

15 January 2026

Pepco Group N.V.

## First Quarter FY26 Trading Update

**Solid LFL growth in Q1 driven by Pepco; FY26 guidance unchanged**

Pepco Group N.V. ("Pepco Group"), a leading pan-European variety discount retailer, today reports a trading update for its first financial quarter of FY26 ending 31 December 2025.<sup>1</sup>

### HIGHLIGHTS

- Q1 FY26 Group revenues grew +4.3% on a constant currency basis to €1.4 billion, reflecting solid Pepco growth partly offset by the expected temporary drag from the Pepco FMCG exit, which will reduce during the year, and a softer topline performance in Dealz
- Group like-for-like ("LFL") revenues (excluding FMCG) grew +3.3% during the quarter
  - Pepco delivered Q1 LFL revenue growth of +4.2% (excluding FMCG), with a particularly strong result in December, despite a highly competitive and promotional seasonal period. Performance was driven by strong volume growth as we maintained focus on strengthening our price leadership position, helping to deliver positive Q1 LFL revenue in key markets including Poland, Iberia and Italy
  - Dealz LFL revenues declined by -7.7% in Q1. The business experienced disruption in October and November 2025 as it replatformed its operations following the Poundland sale, and thereafter saw a material recovery of LFL in December 2025. The Group continues to progress with a divestment of Dealz, with an intended completion in 2026
- Group gross margin in Q1 FY26 was 360bps higher year-on-year, and in line with the final quarter of FY25 (49.4%), despite Pepco continuing to invest in price to deliver the best value to customers
- The Group operated 4,410 stores at the end of the first quarter, having opened 51 net new stores in the period
  - Pepco: 51 net new store openings in Q1, with 37 opened across the CEE region, and 14 in Western Europe
  - Dealz: No new stores opened in the period; Dealz operates 344 stores in total across Poland
  - The Group expects to open around 250 net new stores across FY26, all focused on the Pepco brand
- The Group's FY26 outlook and guidance remains unchanged from that given at our preliminary results update on 17 December 2025

### Q1 FY26 trading performance

#### Q1 FY26 Summary

|  | <b>Pepco</b> | <b>Dealz</b> | <b>Group</b> |
|--|--------------|--------------|--------------|
| Revenue €m <sup>2</sup>                                | 1,342        | 101          | <b>1,443</b> |
| Revenue growth y-o-y at constant currency <sup>3</sup> | 5.2%         | (6.2%)       | <b>4.3%</b>  |
| LFL revenue growth <sup>4</sup>                        | 0.7%         | (7.7%)       | <b>0.1%</b>  |
| LFL revenue growth (excl Pepco FMCG) <sup>5</sup>      | 4.2%         | (7.7%)       | <b>3.3%</b>  |

#### Store numbers

|                                 |       |     |              |
|---------------------------------|-------|-----|--------------|
| Total stores at start of period | 4,015 | 344 | <b>4,359</b> |
| New openings                    | 78    | -   | <b>78</b>    |
| Closures                        | (27)  | -   | <b>(27)</b>  |
| Total stores at end of period   | 4,066 | 344 | <b>4,410</b> |
| Net new stores in period        | 51    | -   | <b>51</b>    |



**Commenting on the results, Stephan Borchert, Chief Executive Officer of Pepco Group, said:** *“We’ve made an encouraging start to the year, with Pepco delivering a resilient performance during the first quarter. I’m especially pleased with our strong December trading, against intensifying promotional activity across our key territories. Western Europe, in particular, continues to perform well, achieving consistent double-digit like-for-like revenue growth (excluding FMCG) through the quarter. The Group also delivered a significant year-on-year increase in gross margin, despite disciplined price investment.*

*“Consumer confidence in some markets remains subdued against an ongoing uncertain macroeconomic backdrop, but our focus on delivering exceptional value is resonating with customers who continue to prioritise value in their everyday shopping decisions. The volume-driven like-for-like revenue growth (excluding FMCG) of +4.2% at Pepco, coupled with our strengthened value leadership position, further confirms Pepco’s customer satisfaction and loyalty.*

*“We’ve built a business with strong foundations – we have a clear customer proposition, an expanding store footprint, and operational momentum that positions us well to compete. With 51 net new stores opened during the first quarter and our FY26 guidance maintained, Pepco Group is well placed to deliver continued profitable growth and returns for shareholders in the year ahead.”*

## **SHARE BUYBACK - UPDATE**

The second €50 million tranche of the Group’s €200 million share buyback programme commenced on 28 October 2025 and is due to conclude on 16 January 2026. As of 9 January, the Group had purchased a total of 6,062,476 ordinary shares at an average price of PLN 28.46 as part of the second tranche.

There were a total of 577,451,935 shares in issue as at 9 January 2026, including 15,195,208 shares held in treasury. A further update will be provided following the completion of the second tranche of our share buyback this week.

The Group today confirms that it intends to commence a third tranche of its share buyback programme of up to €50 million during this financial year. A further update will be provided on initiation.

## **OUTLOOK**

The outlook for the year ahead remains unchanged from the guidance given with our recent FY25 preliminary results. This outlook includes an expectation of achieving FY26 revenue growth of 6% to 8%, with our topline reflecting the exit of FMCG, as expected, which we estimate will adversely 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, as evidenced by our Q1 result.

FY26 underlying EBITDA (IFRS 16) growth is expected to increase by at least 9% y-o-y, despite absorbing a step-up in transformation costs of €25m to €35m, as previously highlighted. We expect underlying net earnings growth to exceed 25% y-o-y, continuing the strong momentum from FY25. As noted in our FY25 preliminary release, we expect net earnings to benefit from not only the expected increase in FY26 EBITDA, but also an improved effective tax rate, significantly lower interest costs (on borrowings) achieved through our recent successful debt refinancing, as well as an alignment of our depreciation policy to more closely match the actual lease periods in our store base.

## **FORTHCOMING DATES**

- Annual General Meeting (AGM): 11 March 2026
- Half-year pre-close trading update: 26 March 2026



## ANNUAL REPORT

Our FY25 Annual Report and Accounts will be published today and available to download from our investor website (<https://www.pepcogroup.eu/investors/>).

## ENQUIRIES

### Investors and analysts

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## EXPLANATORY NOTES

1. The Group financials are prepared on an unaudited basis for the three-month period ending 31 December 2025.
2. Revenues are unaudited with foreign currency revenues translated at the average rate for the month in which they are generated.
3. Revenue growth is reported on a constant currency basis using the prior year actual rate applied to both current and prior years.
4. LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary and is reported on a constant currency basis.
5. Pepco LFL revenue growth excluding FMCG, consists of LFL of clothing and general merchandise only. Management uses this metric as a KPI given the strategic decision to fully exit FMCG in Pepco in FY25.

## TRUE AND FAIR STATEMENT

The management of Pepco Group N.V. is responsible for preparing this update and state that, to the best of their knowledge, the information contained herein regarding Pepco Group N.V. is correct as of the date of publication of this document and that it fairly reflects the Group's financial situation and business activities.