937)	(2,207,036)
Gross profit		2,166,526	1,953,380
Administrative expenses		(1,781,236)	(1,624,864)
Impairment of non-financial assets		(65,416)	(5,475)
Operating profit from continuing operations	4	319,874	323,041
Financial income	5	57,110	19,900
Financial expense	6	(125,510)	(108,862)
Profit before taxation from continuing operations for the year		251,474	234,079
Taxation		(80,079)	(106,703)
Profit from continuing operations for the year		171,395	127,376
Earnings per share			
Basic earnings per share from continuing operations		29.8	22.1
Diluted earnings per share from continuing operations		28.9	22.0

Full disclosures to the financial statements will be available in the Annual Report once published.

Consolidated unaudited statement of financial position

at 30 September 2025

	Note	30 September 2025 €000	30 September 2024 (Restated) €000	As at 1 October 2023 (Restated) €000
Non-current assets				
Property, plant and equipment		**479,859**	672,097	746,437
Right-of-use asset		**986,276**	1,290,531	1,246,837
Goodwill and other intangible assets		**17,627**	292,347	847,477
Loans receivable		**3,199**	–	–
Trade and other receivables		**64**	52	46
Derivative financial instruments		**589**	1,766	6,232
Deferred tax asset		**113,244**	57,208	116,621
		1,600,858	2,314,001	2,963,650
Current assets				
Inventories		**892,487**	1,174,676	1,119,547
Tax receivable		**20**	253	865
Trade and other receivables		**63,255**	102,874	143,132
Derivative financial instruments		**16,023**	32,741	42,106
Cash and cash equivalents		**464,357**	362,881	330,417
		1,436,142	1,673,425	1,636,067
Total assets		**3,037,000**	3,987,426	4,599,717
Current liabilities				
Trade and other payables		**949,582**	1,357,908	1,297,945
Current tax liabilities		**54,904**	34,105	–
Lease liabilities		**284,796**	394,469	304,794
Borrowings		**430,937**	–	118,794
Derivative financial instruments		**85,839**	51,259	91,045
Provisions		**37,868**	26,041	2,254
		1,843,926	1,863,782	1,814,832
Non-current liabilities				
Trade and other payables		**3,404**	3,396	21,763
Lease liabilities		**781,514**	1,034,395	988,377
Borrowings		**195,693**	612,980	610,270
Derivative financial instruments		**1,559**	1,227	1,730
Provisions		**47,892**	59,605	67,409
		1,030,062	1,711,603	1,689,549
Total Liabilities		**2,873,988**	3,575,385	3,504,381
Equity		**163,012**	412,041	1,095,336

Full disclosures to the financial statements will be available in the Annual Report once published.

The restatements for FY23 and FY24 have been prepared with all current knowledge and is being reviewed. A full statement of restatements will be provided in detail within the FY25 Annual Report. Please see note 7 for details of restatements for the continuing operations.

Abridged notes to the condensed financial statements

These preliminary results for 12 months ended 30 September 2025 have been prepared for information purposes only. The financial information contained herein does not constitute interim financial statements as defined in IAS 34 Interim Financial Reporting and has not been prepared in accordance with IAS 34.

1. Segmental analysis

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (CODM), or decision-making group, in deciding how to allocate resources and in assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Committee, which is considered the Group's chief operating decision maker.

The Group has identified two significant revenue-generating operating segments. One being business trading under the Pepco banner and the other being business trading under the Dealz banner. In previous reporting periods, the Group referred to three significant revenue-generating operating segments whereby business trading under the Poundland banner was also included. This segment was sold during FY25 and therefore the results from this segment are no longer included in the segmental analysis. A final "other" operating segment includes the Group's sourcing operations, Group functions and other activities that do not meet the threshold requirements for individual reporting.

EBITDA is the primary profit metric reviewed by the CODM and has been presented by operating segment with a reconciliation to operating profit. EBITDA is defined as operating profit before depreciation, amortisation, impairment, profit/loss on disposal of tangible and intangible assets. Tax and interest are not reviewed by the CODM on an operating segment basis.

	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
External revenue		
Pepco	4,184,209	3,853,169
Dealz Poland	339,254	307,247
Group external revenue	**4,523,463**	4,160,416
Underlying EBITDA		
Pepco	874,327	792,906
Dealz Poland	24,694	13,117
Other	(33,749)	(22,144)
Group underlying EBITDA	**865,272**	783,879
Reported EBITDA		
Pepco	847,101	750,643
Dealz Poland	16,777	11,299
Other	(23,786)	(24,162)
Group EBITDA	**840,092**	737,780
Less reconciling items to operating profit		
Depreciation of right-of-use asset	(301,301)	(271,440)
Impairment of right-of-use asset	(32,631)	(419)
Depreciation of property, plant and equipment	(145,604)	(132,435)
Impairment of property, plant and equipment	(22,639)	(4,437)
Amortisation of other intangibles	(8,117)	(5,662)
Impairment of other intangibles	(10,146)	(619)
Profit on disposal of property, plant and equipment	220	272
Group operating profit from continuing operations	**319,874**	323,041

All income statement disclosures are for the continuing business only. The consolidated statement of financial position includes Poundland in the 30 September 2024 restated figures as it formed part of the Group as at that date. Poundland is not included in the balances as at 30 September 2025.

	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
Depreciation and amortisation		
Pepco	417,687	375,633
Dealz Poland	35,598	32,352
Other	1,736	1,551
Group depreciation and amortisation	**455,021**	409,536
Impairment of property, plant and equipment, intangible and right of use assets		
Pepco	59,646	4,362
Dealz Poland	5,769	1,113
Other	–	–
Group Impairment of property, plant and equipment, intangible and right of use assets	**65,415**	5,475

2. Revenue and Geographical segments

Revenue comprises the consideration paid for products by external customers at the point of sale in stores, net of value added tax and promotional sales discounts. The Group's disaggregated revenue recognised relates to the following geographical segments:

	Year to 30 September 2025 €000	Year to 30 September 2024 €000
Poland	1,712,936	1,617,790
Rest of Central and Eastern Europe	2,115,578	1,950,271
Western Europe	694,949	592,355
	4,523,463	4,160,416

3. Exceptional items

The Group believes underlying profit, an alternative profit measure, is a valuable way in which to present business performance as it provides the users of the accounts with a clear and more representative view of ongoing business performance. Exceptional items, which are removed from the reported IFRS Accounting Standards measures, are defined as material, exceptional, unusual and other items.

Underlying performance measures should be considered in addition to IFRS Accounting Standards measures and are not intended to be a substitute for them. The Group also uses underlying financial performance to improve the comparability of information between reporting periods and geographical units and to aid users in understanding the Group's performance. Consequently, the Group uses underlying financial performance for performance analysis, planning, reporting and incentive setting.

	Year to 30 September 2025 €000	Year to 30 September 2024 €000
Reported EBITDA from continuing operations	**840,092**	737,780
Group Value Creation Plan (VCP)	–	590
Impact of implementation of IFRIC interpretation on SaaS arrangements	7,780	28,590
Restructuring costs	17,400	675
Hungary Fraud Incident	–	16,243
Underlying EBITDA from continuing operations	**865,272**	783,878
Reported operating profit from continuing operations	**319,874**	323,041
Group Value Creation Plan (VCP)	–	590
Impact of implementation of IFRIC interpretation on SaaS arrangements	16,997	26,329
Restructuring costs	34,131	675
Hungary Fraud Incident	–	16,243
Underlying operating profit from continuing operations	**371,002**	366,878
Reported profit before taxation from continuing operations for the year	**251,474**	234,079
Group Value Creation Plan (VCP)	–	590
Impact of implementation of IFRIC interpretation on SaaS arrangements	16,997	26,338
Restructuring costs	34,131	675
Hungary Fraud Incident	–	16,243
Underlying profit before tax from continuing operations	**302,602**	277,925

IFRS 2 charge: A Value Creation Plan ("VCP") was approved by the Board of Directors in March 2020 as a reward tool to incentivise the top management of the Pepco Group and to retain them post an IPO. The remaining VCP charges treated as exceptional costs were completed in FY24

Impact of implementation of IFRIC interpretation on SaaS arrangements and expensing significant ERP programme costs incurred: Following the IFRIC interpretation on accounting for SaaS costs, the Group has expensed previously capitalised costs in relation to certain SaaS projects as part of the retrospective application of the new accounting policy. In FY24 and FY25, the Group has specifically expensed costs related to significant ERP programmes alongside a significant impairment in FY25.

Restructuring costs: The Group undertook strategic decision in the year to restructure Pepco Spain and Pepco Germany. In the case of Pepco Spain, the exceptional items relate to closure costs of stores and conversions to remove FMCG from the Pepco Spain offering. With regards to Pepco Germany, the exceptional items relate to costs for the insolvency and closure of the relevant Pepco Germany stores. In addition, the Group also have included exceptional costs relating to write off of certain trade balances due from Poundland as a result of the sale.

Hungary fraud incident: During FY24, the Group incurred a loss due to a fraud incident which occurred in Pepco Hungary. The loss to the business is an exceptional item as it was material, exceptional and unusual in nature. All costs have been captured that relate to this issue and classified as exceptional.

4. Operating profit from continuing operations

	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
Operating (loss)/profit for the period has been arrived at after charging:		
Expense relating to short-term, low-value and variable leases	57,979	57,316
Depreciation of tangible fixed assets and other items:		
Owned	145,604	132,435
Depreciation of right-of-use assets	301,301	271,440
Impairment of property, plant and equipment	22,639	4,437
Amortisation of other intangibles	8,117	5,662
Impairment of Goodwill	–	–
Impairment of other intangible assets	10,146	619
Impairment of Right of Use Assets	32,631	419
Cost of inventories recognised as an expense	2,310,235	2,162,448
Write downs of inventories recognised as an expense	31,333	41,877

	Year to 30 September 2025 €000	Year to 30 September 2024 €000
Auditors' remuneration		
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts[1]	1,375	538
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries[1]	4,465	1,182
Fees payable to other auditors and their associates for the audit of the Company's subsidiaries	–	782
Fees payable to other auditors and their associates in the current year in relation to prior year audit	–	128
Total audit fees	5,840	2,630
Audit related services	560	165
Other services	–	–
Total auditors' remuneration	6,400	2,795

1. Audit fees are payable to EY Accountants B.V. who are the auditors of the Group and Company.
2. Audit related services relate to the limited assurance arrangement for the Group's CSRD IV disclosures included within this annual report.
3. The audit fee in FY25 includes €2m of fees which have been included within the loss on discontinued operations.

5. Financial income

	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
Bank interest income	23,178	22,063
Interest on external loans[1]	4,712	–
Foreign exchange gains	29,220	(2,163)
	57,110	19,900

1. Interest earned on a subordinated loan provided due to the disposal of Poundland

6. Financial expense

	Year to 30 September 2025 €000	Year to 30 September 2024 (Restated) €000
Interest on bank loans and amortisation of capitalised finance costs	60,613	67,784
Bond call premium payable[1]	6,344	–
Release of capitalised finance costs due to Bond call[1]	3,509	–
Interest on lease liabilities	41,181	43,678
Foreign exchange losses	13,862	(2,600)
	125,509	108,862

1. Included within finance expense is €6.3 million relating to a premium payable on the irrevocable early redemption notice issued against the Eurobond, and €3.5 million representing the write-off of unamortised capitalised finance costs originally incurred on the issuance of the Eurobond.

7. Restatements

The Group identified a number of prior period adjustments, impacting the opening position at 1 October 2023, 1 October 2024 and the year ended 30 September 2024. Below we have included details of restatements identified relating to continuing operations. A full statement of restatements will be provided in detail within the FY25 Annual Report.

7.1 Restatements from continuing operations

Dilapidations

During the current year, the Group identified that provisions for dilapidation costs relating to certain properties had not been recognised in prior periods. These costs represent the estimated obligations to restore leased properties to their original condition upon exit, as required under lease agreements. Accordingly, the Group has restated the opening statement of financial position as at 1 October 2023, including retained earnings to reflect the impact on profit or loss of €12.5m in FY23 and €4.2m in FY25. This adjustment has no impact on cash flows.

Pepco leases adjustment

Throughout FY25, Pepco have transitioned to a new IFRS 16 lease system. As a result of this transition to the new system, errors were noted in relation to how IFRS 16 leases were calculated in prior periods and a transition adjustment was made in FY24. Accordingly, the Group has restated the right-of-use assets and corresponding lease liabilities as at 1 October 2023, as presented in the table above. The adjustment also impacted depreciation, finance costs and finance income within the income statement to reflect the cumulative effect of depreciation and interest that would have been recorded in prior periods. The income statement impact was €7.7m in FY24.

Pepco stock adjustment

The Group identified an error in the calculation of the value of inventory in the prior period arising from the incorrect application of the Group's inventory valuation policy relating to a weighted average cost basis. In addition, the Group identified certain stock losses where tax deductions have been incorrectly applied in prior periods therefore increasing the tax charge in FY24. The correction has been applied retrospectively, and comparative figures have been restated to reflect the appropriate valuation methodology in accordance with Group policy and IFRS requirements as well as correcting the FY24 tax charge. The combined income statement impact was €3.8m in FY24.

Other adjustments

In preparing the FY25 financial statements, the Group identified and corrected other individually immaterial prior period errors in addition to minor presentational changes. These adjustments are reflected in the "Other Adjustments" column of the restatement tables and do not have a material impact on the Group's financial position or performance. The total income statement impact was €12.2m in FY24.

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