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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

12 June 2025

Pepco Group N.V.  
**Pepco Group completes sale of Poundland**

- **Sale of Poundland to Gordon Brothers completed**
- **Transaction enables Group to focus on higher growth and higher margin Pepco business**
- **Reinforces Group's commitment to long-term value creation**

Pepco Group N.V. ("Pepco" and, together with its subsidiaries, "Pepco Group" or the "Group"), a leading pan-European discount retailer, today announces that it has entered into and completed definitive agreements in relation to the sale of Poundland Limited ("Poundland" and, together with its subsidiaries, the "Poundland Group") (the "Transaction") to 1903 Peach Bidco Limited, a newly-formed company established by certain affiliates of Gordon Brothers International LLC ("Gordon Brothers").

**Summary details**

- Pepco Group has completed the sale of its Poundland business to Gordon Brothers, reflecting its strategy to simplify the Group's structure and drive shareholder value as outlined at the Capital Markets Day in March 2025.
- The shares in Poundland have been sold to Gordon Brothers for nominal consideration, with Pepco's secured loan of £30m and certain unsecured loans remaining in place between Pepco Group and Poundland, as well as an overdraft of up to £30m to be put in place between Pepco Group and Poundland upon completion of the Proposed Restructuring (the "Pepco Loans") in support of the Transaction.
- The Transaction is consistent with the Group's ambition to operate under a single Pepco format, oriented around our higher margin Pepco clothing and general merchandise ranges. In the last financial year, Poundland contributed 33% to Group revenues, but just 5% of EBITDA (pre-IFRS 16).
- By deconsolidating Poundland from the Group, the Transaction is expected to improve the Group's revenue growth, drive higher profitability and margins, with stronger cash generation, highlighting a clear focus on driving shareholder value.

**Stephan Borchert, Pepco Group CEO commented:**

*"The agreed sale of Poundland marks an important milestone in our strategic plan to move away from FMCG and focus predominantly on Pepco, our higher margin clothing and general merchandise business."*

*"As set out during our Capital Markets Day in March 2025, this transaction will strongly support our accelerated value creation programme by simplifying the Group and focusing on our successful Pepco business. I am confident that Pepco has the right foundations to be one of Europe's most successful discount retailers, delivering customer satisfaction, profitable growth and shareholder value."*

*"Poundland remains a key player in UK discount retail, with millions of customers annually and a well-loved brand and proposition. We want to sincerely thank all the Poundland team for their ongoing commitment and contribution to the Group and wish Barry Williams and his team all the best for the future."*

## Strategic rationale

Pepco Group's decision to divest Poundland is rooted in its ambition to simplify its structure and accelerate growth in its strongest categories and markets. This Transaction will create a cleaner, more agile business, enabling the Group to focus on expanding its core Pepco brand, which generates the vast majority of the Group's earnings and the highest returns on capital.

The Transaction represents a key strategic move away from FMCG, with ongoing consideration also being given to the possible separation of the well-performing Dealz Poland over the medium term, creating an even simpler structure overall to drive shareholder value.

## Information on Poundland

Poundland currently employs c. 16,000 colleagues across over 800 stores in primary locations across the United Kingdom, Isle of Man and Ireland. All stores, colleagues, assets and liabilities of the Poundland business will move under Gordon Brothers' ownership as part of the Transaction. Pepco Group expects to obtain a minority investment interest in Poundland, subject to the proposed restructuring of Poundland being sanctioned by the High Court in England.

Under this new ownership, the business will be led by Barry Williams, currently Managing Director of Poundland. The business will continue to operate under the Poundland brand in the United Kingdom (and under the Dealz brand in the Isle of Man and Republic of Ireland).

## Information on the Transaction

- The shares in Poundland have been sold to Gordon Brothers for nominal consideration with the Pepco Loans, part of the overall financial support, in place between Pepco Group (as lender) and Poundland (as borrower).
- Pepco Group and the Poundland Group have entered into mutual transitional services agreements, for a finite transition period, which provide for the provision of certain transitional services following the Transaction. Under the terms of the transitional services agreements: (i) Pepco Group will provide certain services to the Poundland Group, including in respect of the procurement of clothing and general merchandise; and (ii) the Poundland Group will provide certain services to Pepco Group, including key IT services and the procurement of FMCG for Dealz Poland.
- As part of the Transaction, Gordon Brothers, Pepco Group and Poundland have agreed to put forward a restructuring plan (the "Proposed Restructuring"), further detail on which is expected to be communicated by Poundland in due course.
- If the Proposed Restructuring is sanctioned by the High Court, Pepco Group expects to obtain a minority investment interest in the Poundland Group, enabling it to participate in the longer-term value creation potential of Poundland. Accordingly, Pepco Group and Gordon Brothers have entered into an investment agreement which will govern the relationship between Pepco Group and Gordon Brothers in respect of their interests in the Poundland Group (the "Investment Agreement"). The Investment Agreement contains certain customary rights for Pepco Group as a minority investor, including minority investor consent rights, information rights and the ability to appoint a director and observer to the Poundland board (the "Minority Investor Rights") as well as other customary terms. The terms of the Investment Agreement are now effective including the Minority Investor Rights.

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