

21 May 2026

Pepco Group N.V.

Interim results for six months ended 31 March 2026

Strong strategic execution driving substantial profit growth and shareholder returns

Pepco Group N.V. ("Pepco Group"), a leading pan-European variety discount retailer, today reports unaudited interim results for the six-month period ended 31 March 2026.¹

SUMMARY

- Continued delivery in line with our strategy, supporting Pepco customers across Europe with quality products at great value in an uncertain environment
- Strong H1 FY26 results: Group like-for-like ("LFL") sales excluding FMCG of +3.6%, gross margin of 49.7% (+250bps y-o-y), underlying EBITDA of €516m (+17.5% y-o-y) and underlying PAT of €198m (+52.3% y-o-y)
- Increasing confidence in Western Europe store economics drives an expansion to our current store rollout plans, with at least 600 new stores now expected to open in existing Western European markets between FY27-FY30, doubling our regional presence
- Updated capital returns framework: Annual return of prior-year excess levered free cash from FY27 onwards, with dividend payout ratio rising to 40% over time (from 25%); In addition, the Group intends to make a one-off capital return of up to €400m in FY26
- Recently upgraded full year FY26 guidance reconfirmed: Revenue growth of 6-8%, low-teens underlying EBITDA growth (IFRS 16) and underlying net earnings growth of at least 50%

Financial performance (€m)	H1 FY26	H1 FY25 (restated)	Growth (reported)	Growth (constant)
Revenue ²	2,470	2,353	5.0%	4.5%
LFL revenue growth ³	0.5%	2.3%	n/a	n/a
LFL revenue growth (excluding FMCG)	3.6%	2.6%	n/a	n/a
Gross profit margin	49.7%	47.2%	250bps	250bps
Underlying EBITDA (IFRS 16) ⁴	516	439	17.5%	17.1%
Underlying EBITDA (pre IFRS 16) ⁴	341	273	24.9%	24.4%
Underlying profit after tax ⁵	198	130	52.3%	51.5%
Underlying EPS (€ cents) ⁶	35.4	22.6	56.6%	56.1%
Reported EPS (€ cents) ⁶	30.8	20.8	48.1%	47.0%
Weighted average shares in period (excl. Treasury)	559.0	576.0	-	-
Shares outstanding at period-end (excl. Treasury)	551.1	576.0	-	-
Net debt (pre-IFRS16) ⁷	139	279	-	-
Free cash flow (unlevered)	181	51	>250%	-
Free cash flow (levered)	156	31	>250%	-

Note: Numbers above include Dealz and are based on continuing operations as at 31 March 2026, unless stated otherwise.-

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

FINANCIAL HIGHLIGHTS

- H1 FY26 Group results delivered in line with recently upgraded guidance:
 - Group revenue of €2.5 billion, up +5.0% despite the period being negatively impacted by the exit of FMCG, which will unwind in the second half. LFL revenues grew by +3.6% excluding FMCG (+0.5% including FMCG) – marking six consecutive quarters of positive LFL growth - and 61 net new store openings
 - Group underlying EBITDA (IFRS 16) of €516m, up +17.5%, driven by strong gross margin expansion of 250bps to 49.7%

¹ Refer to Explanatory Notes on page 6

- Group underlying net earnings growth of 52.3% to €198m, reflecting improving EBITDA conversion and changes to our depreciation policy to better reflect the intention to remain in locations for longer periods
- Underlying EPS growth of 56.6% outpaced underlying net earnings growth, reflecting the share buyback programme executed since July 2025. Shares outstanding (excluding treasury shares) reduced from 577.5m at end of H1 FY25 to 551.1m at end of H1 FY26
- The Group's performance reflects the successful implementation to date of the transformation plan set out at the CMD in March 2025, with further strong results delivered in H1:
 - Pepco reported revenue growth of +6.0% to €2.3 billion and LFL revenue growth of +4.6% excluding FMCG (+1.2% including FMCG), and underlying EBITDA (IFRS 16) of €505m (+14.3% y-o-y) driven by gross margin of 51.3%, a year-on-year increase of 310bps
 - The recovery in Poland, the Group's largest market, continued with LFL sales of +2.9% excluding FMCG during the period (+1.5% including FMCG)
 - Trading in Dealz remained challenging through the half as revenues declined by 6.6%, while LFL revenues declined by 8.3%. We remain committed to separate Dealz by the end of FY26
- An updated capital allocation framework announced to upgrade shareholder returns alongside investments in growth, underpinned by strong free cash flow generation and a conservative balance sheet. As a result:
 - In FY26, the Group intends to make an additional special one-time capital return to shareholders of up to €400m through a pro-rata tender buyback (with majority shareholder, Ibex, expected to participate). Further details on the process will be announced in due course
 - From FY27 onwards, the Group plans to return all excess prior-year levered free cash to shareholders, after strategic investments to grow the business and to strengthen our operational platform, through a combination of share buybacks and dividends (regular and special). This includes a target to progressively increase the regular dividend payout ratio to 40% of underlying PAT over time (from 25% currently)
- Robust balance sheet and liquidity profile; net debt at end of H1 FY26 was €139m (pre-IFRS 16), representing 0.2x LTM EBITDA (pre-IFRS 16) leverage, well below our publicly disclosed targeted leverage range of 0.5x to 1.5x. The Group will take action to move its leverage closer to c. 1.0x in FY26, to maintain an efficient balance sheet and optimise cost of capital, while retaining financial flexibility

STRATEGIC HIGHLIGHTS

- Despite difficult market conditions, Pepco delivered volume-led growth as we remain focused on refining our customer proposition through new product lines, improved freshness and enhanced visual merchandising, while maintaining our market-leading prices
- Western European store economics continue to improve with store EBITDA margins in Iberia and Italy continuing to trend closer towards Group levels.
 - This, combined with strong LFL revenue growth, gives us confidence to now accelerate our store roll out in the region with at least 600 new stores expected in existing markets between FY27-FY30, doubling our presence in Western Europe, which is in addition to our current store plans
- Successful launch of our new mobile app in Poland in February 2026 to drive customer engagement and loyalty. The app has generated c. 2 million downloads since launch and over 1 million customers joined our 'Pepco Club' loyalty programme. These initial results are encouraging with Club customers demonstrating a c. 2x greater spend than non-club members
- Dealz separation expected to complete in FY26. Work in this area is ongoing and we will update the market on progress in due course

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

"I am tremendously proud of what the Pepco team delivered in our last FY25 financial year, in which we made material progress against our strategy presented at the CMD in March 2025. Our performance in the first half of FY26, is again, further testimony to the regained strength of Pepco. Against a competitive backdrop across our markets and continued geopolitical uncertainty, we have produced a resilient top-line performance, with Group

revenue growing 5.0% to €2.5 billion and Pepco delivering its sixth consecutive quarter of positive like-for-like growth.

"Beyond the revenue performance, our profitability has stepped up significantly. Strong gross margin expansion of 250 basis points, and the improved operational leverage of our Pepco business, have driven underlying EBITDA growth of 17.5%. This is clear evidence of the hard choices we made to simplify and refocus the business, which are now starting to deliver the returns we expected.

"We have also reached important milestones in our digital journey. The launch of our new mobile app in Poland has exceeded our expectations, complementing our new consumer-facing website, which together materially expands the product discovery experience for our customers. These are the foundations on which we will build a more personalised and engaging relationship with our growing customer base.

"Looking ahead, I remain confident in the growth potential of this business. The accelerating store economics we are seeing in Western Europe give us the conviction to expand on our ambitions there, with at least 600 new stores now planned over four years between FY27 and FY30 – doubling our presence in the region. We are also launching a carefully managed trial in select areas of Ukraine, a market where Pepco already carries genuine brand awareness, and which represents a potentially significant new growth opportunity for the Group over time.

"Underpinning all of this is a new capital returns framework, which we are announcing today, that reflects our confidence in the Group's cash generation capability and balance sheet strength. We are committed to annually returning the prior year's excess levered free cash flow to shareholders – through a combination of regular dividends, share buybacks and special dividends – while at the same time accelerating our strategic investments in growth. In addition, we plan to make a special one-time capital return of up to €400m in FY26.

"This commitment, despite an uncertain geopolitical environment, highlights our confidence in our strategy, the strength of our customer proposition and Pepco's ability to drive long-term value creation."

CURRENT TRADING

In the third quarter-to-date (6 weeks to 16 May 2026), Pepco saw like-for-like sales increase by +1.5% excluding FMCG (flat including FMCG). On a two-year view across the same period, LFL was +10.2% excluding FMCG (+6.5% including FMCG). In Western Europe, the business continued its strong trading, with double-digit LFL sales growth across the same period.

The performance in April was impacted by unseasonal cold weather in some of our core CEE markets, most notably in the North CEE region, which delayed the seasonal transition into summer clothing ranges and weighed on volumes. In addition, it reflects the earlier timing of Easter, compared to the prior year, where some of the benefit fell into the second quarter. Combining the months of March and April to exclude the impact of Easter, Pepco LFL sales grew by +2.1% excluding FMCG (flat including FMCG).

Pepco experienced a significant jump in momentum in the two weeks to 16 May 2026, with LFL up by +11.6% excluding FMCG (+10.2% including FMCG). This was driven by both clothing and general merchandise categories, with a positive LFL contribution across all countries.

OUTLOOK

The Group maintains its recently updated guidance for FY26. Revenue growth for the full year is expected to be between 6% to 8%, with an unwind of the negative FMCG-exit impact expected during the second half. Guidance to open around 250 net new stores in FY26 remains unchanged.

FY26 Underlying Group EBITDA IFRS 16 growth is expected in the low-teens (FY25: €865m), as gross margin is now expected to be at least 49.0% (from 48.0% previously), with an additional gross margin benefit of 40 basis points

relating to the exit of FMCG. Underlying EBITDA growth in the second half of the year will moderate as the business absorbs a step-up in transformation costs (€25m to €35m annualised), as highlighted in December 2025. Full year net underlying earnings are forecast to grow by at least 50% (FY25: €219m), with higher growth in EPS expected reflecting the impact of our share buyback programme.

Cash generation has remained strong in FY26, and the business now expects unlevered free cash flow generation to exceed €250m (previously >€200m), excluding any impact from the potential Dealz transaction. This is 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 increased attractive store investment opportunities.

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 included 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 the final €52.9m tranche of this buyback on 15 May 2026, marking the early completion of the full €200m programme. All purchased shares are held in treasury. Following the completion, there are a total of 577,451,935 Pepco Group shares in issue, which includes 546,034,737 shares outstanding and 31,417,198 shares held in treasury. Details of our future plans for capital allocation are highlighted below.

CAPITAL ALLOCATION

With our strategy progressing well, and accelerating, we are today announcing an enhancement to our capital allocation and shareholder distributions framework. Our refreshed framework is designed with long-term value creation in mind and provides shareholders with enhanced returns, whilst maintaining a strong balance sheet.

Our Pepco business has shown strong performance over the past 12-18 months and is highly cash generative. Current and future growth, plus strategic investments in our operating platforms and omni-channel expansion, are fully funded whilst generating a significant residual free cash flow (available for shareholder capital returns).

Group underlying free cashflow (unlevered) for FY26 is now expected to significantly exceed our previous guidance (> €200m). Our current pre-IFRS 16 leverage of 0.2x sits well below our target leverage range (0.5x-1.5x), despite returning over €200m of capital to shareholders in FY26 to date, in the form of a dividend (€53m) and share buyback programme (€150m). Therefore, the Group intends to take strategic action to move its leverage closer to c. 1.0x in FY26, to ensure an efficient balance sheet and a lower cost of capital, while retaining sustained financial flexibility.

As a result, Pepco today confirms its commitment to return excess cash to shareholders, outside of strategic investments to grow the business and to strengthen our operational platform.

- In FY26, the Group intends to return to shareholders up to €400m of capital via an additional special one-time pro-rata tender buyback. This is expected to include participation from Ibex, the Group's majority shareholder. This return of capital will result in the Group's leverage increasing to c. 1.0x pre-IFRS 16 EBITDA, thereby bringing leverage to the middle of our target range of 0.5x - 1.5x. Further details on the process will be announced in due course.
- From FY27 onwards, the Group plans to return to shareholders all prior-year excess levered free cash flow (after interest payments), outside of strategic investments to grow the business and strengthen our operating platform. This will be returned through a combination of share buybacks and dividends (regular and special):
 - Regular dividend: The Group introduced an inaugural dividend in FY24, based on a payout ratio of 20% of full-year underlying net profit. Given our intent to enhance capital returns to

shareholders, and following a successful refinancing and strengthened balance sheet in FY25, the dividend payout ratio was increased to 25% of full-year underlying net profit. As part of the new capital allocation framework, the Board expects to increase the dividend payout ratio progressively towards the 40% level over the next few years. The Board's expectation remains that the dividend will remain stable or progressively increase on a full-year basis, subject to any significant internal or external factors.

- Share buybacks and special dividends: Any excess levered free cash, after the payment of a regular dividend, is intended to be returned to shareholders in the financial year following generation, through share buybacks and/or special dividends. This will be subject to the continued strong performance of the business, staying within our target leverage range (0.5x to 1.5x of pre-IFRS 16 EBITDA) and market conditions.

This enhanced capital allocation framework underscores our confidence in the Group's significant growth potential, strong free cash flow generation, strengthened balance sheet, and reflects our commitment to creating enhanced long-term value for all of our stakeholders.

REFINANCING

The funding of the up to €400m special one-time capital return will be met through a combination of the Group's existing internal cash reserves and external debt financing. In order to execute this capital return at the intended scale, the Group intends to raise a modest amount of new debt, bringing pre-IFRS 16 leverage to c. 1.0x EBITDA — consistent with the Group's stated target range of 0.5x–1.5x and representing a prudent and efficient use of the balance sheet. The Group has commenced discussions with its banking partners regarding the external debt component of this financing, and further details will be disclosed at the appropriate time.

CONFERENCE CALL

Pepco Group will host a conference call for analysts and investors to discuss its H1 FY26 interim results on Thursday 21 May 2026 at 8.30am BST (9.30am CEST). 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 HY26**".

Alternatively, a live audio webcast of the call will be available via the following link:

https://brrmedia.news/PCO_HY_26

FORTHCOMING DATES

- Q3 FY26 Trading Update - 9 July 2026
- Full Year Pre-Close Trading Update – 29 September 2026

ENQUIRIES

Investors and analysts

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EXPLANATORY NOTES

1. The Group financials are prepared on an unaudited basis for the six-month period ending 31 March 2026. The 'Pepco' and 'Dealz Poland' segments operate on a calendar month basis with the six-month period ending on 31 March 2026.
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 after tax ("PAT") excludes exceptional items.
6. Underlying and reported EPS is based on the weighted average number of shares outstanding (excluding Treasury and dilutive shares)
7. Net debt (pre-IFRS 16) represents borrowings from credit institutions net of cash and bank balances.

The contents of this interim report have not been audited or reviewed by an independent external auditor.

H1 FY26 BUSINESS REVIEW

Strong Pepco performance drove H1 Group profitability

- Pepco's sales in H1 FY26 increased by +6.0% to €2,301m (H1 FY25: €2,171m), driven by new store openings (62 net new stores) and supported by LFL growth of 4.6% excluding FMCG (+1.2% including FMCG)
- Pepco has now generated 6 consecutive quarters of positive LFL performance
- FY26 gross margin was 51.3% (H1 FY25: 48.2%), up 310 bps y-o-y, driven by the FMCG-exit and favourable FX
- Underlying EBITDA (IFRS 16) grew by 14.3% to €505 million (H1 FY25: €442 million), driven primarily by Pepco's strong gross margin performance
- 62 net new store openings; 59 in CEE and 3 in Western Europe

Dealz experienced a challenging first half

- Dealz revenue down -6.6% to €170m, driven by weakened LFL revenue growth which fell by -8.3% y-o-y
- Gross margins reduced by 680bps to 27.0%, reflecting a stock write-off of €8m, as well as actions to drive footfall through promotional activity
- On a net basis, one store closed during the period, with 343 operating across the overall Polish estate
- Dealz underlying EBITDA (IFRS 16) declined to €2m (H1 FY25: €15m), driven by reduced sales and a weakened gross margin
- We remain committed to separate the business by the end of FY26

Store network: New store openings across H1 FY26 by brand

	Pepco	Dealz	Total
Store numbers at end of H1 FY25	4,015	344	4,359
New openings	137	1	138
Closures	(75)	(2)	(77)
Store numbers at end of H1 FY26	4,077	343	4,420
<i>Net new openings</i>	62	(1)	61

Segmental performance

€m	H1 FY26	H1 FY25	YoY (reported)	YoY (constant)
REVENUE				
GROUP	2,470	2,353	5.0%	4.5%
- Pepco	2,301	2,171	6.0%	5.5%
- Dealz	170	182	(6.6%)	(7.3)%
LIKE-FOR-LIKE SALES GROWTH – INCL FMCG				
GROUP	+0.5%	+2.3%	-	-
- Pepco	+1.2%	+2.3%	-	-
- Dealz	(8.3%)	+2.9%	-	-
LIKE-FOR-LIKE SALES GROWTH – EXCL FMCG				
GROUP	+3.6%	+2.6%	-	-
Pepco	+4.6%	+2.6%	-	-
Dealz	(8.3%)	+2.9%	-	-
GROSS MARGIN				
GROUP	49.7%	47.2%	+250 bps	+250 bps
- Pepco	51.3%	48.2%	+310 bps	+310 bps
- Dealz	27.0%	33.8%	(680) bps	(690) bps
UNDERLYING EBITDA (IFRS 16)				
GROUP	516	439	17.5%	17.1%
- Pepco	505	442	14.3%	13.6%
- Dealz	2	15	(86.7)%	(91.2)%
- Central costs	9²	(18)	-	-
UNDERLYING EBITDA (pre-IFRS 16)				
GROUP	341	273	24.9%	24.4%
- Pepco	343	290	18.3%	17.9%
- Dealz	(11)	2	-	-
- Central costs	9²	(19)	-	-
UNDERLYING EBIT (IFRS 16)				
GROUP	323	211	53.1%	52.0%
- Pepco	328	233	40.8%	40.1%
- Dealz	(14)	(2)	>200%	>200%
- Central costs	9²	(20)	-	-

² Includes one-off insurance receipt from Blue Yonder relating to incident that impacted Pepco during Q1 FY25

STRATEGIC FRAMEWORK: CORE FOCUS ON PEPKO

We are pleased with the start to the year Pepco has delivered, achieving strong financial results. We are now more than a year on from our 2025 Capital Markets Day, where we outlined a new strategic framework aimed at turning around the Group and delivering sustainable, profitable, long-term growth for our shareholders. The output from the hard work across the business is really beginning to shine through.

The strategic priorities we outlined at the CMD were clear:

- 1) Simplify the Group by exiting FMCG
- 2) Restore growth in Poland and CEE
- 3) Win in Western Europe
- 4) Refocus and digitise our customer proposition
- 5) Upgrade our core operating model

These priorities focused on delivering a more streamlined business with an enhanced growth trajectory and improved store economics. We have made significant progress in line with each of our objectives and our strategy is working well. This is shown by our strong financial performance in H1 FY26 where we have delivered revenue of €2,470m, up +5.0% and LFL revenue growth of +3.6% excluding FMCG, while achieving a strong gross margin, ahead of our expectations, of 49.7%, up 250bps. This in turn has delivered underlying EBITDA of €516m, up 17.5% and underlying net earnings of €198m, up 52.3%.

Simplify the Group by exiting FMCG

We completed the vast majority of our FMCG exit in FY25, which meant we entered FY26 with a far more streamlined, agile and profitable business, focused solely on higher-margin clothing and general merchandise products.

Our simplified Group structure not only creates enhanced synergies across the business, it enables greater focus, which allows us to deliver more in our Pepco business. This is demonstrated by the quick progress we have made across each of our other 4 pillars, which is covered in more detail below.

Our FMCG-exit in Iberia was largely completed between March and August 2025. This is a key reason for our revenue growth being lower than guidance in the first half of this year, as we are lapping a prior half with FMCG contribution. Looking into the second half of this year, there is very little FMCG comparative contribution, especially in Q4, which gives us continued confidence that we remain on track to meet our FY26 revenue guidance.

There were five Pepco Plus conversions completed in January 2025, which means we now have a clean LFL comparison for these stores in the weeks after they lapped their conversion date. Encouragingly, these converted stores are trading even better than our regular stores, delivering double-digit LFL revenue growth during the 11 weeks to 31 March 2026. In the trading weeks following the end of the first half, this trend has continued which adds further confidence to our full year outlook.

The last remaining objective in this pillar is our commitment to exit Dealz. Active work is continuing in this area, and we remain committed to separate the business during the current financial year.

Restore growth in Poland & CEE

For Pepco, Poland is our largest market, with 1,402 stores across the country. It is also the market at the heart of our business, generating 32% of Pepco revenue with 35% staff located in the country. We are therefore pleased to be able to say that the LFL revenue growth we restored in H2 FY25 has been maintained in H1 FY26 with Pepco Poland generating LFL revenue growth of +2.9% excluding FMCG (+1.5% including FMCG). Pepco Poland also delivered reported revenue growth of +4.5% to €736m.

We are benefitting from some of the improvements initiated last year on availability and assortment, as well as from further changes implemented in the first half of this year, including store relocations and new product lines in baby & kids. A number of stores in the region are roughly half the size of our ideal 450-500 SQM footprint and, as such, we are working through a programme of relocations, with 19 completed in Poland in H1 FY26. Many of these smaller stores are also based in suboptimal locations with lower footfall and poorly matched co-locating stores. We have seen some positive results from our relocations in the first half, and will continue to evaluate stores for relocation on a case-by-case basis.

We focused further on improving stock freshness in H1 FY26, and the new baby and kidswear ranges we launched recently are resonating well with customers and together are generating greater sales volumes. We also adjusted our marketing techniques, adding celebrity campaigns to our mix. The initial campaign ran with Małgorzata Socha, a popular actress and model in Poland with over one million followers on Instagram. Initially rolled out in Poland, this campaign then went live in stores across all CEE markets, as well as select markets for TV, digital and influencer marketing channels. So far, we have seen a favourable response from consumers, with a sell-through rate of 73%.

As our largest market, Poland is often the test-bed for new initiatives. A significant milestone this half was the launch of our mobile app in Poland (see more under *'Refocus & Digitise our customer proposition'*) where we have seen great results in both engagement and sales with our highly loyal customer base.

In our other CEE markets outside Poland, where we operate 2,089 stores, we generated a similarly strong performance with LFL revenue growth of +3.1% excluding FMCG (+1.4% including FMCG) and reported revenue growth up +6.9% to €1,172m. As announced earlier this year, we plan to launch Pepco in North Macedonia in June 2026, our 19th market, as we continue to expand our store footprint to new territories.

New market opportunity – Ukraine trial

We continue to evaluate new market opportunities, particularly where we have an already established brand awareness. As a result, we plan to launch a small trial of new stores in select areas of Ukraine, where we will carefully evaluate performance, and the safety and wellbeing of our colleagues in light of continued conflict.

There is already a strong market awareness of the Pepco brand in Ukraine due to a large number of repatriated Ukrainians who spent significant time living in Poland. We expect to open these new trial stores in Ukraine by the end of the 2026 calendar year, and will use the trial to evaluate the scope to grow Pepco's presence in the country while carefully monitoring the geopolitical backdrop and prioritising the welfare of our colleagues.

Win in Western Europe

We have continued to perform strongly in Western Europe delivering LFL revenue growth of +13.5% excluding FMCG (+0.2% including FMCG). Revenues were €392m in H1 FY26, growing by +5.9% and we opened 33 gross new stores (+3 net new stores), taking our total store count in the region to 586. It is worth noting that our net new store openings were reduced this half due to the, previously announced, 28 store closures in Germany. However, our remaining stores in Germany continue to perform positively, generating double-digit LFL growth excluding FMCG in the half.

Our performance was even stronger in Iberia (Spain and Portugal) with LFL revenue growth of +20% excluding FMCG. Importantly, the stores we converted from 'Pepco Plus' (a format which included FMCG) to our regular store format (excluding FMCG) are performing ahead of our regular stores. We continue to monitor the developments of these store cohorts closely.

In addition, our unit store economics in Iberia and Italy continue to improve. Converted stores in Iberia generated a store EBITDA margin (IAS 17) of 19.7% in H1 FY26, which is well ahead of our annualised expectation of 14.4% and in line with our regular store EBITDA margin in Iberia of 20.8%, trending towards Group levels.

We are well on track to meet our full year store opening guidance of 75 net new stores in Western Europe (predominantly in Iberia and Italy) by the end of FY26. The strong results we continue to see in the region give us the confidence to accelerate our store opening programme. As a result, we now plan to open at least 600 new stores (on average 150 per year) across our existing Western European markets between FY27 and FY30. This will double our store count in the region, as we continue to progress towards our ambition of becoming a truly pan-European operator.

Refocus & digitise our customer proposition

At the heart of our customer proposition lie three core objectives; store at the core, customer first and digitising our proposition. Pepco has a quality portfolio of stores in proximity to our customers' homes and a strong pipeline of potential new store locations. During H1 FY26, we opened 62 net new stores across Pepco, while also completing 24 store relocations to ensure we retain an optimised store footprint in areas with strong footfall, good transport links and optimal co-located stores.

Putting the customer first means prioritising two key things: 1) remaining focused on maintaining market leading prices (best demonstrated by our strong volume growth in H1 FY26). We aim to be cheaper than the competition on our key value items and a price leader across all our markets. 2) Providing a quality product offering to our customers. In H1 FY26, we launched new product ranges in Baby & Kids, adding additional licensed products, significantly improving product freshness and amending our store layouts to make our customer journey in store as frictionless as possible for customers. We also improved our General Merchandise range and increased the turnover of product sets in order to drive freshness of our customer offering and create more reasons for customers to shop more frequently.

Lastly, onto Digital where the teams have made huge progress in the first half of this year, including the launch of a new customer website which allows our customers to view a product catalogue almost 10x larger than before. Initially launched in Poland, this new consumer website is now live in Romania, Czechia, Hungary, Spain, Greece, Slovakia, Bulgaria, Portugal and Germany, with remaining markets due to go live in the coming weeks.

We also launched our mobile app with an in-built loyalty programme, Pepco Club, in Poland in February 2026. The app is a big step in our digital journey and the reception so far from customers has been very encouraging. As at the period end, we generated 1.1 million downloads with almost half of these customers joining Pepco Club. Pepco Club not only allows us to understand more about our customers' shopping habits, but it also enables us to provide them personalised offers that generate greater traction and an enhanced experience. Initial data is showing that Pepco Club customers are spending 2x more than non-Club customers. Towards the end of calendar 2026, we will begin launching the app in other key markets, including Spain.

Upgrade our core operating platform

We continue to make good progress on upgrading our operating platform. The work we are doing here is integral to our progress across the other four pillars of our strategy, improving efficiency and facilitating growth.

PGS is now fully integrated with Pepco, delivering end-to-end sourcing including merchandising, quality assurance and product inspection through operations in mainland China, Hong Kong, Bangladesh, Pakistan, India and Europe. PGS provides Pepco with a significant competitive advantage, enabling the business to avoid expensive third-party agents. In addition, the long-term supplier relationships we have built up through PGS, as well as the long-term shipping contracts and long lead times we have in place puts our supply chain in a strong and resilient position. This strength has been well-demonstrated following the start of the Iran War, where the supply chain disruption faced by Pepco has been minimal.

In H1 FY26, we made several technology upgrades through our supply chain which are allowing us to track stock and manage volumes more effectively, and we continue to expand our distribution network with plans to open a new deconsolidation centre in Gdansk, Poland later this year. Shortly after the period end, we also announced the

transfer to DHL of management of our last remaining distribution centre (DC) in Bucharest. DHL are now managing all five of our DCs. In addition, our DC in Spain continued to deliver further distribution cost savings in the half as we increase utilisation and drive efficiency gains.

We have also taken further steps to improve stock freshness and reduce aged inventory, with the latter down 15 percentage points vs FY24. Both metrics are on track to be at our best level since FY22 by the end of the year.

People

As announced with our FY results, at our AGM in March this year, we completed the appointment of three new Board members, Dirk van den Berghe, Sander van der Laan and Nicolò Galante. Each had been acting as Board Observers for a number of months prior to their appointment as Non-Executive Directors. Following their appointment, the Pepco Group Board has eight members, comprised of one Executive Director and seven Non-Executive Directors. Of our Non-Executive Directors, four are independent and three are non-independent.

In addition, our ability to hire the best candidates continues to improve, as the Pepco brand and financial performance has strengthened over the last twelve months. As a result, we were able to make a number of key senior hires in Pepco including a new Chief Customer Director, Sabine Zantis-Moeller, who joined us in March 2026, having previously held senior marketing leadership roles at Deichmann (CMO), ALDI Einkauf, and Henkel. Sabine will be instrumental in enhancing our end-to-end customer focused initiatives across 360-degree marketing, customer insights, brand, promo & media, in-store CRM, visual merchandising, and loyalty & digital. We also appointed Robert Pernak as our new Head of Pricing, who joined us from Simon-Kucher. Sławomir Nitek, was appointed as a new Country Manager in Poland, joining us from Action where he worked as Managing Director of Poland and Czechia. These hires add key skills to our business and put us in an even stronger position to grow our business moving forward.

Sustainability update

We continued to advance and mature our sustainability and ESG agenda through H1 FY26, ensuring we are well on track to achieve our disclosed targets and KPIs. Our efforts were marked by external recognition received in March 2026 when Pepco was honoured with the *'Power of Transformation'* Award by Puls Biznesu, winning the Strategic Partnership in Energy Transformation category. The award reflects Pepco's significant achievement of reducing Scope 1 and 2 CO₂ emissions by 93% in Poland in FY25 (vs FY24), underscoring renewable energy as a central pillar of our ESG strategy. This recognition highlights effective cross-functional collaboration across Procurement, ESG, Operations, Property, and Finance teams, alongside a strong partnership with E.ON Polska.

In addition, shortly after the period end, in April 2026, Pepco successfully activated its €800 million sustainability-linked loan, further strengthening its sustainable finance framework. The structure, originally embedded in the November 2025 credit facilities, was implemented within six months and integrates three ESG-linked KPIs covering emissions reduction, sustainable sourcing (Better Cotton) and supplier audit standards. The facility aligns financing costs with performance against our sustainability targets.

These milestones reinforce the Group's "Where Growth Meets Care" strategy, which embeds responsible growth across three pillars: People, Value Chain, and Customers, driving continued progress toward a more sustainable and resilient business.

FINANCIAL REVIEW

Pepco Group consolidated condensed financial statements for the six-month period ended 31 March 2026 are shown on page 24 onwards.

On 12 June 2025, the Group completed the sale of Poundland to Gordon Brothers, reflecting our strategy to simplify the Group's structure, focus on its core Pepco-branded operations and drive shareholder value. In the financial statements below, Poundland is presented as a discontinued operation in the prior-year comparative period, and comparative figures have been restated accordingly.

Pepco Group (€m)	H1 FY26	H1 FY25 (restated)	YoY (reported)	YoY (constant)
Revenue	2,470	2,353	5.0%	4.5%
Like-for-like revenue (%) – Including FMCG	+0.5%	+2.3%	n/a	n/a
Like-for-like revenue (%) – Excluding FMCG	+3.6%	+2.6%	n/a	n/a
Gross profit	1,227	1,110	10.5%	10.0%
Gross profit margin (%)	49.7%	47.2%	250 bps	250 bps
Operating costs	(710)	(671)	5.8%	5.4%
Operating costs (%)	28.8%	28.5%	30 bps	30 bps
Underlying EBITDA	516	439	17.5%	17.1%
Underlying EBITDA margin	20.9%	18.6%	230 bps	230 bps
Underlying EBITDA (pre-IFRS 16)	341	273	24.9%	24.4%
Underlying EBITDA margin (pre-IFRS 16)	13.8%	11.6%	220 bps	220 bps
Depreciation and amortisation	(196)	(228)	(14.0)%	(14.3)%
Impairments	2	(0)	n/a	n/a
Underlying EBIT (IFRS 16)	323	211	53.1%	52.0%
Net financial expense	(58)	(36)	61.1%	59.7%
Underlying PBT	264	175	50.9%	50.4%
Underlying PAT	198	130	52.3%	51.5%
Underlying EPS (cents)	35.4	22.6	56.6%	56.1%
Other non-underlying items	(27)	(12)	125.0%	127.9%
Reported PBT	237	163	45.4%	44.6%
Tax	(65)	(43)	51.2%	49.9%
Reported PAT	172	120	43.3%	42.7%
Reported EPS (cents)	30.8	20.8	48.1%	47.0%
Loss from discontinued operations	(3)	(313)	(99.0)%	(99.1)%

	H1 FY26	H1 FY25 (restated)	YoY (reported)
Net debt (pre-IFRS 16)	139	279	(50.2)%
Leverage: Net debt to EBITDA (pre-IFRS 16)	0.2x	0.6x	(0.4)x
Net debt (IFRS 16)	1,818	1,702	6.8%
Leverage: Net debt to EBITDA (IFRS 16)	1.9x	2.1x	(0.2)x

NOTE:

- Numbers above are 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.
- All commentary on growth below is on a constant currency basis unless otherwise indicated in the text.

H1 FY26: PROFIT AND LOSS

Revenue

While market conditions remained difficult, revenue grew by +5.0% on a reported basis to €2,470m (H1 FY25 Restated: €2,353m), and by +4.5% on a constant currency basis, driven by 62 net new store openings at Pepco. Group LFL grew by +0.5% in H1 FY26, including the impact of Pepco exiting lower margin FMCG ranges from its stores during H2 FY25 to refocus on clothing and homewares. The exit has acted as a drag on LFL sales growth over the last 12 months but has benefitted gross margin.

Excluding the impact of the removal of FMCG from Pepco, Group LFL grew by +3.6% in the half, with continuing positive momentum at Pepco (LFL excl. FMCG up +4.6%) partly offset by weak performance at Dealz (LFL -8.3%).

Sales Growth % (reported)	Pepco	Dealz	Total	Pepco excl. FMCG	Total excl. Pepco FMCG
Q1 LFL	0.7%	(7.7)%	0.1%	4.2%	3.3%
Q2 LFL	2.0%	(9.2)%	1.2%	5.2%	4.1%
H1 LFL	1.2%	(8.3)%	0.5%	4.6%	3.6%

Sales Growth % (constant currency)	Pepco	Dealz	Total
Q1 Total	5.2%	(6.1)%	4.3%
Q2 Total	5.9%	(9.1)%	4.7%
H1 Total	5.5%	(7.3)%	4.5%

Q2 and H1 FY26 trading performance

	Q2 FY26			H1 FY26		
	Pepco	Dealz	Group	Pepco	Dealz	Group
Revenue €m	959	69	1,027	2,301	170	2,470
Revenue Growth YoY Constant Currency	5.9%	(9.1)%	4.7%	5.5%	(7.3)%	4.5%
Like-for-like Revenue Growth	2.0%	(9.2)%	1.2%	1.2%	(8.3)%	0.5%
Like-for-like Revenue Growth (excl Pepco FMCG)	5.2%	(9.2)%	4.1%	4.6%	(8.3)%	3.6%
Store Numbers						
Total stores at start of period	4,066	344	4,410	4,015	344	4,359
New openings	46	1	47	113	1	114
Relocations	13	0	13	24	0	24
Closures	(48)	(2)	(50)	(75)	(2)	(77)
Total stores at end of period	4,077	343	4,420	4,077	343	4,420
Net new stores in period	11	(1)	10	62	(1)	61

Group LFL growth (excluding Pepco FMCG) accelerated during the half from +3.3% in Q1 to +4.1% in Q2 FY26. Performance during Q1 was impacted by a highly promotional external market and product assortments lacking freshness. As we entered Q2, trading momentum improved, with the launch of new product lines offering increased freshness, additional promotional activity and targeted initiatives to improve weaker categories such as Baby. In February, Pepco launched its mobile app in Poland to digitise, integrate and improve its loyalty offer.

Gross margin

Gross margin increased by 250 bps to 49.7% (H1 FY25 Restated: 47.2%) driven by expansion in Pepco of 310 bps to 51.3% (H1 FY25: 48.2%), partly offset by Dealz declining 680 bps to 27.0% (H1 FY25: 33.8%).

Gross margin %	Pepco	Dealz	Total
Q1	50.7%	31.8%	49.4%
Q2	52.2%	20.0%	50.1%
H1	51.3%	27.0%	49.7%

Pepco benefitted from impact of exiting FMCG from stores during H2 FY25 and sales shifting into higher margin clothing and homewares, as well as positive FX variances in buying rates. Dealz was impacted by a stock write-off of €8m and a higher level of markdown to drive sales and manage stock levels.

Operating costs

Total operating costs of €710m increased by 5.4% on a constant currency basis, driven by store operating costs up €33m, with SG&A costs increasing by €7m.

- Store operating costs increased by 6.2%, reflecting the 4.5% increase in store numbers. Store operating costs as a percentage of revenue increased by 40bps to 20.7% of sales (H1 FY25 Restated: 20.3%) driven by inflationary pressures in store labour costs and only partly offset by efficiencies in distribution costs which grew slower than sales (declining by 20bps year on year).
- SG&A costs increased by €6.5m to €199m (H1 FY25 Restated: €192m), including the €12m benefit from the insurance receipt relating to the BlueYonder incident that impacted Pepco during Q1 FY25. Excluding this positive impact, SG&A costs increased by €18.3m year on year and were 8.5% of sales, up from 8.2% in the prior period, reflecting higher spend on transformation initiatives such as accelerating digital and data capabilities, enhancing the IT platform and driving efficiencies in operating, finance and supply chain processes.

Underlying EBITDA

Underlying EBITDA increased by 17.1% on a constant currency basis to €516m (H1 FY25 Restated: (€439m) and Underlying EBITDA margin increased by 230bps to 20.9% (H1 FY25 Restated: 18.6%) reflecting the topline growth in Pepco, and gross margin expansion of 250bps, partly offset by inflationary pressures on the store cost base.

On a pre-IFRS 16 basis, H1 FY26 Underlying EBITDA was €341m, an increase of 24.4% on a constant currency basis versus the prior year (H1 FY25 Restated: €273m).

Underlying EBIT

Underlying EBIT was €323m, up 52.0% on a constant currency basis vs the prior year (H1 FY25 Restated: €211m).

Underlying EBIT benefitted from a €34m reduction in depreciation resulting from a change in accounting estimate for the lease term of Pepco's retail properties and adjusting the useful economic lives (UEL) of some fixtures and fittings within these stores to 10 years (previously typically 5 years).

The change in accounting estimate was made following the sharpened business strategy under the new management team: focused on Pepco and improving store profitability in FY26 through investing in store layouts and experience to extend the life of store assets, combined with the strategic decision to remain in locations for longer periods. During FY26, management have consequently revised store operating assumptions, including the continued use of stores beyond initial break points, extending refurbishment cycles and aligning capital investment

decisions with longer lifespans, reflecting a shift towards longer-term asset utilisation. As of April 2026, the weighted average lease period of the Pepco portfolio across 18 countries was 8.8 years.

This change in accounting estimate has been applied prospectively from 1 October 2025, resulting in a net positive PBT impact of €21m in the half: a €34m reduction in depreciation offset by the associated €13m increase in interest expense on lease liabilities. There is no impact on cash flow.

Additional detail can be found in Note 3.1 to the Financial Statements ('Changes in accounting estimates') on pages 32-33.

Continuing operations (€m)	H1 FY26	IFRS16 Impact	H1 FY26 Pre-IFRS16	H1 FY25 (restated)	IFRS16 Impact	H1 FY25 Pre-IFRS16
Underlying EBITDA	516	(175)	341	439	(166)	273
Depreciation & amortisation	(196)	151	(45)	(228)	151	(77)
Impairment ³	2	(3)	(0)	(0)	(0)	(0)
Underlying EBIT	323	(27)	296	211	(15)	196
Underlying PAT	198	7	205	130	1	131
Net debt/(cash)	1,818	(1,679)	139	1,702	(1,422)	279

Year on year, depreciation and amortisation declined by €32m as shown in the table above, driven by the UEL extension impact of €34m (€30m reduction in PPE depreciation and €4m reduction in right-of-use asset depreciation) and includes the impact of net store openings.

The capitalisation of additional lease periods has resulted in (i) a gross up of the balance sheet, with a €21m reduction at a net asset level and (ii) increased interest expense on lease liabilities of €13m (the driver of the year on year increase to €34m shown below). The tax impact of the change in lease term for right-of-use assets, and change in UEL of PEE, is a net reduction in deferred tax assets of €5.0m with a corresponding tax charge recognised in the income statement.

Continuing operations (€m)	H1 FY26 (after UEL extension)	Impact of UEL extension	H1 FY26 (before UEL extension)	H1 FY25 (Restated, before UEL extension)
Depreciation on PPE	(41)	30	(72)	(70)
Depreciation of Right-of-Use assets	(151)	4	(155)	(153)
Amortisation	(3)	0	(3)	(4)
Total depreciation & amortisation	(196)	34	(230)	(228)
Interest on lease liabilities	(34)	(13)	(21)	(20)
Impact on profit before tax	(230)	21	(251)	(248)
Right-of-use assets	1,577	556	1,021	1,290
Lease liabilities	(1,679)	(577)	(1,102)	(1,422)
Net impact before deferred tax	(102)	(21)	(81)	(132)
Deferred tax		(5)		
Impact on net assets		(26)		

³ Reversal of prior year impairment of store leases by €2m for renegotiation of rent termination costs on store closures.

SEGMENTAL REPORTING – GEOGRAPHIC SEGMENTS

At the end of H1 FY26, the Group operated 4,420 stores across Europe, a 4.5% increase in store numbers compared to the end of H1 FY25, driven by a c.10% increase in stores in South Central & Eastern Europe (“CEE”).

Store numbers (#)	H1 FY26	H1 FY25	YoY
North CEE	2,706	2,640	2.5%
<i>of which Poland</i>	1,745	1,711	2.0%
South CEE	1,128	1,026	9.9%
Western Europe	586	565	3.7%
Total	4,420	4,231	4.5%

In North CEE, which includes Poland, revenue grew by 2.1% on a constant currency basis to €1,411m (H1 FY25: €1,363m). LFL growth was marginally negative at -0.3%, but improved significantly from -1.7% in H1 FY25. The Group opened a net 18 stores in the period, reaching a total of 2,706 locations at the end of the half.

In Poland (which includes Dealz, which only operates in Poland), revenue increased by 1.6% on a constant currency basis to €906m (H1 FY25: €887m). LFL sales growth improved from -2.0% in H1 FY25 to -0.5% in H1 FY26, with solid performance at Pepco offset by weaker performance at Dealz. The Group opened a net 4 stores in the period, with 1,745 stores in Poland at the end of H1 FY26, up 2.0% year on year (end of H1 FY25: 1,711 stores).

In South CEE, markets remained resilient, with sales growing by 8.9% on a constant currency basis to €668m (H1 FY25: €620m). Pepco continued to expand its store network, opening 40 net new stores, bringing the total in the region to 1,128 (end of H1 FY25: 1,026 stores), an increase in store numbers of c.10% in line with our strategy for higher store growth in this region.

In Western Europe, sales grew by 5.9% on a constant currency basis to €392m (H1 FY25: €370m). The store network in the region grew by net 3 stores to 586 at the end of the period (end of H1 FY25: 565). Pepco continued to expand its operations, opening 33 new stores, including 20 in Italy and 7 in Spain. 28 stores were closed as part of the restructuring of our business in Germany following the company-led insolvency process which commenced in July 2025. Excluding the impact of the FMCG exit from stores in Western Europe and the exit from Germany, LFL revenue increased by 13.6%.

Revenue (€m)	H1 FY26	H1 FY25	YoY (reported)	YoY (constant)
North CEE	1,411	1,363	3.5%	2.1%
<i>of which Poland</i>	906	887	2.2%	1.6%
South CEE	668	620	7.6%	8.9%
Western Europe	392	370	5.9%	5.9%
Total Continuing Operations	2,470	2,353	5.0%	4.5%

Like-for-like revenue (%) – Excl. FMCG	H1 FY26	H1 FY25
North CEE	1.0%	(1.7%)
<i>of which Poland</i>	0.7%	(1.8%)
South CEE	4.3%	8.1%
Western Europe	13.5%	12.3%
Total Continuing Operations	3.6%	2.6%

Like-for-like revenue (%) – Incl. FMCG	H1 FY26	H1 FY25
North CEE	(0.3)%	(1.7)%
<i>of which Poland</i>	<i>(0.5)%</i>	<i>(2.0)%</i>
South CEE	2.7%	8.1%
Western Europe	0.2%	10.0%
Total Continuing Operations	0.5%	2.3%

Note:

- North CEE consists of: Poland, Czechia, Hungary, Estonia, Lithuania, Latvia, Slovakia
- South CEE consists of: Romania, Serbia, Bulgaria, Croatia, Bosnia, N. Macedonia, Slovenia
- Western Europe consists of: Spain, Portugal, Italy, Germany, Greece

Proportion of revenue (%)	H1 FY26	H1 FY25
North CEE	57.1%	57.9%
<i>of which Poland</i>	<i>36.7%</i>	<i>37.7%</i>
South CEE	27.0%	26.4%
Western Europe	15.9%	15.7%
Total	100.0%	100.0%

Note: Excludes discontinued operations

SEGMENTAL REPORTING – TRADING SEGMENTS

Following the disposal of Poundland, Pepco now represents 93.1% of Group H1 FY26 revenue (H1 FY25 restated: 92.3%) and more than 100% of Underlying EBIT.

Pepco

Pepco's sales in H1 FY26 increased by 6.0% to €2,301m, driven by new store openings (net 62 stores) and supported by LFL growth of 1.2% including FMCG.

LFL revenues excluding the impact of the FMCG exit grew 4.6% during the period. LFL growth excluding FMCG of 4.2% during Q1 accelerated to 5.2% during Q2, as the business took advantage of better intake margins to mark down older stock, driving additional sales and improving freshness for upcoming seasons.

FY26 gross margin was 51.3% (H1 FY25 restated: 48.2%), an increase of 310 bps, benefitting from exiting lower-margin FMCG products, as well as favourable movements in foreign exchange rates for stock purchases.

Underlying operating costs increased by 11.8% year-on-year. Store costs were the largest component of the increase, up 7.4%, driven by a 4.9% increase in store numbers. Underlying operating costs were 29.4% of sales, up 160bps on the prior year (H1 FY25: 27.8%). Whilst we continue to act to control costs through tight control of FTE levels and optimisation of shift patterns, store labour costs continue to be impacted by elevated wage inflation and statutory increases in several of our key territories in Central and Eastern Europe, particularly Romania, Hungary, Bulgaria and Croatia.

Underlying EBITDA grew by 14.3% to €505m (H1 FY25: €442m) and Underlying EBITDA margin increased by 150 bps to 21.9% (H1 FY25: 20.4%), driven by strong gross margin performance partly offset by slightly higher operating costs.

On a pre-IFRS 16 basis, Underlying EBITDA was €343m, up 18.3% year-on-year (H1 FY25: €290m).

Pepco (Underlying) (€m)	H1 FY26	H1 FY25 (restated)	YoY (reported FX)	YoY (constant FX)
Revenue	2,301	2,171	6.0%	5.5 %
LFL growth (%)	1.2%	2.3%	-	-
Gross profit	1,180	1,046	12.8%	12.3%
Gross margin (%)	51.3%	48.2%	310 bps	310 bps
Operating costs	(675)	(604)	11.8%	11.3%
Operating costs (%)	29.4%	27.8%	160 bps	150 bps
Underlying EBITDA	505	442	14.3%	13.6%
Underlying EBITDA margin (%)	21.9%	20.4%	150 bps	160 bps
Underlying EBIT (€m)	328	233	40.8%	40.1%
Underlying EBIT margin (%)	14.3%	10.7%	360 bps	350 bps
Store numbers (#)	4,077	3,887	190	
Underlying EBITDA (pre-IFRS 16)	343	290	18.3%	17.9%
Underlying EBITDA margin (pre-IFRS 16) (%)	14.9%	13.3%	160 bps	160 bps

Dealz Poland

Dealz had a challenging first half with LFL sales down 8.3%, with the business annualising a strong comparative Q2 period which had benefitted from the Dubai chocolate trend. Customer footfall was also impacted by unseasonably cool winter weather in 2026. The business closed one store (net) in the period.

Gross margin fell by 680 bps to 27.0%, reflecting an €8m stock write off partly relating to the legacy “one range” strategy, alongside markdowns in December and January to drive footfall after ERP-related supply chain disruption in November. Operating costs declined by €3m to €44m (H1 FY25: €47m) through continued cost discipline, including reductions in central costs, however worsened as a percentage of sales by 40bps to 26.1% as same-store sales declined.

Underlying EBITDA of €2m was down €13m (87%) on H1 FY25, with EBITDA margin decreasing by 720 bps driven by the decline in gross margin and operating deleverage.

Pre-IFRS 16 EBITDA was a loss of €11m, down from positive €2m in H1 FY25.

Dealz (Underlying) (€m)	H1 FY26	H1 FY25 (restated)	YoY (reported FX)	YoY (constant FX)
Revenue	170	182	(6.6)%	(7.3)%
LFL growth (%)	(8.3)%	2.9%	-	-
Gross profit	46	62	(25.8)%	(26.2)%
Gross margin (%)	27.0%	33.8%	(680) bps	(690) bps
Operating costs	(44)	(47)	(6.4)%	(5.7)%
Operating costs (%)	26.1%	25.7%	40 bps	50 bps
Underlying EBITDA	2	15	(86.7)%	(91.2)%
Underlying EBITDA margin (%)	0.9%	8.1%	(720) bps	(730) bps
Underlying EBIT (€m)	(14)	(2)	(600.0)%	(481.1)%
Underlying EBIT margin (%)	(8.4)%	(1.4)%	(700) bps	(720) bps
Store numbers (#)	343	344	(1)	
Underlying EBITDA (pre-IFRS 16)	(11)	2	(650.0)%	(610.2)%
Underlying EBITDA margin (pre-IFRS 16) (%)	(6.6)%	1.2%	(780) bps	(800) bps

Exceptional items

During H1 FY26, exceptional items impacting EBITDA totalled €15m (H1 FY25 Restated: €7m), reflecting:

- €11m relating to the business capability transformation programme to standardise and integrate core business processes and systems across the organisation, including ERP implementation costs across the Group (c.€4m directly resulting from the separation of Poundland) and organisational restructuring associated with the new target operating model, including establishing a new buy-sell entity; and
- €4m restructuring costs, driven by the insolvency and closure of some Pepco Germany stores and costs incurred in the separation of Dealz Poland.

At operating profit, in addition to the above, the Group incurred a €12m exceptional impairment charge against the non-financial assets of Dealz following its recent trading performance being below expectations. Given the entity is being actively managed for sale, these exceptional costs are expected to be reclassified to discontinued operations in future periods.

Discontinued operations

There were no discontinued operations during H1 FY26. Comparative financial information for H1 FY25 has been restated to present the financial performance of Poundland in discontinued operations following the disposal in June 2025.

Finance costs

The effective interest rate charged on borrowings by credit institutions decreased to 4.0% from 6.4% in FY25 (6.3% in H1 FY25), reflecting the refinancing of our bond and term loan after year-end (as explained below).

Reported net financial expenses increased by €22m year-on-year to €58m in H1 FY26 from €36m (H1 FY25 Restated) reflecting:

- €12m relating to the refinancing (comprising the premium payable on calling the bond and the associated release of capitalised finance costs, refer to Note 9 in the Financial Statements);
- the €13m increased interest expense on lease liabilities as a result of the change in accounting estimate for the lease term of Pepco's retail properties;
- a €9m reduction in net interest on external loans, reflecting the impact of the refinancing undertaken over September to December 2025. The prior period also benefited from €6m FX gains, which did not recur in H1 FY26.

Further information is available in Notes 8 and 9 to the Financial Statements on page 38.

Continuing operations (€m)	H1 FY26	IFRS16 Impact	H1 FY26 Pre-IFRS16	H1 FY25 (restated)	IFRS16 Impact	H1 FY25 Pre-IFRS16
Underlying EBIT	323	(27)	296	211	(15)	196
Net Finance costs	(58)	35	(24)	(36)	16	(21)
Underlying profit before tax	264	8	273	175	1	175
Net Debt/(cash)	1,818	(1,679)	139	1,702	(1,422)	279

Taxation

The Group's statutory profit before tax (PBT) was €237m (H1 FY25 Restated: €163m) adversely impacted by the €12m non-cash impairment of Dealz Poland assets. Excluding this, exceptional items impacting PBT were approximately €15m, €3m above the prior year.

On an underlying basis, profit before tax increased by over 50%, to €264m (H1 FY25 Restated: €175m) as shown below.

€m	H1 FY26			H1 FY25 (restated)		
	Underlying	Exceptional	Reported	Underlying	Exceptional	Reported
Profit / (loss) before tax	264	(27)	237	175	(12)	163
Taxation	(66)	1	(65)	(45)	2	(43)
Profit / (loss) after tax	198	(26)	172	130	(10)	120
Effective tax rate %	25.0%	4.7%	27.4%	25.6%	14.3%	26.4%

The Group's reported tax charge for continuing operations for the half was €65m, an effective tax rate (ETR) of 27.4%. This is 100bps higher than the prior period due to the impairment of Dealz.

On an underlying basis, the Group's effective tax rate was 25.0%, a 60bps improvement on the prior period, despite being adversely impacted by the underperformance in Dealz. The headline rate of corporation tax in force in the five largest operating markets (by revenue) of the Group varies between 9% and 25%, with performance in each operating territory impacting our Group ETR.

Taxation is recognised at an amount determined by multiplying the profit or loss before tax for the interim reporting period by management's best estimate of the weighted-average ETR expected for the full financial year, adjusted for the tax effect of permanent items and temporary differences recognised in full in H1 FY26. As such, the ETR in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The amount of tax paid in the period was €88m, an increase of €45m on prior (H1 FY25 Restated: €43m) as shown below in the cash flow. The increase results from the Group's improved profitability (and in turn higher tax charge) together with a €24m balancing payment on account in Poland relating to prior years (following the significant improvement in profitability over the last few years).

Continuing Operations cash flow

Operating cash flow and working capital

Net cash inflow from operating activities was €404m, up €158m (64.2%) on the prior year restated €246m, with strong operating cash conversion of 78% of Underlying EBITDA.

Cash flow from working capital was a net outflow of €12m in the year, a significant improvement on the €146m outflow in the prior half year, driven primarily by a reduction in inventory as the business marked down and sold through older ranges. As a result, stock days for the continuing business fell to 118 at H1 FY26 from 138 at year end FY25 Restated and 138 at H1 FY25.

Trade payable days reduced by 14 days to 86 at the half year, from 100 at year end (FY25 Restated) and 89 at H1 FY25, reflecting the seasonal sourcing cycle.

Pepco Group (€m)	H1 FY26	H1 FY25	YoY (reported)
Underlying EBITDA pre-IFRS 16	516	439	77
Exceptional items	(15)	(7)	(7)
Reported EBITDA	501	431	70
Share-based payments (non-cash)	2	4	(1)
Working capital	(12)	(146)	134
Cash generated by operations	492	289	203
Tax paid	(88)	(43)	(45)
Net cash inflow from continuing operating activities	404	246	158
Capex	(48)	(38)	(10)
IFRS 16 lease liabilities (repayment and interest)	(175)	(158)	(17)
Free cash flow (unlevered)	181	51	130
Net interest paid	(25)	(20)	(5)
Free cash flow (levered)	156	31	125
Repayment of borrowings	(35)	0	(35)
Discontinued items	(3)	(66)	64
Net cash flow	4	(35)	38
Effect of exchange rate fluctuations	(4)	12	(17)
Cash and cash equivalents at beginning of period	464	363	101
Cash and cash equivalents at end of period	464	341	123

Capital expenditure

Capital expenditure of €48m represented 1.9% of revenues, in line with the prior period (H1 FY25 Restated: 1.6%). The principal areas of expenditure were:

- €28m invested in opening 138 gross new stores (H1 FY25: 144 gross new stores)
- €6m on store maintenance, including €3.6m for the 'New Look' programme approved in December 2025
- €14m invested in IT, including the digital transformation of our operations

Free cash flow

Unlevered free cash flow of €181m was up €130m on the prior period, on track to meet our upgraded guidance to deliver unlevered free cash flow of at least €250m in FY26, excluding any impact from the potential Dealz transaction. Free cash flow conversion was 91% of underlying profit after tax, a significant improvement on H1 FY25 (39%) driven by the €134m reduction in working capital outflow compared to the prior half year.

On a levered basis (after cash interest), FY26 free cash flow was €156m (FY25: €31m).

Capital structure and financing

Refinancing

In the fourth quarter of FY25, the Group initiated a debt-refinancing strategy to strengthen the Group's capital structure, significantly lower financing costs and enhance financial flexibility through extending debt maturities out to November 2028 and beyond. On 24 September 2025, the Group called €175m of its €375m corporate bond, which was repaid in Q1 FY26.

In Q1 FY26 the Group completed the significant refinancing as follows:

- Series 1 Bonds Polish Floating Rate Note (FRN) with maturity of October 2030 were issued under the PLN 2bn bond issuance programme. The proceeds of this issue, totalling PLN 600m (approximately €141m at time of issue), were converted to fixed rate Euro at a coupon of 4.4% through cross-currency swaps.
- €770m of committed credit facilities were signed with a syndicate of 10 relationship banks. This comprised a 3-year term loan of €235m maturing in November 2028, a 5-year term loan of €235m maturing November 2030, and a new 5-year multicurrency RCF of €300m to November 2030. The RCF has two 1-year uncommitted extension options to extend further to 2032, and replaced the previous undrawn facility of €390m, which was due to expire in April 2027. The facilities were coordinated by Citibank, ING Bank and J.P. Morgan Securities. Syndication was oversubscribed, enabling the Group to upsize the facilities from the originally proposed €750m. Opening margins for the three new facilities range from 1.35% to 1.70% over EURIBOR.
- During December, an existing lender rejoined the syndicate for the committed credit facilities allowing the Group to increase the RCF, and therefore the total committed credit facilities, by €30m to €330m (RCF) and €800m (total committed credit facilities).

The new facilities were used to refinance the Group's indebtedness and extend the maturity of its debts as shown below:

Refinancing summary (€m)	Pre-transaction 30 September 2025	Refi impact and changes since transaction	Post closing 31 March 2025	Maturity
EUR Senior Unsecured Bonds	375	(375)	-	Jun-28
Polish FRN	-	140	140	Oct-30
Bonds subtotal	375	(235)	140	
Pre-Existing Term Loan	250	(250)	-	Apr-26
New 3-year Term Loan	-	235	235	Nov-28
New 5-year Term Loan	-	235	235	Nov-30
Loans subtotal	250	220	470	
Borrowings from credit institutions	625	(15)	610	
Capitalised costs and redemption premium	2	(10)	(8)	
Borrowings	627	(25)	602	
RCF (undrawn)	390	(60)	330	
Memo: Total committed credit facilities (Loans plus RCF)	640	160	800	

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 leverage remains well within our covenant levels: pre-IFRS 16 leverage was only 0.2x as at 31 March 2026, down from 0.3x at year end FY25 and 0.6x at the end of 31 March 2025. 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)	H1 FY26	H1 FY25 (restated)	YoY (reported FX)
Net debt	1,818	1,702	6.8%
Leverage: net debt to EBITDA	1.9x	2.1x	(0.2)x
Net debt (pre IFRS 16)	139	279	(50.2)%
Leverage: net debt (pre IFRS 16) to EBITDA	0.2x	0.6x	(0.4)x
Impact of IFRS 16 on leverage	1.7x	1.5x	

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 H1 FY26 Underlying EBITDA. The average and period-end exchange rates relative to the Group were as follows:

	Average rate		Period-end rate	
	H1 FY26	H1 FY25	H1 FY26	H1 FY25
EUR/PLN	4.2361	4.2548	4.2890	4.1840
CNY/PLN	0.5181	0.5551	0.5406	0.5334
USD/PLN	3.6308	4.0128	3.7302	3.8687

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.

The fair value of derivatives has increased from a liability position of €13m (in H1 FY25) to an asset position of €25m (in H1 FY26) as a result of lower hedge rates secured during the period, reflecting a stronger Polish Zloty (PLN) against both CNY and USD; and a significant appreciation of USD against PLN towards the end of the reporting period.

In addition, the Group uses cross-currency interest rate swaps (CCIRS) to hedge both foreign exchange and interest rate risk arising from PLN-denominated floating rate borrowings, thereby reducing volatility in borrowing costs.



PEPCO GROUP N.V.

**INTERIM CONDENSED
UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For 6-month period ended 31 March 2026

Registered number: 81928491

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CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 March 2026

	Note	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Continuing operations				
Revenue	5	2,470,338	2,353,325	4,523,463
Cost of sales		(1,244,531)	(1,243,633)	(2,356,937)
Gross profit		1,225,807	1,109,692	2,166,526
Administrative expenses		(920,938)	(904,523)	(1,781,236)
Impairment of non-financial assets		(9,461)	(6,250)	(65,416)
Operating profit	7	295,408	198,919	319,874
Financial income	8	17,198	22,754	57,110
Financial expense	9	(75,647)	(59,084)	(125,510)
Profit before taxation from continuing operations for the period		236,959	162,589	251,474
Taxation	10	(64,897)	(42,962)	(80,079)
Profit from continuing operations for the period		172,062	119,627	171,395
Loss on discontinued operations	21	(2,705)	(312,549)	(347,198)
Profit / (loss) for the period		169,357	(192,922)	(175,803)

	Note	Six months to 31 March 2026 (unaudited) Euro Cents	Six months to 31 March 2025 (unaudited) (Restated) Euro Cents	Twelve months to 30 September 2025 (audited) (Restated) Euro Cents
Earnings per share				
Basic earnings per share from continuing operations	11	30.8	20.8	29.8
Basic earnings per share from discontinued operations	11	(0.5)	(54.3)	(60.4)
Basic earnings per share	11	30.3	(33.5)	(30.6)
Diluted earnings per share from continuing operations	11	30.5	20.8	29.5
Diluted earnings per share from discontinued operations	11	(0.5)	(54.2)	(59.8)
Diluted earnings per share	11	30.0	(33.4)	(30.3)

The notes on pages 31 to 50 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 31 March 2026

	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Profit / (loss) for the period	169,357	(192,922)	(175,803)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations	(17,068)	25,868	22,797
Effective portion of changes in fair value of cash flow hedges	26,107	(13,884)	(72,926)
Net change in fair value of cash flow hedges reclassified to profit or loss	37,006	3,821	43,107
Deferred tax on items that are or may be reclassified subsequently to profit or loss	(11,169)	1,548	5,267
Net reserves recycled to profit or loss on disposal of discontinued operations	-	-	(27,325)
Other comprehensive income for the period, net of income tax	34,876	17,353	(29,080)
Total comprehensive (loss) / income for the period	204,233	(175,569)	(204,883)
Total comprehensive income/(loss) for the period arising from:			
Continuing operations	206,938	136,980	142,315
Discontinued operations	(2,705)	(312,549)	(347,198)

The notes on pages 31 to 50 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2026

		31 March 2026 (unaudited)	31 March 2025 (unaudited) (Restated)	30 September 2025 (audited)
	Note	€000	€000	€000
Non-current assets				
Property, plant and equipment		467,743	627,561	479,859
Right-of-use assets		1,576,868	1,290,408	986,276
Goodwill and other intangible assets		20,971	35,720	17,627
Loans receivable		3,909	-	3,199
Trade and other receivables	15	36	65	64
Derivative financial instruments		7,503	919	589
Deferred tax assets		99,862	87,351	113,244
		2,176,892	2,042,024	1,600,858
Current assets				
Inventories	14	759,824	1,082,188	892,487
Tax receivables		26	14	20
Trade and other receivables	15	58,095	103,143	63,255
Derivative financial instruments		50,948	31,379	16,023
Cash and cash equivalents		463,621	340,656	464,357
		1,332,514	1,557,380	1,436,142
Total assets		3,509,406	3,599,404	3,037,000
Current liabilities				
Trade and other payables	16	840,495	1,130,061	949,582
Dividend payable		53,111	35,714	-
Current tax liabilities		27,905	29,038	54,904
Lease liabilities		329,669	425,302	284,796
Borrowings	17	-	-	430,937
Derivative financial instruments		20,643	45,910	85,839
Provisions		32,631	27,315	37,868
		1,304,454	1,693,340	1,843,926
Non-current liabilities				
Trade and other payables	16	2,313	3,449	3,404
Lease liabilities		1,349,976	1,002,061	781,514
Borrowings	17	601,964	614,872	195,693
Derivative financial instruments		1,756	1,777	1,559
Provisions		47,191	49,479	47,892
		2,003,200	1,671,638	1,030,062
Total liabilities		3,307,654	3,364,978	2,873,988
Net assets		201,752	234,426	163,012
Equity attributable to equity holders of the parent				
Share capital		5,775	5,760	5,775
Share premium reserve		13	13	13
Treasury shares		(164,819)	-	(49,912)
Cash flow hedge reserve		24,968	(12,866)	(26,976)
Merger reserve		(562)	(751)	(562)
Translation reserve		(3,731)	45,849	13,337
Share-based payment reserve		54,717	43,679	52,192
Retained earnings		285,391	152,742	169,145
Total shareholders' equity		201,752	234,426	163,012

The notes on pages 31 to 50 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2026 (unaudited)

	Share capital €000	Treasury shares €000	Share premium €000	Cash flow hedge reserve ¹ €000	Translation reserve ² €000	Merger reserve ³ €000	Share-based payment reserve €000	Retained earnings €000	Total equity €000
Balance at 1 October 2025	5,775	(49,912)	13	(26,976)	13,337	(562)	52,192	169,145	163,012
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	169,357	169,357
Other comprehensive (loss) / income for the period	-	-	-	51,944	(17,068)	-	-	-	34,876
Total comprehensive (loss) / income for the period	-	-	-	51,944	(17,068)	-	-	169,357	204,233
Transactions with owners, recorded directly in equity									
Equity settled share-based payments	-	-	-	-	-	-	2,525	-	2,525
Dividends declared	-	-	-	-	-	-	-	(53,111)	(53,111)
Issue of share capital	-	-	-	-	-	-	-	-	-
Own shares acquired in the year	-	(114,907)	-	-	-	-	-	-	(114,907)
Total contributions by and distributions to owners	-	(114,907)	-	-	-	-	2,525	(53,111)	(165,493)
Balance at 31 March 2026	5,775	(164,819)	13	24,968	(3,731)	(562)	54,717	285,391	201,752

for the six months ended 31 March 2025 (unaudited)

	Share capital €000	Treasury shares €000	Share premium €000	Cash flow hedge reserve ¹ €000	Translation reserve ² (Restated) €000	Merger reserve ³ €000	Share-based payment reserve €000	Retained earnings (Restated) €000	Total equity (Restated)
Balance at 1 October 2024	5,760	-	13	(4,351)	19,981	(751)	39,908	381,378	441,938
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	(192,922)	(192,922)
Other comprehensive income for the period	-	-	-	(8,515)	25,868	-	-	-	17,353
Total comprehensive income for the period	-	-	-	(8,515)	25,868	-	-	(192,922)	(175,569)
Transactions with owners, recorded directly in equity									
Equity settled share-based payments	-	-	-	-	-	-	3,771	-	3,771
Dividends declared	-	-	-	-	-	-	-	(35,714)	(35,714)
Total contributions by and distributions to owners	-	-	-	-	-	-	3,771	(35,714)	(31,943)
Balance at 31 March 2025	5,760	-	13	(12,866)	45,849	(751)	43,679	152,742	234,426

1. The cash flow hedge reserve represents the cumulative effect of fair value gains and losses on cash flow hedges in the Group.

2. The translation reserve represents the cumulative foreign exchange differences on the translation of the net assets of the Group's foreign operations from their functional currency to the presentation currency of the parent.

3. The merger reserve represents the difference between the cost of the Company's investment in its subsidiaries acquired using the principles of merger accounting and the aggregate carrying value of assets and liabilities of the subsidiaries acquired.

The notes on pages 31 to 50 form part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 March 2026

	Note	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Cash flows from operating activities				
Profit for the period from continuing operations:		172,062	119,627	171,395
Adjustments for:				
Depreciation, amortisation and impairment		54,221	78,962	219,137
Right-of-use asset depreciation		151,373	153,458	301,301
Financial income	8	(17,198)	(22,754)	(57,110)
Financial expense	9	75,647	59,084	125,510
(Profit)/ loss on sale of property, plant and equipment		302	8	(220)
Equity settled share-based payment expenses		2,459	3,762	12,599
Taxation	10	64,897	42,962	80,079
		503,763	435,109	852,691
Decrease/(increase) in trade and other receivables		5,018	(16,023)	(12,686)
Decrease/(increase) in inventories		129,891	54,506	7,216
(Decrease)/increase in trade and other payables		(135,166)	(182,613)	(19,446)
(Decrease)/increase in provisions and employee benefits		(7,028)	(7,632)	11,651
Settlement of derivatives		(4,436)	6,107	8,172
Cash generated by operations		492,042	289,454	847,598
Tax paid		(88,041)	(43,107)	(77,256)
Net cash from operating activities in discontinued operations		(2,705)	16,976	19,761
Net cash from operating activities		401,296	263,323	790,103
Cash flows used in investing activities				
Proceeds from sale of property, plant and equipment		70	476	576
Interest received		7,718	5,251	23,178
Disposal of subsidiary net of cash disposed		-	-	(39,410)
Additions to property, plant and equipment		(40,917)	(36,219)	(89,338)
Additions to other intangible assets		(7,111)	(1,503)	(6,463)
Net cash from investing activities in discontinued operations		-	(14,902)	(16,862)
Net cash used in investing activities		(40,240)	(46,897)	(128,319)
Cash flows from financing activities				
Proceeds from the issue of share capital		-	-	15
Purchase of own shares		(114,907)	-	(49,912)
Dividends paid		-	-	(35,743)
Proceeds from borrowings net of fees incurred		603,698	-	-
Repayment of borrowings		(638,594)	-	-
Interest paid		(32,356)	(24,856)	(53,945)
Payment of interest on lease liabilities		(35,683)	(25,665)	(41,181)
Repayment of lease liabilities		(139,482)	(132,028)	(290,885)
Net cash from financing activities in discontinued operations		-	(68,499)	(92,320)
Net cash from financing activities		(357,324)	(251,048)	(563,971)
Net decrease in cash and cash equivalents		3,732	(34,622)	97,813
Cash and cash equivalents at beginning of period		464,357	362,881	362,881
Effect of exchange rate fluctuations on cash held		(4,468)	12,397	3,663
Cash and cash equivalents at end of period		463,621	340,656	464,357

NOTES TO THE CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

Pepco Group N.V. (‘the Company’) is a public limited liability company incorporated in the Netherlands (registration number 81928491) with its statutory seat in Amsterdam and domiciled in the United Kingdom. These condensed consolidated interim financial statements (‘interim financial statements’) as at and for the six months ended 31 March 2026 comprise the Company and its subsidiaries (together referred to as ‘the Group’). Pepco Group operates a European multi-format discount retail chain, specialising in apparel, homeware, and serving value-conscious customers.

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 30 September 2025. They do not include all the information required for a complete set of IFRS financial statements.

The accounting policies adopted in the preparation of the condensed set of consolidated financial information are consistent with those of the Group’s Annual Report and Accounts for the year to 30 September 2025. No new standards, new interpretations or amendments to standards or interpretations have been published which are expected to have a significant impact on the Group’s financial statements.

1.1. Uncertainties related to disclosure notes 18 (Discontinued operations) and 19 (Restatement note) related to the former Poundland segment

As disclosed in the Group’s consolidated financial statements for the year ended 30 September 2025, the sale of Poundland on 12 June 2025 resulted in the Board no longer having direct access and control over Poundland management, the finance team or operational processes. The Board was therefore unable to obtain sufficient appropriate information on the adjustments from discontinued operations and the restatement of opening balances as at 1 October 2024. Full details of these matters are set out in notes 25 and 26 of those financial statements.

These limitations continue to be relevant to the comparative information presented for the half-year ended 31 March 2025, as the Poundland business remained under the Group’s ownership during that period. Accordingly, the Group continues to be unable to obtain sufficient appropriate information to fully assess whether adjustments may be required to amounts previously recognised in respect of discontinued operations, including opening balances and related results (now included in discontinued operations).

Any such adjustments, if identified, could impact the comparative results of discontinued operations and associated balances; however, the Group does not expect any impact on total shareholders’ equity as of 31 March 2025. The foregoing does not impact total shareholders’ equity as at 30 September 2025 as disclosed in the consolidated statement of financial position.

Readers are referred to the Group’s annual report and accounts for the year ended 30 September 2025 for further detail on the nature and extent of these uncertainties.

2. Going Concern

The interim financial statements have been prepared on a going concern basis. At the time of approving the interim financial statements, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future, which is not less than twelve months from approving the interim financial statements, in doing so the Directors have considered reasonable downside sensitivities.

In assessing going concern, the Group has considered a period to the end of FY27, beyond the minimum requirement of 12 months from the date of signing the interim financial statements. The Directors have considered a severe but plausible downside sensitivity and a reverse stress test. The analysis suggested that despite the harsh scenario assumptions, which the management judge to be very unlikely, the Group still retains sufficient headroom across the assessment period and is able to meet all the requirements of its lending covenants.

3. Accounting estimates and judgements

In preparing these interim financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Except for the changes in accounting estimates described below, the critical accounting estimates and judgements applied in preparing these interim financial statements are consistent with those presented in note 1.29 of the Group's annual consolidated financial statements as at and for the year ended 30 September 2025.

3.1. Changes in accounting estimates

During the six months ended 31 March 2026, the Group made the following changes in accounting estimates:

a) Lease term for right-of-use assets

Accounting Policy:

The Group determines the lease term as the non-cancellable period of a lease, together with any periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, or any periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The assessment of whether the Group is reasonably certain to exercise extension options (or not to exercise termination options) requires significant judgment, considering all relevant facts and circumstances that create an economic incentive for the Group to exercise the option.

Change in Estimate:

During the six months ended 31 March 2026, the Group reassessed the expected lease terms for its retail portfolio following significant developments in its operating model and strategic direction during the period.

Recently, the Group has undertaken a number of strategic initiatives including the disposal of non-core operations, restructuring activities within underperforming markets and the simplification of its operating model. These actions included the disposal of the Poundland business, progress towards the disposal of Dealz Poland, restructuring initiatives within Germany and the exit from FMCG categories in Pepco. Together, these actions have resulted in a more focused operating model, a change to the store portfolio to a better quality, more profitable store base, and increased visibility over the Group's long-term strategic priorities and expected store portfolio requirements.

Following these actions, in May 2026 the Group concluded its FY26-30 strategic review which included significant investment programmes, including the store refresh programme and associated property initiatives across multiple markets to support performance in the long-term. The strategic review and associated investment programmes involve material committed capital expenditure and are expected to impact a significant proportion of the Group's store portfolio over the coming years.

As part of the reassessment, management considered all relevant facts and circumstances that create an economic incentive to exercise lease extension options, including committed investment plans, expected future store performance, operational plans, historical experience and current market conditions.

Based on the updated information and circumstances existing at the reassessment date, management concluded that it is now reasonably certain that extension options will be exercised for leases where such options exist. Accordingly, the expected lease term for the affected lease population has been revised to approximately 10 years, reflecting the contractual extension periods available.

This reassessment represents a change in accounting estimate and a reassessment of lease terms under IFRS 16. The impact of the change in estimate on the financial statements for the half-year ended 31 March 2026 related to the revised expected lease terms of stores was (a) an increase in right-of-use assets of approximately €556m and an increase in lease liabilities of approximately €570m and (b) a net negative profit before tax impact of €9m with the €4m reduction in right-of-use asset depreciation expense offset by the corresponding €13m increase in interest expense on lease liabilities. The tax impact of the change is an increase in the deferred tax asset of €1.7m, with a corresponding tax credit recognised in the income statement. There is no impact on cashflow.

b) Useful economic life of Fixtures and Fittings

Accounting Policy:

Property, plant, and equipment (PPE) are depreciated over their estimated useful economic lives (UELs) using the straight-line method. The UELs are reviewed at each reporting date and adjusted if there is an indication of a significant change since the last annual reporting date.

Change in Estimate:

During the six months ended 31 March 2026, the Group reassessed the useful economic lives of certain fixtures and fittings located within stores affected by the lease term reassessment described above. In performing this reassessment, management considered the updated expected period of occupation of the relevant stores, revised store investment plans, the expected utilisation of the assets, and the period over which future economic benefits are expected to be consumed.

Following this review, management concluded that the useful economic lives of certain fixtures and fittings should be extended to 10 years. Previously, these assets were generally depreciated over 5 years.

This reassessment reflects updated expectations regarding the period over which the assets are expected to generate economic benefits and therefore represents a change in accounting estimate under IAS 8. The change in estimate has been applied prospectively from 1 October 2025.

The impact of this change on the financial statements for the half-year ended 31 March 2026 was a decrease in PPE depreciation expense of approximately €30m. The tax impact of the change is a reduction in deferred tax assets of €6.7m, with a corresponding tax charge recognised in the income statement. The reassessment will also affect depreciation expense and the carrying amount of property, plant and equipment in future periods.

The total PBT impact from the change in estimates relating to both the lease term for right-of-use assets and the UEL of fixtures and fittings on the half-year ended 31 March 2026 is positive €21m: a €34m reduction in depreciation offset by the €13m increase in interest expense.

The change in these estimates will also reduce depreciation expense in future periods by spreading the carrying value of assets over a longer useful economic life than previously assessed. Similarly, the reassessment of lease terms results in lease liabilities and right-of-use assets being recognised over a longer period, which is expected to increase interest expense in future periods compared to the previous assessment methodology. The precise future impact is dependent on future capital expenditure, disposals, lease modifications and other changes in underlying assumptions and therefore cannot be reliably quantified.

4. Segmental information

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 CODM.

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 Poland 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 and profit/loss on disposal of tangible and intangible assets. Tax and interest are not reviewed by the CODM on an operating segment basis. Segment assets and liabilities are measured in the same way as in the consolidated historical financial information. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset. Investments in subsidiaries within the Group, along with relevant consolidation adjustments and eliminations, are allocated to the relevant segment. Assets and liabilities included within the "other" segment relate to balances held by the Group's sourcing operations.

All income statement disclosures are for the continuing business only. The total asset, total liability and capital expenditure disclosures are for the entire Group.

4. Segmental information (continued)

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Revenue			
Pepco	2,300,657	2,171,234	4,184,209
Dealz Poland	169,681	182,091	339,254
Group external revenue	2,470,338	2,353,325	4,523,463
Cost of sales			
Pepco	1,121,210	1,124,363	2,128,499
Dealz Poland	123,822	120,642	230,032
Other	(501)	(1,372)	(1,594)
Group cost of sales	1,244,631	1,243,633	2,356,937
Underlying EBITDA			
Pepco	504,968	442,424	874,327
Dealz Poland	1,565	14,780	24,694
Other	9,743	(18,417)	(33,749)
Group Underlying EBITDA	516,276	438,787	865,272
Reported EBITDA			
Pepco	495,535	437,948	847,101
Dealz Poland	(1,917)	14,780	16,777
Other	7,770	(21,380)	(23,786)
Group Reported EBITDA	501,388	431,348	840,092
<i>Less reconciling items to operating profit</i>			
Depreciation of property, plant and equipment	(41,174)	(69,720)	(145,604)
Impairment of property, plant and equipment	(6,510)	(3,388)	(22,639)
Depreciation of right-of-use asset	(151,373)	(153,458)	(301,301)
Impairment of right-of-use asset	(2,867)	(2,861)	(32,631)
Amortisation of other intangibles	(3,670)	(2,993)	(8,117)
Impairment of other intangibles	-	-	(10,146)
(Loss) / Profit on disposal of property, plant and equipment	(302)	(8)	220
Other expenses	(84)	(1)	-
Group operating profit	295,408	198,919	319,874

4. Segmental information (continued)

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Depreciation and amortisation			
Pepco	178,908	208,022	417,687
Dealz Poland	16,586	17,261	35,598
Other	723	887	1,737
Group depreciation and amortisation	196,217	226,170	455,022
Impairment / (reversal of impairment) of non-financial assets			
Pepco	(2,210)	6,249	59,646
Dealz Poland	11,587	-	5,770
Other	-	-	-
Group impairment of non-financial assets	9,377	6,249	65,416
Total assets			
Pepco	3,317,952	2,776,176	2,836,714
Poundland ¹	-	606,764	-
Dealz Poland	106,039	171,258	148,229
Other	85,415	45,206	52,057
Group assets	3,509,406	3,599,404	3,037,000
Total liabilities			
Pepco	2,528,744	1,942,248	2,090,802
Poundland ¹	-	608,525	-
Dealz Poland	82,559	101,587	108,145
Total Other	696,351	712,618	675,041
Group liabilities	3,307,654	3,364,978	2,873,988

¹ The Poundland segment has been included in the total assets and total liabilities for 31 March 2025 as the segment was not sold until 12th June 2025.

5. Revenue – 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:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited) (Restated)
	€000	€000	€000
North CEE	1,410,624	1,362,772	2,624,403
- of which Poland	905,994	886,749	1,712,934
South CEE	667,650	620,280	1,208,110
Western Europe	392,064	370,273	694,950
	2,470,338	2,353,325	4,523,463

Refer to the Financial Review on page 12 for commentary on the underlying performance, excluding the impacts of the restructuring and insolvency in Germany and the FMCG exit.

6. Exceptional items

The Group believes underlying EBITDA, underlying operating profit and underlying profit before tax are alternative profit measure, and are 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.

	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Reported EBITDA from continuing operations	501,388	431,348	840,071
Impact of implementation of IFRIC interpretation on SaaS arrangements and expensing significant ERP programme costs incurred	-	1,596	7,780
Restructuring costs	3,736	5,843	17,400
Business capability programmes	11,152	-	-
Sub-total of exceptional items	14,888	7,439	25,180
Underlying EBITDA from continuing operations	516,276	438,787	865,251
Reported operating profit from continuing operations	295,408	198,919	319,689
Impact of implementation of IFRIC interpretation on SaaS arrangements and expensing significant ERP programme costs incurred	-	145	16,997
Restructuring costs	3,697	11,958	34,131
Business capability programmes	11,172	-	-
Impairment of Dealz Poland non-financial assets	12,417	-	-
Sub-total of exceptional items	27,286	12,103	51,128
Underlying operating profit from continuing operations	322,694	211,022	370,817
Reported profit before taxation from continuing operations for the year	236,963	162,589	251,480
Impact of implementation of IFRIC interpretation on SaaS arrangements and expensing significant ERP programme costs incurred	-	145	16,997
Restructuring costs	3,697	11,958	34,131
Business capability programmes	11,172	-	-
Impairment of Dealz Poland non-financial assets	12,417	-	-
Sub-total of exceptional items	27,286	12,103	51,128
Underlying profit before tax from continuing operations	264,249	174,692	302,608

6. Exceptional items (continued)

Restructuring costs: During FY26, the Group continues to incur costs in relation to restructuring projects. The most significant spend in this category in FY26 relates to the insolvency and closure of the certain Pepco Germany stores which began in FY25. During FY26, the Group have also undertaken steps towards the separation of Dealz Poland. In FY25, the costs in this category largely relates to the Group's strategic decision 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.

Business Capability programmes: This is a multi-year strategic transformation initiative aimed at strengthening the foundational core of the organisation through standardising and integrating core business processes and systems across the business. This will include one-off implementation expenses for the new ERP and other finance platforms to improve data integrity and control, material investment in process standardisation and workflows for core functions, and the organisation restructuring associated with the new target operating model (including establishing a new buy-sell entity).

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. This cost is no longer impacting the FY26 financial statements.

Impairment in Dealz Poland assets: The Group is actively managing the disposal of Dealz Poland whose recent trading performance has been below expectations. As a result, impairments of the entity's non-financial assets have been assessed and recognised to reflect the recoverable value based on current performance and disposal considerations. Given the entity is being managed for sale and these charges do not relate to ongoing operations, the impairment losses have been classified within exceptional costs and are expected to form part of discontinued operations in future periods.

Please note that the prior year reported results included the non-cash impairment of Poundland (primarily goodwill), which has now been reclassified to discontinued operations in FY25.

7. Operating profit

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Operating profit for the period has been arrived at after charging/(crediting):			
Expense relating to short-term, low-value and variable leases	37,219	27,905	57,979
Depreciation of owned tangible fixed assets and other items	41,174	69,720	145,604
Depreciation of right-of-use assets	151,373	153,458	301,301
Impairment of property, plant and equipment	6,510	3,388	22,639
Amortisation of other intangibles	3,670	2,993	8,117
Impairment of other intangible assets	-	-	10,146
Impairment of right-of-use assets	2,867	2,861	32,631
Cost of inventories recognised as an expense	1,218,417	1,227,662	2,310,235
Write downs of inventories recognised as an expense	27,538	18,533	31,333

8. Financial income

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Bank interest income	15,896	9,323	23,178
Interest on external loans	1,287	-	4,712
Foreign exchange gains	15	13,431	29,220
	17,198	22,754	57,110

9. Financial expense

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Interest on bank loans and amortisation of capitalised finance costs	29,248	30,207	60,613
Bond call premium payable	7,250	-	6,344
Release of capitalised finance costs due to refinancing	4,698	-	3,509
Interest on lease liabilities	33,875	20,427	41,181
Foreign exchange losses	576	8,450	13,863
	75,647	59,084	125,510

10. Taxation

Taxation is recognised at an amount determined by multiplying the profit or loss before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of permanent items and temporary differences recognised in full in the interim period. As such the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 31 March 2026 is 27.4% (six months ended 31 March 2025 (restated), 26.4%). On an underlying basis the Group's consolidated effective tax rate in respect of continuing operations for the six months ended 31 March 2026 is 25.0% (six months ended 31 March 2025 (restated), 25.6%).

11. Earnings per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year. Basic and diluted earnings/(loss) per share is calculated as follows:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited) (Restated)
	€	€	€
Basic earnings per share			
Earnings per share from continuing operations	30.8	20.8	29.8
Earnings per share from discontinued operations	(0.5)	(54.3)	(60.4)
Earnings per share	30.3	(33.5)	(30.6)
Earnings per share from continuing operations adjusted for exceptional items	35.4	22.6	38.1
Diluted earnings per share			
Diluted earnings per share from continuing operations	30.5	20.8	29.5
Diluted earnings per share from discontinued operations	(0.5)	(54.2)	(59.8)
Diluted earnings per share	30.0	(33.4)	(30.3)
Diluted earnings per share from continuing operations adjusted for exceptional items	35.1	22.6	37.7

Basic earnings per share is based on the profit for the period attributable to equity holders of the company divided by the number of shares ranking for dividend.

Diluted earnings per share is calculated by adjusting the weighted average number of shares used for the calculation of basic earnings per share as increased by the dilutive effect of potential ordinary shares. The only potentially dilutive instruments in issue are share awards under the Group's relevant share based payment scheme which will potentially vest across multiple years.

The following table reflects the profit data used in the basic and diluted earnings per share calculations:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Profit from continuing operations attributable to the ordinary equity holders of the company	172,062	119,627	171,395
Add back exceptional items	27,286	12,103	51,128
Add back tax on exceptional items	(1,285)	(1,737)	(3,527)
Adjusted profit attributable to the ordinary equity holders of the company	198,063	129,993	218,996

11. Earnings per share (continued)

The following table reflects the share data used in the basic and diluted earnings per share calculations:

	Six months to 31 March 2026 (unaudited) '000	Six months to 31 March 2025 (unaudited) (Restated) '000	Twelve months to 30 September 2025 (audited) (Restated) '000
Ordinary shares in issue	577,452	576,000	577,452
Weighted average number of shares held in treasury ¹	(18,414)	-	(2,164)
Weighted average number of shares for basic earnings per share	559,038	576,000	575,288
Weighted average of dilutive potential shares (restated) ²	5,275	414	5,419
Weighted average number of shares for diluted earnings per share	564,313	576,414	580,707

¹ The weighted average number of shares used in the earnings per share calculation has been adjusted to exclude treasury shares purchased by the Group as part of its ongoing share buyback programme, in accordance with IAS 33 Earnings per Share.

² The weighted average number of dilutive potential shares excludes 11.7m of share awards (HY25: 5.2m, FY25: 11.5m) as the relevant non-market performance conditions had not been satisfied at the reporting date.

During the period, the Group corrected the methodology applied in determining the dilutive impact of share-based payment arrangements under IAS 33 Earnings per Share. Following this correction, certain share-based payment awards subject to non-market performance conditions are now treated as contingently issuable shares and included within diluted earnings per share only when the relevant performance conditions are satisfied at the reporting date.

Comparative diluted weighted average shares outstanding have therefore been restated to reflect the revised application of IAS 33 guidance, the impact of this is included in note 19 Restatement of comparative interim information. The change impacts diluted earnings per share only and has no impact on basic earnings per share, profit for the period, net assets or cash flows.

12. Share capital

	Six months to 31 March 2026 (unaudited) '000	Six months to 31 March 2025 (unaudited) '000	Twelve months to 30 September 2025 (audited) '000
Ordinary shares in issue	577,452	576,000	577,452
Shares held in treasury	(26,363)	-	(9,382)
Ordinary shares outstanding	551,089	576,000	568,070

Ordinary shares have a nominal value of €0.01 per share. Shares held in treasury do not carry voting rights and are excluded from earnings per share calculations. Movements in shares during the period relate primarily to the Group's share buyback programme.

13. Dividends

The Board of Directors declared a dividend of 9.6c per share on 11 March 2026. The total amount of the dividend is €53.1m. This has been recorded as a liability in the financial statements for the period ended 31 March 2026. The dividend was paid in April 2026 to shareholders.

14. Inventories

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Goods purchased for resale	494,952	778,557	538,371
Goods in transit	264,872	303,631	354,116
	759,824	1,082,188	892,487

Cost of inventories from continuing operations recognised as an expense for the six months ended 31 March 2026 were €1,218m (HY25: €1,227m). In addition, inventory losses and provisions from continuing operations recognised as an expense for the six months ended 31 March 2026 were €28m (HY25: €19m)

15. Trade and other receivables

	31 March 2026 (unaudited)	31 March 2025 (unaudited) (Restated)	30 September 2025 (audited)
	€000	€000	€000
Non-current trade and other receivables			
Other receivables	36	65	64
	36	65	64
Current trade and other receivables			
Trade receivables	605	1,285	521
Other receivables	38,104	47,098	43,093
Prepayments	19,386	54,760	19,641
	58,095	103,143	63,255

16. Trade and other payables

	31 March 2026 (unaudited)	31 March 2025 (unaudited) (Restated)	30 September 2025 (audited)
	€000	€000	€000
Current			
Trade payables	552,052	710,220	646,019
Other taxation and social security	67,113	86,370	71,258
Other payables	81,212	61,475	72,886
Accruals	140,118	271,996	159,419
	840,495	1,130,061	949,582
Non-current			
Accruals and deferred income	2,313	3,449	3,404
	2,313	3,449	3,404

17. Borrowings

	31 March 2026 (unaudited) €000	31 March 2025 (unaudited) €000	30 September 2025 (audited) €000
Current			
Borrowings from credit institutions	-	-	249,593
Secured bond issuance	-	-	181,344
	-	-	430,937
Non-current			
Borrowings from credit institutions	463,273	248,761	-
Secured bond issuance	138,691	366,111	195,693
	601,964	614,872	195,693

During the period, the Group entered into new financing arrangements and repaid certain existing borrowings. As part of the refinancing €8.2m of issuance costs have been capitalised and are allocated to the income statement over the life of the debt facilities.

Bond issuance

During the period, the Group issued Series 1 Bonds in the form of a Polish Floating Rate Note (FRN) under its PLN 2.0 billion bond issuance programme. The bonds have a maturity date of October 2030. Gross proceeds of PLN 600 million (approximately €141 million) were raised. The Group entered into cross-currency interest rate swaps to convert the Polish zloty-denominated, floating-rate exposure into fixed-rate euro debt. Following the execution of these hedging arrangements, the effective fixed euro coupon on the bonds is 4.4%.

Committed credit facilities

During the period, the Group entered into new committed credit facilities totalling €800 million with a syndicate of ten relationship banks. The facilities comprise:

- a three-year term loan of €235 million, maturing in November 2028;
- a five-year term loan of €235 million, maturing in November 2030; and
- a five-year multicurrency revolving credit facility (RCF) of €330 million, maturing in November 2030.

The RCF includes two additional one-year uncommitted extension options, which, if exercised, would extend its maturity to November 2032.

The new facilities replaced the Group's existing undrawn revolving credit facility of €390 million, which was due to expire in April 2027.

Repayment and extinguishment of existing borrowings

During the period, the Group repaid and extinguished certain existing borrowings using proceeds from the new financing arrangements and available cash resources. These comprised:

- the full repayment of an existing €250 million term loan; and
- the full repayment of the Group's €375 million senior unsecured euro-denominated bonds.

Following these repayments, the relevant facilities and bonds were derecognised from the statement of financial position.

18. Discontinued Operations

The Group has classified certain operations as discontinued operations in accordance with the requirements of IFRS 5. The financial performance of discontinued operations has been separately disclosed in the consolidated statement of comprehensive income. No related assets and liabilities have been classified as held for sale as the operation has been disposed of during the prior period. The discontinued operations relate to the Group's business in Austria and Poundland.

In February 2024, Pepco Group announced an exit out of the Austrian market and the liquidation of Pepco Austria. The decision to discontinue these operations was made as part of the Group's strategic review to focus on profitable markets. In H1 FY25, a gain was recorded in relation to Austria as part of a provision, which was previously recognised in FY24 upon announcement of the liquidation, was released for €3.5 million.

In June 2025, Pepco Group completed the sale of its entire shareholding in Poundland Limited. The disposal reflects the Group's strategy to simplify the Group structure and focus on its core Pepco-branded operations. As a result of the sale, the Group no longer controls Poundland and subsequently all assets and liabilities related to Poundland are not consolidated in the Group financial statements.

The financial results of discontinued operations have been disclosed separately to provide users of the financial statements with clarity regarding the Group's ongoing operations and its financial performance. The following table highlights the results of the discontinued operation:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (unaudited)
	€000	€000	€000
Discontinued operations			
Revenue	-	985,009	1,333,208
Cost of sales	-	(645,258)	(912,060)
Gross profit	-	339,751	421,148
Administrative expenses	-	(389,549)	(515,592)
Impairment in other non-financial assets	-	(104,978)	(119,336)
Operating loss	-	(154,776)	(213,780)
Financial income	-	429	578
Financial expense	-	(11,791)	(16,509)
Loss before taxation for the period	-	(166,138)	(229,711)
Taxation	-	315	2
Loss for the period	-	(165,823)	(229,709)

There were no items of other comprehensive income related to discontinued operations during the reporting period.

In addition to the results of Poundland highlighted above, in FY25 there have been additional costs and impairments recognised as a result of disposing of the entity. In line with IFRS 5, these costs have also been included within the loss on discontinued operations within the income statement and are categorised as follows:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (unaudited)
	€000	€000	€000
Total costs included in total loss on discontinued operations			
Loss for the period from discontinued operations (as per above)	-	(165,823)	(229,709)
Gain on disposal of Poundland ¹	-	-	387,045
Additional impairment of loans associated with the disposal	-	-	(332,028)
Additional costs and provisions associated with the disposal	(2,705)	-	(25,780)
Impairment of Poundland goodwill	-	(146,726)	(146,726)
Gain / (Loss) on discontinued operations	(2,705)	(312,549)	(347,198)

¹Included in the gain on disposal of Poundland is nominal consideration of €1, the derecognition of total assets of €561.7 and total liabilities of €921.4m, and the recycling of net reserves of €27.3 million.

19. Restatement of comparative interim information

Certain comparative information for the six months ended 31 March 2025 has been restated in these condensed consolidated interim financial statements for the six months ended 31 March 2026.

During the preparation of the Group's audited consolidated financial statements for the year ended 30 September 2025, the Group identified a number of prior-period errors. These primarily related to:

- the recognition of dilapidation provisions for leased properties,
- errors in the measurement of IFRS 16 lease assets and liabilities following a system transition,
- the valuation of inventory arising from the incorrect application of the weighted average cost methodology and related tax treatment,
- and certain historical balance sheet items within the Poundland business, including aged debit balances within accounts payable and impairments of store-level assets.

These errors were corrected retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the nature and financial impact of these corrections disclosed in note 26 of Group's audited annual financial statements for the year ended 30 September 2025.

As a consequence of these corrections, certain comparative interim balances as at and for the six months ended 31 March 2025 have been restated in these condensed consolidated interim financial statements to ensure consistency with the Group's restated audited financial statements for FY25. Accordingly, the comparative information presented for the prior interim period differs from that previously published.

The restatements primarily impact the Group's statement of financial position, with the cumulative effect recognised through retained earnings. The corrections had no impact on the Group's net cash flows for the six months ended 31 March 2025.

	Six months ending 31 March 2025		
	Previously reported (unaudited) €000	Total adjustment (unaudited) €000	Restated (unaudited) €000
Balance Sheet			
Non-Current Assets			
Property, plant and equipment	633,704	(6,143)	627,561
Right-of-use assets	1,163,016	127,392	1,290,408
Goodwill and other intangible assets	36,168	(448)	35,720
Deferred tax asset	124,632	(37,281)	87,351
Current Assets			
Inventories	1,127,996	(45,808)	1,082,188
Trade and other receivables	75,020	28,123	103,143
Current Liabilities			
Trade and other payables	1,136,149	(6,088)	1,130,061
Current tax liabilities	16,335	12,703	29,038
Lease liabilities	333,361	91,941	425,302
Provisions	14,614	12,701	27,315
Non-Current Liabilities			
Provisions	5,438	44,041	49,479
Equity			
Translation reserve	51,765	(5,916)	45,849
Retained earnings	236,785	(84,043)	152,742

As a result of these corrections, the comparative condensed consolidated statement of profit or loss for continuing operations for the six months ended 31 March 2025 has been restated.

19. Restatement of comparative interim information (continued)

The restatement resulted in an increase in operating expenses in the comparative period, primarily reflecting the retrospective recognition of dilapidation costs and lease-related depreciation and finance charges that should have been recognised in prior periods. Inventory valuation corrections also impacted cost of sales.

The total impact of the restatement on profit from continuing operations for the six months ended 31 March 2025 was a €38.7m reduction.

Impact on earnings per share from continuing operations

In accordance with IAS 33 Earnings per Share, comparative earnings per share have been restated to reflect the revised profit attributable to equity holders of the parent.

	Six months ending 31 March 2025		
	Previously reported (unaudited)	Total adjustment (unaudited)	Restated (unaudited)
	Euro Cents	Euro Cents	Euro Cents
Earnings per share			
Basic earnings per share from continuing operations	(26.9)	47.7	20.8
Basic earnings per share from discontinued operations	0.6	(54.9)	(54.3)
Basic earnings per share	(26.3)	(7.2)	(33.5)
Diluted earnings per share from continuing operations	(26.9)	47.7	20.8
Diluted earnings per share from discontinued operations	0.6	(54.8)	(54.2)
Diluted earnings per share	(26.3)	(7.1)	(33.4)

20. Alternative performance measures

The APMs used in the interim condensed financial statements are outlined in detail throughout this note. A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS Accounting Standards is presented below where practical. The APMs we use may not be directly comparable with similarly titled measures used by other companies.

All of the IFRS measures and APMs listed within this note where referencing income statement balances, relate only to continuing operations.

Exceptional and other items

The Directors believe that presentation of the Group's results on an underlying basis provides a useful alternative analysis of the Group's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a relevant analysis of the trading results of the Group. In determining whether events or transactions are treated as exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The following charges and credits have been included within exceptional and other items for the period ended 31 March 2026; see note 6 for more details:

- Business Restructuring programmes;
- Business Capability programmes; and
- Impairments of Dealz Poland non-financial assets.

20. Alternative performance measures (continued)

Revenue growth metrics

The Group utilises two APMs in relation to revenue and revenue growth. Like-for-like revenue growth is a measure which seeks to reflect the underlying performance of the Group's stores. The measure is defined as year-on-year revenue growth for stores open beyond their trading anniversary, with stores relocated in a catchment and/or upsized included within LFL provided the enlarged store footprint is less than 50% bigger than the existing store. In addition, annual revenue growth is measured at constant currency (defined as "Constant currency revenue growth") to provide a reflection of the annualised revenue growth without exchange rate impacts across the various geographical markets.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	%	%	%
Reported revenue growth	5.0%	9.7%	8.7%
Impact of constant currency translation	(0.5)%	(0.6)%	(0.3)%
Constant currency revenue growth	4.5%	9.1%	8.4%
Like-for-like revenue growth	0.5%	2.3%	2.6%

Gross margin

Gross margin is also considered an APM and represents gross profit divided by revenue. These are both directly reported IFRS figures included in the consolidated income statement. The Group uses gross margin in its business operations, among other things, as a means of comparing the underlying profitability of the Group from period to period and the performance of its sourcing model. Gross margin is expressed as a percentage.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Reported Gross profit	1,225,807	1,109,692	2,166,526
Exceptional items	916	-	5,754
Underlying Gross profit	1,226,723	1,109,692	2,172,280
Revenue	2,470,338	2,353,325	4,523,463
Underlying Gross margin %	49.7%	47.2%	48.0%

Underlying P&L metrics

The Group considers various P&L metrics which have been adjusted from the IFRS reported balances by excluding exceptional costs. The table below highlights how key metrics in the reported financial statements have been adjusted (by excluding exceptional items) to arrive at an underlying P&L metric. Please note that in arriving at reported EBITDA, a reconciliation is provided in note 4 of these financial statements.

20. Alternative performance measures (continued)

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Underlying EBITDA			
Reported EBITDA	501,388	431,348	840,092
Exceptional items	14,888	7,439	25,180
Underlying EBITDA	516,276	438,787	865,272
Underlying EBIT			
Operating profit from continuing operations	295,408	198,919	319,874
Exceptional items	27,286	12,103	51,127
Underlying EBIT	322,694	211,022	371,001
Underlying profit before tax			
Reported profit before tax	236,959	162,590	251,474
Exceptional items	27,286	12,103	51,127
Underlying profit before tax	264,245	174,693	302,601
Underlying profit after tax			
Reported profit after tax	172,062	119,627	171,395
Exceptional items	26,001	10,366	47,601
Underlying profit after tax	198,063	129,993	218,996

Underlying P&L metrics (pre-IFRS 16)

The Group considers various P&L metrics on a pre-IFRS 16 basis which have been adjusted from the IFRS reported balances by excluding exceptional costs and removing the impact of IFRS 16 accounting. The table below highlights how key metrics in the reported IFRS financial statements have been adjusted to arrive at an underlying P&L (pre-IFRS 16) metric.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Underlying EBITDA (pre-IFRS 16)			
Reported EBITDA	501,388	431,348	840,092
Exceptional items	14,888	7,439	25,180
IFRS 16 adjustments	(175,099)	(165,902)	(334,280)
Underlying EBITDA (pre-IFRS 16)	341,177	272,885	530,992
Underlying EBIT (pre-IFRS 16)			
Operating profit from continuing operations	295,408	198,919	319,874
Exceptional items	27,286	12,103	51,127
IFRS 16 adjustments	(26,535)	(15,228)	(9,153)
Underlying EBIT (pre-IFRS 16)	296,159	195,794	361,848
Underlying profit before tax (pre-IFRS 16)			
Reported profit before tax	236,959	162,590	251,474
Exceptional items	27,286	12,103	51,127
IFRS 16 adjustments	8,305	583	30,296
Underlying profit before tax (pre-IFRS 16)	272,550	175,276	332,897
Underlying profit after tax (pre-IFRS 16)			
Reported profit after tax	172,062	119,627	171,395
Exceptional items	26,001	10,366	47,601
IFRS 16 adjustments	6,699	799	25,625
Underlying profit after tax (pre-IFRS 16)	204,762	130,792	244,621

20. Alternative performance measures (continued)

EBITDA margin

EBITDA margin is considered an APM and is equal to EBITDA divided by the Group's revenue. The Group considers various EBITDA margins based on the reported EBITDA, underlying EBITDA and underlying EBITDA (pre-IFRS 16) in line with the P&L metrics highlighted above.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Revenue	2,470,338	2,353,325	4,523,463
Reported EBITDA	501,388	431,348	840,092
Reported EBITDA margin %	20.3%	18.3%	18.6%
Underlying EBITDA	516,276	438,787	865,272
Underlying EBITDA margin %	20.9%	18.6%	19.1%
Underlying EBITDA (pre-IFRS 16)	341,177	272,885	530,992
Underlying EBITDA margin (pre-IFRS 16) %	13.8%	11.6%	11.7%

Operating cost margin

Operating cost margin is considered an APM and is equal to operating costs divided by the Group's revenue. To arrive at operating costs the Group calculates the difference between reported EBITDA and gross margin. The Group also excludes exceptional costs when considering the operating cost margin.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Reported Administrative expenses	920,938	904,523	1,781,236
less Depreciation and Amortisation	(196,217)	(226,171)	(455,022)
less Gains / (Loss) on disposal of PPE	(302)	(8)	220
less Exceptional items in Reported EBITDA	(14,888)	(7,439)	(25,180)
exclude Exceptional items in gross profit	916	-	5,754
Underlying Operating costs	710,447	670,905	1,307,008
Revenue	2,470,338	2,353,325	4,523,463
Underlying Operating costs %	28.8%	28.5%	28.9%

20. Alternative performance measures (continued)

Operating cash flow and free cash flow

Operating cash flow is considered to be equal to cash generated by operations, less taxes paid, being the net cash inflow from continuing operating activities. Free cash flow (unlevered) is defined as cash generated by operations, deducted with tax paid, capital expenditure items, and IFRS 16 cash flows shown by the reconciliation below:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Cash generated by operations	492,042	289,454	847,598
Tax paid	(88,041)	(43,107)	(77,256)
Operating cash flow (Net cash inflow from continuing operating activities)	404,001	246,347	770,342
Additions to property, plant and equipment	(40,917)	(36,219)	(89,338)
Additions to other intangible assets	(7,111)	(1,503)	(6,463)
Payment of interest on lease liabilities	(35,683)	(25,665)	(41,181)
Repayment of lease liabilities	(139,482)	(132,028)	(290,885)
Free cash flow (unlevered)	180,808	50,932	342,475

The Group calculates operating cash flow conversion as a percentage of underlying EBITDA to provide a metric on how the Group has generated cash from operations from the core business during the period. This is calculated as highlighted below.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Net cash inflow from continuing operating activities	404,001	246,347	770,342
Underlying EBITDA	516,276	438,787	865,272
Operating cash flow conversion %	78.3%	56.1%	89.0%

The Group also calculates a free cash flow (unlevered) conversion as a percentage of underlying PAT to provide a metric on how efficiently the Group has converted profit after tax into unlevered free cash flow. This is calculated as highlighted below.

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Free cash flow (unlevered)	180,808	50,932	342,475
Underlying profit after tax	198,063	129,993	218,996
Free cash flow (unlevered) conversion %	91.3%	39.2%	156.4%

The Group also calculates free cash flow (levered) which is based on free cash flow (unlevered) which is then adjusted to include the impact of interest paid and interest received per the cash flow statement as calculated below:

	Six months to 31 March 2026 (unaudited)	Six months to 31 March 2025 (unaudited) (Restated)	Twelve months to 30 September 2025 (audited)
	€000	€000	€000
Free cash flow (unlevered)	180,808	50,932	342,475
Less Interest paid	(32,356)	(24,856)	(53,945)
Add Interest received	7,718	5,251	23,178
Free cash flow (levered)	156,170	31,327	311,708

20. Alternative performance measures (continued)

Net Debt

The Group uses net debt because it believes this measure provides an indicator of the overall strength of its balance sheet and can be used to assess its earnings as compared to its indebtedness as defined by the Group's financing agreements. The Group calculates net debt on a pre-IFRS 16 basis by excluding all IFRS 16 balances such as lease liabilities. This is in line with the reporting requirements relating to the external loan arrangements which the Group utilised as at 30 September 2025 and 2024. The Group also calculates net debt on an IFRS 16 basis. Both calculations have been provided below.

	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Borrowings	601,964	614,872	626,630
Obligations under finance leases	368	5,236	612
Gross debt	602,332	620,108	627,242
Closing cash balance	(463,621)	(340,656)	(464,357)
Net debt (pre-IFRS 16)	138,711	279,452	162,885
IFRS 16 lease liabilities	1,679,277	1,422,127	1,065,698
Net debt	1,817,988	1,701,579	1,228,583

The Group calculates a leverage ratio of the debt on both an IFRS 16 and pre-IFRS 16 basis by comparing the calculated net debt to underlying EBITDA. See calculations below.

	Six months to 31 March 2026 (unaudited) €000	Six months to 31 March 2025 (unaudited) (Restated) €000	Twelve months to 30 September 2025 (audited) €000
Net debt	1,817,988	1,701,579	1,228,583
Underlying EBITDA LTM	942,742	823,643	865,272
Leverage: Net debt to EBITDA	1.9x	2.1x	1.4x
Net debt (pre-IFRS 16)	138,711	279,452	162,885
Underlying EBITDA LTM (pre-IFRS 16)	599,234	497,327	530,992
Leverage (pre-IFRS 16): Net debt to EBITDA	0.2x	0.6x	0.3x

21. Related party transactions

Related party transactions remain consistent with those disclosed in our annual report. The majority of related party transactions in the Group relate to transactions with entities within the Pepco Group which are eliminated on consolidation. No related party transactions remain with IBEX group companies (excluding companies within the Pepco Group).

22. Subsequent events

There are no reportable subsequent events.